

France Telecom

SRI

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Executive Vice President,
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June 2010



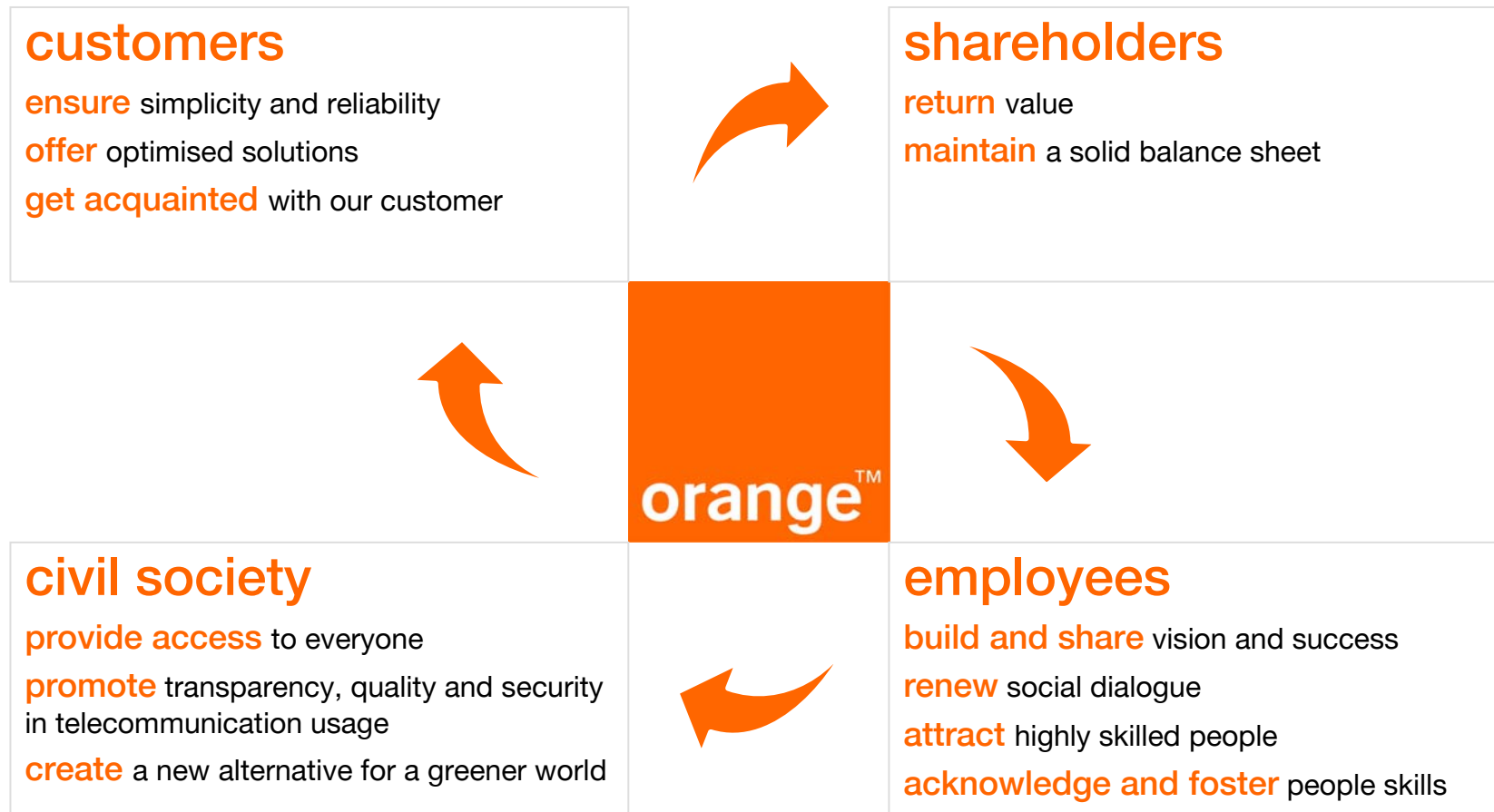
cautionary statement

This presentation contains forward-looking statements about France Telecom's business. 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.

CSR at the heart of Orange strategy

create value for all stakeholders



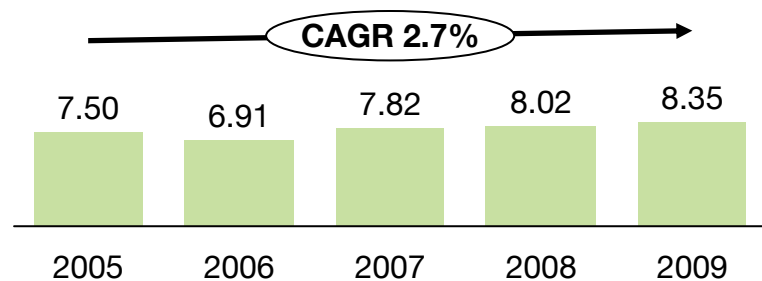
CSR at the heart of Orange strategy

create value for shareholders

generating a sustained high level of cash flow

organic cash flow*

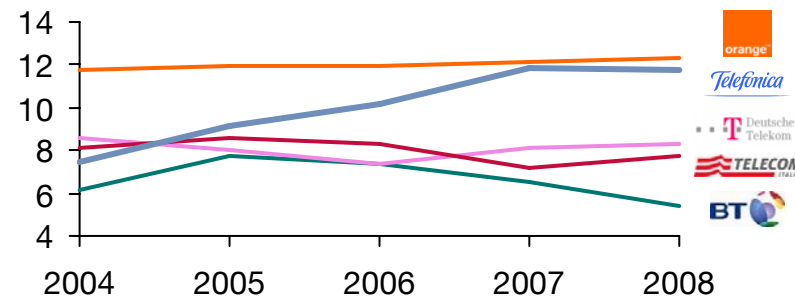
in € billions



* without PagesJaunes, with Amena and UK

maintaining one of the highest sector returns

return on invested capital* (%)

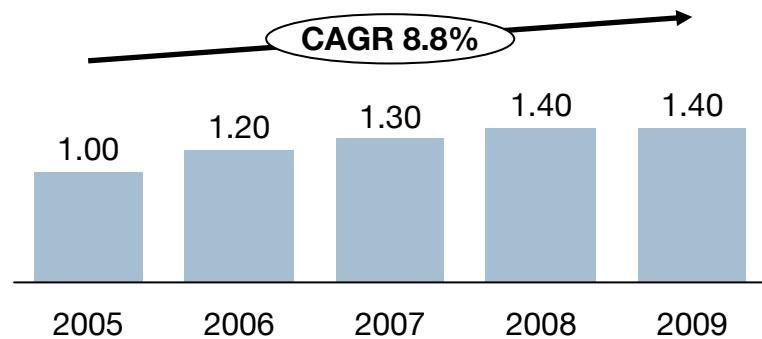


* ROI is HOLT CFROI expressed in nominal terms ;
source : Credit Suisse ValueSearch™, February 2010

increasing shareholder remuneration

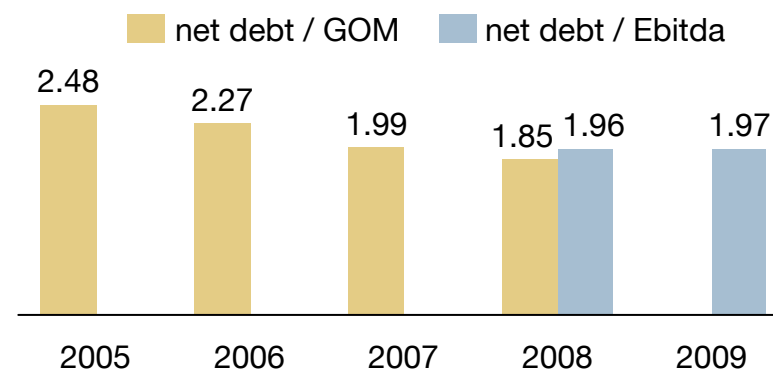
dividend

in € / share



preserving a strong balance sheet

net debt/Ebitda ratio



creating social links for everyone's benefits

CSR at the heart of Orange strategy

1. recognizing and supporting all employees

2. providing everyone with easy access to the benefits of the digital world

3. ensuring trust, quality and safety for customers

4. designing new alternatives for a greener world

creating social links for everyone's benefits

CSR at the heart of Orange strategy

1. recognizing and supporting all employees

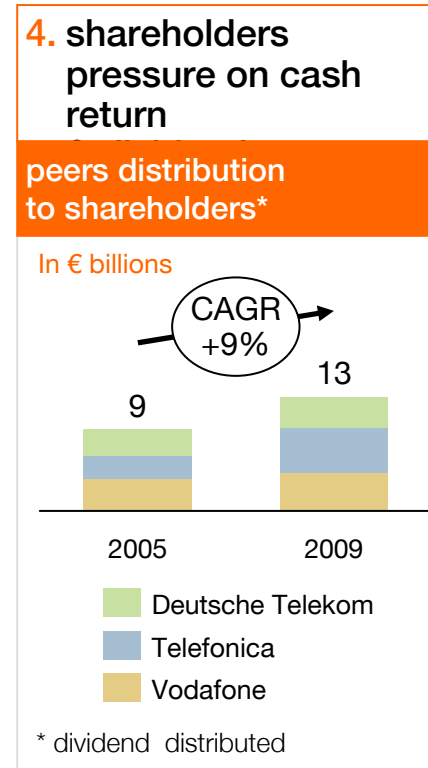
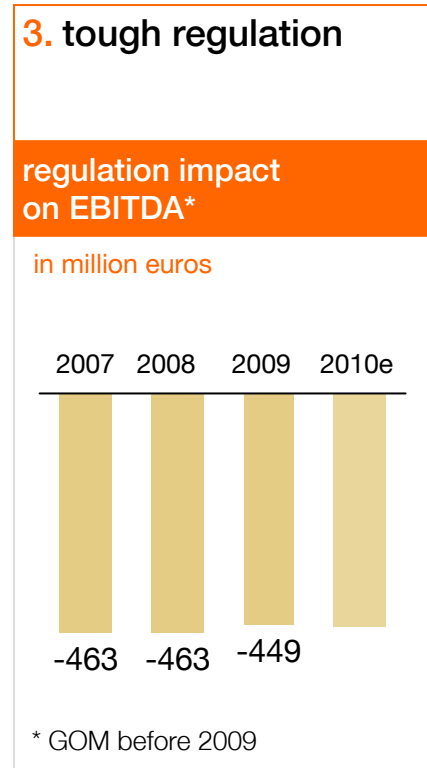
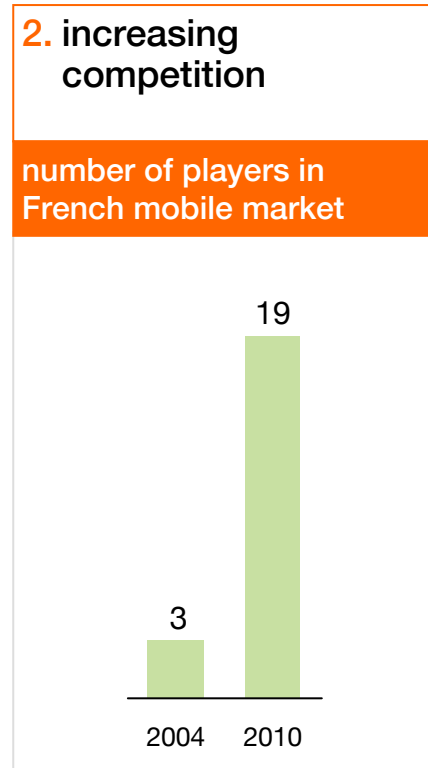
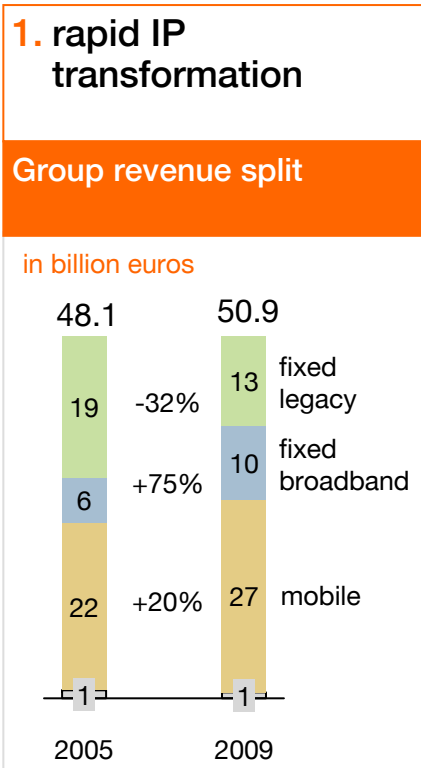
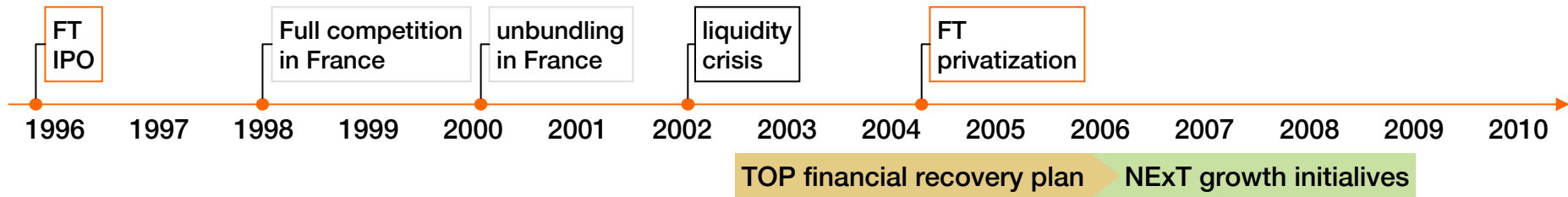
2. providing everyone with easy access to the benefits of the digital world

3. ensuring trust, quality and safety for customers

4. designing new alternatives for a greener world

1. recognizing and supporting all employees

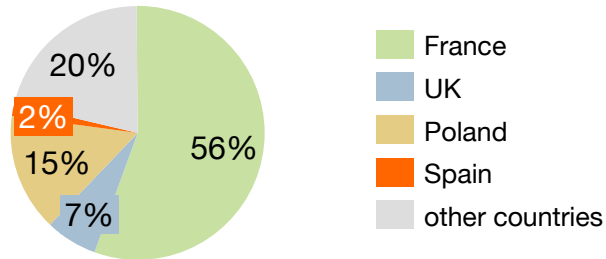
4 major factors have led to France Telecom's transformation for the last 15 years



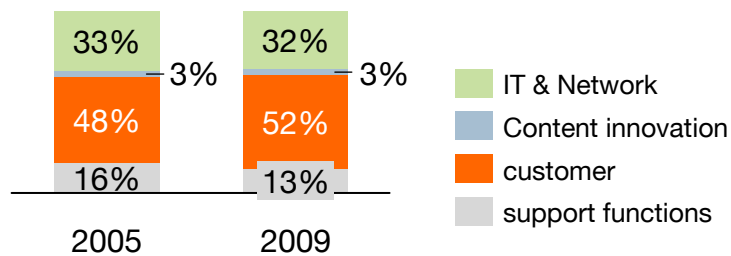
1. recognizing and supporting all employees

deep transformation of France Telecom leads to needs for competency changes

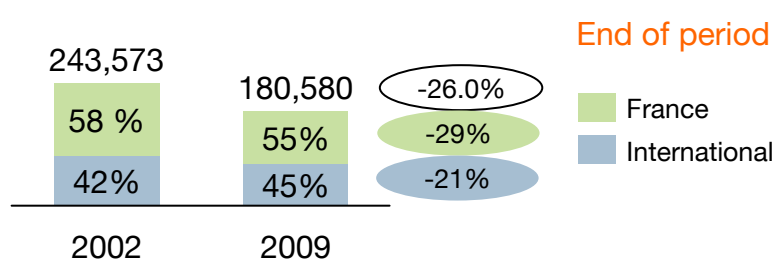
Group employees by geography - 2009



Group employees by activities – 2005-2009



Group employee evolution



insight

- as an incumbent, France Telecom has managed to monitor headcount evolution through restructuring



France

over 06-08 > 22,000 departures - 5,100 recruitments



Poland

impact of the 3 year social agreement: 5 000 net decrease over the period 06-08. New plan in place for 09-11

AMEA

Voluntary departures plan in Kenya (-900) and Jordan (-300)

- as a new operator or altnet, France Telecom has in some countries relied on outsourcing



UK

focus on customer relations- fixed network outsourced (-450) new synergies found with the creation of the JV



Spain

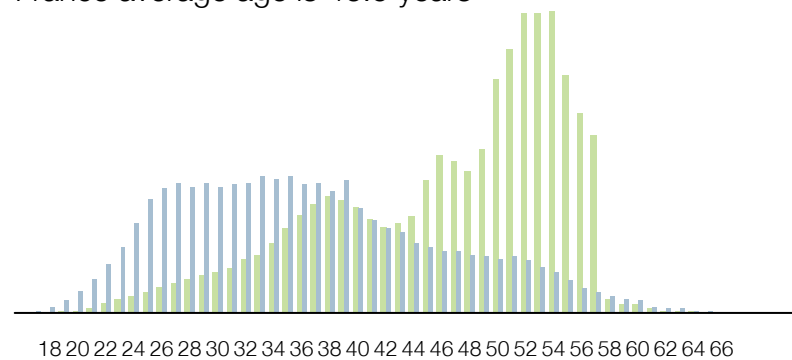
creating a direct distribution channel network sharing with Vodafone

1. recognizing and supporting all employees

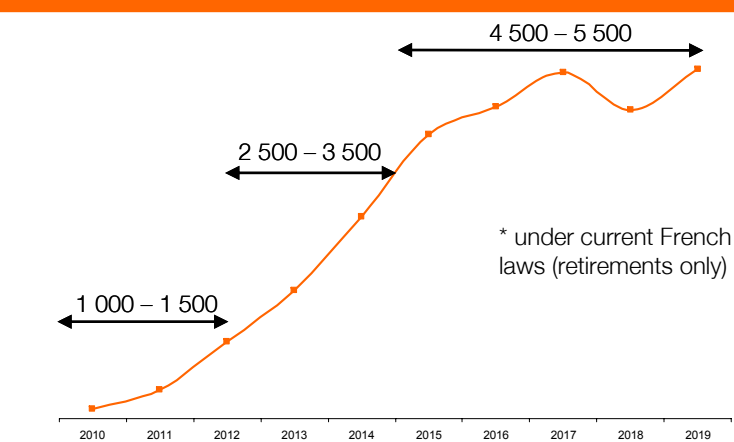
contrasted pyramid ageing between France and rest of the Group

Group pyramid ageing – dec 2009

Group average age is 42.1 years
France average age is 46.5 years



France – natural attrition*

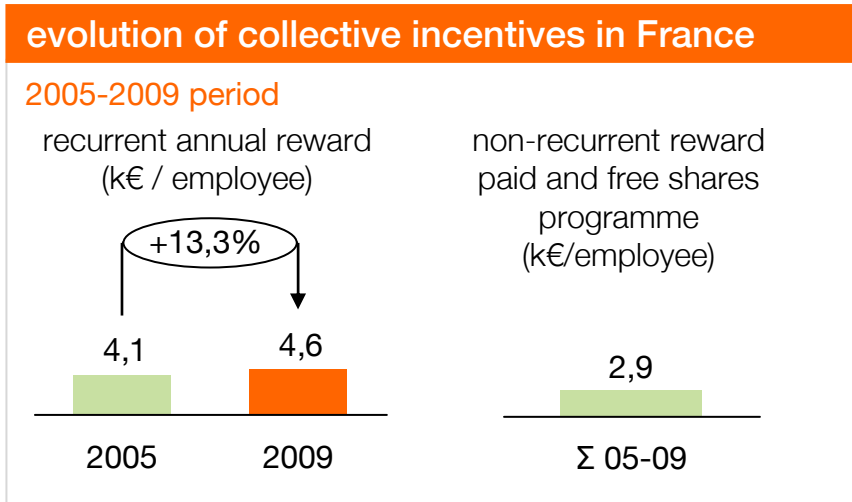
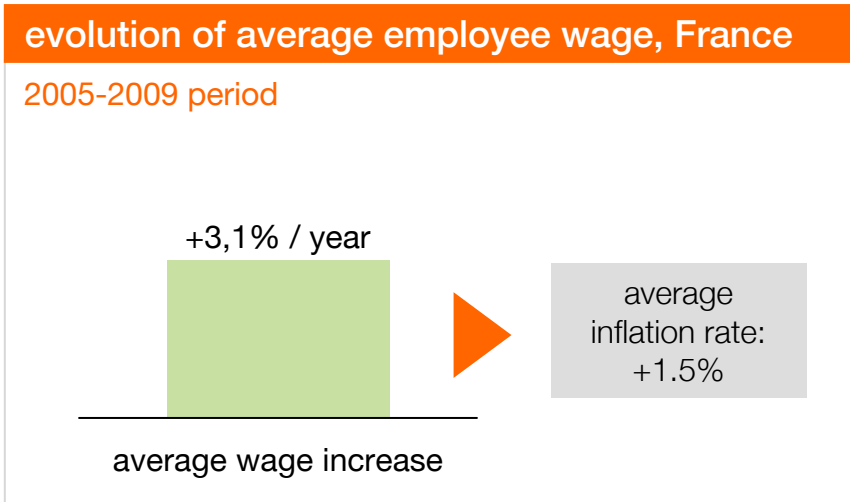
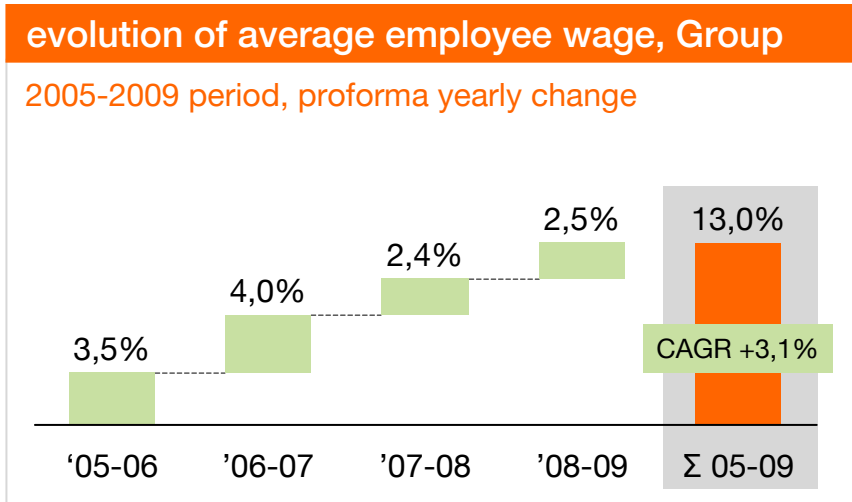
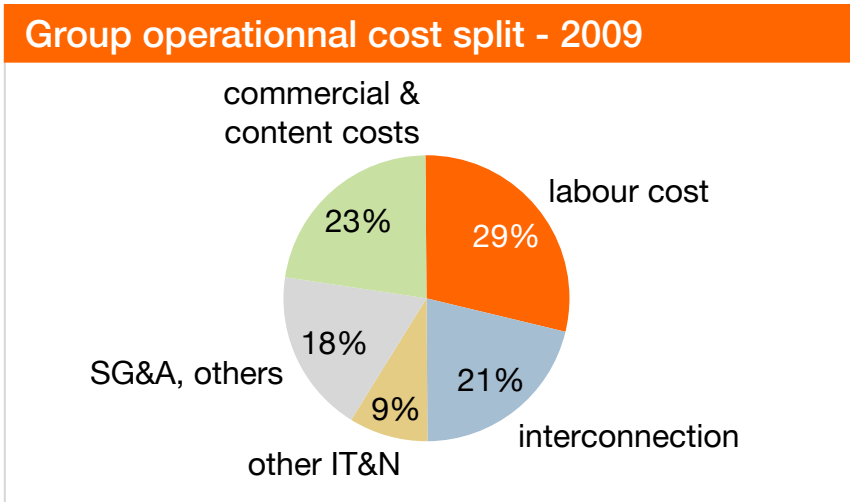


insight

- allowing external mobility in a secured framework in France
 - mobility to public service
 - spin off, personal driven project
- signature of a 3 year agreement for senior employees in nov 2009.
 - senior employment and second career action plan
 - “part-time seniors” mechanism to adjust work schedule.
 - transfer of know-how through trained instructors or apprenticeship supervisors
- renewal of action plan on apprentices
 - 4,700 in 2009 (vs initial target of 4 500)
 - 4,700 in 2010
- 3,500 recruitments planned for 2010 in France, with high priority given to sales and commercial activities

1. recognizing and supporting all employees

over 2005-2009, the Group has significantly improved the compensation and training offered to its employees



1. recognizing and supporting all employees restore a fruitful social dialogue in France

Developing a new social contract

- negotiations between Labour unions and management.
- listening and understanding :
 - “les assises de la refondation “ : more than 2,700 local meetings
 - questionnaire sent to our 102,000 French employees
→ answer rate 80%
 - 1,000 individual interviews since early 2010

immediate measures

- responding to a need for more proximity
 - reinforce the Human Resources structure
 - actions to improve working conditions
 - additional recruitments
- supporting managers in their supervisory role
 - 6,000 managers trained on psycho-social risk prevention
- improving the prevention of professional risks
 - a 24/7 “dialogue line” : free phone number run by external psychologists
 - +10% in doctors staff

26th of Nov.

1 agreement

- the "Seniors"

5th of March

2 agreements

- "Work-Life Balance"
- "Perspectives-Employment and Skills – Professional Development – Mobility"

26th of April

1 agreement

- "annual wages increase" for 2010

6th of May

3 agreements

- "Assessment and Prevention of Psycho-social Risks"
- "Improvement of social dialogue"
- "Additional profit-sharing Payment"

ambition

social performance indicator, reflecting employee satisfaction, to be included in Group top management incentive

1. recognizing and supporting all employees

support employee development

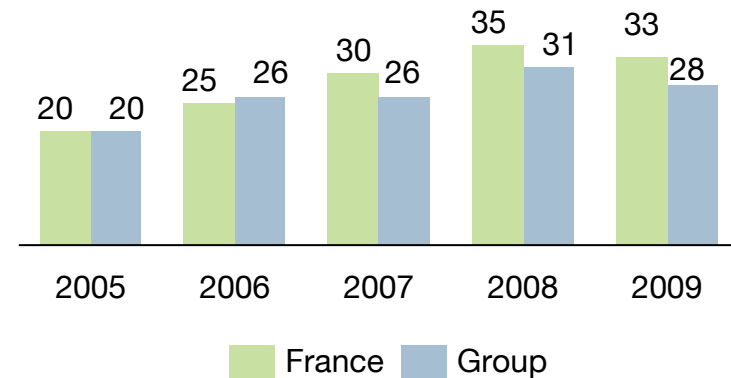
career development and Orange training

- in France
 - more than 80% of the company's employees participated in training in 2009
 - more than 5 000 employees received a certification
- 17 internal training schools
- 8 Orange Management Schools - Orange University
 - for 1,200 top managers and young Orange talents
 - 1,170 participants in 2009, o/w 26 % from international

ambition

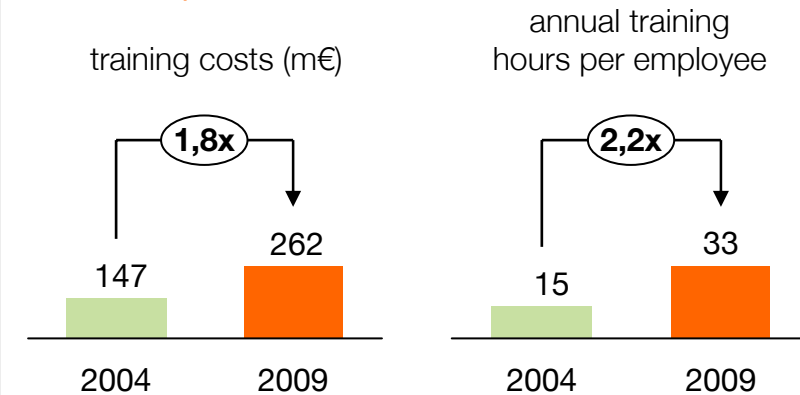
- equal access to training
- creation of Orange Campus

annual training hours per employee



evolution of investment in training, FTSA

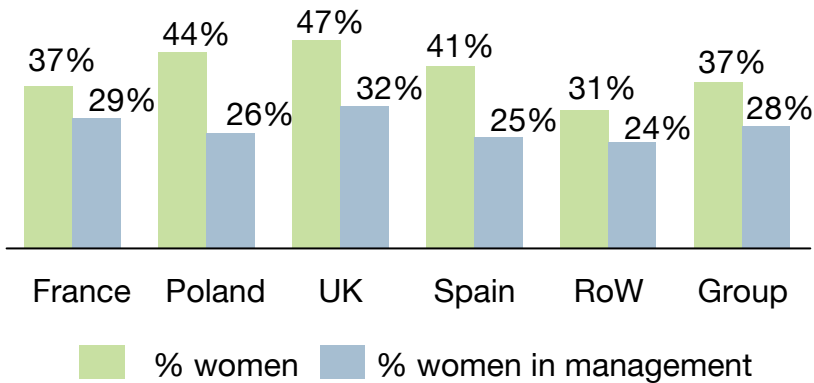
2004-2009 period



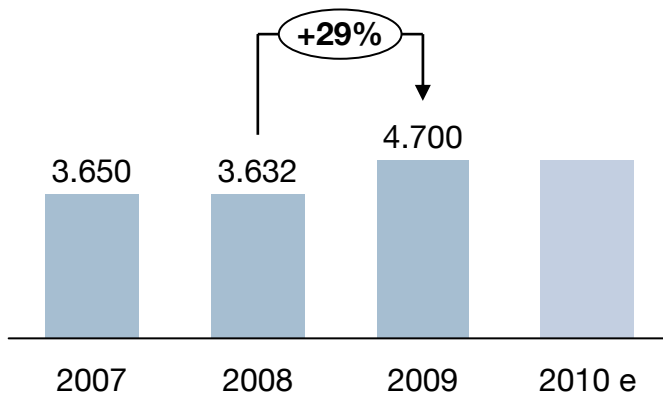
1. recognizing and supporting all employees

promote diversity and equal opportunity

% of women & women managers - end 2009 permanent contract



number of apprentices - end of year



insight

- diversity policy group-wide common backbone around Gender Equality
 - feminization of technical functions (shadowing actions)
 - women's access to senior positions (both genders represented in short list of candidates for recruitment)
 - signature of the Code of Best Practices with European Union in 2009
 - work-life balance, (Parenthood Charter in April 2008 in France)
 - ➔ end of 2009: 22% of women in senior executive positions (Entrepreneurs), +41% in 5 years
- voluntary policy on apprenticeship
- giving people with barriers to inclusion a chance
- promoting the spirit of solidarity among our employees

1. recognizing and supporting all employees our priorities

local team empowerment

empower front-line people and simplify customer relations organization
to improve responsiveness and quality of service

comfort at work

improve working conditions **to enhance employee engagement
and increase efficiency**

restore social dialogue

offer a better social dialogue in order to pursue permanent adaptation
of our organization **and processes**

employer of choice

become one of the employers of choice in France in order **to retain
competences and attract the best talents required for the next decade**

creating social links for everyone's benefits

CSR at the heart of Orange strategy

1. recognizing and supporting all employees

2. providing everyone with easy access to the benefits of the digital world

3. ensuring trust, quality and safety for customers

4. designing new alternatives for a greener world

2. easy access to the benefits of the digital world fight for geographical inclusion



insight

- develop coverage in remote areas through adapted & innovative technologies
- bring high bandwidth to countries through major infrastructure projects

invest to provide access in isolated areas

Orange presence with leading market position

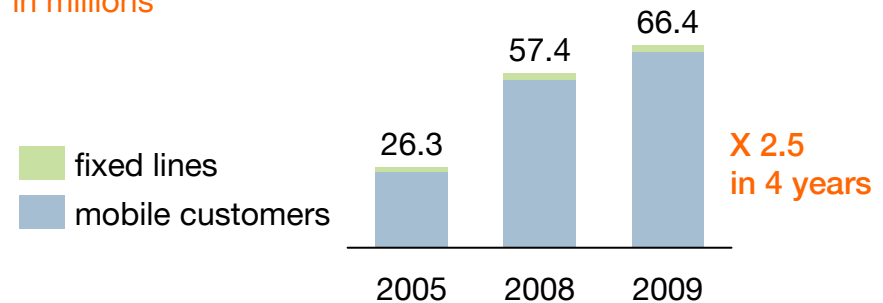
	inhab. (M)	mobile penetration	fixed	Internet	Orange mobile Ranking*
Egypt**	82	57%			1
Ivory Coast	20	59%	✓	✓	1
Madagascar	20	40%		✓	1
Senegal	13	53%	✓	✓	1
Mali	12	29%	✓	✓	1
Cameroon	18	43%		✓	2
Jordan	7	85%	✓	✓	2

* based on volume market share, company estimates

**2008 figures

customers and lines*

in millions



* figures for Personal + Home ROW excl. UK, Spain sub-segments

2. easy access to the benefits of the digital world

fight for economic inclusion

Service penetration		
in % of population	mobile	banking
Western & Central Africa	30-40%	< 10%
Eastern Africa	55-65%	up to 25%
Middle East	55-65%	up to 50%

- Africa
 - "Community phones" bring connectivity to isolated population
 - Orange acts as an incubator for entrepreneurs with the support of the World Bank
 - "net PC offer" (simple screen and broadband access) for low monthly subscription in some African countries
 - very low-cost prepaid scratch cards combined with vouchers for basic goods (water, milk,...)
 - community offers with "fleet-type" tariffs
- in Europe, develop new offers in the context of economic downturn
 - promote second hand device usage in our shops
 - introduce low end packages for PAYG, BIC phone in France and Spain, RSA offer for mobile access dedicated to low income customers in France

insight



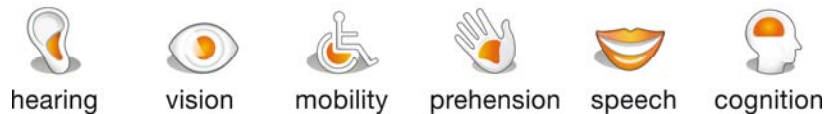
- Mobile payment for the unbanked
 - launched in 2008 in Ivory Coast
 - Launched May 2010 in Senegal, Mali & Madagascar; other countries to follow

provide extended services to less developed population

2. easy access to the benefits of the digital world

fight for physical inclusion

services and devices



- design-for-all strategy for all our portefolio
- specification send to industrial suppliers
- 2 catalogues per year of 42 products dedicated to disabled people in France, Spain – to be extended across our European footprint
- specific mobile offer for senior

sales and aftersales

- 192 "Autonomy" stores in France at the end 2009 and over 5,000 trained sales representatives and coaches
- 70% of our main web sites are compliant with AA label under WAI standards (> 350 webmasters trained in internet accessibility standards)
- a specific access to our customer service

ambition

- extend France best practice to our European footprint to develop accessibility for ederly and disabled people

insight

- a pragmatic approach in partnership with associations
- recognized by professionals



creating social links for everyone's benefits

CSR at the heart of Orange strategy

1. recognizing and supporting all employees

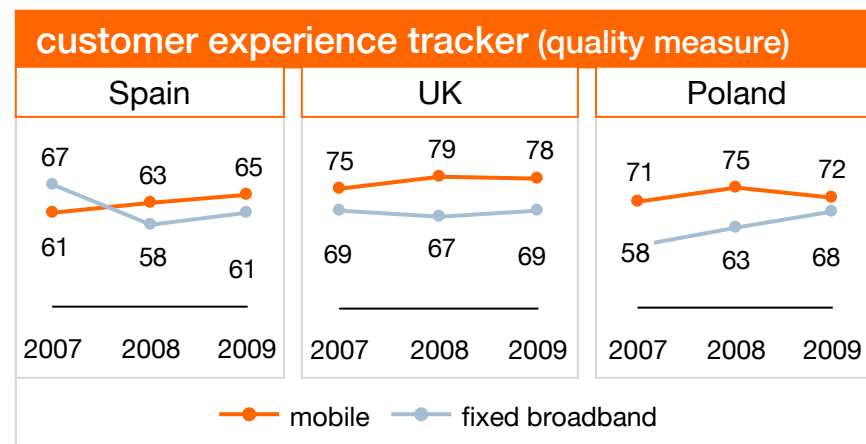
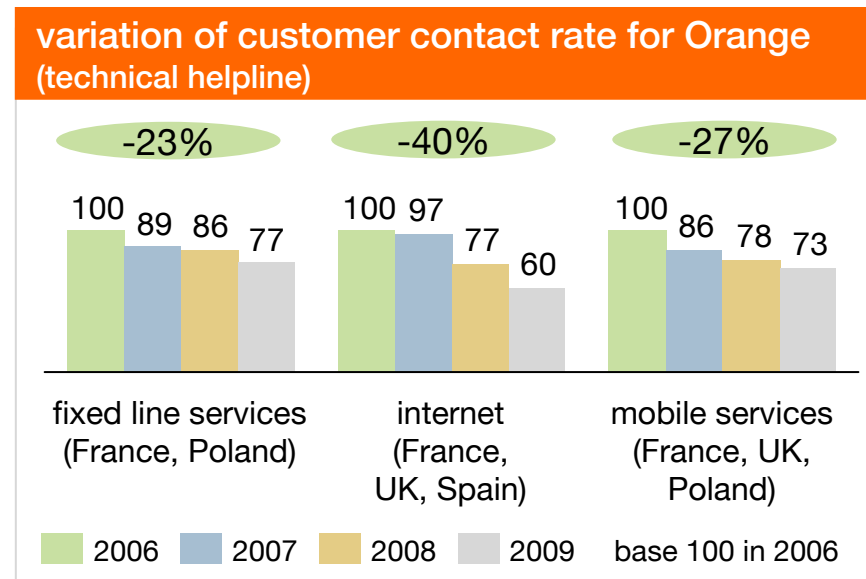
2. providing everyone with easy access to the benefits of the digital world

3. ensuring trust, quality and safety for customers

4. designing new alternatives for a greener world

3. ensuring trust, quality and safety to customers

quality at forefront of Group ambition



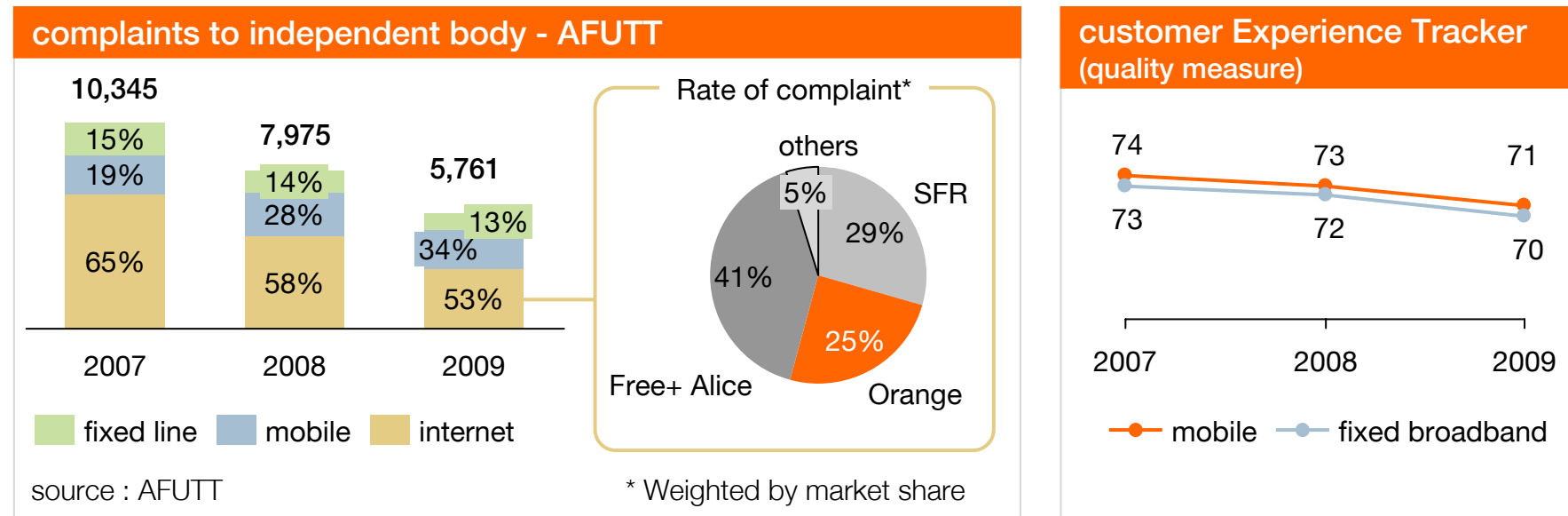
insight

- quality (Customer Experience & Quality of Service) under leadership of Deputy CEO in the new Group organisation
- quality KPIs included in Chairman & main European countries' management incentive schemes
- quality function established at Group level to support countries with common tools and best practice sharing
 - use of Customer Journey mapping to identify and resolve Quality issues in France, Spain, Slovakia & Romania
 - dedicated kiosks to support sale of mobile multi-media services in-store including live handsets and demos. Under trial in France, Spain, Poland, Switzerland & Belgium

ambition

- on-going implementation of country Customer Experience programmes across Europe sponsored by board member
- extend the Quality KPI into incentive schemes of senior managers, Group-wide

3. ensuring trust, quality and safety to customers focus on quality in France



customer experience - analysis		action plan
mobile	<ul style="list-style-type: none"> ▪ new multimedia services – consumers require more support ▪ increased dongle usage requires enhanced indoor coverage ▪ lack of flexibility for occasional mobile broadband users 	<ul style="list-style-type: none"> ▶ in-store service expanded and apps introduced to support customer in set-up & usage ▶ improve indoor coverage with wi-fi application & HSDPA upgrade ▶ extend mobile broadband PrePay offers
fixed bb	<ul style="list-style-type: none"> ▪ set-up & usage experience does not meet customer expectations ▪ tariff range is an issue 	<ul style="list-style-type: none"> ▶ simplify customer journey ▶ improved functionality in Livebox 2.0 (set-up, wi-fi & speed) ▶ new offers to be launched after regulatory approval

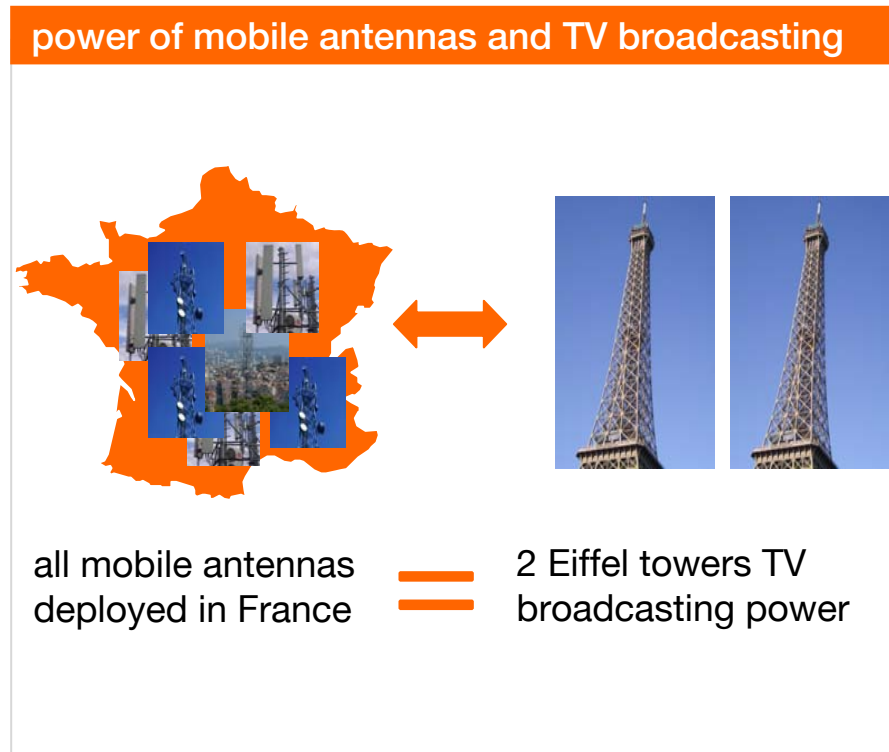
3. ensuring trust, quality and safety to customers promoting safe and responsible usages

facts & figures

- children protection identified as a key issue
- multi channel Group initiatives to address this issue
 - at industry level through GSMA
 - at country level in partnership with local authorities (Teach today program in the UK with school teachers)
 - partnership with FOSI (Family Online Safety Institute) for education on safe usage in schools)

status in the deployment of measures for protecting minors							
	parental control for mobile	control for Internet	age verification for broadband TV	family guide	blocking child pornography URL for Internet	blocking child pornography URL for mobile	
France	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> measure in place
UK	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> measure partly in place
Spain	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/> measure to be deployed
Poland	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

3. ensuring trust, quality and safety to customers answering radio wave concerns

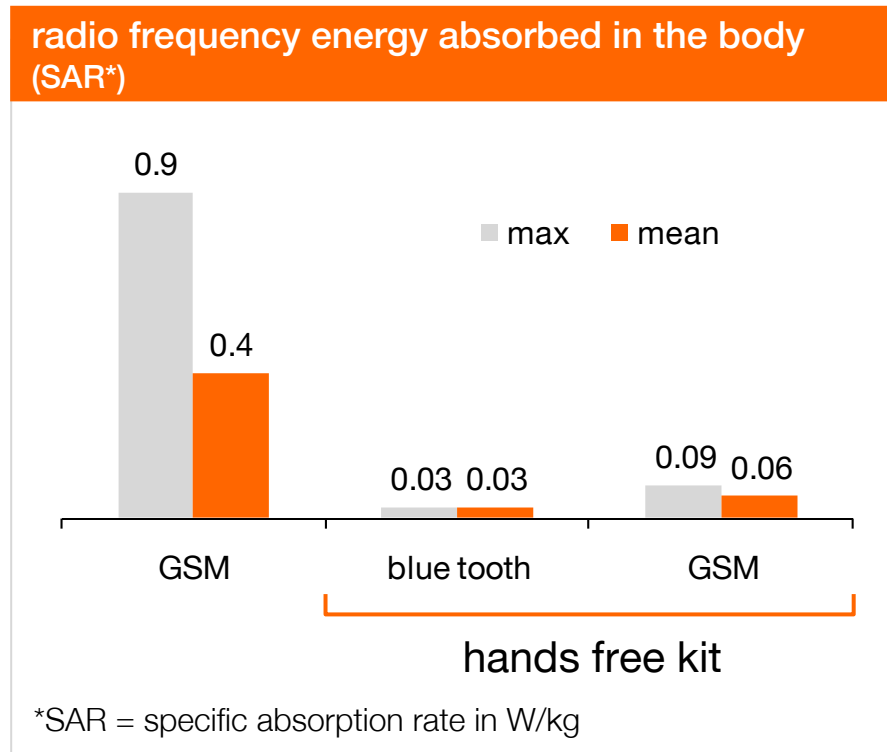


insight

- historical background provided by other transmitters
- Orange applies at least European recommendation across its footprint
- Orange contributes to scientific research in dosimetry
- Orange complies with mobile licenses requirement in terms of quality of service and coverage across its footprint

for antennas, scientific consensus on no identified risk for health

3. ensuring trust, quality and safety to customers answering radio wave concerns



insight

- transparency of information for our customers
 - information included with each device
 - thorough eco labelling implementation in 2010
- handsfree kit provided with our devices reduces absorption by c.10
- no dedicated offers for children

for handsets, lack of historical background and scientific consensus lead us to apply precaution principle and promote responsible use

creating social links for everyone's benefits

CSR at the heart of Orange strategy

1. recognizing and supporting all employees

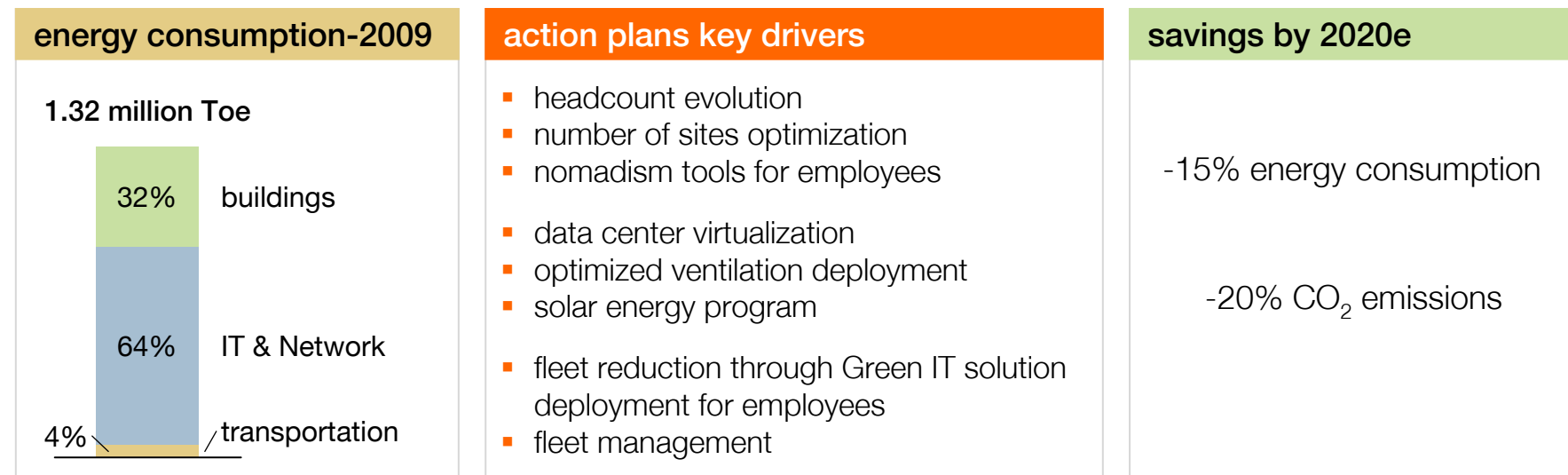
2. providing everyone with easy access to the benefits of the digital world

3. ensuring trust, quality and safety for customers

4. **designing new alternatives for a greener world**

4. designing new alternatives for a greener world

reduce Group environmental footprint



IT & Network action plan

- data center cooling optimization
 - increase temperature range in technical rooms → -10% to -30% of air conditioning consumption
 - deploy Optimized ventilation in small sites → 80% savings of air conditioning consumption
- consolidation and virtualization of group's servers
 - savings are estimated to be -30% over a three-year period
 - more than 35% of servers are virtualized in France at the end of 2009
- solar program accounts for a total of 740 stations at the end of 2009 with equipment installed in 12 different countries

4. designing new alternatives for a greener world

Orange at the forefront of Telecom operators as an energy savings enabler

insight

- since 2001, telecom industry (operators and manufacturers) have gathered their initiatives for a low carbon economy contribution into the GeSI.



GeSi finds that ICT will enable other sectors to achieve CO₂ emission savings equivalent to 15% of predicted total global emissions – or five times ICT’s own footprint by 2020.

- Orange is recognized as an industry leader in green initiatives

European green excellence award
for product innovation
Frost & Sullivan 2007 and 2008 prizes

Orange leads Europe’s sustainable
telecoms market
Verdantix 2009 scoring

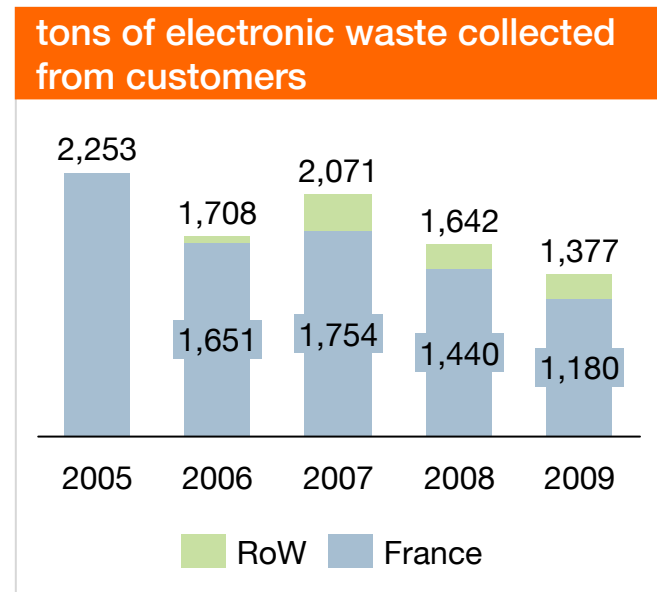
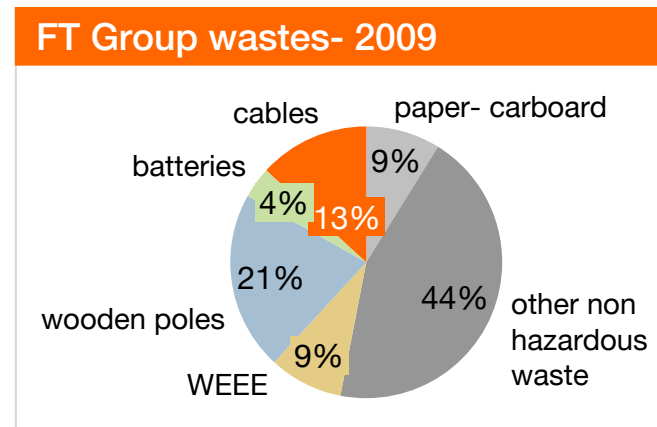
Orange green IT portfolio

Business Everywhere
telepresence
fleet management
workstation virtualization package
telemetry


enable the flexible workplace
promote collaborative work
optimize vehicle fleet management
consolidate and virtualize IT infrastructures
implement telemetry solutions

4. designing new alternatives for a greener world

increase collection of old unused customer equipment



insight

- 43,751 tons of internal waste treated in 2009 (+16% vs 2008)
 - positive impact of internal green gesture campaign to reduce waste, mainly paper and carboard
 - increase of non hazardous waste collection due to new treatment channels put in place.
 - electronic waste collected from customers
 - variation in weight reflects change in the mix of equipment collected
 - recycling processes are successfully in place in main countries
 - incentive to keep devices longer thanks to "SIM Only" offers
 - on going action plans to collect and recycle mobile phones
 - "give your mobile a second life" programme
 - incentive to make customers bring back their handsets (buy back, Orange care ...)
- 
 financial incentive to keep mobile handsets longer (€40 cheque to customers who keep their mobile phones when they renew their subscription period. A further €5 is donated to the WWF)

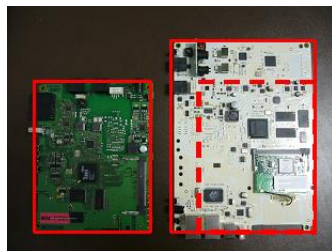
ambition

- collect group-wide +50% mobile devices in 2010 vs 2009

4. designing new alternatives for a greener world

eco design is key as we operate in mass markets

Livebox 1.2 compared to Livebox 1.1



- choice of material
 - weight reduction (-35%)
 - homogenization of plastics
 - reduction in part numbers
- electronic Board optimization
 - CO₂ emission reduction by 19% over the life cycle
- packaging (and logistics) optimization:
 - reduction by 30% in volume and 25% in weight
- improved power consumption
 - reduction by 26% in usage phase
- design taking into account end-of life and maintenance
 - easier dismantling of sub-systems

Livebox 2.0 compared to Livebox 1.2



- simplification of WiFi des-activation
 - simple on/off button on the box for WiFi
- on/off button on the box

eco design is embedded in our product launch process

4. designing new alternatives for a greener world

eco labelling is key as we operate in mass markets



ambition

- rollout for all portfolio in Europe
 - mobile devices
 - DECT phones

insight

- eco-rating system applied across all products in 2009 in France
 - CO₂ assessment
 - energy efficiency
 - resource preservation
 - limitation of dangerous substances
 - waste reduction
 - SAR
- it serves a double purpose
 - inform customer and raise Green awareness
 - help our suppliers to focus on environmental issues
- European rollout in progress
 - all portfolio in France as of 4Q09
 - launch in Spain in 4Q09

CSR at the heart of Orange strategy

create value for all stakeholders

ORANGE 4 COMMITMENTS

ORANGE 8 PRIORITIES

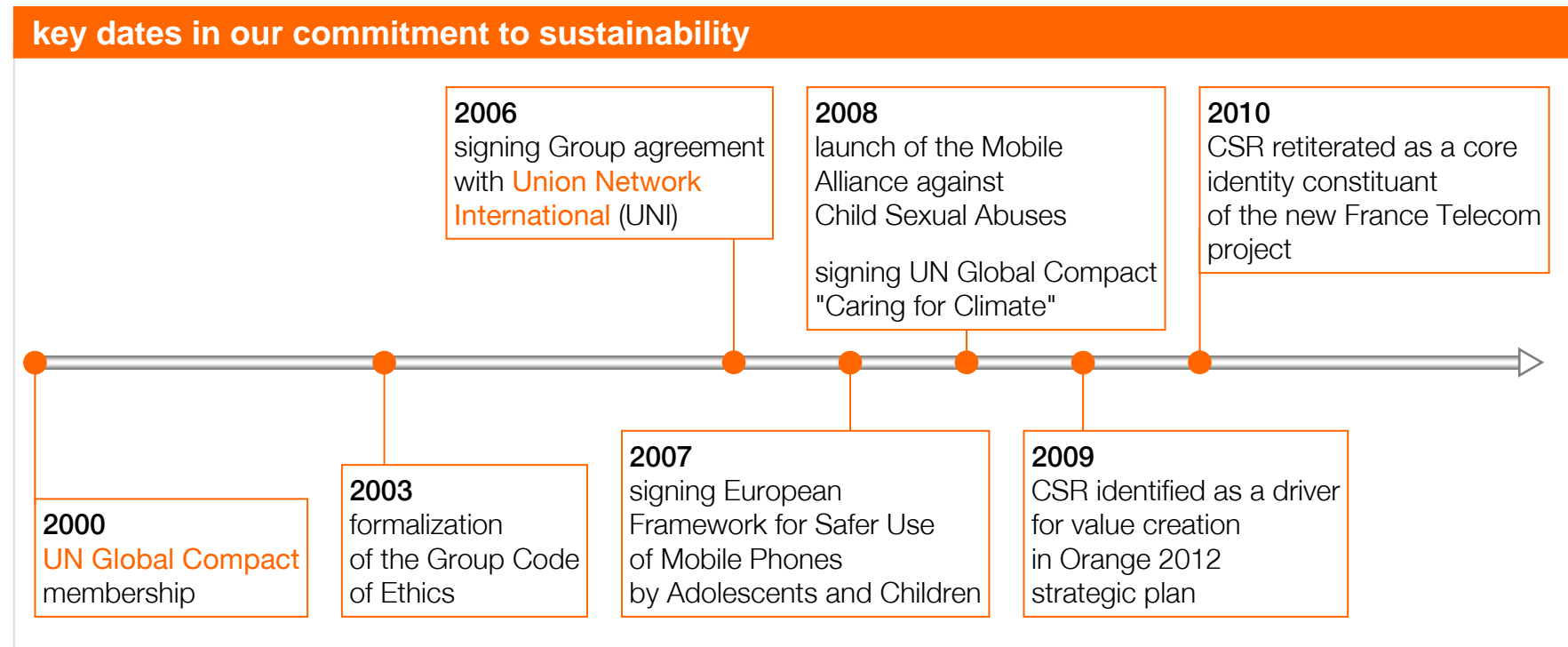
care	recognise and support our employees	<ul style="list-style-type: none"> building a new social contract <ul style="list-style-type: none"> supporting employees in their development promoting equal opportunity
	ensure transparency, quality and security for our customers	<ul style="list-style-type: none"> being a leader in quality of service in Europe fostering safe and responsible usage of our products and services
include	share the benefits of the digital world with as many people as possible	<ul style="list-style-type: none"> serving economic and social development across our footprint extending group leadership in accessibility offerings
preserve	find innovative solutions for a greener world	<ul style="list-style-type: none"> reducing our customer environmental footprint targeting -20% CO₂ emission by 2020 focussing on recycling of old mobile devices

detailed 2010 action plans for each priority given in CSR report

appendix

CSR at the heart of Orange strategy

CSR rooted in the long term



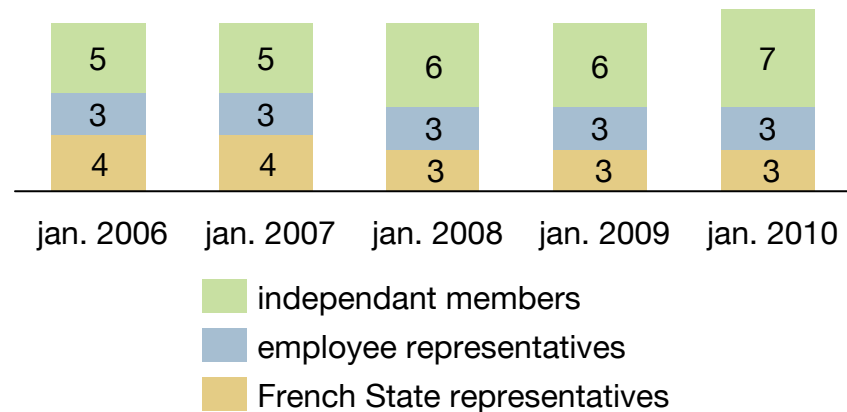
« the challenge is to achieve more balanced growth, creating simultaneous value for all our stakeholders »

Stéphane Richard in May 2010

CSR at the heart of Orange strategy

efficiently managed with a clear governance at board level

board of directors composition



insight

- 7 out of 8 board members nominated by the AGM are independent (AFEP/Medef definition) in 2010
- French State is represented at board level pro rata its participation
- function separation between Chairman and CEO as of 2010

governance & CSR committee

- one of the 3 committees of the Board
- created in 2010 in lieu of Remuneration and nomination Committee
- 2 out of 3 members are independent
- responsible for
 - compensation,
 - nomination,
 - CSR strategy

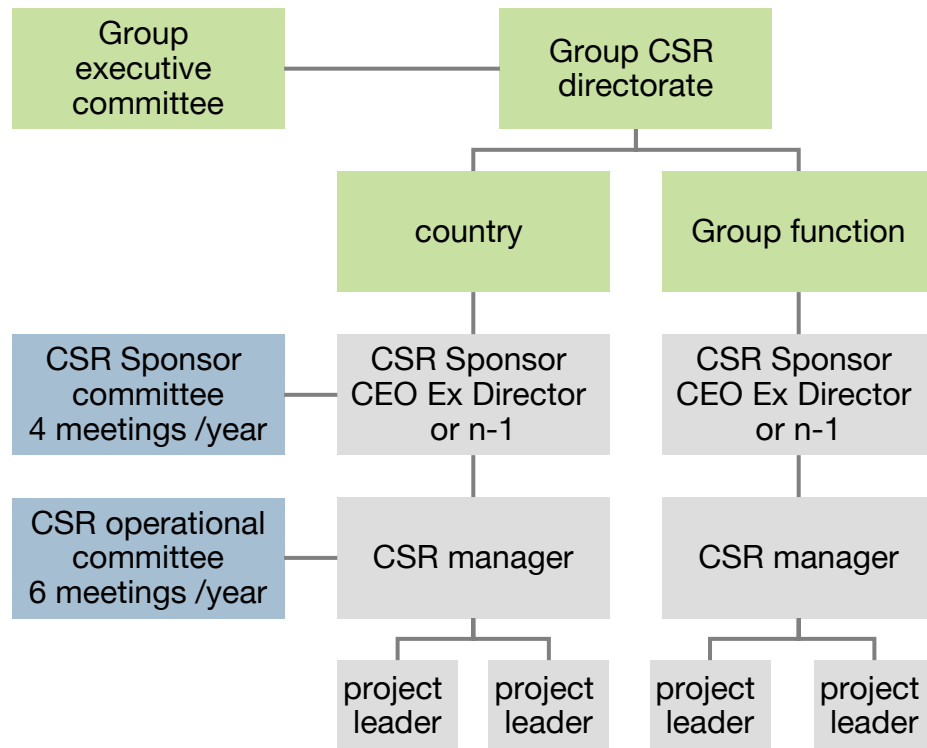
ambition

- medium term objective to increase women representation at board level
- increase frequency of CSR issues addressed at board level

CSR at the heart of Orange strategy

structured management and reporting with external audit

internal organisation for CSR



collaborative work

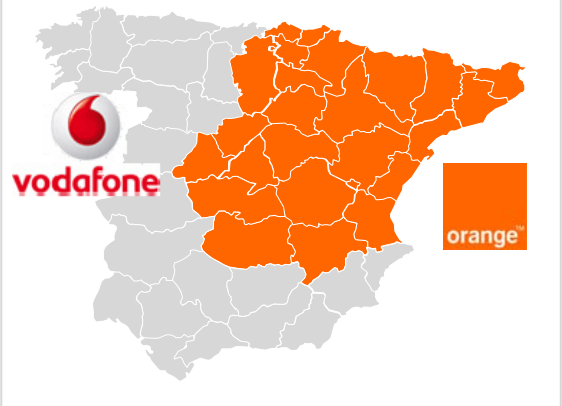
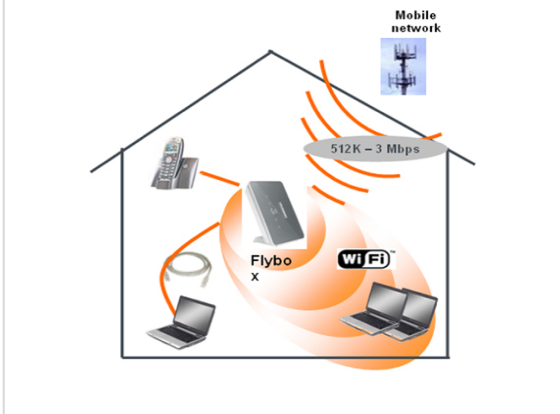
insight

- Group deputy CEO in charge of quality and CSR
- CSR strategy decided at Group senior level
- CSR operation and reporting in each country and group function
- structured reporting
- in respect of AA1000 principles
- compliant with GRI criteria (2009 report A+)
- external audit by our financial auditors

ambition

- increase reliability of CSR KPI collection by incorporation in controlling reporting processes
- obtain reasonable assurance on KPIs by external auditors for whole Group

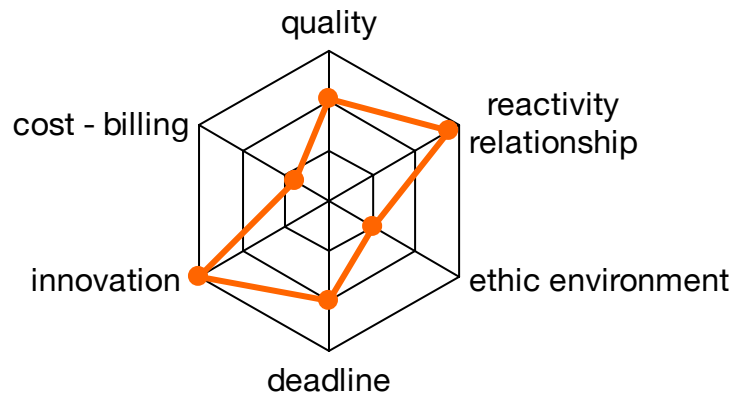
2. easy access to the benefits of the digital world fight for geographical inclusion

100% high bandwidth coverage in France	network sharing in Spain	ADSL in Romania through Flybox
<p>ADSL 98.4% pop coverage</p> <p>Alternative solutions 1.6% pop coverage Satellite Wifi</p>	 <p>A map of Spain with the central and eastern regions highlighted in orange. The Vodafone logo is on the left and the Orange logo is on the right.</p>	 <p>A diagram showing a house with a mobile network tower outside. A signal is received by a Flybox X device, which then distributes the signal via Wi-Fi to a laptop and a mobile phone. The signal strength is indicated as 512K - 3 Mbps.</p>
100% coverage as an incumbent operator	fast deployment with maximum coverage as an altnet	fast coverage with maximum speed using best suited technology

Orange has successfully delivered broadband in Europe to foster new usage development

3. ensuring trust, quality and safety to customers regular assessment of our suppliers, including ethical and environmental dimension

multicriteria scoring of our suppliers – "QREDIC"



insight

- sourcing policy is based on a structured dialogue with suppliers
 - long term Partnerships with some suppliers (common resources)
 - rating according to strategic importance
- quarterly strategic supplier review with dedicated tool: QREDIC

action plan regarding Chinese suppliers

- external audit implemented end of 2009 after internal audit since 2008
 - in partnership with Deutsche Telekom and Telecom Italia
- based on SA 8 000
- agreement with Chinese suppliers reached:
 - on night shift for 16-18 years old employees
 - on time-out breaks

ambition

- extend QREDIC tool across the group
- extend our suppliers' engagement taken to their subcontractors

4. designing new alternatives for a greener world

Orange Business Services Green IT solutions

	téléprésence solution instead of face to face meeting	Business Everywhere	IT virtualisation fixed IT plan
scenario	Paris / Sao Paolo trip of an employee for a 6 hours meeting	teleworking for 1 employee during 1 year (avoiding 200km/week)	one employee with fixed IT plan using a lap top computer
business benefit	<ul style="list-style-type: none"> user confort productivity gain 	<ul style="list-style-type: none"> flexibility cost 	<ul style="list-style-type: none"> outsourced IT infrastructure predictable and Fixed cost
environnemental benefit	<ul style="list-style-type: none"> avoid travelling 	<ul style="list-style-type: none"> avoid journey 	<ul style="list-style-type: none"> avoid maintenance reduce Network usage
impact CO ₂ -eq	BAU: 2,110 kg Green IT: 330 kg net: -1,780 kg	BAU: 1,850 kg Green IT: 180 kg net: -1,670 kg	BAU: 440 kg Green IT: 240 kg net: -200 kg

source:
Orange Labs and Quantis

