

## ITALY HAS REGAINED MOMENTUM

Before the summer break we wrote that “something (quite a lot) is changing”. It is no longer an assumption or a hope but a certainty: Italy has regained momentum in its road towards DTT and is now moving at a pace which is likely to make up for any lost time.

The approval of the national calendar, setting the definitive schedule, the kick-off of the final stages of digital switch-off in Sardinia and the outcome of the tender for the allocation of 40% DTT transmission capacity, are undeniable signs that Italy is on the move again. Just like England and Spain, Italy now has a well defined plan, which over the next two years will see more than 35 million Italians, around 70% of the total population, switching to DTT. The calendar is crucial for informing consumers, involving institutions and planning communication and investments. Within the next six weeks Sardinia and its 1.6 million inhabitants will become the largest all-digital area in Europe. By the end of this year, broadcasters will also launch new channels thus increasing the overall DTT offer.

The years of stopping and starting and controversies, seem to have finally been overcome. This new approach sees the logic of reason and technological progress finally prevailing, bringing all the advantages that the Italian industry, the broadcasting system and the consumers are expecting.

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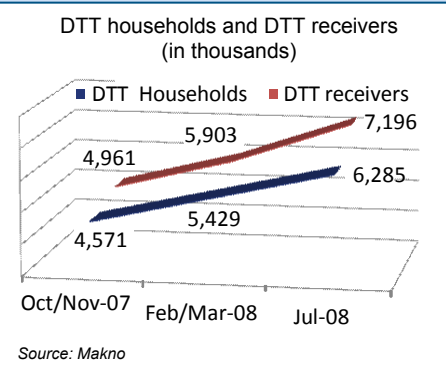
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### DTT PENETRATION

#### 6.3 MLN DTT HOUSEHOLDS

According to Makno, at the end of July the number of DTT households (those with at least one DTT receiver in the main family home) had risen to 6,285,000, with a growth of over 200,000 units compared to June.

Moreover, during the month of July the number of DTT receivers in Italian households exceeded the 7 million mark and currently stands at 7,196,323. This implies a growth of around 250,000 units with respect to June.

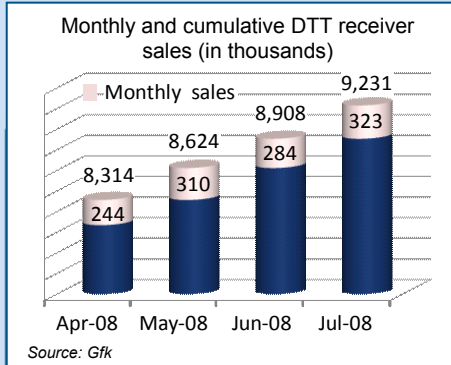


### SALES OF DTT RECEIVERS

#### OVER 9 MILLION SOLD

According to data provided by GfK, 610,000 DTT receivers were sold between June and July 2008. Of these, around three quarters (467,000) were integrated DTT receivers, whereas the remaining quarter (about 140,000) were stand-alone STBs.

In July, the cumulative sales of DTT receivers since February 2004 overtook the 9 million mark, reaching the figure of 9,231,000. Over 2 million units sold since the beginning of this year.

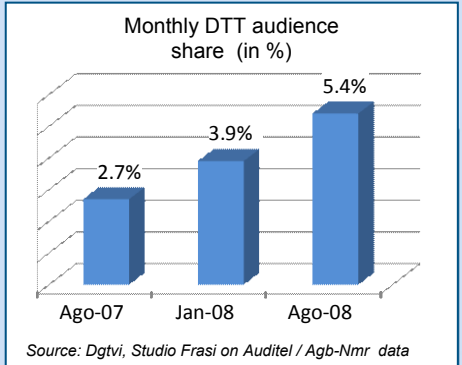


### DTT AUDIENCE FIGURES

#### DTT SHARE REACHES 5,4%

Between August 2007 and August 2008 the DTT platform audience share has doubled. During the traditional holiday period DTT reached a new audience share peak of 5.4% (according to Auditel data produced by AGB-Nmr and processed by Studio Frasi).

This implies an 8% growth with respect to July. The Peking Olympic Games broadcast in DTT by RaiSportPiù also contributed to this increase.



# DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

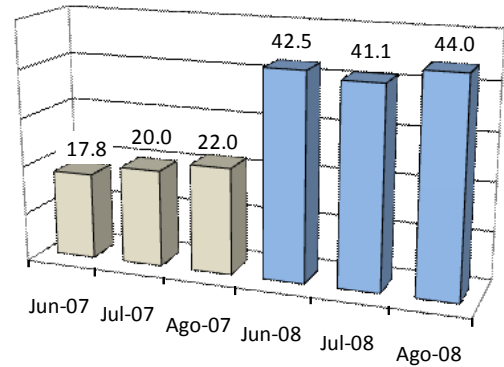
Another record for DTT audience share in Sardinia. In the island, which in October moves towards becoming the largest all digital region in Europe, DTT audience share reached 44% in August. This figure implies a 7% growth with respect to July and a 100% growth with respect to August 2007. DTT audience share in Valle d'Aosta remains stable at 20%.

The audience share figures for the Olympic Games, broadcast in DTT by RaiSportPiù, are also interesting. On a national level, according to Marketing Rai data, RaiSportPiù had a 7.6 million audience reach between the 8th and 24th of August, with a daily average reach of 2 million.

The opening ceremony saw a peak in the number of viewers, with 620,000 tuned-in to the DTT channel. The peak share of 6.03% was registered during night time broadcasting.

## DTT doubles its audience share in Sardinia between summer 2007 and summer 2008

(average monthly DTT audience share in %)



Source: DGTVi, Studio Frasi on Auditel, AGB-Nmr data

## NEW IN ITALY

### ANALOGUE SWITCH-OFF IN VIEW FOR SARDINIA

Between the 15th and 31st of October Sardinia will complete the DTT switch-over. To assist this procedure Sardinia has been divided into 4 macro technical areas, with definitive switch-off taking place in phases: the Ogliastra and Sarrabus area on the 15th and 16th October; the area of Cagliari, Sulcis Inglesiente and Medio Campidano between the 17th and 21st; the areas of Oristano and Nuoro from the 21st to 24th; northern Sardinia, Sassari and Gallura from the 27th to 31st. Sardinian local TV channels are in the frontline of this transition and, with substantial financial and organisational input, are setting up their own multiplexes which will provide other channels and services in addition to current TV programs.

The Ministry of Economic Development has paid careful attention to the communication and assistance provided to the local population for dealing adequately with the change-over. From the 15th of September a 50 € state grant has been made available to all Rai licence-holders for the purchase of DTT decoders.

A step-by-step communication campaign is guiding the population through the main phases of transition: STB connections, channel tuning, new TV offers etc. The campaign will communicate through the main local papers, all the local TV networks, the Website [www.sardegнадigitale.it](http://www.sardegнадigitale.it) and the Sardegna Digitale consortium interactive TV channel which has been updated specifically for this purpose. In addition, institutional information concerning the switch-off phases in each municipality is available on the Ministry's website: [www.decoder.comunicazioni.it](http://www.decoder.comunicazioni.it). A call-centre has also been set up to provide the population with all the necessary information.

### SWITCH-OFF: THE NATIONAL CALENDAR IS APPROVED

At the beginning of September the calendar for Italian transition to DTT in the 16 identified technical areas was signed by the Minister Scajola and presented to the Undersecretary Romani.

This took place thanks to the consensus given by all regional governments, the unanimous approval by the AGCOM Media Authority and the general consensus by all operators.

An ambitious schedule that will start immediately in the main urban centres making Rome all-digital by 2009 - as well as the rest of the Campania region and other areas where the process has already begun, such as Valle d'Aosta, Piedmont and Trentino. Milan and the entire Paduan Plain area will follow in 2010.

The programme will affect over 70% of Italians over the next two years - around 14 million in 2009 and a further 23 million in 2010 for a total of approx. 35 million - bringing Italy to the forefront of the European 2012 goal.

The legislation, including annexes which pinpoint the areas and define the timing schedules, is published in full and can be downloaded from DGTVi's website: [www.dgtvi.it](http://www.dgtvi.it).

## PILOT SWITCH-OFF SCHEMES IN THE MAIN EUROPEAN COUNTRIES

In view of the definitive transition to DTT, the main European countries have kicked-off a number of pilot switch-off schemes. These test areas are particularly significant, not only for testing the DTT switch-over from a technical point of view, but also to evaluate consumer reactions and to analyse the communication and political strategies needed to provide support in the transition.

The first pilot scheme in the United Kingdom took place in Whitehaven (Cumbria) at the end of 2007, involving around 25,000 households. The scheme was preceded by 18 months of information and support to the population, with the actual DTT transition taking place in two successive steps: the 17th of October saw the BBC2 switch-off, followed one month later by BBC1, ITV1 and Channel 4. Four months prior to switch-off 76% of households in the area had digital TV. Thanks to a fast-paced transition period, less than 1% of families had not yet converted at switch-off conclusion.

Digital UK attributes the Whitehaven success primarily to an accomplished information campaign, both through traditional advertising (posters, press and TV) as well as through the direct involvement of the local community (media, local governments and retailers). The Switchover Help Scheme, consisting of a government programme set up to provide particular support to the elderly and the disabled, was also tested in Whitehaven. According to the transition programme approved by the Government in September 2005, switch-off in the UK will take place region by region, starting with the Border area at the end of 2008, and will be completed by 2012.

The first pilot switch-off scheme in France has also recently kicked-off in the city of Coulummiers (with a population of approximately 15,000).

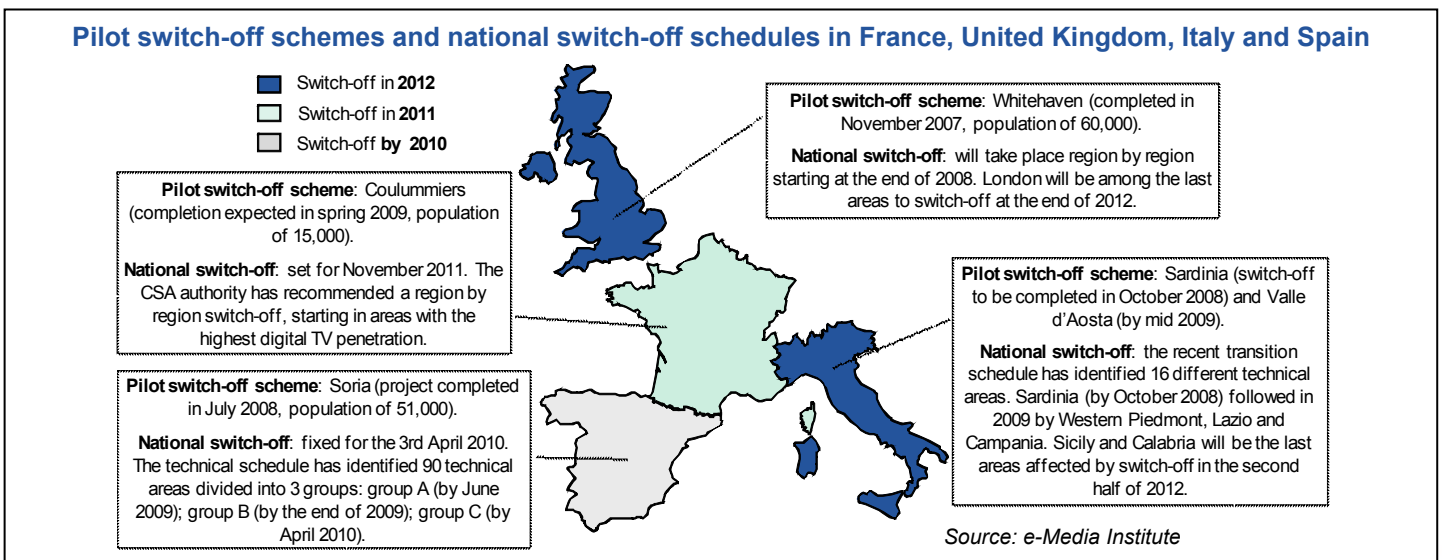
The test, which should be completed by 2009, is carried out by France Télé Numerique. The information campaign will be carried out through local media, a dedicated website and a call centre, as well as with the involvement of local associations to assist the segment of the population with special needs. A second pilot scheme should affect an urban area with a population of at least 150,000. On a national level, definitive switch-off is expected in November 2011.

Spain, on the other hand, has opted for a quicker transition, with digital switch-off planned for the 3rd of April 2010. On the 23rd July the first pilot switch-off scheme was completed in the province of Soria, with 50,000 inhabitants involved.

The Soria DTT project was supported by the Government with a 3.3 million euro investment. The resources were used to finance information campaigns as well as to provide incentives for buying digital TV receivers and to convert collective antennas. Two weeks prior to switch-off, 98.3% of the population was aware of the change, whereas almost every building had been adapted for digital reception.

The Soria project is the first of a series of pilot schemes that, by the end of the year, will affect approximately 1% of the Spanish population.

From 2009 the change-over will involve areas with higher population densities, according to the guidelines in the Plan Nacional de Transición which was approved by the government in September 2007. This plan defined around 90 different switch-off areas divided into three groups. By the end of 2009 switch-off will affect 32.4% of the population.



### DIGITA

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