financial overview

be agile
to preserve
strong cash
generation

Gervais Pellissier
chief financial officer

march 4 & 5, 2009

france telecom

cautionary statement

- this presentation contains forward-looking statements about France Telecom's future business performance. 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.
- more detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document filed with the French Autorité des Marchés Financiers and in the Form 20-F filed with the U.S. Securities and Exchange Commission. except to the extent required by law, France Telecom does not undertake any obligation to update forward-looking statements.

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key messages

1 **NExT: guidance delivered**

2 resilient in downturn, positioned to capture growth in recovery

3 sustaining a high level of organic cash flow

4 priorities for Group use of cash

3

1 | NExT 06-08: France Telecom Orange has exceeded its objectives despite an acceleration in market change

acceleration in our environment change

- accelerated mass adoption of VoIP, 3-play
- strong competitive intensity, e.g. accelerated shift towards abundance, new internet players
- development of VAS, including content
- sustained national and increased European regulatory pressure

France Telecom has proven its adaptability

significant transition costs

- acceleration of our business transformation
- costs-cutting and business process reengineering

NExT achievements: delivering on guidance

- regained momentum across the Group
- over-delivered on cash generation vs. guidance: €22.7bn vs. €21.0bn
- stabilization of GOM margin
- higher CAPEX/sale ratio to modernize and transform business (13% vs. 12%)
- net debt / GOM < 2.0x reached one year in advance

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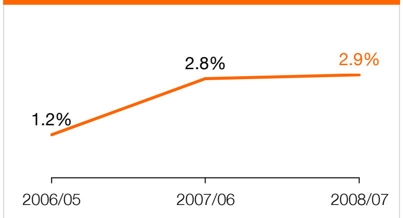
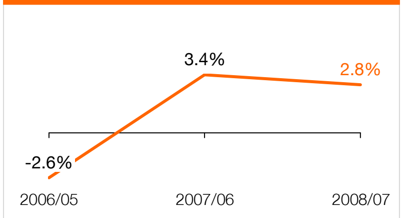
1 NExT 06-08: momentum regained in 2007 and 2008

revenues organic growth evolution

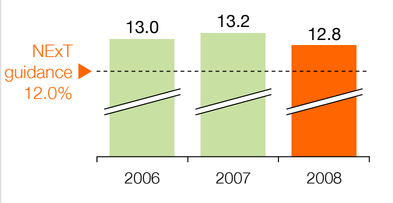


GOM evolution on a comparable basis



CAPEX evolution

in % of revenues, actual figures



highlights

- 2006: turbulent environment, transformation ramp up
- 2007: early benefits from transformation
  - inflexion in France, stabilization in enterprise
  - improved situation in Spain and the UK
- 2008: regained momentum across the Group
  - continued improvement in Spain, UK
  - confirmation in France, Enterprise
  - stabilization in Poland
  - maintained momentum in rest of world

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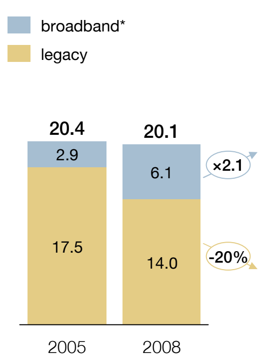
1 NExT 06-08: overall growth hides significant revenue transformation

2005-08 evolution

broadband access offset the drop in legacy business…

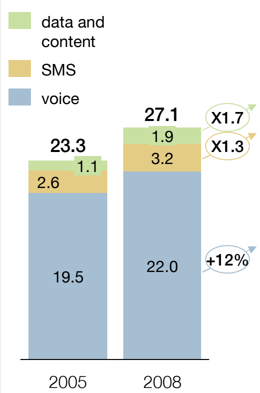
in billions of euros



*including portal and content revenues

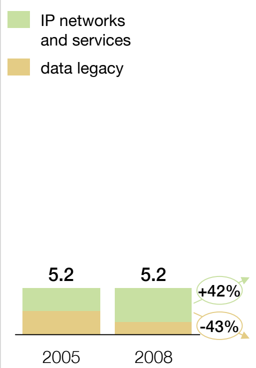
data & SMS activities drive mobile revenues growth…

in billions of euros



surge in IP networks offset slump in data legacy…

in billions of euros



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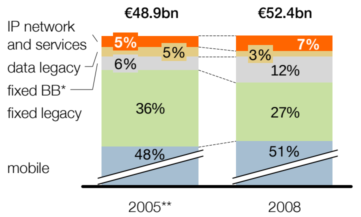
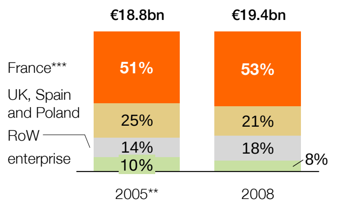
notes: figures with Amena accounted in full year and Orange NL excluded, above revenues data exclude mobile handset revenues

1 NExT 06-08: a stronger Group, more diversified, with all entities contributing to GOM growth in 2008

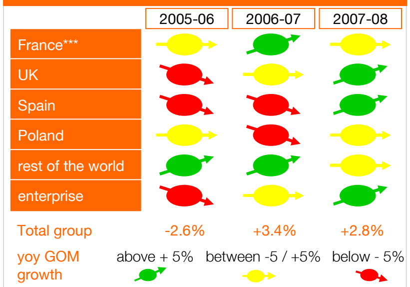
2005-2008 revenues mix evolution



2005-2008 GOM mix evolution (actuals)



2005-08 GOM variation on comparable basis



insight

- slight increase of GOM margin after 2006 transition, resulting from a net positive impact from:
  - positive effect: continuous cost base transformation and change in geographical mix
  - negative effect: regulation, maintained competitive pressure and new business development
- 2008: stable or improving on all geographies, Enterprise and UK being the key contributors

*including portal and content revenues
**figures with Amena accounted in full year and Orange NL excluded
***including Corporate
note: above revenues data exclude mobile handset revenues

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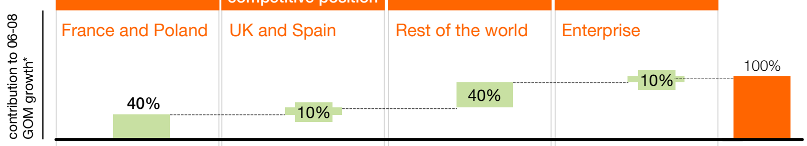
1 NExT 06-08: GOM growth has been captured through a mix of transformation, evolution of revenue mix and growth

transformation	consolidation of competitive position	growth	shift in revenue mix
France and Poland	UK and Spain	Rest of the world	Enterprise



Main achievements

transformation	consolidation of competitive position	growth	shift in revenue mix
France • growth of customer base both in mobile and fixed • strong development of mobile data while containing erosion of traditional voice • successful transformation plan **Poland** • strong growth in mobile and ADSL • deep transformation plan to offset regulation and retail line erosion	**UK** • successful high value strategy in a very competitive environment • strong growth in mobile broadband **Spain** • increasing commercial effectiveness • OPEX and CAPEX optimization • launch of innovative and competitive offers	• maintained growth momentum with stable margin levels • most of the growth comes from Central European and Eastern Europe markets	• shift from legacy networks to IP technology with cost structure adjustment • strong development initiated in network related services – business processes – real-time application

* on a comparable basis after forex, figures rounded at +/-5%

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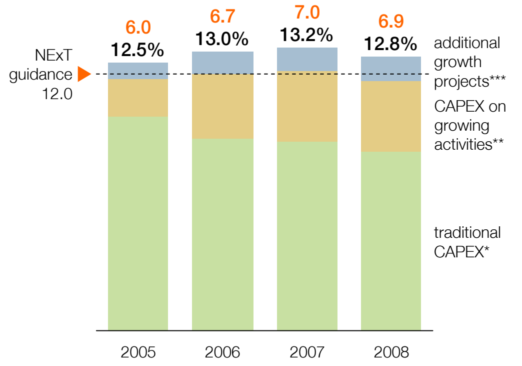
NExT 06-08: CAPEX kept slightly above guidance to sustain growth and business transformation

CAPEX evolution

in € billions, reported figures
in % of revenues



insight

- FTTH rollout started
- investments in content, health platforms
- increase in 3G/3G+ programs
- continued network investment in high-growth countries
- traditional CAPEX continuing to decline especially PSTN, 2G

* eg, PSTN and 2G legacy network and IT in mature countries, real estate
** eg, 3G, Livebox and broadband in mature countries, network in emerging countries
*** eg, FTTH programs, content and new usage platforms

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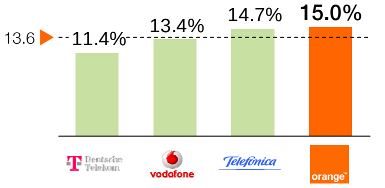
NExT 06-08: strong cash generation, deleverage completed, attractive value for shareholders in line with guidance

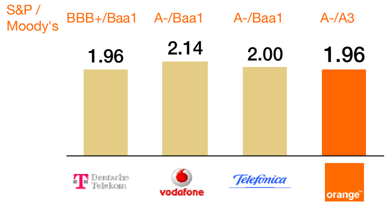
2008 organic cash flow

in percent of revenue



source: companies data

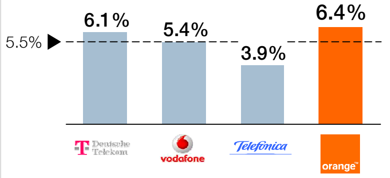
2008 net debt / EBITDA ratio of main peers



source: companies data

2008 dividend yield of main peers

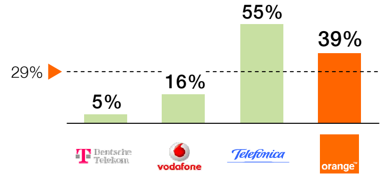
in percent of average share price



source: companies data, Reuters

dividend per share evolution

2004-2008 whole fiscal year, CAGR



source: Bloomberg

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4 priorities for Group use of cash

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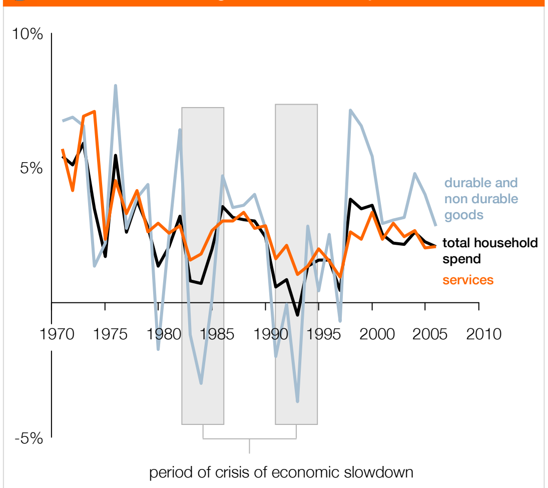
2 services – telecoms in particular – have consistently proven to be more resilient in downturn

France: annual change in household spend



source: INSEE

insight

- while not immune from economic slowdown, services tend to be less impacted than other spend categories
- among services, predominantly pre-committed spend such as telecom services, housing and food (partly obliged and partly discretionary) tend to resist better

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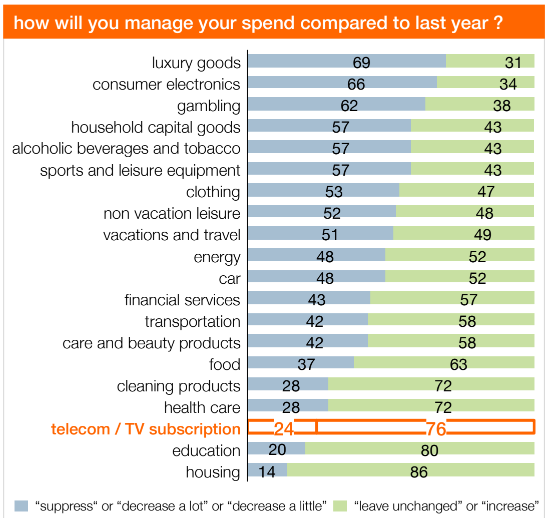
2 | again today, household predominantly intend to preserve their spend on telecom services



insight

- in an economic slowdown, there are several other spend categories to be reduced first, before consumers cut down on telecom
- telecom represent only 2% of total household expenditure in Europe
- in telecom, mobile is exposed, mainly in prepaid
- internet and fixed telephony are more stable with non variable monthly subscriptions
- similar responses in Spain, Germany, Italy and UK

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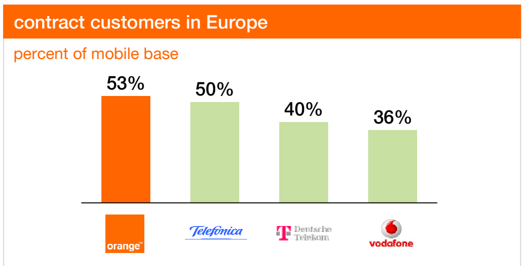
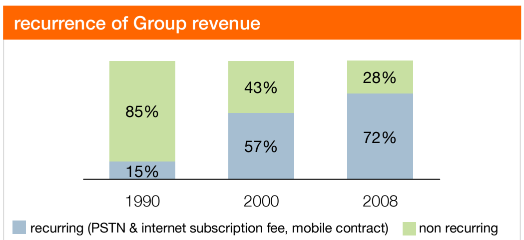
source: OTO Research, 1,064 respondents in France, computer aided web interview, from 13 to 15 october 2008

2 | France Telecom is well positioned in downturn thanks to our customer franchise and structure of revenues





insight

- highest share of contract customers among peers
- revenue has evolved towards a much larger share of recurring revenue, both in fixed and mobile

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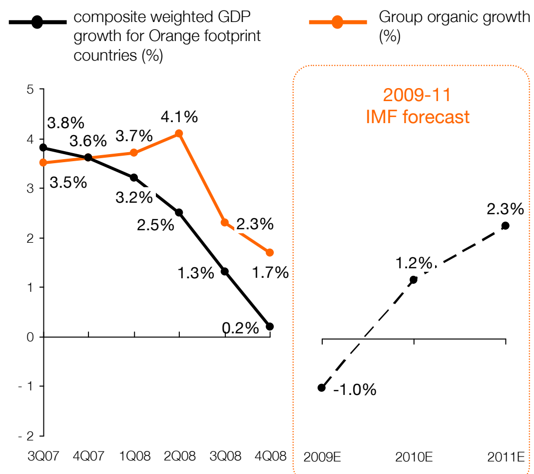
2 | Group revenue expected to show resilience in 2009-11, under current economic forecast

revenue vs. GDP growth



insight

- FT has proven its resilience in previous quarters
- under current assumptions, France Telecom expects to keep a positive organic growth over the period

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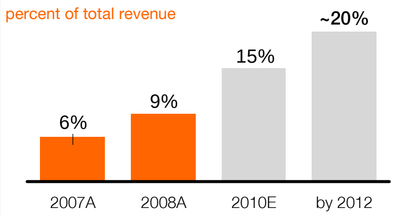
Source: France Telecom estimates based on IMF, World Bank, European Commission

2 | growth and innovation initiatives are also resilient and will provide support to Group growth in recovery

evolution of 20 growth and innovation initiatives*



access & convergence

multimedia & audience

growth initiatives

impact of downturn on growth initiatives

- content
  - resilient, especially TV and new forms of consumption
  - strong trend for TV de-linearization
- advertising
  - advertising correlated with GDP
  - shift to online slowed, but continuing
- e-health
  - healthcare among the most resilient sectors
  - efficiency and productivity projects heavily promoted

* includes Livebox and ecosystem revenues, VoIP for consumers revenues, boxes and other access revenues, Very High Broadband revenues, VoIP Prosumer revenues, Livebox Pro and Orange Office revenues, Business everywhere revenues, Unik revenues, Mobile Call Services revenues, Internet Everywhere revenues, Orange conference revenues, Multimedia, premium services and Audience revenues, IP TV and VOD revenues, Mobile Multimedia Services revenues, Mobile TV revenues, GPS/LBS revenues, P2P revenues, Audience and communities revenues, New territories revenues, Vertical Apps / Other industries revenues, Vertical Applications : Health revenues, Payment and Contactless revenues

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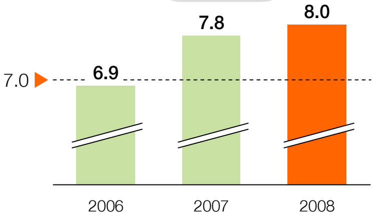
3 France Telecom Orange ambition is to preserve a strong organic cash flow generation

2006 - 2008

in billions of euros

objective:
3 × 7



- momentum across Group activities
- business transformation
- CAPEX maintained at ~13% to invest in growth

2009 - 2011

in billions of euros

objective:
3 × 8*

- resilience of revenues under current economic forecasts
- CAPEX mastering between 12-13%
- flexibility in CAPEX in case of stronger than expected GDP decline
- savings identified to mitigate negative factor impact on GOM, in medium term

* excluding licences and spectrum purchase

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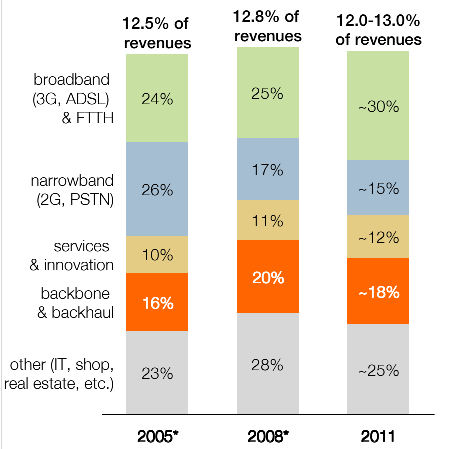
3

CAPEX under control, supporting development in emerging countries and technology disruptions

CAPEX evolution trends



* reported figures

insight

- clean regulatory conditions are required for the take off of FTTH roll out take (PON technology)
- broadband leadership maintained while containing access & CPEs costs
- narrowband investment shift from mature to emerging countries
- traditional services replaced by new growing activities
- lower backbone CAPEX: growth of data usage offset by initiative to contain traffic
- operational costs reducing and productivity improving through sustained IT investments

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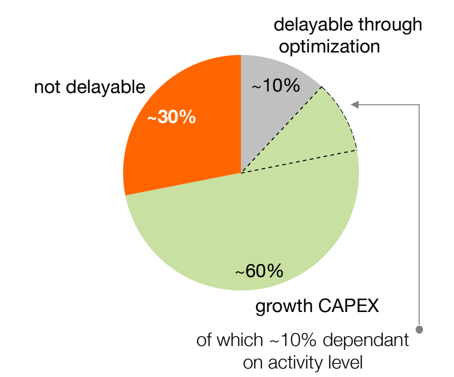
3

the Group has some flexibility to adapt its CAPEX in case of downturn

2009 CAPEX flexibility



insight

- CAPEX optimization is based on a methodology with 3 main criteria:
  - strategy & technology
  - financial criteria
  - risk & scalability
- around 10% of CAPEX can be delayed through optimization
- only 30% of CAPEX cannot be delayed: mainly productivity opportunities, regulatory constraints, and maintenance releases of legacy systems
- 60% of CAPEX mainly focused on growth opportunities: about 10% may be rescheduled in case of customer trajectories degradation

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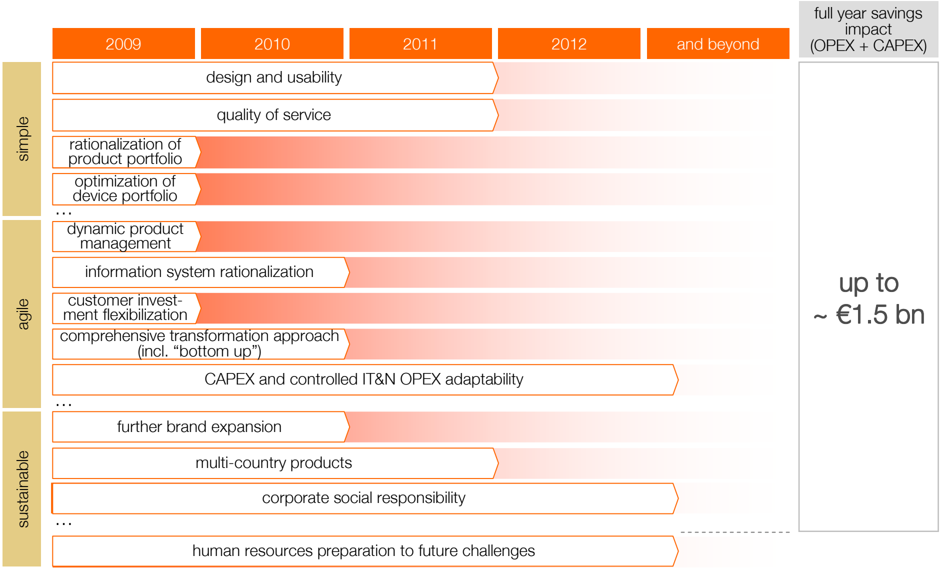
3 identified workstreams could generate up to €1.5 bn in cash in the mid-term



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3 expected impact of identified levers on the OPEX base

	opportunities for improvement	mitigators/ sector risks	% of 08 revenue	ambition 09-11 (in % of revenue)
interconnection	• lower mobile term. rates • going from bitstream to ULL (Sp, UK)	• more abundance in mobile voice mn and in data • regulatory risks on wholesale tariffs	14.9%	
labour	• ACT measures still in place • natural attrition increase • low inflation	• hiring to fill competences loss after 2011	16.0%	
other IT&N	• quality transformation programs • new liveboxes, better DSL quality	• need for new IT developments • service platforms	5.5%	
general, property and others	• lower energy costs • impact of quality improvement on CRM • real Estate	• increased risk on bad debt	11.0%	
commercial and content	• on-line sales • higher % of direct shops • less competitive disruptive behavior with consolidation	• content costs • cost of high end terminals • possible aggressiveness in some specific countries	16.3%	

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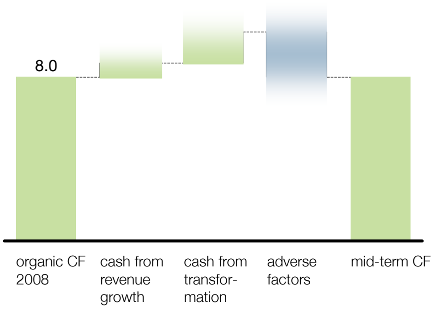
3 ongoing transformation to offset adverse factors

principles of mid-term cash increase

in billions of euros

- regulation
- commercial costs
- change in business mix
- new activities
- FOREX



insight

- ongoing transformation and cost cutting programs are key to offset identified adverse factors
  - regulation will continue to affect our GOM in France but also in other European countries with more predictability
  - commercial costs are expected to increase subject to level of competition
  - change of business mix and shift to the new activities involve lower margins but less CAPEX
  - FOREX further deterioration
- in addition, there are some contingencies to face potential adverse factors

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key messages

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4 **priorities for Group use of cash**

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4 | mid-term use of cash policy

preservation of a solid balance sheet	▪ continue to reduce debt with a net debt/EBITDA ratio below 2 ▪ secure a strong rating and access to funding
attractive shareholder remuneration	▪ maintain a level of distribution above or equal to 45% of organic cash flow ▪ additional return of cash will depend on market environment, future performance and investment needs
disciplined M&A	▪ 2 key principles: – support organic growth – create value ourselves through our expertise ▪ permanent review of portfolio assets to optimize value for shareholders ▪ no transformation deal contemplated

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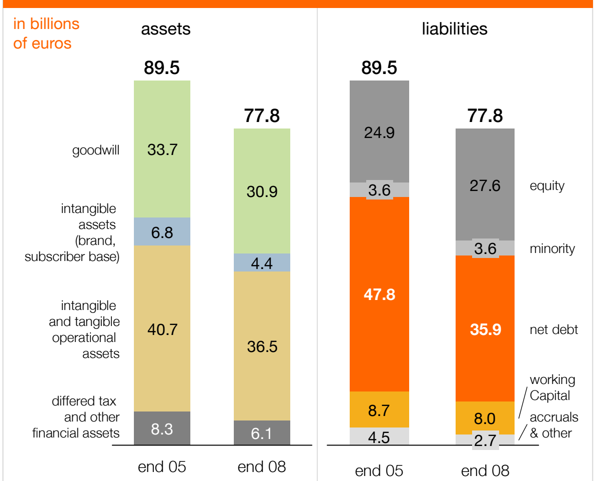
4 | Group priority is to preserve a solid balance sheet …

balance sheet



insight

- lower level of goodwill and intangible asset at end of 08 vs. end of 05
- tight management of working capital reduced by € 0.7bn
- high level of differed tax asset (€3.9bn)
- lower accruals due to end of early retirement plan
- improved gearing with higher equity and lower net debt

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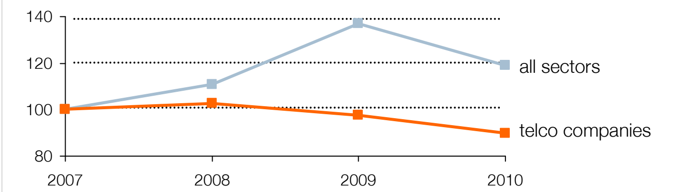
* including trade payables and other current liabilities ** including cash and cash equivalents

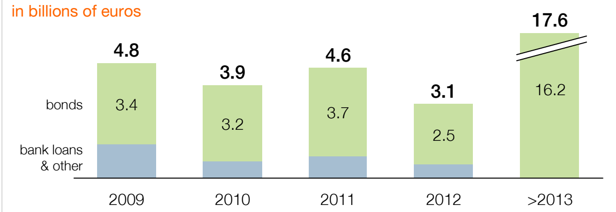
4 | … and secure access to funds in optimal conditions

net debt/EBITDA all industries vs. Telco (rebased 100 in 2007)



France telecom gross debt* repayments at end of 08

in billions of euros



• gross debt excluding TDIRA, Amena price guarantee
as of end of december 08 and exclude current refinancing (about €2bn)
• (commercial papers, securitization and bank overdrafts) and derivatives

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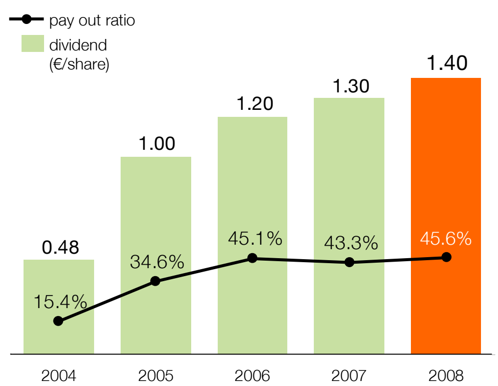
4 | maintain an attractive shareholder remuneration

dividend and cash flow pay-out



insight

- France Telecom has regularly increased its dividend in line over the past few years
- ordinary dividend should be above or equal to 45%
- additional shareholders remuneration will be considered depending on economic environment evolution

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financial overview

be agile to preserve strong cash generation

Gervais Pellissier
chief financial officer

march 4 & 5, 2009

france telecom