

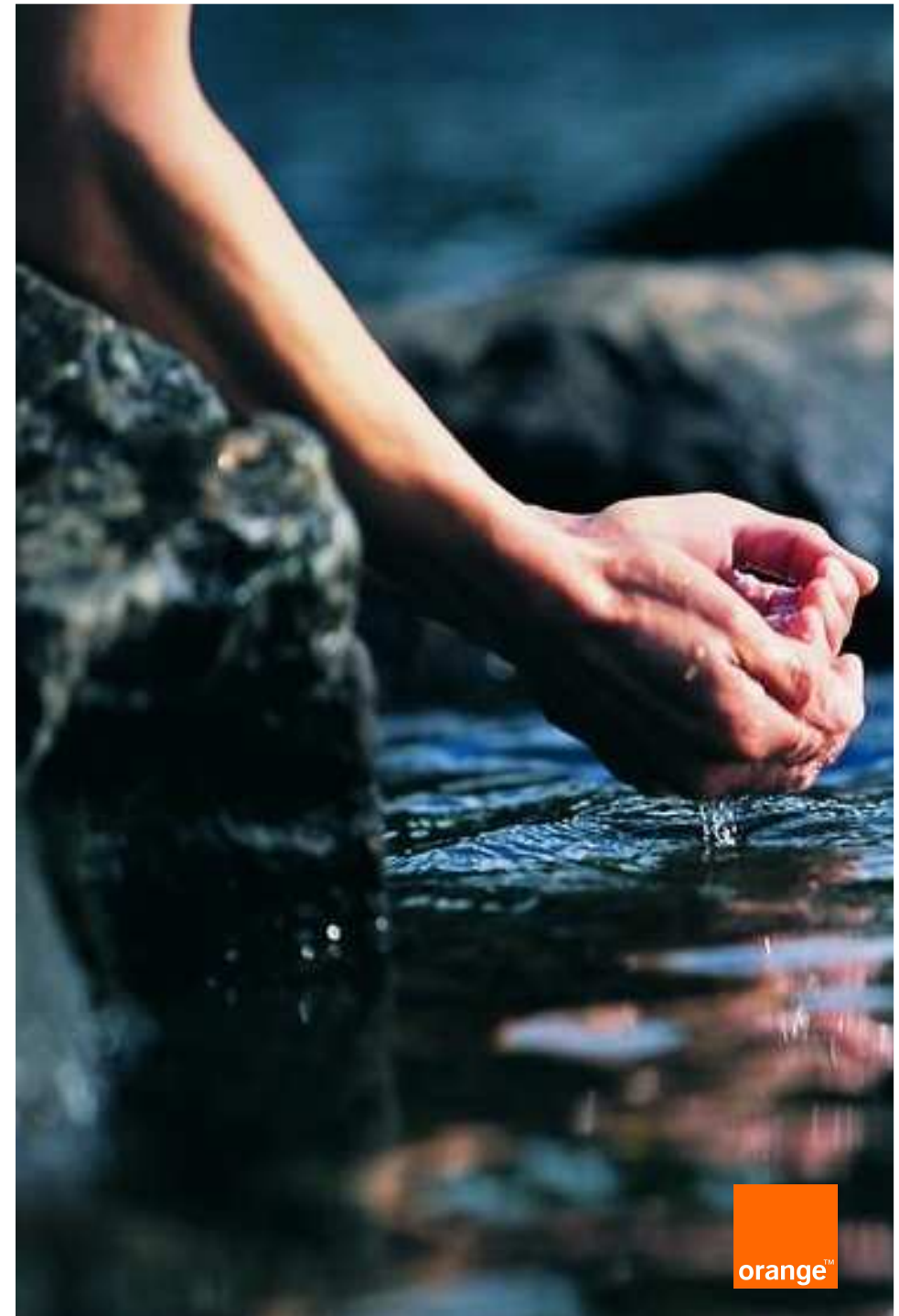
France Telecom

London meetings

9th June 2011

Jean-Michel Thibaud,
Group Treasurer

Anne-Laure Lahon,
Investor Relations



cautionary statement

- This presentation contains forward-looking statements about France Telecom's business and its "Conquests 2015" industrial plan. Although France Telecom believes these statements are based on reasonable assumptions, the actual occurrence of the forecasted developments is subject to numerous risks and uncertainties, including matters not yet known to us or not currently considered material by us, and there can be no assurance that anticipated events will occur or that the objectives set out will actually be achieved. Important factors that could cause actual results to differ materially from the results anticipated in the forward-looking statements include, among other factors, overall trends in the economy in general and in France Telecom's markets, the efficiency of the strategy incorporated in the "Conquests 2015" industrial plan and of other strategic, operational and financial plans, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and related constraints, as well as the outcome of legal proceedings and the risks and uncertainties related to international operations and exchange rate fluctuations.
- More detailed information on the potential risks that could affect France Telecom's financial results can be found in the Registration Document 2010 filed with the French *Autorité des marchés financiers* and in the annual report on Form 20-F filed with the U.S. Securities and Exchange Commission. Except to the extent required by law, in particular Articles 223-1 et seq. of the General regulation of the *Autorité des marchés financiers*, France Telecom does not undertake any obligation to update forward-looking statements

Our assets, our results in a snapshot

216 million customers* end of 1Q11
157m personal customers
59m home customers

operating in 35 countries

€ 45,503 million
revenue in 2010

€ 15,642 million
EBITDA restated ** in 2010

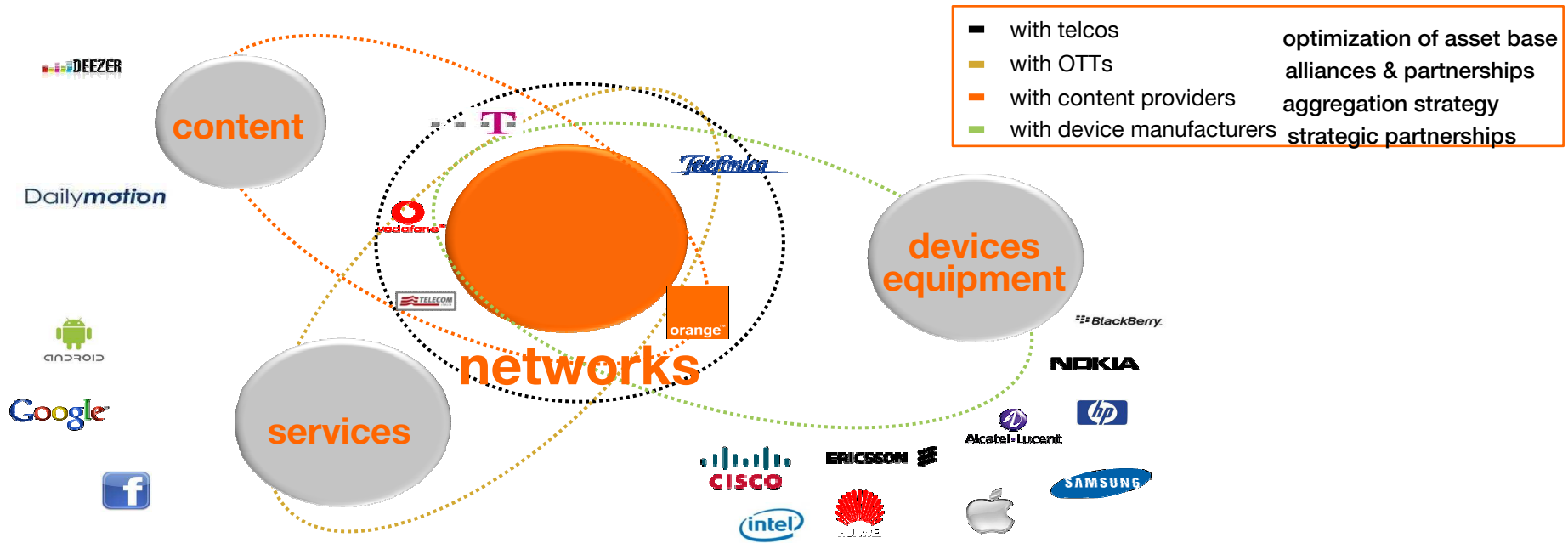
€ 10,120 m
operating cash flow in 2010

€ 8,110 million
adjusted OCF in 2010 ***

€ 31,840 million
net debt end of 2010

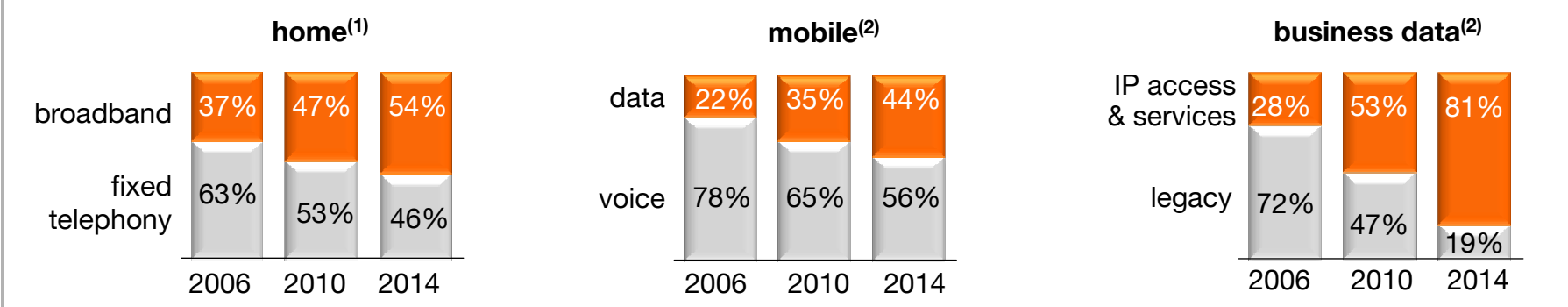
1.95
net debt / EBITDA

From competition to co-opetion

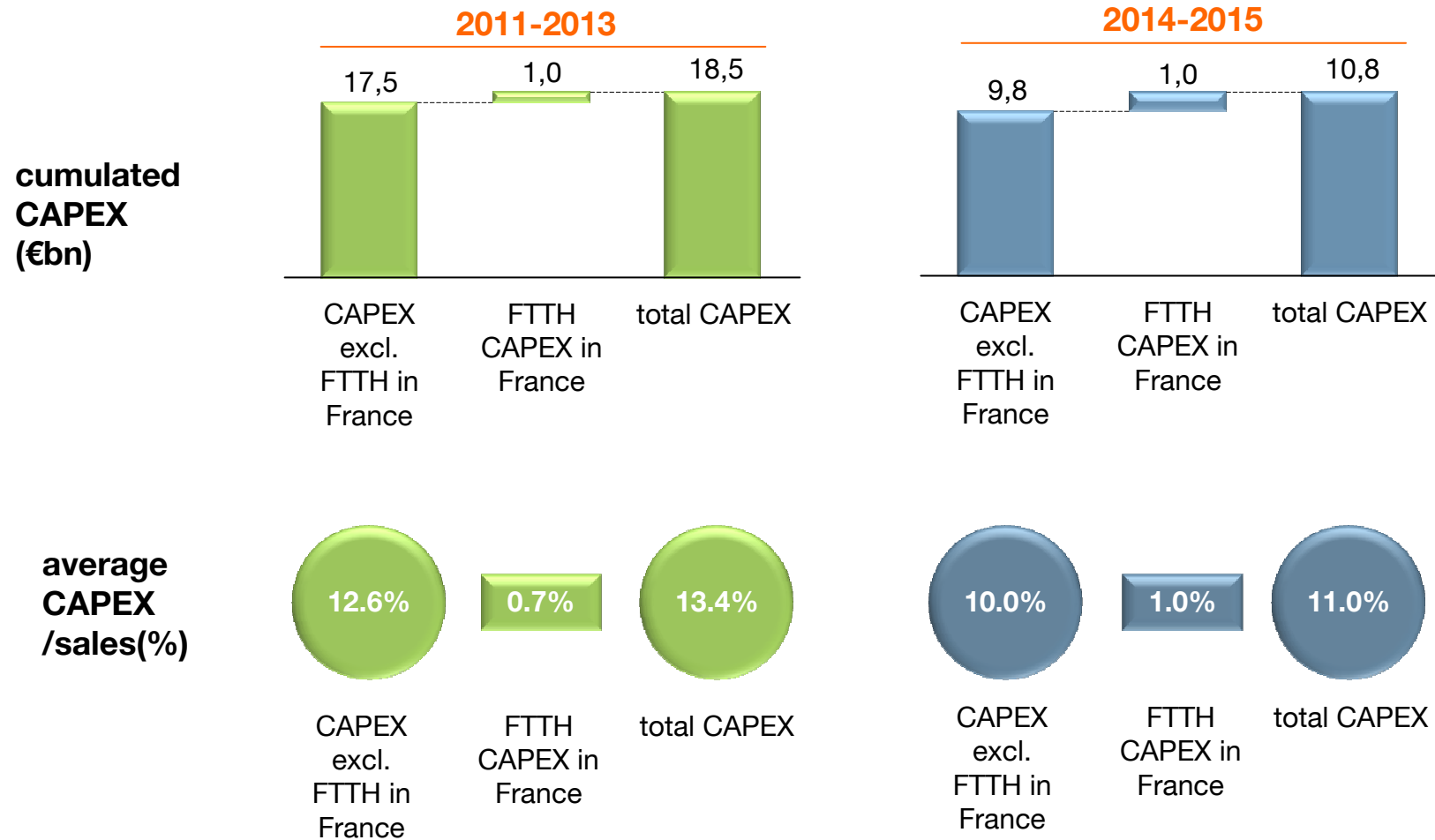


A strong increase in data usage is expected, on the back of a 2.4% GDP increase 2011-15 CAGR on the Orange footprint and a bounce back of telecom markets on the same period

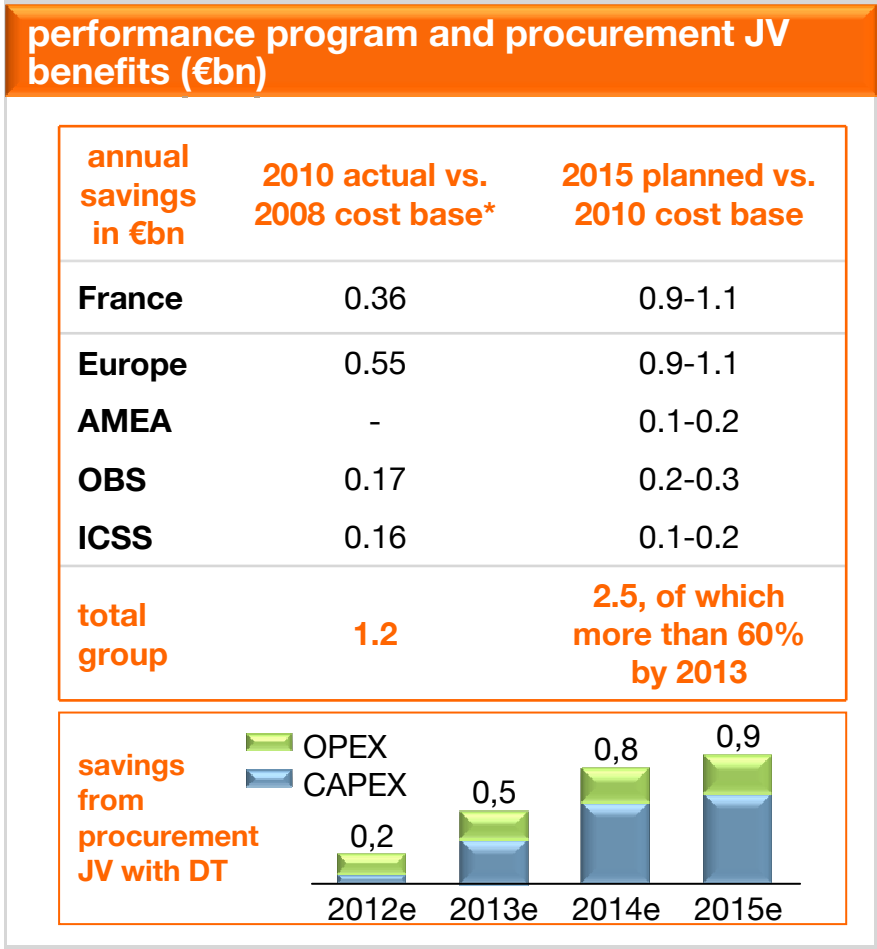
split of total revenues, Western Europe (bn€)



CAPEX at the core of our leadership strategy in customer experience, future networks and growth



Including benefits from the procurement JV, FT- Orange targets at least €3bn in annual savings by 2015



- 2011-2015 performance levers**
- France**
 - customer experience improvement
 - operational excellence
 - IT improvement
 - channels automation
 - content business model change
 - Europe**
 - RAN & network sharing
 - near-shoring
 - customer care transformation
 - IT renewal & optimisation
 - AMEA**
 - services platform mutualisation / industrialisation policy
 - synergies within the zone
 - customer journey excellence
 - OBS**
 - international network profitability
 - sales performance improvement
 - G&A improvement
 - IC & SS**
 - productivity gains on labour costs

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)

FT-Orange is migrating to a more operations-oriented medium-term guidance

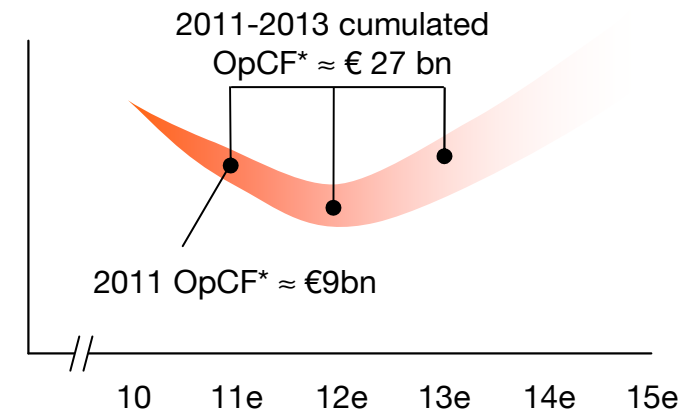
> from annual organic CF guidance to cumulated operating CF guidance

	in €bn	2009a	2010a	2011	2011-2013 cum.
previous guidance	organic cash flow	8.2	8.1	8	-
new guidance	OpCF* (EBITDA - CAPEX)	10.8	10.1	-	≈ 27

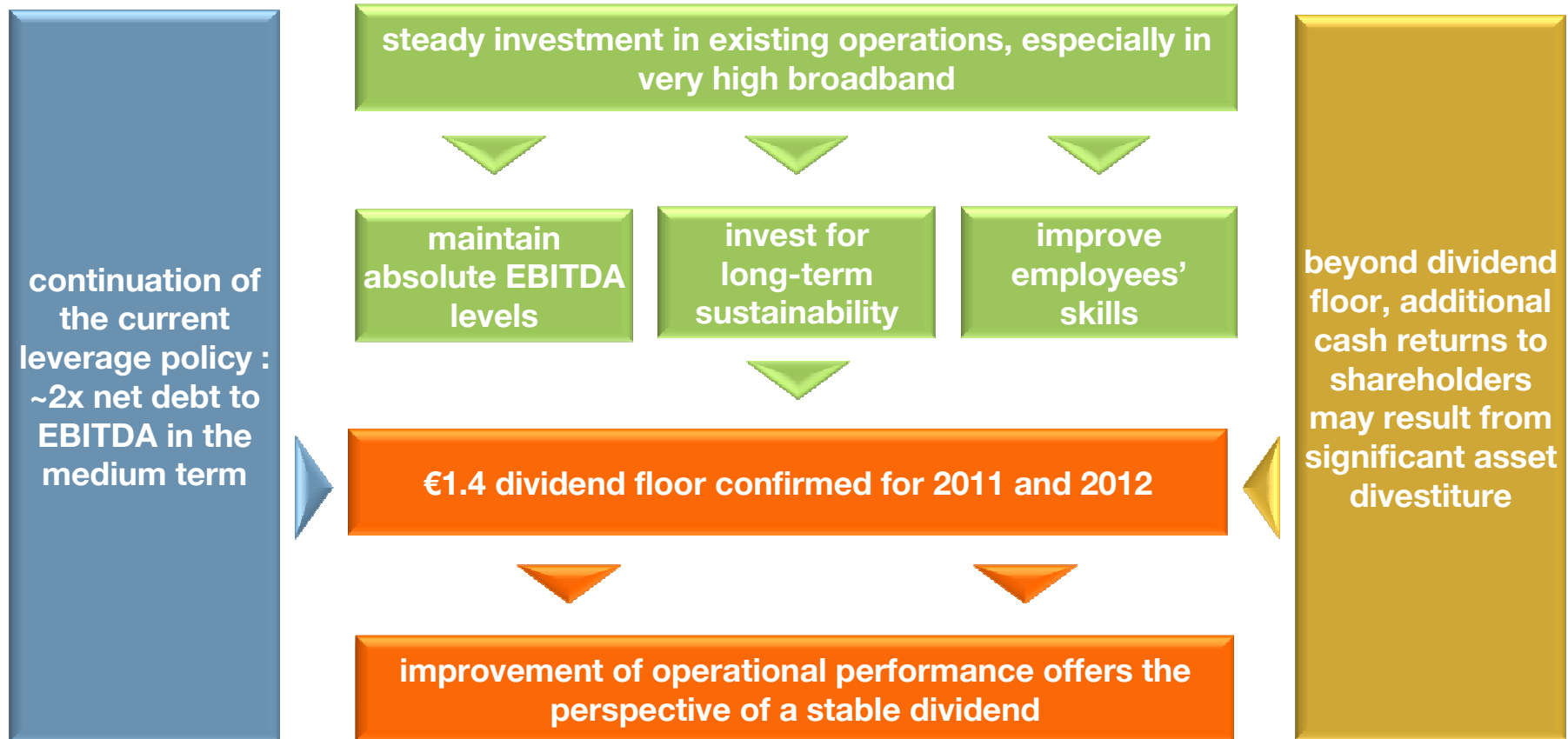
> new guidance

1. fully aligned with management scorecard and incentives
2. better adapted to transition from “adapt” to “conquer” growth business profile
3. capacity to strike the right balance between short-term competitive response and long-term company value

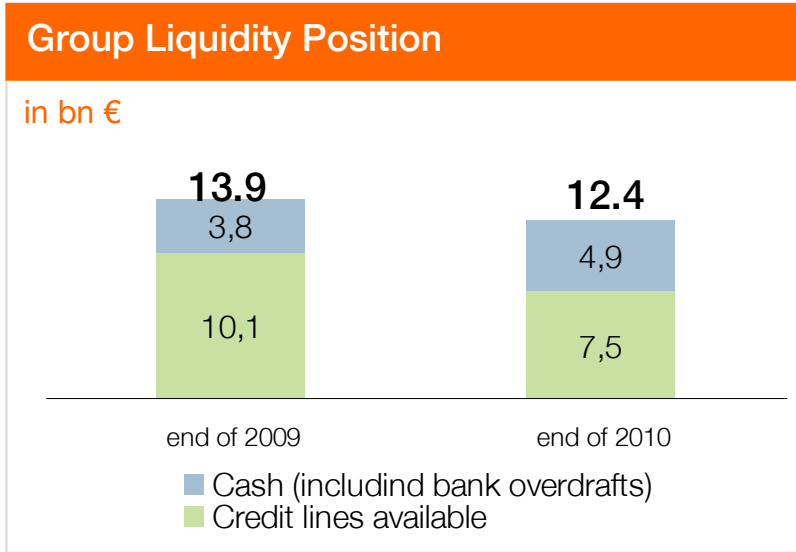
OpCF* guidance



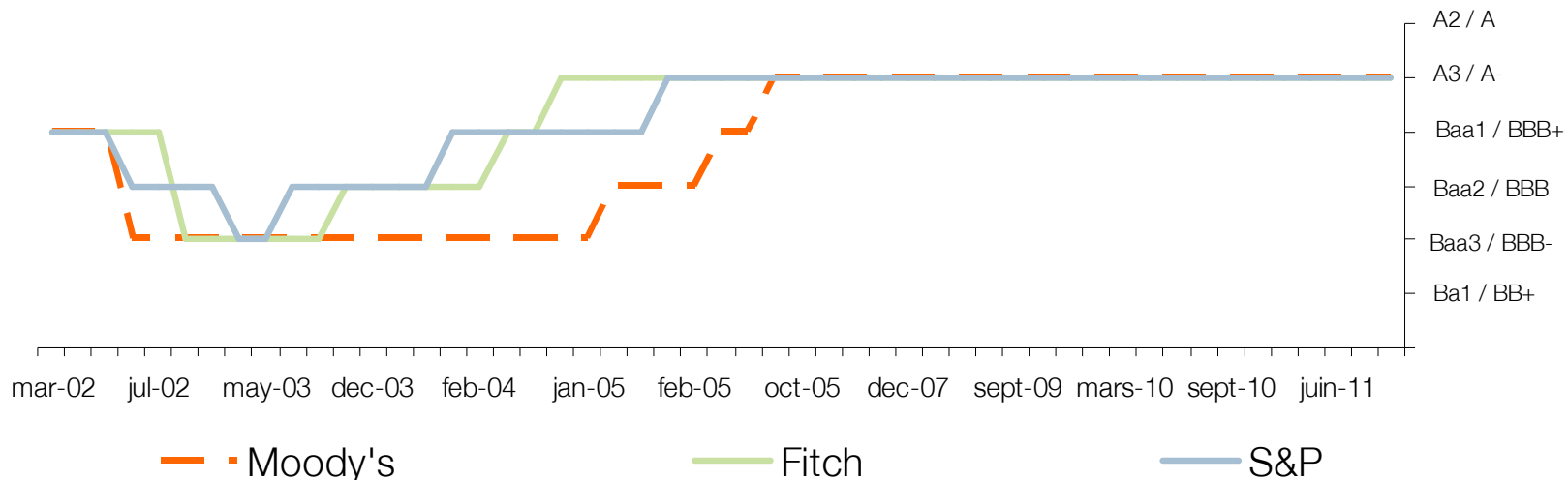
FT-Orange's use of cash policy will support the full capture of this potential



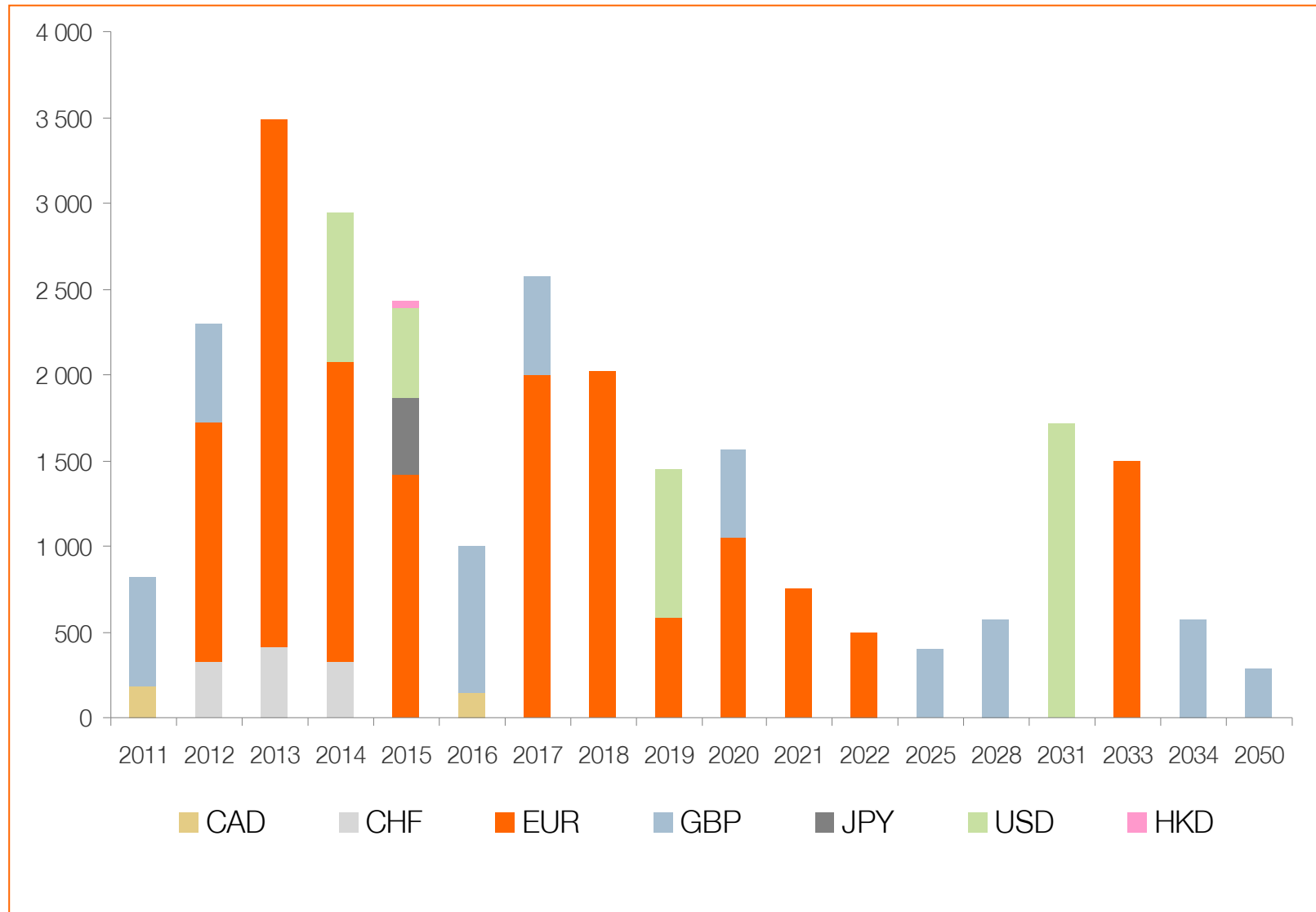
FT-Orange continues to enjoy a robust credit profile and a strong liquidity position



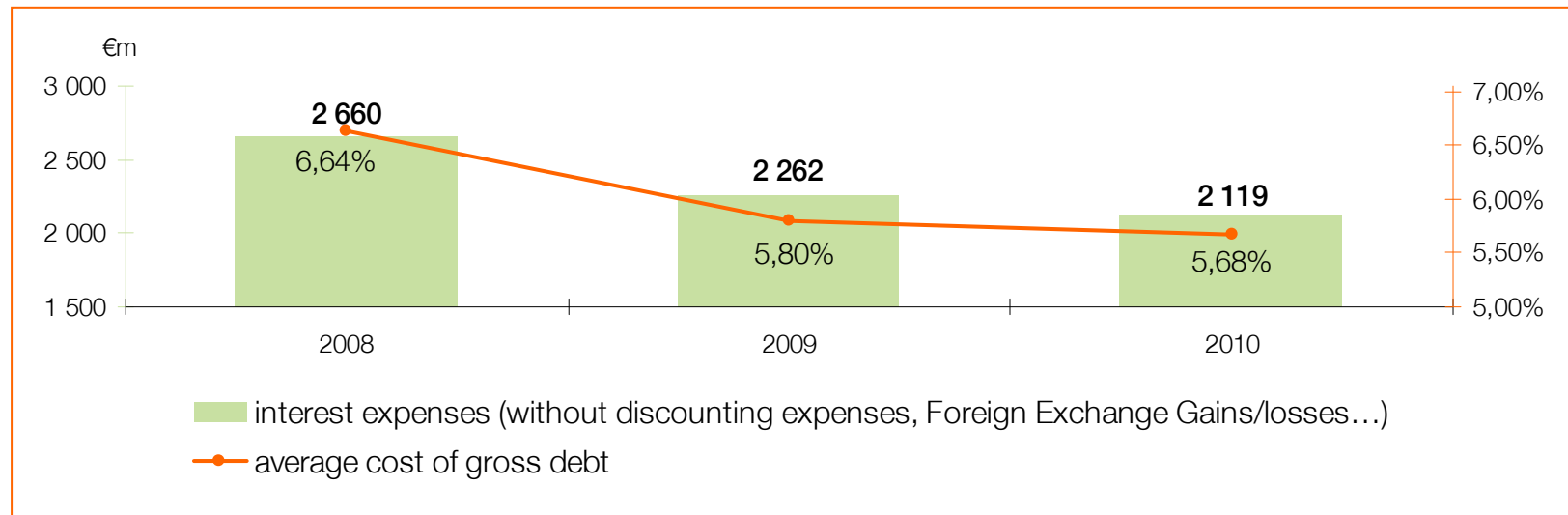
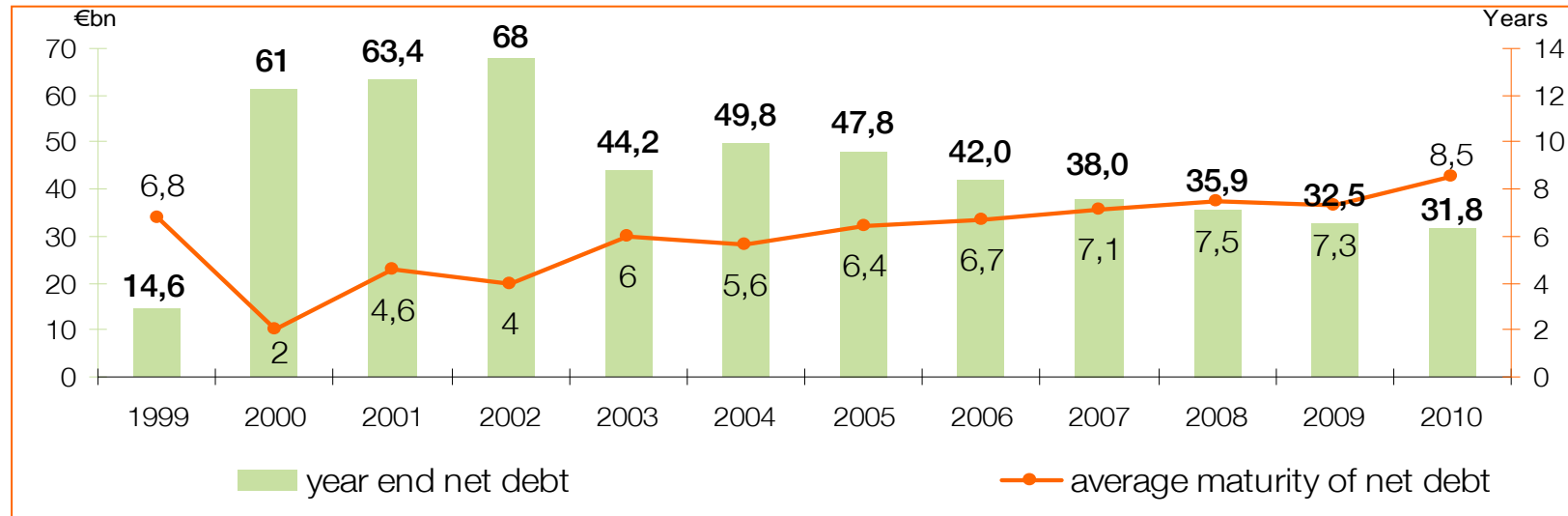
- Continued balance sheet policy of net debt to EBITDA at approx. 2x in the medium term
- strong liquidity position at €12.4 bn (post- renewal of the group’s main backup facility at very good conditions in January 2011)
- best-in sector credit rating since 2005



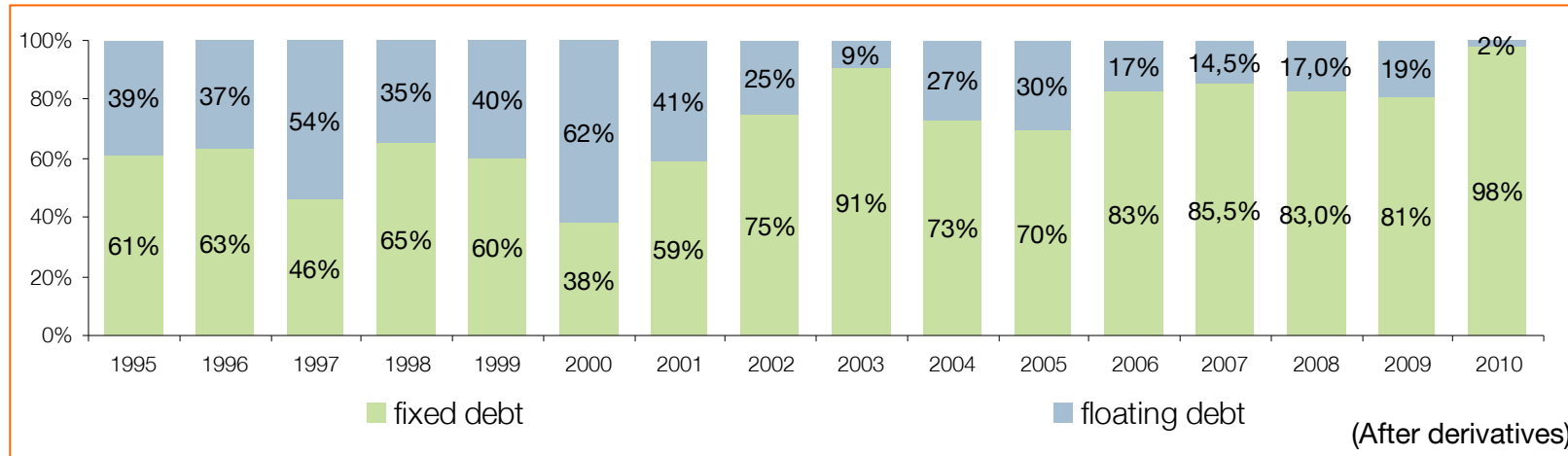
FT Orange has designed a very smoothly spread bond debt schedule (figures as of 31st May 2011)



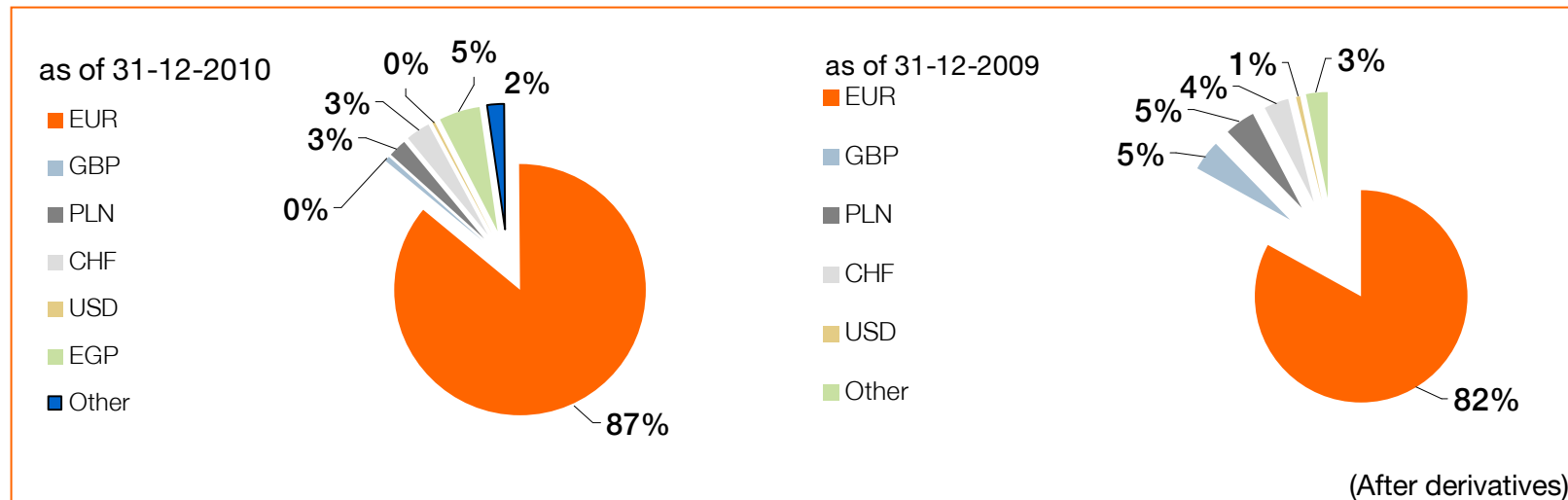
A strong deleverage combined with an increase in net debt average life and a reduction in cost of debt



98% of net debt is fixed, in anticipation of increasing interest rates



Majority of outstanding debt is euro denominated

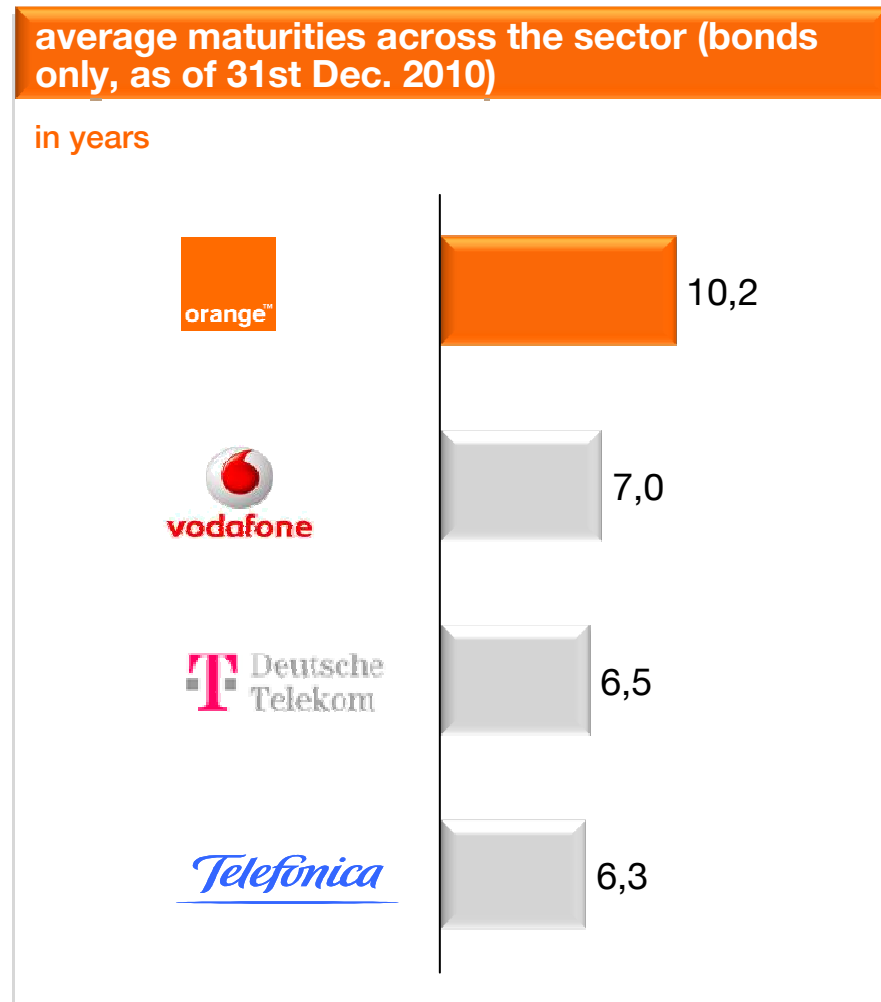


Funding policy : increase in net debt average maturity thanks to liability management (€ 5.3 bn in 2009/10)

- January - June 2010 : classical funding
 - January-February 2010 : private placements
 - € 366 m in 5 transactions at 5 and 10 years
 - April 2010 : € benchmark
 - € 1 bn 10-year bond with a 3.875% coupon
 - June 2010 : Samurai benchmark
 - JPY 52.3 bn 5-year bond

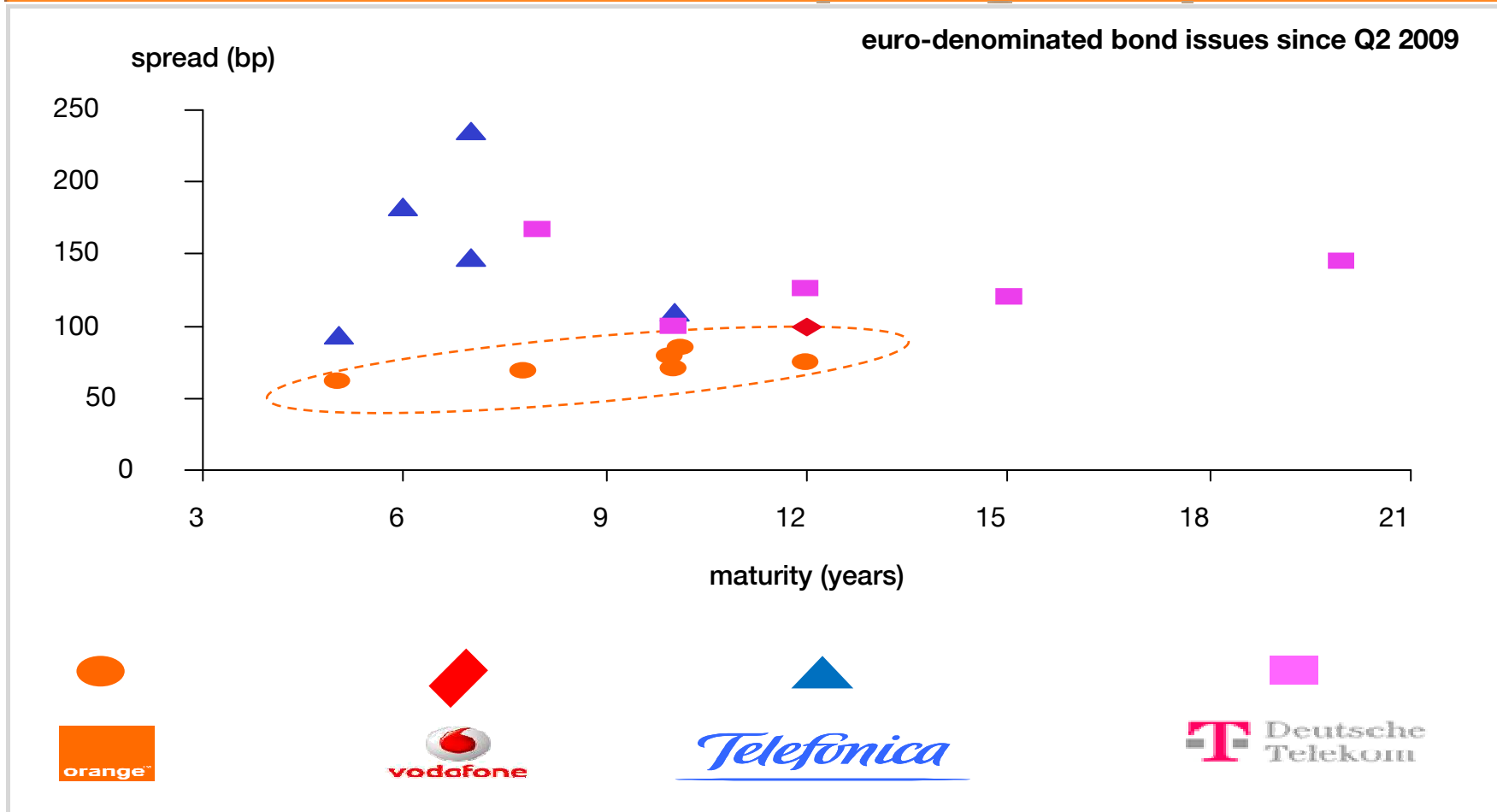
- September 2010 : 1st liability management
 - Make Whole Call
 - Early redemption of \$ 3.4 bn 7.75% notes due March 2011
 - Issue of 5-year \$ 750 m, coupon 2.125%
 - Issue of 12-year € 500 m, coupon 4.375%

- November 2010 : 2nd liability management
 - Tender + new issue
 - Tender offer results : € 1.963 bn of orders received representing a high hit rate of 36% of the total targeted bonds (4.625% January 2012, 4.375% February 2012 and 7.25% January 2013)
 - France Telecom has limited the amount of bonds bought back to € 1 billion (€ 160 m of January 2012, € 416 m of February 2012 and € 424 m of January 2013).
 - issue of £ 250 m 40-year bond swapped into € at 4.46%,
 - Issue of € 750 m 10-year bond with a coupon of 3.875%

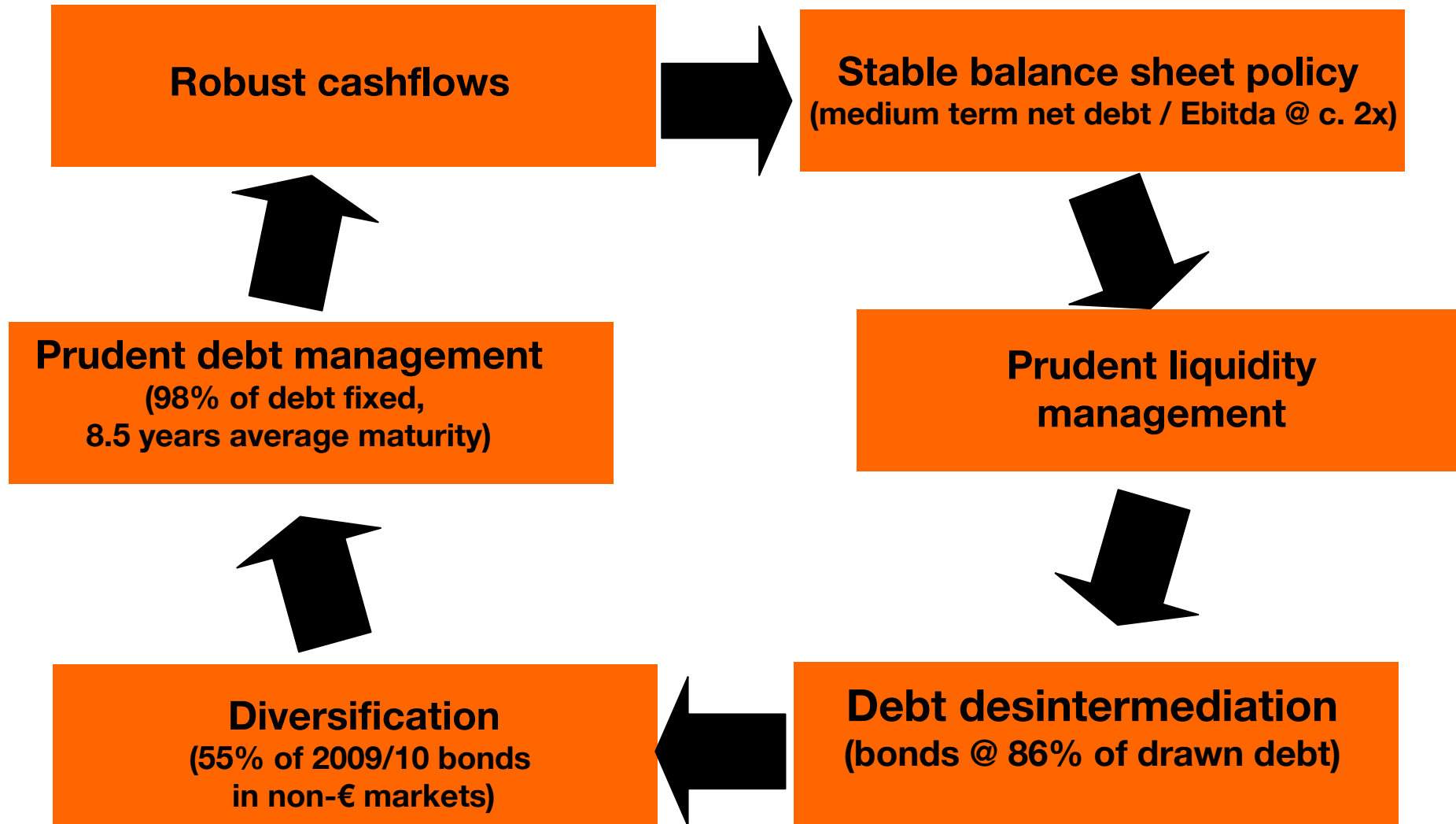


Stable balance sheet policy over time, allowing best in class credit profile and financing conditions

best in class credit profile used to capture longer term maturities and better pricing than peers



FT-Orange's debt management virtuous circle



annex

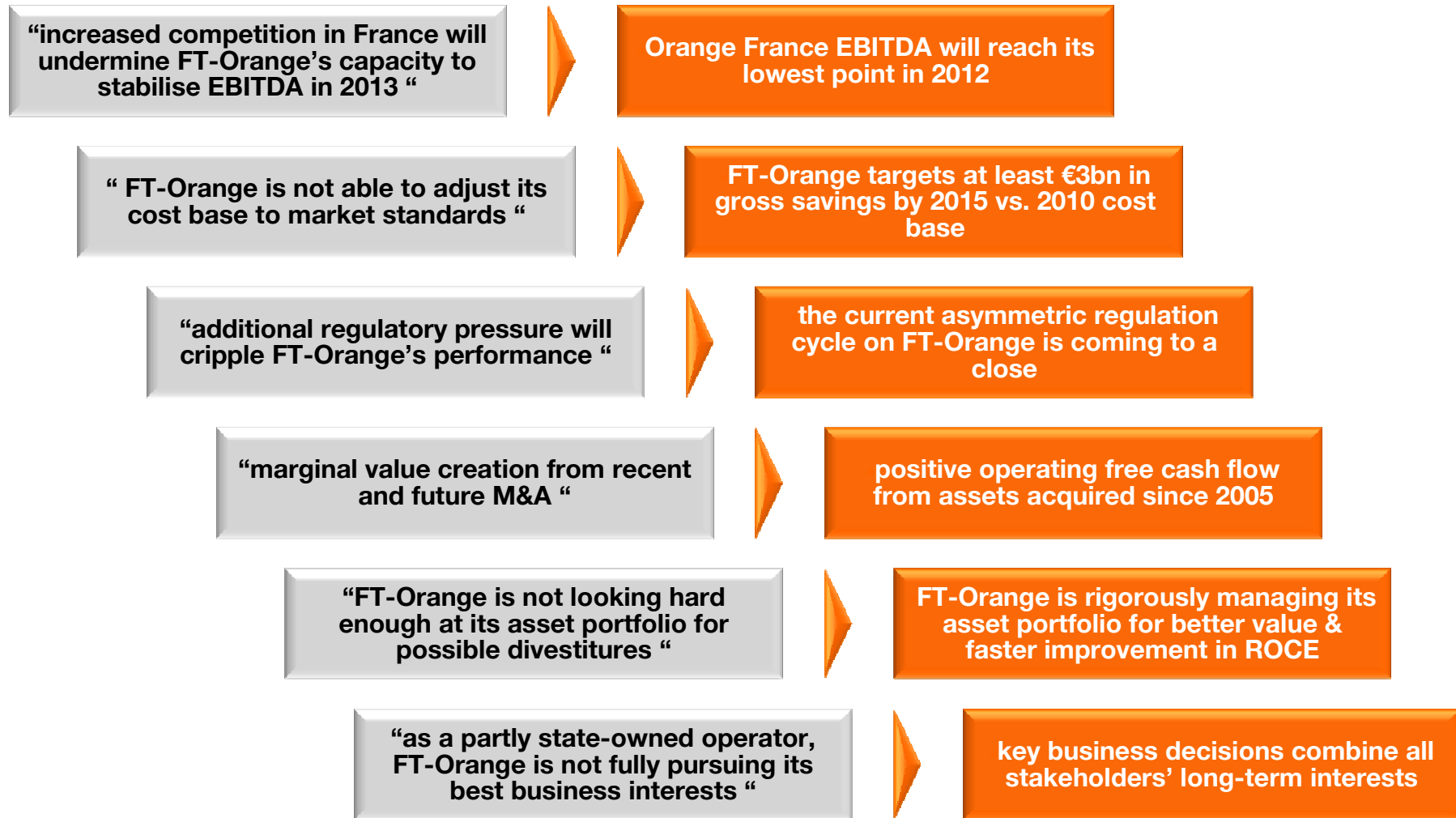
1Q11 highlights

further progress along the path towards Conquests 2015

<p>major events along the path towards Conquests 2015</p>	<ul style="list-style-type: none"> agreement signed on Strategic Workforce planning to facilitate staff career development 	
<p>our employees</p>	<ul style="list-style-type: none"> content rationalization <ul style="list-style-type: none"> negotiations to acquire 49% stake in Dailymotion announcement to create a JV with Canal+ to merge Orange cinema series and TPS Star* 	<p>< €60m 50/50 JV</p>
<p>our networks</p>	<ul style="list-style-type: none"> M&A: getting closer to the target of doubling revenues in AMEA by 2015 <ul style="list-style-type: none"> Korek Telecom: JV formed with Agility to acquire a 44% stake in Korek Telecom 	<p>2010-2014 revenue CAGR in overall Irak 30%</p>
<p>our customers</p>	<ul style="list-style-type: none"> re-focus on core business: <ul style="list-style-type: none"> Emitel planned disposal in Poland* 	<p>PLN1.7bn sale price and PLN1.2bn gain on disposal of assets</p>
<p>international development</p>	<ul style="list-style-type: none"> opex and capex optimization: <ul style="list-style-type: none"> green light obtained for RAN sharing agreement with DT in Poland agreement with DT to form a 50/50 procurement JV* 	<p>several hundreds of millions of PLN savings over the next 5 years ~€900m annual OPEX and CAPEX savings for FT from 2015 & beyond</p>
	<ul style="list-style-type: none"> major commercial deal: <ul style="list-style-type: none"> 2G/3G roaming agreement with Iliad 	<p>~€1bn of incremental revenues over 6 years</p>

new achievements on conquests 2015 plan

current market valuation of FT-Orange share is driven by misperceptions regarding the group

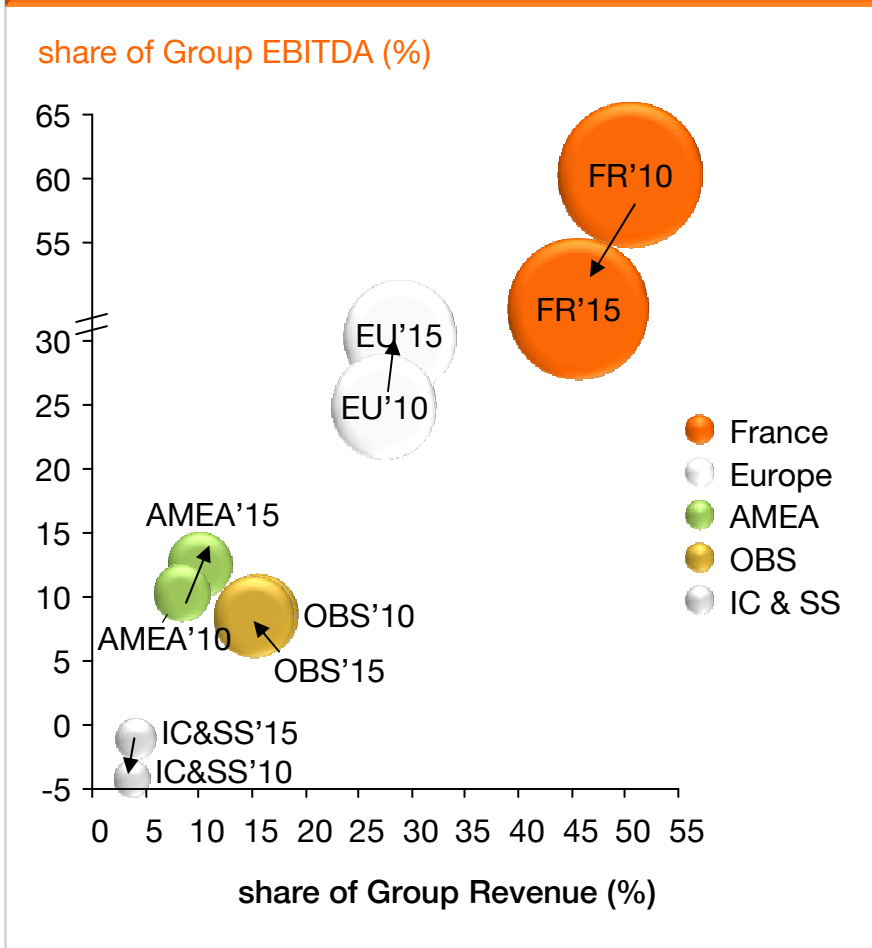


Enterprise & France are back to growth, with Europe & AMEA maintaining their solid growth contribution

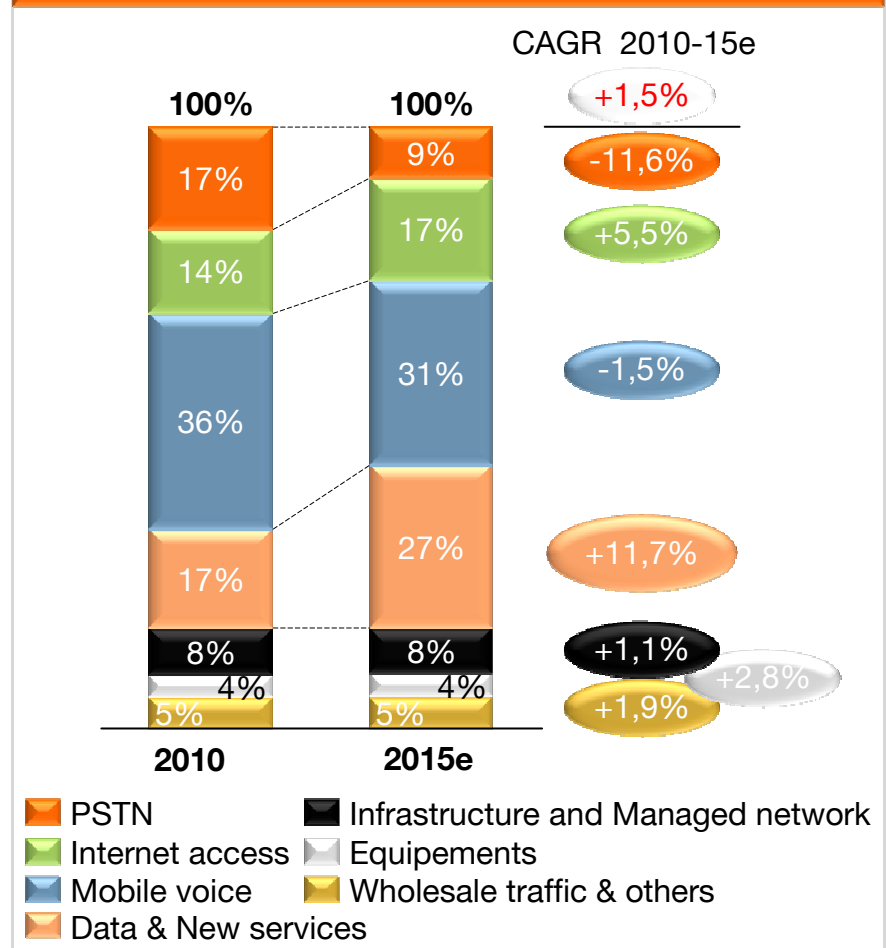
	adapt	conquer
	2010-2013 revenues CAGR	2013-2015 revenues CAGR
France	-1.3%	+0.5%
Europe	+2.0%	+3.7%
AMEA	+5.1%	+5.8%
Enterprise	-1.2%	+4.1%
Group	+0.6%	+2.7%

FT-Orange's country and business mix will be more balanced in terms of revenues and EBITDA

rebalancing in revenues & EBITDA mix*

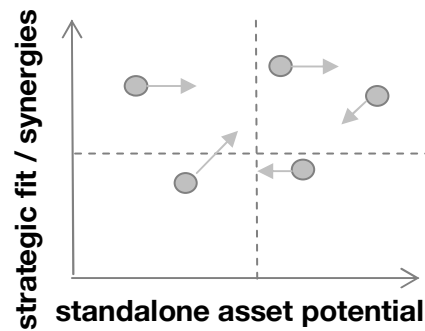


changes in revenues mix parallel to market

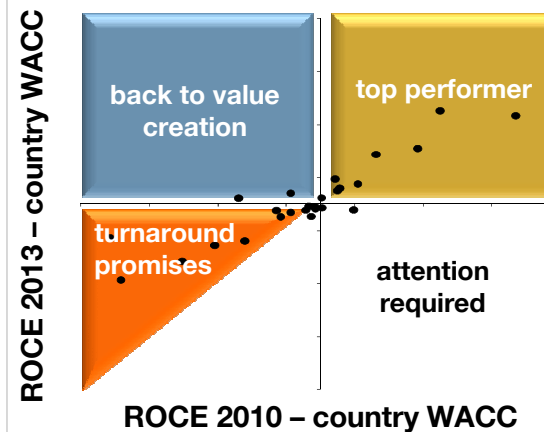


consistent strategic & financial discipline applied to portfolio management

dynamic strategic analysis



dynamic value creation



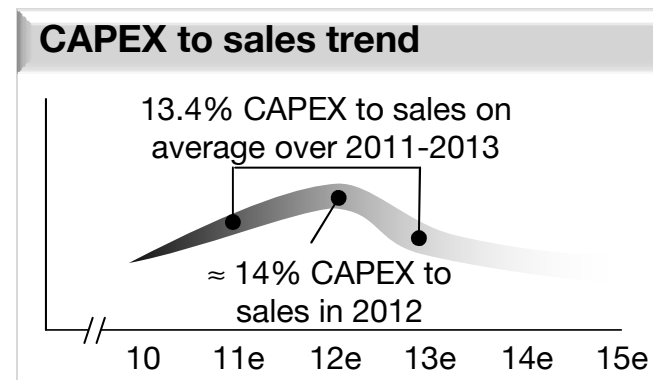
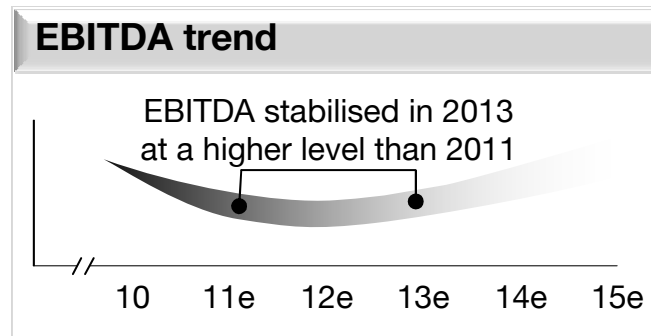
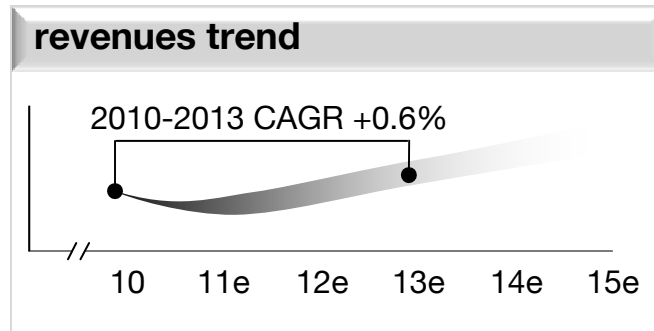
dynamic value analysis

- assess market value, as seen by investors, and asset value for other potential owners of the asset
- make own estimate for asset value, including synergies with rest of FT-Orange, and assess scenarios for change

proactive actions to country and other business assets

- operations: implement restructuring, repositioning, breakthrough synergies, etc.
- corporate : consolidation, disposal, swap, partnerships, etc

2011-2013 cumulated OpCF guidance is supported by underlying trends



5yr CDS Evolution of main European telcos

