

France Telecom Orange

investor day
conquests 2015

adapt to conquer

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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 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.

today | why this
investor day?

my vision
for the industry
and for FT-Orange

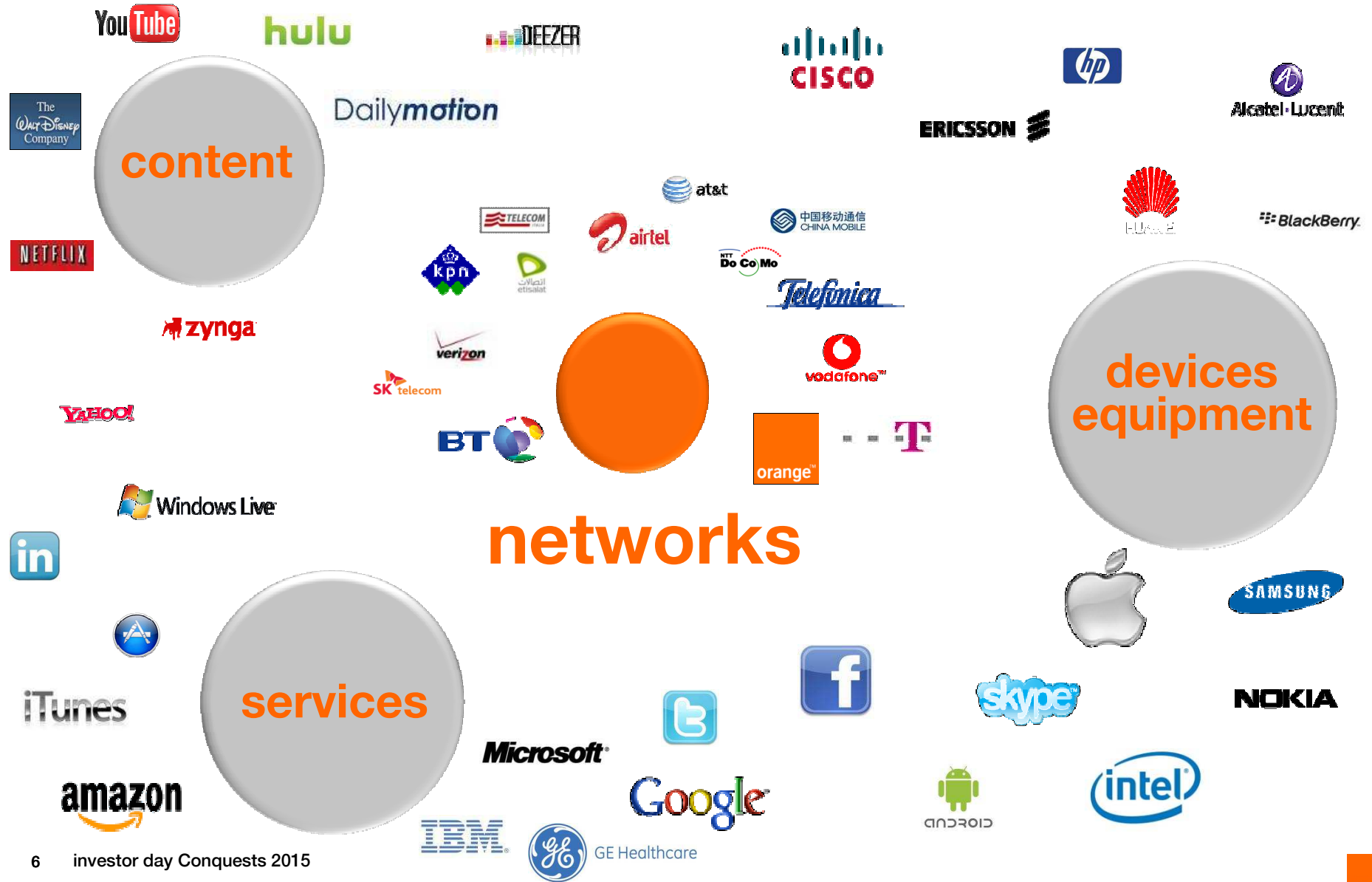
our answer
to your concerns

our commitments
for the next 3 years

my
vision

FT-Orange is
at the heart
of a thriving
industry

a vibrant ecosystem



can you imagine a world without networks?

life without networks would mean...



no video streaming



no news on mobiles & tablets



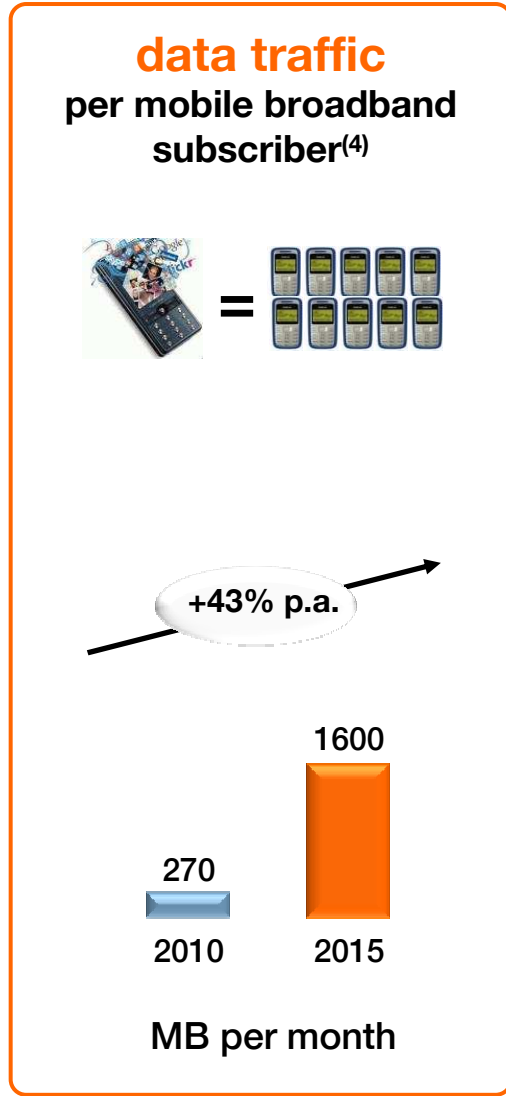
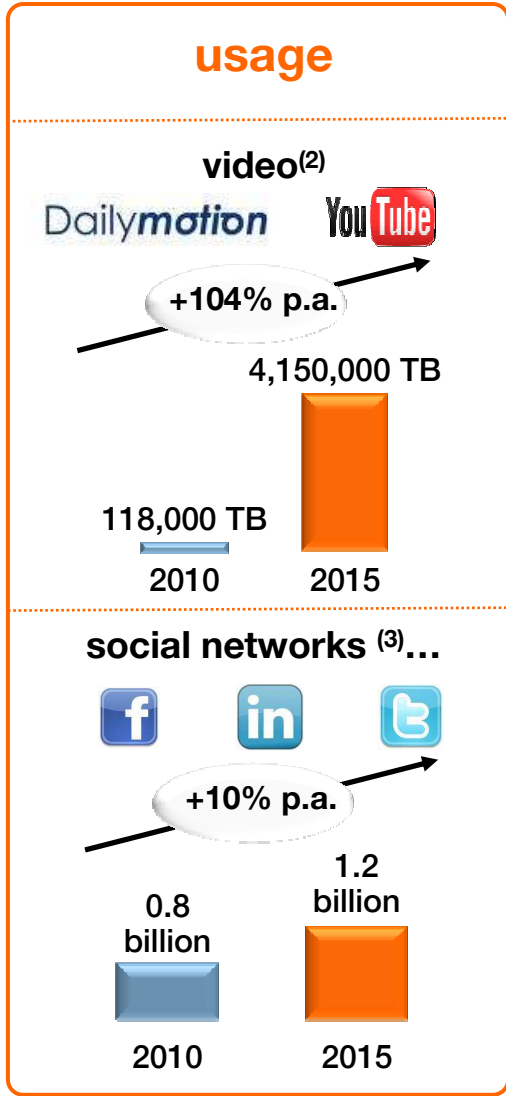
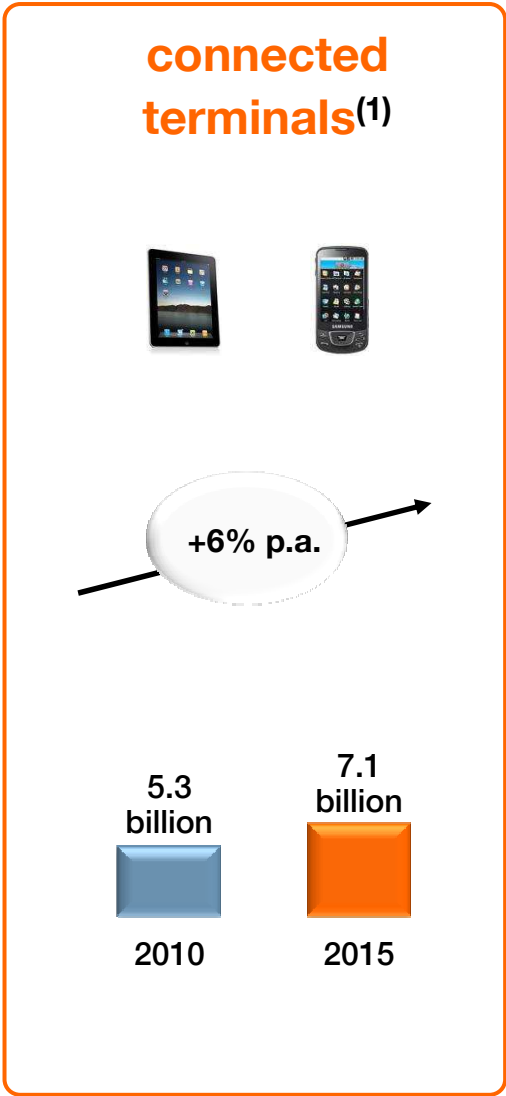
no social networks



no web services

... networks are the key asset

the data demand explosion is here to stay



drive data monetization

consumers

tiered data pricing schemes

differentiated classes of service to customers

yield management

**content &
service
providers**

efficient network usage

some of the most attractive new growth opportunities addressed in an innovative and entrepreneurial execution mode

strategic opportunities

Orange user interface

content aggregation

seamless wireless access

cloud computing

payment & contactless

smart cities

smart networks for new wholesale opportunities

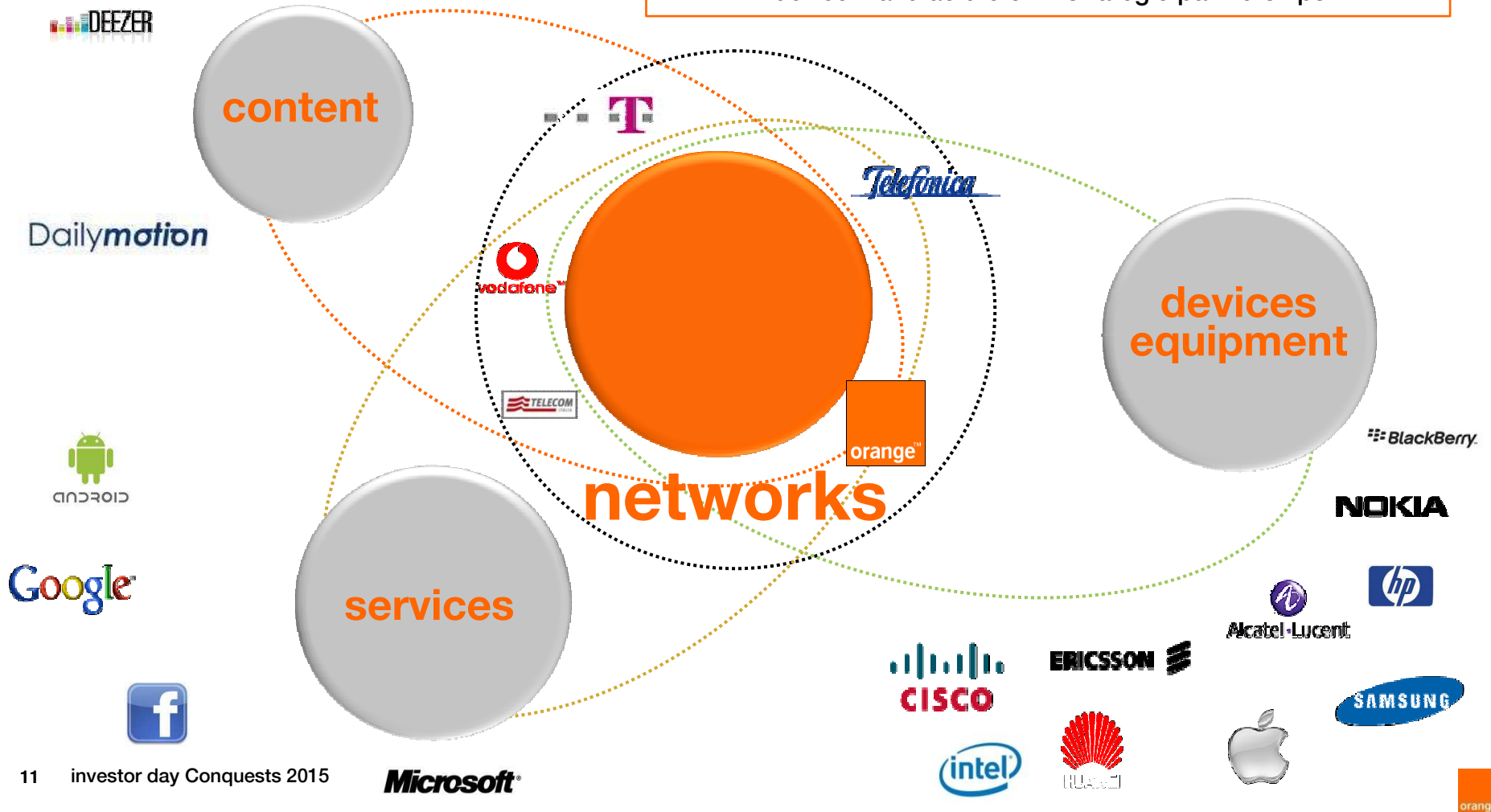
strategic programs

common execution mode for all programs

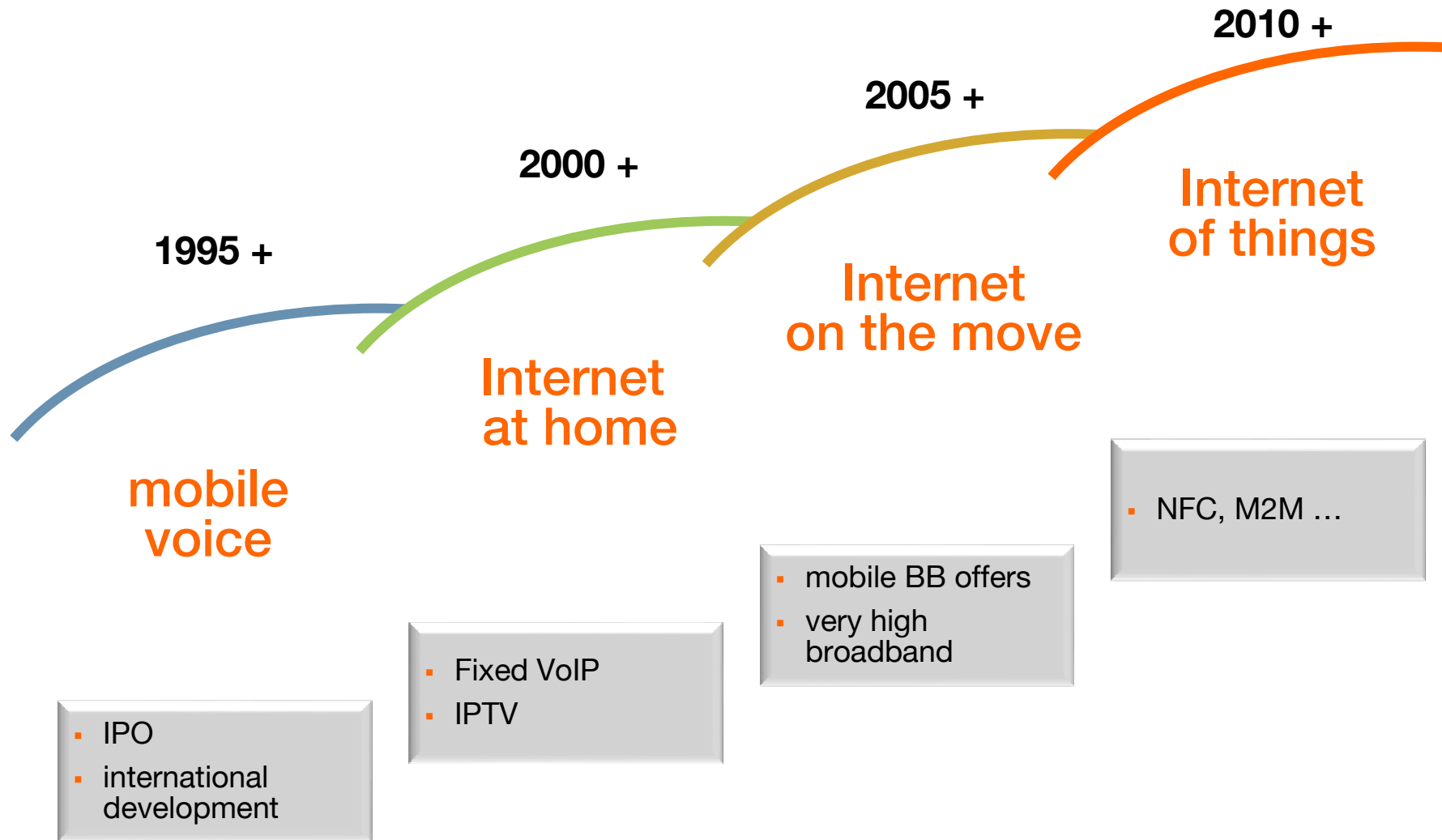
- mission & program objectives set by CEO and Executive Committee
- dedicated program director reporting to an Executive Committee member
- dedicated team and resources
- specific performance monitoring (P&L if relevant)
- adapted incentive schemes

from competition to co-opetition

—	with telcos	optimization of asset base
—	with OTTs	alliances & partnerships
—	with content providers	aggregation strategy
—	with device manufacturers	strategic partnerships



a demonstrated ability to adapt to fast-moving environments



your concerns

“increased competition in France will undermine FT-Orange’s capacity to stabilize EBITDA in 2013”

“FT-Orange is not able to adjust its cost base to market standards”

“additional regulatory pressure will cripple FT-Orange’s performance”

“marginal value creation from past and future M&A transactions”

“FT-Orange is not looking hard enough at its asset portfolio for possible divestments”

“as a partly state-owned operator, FT-Orange is not fully pursuing its best business interests”

our
answer

adapt
to conquer

adapt to conquer: four levers

growth

positioned for
growth

efficiency

striving for
operational
efficiency

investment

investing for
future
performance

portfolio

with a dynamic
portfolio
management

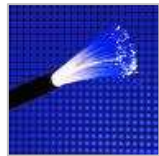
**stabilisation
of group
EBITDA
in 2013**

our assets

Conquests 2015 four strategic pillars



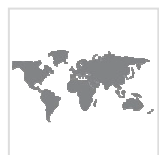
our
people



our
networks



our
customers



international
development

our assets

- 169,000 employees worldwide, of which 39% frontline staff
- 210 million customers
- operating in 35 countries
- 7,000 Orange branded shops¹
- 300 TB mobile traffic per day
- world's 7th telecoms brand²
- global network service provider leading for 10 years in a row³

in France: determined to keep our leadership by offering the best to our customers



best offers

cross selling

new segmentation/price mix strategy

quad-play (i.e. Open)

best content in music & video (Deezer, Dailymotion)



best networks

best mobile network following ARCEP

98% 3G+ coverage of population by end of 2011

fibre rollout



best service

1,200 shops nationwide

flagships in large cities

39,000 frontline employees in France

as leader in France, we are responsive, pragmatic and customer centric

responsive

- rapid response to market evolutions & competitive moves

pragmatic

- reinforcing revenues from network investment
e.g. 4th mobile entrant national roaming agreement
- constructive dialogue with the regulator and authorities

customer centric

- new organisation in France with 11 regional divisions
- more effective to serve our customers

while competition is increasing in France, FT-Orange is best positioned to preserve value, thereby stabilising EBITDA in 2013

Europe, AMEA & Enterprise will enable us to get back to growth from 2012

strong prospect in Europe

be n°2 in Spain
triple our mobile data revenues by 2015
double our fixed broadband revenues by 2015



fixed broadband subscribers
(2010-13 CAGR)

growth in AMEA

double our revenues by 2015
be the n°1 or n°2 everywhere by 2015
capture growth in rural areas
accelerate 2G/3G mobile coverage



customer accesses
(2010-13 CAGR)

develop new areas in Enterprise

develop new growth areas: cloud, video
generate 1/3 of our revenues in services in 2015
double our emerging market revenues by 2015
enable digital society through partnerships



Enterprise emerging markets revenues in 2015

a strong focus on operational efficiency will contribute to stabilise EBITDA in 2013

rationalization of our network & IT operations

excellence in our customer relationship

synergies within Group & with partners

corporate efficiency

€ 2.5 bn savings by 2015
vs. 2010 cost base,
of which 60% by 2013

could deliver up to
€ 900m annual savings
through the procurement
joint-venture with DT,
from 2015 onwards

CAPEX focused on performance

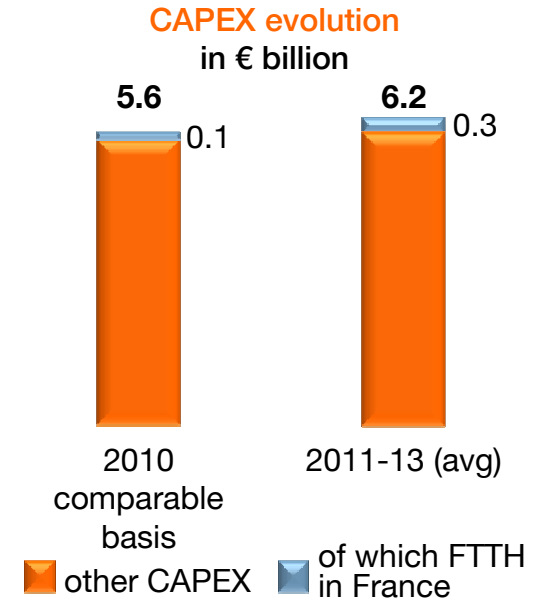
priorities

invest in customer satisfaction
IT, networks capacity & modernisation,
front-line

proactive leadership in VHBB networks
with expectation of more predictable
regulation

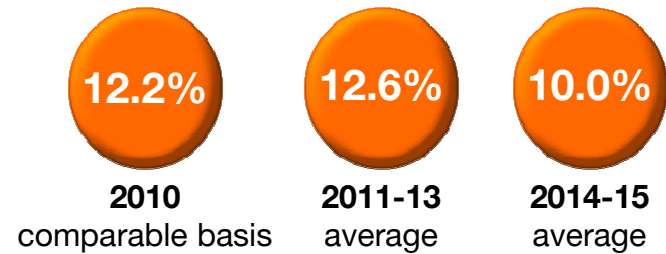
tight management of CAPEX

CAPEX optimization program
joint sourcing with DT, swap 2G/3G,
network sharing, etc.





CAPEX to peak in the 2011-13 period

as % of revenues excluding FTTH in France



on-going portfolio management

-  selective approach, covering Europe and AMEA, with strategic, financial and value criteria
-  FT-Orange will not remain in the long term as a minority shareholder in assets where it has no operational role

today

our
commitments

cumulated operating cash flow⁽¹⁾

- around € 27 bn over coming 3 years (2011 – 2013)

dividend policy

- € 1.4 per share dividend floor confirmed for 2011 and 2012
- improvement of operational performance offers the perspective of a stable dividend

return to shareholders

- in case of significant divestment, part of the generated cash will be returned to shareholders