france telecom

1Q07 results

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April 26th, 2007

cautionary statement

- this presentation contains forward-looking statements and information on France Telecom's objectives, in particular for 2007. Although France Telecom believes that these statements are based on reasonable assumptions, these forward-looking statements are subject to numerous risks and uncertainties and there is no certainty that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could result in material differences between the objectives presented and the actual achievements include, among other things, changes in the telecom market's regulatory environment, competitive environment and technological trends, the success of the NExT plan and other strategic initiatives based on the integrated operator model as well as France Telecom's financial and operating initiatives, and risks and uncertainties attendant upon business activity, exchange rate fluctuations and international operations.
- the financial information in this presentation is based on international financial reporting standards (IFRS) and presents specific uncertainty factors given the risk of changes in IFRS standards.
- more detailed information on the potential risks that could affect France Telecom's financial results can be found in the Document de Référence filed with the Autorité des Marchés Financiers and in the Form 20-F filed with the U.S. Securities and Exchange Commission.
- market share figures at March 31, 2007 included in this presentation are France Telecom estimates, pending release of official figures for the period from national regulatory authorities.

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agenda

- part 1: key achievements and consolidated results
- part 2: 1Q07 countries performance
- part 3: outlook

1Q07 key financial results:
on track with our 2007 guidance

(in million of euros)	1Q06*	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 and perimeter impact

1Q07 key operational achievements

France	▪ national launch of Orange naked ADSL offer ▪ new fiber offer launched in 6 towns ▪ offensive commercial offers and promotions combined with new loyalty programs both on mobile and internet since the end of February 07 ▪ strenghten Orange's leadership on Quality of Service
UK & Spain	▪ network sharing agreement in UK with Vodafone, Capex and Opex savings expected in the medium term ▪ continuation of high value strategy in the UK: 91% of new customers took 18 months contract in 1Q07 ▪ Euskaltel / Orange dispute in Spain solved in 1Q07
RoW	▪ extension of Orange footprint in emerging countries (3 licences in Guinea, Bissau Guinea, Central African Republic and acquisition in Bahrain) ▪ +17.1% yoy revenue growth in markets with high-growth potential, mainly in mobile in Poland, Romania, Egypt and Dominicana

1Q07 key performance indicators

		1Q07 vs 1Q06 change
	▪ 106 million customers under Orange brand worldwide (66% of total customer base)	+ 63%
Mobile	▪ 100 million mobile customers worldwide	+ 15%
Mobile	▪ 7.2 million mobile broadband customers worldwide	+223%
Fixed / Internet	▪ 10 million ADSL broadband customers worldwide of which 4.8 million Livebox	+25%
Fixed / Internet	▪ 3.2 million VoIP customers in Europe	+126%
Fixed / Internet	▪ 768k IPTV clients in Europe	+235%
Enterprise	▪ 505k Business Everywhere end users in France ▪ ICT service revenue growth: +16% yoy	+20%

1Q07 revenue growth: good performance of Home France and Enterprise with a sustainable growth in Personal

(in million of euros)	1Q06 *	1Q07	Change 1Q07/1Q06 * EURm	Change 1Q07/1Q06 * %	△1Q06/1Q05*
Group revenues	**12,617**	**12,844**	**+ 227**	**1.8%**	***2.0%***
total Personal	**6,643**	**6,931**	**+ 288**	**4.3%**	***7.4%***
personal France	2,391	2,388	- 3	-0.1%	
personal UK	1,478	1,489	+ 11	0.8%	
personal Spain	803	821	+ 18	2.3%	
personal Poland	446	479	+ 33	7.4%	
personal ROW	1,573	1,801	+ 228	14.5%	
total Home	**5,597**	**5,574**	**-23**	**-0.4%**	***-2.0%***
home France	4,367	4,405	+ 38	0.9%	
home Poland	776	707	- 69	-8.9%	
home UK	107	107	0	- 0.2%	
home Spain	143	136	- 7	- 4.6%	
home other ROW	247	274	+ 27	11.1%	
total Enterprise	**1,928**	**1,890**	**-38**	**-2.0%**	***-6.3%***
eliminations	-1,551	-1,551	0	0.0%	

- Personal revenue growth still driven by emerging markets
- Home nearly stabilized its revenues thanks to a second consecutive quarter of growth for Home France
- Enterprise revenue decline slowdown

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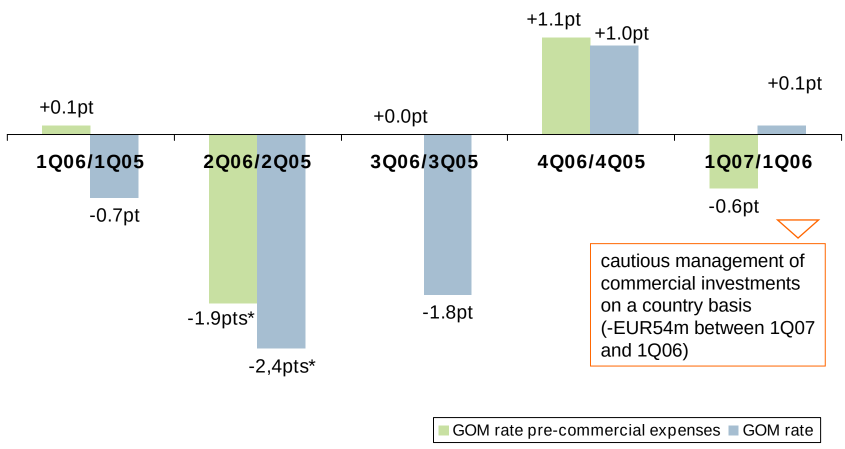
* on a comparable basis, ie adjusted from forex and perimeter impact

1Q07 GOM rate evolution: on track with “near stabilization” FY guidance

yoy evolution of GOM rate in ppt (on a comparable basis)



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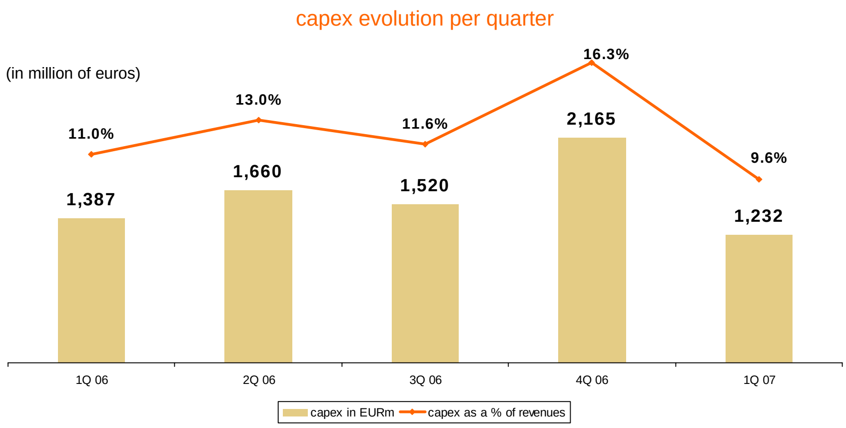
* adjusted for the EUR199m Lebanon reserve reversal in 2Q05

capex: FY07 guidance maintained at around 13%



- low capex to sales ratio due to seasonality effect and strong investments in 4Q06
- main investments scheduled for next quarters:
  - 3G / HSDPA extension in France, Poland and other Eastern European countries
  - extension of mobile coverage in emerging countries
  - FTTH deployment in Slovakia

1Q07 countries performance

1Q07 highlights of French operations

main achievements

Personal

- stabilization of market share (incl. MVNO) at 46.5% in a competitive environment
- improvement 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: more than 1 million customers at the end of 1Q07

market challenges:

- development of abundance offers at home
- 10 days number portability starting May 21st

actions:

- maintain market share with even more attractive offers
- pursue MVNO and licenses partner strategy

Home

- for the third consecutive quarter, internet services revenues more than compensate 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

market challenges:

- development of competitors naked ADSL offers
- wholesale impact of the sector consolidation

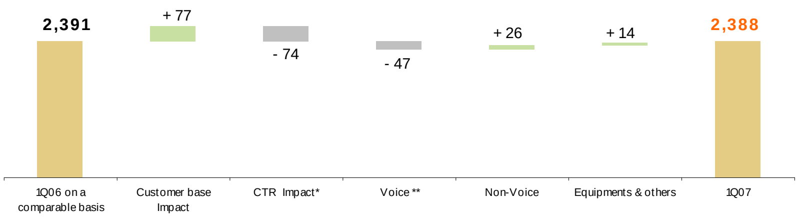
actions:

- maintain ADSL market share at around 49% thanks to our leadership in IPTV
- develop offers for newbies ADSL customers
- focus marketing on very dense areas
- higher ARPU with new multiplay services

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

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

(in million of euros)

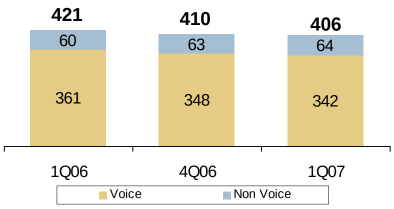


- revenues impacted by CTR* cuts: -0.1% in 1Q07 yoy (and +3% excl. CTR* Impact)
- solid customer base with 23.226m (excl. MVNOs), +3.4% yoy
  - contract mix reinforced to 63.9% with 129k net additions in 1Q07
  - confirmation of improving contract churn at 11.7% in 1Q07 vs 12.2% in 4Q06
- successful MVNO's strategy with 1 million MVNO's customers (+160k vs 4Q06), confirming Orange leadership

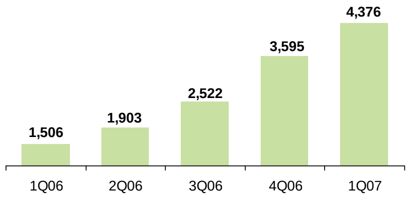
* call termination rate; ** excluding CTR

personal France 1Q07: ongoing mobile broadband development

ARPU (EUR)



mobile broadband customers (000)



- ARPU decreased by -1% vs 4Q06 and by -0.2% excluding CTR* impact
- 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

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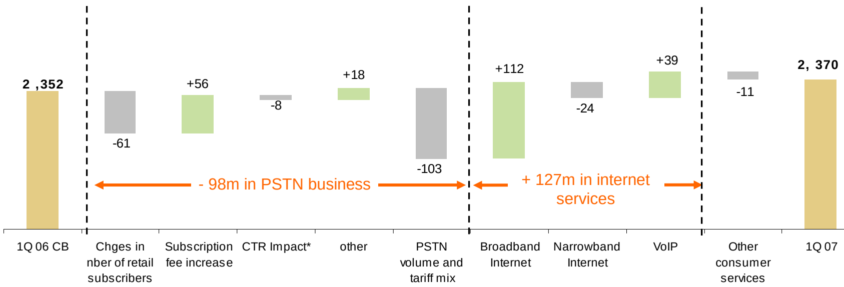
* call termination rate

home France 1Q07: for the 3rd consecutive quarter, broadband internet revenue growth more than compensate PSTN decline

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

(in million of euros)



- consumer services ARPU: up by 5.5% yoy at EUR28.6 (+2.1% vs 4Q06)
  - on line and Internet services ARPU (+33.3%)
  - calling services ARPU (-9.8%)
  - subscription fees ARPU (+4.7%)

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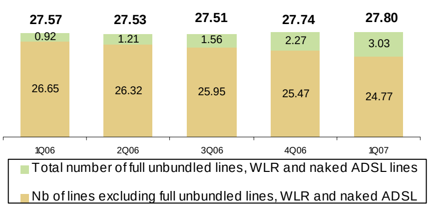
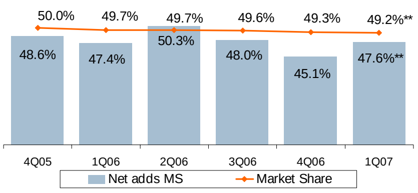
* call termination rate

home France 1Q07 KPI's: fixed lines base increasing thanks to ADSL growth

total number of fixed lines (in million)



ADSL market share *(%)



- increase of market access lines (+0.8% yoy)
- FT wholesale lines quarterly increase (+761k) :
  - 442k Full ULL lines (2,504K end of 1Q07)
  - 254k naked ADSL lines (442k end of 1Q07)
  - 65k WLR (80k end of 1Q07)
- **both consumer services and domestic wholesale revenues grew respectively by +0.8% and +8.7%**

- since 1st of March 07, naked ADSL offer available at national level
  - wide advertising campaign started
- more competitive tariffs on triple play offers

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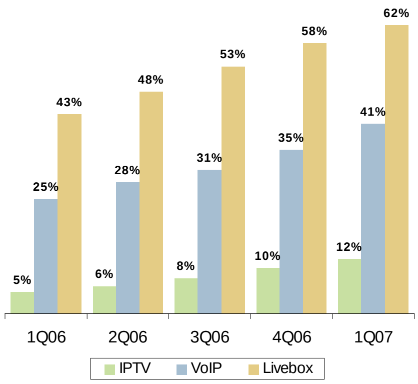
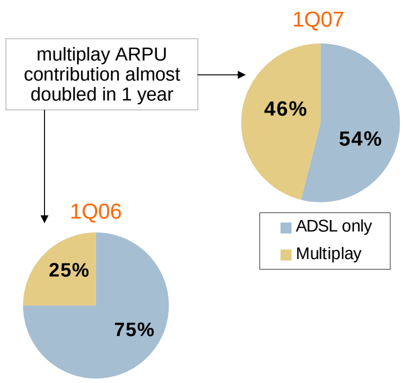
* based on ARCEP methodology; ** FTE estimates

home France 1Q07 KPI's: ongoing multiplay development

Livebox, VoIP
and IPTV customers over our DSL base



multiplay* as % of total ADSL ARPU



- more than 850k VOD downloads in 1Q07

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

1Q07 highlights of Personal Row operations

main achievements

Personal

- strong subscriber base growth (+32.6% vs 1Q06) delivering 37.9m customers at the end 1Q07 and supporting sustained revenue growth (+14.5%)
- footprint: 3 licenses acquired in Africa: Guinea, Bissau Guinea and Central African Republic

market challenges:

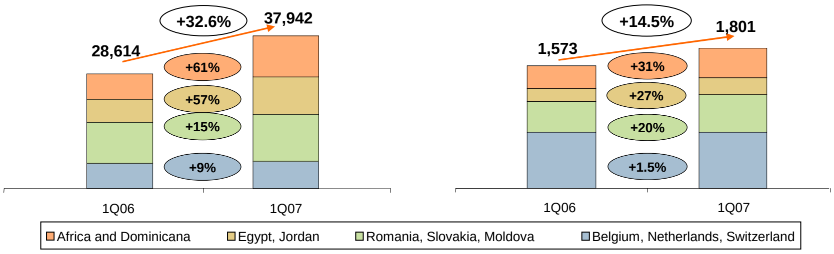
- subscribers growth vs ARPU dilution
- regulatory issues in major countries (Belgium, Switzerland & Netherlands)

actions:

- maintain growth momentum
- reinforce our footprint
- extend mobile coverage in Cameroon, Ivory Coast and Jordan

RoW Personal Customer Base

RoW Personal Revenues (EURm)



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1Q07 highlights of Home Row operations

main achievements

Home

- high growth of internet base boosted by ADSL offers (despite limited PC equipment)
- FTTH in Slovakia: decision to deploy a fiber optic network

market challenges:

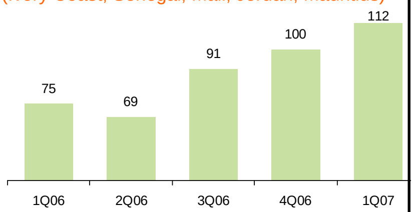
- market consolidation towards convergence
- fixed-to-mobile substitution

actions:

- extension and deployment of multiplay offers
- continue broadband development
- launch fiber in Slovakia (EUR32m capex expected to cover almost 200k households in 10 cities by end of 07)

fixed line customer base (000s)
(Ivory Coast, Senegal, Mali, Jordan, Mauritius)

internet customer base (000s)
(Ivory Coast, Senegal, Mali, Jordan, Mauritius)



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1Q07 highlights of UK operations

main achievements

Personal

- strengthened contract customer base:
  - 91% of new customers took 18 months contract in 1Q07
  - contract churn rate down from 28.8% in 4Q06 to 27.6% in 1Q07
- continued growth of data revenues to 21.7% of network revenue in 1Q07

market challenges:
- competitors "new deal" with indirect distribution channel

actions:
- come back to net adds market share in line with actual market share
- on going focus on high value customers
- regain prepaid momentum

Home

- ADSL revenue growth compensated narrowband decline
- 1,095k ADSL customers ,+11% yoy
  - LLU customers: 21% of ADSL base
  - 412k Livebox installed (+18.7% vs 4Q06)
  - 254k multiplay customers, 23% of total base

market challenges:
- increased focus on multi-play offers
- lack of efficiency of Openreach to open LLU market

actions:
- completion of a competitive multi play portfolio
- increase awareness as a broadband provider
- increase LLU coverage and utilisation

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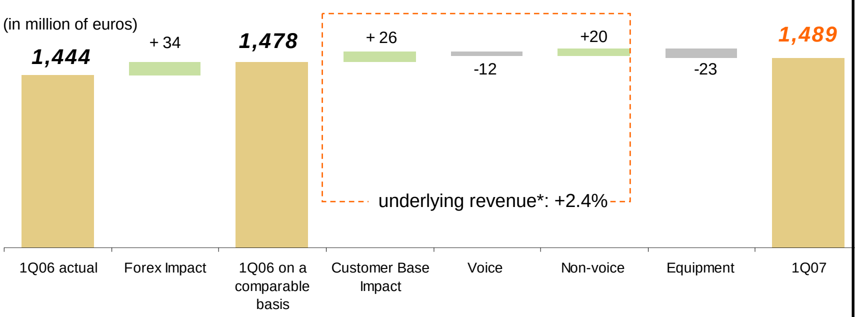
personal UK 1Q07: underlying revenue growth of +2.4% yoy

1Q07 revenues: EUR1,489m / +3.1% yoy actual / +0.8% yoy on a comparable basis



- revenues +0.8% yoy, but underlying revenues +2.4% yoy
- 15.1m customers, +0.9% yoy
  - contract: stable customer base, churn rate improvement for the 2nd consecutive quarter to 27.6%
  - prepaid: customer base declined by 239K over the quarter but grew by +0.7% yoy and strong revenue growth (+5% yoy)
- first MVNO agreement with Blyk and partnership with Bebo
- "3" National roaming agreement now in operation

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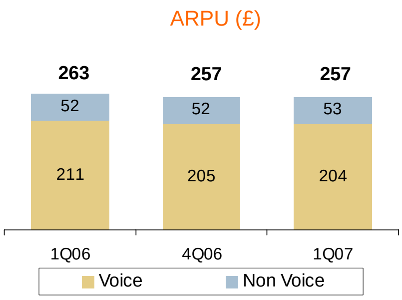
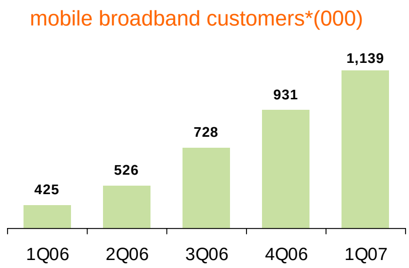
* underlying revenue is defined as total revenue excluding equipment revenue

personal UK 1Q07: sustained growth of 3G customer base





- blended ARPU –2.3% yoy driven by tariffs decrease linked with competition pressure, but stable vs 4Q06
  - non voice ARPU increase by 2% with mobile broadband development and ongoing growth of data revenues: 21.7% of network revenue in 1Q07 vs 21.3% in 4Q06, and vs 20.2% in 1Q06
  - leadership maintained among the big four operators on contract ARPU at £561 despite significant pricing pressure
- sustained growth of 3G base with more than 1.1m customers: +208k net adds in the quarter (n°3 on the market with around 93% of coverage rate)

* 3G customers only

1Q07 highlights of Spanish operations

main achievements

Personal

- 11.1m customers, +7.7% yoy excl Euskaltel effect (ow +10.6% for contract base)
- successful focus on contract customers:
  - 198k contract net adds in 1Q07 excl. Euskaltel effect
  - improvement of contract mix evolution at 49.4% in 1Q07 vs 48.5% in 1Q06

market challenges:
- regulation: per second billing and CTR* cut
- data revenue growth

actions:
- reinforce supply chain and distribution channel
- continue churn rate reduction with reinforced loyalty programs
- boost data offers through 3G base development

Home

- 681k ADSL subcribers (+16% yoy), 64% of ADSL gross adds in 1Q07 on LLU
- monthly churn rate reduction of 20% in 1Q07 vs 1Q06
  - commercial initiatives: eg Numeros Plus offer
  - ongoing improvement of our distribution mix:
    - 9% of ADSL acquisitions via Orange shop (4% in 4Q06 and 0% in 1Q06)
    - 12,5% via Large department store channel in 1Q07 vs 6% in 4Q06

market challenges:
- lack of efficiency in the opening the market (full LLU): full LLU to be launched in 2H07
- concentration in the sector

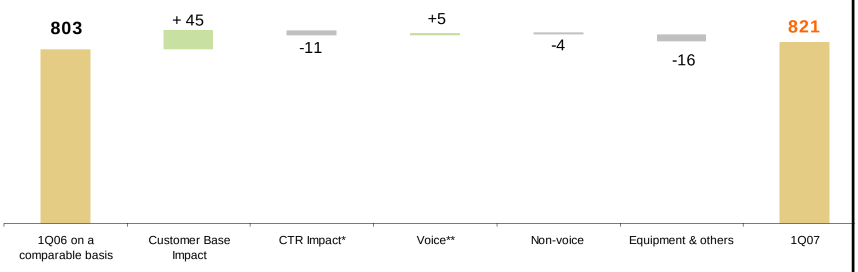
actions:
- launch new enhanced multiplay offers
- leverage on full LLU launch to
  - enable the take-off of IP TV
  - launch of VoIP
- contribute to reinforce the proactivity of the regulator to balance TEF lobbying

* call termination rate

personal Spain 1Q07: +2.3% revenue growth despite CTR* and Euskaltel customer migration

1Q07 revenues: EUR821m / +2.3% yoy on an actual and comparable basis

(in million of euros)



- revenue growth of +2.3% thanks to the increase of Orange contract high value customers
  - revenue growth of +3.7% pre CTR* and +6% pre CTR* and equipment
  - Revenue growth of 8.0% pre CTR*, equipment and Euskaltel impacts
- customer base growth: +5% yoy at 11.1 million customers at the end of March 07

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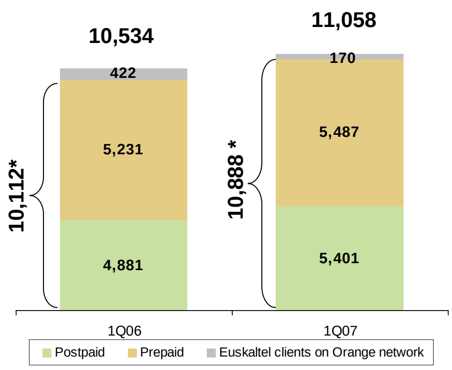
* Call Termination Rate; ** excluding CTR

personal Spain 1Q07: customer base increase despite Euskaltel effect

customer base evolution (000)



- 170k Euskaltel customers remaining on Orange network at the end of 1Q07 vs 379k Euskaltel subscribers at the end of 4Q06
- 1Q07 net adds of - 56 k split between
  - 209k disconnections of Euskaltel customers
  - 153k net adds for the rest of Orange Spain
- excl Euskaltel, Orange customer base grew by 8% vs 1Q06 and 1,4% vs 4Q06
- Orange focus on contract customers in 1Q 07:
  - contract: + 198k (excl Euskaltel)
  - prepaid: -45 k (excl Euskaltel)

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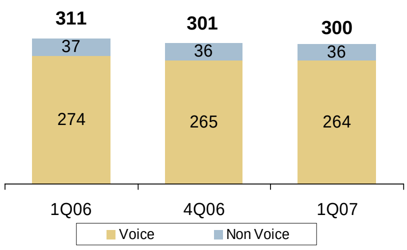
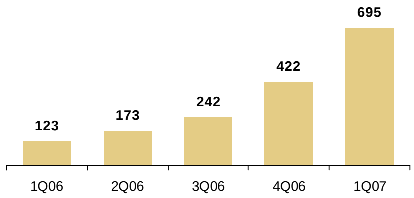
* excluding Euskaltel

personal Spain 1Q07: mobile broadband customers growth of +65% vs 4Q06

ARPU (EUR)



mobile broadband customers**(000)



- blended ARPU at EUR300, stabilized in 1Q07 vs 4Q06
- -9.2% CTR* cut will impact Orange Spain in 2Q07
- 695k broadband customers (+273k vs 4Q06): 6.3% of total customer base

* Call Termination Rate; ** 3G customers only

1Q07 highlights of Poland operations

main achievements

Personal

- 1Q07 revenue growth of 7.4% vs 5.5% for the market thanks to customer base growth
- value market share increased at 34.7% vs 34,5% end of 2006 and 34.1% end of 1Q06
- strong growth of customers: 12.8m (+23% yoy) and +260 k qoq

market challenges
- intensifying competition (Play entrance)
- MVNO development

actions:
- pursue ongoing negociations with MVNOs
- launch new promotions on SMS, voice bundle, multimedia
- boost 3G development and coverage

Home

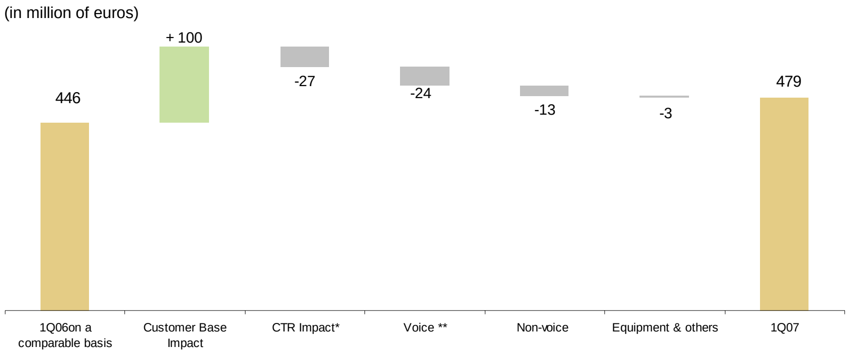
- retail TP access market share is stabilizing
- broadband small quarter acquisition (+55k) due to the “grace periode” decided by UKE (Polish regulator)
- +33.9% yoy increase of BB customers at 1.8m customers end of 1Q 07
- development of multiplay with 219k Livebox end of March (+48% vs 4Q06)

market challenges
- new promotions introduced by main cable TV operators
- fixed to Mobile substitution
- bitstream and WLR development

actions:
- broadband promotions focused on acquisition with increasing lenghts of contracts
- fixed voice promotion targeted on retention to offset F2M substitution increase
- pursue cost improvement and efficiency

1Q07 personal Poland: leadership maintained

1Q07 revenues: EUR479m / 5.9% yoy on actual / 7.4% yoy on a comparable basis



- revenues growth of 7.4% yoy on a comparable basis, +14.3% yoy excluding CTR* impact
- 12.8m mobile customers, +22.7% yoy
- leader in value market share at 34.7%, up from 34.5% at the end of 2006

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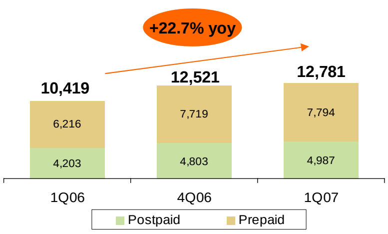
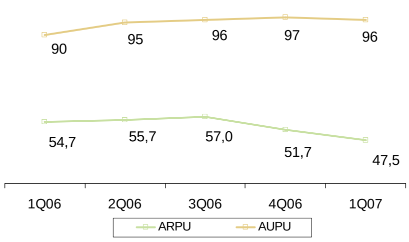
* Call Termination Rate; ** excluding CTR

1Q07 personal Poland: strong annual growth of customer base

customer base evolution (000)



quaterly blended ARPU (PLN) and AUPU (mins)



- continuous customer base growth :
  - strong growth of prepaid customer base (+1.6 million yoy)
  - despite removal of inactive customers in the base realised in 1Q07
- blended ARPU down by 8% vs 4Q06 due to CTR* reductions in 4Q06 partially offset by AUPU increase (90 mins in 1Q06 to 96 mins in 1Q07) due to continuing migrations of customers to unlimited offers
- continued growth of broadband** customer base (x3.6 yoy) with 97% coverage in Edge and ongoing 3G deployment
- ongoing growth of data revenues: 22.1% of network revenue in 1Q07 vs 21.7% in 1Q06

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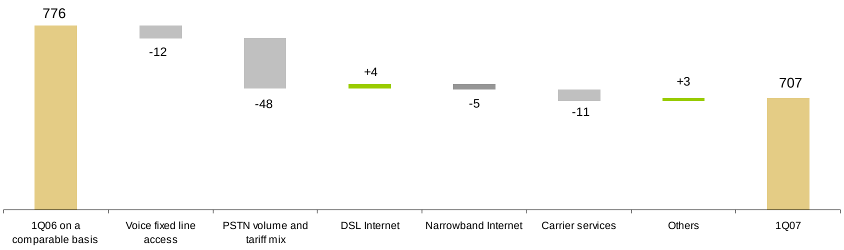
* Call Termination Rate; ** 3G + Edge customers

1Q07 home Poland: fixed voice revenues decline mainly due to regulation

revenues: EUR707m / -10.2% yoy actual /- 8.9% yoy on a comparable basis



- negative growth of traditional business not fully compensated by broadband growth
  - significant decrease of voice revenues due to lower customer base strengthened by WLR introduction since January 2007 (161k as of March 07) and lower fixed line ARPU (with CTR* cuts and new tariff plans)
  - broadband revenues slightly up : decreasing ARPU, increasing customers base, despite negative effect of the "grace period"
  - reduction of carrier services revenues due to regulatory decision decreasing RIO prices (-41% since Sept 06)
- strong progress in broadband with 1.8 million customers at the end of march 07 (+33.9% yoy)
  - livebox customer base of 219k ie 12% of broadband base vs 1% one year ago
  - IP TV softly launched in 1Q07 (available for 1.5m potential customers)

* Call Termination Rate

1Q07 highlights of Enterprise

main achievements

- slowdown of the decreasing trend in Business Network Legacy revenues
- continued Advanced Business revenues growth:
  - IP VPN accesses up 25% yoy (266k accesses)
  - Business Everywhere: 505k end-users in France, up 20% yoy
- continued ICT revenues growth, up 16% on a yoy basis:
  - Extented Business Services (up 12% on a yoy basis)
  - strong impact of Equipment resale (in "Others revenues")

market challenges:

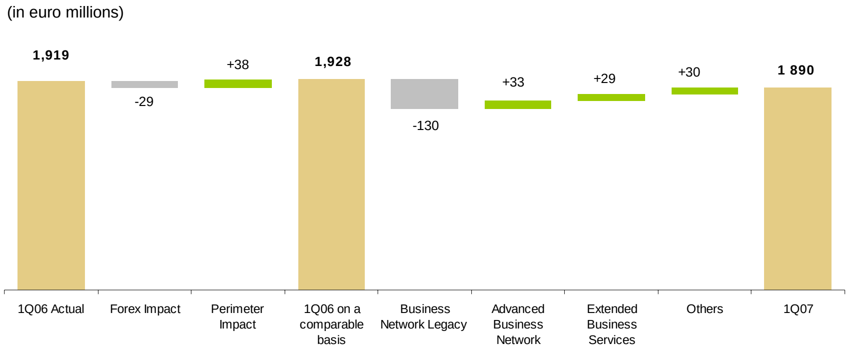
- pace of VoIP uptake
- continued competitive pressure on data international prices

action

- continue to enhance our portfolio on VoIP/ToIP
- streamline cost base
- continue to grow ICT at high speed

enterprise 1Q07: continued ICT services revenues growth above market growth, slower decline of traditional business

1Q07 revenues analysis



- continued ICT services revenues growth(+16% yoy) above market growth, slower decline of traditional business

outlook

key objectives for the coming quarters

- drive French operations momentum thanks to leadership and innovation in mobile and broadband
- ramp up FTTH pre-deployment in France
- continue to rebalance the customer base mix towards contracts and pursue the development of “3P” bundles (ADSL/Fixed/Mobile) in Spain
- adapt UK distribution to market context and strengthen the value strategy
- continue to control the cost structure in the three main areas:
  - Commercial Costs
  - IT&N costs
  - Labour Costs
- proactively deploy new roaming offer Orange Travel on a country basis

outlook: on track to meet our 2007 guidances

- near stabilization of the gross operating margin rate in 2007
- capex rate in % of revenues maintained around 13%
- organic cash flow of EUR6.8Bn

appendices

glossary (1)

- **ARPU – Consumer Fixed Services (HCS segment):** average annual revenue per line for the Consumer Fixed Services is calculated by dividing the average monthly revenues on the basis of the last twelve months by the weighted average number of customers over the same period. The weighted average number of customers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of customers at the start and end of the month.
- **ARPU – Orange ARPU (PCS segment):** average annual revenue per user (ARPU) is calculated by dividing the revenues of the network (see that definition) generated over the last twelve months (excluding revenues from mobile virtual network operators – MVNO) by the weighted average number of customers over the same period. The weighted average number of customers is the average of the monthly averages during the period in question. The monthly average is the arithmetic mean of the number of customers at the start and end of the month. ARPU is expressed as annual revenue per customer.
- **AUPU – Orange AUPU (PCS segment):** average monthly usage per user (AUPU), calculated by dividing the total minutes used over the preceding 12 months (outgoing calls, incoming calls and roaming, excluding the traffic of mobile virtual network operators – MVNO) by the weighted average number of customers over the same period. AUPU is expressed in minutes as a monthly usage per customer.
- **CAPEX:** capital expenditures on tangible and intangible assets excluding GSM and UMTS licenses and excluding investments through finance lease.
- **Commercial expenses:** external purchases including purchase of handsets and other products sold, retail fees and commissions and advertising, promotional and sponsoring expenses.
- **Data on a comparable basis (cb):** data with comparable methods, consolidation and exchange rates are presented for the preceding period. This transition from data on an historical basis to data on comparable basis consists of keeping the results for the period ended and restating the results for the corresponding period of the preceding year for the purpose of presenting, over comparable periods, financial data with comparable methods, scope of consolidation and exchange rates. The method used is to apply to the data of the corresponding period of the preceding year the scope of consolidation for the period ended as well as the average exchange rate used for the income statement for the period ended.

glossary (2)

- **French Retail ADSL Market Share (ARCEP definition):** starting from 1Q06, quarterly French ADSL market share presentation will be based on ARCEP High-speed Internet Observatory methodology. Until the end of 2005, the figures published by France Telecom covered intermediate markets (such as private networks for business companies and "Turbo DSL" offers) that did not automatically resulted in high-speed subscriptions on the retail market. They also included ADSL access not used for Internet connection (MaLigne TV and MaLigne Visio Mono-play offers without high-speed Internet access).
- From 1Q06, estimation of total ADSL market figures published by France Telecom will be built by adding up to France Telecom ADSL access on the retail market (excluding monoplay usage without high-speed Internet access), the unbundling and ADSL wholesale offers sold to third party operators and Internet access providers (IAPs). This estimation is very close to ARCEP publications based on data received from major IAPs.
- **GOM (Gross Operating Margin):** Revenues less external purchases, other operating expenses (net of other operating income) and labour expenses. Labour expenses presented in GOM do not include employee profit-sharing or share-based compensation.
- **Impact of Pages Jaunes disposal on consolidated accounts:** In accordance with International Accounting Standards (IFRS 5), an entity shall classify an activity as a non-current asset held for sale, if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The directory activity of France Telecom corresponds to this definition, as an active programme for the finalization of the disposal of Pages Jaunes Group to KKR existed at closing date. Therefore, the assets, liabilities, cumulative revenues and expenses of PagesJaunes Group are presented separately from those corresponding to the activities held and used by France Telecom as if Pages Jaunes Group was not consolidated any more. In accordance with IAS, this format of presentation is used both for the financial data of the current accounting period and for the data of the previous accounting periods provided for comparison. Furthermore, the information presented on the face of the simplified consolidated P&L does not take into consideration the elimination of the intercompany flows between PagesJaunes Group and the other companies of France Telecom.
- **Internet ARPU (ARPU: Monthly Average Revenue Per User):** calculated by dividing year-to-date connectivity revenues by the weighted average number of Internet customers during the same period. The weighted average number of Internet customers during a period is the monthly average customer base for the period. The monthly average customer base is calculated as the sum of the opening and closing number of customers for the month divided by 2.
- **Labour expenses:** labour expenses included in the determination of the GOM do not include employee profit sharing or share-based compensation costs. Those costs are part of the costs included between GOM and operating income. Labour expenses are net of the capitalized labour expenses.
- **Market Share of fixed line telephony in France:** calculation based on traffic on the network or interconnected to the network of France Telecom.

glossary (3)

- **Non labour expenses:** operating expenses excluding labour expenses. Operating expenses excluding labour expenses included in the calculation of GOM, include external purchases and other operating expenses (net of other operating income). Non labour expenses are net of capitalized costs.
- **Number of employees (active employees at end-of-period):** number of persons working on the last day of the period, including both permanent and fixed-term contracts.
- **OPEX:** operating expenses included in the determination of the GOM include labour expenses and non labour expenses.
- **Orange churn rate (PCS segment):** a measure of the number of customers leaving the Orange network. Churn rate is calculated by dividing the total number of customers who disconnect or are considered to have disconnected from its network, voluntarily or involuntarily (excluding money-back return and fraudulent connections) for the previous 12 months by the weighted average number of customers over the same period.
- For Personal UK, customers migrating between contract and prepaid products are included in individual product churn but do not impact overall churn as they remain on the Orange UK network. Customer disconnections that occur either during the money-back guaranteed 14-day trial period or due to fraudulent connections are not included in churn. The Company also excludes from churn those connections which, in its view, do not result in active customers, including those as a result of prepaid handset upgrades or the removal of handsets from the UK market. Prepaid customers are treated as having churned if they have not made any outgoing calls and have received less than four incoming calls in the last 3 months.
- For Personal France, churn includes those customers leaving the Orange network, migrations between contract and prepaid products and those customers upgrading their handsets via an indirect channel. Prepaid customers are treated as having churned after eight months if they do not recharge their account during this eight-month period.
- **Orange network ARPU revenues (PCS segment):** Orange network revenues represent the revenues (voice, data and SMS) generated by the use of the wireless network, including both the traffic generated by Orange subscribers and the traffic generated by mobile virtual network operators (MVNO). It includes the revenues generated by incoming and outgoing calls, network access fees, roaming revenues from customers of other networks, revenues from value-added services and revenues from mobile virtual network operators (MVNO). It represents the recurring income most relevant to the wireless business and is directly correlated with the business indicators.
- **Orange non-voice service revenues (PCS segment):** revenues from non-voice services equal all revenues from wireless services, excluding revenues generated by "voice". For example, they include the revenues generated by sending SMS (text messages), MMS (multimedia messages), data (WAP, GPRS and 3G) and the costs invoiced to the customer to purchase content (downloading ring tones, sports results, etc.), telemetry, mobile portals and their content.
- **Statutory figures**: statutory figures means data before elimination of inter-segment transactions.
- **Growing markets:** Poland mobile, Botswana, Cameroon, Dominican Republic, Egypt, Equatorial Guinea, Ivory Coast, Jordan, Madagascar, Mauritius, Mexico, Moldavia, Romania, Slovakia, Senegal, Vanuatu, Vietnam, other countries
- **Net Debt / GOM:** Net Debt end of the period / GOM

1Q07: Gross Operating Margin

excluding Pages Jaunes *

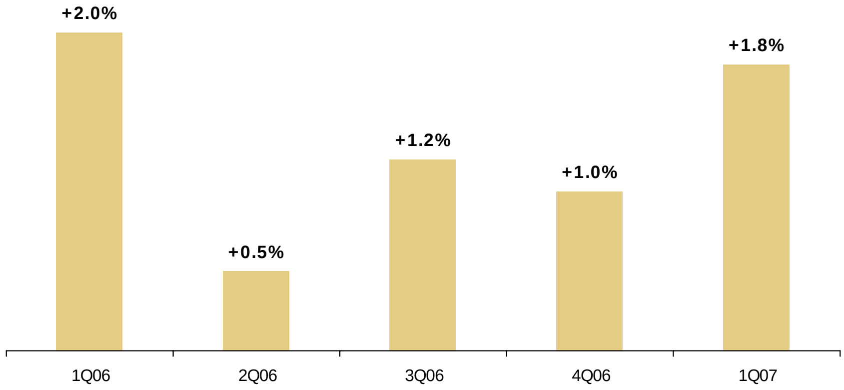
(in euro millions)	actual 1Q06	comparable Basis –1Q06	1Q07
revenues	**12,616**	**12,617**	**12,844**
non labour expenses	**5,806**	**5,809**	**5,930**
as a % of revenues	***46.0%***	***46.0%***	***46.2%***
of which commercial expenses	***1,810***	***1,824***	***1,769***
as a % of revenues	***14.3%***	***14.5%***	***13.8%***
labour expenses	**2,220**	**2,242**	**2,256**
as a % of revenues	***17.6%***	***17.8%***	***17.6%***
Gross Operating Margin	**4,590**	**4,566**	**4,657**
as a % of revenues	***36.4%***	***36.2%***	***36.3%***

- **1Q07 GOM margin nearly stabilised, in line with full year guidance**

* see glossary: impact of Pages Jaunes disposal on consolidated accounts

revenue growth recovery in 1Q07

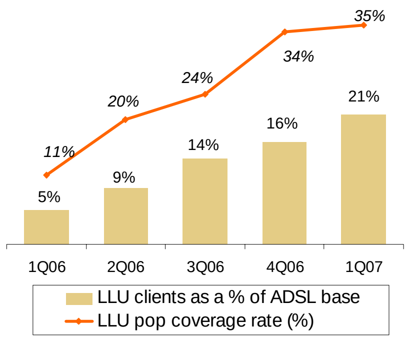
quaterly evolution of yoy revenue growth (on a comparable basis)



home UK 1Q07: focus on multiplay

- ADSL revenues grew by 17.5% yoy
- 1,095k ADSL subcribers (+11% yoy)
  - of which 254k are on a 18 months contract mobile-broadband bundle
  - 227k LLU subscribers, ie 21% of ADSL base
  - 412k Livebox installed

LLU customers as a % of ADSL base



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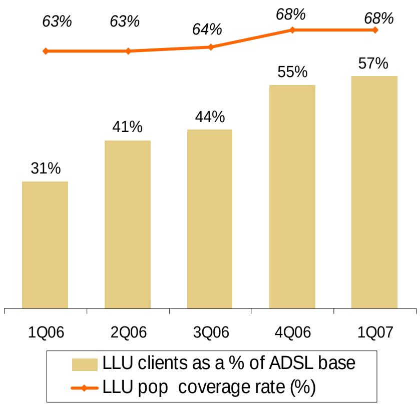
home Spain 1Q07: continued migration from PSTN to ADSL and LLU

- 8% growth in ADSL revenues vs 1Q06 is still not compensating the PSTN decline
- 11%* ADSL share of conquest over 1Q07 ; market share maintained above 12%*
  - a customer base increasingly broadband and multiplay with 681k ADSL subcribers at end of march (+16% yoy)
- 68% of population covered by Orange LLU: 57% of our ADSL base is on our LLU network
- monthly churn rate reduction of 20% in 1Q07 vs 1Q06

LLU customers as a % of ADSL base



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* company estimates