

Current Cost and Long Run Incremental Cost Statements

For the Year Ended 30 June 2008

FINANCIAL STATEMENTS

eircom Current Cost and Long Run Incremental Cost Statements

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eircom Current Cost and Long Run Incremental Cost Statements

Introduction

eircom is required under Condition 15 of its General Telecommunications Licence, granted by the office of the Director of Telecommunications Regulation (“ODTR”), now known as the Commission for Communication Regulation (“ComReg”), on 1 December 1998, to maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director of Telecommunications Regulation (“the Director”) to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of these business units. The Current Cost and Long Run Incremental cost statements, for the year ended 30 June 2008 were prepared in accordance with this requirement and the detailed framework and financial statements requirements set out in the ComReg Decision Notices. The transposition of the new EU Regulatory Framework into Irish Law changed the governing legislation requiring separated accounts. From 25 July 2003 these requirements on electronic communications network providers are now imposed under Regulation 24 of S.I. No. 307 2003 and Regulation 12 of S.I. No. 305 of 2003.

The detailed framework and financial statement disclosure has been set out in the ComReg Decision Notices (the ‘Decision Notices’):-

- D5/99 and D10/99 ‘Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated May 1999 and August 1999 respectively;
- D8/99 ‘Costing methodologies for use in Accounting Separation’, dated July 1999;
- D9/00 and D10/00 ‘Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated August 2000 and September 2000 respectively;
- D2/01 ‘Accounting Separation for Internet Service Provision and Report on Investigation into Indigo and eircom.net’ and D7/01 ‘eircom’s Reference Interconnection Offer & Accounting Separation and Publication of Financial Information for Telecommunications Operators’, dated February 2001 and April 2001 respectively;
- D12/01 ‘Revision of timetable for publication of separated accounts and financial information by eircom’, dated August 2001;
- D3/03 ‘Review of Price Cap on certain Communications Services’, dated February 2003.
- D1/08 ‘eircom’s cost of capital’, dated May 2008.

Introduction (continued)

The framework for the preparation of Long Run Incremental cost statements is set out in ComReg Decision Notice D6/99 'The Development of Long Run Incremental Costing for Interconnection' dated June 1999 (the 'Decision Notices').

These Current Cost and Long Run Incremental Cost Statements (the Financial Statements), have been prepared in accordance with the Decision Notices insofar as they apply to the Financial Statements for the year ended 30 June 2008.

Accounting documents

The Financial Statements have been prepared according to the principles detailed in the Accounting Documents dated 31 December 2008 ("the Accounting Documents") which set out the framework under which the Financial Statements are prepared. These statements should be read in conjunction with the Accounting Documents.

The Accounting Documents consist of the following:-

1. Regulatory Accounting Principles – which lay out the general rules by which the Financial Statements should be prepared, for example that all balances should be attributed with reference to cost causality.
2. Attribution Methods – which explain how revenue, costs including transfer charges, assets and liabilities are attributed to the Businesses and Network Elements and Activities within those Businesses, following the Regulatory Accounting Principles, on a fully allocated basis.
3. Transfer Charges – which explain how charges are raised from the Core Network and Local Access Network Businesses to the Retail Business for the use of the respective networks.
4. Accounting Policies – which detail the accounting policies adopted in preparing the underlying financial information.
5. Current Cost Valuation Methodology – which sets out the principles followed in preparing the underlying current cost financial information.
6. Long Run Incremental Cost Methodology – which sets out the principles followed to derive the long run incremental costs.

Introduction (continued)

Applicable rate of return

The applicable Rate of Return used in these Financial Statements is 11.36% (2007: 14.375% - 15 month period). The Rate of Return was mandated by ComReg in Decision 4.3.4 of Decision Notice D9/00, maintained in Decision Notice D7/01 and amended in Decision Notice D01/08. The annual rate of return was 11.5% from 1 July 2007 to 22 May 2008 and 10.21% from 22 May 2008 to 30 June 2008. The rate of return in these financial statements reflects the applicable rates of return for the financial year on a time apportioned basis.

Basis of preparation of the financial statements

The structure of the Businesses required under the Decision Notices does not correspond to the way in which eircom is organised and hence the way in which the statutory accounting records are structured. These Financial Statements are therefore prepared by overlaying the requirements of the Decision Notices on the accounting records and management structure of eircom.

These Current Cost Financial Statements are prepared by attributing the balances in eircom's general ledgers and other accounting records to the Businesses and disaggregated Activities. As required by the Decision Notices, wherever possible, revenue, costs, assets and liabilities are directly associated with a Business, Activity or Network Element using information recorded within eircom's accounting records and are directly attributed to that item. Where no such direct attribution is possible the revenue, costs, assets and liabilities are apportioned between two or more Activities, Network Elements or Businesses on a basis that reflects the causality of the revenue, cost, asset or liability. Residual costs for which no direct or indirect method of apportionment can be identified are allocated using an equal proportionate mark-up method. Details of this process are given in the Attribution Methods section within the Accounting Documents.

Typically, in a fully allocated accounting system, a number of attribution methods are available. In selecting financial attribution methods and appropriate non-financial data for use within the attribution models employed in the production of these statements, eircom has had to make certain estimates and exercise its judgement, having regard to the regulatory principles, including cost causality and objectivity, in order to comply with the requirements of the Accounting Documents.

Introduction (continued)

The Core Network Financial Statements include current cost adjustments prepared under the financial capital maintenance convention, including adjustments to certain historical cost depreciation and certain fixed assets to reflect current values. In addition, to reflect the appropriate allocation of the modern equivalent assets to Businesses, Activities and Network Elements, the apportionment of certain fixed assets and their related depreciation has been modified compared with the Historic Cost Financial Statements for businesses and activities published on 30 November 2008, which were on an historical cost basis. The basic inland services covering call origination, call termination and domestic transit carry a current cost valuation. All other core network services are included at their historic costs, as modified by the revaluation of assets shared with the basic inland services. The attribution of other operating costs and transfer charges between the Businesses remain unchanged. The valuation methods that underpin the current cost accounts (CCA) are set out in the Accounting Documents dated 31 December 2008.

Inland core conveyance network statements

The Inland Core Conveyance Network Statements are prepared using a top down modelling approach whereby:-

- the costs and net assets measured according to current cost accounting conventions are analysed at a detailed level;
- the causal drivers associated with the cost are identified;
- the relationship between cost and cost driver is described identifying the fixed and variable components of costs and presented as a dimensional graph of volume and cost (cost volume relationship);
- cost driver volumes are identified with the increments to be measured;
- the change in cost associated with the removal or addition of an increment is measured by reference to its cost volume relationship;
- comparison of eircom's total costs and incremental cost of Access Network and Inland Core Conveyance Network allows the identification of fixed common costs; and
- statements are presented detailing the recovery of fixed common and joint costs.

Statement of Responsibility for preparing the Financial Statements

eircom is required under Condition 15 of its General Telecommunications Licence, to maintain accounting records in a form which enables the activities of any business unit specified in any direction given by the Director of Telecommunications Regulation (“the Director”) to be separately identifiable, and which the Director considers to be sufficient to show and explain the transactions of each of these business units. The Current Cost and Long Run Incremental Cost financial statements for the year ended 30 June 2008 have been prepared in accordance with this requirement and the detailed framework and financial statements requirements set out in the ComReg Decision Notices. The transposition of the new EU Regulatory Framework into Irish Law changed the governing legislation requiring separated accounts. From 25 July 2003 these requirements on electronic communications network providers are now imposed under Regulation 24 of S.I. No. 307 2003 and Regulation 12 of S.I. No. 305 of 2003.

The Current Cost and Long Run Incremental Cost Financial Statements

1. include:

- 1.1 a Core Network Business profit and loss statement including CCA adjustments;
- 1.2 a Core Network Business statement of mean capital employed including CCA adjustments;
- 1.3 a Core Network Business statement of costs including CCA adjustments;
- 1.4 a statement of costs for the Inland Core Conveyance Network
 - 1.4.1 on a long run incremental costs basis
 - 1.4.2 on a distributed long run incremental costs basis
 - 1.4.3 on a distributed long run incremental costs basis plus recovery of inter-increment fixed common and joint costs
- 1.5 a statement of costs of network services
 - 1.5.1 on a CCA fully allocated cost basis
 - 1.5.2 on a distributed long run incremental costs basis plus recovery of inter-increment fixed common and joint costs

2. are prepared in accordance with the Accounting Documents published with these Financial Statements. Insofar as there is any inconsistency between any or all of the Accounting Documents, the company ensures that the Financial Statements are prepared in accordance with the Accounting Documents in the following order of priority:

- 2.1 the regulatory accounting principles;
- 2.2 the attribution methods;
- 2.3 the transfer charges;
- 2.4 the accounting policies;
- 2.5 the current cost valuation methodology;
- 2.6 the long run incremental cost methodology.

3. and is reconciled with the Annual Report and that reconciliation is demonstrated and explained.

eircom confirms that the Financial Statements for the year ended 30 June 2008 have been prepared in accordance with the requirements of the governing legislation.

Peter Cross
Chief Financial Officer
31 December 2008

Report of the Independent Auditors to eircom Limited

Report of the Independent Auditors to eircom Limited, issued in accordance with Decision 4.1 of Decision Notice D8/99 and Decision 5.1 of Decision Notice D9/00 issued by the Commission for Communications Regulation (“ComReg”).

1. We have examined the financial statements on pages 12 to 34 which have been prepared under the current cost convention in accordance with Decision Notices D5/99, D6/99, D8/99, D10/99, D9/00, D10/00, D2/01, D7/01, D12/01, D3/03 and D1/08 (“the Decision Notices”) issued by ComReg and in accordance with eircom Limited’s (“the company”) costing methodologies (“the cost accounting system”) which are articulated in the Accounting Documents dated 31 December 2008, published with the financial statements (“the Accounting Documents”).
2. The Financial Statements comprise current cost financial statements for the year ended 30 June 2008 for the Core Network Business and incremental cost statements for the Inland Core Conveyance Network. The financial statements of the Core Network Business include the Core Network Business Statement of Costs and the Statement of Costs of Core Network Services. The incremental cost statements for the Inland Core Conveyance Network include the Statement of Costs on an Incremental Cost Basis (including incremental costs, distributed incremental costs and distributed incremental costs including recovery of inter increment fixed common and joint costs).

Respective responsibilities of the company and auditors

3. As described on page 6 and 7, the Company is responsible for preparing and approving the Financial Statements. Our responsibilities, as independent auditors, are established in Ireland by the Decision Notices, the Auditing Practices Board and our profession’s ethical guidance. Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. This report, including the opinion, has been prepared for, and only for, the Company and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.
4. We report our opinion as to whether each of the financial statements is fairly presented in accordance with the Accounting Documents dated 31 December 2008, whether the financial statements comply with the Decision Notices and whether the information specified by the Decision Notices to be published in the financial statements has been published in the financial statements. We also report if, in our opinion, the “Introduction” by the company, setting out the basis upon which the

financial statements have been prepared, is not consistent with the financial statements, if the company has not kept proper accounting records and if we have not received all of the information and explanations we require for our examination.

5. We read the “Definitions of the Businesses” and consider the implications for our report if we became aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

6. As explained in the “Basis of Preparation of the Financial Statements” on pages 4 and 5, in accordance with the Accounting Documents, the financial statements are prepared by disaggregating balances recorded in the general ledgers and other accounting records of the company and its subsidiaries (“the group”) maintained in accordance with the Companies Acts, 1963 to 2006, and used, in accordance with those Acts, for the preparation of the company’s statutory consolidated financial statements for the year ended 30 June 2008 (“the Statutory Financial Statements”).
7. Decision Notice D7/01 and directions by way of letter dated 18 April 2001, inter alia, require the company to:-
 - use 1997/98 asset lives for core network and local access network assets except for local network overhead fibre cable, local network overhead copper cable and local network poles, where specific lives of 10 years, 10 years and 15 years respectively were directed; and
 - exclude exceptional costs (as defined in the Accounting Documents) from the core network.
8. In order for the company to comply with Decision Notice D7/01 it has had to amend certain balances obtained from the general ledgers and other accounting records of the company. This is a departure from the general principles for preparation of “top down” separated financial statements.
9. Paragraph 4 of Section 21 of Statutory Instrument No 71 of 1999 (“the Interconnection Regulations”) states that “tariffs for facilities additional to the provision of connection to its fixed public telephone network and fixed public telephone services shall be sufficiently unbundled, so that the user is not required to pay for facilities which are not necessary for the service requested”.
10. In the context of the cost accounting system, eircom holds primary responsibility for ensuring that the number and definition of network charging elements is sufficient to meet the requirements of Paragraph 4 of Section 21 of Statutory Instrument No

71 of 1999 of the Interconnection Regulations. ComReg has approved eircom's proposals in this regard through the determinations contained within Decision 3.8 of D5/99 as amended by Decision 4.3.3 of D9/00.

11. PricewaterhouseCoopers audited the Statutory Financial Statements of eircom Limited on which they expressed an unqualified audit opinion. In conducting our subsequent examination of the Financial Statements and in providing the opinions in paragraphs 14 and 15 below, we have not performed any additional tests of the transactions and balances recorded in the general ledgers and other accounting records beyond those already performed, by PricewaterhouseCoopers, for the purpose of their audit of the Statutory Financial Statements.
12. Having regard to the above:-
 - (i) We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Our work included examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also included an assessment of the significant estimates and judgements made by the company in the preparation of the financial statements.
 - (ii) We planned and performed our examination so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that each of the financial statements is fairly presented, in accordance with the Accounting Documents, and that they comply with the Decision Notices and contain the information specified by the Decision Notices to be published in the financial statements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.
13. Many of the group's revenues, costs, assets and liabilities are not directly identifiable with individual activities and the preparation of the financial statements requires a significant number of apportionments. As explained on pages 4 and 5 in the "Basis of Preparation of the Financial Statements", in selecting appropriate attribution methods and appropriate non-financial data for use within the attribution models employed in the production of financial statements, the company has had to make certain estimates and exercise its judgement, having regard to the regulatory principles specified in the Accounting Documents, including cost causality and objectivity, in order to comply with the requirements of the Decision Notices. The company has decided that attribution methods and non-financial data sources will continue to be reviewed and, where appropriate, improved.

Opinion

14. In our opinion each of the financial statements for the year ended 30 June 2008:-
- fairly presents in accordance with the Accounting Documents dated 31 December 2008, the result and mean capital employed of, and costs incurred by each of the activities;
 - complies with the Decision Notices;
 - contains information specified by the Decision Notices to be published in the financial statements.
15. In respect of the requirement in paragraph 4 of Section 21 of Statutory Instrument No 71 of 1999 of the Interconnection Regulations, and in the context of the Basis of audit opinion above, we are not aware of any matters of non-compliance. In respect of all other requirements of the Interconnection Regulations, in our opinion, the cost accounting system complies with the requirements of the Interconnection Regulations.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Dublin

31 December 2008

Core Network Business

PROFIT AND LOSS ACCOUNT INCLUDING CCA ADJUSTMENTS

for the year ended 30 June 2008

	12 months to 30-Jun-08	15 months to 30-Jun-07
	€'000	€'000
Turnover		
From Other Operators	181,511	238,710
Regulated Rate of Return Adjustment	(11,370)	(24,943)
Transfer Charges to Retail and Other	352,294	448,660
Total Turnover	522,435	662,427
Operating Costs	470,991	622,751
Exceptional Operating Costs	-	-
Holding Loss/(Gain) and Other Adjustments	16,488	(6,648)
Supplementary Depreciation	3,762	4,056
Total Operating Costs	491,241	620,159
Return	31,194	42,268
RETURN ON MEAN CAPITAL EMPLOYED		
	12 months to 30-Jun-08	15 months to 30-Jun-07
	€'000	€'000
Return	31,194	42,268
Mean Capital Employed	274,595	294,040
Return on Mean Capital Employed	11.36%	14.375%
Return on Turnover	6%	6%

The basic inland services covering call origination, call termination and domestic transit carry a current cost valuation. All other core network services are included at their historical costs, as modified by the revaluation of assets shared with the basic inland services.

Core Network Business

STATEMENT OF MEAN CAPITAL EMPLOYED INCLUDING CCA ADJUSTMENTS
as at 30 June 2008

	30-Jun-08	30-Jun-07
	€'000	€'000
Fixed assets		
Tangible Fixed Assets	380,893	425,370
Intangible Fixed Assets	2,533	2,096
Total Fixed Assets	383,426	427,466
Current Assets		
Stocks	2,094	1,450
Debtors	38,856	30,444
Cash at Bank and in Hand	69,446	50,374
Total Current Assets	110,396	82,268
Creditors	(204,547)	(199,912)
Provisions for Liabilities and Charges	(14,680)	(15,782)
Mean Capital Employed	274,595	294,040

The basic inland services covering call origination, call termination and domestic transit carry a current cost valuation. All other core network services are included at their historical costs, as modified by the revaluation of assets shared with the basic inland service.

Core Network Business

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

FULLY ALLOCATED COSTS

for the year ended 30 June 2008

	Operating costs €'000	Exceptional Operating costs €'000	Supplementary Depreciation €'000	Holding Gain/Loss €'000	Capital employed €'000	Rate of return %	Capital costs €'000	Total operating and capital costs €'000	Total Units (Note (b))	Average cost cents per unit
<i>Call Sensitive</i>										
Subscriber Unit	4,277	0	-232	786	12,349	11.36%	1,403	6,234	5,549,889	0.112
Primary Switch	3,171	0	-186	327	6,484	11.36%	737	4,049	3,497,223	0.116
Secondary Switch	1,855	0	-30	200	5,232	11.36%	594	2,619	2,885,349	0.091
Tertiary Switch	1,309	0	-154	556	3,872	11.36%	440	2,151	2,291,759	0.094
<i>Traffic Sensitive</i>										
Subscriber Unit	4,984	0	-271	878	13,475	11.36%	1,531	7,122	18,920,703	0.038
Primary Switch	2,448	0	-105	590	6,355	11.36%	722	3,655	11,313,637	0.032
Secondary Switch	1,920	0	-73	496	5,480	11.36%	623	2,966	8,405,908	0.035
Tertiary Switch	2,677	0	-549	1,579	8,537	11.36%	970	4,677	6,788,583	0.069
<i>Transmission - Non-Length Dependent</i>										
RSU to Primary/Secondary Link	17,248	0	-992	2,218	40,232	11.36%	4,570	23,044	13,397,672	0.172
Primary to Primary Link	358	0	-24	57	870	11.36%	99	490	378,917	0.129
Primary to Secondary Link	1,506	0	-89	208	3,561	11.36%	405	2,030	3,904,654	0.052
Primary to Tertiary Link	851	0	-52	120	2,019	11.36%	229	1,148	2,102,005	0.055
Secondary to Secondary Link	709	0	-42	96	1,670	11.36%	190	953	710,815	0.134
Secondary to Tertiary Link	1,072	0	-66	150	2,541	11.36%	289	1,445	2,646,756	0.055
Tertiary to Tertiary Link	134	0	-10	24	334	11.36%	38	186	260,318	0.071
<i>Transmission - Length dependent</i>										
RSU to Primary/Secondary Length	5,803	0	3,149	531	44,863	11.36%	5,096	14,579	3,199,859	0.456
Primary to Primary Length	119	0	40	6	761	11.36%	86	251	97,483	0.257
Primary to Secondary Length	844	0	378	54	5,965	11.36%	678	1,954	1,657,451	0.118
Primary to Tertiary Length	851	0	310	44	5,561	11.36%	632	1,837	1,731,408	0.106
Secondary to Secondary Length	627	0	264	35	4,313	11.36%	490	1,416	956,271	0.148
Secondary to Tertiary Length	1,490	0	529	73	9,637	11.36%	1,094	3,186	3,851,309	0.083
Tertiary to Tertiary Length	35	0	4	1	179	11.36%	20	60	19,285	0.313
Inland directory enquiries	20,608	0	-25	772	6,689	11.36%	760	22,115	(a)	(a)
International directory enquiries	1,039	0	-1	41	340	11.36%	39	1,118	(a)	(a)
National Operator Assistance	6,657	0	3	400	2,727	11.36%	310	7,370	(a)	(a)
International Operator Assistance	108	0	-1	6	47	11.36%	5	118	(a)	(a)
Carrier administration	5,859	0	-29	77	-1,431	11.36%	-163	5,744	(a)	(a)
Carrier billing	2,204	0	-324	265	-2,541	11.36%	-289	1,856	(a)	(a)
Intelligent network	1,913	0	-43	170	1,660	11.36%	189	2,229	(a)	(a)
Outpayments	324,332	0	0	0	-51,801	11.36%	-5,885	318,447	(a)	(a)
International transmission	6,964	0	331	264	-17,241	11.36%	-1,959	5,600	(a)	(a)
Private circuits network	30,782	0	1,149	3,394	107,427	11.36%	12,204	47,529	(a)	(a)
Interconnect connections and rentals	5,695	0	632	629	25,343	11.36%	2,879	9,835	(a)	(a)
Other costs	10,542	0	271	1,441	19,086	11.36%	2,168	14,422	(a)	(a)
Total	470,991	0	3,762	16,488	274,595		31,194	522,435		

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) Unit of length is 100km.

Core Network Business

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

FULLY ALLOCATED COSTS

for the fifteen months ended 30 June 2007

	Operating costs €'000	Exceptional Operating costs €'000	Supplementary Depreciation €'000	Holding Gain/Loss €'000	Capital employed €'000	Rate of return %	Capital costs €'000	Total operating and capital costs €'000	Total Units (Note (b))	Average cost cents per unit
<i>Call Sensitive</i>										
Subscriber Unit	6,140	0	-361	249	14,339	14.375%	2,061	8,089	7,700,579	0.105
Primary Switch	5,834	0	399	177	7,511	14.375%	1,080	7,490	4,808,689	0.156
Secondary Switch	3,584	0	595	23	6,020	14.375%	865	5,067	3,967,865	0.128
Tertiary Switch	2,606	0	-387	338	5,351	14.375%	769	3,326	2,936,734	0.113
<i>Traffic Sensitive</i>										
Subscriber Unit	6,765	0	-425	72	14,775	14.375%	2,124	8,536	28,409,129	0.030
Primary Switch	4,527	0	151	169	7,227	14.375%	1,039	5,886	16,539,603	0.036
Secondary Switch	3,458	0	-67	53	6,439	14.375%	926	4,370	12,185,130	0.036
Tertiary Switch	4,983	0	-1,688	697	10,650	14.375%	1,531	5,523	8,465,098	0.065
<i>Transmission - Non-Length Dependent</i>										
RSU to Primary/Secondary Link	20,309	0	-1,296	245	43,048	14.375%	6,188	25,446	19,336,242	0.132
Primary to Primary Link	450	0	-32	9	983	14.375%	141	568	549,712	0.103
Primary to Secondary Link	1,882	0	-124	28	4,026	14.375%	579	2,365	5,441,745	0.043
Primary to Tertiary Link	1,091	0	-73	17	2,342	14.375%	337	1,372	2,873,386	0.048
Secondary to Secondary Link	886	0	-58	12	1,891	14.375%	272	1,112	991,432	0.112
Secondary to Tertiary Link	1,361	0	-90	21	2,919	14.375%	420	1,712	3,433,186	0.050
Tertiary to Tertiary Link	181	0	-14	5	404	14.375%	58	230	315,955	0.073
<i>Transmission - Length dependent</i>										
RSU to Primary/Secondary Length	7,399	0	3,203	-2,468	41,862	14.375%	6,018	14,152	4,510,857	0.314
Primary to Primary Length	168	0	57	-46	858	14.375%	123	302	130,995	0.231
Primary to Secondary Length	1,270	0	539	-417	7,124	14.375%	1,024	2,416	2,272,582	0.106
Primary to Tertiary Length	1,252	0	453	-362	6,563	14.375%	943	2,286	2,459,803	0.093
Secondary to Secondary Length	955	0	402	-311	5,334	14.375%	767	1,813	1,237,427	0.147
Secondary to Tertiary Length	2,137	0	777	-621	11,222	14.375%	1,613	3,906	5,270,856	0.074
Tertiary to Tertiary Length	48	0	6	-7	187	14.375%	27	74	5,030	1.471
Inland directory enquiries	24,247	0	-41	-1,278	8,722	14.375%	1,254	24,182	(a)	(a)
International directory enquiries	1,131	0	-2	-63	429	14.375%	62	1,128	(a)	(a)
National Operator Assistance	8,089	0	-14	-200	555	14.375%	80	7,955	(a)	(a)
International Operator Assistance	186	0	0	-10	73	14.375%	10	186	(a)	(a)
Carrier administration	7,841	0	-49	-413	792	14.375%	114	7,493	(a)	(a)
Carrier billing	5,259	0	163	22	1,812	14.375%	260	5,704	(a)	(a)
Intelligent network	2,957	0	-467	57	3,288	14.375%	473	3,020	(a)	(a)
Outpayments	426,328	0	0	0	-64,771	14.375%	-9,311	417,017	(a)	(a)
International transmission	6,654	0	414	-363	-19,778	14.375%	-2,843	3,862	(a)	(a)
Private circuits network	42,610	0	1,482	-1,453	102,121	14.375%	14,679	57,318	(a)	(a)
Interconnect connections and rentals	8,032	0	391	-544	26,848	14.375%	3,859	11,738	(a)	(a)
Other costs	12,131	0	212	-286	32,874	14.375%	4,726	16,783	(a)	(a)
Total	622,751	0	4,056	-6,648	294,040		42,268	662,427		

(a) These components include a number of different elements which are used in different proportions for the delivery of services within this heading

(b) Unit of length is 100km.

Inland Core Conveyance Network

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

LONG RUN INCREMENTAL COSTS

for the year ended 30 June 2008	Operating costs €'000	Mean capital employed €'000	Rate of return %	Capital costs €'000	Total operating & capital costs €'000	Total Units (Note (a)) 000's	Average unit cost cents
<i>Call Sensitive</i>							
Subscriber Unit	656	1,046	11.36%	119	775	5,549,889	0.014
Primary Switch	1,619	2,846	11.36%	323	1,942	3,497,223	0.056
Secondary Switch	1,239	3,115	11.36%	354	1,593	2,885,349	0.055
Tertiary Switch	1,290	3,088	11.36%	351	1,641	2,291,759	0.072
<i>Traffic Sensitive</i>							
Subscriber Unit	1,232	2,349	11.36%	267	1,499	18,920,703	0.008
Primary Switch	935	1,577	11.36%	179	1,114	11,313,637	0.010
Secondary Switch	1,140	2,537	11.36%	288	1,428	8,405,908	0.017
Tertiary Switch	497	823	11.36%	93	590	6,788,583	0.009
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	12,940	27,188	11.36%	3,089	16,029	13,397,672	0.120
Primary to Primary Link	238	520	11.36%	59	297	378,917	0.078
Primary to Secondary Link	945	1,992	11.36%	226	1,171	3,904,654	0.030
Primary to Tertiary Link	538	1,140	11.36%	130	668	2,102,005	0.032
Secondary to Secondary Link	442	927	11.36%	105	547	710,815	0.077
Secondary to Tertiary Link	677	1,432	11.36%	163	840	2,646,756	0.032
Tertiary to Tertiary Link	94	211	11.36%	24	118	260,318	0.045
<i>Transmission - Length dependent</i>							
RSU to Primary/Secondary Length	2,510	7,949	11.36%	903	3,413	3,199,859	0.107
Primary to Primary Length	63	215	11.36%	24	87	97,483	0.089
Primary to Secondary Length	383	1,219	11.36%	138	521	1,657,451	0.031
Primary to Tertiary Length	430	1,443	11.36%	164	594	1,731,408	0.034
Secondary to Secondary Length	289	927	11.36%	105	394	956,271	0.041
Secondary to Tertiary Length	755	2,540	11.36%	289	1,044	3,851,309	0.027
Tertiary to Tertiary Length	22	84	11.36%	10	32	19,285	0.166

(a) Unit of length is 100km.

Inland Core Conveyance Network

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

LONG RUN INCREMENTAL COSTS

for the fifteen months ended 30 June 2007	Operating costs €'000	Mean capital employed €'000	Rate of return %	Capital costs €'000	Total operating & capital costs €'000	Total Units (Note (a)) 000's	Average unit cost cents
<i>Call Sensitive</i>							
Subscriber Unit	770	1,162	14.375%	167	937	7,700,579	0.012
Primary Switch	3,401	4,087	14.375%	588	3,989	4,808,689	0.083
Secondary Switch	2,321	3,414	14.375%	491	2,812	3,967,865	0.071
Tertiary Switch	2,101	4,579	14.375%	658	2,759	2,936,734	0.094
<i>Traffic Sensitive</i>							
Subscriber Unit	1,356	2,541	14.375%	365	1,721	28,409,129	0.006
Primary Switch	1,599	2,126	14.375%	306	1,905	16,539,603	0.012
Secondary Switch	1,584	2,771	14.375%	398	1,982	12,185,130	0.016
Tertiary Switch	937	393	14.375%	56	993	8,465,098	0.012
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	12,895	29,068	14.375%	4,179	17,074	19,336,242	0.088
Primary to Primary Link	259	604	14.375%	87	346	549,712	0.063
Primary to Secondary Link	1,050	2,374	14.375%	341	1,391	5,441,745	0.026
Primary to Tertiary Link	612	1,390	14.375%	200	812	2,873,386	0.028
Secondary to Secondary Link	493	1,110	14.375%	160	653	991,432	0.066
Secondary to Tertiary Link	762	1,730	14.375%	249	1,011	3,433,186	0.029
Tertiary to Tertiary Link	107	257	14.375%	37	144	315,955	0.046
<i>Transmission - Length dependent</i>							
RSU to Primary/Secondary Length	2,236	5,569	14.375%	801	3,037	4,510,857	0.067
Primary to Primary Length	56	143	14.375%	21	77	130,995	0.059
Primary to Secondary Length	387	966	14.375%	139	526	2,272,582	0.023
Primary to Tertiary Length	406	1,032	14.375%	148	554	2,459,803	0.023
Secondary to Secondary Length	292	731	14.375%	105	397	1,237,427	0.032
Secondary to Tertiary Length	691	1,757	14.375%	253	944	5,270,856	0.018
Tertiary to Tertiary Length	19	51	14.375%	7	26	5,030	0.517

(a) Unit of length is 100km.

Inland Core Conveyance Network

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

DISTRIBUTED LONG RUN INCREMENTAL COSTS

for the year ended 30 June 2008	Operating costs €'000	Mean capital employed €'000	Rate of return %	Capital costs €'000	Total operating & capital costs €'000	Total Units (Note (a)) 000's	Average unit cost cents
<i>Call Sensitive</i>							
Subscriber Unit	3,601	9,301	11.36%	1,057	4,658	5,549,889	0.084
Primary Switch	3,590	7,010	11.36%	796	4,386	3,497,223	0.125
Secondary Switch	2,198	5,578	11.36%	634	2,832	2,885,349	0.098
Tertiary Switch	2,609	4,732	11.36%	538	3,147	2,291,759	0.137
<i>Traffic Sensitive</i>							
Subscriber Unit	4,135	10,309	11.36%	1,171	5,306	18,920,703	0.028
Primary Switch	2,624	5,887	11.36%	669	3,293	11,313,637	0.029
Secondary Switch	2,163	5,429	11.36%	617	2,780	8,405,908	0.033
Tertiary Switch	2,940	4,911	11.36%	558	3,498	6,788,583	0.052
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	15,424	32,214	11.36%	3,660	19,084	13,397,672	0.142
Primary to Primary Link	286	618	11.36%	70	356	378,917	0.094
Primary to Secondary Link	1,126	2,358	11.36%	268	1,394	3,904,654	0.036
Primary to Tertiary Link	642	1,350	11.36%	153	795	2,102,005	0.038
Secondary to Secondary Link	526	1,096	11.36%	125	651	710,815	0.092
Secondary to Tertiary Link	807	1,696	11.36%	193	1,000	2,646,756	0.038
Tertiary to Tertiary Link	113	252	11.36%	29	142	260,318	0.055
<i>Transmission - Length dependent</i>							
RSU to Primary/Secondary Length	6,096	31,220	11.36%	3,547	9,643	3,199,859	0.301
Primary to Primary Length	122	601	11.36%	68	190	97,483	0.195
Primary to Secondary Length	862	4,378	11.36%	497	1,359	1,657,451	0.082
Primary to Tertiary Length	867	4,311	11.36%	490	1,357	1,731,408	0.078
Secondary to Secondary Length	636	3,218	11.36%	366	1,002	956,271	0.105
Secondary to Tertiary Length	1,513	7,517	11.36%	854	2,367	3,851,309	0.061
Tertiary to Tertiary Length	35	165	11.36%	19	54	19,285	0.280

(a) Unit of length is 100km.

Inland Core Conveyance Network

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

DISTRIBUTED LONG RUN INCREMENTAL COSTS

for the fifteen months ended 30 June 2007	Operating costs €'000	Mean capital employed €'000	Rate of return %	Capital costs €'000	Total operating & capital costs €'000	Total Units (Note (a)) 000's	Average unit cost cents
<i>Call Sensitive</i>							
Subscriber Unit	4,787	11,243	14.375%	1,616	6,403	7,700,579	0.083
Primary Switch	7,212	8,504	14.375%	1,222	8,434	4,808,689	0.175
Secondary Switch	4,246	6,293	14.375%	905	5,151	3,967,865	0.130
Tertiary Switch	3,768	7,670	14.375%	1,103	4,871	2,936,734	0.166
<i>Traffic Sensitive</i>							
Subscriber Unit	5,045	11,901	14.375%	1,711	6,756	28,409,129	0.024
Primary Switch	4,573	6,770	14.375%	973	5,546	16,539,603	0.034
Secondary Switch	3,329	6,303	14.375%	906	4,235	12,185,130	0.035
Tertiary Switch	3,035	8,333	14.375%	1,198	4,233	8,465,098	0.050
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	16,710	38,820	14.375%	5,580	22,290	19,336,242	0.115
Primary to Primary Link	339	821	14.375%	118	457	549,712	0.083
Primary to Secondary Link	1,359	3,174	14.375%	456	1,815	5,441,745	0.033
Primary to Tertiary Link	793	1,863	14.375%	268	1,061	2,873,386	0.037
Secondary to Secondary Link	637	1,482	14.375%	213	850	991,432	0.086
Secondary to Tertiary Link	988	2,317	14.375%	333	1,321	3,433,186	0.038
Tertiary to Tertiary Link	142	353	14.375%	51	193	315,955	0.061
<i>Transmission - Length dependent</i>							
RSU to Primary/Secondary Length	4,984	27,047	14.375%	3,888	8,872	4,510,857	0.197
Primary to Primary Length	117	599	14.375%	86	203	130,995	0.155
Primary to Secondary Length	858	4,631	14.375%	666	1,524	2,272,582	0.067
Primary to Tertiary Length	865	4,484	14.375%	645	1,510	2,459,803	0.061
Secondary to Secondary Length	646	3,478	14.375%	500	1,146	1,237,427	0.093
Secondary to Tertiary Length	1,476	7,656	14.375%	1,101	2,577	5,270,856	0.049
Tertiary to Tertiary Length	36	161	14.375%	23	59	5,030	1.173

(a) Unit of length is 100km.

Inland Core Conveyance Network

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

DISTRIBUTED LONG RUN INCREMENTAL COSTS PLUS RECOVERY OF INTER-INCREMENT FIXED COMMON AND JOINT COSTS

for the year ended 30 June 2008	Operating costs €'000	Mean capital employed €'000	Rate of return %	Capital costs €'000	Total operating & capital costs €'000	Total Units (Note (a)) 000's	Average unit cost cents
<i>Call Sensitive</i>							
Subscriber Unit	4,159	10,599	11.36%	1,204	5,363	5,549,889	0.097
Primary Switch	4,154	7,693	11.36%	874	5,028	3,497,223	0.144
Secondary Switch	2,562	5,976	11.36%	679	3,241	2,885,349	0.112
Tertiary Switch	2,925	5,305	11.36%	603	3,528	2,291,759	0.154
<i>Traffic Sensitive</i>							
Subscriber Unit	5,181	12,685	11.36%	1,441	6,622	18,920,703	0.035
Primary Switch	3,013	6,516	11.36%	740	3,753	11,313,637	0.033
Secondary Switch	2,493	5,966	11.36%	678	3,171	8,405,908	0.038
Tertiary Switch	3,253	5,697	11.36%	647	3,900	6,788,583	0.057
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	17,961	39,704	11.36%	4,510	22,471	13,397,672	0.168
Primary to Primary Link	328	720	11.36%	82	410	378,917	0.108
Primary to Secondary Link	1,320	2,925	11.36%	332	1,652	3,904,654	0.042
Primary to Tertiary Link	750	1,660	11.36%	189	939	2,102,005	0.045
Secondary to Secondary Link	618	1,371	11.36%	156	774	710,815	0.109
Secondary to Tertiary Link	944	2,088	11.36%	237	1,181	2,646,756	0.045
Tertiary to Tertiary Link	128	279	11.36%	32	160	260,318	0.061
<i>Transmission - Length dependent</i>							
RSU to Primary/Secondary Length	8,516	45,427	11.36%	5,161	13,677	3,199,859	0.427
Primary to Primary Length	154	776	11.36%	88	242	97,483	0.248
Primary to Secondary Length	1,151	6,047	11.36%	687	1,838	1,657,451	0.111
Primary to Tertiary Length	1,108	5,660	11.36%	643	1,751	1,731,408	0.101
Secondary to Secondary Length	838	4,375	11.36%	497	1,335	956,271	0.140
Secondary to Tertiary Length	1,925	9,809	11.36%	1,114	3,039	3,851,309	0.079
Tertiary to Tertiary Length	39	184	11.36%	21	60	19,285	0.311

(a) Unit of length is 100km.

Inland Core Conveyance Network

STATEMENT OF COSTS INCLUDING CCA ADJUSTMENTS

DISTRIBUTED LONG RUN INCREMENTAL COSTS PLUS RECOVERY OF INTER-INCREMENT FIXED COMMON AND JOINT COSTS

for the fifteen months ended 30 June 2007	Operating costs €'000	Mean capital employed €'000	Rate of return %	Capital costs €'000	Total operating & capital costs €'000	Total Units (Note (a)) 000's	Average unit cost cents
<i>Call Sensitive</i>							
Subscriber Unit	5,642	12,776	14.375%	1,837	7,479	7,700,579	0.097
Primary Switch	8,256	9,343	14.375%	1,343	9,599	4,808,689	0.200
Secondary Switch	4,853	6,875	14.375%	988	5,841	3,967,865	0.147
Tertiary Switch	4,375	8,379	14.375%	1,204	5,579	2,936,734	0.190
<i>Traffic Sensitive</i>							
Subscriber Unit	6,506	14,438	14.375%	2,075	8,581	28,409,129	0.030
Primary Switch	5,249	7,498	14.375%	1,078	6,327	16,539,603	0.038
Secondary Switch	3,868	6,994	14.375%	1,005	4,873	12,185,130	0.040
Tertiary Switch	3,655	9,280	14.375%	1,334	4,989	8,465,098	0.059
<i>Transmission - Non-Length Dependent</i>							
RSU to Primary/Secondary Link	19,778	45,830	14.375%	6,588	26,366	19,336,242	0.136
Primary to Primary Link	394	927	14.375%	133	527	549,712	0.096
Primary to Secondary Link	1,614	3,749	14.375%	539	2,153	5,441,745	0.040
Primary to Tertiary Link	939	2,185	14.375%	314	1,253	2,873,386	0.044
Secondary to Secondary Link	758	1,759	14.375%	253	1,011	991,432	0.102
Secondary to Tertiary Link	1,170	2,722	14.375%	391	1,561	3,433,186	0.045
Tertiary to Tertiary Link	162	385	14.375%	55	217	315,955	0.069
<i>Transmission - Length dependent</i>							
RSU to Primary/Secondary Length	6,509	42,063	14.375%	6,047	12,556	4,510,857	0.278
Primary to Primary Length	146	871	14.375%	125	271	130,995	0.207
Primary to Secondary Length	1,116	7,164	14.375%	1,030	2,146	2,272,582	0.094
Primary to Tertiary Length	1,090	6,644	14.375%	955	2,045	2,459,803	0.083
Secondary to Secondary Length	839	5,366	14.375%	771	1,610	1,237,427	0.130
Secondary to Tertiary Length	1,861	11,359	14.375%	1,633	3,494	5,270,856	0.066
Tertiary to Tertiary Length (Note (a))	40	196	14.375%	28	68	5,030	1.352

(a) Unit of length is 100km.

Notes to the Current Cost and Long Run Incremental Cost Financial Statements

1. Statutory Financial Statements

These Current Cost and Long Run Incremental Cost Statements (the Financial Statements), which are not Statutory Financial Statements within the meaning of the Companies Acts, 1963 to 2006, have been prepared in accordance with the Accounting Documents dated 31 December 2008.

2. Comparative figures

ComReg has directed eircom, in D9/00, that where methods of attribution are amended, comparative information presented should be appropriately re-stated.

There were no amendments to the bases of allocation in the year ended 30 June 2008 where the impact on the prior year was deemed to be material to the individual Business or Network element and consequently there has been no restatement of the prior year figures in the Cost and Long Run Incremental Cost Financial Statements.

Details of the impact of the changes in attribution on the Historical Cost Separated Accounts are set out in the Historical Cost Separated Accounts for the year ended 30 June 2008, published on 30 November 2008. The restatement did not impact the results or mean capital employed for the Core Network Business for the year ended 30 June 2007.

3. Return on capital employed of the Core Network

The turnover of the Core Network Business includes revenue received from eircom Retail Business and other authorised operators. The Return on Capital Employed for this business is 11.36% (2007: 14.375% for fifteen months). The directed rate of return is 10.21% as and from 22 May 2008, as directed by Decision Notice D1/08. This Decision Notice replaced the previous rate of 11.5%. eircom have used a weighted average rate of 11.36% for the year ended 30 June 2008.

Turnover attributable to the Core and Access networks has been adjusted in order to maintain the return in these businesses at the determined rate of 11.36% (2007: 14.375%). These adjustments have been made within the Other Remaining Business.

Notes to the Current Cost and Long Run Incremental Cost Financial Statements (continued)

4. Switching attribution methodology

Decision notice D7/01 relating to the attribution of switching costs introduced the concept of predominance with respect to attributions to Call sensitive components.

eircom superseded this concept with unmodified attribution data from eircom's exchange suppliers following discussion and agreement with ComReg that the Historical Cost Separated Accounts would be prepared on this basis. This basis was adopted in the Historical Cost Separated Accounts and the Current Cost and Long Run Incremental Cost Statements for the years ended 2004 and subsequently, and for the RIO process.

5. Current cost accounting (“CCA”) adjustments

The Current Cost Financial Statements are prepared under the Financial Capital Maintenance convention in accordance with the principles set out in the handbook “Accounting for the Effects of Changing Prices”, published in 1986 by the UK Accounting Standards Committee.

Set out below is a summary of the treatment of the CCA adjustments within the Statements:-

- The basic inland services covering call origination, call termination and domestic transit carry a current cost valuation. All other core network services are included at their historical costs, as modified by the revaluation of assets shared with the basic inland services.
- Changes in fixed asset values, referred to as holding gains or losses arising during the year, are attributed between all businesses, increments and elements on the same basis as the associated assets. The holding gains or losses include the cumulative impact of all changes to historical depreciation arising up to the start of the year.
- A supplementary depreciation adjustment on fixed assets arising from differences between Historical Cost Accounting and Current Cost Accounting valuations is also attributed between all businesses, increments and elements on this basis. Supplemental depreciation reflects the change to the depreciation charge in respect of gains or losses arising on the revaluation of assets in the year.

7. Reconciliation statement

Consolidated profit and loss account for the year ended 30 June 2008	Operating			Operating		
	Turnover 2008	costs 2008	Return 2008	Turnover 2007	costs 2007	Return 2007
	€'000	€'000	€'000	€'000	€'000	€'000
As per Annual Report and Accounts	2,068,399	1,443,291	551,235	2,464,763	2,126,943	301,650
Adjustments:						
Interest receivable and similar charges			8,490			(6,096)
Share of profit of associates		201	(201)	1,149		(1,149)
Tax on profit on ordinary activities			65,383			42,266
Inter-business turnover and costs	878,813	878,813	-	1,218,075	1,218,075	-
Non relevant Core Network operating costs		3	(3)		(41,596)	41,596
Non relevant Core Network exceptional operating costs		(436)	436		(199)	199
Impact of change to asset lives		15,340	(15,340)		14,574	(14,574)
IFRS Pension Adjustment		61,236	(61,236)		54,272	(54,272)
Amortisation of Intangible Assets		(5,922)	5,922		(20,768)	20,768
Non relevant eircom operating costs		(6,321)	6,321		(5,118)	5,118
As per Historic Cost Separated Accounts	2,947,212	2,386,205	561,007	3,682,838	3,347,332	335,506
Non relevant Core Network operating costs - CCA adjustment		-	-		(11)	11
Elimination of inter Business transfer charges:						
Local Access Network Business		(441,925)	-		(644,723)	-
Core Network Business		(333,783)	-		(443,618)	-
Sub-total		1,610,497	561,007		2,258,980	335,517
Holding gains		67,389			(73,218)	
Supplementary depreciation		59,957			73,721	
Group including CCA revaluation adjustments		1,737,843			2,259,483	
Incremental cost statements						
Access Network	See Note 6	504,872			609,414	
Inland Core Conveyance Network	See Note 6	89,250			110,804	
The Rest	See Note 6	1,073,890			1,455,074	
Inter increment fixed common and joint costs	See Note 6	69,831			84,191	
As in Incremental Cost Statements		1,737,843			2,259,483	

7. Reconciliation statement (continued)

Consolidated mean capital employed	2008	2007
as at 30 June 2008	€'000	€'000
Shareholders' funds as in the Annual Report	2,264,777	1,714,014
Reconciling items:		
Investments in Associated Undertakings	(286)	(85)
Finance Income Receivable / (Payable) Net	8,400	6,430
Proposed dividend	-	100,808
Taxation	90,286	45,381
Deferred Taxation provision (net)	91,243	72,027
Pension Benefit Asset	(164,212)	(143,619)
Goodwill	(219,926)	(219,926)
Intangible Assets	(28,509)	(34,431)
Non relevant eircom operating costs	10,823	4,540
Closing capital employed at 30 June 2008 & 30 June 2007	2,052,596	1,545,139
Closing capital employed at 30 June 2007 & 31 March 2006	1,545,139	1,299,039
Total mean capital employed before determined adjustments	1,798,868	1,422,089
Impact of change to asset lives	159,027	175,694
Non relevant Core Network provisions	37,620	25,006
Total Mean capital employed as per Historic Cost Separated Accounts	1,995,515	1,622,789
Non relevant Core Network exceptional costs provision	0	1,253
Net revaluation of fixed assets	370,250	424,856
Adjusted Group including CCA revaluation adjustments	2,365,765	2,048,898
Mean capital employed including current cost adjustments	2,365,765	2,048,898
Incremental cost statements		
Access Network	See Note 6 1,135,834	1,156,049
Inland Core Conveyance Network	See Note 6 226,989	259,570
The Rest	See Note 6 828,613	445,136
Inter increment fixed common and joint costs	See Note 6 174,329	188,143
As in Incremental Cost Statements	2,365,765	2,048,898

Statement of Costs of Network Services
CCA FULLY ALLOCATED COSTS

	CALL SENSITIVE				TRAFFIC SENSITIVE				NON LENGTH DEPENDENT							LENGTH DEPENDENT						
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link
Average Cost cent/min	0.112	0.116	0.091	0.094	0.038	0.032	0.035	0.069	0.172	0.129	0.052	0.055	0.134	0.055	0.071	0.456	0.257	0.118	0.106	0.148	0.083	0.313
Total Costs (€'000)	6,234	4,049	2,619	2,151	7,122	3,655	2,966	4,677	23,044	490	2,030	1,148	953	1,445	186	14,579	251	1,954	1,837	1,416	3,186	60
Routing Factors:-																						
Retail Services																						
Local Calls	1.845	0.922	0.535	0.089	1.872	0.937	0.516	0.085	1.411	0.127	0.264	0.047	0.054	0.046	0.003	0.314	0.026	0.058	0.034	0.011	0.051	0.000
Trunk Calls	1.876	1.288	1.376	0.418	1.881	1.308	1.342	0.423	1.404	0.037	0.911	0.319	0.397	0.408	0.016	0.350	0.025	0.404	0.261	0.685	0.501	0.001
International Calls	0.555	0.374	0.258	1.000	0.552	0.376	0.267	1.000	0.408	0.000	0.091	0.285	0.000	0.267	0.037	0.093	0.000	0.046	0.197	0.000	0.443	0.003
Calls To Mobile	1.000	0.689	0.789	0.327	1.000	0.689	0.789	0.329	0.757	0.000	0.478	0.193	0.000	0.136	0.012	0.180	0.000	0.156	0.196	0.000	0.177	0.001
Calls to Internet	1.612	0.728	0.337	0.045	1.590	0.726	0.322	0.032	0.900	0.000	0.047	0.020	0.000	0.013	0.001	0.282	0.000	0.022	0.020	0.000	0.021	0.000
Premium Rate Services	1.095	0.778	0.876	0.896	1.203	0.838	0.963	0.835	0.933	0.003	0.614	0.212	0.095	0.712	0.031	0.216	0.000	0.231	0.155	0.191	0.885	0.002
Inland Directory Enquiries	1.000	0.679	0.809	1.000	1.000	0.685	0.811	1.000	0.743	0.000	0.496	0.189	0.000	0.811	0.037	0.181	0.000	0.183	0.173	0.000	1.067	0.003
International Directory Enquiries	1.000	0.693	0.489	1.000	1.000	0.686	0.496	1.000	0.749	0.000	0.183	0.504	0.000	0.496	0.037	0.177	0.000	0.096	0.365	0.000	0.880	0.003
National Operator Assistance	2.000	1.481	1.268	2.000	2.000	1.487	1.288	2.000	1.541	0.000	0.775	0.712	0.000	1.288	0.074	0.352	0.000	0.269	0.546	0.000	1.643	0.006
International Operator Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplemental Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Activities	1.488	0.900	0.909	0.421	1.517	0.840	0.974	0.401	0.908	0.015	0.429	0.390	0.242	0.343	0.020	0.166	0.002	0.155	0.265	0.335	0.392	0.002
Internet Service Supply																						
Leased Lines																						
Retail Access																						
Other Retail Services																						
RIO Services																						
Call Termination	1.000	0.697	0.555	0.233	1.000	0.696	0.530	0.216	0.725	0.002	0.215	0.074	0.007	0.143	0.008	0.160	0.001	0.113	0.070	0.003	0.180	0.001
Call Origination	0.999	0.701	0.512	0.303	0.999	0.707	0.500	0.284	0.764	0.001	0.205	0.089	0.001	0.196	0.011	0.180	0.000	0.128	0.094	0.001	0.379	0.001
Transit	0.000	0.001	0.010	1.001	0.000	0.001	0.022	1.001	0.000	0.000	0.001	0.000	0.001	0.021	0.039	0.000	0.000	0.001	0.013	0.021	0.000	0.003
Access to PRS services	0.262	0.227	0.194	1.000	0.311	0.235	0.241	1.000	0.251	0.000	0.165	0.070	0.000	0.241	0.037	0.012	0.000	0.023	0.009	0.000	0.028	0.003
Access to Freephone services	1.000	0.659	0.806	0.676	0.998	0.644	0.815	0.692	0.712	0.001	0.458	0.130	0.000	0.561	0.026	0.163	0.000	0.183	0.123	0.000	0.686	0.002
Access to LoCall services	0.000	0.003	0.001	0.996	0.000	0.003	0.002	0.995	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to Callsave services	0.000	0.002	0.006	0.992	0.000	0.002	0.010	0.988	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Paging Service Access	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
National DQ	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
International DQ	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to operator assistance	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to Intl operator assistance	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
International access including NI	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Customer Care Access	1.000	0.996	0.925	0.883	1.000	0.999	0.913	0.903	0.756	0.016	0.861	0.104	0.028	0.806	0.033	0.199	0.008	0.343	0.156	0.026	0.890	0.003
Access to emergency service	1.000	0.677	0.459	1.000	1.000	0.684	0.479	1.000	0.741	0.000	0.163	0.521	0.000	0.479	0.037	0.172	0.000	0.084	0.362	0.000	0.803	0.003
Partial Private Circuits																						
Flat Rate Internet Access Call Origination																						
Interconnect paths																						
Carrier Preselect - non conveyance charge																						
Serving operators - IN Dip																						
Packet services access																						
Non-geographical number portability																						
Universal number access																						
Personal number access																						
Geographic number portability																						
Other Wholesale Services																						
Subset of Call Origination																						
Primary	0.998	0.660	0.350	0.001	0.999	0.667	0.340	0.000	0.738	0.001	0.003	0.000	0.002	0.000	0.000	0.142	0.000	0.001	0.000	0.001	0.000	0.000
Tandem Long	1.000	0.999	0.900	1.000	1.000	0.999	0.888	1.000	0.848	0.000	0.887	0.112	0.000	0.888	0.037	0.309	0.000	0.526	0.273	0.000	1.682	0.003
Tandem Short	1.000	0.645	0.695	0.658	1.000	0.662	0.704	0.632	0.787	0.000	0.367	0.295	0.000	0.338	0.023	0.211	0.000	0.248	0.239	0.000	0.672	0.002
Subset of Call Termination																						
Primary	1.000	0.616	0.385	0.000	1.000	0.629	0.372	0.000	0.706	0.000	0.001	0.000	0.000	0.000	0.000	0.134	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	1.000	0.996	0.925	0.883	1.000	0.999	0.913	0.903	0.756	0.016	0.861	0.104	0.028	0.806	0.033	0.199	0.008	0.343	0.156	0.026	0.890	0.003
Tandem Short	1.000	0.750	0.774	0.474	1.000	0.743	0.771	0.484	0.761	0.000	0.497	0.246	0.017	0.238	0.017	0.209	0.000	0.307	0.213	0.002	0.349	0.001

Statement of Costs of Network Services
CCA FULLY ALLOCATED COSTS

	CALL SENSITIVE				TRAFFIC SENSITIVE				NON LENGTH DEPENDENT						LENGTH DEPENDENT								
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	
Average Cost per Minute:-																							
Retail Services																							
Local Calls	0.207	0.107	0.049	0.008	0.071	0.030	0.018	0.006	0.243	0.016	0.014	0.003	0.007	0.003	0.000	0.143	0.007	0.007	0.004	0.002	0.004	0.000	0.000
Trunk Calls	0.210	0.149	0.125	0.039	0.071	0.042	0.047	0.029	0.241	0.005	0.047	0.018	0.053	0.022	0.001	0.160	0.006	0.048	0.028	0.101	0.042	0.000	0.000
International Calls	0.062	0.043	0.023	0.094	0.021	0.012	0.009	0.069	0.070	0.000	0.005	0.016	0.000	0.015	0.003	0.043	0.000	0.005	0.021	0.000	0.037	0.001	0.001
Calls To Mobile	0.112	0.080	0.072	0.031	0.038	0.022	0.028	0.023	0.130	0.000	0.025	0.011	0.000	0.007	0.001	0.082	0.000	0.018	0.021	0.000	0.015	0.000	0.000
Calls to Internet	0.181	0.084	0.031	0.004	0.060	0.023	0.011	0.002	0.155	0.000	0.002	0.001	0.000	0.001	0.000	0.129	0.000	0.003	0.002	0.000	0.002	0.000	0.000
Premium Rate Services	0.123	0.090	0.080	0.084	0.046	0.027	0.034	0.058	0.161	0.000	0.032	0.012	0.013	0.039	0.002	0.098	0.000	0.027	0.016	0.028	0.073	0.001	0.001
Inland Directory Enquiries	0.112	0.079	0.074	0.094	0.038	0.022	0.028	0.069	0.128	0.000	0.026	0.010	0.000	0.045	0.003	0.083	0.000	0.022	0.018	0.000	0.089	0.001	0.001
International Directory Enquiries	0.112	0.080	0.044	0.094	0.038	0.022	0.017	0.069	0.129	0.000	0.010	0.028	0.000	0.027	0.003	0.081	0.000	0.011	0.039	0.000	0.073	0.001	0.001
National Operator Assistance	0.224	0.172	0.115	0.188	0.076	0.048	0.045	0.138	0.265	0.000	0.040	0.039	0.000	0.071	0.005	0.161	0.000	0.032	0.058	0.000	0.136	0.002	0.002
International Operator Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplemental Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Activities	0.167	0.104	0.083	0.040	0.058	0.027	0.034	0.028	0.156	0.002	0.022	0.021	0.032	0.019	0.001	0.075	0.001	0.018	0.028	0.050	0.033	0.000	0.000
Internet Service Supply																							
Leased Lines																							
Retail Access																							
RIO Services																							
Call Termination	0.112	0.081	0.051	0.022	0.038	0.022	0.019	0.015	0.125	0.000	0.011	0.004	0.001	0.008	0.001	0.073	0.000	0.013	0.007	0.000	0.015	0.000	0.000
Call Origination	0.112	0.081	0.047	0.028	0.038	0.023	0.017	0.020	0.131	0.000	0.011	0.005	0.000	0.011	0.001	0.082	0.000	0.015	0.010	0.000	0.031	0.000	0.000
Transit	0.000	0.000	0.001	0.094	0.000	0.000	0.001	0.069	0.000	0.000	0.000	0.000	0.000	0.001	0.003	0.000	0.000	0.000	0.001	0.003	0.000	0.001	0.001
Access to PRS services	0.029	0.026	0.018	0.094	0.012	0.008	0.008	0.069	0.043	0.000	0.009	0.004	0.000	0.013	0.003	0.005	0.000	0.003	0.001	0.000	0.002	0.001	0.001
Access to Freephone services	0.112	0.076	0.073	0.064	0.038	0.021	0.029	0.048	0.122	0.000	0.024	0.007	0.000	0.031	0.002	0.074	0.000	0.022	0.013	0.000	0.057	0.001	0.001
Access to LoCall services	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Access to Callsave services	0.000	0.000	0.001	0.093	0.000	0.000	0.000	0.068	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Paging Service Access	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
National DQ	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
International DQ	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Access to operator assistance	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Access to Intl operator assistance	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
International access including NI	0.000	0.000	0.000	0.094	0.000	0.000	0.000	0.069	0.000	0.000	0.000	0.000	0.000	0.000	0.003	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Customer Care access	0.112	0.116	0.084	0.083	0.038	0.032	0.032	0.062	0.130	0.002	0.045	0.006	0.004	0.044	0.002	0.091	0.002	0.040	0.017	0.004	0.074	0.001	0.001
Access to emergency service	0.112	0.079	0.042	0.094	0.038	0.022	0.017	0.069	0.127	0.000	0.008	0.029	0.000	0.026	0.003	0.078	0.000	0.010	0.038	0.000	0.067	0.001	0.001
Partial Private Circuits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Flat Rate Internet Access Call Origination	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interconnect paths	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Carrier Preselect - non conveyance charge	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Serving operators - IN Dip	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Packet services access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Non-geographical number portability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Universal number access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Personal number access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Geographic number portability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subset of Call Origination																							
Primary	0.112	0.077	0.032	0.000	0.038	0.021	0.012	0.000	0.127	0.000	0.000	0.000	0.000	0.000	0.000	0.065	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	0.112	0.116	0.082	0.094	0.038	0.032	0.031	0.069	0.146	0.000	0.046	0.006	0.000	0.049	0.003	0.141	0.000	0.062	0.029	0.000	0.140	0.001	0.001
Tandem Short	0.112	0.075	0.063	0.062	0.038	0.021	0.025	0.044	0.135	0.000	0.019	0.016	0.000	0.019	0.002	0.096	0.000	0.029	0.025	0.000	0.056	0.001	0.001
Subset of Call Termination																							
Primary	0.112	0.071	0.035	0.000	0.038	0.020	0.013	0.000	0.121	0.000	0.000	0.000	0.000	0.000	0.000	0.061	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	0.112	0.116	0.084	0.083	0.038	0.032	0.032	0.062	0.130	0.002	0.045	0.006	0.004	0.044	0.002	0.091	0.002	0.040	0.017	0.004	0.074	0.001	0.001
Tandem Short	0.112	0.087	0.070	0.045	0.038	0.024	0.027	0.033	0.131	0.000	0.026	0.014	0.002	0.013	0.001	0.095	0.000	0.036	0.023	0.000	0.029	0.000	0.000

Statement of Costs of Network Services
CCA FULLY ALLOCATED COSTS

	Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost Per Minute - Peak	Call Conveyance Cost Per Minute - OFF PEAK	Call Conveyance Cost Per Minute - WEEKEND	NON CONVEYANCE COSTS											
							Inland Directory Enquiries	International Directory Enquiries	National Operator Assistance	International Operator Assistance	Carrier administration	Carrier Billing	Intelligent Network	Outpayments	International Transmission	Private Circuits Network	Interconnect Connections and Renta	Other Costs
Average Cost cent/min							n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Costs (€'000)							22,115	1,118	7,370	118	5,744	1,856	2,229	318,447	5,600	47,529	9,835	14,422
Routing Factors:-							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Retail Services																		
Local Calls							0.0%	0.0%	0.0%	0.0%	6.9%	20.3%	14.2%	2.0%	0.1%	0.0%	0.2%	0.1%
Trunk Calls							0.0%	0.0%	0.0%	0.0%	2.6%	6.1%	4.3%	1.5%	0.2%	0.0%	0.1%	0.1%
International Calls							0.0%	0.0%	0.0%	0.0%	6.4%	6.2%	9.4%	22.1%	74.3%	0.0%	0.0%	0.1%
Calls To Mobile							0.0%	0.0%	0.0%	0.0%	2.6%	13.5%	9.5%	32.9%	0.0%	0.0%	4.6%	0.7%
Calls to Internet							0.0%	0.0%	0.0%	0.0%	3.8%	1.0%	1.0%	0.1%	0.0%	0.0%	0.7%	3.6%
Premium Rate Services							0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	1.8%	0.0%	0.0%	0.0%	0.0%
Inland Directory Enquiries							39.1%	0.0%	0.0%	0.0%	0.1%	0.5%	0.4%	1.3%	0.0%	0.0%	0.0%	0.8%
International Directory Enquiries							0.0%	56.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
National Operator Assistance							0.0%	0.0%	47.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%
International Operator Assistance							0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Supplemental Services							0.0%	0.0%	0.0%	0.0%	0.3%	-0.3%	0.0%	-0.2%	-1.0%	0.4%	0.0%	66.1%
Remaining Activities							0.0%	0.0%	0.0%	0.0%	2.4%	9.0%	4.9%	5.5%	0.1%	0.0%	0.7%	0.6%
Internet Service Supply							0.0%	0.0%	0.0%	0.0%	1.2%	0.2%	0.3%	0.0%	0.0%	0.0%	1.6%	0.8%
Leased Lines							0.0%	0.0%	0.0%	0.0%	12.5%	-2.6%	0.0%	0.0%	14.8%	82.1%	0.0%	0.7%
Retail Access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Retail Services							0.0%	0.0%	0.0%	0.0%	1.0%	-1.3%	0.0%	0.0%	9.6%	0.0%	0.0%	0.9%
RIO Services																		
Call Termination							0.0%	0.0%	0.0%	0.0%	7.7%	30.9%	22.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Call Origination							0.0%	0.0%	0.0%	0.0%	6.7%	19.5%	14.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Transit							0.0%	0.0%	0.0%	0.0%	1.6%	12.1%	6.7%	21.2%	0.0%	0.0%	2.3%	0.4%
Access to PRS services							0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	1.4%	0.0%	0.0%	0.0%	0.0%
Access to Freephone services							0.0%	0.0%	0.0%	0.0%	0.4%	5.5%	3.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Access to LoCall services							0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Access to Callsave services							0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Paging Service Access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
National DQ							60.9%	0.0%	0.0%	0.0%	0.1%	0.6%	0.4%	0.2%	0.0%	0.0%	0.0%	1.2%
International DQ							0.0%	43.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Access to operator assistance							0.0%	0.0%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Access to Intl operator assistance							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International access including NI							0.0%	0.0%	0.0%	0.0%	1.4%	5.8%	3.2%	10.4%	1.9%	0.0%	0.0%	0.0%
Customer Care Access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Access to emergency service							0.0%	0.0%	52.0%	0.0%	0.0%	-30.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Partial Private Circuits							0.0%	0.0%	0.0%	0.0%	5.8%	-1.6%	0.0%	0.0%	0.0%	16.7%	0.0%	8.6%
Flat Rate Internet Access Call Origination							0.0%	0.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%
Interconnect paths							0.0%	0.0%	0.0%	0.0%	12.2%	1.5%	0.0%	0.0%	0.0%	0.8%	89.8%	13.8%
Carrier Preselect - non conveyance charge							0.0%	0.0%	0.0%	0.0%	6.4%	0.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Serving operators - IN Dip							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Packet services access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non-geographical number portability							0.0%	0.0%	0.0%	0.0%	5.5%	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Universal number access							0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Personal number access							0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Geographic number portability							0.0%	0.0%	0.0%	0.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Wholesale Services							0.0%	0.0%	0.0%	0.0%	11.5%	1.4%	5.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Subset of Call Origination																		
Primary																		
Tandem Long																		
Tandem Short																		
Subset of Call Termination																		
Primary																		
Tandem Long																		
Tandem Short																		

Statement of Costs of Network Services
 CCA FULLY ALLOCATED COSTS

	Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost Per Minute - Peak	Call Conveyance Cost Per Minute - OFF PEAK	Call Conveyance Cost Per Minute - WEEKEND	NON CONVEYANCE COSTS											
							Inland Directory Enquiries	International Directory Enquiries	National Operator Assistance	International Operator Assistance	Carrier administration	Carrier Billing	Intelligent Network	Outpayments	International Transmission	Private Circuits Network	Interconnect Connections and Renta	Other Costs
Average Cost per Minute:-																		
Retail Services																		
Local Calls	1.331	0.684	0.614	1.261	0.648	0.582												
Trunk Calls	1.331	0.684	0.614	1.979	1.017	0.913												
International Calls	1.331	0.684	0.614	0.731	0.375	0.337												
Calls To Mobile	1.331	0.684	0.614	0.952	0.489	0.439												
Calls to Internet	1.331	0.684	0.614	0.920	0.473	0.424												
Premium Rate Services	1.331	0.684	0.614	1.390	0.714	0.641												
Inland Directory Enquiries	1.331	0.684	0.614	1.250	0.642	0.577												
International Directory Enquiries	1.331	0.684	0.614	1.169	0.601	0.539												
National Operator Assistance	1.331	0.684	0.614	2.416	1.242	1.114												
International Operator Assistance	1.331	0.684	0.614	0.000	0.000	0.000												
Supplemental Services	1.331	0.684	0.614	0.000	0.000	0.000												
Remaining Activities	1.331	0.684	0.614	1.330	0.684	0.614												
Internet Service Supply	1.331	0.684	0.614	0.000	0.000	0.000												
Leased Lines	1.331	0.684	0.614	0.000	0.000	0.000												
Retail Access	1.331	0.684	0.614	0.000	0.000	0.000												
RIO Services																		
Call Termination	1.331	0.684	0.614	0.823	0.423	0.379												
Call Origination	1.331	0.684	0.614	0.884	0.454	0.408												
Transit	1.331	0.684	0.614	0.232	0.119	0.107												
Access to PRS services	1.331	0.684	0.614	0.463	0.238	0.214												
Access to Freephone services	1.331	0.684	0.614	1.082	0.556	0.499												
Access to LoCall services	1.331	0.684	0.614	0.222	0.114	0.102												
Access to Callsave services	1.331	0.684	0.614	0.221	0.114	0.102												
Paging Service Access	1.331	0.684	0.614	0.222	0.114	0.102												
National DQ	1.331	0.684	0.614	0.222	0.114	0.102												
International DQ	1.331	0.684	0.614	0.222	0.114	0.102												
Access to operator assistance	1.331	0.684	0.614	0.222	0.114	0.102												
Access to Intl operator assistance	1.331	0.684	0.614	0.222	0.114	0.102												
International access including NI	1.331	0.684	0.614	0.222	0.114	0.102												
Customer Care access	1.331	0.684	0.614	1.358	0.698	0.626												
Access to emergency service	1.331	0.684	0.614	1.145	0.588	0.528												
Partial Private Circuits	1.331	0.684	0.614	0.000	0.000	0.000												
Flat Rate Internet Access Call Origination	1.331	0.684	0.614	0.000	0.000	0.000												
Interconnect paths	1.331	0.684	0.614	0.000	0.000	0.000												
Carrier Preselect - non conveyance charge	1.331	0.684	0.614	0.000	0.000	0.000												
Serving operators - IN Dip	1.331	0.684	0.614	0.000	0.000	0.000												
Packet services access	1.331	0.684	0.614	0.000	0.000	0.000												
Non-geographical number portability	1.331	0.684	0.614	0.000	0.000	0.000												
Universal number access	1.331	0.684	0.614	0.000	0.000	0.000												
Personal number access	1.331	0.684	0.614	0.000	0.000	0.000												
Geographic number portability	1.331	0.684	0.614	0.000	0.000	0.000												
Subset of Call Origination																		
Primary	1.331	0.684	0.614	0.644	0.331	0.297												
Tandem Long	1.331	0.684	0.614	1.592	0.818	0.734												
Tandem Short	1.331	0.684	0.614	1.115	0.573	0.514												
Subset of Call Termination																		
Primary	1.331	0.684	0.614	0.629	0.323	0.290												
Tandem Long	1.331	0.684	0.614	1.358	0.698	0.626												
Tandem Short	1.331	0.684	0.614	1.075	0.552	0.496												

Statement of Costs of Network Services

DISTRIBUTED LONG RUN INCREMENTAL COSTS PLUS RECOVERY OF FIXED COMMON AND JOINT COSTS

	CALL SENSITIVE				TRAFFIC SENSITIVE				NON LENGTH DEPENDENT							LENGTH DEPENDENT						
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link
Average Cost cent/min	0.097	0.144	0.112	0.154	0.035	0.033	0.038	0.057	0.168	0.108	0.042	0.045	0.109	0.045	0.061	0.427	0.248	0.111	0.101	0.140	0.079	0.311
Total Costs	5,363	5,028	3,241	3,528	6,622	3,753	3,171	3,900	22,471	410	1,652	939	774	1,181	160	13,677	242	1,838	1,751	1,335	3,039	60
Routing Factors:-																						
Retail Services																						
Local Calls	1.845	0.922	0.535	0.089	1.872	0.937	0.516	0.085	1.411	0.127	0.264	0.047	0.054	0.046	0.003	0.314	0.026	0.058	0.034	0.011	0.051	0.000
Trunk Calls	1.876	1.288	1.376	0.418	1.881	1.308	1.342	0.423	1.404	0.037	0.911	0.319	0.397	0.408	0.016	0.350	0.025	0.404	0.261	0.685	0.501	0.001
International Calls	0.555	0.374	0.258	1.000	0.552	0.376	0.267	1.000	0.408	0.000	0.091	0.285	0.000	0.267	0.037	0.093	0.000	0.046	0.197	0.000	0.443	0.003
Calls To Mobile	1.000	0.689	0.789	0.327	1.000	0.689	0.789	0.329	0.757	0.000	0.478	0.193	0.000	0.136	0.012	0.180	0.000	0.156	0.196	0.000	0.177	0.001
Calls to Internet	1.612	0.728	0.337	0.045	1.590	0.726	0.322	0.032	0.900	0.000	0.047	0.020	0.000	0.013	0.001	0.282	0.000	0.022	0.020	0.000	0.021	0.000
Premium Rate Services	1.095	0.778	0.876	0.896	1.203	0.838	0.963	0.835	0.933	0.003	0.614	0.212	0.095	0.712	0.031	0.216	0.000	0.231	0.155	0.191	0.885	0.002
Inland Directory Enquiries	1.000	0.679	0.809	1.000	1.000	0.685	0.811	1.000	0.743	0.000	0.189	0.000	0.811	0.037	0.181	0.000	0.183	0.173	0.000	1.067	0.003	
International Directory Enquiries	1.000	0.693	0.489	1.000	1.000	0.686	0.496	1.000	0.749	0.000	0.183	0.504	0.000	0.496	0.037	0.177	0.000	0.096	0.365	0.000	0.880	0.003
National Operator Assistance	2.000	1.481	1.268	2.000	2.000	1.487	1.288	2.000	1.541	0.000	0.775	0.712	0.000	1.288	0.074	0.352	0.000	0.269	0.546	0.000	1.643	0.006
International Operator Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplemental Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Activities	1.488	0.900	0.909	0.421	1.517	0.840	0.974	0.401	0.908	0.015	0.429	0.390	0.242	0.343	0.020	0.166	0.002	0.155	0.265	0.335	0.392	0.002
Internet Service Supply																						
Leased Lines																						
Retail Access																						
Other Retail Services																						
RIO Services																						
Call Termination	1.000	0.697	0.555	0.233	1.000	0.696	0.530	0.216	0.725	0.002	0.215	0.074	0.007	0.143	0.008	0.160	0.001	0.113	0.070	0.003	0.180	0.001
Call Origination	0.999	0.701	0.512	0.303	0.999	0.707	0.500	0.284	0.764	0.001	0.205	0.089	0.001	0.196	0.011	0.180	0.000	0.128	0.094	0.001	0.379	0.001
Transit	0.000	0.001	0.010	1.001	0.000	0.001	0.022	1.001	0.000	0.000	0.001	0.000	0.001	0.021	0.039	0.000	0.000	0.001	0.013	0.021	0.000	0.003
Access to PRS services	0.262	0.227	0.194	1.000	0.311	0.235	0.241	1.000	0.251	0.000	0.165	0.070	0.000	0.241	0.037	0.012	0.000	0.023	0.009	0.000	0.028	0.003
Access to Freefone services	1.000	0.659	0.806	0.676	0.998	0.644	0.815	0.692	0.712	0.001	0.458	0.130	0.000	0.561	0.026	0.163	0.000	0.183	0.123	0.000	0.686	0.002
Access to LoCall services	0.000	0.003	0.001	0.996	0.000	0.003	0.002	0.995	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to Callsave services	0.000	0.002	0.006	0.992	0.000	0.002	0.010	0.988	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Paging Service Access	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
National DQ	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
International DQ	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to operator assistance	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Access to Intl operator assistance	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
International access including NI	0.000	0.000	0.000	1.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	0.037	0.000	0.000	0.000	0.000	0.000	0.000	0.003
Customer Care Access	1.000	0.996	0.925	0.883	1.000	0.999	0.913	0.903	0.756	0.016	0.861	0.104	0.028	0.806	0.033	0.199	0.008	0.343	0.156	0.026	0.890	0.003
Access to emergency service	1.000	0.677	0.459	1.000	1.000	0.684	0.479	1.000	0.741	0.000	0.163	0.521	0.000	0.479	0.037	0.172	0.000	0.084	0.362	0.000	0.803	0.003
Partial Private Circuits																						
Flat Rate Internet Access Call Origination																						
Interconnect paths																						
Carrier Preselect - non conveyance charge																						
Serving operators - IN Dip																						
Packet services access																						
Non-geographical number portability																						
Universal number access																						
Personal number access																						
Geographic number portability																						
Subset of Call Origination																						
Primary	0.998	0.660	0.350	0.001	0.999	0.667	0.340	0.000	0.738	0.001	0.003	0.000	0.002	0.000	0.000	0.142	0.000	0.001	0.000	0.001	0.000	0.000
Tandem Long	1.000	0.999	0.900	1.000	1.000	0.999	0.888	1.000	0.848	0.000	0.887	0.112	0.000	0.888	0.037	0.309	0.000	0.526	0.273	0.000	1.682	0.003
Tandem Short	1.000	0.645	0.695	0.658	1.000	0.662	0.704	0.632	0.787	0.000	0.367	0.295	0.000	0.338	0.023	0.211	0.000	0.248	0.239	0.000	0.672	0.002
Subset of Call Termination																						
Primary	1.000	0.616	0.385	0.000	1.000	0.629	0.372	0.000	0.706	0.000	0.001	0.000	0.000	0.000	0.134	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	1.000	0.996	0.925	0.883	1.000	0.999	0.913	0.903	0.756	0.016	0.861	0.104	0.028	0.806	0.033	0.199	0.008	0.343	0.156	0.026	0.890	0.003
Tandem Short	1.000	0.750	0.774	0.474	1.000	0.743	0.771	0.484	0.761	0.000	0.497	0.246	0.017	0.238	0.017	0.209	0.000	0.307	0.213	0.002	0.349	0.001

Statement of Costs of Network Services

DISTRIBUTED LONG RUN INCREMENTAL COSTS PLUS RECOVERY OF FIXED COMMON AND JOINT COSTS

	CALL SENSITIVE				TRAFFIC SENSITIVE				NON LENGTH DEPENDENT							LENGTH DEPENDENT						
	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	Subscriber Unit	Primary Switch	Secondary Switch	Tertiary Switch	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link	RSU to Primary/Secondary Link	Primary to Primary Link	Primary to Secondary Link	Primary to Tertiary Link	Secondary to Secondary Link	Secondary to Tertiary Link	Tertiary to Tertiary Link
Average Cost per Minute:-																						
Retail Services																						
Local Calls	0.179	0.133	0.060	0.014	0.066	0.031	0.020	0.005	0.237	0.014	0.011	0.002	0.006	0.002	0.000	0.134	0.007	0.006	0.003	0.001	0.004	0.000
Trunk Calls	0.182	0.185	0.154	0.064	0.066	0.043	0.051	0.024	0.236	0.004	0.038	0.014	0.043	0.018	0.001	0.150	0.006	0.045	0.026	0.096	0.040	0.000
International Calls	0.054	0.054	0.029	0.154	0.019	0.012	0.010	0.057	0.069	0.000	0.004	0.013	0.000	0.012	0.002	0.040	0.000	0.005	0.020	0.000	0.035	0.001
Calls To Mobile	0.097	0.099	0.088	0.050	0.035	0.023	0.030	0.019	0.127	0.000	0.020	0.009	0.000	0.006	0.001	0.077	0.000	0.017	0.020	0.000	0.014	0.000
Calls to Internet	0.156	0.105	0.038	0.007	0.056	0.024	0.012	0.002	0.151	0.000	0.002	0.001	0.000	0.001	0.000	0.120	0.000	0.002	0.002	0.000	0.002	0.000
Premium Rate Services	0.106	0.112	0.098	0.138	0.042	0.028	0.037	0.048	0.157	0.000	0.026	0.010	0.010	0.032	0.002	0.092	0.000	0.026	0.016	0.027	0.070	0.001
Inland Directory Enquiries	0.097	0.098	0.091	0.154	0.035	0.023	0.031	0.057	0.125	0.000	0.021	0.009	0.000	0.036	0.002	0.077	0.000	0.020	0.018	0.000	0.084	0.001
International Directory Enquiries	0.097	0.100	0.055	0.154	0.035	0.023	0.019	0.057	0.126	0.000	0.008	0.023	0.000	0.022	0.002	0.076	0.000	0.011	0.037	0.000	0.069	0.001
National Operator Assistance	0.194	0.213	0.142	0.308	0.070	0.049	0.049	0.114	0.259	0.000	0.033	0.032	0.000	0.058	0.005	0.150	0.000	0.030	0.055	0.000	0.130	0.002
International Operator Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Supplemental Services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Remaining Activities	0.144	0.130	0.102	0.065	0.053	0.028	0.037	0.023	0.153	0.002	0.018	0.018	0.026	0.015	0.001	0.071	0.001	0.017	0.027	0.047	0.031	0.000
Internet Service Supply																						
Leased Lines																						
Retail Access																						
Other Retail Services																						
RIO Services																						
Call Termination	0.097	0.100	0.062	0.036	0.035	0.023	0.020	0.012	0.122	0.000	0.009	0.003	0.001	0.006	0.000	0.069	0.000	0.013	0.007	0.000	0.014	0.000
Call Origination	0.097	0.101	0.057	0.047	0.035	0.023	0.019	0.016	0.138	0.000	0.008	0.004	0.000	0.009	0.001	0.077	0.000	0.014	0.010	0.000	0.030	0.000
Transit	0.000	0.000	0.001	0.154	0.000	0.000	0.001	0.057	0.000	0.000	0.000	0.000	0.000	0.001	0.002	0.000	0.000	0.000	0.001	0.003	0.000	0.001
Access to PRS services	0.025	0.033	0.022	0.154	0.011	0.008	0.009	0.057	0.042	0.000	0.007	0.003	0.000	0.011	0.002	0.005	0.000	0.003	0.001	0.000	0.002	0.001
Access to Freephone services	0.097	0.095	0.090	0.104	0.035	0.021	0.031	0.039	0.120	0.000	0.019	0.006	0.000	0.025	0.002	0.070	0.000	0.020	0.012	0.000	0.054	0.001
Access to LoCall services	0.000	0.000	0.000	0.153	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Access to Callsave services	0.000	0.000	0.001	0.153	0.000	0.000	0.000	0.056	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Paging Service Access	0.000	0.000	0.000	0.154	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
National DQ	0.000	0.000	0.000	0.154	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
International DQ	0.000	0.000	0.000	0.154	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Access to operator assistance	0.000	0.000	0.000	0.154	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Access to Intl operator assistance	0.000	0.000	0.000	0.154	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
International access including NI	0.000	0.000	0.000	0.154	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001
Customer Care access	0.097	0.143	0.104	0.136	0.035	0.033	0.035	0.051	0.127	0.002	0.036	0.005	0.003	0.036	0.002	0.085	0.002	0.038	0.016	0.004	0.070	0.001
Access to emergency service	0.097	0.098	0.051	0.154	0.035	0.023	0.018	0.057	0.125	0.000	0.007	0.023	0.000	0.022	0.002	0.073	0.000	0.009	0.037	0.000	0.063	0.001
Partial Private Circuits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Flat Rate Internet Access Call Origination	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Interconnect paths	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Carrier Preselect - non conveyance charge	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Serving operators - IN Dip	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Packet services access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Non-geographical number portability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Universal number access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Personal number access	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Geographic number portability	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Subset of Call Origination																						
Primary	0.097	0.095	0.039	0.000	0.035	0.022	0.013	0.000	0.124	0.000	0.000	0.000	0.000	0.000	0.000	0.061	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	0.097	0.144	0.101	0.154	0.035	0.033	0.034	0.057	0.142	0.000	0.037	0.005	0.000	0.040	0.002	0.132	0.000	0.058	0.028	0.000	0.133	0.001
Tandem Short	0.097	0.093	0.078	0.101	0.035	0.022	0.027	0.036	0.132	0.000	0.015	0.013	0.000	0.015	0.001	0.090	0.000	0.028	0.024	0.000	0.053	0.001
Subset of Call Termination																						
Primary	0.097	0.089	0.043	0.000	0.035	0.021	0.014	0.000	0.119	0.000	0.000	0.000	0.000	0.000	0.000	0.057	0.000	0.000	0.000	0.000	0.000	0.000
Tandem Long	0.097	0.143	0.104	0.136	0.035	0.033	0.035	0.051	0.127	0.002	0.036	0.005	0.003	0.036	0.002	0.085	0.002	0.038	0.016	0.004	0.070	0.001
Tandem Short	0.097	0.108	0.087	0.073	0.035	0.025	0.029	0.028	0.128	0.000	0.021	0.011	0.002	0.011	0.001	0.089	0.000	0.034	0.021	0.004	0.028	0.000

Statement of Costs of Network Services

DISTRIBUTED LONG RUN INCREMENTAL COSTS PLUS RECOVERY OF FIXED COMMON AND JOINT COSTS

Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost Per Minute - Peak	Call Conveyance Cost Per Minute - OFF PEAK	Call Conveyance Cost Per Minute - WEEKEND
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Average Cost cent/min

Total Costs

Routing Factors:-

Retail Services

Local Calls
Trunk Calls
International Calls
Calls To Mobile
Calls to Internet
Premium Rate Services
Inland Directory Enquiries
International Directory Enquiries
National Operator Assistance
International Operator Assistance
Supplemental Services
Remaining Activities
Internet Service Supply
Leased Lines
Retail Access
Other Retail Services

RIO Services

Call Termination
Call Origination
Transit
Access to PRS services
Access to Freefone services
Access to LoCall services
Access to Callsave services
Paging Service Access
National DQ
International DQ
Access to operator assistance
Access to Intl operator assistance
International access including NI
Customer Care Access
Access to emergency service
Partial Private Circuits
Flat Rate Internet Access Call Origination
Interconnect paths
Carrier Preselect - non conveyance charge
Serving operators - IN Dip
Packet services access
Non-geographical number portability
Universal number access
Personal number access
Geographic number portability

Subset of Call Origination

Primary
Tandem Long
Tandem Short

Subset of Call Termination

Primary
Tandem Long
Tandem Short

Statement of Costs of Network Services

DISTRIBUTED LONG RUN INCREMENTAL COSTS PLUS RECOVERY OF FIXED COMMON AND JOINT COSTS

	Gradient - PEAK	Gradient - OFF PEAK	Gradient - WEEKEND	Call Conveyance Cost Per Minute - Peak	Call Conveyance Cost Per Minute - OFF PEAK	Call Conveyance Cost Per Minute - WEEKEND
Average Cost per Minute:-						
Retail Services						
Local Calls	1.331	0.684	0.614	1.244	0.639	0.574
Trunk Calls	1.331	0.684	0.614	1.981	1.018	0.914
International Calls	1.331	0.684	0.614	0.785	0.403	0.362
Calls To Mobile	1.331	0.684	0.614	0.975	0.501	0.450
Calls to Internet	1.331	0.684	0.614	0.906	0.466	0.418
Premium Rate Services	1.331	0.684	0.614	1.432	0.736	0.661
Inland Directory Enquiries	1.331	0.684	0.614	1.302	0.669	0.601
International Directory Enquiries	1.331	0.684	0.614	1.216	0.625	0.561
National Operator Assistance	1.331	0.684	0.614	2.519	1.295	1.162
International Operator Assistance	1.331	0.684	0.614	0.000	0.000	0.000
Supplemental Services	1.331	0.684	0.614	0.000	0.000	0.000
Remaining Activities	1.331	0.684	0.614	1.342	0.689	0.619
Internet Service Supply	1.331	0.684	0.614	0.000	0.000	0.000
Leased Lines	1.331	0.684	0.614	0.000	0.000	0.000
Retail Access	1.331	0.684	0.614	0.000	0.000	0.000
Other Retail Services						
RIO Services						
Call Termination	1.331	0.684	0.614	0.840	0.432	0.387
Call Origination	1.331	0.684	0.614	0.901	0.463	0.416
Transit	1.331	0.684	0.614	0.296	0.152	0.136
Access to PRS services	1.331	0.684	0.614	0.527	0.271	0.243
Access to Freefone services	1.331	0.684	0.614	1.121	0.576	0.517
Access to LoCall services	1.331	0.684	0.614	0.285	0.146	0.131
Access to Callsave services	1.331	0.684	0.614	0.284	0.146	0.131
Paging Service Access	1.331	0.684	0.614	0.285	0.147	0.131
National DO	1.331	0.684	0.614	0.285	0.147	0.131
International DO	1.331	0.684	0.614	0.285	0.147	0.131
Access to operator assistance	1.331	0.684	0.614	0.285	0.147	0.131
Access to Intl operator assistance	1.331	0.684	0.614	0.285	0.147	0.131
International access including NI	1.331	0.684	0.614	0.285	0.147	0.131
Customer Care access	1.331	0.684	0.614	1.412	0.726	0.651
Access to emergency service	1.331	0.684	0.614	1.191	0.612	0.549
Partial Private Circuits	1.331	0.684	0.614	0.000	0.000	0.000
Flat Rate Internet Access Call Origination	1.331	0.684	0.614	0.000	0.000	0.000
Interconnect paths	1.331	0.684	0.614	0.000	0.000	0.000
Carrier Preselect - non conveyance charge	1.331	0.684	0.614	0.000	0.000	0.000
Serving operators - IN Dip	1.331	0.684	0.614	0.000	0.000	0.000
Packet services access	1.331	0.684	0.614	0.000	0.000	0.000
Non-geographical number portability	1.331	0.684	0.614	0.000	0.000	0.000
Universal number access	1.331	0.684	0.614	0.000	0.000	0.000
Personal number access	1.331	0.684	0.614	0.000	0.000	0.000
Geographic number portability	1.331	0.684	0.614	0.000	0.000	0.000
Subset of Call Origination						
Primary	1.331	0.684	0.614	0.648	0.333	0.299
Tandem Long	1.331	0.684	0.614	1.642	0.844	0.757
Tandem Short	1.331	0.684	0.614	1.147	0.590	0.529
Subset of Call Termination						
Primary	1.331	0.684	0.614	0.632	0.325	0.291
Tandem Long	1.331	0.684	0.614	1.412	0.726	0.651
Tandem Short	1.331	0.684	0.614	1.102	0.567	0.508

Definitions of the Businesses

The full definition of the Businesses and their Activities are set out on pages 5 to 8 of the Introduction to the Accounting Documents. They are summarised as follows:

Local Access Network

The Local Access Network provides connections to the Core Network both internally and externally. The accounts for the Local Access Network Business include the costs and capital employed associated with providing and maintaining these connections. For Accounting Separation, the Local Access Network Business includes all the customer-dedicated components of the network including, for example, the line cards and ports located at concentrators and/or exchanges. In respect of DSL, the Local Access Network Business includes all relevant equipment between the Main Distribution Frame (MDF) and the ISP point of presence. The Core Network Business includes all other network components. Customer line rental is a service provided by the Retail Business. The revenue from line rental and connections provided to end users is therefore recorded in the Retail Business. Revenue associated with Wholesale Line Rental and Wholesale DSL products provided to Other Authorised Operators (OAO's) is recorded in the Local Access Network. The cost of providing customer lines is recorded against the Local Access Network Business and a transfer charge of costs to the Retail Business is levied in order to match revenues with their associated costs. Costs charged to the Retail Business are based on the fully allocated costs of Local Access Network Elements including a cost of capital, set at 11.36% (14.375% for 15 month period to 30 June 2007), as directed by ComReg.

Core Network

The Core Network Business provides a range of interconnection services internally and externally in order to allow the customer of one operator to communicate with customers of the same or another operator, or to access services provided by another operator. These services include the switching and conveyance of calls. The revenues of the Core Network Business will derive from the sale of interconnection services to the Retail Business of eircom and to other operators.

The Core Network also includes payments to other operators, dedicated transmission and capacity for leased lines and the provision of directory enquiry services. Costs charged to the Retail Business are based on the fully allocated costs of the Core Network including a cost of capital, as directed by ComReg. Costs charged to the Retail Business are based on the fully allocated costs of Local Access Network Elements including a cost of capital, set at 11.36% (14.375% for 15 month period to 30 June 2007), as directed by ComReg.

Definitions of Increments

Three increments are defined for the calculation of long run incremental costs. These are:

- Access Network
- Inland Core Conveyance Network
- The Rest

The Access Network increment has the same definition as the Local Access Network business as provided above. The remaining increments are defined below.

Inland Core Conveyance Network

The Inland Core Conveyance Network is defined as the PSTN and ISDN switched network comprising all conveyance circuit switches (primary, secondary and tertiary) and remote or co-located subscriber units. It includes all transmission routes connecting these switch nodes including capacity provided for leased lines and other data services. The data transmission network has been defined to include the inter exchange transmission links associated with traditional data services such as leased lines and the emerging data services such as BIP, DSL and ATM. Any specific equipment for the provision of leased lines and data services remains within the Rest increment. The Inland Core Conveyance Network also includes the specific costs of carrier services.

The boundary between the Inland Core Conveyance Network and Access Network has been defined, by ComReg, as lying at the Inland Core Conveyance Network side of the line card in the remote or co-located subscriber units.

The Inland Core Conveyance Network is further sub-divided into the following network components:

Switching components

- Subscriber unit (Call sensitive);
- Subscriber unit (Traffic sensitive);
- Primary switch (Call sensitive);

- Primary switch (Traffic sensitive);
- Secondary switch (Call sensitive);
- Secondary switch (Traffic sensitive);
- Tertiary switch (Call sensitive);
- Tertiary switch (Traffic sensitive);

Transmission components

- Remote subscriber unit to Primary/Secondary switch transmission link – non length related;
- Primary to Primary switch transmission link – non length related;
- Primary to Secondary switch transmission link – non length related;
- Primary to Tertiary switch transmission link – non length related;
- Secondary to Secondary switch transmission link – non length related;
- Secondary to Tertiary switch transmission link – non length related;
- Tertiary to Tertiary switch transmission link – non length related;
- Remote subscriber unit to Primary/Secondary switch transmission link – length related;
- Primary to Primary switch transmission link – length related;
- Primary to Secondary switch transmission link – length related;
- Primary to Tertiary switch transmission link – length related;
- Secondary to Secondary switch transmission link – length related;
- Secondary to Tertiary switch transmission link – length related;

- Tertiary to Tertiary switch transmission link – length related;

Non conveyance components

- Inland directory enquiries;
- International directory enquiries;
- National operator assistance;
- International operator assistance;
- Carrier administration;
- Carrier billing;
- Intelligent network;
- Outpayments;
- International transmissions;
- Private circuits network;
- Interconnect connections and rentals; and
- Other costs.

The Rest

The Rest comprises the costs and net investments of eircom that are not included in the Access Network or Inland Core Conveyance Network. It includes all retail activities and those parts of the network not included in Access or Inland Core Conveyance Networks.

Other Definitions

Long run incremental cost

Long run incremental cost (LRIC) is the additional cost that would be caused in the long run by the addition of the defined increment given that all other output is already produced. In the long run, this definition can be reversed so that long run incremental costs can be defined as those costs that are avoided by not producing that increment of output given that all other outputs are produced.

Distributed long run incremental cost

Distributed long run incremental cost (DLRIC) is equal to the sum of the long run incremental cost of network components (e.g. subscriber unit, primary switch, etc.) and a pro-rated mark up of fixed common and joint costs which lie entirely within the Inland Core Conveyance Network on the long run incremental cost of network components. The mark up is performed at a detailed cost category level such that fixed common and joint costs are recovered only on the incremental costs of network components to which they are common. After recovery, the sum of long run distributed incremental costs of Inland Core Conveyance Network components is equal to the long run incremental cost of the Inland Core Conveyance Network as a whole.

The company has implemented two part charging. In order to ensure that the change from one part charging to two part charging does not result in a change in overall costs attributed to switching, an initial step has been initiated in the DLRIC process to attribute the costs associated solely with switching not already attributed to individual two part charging switching components. This initial attribution is performed on the following basis:

1. Direct Switching Equipment Cost Categories: Attributed based upon the results of manufacturers' studies of the utilisation of the relevant switching equipment.
2. Indirect costs are attributed between switching components on an equi-proportional mark up basis based on the distribution of the fully allocated costs.

In the year ended 31 March 2004, the company introduced an initial step in respect of transmission costs to capture any costs solely associated with PSTN transmission not already attributed to individual PSTN transmission components. These fixed and common costs are then distributed over the individual PSTN transmission components based on an equi-proportional mark-up based on LRIC results.

The residual costs wholly attributable to the inland core conveyance network which have not already been attributed as part of the initial steps above are distributed on an equi-proportional basis using the incremental costs, including the costs distributed in the steps above.

Distributed long run incremental costs plus recovery of inter-increment fixed common and joint cost

Distributed long run incremental cost plus recovery of inter-increment fixed common and joint costs (i.e. common to Access Network, Inland Core Conveyance Network and The Rest) is the sum of the long run incremental cost of increments (and within the Inland Core Conveyance Network, on the distributed long run incremental cost of its components) and a pro-rated mark up of inter-increment fixed common and joint costs. The mark up is performed at a detailed cost category level such that fixed common and joint costs are recovered only on the long run incremental costs of Access Network, Inland Core Conveyance Network, and within that on the distributed incremental costs of Inland Core Conveyance Network components, to which they are common. After recovery, the sum of long run incremental costs plus recovery of inter-increment fixed common and joint costs of Access Network, Inland Core Conveyance Network and The Rest is equal to the total incremental cost of the Group as a whole.