RÉPUBLIQUE FRANÇAISE

28 October 2010

Annual Observatory of Postal Activities in France

2009

Autorité de régulation des communications électroniques et des postes
www.arcep.fr

General remarks

France's Autorité de régulation des communications électroniques et des postes (ARCEP) is publishing the findings for 2009 of its annual survey on the postal activities market. This survey polled authorised operators at 31 December 2009 as well as service providers not subject to authorisation requirements operating in markets such as parcels, express items, unaddressed advertising and mail-preparation services.

All the authorised operators responded to the survey, thus providing an accurate picture of their activities. ARCEP takes this opportunity to thank them for contributing to the questionnaire and participating in the survey. Their input furthers the common goal of making this statistical Observatory a source of first-class information about postal activities and one that serves as a reference.

At 31 December 2009, 20 operators besides La Poste were authorised by ARCEP to provide postal services for items of correspondence.

These correspondence-item authorisations, listed by their area of representation in France and by date, are as follows:

- **Adrexo** in France (authorised on 13/06/2006)
- **Althus** in the urban areas of Aix-les-Bains, Annecy, Chambéry and surrounding area (authorised on 7/09/2006)
- **Stamper's** (Fox) in the Pau urban area (authorised on 7/09/2006)
- **Solgeco**, an Althus franchise, in the urban areas of Valence, Romans-sur-Isère and surrounding area (authorised on 5/12/06)
- **Press'Tissimo** in Paris and the main communes of the Hauts-de-Seine département (authorised on 31/05/07)
- **Procourrier** in the urban area of Montpellier and surrounding area (authorised on 28/06/07)
- **Courrier Services 03** in the urban area of Vichy and surrounding area (authorised on 28/06/07
- **Courrier Plus** in the urban areas of Lille, Roubaix, Tourcoing and Villeneuve d'Ascq and surrounding areas (authorised on 2/10/07)
- **Let France Routage** in the Alsace and Lorraine regions and for outward cross-border items of correspondence (authorised on 25/10/07)
- **Ciblex** in the Nord and Pas-de-Calais départements (authorised on 10 June 2008)
- **Courrier Services 63** in the urban areas of Clermont-Ferrand and Riom and surrounding areas (authorised on 07/04/2009)

The following authorisations have been issued for outward cross-border items of correspondence:

- **IMX** (authorised on 22/06/2006)
- **Deutsche Post AG** (authorised on 29/06/2006)
- **Swiss Post International France** (authorised on 7/09/2006)
- **La Poste Belge** (authorised on 5/12/06)
- **G3 Worldwide** (Spring) (authorised on 5/12/2006)
- **DHL Global Mail** (authorised on 15/03/2007)
- **Royal Mail Group** (authorised on 15/03/2007)
- **Let France Routage** (authorised on 25/10/07)
- **DHL Express** (authorised on 25/10/07)

Executive summary

In 2009, addressed-items business generated 13.7 billion euros in revenue from 19.4 billion items. This market registered a sharp fall in 2009, both in terms of revenue (down 4.2%) and the number of items sent (down 4.3%).

Revenue from unaddressed advertising stood at 680 million euros, up slightly on 2008 (+1.0%), while – as for the addressed-item market – unaddressed printed-paper volumes fell 3.5%, recording an overall volume of around 19 billion items. In terms of volumes, the unaddressed-advertising delivery market with its lower added value represented almost half of the postal activities and related-item market and less than 5% of revenue.

On the addressed-item market, items of correspondence delivered in France which account for the lion's share of 'the addressed-items market, in terms of both revenue and volume, were also hardest hit by market contraction. In 2009, revenue from items of correspondence totalled 7.8 billion euros, 5.7% less than in 2008. Volumes in this segment plummeted in line with revenue over the same period (-5.0%).

Addressed advertising was the worst-affected segment. In an overall context of reduced advertising expenditure, revenue from the delivery of addressed advertising plunged nearly 10%, and the corresponding volumes were down 6.6%. Single-piece items too were severely knocked back by the general slump in business. At just under 6 billion items, delivery volumes for single-piece items dropped 8.6%, mainly because of a sharp reduction in the number of single-piece items generated by companies (-11.3% year on year). By way of comparison, the decrease in industrial mail, which accounts for 62% of the total number of items of correspondence, was much smaller at 2.5%. These trends may be due to companies automating part of their single-piece output and shifting towards industrial mail processing. The same trends were noted for revenue: single-piece item revenue dipped sharply (-7.3%), while industrial mail revenue held up better, down just 3.6%.

With revenue of one billion euros (i.e. 7% of the addressed-items market) from 241 million items, items of correspondence delivered against signature remained stable in terms of revenue (-0.4%) and even recorded slightly higher volumes (+1.6%). Lower average weights for this category partly explain the comparative stability of revenue in relation to volumes.

Compared with the other sectors, the parcels market held up relatively well against the general decline, with revenue loss of 2.7%. Though the non-express (ordinary) parcels market remained constant in 2008-2009, the express parcels market lost ground for the first time since 2005 (down 4.3% over the year), after rising by a similar percentage in 2008 (+4.5%). The number of parcels delivered in France has remained steady for two years at around 700 million.

With 2.6 billion items in 2009, press items delivered to subscribers (newspapers and magazines) in France were also down 2.5% on the previous year. The number of press items delivered through the postal circuit has declined steadily since 2005, while delivery via non-postal channels is rising constantly, growing 1.8% in 2009 even though it accounts for only 40% of total press subscription volumes. Press items delivered through the postal circuit (1.4 billion items) shrank 5.1% in 2009 compared with 2008.

The export market contracted sharply in terms of volume (471 million items, i.e. -6.6% year on year), though 2009 revenue was down just 1.1% at 521 million euros. Revenue outperformed volumes for two reasons. First, items of correspondence, not including addressed advertising, are getting heavier, resulting in smaller loss of revenue than of volumes for this category of item. And second, parcel export volumes are increasing, bringing in about 13% more revenue.

Lastly, mail preparation operations, which focus on bulk mail, account for an ever larger share of transactional and direct marketing mail. In terms of volume, mailing houses processed 37% of items of correspondence delivered in France in 2009, five percent more than in 2005. Moreover, the mail preparation market was virtually unaffected by business slowdown: at 5.6 billion items in 2009, prepared mail volumes were down a mere 0.4% compared with a 7.4% decline in unprepared items of correspondence. In 2008, development was similar but less marked: prepared items of correspondence dipped 0.6%, while unprepared mail shrank 4.0%. Mail preparation was buoyed by growth of 4.5% in the prepared transactional-mail segment (bills, account statements and administrative correspondence), in contrast to a 3.3% downturn in prepared advertising mail.

PART 1 – Overview of markets in 2009

In 2009, the addressed-items market was worth 13.7 billion euros and totalled 19.4 billion items.

Delivery of items of correspondence in France (domestic market and imports) continued to make up the bulk of the addressed-items market in terms of value (57.2% in 2009), although this percentage has been declining steadily since 2005 (6.1% decrease over 5 years). At 7.8 billion euros, revenue from domestic items of correspondence shrank 5.7% in 2009, after falling 3.1% in 2008 and 0.4% in 2006. 2007 was the only year to show a slight increase in this revenue, thanks to large-scale consignments of voting materials.

Items delivered against signature held their ground in 2009, chalking up one billion euros in revenue, following a slightly larger decrease (-1.0%) in 2008.

In 2009, the market for parcels weighing less than 30 kilograms accounted for 3.8 billion euros in revenue. After two years of consecutive increases, parcels delivery revenue fell nearly 3% compared with 2008, despite the increase in remote-retailing parcel revenue and volumes indicated by FEVAD. Non-express (ordinary) parcels which represent 43% of the parcels market brought in slightly less revenue in 2009 (-0.3%), while the express parcels market recorded a higher loss in revenue (down over 4%).

Revenue from delivery of press items through the postal circuit (newspaper and magazine subscriptions) has been sinking for several years, and this trend continued in 2009. At 459 million euros, it shrank 1.2%.

The export market (for all products taken together) generated 521 million euros in 2009. After recovering slightly in 2008 (+0.9%), this market dipped again in 2009 (-1.1%). However, this decrease was moderate compared with the fall in volumes (-6.3% year on year). This slighter drop was due to the higher weights of items of correspondence for export, excluding addressed advertising, which helped partially offset falling revenue, and to the sizeable increase in revenue from parcels sent abroad.

Unaddressed advertising brought 680 million euros in revenue. Despite substantial volumes, this market generates little revenue because this is a low-added-value service. Such items do not require clearance or daily delivery rounds and are therefore not regarded as postal items. The significant increase in revenue recorded in 2008 (+4.5%) was followed by a modest rise of 1.0% in 2009.

Activités postales et marchés connexes de distribution - Revenus des envois

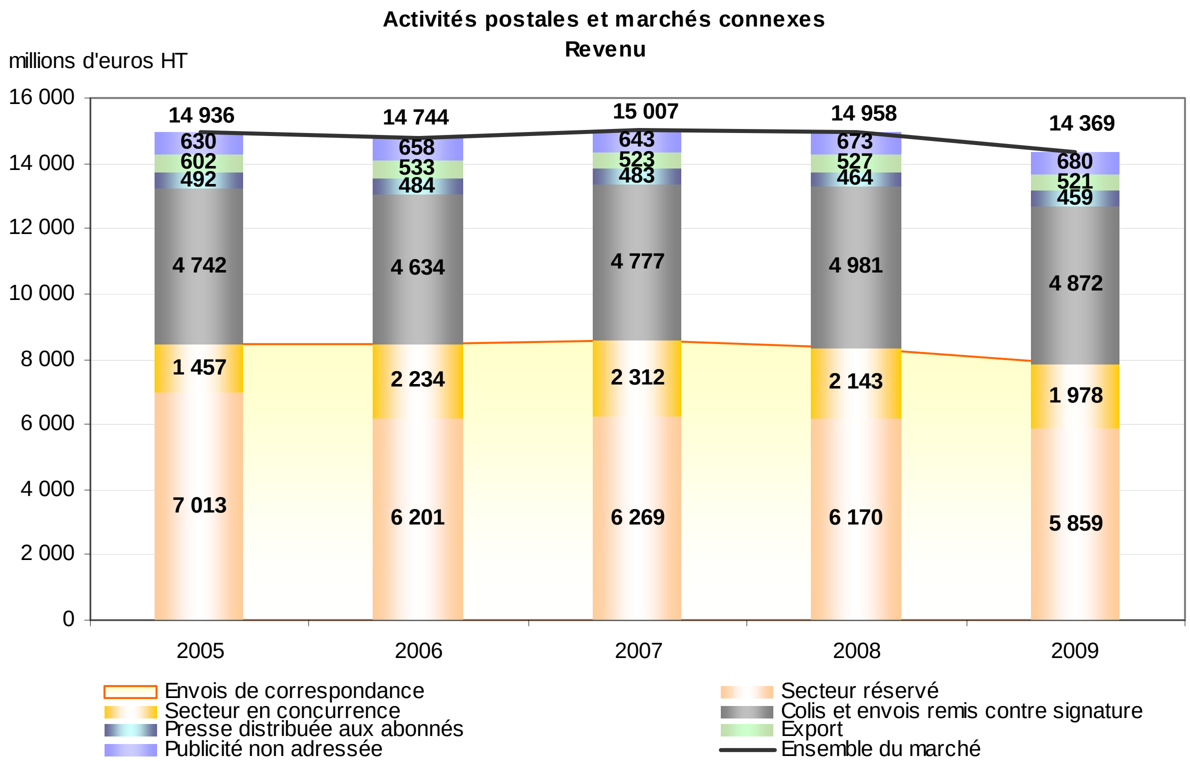
(en millions d'euros hors taxes)	2005	2006	2007	2008	2009	Evolution 2008- 2009
Distribués en France						
Envois de correspondance	8 470	8 435	8 581	8 313	7 837	-5,7%
Remis contre signature	938	949	984	1 042	1 038	-0,4%
Colis	3 804	3 685	3 793	3 939	3 834	-2,7%
dont colis hors express	1 804	1 585	1 593	1 639	1 634	-0,3%
dont express colis légers*	2 000	2 100	2 200	2 300	2 200	-4,3%
Distribution postale de la presse aux abonnés**	492	484	483	464	459	-1,2%
Total des objets adressés distribués en France	**13 704**	**13 553**	**13 841**	**13 758**	**13 168**	**-4,3%**
Distribués à l'Export						
Envois de correspondance	496	419	398	392	376	-4,0%
Colis	74	85	96	108	121	12,6%
Presse	31	29	29	28	24	-13,4%
Total des objets adressés Export	**602**	**533**	**523**	**527**	**521**	**-1,1%**
Total du marché des objets adressés	**14 306**	**14 086**	**14 364**	**14 285**	**13 689**	**-4,2%**

Source: ARCEP, Observatoire statistique des activités postales
L'import est inclus dans l'ensemble des envois de correspondance, objets remis contre signature, colis, presse et publicité non adressée.
** Estimations, trafic domestique et import*
*** non compris les revenus générés parle portage de presse*

Activités postales et marchés connexes de distribution - Revenus des envois

(en millions d'euros hors taxes)	2005	2006	2007	2008	2009	Evolution 2008- 2009
Total publicité non adressée	**630**	**658**	**643**	**673**	**680**	**1,0%**

Source: ARCEP, Observatoire statistique des activités postales



Volumes dropped for all market segments combined in 2009. For instance, the number of addressed items was down 4.3%, and unaddressed items followed a similar pattern, falling 3.5%. The addressed-items market totalled slightly over 19.4 billion items in 2009, just outperforming unaddressed items delivered in France in 2009 (19 billion items).

Items of correspondence account for almost eight out of ten addressed items. This market contracted more sharply in 2009, dipping 5.0% compared with a 2008 decrease of 2.8%. Items of correspondence in the reserved area (items of correspondence weighing 50 grams or less) were rather more affected by declining volumes (-5.1%) than those in the competitive area (over 50 grams) which dwindled 4.3%.

Fewer press items were distributed through postal and non-postal channels in 2009 (-2.5% against -1.3% in 2008). As in previous years, the higher volume share of non-postal channels (+1.8% in 2009) could not wholly offset the drop in newspapers and magazines delivered through postal channels (-5.1%).

With approximately 700 million parcels delivered, the parcels market has remained stable for two years. Nevertheless, though the number of express parcels continues to rise (+1.6% over the past year), non-express (ordinary) parcel volumes slumped 2.9%, following signs that this market was running out of steam in 2008 (-0.8%).

Total volumes of items intended for abroad (items of correspondence, parcels, press items) fell sharply in 2009 (-6.3%), mainly as the result of a significant decline in the number of items of correspondence (-6.9%) which account for over 90% of total export volumes. Exported press items also plummeted (-10.0%). Though export parcel volumes rose, this category represents less than 3% of total export volumes.

Activités postales et marchés connexes de distribution - Volumes des envois

(en millions d'objets)	2005	2006	2007	2008	2009	Evolution 2008- 2009
Distribués en France						
Envois de correspondance	16 806	16 540	16 616	16 152	15 347	-5,0%
Remis contre signature	219	216	225	237	241	1,6%
Colis	678	655	701	708	702	-0,9%
dont colis hors express	403	355	386	383	372	-2,9%
dont express colis légers*	275	300	315	325	330	1,6%
Distribution de la presse aux abonnés**	2 789	2 713	2 724	2 688	2 620	-2,5%
Total des objets adressés distribués en France	**20 492**	**20 124**	**20 266**	**19 785**	**18 909**	**-4,4%**
Distribués à l'Export						
Envois de correspondance	523	475	462	468	436	-6,9%
Colis	7	8	8	10	13	31,1%
Presse	28	27	29	25	22	-10,0%
Total des objets adressés Export	**558**	**510**	**499**	**503**	**471**	**-6,3%**
Total du marché des objets adressés	**21 050**	**20 634**	**20 765**	**20 288**	**19 381**	**-4,5%**

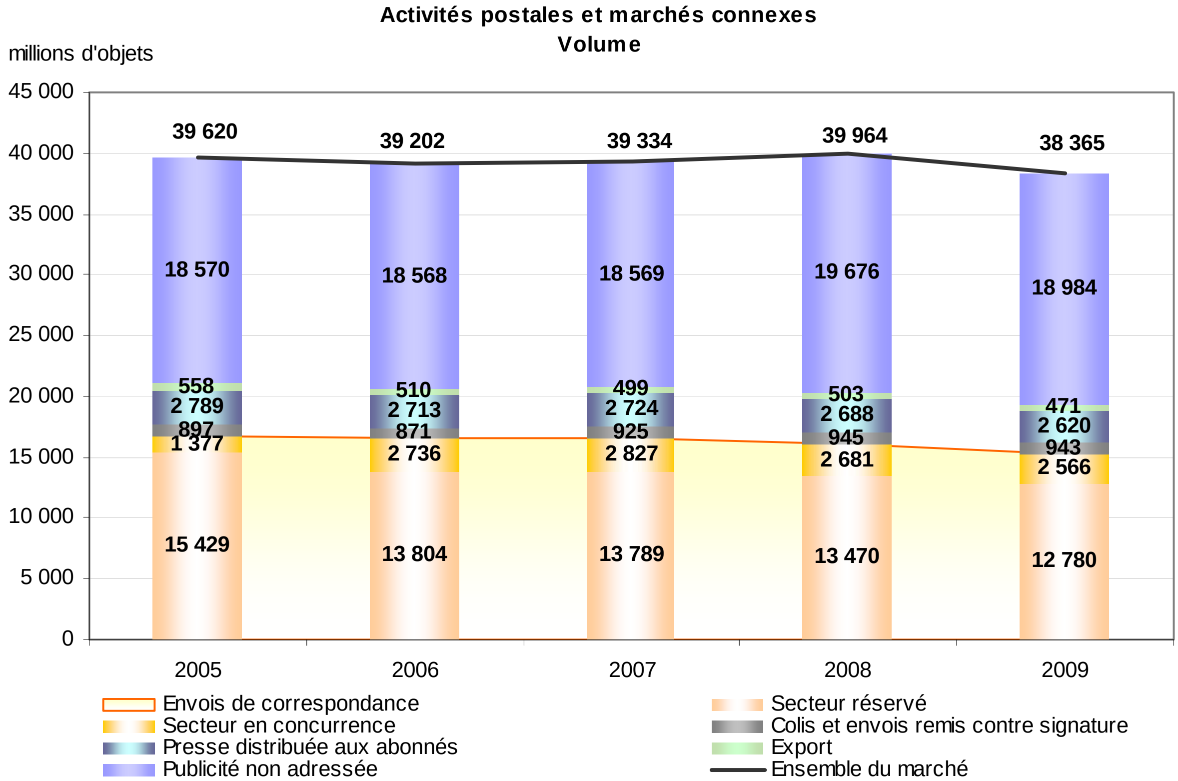
Source: ARCEP, Observatoire statistique des activités postales
L'import est inclus dans l'ensemble des envois de correspondance, objets remis contre signature, colis, presse et publicité non adressée.

** Estimations, trafic domestique et import*
*** Y compris les volumes issus du portage de presse*

Activités postales et marchés connexes de distribution - Volumes des envois

(en millions d'objets)	2005	2006	2007	2008	2009	Evolution 2008- 2009
Total publicité non adressée	**18 570**	**18 568**	**18 569**	**19 676**	**18 984**	**-3,5%**

Source: ARCEP, Observatoire statistique des activités postales



Activités postales et marchés connexes
Volume
millions d'objets
45 000
40 000
35 000
30 000
25 000
20 000
15 000
10 000
5 000
0
39 620
39 202
39 334
39 964
38 365
18 570
18 568
18 569
19 676
18 984
558
2 789
897
1 377
15 429
510
2 713
871
2 736
13 804
499
2 724
925
2 827
13 789
503
2 688
945
2 681
13 470
471
2 620
943
2 566
12 780
2005
2006
2007
2008
2009
Envois de correspondance
Secteur réservé
Secteur en concurrence
Colis et envois remis contre signature
Presse distribuée aux abonnés
Export
Publicité non adressée
Ensemble du marché

Definitions of the various market segments

Postal item

Any item for delivery to the address indicated by the sender on the item itself or on its wrapping and presented in its final forwarding form is a postal item. Besides items of correspondence, books, newspapers and postal parcels containing goods with or without commercial value are regarded as postal items.
Express parcels, press items delivered through non-postal channels and unaddressed advertising are not postal items.

Item of correspondence
An item of correspondence is a postal item not exceeding two kilograms in weight. Addressed postal items such as books, catalogues, newspapers and periodicals are excluded from this category. Direct mail items (addressed advertising or direct marketing) are items of correspondence.

Reserved area (<50 grams – monopoly):
As of 1 January 2006, the reserved area covers items of correspondence of domestic or foreign origin delivered on French territory, including expedited mail items, whose weight does not exceed 50 grams and whose price is less than two-and-a-half times the basic tariff.
Player: La Poste

Domestic and import competitive area (>50 grams – non-monopoly):
All items of domestic or foreign-origin correspondence delivered on French territory which are heavier than 50 grams and whose price is higher than two-and-a-half times the basic tariff.
Players: Adrexo, Alternative Post, Althus, Ciblex, Courrier Services 03, Courrier Plus, JS Activ', La Poste, Let France Routage, Press'Tissimo, ProCourrier, Stamper's

Export:
The outward international mail segment (items of correspondence) is open to competition for all weight categories. Most of the operators are subsidiaries of other European Posts.
Players: Belgian Post, Deutsche Post GlobalMail, IMX, La Poste, Let France Routage, Royal Mail, Spring, Swiss Post

Items delivered against signature*:
These may be registered or insured items. The registered service provides an all-in guarantee against the risks of loss, theft or damage. Proof of posting of items and/or of their delivery to the addressee may be provided to senders, if they so wish. The insured item service insures the postal item up to the value declared by the sender in the event of loss, theft or damage.
Players: La Poste and other operators

Parcels*:
Non-express parcels:
The Observatory covers the delivery to the addressee's home address or to a pick-up point of parcels weighing up to 30 kilograms. This market is characterised by longer transmission times than express items. It is totally open to competition but is partially regulated: the universal service guarantees nationwide availability of a service for parcels up to 20 kilograms. Parcel services provided to businesses in execution of contracts covering several consignments are not covered.

Players: Coliposte, Distrihome, Kiala, Mondial-Relay, Sogep

Express parcels:
The express market is totally open to competition and provides door-to-door, time-certain delivery services for articles and letters. The market observed is that of light parcels (up to 30 kilograms) originating and delivered on French territory.
Players: Chronopost International, Exapaq, GLS France, TNT Express

Delivery of newspapers and periodicals to subscribers

Postal circuit:
The printed press covers all daily newspapers and periodicals providing general, legal or technical information which are registered with the *Commission paritaire des papiers de presse*. La Poste ensures delivery under the head of the “public press transport and delivery service”. Delivery of free newspapers and periodicals is not included in the survey which takes account only of press items against payment distributed to subscribers.
Player: La Poste, Press'Tissimo

Non-postal delivery of newspaper and periodicals:
This is the second distribution channel in parallel with the La Poste circuit. Some publishers have created their own delivery network based on subscriber lists. Distribution of free newspapers and periodicals does not come within the Observatory's purview.
Players: 250 non-postal delivery services

Unaddressed advertising:
This market, which has been fully opened to competition, corresponds to the delivery of messages with no personal reference, address or name. Such items do not require clearance or daily delivery rounds.
Players: Adrexo, Mediapost, local operators

**The dividing line between items delivered against signature and express items is not absolutely clear and could well evolve because both these value-added services involve delivery against signature and benefit from special handling. Similarly, the criteria for distinguishing between the express and parcels markets – weight limits, time-certain delivery, etc. – are not cut and dried.*

1. Items of correspondence delivered in France

In 2009, total correspondence-item volumes shrank 5.0% and revenue from this category declined 5.7%.
This fall in volumes followed the downward trend noted in previous years. With the exception of 2007 when figures were boosted slightly by letters sent out in connection with the presidential and legislative elections, the number of letters weighing less than 2 kilograms has steadily declined as follows: -1.6% in 2006, -2.8% in 2008 and -5.0% in 2009. In 2009, this decrease meant 500 million fewer letters than in 2008, leaving the overall volume of items of correspondence delivered in 2009 at 15.3 billion items. Revenue also fell over this period but at a slightly slower pace than volume until 2008. In 2009, revenue amounted to 7.8 billion euros.

1.1 Reserved area and competitive area

Revenus

(millions d'euros)	2005	2006	2007	2008	2009	Evolution 2008- 2009
Secteur réservé	7 013	6 201	6 269	6 170	5 859	-5,0%
Secteur en concurrence	1 457	2 234	2 312	*2 143*	1 978	-7,7%
Total envois de correspondance	**8 470**	**8 435**	**8 581**	**8 313**	**7 837**	**-5,7%**

Source: ARCEP, Observatoire statistique des activités postales

In 2005, the reserved area was confined to items of correspondence weighing less than 100 grams and priced at less than three times the basic tariff and at no more than one euro

Volumes

(millions d'objets)	2005	2006	2007	2008	2009	Evolution 2008- 2009
Secteur réservé	15 429	13 804	13 789	13 470	12 780	-5,1%
Secteur en concurrence	1 377	2 736	2 827	2 681	2 566	-4,3%
Total envois de correspondance	**16 806**	**16 540**	**16 616**	**16 152**	**15 347**	**-5,0%**

Source: ARCEP, Observatoire statistique des activités postales

In 2005, the reserved area was confined to items of correspondence weighing less than 100 grams and priced at less than three times the basic tariff and at no more than one euro

The number of letters delivered (12.8 billion) that come under the reserved area, i.e. items of correspondence weighing 50 grams and less, priced at less than two-and-a-half times the basic tariff[1], was down 5.1% in 2009. Revenue from this category (5.9 billion euros) fell in proportion (-5.0%). In previous years, tariff increases had compensated for falling volumes with higher revenue. In 2009, the increase in postage for letters weighing less than 20 grams from 2 March 2009[2] failed to cushion the impact on revenue of erosion of reserved-area traffic. This phenomenon can be explained by changing consumer behaviour, with more and more customers opting for economy products like “Ecopli”, and by the lower average weight of the letters delivered.

The area open to competition – items of correspondence weighing more than 50 grams priced at more than two- and-a-half times the basic tariff – lost a lot of ground in terms of revenue (-7.7%) and volumes (-4.3%). Here too, the lighter weight of the items delivered explains the sharp fall in revenue compared with volumes.

[1] The basic tariff corresponds to the tariff for a priority letter weighing less than 20 grams (0.54 euros from 1 October 2006 to 1 March 2008, 0.55 euros from 1 March 2008 to 2 March 2009, 0,56€ from 2 March 2009 to 1 July 2010).
[2] ARCEP Decision No. 09-0001 of 8 January 2009 on tariffs for domestic mail products in the reserved area of the universal postal service.

Répartition des envois de correspondance - Revenus (domestique et import)

	2005	2006	2007	2008	2009
Secteur réservé	82,8%	73,5%	73,1%	74,2%	74,8%
Secteur en concurrence	17,2%	26,5%	26,9%	25,8%	25,2%
Total envois de correspondance	100%	100%	100%	100%	100%

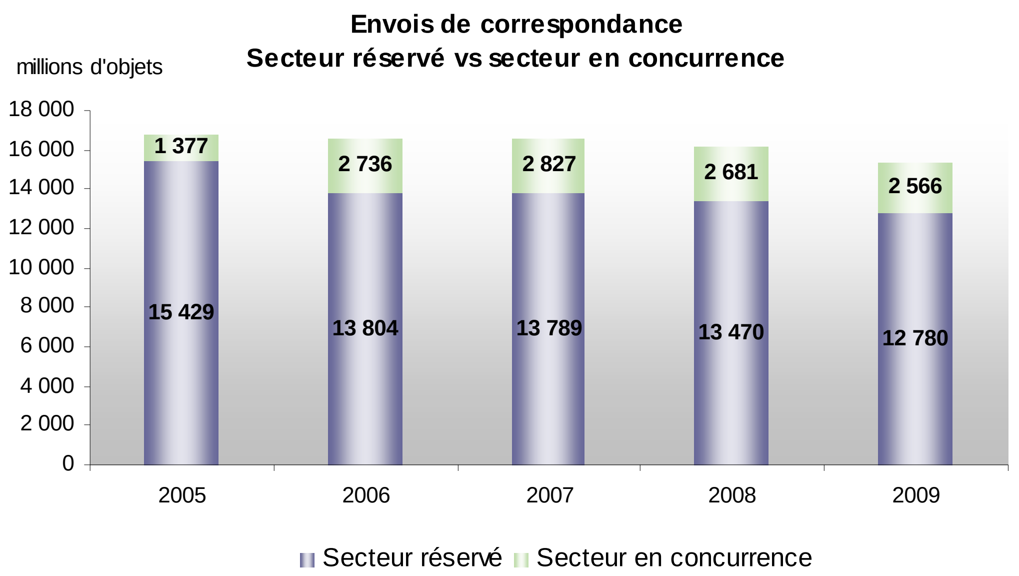
Source: ARCEP, Observatoire statistique des activités postales

Répartition des envois de correspondance - Volumes (domestique et import)

	2005	2006	2007	2008	2009
Secteur réservé	91,8%	83,5%	83,0%	83,4%	83,3%
Secteur en concurrence	8,2%	16,5%	17,0%	16,6%	16,7%
Total envois de correspondance	100%	100%	100%	100%	100%

Source: ARCEP, Observatoire statistique des activités postales

In 2005, the reserved area included all items of correspondence weighing 100 grams or less. From 2006, it included only items weighing 50 grams or less, hence the slump in the percentage of items of correspondence in the reserved area between 2005 and 2006.
In terms of volume, approximately 83.5% of items of correspondence weigh less than 50 grams, a percentage which has remained stable since 2006. In contrast, the percentage of revenue generated by items of correspondence weighing less than 50 grams rose considerably between 2006 and 2009, and by 0.5% in 2009 (74.8% of revenue derived from the reserved area, compared with 74.2% in 2008). This growth is linked to the sharper fall in revenue from the competitive area compared with that from the reserved area in 2009. But taken overall, the competitive area accounted for just one third of correspondence-item revenue losses, with the other two thirds attributable to the reserved area.



The reserved area

Two European Directives explain how the thresholds delineating the area covered by reserved postal services were set, namely Directive 97/67/EC of 15 December 1997 on common rules for the development of the internal market of Community postal services and the improvement of quality of services, and Directive 2002/39/EC of 10 June 2002 which specified the stages in liberalisation of the postal sector.

Transposed into French Law, these Directives brought down the reserved-area threshold in three stages:

* **29 June 1999**, the reserved area was confined to national and cross-border services for items of correspondence sent by ordinary or expedited mail – including direct mail – weighing less than 350 grams and whose price was less than five times the tariff applicable to an item of correspondence in the first weight step of the fastest standardised category (basic tariff).

* **1 January 2003**, the reserved area was confined to items of correspondence (addressed domestic or foreign-origin mail from households or businesses) weighing less than 100 grams and whose price was less than three times the basic tariff, with a ceiling of one euro.

* **1 January 2006**, the weight/price limit for the postal monopoly was reduced to 50 grams and to two-and-a-half times the basic tariff.

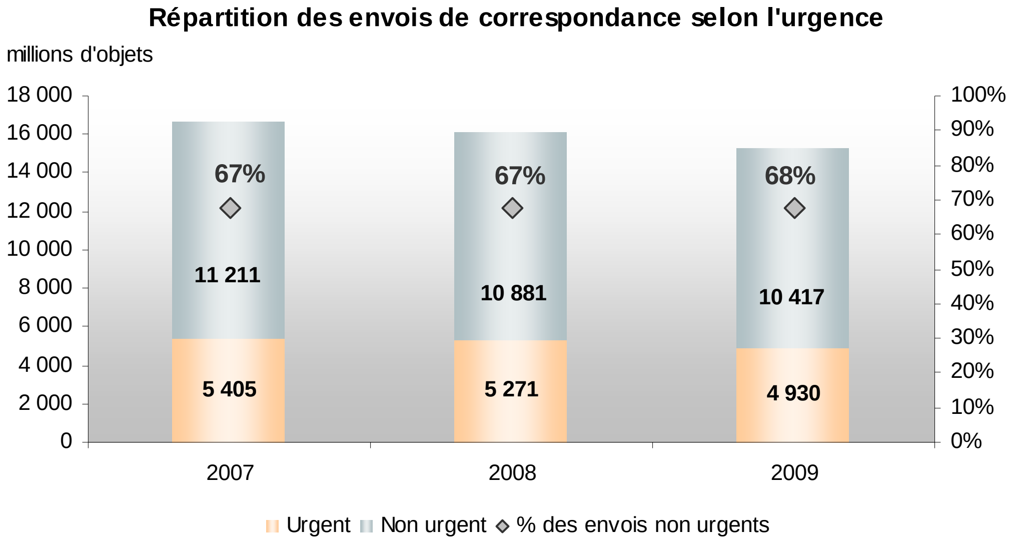
The new Postal Directive (Directive 2008/6/EC) set 2011 as the date for total liberalisation of postal services. From 1 January 2011, the reserved area will be abolished.

1.2 Items of correspondence classified by urgency

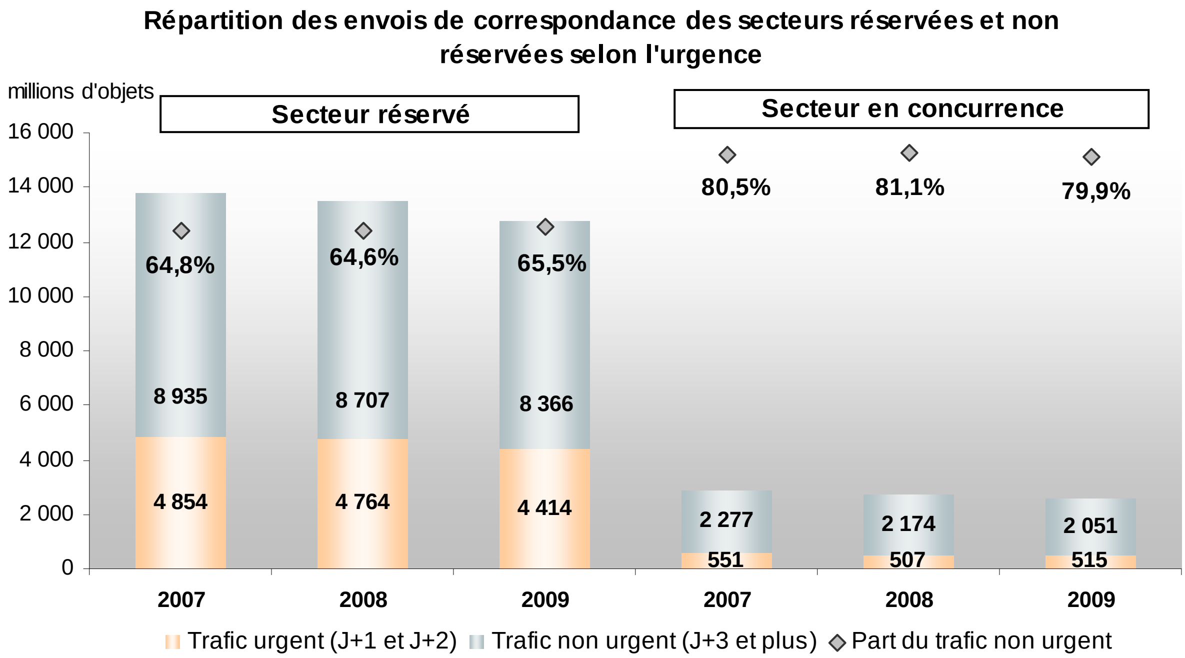
Non-urgent items of correspondence (D+3 and longer) represented over two thirds of all items of correspondence delivered in France. Urgent traffic shrank more in 2009 (-6.5%) than in 2008 (-2.8%), a year in which non-urgent item volumes had contracted at the same rate as urgent item volumes (-2.9%). Plunging urgent traffic in 2009 resulted in a one percent increase in non-urgent traffic's share of correspondence-item volumes (68% in 2009 compared with 67% in 2008).

Répartition des envois de correspondance selon l'urgence

en millions	2007	2008	2009	Evolution 2008- 2009
Trafic urgent (J+1 et J+2)	5 405	5 271	4 930	**-6,5%**
Trafic non urgent (J+3 et plus)	11 211	10 881	10 417	**-4,3%**
Total des envois de correspondance distribués en France	**16 616**	**16 152**	**15 347**	-5,0%



Urgent items of correspondence turned in a mixed performance, depending on whether or not they came under the reserved area. Whereas urgent reserved-area traffic nosedived (-7.3% in 2009, i.e. down 349 million items year on year), the number of urgent items weighing over 50 grams held up well (+1.6% year on year).
Half of the overall decline of 690 million items recorded for the reserved area in 2009 was due to the fall in the number of urgent items of correspondence, even though these account for just one third of reserved-area mail volumes.



1.3 Addressed advertising and other items of correspondence

While the marked decline in items of correspondence as a whole in 2009 continued at the same pace as in 2008, both in terms of revenue (-5.7%) and volume (-5.0%), the distinction between addressed advertising and other items of correspondence highlights important differences in how these two mail categories have evolved.

There was a sharp drop in addressed advertising delivery volumes (4.4 billion items), largely because of reduced public spending in 2009 (cf. p.34). This significant shrinkage may be interpreted as a shift away from this type of item towards less costly solutions, such as e-mailing. Revenue for this category stood at 1.5 billion euros in 2009, plunging 9.5% in one year. Perhaps revenue fell more than volume because customers switched to other product ranges.

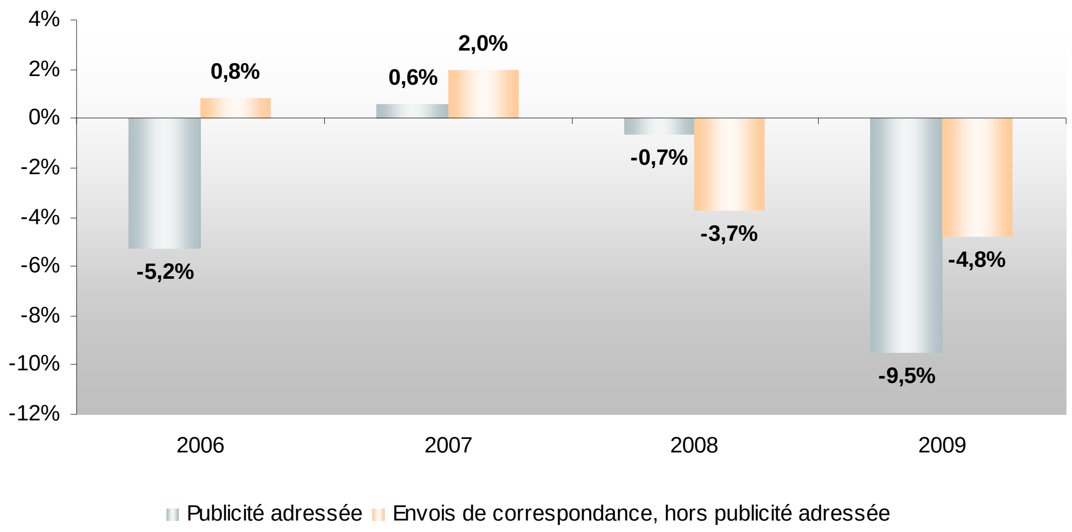
Other items of correspondence were also down, but to a lesser extent than addressed advertising both in terms of revenue (-4.8%, i.e. 6.3 billion euros) and volume (-4.3%, i.e. 10.9 billion items).
These contrasting developments resulted in a slight fall in addressed advertising as a percentage of all items of correspondence, in terms of revenue (19.0% i.e. -0.8%) and volume (28.9%, i.e. -0.5%), following an increase in 2008.

Revenus

millions d'euros HT	2005	2006	2007	2008	2009	Evolution 2008- 2009
Publicité adressée	1 738	1 647	1 657	*1 646*	1 491	-9,5%
Envois de correspondance, hors publicité adressée	6 732	6 788	6 924	*6 666*	6 346	-4,8%
Total des envois de correspondance	**8 470**	**8 435**	**8 581**	**8 313**	**7 837**	**-5,7%**

Source: ARCEP, Observatoire statistique des activités postales

Evolution du revenu d'envois de correspondance

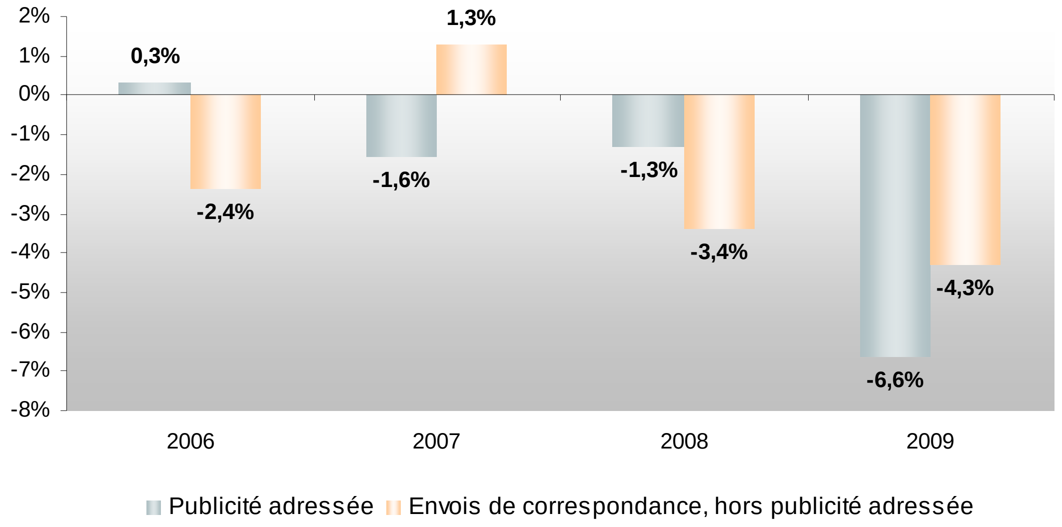


Volumes

millions d'objets	2005	2006	2007	2008	2009	Evolution 2008- 2009
Publicité adressée	4 856	4 871	4 795	4 733	4 419	-6,6%
Envois de correspondance, hors publicité adressée	11 950	11 668	11 821	11 419	10 928	-4,3%
Total des envois de correspondance	**16 806**	**16 540**	**16 616**	**16 152**	**15 347**	**-5,0%**

Source: ARCEP, Observatoire statistique des activités postales

Evolution du volume d'envois de correspondance



1.4 Industrial traffic and single-piece traffic

Industrial traffic, which represented over 60% of traffic delivered in France (single-piece traffic accounted for the rest), contracted 2.5% in 2009, continuing the downward trend that started in 2008 (-0.7%).
There was a significant reduction in addressed advertising, while other items of correspondence held their own with a 1.5% increase in 2009. Revenue from these other items followed the same trend, growing 1.1% over the year.
In 2009, addressed advertising's market share fell 2 percent, to 47.1%, after remaining stable at around 49% between 2005 and 2008 (with the exception of 2006).

Trafic industriel - Revenus

millions d'euros	2007	2008	2009	Evolution 2008- 2009
Trafic industriel	**3 693**	**3 654**	**3 522**	-3,6%
dont publicité adressée	1 657	*1 646*	1 491	-9,5%
dont autres envois de correspondance	2 036	*2 008*	2 031	1,1%
Part de la publicité adressée dans le trafic industriel	**44,9%**	**45,0%**	**42,3%**	**-2,7 points**

Source: ARCEP, Observatoire statistique des activités postales

Trafic industriel - Volumes

millions d'objets	2005	2006	2007	2008	2009	Evolution 2008- 2009
Trafic industriel	**9 873**	**9 571**	**9 701**	**9 631**	**9 389**	-2,5%
dont publicité adressée	4 856	4 871	4 795	4 733	4 419	-6,6%
dont autres envois de correspondance	5 017	4 700	4 905	4 899	4 970	1,5%
Part de la publicité adressée dans le trafic industriel	**49,2%**	**50,9%**	**49,4%**	**49,1%**	**47,1%**	**-2,0 point**

Source: ARCEP, Observatoire statistique des activités postales

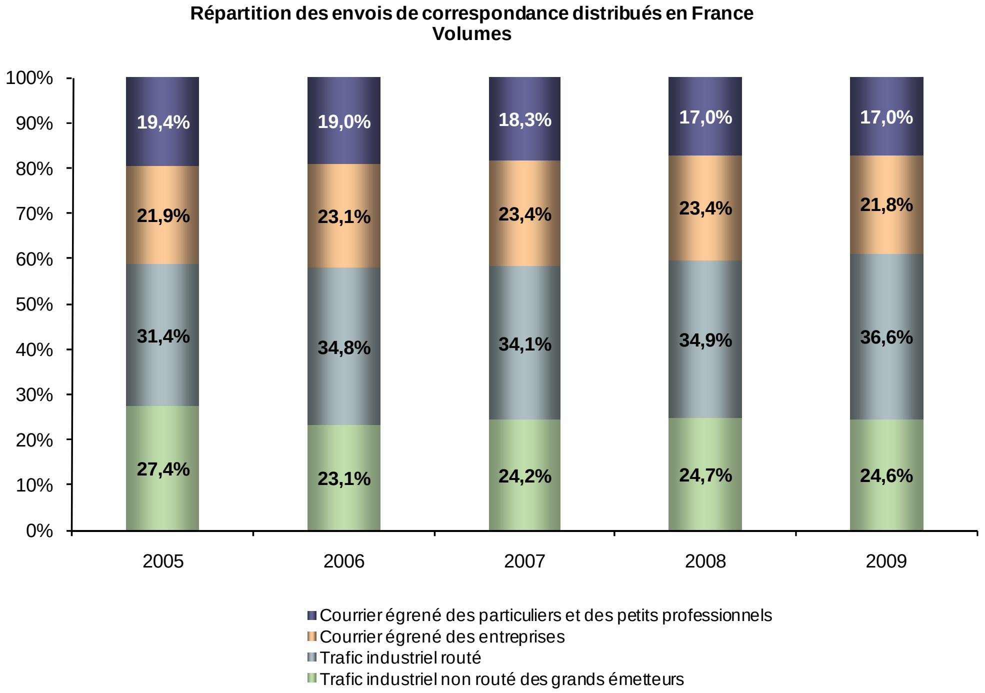
The continuing slide of single-piece volumes gained momentum in 2009, with flows shrinking 8.6% compared with a 5.7% decrease in 2008. Though traffic from private customers and small businesses fell less sharply in 2009 (-5.0%) than in 2008 (-9.4%), corporate single-piece traffic dwindled further, from -2.9% in 2008 to -11.3%.in 2009.
Alongside this sharp drop in single-piece mail, industrial traffic shrank less (-2.5%), possibly because some corporate mail which used to be sent as single-piece items is now being processed industrially.
There have been striking changes in industrial mail too. On the one hand, industrial mail from large mailers dipped sharply (-5.5%), compared with the stable performance of prepared mail in 2009 (-0.4% compared with 2008). Here too, there seems to be substitution, with large mailers increasingly using external service providers and processing less mail in house.

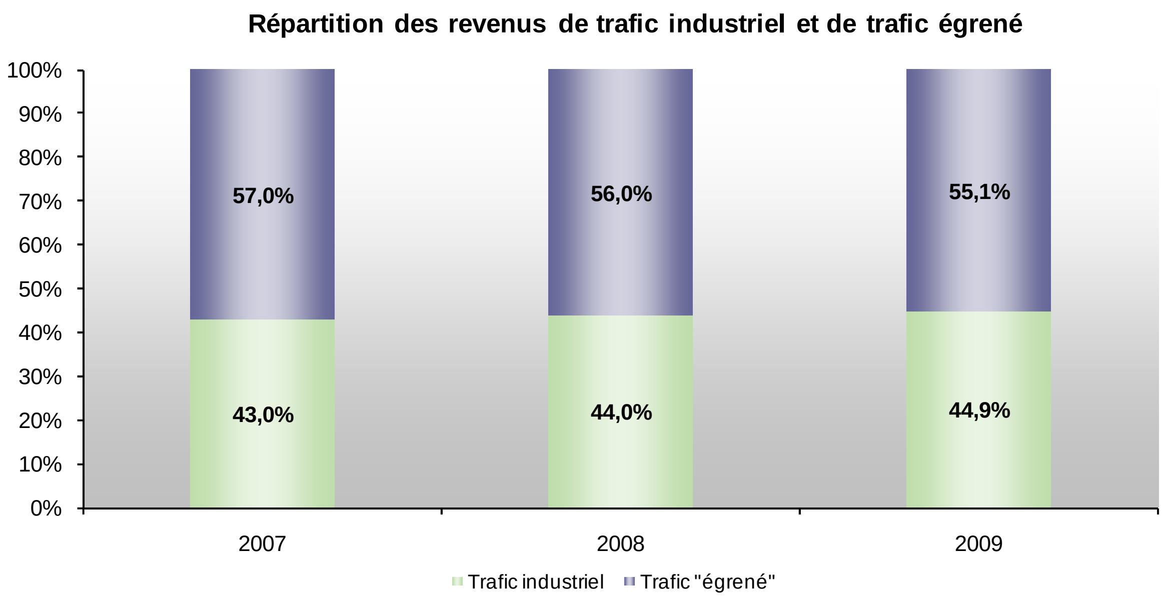
Répartition des envois de correspondance (domestique et import)

en millions	2005	2006	2007	2008	2009	Evolution 2008- 2009
Trafic industriel (envois en nombre >400 envois)	**9 873**	**9 571**	**9 701**	**9 631**	**9 389**	**-2,5%**
Trafic industriel non routé des grands émetteurs	4 598	3 820	4 029	3 991	3 773	**-5,5%**
Trafic industriel routé	5 275	5 751	5 672	5 640	5 616	**-0,4%**
Trafic "égrené" déposé chez l'opérateur de distribution	**6 933**	**6 968**	**6 916**	**6 520**	**5 958**	**-8,6%**
Courrier égrené des entreprises	3 673	3 824	3 883	3 772	3 347	**-11,3%**
Courrier égrené des particuliers et des petits professionnels	3 260	3 144	3 033	2 749	2 611	**-5,0%**
Total des envois de correspondance distribués en France	**16 806**	**16 540**	**16 616**	**16 152**	**15 347**	**-5,0%**

Source: ARCEP, Observatoire statistique des activités postales

These contrasting developments triggered a 1.7% surge in prepared industrial traffic over the year, at the expense of corporate single-piece mail (down 1.7%). The respective traffic shares of private customers and small businesses, and of large mailers remained stable at 17% and 25% of total correspondence-item volumes.
Taken overall, the percentage of bulk items has grown steadily since 2006, reaching 61.2% in 2009, up 1.5 percent year on year. The same applies to revenue, with a 0.9 percent increase in revenue from industrial traffic which represents 44.9% of total revenue. Percentage revenue from single-piece mail has been declining steadily since 2007 but still accounted for the majority (55.1%) of overall correspondence-item revenue in 2009.


Répartition des envois de correspondance distribués en France
Volumes
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
19,4%
19,0%
18,3%
17,0%
17,0%
21,9%
23,1%
23,4%
23,4%
21,8%
31,4%
34,8%
34,1%
34,9%
36,6%
27,4%
23,1%
24,2%
24,7%
24,6%
2005
2006
2007
2008
2009
Courrier égrené des particuliers et des petits professionnels
Courrier égrené des entreprises
Trafic industriel routé
Trafic industriel non routé des grands émetteurs


Répartition des revenus de trafic industriel et de trafic égrené
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
57,0%
56,0%
55,1%
43,0%
44,0%
44,9%
2007
2008
2009
Trafic industriel
Trafic "égrené"

2. Items delivered against signature

Items of correspondence delivered against signature held their ground in 2009 compared with 2008, both in terms of revenue and volumes. They generated revenue of just over 1.5 billion euros from traffic amounting to 303 million items.

More than 240 million letters were delivered against signature in 2009, slightly more (+1.6%) than in 2008. At one billion euros, revenue was stable compared with 2008 (-0.4%). Despite increased tariffs for these items[3], revenue did not rise faster than traffic because the average weight of the items delivered was lower.

In contrast, the number of parcels delivered against signature dipped sharply (-5.9%) in 2009. In 2008, volumes for this item category were still rising slightly but, between 2006 and 2008, this growth slowed steadily from 10.5% in 2006 to 1.0% in 2008. Revenue fell 2.3%, i.e. less than volumes, with increased Colissimo Recommandé tariffs buoying revenue in 2009.

Revenus

millions d'euros HT	2005	2006	2007	2008	2009
Lettres et colis remis contre signature - ancien périmètre*	1 213	1 382	1 432	1 458	
Lettres et colis remis contre signature - nouveau périmètre*				1 510	1 512
Accroissement annuel en %		13,9%	3,6%	1,8%	0,1%

Source: ARCEP, Observatoire statistique des activités postales

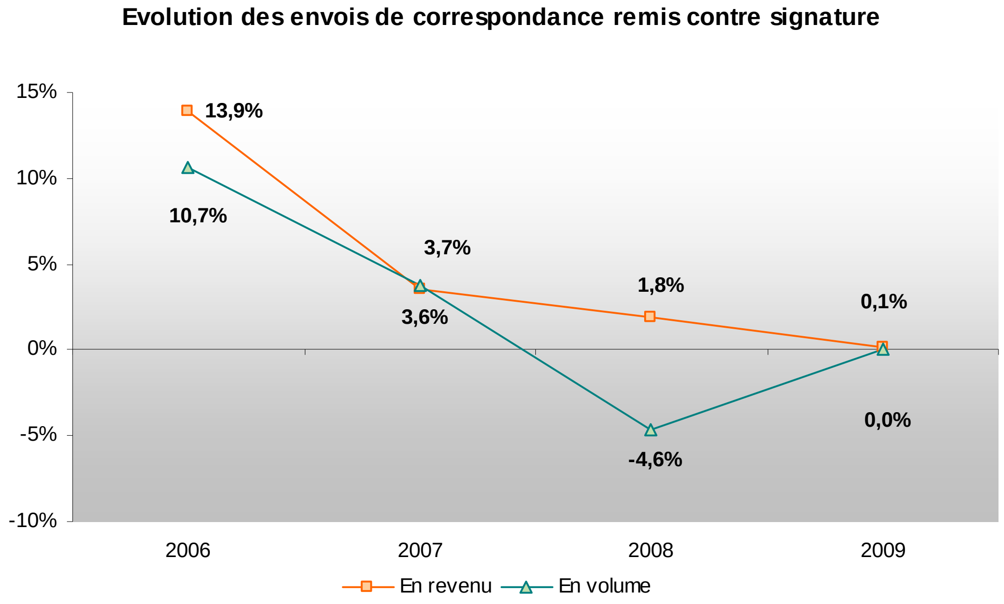
Volumes

millions d'objets	2005	2006	2007	2008	2009
Lettres et colis remis contre signature - ancien périmètre*	252	279	289	276	
Lettres et colis remis contre signature - nouveau périmètre*				303	303
Accroissement annuel en %		10,7%	3,7%	-4,6%	0,0%

Source: ARCEP, Observatoire statistique des activités postales

** En raison du changement de périmètre dans la réponse d'un opérateur, les données portant sur la période 2005 - 2008 ne sont pas directement comparable avec celles portant sur l'année 2009. L'observatoire présente donc la série de données relatives à l'ancien périmètre sur la période 205 -2008 et la série portant sur le nouveau périmètre pour les années 2008 et 2009. De ce fait, les évolutions annuelles présentées sont comparables.*

[3] ARCEP Decision No. 09-0001 of 8 January 2009 on tariffs for domestic mail products in the reserved area of the universal postal service, presented in La Poste's Tariff Dossier of 8 December 2008.


Evolution des envois de correspondance remis contre signature
15%
10%
5%
0%
-5%
-10%
13,9%
10,7%
3,7%
3,6%
1,8%
-4,6%
0,1%
0,0%
2006
2007
2008
2009
En revenu
En volume

3. International mail: exports and imports

3.1 The international mail market

3.1.1 Overview of the French market

As in the domestic market, international mail business declined in 2009, both in respect of revenue (-4.0%) and volumes (-6.6%).
The decrease in volume is much the same for imports and exports which fell at virtually the same rate (-7.0% and -6.3% respectively). Taken together, international imports and exports thus amount to fewer than 900 million items. Overall revenue has shrunk less but reflects contrasting developments for these two market segments. Imports, for instance, generated revenue of 207 million euros in 2009, down 10.6%. However, in 2009, they made up just 28% of all international mail revenue, compared with about 30% in 2008. Revenue from exports, on the other hand, lost very little ground (-1.1%) in 2009, because items of correspondence (excluding advertising) became heavier (cf. p.24).

Revenus

millions d'euros	2005	2006	2007	2008	2009	Evolution 2008- 2009
Export	**602**	**533**	**523**	**527**	**521**	-1,1%
Import	-	251	251	*231*	**207**	-10,6%
Total trafic international*		**784**	**774**	**758**	**728**	**-4,0%**

Source: ARCEP, Observatoire statistique des activités postales
**Inclus les envois de correspondance, les envois remis contre signature, la presse et les colis « ordinaires » - y.c. trafic ABC*

Volumes

millions d'objets	2005	2006	2007	2008	2009	Evolution 2008- 2009
Export	**558**	**510**	**499**	**503**	**471**	-6,3%
Import	-	390	401	*423*	**394**	-7,0%
Total trafic international*		**900**	**901**	**926**	**865**	**-6,6%**

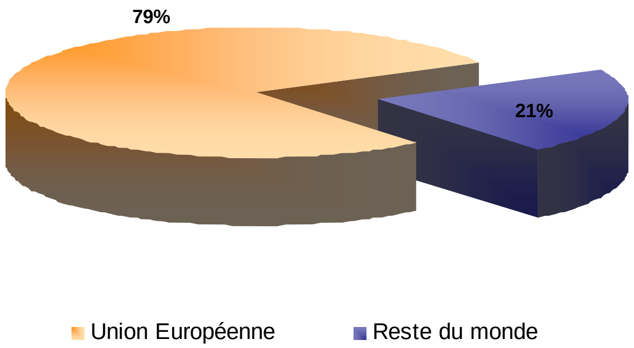
Source: ARCEP, Observatoire statistique des activités postales
**Inclus les envois de correspondance, les envois remis contre signature, la presse et les colis « ordinaires » - y.c. trafic ABC*

The outward international mail segment for items of correspondence is open to competition for all weight categories. An ARCEP authorisation is required in order to operate in this market, and most of the operators are subsidiaries of European Posts (Belgian Post, Deutsche Post Global Mail, Royal Mail, Spring and Swiss Post). IMX and Let Services are the only two independent French-financed international-traffic operators.

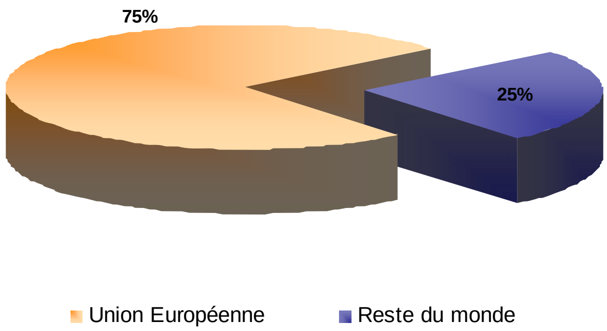
3.1.2 Flow distribution by geographical area

The great majority of exchanges were with neighbouring countries. In 2009, almost 8 out of 10 items went to countries of the European Union, and three quarters of imports came from the European Union too.

Total export (correspondance, colis et presse)
Volume par destination en 2009



Total import (correspondance, colis et presse)
Volume par provenance en 2009



Note: in 2009, geographical distributions were not based on the same perimeter as in previous years. In 2009, flows from Area 1 ("EU") covered EU countries, Iceland, Liechtenstein, Norway, Switzerland, the Vatican and San Marino. In previous publications, flows for the "EU" area included signatories of the REIMS Agreements, i.e. in 2008, the countries of the EU, without Great Britain, the Netherlands and Spain.

3.2 Focus on exports

3.2.1 Items of correspondence, press items and parcels for export

Export market volumes dipped 6.3% in 2009 to 521 million items, after stabilizing in 2008, while revenue fell less sharply (-1.1%).
Addressed advertising was worst hit by this market contraction, losing 8.4% in volumes and 20.9% in revenue. A marked decrease in the weight of addressed-advertising items (down 14.2% in 2009) explains why revenue declined more than volumes for this item category.
The opposite was the case for items of correspondence not including addressed advertising, where revenue remained stable in 2009 (-0.2%) but with a significant drop in volumes (-6.0%). Revenue stability was due to heavier items, with weights increasing 11.9% year on year.
Press exports also shrank, in respect of both revenue (-13.4%) and volumes (-10.0%), but this segment accounts for only a very small percentage of the export market.
In contrast, ordinary parcel exports fared quite well, generating revenue totalling 121 million euros for 13 million items and chalking up growth in double figures.

Revenus

millions d'euros	2005	2006	2007	2008	2009	Evolution 2008- 2009
Envois de correspondance	496	419	398	392	376	-4,0%
publicité adressée			74	72	57	-20,9%
hors publicité adressée			325	320	319	-0,2%
Presse	31	29	29	28	24	-13,4%
Colis "ordinaires"	74	85	96	108	121	12,6%
Total Export*	**602**	**533**	**523**	**527**	**521**	**-1,1%**

Source: ARCEP, Observatoire statistique des activités postales
** y compris le trafic ABC*

Volumes

millions d'objets	2005	2006	2007	2008	2009	Evolution 2008- 2009
Envois de correspondance	523	475	462	468	436	-6,9%
publicité adressée			154	164	150	-8,4%
hors publicité adressée			308	304	286	-6,0%
Presse	28	27	29	25	22	-10,0%
Colis "ordinaires"	7	8	8	10	13	31,1%
Total Export*	558	510	499	503	471	**-6,3%**

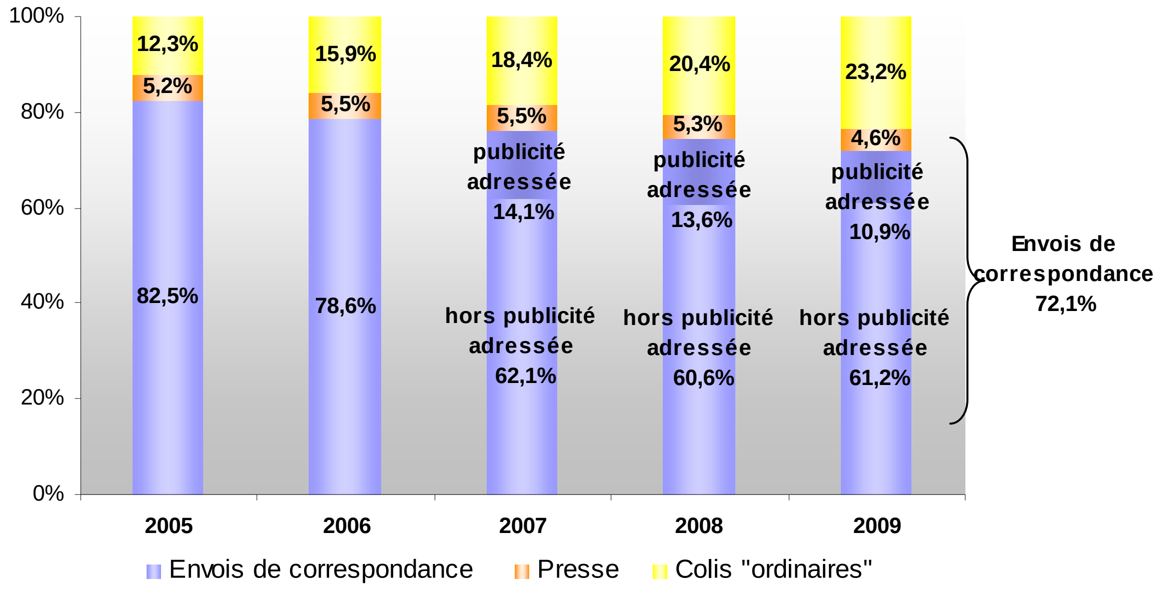
Source: ARCEP, Observatoire statistique des activités postales
** y compris le trafic ABC*

Poids des trafics export

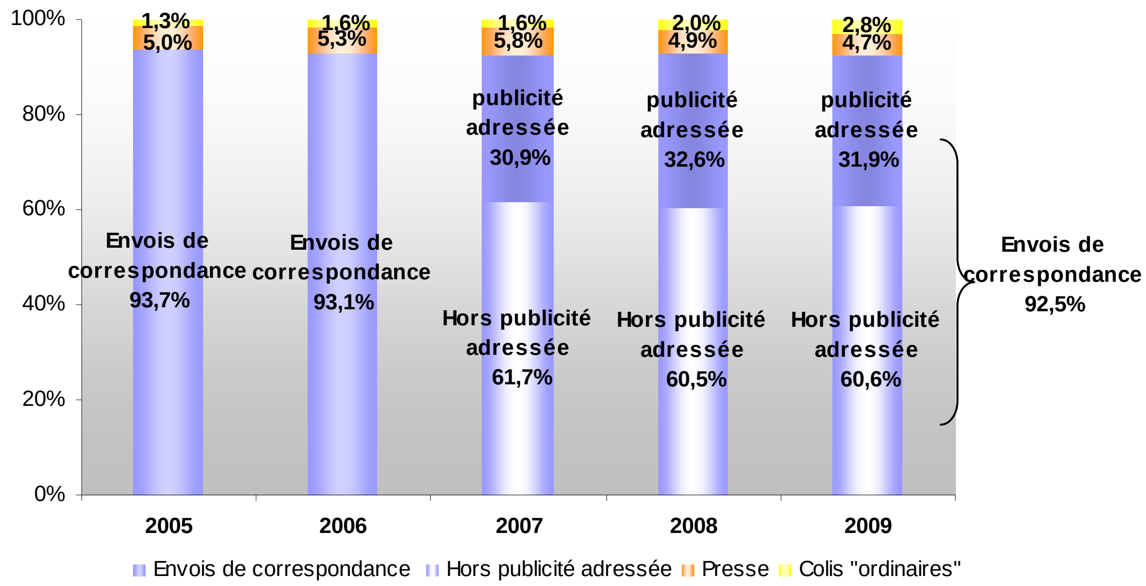
tonnes	2007	2008	2009	Evolution 2008- 2009
Envois de correspondance	**28 465**	**28 748**	**29 297**	**1,9%**
Publicité adressée	*11 376*	*10 982*	**9 424**	-14,2%
Hors publicité adressée	17 089	17 766	**19 874**	11,9%
Presse	**5 629**	**4 629**	**3 725**	**-19,5%**

Source: ARCEP, Observatoire statistique des activités postales

Percentage revenue from items of correspondence fell because of a substantial decline in addressed-advertising revenue whose share of total export revenue declined approximately 2.7 percent (from 13.6% to 10.9% in 2009). On the whole, parcels held up well, accounting for 23.2% of the export market in 2009 (up 2.8 percent in one year), continuing the steady growth recorded between 2005 and 2008.



The distribution of export volumes among the various products has altered little since 2005. Though parcels made a significant gain over this period, they represented less than 3% of total export volumes in 2009.



3.2.2 ABC traffic

At 108 million items, traffic transiting through France remained stable in 2009 after falling for two years in succession. Revenue stood at 46 million euros, representing just 12% of total revenue from exported items, while ABC traffic volumes accounted for 25% of total export volumes.

Revenus

millions d'euros	2006	2007	2008	2009	Evolution 2008- 2009
Envois de correspondance export	**419**	**398**	**392**	**376**	-4,0%
dont trafic ABC	56	50	51	**46**	-10,9%

Source: ARCEP, Observatoire statistique des activités postales

Volumes

millions d'objets	2006	2007	2008	2009	Evolution 2008- 2009
Envois de correspondance export	**475**	**462**	**468**	**436**	-6,9%
dont trafic ABC	122	114	107	108	0,9%

Source: ARCEP, Observatoire statistique des activités postales

ABC traffic

ABC traffic corresponds to a flow which originates in country A, transits through country B – France, in this instance – and is delivered in country C. Here, postage is paid at the tariffs set by country B. The originator in country A hands over the items to postal operator B, which is remunerated through this postage and then forwards the traffic to country C. Terminal dues are paid to the operator performing delivery in country C.

The three main international-mail exchange models

The payment received by postal operators involved in mail forwarding and delivery depends on the role they play between the dispatch and receipt of items. The delivery operator is remunerated through the **terminal dues** paid by the operator in the country of dispatch, whereas the operator in that country is remunerated through the **postage** paid by the sender of the item.

*** IMPORT**

COUNTRY A **COUNTRY B** **COUNTRY C**

Financial flows

Postage
Post A

Terminal dues
Post B

Remuneration of the national Post takes the form of terminal dues.

*** EXPORT**

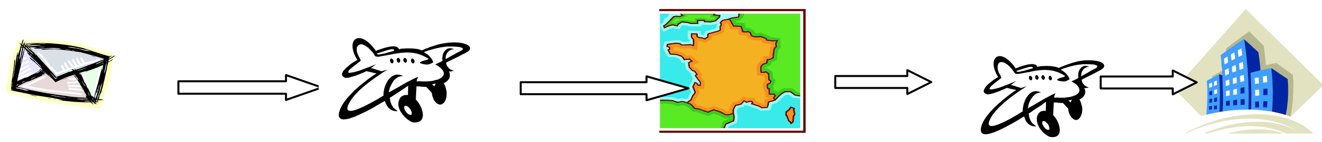
Financial flows

Terminal dues
Post A

Postage
Post B

The postal operator of country B, the origin of the flows, is remunerated through postage. The operator of country A where the mail is delivered receives the terminal dues corresponding to its delivery work.

ABC REMAILING



Financial flows

Postage
Post B

Terminal dues
Post C

Country B – in this case France – serves as a transit country for mail from country A intended for country C. Here, postage is paid in country B. The sender in country A hands over the items to postal operator B which is remunerated through the postage. It then forwards the traffic to country C. The terminal dues will be paid to the operator performing delivery in country C.

There are several other international exchange models, but these account for low levels of volume and revenue. In particular, intermediate players may be involved in mail forwarding.

4. Parcels

"Light" parcels weighing less than 30 kilograms generated income to the tune of some 3.8 billion euros in 2009, based on volumes estimated at around 700 million parcels.

In the overall context of general revenue downturn, the parcels market is no exception to the rule, decreasing 2.7% year on year, in contrast to growth of 3.9% in 2008. Volumes have remained virtually stable for the past two years.

The parcels market

This market comprises two segments: non-express (ordinary) parcels and express parcels. The main difference between them lies in their transmission times, with non-express (ordinary) parcels generally taking more than one day (D+2 to D+5) and express parcels one day or less (D+1). The second difference concerns identification of parcel senders and addressees. Moreover, non-express parcels mainly concern business-to-consumer exchanges or those between private individuals, while the express service is more suited to business-to-business needs (short transmission times, appropriate logistics).

However, it is becoming increasingly difficult to distinguish between these two segments as the products offered by operators are increasingly similar.

4.1 Non-express (ordinary) parcels

In terms of revenue, non-express parcels account for almost 43% of the parcels market, bringing in an estimated 1.6 billion euros in 2009, very slightly down on 2008. Parcel numbers (372 million) dropped more sharply (-2.9%). Revenue performed better than volumes for two reasons. On the one hand, the increase in Colissimo tariffs from 2 March 2009 curbed further loss of revenue and, on the other hand, customers switching from untracked parcel products to tracked ones boosted revenue, thus partly offsetting declining volumes.
The number of parcels delivered fell because fewer parcels were sent by remote retailers or were exchanged between consumers. The e-commerce boom no longer compensates for the loss of these volumes.

Revenus

millions d'euros HT	2004	2005	2006	2007	2008	2009	Evolution 2008- 2009
Colis	1 396	1 804	*1 585*	*1 593*	*1 639*	1 634	-0,3%

Source: ARCEP, Observatoire statistique des activités postales

Volumes

millions d'objets	2004	2005	2006	2007	2008	2009	Evolution 2008- 2009
Colis	342	403	355	386	383	372	-2,9%

Source: ARCEP, Observatoire statistique des activités postales

In 2009, approximately 300 million parcels were generated by remote retailing (VAD)[4] and e-commerce. Besides the parcels sent by mail-order companies, this figure includes parcels

[4] 2009 FEVAD figures.

sent by “pure players”, i.e. trading platforms that are solely Internet-based. Remote retailing and e-commerce accounted for nearly three quarters of the parcels delivered in France.

4.2 Express parcels[5]

In 2009, the number of express parcels delivered in France fell for the first time since 2004, by 1.6%, compared with a 2008 increase of 1.8%. Revenue from national express parcels tumbled even further over the same period, down 4.4%.

Express parcels for abroad followed the same trend, with an even greater drop in parcel volumes of 2.2% in 2009, whilst revenue for this category nosedived 15.3% year on year.

The only category to do well was imported parcels, with only a slight decline in revenue of 1.0% compared with 2008 and volumes that rose nearly 11%.

Taux de croissance de l'Express Colis Légers* - Revenu

	2005	2006	2007	2008	2009
Express national	4,6%	3,2%	3,4%	5,8%	**-4,4%**
Express Import	22,2%	13,4%	-3,6%	5,0%	**-1,0%**
Express Export	3,4%	5,6%	5,2%	2,9%	**-15,3%**

Source : Enquête Messagerie, SESP, Ministère de l’Ecologie, de l’Energie, du développement durable et de l’aménagement du territoire.

Taux de croissance de l'Express Colis Légers* - Volume

	2005	2006	2007	2008	2009
Express national	5,0%	6,8%	3,3%	1,8%	**-1,6%**
Express Import	9,0%	18,9%	5,3%	8,7%	**10,7%**
Express Export	4,3%	5,3%	2,6%	3,2%	**-2,2%**

Source : Enquête Messagerie, SESP, Ministère de l’Ecologie, de l’Energie, du développement durable et de l’aménagement du territoire.

[5] Ministry for Ecology, Energy, Sustainable Development and Spatial Planning. General Committee on Sustainable Development: Courier services in the fourth quarter of 2008, Figures and Statistics No.15, March 2009. The SESP survey is conducted in conjunction with TLF, the *Fédération des Entreprises de Transport et de Logistique de France*, and based on data provided by the networks themselves.

Parcel market players

Non-express parcels
In addition to La Poste, which is distinguished by its obligation to provide a universal service throughout the national territory[6], other players such as Distrihome, an Adrexo subsidiary, or delivery subsidiaries of remote-retail groups (Sogep, Mondial Relay) have established their presence on the ordinary parcels market and provide home delivery. Their main customers are remote retailers.

Express light parcels
Two categories of players compete in the various segments of the express light parcels market: postal company subsidiaries, both French (Chronopost, Exapaq) and foreign, like TNT express (a subsidiary of TNT, the Netherlands Post), DHL (a subsidiary of Deutsche Post, the German Post), GLS (a subsidiary of Royal Mail, the British Post) and integrators (FedEx, UPS).

Other companies which began as road freight businesses – like Calberson and France Express of the Géodis Group, Ciblex, Sernam, Tatex (formerly TAT Express) – are also present, but express items of all weights and, more generally, courier services constitute their core market.

[6] Its obligation covers services for parcels weighing a maximum of 20 kg, as ordinary or registered items, provided to the public, excluding services provided to businesses in execution of contracts covering several consignments as set out in Decree No. 2007-29 of 5 January 2007 on the universal postal service and La Poste's rights and obligations, amending the Code des postes et des communications electroniques (Postal and Telecommunications Code).

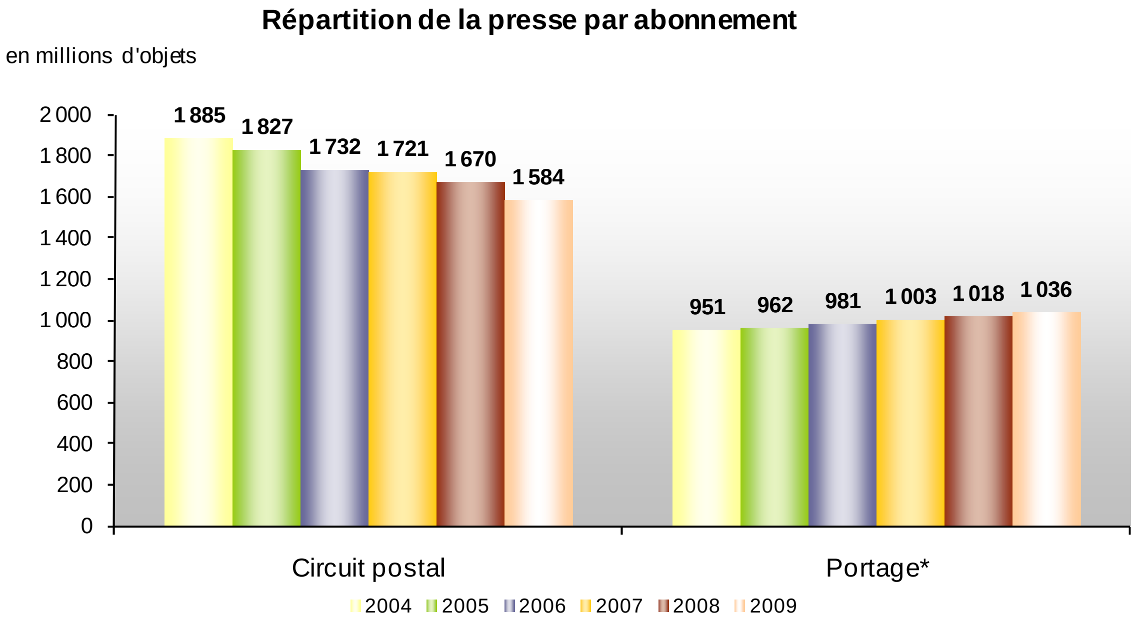
5. Press items

After a slight drop in volumes in 2008, press items delivered through postal and non-postal channels[7] kept falling in 2009 (-2.5%). As in previous years, growth in the number of press items delivered through non-postal channels could not fully compensate for the decrease in press items delivered through the postal circuit. The market share of non-postal channels is growing steadily (39.5% in 2009 compared with 33.5% in 2004).

Volumes

millions d'objets	2004	2005	2006	2007	2008	2009	Evolution 2008- 2009
Circuit postal	1 885	1 827	*1 732*	1 721	1 670	1 584	-5,1%
Portage*	951	962	981	1 003	1 018	1 036	1,8%
Distribution totale de la presse aux abonnés	**2 836**	**2 789**	**2 713**	**2 724**	**2 688**	**2 620**	**-2,5%**

Source: ARCEP, Observatoire statistique des activités postales
** Source: OJD, Observatoire de la presse – Portage de presse payante grand public*

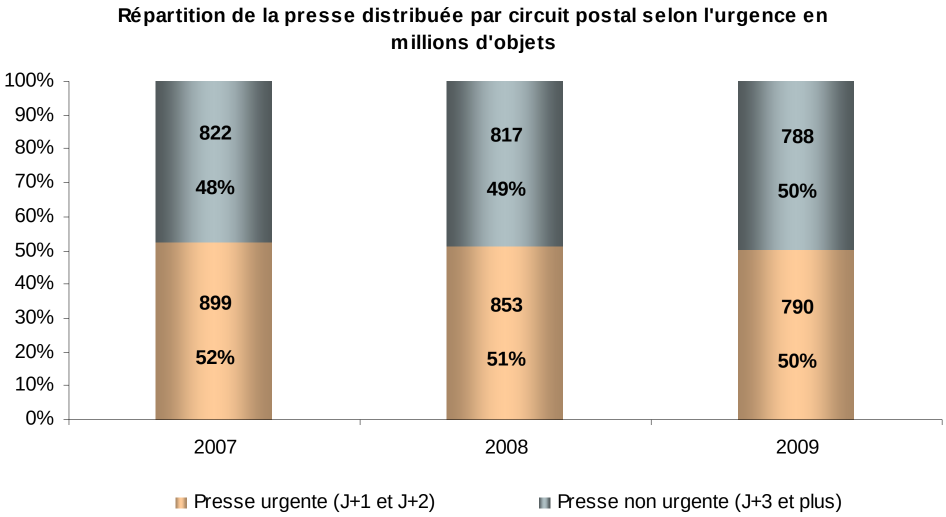


Press items delivered to subscribers followed the general downward trend noted for several years for press items against payment in France. In 2009, the “Office de Justification de la Diffusion” (OJD)[8] estimated this decline in press items against payment in France at 3.3% (compared with a 2.2% decrease in 2008).

Whereas in previous years, urgent press items accounted for over half of press items delivered through the postal circuit, in 2009, urgent and non-urgent press items now have

[7] In contrast to postal delivery when an address is printed on the newspaper which is delivered like addressed mail, non-postal delivery is based on a list of addressees and an unmarked pile of newspapers. Consequently, delivery through non-postal channels is not a postal activity in the sense of Directive E97/67/EC which presupposes the delivery of addressed items.
[8] 20th Observatoire de la Presse, OJD, 2010. The OJD is the French association which certifies the distribution, delivery and counting of newspapers, periodicals, websites and all other advertising media.

equal market shares because urgent press items have lost more ground, just as urgent items of correspondence have.



Revenus

millions d'euros HT	2004	2005	2006	2007	2008	2009	Evolution 2008- 2009
Chiffre d'affaires "Presse"	468	492	484	483	464	459	-1,2%
Contribution provisionnelle de l'Etat	290	242	242	242	242	242	0,0%
Total	**758**	**734**	**726**	**725**	**706**	**701**	**-0,8%**

Source: ARCEP, Observatoire statistique des activités postales

In 2009, revenue from delivery of press items against payment through the postal circuit declined less than traffic, with revenue down 1.2% and volume down 5.1%.

The French Government's contribution – set out in the multi-year agreements between Government, Press and Post – has been 242 million euros per year since 2005, corresponding to the contractual remuneration paid by the Government to La Poste to offset the preferential tariffs granted to press organisations.

Tripartite Government-Press-La Poste Agreement
The Schwartz Agreements

On 23 July 2008, the French Government, La Poste and representatives of the Press signed an agreement, running from 2009 to 2015, on the conveyance of press items by La Poste. Under this agreement, the Government will continue to subsidise La Poste for its conveyance of press items as follows: 242 million euros until 2011, 232 million euros in 2012, decreasing to 180 million euros in 2015.

This agreement provided for a gradual increase in delivery tariffs spread over seven years. Between 2009 and 2015, this increase is slightly less than 25% for press items providing political and general information, and around 34% for other press items over the same period. However, this increase was postponed by one year because of the deterioration in the general economic situation in the second half of 2008 and as part of emergency measures for the benefit of the Press. Implementation of the agreement was nevertheless confirmed, with the French Government compensating La Poste for its entire earnings shortfall.

Despite the downturn in the delivery of press items against payment, there is no denying the success of non-postal channels. Since 2004, these channels have delivered 1% to 2% more newspapers and magazines to subscribers every year. In 2009, numbers of press items delivered through non-postal channels rose at the same pace as in 2008, i.e. +1.8%.

According to the OJD, nearly a quarter of all press items against payment in France were delivered through non-postal channels in 2009. Since 2007, this share has risen by one percent a year. Dailies and Sunday newspapers accounted for 8 out of 10 newspapers and periodicals delivered through such channels.
At 46%, daily departmental and regional press items made up the majority of these non-postal volumes, gaining almost one percent per year between 2004 and 2009. Sunday newspapers rank second in non-postal delivery statistics at 30% in 2009. Use of non-postal delivery channels for this category increased significantly in 2009, up 2%. Magazines and national dailies bring up the rear for use of non-postal delivery channels, with 11% and 10% respectively – percentages which have changed only slightly since 2004.
Press publishers received government subsidies to the tune of 61.75 million euros in 2009 (compared with 8.25 million euros in previous years) under the head of non-postal delivery of press items. The number of assistance beneficiaries has doubled in one year and is expected to grow even further in 2010.

6. Unaddressed advertising

The past two years saw a substantial reduction in advertising expenditure that impacted on all promotional distribution methods. Unaddressed advertising was not spared either in 2009, with volumes tumbling 3.5%, despite the 2008 recovery (6.0% more volume and 4.5% more revenue).
Between 2004 and 2007, unaddressed-item volumes fluctuated little overall, with 18.6 billion items delivered). In 2009, 19 billion items were delivered, generating 680 million euros in revenue (up 1.0%).

Revenus

millions d'euros HT	2004	2005	2006	2007	2008	2009	Evolution 2008- 2009
Publicité non adressée	593	630	*658*	*643*	*673*	680	1,0%

Source: ARCEP, Observatoire statistique des activités postales

Volumes

millions d'objets	2004	2005	2006	2007	2008	2009	Evolution 2008- 2009
Publicité non adressée	18 590	18 570	18 568	*18 569*	*19 676*	18 984	-3,5%

Source: ARCEP, Observatoire statistique des activités postales

	Millions d€			Evolutions annuelles en %		
	2007	2008	2009	2007	2008	2009
Dépenses publicitaires totales	9 743	9 559	9 027	-2,4%	-1,9%	-5,6%
dont marketing direct	4 728	4 657	4 340	-2,0%	-1,5%	-6,8%
dont Imprimés sans adresse	2 933	2 913	2 814	-1,4%	-0,7%	-3,4%
dont autres éditions publicitaires	1 259	1 167	1 106	-4,9%	-7,3%	-5,2%
dont autres (marketing téléphonique, …)	823	823	767	-4,0%	0,0%	-6,8%

Source: UFMD

7. Mail preparation

This area covers all bulk-mail preparation activities prior to hand-over to a postal operator for delivery. Mailing houses normally carry out three major operations: packaging, sorting and postal prepayment.

Packaging includes collating, cutting and folding, addressing, enveloping, polywrapping and parcelling. Sorting, the second big mailing-house activity, involves bundling or bagging printed matter, newspapers, advertising circulars or brochures by destination for the postal operator. And lastly, mail preparation frequently covers postal prepayment (franking).

Mailing houses[9] act as interfaces between senders and delivery services and constitute a very mixed group of some 200 businesses..

Basically, mailing houses handle direct marketing mail (addressed advertising), transactional mail (invoices, bank statements and other documents linked to contractual operations) and press subscriptions. In a more marginal capacity, they handle bulk parcels or unaddressed advertising.

While some mailing houses specialise in processing a single category of mail, they tend to diversify their traffic as part of the quest for new profit centres and to make their business less seasonal.

Expanding the services offered to mail originators – for instance, upstream direct-marketing campaign concepts (message design, geomarketing, etc.) – is also part of this business diversification. In addition, more and more mailing houses are integrating new communication technologies and offering mail-shot campaigns in tandem with e-mails or text messages.

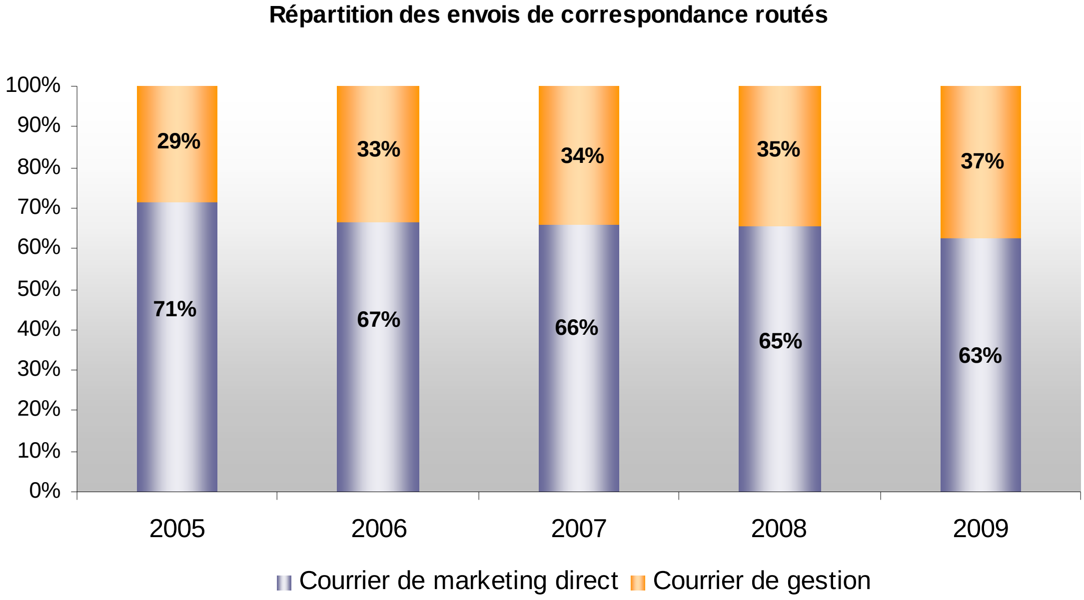
7.1 Mail preparation – Domestic items of correspondence

In 2009, 5.6 billion domestic items of correspondence were prepared, just 24 million down on the previous year. Thus the mail preparation market fared better than overall correspondence-item volumes. Transactional mail, which accounts for 37% of prepared items of correspondence, increased for the third year in a row (up 4.5% in one year), while direct-marketing mail fell significantly (3.0%) compared with 2008). However, it held up better than addressed advertising as a whole, which was down 6.6% (see p. 16).

Volume

millions d'objets	2005	2006	2007	2008	2009	Evolution 2008- 2009
Courrier de marketing direct	3 759	3 825	3 755	3 691	3 579	-3,0%
Courrier de gestion	1 516	1 926	1 917	1 949	2 036	4,5%
Envois de correspondance routés - total	**5 275**	**5 751**	**5 672**	**5 640**	**5 616**	**-0,4%**

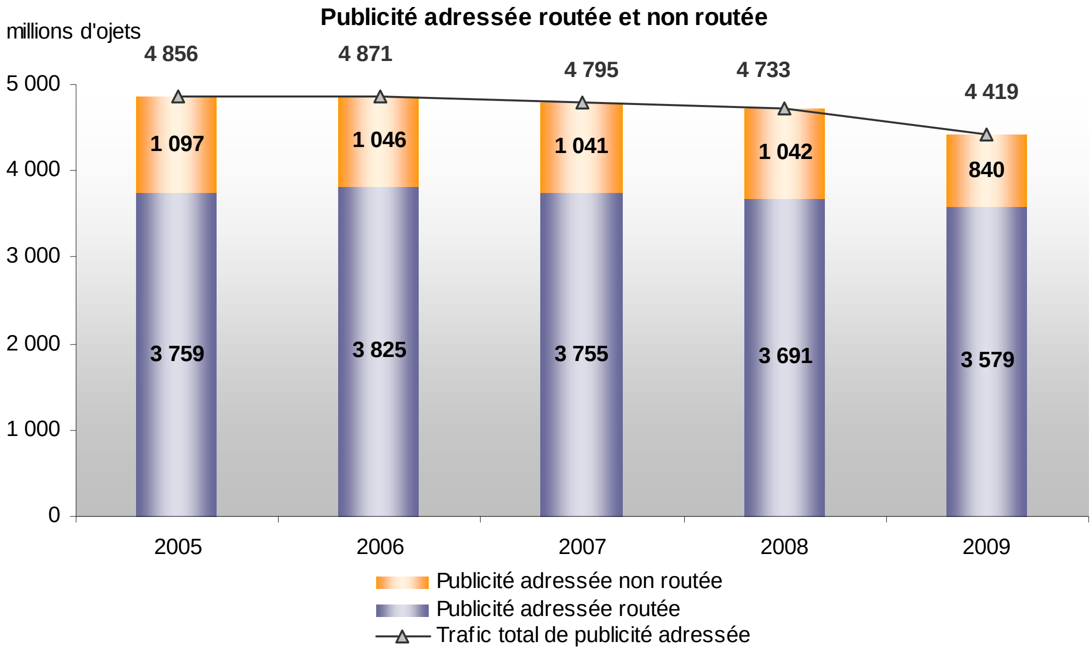
[9] i.e. businesses classified under 74.8G in accordance with the French Nomenclature of Activities



7.2 Mail preparation – Addressed advertising

In 2009, prepared addressed advertising accounted for 3.6 billion of the 4.4 billion addressed advertising items, a decrease of 3.0%. However, this drop is still much less than the volume lost by unprepared addressed advertising which plummeted over 20% in 2009.

The market share of prepared addressed advertising grew in 2009, representing 81% of all delivered addressed-advertising items.



In 2009, approximately 95% of prepared direct-marketing items[10] were deposited direct with an ARCEP-authorised postal delivery operator, while the remaining 5% were grouped with aggregators[11] to obtain more favourable tariffs from postal operators. This percentage has not changed since 2007.

7.3 Mail preparation – Transactional mail

Prepared transactional mail was up 4.5% in 2009, confirming better mailing-house performance in this segment compared with addressed advertising. In 2009, transactional mail represented 37% of the flows processed by mailing houses, an 8% increase over the five-year period.

The good performance of prepared transactional-mail volumes can be situated in a generally unfavourable context of downward trends for such items. Large mailers (banks, utilities, telecom operators) increasingly offer their customers electronic bills or statements, which partly explains the overall decrease in items of correspondence. On the other hand, they tend to use preparation services for their remaining postal items. Moreover, the development of automated processing solutions for mail that companies used to dispatch as single-piece items tends to support the prepared transactional-mail market segment.

Mailing houses processing transactional mail earned over 80% of their revenue from computerised services such as item personalisation. The remainder came from ancillary services such as digitisation or data storage.

Virtually all prepared flows are deposited with an ARCEP-authorised delivery operator. Mailing houses that deal in transactional mail do not use flow aggregation much as their consignments are large enough to qualify for postal operator discounts.

[10] Based on replies to the current survey.
[11] Certain volume thresholds have to be reached to qualify for discounted tariffs. When mailing houses do not have enough items, they pass them on to an aggregator which combines the small consignments to obtain the required volumes.

Mailing houses: size-related development [12]

According to the study conducted by BASIC Consultants for ARCEP in 2010, mailing houses fall into three categories, depending on their turnover:

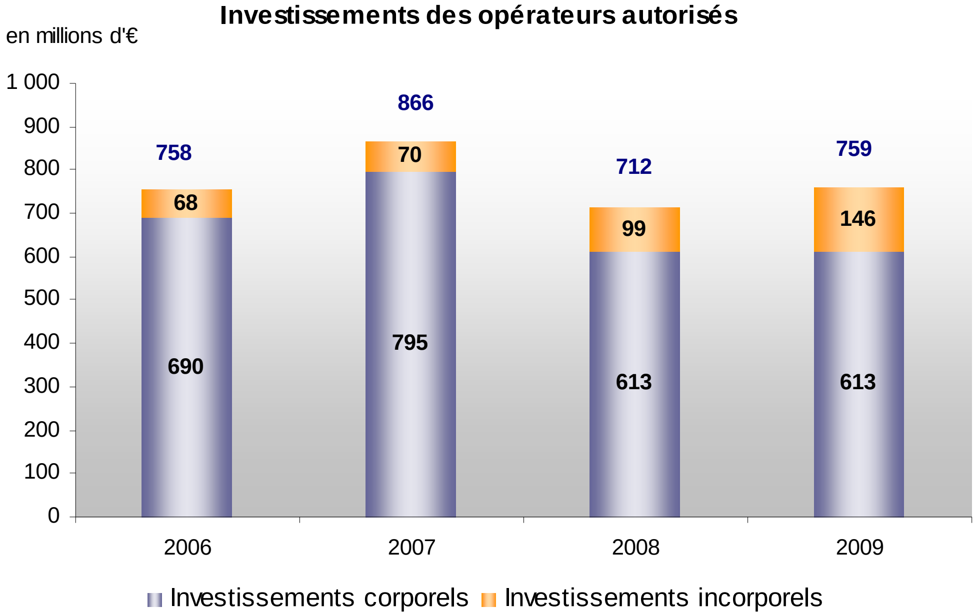
- small companies with an annual turnover under 2 million euros. According to BASIC, these companies have managed to maintain significant turnover growth since 2009 despite the general downturn in postal activity. They represent about 10% of total mail-preparation market turnover;
- medium-sized companies, with an annual turnover of between 2 and 7 million euros. These companies experienced substantial growth until 2006, but their business has since dropped off slightly;
- companies with an annual turnover in excess of 7 million euros. Developments in this category, which generates 80% of total mail-preparation market turnover, differ depending on size. Taken overall, until 2006, their business grew steadily. After 2006, only the biggest companies (with turnovers in excess of 15 million euros) have managed to sustain modest growth. The others have experienced substantial turnover shrinkage.

[12] Study on mail preparation in France, conducted by BASIC Consultants, 2010. This study had not yet been published on ARCEP's website at 28 October 2010.

Part II – Investments and jobs in postal activities

1. Investments

In 2009, ARCEP-authorised operators and their subsidiaries spent 759 million on postal activities, i.e.6.6% more than in 2009.
This increase is linked to higher investments in intangibles for a total of 99 million euros in 2008 and 146 million euros in 2009.
Tangible investments (i.e. investments in infrastructure, equipment, sorting machines and premises) are vital for postal activities. They remained stable for 2008 – 2009, representing 81% of total investment in 2009.



Note:
The information about investments given here is confined to operators authorised by ARCEP at the end of 2009 and to their subsidiaries in France that invest in postal activities (see box). Thus, they cover only postal-service activities in the strict sense of the term and exclude express items, unaddressed advertising and mail preparation.

Investments by subsidiaries

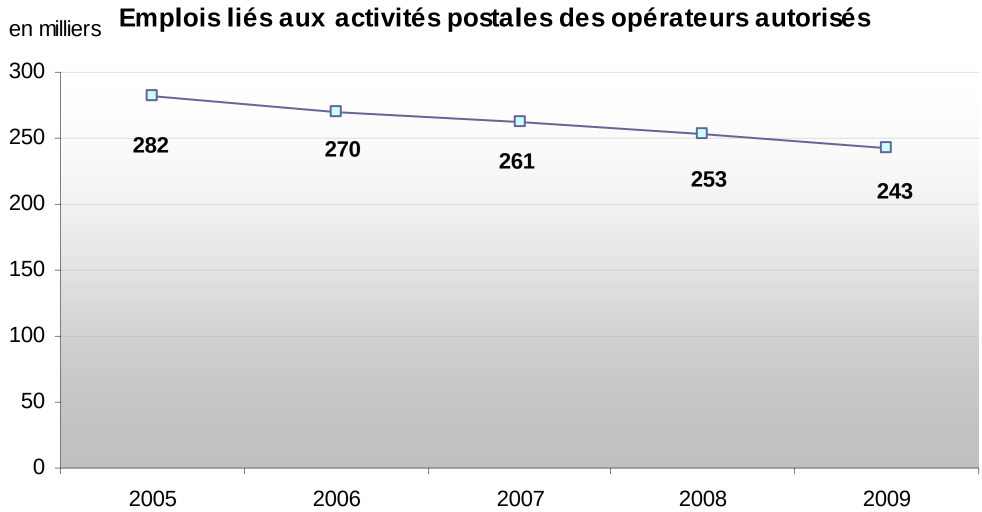
A large proportion of the La Poste Group's investments in postal activities in France are made through Poste Immo, a 100% subsidiary created on 1 April 2005. Since then, Poste Immo has been managing its parent company's investments in infrastructure (upgrading of sorting centres and renovation of post offices) and its real estate.

In particular, these investments support the plan to modernise La Poste's production apparatus, entitled “Cap Qualité Courrier”, which provides for investments totalling 3.4 billion euros between 2004 and 2012 with the creation of 42 industrial mail platforms to process 88% of traffic. In 2009, 18 platforms were commissioned, bringing the number of operational platforms to 27 at the end of 2009. They currently cover 70% of flows.[13]

[13] 2009 Financial Report, La Poste, page 9.

2. Jobs

Since 2005, the number of jobs linked to postal activities among declared operators has decreased by around 10,000 posts a year. In 2009, there were 243,000 posts related to postal activities.
The workforce employed by alternative operators accounts for only a tiny percentage of these posts (less than 1,000 in 2009).



Job count procedure

The number of jobs considered here corresponds to the number of individuals employed by authorised operators, not including subsidiaries, to perform postal services, i.e. excluding activities in relation to express items, unaddressed advertising and mail preparation.
Employees of the Banque Postale, a La Poste subsidiary, as well as financial services staff working for the La Poste parent company, whose jobs are not linked to postal services, are not included.
The staff of agencies or partner pick-up points to which authorised operators delegate certain services are not included either. Jobs in postal or communal agencies and pick-up points are not counted, even though the number of such facilities increased 14% in 2009 following a 10% increase in 2008.
Employees – especially counter staff – whose work is only partially connected to postal services, are counted as full-time staff, instead of calculating the percentage of their time spent on postal activities.
This indicator provides only an approximate picture of jobs related to postal services.

The example of counter staff: postal plus banking services

The work of La Poste counter staff is divided between postal services, such as the prepayment of items of correspondence or “ordinary” parcels, and other services on behalf of subsidiaries (La Banque Postale, Chronopost).
For each of these subsidiaries, an agreement on billing counter-staff work is signed with the parent company, and these agreements are renegotiated every year on the basis of either the time spent on this work or on sales commissions.

SOURCES

ARCEP Observatory

Correspondence-item market:

The data are derived from ARCEP's statistical survey of postal service operators that is mandatory for all authorised operators, in compliance with article L.135 of the Postal and Telecommunications Code which provides that the Autorité de régulation des communications électroniques (ARCEP) may collect data and conduct all information activities concerning the postal sector. To this end, operators authorised in accordance with article L.3 and the postal universal service provider have an obligation to provide ARCEP with statistical information about the use and coverage of their services as well as about access to them.

Mail-preparation market:

The data are taken from ARCEP's statistical survey of mailing houses. The 2009 questionnaire was sent to just over 150 companies.

The survey responses were used to break down mail-preparation revenue into the various flows and distribution of items according to the final deliverer. Total revenue and volumes were estimated using several sources (La Poste, Basic, SELCED).

List of professional organisations contacted in the context of the survey:

Syndicat des Entreprises de Logistique de Communication Ecrite Directe (SELCED): mail-preparation market

Fédération des Entreprises de Vente A Distance (FEVAD): parcels market

Other public sources used by the Observatory:

La Poste: 2009 Annual Report

Ministry for Ecology, Energy, Sustainable Development and Spatial Planning: courier services and express market

Office de Justification de la Diffusion (OJD): press distribution

Study on mail preparation activities in France, conducted by BASIC Consultants for ARCEP, 2010