

4th Six-Month Report of the Observatory for the Greek Information Society regarding broadband development in Greece

12 Remarks & Conclusions about the Development of broadband services in Greece and the European Union

- Broadband penetration in Greece amounts to 4,39%, while the increase in broadband connections during the second semester of 2006 reached 65%.
- The domestic market shows the highest and most stable increase in the EU-25, with a tendency towards medium-term convergence
- Greece has the ability to converge with the EU-25 countries, within the forthcoming five-year period.

February 2007

INTRODUCTION

- This Fact Sheet presents the main findings of the 4th report issued by the Observatory for the Greek Information Society, with regards to developments in the broadband market for the period between the 1st of July 2006 and the 1st of January 2007.
- It should be noted that for the completion of the study and data collection the researchers of the Observatory for the Greek Information Society collaborated with Institutions, Organizations and Companies that operate in the sector of telecommunications.

MAIN FINDINGS

I. BROADBAND PENETRATION

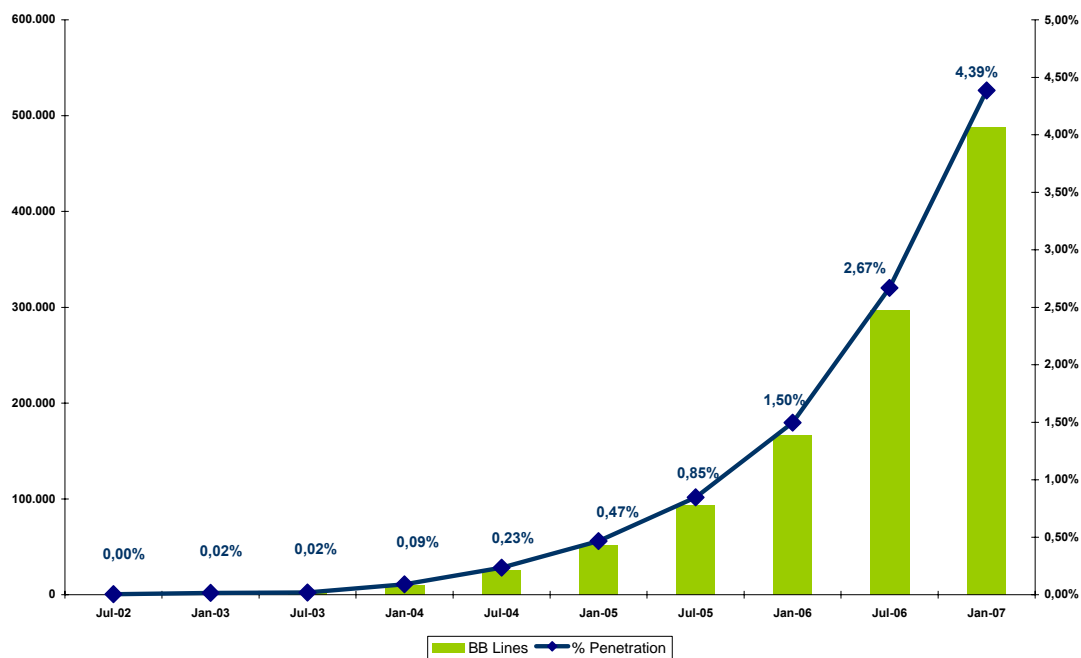
GREECE

- In Greece, the degree of broadband penetration (connections per 100 residents) on the 1st of January 2007 reached 4,39%, compared to 2,66% on the 1st of July 2006, showing significant increase of 65%.

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- At the same time, it is very positive that in Greece, the average number of monthly broadband connections (ADSL) is between 37.650 connections (second semester of 2006), showing an increase of demand that exceeds 40%, compared to the data regarding the previous semester.
- On the 1st of January 2007, it is estimated that the total number of broadband connections in Greece, amounted at approximately 487.893 connections based on the information that the Observatory for the Greek Information Society gathered from the Hellenic Telecommunications and Post Commission and the incumbent Telecommunications Provider (OTE).

Diagram: Broadband Connections



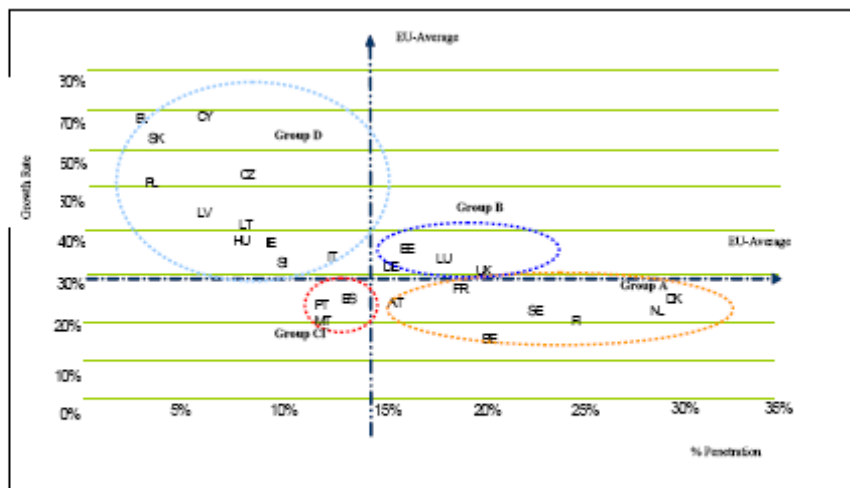
EUROPE

- The average of broadband penetration (connections per 100 residents) in the EU-15 countries, reached 16,7% in contrast to 14,46%, in January 2006. Consequently and based on the fact that on the 1st of July 2005 the average amounted to 11,9%, we can conclude that the penetration has increased by 4,8 % year over year.
- Respectively, at the same period the percentage of broadband penetration for the EU-25 countries, reached 14,9%, showing an increase of 4,4 % on an annual basis.

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- It is interesting to note that according to the level of broadband penetration and the dynamic increase of the EU-25 countries, we see that, in essence, 4 groups of countries are formed. In particular:
 - Denmark and The Netherlands constitute the “pioneers” and maintain the first position
 - Countries such as the United Kingdom and Germany are the “upcoming leaders”
 - Italy and Greece are characterized as “intensely developing”
 - Spain and Portugal consist examples of countries that achieve “moderate development”

DIAGRAM: European Union Countries chart according to the percentage penetration and increasing dynamics



- Furthermore, as far as EU-25 countries are concerned, it is worth mentioning that Greece, Cyprus and Slovakia maintain high percentages of relative broadband growth.

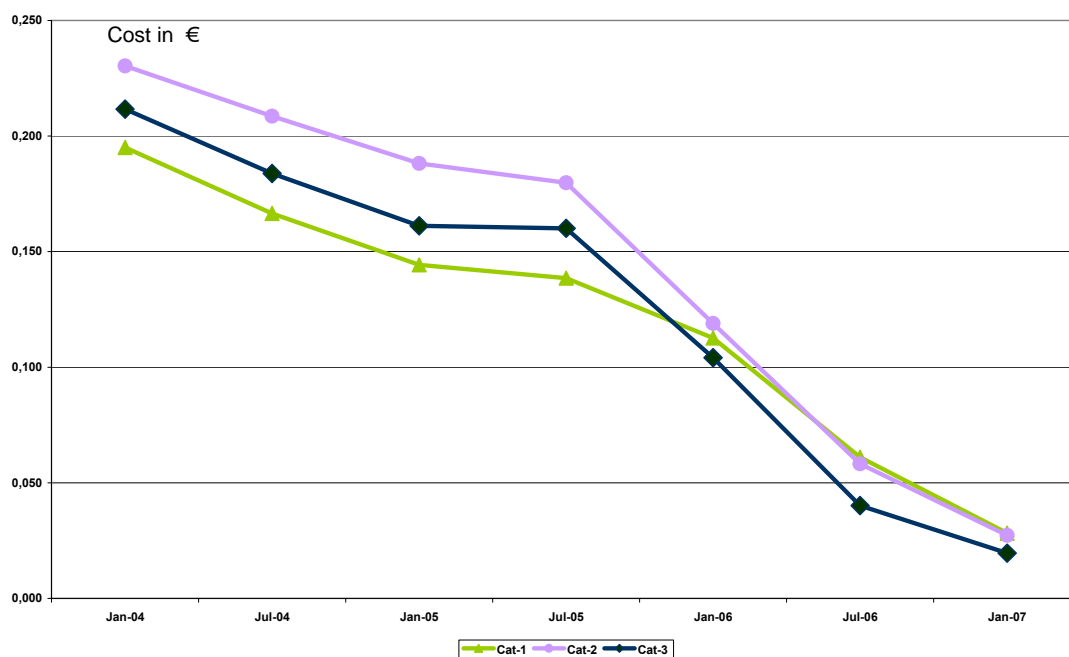
II. COST DEVELOPMENT OF BROADBAND ACCESS

The constant increasing acquisition tendency of broadband connections that has been observed in Greece during the period in review is directly related to the decreasing course of the average total acquisition cost of equipment per speed of access.

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More specifically, for all speed rates (basic, medium and high access), prices/ kbps have decreased at a rate of 50% on a semi-annual basis, taking into consideration the recent doubling of nominal speed of access.

Diagram: Average cost development of Broadband connections (January 2004-January 2007) in absolute figures per Kbps of access



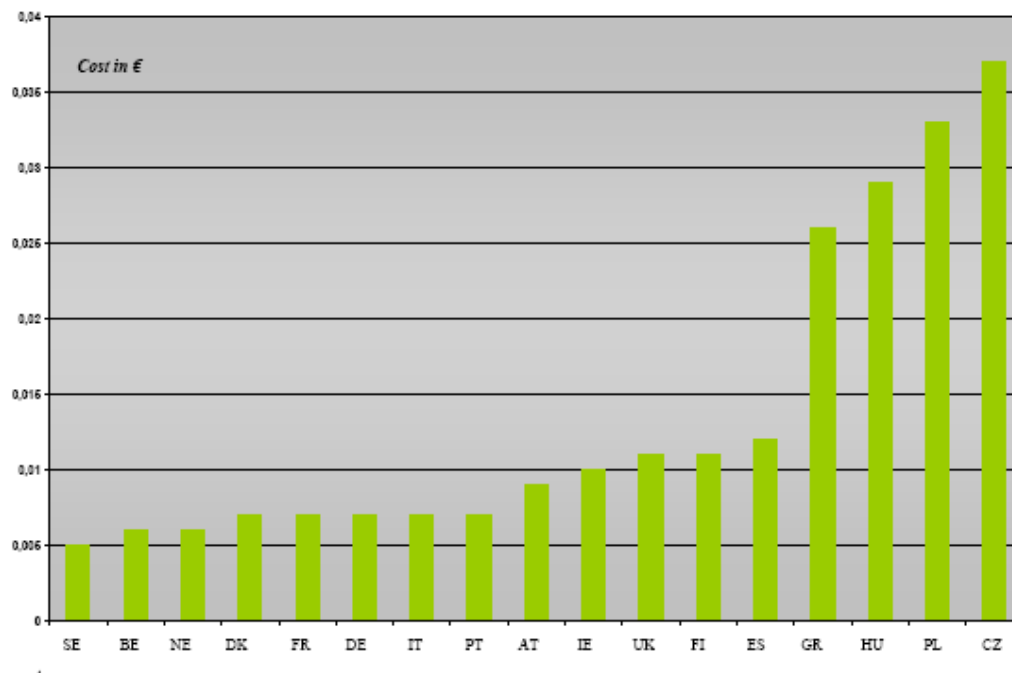
From the above diagram we can observe a decreasing trend in the prices of broadband services. The available data indicate that:

- Cost per kbps of access has decreased with an average rate of 53,8% during the second semester of 2006 in the basic nominal speed of access.
- Cost per kbps of access has decreased with an average rate of 53,2% during the second semester of 2006 in the average nominal speed of access.
- Cost per kbps of access has decreased with an average rate of 51,3% during the second semester of 2006 in the high nominal speed of access

Within this framework, the domestic retail prices for broadband connections are not the most high-priced in Europe, while the prices offered by companies to new customers range between medium European levels.

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Diagram: EU Countries rank according to fixed monthly cost per 1 Kbps of access speed



Depending on the case, competition is based on pricing, offering new customers one-month free subscription, while in other cases, differentiation of services is provided to customers with telephony and television entertainment services. In addition, in many cases it has been observed that providers offer customers free equipment with their broadband subscriptions. The particular point concerns the programs that combine services (multi play), through which, the shift of broadband penetration from “basic player” to “leader” of Internet penetration is attempted.

III. FURTHER INFORMATION CONCERNING GREECE

According to that the data collected by the Observatory for the Greek Information Society, it appears that Greece presents an increasing development rate in relation to computer use and Internet penetration in households.

In particular:

- An important increase in computer possession, between two successive measurements (2005 and 2006) is observed with regard to domestic users.

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More specifically, computer penetration in 2005, fluctuated in the levels of 39%, while in 2006 it reached 42%, presenting an increase of 7%.

- With regard to the Lisbon objectives concerning Internet connections in households (goal of 30% household penetration), Greece seems to be heading towards this goal.
- The gap in Internet penetration between specific regions and the whole of Greece is showing a decreasing trend, marking the development of the Internet market throughout the country. Despite the fact that the Region of Attica maintains the leading place regarding domestic users with a penetration exceeding 37%, a significant increase of Internet penetration, greater than 50% is also observed in the Regions of Northern Aegean and Main Land Greece (Sterea Ellada).