The State of Telecom – 2007

Overview

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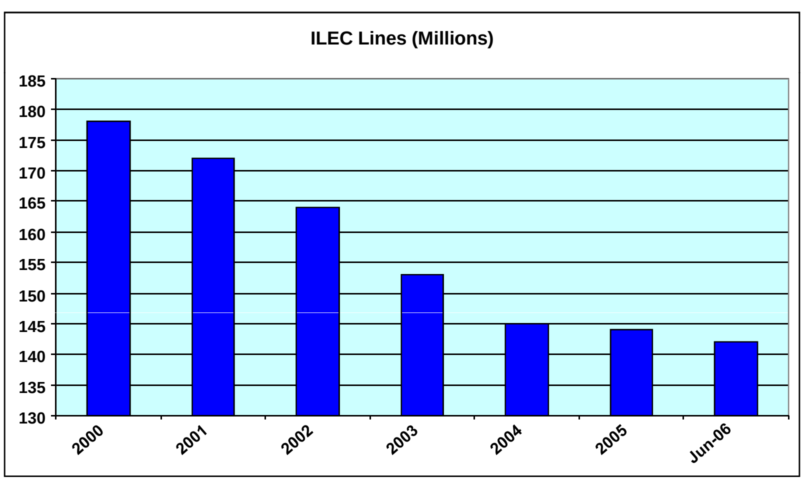
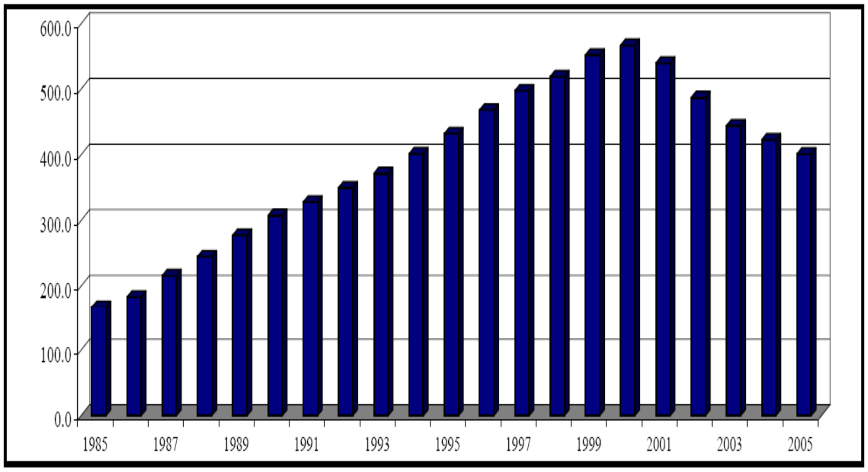
ILECS Are Losing Lines



Source: FCC, Trends in Telephone Service, February 2007

Interstate Switched Access Minutes for ILECs

(Billions of Minutes)



Source: FCC, Trends in Telephone Service 2007, Chart 10.1

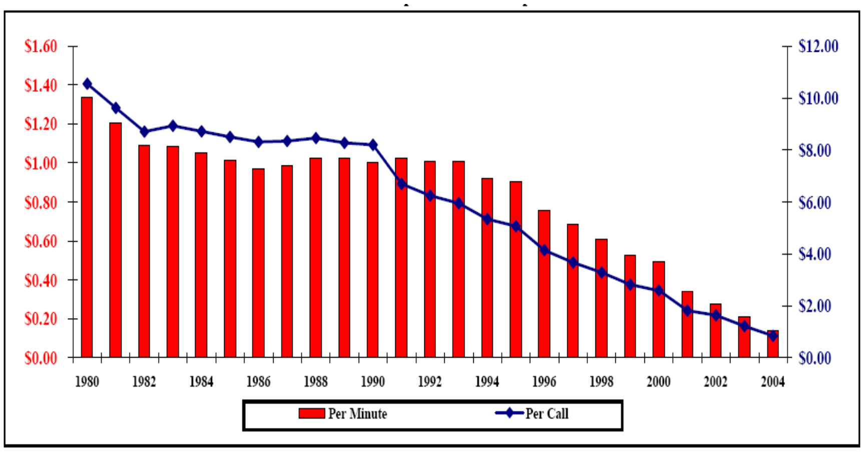
Avg. Rev./Minute for Interstate Toll Calls

Year	Revenue per Minute
1992	$0.15
1993	0.15
1994	0.14
1995	0.12
1996	0.12
1997	0.11
1998	0.11
1999	0.11
2000	0.09
2001	0.08
2002	0.07
2003	0.06
2004	0.06
2005	0.06

Source: FCC, Reference Book of Rates, Price Indices, and Household Expenditures for Telephone Service 2007, Table 1.15

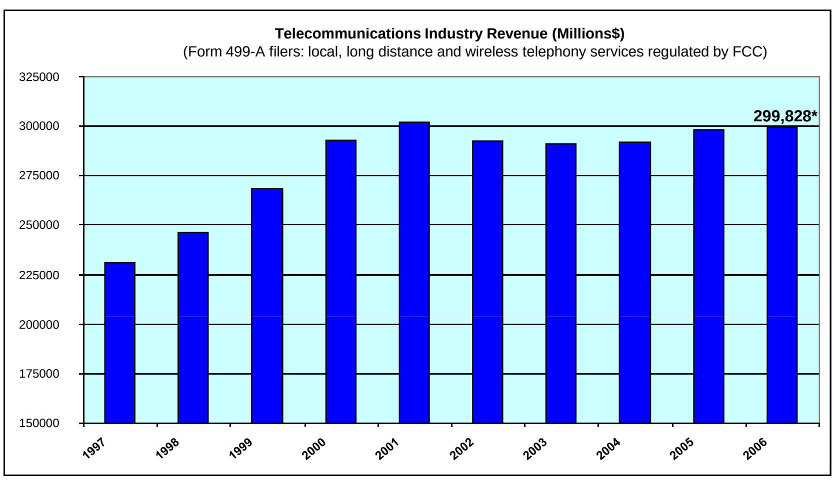
International Telephone Service

(Billed Revenues Per Minute and Per Call)



Source: FCC, Trend in Telephone Service 2007, Chart 6.1

US Telecommunications Services Revenue 1997-2006

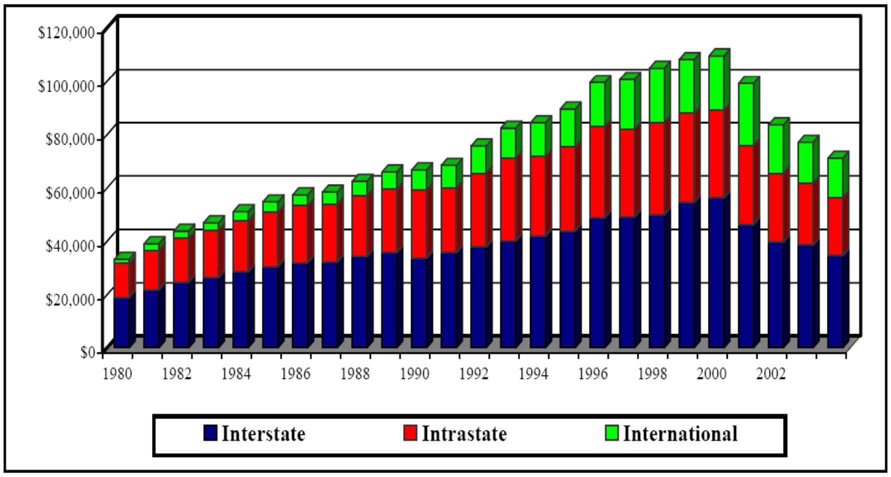


* 2006 figure is preliminary

Source: FCC, Telecommunications Industry Revenues, Table 1, June 2007

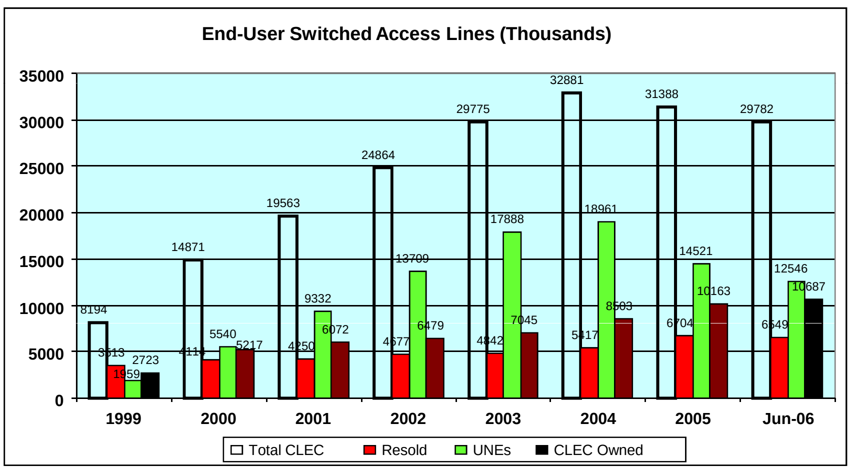
Toll Revenues

($ Billions)

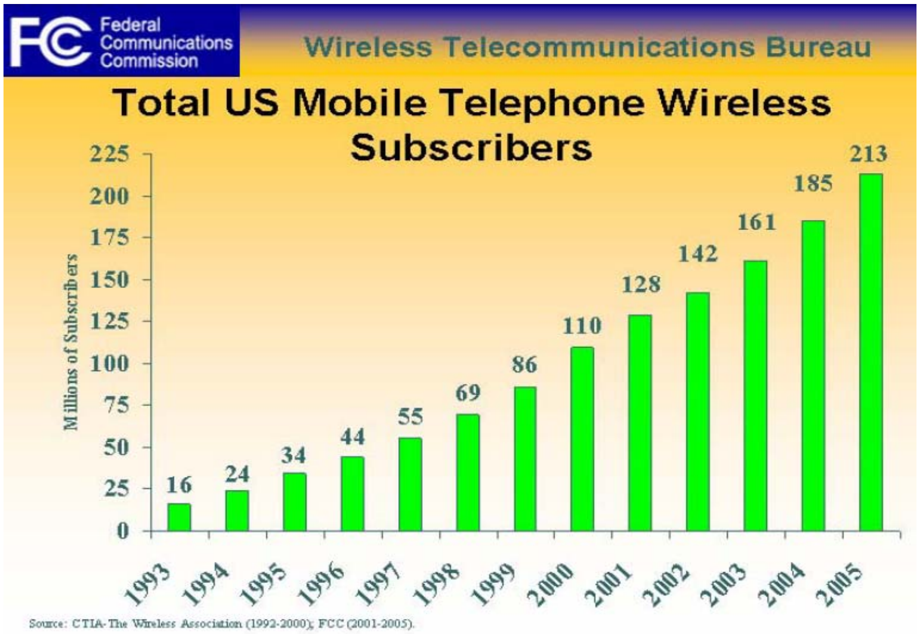


Source: FCC, Trends in Telephone Service 2007, Chart 9.1

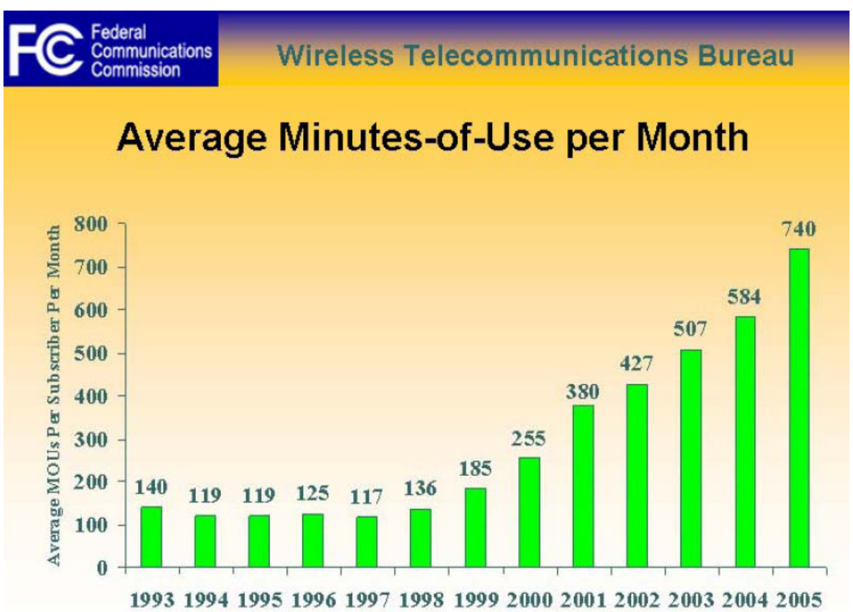
CLECs



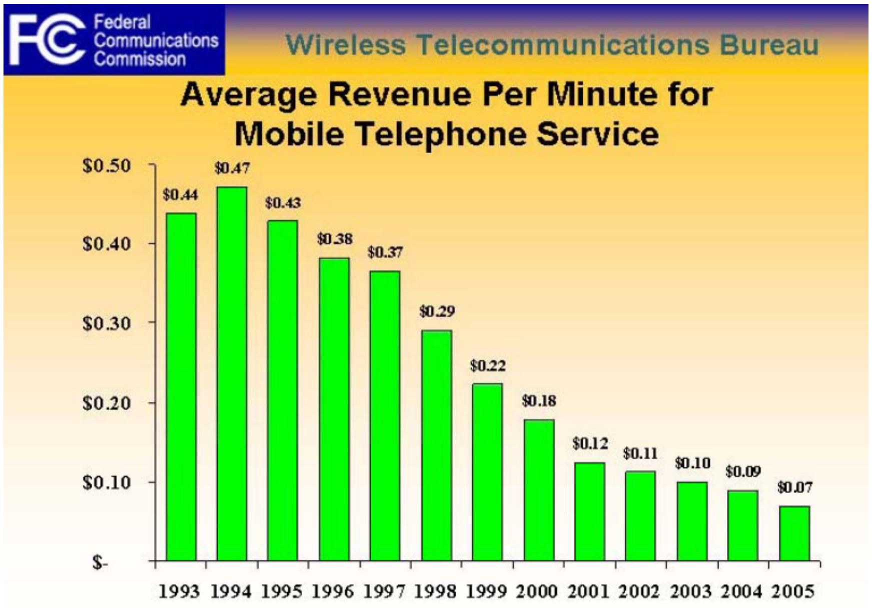
Source: FCC, Trends in Telephone Service 2007, Table 8.3



Source: FCC Wireless Competition Bureau, 11th Annual CMRS Competition Report to Congress, Sept. 2006

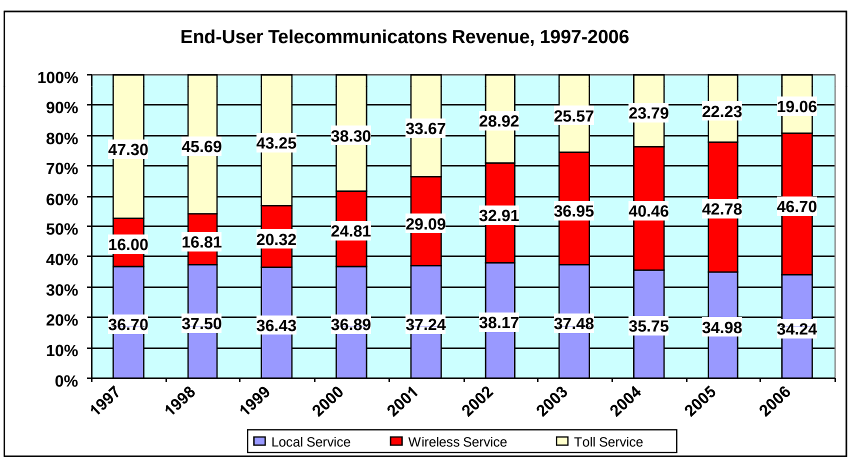


Source: FCC Wireless Competition Bureau, 11th Annual CMRS Competition Report to Congress, Sept. 2006



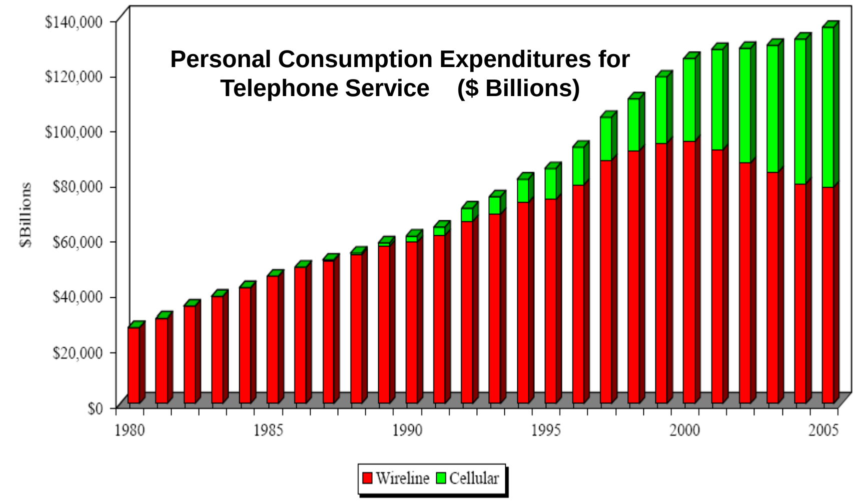
Source: FCC Wireless Competition Bureau, 11th Annual CMRS Competition Report to Congress, Sept. 2006

End User Spending Trends



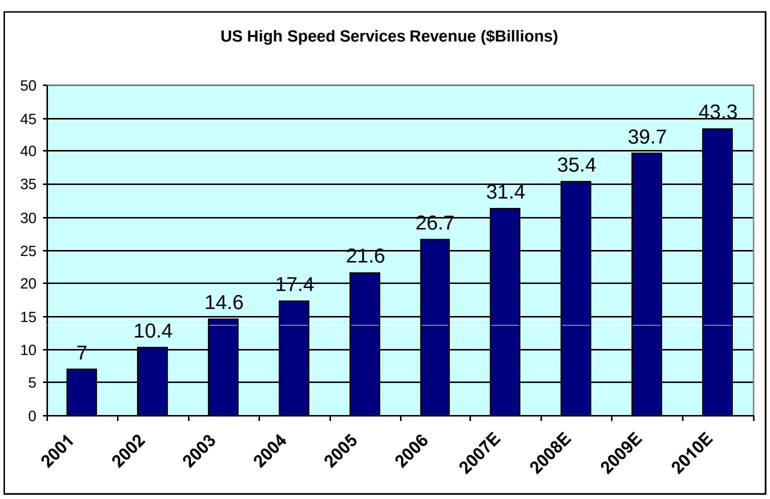
Source: FCC, Telecommunications Industry Revenues, June 2007

Wireless vs. Wireline Growth



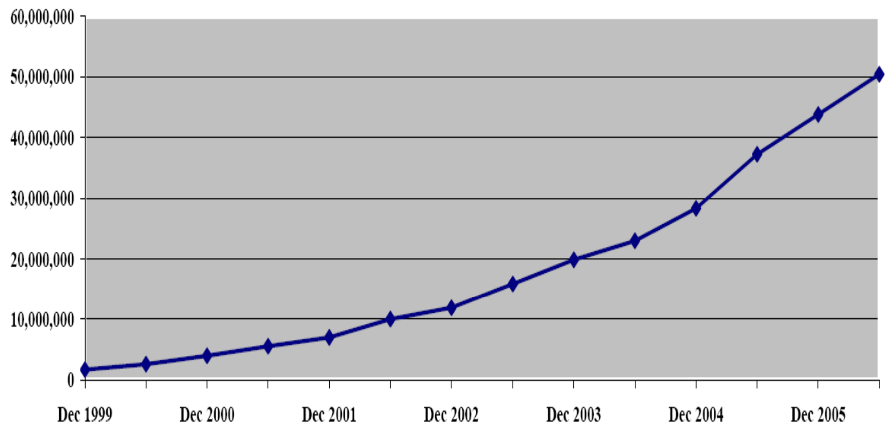
Source: FCC, Trends in Telephone Service 2007, Chart 3.1

US High Speed Services Revenue Trend, 2001-2010



Source: TIA, 2007

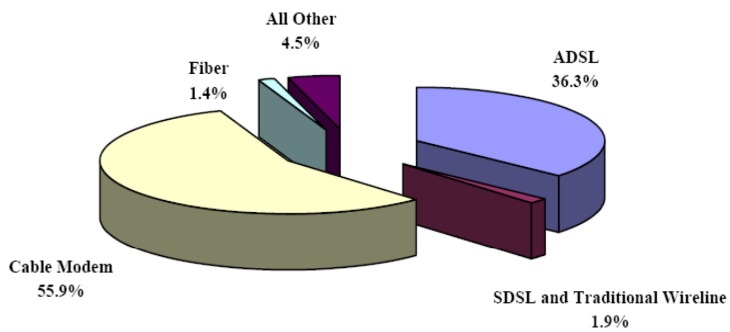
Advanced Services Lines



Source: FCC, High-Speed Services for Internet Access: Status as of June 30, 2006 (Jan. 2007), Chart 3

Advanced Services Lines by Technology

(as of June 30, 2006)



Source: FCC, High-Speed Services for Internet Access: Status as of June 30, 2006 (Jan. 2007), Chart 4

Top 10 Internet Access Providers

(2Q07)

Rank	ISP	Subscribers (Millions)
1	**AT&T (SBC, BS, AT&T)** (DSL, plus U-verse and satellite)	**17** (17.2%)
2	**Comcast** (cable broadband)	**12.1** (12.2%)
3	**America Online(Time Warner)** (all US AOL brand accounts)	**11.9** (12.0%)
4	**Verizon** (FiOS and DSL)	**7.4** (7.5%)
5	**Road Runner (Time Warner)** (cable broadband)	**7.3** (7.4%)
6	**EarthLink** (DSL, cable,satellite,PLC, web hosting)	**5.3** (5.4%)
7	**Charter** (cable broadband)	**2.5** (2.5%)
8	**Qwest** (DSL only)	**2.3** (2.3%)
9	**United Online** (counting paid access only)	**2.2** (2.2%)
10	**Cablevision** (cable broadband)	**2.1** (2.1%)

Note 1:
Total Subs= 98,777,000

Note 2:
Top 5 = 55.9%
Top 10 = 70.3%

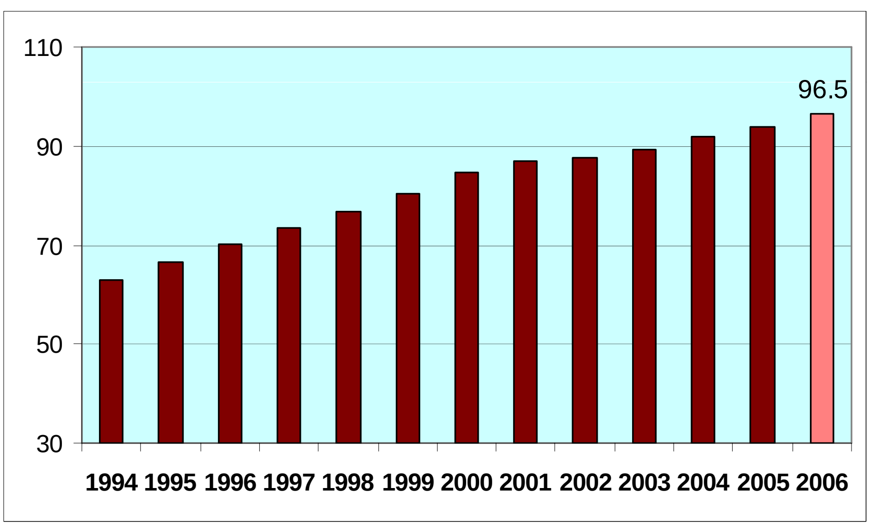
Note 3:

Privately held Cox Cable estimated to have 3.5 million broadband subs, ranking 7th

Source: ISP-Planet, 16 July 2007, http://www.isp-planet.com/research/rankings/usa.html

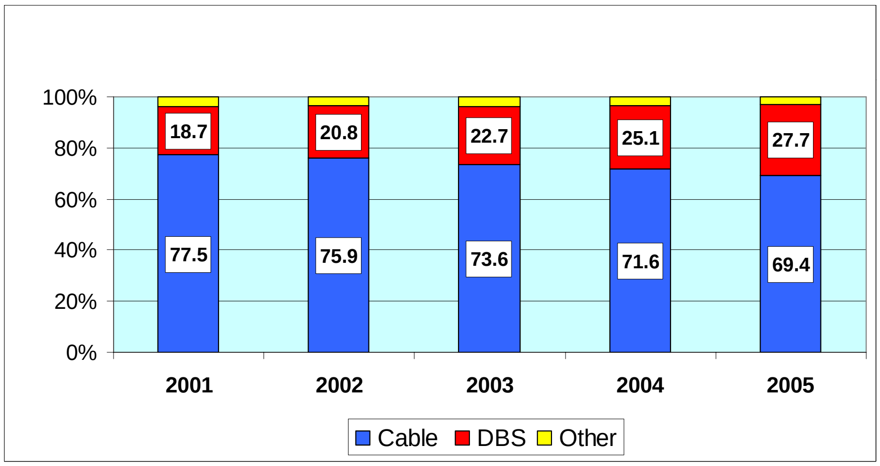
Multichannel Video Households

(millions)



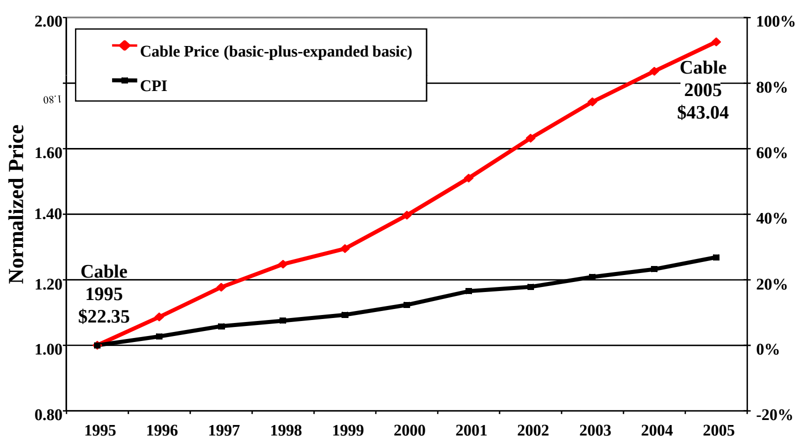
Source: Kagan Research; NCTA, 2007

MVPD Technologies' Shares of Market



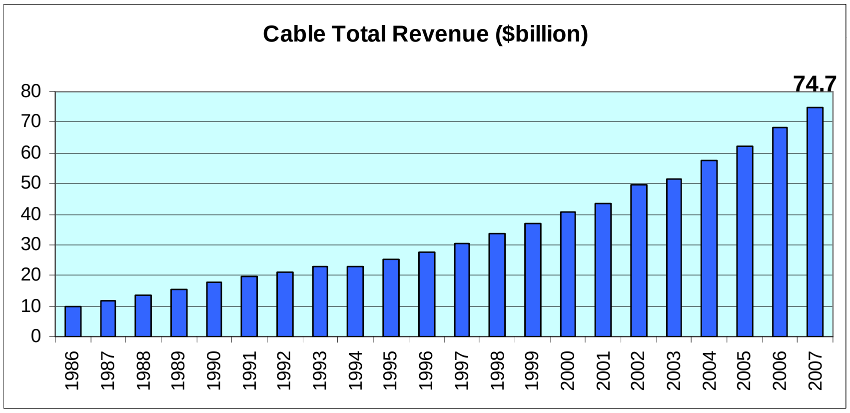
Source: FCC, 2007

Cable Rates and the CPI 1995-2005



Source: FCC, Report on Cable Industry Prices, MM Docket No. 92-266, rel. Dec. 27, 2006 at 4

US Cable Total Revenue 1986-2007

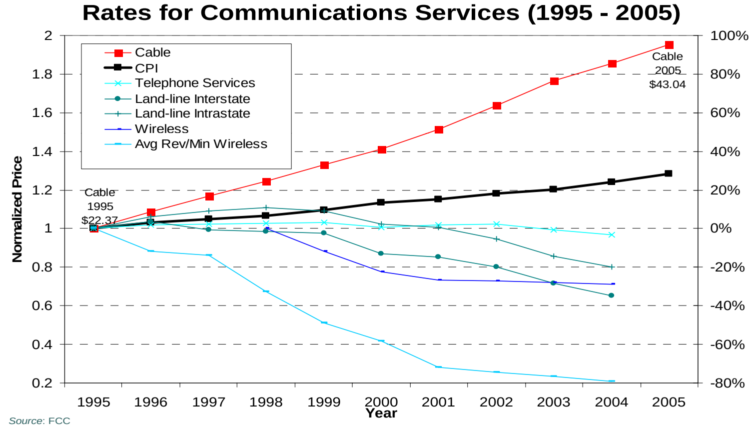


Source: NCTA, 2007

Federal Communications Commission

Chairman Kevin J. Martin

Rates for Communications Services (1995 - 2005)

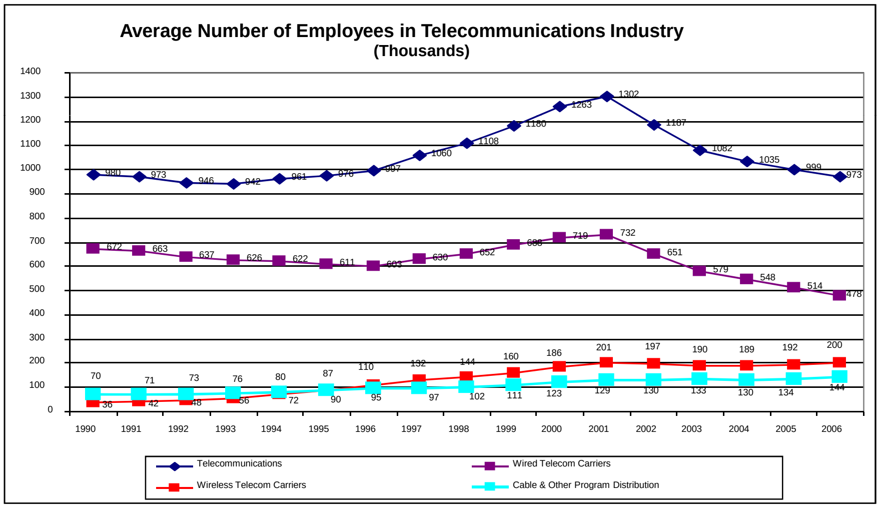


Source: FCC

"The price for every service the Commission regulates has decreased—except for cable. For instance, the average rate for wireless service has plummeted 80% and average interstate telephony rates have decreased almost 40%...In contrast, cable prices alone have increased, and they have risen more than 90%."

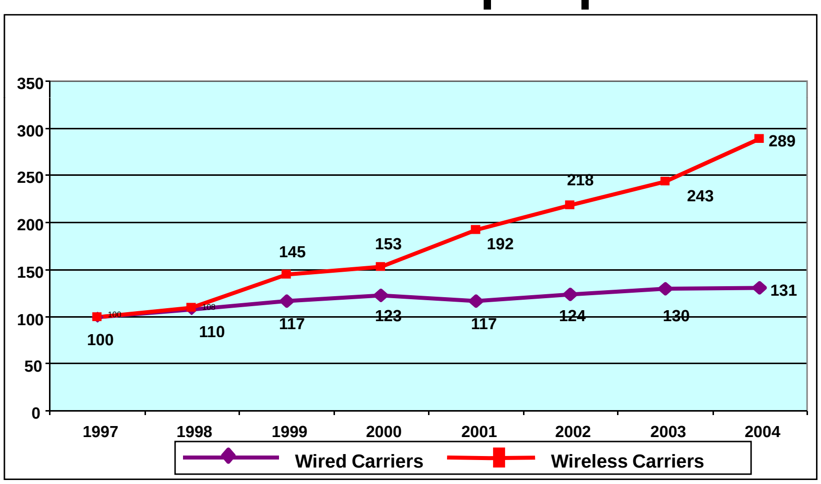
Source: Testimony of FCC Chairman, Report on Cable Industry Prices, December 27, 2006

Telecom Employment Trends 1990- 2006



Source: FCC, Trends in Telephone Service, February 2007, Chart 5.1; 2006 data from Morgan Stanley, 24 May 2007

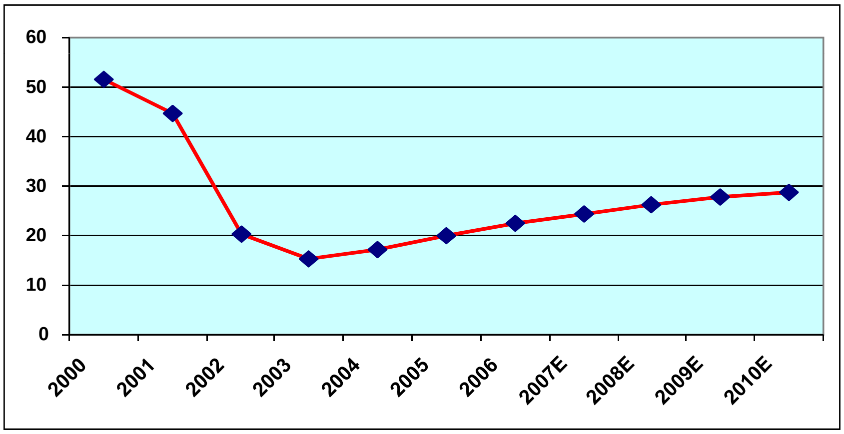
Telecommunications Industry Measured in Output per Hour



Source: FCC, Trends in Telephone Service, February 2007, Chart 5.2

US Carriers' Purchases of Telecom Network Equipment

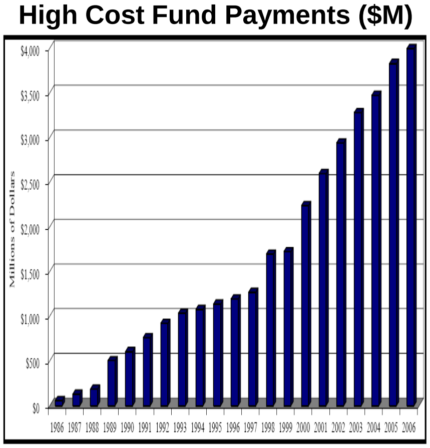
(Billions $)



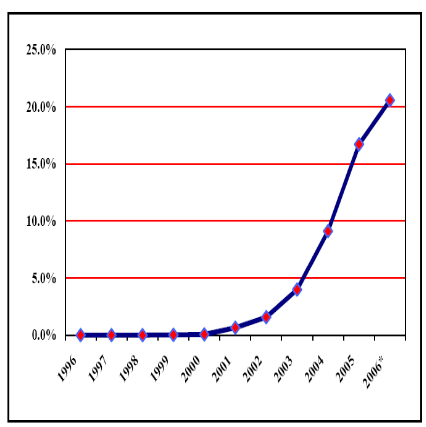
Source: TIA Industry Playbook 2007

Universal Service – High Cost

High Cost Fund Payments ($M)

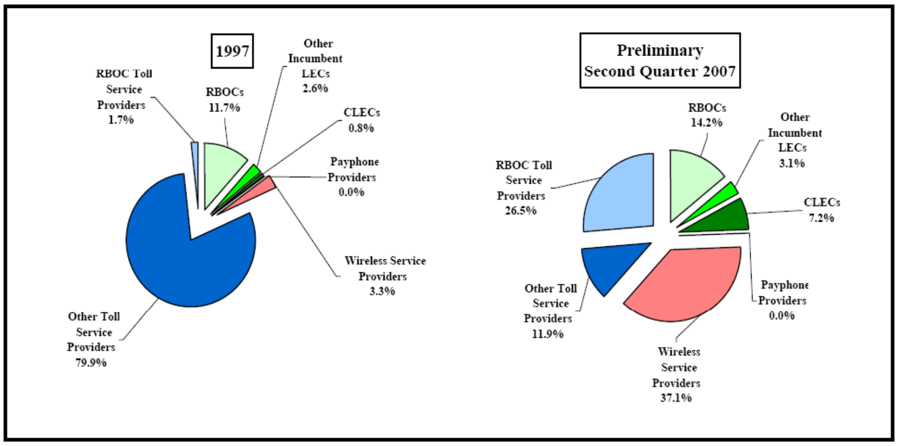


Percent of High Cost Support Paid to Competitive ETCs



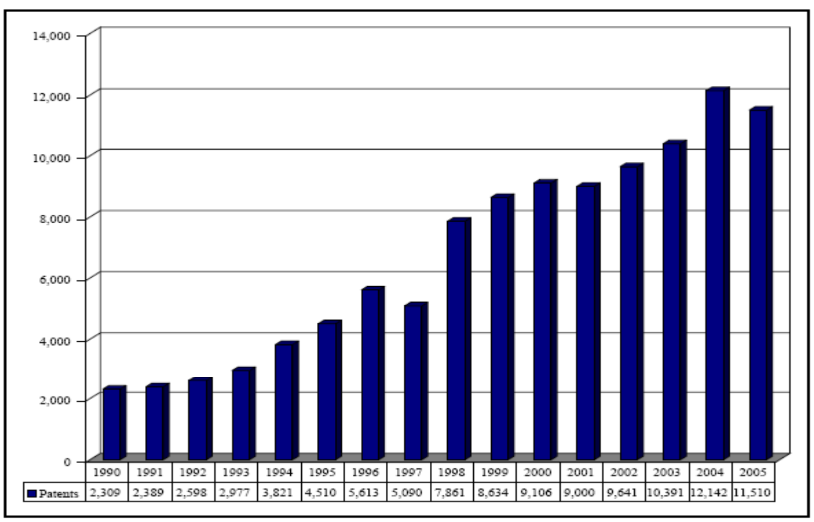
Source: FCC, Trends in telephone Service 2007, Charts 19.3 and 19.4

Who Pays for Universal Service?



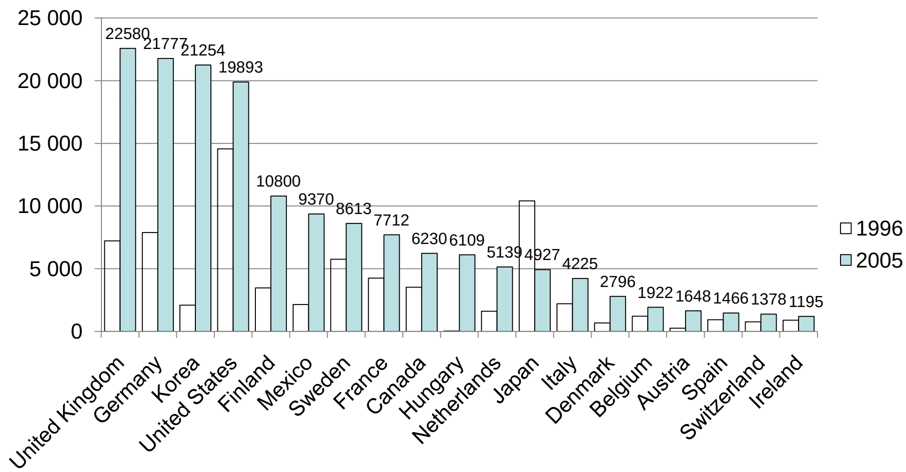
Source: FCC, Telecommunications Industry Revenues, Chart 2, June 2007

Telecommunications Patents



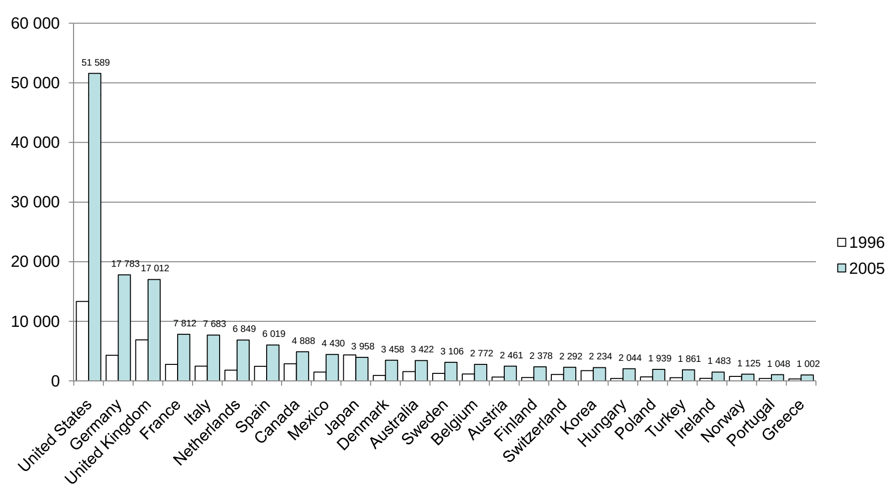
Source: FCC, Trends in Telephone Service 2007, Chart 17.1 based on U.S. Patent and Trademark Office, *Patent Counts by Class by Year, January 1977 - December 2005,* Telecommunications Classes 370, 375, 379 and 455, (September 2006),

Telecommunication Equipment Exports 1996-2005 ($US millions)



Source: OECD Communications Outlook 2007, Last access on October 17, 2007 via http://213.253.134.43/oecd/pdfs/browseit/9307021E.PDF

Telecommunication Equipment Imports 1996-2005 ($ US millions)



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