L'OBSERVATOIRE DES MARCHÉS

MARKET OBSERVATORY :
THE TELECOMMUNICATIONS SERVICES MARKET IN FRANCE
AT THE FIRST QUARTER 2004
(declared operators)

ART
AUTORITÉ de
RÉGULATION des
TÉLÉCOMMUNICATIONS

September 2004

Introduction

Telecommunications sales were up 4.6% in the first quarter 2004 with respect to the same period the previous year. The Internet market was the strongest engine of this growth, with yet another acceleration: Internet sales of registered operators were up 30% over one year.

Fixed telephony

The number of unbundled lines continued to grow very quickly on the French market, reaching close to half a million lines, of which more than 200 000 were partially unbundled during the first quarter 2004. Average monthly consumption indicators per fixed-telephony customer (average monthly invoice and volume of traffic) are now monitored on the last page of the Observatory. The average invoice per fixed subscription was €31.00 at the first quarter 2004, compared with €28.50 per mobile telephony customer.

Internet

The growth in Internet revenue results above all from the strong increase in the number of customers opting for high-speed Internet access, which reached 4.5 million (with 0.9 million new customers in the first quarter 2004). On the high-speed segment during the first quarter 2004, operators recorded an increase of close to one-third in revenue (+93% over one year). The number of dial-up subscriptions is declining at an average rate of 13%, but is still higher (6.5 million) than the number of high-speed subscriptions.

Mobile

For mobile, the increasing share of data transport (9% of revenue) and the continuous increase in the number of customers (41.9 million, representing a penetration rate of close to 70% at end March 2004) ensure this sector's continuous growth. Three new indicators are included in this Observatory: the number of telephone numbers ported during the quarter, the number of mobile multimedia users (both also appear in the Mobile Observatory), and roaming-in, which corresponds to the traffic of foreign mobile subscribers on the mobile networks of French operators and the revenue of French mobile operators generated by this traffic.

Note - Data for one quarter may be revised in the subsequent observatory following corrections made by operators in their reports, Any discrepancies are due to rounding.

Contents

1 The telecommunications market as a whole

1.1 The end user market

Global sales of the telecommunications market were €8.865 billion, representing a 4.6% increase over sales of the 1st quarter 2003. The Internet and mobile telephony sectors contributed most to this growth, with increases of 30.3% and 14.3% over the period, respectively, whereas fixed telephony revenue continues to decline (-4.3%).

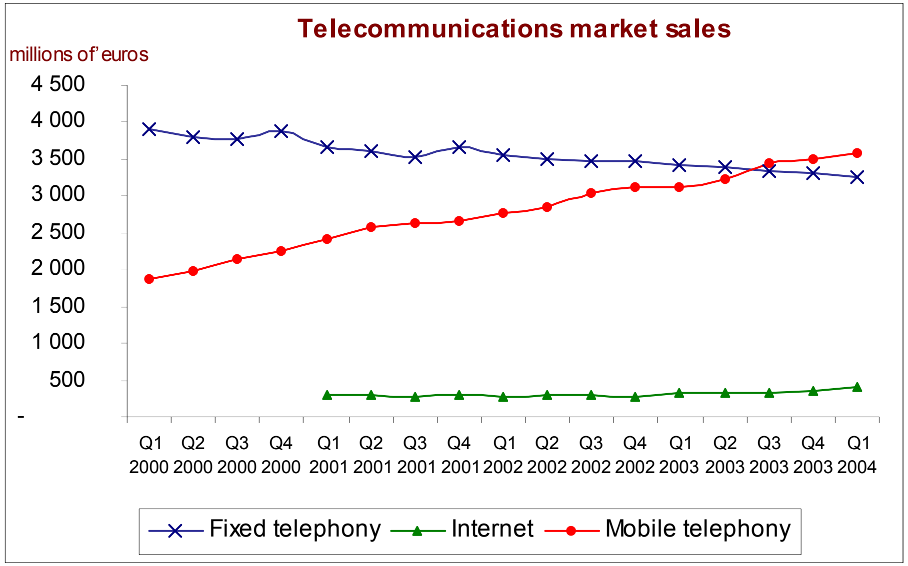
Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Fixed telephony [1]	3 409	3 386	3 325	3 319	3 262	-4,3%
Internet [2]	320	333	326	359*	417	+30,3%
Mobile telephony [3]	3 124	3 219	3 436	3 490	3 571	+14,3%
Total telephony and Internet	**6 853**	**6 937**	**7 087**	**7 168**	**7 249**	**+5,8%**
Advanced services	492	436	427	456	424	-13,7%
Leased lines	551	562	573	586	542	-1,8%
Data transport	120	126	138	153	128	+6,8%
Operator assistance, directories and advertising	80	94	93	91	57	-28,2%
Hosting and call centre management	7	9	14	7	5	-34,3%
Terminals and equipment	372	412	521	703	459	+22,9%
Total Market	**8 476**	**8 576**	**8 853**	**9 165**	**8 865**	**+4,6%**

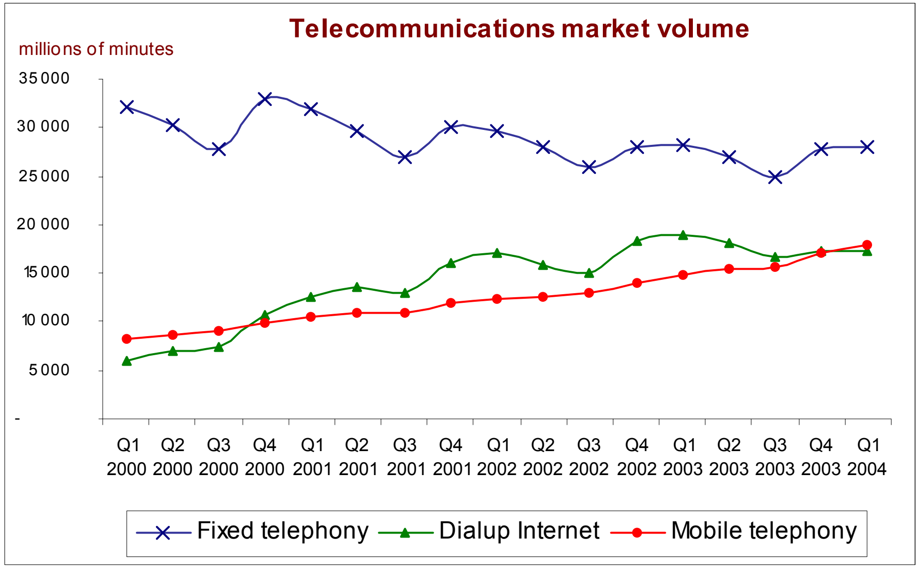
adjusted figures

[1] This indicator includes sales of access fees and subscriptions, calls from fixed lines excluding calls to Internet, of public phones and cards.
[2] Not including the added value of not declared ISPs (e.g., Wanadoo, AOL and Club Internet).
[3] This item includes data transport on mobile networks, as well as, until the 4th quarter 2003, revenue of messaging operators
[4] The indicator includes only sales of data transport from fixed lines, since data transport from mobile lines is included in global mobile telephony figures.
[5] This market is not covered by the telecommunications services market *per se*. Since the contribution of declared operators on this market is low, this indicator gives only a partial view of actual figures.

Volumes (in millions of minutes)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Fixed telephony	28 183	26 972	24 941	27 760	28 016	-0,6%
Internet (dialup Internet)	18 971	18 124	16 664	17 313	17 210	-9,3%
Mobile telephony	14 726	15 500	15 597	16 998	18 009	+22,3%
Total telephony and Internet	**61 880**	**60 596**	**57 202**	**62 072**	**63 235**	**+2,2%**

The total volume of telephony traffic is up 2.2% with respect to the traffic recorded in the 1st quarter 2003. Mobile telephony volumes represent almost all of this growth. We are seeing a definite downturn (-9.3%) in the volume of dial-up Internet traffic linked to the development of high-speed Internet access, which is not monitored here.





1.2 The intermediate market between declared operators (telephony interconnection services)

1.2.1 The market as a whole

The increase in income from Internet interconnection services in the 1st quarter 2004 came from sales of access in ATM mode (option 3) among operators. This increase is linked to the development of the high-speed Internet market. The decrease in the volume of Internet interconnection observed between the fourth quarter 2003 and the first quarter 2004 results from a concentration movement of operators on this market.

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Interconnection services	1 448	1 432	1 570	1 435	1 434	-1,0%
of which fixed operators	716	659	753	703	661	-7,6%
of which Internet	57	61	60	56	71	+23,8%
of which mobile operators	675	712	757	676	702	+4,0%

Volumes (in millions of minutes)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Interconnection services	39 175	38 813	38 230	41 489	38 204	-2,5%
of which fixed operators	20 495	19 547	19 640	22 059	20 999	+2,5%
of which Internet	12 269	12 399	11 488	12 277	9 898	-19,3%
of which mobile operators	6 411	6 867	7 102	7 152	7 306	+14,0%

Notes :

- *- Interconnection includes all those services offered by declared operators under interconnection agreements. Following the mergers and integrations of certain operators early in the year, part of the intra-group flows is no more included in interconnection, which explains the decline between the 1st and 2nd quarters*
- *- Interconnection sales and volumes are not based on the same perimeters, making it difficult to use these two indicators to calculate average prices (interconnection revenues include fixed income such as payments for connection links and services between operators).*
- *- We draw the reader's attention to the fact that a part of the interconnection figures above may be counted twice, in particular for fixed operators..*

1.2.2 *Incoming international traffic*[1]

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Interconnection services – incoming international	221	209	240	215	220	-0,5%
of which fixed operators	166	166	195	172	181	+8,8%
of which mobile operators	55	43	45	43	39	-29,1%

Volumes	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Interconnection services – incoming international	1 693	1 595	1 801	1 478	1 565	-7,6%
of which fixed operators	1 417	1 359	1 543	1 231	1 313	-7,4%
of which mobile operators	276	236	258	247	252	-8,8%

Note: As of the first quarter 2003, incoming roaming-in is no longer included in incoming international traffic. Beginning the first quarter 2004, roaming-in values for mobile operators are monitored in the table below.

1.2.3 *Roaming in*[6] *(mobile operators)*

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Sales in millions of euros	-	-	-	-	179	-
Volume in millions of minutes	-	-	-	-	281	-

Note: Roaming-in corresponds to calls made and received in France by customers of foreign mobile operators, which are carried by a French mobile operator.

[1] This market segment is a subset of the total market (cf. 1.2.1)

2 Market segments

2.1 Fixed telephony

2.1.1 Access, subscriptions and fixed lines

Income generated by access fees, subscriptions and additional services for fixed telephony was down 2.2%; this decrease should be compared with the decrease in the number of fixed lines observed over the period.

Access sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Access fees, subscriptions and additional services	1 383	1 373	1 386	1 364	1 352	-2,2%

Number of fixed lines (units)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Number of fixed lines	34 011 465	33 906 084	33 775 617	33 807 233	33 783 175	-0,7%
Of which Cable	57 815	56 846	57 194	59 793	64 653	+11,8%

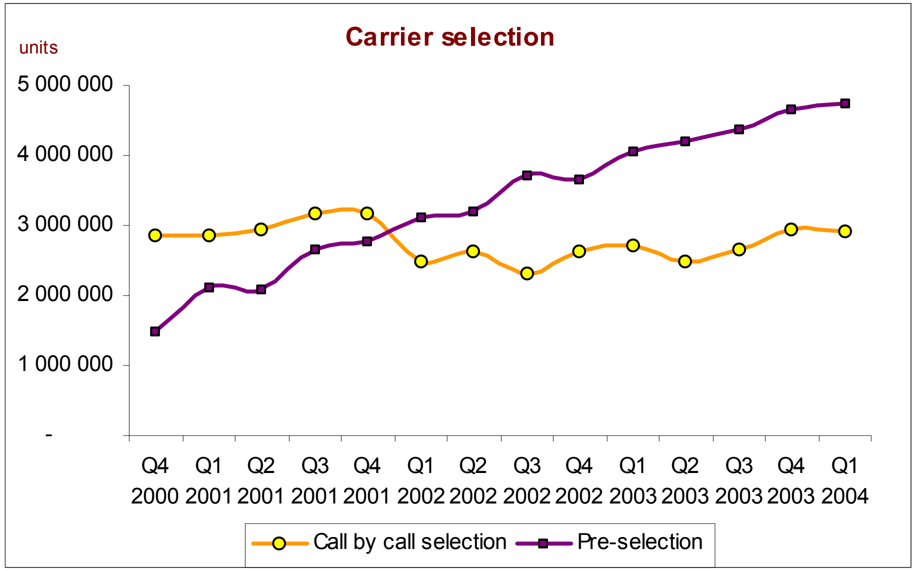
The number of customers choosing pre-selection has risen strongly since the end of 2002. The number of customers using call-by-call selection has remained relatively stable for the past three years.

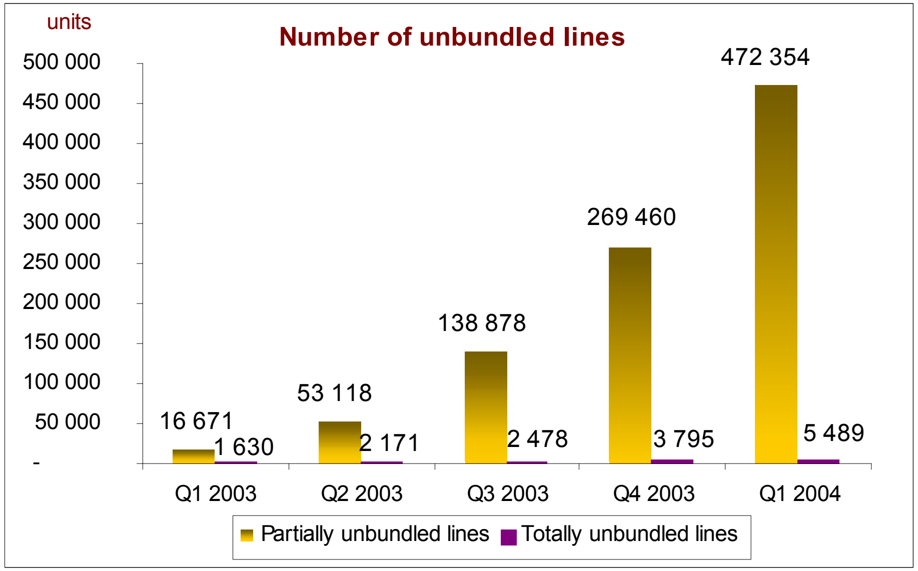
Number of indirect connexions (units)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Number of indirect connexions	6 765 179	6 691 988	7 023 708	7 589 629	7 668 359	+13,4%
of which call-by-call selection	2 715 920	2 487 005	2 655 596	2 944 713	2 925 811	+7,7%
of which pre-selection	4 049 259	4 204 984	4 368 112	4 644 917	4 742 548	+17,1%

Note The call-by-call selection numbers take into account only active subscriptions, and pre-selection numbers include only subscriptions in service, net of cancellations.

The sharp rise in the number of unbundled lines observed in the fourth quarter 2003 increased yet again during the first quarter 2004, with over 200 000 additional lines. As during the previous quarter, this increase reflects the development of high-speed Internet offers based on partial line unbundling.

Unbundling (units)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Number of unbundled lines	18 301	55 289	141 356	273 255	477 843	2511,0%
Of which partially unbundled	16 671	53 118	138 878	269 460	472 354	2733,4%
Of which totally unbundled lines	1 630	2 171	2 478	3 795	5 489	236,7%





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

Call revenue from fixed lines was down 5.9% over the first quarter 2003. Still, the global level of traffic is stable both with respect to the first quarter 2003 and to the previous quarter. The volume of traffic continued to shift to mobile calls, whose duration increased by 7.8% over the past year. This evolution was to the detriment of local calls, whose volume declined by 5.2%.

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
National calls excluding fixed to mobile *	1 011	958	907	942	962	-4,8%
*Of which local calls***	*643*	*590*	*542*	*567*	*577*	*-10,2%*
Of which long-distance calls	*369*	*368*	*364*	*375*	*385*	*+4,6%*
International calls	200	220	203	198	191	-4,5%
Calls to mobiles	692	687	681	686	637	-7,9%
Total calls from fixed lines	1 903	1 865	1 791	1 825	1 790	-5,9%

* *the breakdown between local calls and long-distance calls is an ART estimate*

** *excluding Internet access calls*

Volumes (in millions of minutes)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
National calls	23 656	22 180	20 152	22 928	23 170	-2,1%
*Of which local calls***	16 616	15 394	13 726	15 679	15 757	-5,2%
Of which long-distance calls	7 040	6 786	6 426	7 248	7 414	+5,3%
International calls	1 158	1 206	1 195	1 212	1 235	+6,6%
Calls to mobiles	2 699	2 864	2 827	2 896	2 910	+7,8%
Total calls from fixed lines	27 512	26 249	24 174	27 035	27 315	-0,7%

* *excluding Internet access calls*

2.1.3 Fixed phone cards and public payphones

Subscriber cards and prepaid cards	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Sales *(in millions of euros)*	52	51	59	55	50	-4,7%
Volumes *(in millions of minutes)*	338	361	384	420	422	+24,7%

Public payphones	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Sales *(in millions of euros)*	72	97	89	76	70	-2,0%
Volumes *(in millions of minutes)*	333	362	383	306	279	-16,1%

	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Number of public payphones at end of quarter *(units)*	197 674	198 055	195 190	192 273	195 773	-1,0%

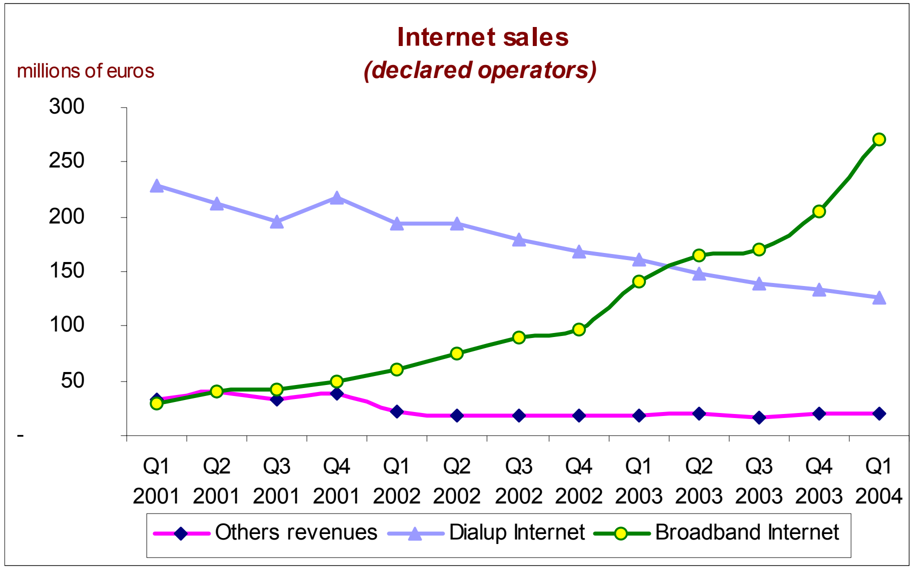
2.2 Internet

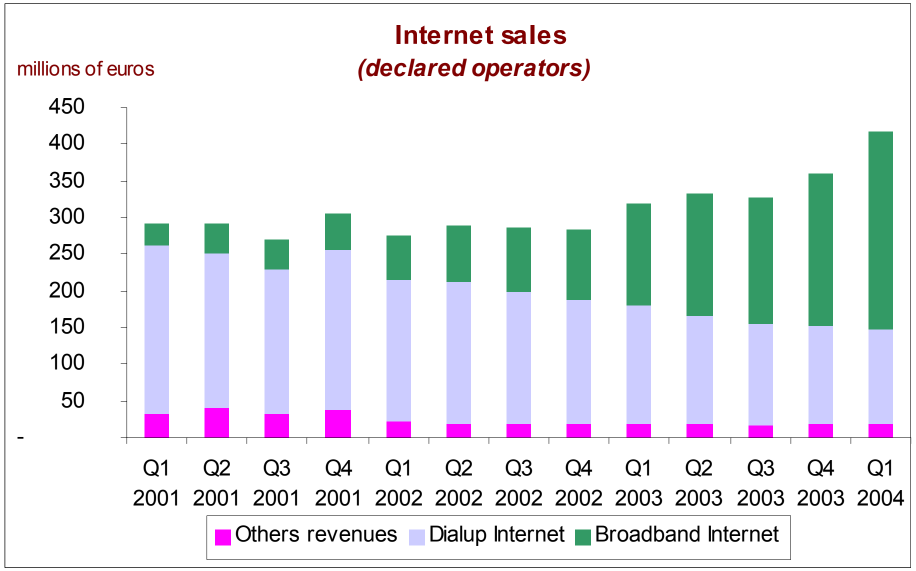
2.2.1 Sales and volumes (declared operators)

Note: It is important to remember that sales are for services billed by declared operators directly to the end user or to access providers when these are not declared operators. Therefore, the figures do not include total financial consumption; they ignore the added value of access providers who are not declared operators.

Sales (declared opérators) **(in millions of euros)**	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Total des revenus Internet	320	333	326	359*	417	+30,3%
Of which dialup Internet	161	148	138	133*	127	-21,5%
Of which broadband Internet	140	165	171	205	271	+93,2%
Of which other revenues	19	20	17	20	20	+5,8%

** adjusted figures.*





2.2.2 Dialup Internet (declared operators)

Sales (declared operators) (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Total dialup Internet sales	161	148	138	133*	127	-21,5%
Of which collection for ISPs	76	67	65	57	57	-24,2%
Of which flat rate packages	15	15	15	16	13	-12,6%
Of which free access accounts	71	65	59	60	56	-20,4%

** adjusted figures.*

Note: This publication distinguishes between two types of subscription for Internet access calls for end users:

1. *(a) Users pay their ISP for a flat number of minutes for calls to Internet. In this case, the local loop operator collects Internet traffic for the ISPs (AFA definition: paying accounts on the basis of a flat monthly rate).*
   (b) If the local loop operator is an access provider, it enters its flat-rate revenues on the "Dialup Internet flat-rate revenues" line

2. *Clients have free access accounts (with no monthly subscription) with access providers and pay only for what they consume ("pay as you go") directly to the local loop operator (AFA definition: free access accounts or billed according to use).*

Volumes (declared operators) (in millions of minutes)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Total volumes for Internet billed to end users	18 971	18 124	16 664	17 313	17 210	-9,3%
Of which free access accounts volume	2 868	2 607	2 281	2 520	2 359	-17,7%

2.2.3 Internet subscriptions (declared operators and non declared ISPs operators)

In order to better account for the Internet market and in anticipation of the new regulatory framework, ART has expanded the scope of observation of this market by creating a specific quarterly survey of Internet access providers. ART published the results of this survey for the first quarter 2004 on 20 July 2004. Numbers for 2004 from this survey are shown in the tables below and on the following page.

Internet subscriptions (declared operators and non declared ISPs operators) (units)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Internet subscriptions	9 726 245	9 788 019	10 005 270	10 427 369	10 923 758	+12,3%
- Dialup Internet subscriptions (*)	7 490 000	7 338 000	7 215 000	6 903 031	6 517 714	-13,0%
- Broadband Internet subscriptions (cable, xdsl, WLL…)(**)	2 236 245	2 450 019	2 790 270	3 524 338	4 406 044	+97,0%

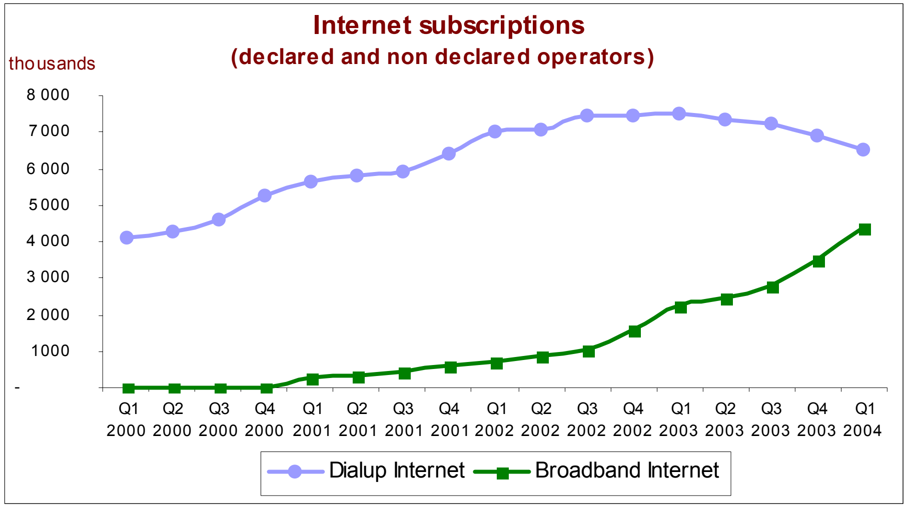
Dialup Internet (declared operators and non declared ISPs operators (units)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Dialup Internet subscriptions (*)	7 490 000	7 338 000	7 215 000	6 903 031	6 517 714	-13,0%
- Free access accounts subscriptions					2 698 142	
- Flat rate packages (access and calls)					3 819 572	-

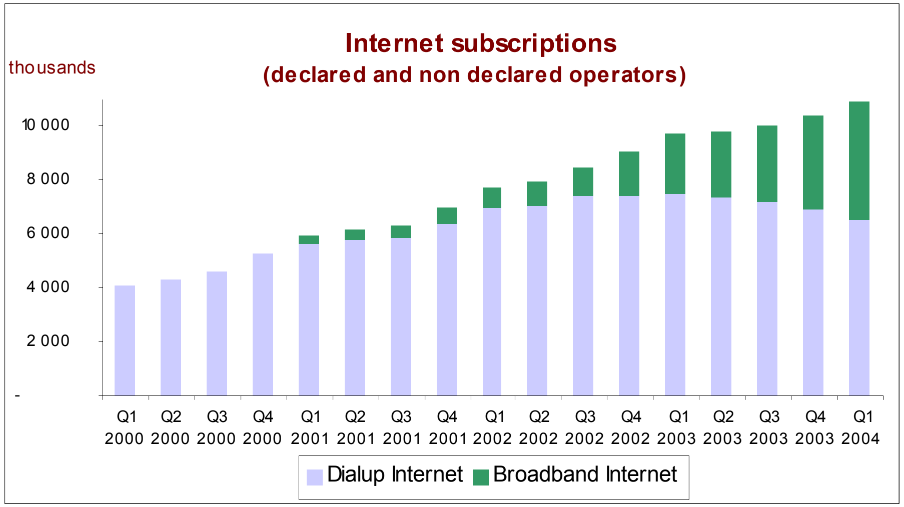
Broadband Internet (declared operators and non declared ISPs operators) (units)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Broadband Internet subscriptions (cable, xdsl, WLL…) (**)	2 236 245	2 450 019	2 790 270	3 524 338	4 406 044	+97,0%
- ADSL					3 988 766	
- Cable (AFORM) (2)	312 707	336 668	348 295	393 854	416 838	+33,3%
- Other technology					440	

(*) Source : AFA data (1) up to 3rd quarter 2002, ART's Market Observatory at 4th quarter 2003, ART's specific "IAP" survey beginning the 1st quarter 2004. Estimates for the fourth quarter 2003 have been rectified slightly with respect to the previous Observatory.
(**) Source : ART's Market Observatory from the 4th quarter 2002, ART's specific "IAP" survey beginning the 1st quarter 2004.

Growth in the number of Internet subscriptions picked up speed, reaching 5.0% in the 1st quarter 2004, compared with 3.5% in the fourth quarter 2003 and 2.2% in the third quarter 2003. The very strong growth in the number of high-speed Internet accesses on the French market was confirmed in the first quarter 2004 with close to 900 000 new subscriptions recorded, or a 25% increase for the quarter, after a 26% increase in the previous quarter. DSL technologies take the lion's share with more than 90% of accesses. At the same time, the number of dial-up subscriptions continued to decline by 5% per quarter.

Note: As concerns high-speed Internet access broken down by access technology, a correct interpretation of the figures requires that the differing coverage of the territory by the telephone and cable networks be taken into account. Thus, some cable operators estimate the number of cable connections suitable for Internet to be 6.3 million, compared to technical growth potential for xDSL of 20 million lines. The Observatory, in cooperation with the companies present on the markets, will work to refine the indicators which clarify the questions of differentiated network coverage.





1) AFA: Association des Fournisseurs d'Accès et de Services Internet (http://www.afa-france.com/). According to the AFA definition, the following are included: free access accounts or accounts billed based on use which have had at least one connection in the past 40 days, and all paying flat-rate monthly accounts (may include consumer and professional telephone flat-rate packages). AFA collects data from the following operators: AOL France, 9 Online, Aricia, Cario, Club Internet, Free (dial-up only), Inter PC, NC, Numéricâble, Noos, Tiscali France, UPC France and Wanadoo.
2) AFORM: Association Française des Opérateurs de Réseaux Multiservices (http://www.aform.org)

2.3 Mobile telephony

Mobile telephony activity continues to grow at a regular rate of about 14% per year in sales, and 22% in call volumes. It is supported almost entirely by the development of mobile-mobile calls and text messaging (SMS). Text messaging on mobile networks continues to grow (+30.6% over one year in volume and 16.5% in sales). Other types of data exchange on mobile networks (SMS+ and other) are beginning to take a more significant share (20% in the first quarter 2004 compared with 8% a year earlier).

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Mobile telephony	2 876	2 976	3 159	3 182	3 240	+12,7%
Of which outgoing internationals calls	102	112	126	120	118	+15,6%
Data transport on mobile networks	245	240	275	305	330	+34,8%
Of which interpersonal messaging (SMS, MMS and other)	226	217	238	265	263	+16,5%
Total mobile telephony	3 121	3 216	3 434	3 487	3 571	+14,4%

Volumes (in millions of minutes)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Calls to national fixed lines	5 123	5 164	5 031	5 575	5 717	+11,6%
Calls to mobiles on the same network*	5 838	6 181	6 220	6 876	7 553	+29,4%
Calls to other networks	3 406	3 762	3 857	4 140	4 330	+27,1%
Outgoing internationals calls	208	199	221	205	215	+3,2%
Roaming out[2]	151	195	267	202	195	+29,5%
Total mobile telephony	14 726	15 500	15 597	16 998	18 009	+22,3%

* *These calls volumes include calls to check voice mail.*

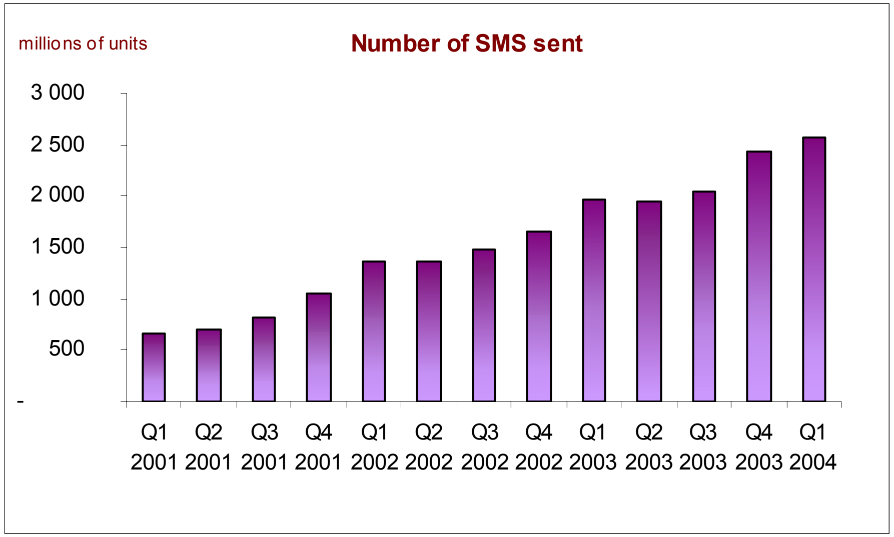
[2] *Roaming out covers calls made in a foreign country bu subscribers of French mobile operators.*

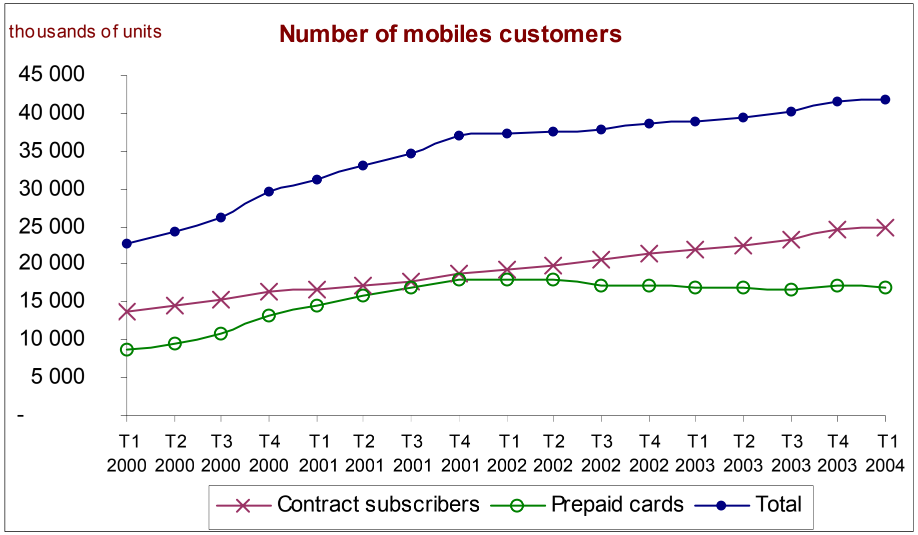
Volume of interpersonal messaging **(millions of units**	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Number of interpersonal SMS sent during the quarter	1 970	1 956	2 055	2 429	2 572	+30,6%

Note: Beginning the 1st quarter 2004, the Observatory no longer collects paging operator or satellite mobile network data, as they represent only a very small volume of activity. These data are, however, available in the Mobile Observatory.

With 41.9 million customers, mobile telephony was up by close to 8% over one year. The mobile telephony penetration rate reached 69.5% at the end of the first quarter 2004. This increase is due entirely to the increase in the number of subscribers to flat-rate packages who now represent close to 60% of mobile telephony customers.

Number of mobile customers **(units)**	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Mobile telephony	38 871 612	39 378 608	40 125 458	41 683 598	41 924 426	+7,9%
Of which contract subscribers	22 007 745	22 530 119	23 386 925	24 536 549	25 007 843	+13,6%
Of which mobile prepaid cards	16 863 867	16 848 489	16 738 533	17 147 049	16 916 583	+0,3%
Of which active pre-paid cards	16 084 044	16 098 605	16 107 363	16 461 854	16 328 741	+1,5%





Number **(units)**	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Active mobile multimedia users	-	-	-	-	6 678 507	-
Number of mobile numbers ported during the quarter	-	-	-	-	46 352	-

Notes : The active numbers of multimedia users is defined as the number of customers (contract subscribers or prepaid cards users) who have used a multimedia service such as Wap, i-Mode, MMS or e-mail (SMS are not included) at least once in the past month, regardless of the support technology (CSD, GPRS, etc.) The number of ported mobile telephone numbers is the number of effective porting (numbers activated by the recipient operator) done during the quarter.

2.4 Other market segments

2.4.1 Advanced services

The decline in volume of advanced services offered by mobile operators observed in the 1st quarter 2004 was the result of a more precise definition of what is understood by "advanced services" in the instructions given to the operators when answering the survey. This new definition modifies the way in which calls to operators' short numbers are reported. These elements are no longer included on the "advanced services" line but on the "calls to mobiles on the same network" line.

Sales (*) (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Advanced Services	492	436	427	456	424	-13,7%
Fixed operators	*354*	*337*	*324*	*348*	*320*	*-9,5%*
Mobile operators	*138*	*99*	*103*	*108*	*104*	*-24,5%*

(*) including revenue paid by operators to service providers.

Volumes (in millions of minutes)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Advanced Services	2 570	2 451	2 696	2 719	2 320	-9,7%
Fixed operators	*2 261*	*2 136*	*2 356*	*2 347*	*2 083*	*-7,9%*
Mobile operators	*308*	*314*	*340*	*372*	*237*	*-23,3%*

2.4.2 Leased lines and data transport (fixed line operators only)

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Leased lines	551	562	573	586	542	-1,8%
Data transport	120	126	138	153	128	+6,8%

Note : Leased line sales may include double accounts in that they cover sales from operators to other operators. These sales may represent up to 35% of total leased line sales. Licensed operators represent only a part of the total data transport market (about one-half in 2001).

2.4.3 Other telephony-related services

Directory services

The way in which sales of directory services of fixed operators are taken into account was changed in the 1st quarter 2004, which explains the decrease.

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Operators assistance, sales of directories and advertising	80	94	93	91	57	-28,2%
Fixed operators	*63*	*77*	*75*	*72*	*38*	*-39,7%*
Mobile operators	*17*	*17*	*18*	*19*	*19*	*+15,6%*

Terminals and equipment

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Terminals and equipments	373	412	521	703	459	+22,9%
Fixed operators	*157*	*147*	*146*	*160*	*183*	*+16,6%*
Mobile operators	*216*	*265*	*375*	*543*	*276*	*+27,5%*

Note: As in previous editions, revenue from packs and terminals includes commissions to distributors.

2.4.4 Hosting and call centre management

Sales (in millions of euros)	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Hosting and call centre management	7	9	14	7	5	-34,3%

2.5 Indicators per users

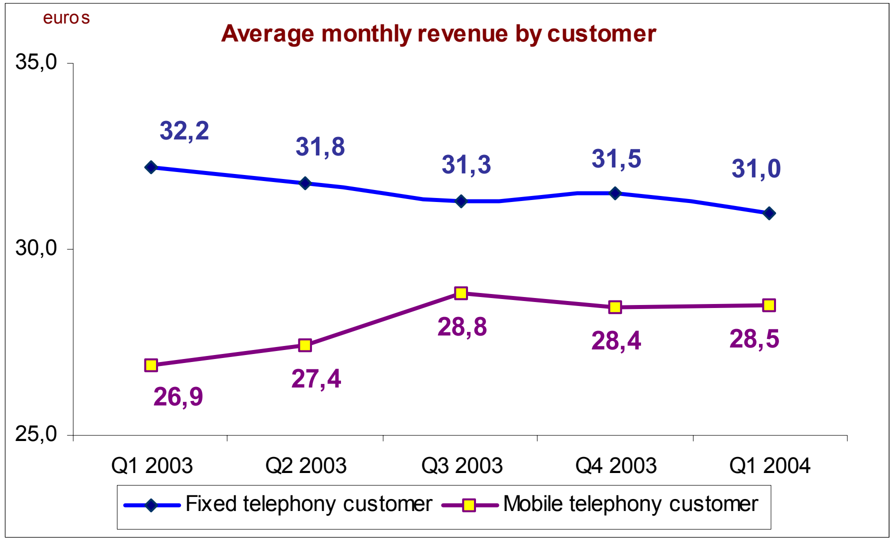
Average indicators per customer are published for the first time, for both customers of fixed networks and those of mobile networks. To make them clearer, average monthly traffic volumes per customer are shown in hours and not in minutes.

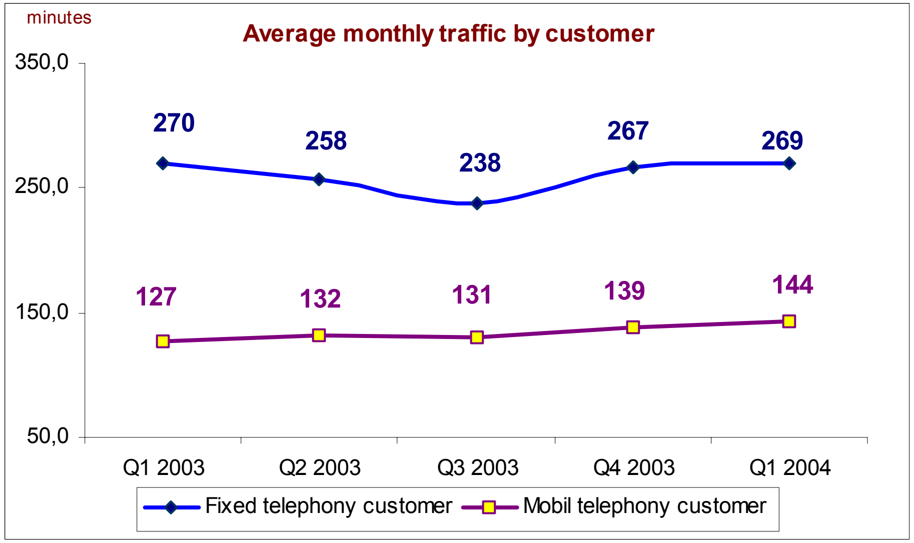
Average monthly invoice per user *in euros*	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Fixed telephony user (1)	32,2	31,8	31,3	31,5	31,0	-3,8%
Mobile telephony user (1')	26,9	27,4	28,8	28,4	28,5	+5,9%

Volume of average monthly traffic per user *in hours*	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
From fixed telephony network (2)	4h30	4h18	3h58	4h27	4h29	-0,1%
From mobile telephony networks (2)	2h07	2h12	2h11	2h18	2h24	+13,2%

Units	Q1 2003	Q2 2003	Q3 2003	Q4 2003	Q1 2004	Change Q1 04/Q1 03
Number of SMS sent during the quarter (3)	17,0	16,7	17,2	19,8	20,5	+20,9%

Notes :
Parc moyen de clients du trimestre N : *[(total number of clients at the end of quarter N + total number of clients at the end of quarter N-1) / 2]*
(1) This indicator is calculated by dividing the revenues of fixed telephony access and calls of the quarter N *by an estimate of the average number of clients of quarter N.*
(1') *This indicator is calculated by dividing the mobile telephony sales of quarter N by an estimate of the average number of clients of quarter N. This indicator, which does not include interconnection revenues, nor those from advanced services, is different from the traditional average revenue per user indicator (ARPU).*
(2) *This indicator is calculated by dividing the traffic volume of quarter N by an estimate of the average number of clients of quarter N*
(3) *This indicator is calculated by dividing the number of SMS of trimestre of quarter N by an estimate of the average number of users.*


euros
Average monthly revenue by customer
35,0
30,0
25,0
32,2
31,8
31,3
31,5
31,0
26,9
27,4
28,8
28,4
28,5
Q1 2003
Q2 2003
Q3 2003
Q4 2003
Q1 2004
Fixed telephony customer
Mobile telephony customer


minutes
Average monthly traffic by customer
350,0
250,0
150,0
50,0
270
258
238
267
269
127
132
131
139
144
Q1 2003
Q2 2003
Q3 2003
Q4 2003
Q1 2004
Fixed telephony customer
Mobil telephony customer