france telecom

3Q 2006

October 26th, 2006

orange™

Cautionary statement

- This presentation contains forward-looking statements and information on France Telecom's objectives, notably for 2006. 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 program 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.
- All the financial information in this presentation is based on international financial reporting standards (IFRS) and present additional 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.
- In accordance with IFRS 5 relating to non current assets held for sale and discontinued operations, the Directory activities of France Telecom are presented separately from other activities held and used by France Telecom as if PagesJaunes Groupe was not consolidated anymore at September 30, 2006 (see glossary).

3Q06: Key figures in line with full year guidance

Euro millions / Excluding Pages Jaunes *	Comparable Basis – 3Q05	3Q06	% change vs 3Q05 Actual	3Q06 Comp. Basis	9M06	% change 9m06 vs 9m05 Comp. Basis
Revenues	12,915	13,070	8.9%	1.2%	38,441	1.2%
Gross Operating Margin	5,061	4,884	3.5%	-3.5%	14,141	-4.5%
as a % of revenues	*39.2%*	*37.4%*	*-1.9 pts*	*-1.8 pts*	*36.8%*	*-1.7 pts***
G.O.M before commercial expenses	6,751	6,842	+11.1%	+1.3%	19,640	-0.9%
as a % of revenues	*52.3%*	*52.3%*			*51.1%*	*-1.1 pts*
CAPEX	1,550	1,520	+8.6%	-1.9%	4,567	1.5%
as a % of revenues	*12.0%*	*11.6%*			*11.9%*	
G.O.M - CAPEX	3,511	3,364	+1.3%	-4.2%	9,575	-7.1%

➔ **9 months GOM margin in line with full year guidance**

** See glossary: impact of Pages Jaunes disposal on consolidated accounts;** Excluding Lebanon reserve reversal in 1H05 (9M05 actual GOM margin: 38.7%; 9M06: -190 pts vs 9M05 actual)*

3Q06: Major operational achievements

Mature Markets	➔ Positive impact of **rebranding and new offers on French ADSL positions:** ▪ **50.3%* retail ADSL market share** at the end of September ▪ **53% Livebox penetration on ADSL customer base** ➔ In France, **positive impact of MVNO strategy** and of Orange customers base growth on mobile revenue ➔ Following product line refreshment, **187k contract net additions in Orange UK mobile** ➔ **Spain** prepared **rebranding** and new offers in 3Q, launched in 4Q
Growing Markets	➔ Strong revenue **increase in growing markets:** +19.3%** ➔ Leadership maintained on **mobile in Poland** (+20.5%** revenues growth) and strong increase of mobile broadband customer base (+221% vs Dec 2005)

** Company's estimates / ** growth rate on a comparable basis*

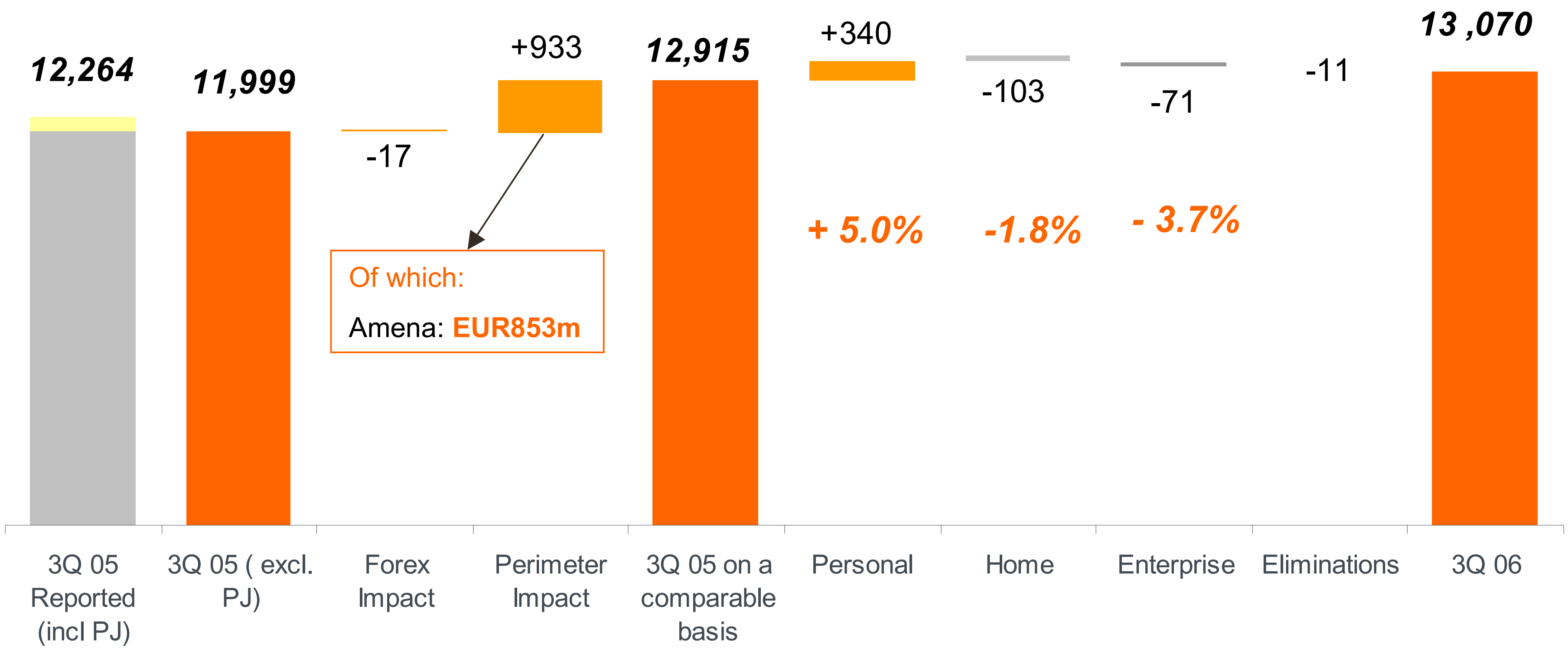
Key milestones

Launch of our first "Autumn collection"	➔ **Unik:** unlimited mobile at home ▪ 10€/month for unlimited calls towards Fixed line in France ▪ 22€/month for unlimited calls towards Fixed line in France and Orange mobiles ➔ **Mobile & connected:** next-generation multiplay ▪ Includes naked ADSL access, IP&mobile TV and unlimited mobile calls ➔ **Business Together:** ▪ Real time and easy access to company's collaborative applications
Continue customer driven innovation	➔ **Orange Messenger by Windows Live:** the first convergent PC and Mobile Instant Messaging Service
Focus on core businesses	➔ 24/07/2006: **disposal of France Telecom Mobile Satellite Communications for EUR60m** ➔ 28/07/2006: **Enterprise: acquisition of Diwan Company** ➔ 10/10/2006: **Closing of the disposal of Pages Jaunes' stake to KKR** for EUR3,312m

3Q06: Group revenues by segment

Excluding Pages Jaunes *

Euro millions



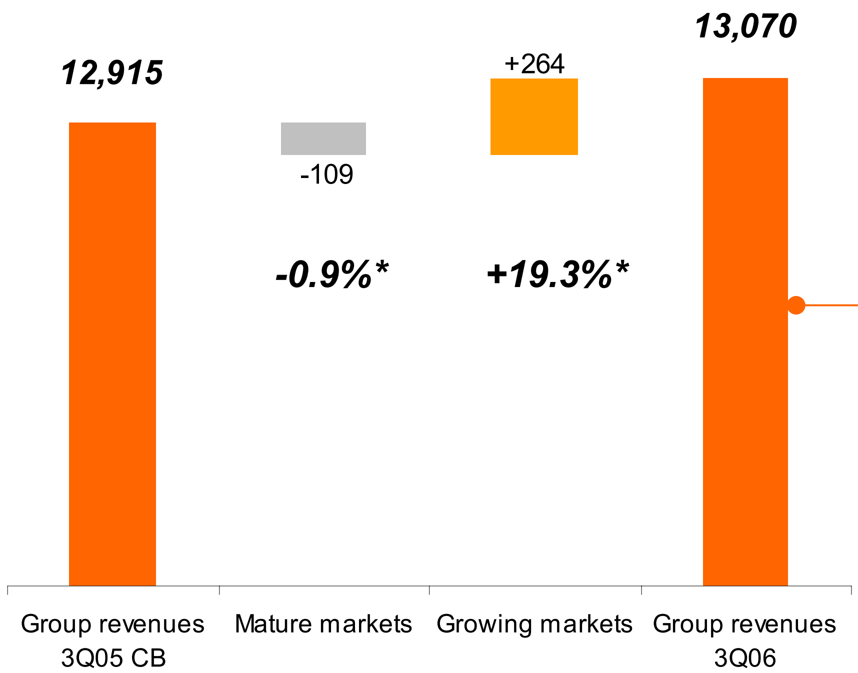
➔ **Revenues increase of 1.2% yoy on a comparable basis**

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

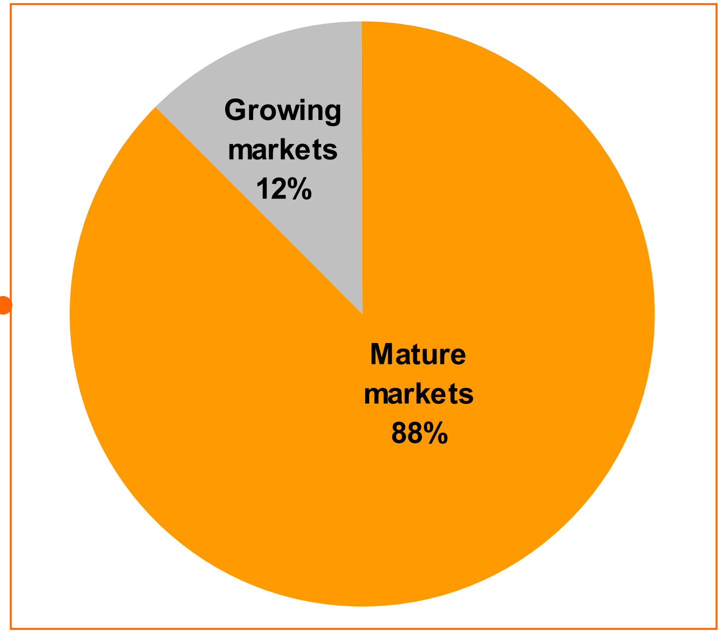
3Q06: Group revenues by main markets

3Q05 – 3Q06 revenues growth analysis

Euro millions



Revenue breakdown by main markets



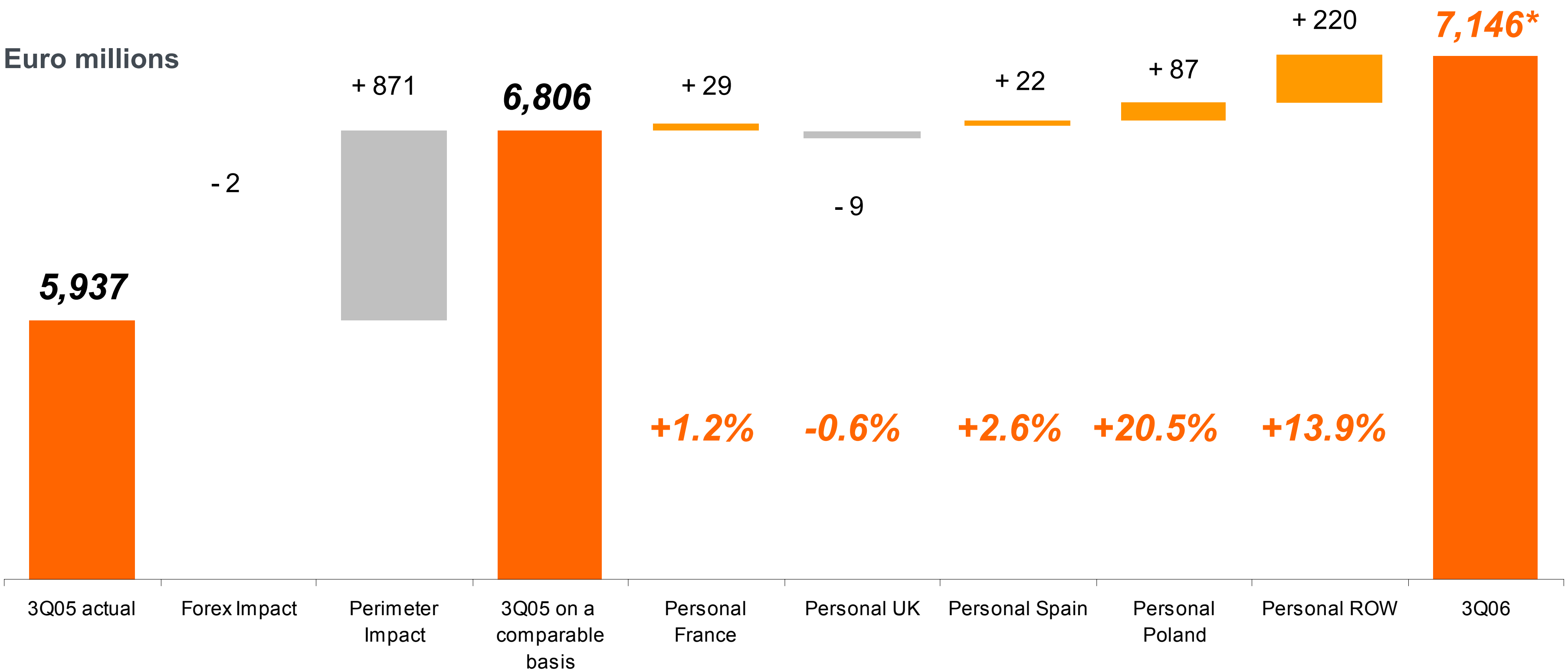
➔ **Growing markets' share of total revenue increased by 2 points in one year**

** % change on a comparable basis yoy*

Personal 3Q06

€7,146m / +20.4% actual / +5.0% on a comparable basis

3Q05 - 3Q06 revenues analysis



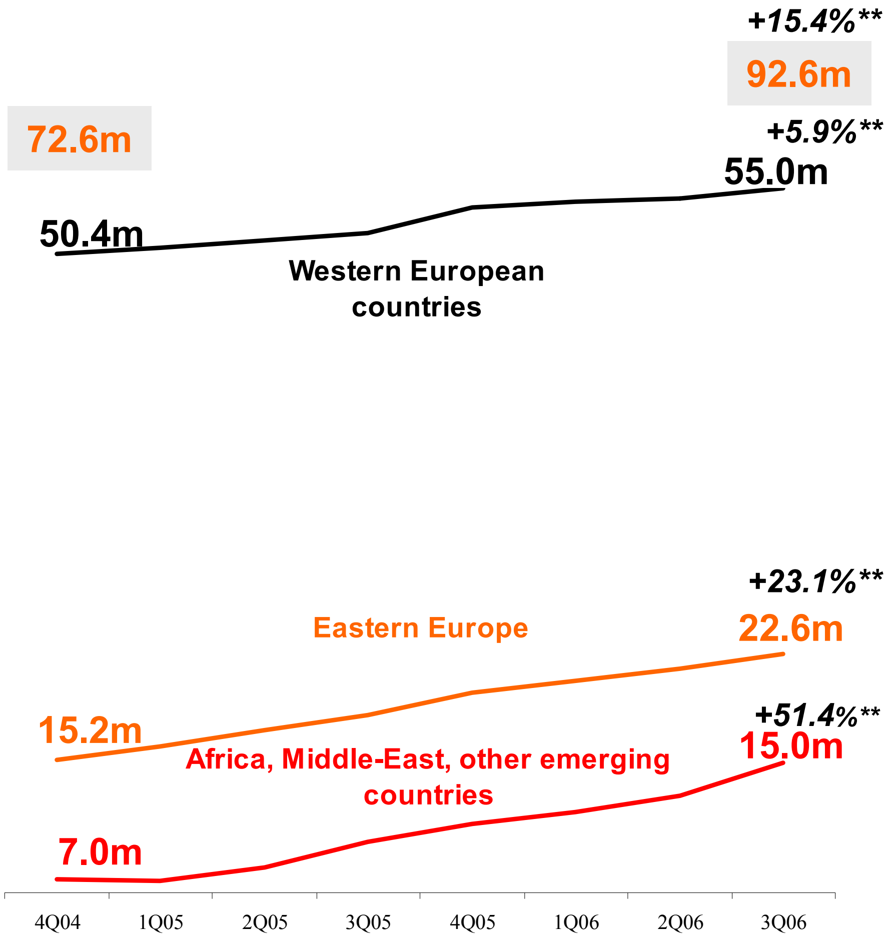
➔ **Sustained revenue growth, in line with 1H06, with a good performance in France**

➔ **Strong and sustained trend in growing markets**

** After –EUR9m of changes in intragroup eliminations*

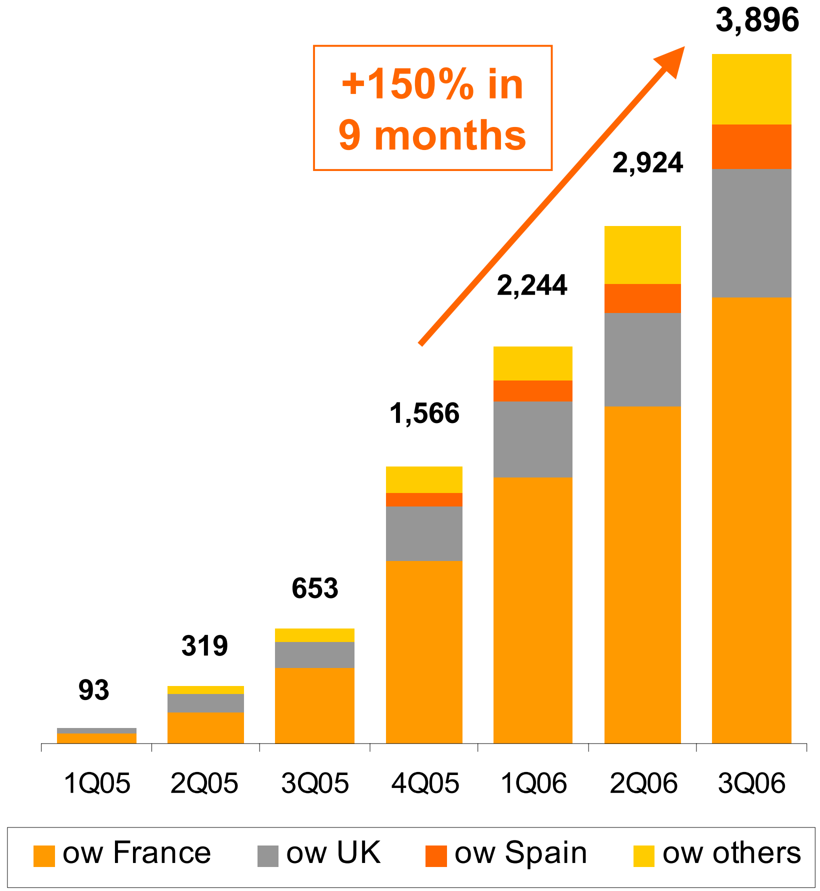
Personal 3Q06 KPI's

Total Group mobile customers*



** Including Amena; ** Over 12 months on a comparable basis*

Total Group broadband mobile customers (000)

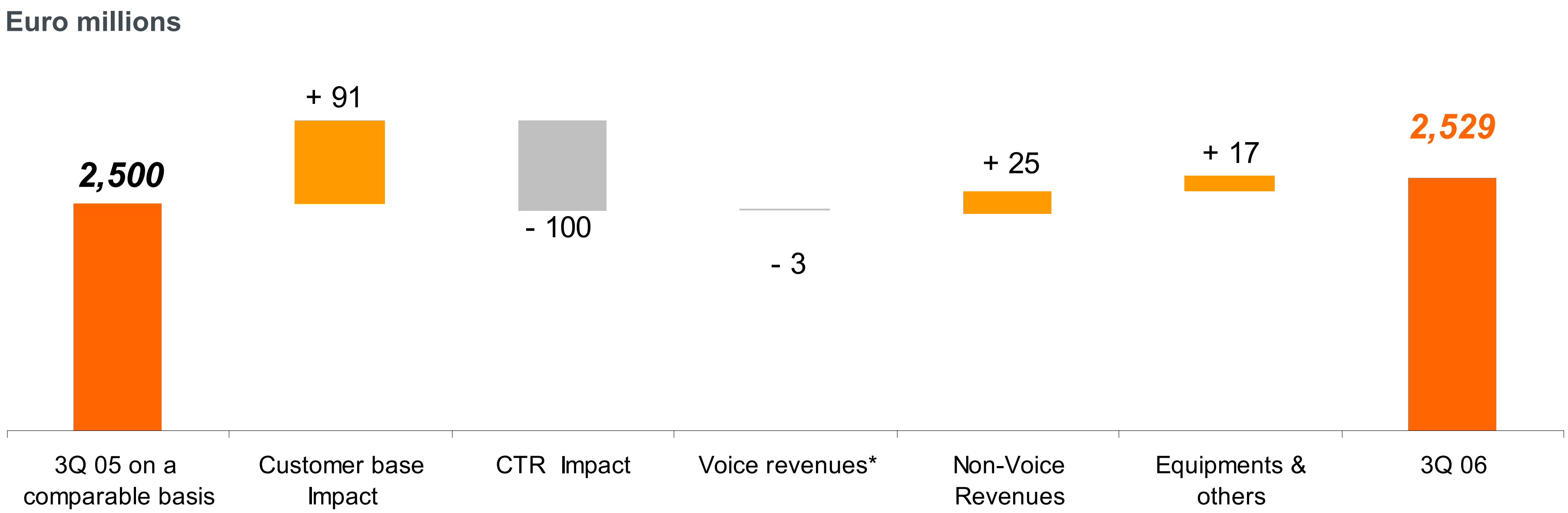


➔ Acceleration of mobile broadband penetration

3Q06 revenues: Personal France

€2,529m / +1.0% actual / +1.2% on a comparable basis

3Q05 - 3Q06 revenues analysis



Customer base: 22.54m - excluding MVNOs **-, +4.0% yoy**

- **277k contract net additions in 3Q06**
- improved contract mix from 62.3% in 3Q05 to 63.7% in 3Q06

2.5m broadband customers (+0.6m vs 2Q06), **base doubled in 9 months**

MVNO's success confirmed: 617k MVNO's customers (+ 186k vs 2Q06)

Annual rolling ARPU (€413, -4% yoy), of which data ARPU: €62 in 3Q06 (+5% yoy)

Underlying growth : + 5.4% pre CTR impact

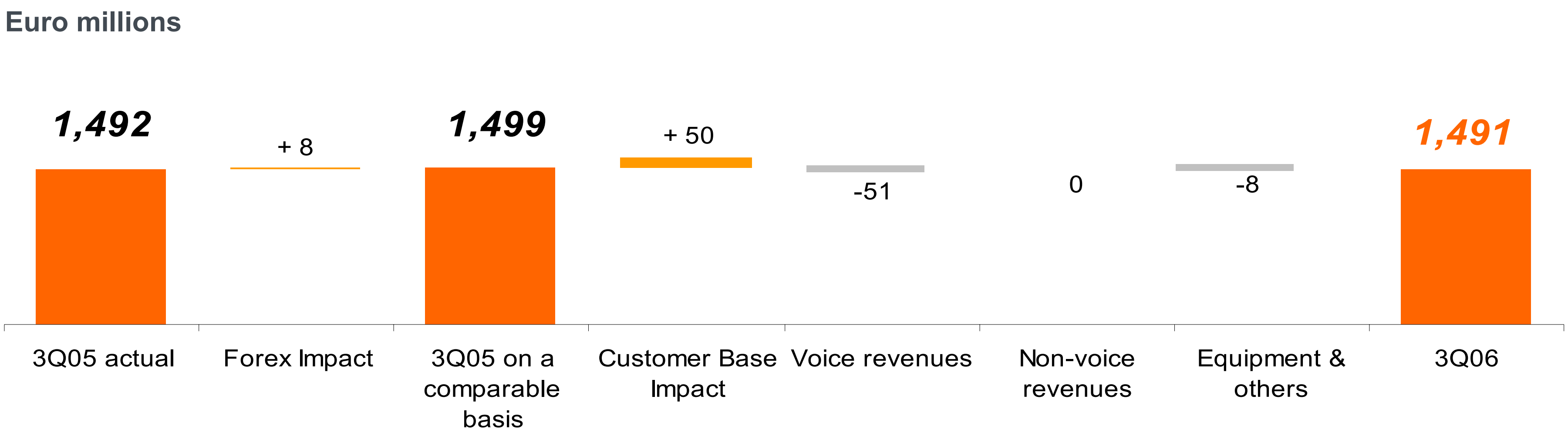
➔ **Sustained Orange customer base growth, +4% yoy**

*: excluding CTR

3Q06 revenues: Personal UK

€1,491m / -0.1% actual / -0.6% on a comparable basis

3Q05 - 3Q06 revenues analysis



15.14m customers, +4.6% yoy.

- **Strong contract net additions: 187k in 3Q06, best quarter since 3Q 2001**
- 728k broadband customers (+202k vs 2Q06: strongest quarter ever)

Decrease of blended churn for the third consecutive quarter to 24.3%

Leadership maintained on Contract ARPU at £563 but slight decrease of blended ARPU due to mix effect

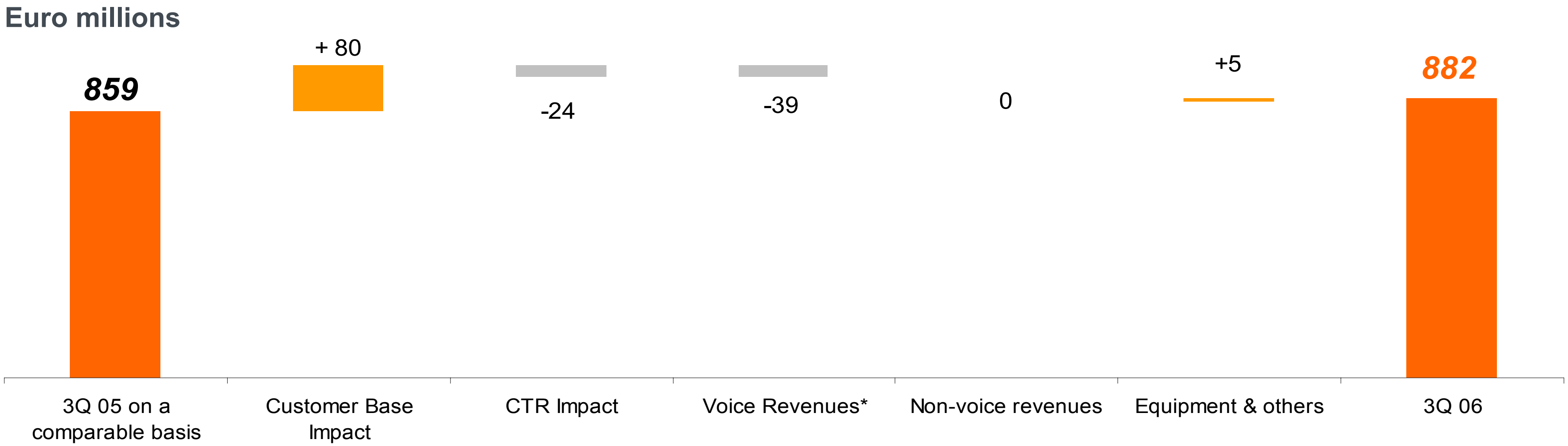
Data ARPU: £52 in 3Q06 (+4% yoy)

➔ **3Q06 revenue stable, reflecting 1H06 balanced strategy between market share and profitability**

3Q06 revenues: Personal Spain

€882m / +2.6% on a comparable basis

3Q05 - 3Q06 revenues analysis



10.8m customers, +10.3% yoy on a comparable basis,

- 173k net adds in 3Q06
- **growth of both contract and prepaid customer base**

Underlying growth : +5.5% pre CTR

MVNO agreement signed with The Phone House in September

Stabilisation of blended churn to 24.7% in 3Q06

➔ **In 3Q, focus on preparing rebranding, implemented in 4Q**

** excluding CTR*

3Q06 revenues: Personal Poland & ROW

Euro millions	3Q05 actual	3Q06	Actual changes	Comparable basis changes
Poland				
Total Number of customers (000)	**9,134**	**11,738**	**+28.5%**	**+28.5%**
Total revenues (EURm)	**415**	**510**	**+22.7%**	**+20.5%**
ROW				
Total Number of customers (000)	**24,695**	**32,341**	**+31%**	**+29%**
Total revenues (EURm)	**1,582**	**1,804**	**+14.1%**	**+13.9%**
Main countries revenues (EURm)				
Belgium	368	397	+8.0%	+8.0%
Netherlands	164	163	-0.9%	-0.9%
Switzerland	230	224	-2.7%	-0.9%
Romania	233	284	+21.8%	+26.3%
Slovakia	144	162	+13.2%	+10.7%

Poland: Confirmed leadership in volume with increased market share in contract in 3Q06 (37% vs 32% in 3Q05)

32.3m **ROW mobile customers**, +29% yoy on a comparable basis

Romania: 7.5m customers (+20.5% yoy)

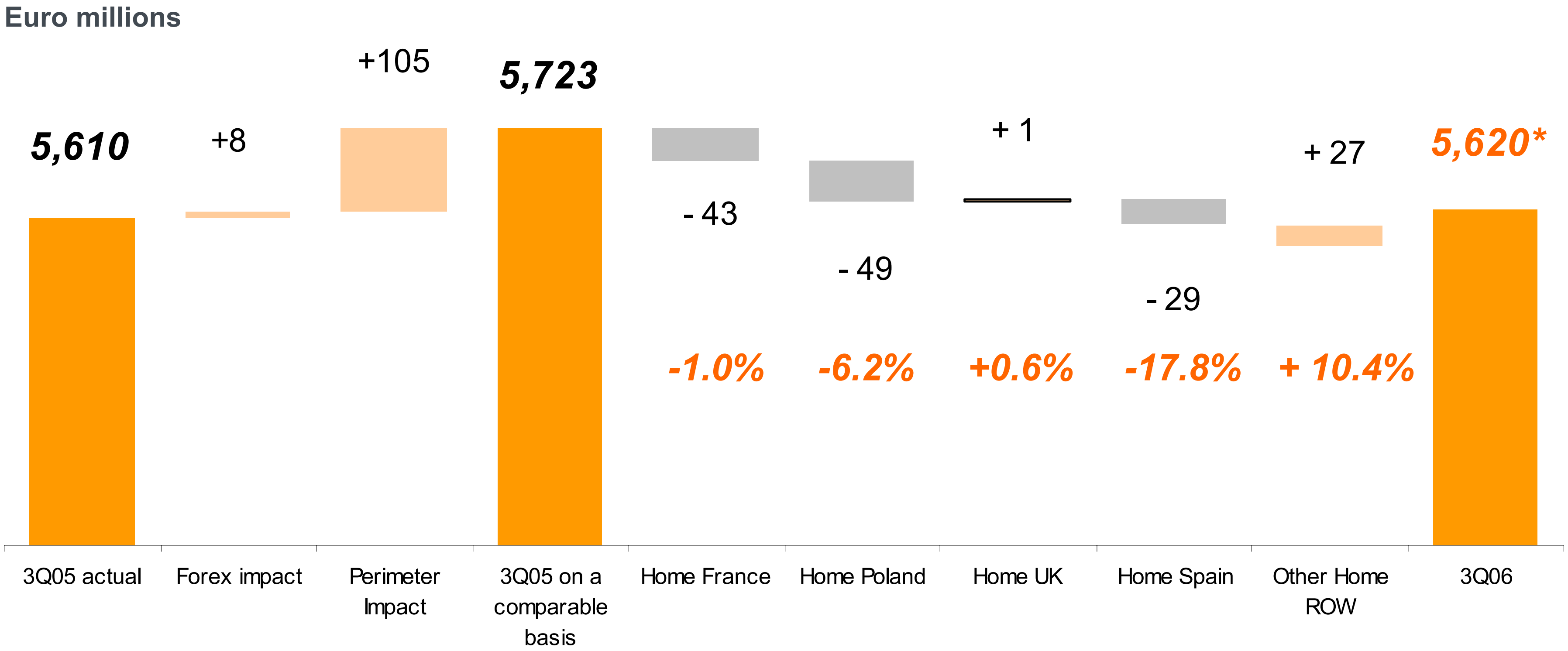
Success of Broadband deployment with 131K subs in Romania and 101K in Slovakia

→ **Emerging markets confirmed as key revenue driver**

3Q06 revenues: Home

€5,620m / +0.2% actual / -1.8% on a comparable basis

3Q05 - 3Q06 revenues analysis

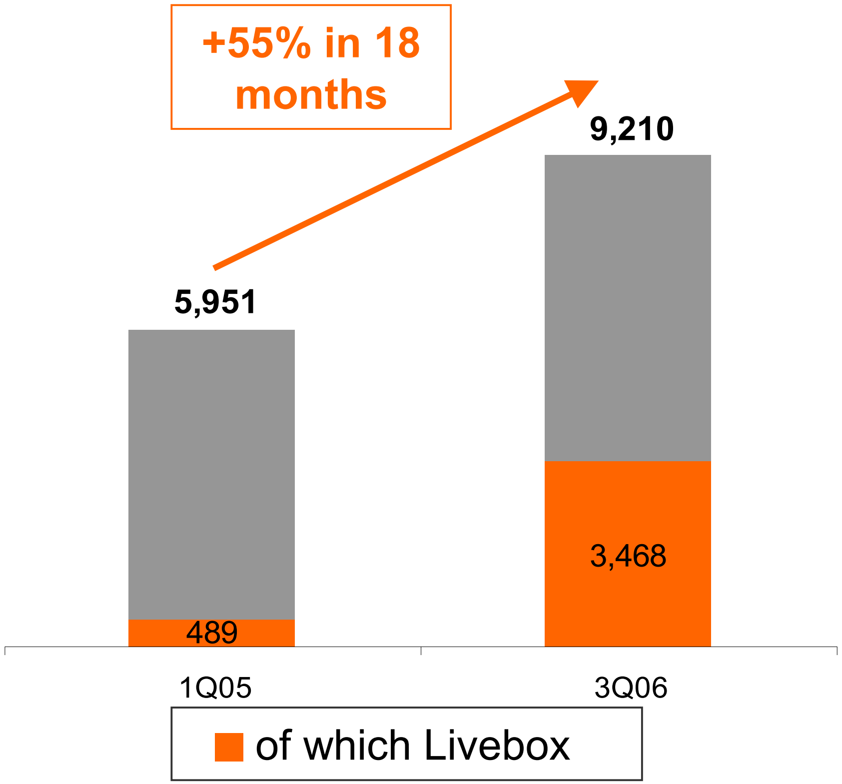


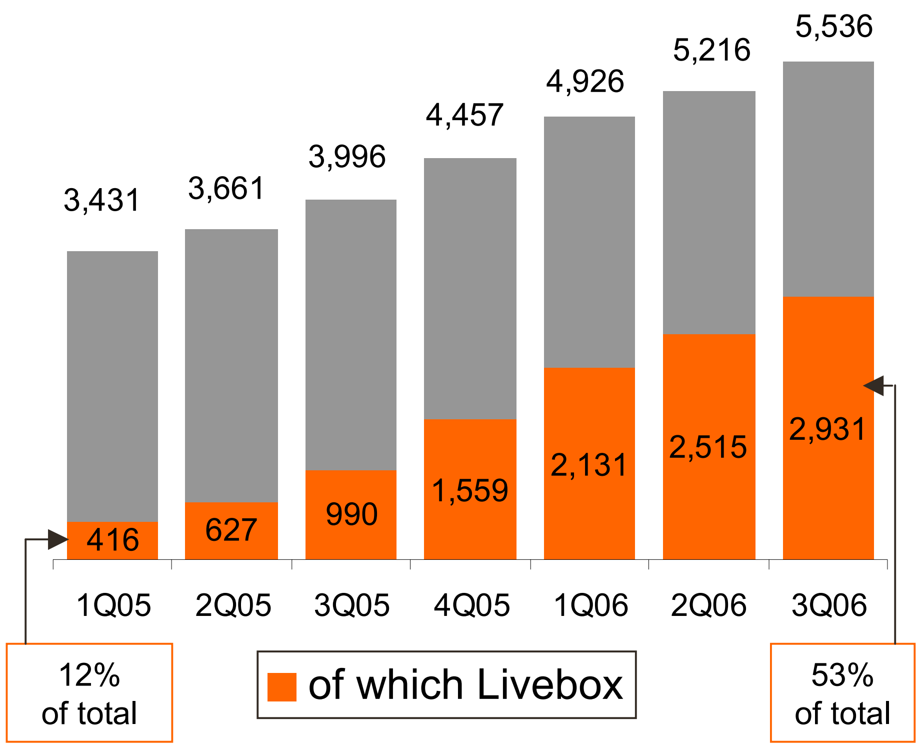
➔ **Controlled erosion thanks to French market good performance and broadband dynamics**

** After –EUR9m of changes in intragroup eliminations*

Broadband Internet customers

Broadband Internet customers in Europe (000)	ADSL customers in France (000)





77% of European Internet customer base is broadband

53% of ADSL customers equipped with a **Livebox in France**

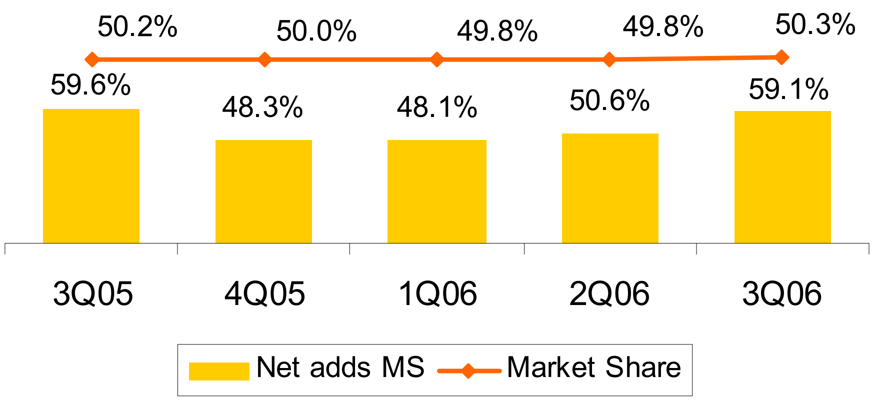
1.7 million **VoIP** customers **(59% penetration of Livebox vs 49% in 3Q05)**

421k IP-TV clients (115k net adds vs 2Q 2006)

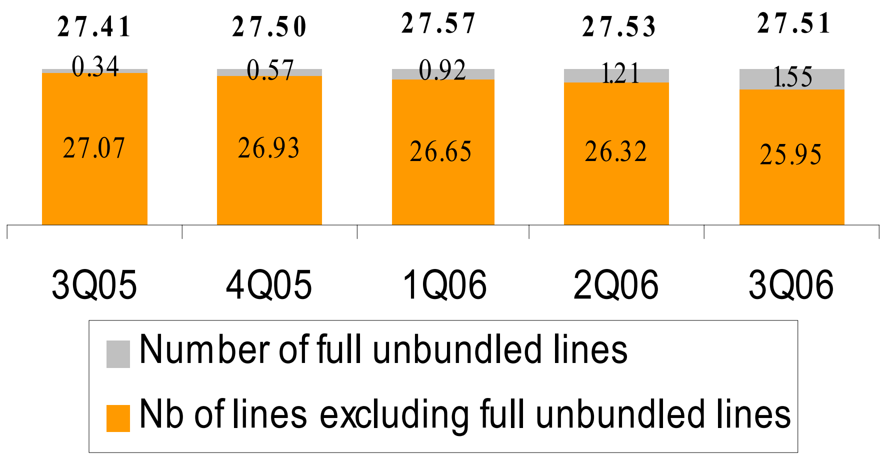
➔ **Livebox at the heart of the Group broadband multiplay strategy**

Home France 3Q06 KPI's

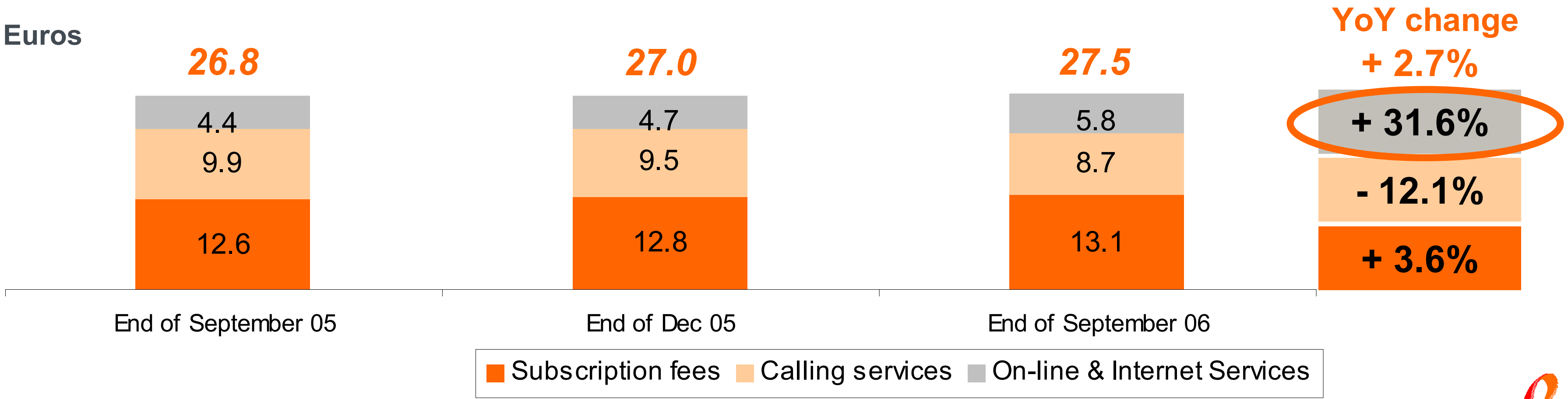
ADSL market share stabilised



Resilience of total number of fixed lines (m)



Favorable mix impact on Consumer Services ARPU



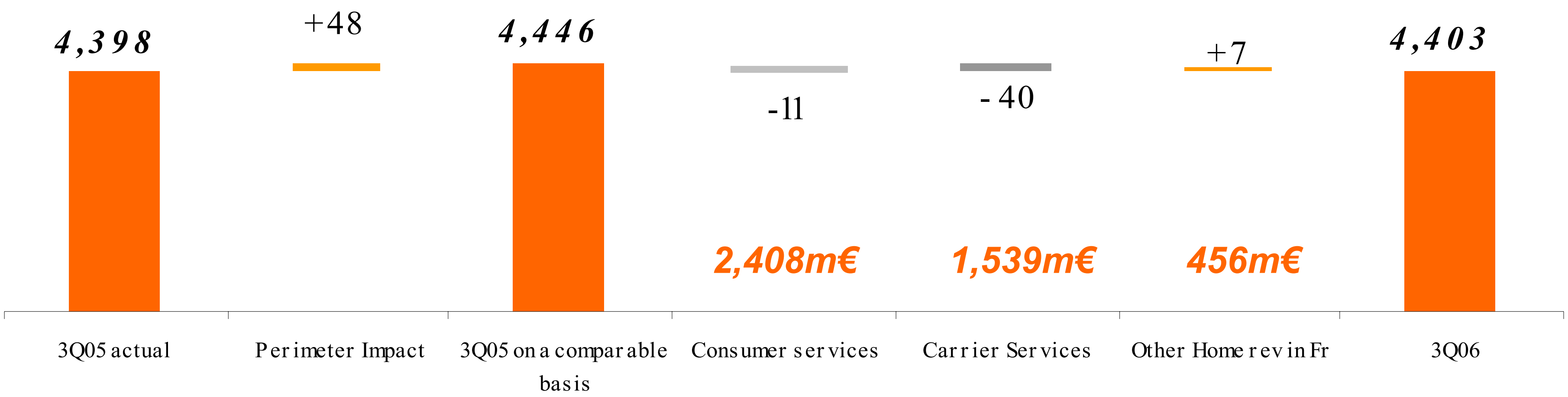
** Company's estimates*

Home France 3Q06

+0.1% actual / -1.0% on a comparable basis

3Q05 - 3Q06 revenues analysis

Euro millions



Total retail and wholesale access line revenue increased 6% in 3Q06 vs 3Q05 (+3.3% in 9 months 06 vs 9 months 05)

Carrier services:

Increase of domestic carrier services revenues, driven by unbundling, offset by volume and price impact on Other Carrier Services

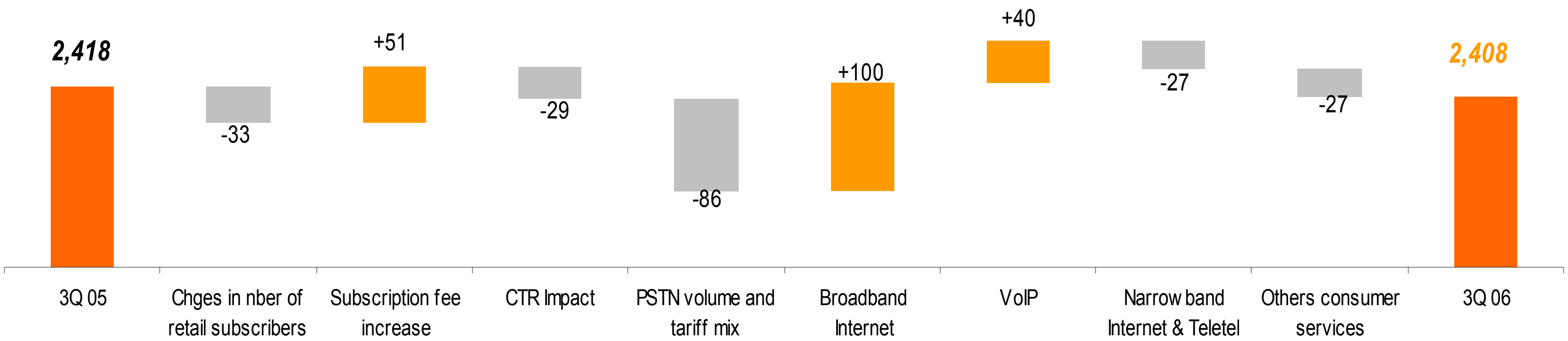
➔ **Revenue trends improvement vs 2Q06 (-2.3%) thanks to consumer services stabilisation**

Home France consumer services 3Q06

-0.3% actual / -0.4% on a comparable basis

3Q05 - 3Q06 revenues analysis

Euro millions



Monthly **line rental fee increase**

1 euro (+7.1%) increase from July 4th (15 euros VAT included)

5.5m ADSL clients at the end of 3Q06 (+38.5% vs 3Q05)/ **50.3% market share (59.1% share of conquest in 3Q)***

2.9 m Livebox, supporting development of new usages with 53% of ADSL customer base equipped

Increase in VoIP customers: 1.7m customers (31% of total broadband customers at the end of September 06 vs 28% at the end of June)

➔ **Broadband development continue to offset traditional revenue decrease**

** Company's estimates*

Home ROW 3Q 06 revenues - Spain

€135m / -16.2% actual /-17.8% on a comparable basis

Customer base

- ➔ **ADSL customer base of 593k**, +12.3% yoy
- ➔ A customer base **increasingly broadband, multiplay and subscription based**

Deployment of convergence strategy

- ➔ **Market standard in Spain moving to ADSL including PSTN voice bundles, with a strong pressure on prices**

  Orange ADSL ARPU maintained above 30 euros
- ➔ **49k Livebox in 3Q06 vs 7k in 3Q05**
- ➔ **Continued unbundling deployment with 64% coverage**

  ULL users represents 44% of total DSL customers vs 29% in Dec 05
- ➔ **New offers launch delayed to support rebranding, completed in October**

Home ROW 3Q 06 revenues - UK

€107m / +1.2% actual /+0.6% on a comparable basis

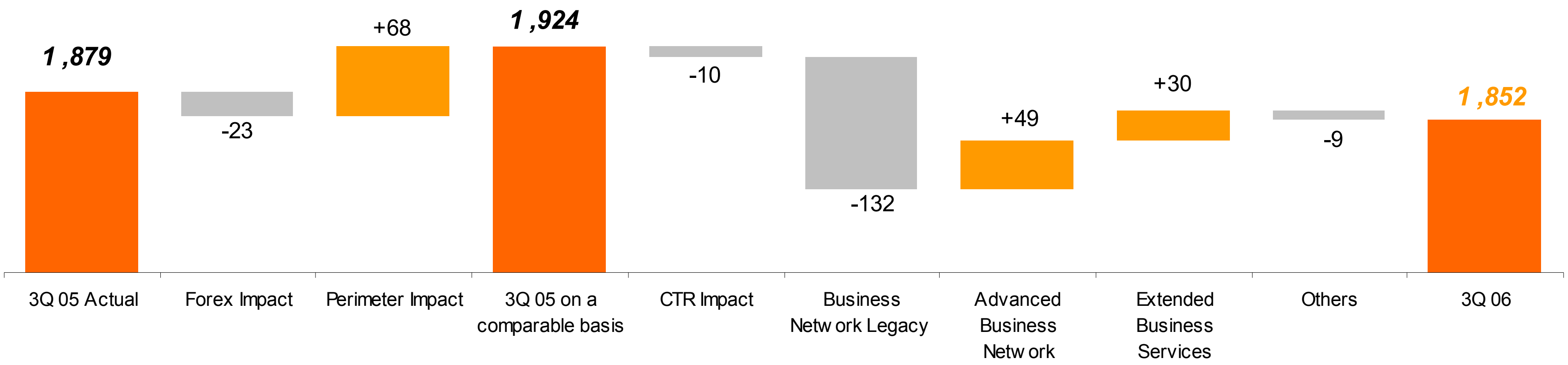
Customer base	➔ **ADSL customer base of 1,029k**, +24.6% yoy ➔ **A Leadership confirmed on VoIP** Customer base at 243k at the end of September
Deployment of convergence strategy	➔ **Range of product refreshed** to increase customer benefit (from free broadband offer to premium offers) ➔ **Continous deployment of unbundling** with 348 local exchanges end of September (24% coverage) ➔ **Rebranding completed and converged offers** to be launched

3Q06 revenues: Enterprise

€1,852m / -1.4% actual / -3.7% on a comparable basis

3Q05 - 3Q06 revenues analysis

Euro millions



Business Network Legacy (-12.7%)

Continued Voice Legacy Revenue traffic decline

Data Legacy revenue decrease reflecting migration to IP VPN

Advanced Business Network (+11.4%)

IP VPN access up 46% yoy in 3Q06 (242k access)

Business Everywhere : 465 K end-users in France, up 24% yoy in 3Q06

Extended Business Services (+17.2%)

Higher Increase in 3Q compared to 1H due to significant business deployment in 3Q06 and a rather weak 3Q05

3Q06: Gross Operating Margin

Excluding Pages Jaunes *

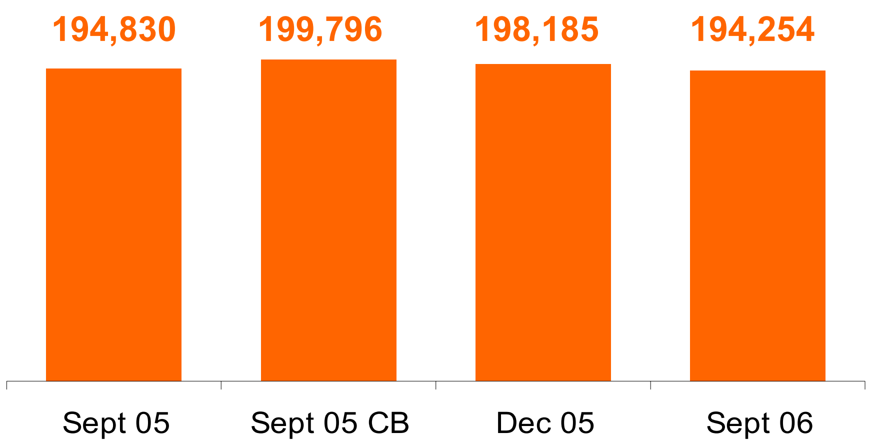
Euro millions	Actual 3Q05	Comparable Basis –3Q05	3Q06	9M06
Revenues	**11,999**	**12,915**	**13,070**	**38,441**
non labour expenses	**5,281**	**5,822**	**6,165**	**17,892**
as a % of revenues	*44.0%*	*45.1%*	*47.2%*	*46.5%*
of which commercial expenses	*1,438*	*1,690*	*1,958*	*5,499*
as a % of revenues	*12.0%*	*13.1%*	*15.0%*	*14.3%*
labour expenses	**1,998**	**2,032**	**2,021**	**6,407**
as a % of revenues	*16.7%*	*15.7%*	*15.5%*	*16.7%*
Gross Operating Margin	**4,720**	**5,061**	**4,884**	**14,141**
as a % of revenues	*39.3%*	*39.2%*	*37.4%*	*36.8%*

➔9 months GOM margin in line with full year guidance

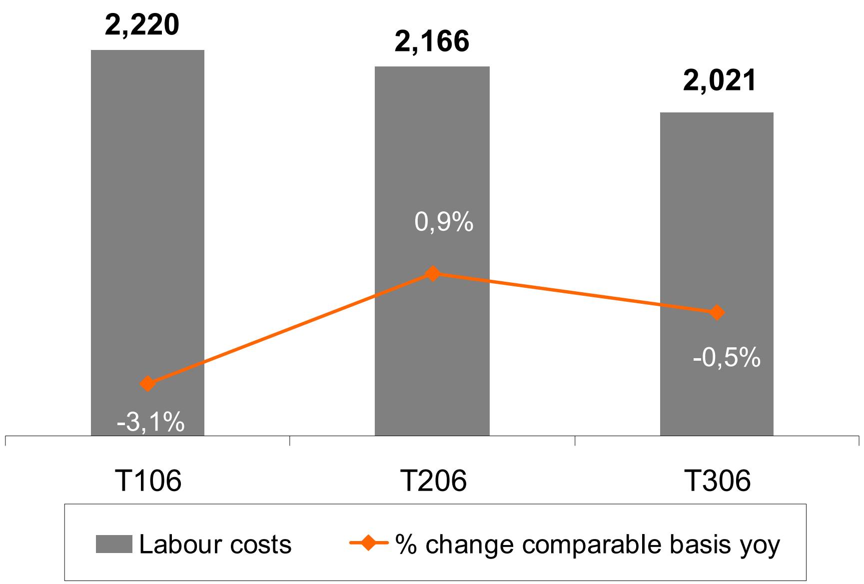
* *See glossary: impact of Pages Jaunes disposal on consolidated accounts*

3Q06: Headcounts and labour costs

Headcounts, end of period

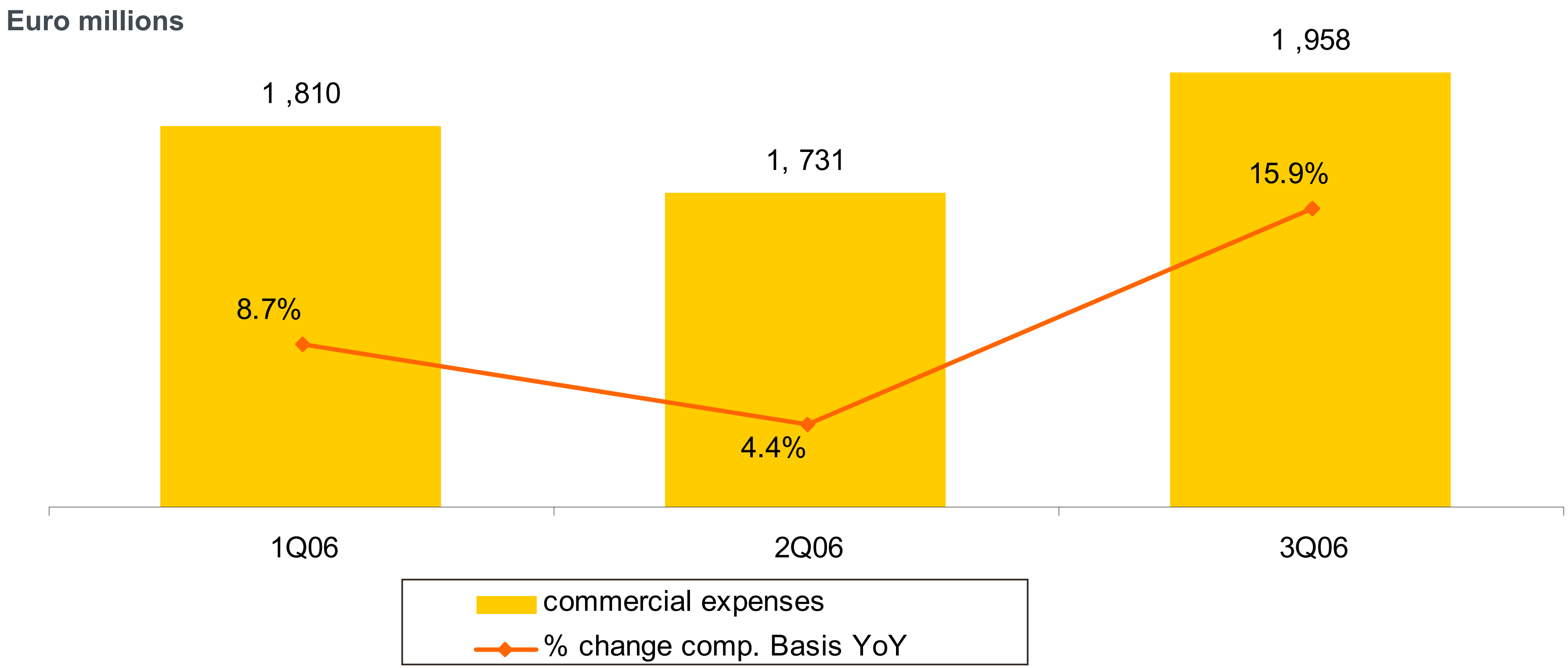


Labour costs, euro millions



➔ Labour costs down 1.0% on a 9 months comparable basis

3Q06: Commercial expenses



Monitor proactively commercial expenses in order to:

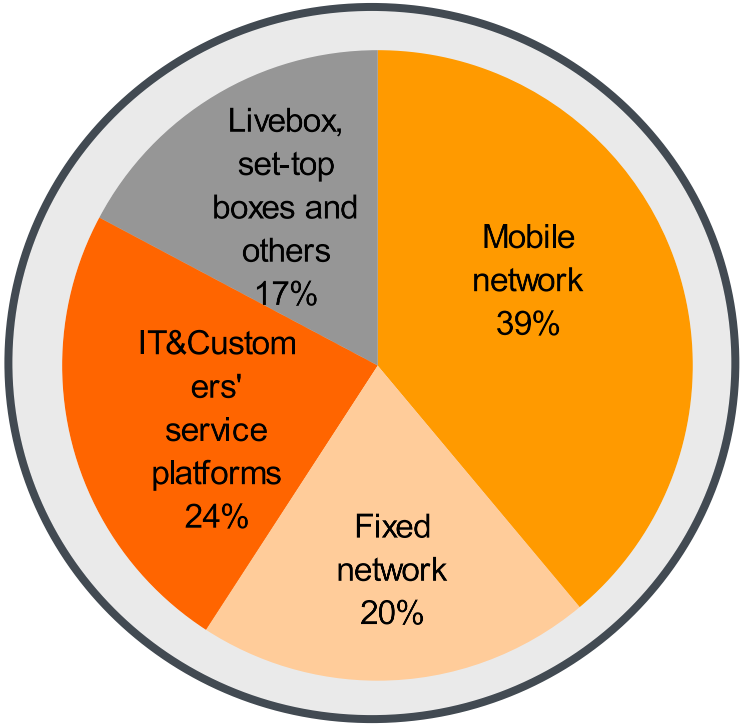
➔ Stick with each local market situation

➔ Invest in high value customer base

3Q06: Capex

€1,520m / -1.9% on a comparable basis

9m06 Capex by key items



9M06 Capex by key items

	9M06	% change Comparable Basis – 9M06
Livebox, Set Top boxes & others	789	+24.2%
IT& Customer service platforms	1,076	+6.0%
Mobile network	1,775	-3.3%
Fixed network	926	-8.4%
TOTAL GROUP CAPEX	4,567	+1.5%

➔ Capex focus on new services deployment

Full Year 2006 trends confirmed

In maturing and highly competitive markets, **manage a balance between market share and profitability through dynamic cost optimization and driven opex and capex allocation**

In growing markets, continue to fuel the strong profitable growth with the right level of resources

➔ **Full year GOM in line with guidance**
decrease of GOM rate between –100 and 200 basis points

➔ **7bn organic Cash Flow generation target confirmed for 2006** france telecom

3Q 2006

October 26th, 2006

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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 2H05 + GOM 1H06) with 12 months of Amena’s GOM