



Republic of Lebanon
Telecommunications
Regulatory Authority

Retail Price Benchmark for ARAB Mediterranean Countries

April 2010

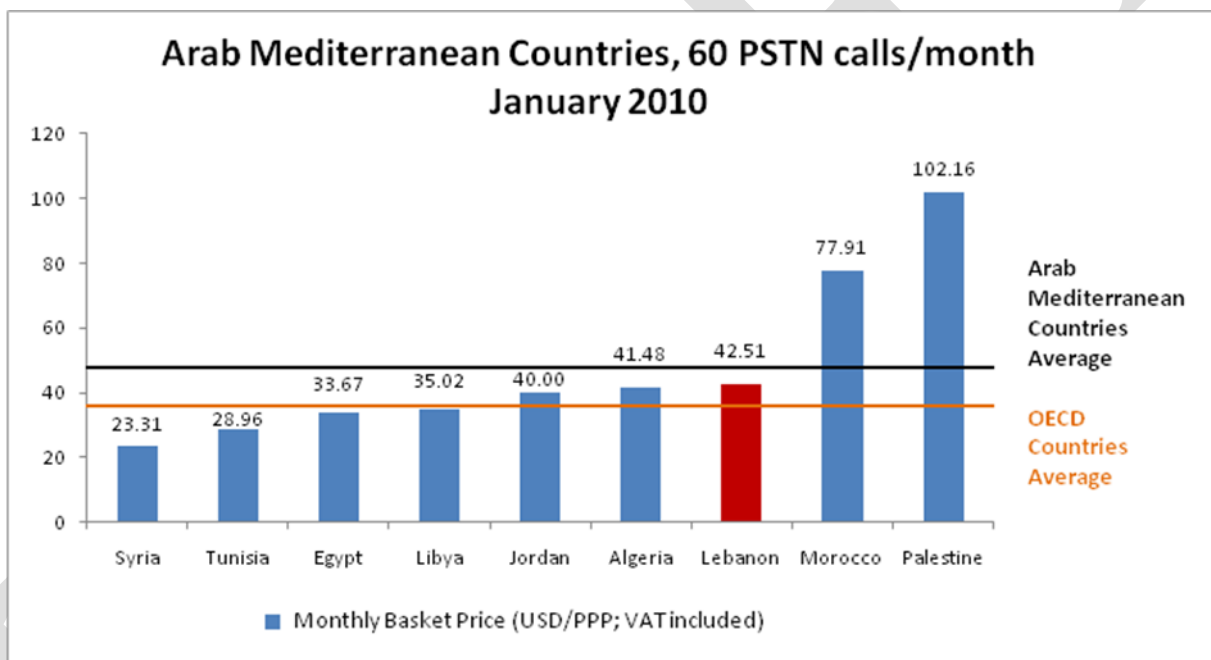
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This Analysis is based on the Arab Countries Retail Price Benchmark conducted by AREGNET in 2010. The basket methodologies for PSTN, Mobile and Leased Lines are identical to those used by the OECD (Organisation of Economic Co-operation and Development) for their ongoing price benchmarking.

1. Fixed Market:

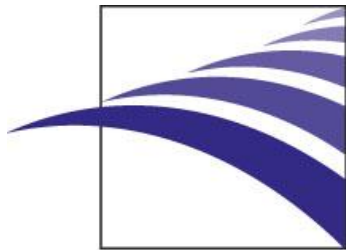
Benchmarking the cost of a 60 PSTN calls/month basket shows that, despite Lebanon's competitiveness with Arab Mediterranean countries, tariffs are still well above the OECD average, which is approximately 37 USD/PPP.



Source: AREGNET Price Benchmarking Study 2010 - Analyzed by the TRA Lebanon

In Lebanon, Business packages are not subject to special tariffs. Nevertheless, benchmarking the cost of a 260 PSTN calls/month basket shows that Lebanon is still competitive when compared to Arab Mediterranean countries, while its tariffs remain well above the OECD average, which is approximately 87 USD/PPP (Lebanon ranks 5th over 9 benchmarked countries).

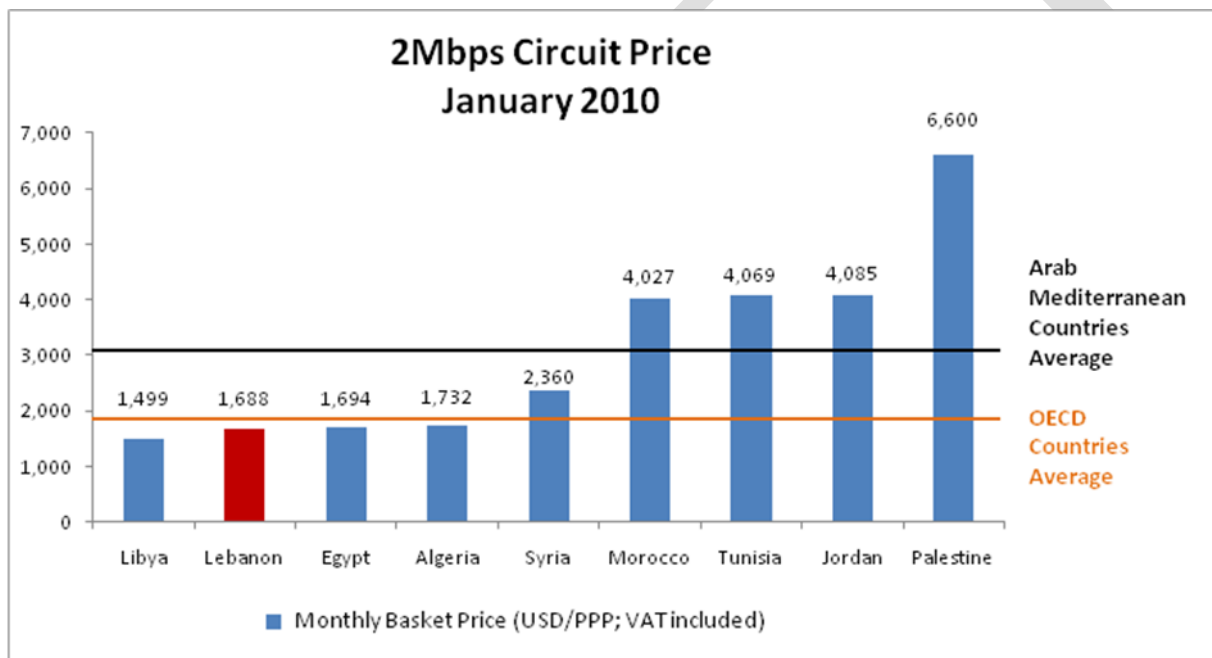




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The gap between Lebanon and the Arab Mediterranean countries average has widened over the last year (2009-2010) primarily because prices in Arab Mediterranean countries have decreased while in Lebanon prices remained the same. The same applies to the OECD average but at a larger scale.

On the other hand, the benchmark of the Digital Leased Line basket price shows that Lebanon is in line with Arab Mediterranean and OECD countries at low speeds (64kbps) but is less expensive at higher speeds (2Mbps). The graph below shows that the 2Mbps Digital Leased Line basket in OECD and Arab Mediterranean countries is respectively 1.1 and 1.8 times more expensive than in Lebanon.



Source: AREGNET Price Benchmarking Study 2010 - Analyzed by the TRA Lebanon

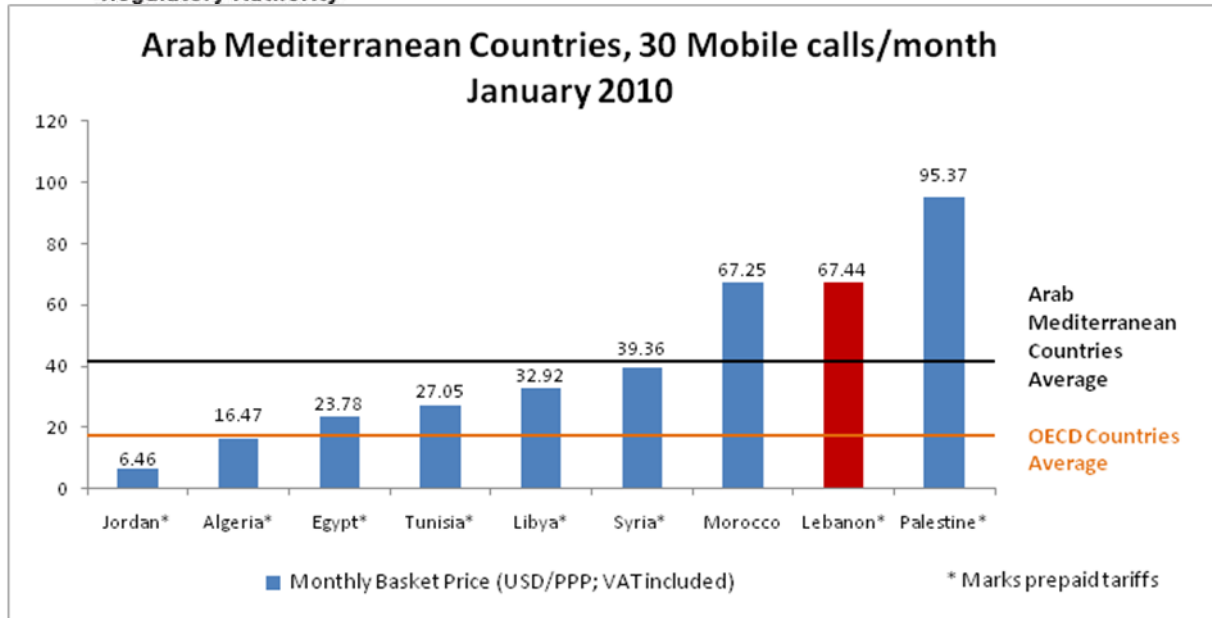
2. Mobile Market:

Despite the decrease witnessed by mobile tariffs in 2009, prices remain very high when compared to Arab Mediterranean countries. The graph below shows that, for a 30 calls/month and 60 SMS basket, Lebanon's mobile offer still ranks among the highest rated benchmarked countries and is approximately 4 times more expensive than the OECD countries average.





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Source: AREGNET Price Benchmarking Study 2010 - Analyzed by the TRA Lebanon

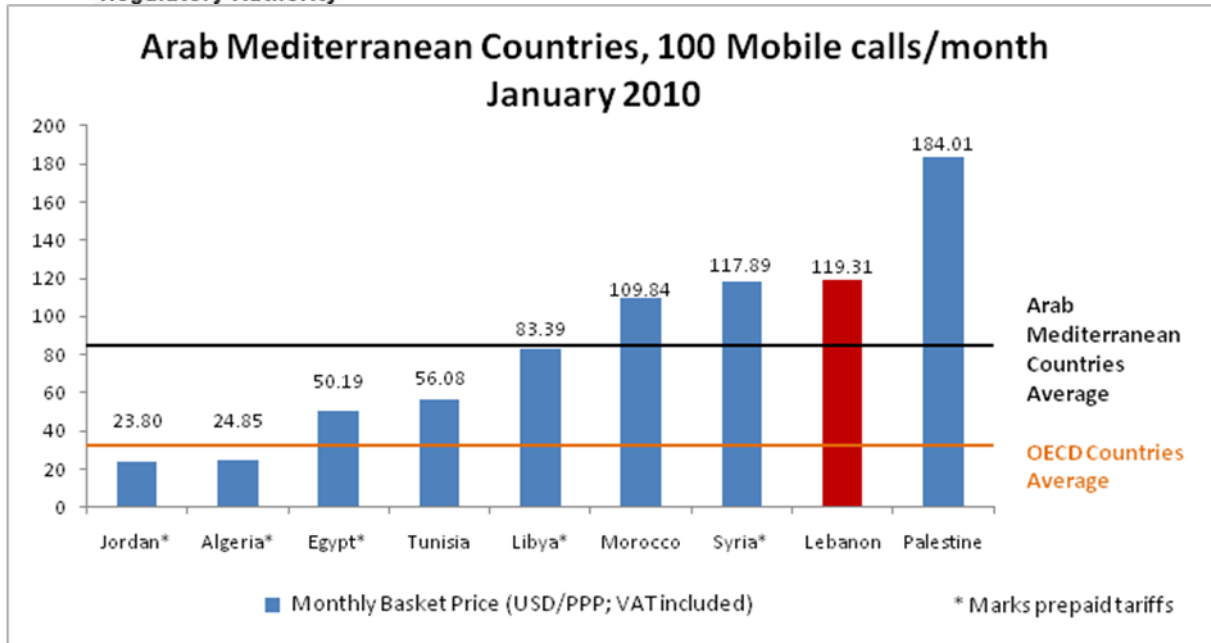
Further analysis conducted on mobile prices and taking into consideration the introduction of off-peak rates during the last quarter of 2010, shows that Lebanon has gained one position among the Arab Mediterranean countries. However, mobile rates in Lebanon remain much more expensive than the averages in both OECD and Arab Mediterranean countries (calculated in January 2010).

On the other hand, considering a 100 calls/month and 140 SMS basket as shown in the graph below, Lebanon's mobile offer is also among the highest rated benchmarked countries and is still around 4 times more expensive than the OECD countries average.





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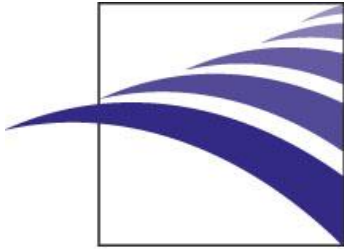


Source: AREGNET Price Benchmarking Study 2010 - Analyzed by the TRA Lebanon

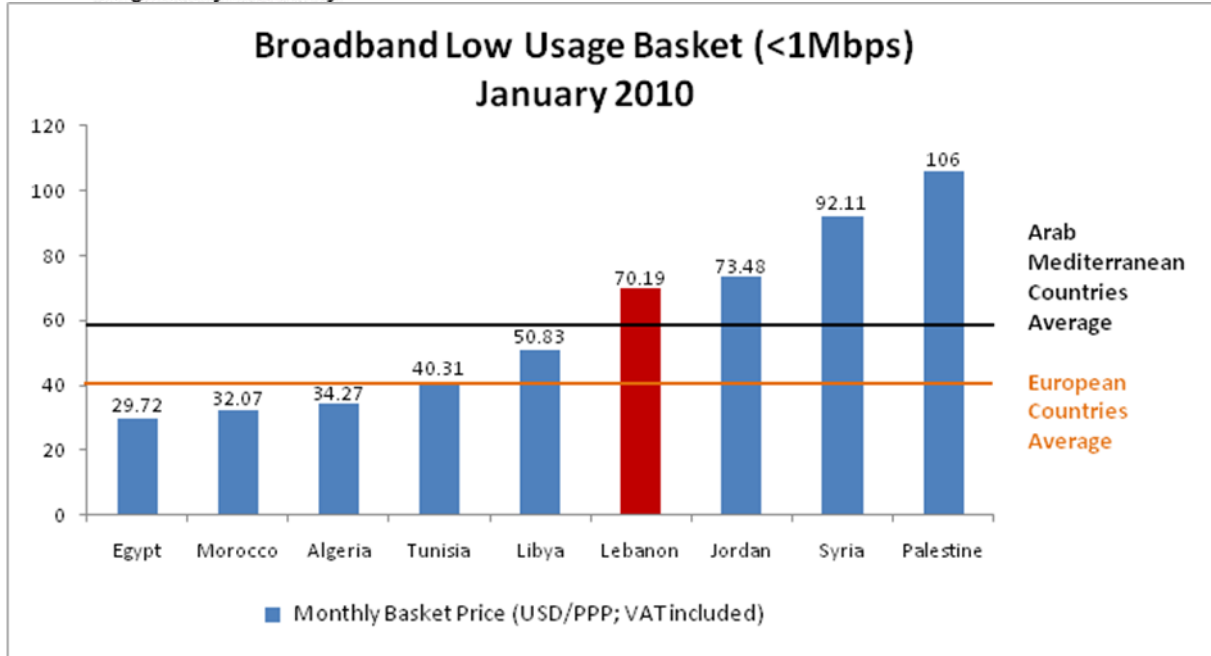
3. Broadband Market:

Residential broadband tariffs for low speed services (less than 1Mbps) offered in Lebanon are expensive. The graph below shows that Lebanon's broadband service is ranked among the highest rated Arab Mediterranean countries and is 1.7 times more expensive than European countries. It is to be noted that Lebanon is among the very few countries still applying the usage-based broadband pricing scheme.





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