

France Telecom Orange

ISR presentation

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cautionary statement

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agenda

- 1 | responsible governance and CSR processes
- 2 | creating social links for everyone's benefits
- 3 | CSR as a pillar of Group performance

1

responsible governance and CSR processes

a responsible governance support

Stéphane Richard
Chairman and CEO

board of directors

15 board members*

- 7** independent members
- 3** employees representatives
- 3** representing the French State
- 1** representing the employee shareholders

3 board committees

- audit committee
- governance & CSR** committee
- strategy committee

executive committee

13 executive members

7 main governance committees

insight

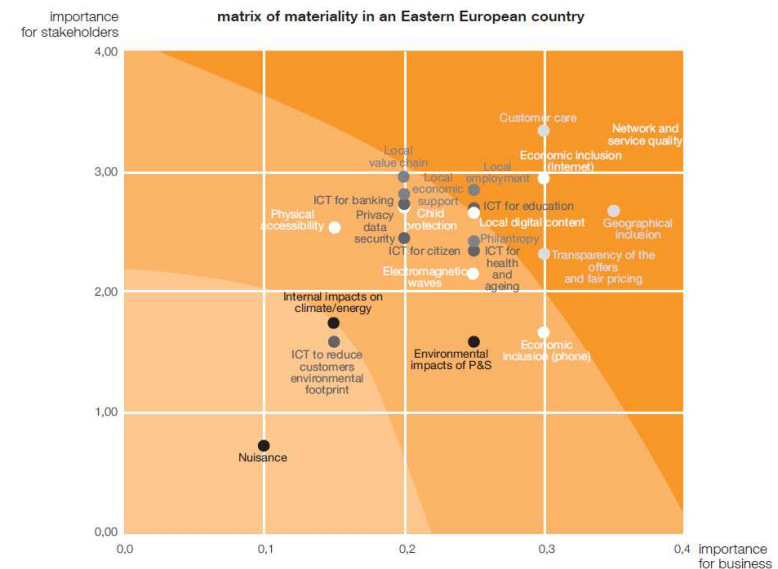
- renewal and feminisation at the heart of our governance strategy
- 2 women out of 3 new board directors
- new profiles matching our Conquests 2015 ambitions : experiences in HR and international development
- active governance in 2010 with:
 - 11 board of directors meetings
 - 13 audit committee meetings
 - 7 governance & CSR** committee meetings
 - 3 strategy committee meetings

a rigorous process, fuelled by dialogue, to identify CSR priorities, drive actions and reports

> insight

- a rigorous risk & crisis management
 - SAM has ranked orange #1 on this topic
- a structured stakeholder dialogue
 - diversity of stakeholders requirements in different countries drawn up in matrix of materiality
 - enables the Group to tailor its CSR policy as near to local needs as possible
- an improved reporting, audited by statutory auditor
 - A+ for GRI
 - reasonable assurance on selected indicators, achievements and on implementation of CSR AA 1000 principles

example of matrix of materiality in an Eastern European country



> the appropriate way to anticipate and manage risks and to improve Orange market position

2

creating social links for
everyone's benefits

creating social links for everyone's benefits

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

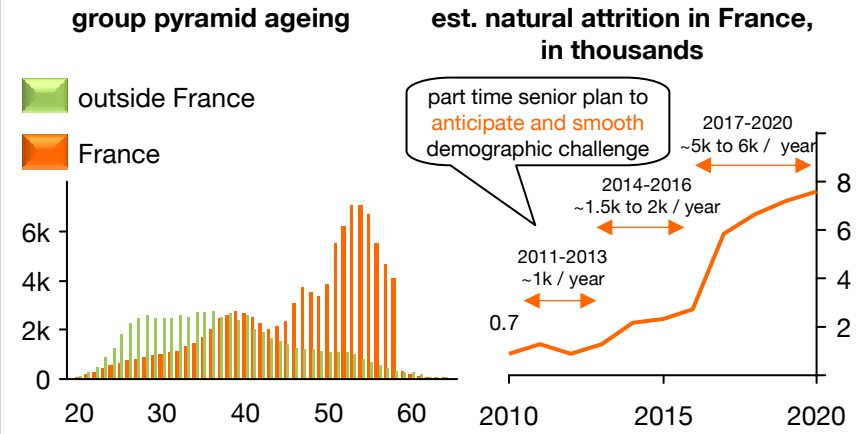
4. designing new alternatives for a greener world

addressing social issues & specific demography in France

a combination of initiatives to address the social issues in France

- 2009
November
- TPS- Part Time Senior
- 2010 1H
- 6 agreements signed between Labor Unions and management
 - professional development-mobility
 - work-life balance agreement
 - Annual wages increase
 - prevention of psycho-social risks
 - improvement of social dialogue
 - additional profit-sharing Payment
- July
- social performance indicator (SPCI) included in Group top management incentive ("leaders network")
- September
- new social contract- distribution to all employees in France
- December
- adjustment to the seniors agreement
- 2011
March
- agreement on GPEC, Strategic Workforce Planning
- June
- agreement on gender equality policy

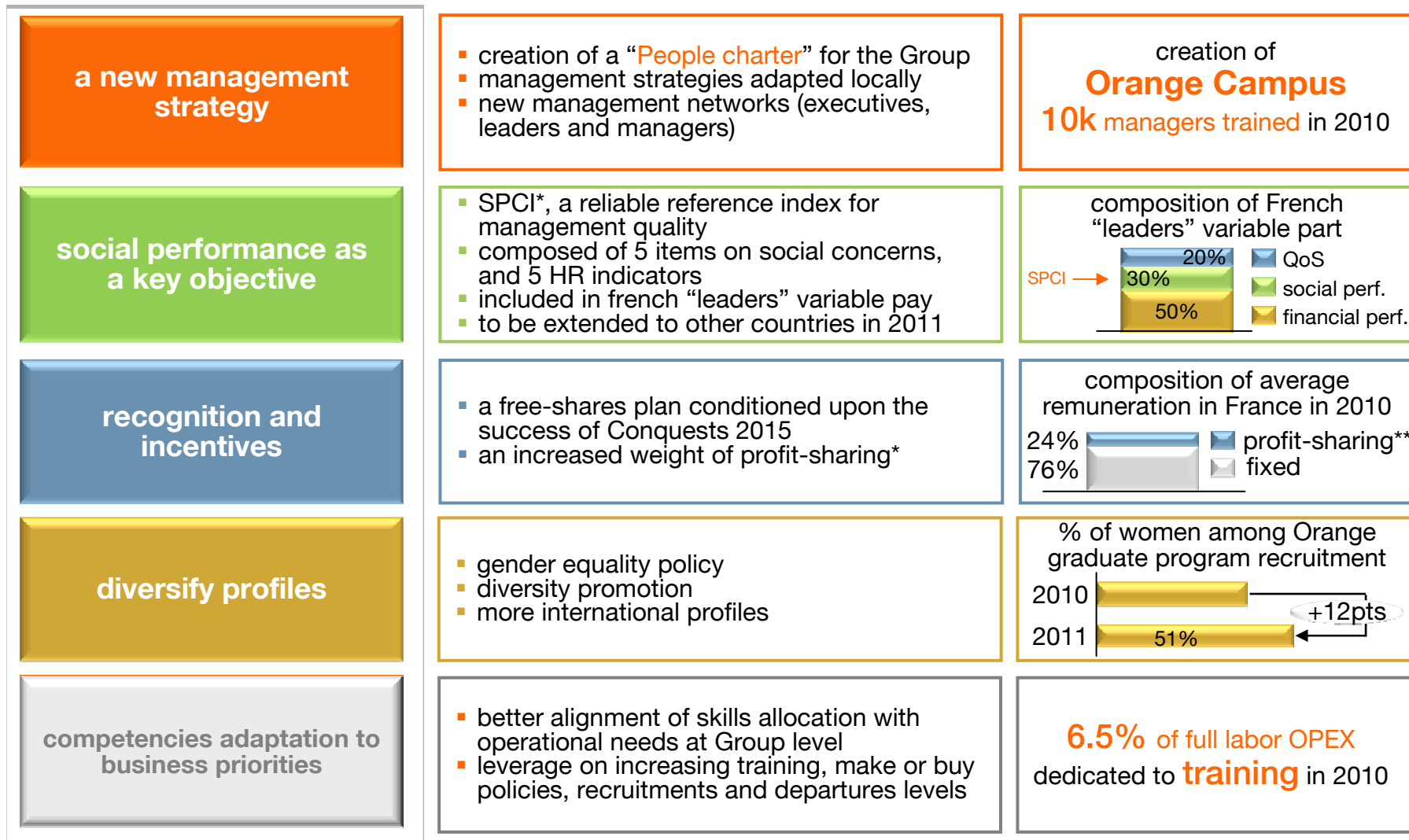
an acceleration of retirements in France



> insight

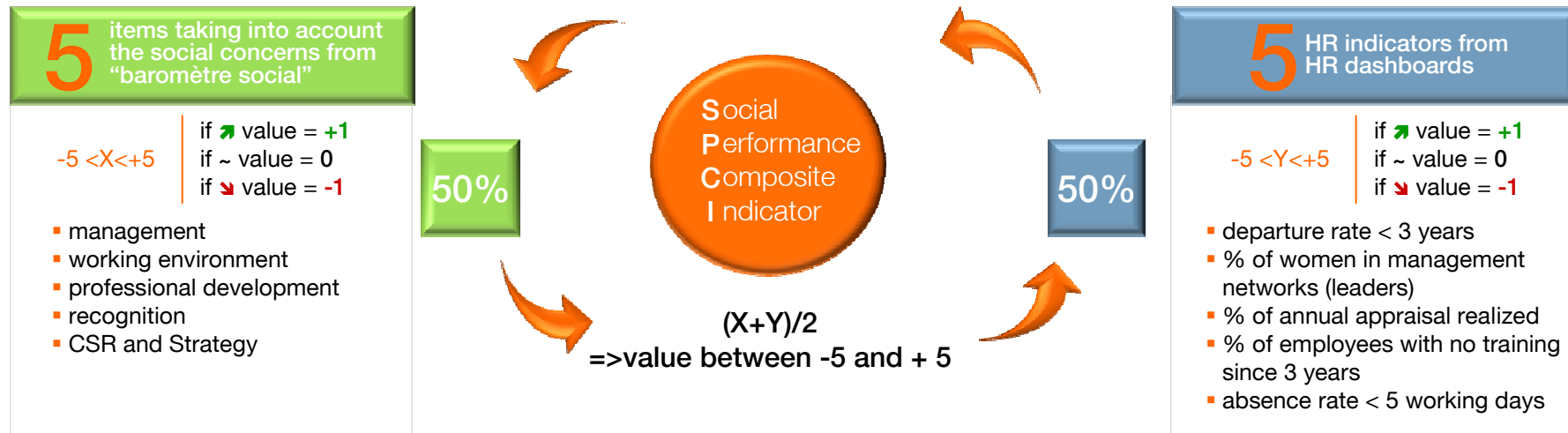
- France average age is 46.8 years, Group's is 43.2 years
- 30.4k cumulative estimated departures in France due to retirement over 2011 to end 2020
- signature of **part time senior plan (TPS)**:
 - a cumulative estimated decrease of around 6.5k FTE over 2010-2015
 - managed thanks to organized transfer of know-how through trained instructors or apprenticeship supervisors
- voluntary policy on **apprenticeship**:
 - 5,300 in 2010, 5.1% of the active workforce vs 3% mandatory by legislative and regulatory quotas
- a dynamic employment policy through internal and external recruitments on the 2010-2012 period

a new management model to combine economic and social performance



social climate as a key top management objective

equal weight for HR indicators and results of employee satisfaction survey
« baromètre social »



> insight

ambition to follow up progress and to check how Conquests 2015 commitments towards employees are fulfilled, in a logic of perpetual improvement and collective progress

results second semester 2010: SPCI value = +3

- increase of 3 out of 5 HR indicators
- increase of 5 out of 5 employees survey themes- December 2010

main messages from the 2H 2010 employees survey:

- continuous improvement in the perception of change by all employees at Group level but perception of the changes in the everyday life to be improved
- all items related to work conditions show an improvement
- the overall improvement is visible for all categories of employees and is even higher for managers
- career path and transparency on compensation schemes are at the heart of employees' expectations

2010 review and 2011 roadmap recognizing and supporting all employees

- **extend social dialogue** in all countries where the Group is present using methods suited to local circumstances
 - many agreements signed in France in 2010
 - employees forums established in Romania, Dominicana and Switzerland
 - international deployment of social barometer planned in 2011
- definition of a “social contract” in France in 2010 and a “**people charter**” to be deployed internationally in 2011
- launch of a **worldwide Group Works Council**
- development of **professional courses**
- reinforcement of **gender equality** policy with introduction of several KPI’s
- launch of programs in different countries to address other areas of **diversity**
- definition and deployment to all countries of a Group wide policy for **Human Rights**

creating social links for everyone's benefits

1. recognizing and supporting all employees

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

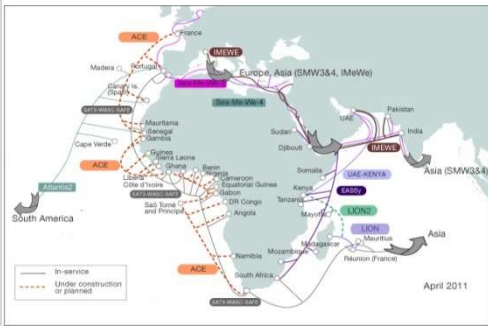
3. ensuring trust, quality and safety for customers

4. designing new alternatives for a greener world

focus on our core business: networks...

deploying networks in the AMEA zone

accelerate 2G and 3G mobile coverage
 +12% 2G sites per year (CAGR 2010-2013)
 X 2,5 3G sites between 2010- 2013



open up African continent to develop broadband...

contributing to economies development through fibre deployment – France

10 millions homes passed by 2015

€2bn CAPEX plan over 2010-2015

ambition to be **#1**

developing infrastructure to extend coverage of fixed and mobile networks across the footprint

population coverage end of 2010

	France	Europe excl. France	AMEA
2G	~100%		>66%
3G+	95% of which	74%	3G launched in most countries
HSPA+	55% with HSPA 14.4	from HSPA 7.4 to HSPA+42	
MDF DSLAM coverage	100%	99% in Poland	> 600k fixed broadband users
		ULL in Spain and Belgium	
IP TV / DSL coverage	62%	57% in Poland	

Orange mobile and fixed networks at the forefront of competition which will accelerate with LTE and FTTx transformations

... to support local development

develop new ecosystems ...

1

improve **customer value through new service**

✓ accelerate m-payment expansion in all affiliates thanks to the confidence inspired by the Orange brand

2 M

m-payment customers in June 2011



2

adaptation to latest Internet evolutions

✓ **Buyster**: association with Atos Origin, Bouygues Telecom and SFR in a joint venture to launch an innovative payment solution on mobile

3

create favourable to economic development conditions

✓ in Dakar, establishment of a **business incubator for technologies start-ups** in April 2010

... and growth opportunities

1

meet the needs of elderly...

adapting all products and services offered

✓ simplification of the ergonomics with large buttons, magnified characters, list of pre-recorded numbers
✓ launch of the new Doro PhoneEasy in Switzerland
✓ “Esencial de Orange Spain” exclusively distributed in pharmacies

2

... and disabled people



hearing



vision



mobility



prehension



speech



cognition

✓ 214 Orange stores labelled “autonomy solution” in France in 2010 compared to 15 in 2000

3

connected healthcare systems and rural development

✓ Orange Healthcare joins the m-Health Alliance to deploy mobile healthcare solutions in West Africa
✓ facilitate access to new technologies in rural areas (+40M addressable market in AMEA)

2010 review and 2011 roadmap

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

- reducing **geographic digital divide**
 - 922 solar radio sites (Oryx) by end of 2010 to be extended in 2011
 - deployment of 200 “community phones” in 2010
 - improvement of international connectivity through new submarine cables
- fighting **economic digital divide**
 - social offers in France, Slovakia and Romania
 - offers for low income users in several AMEA countries
- **economic and social developments** of territories
 - dedicated offers for key sectors: health, agriculture, education
 - creation of a framework to foster innovation and entrepreneurship: start-up incubator, Orange Money, awards...
- **accessibility**
 - launch of a wider range of adapted offers and devices with adapted distribution channels
 - increase accessibility of websites: 70% end of 2010
- **reducing cultural barriers**
 - development of specific offers and actions

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invest on quality and meet customer needs to build loyalty

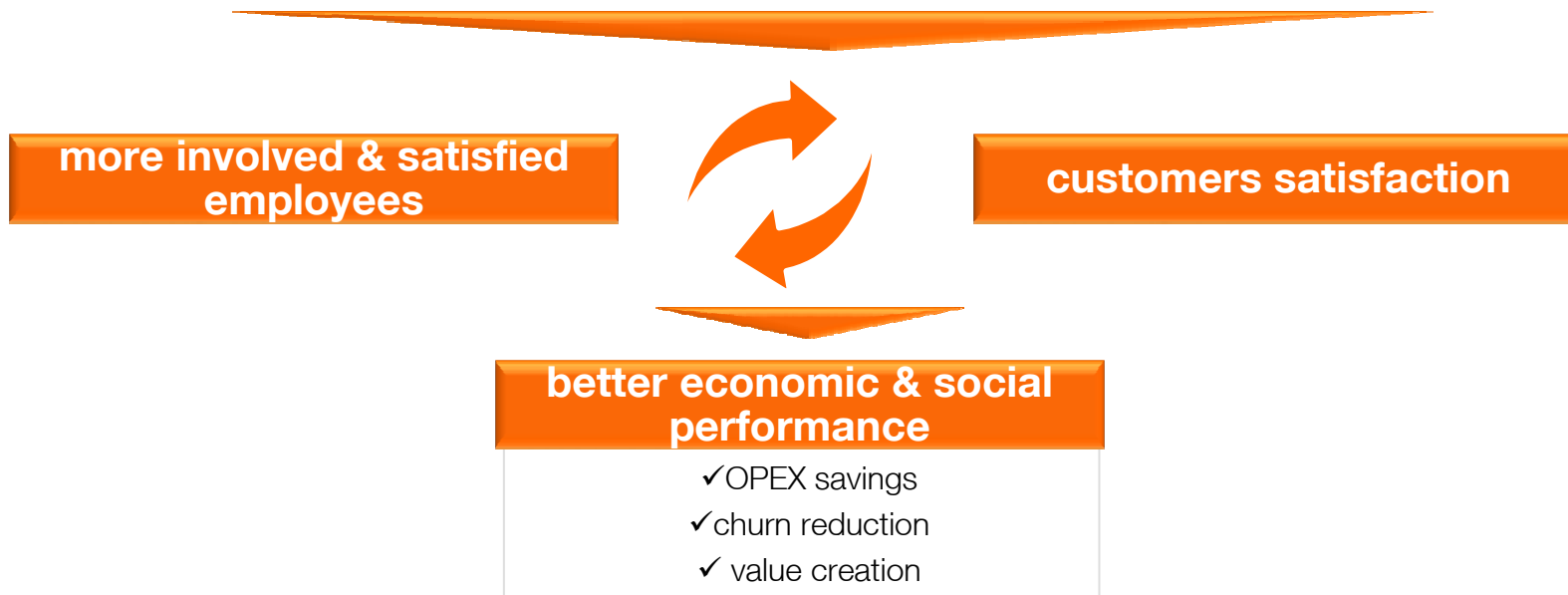
improve end-to-end QoS

- ✓ better manage end-to-end on :
 - mobile with handset based solutions measurement for voice and data services
 - fixed broadband with DLM*
- ✓ more simplicity: 20 customer testing centres by 2011
- ✓ development of remote management with KARMA
- ✓ strong focus on first time right & reducing repeated calls

&

adapt to customers expectations

- ✓ invest in tools to better understand customers' behaviour and expectations
- ✓ self service and self care: dedicated social networks oriented training in call centres, boost of e-care channels & "Orange et Moi"
- ✓ CET- Customer Experience Tracker: help to manage customer experience & to compare it with competition



answering radio wave concerns: antennas and mobile phone

contributing to the public debate on antennas

- according to the last scientific assessments (WHO-2006), **no evidence of any harmful effect** of base stations on human health
- actual engineering of mobile networks provides exposure levels much lower than maximum permitted
- more than 15 000 EMF measurements around base stations in 2010, made public
- mandatory decrease of maximum levels would not decrease average exposure, could reduce coverage & even increase radiation levels from mobile devices

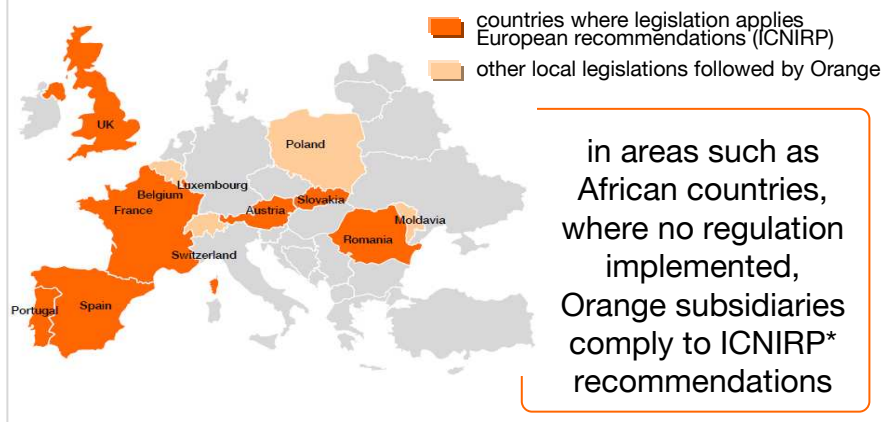
prevention and compliance with regulation : the correct use of mobile phones

- communication on device specific absorption rate (DAS in French)
- prevention and promotion of the correct use of mobile phones



**conseils
d'utilisation**
pour réduire le niveau
d'exposition
aux rayonnements

all the subsidiaries comply with authorities policy on radio waves



transparency in communication and contribution to research

- contributing to research on radio waves
- participation to the COMOP*, CIRC*, OMS* studies and communication to public
- **focus in Spain:** help from Orange Spain to launch a new service (SATI) to inform and provide support regarding the deployment of the mobile network

promoting the principles of responsible purchasing

sourcing policy is based on a **structured dialogue** with suppliers and a common vision thanks to:

- **long term partnerships**
- a **rating** according to strategic importance

improved management of suppliers risks

- **publication of a code of suppliers conduct** with all applicable law texts
- contractual clauses integrating ethical and social criteria
- indicator concerning local supplies
- on- site audits and suppliers questionnaire online

a structured assessment and monitoring process

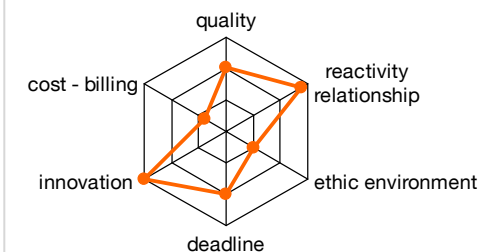
- **quarterly strategic supplier review with dedicated tool: QREDIC**

100% of key strategic suppliers subject to the QREDIC system (vs 83% in 2009)

focus: follow-up of Asian suppliers audits

- launch of 20 CSR audits of Asian suppliers under the JAC cooperation agreement between DT, TI and us
- ➔ agreement reached with suppliers after audit revealed non conformities:
 - on night shift for 16-18 years old employees
 - on time-out breaks

focus: example of a results of QREDIC

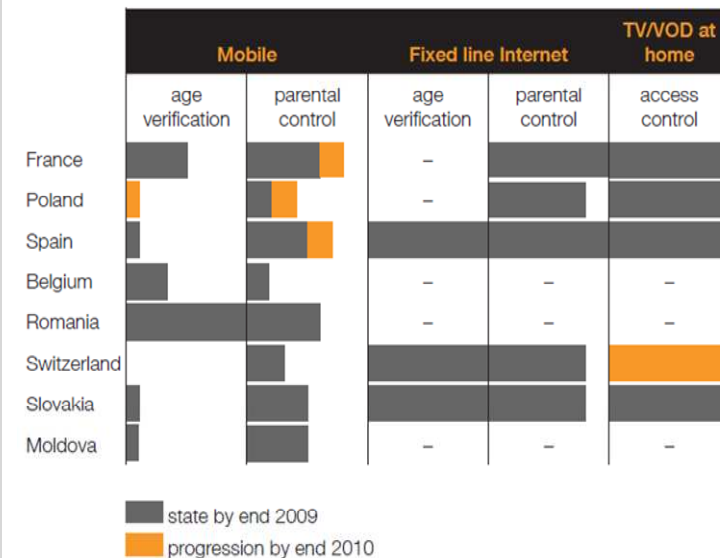


promoting safe and responsible usages

children protection : proximity as a key differentiation

- multi channel Group initiatives
 - 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* for education on safe usage in schools
 - new initiatives to address parents' concerns on good usage & to raise awareness of child protection with trained & voluntary employees in France

level of deployment of child protection tools



develop tools to manage data privacy

- a global policy to manage security risks and ensure the confidentiality of personal data
 - method for assessing major risks “High Level Risk Assessment-HLRA”
- create & develop solutions for customers
 - detection and anticipation of attacks
 - privacy dashboard: provision of an interface enabling customers to manage and share their personal data

2010 review and 2011 roadmap

ensuring trust, quality and safety for customers

- roll-out of the **Customer Experience Tracker** in all European countries in 2010, and extension to other countries in 2011. Introduction of CSR criteria
- definition in 2010 and deployment 2011 of a “**responsible communication code**”
- launch of campaigns to raise **awareness on child protection issues**, and introduction of **parental control for all content offerings**
- deployment of comprehensive **data security actions**
- definition of **policy for protection of privacy** and development of tools to allow customers to improve the management of their personal data
- for electromagnetic fields, implementation of a **policy to monitor workers exposure**, extend antenna **compliance audits** and deploy **active communication policy**
- for responsible **procurement**, implementation of “**code of conduct**” in all countries and extend **on-site audits** to subcontractors

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designing new alternatives for a greener world

Orange leads Europe's sustainable telecoms market

insight



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 green IT portfolio

Business Everywhere : flexible workplace
telepresence : collaborative work
optimizing vehicle fleet management
workstation virtualization package
telemetering

Conquests 2015 ambition

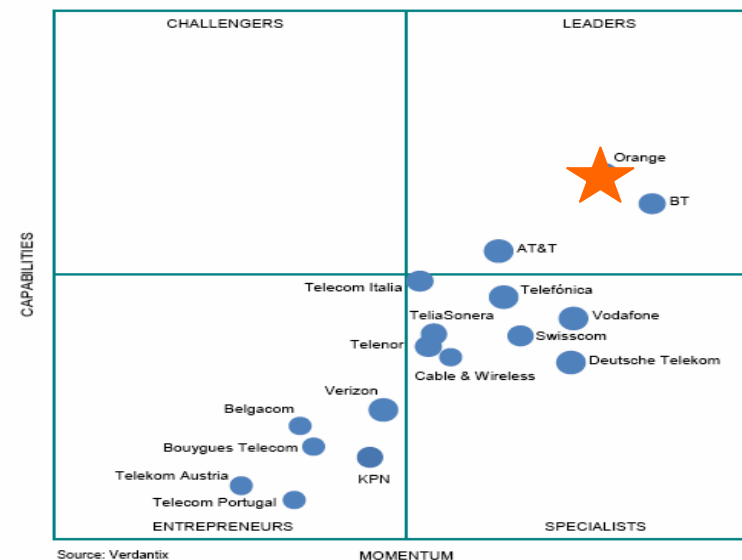
- selling 10 million M2M SIM cards
- being in the top-3 worldwide for videoconferencing

Orange eco labeling

- **ambition to rollout for all portfolio in Europe**
 - mobile devices
 - DECT phones



Verdantix 2010 scoring- Orange as the leader in Europe for its environmental policy



optimizing waste management & reducing the group's carbon footprint

increasing collection and recycling of mobile phones

- **actions implemented :**
 - ✓ launch of buy-back schemes for old mobile phones in 8 countries and recently in Austria & Spain 50%
 - ✓ eco- citizens programs in France
- **results:** an increase of **more than 80% of collected mobiles** between 2009 & 2010
- **actions in progress:**
 - ✓ optimize & deploy buy-back schemes
 - ✓ **stimulate eco-citizen collects** in all our European footprint

improving the energy efficiency

- **ambitious energy plan targets:**
 - ✓ reduce greenhouse gas emissions by 20% & energy consumption by 15% by 2020 (vs levels of 2006)
- 3 complementary levers to achieve objectives:
 - ✓ reducing the energy consumption of networks & buildings- **specific organization within network division** to manage & address energy reduce plans
 - ✓ use of renewable energy
 - ✓ reducing emissions caused by vehicles and business trips
- **carbon inventories carried out in France & Belgium**

focus: MOBO- an intelligent recycling box

- sensitize and mobilize people with a smart, simple box collection
- ambition to make it accessible to all thanks to partnerships with institutions, enterprises
- pilots in Paris, Slovakia & Romania



focus: Orange's solar station programme recognized

- over 1500 solar sites* in 2010
- awards :
 - ✓ "Green Power Innovation"
 - ✓ Best Mobile Technology for emerging markets

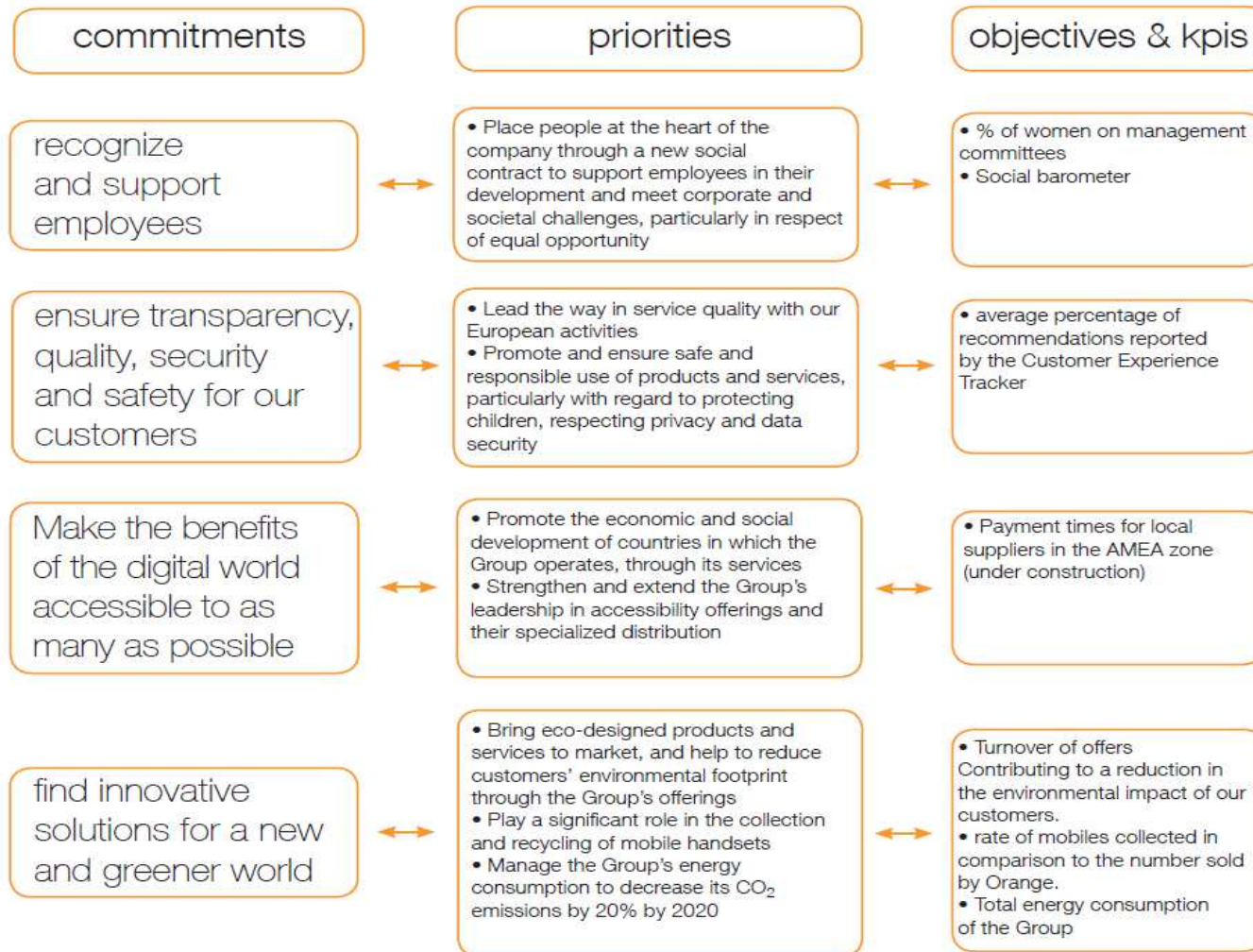


2010 review and 2011 roadmap

designing new alternatives for a greener world

- environmental management systems (EMS): 14 main group organizations involved by end of 2010
 - new certifications expected in 2011
- climate change
 - deployment of energy action plans in 21 countries in 2010, representing 95% of Group energy consumption
 - achievement of carbon inventories in France (2010), transverse processes (2010) and additional countries (2011)
 - launch of a specific program to simulate energy consumption by 2020 and prepare adapted strategy
- waste management
 - audits and action plans to ensure correct implementation of WEEE regulation
 - study of new processing channels in Africa
 - dedicated actions for REACH and business wastes
- collection and recycling of used mobile phones
 - 50% increase of collection rate from 2009 to 2010
 - target of 10% by end of 2011
 - launch of dedicated actions to foster buy-back and eco-citizen collection
- other environmental issues: paper consumption, eco-design of product and services, environmental labeling, promotion of eco-usage, “green gestures”, sustainable mobility

Group's principal commitments and priorities



CSR strategy enabled Group to break into the TOP 5 of Capitalcom's CSR ranking

3

CSR as a pillar of Group performance

CSR is at the heart of France Telecom – Orange strategy, in order to create value for all stakeholders

- CSR stakeholders dialogue allows Group to better anticipate business opportunities and manage risks
- CSR reinforces differentiation among the sector and increases performance and reputation
- involved and motivated employees contribute more to customer satisfaction, productivity and innovation
- CSR to create new revenue streams and develop new territories to grow business
- a rigorous governance to drive a dynamic, reactive and agile strategy

underlying CSR strategy to support our business performance and financial strength



appendix

cumulated operating cash flow⁽¹⁾

- around € 27 bn over coming 3 years (2011 – 2013)

dividend policy

- € 1.4 per share dividend floor confirmed for 2011 and 2012
- improvement of operational performance offers the perspective of a stable dividend

return to shareholders

- in case of significant divestment, part of the generated cash will be returned to shareholders

in summary, our Conquests 2015 ambition*

OpCF (EBITDA – CAPEX)	
adapt	conquer
∑ 2011-2013	2013-2015
~€27bn guidance (excl. exceptional items)	9% CAGR

revenues	
adapt	conquer
2010-2013	2013-2015
0.6% CAGR	2.7% CAGR

EBITDA	
adapt	conquer
∑ 2011-2013	2013-2015
~€45 bn	3.4% CAGR

CAPEX	
adapt	conquer
∑ 2011-2013	∑ 2014-2015
~€18.5bn (12.6% excl. FTTH in France)	~€10.8 bn (10.0% excl. FTTH in France)

* only those slides entitled “guidance” comprise our formal guidance; all other figures are extracted from the Conquests 2015 operating plan which was completed recently; operating plans evolve continuously and are presented as an indication, not as a further guidance