General Overview of FTTx Markets at end 2009 (*)

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World FTTx market

The FTTx market's growth momentum carried on into the second half of 2009, with FTTx customer numbers worldwide rising to 63 million, which marks a more than 16% increase in six months. But beyond these figures that reflect the current situation, there have been several announcements from private operators and governments that have confirmed the interest in very high-speed access in most parts of the world.

Table 1 - FTTx subscribers by geographical area at the end of 2009

<table>
<tr><th></th><th>FTTH/B</th><th>VDSL</th><th>FTTLA</th><th>FTTx+LAN</th><th>Total FTTx</th><th>Total Broadband (*)</th></tr>
<tr><td>Western Europe</td><td>2 048 900</td><td>1 733 200</td><td>31 000</td><td>0</td><td>3 813 100</td><td rowspan="2">150 128 000</td></tr>
<tr><td>Eastern & Central Europe</td><td>3 552 335</td><td>39 850</td><td>0</td><td>180 000</td><td>3 772 185</td></tr>
<tr><td>North America</td><td>5 706 500</td><td>3 200 000</td><td>0</td><td>0</td><td>8 906 500</td><td>100 082 000</td></tr>
<tr><td>Latin America</td><td>5 500</td><td>0</td><td>0</td><td>0</td><td>5 500</td><td>23 351 000</td></tr>
<tr><td>Asia</td><td>29 593 300</td><td>3 500</td><td>0</td><td>17 100 000</td><td>46 696 800</td><td>187 207 000</td></tr>
<tr><td>Middle East & Africa</td><td>173 322</td><td>20 000</td><td>0</td><td>0</td><td>88 322</td><td>11 366 000</td></tr>
<tr><td>TOTAL World</td><td>41 083 357</td><td>4 996 550</td><td>31 000</td><td>17 280 000</td><td>63 285 907</td><td>472 134 000</td></tr>
</table>

(*) Including DSL, cable modem and FTTx subscribers

(*) IDATE has been monitoring the development of Ultra-Broadband since the beginning, notably through an **annual watch service** designed to provide users with data on FTTx markets and rollouts around the globe, along with comprehensive analysis of what is at stake in this growing market: (1) Database: a unique market database that is updated constantly, segmented by country and technology, along with forecasts for the coming months and years; (2) Insights: a brief monthly analysis on an outstanding market issue; (3) Quarterly market update: Technologies, operator strategies, business models, public funding, services delivered over FTTx… (4) Analyst support: hotline, webinars, briefings…
For more information, see: www.idate-research.com

Over the next five years, this is likely to translate into a significant increase in the number of subscribers and homes passed: by the end of 2014, there will be close to 119 million subscribers and 306 million homes passed for FTTH/B around the globe, of which more than half will still be located in Asia and 18% in Western Europe.

Except for Russia moving from 6th place in mid-2009 to 4th place by the end of the year, the top 10 ranking in terms of FTTH/B customer numbers remains unchanged.

Table 2 - Top 10 countries in terms of FTTH/B subscribers at the end of 2009

Rank	*Country*	*FTTH/B subscribers*	*Broadband Subscribers (**)*
1	Japan	17 140 000	31 646 000
2	South Korea	9 228 300	16 348 000
3	USA	5 700 000	80 856 000
4	Russia	3 040 000	12 740 000
5	Taiwan	1 675 000	5 762 000
6	Hong Kong	770 000	2 396 000
7	China (*)	710 000	103 226 000
8	Sweden	537 100	2 949 000
9	Italy	325 000	12 472 000
10	France	308 200	19 686 000

(*) Not included are the roughly 17 million FTTx +LAN subscribers in China.
(**) including DSL, cable modem and FTTx subscribers

Source: IDATE

FTTx market by geographical area

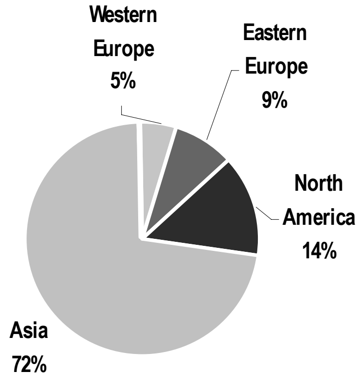
The distribution of FTTH/B subscribers around the globe did not change in the second half of 2009, which means that Asia is still the largest market, followed by North America and Western Europe. There has, however, been significant growth in Eastern Europe which accounted for 9% of the globe's FTTH/B subscribers at the end of the year, compared to 3% in June 2009.

Eastern Europe, which has already pulled ahead of Western Europe, with 3.5 million FTTH/B customers, compared to around 2 million in the west, is forecast to have an even bigger subscriber base than North America starting in 2012. Some countries in that part of the world, such as Lithuania, have a particularly dynamic market and, in addition to swift and vast rollouts, are managing to persuade the eligible households to subscribe to ultra high-speed access offers.

Elsewhere – in Asia, for instance – marketing the services has become operators' primary concern, since coverage rates have already reached the saturation point in the most advanced markets. HKBN in Hong Kong is the operator marketing the most competitively priced offer of anywhere in the world: 1 Gbps for 26 USD a month.

In 2014, 18 countries will have deployed optical fibre networks to more than 50% of homes, which is 10 more than at the end of 2009.

Figure 1 - FTTH/B subscriber distribution around the world at the end of 2009



Source: IDATE

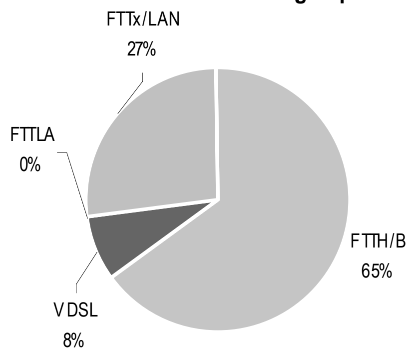
FTTx market by technology

FTTH/B is by far the most widely deployed ultra high-speed architecture as FTTH/B subscribers currently account for close to 65% of all FTTx customers.

Next in line in terms of customer numbers is FTTx+LAN architecture, although this is due chiefly to its massive deployment in China and so is not really reflective of an interest from all operators involved in superfast broadband rollouts around the world.

Meanwhile, VDSL has made real strides, reporting a 53% increase in customers between June and December 2009, although its deployment is expected to slow in the coming months, following recent announcements from several telcos, including Deutsche Telekom and BT, who have stated that they will be focusing chiefly on FTTH/B from now on.

Figure 2 - Global market share of the different ultra high-speed architectures, end of 2009



Source: IDATE