

**The electronic communications services market  
in France  
in the 4<sup>th</sup> quarter 2007**

## Introduction

In the fourth quarter 2007, electronic communications operators earned €11.0 billion in revenue on the end-customer market. Interconnection services and sales on the wholesale market between operators on the intermediate market represented €2.2 billion in additional revenue.

In the fourth quarter 2007, operators generated €10.0 billion revenue from electronic communications services alone on the end-customer market excluding related income (terminal sales and rental, directories, advertising, hosting, call centre management, etc.). This was 3.3% greater than the fourth quarter 2006.

The volume of traffic from fixed and mobile telephony services reached 53.7 billion minutes in the fourth quarter 2007, rising 4.1% over one year.

### Fixed telephony and Internet

The number of subscriptions to telephone service reached 39.6 million at the end of 2007, of which 10.8 million were subscriptions to a broadband voice service (essentially subscriptions to IP on DSL). The number of subscriptions to VoIP services grew in 2007 at a strong rate (one million more each quarter on average), and these subscriptions now represent 27.4% of telephone subscriptions. The number of telephone subscriptions to dial-up access declined at the same time at a rate of 700 000 per quarter in 2007 and was 28.7 million at the end of the year.

A growing share of lines no longer support telephone service on the PSTN. These offers were created by operators (both alternative operators and the incumbent) using full unbundling or “naked ADSL” and concern close to 5.9 million DSL lines, with 3.4 million additional lines in one year. At the end of 2007, lines having only voice-on-IP service (DSL and cable) represented 18% of fixed lines compared with 8% a year earlier.

On the other hand, 14% of telephone lines supported two telephone subscriptions (a “classic” subscription on the PSTN and a subscription to a voice-on-IP service) in the fourth quarter, corresponding to 4.7 million lines. This proportion hasn’t risen in three quarters.

Certain “classic” telephone subscriptions on the PSTN, created through wholesale subscription sale offers (VGA), are now no longer invoiced to the end customer by the incumbent but by an alternative operator. At the end of 2007, 700 000 subscriptions, or 2.5% of narrowband telephone subscriptions, were concerned.

There were 4.9 million customers subscribing to telephony offers based on carrier selection (call-by-call selection and pre-selection) at the end of 2007, declining by two million over one year. This strong decline was due to a great extent to competition from telephony-on-IP offers but also, to a lesser extent, to the migration of subscribers from pre-selection to telephony offers resulting from VGA.

Revenue directly attributable to fixed telephony (revenue from subscriptions and calls) was €2.7 billion in the fourth quarter 2007, declining 3.8% over one year. The increase in the subscription price in July 2007 helped maintain telephone subscription revenue levels. On the other hand, at €1.1 billion, revenue from telephone calls (excluding public payphones and cards) was down 9.6% over one year in the fourth quarter 2007. This trend can be explained by the rapid decline in the volume of calls made on the PSTN (-15.3% over one year in the fourth quarter 2007) to the benefit of calls made using IP access (up 73.5% during the same period). In most cases, IP calls were included in an Internet package and were therefore not counted in call revenue.

Traffic originating on fixed phones (excluding public payphones and cards) reached 27.4 billion minutes in the fourth quarter 2007, for a 5.1% increase with respect to the volume of traffic in the fourth quarter 2006.

The share of IP calls in traffic originating on fixed phones rose from 23% at end 2006 to 38% at end 2007. This very rapid growth in traffic originating on IP access helped to offset to a large extent the decline in traffic on the PSTN.

IP traffic is growing especially towards destinations which enjoy so-called “unlimited calling” offers included in most multiplay packages. At the end of 2007, IP traffic represented 39% of domestic calls between fixed phones and 57% of fixed calls to international destinations, but just 15% of the minutes of fixed-to-mobile traffic (affected little by “unlimited” offers).

Subscriptions to telephony-on-IP service also lead to more intensive use than subscriptions to a “classic” telephony service: on average 5 hours and 37 minutes of calls for IP and 3 hours and 15 minutes for the PSTN per subscriber and per month in the fourth quarter 2007.

There were 17.1 million subscriptions to Internet at the end of 2007 (up 11.8% over one year). High-speed access represented nine out of ten Internet subscriptions, or 15.6 million. In one year, the number of high-speed accesses grew by close to three million (+22.5%). High-speed access using ADSL technology represented the vast majority with 14.8 million accesses at the end of 2007.

Revenue from high speed rose to €1.1 billion in the fourth quarter 2007 (+25.8% over one year) and represented 91% of all Internet revenue.

### **Mobile telephony**

There were 55.3 million mobile telephony customers in France at the end of 2007, with a 3.7 million increase over one year. The annual growth rate was maintained throughout 2007 at a strong level of 7% (+7.1% in the fourth quarter 2007). Two-thirds of customers (65.6%) subscribed to a flat-rate formula rather than a “prepaid” formula.

The simplified number maintenance procedure put in place on 21 May 2007 led to a significant reduction in the time required to port a number, and a significant rise in the number of numbers ported during a quarter. In all, 327 000 mobile numbers were ported from one operator to another during the fourth quarter 2007 compared with 139 000 in the fourth quarter 2006 (+136.2% over one year).

Mobile multimedia services (access to mobile Internet, sending MMS) were used by 17.2 million customers in the fourth quarter 2007 or close to one in three customers.

In the fourth quarter 2007, revenue from mobile services reached €4.6 billion, growing by 6.4% over one year. The annual growth rate in revenue from mobile services (approximately 5 to 6% in 2007) was slightly greater than that of 2006 but was down sharply with respect to the growth rate of 8 to 10% seen in 2005. Revenue from mobile calls (€3.9 billion) grew 4% over one year in the fourth quarter 2007. The increase in revenue related to non-voice uses on mobiles was stronger with +13.9% for revenue from interpersonal messaging services and +36.3% for revenue from access to mobile Internet and multimedia services. These services generated €707 million in the fourth quarter 2007 and their contribution (15.5% of mobile revenue in the fourth quarter 2007) grew.

Mobile telephony traffic represented 25.9 billion minutes in the fourth quarter 2007. Mobile traffic saw a strong rise in 2006 with annual growth of approximately 15% per quarter, but a

slowdown was clear beginning early 2007. The annual growth rate, which reached 8.6% in the first quarter 2007, declined by two points during each of the following two quarters, settling at 3.9% in the fourth quarter.

This slowdown was primarily due to slower growth in traffic to mobiles. For one thing, the annual growth rate of traffic exchanged by mobiles on the same network (“on-net” traffic), which represented more than half of traffic, has been declining sharply over the past two years. It fell from 30.8% in early 2006, to 8.2% in early 2007, and continued to decline throughout the year, reaching just 2.8% in the fourth quarter. Plus, growth in traffic to third-party mobile networks, which was strong in early 2007 (+22.6% over one year at the first quarter 2007), also saw a slowdown and was just 8.6% in the fourth quarter.

Growth in the volume of interpersonal messaging was very strong during the fourth quarter 2007. During the quarter, 5.5 billion messages were sent, or close to one billion more than during the previous quarter, for a 33.2% increase over one year. Mobile operator customers sent an average of 34 SMS each per month in the fourth quarter 2007 compared with 27 a year earlier.

### **Other market components**

Revenue from added-value services reached €629 million in the fourth quarter 2007. The variation in this revenue, which was negative during the first two quarters of 2007, was nul in the third quarter and became positive in the fourth quarter with a 3.4% increase.

Revenue from directory services (€41 million) saw moderate growth (+1.9% over one year) in the fourth quarter 2007. However, the number of calls to directory services continued to slide: 33 million calls were made during the fourth quarter 2007, or over 5 million fewer calls than a year earlier (-14.5%).

Revenue from capacity services has been slowing for two years. In the fourth quarter 2007, revenue from data transport declined by 1.2% over one year and the stronger decline in revenue from leased lines reached -8.6% over one year.

*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 in its entirety

## 1.1 The end customer market

Revenue (millions of euros)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed services	3 881	3 868	3 860	3 902	3 945	1,7%
Fixed telephony (1)	2 861	2 780	2 704	2 766	2 752	-3,8%
Internet	1 020	1 088	1 156	1 136	1 193	17,0%
Mobile telephony (2)	4 299	4 294	4 400	4 552	4 573	6,4%
<b>All telephony and Internet</b>	<b>8 179</b>	<b>8 161</b>	<b>8 259</b>	<b>8 454</b>	<b>8 518</b>	<b>4,1%</b>
Advanced services	608	602	583	602	629	3,4%
Directory services, directories and advertising	40	38	42	41	41	1,9%
Leased lines	403	342	357	349	368	-8,6%
Data transport (3)	472	452	443	456	466	-1,2%
<b>Electronic communications services</b>	<b>9 702</b>	<b>9 595</b>	<b>9 685</b>	<b>9 901</b>	<b>10 022</b>	<b>3,3%</b>
Others revenues (4)	856	657	837	770	1 012	18,2%
<b>Entire market</b>	<b>10 558</b>	<b>10 252</b>	<b>10 523</b>	<b>10 671</b>	<b>11 034</b>	<b>4,5%</b>

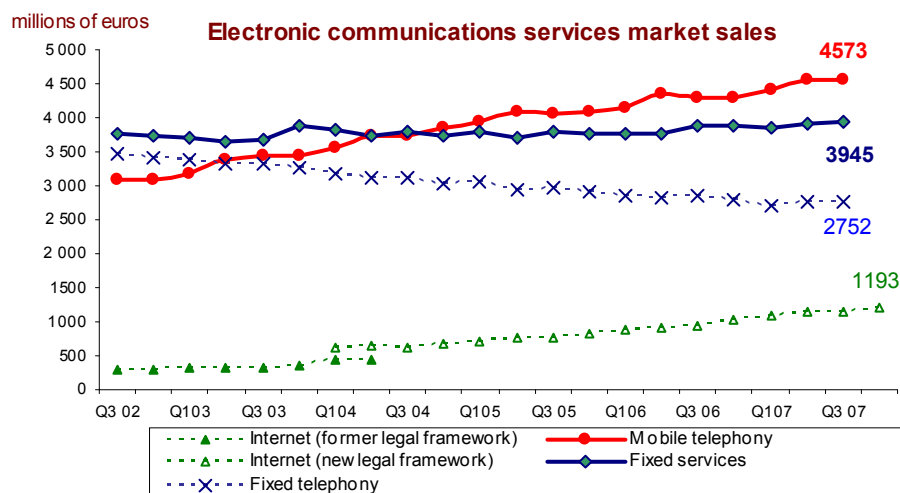
*adjusted figures are in italics*

(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 from electronic communications services sold by operators on the end-customer market reached €10 billion in the fourth quarter 2007, rising 3.3% over one year. Close to half of this revenue comes from mobile services which represented €4.6 billion in the fourth quarter 2007, up 6.4% over one year.

Revenue from services sold on fixed networks (fixed telephony and Internet) reached €3.9 billion in the fourth quarter 2007, growing 1.7% over one year thanks to continuous growth in revenue from Internet services (+17.0% over one year). The Internet sector now represents over 30% of revenue from fixed services, and this new strength offsets the decline in revenue directly attributable to fixed telephony (down 3.8% over one year in the fourth quarter 2007).

Volumes (millions of minutes)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed telephony	26 737	27 523	25 935	23 916	27 869	4,2%
Mobile telephony	24 901	24 621	25 082	24 064	25 866	3,9%
<i>Total voice services</i>	<i>51 638</i>	<i>52 144</i>	<i>51 018</i>	<i>47 980</i>	<i>53 734</i>	<i>4,1%</i>
Internet (dial-up)	5 434	5 079	4 269	3 354	3 037	-44,1%
Number of SMS sent (millions of units)	4 098	4 406	4 367	4 546	5 458	33,2%

*adjusted figures are in italics*

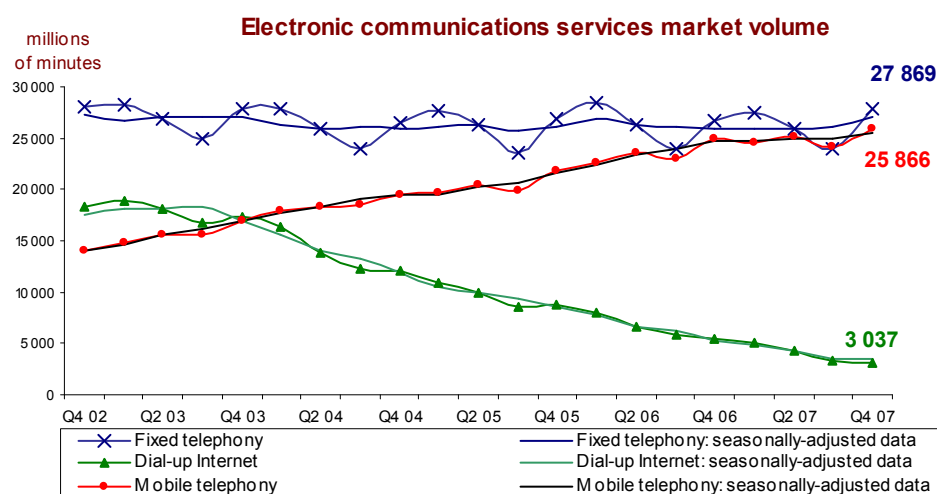
The volume of “voice” services (on fixed and mobile networks) equalled 53.7 billion minutes in the fourth quarter 2007, up 4.1% over one year.

The volume of calls originating on fixed networks (27.9 billion minutes in the fourth quarter 2007) rose 4.2% over one year. This is the strongest annual growth recorded in several years. IP traffic saw a very strong rise (+2.6 billion minutes in one quarter out of a total of 10.4 billion minutes), which explains this growth. IP represented 38% of the volume of minutes originating on fixed phones in the fourth quarter 2007.

The slowdown in the annual growth rate of the volume of calls originating on mobiles observed since early 2007 was confirmed in the fourth quarter. Growth in these volumes, which reached 8.6% in the first quarter, declined by two points during each of the following two quarters and declined yet again in the fourth quarter (+3.9%).

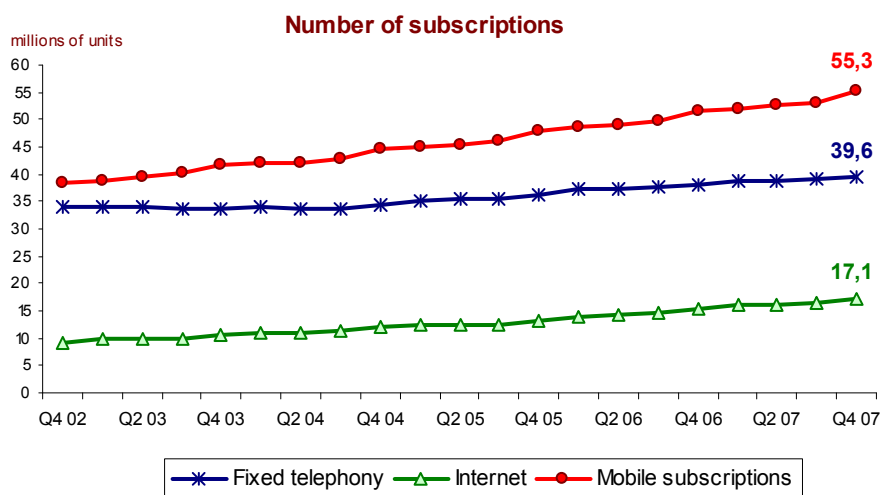
The contraction in dial-up Internet volumes accelerated throughout 2007 by more than 35%. The drop reached 44.1% over one year in the fourth quarter.

The number of SMS sent during the fourth quarter 2007 jumped to 5.5 billion messages or close to one billion more than the previous quarter.



<b>Number of subscriptions</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of subscription to telephone service	38,168	38,700	<i>38,857</i>	39,188	39,586	3,7%
Internet subscriptions	15,252	15,945	<i>16,062</i>	16,511	17,059	11,8%
Number of mobile customers	51,662	52,048	<i>52,585</i>	53,179	55,349	7,1%

*adjusted figures are in italics*



## 1.2 The intermediate market (interconnection and wholesale markets)

### 1.2.1 The total market

Fixed network operators earned €1.1 billion in revenue on the intermediate market, up 9.4% over one year. This rise was due to strong growth (+38.9% over one year) in revenue related to wholesale high-speed access services (unbundling, wholesale bitstream offers, etc.) whose revenue reached €411 million in the fourth quarter 2007.

The decline in revenue from services related to telephone service (-1.6% over one year in the fourth quarter 2007) was contained, thanks in particular to the contribution of revenues from the wholesale subscription sale offer (VGA).

The rise in mobile operators' volume of interconnection minutes (+19.1% over one year in the fourth quarter 2007) remained significant. On the contrary, the revenue generated by interconnection services (voice, SMS traffic etc.) fell by 6.3% over one year to €1.0 billion in the fourth quarter 2007. This was due primarily to the decline in voice call termination tariffs (21% drop for Orange France and SFR and 18% for Bouygues at 1<sup>st</sup> January 2007), and in SMS termination prices (-30% in September 2006).

<b>Interconnection services</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed operators	1 041	1 066	1 096	1 126	1 139	9,4%
<i>of which telephony services</i>	732	715	718	733	721	-1,6%
<i>of which dial-up Internet</i>	13	11	10	8	7	-45,9%
<i>of which broadband services</i>	296	340	368	385	411	38,9%
Mobile operators	1 110	954	1 035	1 077	1 040	-6,3%
<b>Revenue</b>	<b>2 151</b>	<b>2 021</b>	<b>2 131</b>	<b>2 203</b>	<b>2 179</b>	<b>1,3%</b>

*adjusted figures are in italics*

<b>Interconnection services</b> <i>(millions of minutes)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed operators	39 374	39 020	37 192	33 088	35 883	-8,9%
Internet (dial-up)	3 215	2 724	2 261	1 813	1 724	-46,4%
Mobile operators	9 199	9 927	10 614	10 631	10 954	19,1%
<b>Volume</b>	<b>51 789</b>	<b>51 671</b>	<b>50 067</b>	<b>45 532</b>	<b>48 561</b>	<b>-6,2%</b>

*adjusted figures are in italics*

#### Notes:

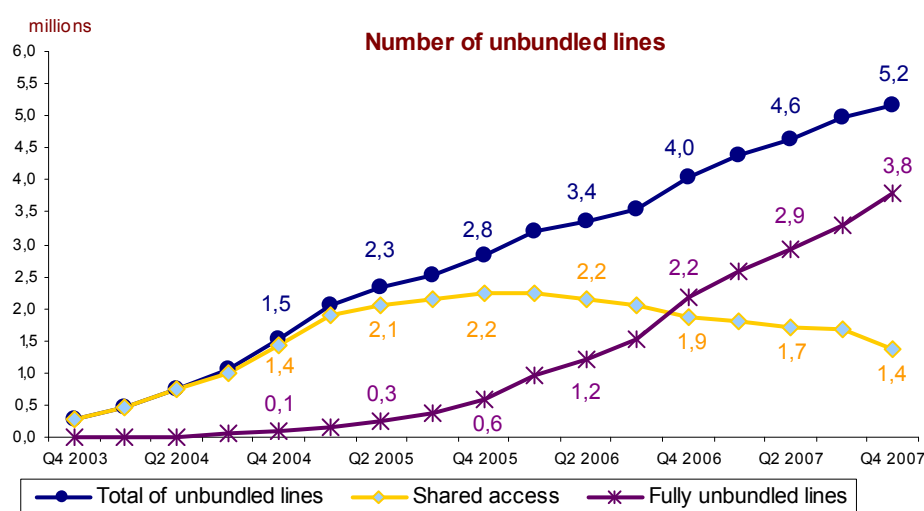
- *Interconnection covers all the services provided by one carrier to another under the terms of an interconnection agreement. In cases of mergers or takeovers, some of the revenue streams between the telcos disappear, which might account for decreases in revenues from one quarter to the next.*
- *Interconnection 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 intercarrier services).*
- *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 2007, over 5 million lines had been unbundled, representing close to 15% of all fixed lines.

Close to three out of four unbundled lines (3.8 million lines) are fully unbundled. In one year, the number of fully unbundled lines grew by 1.6 million (+73.0%). At the same time, the number of partially unbundled lines declined by 460 000 and concerned only 1.4 million lines at the end of 2007. Some of the partially unbundled lines which disappear are migrated to full unbundling.

<b>Unbundling</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Partially unbundled lines	<i>1,850</i>	1,795	1,715	1,676	1,369	-26,0%
Fully unbundled lines	2,189	2,595	2,926	3,293	3,787	73,0%
<b>Number of unbundled lines</b>	<b>4,039</b>	<b>4,389</b>	<b>4,640</b>	<b>4,969</b>	<b>5,157</b>	<b>27,7%</b>

*adjusted figures are in italics*



### 1.2.2 Incoming international interconnection<sup>1</sup>

International traffic terminating on domestic fixed and mobile networks grew strongly. Growth was 29.1% over one year all networks combined.

<b>Revenue of incoming international interconnection services</b>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed operators	84	99	99	115	96	15,1%
Mobile operators	41	39	42	49	47	16,1%
<b>Revenue</b>	<b>124</b>	<b>138</b>	<b>141</b>	<b>164</b>	<b>144</b>	<b>15,4%</b>

<b>Volume of incoming international interconnection services</b>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed operators	1 696	1 970	2 190	2 227	2 129	25,5%
Mobile operators	413	496	554	610	593	43,6%
<b>Volume</b>	<b>2 108</b>	<b>2 465</b>	<b>2 744</b>	<b>2 836</b>	<b>2 722</b>	<b>29,1%</b>

<sup>1</sup> This market segment is a subset of the overall market (cf. 1.2.1)

### 1.2.3 Mobile operators roaming-in<sup>2</sup>

<b>Roaming in</b>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Revenue (millions of euros)	163	151	180	227	144	-11,7%
Volume (millions of minutes)	321	334	413	543	366	14,0%

*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.*

<sup>2</sup> 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>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Subscription on narrow band access (analogue or digital lines, cable)	31,560	30,831	30,162	29,461	28,747	-8,9%
Access resales	Nd	0,076	0,447	0,594	0,703	-
Subscription on broadband access (IP DSL, cable)	6,608	7,868	8,695	9,727	10,838	64,0%
DSL lines without narrowband access	2,431	3,104	3,869	4,760	5,856	140,9%
<b>Number of subscriptions to telephone service</b>	<b>38,168</b>	<b>38,700</b>	<b>38,857</b>	<b>39,188</b>	<b>39,586</b>	<b>3,7%</b>

*adjusted figures are in italics*

There were 39.6 million subscriptions to a telephone service at the end of the fourth quarter 2007. For the past three years, growth in the number of telephone subscriptions (3.7% over one year in the fourth quarter 2007) was due entirely to the contribution of subscriptions to telephony service on IP which saw strong expansion.

At the end of the fourth quarter 2007, there were 10.8 million subscriptions to a broadband voice service, or 27.4% of all telephone subscriptions. Over one year, their number grew by 64.0% at a rate of one million additional subscriptions each quarter.

Voice-on-IP offers created by operators using full unbundling and wholesale “naked ADSL” offers are developing quickly. With these offers, the customer has only a subscription to a voice-on-IP service and no longer has a “classic” telephone subscription on the PSTN. At the end of 2007, this concerned 5.9 million DSL lines. In all (DSL and cable), lines with just voice-on-IP service represented 18% of all fixed lines. This proportion, which was previously just 8%, is growing.

Other subscriptions to a telephony-on-IP service can be added to an existing PSTN telephone subscription which is kept by the user. At the end of 2007, 4.7 million lines supported two subscriptions to telephone service, representing 14% of lines in service. However, this proportion, which until now had been growing, stopped rising. Telephony-on-IP offers sold by operators on the retail market, which correspond to these subscriptions, came from partial unbundling and wholesale “bitstream” offers (excluding “naked ADSL”).

There were 28.7 million subscriptions to dial-up access (on analogue or digital lines and on cable) at the end of the fourth quarter 2007. In one year, their number declined by 2.8 million (or 0.7 million each quarter).

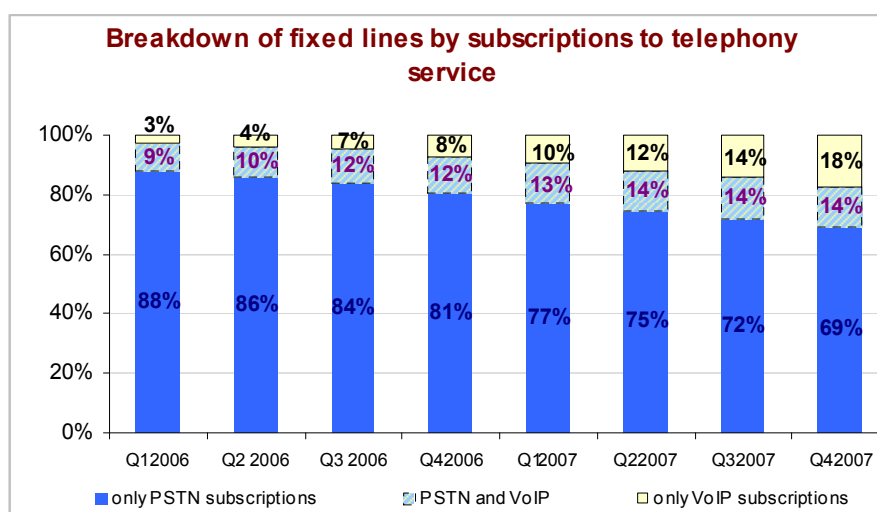
A growing number of subscriptions to telephone service on the PSTN are now billed by an alternative operator and not by the incumbent. These are based on the wholesale telephone subscription sale offer (VGA) and their number reached 700 000 at the end of the fourth quarter 2007, for 2.5% of dial-up access subscriptions.

*Note:*

- *Subscription to telephone on IP service on xDSL lines without PSTN subscription: a subscription to telephone service on lines where low frequencies are not used to support 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 telephone on IP service on xDSL lines with PSTN subscription: a subscription to telephone service on lines where low frequencies are also used to support voice service, on the PSTN.*

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



### 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).

A full 687 000 numbers were kept through “porting” between fixed telephony operators in the fourth quarter 2007.

Portability (millions of units)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of fixed numbers ported during the quarter	0,742	0,751	0,575	0,562	0,688	-7,4%

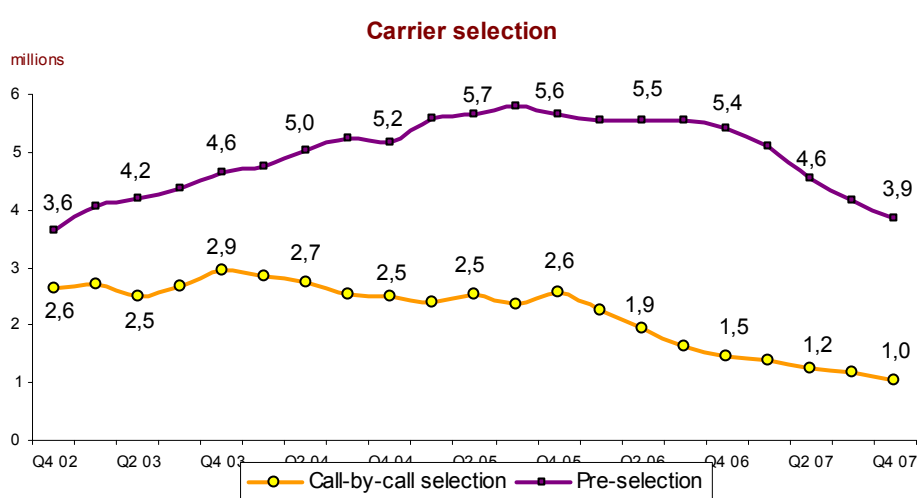
Telephony offers based on carrier selection were used by just under 5 million customers at the end of 2007 or 2 million fewer than a year earlier. The erosion in the popularity of these offers was strong in the past two years due to competition from telephony-on-IP offers, and

reached close to 30% in the fourth quarter 2007. The migration of pre-selection subscriptions to subscriptions including a telephone subscription (VGA) must be added to this.

The number of subscriptions to call-by-call selection offers (1.0 million at the end of 2007) has dropped since early 2006 and this decline continued in 2007 at an annual rate of about 30%. The number of subscriptions to pre-selection (3.9 million at the end of 2007) has also contracted since early 2006. In 2007, the drop accelerated strongly with a decline of over 1.5 million subscriptions.

<b>Carrier selection</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Call by call selection	1,470	1,381	1,249	1,169	1,041	-29,2%
Pre-selection	5,413	5,111	4,559	4,147	3,850	-28,9%
<b>Number of indirect connections</b>	<b>6,883</b>	<b>6,493</b>	<b>5,808</b>	<b>5,316</b>	<b>4,891</b>	<b>-28,9%</b>

*adjusted figures are in italics*



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

Despite the decline in the number of “classic” subscriptions on analogue or digital lines (-8.9% over one year in the fourth quarter 2007), the rise in France Telecom's monthly telephone subscription tariff (+6.7% at 1<sup>st</sup> July 2007) helped to prop up revenue from these subscriptions. At €1.5 billion in the fourth quarter 2007, global access revenue rose by 3.0% over one year thanks to the rise in income from subscriptions to IP telephony services. Revenues from access, subscriptions and additional services now represent 56% of all fixed telephony services income.

<b>Access revenue</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Access fees, subscriptions and additional services	1 500	1 496	1 490	1 563	1 545	3,0%

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

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

Revenue directly attributable to telephone calls made on fixed lines (€1.1 billion) fell by 9.6% over one year in the fourth quarter 2007. This drop can be explained by the fact that a growing share of minutes was sent from IP access to the detriment of minutes sent on the PSTN (down 15.3% over one year in the fourth quarter 2007). However, telephony-on-IP access is invoiced differently, since IP calls are most often included in a high-speed Internet package which is billed to the customer and not counted as call revenue.

Revenue (millions of euros)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
National calls	724	682	591	553	557	-23,1%
International calls	134	136	128	140	147	9,6%
Calls to mobiles	408	390	418	427	440	8,1%
<b>All calls from fixed lines</b>	<b>1 266</b>	<b>1 208</b>	<b>1 137</b>	<b>1 120</b>	<b>1 145</b>	<b>-9,6%</b>
<i>Of which calls originating on VoIP services</i>	72	81	95	105	130	80,4%

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.

Traffic originating on fixed lines (27.4 billion minutes in the fourth quarter 2007) was up 5.1% over one year.

The volume of domestic calls represented over 80% of the total volume of calls from fixed lines and rose 3.5% over one year in the fourth quarter 2007. The decline in the volume of domestic calls sent on the PSTN (approximately 18% over one year in 2007) was more than offset by the concomittant rise in volumes of domestic calls sent on IP (+67.3% over one year).

International traffic grew 40.6% over one year in the fourth quarter 2007. This traffic has been growing constantly over the past two years thanks to growth in the volume of international calls sent on IP which more than doubled during the same period. International PSTN traffic declined by just 7% during this period.

The volume in calls to mobiles grew slightly after several quarters of stagnation or declines (1.5% over one year in the fourth quarter 2007).

Volumes (millions of minutes)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
National calls	21 748	22 421	20 791	18 968	22 506	3,5%
International calls	1 316	1 481	1 574	1 576	1 851	40,6%
Calls to mobiles	3 005	2 979	3 009	2 859	3 051	1,5%
<b>All calls from fixed lines</b>	<b>26 069</b>	<b>26 881</b>	<b>25 374</b>	<b>23 403</b>	<b>27 407</b>	<b>5,1%</b>
<i>Of which calls originating on PSTN/ISDN</i>	20 083	19 650	17 680	15 631	17 020	-15,3%
<i>Of which calls originating on VoIP services</i>	5 986	7 231	7 694	7 772	10 388	73,5%

Note:

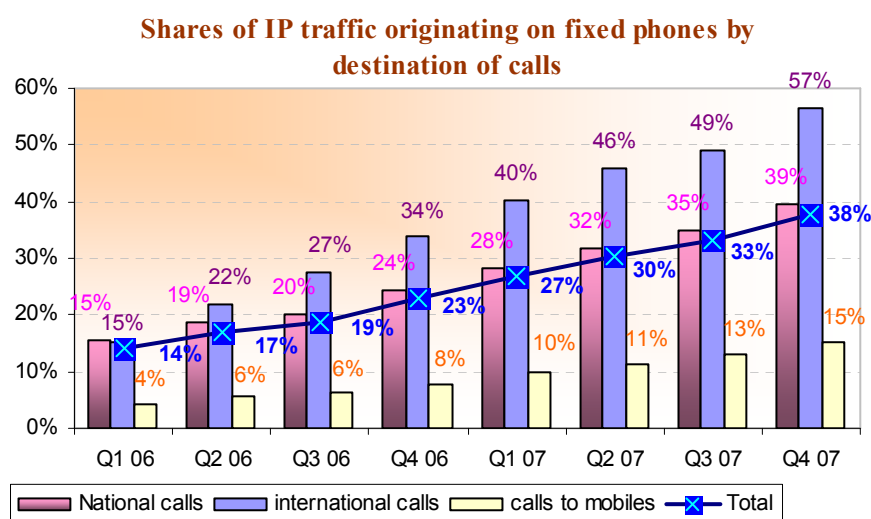
- The Observatory distinguishes between calls originating on IP telephony services and other voice calls. Still, while the volume of VoIP calls covers all of this traffic observed on the end market, revenue covers only invoiced VoIP traffic (for example in addition to a multiplay package).

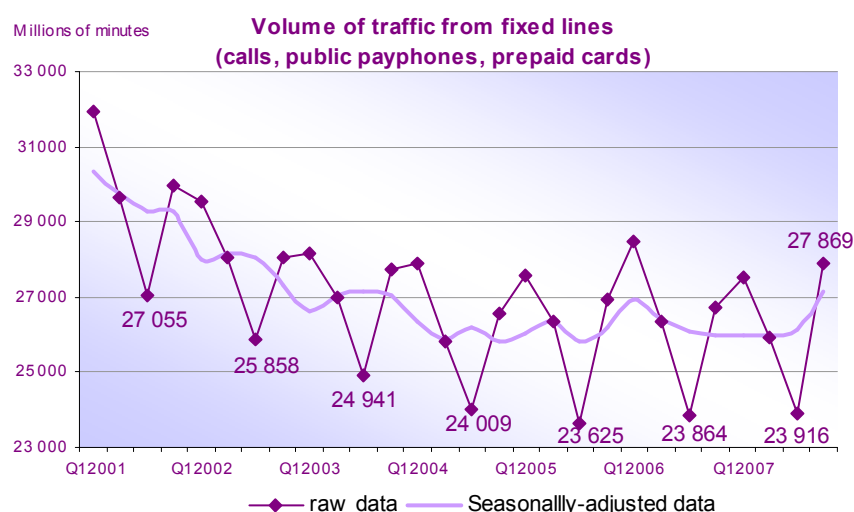
- Volumes and revenue from calls originating on VoIP services are counted in each of the market segments (long distance, international and to mobiles).

Volumes (IP traffic) (millions of minutes)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
National calls	5 303	6 339	6 630	6 628	8 874	67,3%
International calls	448	597	724	776	1 046	133,4%
Calls to mobiles	235	295	339	368	468	99,3%
<b>All IP calls</b>	<b>5 986</b>	<b>7 231</b>	<b>7 694</b>	<b>7 772</b>	<b>10 388</b>	<b>73,5%</b>

The development in telephone calls sent originating on IP access was very quick, reaching +73.5% over one year in the fourth quarter 2007. The share of IP telephony minutes in the total volume of calls originating on fixed phones increased from 23% to close to 38% in one year.

The share of IP traffic in calls originating on fixed networks is rising regardless of the destination of the calls. However, domestic calls to fixed phones and international calls (which benefit from so-called “unlimited” offers included in most multiplay packages) were favourites. So, 39% of domestic calls, and most importantly, 57% of minutes for international calls were made from IP subscriptions. Just 15% of fixed-to-mobile call minutes were sent on IP.





*Notes:*

- The volume of traffic originating on 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 total volume of minutes from calls made on fixed lines (calls, public payphones and prepaid cards) saw strong seasonal variations. With 27.9 billion minutes in the fourth quarter 2007, it was almost 4 billion minutes higher than in the previous quarter. When seasonally adjusted, the global volume in fixed traffic has been stable for the past three years. The fourth quarter level, which saw sharp growth, seems to have put an end to this trend.

### 2.1.3 Fixed telephony cards and public payphones

Charge and prepaid cards	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
	Revenue (millions of euros)	50	42	41	41	31
Volume (millions of minutes)	531	520	434	380	337	-36,5%

Public telephony	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
	Number of public payphones at end of quarter (units)	169 790	167 026	164 375	162 267	159 799
Revenue (millions of euros)	44	34	36	41	31	-30,3%
Volumes (millions of minutes)	138	122	128	133	125	-9,5%

The number of public payphones in service continued its regular decline of the past two years at a rate of 10 000 per year (or a 5.9% drop over one year in the fourth quarter). The erosion in revenue and in the volume of calls generated by this activity was even sharper (-30.3% and -9.5% respectively during the same period).

## 2.2 Internet on fixed networks

High-speed accesses predominate on the Internet access market. They represented 15.6 million subscriptions out of the 17.1 million total on the Internet access market at the end of 2007 (or 91.2%) and their growth remained at a high level in the fourth quarter 2007 (+22.5% over one year). In one year, close to three million additional high-speed subscriptions were taken out.

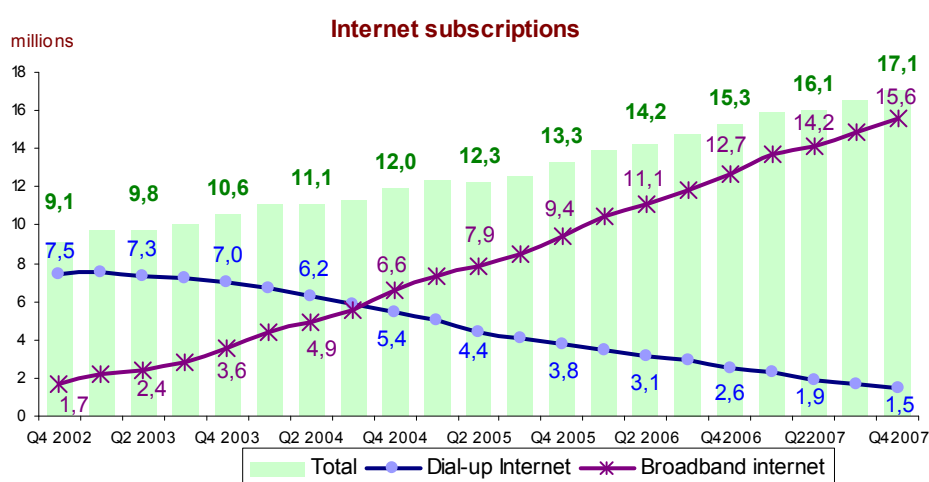
At €1.1 billion, revenue from high-speed Internet access rose 25.8% over one year in the fourth quarter 2007 and represented 91.1% of all Internet revenue. The average invoice for a high-speed Internet subscription was €23.90 excluding VAT per month and varied little (+1.5% over one year in the fourth quarter 2007).

Dial-up Internet contracted at a rate greater than 40% over one year in the number of accesses in service, in volume of connections and in revenue generated. The average invoice for a dial-up subscription was €7.80 excluding VAT per month and declined 8.5% over one year in the fourth quarter 2007.

Internet subscriptions (millions of units)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Dial-up	2,557	2,270	1,892	1,699	1,508	-41,0%
Broadband	12,695	13,676	<i>14,170</i>	14,812	15,551	22,5%
of which xDSL	12,019	12,989	<i>13,455</i>	14,090	14,805	23,2%
<b>Internet subscriptions</b>	<b>15,252</b>	<b>15,945</b>	<b>16,062</b>	<b>16,511</b>	<b>17,058</b>	<b>11,8%</b>

*adjusted figures are in italics*

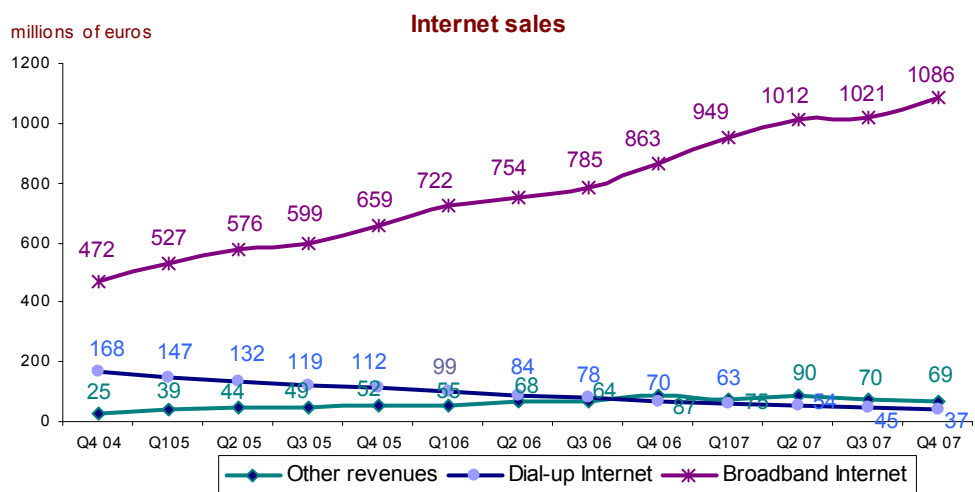
Note: There may be a time lag between the delivery of a service on the wholesale market (LLU or bitstream) and its actual availability on the retail market. A comparison between the data relating to these different markets might reflect this.



Total Internet revenue (millions of euros)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Dial-up	70	63	54	45	37	-46,6%
Broadband	863	949	1 012	<i>1 021</i>	1 086	25,8%
Other revenue	87	75	90	70	69	-20,1%
<b>Total Internet revenue</b>	<b>1 020</b>	<b>1 088</b>	<b>1 156</b>	<b>1 136</b>	<b>1 193</b>	<b>17,0%</b>

*adjusted figures are in italics*

Note: The “Other Internet services” item corresponds to related ISP revenues such as web hosting or revenues from online advertising. Revenue from the sale and rental of telephones and terminal equipment is included in the “Sale and rental of telephones and terminal equipment by fixed operators and Internet service providers” item.



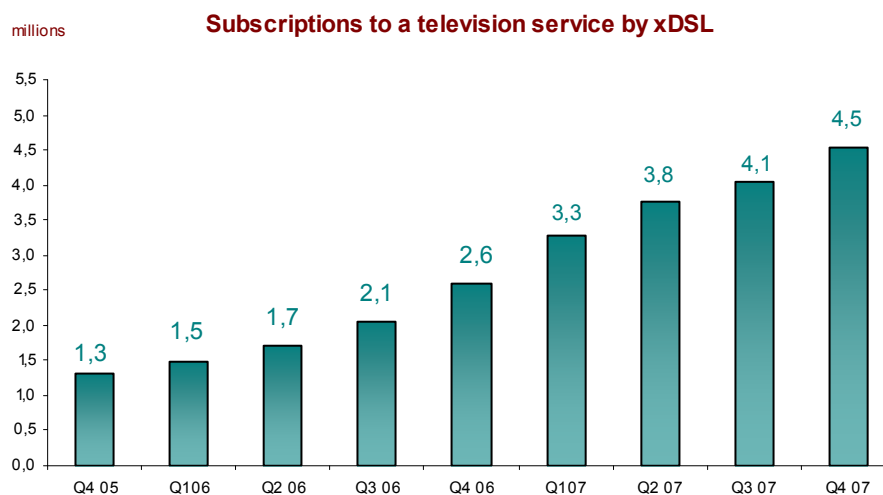
**Volumes of dial-up Internet**  
(millions of minutes)

	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
<b>Volumes of dial-up Internet</b>	5 434	5 079	4 269	3 354	3 037	-44,1%

## 2.3 Television on xDSL

The number of subscriptions to a television service using xDSL technology reached 4.5 million at the end of the fourth quarter 2007, compared with 2.6 million a year earlier.

Subscriptions (millions)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Subscriptions to television services on DSL	2,596	3,272	3,753	4,059	4,534	74,7%



*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

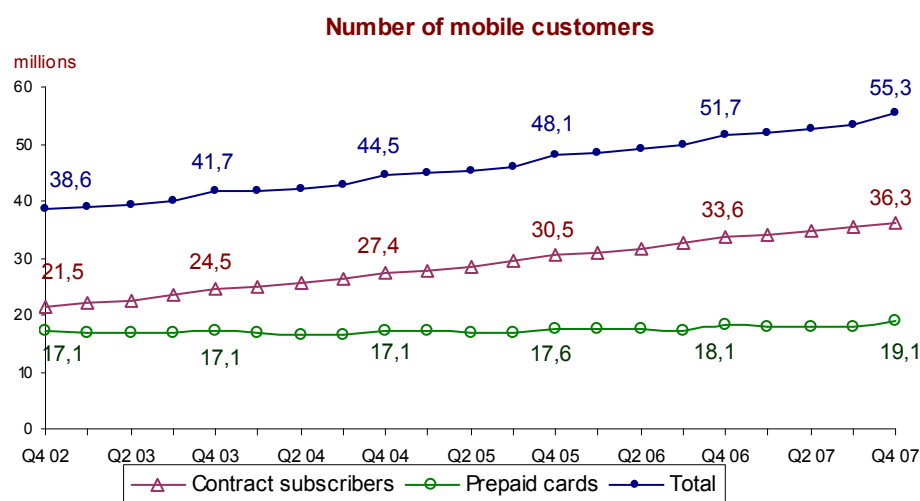
Number of mobile customers (millions of units)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Contract subscribers	33,572	34,027	34,572	35,302	36,298	8,1%
Prepaid cards	18,090	18,021	18,012	17,878	19,051	5,3%
<i>of which active prepaid cards *</i>	17,185	16,937	17,026	16,835	17,776	3,4%
<b>Mobile Telephony</b>	<b>51,662</b>	<b>52,048</b>	<b>52,585</b>	<b>53,179</b>	<b>55,349</b>	<b>7,1%</b>

*adjusted figures are in italics*

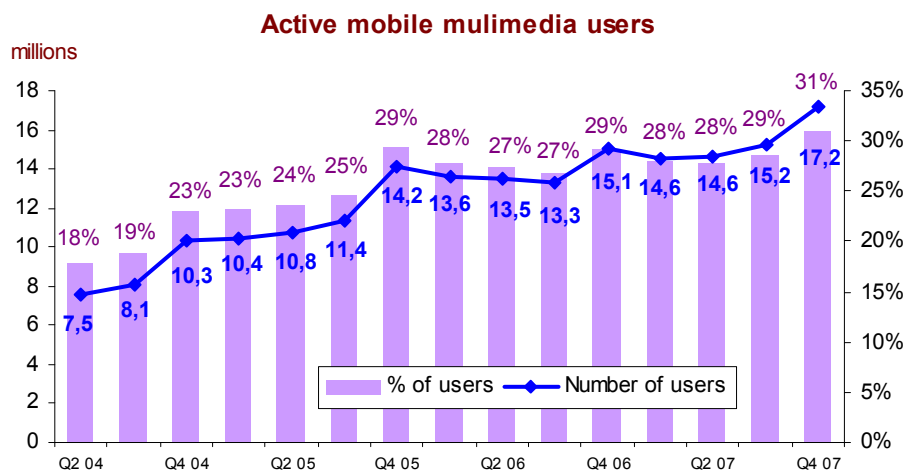
\*A prepaid card is considered active if the customer has made or received at least one call during the past three months. Only telephone calls are considered, whether free or payable. SMS are not included in the calculation.

There were 55.3 million customers to a mobile telephony service at the end of 2007. Two-thirds of these customers (65.6%) bought flat-rate packages.

Annual growth in the number of mobile telephony customers reached 7.1% over one year in the fourth quarter 2007. This growth was maintained at a high level of approximately 7% throughout 2007, but is down slightly with respect to that recorded during the previous two years (7.5% to 8% annual growth).



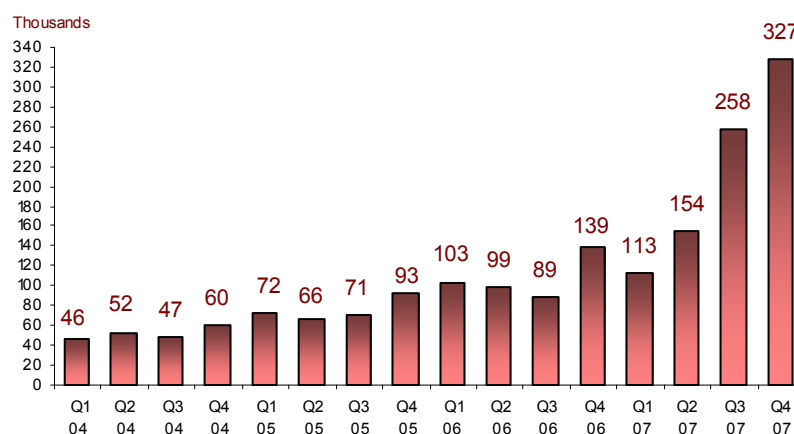
The Christmas holiday period corresponds to a seasonal peak in the use of multimedia services (access to “mobile Internet” services, sending of MMS, etc.). Close to one-third of customers (17.2 million) used multimedia services in the fourth quarter 2007 (+14.0% over one year).



Multimedia users and portability (millions of units)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Active mobile multimedia users	15,079	14,550	14,590	15,189	17,190	14,0%
Number of mobile numbers ported during the quarter	0,139	0,113	0,154	0,258	0,327	136,2%

The new mobile number portability procedure implemented on 21 May 2007 led to a major reduction in the time required for porting (fewer than 10 days compared with two months previously). This evolution saw a sharp increase in the number of mobile numbers ported from one operator to another during one quarter. In the fourth quarter 2007, the number of numbers ported (327 000) more than doubled compared to the fourth quarter 2006.

#### 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 Revenue and volume indicators

Revenue from mobile services (telephony and data transport) reached €4.6 billion, growing by 6.4% over one year in the fourth quarter 2007. The annual growth rate in revenue from mobile services, approximately 5% to 6% per quarter in 2007, was slightly greater than 2006. The annual growth rates recorded in previous years were definitely stronger (approximately 8 to 10% in 2005).

Data transport services on mobile networks (interpersonal messaging services, mobile Internet access services and multimedia services) generated €707 million in income in the fourth quarter 2007. The contribution of this revenue to total income from mobile services is up (15.5% in the fourth quarter 2007 compared with 13.5% a year earlier).

Growth in revenue from “non-voice” uses of mobile telephones was strong: 13.9% over one year for interpersonal messaging services and 36.3% over one year for access to mobile Internet and multimedia services. Growth in revenue from mobile voice calls was just 4.0% over one year.

Revenue (millions of euros)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
<b>Mobile telephony</b>	3 717	3 673	3 773	3 887	3 865	4,0%
of which outgoing internationals calls	149	150	159	175	173	16,5%
<b>Data transport on mobile networks</b>	582	621	627	665	707	21,6%
of which interpersonal messaging (SMS, MMS)	380	401	398	413	432	13,9%
of access to mobile Internet & to multimedia services (1)	202	220	229	252	275	36,3%
<b>Total mobile telephony and data transport</b>	<b>4 299</b>	<b>4 294</b>	<b>4 400</b>	<b>4 552</b>	<b>4 573</b>	<b>6,4%</b>

Volumes (millions of minutes)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Calls to national fixed lines	4 809	4 741	4 749	4 525	4 803	-0,1%
Calls to mobiles on the same network (1)	13 441	13 243	13 291	12 494	13 812	2,8%
Calls to other networks	6 056	6 048	6 402	6 250	6 578	8,6%
Outgoing internationals calls	311	312	327	361	369	18,5%
Roaming out (2)	283	277	313	435	303	7,1%
<b>Total mobile telephony</b>	<b>24 901</b>	<b>24 621</b>	<b>25 082</b>	<b>24 064</b>	<b>25 866</b>	<b>3,9%</b>

*adjusted figures are in italics*

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

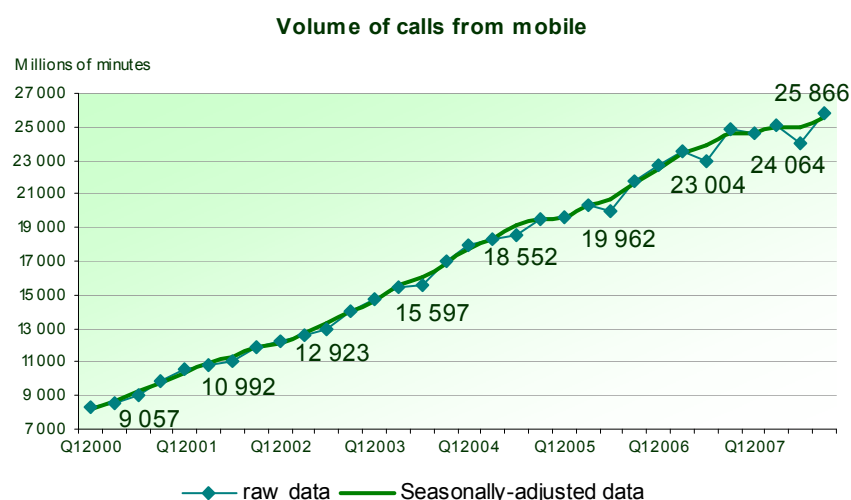
(2) Roaming out corresponds to calls made in other countries by customers of French mobile operators

The volume of traffic originating on mobiles equalled 25.9 billion minutes in the fourth quarter 2007. After seeing growth of approximately 15% throughout 2006, the annual growth rate of traffic originating on mobiles was down sharply throughout 2007. The annual growth rate fell from 8.6% in the first quarter 2007 to 6.6% in the second quarter, to 4.6% in the third quarter and to 3.9% in the fourth quarter.

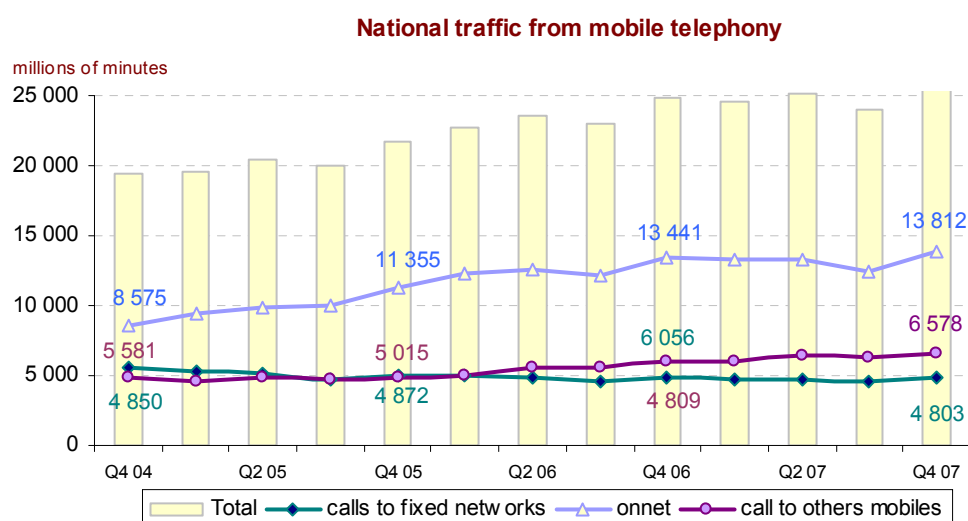
This slowdown in the volume of traffic was primarily related to the continuous slowdown for over a year in the growth of volume of calls exchanged between mobiles on the same network (“on-net” calls) which represented more than half of the volume of traffic originating on mobiles. The annual growth rate of on-net traffic which was 30.8% over one year in early 2006, and 8.2% in early 2007, continued to fall throughout the year to just 2.8% in the fourth quarter 2007.

Although stronger, growth in the volume of mobile calls to third-party mobile networks also saw a definite slowdown in 2007. Their growth which had been strong early in the year (22.6% over one year in the first quarter) was just 8.6% over one year in the fourth quarter.

The volume of mobile-to-fixed calls has been falling since early 2005. Still, this drop progressively slowed throughout 2007 and seemed to have halted at year end (-0.1% over one year in the fourth quarter).



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

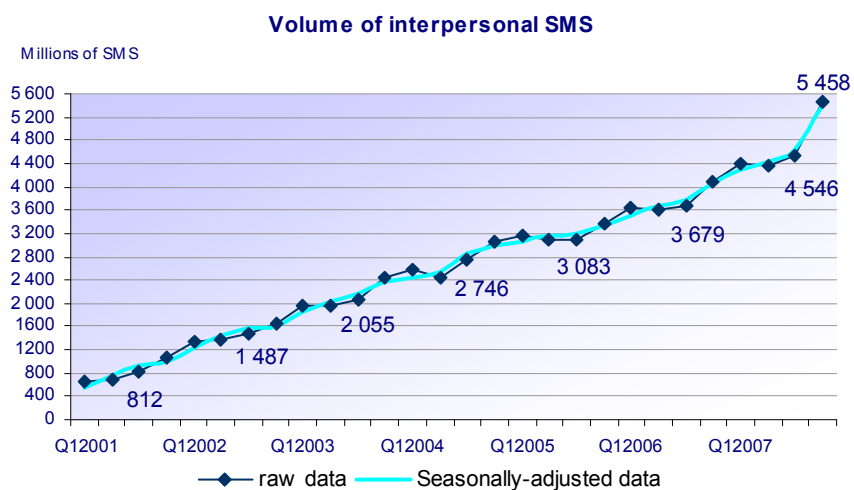


The number of interpersonal messages (SMS and MMS) sent was particularly high in the fourth quarter 2007 at 5.5 billion compared with 4.2 billion in the fourth quarter 2006, for a 32.5% increase over one year.

On average, a mobile operator customer sent 34 SMS per month or 7 SMS more than a year earlier (+24.5%). SMS use was twice as strong with customers having a flat-rate subscription than with customers using a prepaid card (40 and 20 SMS sent per month respectively).

<b>Volumes of messages</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of SMS	4 098	4 406	4 367	<i>4 546</i>	5 458	33,2%
of which from contract subscribers	-	3 427	3 428	<i>3 574</i>	4 332	-
of which from prepaid cards	-	978	938	<i>971</i>	1 125	-
Number of MMS	82	73	66	67	77	-7,3%
<b>Number of messages sent</b>	<b>4 179</b>	<b>4 479</b>	<b>4 434</b>	<b><i>4 613</i></b>	<b>5 536</b>	<b>32,5%</b>

*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)

With €629 million in the fourth quarter 2007, revenue from added-value services was up 3.4% over the fourth quarter 2006.

Once again, “voice and telematics” services represented over 80% of this revenue, but the share of revenue from data services is growing (17.4% in the fourth quarter 2007 compared with 12.4% a year earlier).

During the quarter, 1.3 billion calls were made to “voice and telematics” services, of which 1.1 billion were from fixed phones.

<b>Value added services revenue*</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Value added "voice" services	533	511	497	498	519	-2,6%
From fixed telephony network	327	321	299	301	317	-3,0%
From mobile telephony network	206	190	198	197	202	-1,6%
Value added "data" services	75	90	87	104	109	45,4%
<b>Value added services</b>	<b>608</b>	<b>602</b>	<b>583</b>	<b>602</b>	<b>629</b>	<b>3,4%</b>

*adjusted figures are in italics*

\* This corresponds to all amounts 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.

<b>Value added "voice" and "télématique" services volumes</b> <i>(millions of minutes)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
From fixed telephony network	2 640	2 938	2 866	2 921	2 953	11,9%
From mobile telephony network	414	406	412	441	453	9,6%
<b>Number of calls</b>	<b>3 054</b>	<b>3 344</b>	<b>3 278</b>	<b>3 362</b>	<b>3 407</b>	<b>11,6%</b>

*adjusted figures are in italics*

<b>Number of calls to value added "voice" and "télématique" services</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
From fixed telephony network	-	1 075	980	1 040	1 086	-
From mobile telephony network	-	162	169	176	177	-
<b>Volumes</b>	<b>-</b>	<b>1 237</b>	<b>1 149</b>	<b>1 216</b>	<b>1 263</b>	<b>-</b>

*adjusted figures are in italics*

<b>Value added "data" service volumes</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of messages (SMS+, MMS+)	160	152	153	162	198	23,8%

*adjusted figures are in italics*

### 2.5.2 Directory services

Revenue from directory services (€41 million) grew by 1.9% over one year in the fourth quarter 2007.

The number of calls to directory services numbers was down. With 33 million calls sent in the fourth quarter 2007, the decline was 14.5% over one year, which equals over 5 million fewer calls compared to the fourth quarter 2006.

The volume of calls to directory services represented 72 million minutes in the fourth quarter 2007. Two-thirds of these minutes come from calls from mobile telephones.

<b>Revenue from directory services</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Directory services operators	40	38	42	41	41	1,9%

<b>Directory services</b>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of calls <i>(millions of units)</i>	38	36	35	34	33	-14,5%
Volume of calls <i>(millions of minutes)</i>	-	65	72	69	72	-

*Note: Directory information services include the 118xyz numbers in use since November 2005 and the short numbers used to access reverse lookup directory services (3288, 3217 and 3200) or international directory services (3212).*

### 2.5.3 Leased lines and data transport (fixed operators)

<b>Revenue</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Leased lines	403	342	357	349	368	-8,6%
Data transport	472	452	443	456	466	-1,2%

*adjusted figures are in italics*

*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 managly services

<b>Revenue</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Hosting and call centre management	13	11	9	7	11	-10,4%

*adjusted figures are in italics*

### 2.5.5 Terminals and equipment

Revenue from terminal sales and rentals represented €817 million in the fourth quarter 2007 and was up sharply (+23.0% over one year). Besides a significant seasonal effect due to Christmas sales which benefit primarily mobile operators, revenue from mobile operators' sales (€603 million or 74% of terminal sale revenue) jumped 28.6% in one year.

<b>Revenue from terminals and equipment</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed & Internet operators	196	198	202	201	214	9,6%
Mobile operators	469	335	434	447	603	28,6%
<b>Terminals and equipment</b>	<b>664</b>	<b>533</b>	<b>636</b>	<b>648</b>	<b>817</b>	<b>23,0%</b>

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

## 2.6 Indicators per customer

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

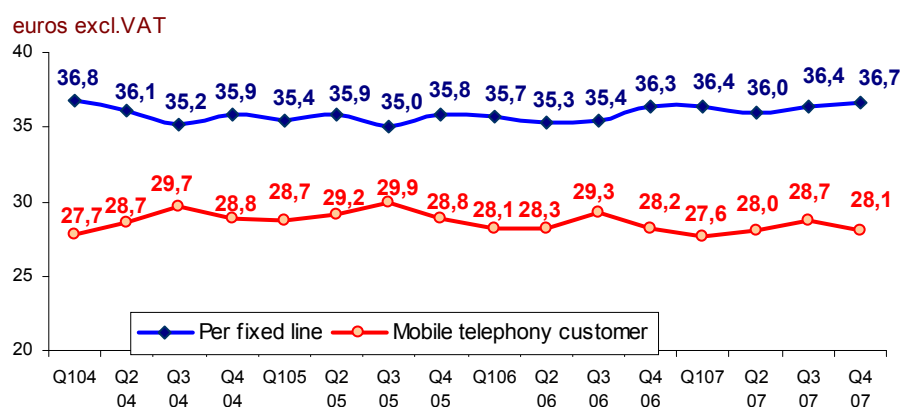
*adjusted figures are in italics*

*The average monthly bill per fixed line is calculated by dividing the revenue from calls originating on 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 revenue 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, is not the same as the traditional Average Revenue Per User (ARPU) indicator.*

### Average monthly revenue voice and data

(value-added services excluded)



Average monthly outgoing traffic (in hours)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Per fixed lines	4h16	4h23	4h08	3h47	4h24	3,0%
Mobile telephony user	2h44	2h38	2h40	2h32	2h39	-2,9%

Number of SMS sent per user (units)	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of SMS sent per user during the quarter	26,9	28,3	27,8	28,7	33,5	24,5%
of which for contract subscribers	-	33,8	33,3	34,1	40,3	-
of which for prepaid cards	-	18,0	17,4	18,0	20,3	-

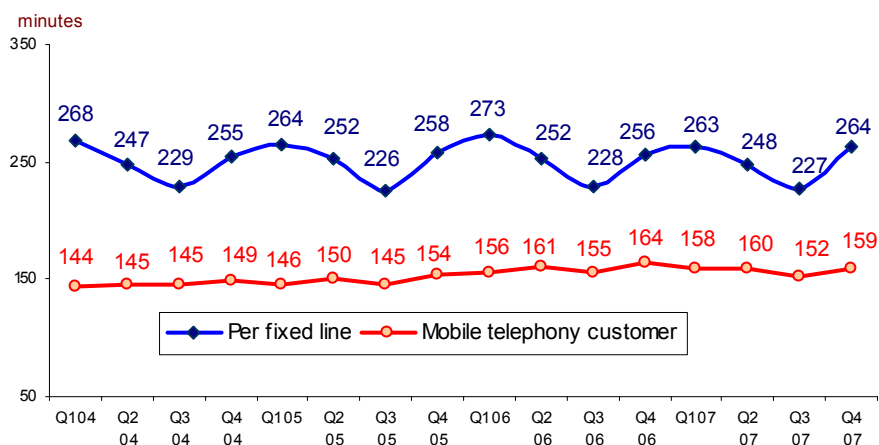
*adjusted figures are in italics*

*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)

	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed PSTN/ISDN telephony user	28,2	28,0	27,7	28,8	29,3	4,0%
Fixed IP telephony user	4,0	3,7	3,8	3,8	4,2	6,6%
Dial-up Internet user	8,5	8,7	8,6	8,4	7,8	-8,5%
Broadband Internet user	23,5	24,0	24,2	23,5	23,9	1,5%

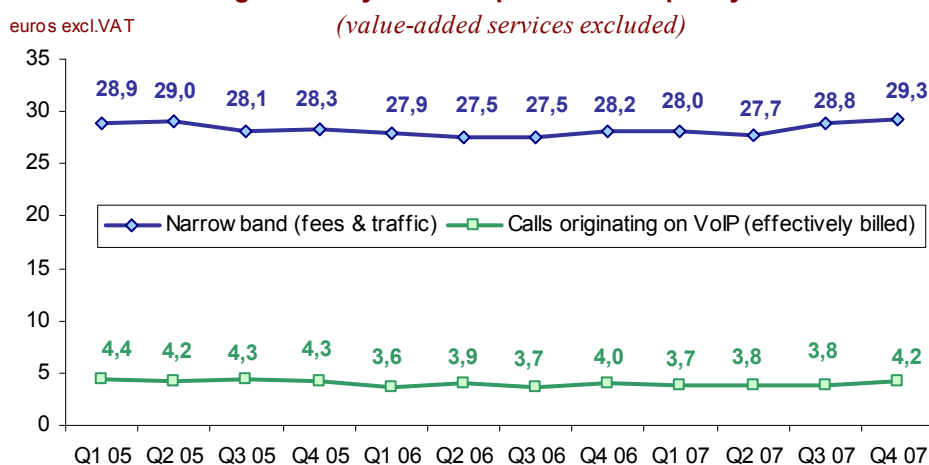
adjusted figures are in italics

*The average monthly bill per PSTN subscription is calculated by dividing the revenue 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.*

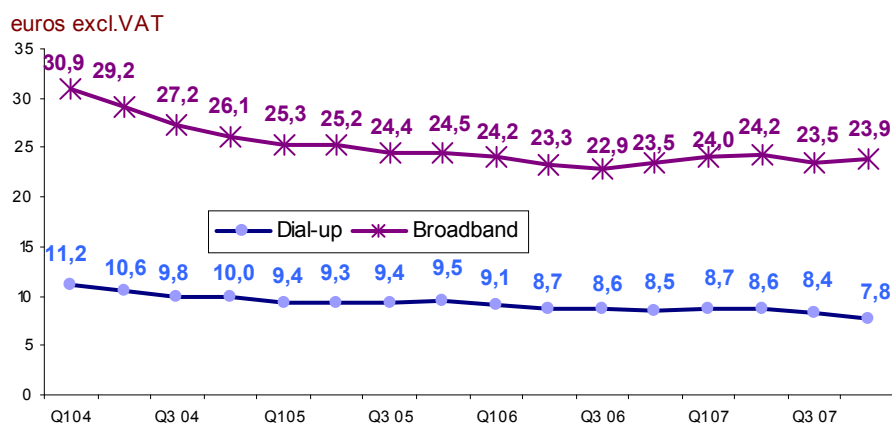
*The average monthly bill per subscription to an IP telephony service is calculated by dividing the revenue solely from IP calls billed (i.e. those made on top of those included in a multiplay package) for quarter N by the estimated average number of subscriptions for quarter N, and then by the number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

*The average monthly bill per dial-up (or broadband) Internet subscription is calculated by dividing the revenue 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



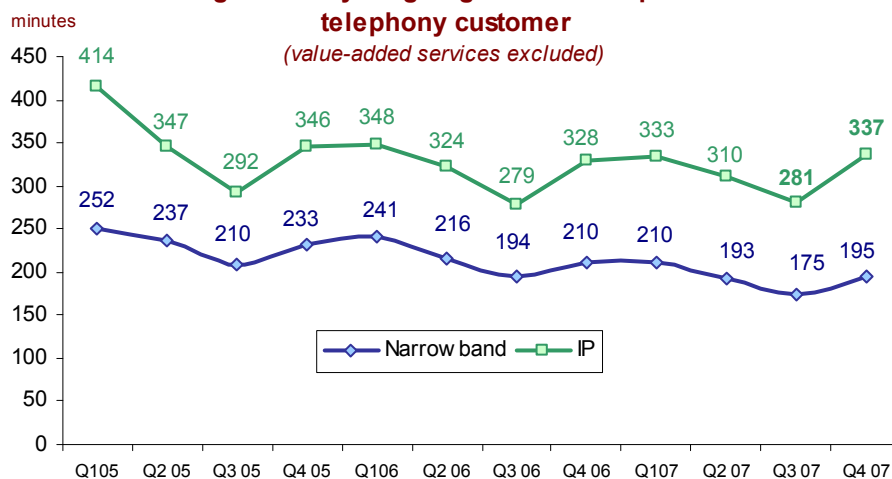
### Average monthly traffic per customer (in hours)

	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Fixed PSTN/ISDN telephony user	3h30	3h30	3h13	2h55	3h15	-7,3%
Fixed IP telephony user	5h28	5h33	5h10	4h41	5h37	2,5%
From dial-up Internet	11h00	11h41	11h24	10h23	10h31	-4,3%

*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]*

## Further information about indicators per customer

With the growing use of broadband voice services as a second line, average revenue per subscription is no longer of much use as an indicator. In fact, a large number of households 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. two 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. two 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. two 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 invoice 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.

<b>Number of fixed lines</b> <i>(millions of units)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Number of fixed lines	34,085	34,110	34,228	34,418	34,860	2,3%

<b>Fixed lines revenues</b> <i>(millions of euros)</i>	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Change 4Q07/4Q06
Accès fees, internet, communications	3 699	3 717	3 693	3 749	3 813	3,1%

*adjusted figures are in italics*