Global momentum building for connected TV

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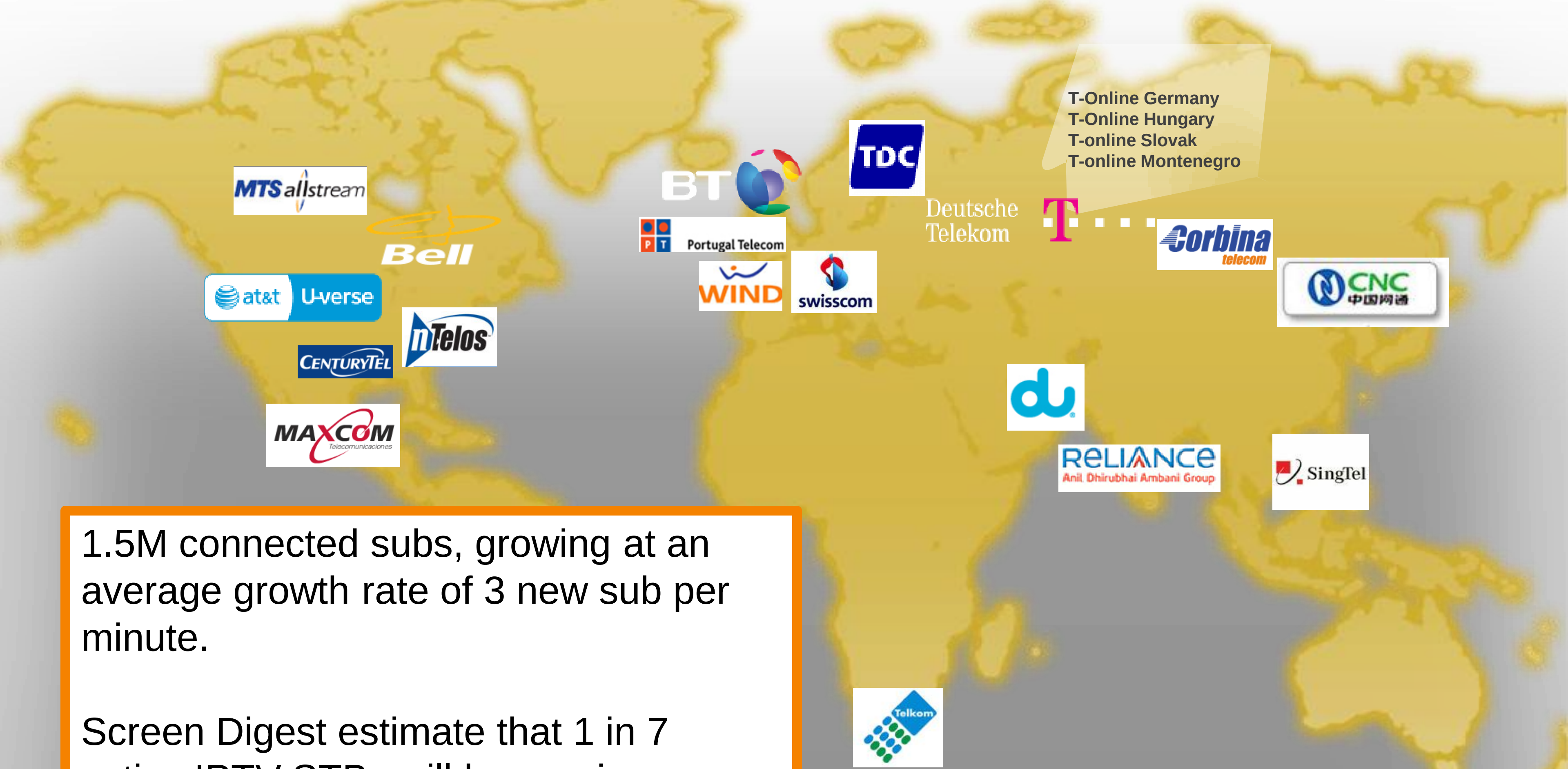
Gartner: IPTV subscriptions to grow 64 percent in 2008

- Worldwide subscriptions to Internet-based television platforms are on track to reach 19.6 million subscribers in 2008, a 64 percent increase, according to analysts at Gartner
- Revenue from worldwide internet protocol television is forecast to reach $4.5 billion, up 93.5 percent from a year earlier, with Western Europe boasting the largest number of IPTV subscribers and North America the largest market for IPTV revenue.
- Gartner forecasts that 1.1 percent of households worldwide would be using IPTV in 2008, and expects that to rise to 2.8 percent by 2012

Sources: Gartner, September, 2008

Mediaroom deployments



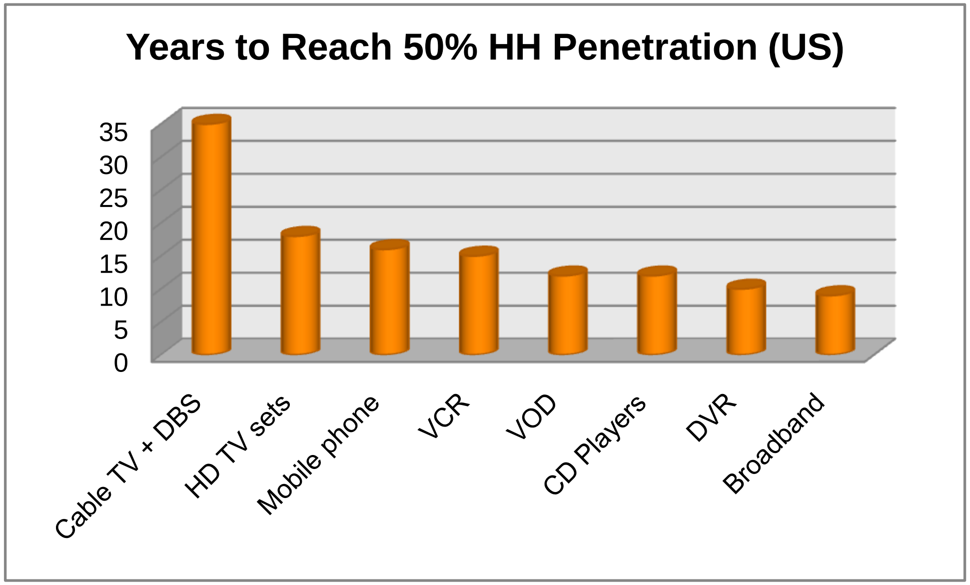
1.5M connected subs, growing at an average growth rate of 3 new sub per minute.

Screen Digest estimate that 1 in 7 active IPTV STBs will be running Microsoft Mediaroom by end of 2008.

The evolution has just begun …

- Consumer adoption of technology takes time to reach critical mass
- BUT… adoption curves are accelerating, younger generations show huge adaptability to new technology
- Years to achieve 50% HH penetration (U.S):

Cable TV + DBS	35 yrs
HD TV sets	18 yrs (proj)
Mobile phone	16 yrs
VCR	15 yrs
VOD	12 yrs (proj)
CD Players	12 yrs
DVR	10 yrs (proj)
Broadband	9 yrs (proj)
Internet	9 yrs
DVD	7 yrs



TV Myths and Truths

Myth	Truth	Implication
Consumers switch mostly for lower prices	• Almost 30% would switch AND pay an additional fee for a service that includes the features and content they want • Another 30+% would switch at the same price for a service with the features and content they want	Segment and target markets before reducing prices
People who are dissatisfied are the most likely to switch	• The most satisfied and most willing to spend money on entertainment are most interested in new services • Nearly 75% of high potential consumers can usually find something they enjoy watching	Market to the satisfaction and enjoyment that people get from TV
High potential consumers (switchers) are Internet users	• Nearly 30% of high potential households do not have Internet service at home • Nearly 40% of British and 50% of French high potential households have no Internet service at home	Package only relevant services for each target

TV Myths and Truths

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Technically advanced consumers want to self-install and manage their technologies	Up to 50% of the most technically sophisticated consumers would pay extra for better service and support and for a service that is very easy to use (vs. 25% - 30% on average)	Make the service a “no brainer” to install and support
Consumers who are heavy TV watchers will be initial high potential buyers (switchers)	43% of high potential households watch less TV than average	Position around convenience, ease of use and enjoyment
Content is King	• Features rule (with competitive content) • 45% of high potential consumers are willing to pay for IPTV features while only 5% of high potential consumers are willing to pay for additional content alone.	Package and promote the features your segments value most

Change the buying paradigm from price and channel line up to experience and personalized content

Unlock the potential of TV

Changing the game

Personal *My Shows*	**Easy** **My Time**	**Connected** **My Screens**	**Social** **My Friends**
Unlimited content • *Subscriber-level customization*	*User Interface and remote solve frustrations with TV* • *Search*	*Always-on connection* • *Two-way network*	*Two-way network* • *Integration of buddy list, presence, communities*

Build the market for connected features to capture the next generation of high value revenue

Premium Features

- Commerce
- Recommendations
- Communications
- Enhanced Viewing
- Additional Content

Comms
- Recommend.
- Caller ID
- IM

Film and Content
- Recommendations
- Remote Record
- Additional info.

Media Center
- Own media on TV
- Caller ID
- Instant Messaging

Consumer
- Buy songs on TV
- Buy DVD on TV
- Targeted ads
- Click for more

Family
- Parental controls
- Play along

TV Control and Management

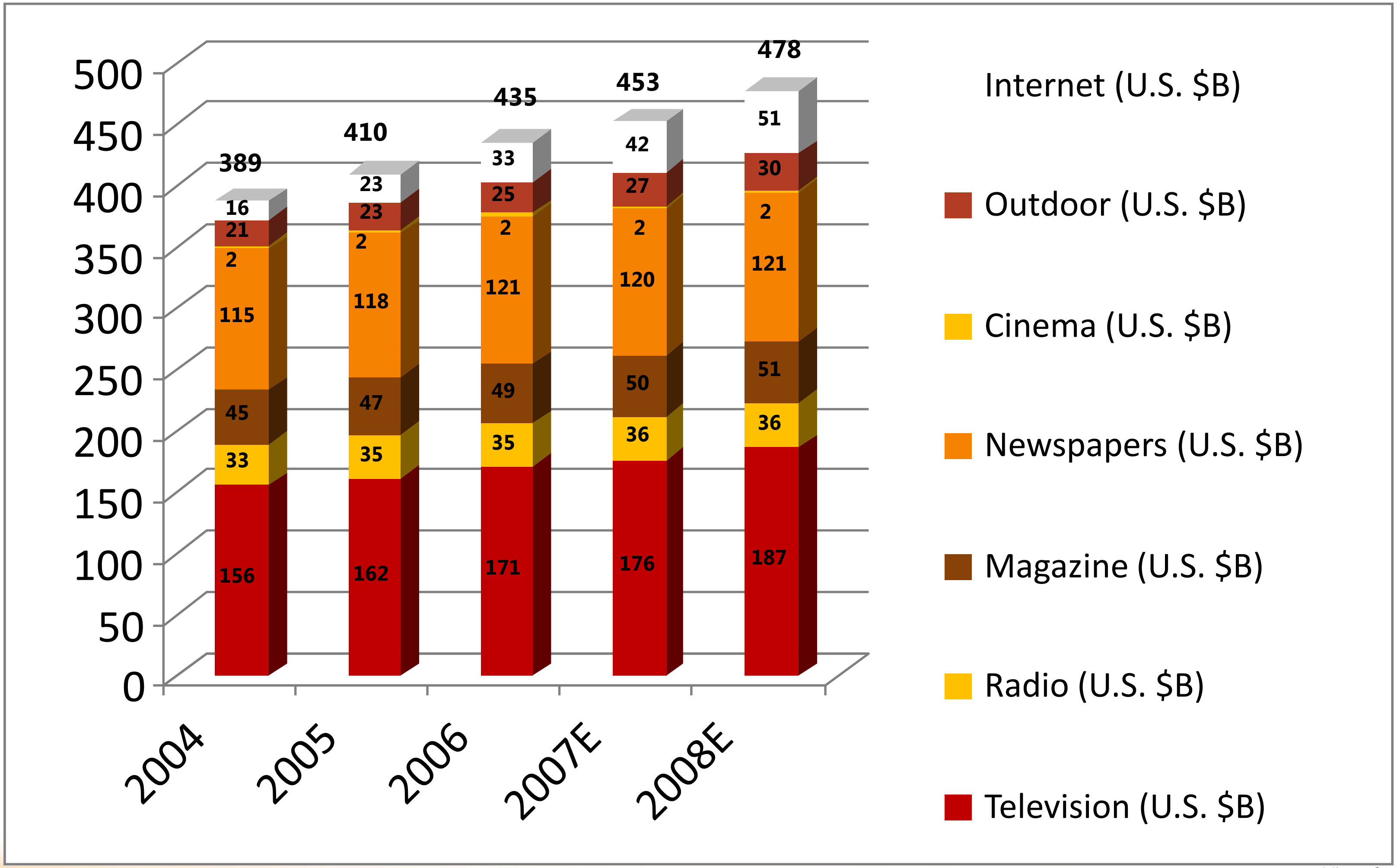
- DVR controls on live TV
- Whole home DVR
- VoD
- Multi-view
- Watch TV while viewing program guide

New business models: Interactive applications

- Enable applications that truly extend the user experience
- Look & feel on par with native apps
- Build applications that run in the network
- Build applications which leverage existing web data
- Evolve to richer environments and development tools
- Use applications as a clear differentiator or charge for them

New business model: targeted ads

Global Market Share of Advertisement Expenditure



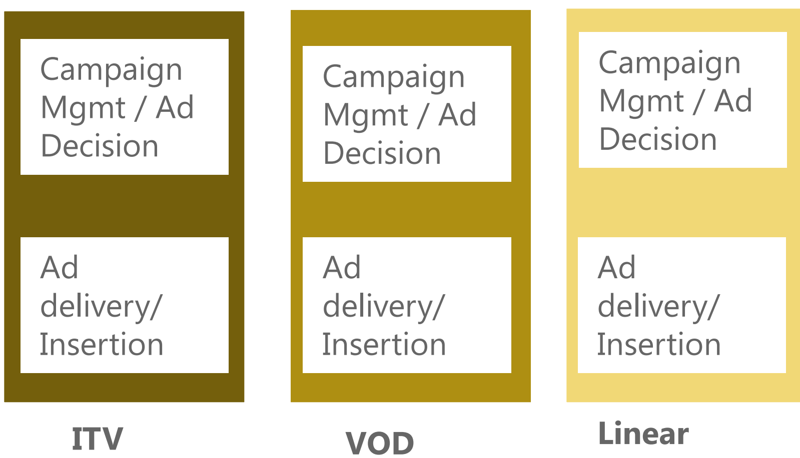
Sources: UBS Estimates, Company Reports, ZenithOptimedia March, 2008

Keys to Creating Value for Advertisers

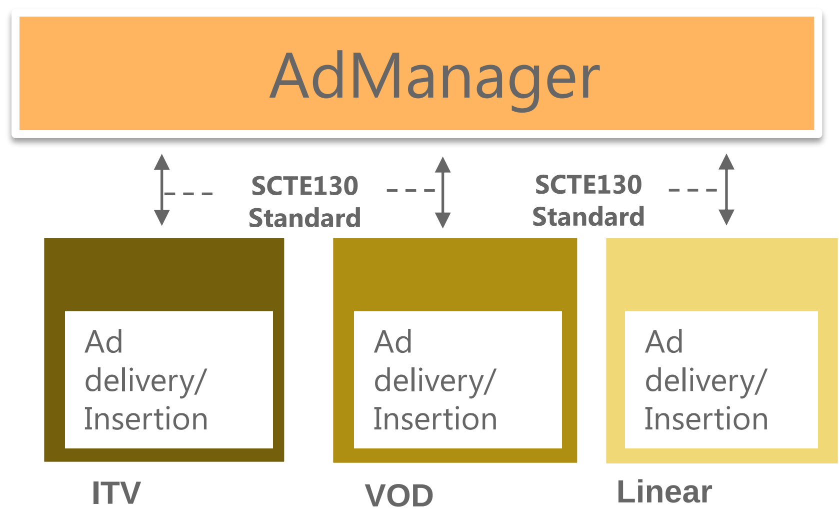
- Accurate viewer measurement
  - Allows advertisers to assess campaign effectiveness
- Ad targeting
  - Lets advertisers reach “their” customers
- Support of features which enable viewer engagement
  - Get more info on a advertiser’s product
  - Reinforce brand messaging through creative sponsorships

Today’s advanced ad solutions

Vertically Integrated “Stovepipe” Solutions



Tomorrow’s Solutions: Single Campaign & Ad Decision



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