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## TELEFONICA REACHES AN AGREEMENT WITH TELECOM ITALIA TO ACQUIRE HANSENET

- Once the transaction is finalized, Telefónica will become the number three player in the German telecommunications market
- Telefónica will add new fixed and mobile capabilities taking a leading position as an integrated operator

**Madrid/Munich/London, 5<sup>th</sup> November 2009.-** Telefónica S.A. and Telecom Italia have today signed an agreement for the acquisition of Hansenet for a firm value of 900 million euros in an all cash transaction.

Once the acquisition of the DSL-provider is finalized, Telefónica O<sub>2</sub> Germany will become the number three player in the German market in terms of revenue. The combination of both companies annual revenue will amount to almost five billion Euro. The transaction is subject to the signature of the definitive agreements and the approval from the relevant competition authorities and is expected to be finalized during the first quarter of 2010.

“As one of the leading DSL-providers in Germany Hansenet is a perfect match for O<sub>2</sub>. Both companies are defined by a challenger spirit and have proven success stories in their fields”, said Matthew Key, Chairman and CEO of Telefonica Europe. “The arrival of Hansenet to the Telefónica family would be a huge step forward as an European integrated telecommunication provider. This agreement underlines our clear commitment to the German market”.

After the acquisition is finalized, Telefonica O<sub>2</sub> Germany will add Hansenet’s DSL customers which currently stand at around 2.2 million and will also strength the capability to serve bundle-offers of mobile and fixed net products. Telefónica will therefore become a leading integrated telecommunication provider in Germany with 15 million mobile and 2.4 million DSL customers in the country.