



OTE PLC

(incorporated with limited liability in England and Wales)

GUARANTEED BY

**HELLENIC TELECOMMUNICATIONS
ORGANIZATION S.A.**

(incorporated with limited liability in the Hellenic Republic)

€6,500,000,000

GLOBAL MEDIUM TERM NOTE PROGRAMME

Under this €6,500,000,000 Global Medium Term Programme (the “**Programme**”) OTE PLC (the “**Issuer**”) may from time to time issue notes (the “**Notes**”) denominated in any currency agreed between the Issuer, the Guarantor and the relevant Dealer (each as defined below). The Notes will have the benefit of an unconditional and irrevocable guarantee by Hellenic Telecommunications Organization S.A. (the “**Guarantor**” or “**OTE**”).

The maximum aggregate principal amount of Notes outstanding at any time under the Programme will not exceed €6,500,000,000 (or the equivalent in other currencies) (and, for this purpose, any Notes denominated in any other currency shall be translated into Euro at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealership Agreement (as defined under “*Subscription and Sale*”). The maximum aggregate principal amount of Notes which may be outstanding at any time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer and the Guarantor (each a “**Dealer**” and together the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “**relevant Dealer**” shall, in relation to an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to the lead manager of such issue and, in relation to an issue of Notes being intended to be subscribed by one Dealer, be to such Dealer.

This Base Prospectus constitutes a base prospectus in respect of non-equity securities within the meaning of Art. 22 № 6(4) of Commission Regulation (EC) № 809/2004 of 29 April 2004, as amended (the “**Prospectus Directive Regulation**”) and within the meaning of Article 5.4(a) of Directive 2003/71/EC of 4 November 2003, as amended (the “**Prospectus Directive**”).

Application has been made to the *Commission de Surveillance du Secteur Financier* (“**CSSF**”) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 relating to prospectuses for securities (the “**Luxembourg Law on Prospectuses for Securities**”) to approve this Base Prospectus as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange’s regulated market, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39 EC (the “**Luxembourg Stock Exchange**”), during the period of 12 months from the date of this Base Prospectus. Application has also been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange. Reference in this Prospectus to Notes being listed on the Luxembourg Stock Exchange (and all related reference) shall mean that such Notes have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and to the official list of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on an unlisted basis or to be listed on such other or further stock exchanges as may be agreed with the Issuer. The relevant Final Terms (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange (or on any other stock exchange).

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating(s) assigned to Notes already issued. Where a Series or Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to a relevant Series or Tranche of Notes will be (1) issued by a credit rating agency established in the European Economic Area (“**EEA**”) and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”), or (2) issued by a credit rating agency which is not established in the EEA but endorsed by a CRA which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. A list of credit rating agencies registered in accordance with the CRA Regulation is available on the website of the European Securities and Markets Authority (“**ESMA**”) at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

The Issuer and the Guarantor may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the Luxembourg Stock Exchange) a Drawdown Prospectus or, if appropriate, an updated Base Prospectus will be made available, which will describe the effect of the agreement reached in relation to such Notes.

See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Notes.

Investors should note that the CSSF gives no undertaking as to the economic or financial soundness of any transaction contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with the provisions of Article 7(7) of the Luxembourg Law on Prospectuses for Securities implementing the Prospectus Directive.

Arranger

HSBC

Dealers

**Alpha Bank
BofA Merrill Lynch
BNP PARIBAS
Citigroup
Credit Suisse**

National Bank of Greece

**Deutsche Bank
Eurobank Ergasias S.A
Goldman Sachs International
HSBC
Morgan Stanley**

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IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this document and the Final Terms for each tranche of Notes issued under the Programme and, to the best of the knowledge and belief of each of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

The Issuer and the Guarantor, having made all reasonable enquiries, have confirmed to the Dealers named under "Subscription and Sale" below that the information contained in this Base Prospectus (including for this purpose, each relevant Final Terms) with regard to the Issuer, the Guarantor and the Guarantor's subsidiaries is true and accurate in all material respects and is not misleading; that any opinions or intentions expressed herein with respect to the Issuer, the Guarantor, the Guarantor and its consolidated subsidiaries and the Notes are honestly held; that this Base Prospectus does not omit to state any other fact necessary to make such information, opinions or intentions (with respect to the Issuer, the Guarantor or the Notes) not misleading in any material respect; and that all reasonable enquiries have been made to ascertain all facts material for the purposes aforesaid.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or the Guarantor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers and any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or the Guarantor since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

*The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer, the Guarantor and each of the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale" and "Form of Notes and Transfer Restrictions relating to U.S. Sales". In particular, Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "**Securities Act**") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Notes may be offered and sold outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**") and in the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act ("**Rule 144A**")) in reliance on Rule 144A. Prospective purchasers of Notes are hereby notified that a seller of Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.*

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms should determine for itself the relevance of the information contained in this Base Prospectus and shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Guarantor.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any time under the Programme will not exceed €6,500,000,000 (or the equivalent in other currencies) (and, for this purpose, any Notes denominated in

another currency shall be translated into Euros at the date of the agreement to issue such Notes, calculated in accordance with the provisions of the Dealership Agreement). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement, as defined under “Subscription and Sale”.

In this Base Prospectus, unless otherwise specified, references to “U.S.\$”, “U.S. dollars” or “dollars” are to United States dollars, references to “£” are to pounds sterling and references to “EUR”, “€” or “Euro” are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer, the Guarantor or any Dealer to publish or supplement a prospectus for such offer. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

IN CONNECTION WITH THE ISSUE OF NOTES IN ANY SERIES OR TRANCHE UNDER THE PROGRAMME, A DEALER OR DEALERS (IF ANY) ACTING AS THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISING MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES IN SUCH SERIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER(S) (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT SERIES OF NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANYTIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT SERIES OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT SERIES OF NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

SUPPLEMENT TO BASE PROSPECTUS

The Issuer and the Guarantor have undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange and pursuant to Article 13 of the Luxembourg Law on Prospectuses for Securities, that if there shall occur a significant factor, material mistake or inaccuracy relating to the information included in this Base Prospectus, the Issuer will prepare or procure the preparation of a supplement to this Base Prospectus or, as the case may be, publish a new Base Prospectus, for use in connection with any subsequent issue by the Issuer of Notes to be listed on the Luxembourg Stock Exchange and in accordance with Article 13 of the Luxembourg Law on Prospectuses for Securities.

RISK FACTORS

The following factors may affect the ability of the Issuer and the Guarantor to fulfil their obligations in respect of Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. Prior to making an investment decision, prospective purchasers of the Notes should carefully consider, along with the other matters referred to in this Base Prospectus, the following risks associated with an investment in securities issued by the Issuer specifically, which could be material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Prospective investors should note that the inability of the Issuer or the Guarantor, as the case may be, to pay interest, principal or other amounts on or in connection with any Notes may occur for unknown reasons other than those stated below and neither the Issuer nor the Guarantor represents that the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision. Prospective investors should also consult their own financial and legal advisers about risks associated with an investment in any Notes issued under the Programme and the suitability of investing in such Notes in light of their particular circumstances, without relying on the Issuer, the Guarantor or the Dealers. Investors are advised to make, and will be deemed by the Dealers, the Issuer and the Guarantor to have made, their own investigations in relation to such factors before making any investment decisions in relation to the Notes.

Risks relating to the Issuer

The Issuer is a 100% subsidiary of the Guarantor, and its principal activity is to borrow and raise funds from the market for the benefit of the Guarantor, which is incorporated in Greece, as well as other subsidiaries of the Guarantor. The Issuer's profits stem from the difference between interest received from the Guarantor and its consolidated subsidiaries (the "**Group**") and interest paid to the bondholders and other lenders. Accordingly, the Issuer is dependent on the creditworthiness standing of the Guarantor and its subsidiaries and, consequently, any risk factors affecting the Guarantor's and its subsidiaries' ability to meet their respective financial obligations also affect the Issuer and should be read accordingly.

Risk Factors relating to the Guarantor

If the Guarantor does not respond promptly and efficiently to increased competitive pressures, its market share in Greek fixed-line services may decline further.

Since the liberalisation of the Greek telecommunications market in 2001, the Guarantor has faced, and continues to face, competitive pressures in the provision of domestic and international fixed-line services. As a result of the migration of certain of the Guarantor's customers to its competitors, the Guarantor has experienced, and continues to experience, a gradual decline in its share of the Greek market for fixed-line services, in terms of both numbers of subscribers and voice traffic. The Guarantor expects competition in the Greek telecommunications market to continue to intensify as a result of a number of factors, including regulatory developments, improvements to competitors' infrastructure and continuing consolidation of market shares, including planned and potential efforts of the Guarantor's competitors (in particular, Vodafone) to strengthen their position in the fixed-line market.

The competitive landscape in the market has continued to evolve following a number of mergers and acquisitions and strategic alliances between fixed-line and mobile operators. Such evolution has led to the creation of a number of strong market players to compete with the Guarantor on equal or better terms. In particular, in 2009, Vodafone Greece acquired an 18.5% interest in the share capital of Hellas OnLine ("**HOL**"), the second largest alternative fixed-line operator in Greece. Wind Hellas is also one of the Guarantor's major competitors in the fixed-line services market and is the only fully converged fixed and mobile operator in Greece. Both Wind Hellas and Vodafone (with HOL) promote combined fixed-line and mobile services, and Vodafone has announced its strategy to further strengthen its position in the fixed-line market. Furthermore, Forthnet, the largest alternative fixed-line operator in Greece, which is 32.3% owned by Wind Hellas and 6.5% owned by Vodafone, has also developed a competitive advantage following its acquisition of Nova and, until the launching of OTE TV in 2009, offered the only subscription TV service in Greece and continues to maintain a strong market share. Cyta Hellas, a subsidiary of the Cyprus Telecommunications Authority, entered the Greek fixed-line telephony market in 2009 and has established a strong presence in recent years, extending its offering to include Internet Protocol Television ("**IPTV**") products in 2013. There are also a number of players with smaller market shares, including, among others, On Vivodi (formed following the acquisition by On Telecom of Vivodi), and Cosmoline.

Recent adverse economic conditions, which have affected corporate and individual expenditure on fixed-line services, as well as recent trends in the electronic communications sector of bundling services to make them more attractive in

line with the decreasing average income in Greece, has fostered further consolidation in the market. In particular, Wind Hellas and Vodafone have recently acquired 32.3% and 6.5% interests in Forthnet, respectively. Press reports also suggest that there may be further consolidation in the Greek market among the Guarantor's competitors.

The development of broadband services and offerings of television subscription, cloud and machine-to-machine services have also become, and the Guarantor expects to them to continue to be, an increasingly important part of telecommunications operators' offerings in the mid-term future. In addition, local loop unbundling lines have also increased in recent years (reaching 1,908,000 as at 31 December 2013, a 6% increase as compared to 31 December 2012), demonstrating the effect of such offerings on the market.

As the Guarantor's competitors expand or converge their business operations in fixed, mobile, broadband and television services, they may benefit from a larger customer base, increasing economies of scale and opportunities for synergies which could enhance their ability to compete effectively with the Guarantor in the Greek telecommunications market. At the same time, the Guarantor is subject to certain regulatory restrictions, which may limit its ability to offer fixed services on the same competitive terms. See "*—Regulatory and competitive pressures affect the Guarantor's ability to set competitive retail and wholesale tariffs*". In addition, the fixed-rate market continues to experience migration of telephony traffic and customers from fixed-line to mobile services, especially as mobile operators offer competitive products, including bundles of minutes at attractive rates.

As a result of the above, the Guarantor's market shares in both the business and residential market sectors may decline further over the next few years. The Guarantor also expects to face increasing pressure to further reduce prices, further enhance the quality of its network, adopt more efficient technologies, improve the level of its services, reduce costs (to the extent permitted (see "*—Regulatory and competitive pressures affect the Guarantor's ability to set competitive retail and wholesale tariffs*")) and promote customer satisfaction. If the Guarantor does not respond to these pressures promptly and efficiently, its market share may decline more dramatically, which could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

Macroeconomic conditions in Greece and the fiscal position of the Greek government have deteriorated markedly.

The Group derives the great majority of its revenues from Greece (73.0% in 2013 and 73.8% in 2012) and the great majority of its operations are located in Greece. Since late 2008 and, in particular, since early 2010, the economy of Greece has deteriorated markedly. See "*Description of the Guarantor—Recent Macroeconomic Events Affecting Greece*". Greece is facing a severe economic crisis resulting from significant government fiscal deficits and high levels of government borrowing. The political, economic and budgetary challenges faced by the Greek government with respect to the public debt burden and weakening economic prospects led to sequential ratings downgrades during 2010, 2011 and 2012 by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") of Greece's sovereign credit ratings to SD (selective default), as well as a downgrade by Moody's Investors Service Limited ("**Moody's**") in March 2012 to C. S&P has since upgraded Greece's sovereign credit rating to B and Moody's upgraded Greece's sovereign credit rating to Caa3 in November 2013.

According to statistics published by the Hellenic Statistics Authority, gross domestic product ("**GDP**") declined by 2.3% in the fourth quarter of 2013, as compared to the fourth quarter of 2012 and, according to statistics published by the International Monetary Fund (the "**IMF**"), GDP is estimated to have declined by 4.2% in 2013 and is expected to increase by 0.6% in 2014. According to statistics published by the Hellenic Statistics Authority, the unemployment rate was 27.8% as at 30 September 2013. The Group's business is sensitive to reductions in its customers' disposable income and discretionary consumer spending, which may be affected by the deterioration in macroeconomic conditions in Greece, including levels of unemployment, interest rates, levels of inflation, rates of taxation and levels of GDP growth. In addition, the continuing restricted ability of Greek banks to provide business and retail financing on attractive terms, resulting from the current conditions, is expected to exacerbate these conditions.

In March 2012, a second economic adjustment programme (which replaced the former IMF/Eurozone stabilisation and recovery programme) was introduced, jointly supported by the IMF and members of the Eurozone. This programme was extended until 2016 in November 2012 and is intended to cover Greece's expected funding needs until 2016. Pursuant to the programme, Greece has agreed to certain fiscal and reform targets. There can be no assurance that Greece will be able to successfully meet these targets and implement the programme, and the Greek economy continues to face substantial macroeconomic challenges. In particular, the magnitude of fiscal adjustments to which Greece has agreed, as well as any further measures that may be required, are likely to continue to have a significant negative effect on economic activity in Greece.

Despite certain signs of improvement, the negative macroeconomic trends are expected to continue in the near future and to affect the levels of disposable income and spending of corporations and individuals in Greece. It remains uncertain whether the fiscal consolidation programme adopted by the Greek government in response to these conditions will be successful in the long term. If the Greek government is required to adopt further restrictive fiscal measures, this

may have a further adverse impact on prospects for economic growth and disposable income in Greece and no assurance can be given that a sovereign debt restructuring or default will be avoided.

Further reductions in disposable income and consumer spending as a result of the deterioration of macroeconomic conditions may result in (i) the Guarantor's corporate clients further restricting technology and telecommunications spending and (ii) its residential customers of telecommunications services (such as, fixed-line and mobile telephony, internet and television) further reducing spending for these services or turning to lower price alternatives that may be offered by the Guarantor's direct and indirect competitors. This could have a material adverse effect on the Guarantor's business, including on the Guarantor's market share.

The Guarantor may decide to respond to such pressures by reducing its rates in order to remain competitive, which would, in turn, also negatively affect its revenues. The Guarantor may, however, be restricted from taking such mitigating action, as there can be no assurance that the national regulatory authority, the Hellenic Telecommunications and Post Commission ("**HTPC**") will permit it to reduce its rates, which could cause the Guarantor to experience a significant competitive disadvantage and, in turn, exacerbate its market share losses. See "*—Regulatory and competitive pressures affect the Guarantor's ability to set competitive retail and wholesale tariffs*".

The Greek government has, and may continue to, adopt fiscal measures that adversely affect the Guarantor.

In response to the deteriorating macroeconomic conditions, the Greek government adopted a range of fiscal measures, aimed at reducing state expenditure (including reductions in public investments and the income of employees in the public sector and pensions) and at increasing tax revenues, including the introduction of significant increases in direct and indirect taxes, intended to improve the Greek government's fiscal position.

Pursuant to Greek Law 3845/2010 "*Measures for the application of the support scheme of the Greek Economy by the Members of the Euro Zone and the International Monetary Fund*" a special contribution by way of a tax was imposed on profitable Greek entities. This contribution was calculated on the basis of the company's total net income for the 2009 fiscal year on a progressive scale up to 10% of total net income. Pursuant to this law, the Guarantor was obliged to pay €69.3 million, which was recorded in its 2010 consolidated income statement but paid in 12 monthly instalments during 2011. This amount contributed to the Group's income tax expense in 2010.

In addition, in January 2013, Greek Tax Law 4110/2013 came into force, which increased the corporate tax rate in Greece from 20% to 26%, and decreased the tax on dividends from 25% to 10%. In July 2013, the Greek government introduced a new income tax code (Law 4172/2013), as well as a new code on tax procedures (Law 4174/2013), which came into force in January 2014. These laws comprise the basic principles of the government's efforts to reform the tax system, to improve efficiency and reduce instances of tax evasion. To this end, the new tax code on tax procedures introduced a scale of increasing penalties for differing types of tax evasion and the imposition of interest on overdue tax payments.

It remains unclear when, or whether, the fiscal measures adopted by the Greek government will have the expected results, whether they will be sufficient to comply with the targets set forth in the second economic adjustment programme and whether the Greek government will be required to adopt further restrictive fiscal measures in the future.

There can be no assurance that the Greek government may not seek to impose further extraordinary taxes, or take other fiscal measures aimed at raising funds, which could have a material adverse effect on the Guarantor's financial results and financial condition.

The Greek government is a major customer of the Guarantor.

The Greek government is the Guarantor's largest customer for telecommunications services (see "*Description of the Guarantor—Control of the Guarantor—The Greek State*"). The weak fiscal position of the Greek government may have a negative impact on the Guarantor's ability to maintain current revenue levels and customer spending from the Greek government or to recover amounts owing to it from the Greek government, which, in turn, could have a material adverse effect on the Guarantor's financial results and financial condition.

The Guarantor and the Group are exposed to credit risk.

Credit risk is the risk of financial loss to the Group and the Guarantor if a counterparty fails to meet its contractual obligations. The carrying value of financial assets at each reporting date is the maximum credit risk to which the Group and the Guarantor are exposed in respect of the relevant assets.

Defaulted payments of trade receivables could potentially adversely affect the liquidity of the Group and the Guarantor. However, due to the large number of customers and the diversification of the Group's customer base, there is little concentration of credit risk with respect to these receivables. Concentration of risk does however exist in respect of amounts receivable from other telecommunication service providers, due to their relatively small number and the high

level of transactions they have with the Group and the Guarantor. The Group and the Guarantor assess credit risk in accordance with established policies and procedures and have made appropriate provisions for impairment. Nevertheless, the failure of one or more telecommunications service providers to meet its obligations to the Group could have a material adverse effect on the financial condition of the Group.

Cash and cash equivalents are also exposed to a high level of credit risk in light of the macroeconomic conditions in Greece, which places significant pressure on domestic banks. Most of the Group's cash is invested in highly rated counterparties and with a very short term tenor. Nevertheless, a failure of one or more counterparties to meet its contractual obligations could have a significant impact on the Group's cash reserves and financial condition.

Any future ratings downgrade may impair the Guarantor's ability to obtain financing and increase its cost of debt.

As of the date of this Base Prospectus, the long-term credit ratings assigned to the Guarantor are BB- by S&P (stable outlook) and B2 (stable outlook) by Moody's. There is no guarantee that the ratings assigned to the Guarantor will not be downgraded or that any future downgrades of Greece's sovereign credit ratings will not result in downgrades to the Guarantor's credit ratings. Any future ratings downgrades may impair the Guarantor's ability to obtain financing and increase its cost of debt and could have a material adverse effect on its business, results of operations, financial condition and prospects.

Financial market conditions may impair the Guarantor's ability to obtain financing and increase its cost of debt.

Financial market conditions, in particular, adverse financial market conditions associated with macroeconomic conditions in Greece, may affect the Guarantor's ability to obtain financing and increase its cost of debt. The Group's net debt as at 31 December 2013 was €1,495.6 million, as compared to €2,879.3 million as at 31 December 2012. Although net debt decreased in 2013, the Group repaid a €0.9 billion loan facility and certain series of Notes issued under the Programme matured in 2013, the Group has significant financial commitments that will come due in the coming years. If there are not sufficient funds to meet such commitments from the Group's own funds, the Guarantor will need to consider refinancing alternatives, such as accessing the international capital markets, bank financing or a shareholder loan and an asset disposals programme.

If the capital and credit markets deteriorate and the availability of funds becomes limited, the Guarantor may incur increased interest rates and other costs associated with debt financing and its ability to access the capital markets or borrow money may be impaired, which could have a material adverse effect on its financial condition.

Regulatory and competitive pressures affect the Guarantor's ability to set competitive retail and wholesale tariffs.

Under applicable laws, regulations and related HTPC decisions, the HTPC has the jurisdiction to assess the Guarantor's tariffs for fixed-line services. Tariffs for certain categories of the Guarantor's services should be cost-based. With respect to these tariffs, the HTPC uses the Guarantor's enterprise costing and profitability system ("ECOS"), in order to determine whether they reflect the cost of providing the relevant services. The HTPC conducts an annual audit of the Guarantor's ECOS system through external auditors. Based on the findings of this audit, the HTPC may object to the Guarantor's application of ECOS and related cost methodologies in the calculation of its tariffs and may require the Guarantor to make certain adjustments. These adjustments may also have a retroactive effect. There can be no assurance that future audits of the Guarantor's ECOS system will not result in further recommendations for changes to tariffs and costing methodologies.

In addition, with respect to tariffs that are not regulated on a cost basis, the HTPC determines whether such tariffs allow alternative operators to realise sufficient profit margins and, to that effect, they are assessed using both data from the Guarantor's ECOS system and other methodologies approved by the HTPC (such as a retail-minus pricing methodology, pursuant to which the HTPC requests data from relevant service operators and calculates a retail-minus price to define wholesale tariffs based on proposed retail tariffs). However, even though a simplified model used for the calculation of retail margins for different services and service bundles has recently been made known to the Guarantor, the precise parameters, model and inputs used by the HTPC are not known and therefore it cannot accurately predict their effect on its tariffs.

Regulatory limitations imposed on the Guarantor's ability to set tariffs often require it to charge tariffs which are higher or, in certain cases, significantly higher than those charged by its competitors for the same services, as its competitors do not have such a significant market share and are, accordingly, not subject to the same pricing constraints. Given that an important factor for the determination of the Guarantor's tariffs is its cost for providing the relevant services, the Guarantor must make efforts to increase the efficiency of its operations, in order to reduce such costs, and, therefore, be able to reduce the cost-based tariffs it charges, in order to make them more competitive. There can be no assurance that if the Guarantor continues to be required to charge tariffs higher than those of the competition, its market share and its revenues will not be materially adversely affected.

If the Guarantor cannot efficiently reduce the cost of providing its fixed-line services and the level of its tariffs to be more competitive in a timely manner, it could experience a material adverse effect on its business, results of operations, financial condition and prospects.

The regulatory environment for telecommunications services remains complex and subject to change and interpretation, and the Guarantor's compliance with the regulations to which it is or may become subject may require it to expend substantial resources and may have a significant impact on its business decisions.

The provision of telecommunications services in Greece, and other jurisdictions in which the Guarantor operates, is subject to regulation based on European Union ("EU") legislation, competition law and sector-specific regulation relating to various issues, including numbering, licensing, tariffs, local loop unbundling, interconnection, leased lines and privacy issues. In 2012, the most recent telecommunications directives and regulations adopted in the EU were codified in Greek law by Law 4070/2012. In certain cases, secondary legislation and regulatory remedies do not reflect the current level of competition and can be burdensome, particularly regarding the conditions for tariff approval. Although the regulation of fixed-line voice services in Greece has developed over recent years, the emergence and introduction of new technologies and new services, together with the lack of clear guidelines in their regulatory treatment, has led and may continue to lead to a lack of clarity, at a national and European level, in the regulatory framework governing the provision of such services.

As a result, it is sometimes difficult for the Guarantor to accurately predict the exact manner in which new laws and regulations affecting its business will be interpreted or implemented by regulators or courts, the impact such regulations may have on its business or the specific actions it may need to take, or the expenditure it may need to incur in order to comply with such laws and regulations.

Furthermore, the Guarantor is also exposed to certain additional regulatory compliance costs, which range from its obligation to provide a universal service to increased expenses relating to investments for the protection of customers' privacy and personal data.

In addition to the substantial resources the Guarantor may have to commit to comply with the regulations to which it is or may become subject, fines can be and have been imposed on it, if the relevant regulator rules that it does not comply with the applicable regulatory framework. In recent years, the HTPC has imposed a number of fines on the Guarantor with respect to a number of its business activities, including both retail and wholesale services. The imposition of significant regulatory fines could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

Regulatory requirements with respect to unbundling the local loop, wholesale bitstream services and providing wholesale leased lines, as well as competitive pressures arising from an increased number of unbundled local loop sites may affect the Guarantor.

The Guarantor is required to provide other Greek telecommunications operators with full and shared access to local loop services, distant and physical co-location and backhauling services, wholesale bitstream services and wholesale leased line services upon their request. Responding to requests for the provision of such services, especially access to local loop services and distant and physical collocation services, is a logistical process which requires the Guarantor to devote significant managerial, technical and financial resources within an uncertain and evolving regulatory environment, in which it is exposed to increased regulatory and litigation risk. There can be no assurance that the Guarantor will be in a position to respond effectively to requests for provision of access to local loop or wholesale leased lines (which may continue or increase in the future) in a timely manner. In addition, as the Guarantor is already investing in Next Generation Access networks ("NGAs") by deploying fibre to the cabinet ("FTTC") capabilities, alternative operators are seeking additional access to sub-loop services to deploy their own FTTC solutions. This may add additional logistical and regulatory pressures on the Guarantor as it seeks to satisfy such demand. If the Guarantor fails, or is considered to have failed, to effectively respond to such requests (especially if they are based on timely submitted annual forecasts), the Guarantor may be deemed to be in violation of its obligations under the applicable legal and regulatory framework and, as a result, could be exposed to regulatory actions. This may include paying compensation for delays to the provision of the relevant services, as well as the imposition of fines by the HTPC or litigation by other operators.

In addition, devoting increased human, technical and financial resources to responding to requests of this nature has resulted and may, in the future continue to, result in the unavailability of such resources to support other activities of the Group. There can be no assurance that the Guarantor will at all times be in a position to fully and timely satisfy the regulatory and logistical requirements imposed by new reference offers for unbundled access to the local loop and related services issued by the HTPC.

The Guarantor's failure to comply with any regulatory requirements, in particular, with respect to wholesale services such as local loop lines, bitstream services or leased lines, or to contend with competitive pressures arising from an

increased number of unbundled local loop sites, could have a material adverse effect on its business, results of operations, financial condition and prospects.

Equipment and network systems failures, or other natural disasters or unforeseen circumstances, could significantly disrupt the Guarantor's operations, which could negatively affect its reputation, reduce its customer base and result in lost revenue.

In common with other telecommunications operators, the Guarantor's technological infrastructure and other property, including its network infrastructure for mobile telecommunications and fixed-line services, are vulnerable to damage or disruptions from numerous events, including fire, flood, windstorms or other natural disasters, power outages, terrorist acts, equipment or system failures, human errors or intentional wrongdoings, including breaches of the Guarantor's network or information technology security. Unanticipated problems at the Guarantor's facilities, hardware or software failures and computer viruses could result in reduced user traffic and revenue, due to subscriber dissatisfaction with poor performance and reliability, or could result in regulatory penalties or unanticipated capital expenditures.

The occurrence of network or system failures could also harm the Guarantor's reputation or impair its ability to retain current subscribers or attract new subscribers, which could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

As alternative telecommunications operators extend their own networks, they are expected to improve the quality of their services and become more competitive.

A number of telecommunications operators in Greece, including both fixed-line and mobile operators have developed and extended their own networks in order to expand their customer bases. In addition, certain of the Guarantor's competitors have received subsidies under government programmes to develop regional network infrastructure. While the trend of expansion has slowed in recent years due to adverse economic conditions leading, in a number of cases, to lower revenues, the Guarantor expects that, as these operators continue to compete and further reduce their prices, the services offered by such competitors, including the number of unbundled local loops, will increase and their operating costs will decrease, as a result of increased economies of scale, making such companies more competitive. Current market conditions may also lead to the merger of certain of the Guarantor's competitors, which will, in turn, increase the network resources available to the combined operator. See "*—Additional risk factors relating to Mobile Telephony—Cooperation of Cosmote's competitors could affect Cosmote's performance which could, in turn, materially adversely affect the Guarantor's business, results of operations, financial condition and prospects.*" The expansion or combination of the operators' own networks may result in a reduction on their reliance on leasing capacity from the Guarantor's network and, in particular, its wholesale services, such as leased lines and wholesale broadband services. As a result, other participants in the market may become more competitive. This could have a material adverse effect on the Guarantor's market share, or on its revenues and its profitability, any of which, in turn, could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Guarantor may be unable to implement new technologies and launch new products in a timely and cost-efficient manner or to penetrate new markets in a timely manner in response to technological advances, changing market conditions or customer requirements.

The telecommunications industry is subject to rapid technological changes. Advances in telecommunications and information technology have in the past created, and may in the future continue to create, alternatives to fixed-line transmission based on switching or may facilitate the provision of telecommunications services that circumvent conventional tariff structures. The Guarantor expects that new products and technologies will continue to emerge and that existing products and technologies will further develop. Although not yet fully realised, the current trend towards convergence of the telecommunications, broadcasting and information technology services may also affect further developments.

Changing technology intensifies competition for operators of fixed-line and mobile networks, including the Guarantor and its wholly-owned subsidiary, Cosmote Mobile Telecommunications S.A. ("**Cosmote**"), as existing and new competitors develop or adopt new or advanced technologies and compete in terms of service quality and pricing. Increased competition has also arisen from the emergence of "over the top" ("**OTT**") competitors, such as Skype, Google Talk, FaceTime and Facebook Messenger, which are capable of providing mobile data-only users with mobile voice, messaging and video services and providing fixed broadband-only users with fixed telephony and video services. These services are provided over the Guarantor's network and may lead to the Guarantor losing revenue streams from its existing customers, as well as a concurrent increase in network load, which would require additional investments in order to secure the quality of service. An increase in the penetration of such OTT services could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

The Guarantor is already using, or plans to implement, several new technologies in its network and in its new service offerings. The Guarantor cannot, however, be certain that it may continue to have cost-efficient access to know-how for

such modern technologies, or that it will be able to implement them as quickly, or as effectively as its competitors. Furthermore, as new technologies develop, difficulties in accessing such new technologies or competitive pressures may force the Guarantor to implement these technologies at a substantial cost. The Guarantor cannot predict with any accuracy the effect of technological changes on its business or on its ability to provide competitive services.

Any failure of the Guarantor to introduce its new products and services in a timely and efficient manner under evolving market conditions, to take advantage of the recent expansion and upgrade of its network or to effectively respond to competition from new technologies could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Guarantor's commercial success in the introduction of technologically advanced services, such as the Very High Bitrate Digital Subscriber Line ("VSDL") now being offered and other broadband services, depends on a number of factors, including:

- sufficient demand from the Guarantor's existing and potential customers to offset its past and anticipated investment in these services;
- the Guarantor's success in identifying and implementing in a timely manner appropriate technologies that may allow it to respond efficiently to its customers' needs and to its competitors' alternative technologies and its ability to continue investing on an incremental basis with a view to securing increased capacity and better quality of service with its existing infrastructure;
- the Guarantor's ability to compete effectively with other providers of these services;
- the Guarantor's ability to timely reformulate its policies to conform to market conditions and needs; and
- the Guarantor's ability to operate as a one-stop-shop, integrating telecommunications, hardware, and software services into a single offer, depending on different customer needs.

The absence of, or the Guarantor's failure in, any one or more of these factors, could materially adversely affect the Guarantor's business, results of operations, financial condition and prospects.

The Guarantor's business depends on the upgrading of its existing networks.

The Guarantor must continue to maintain, improve and upgrade its existing networks in a timely and satisfactory manner in order to retain and expand its customer base in each of its markets. A reliable and high-quality network is necessary to manage churn by sustaining the Guarantor's customer base, to maintain strong customer brands and reputation and to satisfy regulatory requirements, including minimum service requirements. The maintenance and improvement of the Guarantor's existing networks depends on its ability to:

- upgrade the functionality of its networks to offer increasingly customised services to its customers;
- increase coverage in certain of the Group's markets;
- expand and maintain its customer service, network management and administrative systems; and
- upgrade older systems and networks to adapt them to new technologies.

The Guarantor's network investments may also be limited by market uptake and customer acceptance. If the Guarantor fails to make adequate capital expenditures or investments, or to properly and efficiently allocate such expenditures or investments, the performance of the Guarantor's networks, both in real terms and in relative terms, as compared to its competitors, could suffer, resulting in lower customer satisfaction, diminution of brand strength and increased churn.

Many of these factors are not entirely within the Guarantor's control and may be affected by applicable regulation. If the Guarantor fails to maintain, improve or upgrade its networks, its services and products may be less attractive to new customers and the Guarantor may lose existing customers to competitors, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

There is increased competition in wholesale services and financial difficulties, which may affect the Guarantor's wholesale customers.

Wholesale activities are subject to a significant degree of regulation, in particular, with respect to the tariffs the Guarantor charges for the relevant services. The Guarantor's customers for wholesale services are mainly alternative providers of telecommunications services, which could make significant investments in developing their own

infrastructure with a view to reducing their reliance on, and use of, the Guarantor's own network infrastructure, which will, in turn, result in an decrease in the wholesale services provided by the Guarantor.

Certain of the Guarantor's customers for wholesale services also face increased competition with respect to the tariffs for the services they provide, as well as significant capital expenditure requirements to develop their own networks and, accordingly, a number of these customers are highly leveraged in order to fund their capital expenditure. The financial difficulties that these telecommunications providers already face, or may face in the future, especially exacerbated by the current economic and financial conditions in Greece, may lead to increases in the Guarantor's bad debt provisions. The Guarantor cannot be certain that it will not have to increase its provisions for bad debts relating to debts owed by alternative operators facing financial difficulties, especially in the event that macroeconomic conditions in Greece do not improve or deteriorate further. Loss of wholesale business or potential financial difficulties faced by the Guarantor's wholesale customers could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

The Guarantor's business is exposed to the risk of fraud, which could result in lower revenues and margins and materially adversely affect the Guarantor's image.

Similar to any other telecommunications operator, the Guarantor is exposed to the risk of fraud where perpetrators of fraud aim to use the Guarantor's services without paying or aim to defraud the operator's customers or the operator itself through the communication services offered by the operator. As new technologies and networks emerge and become more complex, new types of fraud, which are increasingly difficult to detect or combat may also develop. If the Guarantor is subject to such fraud, it could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

If the Guarantor does not comply with certain applicable rules and regulations, the HTPC may amend or revoke one or more of its licences. Outside Greece, the Guarantor also faces uncertain and changing regulatory restrictions in the countries in which it operates.

The Guarantor relies on a number of licences in order to provide some of its fixed-line and mobile telephony and other services. In Greece, the HTPC may, under the Telecommunications Law, amend or revoke the Guarantor's licences, if it does not comply with certain applicable rules and regulations, or if it does not meet certain terms and conditions.

The Guarantor's licence to provide fixed-line services for point to point microwave links in Greece does not have an expiry date, while its licence to use the 1.5 GHz band expires in 2020 and the licence to use the 3.5 GHz band expires in 2015. In addition, Cosmote, the Guarantor's wholly-owned subsidiary that provides mobile telephony services, holds a number of spectrum licences with its two 900 MHz spectrum licences expiring on 29 September 2027 (2x10 MHz bandwidth), its two 1800 MHz spectrum licences expiring on 4 December 2020 (2x25 MHz) and 14 November 2027 (2x10 MHz), respectively, and its 2.1 GHz spectrum licence expiring on 5 August 2021 (2x15 MHz paired FDD and 5 MHz unpaired TDD). Cosmote has also acquired network neutrality licences in respect of part of the 900 MHz and 1800 MHz spectrum. Currently, 2G is offered through the 900 MHz and 1800MHz frequency bands, 3G/UMTS through the 2100MHz frequency band and the network neutral part of 900 MHz frequency band and 4G/ long term evolution ("LTE") through the network neutral part of the 1800 MHz frequency band. Each of these licences is subject to renewal by a resolution of the HTPC, according to the legislation in force at the time of the renewal and payment of the relevant fees determined by HTPC. While the Guarantor believes the possibility of material adverse amendment to such licences, non-renewal or revocation as minimal, any such material adverse amendment, non-renewal or revocation of one or more of the Guarantor's licences would restrict its ability to conduct business and would, in turn, have a material adverse effect on its business, results of operations, financial condition and prospects.

Outside Greece, the Guarantor also faces uncertain and changing regulatory restrictions in the countries in which it operates. The telecommunications industry is highly regulated in all countries in which the Guarantor operates. In some of these countries, regulation of the telecommunications sector falls within the competence of bodies that may not be able to act independently from the relevant government and are subject to political and other pressures. The Guarantor requires licences or similar permits to carry on its business in each of these countries. The Guarantor's ability to establish new networks depends on obtaining appropriate licences, which in some cases will require adopting and implementing new regulatory regimes. In some cases these licences are subject to expiry dates.

The Guarantor's ability to continue to provide its services depends on its ability to maintain valid licences. Although the Guarantor has had favourable experience obtaining, maintaining and renewing licences in the past, there can be no assurance that it will be able to obtain, maintain or renew licences for its services on commercially viable terms in all jurisdictions in which it operates. The loss of one or more of the Guarantor's licences, the imposition of substantial limitations upon its licence terms, or any material changes in such licence terms or in the regulatory environments in which it operates, could have a material adverse effect on its business, results of operations, financial condition and prospects.

The Group is exposed to foreign currency risk.

The Group operates in south-eastern Europe and, as a result, is exposed to currency risk due to changes in the rates of exchange between the functional currencies of its operating subsidiaries and its reporting currency, the Euro. The main currencies within the Group are the Euro, the Romanian Leu (“**Ron**”) and the Albanian Lek (“**Lek**”). Although telecoms tariffs in Romania are indexed to the Euro, a material depreciation of the Ron or the Lek against the Euro could have a material adverse effect on the Group’s financial condition and results of operations.

Deutsche Telekom and the Greek State, the Guarantor’s two major shareholders, may have diverging opinions regarding the Guarantor’s strategy and management.

Deutsche Telekom AG (“**Deutsche Telekom**”) and the Greek State are the Guarantor’s two major shareholders, controlling directly and indirectly voting rights of 40.0% and 10.0%, respectively, in the share capital of the Guarantor. There are certain restrictions on the disposal of Deutsche Telekom’s and the Greek State’s stakes in the Guarantor. See “*Description of the Guarantor—Control of the Guarantor—Major Shareholders*”.

On 14 May 2008, the Greek government and Deutsche Telekom signed a shareholders’ agreement (the “**Shareholders’ Agreement**”) relating to the governance of the Group. The Shareholders’ Agreement contains several provisions of the type customary for an agreement among significant shareholders of a company, including provisions relating to the composition of the Board of Directors (including rights to nominate the Chairman and Managing Director) and its Audit Committee, requirements for supermajority votes of the board of directors for certain matters, changes in shareholding, amendments to the Guarantor’s articles of association, voting rights and reserved matters (including a veto right for the Greek State on certain corporate actions and business matters).

If Deutsche Telekom and the Greek government disagree regarding the interpretation or implementation of the Shareholders’ Agreement, or their opinions with respect to matters of material importance regarding the Guarantor’s strategy and management materially diverge, such disagreement or divergence of opinions could result in a delay or a lack of clarity in the implementation of the Guarantor’s strategies or investments, or may conflict with, or deviate from, previously adopted and implemented strategies or investments. This could, in turn, have a material adverse effect on the Guarantor’s business, results of operations, financial condition and prospects.

The change of control provisions in the Guarantor’s existing indebtedness could be triggered.

The four series of outstanding Notes issued under the Programme in an aggregate principal amount of €2.7 billion as at 31 December 2013 (made up of €0.9 billion due May 2016, €0.8 billion due February 2015, €0.4 billion due April 2014 and €0.7 billion due February 2018), as well as the corresponding intragroup lendings, contain change of control provisions. The €0.7 billion Notes due February 2018 and the €0.4 billion Notes due April 2014 both contain a change of control clause, which would be triggered if any entity other than Deutsche Telekom, Deutsche Telekom acting together with the Greek State or any other telecommunications operator with a credit rating equivalent or superior to Deutsche Telekom’s credit rating, gains the power to direct the management and policies of the Guarantor, whether through the ownership of voting rights, or otherwise. In addition, the €0.9 billion Notes due May 2016 and the €0.8 billion Notes due February 2015 both contain a change of control clause, which is triggered if any person or group of persons (other than the Greek State) at any time directly or indirectly own more than 50% of the Guarantor’s share capital and, as a result, the credit rating assigned to the Notes is withdrawn or downgraded to a non-investment grade rating. If such change of control provisions are triggered, the relevant Noteholders have the option to require the Issuer to redeem the Notes.

The loan between S.C. Cosmote Romanian Mobile Telecommunications S.A. (“**Cosmote Romania**”) and the European Bank for Reconstruction and Development (the “**EBRD**”) concluded in July 2013, also includes a change of control clause applicable to Cosmote Romania, Sunlight Romania Filiala, Telemobil and Germanos Telecom Romania, which is triggered if the Guarantor ceases to directly or indirectly own at least 50% plus one share of the voting share capital, or otherwise ceases to control, any of these entities or RomTelecom S.A. (“**RomTelecom**”). In the event that a change of control clause is triggered, the requirement to repay amounts outstanding under the Notes and the related on-loan agreements, as well as under the EBRD loan, could potentially have a material adverse effect on the Guarantor’s business results of operations, financial condition and prospects.

Political, economic, legal and regulatory uncertainties prevailing in many markets outside Greece in which the Guarantor has invested, or plans to invest, could have a material adverse effect on its international investments.

The Guarantor has made equity investments in telecommunications operators and has acquired indirectly through those operators, regulatory licences to provide telecommunications services in Romania and Albania. Investments the Guarantor has already made, and additional investments it may consider in the future, were or may be located in countries that present a different, and in some cases greater, risk profile than that of the telecommunications sector in Greece.

Relevant risks could include, but are not limited to:

- unanticipated changes in the legal or regulatory environment and licensing requirements in such countries;
- tariffs, taxes, price, wage and exchange controls and other trade barriers;
- other restrictions on, or costs of, the repatriation of profits or capital;
- political and social instability;
- significant economic volatility;
- strong inflationary pressures; and
- interest rate and exchange rate fluctuations.

The majority of South-eastern European countries where the Guarantor has made investments are at varying stages of transition to a market economy. Consequently, they have experienced, or may experience, changes in their economies and their governmental policies that may affect the Guarantor's investments in these countries. Although these countries are at different stages of developing institutions and legal and regulatory systems characteristic of parliamentary democracies, including having recently become, or aspiring to soon become, Member States of the EU, these institutions may not yet be as firmly established as they are in Western Europe. Similarly, the interpretation and procedural safeguards of the new legal and regulatory regimes in these countries are still developing and in certain cases existing laws and regulations may be applied inconsistently. In some circumstances, it may not be possible to obtain the legal remedies provided under such laws and regulations in a timely manner. As a result, the Guarantor may face further uncertainty as to the performance of its international investments.

Recently, South-eastern European countries in which the Guarantor has made investments have experienced negative rates of economic growth, or significantly slower growth rates, as compared to previous years. There can be no assurance that the macroeconomic environment in these still-developing countries will not continue to deteriorate and any further deterioration could have a material adverse impact on the operating and financial performance of the Guarantor's businesses in the respective markets. In addition, in recent years, countries in which the Group operates have experienced high inflation, which may result in high interest rates, devaluations of local currencies and government controls on currency exchange rates or prices, any of which may affect the Guarantor's results. Currencies in certain of the countries in which the Guarantor operates (other than Greece) have been subject to devaluations in certain cases in recent years and may suffer further devaluations, which could adversely affect the stated value of its shareholdings in entities in these jurisdictions, although certain of these currencies have recently appreciated against the Euro.

The Group's largest investments outside Greece are in Romania, through RomTelecom and Cosmote Romania. Romania was exposed to some political instability in late 2012 in the run up to the elections held on 9 December 2012, which resulted in a solid majority for the incumbent coalition government. Romania's exports are largely (over 80%) directed to members of the Eurozone, and, accordingly, the negative outlook for the Eurozone's economies continues to have a negative effect on Romania's exports and overall trade balance. Although Romania's other macroeconomic trends are relatively stable, the Romanian economy is experiencing a lack of growth. This fact, combined with some of the lowest wages in Europe, continues to limit discretionary spending in this market.

All of these conditions in South-eastern Europe could have a material adverse effect on the Guarantor's international investments and, accordingly, on its business, results of operations, financial condition and prospects.

The Group may incur impairment losses in respect of its subsidiaries.

In many markets in which the Group has invested, the Group faces challenges regarding the financial outlook of some of its subsidiaries. In particular, the Group may incur impairment losses relating to the recognised amounts of goodwill allocated to these subsidiaries, or relating to a write down in the carrying value of their assets.

In December 2011, an impairment test was performed by RomTelecom with respect to its property, plant and equipment and goodwill and, as a result, an impairment loss of €253.2 million was recognised in the Guarantor's 2011 consolidated income statement, of which €246.0 million was allocated to property, plant and equipment and an amount of €7.2 million was allocated to goodwill. Although no further such impairment losses were recorded in 2012 and 2013 in respect of RomTelecom, if the performance of the Guarantor's subsidiaries deteriorate, the Group may have to recognise further impairment losses in subsequent financial periods.

Potential disputes with major suppliers, or failure by such suppliers to perform their obligations, could cause the Guarantor to incur significant cost overruns and delays in implementing its investment plans.

The Guarantor relies on a number of suppliers to satisfy its requirements for telecommunications equipment. Its main suppliers of fixed-line network equipment include Nokia Solutions & Networks, Alcatel-Lucent, Cisco, Ericsson, Coriant and Huawei. Nokia Solutions Networks and Ericsson are Cosmote's main suppliers of equipment for its second generation ("2G"), 2.5G and third generation ("3G" or "UMTS") and fourth generation ("4G") networks. If the Guarantor has significant disputes with its suppliers, or if its suppliers fail to perform their respective obligations, the Guarantor may incur significant cost overruns and delays in implementing its investment plans. Shipments of equipment could also be delayed or the Guarantor may be forced to seek alternative suppliers using procurement procedures approved by the EU if the Guarantor's suppliers fail to meet their obligations. Any of these developments could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

The Group may be required to make additional contributions to pension funds.

Based on actuarial studies performed in prior years and on current estimations, the Group's pension funds show (or will show in the future) increasing deficits. The Group does not have a legal obligation to cover any future deficiencies of these funds, nor does it voluntarily intend to cover such possible deficiencies. However, there can be no assurance that the Group will not be required to make additional contributions in the future in order to cover operating deficits of these funds.

Under Greek labour law, employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employee's compensation, length of service and manner of termination (dismissal or retirement). The provision made for staff retirement indemnity is reflected in the Group's consolidated financial statements in accordance with IAS 19 "Employee Benefits" and is based on an independent actuarial study.

In addition, the Group provides a "Youth Account", which entitles employees' children to a lump sum payment when they reach the age of 25. The lump sum payment is made up of employees' contributions, interest thereon and the Guarantor's contribution, which can reach up to an amount of 3 times the maximum between the average salary of the Guarantor's employees or 86 times the daily salary of an unskilled worker, depending on the number of years of contributions. The provision for benefits under the Youth Account is based on an independent actuarial study.

The Guarantor's contributions to the staff retirement indemnity and the Youth Account are based on assumptions as to the future growth of staff wages and the appropriate discount rate for valuing future liabilities. If these assumptions were to prove to be materially incorrect, or if the statutory levels of entitlement were to change in the future, the Guarantor could be required to make additional contributions to these employee benefit funds, which could have a material adverse effect on its financial condition and prospects.

The Guarantor has an active, union-represented work force, which has in the past gone on strike and may cause work stoppages.

A high percentage of the Guarantor's full-time employees are members of the OME-OTE labour union. OME-OTE is strong and influential, and has consistently opposed disposals of ownership interests in the Guarantor by the Greek State. In recent years, the Guarantor has experienced a number of strikes, both on a nationwide basis and in specific geographic regions. Although a collective labour agreement is in place for 2014, there can be no assurance that strikes or work stoppages or other industrial action will not have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

If the Guarantor is unable to recruit and retain key personnel, its plans to maintain its positions in the fixed-line and mobile telecommunications markets and to expand and grow in the areas of internet, high-speed data and business telecommunications services could be impeded.

Competition for qualified personnel in the Greek telecommunications market is intense, and the costs of retaining such personnel have increased and may continue to increase. Recruiting specialist technical, commercial and information technology personnel is crucial to the Guarantor's future success and efficiency. Since 2006, following the enactment of Greek Law 3522/2006 and the adoption of the Guarantor's new internal personnel regulation pursuant to article 38 of that Law, the Guarantor has implemented flexible recruitment procedures in order to recruit experienced and specialist personnel, for both entry level and managerial positions, with higher salaries and more attractive benefits. Any failure to recruit experienced and specialist personnel and to retain the current necessary skilled personnel could significantly impede the Guarantor's plans to maintain its position in the fixed-line and mobile communications services market, as well as its plans to expand and grow its offering of high-speed internet, high-speed data and business telecommunications services, which could, in turn, have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

Any failure by the Guarantor to continue to operate Pay-TV services in a reliable, competitive and profitable fashion, could have an adverse effect on the Guarantor's business plan and operating results.

In February 2009, the Guarantor began offering IPTV through OTE TV (video over asymmetric digital subscriber line (“ADSL”) -2+ broadband) services to customers, initially in major urban centres. In June 2011, an agreement was executed between Guarantor and the Greek government for the provision of Pay TV satellite direct to home services (“DTH”) services for a 15-year term. This agreement was amended in October 2013 to increase the total daily programme transition time of Pay TV services to 1,470. The Guarantor launched DTH commercially in October 2011 and since then has offered both DTH and IPTV services under the commercial name OTE-TV. As at 31 December 2013, the Guarantor had a total of 255,912 IPTV and satellite television customers and had signed exclusive deals with major European football leagues, secured premium movie rights and had concluded carriage agreements with most major Greek and international channels, including movie channels. The Guarantor's competitors, such as ONTelecoms, HOL and Cyta, also offer basic IPTV services in the Greek market, while Forthnet operates the market leading satellite Pay-TV service, Nova. Any expansion in the services offered by the Guarantor's competitors could negatively affect the growth of the Guarantor's Pay-TV services.

If the Guarantor's Pay-TV customer base does not grow in accordance with its expectations, the Guarantor may not be able to realise the expected benefits from its Pay-TV and satellite investments. Any failure to continue operating Pay-TV and satellite services in a competitive and reliable fashion could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

The development of entirely new networks by the Greek government in competition with the Guarantor could have a significant effect on the Guarantor's business.

The Greek government has announced in the past (and may also announce in the future) plans for the development of fibre to the home (“FTTH”) networks in competition to those provided by the Guarantor. It is expected that such networks would be entirely new with a major part of the investment subsidised by public or EU funds. If such plans materialise, the Guarantor would be subject to increased competitive pressures, which could have a material adverse effect on its business, results of operations, financial condition and prospects.

In addition, the Greek government has invited proposals for the construction and operation of rural broadband networks to be offered on a wholesale basis and which could compete with the Guarantor's existing infrastructure. The construction of the new networks are expected to be funded out of EU funds. The Guarantor submitted a proposal for the construction and operation of these networks, and it is expected that the Greek government will announce the winning proposal in June 2014. There can, however, be no assurance that the Guarantor's proposal will be chosen or, if chosen, that the Guarantor will be able to meet the requirements of the project, including the implementation of the required infrastructure on a timely basis, which could result in a delay to the project and penalties being imposed on the Guarantor. Any of the foregoing could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

The Group collects and processes subscriber data as part of its routine business operations and the loss of such data may violate laws and regulations.

The Group collects, stores and uses data in the ordinary course of its operations that is protected by data protection laws. Although precautions are taken to protect subscriber data in accordance with the privacy requirements provided for under applicable laws, the Guarantor may fail to do so and certain subscriber data may be lost as a result of human error or technological failure or otherwise be used inappropriately. Violation of data protection laws or regulations by the Group or one of its partners or suppliers may result in fines, reputational harm and subscriber churn and could have a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

The Group is subject to risks from legal and similar proceedings, including disputes and legal proceedings relating to the regulatory, competition and tax authorities, competitors and other parties.

The Group is involved in disputes and legal proceedings of a civil, regulatory, competition or tax nature. Such disputes or legal proceedings, whether with or without merit, could be expensive and time consuming, could divert the attention of senior management and, if resolved adversely to the Group, could harm its reputation and increase its costs, all of which could result in a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects. There can be no assurance as to the outcome of any particular dispute or legal proceeding.

In addition, there are a number of years for which the Guarantor and certain of its subsidiaries have not been audited by the tax authorities. For example, the Guarantor has not been tax audited for the fiscal years 2009-10 and 2013. Accordingly, the tax liabilities of the Guarantor and its subsidiaries have not been finalised for such years and there can be no assurance that, as a result of the completion of these audits, such liabilities will not increase, as compared to the currently estimated amounts.

Additional risk factors relating to Mobile Telephony

Cosmote's ability to maintain its market leading position is subject to certain factors that may be outside Cosmote's control.

A significant portion of the Guarantor's revenues and profits are contributed by Cosmote's Greek activities. Cosmote's financial performance has in the past depended, and will continue in the future to depend, on a number of factors, some of which are outside the Guarantor's or Cosmote's control. Such factors include the impact of general economic conditions, the GDP per capita in Greece and other relevant markets, developments in the regulatory environment and the application by the HTPC of relevant legislation, fees payable for the renewal of spectrum licences, taxation measures adopted by the Greek government and developments in mobile technology. If any of these factors materialise, it could result in a material adverse effect on Cosmote's business, results of operations, financial condition and prospects, which would, in turn, result in a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

Cosmote faces strong competition from other mobile telephony providers in Greece and in other markets in which it operates and may experience a loss of market share or significant price pressures resulting from intensifying competition.

Competition in the Greek mobile telecommunications market remains intense. Cosmote's competitors may succeed in attracting some of its customers, which could reduce Cosmote's market share and have a material adverse effect on its business, results of operations, financial condition and prospects.

Furthermore, as a result of strong competition, the Greek mobile market, as well as the other markets in which Cosmote operates, has recently experienced significant price pressures. The Guarantor's mobile subsidiaries in Albania and Romania are also facing and are expected to continue to face similar competitive and pricing pressures in their respective markets, which could result in loss of their respective market shares, or otherwise adversely affect their operating and financial performance. In the future, there may also be new entrants to the Greek and Romanian mobile markets, which could result in further price pressures.

Furthermore, other factors, including new market conditions and trends or technologies may also affect the competitive landscape and increase competitive pressures having an impact on the Guarantor's financial and operating performance. For instance, the increasing development of Wi-Fi local networks in public areas and the use of those networks by mobile users may have a negative impact on traffic over mobile networks and the revenues of mobile operators. Any loss of market share or significant price pressures resulting from intensifying competition could result in a material adverse effect on the Guarantor's business, results of operations, financial condition and prospects.

Cosmote's commercial operations could be constrained by regulatory interventions by the HTPC or other regulatory authorities.

While the mobile telephony market remains highly competitive, to the benefit of consumers, it is possible that Cosmote's higher market share will lead to interventions by the HTPC with respect to Cosmote's tariffs and other commercial policies. Any restrictions set on Cosmote's tariff setting or other policies could weaken its competitive position in the market, which may, in turn, lead to a loss in market share, lower revenues and a negative financial performance. Regulatory interventions could also impact the Guarantor's operations in Albania and Romania.

In addition, the provision of certain mobile telephony services is regulated by the EU. The mobile termination rates charged by the Guarantor's mobile operators in Greece, Albania and Romania are subject to a glide path of phased reductions determined by each of the national telecommunications regulators. In Greece, between August 2012 and January 2013, the implementation of steep reductions in mobile termination rates, significantly lowered the revenues from terminating voice calls to Cosmote's mobile phone. Further, though smaller, reductions were imposed by the HTPC on 11 December 2012 for 2014 and 2015 and, accordingly, Cosmote reduced its termination rates from 1.269 Eurocents per minute to 1.189 Eurocents per minute with effect from 1 January 2014. Similarly, the new mobile termination rate in Romania from 1 April 2014 will be 0.96 Eurocents per minute. This significant decrease in termination rates may facilitate the entrance of Mobile Virtual Network Operators ("MVNOs") to the market.

Additional competition from MVNOs could have a significant impact on the Guarantor's mobile operations. For example, as a result of a 2012 spectrum auction, Cosmote Romania hosts four MVNOs. There can be no assurance that the European Commission will not take further steps to regulate mobile operators.

In 2012, following the two previous roaming regulations enacted in 2007 and 2009, a third roaming regulation ("**Roaming III**") was enacted, which continues the downward trend of capped prices for international mobile roaming for voice, data and SMS services, with additional reductions being implemented on a 12-month rolling basis until at least 2014. Further cuts may continue, if deemed necessary, until 2022.

The Roaming III Regulation also obliges operators to allow access to new wholesale roaming providers and to allow the separate sale of roaming services to subscribers (known as “unbundling”), both of which may have a material adverse effect on the Guarantor’s business, results of operations, financial condition and prospects.

Cosmote continues to experience difficulties in obtaining the licences it requires to establish and operate its base stations.

Certain media reports have suggested that there may be health risks associated with the effects of radio waves emitted by transmitter masts and mobile handsets. While Cosmote operates its network such that electromagnetic emissions from its equipment fully meet internationally-set standards, such media reports may result in significant restrictions on the location and operation of transmission facilities and antennae “base stations”, which could have a material adverse effect on the Guarantor’s mobile telecommunications services business.

At present, Cosmote continues to experience substantial delays in obtaining licences for new base stations, which are needed to develop and expand its network. In addition, litigation initiated by local authorities and others regarding the removal of existing base stations has been increasing and, in some cases, has led to base stations being deactivated. There can be no assurance that legislative bodies, regulators or private litigants will refrain from taking additional actions adverse to Cosmote’s business, which actions may result in significant costs and could materially adversely affect the business, results of operations, financial condition and prospects of the Guarantor’s mobile telecommunications services business.

Cooperation of Cosmote’s competitors could affect Cosmote’s performance which could, in turn, materially adversely affect the Guarantor’s business, results of operations, financial condition and prospects.

In June 2013, it was announced that Vodafone and Wind Hellas had entered into a network-sharing deal in order to save costs in view of worsening economic conditions and intense competition in the Greek market. In February 2014, a new joint venture company, Victus Networks, was established by Vodafone and Wind Hellas to share the mobile access network infrastructure in line with network sharing deal. Victus Networks commenced operations in March 2014 and is expected to manage joint base stations, initially in rural areas and small cities. This network sharing arrangement could result in:

- market share erosion for Cosmote, as Cosmote may lose its competitive advantage if Vodafone and Wind Hellas act increasingly in concert;
- increased financial pressures on Cosmote in the event that it is forced to revise its investment plans in order to compete on equal terms; and
- stronger competition as Vodafone and Wind Hellas use their cost savings to pursue further corporate activities.

In addition, in early 2014 Vodafone and Orange announced a co-investment project for infrastructure sharing in Romania in the form of a newly-established company, Ovidiu Telecommunications. Any deterioration in Cosmote’s performance as a result of these arrangements, other cooperation among Cosmote’s competitors or consolidation of Cosmote’s competitors could, in turn, have a material adverse effect on the Guarantor’s business, results of operations, financial condition and prospects.

Actual or perceived health risks or other problems relating to mobile handsets or transmission masts could lead to litigation or decreased mobile communications usage.

The effects of, and any damage caused by, exposure to an electromagnetic field were and are the subject of careful evaluations by the international scientific community. To date there is no scientific evidence of harmful effects to health and research conducted by the World Health Organisation has not identified any correlation between such exposure and ill health. There can be no assurance, however, that exposure to electromagnetic fields or other emissions originating from wireless handsets will not be identified as a health risk in the future.

In addition, these alleged health risks may cause authorities in the EU and Greece to impose more onerous regulations on the construction of base stations or other telecommunications network infrastructure. In particular, public concern over alleged health effects related to electromagnetic radiation may result in increased costs related to the Guarantor’s networks, which may hinder the completion or increase the cost of network deployment, reduce the coverage of the Guarantor’s network and hinder the commercial availability of new services. If these alleged health risks were to result in decreased mobile usage, increased consumer litigation or stricter regulation, it could have a material adverse effect on the Guarantor’s business, results of operations, financial condition and prospects.

Additional risk factors relating to operations in Romania

Romanian regulatory considerations

The Romanian regulator has introduced reductions in fixed and mobile termination tariffs.

The Romanian regulator has started the process for implementing aggressive reductions to fixed and mobile termination tariffs. Following a favourable opinion of the European Commission, the Romanian National Authority for Management and Regulation in Communications (“**ANCOM**”) adopted a decision setting the new maximum call termination tariffs for interconnection services in February 2014, applicable as from 1 April 2014. The maximum termination rates in Romania will decrease from 0.67 Eurocents per minute to 0.14 Eurocents per minute for fixed calls and from 3.07 Eurocents per minute to 0.96 Eurocents per minute for mobile calls. The reduced termination rates could have a material adverse effect on RomTelecom’s business, results of operations and financial condition.

The Romanian Ministry of Information Society has adopted a digital television strategy and tender.

The Romanian Ministry of Information Society has, in 2012, adopted a strategy for transition from analogue to digital television with a deadline for implementation in June 2015. According to this strategy, five national digital multi-channel concessions (four in UHF, one in VHF) will be granted based on public tenders for the retransmission of SD and HD TV channels. The technical standard which will be used for the retransmission of channels (DVB-T2) will allow the retransmission of a maximum of 60 standard definition channels. In addition, the winner of the first UHF concession will have an obligation to broadcast free-to-air the public and private television programmes currently broadcast on the terrestrial analogue system. This may allow the entry into the Romanian TV market of a new low-cost pay-TV operator, which may affect the future profitability of RomTelecom’s TV business.

Romanian market risks

The Romanian broadband market is very competitive.

The Romanian fixed-line broadband market is very competitive. The continued competitiveness of RomTelecom in this market is highly dependent on the implementation of significant fibre roll-out projects. Although RomTelecom began to offer triple play services, such as TV and high speed broadband, the typical RomTelecom broadband subscriber uses an ADSL technology (maximum bandwidth 6-8 Mbps) service that offers significantly lower capacity than that available to urban subscribers (20-100 Mbps). Any significant loss of customers as a result could have a material adverse effect on the Guarantor’s business, results and operations and financial condition.

The Romanian telecoms market is largely driven by television services.

RomTelecom delivers most of its TV signal via satellite, which has significant limitations in dense urban areas due to technological issues (*i.e.*, high buildings can block the satellite signal and customers do not want dishes attached to the facades of buildings).

The Romanian telecoms market is largely driven by television services. The Romanian TV market is a pay TV market, in which consumers pay for content. Price and content are the main drivers behind consumer choice, leading to competition in respect of content such as sports rights, and to geographical strategies for network deployment and choice of technology. The regulator in Romania sets certain obligations related to TV content and the obligatory channels to be included by service providers, which includes packaging of paid channels with free to air channels. These obligations are different for a cable TV operator (which includes the majority of RomTelecom’s competition) than for a satellite TV operator such as RomTelecom. RomTelecom also provides cable television services and has further roll out plans, but, in the short to medium term, it is estimated that satellite technology will remain RomTelecom’s principal product offering. If the regulator imposes obligations that are more favourable for cable TV operators than satellite TV operators, this will have an adverse effect on RomTelecom’s competitive position and results of operations. In addition, intense competition in the market will require significant expenditure in order for RomTelecom to upgrade its service offering, although its ability to do so effectively may be limited by capital expenditure reductions being made throughout the Group.

The Romanian state has initiated the process of selling its stake in RomTelecom.

On 26 November 2010, the Romanian government announced its intention to sell the 46% of shares held by the Romanian state in RomTelecom. On 19 December 2013, the Romanian Ministry for Information Society announced that it had selected a consortium made up of SSIF Swiss Capital S.A. UBS Limited, Musat și Asociații SPARL and BT Securities S.A. to act on its behalf in respect of this sale. The sale of the Romanian state’s shares in RomTelecom is expected to be conducted either through an initial public offering or through a trade sale. Any sale could lead to a valuation of RomTelecom that is different to the valuation set forth in RomTelecom’s financial statements. In addition,

the sale of the Romanian state's shares in RomTelecom is likely to require significant input from the management of RomTelecom, which could divert management's attention away from effectively overseeing RomTelecom's day-to-day operations and could result in a disruption in the relationship between the current shareholders of RomTelecom. Any significant change in the valuation of RomTelecom, failure of RomTelecom to deploy and maintain adequate management resources to support the sale or any breakdown in the relationship between RomTelecom's current shareholders could have a material adverse effect on RomTelecom's business, results of operations, financial condition and prospects.

Risk Factors relating to the Notes

There is no active trading market for the Notes.

Although applications have been made to admit the Notes already issued or will be made to admit Notes to be issued under the Programme to trading on the Luxembourg Stock Exchange, each Series or Tranche of Notes constitutes a new issue of securities with no established trading market. Any one or more of the Dealers may make a market in the Notes, but are not obligated to do so and may discontinue any market making, if commenced, at any time without notice. There can be no assurance that a secondary market will develop for the Notes or, if a secondary market therein does develop, that it will continue. Accordingly, the purchase of Notes is suitable only for investors who can bear the risks of no liquidity and the financial and other risks associated with an investment in Notes.

The Notes are subject to Optional Redemption by the Issuer.

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer or Guarantor, as a result of any change in law, would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom (or, in the case of the Guarantor, the Hellenic Republic) or any political subdivision thereof or any authority therein or thereof having power to tax, and such obligation cannot be avoided by reasonable measures, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition, an optional redemption feature of the Notes is likely to limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may bear interest at a rate that converts from a fixed to a floating rate.

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than the then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Notes.

The Notes may not be suitable for all Investors.

Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes involve a number of legal investment considerations.

The investment activities of certain investors are subject to investment laws and regulations and/or review by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Certain circumstances could result in a suspension or removal of exchange trading privileges.

When the Issuer specifies in the applicable Final Terms that a Series of Notes is to be traded on the regulated market of Luxembourg Stock Exchange or on any other relevant stock exchange, competent listing authority and/or quotation system within the EU, which qualifies as a regulated market (each, for the purposes of the following, an “**EU Exchange**”), the Issuer expects, but is not obligated to investors, to maintain the eligibility of the Notes for trading on such EU Exchange(s). Changed circumstances, including changes in applicable regulatory requirements, could result in a suspension or removal of trading privileges, or cause the Issuer to conclude that continued trading of the Notes on such EU Exchange(s) is unduly burdensome.

The Notes contain modification and substitution provisions permitting defined majorities to bind all Noteholders.

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including those who did not attend and vote at the relevant meeting and those who voted in a manner contrary to the majority. The conditions of the Notes also provide that the Issuer may agree, without the consent of Noteholders, to any modification of any Notes, in the circumstances specified in Condition 17.

The Notes have a minimum denomination.

Certain issues of Notes which are admitted to trading on a regulated market in the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospective Directive will have a minimum denomination of €100,000 (or, where the Specified Currency is not euro, its equivalent in the Specified Currency). However, it is possible that the Notes may be traded in the clearing systems in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent in other currencies). In relation to any such issue of Notes which have a denomination consisting of the minimum Specified Denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

The EU Savings Directive imposes certain information requirements.

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply a withholding system under which the beneficial owner of the interest payment must be allowed to elect that certain

provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 10 April 2013, Luxembourg officially announced its intention to no longer apply the withholding system as from 1 January 2015 and to provide details of payments of interest (or similar income) as from such date.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. Under the Luxembourg Law on Prospectuses for Securities, which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying with the definition of securities are not subject to the approval provisions of Part II of such law. An overview of the Terms and Conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer, the Guarantor and the relevant Dealer prior to the issue of such Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as completed by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*”.

This Base Prospectus and any supplement will only be valid for admitting Notes to trading on the Luxembourg Stock Exchange during the period of 12 months from the date of this Base Prospectus in an aggregate principal amount which, when added to the aggregate principal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €6,500,000,000 or its equivalent in other currencies. The maximum aggregate principal amount of Notes which may be outstanding at any time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Any decision to invest in Notes should be based on a consideration of this Base Prospectus as a whole. Capitalized terms used herein have the same meanings given to them in “Form of Notes” and “Terms and Conditions of the Notes”.

Issuer	OTE PLC, incorporated under the laws of England and Wales on 17 December 1999 (with registered number 03896324) for an indefinite period of time. The registered office of the Issuer and of Wilmington Trust SP Services (London) Limited is located at 3 rd Floor, 1 King’s Arms Yard, London EC2R 7AF. The Issuer is a 100% subsidiary of the Guarantor and its principal activity is to borrow and raise funds from the market for the benefit of its parent company, the Guarantor and other subsidiaries of the Guarantor.
Risk Factors	An investment in Notes issued under the Programme involves significant risks which investors should ensure they fully understand. See “Risk Factors”.
Guarantor	Hellenic Telecommunications Organization S.A. was incorporated as a <i>société anonyme</i> in Athens, Greece, under the laws of the Hellenic Republic in 1949, pursuant to the provisions of Legislative Decree 1049/1949 (registered with the General Commercial Registry of Companies under № 1037501000 (formerly registration number S.A. 347/06/B/86/10)). The Guarantor’s registered office is located at 99 Kifissias Avenue, GR 151 24 Amaroussion, Athens, Greece. The Guarantor is a full-service telecommunications group and the leading provider of fixed-line voice telephony and internet access services in Greece. The Guarantor also provides mobile telecommunications services in Greece, through Cosmote, its wholly-owned subsidiary. In addition, the Guarantor provides fixed-line voice telephony and internet access services in Romania and mobile telecommunications services in Albania and Romania.
Arranger	HSBC Bank plc
Dealers	Alpha Bank A.E., BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Eurobank Ergasias S.A., Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International plc, National Bank of Greece S.A. and any other Dealer appointed from time to time by the Issuer and the Guarantor either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Fiscal Agent	The Bank of New York Mellon (London branch)
Registrar	The Bank of New York Mellon (New York branch)
Luxembourg Listing Agent	The Bank of New York Mellon (Luxembourg) S.A.
Listing and Admission to Trading	Each Series may be listed on the official list of the Luxembourg Stock Exchange, admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority and/or quotation system as may be agreed between the Issuer, the Guarantor and the relevant Dealer and specified in the relevant Final Terms or may be unlisted.

- Clearing Systems**..... Euroclear Bank SA/NV (“**Euroclear**”). Clearstream Banking, *société anonyme*, Luxembourg (“**Clearstream, Luxembourg**”) and/or The Depository Trust Company (“**DTC**”) and/or any other clearing system as may be specified in the relevant Final Terms.
- Initial Programme Amount** Up to €6,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed at any time.
- Issuance in Series** Notes will be issued on a syndicated or non-syndicated basis. Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
- Final Terms** Each Tranche will be the subject of a Final Terms (a “**Final Terms**”) which, for the purposes of that Tranche only, complete the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as completed by the relevant Final Terms.
- Forms of Notes** Notes may be issued in bearer form (“**Bearer Notes**”) or registered form (“**Registered Notes**”), as specified in the relevant Final Terms.

Bearer Notes

Each Tranche of Notes in bearer form will initially be in the form of either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein), in each case as specified in the relevant Final Terms. Each Global Note in bearer form (a “**Bearer Global Note**”) which is not intended to be issued in new global note (“**NGN**”) form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg, and/or any other relevant clearing system and each Bearer Global Note which is intended to be issued in NGN form (a “**New Global Note**” or “**NGN**”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

Registered Notes

Each Tranche of Registered Notes will be represented by either:

- (i) Individual Note Certificates; or
- (ii) one or more Unrestricted Global Note Certificates in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S and/or one or more Restricted Global Note Certificates in the case of Registered Notes sold to qualified institutional buyers in reliance on Rule 144A,

in each case, as specified in the relevant Final Terms.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a Certificate which is not to be held under the new safekeeping structure (“**New Safekeeping Structure**” or “**NSS**”), registered in the name of a common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depository; or (b) in the case of a Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by a Restricted Global Note Certificate will be deposited with a custodian for and registered in the name of a nominee for DTC on or about the date of issue of the relevant Tranche. Beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

Currencies	The Notes may be denominated in any currency or currencies, subject to compliance with all applicable legal, regulatory and central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes	The Notes will constitute unsubordinated and unsecured obligations of the Issuer as described in Condition 5(a) (<i>Status and Guarantee—Status of the Notes</i>).
Status of the Guarantee	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor on an unsubordinated and unsecured basis as described in Condition 5(b) (<i>Status and Guarantee—Guarantee of the Notes</i>).
Issue Price	The Notes may be issued at any price as specified in the relevant Final Terms.
Maturities	The Notes may have any maturity subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Redemption	The Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms.

Any Notes having a maturity of less than one year must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “**FSMA**”) by the Issuer.

- Optional Redemption** The Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Noteholders (including in circumstances where a change of control in relation to the Guarantor has occurred as described in Condition 10(f) (*Redemption at the Option of Noteholders on Change of Control*)) to the extent (if at all) specified in the relevant Final Terms.
- Tax Redemption**..... Except as described in “*Optional Redemption*” above, early redemption will only be permitted for tax reasons as described in Condition 10(b) (*Redemption and Purchase—Redemption for tax reasons*).
- Interest**..... The Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Denominations** No Notes may be issued under the Programme which (a) have a minimum denomination of less than €100,000 (or equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Negative Pledge**..... The Notes will have the benefit of a negative pledge as described in Condition 6 (*Negative Pledge*).
- Cross Default**..... The Notes will have the benefit of a cross default as described in Condition 13 (*Events of Default*).
- Taxation**..... All payments in respect of Notes will be made free and clear of withholding taxes of the United Kingdom or the Hellenic Republic, as the case may be, unless the withholding is required by law. In that event, the Issuer or, as the case may be, the Guarantor will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.
- Governing Law** The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

In the case of Global Notes, investors’ rights against the Issuer will be supported by a Deed of Covenant executed by the Issuer and dated 18 January 2011 (the “**Deed of Covenant**”), a copy of which will be available for inspection at the specified office of the Fiscal Agent.

Selling Restrictions For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area the United Kingdom and Japan, see “*Subscription and Sale*” below.

INFORMATION INCORPORATED BY REFERENCE

The following information, which have previously been published and have been filed with the CSSF, shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus:

- (1) the audited UK GAAP financial statements (including the auditors’ report thereon and notes thereto) of the Issuer as at and for the years ended 31 December 2012 and 31 December 2013 (set out in the 2012 and 2013 annual reports of the Issuer) including:

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- (2) the audited consolidated IFRS financial statements (including the auditors’ report thereon and notes thereto) of the Guarantor as at and for the year ended 31 December 2012 (set out in the consolidated Audited Financial Statements as at and for the year ended 31 December 2012 of the Guarantor (the “**2012 Financial Statements**”)) including:

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- (3) the audited consolidated IFRS financial statements (including the auditors’ report thereon and notes thereto) of the Guarantor as at and for the year ended 31 December 2013 (set out in the consolidated Audited Financial Statements as at and for the year ended 31 December 2013 of the Guarantor(the “**2013 Financial Statements**”)) including:

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- (4) the terms and conditions set out on pages 22 to 49 of the information memorandum dated 29 July 2003;
- (5) the terms and conditions set out on pages 41 to 66 of the base prospectus dated 11 August 2006;
- (6) the terms and conditions set out on pages 42 to 66 of the base prospectus dated 16 July 2007;
- (7) the terms and conditions set out on pages 36 to 55 of the base prospectus dated 18 January 2011;
- (8) the terms and conditions set out on pages 35 to 55 of the base prospectus dated 25 January 2013;

- (9) the section entitled “Terms and Conditions of the Notes” set out on pages 8 to 10 of Prospectus Supplement Number 1 dated 3 November 2006 to the Base Prospectus dated 11 August 2006; and
- (10) the section entitled “Terms and Conditions of the Notes” set out on pages 9 to 11 of Prospectus Supplement Number 1 dated 11 December 2007 to the Base Prospectus dated 16 July 2007.

The Guarantor takes responsibility for the correct English translation of any document incorporated by reference.

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus may be inspected, free of charge, at the registered offices of the Issuer and the Guarantor. This Base Prospectus and the documents incorporated by reference herein are available for viewing at the website of the Luxembourg Stock Exchange (www.bourse.lu). Any information that is not listed in the cross-reference list above but is included in the documents incorporated by reference is given for information purposes only.

FORMS OF THE NOTES AND TRANSFER RESTRICTIONS RELATING TO U.S. SALES

All relevant information with respect to the Notes in a particular Tranche will be set forth in the relevant Final Terms. The Issuer does not undertake to furnish any further information post-issuance except if required by any applicable laws and regulations.

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in NGN form, as specified in the relevant Final Terms will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is intended to be issued in NGN form, as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Since January 2007, the central banking system for the Euro (the “**Eurosystem**”) ceased to accept bearer debt securities in CGN form as eligible collateral for the Eurosystem’s monetary policy and intra-day credit operations by the Eurosystem. The NGN form has been introduced so that Notes may continue to be issued and held in a manner which will permit them to be recognised as eligible collateral for monetary policy of the Eurosystem and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.1635(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for a Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “*Temporary Global Note exchangeable for a Permanent Global Note*”, then the Notes will initially be in the form of a Temporary Global Note, which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than the later of (i) 40 days after the issue date of the relevant Tranche of the Notes and (ii) the expiry of the period that ends 40 days after completion of the distribution of the relevant Tranche of Notes as certified by the relevant Dealer(s) to the Issuer and the Fiscal Agent, and, in each case, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) in either case, receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; provided, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable, upon notice, in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

- (i) on the terms specified in the relevant Final Terms; or

- (ii) if the relevant Final Terms specifies “*in the limited circumstances described in the Permanent Global Note*”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so, or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs; or (c) if the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 12 (*Taxation*), which would not be required were the Notes represented by the Permanent Global Note in definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange. In relation to any issue of Notes where it is specified in the Final Terms that the Permanent Global Note is exchangeable for Notes in definitive form other than in the “*limited circumstances described in the Permanent Global Note*”, such Permanent Global Note and any definitive Notes issued upon exchange may only be issued in denominations equal to, or greater than €100,000 (or equivalent) and multiples thereof.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “*Temporary Global Note exchangeable for Definitive Notes*” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “*Temporary Global Note exchangeable for Definitive Notes*” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange. In relation to any issue of Notes where the Final Terms specifies the form of Notes as being “*Temporary Global Note exchangeable for Definitive Notes*” such Temporary Global Note and any definitive Notes issued upon exchange may only be issued in denominations equal to, or greater than €100,000 (or equivalent) and multiples thereof.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (i) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and, in the case of a NGN, effectuated, to the bearer of the Temporary Global Note; or
- (ii) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (ii) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (iii) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (London time) on such seventh day (in the case of (i) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (ii) above) or at 5.00 p.m. (London time) on such due date (in the case of (iii) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the specified office of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (ii) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant. Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Registered Notes

Each Tranche of Notes in registered form ("**Registered Notes**") will be represented by either:

- (i) individual Note Certificates in registered form ("**Individual Note Certificates**"); or
- (ii) one or more unrestricted global note certificates ("**Unrestricted Global Note Certificate(s)**") in the case of Registered Notes sold outside the United States to non-U.S. persons in reliance on Regulation S ("**Unrestricted**

Registered Notes”) and/or one or more restricted global note certificates (“**Restricted Global Note Certificate(s)**”) in the case of Registered Notes sold to QIBs in reliance on Rule 144A (“**Restricted Registered Notes**”),

in each case, as specified in the relevant Final Terms, and references in this Base Prospectus to “**Global Note Certificates**” shall be construed as a reference to Unrestricted Global Note Certificates and/or Restricted Global Note Certificates.

In a press release dated 22 October 2008, “*Evolution of the custody arrangement for international debt securities and their eligibility in Eurosystem credit operations*”, the ECB announced that it has assessed the new holding structure and custody arrangements for registered notes which the ICSDs had designed in cooperation with market participants and that Notes to be held under the new structure (the “**New Safekeeping Structure**” or “**NSS**”) would be in compliance with the “*Standards for the use of EU securities settlement systems in ESCB credit operations*” of the central banking system for the euro (the “**Eurosystem**”), subject to the conclusion of the necessary legal and contractual arrangements. The press release also stated that the new arrangements for Notes to be held in NSS form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2010 and that registered debt securities in global registered form held issued through Euroclear and Clearstream, Luxembourg after 30 September 2010 will only be eligible as collateral in Eurosystem operations if the New Safekeeping Structure is used.

Each Note represented by an Unrestricted Global Note Certificate will either be: (a) in the case of a Certificate which is not to be held under the NSS, registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common depositary; or (b) in the case of a Certificate to be held under the New Safekeeping Structure, be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Unrestricted Global Note Certificate will be deposited on or about the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.

Each Note represented by a Restricted Global Note Certificate will be deposited with a custodian for and registered in the name of a nominee for DTC on or about the date of issue of the relevant Tranche. Beneficial interests in Notes represented by a Restricted Global Note Certificate may only be held through DTC at any time.

If the relevant Final Terms specifies the form of Notes as being “Individual Note Certificates”, then the Notes will at all times be represented by Individual Note Certificates issued to each Noteholder in respect of their respective holdings.

Transfer Restrictions

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 4 to the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate, as described below under “*Exchange of Interests in Global Note Certificates for Individual Note Certificates*”.

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest through an Unrestricted Global Note Certificate, but only upon receipt by the Registrar of a written certification from the transferor (in the form set out in Schedule 5 or 6, as appropriate, to the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the Securities Act.

Transfer restrictions will terminate two years after the relevant issue date **provided that** any Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective affiliates have been cancelled in accordance with Condition 11(i) (*Redemption and Purchase - Cancellation*).

Any interest in either a Restricted Global Note Certificate or an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in the other Global Note Certificate will, upon transfer, cease to be an interest in such Global Note Certificate and become an interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Note Certificate.

The Notes are being offered and sold in the United States only to qualified institutional buyers within the meaning of and in reliance on Rule 144A.

Each purchaser of Notes offered pursuant to Rule 144A will be deemed to have represented and agreed as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (i) the purchaser (i) is a qualified institutional buyer, (ii) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A;
- (ii) the purchaser understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Notes have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below; and
- (iii) the purchaser understands that the Restricted Global Note Certificate and any Restricted Individual Note Certificates (as defined below) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT THE NOTES REPRESENTED HEREBY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATIONS UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER, THE GUARANTOR OR THEIR RESPECTIVE AFFILIATES.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate bearing the above legend, or upon a specific request for removal of the legend, the Issuer will deliver only Individual Note Certificates that bear such legend (“**Restricted Individual Note Certificates**”) or will refuse to remove such legend, unless there is delivered to the Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Such transfer restrictions will terminate two years after the relevant issue date **provided that** any Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective affiliates have been cancelled in accordance with Condition 10(j) (*Redemption and Purchase—Cancellation*).

Exchange of Interests in Global Note Certificates for Individual Note Certificates

If the relevant Final Terms specifies the form of Notes as being “*Global Note Certificate exchangeable for Individual Note Certificates*”, then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies “*in the limited circumstances described in the Global Note Certificate*”, then:

in the case of any Global Note Certificate held by or on behalf of DTC or a successor depository,

- (a) such depository notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to the relevant Global Note Certificate or ceases to be a clearing agency (as defined in the United States Securities Exchange Act of 1934 (the “**Exchange Act**”), or is at any time no longer eligible to act as such, and the Issuer is (in the case of it ceasing to be

- depository) unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; or
- (b) any of the circumstances described in Condition 14 (*Events of Default*) occurs and is continuing and the Holder requests an exchange; or
 - (c) (in the case of the Unrestricted Global Note Certificate only) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or in fact does so and no alternative clearing system satisfactory to the Issuer is available.

In such circumstances, the Issuer shall procure the delivery of Individual Note Certificates in exchange for the Unrestricted Global Note Certificate and/or the Restricted Global Note Certificate. A person having an interest in a Global Note Certificate must provide the Registrar (through DTC, Euroclear and/or Clearstream, Luxembourg) with (a) such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Individual Note Certificates are to be registered and the principal amount of each such person's holding) and (b) (in the case of the Restricted Global Note Certificate only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a qualified institutional buyer and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out above under "*—Transfer Restrictions*". Such transfer restrictions will terminate two years after the relevant issue date, **provided that** any Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective affiliates have been cancelled in accordance with Condition 10(j) (*Redemption and Purchase—Cancellation*).

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued within five business days of the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Global Note Certificate at the specified office of the Registrar. Such exchange shall be effected in accordance with the regulations concerning the transfer and registration from time to time relating to the Notes and shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

If (a) Individual Note Certificates have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the due date for their delivery in exchange for interests in a Global Note Certificate or (b) any of the Notes represented by a Global Note Certificate has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the registered Holder of such Global Note Certificate in accordance with its terms on the due date for payment, then such Global Note Certificate (including the obligation to deliver Individual Note Certificates) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the registered Holder will have no further rights under such Global Note Certificate (but without prejudice to the rights which the Holder of the Notes represented by such Global Note Certificate or others may have under the Deed of Covenant executed by the Issuer). Under the Deed of Covenant, persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Notes represented by a Global Note Certificate will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before such Global Note Certificate became void, they had been the registered Holders of Notes represented by Individual Note Certificates in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of DTC, Euroclear and/or (as the case may be) Clearstream, Luxembourg.

The Registrar will not register the transfer of or exchange of interests in a Global Note Certificate for Individual Note Certificates for a period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

Transfers of Interests in Global Note Certificates

Transfers of interests in Global Note Certificates within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

The laws of some jurisdictions require that certain persons receive individual certificates in respect of their holdings of Notes. Consequently, the ability to transfer interests in a Global Note Certificate to such persons will be limited.

Because DTC only acts on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Global Note Certificate to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of an Individual Note Certificate representing such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under “*Subscription and Sale*”, cross-market transfers between DTC participants, on the one hand, and Clearstream, Luxembourg or Euroclear account holders, on the other, will be effected in DTC in accordance with DTC rules and procedures and on behalf of Clearstream, Luxembourg or (as the case may be) Euroclear by its respective depository. However, such cross-market transactions will require delivery of instructions to Clearstream, Luxembourg or (as the case may be) Euroclear by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Clearstream, Luxembourg or (as the case may be) Euroclear will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving beneficial interests in the relevant Global Note Certificate in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg account holders and Euroclear account holders may not deliver instructions directly to the depositories for Clearstream, Luxembourg or Euroclear.

Because of time zone differences, credits of Notes received in Clearstream, Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during the securities settlement processing day dated the business day following the DTC settlement date and such credits of any transactions in such securities settled during such processing will be reported to the relevant Clearstream, Luxembourg or Euroclear account holder on such business day. Cash received in Clearstream, Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream, Luxembourg account holder or a Euroclear account holder to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC. Settlement between Euroclear or Clearstream, Luxembourg account holders and DTC participants cannot be made on a delivery versus payment basis. The arrangements for transfer of payments must be established separately from the arrangements for transfer of Notes, the latter being effected on a free delivery basis. The customary arrangements for delivery versus payment between Euroclear and Clearstream, Luxembourg account holders or between DTC participants are not affected.

For a further description of restrictions on the transfer of Notes, see “*Subscription and Sale*”.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes (including, without limitation, the presentation of Global Note Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC interests in Global Note Certificates are credited, and only in respect of such portion of the aggregate principal amount of the Global Note Certificates as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Global Note Certificates for Individual Note Certificates (which will, in the case of Restricted Notes, bear the legend set out above under “*Transfer Restrictions*”).

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note Certificates among participants and account holders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Registrar, the Fiscal Agent, any Transfer Agent or any Paying Agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “*Terms and Conditions of the Notes*” below and the provisions of the relevant Final Terms, which complete those terms and conditions.

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “Noteholder” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository, in the case of a CGN, or a common safekeeper, in the case of a NGN, for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or, as the case may be, common safekeeper.

In relation to any Tranche of Notes represented by one or more Global Note Certificates, references in the Terms and Conditions of the Notes to “Noteholder” are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register which (a) in the case of a Restricted Global Note Certificate

held by or on behalf of DTC, will be in the name of a nominee for DTC and (b) in the case of any Unrestricted Global Note Certificate which is held by or on behalf of a depository or a common depository or a common safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or common safekeeper or a nominee for that depository or common depository or common safekeeper.

Each of the persons shown in the records of DTC, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or Global Note Certificate (each an “**Accountholder**”) must look solely to DTC, Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer or the Guarantor to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note or Global Note Certificate will be determined by the respective rules and procedures of DTC, Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note or Global Note Certificate, Accountholders shall have no claim directly against the Issuer or the Guarantor in respect of payments due under the Notes and such obligations of the Issuer and the Guarantor will be discharged by payment to the bearer of the Global Note or Global Note Certificate.

Conditions applicable to Global Notes and Global Note Certificates

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note and the Global Note Certificate. The following is a summary of certain of those provisions:

Global Notes

Payments: All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that in respect of a Classic Global Note the payment is noted in a schedule thereto and in respect of a New Global Note the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 10(e) (*Redemption at the option of Noteholders*) or Condition 10(f) (*Redemption of the Option of Noteholders on Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 10(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in principal amount, at their discretion).

Notices: Notwithstanding Condition 19 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, **provided, however, that**, so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the Luxembourg Stock Exchange website at “www.bourse.lu”.

Payment Business Day: In the case of a Global Note, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day (as defined in the Conditions) and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre (as defined in the Conditions); or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre (as defined in the Conditions) of the currency of payment and in each (if any) Additional Financial Centre.

Global Note Certificates

Exercise of put option: In order to exercise the option described in Condition 11(e) (*Redemption at the option of Noteholders*), the bearer of a Global Note Certificate must, within the period specified in the Conditions for the deposit of the relevant Note Certificate and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notice: Notwithstanding Condition 19 (*Notices*), so long as a Global Note Certificate is held on behalf of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system (an “**Alternative Clearing System**”), notices to bearers of notes represented by such Global Note Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, DTC or (as the case may be) such Alternative Clearing System, **provided, however, that**, so long as the Notes are listed on the Luxembourg Stock Exchange and its rules and regulations so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the Luxembourg Stock Exchange website at “www.bourse.lu”.

Payment Business Day: In the case of a Global Note Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Note Certificate is open for business.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code of 1986.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon or Talon and any gain (which might otherwise be characterized as capital gain) recognized on such sale, exchange or redemption will be treated as ordinary income.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Forms of the Notes and Transfer Restrictions Relating to U.S. Sales” above.

1. Introduction

- (a) **Programme:** OTE PLC (the “**Issuer**”) has established a Global Medium Term Note Programme (the “**Programme**”) for the issuance of up to Euro 6,500,000,000 in aggregate principal amount of notes (the “**Notes**”) guaranteed by Hellenic Telecommunications Organization S.A. (the “**Guarantor**”).
- (b) **Final Terms:** Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of a Final Terms (the “**Final Terms**”) which completes these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) **Agency Agreement:** The Notes are the subject of a fiscal agency agreement dated 25 January 2013 (as amended or supplemented from time to time, the “**Agency Agreement**”) between the Issuer, the Guarantor, The Bank of New York Mellon as fiscal agent (the “**Fiscal Agent**”, which expression includes any successor fiscal agent appointed from time to time in connection with the Notes), The Bank of New York Mellon as registrar (the “**Registrar**”, which expression includes any successor registrar appointed from time to time in connection with the Notes) and the transfer and paying agents named therein (together with the Fiscal Agent and the Registrar, the “**Agents**” which expression includes any successor or additional agents appointed from time to time in connection with the Notes).
- (d) **Deed of Guarantee:** The Notes are the subject of a deed of guarantee dated 18 January 2011 (as amended or supplemented from time to time, the “**Deed of Guarantee**”) entered into by the Guarantor.
- (e) **The Notes:** All subsequent references in these Conditions to “Notes” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for inspection by Noteholders during normal business hours at the Specified Office of the Fiscal Agent or, in the case of Registered Notes (as defined in Condition 2 (*Interpretation*)), the Specified Office of the Registrar.
- (f) **Summaries:** Certain provisions of these Conditions are summaries of the Agency Agreement and the Deed of Guarantee and are subject to their detailed provisions. Noteholders and Couponholders, if any, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents.

2. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Final Terms;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Final Terms;

“**Bearer Note**” means a Note in bearer form;

“**Broken Amount**” means the amount specified in the Final Terms;

“**Business Day**” means:

- (i) in relation to any sum payable in Euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments and are open for general business in each (if any) Additional Business Centre; and

- (ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred **provided, however, that:**
 - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

“**Calculation Amount**” has the meaning given in the relevant Final Terms;

“**Coupon**” means an interest coupon pertaining to a Bearer Note;

“**Couponholder**” means the holder of a Coupon;

“**Coupon Sheet**” means, in respect of a Bearer Note, a coupon sheet relating to such Note;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (i) if “**Actual/Actual (ICMA)**” is so specified, means:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and

- (B) where the Calculation Period is longer than one Regular Period, the sum of:
- (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**” is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

“**Early Redemption Amount (Tax)**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Early Termination Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

“**Extraordinary Resolution**” has the meaning given in the Agency Agreement;

“**Final Redemption Amount**” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“**Fixed Coupon Amount**” has the meaning given in the relevant Final Terms;

“**Guarantee**” means, in relation to any Indebtedness of any Person:

- (i) any obligation of another Person to pay such Indebtedness;
- (ii) any obligation to purchase such Indebtedness;
- (iii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iv) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (v) any other agreement to be responsible for such Indebtedness;

“**Guarantee of the Notes**” means the guarantee of the Notes given by the Guarantor in the Deed of Guarantee;

“**Holder**” means a Registered Holder or, as the context requires, the holder of a Bearer Note;

“**Indebtedness**” means in relation to any indebtedness of any Person indebtedness for or in respect of:

- (i) moneys borrowed;
- (ii) amounts raised by acceptance under any acceptance credit facility;
- (iii) amounts raised under any note purchase facility;
- (iv) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (v) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (vi) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

“**Interest Amount**” means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

“**Interest Commencement Date**” means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

“**Interest Determination Date**” has the meaning given in the relevant Final Terms;

“**Interest Payment Date**” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“**Interest Period**” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“**ISDA definitions**” means the 2000 ISDA Definitions and as further amended and updated as at the date of issue of the first tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc; or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.;

“**Issue Date**” has the meaning given in the relevant Final Terms;

“**Maximum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Margin**” has the meaning given in the relevant Final Terms;

“**Maturity Date**” has the meaning given in the relevant Final Terms;

“**Minimum Redemption Amount**” has the meaning given in the relevant Final Terms;

“**Note Certificate**” means a certificate issued to each Registered Holder in respect of its registered holding;

“**Noteholder**” means a holder of a Bearer Note or, as the context requires, a Registered Holder;

“Optional Redemption Amount (Call)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Amount (Put)” means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

“Optional Redemption Date (Call)” has the meaning given in the relevant Final Terms; **“Optional Redemption Date (Put)”** has the meaning given in the relevant Final Terms;

“Payment Business Day” means:

- (i) if the currency of payment is Euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not Euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency **provided, however, that:**

- (i) in relation to Euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Sydney and, in relation to New Zealand dollars, it means either Wellington or Auckland as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Put Option Notice” means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Put Option Receipt” means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

“Rate of Interest” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

“Reference Banks” means four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the relevant Final Terms;

“Reference Rate” has the meaning given in the relevant Final Terms;

“**Register**” means the register maintained by the Registrar in respect of Registered Notes in accordance with the Agency Agreement;

“**Registered Holder**” means the person in whose name a Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

“**Registered Note**” means a Note in registered form;

“**Regular Period**” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**Relevant Date**” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

“**Relevant Financial Centre**” has the meaning given in the relevant Final Terms;

“**Relevant Indebtedness**” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

“**Relevant Screen Page**” means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“**Relevant Time**” has the meaning given in the relevant Final Terms;

“**Relevant Total Assets**” means, in relation to a Subsidiary of any Person, its total assets, less the aggregate of all receivables due from such Person or other subsidiaries of such Person and all intangible assets (including, without limitation, goodwill) as of the end of the most recent fiscal year as shown in such Person’s latest annual audited consolidated financial statements from time to time;

“**Reserved Matter**” means any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

“**Security interest**” means any mortgage, mortgage prenotation, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

“**Specified Currency**” has the meaning given in the relevant Final Terms;

“**Specified Denomination(s)**” has the meaning given in the relevant Final Terms;

“**Specified Office**” of any Agent means the office specified against its name in Clause 25 of the Agency Agreement or any other address as the Agent has, by prior written notice to the sender, specified for the relevant purpose;

“**Specified Period**” has the meaning given in the relevant Final Terms;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is open for the settlement of payments in euro;

“**Treaty**” means the Treaty establishing the European Communities, as amended; and

“**Zero Coupon Note**” means a Note specified as such in the relevant Final Terms.

(b) Interpretation: In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 13 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 12 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Agency Agreement; and
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

3. **Form, Denomination and Title**

The Notes are Bearer Notes or Registered Notes, as specified in the relevant Final Terms.

(a) **Notes in Bearer Form**

Bearer Notes are issued in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any

other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such Holder.

(b) **Notes in Registered Form**

Registered Notes are issued in the Specified Denominations and may be held in holdings equal to the Specified Denomination (specified in the relevant Final Terms). The Holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

4. **Register and Transfers of Registered Notes**

(a) **Register:** The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate will be issued to each Registered Holder in respect of its holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) **Transfers:** Subject to paragraphs (e) and (f) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; **provided, however, that** a Registered Note may not be transferred unless the principal amount of Registered Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

(c) **Registration and delivery of Note Certificates:** Within five business days of the surrender of a Note Certificate in accordance with paragraph (a) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Registered Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Registered Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Registered Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(d) **No charge:** The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, the Guarantor, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(e) **Closed periods:** Registered Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.

(f) **Regulations concerning transfers and registration:** All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Guarantor with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

5. **Status and Guarantee**

(a) **Status of the Notes:** The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (except for certain debts required to be preferred by law) equally with all other unsecured, unsubordinated obligations of the Issuer, from time to time outstanding.

(b) **Guarantee of the Notes:** The Guarantee of the Notes ranks *pari passu* (except for certain debts required to be preferred by law) with all other unsecured and unsubordinated indebtedness and guarantee obligations of the Guarantor, from time to time outstanding.

6. **Negative Pledge**

So long as any Note shall remain outstanding, neither the Issuer nor the Guarantor shall create or suffer to exist any Security Interest on or with respect to any of its undertakings, assets, properties or revenues, whether now owned or hereafter acquired to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without at the same time or prior thereto (i) securing the Notes equally and rateably therewith or (ii) providing such other security for the Notes as may be approved by an Extraordinary Resolution (as defined above) of Noteholders.

7. **Fixed Rate Note Provisions**

- (a) **Application:** This Condition 7 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 12 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Fixed Coupon Amount:** The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) **Calculation of interest amount:** The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

8. **Floating Rate Note Provisions**

- (a) **Application:** This Condition 8 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Accrual of interest:** The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 11 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) **Screen Rate Determination:** If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) **ISDA Determination:** If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (e) **Maximum or Minimum Rate of Interest:** If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) **Calculation of interest Amount:** The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) **Calculation of other amounts:** If the relevant Final Terms specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.

- (h) **Publication:** The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Guarantor, the Paying Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

9. Zero Coupon Note Provisions

- (a) **Application:** This Condition 9 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Late payment on Zero Coupon Notes:** If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

10. Redemption and Purchase

- (a) **Scheduled redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 11 (*Payments*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part:
- (i) at any time (if the Floating Rate Note Provisions are not specified in the relevant Final Terms as being applicable); or
 - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:
 - (A) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes or any other date specified in the Final Terms; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

- (B) (1) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or any regulations, rulings or administrative pronouncements promulgated thereunder of the Hellenic Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes or any other date specified in the Final Terms and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made,

and **provided further that** reasonable measures as contemplated in paragraphs (A)(2) and (B)(2) above shall include a requirement that the Guarantor use its best efforts to provide the Issuer with sufficient capital to enable the Issuer to make payments under the Notes in the event that payments under the Guarantee of the Notes would obligate the Guarantor to pay such additional amounts.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and an opinion of independent legal advisers of recognized standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

- (c) **Redemption at the option of the Issuer:** If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

- (d) **Partial redemption:**

- (i) **Partial redemption of Bearer Notes:**

If Bearer Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed and the requirements of Euroclear and Clearstream, Luxembourg (to be reflected as in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and the notice to Noteholders referred to in Condition 10(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified;

(ii) *Partial Redemption of Registered Notes:*

If Registered Notes are to be redeemed in part only on any date in accordance with Condition 10(c) (*Redemption at the option of the Issuer*), each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Option Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date.

- (e) ***Redemption at the option of Noteholders:*** If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Agent such Note together, in the case of Bearer Notes, with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(e), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Agent in accordance with this Condition 10(e), the depositor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.
- (f) ***Redemption at the option of Noteholders on change of control:*** If a Change of Control Put Option is specified in the relevant Final Terms as being applicable, and if at any time while any Note remains outstanding, a Change of Control occurs (such occurrence, a **“Put Event”**) the Holder of each Note will have the option (the **“Put Option”**) (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 10(b) or 10(c)) to require the Issuer to redeem or, at the Issuer’s option, to purchase or procure the purchase of that Note on the Optional Redemption Date (as defined below), at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest to but excluding the Optional Redemption Date.

A **“Change of Control”** shall be deemed to have occurred at each time (whether or not approved by the Board of Directors of the Guarantor) that any person or persons acting in concert or any person or persons acting on behalf of any such person(s) (the **“Relevant Person(s)”**) (other than (i) Deutsche Telekom, (ii) Deutsche Telekom together with the Hellenic Republic, any of its agencies or instrumentalities or any entity directly or indirectly controlled by the Hellenic Republic or any of its agencies or instrumentalities or (iii) any telecommunications operator (other than Deutsche Telekom) with at least one credit rating issued by either (i) Standard & Poor’s Credit Market Services Europe Limited or (ii) Moody’s Investors Service España, S.A. (each, together with any successor thereto, a **“Rating Agency”**) equivalent or better than the credit rating of Deutsche Telekom issued by that Rating Agency at that point in time), gains the power to direct the management and policies of the Guarantor, whether through the ownership of voting capital, by contract or otherwise.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **“Put Event Notice”**) to the Holders in accordance with Condition 19 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition.

To exercise the Put Option, a Holder must transfer such Note, together with all unmatured Coupons relating thereto (if any), to an Agent for the account of the Issuer within a period (the **“Put Period”**) of 45 calendar days after the Put Event Notice is given, together with a duly signed and completed Put Option Notice in the form (for the time being current) obtainable from the specified office of any Agent and in which the Holder shall specify a bank account to which payment is to be made under this Condition. The Agent to whom a Note has been so transferred shall deliver a duly completed Put Option Receipt to the transferring Holder.

Subject to the valid exercise of the Put Option in accordance with this Condition, the Issuer shall redeem or, at the option of the Issuer, purchase or procure the purchase of the Notes in respect of which the Put Option has been validly exercised on the date which is the fifth Business Day following the end of the Put Period (the **“Optional Redemption Date”**). Payment in respect of any Note in respect of which the Put Option has been validly exercised will be made in accordance with the Conditions on the Optional Redemption Date. No Note in respect of which the Put Option has been validly exercised may be withdrawn; provided, however, that if,

prior to the relevant Optional Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Agent shall notify the transferring Holder in writing and shall hold such Note at its Specified Office for collection by the relevant Holder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition, the transferor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.

For the avoidance of doubt, neither the Issuer nor the Guarantor shall have any responsibility for any costs or loss of whatever kind (including breakage costs) which the Holder may incur as a result of or in connection with its exercise, or purported exercise, of, or otherwise in connection with, any Put Option, whether upon the occasion of any purchase or redemption arising therefrom or otherwise.

Condition 10(f) shall be construed so as also to entitle the Issuer to redeem the Notes in accordance with this Condition in addition to any other redemption right it may have under the Conditions.

- (g) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (f) above.
- (h) **Early redemption of Zero Coupon Notes:** Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Final Terms for the purposes of this Condition 10(h) or, if none is so specified, a Day Count Fraction of 30E/360.

- (i) **Purchase:** The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith.
- (j) **Cancellation:** All Notes so redeemed or purchased by the Issuer, the Guarantor or any of their respective Subsidiaries and any unmatured Coupons attached to or surrendered with them may be surrendered for cancellation or may be held, reissued or resold.

11. Payments

Payments under Bearer Notes

- (a) **Principal:** Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States and the Hellenic Republic by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) **Interest:** Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States and the Hellenic Republic in the manner described in paragraph (a) above.
- (c) **Payments in New York City:** Payments of principal or interest may be made at the Specified Office of an Agent in New York City if (i) the Issuer has appointed Agents outside the United States with the reasonable expectation that such Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law without involving, in the opinion of the Issuer, any adverse tax consequences to the Issuer.

- (d) **Payments subject to fiscal laws:** All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Deductions for unmatured Coupons:** If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented without all unmatured Coupons relating thereto:
- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the “**Relevant Coupons**”) being equal to the amount of principal due for payment; **provided, however, that** where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that,** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available to payment bears to the amount of principal due for payment.
- Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons.
- (f) **Unmatured Coupons void:** If the relevant Final Terms specifies that this Condition 11(f) (*Unmatured Coupons*) is applicable or that the Floating Rate Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(e) (*Redemption at the option of Noteholders*), Condition 10(c) (*Redemption at the option of the Issuer*) or Condition 13 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) **Payments on business days:** If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) **Payments other than in respect of matured Coupons:** Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by paragraph (c) above) and the Hellenic Republic.
- (i) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

Payments under Registered Notes

- (k) ***Principal:*** Payments of principal shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the Specified Office of the Fiscal Agent or any Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (l) ***Interest:*** Payments of interest shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the Specified Office of the Fiscal Agent or any Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is Euro, any other account to which Euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency and, in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the Specified Office of any Agent.
- (m) ***Payments subject to fiscal laws:*** All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*). No commissions or expenses shall be charged to the Registered Holders in respect of such payments.
- (n) ***Payments on business days:*** Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Registered Holder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition arriving after the due date for payment or being lost in the mail. In this paragraph, “**business day**” means:
- (i) if the currency of payment is Euro, any day which is in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
 - (ii) if the currency of payment is not Euro, any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

12. Taxation

- (a) ***Gross up:*** All payments of principal and interest in respect of the Notes and the Coupons (if any) by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or the Hellenic Republic or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon (if any):
- (i) where the relevant Noteholder or Couponholder (if relevant) is liable for such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or governmental charges are imposed, levied, collected, withheld or assessed other than the mere holding of such Note or Coupon or the receipt of interest or principal in respect thereof;

- (ii) where such withholding or deduction is imposed on a payment to an individual or to a residual entity (within the meaning of the EU Saving Directive) and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income and the agreement concluded by the State of Luxembourg with several dependant or associated territories or any law implementing or complying with, or introduced to conform to, such Directive or pursuant to the law of 23 December 2005, as amended by the law of 17 July 2008, with respect to Luxembourg resident individuals;
 - (iii) where such withholding or deduction is imposed upon presentation for payment of a Note or Coupon by or on behalf of a Noteholder or Couponholder (if relevant) who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union;
 - (iv) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days;
- (b) **Taxing jurisdiction:** If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than the United Kingdom or the Hellenic Republic respectively, references in these Conditions to the United Kingdom or the Hellenic Republic shall be construed as references to the United Kingdom or (as the case may be) the Hellenic Republic and/or such other jurisdiction.

13. Events of Default

If any one or more of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- (a) the Issuer fails to pay any principal due on the Notes when due or fails to pay for more than seven days any interest due in respect of the Notes including, in either such case, any additional amounts as provided or referred to in Condition 12 (*Taxation*) in respect thereof;
- (b) the Issuer or the Guarantor is in default in the performance of any of its obligations (other than to make payments in respect of the Notes) contained in the Notes or the Guarantee, and such default shall continue for more than 45 days after written notice requiring such default to be remedied shall have been given to the Issuer or the Guarantor, as the case may be;
- (c) any Indebtedness of the Issuer or the Guarantor becomes due and repayable prior to its stated maturity as a result of an event of default (howsoever described in the contract or agreement constituting or documenting the specific Indebtedness) or the Issuer or the Guarantor fails to make any payment in respect of any Indebtedness within 30 days of the due date for payment (or within the applicable grace period, if such period is longer than 30 days) or any security given by the Issuer or the Guarantor for any Indebtedness becomes enforceable or if default is made by the Issuer or the Guarantor in making any payment due under any guarantee and/or indemnity given by it in relation to any obligation of any other person for 30 days (or within the applicable grace period if such period is longer than 30 days), **provided that** no such event shall constitute an Event of Default unless such Indebtedness, guarantee and/or indemnity either alone or when aggregated with other such Indebtedness, guarantees and/or indemnities shall amount to at least Euro 25,000,000 (or its equivalent in any other currency);
- (d) any provision of the Guarantee of the Notes becomes invalid or unenforceable in any material respect or any such provision is repudiated by, or the validity or enforceability of such provision is challenged by, the Guarantor;
- (e) the Issuer or the Guarantor goes into liquidation (except in connection with a merger or reorganisation in such a way that all assets and liabilities of the Issuer or the Guarantor, as the case may be, pass to another legal person in universal succession by operation of law);
- (f) the Issuer or the Guarantor suspends payment or announces its inability to meet its financial obligations when they fall due; or
- (g) public administration, insolvency, bankruptcy or moratorium proceedings are instituted against the Issuer or the Guarantor which shall not have been dismissed or stayed within 60 days after institution, or if the Issuer or the Guarantor applies for institution of such proceedings in respect of itself or offers to make an arrangement for the benefit of the creditors;

then any Noteholder may, by written notice to the Issuer at the Specified Office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Note held by such Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Termination Amount together

with accrued interest, if any, to the date of repayment, and any additional amounts as provided or referred to in Condition 12 (*Taxation*) due thereon without presentment, demand, protest or other notice of any kind.

14. **Prescription**

Claims against the Issuer for payment of principal and interest in respect of the Notes will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date.

15. **Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent or, in the case of Registered Notes, the Registrar (and, if the Notes are then listed on any stock exchange which requires the appointment of an Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment or, or as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or Further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are set out in the Agency Agreement. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; **provided, however, that:**

- (a) the Issuer and the Guarantor shall at all times maintain a Fiscal Agent and a Registrar;
- (b) the Issuer and the Guarantor shall at all times maintain an Agent outside the European Union;
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Calculation Agent;
- (d) if and for so long as the Notes are listed on any stock exchange which requires the appointment of a Paying Agent in any particular place, the Issuer and the Guarantor shall maintain a Paying Agent having its Specified Office in the place required by the rules of such stock exchange;
- (e) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and if and for so long as the rules of the Luxembourg Stock Exchange so require, the Issuer shall maintain a Transfer Agent in Luxembourg; and
- (f) the Issuer and the Guarantor will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced to conform to, such Directive; and

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 19 (*Notices*).

17. **Meetings of Noteholders; Modification and Waiver**

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) and shall be convened by them upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more Persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; **provided, however, that** Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons

holding or representing not less than two-thirds or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Coupon holders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

- (b) **Modification:** The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

18. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes and references in these Conditions to “Notes” shall be construed accordingly.

19. Notices

To Holders of Bearer Notes

Notices to the Holders of Bearer Notes shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) and, if the Notes which are listed on the Luxembourg Stock Exchange and the rules and regulations of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

To Registered Holders

Notices to the Registered Holders will be sent to them by first class registered mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on the Luxembourg Stock Exchange and the rules and regulations of that exchange so require, notices to Registered Holders will be published on the date of such mailing in a daily newspaper of general circulation in Luxembourg (which is expected to be the *d’Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe.

20. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the “**first currency**”) in which the same is payable under these Conditions or such order or judgment into another currency (the “**second currency**”) for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent or, in the case of Registered Notes, the Registrar, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

21. **Substitution**

- (a) The Issuer and the Guarantor may at any time, without the consent of the Noteholders or the Couponholders, substitute for such Issuer any company (the “**Substitute**”) upon notice by such Issuer, the Guarantor and the Substitute to be given in accordance with Condition 19 (*Notices*), **provided that**:
- (i) no payment in respect of the Notes or the Coupons or the Deed of Guarantee (as the case may be) is at the relevant time overdue;
 - (ii) the Substitute shall, by means of a deed poll in the form scheduled to the Agency Agreement (the “**Deed Poll**”), agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
 - (iii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Coupons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll;
 - (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done are in full force and effect;
 - (v) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
 - (vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognized standing in each jurisdiction referred to in (ii) above and in England as to the fulfilment of the requirements of this Condition 21 and the other matters specified in the Deed Poll and that the Notes and Coupons are legal, valid and binding obligations of the Substitute;
 - (vii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (viii) Standard & Poor’s and/or Moody’s and/or Fitch Ratings Ltd, as the case may be, shall have confirmed that following the proposed substitution of the Substitute, the credit rating of the Notes will not be adversely affected; and
 - (ix) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes and the Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes and under the Agency Agreement;
- (c) After a substitution pursuant to Condition 21(a), the Substitute may, without the consent of any Noteholder, effect a further substitution. All the provisions specified in Condition 22(a) and 22(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
- (d) After a substitution pursuant to Condition 21(a) or 21(c) any Substitute may, without the consent of any Noteholder, reverse the substitution, *mutatis mutandis*.
- (e) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the Specified Office of each of the Paying Agents.

22. **Provision of Information**

The Issuer shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Registered Holder of a Note which is

a “restricted security within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

23. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

24. **Governing Law**

The Notes and all non-contractual obligations arising out of or in connection with the Notes are governed by and shall be construed in accordance with English law.

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

OTE PLC

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by

Hellenic Telecommunications Organization S.A.

under the Euro 6,500,000,000

Global Medium Term Note Programme

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (as defined below) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU provided, however, that all references in this document to the “Prospectus Directive” in relation to any Member State of the European Economic Area refer to Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and include any relevant implementing measure in the relevant Member State.

PART A

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 10 April 2014 [and the supplement to the Base Prospectus dated [•] which [together] constitute] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is] [are] available for viewing at the Issuer’s registered office at % Wilmington Trust SP Services (London) Limited, 3rd Floor, 1 King’s Arms Yard, London EC2R 7AF and copies may be obtained from the Specified Offices of the Paying Agents. These Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

(The following alternative language applies if the first tranche of an issue which is being increased was issued under an Base Prospectus with an earlier date.)

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the [Information Memorandum dated 29 July 2003]/[Base Prospectus dated [11 August 2006]/[16 July 2007]/[18 January 2011]/[25 January 2013]] [and the supplement to the Base Prospectus dated [3 November 2006]/[11 December 2007]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated 10 April 2014 [and the supplement to the Base Prospectus dated [•], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Information Memorandum dated 29 July 2003]/[Base Prospectus dated [11 August 2006]/[16 July 2007]/[18 January 2011]/[25 January 2013]] [and the supplement to the Base Prospectus dated 3 November 2006]/[11 December 2007]]. Full information on the Issuer, Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the [Information Memorandum dated 29 July 2003]/[Base Prospectus dated [11 August 2006]/[16 July 2007]/[18 January 2011]/[25 January 2013]] [and the supplement to the Base Prospectus dated 3 November 2006]/[11 December 2007] and the Base Prospectus dated 10 April 2014 [and the supplement to the Base Prospectus dated [•] and [•]] which are

available for viewing at Issuer's registered office at % Wilmington Trust SP Services (London) Limited, 3rd Floor, 1 King's Arms Yard, London, EC2R 7AF and copies may be obtained from the Specified Offices of the Paying Agents. These Final Terms will also be available for viewing on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

These Final Terms do not constitute, and may not be used for the purposes of, an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Final Terms in any jurisdiction where such action is required.

(Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.)

- | | | |
|-----|---|--|
| 1. | (i) Series Number: | [•] |
| | (ii) Tranche Number: | [•] |
| | [(iii) Date on which Notes become fungible | [Not Applicable/The Notes shall be consolidated, form a single series [1/1•] be interchangeable for trading purposes with the <i>[insert description of the Series]</i> on <i>[insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [•] below [which is expected to occur on or about [insert date]]]</i> .] |
| 2. | Specified Currency or Currencies: | [•] |
| 3. | Aggregate Principal Amount: | |
| | [(i)] Series: | [•] |
| | [(ii) Tranche: | [•] |
| 4. | Issue Price: | [•]%, of the Aggregate Principal Amount [plus accrued interest from [insert date]] |
| 5. | (i) Specified Denominations: | [•] |
| | (ii) Calculation Amount: | [•] |
| 6. | (i) Issue Date: | [•] |
| | (ii) Interest Commencement Date: | [•]/[Issue Date] |
| 7. | Maturity Date: | [•] |
| 8. | Interest Basis:
(As referred to under Conditions 7, 8 or 9) | [[•]% Fixed Rate]
[LIBOR/EURIBOR] +/- [•]% Floating Rate]
[Zero Coupon] |
| 9. | Redemption/Payment Basis:
(As referred to under Condition 10) | [Redemption at par]
[Zero Coupon] |
| 10. | Put/Call Options:
(As referred to under Conditions 10(e) and 10(f) | [Investor Put]
[Issuer Call] |
| 11. | [(i)] [Date [Board] approval for issuance of Notes obtained: | [•] |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|---|--|
| 12. | Fixed Rate Note Provisions
(As referred to under Condition 7) | [Applicable/Not Applicable]
<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
|-----|---|--|

- (i) Rate(s) of Interest:
(As referred to under Condition 7(e)) [•]% *per annum* [payable [annually/semi-annually/quarterly] in arrear]
- (ii) Interest Payment Date(s):
(As referred to under Condition 2(a)) [•] in each year up to and including the Maturity Date
- (iii) Fixed Coupon Amount(s):
(As referred to under Condition 7(c)) [•] per Calculation Amount
- (iv) Broken Amount(s):
(As referred to under Condition 2(a)) [[•] per Calculation Amount payable on the Interest Payment Date falling [in/on] [•]/[Not Applicable]
- (v) Day Count Fraction (As referred to under Condition 7(d)):
Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]

13.

Floating Rate Note Provisions
(As referred to under Condition 8)

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Interest period(s)
(As referred to under Condition 7(c)) [•]
- (ii) Specified Period(s)
(As referred to under Condition 2(a)) [•]/[Subject to adjustment in accordance with the Business Day Convention set out in (iv) below]/[Not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be not applicable]/[Not Applicable]
- (iii) Specified Interest Payment Dates:
[•]/[Subject to adjustment in accordance with the Business Day Convention set out in (iv) below]/[Not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be not applicable]/[Not Applicable]
- (iv) Business Day Convention
(As referred to under Condition 2(a)):
[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
- (v) Additional Business Centre(s):
(As referred to under Condition 2(a)) [•]/[Not Applicable]
- (vi) Manner in which the Rate of Interest and Interest Amount is to be determined:
(As referred to under Conditions 8(c) and 8(a)) [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rates of Interest and Interest Amount(s) (if not the Agent): [•]
- (viii) Screen Rate Determination
(As referred to under Condition 8(c)):
 - Reference Rate: [•]
 - Interest Determination Date(s): [•]

- Relevant Screen Page: [•]
- Relevant Time: [•]
- Relevant Financial Centre: [•]
- (ix) ISDA Determination
(As referred to under Condition 8(d)):
 - Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (x) Margin [+/-] [•] % *per annum*
(As referred to under Condition 2(a))
- (xi) Minimum Rate of Interest [•] % *per annum*
(As referred to under Condition 8(e))
- (xii) Maximum Rate of Interest [•] % *per annum*
(As referred to under Condition 8(e))
- (xiii) Day Count Fraction [Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360]
(As referred to under Condition 2(a))

14. **Zero Coupon Note Provisions** [Applicable/Not Applicable]
(As referred to under Condition 9) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [•] % *per annum*
(As referred to under Condition 9(b))
 - (ii) Reference Price: [•]
(As referred to under Condition 9(b))
 - (iii) Day Count Fraction [Applicable/Not Applicable]
(As referred to under Condition 2(a)):

PROVISIONS RELATING TO REDEMPTION

15. **Call Option:** [Applicable/Not Applicable]
(As referred to under Condition 10(c)) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): [•]
(As referred to under Condition 10(c))
 - (ii) Optional Redemption Amount: [•] per Calculation Amount
(As referred to under Condition 10(c))
 - (iii) If redeemable in part: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount: [•] per Calculation Amount

16. **Put Option:** [Applicable/Not Applicable]
 (As referred to under Condition 10(e)) *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
- (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [•] per Calculation Amount
17. **Change of Control Put Option:** (As referred to under Condition 10(f)) [Applicable/Not Applicable]
18. **Final Redemption Amount of each Note:** [•] per Calculation Amount
 (As referred to under Condition 10(a))
19. **Early Redemption Amount:**
 Early Redemption Amount per Calculation Amount payable on redemption for taxation reasons or on event of default: [•] per Calculation Amount
 (As referred to under Condition 10(b) and Condition 13)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: [Registered Notes][Bearer Notes]
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]
- [Temporary Global Note exchangeable for Definitive Notes as specified in the Temporary Global Note]
- [Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]
- [Unrestricted Global Note Certificate exchangeable for unrestricted Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the Unrestricted Global Note Certificate]
- [Restricted Global Note Certificate exchangeable for Restricted Individual Note Certificates on [•] days' notice/at any time/in the limited circumstances described in the Restricted Global Note Certificate]
- [Restricted Global Note Certificate [(U.S.\$ [•]/Euro [•] nominal amount)] registered in the name of a nominee for [DTC].]
- [Unrestricted Global Note Certificate [(U.S.\$/Euro [•] nominal amount)] registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the New Safekeeping Structure (NSS))]

- | | | |
|-----|--|-----------------------------|
| 21. | New Global Note Form: | [Applicable/Not Applicable] |
| 22. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:
(As referred to under Condition 2(a)) | [•]/[Not Applicable] |
| 23. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):
(As referred to under Condition 2(a)) | [Yes/No] |

DISTRIBUTION

- | | | |
|-----|--|-----------------------------|
| 24. | Whether TEFRA D or TEFRA C rules applicable: | [TEFRA D/TEFRA C] |
| 25. | (i) Method of distribution: | [Syndicated/Non-syndicated] |
| | (ii) If syndicated, names of Managers: | [Not Applicable/give names] |
| | (iii) Stabilising Manager(s) (if any): | [Not Applicable/give name] |
| | (iv) If non-syndicated, name of relevant Dealer: | [Not Applicable/give name] |

Signed on behalf of the Issuer

By:
Duly authorised

Signed on behalf of the Guarantor

By:
Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [Regulated Market of the Luxembourg Stock Exchange] / [•] with effect from [•].] [Not Applicable.]
- (iii) Estimate of total expenses related to the admission to trading: [•]

2. RATINGS

Ratings: The Notes to be issued have been rated:

[Standard & Poor's*: [•]]

[Moody's*: [•]]

[Fitch*: [•]]

[[Other]*: [•]]

Option 1 - CRA established in the EEA and registered under the CRA Regulation

[•] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). [•] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Option 2 - CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[•] is not established in the EEA but the rating it has given to the Notes is endorsed by [•], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). [Insert legal name of particular credit rating agency entity providing rating] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Option 3 - CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[•] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

Option 4 - CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[•] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EEA

and registered under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:]

Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business.

4. **[FIXED RATE NOTES ONLY - YIELD**

[Indication of yield: [•]]

5. **OPERATIONAL INFORMATION**

CUSIP: [•] [Not Applicable]

ISIN Code: [•]

Common Code: [•]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg (the “ICSDs”) as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] *[include this text for registered notes]*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] *[include this text for registered notes]*]. Note that this does not mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Any clearing system(s) other than DTC, Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant

[Not Applicable/give name(s) and number(s)]

identification numbers):

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any): [•]

Name and address of Calculation Agent (if any), if different from Fiscal Agent: [•]

DESCRIPTION OF THE ISSUER

Incorporation and Duration

The Issuer was incorporated under the laws of England and Wales on 17 December 1999 (with registered number 03896324) for an indefinite period of time. The Issuer has produced annual financial statements since the year ended 31 December 2000.

The Issuer is a 100% subsidiary of the Guarantor and its principal activity is to borrow and raise funds from the market for the benefit of the Guarantor, as well as other subsidiaries of the Guarantor. There are standard corporate and reporting measures in place to ensure that the Guarantor does not abuse its control of the Issuer.

Capital

As at 31 December 2013, the authorised capital of the Issuer was £50,000 (of which £12,500 was paid up), divided into 50,000 shares of £1 nominal value each, all of which were beneficially owned by the Guarantor. Each share carries one vote at general meetings of shareholders.

Board of Directors

The affairs of the Issuer are managed by the Board of Directors. The members of the Board of Directors of the Issuer are:

Name	Business Address	Business Occupation
Charalambos Mazarakis	Hellenic Telecommunications Organization S.A. 99 Kifissias Avenue GR 151 24 Amaroussion Athens, Greece	Group Chief Financial Officer Hellenic Telecommunications Organization S.A.
Panos Kaliabetsos	Hellenic Telecommunications Organization S.A. 99 Kifissias Avenue GR 151 24 Amaroussion Athens, Greece	Group Treasurer Hellenic Telecommunications Organization S.A.
Wilmington Trust SP Services (London) Limited (Director & Company Secretary)	Wilmington Trust SP Services (London) Limited, 3 rd Floor, 1 King's Arms Yard, London EC2R 7AF	Management of special purpose companies
Martin McDermott	Wilmington Trust SP Services (London) Limited, 3 rd Floor, 1 King's Arms Yard, London EC2R 7AF	Management of special purpose companies
Mark Filer	Wilmington Trust SP Services (London) Limited, 3 rd Floor, 1 King's Arms Yard, London EC2R 7AF	Management of special purpose companies

The Directors of Wilmington Trust SP Services (London) Limited and their respective occupations are:

Name	Business Occupation	Principal Activities
John Merrill Beeson	Non-Executive Director	Banker
William James Farrell	Non-Executive Director	Banker
Martin McDermott	Executive Director	Company Director
Nicolas Patch	Executive Director	Company Director
Mark Howard Filer	Executive Director	Company Director
Jean-Christophe Schroeder	Executive Director	Company Director

The business address of the directors of Wilmington Trust SP Services (London) Limited is 3rd Floor, 1 King's Arms Yard, London EC2R 7AF.

There are no conflicts of interest between the duties of any of the persons listed above to the Issuer and their private interests and no activities performed by them outside the Issuer where these are significant with respect to the Issuer.

The Company Secretary for Wilmington Trust SP Services (London) Limited is Wilmington Trust (UK) Limited, which was appointed on 22 December 1999.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers LLP, members of The Institute of Chartered Accountants of England and Wales. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH, United Kingdom. PricewaterhouseCoopers LLP have audited the Issuer's financial statements, without qualification, in accordance with UK Accounting Standards (UK GAAP) for the financial years ended 2013 and 2012.

Financial Year

The financial year of the Issuer is the calendar year.

Registered Office

The registered office of the Issuer and of Wilmington Trust SP Services (London) Limited is located at 3rd Floor, 1 King's Arms Yard, London EC2R 7AF. The telephone number of the registered office of the Issuer is +44 207 397 3600.

The Issuer has one employee.

Financial Statements

The Issuer prepares audited financial statements as at 31 December in each year and interim unaudited financial statements on a half yearly basis.

DESCRIPTION OF THE GUARANTOR

Introduction

Hellenic Telecommunications Organization S.A., known as OTE or OTE S.A., was incorporated as a *société anonyme* in Athens, Greece, under the laws of the Hellenic Republic in 1949, pursuant to the provisions of Legislative Decree 1049/1949 (registered with the General Commercial Registry of Companies under № 1037501000 (formerly registration number S.A. 347/06/B/86/10, prior to the switch to the new electronic registration system in Greece)). The Guarantor operates as a *société anonyme* subject to the provisions of Greek Codified Law 2190/1920, as amended and in force from time to time (the “**Greek Companies Law**”) and the laws, rules and regulations applicable to (i) companies with shares listed and traded on the Athens Exchange (see —*Control of the Guarantor—Corporate Governance*) and (ii) its statutory business operations, in line with the object and purposes of the Guarantor prescribed in its Articles of Incorporation. The principal object and purposes of the Guarantor are contained in Article 2 of its Articles of Incorporation and include the installation, operation, exploitation, management and development of every kind of fixed, mobile and communications network, as well the provision of communications infrastructure and related services, on a local, national, interstate, and international level.

The Guarantor’s registered office is located at 99 Kifissias Avenue, GR 151 24 Amaroussion, Athens, Greece. The Guarantor’s telephone number is +30 1210 611 1469. The Guarantor’s Shares are listed and traded on the Athens Stock Exchange. Until 19 September 2010, the Guarantor’s ADRs (American Depositary Receipts) were also listed on the New York Stock Exchange. Following the Guarantor’s delisting from that exchange, its ADRs now trade on the U.S. OTC (Over the Counter) market. The Guarantor’s GDRs (Global Depositary Receipts) are listed on the London Stock Exchange.

As of the date of this Base Prospectus, the Guarantor’s share capital amounted to €1,387.1 million divided into 490,150,389 registered shares with a nominal value of €2.83 per share. All of the Guarantor’s shares are common shares, registered with voting rights and there are no special shareholder categories. Each share is entitled to one vote.

Deutsche Telekom currently holds 40.0% of the Guarantor’s issued share capital and the Greek State directly holds 6.0% of the Guarantor’s issued share capital and indirectly controls voting rights in respect of an additional 4.0%, which is owned by IKA-ETAM, the largest pension fund in Greece (the management of which is appointed by the Greek government).

The shareholding structure of the Guarantor as at 31 December 2013 is as follows:

Deutsche Telekom	40.0%
Greek State	10.0% (including 4.0% owned by IKA-ETAM)

The remaining shares are held by Greek and international institutional investors and private investors, other than the 0.2% of the shares held as treasury shares.

Recent Macroeconomic Events affecting Greece

The Group derives the majority of its revenues from Greece (73.0% in 2013 and 73.8% in 2012), and the majority of its operations are located in Greece. Since late 2008 and, in particular, since early 2010, the economy of Greece has deteriorated markedly. In particular, the GDP growth rate in Greece slowed down significantly during 2008 and turned negative during 2009. According to statistics published by the Hellenic Statistics Authority, GDP declined by 2.3% in the fourth quarter of 2013, as compared to the fourth quarter of 2012 and, according to statistics published by the IMF, GDP is estimated to have declined by 4.2% overall in 2013 and is expected to increase by 0.6% in 2014. See “*Risk Factors—Risks Relating to the Guarantor—Macroeconomic conditions in Greece and the fiscal position of the Greek government have deteriorated markedly*”.

In addition, the Greek government reported a significant deterioration in the levels of budget deficit in recent years (15.4% for 2009, as compared to 9.4% for 2011, according to statistics published by the Greek Ministry of Finance), and total public debt and experienced a resulting significant increase in its cost of borrowing. Between 2009 and 2012, credit ratings assigned by major credit rating agencies to debt issued by the Greek government have been downgraded repeatedly (by S&P to SD (selective default) and by Moody’s to C). S&P has since upgraded Greece’s sovereign credit rating to B-, reflecting assistance granted by the European Union and the IMF, and Moody’s upgraded Greece’s sovereign credit rating to Caa3 in November 2013. The Greek government has not raised debt financing in the bond markets in recent years. See “*Risk Factors—Risks Relating to the Guarantor—Any future ratings downgrade may impair the Guarantor’s ability to obtain financing and increase its cost of debt*”.

Since May 2010, the Eurozone Member States and the IMF have been providing financial support to Greece through an economic adjustment programme in the context of a sharp deterioration in its financing conditions. The aim of the programme is to support the Greek government's efforts to restore fiscal sustainability and to implement structural reforms in order to improve the competitiveness of the economy and lay foundations for sustainable economic growth.

In April 2010, the Eurozone Member States announced the establishment, in conjunction with the IMF, of a €110 billion package of financial support for the Greek government, which contemplated the availability of bilateral loans to be provided by Eurozone countries and the IMF to the Greek government for three years starting in 2010. In May 2010, the Greek government applied for the activation of the package in an effort to avoid debt restructuring or default.

On 14 March 2012, Eurozone finance ministers (the “**Eurogroup**”) approved the financing of a second economic adjustment programme for Greece (the “**Second EAP**”). Under the Second EAP, the Eurozone Member States and the IMF committed the undisbursed amounts of the first programme agreed in May 2010, plus an additional €130 billion for the years 2012-14 to be financed by the European Financial Stability Facility (“**EFSF**”), which has been fully operational since August 2010. The Second EAP, which foresaw financial assistance of €164.5 billion (€144.7 billion to be provided under the EFSF and €19.8 billion to be provided by the IMF as part of a wider €28 billion arrangement under the Extended Fund Facility for Greece approved by the IMF in March 2012) by the end of 2014, included strengthened monitoring of the implementation of reforms in Greece. Private sector involvement was also targeted by the Second EAP in order to improve the sustainability of Greece's debt. The high participation rate in Greece's debt exchange offer in Spring 2012 made a significant contribution to this objective with approximately 95.7% of the bonds eligible for the exchange offer having been exchanged.

The release of disbursements under the Second EAP, which must be approved by both the Eurogroup and the IMF's Executive Board, is contingent on the observance of quantitative performance criteria and positive evaluations of progress made with respect to policy criteria detailed in Council Decision 2011/734/EU of 12 July 2011 (as amended) and the memorandum of understanding setting the economic policy conditions for the bailout, which was signed on 14 March 2012. In particular, Greece is required to implement correction mechanisms to safeguard the achievement of both fiscal and privatisation targets, and agree to stronger budgeting and monitoring rules. Greece has also significantly strengthened its segregated account for debt servicing and will transfer all privatisations revenues, the targeted primary surpluses, as well as 30% of the excess primary surplus to this account, in order to meet debt service payments on a quarterly forward-looking basis. Greece has also undertaken to provide full information to the EFSF and the European Stability Mechanism (“**ESM**”) regarding transactions on the segregated account.

In a statement dated 27 November 2012, the Eurogroup noted that the outlook for the sustainability of Greek government debt had worsened, as compared to when the Second EAP was launched in March 2012, mainly as a result of further deteriorations in macroeconomic conditions in Greece and delays to the implementation of the programme. Against this background, and taking into account the action taken by the Greek authorities, on 26-27 November 2012 the Eurogroup and the IMF agreed to extend the fiscal adjustment path under the Second EAP by two years, involving a reduction of the primary surplus target for 2014 from 4.5% of GDP to 1.5% of GDP and an even annual adjustment of 1.5% of GDP until a primary surplus of 4.5% is achieved in 2016. A package of measures were also introduced to reduce Greece's debt-to-GDP ratio to 175% by 2016, 124% by 2020 and to a debt-to-GDP ratio substantially lower than 110% by 2022. These measures included lowering the interest rates charged on loans granted to Greece, lowering guarantee costs on EFSF loans and extending the maturities of bilateral and EFSF loans, as well as deferring interest payments on EFSF loans. Member States also committed to pass on an amount equivalent to the income on the Securities Markets Programme portfolio accruing to their national central banks to Greece's segregated account, beginning in 2013.

In parallel, the Greek government announced its intention to implement certain debt reduction measures through public debt tender purchases of various categories of sovereign obligations. Approximately €11 billion of support granted under the Second EAP in 2012 was used for the repurchase of Greek government debt at approximately 34% of its nominal value.

On 12 December 2012, following the finalisation of the relevant national procedures and the review of the debt buy back operation conducted by Greece, the Eurogroup approved the disbursement of the second instalment under the Second EAP in a total amount of €49.1 billion to be made in several tranches.

On 15 April 2013, staff teams from the European Commission, the European Central Bank and the IMF concluded their mission to Greece in the context of the second review of the Second EAP. The mission reached staff-level agreement with the authorities on the economic and financial policies needed to ensure that the program remains on track to achieve its objectives. On 13 May 2013, the Eurogroup concluded that all necessary elements were in place for Member States to finalise the required national procedures for the approval of the next instalment of funding, to be disbursed in two sub-tranches (the first tranche of €4.2 billion was disbursed in May 2013 and the second tranche of €3.3 billion was disbursed in June 2013).

The third review of the Second EAP was concluded on 8 July 2013, with the staff teams reaching a staff-level agreement, *ad referendum*, with the Greek authorities. On the same day, the Eurogroup noted that the programme was broadly on track and mandated the Euro Working Group (the “**EWG**”) and the EFSF Board of Directors to approve the next EFSF instalment of €3.0 billion, to be disbursed in two sub-tranches (the first tranche of €2.5 billion was disbursed in July 2013 and the second tranche of €0.5 billion was disbursed in December 2013). At the same time the EWG and the EFSF were also mandated to approve the disbursement of €2 billion, equivalent to the income on the Securities Markets Programme accruing to the Eurozone national central banks, to Greece’s segregated account (which was also disbursed in two tranches in July 2013 and December 2013).

As a result of the conditions described above, the Greek government has adopted a range of fiscal measures, aimed at reducing state expenditure, including reductions in public investments and reductions in the income of employees in the public sector and pensions, as well as measures aimed at increasing tax revenues, including significant increases in direct and indirect taxes, intended to improve the Greek government’s fiscal position. See “*Risk Factors relating to the Guarantor—The Greek government has, and may continue to, adopt fiscal measures that adversely affect the Guarantor*”.

In December 2013, the Greek parliament approved the Greek budget for 2014, which indicates Greece’s first surplus, after excluding debt payments, for a decade and includes certain spending cuts, particularly in public health spending, as well as the introduction of a new property tax, intended to help meet the government’s deficit target.

As a result of recent fiscal consolidation efforts, the budget deficit in 2013 was reduced to €5.4 billion, as compared to €15.7 billion for 2012, according to statistics published by the Greek Ministry of Finance.

It remains, however, unclear when, or whether, the fiscal measures adopted by the Greek government will have the expected results, whether they will be sufficient to comply with the targets set forth in the Second EAP and whether the Greek government will be required to adopt further restrictive fiscal measures or negotiate further debt restructuring in the future.

Business Overview

The Guarantor is a full-service telecommunications group, the leading provider of fixed-line voice telephony and internet access services and a growing provider of television services in Greece. The Guarantor is also the leading mobile telecommunications services provider in Greece, through Cosmote, its wholly-owned subsidiary. In addition, the Guarantor provides fixed-line voice telephony, internet access services and television services in Romania and mobile telecommunications services in Albania and Romania. The Guarantor’s total consolidated revenues (excluding its Bulgarian operations, which were sold in April 2013) were €4,054.1 million in 2013, as compared to €4,330.3 million in 2012.

Fixed-line services

The Guarantor provides local, long-distance and international fixed-line telecommunications services in Greece and Romania. It also offers internet access services and fully integrated internet protocol (“**IP**”)-based telecommunications solutions. In addition, it offers a range of other telecommunications services, including value-added services, Intelligent Network (“**IN**”) services, IT application development and IP-based hosting services, leased lines, public telephone services, operator assistance services, sales of equipment and directory services.

As at 31 December 2013, the Guarantor had 2,532,008 Public Switched Telephone Network (“**PSTN**”) lines, 358,446 Integrated Service Digital Network (“**ISDN**”) BRA and PRA lines and 8,688 Multi-Service Access Node (“**MSAN**”) lines in service, as compared to 2,734,260 PSTN lines and 392,012 ISDN BRA and PRA lines as at 31 December 2012 and 4,110,102 PSTN lines and 554,179 359 ISDN BRA and PRA lines as at 31 December 2008. As at 31 December 2013, the Guarantor had 2,852,060 fixed-line customers and 1,261,590 retail broadband customers in Greece and 2,252,563 fixed-line customers and 1,249,987 broadband customers in Romania.

Mobile services

The Guarantor offers mobile telephony and data services through Cosmote in Greece and its other subsidiaries in Albania and Romania:

- in Greece, using GSM/GPRS, 3G/UMTS, 4G/LTE and local multipoint distribution service technology, through Cosmote, the Guarantor’s wholly-owned subsidiary, which had 7,476,980 mobile customers in Greece as at 31 December 2013;
- in Albania, using GSM/GPRS and 3G/UMTS technology, through AMC, in which Cosmote held an effective 99.8% interest and had 2,058,407 mobile customers as at 31 December 2013; and

- in Romania, using GSM 900, GSM 1800, 3G and 4G technology, through Cosmote's 70.0% owned subsidiary, Cosmote Romania (in which the Guarantor effectively owns an 86.2% interest), which had 6,091,455 mobile customers as at 31 December 2013, as well as using 3G through Cosmote's wholly-owned subsidiary, Telemobil S.A. (Zapp) ("**Zapp**"). From 6 April 2014, Cosmote Romania will have new spectrum usage rights in the 800 Mhz, 900 MHz, 1800 MHz and 2600 MHz bands, following a 2012 spectrum auction. Cosmote Romania will be permitted under its licences to offer 4G/LTE network services in all four bands.

Television Services

The Guarantor provides television services over both xDSL (IPTV) and satellite in Greece and Romania. As at 31 December 2013, the Guarantor had 255,912 TV subscribers in Greece and RomTelecom had 1,353,421 TV subscribers in Romania.

Wholesale Services

The Guarantor provides telecommunications services on a wholesale basis to other telecommunications providers and internet service providers ("**ISPs**") in Greece, including wholesale ADSL access services, interconnection services, leased lines, Ethernet services, wholesale line rental and local loop unbundling.

Strategy

The Guarantor's aim is to retain its position as the leading provider of fixed-line and mobile telephony services and broadband services in Greece, as well as to grow its information communication technology ("**ICT**") and Pay-TV services in Greece; deliver best-in-class service to its customers; optimise its processes to provide more efficient operations; offer its customers a top quality experience; become the best employer in Greece; advance its personnel and attract highly talented employees; and enhance the value generated for its shareholders.

In order to achieve these goals, the Guarantor introduced an integrated transformation programme (the "**Transformation Programme**"), a large part of which has been implemented in 2012 and 2013. The main achievements of the Transformation Programme to date include improvements in the following areas:

- *Customer experience and commercial effectiveness:* improved customer experience (including the implementation of improvements to customer activation and fault repair) and the restructuring of internal processes and procedures, in order to maximise synergies between the Group's fixed-line and mobile businesses; improved emphasis on the B2B sector (companies, businesses), as well as the developing markets such as TV, ICT, Internet Services, Cloud, machine-to-machine, VDSL and 4G services;
- *Operational efficiency:* simplification and automation of procedures, as well as the development of synergies arising from the common use of supportive functions within the Group and restructuring and transforming the Group's technical services;
- *Human Resources:* hiring of new personnel and the implementation of voluntary exit schemes and retirement programmes; and improved human resources management procedures to enable the development of a performance based culture and to support personnel development;
- *Efficiencies and cost reduction:* implementation of extensive programmes to reduce operational costs, including using know-how available from the Deutsche Telekom group;
- *Regulatory issues:* constant monitoring of the regulatory environment and implementation of timely interventions in order to represent the Guarantor's interests; and
- *New generation access:* expansion of VDSL and 4G coverage and the preparation of a mid/long-term plan for the launching of new generation services technologies, with an aim to more efficiently meet customer needs, to enhance the Guarantor's competitiveness and to reduce operational costs.

For 2014, the Guarantor has amended the Transformation Program to reflect the recent developments within the Group. The main pillars of the Transformation Programme for 2014 are:

- *Revenue Transformation:* to continue the development of VDSL and 4G services, as well as to enhance the digital services and products portfolio (including music, books and e-payments);

- *Leading Core Businesses*: to maintain the Guarantor’s leading position in the fixed and mobile telephony markets while enhancing “value for money offers”, developing “triple play” and other offers and exploiting business-to-business market opportunities;
- *Customer Experience*: to continue the Guarantor’s customer experience programme and measures to enhance the Group’s image, including implementing customer-oriented simplifications to procedures and the development of loyalty programmes;
- *Operational and Cost Optimisation*: to continue the operational restructuring focusing on online automated processes, capturing fixed-line and mobile telephony synergies and to continue the wide ranging programmes developed for cost savings, including using knowhow from the Deutsche Telekom group;
- *Network and Services Evolution*: to further develop both fixed-line and mobile next generation networks and launch an IP-transformation programme; to participate in public tenders for the development of the rural networks (see “*Risk Factors—Risk Factors relating to the Guarantor-- The development of entirely new networks by the Greek government in competition with the Guarantor could have a significant effect on the Guarantor’s business*”); and
- *Human Resources*: to develop procedures and tools to enhance and support a unified working culture with a focus on efficiency and high performance.

Fixed-Line Services

The Guarantor provides fixed-line retail and wholesale telecommunications services in Greece and, through RomTelecom Romania, in which it holds a 54.01% interest, in Romania.

The Guarantor’s retail and business customers access its fixed-line telephony network to place local, long-distance, fixed to mobile and international calls (in addition to other value added services), as well as its IP network in order to access the internet via ADSL and VDSL. The Guarantor offers a variety of tariff packages that generally consist of a monthly fixed payment for access to its telephone (and in some cases broadband) network and a variable usage-based component.

Historically, fixed-line telephony was the Guarantor’s primary business in terms of total revenues. However, the contribution of fixed-line telecommunications services to the Guarantor’s total consolidated revenues has declined in recent years, principally as a result of the rapid growth of mobile telephony, as well as due to the adverse impact on its Greek fixed-line revenues of competition, tariff reductions and discount plans. See “*Risk Factors—Risks Relating to the Guarantor*”. The Guarantor’s revenues from its fixed-line business were €2,177.5 million in 2013, as compared to €2,275.4 million in 2012, reflecting 53.7% of the Guarantor’s total consolidated revenues in 2013, as compared to 52.5% in 2012.

Greece — OTE

The Guarantor is the leading provider of fixed-line voice telephony and internet access services to residential and business customers and of wholesale services in Greece. The Guarantor provides local, long-distance and international fixed-line telephony services, internet access, ISDN, high-speed data telecommunications, ADSL and VDSL based broadband services, value-added services, IN services, IP based solutions, IP-VPN services, IPTV, DTH and satellite television (“**SAT TV**”) services, connectivity services, system integration solutions, which combine ICT, public telephone services, operator assistance and directory services, equipment sales and satellite telecommunications services.

The following table sets forth the Guarantor’s standalone revenues, operating profit/(loss) and profit/(loss) for 2012 and 2013:

	Year Ended 31 December	
	2012	2013
	(€ millions)	
Revenues	1,704.0	1,557.2
Operating profit/(loss)	63.4	(5.1)
Profit/(loss).....	(167.7)	(138.0)

Retail Services

Residential Customers Division. The main categories of retail fixed-line telecommunications services the Guarantor provides to its residential customers are:

- PSTN and ISDN access and traffic and value-added services;
- ADSL and VDSL internet access and data services;
- IPTV, DTH and SAT TV services;
- IN services and premium rate services, including infotainment services; and
- public telephone services.

Business and Corporate Services Division. The main categories of fixed-line telecommunications services the Guarantor provides to its enterprise and business customers are:

- fixed telephony services, including PSTN, ISDN, value added and IN services, as well as Voice over Internet Protocol services (“**VoIP**”);
- networking and business internet services, including ADSL, VDSL, internet access, internet presence services, WiFi, dedicated internet access, managed network services, leased lines, IP virtual private networks (“**VPNs**”), Ethernet services, ATM streaming and radio transmission services; and
- business solutions, including ICT and cloud services, unified communication and collaboration services, customised solutions (such as e-health, e-energy, e-tourism and e-security), tetra services and private branch exchanges, data centre and information security services.

Wholesale Services

The main categories of wholesale fixed-line telecommunications services the Guarantor provides to its customers are:

- interconnection services;
- leased lines;
- ADSL;
- VDSL;
- local loop unbundling;
- Ethernet services;
- wholesale line rental (“**WLR**”); and
- Virtual Partially Unbundling (“**VPU**”), which allows alternative operators to provide end users with VDSL services using an unbundled local loop.

Fixed-line Network

As the incumbent telecommunications services provider in Greece, the Guarantor owns and operates the most extensive fixed-line network in the country.

The Greek fixed-line telecommunications market is highly competitive. Since the liberalisation of the market in 2001, and especially in recent years, the Guarantor has, over time, lost a significant portion of its share of the Greek fixed-line telecommunications market to competitors, although the Guarantor still remains the principal provider of fixed-line telephony services in Greece. As at 31 December 2013, the Guarantor had a total of approximately 2,899,142 fixed lines in service out of a total of approximately 4,796,369 lines in service in the Greek market. The Guarantor aims to continue to defend its market share in fixed-line telephony, although it believes that its market share decline further over the next

few years. The Guarantor has defended and aims to continue to develop and offer new products and services in order to enhance its revenues from fixed-line telecommunications services.

The Guarantor's main competitors include a number of fixed-line and mobile operators, such as Forthnet, HOL, Vodafone, Wind Hellas, Cyta, OnTelecoms and others, some of which are cooperating in order to provide integrated fixed and mobile solutions to the Greek market. System integrators are also seeking to work with telecommunications providers to develop ICT solutions. Alternative operators are becoming increasingly competitive in offering voice, broadband and data transmission, as well as value-added and bundled services. Most of the Guarantor's competitors offer a range of voice, broadband and double-play (voice and internet) products, either over unbundled local loops, or using the Guarantor's own network. In addition, certain of these operators have started offering IPTV services, as part of fixed-line bundles, combined with broadband internet and voice services (triple-play) at competitive prices.

The competitive landscape in the market has continued to evolve following a number of mergers and acquisitions and strategic alliances between fixed-line and mobile operators. Such evolution has led to the creation of a number of strong market players to compete with the Guarantor on equal or better terms. In particular, in 2009, Vodafone Greece acquired an 18.5% interest in the share capital of Hellas OnLine ("HOL"), the second largest alternative fixed-line operator in Greece. Wind Hellas is also one of the Guarantor's major competitors in the fixed-line services market and is the only fully converged fixed and mobile operator in Greece. Both Wind Hellas and Vodafone (with HOL) promote combined fixed-line and mobile services and Vodafone has announced its strategy to further strengthen its position in the fixed-line market. Furthermore, Forthnet, the largest alternative fixed-line operator in Greece, which is 32.3% owned by Wind Hellas and 6.5% owned by Vodafone, has also developed a competitive advantage following its acquisition of Nova and, until the launching of OTE TV in 2009, offered the only subscription TV service in Greece and continues to maintain a strong market share. Cyta Hellas, a subsidiary of the Cyprus Telecommunications Authority, entered the Greek fixed-line telephony market in 2009 and has established a strong presence in recent years, extending its offering to include IPTV products in 2013. There are also a number of players with smaller market shares, including, among others, On Vivodi (formed following the acquisition by On Telecom of Vivodi), and Cosmoline.

Recent adverse economic conditions, which have affected corporate and individual expenditure on fixed-line services, as well as recent trends in the electronic communications sector of bundling services to make them more attractive in line with the decreasing average income in Greece, has fostered further consolidation in the market. In particular, Wind Hellas and Vodafone have recently acquired 32.3% and 6.5% interests in Forthnet, respectively. Press reports also suggest that there may be further consolidation in the Greek market among the Guarantor's competitors.

The development of broadband services and offerings of television subscription services have also become, and the Guarantor expects to them to continue to be, an increasingly important part of telecommunications operators' offerings in the mid-term future. In addition, local loop unbundling lines have also increased in recent years (reaching 1,908,000 as at 31 December 2013, a 6% increase as compared to 31 December 2012), demonstrating the effect of such offerings on the market.

In February 2009, the Guarantor began offering IPTV services to customers, initially in major urban centres and, in June 2011, the Guarantor reached an agreement with the Greek government for the provision of DTH for a fifteen year term. The Guarantor launched DTH commercially in October 2011 and since then has offered both DTH and IPTV services under the commercial name OTE-TV. In 2012 and 2013, the Guarantor expanded the range of services offered through the introduction of DTH PayPerView, IPTV Replay TV and DRV PVR and expanded the number of channels available to both IPTV and DTV subscribers. The Guarantor has signed exclusive deals with major European football leagues, secured premium movie rights and had concluded carriage agreements with most major Greek and international channels, including movie channels. As at 31 December 2013, the Guarantor had 255,912 satellite and IPTV subscribers, as compared to 119,771 subscribers as at 31 December 2012 and 59,944 subscribers as at 31 December 2011. Enhanced sports and movies programming, introduced in June 2013, as well as the switching off of analogue television services in certain key regions of Greece helped to increase the number of subscribers for the Guarantor's television services in 2013. See "*Risk Factors—Risks Relating to the Guarantor—Any failure to continue to operate Pay-TV services in a reliable, competitive and profitable fashion, could have an adverse effect on the Guarantor's business plan and operating results*".

Pricing Methodology and Regulatory Position

The Guarantor's tariffs for fixed-line services in Greece are subject to approval by the HTPC, which reviews such tariffs on an annual basis for conformity with the applicable regulatory framework, in particular, with respect to considerations relating to the Guarantor's costs of providing the respective services. See "*Risk Factors—Risks Relating to the Guarantor—Regulatory and competitive pressures affect the Guarantor's ability to set competitive retail and wholesale tariffs*" and "*Risk Factors—Risks Relating to the Guarantor—The regulatory environment for telecommunications services remains complex and subject to change and interpretation, and the Guarantor's compliance with the regulations to which it is or may become subject may require it to expend substantial resources and may have a significant impact on its business decisions*".

In particular, with respect to retail services tariffs and offerings, the Guarantor uses a fully distributed costing methodology, based on current cost data, while with respect to tariffs for wholesale services, such as interconnection, unbundled local loop services and wholesale leased lines, the Guarantor's decisions are based on a long-run average incremental costing methodology, as applied to current cost data. All adjustments to tariffs require approval by the HTPC, including any reductions to tariffs previously approved by the HTPC.

In order to ensure that the Guarantor takes into account applicable HTPC requirements with respect to its tariffs, tariff proposals are formed and submitted to the HTPC on the basis of the findings of the ECOS costing system, its internal system providing costing information with respect to services the Guarantor offers. The Guarantor operates the ECOS costing system internally, but its principles and methodology are audited and approved by the HTPC on an ongoing basis, based on two-year cycles. In particular, the HTPC conducts an annual audit of the ECOS system through external auditors, other than those auditing the Guarantor's financial statements. Based on the findings of this audit, the HTPC may object to the Guarantor's application of ECOS and related cost methodologies in the calculation of its tariffs and may require it to make adjustments to its tariffs and ECOS methodologies.

The audit of ECOS 2012-2014 methodologies began in September 2013 and has not yet been completed. HTPC is expected to issue the decision with the relevant results and prices for 2014 by the end of April 2014.

The audit conducted by HTPC concerning the methodologies for estimating the costs of the Universal Service Obligation (USO) for the period 2010-12 is currently in progress. According to the National Regulatory Authority, the audit for 2010 and 2011 is expected to be completed in 2014.

The Guarantor believes that the tariff policy it has pursued in recent years based on the results of the ECOS system has supported its effort to set its tariffs in compliance with EU and HTPC regulations. In the future, the Guarantor intends to continue to consider the requirements of the HTPC with respect to its tariffs, in the context of applicable regulatory rules, competitive conditions in the Greek telecommunications market and the Guarantor's obligation to provide universal service at reasonable prices to all users.

Revenues

Consolidated revenues from the Guarantor's fixed-line business accounted for 53.7% of the Guarantor's total consolidated operating revenues in 2013, as compared to 52.5% in 2012.

In 2013, 58.2% of the Guarantor's consolidated revenues from its fixed-line business were derived from retail services, as compared to 60.5% in 2012.

In 2013, an additional 27.8% of the Guarantor's consolidated revenues from its fixed-line business were derived from wholesale services, as compared to 26.0% in 2012.

The remaining share of the Guarantor's consolidated revenues from its fixed-line business in these periods related to data communication charges, system solutions and other value added services.

Domestic Fixed-line Telephony

Domestic fixed-line telephony services include local and long-distance telephony services within a country (excluding calls to international destinations), provided by the Guarantor in Greece and by RomTelecom in Romania.

Volume and Traffic

The following table sets forth information regarding the Guarantor's total domestic fixed-line traffic volumes in Greece for 2012 and 2013:

	Year Ended 31 December			
	2012	%	2013	%
	<i>(Minutes in billions, except for percentages)</i>			
<i>Outgoing calls</i>				
Local calls	4.5	29.5	4.0	27.0
National Long-distance calls	1.3	8.6	1.2	8.3
Calls to internet service providers	0.1	0.5	0.1	0.4
Fixed-to-Mobile	1.1	7.0	1.0	6.4
Calls from OTE to other fixed networks	2.7	17.7	2.7	18.5
Special Calls.....	0.1	0.9	0.1	0.9
<i>Incoming calls</i>				
Calls to OTE from Fixed & Mobile operators.....	5.5	35.7	5.7	38.5
Total.....	15.4	100.0	14.9	100.0

International Fixed-line Telephony

The Guarantor offers its customers international calling services on its fixed-line telephony network provided by the Guarantor in Greece and by RomTelecom in Romania.

Volume and Traffic

International telecommunications traffic in Greece experiences seasonal fluctuations in demand, with peak outgoing traffic occurring in the summer and incoming traffic peaking during September and October.

The following table sets forth international traffic volume data, including outgoing calls originated by the Guarantor's retail, mobile networks and alternative fixed-line telephony operators in Greece, for 2012 and 2013:

	Year Ended 31 December	
	2012	2013
	<i>(Minutes in millions, except for percentages)</i>	
<i>Outgoing calls</i>		
OTE.....	300.3	306.4
Other.....	610.0	479.3
Total outgoing traffic	910.3	785.7
Growth (% per year).....	4.2	(13.7)
<i>Incoming calls</i>		
OTE.....	391.3	327.5
Other.....	520.3	510.4
Total incoming traffic.....	911.6	537.9
Growth (% per year).....	(11.6)	(41.0)

Internet Protocol (IP) and Internet Access Services

The Guarantor offers broadband, both ADSL and VDSL and IP-related services to residential customers, mainly under its Conn-x products range, as well as ADSL and IP-based connectivity and hosting services (for example IP-VPN) to corporate and business customers.

The Guarantor owns and operates an extensive broadband/ADSL network across Greece. As at 31 December 2013, the Guarantor had expanded its ADSL infrastructure to 4,827 points of presence. The Guarantor launched its VDSL services on 26 November 2012. As at 31 December 2013, the Guarantor had expanded its VDSL infrastructure to 277 points of presence and 1,665 FTTC points. The Guarantor expects to expand its coverage further in line with demand. As broadband access is generally fast enough to support new applications, such as high quality video, the Guarantor expects that broadband customers will use the internet more frequently and for longer periods of time than narrowband (dial-up) users. The Guarantor has already launched new products, based on ADSL/VDSL access, such as IPTV content portals, or IPVPNs over ADSL/VDSL. The Guarantor plans to expand the number of its VDSL points of presence, which it expects will lead to increased number of subscribers to its VDSL services. Any investment decision with

respect to the expansion of its VDSL points of presence will be reflected in the cost accounting systems used by the HTPC and no such investment decision has been taken to date.

Historically, IP services were provided primarily by the Guarantor's subsidiary, OTENet, which began commercial operations in 1997 and was the leading internet and IP services provider in Greece. On 27 December 2007, the Guarantor acquired the entire share capital of OTENet by purchasing the non-controlling interests of an aggregate of 5.41% and on 27 June 2008, the Guarantor merged with OTENet, following which its business and employees were integrated with those of the Guarantor.

The development of the Greek ADSL market overall has been in line with the pricing of retail ADSL offers, the development of the wholesale ADSL market and the market for local loop unbundling. The market has grown significantly over recent years and continues to grow. According to the HTPC's 2012 annual report, the number of broadband connections in Greece rose to 2,689,428 as at 31 December 2012, as compared to 2,464,279 as at 31 December 2011, reflecting an increase of 9.1%. The broadband penetration rate reached 23.8% as at 31 December 2012, as compared to 21.8% as at 31 December 2011, according to the same source. Despite its strong growth in recent years, as at 31 January 2013, Greece still ranked 19th among the EU member states in terms of fixed broadband penetration according to statistics published by the EU Communications Committee. The Guarantor believes that this supports its expectations for further growth of the ADSL market in the future. Such growth may, however, be negatively affected by adverse macroeconomic conditions.

Despite increasing competition in the Greek ADSL market, the Guarantor remains the leading provider in the Greek ADSL market with approximately 1,891,000 installed ports as at 31 December 2013, including access speeds of up to 24 Mbps in over 4,952 points of presence, with the option for IPTV services in over 4,198 points of presence. The Guarantor had 1,261,590 retail broadband subscribers in Greece as at 31 December 2013.

Romania — RomTelecom

The Guarantor holds a 54.01% interest in the share capital of RomTelecom, the incumbent fixed-line telephony services provider in Romania. As at 30 June 2012, 54.2% of households and 24.6% of inhabitants in Romania had fixed-line telephone services according to the Romanian National Authority for Management and Regulation in Communication's 2012 annual report. See "*Risk Factors—Additional risks relating to operations in Romania*".

Business Overview

As at 31 December 2013, RomTelecom had 2,252,563 lines in service, as compared to 2,329,042 lines in 2012. All of RomTelecom's lines are connected to digital exchanges. In 2013, fixed line services in Romania contributed approximately 13.9% of the Group's consolidated operating revenues, as compared to 13.7% in 2012.

RomTelecom served 1,249,987 broadband lines as at 31 December 2013, as compared to 1,196,561 as at 31 December 2012. As the local market for broadband in Romania grows, a number of newly-introduced applications, such as IPTV, are expected to require higher capacity. RomTelecom is considering a number of options for serving increasing broadband traffic, including VDSL and FTTH, which it may deploy depending on demand.

Since December 2006, RomTelecom has offered a DTH (satellite TV) service under the commercial name "Dolce". A CDMA network based on a 410 MHz frequency network is currently being rolled out; it was commercially launched in April 2009. RomTelecom had 1,353,421 TV subscribers as at 31 December 2013, as compared to 1,265,325 subscribers as at 31 December 2012.

RomTelecom invests in new technologies in order to remain competitive, especially in light of intensifying competition as local competitors expand, and the increasing demand for bandwidth. Accordingly, in cities where there is not yet a fiber and IP infrastructure, RomTelecom tests FTTH solutions commercially, with the goal of acquiring a critical mass of customers before making a significant investment, whereas for cities where the network is largely modernised, RomTelecom plans to deploy VDSL lines that will provide a relatively lower bandwidth than FTTH, but of higher quality. A major driver for its broadband roll-out is to establish a large platform for TV delivery. There is continuous competition to acquire content that could be the most appealing to subscribers. Selection of cost effective technology is critical and, accordingly, RomTelecom has started rolling out CATV in preference to FTTB technology, thereby providing affordable multi room solutions.

The following table sets forth RomTelecom's revenues, operating profit/(loss) and profit/(loss) for 2012 and 2013:

	Year Ended 31 December	
	2012	2013
	<i>(€ millions)</i>	
Revenues	619.6	609.5
Operating profit/(loss)	57.3	8.4
Profit/(loss).....	52.5	13.7

The economic downturn has resulted in a significant decline in voice revenue for all segments and a decrease in volumes mainly generated by business customers. The declining revenues from fixed lines have been partially offset by the increased revenue resulting from an increase in the number of data and broadband customers, as well as in revenues from increased television services. In addition to the continued development of its product offering, RomTelecom intends to continue to pursue efficiency gains and cost-saving initiatives.

RomTelecom's cooperation with its mobile sister company, Cosmote Romania, is strengthening and efficiencies in commercial areas have already been achieved through the sharing the retail networks. In August 2013, five new management positions were created in order to co-ordinate RomTelecom and Cosmote Romania's activities, to streamline business processes, increase operational efficiency and maximise market impact. Since October 2013, an executive team has assumed joint responsibilities over both entities, which is intended to continue the integration process and create additional synergies.

On 26 November 2010, the Romanian government announced its intention to sell the 46% of shares held by the Romanian state in RomTelecom. On 19 December 2013, the Romanian Ministry for Information Society announced that it had selected a consortium made up of SSIF Swiss Capital S.A. UBS Limited, Must și Asociații SPARL and BT Securities S.A. to act on its behalf in respect of this sale. The sale of the Romanian state's shares in RomTelecom is expected to be conducted either through an initial public offering or through a trade sale. See "*Risk Factors—Romanian market risks—The Romanian state has initiated the process of selling its stake in RomTelecom.*"

Mobile Telephony Services

Through its subsidiaries, the Guarantor provides mobile telephony services to customers in Greece (through Cosmote), as well as in Albania (through AMC) and Romania (through Cosmote Romania and, since 1 November 2009, Zapp). As is the case for the Guarantor's fixed-line telecommunications services, Greece represents the most important market for the Guarantor's mobile operations.

Revenues from the Guarantor's mobile business (excluding its Bulgarian operations, which were sold in April 2013) were €1,758.8 million in 2013, as compared to €1,913.0 million in 2012, representing 43.4% of the Guarantor's consolidated revenues in 2013, as compared to 44.2% in 2012. See "*Risk Factors—Additional risk factors relating to Mobile Telephony*".

Although the products available to the Guarantor's mobile customers vary from country to country, the following are the principal services and products provided:

- *Wireless voice telephony:* The Guarantor offers a full range of wireless services with a variety of payment plans and packages, including payment on a contract and prepaid basis.
- *Enhanced calling features:* The Guarantor offers a number of services with enhanced calling features, such as voicemail, call divert, call barring by the customer, call waiting, conference call and caller line identification, as well as detailed monthly bills. Subscribers may receive a number of these services bundled with basic voice services or as optional supplements to their basic voice service.
- *Wireless data transmission:* The Guarantor offers its customers the ability to use handsets for data transmission, including for SMS and MMS, which allow customers to send messages with images, photographs and sound. Subscribers may also receive selected information, such as news, sports, scores and stock quotes.
- *Wireless internet access:* The Guarantor also provides wireless connectivity for devices such as laptops, tablets, Personal Digital Assistants ("*PDAs*") and smartphones. This enables retail and corporate customers to send and receive emails, browse web pages, purchase goods and services in e-commerce transactions and use other data services.

- *Corporate services:* The Guarantor provides business solutions, including wireless infrastructure in offices, private networking and VPNs. VPNs enable companies to define a private numbering plan (closed usergroup) for users within a single organisation and to use value-added applications, including short dialing, call barring and favorable pricing within the VPN group.
- *International roaming:* Wireless customers travelling abroad are able to use mobile telecommunications services (voice, messaging and data) while in the coverage area of a foreign operator's mobile network and to be billed for this service by their home network operator.
- *Other value-added wireless services:* Cosmote offers Blackberry email solutions to its corporate and individual customers in Greece. The Guarantor also offers machine-to-machine services. In addition, the Guarantor offers several other value-added services, including ring tones, music streaming, e-books, mobile applications and mobile portals.

Greece — Cosmote

Cosmote was established in 1996 and began commercial operations in April 1998. It is one of the three holders of 2G and 3G mobile telephony licences and operators of mobile networks in Greece (the other two being Vodafone and Wind Hellas). In particular, Cosmote provides 2G mobile telecommunications services on the 900 MHz and 1800 MHz frequency bands, 3G/UMTS services on the 2100 MHz frequency band and 4G services on the 1800 MHz frequency band.

In November 2012, Cosmote became the first operator to launch 4G mobile telecommunications services in Greece, based on "Long Term Evolution" technology. The 4G network significantly improves customer experience, by allowing for higher speeds of internet navigation, the use of advanced multimedia applications (such as HD Streaming and HD Video-conferencing), as well as the ability to send and receive large files. Cosmote's 4G mobile telecommunications services were initially launched in Athens and Thessaloniki and were expanded to an additional 40 areas, including major cities on the Greek mainland, the Greek islands and other locations in May 2013.

On 9 November 2007, Cosmote was listed on the Athens Stock Exchange at which time the Guarantor held the majority of the share capital of Cosmote (67.83%). At that date, the Guarantor announced an all-cash voluntary public tender offer to acquire all of the shares of Cosmote that were not already owned by the Guarantor and, as a result of the public tender offer and additional market purchases, as at 6 February 2008, the Guarantor owned, directly or indirectly 98.59% of the share capital and voting rights of Cosmote. Subsequently, the Guarantor exercised squeeze-out rights and acquired the remaining shares at the tender offer price, whereupon Cosmote's shares ceased trading on, and de-listed from, the Athens Stock Exchange. The total cost of the Guarantor's acquisition of the remaining 32.17% interest in Cosmote's share capital was €2.9 billion.

Cosmote operates as a stand-alone company, with its own administrative, financial, marketing, billing and collection systems separate from those of the Guarantor. The Guarantor cooperates with Cosmote in certain areas and services are provided by one company to the other on an arm's length basis. In addition, the Guarantor provides Cosmote with a limited number of its personnel, as well as distribution and maintenance services for Cosmote's products and network, also on an arm's length basis, and Cosmote leases certain transmission capacity from the Guarantor. The Guarantor also owns and leases to Cosmote a large number of the base station sites that Cosmote requires for its network.

The following table sets forth Cosmote's revenues, operating profit income and profit for 2012 and 2013:

	Year Ended 31 December	
	2012	2013
	<i>(€ millions)</i>	
Revenues	1,461.0	1,281.0
Operating profit income	401.9	269.7
Profit.....	384.6	404.9

Licences

Cosmote provides mobile telecommunications services in Greece on the 900 MHz, 1800 MHz and 2100 MHz frequency bands. In the spectrum auction held in 2011, Cosmote acquired additional 900 MHz and 1800 MHz spectrum capabilities. Cosmote now holds licences for the 900 MHz spectrum, expiring on 29 September 2027 (2x10 MHz bandwidth) and licences for the 1800 MHz spectrum, expiring on 4 December 2020 (2x25 MHz) and 14 November 2027 (2x10 MHz). Cosmote currently holds a total of 2x45 MHz in the 900 MHz and 1800 MHz frequency bands. Of that spectrum, 2x5 MHz in the 900 MHz frequency band and 2x20 MHz in the 1800 MHz frequency band are, and as of

2017, an additional 2x5 MHz in the 900 MHz frequency band will be, technologically neutral and, accordingly, available for 2G, 3G or 4G technologies.

Since 2001, Cosmote holds one of the three 3G licences in Greece (the other two being held by Vodafone and Wind Hellas) in respect of segments of 2x15 MHz (paired) and 5 MHz (unpaired). Cosmote's 3G licence has a term of 20 years expiring on 5 August 2021. Cosmote has acquired network neutrality licences for parts of the 900 MHz and 1800 MHz spectrum. Currently, 2G is offered through the 900 MHz and 1800MHz frequency bands, 3G/UMTS through the 2100MHz frequency band and the network neutral part of 900 MHz frequency band and 4G/LTE through the network neutral part of the 1800 MHz frequency band.

Cosmote also holds a fixed-wireless access licence on the 25GHz frequency band, which is due to expire on 10 December 2015. These licences can be renewed by a resolution of the HTPC, pursuant to the legislation in effect at the time of renewal. See *“Risk Factors—Additional risk factors relating to Mobile Telephony—Cosmote’s commercial operations could be constrained by regulatory interventions by the HTPC or other regulatory authorities”* and *“Risk Factors—Additional risk factors relating to Mobile Telephony—Cosmote continues to experience difficulties in obtaining the licences it requires to establish and operate its base stations”*.

The HTPC is also expected to release licences for mobile telecommunication services in the “Digital Dividend” band (800 MHz) in 2014 and a total of 2x30 MHz bandwidth is expected to be auctioned to potential bidders.

Products and Services

Cosmote offers its contract and prepaid customers in Greece a range of 2G, 3G and 4G mobile telephony services including:

- standard voice services and voice call services;
- messaging services, such as SMS and multimedia messaging services (“**MMS**”);
- international and roaming services;
- mobile internet browsing on the move through 4G, 3G, HSPA, EDGE and GPRS technologies;
- value-added services, such as voicemail, call diversion and caller identification (“**CLIP**”), ring tones, mobile portal and video calling;
- additional services using Wireless Access Point (“**WAP**”), subscriber identity mobile (“**SIM**”) microbrowser, voice recognition and general packet radio service (“**GPRS**”) technologies.

Cosmote offers its business customers products and services including:

- business mobile postpaid products offerings (depending on the particular product), offering unlimited intra-company communication, free data for mobile internet, free minutes for national voice calls and calls to EU, international and roaming destinations, free data for roaming in the EU and tools to monitor cost control;
- add-on services for voice, SMS, and mobile broadband services;
- cost control and split bill services;
- fixed mobile convergence products;
- mobile internet products, including mobile internet access through a tablet or personal computer, mobile internet rate-plans providing multiple use access (e.g., mobile, tablet and laptop etc.) and monthly internet passes;
- roaming services, including roaming voice products, roaming data products, roaming voice and data add-ons for use abroad within the EU and customised roaming products for business clients;
- At home services for communications from home and at office services for both companies and professionals, where a fixed-line number is also required;

- In-house 3G coverage through existing ADSL internet connections; and
- Web2SMS, machine-to-machine, fleet management services and BlackBerry services.

Market Position and Competition

As at 31 December 2013, Cosmote had 7.5 million customers in Greece, as compared to 7.7 million customers as at 31 December 2012. As at 31 October 2012, mobile penetration in Greece was estimated at 130%, according to statistics published by the EU Communications Committee.

Based on its internal estimates, as at each of 31 December 2013 and 2012, Cosmote was the leading provider of mobile telecommunications services to contract customers in Greece, with a total of 2.3 million contract/postpaid customers. Contract customers in general have greater loyalty and give rise to higher average monthly revenues per user than prepaid customers. Based on its internal estimates, Cosmote was also the leading provider of prepaid services in Greece with a total of 5.2 million prepaid customers as at 31 December 2013, as compared to 5.4 million prepaid customers as at 31 December 2012. As a result of laws introduced during 2010, mobile operators are required to register the users of prepaid SIM cards and erase the accounts of those who cannot be identified. As a result of this process, Cosmote experienced a substantial drop in its prepaid base customer base in 2010 and 2011 reflecting, for the most part, the deletion of the accounts of inactive customers of the company.

Cosmote's main competitors in Greece are Vodafone and Wind Hellas, which both operate in the GSM 900 and GSM 1800 frequency bands and also provide 3G services. Following Cosmote's launch of 4G services in November 2012, Vodafone also launched 4G services during December 2012. In addition, in June 2013, it was announced that Vodafone and Wind Hellas had entered into a network-sharing deal in order to save costs in view of worsening economic conditions and intense competition in the Greek market. In February 2014, a new joint venture company, Victus Networks, was established by Vodafone and WindHellas to share the mobile access network infrastructure in line with network sharing deal. Victus Networks commenced operations in March 2014 and is expected to manage joint base stations, initially in rural areas and small cities. See *"Risk Factors—Additional risk factors relating to Mobile Telephony—Cooperation of Cosmote's competitors could affect Cosmote's performance which could, in turn, materially adversely affect the Guarantor's business, results of operations, financial condition and prospects"*.

Competition in mobile telecommunications is generally intense and relates to price, distribution, subscription options offered, offers of subsidised handsets, coverage, range of services offered, innovation and quality of service. See *"Risk Factors—Additional risk factors relating to Mobile Telephony—Cosmote faces strong competition from other mobile telephony providers in Greece and in other markets in which it operates and may experience a loss of market share or significant price pressures resulting from intensifying competition"*. In recent years, competition has intensified, while a number of new factors may impact the mobile market, including combined offers of mobile and fixed-line services by mobile and fixed-line operators. Cosmote expects competition to remain strong, mainly as a result of difficult economic conditions and pricing pressures. Cosmote has experienced, and expects to continue to experience, a migration of part of its contract customer base to products offering large "bundles" of minutes for a fixed fee, either on contract or prepaid basis. Such migration may have an adverse impact on average revenues derived from each customer (as customers tend to use more air time for a flat fee). In addition, the "glide path" imposed by the HTPC also resulted in a sharp reduction in mobile termination rates from 3.6 Eurocents per minute to 1.269 Eurocents per minute between August 2012 and January 2013. Cosmote further reduced its termination rates to 1.189 Eurocents per minute with effect from 1 January 2014.

Germanos

Cosmote's wholly-owned subsidiary Germanos S.A. ("**Germanos**"), acquired in 2006, is the biggest telecommunications retail sales chain in South Eastern Europe with almost 900 points of presence. Germanos acts as a sales point for Cosmote and the Guarantor's mobile, fixed telephony, internet services and television services, as well as mobile devices and accessories, digital and gaming products and consumables.

International Mobile Operations

Cosmote owns and operates the Guarantor's mobile operations in Albania and Romania through its international subsidiaries Albanian Mobile Communications Sh.a ("**AMC**") and Cosmote Romania and Zapp, respectively.

Albania — AMC

As at 31 December 2013, the Guarantor held an effective 99.8% interest (directly and indirectly) in the share capital of AMC, its mobile telephony subsidiary in Albania, through Cosmote. In particular, Cosmote holds a direct interest of 14.757% in AMC and a 100% interest in its subsidiary Cosmo-Holding Albania (following the acquisition in December 2013 of the 3% interest previously held by Telenor Mobile Communications A.S.), which, in turn, holds 85.0% of the share capital of AMC.

AMC's network operates on the GSM 900, GSM 1800 and GSM 2100 frequencies in Albanian territory. In the beginning of 2012, AMC also launched 3G telecommunications services in Albania.

As at 31 December 2013, AMC had 2,058,407 customers, representing an estimated market share of 31.9%, as compared to 1,874,221 customers as at 31 December 2012, representing an estimated market share of 33.4%. As at 31 December 2013, approximately 95% of AMC's customers were prepaid, as compared to 95% as at 31 December 2012.

The following table sets forth AMC's revenues, operating income and profit for 2012 and 2013:

	Year Ended 31 December	
	2012	2013
	<i>(€ millions)</i>	
Revenues	88.6	86.2
Operating Income	6.9	13.9
Profit.....	22.0	29.4

Romania — Cosmote Romania

The Guarantor owns an 86.2% interest in the share capital of Cosmote Romania (70.0% through Cosmote and 16.2% through its 54.01% interest in RomTelecom, which, in turn, owns a 30.0% interest in Cosmote Romania). Cosmote Romania was incorporated by RomTelecom in Romania on 15 January 1999 and was initially named Cosmorom S.A. Cosmote Romania started operations in May 2000, it subsequently suspended operations, and re-launched operations in December 2005. See "*Risk Factors—Additional risks relating to operations in Romania*".

In July 2005, Cosmote acquired a 70.0% interest in the share capital of Cosmote Romania after contributing €120.0 million as cash consideration, with RomTelecom retaining the remaining 30.0% interest in Cosmote Romania. In March 2008, the general meeting of shareholders of Cosmote Romania approved the increase of the company's share capital by €125.0 million, 70.0% of which (or €87.5 million) was subscribed for by Cosmote and 30.0% (the equivalent in RON of €37.5 million) by RomTelecom. The Ministry of Communications and Information Technology of Romania ("MCIT") is entitled to appoint one of the two board members that RomTelecom may appoint to Cosmote Romania's board of directors.

Cosmote Romania's network operates on the GSM 900 and GSM 1800 frequencies in Romania. On 28 July 2010, ANCOM, issued Cosmote Romania with a modified GSM licence, including the right to use UMTS technology in bands 900MHz and 1800MHz. Following the spectrum auction held on 24 September 2012, Cosmote Romania has been awarded one block in the 800 MHz band, two blocks in the 900 MHz band, five blocks in the 1800 MHz band and two blocks in the 2600 MHz band, valid from 2014 until 2029, which it will acquire for a total consideration of €180 million.

In April 2010, Cosmote Romania launched its 3G telecommunications services, expanding 3G services to prepaid customers in August 2010. In April 2013, Cosmote Romania launched its 4G telecommunications services in Bucharest and seven other areas. In July 2013, Cosmote Romania entered into a €225 million loan arranged by the EBRD in order to finance the strategic growth of its broadband infrastructure. Cosmote Romania used the proceeds from this loan to expand its 4G network and renew its spectrum licences. See "*Material Contracts--€225 million EBRD Loan*".

In March 2014, COSMOTE Romania was offering a 3G data network with mobile broadband download speeds of up to 43.2 Mbps in 249 cities and over 3,850 localities across Romania, covering over 66.8% of the population. Customers could take advantage of speeds of up to 21.6 Mbps in HSPA+ technology in 285 cities across the country. Overall, 3G services are available to approximately 79% of the Romanian population.

According to ANCOM, as at 30 June 2012, the total number of active mobile customers was 22.7 million, reflecting a 3.8% on the number of customers as at 30 June 2011 and the mobile penetration rate in Romania was 119.2 active SIM cards per 100 inhabitants. As at 31 December 2013, Cosmote Romania had 6.1 million customers, as compared to 6.3 million as of 31 December 2012. Cosmote Romania's estimated market share as at 31 December 2013 was approximately 23%.

The following table sets forth Cosmote Romania's revenues, operating income and profit/(loss) for 2012 and 2013:

	Year Ended 31 December	
	2012	2013
	<i>(€ millions)</i>	
Revenues	457.0	464.3
Operating Income/(loss)	34.2	48.8
Profit/(Loss)	(10.8)	9.3

Bulgaria — Globul

On 26 April 2013, the Guarantor announced the signing of an agreement to sell its 100% stake in Cosmo Bulgaria Mobile EAD (“**Globul**”) and Germanos Telecom Bulgaria to Telenor Mobile Communications AS, the Norwegian telecom operator.

The sale was completed on 31 July 2013, following receipt of the necessary regulatory approvals. The agreed consideration for the sale was €717.0 million, which was adjusted by €53.8 million for the net debt and changes in the working capital of the two entities based on estimated amounts as at the date the transaction was completed. The net amount of €663.2 million was received on 31 July 2013. The completion accounts for the sale were finalised in November 2013, which resulted in a further €9.3 million adjustment to net debt and working capital paid by the Guarantor in December 2013.

Following this disposal, the Guarantor no longer conducts direct operations in Bulgaria.

Telekom Serbia

In the first quarter of 2012, the Group disposed of its 20% stake in Telekom Srbija a.d., for an aggregate consideration of €397 million, representing a purchase price of €380 million and €21 million in respect of an interim dividend declared for the 2011 fiscal year.

Other Services

International Wholesale Telephony and Data Services — OTEGlobe

The Guarantor's wholly owned subsidiary, OTEGlobe, provides international wholesale telephony services and international wholesale data capacity/IP services to telecommunication providers and to multinational companies with a particular focus on the region of South-eastern Europe.

In 2013, OTEGlobe's revenues amounted to €282.1 million, as compared to €267.3 million in 2012. In recent years, OTEGlobe's revenues and traffic volumes have increased despite the general reduction in international prices for the relevant services, mainly due to intensifying competition. EBITDA (earnings before tax, depreciation and amortisation) was €23.0 million in 2013, as compared to €25.4 million in 2012, mainly due to increased competition and adverse economic conditions in Greece and South-eastern Europe, more generally.

In response to current competitive and economic conditions, OTEGlobe intends to enter new markets in the Middle East and North Africa region through investments and partnerships with major carriers. In this regard, OTEGlobe is participating in the construction of AsiaAfricaEurope -1 (AAE-1), a 25,000km next generation international submarine cable with a capacity of 40 trillion bytes per second (tbps), which will connect Greece with the Asian, African and Middle Eastern markets.

Interconnection Services

The Guarantor provides interconnection services to other fixed-line and mobile operators. Under the Greek regulatory regime for interconnection, with respect to calls placed from domestic fixed or mobile telephony networks to the Guarantor's network, it receives a call termination charge from the relevant domestic operator on the basis of a Reference Interconnection Offer made by the Guarantor and approved by the HTPC, which it records as revenues from interconnection charges. It also charges call collection fees to other fixed telephony operators with which it has interconnection agreements.

Leased Lines

Leased lines are service contracts provided by the Guarantor to a customer for permanent, always active, dedicated to the customer, symmetric telecommunications lines connecting two or more locations of the customer allowing telephone,

data or internet services in exchange for a monthly rent. Leased lines provide connections within a customer's network and within the Guarantor's own network.

The Guarantor provides analog and digital (ranging from 64 Kbps to 622 Mbps) leased lines services on a retail basis to corporate customers and public sector entities and on a wholesale basis to other telecommunications companies, including Greek fixed-line and mobile operators. Under the relevant EU directives and the Guarantor's licensing regime, it is required to ensure that leased lines offered to its customers and other telecommunications providers satisfy certain specified technical characteristics and that a minimum number of such lines are available.

The Guarantor provides wholesale leased lines services, as well as retail leased lines services on a point-to-point basis. Since March 2008, the Guarantor also provides wholesale leased lines on a terminating and trunk segments basis.

Local Loop Unbundling

The Guarantor provides full and shared local loop access services and distant and physical collocation services to other telecommunications service providers in Greece. As at 31 December 2013, the Guarantor provided approximately 1.9 million active unbundled local loops, which are utilised by alternative operators. See "*Risk Factors—Risks Relating to the Guarantor—Regulatory requirements with respect to unbundling the local loop, wholesale bitstream services and providing wholesale leased lines and competitive pressures arising from an increased number of unbundled local loop sites may affect the Guarantor*".

Wholesale DSL

The Guarantor provides wholesale ADSL access to other operators over its extensive ADSL network across Greece, enabling them to provide ADSL access and high-speed internet access directly to the end customers. The Guarantor also provides an ADSL link and the backhaul service in the ADSL wholesale market, in order to hand over the ADSL traffic to ISPs and other operators. As at 31 December 2013, the Guarantor had 24,628 wholesale ADSL customers.

Since the end of 2012, the Guarantor also provides broadband services based on VDSL technology, which offers very high data transmission. In addition, the Guarantor offers Virtually Partially Unbundling ("VPU") services, which allow alternative operators to provide end users with VDSL services over the unbundled local loop.

Wholesale Line Rental

Wholesale line rental allows alternative operators to rent the Guarantor's access lines, on a wholesale basis, to be accessed by their end customers. This service is used mainly in conjunction with carrier pre-selection services, serving customers of alternative operators which are located in areas not serviced by such operators' unbundled local loops. These customers are not required to pay a monthly line service charge to the Guarantor; the Guarantor receives line rental fees from the operators. As at 31 December 2013, the Guarantor provided 47,082 WLR PSTN and ISDN-BRA lines.

Other Telecommunications Services

In addition to the domestic and international communications services described above, the Guarantor provides a number of other services including:

- Ethernet Services;
- Fixed Wireline Value-added Services, including call barring, call waiting, call forwarding, three-party conference and four different levels of voicemail services;
- Fixed Wireless Access Services;
- Satellite teleport Services;
- Telephone Directory and Information Services;
- Maritime Radio Communications;
- Telecards and Telegraphy Services; and
- Equipment Sales.

The Guarantor also offers a variety of other services to its customers, including maintenance and transfers of existing lines.

Other Group Activities

Other activities of the Group include:

- Turnkey telecommunications projects;
- Training services through OTE Academy;
- Consultancy services through OTE plus Technical and Business Solutions S.A. Security Services (“**OTE plus**”);
- Real estate activity through OTE Estate;
- Insurance agency services through OTE Insurance Agency; and
- Call centre activities through E-value.

Disposal of Hellas Sat

On 7 February 2013, the Guarantor announced the conclusion of an agreement to sell its 99.05% stake in Hellas Sat Consortium Limited (“**HCL**”) which, together with its wholly owned subsidiary Hellas Sat S.A., manages the HellasSat2 satellite, to Arabsat Cyprus Limited. The transaction was completed in April 2013 following receipt of approvals from the relevant authorities. The Guarantor received total proceeds of €208.4 million from the sale of its share in HCL. In addition, the Guarantor received €7 million as dividends. Following the completion of the sale and a revaluation of net debt and working capital in line with the shareholders’ agreement, the Guarantor reimbursed €4.3 million of the proceeds of the sale to Arabsat Cyprus Limited.

Merger of OTE plus and Hellascom International

On 19 July 2013, Hellascom International was absorbed by OTE plus. This transaction had no financial impact on the Group or the Guarantor.

Capital Expenditure

In recent years, the Guarantor has been investing in enhancing the capability of its telecommunications networks. Its capital expenditure program currently focuses on mobile services, Internet Protocol services and broadband, expanding backbone network capacity using DWDM and network dimensioning to maintain quality. The Group’s capital expenditure for 2013 was €604.7 million, as compared to €507.9 million for 2012. The increase in capital expenditure in 2013 was due to the increased capital expenditure requirements of the Guarantor, RomTelecom, Cosmote Romania and OTE Estate.

The Guarantor expects its Group aggregate planned capital expenditure on network infrastructure for 2014 and 2015 to be lower than previous years. The Guarantor regularly reviews its planned capital expenditures in order to be able to take advantage of the introduction of new technologies and to respond to changes in market conditions and customer demands.

Subsidiaries and Participations

The Guarantor is the parent company of a group of subsidiaries operating in various fields of telecommunications and related businesses, both in Greece and abroad. Whereas in most cases the Guarantor hold its interests in subsidiaries directly, in limited cases it does so through intermediary holding companies.

Significant Subsidiaries

As at 31 December 2013, the Guarantor held the entire share capital of Cosmote, a leading mobile telephony services provider in Greece incorporated in, and operating under the laws of Greece. See “—*Mobile Telephony Services—Greece—Cosmote*”. The Guarantor also held, as at 31 December 2013, a 54.01% interest in the share capital of RomTelecom, a fixed telecommunications company incorporated under the laws of, and operating in, Romania. See “—*Fixed Line Services—Romania—RomTelecom*”.

Subsidiaries and Other Participations

The following table sets forth information relating to the Guarantor's subsidiaries and participations as of 31 December 2013 and includes its direct participations, as well as its indirect participations through ownership interests held by its subsidiaries and other participations:

Name	Country of Incorporation	Group's Ownership Interest 31 December 2013 (%)
Cosmote Mobile Telecommunications S.A. (Cosmote)	Greece	100.00
OTE International Investments Ltd	Cyprus	100.00
Cosmo-One Hellas Market Site S.A. (Cosmo-One)	Greece	61.74 ⁽¹⁾
Voicenet S.A. (Voicenet)	Greece	100.00
OTE PLC	U.K.	100.00
OTE Sat-Maritel S.A. (OTE Sat – Maritel)	Greece	94.08
OTE Plus Technical And Business Solutions S.A. – Security Services (OTE Plus)	Greece	100.00
Diergasia Energy Technical Commercial S.A. – General Construction Company (Diergasia) ⁽⁵⁾	Greece	100.00
OTE Estate S.A. (OTE Estate)	Greece	100.00
OTE International Solutions S.A. (OTE-Globe).....	Greece	100.00
Hatwave Hellenic-American Telecommunications Wave Ltd. (Hatwave).....	Cyprus	52.67
OTE Insurance Agency S.A. (OTE Insurance).....	Greece	100.00
OTE Academy S.A. (OTE Academy)	Greece	100.00
Romtelecom S.A. (RomTelecom)	Romania	54.01
Nextgen Communications Srl (Nextgen)	Romania	54.01
S.C. Cosmote Romanian Mobile Telecommunications S.A. (Cosmote Romania)	Romania	86.20 ⁽²⁾
Cosmo-Holding Albania S.A. (Cha)	Greece	100.00
Albanian Mobile Communications Sh.A (AMC)	Albania	99.76 ⁽³⁾
Germanos S.A. (Germanos).....	Greece	100.00 ⁽⁴⁾
E-Value S.A.	Greece	100.00
Germanos Telecom Romania S.A.	Romania	100.00
Sunlight Romania S.R.L. Filiala	Romania	100.00
Mobilbeep Ltd	Greece	100.00
OTE Investment Services S.A.	Greece	100.00
Cosmoholding Romania Ltd.....	Cyprus	100.00
Telemobil S.A. (Zapp).....	Romania	100.00
E-Value Debtors Awareness One Person Ltd (E-Value Ltd).....	Greece	100.00

Notes:

- (1) The Guarantor and Cosmote each hold a 30.87% equity interest.
- (2) The Guarantor's effective interest is 86.2% (70.0% indirectly through Cosmote and 30% indirectly through RomTelecom).
- (3) The Guarantor's effective interest is 99.76%, held through Cosmote (14.8% directly and 85.0% indirectly through its wholly-owned subsidiary Cosmo-Holding Albania).
- (4) The Guarantor's effective interest is 100% held through Cosmote.
- (5) Liquidation proceedings were initiated in respect of Diergasia on 21 June 2013

Control of the Guarantor

Major Shareholders

As of the date of this Base Prospectus, Deutsche Telekom holds shares and voting rights representing 40.0% of the Guarantor's issued share capital and the Greek State directly holds 6.0% of the Guarantor's issued share capital and indirectly controls voting rights in respect of an additional 4.0%, which is owned by IKA-ETAM, the largest pension fund in Greece (the management of which is appointed by the Greek government). See "*Risk Factors—Risks Relating to the Guarantor—Deutsche Telekom and the Greek State, the Guarantor's two major shareholders, may have diverging opinions regarding the Guarantor's strategy and management*" and "*Risk Factors—Risks Relating to the Guarantor—The change of control provisions in the Guarantor's existing indebtedness could be triggered*"

The Shareholders' Agreement and Purchase Agreement

On 14 May 2008, the Greek government and Deutsche Telekom signed the Shareholders Agreement relating to the governance of the Group. In addition, pursuant to the purchase agreement dated 14 May 2008 between the Greek State and Deutsche Telekom (the "**Purchase Agreement**"), the Greek State held a put option to sell to Deutsche Telekom an additional number of shares representing 10.0% of the share capital of the Guarantor in addition to the 30% acquired in 2008 and 2009. This put option was exercised on 11 July 2011 at a price of €7.99 per share.

The Shareholders' Agreement contains several provisions of the type customary for an agreement among significant shareholders of a company, including provisions relating to the composition of the Board of Directors (including rights to nominate the Chairman and Managing Director) and its Audit Committee, requirements for supermajority votes of the board of directors for certain matters, changes in shareholding, amendments to the Guarantor's articles of association, voting rights and reserved matters (including a veto right for the Greek State on certain corporate actions and business matters).

Furthermore, each of the Greek State and Deutsche Telekom has granted the other party a general right of first refusal in connection with any proposed transfer of shares or pre-emption rights in the Guarantor at a price equal to the price offered by a *bona fide* third-party acquirer, or in a publicly marketed equity or rights offering, subject, in each case, to certain exemptions and price adjustments. Moreover, under the Shareholders' Agreement, both parties are prohibited from disposing or encumbering its respective voting rights in the Guarantor during the term of the Shareholders' Agreement without the written consent of the other party, excluding disposals of voting rights where a transfer of the Guarantor's shares is permitted in accordance with the above.

The Guarantor has been informed that in early 2010, the European Commission wrote to the Greek government requesting further information regarding the arrangements between Deutsche Telekom and the Greek State regarding the management of the Guarantor. On 26 April 2012, the European Commission issued a "reasoned opinion" to the Greek government on these arrangements. The opinion concluded that the arrangements between Deutsche Telekom and the Greek State regarding the Guarantor were incompatible with the provisions on capital movement and establishment contained within Articles 49 and 63 of The Treaty for the European Union (TFEU). The Guarantor continues to monitor the actions of the European Commission but, as it is not directly a part of the process, the Guarantor is not in a position to know what further action (if any) may be taken

Capitalising on synergies between Deutsche Telekom and the Guarantor

As part of the Guarantor's Transformation Programme, the Guarantor has expanded its efforts to capitalise on the synergies between the Deutsche Telekom Group and the Guarantor's Group, both in terms of commercial activity and operational efficiency and knowhow. The Transformation Programme for 2014 provides for the capturing of further synergies between the two groups. Transactions entered into between the Guarantor and the Deutsche Telekom Group are concluded on arms length terms.

In 2013, the Guarantor implemented certain major Deutsche Telekom projects, including the billing operations for T-mobile Netherlands, the responsibility for the implementation of IMS services (as a centre of excellence) and the project for testing vectoring technology.

The Greek State

The Greek government is the Guarantor's largest customer for telecommunications services. The commercial relationship between it, as supplier, and the Greek government and other state-owned enterprises, as customers, is conducted on a normal, arm's length customer and supplier basis. The Guarantor does not give the Greek government preferential customer treatment on the grounds that it is a major shareholder or a sovereign state. None of its obligations is guaranteed by the Greek State. See "*Risk Factors—Risks Relating to the Guarantor—The Greek government is a major customer of the Guarantor*".

Directors and Senior Management

The Guarantor is managed by its Board of Directors and Managing Director.

Board of Directors

The Guarantor's Board of Directors is comprised as follows:

<u>Name</u>	<u>Position</u>	<u>Capacity</u>	<u>Appointed</u>	<u>Expiry</u>	<u>Age</u>
Michael Tsamaz	Chairman and Managing Director	Executive	3 November 2010	2015	54
Nikolaos Karavitis	Vice-chairman	Independent	11 October 2013	2015	54
Raphael Kübler.....	Director	Non-executive	23 May 2013	2015	51
Klaus Müller	Director	Non-executive	15 November 2011	2015	48
Claudia Nemat	Director	Non-executive	26 October 2011	2015	45
Christos Kastoris.....	Director	Independent	11 October 2013	2015	64
Charalambos Mazarakis..	Director	Executive	19 July 2012	2015	48
Theodoros Matalas.....	Director	Independent	11 October 2013	2015	46
Stylianos Petsas.....	Director	Non-executive	3 September 2013	2015	44
Panagiotis Tabourlos.....	Director	Independent	17 June 2004	2015	61
Leonidas Filippopoulos...	Director	Independent	11 October 2013	2015	46

Michael Tsamaz was appointed as Chairman and Managing Director of OTE on 3 November 2010. Mr. Tsamaz joined the OTE Group in 2001 and has been the CEO of Cosmote since September 2007. Prior to working at Cosmote, he assumed a number of senior roles within the Guarantor, contributing to the turnaround of its international activities. He has also served on the Board of Directors of many Guarantor and Cosmote subsidiaries. Prior to joining the Guarantor, Mr. Tsamaz assumed marketing, sales and general management functions of increasing responsibility in multinational companies, including Vodafone Greece and Philip Morris Europe, building solid expertise in the telecommunications and consumer goods industries. Mr. Tsamaz holds a degree in Business Administration from the University of New Brunswick, Canada.

Nikolaos Karavitis was born in 1959 and is Associate Professor of Public Finance in the Department of Public Administration of the Panteion University. Mr. Karavitis graduated from the University of Athens Economics Department and holds a master's degree in Economic Development and a Ph.D. in Public Finance from the University of Leicester, UK. From 1989 to 1997, he served as Senior Research Associate of the Council of Economic Advisors (Ministry of Finance) in the areas of fiscal policy and the labour market and, from 1997 to 2004, he held the position of Secretary General at the National Statistical Service. Since 2010, Mr. Karavitis has been working as the Research Associate in charge of the Public Sector Observatory of the Foundation of Economic and Industrial Research (IOBE). Mr. Karavitis is the author of papers and books on various aspects of public finance, including public expenditure, tax policy, social security and public debt and deficit. Over the years he has served on a number of high-level committees in Greece and in the EU, including the EU Economic Policy Committee (EPC), the EU Monetary Committee (EFC), the UN Statistical Commission (Vice-President) and the Statistical Program Committee (Eurostat).

Raphael Kübler is Senior Vice President, Group Controlling at Deutsche Telekom AG where he is responsible for the financial planning, analysis and steering of the overall Deutsche Telekom Group, as well as the financial management of the central headquarters and shared services of the Deutsche Telekom Group, a position he has held since 2009. From 2003 to 2009, Mr. Kübler served as Chief Financial Officer of T-Mobile Deutschland GmbH, the mobile operations of Deutsche Telekom AG in Germany, where he executed various cost reduction programmes, developed value-based steering mechanisms for sales and market investments and implemented a new service oriented culture in all customer facing finance operations. In the years 2000 to 2003, Mr. Kübler served as Senior Vice President, Mergers & Acquisition of the Deutsche Telekom Group. Mr. Kübler presently serves on the supervisory boards of T-Systems International, T-Mobile USA, Inc. and Deutsche Telekom Kundenservices GmbH, the customer services subsidiary of Deutsche Telekom AG.

Klaus Müller was born in 1965 and has been a member of the Deutsche Telekom Group since 1997. Currently, he holds the position of Senior Vice-President for Strategy Execution and Performance Management in Deutsche Telekom's Board Area Europe. Until September 2011, Mr. Müller served as Chief Operating Officer of Deutsche Telekom's mobile telephony subsidiary in the Former Yugoslav Republic of Macedonia ("**FYROM**") and Deputy Chief Executive Officer of its fixed-line subsidiary in FYROM. Prior to that, he served as Executive Vice-President for Deutsche

Telekom's Group Regulatory Strategy and, from 2000 to 2005, as Director of Magyar Telekom's Wholesale Division. Mr. Müller holds a Diploma in Economics and a PhD in Political Economics from Nuremberg University, Germany.

Claudia Nemat was born in 1968, has been a member of the Board of Management of Deutsche Telekom AG since October 2011 and is responsible for the Board Area Europe and the strategic steering of technology. Before joining Deutsche Telekom, Ms. Nemat spent 17 years working for the consultancy firm McKinsey & Company. In her last position there, she was responsible for the high-tech sector in Europe, the Middle East and Africa. In addition, Ms. Nemat was responsible for projects in the fields of information and communication technology integration (ICT), sustainable IT, as well as medical technology for international companies. As a consultant, Ms. Nemat also worked on corporate leadership and performance culture, as well as on questions regarding the influence of diversity on a company's performance. Ms. Nemat studied physics at the University of Cologne, where she also once taught at the department of theoretical physics and mathematics.

Christos Kastoris was born in 1950 and holds a BA in Electrical Engineering and a Ph.D. in Engineering from the University of Patras. From 1973 until 1976, he served as a Research Assistant in the Electrical Engineering Department of the University of Patras and, from 1976 to 1977, as Senior Lecturer in the School of Engineering of the University of Patras. From 1977 to 1980, Mr. Kastoris worked as a specialised Engineer in the Transmission Systems at the Guarantor's Research Department. From 1980 to 1987, he worked as a Network Engineer, as well as Head of the Call Centers in the Magnisia region. Mr. Kastoris served as Senior System Engineer in the AXE exchanges of Ericsson/Intracom, from 1988 until 1992, and at AT&T in 1992. From 1992 to 1996, he headed the International Telecom Exchanges in Thessaloniki. From 1996 to 2006, Mr. Kastoris held the position of Regional Director of the Guarantor in Thessalia. Mr. Kastoris has published works regarding the telecoms industry and has participated in numerous relevant conferences. He is also a member of the Supervisory Board of the Technical Educational Institute of Thessaly.

Charalambos Mazarakis was born in 1964 and has more than 20 years of professional experience, chiefly in senior management positions in Greece and abroad. Before joining the Group on 1 July 2012, as Group Chief Financial Officer, Mr. Mazarakis worked as Group Chief Financial Officer of the National Bank of Greece, which is listed on the Athens and New York Stock Exchanges and, from 2008 until 2010, he worked as Group Chief Financial Officer and Member of the Group Executive Committee of TITAN Cement Company, which is listed on the Athens Stock Exchange. From 1999 to 2008, Mr. Mazarakis served in various executive positions in Vodafone Group, initially acting as Group Chief Financial Officer and Member of the Board of Directors in Greece from 1999-2006, then as Chief Executive Officer in Hungary from 2006-2007, before returning to Greece as Chief Operating Officer in 2007. From 1997 to 1999, Mr. Mazarakis held the position of Finance Director and Member of the Board of Directors at Georgia Pacific-Delica in Greece, while from 1992 until 1997 he worked as Financial Analysis Group Manager at Procter & Gamble, first in Athens and then in the European Headquarters in Brussels. Mr. Mazarakis holds a Bachelor's degree in Business Administration from the University of Piraeus (with distinction) and an MBA from Ohio State University, The Fischer School of Business (with Wielder Scholar), where he was Teaching Assistant in Finance. He was listed as among the 30 most distinguished Chief Financial Officers in Europe below 40 years old by *CFO Europe* magazine in 2002.

Theodoros Matalas was born in 1968 and holds a BA in Civil Engineering from the University of Thrace and an MA in Economy and Law from the University of Athens. Mr Matalas has been working as a Civil Engineer since 1994, has participated in numerous studies and has overseen a large number of private and public work projects. From 1996 to date, Mr Matalas has served as General Director and Manager of the public educational 'Matalas Foundation'. From 2007 to 2009, he served as Chief Executive Officer of Agrogi SA and, in 2009, as Secretary of the Labour Inspection Force. From 2012 to March 2013, Mr. Matalas served as a member of the Permanent Committee of the Former Workers' Housing Organisation. He has also served as president of the Hellenic-American Association, as Vice President of the European Association for Rural Development Institutions (AEIAR) and as a Member of the Technical Chamber of Greece.

Stylianos Petsas is an Officer in the Ministry of Finance and Greece and Head of the Office of the Deputy Minister of Finance. During his service at the Ministry of Finance, he has served as, among other positions, Head of the Revenues Unit of the General Government's Budget Directorate at the General Accounting Office and Economic Counselor of Greece to the Organisation for Economic Co-operation and Development (the "OECD") and has participated as a national expert in Institution Building Programs of the European Commission (Twinning Projects), as well as representing Greece in various EU Working Groups and Committees on EU Budget issues and the Financial Perspectives 2007-2013 formulation. Mr Petsas has also served as a member of committees and working groups on issues such as the compensation system in the Public Sector and in Independent Administrative Authorities, the EU's own resources system and the reform of the Income Tax Code and the Procedures Tax Code. He has been member of the OECD's Economic and Development Review Committee (EDRC) Bureau, of the Governing Board of the European Studies New Scientists Union and the Graduates Union of the National School of Public Administration. Mr. Petsas is a graduate of the National School of Public Administration and holds Bachelor and Master's Degrees in International and

European Economic Studies. In addition, he has published books and articles on fiscal policy, international economics, structural reforms and European integration issues.

Panagiotis Tabourlos is a graduate of the Piraeus University of Economics and holds a Master's degree in Business Administration from McGill University (Montreal, Canada). Since 1980, he has worked as a financial manager in various corporations, including Milchem International, Hilti S.A., American Express and ICI. From 1990 to 2003, he worked for Warner Lambert S.A., Pfizer Pharmaceuticals, where, prior to his departure, he held the position of Consumer Division Chief Financial Officer for Europe, the Middle East and Africa. From June 2003 to April 2004, he was the Guarantor's Chief Financial Officer for the Guarantor's Greek fixed-line operations. Since then, he has served as financial director of the Frigoglass Group. Since June 2004, Mr. Tabourlos has served as the Chairman of the Guarantor's Audit Committee, the Audit Committee financial expert and also as a member of the Guarantor's Board Member.

Leonidas Filippopoulos was born in 1968 and holds a BA in Business Administration and International Economic Relations from the University of Sofia and an MA in Business Administration from the Middlesex University of London. Since January 2013, Mr Filippopoulos has served as Managing Director of the "Galaxy SA Tourist Hotel Businesses", where he has also served as a member of the Board of Directors since 2004. In the past, he has served as Chairman of the Board of C.A.I.S.P.S. (Centre of Awareness, Information and Sensitisation for Psychodrastic Substances), as a Financial Consultant for TITANIUM Ltd and BNF Company and also as a Manager at a brokerage firm.

Managing Director

The Guarantor's Managing Director is Mr. Michael Tsamaz.

The Managing Director is the Guarantor's highest ranking executive. The Managing Director is one of the 11 members of the Guarantor's Board of Directors appointed by the General Meeting of shareholders, serving as an executive member, being also its Chairman, and is elected to his position by the Guarantor's Board of Directors. The Managing Director has certain powers under the Guarantor's Articles of Incorporation and other powers delegated by the Guarantor's Board of Directors, including the authority to make proposals to the Board of Directors; to conclude contracts on behalf of the Board of Directors (and the Guarantor) of up to a certain value as determined by the Guarantor's Board of Directors; to represent it before courts, public authorities and third parties; and to decide certain matters pertaining to personnel and the internal organisation of the Guarantor.

Senior Management

The following is a list of the Guarantor's senior managers and their current areas of responsibility.

<u>Name</u>	<u>Position</u>
Michael Tsamaz	Chairman and Managing Director
Zacharias Piperidis	OTE Group Chief Operating Officer
Charalambos Mazarakis	OTE Group Chief Financial Officer
Georgios Athanasopoulos	OTE Group Chief Information Technology Officer
Aristodimos Dimitriadis.....	Chief OTE Group Compliance, ERM & Insurance Officer.
Eirini Nikolaidi.....	OTE Group Legal Counsel, Executive Director of Legal and Regulatory Affairs of OTE Group
Maria Rontogianni.....	OTE Group Chief Internal Auditor
Stefanos Theocharopoulos.....	OTE Group Chief Technology and Operations Officer, Fixed & Mobile Telephony
Elena Papadopoulou.....	OTE Group Chief Human Resources Officer
Ioannis Konstantinidis	Chief Strategic Planning and Transformation Officer

There are no conflicts of interest between the duties of the Directors and Senior Managers listed above to the Guarantor and their private interests or other duties and no activities performed by them outside the Issuer where these are significant with respect to the Issuer.

The business address of each of the Directors and Senior Managers listed above is 99 Kifissias Avenue, GR 151 24 Amaroussion, Athens, Greece.

Corporate Governance

The Guarantor adheres to the principles of the Greek Companies Law, as well as the corporate governance rules for Greek listed companies set forth in Greek Law 3016/2002, as in effect, Greek Law 3340/2005; Greek Law 3556/2007, Decision № 5/204/14.11.2000 of the Hellenic Capital Markets Commission (“**HCMC**”) (as currently in effect) and all other laws, regulations and decisions governing the Guarantor’s operation as a *société anonyme* and as a listed company. Within this framework, the Guarantor has implemented key principles of corporate governance relating to:

- the composition of its Board of Directors;
- transparency and disclosure of information; and
- the protection of shareholders’ rights.

According to Greek Law 3016/2002, at least one third of the Guarantor’s Directors must be non-executive and, of these, at least two must be independent. Of the 11 members of the Guarantor’s current Board, five are independent. The independence of directors of Greek listed companies is supervised by the HCMC, which may impose sanctions for cases of violations of applicable law.

Pursuant to the Greek Companies Law, the compensation of the Guarantor’s Directors is determined by the General Meeting of shareholders. The Guarantor has, however, established a Compensation and Human Resources Committee, which is currently comprised of three Directors (Mr. Panagiotis Tabourlos, Chairman, Mr. Charalambos Mazarakis and Ms. Claudia Nemat) and is responsible for determining its human resource policies, including its remuneration and incentives policy. As required by HCMC Decision № 5/204/14.11.2000 and Greek Law 3016/2002, as in effect, the Guarantor’s internal audit department reviews the legality of the remuneration and benefits of its directors and senior managers, within their capacity as officials of the Guarantor on an annual basis.

According to Greek Law 3016/2002 and HCMC decision № 5/204/14.11.2000 as in effect, companies listed on the Athens Exchange are also required to establish and operate:

- an internal audit department responsible for auditing the company’s processes and controls, including, among other things, monitoring of the continuous implementation of internal regulations and articles of incorporation, as well as other regulations pertaining to the company;
- an investor relations department responsible for providing information to shareholders relating to the distribution and payment of dividends, corporate actions and information concerning the general meeting of shareholders; and
- a corporate announcements department responsible for the announcement of all notices and statements pertaining to the company.

In addition, the Guarantor, as a listed company, complies with the Hellenic Corporate Governance Code (“**HCGC**”) (formerly the Corporate Governance Code of the Hellenic Federation of Enterprises). According to the “comply or explain” principle set forth in the HCGC, the Guarantor is required to set out any deviations from the HCGC in its Board of Directors’ annual corporate governance statement (which is included in the annual report of the Board of Directors).

On 12 May 2010, the Guarantor announced its intention to de-list its American Depositary Shares from the New York Stock Exchange and to terminate its registration and reporting obligations under the U.S. Securities Exchange Act of 1934, as amended. The delisting became effective on 30 December 2011.

The Group also applies an internal control system (“**ICS**”) in order to ensure proper financial reporting, the effectiveness and efficiency of operational requirements and adherence to legal requirements aimed at preventing or detecting material errors in the financial statements. The efficiency of ICS is tested and evaluated on an annual basis.

In addition, the Guarantor has developed early warning, compliance and risk management systems and has adopted Group-level standards to ensure the methodical and consistent implementation of such standards. The Guarantor’s risk management system is based on the standard developed by the Committee of Sponsoring Organisations of the Treadway Commission, which is recognised by the U.S. Securities and Exchange Commission and the ISO 31000 “Risk management—Principles and guidelines”. The risk management system comprises processes for the early identification, assessment, management, communication and control of risks on a continuous basis. The Guarantor conducts risk assessments of all critical infrastructure and has taken measures to protect against the redundancy of infrastructure and to ensure business continuity. The Guarantor’s compliance management system is aimed at ensuring

the compliance of personnel with applicable legislation and internal policies. This system was reviewed by independent external auditors in 2013, which confirmed the effectiveness of the Guarantor's compliance procedures and control mechanisms regarding the avoidance of corruption in its different business units. Each of the Guarantor and Cosmote also has a team that monitors potential instances of fraud and ensures the implementation of fraud prevention measures.

The Guarantor has established a Group Compliance, Corporate Risk and Corporate Governance Committee, the primary function of which is to support the audit department and ensure the implementation of Group's compliance and risk management systems, as well as to manage corporate governance matters. The members of the Group Compliance, Corporate Risk and Corporate Governance Committee are the Group Chief Compliance Officer, the Enterprise Risk Management & Insurance Officer (Chairman of the Group Compliance, Corporate Risk and Corporate Governance Committee), the Group Chief Internal Audit Officer, the Group Legal Counsel-Executive Chief Officer of Group Legal and Regulatory Affairs, the Group Chief Human Resources Officer, the Group Chief Financial Officer and the Business Safety & Continuity Director. Depending upon the matters to be discussed at a meeting, other members of executive management may also be invited to participate in a meeting of the Group Compliance, Corporate Risk and Corporate Governance Committee.

Audit Committee

The Guarantor's Board of Directors established an Audit Committee in April 1999. On 24 May 2004, the Audit Committee adopted an Audit Committee Charter in order to set out the main functions, responsibilities and composition of its Audit Committee. The Charter has been subsequently amended on 16 June 2005 and 20 October 2005. The primary purpose of the Guarantor's Audit Committee is to assist the Guarantor's Board of Directors in the exercise of its supervisory role and the satisfaction of its obligations towards shareholders, investors and others, particularly with respect to the financial reporting process, and, specifically, in connection with the following:

- the integrity of the Guarantor's financial statements;
- the adequacy of the Guarantor's internal control procedures and systems;
- the observance and adequacy of accounting and financial reporting processes;
- the operation of internal audit department procedures;
- the evaluation of the Guarantor's external auditors, mainly by reference to their independence, integrity, adequacy and performance; and
- the observance of the applicable legal and regulatory framework.

In practice, the Audit Committee also monitors the operation of the Guarantor's compliance function.

The Guarantor's Audit Committee operates in accordance with regulations approved by the Board of Directors and consists of three independent and non-executive Directors, in excess of the requirements under Greek legislation currently in force, which require an audit committee to consist of at least two non-executive Directors and one independent Director. The members of the Audit Committee are designated by the Guarantor's General Meeting of shareholders in accordance with article 37 of Law 3693/2008. Pursuant to applicable legislation, at least one independent member of the Audit Committee should be a financial expert (currently Mr. Panagiotis Tambourlos). The members of the Audit Committee are Mr. Panagiotis Tabourlos (Chairman of the Audit Committee) Mr. Nikolaos Karavitis and Mr. Christos Kastoris.

Auditors

The auditors of the Guarantor are PricewaterhouseCoopers S.A., a member of The Institute of Chartered Accountants of Greece. The registered office of PricewaterhouseCoopers S.A. is at 268, Kiffisias Avenue, 15232 Halandri, Athens, Greece. PricewaterhouseCoopers S.A. have audited the Guarantor's financial statements, without qualification, in accordance with IFRS for as at and for the financial years ended 31 December 2013 and 2012.

Rating Agencies

As of the date of this Base Prospectus, the long-term ratings assigned to the Guarantor are BB- by S&P (stable outlook) and B2 (stable outlook) by Moody's. Each of S&P and Moody's is established in the European Union and is registered under the CRA Regulation. S&P and Moody's each appears on the most recently updated list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Financial Year

The financial year of the Guarantor is the calendar year.

Registered Office

The registered office of the Guarantor is located at 99 Kifisias Avenue, 151 24, Amaroussion, Athens, Greece.

Employees

Group Employees

As at 31 December 2013, the Group, including all of the Guarantor's consolidated subsidiaries in Greece and other countries, employed a total of 22,667 employees, as compared to a total of 27,330 employees as at 31 December 2012 and 28,474 employees as at 31 December 2011. Employee Insurance Funds

Employee Insurance Funds

The TAP-OTE fund was the principal personnel insurance fund for employees of the Guarantor and was divided into a pension division and a health division. Pursuant to Greek Law 3655/2008, the pension fund part of TAP-OTE and certain other pension funds were merged with IKA-ETAM, the main social security fund in Greece, on 1 August 2008. The health care part of TAP-OTE has been merged with TAYTEKO (a health care fund for employees of utilities companies).

Pursuant to Greek Law 2843/2000, the Greek government is required to fund any further deficits incurred by TAP-OTE. Furthermore, according to Greek Law 3655/2008 (Article 2, paragraph 8), the deficits of the pension segments which were incorporated into IKA-ETAM are covered by the Greek government.

Early Retirement Plans

Over the last nine years, a number of the Guarantor's employees have retired under its various early retirement plans. The effects of the Guarantor's early retirement plans and natural attrition, combined with its policies to recruit only specialised personnel, to retrain employees whose skills have become obsolete and to outsource certain activities currently undertaken by its personnel, has resulted in the number of its employees steadily decreasing over the past eight years and the associated costs being reflected in the Guarantor's financial statements for the relevant periods.

In 2013, the Group paid €163.1 million in respect of early retirement plans, of which €141.6 million related to direct employees of the Guarantor.

Voluntary Exit Schemes

On 7 November 2012, the Guarantor's Board of Directors approved a Voluntary Exit Scheme. On 7 January 2013, the Guarantor announced that 1,516 employees had agreed to participate in the scheme, at a total cost of €191.8 million, including the associated staff retirement indemnity. As the staff retirement indemnity had already been forecasted in the financial statements of previous years, the cost of the Voluntary Exit Scheme for the financial year ending 31 December 2012 amounted to €123 million. The savings from the Voluntary Exit Scheme began accruing from January 2013 and is a major contributor to the decrease in personnel costs from €914.5 million in 2012 to €821.5 million in 2011.

On 7 November 2013, the Guarantor's Board of Directors approved a further Voluntary Exit Scheme. On 7 January 2014, the Guarantor announced that 1,827 employees had agreed to participate in the scheme, at a total cost of €250.9 million. The Guarantor expects to make an estimated net annual cost saving of approximately €94 million as a result of the 2013 Voluntary Exit Scheme.

The Voluntary Exit Schemes are being implemented in line with the Guarantor's Transformation Plan.

Unions

A high percentage of the Guarantor's full-time employees are members of the OME-OTE labour union. OME-OTE is strong and influential, and has consistently opposed disposals of ownership interests in the Guarantor by the Greek government. In recent years, the Guarantor has experienced a number of strikes, both on a nationwide basis and in specific geographic regions.

In 2011, the Guarantor entered into a three-year collective labour agreement with OME-OTE. A new agreement was entered into in 2014, which, in general, extended the terms and conditions of the 2011-2013 collective labour agreement and amended certain regulations with regard to the transfer of employees and the Guarantor's disciplinary procedure.

The terms of the collective labour agreements provided for a reduction in the weekly working hours of full time employees from 40 hours to 35 hours per week, as well as a reduction in salaries by 12% in 2012, 11% in 2013 and 10% in 2014. Negotiations are expected to begin in the coming months in respect of a new collective labour agreement for 2015.

Legal Proceedings

The Guarantor is party to various litigation proceedings and claims arising in the ordinary course of business. The Guarantor makes appropriate provisions in relation to litigations and claims, when it is probable that an outflow of resources will be required to settle the obligations that can be reasonably estimated. The Guarantor does not currently expect that these proceedings, individually or in the aggregate, are likely to have a material adverse effect on its results of operations and cash flows. See also Note 32 to the Guarantor's 2012 consolidated financial statements and Note 30 to the Guarantor's 2013 financial statements.

Siemens AG case

The District Attorney of Athens has conducted a preliminary investigation in connection with allegations of bribery, money laundering and other criminal offences committed in Germany and Greece by employees of Siemens AG and its Greek affiliated companies and a number of Greek government officials and other individuals, relating to the award of supply contracts by the Guarantor to Siemens AG. In connection with the investigation, the District Attorney has investigated, among other matters, the propriety of, and allegations of criminal conduct in connection with, the Guarantor's framework contract 8002/1997 with Siemens AG, and various equipment orders pursuant to that framework contract in the period following its signing and up to 2004. The substance of these allegations is that certain individuals, including employees of the Guarantor, were given corrupt payments, in exchange for failing to carry out appropriate benchmarking of the price paid by the Guarantor for equipment supplied under this contract.

Framework contract 8002/1997 was signed on 15 December 1997 and related to the supply to the Guarantor by Siemens AG of equipment and services for the digitalisation of the Guarantor's network. In connection with the preliminary investigation, the Guarantor provided to the investigating authorities certain documents requested.

Following the conclusion of the preliminary investigation, criminal charges were filed and an investigating judge was appointed to lead a formal criminal investigation. To the extent so requested, the Guarantor has co-operated and intends to continue to co-operate with the competent authorities in relation to this investigation. The Guarantor has also taken the necessary legal action before the investigating judge in order to assert the Guarantor's civil rights with respect to any damages the Guarantor may have incurred as a result of any criminal offences committed by either third parties or former and current employees of the Group. It is understood that, as part of the same investigation, a former senior executive of the Guarantor, was charged for certain criminal offences, including receipt of bribes, and that in May 2009, was remanded in custody pending his trial for the same charge, until September 2009 when he was released. Furthermore, as part of the same investigation, a number of former executives of the Guarantor were charged for certain criminal offences, including receipt of bribes. The case is still pending.

The allegations concerned relate to these former executives in their personal capacity, and the Guarantor is not subject to any civil or criminal proceedings against it in connection with these allegations. As a result, the Guarantor was permitted access to the documents relating to the case, which it is in the process of reviewing. The Guarantor has filed a claim before the Greek Courts against the abovementioned former senior executive for damages incurred as a result of his illegal conduct. The case is still pending.

Following a Special Investigating Judge of the Court of Appeal's request about an estimate of any damages the Guarantor may have incurred as a result of the implementation of the framework contract 8002/1997 with Siemens AG, the Guarantor appointed an independent consultancy firm to investigate the abovementioned matter. The consultant's report has been sent to the Special Investigating Judge. In connection with the same matter, the Guarantor has also filed a claim for damages, before the German Courts (following the Guarantor's evaluation of information and documents disclosed by Siemens). The case is still pending.

In the framework of the ongoing criminal proceedings, the trial of a former Minister of Transport and Communications (as well as his co-defendants) began on 12 December 2013 before the Athens Court of Criminal Appeals in respect of alleged money laundering resulting in (or threatening to result in) damages against the Guarantor's property. On 12 December 2013, the Guarantor declared its intention to become a civil party to the proceedings in order to seek compensation for moral damages suffered by the Guarantor. The trial is ongoing.

The Guarantor intends to continue to cooperate with the competent authorities in relation to the criminal investigation and to seek disclosure of relevant documents and information. The Guarantor also intends to seek compensation before Greek and German Courts with respect to any damages incurred as a result of illegal conduct either by third parties or former or current employees of the Group

Nokia Siemens case

In December 2012, Nokia Siemens Networks S.A. filed a lawsuit against the Guarantor before the Athens Multi Member Court of First Instance, claiming the payment of €22.2 million plus interest in respect of outstanding invoices as a result of the Guarantor's denial to recognise the transfer to Nokia Siemens Networks S.A. of the contracts between the Guarantor and Siemens S.A. and Siemens S.A. Electrotechnical Projects and Products. The hearing is scheduled for 7 October 2015.

Furthermore, Siemens S.A. Electrotechnical Projects and Products filed an intervention in the above lawsuit before the same Court alleging that it is the beneficiary of the contested invoice rather than Nokia Siemens Network S.A. The hearing is also scheduled for 7 October 2015.

HTPC Notification

On 24 May 2012, the HTPC notified Cosmote of a complaint by Vodafone-Panafon S.A. against Cosmote in relation to an alleged competition law violation. Vodafone claimed that there was a separate market for prepaid mobile telephony in Greece, and that Cosmote held a dominant position in this market during 2007 to 2011, which it had abused through a "margin squeeze". The HTPC invited Cosmote to submit its views on Vodafone's complaints and Cosmote filed its response on 24 August 2012. HTPC has subsequently invited Cosmote and Vodafone and Wind Hellas to attend a hearing into Vodafone's allegations, which took place on 29 January 2013. On 11 October 2013, the HTPC requested clarifications and additional data, which were submitted by Cosmote on November 2013. On 20 January 2014, the HTPC notified Cosmote of Vodafone's rejoinder.

IKA-ETAM

In March 2010, a formal ministerial decision (the "**Ministerial Decision**") was issued pursuant to Greek Law L. 3762/2009 (Voluntary Retirement Scheme) according to which the Guarantor was legally obliged to make a lump-sum payment by the last working day of September 2010. This lump-sum payment was in order to cover the alleged additional financial burden resulting from articles 2 and 4 of the Collective Labour Agreement signed on 20 July 2005 for the Guarantor's Voluntary Retirement Scheme, and incurred by the pension segment of IKA-ETAM (formerly the principal pension and health insurance fund for the Guarantor's employees), the auxiliary insurance segment for the Guarantor's personnel of TAYTEKO (a healthcare fund for the employees of utility companies) and the medical segment of TAYTEKO. The Ministerial Decision specified that the amount of this alleged additional financial burden would be determined by an actuarial study to be performed by the Directorate of Actuarial Studies of the General Secretariat for Social Security, in conjunction with the Directorate of Actuarial Studies and Statistics of IKA-ETAM, and to be completed by 31 August 2010.

The costs incurred by the pension segment of IKA-ETAM, the auxiliary insurance segment for the Guarantor's personnel of TAYTEKO and the medical segment of TAYTEKO in relation to the Voluntary Retirement Scheme are prescribed by article 74 of Greek Law 3371/2005 and article 34 of Greek Law 3762/2009. The Guarantor has fulfilled and continues to fulfil in their entirety, all the financial obligations it has towards all security funds, paying all contributions as they are due, both in the normal course of business as well as any contributions related to the company's voluntary retirement plans, strictly in accordance the applicable laws, rules and regulations. Accordingly, the Guarantor disputes any additional burden beyond the provisions of the relevant articles and its corresponding obligation to cover such costs. Therefore, the Guarantor filed an appeal before the Athens Administrative Court of First Instance on 11 May 2010, requesting the annulment of article 3 of the Ministerial Decision on the grounds that it is in contravention of article 34 of L. 3762/2009. The date of the hearing has not yet been set.

On 15 May 2010 the Guarantor also filed a petition requesting the suspension of enforcement of article 3 of the Ministerial Decision, the hearing of which was held on 8 June 2010. The Guarantor's request was rejected by Decision № 3860 dated 16 September 2010.

In a letter dated 21 January 2011, the Ministry notified the Guarantor of the completion of the actuarial studies, pursuant to article 3 of the Ministerial Decision, which quantified the additional financial burden relating to the Guarantor's Voluntary Leave Scheme pursuant to the provisions of Greek Law 3371/2005. The additional financial burden determined in accordance with these actuarial studies amounted to €129.8 million.

By a further letter dated 21 October 2011, the Ministry also notified the Guarantor of the completion of the additional actuarial studies based on Greek Law 3762/2009, which specified an additional financial burden of €3.7 million.

The Guarantor is still considering whether or not to exercise its right to file a new petition requesting the suspension of the enforcement of article 3 of the Ministerial Decision, which it will be entitled to do once it has received a payment demand from the pension funds. At this stage, no reliable estimate can be made as to whether the suspension (fully or partially) will be granted or not.

Although no payment demand has yet been received by the Guarantor, in light of the fact that the announcement of the results of the actuarial studies has eliminated the uncertainty regarding the amount of the obligation, and because it remains uncertain as to whether or not any subsequent appeal would be successful, a provision of €129.8 million was recorded in the 2010 financial statements, while a provision of €3.7 million was recorded in the 2011 financial statements. The Guarantor is yet to receive a payment demand for the sums.

LAN-NET S.A.

In May 2009, LAN-NET filed a claim against the Guarantor before the Court of First Instance for an aggregate amount of €175.6 million, claiming restitution for alleged illegal termination of services. The hearing of this case was held on 30 May 2013 and the decision is pending. The Guarantor believes that it rightfully proceeded to the termination of services due to LAN-NET's repeated default on fees owed to the Guarantor, LAN-NET is currently in bankruptcy proceedings and owes €33.02 million to the Guarantor. This figure has been accepted both by the trustee in bankruptcy and the competent bankruptcy Court.

Altec Telecoms Telecommunications Systems S.A.

On 31 December 2013, Altec Telecoms Telecommunication Systems S.A. ("**Altec**") filed a claim against the Guarantor for €42.8 million, plus interest, in respect of the alleged illegal termination of provision of telecommunication services by the Guarantor, which resulted in Altec's bankruptcy. The case is scheduled to be heard on 6 June 2016.

OTE-SHOPS

Certain franchising contracts between the Guarantor and fourteen franchisees operating a number of OTE-SHOPS expired in 2012 and 2013 and the Guarantor decided not to proceed with their renewal. Some franchisees have expressed in written claims against the Guarantor compensation deriving from their contractual relationship with the Guarantor and the non-renewals. Negotiations between the Guarantor and the above franchisees began in 2012. Negotiations between the Guarantor and 12 franchisees led to the conclusion of extra-judicial agreements. One franchisee has filed a civil suit against the Guarantor for an amount of a €2.0 million and negotiations are ongoing with the final franchisee.

Germanos Franchisees

Four former franchisees of the Germanos commercial network filed complaints alleging violations of competition law (including vertical price fixing and anti-competitive clauses in the franchise agreements) with the Hellenic Competition Commission, which on April 2010 initiated an investigation regarding Germanos's franchise agreements. The respective complainants subsequently withdrew their complaints, but on 21 December 2011 Germanos received a new request for information from the HTPC (which shares jurisdiction with the Hellenic Competition Commission) based on the same complaints before they were withdrawn. In addition, in April 2012, another former franchisee of the Germanos commercial network filed complaints alleging similar violations of competition law with the Hellenic Competition Commission. On 12 July 2013, Germanos was served with a statement of objections, drafted by the Rapporteur, by the Hellenic Competition Commission, alleging that Germanos had violated provisions of competition law (Greek Law 3959/2011) between 1990 and 2013. The statement of objections also recommended that the Hellenic Competition Commission imposed a fine in accordance with the competition law. The Rapporteur's statement of objections is not binding on the Hellenic Competition Commission, whose final ruling will take into account all relevant information submitted to it, including from the concerned parties. Germanos filed written pleading rejecting the allegations contained in the Rapporteur's statement of objections and the hearing before the Hellenic Competition Commission took place on 23 and 24 September 2013. On 11 October 2013, Germanos was served with minutes of the hearing and on 17 October 2013, Germanos served its written pleadings. The decision of the Hellenic Competition Commission is pending.

Germanos is a party to certain lawsuits before the Court of First Instance regarding franchise agreements between Germanos and the franchisees of the chain. The applicants claim an amount of approximately €15.1 million. The hearings of these cases were originally scheduled for 2013 and 2014 and have since been postponed until 2014 and 2015, respectively.

Fines of HTPC against OTE SA

The Guarantor is subject to a number of regulatory fines by HTPC from time to time, the outstanding amount of which is not currently considered material. In light of the fact that appropriate provisions have also been established where necessary, it is not expected that these fines will result in any material liability to the Guarantor.

Regulation

Telecommunications Services Regulation in Greece

Pursuant to EU and Greek law, since 1 January 2001, the Greek telecommunications market has been open to competition. The Guarantor is now operating within a competitive environment and is subject to the requirements of the Telecommunications Law and the supervision of the HTPC.

The Greek telecommunications market operates in accordance with EU regulations and under the framework of the World Trade Organisation pursuant to the General Agreement on Trade in Services. The global regulatory environment for telecommunications, including the regulatory framework in Greece, has been evolving rapidly in recent years and is expected to continue to evolve in the future. See *“Risk Factors—Risks Relating to the Guarantor—The regulatory environment for telecommunications services remains complex and subject to change and interpretation, and the Guarantor’s compliance with the regulations to which it is or may become subject may require it to expend substantial resources and may have a significant impact on its business decisions”*.

Competition Authority of Albania

In November 2012, the Competition Authority of Albania (the “CAA”) notified AMC of the initiation of a preliminary investigation into the retail market for mobile telephony in Albania (currently served by four companies, including AMC), covering the period from January to November 2012, in order to evaluate any potential anti-competitive behavior by mobile operators, which might have resulted in a limitation of free and efficient competition. In January 2014, the CAA ruled that there were no breaches of the competition rules in the retail market mobile telephony.

Competition Council of Romania

In November 2009, the Competition Council opened an investigation against Cosmote Romania regarding its prepaid distribution system. In June 2013, the investigation was closed by the Competition Council based on the commitments proposed by Cosmote Romania, including commitments to: (i) select prepaid partners based on objective, transparent, and nondiscriminatory criteria; (ii) not hinder the freedom of its partners to establishing their own prices and commercial policies related to Cosmote Romania prepaid products and services; (iii) establish a credit limit policy for partners based on pre-determined, objective, transparent and uniform criteria; and (iv) apply and transmit such rules and principles within its prepaid distribution network. Currently, Cosmote Romania is in a monitoring phase established the Competition Council in order to ensure the observance of the commitments. In the event of a breach of the commitments, a fine of up to 10% of company turnover may be applied.

In March 2011, the Competition Council opened another investigation against the four mobile operators in Romania, including Cosmote Romania. The Competition Council is investigating whether the mobile operators abused their dominant positions on the market of mobile call termination services in each individual network of these mobile operators by charging different tariffs for on-net and off-net calls. The Competition Council has indicated that it is seeking to obtain commitments from the mobile operators in order to close the investigation. Accordingly, Cosmote Romania submitted its proposed commitments to the Competition Council in March 2014.

Material Contracts

€900 million Revolving Credit Facility

On 9 February 2011, the Guarantor signed a €900 million revolving credit facility with a consortium of banks. Further to a one year extension of €500 million of the facility signed on 26 November 2012, an amount of €400 million was repaid on 11 February 2013.

On 10 June 2013, the Guarantor repaid €200 million under the loan, of which €67 million was cancelled and €133 million remained committed. On 1 July 2013, the Guarantor drew down the €133 million under the loan. On 4 October 2013, the Guarantor repaid the remaining outstanding amount of €433 million under the loan, of which €333 million was cancelled and €100 million remained committed. On 11 November 2013, the committed amount of €100 million was cancelled and the facility was terminated.

€225 million EBRD Loan

On 24 July 2013, Cosmote Romania entered into a €225 million loan arranged by the EBRD, in order to finance the strategic growth of its broadband infrastructure, in particular through the renewal of spectrum licences and the expansion of Cosmote Romania’s 4G network. €75 million of the loan was disbursed directly by the EBRD, while the remaining €150 million was disbursed as a syndicated loan by a number of commercial banks. The loan bears interest at a rate of EURIBOR plus a margin of 5.25% per annum and it is to be paid gradually via an amortizing schedule until maturity in April 2018. On 22 August 2013, Cosmote Romania drew down the full amount of €225 million under the

loan. On 25 October 2013, Cosmote Romania repaid the first installment of €11.2 million under the loan (in addition to accrued interest and commitment fees). As at 31 December 2013, the outstanding principal balance under the loan was €213.8 million.

The loan includes a change of control clause applicable to Cosmote Romania, Sunlight Romania Filiala, Telemobil and Germanos Telecom Romania, which is triggered if the Guarantor ceases to directly or indirectly own at least 50% plus one share of the voting share capital, or otherwise ceases to control, any of these entities or RomTelecom. In the event of a change of control, the EBRD may request the prepayment of all or a portion of the loan.

The loan also includes three financial covenants to be tested based on the figures of Cosmote Romania and its consolidated subsidiaries, namely that: (i) the ratio of cash available for debt service over senior debt should exceed 1.25:1 for 2014, 1.20:1 for 2015 and 2016 and 1.15:1 for 2017, (ii) the ratio of EBITDA to net interest expense of senior debt should exceed 5:1 at all times, and (iii) the ratio of senior debt to EBITDA should not exceed 2.5:1 for 2013, 2.3:1 for 2014 and 2.0:1 for each subsequent year.

Bond Issue

On 7 February 2013, the Issuer issued its €700 million Fixed Rate Notes due 2018 under the Programme, which bear interest at a rate of 7.875% *per annum*, paid semi-annually.

Private Bond Exchange

On 16 January 2013, the Issuer concluded a private exchange of €187 million in principal amount of its €1.25 billion Fixed Rate Notes due 2013 under the Programme for a further issue of €187.7 million of Fixed Rate Notes due 2015, which were consolidated and form a single series with the existing €600 million Fixed Rate Notes due February 2015. The repurchased Fixed Rate Notes due 2013 which were acquired by the Issuer as part of the exchange have been cancelled.

Tender Offer and Buybacks

On 11 February 2013, the Issuer completed a tender for cash of its outstanding €1,250 million Fixed Rate Notes due August 2013 and €500 million Fixed Rate Notes due April 2014 issued under the Programme. As part of the tender offer, the Issuer repurchased €106.2 million and €92.5 million of the Fixed Rate Notes due August 2013 and the Fixed Rate Notes due April 2014, respectively. The tendered Notes were surrendered for cancellation and, as a result, the outstanding principal amount of the Fixed Rate Notes due August 2013 and the Fixed Rate Notes due April 2014 was reduced to €713.8 million and €407.5 million, respectively. On 5 August 2013, the Issuer redeemed the remaining Fixed Rate Notes due August 2013 in accordance with their terms.

In March, April and June 2013, the Issuer conducted several partial buybacks of €4.5 million, €21.0 million and €17.3 million of the Fixed Rate Notes due April 2014. As a result of these buybacks, as at 31 December 2013, the outstanding principal amount of the Fixed Rate Notes due April 2014 was €364.7 million.

TAXATION

The following is a general description of certain Greek, Luxembourg, U.K. and EU tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their tax advisers as to the consequences of a purchase of Notes, including but not limited to the consequences of receipt of interest and of a sale or redemption of the Notes. This summary is based upon the law in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

The Hellenic Republic

The following discussion of Greek taxation, as it relates to the Notes and the Guarantee, is of a general nature and is based on the provisions of the new income tax law, Law 4172/ 2013, applicable as of 1 January 2014. It should be noted, however, that the Greek Ministry of Finance has not issued specific explanatory circulars and detailed decisions in relation to tax matters discussed under this caption. Therefore, the Greek Ministry of Finance might take a position which could be different from that discussed below and Noteholders who are in doubt as to their personal tax position should consult their professional advisers.

Payment of principal under the Notes and the Guarantee

No Greek income tax will be imposed on payments of principal to Noteholders in respect of Notes:

- (a) issued by OTE PLC; or
- (b) issued by OTE PLC and made by OTE under the Guarantee.

Payments of interest under the Notes

Payments of interest on the Notes issued by OTE PLC to Noteholders:

- (a) who either reside or maintain a permanent establishment in Greece for Greek tax law purposes (the “**Resident Noteholders**”) will be subject to Greek withholding income tax at the flat rate of 15%, if such payments are made directly to Resident Noteholder by a paying or other similar agent who either resides or maintains a permanent establishment in Greece for Greek tax law purposes. This withholding tax may not exhaust the tax liability of certain types of Resident Noteholders; and
- (b) who neither reside nor maintain a permanent establishment in Greece for Greek tax law purposes (the “**Non - Resident Noteholders**”) will not be subject to Greek income tax, provided that such payments are made outside Greece by a paying or other agent who neither resides nor maintains a permanent establishment in Greece for Greek tax law purposes.

Payments of interest under the Guarantee

Payments of interest by OTE under the Guarantee made to Residents and Non-Residents Noteholders should be expected to have the same income tax treatment, as described above under the caption “Payments of interest under the Notes”. However, there is no clear guidance given by the Greek Ministry of Finance as to the classification of the relevant income and, therefore, the Greek tax authorities could take a view which may be different from that expressed in the preceding sentence.

Disposal of Notes—Capital Gains

Capital gains resulting from the transfer of Notes issued by OTE PLC and earned by:

- (a) Non-Resident Noteholders will not be subject to Greek income tax;
- (b) Resident Noteholders who are natural persons will be subject to Greek income tax at a flat rate of 15%. In the event such transfer is treated as deriving from business activity, income tax will be imposed according to the applicable tax rate scale (26%-33%); and
- (c) Resident Noteholders who are legal persons or other entities will be subject to Greek corporate tax either at the rate of 26% (if keeping double entry books) or according to the tax rate scale of 26%-33% (if keeping single entry books).

Luxembourg

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice and does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes, payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of Luxembourg. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

All payments of interest and principal by the Luxembourg paying agent under the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the general Luxembourg tax laws currently in force, subject, however, to:

- (a) The application of the Luxembourg laws of 21 June 2005, as amended, (the “**Savings Laws**”) implementing the European Union Savings Directive (Council Directive 2003/48/EC) (the “**EU Savings Directive**”) and ratifying the treaties entered into by Luxembourg certain dependant or associated territories of EU Member States (the “**Territories**”) and providing for the application of a 35% withholding tax on payments of interest or similar income made or ascribed a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity (within the meaning of the Savings Laws) resident in, or established in, an EU Member State (other than Luxembourg) or one of the Territories unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the competent Luxembourg fiscal authority in order for such information to be communicated to the competent tax authorities of the beneficiary’s country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Savings Directive. The final form of the measure is still unknown.

- (b) The application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005, as amended, (the “**Relibi Law**”) which has introduced a 10 % withholding tax on payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg or to a residual entity (within the meaning of the Savings Laws) established in an EU Member State (other than Luxembourg) or one of the Territories and securing such payments for the benefit of such individual beneficial owner.).

Furthermore, pursuant to the Relibi law, Luxembourg resident individuals can opt to self declare and pay a 10% tax on interest payments made or ascribed by paying agents located in a Member State of the European Union other than Luxembourg, a Member State of the European Economic Area (other than a EU Member State) or in a State or territory which has concluded an agreement directly relating to the EU Savings Directive on the taxation of savings income.

The withholding tax of 10% as described above or the 10% tax are final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Responsibility for the withholding of tax in application of the Savings Laws and the Relibi Law is assumed by the Luxembourg paying agent within the meaning of these laws.

The United Kingdom

The following is a summary of the United Kingdom withholding taxation treatment as at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide for information purposes and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom. The comments assume that no security will be provided for the benefit of the Notes as contemplated by Condition 6 or otherwise.

UK Withholding Tax on UK Source Interest

UK Notes listed on a recognised stock exchange

The Notes which carry a right to interest ("**UK Notes**") will constitute "quoted Eurobonds", provided they are and continue to be listed on a recognised stock exchange. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

The Luxembourg Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the Main Market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all cases falling outside the exemption described in the preceding paragraph, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC under the provisions of any applicable double taxation treaty, or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of a year or more.

Payments by the Guarantor

If the Guarantor makes any payments in respect of interest on the Notes (or other amounts due under such Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20%), subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions described above.

Payments made under Deed of Covenant

Any payments made by the Issuer under the Deed of Covenant in respect of interest may not qualify for the exemptions from UK withholding tax described above.

Provision of Information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any

person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a “**collecting agent**”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder (including the Noteholder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, “*interest*” should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute “deeply discounted securities” for the purposes of Schedule 23, Finance Act 2011 (although in this regard HMRC published guidance for the year 2013/2014 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

Other Rules Relating to United Kingdom Withholding Tax

Notes may be issued at an issue price of less than 100% of their principal amount. Any discount element on any such Notes should not generally be subject to any United Kingdom withholding tax but may be subject to reporting requirements as outlined above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest if it constitutes yearly interest for UK tax purposes. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to “*interest*” above mean “*interest*” as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of “*interest*” or “*principal*” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 22 (*Substitution*) of the Notes or otherwise and does not consider the tax consequences of any such substitution.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply a withholding system under which the beneficial owner of the interest payment must be allowed to elect that certain provision of information procedures should be applied instead of withholding. The rate of withholding is 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. On 10 April 2013, Luxembourg officially announced its intention to no longer apply the withholding system as from 1 January 2015 and to provide details of payments of interest (or similar income) as from such date.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the

Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

SUBSCRIPTION AND SALE

Notes may be issued from time to time by the Issuer to any one or more of Alpha Bank A.E., BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Eurobank Ergasias S.A., Goldman Sachs International, HSBC Bank plc, Merrill Lynch International, Morgan Stanley & Co. International plc and National Bank of Greece S.A. (the “**Dealers**”). The arrangements under which Notes may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in a Dealership Agreement dated 25 January 2013 (the “**Dealership Agreement**”) among the Issuer, the Guarantor and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

United States of America: Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise, until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons (other than Notes sold pursuant to Rule 144A), and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer is made otherwise than in accordance with Rule 144A.

The Dealership agreement provides that each relevant Dealer may directly or through its respective affiliates arrange for the placing of Notes in the United States to qualified institutional buyers pursuant to Rule 144A.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented and agreed that:

- (a) **No deposit-taking**: in relation to any Notes having a maturity of less than one year:
- (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) **Financial promotion**: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21 (1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No 25 of 1948, as amended) (the “**FIEA**”) and, accordingly, each Dealer has represented and agreed that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person (as defined under Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Control Law (Law No 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Each Dealer has agreed to provide any necessary information on the Yen Notes to the Issuer (which shall not include the names of clients) so that the Issuer may (through its designated agent) make any required reports to the Ministry of Finance of Japan.

General

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that (to the best of its knowledge and belief) it has complied and will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Base Prospectus and has obtained any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is

subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor the Guarantor and any other Dealer shall have any responsibility therefor.

Without prejudice to the obligations of the Dealers set out above, neither the Issuer nor the Guarantor nor any of the Dealers represents or agrees that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms or the Syndication Agreement or, as the case may be, the Purchase Agreement.

GENERAL INFORMATION

Registered Office

The Issuer's registered office is located at % Wilmington Trust SP Services (London) Limited, 3rd Floor, 1 King's Arms Yard, London EC2R 7AF. The Issuer's registration number is 3896234.

The Guarantor's registered office is located at 99 Kifissias Avenue, GR 151 24 Amaroussion, Athens, Greece. The Guarantor's registration number is 1037501000.

Listing and Trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to listing on the official list and to trading on the Luxembourg Stock Exchange's regulated market. However, Notes may be issued under the Programme which will not be admitted to trading on the Luxembourg Stock Exchange or any other stock exchange, and the Final Terms applicable to the Notes in a Tranche will specify whether or not Notes in such Tranche will be admitted to trading on the Luxembourg Stock Exchange or any other stock exchange.

Authorisations

The establishment of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 7 September 2001 and the update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 20 March 2014. The giving of the guarantee contained in the Deed of Guarantee was authorised by the latest resolution of the Guarantor passed on 21 June 2007. The Guarantor's signatories for the update of the Programme were duly authorised on the basis of the Basic Text for the Delegation of Powers as adopted by resolution № 107/D.1423/02.12.2013 of the CEO of the Guarantor and the powers of attorney dated 10 April 2014 granted by the OTE Group Chief Financial Officer and the OTE Group Treasurer. The increase in the Programme Amount from €5,000,000,000 to €6,500,000,000 was authorised by the resolutions of the Issuer on 27 June 2007 and the Guarantor on 21 June 2007. Each of the Issuer and the Guarantor has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

The Issuer and the Guarantor have given all notices and obtained all necessary consents, approvals, registrations, authorisations or other orders of regulatory authorities required under the laws and regulations of the United Kingdom and Greece, respectively, in connection with the establishment and update of the Programme. Any additional notices, consents, approvals and registrations, authorisations or other orders of regulatory authorities required in either the United Kingdom or Greece in connection with the issuance and Sale of Notes in a Series which are required to be obtained prior to the Issue Date of the Notes will be obtained prior to such Issue Date.

Clearing of the Notes

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number and/or Committee on Uniform Security Identification Procedures Number in relation to the Notes of each Tranche will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard Du Roi Albert II, 1210 Brussels, Belgium; and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, 1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general financing requirements and/or the financing requirements of the members of the Guarantor's group.

Litigation

Save as disclosed on pages 94 to 96 in the section entitled "*Description of the Guarantor—Legal Proceedings*" and on page 97 in the section entitled "*Description of the Guarantor—Regulation—Competition Authority of Albania*", neither the Issuer, the Guarantor, nor any of their subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Guarantor or Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Issuer, the Guarantor and its subsidiaries.

Significant or Material Change

There has been no significant change in (i) the financial or trading position of the Issuer or (ii) the financial or trading position of the Guarantor and its subsidiaries, as the case may be, since 31 December 2013.

There has been no material adverse change in the prospects of the Guarantor or the Issuer since 31 December 2013.

Conflicts of Interest

It cannot generally be ruled out that the persons involved in an offer or issue of Notes under the Programme, irrespective of whether they are natural or legal persons, have interests in the offer or issue. Whether this is the case will depend upon the facts at the time of the offer or issue. A description of any potential conflicting interests, that are of importance to an offer or issue of Notes will be included in the relevant Final Terms, specifying the persons involved and the types of interests.

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer, the Guarantor and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or the Guarantor's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer and/or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Yield

The yield of each Tranche of Notes will be calculated at the relevant issue date on the basis of the relevant issue price. It is not an indication of future yield.

ISDA Definitions

Investors should consult the Issuer should they wish to see a copy of the 2006 ISDA Definitions.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the specified office of the Fiscal Agent and the Paying Agent in Luxembourg, namely:

- (a) Memorandum and Articles of Association (with an English translation thereof) of the Issuer and Articles of Association (with English translation thereof) of the Guarantor;
- (b) the Agency Agreement (which contains the forms of the Notes in global and definitive form);
- (c) the First Supplemental Agency Agreement dated 10 April 2014;
- (d) the Deed of Guarantee;
- (e) the Deed of Covenant;
- (f) the Operating and Administrative Procedures Memorandum;
- (g) the audited standalone financial statements of the Issuer as at and for the years ended 31 December 2012 and 31 December 2013;
- (h) the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2012 and 31 December 2013;

- (i) a copy of this Base Prospectus; and
- (j) any future prospectuses, base prospectuses and supplements to this Base Prospectus, including Final Terms (save that any Final Terms relating to an unlisted Note will only be available for inspection by a Holder of such Note and such Holder must produce evidence satisfactory to the Issuer, Guarantor and the Fiscal Agent and Paying Agent as to its holding of Notes and its identity) and any other documents incorporated herein or therein by reference.

In addition, the Base Prospectus and any Final Terms will be published on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Third Party Information

The information in this Prospectus obtained from third party sources has been accurately reproduced and, as far as the Issuer or the Guarantor is aware and is able to ascertain from the information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. Where third-party information has been used in this Prospectus, the source of such information has been identified.

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HSBC Bank plc

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