



Announcement

May 07, 2009

Telefónica O2 Czech Republic recently concluded an agreement with T-Mobile Czech Republic on settlement of disputes concerning the prices for mutual interconnection of telecommunication networks in the period from 1 January 2001 until 31 December 2001. On the basis of this settlement agreement, T-Mobile Czech Republic will pay to Telefónica O2 Czech Republic a lump-sum amount exceeding CZK 900 million. This transaction will be reflected in Q2 2009 financial statements. At the same time, all court proceedings carried out by both parties in this matter will be terminated.

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About Telefónica O2 Czech Republic

Telefónica O2 Czech Republic, a.s., is the first integrated operator in the Czech Republic, formed on 1 July 2006 by the merger of the leading fixed line operator, ČESKÝ TELECOM, a.s., and the strongest mobile operator, Eurotel Praha, spol. s r.o., into a single telecommunications organization. The organization is now operating more than seven million lines, both fixed and mobile, making it one of the world's leading providers of fully converged services.

Telefónica O2 Czech Republic offers the most comprehensive portfolio of voice and data services in this country. Special attention is paid to the exploitation of growth potential, particularly in the data and Internet sector. Telefónica O2 Czech Republic operates the largest fixed and mobile network, including a 3rd generation network, CDMA (for data), and UMTS, enabling voice, data, and video transmission. Telefónica O2 Czech Republic also runs the largest network of WiFi hotspots in the country.

About Telefónica O2 Europe

Telefónica O2 Europe comprises mobile network operators in the UK, Ireland, and Slovakia, along with integrated fixed/mobile enterprises in Germany and the Czech Republic - all of which use 'O2' as their consumer brand. Telefónica O2 Europe also owns 50% of the Tesco Mobile and Tchibo Mobilfunk joint venture businesses in the UK and Germany, respectively, and has 100% ownership of Be, the UK's leading fixed broadband provider. Additionally, the group includes the Isle of Man fixed/mobile operator, Manx Telecom.

Telefónica O2 Europe, part of the Telefónica group, is headquartered in Slough, UK, and has more than 40 million mobile and fixed customers.

A *Telefónica* company