



TELEFÓNICA EUROPE ANNOUNCES STRONG FIRST QUARTER 2009 RESULTS

PR0904

Released: 13 May 2009

OPERATIONAL HIGHLIGHTS:

- **Telefónica Europe** delivered a strong first quarter financial performance with a 11.7% growth in operating cash flow in a tough economic environment
- Revenue grew 4% while OIBDA rose 7% year-on-year, improving margin by 0.8 percentage points
- Improved balance across Telefónica Europe's business portfolio, with increasing contribution from Germany and growing importance of DSL
- Total customer base up 9% to 46.7 million
- **Telefónica O2 UK** outperformed the market yet again, bucking trends with revenue and OIBDA growth of nearly 7% fuelled by increasing mobile data usage. Contract churn at lowest-ever for UK market
- **Telefónica O2 Germany** maintained its recent turnaround in performance with a 3.6% year-on-year growth in total revenues and OIBDA up more than 24%

Matthew Key, Chairman & Chief Executive of Telefónica Europe, commented:

“Telefónica Europe continues to go from strength to strength, outperforming our competitors by investing in customer experience as a means to drive sustainable growth and emerge from this recession fitter and stronger than before.

“In spite of a tough economic environment, we delivered a strong set of results in the first quarter in increasingly competitive markets. We have, in particular, reported impressive cash flow growth, while maintaining our levels of investment to ensure the long-term health of the business.

“At the end of March 2009, Telefónica Europe's total customer base reached 46.7 million (+9% year-on-year), with mobile customer net additions of more than 450,000. This highlights an exceptional performance in the contract segment (up more than 12%) built on propositions around flat rates, SIM-only and mobile broadband, as well as successful retention activities across markets. Revenues in the first quarter of 2009 continued to show resilient year-on-year growth of 4% in organic terms to reach €3.245 billion.

“Key to this ongoing success is the improved balance in our European business portfolio, particularly Germany where, as anticipated, we are continuing to build operational momentum thanks to the foundations we have put in place over the past year. We are also seeing an increasing revenue contribution from our fixed DSL activities across the group.

“The UK business yet again outperformed in a slower market. Telefónica O2 UK’s churn is the lowest the industry has ever known – helped by our constantly evolving range of innovative consumer and business propositions. We added more than a quarter of a million contract customers in the first three months of 2009 – a growth of around 20% year-on-year – and at the end of March contract customers made up over 40% of the total base. Significantly, non-SMS data revenues were up 42%, driven mainly by an increase in the number of mobile broadband connections and the continued success of high-end phones such as BlackBerry and the iPhone.

“The recovery in the performance of Telefónica O2 Germany continues. Our mobile customer base reached 14.5 million at the end of March – an increase of 11.7% year-on-year. The German operation delivered profitable growth, benefiting from our significant investment in own network build-out and increased distribution channels. With the recent introduction of a ground-breaking new commercial proposition in the German market, based on a clear, simple and transparent tariff structure, I am convinced we will see this trend continue – keeping us on track to realising our full potential in Europe’s largest market.

“Ireland’s difficult economic climate saw lower commercial activity across all sectors than in the same period of 2008. However, more efficient management of the business allowed Telefónica O2 Ireland to marginally increase operating cash flow over the previous year. Telefónica O2 Czech Republic drove very strong commercial activity in the first quarter of 2009 and, in Slovakia, we continued to report improved customer growth and financial performance.

“During the quarter, we also announced a milestone pan-European network infrastructure sharing collaboration with Vodafone which will deliver cost efficiencies amounting to hundreds of millions of euros. We have now moved into the implementation phase of this wide-ranging programme”

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RESULTS BY REGIONAL BUSINESS UNITS

Telefónica Europe

Telefónica Europe produced strong financial performance in the first quarter of 2009 in an increasingly tough trading environment, maintaining market momentum while delivering on cash generation as a result of an ongoing efficiency programme and an increasingly rebalanced portfolio.

At the end of March 2009 Telefónica Europe's total customer base reached 46.7 million (+9.0% year-on-year). Mobile customer net additions for the quarter were 453,679, reaching a total **mobile customer base** of 41.9 million (+7.7% year-on-year). This highlights a strong performance in the contract segment (+12.1% year-on-year) built on propositions around flat rates, SIM-only and mobile broadband, as well as successful retention activities across markets.

Revenues in the first quarter of 2009 continued to show resilient year-on-year growth of 4.0% in constant currency to reach 3,245 million euros, underpinned by Telefónica O2 UK's solid year-on-year total revenue growth of 7.0% in local currency, as well as 3.6% growth at Telefónica O2 Germany, compensating declines in Ireland and the Czech Republic.

Operating income before depreciation and amortization (OIBDA) in the first quarter recorded a significant 7.0% year-on-year growth in constant currency, totalling 883 million euros. This was mainly driven by a strong performance in the UK, an increase in efficiency in Germany, and the proceeds from real estate disposals of 13 million euros, principally in the Czech Republic. OIBDA margin in the first quarter of 2009 improved 0.8 percentage points over the same period of 2008 in constant currency terms.

Reported revenues and OIBDA for the first quarter showed a year-on-year decline of 6.6% and 3.2%, respectively, with the OIBDA margin increasing 0.9 percentage points year-on-year to reach 27.2%, mainly impacted by British Sterling and Czech Koruna depreciations in the period.

Operating cash flow (OIBDA-CapEx) totalled 527 million euros, a significant increase of 11.7% year-on-year in constant currency, reflecting strong OIBDA generation and CapEx evolution (+0.4% year-on-year in constant currency due to higher level of investments in Germany and the Czech Republic which should not be considered to be a trend for the year).

Telefónica O2 UK

In the first quarter of 2009 Telefónica O2 UK continued to outperform in a slower market, achieving record levels of contract churn and obtaining market leading customer satisfaction indicators across all segments while delivering on ongoing efficiency programmes.

Net mobile additions in the first quarter reached 141,753, 2.5 times the figure registered in the same period last year, ending March 2009 with a total **mobile customer base** of 20.4¹ million lines (excluding Tesco Mobile). This represents a 7.0% year-on-year growth achieved through innovative propositions in the quarter such as new Simplicity tariffs, new Business tariffs, DSL promotions and new contract and prepay mobile broadband tariffs.

After adding 286,267 contract customers in the first quarter of 2009 (+18.4% year-on-year), contract customers made up 42.6% of the total base at the end of March (40.3% in March 2008). This positive performance was due to prepay to contract migrations, a broader range of "Simplicity" propositions, strong mobile broadband connections and continued success of high-end devices (including the iPhone and Blackberry handsets).

¹ As of Dec. 31st 2007, M2M lines have been included in the customer base, thus reporting ARPU and churn figures have been revised accordingly. As a result the customer base at the end of March 2009 includes 836 thousand M2M lines.

The evolution of the prepay base was mainly impacted by the above mentioned prepay to contract migration activity, as well as the seasonal disconnections after Christmas. Propositions such as “Unlimited” and “Top up Surprises” are helping to retain customers in this segment.

The strong performance in contract **churn** continued in the first quarter with a year-on-year reduction of 0.2 percentage points in the quarter to reach 1.2%. This reflects the customer centric approach of the Company resulting in market leading satisfaction levels. Total churn for the quarter was 2.8%, down 0.1 percentage points year-on-year.

In terms of usage, **traffic** carried in the first quarter of 2009 grew 17.5% to over 12,798 million minutes; with prepay customers increasing usage on propositions such as Unlimited, while contract customers continued optimising their voice bundle utilisation.

Voice ARPU showed a year-on-year decline of 6.3% in local currency, due to the continued uptake of customer propositions, such as Simplicity, which better fit customers’ current expectations with reduced acquisition costs, as well as the optimising behaviour of customers when using voice bundles. Outgoing roaming activity in the quarter also reduced with the economic environment impacting travel abroad.

Data ARPU continued to grow in the first quarter of 2009, with a year-on-year increase in local currency of 1.5%. This was mainly driven by an increase in the number of mobile broadband connections, as well as the continued success of data bolt-ons. This was partially offset by a decline in SMS ARPU due to the optimising behaviour of customers and the voluntary reduction of mobile termination rates. Data revenues increased 8.4% year-on-year in local currency in the first quarter of the year with non P2P-SMS data revenues increasing 42.2% year-on-year in local currency.

As a result, Telefónica O2 UK’s **total ARPU** in the first quarter of 2009 showed a 3.6% year-on-year decline in local currency.

Telefónica O2 UK’s DSL **broadband** service added 63,618 lines in the first quarter of 2009, leaving the total fixed broadband customer base at 404,484 lines at the end of March.

Revenues for the first quarter were 1,563 million euros, a solid increase of 7.0% year-on-year in local currency, mainly driven by mobile service revenue growth of 5.2% year-on-year in local currency, which amounted to 1,422 million euros. As expected, revenue growth from handset sales was lower than in the previous quarter due to the phasing of handset shipments for Christmas.

Operating income before depreciation and amortization (OIBDA) totalled 376 million euros in the first quarter of 2009, a 6.9% year-on-year growth in local currency, leveraging on optimisation of customer investment costs (market leading churn and increased proportion of SIM-only customers), continued operational efficiencies in non-commercial costs, as well as improved contribution from the DSL business. The Company kept momentum in the market with focused commercial campaigns in the quarter and as a result, OIBDA margin for the quarter was 24.1%, flat over the same quarter of last year.

Operating cash flow (OIBDA-CapEx) for the quarter totalled 252 million euros, a significant increase of 31.5% year-on-year in local currency. This reflected strong OIBDA performance and **CapEx** reduction of 22.5% year-on-year in local currency to total 124 million euros.

Telefónica O2 Germany

Following the trend initiated in previous quarters, Telefónica O2 Germany continued to get demonstrable benefits from building the foundations of the business, such as more use of direct channels. Furthermore, the new customer proposition around "O2 o", launched at the beginning of May, has been developed to drive momentum in the German market.

Telefónica O2 Germany's **mobile customer base** reached 14.5 million at the end of March, 2009 (+11.5% year-on-year). In the first quarter it is worth highlighting mobile contract net additions of 118,225, an increase of 37.6% over the previous quarter, backed on the new commercial approach with continued success of customer propositions around the Handy Flat rate and mobile broadband. In the first quarter of 2009, contract customers represented 48.8% of the base (49.5% at the end of March, 2008).

In the first quarter of 2009, **churn** rate increased 0.4 percentage points year-on-year to 2.1%, with the Company focusing on retention of high value customers.

Traffic carried in the first quarter of 2009 decreased 0.9% year-on-year to 5,555 million minutes, but represented a 1.9% growth over the previous quarter. This is primarily due to contract customers optimising usage within the bundle, as well as fewer promotions in prepay versus the first quarter of 2008.

Voice ARPU for the first quarter was 11.2 euros (-12.6% year-on-year), mainly as a result of the migration process to new value tariffs that was developed throughout 2008, and the increase of customers from partner brands in the base.

Data ARPU for the first quarter was 4.7 euros (-4.9% year-on-year), due to the impact on SMS usage from the introduction of better value tariffs and flat rate voice promotions. Data revenues increased 6.9% year-on-year in the first quarter with non P2P-SMS data revenues increasing 26.2% year-on-year in the first quarter, mainly driven by growth in mobile broadband "Surfsticks".

Total **ARPU** for the first quarter was 15.9 euros (-10.5% year-on-year), impacted by declines in voice and data ARPUs in the quarter.

In the first quarter of 2009, 16,895 O2 **DSL** customers were added to reach a total customer base of 231,678 at the end of March, an improvement over the fourth quarter of 2008. Telefónica Deutschland reported 1.4 million ULL lines in total at the end of March, 2009 (+71.4% year-on-year).

Revenues totalled 886 million euros in the first quarter of 2009 (+3.6% year-on-year), with sustained growth of mobile service revenues (695 million euros, up 0.6% year-on-year) and increased contribution from wholesale fixed broadband revenues (113 million euros, +15.3% year-on-year).

Operating income before depreciation and amortization (OIBDA) for the first quarter totalled 202 million euros, a strong 24.2% year-on-year growth, improving margin by 3.8 percentage points to 22.8%. This performance is a result of the increased own mobile network coverage, improved distribution network, enhanced profitability of the fixed broadband wholesale business, as well as the new commercial approach introduced in the fourth quarter, which significantly reduced acquisition and retention costs.

CapEx amounted to 184 million euros in the first quarter, 34.7% higher year-on-year. This reflects the continuation of the infrastructure network rollout and the acceleration of the distribution network. This year-on-year increase is partially due to network roll-out phasing and hence should not be taken as a trend for the year.

Operating cash flow (OIBDA-CapEx) amounted to 18 million euros in the first quarter of 2009, compared to 26 million euros in the same period of last year.

Telefónica O2 Ireland

In an increasingly difficult economic environment, Telefónica O2 Ireland continued to make progress, with the **mobile customer base** up 2.9% year-on-year to 1.7 million customers, and improved its **operating cash flow (OIBDA-CapEx)** by 1.1% year-on-year despite pressure in revenues.

The contract market continued to drive growth for Telefónica O2 Ireland, with 8,069 net additions in the first quarter of 2009 to reach 651,160 lines (+13.5% year-on-year, representing 38.1% of the total customer base). Key drivers of this performance included progress in the corporate and business market and continued momentum in mobile broadband.

Responding to the changing requirements of our customers and their need for greater flexibility and control over costs, a number of new products and services were launched, such as “O2 Experience” (better value prepay price plans), “Spend Alerts” (innovative spending control service) and specifically for businesses, “O2 Analyser” (telecoms expense management tool).

Churn reached 2.9% in the first quarter of 2009, slightly higher than in the first quarter of last year, with an increase in contract churn as a result of the trading environment, while prepay churn remained broadly stable over the previous year.

Traffic carried in the first quarter of 2009 declined by 0.3% to 1,158 million minutes. This was driven by an increasing number of customers optimising their usage, the continued voice to text substitution trend as a result of the value for money price plans in the marketplace, including O2 Experience which offers free texts to any Irish mobile network, as well as a decrease of roaming out activity from customers.

Voice ARPU registered a year-on-year decline of 13.7% in the first quarter of 2009, mainly due to customers managing their spend and reduced roaming out activity.

Data ARPU was 3.5% higher in the first quarter of 2009 at 11.6 euros, driven by a migration of customers to better value bundled based price plans. It's important to highlight the 7.7% year-on-year increase in data revenues in the first quarter of the year with non P2P-SMS data revenues in the first quarter increasing by 40.5% year-on-year on the back of the growing mobile broadband base.

As a result, total **ARPU** reached 39.3 euros in the first quarter of 2009 (-9.3% year-on-year).

Revenues for the first quarter were 224 million euros, a year-on-year decline of 3.6%. Mobile service revenues for the quarter declined 5.6% year-on-year to 210 million euros, with the decline in ARPU partially offset by growth in the customer base.

Operating income before depreciation and amortization (OIBDA) for the first quarter was 69 million euros, 8.4% lower than in the same period of the previous year. Throughout the quarter, commercial costs have been reduced and further operating efficiencies have been achieved. The margin for the first quarter was 30.7%, 1.6 percentage points lower than in the same period of last year.

The strong CapEx reduction made by the Company to adapt to the current environment allowed **operating cash flow (OIBDA-CapEx)** to increase 1.1% year-on-year, reaching 60 million euros in the first quarter.

Telefónica O2 Czech Republic

Telefónica O2 Czech Republic experienced very strong commercial activity in the Czech Republic in the first quarter of 2009, with the mobile business adapting to a more challenging trading environment, while in Slovakia the Company continued to report solid customer growth and improved financial performance.

At the end of March, the total number of **accesses**² for Telefónica O2 Czech Republic, including Slovakia, stood at 8.0 million, an increase of 1.0% year-on-year.

Fixed telephony accesses amounted to 1.9 million at the end of March, 2009 (-7.2% year-on-year), with the continued improvement in net disconnections (42,399; 42.4% lower than in the first quarter of 2008) driven by improvements in customer propositions around fixed broadband.

Retail Internet broadband accesses reached 617,283 (+17.0% year-on-year), with 33,585 net additions in the first quarter (1.8 times higher than in the same period of last year), leveraging a very strong commercial activity around “crazy week” promotions and speed upgrades. The total number of **O2 TV customers** increased by 13,289 in the first quarter to reach 127,785 at the end of March.

Mobile customers in the Czech Republic increased by 0.6% year-on-year to reach 4.8 million at the end of March, 2009, mainly driven by the increase in the contract customer base (+12.6% year-on-year), leveraged on the continued success of the Neon tariffs which were recently enriched with a wider availability of bundle options and additional bolt-ons. Telefónica O2 Slovakia continued its strong performance, reaching 365,249 customers at the end of March, 2009, an improvement of 39,915 customers over December, 2008, on the back of the success of the “O2 Fér” customer proposition.

In the Czech Republic, the **churn** rate decreased 0.1 percentage points year-on-year in the first quarter to reach 2.1%, with stronger performance of the contract segment.

In terms of usage, mobile **traffic** carried in the Czech Republic in the first quarter of 2009 grew by 8.7% to over 1,940 million minutes due to the higher contract base and the strong performance of Neon flat rate tariffs, with more than 360 thousand customers opting for one of these tariffs at the end of March, 2009.

Voice ARPU registered a year-on-year decline in local currency of 8.1% in the first quarter of 2009 due to contract customers reducing out of the bundle traffic, as well as lower roaming out and prepay customers’ activity.

Data ARPU was 1.7% lower in local currency in the first quarter of 2009 at 4.7 euros, driven by a migration of customers to better value bundled based price plans and continued optimisation of usage by customers. Data revenues were 1.5% lower in local currency in the first quarter, while non P2P-SMS data revenues in the first quarter grew by 3.3% year-on-year in local currency.

Total mobile **ARPU** in the Czech Republic reached 18.7 euros in the first quarter of 2009 (-6.5% year-on-year in local currency).

Revenues for the Telefónica O2 Czech Republic Group showed a 1.8% year-on-year decrease in constant currency in the first quarter of 2009 to reach 548 million euros. The Czech mobile business contributed negatively, with service revenue declining by 3.6% year-on-year in local currency in the first quarter, owing to optimisation of usage and MTR cuts (-11.4% from February, 2009). Fixed revenues in the Czech Republic fell by 1.8% year-on-year in local currency in the first quarter of 2009, while revenues from Slovakia grew 51.0% year-on-year.

² In order to align criteria as of 31 December 2007, the Company changed the accounting for prepay accesses in the Czech Republic and Slovakia from 13 months (registered) to three months (active), thus reporting ARPU and churn figures accordingly. As a result the customer base in the first quarter of 2009 is lower in 581 thousand lines over previous criteria.

Operating income before depreciation and amortization (OIBDA) was 0.9% year-on-year lower in constant currency to reach 247 million euros, positively impacted by real estate capital gains in the first quarter, with increased commercial costs partially compensated by further savings in non-commercial costs and the improved performance of the Slovak operation. Reported OIBDA margin for the first quarter of 2009 was 45.1%, broadly stable vs. last year (44.8%).

CapEx for the first quarter totalled 37 million euros, an increase of 26.0% year-on-year in constant currency as a result of a different spending profile, resulting in **operating cash flow (OIBDA-CapEx)** of 210 million euros.

TELEFÓNICA EUROPE ACCESSES

Unaudited figures (thousands)

	2008				2009	% Chg y-o-y
	March	June	September	December	March	
Final Clients Accesses	42,001.0	42,938.0	43,866.4	44,823.5	45,356.5	8.0
Fixed telephony accesses (1)	2,056.5	1,998.1	1,952.3	1,952.7	1,909.6	(7.1)
Internet and data accesses	996.1	1,101.4	1,212.7	1,354.5	1,463.7	46.9
Narrowband	188.7	177.0	170.3	163.4	155.4	(17.6)
Broadband	800.2	917.3	1,035.5	1,158.7	1,277.8	59.7
Other (2)	7.2	7.1	6.9	32.4	30.4	n.m.
Mobile accesses (3)	38,861.2	39,740.6	40,593.3	41,401.8	41,855.5	7.7
Pre-Pay	21,749.3	22,072.0	22,353.7	22,729.4	22,673.4	4.2
Contract	17,111.9	17,668.7	18,239.6	18,672.4	19,182.1	12.1
Pay TV	87.2	97.9	108.1	114.5	127.8	46.6
Wholesale Accesses (4)	831.3	1,008.1	1,139.0	1,237.9	1,324.4	59.3
Total Accesses	42,832.4	43,946.1	45,005.3	46,061.4	46,680.9	9.0

(1) PSTN (including Public Use Telephony) x1; ISDN Basic access x1; ISDN Primary access; 2/6 Access x30. Company's accesses for internal use included.

(2) Retail circuits other than broadband.

(3) As of 31 December 2007, in order to align the criteria for the key performance indicators of the mobile operations of the Group, the series of mobile accesses, and therefore, of total accesses, have been revised, including machine to machine accesses. In addition, the accounting criteria for prepaid access in the Czech Republic and Slovakia have been modified to align them, changing from 13 months (registered) to three months (active).

(4) Includes Unbundled Lines by T. Deutschland.

Note: Mobile accesses, Fixed telephony accesses and Broadband accesses include MANX customers.

TELEFÓNICA EUROPE CONSOLIDATED INCOME STATEMENT

Unaudited figures (Euros in millions)

	January - March		
	2009	2008	% Chg
Revenues	3,245	3,472	(6.6)
Internal exp capitalized in fixed assets	55	40	35.2
Operating expenses	(2,431)	(2,602)	(6.6)
Other net operating income (expense)	1	1	(29.8)
Gain (loss) on sale of fixed assets	13	0	n.m.
Impairment of goodwill and other assets	(0)	0	c.s.
Operating income before D&A (OIBDA)	883	912	(3.2)
OIBDA Margin	27.2%	26.3%	0.9 p.p.
Depreciation and amortization	(720)	(777)	(7.4)
Operating income (OI)	163	135	20.8

Notes:

- OIBDA and OI before management and brand fees.

TELEFÓNICA EUROPE
SELECTED FINANCIAL DATA

Unaudited figures (Euros in millions)

	January - March			
	2009	2008	% Chg	% Chg Local Cur
TELEFÓNICA O2 UK				
Revenues	1,563	1,754	(10.9)	7.0
OIBDA	376	423	(11.0)	6.9
<i>OIBDA margin</i>	24.1%	24.1%	<i>(0.0 p.p.)</i>	
CapEx	124	193	(35.5)	(22.5)
OpCF (OIBDA-CapEx)	252	230	9.6	31.5
TELEFÓNICA O2 GERMANY				
Revenues	886	855	3.6	3.6
OIBDA	202	163	24.2	24.2
<i>OIBDA margin</i>	22.8%	19.0%	<i>3.8 p.p.</i>	
CapEx	184	137	34.7	34.7
OpCF (OIBDA-CapEx)	18	26	(31.3)	(31.3)
TELEFÓNICA O2 IRELAND				
Revenues	224	232	(3.6)	(3.6)
OIBDA	69	75	(8.4)	(8.4)
<i>OIBDA margin</i>	30.7%	32.3%	<i>(1.6 p.p.)</i>	
CapEx	9	16	(43.3)	(43.3)
OpCF (OIBDA-CapEx)	60	59	1.1	1.1
TELEFONICA O2 CZECH REPUBLIC				
Revenues	548	600	(8.7)	n.c.
OIBDA	247	269	(8.2)	n.c.
<i>OIBDA margin</i>	45.1%	44.8%	<i>0.3 p.p.</i>	
CapEx	37	32	17.4	n.c.
OpCF (OIBDA-CapEx)	210	237	(11.6)	n.c.

Note: OIBDA before management and brand fee.

TELEFÓNICA EUROPE ACCESSES BY COUNTRIES

Unaudited figures (Thousands)

	2008				2009	% Chg y-o-y
	March	June	September	December	March	
TELEFÓNICA O2 UK						
Final Clients Accesses	19,206.6	19,586.8	20,105.5	20,615.6	20,821.0	8.4
Internet and data accesses	131.4	194.2	267.1	340.9	404.5	n.m.
Broadband	131.4	194.2	267.1	340.9	404.5	n.m.
Mobile accesses (1)	19,075.2	19,392.6	19,838.4	20,274.7	20,416.5	7.0
Pre-Pay	11,388.1	11,525.1	11,649.3	11,862.5	11,718.0	2.9
Contract	7,687.1	7,867.5	8,189.2	8,412.2	8,698.5	13.2
Total Accesses	19,206.6	19,586.8	20,105.5	20,615.6	20,821.0	8.4
TELEFÓNICA O2 GERMANY						
Final Clients Accesses	13,132.3	13,741.3	14,176.4	14,413.3	14,737.6	12.2
Internet and data accesses	124.7	165.4	198.1	214.8	231.7	85.7
Broadband	124.7	165.4	198.1	214.8	231.7	85.7
Mobile accesses	13,007.5	13,575.9	13,978.3	14,198.5	14,506.0	11.5
Pre-Pay	6,565.4	6,841.4	7,097.2	7,231.5	7,420.7	13.0
Contract	6,442.1	6,734.5	6,881.1	6,967.0	7,085.2	10.0
Wholesale Accesses (2)	719.9	897.4	1,026.7	1,128.4	1,215.7	68.9
Total Accesses	13,852.1	14,638.7	15,203.1	15,541.7	15,953.3	15.2
TELEFÓNICA O2 IRELAND						
Mobile accesses	1,662.9	1,687.6	1,713.1	1,727.7	1,710.6	2.9
Pre-Pay	1,089.1	1,094.9	1,082.5	1,084.6	1,059.4	(2.7)
Contract	573.8	592.6	630.6	643.1	651.2	13.5
Total Accesses	1,662.9	1,687.6	1,713.1	1,727.7	1,710.6	2.9
TELEFÓNICA O2 CZECH REPUBLIC						
Final Clients Accesses	7,562.5	7,495.0	7,441.3	7,589.5	7,564.7	0.0
Fixed telephony accesses (3)	1,995.6	1,937.7	1,892.4	1,893.4	1,851.0	(7.2)
Internet and data accesses	723.4	724.4	729.4	779.5	803.2	11.0
Narrowband	188.7	177.0	170.3	163.4	155.4	(17.6)
Broadband	527.4	540.4	552.2	583.7	617.3	17.0
Other (4)	7.2	7.1	6.9	32.4	30.4	n.m.
Mobile accesses	4,756.3	4,735.0	4,711.4	4,802.1	4,782.8	0.6
Pre-Pay (5)	2,450.9	2,365.9	2,282.0	2,282.8	2,186.7	(10.8)
Contract	2,305.5	2,369.1	2,429.4	2,519.3	2,596.1	12.6
Pay TV	87.2	97.9	108.1	114.5	127.8	46.6
Wholesale Accesses	111.5	110.7	112.2	109.5	108.7	(2.5)
Total Accesses	7,673.9	7,605.8	7,553.5	7,698.9	7,673.4	(0.0)
TELEFÓNICA O2 SLOVAKIA						
Mobile accesses	287.0	275.0	277.3	325.3	365.2	27.3
Pre-Pay (5)	213.0	200.1	199.2	226.3	247.6	16.2
Contract	74.0	74.9	78.1	99.0	117.6	58.9
Total Accesses	287.0	275.0	277.3	325.3	365.2	27.3

(1) As of 31 December 2007, in order to align the criteria for the key performance indicators of the mobile operations of the Group, the series of mobile accesses, and therefore, of total accesses, have been revised, including machine to machine accesses.

(2) Includes Unbundled Lines by T. Deutschland.

(3) PSTN (including Public Use Telephony) x1; ISDN Basic access x1; ISDN Primary access; 2/6 Access x30. Company's accesses for internal use included.

(4) Retail circuits other than broadband.

(5) The accounting criteria for Pre-Pay access in the Czech Republic and Slovakia have been modified to align them, changing from 13 months (registered) to three months (active).

TELEFÓNICA EUROPE
SELECTED OPERATING DATA MOBILE BUSINESS BY COUNTRIES

Unaudited figures

	2008				2009	% Chg y-o-y Local Cur
	Q1	Q2	Q3	Q4	Q1	
TELEFÓNICA O2 UK						
Traffic (Million minutes)	10,888	11,571	11,845	12,281	12,798	17.5
ARPU (EUR)	30.1	29.2	29.5	27.1	24.2	(3.6)
Pre-Pay	16.2	15.6	15.9	14.4	12.3	(8.5)
Contract	51.3	49.0	49.3	45.1	40.6	(5.0)
Data ARPU	10.4	10.0	10.0	9.7	8.8	1.5
%non-P2PSMS over data revenues	18.2%	18.1%	20.9%	22.0%	23.9%	5.7 p.p.
TELEFÓNICA O2 GERMANY						
Traffic (Million minutes)	5,606	5,741	5,512	5,454	5,555	(0.9)
ARPU (EUR)	17.7	17.6	17.3	16.9	15.9	(10.5)
Pre-Pay	5.9	6.1	6.0	5.8	5.4	(8.4)
Contract	29.7	29.3	28.9	28.3	26.8	(9.8)
Data ARPU	4.9	4.8	4.9	4.8	4.7	(4.9)
%non-P2PSMS over data revenues	28.4%	26.9%	29.6%	31.7%	33.5%	5.1 p.p.
TELEFÓNICA O2 IRELAND						
Traffic (Million minutes)	1,161	1,225	1,231	1,250	1,158	(0.3)
ARPU (EUR)	43.4	43.2	43.7	42.6	39.3	(9.3)
Pre-Pay	26.7	26.9	27.7	26.7	24.2	(9.4)
Contract	75.5	73.8	72.2	69.2	64.5	(14.5)
Data ARPU	11.2	10.6	10.6	10.9	11.6	3.5
%non-P2PSMS over data revenues	27.5%	30.2%	31.2%	32.6%	35.8%	8.3 p.p.
TELEFÓNICA O2 CZECH REPUBLIC (1)						
Traffic (Million minutes)	1,784	1,874	1,850	1,911	1,940	8.7
ARPU (EUR)	21.6	23.1	24.0	22.5	18.7	(6.5)
Pre-Pay	10.6	11.5	12.2	11.5	8.0	(19.1)
Contract	32.7	34.7	35.1	32.6	28.2	(8.9)
Data ARPU	5.2	5.5	5.3	5.5	4.7	(1.7)
%non-P2PSMS over data revenues	43.0%	44.0%	45.7%	43.5%	45.5%	2.5 p.p.

(1) KPIs for Mobile business in Czech Republic do not include Slovakia.

Notes:

- ARPU calculated as monthly quarterly average.

- Traffic is defined as minutes used by the company customers, both outbound and inbound. On-net traffic is only included once (outbound), and promotional traffic is included. Traffic not associated to mobile customers (roaming-in, MVNOs, interconnection of third parties and other business lines) is excluded. Traffic volume non rounded.

TELEFÓNICA EUROPE
SELECTED OPERATING DATA MOBILE BUSINESS BY COUNTRIES

Unaudited figures

	January - March		
	2009	2008	% Chg Local Cur
TELEFÓNICA O2 UK			
MOU (minutes)	12,798	10,888	17.5
ARPU (EUR)	24.2	30.1	(3.6)
Pre-Pay	12.3	16.2	(8.5)
Contract	40.6	51.3	(5.0)
Data ARPU	8.8	10.4	1.5
%non-P2PSMS over data revenues	23.9%	18.2%	5.7 p.p.
TELEFÓNICA O2 GERMANY			
MOU (minutes)	5,555	5,606	(0.9)
ARPU (EUR)	15.9	17.7	(10.5)
Pre-Pay	5.4	5.9	(8.4)
Contract	26.8	29.7	(9.8)
Data ARPU	4.7	4.9	(4.9)
%non-P2PSMS over data revenues	33.5%	28.4%	5.1 p.p.
TELEFÓNICA O2 IRELAND			
MOU (minutes)	1,158	1,161	(0.3)
ARPU (EUR)	39.3	43.4	(9.3)
Pre-Pay	24.2	26.7	(9.4)
Contract	64.5	75.5	(14.5)
Data ARPU	11.6	11.2	3.5
%non-P2PSMS over data revenues	35.8%	27.5%	8.3 p.p.
TELEFÓNICA O2 CZECH REPUBLIC (1)			
MOU (minutes)	1,940	1,784	8.7
ARPU (EUR)	18.7	21.6	(6.5)
Pre-Pay	8.0	10.6	(19.1)
Contract	28.2	32.7	(8.9)
Data ARPU	4.7	5.2	(1.7)
%non-P2PSMS over data revenues	45.5%	43.0%	2.5 p.p.

(1) KPIs for Mobile business in Czech Republic do not include Slovakia.

Note: MoU and ARPU calculated as monthly January-December period average.