

people
becoming
employer of choice
by 2012

ISR presentation
29/09/2009



agenda

1 capitalize on track records after 06-08 commitments achieved

2 strong capacity to allocate skills to business priorities

3 an improved know-how on training and reskilling

4 leverage on our assets and opportunities

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1

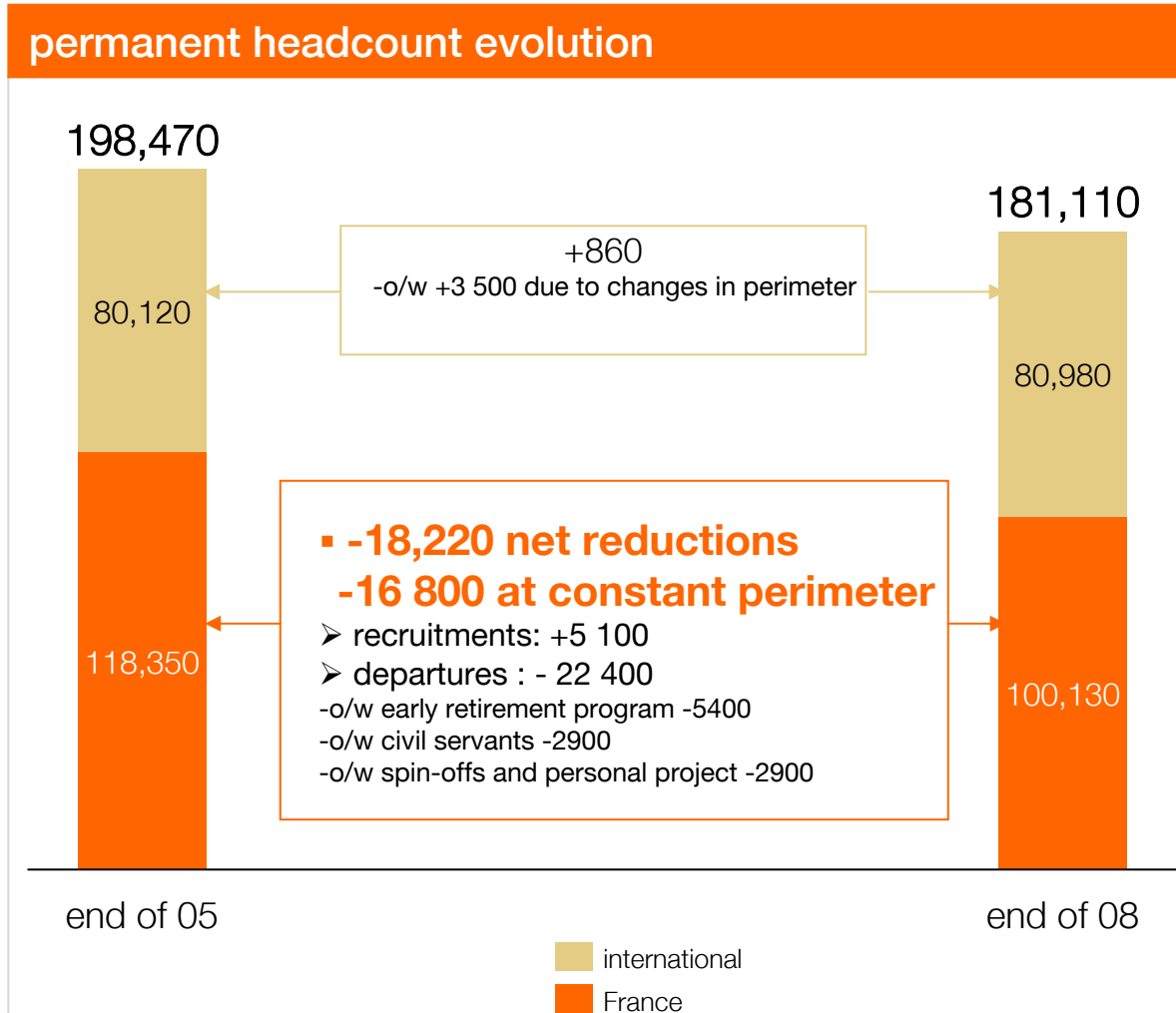
people

capitalize on our track-records

performance & efficiency

training & development

1 | 06-08 commitments achieved on headcounts optimisation



headcount optimisation



France

- more than 22,000 departures over 06-08
- 5,100 recruitments over 06-08
- focus on critical job lines for recruitments and internal moves



Poland

- impact of the 3 years social agreement: 5 000 net decrease over the period 06-08



UK

- transformation program with focus on customer relations and sales distribution
- 900 net decrease between 06 & 08

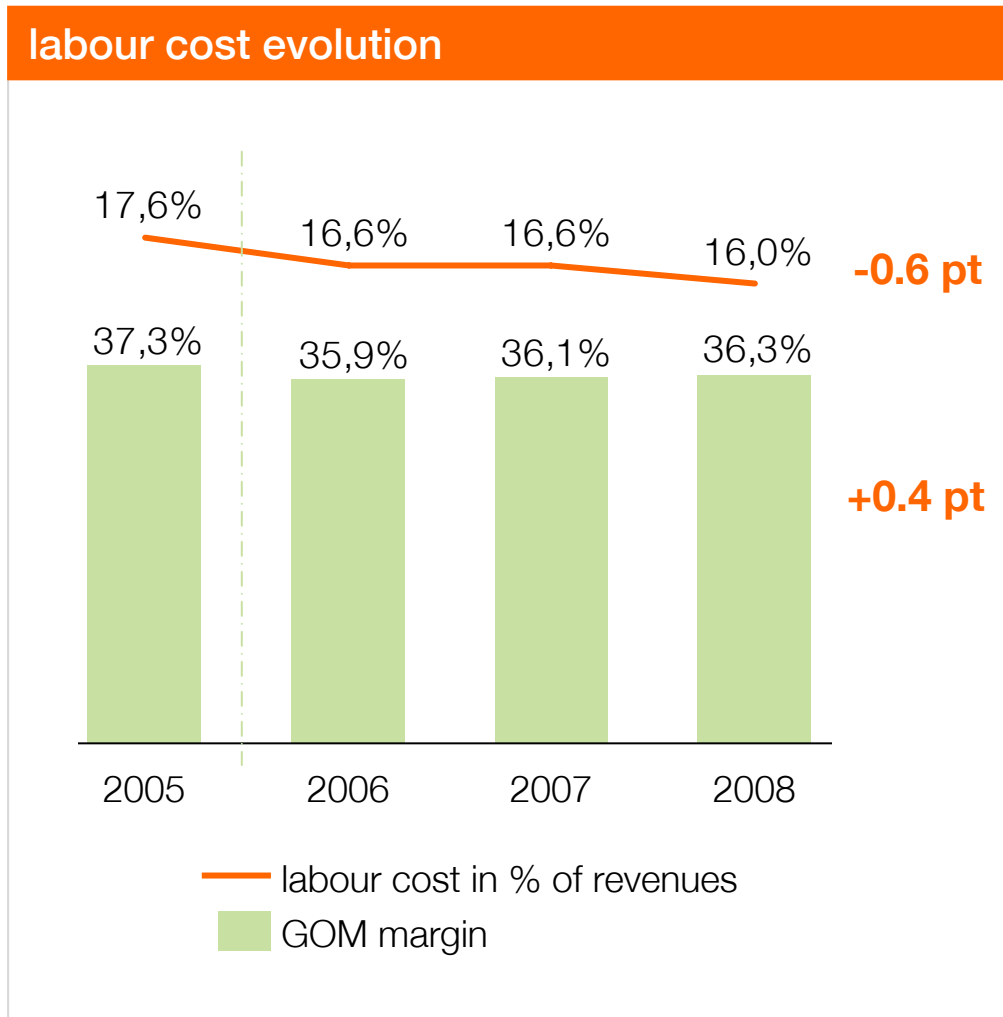


Spain

- voluntary departures plan in 08

1

06-08 labour cost reductions sustain margin momentum



labour cost control

- weight of labour expenses in total group cost declined from 25.9% to 25.1%
- labour cost in 2008 is 8.6 billion euros, decreasing - 2.5% over 2007

agenda

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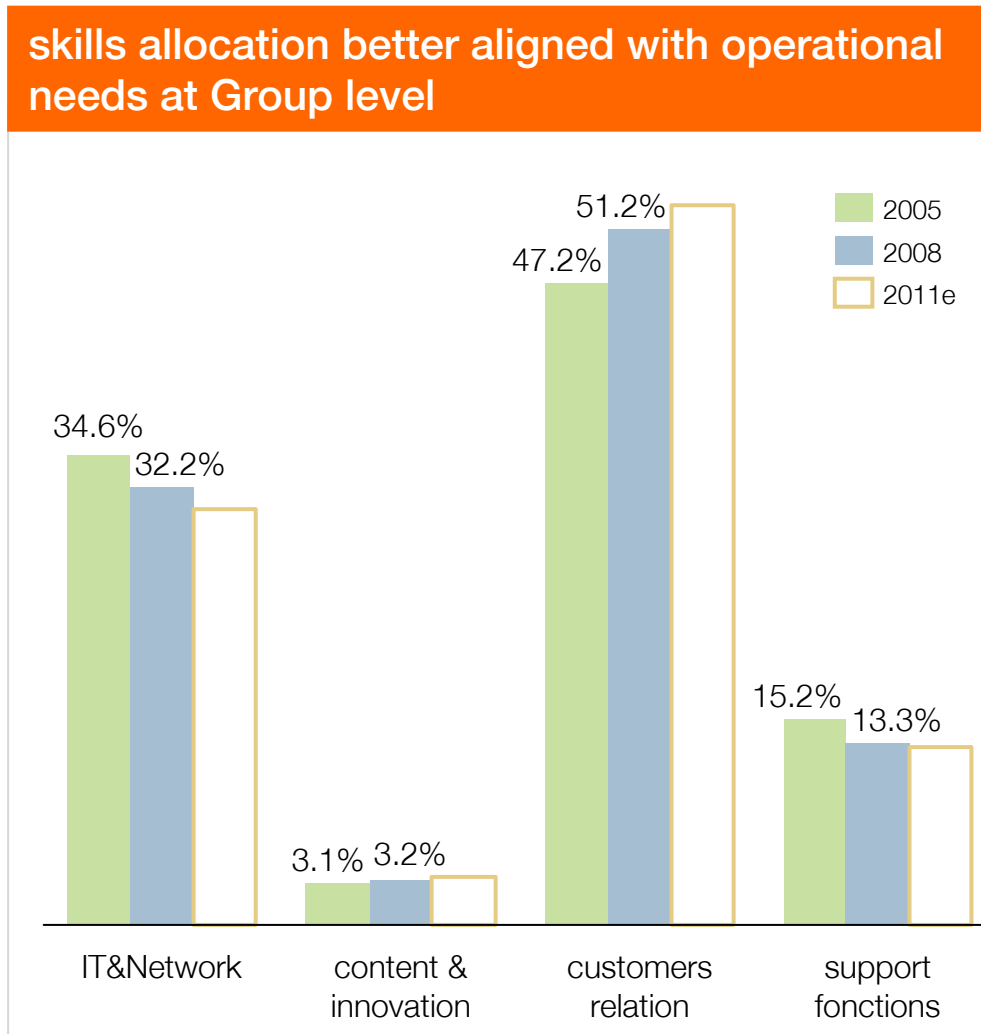
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2

strong capacity to allocate skills to business priorities anticipation tool implemented for better manpower planning



performance & efficiency

- 14,000 moves to critical job lines
- reallocation of skills to priority areas
 - customer relation: 35,400
 - innovation & content: 2,500
- 2011e manpower planning shows trends continuity
 - customer relation, innovation & content continuous growth
 - further decrease of support functions
 - network decrease partly offset by IT stability

agenda

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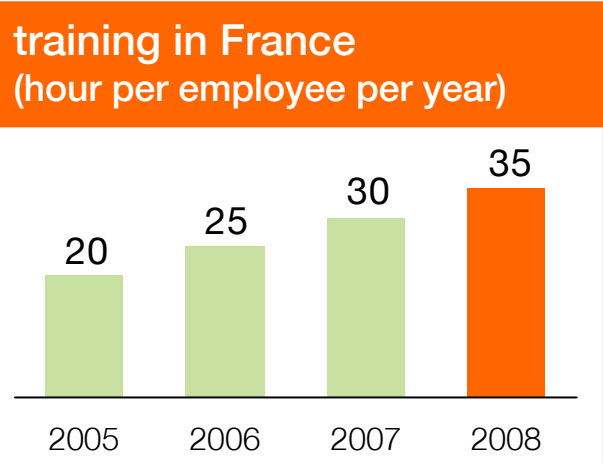
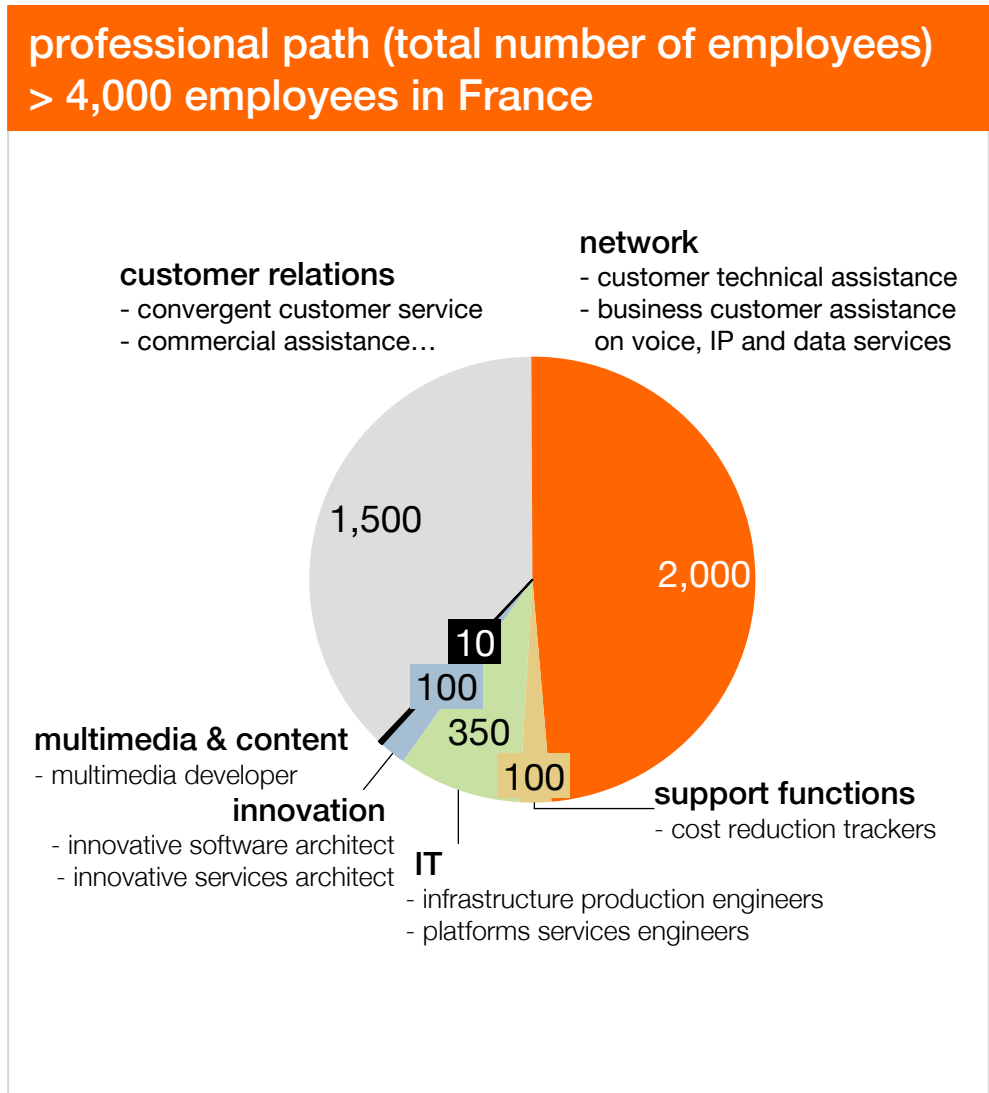
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3

an improved know-how on training and reskilling



- learning & development**
- average at the group level in 2008
 - 31 hours per employee per year
 - 190 000 employee trained
 - training bodies and entities:
 - orange university
 - orange management schools
 - orange global business schools
 - substantial training for Customer support

agenda

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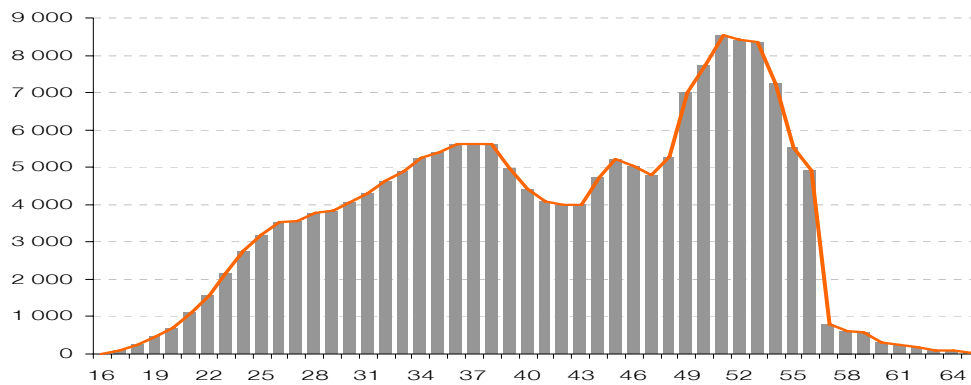
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4

Group pyramid ageing shows strong disparity amongst geographies

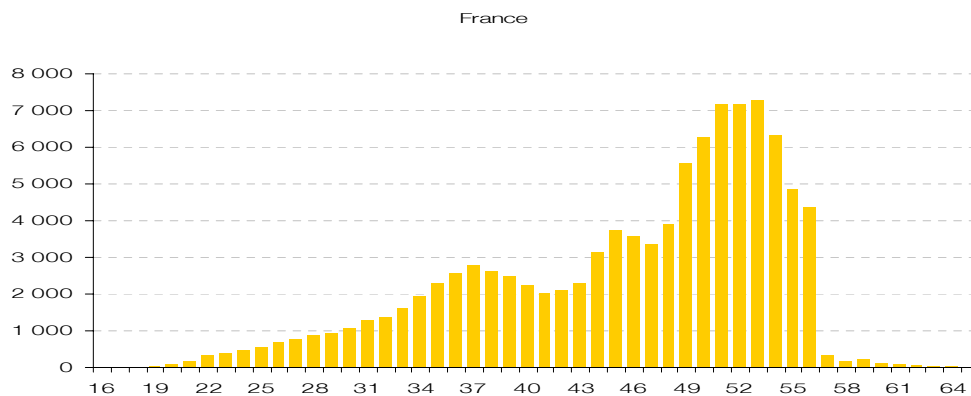
Group pyramid ageing – dec 2008



average ageing evolution

	2008 /2007	2008/ 2005
Group	0,3	0,7
France	0,6	1,7
Poland	0,2	1,3
Spain	0,2	1,7
UK	0,2	0,3

France pyramid ageing – dec 2008

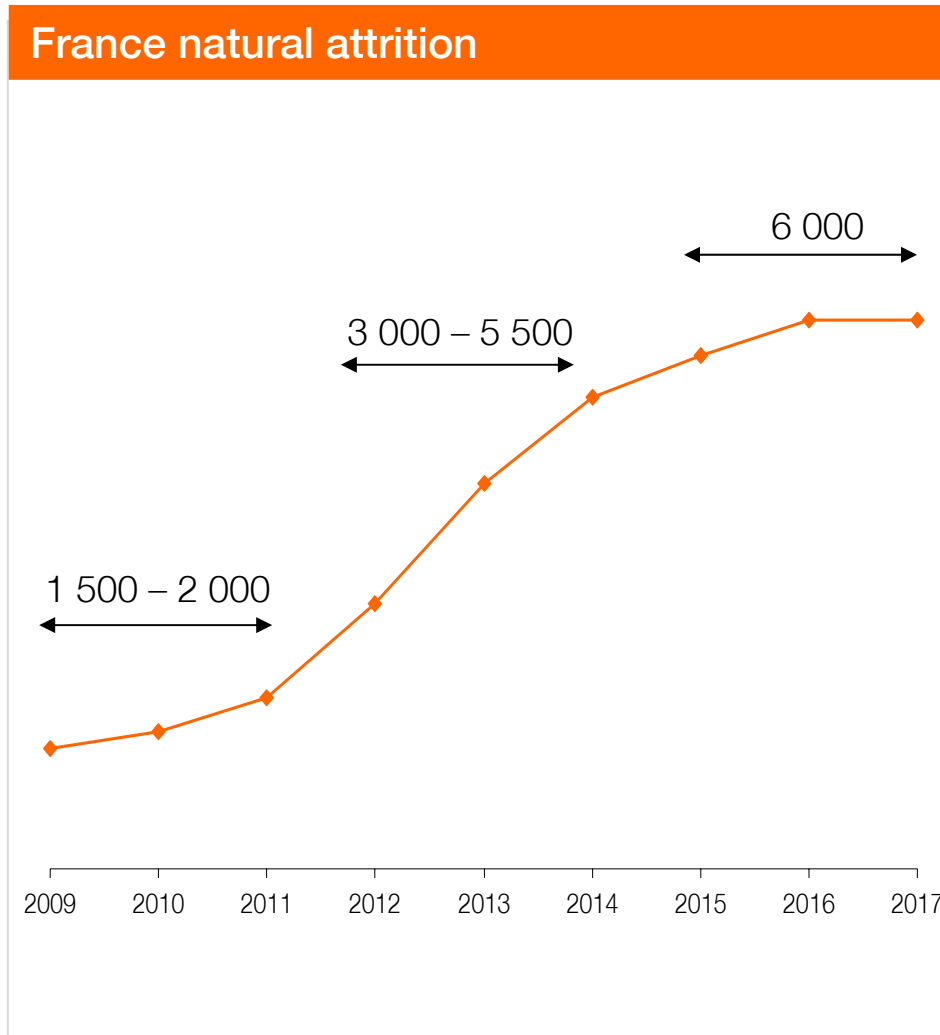


insight

- Group average age is **41.6 years**
- France specificities
 - average age is **45.6 years**
 - **low turn over**
 - definitive departures mainly due to retirement

4

natural attrition in France will accelerate in the coming years



insight

- France demography shows acceleration of retirement departures over the decade
- On going negotiation with employee representatives about senior staff
 - to maintain senior employment
 - to guarantee access to training
 - to leverage know how capitalization through tutor system implementation

4

Addressing psycho-social risks within the company in France

	2009				
	Aug.	sept.	oct.	nov.	Dec.
<p>■ Specific measures taken to address crisis situation</p> <p>■ New social contract for France Telecom</p>					
Negotiation to roll out national agreement on stress		■			
Hiring of occupational health teams and additional local HR teams		■			
Auditing current situation (independent work)		■			
Suspension of mobility plans		■			
Special hot line with external psychologue		■			

insight

- “Stress commission” established in 2000 with employee representatives and health teams to identify stress factors and prevent them
- “Espaces d’écoutes et d’accompagnement” (listening and support Spaces) implemented in 2007 to provide solutions through consultation either individually or collectively
- Auditing current situation conducted by Technologica independent body
 - Questionnaire send to the 102 000 employees in France
 - Interview of a representative sample
 - Medical analysis of recent suicides
- Cornerstone of a new social contract for France Telecom
 - Through negotiation with employee representative

keep our track-records and leverage on our assets & opportunities

perform & be efficient

- we keep our HR programmes for internal and external mobilities

train & develop

- we continue to develop skills and competencies



anticipate & leverage on opportunities

- natural attrition (retirements) gives the opportunity to monitor headcount and labour costs
- to focus on strategic recruitments by anticipation
- to reach 4 500 apprentices in 2009 in France who will have the priority for the recruitments on critical job lines
- to adapt the internal/external workforce

attract & retain

- successful rebranding: a lever to attract the best talents
- CSR and diversity
- talent & career paths management