Proposal to acquire full ownership of Equant

January 24, 2005

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- *This presentation contains references to certain non-GAAP measures based on French GAAP norms. For a definition of these measures please refer to slide 25 to 27.*

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- Transaction Timing – Why Now?
- Transaction Terms & Structure - How?
- Impact for France Telecom
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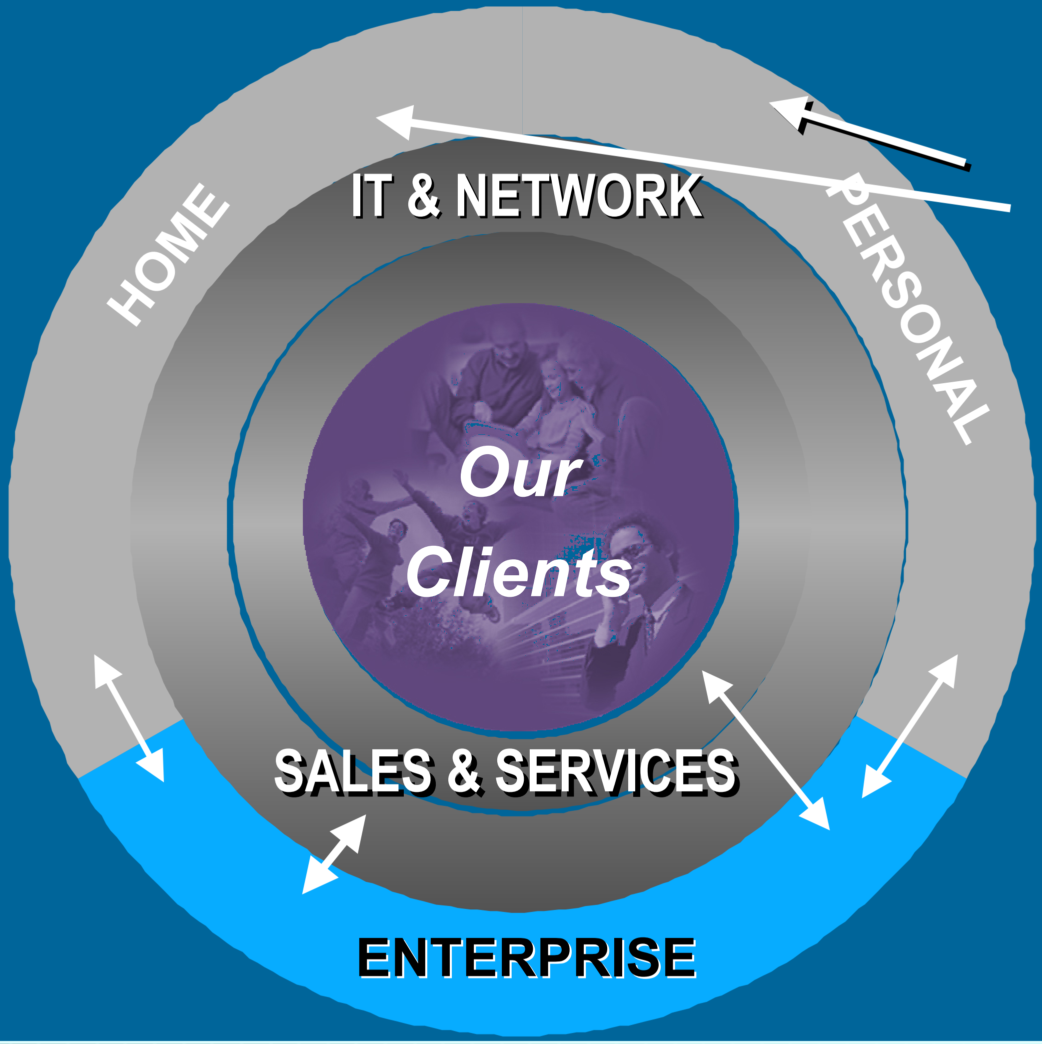
Enterprise: A key building block of the integrated operator model

Enterprise division leverages FT integrated IT&N, Sales&Services



Enterprise division also relies on Personal and Home products with their own services

Enterprise division within France Telecom means more cross selling, better service and cost sharing

Enterprise: A strong contributor to FT performance

Domestic markets

Leader	France & Poland ➔Fixed, Mobile and Internet services to all market segments	€8bn of revenues (estimated)
Challenger	Belgium, UK, Switzerland, Netherlands and some Eastern European countries ➔ Managed data and mobile services to SMEs and MNCs	€1.8bn of revenues (estimated)
Outsider	Rest of the world ➔Presence through managed International services for MNCs	€1.2bn of revenues (estimated)

Leader in Europe for MNCs

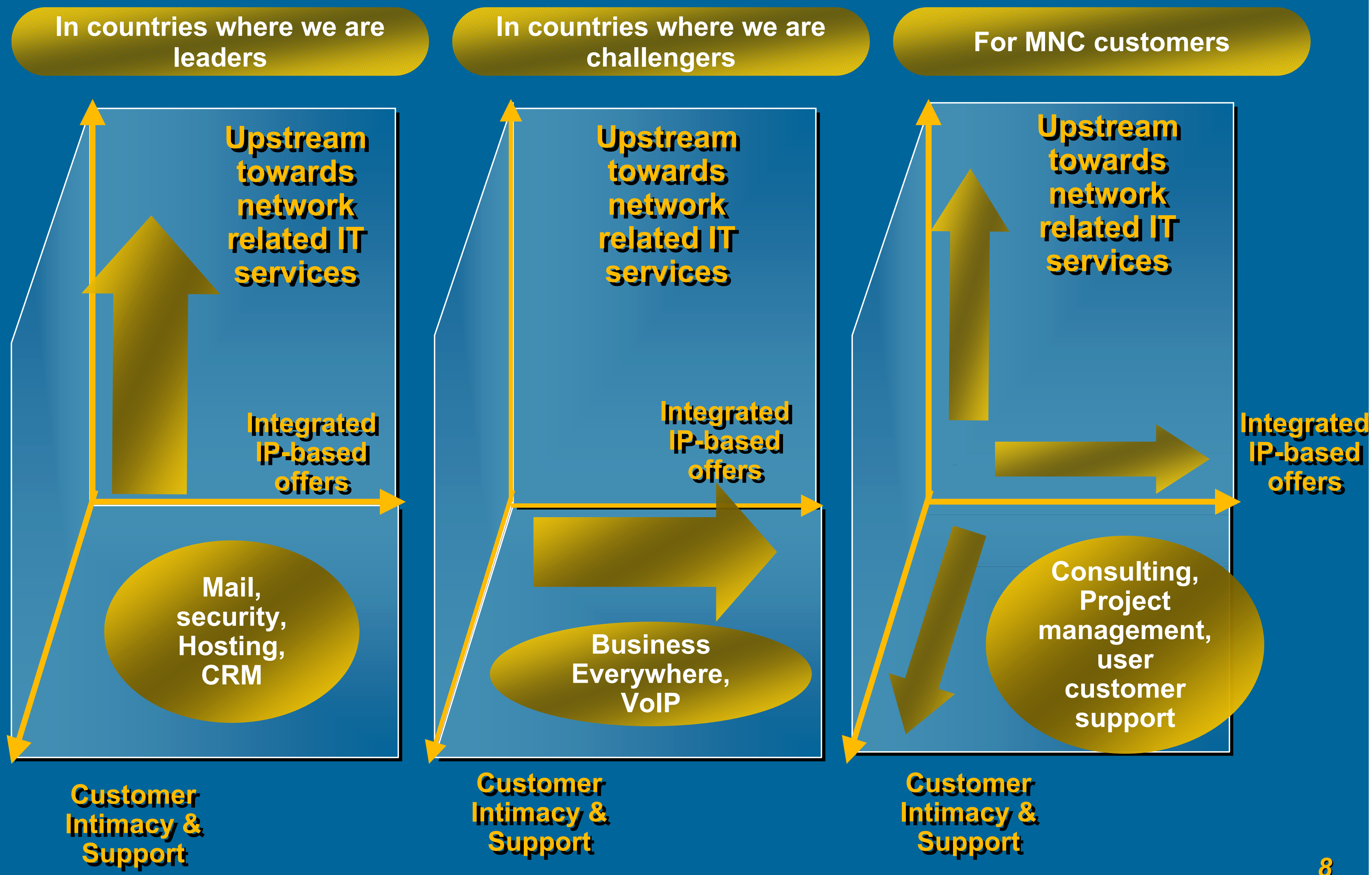
Enterprise business represents more than 20% of France Telecom consolidated Revenues and REAA

Enterprise: a clear strategy

Integrated IP based Offers	➢From an IP-VPN core, deploy integrated nomadic and voice offers in Europe •Business Everywhere •VoIP / ToIP services
Upstream towards network related IT Services	➢Provide network related IT services • Consolidation of data centers • Messaging & Hosting • Security •CRM
Customer Intimacy & Support	➢ Understand customer needs to provide the best communication services ➢ Assess, design and run customer communication services ➢ Manage the complexity on behalf of our customers up to outsourcing services

Leverage IP services to better serve our customers

Enterprise: a segmented strategy



Equant: An attractive positioning

- An unmatched geographical coverage
  - seamless network reach in 220 countries and territories and local support in approximately 165 countries
- Control of key technologies
  - Market leader in IP-VPN
- Dedicated teams to better serve each customer
- Strong customer references
  - 3700 customers, 2/3 of Business Week “TOP 100” corporate
- Worldwide unique set of competencies (IP, security, messaging)
- Consistent award-winning world class capabilities

A recognized leadership and key competencies in global data services for MNCs

Why something has to change for Equant?

A Changing Market Environment for MNCs

- IP and high bandwidth at low cost becoming the standard across increasing number of geographies
- Significant erosion of addressable market in core connectivity services, with increased pricing pressure not being compensated by higher volumes
- Needs of enterprise customers evolving towards differentiated levels of service / quality, increased mobility and integration of broader range of network and service competencies

Equant – Specific Challenges

- High end positioning with a lack of low cost solutions
- Slow migration to DSL
- Transition of business model towards services not fast enough to offset decline in connectivity services
- Weakening financial profile and profitability

Equant stand alone business model is under substantial pressure

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Why now?

Create a stronger Enterprise segment as soon as possible

- Leverage businesses through product portfolio cross fertilization
- Common resources and better cost sharing (IT&N)
- Leverage existing client base (offers to SMEs)

Additional funding required for business transformation

- IT CAPEX requirement for IT & Network transformation
- Transformation towards services
- 250 million dollars credit facility approval by FT

Integration creates best opportunity for the Group

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Terms of the proposal

Key Highlights

- Proposal to purchase all the assets and liabilities of Equant for €564m in cash for minorities (for 45.8%)
- Represents an implied share price of €4.20 per share *
- In addition, acceleration of all existing Equant option plans and cancellation of unexercised options for their option value

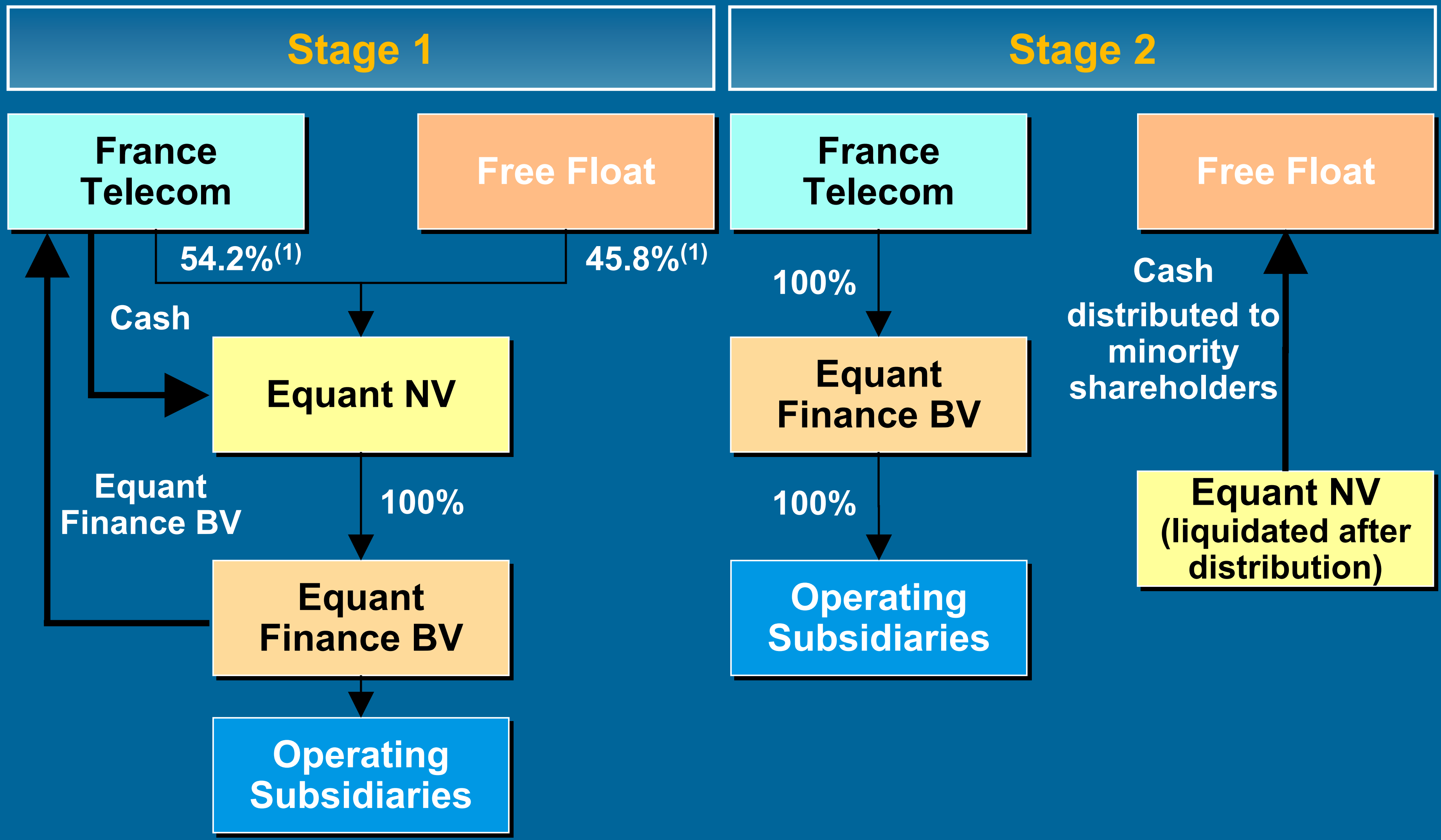
Premium to Average Share Price

	Share Price	Premium
Spot	€3.60	16.7%
1-Week	€3.55	18.3%
1-Month	€3.64	15.4%
3-Month	€3.70	13.5%

A fair proposal

* : subject to withholding taxes and any similar applicable taxes

Proposed Transaction Structure: Summary Description



(1) Assuming 282.8m ordinary shares and 10.0m preference shares outstanding.

Proposed Transaction Structure: Key Features

Structure

- Acquisition by France Telecom of all assets and liabilities of Equant for proposed total cash consideration of €564m for 45.8 % of Equant
- Distribution of sale proceeds to Equant shareholders, subject to any withholding or similar taxes
- Delisting and liquidation of Equant NV

Process

- Approval of transaction by Equant Management and Supervisory Boards (including unanimous approval by its independent directors)
- Shareholder's circular reviewed by SEC and made available to Equant shareholders
- EGM of Equant approving transaction by majority decision. France Telecom will participate in the vote

A structure and process designed to ensure optimised execution of the proposed transaction

Why a cash proposal?

Value
- More favourable impact on EPS and FCF yield than a stock deal

Scope
- Cash amount is consistent with France Telecom's use of cash policy for acquisitions and debt reduction objectives as reiterated to shareholders in June 2004

Speed
- Faster execution process by simplifying assessment and implementation of offer

Cash offer is more efficient and value enhancing for France Telecom's shareholders

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What are the benefits of integrating Equant ?

Integrated IP based Offers	➢ New IP based offers including Business Everywhere launched in Europe ➢ Single product development resource for all markets
Upstream towards network related IT Services	➢ A combined portfolio of offers and resources for ➢ Hosting ➢ Security ➢ CRM ➢ Broadband ➢ Leverage Equant know how to enhance VoIP and ToIP solutions
Customer Intimacy & Support	➢ Seamless Sales and customer service coordination ➢ Simplification of processes from ordering to billing (between France and other countries)

Accelerate and reinforce our presence in the Enterprise market, in addition to achieving cost synergies

Estimated financial Impact on France Telecom Group of the proposal

	Pro-forma transaction impacting 2005-06
Consolidated FCF Yield	Slightly accretive
Cash EPS	Slightly dilutive
Net Debt/ EBITDA	Marginal impact, TOP objectives maintained

No impact on France Telecom's cash return potential and unchanged financial targets

Expected timetable

Jan. 24	➢ Announcement ➢ Advisors appointed ➢ Legal and business due diligence start
TBD	➢ Fairness opinion issued by Equant's financial advisors ➢ Opinion issued by independent expert appointed by France Telecom on fairness of terms to Equant's minority shareholders ➢ Decision by Equant's Supervisory and Management Boards
End of February	➢ Availability of Equant US GAAP accounts ➢ Submission for SEC review
April	➢ Convocation of Equant's EGM
Mid May	➢ EGM approving transfer of Equant's assets and liabilities ➢ Closing and settlement ➢ Distribution of cash proceeds to Equant shareholders ➢ Beginning of liquidation process

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Conclusion : Key rationale for the transaction

Why?	➢ Key set of assets and skills to strengthen the Group's value proposition to enterprise customers
Why now?	➢ A reassessment triggered by changes in market fundamentals, customer expectations and by Equant's refinancing needs
How?	➢ An optimized transaction structure and a balanced proposal for both Equant's and France Telecom's shareholders

France Telecom will present a detailed review of its enterprise strategy and execution plan at a subsequent date

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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
- **Secured revenues ratio :** consumers revenues (subscriptions+bundle contracts) divided by consumers revenues (traffic including bundle contracts+subscription)
- **ADSL Revenues: :** Wanadoo ADSL Connectivity revenues + Consumer services revenues from "Ma Ligne ADSL" connectivity and from equipments (ADSL modems) sales and rental + Carriers services revenues from ADSL access bulk sales (options 3 "IPADSL" and 5 "ADSL Connect ATM") to third part ISP's.
- **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 which provides TV through ADSL without Internet access (the ADSL TV+IP packages being accounted for above).
- **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. Orange France (mainland) does not currently receive 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 markets, in particular the United Kingdom. As a consequence, French and UK ARPUs are not directly comparable.
- **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.
- **Wanadoo connectivity revenues** : subscription revenues and revenues received from telephone operators related to offers with no subscription.

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

- **Orange World subscribers :** active Orange customers subscribing to a multimedia contract and using GPRS enabled services
- **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 Orange UK and Orange France in the following ways:
- For Orange 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 Orange 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.
- **SACs and SRCs:** Subscriber Acquisition Costs (SACs) are calculated as the cost of handsets recorded in "Cost of Sales" plus the cost of commissions paid to distributors recorded in "Selling, general and administrative expenses" relating to new customer acquisitions. From this are deducted the equipment revenues received from handset sales for new customer acquisitions.Subscriber Retention Costs (SRCs) are calculated as the cost of handsets recorded in "Cost of Sales" plus the cost of commissions paid to distributors recorded in "Selling, general and administrative expenses" relating to handset upgrades of existing customers. From this are deducted the equipment revenues received from handset sales for upgrades of existing customers.

Glossary (3)

- **REAA:** Operating income before depreciation and amortization of tangible and intangible assets and before amortization of actuarial adjustments in the early retirement plan
- **Capex:** acquisitions of intangible and tangible assets, excluding GSM and UMTS licenses
- **Opex:** operating charges before depreciation and amortization of tangible and intangible assets and before amortization of actuarial adjustments in the early retirement plan
- **Labour Costs:** net of capitalized costs and include taxes on wages
- **Commercial expenses**: includes commissions, advertising and handsets
- **Operating working capital:** net stocks, operational receivables, prior to securitisation, operational payables (excl. fixed production)
- **DSO:** Days of Sales Outstanding
- **DPO:** Days of Payables Outstanding
- **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
- **Net Debt:** Debt minus cash and cash equivalent and marketable securities