

PRESS RELEASE

Kreatel signs agreement with Telefónica

LINKÖPING, SWEDEN, June 23, 2003 – Kreatel Communications AB, leading provider of solutions for TV-centric services in IP networks, has signed an agreement with Telefónica, the leading telecommunications operator in the Spanish- and Portuguese-speaking world. Kreatel is to provide its TV software platform and IP-based set-top boxes (IP-STBs) in Telefónica's launch of TV services over ADSL.

Telefónica, one of the largest telecoms sector companies in the world with a customer base exceeding 90 million, has chosen Kreatel's IP set-top box solution for the delivery of TV services over ADSL to subscribers in Spain. The European telco pioneer is starting its rollout in Alicante with Madrid and Barcelona to follow. Kreatel's solution has successfully been integrated with Telefónica's infrastructure and the delivery of set-top boxes has already started.

Telefónica will be the first former state-owned telco in Europe to launch interactive TV and video services over existing copper networks. Many of Telefónica's subscribers are already paying for Internet connectivity and for just a few Euros more they can benefit from services such as multichannel TV, Video-on-Demand, Music-on-Demand and News-on-Demand – all delivered via the Kreatel IP-STB to the ordinary TV screen.

- The fact that Telefónica, one of the largest telecom operators in the world, is launching TV services over ADSL is a strong incentive for other telco's to follow, says Lars Bengtsson, CEO at Kreatel. This agreement will constitute a highly important reference to Kreatel and we consider it a great honor and proof of our system's capability to be selected by Telefónica, Lars Bengtsson continues.

- Kreatel's solution has proven to fulfill our requirements in terms of quality and stability yet offering us the flexibility we need for the future, says Mr. Castillo, Video over DSL product line manager at Telefónica. In addition Kreatel has responded well to our needs for customization and provided us with good support during the test phase.

About Kreatel

Kreatel fulfills necessary conditions for high-quality end user experience of TV-centric services in IP-based networks. The Kreatel® TV Application Platform, the corner stone of the Kreatel® IP-STB Solution, is an open multi-application environment for creation and rollout of profitable TV services. Kreatel delivers an optimized combination of software, set-top boxes, and professional services, proven to satisfy service providers' need for a stable and future-proof solution. Through established partnerships with leading companies, Kreatel can offer the best complete solution and is the preferred choice among xDSL and fiber operators worldwide. For more information, please visit www.kreatel.com

About Telefónica

Telefónica is the leading telecommunications operator in the Spanish- and Portuguese-speaking world and is the telecoms company with the largest presence outside its domestic market, Spain, where it also leads all market segments. Telefónica has over 90 million customers, a major presence in 16 countries and carries out some sort of activity in almost 50 countries. Another fact illustrating the sheer size of the company is that at the end of December 2002, it had over 157,000 employees, half of them in Latin America. Telefónica's core businesses are broadband, fixed telephony, mobiles, content and applications.

Questions concerning this press release are answered by

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