



Sterling bond issue – November 2005

Agenda

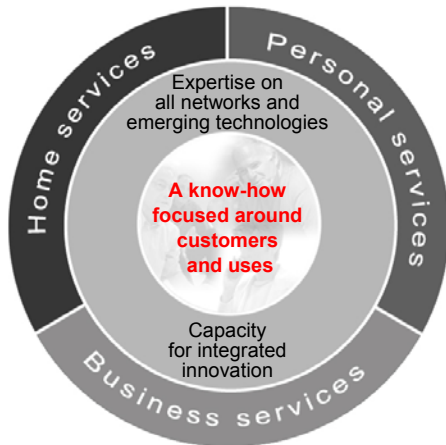


Strengths of France Telecom

NExT strategic plan presentation

H105 and Q3 05 results

A player solidly positioned in its businesses



Presence in 220 countries & territories

130.7 million customers worldwide ⁽¹⁾

2004 Revenues: €46.16 billion ⁽²⁾

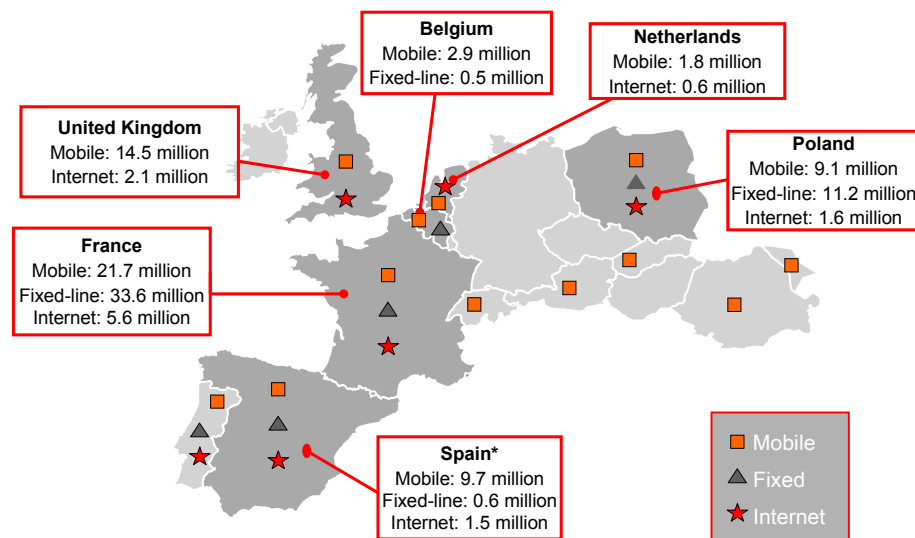
199,557 employees ⁽¹⁾

A world leader in telecommunications R&D

The leader on its key markets

⁽¹⁾ At 09/30/05
⁽²⁾ IFRS standards

Leading positions in Europe



Number of customers as of September 30, 2005.

Agenda



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NExT Vision



Offer our customers a **New Experience in Telecom services**



“A new generation of telecom services
to change our everyday live”

Change to enrich and simplify

Move from “access to networks” to “access to services”

NExT: Give access to a new world of services

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The NExT transformation



Areas of transformation

- Integrate networks and IT
- Boost the Group's innovation and marketing
- Unify and ease customer relations
- Simplify brand architecture



Drivers

- Harness skills
- Strengthen operational performance

Simplicity, innovation, performance

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H105 results: From Revenues to Gross operating margin

<u>Euros in millions</u>	1H04 actual	1H04 Pro-forma	1H05	Actual % change	Proforma % chg
Revenues	22,655	23,139	23,665	+4.5%	+2.3%
Non labour costs as a % of revenues	9,372 41.4%	9,762 42.2%	9,876 41.7%	+5.4%	+1.2%
<i>Of which external purchases as a % of revenues</i>	8,657 38.2%	9,034 39.0%	9,326 39.4%	+7.7%	+3.2%
Labour costs as a % of revenues	4,528 20.0%	4,530 19.6%	4,489 19.0%	-0.9%	-0.9%
Gross Operating Margin as a % of revenues	8,755 38.6%	8,847 38.2%	9,300 39.3%	+6.2%	+5.1%

Balance between growth and profitability confirmed

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H105 results: From Gross Operating Margin to Net Result Group Share

<u>Euros in millions</u>	1H04	1H05	% change	Proforma % chg
Gross Operating Margin	8,755	9,300	+6.2%	+5.1%
Employee Profit Sharing	-107	-166	+55.0%	+ 54.7%
Share-based payment	-55	- 34	- 36.9%	- 36.1%
Amortization	- 3,932	- 3,462	- 11.9%	- 9.3%
Impairment of goodwill	-534	0	ns	ns
Impairment of assets	90	-196		
Disposal of assets	131	1,171		
Restructuring costs	-39	-174		
Associates	13	40		
Operating Income	4,322	6,479	+49.9%	
Total Financial Charges, net	-2,027	-1,827		
Income taxes	-1,138	-1,018		
Net result	1,157	3,634		
Minority Interests	-115	-271		
Net Result Group Share	1,042	3,363		

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1H05 financing: From GOM to Net cash provided by operating activities



Euros in millions

	1H04	1H05
Gross Operating Margin	8,755	9,300
Interest Expense, net*	- 1,696	- 1,447
Cancellation of Forex impact included in GOM	- 16	-9
Income Taxes	- 166	- 475
Early Retirement Plan	- 405	- 448
Employee Profit Sharing	- 107	- 166
Others ow restructuring costs & TDIRA	- 181	- 852
Change in Working Capital requirement (inventories + receivables - payables)	-99	81
Change in Working Capital requirement (others)	-215	-116
Net Cash provided by operating activities	5,870	5,868

Impact of 2003 and 2004 TDIRA interest charges payment

*Net Financial charges excluding TDIRA, discounting, disposal/provision on financial assets and foreign exchange (gain/loss)

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Financing in 1H05



Euros in millions

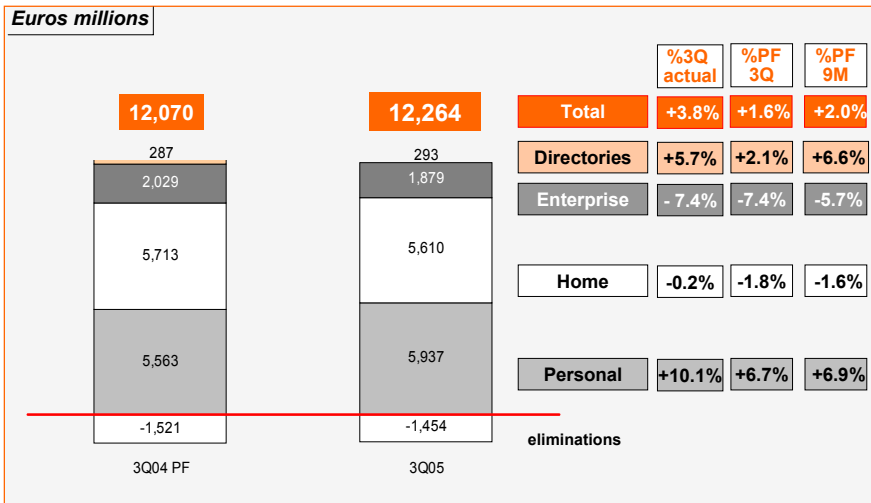
	1H04	1H05
A - Net Cash provided by operating activities	5,870	5,868
B - Net cash used for investing activities	- 3,387	- 2,423
ow Capex	- 2,578	- 2,959
C - ow Disposals of financial investments	+ 18	+ 1,529
D - Impact of investment in short term marketable securities	- 1,477	0
Free Cash Flow* excl. disposals (A+B-C+D)	988	1,916
E - Minorities buy out	2,276	999
Cash Flow excl. disposals & minorities (A+B-C+D+E)	3,264	2,915
F - Tele Invest acquisition ("Kulczyk Put") (**)	0	- 350
Cash Flow, excl. disposals & minorities, after payment of "Kulczyk Put"(A+B-C+D+E+F)	3,264	2,565
G - Change in scope of consolidation, capital Increase, exchange rates, new accounting standards & others ow dividends paid to FT shareholders ow carryback	- 981	472 -1,184 1,324
= Decrease in net Debt (A+B+D+F+G)	25	3,567

(*) : See glossary

(**) : "Kulczyk Put has been accounted for as debt repayment

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3Q 05 Group Consolidated Revenues by segment €12,264m / + 3.8% actual / + 1.6% pro-forma



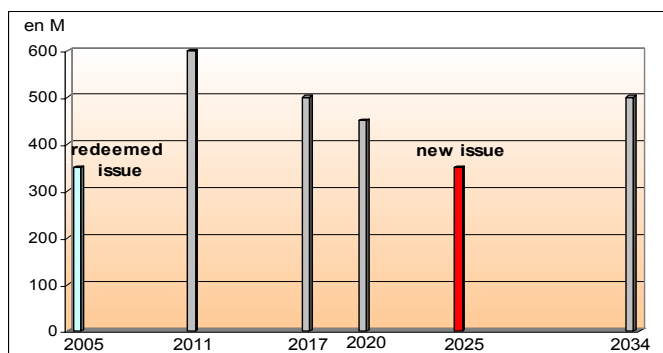
Higher growth expected in Q4

Conclusion



Operations	<ul style="list-style-type: none"> Positive trends on major KPIs 3Q revenue growth below our objectives Full year pro forma revenue growth close to 3% Gross Operating Margin on track
Strategy & Footprint	<p>Following the acquisition of Amena</p> <ul style="list-style-type: none"> Overall footprint completed in Western Europe Possible selective acquisition in fast growing emerging markets Leverage integrated model over all our footprint
Use of cash	<ul style="list-style-type: none"> Continue debt reduction into 2008 Grow dividend distribution toward Sector benchmarks Pick selected growth opportunities

Outstanding issues in Sterling



- Redemption on November 10, 2005 of £ 350 million
- New issue for the same amount on 20 years

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Indicative terms and conditions for France Telecom Sterling issuance



Issuer	France Telecom
Rating	A3/A-/A- (stable/positive/stable)
Ranking	Senior unsecured
Pricing date	Expected 23 November 2005
Settlement date	5 December 2005
Amount	GBP Benchmark
Maturity	5 December 2025
Format	Fixed rate
Listing	Luxembourg
Documentation	€ 30bn EMTN programme dated 19 September 2005
Denoms	50K+1K
Bookrunners	DrKW, HSBC, RBOS
Use of proceeds	Refinance £350mio 7% bonds due November 2005 and general corporate purposes

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