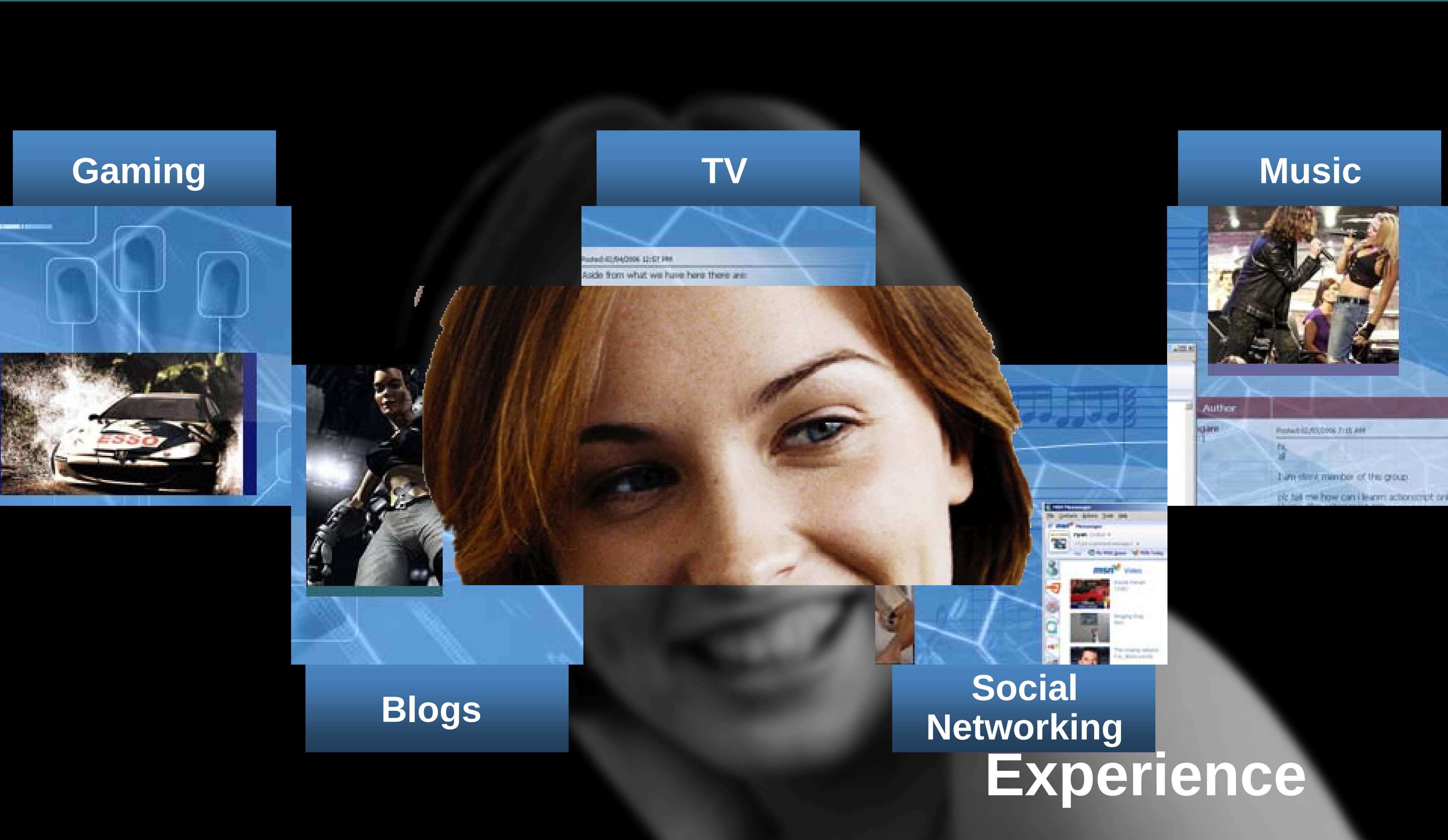
Taking advantage of a vibrant market place

Dominique Chatelin

March 23rd 2006

Digital Culture is Evolving



Experience is Consumer Defined & Driven
Tailored to Their Own Unique Interests and Needs

What They Want

Broad choice, personalized and simple

When They Want It

On demand, available always

Where They Want It

Everywhere, follow me

How They Want It

Flexible, with no platform, access or bundle restrictions

Connected Home
Essential Element to the Experience

Communication Services
- VoIP
- 802.11 phones
- Presence
- In-home key systems

Automation and Control Services
- Home surveillance
- Nanny cam
- Security
- Fire, utilities, lighting

Information Services
- VPN
- Home networking
- Parental control
- Firewall
- Storage

Entertainment Services
- Video
- Music
- Gaming

For Providers…

Greatest Opportunity…
&
Greatest Challenge

New Service Provider Offer:
"Many Services to Many Screens"

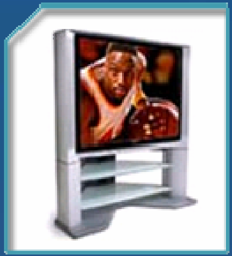
VoIP	Custom Ring Tones / MP3 Player	High-Speed Internet /VPN	Text / Instant Messaging
Push-to-Talk / Intercom	Video Conferencing	Digital TV / VOD	PDA / Email

Data Voice Video

At Work, At Home, On The Move

Greatly Expands Addressable Market
Example: Connected Home

Residential Broadband Access
\$\$



Video and xVOD
\$\$\$

Local and Long Distance Voice
\$\$

Direct to Disk/Pod Content Distribution
\$

Security
\$\$

Home Net
\$

Net PVR
\$

Video Telephony on TV
\$\$

Wireless Video
\$

Digital Music
\$

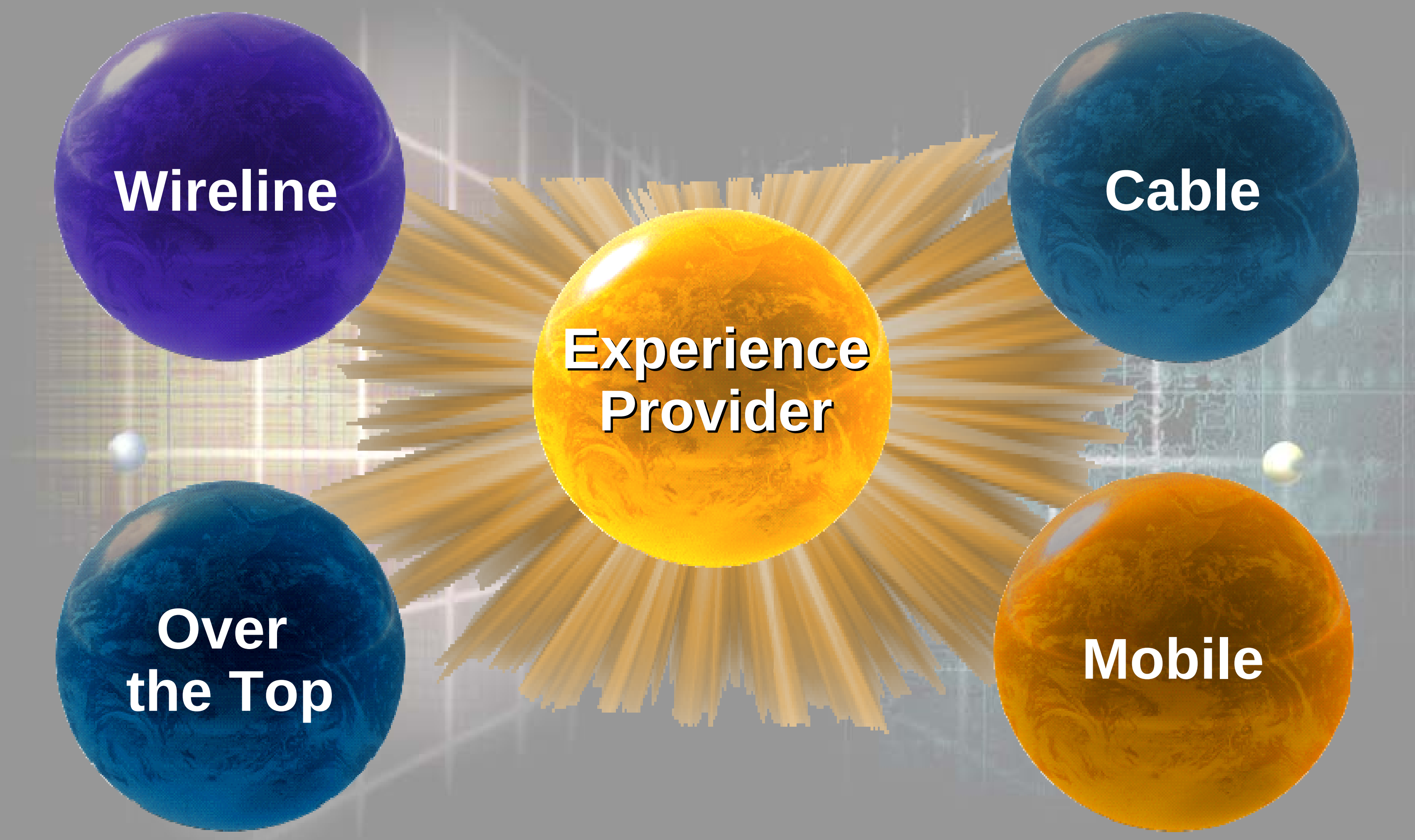
Dual Mode Voice
\$\$

Gaming
\$\$

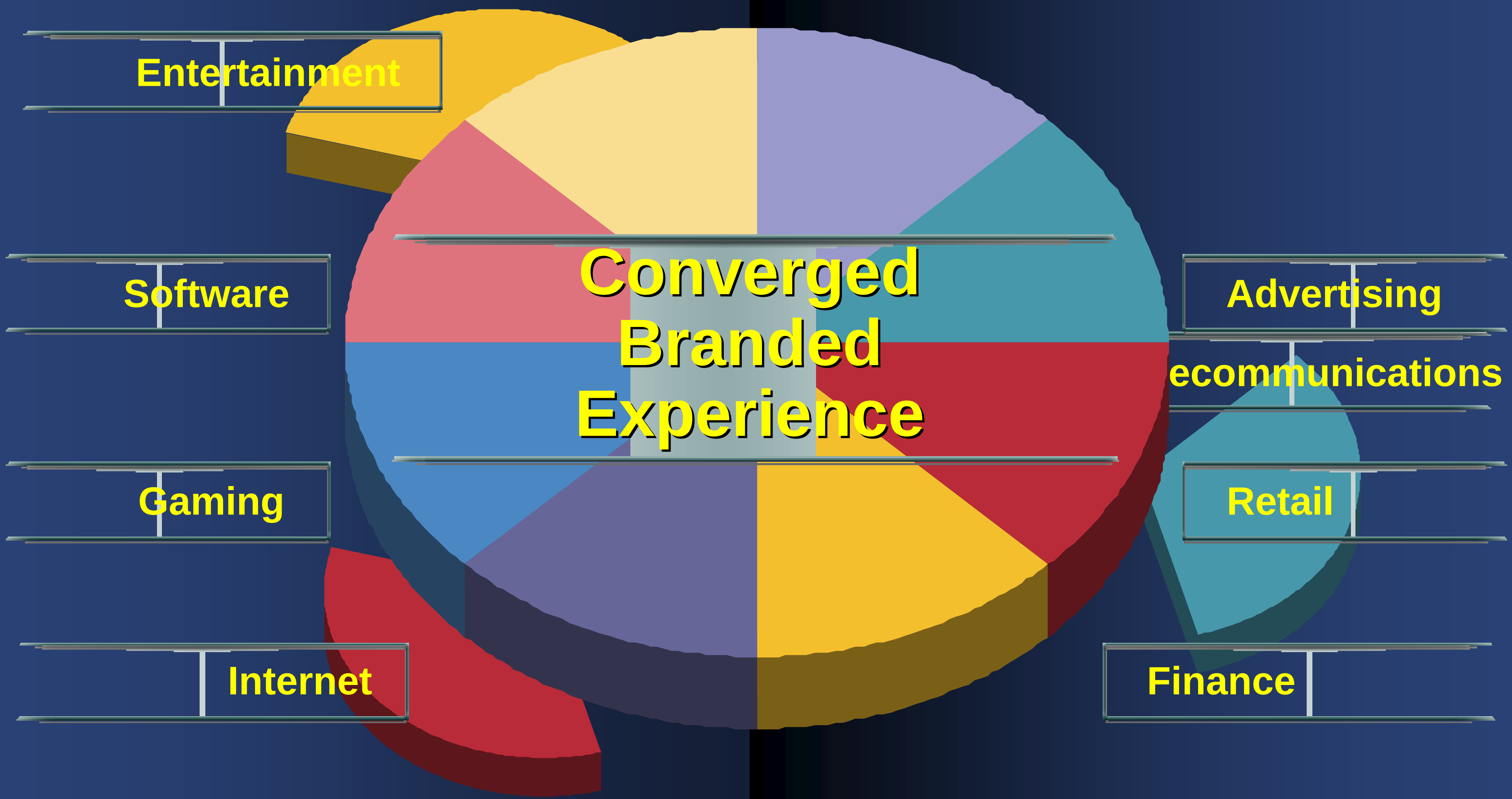
Mobile Phone GPS Mapping
\$

…and more

Convergence of SP Segments More Urgent
Can No Longer Be Defined by Access Technology



…. As is Integration of Different Industries Expanded Scope for SPs and Others



Video is Key for Experience Delivery

High Definition

Video Phone / Video Conferencing

Video Streaming

Video-TV On Demand / nDVR/ Mobile TV

Gaming / Interactive TV

Video to Other Devices

Managed Video Applications

Video Communications Services

"Over the Top" Video

… But Not Easy to Deliver
Video Challenges

Business Challenges "Content Scope & Control"	Technical Challenges "Open, Balanced System"
• Differentiation/New Business Models • Content Explosion • Growth of "on-demand" TV • Increasing relevance of long tail (niche) content to consumers • Impact of "over the top" video	• Achieving scale at a lower TCO • Managing video in scope of larger Triple Play on the Move convergence • Linking key architectural elements to deliver a better user experience • Capitalizing on 3rd party innovation

Traditional
Web-Based Services

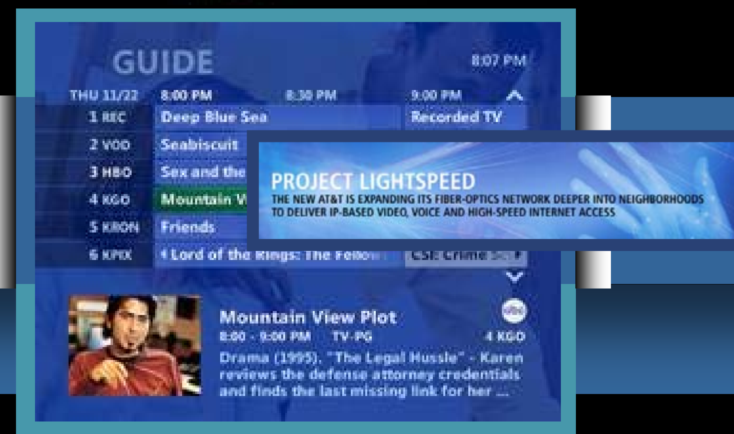
VoIP Services

Video-Based Services

Easiest

Most
Difficult

Experience in Delivering Large Scale Video Systems and Networks

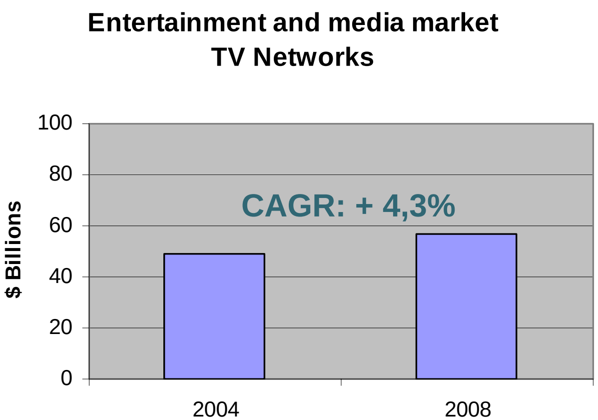


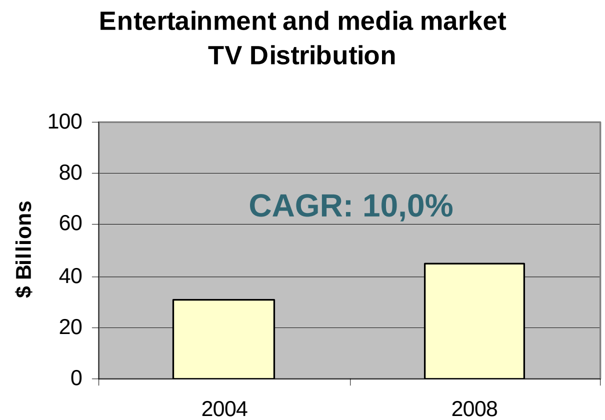
- **Scale:** Largest Digital Video Market Penetration in US
- **Speed to Service:** Achieved over a Million Digital Video Subs in first year of working with Scientific Atlanta
- **Open:** Cablevision develops their own applications (iO interactive optimum) for Scientific Atlanta platform

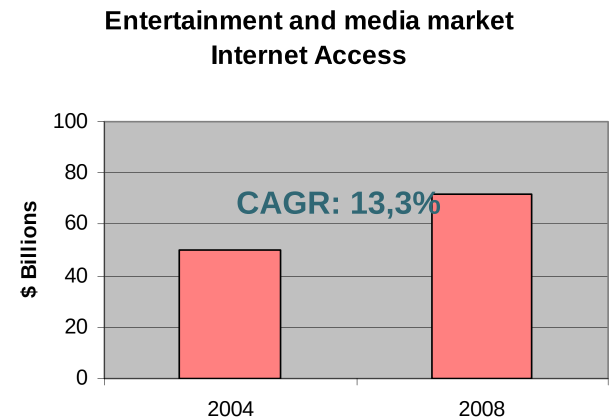
- **Expertise:** ATT (formerly SBC) selected Scientific Atlanta to design, build and activate the “true video” component of network
  - •IP Video super hub offices (SHO)
  - •IP Video hub offices (VHO)
  - •IP Video operations center (VOC)
- **Experience:** Different access technology but still video; 55 years of video experience at work to make Project Lightspeed successful

Overall Media spending in EMEA is growing faster than the economy (GDP growth: 5,6%)

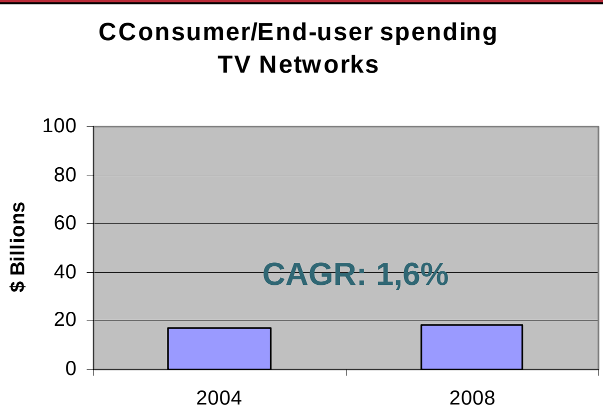
Entertainment and Media market

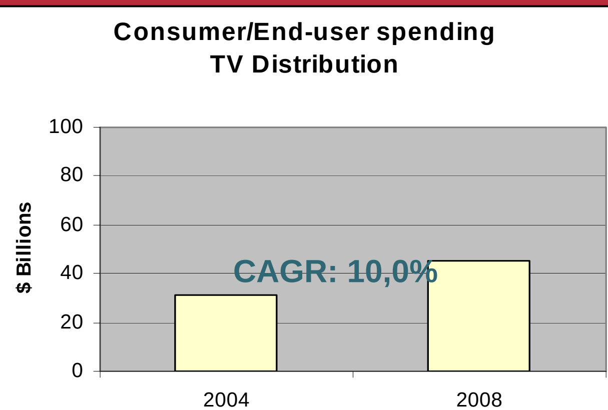


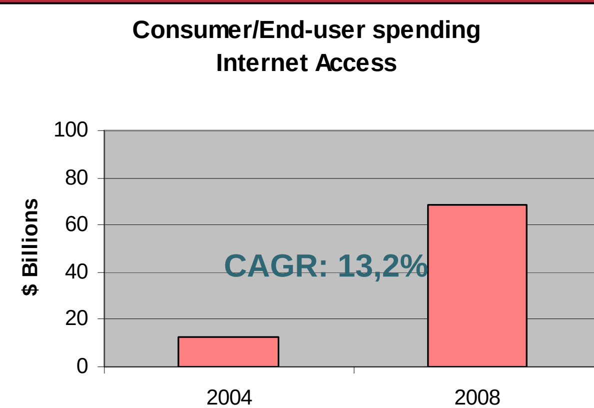




Consumer/End-User spending



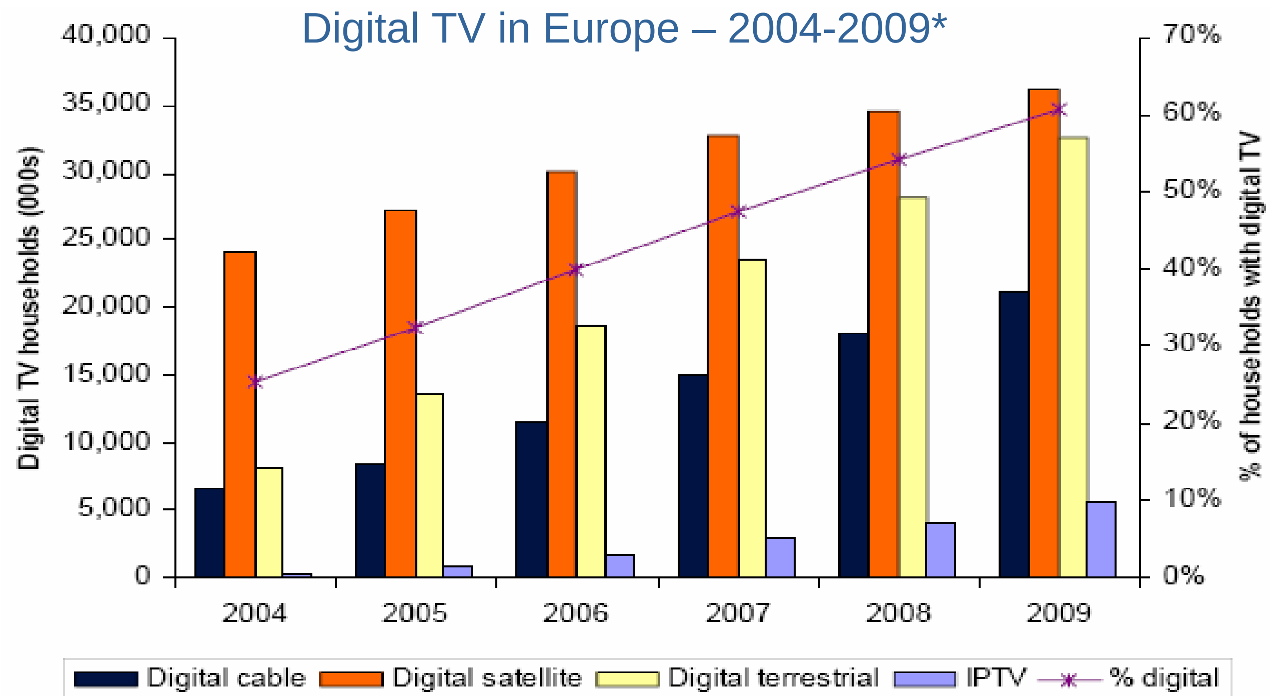




The greatest value is Internet/Broadband segments. Most growth will occur in Internet/Broadband segments.

Source: PwC

Western Europe: Digital penetration expected to reach 60% within 3 years



CAGR	2006	2007	2008	2006-2008
Digital cable	38%	29%	21%	25%
Digital satellite	10%	9%	6%	7%
Digital terrestrial	38%	26%	20%	23%
IPTV	**97%**	**58%**	**44%**	**51%**

*Europe:

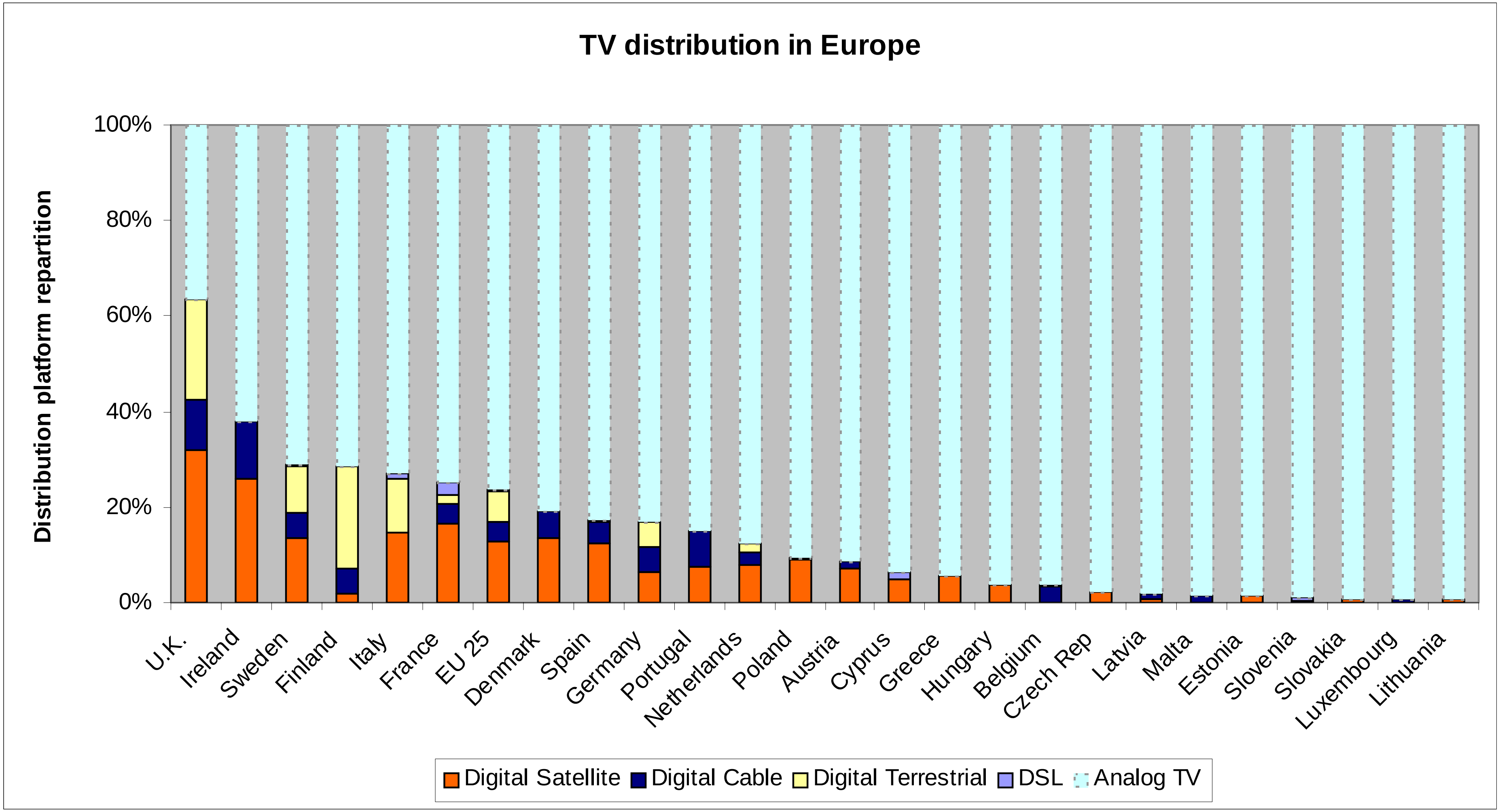
Austria
Belgium
France
Germany
Italy
the Netherlands
Denmark

Finland
Norway
Sweden
Portugal
Spain
Switzerland
UK

- **Digital Terrestrial is expected to grow most and to catch up with Satellite**
- **Digital Cable and digital satellite growths are quiet similar**
- **Digital Satellite still has the most true PayTV Subs**
- **IPTV is the fastest growing platform in Europe**

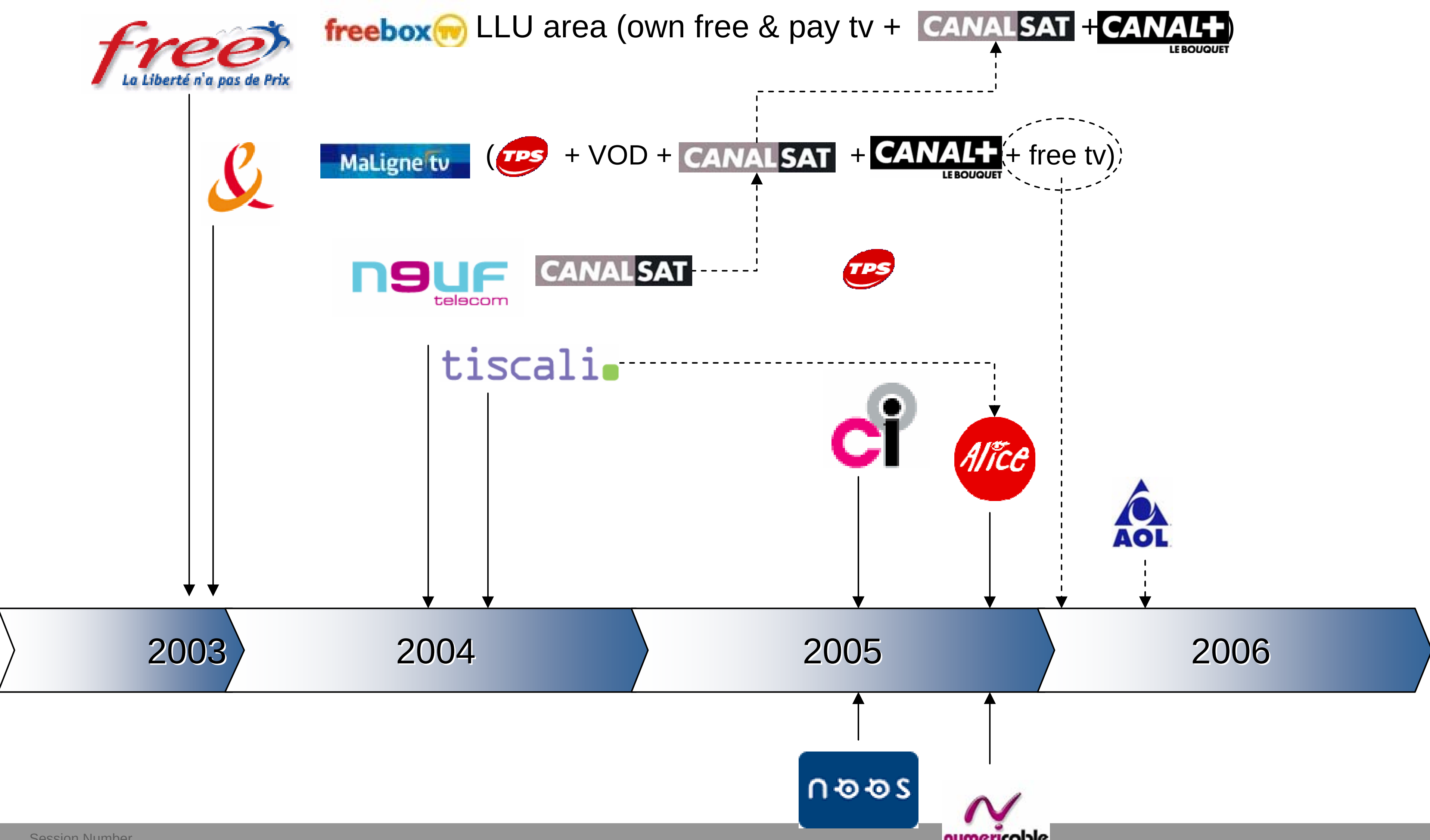
Source: Datamonitor

Each country is different, everywhere the potential is real

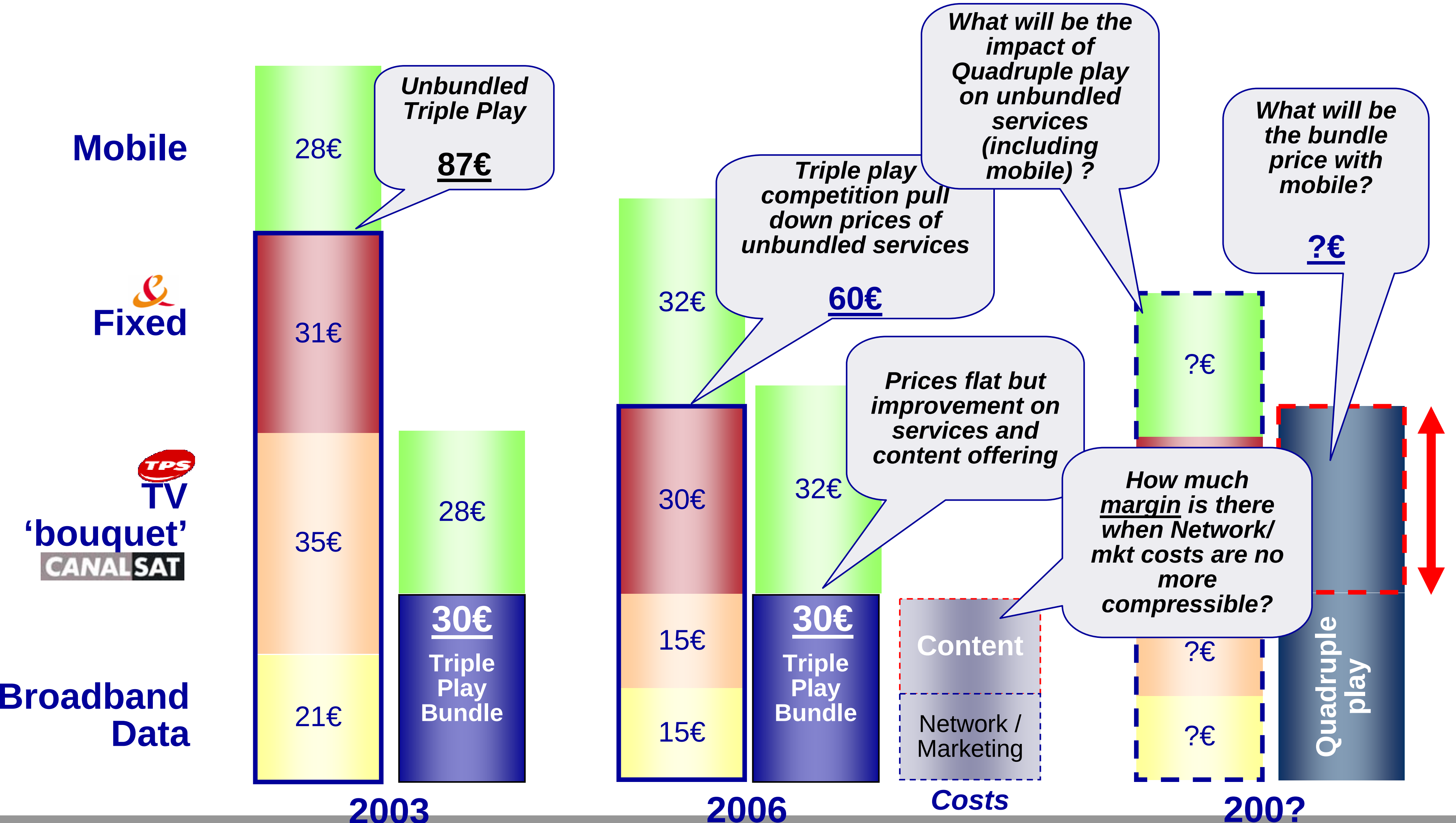


Source: Dataxis

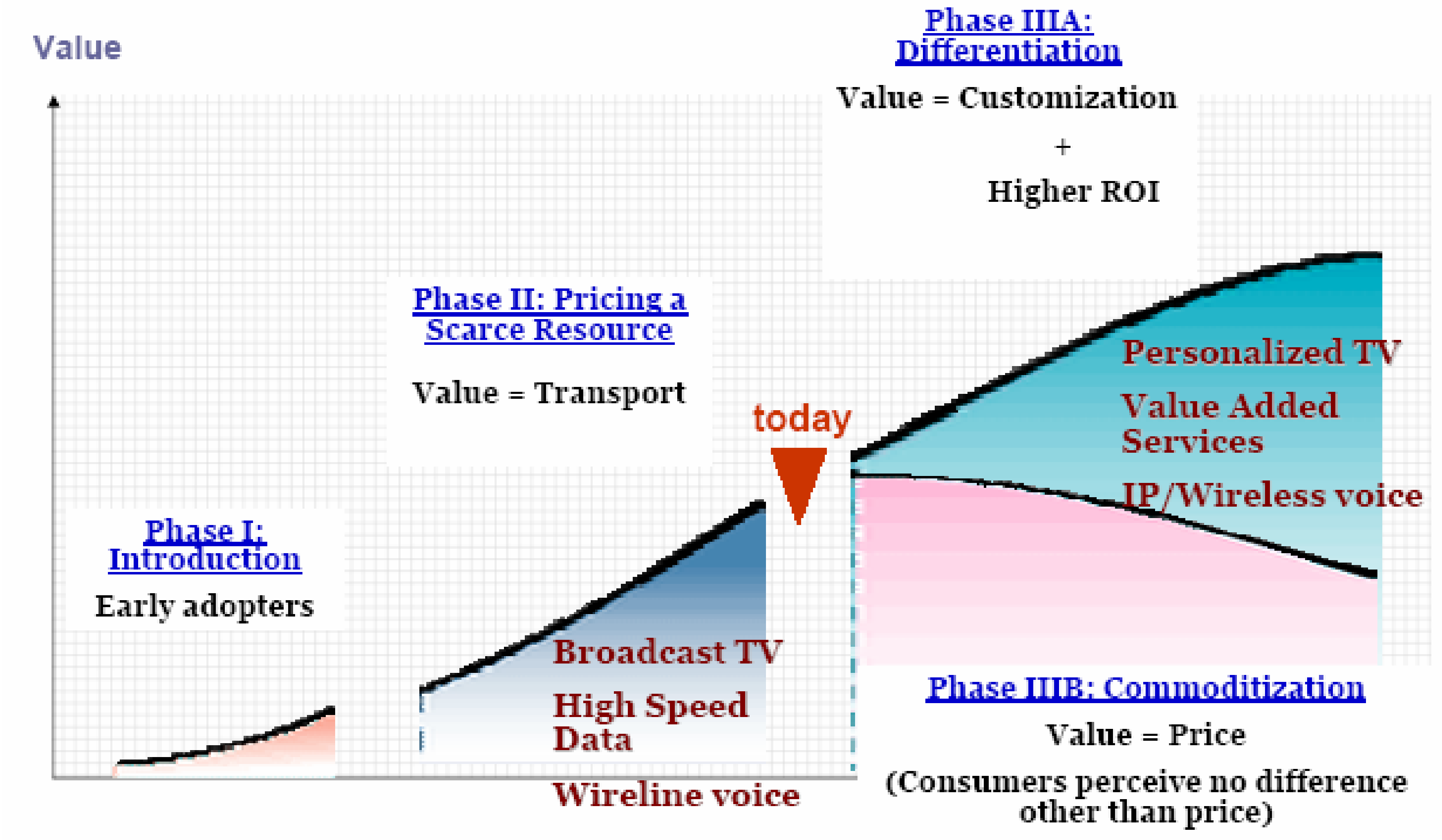
As an example, the battle for the French Triple Play market…



Is driving a strong price and services competition



Our most important challenge: Help Service Providers Differentiate

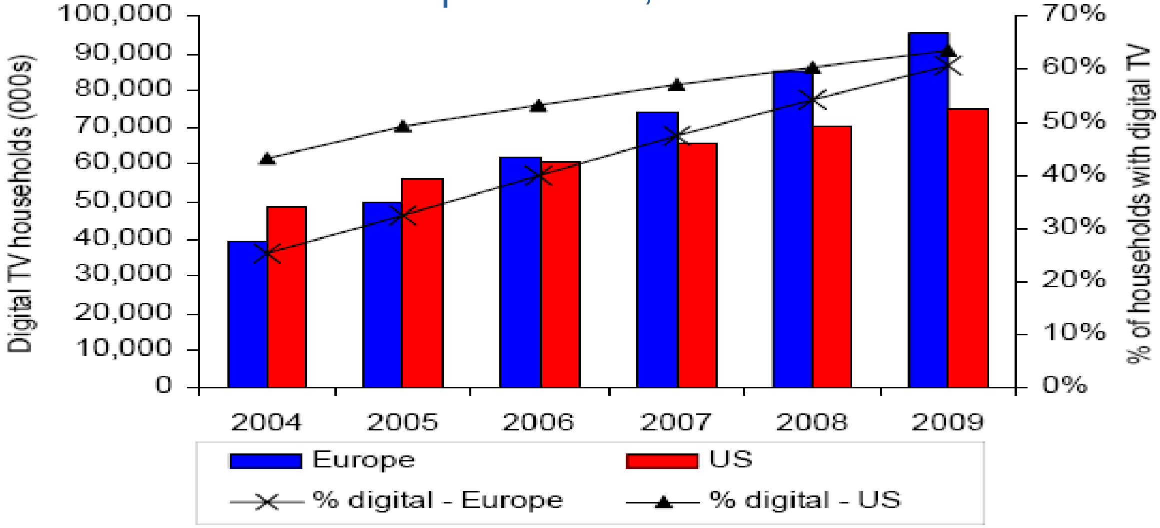


Europe to be larger digital TV market than US by 2006

Digital TV take-up comparison:

Europe* vs. US, 2004-2009

Source: Datamonitor



*Europe:

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

- **Europe will overtake the US in 2006 to become the largest digital TV market**
- **Europe to overtake the US in penetration terms at the end of this decade**

Cisco IP NGN Vision and Architecture

Expanding Cisco's IPTV/Video over IP NGN Value Proposition

IP DNA

CISCO SYSTEMS

Video DNA

Scientific Atlanta
A CISCO COMPANY

Home Networking DNA

LINKSYS®
A Division of Cisco Systems, Inc.

Build
CRS-1, XR 12000, 7600, more…

Partner
Content providers…
Middleware…

Acquire
Scientific Atlanta, Linksys

experiences

Poweredbycisco.

Scientific Atlanta

A CISCO COMPANY