



Commission for
Communications Regulation

Irish Communications Market

Quarterly Key Data Report

Data as of Q2 2011

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|---------------------|--------------------------|
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Table of Contents

| | |
|--|-----------|
| SUMMARY | 6 |
| Notes to data: | 7 |
| 1. OVERALL MARKET DATA | 9 |
| 1.1 Number of Authorisations | 9 |
| 1.2 Overall Electronic Communications Revenues | 10 |
| 1.3 Overall Call Volumes | 12 |
| 1.4 Communications and the Consumer Price Index | 13 |
| 1.5 Fixed and Mobile Market Retail Voice, Internet and TV Subscriptions..... | 14 |
| 2. FIXED MARKET DATA | 15 |
| 2.1 Total Fixed Line Revenues | 15 |
| 2.1.1 Authorised Operators' Share of Overall Fixed Line Revenues | 16 |
| 2.2 Fixed Line Access Paths | 19 |
| 2.2.1 Access Paths | 19 |
| 2.2.2 Indirect Access Paths | 20 |
| 2.2.3 Fixed Market Retail Subscriptions by Type | 21 |
| 2.3 Fixed Voice Call Volumes | 22 |
| 2.4 PSTN Pricing Data..... | 24 |
| 2.4.1 OECD Residential PSTN Basket | 25 |
| 2.4.2 OECD Business PSTN Basket | 26 |
| 3. INTERNET AND BROADBAND..... | 27 |
| 3.1 Total Internet Subscriptions | 27 |
| 3.2 Provision of DSL Access | 31 |
| 3.3 Provision of Broadband Services | 33 |
| 3.4 Broadband Penetration | 41 |
| 3.5 WiFi Broadband Access | 42 |
| 3.6 Broadband Pricing Data | 44 |
| 4. MOBILE MARKET DATA | 49 |
| 4.1 Number of Subscriptions and Penetration Rate | 49 |
| 4.2 The Profile of Mobile Subscriptions in Ireland | 51 |
| 4.3 Mobile Volumes | 55 |
| 4.4 Mobile Revenues | 57 |

| | |
|--|-----------|
| 4.5 Average Monthly Minutes of Use (MOU) and Average Monthly Revenue per User | 58 |
| 4.6 Competition in the Mobile Market | 58 |
| 4.7 Switching in the Mobile Market | 61 |
| 4.8 Mobile Pricing Data | 62 |
| 4.8.1 Low User Post Paid Mobile Basket | 63 |
| 4.8.2 Medium User Post Paid Mobile Basket | 64 |
| 4.8.3 High User Post Paid Mobile Basket | 65 |
| 4.8.4 Pre-Paid Mobile Basket | 66 |
| 5. BROADCASTING | 67 |
| 5.1 Overall Broadcasting Market | 67 |
| 6. APPENDIX | 73 |

Table of Figures

| | |
|--|----|
| Figure 1.1.1 - Total Number of Authorisations | 9 |
| Figure 1.2.1 – Fixed, Mobile & Broadcasting as a % of Total Revenues | 10 |
| Figure 1.3.1 - Share of Total Voice Call Volumes (Minutes)..... | 12 |
| Figure 1.3.2 – Total Voice Traffic | 12 |
| Figure 1.4.1 – Consumer Price Index and Communications Sub-Component | 13 |
| Figure 1.5.1 – Total Subscriptions (Fixed and Mobile), Q2 2011 | 14 |
| Figure 2.1.1 – Profile of Fixed Line Revenues | 15 |
| Figure 2.1.1.1 – Operator Share of Fixed Line Revenues | 16 |
| Figure 2.1.1.2 – Eircom’s Market Share | 17 |
| Figure 2.1.1.3 – Fixed Revenue Market Shares | 18 |
| Figure 2.2.1.1 – Direct & Indirect Narrowband Fixed Access Paths..... | 19 |
| Figure 2.2.2.1 – Narrowband Indirect Access Paths | 20 |
| Figure 2.2.3.1 – Fixed Market Retail Subscriptions by Type, Q2 2011..... | 21 |
| Figure 2.3.1 – Fixed Voice Call Volume (Minutes)..... | 23 |
| Figure 2.4.1.1 - OECD Residential PSTN Basket – May 2011 | 25 |
| Figure 2.4.2.1 - OECD Business PSTN Basket – May 2011 | 26 |
| Figure 3.1.1 – Total Number of Active Internet Subscriptions..... | 27 |
| Figure 3.1.2 – Profile of Active Internet Subscriptions..... | 28 |
| Figure 3.1.3 – Total Internet Subscriptions | 29 |
| Figure 3.1.4 – Quarterly Growth in Total Internet and Broadband subscriptions..... | 29 |
| Figure 3.1.5 – Profile of Copper Based Internet Subscriptions | 30 |
| Figure 3.2.1 - Provision of DSL Access..... | 31 |
| Figure 3.2.2 – Number of Local Loops Unbundled..... | 32 |
| Figure 3.3.1 – Broadband Subscriptions and Growth Rates by Platform | 33 |
| Figure 3.3.2 – Broadband Subscriptions by Platform..... | 34 |
| Figure 3.3.3 – Broadband Subscriptions by Platform – Contribution to Growth | 34 |
| Figure 3.3.4 – Broadband Subscriptions by Subscription Type..... | 35 |
| Figure 3.3.5 – Broadband Subscriptions by Contracted Download Speeds and Subscription Type..... | 36 |
| Figure 3.3.6 – Broadband Subscriptions by Contracted Download Speeds..... | 37 |
| Figure 3.3.7 – Market Share of Fixed Broadband Market | 38 |
| Figure 3.3.8 – Subscription Market Share of Fixed Broadband Market | 39 |
| Figure 3.3.9 – Subscription Market Share of Mobile Broadband Market..... | 40 |
| Figure 3.4.1 – Broadband Subscriptions per Capita, Q1’09 – Q1’11..... | 41 |
| Figure 3.5.1 – WiFi Hotspots, Access Points and Minutes of Use | 42 |
| Figure 3.5.2 – WLAN Public Hotspots per capita | 43 |
| Figure 3.6.1 - Residential DSL & Cable Basket (1-4 Mbps)..... | 45 |
| Figure 3.6.2 - Residential DSL & Cable Basket (All Speeds) | 45 |
| Figure 3.6.3 – Business DSL and Cable Basket (4-10Mbps) | 46 |
| Figure 3.6.4 – Pre-Pay Residential Mobile Broadband Basket (All Speeds)..... | 47 |
| Figure 3.6.5 – Post-Pay Residential Mobile Broadband Basket (All Speeds) | 47 |
| Figure 3.6.6 – Post-Pay Business Mobile Broadband Basket (All Speeds) | 48 |
| Figure 4.1.1 – Mobile Subscriptions | 49 |
| Figure 4.1.2 – Irish Mobile Penetration Rate | 50 |
| Figure 4.2.1 – Profile of Pre-Paid and Post-Paid Subscriptions | 51 |
| Figure 4.2.2 – Profile of Pre-Paid and Post-Paid Subscriptions by Operator..... | 52 |

Figure 4.2.3 – Profile of Pre-Paid and Post-Paid Mobile Broadband Subscriptions 53

Figure 4.2.4 – Post-Paid Business and Residential Mobile Subscriptions 54

Figure 4.3.1 – SMS, MMS and Call Minute Volumes 55

Figure 4.3.2 – Voice Call Minute Volumes by Type..... 56

Figure 4.4.1 – Total Mobile Retail Revenues 57

Figure 4.6.1 – Market Share – Number of Subscriptions (inc. mobile broadband)..... 59

Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband) 59

Figure 4.6.3 – Revenue Market Share 60

Figure 4.7.1 – Cumulative Mobile Numbers Ported 61

Figure 4.8.2.1 - OECD Medium User Post Paid Mobile Basket (100 calls)..... 64

Figure 4.8.3.1 - OECD High User Post Paid Mobile Basket (300 calls) 65

Figure 4.8.4.1 - OECD Pre-Paid Mobile Basket (40 calls) 66

Figure 5.1.1 – TV Homes by Reception Type 67

Figure 5.1.2 – TV Homes by Reception Method 68

Figure 5.1.3 – TV Homes January 2007 – September 2011 69

Figure 5.1.4 – DVD, Broadband, Games Console and PVR Trends 70

Figure 5.1.5 – Pay TV vs Free to Air TV Homes, 2003 - 2011 71

Figure 5.1.6 – Digital and Analogue TV Reception, 2008 - 2011 72

Corrigendum to Q1 2011 Report

- There has been a minor change to the volumes of advanced fixed traffic for the period Q4 2009 by one operator. This change results in an additional 3,000 minutes in Q4 2009.
- The volume of mobile minutes has been amended for the period Q1 2011. This results in a change from 2,780,269,516 mobile minutes to 2,732,105,813 mobile minutes. This means that the total volume of minutes in Q1 2011 has changed from 4,553,686,456 to 4,485,522,754.

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The information and statistics contained within this document are derived from a variety of sources, but are mostly reliant on data obtained from authorised operators.

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Summary

Total broadband subscriptions reached 1,628,362 this quarter which was a marginal increase of 3,859 subscriptions this quarter. Overall traffic volumes were down again this quarter. Overall industry revenues increased this quarter compared to the previous quarter. Total revenues in the twelve months to June 2011 were €3.88 billion. Presented below is a tabular summary of this quarterly report.

| Irish Quarterly Communications Market Data Q1 2011 | | | | |
|--|---------------|---------------|------------------|---------------|
| | Q2'11 | Q1'11 | Quarterly Change | Annual change |
| Total Market Revenues | €961,274,370 | €949,178,257 | +1.3% | +1.2% |
| Fixed Line Revenues | €503,577,543 | €501,459,823 | +0.4% | +3.9% |
| Mobile Revenues | €410,998,925 | €400,146,318 | +2.7% | -1.7% |
| Broadcasting Revenues | €46,697,903 | €45,572,116 | -1.8% | -0.4% |
| Total Voice Traffic (Minutes) | 4,455,832,891 | 4,485,522,754 | -0.7% | -0.3% |
| Fixed Voice Traffic (Minutes) | 1,689,662,236 | 1,753,416,940 | -3.6% | -7.1% |
| Mobile Voice Traffic (Minutes) | 2,766,170,655 | 2,732,105,813 | +1.2% | +4.4% |
| Internet Subscriptions | 1,662,471 | 1,665,107 | -0.2% | +5.2% |
| Narrowband Subscriptions | 34,109 | 40,604 | -16.0% | -55.8% |
| Total Broadband Subscriptions | 1,628,362 | 1,624,503 | +0.2% | +8.3% |
| Fixed Broadband Subscriptions | 1,044,607 | 1,033,135 | +1.1% | +5.0% |
| Mobile Broadband Subscriptions (HSDPA) | 583,755 | 591,368 | -1.3% | +14.8% |
| Total Mobile Subscriptions (inc. HSDPA) | 5,377,188 | 5,412,551 | -0.7% | +4.3% |

- Overall electronic communications network and service revenues at the end of June 2011 were just over €961 million for the quarter. Industry revenues increased by 1.3% this quarter.
- The mobile market represents approximately 70.6% of all subscriptions (fixed and mobile), with fixed market subscriptions representing the remaining 29.4%.
- Total voice traffic minutes decreased by 0.7% this quarter to just over 4.45 billion minutes. Mobile minutes form the majority of voice minutes at 62.1%, with fixed minutes representing the remaining 37.9%.
- This quarter, total internet subscriptions decreased by 0.2% to 1,662,471.

- Falls in narrowband internet subscriptions continued this quarter (-16.0%), declining by 55.8% since Q2 2010. There are now a total of 34,109 narrowband subscriptions in Ireland as consumers continue to migrate away from slower dial-up technologies to broadband.
- Broadband subscriptions (fixed and mobile) increased marginally this quarter (up 3,859), to reach a total of 1,628,362. The data suggests that the growth in broadband subscriptions is slowing.
- The estimated broadband household penetration rate was 53.3% in Q2 2011. The fixed broadband per capita penetration rate reached 22.8%. The broadband per capita penetration rate (including mobile broadband) was 35.5%.
- At the end of June 2011 there were 5,377,188 mobile subscriptions (including HSDPA) in Ireland, a decrease of 0.7% since last quarter. The mobile penetration rate was 117.4% including mobile broadband and 104.6% excluding mobile broadband.
- The amount of mobile numbers ported in Q2 2011 was 123,646. This is the highest number of ports in a quarterly period since the introduction of mobile number portability in 2003. On average there were 105,548 numbers ported per quarter over the last 12 months.

Notes to data:

- Both Meteor and emobile brands are reported under the umbrella of eircom Group Mobile.
- Aggregated SB-WLR Performance Statistics, as supplied by Eircom, are published in accordance with ComReg Decision Notice (07/61) Section 6.6 (vii) in the appendix.
- In this report Irish population estimates from the Central Statistics Office (CSO) of 4,581,269 as of April 2011 are used for the period Q2 2011.¹ This compares to the CSO's April 2009 estimate of 4,470,700 which was used for the Q4 2010 and Q1 2011 periods and 4,459,300 which was used in periods prior to this. Population data is used to calculate per capita mobile and broadband penetration in Ireland. An estimated household number of 1,646,200 from the CSO is used for Q2 2011.

¹ This is based on the CSO's preliminary results from the census 2011.

<http://www.cso.ie/census/documents/Prelim%20complete.pdf>

- A number of external sources are used for international comparisons. These include the Central Statistics Office, Informa UK Ltd., and Teligen.
- In most cases data has been rounded to one decimal place in this report.
- Not all charts in this report sum exactly to 100% due to rounding.
- While quarter on quarter comparisons are made in the report, definitive conclusions with regard to trends cannot be drawn and year on year comparisons are used to improve the reliability of the analysis.
- Further explanations and descriptions of data supplied in this report can be found in the accompanying explanatory memorandum 11/66a.
- Extracts of data used in this report can be downloaded at www.comstat.ie
- Data previously published may have been amended since publication. Any such amendments are noted in the corrigendum on page 5.

1. Overall Market Data

Data presented in this report is based on questionnaires completed by authorised operators for the period from 1st April 2011 to 30th June 2011. The report is based on submissions from 57 active operators.

1.1 Number of Authorisations

Figure 1.1.1 - Total Number of Authorisations

| Total Authorisations | June 2011 |
|---|-----------|
| No. of fixed and wireless authorisations | 381 |
| No. of mobile telephony authorisations | 8 |
| No. of broadcasting authorisations (incl. Cable TV, MMDS, Deflectors) | 81 |
| Total Number | 470 |

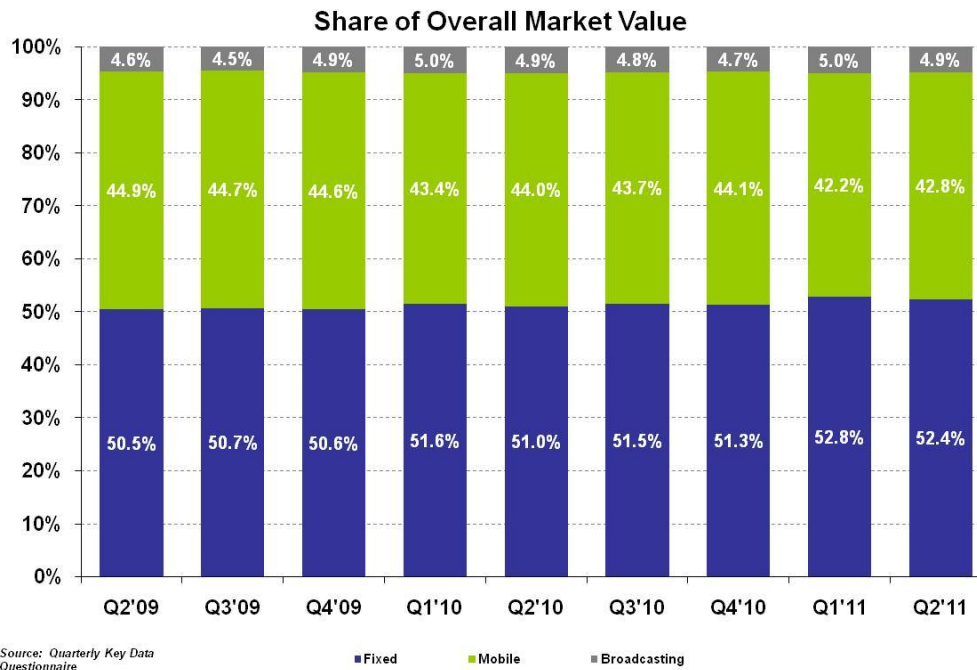
Before providing networks or services to third parties, operators are required to submit a notification to ComReg which is added to a central register of authorised operators. At the date of publication there were 470 authorised undertakings in Ireland.

It should be noted that the list above refers to the number of general authorisations granted by ComReg under the European Framework for Authorisations, and does not necessarily reflect the total number of commercially active organisations or entities currently operating in the market. The total includes a number of undertakings who are authorised to use licence-exempt spectrum for the provision of services.

1.2 Overall Electronic Communications Revenues²

Data presented in Figure 1.2.1 shows the proportion of industry revenue attributable to the provision of fixed line, mobile and cable broadcasting services.

Figure 1.2.1 – Fixed, Mobile & Broadcasting as a % of Total Revenues



According to Central Statistics Office data, Ireland's Gross National Product for Q1 2011 was approximately €32.2 billion. Based on the Q1 2011 revenue data reported to ComReg by operators in the Irish communications sector, these revenues were approximately 2.9% of GNP in that quarter.

Overall electronic communications network and service revenues for Q2 2011 were just over €961 million. This was a 1.3% increase on the previous quarter. Comparing Q2 2010 to Q2 2011, industry revenues have increased by 1.2%. Over the twelve months to June 2011, total revenues were under €3.9 billion.

Both fixed and mobile sectors of the overall electronic communications market experienced an increase in revenues this quarter.³ Fixed revenues increased by 0.4%, and mobile revenues increased by 2.7%. On the other hand, broadcasting network revenues decreased by 1.8%. It should be noted that the broadcasting network

² Further detail on terms and definitions - ComReg Doc. 11/66a Explanatory Memorandum.

³ The mobile revenue increase was due to an increase in roaming revenues, and traffic revenues (partly due to a decrease in free call value on completion of promotions) and to a lesser extent device/handset sales and connection revenues. Overall fixed revenues were up due to an increase in interconnect and leased line, managed and other data services revenues. It should be noted that this increase was partly a result of improved reporting by fixed line operators.

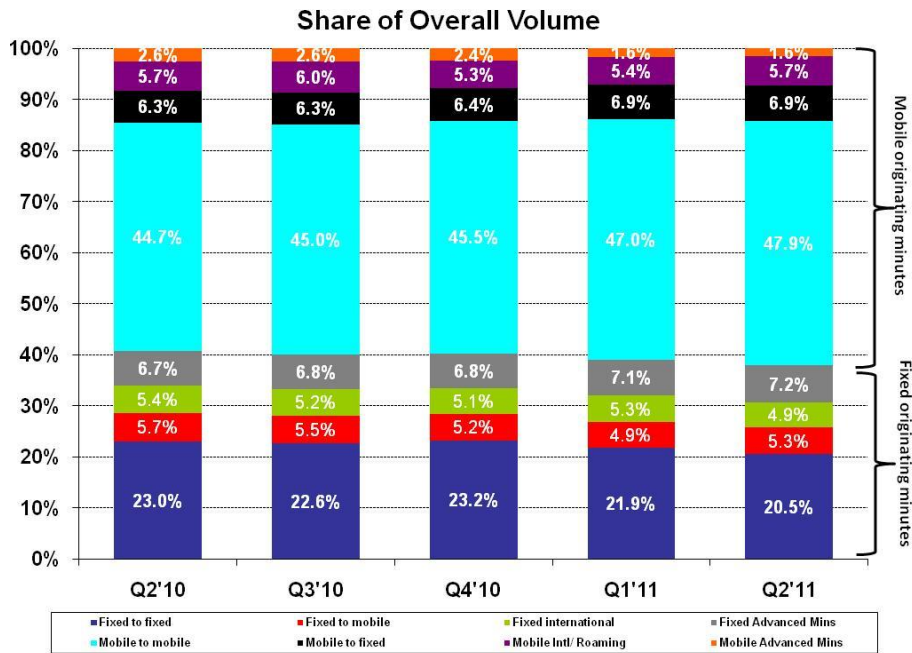
revenues in this report exclude Sky Ireland’s satellite revenues and all content related revenues.⁴

Fixed line revenues accounted for 52.4% of total revenues, mobile accounted for 42.8% and broadcasting revenue’s market share was 4.9%.

⁴ ComReg only captures Cable/MMDS revenues from a number of TV providers for publication in the Quarterly Report under broadcasting revenues. The collection and publication of licence fee and/or television advertising revenues does not fall within ComReg’s remit and therefore neither is included in the broadcasting revenue figure.

1.3 Overall Call Volumes

Figure 1.3.1 - Share of Total Voice Call Volumes (Minutes)⁵



Source: Quarterly Key Data Questionnaire

Figure 1.3.1 profiles volumes of originating voice calls by call type on both fixed and mobile networks on a quarterly basis. Voice minutes for Q2 2011 totalled over 4.4 billion minutes and there were over 18 billion minutes in the twelve months to the end of June 2011. Total voice minutes decreased by 0.7% from the previous quarter and have fallen by 0.3% since Q2 2010.

Mobile originating voice minutes accounted for 62.1% of all voice minutes in Q2 2011 (compared to 59.3% in Q2 2010) while traffic originating on a fixed line network accounted for the remaining 37.9% of all voice minutes (compared to 40.7% in Q2 2010). Figure 1.3.2 shows the total voice traffic in Ireland at the end of Q2 2011.

Figure 1.3.2 – Total Voice Traffic

| | Q2'11 Mins | Q1'11 – Q2'11 Growth | Q2'10 – Q2'11 Growth |
|-----------------------------|----------------------|----------------------|----------------------|
| Fixed voice minutes | 1,689,662,236 | -3.6% | -7.1% |
| Mobile voice minutes | 2,766,170,655 | +1.2% | +4.4% |
| Total voice minutes | 4,455,832,891 | -0.7% | -0.3% |

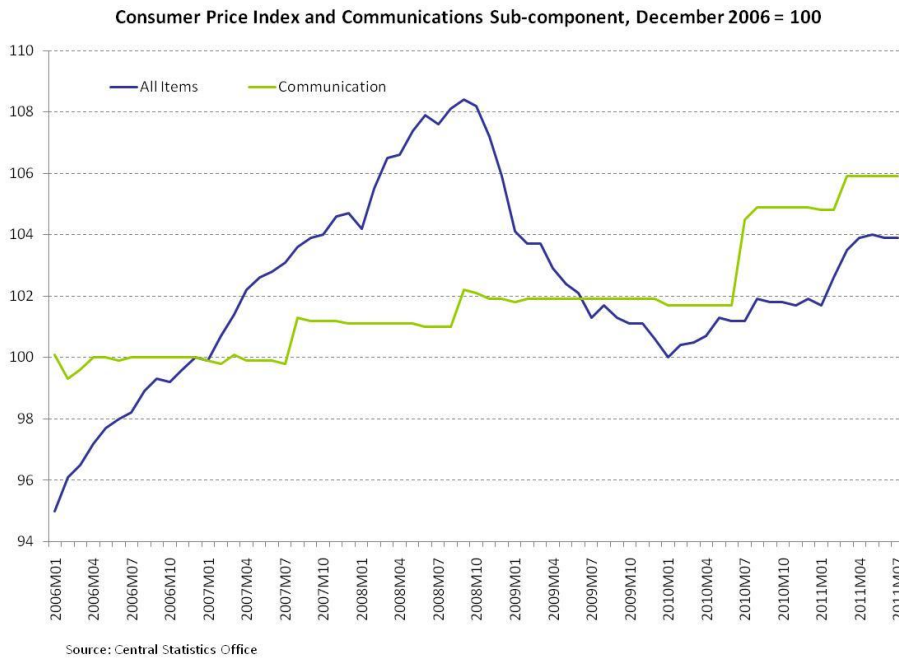
⁵ Fixed advanced minutes include premium rate services minutes, freephone minutes, VoB minutes, payphone minutes, operator services minutes, national and international virtual private network minutes. Mobile advanced minutes include premium rate services minutes and other mobile minutes such as voicemail, DQ, call completion minutes etc.

1.4 Communications and the Consumer Price Index

Figure 1.4.1 shows the monthly change in the Consumer Price Index (CPI) and the communications sub-component from January 2006 to July 2011. The CSO weights communications as 3.34% of the total CPI.

Overall prices increased more than communications prices between 2006 and 2009, but as the recession impacted, they subsequently fell below communication prices in late 2009. However, overall prices have been increasing again since 2010, but not to the same extent as communications prices. The communications price increase since 2010 is primarily due to increased charges by Eircom and mobile operators.⁶

Figure 1.4.1 – Consumer Price Index and Communications Sub-Component



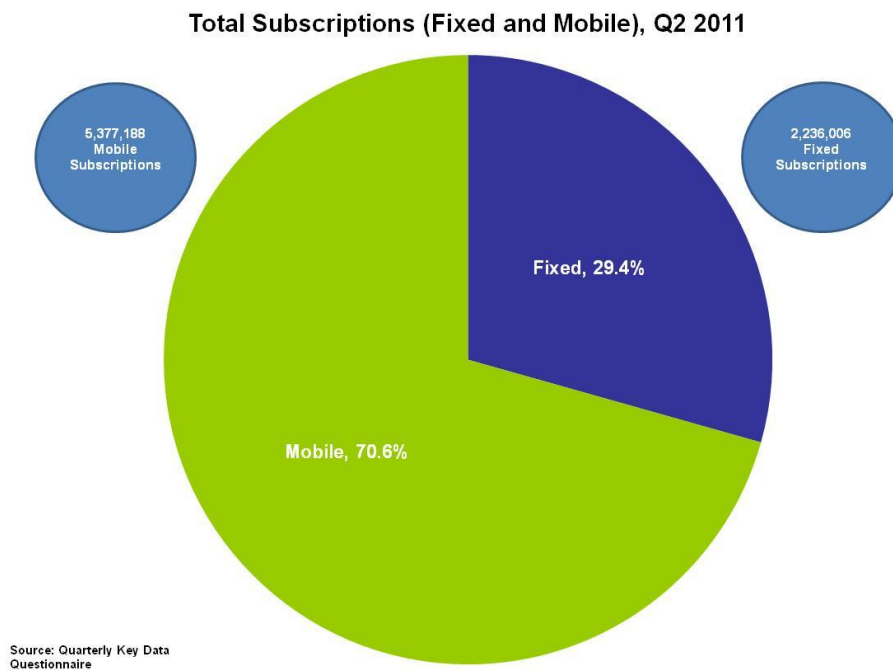
⁶ O2 increased call connection charges from 5 cent to 9 cent on their pre-paid packages. For post-paid plans, the out of bundle or non-inclusive per minute costs increased by 2 cent. Text charges increased from 10c to 11c. Meteor announced a similar increase which came into effect on August 12th. From Thursday, 1st July 2010, Eircom introduced call rounding for all "out of bundle" minutes. All minutes outside of package/bundle minutes rounded up to the next minute instead of being billed on a per second basis. A call set up fee replaces the minimum call fee for customers on "small business" packages. The existing minimum fee charge of (5.33c ex. VAT) was replaced by a fixed call set up charge of (4.80c ex. VAT).

1.5 Fixed and Mobile Market Retail Voice, Internet and TV Subscriptions

Figure 1.5.1 shows the total number of mobile voice and data subscriptions (also reported in section 4.1) and the estimated number of fixed subscriptions to voice, internet and TV services in Ireland as of Q2 2011. This chart is intended to provide an idea of the total number of voice, TV and internet subscriptions in Ireland across both residential and business customers and across both fixed and mobile networks.

Customers purchasing either a single service or more than one service (as part of a bundle) are included in the fixed subscriptions category. The mobile market represents approximately 70.6% of all subscriptions (the same as last quarter) with fixed line subscriptions representing the remaining 29.4% (the same as last quarter). Please note that it is possible that a customer may have more than one subscription, particularly where a mobile customer has more than one SIM card or in the case of a business customer with multiple subscriptions across several offices.

Figure 1.5.1 – Total Subscriptions (Fixed and Mobile), Q2 2011



2. Fixed Market Data

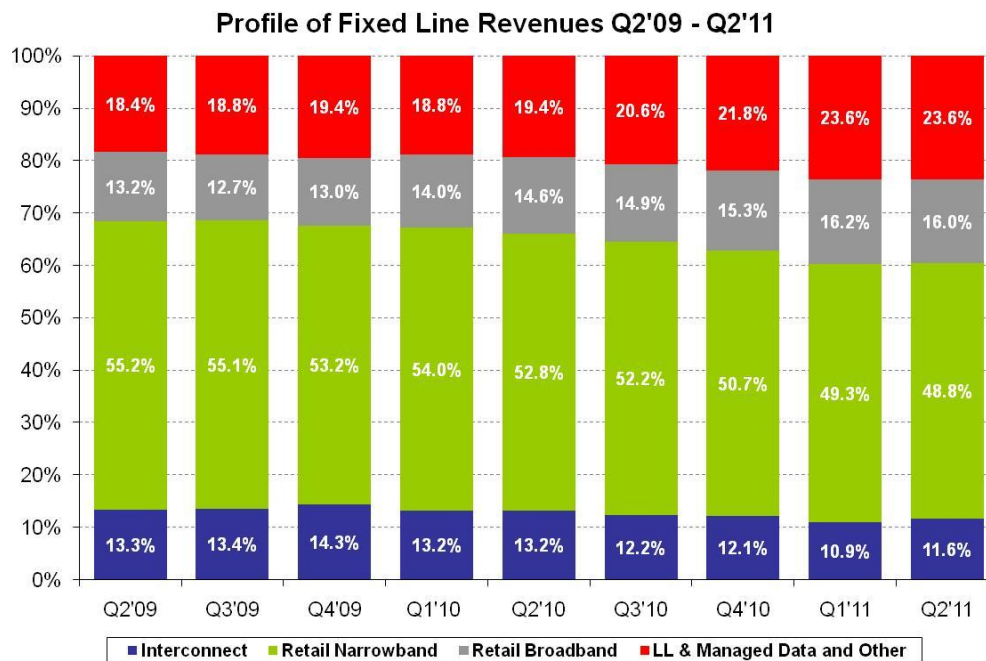
2.1 Total Fixed Line Revenues

Figure 2.1.1 shows the profile of fixed line wholesale and retail revenues in Ireland over the last two years. Total fixed line revenues for Q2 2011 were almost €504 million. This was a 0.4% increase on Q1 2011 revenues and a 3.9% increase on Q2 2010 revenues. It should be noted that the increase in fixed line revenues this quarter is partly as a result of improved reporting by fixed line operators.

Both interconnect and retail narrowband revenues have fallen since Q2 2010 (-8.7% and -4.0% respectively), but retail broadband and leased line, managed and other services revenues have increased by 13.8% and 26.6% respectively.

Over the last year the proportion of fixed line revenues attributable to leased lines, managed data and other advanced data services increased by 4.2 percentage points and broadband revenues' market share has increased by 1.4 percentage points. Interconnect revenues' market share decreased by 1.6 percentage points, while the proportion of retail narrowband has fallen by 4.0 percentage points.

Figure 2.1.1 – Profile of Fixed Line Revenues



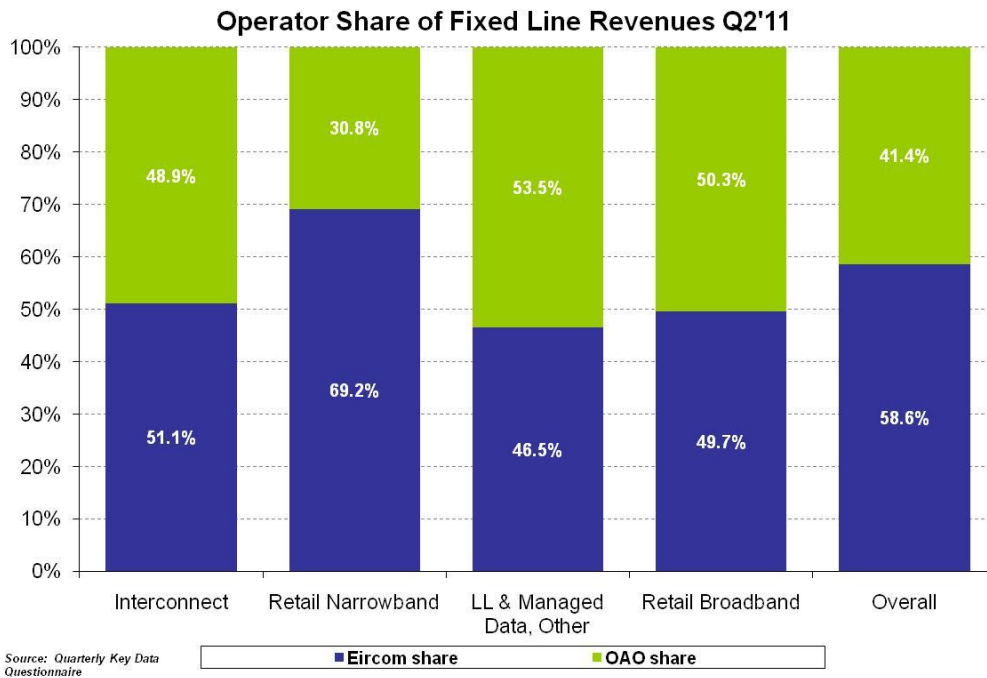
Source: Quarterly Key Data Questionnaire

2.1.1 Authorised Operators’ Share of Overall Fixed Line Revenues

Figure 2.1.1.1, below, shows the market shares of the incumbent and other authorised operators (OAOs) in each of the fixed line service categories mentioned in figure 2.1.1. Market shares are grouped within a number of revenue categories to link related services and are based on both retail and wholesale revenues; this classification does not reflect the specific markets identified in ComReg’s Market Analysis process.

Eircom’s market share in each of the categories is charted below.

Figure 2.1.1.1 – Operator Share of Fixed Line Revenues⁷



⁷ Eircom’s retail broadband share includes DSL, FWA and Satellite revenues.

Eircom’s overall share of fixed line market revenue was 58.6% in Q2 2011. Figure 2.1.1.2, below, shows Eircom’s market share, rounded to the nearest percentage point, on a quarterly basis from Q2 2009 to Q2 2011. It should be noted some of this change in eircom’s market share is due to improved reporting by fixed line operators. ComReg estimates that just over one fifth of Eircom’s market share decline this quarter is attributable to improved reporting by other operators.

Figure 2.1.1.2 – Eircom’s Market Share

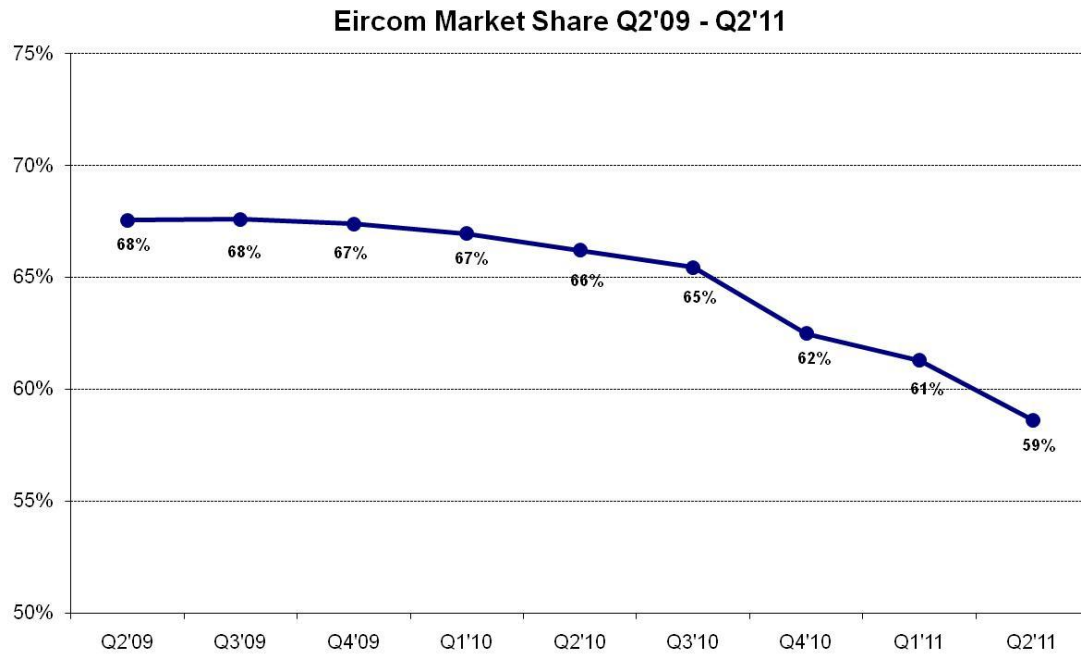
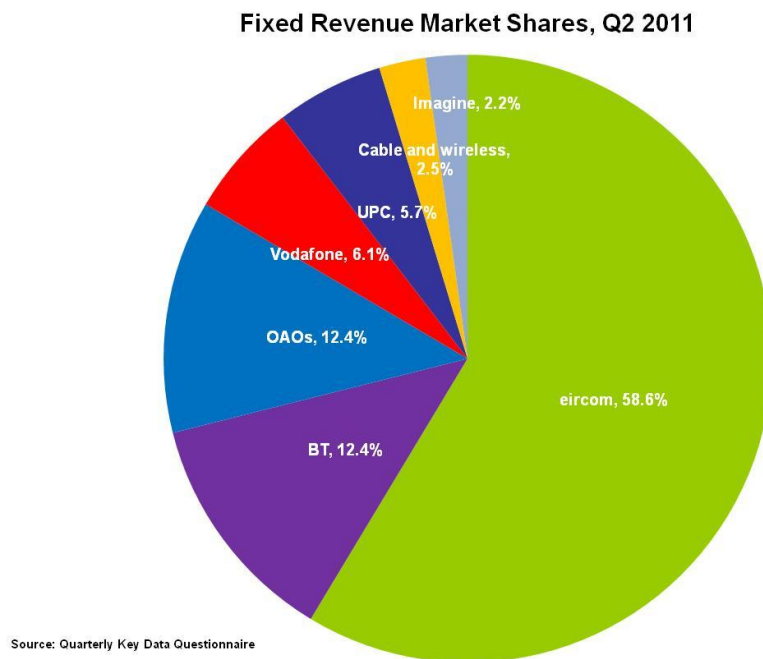


Figure 2.1.1.3 below outlines revenue market shares of the fixed market (of interconnect, retail narrowband, retail broadband and leased line, managed and other data revenues) held by the incumbent fixed line operator (eircom), OAOs with a minimum 2% market share, and all other OAOs. When making comparisons, it is important to note that the market shares presented below are based on shares across all fixed wholesale and retail revenue streams and some operators may not offer products and services across all segments of the market.

In Q2 2011, after Eircom, the largest revenue earning operator in the market with 58.6% market share, ComReg estimates that the next five largest operators (BT, Vodafone (fixed only), UPC, Cable and Wireless and Imagine) contribute a further 29.0% of industry revenue. This chart is presented as an additional analysis of the fixed market and should not be interpreted as a definitive statement of retail revenue market shares.

Figure 2.1.1.3 – Fixed Revenue Market Shares



2.2 Fixed Line Access Paths

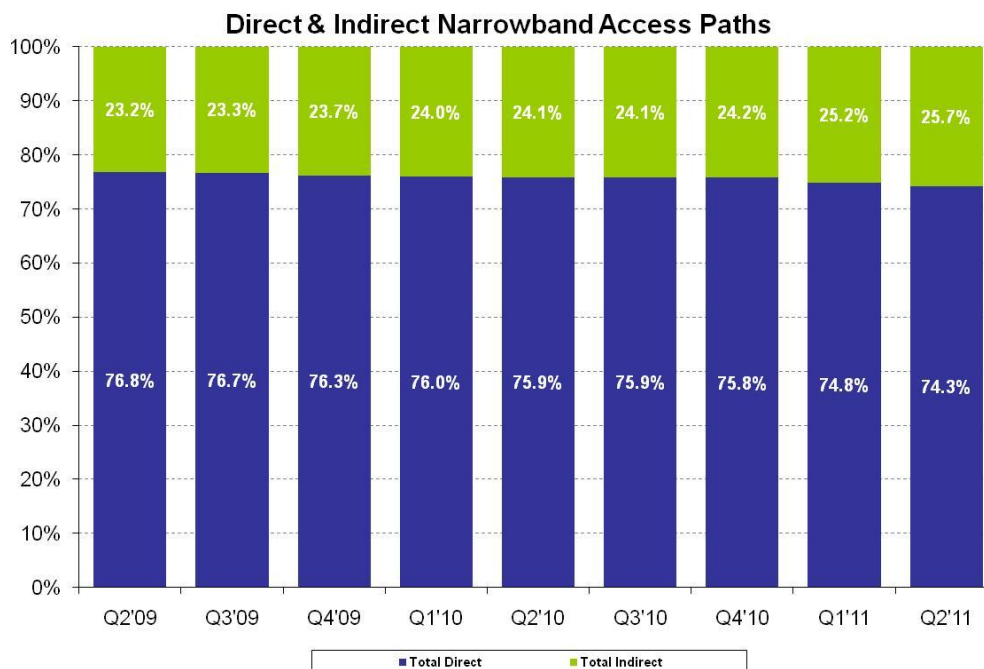
2.2.1 Access Paths

Figure 2.2.1.1 presents the total number of narrowband copper fixed access paths (PSTN and ISDN) broken out by direct and indirect access⁸. These paths are usually used for voice services and internet access. There were almost 1.81 million direct and indirect PSTN and ISDN access paths in the Irish market in Q2 2011.

This represents a decline of 5.2% since Q2 2010. This reduction in demand for fixed lines could be due to a number of reasons such as an increase in the number of business failures and exits, competition from other platforms and fixed line disconnections due to emigration.

In Q2 2011, indirect access accounted for 25.7% of all access paths in the fixed market, a 0.5 percentage point increase on the previous quarter.⁹ While this chart shows the number of narrowband only access paths in Ireland, voice and data can also be supplied by other means such as broadband. Details on the broadband market in Ireland can be found in chapter 3 of this report.

Figure 2.2.1.1 – Direct & Indirect Narrowband Fixed Access Paths



Source: Quarterly Key Data Questionnaire

⁸ Indirect access paths relate to telephone lines provided to customers by means of carrier pre-select only or wholesale line rental. Carrier pre-select allows the user to receive all or a portion of calls from one provider and line rental from another provider (usually Eircom). Wholesale line rental (also known as single billing) allows the user to receive every aspect of telephone service, including all calls and line rental from one single supplier.

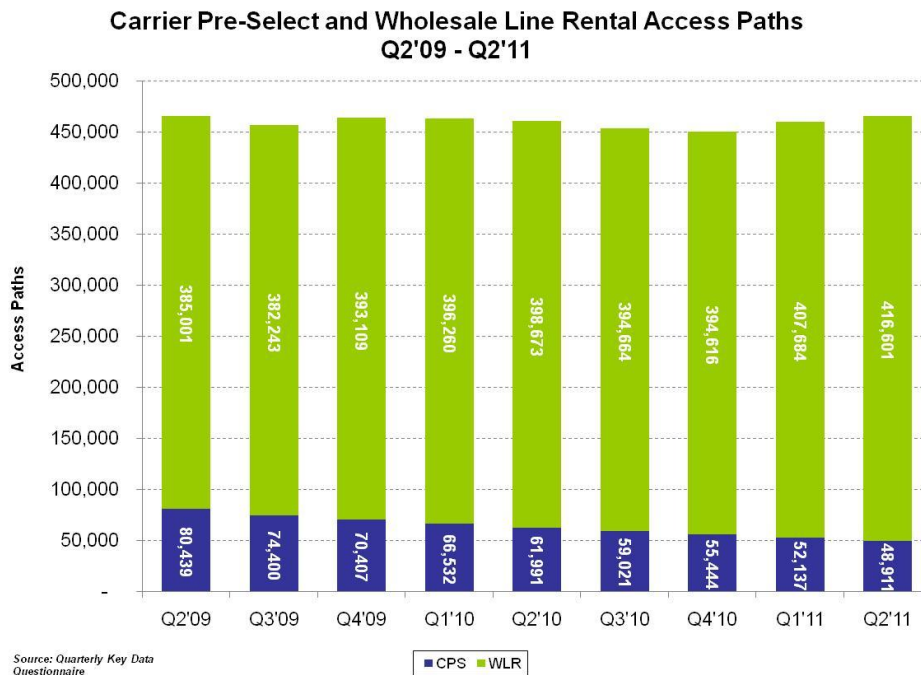
⁹ Access paths are not synonymous with access lines as for example in the case of ISDN paths, there may be more than 1 path provided via a single ISDN line.

2.2.2 Indirect Access Paths

Figure 2.2.2.1 illustrates the overall number of PSTN and ISDN paths provided by means of either Carrier Pre-Selection (CPS) only or Wholesale Line Rental (WLR). In Q2 2011, there were 465,512 indirect access paths in Ireland. The number of indirect access paths increased by 1.2% this quarter and rose by 1.1% in the year to Q2 2011 due to an increase in WLR paths.

The data indicates that OAOs continue to migrate their customer base to single-bill services, i.e. WLR rather than CPS (i.e. calls only). WLR managed by OAOs now accounts for 89.5% of indirect access paths compared to 82.7% in Q2 2009. The share of CPS only indirect access paths has declined by 6.8 percentage points in the last two years.

Figure 2.2.2.1 – Narrowband Indirect Access Paths

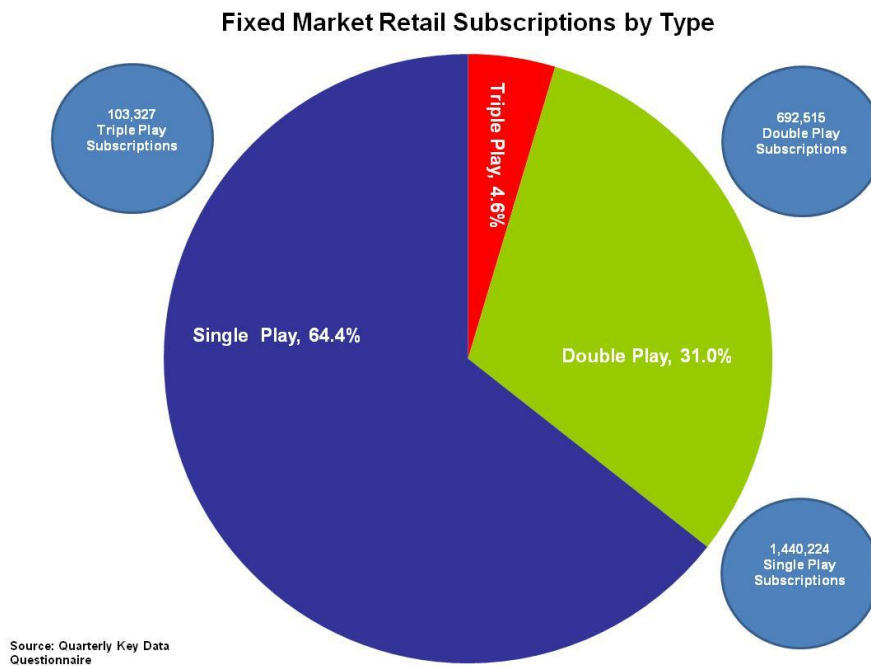


2.2.3 Fixed Market Retail Subscriptions by Type

Figure 2.2.3.1 shows the estimated proportion of retail customers or subscriptions to fixed line services (mobile networks are excluded) broken out by those with a single service and those taking a bundle of two or more services as of Q2 2011 (subscriptions mean a customer with at least one contract with an electronic communications service provider).¹⁰

It is estimated that there were almost 2.24 million fixed market retail subscriptions in Q2 2011 across both business customers and residential consumers (a business customer may have multiple subscriptions). 64.4% of these subscriptions were single play, 31.0% double play (a bundle of two services) and 4.6% triple play (a bundle of 3 services).

Figure 2.2.3.1 – Fixed Market Retail Subscriptions by Type, Q2 2011



¹⁰ Double play subscriptions can refer to either fixed telephony and internet or television or mobile telephony; television and the internet; mobile telephony and internet or television subscriptions. Triple play subscriptions can refer to fixed telephony and internet and television; fixed telephony and mobile telephony and internet; fixed telephony and mobile telephony and television; or, mobile telephony and internet and television subscriptions.

2.3 Fixed Voice Call Volumes

Fixed voice traffic in Q2 2011 was almost 1.69 billion minutes, which was a 3.6% decrease on Q1 2011 and a fall of 7.1% since Q2 2010.

Voice over broadband (VoB) minutes account for approximately 6.6% of total fixed voice minutes up from 5.6% in Q1 2011. There were an estimated 178,000 managed VoB subscriptions in Ireland in Q2 2011 and over 111 million managed VoB minutes.

The number of VoB subscriptions and minutes stated above most likely remain underestimated as VoB subscriptions and minutes quoted in this report represent managed VoB data only (for example by Eircom and other providers such as Blueface) and do not include unmanaged VoB services by providers such as Skype.

Domestic minutes accounted for 54.2% of all fixed traffic in Q2 2011. International outgoing minutes had a 14.0% market share of all fixed traffic. The market share of fixed to mobile minutes was 12.8% while other/advanced minutes (which include VoB minutes and premium rate calls) represented 19.0% of all fixed voice traffic.

Changes in the volumes and profile of fixed line traffic will continue to be monitored by ComReg for evidence of changes in fixed line usage, such as increased fixed-mobile substitution and voice over broadband substitution. Figures 2.3.1 and 2.3.2 illustrate trends in fixed voice call minutes since Q2 2009.

Figure 2.3.1 – Fixed Voice Call Volume (Minutes)¹¹

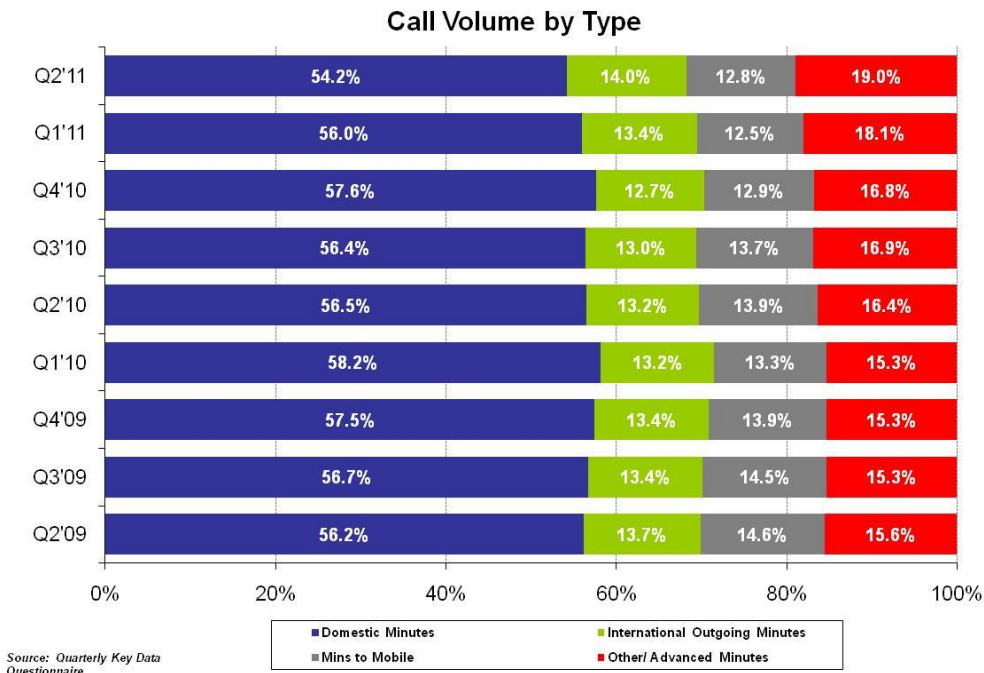
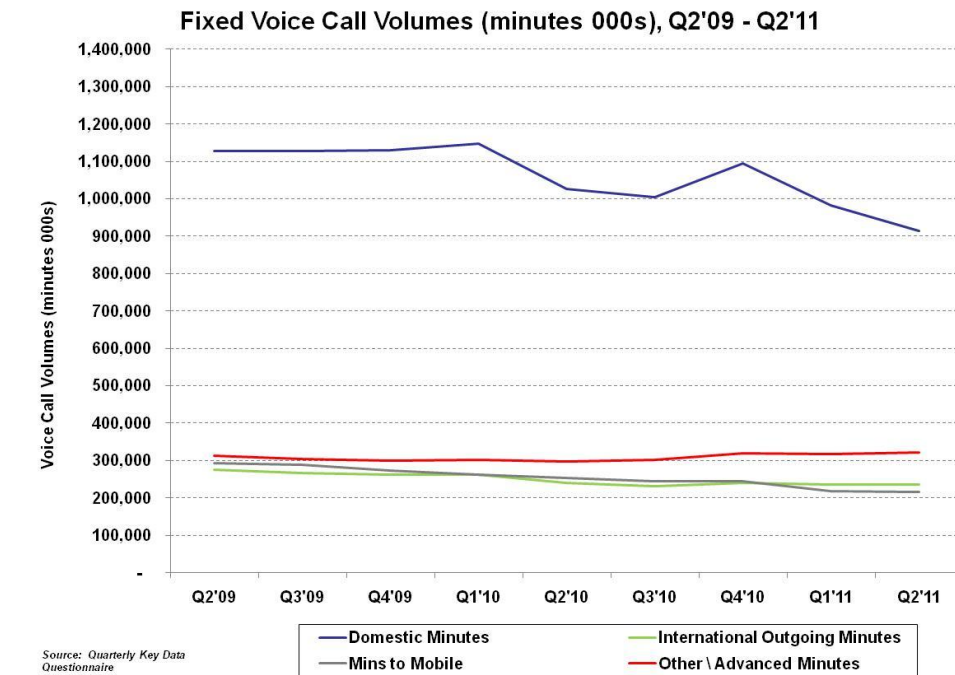


Figure 2.3.2 – Fixed Voice Call Volume (Minutes)



11 Domestic Calls include local & national calls. Advanced service and other minutes include minutes to premium rate numbers, freephone numbers, callsave, operator services, VoB minutes, VPN minutes, payphones and other services.

2.4 PSTN Pricing Data

ComReg uses independently-collated Teligen data using an OECD-approved methodology to examine the relative costs of a number of specific baskets of national and international telecoms services for both residential and business users. The data presented includes EU countries for which data is available¹².

Using this methodology, data is presented in Euro Purchasing Power Parities (PPPs). The latter provides an indication of the cost of telecoms services in countries analysed in relation to the cost of all other products and services. The basket methodologies are reviewed and revised periodically, the latest of which was in early 2010.

For the PSTN baskets, only the incumbent operator is covered. Discounts are incorporated and only tariffs presented as current tariffs on the operator web pages are considered. Nonrecurring charges (installation of a service) are discounted over 5 years and other fixed costs are included such as line rental and any other additional charges. Fixed, mobile and international calls are included in the baskets. For more detailed information please see ComReg's accompanying Memorandum, document 11/66a.

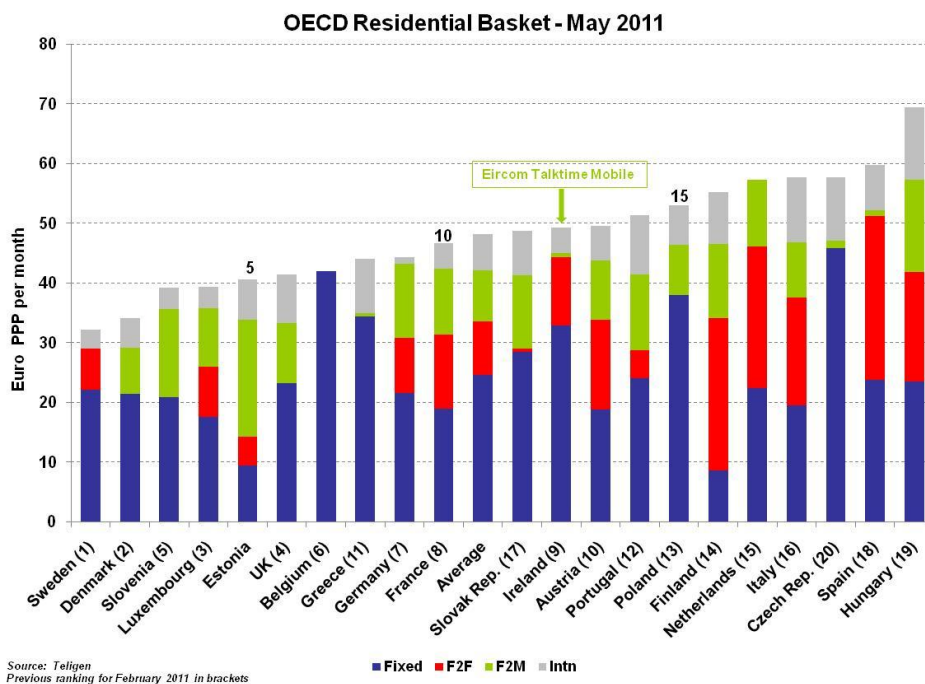
¹² This will be determined by whether the EU country is also an OECD member.

2.4.1 OECD Residential PSTN Basket

Figure 2.4.1.1 illustrates Ireland’s ranking, alongside another 20 EU countries, for residential calls, based on a basket of 140 calls per month. This chart is based on a comparison of the cheapest incumbent package available for a specific customer usage profile. In many cases this will be a bundled service which will include both line rental and a “bundle” of call minutes for a fixed monthly charge.

It should therefore be noted that the “fixed” element in this basket is not an indication of the cost of basic line rental. In May 2011 Ireland ranked in 12th position, two places behind the average of the benchmarked countries in terms of the most competitive pricing for this basket. The Irish package used for this comparison was Eircom’s Talktime Mobile, which was 2.1% more expensive than the average for the European countries charted.

Figure 2.4.1.1 - OECD Residential PSTN Basket – May 2011¹³



Source: Teligen
Previous ranking for February 2011 in brackets

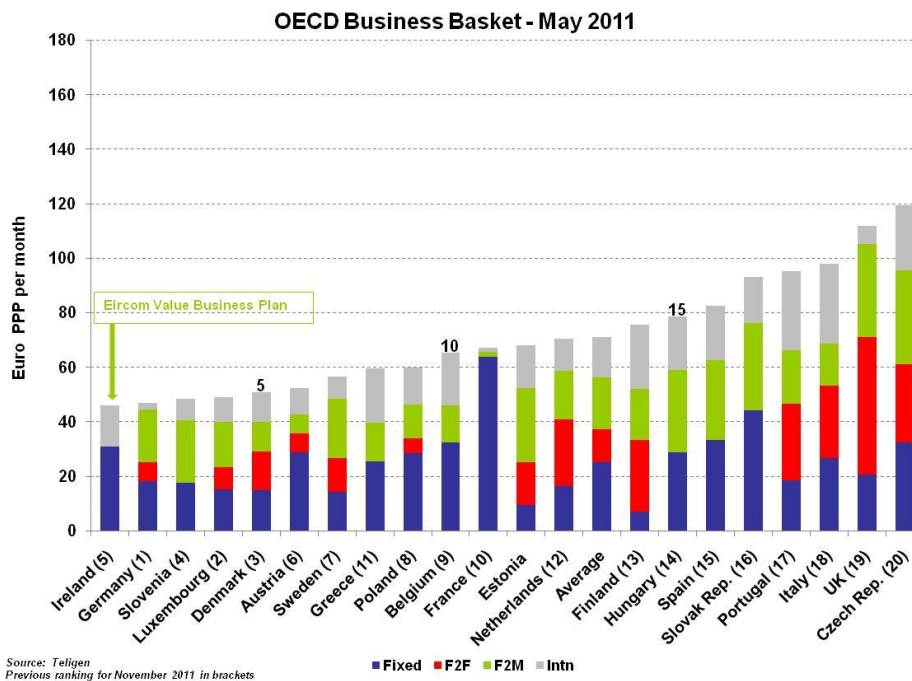
13 Residential tariffs include VAT. VAT rates vary between member states.

2.4.2 OECD Business PSTN Basket

Figure 2.4.2.1 illustrates Ireland’s ranking, alongside another 20 EU countries, for business calls, based on a basket of 260 calls per month, which also includes a fixed charge for access as part of a bundled service.

It should be noted that the “fixed” element in this basket is not an indication of the cost of basic line rental. As of May 2011 Ireland was approximately 54.8% cheaper than the average of the 20 countries benchmarked and ranks in 1st position, 13 places ahead of the group average. The Irish package used for this comparison was Eircom’s Value Business Plan.

Figure 2.4.2.1 - OECD Business PSTN Basket – May 2011



3. Internet and Broadband

3.1 Total Internet Subscriptions

At the end of June 2011, there were over 1.66 million active internet subscriptions in Ireland. This was a slight decrease of 0.2% on the previous quarter but a 5.2% increase on June 2010. This is the first quarter that there has been a fall, albeit a marginal one, in the number of internet subscriptions since ComReg began reporting. Although there was a small increase in broadband subscriptions, the larger fall in narrowband subscriptions resulted in a net decrease in internet subscriptions this quarter.

Narrowband subscriptions have declined, falling by 6,495 this quarter. This represents a 16.0% decline since the last quarter and a fall of 55.8% since June 2010. Narrowband now accounts for just 2.1% of all internet subscriptions.

Cable and FWA subscriptions increased this quarter but others (DSL, Mobile, and Other) fell this quarter. It should be noted that a new FWA operator was included in the data collection this quarter which has contributed to the overall FWA subscriptions increase. DSL subscriptions have declined for a second quarter in a row (-0.2%). This is the first quarter that mobile broadband subscriptions have declined (-1.3%). This decline was across both pre-pay and post-pay subscriptions. Other subscriptions (satellite and fibre) fell again this quarter (-2.5%). Figure 3.1.1 shows the total number of narrowband and broadband internet subscriptions in Ireland as of Q2 2011.

Figure 3.1.1 – Total Number of Active Internet Subscriptions

| Subscription Type | Q2'11 Subs | Quarterly Growth Q1'11 – Q2'11 | Year-on-Year Growth Q2'10 – Q2'11 |
|---|-------------------|---|--|
| Total Narrowband | 34,109 | -16.0% | -55.8% |
| DSL Broadband¹⁴ | 728,742 | -0.2% | -0.2% |
| Mobile Broadband | 583,755 | -1.3% | +14.8% |
| Cable Broadband | 228,595 | +4.6% | +32.0% |
| FWA Broadband¹⁵ | 78,299 | +3.7% | -6.2% |
| Other Broadband¹⁶ | 8,971 | -2.5% | +7.4% |
| Total Internet Subscriptions | 1,662,471 | -0.2% | +5.2% |

14 DSL refers to a digital subscriber line, the means by which broadband speeds (i.e. in excess of 144k downstream) are delivered over the copper telecoms network.

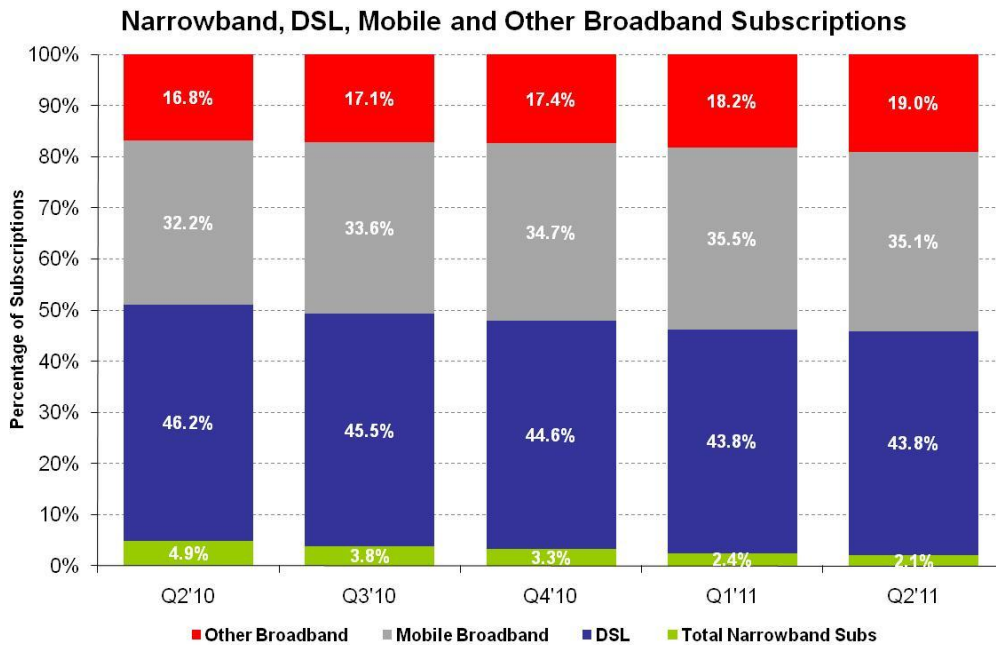
15 FWA subscriptions include an estimate of 2,000 since Q1 2011. This is based on subscriptions to small FWA firms who may not be required to submit a questionnaire response to ComReg as they do not meet ComReg's minimum turnover threshold. ComReg will update this additional estimate on an annual basis.

16 Other Broadband includes fibre, and satellite broadband connections.

Figure 3.1.2 profiles internet subscriptions in Ireland using the classifications of subscription type outlined in Figure 3.1.1. The market share of narrowband subscriptions has fallen by 2.9 percentage points between Q2 2010 and Q2 2011.

Broadband subscriptions accounted for 97.9% of all internet subscriptions in Q2 2011. DSL subscriptions account for the single largest majority of internet subscriptions (43.8%) though its share has declined by 2.4 percentage points over the last year. Mobile broadband subscriptions share has slightly declined this quarter, accounting for 35.1% of all internet subscriptions.

Figure 3.1.2 – Profile of Active Internet Subscriptions



Source: Quarterly Key Data Questionnaire

Figure 3.1.3 shows the change in total internet subscriptions, narrowband subscriptions and broadband subscriptions since Q2 2010. Broadband subscriptions exceeded narrowband subscriptions for the first time in Q1 2007. Narrowband subscriptions have been accelerating in decline on a yearly basis since 2004. In the last year, narrowband subscriptions have declined from 77,243 to 34,109 subscriptions (-55.8%), such that broadband now represents 97.9% of all internet subscriptions.

Figure 3.1.3 – Total Internet Subscriptions

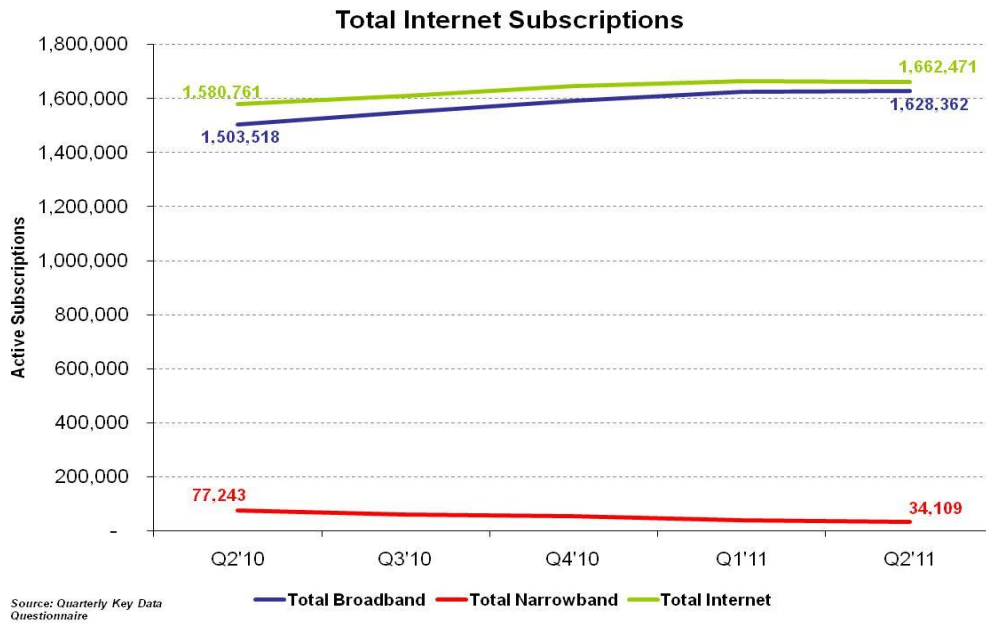


Figure 3.1.4 shows the quarterly percentage change in broadband and internet subscriptions since 2005. In general, there has been a continual slowdown in the growth of broadband subscriptions over the period. As broadband penetration has increased and the potential for migration of narrowband subscriptions to broadband has reduced over time, this is likely to have contributed to the greater slowdown in broadband growth over the latter half of the period charted below.

Figure 3.1.4 – Quarterly Growth in Total Internet and Broadband subscriptions

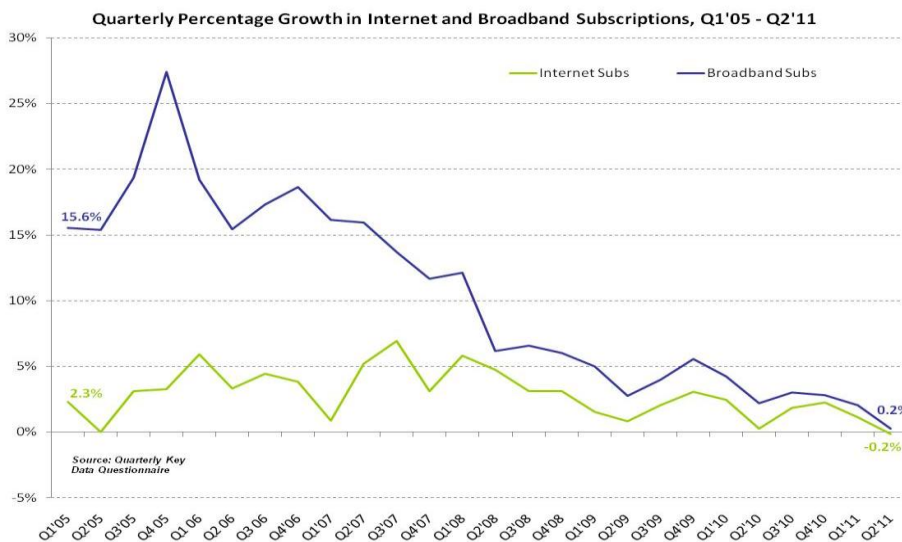
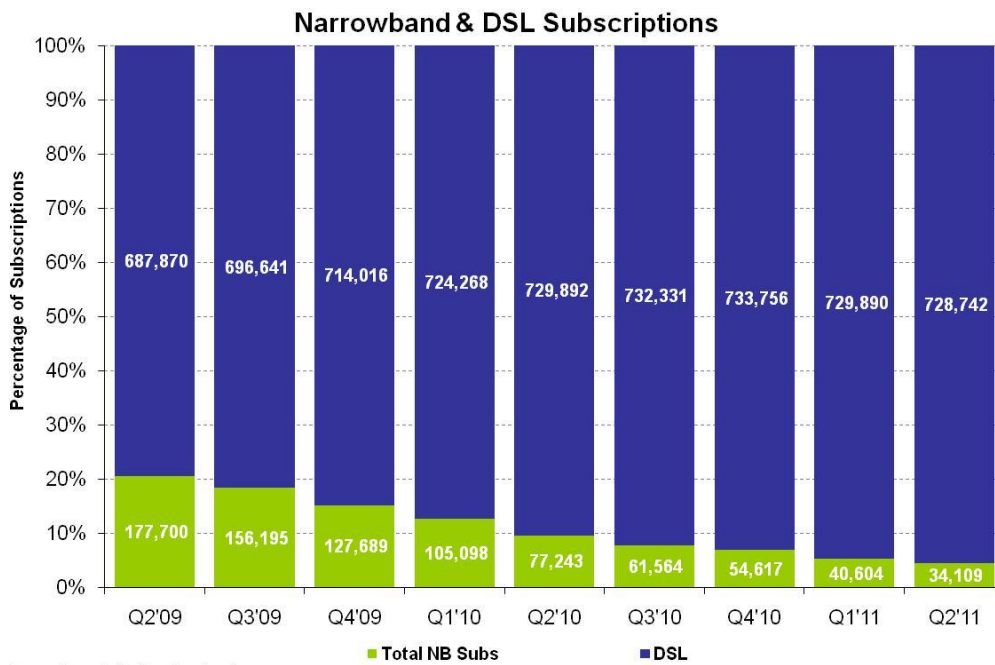


Figure 3.1.5 profiles only those internet subscriptions delivered over the copper telecoms network. It shows narrowband and DSL subscriptions. There were 762,851 active internet subscriptions over the copper telecoms network at the end of June 2011. This was a decrease of 44,284 (-5.5%) in the total number of copper-based subscriptions since Q2 2010.

This decline has been driven mainly by the continued decline in narrowband subscriptions (i.e. 97.4% of this overall decline). DSL accounted for 95.5% of copper-based internet subscriptions in Q2 2011 compared to 90.4% in Q2 2010 with the remainder accounted for by narrowband subscriptions.

Figure 3.1.5 – Profile of Copper Based Internet Subscriptions



3.2 Provision of DSL Access

Figure 3.2.1 examines the provision of DSL access. DSL broadband services are provided to consumers by operators using three alternative methods of access. DSL may be provided directly to the consumer by Eircom using direct access to its network; this accounted for 66.5% of all DSL subscriptions in Q2 2011. Retail DSL may also be provided by alternative operators (OAOs) who use either wholesale bitstream, which enables OAOs to resell another operator’s DSL service, or by offering DSL-based broadband using local-loop unbundling (LLU).

In Q2 2011, 25.6% of all DSL lines were provided by OAOs using wholesale bitstream. In absolute terms there were 186,786 wholesale bitstream lines in Q2 2011, a decrease of 0.2% on the previous quarter and a decrease of 11.7% since Q2 2010. The remaining 7.9% of DSL lines were provided to subscribers by OAOs using local-loop unbundling. In Q2 2011 there were 57,548 local loops unbundled up from 22,042 in Q2 2010. Eircom’s market share of retail DSL lines has declined by 1.5 percentage points over the last year.

Figure 3.2.1 - Provision of DSL Access

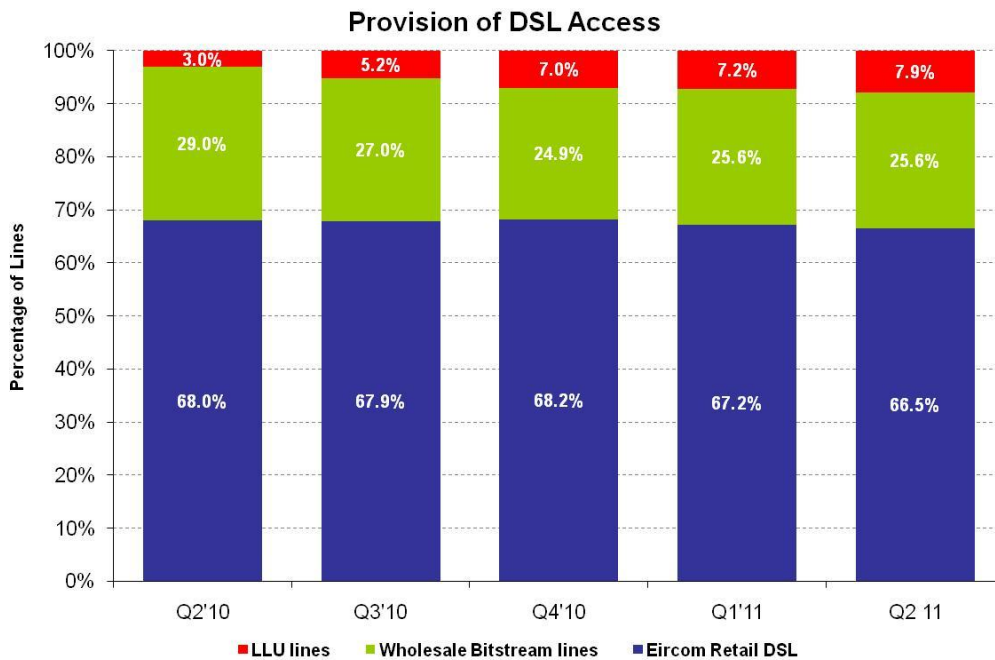
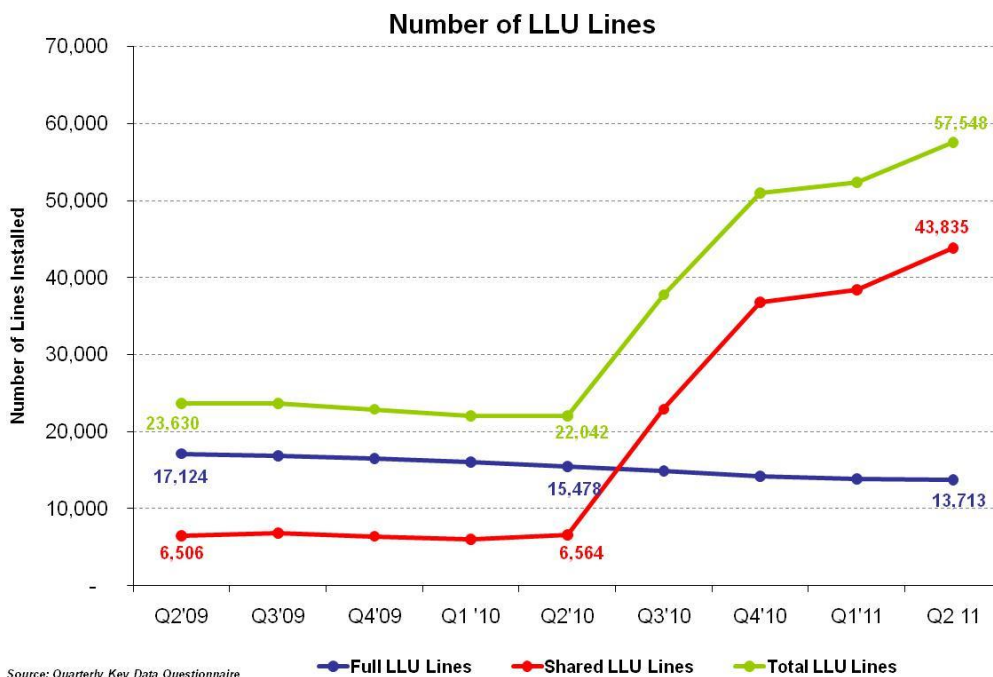


Figure 3.2.2 shows the number of unbundled lines classified by shared and full¹⁷ status. Between Q2 2009 and Q2 2011 the total number of LLU lines increased by 143.5%. Growth in total LLU lines picked up again this quarter, after slowing in the previous quarters. Total LLU lines increased by 10.0% this quarter due to an increase in shared lines (+14.0%). Full LLU lines continued to decline, falling by 1.2% this quarter.

ComReg notes that some alternative operators are actively migrating customers to LLU from Bitstream lines. ComReg hopes that the number of LLU lines will continue to increase following its decision¹⁸ to reduce wholesale line share charges from €8.41 to €0.77 and the unbundled local loop and sub-loop unbundled price from €16.43 and €14.83 per month to €12.41 and €10.53 respectively.¹⁹ In addition, prompted by ComReg, Eircom reviewed the processes and related costs of ancillary charges for LLU and Bitstream. These charges relate to connections, disconnections and migrations. This review included a review of the migration process between the various services, i.e. from Bitstream to Line Share (or LLU) and from Line Share to LLU, and the related cost reductions. Eircom reduced these charges with effect from 1 April 2011; which represents reductions ranging from 18% to 75%.²⁰

Figure 3.2.2 – Number of Local Loops Unbundled



17 Full LLU and shared LLU are two ways a copper loop may be unbundled. While full LLU assigns the entire copper loop to the leasing operator, shared LLU enables other operators and the incumbent to share the same line. With shared access consumers can acquire voice and data services from an operator or alternatively data services alone while retaining the voice services of the incumbent.

18 Decision D4/09 available at http://www.comreg.ie/_fileupload/publications/ComReg0966.pdf

19 Response to Consultations and Final Decision: Local Loop Unbundling (LLU) and Sub-Loop Unbundling (SLU) Maximum Monthly Rental Charges available at http://www.comreg.ie/_fileupload/publications/ComReg1010.pdf

20 http://www.comreg.ie/_fileupload/publications/ComReg_1120.pdf

3.3 Provision of Broadband Services

At the end of June 2011, there were 1,628,362 broadband subscriptions in Ireland. This represents a growth rate of 0.2% this quarter and 8.3% growth since Q2 2010.

Cable showed the strongest growth over the last year, up by 32.0%. Although FWA²¹ subscriptions increased by 3.7% this quarter, they have declined by 6.2% over the last year. The other subscriptions category (satellite and fibre) decreased by 7.4% over the last year. Mobile broadband subscriptions declined this quarter by 1.3% but grew by 14.8% in the year to Q2 2011.

Figure 3.3.1 – Broadband Subscriptions²² and Growth Rates by Platform

| Platform | Q2'11 Subs | Quarterly Growth Q1'11-Q2'11 | Year-on-Year Growth Q2'10-Q2'11 |
|---------------------------|-------------------|---|--|
| DSL | 728,742 | -0.2% | -0.2% |
| Cable | 228,595 | +4.6% | +32.0% |
| FWA | 78,299 | +3.7% | -6.2% |
| Other²³ | 8,971 | -2.5% | +7.4% |
| Sub-Total | 1,044,607 | +1.1% | +5.0% |
| Mobile Broadband | 583,755 | -1.3% | +14.8% |
| Total | 1,628,362 | +0.2% | +8.3% |

DSL remains the largest broadband access platform in terms of subscriptions. DSL accounts for 44.8% of all broadband subscriptions, a 3.7 percentage point decrease since Q2 2010. Of the remaining broadband subscriptions, mobile broadband accounts for 35.8%, a 2.0 percentage point increase since Q2 2010. Cable has 14.0% of the market, which is a 2.5 percentage point increase on Q2 2010. FWA accounts for 4.8% of broadband subscriptions, down 0.7 percentage points on Q2 2010. Satellite and fibre broadband subscriptions combined account for the remaining 0.6% of the market.

21 It should be noted that FWA subscriptions include an estimate of 2,000 since Q1 2011. This is based on subscriptions to smaller FWA firms who may not be required to submit a questionnaire response to ComReg as they do not meet ComReg's minimum turnover threshold. ComReg will update this additional estimate on an annual basis.

22 ComReg notes that the data provided in this section relates to active subscriptions reported by operators. It takes into account multiple active subscriptions to broadband offerings by individual subscribers.

23 Other Broadband includes Satellite and Optical Fibre broadband subscriptions.

Figure 3.3.2 illustrates the split by type of broadband subscriptions in the Irish market since Q2 2010, while Figure 3.3.3 shows the contribution of each of these platforms to broadband growth in percentage terms. In Q2 2011, total broadband growth was driven by Cable net additions. DSL contributed negatively to broadband growth this quarter. Mobile broadband declined for the first time this quarter, declining more than any other category of broadband subscriptions.

Figure 3.3.2 – Broadband Subscriptions by Platform

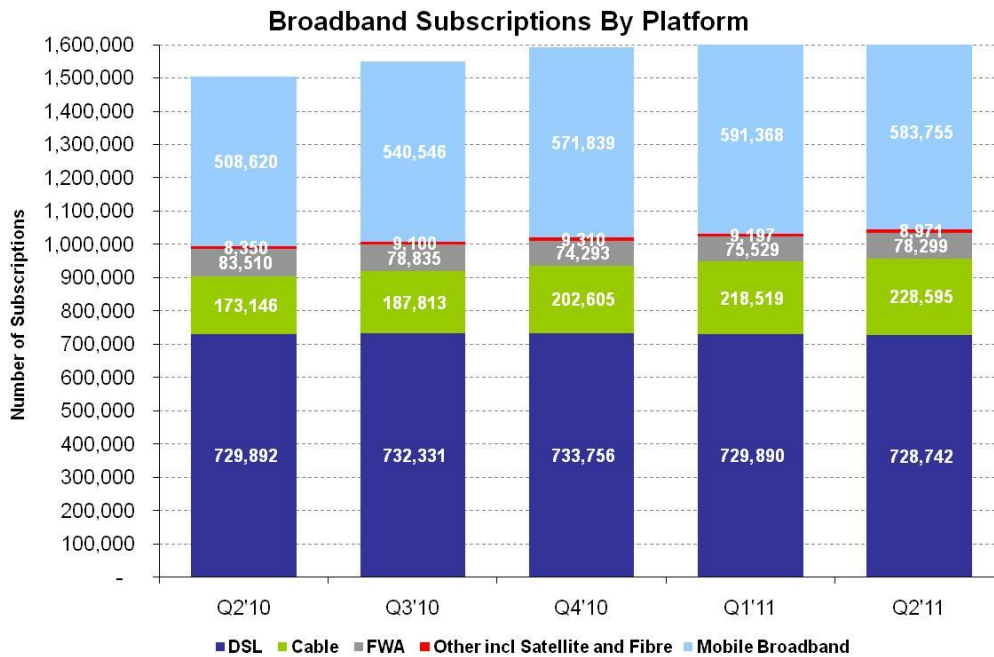


Figure 3.3.3 – Broadband Subscriptions by Platform – Contribution to Growth

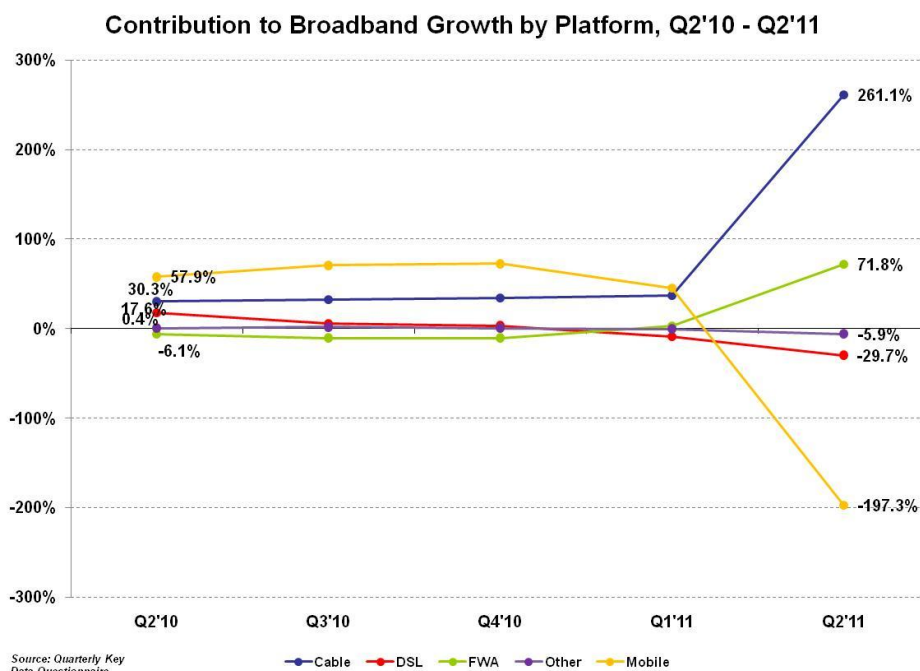


Figure 3.3.4 provides an estimate of the proportion of business and residential subscriptions to DSL, cable, fixed wireless, mobile broadband, fibre and satellite broadband services. In Q2 2011 83.4% (up from 81.9% in Q2 2010) of broadband subscriptions on all platforms were classed as residential broadband subscriptions. The platform with the highest percentage proportion of residential to business subscriptions is cable broadband, while the other (fibre and satellite) category has the highest percentage of business customers.

Figure 3.3.4 – Broadband Subscriptions by Subscription Type

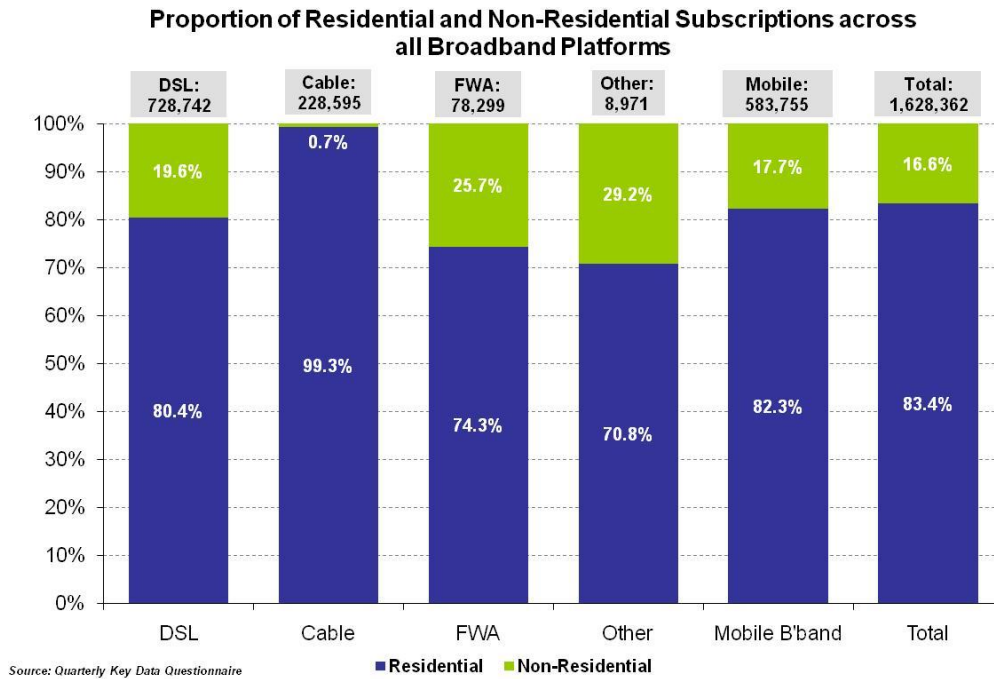


Figure 3.3.5 illustrates the breakdown of broadband subscriptions by contracted speed across all broadband platforms (including mobile broadband). The trend of customers moving to higher speeds continued in Q2 2011 with speeds of $\geq 10\text{Mbps}$ increasing at the expense of the other lower category speeds. In total, approximately 12.5% of broadband subscriptions were $\geq 10\text{Mbps}$. This equates to approximately 14.2% of residential subscriptions and 4.1% business subscriptions.

The data suggest that both residential and business users are more likely to subscribe to packages of between 2Mbps - 10Mbps. Many larger firms access their broadband services over leased lines. Leased lines are not included in these charts. Leased line speeds can range up to speeds in excess of 1 gigabyte per second.

Figure 3.3.5 – Broadband Subscriptions by Contracted Download Speeds and Subscription Type

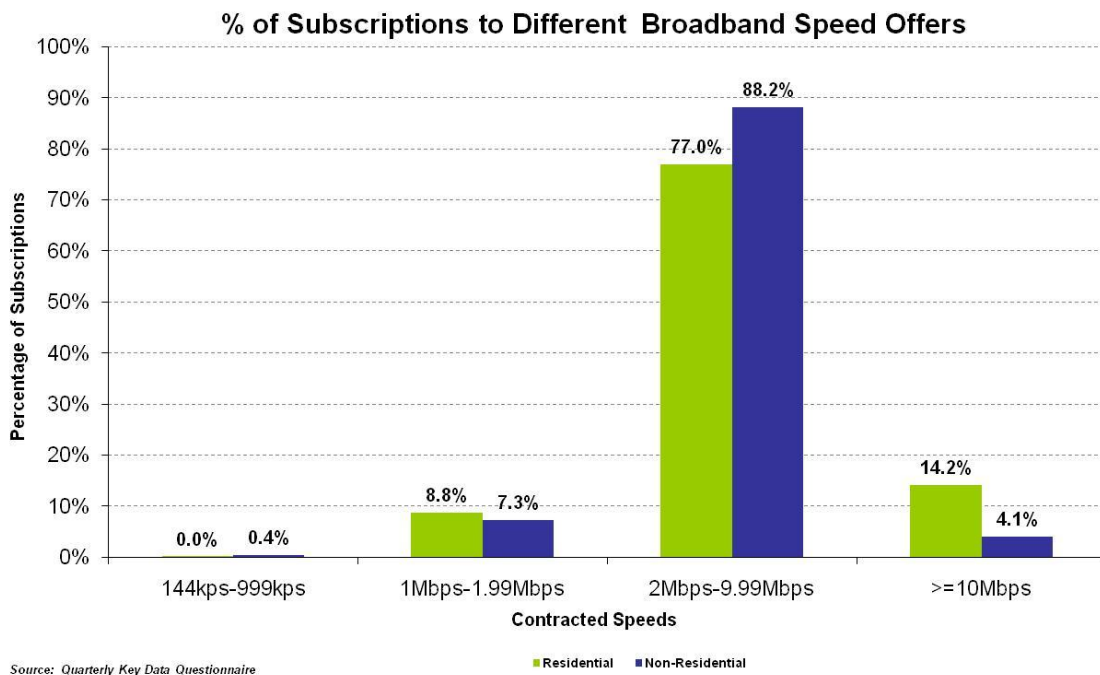


Figure 3.3.6 shows the change in broadband subscriptions by contracted downloaded speeds between Q2'10 and Q2'11. Subscriptions in the lower speed categories decreased this quarter as subscriptions in the ≥ 10 Mbps category increased.

Figure 3.3.6 – Broadband Subscriptions by Contracted Download Speeds

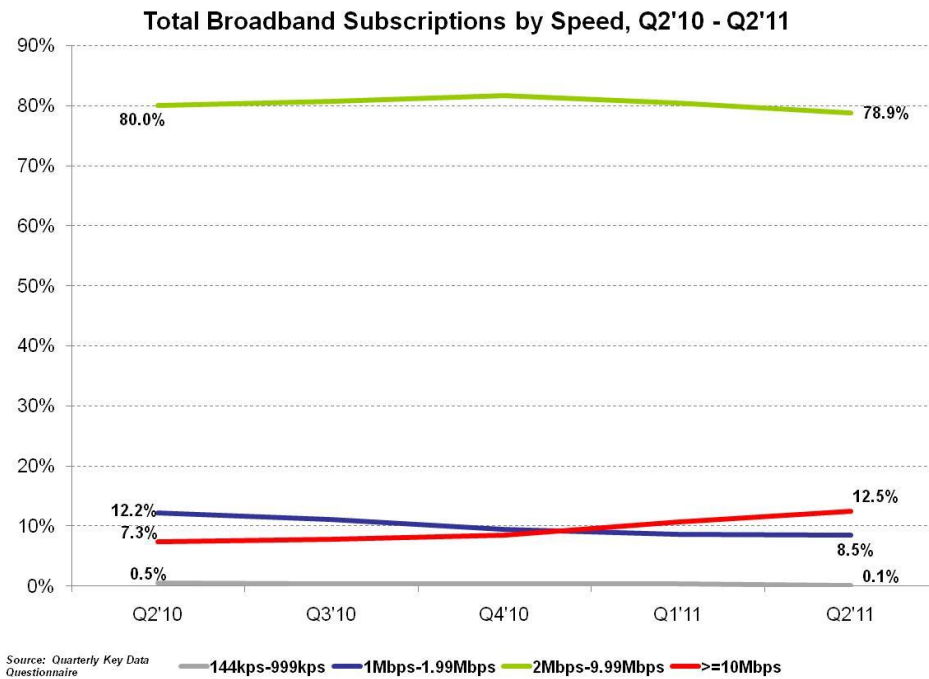


Figure 3.3.7 illustrates Eircom’s market share of fixed broadband subscriptions when compared to other authorised operators’ (OAO) share of overall fixed broadband subscriptions (DSL, cable, FWA, satellite, and fibre broadband subscriptions). In Q2 2011 Eircom’s market share was 46.4% and OAOs had the remaining 53.6% of broadband subscriptions.

Figure 3.3.7 – Market Share of Fixed Broadband Market

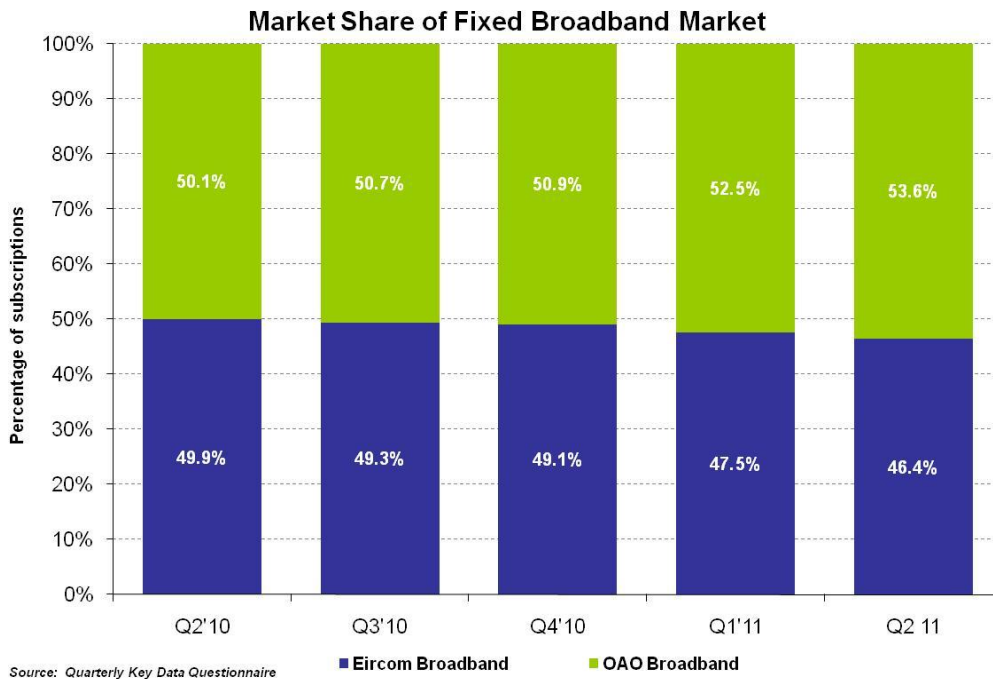


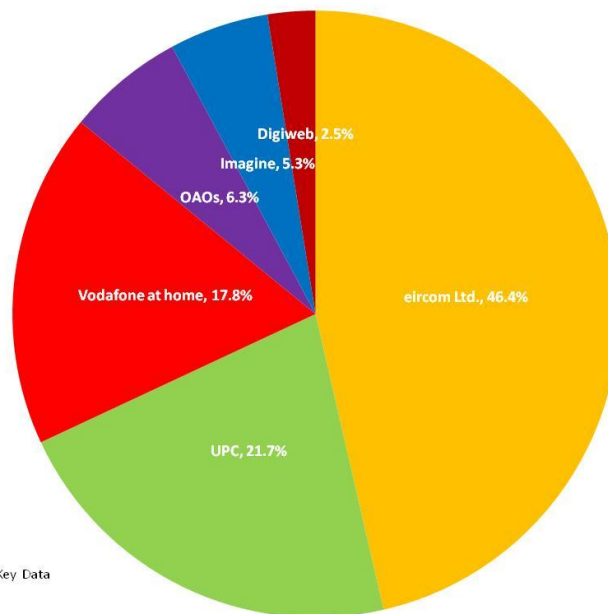
Figure 3.3.8 provides the market share of fixed broadband operators by number of subscriptions. DSL, cable modem, FWA, satellite and fibre subscriptions are all used to calculate the fixed broadband market shares.

Operators with a market share of 2% or more are shown in the chart below. All those operators with less than 2% of total fixed broadband subscriptions are then grouped together under OAOs.

According to the data received from operators for Q2 2011, Eircom had 46.4% of total fixed broadband subscriptions, followed by UPC who had 21.7% of subscriptions. Vodafone had a 17.8% market share (excluding mobile broadband subscriptions), while Imagine had 5.3% and Digiweb had 2.5%. All other operators combined accounted for the remaining 6.3% of the fixed broadband subscriptions.

Figure 3.3.8 – Subscription Market Share of Fixed Broadband Market

Fixed Broadband Market Share (Subscriptions), Q2 2011

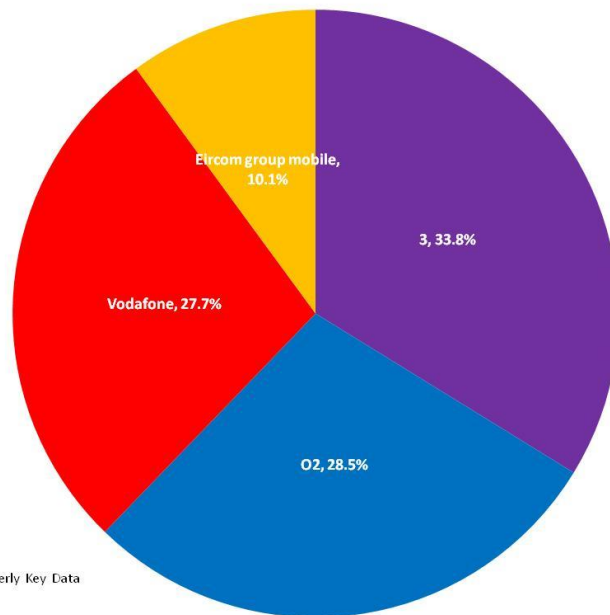


Source: Quarterly Key Data Questionnaire

Figure 3.3.9 shows the market share of mobile broadband operators by subscriptions. As of Q2 2011, 3 had the largest share with 33.8%,²⁴ down from 36.0% in Q2 2010. O2 had a market share of 28.5% down from 28.6% in Q2 2010. Vodafone’s market share was 27.7%, up from 27.1% one year previously while eircom group mobile had a market share of 10.1% up from 8.2% in Q2 2010.

Figure 3.3.9 – Subscription Market Share of Mobile Broadband Market

Mobile Broadband Market Shares (Subscriptions), Q2 2011



Source: Quarterly Key Data Questionnaire

²⁴ 3’s National Broadband Scheme subscriptions are included in this data.

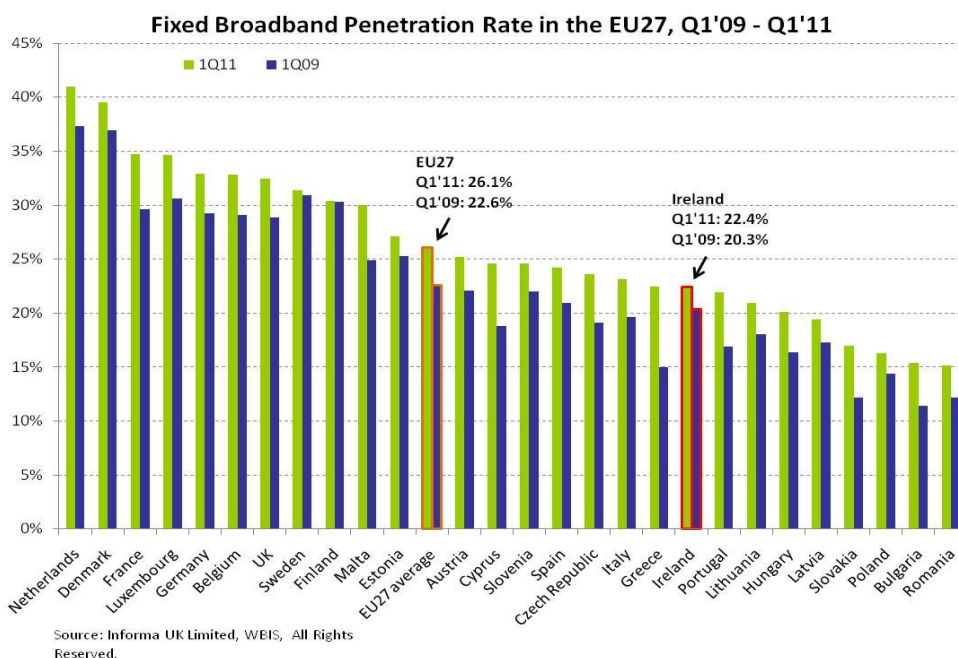
3.4 Broadband Penetration

The total number of broadband subscriptions in Ireland for Q2 2011 was 1,628,362. Using fixed residential broadband subscriptions only (i.e. excluding business subscriptions and mobile broadband subscriptions), the estimated broadband household penetration rate (there are an estimated 1,646,200 households in Ireland using CSO data) as of Q2 2011 is 53.3%.

Based on the total number of broadband subscriptions in Ireland for Q2 2011, the broadband per capita penetration rate (including mobile broadband) was 35.5%. When mobile broadband is excluded, the penetration rate was 22.8%.²⁵ These figures are based on a population of 4,581,269 from Central Statistics Office (CSO) data.²⁶

Figures 3.4.1 shows fixed broadband subscriptions per capita among the EU27 countries. This data is sourced from Informa UK Limited. Ireland’s fixed broadband per capita penetration rate (22.4%) has increased by 2.1 percentage points over the last two years but remains behind the EU27 average of 26.1% which has increased by 3.5 percentage points over the same period.

Figure 3.4.1 – Broadband Subscriptions per Capita, Q1’09 – Q1’11



²⁵ It should be noted that ComReg reports dedicated mobile broadband subscriptions (i.e. on the basis of mobile dongles/datacards) only. Mobile broadband subscriptions over a handset are not included. Therefore, the total number of mobile broadband users (i.e. dedicated and handset mobile broadband subscriptions) will be higher than stated in this report. On the other hand, a broadband subscriber may have both a fixed and mobile broadband subscription and therefore, a broadband penetration rate based on both mobile and fixed subscriptions may overestimate the penetration rate.

²⁶ <http://www.cso.ie/census/documents/Prelim%20complete.pdf>

3.5 WiFi Broadband Access

While WiFi originally emerged as an alternative to share broadband connectivity in the home and to provide access to nomadic laptop users in airports and other public places, it is now being used by a broader range of players with different business models and needs which include in home connectivity, outdoor access for nomadic users, off-loading and coverage alternative for mobile operators, and business innovation.

ComReg presents data on the WiFi market based on the number of public WiFi hotspots and access points located nationally. Internet hotspots are typically public wireless access points where a computer, usually a laptop, or other portable device such as an iPhone can connect to the internet. A WiFi hotspot can be made up of one or more WiFi access points²⁷. WiFi hotspots tend to be found in airports, hotel lobbies and cafés and restaurants. In most cases, the user pays for high-speed internet access at an access point, based either on a vouchered payment for a specific amount of time online or a recurring monthly subscription. There are a number of providers of these services in Ireland including Bitbuzz, Eircom and BT Ireland.

Though the number of WiFi hotspots has fallen by 5.7% over the last year there was a slight increase on last quarter (1.3%). In Q2 2011 there were just over 39 million WiFi minutes used in Ireland, an increase of 20.4% from the previous quarter and an overall increase of 26.7% since Q2 2010. The number of WiFi access points increased slightly this quarter by 0.8%.

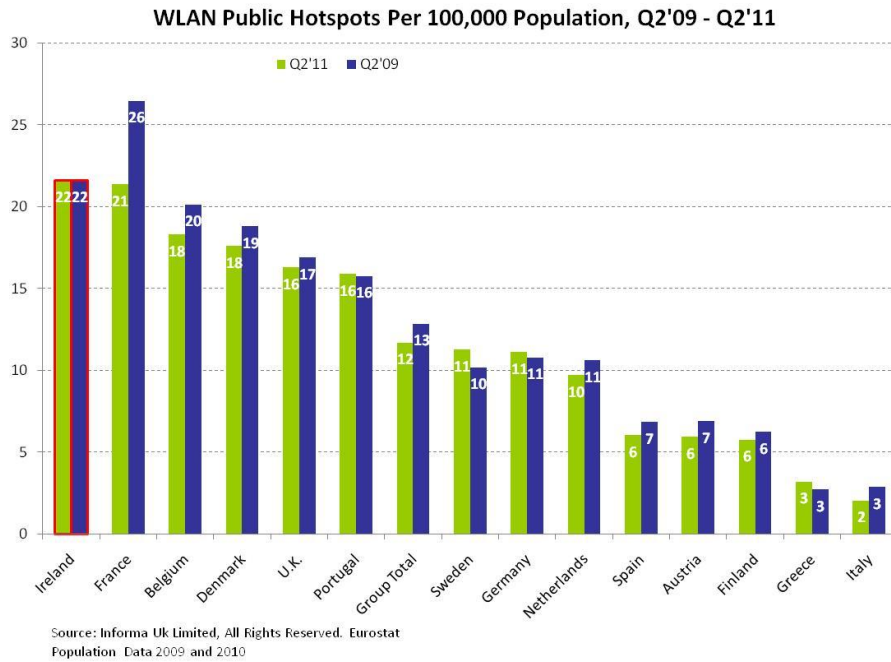
Figure 3.5.1 – WiFi Hotspots, Access Points and Minutes of Use

| | Q2 2011 | Q2'10-Q2'11 Growth | Q1'11-Q2'11 Growth |
|----------------------------|-------------------|-------------------------------|-------------------------------|
| WiFi Hotspots | 1,052 | -5.7% | +1.3% |
| WiFi Access Points | 2,954 | -18.3% | +0.8% |
| WiFi Minutes of Use | 39,055,883 | +26.7% | +20.4% |

²⁷ Hotspots are typically public locations at which broadband internet access can be obtained. At these hotspots, users with a computer (usually a laptop) can wirelessly connect to the internet either for free or on payment of a fee. Typical locations for such hotspots include cafes and restaurants, hotels and airports. In general terms, more than one access point can be found at a hotspot.

Figure 3.5.2 shows a comparison of WLAN public hotspots among EU countries based on data sourced from Informa. Ireland had the highest number of hotspots per 100,000 population among the countries benchmarked in Q2 2011. France had an almost similar number of hotspots just behind Ireland.

Figure 3.5.2 – WLAN Public Hotspots per capita



3.6 Broadband Pricing Data²⁸

In this report broadband tariff baskets have been supplied by Teligen using their T-Connect product for fixed broadband comparisons and their T-Wireless product for mobile broadband comparisons.

The speed categories were chosen for these operators across all benchmarked countries to ensure that a meaningful comparison can be made between packages in terms of contracted speeds offered. Operators' broadband packages are compared on the assumption that their products should be available nationally. The prices represented in each basket are based on the lowest priced tariffs available for those baskets. Packages which limit usage with speed restrictions when usage exceeds allowance are included.

Further information on the composition of the broadband basket can be found in the Explanatory Memorandum which accompanies this report.²⁹

T-Connect (Fixed Broadband Baskets)

In order to ensure that services can be adequately compared, the benchmarking model prices a range of DSL and cable services based on defined usage of 30 hours per month, with each session assumed to last for 30 minutes for residential consumers while a usage of 100 hours per month with a 60 minute average session for business consumers is assumed.

While broadband is an always-on product, the assumption of an average user profile ensures that packages are comparable across countries. It further assumes a download usage of 5 Gigabytes every month for each service for residential consumers and 20 Gigabytes every month for business consumers. Upload and download speeds (based on contracted speeds) are also analysed.

The data presented in the following charts illustrates the cheapest product available in each country from the dominant fixed line market player (Eircom for Ireland), the next largest DSL operator (Vodafone for Ireland) and the dominant cable operator (i.e. UPC for Ireland) under these usage assumptions.

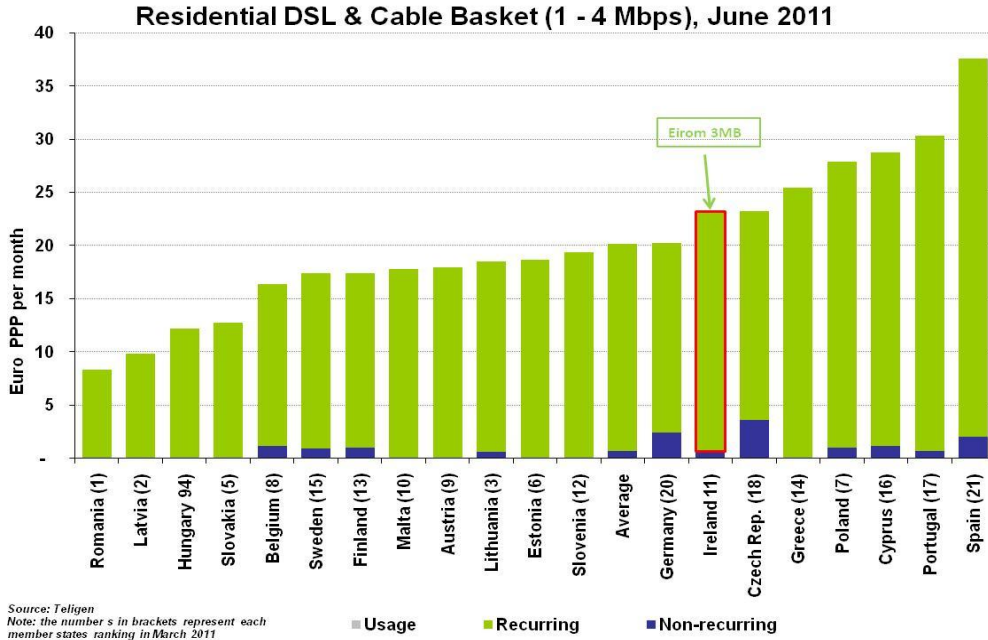
These packages are based on advertised download speeds. The charts below represent speed categories of 1-4 Mbps in the residential market, all residential speeds and 4-10 Mbps in the business market.

²⁸ This section does not include broadband tariff packages that are offered as special promotions. All residential tariffs are inclusive of VAT but all business tariffs are exclusive of VAT. VAT rates vary between Member States.

²⁹ ComReg Document 11/66a.

The lowest monthly residential DSL & cable pricing for the 1-4 Mbps speed category are charted in figure 3.6.1. Ireland ranks in 14th place among this group of 20 European countries. Ireland is 2 places behind and 14.8% more expensive than the benchmarked country average. The pricing for Ireland is based on Eircom’s 3MB package.

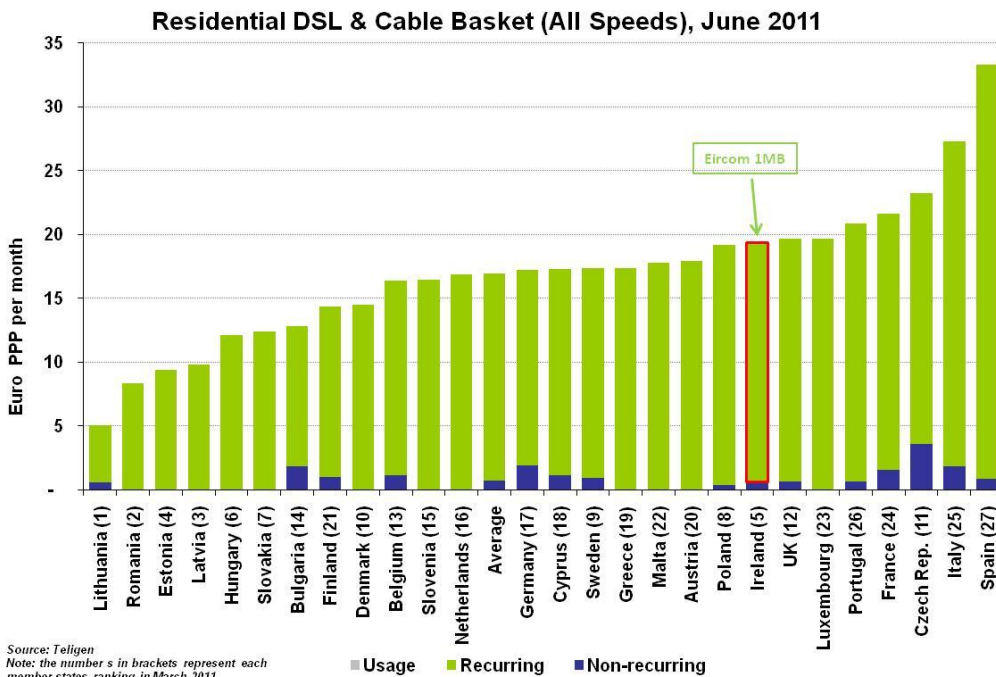
Figure 3.6.1 - Residential DSL & Cable Basket (1-4 Mbps)



Source: Teligen
 Note: the numbers in brackets represent each member states ranking in March 2011

The lowest monthly residential DSL & cable pricing for all speeds are charted in figure 3.6.2. Ireland ranks in 20th place in this group of 27 European countries. Ireland is 8 places behind and 15.5% more expensive than the benchmarked country average. The pricing for Ireland is based on Eircom’s 1MB package.

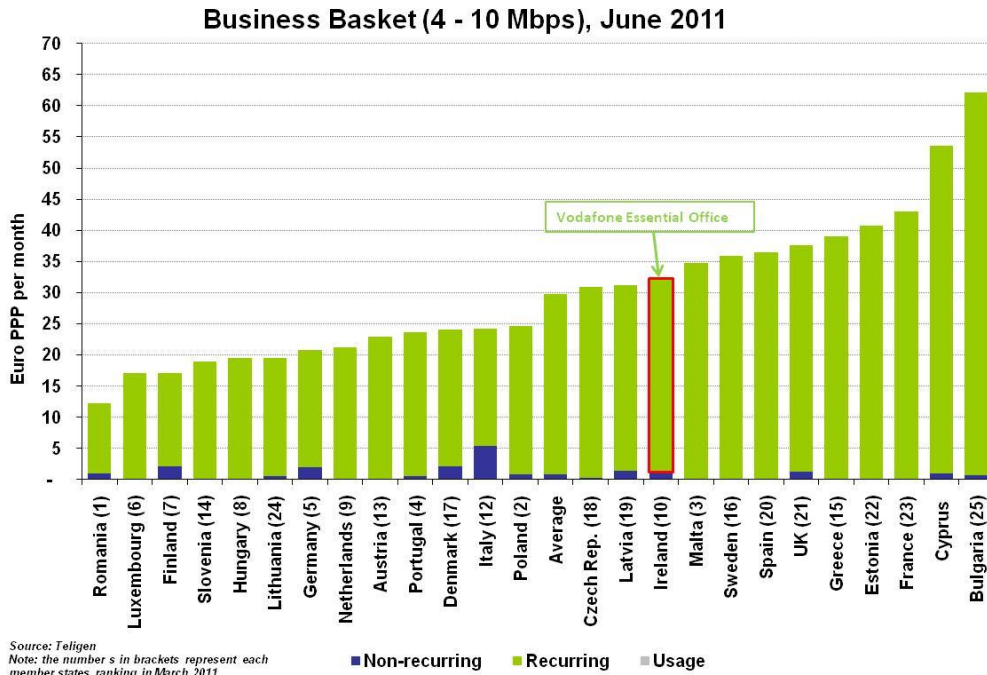
Figure 3.6.2 - Residential DSL & Cable Basket (All Speeds)



Source: Teligen
 Note: the numbers in brackets represent each member states ranking in March 2011

The lowest monthly business pricing for DSL and cable in the 4-10 Mbps speed category is charted in figure 3.6.3. Ireland ranks in 16th place among this group of 25 European countries. Ireland is 3 places behind and 8.5% more expensive than the benchmarked country average. The pricing for Ireland is based on Vodafone’s Essential Office package.

Figure 3.6.3 – Business DSL and Cable Basket (4-10Mbps)



T-Connect (Mobile Broadband Baskets)

This benchmarking model prices a range of mobile broadband services for PC, tablet and standalone tariffs. All Irish mobile network operators are included in the model. These packages are based on advertised download speeds.

The pre-pay residential basket is based on a usage profile of 8 hours and 1.5GB downloaded per month and the post-pay residential basket is based on a usage profile of 15 hours and 3GB download per month. For business customers the basket chosen is based on a usage profile of 4 hours and 0.7GB downloaded per month.

These baskets have been chosen to be representative of the market on the basis of the average size of monthly downloads among mobile broadband consumers in Ireland.

Figure 3.6.4 shows that out of the 20 European countries benchmarked, Ireland ranks in 11th place for the most competitive pricing, 4 places ahead of the benchmarked country average. The pricing for Ireland is based on O2’s pre-pay broadband 30 day pass package. Ireland’s pricing is approximately 30.6% cheaper than the benchmarked country average.

Figure 3.6.4 – Pre-Pay Residential Mobile Broadband Basket (All Speeds)

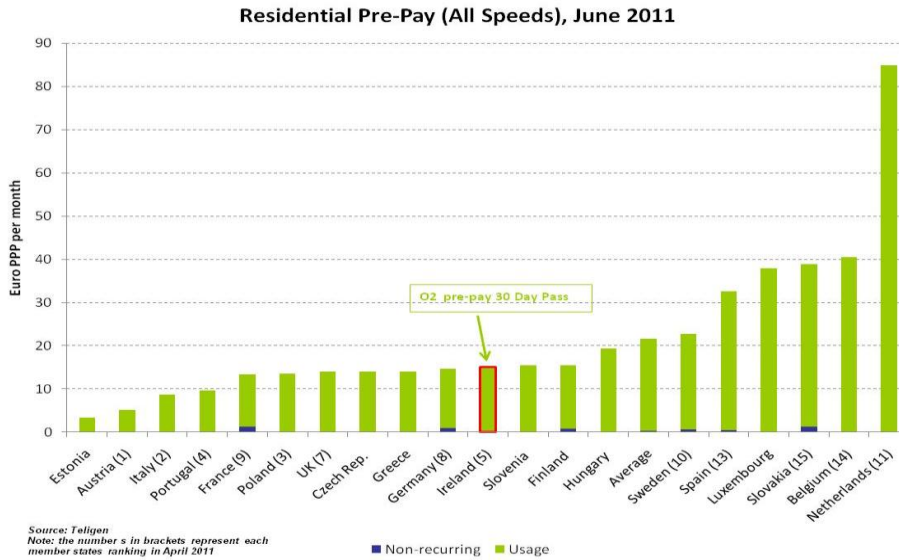


Figure 3.6.5 compares post-pay residential mobile broadband tariffs. Ireland ranks in 6th place among the 21 benchmarked European countries, 9 places ahead of the benchmarked country average. Ireland’s pricing is based on Meteor’s Broadband to Go 1MB package and is approximately 30.7% cheaper than the benchmarked country average.

Figure 3.6.5 – Post-Pay Residential Mobile Broadband Basket (All Speeds)

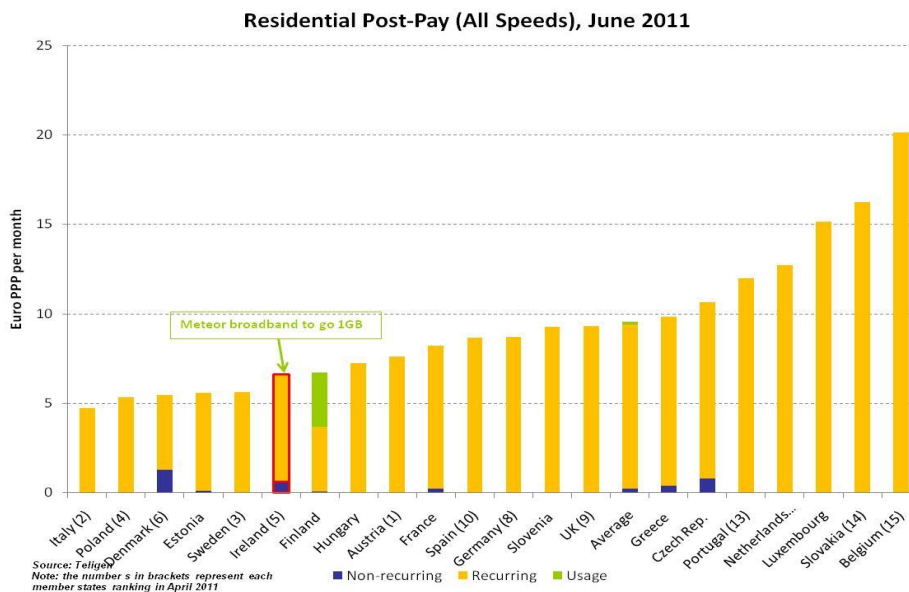
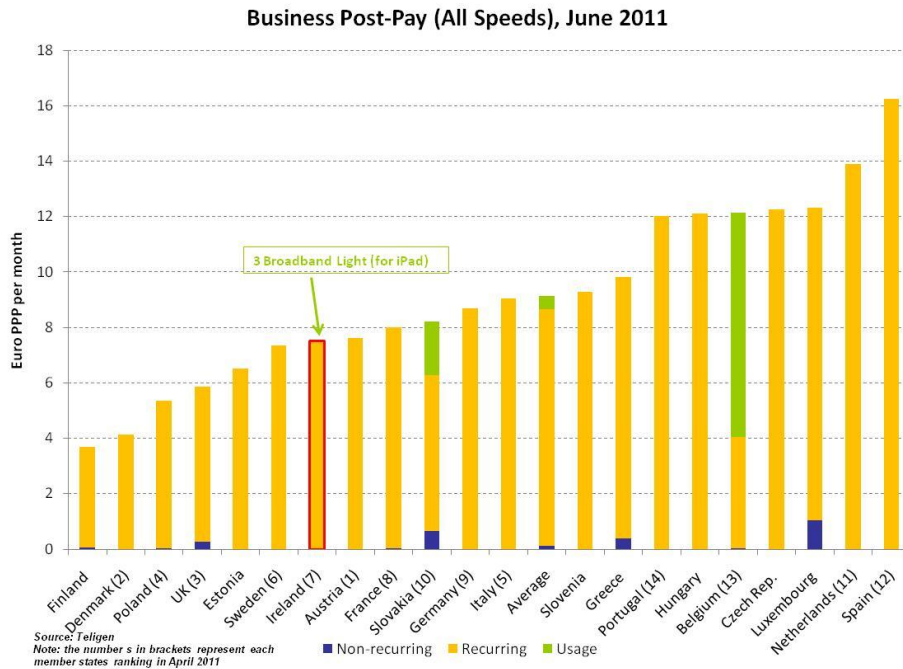


Figure 3.6.6 compares the pricing for a post-pay business mobile broadband basket among 21 European countries. Ireland ranks in 7th place among these countries, 6 places ahead of and 17.9% cheaper than the benchmarked country average. Ireland’s pricing is based on 3’s Broadband Light package for the iPad.

Figure 3.6.6 – Post-Pay Business Mobile Broadband Basket (All Speeds)

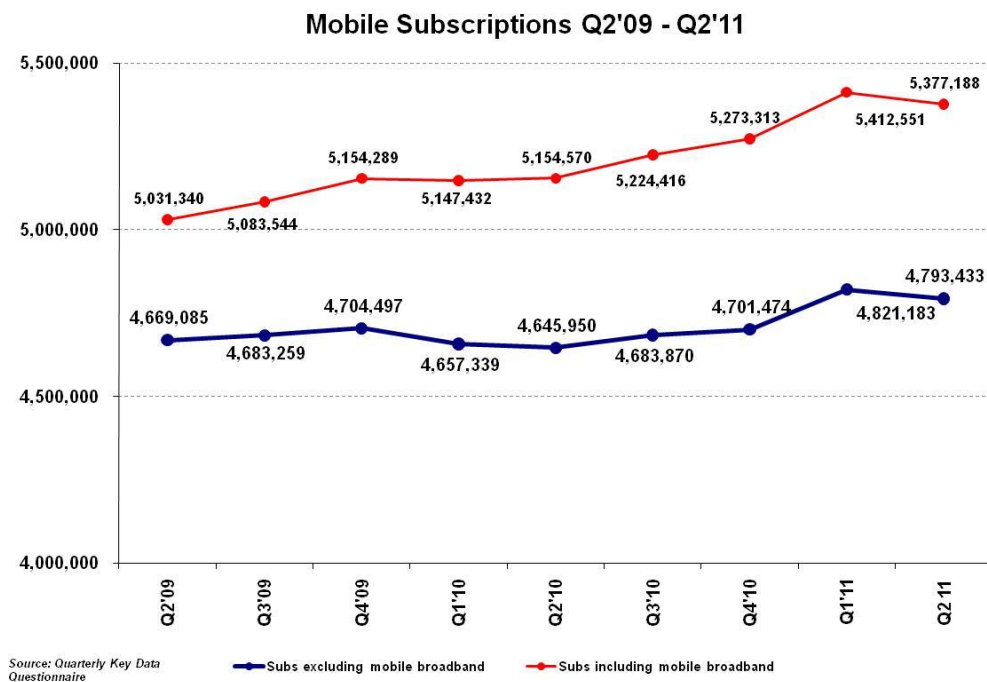


4. Mobile Market Data

4.1 Number of Subscriptions and Penetration Rate³⁰

At the end of June 2011 there were 5,377,188 mobile subscriptions in Ireland. Mobile broadband subscriptions are included in this figure. If mobile broadband subscriptions (583,755 this quarter) are excluded, the total number of mobile subscriptions in Ireland was 4,793,433. Total mobile subscriptions have declined by 0.7% this quarter. Mobile broadband subscriptions have also declined this quarter (by 1.3%). This overall decline in mobile subscriptions is mainly attributable to inactive pre-paid mobile subscriptions, as ComReg defines pre-paid subscriptions on the basis of activity in the quarter. This definition has been defined in more detail in the last couple of quarterly data collections.³¹ However, while subscriptions fell in Q2 2011, in the year to June 2011 total mobile subscriptions grew by 4.3% while mobile broadband subscriptions grew by 14.8%.

Figure 4.1.1 – Mobile Subscriptions



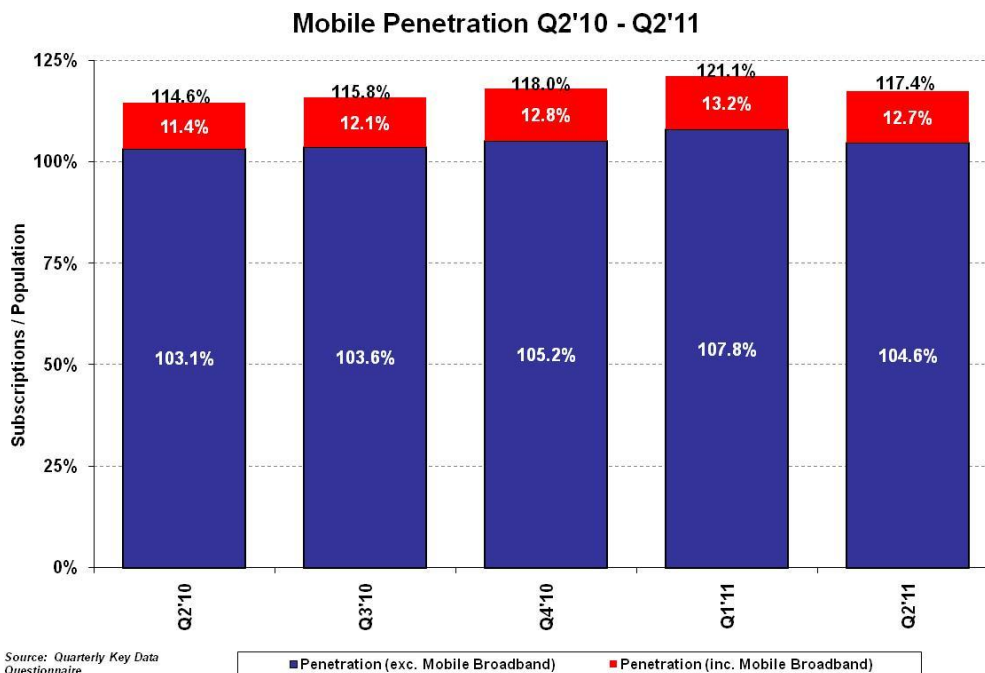
³⁰ Mobile subscriptions do not include data from MVNOs Postfone and Just mobile.

³¹ The term 'prepaid subscriber' refers to an active prepaid subscriber – i.e. those who have a paid-for top-up and who decremented their balance in the previous 90 days by means of a transaction such as an outgoing call, SMS, MMS or mobile internet usage. This means all 2G and 3G SIMs, including 3G SIMs used for mobile broadband. The receipt of free credit does not constitute activity and subscribers who received a SIM with activated "free" credit which they do not use in the period should not be recorded as an active prepaid subscriber. However use of this free credit for outgoing calls, etc during the 90 days being reported does constitute activity.

Figure 4.1.2 charts mobile penetration since Q2 2010 and shows that at the end of June 2011, mobile penetration, based on a population of 4,581,269 (using CSO preliminary census 2011 results), was 117.4% including mobile broadband and 104.6% excluding mobile broadband. While the decline in mobile subscriptions has impacted the penetration rate, the rise in the population base for Q2 2011 contributed more to the decline in the overall mobile penetration rate. Mobile penetration is recognised as the standard metric internationally to measure the adoption of mobile services, and is calculated based on the number of active SIM cards per 100 of the population.

Given that some mobile users may have used more than one active SIM card during the period, there is likely to be some over-estimation of actual individual mobile penetration using this metric. ComReg’s calculation of mobile subscriptions includes active SIMs bundled with mobile broadband datacards and USB modems for internet access via laptops/PCs as well as SIM cards used in mobile phones for voice and data services.

Figure 4.1.2 – Irish Mobile Penetration Rate



4.2 The Profile of Mobile Subscriptions in Ireland

Mobile users pay for their mobile service by either purchasing pre-paid credit, or by receiving a monthly bill from their mobile operator, described in this report as a post-paid payment option.

Figure 4.2.1 illustrates the mobile subscription base (including mobile broadband) in Ireland classified by the proportion of pre-paid and post-paid subscriptions on both 2G and 3G networks at the end of June 2011. 36.3% of subscriptions were post-paid, up from 34.6% one year previously and up from 32.1% in Q2 2009, in general representing a continual increase in post-paid subscriptions at the expense of pre-paid subscriptions.

Figure 4.2.1 – Profile of Pre-Paid and Post-Paid Subscriptions

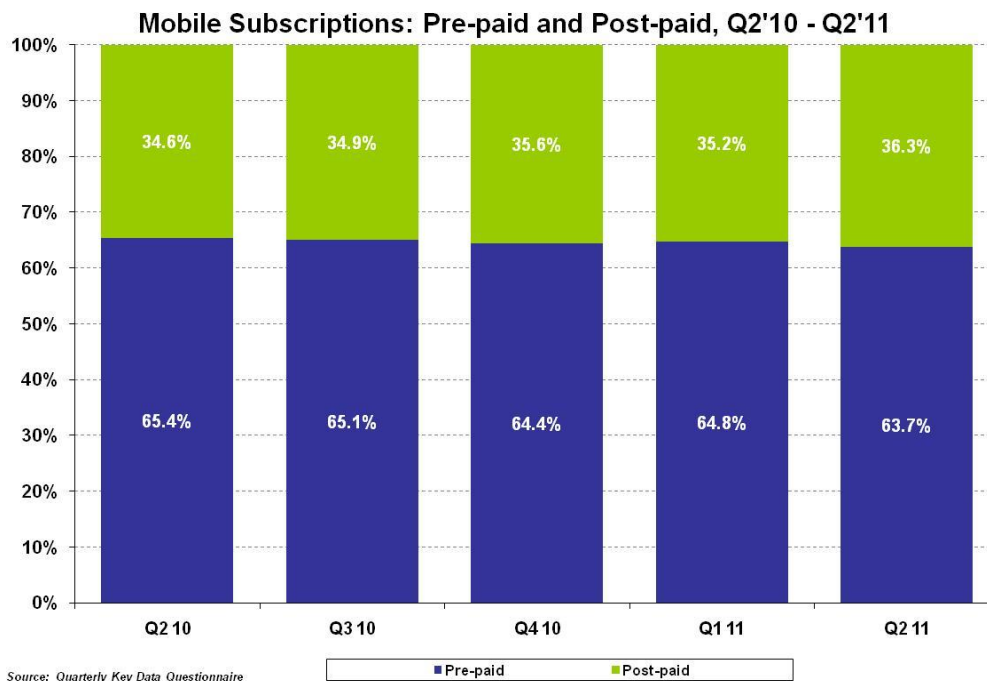


Figure 4.2.2 shows the pre-paid and post-paid subscription profile for each of the mobile operators in the Irish market. Mobile broadband subscriptions are included in this data. As of Q1 2011, 67.2% of Vodafone’s subscriptions were pre-paid. O2 had 55.6% pre-paid subscriptions, eircom Group Mobile had 80.2% pre-paid subscriptions, and 24.1% of 3’s mobile subscriptions were pre-paid. Tesco Mobile’s entire subscription base was pre-paid.

Figure 4.2.2 – Profile of Pre-Paid and Post-Paid Subscriptions by Operator

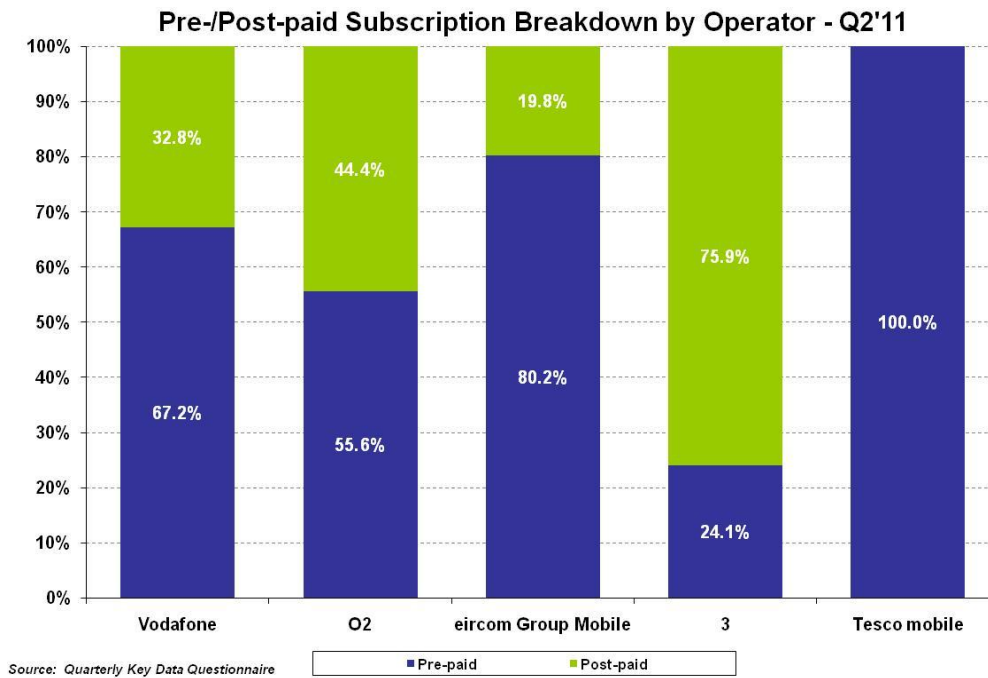


Figure 4.2.3 shows the split between pre-paid and post-paid mobile broadband subscriptions between Q2 2010 and Q2 2011. 76.2% of all mobile broadband subscriptions were post-paid at the end of June 2011, down from 82.1% one year previously.

Figure 4.2.3 – Profile of Pre-Paid and Post-Paid Mobile Broadband Subscriptions

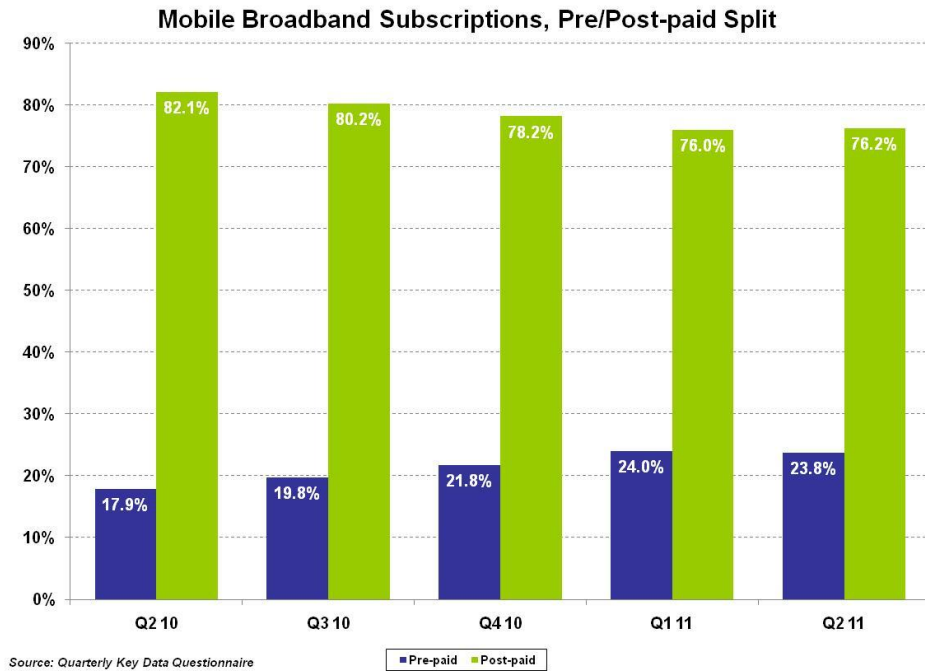
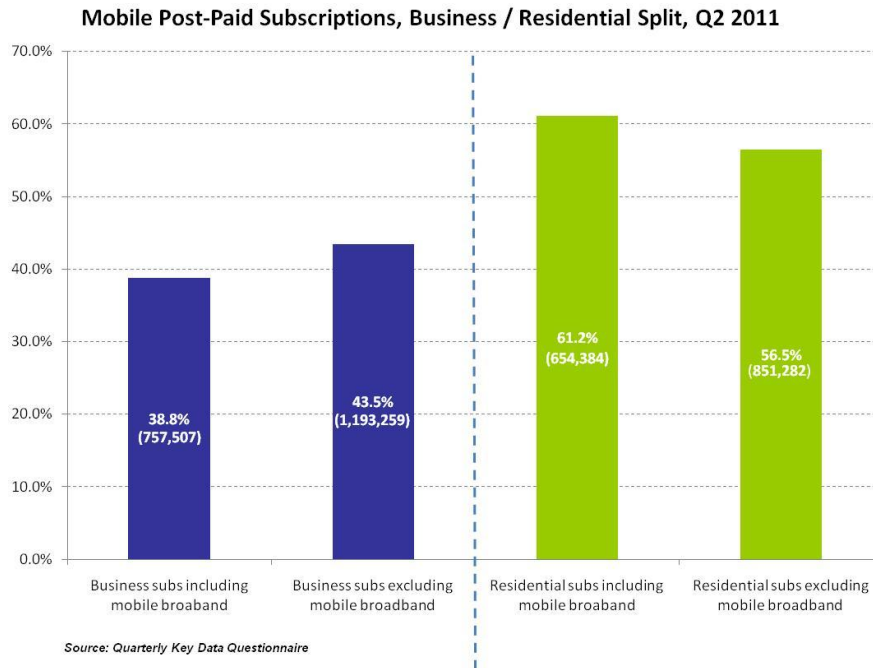


Figure 4.2.4 shows the split of post-paid business and non business for mobile subscriptions including and excluding mobile broadband. Approximately 38.8% of mobile subscriptions including mobile broadband and 43.5% of mobile subscriptions excluding mobile broadband were business subscriptions in Q2 2011.

Figure 4.2.4 – Post-Paid Business and Residential Mobile Subscriptions

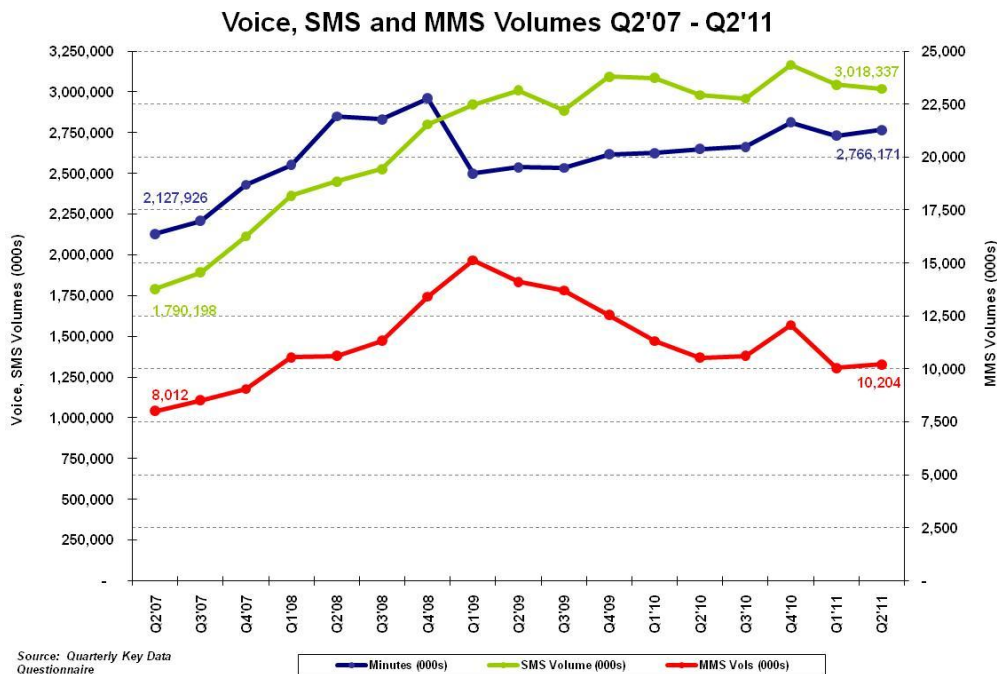


4.3 Mobile Volumes

Figure 4.3.1 illustrates the growth in voice minutes, SMS, and MMS (Multimedia Messaging Service) messages sent over mobile networks since Q2 2007. Total retail mobile voice traffic totalled almost 2.77 billion minutes in Q2 2011, an increase of 1.2% on the previous quarter and an increase of 4.4% since Q2 2010.

The total number of SMS messages sent by mobile users in Ireland was over 3 billion in Q2 2011, down 0.9% on the previous quarter but up by 1.3% since Q2 2010. The number of multimedia messages (MMS) sent increased by 1.6% this quarter though MMS volumes are down by 3.1% compared to Q2 2010. There were just over 10.2 million MMS messages sent during Q2 2011.

Figure 4.3.1 – SMS, MMS and Call Minute Volumes³²

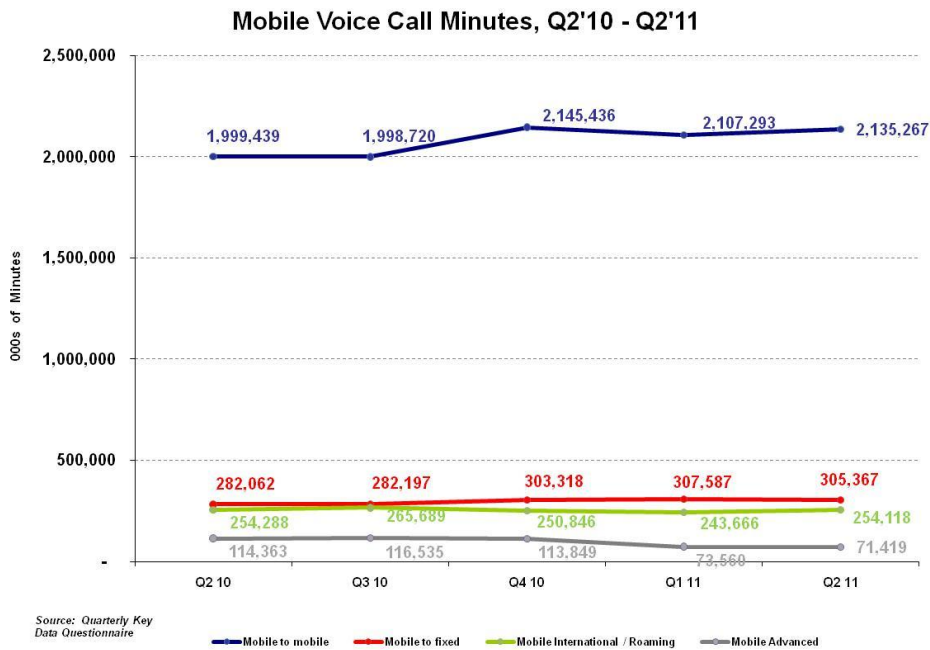


Source: Quarterly Key Data Questionnaire

³² It should be noted that prior to Q1 2009 some mobile data minutes were included under mobile advanced minutes. As these volumes are not based on voice calls, they were removed in Q1 2009 as they had a downward impact on overall mobile voice traffic.

Figure 4.3.2 illustrates the share of types of mobile voice call minutes. As of Q2 2011, over three quarters of all mobile voice minutes were classified as mobile-to-mobile (on-net and off-net); just over 11% of mobile voice minutes were to fixed line phones, around 9% were classified as international and roaming and the remaining 3% were advanced voice minutes which include calls to premium rate services. These proportions have remained relatively stable over the last year.

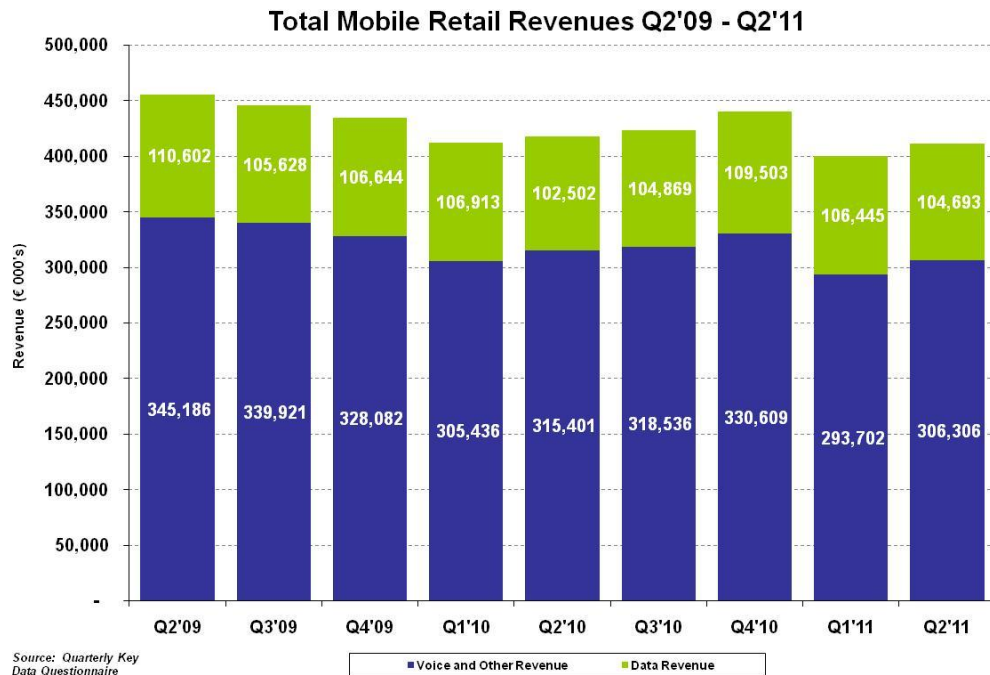
Figure 4.3.2 – Voice Call Minute Volumes by Type



4.4 Mobile Revenues

Figure 4.4.1 shows that mobile retail revenues for Q2 2011 were almost €411 million, up by 2.7% on Q1 2011 but down 1.7% since Q2 2010. While data revenues³³ have decreased this quarter (down by 1.6%), voice and other revenues³⁴ rose from last quarter (up by 4.3%). Comparing Q2 2010 to Q2 2011, voice and other revenues were down by 2.9% but data revenues were up by 2.1%.

Figure 4.4.1 – Total Mobile Retail Revenues



33 Messaging revenues (SMS and MMS) and mobile broadband and mobile internet services revenues.

34 Please note that since Q2'09 the voice and other category revenues includes voice call revenues and net handset sales revenues, connection and rental charges, premium rate SMS and MMS revenues, roaming SMS, MMS and data revenues. Handset sales revenues prior to Q2'09 were reported on a gross revenue basis.

4.5 Average Monthly Minutes of Use (MOU) and Average Monthly Revenue per User

The most frequently used metric to determine levels of mobile telephony usage is monthly minutes of use. ComReg has collected monthly minutes of use from all operators in the Irish market since Q1 2007. Further information on the definition and calculation of average minutes of use by ComReg is detailed in the explanatory memorandum which accompanies this report.³⁵ Based on the data collected from Irish mobile operators, the average minutes of use in Ireland was 257 minutes per month in Q2 2011, up 5.3% on the same period in 2010. This compares to a 3.4% year on year (to Q2 2011) increase in monthly western EU MOU (reaching an average of circa 183 minutes of use per month in Q2 2011).³⁶

Mobile ARPU is a function of both the price of mobile services and the level of usage of mobile services. In Q2 2011 mobile ARPU was circa €30 per month compared to approximately €32 per month in the same period last year. This decline in ARPU is likely to be a reflection of a number of factors such as those attributable to worsened economic conditions in Ireland (e.g. reduced consumer spending), better priced mobile plans, increased sales of bundled products (combining mobile with fixed calls and sometimes broadband) and reductions in mobile termination rates, among others. This fall in ARPU is in line with the trend of a decline in western European ARPU, which has declined by 9.7% in Q2 2011 compared to the same period in 2010.³⁷ It has been suggested by Credit Suisse First Boston that price competition, GDP growth and MTR cuts explain most of the variation in European countries' mobile market (revenues, MOU etc.) growth.³⁸

4.6 Competition in the Mobile Market

Figures 4.6.1 and 4.6.2 outline mobile market shares based on the number of active subscriptions reported by each operator. Figure 4.6.1 includes mobile broadband while figure 4.6.2 excludes mobile broadband. Tesco Mobile's subscription data is excluded from figures 4.6.1 and 4.6.2. Vodafone continues to have the highest market share including and excluding mobile broadband (41.9% and 43.6%), followed by O2 (31.6% and 32.0%), eircom Group Mobile (19.5% and 20.7%) and 3 (7.0% and 3.7%).

³⁵ ComReg Document 11/66a

³⁶ WCIS, Informa UK Limited, all rights reserved

³⁷ WCIS, Informa UK Limited, all rights reserved

³⁸ Credit Suisse, Equity Research, Wireless Telecommunications Services, European Mobile Sector Review Q4 2010

Figure 4.6.1 – Market Share – Number of Subscriptions (inc. mobile broadband)

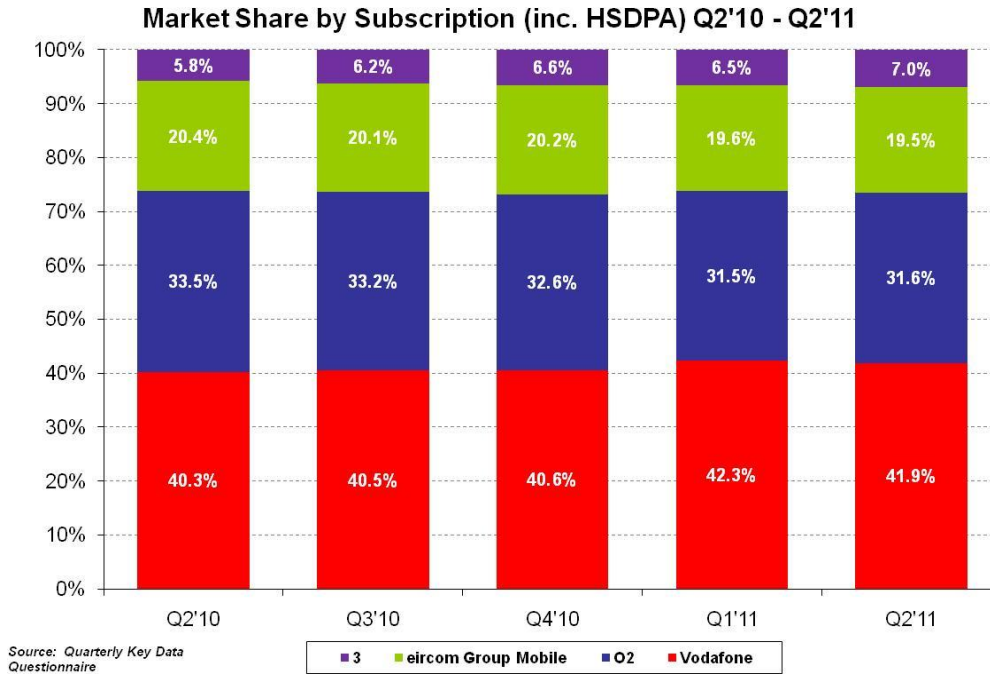


Figure 4.6.2 – Market Share – Number of Subscriptions (ex. mobile broadband)

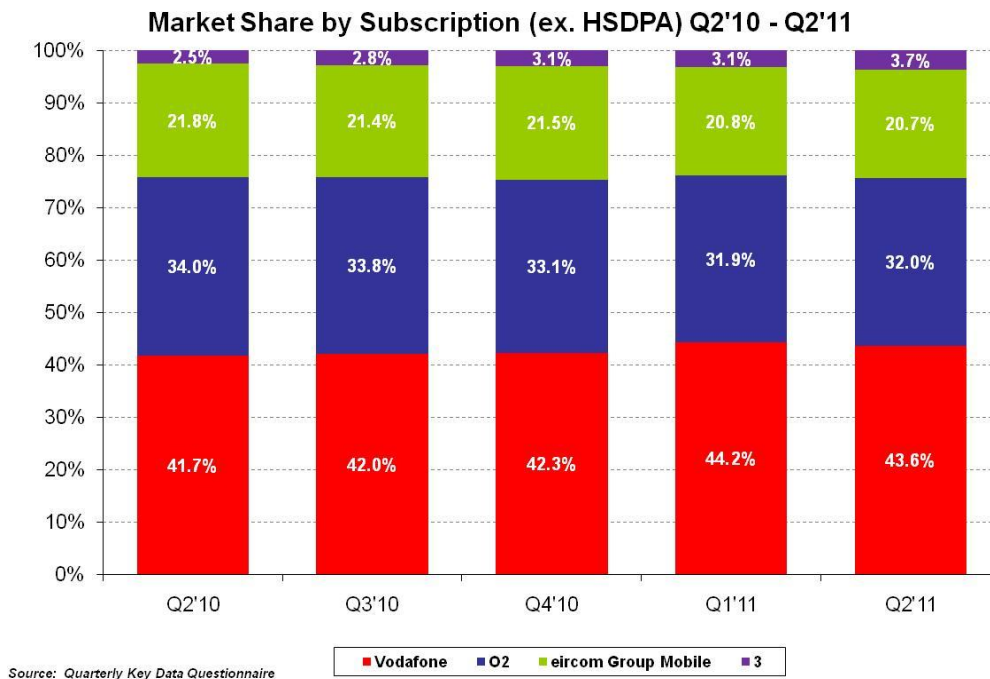
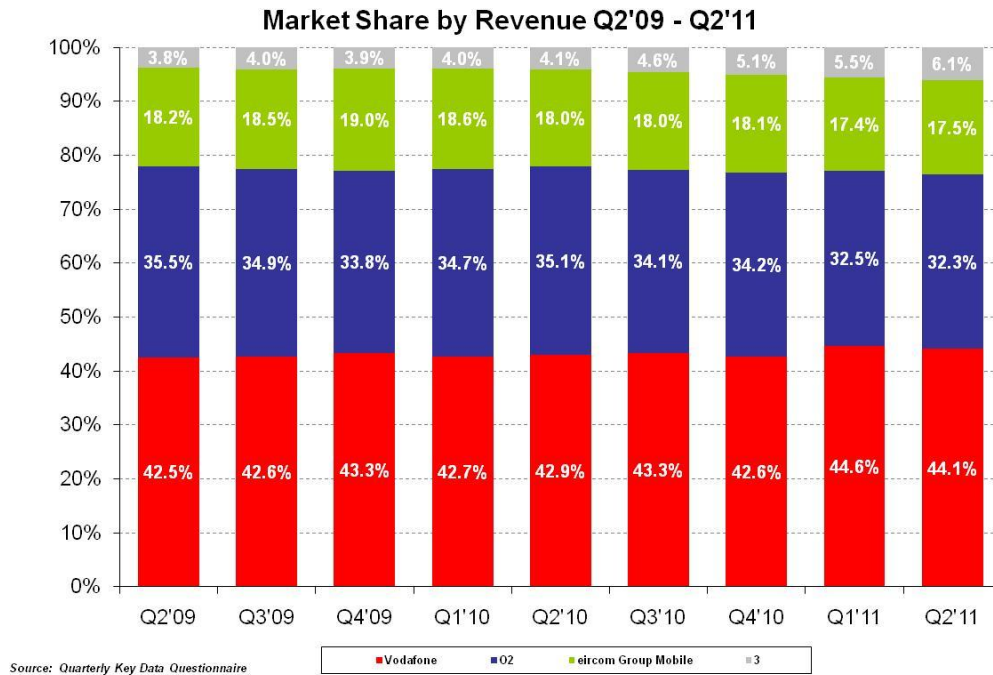


Figure 4.6.3 provides an analysis of market shares by revenue for mobile operators in the Irish market. Tesco Mobile is not included in this chart. Vodafone’s market share is down by 0.5 percentage points and O2’s market share is down by 0.2 percentage points this quarter. Eircom Group Mobile’s market share has increased by 0.1 percentage points while 3’s market share is up by 0.6 percentage points.

Figure 4.6.3 – Revenue Market Share

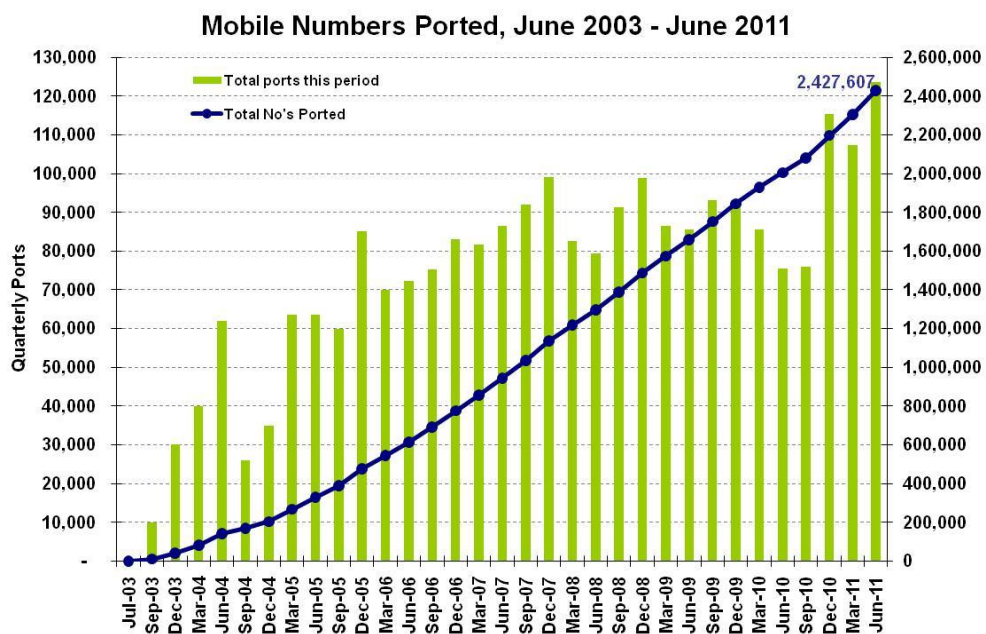


4.7 Switching in the Mobile Market

Figure 4.7.1 illustrates the cumulative total of mobile numbers ported between Irish mobile operators since the launch of Mobile Number Portability (MNP) in June 2003. MNP allows consumers to switch mobile operator while retaining their mobile number.

Almost two and a half million numbers have been ported since June 2003. In the quarter to June 2011, 123,646 numbers were ported between operators (422,192 numbers in the twelve months to June 2011). This was the highest amount of mobile numbers ported in a quarter since the introduction of mobile number portability. Over the last 12 months an average of 105,548 numbers have been ported each quarter.

Figure 4.7.1 – Cumulative Mobile Numbers Ported



Source: Quarterly Key Data Questionnaire

4.8 Mobile Pricing Data³⁹

The OECD mobile pricing basket definitions have been updated by Teligen and were adopted by the OECD in March 2010. These definitions have been derived from data provided by operators and regulators in OECD countries, and have been reviewed by the OECD country authorities.

The OECD mobile baskets include at least 2 operators for each country. If these cover less than 50% of subscriptions in any country, additional operators may be included as well. All of the most common packages are included for each operator. This means that the current update covers over 3,555 packages across the 34 OECD countries. Both pre-paid and post-paid packages are included.

Mobile offers used are typically 2G and 3G services with the main focus on voice. The basket methodologies can be used to compare different types of offers such as pre-paid, post-paid or SIM-only plans. The new methodology used by the OECD/Teligen is based on the following baskets of calls:

| Baskets |
|------------------------------------|
| 30 calls per month |
| 100 calls per month |
| 300 calls per month |
| 900 calls per month |
| 40 calls per month pre-paid basket |
| 400 messages per month basket |

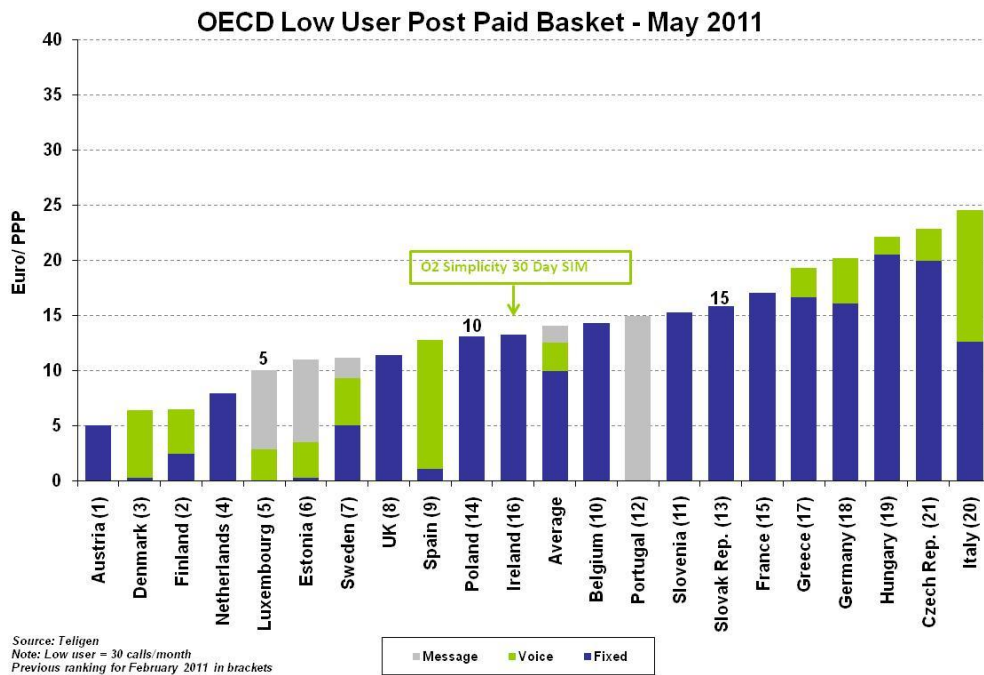
The Teligen mobile baskets presented in this Quarterly Report, termed as “low user”, “medium user” and “high user” are, based on the 30 calls, 100 calls and 300 calls per month baskets respectively described above. They are calculated and analysed independently by Teligen, using an OECD methodology which includes PPPs (Purchasing Power Parities) to reflect the real cost of mobile services compared to all other costs within a country.

³⁹ The ‘Fixed’ component of price refers to the standard charges imposed by operators, regardless of the amount of calls made (i.e. connection and rental). Teligen’s calculation of this Figure is made up of: Installation Charge/5 + Rental charge for 1 year. The ‘Voice’ component of price refers to the charges imposed by operators, arising from the number of voice calls made by the user, while “Message” refers to the charges imposed by operators, arising from the number of SMS and MMS messages sent by the user.

4.8.1 Low User Post Paid Mobile Basket⁴⁰

For the “low user” post paid mobile basket, Ireland ranks in 11th position among the European countries benchmarked, up 5 places since February 2011. Ireland is one place ahead of and 5.4% cheaper than the benchmarked country average. The Irish package represented here is O2’s Simplicity 30-day SIM only package.

Figure 4.8.1.1 - OECD Low User Post Paid Mobile Basket (30 calls)

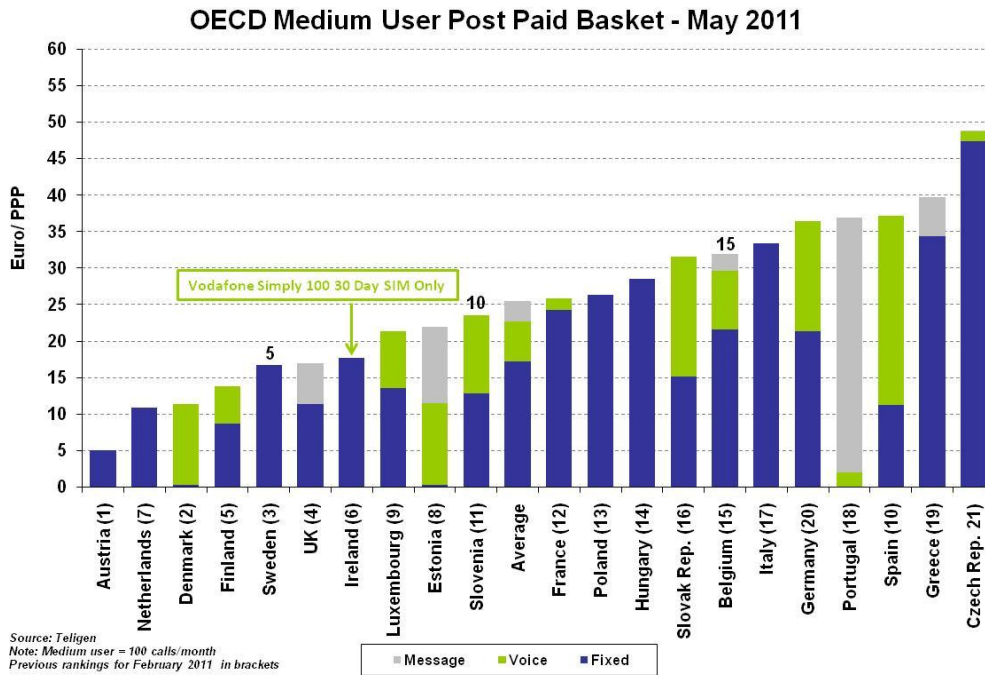


40 All tariffs are inclusive of VAT, rates will vary between Member States

4.8.2 Medium User Post Paid Mobile Basket

For the medium user post paid mobile basket, Ireland ranks in 7th position out of the countries benchmarked, down one place since February 2011. Ireland is 4 places ahead of and 30.6% cheaper than the benchmarked average. The package used for Ireland is Vodafone’s Simply 100 30 day SIM only.

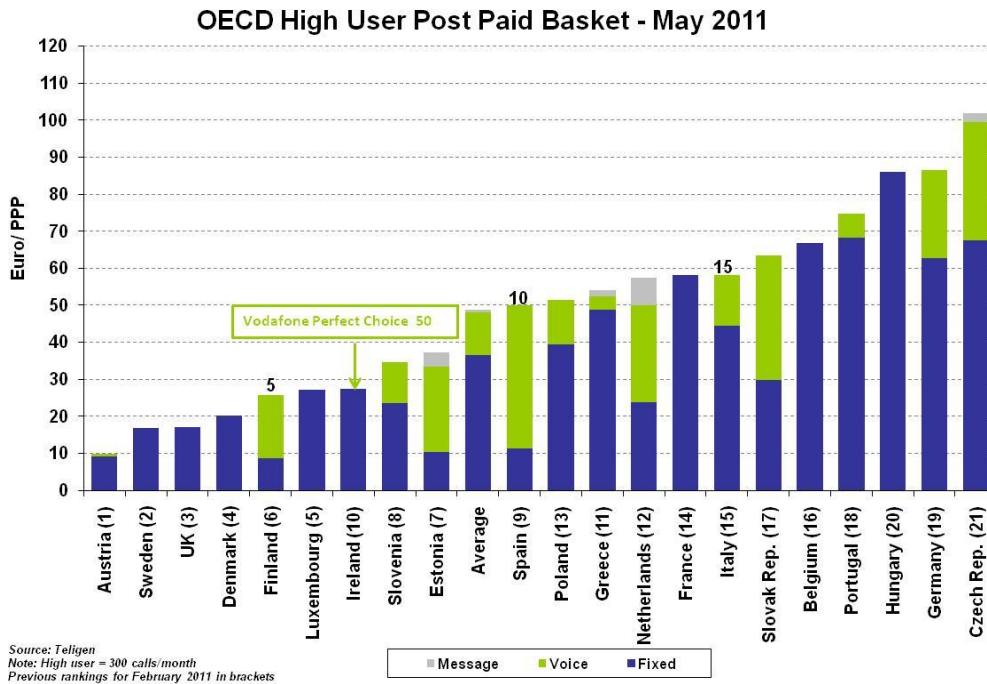
Figure 4.8.2.1 - OECD Medium User Post Paid Mobile Basket (100 calls)



4.8.3 High User Post Paid Mobile Basket

Ireland ranks in 7th place among the countries benchmarked in the high user post paid mobile basket, up 3 places since February 2011. The Irish package in this basket is Vodafone’s Perfect Choice 50. Ireland is 3 places ahead of and 43.7% cheaper than the average of the countries benchmarked.

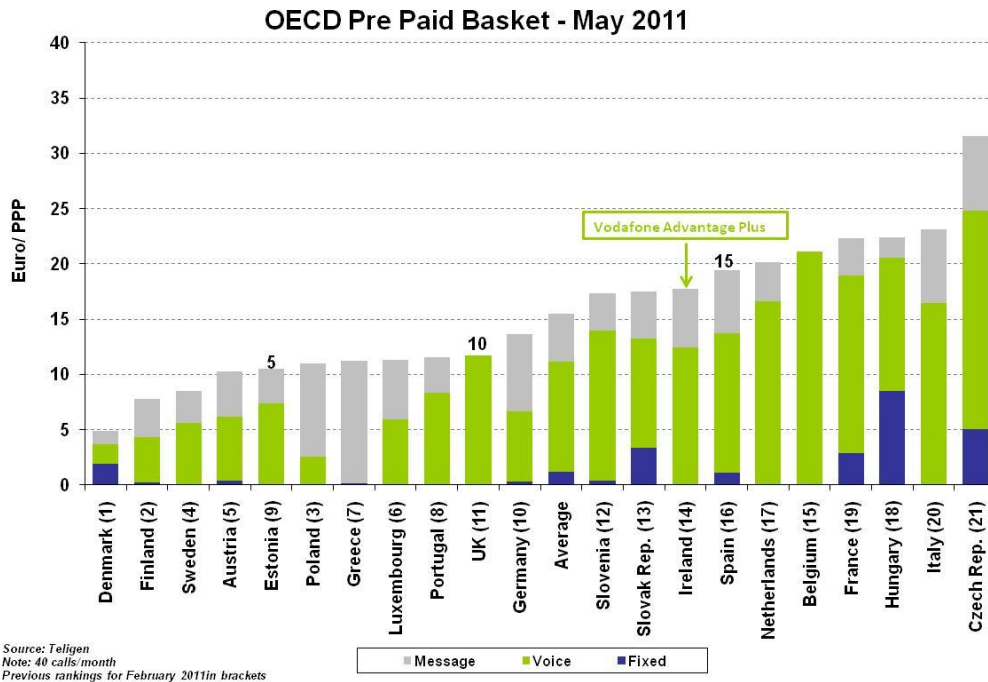
Figure 4.8.3.1 - OECD High User Post Paid Mobile Basket (300 calls)



4.8.4 Pre-Paid Mobile Basket

In the pre-paid mobile basket, Ireland is in 14th position among the benchmarked countries. The package used for Ireland in this basket is Vodafone’s Advantage Plus. Ireland is 3 places behind the average of the countries benchmarked and the cost of this basket in Ireland is approximately 14.4% more expensive than the benchmarked country average.

Figure 4.8.4.1 - OECD Pre-Paid Mobile Basket (40 calls)



5. Broadcasting

5.1 Overall Broadcasting Market

Data from the Nielsen TV Audience Measurement (TAM) Establishment Survey was first used in the Q4 2009 Quarterly Report for the broadcasting analysis in order to provide a comprehensive view of the TV market in Ireland.⁴¹ The survey indicates that there are 1,586,000 TV homes in Ireland, which represents a 97% penetration rate of all households using a base of 1,636,000 households. Figure 5.1.1 shows the estimated number of TV homes by reception type between September 2009 and September 2011 on the basis of the reception method through which the highest number of TV channels is received. Homes which receive Irish terrestrial TV channels only have declined by 4.3% between September 2009 and September 2011. While multi-terrestrial TV homes and analogue cable/satellite TV homes declined significantly over the period, by approximately 40.2% and 65.3% respectively, multi-total TV homes increased marginally by 0.2% due to increases in digital cable/satellite TV homes (26.6%).⁴²

Figure 5.1.1 – TV Homes by Reception Type⁴³

| | September 2011 | September 2009 | Sep 2011 as % of Total TV Homes | % Change Sep '09 – Sep '11 |
|---|----------------|----------------|---------------------------------|----------------------------|
| Reception | (000s) | (000s) | % | % change |
| Irish Terrestrial | 200 | 232 | 12.6 | -4.3 |
| Multi Total | 1386 | 1317 | 87.4 | +0.2% |
| Multi Terrestrial | 107 | 179 | 6.7 | -40.2% |
| Analogue Cable/Sat | 93 | 268 | 5.9 | -65.3% |
| Digital Cable/Sat | 1185 | 936 | 74.7 | +26.6% |
| Total Cable/Sat | 1278 | 1204 | 80.6 | +6.1% |
| Total TV Homes | 1586 | 1592 | | |
| RECEPTION: This is determined by the channels the home receives. Reception type categories are therefore hierarchically defined and are mutually exclusive. | | | | |
| Multi Total: Made up of Multi Terrestrial homes plus Cable/Satellite homes and is therefore any home which receives more than just the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4). Made up of Multi Terrestrial, UK DTT / FTA Satellite, Cable, and SKY homes. | | | | |
| Irish Terrestrial Homes which only receive the four Irish terrestrial channels (RTÉ1, RTÉ2, TV3, TG4) via an aerial or Irish DTT service. | | | | |
| Multi Terrestrial: Homes which receive at least one of the UK channels (BBC, UTV, Channel 4, HTV, S4C, Channel 5) via an aerial, but do not receive any Cable/Satellite channels. | | | | |
| Cable/Satellite: Homes which receive any Cable/Satellite channels (Sky One, Sky News, Sports channels, MTV, E4, Movie channels, etc.). Sky numbers are based on the possession of a Sky box, and not based on being a Sky subscriber. Digital cable includes homes with IPTV. Digital and Total Cable/satellite digital includes UK DTT. | | | | |

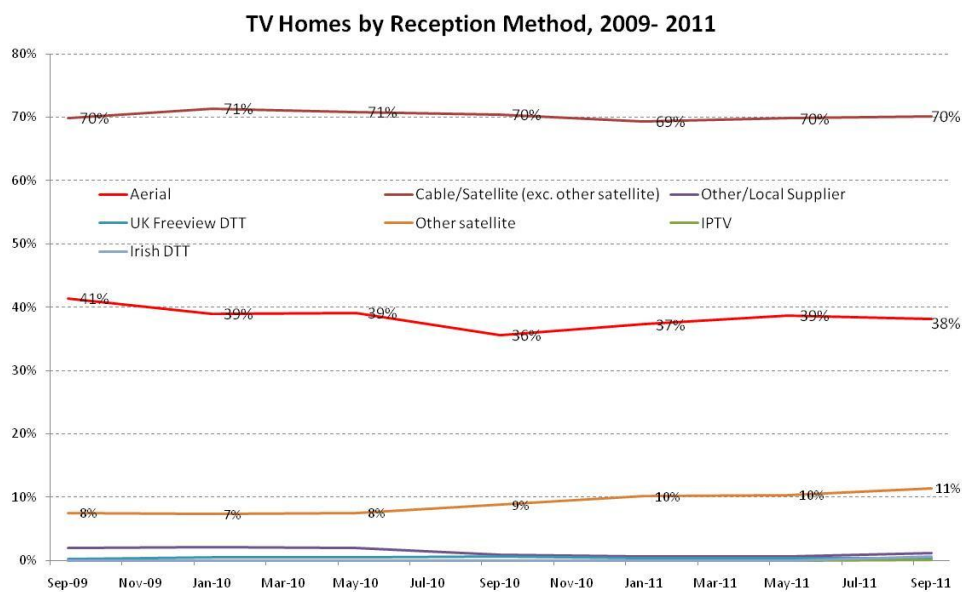
41 The Establishment Survey is a survey produced by Nielsen TV Audience Measurement (fieldwork is carried out by Behaviours and Attitudes) on behalf of Television Audience Measurement Ireland Ltd (a TV ratings body). The Establishment Survey covers areas such as ownership of TV related equipment, method of TV reception and demographics of TV household individuals such as age etc.

42 MMDS (Multichannel Multipoint Distribution Service) is included under cable/satellite. MMDS is a wireless telecommunications technology, used usually in sparsely populated rural areas, where laying cables is not economically viable. Approximately 178,000 of those reported above as digital cable/sat and total cable/sat are UK DTT/FTA satellite.

43 Source: Nielsen TV Audience Measurement Establishment Survey on behalf of TAM Ireland.

Figure 5.1.2 charts TV homes by reception method⁴⁴ from September 2009 to September 2011. The percentage of cable/satellite TV homes (this does not include other satellite i.e. respondents who said 'don't know' and satellites that receive foreign language stations including freesat) has remained relatively stable over the last two years between 69% - 71%,⁴⁵ while those homes that receive TV by aerial have fallen by three percentage points. Television homes that subscribe to other satellite services besides Sky have been increasing over the period reaching circa 11% in September 2011. Reception by other/local supplier (deflector/relay services), IPTV and Irish DTT methods is low, each at 1% or less of TV homes.

Figure 5.1.2 – TV Homes by Reception Method



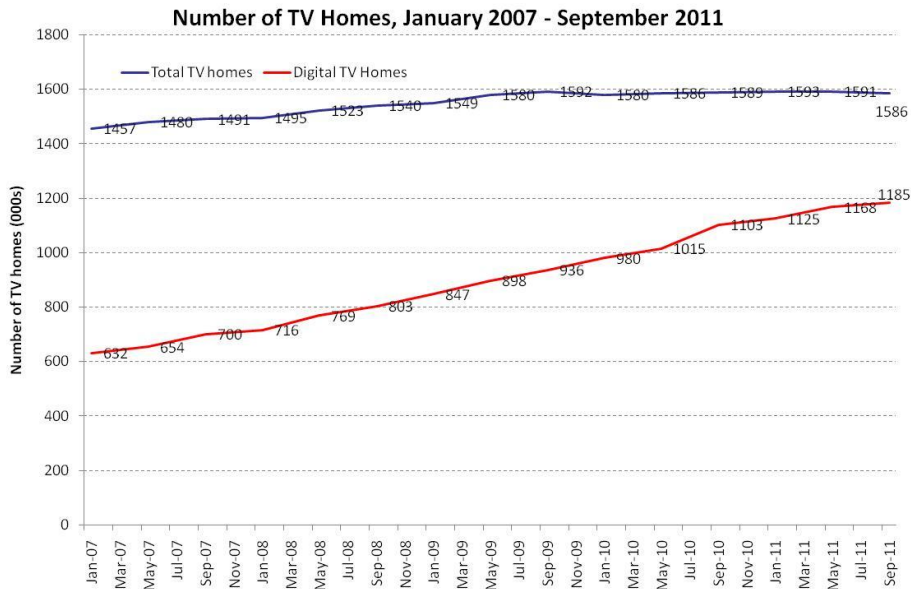
Source: Nielsen TV Audience Measurement Establishment Survey on Behalf of TAM Ireland Ltd.

⁴⁴ This is determined by the method by which homes with a TV receive their channels. Each home can have more than one method of reception. e.g. aerial and cable or digital satellite, digital satellite and cable, etc. The question is asked for their main and up to 9 TV sets. For this reason, the total for the reception methods adds up to more than 100%.

⁴⁵ It should be noted that from September 2011 the cable/satellite figure reported here may differ from Nielsen's published information. This is because up to September 2011 cable/satellite reception method included homes that had both cable and satellite twice (i.e. (1) cable, (1) satellite). Nielsen now publish homes with cable and satellite as one reception method - as cable or satellite (i.e. cable or satellite (1)). This would mean that, on this basis, in September 2011 69% of TV homes in Ireland have cable/satellite excluding other satellite.

Figure 5.1.3 shows that, the total number of TV homes grew by 8.9% between January 2007 and September 2011. Digital TV homes increased by 87.5% over the same period. Digital TV homes now represent 74.7% of all TV homes compared to 43.4% in January 2007.

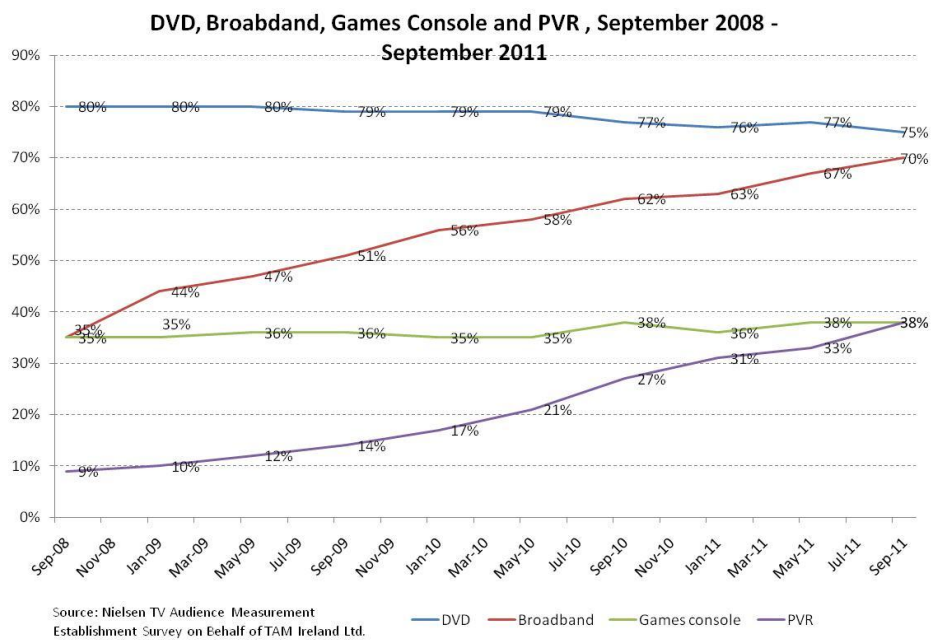
Figure 5.1.3 – TV Homes January 2007 – September 2011



Source: Nielsen TV Audience Measurement Establishment Survey on Behalf of TAM Ireland Ltd.

Figure 5.1.4 shows TV homes by DVD, broadband access, game console and PVR⁴⁶ ownership between September 2008 and September 2011. More than three quarters of television homes have a DVD player but this has been declining slightly over the last two years; down by 5 percentage points over the period. Broadband access continues to increase reaching more than two thirds (70%) of homes with a television in September 2011. The number of homes with games consoles has increased slightly over the last two years from 35% in 2008 to 38% in 2011, while PVR ownership continues to increase, reaching 38% in September 2011; up from 9% in September 2008.

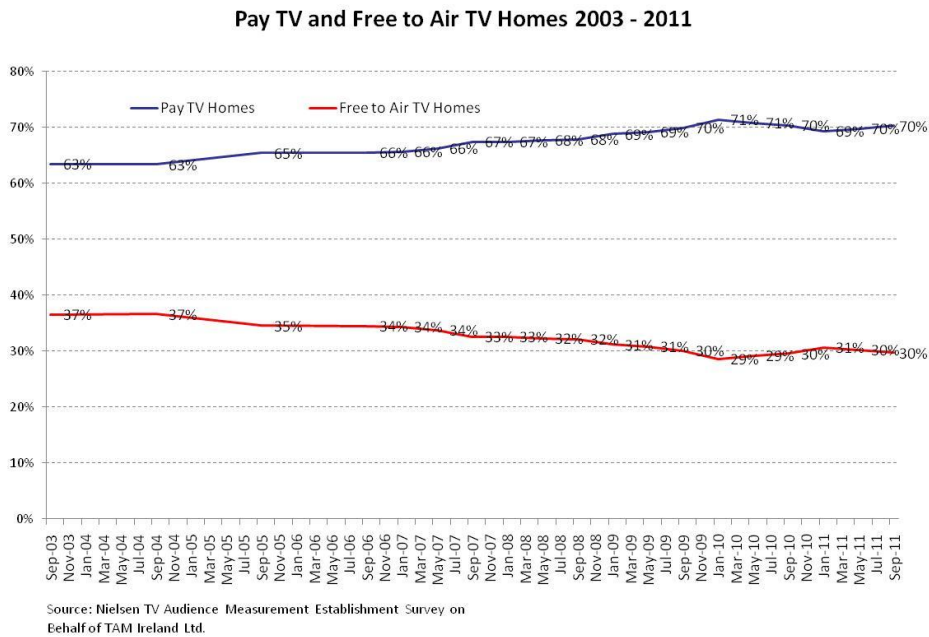
Figure 5.1.4 – DVD, Broadband, Games Console and PVR Trends



⁴⁶ A PVR is an electronic device used to record media digitally. The PVR is also known as a digital video recorder or DVR. A PVR records and plays back television programmes, but, unlike the VCR, it stores the programs in digital rather than analogue format, for example, SKY+Box, or UPC Digital Video Recorder.

Figure 5.1.5 shows the level of household penetration of pay TV services and free to air TV services in Ireland based on reception method. This chart has been derived by ComReg using Nielsen data and is not a classification used by Nielsen or a classification used as part of the survey itself. Homes with a pay TV (cable, satellite and IPTV homes)⁴⁷ service have been increasing at the expense of homes reliant on free to air TV reception only over the reported period.

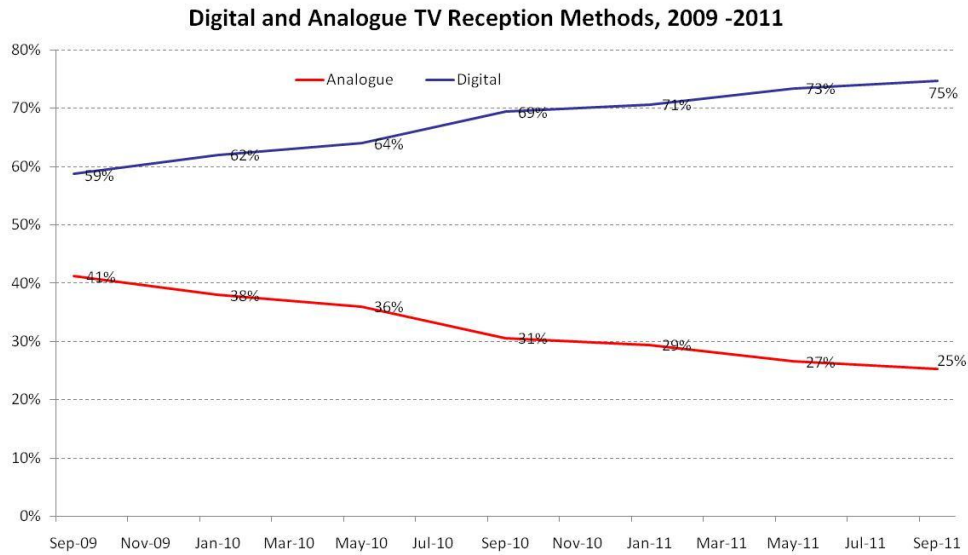
Figure 5.1.5 – Pay TV vs Free to Air TV Homes, 2003 - 2011



⁴⁷ IPTV is included from September 2011.

Figure 5.1.6 shows the proportion of digital to analogue TV reception methods in Ireland across all platforms. Digital TV reception (75%) continues to increase at the expense of analogue TV reception (25%). In the last two years households with digital TV have increased by approximately 16 percentage points.

Figure 5.1.6 – Digital and Analogue TV Reception, 2008 - 2011



Source: Nielsen TV Audience Measurement Establishment Survey on Behalf of TAM Ireland Ltd.

6. Appendix

Aggregated SB-WLR Performance Statistics, as supplied by Eircom, are published in accordance with ComReg Decision Notice (07/61) Section 6.6 (vii).

Performance metrics: Q2 2011 Apr-11

| Order Type | % Orders Validated within Performance Target | % Orders Delivered within Performance Target |
|------------|--|--|
| DR | - | 99.95% |
| LE | - | 100.00% |
| PW | - | 99.73% |
| LN/LT/MI | - | 99.82% |
| LN/LT/MI | - | 99.91% |
| CL | - | 99.86% |
| LNN/LTN/MN | 99.06% | 97.34% |
| CH | - | 99.56% |
| CN | - | 99.50% |
| CM | - | 100.00% |
| FA | - | 87.50% |

May-11

| Order Type | % Orders Validated within Performance Target | % Orders Delivered within Performance Target |
|------------|--|--|
| DR | - | 99.81% |
| LE | - | 97.75% |
| PW | - | 99.50% |
| LN/LT/MI | - | 97.18% |
| LN/LT/MI | - | 100.00% |
| CL | - | 99.93% |
| LNN/LTN/MN | 99.88% | 97.31% |
| CH | - | 98.45% |
| CN | - | 98.37% |
| CM | - | 99.68% |
| FA | - | 100.00% |

Jun-11

| Order Type | % Orders Validated within Performance Target | % Orders Delivered within Performance Target |
|------------|--|--|
| DR | - | 100.00% |
| LE | - | 95.10% |
| PW | - | 100.00% |
| LN/LT/MI | - | 100.00% |
| LN/LT/MI | - | 100.00% |
| CL | - | 100.00% |
| LNN/LTN/MN | 99.42% | 94.12% |
| CH | - | 100.00% |
| CN | - | 100.00% |
| CM | - | 100.00% |
| FA | - | 100.00% |

| Count of Time Interval | SB-WLR Repair performance metric Qrt 2 Apr - Jun 2011 | | |
|------------------------|---|--------|--------|
| QRT 2 2011 | Percentage of faults | | |
| | <=2 | <=5 | <=10 |
| Grand Total | 81.83% | 97.71% | 99.63% |

Glossary

| | |
|------------|---|
| DR | Data request: supply of list of numbers, DDIs/MSNs and Ancillary Service for a customer account |
| PW | Provide Wholesale Line Rental (WLR) and Carrier Selection (CS) |
| CH | Modify or provide Ancillary Services |
| CL | Cease Line |
| LTN | Provide WLR and Carrier Pre-Selection (CPS) and additional line to a specified Customer Account (Non-In-situ) |
| LNI | Provide WLR and Carrier Pre-Selection (CPS) and new line to a new Customer Account (In-Situ) |
| LTI | Provide WLR and Carrier Pre-Selection (CPS) and additional line to a specified Customer Account (In-Situ) |
| LNN | Provide WLR and CPS and new line to a new Customer Account (Not In-Situ) |