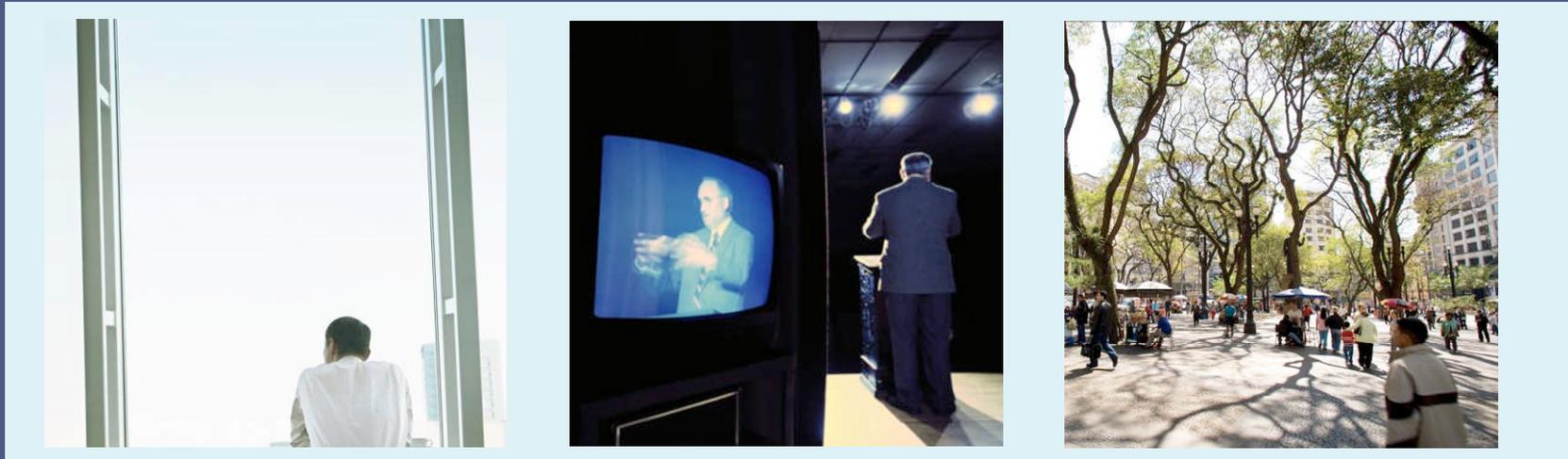


The outcomes for consumers in relation to pay TV in Europe – Appendices to Second Report

Appendices to a Report for British Sky Broadcasting Limited



12 January 2009

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Appendix 1 Terms of reference

Deliverables

A report that examines the following issues:

(i)

The current provision of audiovisual content (excluding adult and foreign language content) on:

- an a la carte/ standalone channel basis (i.e. where consumers may subscribe to individual pay TV channels);
- a PPV/VoD (including NVOD and SVoD) basis

in at least France, Germany, Italy and Spain, but preferably for each of the each of the countries set out at Appendix 1;

This part of the report should include discussion of the details of the following details of each relevant service:

- its date of introduction;
- the technical means of delivery of content to consumers (e.g. terrestrial, cable, satellite, IPTV, internet)*;
- the type of content delivered*;
- charges*;
- evidence as to its relevant success to date, for example in terms of the number of buys/ subscribers or revenue generated**;
- any major developments in the service after its introduction (e.g. significant expansions in the range of content available)**.

The consultants should, at a minimum, provide the details marked as “*”. The details marked as “***” are regarded as very important to the study although Sky is aware that it may be difficult to obtain comprehensive data and/or other information on these issues.

The consultants are not be expected to examine every such service available in each country, but should apply expert judgement in identifying the major services available to consumers in each country (for example, in terms of levels of use, number of households able to access the channel(s)/service(s), longevity, or the nature of content available via the channel(s)/service(s)) for analysis. The consultants should, however, pay careful attention to services which may not meet such criteria because they have only recently been introduced.

This part of the report should also consider whether such services might be able to be incorporated in the innovation measures included by PwC in their first report (updated appropriately), and, if possible, to undertake such an exercise.

(ii)

the details of significant changes (including the dates at which such changes came into effect) in the pricing and packaging of subscription pay TV services provided to consumers in the past five years in at least France, Germany, Italy and Spain, but preferably for each of the each of the countries set out at Appendix 1.

The consultants would be expected to apply expert judgement in identifying such significant changes. The focus should be on such changes made by pay TV retailers with significant bases of genuine pay TV subscribers (for example, as a proportion of all genuine pay TV subscribers in a particular country). The consultants should, however, pay careful attention also to new approaches to pricing and packaging of subscription pay TV services adopted by new entrants, as relevant.

Timing

The completed report should be provided to Sky by 9 December 2008.

Countries to be addressed in the report:

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Italy
- Netherlands
- Norway
- Spain
- Portugal
- Sweden
- Switzerland
- UK

Appendix 2 List of pay TV retailers analysed

[Redacted]

Appendix 3 Pay TV retailers included in Section 3 summary tables

[Redacted]

Appendix 4 Supporting data to Section 3

[Redacted]

Appendix 5 Pay TV retailer representatives and territory pay TV experts; and retailer customer service operators consulted

[Redacted]

Appendix 6 Glossary of selected terms

À la carte package	A package within which a channel or some channels can be selected and others not selected, where the fee charged is independent of which channels are selected, but may depend on the total number of channels selected (e.g. a price is charged for subscription to 8 channels out of a choice of 30 channels, where the price does not vary with the channels selected but is instead fixed to the number of channels chosen).
Basic pay TV channel	A pay TV channel that does not show important sport and movies content (see “important movies” and “important sport”).
Bundled "free" VOD service	A VOD service that consumers can receive access to for no additional fee, if they subscribe to another service.
Buy-through	A package structure that requires that a non-negligible regular fee for another service ("genuine" pay TV, other TV services or non-TV services) is paid to access additional packages (typically containing important content).
Delivery	The technology by which a signal is transmitted to a consumer's viewing equipment.
DTH	Direct to home - delivery via satellite distribution technology. Within this report and annexes, DTH refers exclusively to digital satellite.
DTT	Digital Terrestrial Television - delivery of a digital signal via terrestrial distribution technology.
Free to air (FTA)	Content (usually a channel) that can be received on some platform (in a country) without paying a (subscription or pay per view) fee.
“Genuine” pay TV service	A pay TV service that includes mostly carriage fee-funded and premium-content channels, and for which fees paid by consumers can be reasonably inferred to include an element related to the acquisition of such content (whether or not there are specific incremental fees for such channels separately set out in the fee schedules). See page 6 of PwC's First Report.
HD	High Definition - A viewing technology that provides viewers with better quality, high-resolution pictures.
Important movies	First-run (i.e. just-released) movies, including those from major Hollywood studios.
Important sport	Live televised sporting events that attract a high level of popularity, in particular live top-tier national football leagues and live UEFA Champions League matches.
Internet (delivery of TV signal via)	Downloading or streaming of content from the internet to a computer, set top box, games console or other device.
IPTV	A digital television service that is delivered using the Internet Protocol over a network infrastructure, which may include delivery by a broadband connection.
Linear	Content broadcast at a particular point in time and, unless recorded, only available to view at that point in time.
Major Hollywood studios	The six largest Hollywood studios – Disney, Fox, Paramount, Sony, Universal and Warner.
Non-buy-through standalone channel	A standalone channel that does not require buy-through to be allowed to subscribe.

NVOD	Near Video on Demand - a TV system in which multiple channels are used to show the same content (e.g. a movie) with content starting at different times (usually at intervals of 30 minutes or less).
On demand	Content available at a time chosen by the consumer.
Pay per view service	A service where consumers can choose to access individual movies/programmes/events for a one-off fee.
Platform	A specific combination of distribution and reception technology and conditional access that enables consumers to receive broadcasts.
Premium pay TV "light"	A package consisting of a small selection of premium channels bundled with few or zero basic pay TV channels available on a subscription basis, without the requirement to subscribe to a buy-through package or pay non-negligible additional monthly fees (e.g. exceeding €5.00) for access, hardware or another service.
Pre-pay	A payment structure in which consumers can purchase the right to access a certain number of PPV events/films in advance, often by purchase of a pre-pay card.
Pull VOD	Also known as True VOD or simply VOD. See VOD.
Push VOD	A service in which TV content is automatically downloaded to a hard disc (usually on a PVR) and can be accessed by a consumer on demand.
PVR	(Also known as Digital Video Recorder and Digital Television Recorder). A digital TV set top box including a hard disc drive which allows the user to record and store, pause and rewind live TV.
PwC's First Report	PwC's report for British Sky Broadcasting, dated 29 February 2008 and entitled "The outcomes for consumers in relation to pay TV in Europe".
Set top box	A device which can receive and decode digital TV signals so that they can be displayed on a TV.
Single channel(s)	A service provided on one channel with a schedule that cannot be tailored to individual consumers. Similarly the number of channels is fixed (for example the number of channels <i>does not</i> increase if multiple football matches are available simultaneously).
Standalone channel	A standalone channel is an individual channel to which consumers may subscribe to on its own, i.e. it is not bundled with other channels in a package. It may however, or may not, require buy-through of TV or other services in order to subscribe to the standalone channel. The distinguishing feature of a standalone channel is that a price is quoted for one channel rather than a bundle of channels.
Subscription	Payment of a regular fee (usually monthly) for access to content.
SVOD	Subscription Video on Demand - A service in which a regular (usually monthly) fee is paid in return for access to a plurality of content on demand.
VOD	Video on Demand - A service in which content is available at a time chosen by a consumer, from storage on an external server (with the exception of push VOD).

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