

## ITALY IS ALREADY DIGITAL

857 transmitters, 25 national and local broadcasters and 477,000 inhabitants involved: these are the figures for switch-off in Trentino, which was completed on the 27th of October. Another important milestone in these 90 days of transition that will conclude with 30% of Italian households becoming all-digital by the end of the year. Switch-off has already begun in Alto Adige and will be followed in November by Lazio and Rome (on Monday 16th). December winds up this phase of transition with switch-off in the Campania region. Initial data available for these digital areas suggests that DTT is now present in over 90% of households. In Spain, where a similar switch-off process is underway, the DTT platform has soared to high percentages even in areas not currently involved in the process (reaching a national average of 70% in the last few months) and DTT is now the primary TV access platform, even overtaking analogue terrestrial audience.

Switch-off season in Italy has started with DTT overtaking satellite as leader in national audience share. Our estimates (conservative, physiological growth + switch-off effect) show that by the 31st December 2009, 62% of Italian households (36 million individuals) will own a DTT receiver. With the switch-off stages scheduled for 2010 (involving a further 10 million households, that is 38% of the population) the whole of Italy will effectively have turned all-digital by next year.

An important achievement which could seriously open up to the possibility of bringing national switch-off forward from 2012, as it is currently scheduled.

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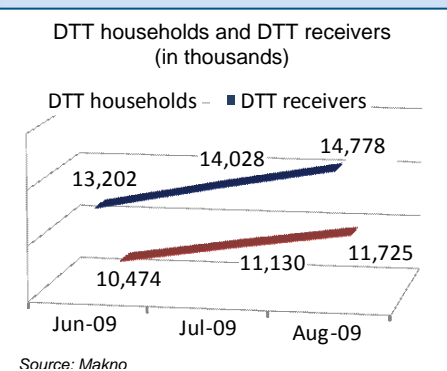
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### DTT PENETRATION

#### DTT HOUSEHOLDS REACH 11.7 MILLION

According to the latest data provided by Makno, the number of DTT households at the end of August 2009 (those with at least one DTT receiver in the main family home) had reached 11,725,000. An increase of around 600,000 units compared to July figures. This implies over 4 million new DTT households since the beginning of the year.

In August, the overall number of DTT receivers in main households stood at 14,777,527 implying a growth of 750,000 units with respect to July.

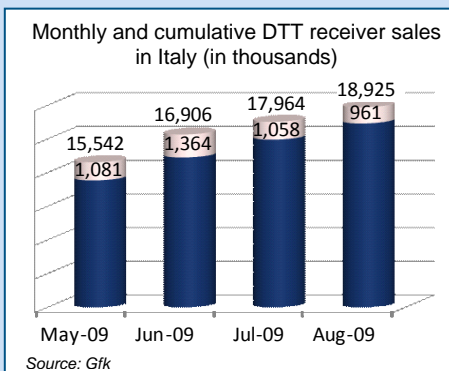


### SALES OF DTT RECEIVERS

#### 19 MILLION DTT RECEIVERS SOLD

August confirmed the trend in increasing sales of DTT receivers. Of the approximate 960,000 receivers sold in August, 45.8% (around 440,000) were integrated receivers, whereas the remaining 64.2% were external STBs.

The cumulative sales of DTT receivers sold since February 2004 has come close to the 19 million mark standing at 18,924,515 at the end of August. Of these 56.1% (10.6 million) are stand-alone STBs and 43.9% (8.3 million) are integrated receivers.

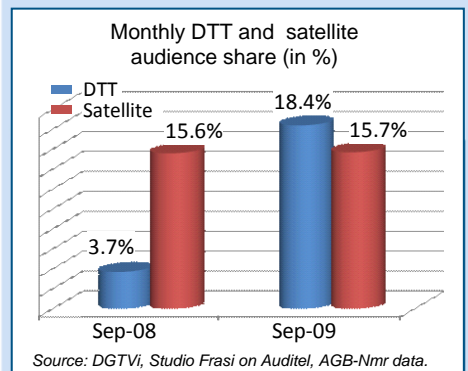


### DTT AUDIENCE FIGURES

#### DTT: THE LEADING DIGITAL PLATFORM

September saw DTT taking over from satellite (FTA+pay) in terms of audience share, thus becoming the primary digital TV platform with 18.4% of share, compared to satellite with 15.7%. These figures are confirmation that the transition to digital is a driving force even in those areas not currently involved in the transition.

The average growth in DTT audience share is, in fact, more than proportional to the growth in households involved in switch-off. We are dealing with a very rapid growth: in September 2008 DTT audience share was 3.7% (with satellite standing at 15.6%) and in just one year this figure has grown fivefold.



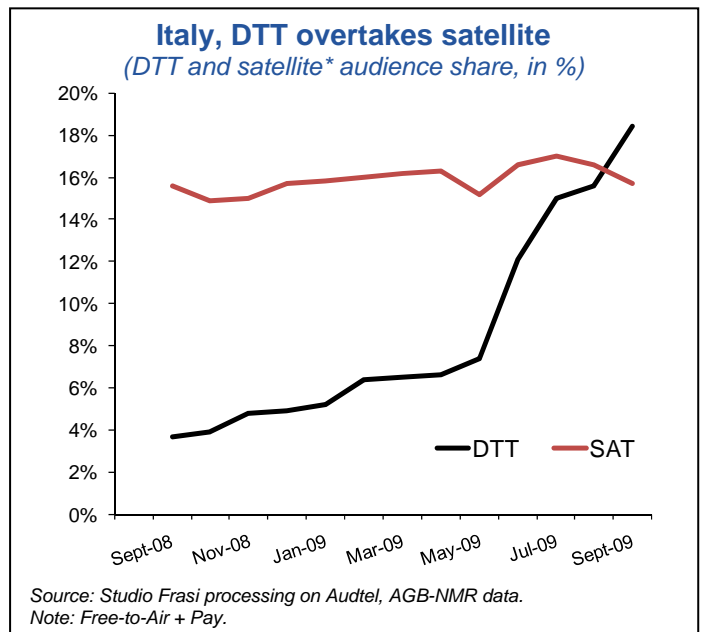
# DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

## STRONG ACCELERATION IS FOLLOWED BY TAKEOVER.

The 18.4% of audience share in September is the result of the gradual process of DTT growth which started last year, following switch-off in Sardinia, when there was a small leap forward of around 1 percentage point. Until February 2009 this growth stood at an average of 9% per month. It then saw a sharp rise between March and June (+ 85%) and since then has maintained a high growth percentage despite the summer holiday season. In contrast with DTT growth, satellite audience share has remained stationary.

Looking at regions involved in switch-off, Piedmont stood out in significantly in September with over 41% of DTT share, followed by Lazio with 37%. In Val d'Aosta, which completed switch-off in the second half of September, DTT reached an overall monthly share of 54%.



## NEW IN ITALY

### CNID PRESS CONFERENCE IN MID SWITCH-OFF SEASON

The press conference called "DTT overtakes analogue. The 90 days involving 30% of the population in switch-off", promoted by the national committee Italia Digitale and the Ministry of Economic Development - Communications Dept., took place in Rome on the 14th October. On the very day of switch-over in Campania, and half way through a series of scheduled switch-offs involving 5 regions by the end of 2009, the Deputy Minister of Communications, Paolo Romani, has taken stock of the digitalisation process in Italy, together with the President of the Media Authority AGCOM, Corrado Calabrò, the President of DGTVi, Andrea Ambrogetti, as well as with the top managers of all the major broadcasters – Paolo Garimberti (Rai), Fedele Confalonieri (Mediaset), Franco Bernabè (Telecom Italia), Tarak Ben Ammar (D-Free) – with the representatives of local TV associations - Maurizio Giunco (FRT) and Marco Rossignoli (Aeranti Corallo) – with the Governors of Val d'Aosta and Trentino - Augusto Rollandin and Lorenzo Dellai- and with Enrico Manca from the Ugo Bordoni Foundation. "We have reached the point of no return", said Romani, "currently DTT means 34 free national channels compared to the 10 available on analogue terrestrial. By 2009, 6.2 million households will be all-digital, implying 30% of the overall population and a European record. By 2010, 68% of the Italian population will be all-digital, 81% in 2011 and 100% in 2012".

The Deputy Minister has hailed Italy's success and presented it as an avant-garde European model. That is: the transition calendar shared by both the Central Government and the Regional Administrations; anticipating Rai Due and Retequattro transition to pave the way for complete regional switch-offs; the set up of regional task forces and subsidies made available to the weaker population groups which, to date, have been provided to 2.2 million households for a total of 210 million Euro since 2004; the central role of the Ministry's call centre which has provided assistance to over half a million citizens. Lastly, the Deputy Minister Romani announced the switch-off date for Rome, scheduled for the 16th of November. A positive overview also comes from Corrado Calabrò (AGCOM) who hopes that national switch-off can be brought forward so that the regions of Calabria and Sicily (currently scheduled in 2012) are not left behind. Andrea Ambrogetti, President of the DGTVi Association, has provided figures for the 90 days that will change TV in Italy: "around 15.5 million individuals will be involved, 6.2 million households, 5 regions and 2 autonomous provinces, 2,085 municipalities, 279 broadcasters and approximately 6,170 transmitters. By the end of 2009, 17.6 million Italians will be all-digital". DTT penetration is increasing in the switch-off regions: "between April and September it has doubled, reaching the 93% mark in Valle d'Aosta, 73.3% in Piedmont, 50.3% in Trentino, 72% in Alto Adige, 75% in Lazio and 55% in Campania". According to conservative estimates and considering both switch-off effect and physiological growth in other areas, a grand total of 15 million Italian households (62%) will have at least one DTT receiver by the end of the year: with the current schedule it is safe to say that Italy will be digital by 2010", concluded Ambrogetti.

### TRANSITION STARTS IN CAMPANIA AND IS CONCLUDED IN WESTERN PIEDMONT

Two important transitions took place in October. Switch-off in Western Piedmont was concluded on the 9th October (in Turin, Cuneo and some of the neighbouring municipalities) and was the first large metropolitan area in Italy to switch-off. Moreover on the 14th of October RaiDue and Retequattro switched-over in 252 municipalities in the province of Naples, Caserta and Salerno, the first areas involved in southern Italy. A few days after switch-off in western Piedmont, overall penetration of Digital TV (at least one receiver on at least one TV set) is estimated at 98% (Makno survey carried out between 13th-22nd October). DTT penetration is estimated at 92% in Turin and 90% in Cuneo (before switch-off, in September, these figures were respectively 77% and 70%).

The information campaign provided to assist the population with switch-off has been deemed efficient and comprehensive: none of those interviewed, over the age of 15, stated they "were not aware of the transition", 80% spontaneously quoted the television campaigns and 76% considered the information received to be adequate. No technical problems were encountered during switch-over in Campania, which involved 17 transmitters and 70 national and local broadcasters. Considering the number of individuals involved (3.6 million), a relatively low number of enquiries (3,628) were made to the call-center on transition day. The Campania region approached switch-over with a notable acceleration in the overall penetration of digital TV: 70% of households in the region (compared to 62% in June), driven by DTT which stood at 55.1% (41% in June – Makno survey carried out between 10th -15th September). Widespread awareness (91% of those interviewed) was apparent even before the information campaign kicked off. DTT sales were also high in the region: from January 2009 over 50,000 units have been sold each month with a peak of 85,000 in August (source: GfK). To conclude, the DTT audience share has also grown, increasing threefold from 5% in January to 18.5% in September and therefore overtaking satellite.

## THE DTT OFFER OF PUBLIC BROADCASTERS

State-owned broadcasters have contributed significantly, in terms of number of channels and range of genres, to the development of the free DTT offers in the main European countries. To date the four public TV broadcasters in France, Italy, Spain and the UK transmit a total of 34 free channels (including fully owned and partially owned channels). Taking into consideration the traditional analogue channels too, RAI has the largest DTT offer (13 channels including 5 only available in switch-off areas), followed by BBC, FTV and RTVE, in that order.

In the **UK**, with the advent of DTT, the BBC has undergone important reconfiguration changes in its free-to-view offer. BBC currently offers a total of 8 free TV channels through Freeview. The two traditional generalist channels BBC1 and BBC2 are joined by the entertainment/mini-generalist channels BBC3 and BBC4, on which the BBC has focused on in particular. The DTT offer is completed by two channels for children, Cbeebies (ages 3-6) and CBBC (ages 6-12), and the news channels BBC News 24 and BBC Parliament. These six digital-only channels had an overall audience share of 4.4% in 2008 (on the universe of multichannel TV households) contributing 14% to the overall BBC audience share. BBC is also present on Freeview with two channels from the UKTV 'family', resulting from a joint venture with Virgin Media: Yesterday (previously called UKTV History) and the mini-generalist channel, Dave.

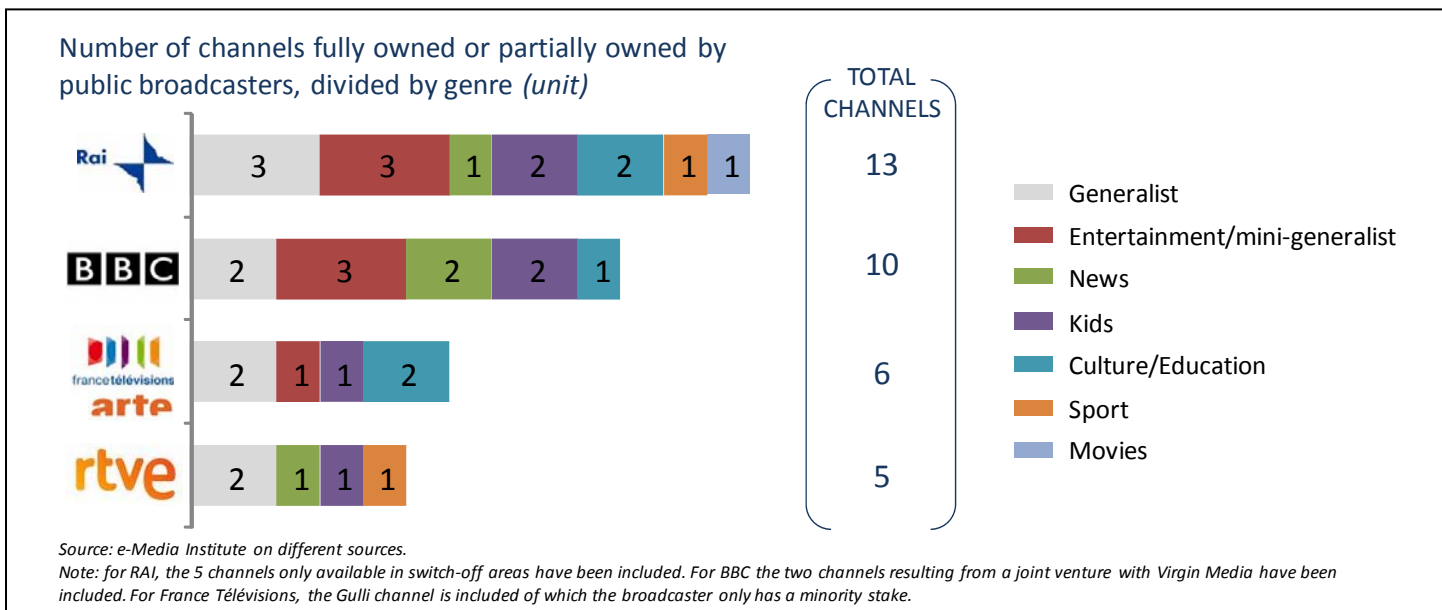
In **France**, the France Télévisions group has launched the mini-generalist France 4 on DTT, which adds to the offer already available on analogue, consisting of the generalist channels France 2 and France 3 as well as the

cultural channel France 5. Taking the children's channel Gulli into consideration (resulting from a minority joint venture with Lagardère) as well as the channel Arte (participated by the group through its Arte France stake), the number of channels adds up to a total of 6.

In **Spain**, the public broadcaster RTVE currently offers five free channels on DTT. Two of these are simulcasts of the analogue generalist channels TVE 1 and TVE 2, while the other three are only available in digital: Teledporte focuses on sport news and events, 24 Horas is primarily a news channel and Clan TVE specifically targets children with line-up ranging from cartoons to educational programmes.

In **Italy**, RAI has, over the last two years, progressively reorganised and improved its DTT offer. Currently, in addition to the traditional generalist channels Rai 1, Rai 2 and Rai 3, a further five channels are available nationally. These are Rai 4 (mini-generalist aimed at an audience of young adults), Rai Gulp for children, Rai Sport Più (re-launched in 2008) which focuses on sport, the news channel Rai News 24 and the history channel Rai Storia.

In the areas which have completed switch-off, the Italian public broadcaster also offers, on DTT, the bouquet of RaiSat channels. This includes two entertainment channels (RaiSat Extra and RaiSat Premium), a children's channel (RaiSat YoYo) and a movie channel (RaiSat Cinema). Over the last few days, and only in all-digital areas, RAI has also launched the new Rai Scuola channel, focused on educational programmes and current affairs, which replaces the previous Rai Edu 1.



### DIGITA

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