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RÉPUBLIQUE FRANÇAISE

Scorecard for wholesale DSL broadband unbundling and bitstream - figures as of 30 June 2009 -

31 August 2009

With a base of 9.12 million connections sold as of 30 June 2009, of which three quarters are without a classic telephone subscription, the wholesale DSL broadband market continues to grow at a steady pace.

As of 30 June 2009, alternative carriers had bought 9.12 million wholesale connections from France Telecom. They then market these connections to customers in retail DSL broadband markets, both residential and enterprise.

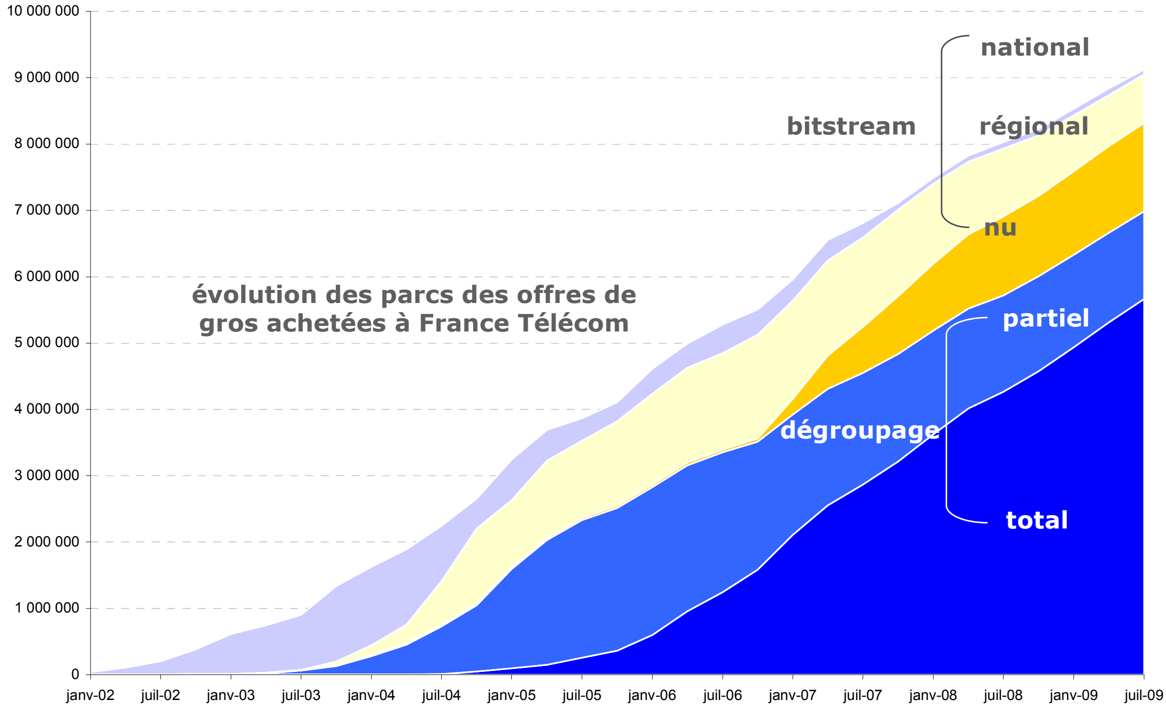
The number of wholesale connections in the second quarter of 2009 grew by 286,000, compared to an increase of 204,000 connections over the course of Q2 2008.

The base of wholesale connections is broken down as follows*:

	Unbundling *regulated offer*	**Bitstream (ATM + regional IP)** *regulated offer*	**National IP** *unregulated offer*	**Total**
with separate telephone subscription	*Partial unbundling:* 1 322 000 accesses **(-32 000)**	*Traditional ADSL* 734 000 accesses **(-31 000)**	75 000 accesses **(-26 000)**	2 131 000 accesses **(-89 000)**
without separate telephone subscription	*Full unbundling (residential + pro)* 5 664 000 accesses **(+354 000)**	*Naked ADSL pro bitstream (DSLE)* 1 329 000 accesses **(+21 000)**		6 993 000 accesses **(+375 000)**
total	6 986 000 accesses **(+322 000)**	2 063 0s00 accesses **(- 10 000)**	75 000 accesses **(-26 000)**	**9 124 000 accesses** **(+286 000)**

**in brackets: net growth in volume during the last quarter*

Connections based on wholesale offers without a classic phone subscription continue to sustain the market's growth, and currently account for 76% of the wholesale DSL market's connections.



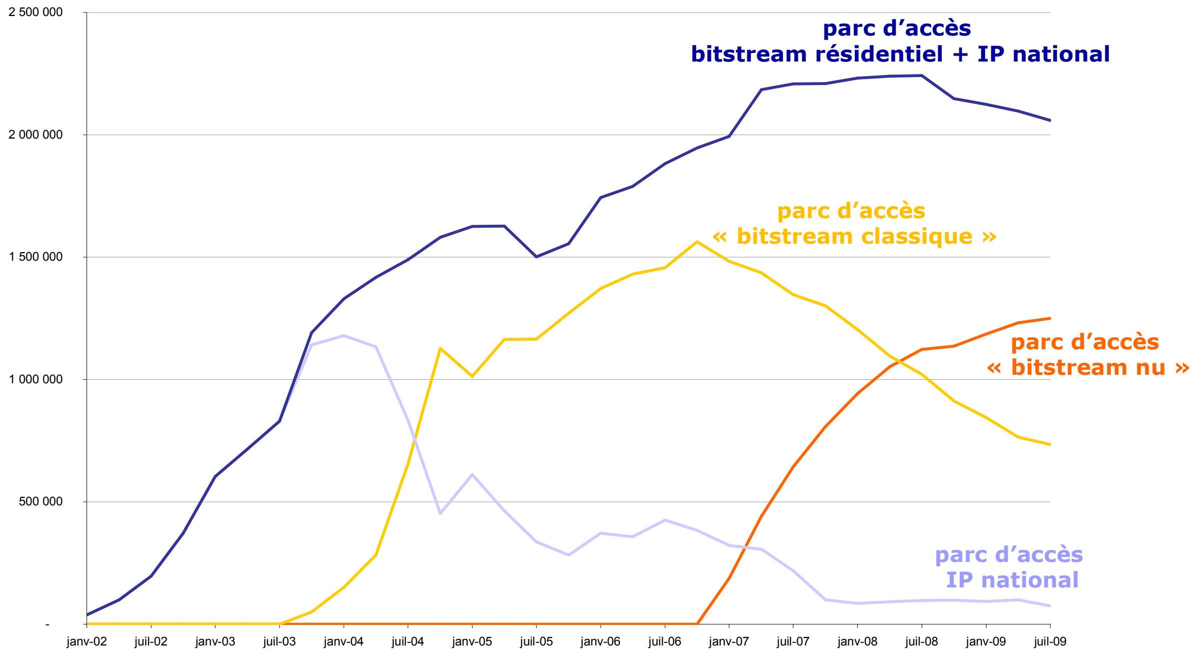
The increase in the number of connections confirms residential customers' desire for retail offers without a subscription to a classic phone service.

Not all of the wholesale offers that France Telecom currently markets to alternative operators which allow them to build their own retail offers were introduced at the same time.

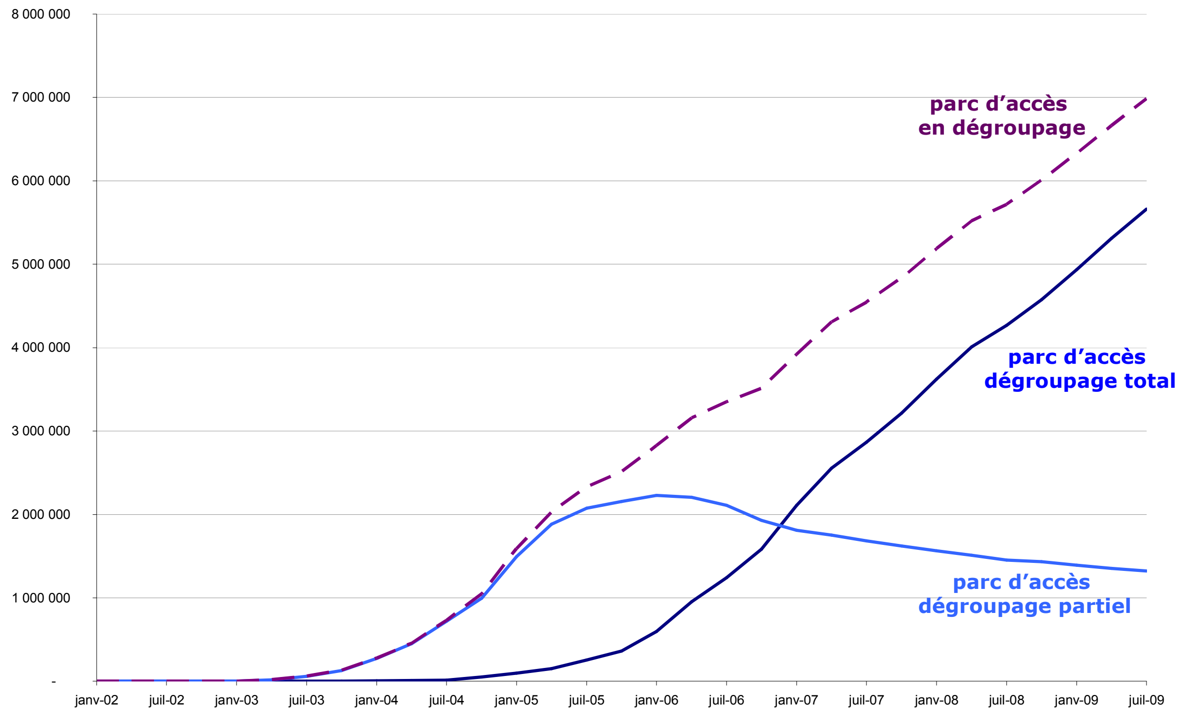
The first wholesale solutions that were made available to alternative operators serving the residential market – the national IP offer, followed by the regional bitstream and shared access offer (cf. detailed definitions) – required that end users also subscribe to a classic switched telephone service.

In 2004, as full unbundling started to develop, operators were able to begin marketing broadband connection solutions without a subscription to a classic phone service in the exchanges they had unbundled. In the second half of 2006, naked bitstream came to complete full unbundling outside of LLU areas to allow alternative carriers to extend their naked DSL offers nationwide.

The popularity of naked DSL solutions has increased steadily ever since, spurring a migration from shared access and classic bitstream services to these two wholesale offers. Connections based on wholesale offers without a classic phone subscription currently account for more than three-quarters of all wholesale DSL offers.



Growth of residential bitstream and national IP connections



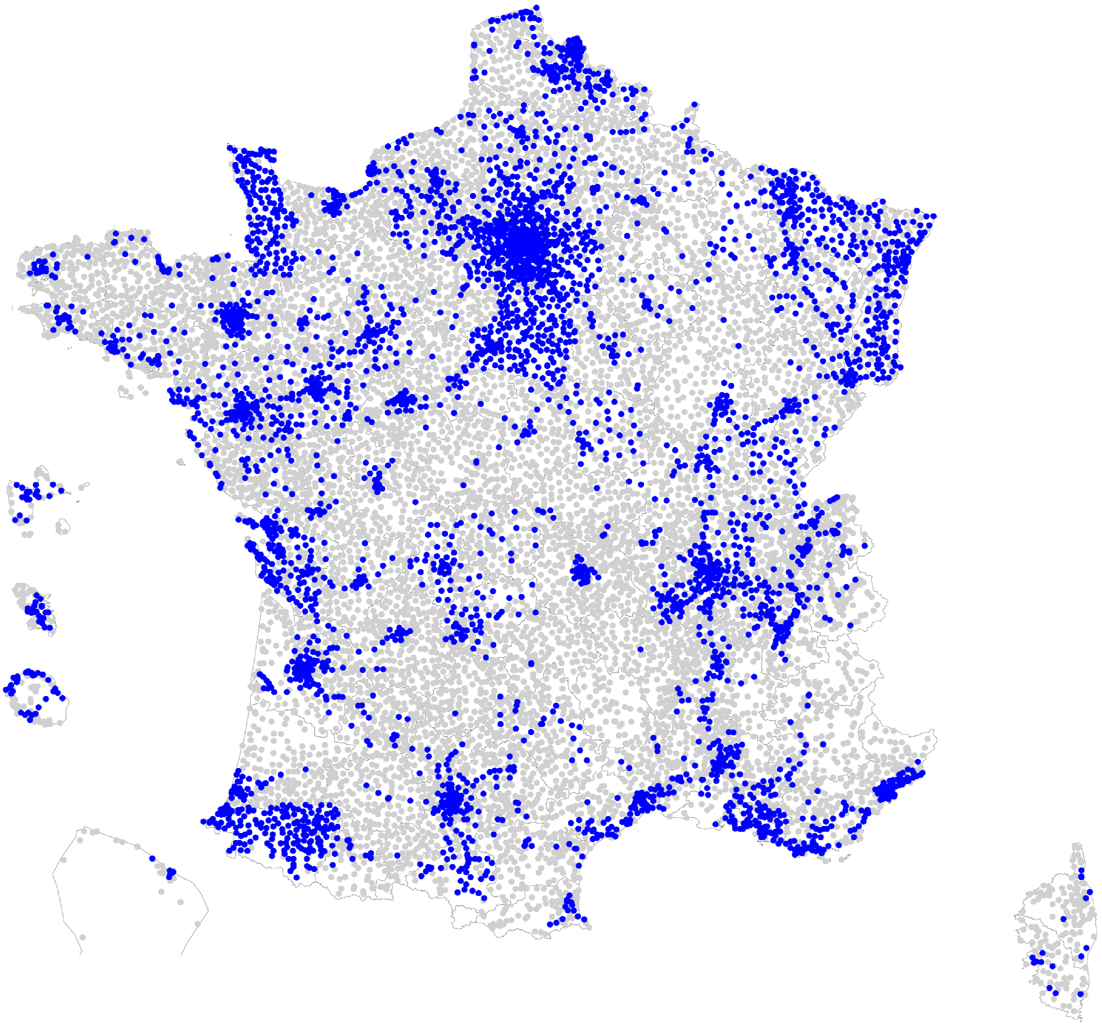
Evolution of the LLU access base

Full unbundling is the most popular offer in the wholesale DSL broadband market. In the second quarter of 2009, the number of LLU connections increased by 322,000 connections, compared to an increase of 332,000 in Q1 2009.

Particularly noteworthy is that growth for fully unbundled connections was higher than the overall growth of connections bought in the wholesale DSL market, due to the different migration patterns and the expanded size of the LLU coverage area. With more than 5.5 million connections (5.66 million to be exact), full unbundling represents over 62% of the connections purchased in wholesale DSL broadband markets.

This expansion of LLU coverage continues to be sustained by network rollouts initiated by local authorities and by France Telecom's "*Liaison Fibre Optique*" fibre optic link offer for connecting distant exchanges. As of 30 June 2009, alternative operators had connected 4,265 central offices, covering more than 75% of the population.

DSL broadband coverage by France Telecom and LLU operators as of 30 June 2009



Légende

- Répartiteur équipé en DSL par France Télécom
- Répartiteur équipé en DSL par France Télécom et au moins un opérateur de dégroupage

Definitions

Unbundling: Unbundling is a regulated France Telecom wholesale offering that allows alternative carriers to have direct access to the copper pair. To do so, they must first install their own equipment in France Telecom exchanges. They are then able to have end-to-end control over broadband connections and to market services that are distinct from those offered by the incumbent carrier.

There are two kinds of unbundling:

- shared access wherein subscribers continue to have a subscription to a classic telephone service;
- fully unbundled access wherein subscribers no longer have a subscription to a classic telephone service.

Bitstream: refers to wholesale offers which enable alternative operators to rent broadband connections that have been activated by France Telecom. To do so, they must first have connected one or more connection points in the France Telecom network. They are then in a position to market retail broadband services in areas where they are not present through unbundling.

France Telecom offers two types of wholesale bitstream offer:

- the regulated regional bitstream offer which supposes that the operator has connected several regional connections points, and which includes three forms of access:
  - "classic bitstream" if the customer keeps a subscription to a classic telephone service;
  - "naked ADSL bitstream" if the customer no longer has a subscription to a classic telephone service;
  - "DSL-E" (DSL-Entreprise), which is a guaranteed bitrate offer aimed at business customers, over a connection without a subscription to a classic telephone service.
- The national bitstream offer, delivered in the Paris region for ISPs that have not deployed their own network. This offer has not been regulated since September 2006, and its connection base is shrinking rapidly.