

## READY FOR TRANSITION

After months of work and preparation the time has come: over the next few weeks transition to digital will effectively start taking place in large areas of Italy. Following the switch over in Trento last month, information campaigns will be starting in April in Turin and May in Rome for transition in Piedmont and in Lazio.

There are of course several important issues still to be solved such as the allocation of rights of use for Valle d'Aosta, Trentino, Alto Adige and Piedmont (areas in which scheduling has already been concluded) and the start-up of the transition process in Lazio and Campania. And it is also still not sure what financial resources will be made available for communication and assistance to the weaker sector of the population.

We are convinced that both the Ministry for Economic Development and AGCOM will, in the near future, provide the answers that not only operators (particularly in in this difficult economic moment that affects the weaker sector such as local broadcasters) but also regional institutions and, above all, the end consumers are waiting for in order to promote a transition that will confirm and reinforce the positive trend so far shared by everyone.

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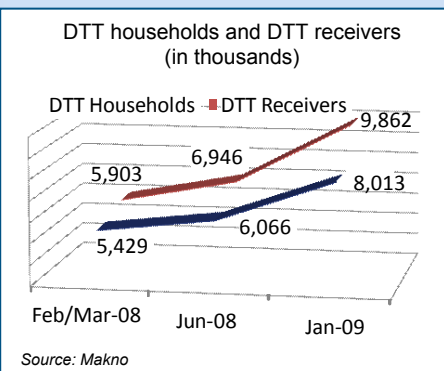
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### DTT PENETRATION

#### 8 MLN DTT HOUSEHOLDS

According to the latest estimates by Makno, the number of DTT households in January 2009 (those with at least one DTT receiver in the main family home) had overtaken the 8 million mark (8,013,000). An increase of about 250 thousand households since December 2008.

Moreover, in January 2009, the overall number of DTT receivers in households reached close to the 10 million mark, standing at 9,862,000 (with a net growth of 360 thousand units compared to December).

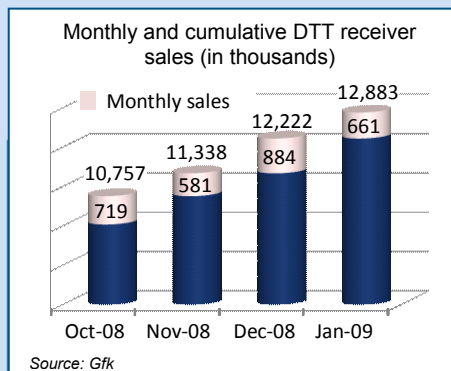


### SALES OF DTT RECEIVERS

#### CLOSE TO 13 MILION

January confirmed the trend in increased DTT receiver sales: according to the latest data provided by GfK 660,000 pieces were sold of which approximately 74% (489,000) were integrated DTT receivers and the remaining 170,000 (26% of total) were stand-alone STBs.

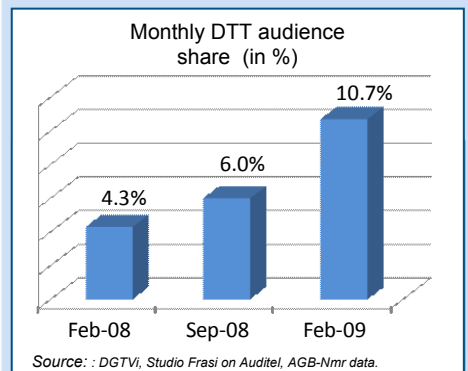
The cumulative sale of DTT receivers since February 2004 has drawn close to 13 million standing at 12,883,000. Of these 58% are stand-alone STBs and 42% (around 5.4 million) are integrated receivers.



### DTT AUDIENCE FIGURES

#### DTT SHARE OVER 10%

DTT continues to grow both in audience share and penetration. Two targets were met in February 2009. The first concerns penetration: Auditel estimates that DTT has a universe of 17.4 million individuals, a figure that implies an important achievement: over 30% of the population currently has access to DTT. As far as audience share is concerned DTT has, for the first time, overtaken the 10% mark of overall time spent watching TV, a figure that has grown 25.9% with respect to the previous month and 78% over the last six months.



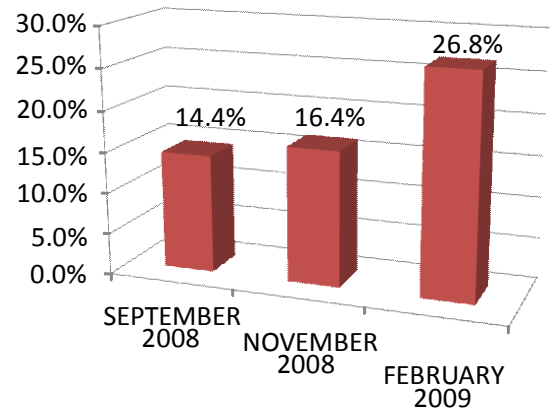
# DIGITAL TERRESTRIAL TV VIEWING

(by Studio Frasi)

Between the 15<sup>th</sup> and 16<sup>th</sup> of February switch-over to digital took place for Rai Due and Rete 4 in 104 municipalities in the Trento Province. From the 16<sup>th</sup> February to 14<sup>th</sup> March, channels that transmit exclusively in digital already stood at 3% of audience share in the whole Trentino Alto-Adige region. This means an increase of 71% compared to the first two weeks of February.

The use of the DTT platform for watching regular TV programmes is also increasing. Between the 16<sup>th</sup> February and 14<sup>th</sup> March DTT audience share was already 26.8% while analogue terrestrial share of viewing had decreased to 63%. These figures show how inhabitants of the region are well prepared for digital transition. In fact 51.2% of the regional population owns a DTT receiver (Auditel source).

Switch-over in Trentino – initial results  
(DTT audience share in %)



Source: Studio Frasi processing of Auditel and Agb-Nmr data

## NEW IN ITALY

### THE DTT PLATFORM OFFER INCREASES

The first months of 2009 saw the launch of a number of new Free and PayTV offers on the DTT platform. Rai Storia started broadcasting on the 2<sup>nd</sup> May, edited by Giovanni Minoli, director of Rai Educational. Dedicated to history and national heritage, it combines the expertise, the research and archive material from the programme *La Storia Siamo Noi* (1800 hours) with access to the huge patrimony of the Rai Teche media libraries. It transmits on Rai's Mux B, where it is replacing Rai Edu 1 (except in Sardinia) and it is also visible via satellite and in streaming on the *rai.tv* website. The 24/7 programming schedule includes 7 hours a day of new products. It is different to the History Channel available on satellite in as much as it focuses on Italy and on recent history (up to the end of the last century). Rai Storia is the sixth free Rai digital channel, after Rai News 24, Rai Gulp, Rai Sport Più, Rai 4, Rai Edu 1 to which Rai 1,2,3 in simulcast and Rai Test HD (in Sardinia) must also be added. Rai 5 will kick off in autumn 2009.

On the 23<sup>rd</sup> February Canale 5, Italia 1 and Retequattro started broadcasting their time-shifted versions, that is with the programming schedule deferred by one hour. Mediaset is developing new launches which will kick-off before the end of the year and which go to supplement the already existing 3 simulcast national channels as well as Boing, Iris e Mediashopping.

And finally the 7<sup>th</sup> March sees the launch of Dahlia TV, the payTV offer by Airplus TV, a Swedish broadcaster who at the end of 2008 acquired the "La7 Cartapiù" Pay Per View business from Telecom Italia Media. Dalia aims to integrate the previous offer – with football matches of 9 *Serie A* clubs as well as *Serie B* match highlights– on the four Dahlia Calcio channels with bouquet of programmes aimed at male viewers: Dahlia Sport, with football, boxing, rugby, sailing (Volvo Ocean Race) and Nascar car races; Dahlia Extreme with extreme sports, slamball, martial arts and wrestling; Dahlia Eros with 1970s sexy comedies, erotic movie Italian premieres and hard core films.

### THE DGTVi CERTIFICATES DOUBLE WITH HD AND ZAPPER

A little over a year since the launch of the DGTVi certificate initiative, it is time to draw the first conclusions. Receivers with the DGTVi *Bollino Blu* certificate (for interactive digital TV and payTV) currently include 36 different models manufactured by 16 different companies. 90% of decoder manufacturers have adhered to the DGTVi certificate initiative and 70% of decoders sold in 2008 comply with DGTVi standards.

The *Bollino Bianco* certificate, which is applicable to television sets with integrated DTT receivers suitable for payTV services, has been applied to over 400 available models manufactured by 12 different brands. Between June and December 2008 the number of television sets sold, compliant to *Bollino Bianco* standards, rose from 20% to 80%, making Italy the only country selling TV sets equipped to receive payTV without external receivers. By mid 2009 the Italian market is likely to see the first integrated TV sets with a *Bollino Blu* certificate, that is TV sets that are also suitable for interactive services.

The list of receivers and integrated TV sets with the DGTVi *Bollino* certificates increases continuously. The complete and updated list is published in real time on the DGTVi website. The DGTVi certificates, in order to further protect and safeguard consumers and the technological standards of DTT in Italy, over the next few months will expand to include HD DTT receivers, both STBs and integrated television sets, as well as Zapper decoders. The DGTVi technical group has started procedures for establishing and subsequently informing the industry, of the technical specifications required for HD profile and Zapper certifications, which will ensure the minimum technical performance even in products at cheaper price.

## FREE-TO-AIR SATELLITE TV OFFERS IN EUROPE

In all European countries Free-to-Air satellite TV offers are becoming increasingly important in this advanced phase of transition to digital TV.

For DTT broadcasters in particular, the launch of *freesat* offers is becoming a vital element in the digital transition strategy in order to guarantee coverage in those areas considered technically difficult to reach (e.g. mountain areas or border areas) or too expensive to reach with terrestrial networks. Considering the main European countries, free-to-air satellite TV offers/bouquets are currently already available in the UK and in France, with Italy and Spain ready to launch their offers over the next few months.

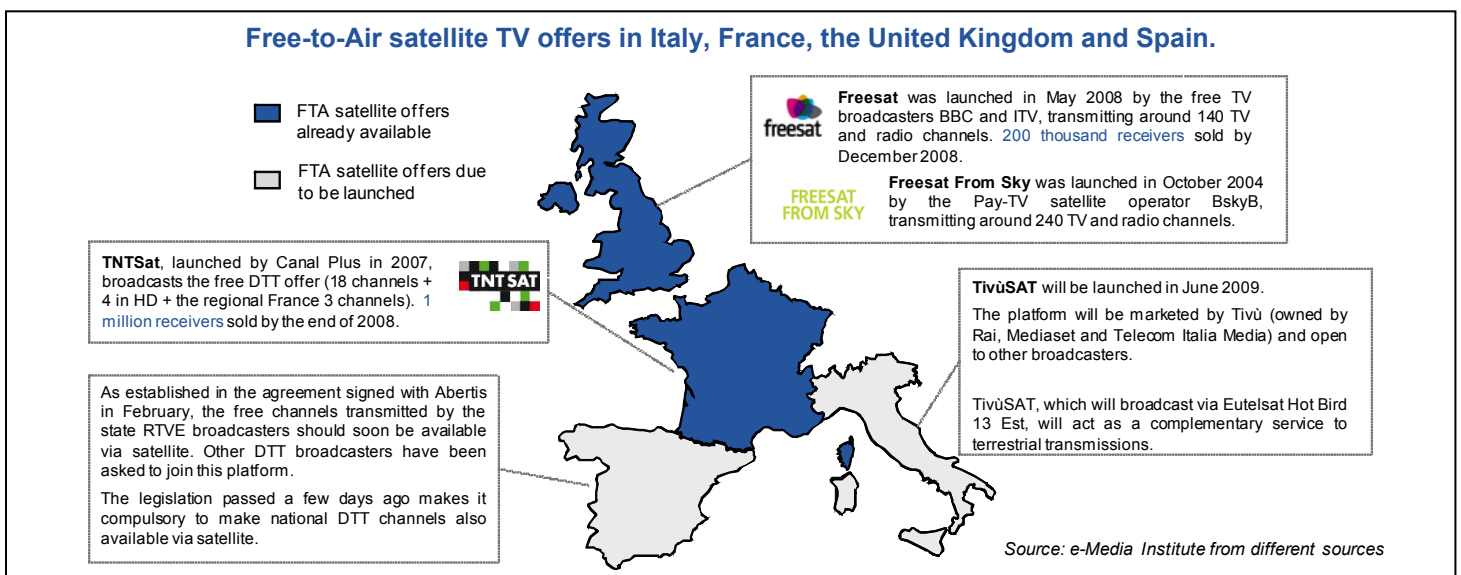
The **United Kingdom** is the most interesting case in as much as it sees the presence in the free-to-air satellite TV sector of both BSkyB, the main Pay-TV operator, on the one hand, and the largest free-to-air (and hence DTT) broadcasters on the other. BSkyB had been the first to launch a *freesat* offer in 2004 with *Freesat From Sky*. The service, which currently comprises 240 digital channels, aims to attract users who are more reluctant to subscribe to Pay-TV, with the intention of enticing them to upgrade to pay offers at a later date.

In May 2008, the two main British FTA operators, BBC and ITV, have reacted by teaming up to launch *Freesat* a satellite service which complements the DTT Freeview offer. *Freesat*, which has registered a significant success with 200,000 receivers sold up to December 2008, does not only broadcast through DTT channels, but also allows free of charge access to around 140 different TV and Radio channels (some of which in HD).

In **France** TNTSat, operated by Canal Plus, has been available since June 2007. This platform was launched as an answer to legislations operative since May 2007 which planned for the introduction of a free satellite service with coverage at least equals to that of analogue FTA services. Through the ASTRA satellite carrier, TNTSAT effectively duplicates the free DTT offer (18 channels), which also goes by the same brand name (TNT, Télévision Numérique pour Tous). A few weeks ago the HD offer was launched (4 channels: TF1 HD, France 2 HD, M6 HD and Arte HD), receivable through an appropriate decoder. TNTSAT has so far registered an excellent success, with over 1 million receivers sold by the end of 2008.

In **Italy**, the launch of a free satellite offer is expected by next June, with the aim of ensuring a universal access to free digital terrestrial channels. The new TivùSAT service will be made available by Tivù, owned by Rai, Mediaset and Telecom Italia Media, which is committed to a coordinated promotion and development of the free DTT offer, both via digital terrestrial and via satellite. Access to TivùSAT, which will transmit from the Eutelsat Hot Bird 13° Est satellite with Nagravision coding, will also be open to other broadcasters, including local TV channels.

And finally in **Spain**, just a few days ago the government approved a legislation that, among other duties, obliges all national broadcasters transmitting on DTT to make their channels available through at least one satellite operator. The state broadcaster RTVE had already signed an agreement in December 2008 with the *network operator* Abertis to transmit its channels via the Hispasat satellite network.



### DIGITA

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