

## NEWS AND DATA ON DIGITAL TERRESTRIAL TV FROM ITALY AND EUROPE

### AFTER 2009, 2010 WILL SEE MORE ACCELERATION TO DIGITALIZE ALL ITALY

With the process of digitization continuing into the New Year, not only has the DTT audience share surpassed 30% (double that of satellite) and the number of DTT receivers sold passed the 2.5 million per month mark, but at the beginning of 2010, more than 60% of Italian TV households had a DTT receiver. These results have been achieved thanks to the analogue switch offs of 2009 and the schedule for 2010 is even more challenging. 23 million Italians in 6 Northern regions will complete the switch to DTT between May and December. Moreover, thanks to the level of DTT penetration achieved and with the consensus of all public administrations, at both the national and local level, and the operators, beginning with Emilia Romagna the process will skip the transitional stage involving the switch-over of Rai 2 and Rete 4 and switch directly to digital terrestrial broadcasts.

So, in fact, this is not a postponement at all but a decisive acceleration that will see almost every Italian household brought onto digital platforms during the year, reaffirming our leadership in the European digital transformation.

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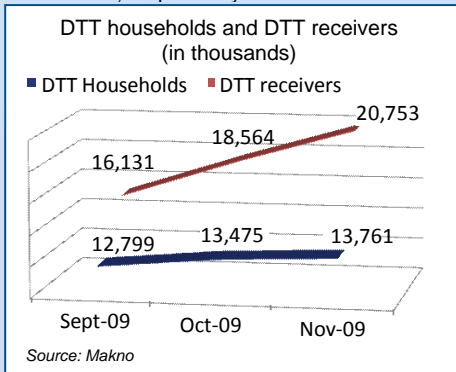
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#### DTT PENETRATION

##### +6.6 MN DTT FAMILIES IN 2009

Results from the national survey carried out by Makno between November and December 2009 (i.e. before switch-off was completed in Campania) are in line with the forecasts previously calculated on the basis of receiver sales (November sell out data by GfK) and, more generally, with DGTVi's forecasts at the beginning of the 2009 switch-off season.

At the end of the year, over 60% of Italian households (twice the number of those affected by regional switch-offs) owned at least one DTT receiver. DTT is the largest digital TV platform and with 6.6 million new digital TV households added in one year, it almost doubled the end-2008 total, reaching a closing figure of 13.8 million. Satellite (FTA + Pay) and IPTV follow, with 8.7 million and 590,000 households, respectively.

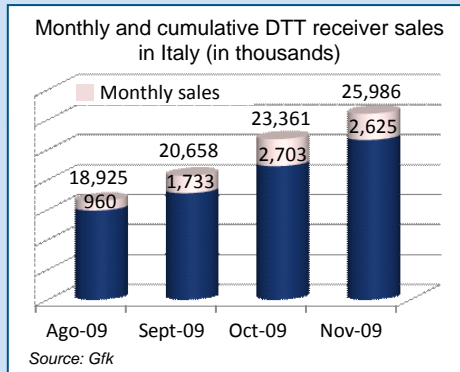


#### SALES OF DTT RECEIVERS

##### 2.6 MILLION RECEIVERS SOLD

Sales of DTT receivers, also thanks to switch-offs, saw an impressive growth in November with around 2.6 million units sold. Of these approx. 782,000 (30% of total) were integrated receivers whereas over 1.8 million were external STBs.

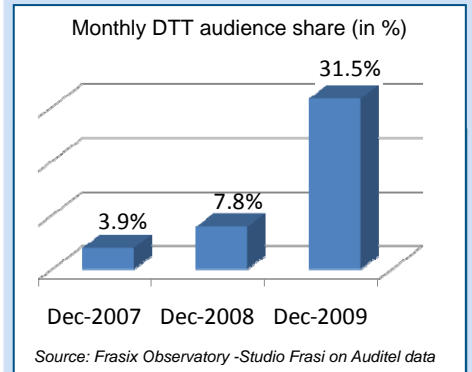
The cumulative sales of Digital Terrestrial TV receivers sold since February 2004 has reached 25,986,000. Of these, 59.5% are stand-alone STBs whereas the remaining 10.5 million (40.5%) are integrated receivers.



#### DTT AUDIENCE FIGURES

##### DTT SHARE ABOVE 30%

In December, DTT audience share in Italy passed an important milestone towards the 2012 switch-off, reaching 31.5%. This is an increase of over 7 percentage points (+28%) on the previous month and a tripling of the use of DTT in the last twelve months. The increased consumption of DTT is a detriment to traditional analogue TV, which now has an audience share of 53%. This figure declined by more than six points between November and December 2009 and by 30% compared to December 2008. Digital platforms, therefore, account for 47% of TV consumption.



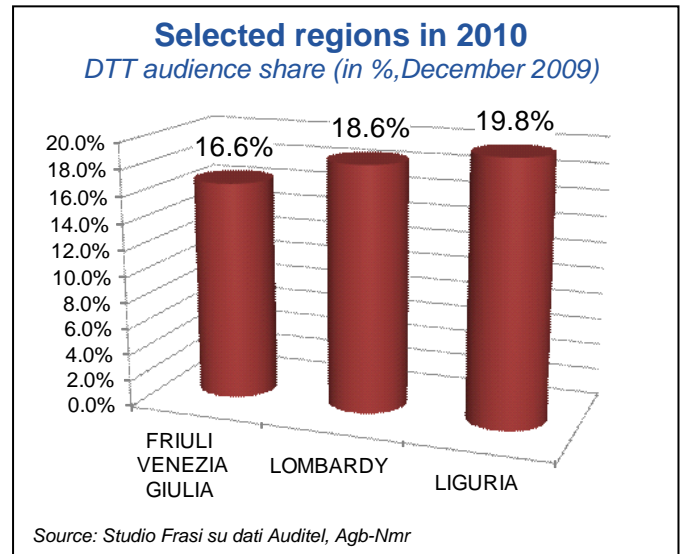
# DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

## HIGH DTT AUDIENCE SHARE IN THE REGIONS JUST PREPARING FOR SWITCH-OFF

2010 is expected to see the transition to digital TV in most regions of Northern Italy, including the Po valley, from Eastern Piedmont to Friuli Venezia Giulia, through Lombardy and Veneto, Emilia Romagna and Liguria. The latter region show presently the highest DTT audience share (19.8% as of December 2009).

Lombardy follows with a 18.6% DTT audience share and Friuli Venezia Giulia with 16.6%. Among the regions that will switch to digital in the following years Umbria (switch-off scheduled for 2012) stands out as the most advanced region, with a 17.1% DTT audience share in December 2009.



## NEW IN ITALY

### ACCESS TO DTT DOUBLES WITH THE FIRST SWITCH-OFFS

The Makno end of the year survey shows that usage of DTT receivers is growing. DTT is prevalent in 6.1 million households / 13.5 million individuals aged 15 and over. In Italy, just one in three families (7.7 million or 31% of total) have access to analogue TV only. Makno also reports high public satisfaction with DTT with interviewees expressing an overall synthetic score of 6.6 out of 10, although the post switch-off settlement phase has caused some dissatisfaction in some areas. Judgment towards the new free multichannel TV introduced by DTT is more flattering, with a score of 6.9 out of 10. In fact, the nationwide survey includes the all digital areas, where DTT is fully operational, as well as the rest of country, where DTT offering is much more limited.

With respect to all digital areas, Makno reports that Lazio, after the completion of the digital switch-off (8-18 December), now has a digital TV penetration (at least one television set on a digital platform: DTT, Satellite or IPTV) of 97.5% throughout the region (the province of Viterbo, which has not yet made the transition, is included in the sample). The penetration of digital terrestrial TV alone is estimated at 92.7% (before the switch-off it was 81.2%), that of satellite TV has fallen below 40% (it was 47% before the switch-off), and the number of IPTV subscribers covers just 2.7% of households.

The total number of decoders/receivers in Lazio's households has already passed the 5 million threshold, with a "digitization" rate of more than 100% and a peak of 1.2 decoders per living room / sitting room TV set on average. The percentage of TV sets capable of receiving DTT signals only has grown from 63% to 81% of total TV sets. More than 800,000 new external or integrated DTT decoders have entered the homes of Lazio in a single month. Similar figures are found in the sales data (sell-out, GFK data), with over 1 million DTT decoders sold in Lazio in November. Information and communication regarding the switch-off were very effective: according to Makno, less than 1% of individuals over 15 years old were "surprised", 82% spontaneously cites broadcast information, 86% recalled the advertising campaign.

### ITALY – 2010 SCHEDULE FOR THE DIGITAL SWITCHOVER

The Italia Digitale National Committee, chaired by the Deputy Minister for Communications, Paolo Romani, approved the 2010 schedule for the transition to digital television at its meeting on 21 January. The proposed timetable was unanimously accepted by the representatives of the regions of Lombardy, Piedmont, Liguria, Emilia Romagna, Veneto and Friuli Venezia Giulia, the national and local broadcasters, the CNCU - National Council of Consumers and Users, producer associations, electronic equipment producer and distributor associations ANITEC-Confindustria and AIREs. Two major novelties are contained in the 2010 schedule: a big switch-over for Rai 2 and Rete4 on May 18 that will involve 19 provinces totaling 12 million inhabitants; direct switch-off for Veneto, Liguria, Friuli and part of Emilia Romagna, moving directly to the analog switch-off without shutting down early on Rai 2 and Rete 4. This decision is motivated by the high level of DTT penetration already recorded in these territories.

The 2010 switch-offs will involve 23 million Italians: when the regions that have already completed analogue switch-off are included, some 70% of the Italian population will be all digital by the end of the year.

#### Transition to digital for Rai 2 and Rete4

	<b>Lombardy</b>
	Milano – Pavia – Cremona – Lodi – Monza e Brianza – Bergamo – Brescia – Varese – Como – Lecco – Sondrio
18 May	<b>Eastern Piedmont</b>
	Novara – Vercelli – Asti – Alessandria – Biella – Verbania
	<b>Emilia Romagna</b>
	Piacenza – Parma

#### Complete analogue terrestrial switch-off

15 September – 20 October	<b>Lombardy</b> <b>Eastern Piedmont</b> Piacenza-Parma
21 October – 25 November	<b>Emilia Romagna</b> <b>Veneto</b> <b>Friuli Venezia Giulia</b>
26 November – 20 December	<b>Liguria</b>

## 2010 SWITCH-OFF SCHEDULE IN EUROPE

Starting with the final switch-off in Spain in less than three months, 2010 will see further consolidation in the now irreversible move to digital in all major European countries. According to e-Media Institute estimates, an aggregate of about 33 million households in the 4 countries studied (France, Italy, the United Kingdom and Spain) will move to all digital this year. While the UK will only switch-off in small-sized areas, about 10 million households will be affected by analogue terrestrial switch-off in each of the other three countries over the next 12 months.

With the exception of Germany, where terrestrial broadcasting has historically played a marginal role given the high prevalence of satellite and cable TV, **Spain** is the first of the major European countries to complete the transition to digital TV. On April 3rd, the third and final phase of the national transition plan, covering 33 populous "technical areas" (those with populations over 700,000 individuals) will be completed. Overall, about 30.2 million people, equivalent to just under 70% of the Spanish population will move to all digital at this stage.

In December, that is three months ahead of the final switch-off, DTT penetration among Spanish households was 77.4%, up by over 33 percentage points from 43.7% in December 2008. In 2009, the DTT platform's audience share has grown proportionally more than penetration, reaching 52.8% in December (compared to 23.8% a year earlier).

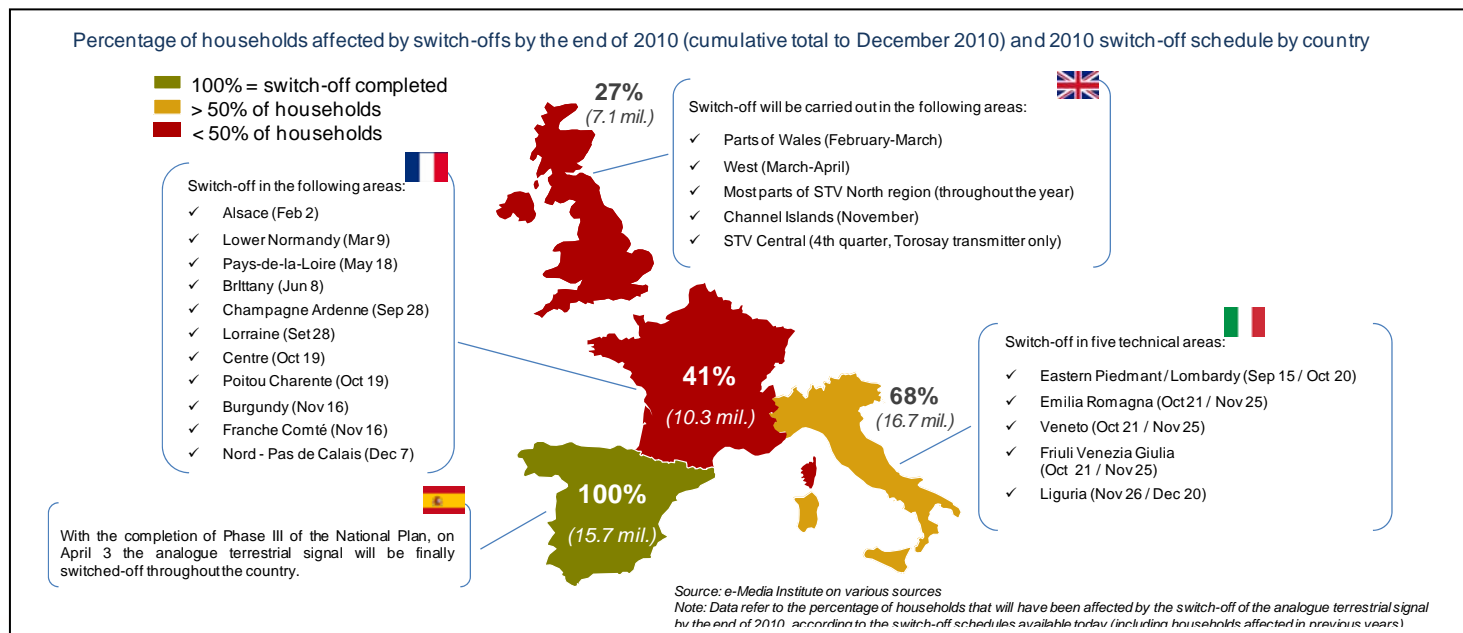
2010 will also be a crucial year for **France**, which until now has only completed a few "pilot" switch-off schemes in small areas. In 2010, some 10.2 million French households (representing 40% of the total) will move to all digital TV. The remaining households (14.7 million) will switchover during 2011, with final switch-off planned for November the same year. The first region completing the transition on 2nd February will be Alsace (involving about 1.8 million people) where, as of mid-2009, only 4.5% of households received exclusively analogue terrestrial TV. Lower Normandy will follow (1.5 million people involved) along

with the Pays de la Loire region (3.3 million) on 9th March and 18th May respectively. Among the larger regions also completing the switch-off by the end of 2010 are Brittany (8 June, 3.1 million people involved) and the region of Calais (December 7, 4.2 million).

After accelerating in 2009, which saw the digitization for almost 30% of households (Western Piedmont, Lazio, Campania, Trentino Alto Adige and Valle D'Aosta), **Italy** will further consolidate the transition process in 2010, involving about 10 million households (40% of total). By the end of the year, almost 70% of Italian households will only receive digital TV. 2010 will see switch-offs in areas of considerable size, such as Lombardy-Eastern Piedmont (nearly 5 million households), Veneto (2.2 million) and Emilia Romagna (1.8 million). Liguria and Friuli Venezia Giulia will close the 2010 switch-offs (about 1.1 million households involved in total).

In the **UK**, limited progress will be made regarding the transition in 2010, which will only be fully "live" from next year. Nevertheless, digital TV penetration on a national scale is already very high, reaching 90% in September 2009.

In 2010, only about 2.3 million households will completely switch to digital TV. The areas concerned are part of Wales (650,000 households served by the Wenvoe transmitter, switch-off on 31st March), the West region (913,000, switch-off in April) and the STV North region (600,000 households), where the switch-off will take place gradually between May and October. Including the areas that have switched-off the analogue terrestrial signal in 2009, by the end of 2010 around 7 million households will have moved to all digital TV, about 25% of total households. The transition will accelerate significantly in 2011, with 11 million households switching over to digital TV, and will end in 2012 (final switch-off set for December) with the remaining 9 million households making the transition. This will include nearly 5 million in the London area.



### DIGITA

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