



THE VOICE OF BROADBAND

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The next issue will be published on March 15, 2006.

Industry News

North American Broadband Subscribers Reach 51.5 Million

Broadband subscriber net additions maintained momentum in 4Q05, as operators added more than 3 million new subscribers. Total North American broadband subscribers reached 51.5 million, a 27 percent increase over 2004. DSL subscribers represented 22.8 million, cable broadband was 27.9 million, and 0.755 million were in the other category.

Other Highlights include the following:

- ▶ DSL net adds edge cable for fifth straight quarter, but Cable still leads with 54%
- ▶ North American VoBB Subscribers grow more than 1 million to reach nearly 4.6 million
- ▶ Cable VoBB represents 56 percent of total North American VoBB subscribers
- ▶ Broadband penetration is 38% of U.S. households, 58% of Canadian households

Top Ten North American Broadband Operators	
Operator	Broadband Subscribers (000s)
Comcast	8,520
at&t	6,921
Verizon	4,919
TWC	4,822
Cox	2,985
BellSouth	2,881
Charter	2,196
Bell Canada	2,195
Cablevision	1,694
Adelphia	1,619
Total Top 10	38,752
Total IOC	2,542
Total North America	51,485

Source: broadbandtrends.com

Virginia, Indiana Pass New Cable Franchise Legislation

Telcos received new incentives to enter the video market, as both Virginia and Indiana passed legislation which changes the rules for cable franchise agreements. Indiana 's was more generous than Virginia, establishing the Indiana Regulatory Utility Commission as the sole franchising authority. Additionally, it allows the holder of a local franchise on June 30, 2006, to: (1) continue providing service under the local franchise until the local franchise expires; or (2) terminate the local franchise and apply to the IURC for a state issued franchise. Finally it prohibits the IURC from requiring a provider to satisfy any build-out requirements.

In Virginia, they big change was mandating that municipalities must make a decision on a franchise application within 75 days. Although there was a slight comprise in build out requirements, Virginia law will still require new cable operators to cover 65% of a locality within seven years, and allows local government units to require 80% coverage at a later date.

Accenture Survey Says Consumers are confused by IP-TV

Accenture surveyed 6,030 consumers in six countries: the United States, United Kingdom, France, Spain, Italy, Germany and Spain to determine their understanding of IP-TV. Nearly half (46 percent) did not understand the term, which is not surprising considering no operator actually markets their service as "IP-TV". The more important aspects of the survey were related to how consumers would make television better. The top 2 responses were: "have access to more movies" (30 percent) and "create own channel to watch programs whenever they want (26 percent).

Japan Breaks through 10 Million VoBB Subscriber Mark; FTTP Subscribers Stand at 4.6 Million

Japan broke through the 10 million mark for Voice over Broadband Subscribers during 4Q05, reaching 10.6 million at the end of 2005. Japan's VoBB penetration now stands at 47 percent of broadband subscribers. Japan's VoBB subscribers have grown 35 percent over the last 12 months. For the quarter ending December 31, 2005, DSL net additions continue to decline as subscribers switch to FTTH in record numbers. Japan experienced its strongest quarter ever for FTTP, adding nearly 700K subscribers to reach 4.6 million during 4Q05, a 17 percent increase over 3Q05. Total broadband subscribers are now at 22.4 million.

Research Highlights

Become a Client! Clients get full access to our research and data as well as unlimited access to our analysts. For more information please visit: <http://www.broadbandtrends.com/services.htm>

Broadbandtrends.com Publishes Global Annual MSAP/DLC Market Share Report

Broadbandtrends.com recently published their annual MSAP/DLC Market Share Report. Major report highlights include the following:

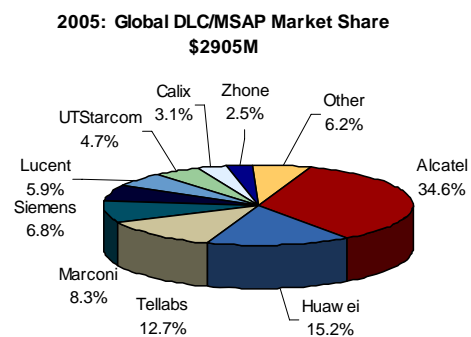
- ▶ Global MSAP/DLC market grew by 11 percent to reach \$2.9 billion in 2005
- ▶ Alcatel Leads In Global MSAP/DLC Revenue
- ▶ Huawei leads in global port shipments (DS0 + DSL)
- ▶ DSL ports shipped from MSAPs/DLC grew 39 percent to reach 8.7 million in 2005
- ▶ Total ports shipped (DSL + DS0) grew by 20 percent to reach 34.1 million in 2005
- ▶ Marconi leads in the DSL port shipment category

The Global MSAP/DLC Market experienced strong growth during 2005, as global operators leveraged the broadband capabilities of these platforms to offer DSL services, while demand for Plain Old Telephone Service (POTS) remained robust in emerging countries.

For the full year, the EMEA region led in DSL port shipments (44 percent), while Asia Pacific led in DS0 port shipments (56 percent). North America led in revenue at 39 percent.

In both EMEA and North America, nearly one-half of all port shipments were DSL, versus Asia Pacific and CALA, where the majority of port shipments are DS0.

Figure 1: Global MSAP/DLC by Vendor, 2005



Source: broadbandtrends.com

This 12-page report contains (7) Figures, (9) Tables and an extensive spreadsheet with vendor detail by region for both port shipments and revenue. For more information on this report, please contact us at sales@broadbandtrends.com.

Upcoming reports include the following:

- ▶ 4Q05 Broadbandtrends Report: Global Broadband Subscribers by Region
- ▶ IPTV Report: Home Networking
- ▶ Global Broadband Subscriber Market Forecast Update

Please visit the reports section for further information: <http://www.broadbandtrends.com/Reports.htm>. For pricing information, executive summaries and table of contents, please contact us.

Service Provider News Highlights (February 17, 2006 to March 2, 2006)

A full listing of news articles is available at http://www.broadbandtrends.com/news_archives.htm

- Vonage Crosses the 1.5M subscribers mark (3/01/2006)
- Starz and HP Partner to Market Vongo Service (3/01/2006)
- Verizon provides guidance on FTTP Costs & Targets (02/28/2006)
- TDC Launches Broadband Telephony (02/28/2006)
- Telstra launches Video on Demand over Broadband (02/22/2006)
- Earthlink Partners with both DIRECTV and EchoStar (02/20/2006)
- ITVN Launches IP-TV Music Video Network (02/17/2006)
- Vonage says most of its customers now have 911 access (02/17/2006)

Vendor News Highlights (February 17, 2006 to March 2, 2006)

A full listing of news articles is available at http://www.broadbandtrends.com/news_archives.htm

- OKI Selects Entropic for Broadband Media Route (BBMR) (03/02/2006)
- MoCA interest accelerates as Entropic ships 500,000th Chip Set (03/01/2006)
- Japan Telecom Selects Sonus for Next-Generation Voice Network (02/28/2006)
- Shanghai Telecom selects TANDBERG for MPEG-4 IP-TV (02/28/2006)
- Cisco to OEM TAZZ Networks Policy Control Solutions (02/27/2006)
- NETGEAR to offer Powerline CPE (02/22/2006)
- Calix introduces new family of GPON ONTs (02/21/2006)

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