

AFTER ROME, SWITCH-OFF TAKES ON NEW CHALLENGES

Switch-over has taken place in Rome too: and so, another 4.5 million viewers have entered the process which, by November, will turn the Italian capital into a digital-only area. And despite this being already the 5th step in switch-over, it is by no means a point of arrival but rather a point of departure: Rome has been the proof that switch-over to digital can be undertaken anywhere.

And thus, in view of the forthcoming summer break, we prepare for the tour de force that, starting in September, will lead us into a challenging switch-off season involving Naples and the whole of the Campania region, who have confirmed their commitment to undertake this process in September. Following the positive feedback from the information campaigns, which saw significant commitment by local broadcasters, the next step sees the issue of administrative licenses and frequencies, expected any day now. A vital step which will put all operators in the position to prepare for the autumn events.

Overall figures continue to grow significantly: more than 500,000 digital receivers (counting both integrated and STBs) are sold every month. DTT audience share has also continued to grow, standing close to the 13% mark (just one year ago it was under 5%). No vaunting but simply a renewed and confirmed commitment to carry on and, in the wake of digital switch off in the USA, a confirmation of Italy's leadership in Europe.

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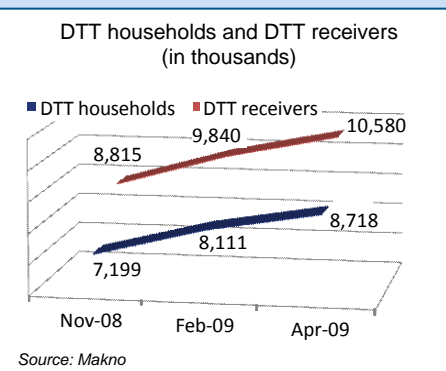
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DTT PENETRATION

8.7 MLN DTT HOUSEHOLDS

According to the latest data provided by Makno, the number of DTT households at the end of April 2009 (those with at least one DTT receiver in the main family home) had reached 8,718,000. An increase of around 600,000 units with respect to a survey carried out in February.

Moreover, in April, the overall number of DTT receivers in households stood at 10,580,000 implying a growth of around 740,000 units with respect to February figures.

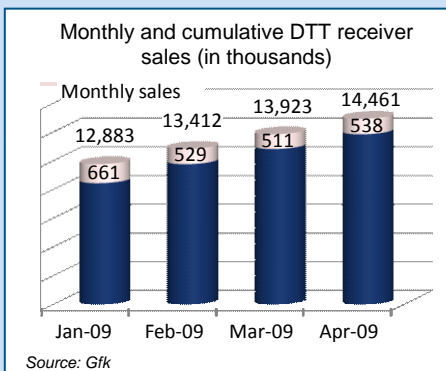


SALES OF DTT RECEIVERS

SALES OVER 14 MILION

According to the latest data provided by research firm GfK, 538,000 DTT receivers were sold in April 2009. Of these 333,000 (62%) were integrated DTT receivers and the remaining 205,000 (38 % of total) were stand-alone STBs.

The cumulative sales of DTT receivers sold since February 2004 overtook the 14 million mark in April 2009, standing at 14,461,000. Of these 55.2% are stand-alone STBs and 44.8% (6.5 million) are integrated receivers.



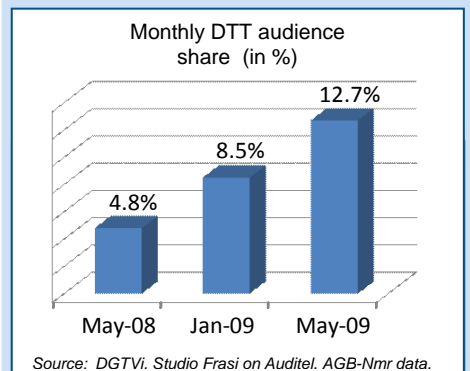
DTT AUDIENCE FIGURES

DTT SHARE CLOSE TO 13%

DTT viewing in Italy has almost reached the 13% mark: in May 2009 it touched the record figure of 12.7%.

DTT usage by Italians is also growing quickly. According to Studio Frasi processing of Auditel - Agb data, just one year ago DTT audience share was 4.8%, thus implying a growth of 150%.

Since January 2009, DTT viewing has grown by 49.4%, that is more than 4 percentage points.



DIGITAL TERRESTRIAL TV VIEWING

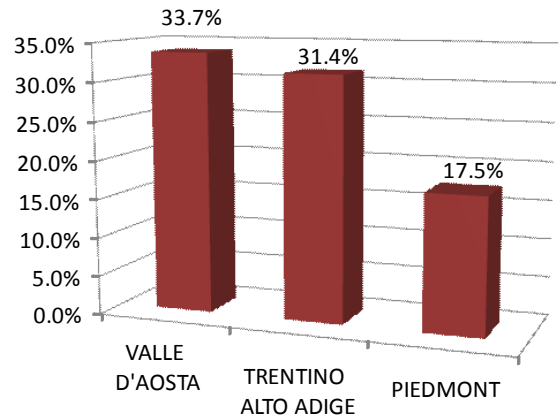
(by Studio Frasi)

In those regions involved in switch-over of the two generalist channels Rai2 and Rete4, the DTT audience share figures are much higher than the national average (12.7%).

The usage of DTT is growing in Trentino and in Valle d'Aosta, providing figures already over and above 30%, despite the fact that switch-over only affected part of the regions; in western Piedmont, where switch-over was undertaken on the 20th May, DTT usage has already reached 17.5%, and marks the most significant increase (+46% compared to the previous month).

Households in other regions are also preparing for digital transition: DTT usage in Tuscany, Campania and Basilicata has grown by over 40% in just one month.

Regional DTT audience shares in %
(DTT and undefined platform *)



Source: Studio Frasi on Auditel, AGB-Nmr data. Note: (*) UNDEFINED platform includes audience from multiplatform receivers (devices with integrated analogue/digital tuners) for which Auditel cannot establish the exact source of reception.

NEW IN ITALY

SWITCH-OVER IN ROME

Since the 16th June the channels Rai2 and Rete4 have switched-over to digital in Rome as well as in a further 165 municipalities in the Lazio region (plus an additional 8 in the Terni province). That means that 3.9 million inhabitants (1.6 million households) in the capital and the province were involved in the migration of the three transmitters. This is the first step towards switch-off of all national and regional channels that will take place in this region between the 16th and 30th of November, as scheduled in the national calendar approved in September 2008.

This transition has been accompanied by a thorough information campaign including: 25,000 airings of information announcements on local TV channels and a special website (www.laziodigitale.tv), supported by the Ministry for Economic Development-Communication Dept. and promoted by the Lazio DTT Consortium (formed by 46 local broadcasters); territorial information (video information on local public transport) promoted by ATAC and Rome Council: 3,000 posters and over 1,300,000 information leaflets distributed through local government offices, retail outlets and large scale distribution outlets; over 150 announcements in the press. Assistance to local inhabitants has been guaranteed by the call centre free-phone number provided by the Ministry with 210 operators taking 280,000 calls (data supplied up to 23rd June) with peaks of over 23,000 calls in a day (16/6): the current average is 3-4,000 calls daily with requests for tuning assistance down to 35%. Tivù has also been significantly present with information stands and representatives in 100 retail outlets including large scale distribution and consumer electronic outlets.

National channels have not only contributed with informative announcements and overlays, but have also celebrated with:

- ✓ Mediaset Days in Piazza del Popolo: 100,000 people visited the digital exhibition area and watched the free performances;
- ✓ Rai nonstop live broadcasting from Piazza Farnese, on the 15th June, culminating with the USA-Italy match (Confederations Cup): 30 million TV contacts generated, of which 12-13 million during the match.

By the 23rd June financial aid had been provided to 7.400 of the region's 130,000 eligible households.

SWITCH-OVER IN PIEDMONT AND LAZIO: PENETRATION AND INFORMATION

The research firm Makno undertook telephone surveys during switch-over in these two regions, to assess the level of information received and the penetration of digital platforms.

In Western Piedmont (CATI, 1,000 individuals 25th – 30th March and 26th May – 4th June 2009) households with at least one digital receiver were 83% in the Turin province (this figure stood at 65% three weeks before switch-over) and 81% in the province of Cuneo (64% three weeks before). Penetration of DTT alone is estimated at 68% in Turin (was 50%) and at 56% in Cuneo (was 33%).

Communication has been successful: only 2-4% did not know about the imminent transition and 70% of those interviewed said they considered the campaign adequate or very adequate, with 72% both remembering it and appreciating it (marked 7/10).

In Lazio (CATI, 800 individuals 21st -26th May 2009) 70% of TV households already appeared to be equipped with at least one digital receiver (DTT, satellite, IPTV) before switch-over: of these 47% had a DTT receiver (10 percentage points higher than the national average). Even the level of information seemed high before the launch of the campaign: 90% of the region's inhabitants were aware of the transition and 55% remembered the date. Makno has estimated that Lazio has 1.3 million DTT receivers, implying 1.3 receivers per DTT household, of which 66% STBs and 34% integrated. In the Lazio region 87,000 DTT receivers were sold during the month of April 2009 alone; that is 16% of national sales (GfK).

➔ **THE NEW RAI WEB SITE** - The new RAI DTT website is online (www.digitaleterrestre.rai.it). An interactive map of Italy provides users with a region by region guide to switch-over. The "DTT guide" gives detailed answers to questions ranging from what receiver to buy, to signal coverage. Additionally, the large and continuously updated video library provides a summary of the current information campaigns.

SWITCH-OFF IS COMPLETED IN THE USA

On the 12th June the United States of America successfully completed its switch-off process, without registering any major technical problems. In particular the transition process has involved 971 terrestrial channels in addition to the approximately 650 channels which had already switched-off their analogue transmissions over the last few months.

The transition has highlighted a small number of critical issues, despite these affecting only a limited number of households: given the widespread diffusion of cable and satellite TV, according to the FCC there are around 12 million terrestrial-only households (11% of total).

Just a few weeks before the national switch-off date, initially planned for the 17th February, the government decided to postpone switch-off by four months due to the high number of households still unprepared for the transition. According to FCC Officials, this postponement turned out to be a wise decision and allowed to make-up for accumulated delays and provide a more efficient coordination of resources and better support to switch-over.

According to data supplied by Nielsen on the 14th June – that is two days after switch-off – around 2.5 million households (2.2% of all TV households) were not prepared for the event. That is, terrestrial-only households who had not yet equipped themselves with a DTT receiver. This figure is half the number registered in February, on the day originally planned as switch-off day.

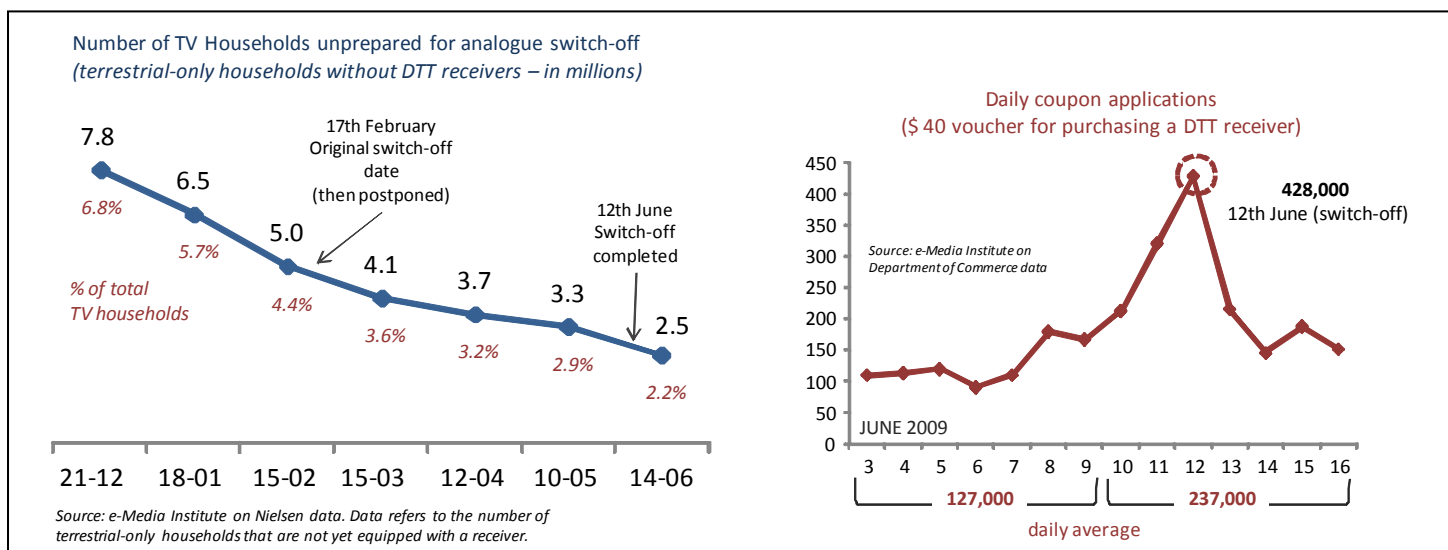
Statistics show that those less prepared for switch-off are Afro-American and Hispanic families, under the age of 35, living in the north-west of the country where cable TV is less widespread.

According to some observers it is, however, fair to believe that there will be a radical decrease in the number of analogue households over the next few days, as also shown by the number of applications for the \$40 coupon made available by the state as an incentive for the purchase of a DTT receiver. The “TV Converter Box Coupon Program” was set up in 2006 and is one of the most important actions carried out to support digital transition, with a total budget of \$1.5 billion.

The average daily coupon applications received during switch-off week (10th-16th June) reached 237,000, almost double the 127,000 registered during the previous week. The peak figure of 428,000 was reached on switch-off day. Considering a 9 day time span between application and receipt of the coupon, it seems safe to say that a large number of households were still analogue on switch-off day not due to any form of “resistance” but rather because of the delay in applying for the coupon.

In view of switch-off, the FCC also undertook a series of promotional events. In particular it set up a consumer help line which dealt with over 900,000 calls during switch-off week, as well as hiring technical contractors who, together with a number of volunteers, provided on-site assistance with receiver installations. Additionally FCC has set-up more than 500 support centres as well as a dedicated website which, by the 12th June had received 3.1 million contacts.

All these support activities, including the provision of information and allocation of coupons, will continue over the next few weeks. Additionally, the main terrestrial broadcasters in 85 regional markets will continue to broadcast switch-off information in analogue during night time programmes (nightlight service) until mid July.



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