

ORANGE DEALER BULLETIN

New Early Termination information to be provided to customers at point of sale

Over the summer, we explained the written information which you have to provide to customers at point of sale to ensure compliance with Ofcom General Condition 23. As part of that bulletin, we flagged up the importance of explaining Early Termination Charges and processes to customers at point of sale. This should already be a part of your sales process.

From 10th November, we will be implementing a change to how we calculate a customer's Early Termination Charge. This bulletin is to advise you of this change so that you can make adjustments to the information you provide to customers at point of sale.

We will continue to monitor compliance with Ofcom regulation via our Retailer Feedback Process.

Channel partners are required to ensure that their sub dealers and stockists also comply with this requirement and it is your responsibility to ensure that you also have a process in place to monitor their compliance.

What information must be provided to customers?

The following information **must** be drawn to the customer's attention at point of sale/upgrade i.e. any time the customer is signing up to a new minimum term contract. This must be confirmed in writing (e.g. via a completed Orange CIF form).

- If a customer terminates their contract early, they will be required to pay the remaining monthly line rental charges to cover the minimum contract period.
- A customer will be eligible for a discount if Orange will be saving costs when the customer terminates. This will happen where the costs Orange expects to save by the customer no longer using Orange's network to make/send off net calls/texts are greater than any payments we anticipated receiving from other operators for calls made and texts sent to our customer.
- The Customer should be referred to the Orange price guide www.orange.co.uk/paymonthlyguide for further details.

The following section provides more information on how Early Termination Charges are calculated, to assist you with any questions.

What are the costs incurred by Orange when a customer makes a call?

Orange is charged a fee by other networks when an Orange customer makes calls/texts to customers on another network.

Orange receives a fee from other networks when an Orange customer receives calls/texts from customers on another network.

These charges are also known as wholesale charges, or termination rates, or interconnect charges.

How is the Early Termination Charge calculated?

Each tariff includes a certain amount of minutes and texts. Orange has reviewed a range of the most popular tariffs to determine on average how many of those minutes and texts customers actually use (and therefore how

much money Orange pays out) and how many minutes and texts they receive (and therefore how much money Orange receives).

This allows Orange to determine whether on average it will lose money or save money if a customer terminates early (since Orange pays money to other networks when customers make calls and send texts and receives money when customers receive calls and texts). If we save money, this is passed back to the customer by way of a discount to the Early Termination Charge.

Orange has used this calculation for the most popular tariffs in order to establish a tariff banding system which applies to all tariffs. The table below specifies the relevant discount for each price band. Any tariff which falls within that price band will have the specified discount applied.

The customer should be referred to the table in the Orange Price Guide to see if they would be due a discount upon termination www.orange.co.uk/paymonthlyguide (current copy below. Discounts in the price guide are indicative and subject to change).

Line Rental inc VAT		Monthly Discount
From	To	
£0	£10.00	0
£10.01	£20.00	£0.22
£20.01	£30.00	£1.45
£30.01	£40.00	£3.62
£40.01	£50.00	£7.16
£50.01	£60.00	£11.24
£60.01	£70.00	£19.08
£70.01	£80.00	£14.70

To arrive at the Early Termination charge, the appropriate discount is subtracted from the customer's monthly line rental. This is then divided by 30 to give a daily Early Termination Charge, and multiplied by the number of days left on the customer's contract.

Example:

- Dolphin £35 customer with 120 days left on contract.
- £3.62 (discount) is subtracted from £35 (monthly line rental) = £31.38.
- This number is then divided by 30 to give daily Early Termination Charge $£31.38 \div 30 = £1.046$, and multiplied by 120 days left on the contract.
- Total Early Termination Charge is: $1.046 \times 120 = £125.52$