

France Telecom

3Q09 results

October 29th, 2009



cautionary statement

- this presentation contains forward-looking statements about France Telecom's business, in particular for 2009. Although France Telecom believes these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, 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 cause actual results to differ materially from the results anticipated in the forward-looking statements include, among others, overall trends in the economy in general and in France Telecom's markets, the effectiveness of the integrated operator strategy including the success and market acceptance of the Orange brand and other strategic, operating and financial initiatives, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and constraints, as well as the outcome of legal proceedings and the risks and uncertainties related to international operations and exchange rate fluctuations.
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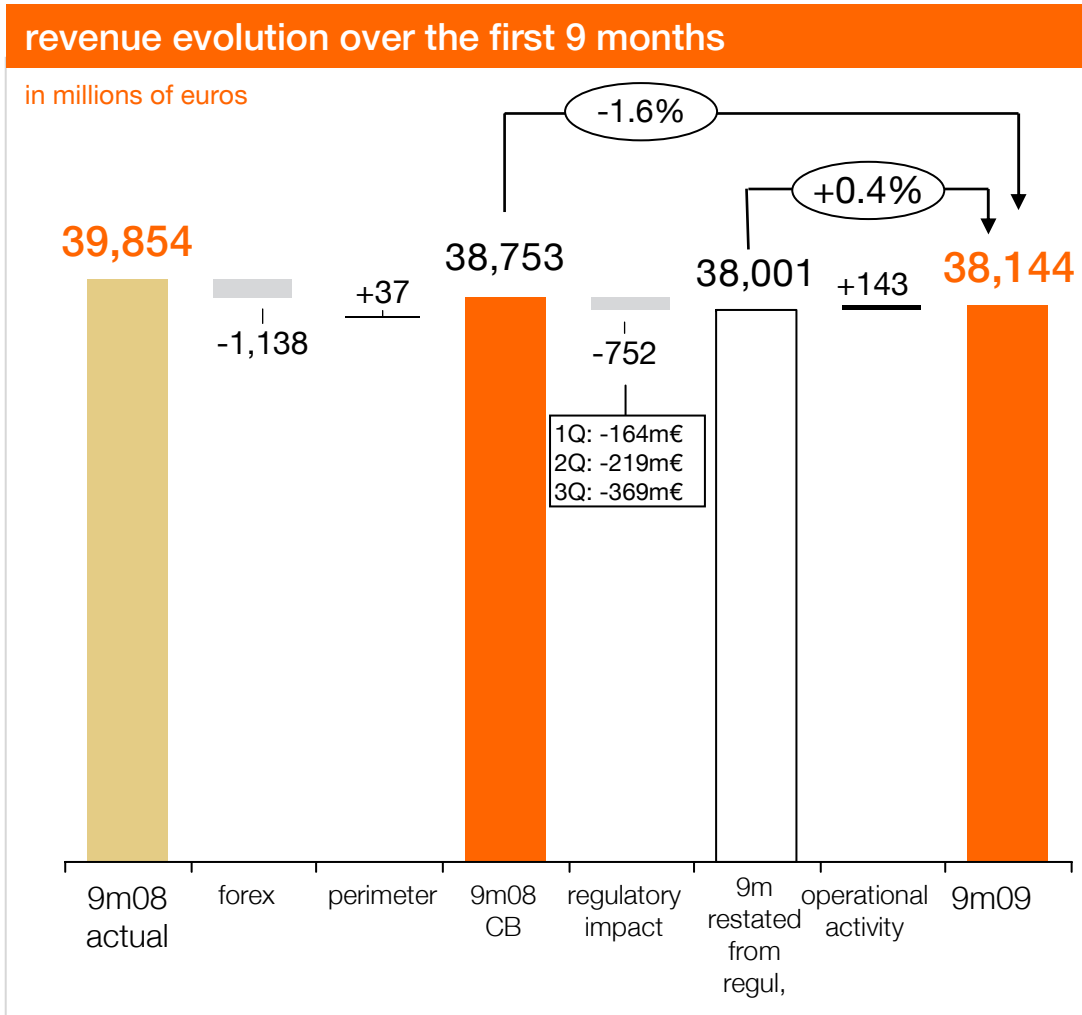
3Q09 highlights

9months 09 key financial achievements

in a difficult environment, commercial performance maintained and organic cash flow on track with FY guidance

| | 9m08 CB | 9m09 actual | var. comp basis | key points |
|----------------------|------------|----------------|-----------------------|---|
| in millions of euros | | | | |
| revenue | 38,753 | 38,144 | -1.6% | <ul style="list-style-type: none"> revenue decline in line with 1H outlook with a stronger regulatory impact in 3Q09 as expected 9m09 excluding regulation at +0.4% |
| EBITDA | 13,877 | 13,379 | -3.6% | <ul style="list-style-type: none"> EBITDA rate decline in line with 1H trend thanks to continuous cost base management |
| in % of rev | 35.8% | 35.1% | -0.7pt | |
| CAPEX | 4,514 | 3,735 | -17.3% | <ul style="list-style-type: none"> continued controlled capex, adjusted to the level of activity in the different regions capex -14% excl. real estate investment in 08 |
| in % of rev | 11.6% | 9.8% | -1.8pts | |
| EBITDA-CAPEX | 9,363 | 9,644 | +3.0% | <ul style="list-style-type: none"> 9m09 cash flow on track to achieve full year guidance |

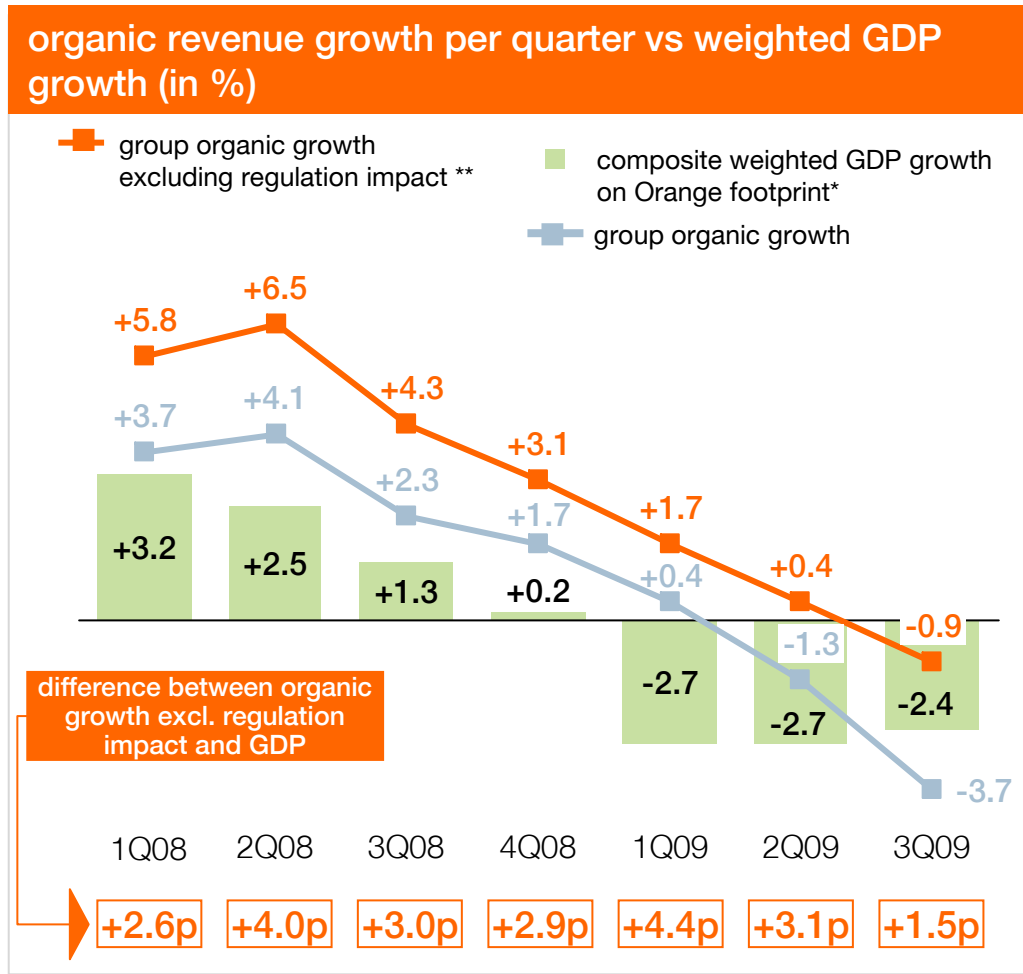
+0.4% of revenue growth excluding regulatory impacts and continued adverse forex effect



insight

- revenue impacted by continued adverse forex effect (in Zloty and Sterling) with a slight improvement in 3Q rates evolution yoy
- strong impact of regulation in 3Q09 (-369m€), -752m€ in 9m09
- positive operational activity performance in 9m09
 - growth in France and Africa & Middle East ...
 - ... mitigating continued deterioration of environment in other regions

Group revenue trend excluding regulatory impact continues to outperform GDP



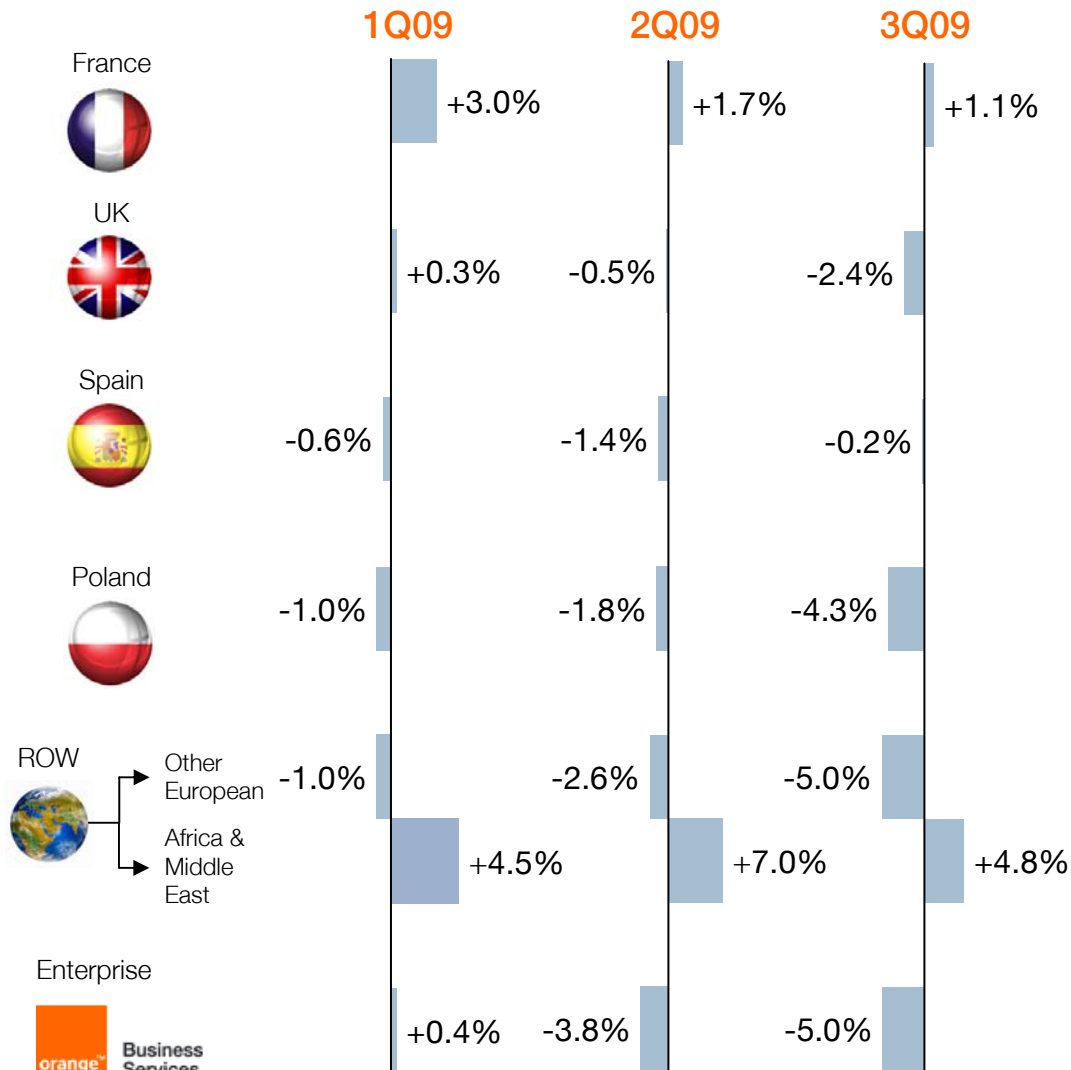
- insight**
- telecom spending still resilient among global consumption
 - FT operations (excluding forex / regulation) still outperforming GDP evolution
 - commercial performance in line with or slightly better than competitors in the different regions

* source: IMF, France Telecom estimates

** Regulatory impact: Mobile Termination Rate decrease, wholesales prices and roaming

resilience of the French operations and pressure in other European markets and Enterprise

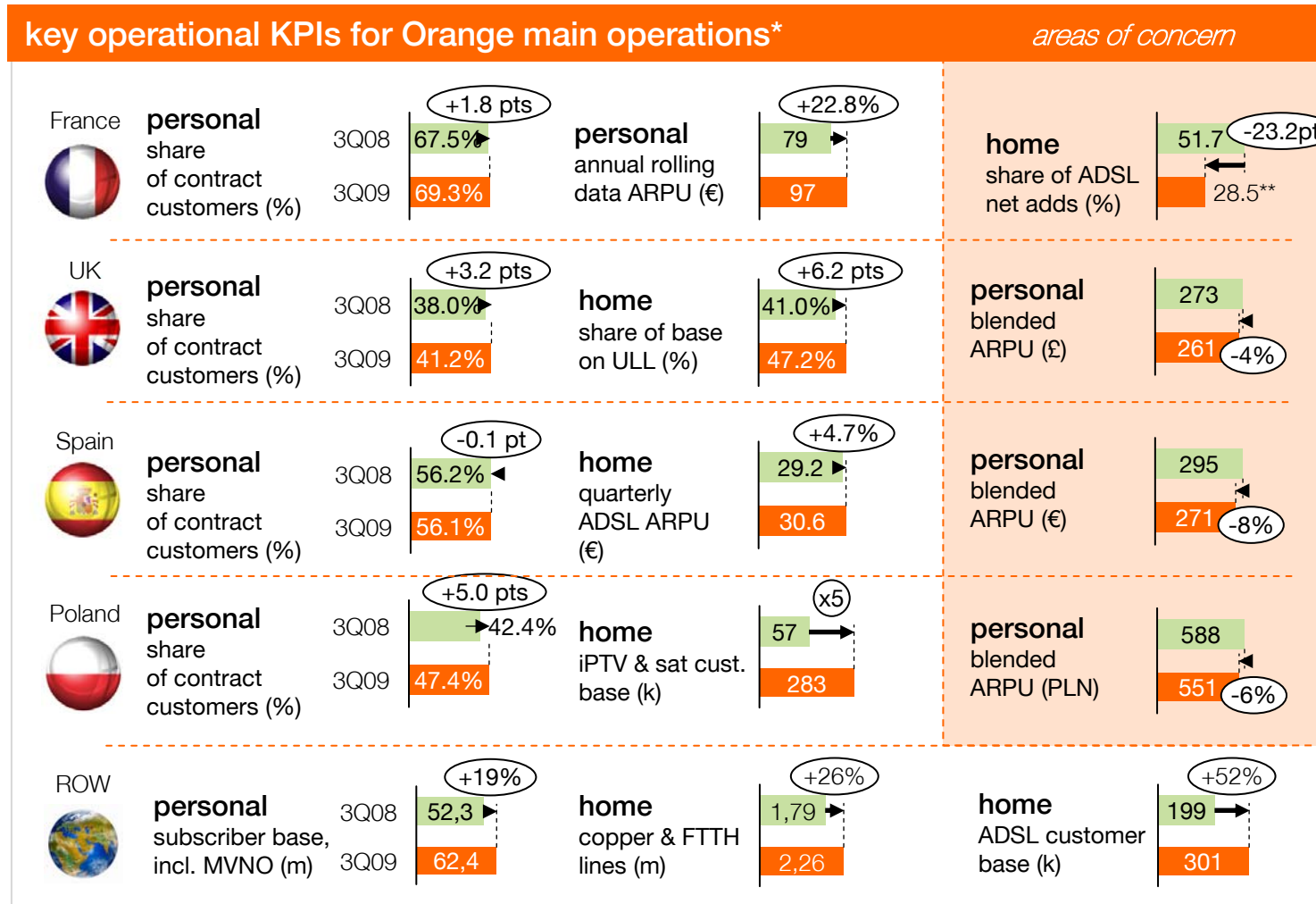
organic revenue growth excluding regulatory impact (yoy in %)



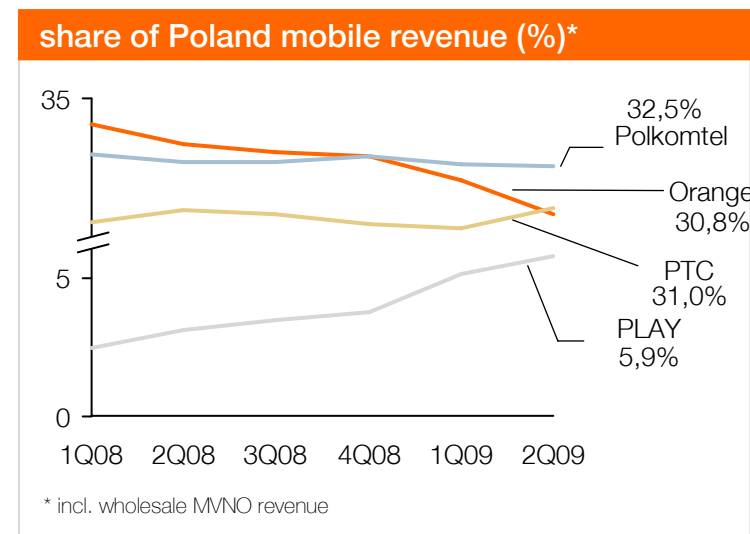
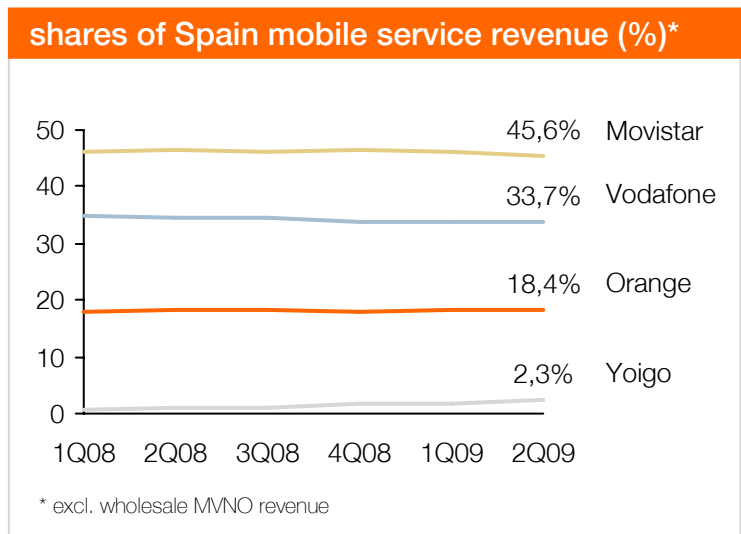
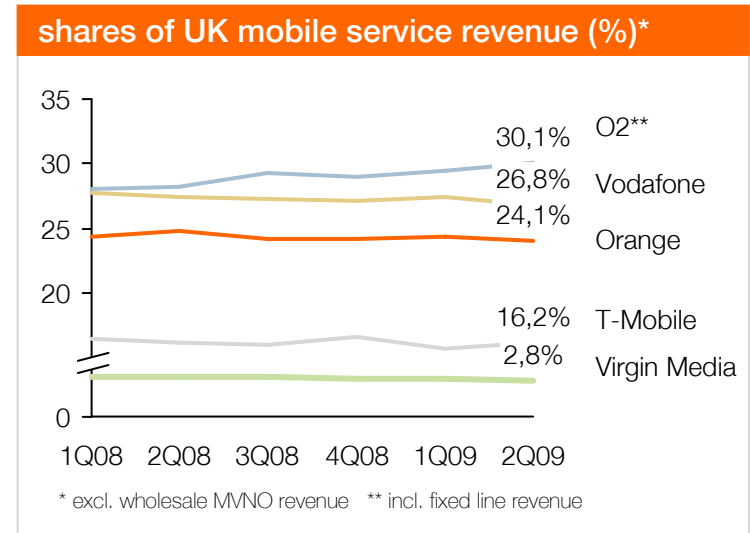
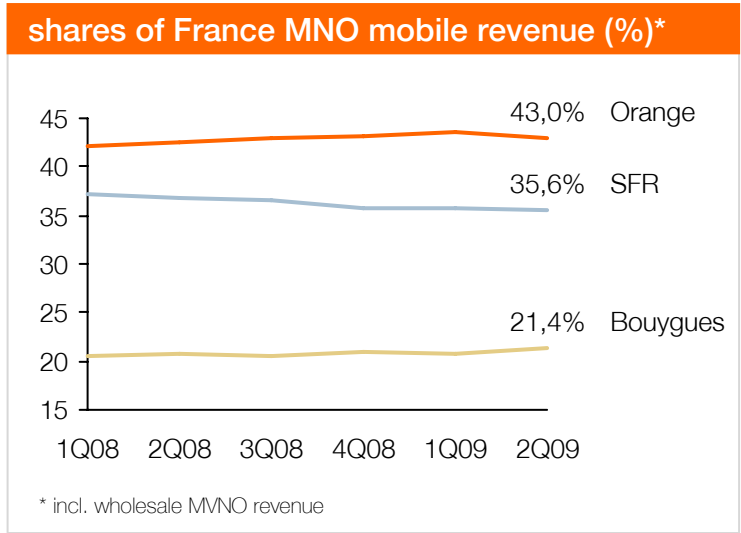
key messages

- French operations continued to be resilient with strong mobile dynamic and stable fixed trend
- UK market more impacted in 3Q09 by consumption slowdown with lower out of bundle usage
- slight improvement of Spanish telecom market, Orange still outperforming competitors for the 6th consecutive quarter
- Poland highly impacted by price war in prepaid market and fixed to mobile substitution
- European markets impacted by a more tense competition and the economic environment
- Africa & Middle East continued to grow
- delayed impact of recession on corporates, but Enterprise segment still outperforming competitors

operational KPIs point to sustained Orange commercial performance



value market shares stabilized on most of the footprint

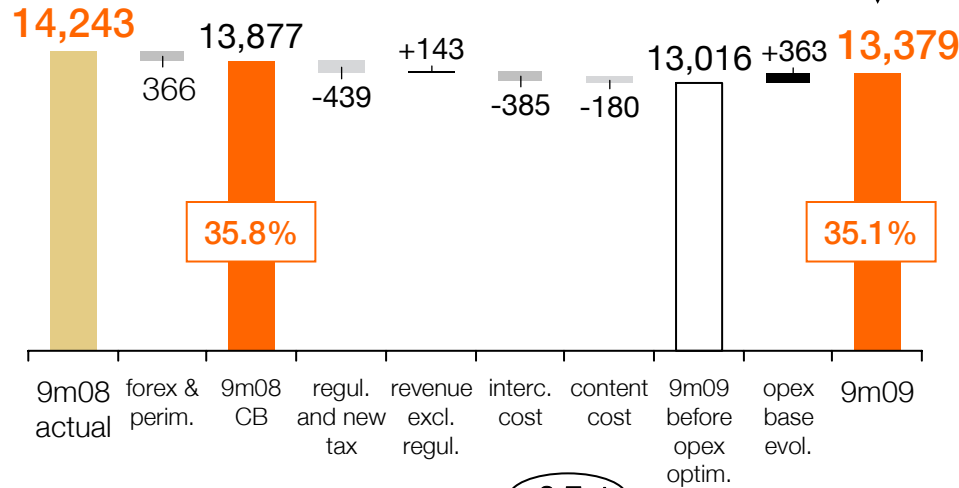


9m09 EBITDA rate evolution in line with 1H

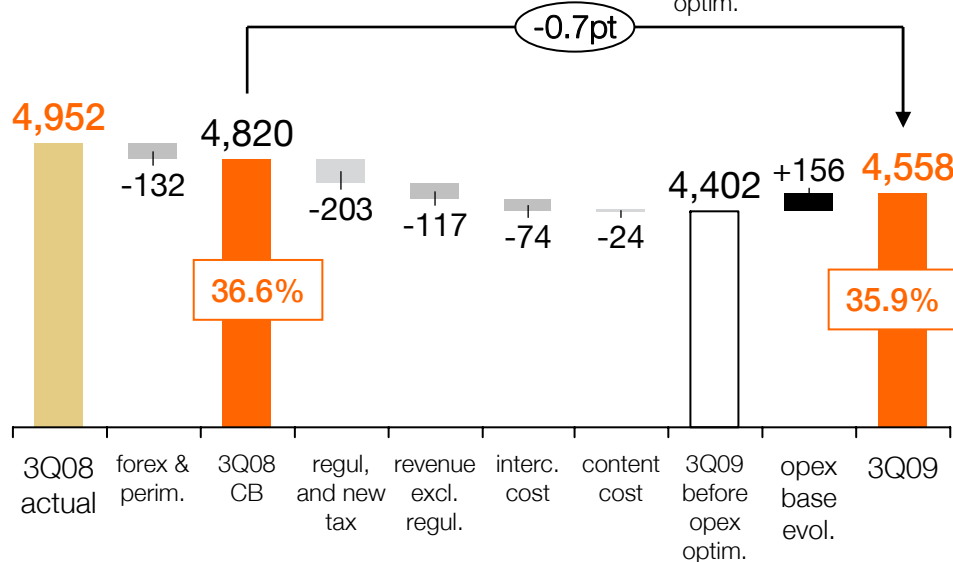
EBITDA evolution

in millions of euros

9m09



3Q09



insight

9m09:

- Ebitda negatively impacted by regulation and new tax (TV tax and chatel law)
- positive impact of revenue (excl. regulation)
- interconnect costs increase due to the success of bundles and unlimited offers
- strategic investment in content rights
- favorable opex base evolution thanks to cost management and lower restructuring costs (-112m€)

3Q09:

- margin erosion (-0.7pt) in line with 1H trend despite higher regulatory impact

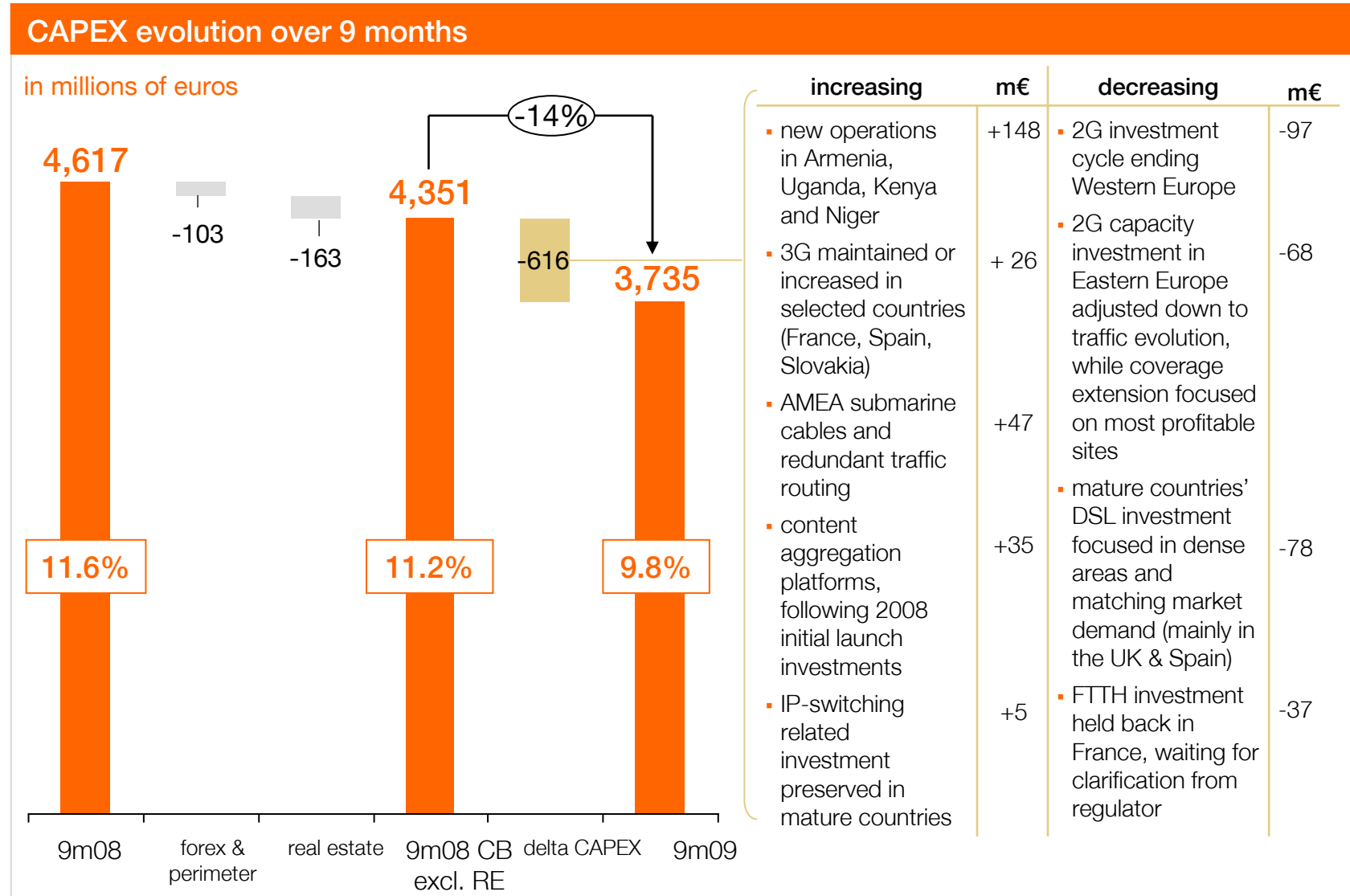
dynamic cost allocation to preserve Ebitda and optimize market shares

| in m€ & % of revenues | 9m08 CB | 9m09 |
|--|------------------------|-------------------------|
| revenue | 38,753 | 38,144 |
| labour costs | (6,561) 16.9% | (6,605) 17.3% |
| o/w profit sharing & share base payments | (278) | (262) |
| interconnection | (5,707) 14.7% | (5,650) 14.8% |
| other IT&N | (2,108) 5.4% | (2,116) 5.5% |
| general, properties, and others | (4,598) 11.9% | (4,530) 11.9% |
| o/w restructuring | (258) | (146) |
| o/w disposal of assets and assoc. | 6 | (2) |
| EBITDA pre com. & content | 19,779 51.0% | 19,243 50.4% |
| commercial expenses & content costs | (5,902) 15.2% | (5,864) 15.4% |
| EBITDA | 13,877 35.8% | 13,379 35.1% |

- ▶ regulatory impact of -752m€ over 9 months and -369m€ in 3Q
- ▶ labour cost up due to one-off in September 08 (-32m€)
- ▶ regulatory price decrease (+€442m) balanced the development of unlimited off-net offers
- ▶ increasing cost of new operations in emerging markets
- ▶ continued pressure from higher energy prices in UK, Poland
- ▶ contingency plan on track
- ▶ **TV tax and Chatel law impact (-129m€)**
- ▶ lower restructuring in France & ICSS (-87m€), end of restructuring in Spain (-37m€)
- ▶ efficient management of life time value commercial expenses
- ▶ full effect in 3Q09 of content investments in cinema rights (-24m€)

9m09 EBITDA decrease mainly due to global regulatory* impact of - 439m€

priority for 9m09 investment was to support customer satisfaction, network capacities and potential recovery



3Q09 business performance

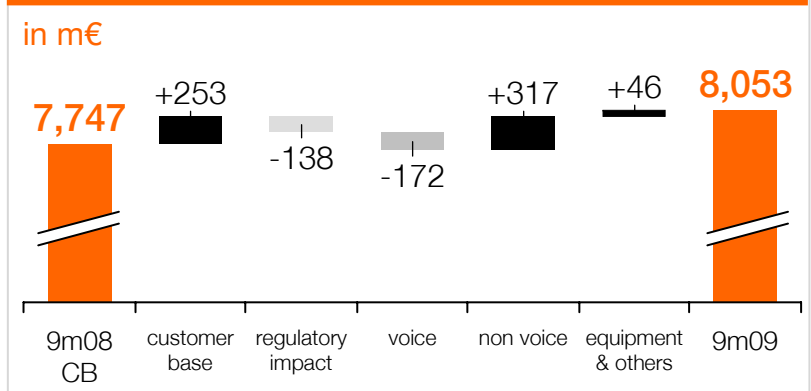
3Q09 France financials

positive revenue trend excluding regulation, in line with 1H09

9m09 France revenue*: +0.6% (+1.9% excl. regulatory impacts)

| in m€ | 3Q09 | var in CB | 9m09 | var in CB |
|---------------------|--------------|--------------|---------------|--------------|
| total France | 5,880 | -1.2% | 17,720 | +0.6% |
| personal | 2,680 | -0.7% | 8,053 | +3.9% |
| home | 3,496 | -1.2% | 10,569 | -1.4% |
| eliminations | -296 | | -902 | |

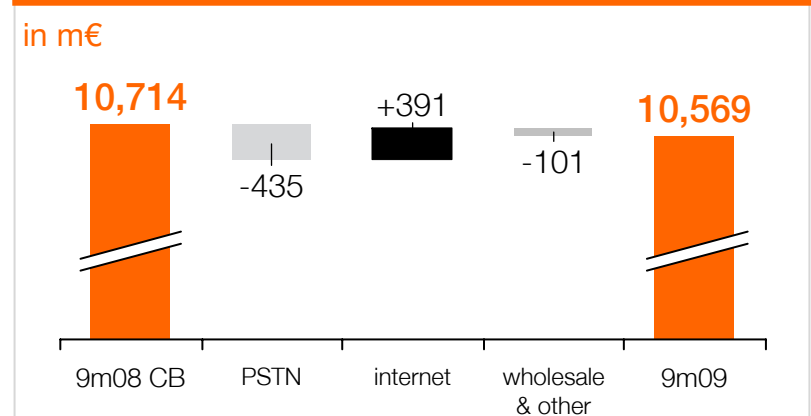
9m09 mobile revenue*: +3.9% (+5.8% excl. regulatory impacts)



insight

- 3Q09 revenue evolution in line with 1H excluding regulation
 - total France revenue: +1.1%*
 - personal revenue: +4.1%*
 - home revenue: stable*
- personal revenue growth driven by customer base and non voice compensating for regulation and voice decline
- stable home revenue excluding regulation in a changing market dynamic
 - lower broadband growth
 - stabilization of PSTN decline
- FTTH: clarification in progress

9m09 home revenue*: -1.4% (-0.2% excl. regulatory impacts)

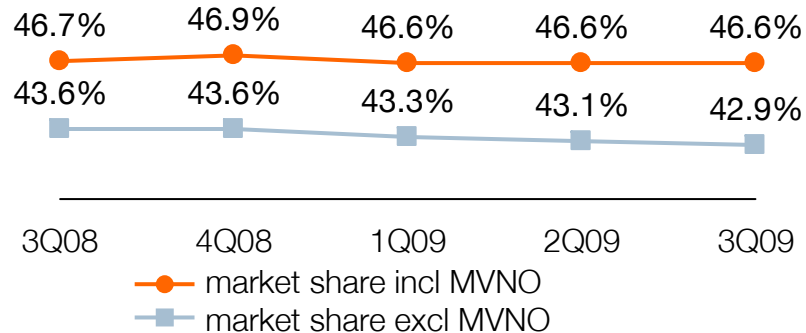


* yoy on CB

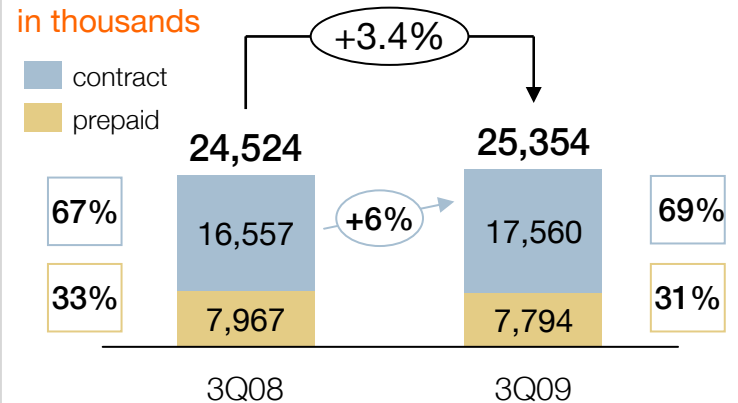
3Q09 France personal

stable market share including MVNOs

Orange market share evolution*



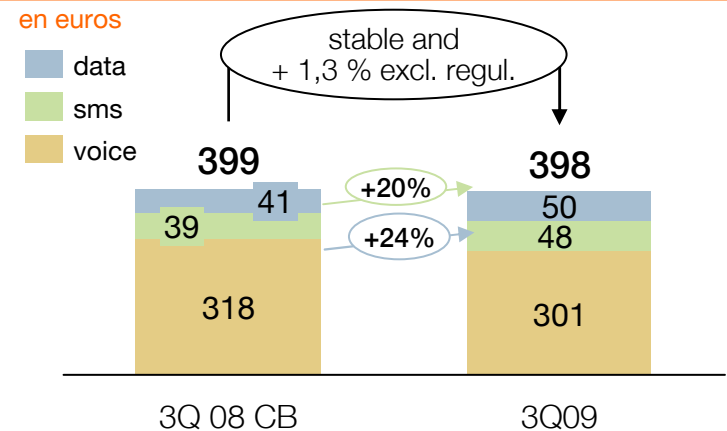
mobile customer base mix



insight

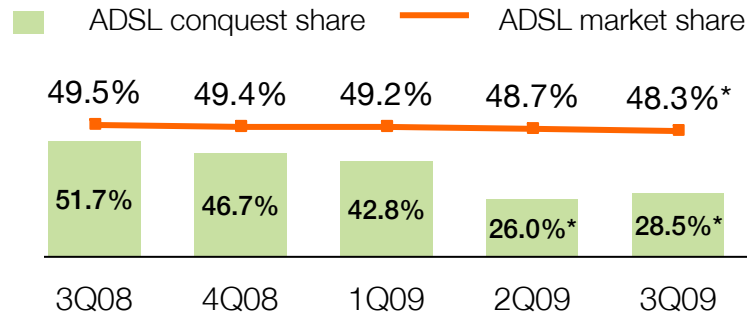
- stable market share with 25% of MVNO customer base increase yoy at 2.1m at the end of September
- better customer mix thanks to origami & iPhone
 - +233k contract net additions in 3Q09
- non voice revenues: 26.2% of service revenues in 3Q09 driven by multimedia (mail, TV, music):
 - 6.9m mobile 3G customers (+64% yoy)
 - 1.3m iPhone sold (+212k in 3Q vs +211k in 1Q)
 - data ARPU growth offset voice ARPU decline

annual rolling ARPU evolution



3Q09 France home broadband ARPU continues to grow in a maturing market

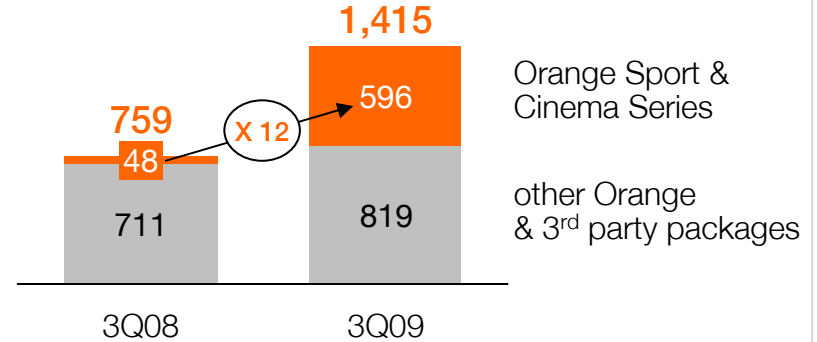
ADSL market share & conquest share



nb: ARCEP figures for 2Q09 : 30.4%, * FT estimates

pay TV subscriptions

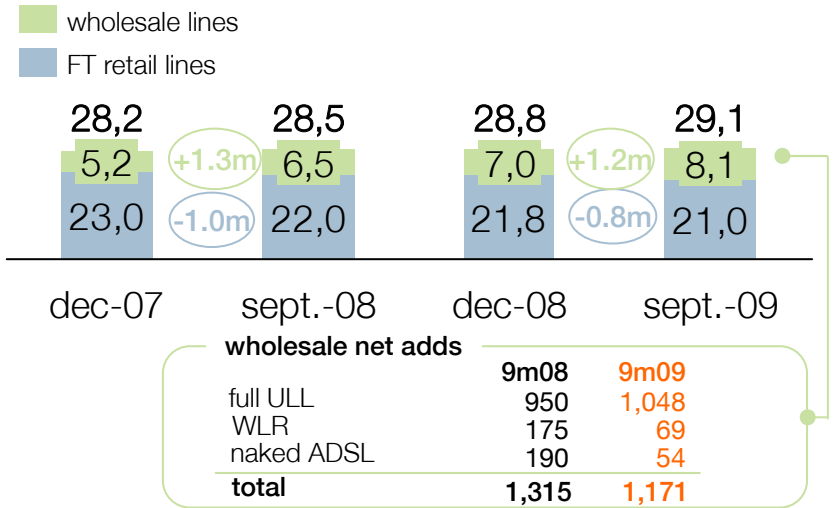
in thousands



insight

- stabilization of FT line losses
- 124k new ADSL customers in 3Q09 to 8.8m
 - new DSL offer “Surf” (€29.90/m) with TV over PC
 - dual and triple play 60€ repayment offer
 - limited promotion on “Net” offer (€34.90/m) launched in October
- quarterly broadband ARPU +5% yoy at €35.1:
 - IPTV base at 2.5m (x1.6 yoy) boosted by TV Sat & contents:
 - success of pay TV packages with promotions
 - 2.1m paid of transactional VOD in 3Q09 (+71%)

fixed line mass market



towards a new “social contract”*

already agreed measures

- review of working conditions:
 - no reorganisation up to end of dec09
 - +380 headcounts (among short-term contracts & apprentices in priority)
 - in sourcing for an equivalent of 1,000 employees

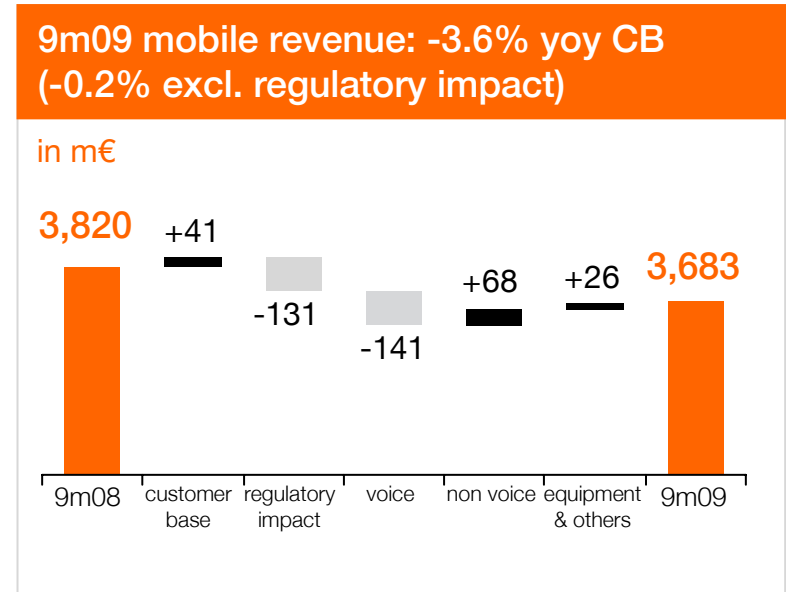
ongoing negotiations

- ongoing negotiations on psychological risks (5 chapters: to review working conditions, rebuild a positive working environment, manpower planning, professional and private balance, communication improvement with employee’s representatives)
- ongoing negotiations on part-time work for seniors

3Q09 UK financials

mobile revenue impacted by regulation and ARPU dilution

| 9m 09 UK revenue: -4.2% yoy CB (-0.9% excl. regulatory impact) | | | | |
|--|--------------|-----------|--------------|-----------|
| in m€ | 3Q09 | var in CB | 9m09 | var in CB |
| total | 1,277 | -7.1% | 3,818 | -4.2% |
| personal | 1,232 | -6.8% | 3,683 | -3.6% |
| home | 60 | -12.7% | 180 | -15.6% |
| eliminations | -15 | | -45 | |



insight

mobile

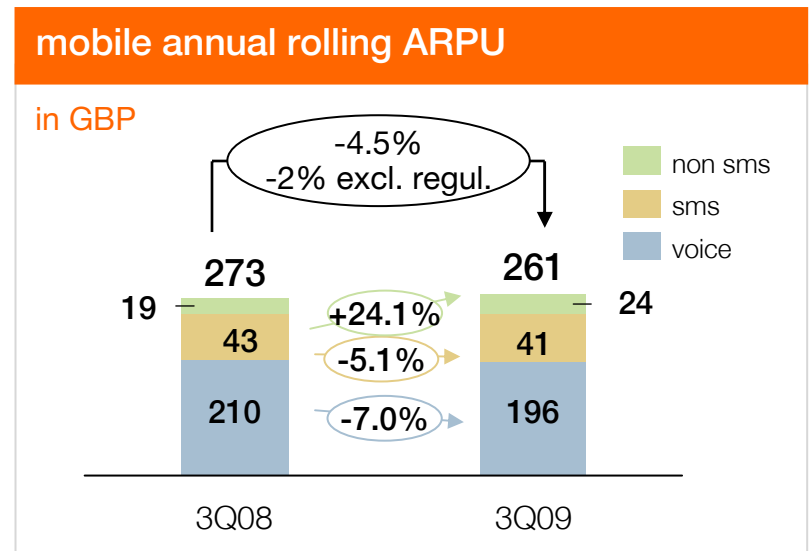
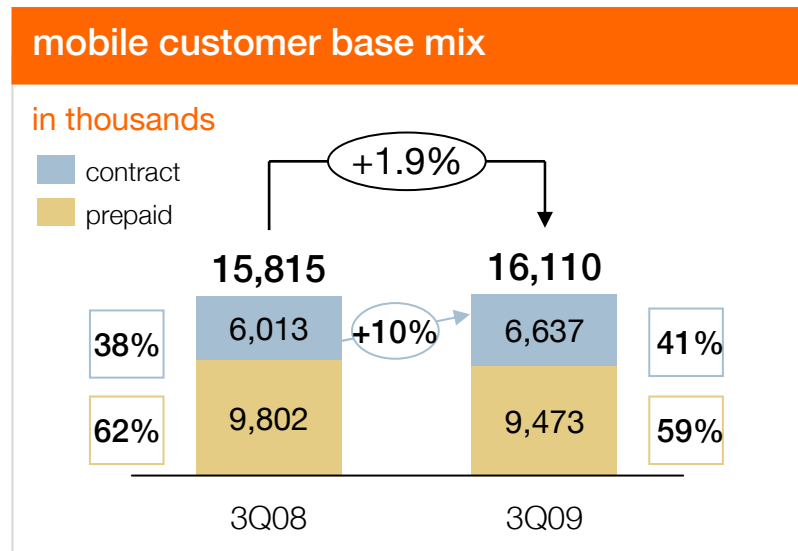
- economic downturn added to regulatory impact driving voice revenue reduction in 3Q09:
 - price erosion, reduced out-of-bundle usage, increased popularity of low-end offers
 - 19% decline in voice roaming revenues exacerbated by unfavorable £ exchange rate
- commercial policy increased customer base and improved contract mix
 - sustaining usage and providing strong non voice revenue growth
 - with an investment in longer tenure customers (24 month-offers)

fixed

- voice revenue growth offset by broadband and narrowband base decline
- superfast broadband (up to 20 MB) recently launched (Home Ultra)

3Q09 UK KPIs

strong value acquisition momentum in advance of iPhone launch



insight

- continuous improvement in base mix with 41% contract customers vs. 38% in 3Q08
 - strong 3Q09 contract net adds at 194k with continued success of 24-month offers
 - agreement announced in Sept. to sell 3G and 3GS iPhones in 4Q, adding to high quality device portfolio
- highest quarterly prepaid net adds since end 06 (63k)
- data revenue up to 25.5% of service revenues with 4.7m mobile broadband customers
- acceleration of commercial transformation to widen revenue streams: new concept stores, MVNA launch and 1st ad funded music streaming service
- market leading 3G network: best coverage in Ofcom survey, 'What mobile' network of the year, HD voice to be launched in 2010

mobile

Orange UK & T-Mobile UK combination on track

developments since JV announcement

- confirmatory due diligence quasi finalized
- definitive transaction documentation being finalized
- EU competition filing : joint pre-notification process started at the beginning of October

update on regulatory aspects

- UK Government Department for Business, Innovation and Skills launched consultation on spectrum refarming rules

next steps

- signing of binding agreements expected in early November, subject to obtaining required corporate approvals on both sides
- competition review : joint notification after signing
- preparation of integration plan to start after signing (at corporate level pending competition authorities approval of the deal)

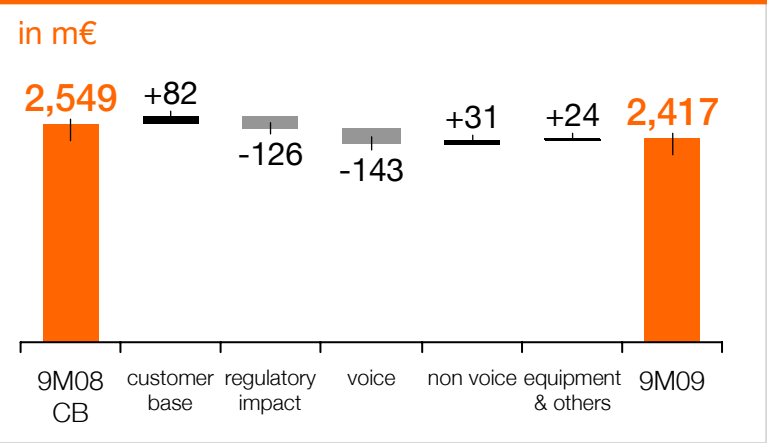
3Q09 Spain financials

stable revenue trend despite ongoing macro-economic difficulties

9m09 Spain revenues: -4.8% yoy CB
(-0.7% excl. regulatory impact)

| in m€ | 3Q09 | var in CB | 9m09 | var in CB |
|--------------------|--------------|-----------|--------------|-----------|
| total Spain | 1,005 | -4.7% | 2,926 | -4.8% |
| personal | 839 | -4.5% | 2,417 | -5.2% |
| home | 166 | -5.9% | 509 | -3.0% |

9m09 mobile revenues: -5.2% yoy CB
(-0.2% excl. regulatory impact)



insight

mobile

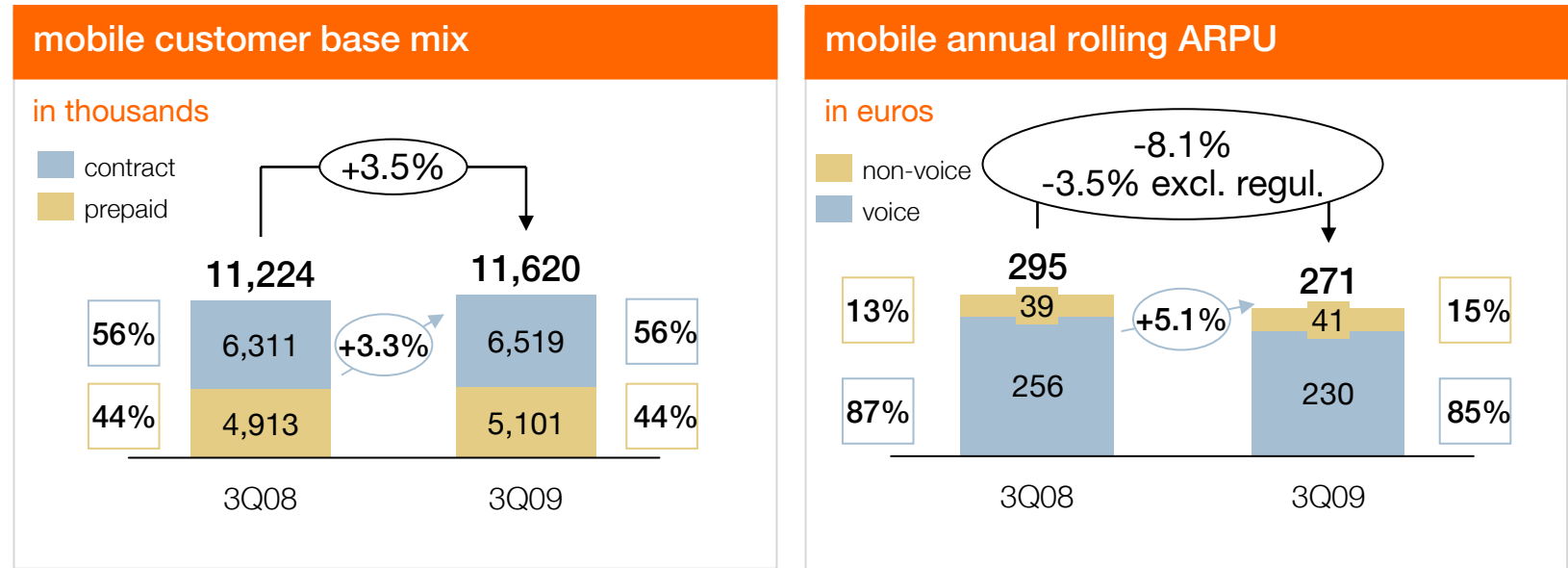
- slight recovery in yoy trend in mobile revenues (-4.5% in 3Q vs. -5.6% in 2Q) with:
 - a +3.5% yoy increase in the customer base in 3Q09
 - offset by a -8.1% yoy decrease in the ARPU (annual rolling), o/w -4.7% regulatory impact
 - further MTR cut already implemented in October
 - non-voice, non-sms revenues (+19% yoy in 3Q) with an accelerating take-up in broadband usage

fixed

- -3.0% yoy decline in 9m fixed revenues (o/w -0.2% in broadband) driven by declines in enterprise and wholesale activities

3Q09 Spain KPIs

increasing mobile customer base with a take-off in mobile data customers



insight

- contract mix stable at 56%, with a shift towards prepaid offers in the market in 3Q due to the successful launch of new tariffs
 - +151 k net adds in 3Q (+127 k prepaid)
 - mobile broadband customer base x 1.6 yoy to over 4.6 million, IEW/BEW users x 2 yoy to almost 300 k
- non-voice ARPU up by +5.1% yoy, now representing 15% of overall ARPU
- 1.1 million ADSL customers, down by -7% yoy but with unbundled customers now representing 81% of the base (vs. 72% a year ago)

mobile

fixed

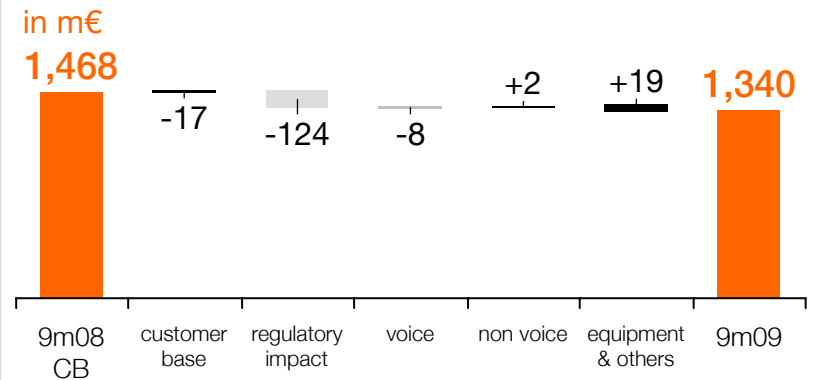
3Q09 Poland financials

increased regulatory pressure on revenues in a highly competitive environment

9m09 Poland revenues: -7.6% yoy CB (-2.4% excl. regulatory impacts)

| in m€ | 3Q09 | var in CB | 9m09 | var in CB |
|---------------------|------------|-----------|--------------|-----------|
| total Poland | 970 | -10.4% | 2,870 | -7.6% |
| personal | 456 | -12.7% | 1,340 | -8.7% |
| home | 573 | -6.5% | 1,711 | -3.9% |
| eliminations | -59 | | -181 | |

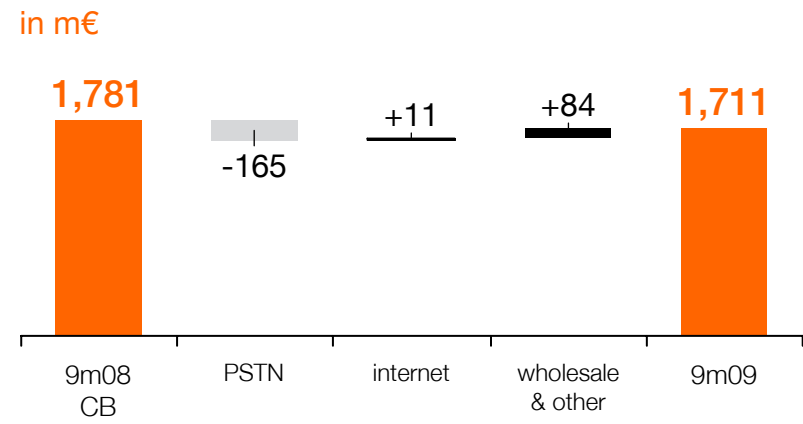
9m09 mobile revenues: -8.7% yoy CB (-0.3% excl. regulation)



insight

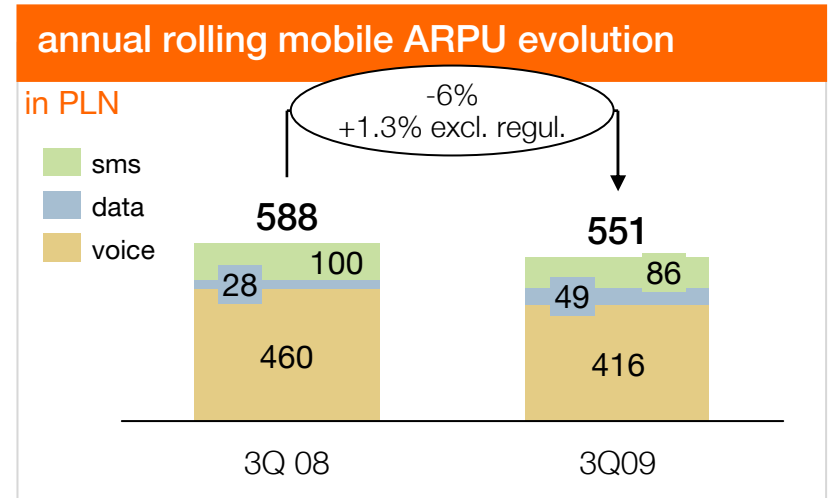
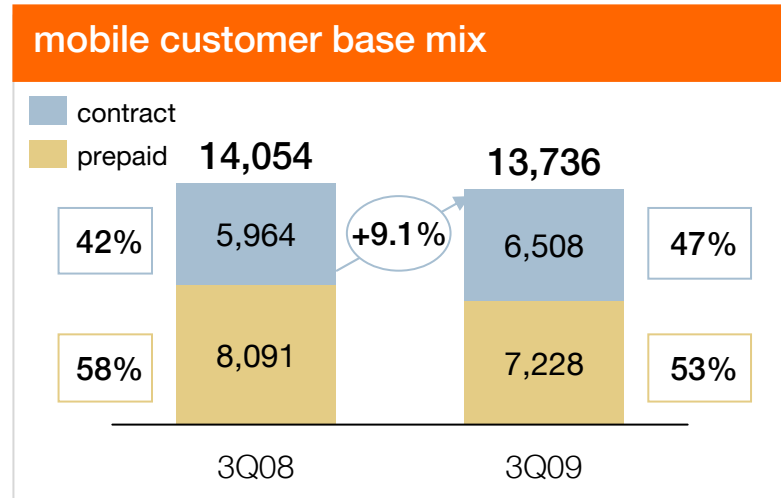
- excluding regulation, revenues decreased by -2.4% in 9m09 (-4.3% in 3Q09)
- adverse regulation impacting revenues:
 - two MTR cuts in 2009 (-50% in total)
 - fixed to mobile price decrease (-23% cut in March)
- main points on the arrangement with the regulatory body (UKE) :
 - TP should deploy 1.2 million broadband lines in the next 3 years
 - stabilization of wholesale prices for 2010-12
 - implementation of “equivalence of access” avoiding functional separation

9m09 fixed revenues: -3.9% yoy CB (-1.2% excl. regulatory impacts)



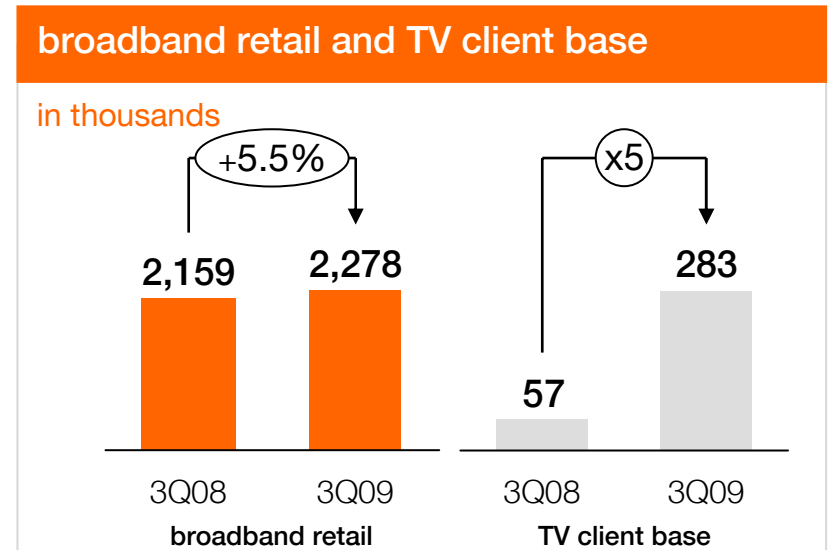
3Q09 Poland KPIs

good performance in contract adds and broadband offset by regulation, price war in prepaid and fixed to mobile substitution



insight 3Q

- 12.7% drop in 3Q09 mobile revenues is driven by a new MTR cut (-22% in July '09) impacting ARPU and price war in the prepaid segment
- Group's value strategy is delivering well with +9.1% yoy growth in contract customers and a focus on high-value clients (+11.5% yoy of business contracts)
- 3Q09 fixed revenues declined by -6.5% mainly due to fixed to mobile substitution (-926k retail PSTN lines vs 3Q08)
- broadband is still performing well but at a slower pace due to a slight decrease of ADSL ARPU (-0.5%) coupled with slowdown in customer base growth



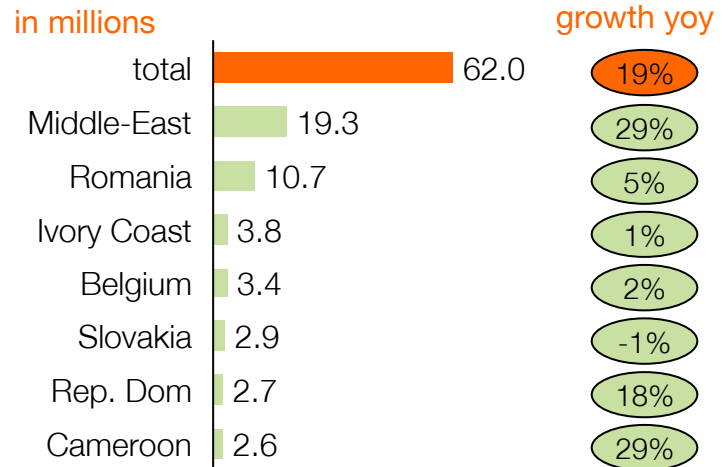
3Q09 ROW

growth from new operations not enough to offset increased competition & regulatory effects

ROW revenues: -1.3% in 9m09 yoy CB (+0.3% excl. regulatory impacts)

| in m€ | 3Q09 | var in CB | 9m09 | var in CB |
|----------------------|--------------|--------------|--------------|--------------|
| total ROW | 2,078 | -3.3% | 6,190 | -1.3% |
| Africa & Middle East | 859 | +4.0% | 2,550 | +5.2% |
| European countries | 1,117 | -8.5% | 3,312 | -5.4% |
| Other | 126 | -0.6% | 398 | -3.2% |
| eliminations | -24 | | -70 | |

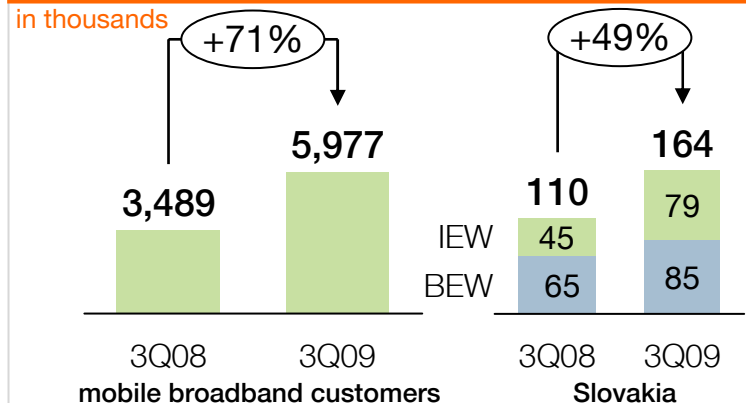
mobile customer base



insight

- Africa & Middle East: +5.2% yoy (+4.0% in 3Q)
 - double digit growth in 3Q in Cameroon, Mali and in recently launched operations
 - offset by a slowdown in Egypt (increased competition) & Senegal (-43% cut in MTRs in July)
- European countries: -5.4% yoy (-8.5% in 3Q)
 - good resilience in 3Q in most countries with double digit growth in Moldova
 - offset by Romania (-23% yoy in 3Q due to economic & currency issues) and Slovakia (-8.2% yoy in 3Q driven by MTR cuts)

growth in mobile broadband and mobile data customer base



3Q09 enterprise

business activity impacted by intensifying pressure of the economic downturn

9m09 revenue: -2.8% yoy CB
(-1.6% excluding equipment resale)

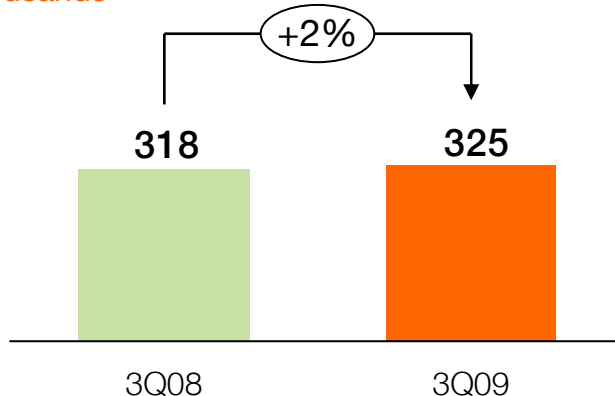
| in m€ | 3Q09 | var in CB | 9m09 | var in CB |
|----------------------------|--------------|-----------|--------------|-----------|
| total enterprise | 1,823 | -5.0% | 5,659 | -2.8% |
| business network legacy | 761 | -9.6% | 2,403 | -7.5% |
| advanced business network | 537 | +1.9% | 1,620 | +3.9% |
| extended business services | 326 | -0.9% | 1,007 | +3.6% |
| others | 199 | -10.1% | 629 | -9.2% |

insight

- revenue decrease of -5.0% yoy in 3Q09 (-3.9% exc. ERS)
- legacy**: further decline of legacy in 3Q09 (-9.6%) due to customers' behaviors in a still very challenging environment.
- advanced**: still growing +1.9% in 3Q09 thanks to continued strong increase of high speed solution and despite slower volume growth and price pressure in IPVPN
- extended**: -0.9% in 3Q09 still slightly outperforming the market due to deals being put on hold by customers

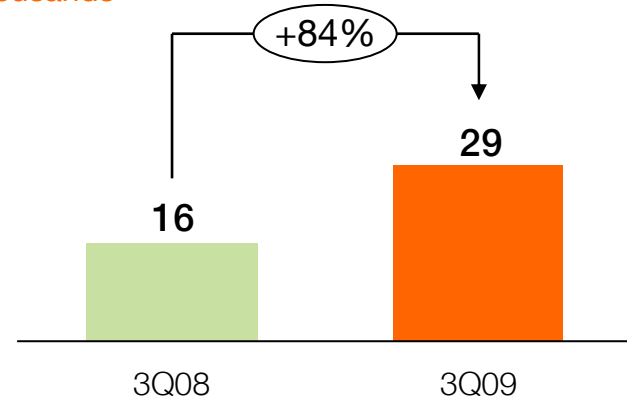
IPVPN accesses world

in thousands



XoIP connections in France

in thousands



outlook

business trends expected for 4Q09

pressure on revenue

- 4Q09 yoy revenue trend in line with 3Q09

limited EBITDA margin erosion

- 4Q09 yoy Ebitda rate decline in line with 9m09 trend
 - while managing commercial costs to optimize end of year market shares

tight CAPEX management

- higher level of capex in 4Q09 vs. 9m09 due to seasonality

2009 cash flow guidance and mid term use of cash policy confirmed

2009

organic cash flow guidance

- €8bn in 2009 confirmed
- capex to sales ratio below 12%

net debt

- continue to reduce debt with a net debt/EBITDA ratio below 2 in order to preserve the Group's financial independence and flexibility
- proactive refinancing to decrease cost of debt

mid term

dividend

- confirmation of dividend policy announced in March 09:
 - maintaining an organic cash flow distribution rate greater than or equal to 45%

M&A policy

- no transformational deal contemplated
- targeted in-market consolidation
- emerging markets

appendix

resilience in France despite MTR cuts, continued pressure in Poland and Enterprise segment

| in m€ | 3Q09 | var yoy CB | var yoy CB excl. MTR | 9m09 | var yoy CB | var yoy CB excl. MTR |
|---------------------------------------|---------------|---------------|-------------------------|---------------|--------------|-------------------------|
| Group revenues | 12,686 | -3.7% | -0.9% | 38,144 | -1.6% | +0.4% |
| France | 5,880 | -1.2% | +1.1% | 17,720 | +0.6% | +1.9% |
| personal | 2,680 | -0.7% | | 8,053 | +3.9% | |
| home | 3,496 | -1.2% | | 10,569 | -1.4% | |
| eliminations | -296 | | | -902 | | |
| UK | 1,277 | -7.1% | -2.4% | 3,818 | -4.2% | -0.9% |
| personal | 1,232 | -6.8% | | 3,683 | -3.6% | |
| home | 60 | -12.7% | | 180 | -15.6% | |
| eliminations | -15 | | | -45 | | |
| Spain | 1,005 | -4.7% | -0.2% | 2,926 | -4.8% | -0.7% |
| personal | 839 | -4.5% | | 2,417 | -5.2% | |
| home | 166 | -5.9% | | 509 | -3.0% | |
| Poland | 970 | -10.4% | -4.3% | 2,870 | -7.6% | -2.4% |
| personal | 456 | -12.7% | | 1,340 | -8.7% | |
| home | 573 | -6.5% | | 1,711 | -3.9% | |
| eliminations | -59 | | | -181 | | |
| ROW | 2,078 | -3.3% | -0.9% | 6,190 | -1.3% | +0.3% |
| Enterprise | 1,823 | -5.0% | -5.0% | 5,659 | -2.8% | -2.8% |
| International carrier & SS | 351 | -1.4% | -1.4% | 1,039 | +7.7% | +7.7% |
| eliminations | -698 | | | -2,078 | | |