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NOTA DE PRENSA PRESS RELEASE

TELEFÓNICA PRESENTS THE COMMERCIAL OFFER FOR 02, ITS NEW BRAND IN THE SPANISH MARKET

- O2 is being launched as a *premium* service proposition for the communications-only segment
- It will be available in beta mode in a few days and the commercial launch will be in September
- O2 establishes a series of commitments in its relationship with customers: they will not receive commercial information or advertising, will initially always be right by default when making claims, and they will always receive support from the same person

Madrid, **12 June 2018.**-Today, Telefónica presented the O2 commercial offer. The new brand with which it will begin to compete in the Spanish market. O2 is being launched to serve a segment that demands only communication services and a simple offer with a premium service.

The new O2 services will be activated in beta mode in the coming days. There will be a double offer, with mobile phone only on the one hand, and fibre plus mobile, on the other. The company expects for the massive market launch to occur after the summer. The new operator will be aimed at a premium service segment with a simple offer. Telefónica will keep Tuenti to compete in the low-cost segment.

Regarding the characteristics of the offer, the mobile only contract includes 20 GB of data consumption per month, unlimited national calls and unlimited SMS. Its price is 20 euros per month.

The fibre plus mobile option includes the same mobile services as mentioned above plus 100 Mb/s symmetrical broadband fibre and a landline telephone with unlimited calls to national landline numbers. Its price is 45 euros per month.

The above prices are applicable in the 66 cities (see the list <u>here</u>) that the National Market and Competition Commission considers competitive areas. It is worth noting that the original list is two years old and there are almost 250 municipalities that today would fall within the category of a competitive area.

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For the cities not listed as competitive by the CNMC, O2 would be obligated by regulatory requirements to charge a higher price. However, O2 considers the target price for this service to be 45 euros in all of Spain and will implement a system to compensate the customer for the difference in price (13 euros per month) and adjust the price accordingly as soon as the city becomes a competitive area.

In terms of the fibre plus mobile option, the client may include up to three additional mobile lines. Each will include 10 GB of data, unlimited calls to national destinations and unlimited SMS. Its price is 15 euros per month.

This initiative was presented by the Director of Multi-Brand strategy for Telefónica Spain, Pedro Serrahima.

Commitments

O2 is born with a series of commitments in its relationship with the customer that are included in the letter (includes link to the website) that they will receive after subscribing to the services.

Among them, the client will not receive commercial information or advertising, neither from O2 nor from third parties.

Customer service will be provided by its own customer care line (1551), as well as by email and chat. Whenever available, the same person will attend to the customer. Customer service operators will not have any incentive to sell products.

When a customer claims an amount that they feel was unduly charged, O2 will first return the money and will then analyse the case. The amount will only be charged if O2 proves that the company was right.

Three brands

In this way, Telefónica will operate in the Spanish market with three brands. Movistar will be maintained as a comprehensive residential communications and television offer. Its strategy will be focused on offering a differential proposition, with high-quality service and a strong commitment to the best, largely exclusive and self-produced content.

As for O2, it was born as a proposal for premium service and a simple offer exclusively in the communications-only segment. Tuenti will also be maintained as a low-cost offer within this segment.

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