

Monday, 13th May 2024

To whom it may concern,

Re: Vodafone Three Merger

We are responding to the Issues statement dated 2nd May 2024, regarding the proposed merger of Vodafone and Three UK.

By way of background, Company A is an alternative full fibre network with a large network and a rapidly growing customer base supplying full fibre broadband to consumers and businesses. Company A competes with BT/EE, VMO2, Sky and other ISPs which use the Openreach network. Like most so called altnets, the company's long term financial viability is heavily reliant upon being able to provide wholesale network access to ISPs with large customer bases.

Company A aims to wholesale its fixed broadband network to existing and new ISPs. We believe that the lower wholesale prices offered by Company A (and other altnets) will increase fibre adoption in the UK more quickly than if left to the incumbent fixed networks, BTOR and VMO2. We believe that the combined Vodafone/Three business will provide a much larger customer base for the cross selling of fibre broadband. Vodafone is active in the fixed line market but Three is not. On the working assumption that the combined business will want to sell broadband to its whole mobile customer base then we expect to see lower pricing and increased competition for those customer segments who want to buy their fixed and mobile services from a single provider. Since the merged business will need to buy its fixed access from providers other than VMO2 and BTOR we consider that the merged business can play a vital role in supporting the growth and sustainability of alternative fibre networks to the great benefit of the UK's communications infrastructure.

We have evaluated the launch of mobile services as an MVNO. We found Three to be the most competitive network in terms of pricing but nonetheless it proved challenging to create a positive business case. The price of data proved to be the most challenging element based on the expected growth in customer usage. We believe that the network capacity gains arising from the merger should create an opportunity for lower wholesale data pricing for mobile, especially on 5G. We consider that the merged entity will need to sell this extra capacity to existing and new MVNOs as this would result in better network

utilisation. Such a development would enable Company A to compete more effectively with the likes of VM02, EE and Sky who offer very low-priced mobile as part of their converged product set. It may be that a merger remedy which ensures attractive MVNO pricing would help ensure that low-cost network access remains available to non-network aligned MVNOs.

We will be happy to provide any clarifications.

Yours faithfully

CEO, Company A