convergence:
the core of our strategy

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investor day
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france telecom

orange™

agenda

1 market background: rising demand for bundles

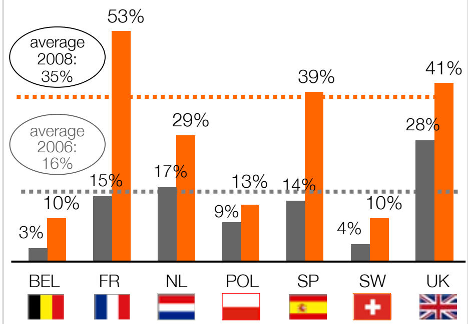
2 market challenges: from bundles to convergence

3 first convergent successes

multi-equipment expected to increase all over Europe

increasing demand for multi-equipment	quadruple equipment penetration (2006 & 2008)

- a fundamental trend in all countries
- European quadruple equipment penetration (payTV + BB + mobile + fixed telephony):
  - from 16% in 2006
  - to 35% in 2008



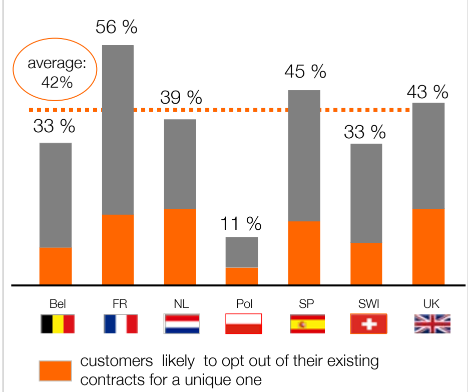
source: Bain & Cie study commissioned by Orange (4 500 households)

*weighted average on the European Orange footprint

bundling fulfils multi-equipped customers expectations (1/2)

from mobile & broadband equipment to bundles	mobile & broadband bundling potential target (% of total households in 2008)

- 63% of European households will be mobile & broadband equipped in 2008
- among them, 66% of households say they would take bundles of services
- potential target for mobile & BB bundles in 2008: 42% of overall households in orange European footprint

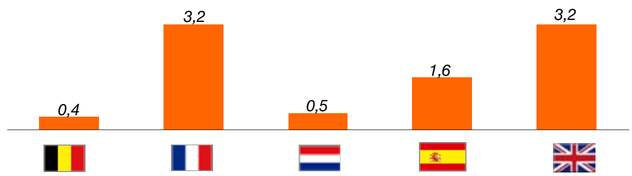


source: Bain & Cie study commissioned by Orange (4 500 households)

*weighted average on the European Orange footprint

bundling fulfils multi-equipped customers expectations (2/2)

number of households likely to opt out their existing contract for mobile & broadband bundle (in million)



- *in the orange core European footprint**, we expect 9 million households will switch to one single operator in the next 18 months
- driven by:
  - *quadruple equipment customer interest*
  - *consolidation of accesses to a single supplier*

** Excl. Poland*

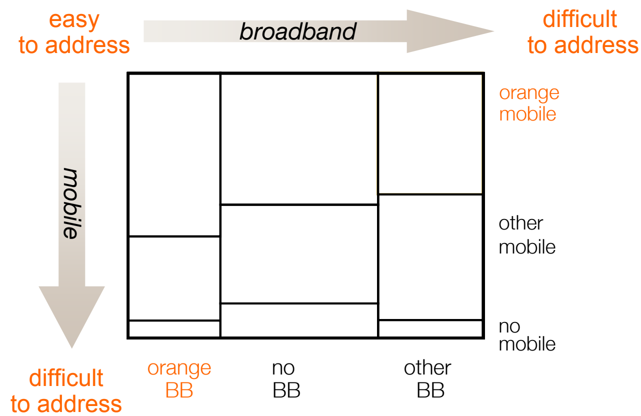
source: Bain & Cie study commissioned by Orange (4 500 households)

bundles, a starting point for simplicity and convergent services

- simplicity is the key driver to customers' behavior,
  42% of mobile & broadband equipped households look for:
  - *one bill*
  - *one customer care*
  - *one loyalty program*
  - *one portal*
- convergence value from customer point-of-view:

  offering convergent services added to a pure bundle is equivalent to an approximate 20% price discount

orange strategic segmentation for European footprint



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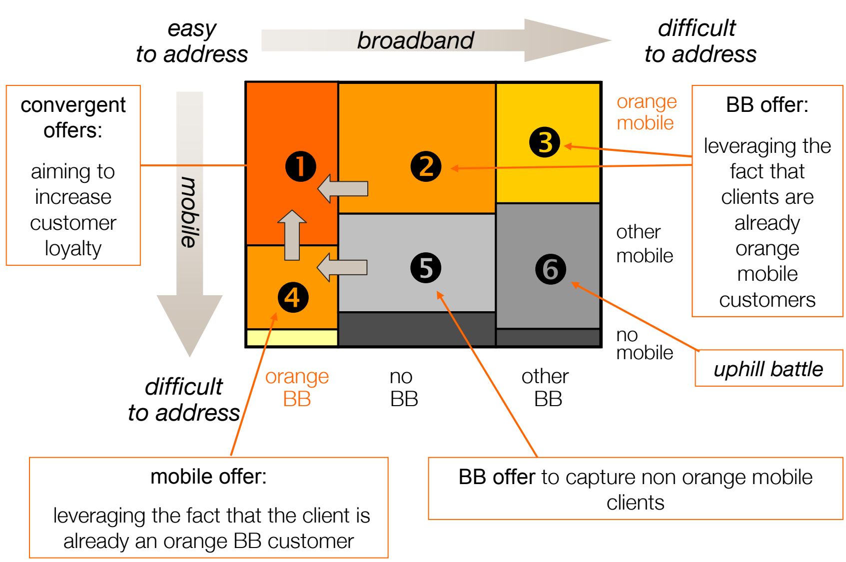
orange segmented offers to serve our strategy



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orange new offers' collections

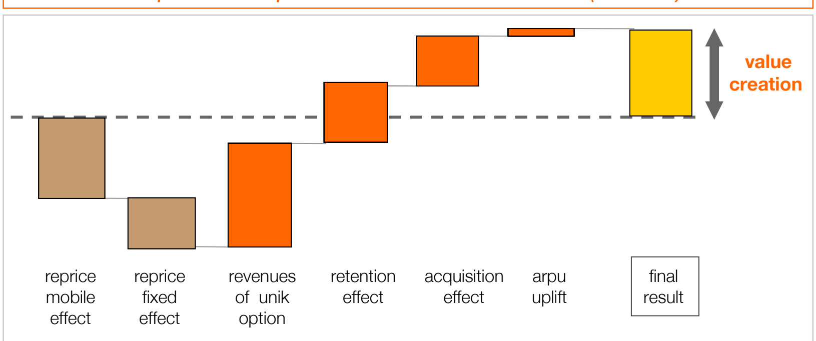
autumn collection 2006

convergence	business	high definition
unik	**unik for business**	**high definition voice**
unified messaging *fixed telephony internet*	**business together**	**high definition TV everywhere** *including on the mobile*
remote access *to home PC Content*	**orange office** *PC/Mobile synchronization*	
mobile & connected	**business everywhere evolutions** *including BeW pro*	

next collection : spring 2007

convergent offers create extra value for orange

expected impacts of unik on revenues (France)



negative 'repricing' effect *for both mobile and fixed clients …*

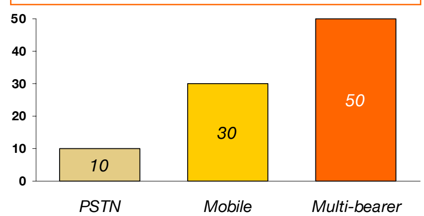
… compensated by additional revenue *generated with unik option, reduction in churn levels (customer retention effect), and increased customer base (get effect) and with fixed ARPU uplift*

overall, generation of significant positive revenue stream

business everywhere: a success

- 465 K end users at the end of September in France (24% annual increase in France in 2006)
- roll out now completed : Europe and worldwide for MNCs
- extension of functionalities and target customers including SoHo and VSE
- increase ARPU : PSTN: 10€ / mobile: 30€ / BeW: 50€
- world's first range of integrated mobility solutions for mobile workers (world communication award of the best new service of 2005)

ARPU level (€ / month / user)



orange is ahead

→ in understanding the consumers' needs
- multi-equipment propensity
- bundle appetite
- mobile & broadband convergence value for customers

→ in using a strategic framework
- to fulfill markets needs in a segmented approach adapted to local battlefields

→ with first successful convergent offers
- developed by the technocentre
- rolled out over the orange footprint
- leveraging synergies between business and consumer markets