french operations

Louis Pierre Wenes
Senior Executive VP, Group Transformation & French Operations

Jean Noel Tronc
CEO Orange France

Vincent Lobry
Senior President Marketing Consumer Market

CM CIC Securities- 10 May 2007

France Telecom 1Q07 key financial results:
on track with FT Group 2007 guidance

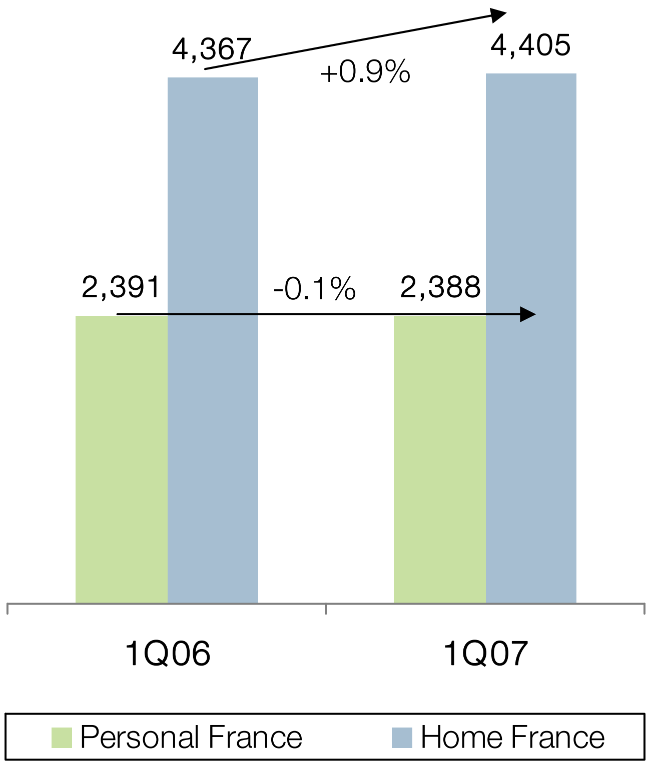
(in million of euros)	1Q06 CB*	1Q07 actual	△06/07	key points
Revenues	12,617	12,844	+1.8%	▪ sustained growth in mobile (+4.3%) ▪ very good performance of Home France activities (+0.9%)
GOM	4,566	4,657	+2.0%	▪ positive margin evolution mainly driven by France, emerging countries and Personal UK
in % of rev	*36.2%*	*36.3%*	*+0.1 pt*	
CAPEX	1,387	1,232	-11.2%	▪ low level of capex due to seasonality and different phasing vs 2006
in % of rev	*11.0%*	*9.6%*	*-1.4 pt*	
GOM-CAPEX	3,179	3,426	+7.8%	

* comparable basis, i.e adjusted from forex impact and perimeter impact

operations France: key performance indicators

revenue growth 1Q07 vs 1Q06

(in million of euros)



revenue growth in 1Q07 vs. 1Q06:

- stabilization of Personal : -0.1%; + 3% excl. CTR impact
- solid growth of Home revenues (+0.9%). Third consecutive quarter with internet revenues more than compensating PSTN decline

good commercial activity focus on :

- mobile contract
- wholesale for Broadband and transport & datas
- appropriate management of voice PSTN slowdown
- 47.6% broadband conquest market share

quality of services improvement

- QoS is and will remain addressed as a key factor of success

personal France: environment and achievements

environment

- number portability phase 2 due by May 21st, 2007
- continuing growth of MVNO's market penetration
- ARCEP has just completed its 05-07 plan on CTR and preparing decisions for 08-10
- potential fourth 3G license allocation mobile

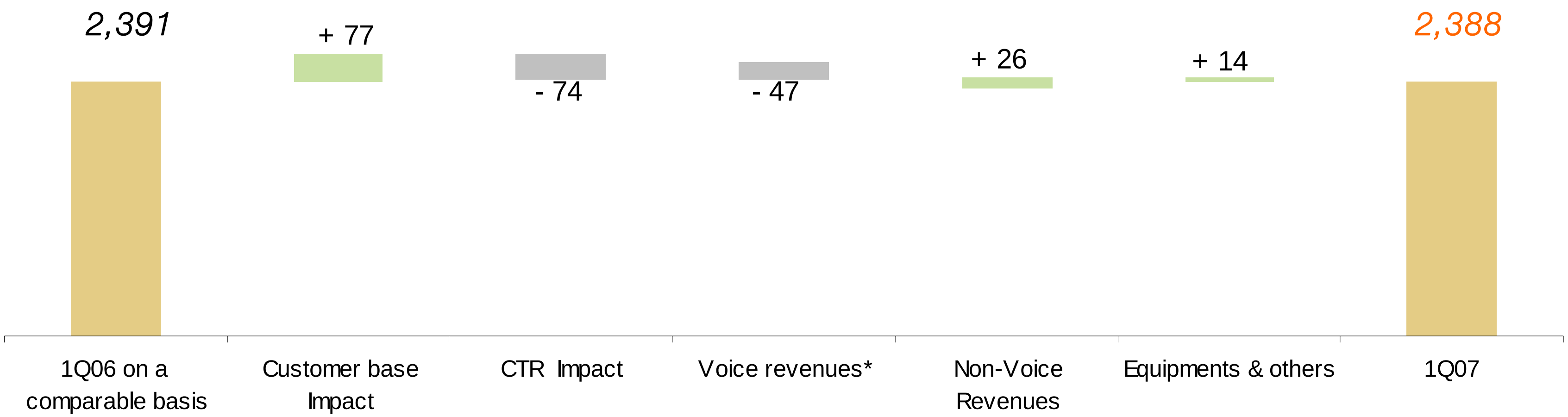
main achievements

- stabilization of market share (incl. MVNO) at 46.5% in a competitive environment
- increase of contract mix: from 62.1% in 1Q06 to 63.9% in 1Q07
- contract churn rate down from 12.0% in 1Q06 to 11.7% in 1Q07
- ongoing success of MVNO strategy: above 1 million customers by end of March 07 (+160 k customers versus 4Q06)
- offensive commercial offers and new loyalty programs since the end of February 07
- non voice revenue: 17.4% of network revenue in 1Q07 vs 15.4% in 4Q06, with non messaging services representing more than 50% of data revenues in 1Q07
- ongoing increase of mobile Broadband base with 4.4 million customers (x2,9 vs 1Q06), +22% vs 4Q06

personal France 1Q07: customer base growth compensates CTR impact on revenues

1Q07 revenue: EUR2,388m/-0.1% on an actual and comparable basis

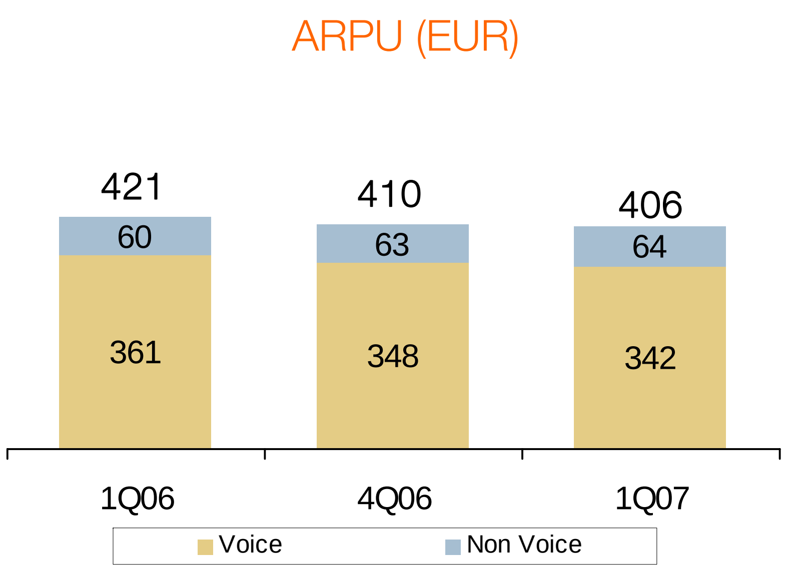
(in million of euros)

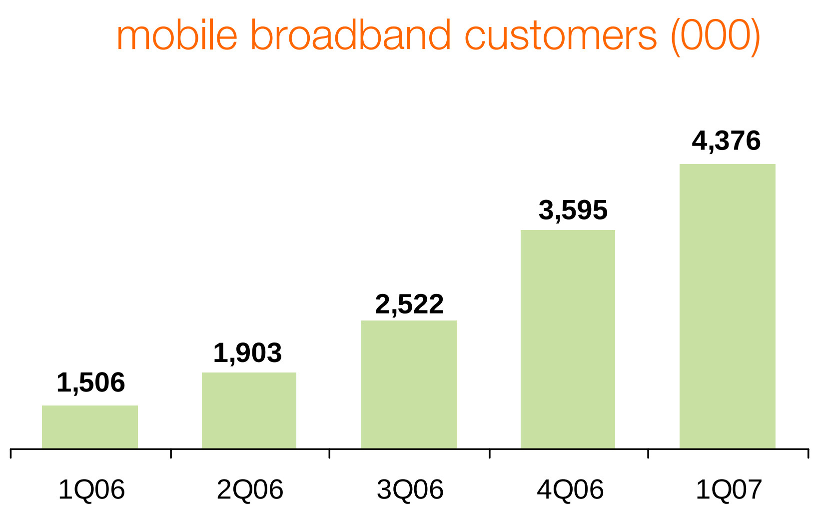


- revenues stabilised : -0.1% in 1Q07 yoy due to CTR impact (+3% excl. CTR impact)
- 23.2 m customers (excl. MVNOs), +3.4% yoy
  - contract mix reinforced to 63.9% with 129k net contract additions in 1Q07 (versus 86k in 1Q06)
  - confirmation of improving contract churn at 11.7% in 1Q07 vs. 12.2% in 4Q06
- Orange leadership on MVNO with 1 million MVNO's customers (+160k vs 4Q06)

* excluding CTR

personal France: growth dynamics





- ARPU decreased by -1% vs. 4Q06 and by -0.2% excluding CTR impact
- ARPU decreased by -3.5% vs. 1Q06. This trend confirms the annual rolling yoy 2006 ARPU decrease by -3.3% for Orange France vs. 2005. To remind, SFR annual decrease was -6.2% and -6.7% for ByT

personal France : next steps

market challenges

- development of abundance offers and MVNO partnerships
- 10 days number portability starting May 21st

priorities and action plan

- reduce churn and face mobile number portability phase 2 by developing more agile and pro-active loyalty programs
- use the mobile broadband customer base growth to develop non-voice revenue
- take advantage of FT convergence offers in retail and enterprise market : unik, business everywhere, fix & mobile SME bundles...
- keep taking advantage of the wholesale market growth
- strenghten Orange's leadership on Quality of Service
- pursue MVNO and licences partner strategy

home France: environment and achievements

environment

- strong take up of naked ADSL offers
- stable or increasing access prices, with line rental increase of EUR0.84 by July 2007 (VAT excl.)
- deregulation of retail fixed telephony market initiated by ARCEP
- FTTH: authorities position in favor of investment

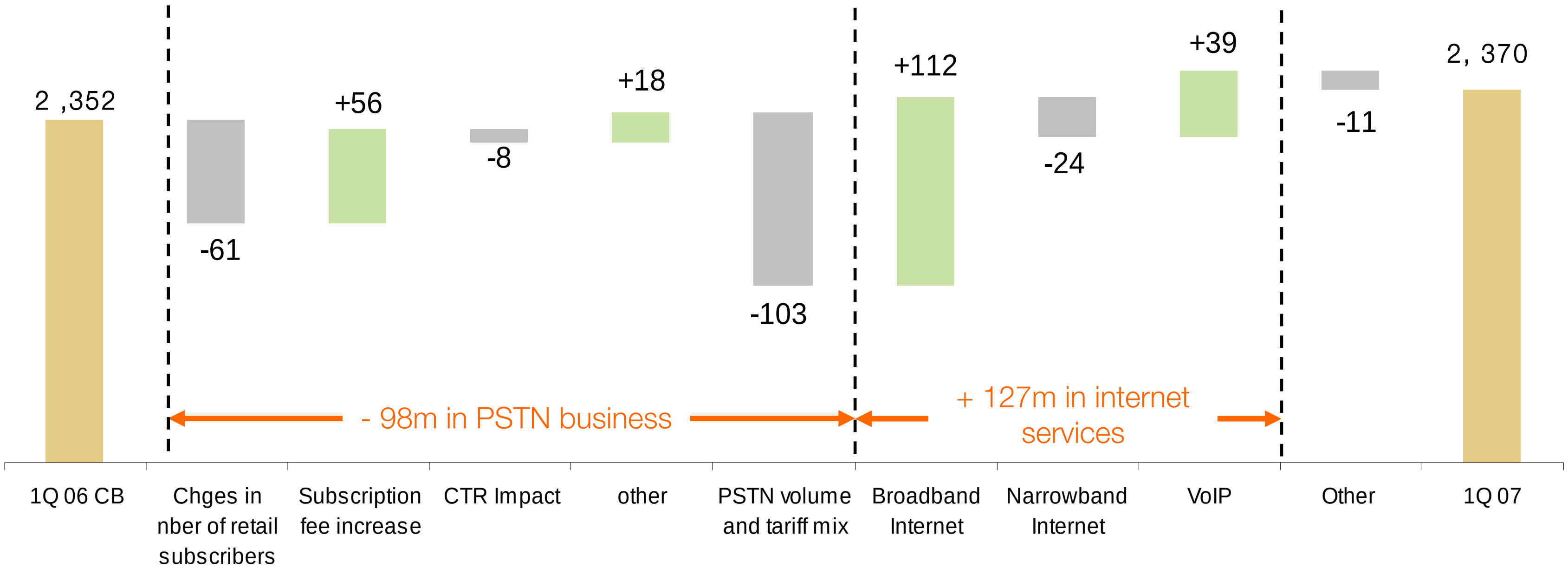
achievements

- for the third consecutive quarter, internet services revenues more than compensated the PSTN decline
- ADSL net adds market share increased from 45.1% in 4Q06 to 47.6% in 1Q07
- strong contribution of Orange multiplay offers in quarter net adds: +479k Livebox and +168k IP TV
- national launch of Orange Naked ADSL offer
- new fiber offer launched in 6 towns in the first semester 2007

home France 1Q07: broadband internet growth more than compensated the PSTN decline

consumer services 1Q07 revenues:
EUR2,370m / +0.5% actual / +0.8% on a comparable basis

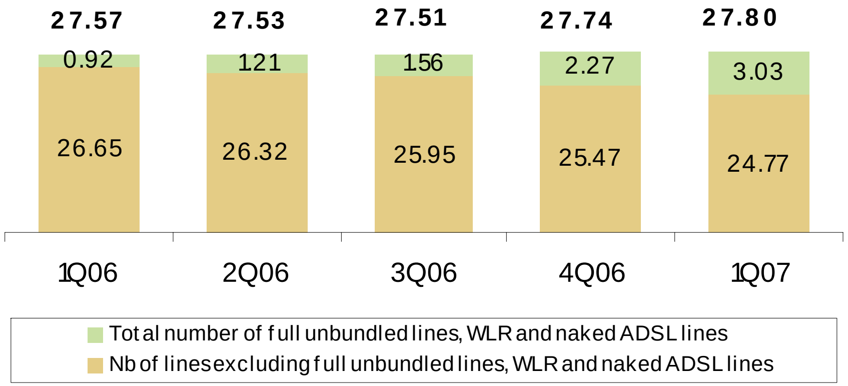
(in million of euros)



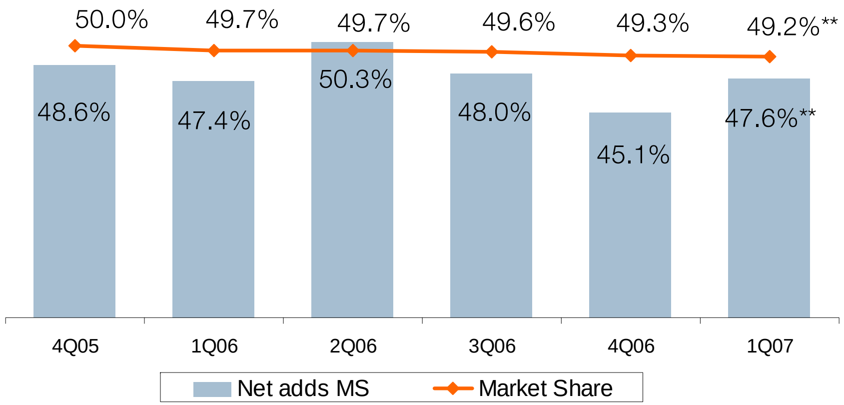
- consumer services ARPU: up by 5.5% yoy at EUR28.6
  - on line and Internet services ARPU (+33.3%)
  - calling services ARPU (-9.8%)
  - subscription fees ARPU (+4.7%)

home France 1Q07:
Orange broadband leadership confirmed …

total number of fixed lines (in million)



ADSL market share *(%)

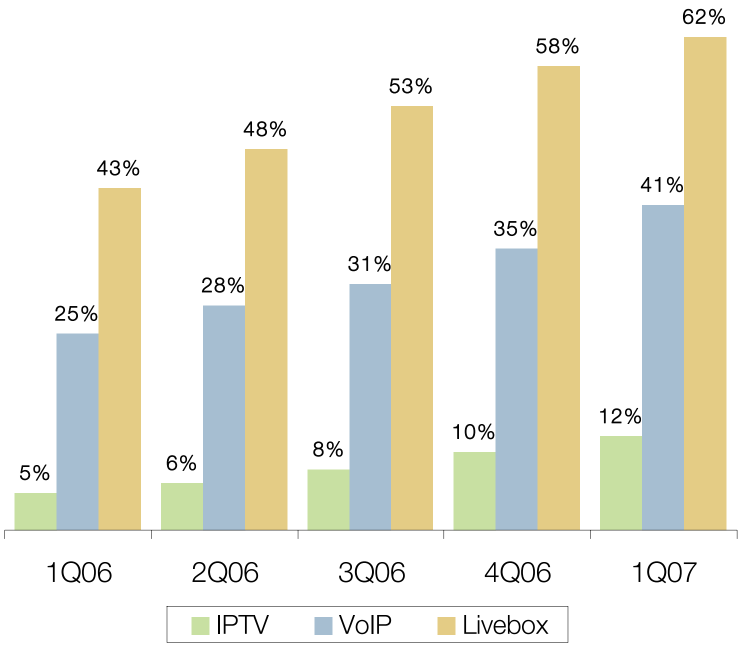


- FT wholesale lines at the end of 1Q07:
  - 2,504K ULL lines
  - 442k naked ADSL lines
  - 80k WLR
- both consumer services and domestic wholesale revenues grew respectively by +0.8% and +8.7%
- naked ADSL offer available at national level since 1st of March 07

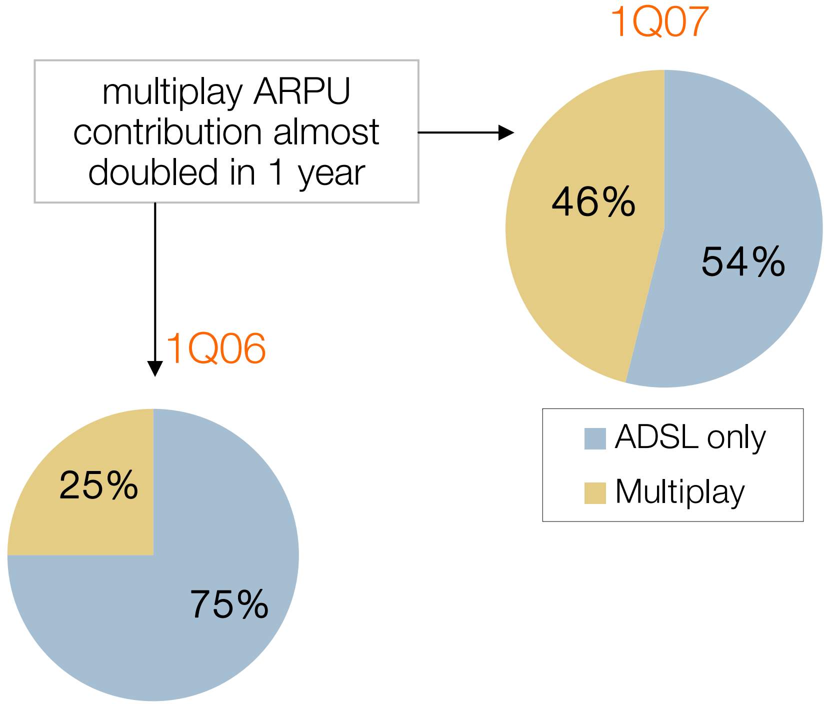
* based on ARCEP methodology; ** FTE estimates

…placing convergent and multiplay offers at the heart of our strategy

Livebox, VoIP
and IPTV customers over our DSL base



multiplay* as % of total ADSL ARPU



- increased penetration of dual and triple play services and takeoff of IP TV

* including internet DSL connectivity of multiplay customers, VoIP, IPTV, Livebox rental

home France : next steps

market challenges:

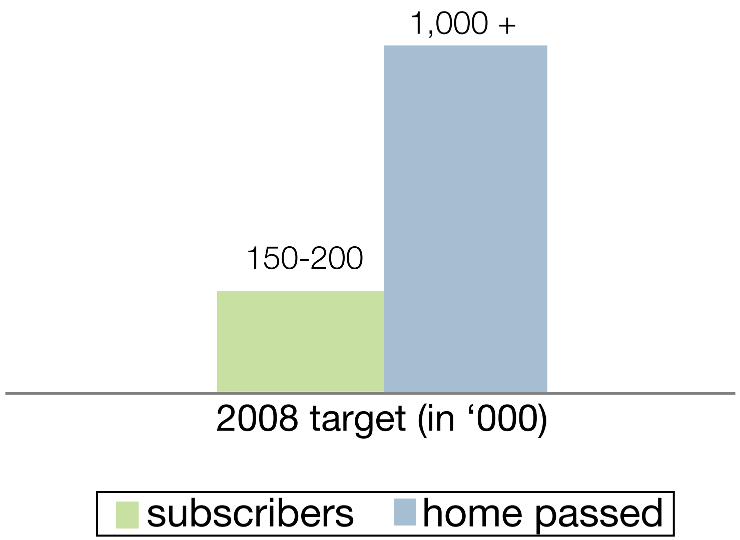
- development of and consolidation of ADSL competitors
- wholesale impact of sector consolidation

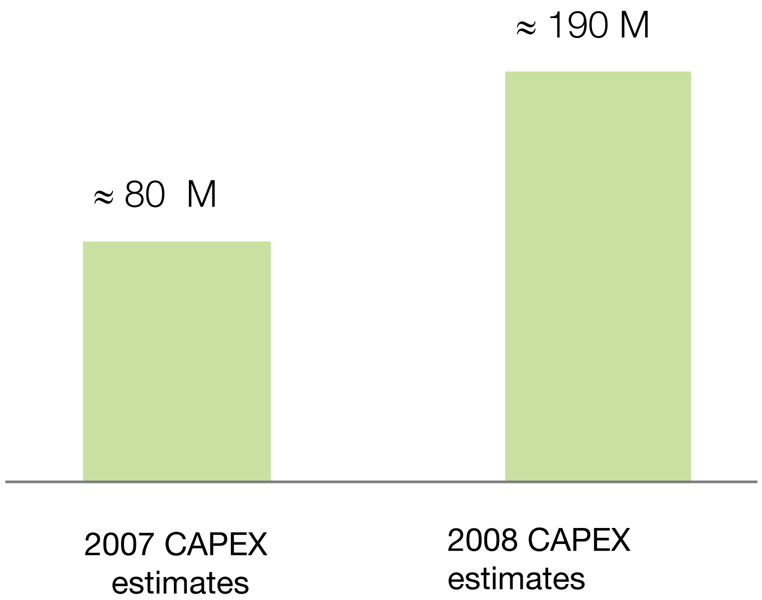
priorities and action plan

- maintain our net ADSL market share around 49% :
  - thanks to IP TV leadership
  - leverage on naked ADSL offers to enlarge broadband penetration
  - develop newbies ADSL customers
  - keep control churn rate via QoS, customer experience and launch of new loyalty program
- secure access revenues thanks to “all included” offers and with multiplay propositions and Livebox penetration
- leverage convergence with innovative offers

update on FTTH: entering pre-deployment phase (2007-08)

- after a successful pilot completion (phase 1):
  - 14 000 homes passed
  - 900 agreements with managing agents for collective buildings ("syndics")
- we are launching from March 07 the pre deployment phase (phase 2) with a pragmatic, focused tactical roll out



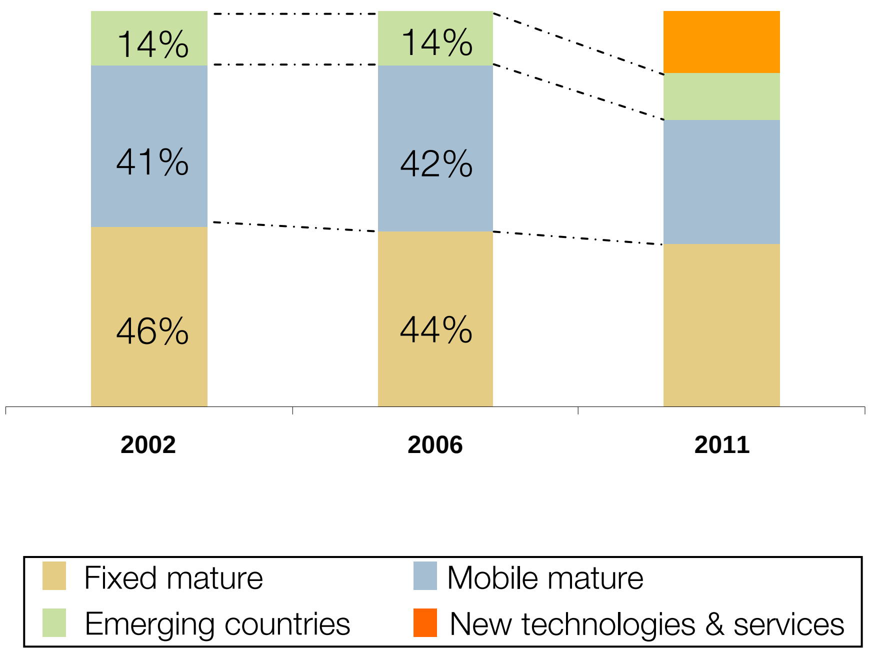


- mass market roll out (phase 3) expected to start from 2009, when regulatory environment will be clarified

capex decrease in mature fixed & mobile markets allows to fuel new growth areas

- capex intensity in emerging countries will reduce as markets mature
- lower requirements for 3G coverage plus network sharing will reduce capex in mature mobile markets
- capex to sales ratio should remain in average around 13% of revenue over 2007-2012

evolution of capex split (base 100)



- as soon as 2009, around EUR1.0 billion each year will be reallocated from current activities to new growth areas (e.g. FTTH)

Orange has strong assets to face the coming challenges

our priorities:

- confirm our market leadership :
  - commercial offer
  - innovation
  - quality of service
- FTTH deployment
- cost & capex optimisation
- convergent services to deliver new revenues and improve retention : example of Unik