REPORT SHOWS 100 MILLION EUROPEANS HAVE BROADBAND ACCESS

Super-speed broadband driven by competitive providers

ECTA calls for open access to fibre to boost broadband speeds and services

Brussels, 01.09.08 – Europe now has over 100 million broadband subscribers according to the latest Broadband Scorecard released today by ECTA. The results of its twice-yearly survey also show that altnets, or competitive providers, and not the large incumbents which own much of the telecom infrastructure, are leading in provision of super broadband connection speeds above 10Mbits/sec, as well as driving the uptake of high-tech services. Speeds and services have become the next broadband battleground, according to the pro-competition body.

In Sweden, the leader for super broadband services where one in 10 people subscribe to a super-fast connection, 70% of the high speed services were provided by competitors compared with just 20% by the incumbent. The results are similar for all other countries surveyed.

However, while competitors dominate in offering high broadband speeds, the access lines over which broadband services are provided continue to be controlled predominantly by incumbent operators. Only 18% of broadband services across Europe were supplied via an alternative parallel network to the incumbent – usually cable. The remaining competitive services rely on regulated access to the incumbent network such as local loop unbundling.

Innocenzo Genna, Chairman of ECTA said, “The results show that it is largely competitive providers and not the incumbents who are bringing very high speeds and new services into the market. However, consumers’ choice to switch to an operator offering faster and better services depends on regulators enforcing effective access so that the line can be used by multiple companies and not just the owner of the line. A real concern is that consumers in some cities or even entire countries could find that the choice they have today reduces and speeds stagnate because policy-makers decide that access to fibre networks is not needed.”

Contrary to incumbents’ assertion that competitors can use wireless connections, the ECTA survey suggests that wireline technologies such as DSL and fibre are better adapted than wireless for providing high speeds and bandwidth-hungry applications. Only a few wireless connections were offering more than 2Mbit/s whilst the very high speed services with 10Mbit/s or more were entirely dominated by wireline connections.

The European Parliament debate on access to next generation networks, as well as a number of additional key elements of the Telecoms Framework, will take place on Tues 2 September, the outcome of which ECTA believes will have a considerable influence on how successfully Europe migrates from existing legacy copper network to next generation access networks, including Fibre-to the-home/Fibre-to-the-building.

Genna added, "Policy-makers need to find a balance between ensuring that access is provided so that consumers have a choice and owners of access lines, predominantly incumbent operators, makes a fair return on investment. ECTA is concerned that the debate seems to be swinging too far in favour of the incumbents which have maintained and in several cases even strengthened their share of the retail broadband market in recent years and are typically in a considerably stronger financial position than the smaller competitive providers. If policy-makers do not commit to providing access to VDSL-based networks and fibre lines, or if they over-compensate incumbents, the result will be excessive profits for incumbents, and low speeds and less choice for consumers - a situation that will be nearly impossible to rectify in retrospect."

Key findings of the report

- Broadband lines reached 102m across the EU in Q1 2008 up from 92m in Q3 2007, an 10.2% increase. The number of lines rose 20.9% over the year.
- Nordic countries remained European and world leaders in broadband take-up. In Denmark 36% of the population now subscribes to broadband. Netherlands, Sweden and Finland all had penetrations above 30%. At the other end of the scale take-up in Bulgaria, Romania, Poland and Slovakia was less than 10% of the population.
- Of the countries for which information was available, super-broadband speeds (>10Mbit/s) were most predominant in Sweden (10% of population). 1.5% of the population in Slovenia and Lithuania benefited from ultra high speed services.
- Alternative operators were leaders in super-broadband (>10Mbit/s) and provision of voice over broadband services for nearly all of the countries for which information was available.
- DSL and fibre technologies predominate in the provision of services >10Mbit/s and in lines used for VoB and IPTV. Fixed wireless access is mainly used to offer lower speed services.
- Europe has more than 1.2m fibre access lines. The highest fibre penetration was recorded in Sweden where 5% of the population is served by fibre. Several new member states also have significant fibre penetration particularly Estonia, Lithuania, Slovenia and Slovakia.
- Of the countries for which data was available, IPTV was most developed in Denmark (5% of population), Slovenia and Sweden.
- Incumbent operators maintained their share of the retail broadband market across Europe with 47% of all connections (53% including resale connections) – a figure that has

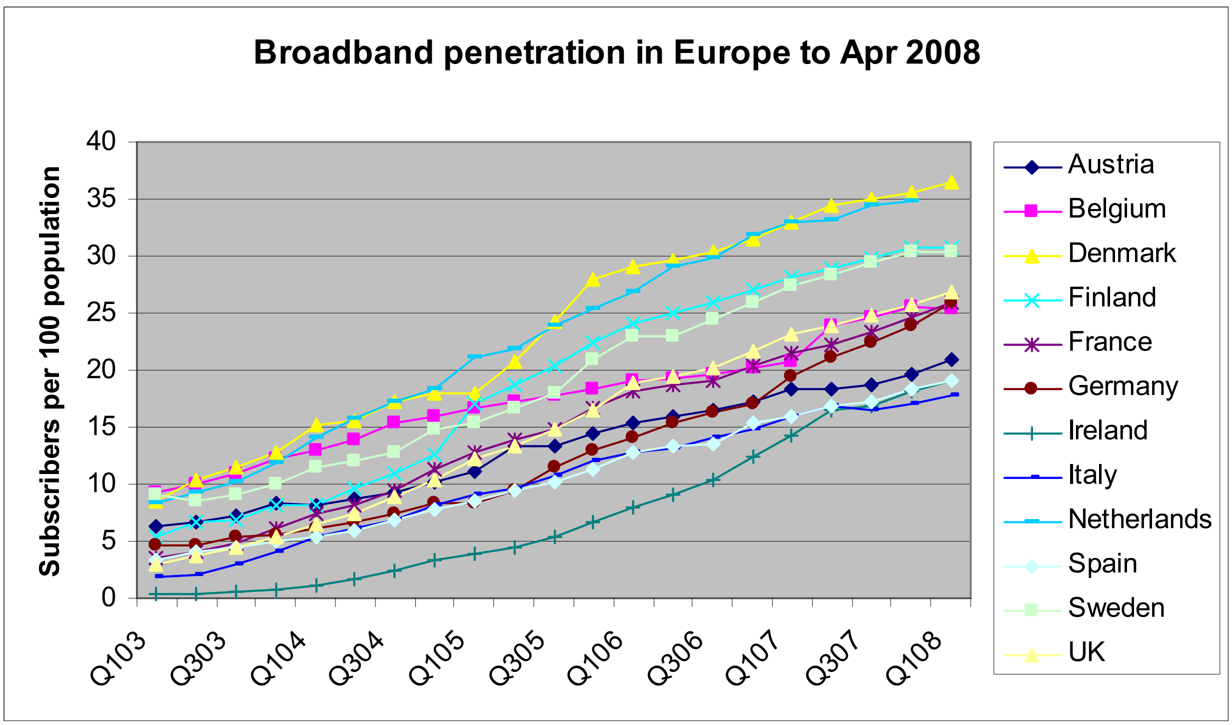
remained static for nearly 2 years. Incumbents strengthened their retail market share in France, Austria, Belgium, Finland, Ireland and Greece.

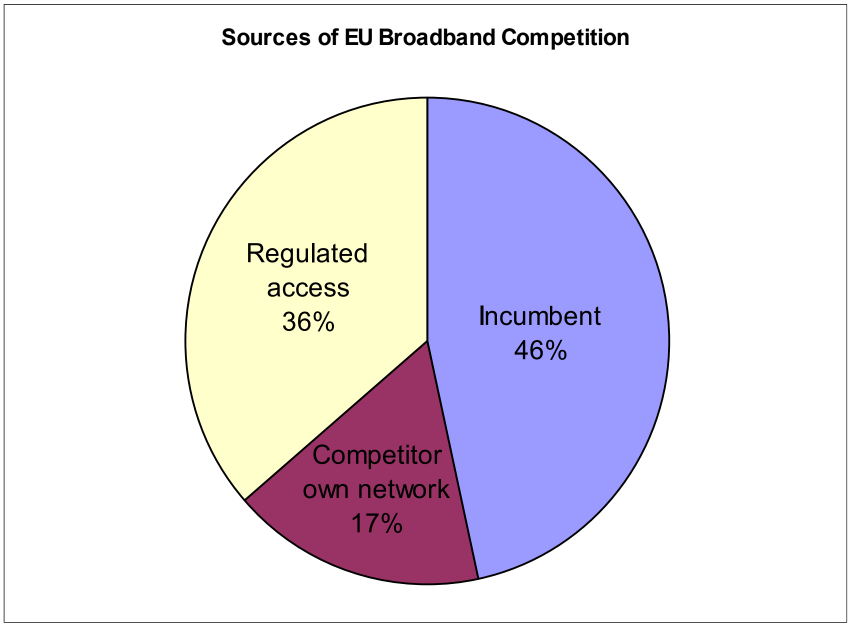
- 82% access network lines used for broadband are controlled by incumbent operators, whilst 18% of competitive lines are provided via alternative parallel infrastructure (mostly cable). The majority of competitive services (34% of the broadband market) were supplied by means of regulated access to the incumbent network such as local loop unbundling.

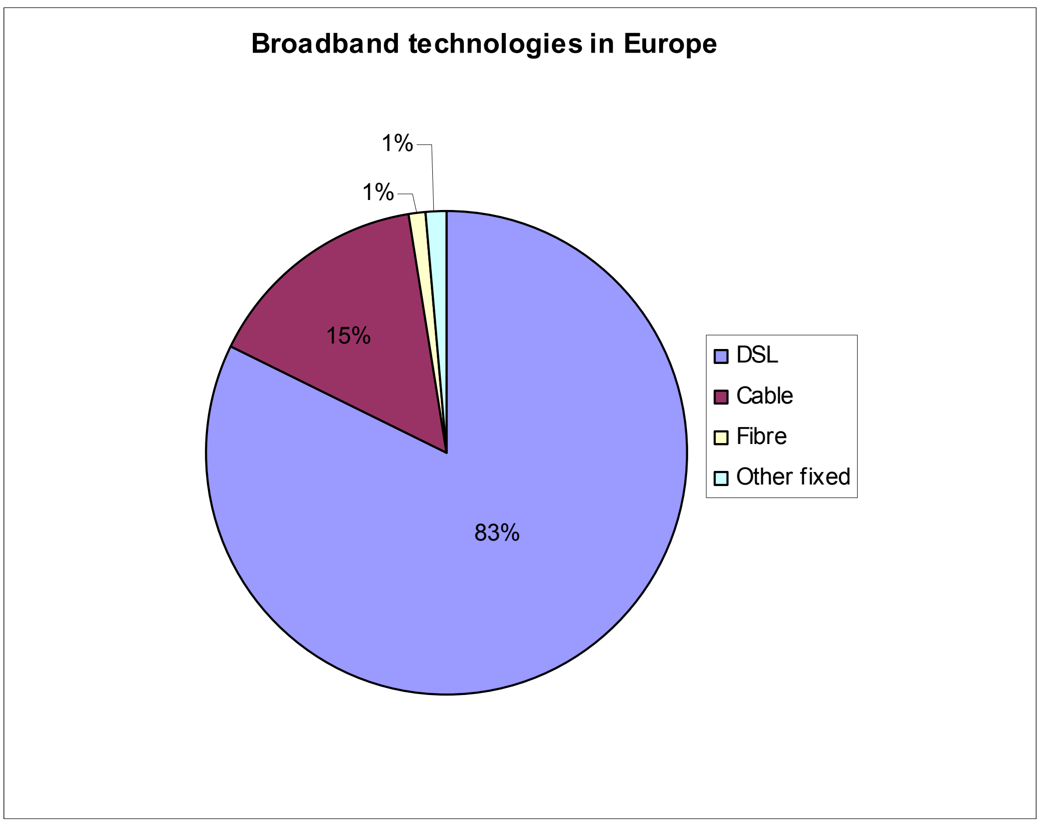
To access the ECTA Broadband Scorecard Q1 2008 please check:

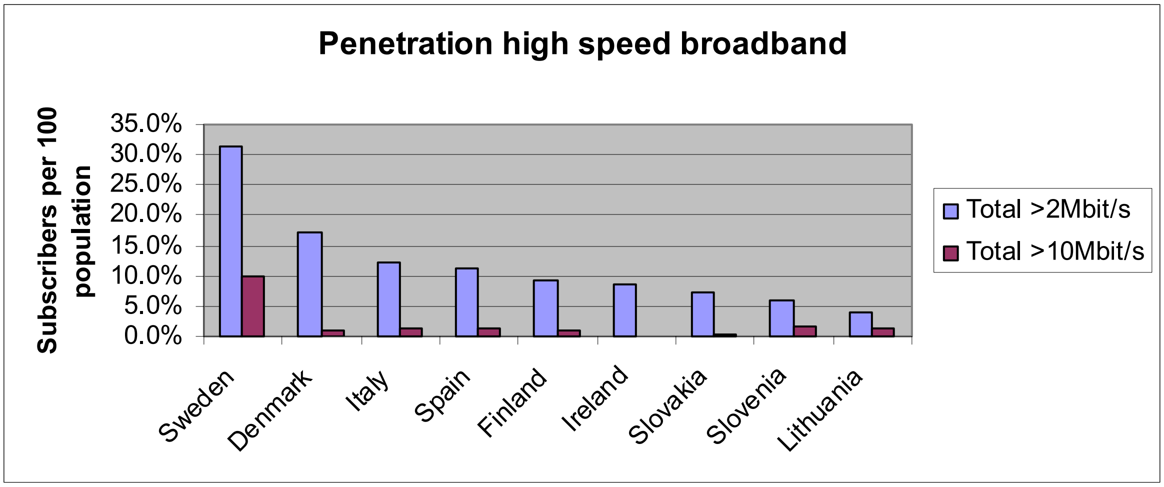
http://www.ectaportal.com/en/basic650.html

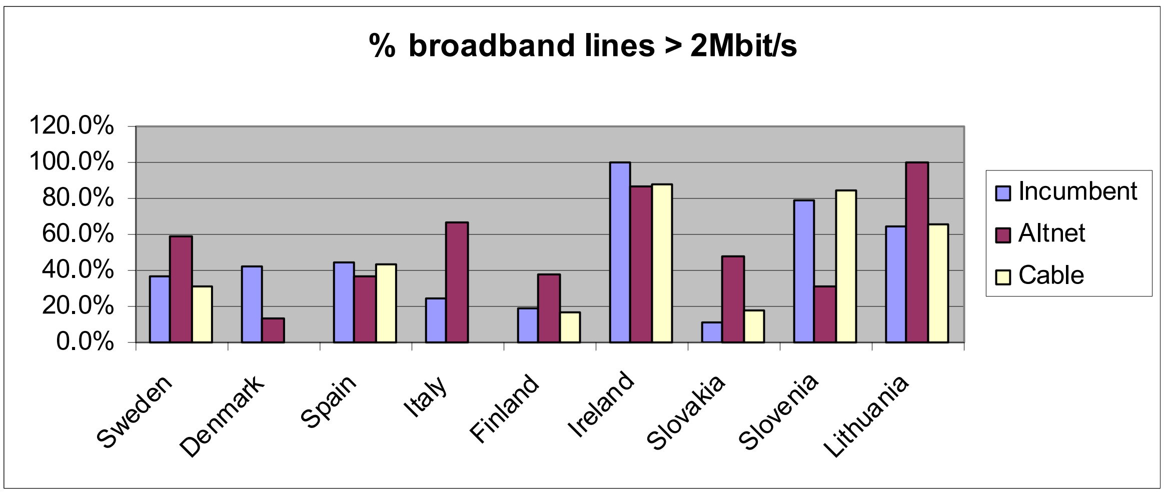
For further information on the detail of the scorecard, please contact Ilsa Godlovitch at + 32 2 227 2718 or by e-mail igodlovitch@ectaportal.com.

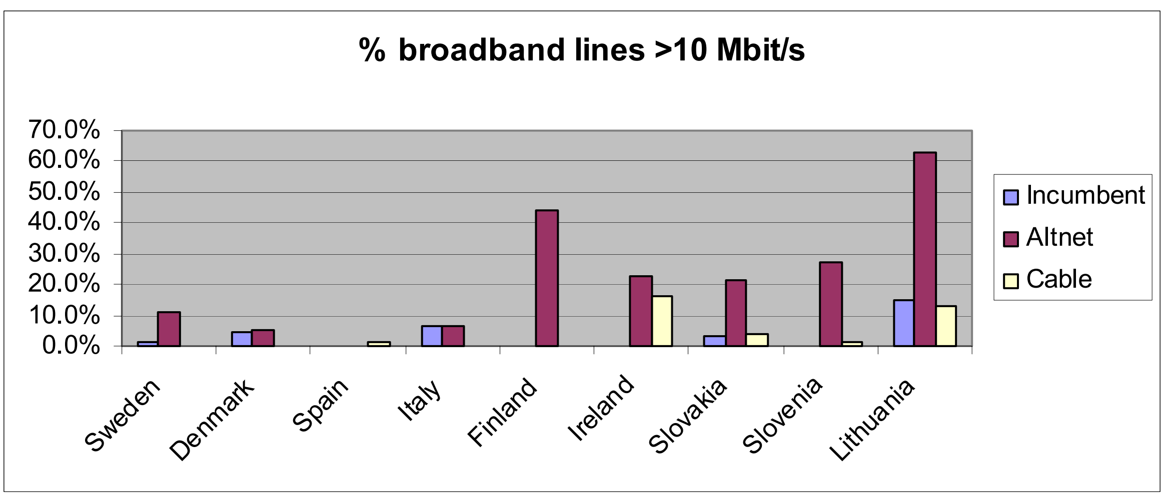



Sources of EU Broadband Competition
Regulated access 36%
Incumbent 46%
Competitor own network 17%


Broadband technologies in Europe
1%
1%
15%
83%
DSL
Cable
Fibre
Other fixed


Penetration high speed broadband
Subscribers per 100 population
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Sweden
Denmark
Italy
Spain
Finland
Ireland
Slovakia
Slovenia
Lithuania
Total >2Mbit/s
Total >10Mbit/s


% broadband lines > 2Mbit/s
120.0%
100.0%
80.0%
60.0%
40.0%
20.0%
0.0%
Sweden
Denmark
Spain
Italy
Finland
Ireland
Slovakia
Slovenia
Lithuania
Incumbent
Altnet
Cable


% broadband lines >10 Mbit/s
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Sweden
Denmark
Spain
Italy
Finland
Ireland
Slovakia
Slovenia
Lithuania
Incumbent
Altnet
Cable