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TELEFÓNICA TO SELL IPHONE IN 16 COUNTRIES

11 June 2008.- Telefónica today announced that it is to distribute the Apple iPhone in 12 Latin American countries and the Czech Republic. This builds on earlier exclusive, multi-year agreements signed between the two companies in the UK and Ireland, and follows a similar deal for Spain unveiled last week - bringing the total number of territories in which Telefónica will sell the iconic device to 16.

The new Latin American agreement covers Argentina, Brazil, Colombia, Chile, Ecuador, El Salvador, Guatemala, Nicaragua, Panama, Peru, Uruguay and Venezuela.

César Alierta, chairman and CEO of Telefónica S.A., said: “The iPhone has changed the way people communicate and access content on the move. It has already proved hugely popular in the UK and Ireland and we’re delighted that we can now offer the same benefits to our customers in Spain, Latin America and the Czech Republic. The 16 countries in which we are the carrier of iPhone have a combined addressable market of more than 500 million people – making Telefónica one of the leading global distributors of this revolutionary device.”

More than 23 million Telefónica mobile customers in Spain, as well as customers of other Spanish mobile operators who switch to movistar, along with 95 million subscribers in Latin America and the Czech Republic, will be able to benefit from the unparalleled user experience of one of the world’s most technologically-advanced terminals.

Telefónica already has a successful track record of marketing the iPhone in Europe, following the terminal’s introduction in the UK (November 2007) and later in Ireland (March 2008). Since the iPhone was launched by O2 in the UK, sales have exceeded all expectations and have greatly fuelled net customer additions, particularly high-end contract customers. Furthermore, the average monthly revenue of an iPhone customer is 30% higher than that of a regular contract customer, while the iPhone has generated the highest level of customer satisfaction of any terminal on the market.