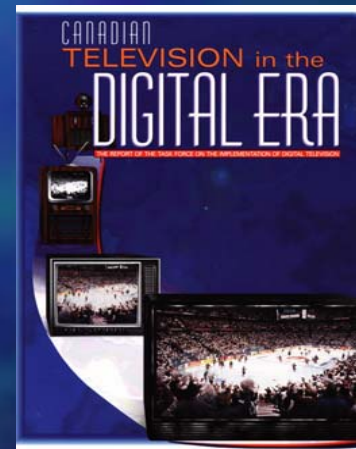
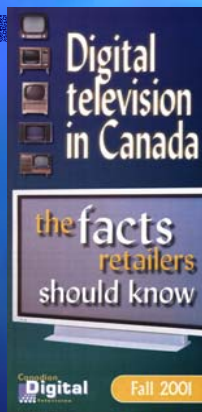


Canadian Digital Television

Presentation to ATSC

by: Michael McEwen, President, CDTV



Background: Mission Statement

Canadian Digital Television (CDTV) is a not for profit association that has been created to guide the orderly migration to advanced digital television services.

CDTV IS:

- directing research and testing
- identifying and advising on policy, regulation and marketplace issues; and
- developing and monitoring the digital television transition plan for the industry

Background: Our membership

Creation of Canadian Digital Television, September 1998.

Membership includes:

- Broadcasters
- Distributors
- Pay and Specialty
- Consumer and Broadcast Equipment Manufacturers
- and other interests in the DTV transition including Government partners (Industry Canada, CRC, Canadian Heritage and the CRTC)

Background: Working Groups

In January/February 2002 a renewed mandate for CDTV with emphasis on the committees.

Education & Communications Working Group

Policy & Regulation Working Group

Technical Working Group

There are also a number of sub-committees such as: HD Program Rights, Distribution Capacity Issues, Picture Quality Assessment, Test Transmitter Committees, Economic, Marketing sub-committee, etc.

DTV in Canada

Canadian Roll Out:

- CHUM's Citytv gets first DTV broadcasting licence in Canada and is on air, product will / is being made available
- Test transmitters in Ottawa, Toronto, Montreal are on air, plans for Vancouver later this year
- Cable and DTH are offering mostly US DTV/HDTV to Canadian viewers

DTV in Canada

- DTV Set sales in Canada
- By end of February - Total Households with HDTV in Canada is estimated at 600,000 (driven by DVDs)
- Canadians are buying HDTV displays faster than Americans!

DTV in Canada

- Large Format Televisions are leading the growth curve.
- Screen sizes of 30" > are seeing growth of over 20% per year.
- Over 60% of this market is HDTV / HDTV ready.
- Home Theatre Systems - 100% increase over 2000
- "Media Rooms" - HOT in new home and renovation market.

DTV in Canada

Canadian Roll Out:

- OTA receivers ... Cable receivers ... And DTH receivers ... WHERE ARE THEY?
- Virtually all digital HD product being displayed on DTH and Cable is US originated (HD offering from TMN excepted)
- Little or no Canadian HD product (produced for the Canadian market) is being shot or commissioned

DTV in Canada

Canadian Roll Out:

- Spectrum Allotments are in place
- Licensing framework put forward in June 2002
- Distribution Framework expected March 2003 (must carry?)
- Broadcasters are now placing digital transition on their future business plans
- Manufacturers DTV/HDTV products in stores

DTV in Canada

What are the issues:

- Transitional costs
- Equipment costs
- Canadian content
- What is the right business plan?

DTV in Canada

Why is content key?

- The viewer/consumer expects high quality digital content that is comparable to American product when they pay the large premium for a High Definition display unit.
- Without Canadian content in HD Canadian program libraries will suffer and the production community will face difficult challenges because of short shelf life for non HD or wide screen programming.

DTV in Canada

Why is content key?

- While Canada produces a lot of content for the US market it does not spend the same money or technical commitment for Canadian HD product, thus less “Canadian Programming” is available internationally.

DTV in Canada

What is required to improve content availability?

- Education for the production community (at their recent annual meeting not one session was devoted to wide screen/HD production)
- Production fund incentives for HD/wide screen program proposals

DTV in Canada

What is required to improve content availability?

- Commissioning of HD/wide screen programs by broadcasters (even if down converted to 4 by 3 analog release)
- Creating a business model that shows the benefits.
- A recognition that electronic production can enhance the programs value.

DTV in Canada

What is the Business Plan?

- Production, editing and master control and transmission all moving to digital equipment
- Operating costs for digital are cheaper than their analogue counterparts eg. Film vs. HDCam (35 mm \$70.16 per minute vs. \$1.60 per minute for HDCam)
- Potential new revenue with value-added enhancements to advertising and data applications

DTV in Canada

BUT, NO OTHER BUSINESS CASE FOR THE CANADIAN TRANSITION WILL PERSUADE BROADCASTERS TO BEGIN OTHER THAN LOSING EYEBALLS TO US SERVICES ... AND BY THEN CANADA IS IN A CATCH UP SITUATION.

The Canadian DTV Transition - Today & Tomorrow

CDTV over the next year will assist the broadcast community to get ready for prime time DTV/HDTV

1. Hands-on operational training for DTV/HDTV production, editing and distribution.
2. Continue to be deeply involved in the implementation of DTV/HDTV licensing and distribution regulations.
3. Close working relationship with Set manufacturers and Retailers to get the DTV/HDTV story to consumers, emphasizing Canadian services

The Canadian DTV Transition - Today & Tomorrow

CDTV over the next year will assist the broadcast community to get ready for prime time DTV/HDTV

4. Continued participation with ATSC moving from transmission issues to DATA Application.
5. Special Task Forces on:
 - Distribution capacity issues
 - Rights issues for HDTV programming

The Canadian DTV Transition - Today & Tomorrow

CDTV over the next year will assist the broadcast community to get ready for prime time DTV/HDTV

6. By representing the industry to the public concerning DTV/HDTV Transition issues
 - Communication plan is being developed with targeted audiences and markets

Canadian Digital Television



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