

4. Expertise and Experience

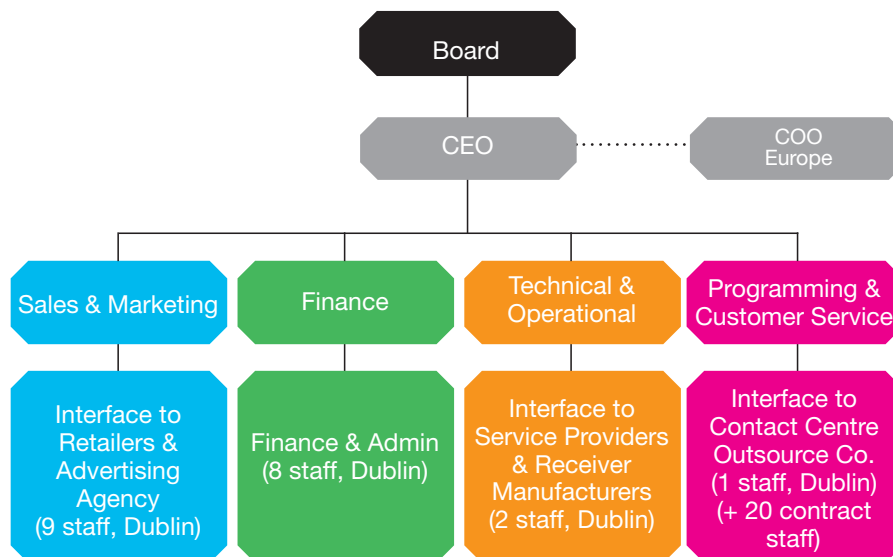
The adequacy of the expertise and experience and of the financial resources that will be available to each applicant and the extent to which the application accords with good economic principles.

4.1 Expertise and Experience Available

Applicants are required to demonstrate the level of expertise and experience that will be available during the establishment and operation of the business by addressing the following questions:

4.1.a. Please provide in diagrammatic form the organisational structure (including the management structure) for delivering the proposed service. Please include estimated staff numbers, categories and location of staff and indicate whether these staff will be employed by the multiplex contractor or by sub-contractors?

Details of Boxer's proposed organisational structure is set out diagrammatically below. Boxer estimates that 45 staff will be required to run the operation, 25 of whom will be employed directly, with a further 20 employed by third-party contractors.



Boxer's management team and staff will all be located in Ireland.

4.1.b. To what extent have individuals been identified for key posts? Where relevant, please provide details of such individuals as follows: name, home address, age, qualifications.

Boxer has identified a strong, skilled management team with specific DTT skills, pay TV skills, general management skills and with significant experience of working at the interface between the public sector and private trade and industry.

To that end, Boxer Sweden and Communicorp have identified a CEO-designate of the business, a CV for whom is contained in the Confidential Annex. Boxer will be able to draw on a group of key individuals identified by the parties as having the requisite skills and experience to take on management roles within the company during its start-up phase, CVs for whom are contained in the Confidential Annex.

Per Wiklund, COO for Europe of Boxer Sweden will oversee and support Boxer's CEO and management team.

Details of Boxer's proposed management team are as follows:

| |
|--|
| COO Europe - Per Wiklund, Boxer Sweden |
| CEO - Candidate Identified and presented in Confidential Annex |
| Sales and Marketing - Candidate Identified and presented in Confidential Annex |
| Finance - Candidate Identified and presented in Confidential Annex |
| Technical and Operational - William McAuliffe, BT |
| Programming and Customer Service - Sinead Hynes, Boxer Sweden |

4.1.c. What are the background, expertise, experience and track record of the following, highlighting the relevance to the proposed operation:

(i) Each member of the board of directors, or equivalent, of the applicant

Name: Lucy Gaffney
Address: 21 Alma Road, Monkstown, Co. Dublin
Age: 48
Nationality: Irish
Occupation: Company Director

Directorships:

- Communicorp Group Limited
- Maypril Limited (trading as SPIN 1038 FM)
- Radio 2000 Limited (trading as 98FM)
- News 106 Limited (trading as Newstalk106-108fm)
- SPIN South West Limited
- Digicel Group Limited
- Mossel (Jamaica) Limited
- National Action Plan against Racism (NAPR)

Other Media Interests:

- Chairperson of Communicorp Group Limited
- Chairperson of Radio 2000 Limited (trading as 98FM)

Background and Relevant Media Experience:

Lucy is Chairperson of Communicorp Group Limited, an expanding communications group with media interests in Ireland and Europe. She is also Chairperson of Dublin radio station, 98FM. Lucy is a Director of Digicel Group Limited, the largest GSM operator in the Caribbean. Lucy is Chairperson of the National Action Plan against Racism (NAPR). She was formerly a Director and Chief Operations Officer of Esat Telecom. In 2000, Lucy was appointed to the strategic advisory board of Tesco Ireland and the government sponsored Campus Ireland Board, the Irish state agency responsible for the development of sport, sporting resources and facilities. She was a director of the 2003 Special Olympics World Summer Games hosted in Ireland.



Name: Pierre Helsén
Address: Pärnvägen 10, 181 66 Lidingö, Sweden.
Age: 57
Nationality: Swedish
Occupation: Teracom AB, Head of Business Development



Work Career

2007 - Teracom AB, Head of Business Development
Responsible for the strategic long-term business development of the company

2004-2007 Chairman of the Digital Television Committee, State Department of Cultural Affairs
Led the planning and implementation of the digital switchover in Sweden

2001-2004 Skandia Mediainvest AB, Investment manager
Responsible for the major of the company's investments, one of them being Boxer and other being various international media companies

1999-2000 Sveriges Television AB,
CFO of the Swedish national public broadcaster SVT

1998-1999 Mediakompaniet AB, VD
A television production company focused on entertainment content for television broadcasters

1990-1998 TV4 AB,
CFO for Sweden's largest national commercial broadcaster

1976-1990 Various smaller production companies focused on commercials and infomercials

1972-1975 Uppsala University, Bachelor degree in Economics

Board assignments:

2005 IFTS AB (production company)

2007 NGB AB, focused on exploitation of DTT networks primarily in Africa and South America

2008 Boxer TV-Access AB

Name: Per Norman
Address: Vintervägen 3, 184 72 Stocksund, Sweden.
Age: 44
Nationality: Swedish
Occupation: Chief Executive Officer -
Boxer TV-Access AB



Work Career

- CEO Boxer TV-Access AB
- CEO SES-SIRIUS
- Vice President MTG, Integration of processes
- COO Viasat Broadcasting, Viasat Platform
- President, MTG Satellite Services, Technical Director MTG
- President, MTG Distribution AB
- Consultant at ARRIGO Consultants AB

Other Achievements:

- Board member SPA, Svensk Programagentur
- Board member, MMS AB (Media Mätningar i Skandinavien AB), 99-00 Chairman
- Member of MTG Task Force
- Board member, Nordig
- MTG Y2K- Project leader
- President and board member, Scansat (Joint-venture Kinnevik/MTG and TeleDanmark)

Name: Patrick Halpenny
Address: 40 Nutley Avenue, Donnybrook, Dublin 4.
Age: 48
Nationality: Irish
Occupation: Chief Executive Officer -
Communicorp Group Limited



Directorships:

- Communicorp Group Limited
- Communicorp Investments Limited
- Radio Ireland Limited (trading as Today FM)
- Radio 2000 Limited (trading as 98FM)
- News 106 Limited (trading as Newstalk 106-108fm)
- Metro Radio International
- Radio Investments SRO
- Maypril Limited (trading as SPIN 1038)
- SPIN South West Limited
- Ireland's Communication and Advertising Network Limited
- Irish Radio and Media Holdings Limited

Other Media Interests:

- Chief Executive Officer of Communicorp Group Limited
- Shareholder in CK Broadcasting (trading as KCLR 96FM) – (5%)

Background and Relevant Media Experience:

Patrick is Chief Executive Officer and a Director of Communicorp Group Limited. He has overseen the growth of the Group's radio stations to 48 by way of application and acquisition.

The Group now owns and manages national radio stations and national networks in Bulgaria, Czech Republic, Estonia, Finland, Hungary, Latvia and Ukraine.

Prior to joining Communicorp Group in July 1997, Patrick was Operations and Finance Manager with Continental AG. Prior to that, he was Group Financial Controller with WR Jacob plc. Patrick holds a Bachelor of Commerce Degree from University College Dublin and is a fellow of the Institute of Chartered Accountants (FCA) and a member of the Institute of Taxation (AITI) in Ireland.

(ii) Key members of the management team

Boxer Sweden and Communicorp have identified individuals to fill all of the key management roles within the company's proposed organisation structure, which is set out in section 4.1b above. CVs of all the individuals identified are contained in the Confidential Annex.

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|--|
| COO Europe - Per Wiklund, Boxer Sweden |
| CEO - Candidate Identified and presented in Confidential Annex |
| Sales and Marketing - Candidate Identified and presented in Confidential Annex |
| Finance - Candidate Identified and presented in Confidential Annex |
| Technical and Operational - William McAuliffe, BT |
| Programming and Customer Service - Sinead Hynes, Boxer Sweden |

4.1.d. Comment on the adequacy of the combined expertise and experience of participants, of the above persons in the context of the award of a DTT multiplex contract.

All the individuals who have been identified to form the board of directors and the senior management team have a proven track record and broad experience in taking on challenging management positions in companies at the early stage of development. The management team and board of directors have substantial experience in the establishment of DTT networks and the successful implementation of ASO. Boxer is confident that the individuals identified to take on the key management roles within the company have all the necessary skills and experience to rapidly establish the business and to ensure that the business plan is implemented successfully. The Swedish directors have been centrally involved in the development launch and management of Boxer Sweden, the only DTT operating company in the world that has successfully delivered national analogue switch-off.

4.1.e. In the event of out-sourcing/sub-contracting of any key aspect of the proposed service, where appropriate please indicate the proposed provider of the service, together with details of key personnel identified to support the multiplex contractor and information on their qualifications, expertise and experience.

Boxer believes that excellence in customer service is a critical part of driving the take-up of DTT and sees it as a priority. The Institute of Customer Service in the UK recently published a report entitled 'Customer Priorities: What Customers Really Want' exploring why customer satisfaction matters and what drives it in Ireland and the UK. This report found that customers' top ten priorities in determining their satisfaction are:

- overall quality of the product or service supplied
- friendliness of staff
- handling problems and complaints
- speed of service
- helpfulness of staff
- handling enquiries
- being treated as a valued customer
- competence of staff
- ease of doing business
- being kept informed.

Boxer is committed to providing world class customer service and with the benefit of its significant experience in the area of DTT in its Swedish operations has chosen to outsource the physical management of the customer service function. In Boxer's Swedish operation in 2007, over 1,100,000 calls were processed and a 93% 'call answered' rate established. Having built up considerable expertise in operating in this way, Boxer believes that outsourcing offers the following advantages –

- Greater specialisation and investment in the provision of customer service through the utilisation of the latest technology and training.
- Greater flexibility and a lower financial risk as the outsourcing partners assumes the cost risk, primarily in the form of increasing and decreasing staff numbers in relation to the level of activity.
- Boxer's own organisation can remain focused and fast to react.
- It enables Boxer to develop its own core expertise in pricing, packaging, selling and marketing pay TV packages.

Boxer will commit to constantly measuring its customers' satisfaction on a number of points. Overall customer satisfaction will be measured on an on-going basis and performance benchmarks set. In addition to customer satisfaction surveys, the customer service employees' service level, expertise, commitment and enquiry resolution success level will also be measured. Compliance with various production targets will also be measured constantly in the external customer service. This is divided into case management for private individuals and retailers. The targets defined concern the general service level and also flexibility, enquiry resolution success level, accessibility, preparedness, efficiency and speed.

It is important to note that Boxer will not only serve its own customers in its customer service centres. Throughout the transition to digital TV, Boxer will be answering calls and enquiries of all kinds about digital TV, whether they are about reception of free-to-air channels (including public service channels) outside Boxer's offering, technical problems that do not necessarily concern reception of Boxer's channels, etc.

As a result, Boxer's customer service centre will play a leading role in informing households about and assisting households in switching over from analogue terrestrial TV to DTT.

Boxer is currently in discussions with a number of Ireland's leading customer service providers with the intention of selecting a provider that meets the standards and quality that has served Boxer Sweden well to date. The provider selected will have experience in providing services to the private individual and the retail trade. This experience will be a further support to the retail shops selling and promoting the Boxer product. Boxer will provide additional training to the customer service provider's staff.

4.1.f. What is the relevant experience of existing organisations that are participants in, or closely involved with, the application? (Please include references to any existing operation, preferably in which the applicant has a direct involvement that is comparable to the proposed service in Ireland including brief details of the duration and size of the business.)

The Bid Agreement has been signed by Communicorp, Boxer Sweden and BT. The expertise and experience of each of these parties is as follows:

Communicorp Group is a radio holding company founded in 1989 with media and broadcast

related interests in Ireland, Bulgaria, the Czech Republic, Estonia, Finland, Hungary, Latvia and Ukraine. It operates 48 radio stations under a variety of genres and has a history of innovations in programming based on escalating listener interaction. In addition, Communicorp has played an active role in the ongoing DTT pilot.

In Ireland, Communicorp has interests in 6 commercial radio stations operating under sound broadcasting contracts with the BCI. Those businesses are operated by Radio Ireland Limited (Today FM), Maypril Limited (Spin 103.8), Radio Two Thousand Limited (98FM), News 106 Limited (Newstalk 106-108), Donegal Highland Radio Limited (Highland Radio) and Spin South West Limited (Spin South West).

Communicorp stations have a successful track record of proposing and meeting ambitious launch schedules in a variety of markets. Communicorp has a history of commercial achievement backed up by comprehensive compliance with the terms of its BCI contracts. Given its range of station genres (from news based through to urban contemporary), Communicorp has excellent insight into consumer demand and how it is influenced in Ireland. Its portfolio of stations also provide an ideal promotional vehicle (given its geographic and demographic spread) for any novel marketing proposition in the Irish market.

Communicorp's sole shareholder is Mr. Denis O'Brien, who is one of Ireland's leading entrepreneurs, with extensive international interests in telecommunications, radio, property, aircraft leasing, golf and other leisure activities. He has an abiding interest in technology driven consumer facing markets, and a track record of successfully introducing new digital technologies in a number of countries. Over the years, Mr. O'Brien has invested very heavily in supporting the indigenous Irish broadcasting sector.

Communicorp has nominated two of its most experienced directors, Ms. Lucy Gaffney and Mr. Patrick Halpenny to sit on the Board of Boxer. Ms. Gaffney has previous experience of mass-market technology business having successfully led the launch of Ireland's first consumer focused telecommunications business, Esat Clear. Mr. Halpenny has overall responsibility for the running of Communicorp's entire portfolio of radio stations, and has significant understanding of how the Irish radio and advertising markets work. In addition to these individuals, Communicorp proposes to make available to Boxer for secondment or occasional use a variety of individuals with specialist knowledge in marketing, IT and sales.

Boxer Sweden has functioned as the DTT multiplex operator in Sweden since its network was launched in 1999, where the company has become a huge success on the Swedish pay TV market. Boxer Sweden currently has more than 700,000 active DTT pay TV customers in that country who have together bought more than 1.5 million subscriptions of various types. Boxer Sweden now has a 17% share of the Swedish pay TV market and its customer base is surpassed in size only by Sweden's large cable operator, Comhem, meaning that Boxer Sweden has a larger customer base than that of the two largest satellite operators combined.

Boxer Sweden was also an active partner in the very successful shutdown of the analogue terrestrial TV service in that country. In addition, Boxer Sweden recently won the contest to become the commercial DTT multiplex operator in Denmark.

Boxer Sweden's role in its home market as "technical coordinator" is to price, package, market, sell and broadcast pay TV channels that have been granted a broadcast licence for the Swedish DDT broadcast network. Boxer Sweden concludes distribution agreements with programme makers, tests and approves set-top boxes, cooperates with the radio and TV retail trade on the sale and marketing of set-top boxes and subscriptions to Boxer Sweden's programme packages, buys broadcast capacity in the digital broadcast network from Teracom, is responsible to public authorities and customers for the technical quality and robustness of the TV signals, invoices and collects

subscriptions from customers and operates customer service centres to serve customers and provide related services.

Boxer Sweden's business model is very much a customer-focused one, which is evidenced by the fact that, when surveyed, Boxer Sweden's customers declare themselves to be very satisfied with the services provided to them. Boxer Sweden conducts regular customer satisfaction surveys. In these surveys, overall customer satisfaction is 4.08 (where 5 is the highest possible). This means that Boxer Sweden's customers are generally "very satisfied".

Sweden is one of the first countries in the world to have made the transition from analogue to digital terrestrial TV signals and Boxer Sweden was an active and important participant in the very successful analogue shutdown. Boxer believes that Boxer Sweden's experience in this area will prove enormously advantageous to the planning and smooth completion of Ireland's ASO. No other applicant brings this kind of experience to the table.

BT Communications Ireland (BT) is a wholly-owned subsidiary of BT Group plc. BT Group plc is listed on stock exchanges in London and New York. BT is one of the world's leading providers of communications solutions and services operating in 170 countries. BT's principal activities include networked IT services, local, national and international telecommunications services, and higher-value broadband and Internet products and services.

BT has over 50 years experience in the media and entertainment industry. Through a specialist division, BT Media & Broadcast, it has created many industry firsts, and assembled the latest global, digital network and media solutions portfolio for managing and delivering today's media content. BT has forged partnerships with industry leading vendors with a single common goal - to deliver transformational solutions to allow broadcasters and content providers to succeed in the digital media economy.

BT in Ireland is a wholly owned subsidiary of BT Group plc. With over 3,000 employees the company is headquartered in Dublin and Belfast with offices in Cork, Derry, Enniskillen, Limerick, Galway and Waterford. BT Ireland helps organisations large and small, corporate and public, local and global to thrive through the provision of networked IT services. BT Ireland also operates in the residential and Internet portal markets, offering a full suite of innovative services to consumers, from home phone and internet access, to Wi-Fi and high-speed broadband.

In 2006 BT was awarded the DTT Pilot multiplexing and network services provider contract by the Department of Communications, Energy and Natural Resources. BT deployed and operated the multiplexing services for a selection of TV and radio channels for broadcasting across Dublin, Meath and Louth. The service includes an EPG, a HD demonstration service and 24x7 monitoring and reporting.

The Boxer partners possess a range of skill sets that leave them uniquely well placed to take on the role of commercial DTT operator in Ireland. With Communicorp's detailed knowledge of the local market and its strong track record for rapidly launching new services and technologies, Boxer Sweden's experience as a successful DTT operator in Sweden, including the leading role it played in ASO there, and BT's expertise gained from the central role it has played in the DTT pilot, Boxer's relevant skills and experience will be unmatched by any other bidder in this application process and it means that we are in a position to deliver on the ambitions plans for DTT rollout that we have detailed in this application.

4.2 Financial Resources and Accordance with Good Economic Principles

This part of the application is divided into three sections:

- Analysis of the marketplace
- Business plan
- Funding arrangements

Analysis of the Marketplace

Applicants are required to set out their analysis of the marketplace, in a concise and focussed manner, including responses to the following:

4.2.a. What assessment have you made of Ireland's economic prospects in the medium to long term? How has this influenced your proposals for the business plan? What assumptions have you made, implicitly or explicitly, regarding future trends in the population, number of households and socio-demographic mix?

Boxer's vision is a fully digital Irish TV market, with free and pay, public service and commercial, indigenous and international TV co-existing to maximise choice for viewers, ensuring digital television is accessible and attractive to every home in the land. Based on detailed analysis of both the Irish and overseas markets, Boxer has developed a positioning which will drive successful uptake of DTT in Ireland and underpin analogue switch-off. This positioning is founded on the principle of flexibility and will see Boxer launch an innovative array of digital TV propositions, including low cost of entry, pay as you go pricing, and 'a la carte' choice – features unprecedented in an Irish pay TV market dominated by two players offering near identical propositions.

Boxer is confident of Ireland's economic prospects over the period of the multiplex licences, and anticipates its business plan will be driven by three broad factors: a) continued GDP growth, b) strong growth in advertising spend, and c) continued household growth.

Boxer's estimates for planning purposes are conservatively based on a number of sources including Zenithoptimedia (December 2007), PriceWaterhouseCoopers 2007-2011 and the IMF 2008 World Outlook. In addition Boxer has conducted its own primary consumer research, which indicates the strong appeal of its 'value-priced' proposition. We are reassured that even in the event of a significantly weaker economic outlook, Boxer's positioning as an entry-level digital TV service will see it pick up more than enough lapsed satellite and cable subscribers to offset any weakness in demand from non-pay homes.

Overall GDP Prospects

Ireland's real GDP grew by an average annual percentage of 5.9% between 1999 and 2007 but in the short term is only expected to grow by 1.8% in 2008 and 3.0% in 2009. (Source: IMF 2008 World Outlook).

GDP growth is expected to slow sharply in 2008, mainly because of the ongoing slowdown driven by the perceived overvaluation of the property sector, which has significantly increased levels of household debt. If the decline in house prices were to accelerate, a recession would be likely.

It is anticipated that the European Central Bank (ECB) will keep interest rates steady at the current rate of 4% for much of 2008 to stabilise the economy but as in the UK, the property market and consumer spending are vulnerable to rising interest rates. (Source: The Economist, 8th April 2008)

Ireland's reported GDP was US\$234.8bn (€150.4 bn) in 2007 and the medium term outlook is that GDP is expected to grow to US\$276.8bn (€177.4 bn) in 2010. (Zenith Optimedia, Dec 2007) Annual growth in real GDP is expected to reach 4.1% by 2013. (Source: IMF 2008 World Outlook).

Current forecasts anticipate that unemployment will rise between 2008 and 2012, as the construction sector shrinks, but inflation and the current-account deficit will both fall. (Source: The Economist, 8th April 2008)

Advertising Spending

Total advertising expenditure in Ireland is forecast to grow at 8.8% in 2008, 4.9% in 2009, and 5.2% in 2010. TV advertising in particular is forecast to grow at 8% in 2008 and 5% in 2009-2011. Boxer's business plan depends on the value of the DTT platform to advertiser-funded TV channels. In addition, Boxer plans to introduce innovative advertising opportunities, for example, through the electronic programming guide (EPG) which will be an attractive local addition to the Irish advertising marketplace.

Population

Ireland's population at the time of the last census in 2006 was reported as 4.2m. This had grown by a compound annual growth rate of 1.9% from 2002, when the population was last recorded as 3.9m. It is predicted that Ireland's population will grow to 5.1m by 2021 at a compound annual growth rate of 1.2% from 2006. (Source: Central Statistics Office)

The reported number of private households in Ireland in the 2006 census was 1.5m; this has grown at an annual growth rate of 3.6% from 2002, where the number of reported households was 1.3m. (Source: Central Statistics Office).

Boxer expects immigration and family fragmentation to continue to drive growth in the number of households, which it conservatively estimates at 2% per annum over the period of the multiplex contract.

Boxer's assessment of the socio-demographic mix has highlighted the need for a more democratic digital TV service, which offers the flexibility and value to attract the less well-off sections of the population. Our aim is to offer an inclusive proposition attractive to all socio-economic groups.

One further trend that informs Boxer's business plan is the increasing mobility of the Irish population. Boxer will ensure that its card-based digital TV service is fully portable, unlike cable and satellite services. Furthermore, Boxer will include national and local radio services as part of its entry-level content line-up, allowing consumers who move to stay in touch with their local communities.

4.2.b. How would you assess the existing market in Ireland for television services from a supply perspective (e.g. services available, pricing, service providers etc)? (This should cover all delivery platforms, including terrestrial, satellite, cable, MMDS and IPTV).

The existing market in Ireland is polarised between those paying a premium for relatively expensive and inflexible pay TV bundles and those with access to only a handful of analogue terrestrial channels. Boxer sees DTT as an opportunity to create a new alternative in the marketplace offering a better value entry point to digital TV and a meaningful choice of platforms as the nation moves towards analogue switch-off.

Boxer's vision is of a fully digital Ireland where free and pay TV coexist to maximise consumer choice. Boxer's mission is informed by four overarching objectives:

| | |
|--|---|
| 1. Wide consumer choice | 2. Content providers not constrained by powerful gatekeepers |
| <ul style="list-style-type: none"> – balance of free and pay – every household to have meaningful choice of platform – many price points – broadest possible availability of cheapest route to digital | <ul style="list-style-type: none"> – or vice versa – supporting Irish programme makers & Irish creativity |
| 3. Public service broadcasting in fully digital environment | 4. Digital technology continues to drive evolution from broadcast to on-demand |
| <ul style="list-style-type: none"> – is free – is universally available – is based on open standards – champions 'entry level' digital solutions, alongside cutting edge innovation | <ul style="list-style-type: none"> – from digital = more choice, to digital = more control – from digital = more TV, to digital = better TV |

The Irish market is currently in the first phase of evolution to digital, characterised by expensive, inflexible pay TV packages of similar range and pricing. The incumbent players see digital as a purely commercial opportunity to increase price, further exploit existing rights and consolidate their duopoly. Boxer believes its approach to DTT will usher in a new era of consumer choice, eventually enabling analogue switch-off.

The evolving digital marketplace

| | Digital Phase I | Digital Phase II | Digital Phase III |
|----------------|---------------------|----------------------|--------------------|
| | Pay oligopoly | Boxer revolution | Towards switchover |
| <i>Key</i> | Premium channels | Free PSB | More functionality |
| <i>Content</i> | • Sports | • Irish TV & Radio | • PVR |
| <i>Drivers</i> | • Movies | • UK FTA | • Broadband |
| | • Adult | • News | • On-demand |
| <i>Market</i> | Premium digital | • Kids | • HD |
| <i>Ecology</i> | • subscription only | Entry level digital | Platform plurality |
| | • bundled content | • one off payment | • universality |
| | | • a la carte content | |

The digital TV market is dominated by two international pay TV operators, Sky and Liberty Global (NTL/Chorus). Boxer considers them to be operating in an effective duopoly, with relative high prices and similar bundled services, restricting choice in the marketplace.

BSkyB's Retail Offering

| Premium Channels | | | | |
|------------------|------------------|------------|------------|---------------------|
| | No Premium Mixes | Sports Mix | Movies Mix | Sports & Movies Mix |
| Any 1 Mix | €20 | €50 | €50 | €60 |
| Any 2 Mixes | €22 | €52 | €52 | €62 |
| Any 3 Mixes | €24 | €54 | €54 | €64 |
| Any 4 Mixes | €26 | €54 | €54 | €64 |
| Any 5 Mixes | €28 | €56 | €56 | €66 |
| Any 6 Mixes | €30 | €58 | €58 | €68 |

UPC/Chorus' Retail Offering

| Overview | | |
|--------------------------|-------------------|----------------|
| | Go Digital Select | Go Digital Max |
| Number of Channels | Over 100 | Over 130 |
| Monthly Post Offer Price | €26 | €32 |
| Installation | FREE | FREE |

An additional complication in the Irish TV market is the overspill of rights from both UK terrestrial and satellite broadcasters. As part of its inclusive approach Boxer proposes to work with all interested parties to use the launch of DTT and the path to analogue switch-off as an opportunity to clear up the historic rights issues, both between North and South and satellite/cable and terrestrial. This is a general challenge for the industry, but one that Boxer will play its part to resolve for the benefit of Irish viewers.

4.2.c. How would you assess the same market from a demand perspective (e.g. consumers' preferences and satisfaction levels, latent demand, attitudes to new technology and new services, willingness to spend)?

DTT will only succeed in Ireland if it is consumer-driven. With two large digital television operators already in the marketplace, it is critical to understand the barriers to take-up in analogue homes, levels of satisfaction in homes that are already digital and what latent demand there may be for a new type of service.

Boxer has conducted extensive research to understand the Irish television consumer, en masse and within key segments. This research has shaped our proposition and business plan and, in this section, we will highlight our key findings.

The research falls into two categories:

Commissioned by Boxer:

- ADHOC CATI Survey conducted by TNS mrbi
A nationally representative sample of 688 Adults aged 15+
Fieldwork: 15th – 22nd April 2008
This telephone survey provided us with robust quantitative data at a national level. It also allowed us to look at the reactions of different consumer segments. A copy of this report is contained on the supplied CD-ROM.

- On-line Focus Groups conducted by focusgroupsonline.ie
The objective of this qualitative research was to explore the issues around television and channel choice more fully. The research focussed on the three core consumer groups: Sky customers, cable customers and free-to-air viewers. On average there were 15 people in each group, representing a broad age range (23-56 years) and a mix of urban and rural areas. A copy of this report is contained in the Appendix to this section.

Industry Research

- Television is a very information-rich industry with viewers displaying their likes and dislikes every day through TV ratings. We have used AC Nielsen ratings information to inform our content strategy.
- DTT Pilot research conducted by Amárach Research in 2007 and 2008
The DTT Pilot underway in Dublin and Dundalk has provided some useful insights into the likely reaction of consumers to DTT. It reveals expectations, new patterns of behaviour and levels of enjoyment experienced amongst a test sample.

Key Findings Relating to Demand

Boxer's research clearly revealed a gap in the market for two new types of digital television service: a Starter Pack service and a no-subscription Pay As You Go alternative.

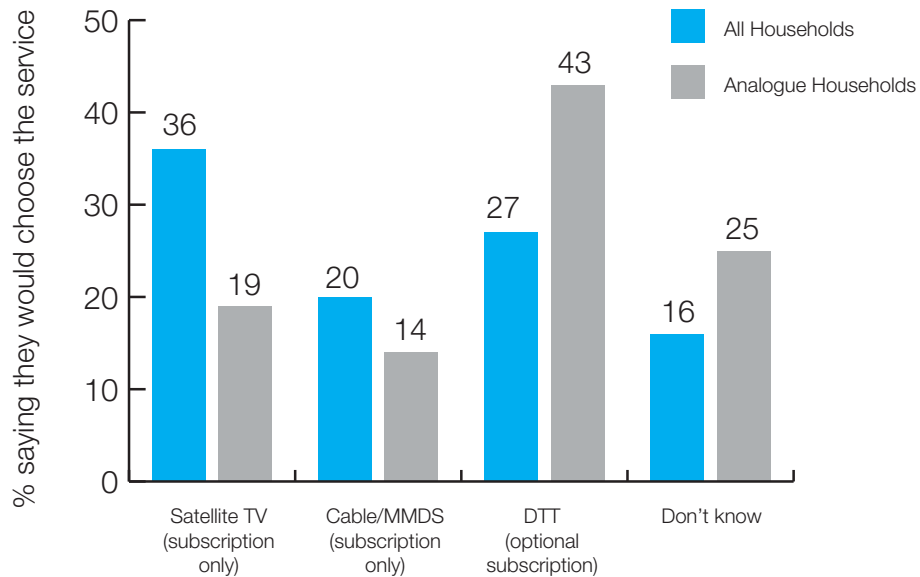
- The demand for a new service is already active amongst dissatisfied digital television consumers (24% and 28% of Sky and cable customers respectively). They are fed up with the cost, technical problems and poor customer service (cable homes).

'I pay around €56 a month for a service that I honestly think is worth about €35-40. It's completely over-priced. Sky has its customers over a barrel because there is no product that stands up to it at the moment. If there was more competition in the market where a reliable service could be offered, I would seriously consider moving'. - Cork. Male, 37.

- In addition to this active demand for a new kind of service, there is an even larger latent demand. More than half of viewers in Ireland (57%) do not realise that the analogue signal is being switched off and 69% are unaware that they will have a choice beyond cable and satellite services when it is. Boxer's first task would be to educate, engage and excite the market about switch-off and the new options available to consumers.
- There are three key consumer segments that will drive demand for Boxer's new type of service: Analogue-only homes (22% of all homes); Secondary TV set homes (61% have more than one TV set) and the digital television Churners. Most homes in Ireland fall into one of these categories which are collectively looking for a simple, low-cost or flexible alternative to the current digital services.
- The demand for a no-subscription alternative will be strong as soon as it is available. When offered Boxer's innovative Pay As You Go option, 43% of Analogue homes chose Boxer over the subscription services from Sky (19%) or Cable (14%).

This table shows the predicted demand by service amongst All Homes and in Analogue Homes. It is interesting to note that 25% of Analogue Homes are undecided suggesting that take-up for Boxer could be even higher.

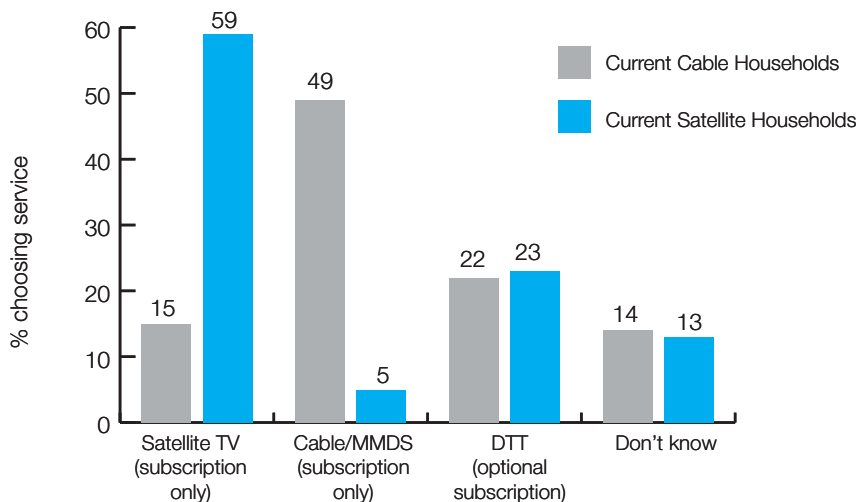
Digital TV Service for Main TV set post-2012



Source: TNS mrbi, April 2008

- Furthermore, 22% and 23% of Cable and Sky subscribers say that they would switch to Boxer if it were available, attracted by a lower price, optional subscription and the ability to keep their favourite channels. The following chart also reveals that Cable television services appear to be most at risk, with half of their current customer base saying they will reconsider their options.

Digital TV Service for Main TV set post-2012; Current Digital Households



Source: TNS mrbi, April 2008

- Boxer's Starter Pack service enables consumers to convert to digital television cheaply and with no fuss. 63% of all consumers said they would be very or quite interested in a service which offered 14 of the most-viewed channels for just €9.99 per month.
- In summary, the demand for a Starter Pack or Pay As You Go alternative is already there and Boxer's research clearly shows that it is going to grow significantly as the date for analogue switch-off comes closer.

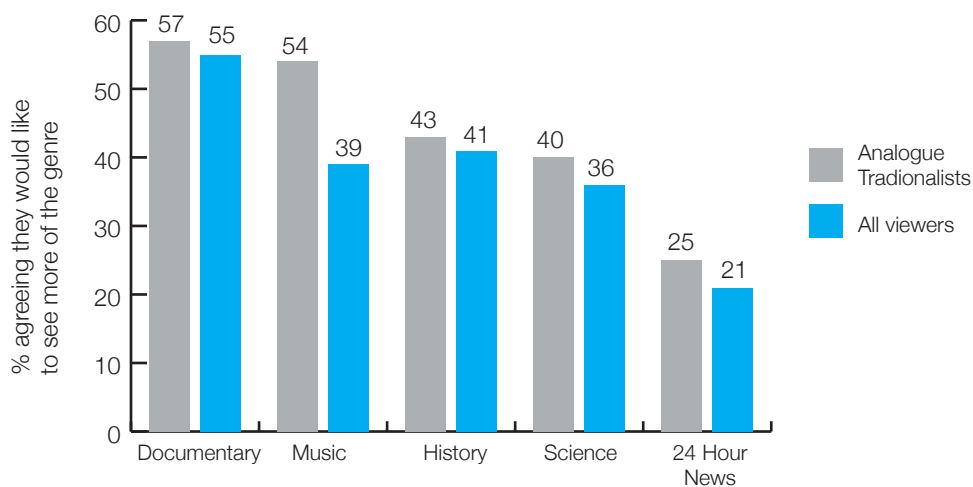
Consumer Preferences by Segment

Boxer's innovative services clearly have broad appeal. The packages within each service are equally consumer-driven, ensuring maximum appeal and take-up.

Analogue Traditionalists

This group account for 22% or 329,000 households in Ireland and it is critical to understand their preferences and engage with them. Whilst some have had digital television in previous homes, most have never felt inclined to take up these services. They are disproportionately, but far from exclusively, aged over 45, living in non-urban areas and in the F social grade. 43% say that they 'do not watch much television and do not want more channels'. However, Boxer's research revealed that even this group can get motivated about television. AC Nielsen data reveals a very strong appetite for Documentary, News and Current Affairs programmes in Ireland with programmes such as RTÉ News and Questions & Answers winning their slots. Boxer's research showed that Analogue Traditionalists particularly enjoy thought-provoking and informative programming. They are also more interested in Music programming than the average viewer.

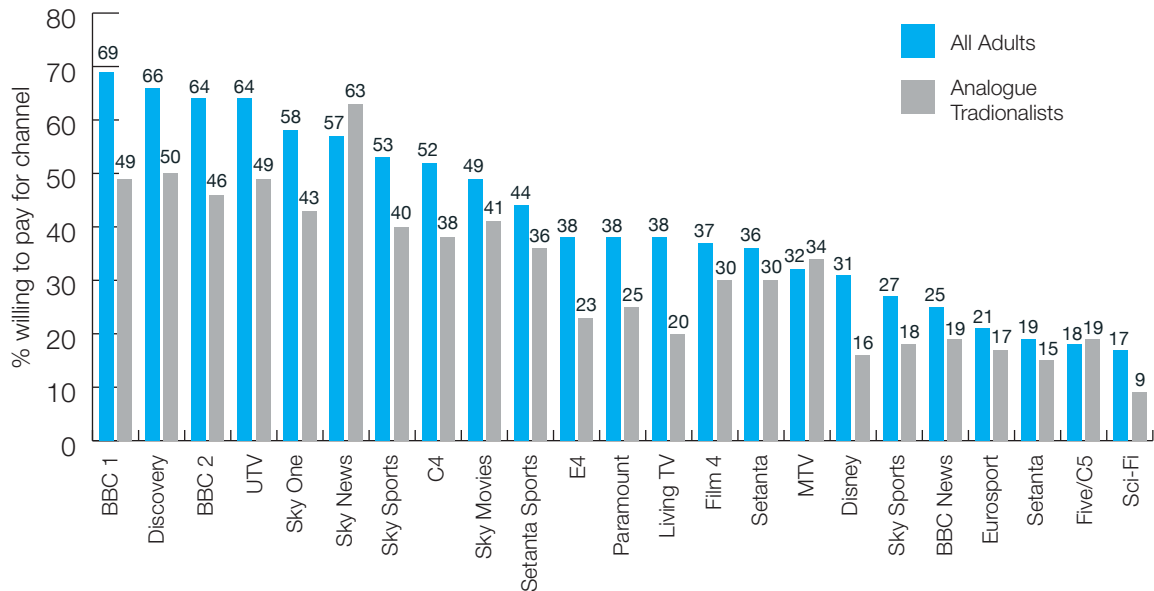
Appeal of Factual and Music Programming



Source: TNS mrbi, April 2008

Whilst Analogue Traditionalists are less willing to pay for television channels than the average consumer in general, it is encouraging to discover that around half of them are willing to pay for BBC 1, BBC 2 and Discovery. This has shaped Boxer's Starter Pack which includes all of these channels – in addition to a wide range of radio channels.

Willingness to Pay by Channel



Source: TNS mrbi, April 2008

Second Setters and Churners

These groups are most likely to be influenced by price as they frequently have digital television available on the main television set at home or feel that they are already paying too much.

Boxer's Pay TV Lite service will offer excellent value for money and its Pay As You Go service will allow flexibility for television sets that are not always in use. Both services will offer these consumers the flexibility to upgrade at any time.

Willingness to Spend

Boxer's research shows that if you offer a consumer-driven service, consumers are willing to pay for it.

Boxer tested the appeal of a sample **Starter Pack** amongst all respondents.

This low-cost-of-entry option contained 14 channels, including the UK terrestrial channels, a News channel and a Childrens channel for €9.99 per month. Overall, 63% of the sample said they would be 'very or quite interested' in subscribing to such a package for their main or secondary television set. An encouraging 53% of Analogue Homes said that they would be interested.

Boxer then tested the appeal of a sample **Boxer Pack** for those who would like more choice.

This option included all of the original 14 channels plus Discovery, Eurosport, Disney, MTV, BBC 3 and Four, BBC News 24, Nickelodeon and Living, amongst others. The total package would have around 30 channels and we tested it at €19.99 per month.

Overall, 53% of Boxer's sample said that they would be 'very or quite interested' in subscribing to this service with 38% of Analogue Homes agreeing.

Since Boxer tested these sample packages, research has consistently revealed the importance of Factual and Sports programming to Analogue Traditionalists. As a direct result, Boxer's **Starter Pack** now includes Discovery and Eurosport which Boxer expect to drive take-up amongst this group, in particular, even higher.

Attitudes to New Technology and Services

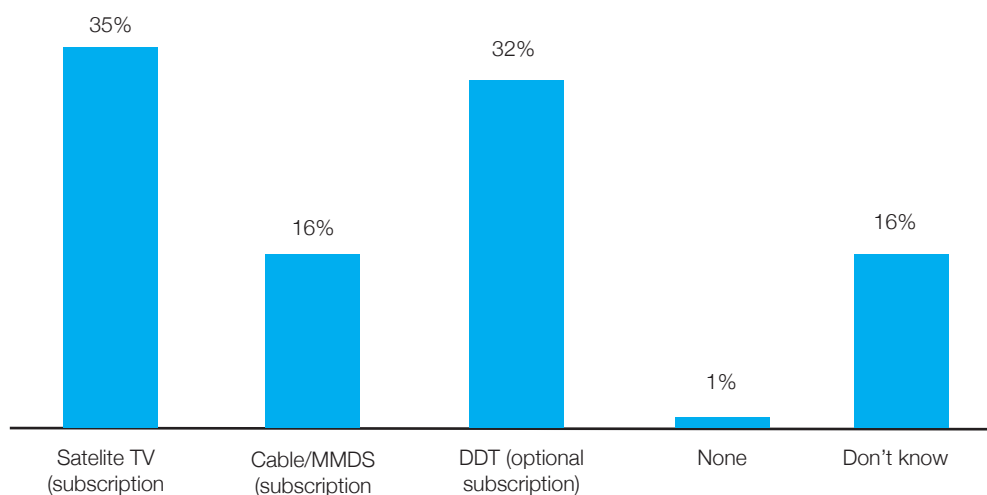
Interactivity and new technology are of emerging interest in the Irish market. Those with Sky particularly value Sky +, the EPG and its HD channel.

'I currently have a Sky+ box and I think it is great being able to record and rewind live TV. It ensures you do not miss any of your favourite programmes, even when you are away from the TV. I do not think I can do without that now'. Non-national, Donegal, Male 36

'I have Sky HD and I'm really impressed with the incredible pictures on my HDTV'. Clare, Male 41

However, Boxer's research shows that new technology is not yet a priority for many.

Percentage of Viewers Interested in New TV Technologies at ASO



Source: TNS mrbi, April 2008

Boxer is committed to offering the best of new television technology at a competitive price. HDTV is of growing interest and we will offer special events in this format.

Boxer will grow its service in line with new technologies but will not compete for customers on the basis of new technology as a priority.

In summary, it is clear that there is a significant market for a Pay TV Lite or Pay As You Go digital television service in Ireland. The demand comes from Analogue Traditionalists who want simple, low-cost access to their favourite channels; the Second Setters who want a low-cost digital solution (research suggests that looking at all secondary sets, including third and fourth sets, Boxer's DTT service could become a significant provider); and Churners who would like to be released from the high prices and commitment required by their current service.

The overarching insight is that consumers are not going to be attracted to more choice, where 'choice' is simply another set of standard pay TV packages or raft of channels that rarely get watched. The watchwords for the next phase in the evolution of the digital TV landscape will not be choice but simplicity, value and control.

4.2.d. What opportunities do you believe exist at (i) the retail level and (ii) the wholesale level for DTT-delivered services, and why?

Boxer's strategy is to be a retailer of DTT-delivered services, in the sense that Boxer will own and manage the customer relationship. Boxer's analysis suggests that a wholesaler approach, where the multiplex operator acts as landlord to retail service providers, would add cost and complexity to the operation of the platform and confuse the consumer. Boxer's analysis of other markets also indicates the importance of creating a trusted retail brand. Ultimately Boxer is in the business of connecting content with consumers, and although the channel/service brands that it offers on the platform are the 'retail' brands in the usual sense, it is Boxer as an overall idea that consumers need to buy into.

Given the relatively low capacity of DTT, the small size of the addressable market (only about 340,000 non-pay homes) and the presence of very powerful, vertically-integrated retail competitors, Boxer believes that DTT will not flourish as a platform unless it offers a focused consumer proposition and a clear and consistent message to the market. A wholesale approach to multiplex operation that resulted in multiple fragmented retailers with competing brands would, in our view consign DTT to a small niche in the market and undermine the possibility of analogue switch-off.

Boxer will work closely with RTÉ to ensure that DTT is marketed with a single clear voice, and Boxer has already begun developing a brand with the salience and freshness to gain rapid traction in the market. Boxer's launch will be supported by an intensive marketing campaign with strong support in the retail sector.

4.2.e. How would you describe the competitive situation in the television services market in Ireland and, in particular, the issues facing new entrants?

Boxer has already characterised the Irish market as being polarised between the powerful duopoly of international pay operators and the indigenous public service broadcasters. As a result, the major issue facing new entrants is the need to position themselves away from the existing operators and create new growth in the television services market.

Boxer will be positioned as Ireland's Digital Champion. Boxer's vision is to ensure DTT replaces analogue terrestrial as free, universally available, 'entry level' television. Boxer sees DTT's role in the television services market as the cheapest and simplest way to go digital.

- Full roll-out substantially replicates analogue coverage, offering every household access to digital through standard TV aerial
- Ensures platform competition, and fair access

- cable reach restricted by build out
- satellite reach restricted by geography and planning constraints, for example, hills, tall buildings, planning permission, landlord consents
- Replicates key functionality of analogue (not possible via satellite dish)
 - mobility
 - portability
- Entry level equipment prices continue to fall, approaching €20
- High end PVR and broadband enabled boxes beginning to take off
- HD increasingly important (cf recent Ofcom changes in the adjacent UK market)
- Dozens of manufacturers, ensuring wide range of products (300 tested last year in Boxer's Swedish test facility)
- Vital role in second set conversion

Boxer believes that a new age of competition is about to commence in the TV market, with consumers increasingly seeking their content free and on-demand. The rapid growth of YouTube in recent years, albeit driven by largely unlicensed content, points to new consumption behaviours. These are now being replicated in the mainstream, for instance in the UK market where the BBC iPlayer has seen phenomenal growth for its fully legal 7 day catch-up proposition. These PC based services are migrating to the TV, and as they do the importance of stable, flexible technologies becomes paramount.

As the market evolves, so emerge threats to the incumbent pay TV operators, who in return are consolidating their hold on key rights, pushing up prices, and attempting to colonise new and emerging platforms.

Boxer has been created as an entirely independent organisation, unencumbered by the agendas of existing players in the Irish market. Boxer believes only an independent organisation will be in a position to create the conditions for ASO by working within the delicate broadcasting ecology to ensure a co-ordinated marketing message and not be tempted to let pre-existing commercial imperatives override their commitment to DTT.

Further imminent developments in the market will only add to these pressures e.g. the launch of Freesat (planned for May 2008) with a UK footprint that spills over into Ireland.

Taken together, the assessment of the competitive situation convinces Boxer that an independent, operating in a new part of the market to serve clearly identified consumer needs is the best way to ensure the success of DTT, a thriving TV market, platform plurality and the ultimate goal of analogue switch-off.



is the only DTT operating company in the world that has already successfully delivered national ASO.

Three Eras of Television Technology

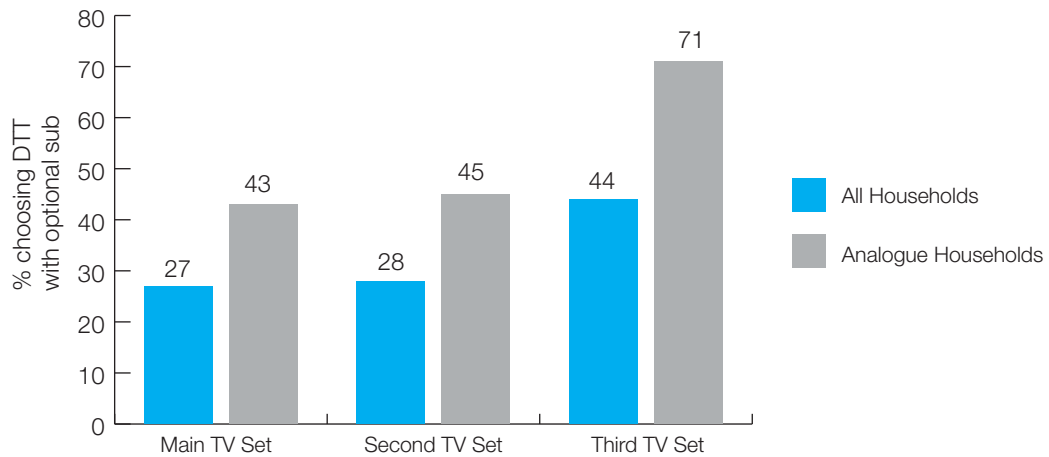
| | 1930s - 1980s | 1990s-2000s | 2008- |
|-------------------------|--|--|--|
| <i>Key</i> | Television | Multichannel TV | On-demand TV |
| <i>Success</i> | putting content on air | putting content on air | helping audiences find |
| <i>Factors</i> | | which audiences prefer | content they prefer |
| | Content | | |
| | Carriage | | |
| | | Choice | |
| | | | Control |
| <i>Winning Strategy</i> | <ul style="list-style-type: none"> • Spectrum control | <ul style="list-style-type: none"> • Rights control | <ul style="list-style-type: none"> • Gateway control - vertically - with partners |
| <i>Leader</i> | RTÉ | Sky | iPlayer |

4.2.f. Why do you believe there is a demand for the service(s) you propose, be it at the retail or wholesale level, and what evidence can you provide to demonstrate this demand?

As already seen in 4.2.c, 27% of All Homes and 43% of Analogue Homes would expect to take up Boxer's no-subscription, Pay As You Go service for their main television set when it became available.

The take up is even greater for secondary TV sets:

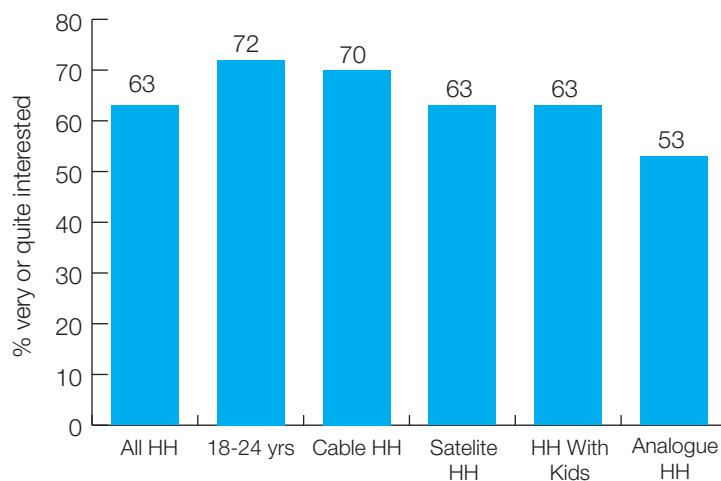
Percentage that would choose DTT with Optional Subscription for their TV Set



Source: TNS mrbi, April 2008

With price being a key concern for many consumers, Boxer's Pay TV Lite service also generates a great deal of demand. Boxer's Starter Package at €9.99 received a very positive response amongst all our key target groups, with 62% of all households interviewed expressing their interest as "very" or "quite interested".

Percentage interested in subscribing to Starter Pack at €9.99 a month for any TV Set



Source: TNS mrbi, April 2008

4.2.g. How would you segment the customer-base for the proposed service(s) on a meaningful basis? What is the typical profile and size of each segment?

Boxer believes that there are three key customer segments for the DTT service.

Analogue Traditionalists

This group accounts for 329,000 or 22% all of homes in Ireland.

They are disproportionately aged 45+, living in non-urban areas and in the F socio-economic grouping. They claim to be light television viewers and 43% say they 'do not watch much television and do not want more channels'.

They favour RTÉ One, Documentary, News, Current Affairs and Sports programmes.

Boxer believes it is critical to target this group early and to bring them on a simple journey to digital television so that they are not disenfranchised or confused when analogue switch-off takes place. This group is motivated by simplicity, low cost and access to a limited number of new channels.

There is a smaller, second group in Analogue Homes and that is young adults who cannot afford to pay for digital television but have little or no resistance to the concept. Cost is the main barrier to take-up for this group.

Second Setters

This group accounts for 912,000 or 61% of all homes in Ireland.

The majority of homes have more than one television set and our research shows that 42% of second sets are not connected to satellite, cable or MMDS. This figure rises when third, fourth and fifth sets are factored in to the analysis. In total, Boxer believes that there are at least 600,000 secondary TV sets which need to switch to digital post 2012 and others may churn out of more expensive services.

These households are younger in profile than average and the secondary sets are often used for children.

This group is motivated by price and flexibility.

Churners

The size of this group currently stands at 290,000 but could increase when satellite and cable customers are offered a compelling alternative to the high-cost subscription services they have now.

When Boxer's packages and prices were tested amongst this segment, 76% of cable and 79% of satellite customers thought that they compared 'very or quite favourably' with their current services.

Business Plan

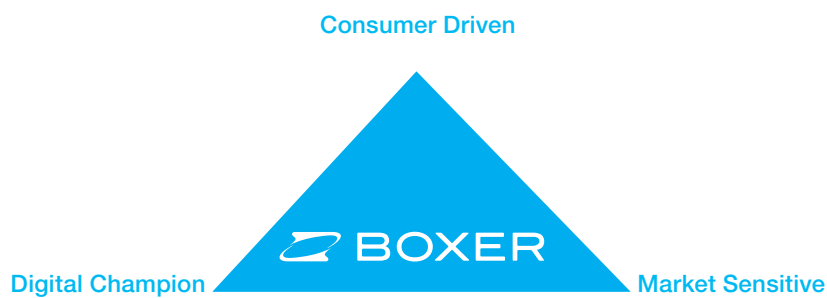
This section consists of three components:

- Comprehensive overview of the applicant's proposed business plan
- Detailed set of financial projections
- Accompanying notes to the projections

1. Overview

Boxer has been established to offer Irish consumers an entirely new entry point into the digital TV market. TV companies, indeed most media companies are product or producer-driven. 'We make it, they will come' is the philosophy. Boxer is different: its starting point is the consumer. In the same way that mobile phone operators developed pay-as-you-go and pre-paid options once growth in the market stalled. Boxer will introduce an entirely new, flexible approach to digital television.

Our principles



The overview must set out the key strategic, commercial and operational elements of the proposed business. It should include answers to, but not be limited by, the following questions:

4.2.h. What is the precise nature of the service or services proposed?

Boxer will offer the first flexible digital television service. Four features will make Boxer unique in the market:












- 1 pre-paid and pay-as-you-go options
- 2 entry level price point under €10 per month
- 3 'à la carte' channel selection
- 4 complete portability

Based on Boxer's extensive consumer research and our knowledge of other markets, Boxer is confident that its proposition will succeed.


Boxer's strategy is to offer a genuine alternative in the market. The proposition is as follows:

- digital TV and radio through your aerial
- best price in the market
- plug and play – no need for an engineer
- flexible and convenient – putting you in control
- 'entry level digital'
- 3 packages, including FREE set top box
 - Starter Pack, €9.99euros/month
 - Boxer Pack, €22.99/month
 - Premium Pack, additional €24.99/month
- Pay-as-you-go and pre-paid alternatives

Content Plan

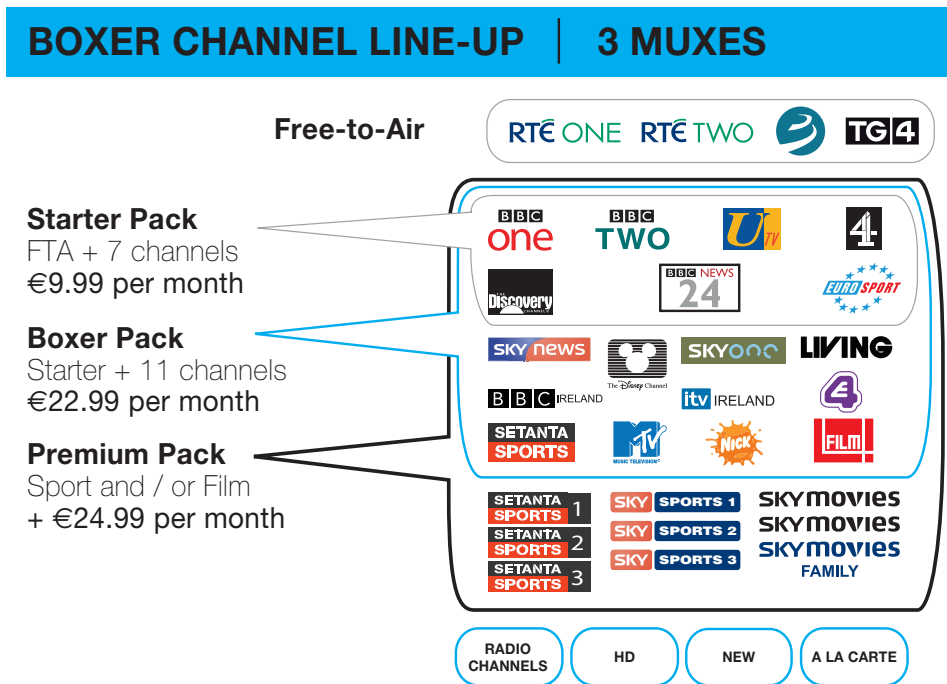
| Starter Pack | | FTA + 7 channels €9.99 per month |
|--------------|-------------|---|
| • | RTÉ ONE |  |
| • | RTÉ TWO |  |
| • | TV3 |  |
| • | TG4 |  |
| • | BBC 1 |  |
| • | BBC 2 |  |
| • | UTV |  |
| • | C4 |  |
| • | Discovery |  |
| • | Eurosport |  |
| • | BBC News 24 |  |

| Boxer pack | | Starter Pack + 11 channels €22.99 per month |
|------------|--|---|
| • | Sky One |  |
| • | Living |  |
| • | Sky News |  |
| • | Film4 |  |
| • | MTV (time sharing with Nickelodeon) |  |
| • | Nickleodeon (time sharing with MTV) |  |
| • | Disney |  |
| • | E4 |  |
| • | Setanta Ireland |  |
| • | BBC Ireland (new channel based on BBC 3, BBC 4, CBeebies & CBBC) |  |
| • | ITV Ireland (new channel based on ITV 2, ITV 3 and ITV 4) |  |

| Premium Pack | | Sport and/or Film additional €24.99 each per month |
|--------------|--|--|
| • | 3 x sports channels - Either from Setanta or Sky or rights holders direct |       |
| • | 3 x movie channels - Either from Sky or UPC or rights holders direct |    |

4.2.i. What are the commercial terms on which the service(s) will be offered (including pricing proposals and longer-term pricing strategy)?

- Starter Pack with 7 channels priced at €9.99 per month. (11 channels in total)
- Boxer Pack with 11 channels priced at €22.99 per month. (22 channels in total)
- Premium Film Pack with 4 channels priced at €24.99 per month (on top of small or basic)
- Premium Sports Pack with 6 channels priced at €24.99 per month (on top of small or basic)



Consistent with its conservative approach to the business plan, Boxer has not forecasted any changes in pricing.

4.2.j. What are the features that will make this a compelling proposition to each of the customer segments?

Boxer has tailored its proposition to meet the needs of the key consumer segments:

- 'Analogue Traditionalists' are most likely to be attracted to the **Starter Pack**, featuring the familiar Irish and UK terrestrial channels, but with the added benefit of digital channels for news (BBC News), documentary (Discovery) and sport (Eurosport). Also included in the **Starter Pack** will be a limited selection of key local and national radio services. This segment will also be the most likely to take advantage of Boxer's pay-as-you-go and pre-paid options. Our research suggests that many of these homes will also choose the **Boxer Pack** which we expect to be the most popular service overall offering a selection of 15 of the best pay TV channels, including the main brands familiar to the market. Boxer will differentiate itself from other providers by creating bespoke Irish-only channels from popular international broadcasters.

- 'Second Setters' will also be attracted to the **Starter Pack** and the **Boxer Pack**, options offering households with secondary/tertiary TV sets a cheap and easy upgrade route to digital
- 'Churners' are likely to be dissatisfied satellite and cable subscribers 'spinning down' to a lower cost option. We expect the **Boxer Pack** to be the most common choice in this group, often with one of the **Premium Packs** as an additional extra. Boxer's **Premium Packs** will offer three sports and three movies channels.

Overall, Boxer will offer a simple, high quality, flexible digital service at a reasonable price. This will provide Irish customers with both a solution to analogue switch-off and a meaningful alternative to the relatively expensive cable and satellite providers.

4.2.k. In terms of sales, what distribution channels will be deployed for both DTT receivers and any subscription or other pay service, and how will these products and/or service(s) be marketed?

Boxer's communication strategy will be built up around a simple basic message – "The easiest way to get digital TV". There will be three phases, the introduction phase, the establishment phase and the expansion phase, each with specific aims. The communication concept will take its inspiration from the "Robert" campaign in Sweden, which will be tested and adapted to Irish conditions. There will be 4 main campaigns per annum. A central marketing element will be a CRM programme.

In seven years Boxer has succeeded in Sweden in progressing from being a fresh upstart to being the market leader in the digital TV market. This has been achieved by consistently and persistently working the market and building up one of Sweden's strongest brands.

Boxer is working to repeat this feat in Ireland. This will be one of the cornerstones of Boxer's plans to become a successful DTT operator in Ireland.

Via its communication, Boxer will create fundamental interest in digital TV and DTT and awareness of the brand, build up positive attitudes that can drive sales and, not least, establish strong relations with radio and TV retailers to achieve a strong position in the distribution stage of the market.

1. Communication strategy

Boxer's communication strategy will be built up around a simple basic message:

"The easiest way to get digital TV".

The strategy is based on DTT being the easiest way to receive digital TV for individual consumers.

The concept is underpinned by the fact that there is a general perception in the market that digital TV is difficult and complicated. You need a satellite dish on your house, you have to have your front garden dug up for IP TV or cable TV or, if you are a cable TV customer, you need a set-top box for each TV and you already have a great range of channels on the same TVs. If you do not have pay TV, this is basically not something you can acquire without professional help. DTT is simple. Every consumer can connect the set-top box to his TV himself without difficulty.

'Keep It Simple' – that is the message. Via targeted marketing, Boxer will acquire a strong position as market leader. The focus of the communication will be to explain the simple message of how you can get digital TV using your conventional TV aerial.

The development of the communication strategy can be divided into three overall phases:

- 1) the introduction phase
- 2) the establishment phase
- 3) the expansion phase

As the market for digital TV matures, the focus of the communication will change from being very explanatory and informative to communicating product features and content to a greater extent. In Ireland the consumers will have to pass through the phases very fast as public communication about the transition to digital TV is expected to start late in 2008, four years before the transition in 2012. In its communication strategy, Boxer will not only adhere closely to the public information campaign but work with it and in fact lead it.

1.1 Communication aims

Introduction phase:

This is where awareness of the Boxer brand and interest in the terrestrial digital broadcast network will be created. Consumers will understand what digital TV is and that Boxer gives them more opportunities in a simple, cheap manner via the DTT network.

This phase will start before the analogue shutdown so that awareness and interest are built up as fast as possible and before too many of the Irish households in the analogue segment have invested in another Digital TV provider.

When will we have succeeded?

When Boxer has succeeded in driving the digital TV category and has created a brand that is known throughout Ireland. When Boxer has become synonymous with DTT, a strong and unique position.

Establishment phase:

The focus is shifted to boosting identification of the sender and understanding of the message. Consumers will have more details about the opportunities they actually have with an MPEG4 set-top box. This phase will generate understanding of, interest in and intentions to purchase MPEG4 set-top boxes and Boxer's offering when they are launched on the market.

When will we have succeeded?

When everyone knows what Boxer stands for.

Expansion phase:

This phase stresses more advantages of Boxer than just that it is not necessary to have a satellite dish or to have your garden dug up to get digital TV. The advantages Boxer can present include few, popular channels in small channel packages at cheap prices and a solution for all the household's TVs, including those at holiday homes.

When will we have succeeded?

When Boxer has succeeded in expanding in people's minds and everyone associates Boxer as a reliable supplier with simple, easily understood offerings.

1.2 Communication concept

Boxer's future competitors in the Irish pay TV market still mainly just communicate their price, the number of channels and the channels available. No loyalty has been created at deeper levels. No operator has taken a more emotional or value-based position in consumers' hearts and minds. Boxer has done this with great success in Sweden. The solution is called "Robert".

Boxer's communication will be able to explain technical products and services in a human, simple, easily comprehensible manner. The concept will be dynamic so that the communication can be developed over time and also be flexible so that it can function in different situations and at different levels.

"Robert" manages this. Robert is a 3-D animated avatar that personifies Boxer in Sweden. Robert is Boxer's spokesman and has played this role without interruption since 2000. Robert's personality is that of a down to earth Northerner with a nice, warm dialect. In Ireland Robert would probably be a native of Donegal. He speaks directly to the average TV consumer. Robert stands for credibility, congeniality and neutrality. He has broad appeal in the population. Robert can therefore both communicate and personify digital TV at the same time.

Over the years the figure has been able to communicate various messages on all media platforms. Robert has developed over time. Boxer now works with "Robert's universe", an extension of the concept that can contain new types of product and service as they are launched.

The purpose of the Robert figure is also to create a clear graphical expression that can ensure immediate recognition regardless of the medium or context in which it is exposed.

Boxer's persistent use and development of Robert in Sweden has resulted in incredibly high awareness. Analyses carried out by Boxer in 2006 showed that 93% of the Swedish population recognised Robert and 91% associated him with Boxer.

In the early phases, the communication task is to create interest in and understanding of Boxer's offering. The aim of the communication is to achieve a position in which Boxer is for normal people with normal TV needs. The message will therefore be as simple as possible. Robert acts in a homely environment and what is involved is digital TV via a standard aerial, a box (stb), a card (smart card) and then you have access to a number of channels. This message will be communicated again and again, with the emphasis on the fact that it is easy to install and use and it grants access to good channels.

After the introductory positioning phases, Robert becomes more alert and bold and the figure begins to move outside the four walls of the home. The basis for this step is that the basic message about simplicity has got through. Robert can now have a girlfriend and start to mix the basic messages with humour and the pace of the commercials can increase. The aim is now to ensure that Boxer is top of mind when consumers come to buy digital TV.

If Boxer is awarded the operator licence, the Robert concept will be tested on the Irish market and, depending on the outcome, it will be adapted to Irish conditions or replaced by a totally new concept. A new concept will have to have the same basis:

"The easiest way to get digital TV".

2. Marketing levels

Boxer works with marketing at several levels. The primary distinction is between strategic and tactical marketing. The strong brand platform is a common feature of all marketing work.

2.1 Strategic marketing

Strategic marketing will position Boxer as the simple alternative for those who want a few more channels than the FTA terrestrial channels and are happy to pay a little more for a slightly wider selection.

The marketing strategy will aim both to make Boxer a household name in Ireland and associate Boxer closely with the concept of digital TV, as described above. The actual price/product offering will also be communicated.

TV will be the major medium but Boxer will generally make use of the full media palette.

2.2 Tactical marketing

At tactical level, Boxer will work closely with the radio and TV retail trade. Boxer has solid experience of this partnership, with Boxer co-financing retail trade advertising. This type of advertising will typically concern specific campaigns and campaign offers. The partnership is based on joint decisions on campaign types and volumes and is linked to the sales of the individual chains. Boxer thus allocates, in its budget, an amount per sale that is returned to the chain that made the sale.

3. Media and channel strategy

One of the decisive success factors in Boxer's communication will be consistently clear messages which are pared down to the core of the message. Boxer will work with 4 main campaigns per annum. These campaigns are the base and function both to build up the brand and provide support in direct sales work.

As Boxer is digital TV, the primary medium will always be TV.

TV will be used to build up the brand and communicate Boxer's unique advantages but there will also be tactical messages to support sales work nationally.

There will also be national and local print advertising, radio advertisements, outdoor advertisements, advertising delivered to households, marketing at the retailer stage, direct mail to retailers, internet advertising and events.

4. www.boxer.ie

Boxer's website www.boxer.ie will be integrated in the media strategy. The Irish website will be modelled on the Swedish website www.boxer.se, which works fantastically for Boxer in Sweden.

There are two primary target groups for Boxer's website; consumers and retailers. The website will meet both parties' needs and expectations.

All initiatives taken on the website will be based on the internet strategy, which is, in turn, rooted in Boxer's overall objectives and integrated within the communication strategy. The role of the website will be based on reflections on what a visitor will do at www.boxer.ie.

The model outlines these roles.

| Direct sales | Customer experiences |
|--|---|
| Generate new and repeat sales | Add value for the customer and thus reduce churn, and build up loyalty and enhance customer experiences |
| Support the purchase process for visitors regardless of retailer channel | Reduce the number of negative calls to the customer service centre |
| Loyalty promotion. Give visitors a reason to come back and upgrade their commitment to Boxer | Reflect the brand and Boxer's values |

The website is an interactive channel that gives users added value and very good reason to return.

The traffic on Boxer's Swedish website has developed successfully over the years. In order to drive continued growth in traffic, the website has been marketed via other channels such as printed material, TV commercials and smart internet. Another contributory factor to the increase in traffic was the fact that the website could be used to gain information on the analogue shutdown. This will also be the case in Ireland. Over time the most visited pages/topics at www.boxer.se have been:

- Offering
- Coverage map
- TV listings
- Receiver guide.

To ensure the quality and continued development of the website, Boxer works continually to assess and follow up on all activities carried out, as well as monitoring traffic and the structure and infrastructure of the website. Every six months, website user surveys are carried out and, for major campaigns or changes to the website, qualitative studies are carried out.

5. Customer Relationship Management

A very central marketing element for Boxer is Customer Relationship Management (CRM).

Background

Although the focus of the marketing at the start will be on recruitment of new customers, the work on CRM and customer communication will have high priority. The work on CRM will initially be on a small scale but, as the customer base grows, this work will also be intensified. Boxer is extremely aware of the importance of working on customer satisfaction and maintenance of existing customers as a means of achieving and retaining a position as market leader.

Boxer's CRM programme will comprise many different tasks and areas of responsibility:

- Strategy
- Analysis
- Studies
- Customer lifecycle (segmentation and differentiation)
- IT support system
- Customer communication
- Retention
- Loyalty activities and support for response centre
- Additional sales activities
- Product development

5.1 CRM strategy

The current CRM strategy was prepared via a project that involved all departments of Boxer, on the principle that satisfied customers are not created by just one department but via the overall experience a customer has of its contact with Boxer.

The basis of Boxer's CRM work has always been to look at Boxer from the outside from a customer's point of view and with a customer's needs. Some of the most important points in Boxer's CRM strategy are:

- Understand customer needs throughout the customer lifecycle
- Work different parts of the customer database in different ways
- Be able to follow up on the development of the customer portfolio
- Be able to measure, follow up on and improve work with customers

"We have the right offers in the right situations for the right customer in the relevant interaction channel at the right price"

5.1.1 Analyses

An important success criterion for Boxer is knowledge of customers' behaviour and needs. Therefore, the customer base will be analysed continually and Boxer will build up its customer database from the start so that this is possible.

The first versions of Boxer's data warehouse and analysis and selection tool Qlik View were developed and implemented in Sweden in 2003. This system has been continually expanded as the database has grown with a consequent need for more advanced segmentation and needs analyses.

External data such as Mosaic will be added in order to obtain an even better and more nuanced profile of the customer base and follow how it develops over time. The customer base therefore will change a great deal in the first few years as the product changes from being an early adapter product to being a product for the standard family.

In 2007, a more advanced model was prepared in which the customer base is divided into segments with the aim of working differently on each segment. The model is based on variables such as customer lifetime, commission paid, number of subscriptions and number of cards, household income, etc. At the same time, work is in progress to establish more qualitative customer data such as interests, TV habits, etc. in order to be able to develop and target the products even better.

Important experience about the customers and the digital TV market and what is necessary to succeed have been developed and documented in Boxer's data warehouse, customer satisfaction surveys and other similar surveys and analyses which will also be implemented in Ireland.

5.1.2 Surveys

It is not enough to know what the customers look like. Information is also needed on their opinions. A number of qualitative and quantitative surveys will be conducted, covering areas such as the relevance of the name "Boxer" to an Irish Market, our avatar "Robert", product development, customer services and customers' overall impression of Boxer.

One of the surveys conducted most frequently will be the quantitative customer satisfaction survey, where 500 customers answer a 50 question questionnaire covering a number of different areas and the customers' satisfaction in these areas. In every satisfaction survey conducted, areas may be identified that Boxer can improve, thus ensuring a high level of satisfaction at all times. All Boxer departments will be covered by the survey and all will receive input for areas that require improvement.

5.1.3 Customer lifecycle

Boxer will work directly on customer lifecycles from an early stage. The aim is to be able to identify and structure the high incidence of event-controlled contact (i.e. activities that are motivated by a customer's behaviour or non-behaviour) Boxer will have with its customers. By mapping all points of contact and working with proactive communication, i.e. calendar-controlled communication in relation to customers' lifecycles, Boxer will succeed in not bothering customers too often and, with the right analyses and knowledge about the customers, in making targeted, relevant offers at the right times in customers' lifecycles.

Subsidisation/sales promotion measures

The pay TV market is a mature market with very well established competitors. To break into the market and quickly achieve the critical mass of customers necessary to break even, Boxer's strategy is therefore to start aggressive sales promotion activities in good time immediately on receiving the contracts.

1. Aggressive on the market

Boxer will enter the market aggressively in cooperation with the retail trade and via its website. At the latest six months before the DTT start-up, Boxer's sales machine will begin direct communication with consumers and cooperation with the retail trade at full speed.

For Boxer it will be important for the consumers to be aware of Boxer's coming offers and have the correct set-top box based on the range of TV channels they want. If they want to watch RTÉ channels, they will need to have an MPEG4 box and, if they want to be able to buy more channels, they will need to have an Boxer compatible MPEG4 box.

In the period up to launch, Boxer will introduce systems that will, for example, give consumers who invest in an MPEG4 box their money back when Boxer goes on air and the consumers activate a basic subscription on their boxes. This can be done in many ways, with coupons, by signing a customer agreement at the time of purchase, etc. The retailer will earn his commission when the customer activates his Boxer subscription.

Some will have bought an MPEG2 box, believing that they are thus "futureproof". They will find that there will be a wide range of TV channels they cannot see. Boxer can therefore, in this period, offer buyers of MPEG2 boxes an "amnesty". In plain English, Boxer can take a used MPEG2 box in exchange for a new Boxer MPEG4 box if a basic subscription is bought at the same time. In this way, the DTT early adopter segment will also be an active customer segment for Boxer.

All the campaigns mentioned will also run via Boxer's website and in customer service so that it will be easy to acquire the right set-top box with the right choice of channels in these sales channels.

The above are examples of how Boxer will try to create a solid customer base fast. The activities will be coordinated with Boxer's marketing, with the campaigns above and with training for the retail trade.

2. Subsidisation

Boxer will subsidise set-top boxes for both customers who buy Boxer subscriptions in the retail trade and customers who buy directly via Boxer's website or in Boxer's customer service.

It will always be possible, in one way or another, to acquire a set-top box free if you buy a type of basic package subscription with a 12 month minimum term.

Boxer has structured a sales commission system for the retail trade that directly links each retailer's sales to the sales commissions the retailer can achieve. The retailers' ability to subsidise set-top boxes is built into the commission system. Boxer already knows its competitors' sales commission systems and levels and will position itself at a competitive level.

The way in which this commission system is managed in practice is covered below in Sales Channels.

Customers who buy Boxer subscriptions directly from the customer service centre or via Boxer's website will also be able to have their set-top boxes subsidised if they buy a 12 month subscription.

Boxer will also subsidise installation visits when customers report signal problems. This will take place in cooperation with Irish installation engineers, as described in Sales channels.

Boxer may also subsidise digital aerials for customers who report signal problems or live in homes, for example in blocks of apartments, that cannot currently receive terrestrial signals.

3. Other sales promotion measures

Boxer will implement a wide range of other sales promotion measures. There will be roadshows throughout Ireland, cooperation with the public information campaign, training for retail sales staff, cooperation on activities and marketing measures with retail chains and shops, training for installation engineers, marketing and much more. Some of these measures are mentioned in the Marketing, and Sales Channels sections.

Sales Channels

Boxer is a sales and marketing company. Therefore, a high proportion of the staff will be directly or indirectly involved in sales. The majority of sales will be made via radio and TV retailers, but there will also be active sales via Boxer's website and Boxer's customer service.

Boxer's sales channels will be very similar to those of the satellite TV distributors. A high proportion of sales are made via radio and TV retailers, typically, but not exclusively, the big chains such as Harvey Normans, Dixons, DID, Curry's, etc. Other types of retail chains also play a role because there is a certain level of sector overlap these days. Therefore, it is quite conceivable that chains like Dunnes Stores and Tesco will sell Boxer's products.

Boxer will enter into framework agreements with all these chains, governing the cooperation, laying down the rules for payment of commission, guaranteeing the quality of customer service and ensuring that certified products are sold.

Boxer will also, to a large extent, be responsible for training the sales staff in the retail trade.

Boxer's cooperation with the retail trade is centred around a system of sales commission. Each time a retailer sells a Boxer subscription, he earns sales commission. The commission varies, depending on the product sold. Boxer's strategy is for set-top boxes to be free if consumers buy a 12 month basic package subscription with Boxer.

The retailer completes a sales agreement with the customer on Boxer's retailer website, as a result of which the customer is registered electronically in Boxer's customer base. If the retailer has sold a set-top box that is certified by Boxer and thus ensures that the customer has bought a set-top box that actually works in the DTT broadcast network, the commission is paid to the retailer.

Boxer will also work with the retail trade on tactical marketing. This is described in the section on Marketing.

Retailer Website

At Boxer's website www.boxer.ie there will be a special retailer site. On this site the retailer will be able to, as mentioned above, register new customers or make changes for existing customers. There will also be an entire universe directed at retailers and their needs. For example, they will be able to find information on new campaigns and products. They will be able to get training online to become a certified Boxer salesperson and get answers to questions in Boxer's live online support.



Types of cooperation and commission

The proposed relationship between Boxer and Boxer's retailers can be explained as follows:

At Managing Director level and partly at Sales Manager level, the main activities are creating relationships and strategic and general discussions.

Training for retail staff

Boxer aims to have as many certified Boxer salespersons at retailers as possible. Boxer in Sweden currently has around 10,500 at around 3,700 Boxer retailers.

Boxer pushes its salesperson training to retailers using the commission tool. For example, the two parties can jointly set a target for the proportion of salespersons who are to be certified Boxer salespersons by the end of the year. If this target is reached, the retailer gets more commission per subscription sold.

The salespersons will be able to take the training on Boxer's website via e-learning. On the retailer site, the salesperson can log in with a number that has been allocated to the retailer by Boxer and follow the "training" link. The salesperson creates an "account" here in which details of his training progress are registered, i.e. he does not need to take it all at once. The training has three levels that must be passed individually. The training itself simulates the working day of a Boxer salesperson as it involves helping virtual customers at a retailer. In Sweden, Boxer's mascot, "Robert", leads the salesperson through the training, which aims to boost the salesperson's knowledge of Boxer and his general technical knowledge. When the salesperson has taken and passed his training on the internet, he will be registered as a certified Boxer salesperson and be sent merchandise so that he can demonstrate his certification to customers.

4.2.i. How will the proposed service(s) impact on, and be affected by, competing services and/or products, both in the short and medium term, with regard to viewing behaviour and revenue?

Boxer believes that this proposition is positioned in a gap in the market which can occupy the space vacated by the old FTA analogue service. Boxer does not expect to compete directly with existing pay providers, but rather offer a compelling alternative and an exciting and largely complementary digital service. Boxer believes this positioning also goes some way to future-proofing the public service broadcasters in this new market ecology.

4.2.m. What is the projected demand (in terms of acquisition of DTT receivers, take-up of subscription services and viewing levels) for this service(s) for each year of the licence and how have these projections been derived?

For each year of the licence, Boxer expects the take-up of the project to be as follows:

Take up projection

| Penetration | 2008B | 2009F | 2010F | 2011F | 2012F | 2013F | 2014F |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Pay-TV, ingoing balance | - | - | 67,290 | 117,098 | 166,626 | 205,213 | 224,869 |
| Sales | - | 67,290 | 56,537 | 61,237 | 55,250 | 50,438 | 31,370 |
| Churn | - | - | (6,729) | (11,710) | (16,663) | (30,782) | (33,730) |
| Churn-rate | 0% | 2% | 10% | 10% | 10% | 15% | 15% |
| Pay-TV, outgoing balance | - | 67,290 | 117,098 | 166,626 | 205,213 | 224,869 | 222,509 |
| Twin cards acc. | - | 3,365 | 18,439 | 35,466 | 55,776 | 75,264 | 89,476 |
| % of total subscribers acc. | 0% | 10% | 20% | 25% | 30% | 35% | 40% |
| Twin cards, sales | - | 3,365 | 15,411 | 18,871 | 23,857 | 27,855 | 25,501 |
| Twin cards, Churn | - | - | (336) | (1,844) | (3,547) | (8,366) | (11,290) |
| TV Households | 1,496,340 | 1,526,267 | 1,556,792 | 1,587,928 | 1,619,687 | 1,652,080 | 1,685,122 |
| DTT Free | - | 56,090 | 122,803 | 173,724 | 213,290 | 375,877 | 381,657 |
| DTT Pay | - | 63,250 | 115,213 | 176,008 | 232,087 | 284,529 | 319,004 |
| Average subscribers | - | 33,645 | 92,194 | 141,862 | 185,920 | 215,041 | 223,689 |

| Penetration | 2015F | 2016F | 2017F | 2018F | 2019F | 2020F | 2021F |
|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Pay-TV, ingoing balance | 222,509 | 222,936 | 222,787 | 224,936 | 225,653 | 225,907 | 223,854 |
| Sales | 33,804 | 33,292 | 35,566 | 34,458 | 34,102 | 31,834 | 34,275 |
| Churn | (33,376) | (33,440) | (33,418) | (33,740) | (33,848) | (33,886) | (33,578) |
| Churn-rate | 15% | 15% | 15% | 15% | 15% | 15% | 15% |
| Pay-TV, outgoing balance | 222,936 | 222,787 | 224,936 | 225,653 | 225,907 | 223,854 | 224,552 |
| Twin cards acc. | 89,089 | 89,145 | 89,545 | 90,118 | 90,312 | 89,952 | 89,681 |
| % of total subscribers acc. | 40% | 40% | 40% | 40% | 40% | 40% | 40% |
| Twin cards, sales | 13,035 | 13,419 | 13,772 | 14,005 | 13,712 | 13,187 | 13,222 |
| Twin cards, Churn | (13,421) | (13,363) | (13,372) | (13,432) | (13,518) | (13,547) | (13,493) |
| TV Households | 1,718,824 | 1,753,201 | 1,788,265 | 1,824,030 | 1,860,511 | 1,897,721 | 1,935,675 |
| DTT Free | 387,407 | 393,082 | 395,108 | 397,234 | 399,475 | 401,830 | 404,339 |
| DTT Pay | 356,655 | 394,597 | 435,622 | 476,408 | 517,702 | 557,600 | 600,783 |
| Average subscribers | 222,722 | 222,862 | 223,861 | 225,294 | 225,780 | 224,880 | 224,203 |

The total number of household subscribers at the end of 2007 was 1.47m, based on the data provided by RTÉ in 2007. The report also provided the breakdown of 2007 subscribers between the current service providers. The business model assumes that household growth will grow at a constant 2% per annum to 1.92m by 2021.

To calculate the number of subscribers for the new DTT offering, a series of conversion rates have been applied to the total household population. The conversion rates have been estimated based on a combination of sources which include Boxer's experience of establishing the DTT service in Sweden, the results of the commissioned consumer research and analysis of DTT launches in other regions.

The rates of conversion applied to the subscriber bases of UPC and Sky over the term of the licence have been applied at rates of 0.5%-2% and 1%-2% respectively as it is assumed that the majority of conversion will be generated from the free-to-air population. Conversion rates of 10-20% have been applied to the free-to-air population in the first few years following the launch of the service.

The business model assumes that the level of analogue viewers declines up to the date when the service is discontinued and then remains constant subsequently. This is because it is anticipated that existing analogue users will convert to a free-to-air service and will not form part of the new subscriber base.

The revenue generated from the packages offering of the new service is calculated by multiplying the average level of subscribers by the unit price of the packages. The calculation of the average subscriber figure is determined by taking the average of the current and prior year subscription figures and then subtracting the average estimated level of churn for the year.

4.2.n. How have the cost projections for the various programme sources identified by the applicant with reference to section 5 been determined? What commercial issues, if any, have still to be resolved before the supply of the proposed programming is secured?

Boxer's content supply strategy has been to engage in exploratory discussions with all the key providers and position Boxer as the independent, open platform. Boxer has clear objectives in terms of securing content, and has assurances from all the key suppliers. However, at this stage Boxer does not have contracted costs of programming. That said, Boxer is able to use its historic costs and data from other markets (e.g. the UK) as a useful benchmark. Boxer is confident that content providers will work on a sensible commercial basis with whoever is operating the multiplexes.

Boxer has also explored in detail the option of creating bespoke Irish channels from major international broadcasters (e.g. BBC Ireland). Significant rights issues remain to be overcome, but Boxer envisages that a successful commercial negotiation can be rapidly concluded with relevant broadcasters on such a development once Boxer has been confirmed as the DTT operator.

4.2.o. What allowance, if any, has been made in the business plan to ensure that suitable DTT receivers will be available and what costs have been included to support the acquisition of the receivers (through subsidy or other means), as set out by the applicant with reference to section 6.

The Boxer business plan does not need to make any allowance for DTT receivers in the business plan because acquisition and stockholding is out of Boxer's scope. Instead this responsibility will be borne by the manufacturers and their distribution and retail channels. Boxer will perform a product testing and certification role so that DTT receivers sold (with a Boxer TV content package) by retailers will qualify for sales commission from Boxer which will effectively be a rebate or subsidy of the cost of the receiver product. This subsidy cost is reflected in the Boxer business model under Operating Expenditure – Retail Activities – Support for Acquisition of DTT Receivers.

Boxer's relationship with the manufacturers, leads it to be confident that an adequate supply of suitable receivers will be available to support the Boxer business plan.

4.2.p. How have the cost projections for (i) coding & multiplexing, (ii) feed distribution to transmitter sites and (iii) RF transmission been determined in support of the coverage and technical proposals set out by the applicant in response to sections 7 and 8 respectively? Please describe what risk assessment has been made of cost accuracy and stability over the licence period, the nature and scale of the risks identified and the provisions that have been made in the business plan for managing these risks.

Boxer has based its cost projections for these services on the RTÉNL Proposed Schedule of Tariffs for DTT Services published earlier this year. RTÉNL noted that these tariffs are indicative. The final tariffs which may be agreed will vary and will be dependent on the network configuration in total and as required by Boxer and will be a function of the variables as detailed by RTÉNL in their schedule.

The Schedule of Tariffs is based on the following assumptions and risks:

- RTÉ's PSB multiplex will bear the cost of network enhancements specifically required to ensure optimum coverage from each site.
- All tariffs are dependent on the successful completion of the DTT network build; reasonable allowance has been made for inclement weather and other foreseeable risks.
- All tariffs are quoted on the basis of current prices and will be subject to inflation in the period between now and final roll-out.
- All tariffs are dependent on the satisfactory outcome of ongoing tender processes for supply and installation of DTT and related equipment.

Boxer has submitted a suggested national roll-out plan 2009-2012 for the commercial multiplexes.

Boxer has conducted its own design and budgetary estimate for the multiplexing element of the service, including an encoder and multiplexor technology refresh after six years. Boxer's estimate broadly coincides with the budget that we believe that RTÉNL has allowed for multiplexing within its published indicative tariffs.

4.2.q. What are the start-up costs and what capital expenditure will be required over the duration of the licence?

The costs of applying for the multiplex contracts are expected to total €3m including cost of advisers, printing and BCI application fees. Start-up costs in the first year (2008) are expected to reach €3.4m. These will be primarily administration costs and staff costs budgeted at around €2.4m together with some initial marketing at €0.85m. The total marketing budget for 2008-2012 stands at €20m.

No significant capital expenditures are budgeted for. It is envisaged that a full end-to-end service will be provided for by RTÉ NL or BT or a combination of both. The majority of capital expenditures are for setting up Boxer's office together with the necessary infrastructure, logistics, and technical facilities. These costs are budgeted at €1.7m for the first year (2008). Maintenance capital expenditures are budgeted at around €36,000 per annum. For the duration of the licence, capital expenditures are expected to be €2.2m.

4.2.r. How does the proposed business plan fit strategically with the existing business activities of the participants of the applicant?

The proposed business plan fits extremely well from a strategic perspective with the existing business activities of all three parties to the Bid Agreement.

Boxer has already embarked on an international expansion for DTT services starting in Denmark. Ireland is a timely opportunity to advance this strategy.

Communicorp, as a media holdings company, has long anticipated an opportunity of expanding from radio into TV. This application process is an important opportunity to help develop a new broadcast platform for Ireland.

BT is a communications service provider to all market segments, consumer to corporate business. Implementing and supporting national digital infrastructure is in line with its business strategy for the public sector. Supporting and facilitating a consumer TV content proposition is consistent with its consumer strategy.

4.2.s. What is the minimum acceptable pre-tax Internal Rate of Return for the business plan and how has this figure been arrived at?

The minimum acceptable pre-tax Internal Rate of Return for the shareholders of Boxer is 20-25% versus the standard 30% expected by the private equity community. The 30% standard has been arrived at by the private equity community through many years of investments and takes into account the normal business failure rates to allow a private equity fund to return at least the standard hurdle rate of 8% cost of capital to its investors.

As the owners of the shareholders in Boxer are long-term investors/owners versus the standard 10-year life of the average private equity fund, the minimum hurdle rate for what is a start up venture with no record in Ireland, can be lower than the 30% expected for any investment in a private venture. This is set at 20-25% to reflect the risks inherent in the rollout of DTT in Ireland.

4.2.t. What provisions have been made for platform-wide initiatives to develop and/or promote DTT and the facilitation of digital switch-over (for example, a common approach to information dissemination on coverage and receiver acquisition or a common EPG solution)? Please include details of costs.

Boxer assumes that there will be a shared agenda with RTÉ to promote DTT as a unified platform-wide marketing campaign, in competition to alternative digital TV services via cable, MMDS and satellite. The Boxer model includes adequate budget provisions for marketing (approx. €3.5m per annum) which includes platform-wide initiatives to develop and/or promote DTT with RTÉ. The initiatives will include a common approach to information dissemination to consumers on DTT coverage and receiver acquisition.

Boxer is aware that RTÉ favours a common EPG based on a MHEG 5 application to be broadcast within the DTT transmissions. In principle Boxer will be pleased to adopt and promote this broadcast EPG solution but will also continue to facilitate SI-based EPG on each manufacturer's DTT receiver. The cost, if any, of MHEG 5 middleware within DTT receivers will have to be borne by manufacturers and ultimately by consumers.

4.2.u. What risk assessment has been made of the business plan? What are the proposals for dealing with the identified risks? What contingency plans does the applicant propose to put in place?

Boxer has set out in tabular form below an assessment of all major risks which, in our opinion, face the business and for each we have identified the likely impact and appropriate mitigating actions.

| KEY RISKS | IMPACT | MITIGATION |
|--|--|--|
| Loss of BCI DTT MUX contract(s) | Closure of business | Boxer, as the DTT Champion, will work closely with the BCI and other FTA terrestrials to ensure that DTT is a success in Ireland |
| Delay in roll out of DTT | Allow Sky and UPC further time to convert analogue households to DTH or cable leaving few available potential households to convert to DTT | The combined resources of Boxer, BT and Communicorp will work closely with RTÉ, RTÉ NL, the BCI and ComReg to ensure that the roll out is done as quickly as possible |
| Loss of key personnel | Delay in implementation of the business plan | BT, Boxer and Communicorp have enough in-house personnel that can be utilised by Boxer to ensure any loss of key personnel will have minimal impact on the business of Boxer |
| Low take up of Boxer services | Business plan targets not met resulting in further capital injection which could be more than budgeted including contingencies by the shareholders | Boxer Sweden has extensive experience of driving subscribers to DTT. In addition, Communicorp has radio assets which could be used to ensure adequate promotion of the benefits of DTT to the Irish consumers. The marketing expertise of BT will be brought to bear too |
| Inability to secure content at reasonable price | Boxer services do not present a compelling consumer proposition leading to low take-up | Boxer has had numerous discussions with potential content providers. In addition, Boxer has extensive experience of content acquisition business. |
| Uncompetitive behaviour of other pay TV operators | Boxer business plan is "strangled at birth" | Boxer, as the DTT champion, will work closely with the BCI, other DTT stakeholders and the Competition Authority to ensure level playing field for all TV players. At the same time, the financial strength of the shareholders of Boxer will ensure that Boxer is able to defend against such practices robustly, for example, a price war by other platform operators to stop DTT from being successfully roll out in Ireland. |
| Delay in ASO | No "must have" conversion to digital | Boxer Sweden is the only DTT company in the world that has successfully undergone full ASO. Boxer will fully draw on the expertise of Boxer Sweden and the resources available within its shareholders together with working closely with the BCI and other ASO stakeholders to ensure Ireland benefits from the "digital dividend" |
| Delay in STBs being made available to the retail chain | Delay in implementation of the business plan and allowing Sky and UPC further time to convert analogue TV households to their platforms | Boxer Sweden has extensive experience in working with STB manufacturers to ensure STBs of sufficient quality and quantity are available. BT has extensive experience of STB specification and sourcing through its experience with BT Vision in the UK |

The most important element in any contingency planning is the availability of additional capital to work through any deviation from the business plan. To this end, the shareholders of Boxer have agreed total equity / loan stock commitment of €50m. The base case business plan as follows requires a total capital (equity and loan stock) funding of €43m whilst for the downside case (10% less revenue for each and every year of the licence period), the capital (equity and loan stock) funding requirement is €45m. The capital (equity and loan stock) commitment from the shareholders is 16% higher than the base case and 11% higher than the downside case. This is a significant headroom which would provide Boxer with the financial wherewithal to manage the above identified major risk factors. We would also draw attention to the fact that Boxer can draw on external debt funding if required as currently the company is fully financed by the shareholders.

2. Financial Projections

The financial projections should consist of an internally-consistent set of annual profit & loss, cash-flow and balance sheet statements using the Excel templates provided (and reproduced in Annex 4 of this document) to reflect the business plan described above.

Profit and Loss projections

Please see the sheet attached at the end of this section.

Cash flow projections

Please see the sheet attached at the end of this section.

Balance sheet projections

Please see the sheet attached at the end of this section.

In addition, a set of financial projections, using the same templates as before, should be provided to illustrate the following hypothetical situation:

All revenue is ten percent (10%) lower than in the base-case projections for each and every year of the licence period.

Profit and Loss projections minus 10%

Please see the sheet attached at the end of this section.

Cash flow projections minus 10%

Please see the sheet attached at the end of this section.

Balance sheet projections minus 10%

Please see the sheet attached at the end of this section.

3. Accompanying Notes

4.2.v. Please provide a comprehensive set of notes to accompany the financial projections including:

(i) A projected breakdown of households receiving DTT in terms of basic and premium subscriptions and free-to-air only at the mid-point of each year of the licence period.

Please see households table on the sheet attached at the end of this section.

(ii) Projections for the number of TV households, by platform, that use DTT for secondary viewing (e.g. televisions in kitchens, bedrooms etc).

Please see market projections table on the sheet attached at the end of this section.

(iii) The composition of DTT secondary televisions in terms of free-to-air only and subscription (basic and premium) and their projected share of the pay-TV market.

Please see DTT secondary televisions table on the sheet attached at the end of this section.

(iv) Explanation of how each line in the Profit & Loss projections has been arrived at, including details of all underlying assumptions.

Please see Profit & Loss Projections table on the sheet attached at the end of this section..

(v) Details of the timing and size of the funding requirement with reference to the cash-flow projections and, for each year of the projections, the maximum level of borrowings drawn under all facilities.

Boxer is only expected to be EBITDA and cashflow positive in 2012 (year 5). The current expected funding as per the business plan for the first four years totalled €43m. This is fully funded by equity and loan stock from the shareholders and the timing is as follows:

Year 1 (2008) – €8.5m

Year 2 (2009) – €15.5m

Year 3 (2010) – €13.5m

Year 4 (2011) – €5.5m

Total - €43m

Boxer is not expected to have any external borrowings as it is fully funded via equity and loan stock from its shareholders.

(vi) A comprehensive breakdown of all capital expenditure projections (consistent with the overview and cash flow projections) by category and calendar year.

The only significant capital expenditure is in year 1 (2008). This is broken down as below

| | €'000 |
|---------------------------------|-------|
| Customer care & billing systems | 1,000 |
| Office fit out, furniture, etc | 400 |
| Internet routers | 20 |
| Office IT systems, email, PCs | 100 |
| System integration costs | 228 |
| Total | 1,748 |

Annual capital expenditure from 2009 is not significant at under €40,000 per annum. It should be noted that Boxer is budgeted to take the full end-to-end service from RTÉ NL or BT or a combination of both. Hence there is no requirement for any transmission or headend investment. In addition, significant annual business systems expenditure has been budgeted for each and every year of the business plan (expensed through the profit and loss account), for example, €0.8m in 2009.

(vii) An explanation of the accounting principles on which the financial projections have been prepared, and confirmation that they are in accordance with accepted accounting standards in Ireland.

Separate notes must be provided for the projections dealing with the sensitivity test. They must include details of any deviation from the situation described in the accompanying notes described above.

Boxer confirms that the financial projections have been prepared in accordance with accepted accounting standards in Ireland. Boxer is not aware of any material divergence from Irish GAAP policies in these projections, apart from those standards relating to presentation of financial statements.

Funding Arrangements

This section consists of three components:

- An account of the applicant's funding strategy;
.....
- The financial standing of the applicant; and
.....
- Evidence of the available financial resources.
.....

1. Funding Strategy

The funding strategy must detail how the applicant proposes to meet all pre-operational and subsequent funding requirements by addressing the following questions:

4.2.w. What are the funding requirements of the business plan prior to contract, prior to launch and after the launch of the service through to the end of the licence period?

The costs of applying for the multiplex contracts are expected to total €3m including cost of advisers, printing and BCI application fees.

The second half of 2008 post award of contracts is expected to be focused on preparing for a 2009 launch. Total funding requirement for this period is €5.5m

We consider 2009 as the start of the launch period with the business expected to be self-financing from 2012 (year 5) onwards. The total funding requirement from 2009 to 2011 totals €34.5m

Total cumulative funding before the business becomes self-financing totals €43m.

4.2.x. How do you propose to meet these requirements? Please provide full details of all proposed funding including timing, amount, source and nature of the funding. This must include a clear distinction between drawing upon existing resources and putting new facilities in place.

All funding will be from equity and loan stock contributions from Boxer Sweden and Communicorp.

As the overall funding requirement is relatively small in relation to the both partners, the equity and loan stock subscriptions will be funded from the internal financial resources of each. No new facilities need to be entered into by any of the two partners to fulfill their obligations to Boxer.

4.2.y. What flexibility is there in the proposed funding arrangements to deal with significant deviations from the business plan?

As stated in 4.2.x, the overall investment is small relative to current business activities of the Boxer Sweden and Communicorp. With the investment being in the form of equity and loan stock from the shareholders, there is considerable flexibility in managing any significant deviations from the business plan. For prudence, the business plan has been flexed down with a 10% reduction in revenue across each year of the business plan. This led to a total funding requirement of €45m.

The shareholders propose to provide further contingency funding to Boxer to bring the total equity and loan stock commitment to €50m in proportion to their equity shareholding in Boxer. This provides a headroom of €7m against the base case business plan funding requirement of €43m stated in 4.2.w. The headroom against the €45m funding requirement above is €5m.

In addition, as there is no external debt currently envisaged in the business plan, Boxer has the flexibility to raise debt financing in the future as necessary.

4.2.z. What alternative financial resources does the applicant have access to if the proposed funding is not forthcoming or sufficient?

Boxer Sweden and Communicorp propose to commit to the funding as set out in 4.2.w. and 4.2.y. There is also an agreement between the partners that if a shareholder fails to provide the funding as it is contractually bound, the other has the right to step in and make up the shortfall, with ensuing dilution. Also, as stated in 4.2.y., Boxer will have the ability to raise debt as necessary in the future.

2. Financial Standing

Where the applicant is already a corporate body, the following must be provided (the following should be read in conjunction with the information requirements set out in section 3.3 above):

4.2.aa. Full details of the equity share capital of the company.

The authorised equity share capital of the company is €100,000 divided into 100,000 Ordinary Shares of €1 each. 100 Ordinary Shares of €1 each have been issued to Boxer Sweden and Communicorp Group Ltd.

4.2.bb. Full details of all other share capital already in issue, including all forms of preference shares, convertible loan stock, options, and warrants.

No other form of share capital has been issued.

4.2.cc. Full details of the borrowing facilities currently available to the company, or to the parent company in the case of inter-group funding, and the extent to which they are currently drawn down. This must include the amount and terms of all borrowings (repayment details, covenants, etc.), any security provided and charges against company (or other group company) assets, and the names and addresses of lenders of and guarantors to any of the facilities.

It is proposed that Boxer will be fully funded by equity and loan stock contribution from its shareholders. This provides additional funding flexibility.

4.2.dd. Full details of any contingent liabilities and off-balance sheet funding arrangements.

None.

4.2.ee. The applicant must also provide audited accounts of the applicant company for the most recently completed financial year. If these are not yet available, audited accounts for the previous financial year, together with any interim financial statement, and draft accounts or management accounts for the most recent financial year should be provided.

Boxer is a newly incorporated limited liability company and no audited accounts or other historic financial information are available.

If the applicant's financial position is supported by a guarantee, the latest available audited accounts of the guarantor should also be provided.

Latest audited accounts of Boxer Sweden and Communicorp are provided in the Confidential Annex.

Where the applicant is not yet incorporated, the following must be provided:

4.2.ff. Full details of the proposed capitalisation plan including the proposed timing and current status of the proposals.

N/A

4.2.gg. Full details of the financial interest of each proposed investor in the applicant company.

N/A

3. Evidence

In providing supporting evidence, the applicant must demonstrate so far as possible that sufficient resources are available or will be forthcoming.

Where new share capital is to be raised, the following should be provided:

4.2.hh. A clear statement of commitment from investors including details of the timing and amount(s) to be made available.

N/A

4.2.ii. Written evidence that arrangements for the provision of new equity are achievable including details of any pre-conditions or other obligations that must be met. For example:

(i) Where existing corporate shareholders are to subscribe for further equity, a Board minute approving their investment should be provided.

N/A

(ii) Where new capital is to be raised in the market, a comfort letter from financial advisers or stockbrokers confirming that such a capital-raising exercise would be possible assuming no material change in current market conditions.

N/A

4.2.jj. Where specified investors have committed to subscribe for more than 5 per cent of the applicant's total financing, copies of the most recently available audited accounts together with written confirmation of agreement in principle to making the investment covering:

- (i) the amount to be invested;
- (ii) the percentage shareholding; and
- (iii) any pre-conditions to making the investment.

| | Boxer Sweden | Communicorp |
|--|--|--|
| (i) the amount to be invested (€43m); | €21.5m split: equity €7.2m loan stock €14.3m | €21.5m split: equity €7.2m loan stock €14.3m |
| (ii) the percentage shareholding; and | 50% | 50% |
| (iii) any pre-conditions to making the investment. | Signing of contracts with BCI | Signing of contracts with BCI |

In the case of private shareholders or where the above is not feasible, investors should provide an independently-verified statement regarding their capacity to invest the required funds.

N/A

Where new borrowings are proposed in whatever form, the following should be provided:

N/A - no new external borrowings are envisaged for Boxer. All loan stock commitments are from the two shareholders.

4.2.kk. Written evidence that in principle such arrangements are available. This should be in the form of a letter of intent from the principal lenders, covering the following points:

- (i) the amount, type and duration of the facility;
- (ii) the drawdown schedule;
- (iii) the approximate costs of the facility, within an indicative range;
- (iv) any security or guarantee required in support of the facility;
- (v) full details of any conditions precedent;
- (vi) the principal covenants (including specific details of cover ratios);
- (vii) details of warranties and undertakings given under the financing agreements and details of events of default; and
- (viii) the length of time required to put the facility in place, including details of any due diligence or prior obligations which would need to be met for the financing to be available.

In the event that some security or guarantee is required, evidence of this will be available.

In support of their funding proposals, applicants are invited to:

4.2.ii. Give a clear commitment regarding the amount of funding (both in absolute terms and as a percentage of the total funding requirement) that would be put in place prior to, or at the time of, the finalisation of the contract;

The total funding requirement of Boxer as per the business plan has been fully committed as highlighted in 4.2.ii. The only condition precedent to the equity funding call is the conclusion of a shareholders' agreement and the finalisation of the contract(s) with the BCI.

4.2.iii. Provide a detailed timetable of the steps that need to be taken before the finance is available; and

The capitalisation of Boxer is complete and the only condition precedents to the equity and loan stock funding call are the conclusion of a shareholders' agreement and the finalisation of the contract(s) with the BCI as stated in 4.2.ii. above.

4.2.iv. Express their longer term commitment to the development and continuation of DTT in Ireland, especially under adverse conditions.

Boxer is one of the leading DTT pioneers in Europe. Its raison d'être is DTT and it is fully committed to the success of the DTT platform in Ireland. Boxer is backed by very strong shareholders; 70% owned by Teracom and 30% by 3i. Teracom is owned 100% by the Swedish state and 3i is one of the largest private equity funds in the world.

Communicorp is one of the key homegrown Irish media groups. The success of the Irish DTT platform in conjunction with analogue switch-off effects each and everyone within the Communicorp group. The group is fully committed to ensuring that Ireland continues to lead the way in telecoms and media in Europe; the success of the Irish DTT initiative will be a key corporate objective.

As stated in 4.2.i, the total funding from the two shareholders in the form of equity and loan stock totals €50m and this is in excess of the current base case business plan requirement of €43m and the 10% reduction in revenue sensitivity case requirement of €45m. In addition, Boxer would be able to draw on external financing if required. This significant funding commitment demonstrates the intention of the shareholders of Boxer to ensure DTT is a successful platform in Ireland.