

L'OBSERVATOIRE

**The electronic communications services market
in France in Q3 2007**

Introduction

In the third quarter of 2007, electronic communications operators generated 10.7 billion euros in retail market revenue, while the intermediate market (interconnection services and intercarrier wholesale operations) generated an additional 2.2 billion euros.

Retail market revenue for electronic communications services only (i.e. excluding income from related services such as terminal sales and rental, directory services, advertising, call centre hosting and management...) totalled 9.9 billion euros in Q3 2007. This marks a 3.5% increase over the previous year.

The volume of traffic for (fixed and mobile) telephony services reached 48 billion minutes in the third quarter of 2007, up 2.4% over the year before. For the first time ever, the volume of calls originating on mobile phones exceeded the volume originating on fixed lines.

Fixed telephony and Internet

The French market was home to 39.2 million telephone subscriptions at the end of the third quarter of 2007. One out of every four subscriptions, or close to 10 million, is now to a broadband voice service – the majority being voice over DSL – whose numbers increased by 4.2 million in the span of a year. At the same time, 700,000 “classic” phone subscriptions over a narrowband connection were cancelled every quarter since the start of the year, marking an 8.3% decline in the base by Q3 2007.

A growing number of subscriptions to a phone service are on lines that no longer deliver a PSTN service. As a result, close to half of all Voice over IP subscriptions are based on full unbundling (3.3 million subscriptions at the end of September 2007) or on naked DSL offers (1.4 million). In all, at the end of the third quarter of 2007, 14% of fixed lines, or close to 5 million lines, were not delivering a PSTN service but only an IP service subscription. An equivalent number of lines (14%) support two phone subscriptions: a classic PSTN service and a Voice over IP subscription.

A fraction of “traditional” retail telephone subscriptions are now being billed by an operator other than the incumbent, France Telecom. Supplied through wholesale line rental (WLR) offers, they represented 600,000 subscriptions at the end of Q3 2007, or 2% of all phone subscriptions. Offers based on carrier selection (call-by-call and preselection) have declined sharply, and accounted for only 5.3 million customers at the end of the third quarter of 2007, compared to 7.2 million one year earlier, marking a decrease of 1.9 million customers.

Revenue that can be attributed directly to fixed telephony totalled 2.8 billion euros by the third quarter of 2007, down 2.7% on the previous year. Because of an increase in subscription prices in July 2007, revenue generated by subscriptions were up by 4% in Q3 2007, compared to the year before, and now account for 58% of fixed telephony revenue. On the flipside, calling revenue has dropped by 9.5% due to a sizeable decrease in the volume of calls originating on the PSTN (-16.9% for the year by the third quarter of 2007).

Traffic originating on fixed lines has been stable for the past three years due to the increasing contribution from IP-based calls which are helping to compensate for the decline in calls originating on the PSTN. By the third quarter of 2007, the number of IP minutes had increased by 79% for the year, and now represents a third of all calls originating on a fixed line, up from 20% one year earlier. Customers with a VoIP subscription spend more time on the phone than those subscribing to a “classic” phone service: 4 hours and 41 calling minutes

a month, compared to 2 hours and 55 minutes for the latter, or close to two hours more.

The number of IP calling minutes consumed on national calls to fixed lines and on international calls, which benefit from the unmetered calling offers that are included in most flat rate service bundles, account for more than a quarter (34.9%) of national calls between fixed lines, and for close to half (49.2%) of all international calls. On the other hand, VoIP services account for only 12.9% of fixed-to-mobile calling minutes.

There were 16.5 million Internet subscriptions in France at the end of September 2007, 12.1% more than the previous year. Broadband subscriptions (14.8 million at the end of the third quarter of 2007) are increasing at a steady pace, in both number and value, and now account for 90% of Internet subscriptions and revenue. The number of broadband connections increased by 3 million (+25.6%) in the first nine months of the year, spurred chiefly by the rise in ADSL connections (14.1 million xDSL connections in Q3 2007). Revenue generated by broadband for the year totalled 1 billion euros by the third quarter of 2007 (+32.4% in a year).

Mobile telephony

There were 53.1 million mobile customers in France at the end of the third quarter of 2007, three million more (+6.6%) than the previous year. Two thirds of these customers (66.5%) have opted for a flat rate rather than a prepaid offer – a proportion which has been increasingly slowly but steadily for close to six years.

The number of mobile numbers ported from one operator to another rose sharply in Q3 2007 (+68% in a single quarter): 258,000 customers switched operators while keeping their phone number in Q3 2007, compared to 154,000 the previous quarter. The implementation of streamlined mobile number portability procedures on 21 May 2007, reducing turnaround time to 10 days, led to an increase to of around 100,000 ported numbers during the third quarter.

By the third quarter of 2007, mobile services revenue for the year (4.5 billion euros) had increased by 4.7%. Although similar to 2006, the average annual monthly growth of mobile services revenue, calculated for the first three quarters of 2007 (5.4%), is nevertheless below the roughly 9% growth reported for 2005. This is due to an annual increase of only 3.3% for mobile calling revenue, which accounts for 85% of all mobile services income. Growth for mobile data services revenue, in other words for all non-voice services (texting, mobile internet access and multimedia services) is still high (+13.9% for the year), generating 663 million euros in the third quarter of 2007.

For the first time ever, mobile traffic (24.1 billion minutes in Q3 2007) has exceeded traffic on the fixed network (23.9 billion minutes), although mobile traffic growth is tending to decline. After a sharp rise in 2006 (annual growth of 15%), the decrease since the start of 2007 is clear: down 8.6% in the first quarter of 2007, with the annual growth rate dropping to 6.6% in Q2 2007 and settling at 4.7% in the third quarter of 2007.

This decline is due chiefly to the meagre increase in operators' on-net traffic, which has been dropping steadily for two years now, with growth for the year totalling only 3.4% by the third quarter of 2007.

Texting has not been affected by the drop in mobile traffic, and continues its steady rise – increasing by more than 20% over the course of the year. In the third quarter of 2007, 4.5

billion de SMS were sent (+22.9% for the year) with customers sending an average of close to 29 text messages a month.

Directory Services

The number of calls to directory assistance services has dropped once again, with 34 million calls logged in the third quarter of 2007, compared to 40 million in Q3 2006, marking a 15.6% decrease in a single year. At the same time, revenue generated by directory assistance services (41 million euros) increased by 8.6% compared to the previous year. Two thirds of the calls to directory services come from mobile phones.

Note : The figures relating to a particular quarter may be revised from one issue to the next as a result of corrections made by operators to their reports. Any discrepancies between annual growth figures expressed as a percentage and the corresponding values are due to rounding.

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1 The communications market as a whole

1.1 The end customer market

Revenue (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed services	3 757	3 881	3 870	3 864	3 908	4,0%
Fixed telephony (1)	2 830	2 861	2 783	2 708	2 753	-2,7%
Internet	927	1 020	1 087	1 156	1 155	24,6%
Mobile telephony (2)	4 345	4 299	4 294	4 400	4 549	4,7%
All telephony and Internet	8 101	8 179	8 163	8 264	8 457	4,4%
Advanced services	599	608	602	583	600	0,3%
Directory services, directories and advertising	38	40	38	42	41	8,6%
Leased lines	366	403	342	357	349	-4,7%
Data transport (3)	463	472	452	444	456	-1,6%
Electronic communications services	9 567	9 702	9 596	9 690	9 903	3,5%
Others revenues (4)	741	856	657	837	770	3,9%
Entire market	10 308	10 558	10 254	10 527	10 673	3,5%

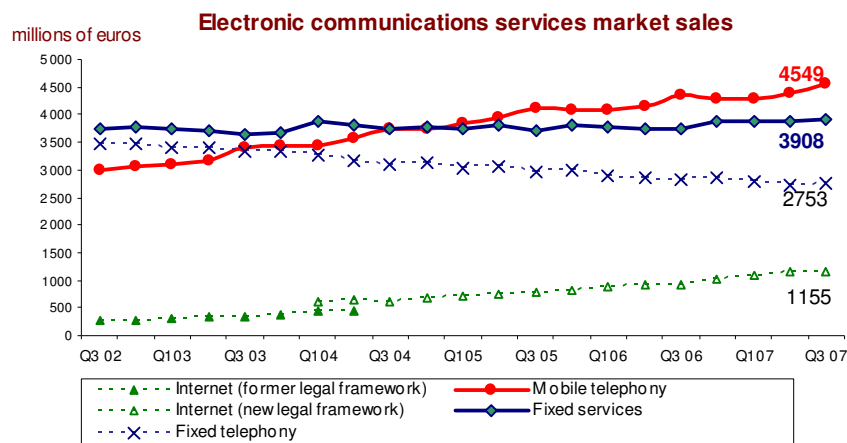
adjusted figures are in italics

(1) This indicator covers revenues from access fees and subscriptions, from calls from fixed lines excluding Internet connection calls, public telephones and cards. Communications from fixed lines included in multiplay flat-rate (VoIP) are not valued.

(2) This item includes data transport on mobile networks (in particular SMS).

(3) The indicator includes only revenue from data transport originating on fixed lines. Data transport on mobile lines is included in the overall total for mobile.

(4) This market does not really fall under the telecommunications services market. Since registered operators contribute little to this market, this indicator gives only a partial idea of total figures. This item covers revenues from terminals and equipment, from hosting and call centre management, and from directories and advertising.



Revenue generated by electronic communication services sold by operators in the retail market totalled 9.9 billion euros by the third quarter of 2007, a 3.5% increase over the previous year.

Mobile service revenue, which is the prime contributor (46%) to the market's total revenue, was up by 4.7% in Q3 2007, with a total annual increase of 5.4% for the first three quarters of the year.

Income for fixed network services (fixed telephony and Internet) totalled 3.9 billion euros by the third quarter of 2007, a 4% increase over the previous year. The steady growth of Internet services revenue (24.6% for the year as of Q3 2007 and over 20% for two years) is helping offset the decline in fixed telephony revenue, which dropped by a further 2.7% last year.

Revenue earned on value-added services has been holding relatively steady at 600 million euros for a year now (+0.3%), while directory services revenue was up by 8.6% compared to the third quarter of 2006.

Capacity services revenue is on the decline, particularly leased line revenue which dropped by 4.7% in the third quarter of 2007. Data transport revenue, on the other hand, reported a more moderate decrease than in previous quarters: -1.6% compared to -9.2% in Q2 and -7.3% in Q1 2007.

Volumes <i>(millions of minutes)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed telephony	23 864	26 737	27 523	25 935	23 916	0,2%
Mobile telephony	23 004	24 901	24 621	25 082	24 058	4,6%
<i>Total voice services</i>	46 868	51 638	52 144	51 018	47 974	2,4%
Internet (dial-up)	5 853	5 434	5 079	4 269	3 354	-42,7%
Number of SMS sent <i>(millions of units)</i>	3 679	4 098	4 406	4 367	4 522	22,9%

adjusted figures are in italics

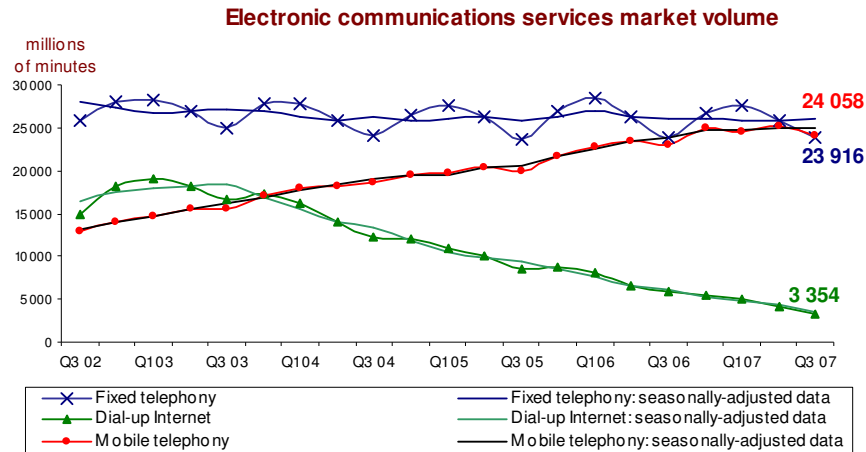
The volume of calls on fixed and mobile networks reached 48 billion minutes in the third quarter of 2007, a 2.4% increase over the previous year, marking a clear decline the rate of growth for voice services compared to the 6% to 8% increase reported in 2006.

After a strong increase in mobile traffic throughout 2006 (of around 15% per quarter), the annual growth rate for the number of calls originating on mobile phones has been dropping steadily since the start of 2007: going from 8.6% in the first quarter down to 6.6% in Q2 and to 4.6% in the third quarter of 2007. For the first time, however, the volume of mobile calls exceeded the volume of calls originating on fixed lines.

Texting has not been affected by the decline in mobile traffic: 4.5 billion SMS were sent in the third quarter of 2007 (up 22.9% over the previous year).

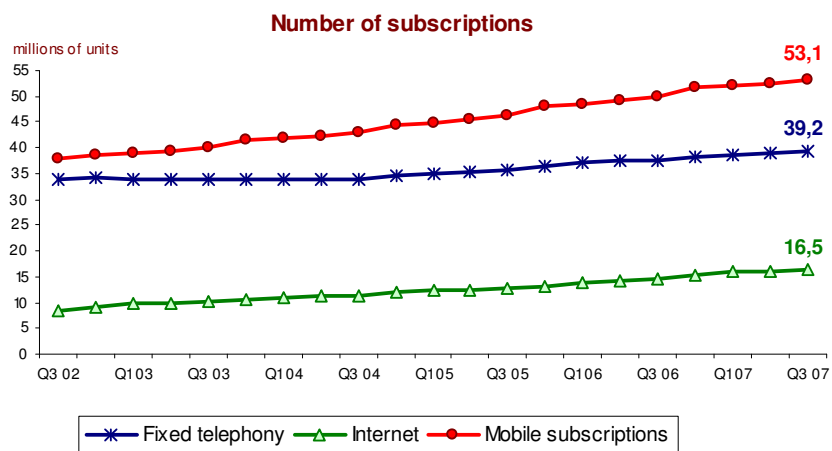
Aside from the seasonal fluctuations inherent in this type of traffic, the volume of calls originating on the fixed network has been relatively stable for the past three years, thanks to the growing use of IP telephony. In the third quarter of 2007, fixed line traffic was at the same level as one year earlier (-0.2% increase).

And, finally, the inexorable decline of narrowband traffic is speeding up (down 42.7% from the previous year).



Number of subscriptions <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of subscription to telephone service	37,674	38,168	38,700	38,858	39,188	4,0%
Internet subscriptions	14,728	15,252	15,945	16,141	16,511	12,1%
Number of mobile customers	49,827	51,662	52,048	52,585	53,101	6,6%

adjusted figures are in italics



1.2 The intermediate market (interconnection services/wholesale markets)

1.2.1 The total market

Operators' fixed network revenue in the intermediate market totalled 1.1 billion euros, a 7.8% increase over 2006 which was due chiefly to a rise in the revenue generated by wholesale broadband access (unbundling, bitstream and equivalent services). These services generated income of 385 million euros in the third quarter of 2007, 85 million euros more than the year before (+28.3% for the year).

In Q3 2007, revenue from telephony-related services were also reporting a slight increase (+0.4% for the year), thanks in large part increased revenue from wholesale line rental (WLR).

The revenue generated by mobile operators' interconnection services (1.1 billion euros in Q3 2007) was down by 6.3% compared to the previous year, due notably to the decrease in voice call termination tariffs that came into effect on 1 January 2007 (a 21% decrease for Orange France and SFR and 18% for Bouygues). The number of calling minutes, on the other hand, rose by 21.9% over the first nine months of the year.

Interconnection services <i>(millions of euros)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed operators	1 044	1 041	1 066	1 096	1 126	7,8%
<i>of which telephony services</i>	730	732	715	718	733	0,4%
<i>of which dial-up Internet</i>	14	13	11	10	8	-46,4%
<i>of which broadband services</i>	300	296	340	368	385	28,3%
Mobile operators	1 150	1 110	954	1 035	1 077	-6,3%
Revenue	2 194	2 151	2 021	2 131	2 203	0,4%

adjusted figures are in italics

Interconnection services <i>(millions of minutes)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed operators	37 656	39 374	39 020	37 179	33 085	-12,1%
Internet (dial-up)	3 875	3 215	2 724	2 261	1 813	-53,2%
Mobile operators	8 722	9 199	9 927	10 614	10 631	21,9%
Volume	50 253	51 789	51 671	50 053	45 529	-9,4%

adjusted figures are in italics

Notes :

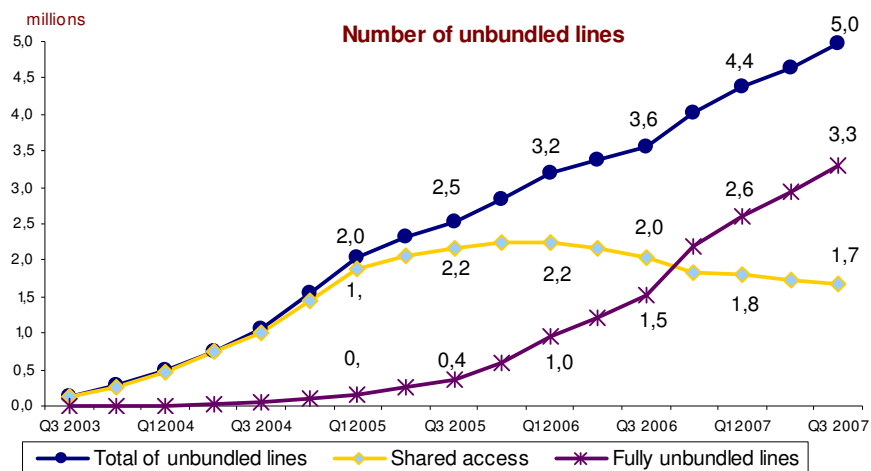
- Interconnection revenues and traffic volumes are not calculated on the basis of the same criteria, which makes a comparison between the two indicators unsuitable for estimating average prices (interconnection revenues include fixed revenues such as charges for connection links and inter-carrier services).
- Interconnection covers all the services provided by one carrier to another under the terms of an interconnection agreement. In cases of mergers or takeovers, some of the revenue streams between the telcos disappear, which might account for decreases in revenues from one quarter to the next.
- Please note that the interconnection figures shown above might be accounted for twice, particularly in the case of fixed operators.
- Wholesale broadband services include revenues from both LLU and bitstream or equivalent services.

At the end of the third quarter of 2007, close to 5 million lines were unbundled.

The number of fully unbundled lines more than doubled during the year, accounting for two out of every three unbundled lines at the end of September, or 3.3 million lines in all. Meanwhile, the number of shared access lines (1.7 million at the end of the third quarter of 2007) decreased by 370,000 during the year.

Unbundling <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Partially unbundled lines	2,046	1,831	1,795	1,715	1,676	-18,1%
Fully unbundled lines	1,513	2,189	2,595	2,926	3,293	117,7%
Number of unbundled lines	3,559	4,020	4,389	4,640	4,969	39,6%

adjusted figures are in italics



1.2.2 Incoming international interconnection¹

Revenue of incoming international interconnection services	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed operators	100	84	99	99	115	14,6%
Mobile operators	43	41	39	42	49	14,5%
Revenue	143	124	138	141	164	14,6%

Volume of incoming international interconnection services	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed operators	1 726	1 696	1 970	2 190	2 227	29,0%
Mobile operators	439	413	496	554	610	38,9%
Volume	2 165	2 108	2 465	2 744	2 836	31,0%

1.2.3 Mobile operators roaming-in²

Roaming in	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Revenue (<i>millions of euros</i>)	259	163	151	180	227	-12,5%
Volume (<i>millions of minutes</i>)	496	321	334	413	543	9,4%

Note: Roaming-in is a service whereby a French mobile operator carries calls made and received in France by customers of foreign mobile operators. The revenue corresponds to the out-payments made between operators. The ratio of revenue to volume does not correspond to any specific tariff and particularly not to the price billed to the customer.

¹ This market segment is a subset of the overall market (cf. 1.2.1)

² This market segment is a subset of the overall market (cf. 1.2.1)

2 Market segments

2.1 Fixed telephony

2.1.1 Access, subscriptions and fixed lines

Number of subscriptions to telephone service <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Subscription on narrow band access (analogue or digital lines, cable)	32,132	31,560	30,831	<i>30,162</i>	29,461	-8,3%
Access resales	Nd	Nd	0,076	0,447	0,594	-
Subscription on broadband access (IP DSL, cable)	5,541	6,608	7,868	8,695	9,727	75,5%
DSL lines without narrowband access	1,520	2,431	3,104	3,869	4,760	213,2%
Number of subscriptions to telephone service	37,674	38,168	38,700	<i>38,858</i>	39,188	4,0%

adjusted figures are in italics

The number of subscriptions to a telephone service totalled 39.2 million at the end of the third quarter of 2007. The growing use of broadband telephony offers, particularly Voice over DSL, has been driving this steady increase for just over two years now.

The number of telephone subscriptions over IP connections reached 9.7 million at the end Q3 2007 and is rising rapidly (+4.2 million since the previous year, of which 1 million in the second quarter alone).

A growing number of IP telephony subscriptions (close to 5 million at the end of Q3 2007) are coming to replace “classic” telephony subscriptions. The calling offers sold by operators in the retail market which correspond to these subscriptions have been enabled by full unbundling and naked DSL wholesale offerings.

Another portion of IP telephony subscriptions are being added to customers’ existing phone service. The calling offers sold by operators in the retail market which correspond to these subscriptions have been enabled by shared access and bitstream offers (not including naked DSL). At the end of the third quarter of 2007, 4.8 million lines or 14% of all lines in service, were supporting two subscriptions to a telephone service.

The drop in the number of narrowband subscriptions (29.5 million at the end of Q3 2007) has continued at a rate of 700,000 subscriptions per quarter since the start of 2007 – marking a total decrease of 2.7 million subscriptions for the year.

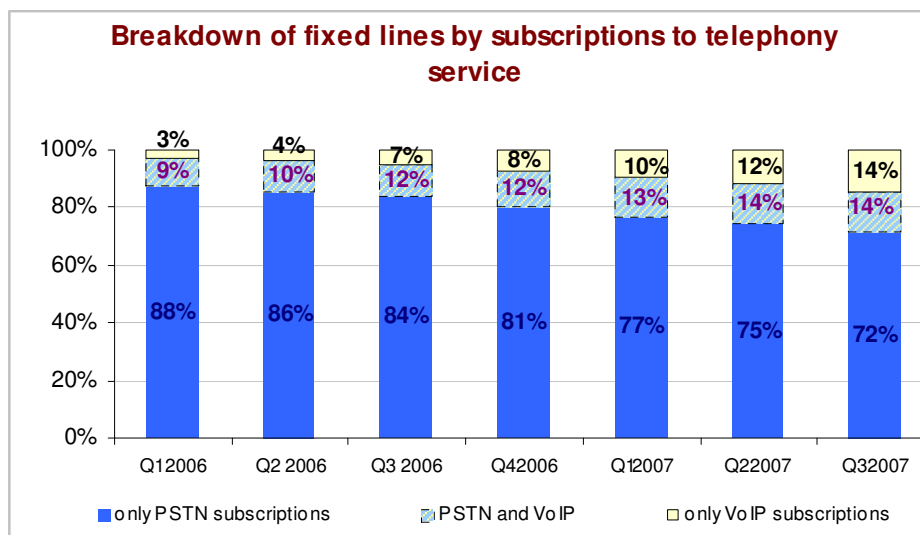
Subscriptions to a PSTN service may not be billed by the incumbent carrier but by one of its competitors. Such was the case for 600,000 subscriptions at the end of the third quarter of 2007, or 2% of all dial-up subscriptions.

Note:

- Subscription to a voice over IP service on xDSL lines without PSTN subscription: A subscription to a telephone service on lines where low frequencies are not used to support the voice service (by the incumbent or by an alternative operator). This is the case of offers to broadband voice services resulting from full unbundling and “naked ADSL” offers.

- Subscription to a voice over IP service on xDSL lines with PSTN subscription: A subscription to a telephone service on lines where low frequencies are also used to support the voice service, on the PSTN.

This is the case of telephone offers resulting from partial unbundling and “bitstream” outside “naked



Further information concerning the IP telephony service indicators

The terminology used:

The IP telephony service indicators referred to in this issue cover broadband voice services, regardless of the type of bearer (primarily DSL IP, but also cable IP) and Internet voice services where the operators are registered with ARCEP.

ARCEP uses the term “broadband voice services” to refer to fixed telephony services which use VoIP technology on an Internet access network with a bandwidth of more than 128 kbit/s and whose quality is controlled by the operator providing the service, and “Internet voice services” to mean voice call services using the public Internet network and whose quality is not controlled by the operator providing the service.

The Observatory only records VoIP service calls which originate in the access layer. The indicators do not cover traffic which uses IP protocol solely in the core network.

Furthermore, the Observatory does not take into account unregistered operators which offer PC-to-PC Internet voice services. These operators are not covered by the scope of the survey.

The revenues taken into account:

The Observatory distinguishes between calls originating from IP telephony services and other voice calls. However, while the volume of VoIP calls relates to all such traffic on the retail market, the revenues recorded cover only the billed VoIP traffic (e.g. calls made on top of those included in a multiplay package).

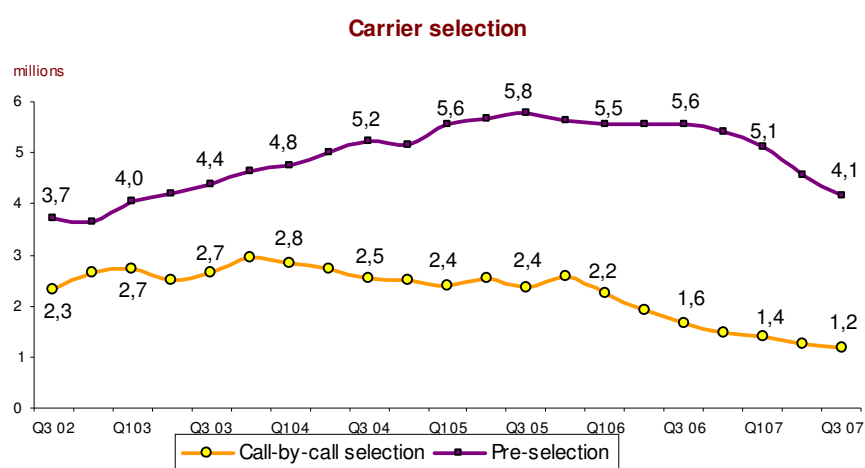
562,000 fixed numbers were ported from one operator to another in the third quarter of 2007.

Portability (millions of units)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of fixed numbers ported during the quarter	0,378	0,742	0,751	0,575	0,562	48,7%

Telephony offers based on carrier selection have been on the decline for the past two years, being replaced by telephony over IP, which is thriving. In all, carrier selection involved only 5.3 million customers in the third quarter of 2007, compared to 7.2 million one year earlier, in other words a base that has decreased by 1.9 million. Call-by-call selection offers have been losing customers since the start of 2006 (-28.7% for the year by Q3 2007), and the decrease in preselection subscriptions has been accelerating since the start of 2007: one million subscriptions were cancelled in six months.

Carrier selection <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Call by call selection	1,639	1,470	1,381	<i>1,249</i>	1,169	-28,7%
Pre-selection	5,558	5,413	5,111	4,559	4,147	-25,4%
Number of indirect connections	7,196	6,883	6,493	5,808	5,316	-26,1%

adjusted figures are in italics



Note: The number of call-by-call selection customers only takes into account active subscriptions, while the carrier pre-selection figures only take into account current subscriptions, net of cancellations.

Access revenue totalled 1.6 billion euros, rising by 4% during the first nine months of the year. The increase in France Telecom's monthly phone subscription prices (a 6.7% adjustment on 1 July 2007) helped compensate for the drop in revenue triggered by the decrease in the number of "classic" subscriptions to analogue and digital lines (-8.3% for the year in the third quarter of 2007).

Access revenue <i>(millions of euros)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Access fees, subscriptions and additional services	1 490	1 500	1 498	1 494	1 550	4,0%

Note: In addition to the revenues relating to access to the telephone service, access revenues also include subscriptions to IP telephony and revenues generated by supplementary services (such as calling line identification presentation, etc.).

2.1.2 Calls from fixed lines (excluding public payphones and cards)

The 1.1 billion euros in revenue that can be attributed directly to calls originating on fixed lines had decreased by 9.5% for the year by the third quarter of 2007. This decline is due to the growing replacement of PSTN calls (-16.9% for the year by Q3 2007) with calls made over an IP connection. Unmetered IP-based calls are generally included in customers' flat rate Internet access package.

Revenue (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
National calls	701	724	682	591	553	-21,1%
International calls	137	134	136	128	140	2,0%
Calls to mobiles	400	408	390	418	427	6,9%
All calls from fixed lines	1 238	1 266	1 208	1 137	1 121	-9,5%
<i>Of which calls originating on VoIP services</i>	<i>57</i>	<i>72</i>	<i>81</i>	<i>95</i>	<i>105</i>	<i>83,7%</i>

adjusted figures are in italics

Note: Revenues from VoIP calls only include the charges billed by operators for such calls made on top of those included in a multiplay package. Therefore, this amount does not include the cost of the multiplay subscription, nor the charge for connection to a broadband telephone service.

The volume of calls originating on fixed lines (23.4 billion minutes in the third quarter of 2007) is stable (+1.1% for the year).

The volume of national and fixed-to-mobile calls is also relatively unchanged (a -0.7% and -1.4% decrease, respectively, for the year by Q3 2007). International calls, however, have increased substantially (+36% for the year by Q3 2007) thanks to a huge volume of international calls over VoIP services, which increased by 144% during the period, and to a lesser decline in international calls over the PSTN (-5% for the year compared to -10% during previous quarters).

Volumes (millions of minutes)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
National calls	19 096	21 748	22 421	20 791	18 968	-0,7%
International calls	1 159	1 316	1 482	1 574	1 576	36,0%
Calls to mobiles	2 899	3 005	2 979	3 009	2 859	-1,4%
All calls from fixed lines	23 154	26 069	26 881	25 373	23 403	1,1%
<i>Of which calls originating on PSTN/ISDN</i>	<i>18 814</i>	<i>20 083</i>	<i>19 650</i>	<i>17 680</i>	<i>15 631</i>	<i>-16,9%</i>
<i>Of which calls originating on VoIP services</i>	<i>4 340</i>	<i>5 986</i>	<i>7 231</i>	<i>7 693</i>	<i>7 772</i>	<i>79,1%</i>

adjusted figures are in italics

Note :

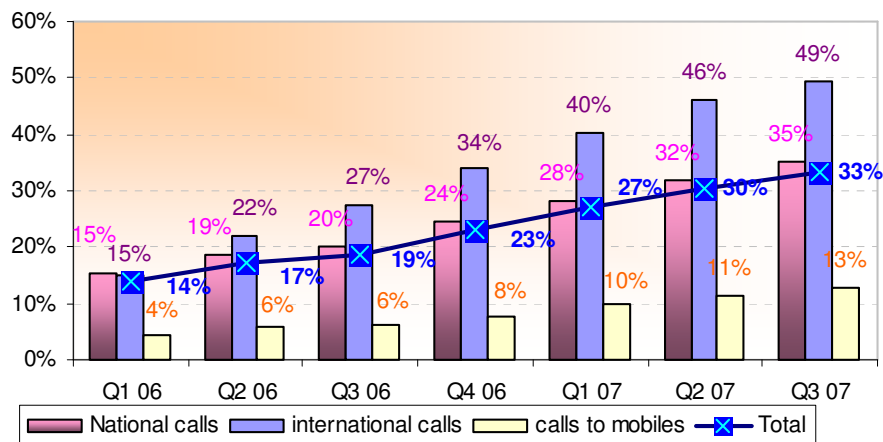
- The Observatory distinguishes between calls originating on IP telephony services and other voice calls. Still, while the volume of VoIP calls covers all of this traffic observed on the end market, revenue covers only invoiced VoIP traffic (for example in addition to a multiplay package).
- Volumes and revenue from calls originating on VoIP services are counted in each of the market segments (long distance, international and to mobiles).

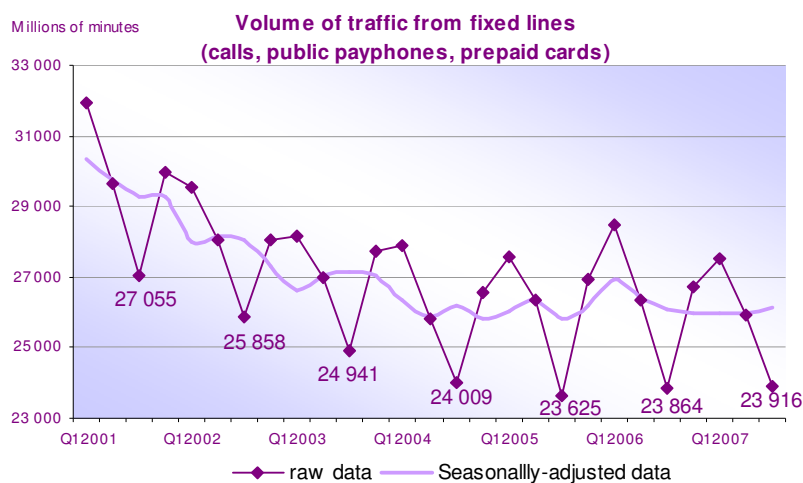
Volumes (IP traffic) <i>(millions of minutes)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
National calls	3 838	5 303	6 339	6 630	6 628	72,7%
International calls	318	448	598	724	776	144,0%
Calls to mobiles	184	235	295	339	368	99,8%
All IP calls	4 340	5 986	7 231	7 693	7 772	79,1%

Calls originating on IP telephony services have been rising sharply, and account for an increasing share of the total volume of fixed line calls. By the third quarter of 2007, the volume of IP minutes had risen by 79.1% for the year and now account for a third (33.2%) of all fixed line calls, compared to 20% one year earlier.

The rate of use for IP telephony varies depending on the call destination: customers are taking great advantage of the unmetered national calls to fixed lines and international calls that are included in most providers' service bundles. As a result, more than a quarter (34.9%) of national calls between fixed lines and close to half of all international calling minutes (49.2%) now originate on an IP telephony service. On the flipside, only 12.9% of fixed-to-mobile minutes originate on a telephony over IP service.

Shares of IP traffic originating on fixed phones by destination of calls





Notes:

- The volume of traffic originating from a fixed line includes calls from landline telephones, public payphones and prepaid phone cards.
- The seasonally adjusted values for this data can be found in the “Séries chronologiques” spreadsheets available on the ARCEP website

The number of minutes originating on fixed lines (calls, public payphones and prepaid cards) totalled 23.9 billion in the third quarter of 2007, a slight decrease compared to previous quarters – due to the seasonal drop in fixed traffic during the summer. Data adjusted to correct seasonal variations indicates that, on the whole, the total volume of traffic has remained stable for the past three years.

2.1.3 Fixed telephony cards and public payphones

Charge and prepaid cards	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
	Revenue (millions of euros)	57	50	42	41	41
Volume (millions of minutes)	538	531	520	434	380	-29,3%

Public telephony	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
	Number of public payphones at end of quarter (units)	171 828	169 790	167 026	164 375	162 267
Revenue (millions of euros)	44	44	34	36	41	-7,2%
Volumes (millions of minutes) <i>adjusted figures are in italics</i>	173	138	122	<i>128</i>	133	-22,9%

The use of public payphones has been declining swiftly for several years now. The number of public payphones that are in service has been shrinking for two years, at an annual rate of 10,000 units. The revenue and traffic that public payphones generate has naturally decreased as well (-7.2% and -22.9%, respectively, for the year by Q3 2007).

2.2 Internet on fixed networks

Broadband access now accounts for 90% of the Internet market, or 14.8 million of the 16.5 million subscriptions that make up the Internet access market.

The number of broadband subscriptions continues to grow at a considerable rate (+25.6% for the year): three million new subscriptions between September 2006 and September 2007. However, the annual volume of new subscribers has been tending to decrease since Q3 2006, at which point growth totalled +3.3 million. As a result, annual growth for the broadband base was down by 9% since the previous year.

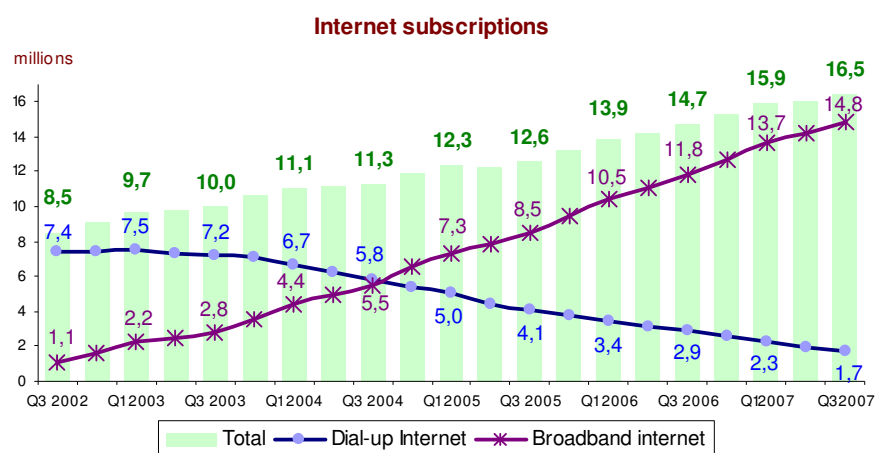
Revenue generated by broadband is also continuing to rise quickly (30% to 34% since Q2 2006), reaching 1 billion euros in the third quarter of 2007 (+32.4% for the year).

The inexorable decline of narrowband has accelerated: a more than 40% decline for the year by the third quarter of 2007, in both the number of dial-up connections in service, the volume of connections and the revenue that narrowband generates.

Internet subscriptions <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Dial-up	2,935	2,557	2,270	1,892	1,699	-42,1%
Broadband	11,793	12,695	13,676	14,170	14,812	25,6%
of which xDSL	11,138	12,019	12,989	13,455	14,090	26,5%
Internet subscriptions	14,728	15,252	15,945	16,062	16,511	12,1%

adjusted figures are in italics

Note: There may be a time lag between the delivery of a service on the wholesale market (LLU or bitstream) and its actual availability on the retail market. A comparison between the data relating to these different markets might reflect this.

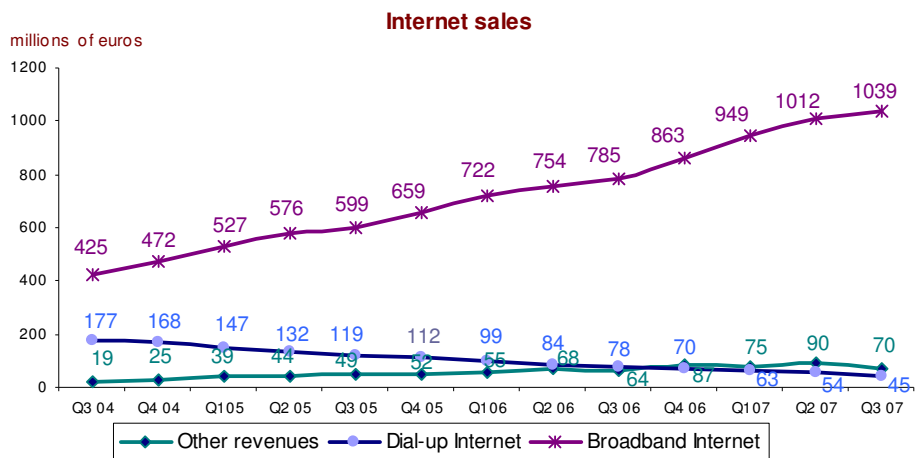


Total Internet revenue <i>(millions of euros)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Dial-up	78	70	63	54	45	-42,3%
Broadband	785	863	949	1 012	1 039	32,4%
Other revenue	64	87	75	90	70	10,4%
Total Internet revenue	927	1 020	1 087	1 156	1 155	24,6%

adjusted figures are in italics

Note: The item "Other Internet services" corresponds to related ISP revenues such as web hosting or revenues from online advertising. Income from the sale and rental of telephones and terminal

equipment is included in the item "Sale and rental of telephones and terminal equipment by fixed operators and Internet service providers".



Volumes of dial-up Internet

(millions of minutes)

Volumes of dial-up Internet

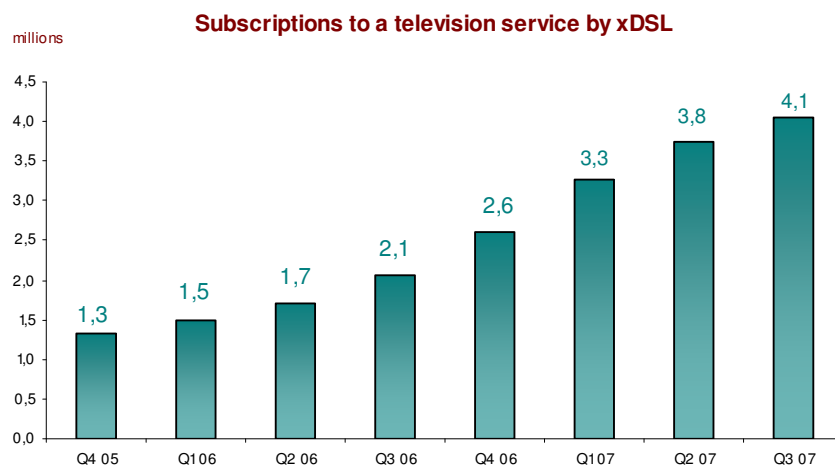
adjusted figures are in italics

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Volumes of dial-up Internet	5 853	5 434	5 079	4 269	3 354	-42,7%

2.3 TV over xDSL

There were two million new subscriptions to TV over DSL services during the year, bringing the total base to 4.1 million at the end of the third quarter of 2007.

Subscriptions (millions)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Subscriptions to television services on DSL	2,055	2,596	3,272	3,753	4,059	97,5%



Note: This indicator covers subscriptions, which are “eligible” for television services, i.e. those where subscribers are able to activate this type of service, regardless of the number of channels available or the pricing plan involved. It takes into account both standalone subscriptions and those, which are part of a “multiplay”, service package, which includes access to one or more other services besides television (Internet, telephone service).

2.4 Mobile telephony

2.4.1 Subscriptions

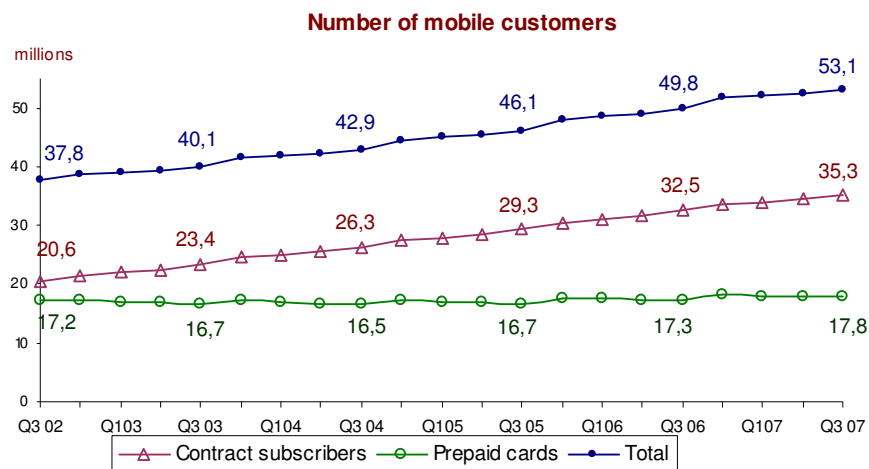
Number of mobile customers (millions of units)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Contract subscribers	32,510	33,572	34,027	34,572	35,301	8,6%
Prepaid cards	17,316	18,090	18,021	18,012	17,800	2,8%
of which active prepaid cards *	16,385	17,185	16,937	17,026	16,778	2,4%
Mobile Telephonic	49,827	51,662	52,048	52,585	53,101	6,6%

*A prepaid card is considered active if the customer has made or received at least one call during the past three months. Only t considered, whether free or payable. SMS are not included in the calculation.

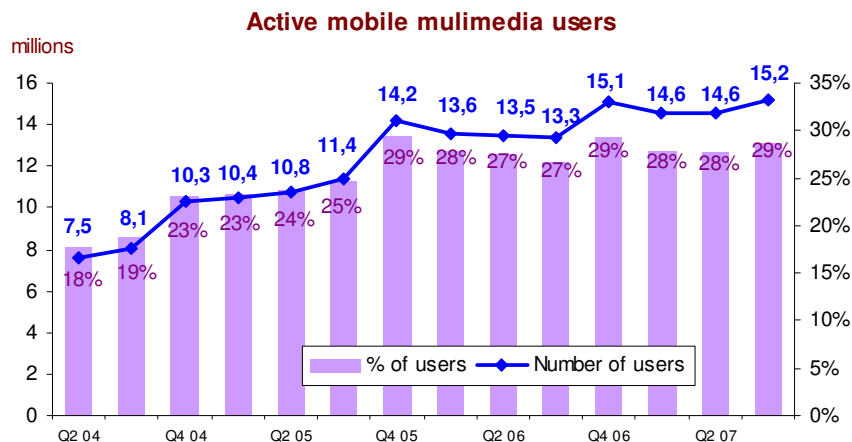
Note: This item covers both mobile network operators (MNO) and mobile virtual network operators (MVNO).

The number of mobile customers totalled 53.1 million at the end of the third quarter of 2007, with more than two thirds of them subscribing to a flat rate formula (66.5% at the end of Q3), a proportion which is increasing steadily.

The mobile customer base continues to grow at a steady pace: +6.6% for the year by Q3 2007, albeit at a slightly lesser rate than in the two previous years (7.5% to 8% annual growth).



There were 15.2 million customers using mobile operators' multimedia services (mobile internet, MMS, etc) in the third quarter of 2007, or close to 29% of the total mobile base. This percentage of mobile multimedia service users has changed very little over the past two years.

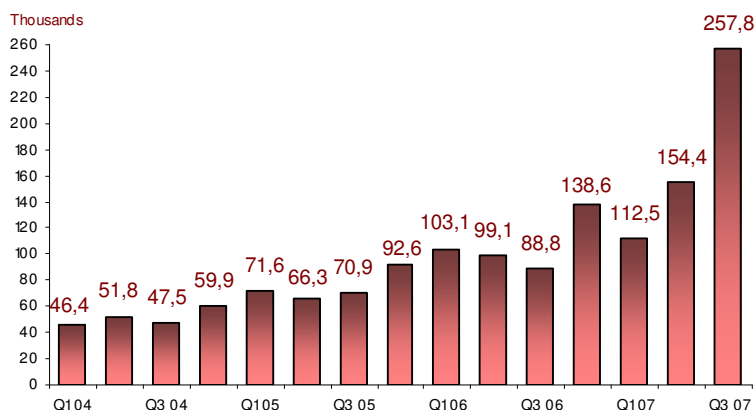


Multimedia users and portability
(millions of units)

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Active mobile multimedia users	13,345	15,079	14,550	14,590	15,189	13,8%
Number of mobile numbers ported during the quarter	0,089	0,139	0,113	0,154	0,258	190,3%

258,000 mobile numbers were ported in Q3 2007, compared to 154,000 the previous quarter. This sizeable increase is due to the implementation of streamlined MNP procedures on 21 May 2007, which cut the maximum allowable processing time for a portage request from two months to 10 days.

Number of mobile numbers ported during the quarter



Notes :

- The number of active multimedia users is defined as the number of customers (contract or prepaid subscribers) who have used a multimedia service such as Wap, i-Mode, MMS or email (SMS messages are not covered by this definition) at least once in the past month, regardless of the type of bearer technology used (CSD, GPRS, UMTS, etc.). Scope: Mainland France and overseas dependencies.
- The number of ported numbers is defined as the number of telephone numbers effectively ported to another operator (numbers activated by the receiving operator) during the course of the quarter in question. Scope: Mainland France and overseas dependencies

2.4.2 Income and volume indicators

Mobile service revenue (calling and data transport) reached 4.5 billion euros and had risen by 4.7% for the year by the third quarter of 2007. Average annual growth for mobile services revenue (5.4% for the first three quarters of 2007) is similar to the rate in 2006 but is down compared to the between 8% and 10% quarterly growth reported in 2005.

Totalling 663 million euros in the third quarter of 2007, revenue generated by data transport services on mobile networks (SMS, MMS, mobile Internet access and multimedia services) accounts for just under 15% of total mobile services revenue – but it is rising at a much faster rate than mobile calling revenue (+13.9% and +3.3%, respectively, for the year).

Revenue (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Mobile telephony	3 763	3 717	3 673	3 773	3 886	3,3%
of which outgoing internationals calls	159	149	150	159	175	9,9%
Data transport on mobile networks	582	582	621	627	663	13,9%
of which interpersonal messaging (SMS, MMS)	386	380	401	398	410	6,2%
of access to mobile Internet & to multimedia services (1)	196	202	220	229	252	29,0%
Total mobile telephony and data transport	4 345	4 299	4 294	4 400	4 549	4,7%

(1) Income of this item corresponds to amounts invoiced by operators to their customers for access to services; part of this income is then repaid by the operators to content publishers

Volumes (millions of minutes)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Calls to national fixed lines	4 570	4 809	4 741	4 749	4 524	-1,0%
Calls to mobiles on the same network (1)	12 085	13 441	13 243	13 291	12 494	3,4%
Calls to other networks	5 640	6 056	6 048	6 402	6 247	10,8%
Outgoing internationals calls	308	311	312	327	359	16,5%
Roaming out (2)	400	283	277	313	435	8,6%
Total mobile telephony	23 004	24 901	24 621	25 082	24 058	4,6%

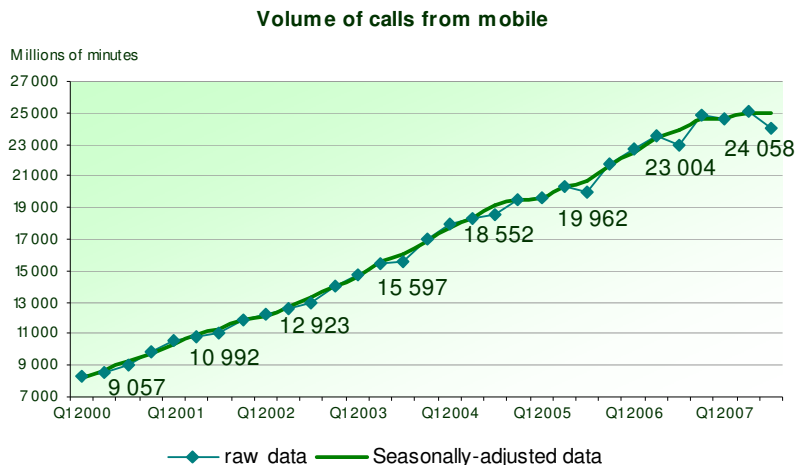
(1) onnet calls on the same network (MNO or MVNO)

(2) Roaming out corresponds to calls made in other countries by customers of French mobile operators

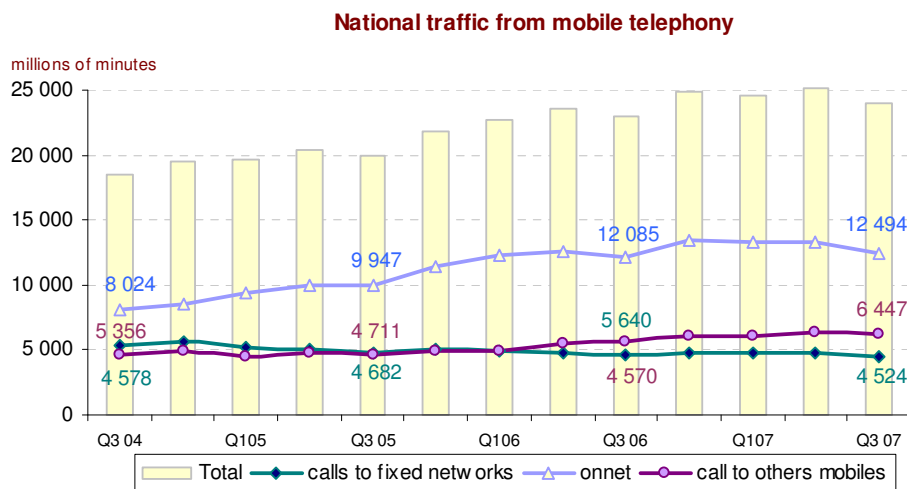
The volume of calls originating on mobiles represented 24.1 billion minutes in the third quarter of 2007. The annual rate of growth for this type of traffic, which was around 15% throughout 2006, has decreased significantly since the start of 2007. The annual growth rate lost two points per quarter, going from 8.6% in the first quarter to 6.6% in Q2 and to 4.6% in the third quarter of 2007. This decline holds true even when adjusting data for seasonal variations.

The decrease in the volume of traffic is tied to the drop in the volume of on-net calls (calls to subscribers using the same operator's network), which has been steady for more than a year. The annual rate of growth for on-net traffic has gone from 30.8% for the year at the start of 2006 to 8.2% at the start of 2007, and to only 3.4% by the third quarter of 2007.

This decline does not affect the volume of calling minutes for off-net or international calls, both of which continued to increase rather substantially over the year. In the third quarter of 2007, the respective growth rates were 10.8% and 16.5% for the year. The volume of calls to fixed lines has been dropping since the start of 2005, but was minimal in the third quarter of 2007 (-1% for the year).



(The seasonally adjusted values for this data can be found in the “Séries chronologiques” spreadsheets available on the ARCEP website)

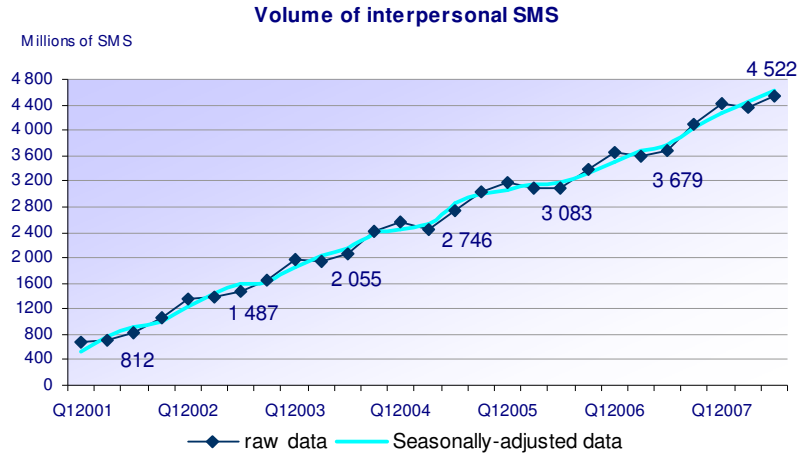


The use of person-to-person messaging (SMS and MMS) continues to grow: 4.6 billion messages were sent in the third quarter of 2007 compared to 3.7 billion one year earlier, translating into a 22.5% increase for the year.

Sending an average 34 messages a month, customers who have a flat rate subscription send close to twice as many messages than customers using prepaid cards (18 messages a month). The average total is 29 text messages a month per customer, a 15% increase since the previous year (or 4 SMS a month more, per customer).

Volumes of messages (millions of units)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of SMS	3 679	4 098	4 406	4 367	4 522	22,9%
of witch from contract subscribers	-	-	3 427	3 428	3 559	-
of witch from prepaid cards	-	-	978	938	962	-
Number of MMS	66	82	73	66	67	1,5%
Number of messages sent	3 746	4 179	4 479	4 434	4 589	22,5%

adjusted figures are in italics



(The seasonally adjusted values for this data can be found in the “Séries chronologiques” spreadsheets available on the ARCEP website.)

2.5 Other market components

2.5.1 Value added services (excluding directory services)

Totalling 600 million euros in the third quarter of 2007, revenue generated by value-added services remains relatively unchanged (+0.3%) since Q3 2006.

Over the course of Q3 2007, 1.2 billion calls were made to voice and telematic services, of which 1 billion from fixed lines.

Value added services revenue* <i>(millions of euros)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Value added "voice" services	527	533	511	497	497	-5,7%
From fixed telephony network	318	327	321	299	301	-5,4%
From mobile telephony network	208	206	190	198	196	-6,1%
Value added "data" services	72	75	90	87	104	43,6%
Value added services	599	608	602	583	600	0,3%

adjusted figures are in italics

* This corresponds to all sums billed to customers by operators, including outpayments from operators to service providers. "Data" value-added services include premium-rate services such as those on the Orange "Gallery" portal, push services, chat rooms, weather forecasts, TV game shows, horoscopes, ringtone downloads, etc.

Value added "voice" and "télématique" services volumes <i>(millions of minutes)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
From fixed telephony network	2 511	2 640	2 938	2 866	2 921	16,4%
From mobile telephony network	399	414	406	412	438	9,8%
Number of calls	2 909	3 054	3 344	3 278	3 359	15,5%

adjusted figures are in italics

Number of calls to value added "voice" and "télématique" services <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
From fixed telephony network	-	-	1 075	980	1 040	-
From mobile telephony network	-	-	162	169	175	-
Volumes	-	-	1 237	1 149	1 215	-

adjusted figures are in italics

Value added "data" service volumes <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of messages (SMS+, MMS+)	157	160	152	153	162	3,2%

adjusted figures are in italics

2.5.2 Directory services

Revenue generated by directory services rose by 8.6% for the year, reaching 41 million euros by the third quarter of 2007.

The number of calls to directory assistance numbers has dropped noticeably, however, with 34 million calls made, compared to 40 million in the third quarter of 2006, which translates into a 15.6% decrease for the year.

The volume of calls to directory services represented 69 million minutes in the third quarter of 2007. Two thirds of these minutes derive from calls originating on mobile phones.

Revenue from directory services (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Directory services operators	38	40	38	42	41	8,6%

Directory services	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of calls (millions of units)	40	38	36	35	34	-15,6%
Volume of calls (millions of minutes)	-	-	65	72	69	-

Note: Directory information services include: the old fixed-line (12, 3200, 3211, 3212) and mobile (612, 712, 222) information numbers in use until 3 April 2006, the new 118xyz numbers in use since November 2005 and the short numbers used to access reverse lookup directory services (3288, 3217, 3200) or international directory services (3212).

2.5.3 Leased lines and data transport (fixed operators)

Revenue (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Leased lines	366	403	342	357	349	-4,8%
Data transport	463	472	452	444	456	-1,6%

Revenues from leased lines may be accounted for twice as the figures include operator-to-operator sales. These sales may represent up to 29% of total leased-line revenues.

2.5.4 Hosting and call centres management services

Revenue (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Hosting and call centre management	7	13	11	9	8	13,5%

2.5.5 Terminals and equipment

Revenue generated by terminal sales and rental represented 648 million euros in the third quarter of 2007, of which more than two thirds were earned by mobile operators.

Revenue from terminals and equipment (millions of euros)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed & Internet operators	181	196	198	202	201	11,3%
Mobile operators	363	469	335	434	447	23,1%
Terminals and equipment	544	664	533	636	648	19,2%

Note: The revenues from mobile packs and telephones given here include the commission paid to distributors.

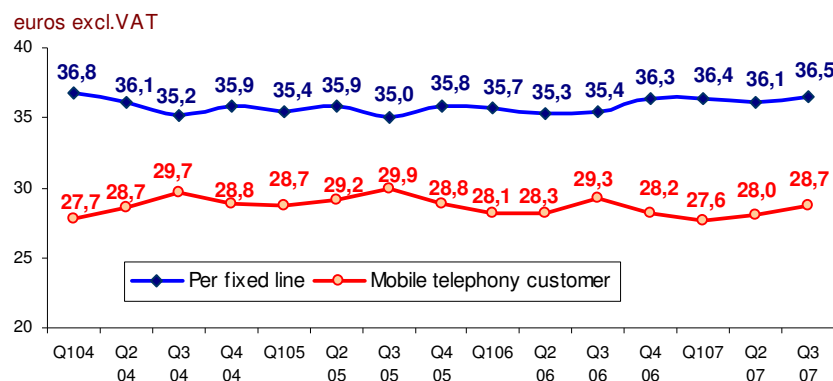
2.6 Per-customer indicators

Average monthly revenue (value added services exclude) (in euros -VAT excluded)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Per fixed line : access, communications and Internet	35,4	36,3	36,4	36,1	36,5	3,0%
Mobile telephony user	29,3	28,2	27,6	28,0	28,7	-2,0%

The average monthly bill per fixed line is calculated by dividing the income from calls originating from fixed lines (line rental, call charges and Internet service charges) for quarter N by the estimated average number of fixed lines in existence for quarter N, and then by the number of months. (See the box on page 28 for an explanation of the concept of a “line”)

The average monthly bill per mobile customer is calculated by dividing the income from mobile telephony (voice and data revenues, including roaming-out, excluding revenue from incoming calls) for quarter N by the estimated average number of mobile customers for quarter N, and then by the number of months. This indicator, which does not include interconnection revenues, or those from value-added services, does not equate to the traditional Average Revenue Per User (ARPU) indicator.

Average monthly revenue voice and data
(value-added services excluded)



Average monthly outgoing traffic (in hours)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Per fixed lines	3h48	4h16	4h23	4h08	3h47	-0,4%
Mobile telephony user	2h35	2h44	2h38	2h40	2h32	-2,1%

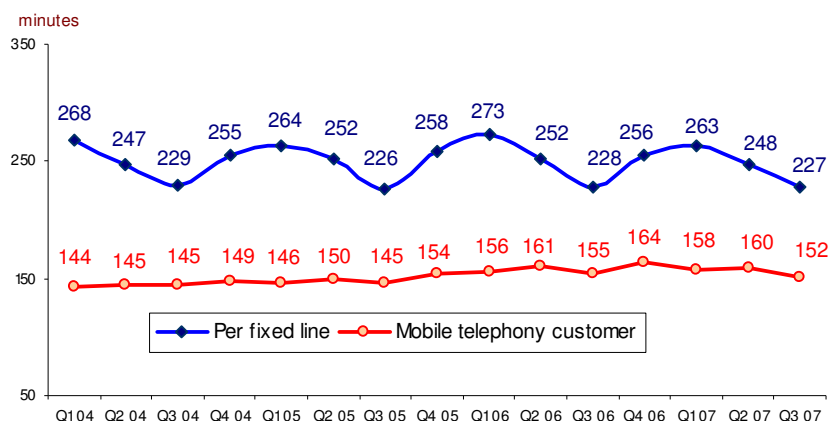
Number of SMS sent per user (units)	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of SMS sent per user during the quarter	24,8	26,9	28,3	27,8	28,5	15,0%
of which for contract subscribers	-	-	33,8	33,3	34,0	-
of which for prepaid cards	-	-	18,0	17,4	17,9	-

The average monthly volume of traffic per fixed line is calculated by dividing the volume of traffic (PSTN and IP) for quarter N by the estimated average number of fixed lines in existence for quarter N, and then by the number of months.

The average monthly volume of traffic per mobile operator customer is calculated by dividing the volume of mobile telephony traffic (including roaming-out) for quarter N by the estimated average number of mobile customers for quarter N, and then by the number of months.

The average number of SMS messages per customer is calculated by dividing the number of SMS messages for quarter N by the estimated average number of customers for quarter N, and then by the number of months.

Average monthly outgoing traffic



Average monthly revenue per customer (in euros -VAT excluded)

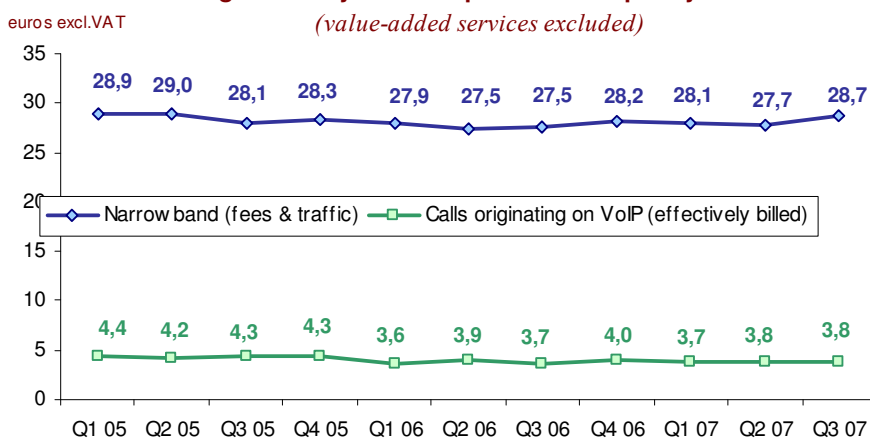
	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed PSTN/ISDN telephony user	27,5	28,2	28,1	27,7	28,7	4,2%
Fixed IP telephony user	3,7	4,0	3,7	3,8	3,8	3,5%
Dial-up Internet user	8,6	8,5	8,7	8,6	8,4	-3,1%
Broadband Internet user	22,9	23,5	24,0	24,2	23,9	4,6%

The average monthly bill per PSTN subscription is calculated by dividing the income from line rental and calls made from PSTN fixed lines (i.e. excluding VoIP revenues) for quarter N by the estimated average number of subscriptions for quarter N, and then by the number of months.

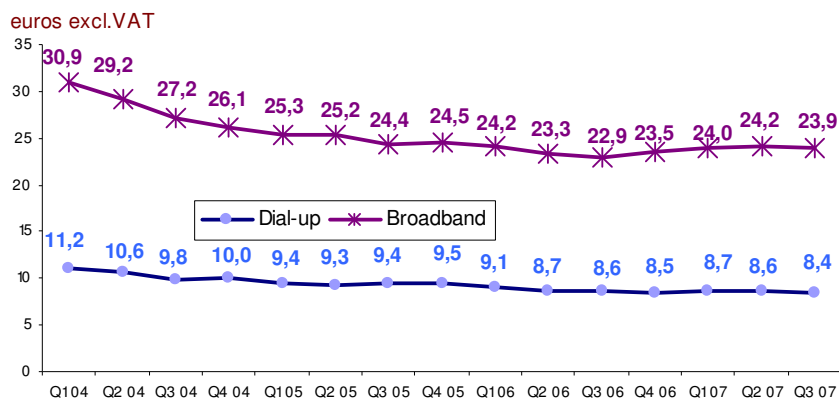
The average monthly bill per subscription to an IP telephony service is calculated by dividing the income solely from IP calls billed (i.e. those made on top of those included in a multiplay package) for quarter N by the estimated average number of subscriptions for quarter N, and then by the number of months.

The average monthly bill per dial-up (or broadband) Internet subscription is calculated by dividing the income from the dial-up (or broadband) Internet connections for quarter N by the estimated average number of customers for quarter N, and then by the number of months.

Average monthly revenue per fixed telephony customer



Average monthly revenue per internet customer



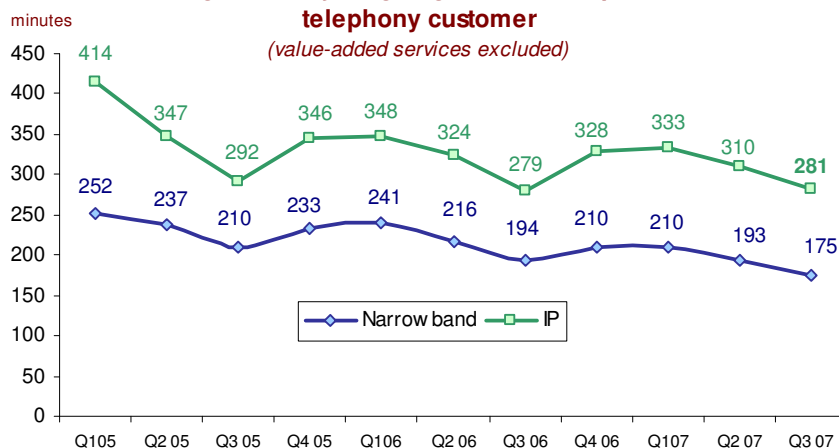
Average monthly traffic per customer (in hours)

	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Fixed PSTN/ISDN telephony user	3h14	3h30	3h30	3h13	2h55	-9,9%
Fixed IP telephony user	4h39	5h28	5h33	5h10	4h41	0,9%
From dial-up Internet	10h47	11h00	11h41	11h24	10h23	-3,8%

The average monthly volume of PSTN (or IP) traffic is calculated by dividing the volume of PSTN (or IP) traffic for quarter N by the estimated average number of subscriptions to a PSTN (or IP) telephone service for quarter N, and then by the number of months.

The average monthly volume of dial-up Internet traffic is calculated by dividing the volume of dial-up Internet traffic for quarter N by the estimated average number of subscriptions to a dial-up Internet service for quarter N, and then by the number of months.

Average monthly outgoing voice traffic per fixed telephony customer



Average number of customers for quarter N: [(total number of customers at the end of quarter N + total number of customers at the end of quarter N-1) / 2]

With the growing use of broadband voice services as a second line, talking of the average revenue per subscription is no longer of much use as an indicator. In fact, a large number of households do now have a second telephone service subscription, usually a VoIP service, but this doesn't mean that they make twice as many calls. Consequently, the average volume of traffic and average bill per subscription is, naturally, lower. In order to obtain a clearer picture of the indicators reflecting customers' usage of telephone services and their average expenditure, the concept of what constitutes a "line" has been redefined.

Until 2004, the terms "line" and "subscription" were used interchangeably when referring to the number of subscriptions to telephone services.

In the case of telephony over analogue lines, a subscription corresponded to a fixed line. It was accepted practice, in the case of digital lines, to take the number of channels subscribed for as the number of fixed lines, i.e. 2 for BRI lines and up to 30 for PRI lines. In practice, the business customer pays as many monthly line rental charges as the number of channels subscribed for, i.e. 2 for BRI lines and up to 30 for PRI lines. This convention has been retained.

With the implementation of broadband voice services, operators can provide an IP telephone service over an analogue line which is already used for a PSTN telephone service. In order to facilitate comparisons over time, the number of "lines" indicator has been defined as:

- for digital lines: the number of channels subscribed for, i.e. 2 for BRI lines and up to 30 for PRI lines;

- for analogue lines: - the PSTN subscriptions
- the xDSL line subscriptions without a PSTN subscription;
- for cable telephone service subscriptions: the subscription

As far as revenues are concerned, the number of multiservice packages is constantly growing. These include the possibility of making unlimited calls to national fixed lines and to certain international destinations without additional charges. Consequently, the overall bill covers an increasing range of services, regardless of the number of calls made (as also happens with mobile services). Internet access and telephone services are becoming increasingly inseparable.

The average bill per line reflects what the customer pays per month for both telephone service and Internet access. The revenues taken into account are:

- revenues from service subscription charges and supplementary services
- revenues from calls made from fixed-line telephones, including IP calls made on top of the multiplay inclusive package
- revenues from dial-up Internet access and broadband Internet access.

The following are not taken into account:

- revenues from payphones and phone cards;
- revenues from other services linked to the Internet access, which correspond to the ISP revenues from online advertising and commissions paid to the ISPs in relation to online trading;
- revenues from value-added services and information services.

Number of fixed lines <i>(millions of units)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Number of fixed lines <i>adjusted figures are in italics</i>	33,767	34,085	<i>34,110</i>	<i>34,228</i>	34,418	1,9%
Fixed lines revenues <i>(millions of euros)</i>	Q3 2006	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Change 3Q07/3Q06
Accès fees, internet, communications <i>adjusted figures are in italics</i>	3 591	3 699	3 718	<i>3 697</i>	3 755	4,6%

Average bill and average volume per customer, ARPU or AUPU – how do they differ?

The market Observatory publishes indicators for the **average monthly bill per subscription for fixed telephony, mobile telephony and Internet**. These indicators correspond to the average subscription and call charges (voice and data) billed by operators to customers.

Revenues from interconnection (incoming calls) are not taken into account. These indicators are not the same as the **ARPU** (Average Revenue Per User) figures which correspond generally to the operators' revenues from all income related to the use of the network. For instance, in the case of mobile operators, the ARPU includes the revenue from outgoing calls, data services and value-added services **AS WELL AS** the revenue from incoming calls (interconnection). It may or may not include revenue from roaming, depending on the operator.

The Observatory also publishes indicators for the **average monthly outgoing traffic per customer**, representing the use consumers make of their telephone.

As with the ARPU, the indicator of average traffic per customer or **AUPU** (Average Usage Per User) is used by certain financial firms and the operators. It covers some or all of the incoming calls in order to create a figure for volume which is comparable to that used for the ARPU. It does not represent the average usage per customer and is considered rather as an indicator of the operator's volume of business per customer.