

France Telecom Orange

investor day conquests 2015

innovation

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Executive summary

- Our customers are becoming more and more “digital” and their usages are moving fast but our vision of **innovation** is to enrich the experience of all of them
- Faced with these evolutions, our **innovation** leverages our operator assets to deliver a complete and segmented universe of services and feeds value creation
- Focus on some **innovation** domains:
 - Mobile data: **innovation** for monetizing the explosion
 - Contactless: Orange **innovation** ahead in the NFC market
 - Digital home: simple products and strong support for a quiet “digital revolution”
 - Usage universe: a consistent way to deliver Orange and partner services
 - Emerging countries: **innovation** dedicated to local needs
- **Innovation** for keeping Orange in the lead on our core business and in new territories

agenda

- 1 | environment and vision for Orange
- 2 | innovation in mature markets
- 3 | innovation in emerging markets
- 4 | conclusion

1

environment and vision for Orange

Orange innovation for all

late
adopters



12%* ↓**

basic
communicators



16% ↓

pragmatics



27% ↑↑

mobile centrics



12% ↓

digital adults



21% ↑↑

digital tribes



13% ↑

source : segmentation refresh June 2010 (TNS) – segmentation June 2008 (TNS) – Team analysis - Euro 9- individual 15-75 yo

* in % of Orange customer base

** 2008–2010 evolution

usages are moving fast inside each segment

2010 (2008)

pragmatics



digital adults



digital tribes



play games on line

18 % (6 %)

25 % (16 %)

41 % (29 %)

use social networks

32 % (10 %)

60 % (33%)

80 % (52 %)

download or watch TV
programmes or VoD on
internet

23 % (10 %)

36%* (38%)

61 % (54 %)

own a smartphone

30 % (3 %)

41 % (9 %)

39% (5%)

look at internet sites
on mobile

11 % (3%)

26 % (21 %)

33 % (19 %)

source : segmentation refresh june 2010 (TNS) – segmentation june 2008 (TNS) – Team analysis - Euro 9- individual 15-75 yo

Orange innovation model



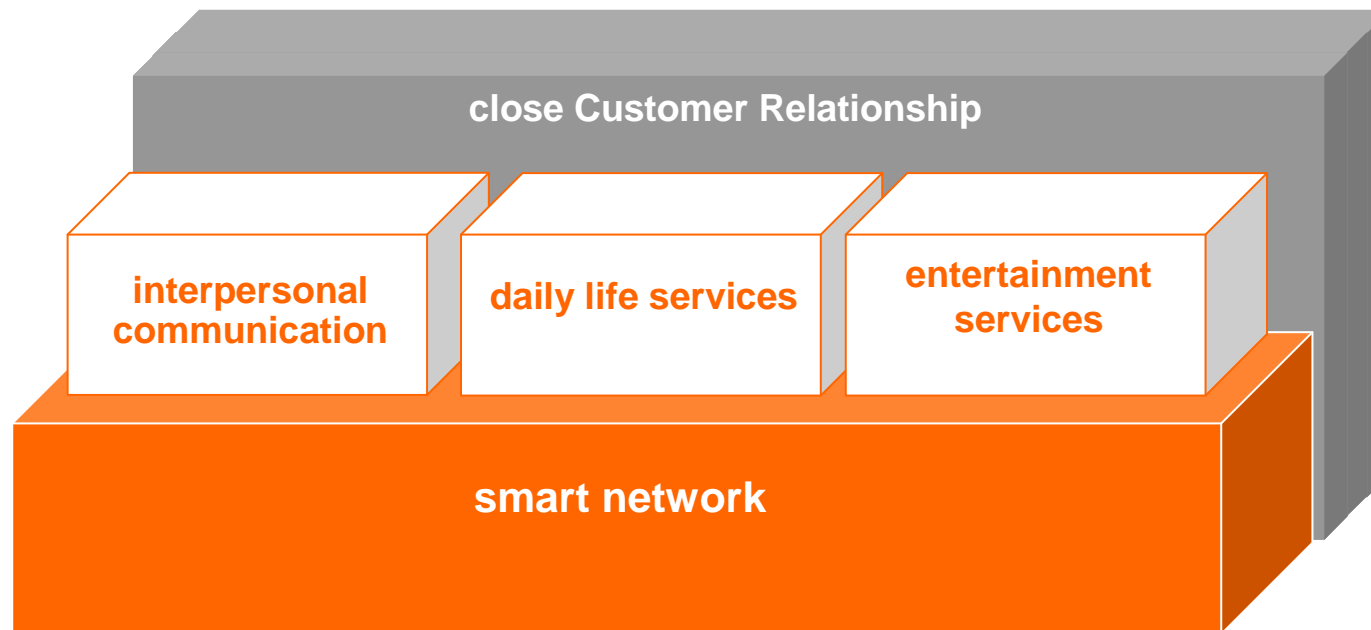
animals



NFC



partnerships



.... reinforces value creation throughout the customer life cycle

2 value management

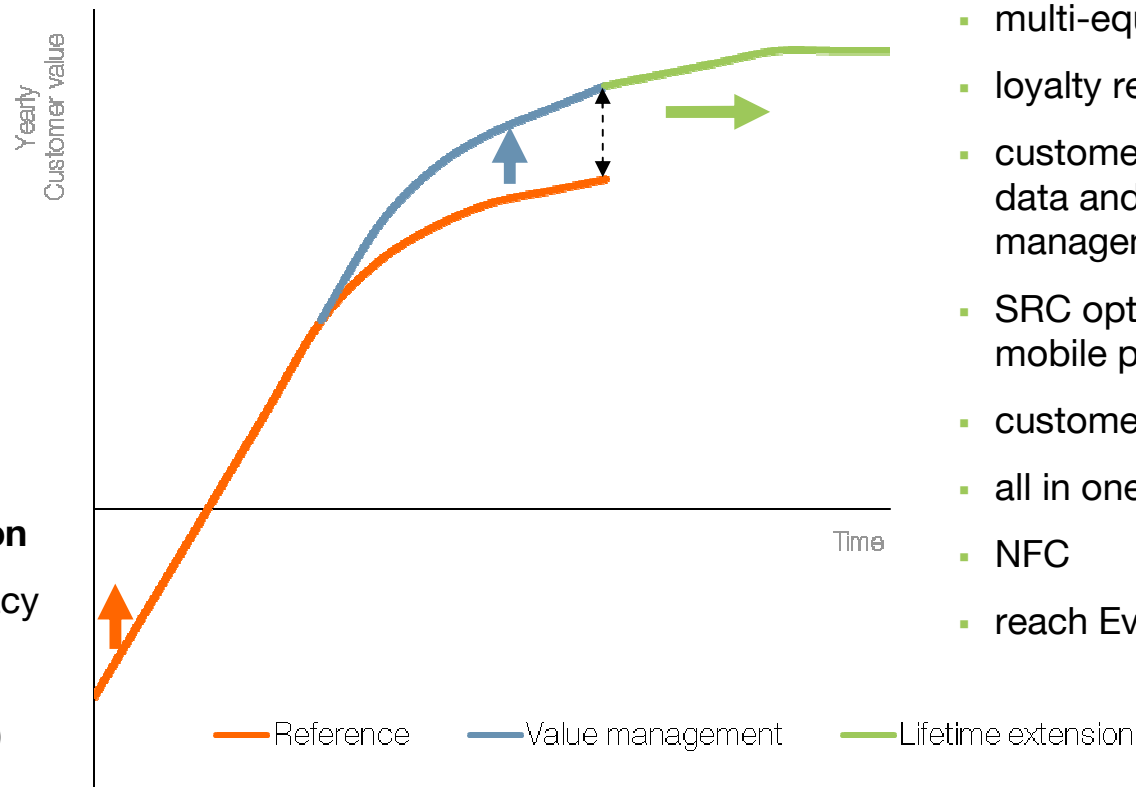
- usage stimulation (HD Voice, widgets, Bonus zone)
- ARPU increase (Mobile TV, Multi-screen TV, Orange travel, Orange money)

3 lifetime extension

- Orange Wednesdays – Orange Cinéday
- multi-equipment
- loyalty rewards
- customer trust (personal data and privacy management)
- SRC optimization (reuse of mobile phone programs)
- customer satisfaction
- all in one services
- NFC
- reach Everyone

1 SAC optimization

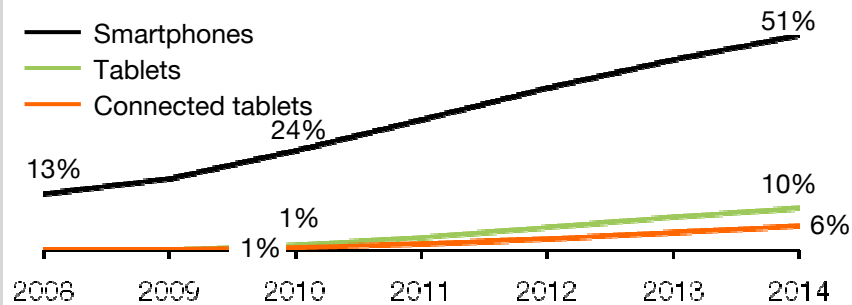
- device adequacy to offers & usages (segmentation)
- easy to sell



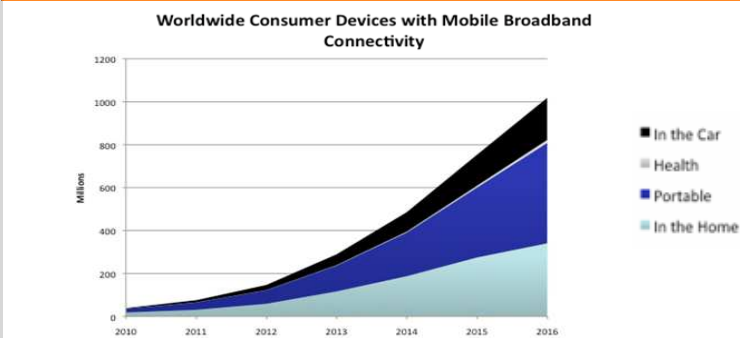
2 innovation in mature markets

**we are witnessing an explosion in connected devices,
and a significant growth in new usages on mobile devices**

smartphone and tablet penetration*



mobile broadband connected CE devices**



applications



social networking



browsing



TV & video



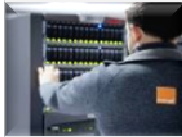




**increasing
data
usage on
mobile
networks**

**> succeeding in a connected world requires an open
approach to innovation**

sources: * Strategy Analytics

** UMTS Forum, November 2010

Orange leverages the strength of our core access & distribution networks, to create value from customer offers, services & enablers

1 access	<ul style="list-style-type: none"> ▪ LTE network deployment ▪ differentiated quality of service ▪ device portfolio management 		the best access network on all devices
2 customer touchpoints	<ul style="list-style-type: none"> ▪ retail shops, app shops, signature devices ▪ customer billing ▪ customer care 		a strong distribution network for our services
3 customer offers	<ul style="list-style-type: none"> ▪ segmented mobile data offers ▪ shared multi-sim bundles ▪ tiered pricing 		portfolio of segmented offers for all types of customers
4 services	<ul style="list-style-type: none"> ▪ Orange Wednesdays, Cinéday ▪ Orange Care ▪ Dailymotion, Deezer 		the best and differentiated services (orange & partner)
5 enablers	<ul style="list-style-type: none"> ▪ Wholesale Applications Community (WAC) ▪ NFC and other B2B2C services ▪ cloud services 		innovation in new ecosystems and technologies

> Orange has the local presence, expertise and customers to drive value

mobile data is an integral part of all our Animal tariff and has been rolled out across most European markets

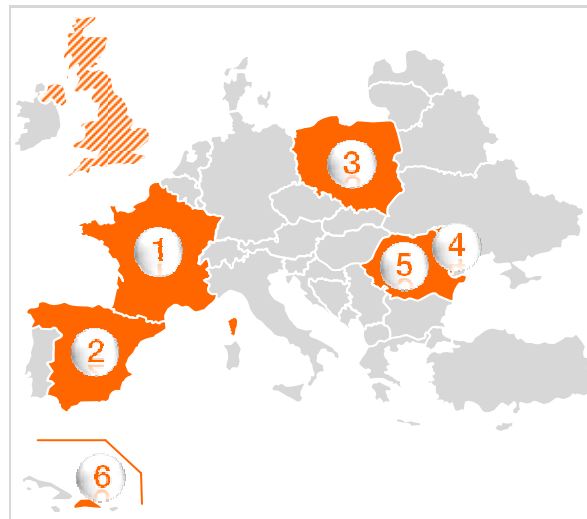
animal tariff roadmap

Origami star



à partir de
41€
/mois(1)
prix avant remise web

- appels illimités soir et week-end
- SMS, MMS illimités(5)
- internet, e-mails, 20 chaînes TV et navigation GPS illimités (débit réduit au-delà de 2 Go)



1 France April 2008
refresh in October 2010

4 Moldova May 2010



2 Spain May 2010



5 Romania September 2010

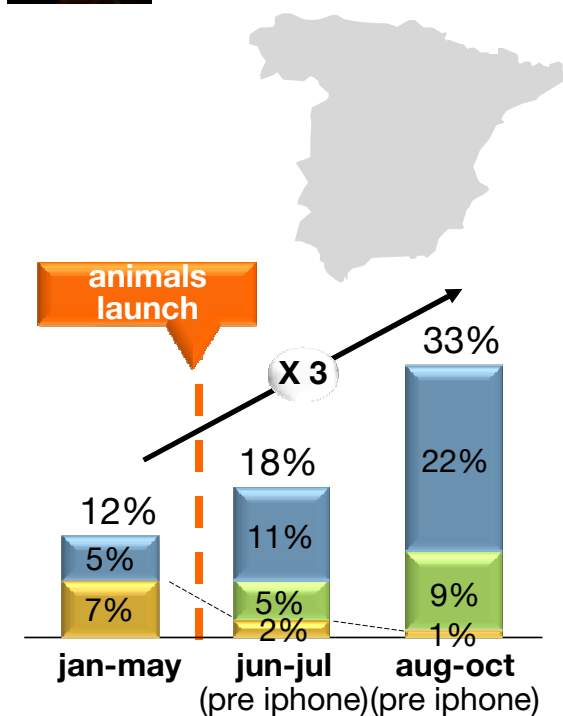


3 Poland April 2010

6 Dominicana November 2010



data adoption in postpaid customers in SPAIN



- voice + internet bundle (high value)
- voice + internet bundle (medium value)
- Internet add-on

Orange innovation ahead in the NFC market

contactless

promote Pan-MNO
interface interoperability

common interface Interoperability



Euro 5
committed to launch
interoperable NFC services in
core markets by 2012

interoperable

seed the market with
SIMs & Devices

NFC SIM Deployment



with the right handsets and customer care



secure

focus on country
ecosystem development

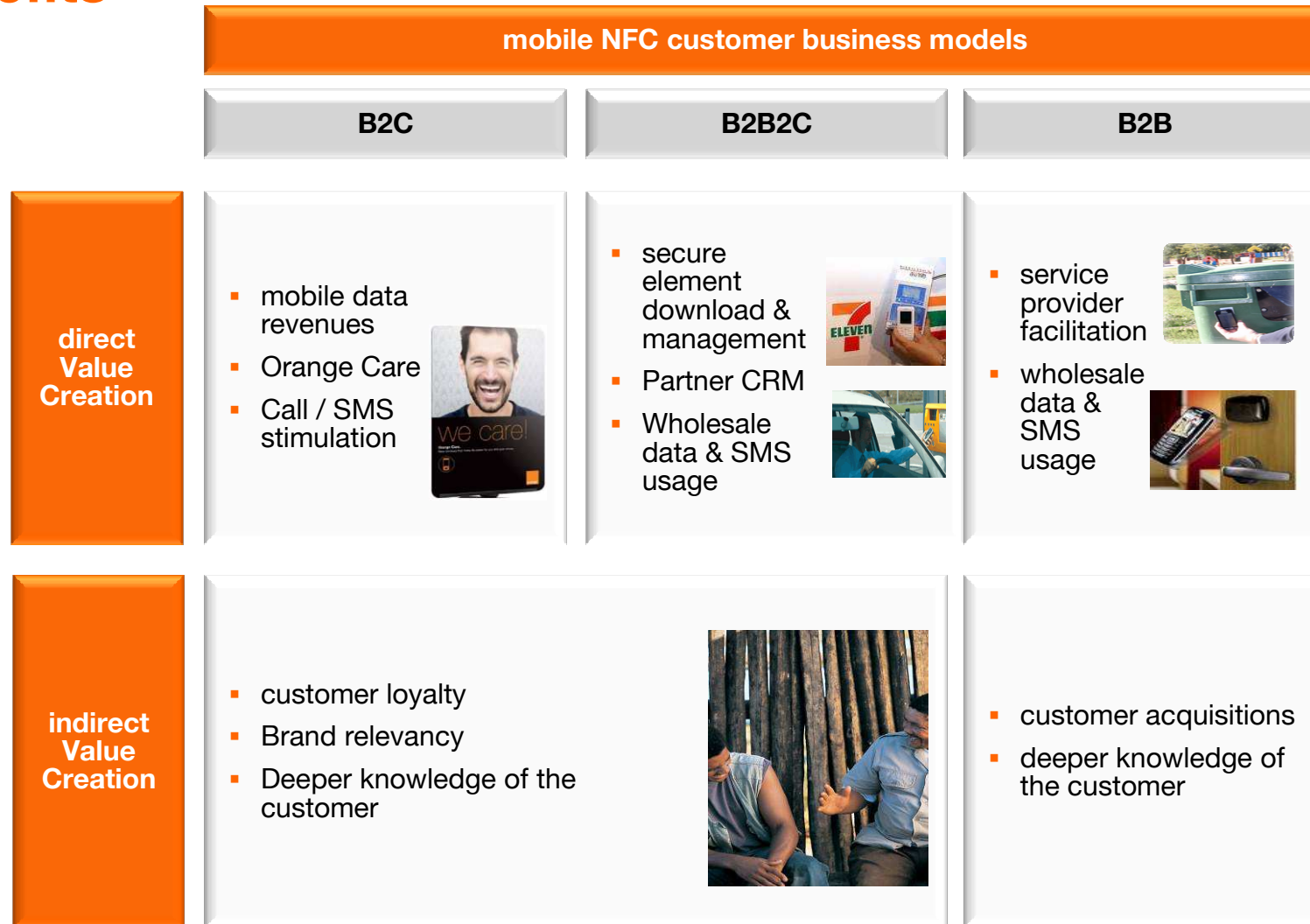
national Ecosystem



dedicated team per country to
build the national ecosystem,
deploy and launch services

open

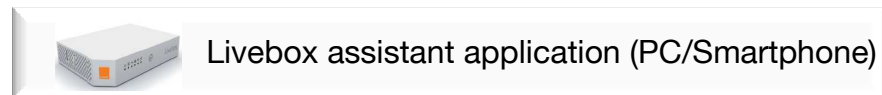
NFC services will create value from a number of business models, generating direct revenues and 'indirect' benefits



innovation for the Home makes our “digital home coach” promises tangible: Robust – Simple – Richer



- simplify customer transition to digital home
- enrich the Livebox ecosystem with simple and robust solutions (Liveplug, Livephone, Wifi extender, ...)
- secure customers with strong end-to-end support (Livebox assistant applications, customer services, field assistance)
- develop a green digital home



provide information on the customer's digital home

detect a failure and either fix it...

...or provide the support teams with diagnosis

creating a virtuous circle of personalised services by helping customers reconcile their 'real' and 'digital' lives

universe of
services

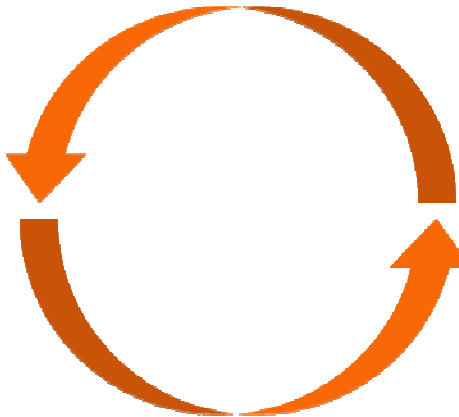
with Orange I manage and balance my real life & my digital life

offer customers best-of-breed, customized services from Orange & partners,
adapted to their needs across channels and screens

build a consistent, personalized and integrated
universe of **Orange's and partners' services** -
both **physical and digital**

increase use of service, increase
customer satisfaction, **learn from
usage** and refine relevance of the
overall value proposition

deliver those services through what
each customer considers their own
most relevant mix of **physical and
digital touch points**



partnership approach creates value for all parties



since 2010

more than 500K customers
subscribed to the unique
Deezer premium music
package launched by
Orange

content
partnerships



since 2010

Facebook included in specific
bundles as an **incentive to
upsell**, especially for
customers with no
smartphone and no
unlimited data plan



Since 2010

LG Connected TVs already
have 30% active users on
Orange Connected Portal...
which is about to be
extended to Samsung

communication
partnerships

Microsoft



since 2011

only 1 month after launch of
“mobile operator billing”, 6%
of the Windows Phone 7
installed base **bought** apps*,
and have a higher ARPU
than other marketplaces

billing partnerships



since 2009

Google Mobile Application
enhances the Orange
Signature experience of
Google services customized
for Orange **on more than 2.5
million mobile devices**

3 innovation in emerging markets

Africa and Middle East pose new challenges due to the specificities of their markets

a specific context

a younger, more rural population, multiple languages and lower revenue

telecom... mostly a mobile market

very important role of the mobile with a predominance of prepaid and multi-SIM customers

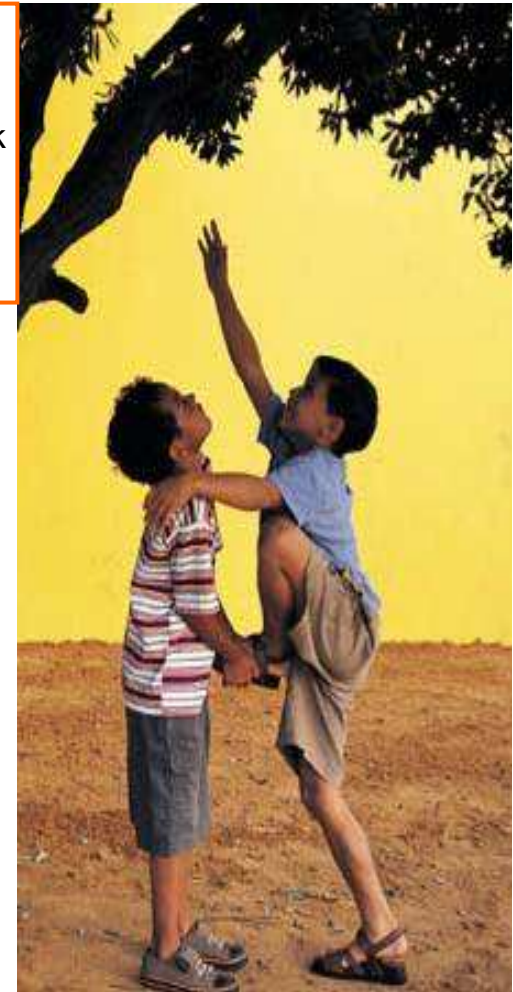
new opportunities

new business opportunities due to lack of available competitive infrastructure: health, education, payments, monitoring ...



> we develop “emerging countries” services sometimes ahead of what is done in Europe

> an industrialized roll-out in emerging countries based on a Core 0 and Core 1 solution portfolio for affiliates



generalize access to voice, internet and content

provide access to all



tailored offers



generalize access to content



generalize access to financial services on mobile with Orange Money

Orange Money provides unbanked populations with access to a growing number of financial services

basic payment

- electronic wallet
- P2P transfers
- mobile account recharging
- bill payment

advanced payment

- payment of wages
- payment to sellers
- receipt of international transfers

financial services

- savings, credit insurance,
- international money transfer from mobile to mobile



we are accelerating the deployment of Orange Money

- 6 countries have already launched the service, among which 5 this year, including Kenya
- Orange reaches the threshold of **1 million Orange Money customers** in the area half the countries in the UEMOA (West Africa Economic and Monetary Union) area are covered
- Orange Money grows in partnership with banks and retailers



4 conclusion

innovation makes Orange number 1 among telcos, already in Europe on core business....



VoIP in Europe



IP TV in Europe



HD mobile voice



care services

... and in four new territories



operator to launch NFC in Europe (France & UK)



operator portfolio of proprietary mobile applications



operator to deploy solar powered networks in Africa



operator to launch Airtime Transfer (within Orange Money)