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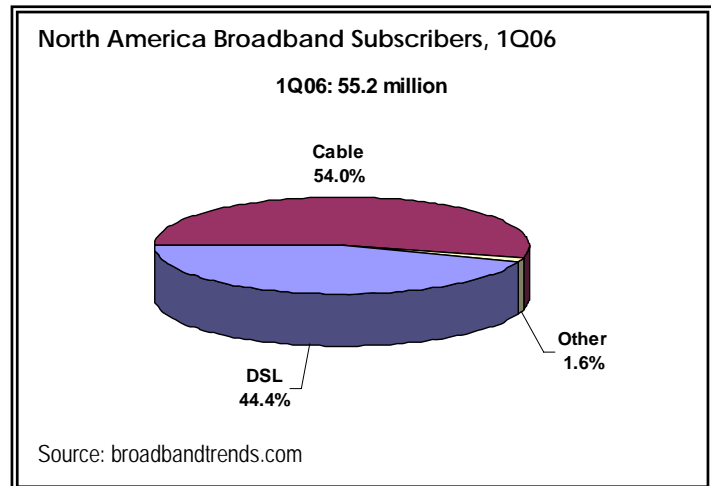
Editor: Teresa Mastrangelo

Industry News

North American Broadband Experiences Strongest Growth on Record

North American broadband service providers added more than 3.6 million subscribers during 1Q06, representing the strongest quarter on record. Total broadband subscribers now exceed 55 million.

Although DSL net additions continue to grow slightly faster than cable modem, both segments of the market were robust and record setting. DSL operators continue to benefit from lower prices, while cable operators are seeing positive results associated with product bundling.



State of Connecticut issues Landmark Decision: IPTV is Not CATV

On Friday May 5, 2006, the Department of Public Utility for the State of Connecticut issued a draft decision which concluded that AT&T-Connecticut has satisfactorily demonstrated, from a regulatory perspective, that its planned Internet Protocol-based video product is distinguishable from cable television service. In short, the DPUC found that SBC's planned IPTV service is merely another form of data stream transmitted like data over the Internet, and as such it is not subject to legacy cable franchising requirements.

1Q06 DSL Port Shipments Remain Robust

Preliminary data indicates that DSL port shipment for the first quarter of 2006, are likely to match or perhaps exceed the previous quarter's record setting levels. The Top 3 Vendors for 1Q06 are Alcatel, Huawei and Siemens.

Busy Year for U.S. Telecom Regulation: Cable Franchise Reform Tops the List

Two prominent bills for sweeping telecom reform have recently been introduced in Congress. They are S.2682, the Communications, Consumer's Choice, and Broadband Deployment Act of 2006 introduced by Senate Commerce Committee Chairman Ted Stevens and H.R. 5252, the Communications Opportunity, Promotion and Enhancement Act of 2006 (COPE), introduced by Representative Joe Barton. At the heart of both bills is cable franchise reform, but both bills address a variety of topics including network neutrality, Internet Telephone Service (VoIP) & Emergency Services (911) and municipal broadband networks.

Broadband over Powerline Gets a Boost: CURRENT Raises \$130 Million

CURRENT Communications Group, LLC announced \$130 million in equity investments from new and existing investors to accelerate the deployment of BPL-enabled "Smart Grid" electric utility networks and alternative broadband communication services. New investors included General Electric; EarthLink, and Sensus Metering Systems Ltd.

AT&T Enhances its Broadband Service; Readies HomeZone Product: Expands Service Offering

AT&T has been staying busy during 2006 as it continues to enhance its broadband service with the addition of new features and capabilities. Recent announcements include the introduction of its Elite Service, offering downstream speeds between 3.0 Mbps and 6.0 Mbps and upstream speeds of 384 Kbps up to 768 Kbps; the availability of Vongo and TotalVid.com Internet movie-delivery service as well as the introduction of co-branded version of Yahoo! Messenger with Voice offering low-cost PC-to-PC, PC-to-Phone and Phone-to PC VoIP calls.

In addition, AT&T announced it would offer Akimbo video-on-demand service to subscribers of AT&T's Homezone TV service, scheduled to launch later this summer. Finally, AT&T announced it would expand the availability of its broadband services using Satellite, Fixed Wireless and WiMax.

CableLabs Issues Specifications for Advanced IP Services Platform

CableLabs has issued the specifications for PacketCable 2.0, which is based on Release 6 of the IP Multimedia Subsystem (IMS) as developed by the 3rd Generation Partnership Project (3GPP). PacketCable defines enhancements to the IMS in order to ensure PacketCable addresses requirements that are not already addressed by the IMS. The new specification address Enhanced Residential VoIP and IP Video Communications; Cross Platform Feature Integration; Mobility services and Integration with Cellular and Wireless Networks; Multimedia Applications; Commercial Services Extensions; and Residential SIP Telephony Extensions. The specifications define, in detail, the communication interface requirements necessary for equipment manufacturers to develop interoperable products. This release covers areas such as existing standards-based SIP (Session Initiation Protocol), security, quality of service, network address translation (NAT) & firewall traversal, and device provisioning.

Mergers, Acquisitions, Funding

- Mpower Acquired by TelePacific (05/05/2006)
- Amedia Networks Raises \$10 million (05/05/2006)
- Level 3 Acquires TelCove (05/01/2006)
- Clearwire Acquires Winbeam (04/20/2006)
- Widevine Picks up \$16M, Cisco and TELUS invest (04/19/2006)
- Comverse buys Netcentrex for \$164M (04/10/2006)
- Aperto Networks Raises \$26 Million In Series E Financing (04/10/2006)
- CopperCom Acquires Switchmaxx for Value Added Services (04/10/2006)

Research Highlights

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Recently published research includes the following:

► **Research Note:** *"2006 Proving to be a busy year for U.S. Telecom Regulation"*

Published May 9, 2006

► **Research Note:** *"Connecticut Rules IPTV as an Information Service – NOT CATV"*

Published May 7, 2006

► **Research Note:** *"Huawei Analyst Conference: Impressive At All Levels"*

Published April 13, 2006

Upcoming reports include the following:

- ▶ 1Q06 Global Broadband Subscriber Update
- ▶ 1Q06 DSLAM Market Share Report
- ▶ Global DSL Port Shipment Forecast

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 (April 6, 2006 to May 8, 2006)

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

- Vonage rewards its customers with Stock Options (05/08/2006)
- AOL and Clearwire Partner for Wireless Broadband (05/04/2006)
- KPN Launches IPTV Service (05/03/2006)
- Iowa Telecom Partners with EchoStar (05/02/2006)
- Verizon increases FiOS Speeds in Selected Markets (05/01/2006)
- DT's VDSL network in Trial; IPTV to Launch in 2H06 (04/28/2006)
- CompUSA to Offer Packet 8 Services for SMBs (04/27/2006)
- France Telecom to Launch HD IPTV in June (04/27/2006)
- TiVo Introduces Dual Tuner Product (04/25/2006)
- XO Launches Nextlink for Broadband Wireless Services (04/24/2006)
- UPC hits one million telephony customers in Europe (04/19/2006)
- Chunghwa to Replace PSTN with NGN (04/13/2006)
- DISH Network Introduces Money-Back Guarantee (04/13/2006)
- Sprint Expands Reach of Wireline Cable Business; Hits 1M Mark (04/11/2006)
- Birch Telecom partners with Covad for Voice over DSL Services (04/11/2006)
- VALOR/Alltel becomes Windstream (04/10/2006)
- Clearwire adds Voice Service to its portfolio (04/10/2006)
- Comcast To Sell its Services at WalMart (04/10/2006)

Vendor News Highlights (April 6, 2006 to May 8, 2006)

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

- Telcordia Helps Drive Multivendor Interoperability for GPON (05/08/2006)
- Siemens to Resell Bridgeport for IMS Applications (05/05/2006)
- Huawei bags another large UK operator for MSAN (05/03/2006)
- Teknovus Hits Milestone (05/03/2006)
- Siemens and Time Warner Demonstrate IMS (05/02/2006)
- MoCA Adds Three Silicon Vendors (05/02/2006)
- Imagine Communications Launches PersonalizedTV Platform (05/01/2006)
- Siemens and Widevine Partner for Content Protection (04/24/2006)
- Lucent to Resell World Wide Packets; Wins at KPN (04/20/2006)
- UTStarcom/China Netcom Deploy IPTV in Heilongjiang Province (04/20/2006)
- Pirelli Broadband Introduces Dual Mode Phone(04/20/2006)
- Lucent Takes Ownership of Telefonica's IPTV Middleware (04/19/2006)
- Intellon Hits Major Milestone: Over 5M HomePlug ICs Shipped (04/11/2006)
- SA Intros Open Switched Digital Video Capabilities (04/10/2006)
- Motorola introduces Follow-Me TV Capability (04/10/2006)
- ARRIS and UTStarcom partner for FMC Solutions (04/07/2006)
- NEC to offer Mobile WiMAX to U.S. Operators (04/06/2006)
- Motorola launches Cable Canopy (04/06/2006)
- Siemens Brings WayMAX@vantage Solution to U.S. Operators (04/06/2006)

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Thanks for reading this issue of "The Voice of Broadband"!

Next issue will be published on May 31, 2006.