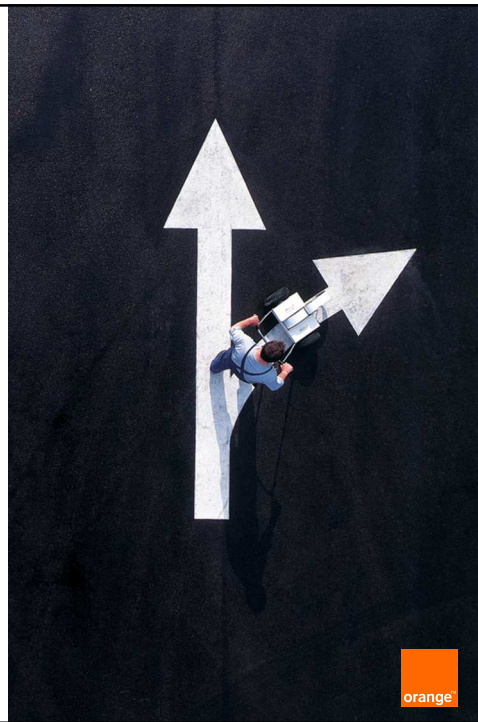


# Orange Spain becoming the alternative

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march 4 & 5, 2009



## cautionary statement

- this presentation contains forward-looking statements about France Telecom's future business performance. although France Telecom believes these statements are based on reasonable assumptions, these forward-looking statements are 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 others, overall trends in the economy in general and in France Telecom's markets, the effectiveness of the integrated operator strategy including the success and market acceptance of the Orange brand and other strategic, operating and financial initiatives, France Telecom's ability to adapt to the ongoing transformation of the telecommunications industry, regulatory developments and 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 filed with the French Autorité des Marchés Financiers and in the Form 20-F filed with the U.S. Securities and Exchange Commission. except to the extent required by law, France Telecom does not undertake any obligation to update forward-looking statements.

## agenda

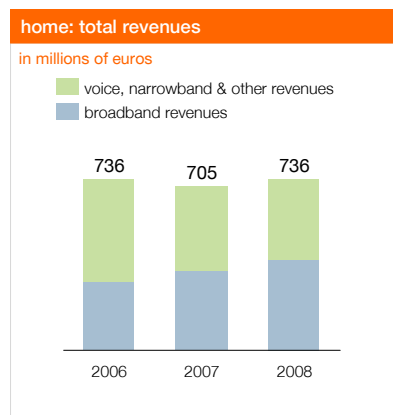
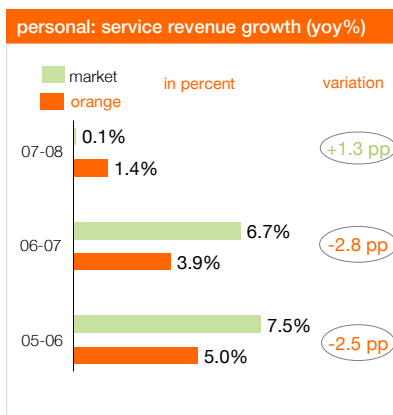
- 1 2008: recovery in results and resilient performance in a challenging economic context
- 2 an in-depth ongoing transformation to continue delivering superior performance
- 3 looking forward, Orange is well positioned to achieve its ambition of becoming the leading alternative in Spain

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## 1 resilient performance in 2008, regaining commercial momentum and initiating turn-around

outperforming the market in mobile ...

... while growing broadband revenues compensating decline in PSTN

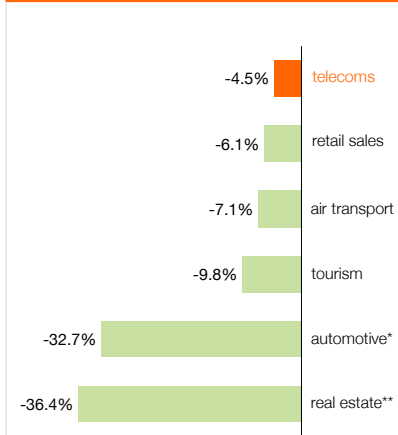


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source: operators public results (MVNOCs not included)

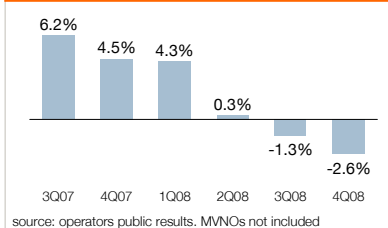
# 1 | telecoms is being affected by the crisis, but relatively less than other industries

revenue growth yoy (dec 2008)



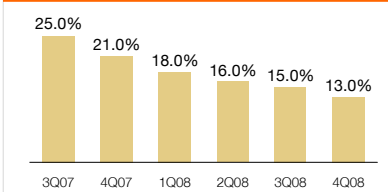
source: I.N.E. (National Institute of Statistics) & Household Ministry  
\*vehicles & fuel \*\*households transactions Q308 YoY

mobile service revenue growth (yoy%)



source: operators public results. MVNOs not included

broadband market growth (yoy%)



source: CMT monthly report

# 1 | Orange has demonstrated an agile reaction to changes in customer behaviors

in a rapidly declining economy, behaviours are changing

- **contract:** reduction of usage and customers optimization of tariff plans.
- **prepaid:** emergence of low cost options.
- **business:** line cancellations due to recession
- **fixed broadband market:** declining market growth
- **bad debt:** increase of bad debt and non-commercial churn

Orange has proven its agility to react to economic conditions

- innovative / competitive offers:
  - "Fusión": hybrid offer ~120 k customers
  - "Tarifa Plana": 25% of residential customer base
  - "Todo en uno": VoIP/broadband offer >300 k VoIP customers
- commercial effectiveness:
  - new commissioning scheme >10 M€ savings
  - prepaid SAC reduction >45 M€ savings
  - 700 PoS closed +9% productivity
- cost optimization:
  - voluntary leave plan 11% headcount reduction
  - customer service tender >10 M€ savings
  - other opex reductions -6% yoy decrease in 2H08

## agenda

- 1 2008: recovery in results and resilient performance in a challenging economic context
- 2 **an in-depth ongoing transformation to continue delivering superior performance**
- 3 looking forward, Orange is well positioned to achieve its ambition of becoming the leading alternative in Spain

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## 2 | **an in-depth and ongoing transformation program to sustain superior performance over 2009-2011**

### objectives

strengthen market position

improve operational excellence and cost efficiency

increase capital efficiency and cash flow generation

### key initiatives

- growing non-voice services
- strengthening customer loyalty
- restructuring distribution channel

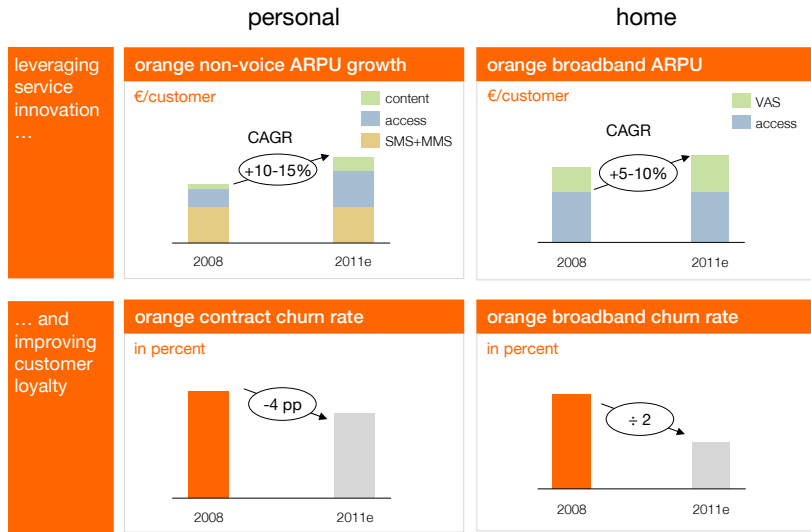
- improving ADSL business operations
- restructuring customer operations
- ensuring time-to-market

- streamlining NW & IT operations
- Opex reduction
- Capex optimization

- transformation launched in 1Q08
- initial results already delivered in 2008
- full financial impact to be delivered over 2009-2011

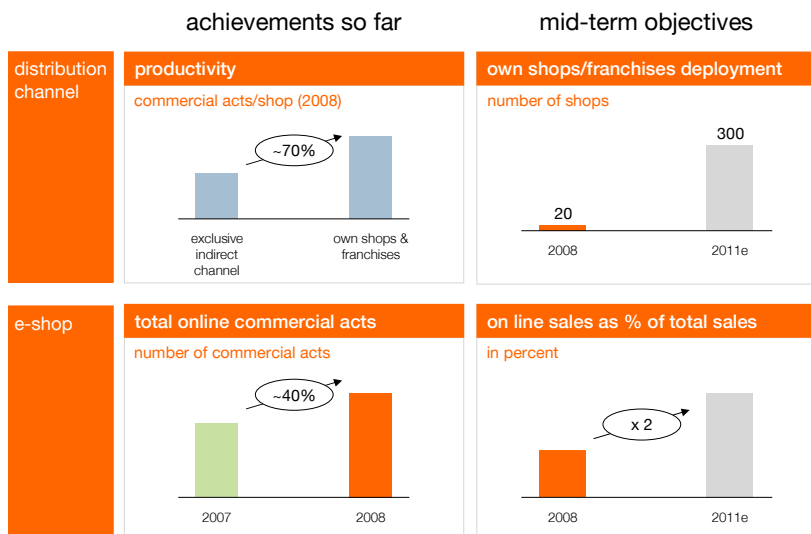
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## 2 | to strengthen our market position we are developing a value strategy



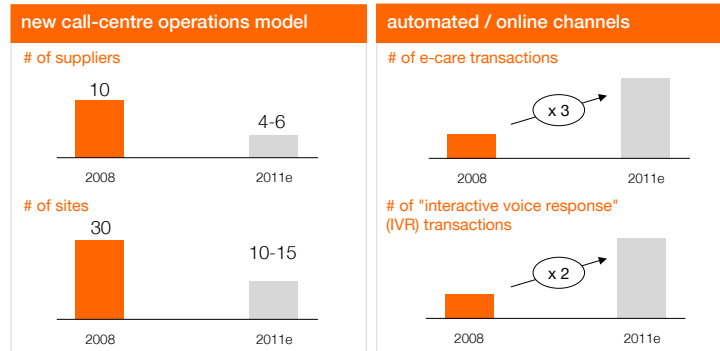
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## 2 | ... and developing a strong controlled distribution, as well as boosting on-line sales



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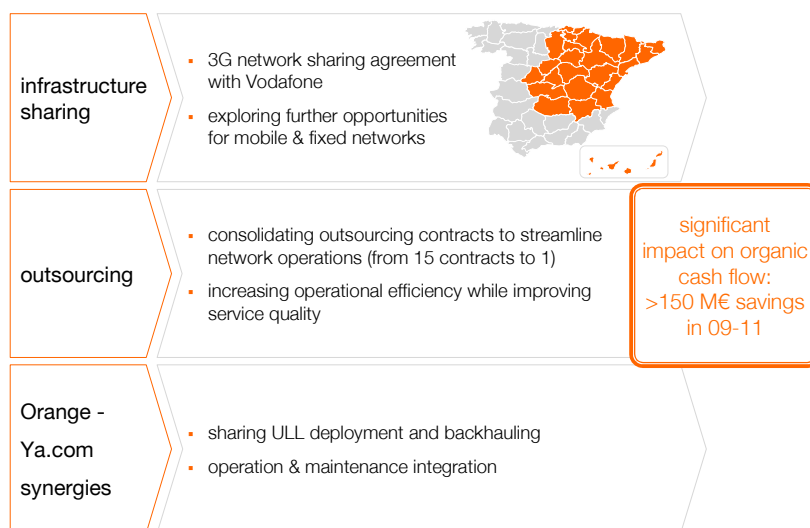
## 2 | to increase efficiency, we are restructuring call centre operations and promoting automated services



simplified operations  
cost optimization  
high quality customer experience

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## 2 | to improve sustainability, we will further develop network sharing and outsourcing



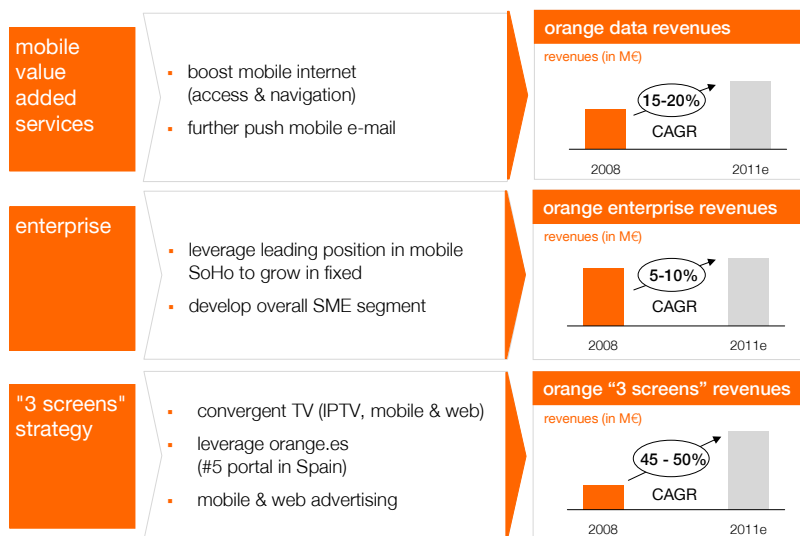
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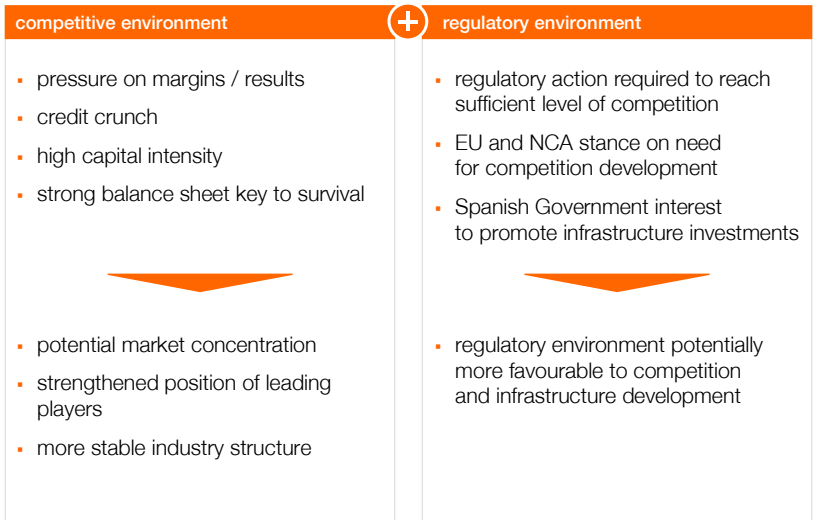
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## 3 | looking forward, there are significant growth opportunities available to Orange Spain



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### 3 | current situation could evolve into a more favourable competitive and regulatory context for Orange Spain



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### 3 | we confirm our ambition to become the leading alternative in Spain...



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