

## Convergent services

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Telefónica O2 launched a new concept of consumer services in May. The new concept lets the customer to freely and flexibly combine services from a diverse portfolio of fixed access and mobile services. The customer has the liberty to design a service package to suit their exact need. That was a principal change from the previous concept in which customers chose from a set of already configured service bundles, always with a fixed voice tariff. Telefónica O2 expects that the new service concept will help to stop the decline in the number of residential customers – by attracting new customers who did not want to commit to fixed line subscription in order to have internet connectivity. The Company also believes that the high modularity of fixed and mobile services will increase the average revenue per household.

The concept is based on the broadband internet service O<sub>2</sub> Internet, which the Company offered from CZK 750 per month (O<sub>2</sub> Internet 8 Mb/s). The other building block services were the digital television O<sub>2</sub> TV (from CZK 650 per month for O<sub>2</sub> TV Komfort) and the voice services O<sub>2</sub> Volání (from CZK 520 for O<sub>2</sub> Volání 300). The customer could supplement O<sub>2</sub> Internet with free bonus services already included in the monthly subscription fee for the basic service: O<sub>2</sub> TV Start with 11 television programmes and the Video Library and TV Archive access, and O<sub>2</sub> Navzájem, which offers free calls between two O<sub>2</sub> mobile numbers. The new service concept also offered a number of fixed access and mobile services at discounted prices. In addition to O<sub>2</sub> Internet, the customer could subscribe, for instance, to O<sub>2</sub> Mobilní internet for CZK 150 per month (standard listed price CZK 750), O<sub>2</sub> TV Komfort for CZK 400 (standard listed price CZK 650) or the voice tariff O<sub>2</sub> Volání (starting from CZK 120). Customers who were also subscribed to any of the unlimited O<sub>2</sub> NEON mobile tariffs received a discount of CZK 100 per month on O<sub>2</sub> Internet or the digital television service O<sub>2</sub> TV.

A similar offer was prepared by Telefónica O2 also for customers in the business and corporate segment. These customers could order the basic O<sub>2</sub> Internet service for CZK 750 per month, and choose supplementary services according to their requirement. In addition to O<sub>2</sub> Mobilní internet, they could get a cut-rate fixed IP address, a larger capacity email box or more hosting space for their online presentation.

In 2009, Telefónica O2 also introduced a time-limited offer of O<sub>2</sub> Internet in combination with O<sub>2</sub> Mobilní Internet for a total price of CZK 750. Customers who were simultaneously subscribed to any of the mobile O<sub>2</sub> NEON tariffs received an additional discount of CZK 100.