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the share

in 2008

financial markets in 2008

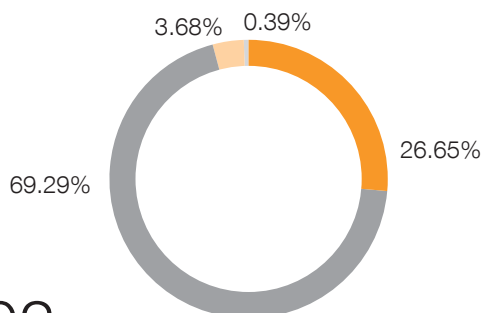
The world's stock markets were impacted in 2008 by the spread of the subprime crisis to all financial markets and subsequently to the real economy. The general downturn in world stock markets intensified during the last four months of the year and directly affected the CAC 40 in France, which ended the year down 42.7%. With a decline limited to 18.9%, the France Telecom share proved more resilient than the other companies in the index, recording the second best performance in the CAC 40. After generally tracking the CAC 40 and DJ Stoxx Telecom indices during the first six months of the year, the France Telecom share trended more favourably beginning in mid-year, mainly following the announcement of first-half results. Market sentiment evolved positively and in the context of sharp overall declines, the share retained a status as a defensive stock with a good yield. Telecommunications services have become commodities and are considered less cyclical than other industries.

The dividends paid for 2007 place France Telecom among the top CAC 40 stocks in terms of total yield in 2008 (change in share price plus dividend payment), with a decline of 11.2% versus an average drop of 40% for the CAC 40.

The DJ Stoxx Telecom index of European telecom stocks declined 37%. France Telecom also posted the second best performance among European operators for 2008.

shareholding structure

France Telecom's capital did not change significantly in 2008. A total of 642,325 new shares were issued (approximately 0.03% of share capital), including the exercise of stock subscription options. The sale of 14.4 million shares within the scope of a share offer reserved for personnel and former personnel of the France Telecom Group increased the ownership interest of employees from 2.93% to 3.68% while reducing the share of the French State from 27.34% to 26.65%.



distribution of capital at 31 December 2008

- French State + ERAP
- Public
- Employees
- Treasury shares

the share at a glance

Markets: Eurolist – Euronext; New York Stock Exchange.

ISIN code: FR0000133308.

Stock code: FTE.

Par value: 4 euros.

Included in the following indexes: CAC 40, Euronext 100, FTSEurofirst 100, FTSEurofirst 80, IT. CAC, S&P 100, FTSE4Good, ASPI Eurozone and Ethibel.

Eligible for Deferred Settlement Service and Investment Savings Accounts.

Number of shares in circulation at 31 December 2008: 2,614,991,236.

France Telecom share price (in euros)



Closing high and low in 2008:

Closing high: €25.87 – 9 January 2008

Closing low: €16.93 – 10 October 2008

dividends (euro per share)

The Board of Directors meeting of 3 March 2008 proposed distribution of a dividend of €1.40* per share for 2008. An interim dividend of €0.60 per share was paid on 11 September 2008. The balance of the dividend amount of €0.80 per share will be payable as of 30 June 2009. Shareholders may choose payment of half this amount in new shares.



* This decision is subject to approval by the Annual General Meeting of Shareholders on 26 May 2009.

being

a France Telecom shareholder

share ownership possibilities

France Telecom shares may be purchased by placing a buy order with a financial intermediary. There are three shareholding possibilities.

bearer shares

Shares are held by a financial intermediary in an investment or investment savings account. In this case France Telecom does not know the individual shareholders except through periodic surveys performed by Euroclear at the request of the company.

direct registered shares

France Telecom proposes a direct registered share service for shareholders who wish their registered shares to be recorded in the company's account. This account is maintained by BNP Paribas Securities Services on behalf of France Telecom. There are no custodian fees, transaction fees are discounted and shareholders enjoy access to a personalised service:

- an online share account enables shareholders to consult and manage their direct registered shares as well as to transmit buy or sell orders via Internet;

- direct information: documentation, including notices to attend shareholders' meetings, is sent directly to shareholders.

administered registered shares

Shares are held by a financial intermediary which applies its own fees. At the request of the shareholder, this intermediary contacts BNP Paribas Securities Services to enable the shareholder to automatically receive personal notices of France Telecom shareholders' meetings.

Regardless of the form in which shares are held, shareholders enjoy the same rights attached to shares, notably the right to dividend payments, the right to information and the right to vote at shareholders' meetings.

shareholders' meeting

a forum for dialogue and discussion

The Annual Shareholders' Meeting provides an opportunity for company executives to review business performance, financial results and the outlook for the company and discuss this information with shareholders. These meetings also enable shareholders to exercise their right to information and to vote on resolutions submitted to the Meeting.

2009 financial agenda

- 29 april: Financial information at 31 March 2009
- 26 May: Annual General Meeting of Shareholders
- 30 July: Results at 30 June 2009
- 29 October: Financial information at 30 September 2009

France Telecom hosts meetings with shareholders throughout the year in Paris and other French cities. Visit www.orange.com or call 10 10 for the schedule of upcoming events.

shareholder meetings

The Annual General Meeting of Shareholders votes on approval of the company's financial statements and allocation of earnings, as well as the nomination of board members and any decisions that do not change the share capital or bylaws of the company. A quorum representing at minimum 20% of the voting rights must be present to hold the Meeting (first notice of Meeting).

Extraordinary General Meetings of Shareholders are held to vote on changes in the company bylaws and on authorisations given to the Board of Directors to change the number of shares comprising the share capital of the company. The quorum for the first notice of Meeting is 25%.

The combined Ordinary and Extraordinary General Meeting of Shareholders votes on resolutions submitted to both the Annual General Meeting and to resolutions submitted to an Extraordinary General Meeting.

how to attend

All France Telecom shareholders are entitled to attend meetings, regardless of the number of shares they hold, on condition that the shares have been recorded in their accounts for at least three trading days prior to the date of the meeting. Each direct registered share represents one vote.

For admittance shareholders must request an entry card from France Telecom's direct registered share service by calling (from France) 10 10 (0 800 05 10 10) toll-free from a France Telecom fixed line, or +33 1 60 95 87 24 (from outside France, Monday through Friday, 9 am to 7 pm). Owners of bearer shares must contact the financial intermediary that manages their share account.

multimedia resources encourage extensive participation

Since all shareholders cannot physically attend meetings, France Telecom deploys resources to ensure that the largest possible number of them are able to exercise their voting rights and receive information on their company:

- in addition to written proxy forms, France Telecom introduced Internet voting for shareholders several years ago;
- the meeting proceedings are transmitted live and are available from archives via the Group's different media channels: in the finance section on www.orange.com, on Orange TV and on mobile phones via orange.mobi.

relations

with all shareholders

individual shareholders

France Telecom pursues ongoing efforts to guarantee fruitful dialogue and relevant information for its individual shareholders. It has one of the largest individual shareholder bases of any French company – over one million – underlining a solid relationship anchored in long-term confidence. Innovative communications resources help deepen shareholder relations and provide a conduit for clear, educational information on the company:

- the CABAI Committee for Individual Shareholder Analysis and Benchmarking comprises 13 individual shareholders. The committee is tasked with identifying innovative resources for improving shareholder communication;
- idClub is a service that provides SMS or e-mail alerts on financial news about the company, as well as exclusive events reserved to members of the “Club France Télécom” shareholders club;
- the shareholders’ Webzine features information enriched with video content;
- inter@ction is a consultative group of shareholders with an exclusive blog.

In addition to these other resources, the shareholders newsletter is published twice yearly with in-depth information on the company and its strategy.

France Telecom executives regularly attend meetings of shareholders in Paris and other French cities. In 2008, meetings were held in Paris, Lille, Lyon, Toulouse and Strasbourg. These meetings provide an opportunity for detailed presentations of financial results and a closer look at business development priorities. At the “Actionaria” personal investing trade event in November shareholders were invited to a presentation of strategy and new developments, with the spotlight on a new business with promising potential, e-health.

The “Club France Télécom” for individual shareholders continues to bring members priority access to sport, cultural and entrainment events partnered by the Group, as well as discounts on products at Orange stores and from the Club Boutique.

Club membership is open to France Telecom customers who own at least 5 bearer shares or 1 directly registered share. For more information please call 10 10 (from France; for complete contact information see “Contacts”).

contacts

- On the Web: www.orange.com/finance
- Individual shareholders:
Telephone: call 10 10 (or 0 800 05 10 10) toll-free from France, or +33 1 60 95 87 24 from outside France (help desk available 9 am to 7 pm French time, Monday through Friday).
By e-mail: conseiller.actionnaire@orange-ftgroup.com
- Investors and analysts:
E-mail: investor.relations@orange-ftgroup.com

institutional investors

France Telecom maintains permanent relations with the financial community, providing comprehensive information on the company and its strategy. Dialogue, transparency and availability underpin these relations.

The Group organises quarterly conferences to review details of results and answer questions. Continuous information is also provided for investors through press releases targeting the financial community. Throughout the year senior executives meet with shareholders, investors and analysts during roadshows that visit key financial centres (including Paris, London and New York), as well as major investment conferences organised by banks (including London, Barcelona and New York). The Group regularly hosts "Investor Days" to provide an update on strategy and key development initiatives. Product and service innovations are featured three times a year at seasonal shows that spotlight new "collections". In 2008, the Group met with nearly 1,600 investors, a third more than the previous year, at 420 private meetings during roadshows.

Group executives visited 34 cities in the world (nine more than in 2007) and a total of 59 days were dedicated to investor meetings, 11 days more than in 2007.

employee shareholders

Employees owned 3.68% of France Telecom's share capital at 31 December 2008, up from 2.93% at the end of 2007.

For the second consecutive year the Group was awarded the Grand Prize for Employee Share Ownership by the French Federation of Employee Shareholders (FAS). It also received an award in 2008 for its employee shareholder scheme.

France Telecom is committed to ensuring that employees benefit from the full possibilities offered by French legislation governing employee share ownership. This year employees were able to opt for dividend payment in cash for shares held in the France Telecom Actions corporate savings plan.

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