

convergence: the core of our strategy

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investor day
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agenda

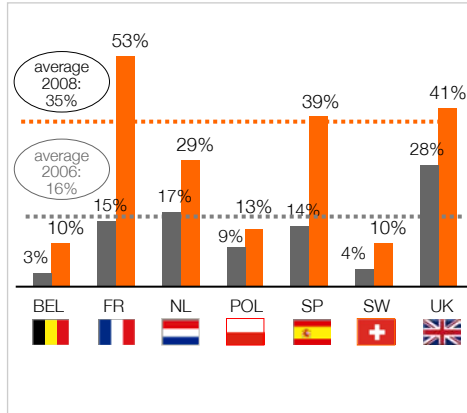
- 1 market background: rising demand for bundles
- 2 market challenges: from bundles to convergence
- 3 first convergent successes

multi-equipment expected to increase all over Europe

increasing demand for multi-equipment

- a fundamental trend in all countries
- European quadruple equipment penetration (payTV + BB + mobile + fixed telephony):
 - from 16% in 2006
 - to 35% in 2008

quadruple equipment penetration (2006 & 2008)



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source: Bain & Cie study commissioned by Orange (4 500 households)

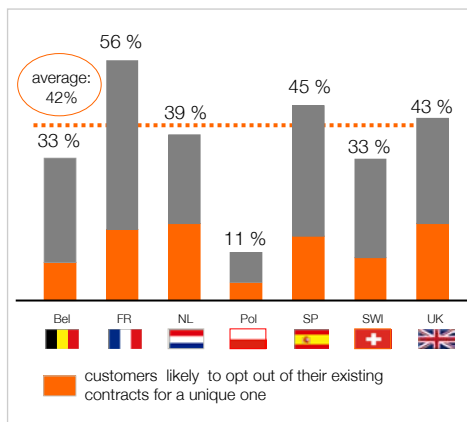
*weighted average on the European Orange footprint

bundling fulfils multi-equipped customers expectations (1/2)

from mobile & broadband equipment to bundles

- 63% of European households will be mobile & broadband equipped in 2008
- among them, 66% of households say they would take bundles of services
- potential target for mobile & BB bundles in 2008: 42% of overall households in orange European footprint

mobile & broadband bundling potential target (% of total households in 2008)



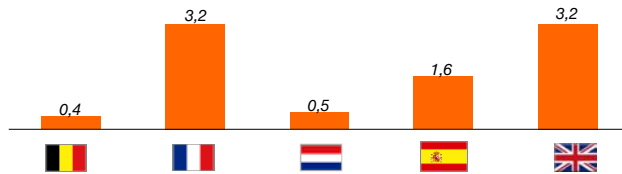
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source: Bain & Cie study commissioned by Orange (4 500 households)

*weighted average on the European Orange footprint

bundling fulfils multi-equipped customers expectations (2/2)

number of households likely to opt out their existing contract for mobile & broadband bundle (in million)



- *in the orange core European footprint**, we expect 9 million households will switch to one single operator in the next 18 months
- *driven by:*
 - *quadruple equipment customer interest*
 - *consolidation of accesses to a single supplier*

** Excl. Poland*

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source: Bain & Cie study commissioned by Orange (4 500 households)

bundles, a starting point for simplicity and convergent services

- *simplicity is the key driver to customers' behavior, 42% of mobile & broadband equipped households look for:*

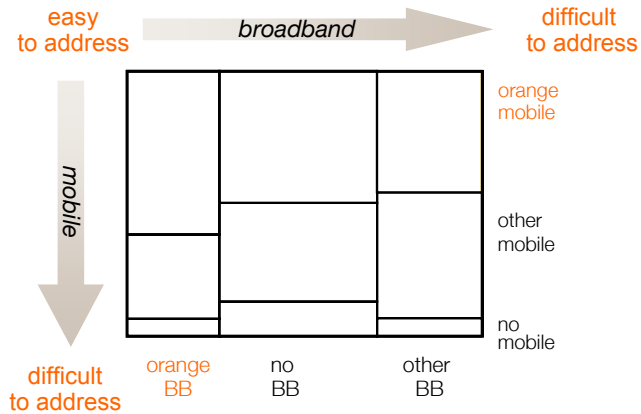
- *one bill*
- *one customer care*
- *one loyalty program*
- *one portal*

- *convergence value from customer point-of-view:*

offering convergent services added to a pure bundle is equivalent to an approximate 20% price discount

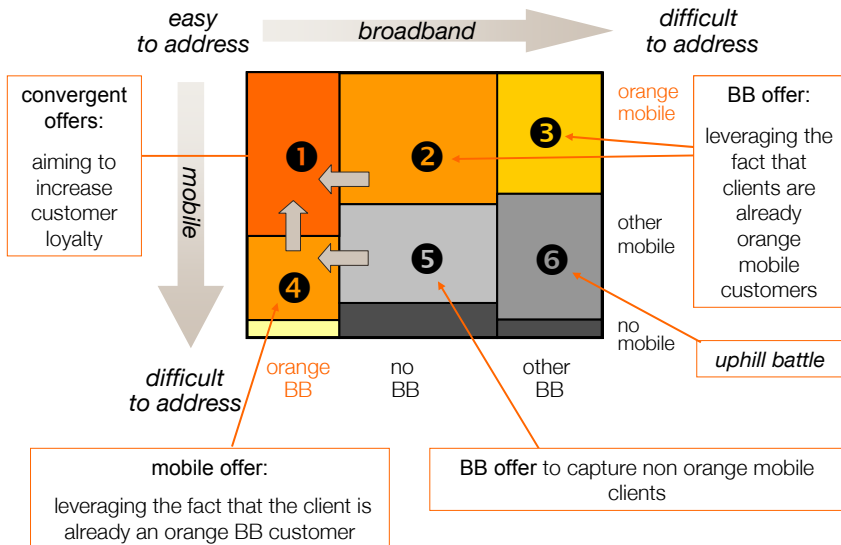
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orange strategic segmentation for European footprint



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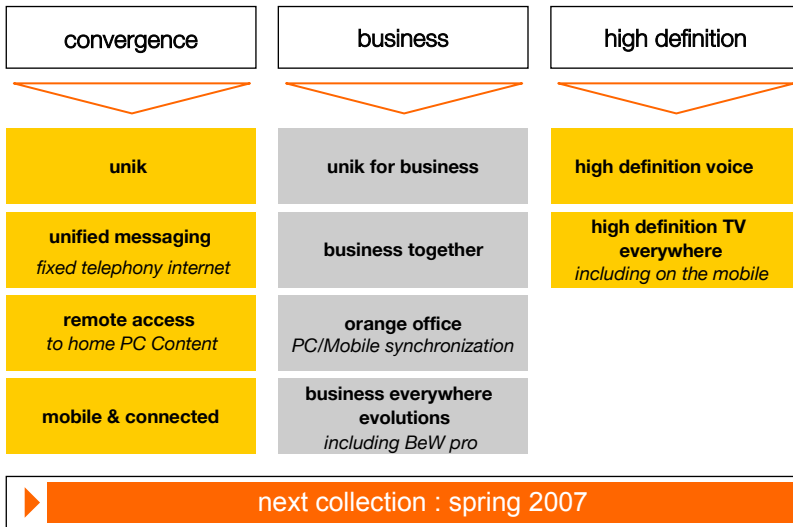
orange segmented offers to serve our strategy



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orange new offers' collections

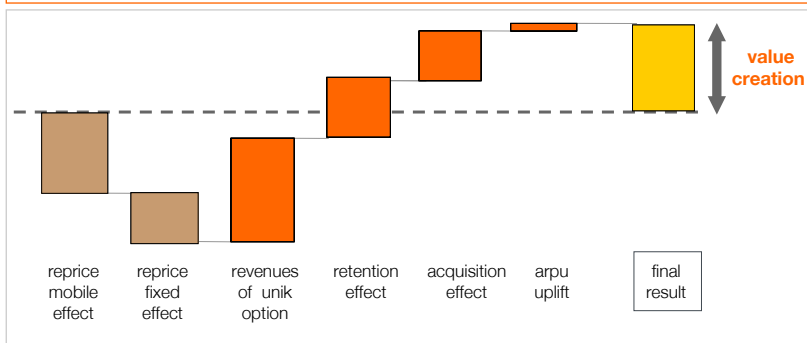
autumn collection 2006



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convergent offers create extra value for orange

expected impacts of unik on revenues (France)



negative 'repricing' effect for both mobile and fixed clients ...

... compensated by additional revenue generated with unik option, reduction in churn levels (customer retention effect), and increased customer base (get effect) and with fixed ARPU uplift

overall, generation of significant positive revenue stream

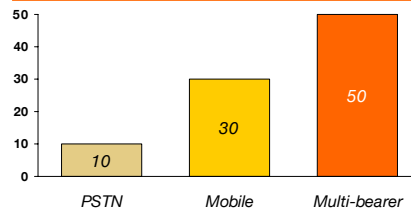
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business everywhere: a success

- 465 K end users at the end of September in France (24% annual increase in France in 2006)
- roll out now completed : Europe and worldwide for MNCs
- extension of functionalities and target customers including SoHo and VSE
- increase ARPU : PSTN: 10€ / mobile: 30€ / BeW: 50€
- world's first range of integrated mobility solutions for mobile workers (world communication award of the best new service of 2005)



ARPU level (€ / month / user)



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orange is ahead

- in understanding the consumers' needs
 - multi-equipment propensity
 - bundle appetite
 - mobile & broadband convergence value for customers
- in using a strategic framework
 - to fulfill markets needs in a segmented approach adapted to local battlefields
- with first successful convergent offers
 - developed by the technocentre
 - rolled out over the orange footprint
 - leveraging synergies between business and consumer markets

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