



France Telecom H1 2005 preliminary results

July, 28th 2005

H1 Definitive Results to be released on September, 30th 2005

Disclaimer



This presentation relates to France Telecom's preliminary results for the first half of 2005 which have been reviewed by France Telecom's board of directors but are still in the process of being reviewed by France Telecom's auditors. France Telecom's first half 2005 financial statements, which are expected to be published on September 30, 2005, may be impacted if certain significant events occur before such date.

This presentation contains forward-looking statements, in particular relating to France Telecom's outlook for 2005. Although France Telecom believes its expectations are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties and should not be regarded as a representation that anticipated events will occur or that expected objectives will be achieved. Important factors that could cause actual results or performance to differ materially from the results anticipated in the forward-looking statements include the success of the FT 2005 plan, including the TOP LINE and TOP programs, and France Telecom's other strategic initiatives based on the integrated operator model as well as other financial and operating initiatives, changes in the competitive environment and the telecom market regulatory environment, and risks and uncertainties attendant upon exchange rate fluctuations, technological trends, business activity and international operations. The forward-looking statements contained in this presentation speak only as of the date of this presentation and France Telecom does not undertake to update any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

All information relating to France Telecom's 1H 2005 results, including historical information, is presented in accordance with International Financial Reporting Standards (IFRS) and is subject to additional specific risks and uncertainties relating to the possibility of changes in IFRS standards prior to December 31, 2005.

More detailed information on the potential risks that could affect France Telecom's financial results is found in the *Document de Référence* filed with the AMF and Form 20-F filed with the U.S. Securities and Exchange Commission.

Agenda



→ 1

Key messages

2

H1 revenues

3

H1 financial and TOP figures

4

Consolidated Figures

5

NExT first step

3

Key messages



Strong
operational
**momentum
confirmed**

**Acceleration in
Q205 vs Q105,**
as expected

Improvement
of France Fixed
line and Orange
UK

Opex **under
control**

On track to
**deliver full
year guidance**

**Convincing
early
indication of
NExT
implementation**

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Key figures (1)



<u>Euros in millions</u>	Actual 1H04	Pro-forma 1H04	1H05	Actual % change	Proforma % chg
Revenues	22,655	23,139	23,665	+ 4.5%	+2.3%
Gross Operating Margin*	8,755	8,847	9,300	+ 6.2%	+ 5.1%
As a % of revenues	38.6%	38.2%	39.3%		
G.O.M. rate before commercial expenses	50.4%	49.5%	51.3%		
Operating Income	4,322		6,479	+ 49.9%	
Net Income, Group share	1,042		3,363		

→ On track to deliver 2005 objectives

* See glossary

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Key figures (2)



<u>Euros in millions</u>	Actual 1H04	Pro-forma 1H04	1H05	Actual % change	Proforma % chg
CAPEX *	2,070	2,094	2,713	+ 31.1%	+29.6%
As a % of revenues	9.1%	9.0%	11.5%		
Organic Cash Flow **	3,264		2,915	- 10.7%	
Net Debt as reported		FY 04 49,822	1H05 46,255	- 7.2%	
Net Debt /G.O.M.***		2.78x	2.50x***		

→ On track to deliver 2005 objectives

* See glossary, ** Cash Flow less asset disposals, minority buy-outs Orange, Wanadoo, Equant and Orange Romania, ***Net Debt end of the period / (GOM 2H04 + GOM 1H05)

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Strong operational momentum: commitments confirmed

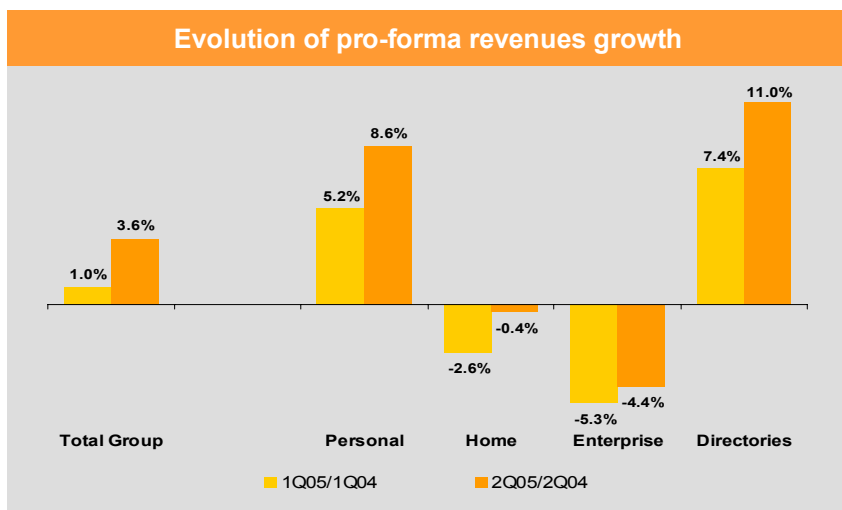


ADSL Broadband in France	3.7m subscribers (+1.5m yoy) 1H market share of net adds: 48.6% 627k Livebox at the end of June (Livebox: 53.5% of broadband net adds in 1H05)
ADSL Broadband roll-out in Europe (excl. France)	2.5 million customers at the end of June (+141% yoy) 89k Livebox
Mobile broadband	316k broadband customers in Europe, of which 182k for France
Mobile Poland & Rest of the World	30.8 m Poland & ROW mobile customers (+32.7% yoy PF) 52% net adds market share in Poland in 1H Personal ROW revenues up 16%
Enterprise	364k Business Everywhere end-users in 1H 05 +13% in services revenues

→ Success of broadband and new services

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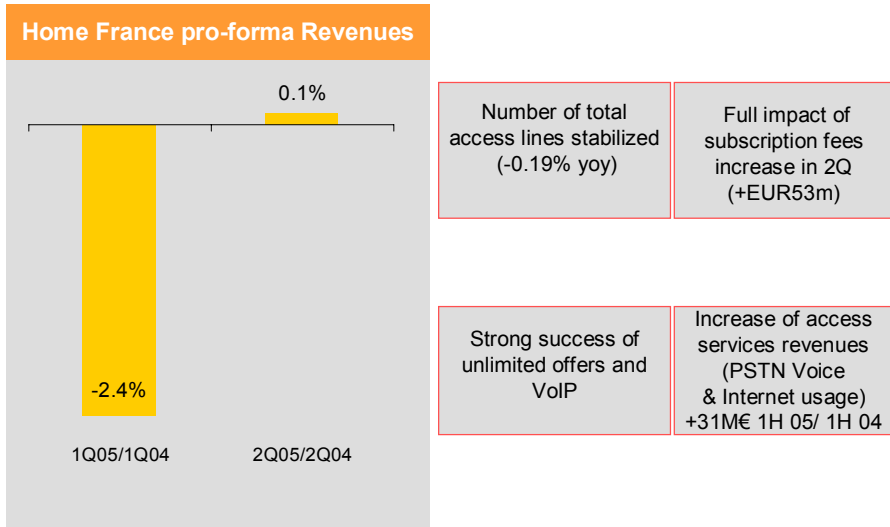
Acceleration in 2Q05 vs 1Q05



→ As expected, 2Q 2005 is better than 1Q 2005

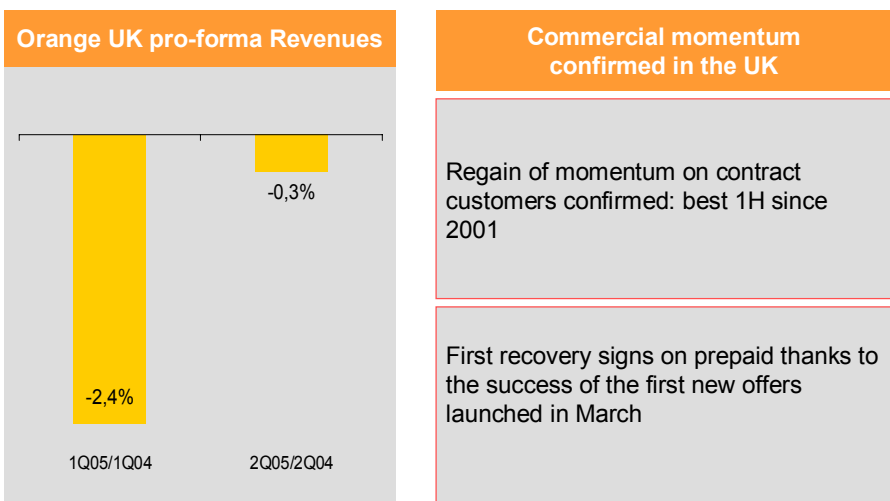
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Improvement of domestic fixed-line ...



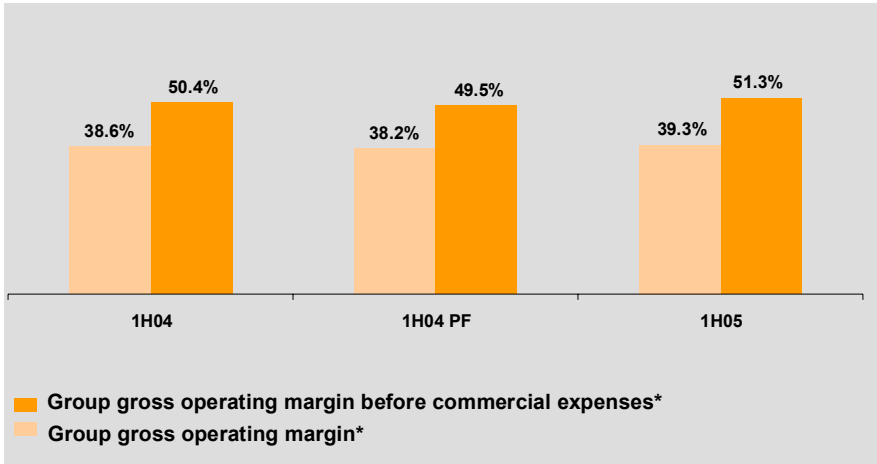
→ Improvement in 2Q05

... and Orange UK



→ Turnaround on track for Orange UK

Increase in operating margins – Opex under control

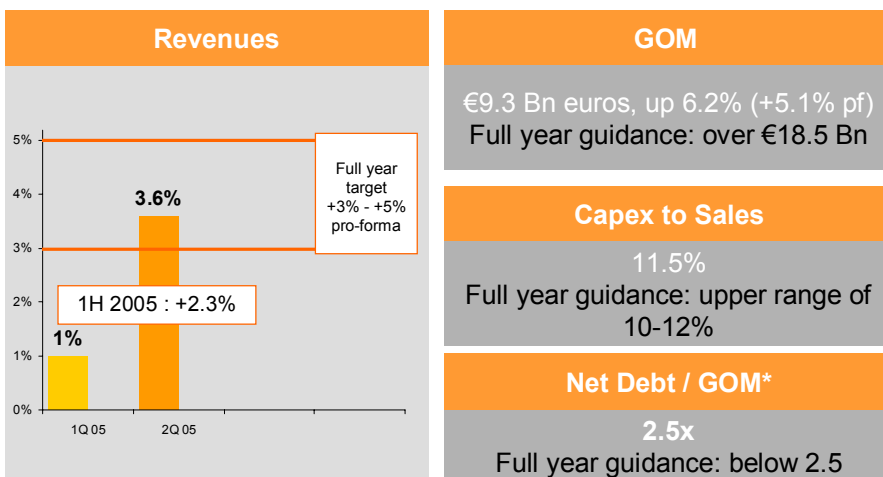


* See glossary

➔ +1.1pt of Gross operating margin; +1.8 pt of Gross operating margin rate before commercial expenses on a pro forma basis

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On track to deliver full year guidance



➔ 2H will benefit from 2Q momentum

* Net Debt end of the period / (GOM 2H04 + GOM 1H05)

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Preparing NExT



Converged offers	Success of the offers launched in June Family Talk (placing rate beyond our initial target)
Content	Increase of penetration rate : 7 million households More than 116 000 TV over DSL subscribers (+69% in 6 months)
Live Services	Early success of new offers and services (Fun tones, Livecom, ...) “Liveservices” to be launched in October
Transformation path	Customer facing IT&N Marketing and Innovation (“Innovation Everywhere”) Support functions

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Agenda



1	Key messages
→ 2	H1 revenues
3	H1 financial and TOP figures
4	Consolidated Figures
5	NExT first step

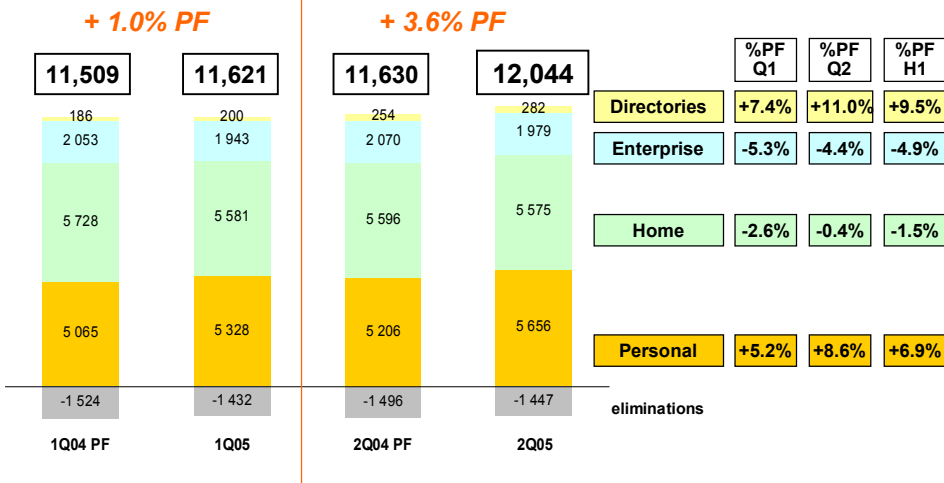
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1H 05 Group Consolidated Revenues by segment

€23,665m / + 4.5% actual / + 2.3% pro-forma



Euros millions



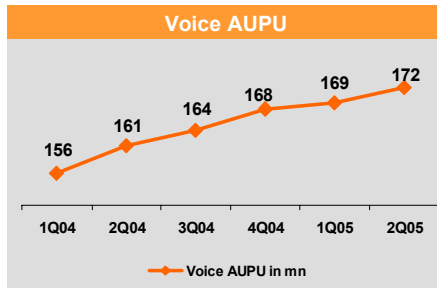
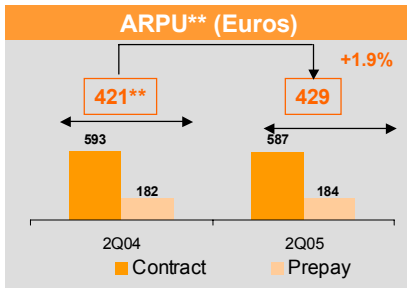
→ Q2 2005 better than Q1 2005 in all divisions

Personal Revenues: 1H 05 Key Messages



Personal France

€4,739m / + 6.7% pro-forma / + 8.2% excluding CTR*



- +199k net adds in 1H 05, ahead of 1H 04 (+67k)
- Focus on high value customers: 344k contract net adds in 1H 05
- Total ARPU up 1.9% at 429€ in 1H05, underlying growth of 2.6% pre CTR*
- Total churn and contract churn stabilised (below 11% for contract)
- Confirmation of mobile broadband*** success with 182k customers at the end of June
 - 500k video download / week

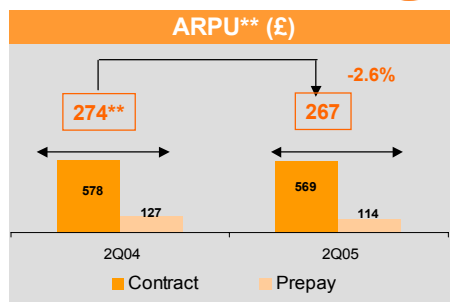
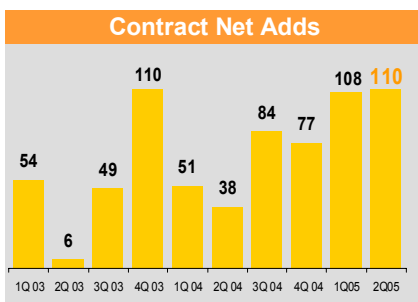
➔ Strong total revenue growth for Orange France

* Call Termination Rate - ** See glossary - *** 3G+Edge

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Personal UK

€2,812m / -1.4% pro-forma / + 5.5% excluding CTR*



- Best H1 since 2001 for contract net additions
- Progress on multi-quarter turnaround; signs of recovery in prepaid revenues
 - Early success of new offers (Prepay - repay, spend £10, get £5 free launched in H1, Talk Now launched in June)
- Market leading contract ARPU at £569, underlying growth of 3.6% pre CTR*
- Customer investment in 1H05 targeted at high value customers
- Blended churn down to 24.6% , contract churn 23.7%

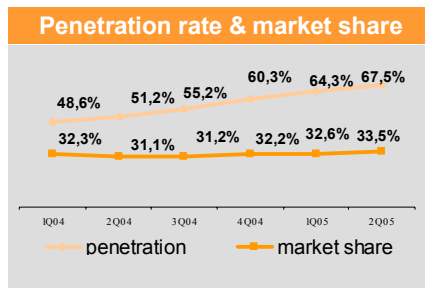
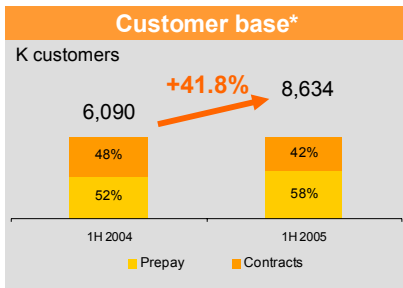
➔ Turnaround on track for Orange UK

* Call Termination rate - **See glossary, Annual Rolling IFRS ARPU estimated

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Personal Poland

€741m / + 31.5% Actual / + 12.8% pro-forma



- Increase of Polish mobile market: 67.5% penetration rate at the end of June
- Substantial increase of customer base (+41.8% yoy) at 8.6 million customers well on track to deliver more than the guidance of over 9 million customers at the end of 05
- Increase of overall market share to 33.5% (vs 32.6% in Q105)
- 52% overall net adds market share in Q205 (58% on contract)

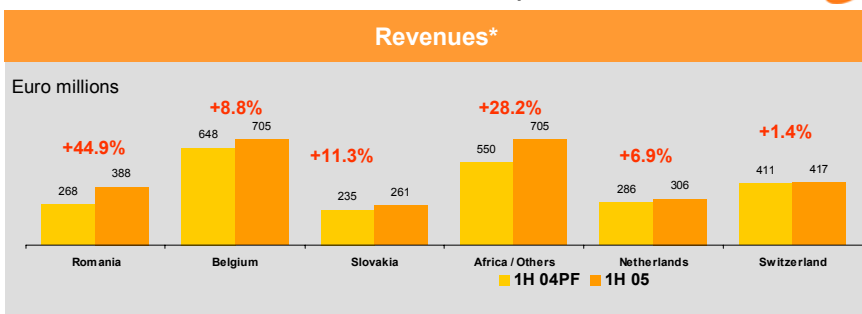
→ Dynamic revenue and customer growth

* See glossary

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Personal ROW

€2,782m / +10.5% Actual / + 16.0% pro-forma



- Strong growth of Personal RoW revenues (+16.0% yoy pf)
- Dynamic growth of Romania revenues (+44.9% pf)
- 22.2m ROW mobile customers (+29.5% yoy pro-forma)
- All non Western European countries achieved double digit growth in total revenues in 1H05

→ Strong Revenue and Customer base growth

* See glossary

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Home Revenues: 1H 2005 Key messages

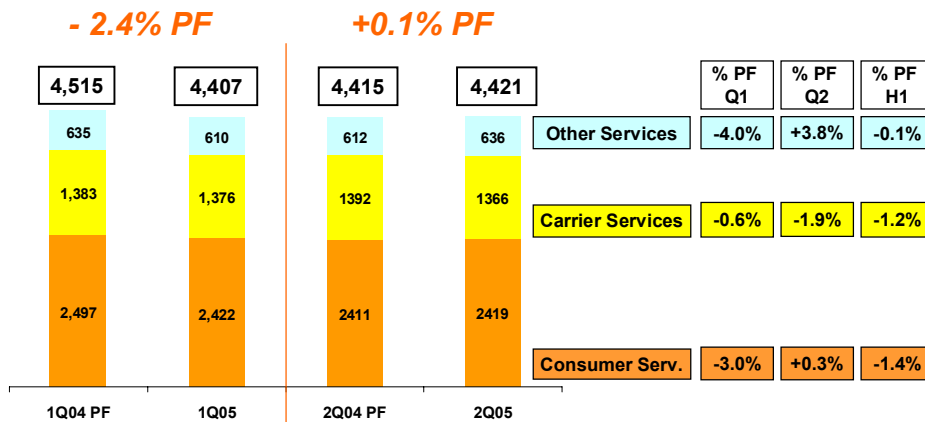


Home France

€8,828m / -1.4% actual / -1.1% pro-forma

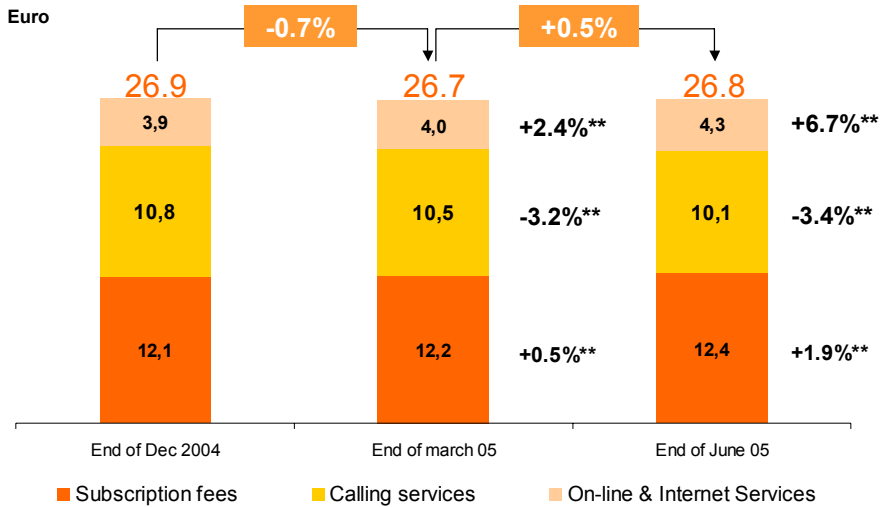


Euro millions



→ Stabilization confirmed

Home France: Consumer Services ARPU*



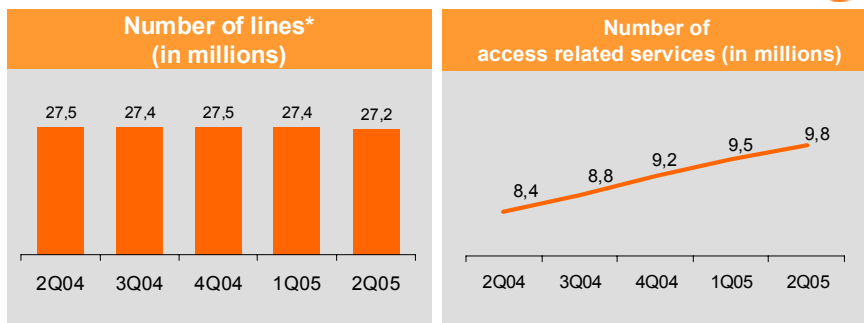
➔ Increase of 2Q ARPU vs 1Q

* See glossary; ** quarter on quarter sequential

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Home France:

Consumer Service - Subscription fees Revenues: +4% pf in 1H05



- **Stabilisation of total number of lines.**
 - Impact of full unbundling (240k full retail LLU at the end of June 2005)
- **Increase of monthly rental impact: + EUR70m in H1 2005 (EUR17m in 1Q and EUR 53m in 2Q)**
- **Success of access related services confirmed with 9.8 million at the end of June 05 (+16% yoy)**

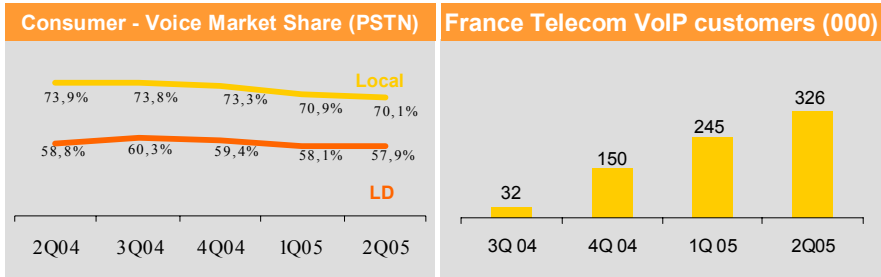
➔ Full impact of subscription fees increase in 2Q

* Excluding full unbundled lines

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Home France

Consumer Services - Calling Services revenues: -13.3% pf in 1H05



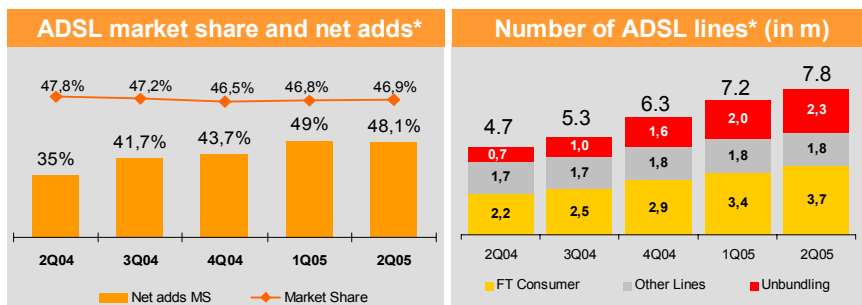
- **Slowdown of market losses thanks to the success confirmed for abundance offers:**
 - Unlimited offers increase usage and contribute to maintain the market share
- **43.5% of customers with PSTN or VoIP contracts, + 9.6 pts yoy; +1.1 pt Q2/Q1 2005**
- **Negative impact of fixed to mobile cuts (3% impact on total calling services revenues)**

➔ Positive impact of new offers on market shares

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Home France

Consumer Services - On Line Services revenues: +18.9 % pf in 1H05



- **Strong retail ADSL market share of conquest confirmed in 2Q05**
 - Improvement of Extense offers competitiveness
 - Success of new offers and services
 - Benefit from content strategy (Livebox Music, partnership with Warner, ...)

- **627k livebox rented at the end of June (+51% vs Q105)**

- 53.5% of broadband net adds in 1H05

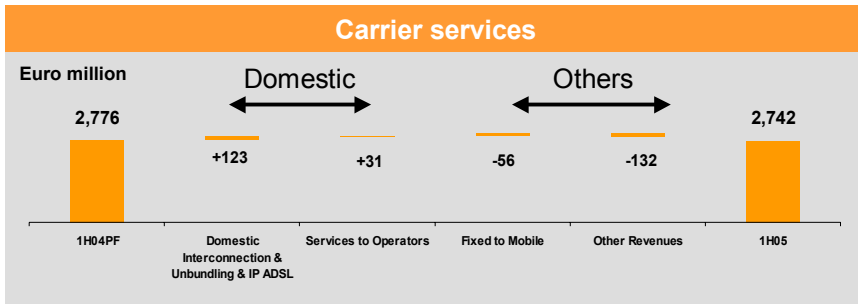
➔ France Telecom momentum on retail ADSL confirmed

* See glossary

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Home France

Carrier Services: €2,742M / -1.0% actual –1.2% pro-forma



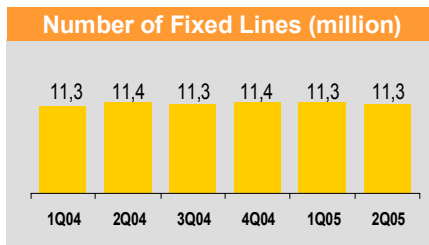
- Growth in unbundling, IP ADSL access & Data services in Domestic Carrier Services offset by volume and price impact on Other Carrier Services

→ Increase of unbundling revenues

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Home Poland

€1,560m / +7.5% actual, -7.3% pro-forma

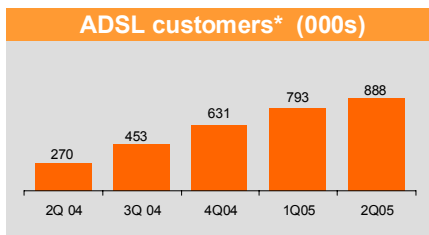


- Negative impact of fixed to mobile substitution due to unlimited offers on mobile

- Slight decrease of Fixed line market share in favour of mobile offset by an increase in Fixed ARPU

→ thanks to New Tariff Plans

(more than 2.4m customers as of the beginning of July '05)



- Strong increase in ADSL customer base (+229% yoy)

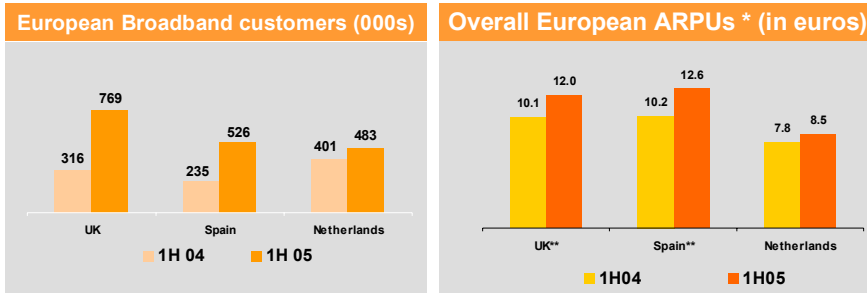
→ Improvement of Home revenues due to strong ADSL growth

* See glossary

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Home ROW

€837M / +4.8% actual / +6.1% pro-forma



- Total ROW Broadband customers up 87% yoy and total ROW DSL customers up 110% yoy
- 89K livebox sold or rented in Home ROW at the end of June 05
- Deployment of LLU in all countries
- In Spain, success of Dual-play offers confirmed, 2Mgb offers launched in May
- In the UK, strong increase of ADSL base, new innovative Internet + VoIP product (Wireless&Talk), unbundled deployment started
- Outside Europe, steady +3% Fixed customer growth

➔ Strong success of European broadband roll-out

* Annual rolling ARPU, ** internet (Narrowband + Broadband) subscribers

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Enterprise Revenues: 1H 2005 Key messages



▪ Continued migration towards DSL and IP VPN due to voice and data networks transformation

- Standardization of data services (MPLS, IP sec..)
- Rapid deployment of DSL access connecting small sites to VPN
- Emerging VoIP and IP Telephony potentially leveraging IP VPN networks

➔ **+66%**
of IP-VPN
access yoy

▪ Continued development of Business Everywhere pushing mobile access to business applications

▪ Evolution of demand towards Services

- Security management becoming increasingly critical
- Increased customers demand to help manage technological migration and overall complexity

➔ **+ 13%**
in Services
Revenues
yoy

▪ AIRBUS: 5 year IP Telephony solution contract, including voice messaging, contact centers, business process management for 30k extensions in France & 10k extensions in the UK

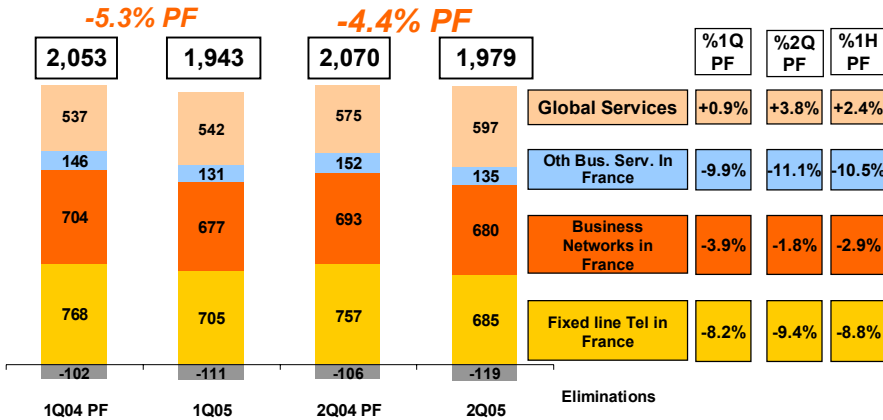
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Enterprise revenues

€3,922m / -6.0% actual / -4.9% pro-forma



Euro millions

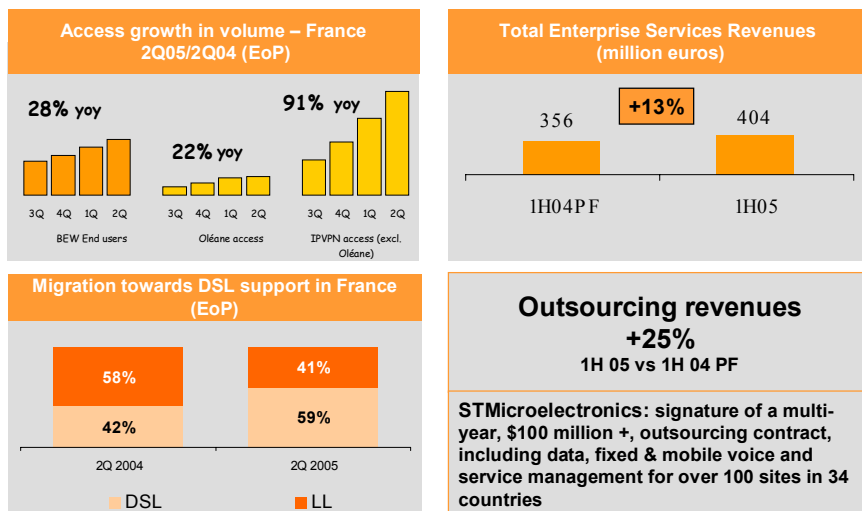


→ Continued voice decline as expected - Progressive technological shift of data business

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Enterprise

On-going transformation of the business model



→ Technological shift and transformation towards more value added services

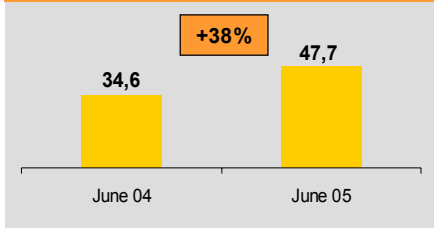
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Directories Revenues

€482M / 11.2% actual / +9.5% pro-forma

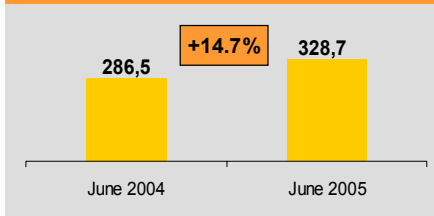


PagesJaunes.fr audience (m of pages viewed)*



- 2005 Revenue guidance between 5% and 7% growth confirmed
- Implementation of satellite photos on pagesjaunes.fr in June
- Gratuity of pagesjaunes.fr service on mobile phones as from May

Number of on-line advertisers (000s) – PagesJaunes.fr



- PagesJaunes.fr is now ranked n°6* most viewed internet site in France vs n°7 previously

→ Revenue growth at the upper range of full year guidance

*Source: Nielsen NetRatings

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→ 3	H105 financial and TOP figures
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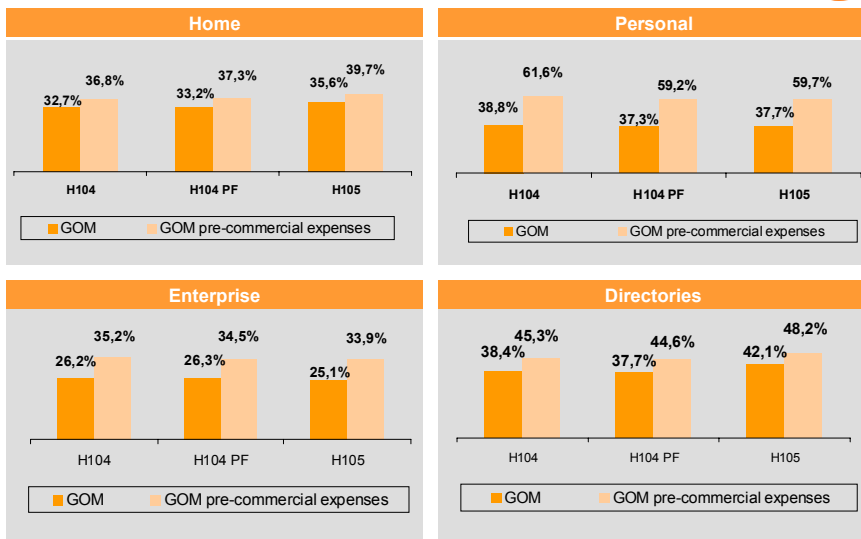
From Revenues to Gross operating margin



<i>Euros in millions</i>	1H04 actual	1H04 Pro-forma	1H05	Actual % change	Proforma % chg
Revenues	22,655	23,139	23,665	+4.5%	+2.3%
Non labour costs as a % of revenues	9,372 41.4%	9,762 42.2%	9,876 41.7%	+5.4%	+1.2%
<i>Of which external purchases as a % of revenues</i>	8,657 38.2%	9,034 39.0%	9,326 39.4%	+7.7%	+3.2%
Labour costs as a % of revenues	4,528 20.0%	4,530 19.6%	4,489 19.0%	-0.9%	-0.9%
Gross Operating Margin as a % of revenues	8,755 38.6%	8,847 38.2%	9,300 39.3%	+6.2%	+5.1%

→ Balance between growth and profitability confirmed

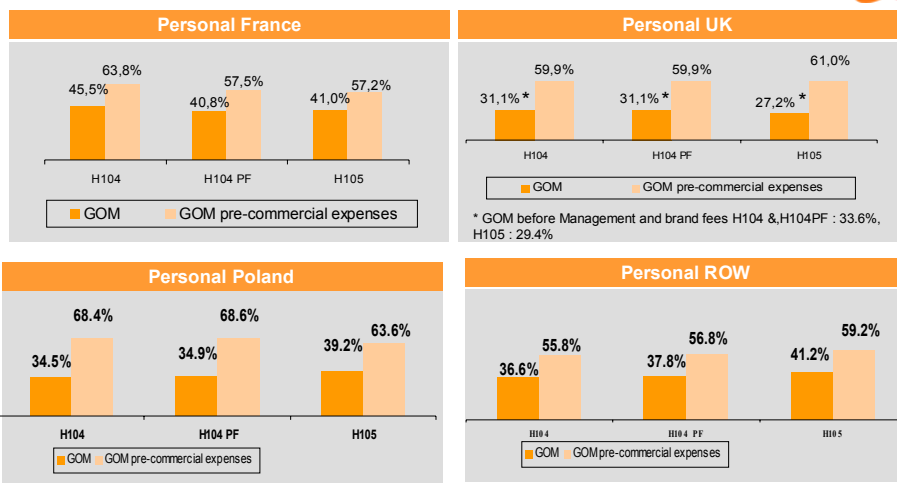
1H 05 G.O.M rate by segment



→ Margin improvement for Home, Personal and Directories

→ Enterprise revenue decrease partially offset by costs reductions

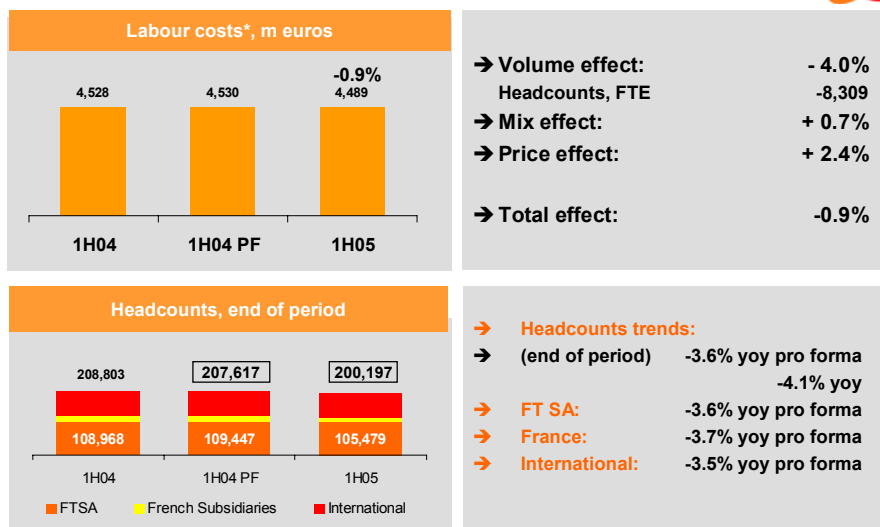
1H 05 G.O.M rate Personal



→ Continued robust margins in all markets

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1H05: Labour costs

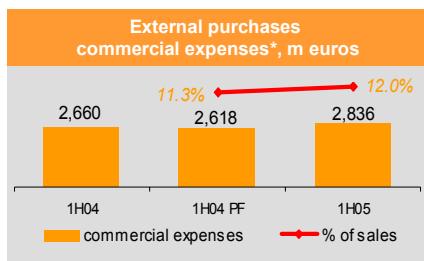


→ Ongoing control of labour costs

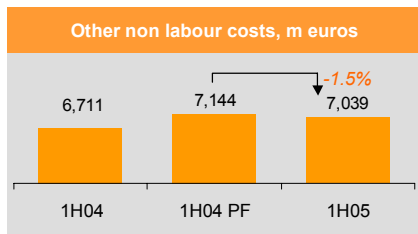
* See glossary

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1H05: Non labour costs



- Focus on growth:
 - commercial expenses account for 29% of total non labour costs
- 79% of commercial expenses relates to Personal and 33.5% to Personal UK



- Other non labour costs in % of revenues:
 - from 30.9% in 1H04 pro forma to 29.7%

→ Ongoing improvement of productivity and efficiency in non labour costs

* See glossary

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1H05: CAPEX analysis (1)



CAPEX* by key item

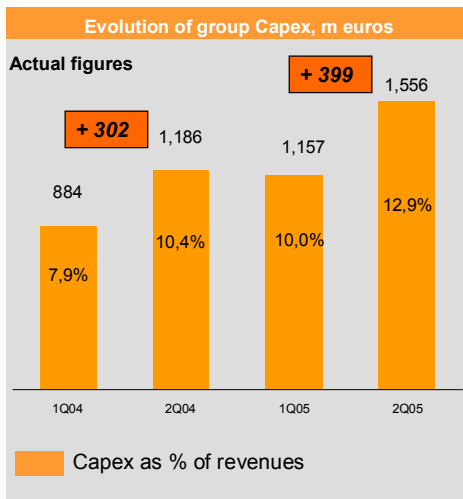
<i>Euros in millions</i>	1H04 pro forma	1H05 actual	1H05/1H04 pro forma
Total Group CAPEX	2,094	2,713	+29.6%
<i>% of revenues</i>	<i>9.0%</i>	<i>11.5%</i>	
o/w 2G - 3G and radio access network	623	809	+30.0%
o/w ADSL	99	96	-2.9%
o/w IT	445	559	+25.6%

→ 2H 05 will benefit from a better phasing than in 2004 – Full year guidance maintained

* See glossary

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1H05: CAPEX analysis (2)



- Capex phasing in 2Q05 vs 1Q05 similar to that of 2Q04 vs 1Q04

- High capex spending for businesses where revenues growth is higher

- Acceleration of Personal network: deployment of Edge in France, strong capex growth at Orange International
- ADSL and LLU

→ Strong focus on broadband and mobiles

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From Gross Operating Margin to Operating Income



<i>Euros in millions</i>	1H04	1H05	% change	Proforma % chg
Gross Operating Margin	8,755	9,300	+6.2%	+5.1%
Employee Profit Sharing	-107	-166	+55.0%	+ 54.7%
Share-based payment	-55	- 34	- 36.9%	- 36.1%
Amortization	- 3,932	- 3,462	- 11.9%	- 9.3%
Impairment of goodwill	-534	0	ns	ns
Impairment of assets	90	-196		
Disposal of assets	131	1,171		
Restructuring costs	-39	-174		
Associates	13	40		
Operating Income	4,322	6,479	+49.9%	

→ Impact of disposals

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From Operating income to net income



<i>Euros in millions</i>	1H04	1H05
Operating Income	4,322	6,479
Total Financial Charges, net	-2,027	-1,827
Income taxes	-1,138	-1,018
Net result	1,157	3,634
Minority Interests	-115	-271
Net Result Group Share	1,042	3,363

→ Decrease in financial charges

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1H05 financing: From GOM to Net cash provided by operating activities



<i>Euros in millions</i>	1H04	1H05
Gross Operating Margin	8,755	9,300
Interest Expense, net*	- 1,696	- 1,447
Cancellation of Forex impact included in GOM	- 16	-9
Income Taxes	- 166	- 475
Early Retirement Plan	- 405	- 448
Employee Profit Sharing	- 107	- 166
Others ow restructuring costs & TDIRA	- 181	- 852
Change in Working Capital requirement (inventories + receivables - payables)	-99	81
Change in Working Capital requirement (others)	-215	-116
Net Cash provided by operating activities	5,870	5,868

→ Impact of 2003 and 2004 TDIRA interest charges payment

*Net Financial charges excluding TDIRA, discounting, disposal/provision on financial assets and foreign exchange (gain/loss)

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Financing in 1H05



<i>Euros in millions</i>	1H04	1H05
A - Net Cash provided by operating activities	5,870	5,868
B - Net cash used for investing activities	- 3,387	- 2,423
ow Capex	- 2,578	- 2,959
C - ow Disposals of financial investments	+ 18	+ 1,529
D - Impact of investment in short term marketable securities	- 1,477	0
Free Cash Flow* excl. disposals (A+B-C+D)	988	1,916
E - Minorities buy out	2,276	999
Cash Flow excl. disposals & minorities (A+B-C+D+E)	3,264	2,915
F - Tele Invest acquisition ("Kulczyk Put") (**)	0	- 350
Cash Flow, excl. disposals & minorities, after payment of "Kulczyk Put"(A+B-C+D+E+F)	3,264	2,565
G - Change in scope of consolidation, capital Increase, exchange rates, new accounting standards & others ow dividends paid to FT shareholders ow carryback	- 981	472 -1,184 1,324
= Decrease in net Debt (A+B+D+F+G)	25	3,567

(*) : See glossary

(**): "Kulczyk Put has been accounted for as debt repayment

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Agenda



1	Key messages
2	H1 revenues
3	H1 financial and TOP figures
4	Consolidated figures
→ 5	NEXt first step

Preparing NEXt



Family Talk

Rapid success of the first fixed-mobile converged offer launched in France (Placing rate beyond our initial objective)

Family Talk
Avec Family Talk, bénéficiez de communications illimitées...
29€ par mois

SERVICES ENTREPRISES
Redécouvrez votre téléphone fixe.
Optez pour l'offre 2 en 1: fixe et mobile intégrés.
Business Talk. Avec les services intégrés Business Talk, la communication entre fixe et mobile de votre entreprise est simplifiée...
France 100.com

Business Talk
Launch in June 2005
Darty and SFCl as first reference

Preparing NExT Content



MaLigne TV	<ul style="list-style-type: none">▪ 116k subscribers at the end of June (+69% in 6 months)▪ 7 million eligible main lines at the end of June▪ Strong success of multiplay
VOD	<ul style="list-style-type: none">▪ Enriched offer with blockbusters from Warner Bros studios▪ Already more than 1 000 hours of programs available on MaLigne tv
On line games	<ul style="list-style-type: none">▪ Launch of "Toontown" (partnership with Disney Internet Group)
Music	<ul style="list-style-type: none">▪ Partnership with Warner Music▪ Music Everywhere roll out through mobile and internet access in France and abroad by the end of the year

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Preparing NExT "Liveservices"



Connecting home multimedia equipment up to broadband through the Livebox

Livephone	<ul style="list-style-type: none">▪ WirelessTelephony over IP▪ Direct access to broadband services (email alerts, contact lists synchronization, weather information, traffic information; ...), even PC closed.▪ €99.99 incl. VAT at launch
Livemusic	<ul style="list-style-type: none">▪ Access to Internet radio or MP3 files saved on your computer on your stereo or home cinema▪ Available at €129 incl. VAT
Photo transfer	<ul style="list-style-type: none">▪ Send photos taken with a Bluetooth mobile phone directly to "Wanadoo photoblog" (a personal space available to all Wanadoo subscribers at wanadoo.fr for managing and sharing their photos)
Live Electronic Surveillance	<ul style="list-style-type: none">▪ Detect attempted break-ins and alert the client and the surveillance center. In conjunction with EPS, the leading electronic surveillance operator in France for the residential market., from €19.90 incl.VAT /mth.

→ Leverage the success of the Livebox with the launch of innovative services in October

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NExT has already started to deliver Transformation process (1)



	Description & Objectives	Achievements to date
Innovation & Marketing	<p>"Innovation Everywhere"</p> <ul style="list-style-type: none"> → Set up a new exploration process, customer oriented for products & services → Define & measure Time to Market performance to improve it → Foster innovation business culture <hr/> <ul style="list-style-type: none"> → Define FT Group roadmap for convergent products and services → Define FT Group branding architecture scenarios → Define FT Group segmentation for Personal, Home and Enterprise 	<ul style="list-style-type: none"> → Exploration submission process fully operational (45 submissions received) → 300 people involved → Roadmap for 10 additional convergent services defined at country level → Launch of Orange branding activities for Enterprise, Personal and multi-services → Home segmentation fully implemented in France → Field work for Enterprise segmentation completed → Integrated Loyalty program defined
Customer Facing	<ul style="list-style-type: none"> → Mutualisation of clients call center services → Finalize densification plan → Offers of Home and Content products in competitive distribution network → Integrated Core CRM → Develop revenues of automatic channels 	<ul style="list-style-type: none"> → Unified Home assistance services in test → New shop concept implementation → Beginning of commercial Home offers in Darty, Boulanger and Mobistore → International CRM assessment done → Identification and implementation of some quickwins to develop revenues of automatic channels

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NExT has already started to deliver Transformation process (2)



	Description & Objectives	Achievements to date
IT & Network	<ul style="list-style-type: none"> → IT convergent applications for CRM → Common Service platforms → Optimise network investments and utilisation 	<ul style="list-style-type: none"> → IT Opex action launched → Services platforms governance rolled-out → Consolidation of Data Centers on track → Continuation of lean management implementation in France → Launch of Nomadism implementation in France
Support Functions	<ul style="list-style-type: none"> → Define a target organisation, with <ul style="list-style-type: none"> - group responsibilities - shared service centers - local activities → Enhance professionalism of all job lines 	<ul style="list-style-type: none"> → Extension of matrix-type organisation to all support functions → Target organisation for the bulk of functions → Launch of an action plan specific to support functions in Poland → Launch of a Supply Chain project in the UK and in Poland

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Conclusion:



A strong set of results

- Growth confirmed in Mobile
- Success of broadband everywhere in Europe
- Opex under control
- Improvement of margins
- Strong increase in Net income, Group share
- Net debt reduction

Pro forma Revenue growth

+3% to 5%

Gross Operating Margin

Over 18.5 bn euros

CAPEX to sales

Upper range of 10% to 12%

Net debt to Gross Operating Margin

Below 2.5 end of 2005

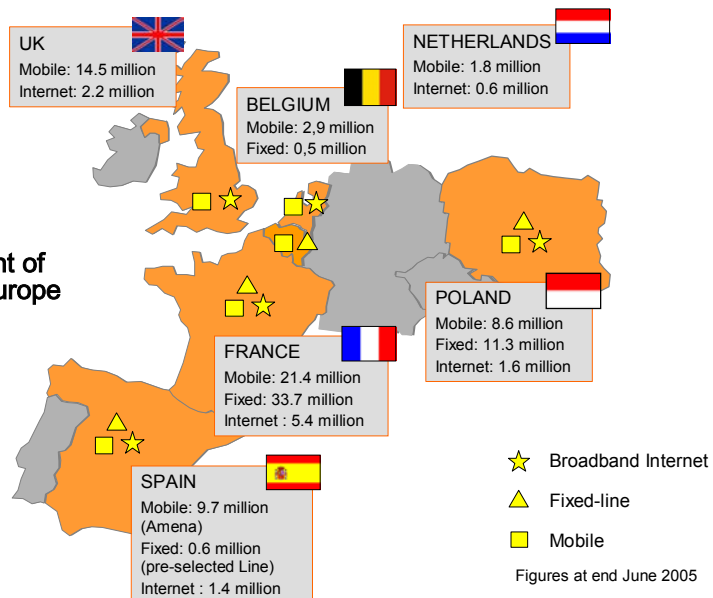
→ Fully on track to deliver 2005 guidance

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FT Integrated European Operator reinforced after Amena's deal



→ Deployment of **NEXT** in Europe



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France Telecom H1 2005 preliminary results

H1 Definitive Results to be released on September, 30 2005

1H05: revenues by segment



Statutory figures

EURm	1H04	1H04 PF	1H05
Total Group	22 655	23 139	23 665
Total Personal	9 930	10 271	10 984
Personal - France	4 029	4 441	4 739
Personal - UK	2 903	2 850	2 812
Personal - Poland	564	657	741
Personal - Rest of World	2 516	2 398	2 782
Eliminations	-82	-75	-90
Total Home	11 129	11 324	11 156
Home - France	8 956	8 931	8 828
how consumer services	4 943	4 908	4 841
how carrier services	2 770	2 776	2 742
how Other Home revenues in France	1 243	1 247	1 245
Home - Poland	1 450	1 682	1 560
Home - Rest of World	799	789	837
Eliminations	-77	-77	-69
Total Enterprise	4 175	4 123	3 922
Directories	433	440	482
Eliminations	-3 012	-3 020	-2 879

1H05: G.O.M. by segment



Statutory figures

EURm	1H04	1H04 PF	1H05
Total Group	8 755	8 847	9 300
Total Personal	3 852	3 833	4 142
Personal - France	1 833	1 813	1 942
Personal - UK	904	885	764
Personal - Poland	194	229	291
Personal - Rest of World	919	905	1 145
Total Home	3 643	3 764	3 970
Total Enterprise	1 094	1 084	986
Directories	166	166	203

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Glossary (1)



- **Contributive Consolidated Revenues**: consolidated revenues excluding intra-group transactions
- **Pro forma figures**: figures of the preceding period adjusted to reflect the same scope of consolidation and exchange rates as in the current period
- **Market Share of fixed line telephony in France**: calculation based on traffic on the network or interconnected to the network of France Telecom
- **ADSL activated lines**: All ADSL lines in service by end of period including unbundled lines : "Ma Ligne ADSL" lines sold directly to the subscriber whatever his ISP + "IP ADSL" (option 5) and "ADSL Connect ATM" (option 3) lines sold directly or through other telcos to all ISPs to be integrated into the packages (ADSL+IP connectivity) + "Turbo DSL" lines specifically dedicated to large business accounts for their data transmission services + "Ma ligne TV" lines (TV through ADSL) and MaLigne Visio (visiophony through ADSL) when sold without internet access.
- **Network Revenues for mobile services**: include outgoing traffic, incoming traffic, access fees, visitor roaming and value added services.
- **Mobile ARPU**: Mobiles network revenues for the previous twelve months divided by Mobile weighted average customer base for the 12 month period.
Mobile Network revenues include outgoing traffic, incoming traffic, access fees, visitor roaming and value added services. The mobiles weighted average customer base for the 12 months period is the average of the monthly average customer bases (calculated as the sum of the opening and closing customer bases for the month divided by two). ARPU is quoted on a revenue per customer per year basis. Since January 1st 2005, Orange France (mainland), as the other French mobile operators, exited from the Bill & Keep system. **The discontinuing use of the B&K system leads to an increase in Orange France revenues, that receives revenues from other French mobile network operators for voice calls from their networks that terminate on Orange France's mainland network as in some other market, in particular the United Kingdom.**
- **Internet ARPU: ARPU (Monthly Average Revenue Per User)**: calculated by dividing year-to-date connectivity revenues by the weighted average number of Wanadoo customers during the same period. The weighted average number of Wanadoo customers during a period is the monthly average customer base for the period. The monthly average customer base is calculated as the sum of the opening and closing number of customers for the month divided by 2.
- **« HOME France Usage » ARPU**: is calculated by dividing the average of the « Home Usage » monthly revenues, for the last twelve months period, by the weighted average customer base for the last twelve months period. The weighted average customer base, for the last twelve months period, is the average of the monthly average customer bases, which is calculated as the sum of the opening and closing customer bases for the month divided by two.

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Glossary (2)



- **Mobile AUPU:** Monthly average usage per user (AUPU) is defined as total usage (including outgoing traffic, incoming traffic and roaming) for the 12 previous months divided by the weighted average number of Orange Group's customers during the same period. AUPU is quoted in minutes on a usage per customer per month basis
- **Churn,** the measure of customers leaving our networks, is calculated by dividing the total number of customers who disconnect or are treated as having disconnected from our network, voluntarily or involuntarily (excluding money-back returns and fraudulent connections), for the previous 12 months by the weighted average number of our customers during the same period. The way we compute churn differs between Personal UK and Personal France in the following ways:
 - For Personal UK, customers migrating between contract and prepaid products are included in individual product churn but do not impact overall churn as they remain on the Orange UK network. Customer disconnections that occur either during the money-back guaranteed 14-day trial period or due to fraudulent connections are not included in churn. The Company also excludes from churn those connections which, in its view, do not result in active customers, including those as a result of prepaid handset upgrades or the removal of handsets from the UK market. Prepaid customers are treated as having churned if they have not made any outgoing calls and have received less than four incoming calls in the last three months.
 - For Personal France, churn includes those customers leaving the Orange network, migrations between contract and prepaid products and those customers upgrading their handsets via an indirect channel. Prepaid customers are treated as having churned after eight months if they do not recharge their account during this eight-month period.

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Glossary (3)



- **Gross operating margin (GOM):** Revenues minus external purchases, operating costs (net of operating income) and wages and payroll expenses (labour costs). Labour costs presented in GOM do not include employee profit sharing and share-based payment.
- **Capex:** acquisitions of intangible and tangible assets, excluding GSM and UMTS licences.
- **Opex:** includes external purchases, operating costs (net of operating income) and labour costs.
- **Labour Costs:** Labour costs presented in GOM do not include employee profit sharing and share-based payment, and corresponds to the wages and payroll expenses only.
- **Commercial expenses:** includes commissions, advertising and handsets
- **Operating working capital requirement:** net stocks, operational receivables, prior to securitisation, operational payables (excl. fixed production)
- **Sourcing:** implementation of a new purchasing policy at group level
- **FCF (Free Cash Flow):** net cash provided by operating activities, less net cash used in investing activities. FCF does not take into account investment of cash in short term marketable securities
- **FCF excluding asset disposals:** net cash provided by operating activities, less net cash used in investing activities, less asset disposals. FCF does not take into account investment of cash in short term marketable securities.
- **CF (Cash Flow) excluding asset disposals & minority buy-outs:** net cash provided by operating activities, less net cash used in investing activities, less asset disposals, less investments in minority buy-outs of Orange, Wanadoo, Equant and Orange Romania. FCF does not take into account investment of cash in short term marketable securities.
- **Organic CF:** Cash Flow less asset disposals, less investments in minority buy-outs Orange, Wanadoo, Equant and Orange Romania, after payment impact of Equant CVR. Equant CVR have been reimbursed in 2H04 and thus do not impact 1H04.

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