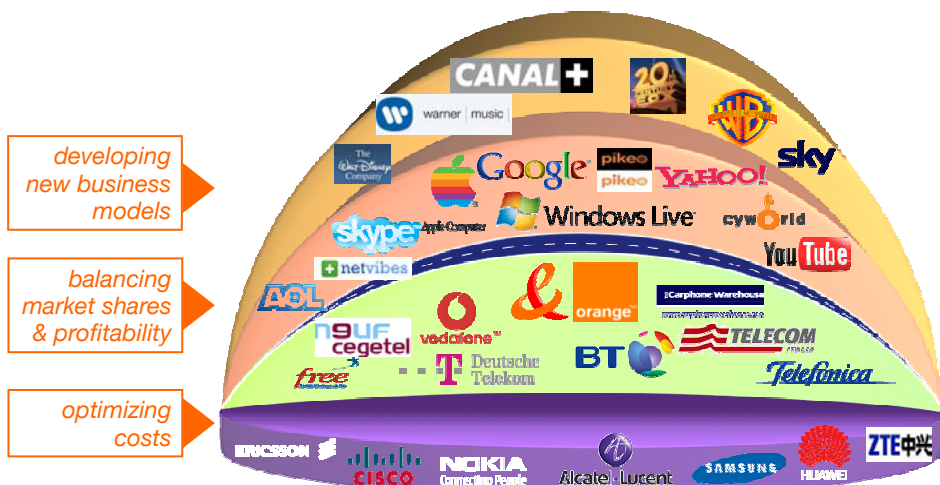


France Telecom Investor Day *conclusion*

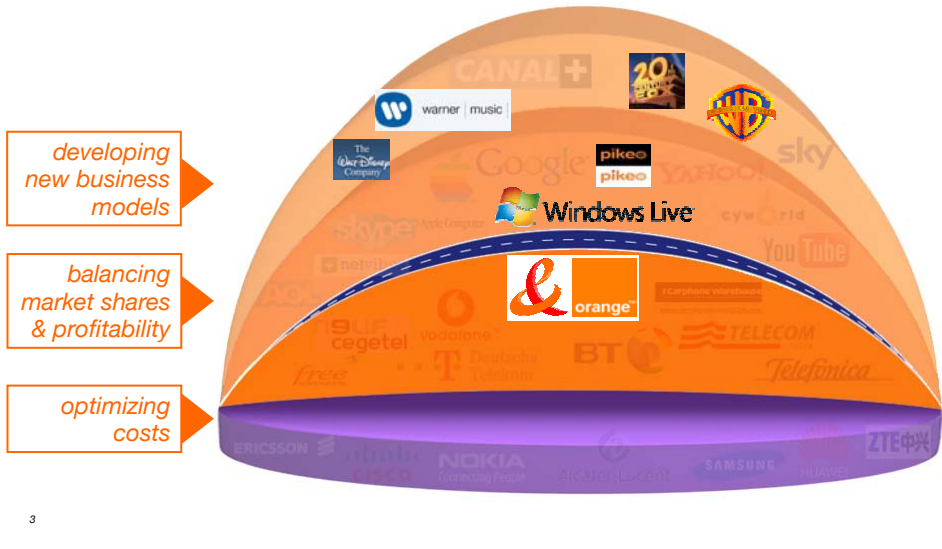
Didier Lombard
CEO & Chairman



executing NEXt convergence strategy
to succeed in the new telco eco-system



executing NExT convergence strategy
to succeed in the new telco eco-system

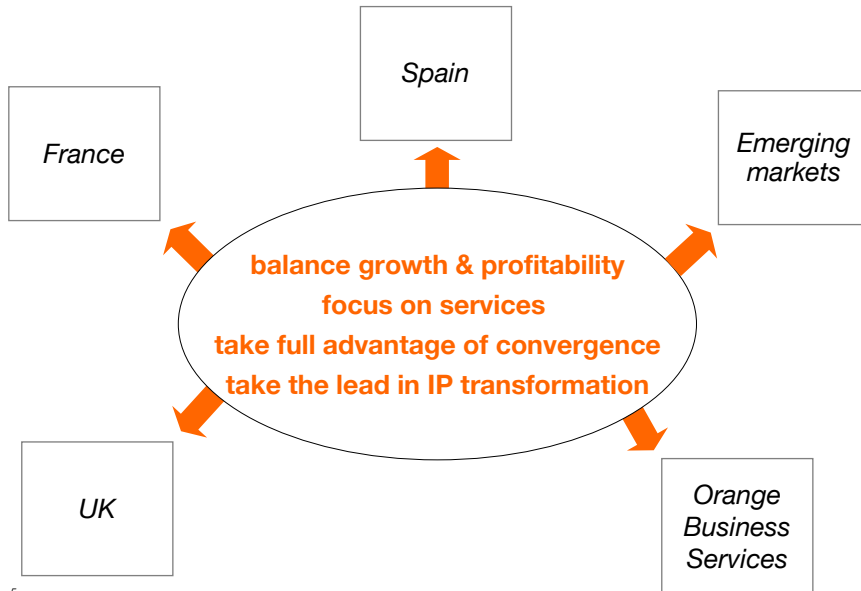


what we have learned from today's presentations

a strong commitment to cost reduction in 2007/2008

<i>further labor costs decrease</i>	<i>IT and networks integration</i>	<i>commercial expenses stabilization</i>	<i>field operations optimization</i>
<i>17,000 net headcount reduction worldwide (2006- 2008)</i>	<i>500-800 million euros savings expected by the end of 2008</i>	<i>stabilized as % of revenues</i>	<i>streamlined and industrialized processes</i>

what we have learned from today's presentations



2007 objectives

G.O.M rate

nearly stabilize Gross Operating Margin rate
thanks to cost containment

Capex

capex rate maintained

**2007 Organic
Cash Flow**

€ 6,8 bn confirmed*

* without Pages Jaunes sold at the end of 2006

NExT use of cash policy is unchanged

capex

Maintain the current level in percentage of revenues
and free up resources to prepare the future

Organic Cash Flow

debt reduction
target

debt / EBITDA ratio below 2 by the end of 2008

increase
in shareholders
remuneration

distribution target for the coming years: between 40% and 45%
of organic cash flow.
dividend per share for financial year 2006 paid in 2007:
indication of EUR1.2

external
growth

selective and cautious strategy for acquisition policy
France Telecom will continue to examine opportunities in fast
growing countries

7

investments for fuelling future profitable growth

convergence
everywhere

5 to 10%
of total revenues
through converged
services by
the end of 2008

content
everywhere

400 million euros
direct revenue
as earlier as
2007

new
services

cc.500 million euros
revenues
targeted
by 2010

FTTH

Phase 2
launched in
2007/2008
Phase 3 in 2009

8

FTTH now entering phase 2: pre deployment in 2007 and 2008

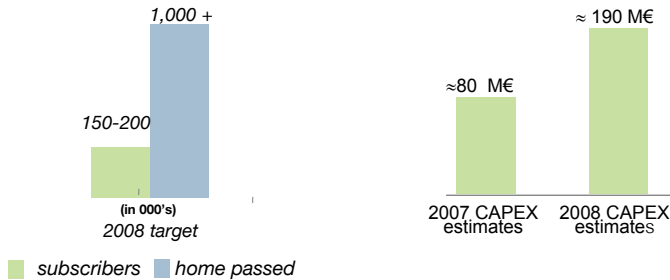
Offer FTTH in 10 additional major and medium cities

Starting with Lille, Lyon, Marseille, Poitiers, Toulouse on top of the Ile de France area

With 150 000 – 200 000 active customers by 2008

Total Capex: around 270 million euros cumulated 2007-2008

With pragmatic, focused tactical roll out



CAPEX for FTTH is consistent with our 2007-2008 Group guidance of 10-11% IT&N CAPEX to sales ratio

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conditions are now met for phase 2

ducts

*“ we are working to create a propitious environment for very high-speed network development by encouraging infrastructure sharing and particularly the reuse, whenever possible, of existing ducts in the local loop.”
(Paul Champsaur, November 16th, 2006)*

indoor wiring

*“ we feel that sharing indoor wiring is crucial”
(Paul Champsaur, November 16th, 2006)*

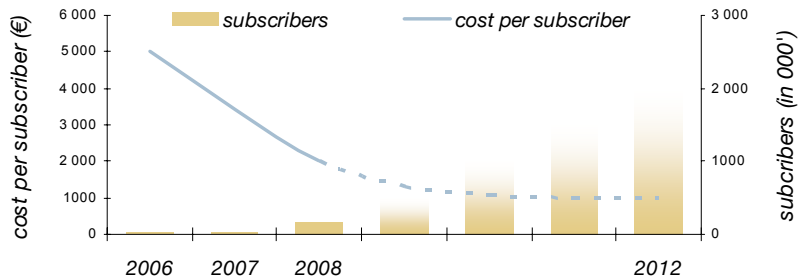
access
to content

“first, the stakes and risks involved in very high-speed network investments (...) would seem to demand, from an economic standpoint, that a share of the revenues earned by service providers go to access providers. (...) I also think that the best guarantor of consumers’ freedom of choice is lively competition, as is currently the case, not only in the downstream broadband and very high-speed access market, but also lively competition in the upstream content and services market, particularly for audiovisual services”.

(Paul Champsaur, November 16th, 2006)

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FTTH will then enter Phase 3 : mass market roll out



after 2006 pilot successful completion, pre-rollout will start in 2007-2008, to be followed by mass market coverage

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France Telecom's approach to transformation



thank you

