

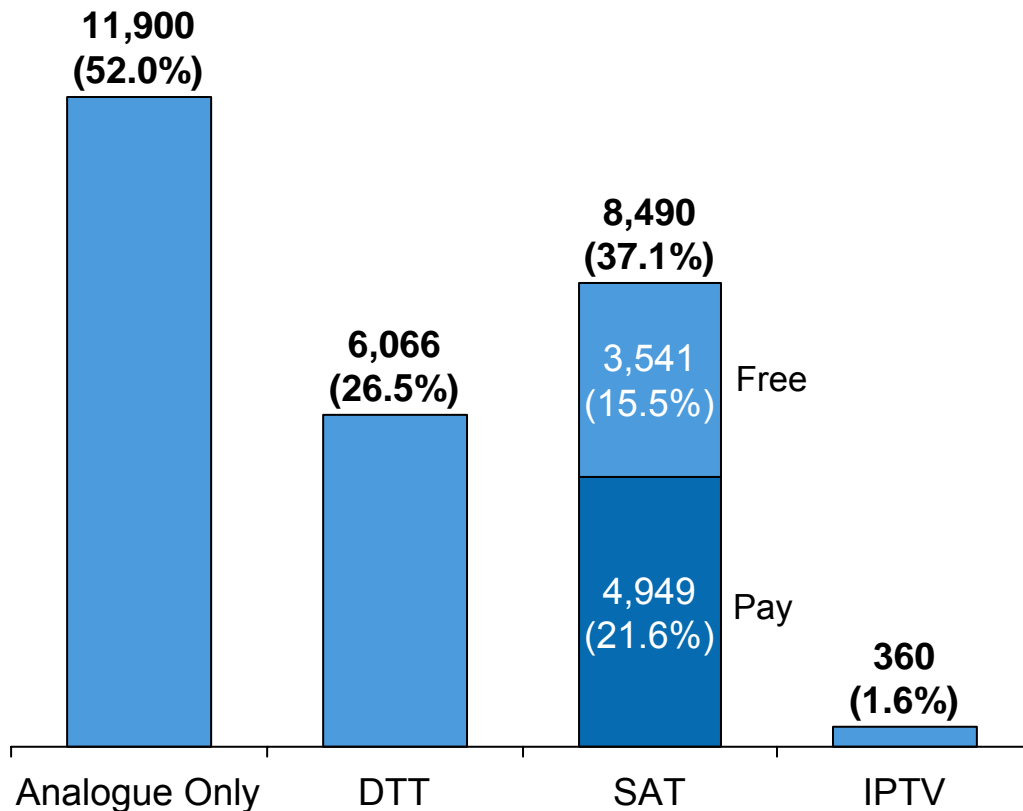


Analogue switch-off in Italy

Alberto Sigismondi, DGTVi

Terrestrial TV is the main TV distribution platform in Italy

TV Platforms Penetration in Italy - June 2008



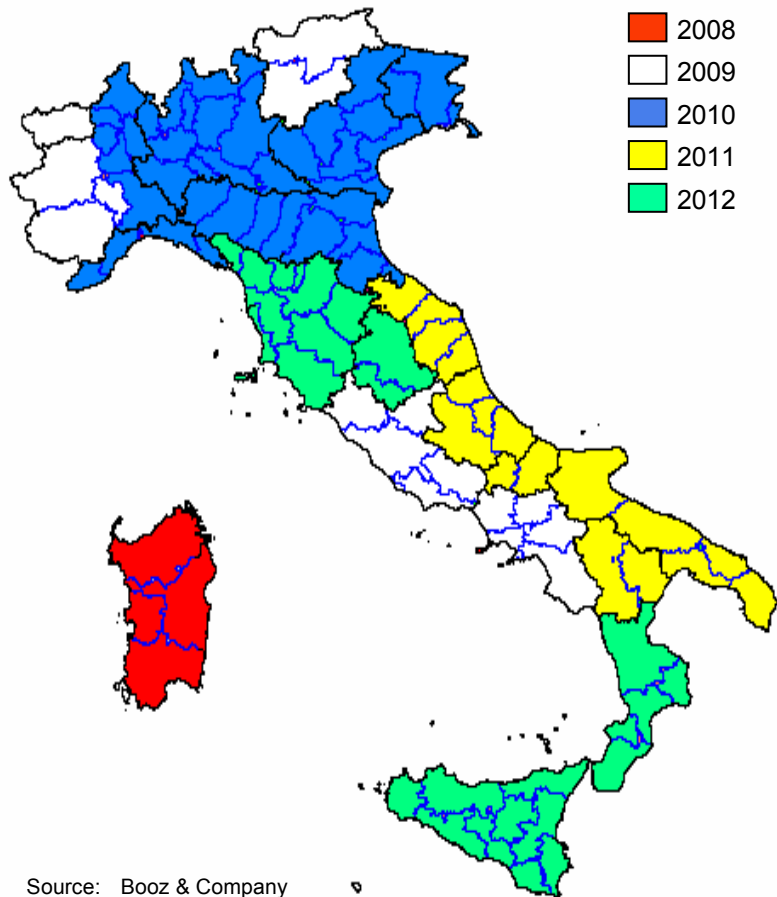
TV Platforms Penetration in Italy - Trends

- **Digital TV penetration is growing in Italy:** more than 14 Million digital households (more than half of total HH)
- **The gap between DTT and SAT is narrowing:** today \approx 6 Mn households have access to Digital Terrestrial TV
- **IPTV expected to remain a niche platform** with limited penetration rates compared to DTT/ SAT

Source: Booz & Company, Makno Research June 2008

On September 10th the government has published the timetable for Italian ASO - 16 technical areas to be switched-off in 4 years and 3 months

Map of Technical Areas



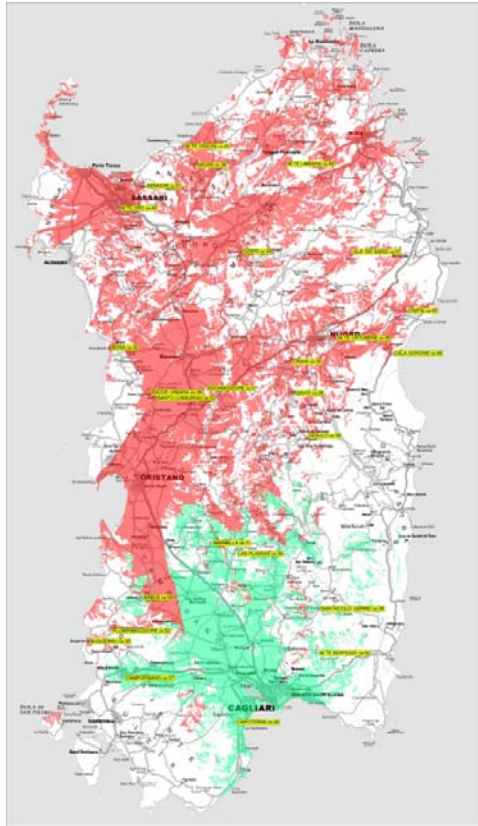
Technical Areas and Households Involved

Switch-off Date	Technical Areas	Households in DSO	% of comulated digital HH referred to total Italian HH
2008	▪ Sardinia	0.66 Mn	3%
2009	▪ Aosta Valley, western Piedmont, Trentino e Alto Adige, Lazio, Campania	6.65 Mn	30%
2010	▪ Eastern Piedmont, Lombardia, Emilia Romagna, Veneto, Friuli Venezia Giulia, Liguria	9.98 Mn	68%
2011	▪ Marche, Abruzzo, Molise, Basilicata, Puglia	3.61 Mn	81%
2012	▪ Tuscany, Umbria, Sicily, Calabria	4.94 Mn	100%

Source: Booz & Company

Sardinia has been set as the pilot area for Italian switch-off -- a region with 1.6 Mn population to be all digital by November '08

Sardinia

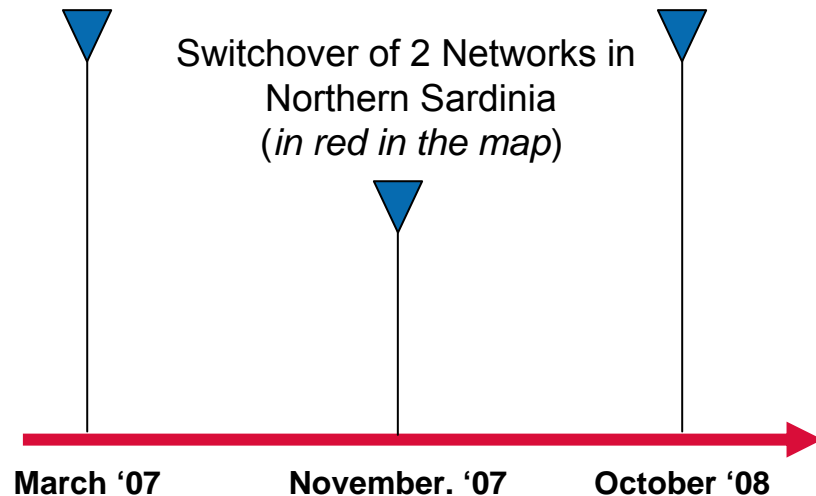


Sardinia's Switch-off Timetable

Switchover of 2 Networks in South Sardinia
(in green in the map)

Analogue Switch-off of all Networks in Sardinia (*whole island*)

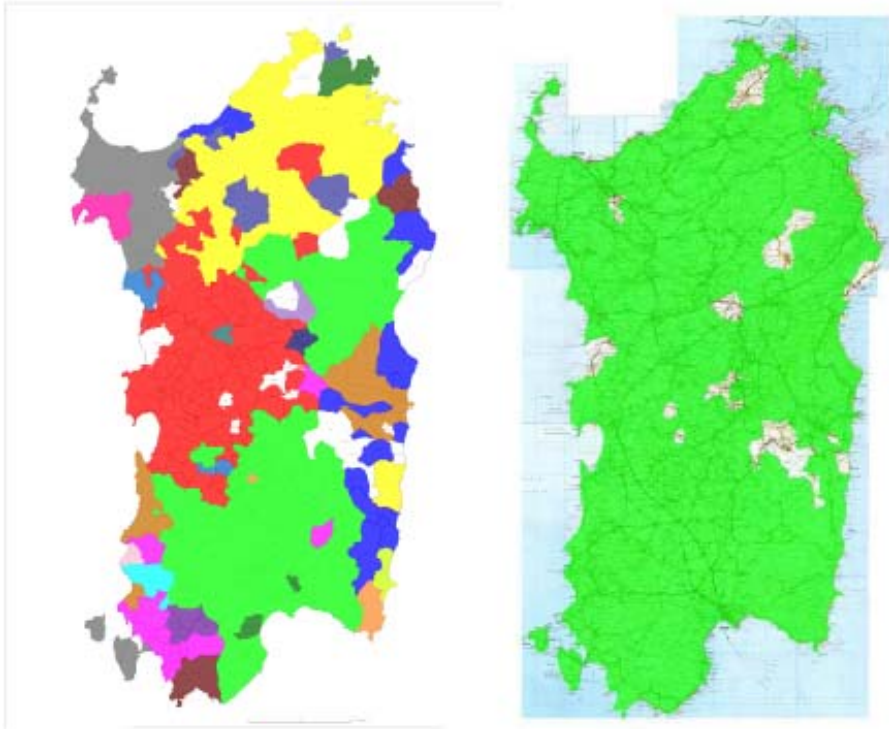
Switchover of 2 Networks in Northern Sardinia
(in red in the map)



On October 31st Sardinia analogue switch-off has been completed - the wider all digital area in Europe with a Single Frequency Network

MFN pre switch-off

SFN post switch-off

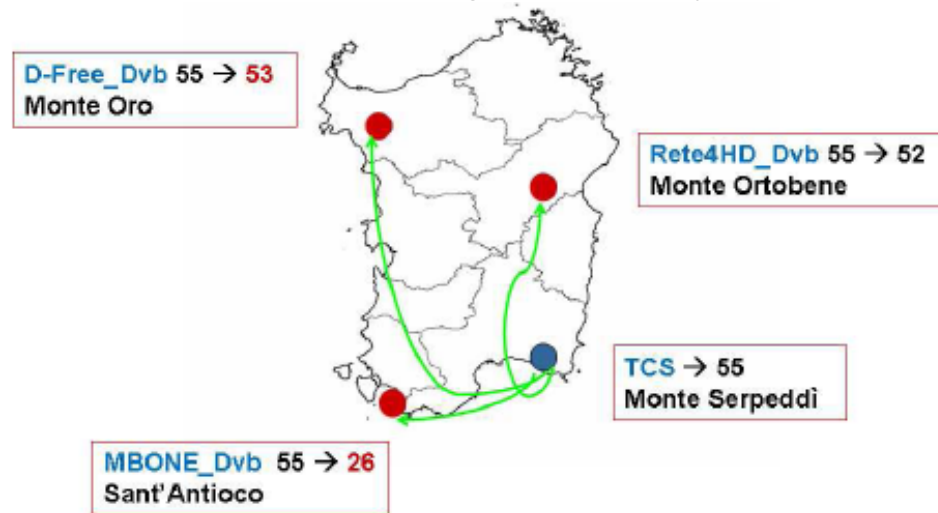


Switch-off benefits

- 14 frequencies “switched-off” in the island
- 22 national MUXes - 20 local MUXes (some with partial coverage) - 4 radio MUXes
- DTT offering of 59 digital channels
 - 29 national
 - 30 local

The SFN transition generates a frequency “domino effect”, every equal multi frequency switch-off needs to be synchronized

Frequency “domino effect” Example of Analogue Frequency 55



Site	Analogue Broadcaster	Analogue Frequency	Digital Broadcaster	Digital Frequency	Switch-off date
Monte Ortobene	Retequattro HD_Dvb	55	Mux-Rete4	52	October 21
S. Antioco	MBONE_Dvb	55	MuxMBONE	26	October 18
Monte Oro	D-FREE_Dvb	55	MuxD-Free	53	October 27
Monte Serpeddi	TCS	55	MuxATCS	55	October 17

To face the frequency “domino effect” the Sardinia’s ASO was developed by a Master Plan based on 4 technical areas

Sardinia: 4 technical areas

1

Ogliastra - Sarrabus
15 - 16 Oct.



2

Cagliari, Sulcis
Inglesiente, M. Campidano
17 - 21 Oct.



3

Oristano - Nuoro
21 - 24 Oct.



4

Sassari - Gallura
27 - 31 Oct.

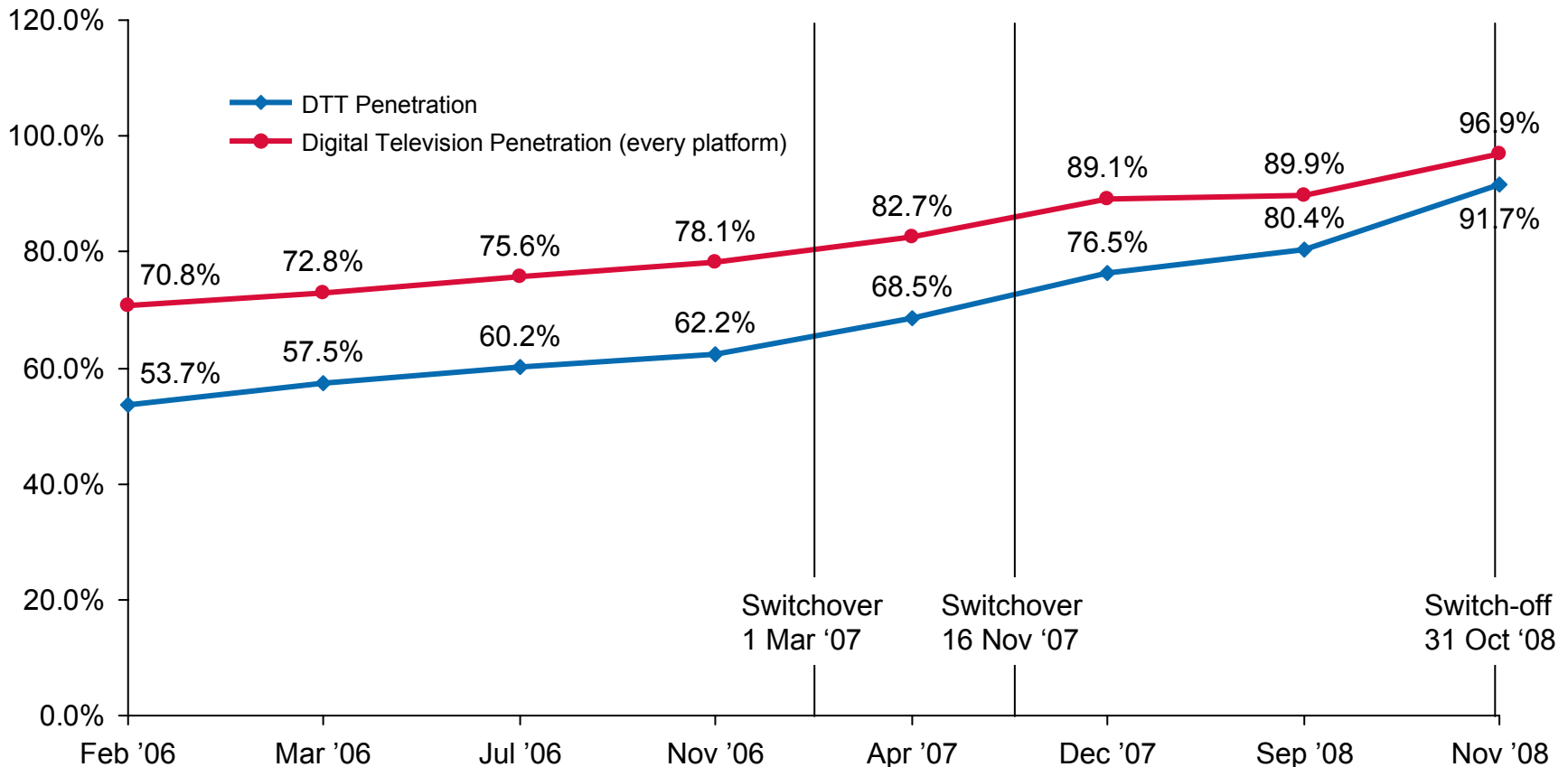


ASO Master Plan

- 15 days of frequency transitions (15 - 31 october) on 820 implants
- Each selected broadcaster switched-off his analogue implants at 9:00 am on their scheduled day
- Coordination of implant ASO by SMS to the Task Force, replied by mail
- ASO transition database updated in real time by Fondazione Bordonni
- Communication Ministry monitored all the process, no issues were highlighted

Today - with Sardinia ASO completed - DTT penetration reaches almost 92% of total households in Sardinia

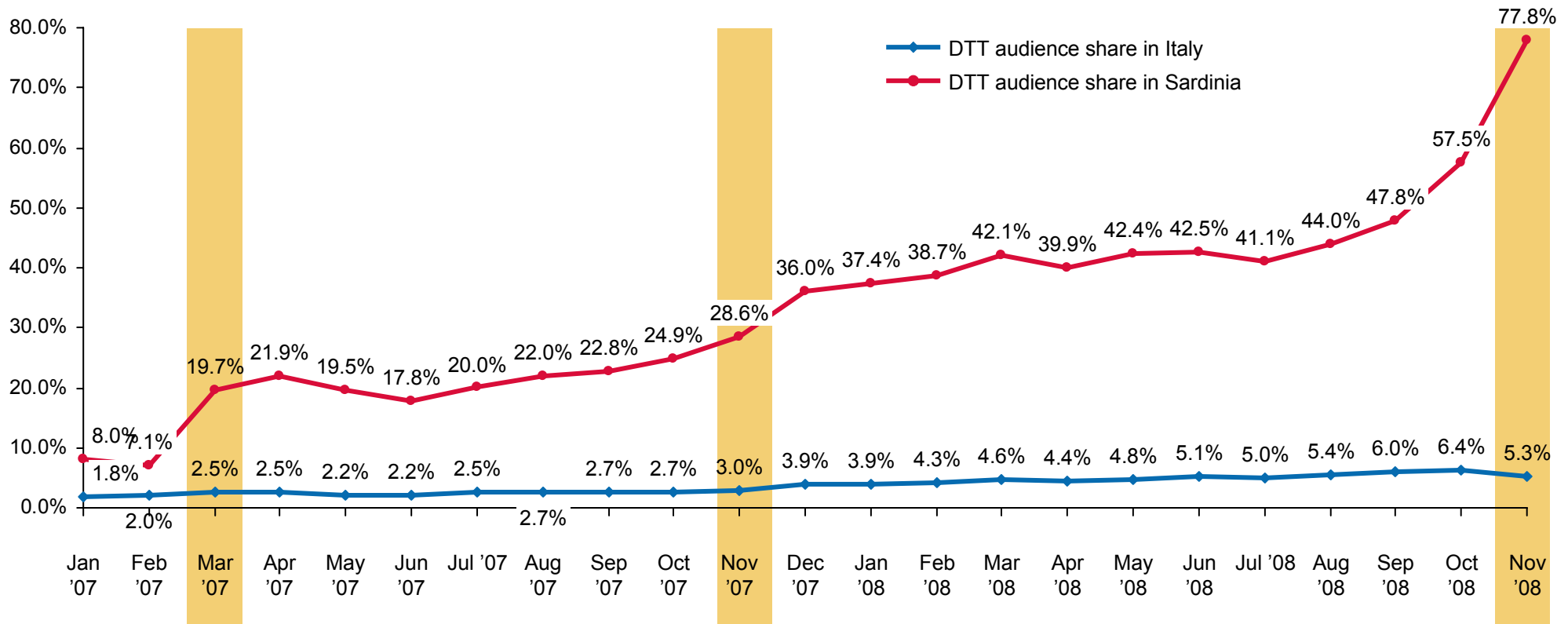
DTT vs. Digital Television Penetration in Sardinia % of HH



Source: Makno, analysis Booz & Company

The audience share of the DTT in Sardinia grew rapidly with the ASO date approaching - in the last two months +30%

DTT Audience Share
Comparison Italy vs. Sardinia



Source: Auditel, analysis Booz & Company

With Sardinia's ASO, Interactive Services usage boosted - "Chi vuol esser milionario?" MHP application had a +300% in registration

"Who Wants to be a Millionaire?" Interactive Application

Screenshot of the MHP application during the show



Comments

- "WWTBAM?" MHP application registration boosted after Sardinia's ASO
 - **6208 new registration during the last week (Nov. 9 - 13) best record ever for a week (69% increase vs. the week before)**
 - **1553 registrations in one day (Nov. 10) best record ever for a day**
- **An increasing value of +300% registration compared to the previous season**



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Over years, a regulatory framework set the context for the transition from analogue to digital terrestrial TV in Italy

Law 31 July
1997, n. 249

- **Foundation of AGCOM** (Italian Communication Authority)
- Introduction of Digital Terrestrial Television in the Italian regulatory framework

Law 23 Jan
2001, n. 5

- **Broadcast Television Systems transfer and renewal**
 - Broadcasters must renew and update (at own expenses) broadcasting systems to be compliant to the electromagnetic level indicators established with Law 381/1998
 - Start of the “analogue to digital” network conversion

Law 20 Mar
2001, n. 66

- **Opening of DTT market**
 - Broadcasters operating on analogue television are allowed to transmit over DVB-T technology
 - **Allowance of frequencies trading:** frequencies can only be used for DTT broadcasting
 - RAI, Mediaset and Telecom Italia Media must sell 40% of their DTT bandwidth (MUXes) to third parties at fair and competitive prices

Law 24 Feb
2004, n. 43

- **Every broadcaster’s DTT network must cover at least 50% of the population:** broadcasters are supposed to upgrade and extend their network coverage (at own cost) if required

Law
136/2005
/CONS

- RAI and Mediaset are **mandated to accelerate the MUX conversion to DTT**, presenting a detailed programme to AGCOM and realizing it within 9 months after the approval