Quick-start, Long-play Internet Television Arrives with Zattoo P2P IPTV

Zattoo to stream World Cup Soccer as part of Swiss channel lineup in June 2006; Free offering to be expanded to 60 major channels in July 2006

New York and San Francisco, May 24, 2006 – To date, television on the Internet hasn’t been like television at all; video streams tend to skip, stutter and break, image quality is low, and very little content is live. That’s about to change. Making its worldwide debut at Streaming Media East in New York City, Zattoo today unveiled a groundbreaking new peer-to-peer IPTV service that makes live, quick-start, long-play Internet Television a reality for broadband users, broadcasters, content owners and advertisers.

The first Zattoo P2P IPTV broadcasts begin in Switzerland with the availability of every action-packed minute of the 2006 soccer world championship (known globally as the FIFA World Cup™), streamed live to Swiss viewers starting with the first match in June and culminating with the championship match on July 9, 2006.

“Advances in broadband, video compression, and multicast streaming technology are rapidly lowering the technical hurdles for Internet and television to merge on a PC. However, there is still the matter of cost. Our streaming network solves that problem by reducing broadcasters’ costs by a factor of ten, making it compelling for them to switch to our technology and broaden their service offering,” said Sugih Jamin, CTO and co-founder of Zattoo. “Also, Zattoo’s proprietary P2P streaming technology ensures a video delivery and smoothness that has until now been impossible to achieve.”

Developed by leading researchers and software engineers from University of Michigan (Ann Arbor), Zattoo offers a DRM-secure, commercial peer-to-peer network optimized for streaming video that is uniquely capable of serving the needs of consumers, broadcasters, content owners and advertisers.

- **Consumers** are able to watch an array of major television channels in one browser, find specialty content often not available elsewhere and achieve portability and privacy unique to the personal computer
- **Broadcasters** achieve improved targeting with a 10X increase in audience scalability and vastly reduced streaming infrastructure costs
- **Content owners** are assured against piracy because no part of the encrypted video stream is stored on the network, and because Zattoo’s P2P technology allows for geographic targeting of users
- **Advertisers** benefit from Zattoo’s closed-loop model, which combines the best attributes of web-based (banner and targeted-text) advertising methods with the proven effectiveness of TV-style video spots
“End users are tired of islands of content. They want a single place to go where they can switch channels as easily as pressing channel up and down on their current TV remote,” said Beat Knecht, CEO and co-founder of Zattoo. “Zattoo offers such a single point of access to the widest variety of content, delivered with the highest possible quality and reliability. Users may watch news at work, educational programs at school, or movies in the privacy of their room, all without set top box, as long as they have broadband access.”

Consumers
Zattoo addresses the unique demands and offers specific benefits to all four types of television viewers: loyals, passive absorbers, active selectors and ad-hoc surfers.
- Loyals always tune in to the same channel or show, and want a simple, reliable way to access their favorite content
- Passive absorbers expect to find something interesting whenever they tune in, and do not like having to make choices every few minutes; often, they engage in “media-multitasking,” where they switch on the fly between TV watching and writing email or other online activities
- Active selectors invest time in finding out what they want to watch, so their implied valuation of the content is higher; active selectors therefore expect a high-quality viewing experience
- Ad-hoc surfers enjoy a wide variety of content, frequently switch channels in search of something “more interesting,” valuing variety of content and channel-switching speed

Broadcasters
Zattoo provides six specific benefits to broadcasters: increased stickiness, improved targeting, archive leverage, cost-effectiveness, better scalability and greater reliability.
- Zattoo enriches the user experience by integrating compelling multimedia elements, thus making the Zattoo experience stickier than traditional TV
- With the flexibility of Zattoo, broadcasters will improve targeting of content because they will have no limitation on the number of channels they can build
- Zattoo also allows for the creation of special archive channels, opening the opportunity to leverage large archives of content popular with particular audiences
- Zattoo increases cost-effectiveness by shifting network and server costs to viewers with peer-to-peer technology; every user re-transmits the stream to one (or more) other user
- Broadcasters will achieve greater scalability because every new user added to the network will be partially served by peer viewers and will also act as a second-tier server for other peers; the cost of adding new viewers will remain consistently low no matter how many new viewers join a stream
- With every peer serving partial streams, delivery becomes more reliable because when a peer-serving a stream goes down, another peer watching the same stream can take over his place and serve that stream to whomever the first peer was serving
**Content owners**
Zattoo provides a completely legal, DRM-secure platform from which content owners may reach users without fear of piracy because Zattoo ensures that:
- Streams are protected by encryption
- Streams cannot be copied as no copy of the stream is stored on the network
- Streams cannot be retransmitted as sources would not be authenticated

**Advertisers**
Zattoo enables advertisers to leverage the most successful Web-based advertising methods in combination with the best attributes of broadcast television “spots” by supporting banner ads, targeted text ads and video clips. There are three major benefits with using these formats:
- Each method provides a known and understood value proposition
- Advertisers understand the inherent strengths and weaknesses of each and can make an educated investment to reach specific audiences
- Existing advertisements can be sourced from ad specialists and integrated without modification, leveraging de facto industry standards

Following the June 2006 launch, Zattoo will unveil its P2P IPTV offerings throughout Europe and eventually also in Asia. Later, events such as sports, fashion, or music will be streamed in North America based on the proven success in Europe.

**About Zattoo:**
Zattoo acquires, transports and presents quick-start, long-play streaming video in one browser for all channels for broadband users anywhere. Zattoo is the only provider of P2P IPTV that provides users with diverse and desired content of the highest possible video quality in one browser, while dramatically reducing cost and increasing reach for broadcasters, and enabling advertisers to leverage the best aspects of both web-based and traditional television advertising methods. Zattoo partners with broadcasters and advertisers to serve consumers with a wide selection of content from various sources in one, easy-to-use web interface. Zattoo is built around a state-of-the-art peer-to-peer streaming platform developed by leading technologists at the University of Michigan, Ann Arbor. Zattoo is based in San Francisco, CA, and maintains offices in Ann Arbor, MI and Zurich, Switzerland.

For further information, please visit www.zattoo.com.

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