

O₂ Bulletin

Following the briefing issued on 31st October 2005 we can now advise you of the response from O₂ in relation to the assurances we sought.

The Board of Directors of Telefonica have confirmed that the existing employment rights, including pension rights of the management and employees of the members of the O₂ Group will be fully safeguarded.

The Company are still working through the specific arrangements which will apply in relation to existing shares schemes and they expect to be able to communicate further detail to us in the coming weeks. With regard to the other assurances that the CWU sought, they are set out below with the company's response:

Q1 That the take-over will not affect the job security of staff in CWU represented grades and that there will be no redundancies occurring as a result of the change of ownership.

A1 Whilst there are no plans for redundancies as a result of the proposed transaction; clearly some roles will change, particularly in the plc Centre. We have a track record of managing change in an effective way. The approach adopted at demerger, and during projects such as Stockholm and more recently the Customer Plan, provide examples of how we will manage any change

Q2 That Telefonica is fully committed to maintaining the O₂ and Manx Pension schemes.

A2 Telefonica have confirmed that the various O₂ pension schemes will be safeguarded.

Q3 That terms and conditions of employment will not be impacted/worsened as a result of the take-over.

A3 The existing terms and conditions of employees will be unchanged as a result of the proposed transaction – there is no change of employer. We will of course continue to progress changes to terms and conditions where appropriate and in line with O₂'s policy, including the usual and appropriate discussions with staff representatives.

Q4 That Airwave and Manx remain an integral part of O₂.

A4 Telefonica would acquire all of O₂ plc's operations.

Q5 That under the business as usual statement the creation of the Glasgow Call Centre is going ahead.

A5 The creation and development of the Glasgow Call Centre continues as anticipated.

Q6 That the European Works Council will continue to operate.

A6 The constitutional arrangements for the EWC and the current European Forum will need to be reviewed following the completion of the proposed transaction to ensure they remain appropriate once we are part of a wider European grouping.

Q7 That Telefonica will maintain a positive relationship with CWU as the Union recognised for non-management grades in O₂.

A7 The existing relationship with CWU will be maintained by O₂.

In more general terms they have confirmed that the proposed take-over of O₂ by Telefonica will not be a TUPE transfer, and that there are no changes to employees terms and conditions. They plan to maintain their existing collective agreements.

The question was also posed as to how the O₂ Board would react to any possible counter-bids but they were unable to comment.

Finally they have affirmed that they remain fully committed to maintaining open dialogue with the Union as the offer process continues.

The CWU will continue to keep you informed of any developments.

If you have any further queries please contact your branch or djohnson@cwu.org.

Yours sincerely

Dave Johnson
Assistant Secretary