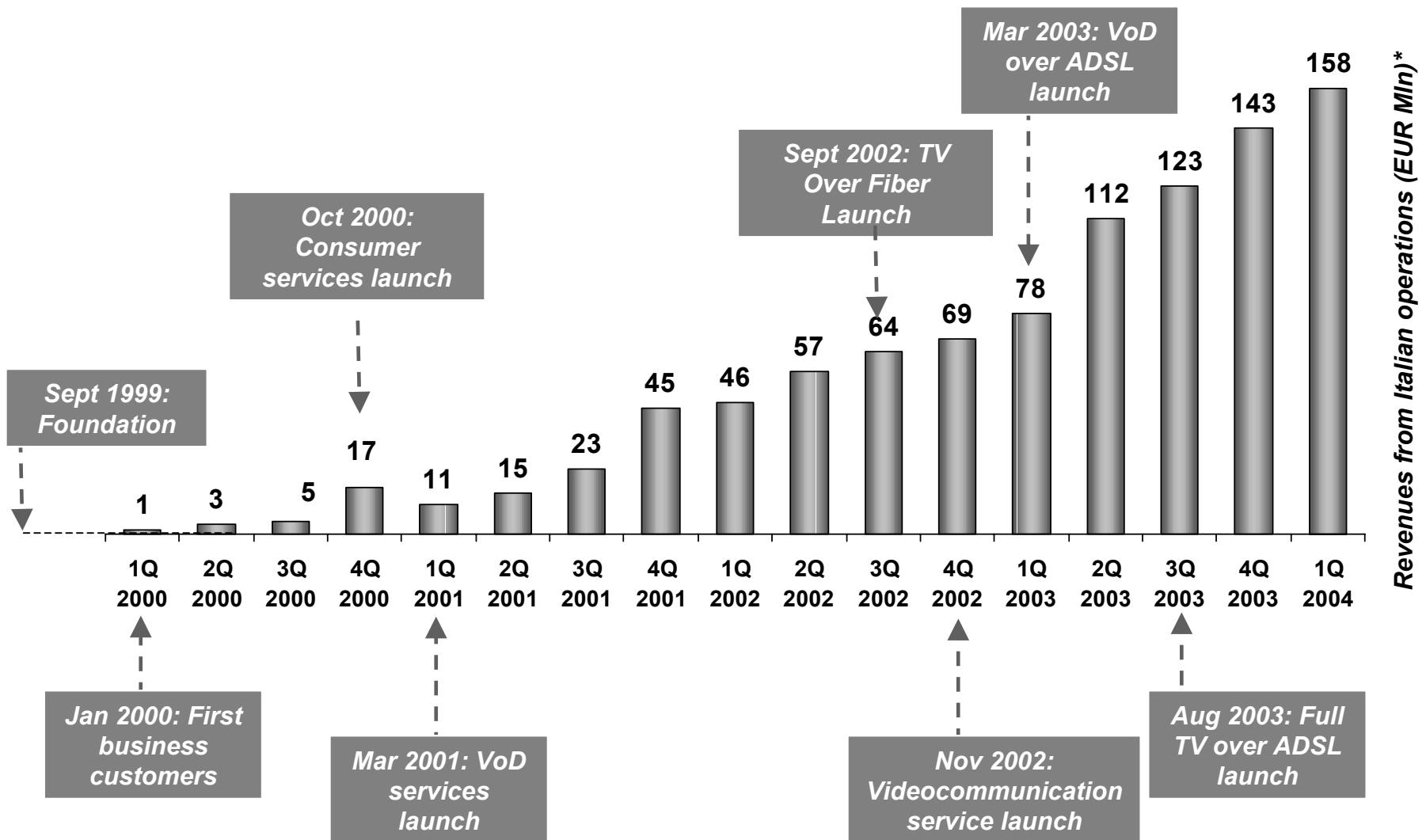


e.Biscom

**Workshop on "Availability of Content for the New Media"
July 8 , 2004**

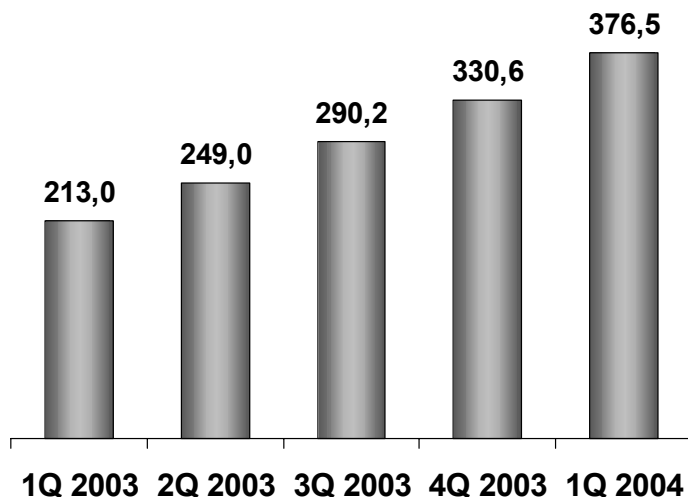
2000-2004: Revenue Growth and Milestones



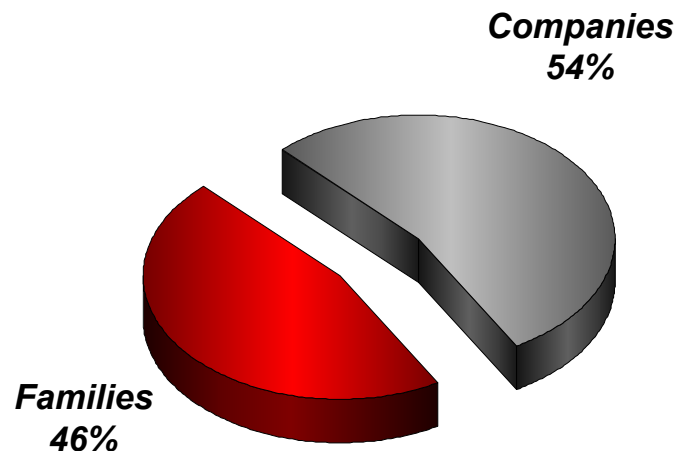
* Pro-forma figures, equal to Group revenues net of HanseNet revenues

Customers Highlights

Customers (thousands)



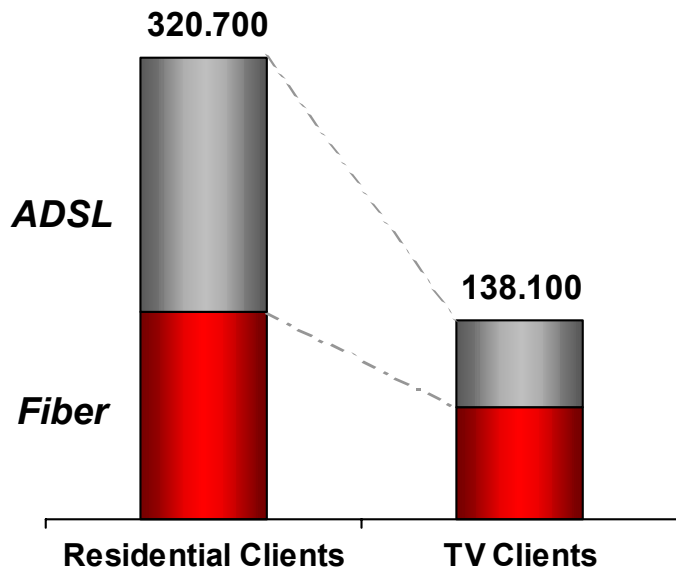
Revenues by Segment



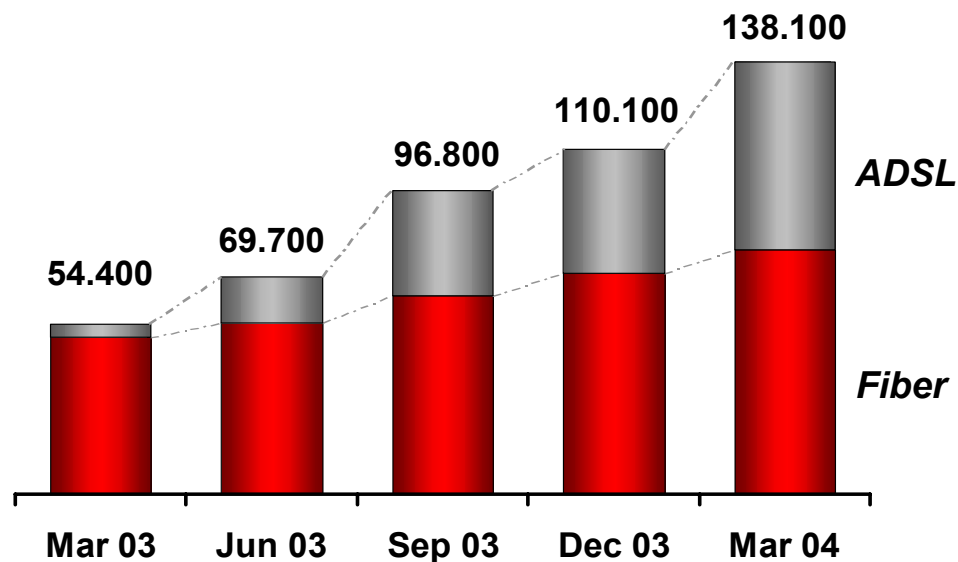
- Total customers at 376,500 out of a potential market of 3.4 million
- 25% penetration reached in Milan (first city served in 2000)
- 1.5 million of customers targeted in 2010 out of 10 million potential market.

TV Customers Highlights

Residential and TV Clients (March 04)



TV Clients growth



- TV and video customers up 155% to over 138,000 from 54,000 in March 03
- Penetration of TV and video services on residential customers grew to 43% at the end of 1Q 2004 from 31% in 1Q 2003

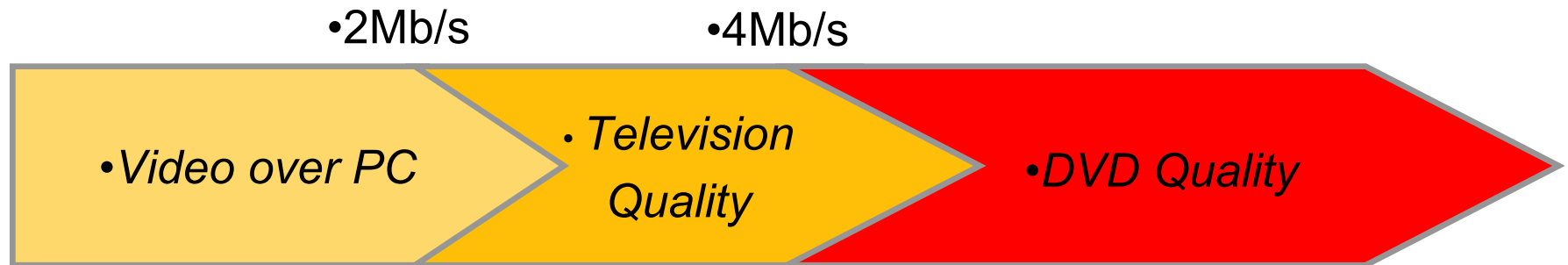
TV user interface

Unified interface for content in all formats: terrestrial broadcast, satellite broadcast, Pay-TV/Pay-per-View (SKY), VoD + interactive services, Internet on TV, network PVR (VideoREC) and Electronic Program Guide

The screenshot shows a TV user interface with a top navigation bar containing 'NOVITA', 'NAZIONALI', 'ON DEMAND', 'CINEMA', and 'SPORT'. A left sidebar lists channels from 00 to 12, with '01 RAI UNO' highlighted. The main area displays a live video feed of soccer players in blue jerseys. Below the video, a program schedule shows '21:00 - 23:05' for '01 - RAI UNO' with the title 'Speciale TG1 - Informazione'. At the bottom, there are buttons for 'GUIDA' and 'REGISTRA', and a banner for 'e.BisMedia'. Annotations with arrows point to various elements: 'Shortcut to thematic sections' points to the top bar; '8 terrestrial channels in digital quality' points to the channel list; '~80 Satellite channels (free to sat, Pay-TV, PPV)' points to the bottom of the channel list; 'In-picture channel view' points to the channel number '01' in the top right of the video; '24h program schedule' points to the program time and title; 'One-click access to PVR' points to the 'REGISTRA' button; 'Button for further EPG info' points to the 'GUIDA' button; and 'One-click access to promotional banners' points to the 'e.BisMedia' banner.

TV-TLC Convergence

*Is a natural consequence of increased Broadband access speed
and is starting to spread in Europe*



- France (FT, Iliad..)
- DT (pilots)
- TI (pilots)
- Telefonica (announced)
-
- E.Biscom
- HanseNet (TI)
- Japan
- US (announced)

Market Concentration in traditional platforms

- *In Europe the convergence process between voice, data and video is inhibited by the high concentration of the TV market*
- *In Italy in traditional platforms for content delivery there is the highest concentration ratio*

Free Air TV

SPAIN	54%
UK	65%
GERMANY	66%
FRANCE	74%
ITALY	95%

Cumulative market shares
of the first two operators
SOURCE: AGCM, 2002

Pay-tv

SPAIN	>50%
UK	>50%
GERMANY	100%
FRANCE	>50%
ITALY	100%

Incumbent market share

SOURCE: AGCM 2002

Wired lines

SPAIN	>80%
UK	>50%
GERMANY	>60%
FRANCE	>70%
ITALY	>70%

Incumbent market share
SOURCE: Agcom 2003

Convergence generates at least 2 kinds of new issues

- *Open vs Closed relationship between networks and content providers*
- *DIGITAL vs TRADITIONAL distribution of content*

Open vs Closed Networks

An Open Network Model shows clear Advantages....

- Customers can choose independently the best Network and the best content
- Separation between “Bit Carrying” content production allows TLC and Media to focus on the respective core skills
- Reduced barriers to entry allow for more pluralism in television and content offer

but collides against established oligopolistic interests

- Broadcasters may perceive a dilution risk on their audiences and block the distribution of their content on new technological platforms
- Incumbents may use exclusive agreements with important content providers as new barriers to entry against new TLC competitors

DIGITAL vs TRADITIONAL Distribution of content

- *The power of digital distribution is just starting (e.g. iTunes) to be recognized in the interest of the consumers, the studios and the TLC operators. Important barriers still exists:*
 - *Unfavorable time windows vs. traditional distribution*
 - *Most favoured nation clauses*
 - *Holdback clauses against digital distribution in favour of traditional distribution*
 - *Piracy often used as an excuse not to deal with digital distribution*

There is a need for content regulation

- The market will not autonomously generate a competitive system of access to content
- A regulatory framework is needed to grant non discriminatory access to contents during the transition period to a full convergence.

REMEDIES AND OBLIGATIONS TO BE INTRODUCED BY A NEW REGULATORY FRAMEWORK

- **No discrimination** between platforms such as different time windows for equivalent services or different price for the same performance.
- Introduction for the free-to-air television of the principle of **must offer** in parallel with the **must carry**, especially in those countries where the cable tv is not still very developed, in order to sustain the development of the new broadband networks.
- **No exclusivity or holdback or** other equivalent clauses such as the imposition of very high minimum guarantee which correspond to a plain refusal to deal.