

NEWS AND DATA ON DIGITAL TERRESTRIAL TV FROM ITALY AND EUROPE

FOLLOWING SWITCH-OFF IN SARDINIA: 2009 - THE YEAR AHEAD

Following the success of the largest European switch off (1,600,000 Italians in Sardinia can now tune in to around 70 free digital channels compared to the previous 26 analogical ones) other Regions are also setting-up initiatives in view of an all digital 2009, as established in the schedule approved by the Ministry for Economic Development.

A plan is being drawn up in which the 15th February 2009 is marked as the switch-over date for Raidue and Retequattro in Trentino, followed closely by switch-over in Piedmont between the 20th and 24th April. Switch-off will take place in Val d'Aosta between the 11th and 22nd May. June will see switch-over taking place in Lazio, followed closely by switch-off in Piedmont. After the summer, switch-off will be completed in Trentino and Alto Adige (where it is planned for October) and finally in Lazio and Campania during the last two months of the year.

These guidelines were drawn up following work carried out by the Task Forces and the Comitato Nazionale Italia Digitale (National Committee for Digital Italy). A busy schedule which includes allocating frequencies, providing support to the more vulnerable, as well as setting up communication campaigns and promotional events. This calendar of events will be discussed at the IV National Conference on DTT to be held in Rome on the 20th and 21st of January 2009. An opportunity for an in-depth analysis of the year to come.

CONTENTS

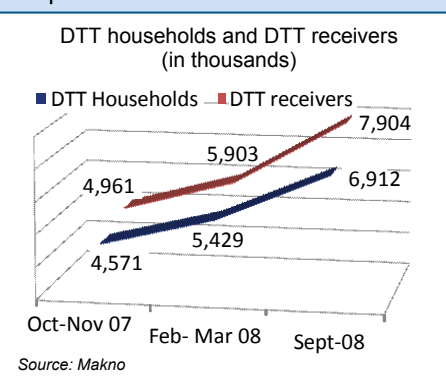
- THE LATEST DATA ON DTT IN ITALY 1
- DTT AUDIENCE SHARE 2
- SARDINIAN SWITCH-OFF INCREASES LOCAL TV OFFERING..... 2
- INITIAL RESULTS OF SARDINIAN SWITCH-OFF..... 2
- DTT: AUDIENCE SURGE WITH INCREASED PENETRATION..... 2

DTT PENETRATION

6.9 MLN DTT HOUSEHOLDS

According to the latest estimates by Makno, at the end of September the number of DTT households (those with at least one DTT receiver in the main family home) had risen to 6,912,000, with a growth of around 350,000 units compared to August.

Moreover, during the month of September the number of DTT receivers in Italian households grew to 7,904,285. This implies a growth of around 393,000 units with respect to the previous month.

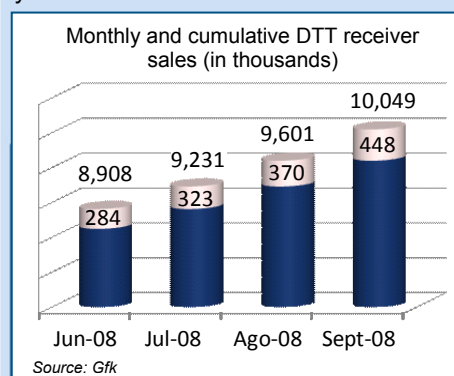


SALES OF DTT RECEIVERS

IN EXCESS OF 10 MILION

According the latest data provided by GfK, around 448,000 DTT receivers were sold in September 2008. Of these, over two thirds (305,000) were integrated DTT receivers, whereas the remaining 142,000 were stand-alone Set-Top-Boxes.

In September 2008, cumulative sales of DTT receivers since February 2004 exceeded the 10 million milestone. About 2.8 million DTT receivers have been sold since the beginning of this year.

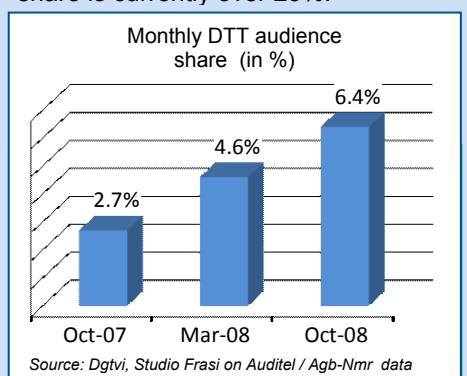


DTT AUDIENCE FIGURES

DTT SHARE REACHES 6.4%

In October 6.4% of TV in Italy was watched on DTT. This marks a 73% increase with respect to September and double the share registered in October 2007. Moreover, Studio Frasi processing of Auditel data (produced by AGB-Nmr) registers a 64% increase in audience share compared to the beginning of the year.

DTT is growing at a fast pace and the next region to switch to all digital is Valle d'Aosta where DTT audience share is currently over 25%.



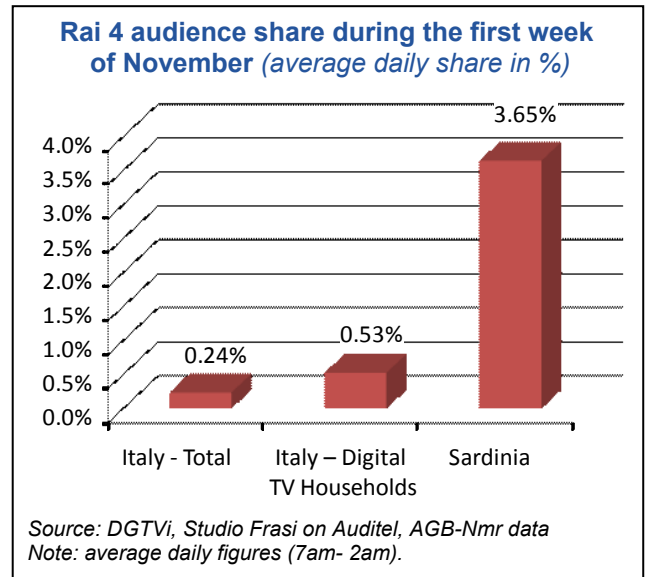
DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

From the very first week, all digital Sardinia has been considered an important testing ground for broadcasters' strategies, who will undoubtedly be studying the effects of digital switch-off and the consequent increase in offer of TV channels and programmes.

Initial data brings one aspect in particular to the attention of analysts: Rai 4 audience share. This newest of the digital channels registered an audience share of 3.3% during peak-time and an average daily share of 3.7%. These figures are 15 times higher than those reached by the same channel on the same days in the rest of Italy.

This is clear evidence that the channels benefiting the most from greater attention and audience share, following digital switch-off, are the so called mini-generalist ones offering films, fiction and reality shows.



NEW IN ITALY

SARDINIAN SWITCH-OFF INCREASES LOCAL OFFER

Switch-off to DTT was completed in Sardinia on the 31st October. Over 1,600,000 people switched definitively to DTT, moving from an analogue offering of 26 channels (10 national and 16 local) to a free digital offering of 95 channels (of which 28 are national and 67 are local, including both programmes and services). In several cases local broadcasters have already added to their multiplexes self-produced and commissioned programmes both for TV and radio. This has considerably increased the offer available to Sardinian viewers, thus proving the broadcasters' ability to make the most of digital migration.

Following is a list of currently available multiplexes, with the relative number of TV and radio channels/services: Alguer Liberada (1), Antenna1 Sardegna (4), Canale 40 (1), Catalan Tv (1), Cinquestelle Sardegna (5), Gallura Channel Sat (1), Olbia Tv (1), Sardegna 1 (5), Sardegna DTT (4), TCS (5), Tele Maristella (1), Telegi (1), Telegolfo Sardegna (10), Telesardigna (4), Teletirreno Sardegna (10), Videolina mux 1 (7) and Videolina mux 2 (6).

INITIAL CONCLUSIONS FOLLOWING SARDINIAN SWITCH-OFF

Now that switch off has been completed in Sardinia, the Ministry of Economic Development, the Ugo Bordoni Foundation and DGTVi have (with support from Isimm) organised a seminary which aims to bring together the Task Force members involved in the 2009 all digital areas. A closed-door seminar in which all the stages of Sardinian switch-off were discussed including five specific reports on Networks, Customer Care, Communication, Data Monitoring and Interactive Services.

The date was set in order to look at the critical areas of the Sardinian switch-off process by also analysing data produced by Makno especially for this event and commissioned by the Consorzio Sardegna Digitale during the first week of November. The research estimates that overall Digital TV penetration in Sardinia stands at 96.5% of households, with DTT penetration at 91.7% of households. Considering overall number of TV sets in households, 900,000 (73.3% of total) can receive DTT.

Also according to Makno, 51% of Sardinian households had no reception or tuning problems. Only 4.4% of households required technical assistance with only 1.5% of families needing to change their existing antenna. Finally, with regards to communication, less than 2% of the Sardinian population declared to have been taken by surprise by the switch-off, with more than 70% considering the information provided by the institutional communication campaigns to be 'adequate' or 'reasonably adequate'.

➔ **DIGITAL TV SHOW** – DigitalTV Show, the first trade fair on Digital TV and HD technologies, will take place in Turin from the 28th to the 31st May 2009. The event, which has been sponsored by DGTVi, is likely become an important Italian event dedicated to the creation and distribution of Digital TV and HD programmes, as well as a specific opportunity for operators in this sector to meet with the general public.

➔ **WORK ON THE DIGITAL TV PANEL CONTINUES** –The Digital TV Panel met on the 10th of November: a round table originally set up in July 2008 by ANIE ICT&CE Associations (digital receiver manufacturers), DGTVi and AIRES (retailers specialized in consumer electronics) and with the participation of CNCU (consumers and users) and Federdistribuzione (large scale distribution operators). The purpose of this Panel is to compare the points of view of the different aspects involved in the digitalization process and to define concrete initiatives that will ensure a smooth switch-over for all those involved, in compliance with the guidelines set out by the Comitato Nazionale Italia Digitale.

DTT: AUDIENCE SURGE WITH INCREASED PENETRATION

A comparative analysis of DTT audience share and of the relationship between audience share growth and the progressive increase of DTT receivers in households provides an important set of indicators for understanding the development stages of offerings available in different countries.

e-Media Institute has put together a comparative analysis of DTT audience share in 3 market-countries (Italy, UK and Spain) comparing specific years which are indicative of the various stages of development of this platform. Unfortunately, to date, there is no comparable data available for France.

The analysis highlights two key points:

- ✓ audience share grows more than proportionally to the increase of DTT penetration. This is due to the increase in offering on the one hand and greater familiarity with the service on the other.
- ✓ the DTT services available in Italy, despite having a slower kick-off, is moving in a similar trend to the other countries considered in this analysis.

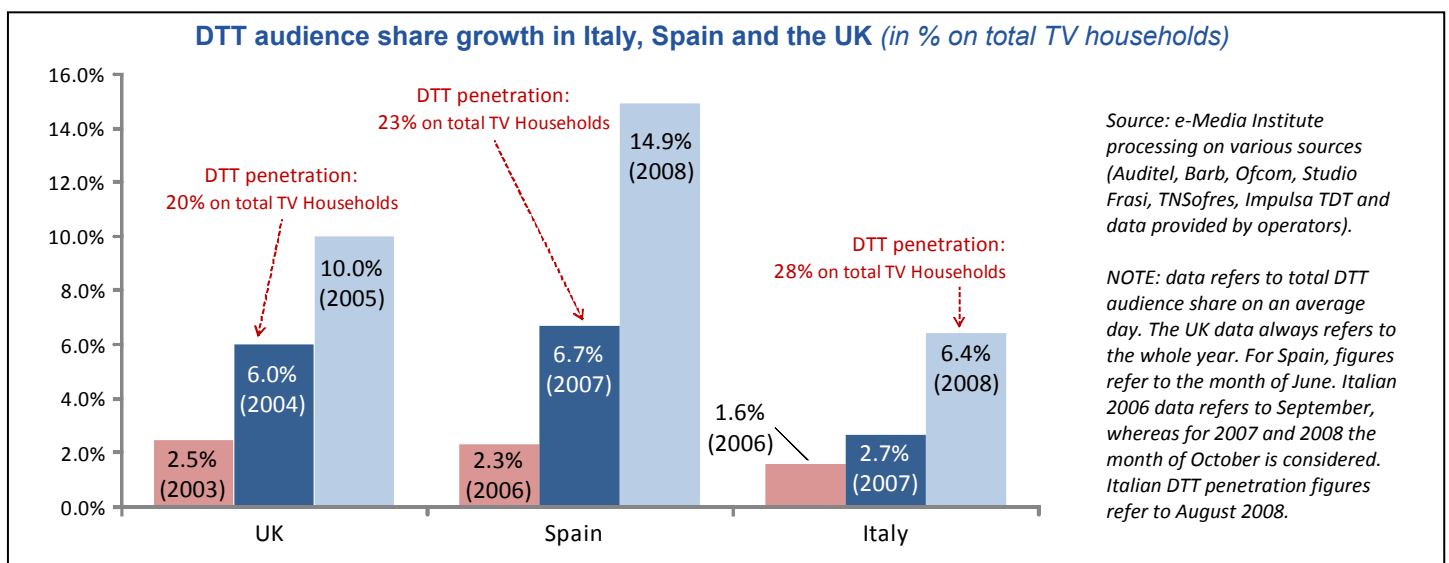
During the month of October 2008, according to data published by Digita and processed for Dgtvi by Studio Frasi (based on information collected by AGB-NMR) and considering all TV households, an overall DTT audience share of 6.4% was registered. During the same month in 2007, the audience share generated by the Italian DTT platform was 2.7%. And the year before that, in September 2006, the value was 1.6%.

Comparing this information to data provided for Spain, we can see that the Iberian Peninsula has a similar trend but with an increased DTT penetration. Taking into account the relative proportions, it can be said that the audience share values are similar.

In fact, historical data available for Spanish DTT shows that in mid 2006, when DTT households were around 9% of the total, the DTT platform audience share was 2.3% on total TV households. One year later, in mid 2007, the DTT penetration rose to 23% and the audience share to 6.7% (our processing based on TNSofres data published by Impulsa TDT). Finally, in June 2008, the overall audience share of this platform approached the 15% figure with penetration standing at around 35%.

If we analyse the data concerning the initial phase of DTT development in the UK (the years 2003/2005, which could be realistically compared to the years 2005/2008 in Italy) we can see a similar trend. In 2003 the DTT platform generated an audience share of 2.5%. In 2004, when DTT had reached a 20% penetration (15% considering DTT-only households), audience share had risen to 6%. And finally, in 2005, audience share stood at 10% when 22% of households had access to DTT on their main TV set.

Italy therefore, where DTT has grown at a slower pace, is now at the level that Spain was in 2007 and the UK in 2004. Given the expected increase in overall penetration, it is likely that the Italian DTT audience share will increase proportionally, in line with the Spanish and UK trends.



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