



July 27th, 2005

Creating Spain's N°2 Telco "A new Orange country for FT's integrated model"

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Amena acquisition



Why

- One of the best third mobile operators in Europe
- Strong broadband position to leverage
- Perfect alignment with NExT's integrated operator strategy

Why now

- Clear case for NExT's footprint and FT's use of cash from the start
- Should avoid later bidding war for European consolidation
- Strategic analysis completed

How

- Merger with FT Spain
- EUR 6.4bn total consideration paid for 80% of the equity
- Assets value/GOM multiple between 7.8 and 8.0x prior to synergies
- Fully consistent with NExT acquisition criteria
- After the merger(*), FT final ownership will be between 75% and 80% in FT Spain

→ Amena fulfills FT's European strategy to boost NExT and creates the leading challenger in Spain

(*) the merger will be preceded by a releveraging of FT Spain and a relation of the minorities

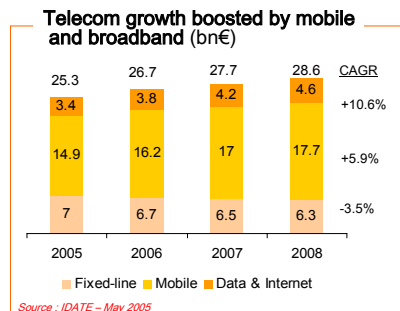
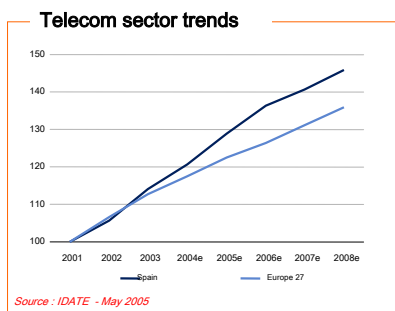
Why Amena : Spain is an attractive market



Spanish market
5th European market,
Above average growth



- Above-average economic growth for Spain
- Overall mobile market growth almost 6% CAGR for 2005-2008
- Remaining penetration potential for mobile (>5 pp (e))



→ Attractive fundamentals for the Spanish market

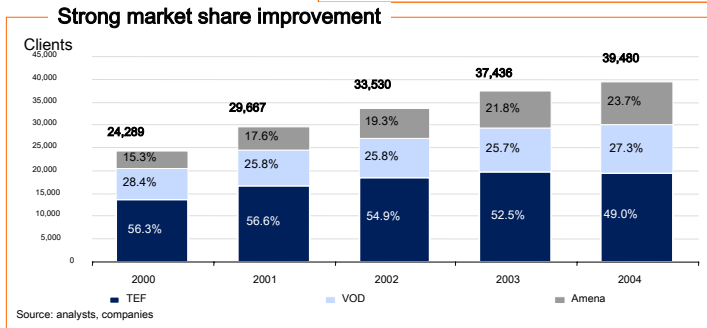
Why Amena : One of the best third mobile operators in Europe



Amena
A very strong third player



- 9.7m clients as of end of June 05
- 24% market share, the best in Europe 5 years after launch
- Attractive and improving client mix (47,4% post paid in 2004, 50.2% expected in 2005)
- Attractive and stable ARPU (over EUR27 in 2004 and 2005e)
- Over 30% Gross Operating Margin rate



→ A strong mobile asset

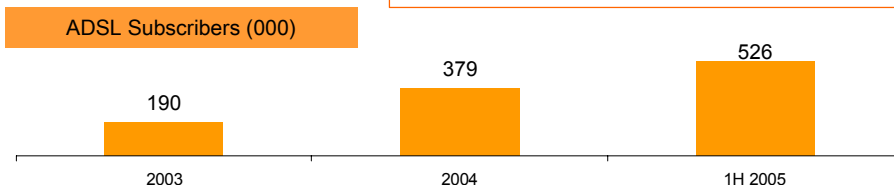
Why Amena : A strong broadband fixed position to leverage with Wanadoo



A market well known by FT
More than 7 years on the Spanish market



- 2m voice and internet clients
- 526k ADSL lines, 16% of ADSL market, over 26% share of net adds in the last 9 months. 50% ULL coverage.
- 73% of ADSL clients are dual play
- 14% revenue growth
- Positive and growing Gross Operating Margin
- Management expertise in the Spanish market and strong track record in innovation



→ Number 2 ADSL player in Spain

Why Amena : a perfect fit with NExT's integrated strategy in Europe



A win-win situation
in Spain
Cross selling and
efficiencies



- Amena to benefit from FT expertise for business clients
- Amena to benefit from FT knowhow in contents and portal
- Amena to benefit from FT sourcing programs
- Wanadoo Spain and Amena to benefit from cross selling, distribution and network synergies

Leveraging the FT
model
*A fourth major
country in Europe
where FT-Orange are
integrated*



- Further economies of scale
- Positive roaming impact
- Spain to become a new launch pad for convergent offers
- FT to leverage group innovation on a wider footprint
- A stronger brand for a new integrated player in Spain

→ To build the leading challenger in Spain

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Why now



Strategic analysis
leading to NExT
completed.
*One of the very
few real opportunities*



- Other options in Spain unattractive
- Best option identified in Western Europe
- Amena stand-alone for sale now

To preempt later
bidding wars



- A preemptive move ahead of potential sector consolidation between 2006-2008.

A clear case from
the start .
*From the beginning
Next's footprint is
compelling*



- Amena's acquisition allows NExT to start without any question mark for additional expansion in Western Europe
- No more fixed broadband-only country in the portfolio
- Higher visibility from the start of FT resource allocation and expansion areas

→ Starting 2006 with a strong asset portfolio

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How : a fair value for a key asset



EUR 6.4bn
total consideration
paid for
80% stake
in Amena



- 100% Amena equity valued at EUR8.0bn
- Around EUR2.6bn debt and minority interests in Amena pre acquisition
- Total EV : EUR10.6bn corresponding to assets valued at around EUR8.9bn plus more than EUR1.7bn of tax assets.
- Amena assets value / GOM 2005 multiple between 7.8 and 8.0x before synergies
- Circa EUR 1.1bn NPV identified synergies
- Deal is FCF per share and EPS* accretive after 12 months

→ A strategic deal creating value and executed at a fair value

* Before goodwill allocation

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How : Identified synergies



2008 FCF impact

Handsets &
procurement



- Over EUR 10m in annual savings for handsets

IT & Network



- Circa EUR 40m in annual savings

Operating
improvements



- Circa EUR 35m annual gain for data ARPU and churn reduction
- EUR 12m annual gain for corporate segment development

→ Circa EUR1.1bn NPV in identified synergies,
Circa EUR 130m FCF positive impact in 08

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How : financing & minorities



Debt & equity
financing
The right balance



- EUR 6.4bn paid in cash of which EUR3bn refinanced through capital increase.
 - Capital increase reserved for and subscribed to by vendors
 - Sale restrictions until march 07 with guaranteed price during this period*
 - Public offering of shares to be preferably subscribed by FT shareholders also envisaged
- Spanish partners supporting our project and future value creation for the next three years

→ A strategic deal consistent with financial and operational targets

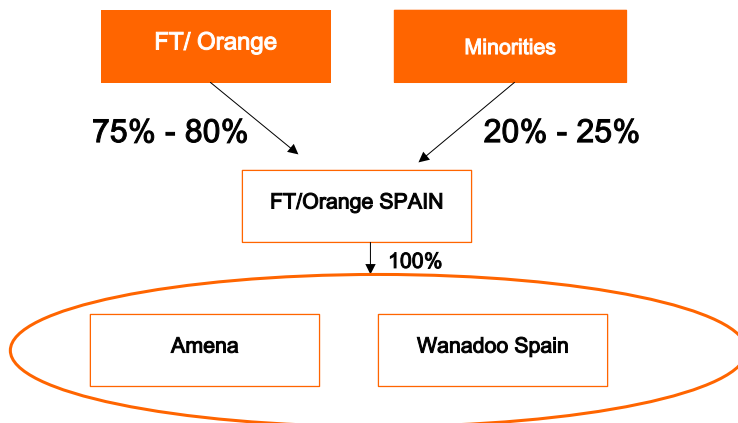
* FT has the option to repurchase these shares, subject to AMF approval

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How : a clear N°2 in Spain (1)



After merger between Amena & FT Spain



→ Merger between Wanadoo Spain and Amena to create a strong contender

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How : A clear N°2 in Spain

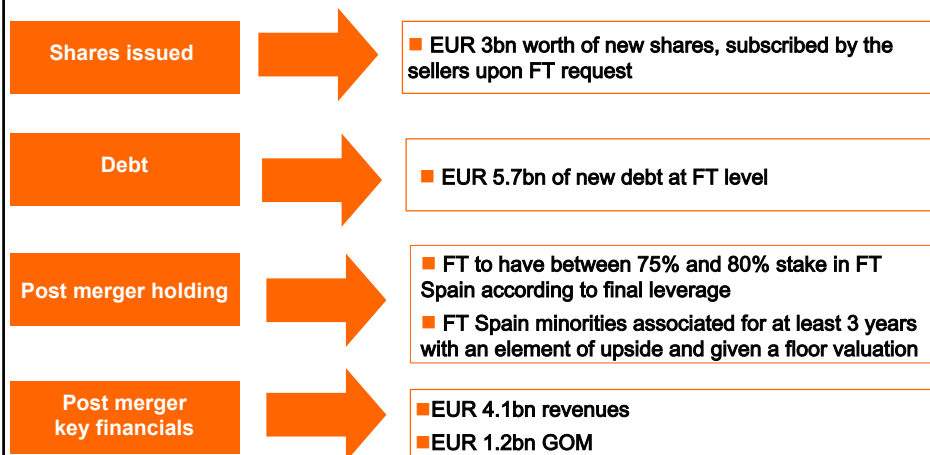


	FT Spain 2005 (e) Pro forma	FT Spain 05-08(e) CAGR / targets
Subscribers	> 11.8m	> 14m
Revenues	EUR 4.1bn	+7 to +8 %
GOM	Circa EUR 1.2bn	+11 to +15 %
Capex	Circa EUR 750m	Decreasing

→ FT Spain represents around 17% of the Spanish telecom sector

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Which structure : Financial impact for FT



→ A manageable and balanced situation

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Fully consistent with FT acquisition criteria



From June 29th

External growth

- Consistent with NExT's strategy
- Enhance growth profile
- FCF per share is the main criteria
- Consistent with debt targets
- No negative impact on dividend policy

Building a strong integrated operator in western Europe



Amena's growth above FT's



Positive FCF per share impact after 12 months



End-of-2005 and 2008 targets confirmed



No change in dividend policy



→ A part of NExT's use of cash for growth

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Conclusion



- Opens a fourth major European country with almost 10m additional clients
- Fulfills FT's European footprint ambition for NExT
- Supports our integrated model and brand
- Boosts growth rate for FT
- Enhances FCF per share and EPS* after 12 months
- Confirms net debt targets
- Confirms dividend policy

→ A clearer picture from the start for NExT

* Before goodwill allocation

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