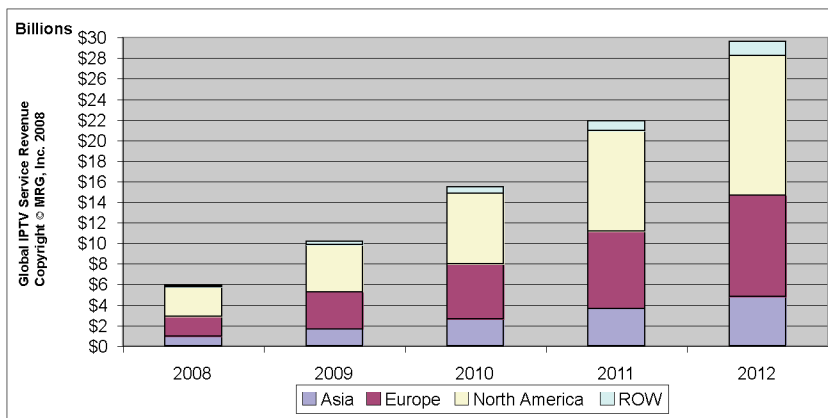


IPTV Global Forecast — 2008 to 2012

Semiannual IPTV Global Forecast – October 2008

Figure: Global IPTV Service Revenue Forecast



Source: Copyright © MRG, Inc. 2008

MRG's new bi-annual **IPTV Global Forecast Report — 2008 to 2012 for October 2008** displays much more information in strategies and new service mixes being added to IPTV offerings.

This report is designed for senior management at hardware/software suppliers, Telcos, IPTV Operators, venture capital firms and financial institutions.

Tracking over 680 total IPTV operators worldwide, the report analyzes capital spending, service revenue, and subscriber growth for Asia, Europe, North America, and the Rest of the World. It also breaks down CapEx by seven IPTV product sectors, including Access Systems, Video Head-ends, Video-on-Demand, Set-top Boxes, Middleware, Content Protection/Digital Rights Management, and System Integration/Professional Services. The report also includes IPTV capital spending detail of the top 25 global service providers.

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IPTV Global Forecast — 2008 to 2012

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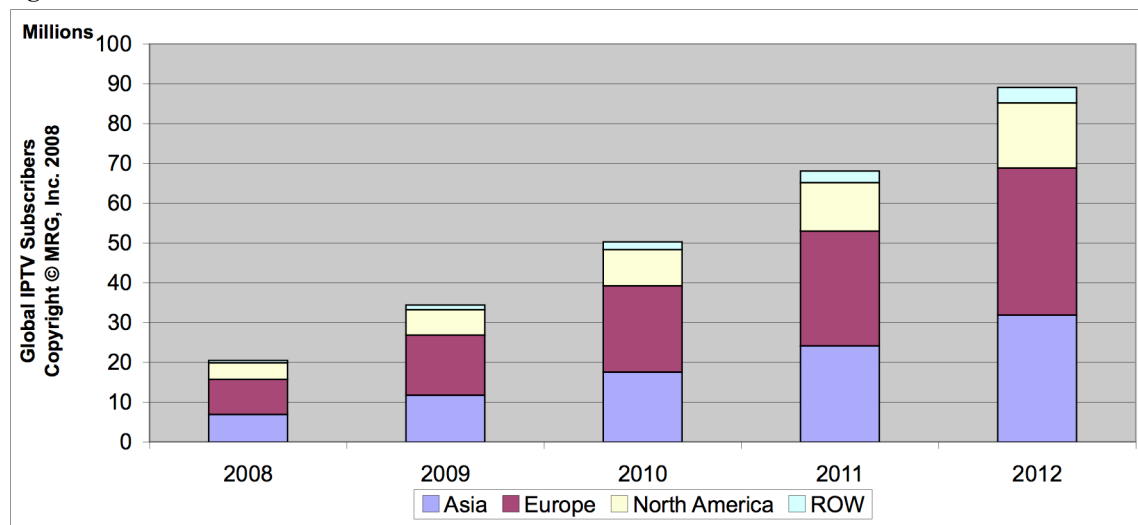
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1 Executive Summary

This report is the latest update to the *IPTV Global Forecast – 2008 to 2012* published April 2008. It incorporates the most recent information on current IPTV deployments around the world, as well a forecast for IPTV subscribers, service revenue, and system revenue from 2008 to 2012. MRG breaks down the IPTV ecosystem into six markets: Access Systems, Video Headends, Video-on-Demand, Set-top Boxes, Middleware and Content Protection/Digital Rights Management (CP/DRM). In addition, we split up the market into 4 regions around the world: Europe, Asia, North America and Rest of World, as well as the Worldwide market. We have identified 681 companies worldwide deploying IPTV services, which is an increase of 59 IPTV Service Providers over the past 12 months.

MRG is forecasting that the number of global IPTV subscribers will grow from 20.4 million in 2008 to 89.1 million in 2012, a compound annual growth rate of 45%. (See Figure 1-1.) We are forecasting that the number of DSL subscribers will grow from 242.7 million in 2008 to 401 million in 2012, a compounded annual growth rate of 13%. These DSL subscribers are the main base for the IPTV subscribers in Figure 1-1.

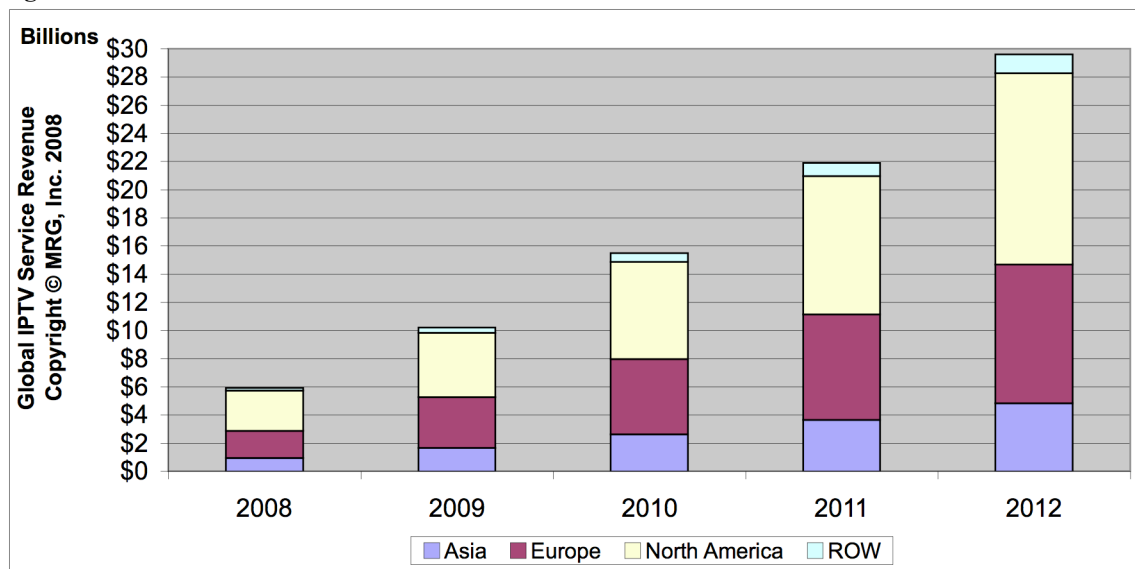
Figure 1-1: Global IPTV Subscriber Forecast



Source: Copyright © 2008 MRG, Inc.

In terms of service revenue, we forecast that the Global IPTV market is \$5.9 billion in 2008 and growing to \$29.6 billion in 2012, a compound annual growth rate of 50% (see Figure 1-2). By 2012, Europe and North America will generate a disproportionate share of global revenue, due to very low ARPUs in China and India, the fastest growing (and ultimately, the biggest markets) in Asia.

Figure 1-2: Global IPTV Service Revenue Forecast



Source: Copyright © 2008 MRG, Inc.



Steady Growth Continues in Global IPTV Market, Reports MRG, Inc. Local Differentiation Key to Growth

San Jose, CA: November 10, 2008— While threats of financial collapse lurk at every corner, global Telcos apparently did enough belt-tightening back in 2000 to 2003 to lessen their exposure to financial volatility. Multimedia Research Group's latest IPTV Global Forecast shows that global IPTV subscribers will grow from 20.4 million IPTV subscribers in 2008 to 89.6 million in 2012. To drive this growth, IPTV Operators worldwide are expected to continue investing in improved Quality-of-Service, ease-of-operation, HD content, exclusive programming and time-shifting as differentiating features.

The new MRG report, **IPTV Global Forecast 2008 to 2012 — October 2008**, provides new insight into strategies and services added by IPTV Operators to accelerate growth. "This new Forecast gives an overview of the differentiating services offered by the top IPTV Operators," says Jose Alvear, IPTV Analyst at MRG. "Operators continue to add impressive new services and improved QoS (Quality of Service) in competitive markets especially in Europe and North America."

In **Europe**, for example, steady IPTV subscriber growth continues while more HD channels are being offered to Western and Eastern European subscribers. By 2012, **European** subscribers will still be slightly ahead of Asia, with Europe maintaining 41.5% of the worldwide subscriber market and Asia, 35.8%. Despite economic contraction, consistent growth continues at the three major French IPTV Operators as they compete to bring better quality and unique content to their users; and as new competition comes online in 2009. Many European IPTV Operators have increased subscribers by offering differentiating services, exclusive content and interactive features. Likewise in **Asia**, despite flat growth in Japan, rapid growth is expected in China, Taiwan and Korea.

By 2012 **North America** will have only about 17% share of the total worldwide subscribers, however it will dominate the global market in terms of gross service revenue at about \$13 billion, due to higher ARPU. Together, Verizon and AT&T are projected to have about 3 million subscribers by the end of 2008, and they should continue their rapid growth into 2012. Smaller U.S. and Canadian Operators are following similar strategies.

The report includes the market growth of six CapEx products in 4 worldwide regions, with details about these 24 sectors and the related subscriber and system revenues for 2008 to 2012. Information is available at: http://www.mrgco.com/TOC_IPTV_GF1008.html or, contact Rob Smith at rsmith@mrgco.com, or, 1-408-453-5553 (San Jose, CA, USA). The price of this 90-page (indexed) report is \$3,995 USD for a printed copy, and \$5,200 USD for a PDF format Departmental License. It is free for subscribers to the **IPTV Tracking Service**.