UGANDA COMMUNICATIONS COMMISSION

Status of the Communications Market – Sept 2009

The Telecommunications Sector at a Glance

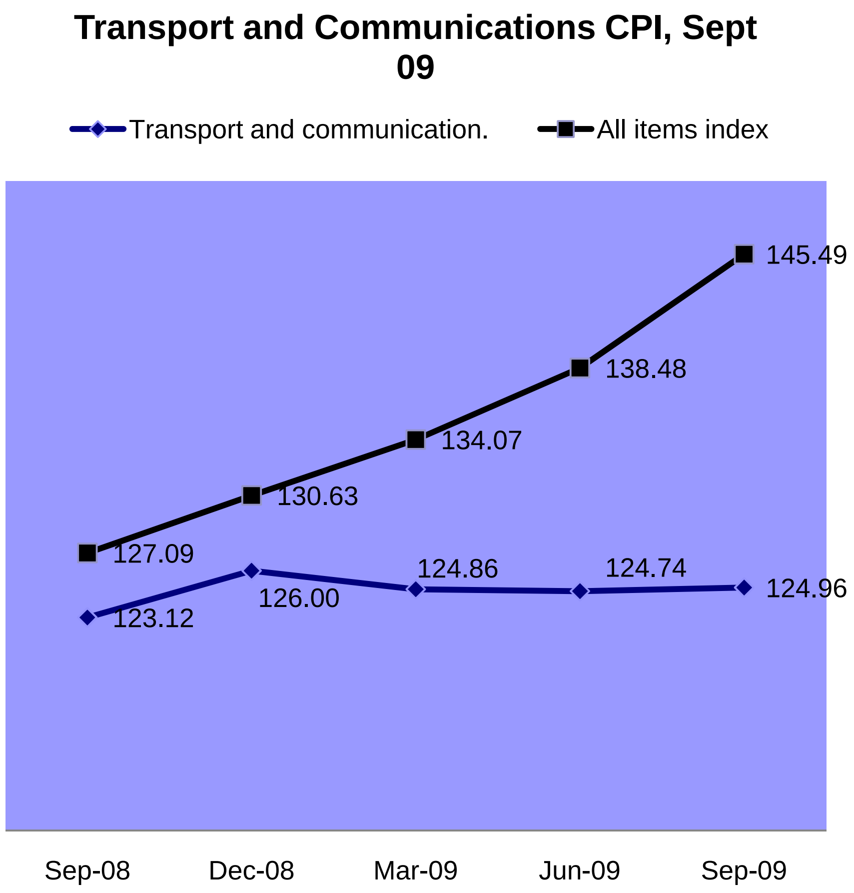
	Sept -08	Dec -08	Mar - 09	June - 09	Sept - 09
PIP	21	24	22	23	25
PSP Voice and Data	27	32	32	31	32
PSP Capacity Resale	5	5	5	3	3
Fixed Lines	167,011	168,481	210,655	213,820	213,600
Mobile Subscriptions	7,460,011	8,554,864	9,801,173	9,464,979	9,529,293
Tele-density	25.8	29.47	32.61	31.57	31.78
Number of Payphones	52,515	56,918	65,669	71,673	79,896

Macro Economic Performance

Consumer Price Index

- The Consumer Price Index (All items) for the country increased by 7% during the 3rd quarter of 2010, from 138.4 to 145.49, a growth rate of 7%

- The transport and communications sector however registered negligible price movements during the period, an indication of the increased competitive environment as operators cus

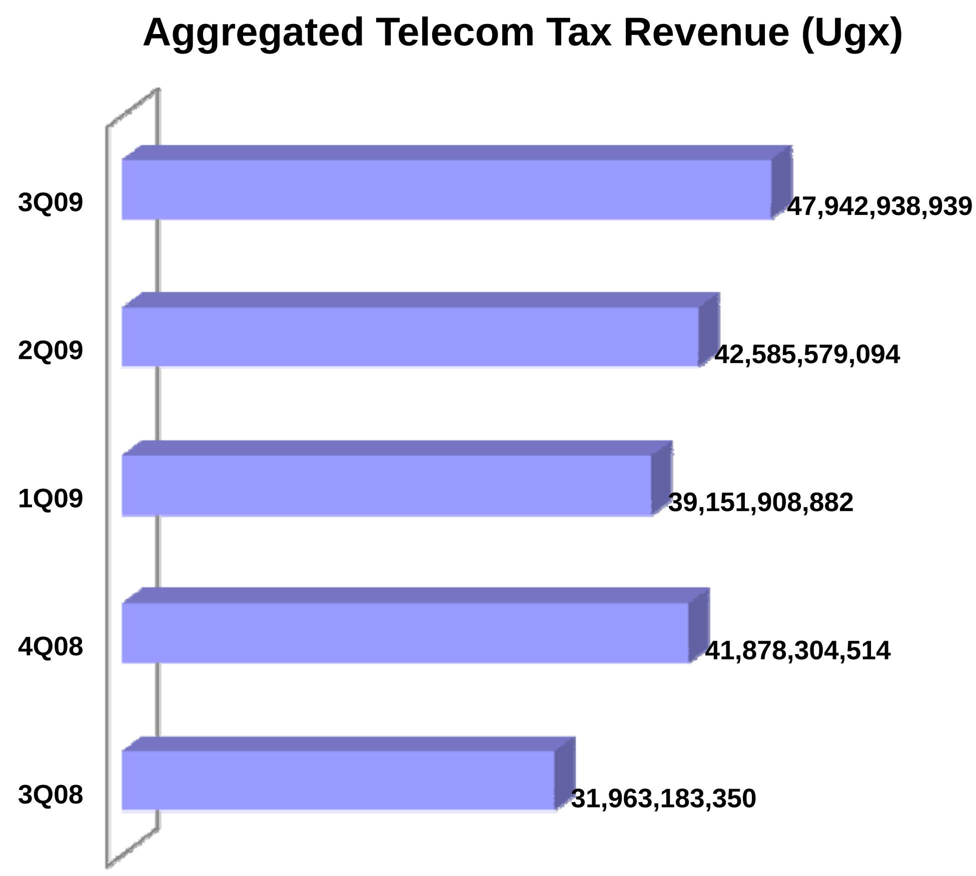


Macro-economic Performance

Tax Contribution

- The sector continued to be a leading tax contributor in Uganda. Total tax collected during the month June to September 2009 was close to Shs 47.9 Billion, an increase of 2 billion from the previous quarter.

- The tax comprises of VAT, PAYE and Excise duty and is exclusive of withholding tax from the telecom sector



Communications Infrastructure

National Fibre network

- Roll out of Phase II of the NBI project to connect Iganga, Busia, Malaba, Tororo, Malaba, Mbale, Kumi, Soroti, Lira, Gulu, Nimule, Masindi, Nakasongola, Hoima, Kyenjojo, Fort Portal, Kasese and Mbarara was issued a go ahead by Parliament and the AG's office. Civil works were scheduled to begin in the last quarter of 2009

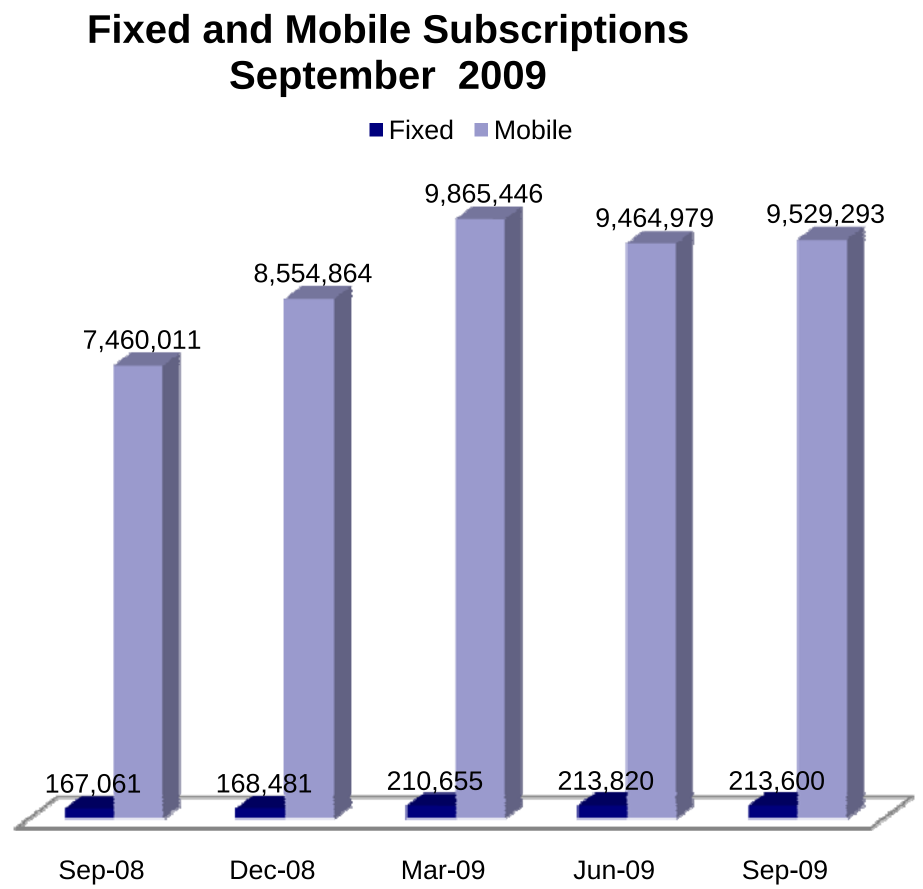
Private Sector initiatives

- 131 new BTS in the 6 months ended Sept 09 translating into a country wide BTS count of 2,492
- With coverage reaching optimum, there is gradual shift towards site sharing and contraction by some operators reducing the rate of add on for BTS.
- Also of emerging importance is the increased dark fibre leasing arrangements in the metro among service providers

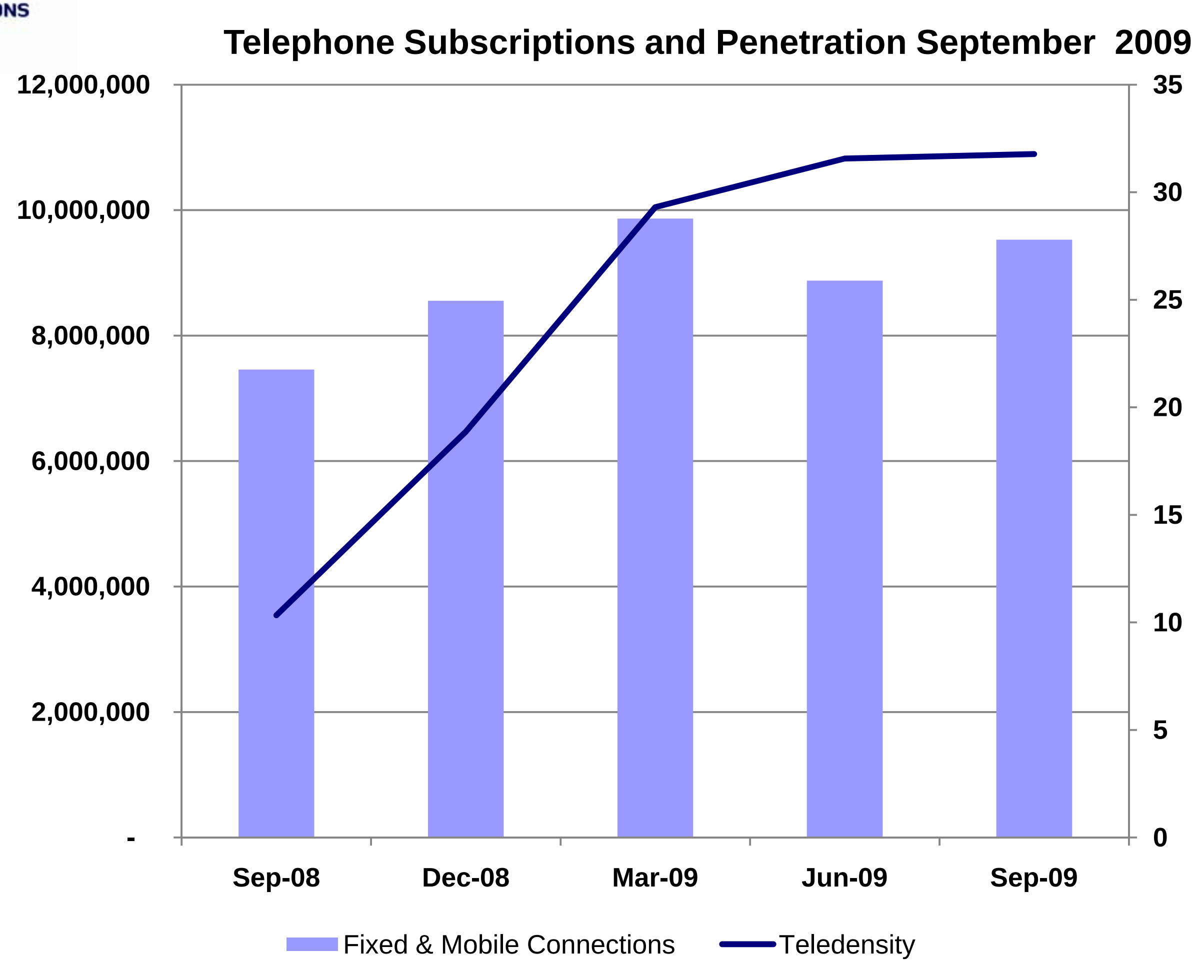
Telephone Customer Growth

- There were 652,591 new mobile connections were recorded in the quarter ending Sept 09 resulting into a total of 9,859,293 mobile subscriptions at the end of Sept 09.

- Most of the new mobile subscription growth is the result of same network price reductions that characterised the period



Telephone Penetration

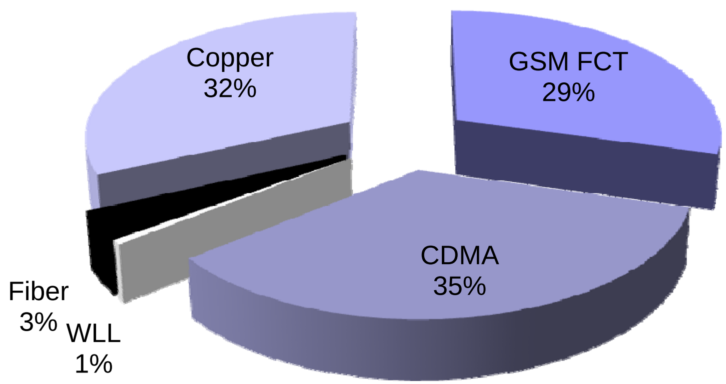


- Penetration stood at 31.8 by end September compared to 31.6 at the end of June 2009.

Fixed line Access mediums

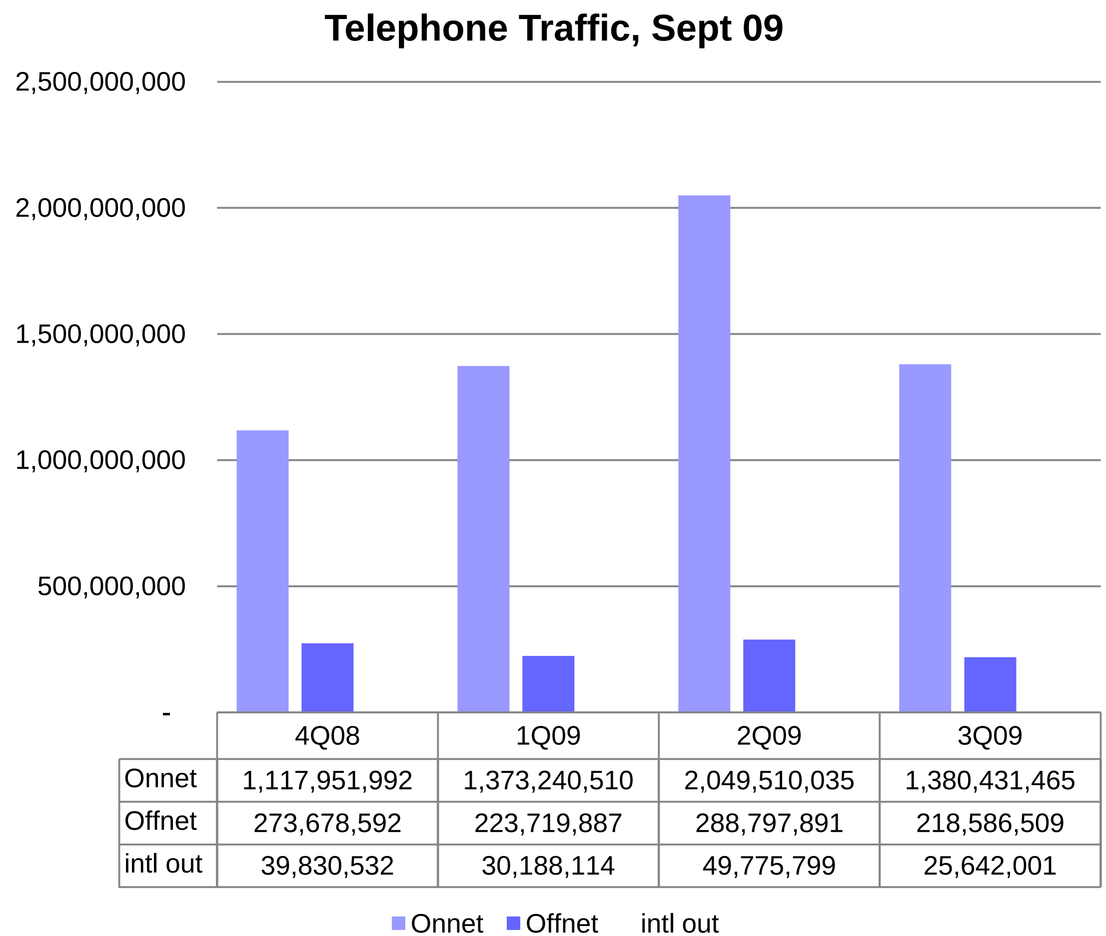
- Wireless fixed access technologies are slowly phasing out wire line connections with CDMA accounting for 35% of all fixed lines while 29% of the total fixed lines are GSM Fixed Cellular Terminals

Fixed line distribution by access medium



Traffic Trends

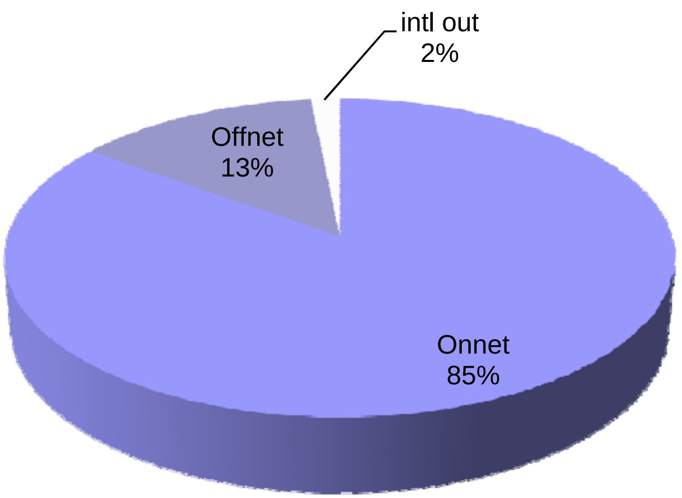
- 1.6 billion billed minutes were recorded during the quarter compared to 2.0 billion minutes recorded in the preceding quarter.
- The decline in minutes is largely on the on net that may be explained by the fact that the market is getting over the initial on net discount promotional excitements
- subscriber per month.



	4Q08	1Q09	2Q09	3Q09
Onnet	1,117,951,992	1,373,240,510	2,049,510,035	1,380,431,465
Offnet	273,678,592	223,719,887	288,797,891	218,586,509
intl out	39,830,532	30,188,114	49,775,799	25,642,001

Traffic trends - contd

- 85% of minutes are on net while international out going calls only account for 2%
- Also worth noting is the continued drop in off net traffic as more operators launched their on net campaigns locking in customers;
- The total number of minutes equates to close to 55 minutes of use per

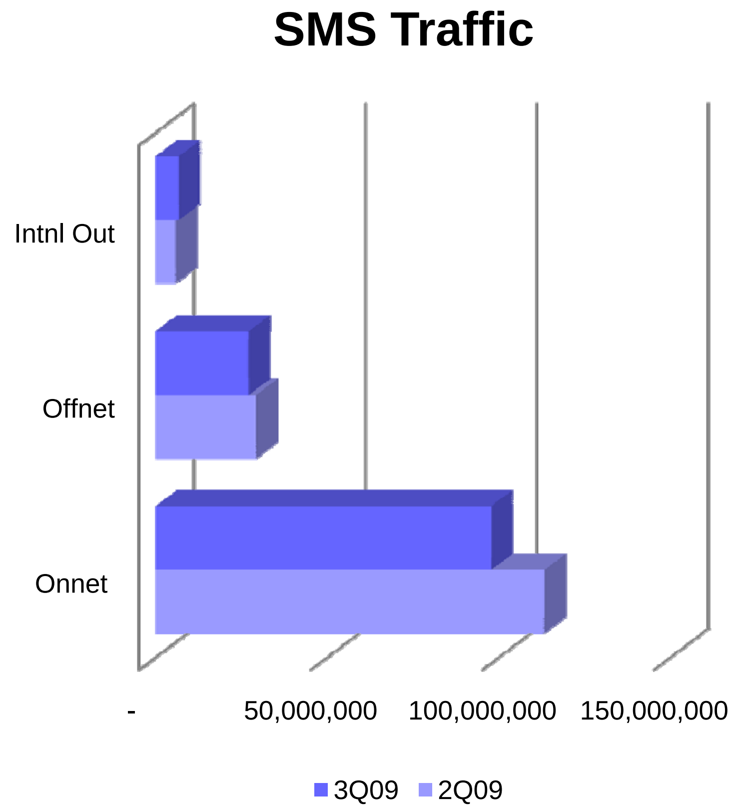


SMS Traffic

- A total of 131 million SMS were sent during the quarter compared to 147 million SMS sent in the preceding quarter.

- Of these;
  - 97 million were on net sms
  - 27 million were off net and 6 million were international outgoing SMS

- The decreasing SMS traffic specially in the on net segment may be the result of falling voice charges. It is becoming cheaper and quicker to call than send an SMS on some networks.



Tariffs and Interconnect

- There were no major tariff reforms during the period except for the conversion of Warid's Pakalast promotional offering into a long term permanent tariff profile

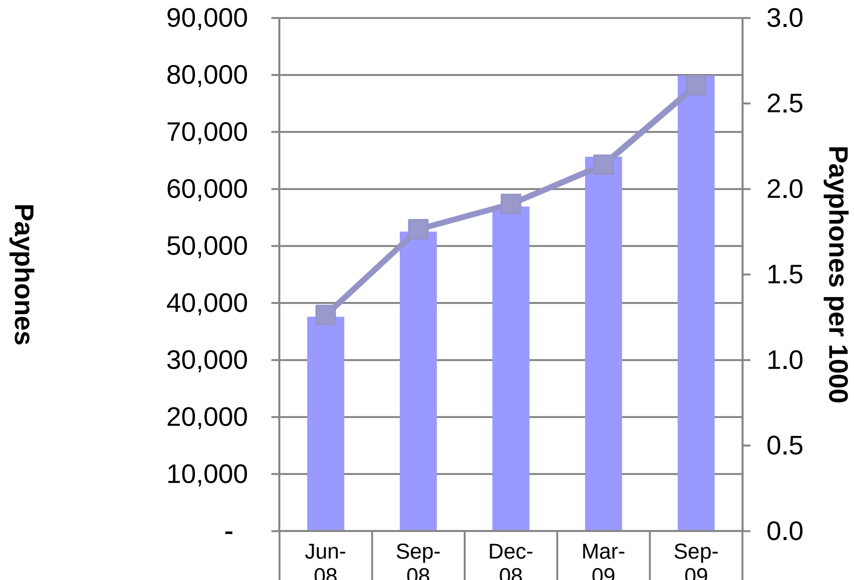
- The application of the new LRIC based interconnection rates was pushed forward pending an industry review of the rates. Interconnection rates remains at 181/- for fixed and mobile termination-highest rate.

- A review of various parameters and data submission is underway

- By the end of Sept, there were 79,896 payphones countrywide

- This translates into a payphone access of at least a payphone for every 500 inhabitants

Payphone Growth and Access, Sept 09



	Jun-08	Sep-08	Dec-08	Mar-09	Sep-09
Payphones	37,595	52,515	56,918	65,669	79,896
Payphone per 1000	1.3	1.8	1.9	2.1	2.6

Fixed Internet

Subscription

- Increased bandwidth from the undersea cable systems at the EA coast have resulted in a significant drop in retail access charges and as such is boosting overall subscriptions
- By the end of Sept, there was an estimated 29,000 fixed subscriptions country wide up from 27,590 subscriptions at the end of June
- Access is using a mix of ADSL, leased lines, WLL and Wimax solutions

Monthly Charges

	Average Internet Access Charge
Wimax terminal Equip (for new connections)	USD 750 - 900
Security Deposit	USD 650 - 800
1mbps monthly charge	USD 600 - 900

Mobile Internet – Access

- Most significant addition to this segment was the entry of Orange Uganda Ltd into the mobile broadband segment following Warid's entry in this segment in the 1st quarter of the year.
- Orange launched services with capacity based offerings with speeds of up to 235 kbps on EDGE and up to 3.5 Mbps per second on their 3G platform.
- EDGE services are available in all areas in which Orange has network presence while 3G is limited to select central and western towns.
- This brings the number of mobile internet providers to 5; namely UTL, Zain MTN, Warid and Orange
- Resultant from this are 358,228 active mobile internet accounts countrywide with mobile access becoming the broadband solution for many SMEs

POST AND COURIER SERVICES

Postal Licensees and Access

Licensees

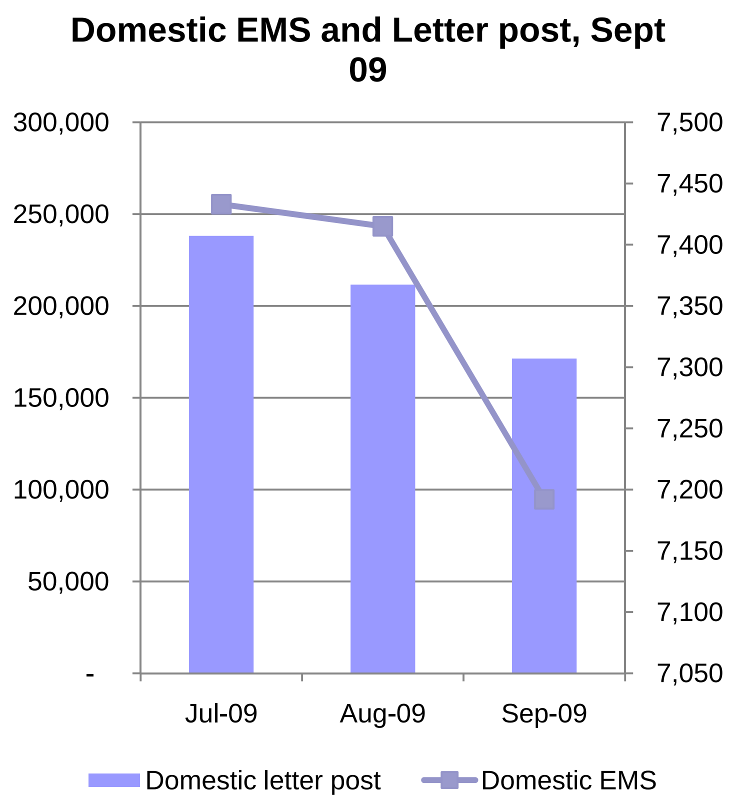
- No new licenses were issued during the period under review
- To date there are;
  - 9 Domestic couriers
  - 7 Regional couriers
  - 6 International couriers

Postal Access

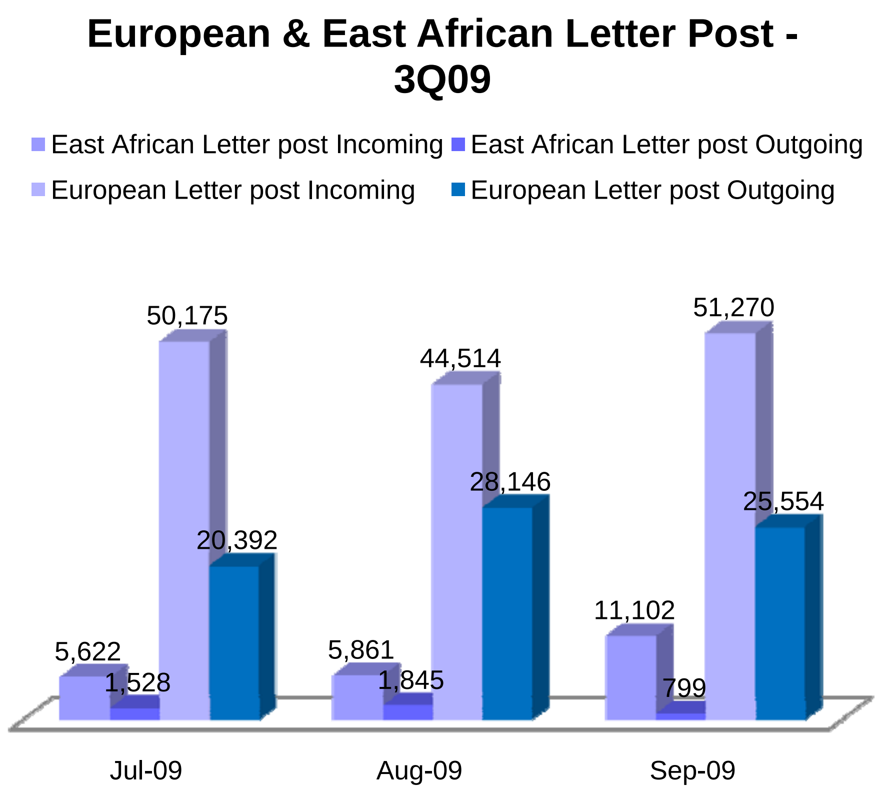
Indicator	Status – Sept 09
Number of Permanent Post offices	331
Number of post offices with money order services	103
Post offices offering public internet services	1
Private letter boxes	78,457

Postal Traffic

Domestic EMS &Letter post Volumes



Select Foreign Letter Post Volumes



Broadcasting

	Status	June 08	Sept 08	Dec 08	Mar 09	Sept 09
Radio	On	166	171	188	192	192
	Off	34	43	32	30	32
	Total	**200**	**214**	**220**	**222**	**224**
TV	On	26	28	35	35	40
	Off	18	18	15	15	15
	Total	**44**	**46**	**50**	**50**	**55**