

France Telecom Roadshow Canada

April 2008



cautionary statement

- this presentation contains forward-looking statements and information on France Telecom's objectives, in particular for 2008. Although France Telecom believes that its objectives are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could result in material differences between the objectives presented and the actual results achieved include, among other things, changes in the telecom market's regulatory environment, competitive environment and technological trends, the success of the NExT plan and of other strategic initiatives based on the integrated operator model as well as France Telecom's financial and operating initiatives, and risks and uncertainties attendant upon business activity, exchange rate fluctuations and international operations.
- the financial information in this presentation is based on international financial reporting standards (IFRS) and is subject to specific uncertainty factors given the risk of changes in IFRS standards.
- more detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document and its updates filed with the French Autorité des Marchés Financiers and in the Form 20-F filed with the U.S. Securities and Exchange Commission.

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France Telecom-Orange today

1 a transformed group

2 distinctively positioned on attractive markets

3 guidance and cash policy

4 debt

introduction: group positioning



a transformed leader with strong momentum

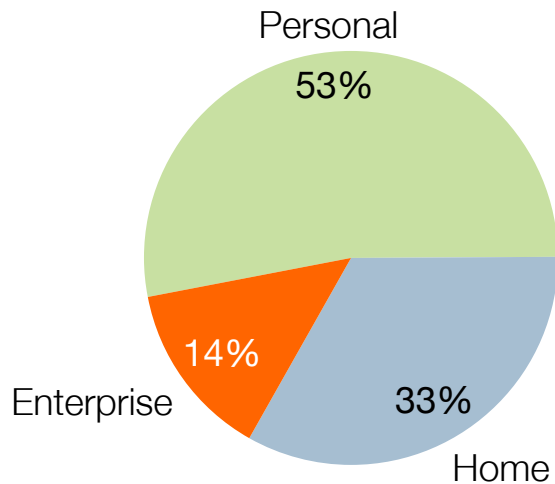


	from 2004...	...to 2007	
subscribers outside France	<ul style="list-style-type: none"> 63 million 	<ul style="list-style-type: none"> > 100 million 	more international
number of countries of presence, consumer	<ul style="list-style-type: none"> 19 countries 	<ul style="list-style-type: none"> 28 countries 	
subscribers with Orange brand	<ul style="list-style-type: none"> 48 million 	<ul style="list-style-type: none"> 115 million 	more unified
global products	<ul style="list-style-type: none"> not relevant 	<ul style="list-style-type: none"> >100 	
livebox deployed	<ul style="list-style-type: none"> 264,000 	<ul style="list-style-type: none"> > 6,000,000 	more customer centric / convergent
unique visitors to Orange portals*	<ul style="list-style-type: none"> 19 million/month 	<ul style="list-style-type: none"> 31 million/month 	

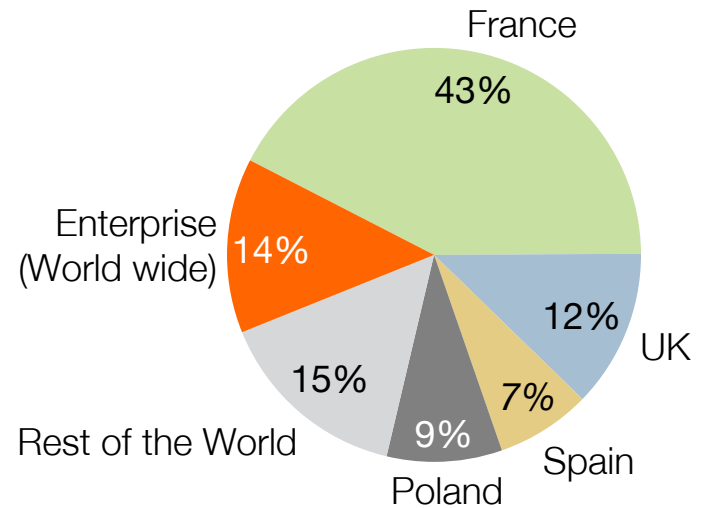
* France, UK, Spain
 Source : Nielsen, August 2007

€ 52.96 bn group revenue split in 2007

2007 group revenue split by segment

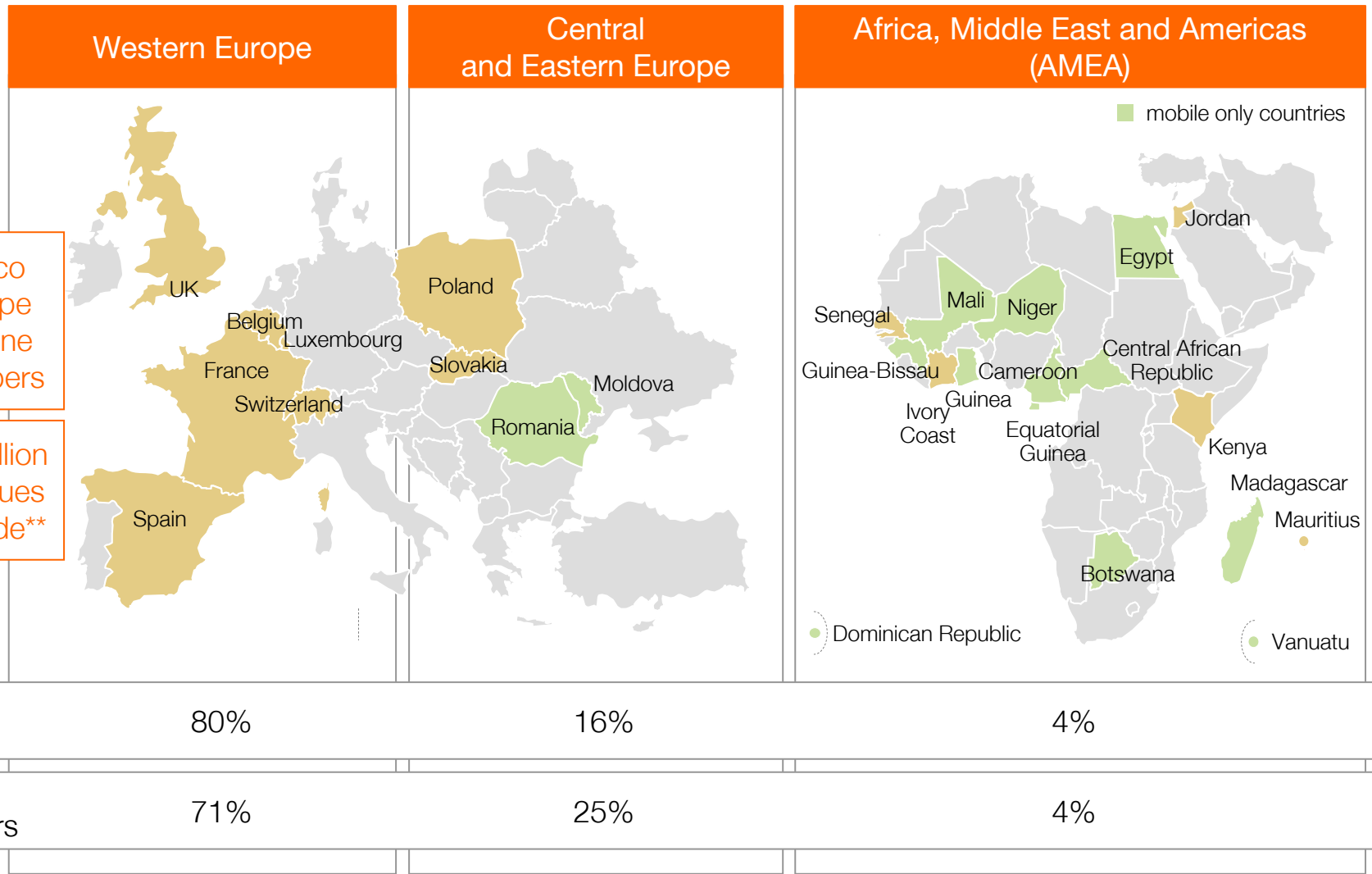


2007 group revenue split by country / activity



the Personal communication services (PCS) segment consists of the mobile telecommunication services
the Home communication services (HCS) segment includes the fixed-line telecommunication activities

home serves 37 million retail customers in 13 countries*



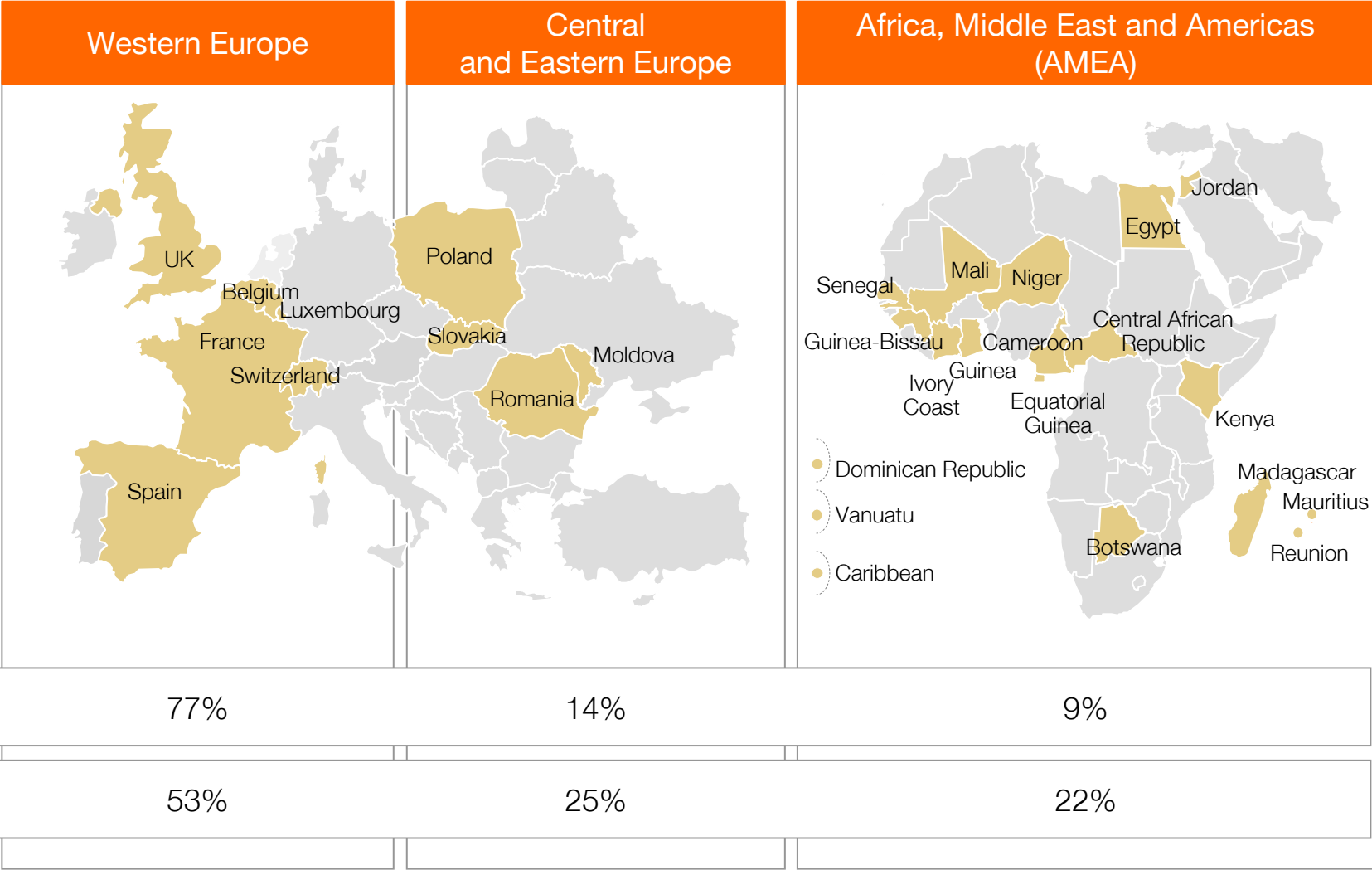
#1 Telco in Europe in wireline subscribers

€22.7 billion of revenues worldwide**

* mobile only countries excluded, consumer market only
 ** as of December 31, 2007

mobile presence in 27 countries with 110 million customers

FT/Orange is solid #2 in Europe



1

a transformed group

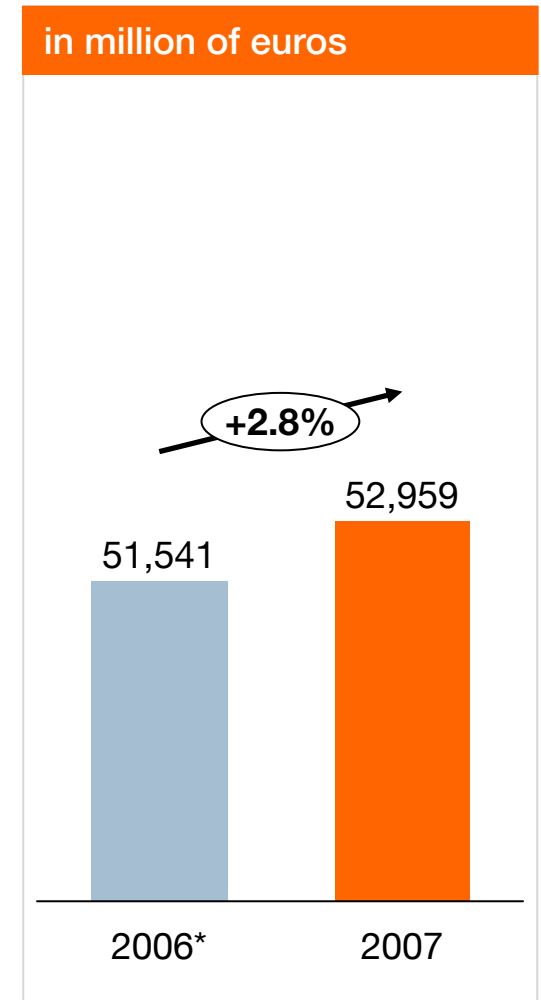
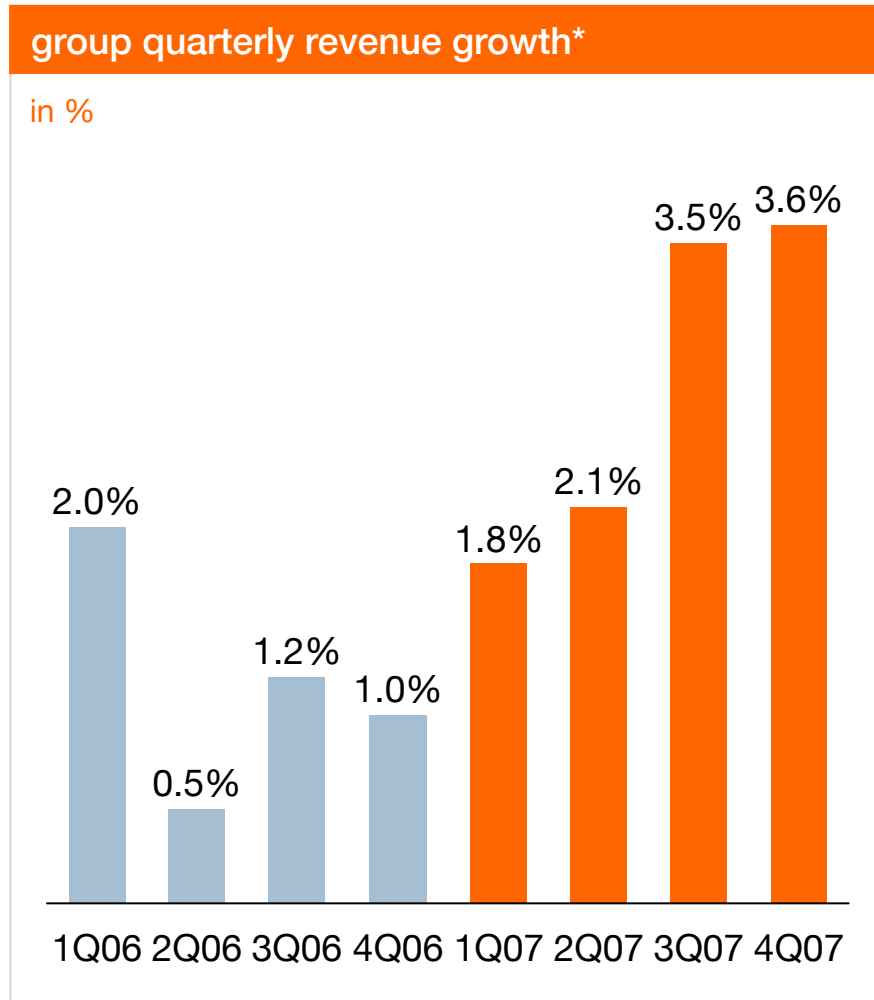
strong 07 performance above initial commitments

	2006			2007		
commitment	target	achievement		target	achievement	
GOM rate	-1/-2 pts	-1.4 pt vs 2005 GOM rate*	✓	upgraded from "near stabilization" to "stabilization"	+0.2 pt vs 2006 GOM rate*	✓
CAPEX to sales ratio	around 13%	13%	✓	around 13%	13.2%	✓
organic cash flow	€6.8bn**	€6.9bn**	✓	upgraded from €6.8bn to €7.5bn	€7.8bn	✓
net debt / GOM	<2 in 2008	2.27		<2 in 2008	1.99	✓

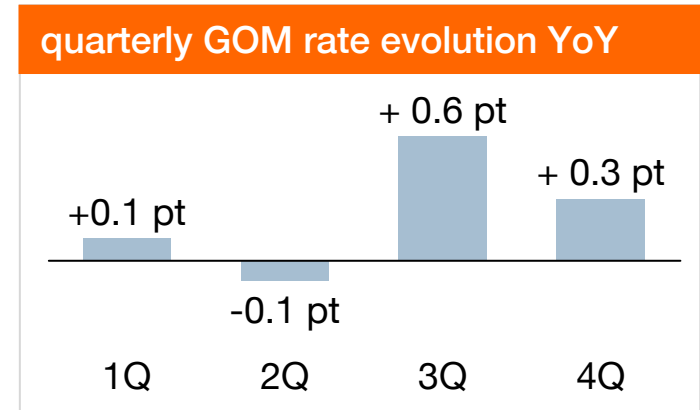
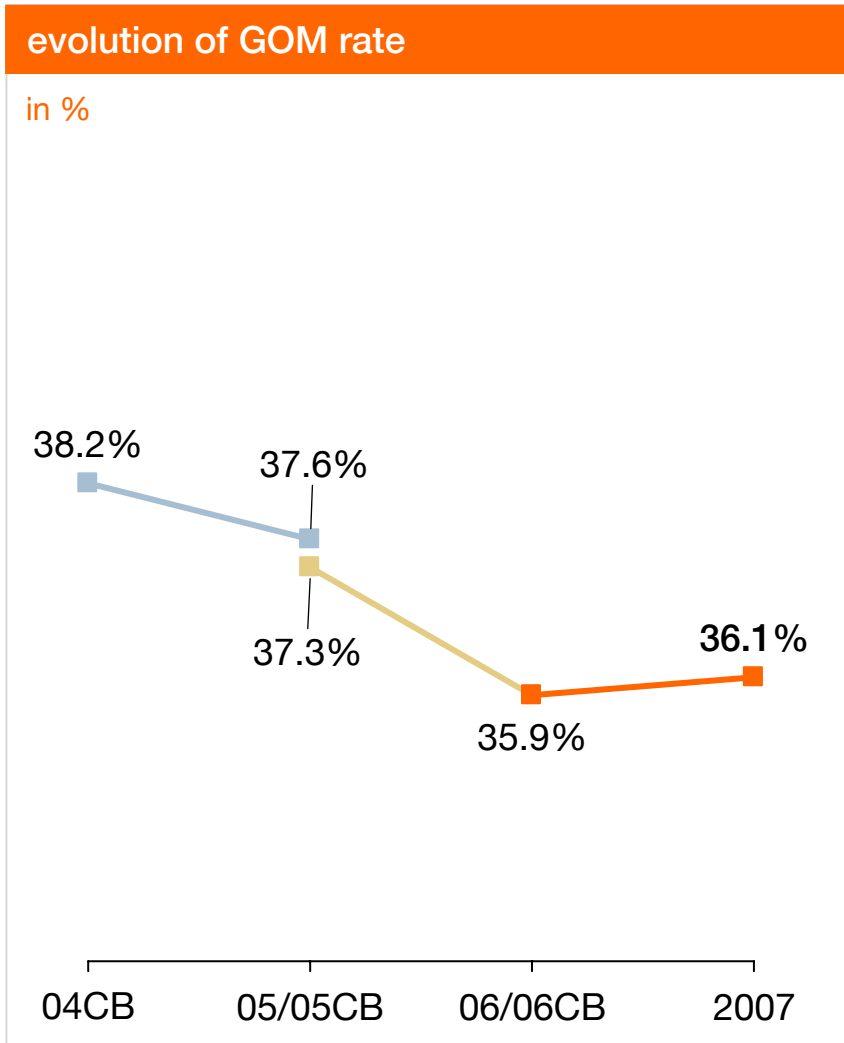
* comparable basis: see glossary

** excl. PagesJaunes disposal

strong 3Q and 4Q led to a FY07 growth of 2.8%



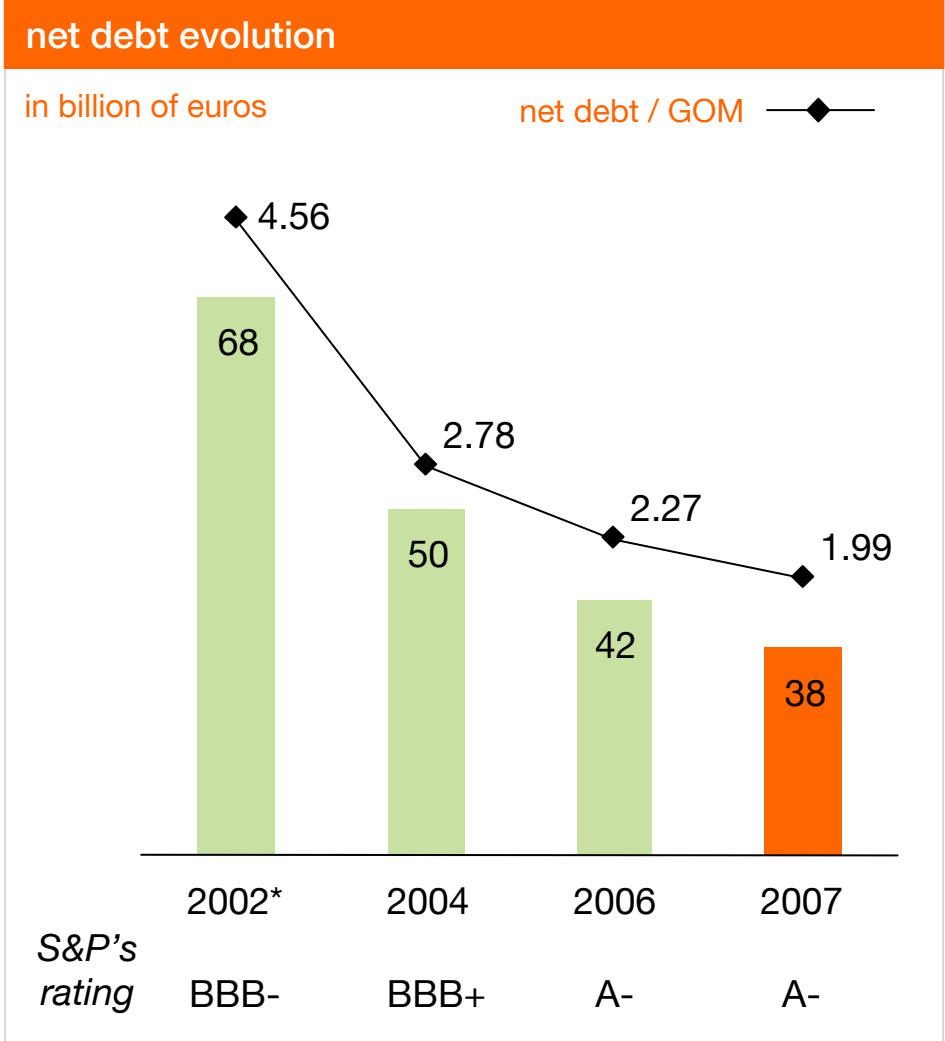
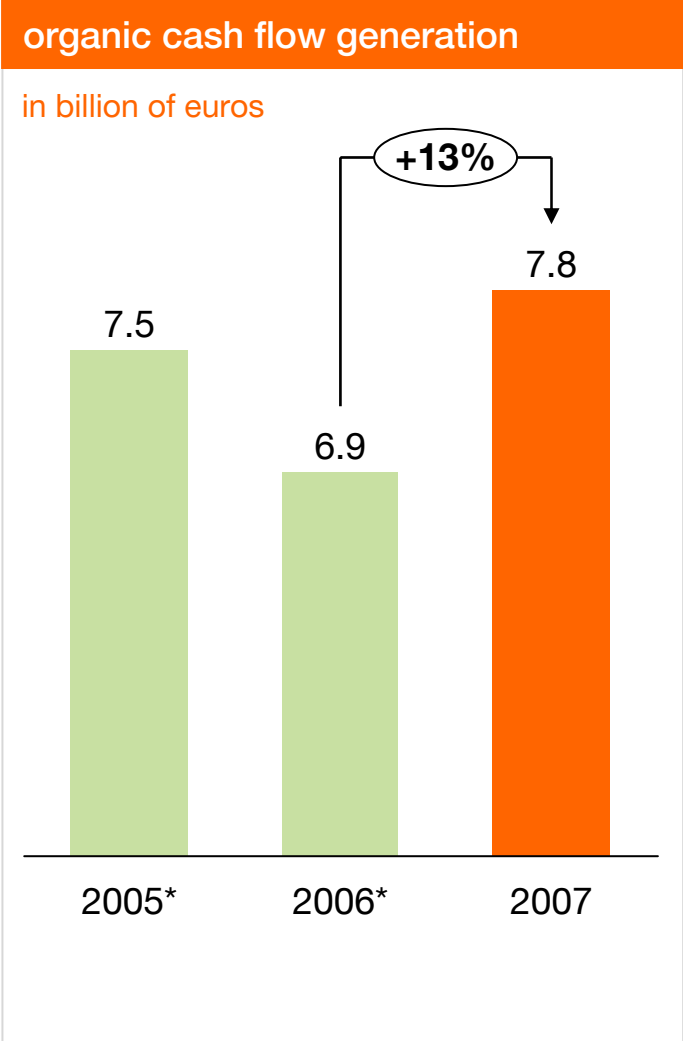
Gross Operating Margin stabilized after 2 years of decline



insight

- higher growth in 3Q and 4Q in France, UK mobile and Enterprise
- labor opex : 75% of headcount 06-08 reduction program achieved in France
- stable non labor opex
 - nearly stable commercial costs in % of sales (+0.2 pt)
 - declining interconnect & ITN costs (-0.5 pt)

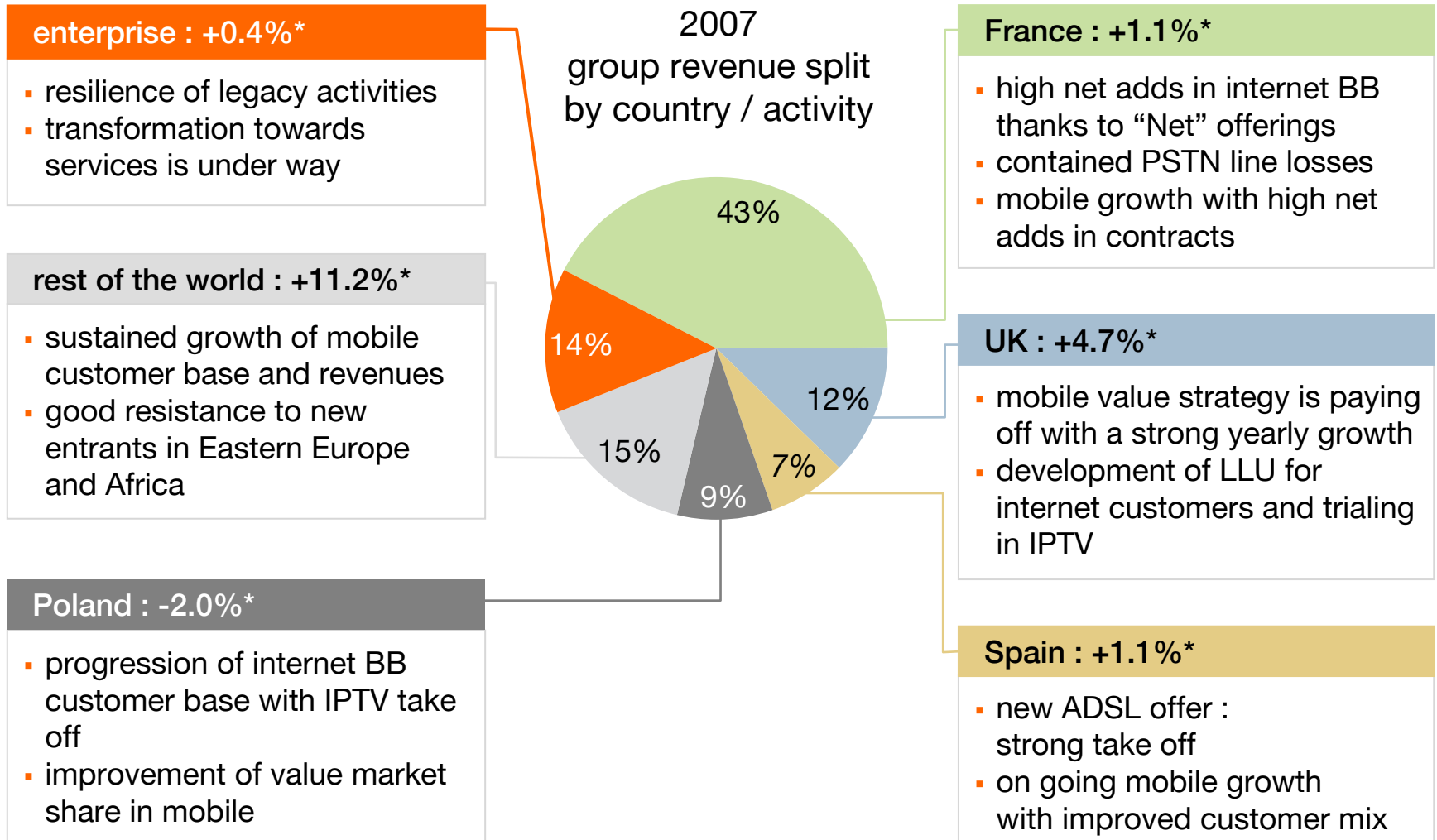
net debt target achieved one year in advance thanks to a strong organic cash flow generation in 07



* excl. PagesJaunes and incl. Amena

* in French Gaap

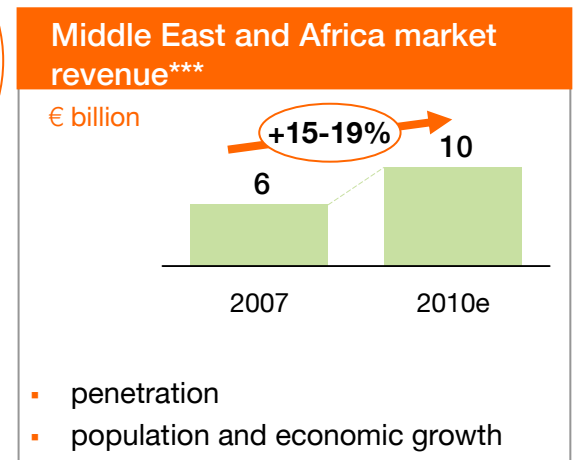
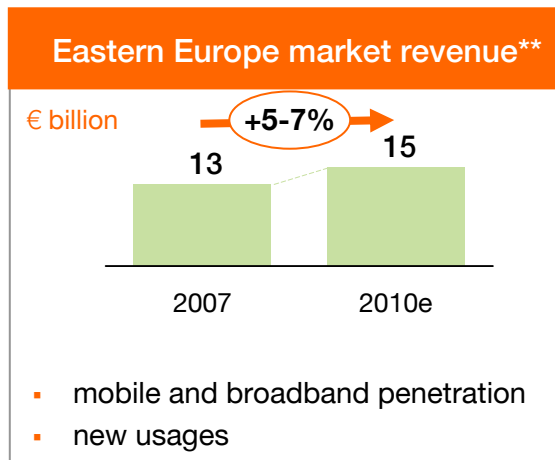
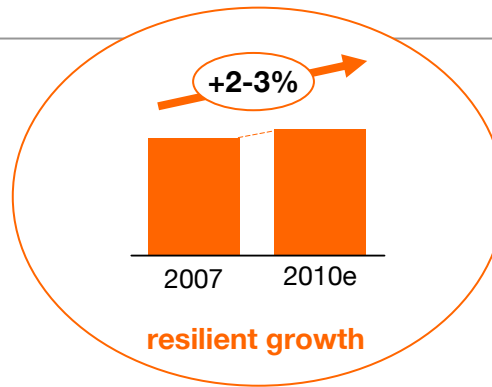
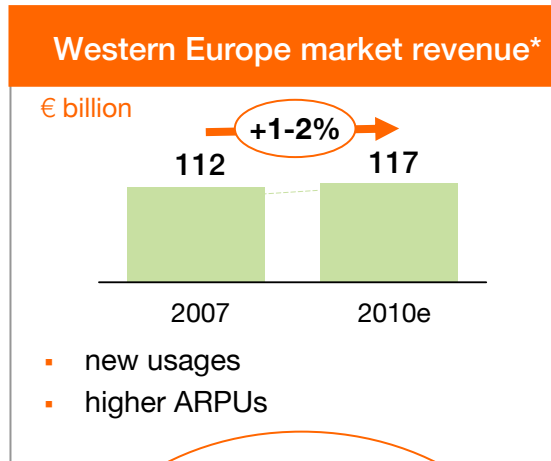
almost all activities posted growth in 2007



2

distinctively positioned
in attractive markets

France Telecom-Orange markets: showing solid growth



* France, Spain, UK, Belgium, Switzerland, Luxembourg

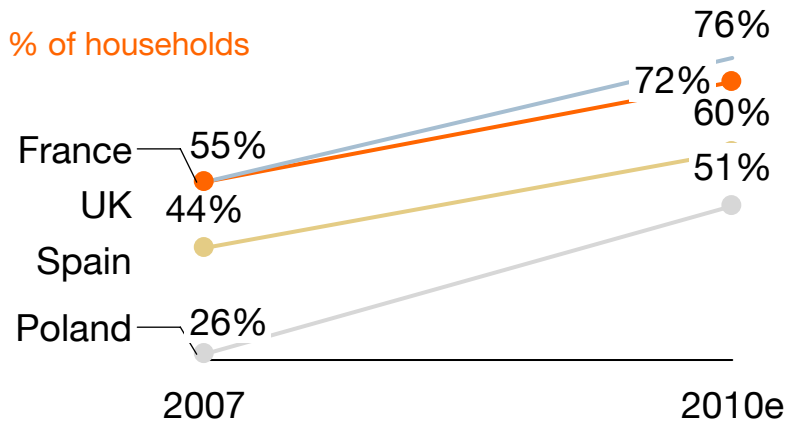
** Poland, Slovakia, Romania

*** Senegal, Egypt, Jordan, Botswana, Cameroon, Ivory Coast, Mauritius

source: Yankee Group, Pyramid, Ovum

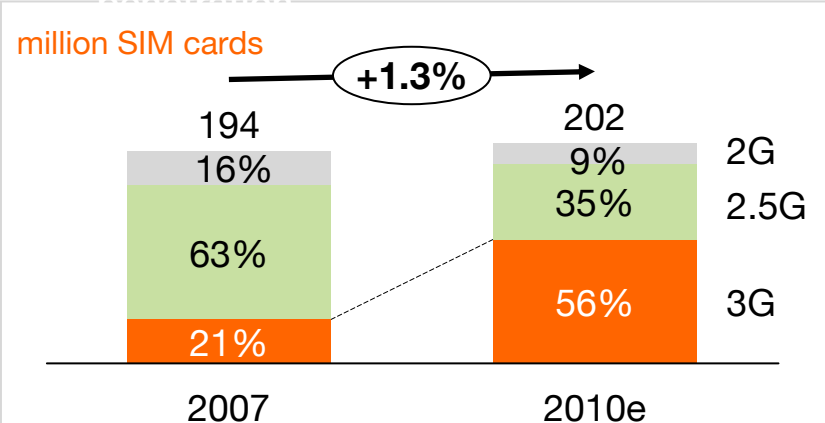
France Telecom-Orange is positioned on distinctive growth drivers among geographical footprint ...

fixed broadband continuous penetration



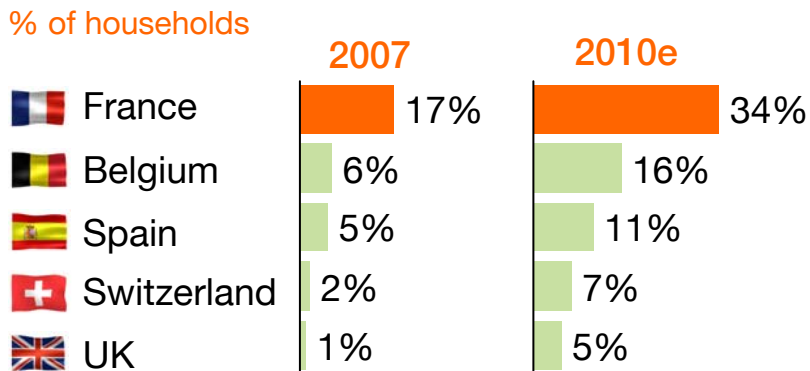
Source : Ovum, April 2007

Western Europe mobile broadband



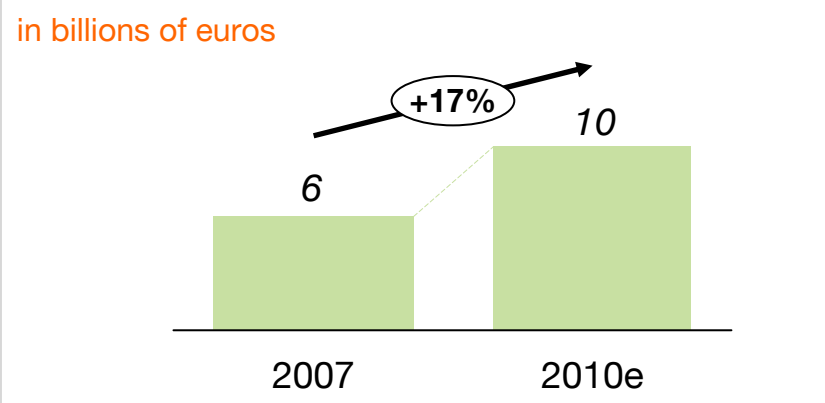
Source : Yankee Group

IPTV market development in Europe



18 Source : Pyramid Research, I 2007

Middle East and Africa market revenue

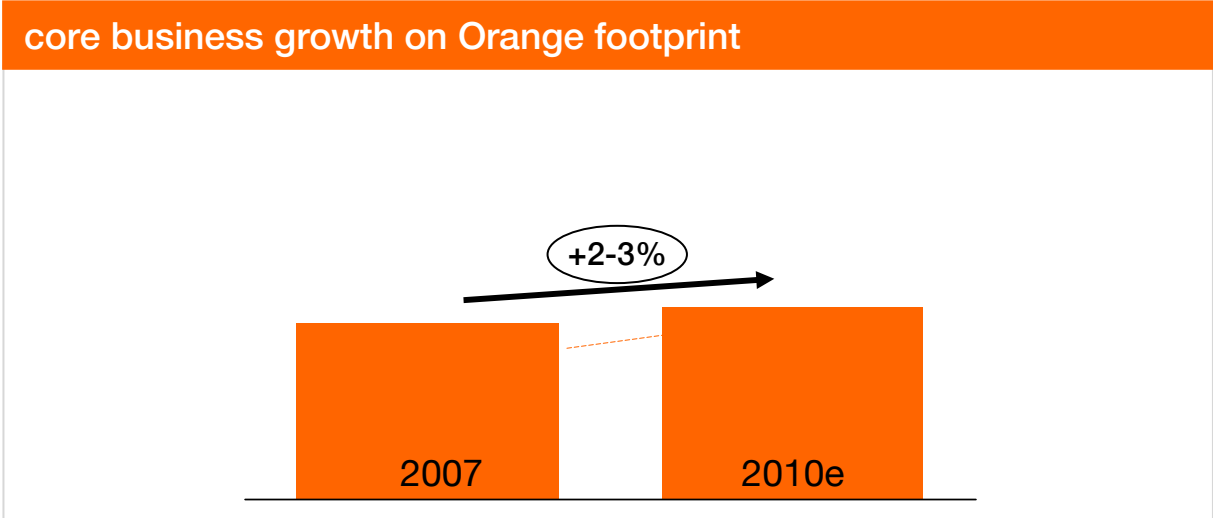


source: Yankee Group, Pyramid, Ovum (Senegal, Egypt, Jordan, Botswana, Cameroon, Ivory Coast, Mauritius)

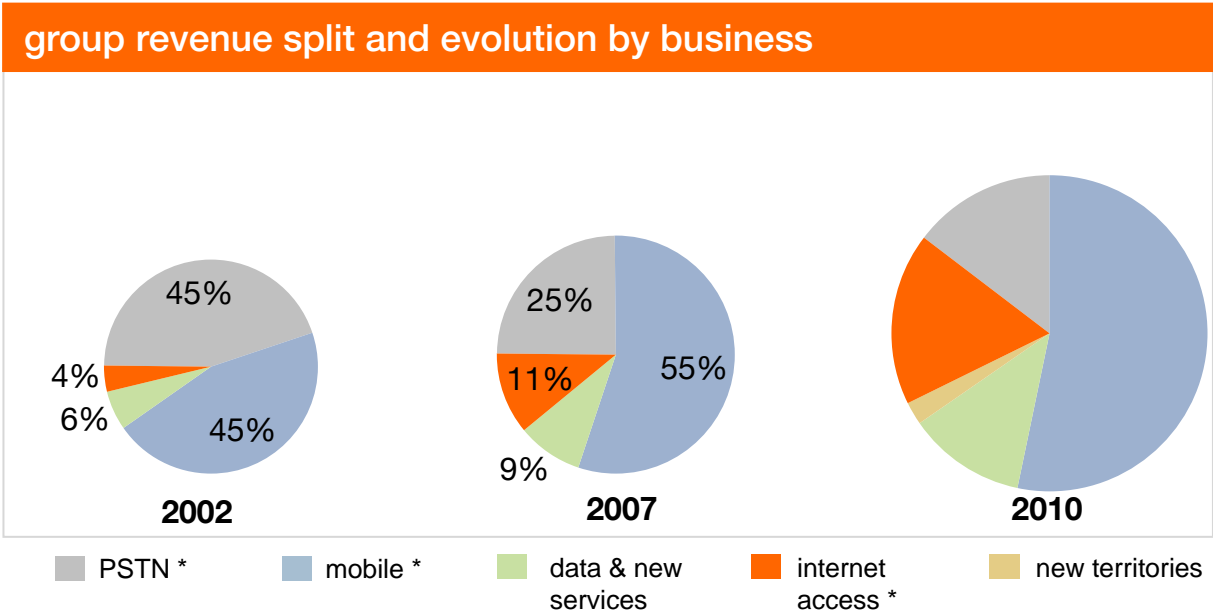
CAGR 07-10e

... to capture growth beyond the one of its core business

steady growth relies mainly on core business



progressive benefits of addressable new revenue streams



•wholesale included, equipment sales and Orange Business Services excluded, Enterprise revenues on data excluded
PSTN : Public Switch Telephone Network : voice transfer network consisting of handsets, subscriber lines, circuits and switches. Also used to access certain data services.

3

guidance and cash policy

2008 guidance in line with momentum

group revenue should keep pace
with market growth in the footprint*

**GOM
rate**

- **stability**

**CAPEX
to sales**

- **around 13%**

**organic
cash flow**

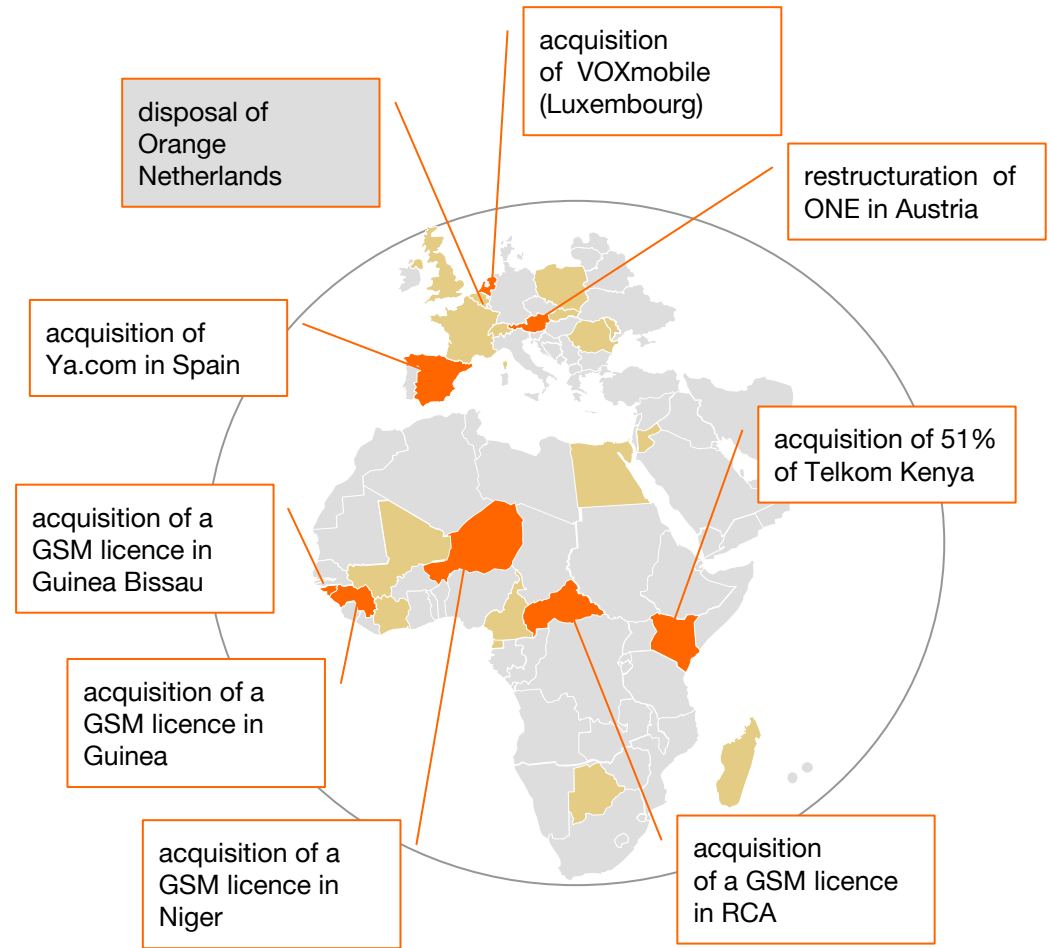
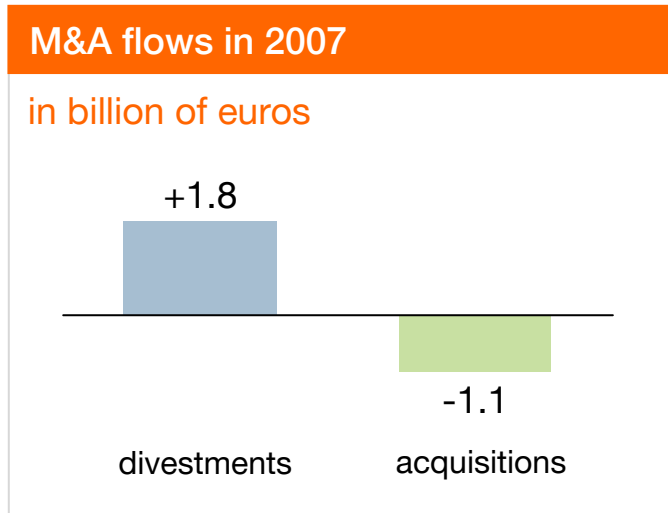
- **higher than € 7.8 bn**

mid term ambition

		main business trends
revenues	<ul style="list-style-type: none"> improved growth trend 	<ul style="list-style-type: none"> strong increase of new usages (content, services, ...) mobile voice revenue increase in emerging markets broadband access will continue to grow enterprise should reach its inflexion point
GOM	<ul style="list-style-type: none"> GOM increase, within a stable GOM rate 	<ul style="list-style-type: none"> additional growth mainly coming from mobile PSTN drop should be compensated by new activities cost reduction program will be pursued
CAPEX rate	<ul style="list-style-type: none"> globally stable 	<ul style="list-style-type: none"> increase of growth CAPEX (FTTH, services platform, HSUPA, etc.) lower CAPEX after peak in 3G/3G+ in 2008 decrease of maintenance (PSTN, 2G, etc.)
organic cash flow	<ul style="list-style-type: none"> ongoing increase 	<ul style="list-style-type: none"> increase mainly due to GOM progression and reduction of other items (early retirement plan, etc.)

M&A

dynamic management of our business portfolio to support growth

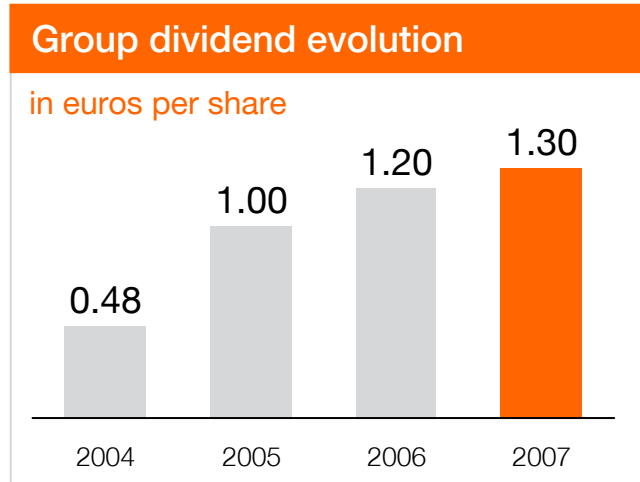


3 main objectives

- reinforce footprint in emerging markets
- strengthen when appropriate activities in Western Europe
- acquire complementary competencies in some key businesses

dividend policy

an attractive shareholder remuneration



- 43.3% of 07 organic cash flow will be allocated to dividend (48% w/o minorities)
- dividend yield in 2007*: 5.9%
- payment date proposed**: June 3rd, 2008

cash return policy

- while keeping in the medium term a net debt to GOM ratio below 2 under current market conditions
 - indication on FY2008 dividend: above 1.3 euro per share
 - with a possibility for the Board to distribute above 45% of organic cash flow
 - in addition, the Board will consider annually additional remuneration depending on cash flow projections and investment plans

* computed on average price from dividend payment date in 2006 (05/11/06) to dividend payment date in 2007 (06/06/07)

**record date : market before payment date, ex-dividend date: 3 day before payment date

NExT is delivering solid results and France Telecom-Orange is well positioned on its future challenges

momentum
and 2006/2007
results comfort
the strategy

- thorough execution on **5 operational and strategic priorities**
 - innovation
 - customer service
 - brand
 - cost efficiency
 - disciplined M&A

achieving NExT
that lay
foundations for
2010 ambitions

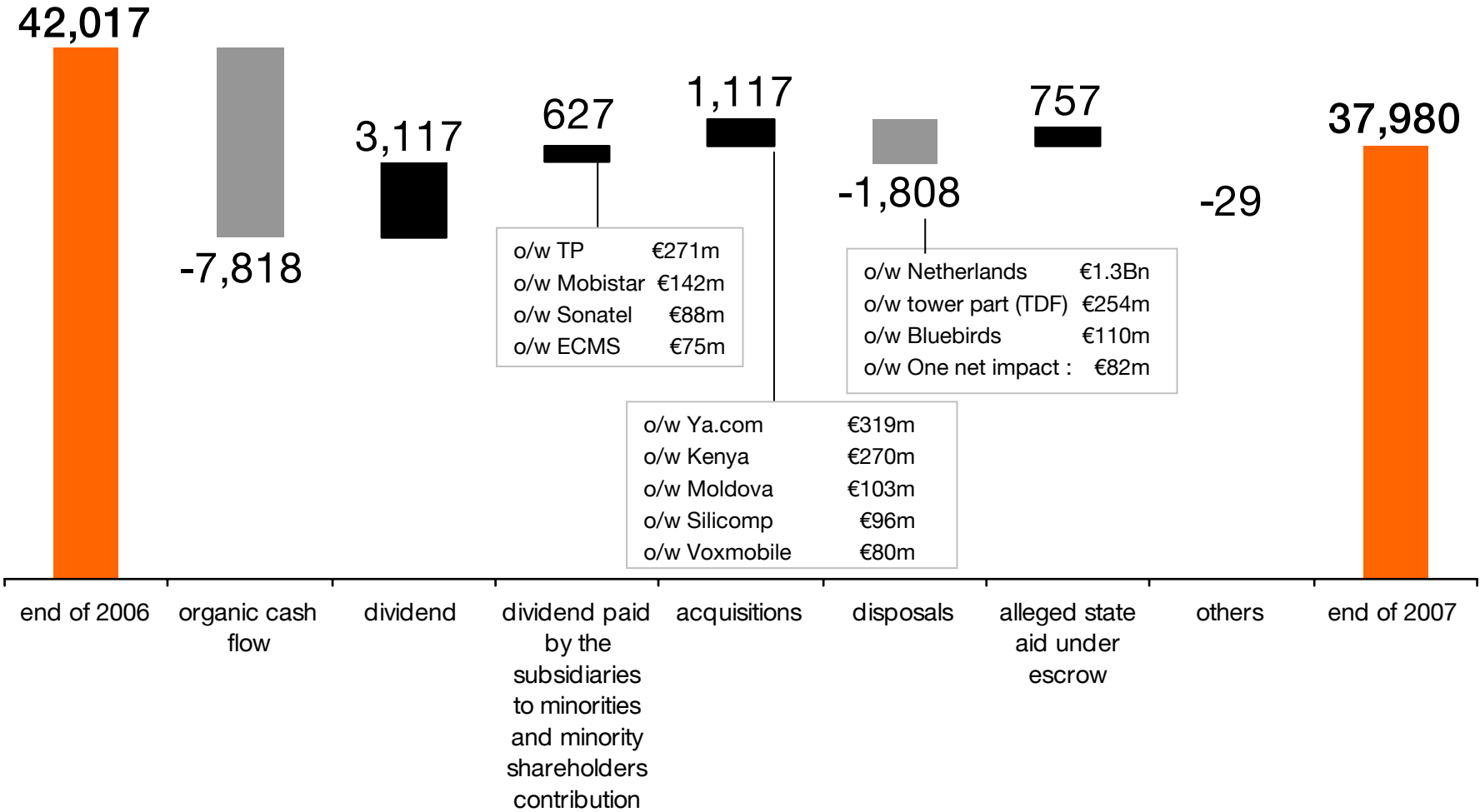
- **improve growth trend** thanks to balanced positions on its businesses
 - resilient growth in the core business markets
 - new revenues streams
- **increase our cash generation** with allocation objectives
 - increase return to shareholders
 - maintain a sound balance sheet

4

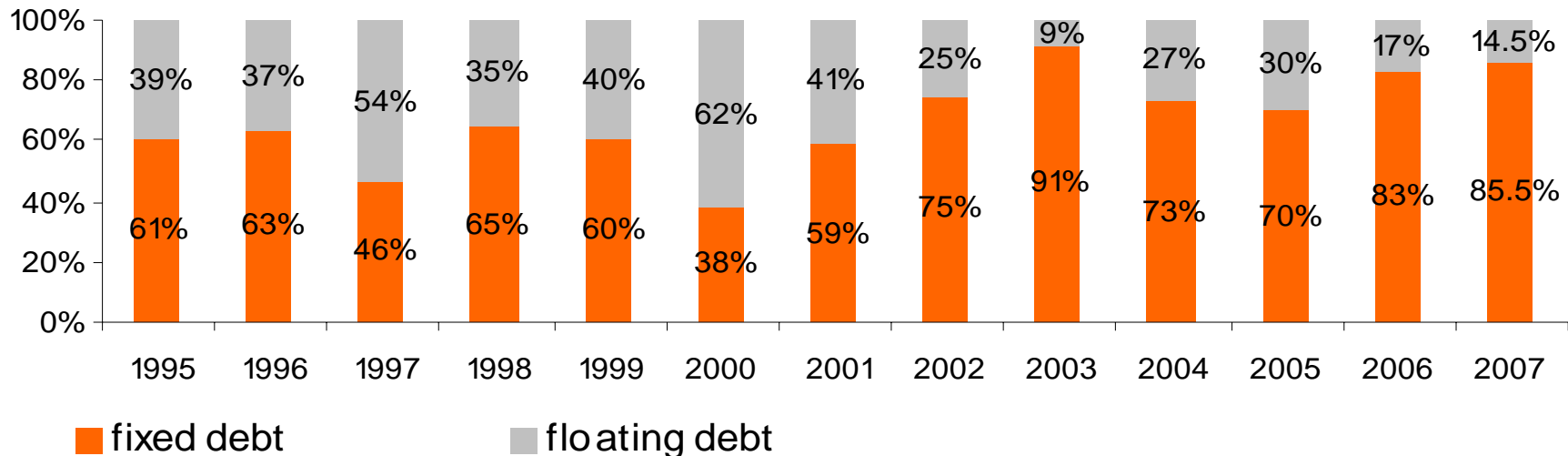
debt profile

net debt: 2008 target achieved thanks to high organic cash flow generation and divestments

net debt changes (in million of euros)

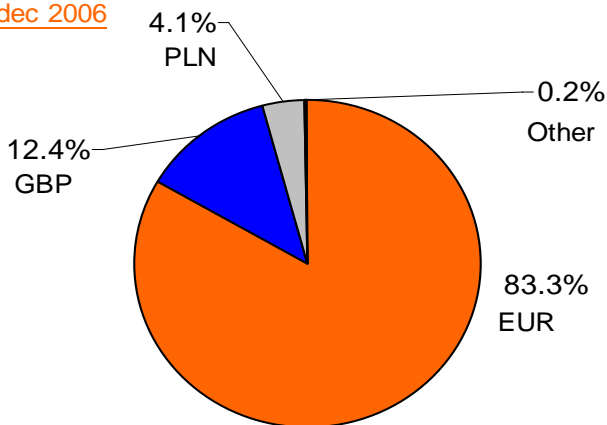


Net Debt Allocation: Fixed - Floating - by Currency (after derivatives)

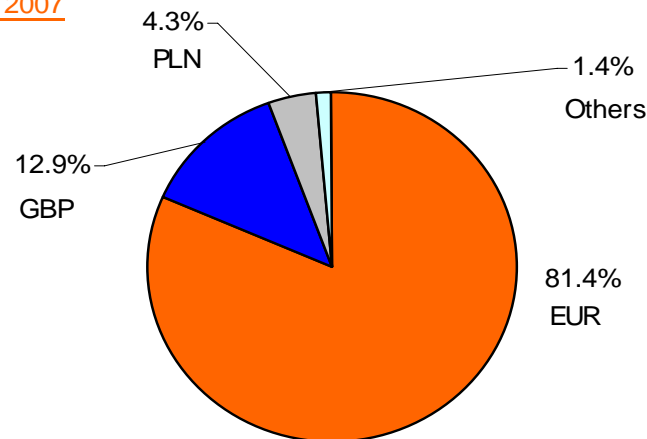


Majority of Outstanding Debt is Euro Denominated (after swaps)

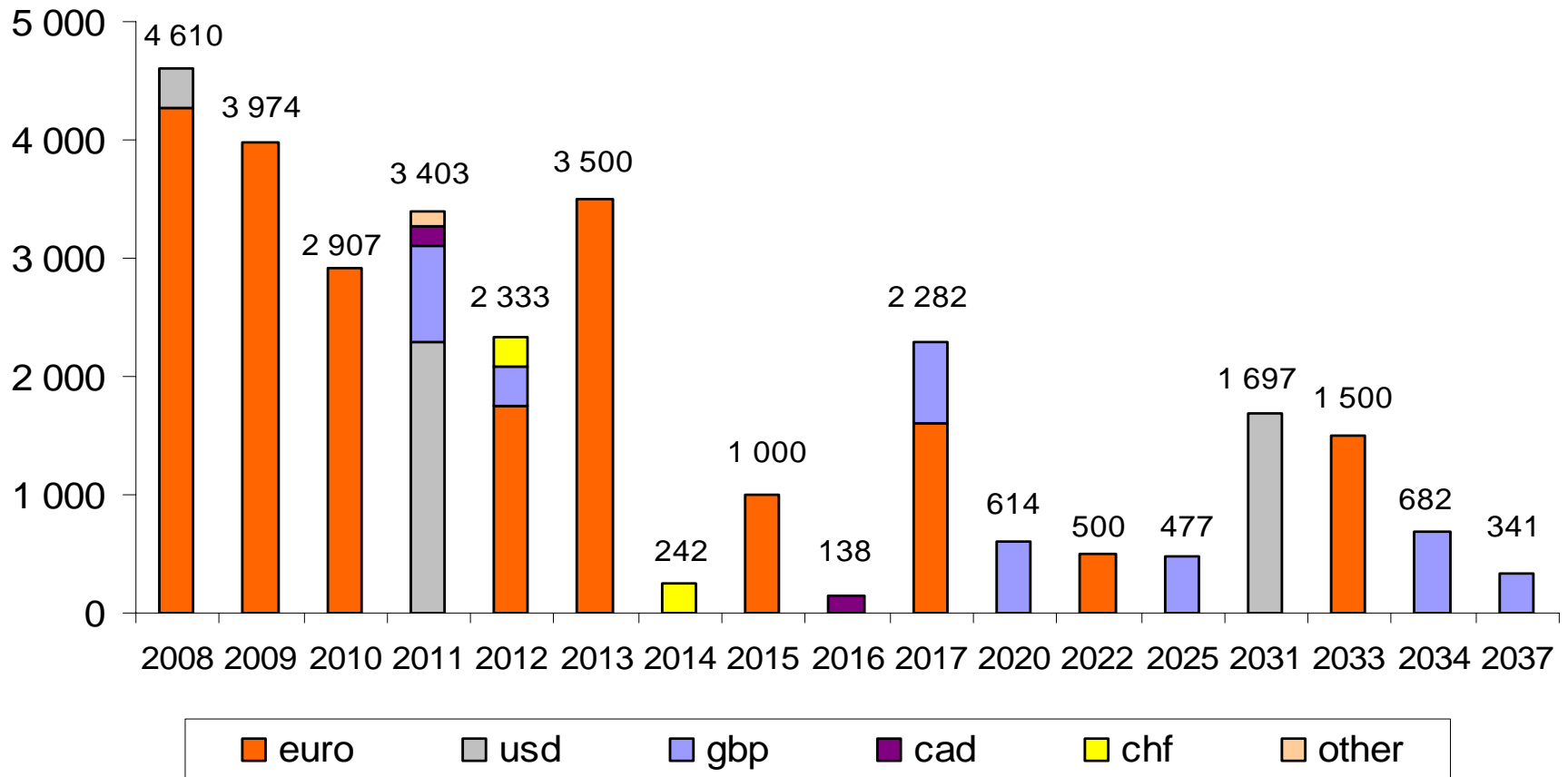
as of 31dec 2006



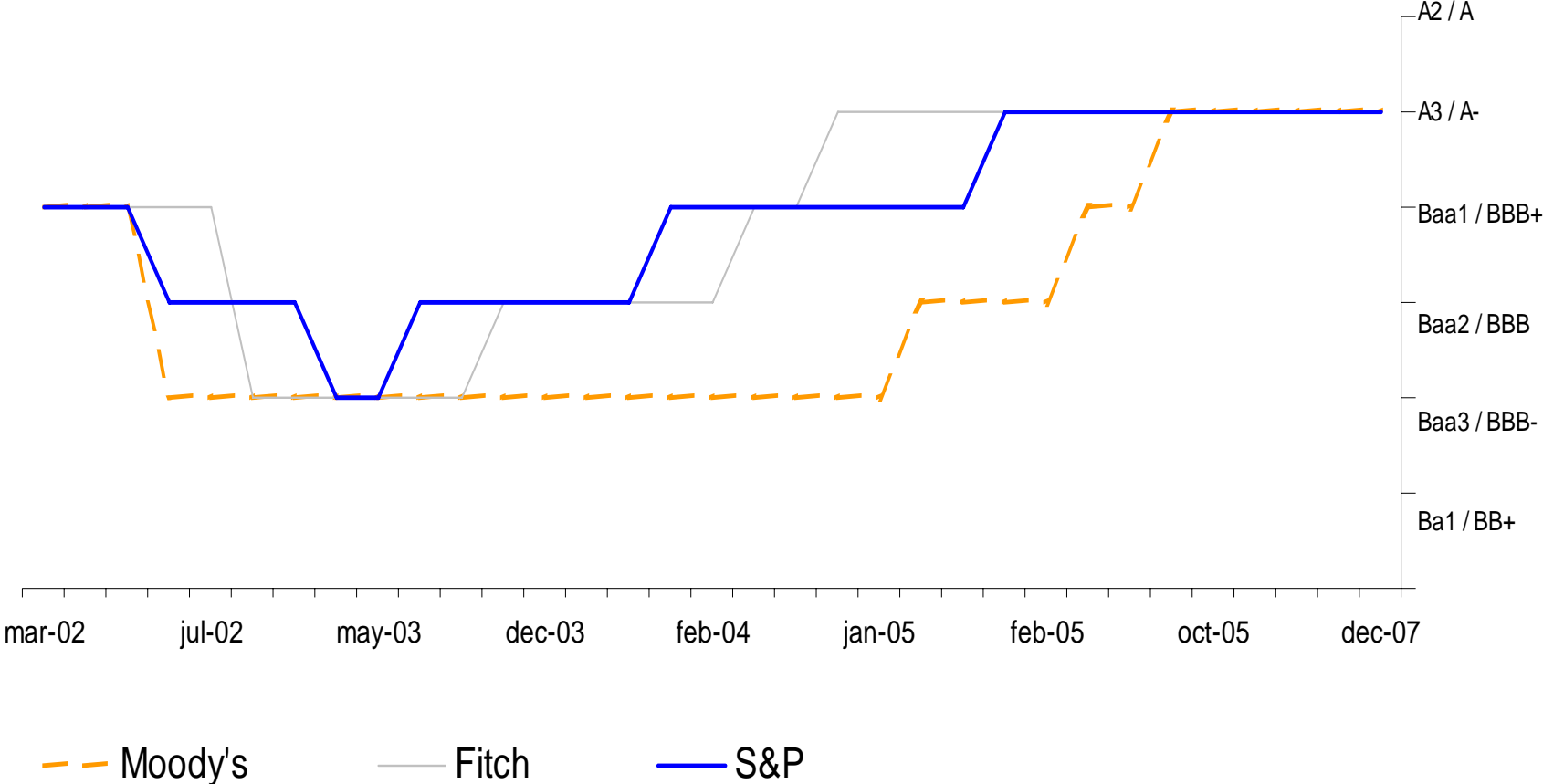
as of 31dec 2007



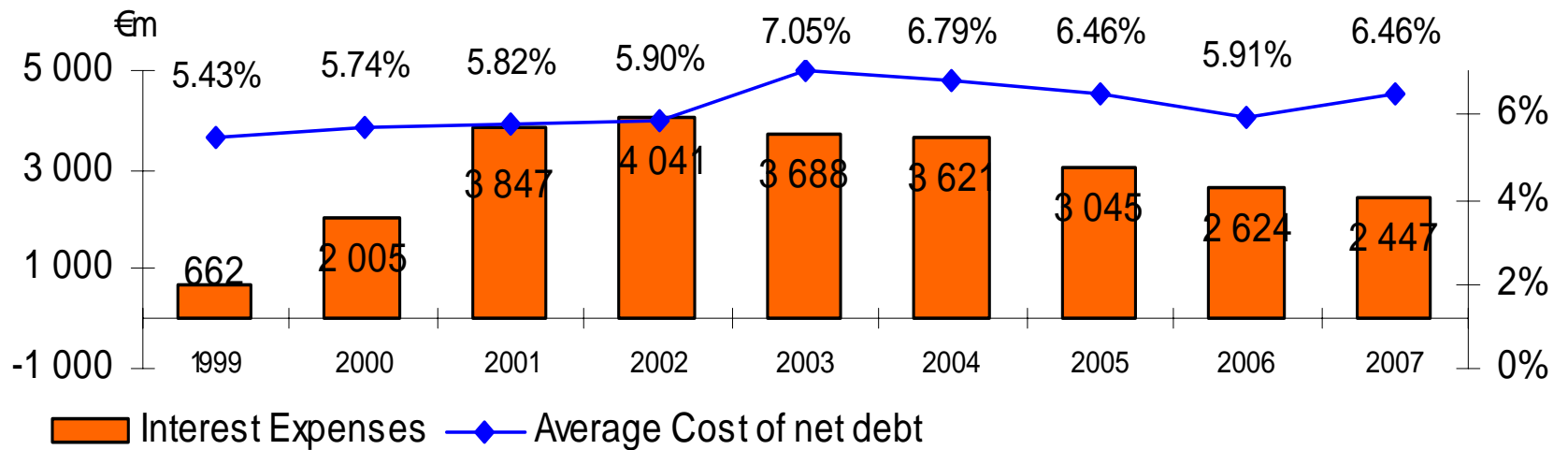
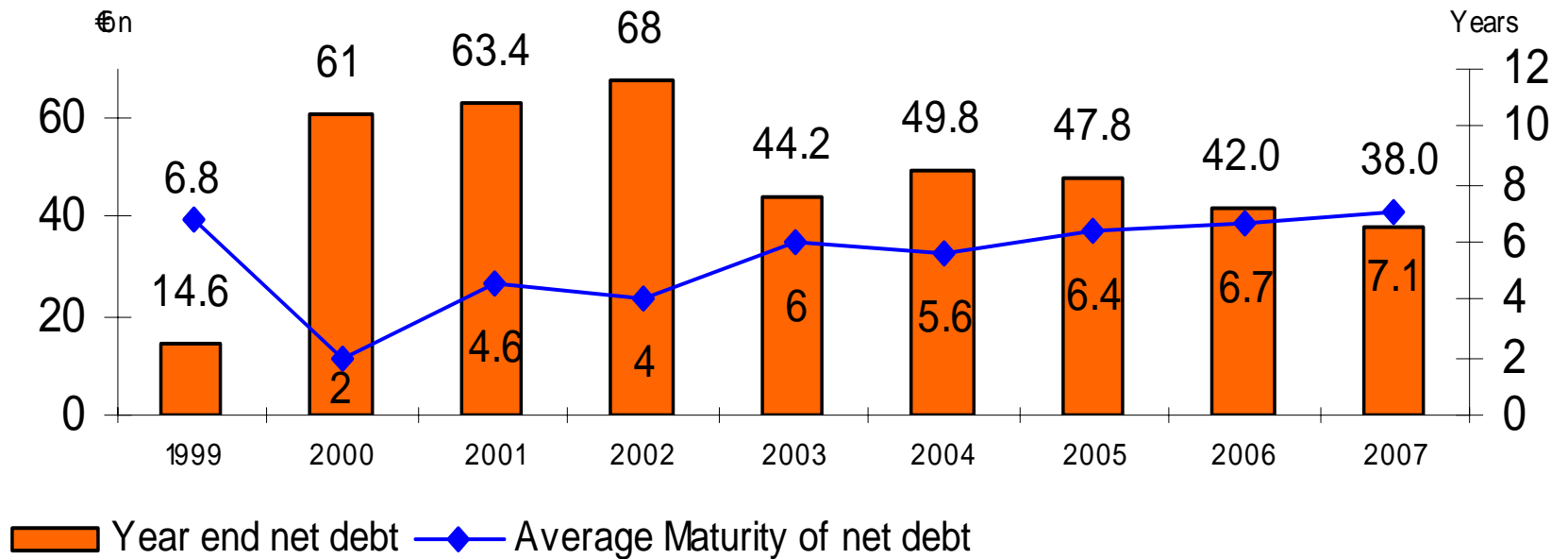
France Telecom SA Debt Distribution as of 31-12-2007



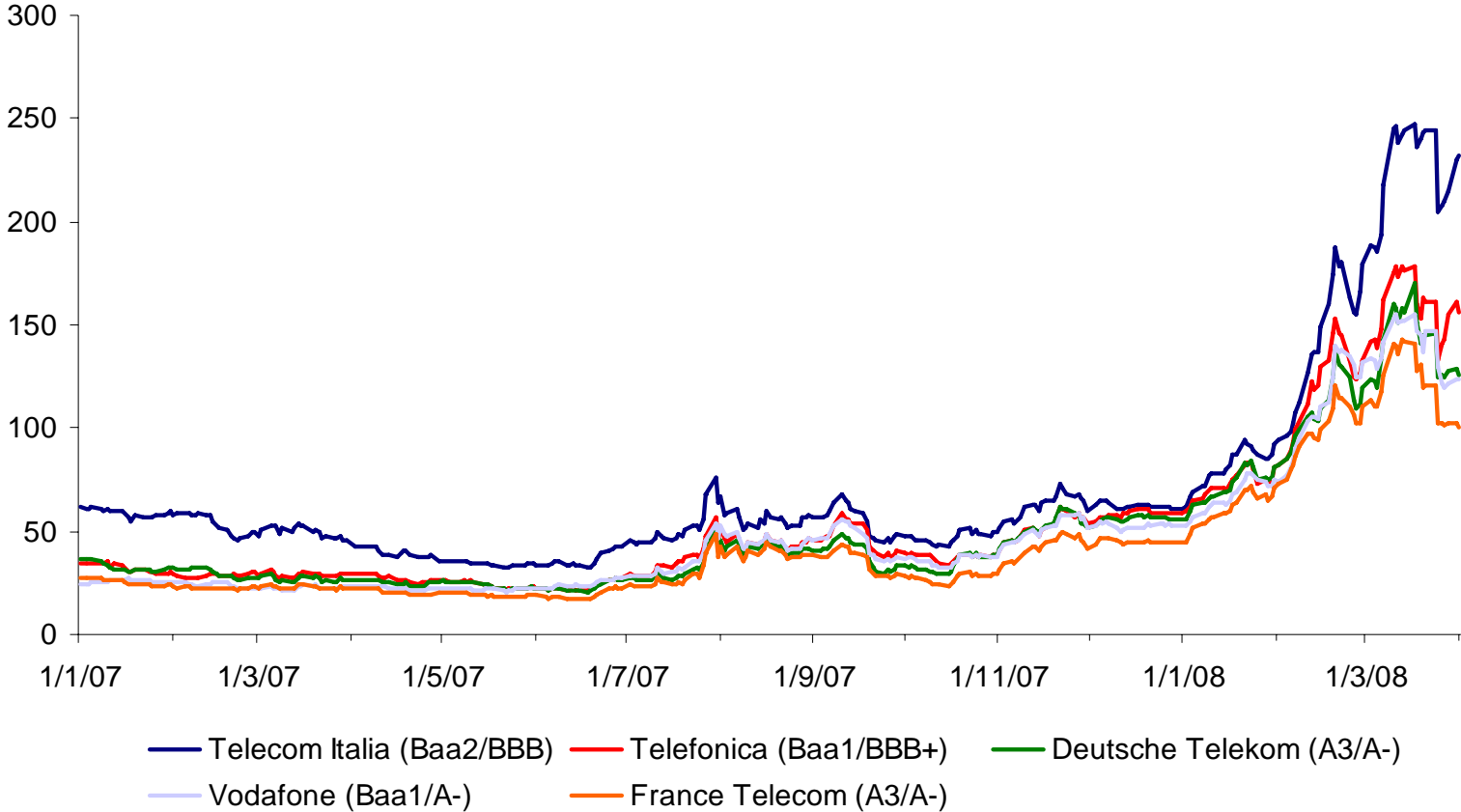
S&P, Moody's and Fitch Ratings



Net Debt Evolution



5yr CDS Evolution of main European Telecom Companies



group appendices

glossary (1)

ADSL market share	<ul style="list-style-type: none"> ▪ sum of France Telecom ADSL access on the retail market (excluding monopoly usage without high-speed Internet access), the unbundling and ADSL wholesale offers sold to third party operators and Internet access providers (IAPs).
ARPU (Average Revenues Per User)	<ul style="list-style-type: none"> ▪ for HCS segment: average monthly revenues on the basis of the last twelve months divided by the weighted average number of customers over the same period. ▪ for PCS segment: revenues of the network generated over the last twelve months (excluding revenues from mobile virtual network operators – MVNO) divided by the weighted average number of customers over the same period. ▪ for Internet: connectivity revenues divided by the weighted average number of Internet customers during the same period.
AUPU (Average Usage Per User)	<ul style="list-style-type: none"> ▪ for PCS segment: total minutes used over the preceding 12 months (outgoing, incoming and roaming calls, excluding the traffic of Mobile Virtual Network Operators) divided by the weighted average number of customers over the same period. AUPU is expressed in minutes as a monthly usage per customer.
CAPEX (CAPital EXpenditures)	<ul style="list-style-type: none"> ▪ tangible and intangible investments excluding GSM and UMTS licenses and investments through finance lease.
C.B. (Comparable Basis)	<ul style="list-style-type: none"> ▪ data presented with comparable methods, consolidation and exchange rates are presented for the preceding period.
Churn Rate	<ul style="list-style-type: none"> ▪ total number of customers who disconnect or are considered to have disconnected from its network, voluntarily or involuntarily (excluding money-back return and fraudulent connections) for the previous 12 months divided by the weighted average number of customers over the same period. <ul style="list-style-type: none"> – for Personal UK, migrations between contract and prepaid products are included in individual product churn but not in overall churn. Disconnections occurring either during the money-back guaranteed 14-days trial period or due to fraudulent connections are not included in churn. Prepaid customers are considered churned if they have not made any outgoing calls or received less than 4 incoming calls in the last 3 months. – for Personal France, churn includes migrations between contract and prepaid products and those customers upgrading their handsets via an indirect channel as well as prepaid customers are treated as having churned after eight months if they do not recharge their account during this eight-month period.
GOM Gross Operating Margin	<ul style="list-style-type: none"> ▪ revenues less external purchases, other operating expenses (net of other operating income) and labour expenses. Labour expenses presented in GOM do not include employee profit-sharing or share-based compensation.

glossary (2)

Net Financial debt	<ul style="list-style-type: none">▪ gross financial debt (converted at the year end closing rate), less (i) derivative instruments carried in assets for trading, cash flow hedges and fair value hedges, (ii) cash collateral paid on derivative instruments, (iii) cash and cash equivalent and financial assets at fair market value, and (iv) certain deposits paid on specific transactions, and adjusted for the impact of the effective portion of cash flow hedges.
Number of Employees	<ul style="list-style-type: none">▪ active employees at end-of-period: number of persons working on the last day of the period, including both permanent and fixed-term contracts.
Mature markets	<ul style="list-style-type: none">▪ France, UK, Spain, Netherlands, Switzerland, Belgium, Poland Fixed
Growing markets	<ul style="list-style-type: none">▪ Poland mobile, Botswana, Cameroon, Dominican Republic, Egypt, Equatorial Guinea, Guinea, Guinea Bissau, IvoryCoast, Jordan, Madagascar, Mauritius, Mexico, Moldova, Republic of Centre-africa, Romania, Slovakia, Senegal, Vanuatu, Vietnam, other countries
SACs Subscriber Acquisition Costs	<ul style="list-style-type: none">▪ for PCS segment: Sum of the acquisition costs for the handsets sold and the commissions paid to retailers from which are deducted the revenues received from the sale of handsets, for each new customer.
SRC Subscriber Retention Costs	<ul style="list-style-type: none">▪ for PCS segment: sum of the acquisition costs for the handset sold and the commission paid to retailers from which are deducted the revenues received from the sale of handset for each customer renewing his contract.
Commercial costs	<ul style="list-style-type: none">▪ external purchases including purchase of handset and other products sold, retail fees and commissions and advertising, sponsoring and brand costs
IT&N costs	<ul style="list-style-type: none">▪ external purchases including services fees and inter-operator costs, outsourcing fees relating to technical operation and maintenance and IT expenses
Labour costs	<ul style="list-style-type: none">▪ wages and employees benefit expenses excluding employee profit sharing and share based compensation costs – net of capitalized costs.

sustained revenue growth in Personal and good performance of Home France and Enterprise

in million of euros	2006*	2007	change 2007/2006*	
			€m	%
group revenues	51,541	52,959	+1,418	2.8%
total personal	27,538	29,119	+1,582	5.7%
personal France	9,885	9,998	+112	1.1%
personal UK	5,863	6,217	+354	6.0%
personal Spain	3,315	3,404	+90	2.7%
personal Poland	1,992	2,133	+141	7.1%
personal ROW	6,701	7,550	+849	12.7%
total home	22,725	22,671	-54	-0.2%
home France	17,709	17,957	+248	1.4%
home Poland	3,139	2,886	-253	-8.1%
home UK	425	403	-22	-5.1%
home Spain	629	604	-25	-4.0%
home other ROW	1,046	1,093	+47	4.5%
total enterprise	7,689	7,721	+32	0.4%
eliminations	-6,411	-6,552	-	-

GOM increased by 3.4% driven by most mobile operations and Home France

in million of euros	2006*	in % of revenues	2007	in % of revenues	△%	△ in % pts
group GOM	18,486	35.9%	19,116	36.1%	3.4%	+0.2pt
total personal	9,433	34.3%	9,977	34.3%	5.8%	-
personal France	3,742	37.9%	3,861	38.6%	3.2%	+0.7 pt
personal UK	1,378	23.5%	1,408	22.6%	2.2%	-0.9 pt
personal Spain	846	25.5%	805	23.6%	-4.9%	-1.9 pt
personal Poland	712	35.7%	834	39.1%	17.1%	+3.4 pts
personal ROW	2,756	41.1%	3,071	40.7%	11.4%	-0.4 pt
total home	7,641	33.6%	7,799	34.4%	2.1%	+0.8 pt
home France	5,953	33.6%	6,482	36.1%	8.9%	+2.5 pts
home Poland	1,473	46.9%	1,205	41.8%	-18.2%	-5.1 pts
home ROW	216	10.3%	112	5.3%	-48.3%	-5.0 pts
total enterprise	1,414	18.4%	1,343	17.4%	-5.1%	-1.0 pt

the main items of the cash-flow statement should improve on the mid term

main trends 2008-2010	
gross operating margin (GOM)	increase with a stable GOM rate
net interest expense cash out*	ongoing debt reduction, average rate around 6%
income taxes cash out	between € 0.8-1.0 bn
early retirement plan cash out	in reduction*
restructuring	slight increase to pursue cost base improvement
employee profit sharing	globally stable
change in WCR	some flexibility to improve WCR
capital expenditures	CAPEX ratio globally stable
proceeds from asset sales	limited
organic cash flow	ongoing increase

home 2008: incumbent business resilient

revenues

- stability in France thanks to Internet and new services development
- decrease in Poland contained thanks to new product lines related to broadband and content
- increase for Rest of the World operations



GOM rate

- nearly stabilized in France
- expected improvement in Spain and the UK
- pressure on profitability linked with commercial investment in broadband



CAPEX rate

- ramp-up of FTTH program in France as planned
- increasing investment in the Rest of the World to prepare broadband development



personal 2008: continuation of profitable growth

revenues

- France: slight increase due to new usages in spite of lower MTR and roaming
- continued improvement in Spain and the UK
- solid growth in Poland and Rest of the World although at a slower pace



GOM rate

- full year effect of roaming tariff decrease
- improvement in Spain and the UK
- cost optimization programs to preserve margin in the Rest of the World



CAPEX rate

- ongoing reduction of investment on 2G network
- network sharing agreements



enterprise 2008: connectivity business still faces large transformation

revenues

- limited decrease thanks to containment of voice legacy decline
- strong service revenue growth (1.5 higher than market trend)
- active development in high-growth countries (Russia, Middle East, India, etc.)



GOM rate

- margin improvement in services
- business mix impact
- continuous challenge on international data



CAPEX rate

- stable CAPEX with higher investment in high-growth countries
- services improving their CAPEX ratio
- from 2009 onwards, overall declining CAPEX to revenue ratio

