L'OBSERVATOIRE DES MARCHÉS

MARKET OBSERVATORY : THE TELECOMMUNICATIONS SERVICES MARKET IN FRANCE AT THE THIRD QUARTER 2004

(declared operators)

ART
AUTORITÉ de RÉGULATION des TÉLÉCOMMUNICATIONS

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Introduction

At the third quarter 2004, the telecommunications market represented €9.3 billion in income, with 5.4% growth over the third quarter 2003.

Fixed telephony
Income from fixed telephony was down 5.4% over the third quarter 2003. The number of fixed lines is slowly declining and now numbers some 33.7 million. Unbundling is growing strongly, with 1 million unbundled lines at the end of the third quarter compared with 141 000 a year earlier. Close to 8 million fixed telephony subscribers use the services of an operator other than the incumbent.

Internet
Registered operators generated €561 million in income on the Internet market. The growth observed on this market (72% more than a year ago) is due in part to the integration and inclusion of Internet access providers (IAP) in the results of registered operators. When estimated at a constant perimeter with previous quarters, growth in income generated by Internet remains high (close to 40% according to the Market Observatory estimate). The number of high-speed accesses (registered and non-registered operators) reached 5.5 million at the end of the quarter, representing close to half of all Internet accesses.

Mobile
Mobile telephony generates the highest sales (€3.8 billion, a 10.2% increase for the period). The volume of traffic originating with mobile phones is very similar to that of fixed phones. Voice represents over 90% of the income from mobile telephony but data transport and personal messaging is rising (+22.5% over the third quarter 2003). The number of customers of mobile operators also continues to grow and reached 42.9 million at the end of the third quarter, representing a 71% penetration rate. Close to 20% of customers (8 million) use the mobile multimedia services proposed by operators.

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

At the third quarter 2004, the telecommunications market had grown 5.4% over the third quarter 2003, with global income of €9.334 billion. The development of Internet, and high-speed in particular, is the most dynamic component of this growth. The strong increase in the third quarter 2004 over the third quarter 2003 (+72.1%) is due in part to an extension of the perimeter, following the integration of a previously unregistered IAP. Still, growth in income estimated on a constant perimeter, would still be very strong (about 40% according to the Market Observatory estimate). Mobile telephony continues to be the top contributor to the market with €3.786 billion in income. Fixed telephony was down 5.4% with €3.146 billion.

Sales **(in millions of euros)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Fixed telephony [1]	3 325	3 319	3 265*	3 195*	3 146	-5,4%
Internet [2]	326	359	436*	438*	561	+72,1%
Mobile telephony [3]	3 436	3 490	3 479*	3 616*	3 786	+10,2%
Total telephony and Internet	**7 087**	**7 168**	**7 180***	**7 249***	**7 493**	**+5,7%**
Advanced services	427	456	435*	412*	426	-0,4%
Leased lines	573	586	551*	542*	554	-3,3%
Data transport	138	153	128	128	146	+5,7%
Operator assistance, directories and advertising	93	91	57	67	80	-14,2%
Hosting and call centre management	14	7	5	8	7	-49,3%
Terminals and equipment	521	703	533*	472*	629	+20,7%
Total Market	**8 853**	**9 165**	**8 889***	**8 879***	**9 334**	**+5,4%**

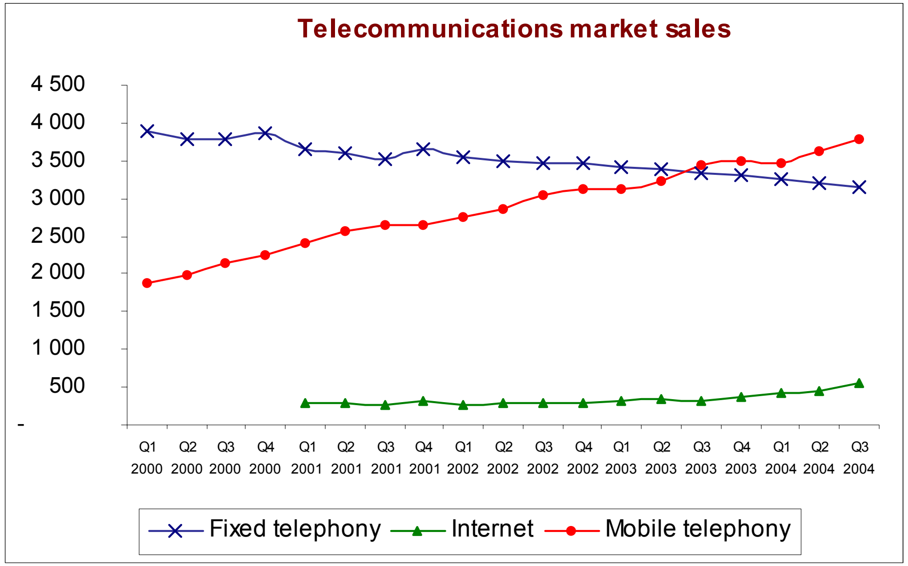
* *adjusted figures*

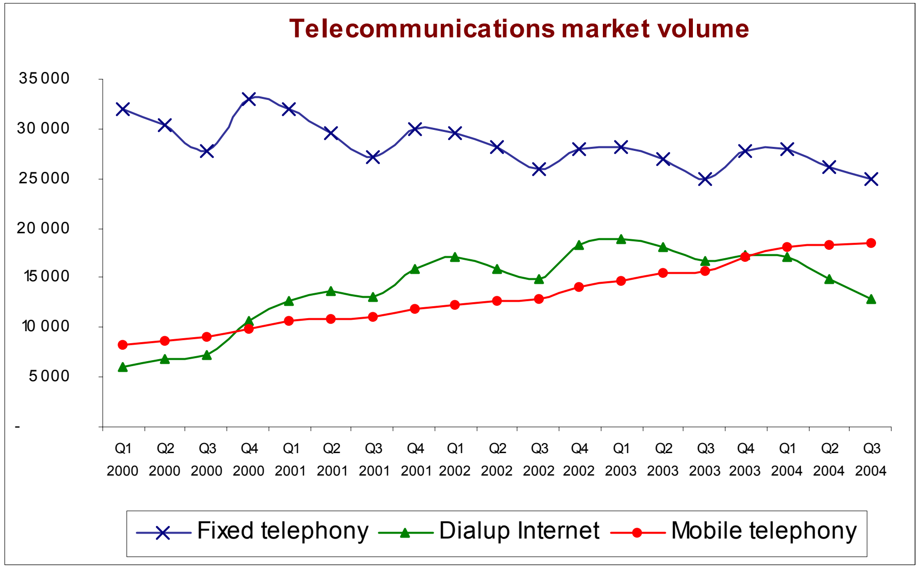
[1] This indicator includes sales of access fees and subscriptions, calls from fixed lines excluding calls to Internet, of public phones and cards.
[2] Not including the added value of not declared ISPs (e.g., AOL and Club Internet).
[3] This item includes data transport on mobile networks, and sales of radio-paging operators until the 4th quarter 2003.
[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)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Fixed telephony	24 941	27 760	28 058*	26 161*	24 861	-0,3%
Internet (dialup Internet)	16 664	17 313	17 190*	14 828*	12 906	-22,6%
Mobile telephony	15 597	16 998	18 009	18 258	18 578	+19,1%
Total telephony and Internet	**57 202**	**62 072**	**63 257***	**59 247***	**56 345**	**-1,5%**
Of witch telephony (fixed and mobile)	40 538	44 759	46 067*	44 418*	43 439	+7,2%

* *adjusted figures*

The global volume of telephone traffic (fixed and mobile telephony) is up 7.2% over the third quarter 2003. The strong growth in mobile telephony volumes more than offsets the decline in fixed telephony volumes. The volume of Internet traffic (dial-up access) shrank 22.6% because of the equivalent decline in the number of dial-up accesses.





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

1.2.1 The market as a whole

The drop in income and volume for Internet interconnection services at the third quarter 2004 is due in part to a reduction in the number of players present on the market. Following regroupings, buyouts and mergers, some of the interconnection services have become internal flows and are no longer included in the intermediate market results.

Sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Interconnection services	1 570	1 435	1 434	1 496	1 516	-3,4%
of which fixed operators	753	703	661	692	690	-8,4%
of which Internet	60	56	71	85	61	+2,7%
of which mobile operators	757	676	702	719	765	+1,0%

Volumes (in millions of minutes)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Interconnection services	38 230	41 489	38 204	36 878	35 343	-7,6%
of which fixed operators	19 640	22 059	20 999	20 954	20 266	+3,2%
of which Internet	11 488	12 277	9 898	8 467	7 490	-34,8%
of which mobile operators	7 102	7 152	7 306	7 456	7 588	+6,8%

Notes :

- *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).*
- *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 two quarters*
- *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*[6]

Sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Interconnection services – incoming international	240	215	220	243	251	+4,6%
of which fixed operators	195	172	181	207	207	+6,6%
of which mobile operators	45	43	39	37	43	-4,1%

Volumes	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Interconnection services – incoming international	1 801	1 478	1 565	1 660	1 751	-2,8%
of which fixed operators	1 543	1 231	1 313	1 429	1 466	-5,0%
of which mobile operators	258	247	252	231	285	+10,6%

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)*

	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Sales in millions of euros	-	-	179	209	289	-
Volume in millions of minutes	-	-	281	335	422	-

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.

[6] 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 from fixed telephony access fees, subscriptions and additional services are down 1.2% over the third quarter 2003. The number of fixed lines continues to decline at an annual rate of -0.4%.

Access sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Access fees, subscriptions and additional services	1 386	1 364	1 352	1 355	1 369	-1,2%

The number of fixed lines remains stable, the number of telephone accesses via cable networks grew 12.4% in one year.

Number of fixed lines (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Number of fixed lines	33 775 617	33 807 233	33 783 175	33 709 447	33 655 323	-0,4%
Of which Cable	57 194	59 793	60 086	62 791	64 296	+12,4%

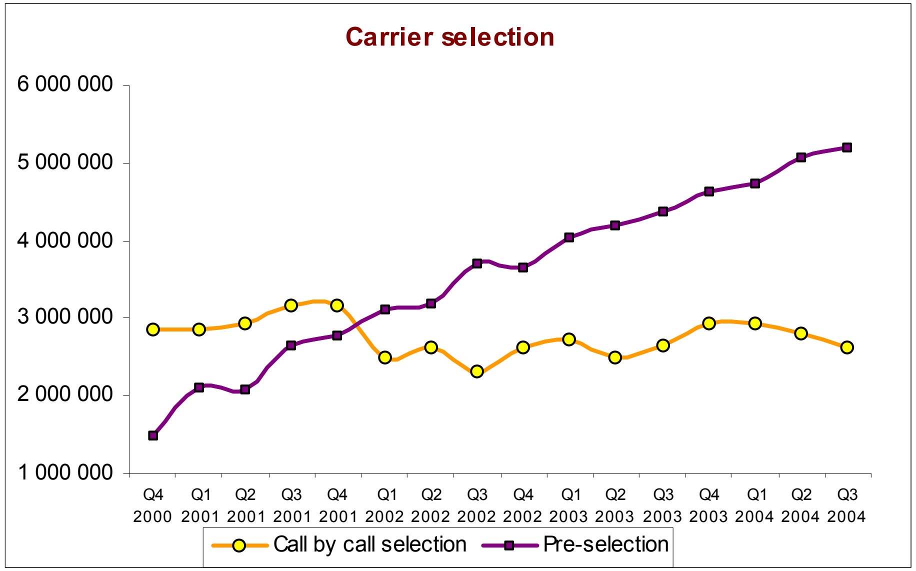
The number of lines using automatic carrier pre-selection is up 19.1% over the third quarter 2003, while call-by-call selection tends to decline. If we consider that the number of people using both types of carrier selection is negligible, we estimate that 7.8 million lines use the services of operators other than the incumbent.

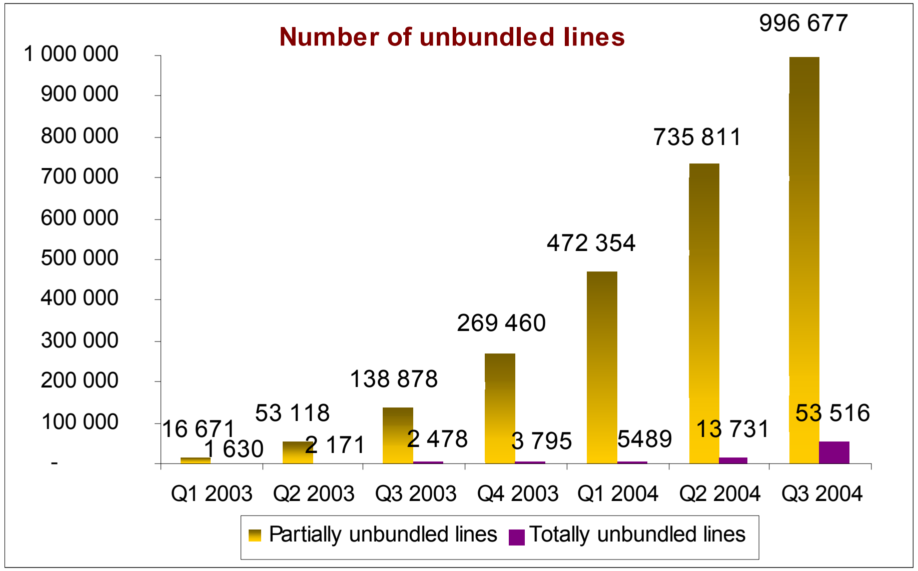
Number of indirect connexions (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Number of indirect connexions	7 023 708	7 589 629	7 667 214*	7 854 566*	7 830 331	+11,5%
of which call-by-call selection	2 655 596	2 944 713	2 925 666*	2 794 075*	2 629 584	-1,0%
of which pre-selection	4 368 112	4 644 917	4 741 548*	5 060 491*	5 200 747	+19,1%

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
** Adjusted figures.*

The number of unbundled lines topped the one million mark at the end of the third quarter 2004. A further 260 000 new lines were unbundled in the third quarter 2004. The total number of unbundled lines increased strongly in the third quarter, almost quadrupling over the previous quarter (53 516 lines compared with 13 731).

Unbundling (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Number of unbundled lines	141 356	273 255	477 843	749 542	1 050 293	+643,0%
Of which partially unbundled	138 878	269 460	472 354	735 811	996 777	+617,7%
Of which totally unbundled lines	2 478	3 795	5 489	13 731	53 516	+2 059,6%





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

The volume of calls to mobile phones is up 7.5% over the third quarter 2003. This increase is assisted by both the increase in the number of mobile phones and the decrease in the cost of call termination on mobile. Passed on to prices, these decreases explain the significant declines in sales generated by fixed-mobile calls (-11.6%). The volume of national calls declined 1.8% for the period.

Sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
National calls excluding fixed to mobile *	907	942	964	905	854	-5,8%
*Of which local calls***	*542*	*567*	*578*	*576*	*545*	*+0,4%*
Of which long-distance calls	*364*	*375*	*386*	*329*	*310*	*-15,0%*
International calls	203	198	191	182	187	-8,2%
Calls to mobiles	681	686	639	627	602	-11,6%
Total calls from fixed lines	1 791	1 825	1 794	1 714	1 643	-8,3%

*** excluding Internet access calls. The breakdown between local calls and long-distance calls is an ART estimate*

Volumes (in millions of minutes)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
National calls	20 152	22 928	23 202	21 203	19 784	-1,8%
*Of which local calls***	13 726	15 679	15 779	14 272*	13 512	-1,6%
Of which long-distance calls	6 426	7 248	7 424	6 935*	6 272	-2,4%
International calls	1 195	1 212	1 239*	1 255*	1 270	+6,2%
Calls to mobiles	2 827	2 896	2 915	2 951*	3 038	+7,5%
Total calls from fixed lines	24 175	27 035	27 358*	25 412*	24 093	-0,3%

** adjusted figures*
*** excluding Internet access calls*

2.1.3 Fixed phone cards and public payphones

While all indicators for public telephones show a regular decline on this market segment, the market for telephone cards is coming back, with 22.8% growth in volume in one year.

Subscriber cards and prepaid cards	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Sales *(in millions of euros)*	59	55	50	56	60	+1,6%
Volumes *(in millions of minutes)*	384	420	422	463	472	+22,8%

Public payphones	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Sales *(in millions of euros)*	89	76	70	70	75	-15,8%
Volumes *(in millions of minutes)*	383	306	279	286	297	-22,5%

	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Number of public payphones at end of quarter *(units)*	195 190	192 273	195 773	189 079	191 794	-1,7%

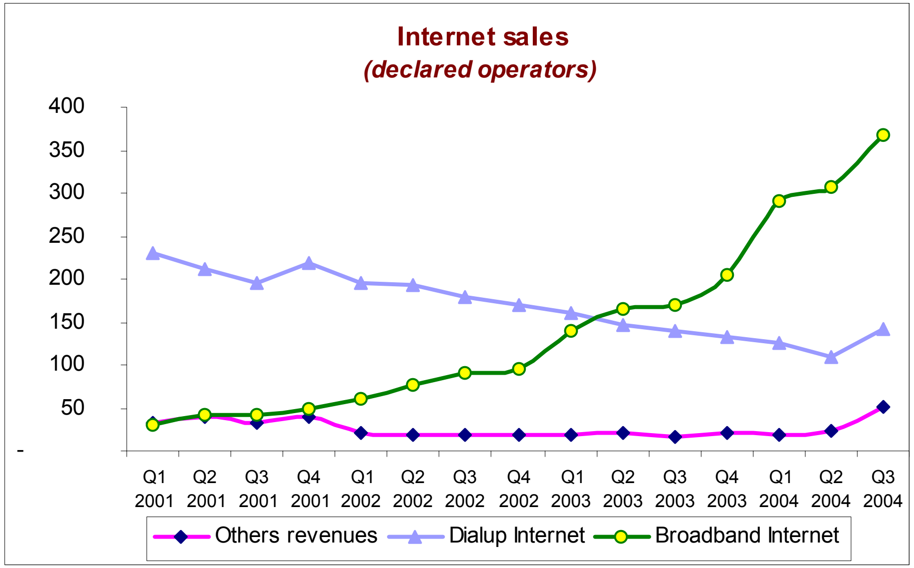
2.2 Internet

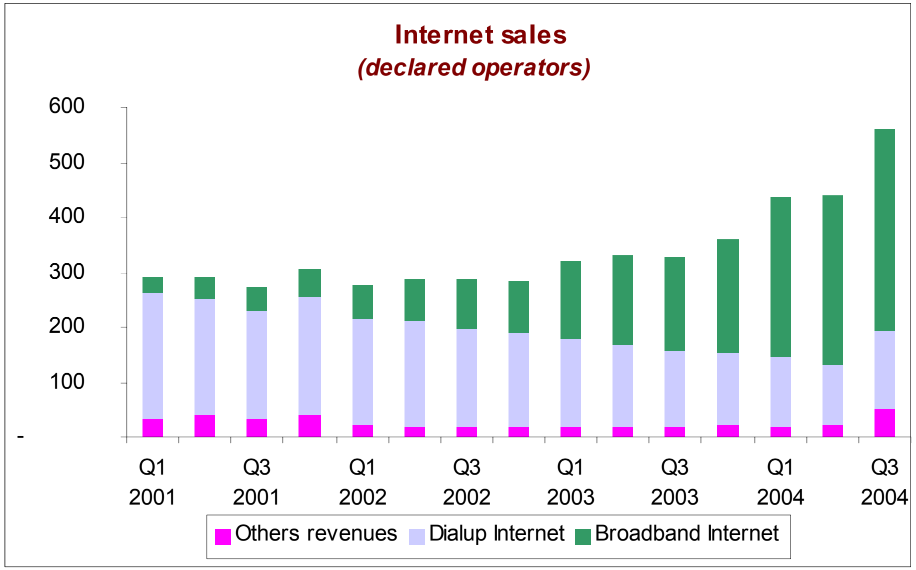
2.2.1 Sales and volumes (declared operators)

The major increase in Internet income at the third quarter 2004 is due in part to the extension of the perimeter of the survey following the inclusion of a previously unregistered IAP. The Market Observatory estimates that this modification to the perimeter explains about €110 million in additional sales for the total Internet activity at the third quarter 2004.

Sales (declared opérators) **(in millions of euros)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Total des revenus Internet	326	359	436*	438*	561	+72,1%
Of which dialup Internet	138	133	127	109	141	+1,8%
Of which broadband Internet	171	205	290*	306*	368	+115,3%
Of which other revenues	17	20	20	23	52	211,9%

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. adjusted figures.*





2.2.2 Dialup Internet (declared operators)

The major increase in income at the third quarter 2004 is due in part to the extension of the perimeter of the survey

Sales **(declared operators)** **(in millions of euros)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Total dialup Internet sales	138	133	127	109	141	+1,8%
Of which collection for ISPs	65	57	57	49	25	-60,7%
Of which flat rate packages	15	16	13	12	73	+395,1%
Of which free access accounts	59	60	56	47*	43	-27,5%

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)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Total volumes for Internet billed to end users	16 664	17 313	17 190*	14 828*	12 906	-22,6%
Of which free access accounts volume	2 281	2 520	2 359	2 056*	1 780	-22,0%

** adjusted figures*

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

Since the fourth quarter 2003, the number of subscriptions shown is taken from the result of ART's specific quarterly survey of IAPs. ART published the results of this survey for the third quarter 2004 on 15 December 2004. The figures for previous quarters have been updated since the previous issue in order to take into account new information received on certain operators.

Internet subscriptions (declared operators and non declared ISPs operators) (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Internet subscriptions	10 005 270	10 605 693	11 061 655	11 141 458	11 308 326	+13,0%%
- Dialup Internet subscriptions (1)	7 215 000	7 036 378	6 660 209	6 230 045	5 810 631	-19,5%%
- Broadband Internet subscriptions (cable, xdsl, WLL…) (2)	2 790 270	3 569 315	4 401 446	4 911 413	5 497 695	+97,0%

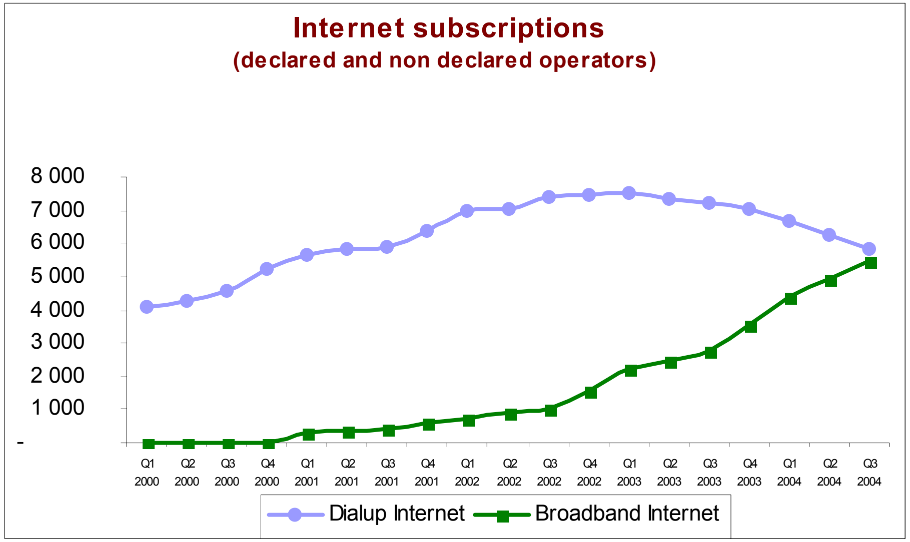
Dialup Internet (1) (declared operators and non declared ISPs operators (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Dialup Internet subscriptions	7 215 000	7 047 871	6 660 209	6 230 045	5 810 631	-19,5%
- Free access accounts subscriptions		2 747 285	2 680 449	2 549 824	2 475 512	-
- Flat rate packages (access and calls)		4 300 586	3 979 761	3 680 221	3 335 119	-

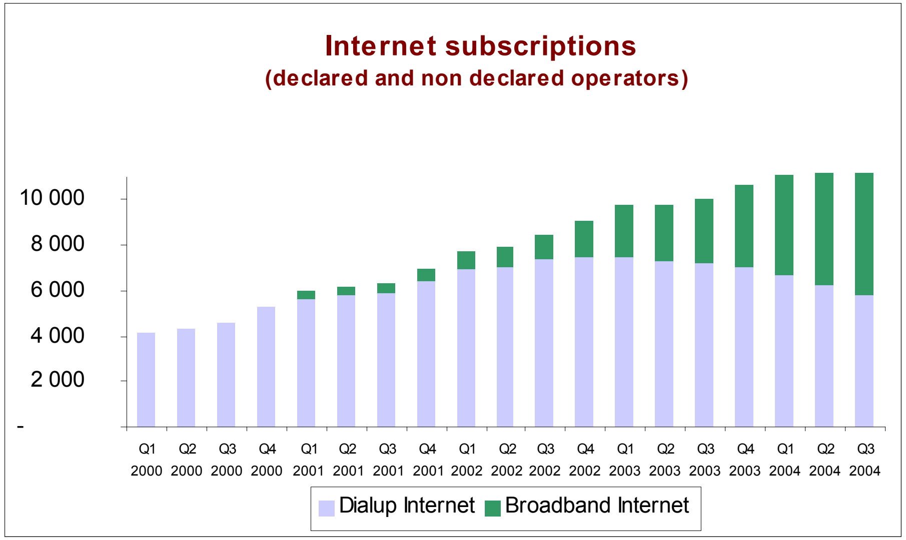
Broadband Internet (2) (declared operators and non declared ISPs operators) (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Broadband Internet subscriptions (cable, xdsl, WLL…)	2 790 270	3 569 315	4 401 446	4 911 413	5 497 695	+97,0%
- ADSL		3 172 013	3 978 077	4 482 948	5 061 779	-
- Cable (AFORM)	348 295	393 788	419 779	424 978	432 500	+24,2%
- Other technology		3 514	3 590	3 487	3 416	-

(1) Source : AFA data (1) up to 3rd quarter 2003, ART's Internet Observatory from the 4th quarter 2003. Data of quarters 1, 2 and 3 have been adjusted since the last publication.
(2) Source : ART's Market Observatory up to the 3rd quarter 2003, ART's Internet Observatory from the 4th quarter 2003. Data of quarters 1, 2 and 3 have been adjusted since the last publication.) AFORM: Association Française des Opérateurs de Réseaux Multiservices (http://www.aform.org)

The number of high-speed Internet accesses reached 5.5 million and now represents half of all Internet accesses. ADSL takes the lion's share with 92% of all accesses, ahead of cable (8% of all accesses) and other technologies (wireless local loop, fibre optics, satellite).

Note: In order to correctly interpret the figures for high-speed Internet access by access technology, one must take into account the differences in geographic coverage by telephone and cable networks. Aform estimates the number of cable connections suitable for Internet at 6.3 million while xDSL has a technical potential of over 25 million lines.





2.3 Mobile telephony

The entire mobile telephony market grew during the third quarter 2003. This growth concerns both voice (+9.2% in income) and data transport on mobile networks (+22.5% of income). Personal messaging (SMS) represents over 80% of the data transport income. Over the same period, telephone traffic volumes rose (+19.1% of the total), especially mobile-mobile call volumes.

Sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Mobile telephony	3 159	3 182	3 166*	3 304*	3 449	+9,2%
Of which outgoing internationals calls	126	120	118	131	147	+16,8%
Data transport on mobile networks	275	305	312*	312	337	+22,5%
Of which interpersonal messaging (SMS, MMS and other)	238	265	266*	262	281	+18,1%
Total mobile telephony	3 434	3 487	3 479*	3 616*	3 786	+10,2%

Volumes (in millions of minutes)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Calls to national fixed lines	5 031	5 575	5 717	5 502	5 371	+6,8%
Calls to mobiles on the same network**	6 220	6 876	7 553	7 743	8 009	+28,8%
Calls to other networks	3 857	4 140	4 330	4 553	4 572	+18,5%
Outgoing internationals calls	221	205	215	238	286	+29,7%
Roaming out[7]	267	202	195	222	340	+27,3%
Total mobile telephony	15 597	16 998	18 009	18 258	18 578	+19,1%

** adjusted figures*

*** Call volumes include calls to check voice mail. At the 1st quarter 2004, the increase in volume is explained in part by the reclassification of certain text messaging calls and to the short numbers of mobile operators which are no longer included in "advanced services" but in "calls to mobiles on the same network". We can estimate that this reclassification concerns some 120 million minutes of 1st quarter 2004 figures.*

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

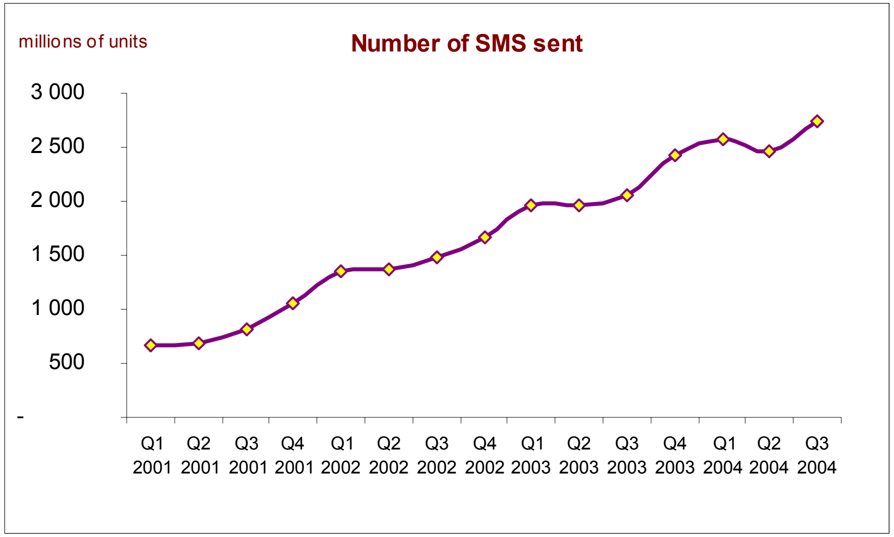
Volume of interpersonal messaging **(millions of units**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Number of interpersonal SMS sent during the quarter	2 055	2 429	2 572	2 455	2 746	+33,6%

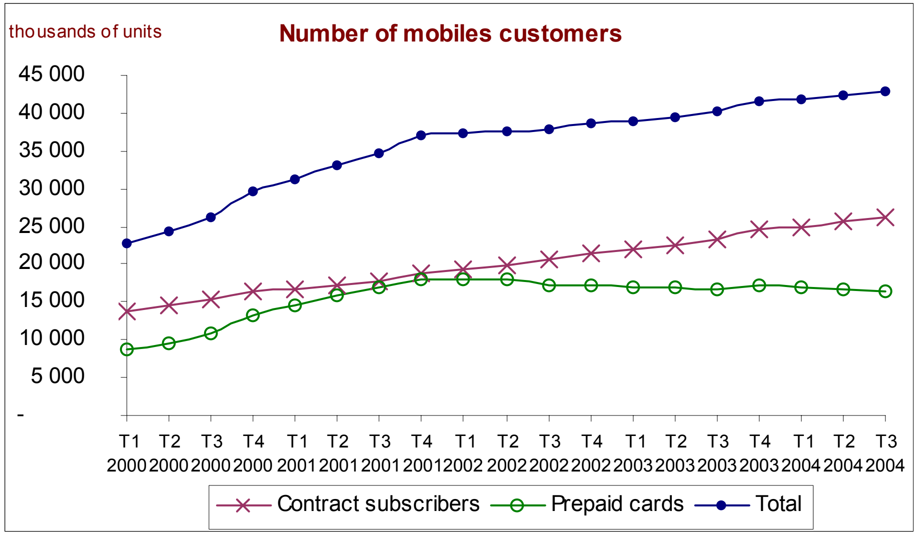
Note: Beginning the 1st quarter 2004, the Observatory no longer collects messaging operator or satellite mobile network data, as they represent only a very small volume of activity. These data are, however, available in the Mobile Observatory.

The number of mobile telephones reached 42.9 million at the end of the third quarter 2004, for a 71% penetration rate. The share of pre-paid cards continues to decrease to the benefit of monthly packages, which were the choice of 61% of mobile telephony customers at the end of the third quarter.

Number of mobile customers **(units)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Mobile telephony	40 125 458	41 683 598	41 924 426	42 243 852	42 867 776	+6,8%
Of which contract subscribers	23 386 925	24 536 549	25 007 843	25 583 575	26 333 274	+12,6%
Of which mobile prepaid cards	16 738 533	17 147 049	16 916 583	16 660 277	16 534 502	-1,2%
Of which active pre-paid cards[8]	16 107 363	16 461 854	16 328 741	16 027 076	15 923 340	-1,1%

[8] *A pre-paid card is said to be active if the customer has sent or received at least one call during the past three months. Only telephone calls are considered, whether free or payable. SMS are not taken into account in the calculation.*





Number (units)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Active mobile multimedia users	-	-	6 678 507	7 548 559	8 062 476	-
Number of mobile numbers ported during the quarter	-	-	46 352	51 779	47 450	-

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, UMTS…) 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 the volume of mobile operators' advanced services observed starting in the first quarter 2004 is the result of a more precise definition of what is meant by "advanced services" in the instructions to operators for the survey. In particular, this precision modifies the way in which calls to voice mail and mobile operators' short numbers are reported. Part of these calls has been moved from "advanced services" to the "calls to mobiles on the same network" line. We estimate that this reclassification concerns a volume if 120 million minutes for first quarter 2004 figures.

Sales (*) **(in millions of euros)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Advanced Services	427	456	435*	412*	426	-0,4%
Fixed operators	*324*	*348*	*321*	*300*	*297*	*-8,4%*
Mobile operators	*103*	*108*	*114**	*113**	*129*	*+24,8%*

** adjusted figures*

(**)This includes all amounts billed by operators to customers who call "special numbers", including sums paid by the operators to service providers.

Volumes **(in millions of minutes)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Advanced Services	2 696	2 719	2 325	2 302	2 453	-9,0%
Fixed operators	*2 356*	*2 347*	*2 088*	*2 070*	*2 187*	*-7,2%*
Mobile operators	*340*	*372*	*237*	*232*	*266*	*-21,9%*

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

Sales **(in millions of euros)**	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Leased lines	573	586	551*	542*	554	-3,3%
Data transport	138	153	128	128	146	+5,7%

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-quarter in 2002).

2.4.3 Other telephony-related services

Directory services

Until the fourth quarter 2003, the "directory assistance, directory and advertising" income of fixed operators partially covered certain call centre activities which should not have appeared there. We corrected the perimeter in the first quarter of 2004, and another adjustment was made in the third quarter. The Observatory will try to correct these results in future issues.

Sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Operators assistance, sales of directories and advertising	93	91	57	67	80	-14,2%
Fixed operators	*75*	*72*	*38*	*47*	*59*	*-21,2%*
Mobile operators	*18*	*19*	*19*	*20*	*21*	*+14,5%*

Terminals and equipment

Sales (in millions of euros)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Terminals and equipments	521	703	533*	472*	629	+20,7%
Fixed operators	*146*	*160*	*183*	*164*	*176*	*+20,3%*
Mobile operators	*375*	*543*	*350**	*308**	*453*	*+20,8%*

** adjusted figures*
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)	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Hosting and call centre management	14	7	5	8	7	-49,3%

2.5 Indicators per users

The average monthly invoice of mobile telephony customers reached €29.70 at the third quarter, equivalent to that of fixed subscribers. The volume of average monthly traffic per customer remains significantly higher from fixed phones (3 hr. 58 min.), but is stagnating, whereas the average monthly volume per customer from mobile phones is increasing on a regular basis (2 hr. 26 min.).

Average monthly invoice per user *in euros*	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Fixed telephony user (1)	31,3	31,5	31,0	30,3	29,8	-4,8%
Mobile telephony user (1')	28,8	28,4	27,7*	28,6*	29,7	+3,0%

** adjusted figures*

Volume of average monthly traffic per user *in hours*	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
From fixed telephony network (2)	3h58	4h27	4h30	4h11	3h58	+0,1%
From mobile telephony networks (2)	2h11	2h18	2h24	2h25	2h26	+11,3%

Units	Q3 2003	Q4 2003	Q1 2004	Q2 2004	Q3 2004	Change Q2 04/Q2 03
Number of SMS sent during the quarter (3)	17,2	19,8	20,5	19,4	21,5	+24,8%

Notes :

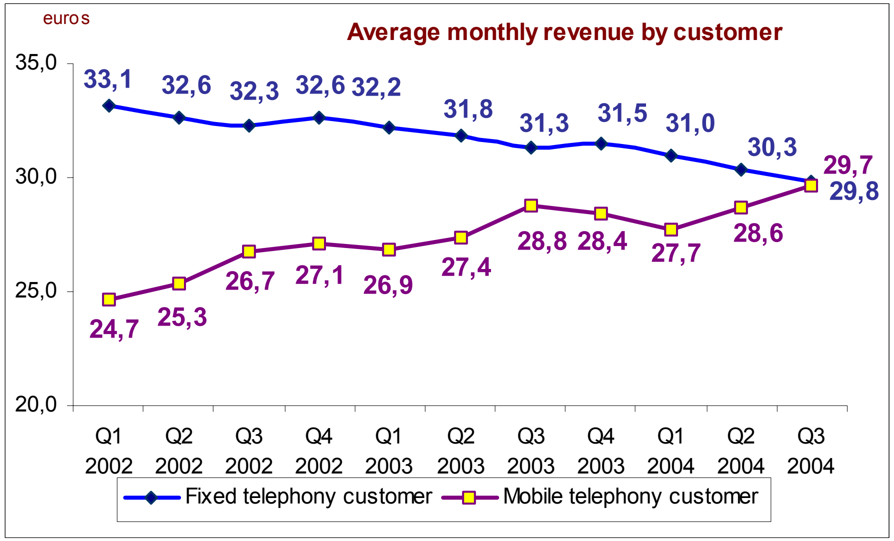
Average number of clients of quarter N : [(total number of clients at the end of quarter N + total number of clients at the end of quarter N-1) / 2]

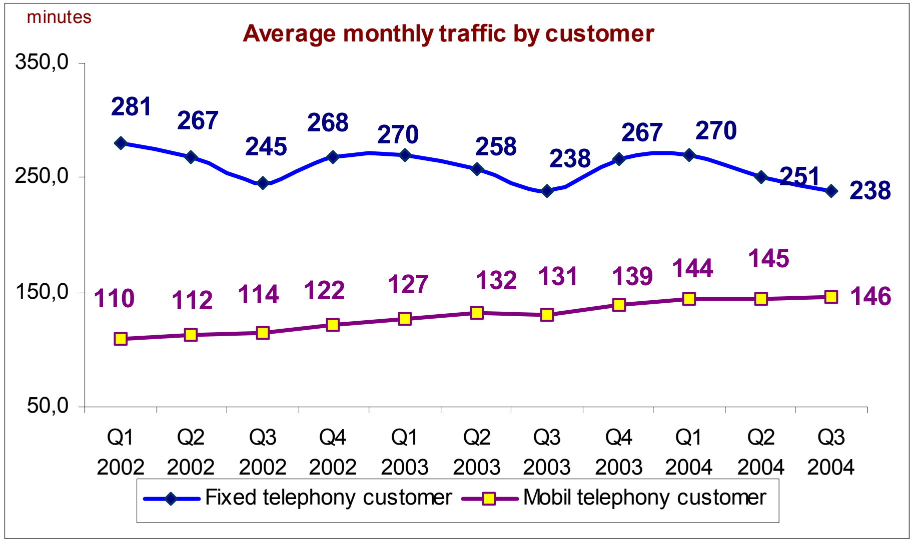
(1) This indicator is calculated by dividing the revenues of fixed telephony access and calls of the quarter N *by an estimate of the average number of clients of quarter N.*

(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
20,0
33,1 32,6 32,3 32,6 32,2 31,8 31,3 31,5 31,0 30,3 29,8
24,7 25,3 26,7 27,1 26,9 27,4 28,8 28,4 27,7 28,6 29,7
Q1 2002 Q2 2002 Q3 2002 Q4 2002 Q1 2003 Q2 2003 Q3 2003 Q4 2003 Q1 2004 Q2 2004 Q3 2004
Fixed telephony customer
Mobile telephony customer


minutes
Average monthly traffic by customer
350,0
250,0
150,0
50,0
281 267 245 268 270 258 238 267 270 251 238
110 112 114 122 127 132 131 139 144 145 146
Q1 2002 Q2 2002 Q3 2002 Q4 2002 Q1 2003 Q2 2003 Q3 2003 Q4 2003 Q1 2004 Q2 2004 Q3 2004
Fixed telephony customer
Mobil telephony customer