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Industry News

Another Record Year and Quarter for DSL Port Shipments

Broadbandtrends recently published its quarterly DSL market share report and found that DSL port shipments surged in the final quarter of 2006 by 11 percent to reach 23.7 million, driven largely by network upgrade activity. For the full year, DSL port shipments reached 89 million, an 18 percent increase over 2005. Other Highlights include:

- ▶ DSL Port shipments grew 11 percent quarter-over-quarter to reach 23.7 million in 4Q06
- ▶ Full Year DSL port shipments grew 18 percent year-over-year to reach 89 million in 2006
- ▶ ZTE climbs into the Top 3 behind Alcatel-Lucent and Huawei
- ▶ IP-DSL Port Shipments grew 6.6 percent over 3Q06 to reach 11.6 million in 4Q06
- ▶ IP-DSL Ports represented 49 percent of total DSL ports in both 4Q06 and for full year 2006
- ▶ Huawei is the market leader for IP-DSLAM, followed by Alcatel and ZTE
- ▶ MSAP/BLC platforms contributed 18 percent of total DSL ports in 4Q06 and 14 percent for 2006
- ▶ Cumulative Port Shipments through 2006 reached 320 million

Top Five DSL Vendors by Region, 2006

Global	Asia Pacific	CALA	EMEA	North America
Alcatel-Lucent	Huawei	Alcatel-Lucent	Alcatel-Lucent	Alcatel-Lucent
Huawei	ZTE	Huawei	Ericsson	Adtran
ZTE	Alcatel-Lucent	ZTE	Siemens	Tellabs
Ericsson	NEC	Ericsson	Huawei	Calix
Siemens	ZyXEL	Zhone	ECI Telecom	Zhone

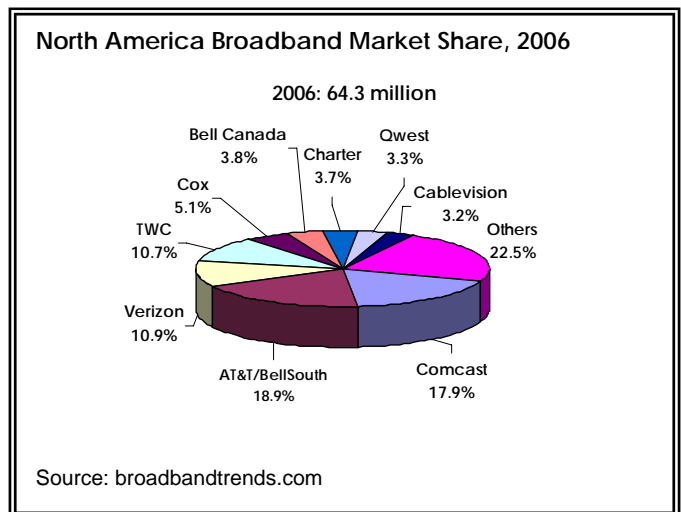
Source: broadbandtrends.com

North American Broadband Subscribers Reach 64.3 Million

After a strong rebound in 3Q06, broadband subscriber net additions declined 15 percent during 4Q06 to reach 2.94 million. Total North American broadband subscribers reached 64.3 million, a 5 percent increase over 3Q06 and a 24 percent increase over 4Q05. DSL subscribers represented 45 percent of total subscribers; cable broadband was 52 percent and the "other" category was 3 percent.

Other Highlights include the following:

- ▶ At the end of 2006, there were 1.071 million FTTH subscribers
- ▶ RBOCs serve 38 percent of US Total
- ▶ North America VoBB reached 10.7 million
- ▶ Cable VoBB represents 71 percent of North America VoBB subscribers
- ▶ Broadband penetration is 48% of U.S. households, 65% of Canadian households



MSAP/DLC Equipment Market Maintains Momentum in 2006

Broadbandtrends recently published its annual MSAP/DLC market share report and found that the Global MSAP/DLC Market remained robust through the second half of 2006, as global operators continued to deploy multi-service access platforms for the delivery of voice and data services as a key enabler of network transformation projects. Global MSAP/DLC revenue reached \$3.074 billion, a two percent increase over 2005. Highlights included:

- ▶ Global MSAP/DLC port shipments grew by 5 percent to reach 36.7 million in 2006
- ▶ Alcatel-Lucent maintains its number one position based on global revenue
- ▶ Huawei leads in global port shipments
- ▶ DSL ports shipped from MSAPs/DLC grew 45 percent to reach 12.8 million in 2006
- ▶ DS0 ports shipped from MSAPs/DLC declined 8 percent to reach 23.9 million in 2006
- ▶ Huawei is the market leader for both overall and DS0-only port shipments
- ▶ Ericsson leads in the DSL port shipment category

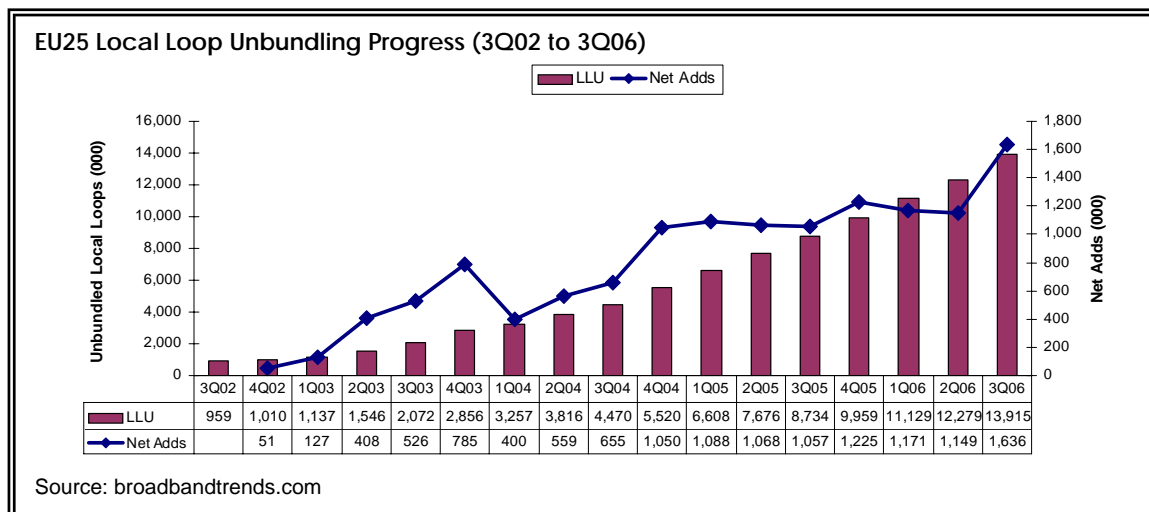
Market Leader Summary by Total Revenue, 2006

Global	Asia Pacific	CALA	EMEA	North America
Alcatel-Lucent	Huawei	Alcatel-Lucent	Ericsson	Alcatel-Lucent
Huawei	Alcatel-Lucent	Zhone	Alcatel-Lucent	Tellabs
Tellabs	UTStarcom	Huawei	Huawei	Calix
Ericsson	ZTE	Teledata	Siemens	Occam
Calix	Ericsson	Siemens	Zhone	Zhone

Source: broadbandtrends.com

European Local Loop Unbundling – Accelerating Momentum

The European Competitive Telecommunications Association (ECTA) issued its most recent broadband scorecard, which provides information on local loop unbundling across the European Union. At the end of 3Q06, there were 13.95 million unbundled local loops, an increase of 25 percent since 1Q06. Total unbundled local loops include 9.4 million fully unbundled loops and 4.4 million shared access loops. Total unbundled local loops represent 7.8 percent of total access lines, up from 5.9 percent in 1Q06. Three countries: Germany, France and Italy, accounted for 72 percent of all unbundled loops.



Euro FTTH Council Annual Meeting: Progress Remains Slow

The Euro FTTH Council held its fourth annual meeting in Barcelona, Spain, February 7-8, with record attendance at more than 1,200 participants; 50 percent growth over 2006. Despite this increasing interest, progress related to the actual deployment of FTTH remains slow within EMEA. Debates remain passionate as they relate to PON versus Point-to-Point and Open versus Closed Networks. Additionally, the lack of clarity in the regulatory environment continues to weigh heavily on most Tier 1 operators and their FTTH direction. While growth in city networks is strong, particularly in the Netherlands and Sweden; it is France that is positioning to become the largest FTTH country in Europe with aggressive plans by both the incumbent, France Telecom, as well as its two leading alternative operators, Free and Neuf-Cegetel. It is the hope of the council and of many participants that aggressive deployments in France will act as the catalyst for wider FTTH activity across EMEA, so that Europe might finally move at the "Speed of Light".

Mergers, Acquisitions, Funding

- Kineto Wireless Raises \$10 Million (February 27, 2007)
- Ericsson announces \$1.4 billion bid for TANDBERG TV Bid (February 26, 2007)
- Cortina Systems Acquires ImmenStar (February 26, 2007)
- Broadview Networks to Acquire InfoHighway Communications (February 26, 2007)
- Narad Networks Secures \$10 Million (February 21, 2007)
- Alcatel-Lucent invests in Sequans (February 21, 2007)
- Neuf Cegetel to Acquire Erenis (February 20, 2007)
- Ericsson acquires Entrisphere (February 12, 2007)
- Tango Raises \$25M in Series A Financing (February 6, 2007)

New Reports

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<http://www.broadbandtrends.com/services.htm>

Recently published research includes the following:

▶**Research Note: "North America Broadband Net Additions Slow in 4Q06"**

Published March 5, 2007

▶**Market Share Report: "Global MSAP/DLC Market Maintains Momentum in 2006"**

Published March 2, 2007

▶**Market Share Report: "Another Record Quarter and Year for DSL Port Shipments"**

Published February 20, 2007

▶**Research Note: "Euro FTTH Council Annual Meeting: Progress Remains Slow"**

Published February 20, 2007

▶**European Local Loop Unbundling: 3Q06 Update**

Published February 8, 2007

Next Issue: April 2, 2007

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