

**OTE S.A – ORDINARY GENERAL ASSEMBLY OF THE SHAREHOLDERS**  
**June 24, 2009**

**CLARIFICATIONS ON THE AGENDA ITEMS SUBMITTED FOR VOTE**

**1<sup>ST</sup> AGENDA ITEM:**

Proposal for the approval of the Annual Report of the Board of Directors, the Audit Report prepared by the Certified Auditors on the separate and consolidated financial statements of OTE SA ended on 31/12/2008, for the fiscal year 2008 (1/1/2008-31/12/2008) including the annual financial statements (both separate and consolidated) of 31/12/2008, for the same fiscal year approved by the Company's Board of Directors, at meeting no. 2827 held on March 26, 2009 (2<sup>nd</sup> agenda item).

The approval of the distribution of profits of a total amount of €367.6 million, equal to €0.75 per share, is also proposed.

The company has announced, to the Athens Stock Exchange (ASE), on 12.3.2008, in line with paragraphs 4.1.2 and 4.1.4.3.1 of the ASE Rules, that the dividend cut and record dates, will be Monday, June 29, 2009 and Wednesday, July 1, 2009 respectively. Dividend payment will commence on Tuesday, July 7, 2009.

**2<sup>ND</sup> AGENDA ITEM:**

The General Assembly of Shareholders is called to exempt the members of the Board of Directors and the Certified Auditors from any liability for damages for the year 2008.

**3<sup>RD</sup> AGENDA ITEM:**

The auditing firm "ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS - ACCOUNTANTS SA", which performed OTE's Regular Audit for fiscal year 2008, in line with the relevant decision of the Ordinary General Assembly of the Shareholders has performed its task to date with diligence and professionalism. According to Law 2190/1920, as now in force, article 36, paragraph 4, an auditing firm can be appointed for up to 5 consecutive years for the Regular Audit. As a result of the above, the Company's Board of Directors has decided at its no. 2832 meeting on May 29, 2009, (1<sup>st</sup> agenda item), to propose to the General Assembly of Shareholders the assignment of the Regular Audit of the OTE S.A. Financial Statements (Separate and Consolidated), according to the International Financial Reporting Standards for the Fiscal Year 2009, to the auditors "ERNST & YOUNG (HELLAS) CERTIFIED AUDITORS - ACCOUNTANTS SA", for a total fee of up to €478,460. The Audit Committee has already argued in favour of this.

#### **4<sup>TH</sup> AGENDA ITEM:**

With regards to the first part of this item, remuneration paid to each BoD Member for the fiscal year 2008, for attendance at the meetings of the Board of Directors, the Audit Committee and the compensation & Human Resources Committee is presented in the table that follows:

	<b>NAME/ SURNAME</b>	<b>POSITION</b>	<b>GROSS EARNINGS</b>	<b>NET EARNINGS</b>
1	THEODOROS VENIAMIS	Member of the BoD	20,325	15,000
2	GEORGIOS GERAPETRITIS	Member of the BoD	21,951	16,200
3	IAKOVOS GEORGANAS	Vice Chairman of the BoD	21,951	16,200
4	ILIAS GOUNARIS	Member of the BoD	42,459	31,335
5	CHARALAMBOS DIMITRIOU	Vice Chairman of the BoD	40,650	30,000
6	LEONIDAS EVANGELIDIS	Member of the BoD	23,713	17,500
7	LEONIDAS KORRES	Member of the BoD	33,469	24,700
8	GEORGIOS BITROS	Member of the BoD	40,650	30,000
9	XENI SKORINI	Member of the BoD	65,041	48,000
10	NIKOLAOS STEFANOY	Member of the BoD	20,325	15,000
11	PANAGIOTIS TAMBOURLLOS	Member of the BoD	71,138	52,500
12	GEORGIOS TZOVLAS	Member of the BoD	52,032	38,400
13	HAMID AKHAVAN - MALAYERI	Member of the BoD	27,430	17,500
14	KARL GERHARD EICK	Member of the BoD	27,430	17,500
		<b>TOTAL</b>	<b>508,564</b>	<b>369,105</b>

With regard to the second part of this item, the Company's Board of Directors, during at its meeting 2835 held on June 22, 2009 (agenda item 2), approved the submission of a proposal to the Ordinary General Assembly of Shareholders in order to approve that the following remunerations remain unchanged during the year 2009:

1. The remuneration of the members of the Board of Directors for their attendance at the meetings will remain at the net sum of 2,500 Euros per month, independently of the number of meetings.
2. The remuneration of the Chairman and the members of the Audit Committee for their attendance at the meetings of the Committee will remain as follows:
  - a) Chairman: 1,500 Euros per meeting (net).
  - b) Members: 1,200 Euros per meeting (net).
3. The remuneration of the Chairman and the members of the Compensation and Human Resources Committee for their attendance at the meetings will remain at the net sum of 600 Euros per meeting.

## **5<sup>TH</sup> AGENDA ITEM:**

With regards to the first part of this item, the fees paid to the Chairman of the Board of Directors and Chief Executive Officer for the fiscal year 2008 amounted to a total net sum of 525,000 Euros (350,000 salary plus 175,000 bonus for FY 2007).

With regards to the second part of the agenda item, the Board of Directors of OTE S.A., during the 2835 meeting on June 22, 2008 (agenda item 4), approved the submission of proposal to the Ordinary General Assembly of Shareholders in order to approve:

1. The payment of a special performance fee to the Chairman and Chief Executive Officer for the fiscal year 2008, in the net sum of 175,000 Euros.
2. That the fee of the Chairman and the Chief Executive Officer remain unchanged during the year 2008, that is, in the net sum of 25,000 Euros per month, on a 14-months basis [12 months plus the Christmas and Easter allowance and the holiday allowance, amounting in total to two months' salaries].

## **6<sup>TH</sup> AGENDA ITEM:**

According to the Agenda of the Ordinary Annual General Assembly of Shareholders on June 24<sup>th</sup>, 2009, a new Board of Directors is going to be elected. Following this, the Board of Directors will hold an inaugural meeting in accordance with article 10 of the Company's Articles of Incorporation.

The Board of Directors of OTE S.A., during the 2835 meeting on June 22, 2008 (agenda item 4), approved the submission of proposal to the Ordinary General Assembly of Shareholders in order to approve:

1. The contract that will be signed among the Chief Executive Officer- after his election by the Board of Directors at its inaugural meeting following election of the Board by the AGM- and the Company, for his duties as CEO beyond his participation in the BoD. During the AGM the above mentioned draft contract is expected to be submitted for approval.
2. The contract between the Company and BoD member Mr. Kevin Copp that was signed, on May 8, 2009 according to which, the aforementioned BoD member, will assume on August 1, 2009, the position of Chief Financial Officer of OTE Group. According to article 23A, paragraph 4 of Law 2190/1920 as now in force this contract needs to be approved by the AGM.

## **7<sup>TH</sup> AGENDA ITEM:**

### History

The liability insurance contract of the members of the Board of Directors and executives of OTE is continuously in effect from 22.07.2005. The initial contract 59560/3 was concluded pursuant to a resolution of the Ordinary General Assembly of the Shareholders of June 16, 2005, for one year term and an annual premium of €1,825,000. The insurance companies covering the risk, which were selected through a tender process set up by the Supply Department, are

"ETHNIKI INSURANCE" (by a percentage of 75%), "ATE INSURANCE S.A." (by a percentage of 20%) and "NATIONAL UNION Fire Insurance Company P.A." (by a percentage of 5%).

The Annual General Assemblies of June 22, 2006, May 29, 2007 and June 26, 2008 approved the renewal of insurance policy 59560/3 for the insurance of liability of the members of the Company's BoD and Managers, with the same terms for each annual renewal, and the annual premium was set at €1,824,278, €1,459,421 and €1,459,421 respectively.

#### Range and terms of coverage

The objective of the insurance coverage is the protection of the members of the Company's Board of Directors and its executives from direct claims against them that may arise individually or collectively, as a result of an illegal act or omission during the exercise of their administrative and managerial duties for a potential financial damage they might cause to third parties. It is important to note that under the current insurance, no coverage is provided for the company itself while the damages caused by illegal actions or omissions of the insured persons, motivated by malice or intent, are not covered.

The coverage includes the restitution of their financial damage and, in particular, the sums that have been awarded by court decisions or agreed after settlement, legal fees, court costs, research costs, experts and technical consultants' fees.

The liability of the insurance agents is activated in the case that a claim is raised against the covered persons during the period of effect of the insurance contract. The claim may arise by a fact related exclusively to their administrative and managerial duties and which occurred during the period of effect of this insurance contract. Indicatively, the following are considered duties: the display of loyalty, commitment and compliance to the rules and practices of the Company, the display of vigilance, care and prudence in the daily tasks and during decision making and, in general, the implementation of the decrees of law and regulations governing the Company and, consequently the compliance with the regulation of operations, organization chart and Articles of Incorporation of the Company.

The top general limit for the coverage of the insured damages amounts to €100,000,000 per loss-making case for all the insured and accumulatively for the entire duration of coverage (for the 100% of the risk). The total coverage limit includes the court costs and expenditures. In addition, it also includes special arrangements concerning the restriction of the aforementioned maximum sum for specific claims as well as exceptions from the coverage in the USA and Canada.

The insurance coverage extends to claims that may arise from the participation of the covered persons also in subsidiaries (companies), following the orders of the insured company. The relevant Insurance Cover Note also offers immediate coverage for their participation to the newly acquired subsidiary companies on the condition that the value of their assets will not exceed the 10% of the value of the consolidated assets of O.T.E. S.A., without offering retroactive coverage of the newly acquired subsidiary companies.

Pursuant to the above, the Company's Board of Directors at its no. 2832 meeting held on May 29, 2008 (agenda item 2<sup>nd</sup>) approved the submission of a proposal to the forthcoming General Assembly of Shareholders in order:

A. To approve:

1. The renewal of the liability coverage of OTE S.A. Directors and Executive Officers for a one year period, from 00:01 of 22-7-2009 until 00:01 of 22-7-2010, under the same terms of the existing contract.
2. The assignment to the Chairman of the Board of Directors and CEO of the authorization to sign the relevant contract on behalf of OTE S.A.

B. To Authorize the General Director for Human Resources to negotiate the final annual premium up to the top limit of 100,000,000 to be paid for the aforementioned insurance contract, as well as to proceed with amendments to its terms to the Company's and the insured person's benefit.

### **8<sup>TH</sup> AGENDA ITEM:**

Following the Decision of the repetitive 56<sup>th</sup> Annual Assembly, a Stock Option Plan was established for OTE and its affiliated companies (as defined in article 42e of Law 2190/1920 as in force) covering the years 2008-2009-2010, according to article 13 par.13 of New Law 2190/1920. The total number of shares under the Plan was determined to be 15,500,000.

Under the same decision, the preferential selling price for the first granting was defined to be €19.49 for all participants of the Company and affiliated companies, with the exception of the pre-existing rights of Cosmote Group Executives (for which the selling price was the one defined by virtue of the pre-existing Cosmote stock option plan with the exception of 2007, for which the price was set at €19.49). Regarding the subsequent grantings, the preferential selling price will be the average closing price of the Company's share on the ATHEX during the month of September of the granting year.

The continuing weak Stock Exchange performance does not allow participants to exercise their Definitive Rights to purchase OTE Shares which have been already granted. As a result, the time during which they may exercise their rights, under the current plan, is substantially limited and therefore the key purpose of the Plan is not served.

In addition, the Plan determines that the granting of the rights will be effected through share capital increases. Following the exercise of these rights therefore, the Company's BoD will have to proceed with continuous share capital increases.

Given that article 13 par.3 of Law 2190/1920 as now in force allows for the granting of rights to stock option plan beneficiaries through share buybacks, the Plan becomes much more flexible.

On April 7, 2009 a share buyback program was approved by the Extraordinary General Assembly of Shareholders according to article 16 of Law 2190/1920 as now in force for a percentage up to 10% of the existing share Capital and during a period

of 24 months, following the date of the respective decision of the Extraordinary General Assembly of Shareholders.

Pursuant to the above, the Board of Directors approved the submission to the forthcoming Ordinary Assembly of Shareholders of a proposal for the approval of:

1. The amendment / rewording of terms 7.3 and 8.2 of the current Plan, as follows:
  - «7.3. The Board of Directors of the Company issues, for the beneficiaries who have exercised their rights, Certificates for the right to acquire OTE shares and, within the months of May and November every year, it approves the allocation of equivalent number of own shares as the exercised Vested Rights.»
  - «8.2. Loss of Vested Rights for Acquisition of OTE shares:  
Beneficiaries under the current Plan are deprived of their Vested Rights for Acquisition of OTE shares in case they have not exercised them within the time period mentioned below:
    - (i) Vested Rights for Acquisition of OTE Shares deriving from conversion of Basic Option Rights:  
They may be exercised until October of the 7<sup>th</sup> calendar year from the Granting Date of the relevant Basic Option Rights.
    - (ii) Vested Rights for Acquisition of OTE Shares deriving from conversion of Additional Option Rights:  
They may be exercised until October of the 3<sup>rd</sup> calendar year from the Year of Conversion. »
2. The granting of authorization to the Board of Directors, so that upon its resolutions:
  - A) it manages every detail pertaining to the description of conditions for the granting of rights to beneficiaries and the procedure, in general, through which such rights are granted, including the exact number of granted rights within the limits set by the General Shareholders' Assembly,
  - B) it issues Certificates for the right to acquire OTE shares,
  - C) it allocates the Company's own shares, which will be acquired according to the provisions of the law, to beneficiaries for the implementation of the current Plan,
  - D) it proceeds with any action necessary, in accordance with the law and the terms of the resolution adopted by the General Assembly of Shareholders, for the allocation of the shares to the beneficiaries and the implementation of the Plan as a whole.

### **9<sup>TH</sup> AGENDA ITEM:**

Pursuant to article 9, paragraph 1 and 2 of the Company's Articles of Incorporation, the Board of Directors consists of 9 to 11 members, which may or may not be shareholders of the company. The members of the Board of Directors are elected by the General Assembly of Shareholders, which each time determines the exact number of the BoD members and appoints the independent members among them.

The BoD members are executive and non executive, of whom (non executive) at least two (2) are independent.

The members are elected for three (3) years. The term of each member at the Board of Directors, without prejudice to paragraph 4 of the aforementioned article, commences on the day of his/her appointment by the General Assembly of Shareholders and is terminated at the Ordinary General Assembly of Shareholders of the year during which, three years of term have been completed.

The forthcoming General Assembly of Shareholders will have to elect a new BoD whose members will serve for a 3-year term. It will also have to appoint at least 2 independent members.

In view of the above and since the Audit Committee consists of three (3) independent non-executive members of the Company's BoD (according to the Audit Committee Regulation), following the election of the new members of the BoD, three independent non-executive members of the Board of Directors, from the total number of its members, should also be appointed. In case two (2) independent members are appointed, the third member of the Audit Committee should fulfill the Independence requirements according to applicable law.

It should be noted that, according to applicable Law, the following persons cannot be appointed as members of the Board of Directors:

- A) Members of Parliament
- B) District Attorneys, Judges, Assistant Judges, Magistrates to the Court of Peace and Court Secretaries.
- C) Civil servants without any special permission
- D) Persons (individuals), or their spouses or relatives up to first-degree kinship who participate at the same time in the Board of Directors of a company-member of the Stock Exchange operating in Greece.
- E) Shareholders of an Investment Firm, as well as their spouses or relatives up to first-degree kinship.

In addition, since the independent members of the Board of Directors will be also appointed, it should be noted that, according to the Legislation in force, shareholders holding shares at a percentage greater than 0.5% of the share capital of the Company, or those having a relation of dependency with the Company or the affiliated persons to the company, may not be appointed as independent members.

According to the law, there is a relation of dependency when the member of the Board of Directors:

- A. Conducts business or maintains a professional relationship with the Company or with an affiliated company, which influences the Company's business activity, especially when (that person) is a main supplier or customer of the Company.
- B. Is an executive officer of the Company or of an affiliated company or is related to any of them through an employment contract or a salaried mandate or is an executive member of the Board of Directors of a business related to the Company.

- C. Is related, up to the second-degree kinship, or is a spouse of an executive member of the Board of Directors or an executive officer or a Shareholder, who owns the majority of the share capital of the Company or of an affiliated company.

**10<sup>TH</sup> AGENDA ITEM:**

Appointment of the members of the Audit Committee, pursuant to article 37 of Law 3693/2008. According to article 37 of Law 3693/2008 all the members of the Audit Committee are appointed from the General Assembly of Shareholders, and one of them must be a financial expert.