



**TELEPHIA REPORTS 4.1 PERCENT OF ONLINE U.S. HOUSEHOLDS
SUBSCRIBE TO A VOIP TELEPHONE SERVICE,
UP FROM 3.1 PERCENT IN Q1 2006**

*VoIP Subscribers Cite Network Quality as the Primary
Reason for Switching Service Providers*

SAN FRANCISCO—July 21, 2006—Voice over Internet Protocol (VoIP) continues to gain subscribers in the home telephone service market, according to Telephia, the leading provider of performance measurement information to the converging communications and mobile industries. Households subscribing to pure-play subscription VoIP services, who are either replacing or complementing existing traditional landline services, increased from 2.2 million in Q1 2006 to 2.9 million in Q2 2006. Vonage continues to own the largest market share of pure-play subscription VoIP consumers with a 53.9 percent share (see Table 1). Telephia’s Total Communications Survey for Q2 2006 shows that Verizon VoiceWing and AT&T CallVantage were tied for second place, each securing a 5.5 percent share. SunRocket followed with a four percent share, while Lingo claimed a 2.6 percent share. NetZero Voice rounded out the top five with a 2.5 percent share.

The Telephia Total Communications Survey aims to understand the attitudes of households towards emerging communications services, providing integrated insights into household use and preferences across converged landline and wireless phone, VoIP, Internet and TV services. Rankings for the top pure-play VoIP providers are based on subscription services, and excludes market share for free or pay-per-call VoIP services.

“With a large share of U.S. households now connecting via broadband networks, VoIP has become a popular and cost-effective alternative for replacement, as well as a complement to the traditional home landline,” said Kanishka Agarwal, Vice President of New Products, Telephia.

Table 1: Top 10 Pure-Play Subscription VoIP Service Providers (U.S.)

Service Provider	Share of Pure-Play VoIP Subscribers
1. Vonage	53.9%
2. Verizon VoiceWing	5.5%

2. AT&T CallVantage (SBC)	5.5%
3. SunRocket	4.0%
4. Lingo	2.6%
5. NetZero Voice	2.5%
6. Broadvoice	2.2%
7. America Online (AOL)	1.6%
8. 8x8 (Packet8)	1.1%
9. Earthlink	0.9%
10. Other	20.5%

Source: Telephia Total Communications Survey, Q2 06

*Note: Data in table includes subscription VoIP providers who actively promote their service as Internet telephony. It excludes cable companies who offer “digital phone” services since they are not promoted as VoIP.

**Note: Data in the table measures pure-play subscription VoIP services and excludes providers offering free or pay-per-call VoIP services (e.g. Skype).

Network Quality is the #1 Reason Why VoIP Subscribers Are Likely to Switch Providers

More than 27 percent of VoIP subscribers who are likely to change providers cite network quality as their primary reason for wanting to switch. Improved customer service and better plan prices are also critical factors in why subscribers want to switch service providers (see Table 2). In addition, more than 12 percent of all VoIP subscribers are likely to leave their current VoIP service provider for another supplier within a year.

“The VoIP market is highly competitive with many different players trying to get a bigger slice of the market share. Service providers who offer the best customer experience through superior product quality and excellent customer service will beat out their competition,” added Agarwal.

Table 2: Top Factors for Switching VoIP Providers

Primary Reason for Switch	Primary Reason Percent Share
For better network quality (e.g., better voice-audio quality, fewer disconnected/blocked calls)	27.4%
For better customer service	14.7%
For a better monthly service plan price	13.4%
To take advantage of a promotion or sale	10.3%
For more convenient billing-payment options	5.8%
To combine services together (bundled services)	2.1%
Recommendation from family, friends or my employer	1.6%
For additional product features or services	1.1%
I will be moving to an area where current provider does not provide service	0.3%
Other	23.3%

Source: Telephia Total Communications Survey, Q2 06

Availability

The Telephia Total Communications Survey is currently available. To find out more about Telephia's converging communications product offerings, please contact Rob Fortino at 720-232-4880 or rfortino@telephia.com.

About Telephia

Founded in 1998, Telephia provides syndicated performance measurement information to the leaders of the converging communications and mobile industries, including carriers, device manufacturers, content and application providers, retailers, infrastructure vendors and investment analysts. Telephia is the industry standard measure of subscriber share, customer satisfaction, device share, network quality, revenue share, advertising effectiveness, content audience and many other key performance indicators. For further information, please visit our website at www.telephia.com or call 415-395-0500.

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