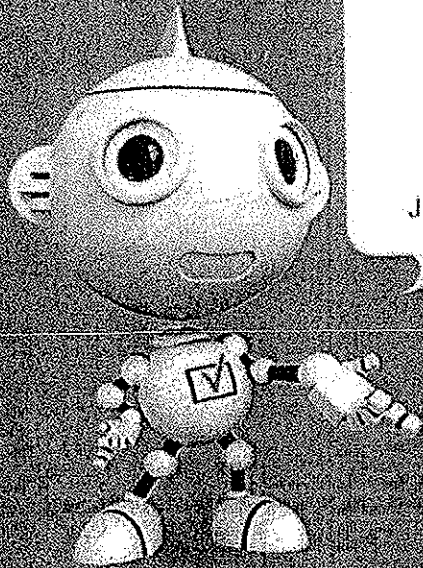


Digital UK: The UK's TV Switchover Programme

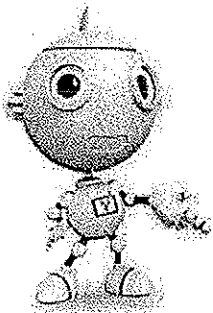
July 2011



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Providing Independent Advice

Who are Digital UK?



Who are we?

- An independent, not-for-profit company created in 2005 to lead the digital TV switchover
- Shareholders are the broadcasters and multiplex operators with BBC Charter or licence obligations to achieve switchover
- Funded primarily from the BBC Licence Fee with a communications budget of £201 million
- Working closely alongside the Switchover Help Scheme which offers targeted assistance for those 75 or over, on certain disability benefits, registered blind or partially-sighted, or living in a care home

What do we do?

1. Co-ordinate the roll-out of the high power digital terrestrial television network
2. Inform viewers about what to do and when
3. Liaise with retailers, manufacturers, aerial installers, housing providers, local government and the Third Sector (via Digital Outreach)

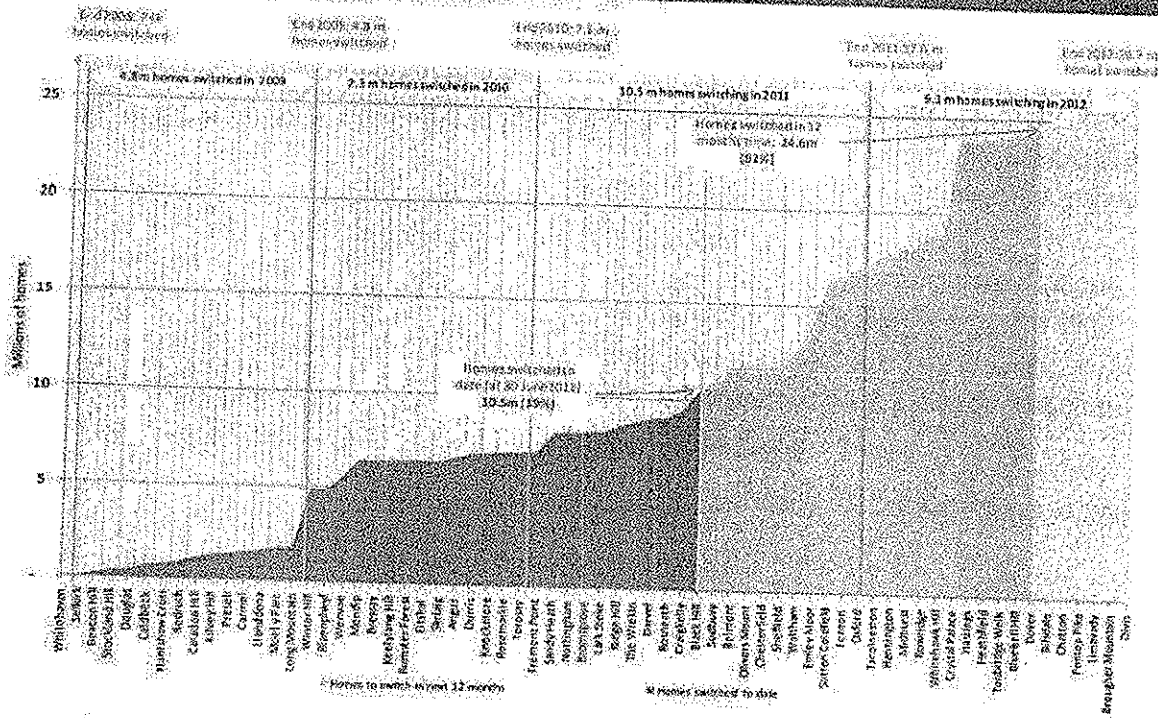
The Switchover Timetable



- A regional conversion programme
- Pilot (Copeland) in 2007
- TV Switchover Programme: 2008 to 2012
- 15 TV Regions
- 67 Transmitter Groups – each switch at a different time
- Digital Terrestrial Television (Freeview) covered 73% of UK households before switchover
- Switchover will boost Freeview to deliver universal coverage of 98.5% (equivalent to analogue today)

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40% Complete




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The UK TV Switchover Programme

IMPLEMENTATION

POLICY & REGULATION



Department for Media,
Culture and Sport



OFFICE OF COMMUNICATIONS









www.orkivo

+ 2 representatives of
manufacturers & retailers

ADVISORY GROUPS

The Consumer
Expert Group






The Platform
Advisory Group






Programme Budgets

The UK Switchover Programme budgets: 2005 to 2012

- Digital UK (co-ordinating and communicating switchover)

Communications Budget	£ 201 million	(From BBC Licence Fee)
Operations Budget	£ 31 million	(From Broadcasters)

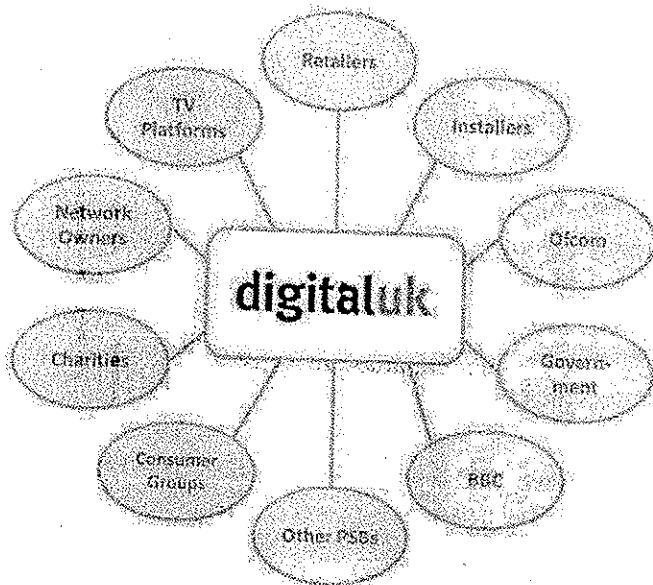
- The Switchover Help Scheme (supporting those who may be at risk)

£ 603 million (From BBC Licence Fee)

- The High Power DTT Network (funding the upgrade to the transmission infrastructure)

approx. £ 700 million (From Broadcasters)

Digital UK: a 'Centralised Delivery Model'



- * Digital UK acts as central organising hub
- * Single-purpose organisation
- * Created specifically to achieve digital TV switchover
- * Co-ordinates stakeholders
- * Direct interface with network infrastructure owners
- * Responsible for programme management
- * Ownership of targets and Critical Success Factors
- * Objective is successful delivery of whole programme

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The Biggest Engineering Project in UK Television



- * Digital UK is co-ordinating and monitoring the work of the many organisations involved in the digital switchover engineering programme.
- * Switchover will rebuild equipment at over 1,150 TV transmitters around the UK.
- * It involves:
 - * Spectrum planning
 - * International frequency co-ordination
 - * Site specification
 - * Regional systems design
 - * Regional roll-out planning
- * The plan is designed to replicate the coverage of the analogue network and minimise viewer disruption
- * It will clear 14 UHF channels of spectrum for re-use

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World Class Programme Management

The 22 regional switchover projects are managed from London: delivered by the workstreams; and represented by the regional teams on the ground:

- Programme Management function sits centrally within Digital UK's operating structure, with access to all workstreams
- Programme Management function supports cross-programme communication and identified dependencies between workstreams
- Simple, human project management that is easy to understand and used by all
- Robust project management processes, including:
 - Change control/notification systems
 - Project briefings on topics of interest
 - Active risk and issue management
- All projects are actively managed day-to-day; progress reported monthly
- Progress with consumer understanding is measured by the Switchover Tracker Survey
- All projects pass three 'Checkpoints' at 1 Year, 6 Months, and 1 Month before switchover

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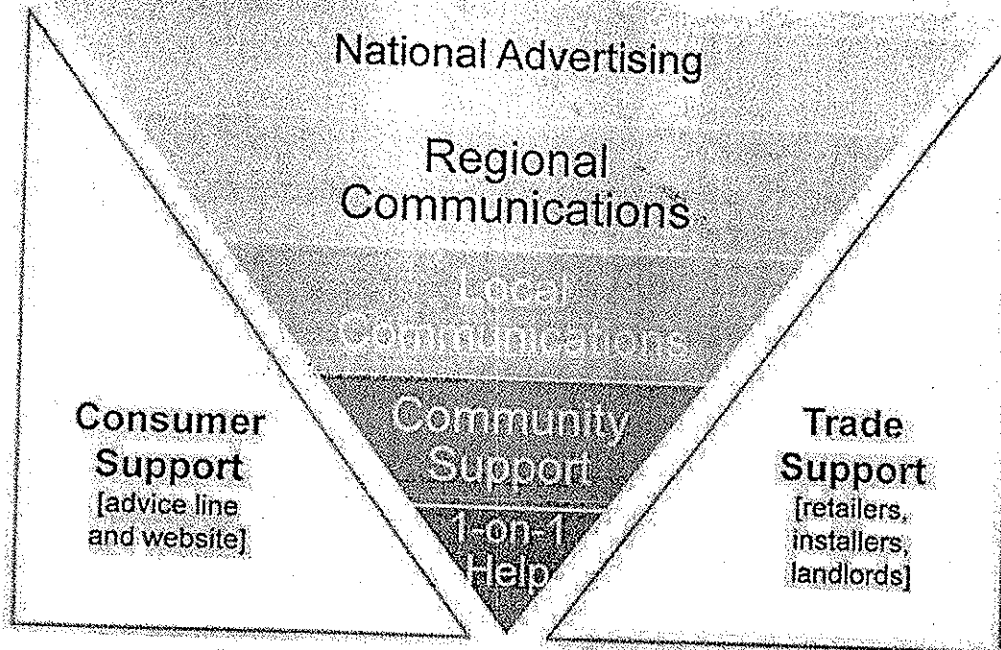
How is the TV Switchover going?

The TV Switchover Programme is running
SUCCESSFULLY, ON TIME AND UNDER BUDGET

- ✓ 7.1 million homes have now completed switchover (26.6% of the UK)
- ✓ National digital TV conversion has risen from 66% to 92.6% since 2005
- ✓ 98-99% digital TV conversion on the eve of each switchover
- ✓ Predominantly positive press / stakeholder response
- ✓ 90% comfortable with the process
- ✓ Plenty of help available for those who might struggle
- ✓ No evidence of vulnerable individuals being left behind
- ✓ Digital UK communications projected to be £50 million under budget

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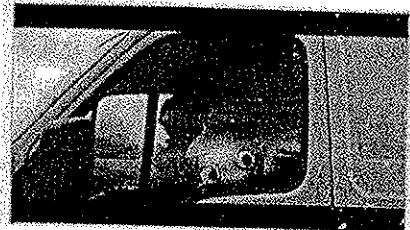
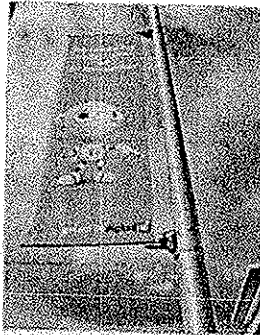
A 'Full Service' Communications Model



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Advertising

- TV advertising
- Local press advertising
- Radio advertising
- Outdoor advertising (posters & lamppost banners)
- On-screen captions (analogue and digital terrestrial)

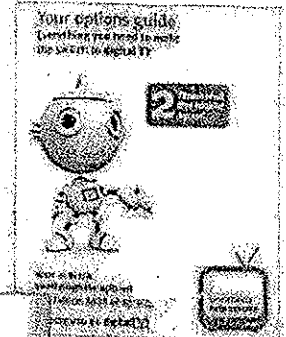
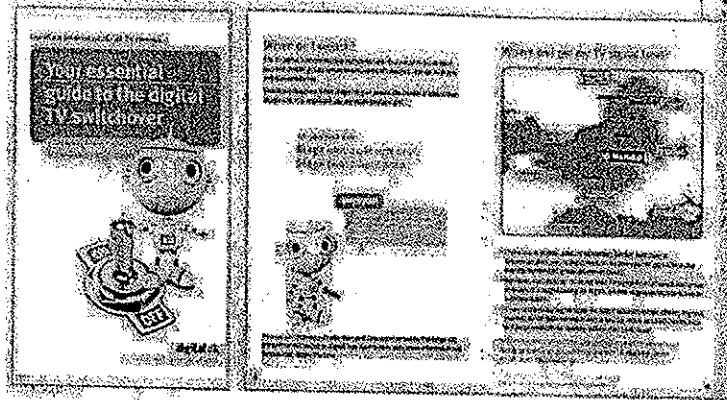


12

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Direct Mail

- Short leaflet available from 18 months prior to switchover
- Detailed leaflet delivered to every home 3 months before switchover
- Help Scheme eligible also receive up to 3 mailings inviting them to apply for the scheme



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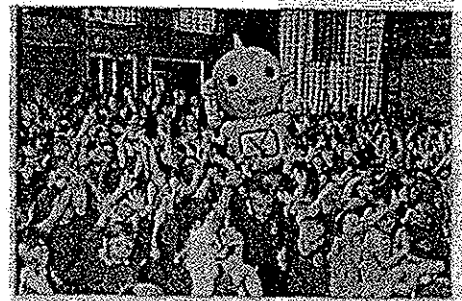
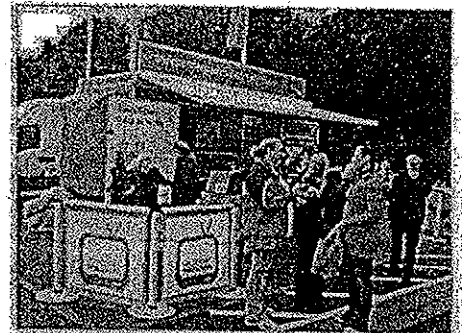
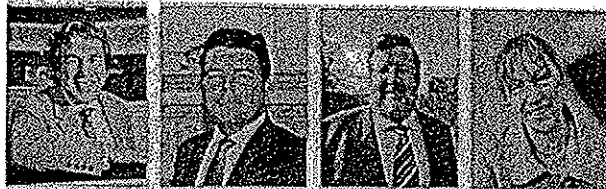
Community Activity

Community Communications:

- Digital UK & Help Scheme Roadshows
- Schools Programme (educational materials)

Regional Teams:

- A Regional Manager + a team of 2-4 people in each switchover region
- Develop Local Stakeholder Groups
- Establish relationships with local elected representatives and media



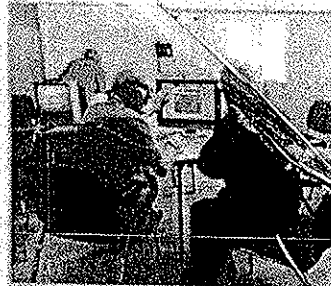
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Digital Outreach

Digital Outreach is a consortium of four charities contracted to both the Help Scheme and Digital UK to cascade switchover messaging out into the local community.

What Digital Outreach does:

- Maps charities in a region
- Commissions lead organisations
- Mails of Community Outreach Pack
- Training
- Grant Scheme for bespoke activity
- Events, activities and 1:1's
- Advice Points



digital
outreach
Bringing clarity to the digital world

What Digital Outreach has achieved:

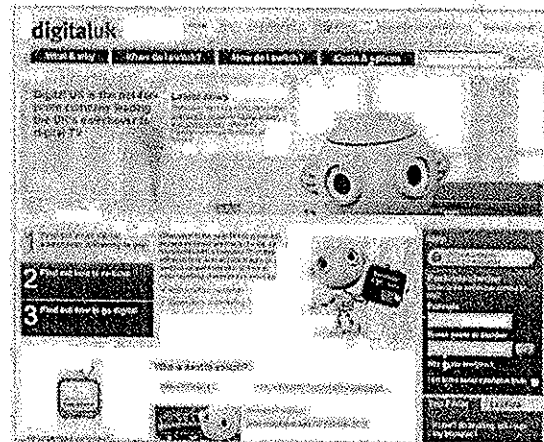
- Granada – 1,300+ events; 30,000+ 1:1's
- West Country – 600+ events; 12,000+ 1:1's
- Borders – 500+ events; nearly 5,000 1:1's
- West Wales – 300+ events; nearly 5,000 1:1's



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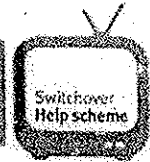
Viewer Advice

- Advice Line: 08456 50 50 50
- Website: www.digitaluk.co.uk
- Includes 'postcode checker' where viewers can find out digital TV options where they live
- Also provides:
 - Advice on how to re-tune the most popular makes and models of equipment
 - Advice on set-up and installation
 - Troubleshooting
 - Planned engineering works



8

The Switchover Help Scheme



Run by the BBC under an agreement with Government to help older and disabled people make the switch to digital TV.

Who is eligible?

7 million eligible people across UK who:

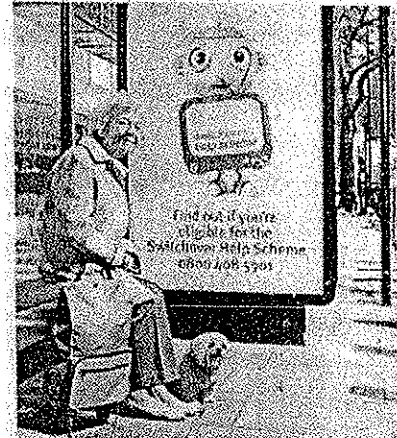
- Are 75 or over, or
- Get (or could get) certain disability allowances, or
- Have lived in a care home for six months or more, or
- Are registered blind or partially sighted

What?

- Practical help to convert one TV: digital box, installation (aerial/dish if needed), user support

How Much?

- Two-thirds pay £40
- One-third receive for free



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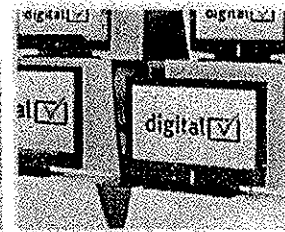
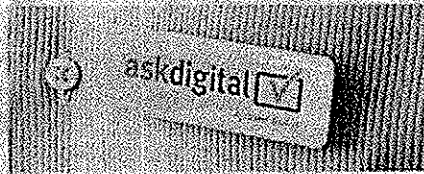
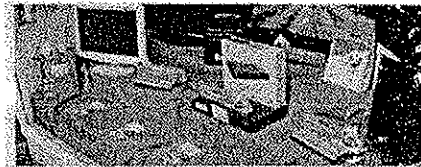
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Retailer Support

'Digital Tick Logo' scheme provides retailers with:

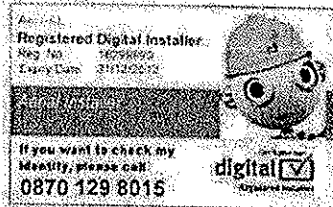
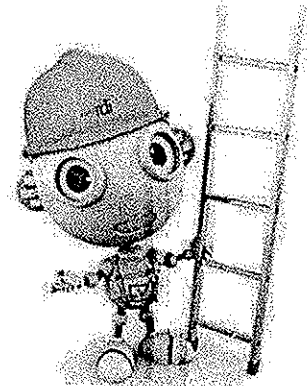
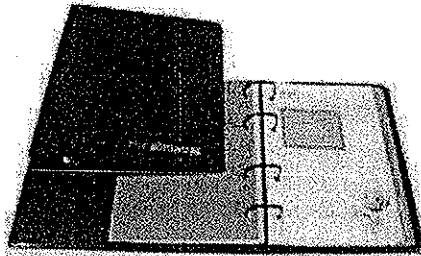
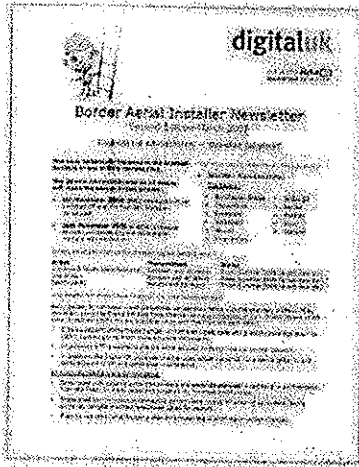
- Licence to use the 'Digital Tick Logo'
- Digital UK's switchover point-of-sales materials
- Free staff training and the 'Ask Digital' qualification
- Support from a regional Retail Support Executive who visits every logo licensed store
- Regular newsletters and technical briefings for each switchover
- Guidance on likely stock requirements
- Inclusion on Digital UK's online retailer search function



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Aerial Installer Support

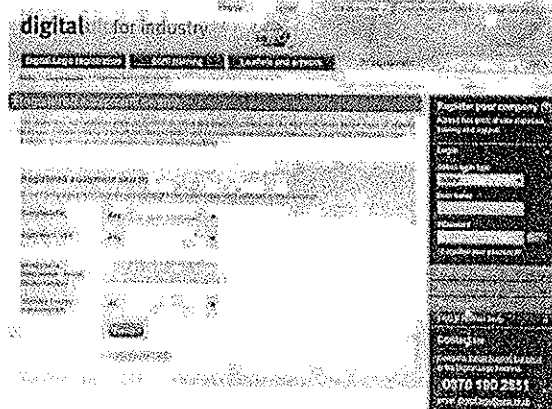
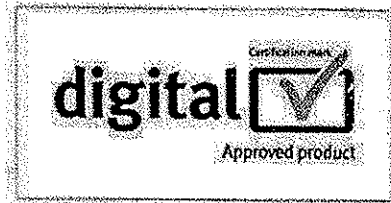
- Regular newsletters and technical briefings for each switchover
- 'Registered Digital Installer' scheme
- Installers' Almanac with necessary technical information



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Manufacturers' Support

- Digital television equipment manufacturers, whose products meet the 'Digital Tick Logo' criteria, can apply to use the logo on their products
- Registered manufacturers receive regular newsletters and technical briefings for each switchover
- Digital UK tracks equipment issues, including:
 - Older 2k equipment that stops working at switchover
 - Split-NIT equipment that may not function correctly at switchover



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Housing Sector Support

Social Housing:

- Database of every social housing provider: readiness check -1 month before switchover
- Face-to-face meetings to provide advice on options where necessary
- Advice on how to consult with tenants on installation of new TV system
- 'Homes Set for Digital' Accreditation

Private Landlords:

- Monitor conversion of private rented properties, and communicate with landlords as far as possible through landlords' associations

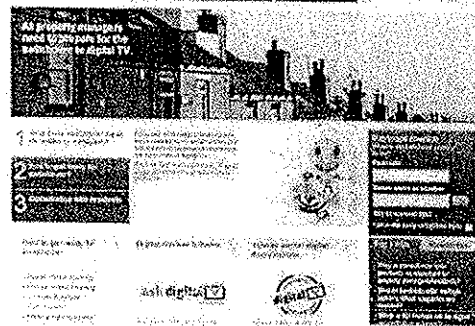
Tourism (Hotels and B&Bs):

- Switchover Factsheets available for hotels, B&Bs, caravan parks, boats

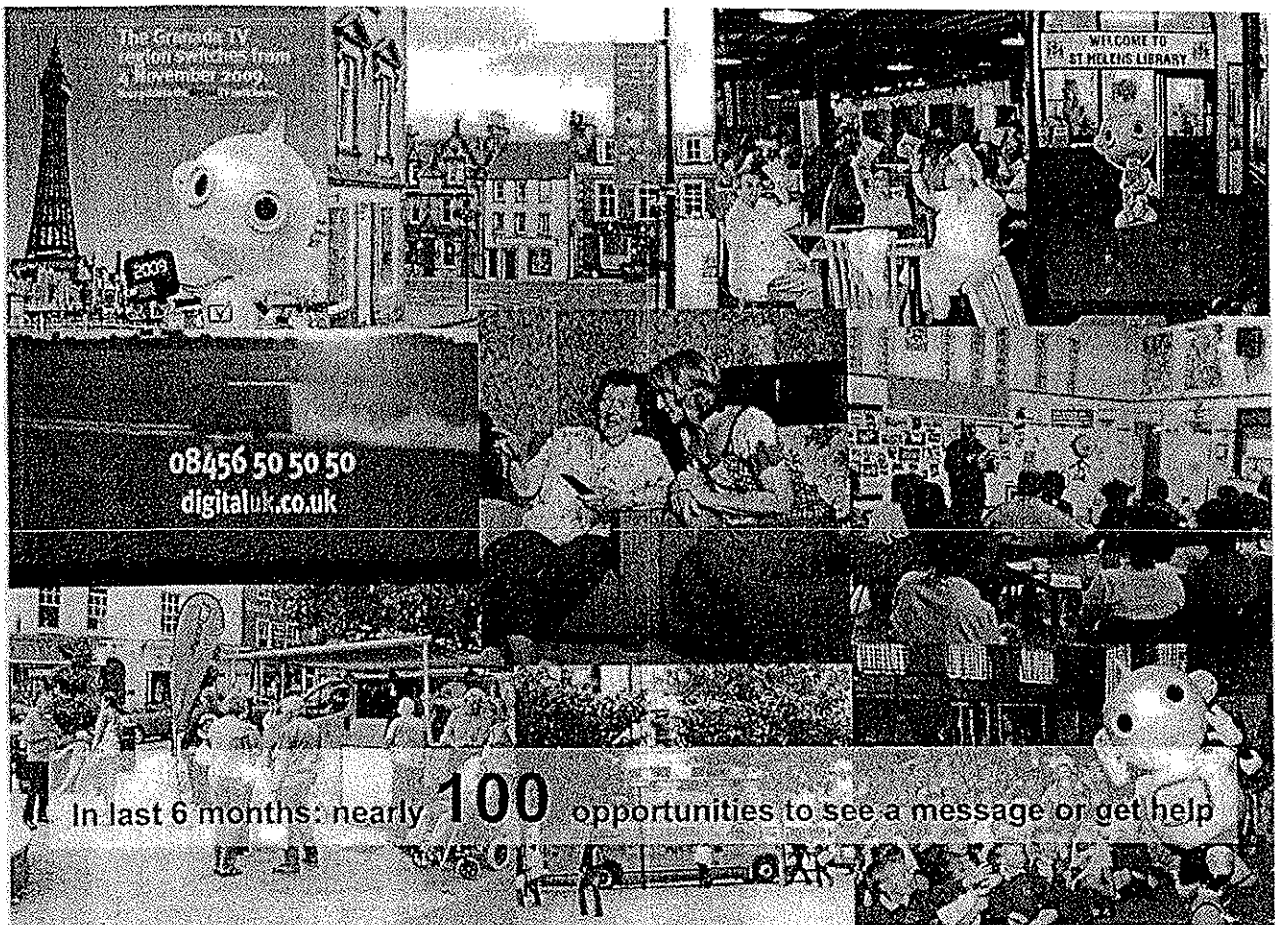
Government Properties:

- Government manage conversion of schools, prisons, hospitals etc.

digitaluk for property managers



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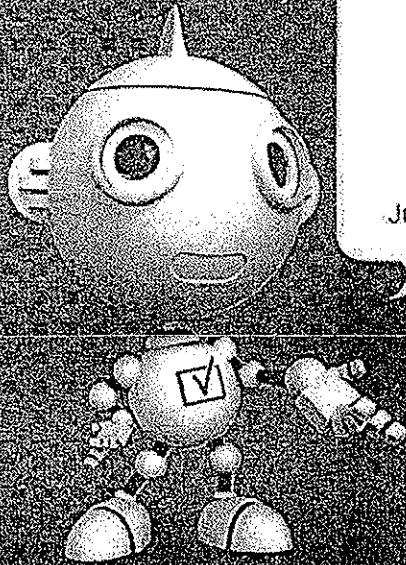




Name: Alex Pumfrey
Tel: 020 7462 5421
Email: alex.pumfrey@digitaluk.co.uk
digitaluk.co.uk

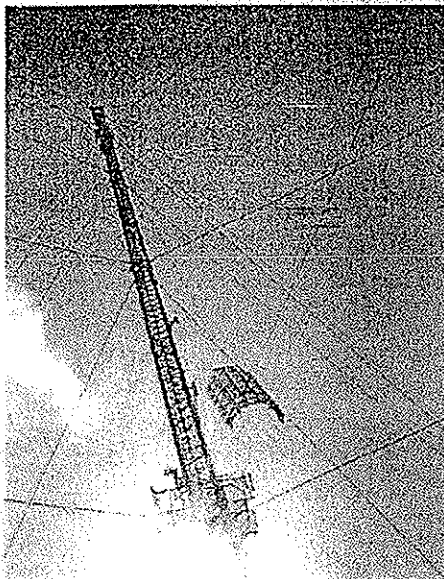
The UK's Digital TV Switchover Programme

June 2011



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Providing independent advice.

What is Switchover



The process of converting all the UK's terrestrial television system to digital.

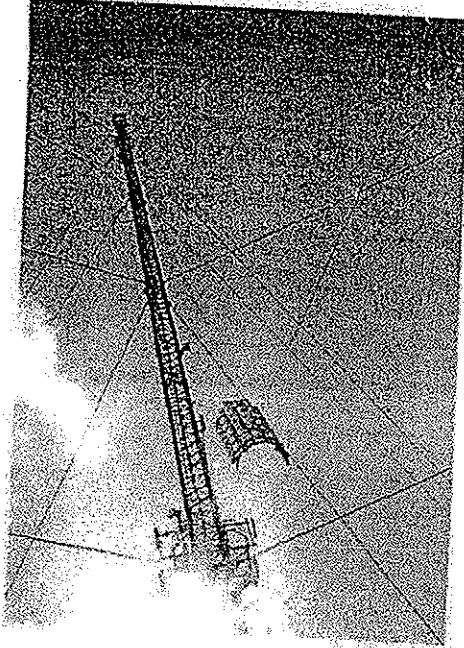
Analogue channels broadcast from 1157 transmitter sites are being switched off, region by region, and digital terrestrial TV signals boosted to match analogue TV coverage by the end of 2012.

Every UK households could be potentially affected.

The Border, West Country, Wales, Granada, West, Channel Islands TV regions and most of Scotland has already switched over. But there are still 66% of households still to switch.

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The Biggest Engineering Project in UK Television History



It involves:

- Spectrum planning
- International frequency co-ordination
- Site specification
- Regional systems design
- Regional roll-out planning

It will clear 14 UHF channels

3

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Benefits & Costs

Why we are switching

1. **More Channels**
2. **Almost everyone can receive digital terrestrial public broadcasting channels**
3. **Releases spectrum for new services**
4. **No need to broadcast in both analogue and digital**

The cost of switching

1. **Transmitter Network**
£600 million
2. **Digital UK**
£25 million - Operations
£200 million - Communications
3. **Digital Switchover Help Scheme**
£600 million
4. **Consumer Costs can include:**
 - Converting TV sets £25.00
 - Changing Recorders £120
 - Upgrading Aerials ranges £60-£180

4

Programme Budgets

The UK Switchover Programme budgets 2005 to 2012

- Digital UK (co-ordinating and communicating switchover)

Communications Budget £ 201 million (From BBC Licence Fee)

Operations Budget £ 31 million (From broadcasters)

- The Switchover Help Scheme (supporting those who need help)

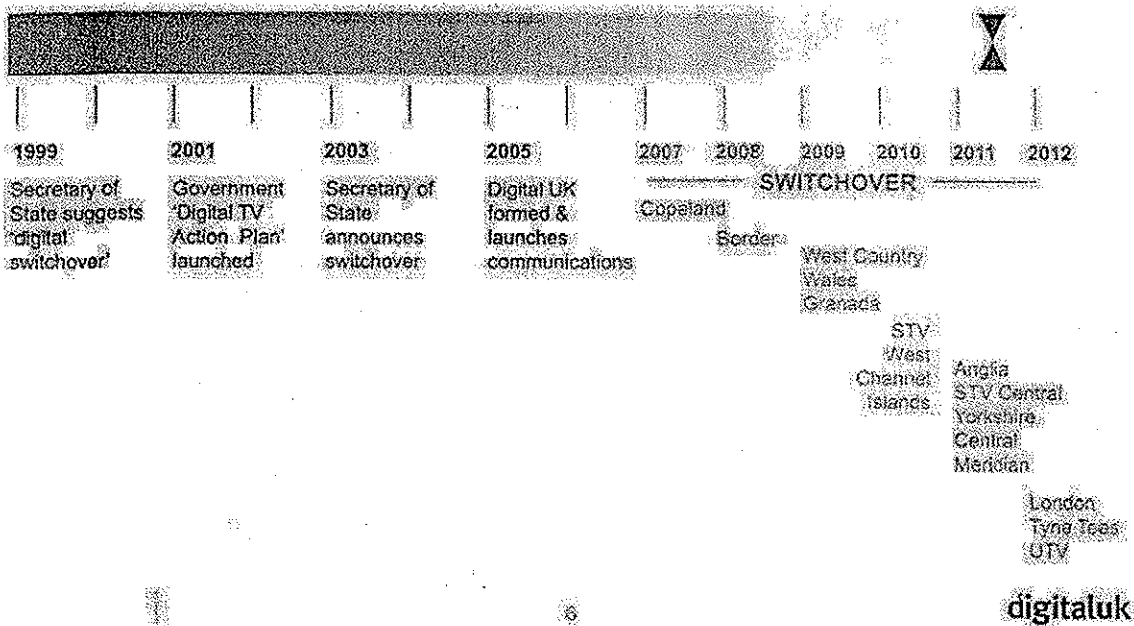
£ 603 million (From BBC Licence Fee)

- The High Power DTT Network (funding the upgrade to the transmission infrastructure)

approx. £ 600 million (From broadcasters)

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UK Digital TV Switchover Timeline



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The Switchover Timetable

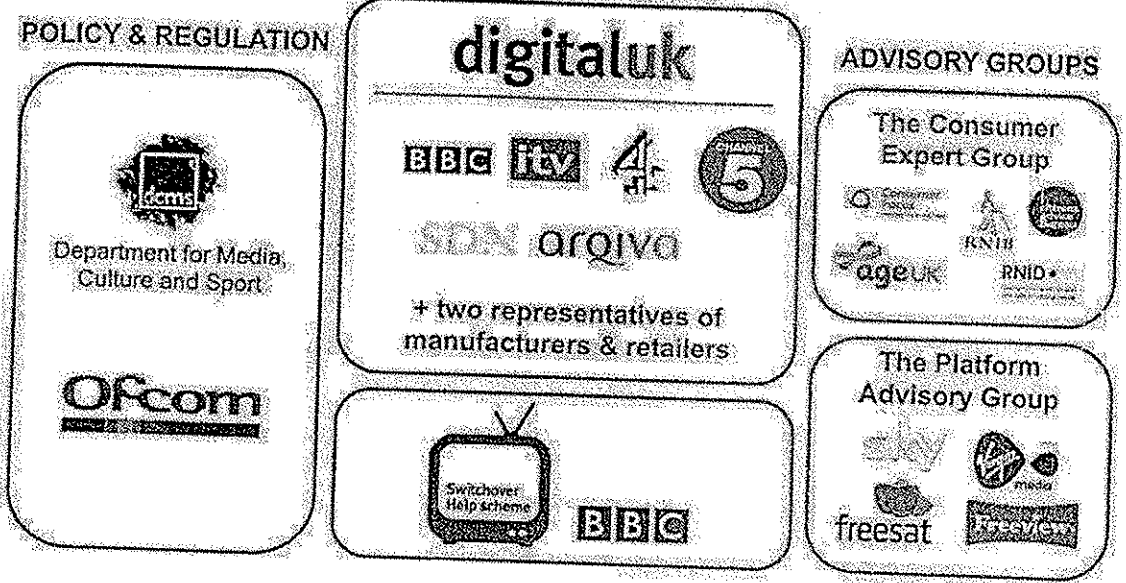


- A phased regional conversion programme for best use of finite engineering resources in complex programme
- Pilot (Copeland) in 2007
 - TV Switchover Programme 2008 to 2012
 - 15 TV Regions
 - 66 Transmitter Groups – each switch at a different time
 - Switchover will boost Freeview to deliver universal coverage of 98.5% (equivalent to analogue today)

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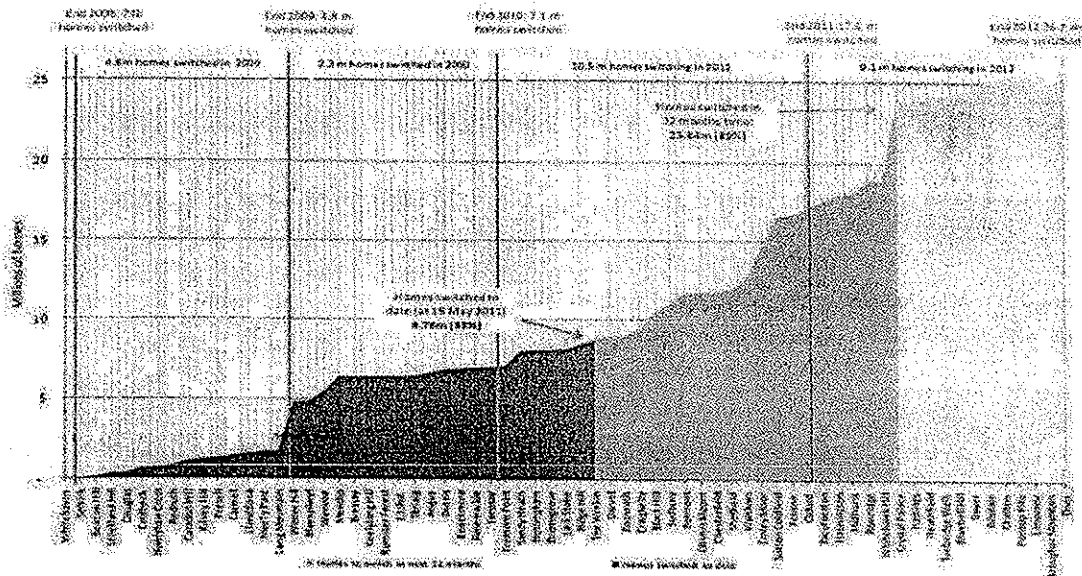
The UK TV Switchover Programme

IMPLEMENTATION



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33% of households switched by May 2011



9

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The Switchover Help Scheme



Run by the BBC under an agreement with Government to help older and disabled people make the switch to digital TV.

Who is eligible?

7 million eligible people across UK who:

- are 75 or over, or
- get (or could get) certain disability allowances, or
- have lived in a care home for six months or more, or
- are registered blind or partially sighted

What?

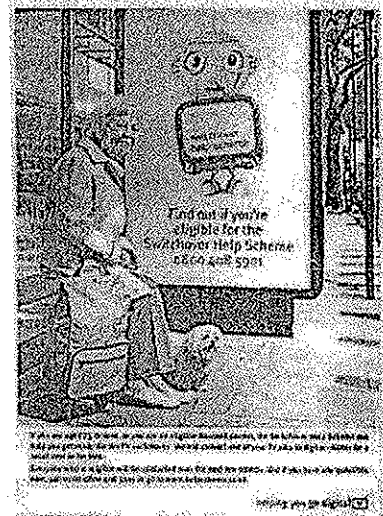
- Practical help to convert one TV: digital box, installation (aerial/dish if needed), user support

How much?

- two-thirds pay £40
- one-third receive for free

How many?

- by May 2011 over 700,000 installations and 5.7 million eligible people contacted

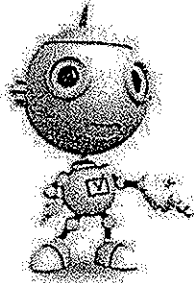


10

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17

Digital UK



1. An independent, not-for-profit company created in 2005 to lead the digital TV switchover
2. Shareholders are the broadcasters and multiplex operators with BBC Charter or licence obligations to achieve switchover
3. Funded primarily from the BBC Licence Fee with a communications budget of £201 million
4. Works closely with key partners, DCMS, DSHS Ltd and Ofcom and
co-ordinates the roll-out of the high power digital terrestrial television network
informs viewers about what to do and when
liaises with retailers, manufacturers, aerial installers, housing providers, local government and the Third Sector (via Digital Outreach)

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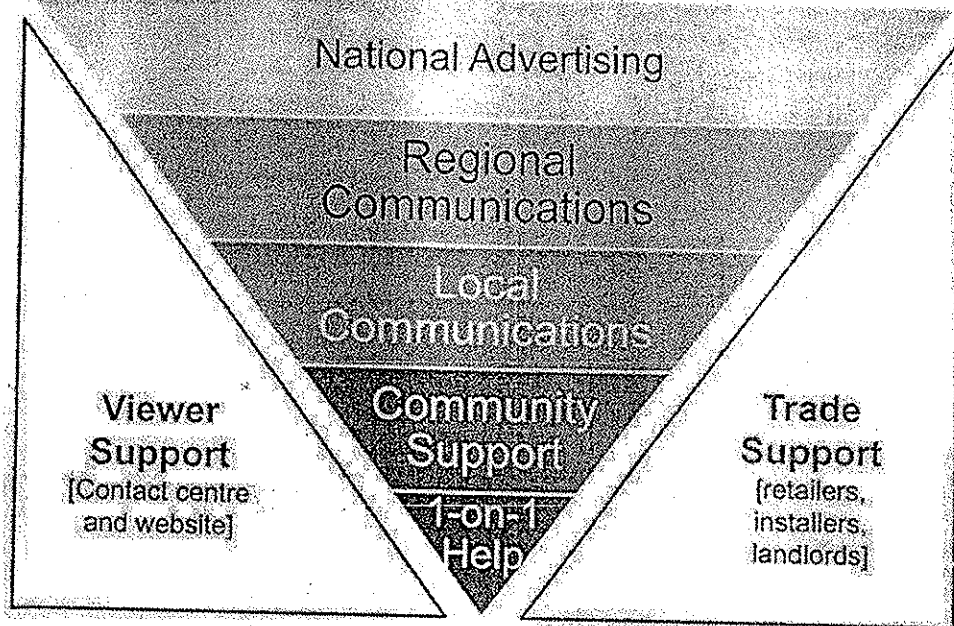
Programme Management

The 23 regional switchover projects are managed from London; delivered by the workstreams and represented by the regional teams on the ground

- Programme Management function sits centrally in the programme within Digital UK's operating structure, with access to all workstreams and organisations
- Progress with consumer understanding is measured by the Switchover Tracker Survey
- All projects pass two checkpoints at 4 months and 1 month before switchover

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A 'Full Service' Communications Model

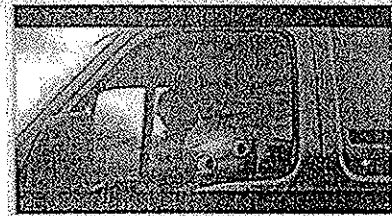
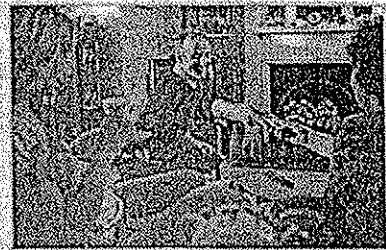


13

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Advertising

- TV advertising
- Local press advertising
- Radio advertising
- Outdoor advertising (posters & lamppost banners)
- On-screen captions (analogue and digital terrestrial)



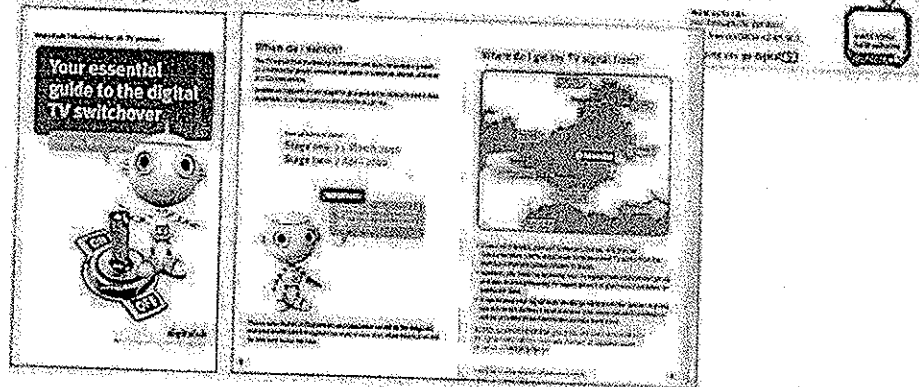
14

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19

Direct Mail

- Short leaflet available from 18 months prior to switchover
- Detailed leaflet delivered to every home 3 months before switchover
- Those eligible for the Help Scheme also receive up to three mailings inviting them to apply for the scheme



15

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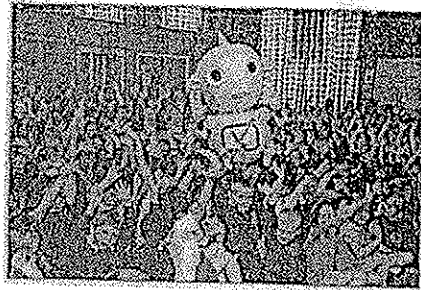
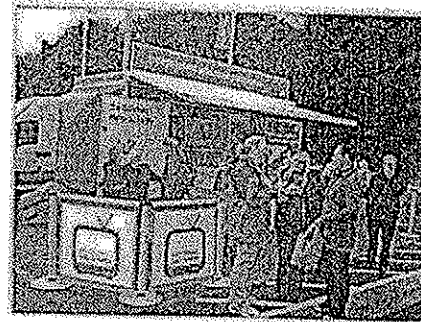
Community Activity

Community Communications:

- Digital UK & Help Scheme Roadshows
- Schools' Programme (educational materials)

Regional Teams:

- A Regional Manager and a team of 2-4 people in each switchover region
- 'Regional Steering Group'
- Relationships with local elected representatives and media



16

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20

Digital Outreach

Digital Outreach is a consortium of four charities contracted to both the Help Scheme and Digital UK to cascade switchover messaging out into local communities.

What Digital Outreach does:

- liaises with charities in a region
- commission and trains the lead organisations
- mails Community Outreach Packs
- gives small grants for local activity
- events, activities and 1:1's
- Advice Points

In the Granada TV region in 2009, with over three million households, there were 1,300+ events held and 30,000 1:1's



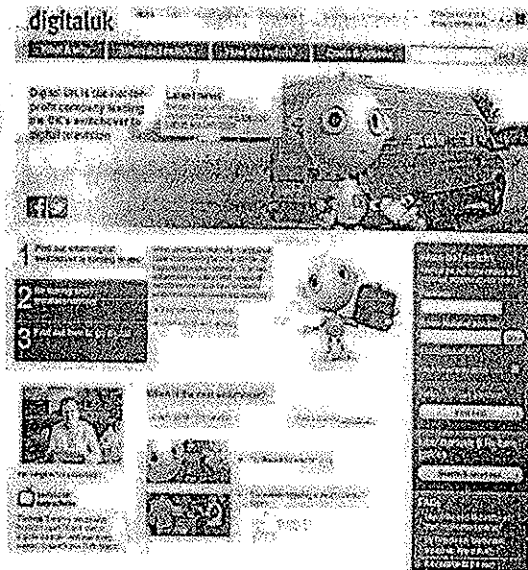
digital outreach
Bringing darty to the digital world



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Viewer Support

- Advice Line: 08456 50 50 50
- Website: www.digitaluk.co.uk
- Includes 'postcode checker' where viewers can find out digital TV options where they live
- Also provides:
 - * advice on how to re-tune
 - * troubleshooting
 - * news of planned engineering works

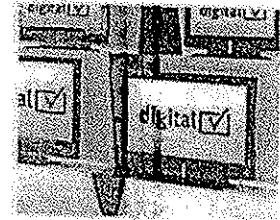


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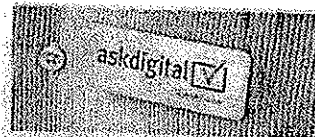
Retailer Support

The Digital Logo Scheme provides retailers with

- licence to use the 'digital tick' logos signifies equipment that will work through switchover.
- switchover point-of-sale materials
- award-winning staff training (9,229 by April 2011) and the 'askdigital' qualification
- Retail Support Executive visits every logo licensed store and on-line Retail Support Executive
- Monthly newsletters and technical briefings at six months from switchover
- Guidance on likely stock requirements



19

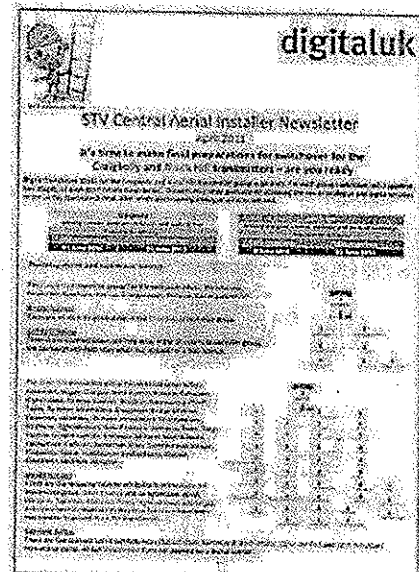


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Aerial Installer Support



- newsletters at 12 months, six months and one month before switchover becoming more detailed
- technical briefings for each switchover
- Installers' Almanac – email updates of any changes and personally tailored by installer
- 'Registered Digital Installer' scheme for structured training and accreditation



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20

>>

Housing Sector Support

Social Housing:

- database of every social housing provider monitoring readiness
- face-to-face meetings with providers to give advice
- how to consult with tenants on installation of new TV system
- 'Homes Set for Digital' Accreditation

digitaluk for property managers



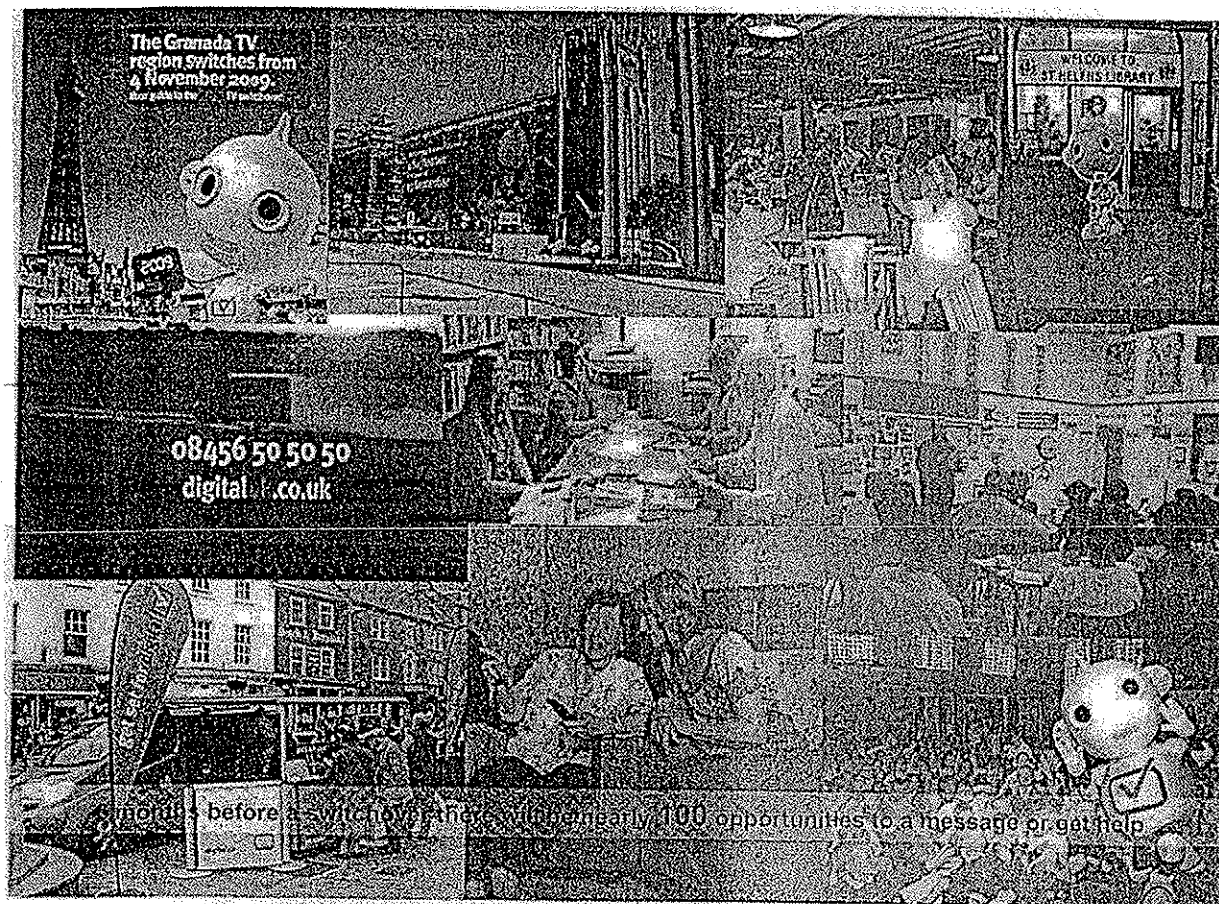
Private Landlords:

- monitor conversion of private rented properties, and communicate with landlords through landlords' associations

Tourism (Hotels and B&Bs):

- Switchover Factsheets for hotels, B&Bs, caravan parks, and boats

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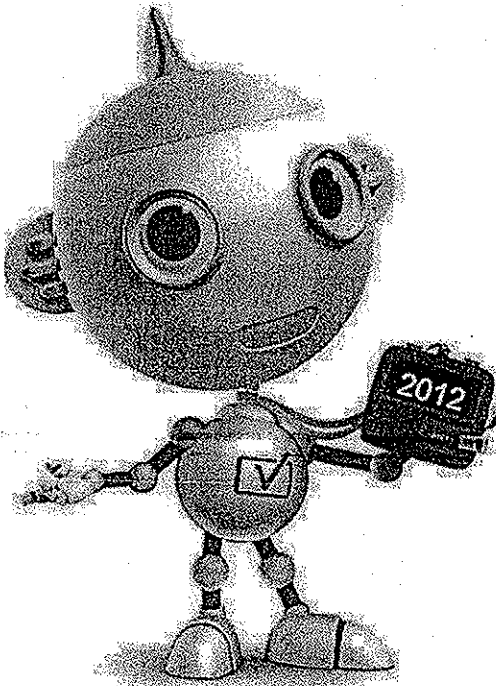


How is the TV Switchover going?

- 9 million homes have now completed switchover (33% of the UK)
- Every switchover implemented to published timetable
- Generally positive press
- 90% comfortable with the process of switching over
- No reports of households being left behind

24

digitaluk



Thank you

25

24

Presentation to NCC

12 July 2011

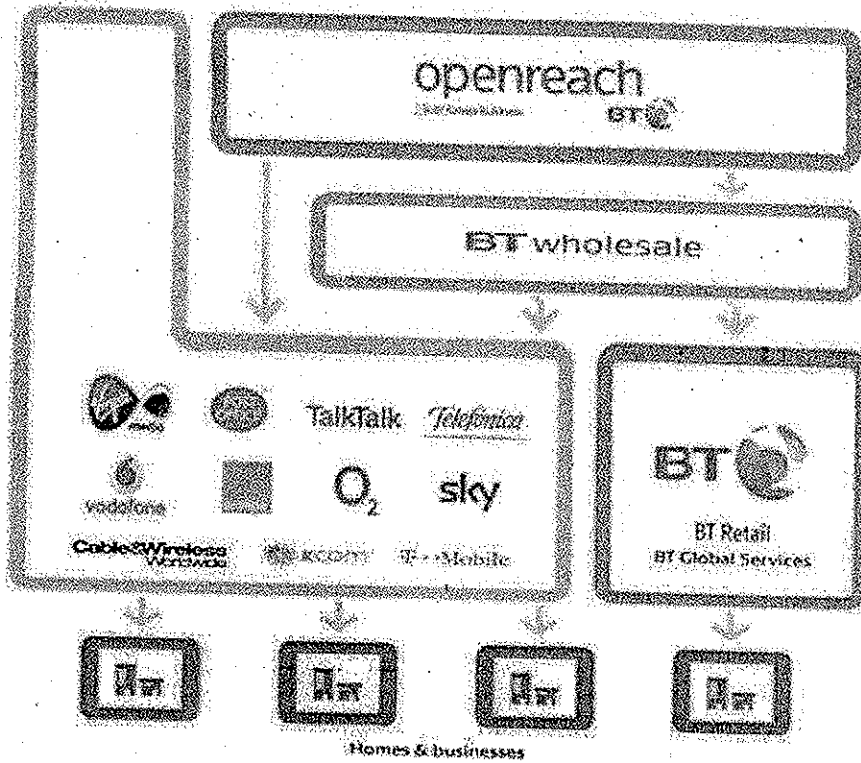
Jon Hurry
Managing Director,
Strategy, Commercial,
Portfolio and Policy

Mark Shurmer,
Director, Regulatory Affairs
and Deputy Managing
Director

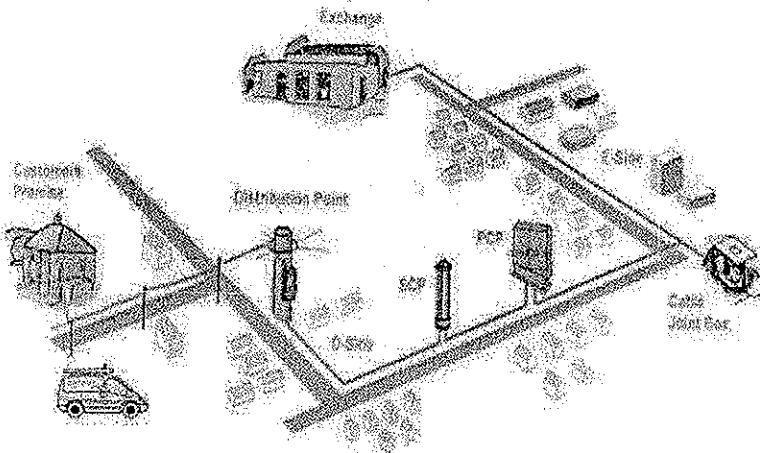
Agenda

- Openreach's business model
- BT Undertakings
 - Equivalence of Inputs
 - Governance and oversight
 - Benefits of functional separation
- Openreach investing in NGA
 - Openreach future strategy
 - NGA deployment plans
 - CP options for wholesale access inputs
- Negotiations lead with Ofcom

Openreach approach



Openreach – BT's access and backhaul business



- ▶ £5bn revenue
- ▶ 32,000 employees
- ▶ 480+ CP customers
- ▶ 4.4m home visits a year
- ▶ c.£10bn assets (CCA)
- ▶ >24m end user connections

LLU, WLR, Ethernet, GEA, Service Products

Equivalent price and service to all our customers

26

Openreach and the UK model

Key elements of BT's Undertakings

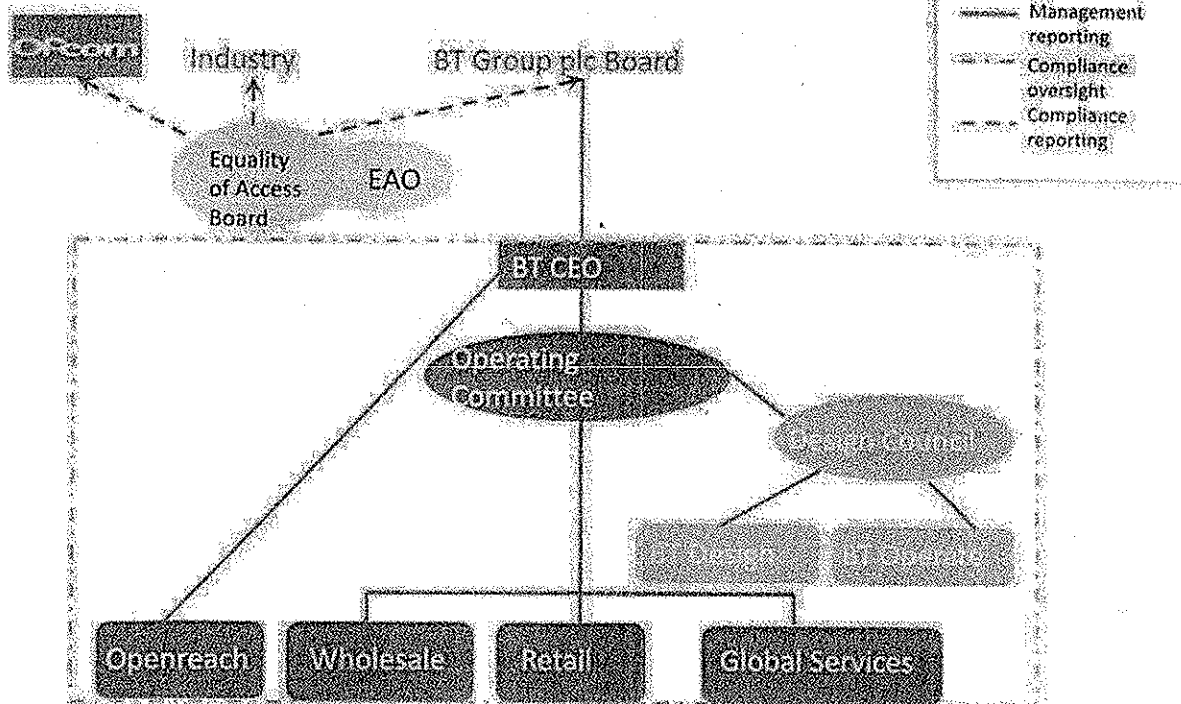
- Establishment of "functionally separate" business unit: Openreach
- Focus on key access and backhaul bottlenecks
- Provision on an equivalence of inputs (Eoi) basis
- Transparency, information sharing constraints and duty of confidentiality
- Clear separation between upstream and downstream divisions: operational separation, systems separation, asset register split and accounting separation
- Independent oversight and enforcement
- Next Generation Networks to be implemented in an "equivalent" manner

Equivalence of Input

- Same products & services
- Same time-scales, Ts and Cs, incl. price
- Same systems & processes
- Same reliability & performance
- Same commercial information
- Subject only to trivial or agreed differences

5

Oversight and monitoring

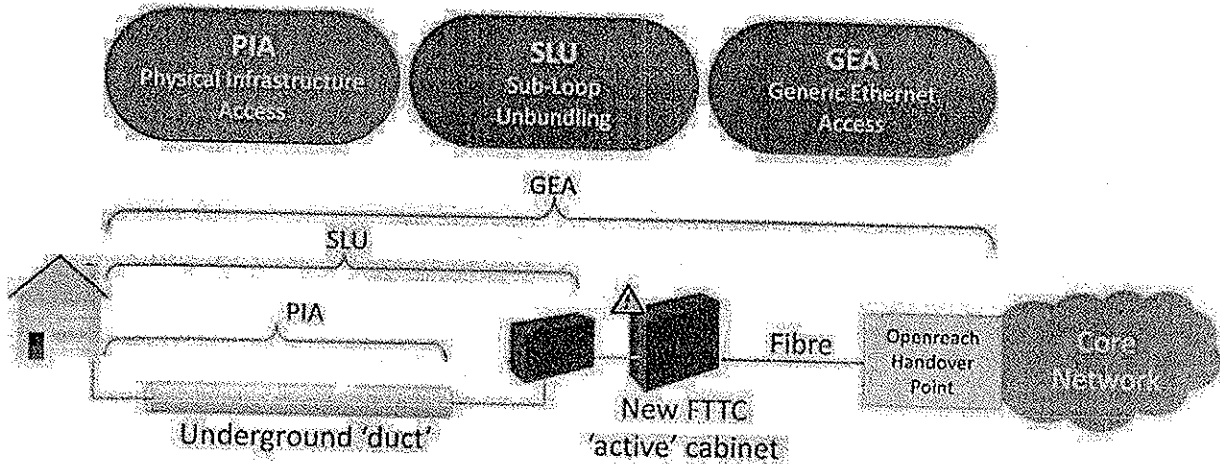


27

Reviewing the benefits achieved

- More effective wholesale regulation with greater transparency and confidence for customers
- Providing the basis for effective and sustainable downstream competition
 - Increased take-up of new services and products
 - Establishment of vibrant and competitive CP market
 - Greater affordability
- New product development process and industry agreed prioritisation
- Clear focus on access and backhaul network - improved service levels and reduced fault rates
- Continued investment by BT and industry

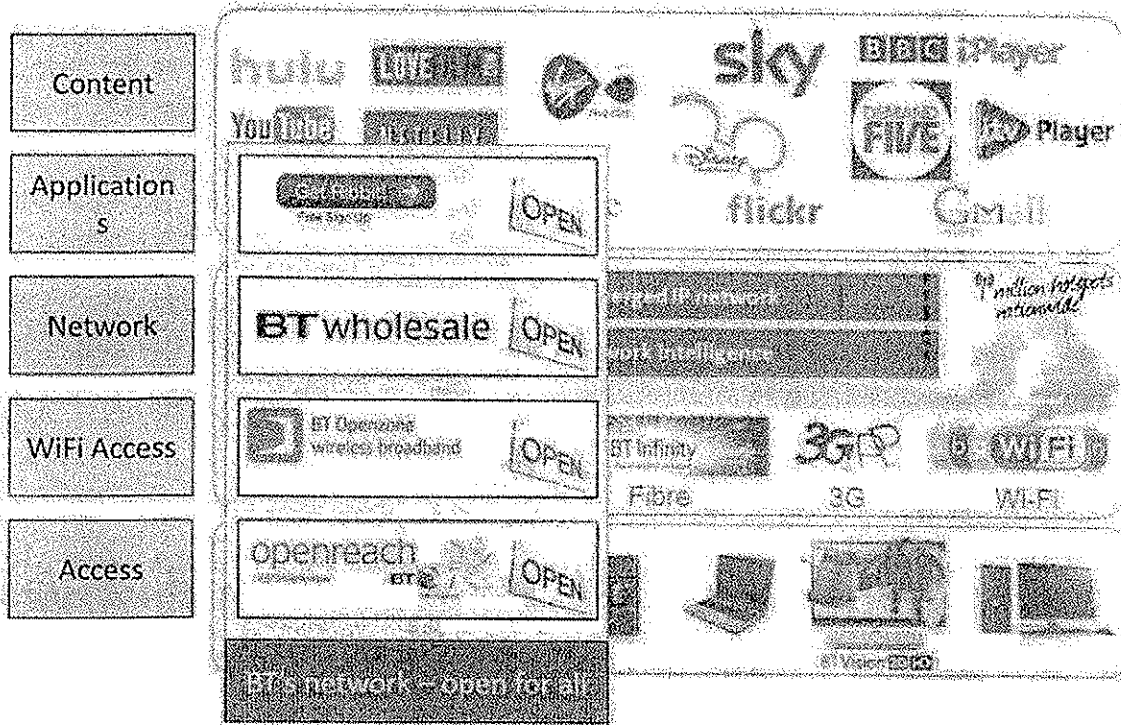
Openreach increasing CP options for those wishing to enter the NGA fibre value chain



Openreach offers a vast array of products. Below we show just a few of our core rental products which CPs sell on in the consumer market.

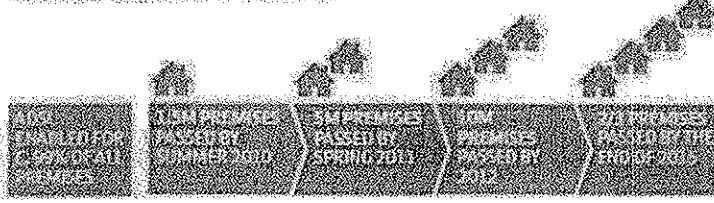
Product	Rental price (£/yr)	Product	Rental price (£/yr)
WLR	£103.68	GEA	£82.80 (+ MPF or WLR)
MPF	£91.50	SLU	£93.96
SMPF	£14.70	PIA trial	£0.95 per metre Spine duct (10yr) £21 per pole attachment (5yr)

"Competition ready" stimulates growth



We are investing £2.5bn to roll out superfast fibre access to two thirds of the UK by 2015

Super-fast broadband roll-out plan



- * We are rolling out a mixed economy network including both Fibre to the Cabinet and Fibre to the Premise
- * We are deploying at an ambitious pace
 - Twice as fast as Korea Telecom
 - 40% faster than Deutsche Telecom
 - Equivalent to a whole "Singapore" of deployment footprint every quarter
- * The existence of Openreach means:
 - An efficient one network build of the core NGA infrastructure used by all CPs
 - The business case return is based on the additional GEA line rental from CPs



29

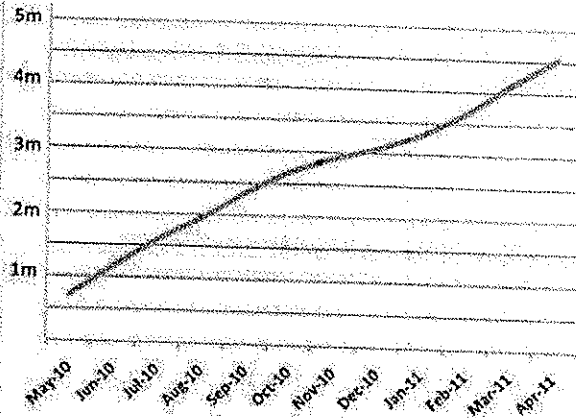
Openreach now passes >5m premises
and is on track to pass two thirds by 2015



The NGA story

- ✓ Over 5m (million) premises already passed with FTTC*
 - ✓ c500 exchanges live*
 - ✓ c12,000 cabinets live*
- ✓ Inclusion of up to 40 rural market towns in the next deployment phase of super-fast fibre broadband
- ✓ Over 500 customers and 12 ISPs trialling FTTP in Milton Keynes and North London
- ✓ Conducting a technical trial of 1Gbit/s fibre broadband speeds in Kesgrave, Suffolk, building on our NGA infrastructure.

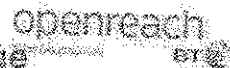
Total homes passed



• On track for 10 million premises passed in 2012 and 16 million in 2015 (FTTC & FTTP)

*23rd June 2011

UK Government continues to push UK 'Superfast' coverage
and has announced its aims and level of support



"Best superfast broadband network in Europe by 2015"

Virtually all homes to have access to 2Mbps by 2015

Mixed technologies to achieve the coverage – fixed, wireless and satellite

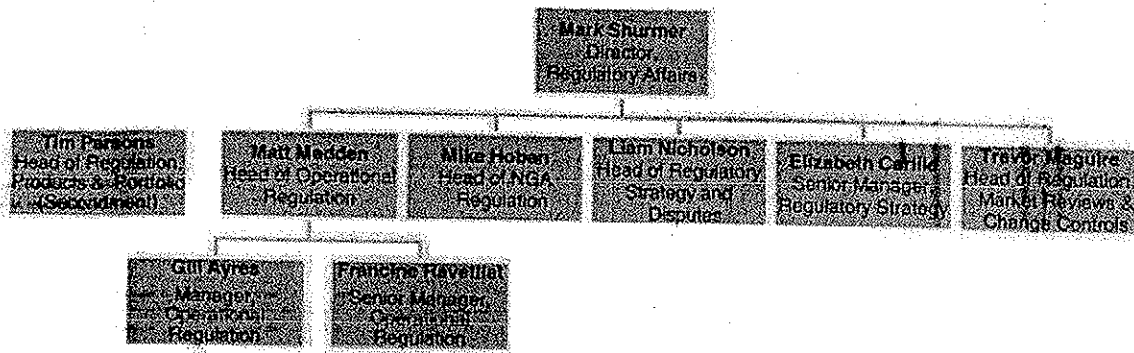
£530m funding available within this parliament – with a further £300M beyond 2015

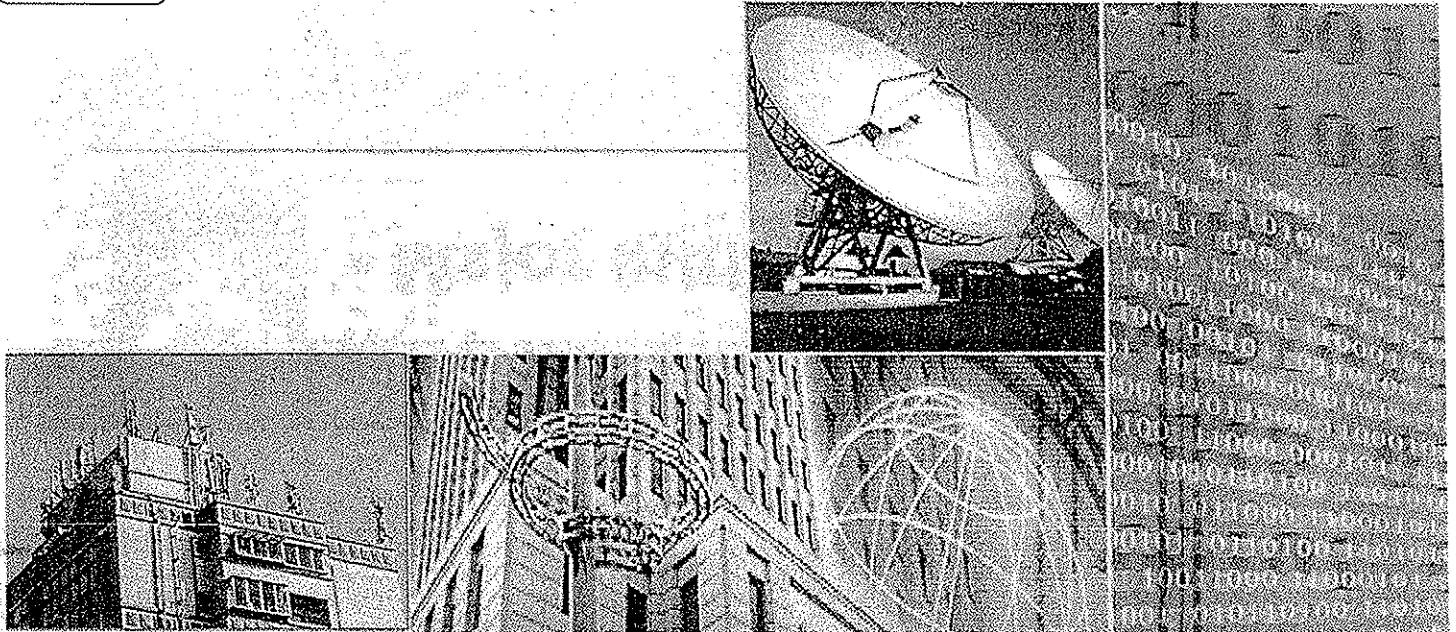
Four pilot areas in North Yorkshire, Highlands and Islands, Herefordshire & Cumbria

Access to utility infrastructure including BT's ducts & poles

A "Community Hub" will bring a high speed link into remote villages, with the local community deciding how to provide the "last mile".

Negotiations lead with Ofcom





NATIONAL COMMUNICATIONS COMMISSION



CONTENTS

Chap
I

• **NCC Introduction**

Chap
II

• **Market Status**

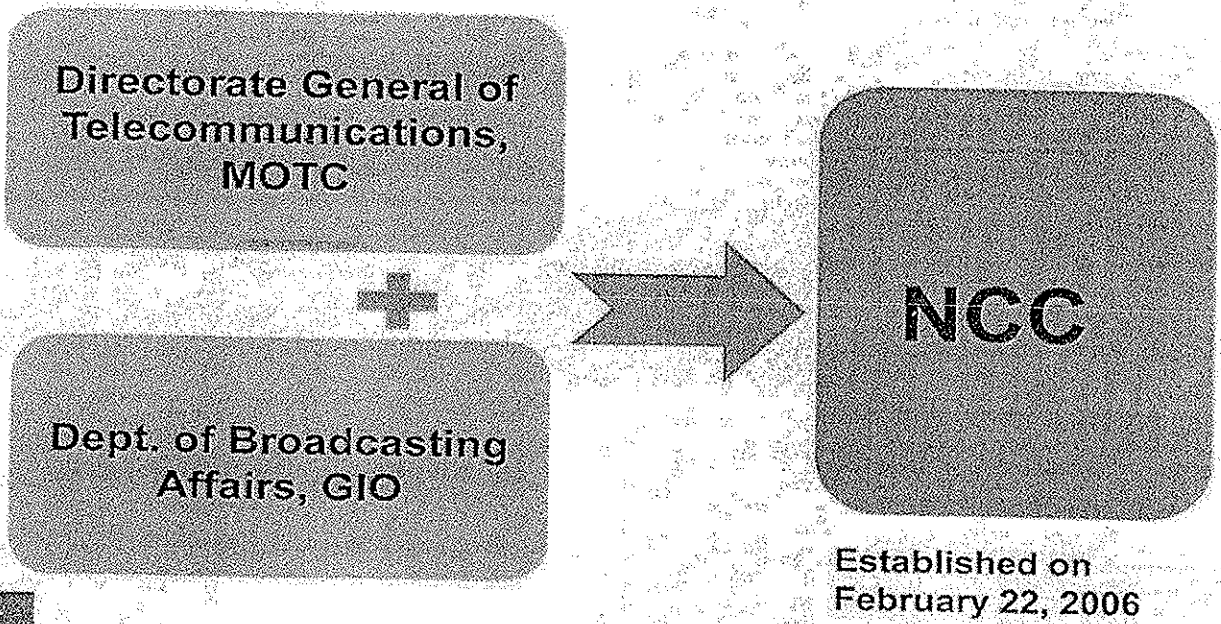
Chap
III

• **Major Initiatives & Policies**

NCC Introduction



01. HISTORY



02. LEGAL GROUND (1/2)

Foundation of Establishment

Fundamental Communications Act

Policy Goals

- Independent regulatory agency to regulate broadcasting and communications industry in accordance with convergence
- Promote the sound development of communications
- Safeguard the rights of the public
- Protect consumers' interests
- Develop multicultural diversity

Numbers

Dept. 9

Staff 540



03. LEGAL GROUND (2/2)

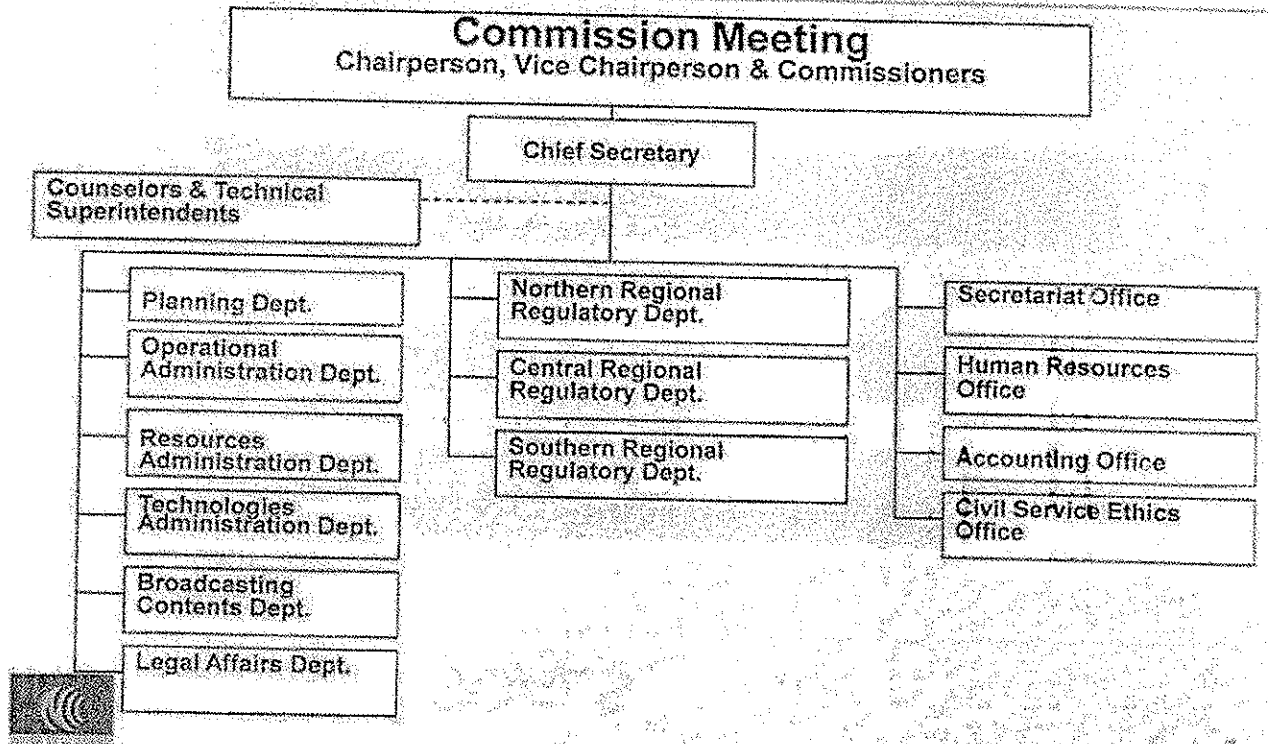
Main Business Areas

NCC Organization Act

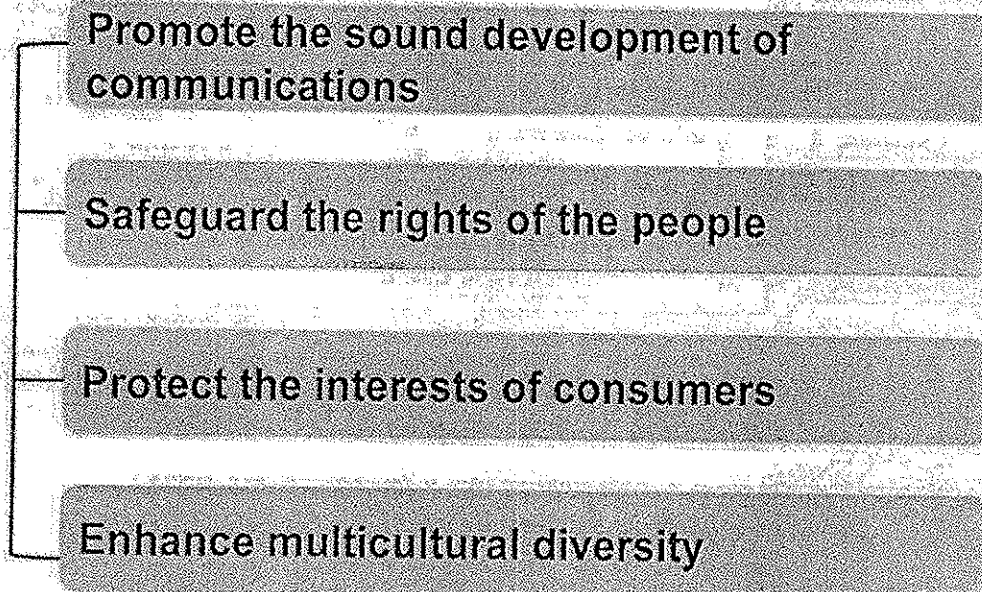
- Policies, Acts & Regulations
- Certificates & Licenses
- Communications Systems & Equipment Inspection
- Technical Engineering Specification & Security Standards
- Content Rating System
- Communications Resources Management
- Market Competition Promotion
- Major Disputes Settlement & Consumer Protection
- International Cooperation



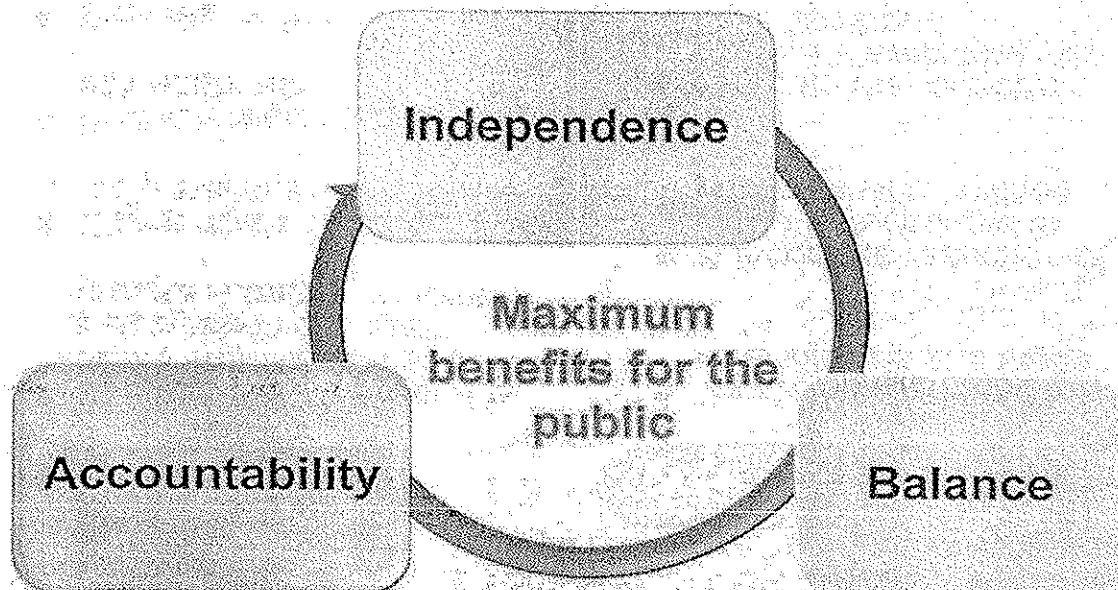
04. ORGANIZATION



05. POLICY GOALS



06. FUNDAMENTAL BELIEFS



07. BUSINESS AREAS (1/2)

Public Interests

- Support the TV programs rating mechanism and participation of citizen groups in media content
- Clamp down on pirate radio stations
- Promote legislation of the anti-spam act
- Promote online safety for children
- Review telecoms tariffs

Universal Services

- Promote broadband for rural villages and tribes
- Support the reduction of cell phone charges to public service hotlines
- Promote the terrestrial digital TV switchover by Dec. 2012 and subsidies for set-top-box for low-income families



07. BUSINESS AREAS (2/2)

Industry Regulation

- Promote fair market competition, inter-connection, reasonable access costs, etc.
- Manage frequency

Convergence

- Regulation framework amendments (3TV acts and telecom act)
- Promote CATV digitization



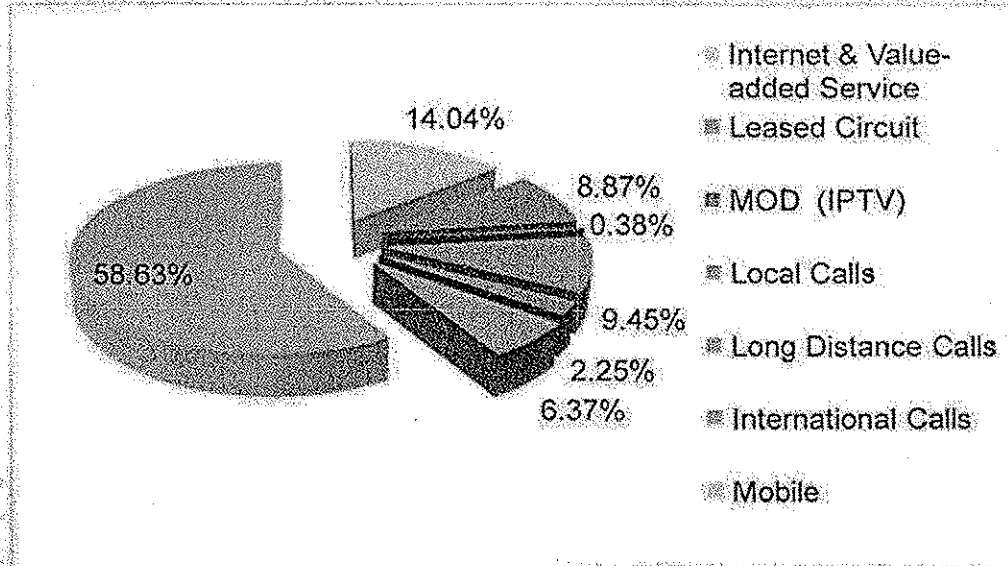
CHAP. II

Market Status



01. MARKET STATUS: TELECOMS (1/5)

◆ Percentage of telecommunication services revenue in 2010



Note: Total revenue of telecommunication services in 2010 was US\$11.7billion

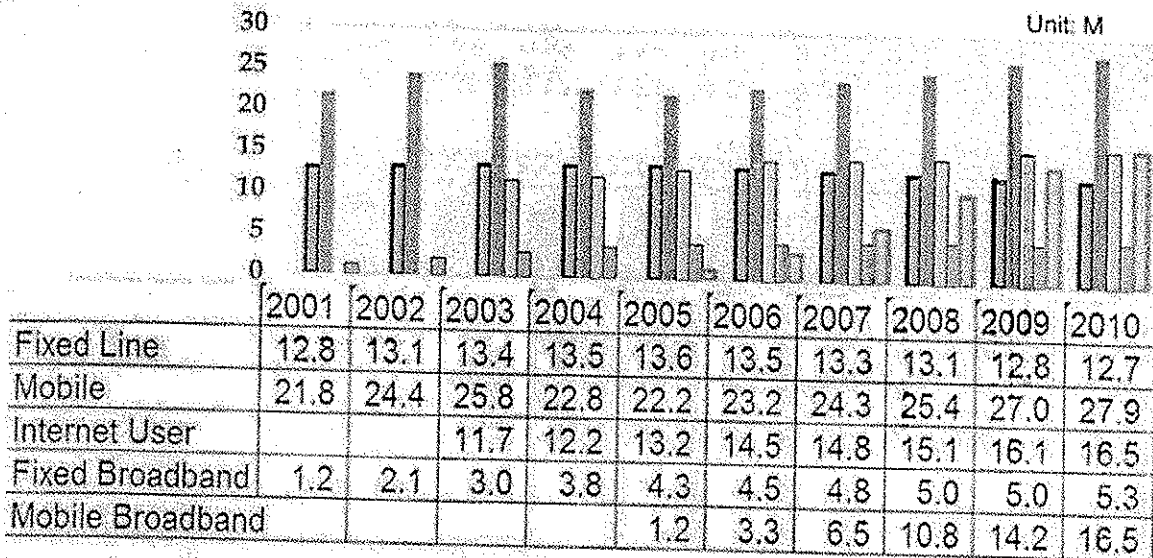
Source: NCC

01. MARKET STATUS: TELECOMS (2/5)

Type	Category	No. of Licenses	Total	No. of Operators
I	Fixed Network	72	104	85
	Mobile Network	26		
	Satellite Communications	6		
II	Voice Simple Resale	67	823	475
	Non-E 164 Internet Telephony	63		
	E 164 Internet Telephony	2		
	Circuit Resale	197		
	Intra-Corporation Network	31		
	ISP	181		
	Others	282		

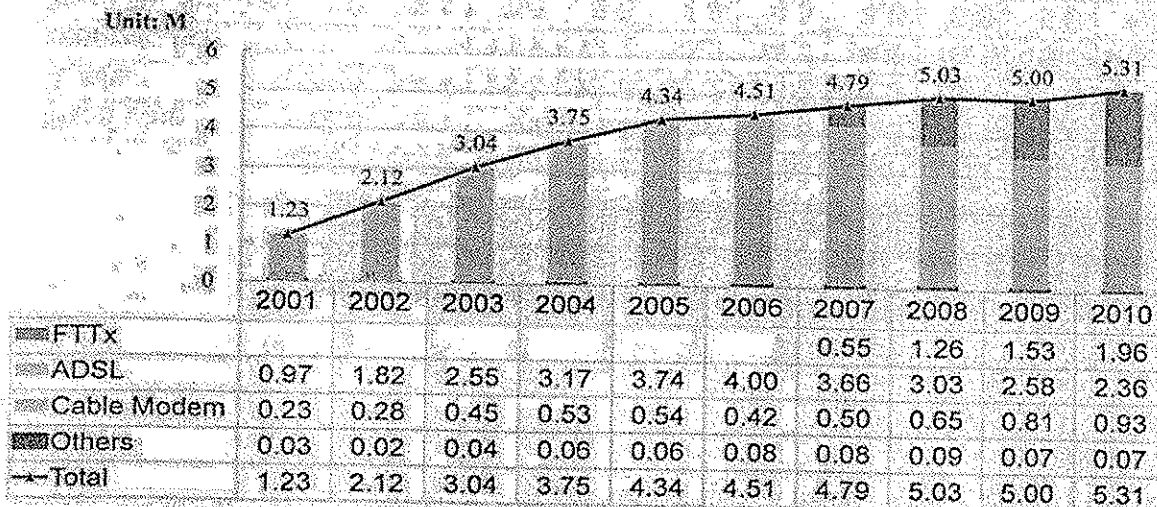
Source: 2010, NCC

01. MARKET STATUS: TELECOMS (3/5)

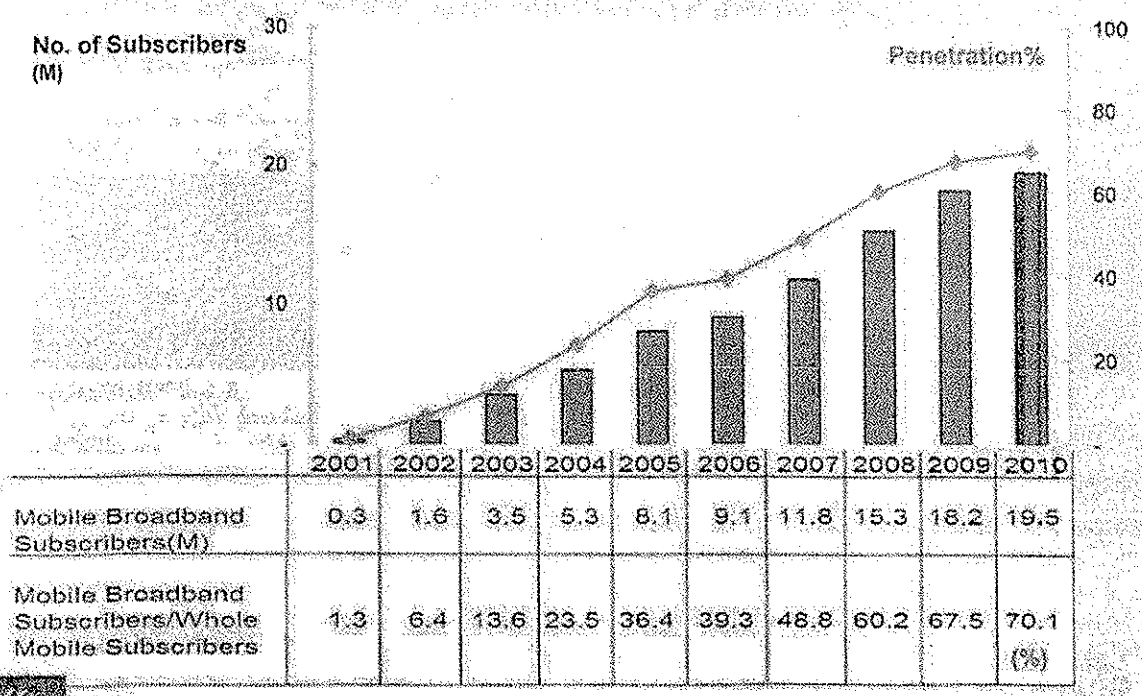


Subscribers of Telecom Service

01. MARKET STATUS: FIXED BROADBAND(4/5)



01. MARKET STATUS: MOBILE BROADBAND(5/5)

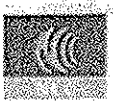


01. MARKET STATUS: MEDIA (1/2)

Type	No. of Operators	Revenue (USD)
Radio	171	90.9M
Terrestrial TV	5	377.6M
Satellite Broadcasting Business	82	677.8M
Foreign Satellite Broadcasting Business	30	51.7M
CATV	59	1,081.3M

*Satellite Channels: 268

*Source: 2010 Overview of Broadcasting in Taiwan, NCC



01. MARKET STATUS: MEDIA (2/2)

CATV Market

Operating	Business Zones	51
	Operators	59
	2010 Revenue	USD1081.3M
Subscription	No. Household	5,084,491
	Penetration	64.06%
STB Subscription	No. Household	391,462
	Penetration	7.70%
Digital Pay Channel Subscribers		276,984



CHAP. III

Major Initiatives & Policies



I. PROMOTE DIGITIZATION OF TERRESTRIAL TV(1/3)

- Accelerate the installation of digital TV gap fillers in order to increase the coverage of digital TV broadcasting
 - 6 completed in 2010
 - 34 completed in 2011
 - 9 completed in 2012

- Increase the coverage of HD TV transmissions
 - Help Taiwan Public Television Service gain the HDTV license and increase the coverage of broadcasting. It is aimed to reach 85% of the population in 2011 and 92.88% in 2012
 - Assist existing (1st phase) digital TV operators (having constructed the first single frequency network) to broadcast HDTV
 - Accelerate the issuing of 2nd phase digital TV licenses (the second single frequency network)



21

I. PROMOTE DIGITIZATION OF TERRESTRIAL TV (2/3)

- Provide subsidies for low-income families and improve reception
 - 85,000 families in 2011
 - 35,000 families in 2012

- Rationalize the price of digital TV set-top box so as to increase the willingness of purchase.



22

I. PROMOTE DIGITIZATION OF TERRESTRIAL TV (3/3)

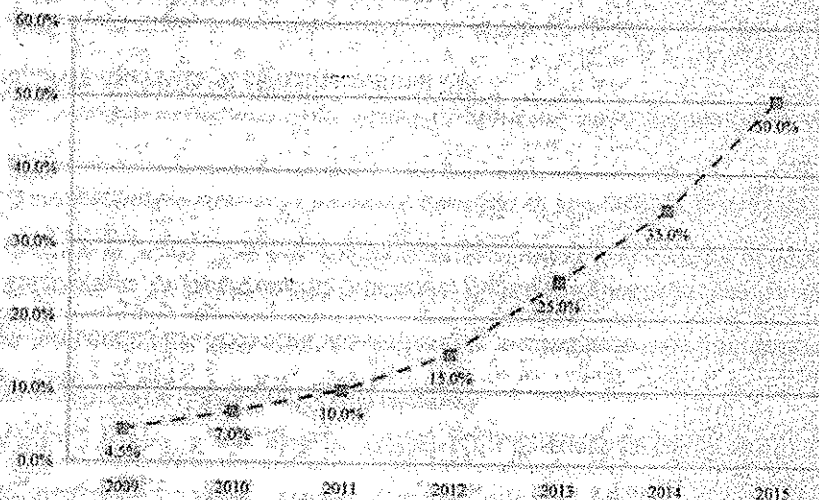
- Vitalize HDTV program production and broadcast services through regulatory mechanism
 - Adjust policy on broadcast advertising in accordance with international trends.
 - Encourage TV operators to broadcast high quality local programs as well as HD programs, when they are applying for evaluation and change of license
 - Request broadcasters to increase the ratio of HD programs in prime time every day.
 - Require the applicants to provide HD channels when planning the 2nd phase license approval of digital terrestrial TV.
 - Define rebroadcast, premier, and new releases in order to increase broadcasters' motivation of HD program production.
- Recover analogue TV channels and complete the transition by 2012



23

II. PROMOTE DIGITIZATION OF CABLE TV (1/2)

- Goal: 50% of households access digital cable TV by 2015 – set by the Executive Yuan's "Digital Convergence Policy Initiative"



II. PROMOTE DIGITIZATION OF CABLE TV (2/2)

● Short-term strategies

- Announce the "Administrative Digitization Project of Cable TV in the Experimental Areas" to encourage broadcasters to gradually implement digital switchover systems.
- Adjust operating areas, announce acceptance of application, and introduce digitization according to Article 22 and 32 of the Cable & Broadcasting Act

● Mid- and long-term strategies

- Gradually remove barriers for CATV operations across geographic areas and achieve the goal of 50% of households in Taiwan access digital cable TV by 2015
- Complete amendments to the Cable Radio & Television Act, encourage the innovative convergence services, introduce new market players, based on the minimal operating areas in municipality/city/county

25

III. DIGITAL CONVERGENCE DEVELOPMENT POLICIES

● Two-stage regulatory revision

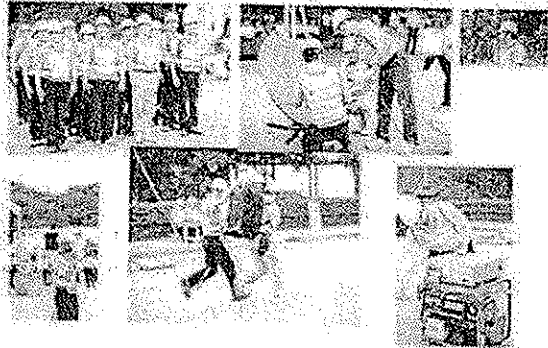
- Stage I: Remove barriers to allow cross-sector operations
- Stage II: Develop layered horizontal regulatory framework

● Strategies

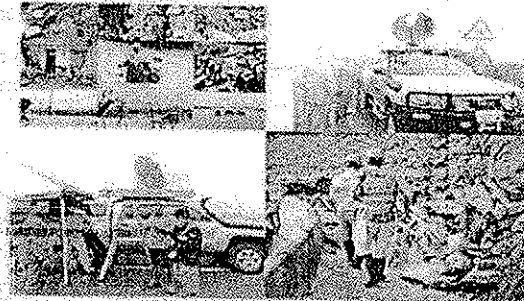
- Establish a fair and sound environment for industrial development by ruling out market entry barriers
- Accord with the governments' industrial policies with forward-looking policy for scarce resources
- Promote economic and industrial developments by continually ruling out convergence impediments

IV. DISASTER PREVENTION ACTION OF COMMUNICATIONS INDUSTRY

1. Advise telecommunication operators to hold disaster prevention drills on a regular basis

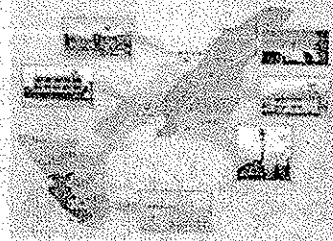


2. Actively participate in disaster recovery/mitigation when accidents happen



3. Build highly reliable disaster-resistant communication systems to ensure that the communication between suburban residents and outside is unobstructed.

Illustration showing the installation of disaster proof communication platform in Keelung Area



V. UNIVERSAL SERVICE

● Achievements of "Broadband in Every Village" and "Broadband in Every Tribe" Projects

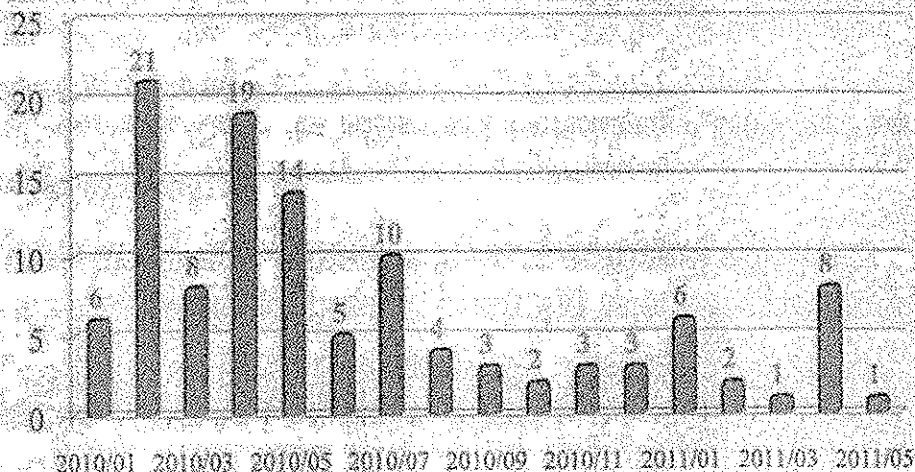
Year	Chunghwa Telecom	Taiwan Fixed Network	Chungtou Digital TV	New Century InfoComm Tech	Number of Broadband Installation	Total Construction Spending (NT\$)
2007	43 villages, 8 counties	3 Villages in Alishan Township, Chiayi County			46	92,902,784
2008	42 tribes (neighborhoods), 10 counties	3 Villages in Alishan Township, Chiayi County	2 villages, Nantou County		50	77,787,313
2009	48 installation points in the tribes of 35 villages (neighborhoods), 28 townships, 12 counties	1 village, Ren Ai Township		1 Village, Faniu Township	51	77,314,590
2010	Totally 10 installation points in the tribes of 7 villages (neighborhoods), 5 townships, 5 counties	1 village, Yixing Township			11	13,897,057
	Total				158	261,901,744

VI. REDUCE TARIFF RATE

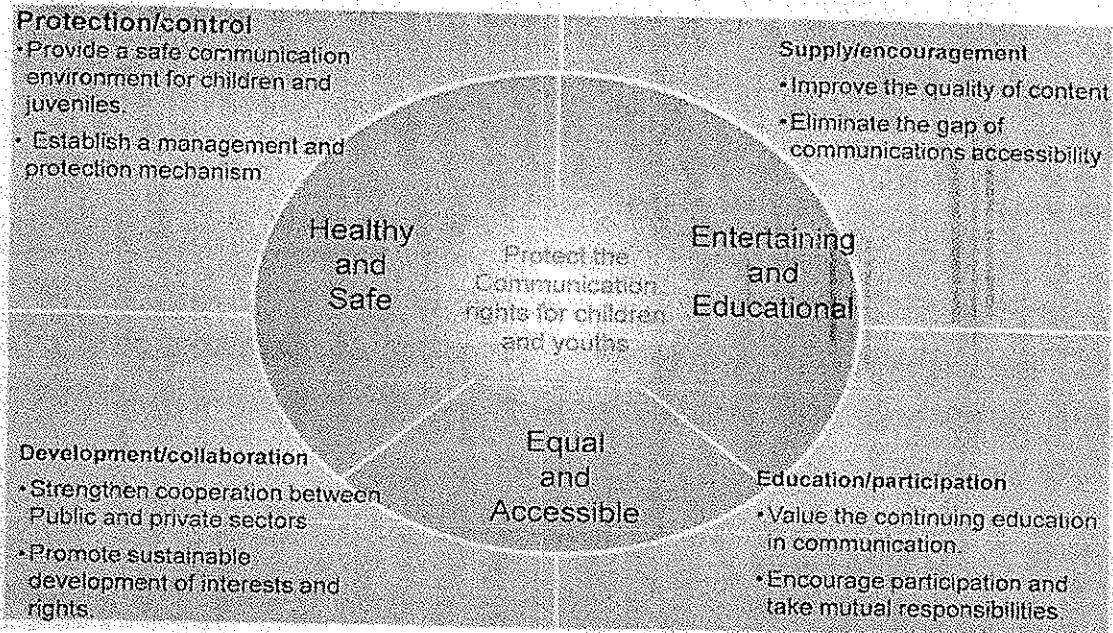
- Price cap has been adopted to push the telecom operators to lower their tariffs and enhance their operational efficiency
- Items and scopes:
 - Fixed Network Services: the adjustment coefficient is 4.816% for 7 services in ADSL line rental fees
 - Mobile Services: the adjustment coefficient is 5% for communication between mobile telecom service operators, mobile phones calling home phones as well as domestic text messages
- Period: Apr. 1, 2010 ~ Mar. 31, 2013. Relative rates have decreased for 2 consecutive years and will continue to 2013
- Benefits: Around 41million subscribers

VII. CLAMPING DOWN ON PIRATE RADIO STATIONS

- Maintain order on the radio waves and protect legal communication
 - Compile evidence against pirate radio stations and increase their operating costs
 - Enhance synergy in the fight against pirate radio stations
- Total of 116 pirate radio stations were clamped from Jan. 2010 to May 2011



VIII. WHITE PAPER ON COMMUNICATIONS RIGHTS OF CHILDREN AND JUVENILES



● It is expected that the White Paper will be introduced this year

Thank you for Your Attention

www.ncc.gov.tw

