
CONFORMED COPY

PRICING SUPPLEMENT

Pricing Supplement dated 8th November, 2000

FRANCE TELECOM

**Issue of EUR1,000,000,000 6.125 per cent Notes due 2005
under the EUR27,500,000,000
Euro Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 24th March, 2000. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

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|----|---|--|
| 1. | Issuer: | France Télécom |
| 2. | (i) Series Number: | 19 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Euro or "EUR" |
| 4. | Aggregate Nominal Amount: | EUR1,000,000,000 (consisting of 250,000 Notes each in the denomination of EUR1,000, 25,000 Notes each in the denomination of EUR10,000, and 5,000 Notes each in the denomination of EUR100,000,) |
| 5. | (i) Issue Price of Tranche: | 99.560 per cent. of the principal amount of the Notes |
| | (ii) Net Proceeds | EUR993,100,000 |
| 6. | Specified Denomination: | EUR1,000, EUR10,000 and EUR100,000 |
| 7. | (i) Issue Date: | 10th November, 2000 |
| | (ii) Interest Commencement Date (if different from the Issue Date): | Not Applicable |
| 8. | Maturity Date: | 10th November 2005 |
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9.	Interest Basis:	Fixed Rate
10.	Redemption/Payment Basis:	Redemption at par
11.	Change of Interest Basis or Redemption/ Payment Basis:	Not applicable
12.	Put/Call Options:	Not applicable
13.	Status of the Notes:	Senior unsubordinated
14.	Listing:	Luxembourg Stock Exchange and Euronext Paris S.A.
15.	Method of distribution:	Syndicated
16.	Rating(s):	The long term unsubordinated debt of the Issuer is rated as follows: Standard & Poor's Ratings Group: A Moody's Investors Service Inc: A1

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Note Provisions	Applicable
	(i) Rate(s) of Interest:	6.125 per cent. per annum
	(ii) Interest Payment Date(s):	10th November in each year up to and including the Maturity Date, and for the first time on 10th November, 2001
	(iii) Fixed Coupon Amount(s):	EUR61.25 per Note with a denomination of EUR1,000; EUR612.50 per Note with a denomination of EUR10,000; and EUR6,125.00 per Note with a denomination of EUR100,000
	(iv) Broken Amount(s):	Not applicable
	(v) Day Count Fraction:	Actual/Actual (ISMA)
	(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	None
18.	Floating Rate Note Provisions	Not applicable
19.	Zero Coupon Note Provisions	Not applicable
20.	Index Linked Note Provisions	Not applicable
21.	Dual Currency Note Provisions	Not applicable

PROVISIONS RELATING TO REDEMPTION

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|-----|---|-------------------------|
| 22. | Issuer Call: | Not applicable |
| 23. | Investor Put: | Not applicable |
| 24. | Final Redemption Amount | Nominal Amount |
| 25. | Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): | Condition 6(e) applies. |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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|-----|---|---|
| 26. | Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 27. | Additional Business Centre(s) or other special provisions relating to Payment Dates (for the purposes of Condition 5(c)): | Not applicable |
| 28. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 29. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not applicable |
| 30. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made | Not applicable |
| 31. | Redenomination applicable: | Not applicable |
| 32. | Other terms or special conditions: | Not applicable |
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DISTRIBUTION

33. (i) If syndicated, names of Managers: Joint-Lead Managers
 Barclays Bank PLC
 BNP PARIBAS
 Deutsche Bank AG London
 Morgan Stanley & Co. International Limited
- Co-Managers
 ABN AMRO Bank N.V.
 Crédit Agricole Indosuez
 Crédit Lyonnais
 Credit Suisse First Boston (Europe) Limited
 Crédit Commercial de France
 Banque Bruxelles Lambert S.A.
 Natexis Banques Populaires
 Salomon Brothers International Limited
 Société Générale
 Westdeutsche Landesbank Girozentrale
- (ii) Stabilising Manager (if any): BNP PARIBAS
34. If non-syndicated, name of relevant Dealer: Not applicable
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules Not applicable: TEFRA D
36. Additional selling restrictions: Not applicable

OPERATIONAL INFORMATION

37. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Sicovam S.A. - Sicovam number: 48365
38. Delivery: Delivery against payment
39. Additional Paying Agent(s) (if any): Yes - see 40(i) below
40. If Paris *Bourse* listed, insert:
- (i) Paying Agent in France: Citibank N.A., Paris
 19 le Parvis
 92073 Paris La Défense Cedex

- | | | | |
|-------|-----|--|--|
| (ii) | (A) | address in Paris where relevant documents will be made available for inspection or receipt (free of charge): | BNP Paribas
3, rue d'Antin
75002 Paris |
| | (B) | list of such documents available for inspection or receipt (free of charge): | See "Documents Available" under "General Information" on page 57 of the Offering Circular. |
| (iii) | | Specialist broker: | BNP Equities France S.A. |
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ISIN:	FR0000483653
Common Code:	12000391
Sicovam No.:	48365

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the EUR27,500,000,000 Euro Medium Term Note Programme of the Issuer.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: PIERRE HILAIRE

Duly authorised

Caractéristiques Principales

1. *Emetteur:* *France Télécom*
 2. *Co-Chefs de file:* *Barclays Bank PLC, BNP Paribas, Deutsche Bank AG London et Morgan Stanley & Co. International Limited.*
 3. *Montant total de l'émission:* *EUR1.000.000.000.*
 4. *Montant nominal:* *EUR1.000.000.000 divisé en 250.000 obligations d'un montant nominal de EUR1.000, 25.000 obligations d'un montant nominal de EUR10.000 et 5.000 obligations d'un montant nominal de EUR100.000.*
 5. *Date de jouissance et de règlement:* *10 novembre 2000.*
 6. *Prix de souscription:* *99,560% du montant nominal.*
 7. *Intérêts:* *Les obligations bénéficieront pendant toute la durée de l'emprunt d'intérêts au taux de 6,125 pour cent l'an payables annuellement à terme échu le 10 novembre de chaque année, et pour la première fois le 10 novembre, 2001.*
 8. *Echéance:* *10 novembre 2005*
 9. *Remboursement normal:* *Les obligations seront remboursées en totalité au pair le 10 novembre 2005.*
 10. *Remboursement anticipé:* *L'Emetteur s'interdit de procéder pendant toute la durée de l'emprunt au remboursement anticipé des obligations, sauf en cas de changement du régime fiscal qui leur est applicable ou en cas de défaut de l'Emetteur. En cas de tel remboursement anticipé, les obligations seront remboursées en totalité au pair augmentées des intérêts courus.*
 11. *Maintien de l'emprunt à son rang:* *L'Emetteur s'engage pour son propre compte et pour le compte de ses filiales principales, jusqu'au remboursement effectif de la totalité des obligations, à ne constituer, au profit d'autres bons, obligations ou autres titres représentatifs d'une dette obligataire qui sont susceptibles d'être cotés ou négociés sur une quelconque bourse de valeurs ou autre marché de gré à gré, aucune hypothèque sur les biens de toute nature et revenus que France Télécom peut ou pourra posséder, sans en faire bénéficier pari passu les obligations émises en vertu du présent emprunt.*
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12. *Rachats en Bourse:* *L'Emetteur pourra à tout moment procéder à des rachats des obligations. Les obligations ainsi rachetées seront annulées.*
13. *Forme des obligations:* *Les obligations seront émises au porteur.*
14. *Régime fiscal:* *Les obligations étant émises hors de France, les intérêts et autres revenus des obligations bénéficient de l'exonération du prélèvement ou de retenue à la source prévue à l'article 131 quater du code général des impôts. En conséquence ils ne donnent droit à aucun crédit d'impôt de source française.*
15. *Prescription:* *Le principal des obligations sera prescrit à l'issue d'un délai de 10 ans à compter de la date de mise en remboursement. Les intérêts des obligations seront prescrits à l'issue d'un délai de 5 ans.*
16. *Assimilation:* *Au cas où l'Emetteur émettrait ultérieurement de nouvelles obligations jouissant à tous égards de droits identiques à ceux de la présente émission, il pourra, sans requérir le consentement des porteurs et à condition que les contrats d'émission le prévoient, procéder à l'assimilation de l'ensemble des obligations des émissions successives unifiant ainsi l'ensemble des opérations relatives à leur gestion et à leur négociation.*
17. *Service Financier:* *Le service financier sera assuré par Citibank, N.A. agissant en qualité d'agent à Londres, par Banque Internationale à Luxembourg, UBS AG et Citibank, N.A. Paris agissant en qualité d'agents payeur à Luxembourg, Zurich et Paris, respectivement.*
18. *Cotation:* *Les obligations seront cotées à la Bourse de Paris (Euronext Paris S.A.) et à la bourse de Luxembourg.*
19. *Droit applicable:* *Le présent emprunt est soumis au droit anglais.*
20. *Compensation:* *Les obligations seront admises en EUROCLEAR, Clearstream Banking, société anonyme et Sicovam.*
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RECENT DEVELOPMENTS
INTERIM FINANCIAL STATEMENTS OF THE ISSUER

FRANCE TELECOM

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
Six months to June 30, 2000

BOARD MEETING OF SEPTEMBER 6, 2000

Consolidated Statements of Income for the Six Months ended June 30, 2000 and 1999 and for the year ended December 31, 1999

Consolidated Balance Sheet as of June 30, 2000 and as of December 31, 1999

Consolidated Statement of Changes in Shareholders' Equity for the Six Months ended June 30, 2000

Consolidated Statements of Cash Flows for the Six Months ended June 30, 2000 and 1999 and for the Year Ended December 31, 1999

Condensed Notes to Consolidated Interim Financial Statements

note 1 - Basis of presentation

note 2 - Acquisitions and divestitures

note 3 - Sales of services and products

note 4 - Special items

note 5 - Income taxes

Note 6 - Goodwill

Note 7 - Short term borrowings and long term debt

Note 8 - Pension plans and other long term liabilities

Note 9 - Commitments and contingencies

Note 10 - Events subsequent to June 30, 2000

Note 11 - Segment reporting

Note 12 - Other information

Consolidated statements of income
for the six months ended June 30, 2000 and 1999
and for the year ended December 31, 1999

	Note	For the six months ended			For the year ended
		June 30			December 31
		2000	2000	1999	1999
		EUR	FRF	FRF	FRF
Sales of services and products	3	15,324	100,516	85,146	178,638
Cost of services and products sold		(5,595)	(36,695)	(29,214)	(63,532)
Selling, general and administrative expenses		(4,196)	(27,526)	(21,750)	(48,156)
Research and development expenses		(214)	(1,403)	(1,996)	(3,891)
EBITDA (1)		5,319	34,892	32,186	63,059
Amortization and depreciation (excluding goodwill)		(2,566)	(16,831)	(15,305)	(32,044)
Operating income, before special items		2,753	18,061	16,881	31,015
Special items, net	4	(112)	(739)	(810)	(1,560)
Operating income		2,641	17,322	16,071	29,455
Interest expense, net		(520)	(3,414)	(2,252)	(4,472)
Discounting of early retirement liability	8	(119)	(778)	(642)	(1,285)
Other non-operating income / (expense), net	2	3,336	21,884	1,244	5,028
Income taxes	5	(1,158)	(7,598)	(6,079)	(11,785)
Employee profit sharing		(107)	(700)	(641)	(885)
Equity in net income of affiliates		(108)	(709)	(338)	1,698
Income before goodwill amortization and minority interest		3,965	26,007	7,363	17,754
Goodwill amortization		(168)	(1,103)	(302)	(891)
Minority interest		20	131	534	1,295
Net income		3,817	25,035	7,595	18,158

(1) EBITDA : operating income before Special items, net and Depreciation and amortization

Earnings per share

Net income	3.72	24.43	7.41	17.72
Fully diluted earnings per share	3.65	23.92	7.30	17.44

Consolidated balance sheet
as of June 30, 2000
and as of December 31, 1999

	Note	For the six months ended		For the year ended
		June 30		December 31
		2000	2000	1999
		EUR	FRF	FRF
ASSETS				
Cash and cash equivalents		3,883	25,472	15,901
Marketable securities		312	2,049	1,384
Trade accounts receivable, less allowances of FF 8,115 in 2000 and FF 7,458 in 1999		7,879	51,677	45,153
Inventories		987	6,473	4,074
Prepaid expenses and other current assets		3,284	21,544	17,554
Deferred income taxes	5	522	3,426	4,440
Total current assets		16,867	110,641	88,506
Intangible assets	6	7,187	47,142	13,980
Property, plant and equipment		30,081	197,318	189,993
Investments accounted for under the equity method	2	1,279	8,386	6,994
Investment securities	2	10,489	68,803	37,214
Other long-term assets		501	3,287	2,907
Deferred income taxes	5	2,204	14,460	14,989
Total long-term assets		51,741	339,396	266,077
TOTAL ASSETS		68,608	450,037	354,583
LIABILITIES AND SHAREHOLDERS' EQUITY				
Bank overdrafts and other short-term borrowings	7	8,506	55,799	16,262
Current portion of long-term debt	7	1,239	8,127	16,732
Trade accounts payable		5,849	38,369	34,961
Accrued expenses and other payables		4,159	27,279	27,601
Deferred income		1,226	8,041	7,415
Deferred income taxes	5	627	4,112	3,249
Other current liabilities		1,380	9,049	7,709
Total current liabilities		22,986	150,776	113,929
Long-term debt, less current portion	7	17,897	117,398	80,246
Pension plans and other long-term liabilities	8	4,181	27,426	27,430
Long-term liabilities		22,078	144,824	107,676
Minority interest		1,654	10,849	8,979
Share capital - EUR 4 par value, Authorized and issued 1,024,615,901 shares		4,098	26,884	26,884
Additional paid-in capital		6,629	43,485	43,485
Retained earnings		6,998	45,906	34,470
Net income for the period		3,817	25,035	18,158
Foreign currency translation adjustment		348	2,278	1,002
Shareholders' equity		21,890	143,588	123,999
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		68,608	450,037	354,583

Consolidated statement of changes in shareholders' equity
for the six months ended June 30, 2000

	<i>Number of shares</i>	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Retained earnings</i>	<i>Foreign currency translation adjustment</i>	<i>Total</i>
Balance at January 1, 1999	1,024,614,561	25,615	43,485	42,456	(100)	111,456
Net income for the year ended December 31, 1999				18,158		18,158
Increase in capital	1,340	1,269		(1,269)		0
Movements of holdings of own shares				9		9
Appropriation of net income				(6,721)		(6,721)
Translation adjustment				(5)	1,102	1,097
Balance at December 31, 1999	1,024,615,901	26,884	43,485	52,628	1,002	123,999
Net income for the six months ended June 30, 2000				25,035		25,035
Appropriation of net income				(6,721)		(6,721)
Translation adjustment				(1)	1,276	1,275
Balance at June 30, 2000	1,024,615,901	26,884	43,485	70,941	2,278	143,588
Balance at June 30, 2000 (millions of euros)	1,024,615,901	4,098	6,629	10,815	348	21,890

Consolidated statements of cash flows
for the six months ended June 30, 2000
and 1999 and for the year ended December 31, 1999

	Note	For the six months ended			For the year ended
		June 30			December 31
		2000 EUR	2000 FRF	1999 FRF	1999 FRF
OPERATING ACTIVITIES					
Net income		3,817	25,035	7,595	18,158
<i>Adjustments to reconcile net income with funds generated from operations</i>					
Depreciation and amortization of property, plant and equipment and intangible assets		2,734	17,934	15,608	32,935
Loss (gain) on disposal of assets		(3,226)	(21,160)	(403)	(3,909)
Changes in valuation allowances and other provisions		41	267	390	516
Undistributed earnings of affiliates		109	713	153	538
Deferred income taxes		351	2,302	1,255	1,949
Minority interest		(20)	(131)	(535)	(1,295)
Other items		(281)	(1,839)	297	(114)
<i>Funds generated from operations</i>		<u>3,525</u>	<u>23,121</u>	<u>24,360</u>	<u>48,778</u>
Decrease (increase) in inventories		(346)	(2,269)	(384)	(1,153)
Decrease (increase) in trade accounts receivable		(592)	(3,875)	(3,152)	(5,115)
Decrease (increase) in other receivables		(298)	(1,958)	(1,591)	(2,888)
Increase (decrease) in trade accounts payable		52	339	(613)	7,113
Increase (decrease) in accrued expenses and other payables		(62)	(409)	5,565	6,454
<i>Change in other operating assets and liabilities</i>		<u>(1,246)</u>	<u>(8,172)</u>	<u>(175)</u>	<u>4,411</u>
Net cash provided by operating activities		<u>2,279</u>	<u>14,949</u>	<u>24,185</u>	<u>53,189</u>
INVESTING ACTIVITIES					
Purchase of property, plant and equipment and intangible assets		(2,735)	(17,941)	(12,918)	(32,801)
Cash paid for investment securities and acquired businesses, net of cash acquired	2	(10,201)	(66,911)	(2,120)	(14,900)
Investments in affiliates	2	(316)	(2,074)	(178)	(1,981)
Purchase of NTL convertible bonds		-	-	-	(1,511)
Proceeds from sale of investment securities and businesses, net of cash sold	2	3,999	26,232	508	4,721
Proceeds from sales of assets		145	949	548	984
Decrease (increase) in marketable securities and other long-term assets		(17)	(111)	224	1,889
Net cash used in investing activities		<u>(9,125)</u>	<u>(59,856)</u>	<u>(13,936)</u>	<u>(43,599)</u>
FINANCING ACTIVITIES					
Issuance of long-term debt		5,829	38,233	1,041	7,138
Repayment of long-term debt		(1,835)	(12,037)	(2,254)	(15,669)
Increase (decrease) in bank overdrafts and short-term borrowings		5,338	35,018	1,716	7,161
Minority interest shareholder contributions		37	240	619	1,307
Dividends paid to minority shareholders		(52)	(342)	(226)	(469)
Appropriation of net income		(1,025)	(6,721)	(6,720)	(6,721)
Net cash used in financing activities		<u>8,292</u>	<u>54,391</u>	<u>(5,824)</u>	<u>(7,253)</u>
Net increase (decrease) in cash equivalents		1,446	9,484	4,425	2,337
Effect of changes in exchange rates on cash and cash equivalents		13	87	125	172
Cash and cash equivalents at beginning of period		2,424	15,901	13,392	13,392
Cash and cash equivalents at end of period		<u>3,883</u>	<u>25,472</u>	<u>17,942</u>	<u>15,901</u>
SUPPLEMENTARY DISCLOSURES					
<i>Cash paid during the period for:</i>					
. Interest		720	4,720	2,982	6,568
. Income taxes		920	6,035	2,916	7,255

CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 • BASIS OF PRESENTATION

The consolidated interim financial statements, which include the balance sheet of France Telecom as of June 30, 2000, the related consolidated statements of income and cash flows for each of the six-month periods ended June 30, 2000 and 1999, and the statement of shareholders' equity for the six months ended June 30, 2000 have been prepared in accordance with the recommendations of the *Conseil National de la Comptabilité* regarding interim reporting, and on a basis consistent with France Telecom's annual consolidated financial statements. The application from January 1, 2000 of the new rules with respect to consolidated financial statements has no effect on these financial statements or on their comparability with prior periods.

For the purposes of these consolidated interim financial statements certain information and disclosures normally included in financial statements have been condensed or omitted. In the opinion of management, all adjustments considered necessary to present fairly the consolidated financial position, results of operations and cash flows for such interim periods have been made.

These consolidated interim financial statements should be read in conjunction with France Telecom's audited consolidated financial statements for the year ended December 31, 1999, which are set out in the Reference Document registered with the "Commission des Opérations de Bourse" in on March 24, 2000 under No. R00-085.

From 2000, the presentation of the consolidated statement of income of France Telecom has been modified in order to improve the presentation of France Telecom's operating activity:

- The goodwill amortization charge which was previously included under the heading "Depreciation and amortization" within operating income, is now presented separately from operating income in a specific heading "Goodwill amortization";
- The order of the headings has been revised for the non operating headings income; the headings "Income before income taxes, employee profit-sharing and minority interest" and "Income before minority interest" have also been replaced by one single heading "Income before goodwill amortization and minority interest".

In order to ensure comparability with the six months to June 30, 2000, the balances for the six months ended June 30, 1999 and for the year ended December 31, 1999 have been restated under this new presentation.

2 • ACQUISITIONS AND DIVESTITURES

Acquisitions of investments in the first six months of 2000 amounted to FF 68,985 million, of which FF 35,993 million related to non consolidated investments. Income from sales of investments and subsidiaries amounted to FF 26,232 over the same period.

The most significant acquisitions and divestitures in the six months ended June 30, 2000 were as follows:

Non consolidated investments

Acquisitions

Investment in NTL

In 1999, France Telecom invested in the capital of NTL, a British telephone, Internet and cable television operator.

Under the agreement, France Telecom was to invest in two tranches. The first, for USD 1 billion, was performed in 1999. The second was performed during May 2000 for USD 2.5 billion of ordinary shares and USD 2 billion of preferred stock convertible into shares as part of the financing of the acquisition of the residential activities of Cable & Wireless Communications (Cable & Wireless ConsumerCo).

At June 30, 2000, the voting rights held by France Telecom amount to 18.7% of ordinary shares. The fully diluted rights amount to approximately 22% (i.e. if all the dilutive instruments issued by NTL were converted into shares), and if France Telecom alone were to exercise its conversion options, its diluted rights would amount to 28.5%. The preferred stock acquired as part of the agreements signed in 1999 as well as the convertible bonds acquired in 1999 are convertible into ordinary shares, as set out in the December 31, 1999 consolidated financial statements. The investment is valued at historic cost including costs directly linked to the acquisition, i.e. FF 42,568 million at June 30, 2000.

Other financing of NTL acquisitions

Moreover, as part of the financing its acquisitions in continental Europe, NTL issued in March 2000 1.85 million preferred shares, for USD 1.85 billion, bearing interest at 5% payable in preferred stock. France Telecom subscribed USD 750 million of preferred stock, and four financial institutions associated with this financing each subscribed USD 275 million preferred stock.

As part of this operation, France Telecom signed on February 17, 2000, an agreement with the four financial institutions whereby France Telecom may exercise, upon payment, a call option over all the preferred stock held by the banks, at acquisition price, i.e. USD 1.1 billion. If this call option is not exercised by France Telecom within two years, the four banks may sell all their shares to France Telecom at acquisition price.

These preferred shares are notably :

- exchangeable in whole or in part, within 6 months of their issue, into shares of a 100% subsidiary of NTL holding assets located in continental Europe except France, in the broad band and cable television sectors,
- convertible in whole or in part into ordinary shares of NTL within the 6 months following an exchange.
- reimbursable in cash in whole or in part, at the request of France Telecom, within the 2 years following their issue.

Divestitures

During June 2000, France Telecom sold its share of 7.1% in the Mexican national telecommunications operator, Telefonos de Mexico (Telmex) in the form of an international public offer on the Mexican, American and European markets. The sales price, net of commissions, amounted to USD 2.7 billion (FF 19 billion) and is presented in the heading « Other non operating income (expense), net ». The net gain after tax amounts to FF 14,164 million.

As part of the investments made in the British telecommunications operator NTL (*cf supra*), the British competition authorities (Office of Fair Trading) requested that France Telecom withdraw from

the companies forming the Crown Castle International Corp Group (CCIC) before October 31, 2000. During June 2000, France Telecom sold a first tranche of 24.9 million ordinary CCIC shares in a public offering. The sales price amounted to USD 693 million (FF 4,791 million) and is presented in the heading « Other non operating income (expense), net ». The net gain after tax amounts to FF 2,051 million.

Consolidated investments

Acquisitions

In January 2000, France Telecom purchased the investment of Sprint and Deutsche Telekom in Atlas-Global One for a total of USD 3,882 million (FF 26,695 million). Following this operation, France Telecom is the sole shareholder of Atlas-Global One. This investment, previously accounted for using the proportionate consolidation method, has been fully consolidated from April 1, 2000. Goodwill, for which the fair value evaluation is currently being analyzed, amounts to USD 27,812 million and is amortized over 20 years.

As they negotiated the purchase of Sprint's interests in Global One, France Telecom and Deutsche Telekom obtained the removal of certain transfer conditions over their Sprint shares. This was effective in April 2000 upon the approval of the merger with MCI Worldcom by the Board Meeting of Sprint shareholders. The announcement on July 13, 2000 that the merger plans had been abandoned does not undermine the removal of the transfer restrictions.

In January 2000, the consortium composed of France Telecom and the Arab Bank of Jordan reached an agreement with the Jordanian government over the acquisition of 40% of the capital of the Jordanian telecommunications operator, Jordanian Telecom Company (JTC), for USD 508 million (FF 3,347 million). This acquisition was made through a holding company, Jitco, held for 88% by France Telecom and 12% by the Arab Bank of Jordan. Goodwill amounting to FF 2,241 million is amortized over 15 years. This investment has been proportionately consolidated from January 1, 2000.

In January 2000, France Telecom increased its holding in the Slovak mobile operator Globtel from 35% to 64% following the acquisition of Slovotel, the holding company. This acquisition, for USD 118 million (FF 771 million) generated goodwill of FF 813 million, amortized over 12 years. The purchase price may be revised following a public offering of Globtel, planned for the second half of 2000.

The other acquisitions made in the first six months of 2000 concern mainly the subscription by France Telecom, in proportion to its share of the consortium, in the share increases of Wind (Italie), and Intelig (Brasil) for FF 1,075 million and FF 765 million respectively.

Other changes in consolidation scope

In view of the agreements with the other shareholders, Mobinil, the holding company for Egyptian mobile activity, has been proportionally consolidated since January 1, 2000. Previously, the company was accounted for using the equity method.

3 • SALES OF SERVICES AND PRODUCTS

Sales of services and products by line of business are analyzed as follows:

(in millions of FF)	Six months ended June 30,	
	2000	1999 Restated ⁽¹⁾
Fixed line telephony services	43,841	45,594
Mobile telecommunication services	16,446	11,743
Leased lines and data transmission services	7,518	6,744
Information services	5,219	4,092
Broadcasting and cable television services	3,212	3,162
Equipment sales and rentals	2,899	3,824
Other revenues	1,016	1,091
Total Sales in France	80,151	76,250
International Sales ⁽¹⁾	20,365	8,896
Total	100,516	85,146

⁽¹⁾ Since December 31, 1999, France Telecom has changed the presentation of sales from its international activities, now shown separately from its sales generated by its activity in France. Data for the six months to June 30, 1999 have been restated for this presentation.

4 • SPECIAL ITEMS

Special items include the amortization of actuarial adjustments relating to the early retirement plan for FF 704 million, compared to FF 782 million at June 30, 1999 (see Note 8).

5 • INCOME TAXES

Income taxes can be analyzed as follows:

(in millions of FF)	Six months ended June 30,	
	2000	1999
Current income taxes	5,296	4,824
Deferred income taxes (credit)	2,302	1,255
Total	7,598	6,079

The income tax charge for each half year has been calculated by applying the expected annual effective rate to income before income taxes at June 30. Deferred taxes are calculated based on tax rates voted at the period end, i.e. 37.76% from 2000 for French companies.

The reconciliation between the French statutory tax rate and the effective rate of income tax expense is as follows :

	Six months ended June 30,	
	2000	1999
Statutory tax rate	37.76%	40%
Income from affiliates	0.8	1.0
Losses from subsidiaries not included in the tax consolidation	7.0	10.6
Permanent differences	(13.18)	(5,3)
Effect of reduced tax rate	(9.0)	-
Effective tax rate	23.38%	46.3 %

At June 30, 2000, the effect of the reduced tax rate relates primarily to the gain on the divestment of the Telmex shares (see Note 2).

6 • GOODWILL

The net book value of goodwill included within the heading « Intangible assets » in the consolidated balance sheet amounts to FF 38,939 million at June 30, 2000 compared to FF 7,854 million at December 31, 1999.

At June 30, 2000, the net book value of the main goodwill generated in the first six months of 2000 is as follows :

(in millions of FF)	June 30, 2000	Amortization period
Atlas - Global One	27,464	20 years
Jordanian Telecom Company	2,166	15 years
Globtel	778	12 years

7 • SHORT TERM BORROWINGS AND LONG TERM DEBT

At June 30, 2000, borrowings net of available cash and marketable securities amounted to FF 153,803 million compared to FF 95,955 million at December 31, 1999.

The table below presents an analysis of short-term borrowings by type, after the effects of currency swaps:

Short-term borrowings (in millions of FF)	June 30, 2000	December 31, 1999
Commercial paper and short term notes	32,470	8,355
Bank loans	16,250	2,078
Bank overdrafts	5,588	3,805
Other borrowings	1,491	2,024
Total	55,799	16,262

The table below presents an analysis of long-term borrowings by type, after the effects of currency swaps:

Long-term borrowings (in millions of FF)	June 30, 2000	December 31, 1999
Bonds	102,129	78,111
Capital leases	1,100	1,886
Bank loans	18,966	14,723
Other non bank loans ⁽¹⁾	3,330	2,258
Total long-term debt	125,525	96,978
Due within one year	(8,127)	(16,732)
Long-term debt excluding current portion	117,398	80,246

⁽¹⁾ Primarily the long-term portion of cash advances from associates.

The table below gives details of the main bonds issued in the six months to June 30, 2000:

Currency	Amount loaned (in millions of currency) ⁽¹⁾	Maturity	Rate	At June 30, 2000 (in millions of FF)
EUR	4,000	2001	Euribor 3 months + 0.05	26,238
USD	1,000	2001	US Libor 3 months + 0.05	6,861
EUR	250	2003	7.625%	820

⁽¹⁾ corresponds to 100% of the bonds issued by the companies in the six months ended June 30, 2000

Notional amounts of derivative financial instruments

The contracts or notional amounts shown below do not represent amounts exchanged and thus are not a measure of the exposure of France Telecom through its use of derivatives:

(in millions of FF)	June 30, 2000	December 31, 1999
Interest rate caps	2,670	5,870
Interest rate collar agreements (caps and floors)	3,315	3,333
Interest rate swaps	44,449	43,402
Currency swaps ⁽¹⁾	29,069	9,295
Forward exchange agreements	1,769	8,015
Future rate agreements	14,415	29,263
Futures	15,445	-
Options on futures	6,864	-

⁽¹⁾ At June 30, 2000, notional amounts include FF 8 902 million of currency swaps related to short-term borrowings

8 • PENSION PLANS AND OTHER LONG-TERM LIABILITIES

Details of pension plans and other long-term liabilities are as follows :

(in millions of FF)	June 30, 2000		December 31, 1999	
	Long-term Portion	Current portion ⁽¹⁾	Total	Total
Early retirement plan	24,027	2,995	27,022	26,865
Post-retirement benefits other than pensions	863	39	902	883
Retirement indemnities	789	67	856	772
Other-long-term liabilities	1,747	-	1,747	1,727
Total	27,426	3,101	30,527	30,247

⁽¹⁾The current portion is included in "Accrued expenses and other payables"

Early retirement plan

The actuarial liability for the early retirement plan described in Note 3 to the consolidated financial statements is as follows :

(in millions of FF)	June 30, 2000	December 31, 1999
Information concerning the plan		
Actuarial value of the obligation at the beginning of the year	32,371	33,367
Change in actuarial assumptions ⁽¹⁾	-	(30)
Discounting effect	778	1,285
Payments made	(1,325)	(2,251)
Actuarial value of the obligation at the end of the period	31,824	32,371
Actuarial adjustments not yet amortized	(4,802)	(5,506)
Accrued early retirement liability	27,022	26,865
Analysis of the charge for the period		
Discount charge	778	1,285
Amortization of actuarial adjustments	704	1,560
Charge for the period	1,482	2,845

⁽¹⁾At December 31, 1999, actuarial assumptions were reviewed on the basis of trends noted during 1999. The discount rate for 2000 and thereafter was fixed at 5%, and the success rate of the plan remained unchanged since 1998, at 94%.

The incidence of the revision of actuarial assumptions is accounted for using the method described in "Early Retirement Plan", Note 3 to the annual financial statements. A charge of FF 704 million (including FF 707 million relating to the 1998 and 1997 revisions) has been accounted for in "Special items, net" (Note 4) in the six months ended June 30, 2000.

Early retirement payments made under the plan since its implementation on September 1, 1996 amount to FF 6,884 million (of which FF 1,325 million has been paid in the six months ended June 30, 2000), offset by an equivalent cumulative reversal of provision as of June 30, 2000.

In view of the uncertainties inherent in actuarial assumptions, it is possible that these assumptions may change in future, and thereby modify the total obligation related to the early retirement plan.

Additionally, the increase in the provision resulting from the discounting of the early retirement plan liability amounts to FF 778 million for the six month period ended June 30, 2000 (FF 642 million

for the six month period ended June 30, 1999), and has been recorded in the Consolidated Statement of Income.

9 • COMMITMENTS AND CONTINGENCIES

The following information is to be read in conjunction with note 20 «Commitments and Contingencies » to the consolidated financial statements of December 31, 1999.

Cross shareholdings between France Telecom and Deutsche Telekom

France Telecom, Deutsche Telekom and the Kreditanstalt für Wiederaufbau (KfW), a German public institution, signed an overall agreement on May 17, 2000 and two application agreements on June 21, 2000 defining the conditions governing the sale of cross shareholdings between France Telecom and Deutsche Telekom.

France Telecom will sell to KfW its 1.8% holding in Deutsche Telekom between December 15, 2000 and January 31, 2001. On the basis of the agreements reached, the sales price will equal the average of the last 5 share prices known at the date of the transaction, within the limits of the average price of the public offer made by KfW in June 2000, net of costs, and 92.5% of this same price.

Between January 1, 2002 and January 31, 2003, France Telecom can exercise a call option on the 2% share of the capital of France Telecom held by Deutsche Telekom, at a price determined based on the market price at exercise of the option. If this call option has not been exercised by France Telecom by January 31, 2003, Deutsche Telekom will be able to sell its investment to France Telecom at the market price at January 31, 2003.

Other significant commitments made in the six months ended June 30, 2000

On March 23, 2000, France Telecom and Mobilcom, the German mobile telephony operator, signed an agreement whereby France Telecom is to invest in Mobilcom by contributing its shares in a common subsidiary, holder of a 3rd Generation mobile telephony license (UMTS) in Germany acquired on August 17, 2000 for Euro 8.4 billion. This operation, subject to European Commission approval, is to be performed by a reserved share offering of 18.6 million Mobilcom shares at Euro 201, i.e. a total of Euro 3.7 billion. Following this operation, France Telecom's share in Mobilcom will amount to 28.5%.

During the first six months of 2000, France Telecom issued a guarantee to American investors for USD 672 million in relation to cross leasing operations on France Telecom equipment. France Telecom estimates that the risk of the guarantee being applied is negligible.

10 • EVENTS SUBSEQUENT TO JUNE 30, 2000

Public offering of Wanadoo

France Telecom made a public offering of approximately 10% of Wanadoo SA on the Premier Marché of the Paris Bourse on July 19, 2000, through the offer of 102 million shares for Euro 1.9 billion.

Destined for institutional investors in France and abroad, the Global Placement (before exercise of the over-allotment option by the banks in charge of the placement) represented 43.2 million shares split between France (42%), the United States (18%) and the rest of Europe (40%). Reserved for individual investors in France, the Open Price Offering represented 46.8 million shares. The Employee Offering represented 12 million shares.

Moreover, the over-allotment option, exercisable by the members of the banking syndicate in the 30 days following the first quotation, covered 11.25 million shares. The Global Placement represented a total of 54.45 million shares.

Wanadoo holds France Telecom's activities in Internet, portals, Yellow Pages, e-commerce and professional services.

Agreement relating to Orange Plc

France Telecom, Vodafone and Mannesmann have signed a *Share Purchase Agreement* on May 29, 2000 whereby Mannesmann sells to France Telecom the entire share capital of Orange, the third British mobile operator, with a view to regrouping this activity with the mobile activity in France.

This acquisition was made through :

- (i) the purchase by France Telecom of 664.743.658 Orange shares (approximately 54.96% of the share capital) for Euro 21.4 billion, corresponding to the price initially fixed (Euro 22.1 billion) adjusted for France Telecom taking over the debt in Orange's consolidated financial statements at March 31, 2000 ;
- (ii) the contribution by Mannesmann to France Telecom of 544.559.931 Orange shares (approximately 45.03% of the share capital) for 129.201.742 new France Telecom shares, valued at Euro 18.1 billion. The France Telecom shares were issued at Euro 140.2 per share, i.e. an issue premium of Euro 136.2 per share. Immediately after this transaction, France Telecom repurchased from Mannesmann 15.335.531 of these France Telecom shares such that Mannesmann did not hold more than 9.9% of the share capital of France Telecom. The parties have reached an agreement whereby the Vodafone group will not use the voting rights attached to the new France Telecom shares issued.

Moreover, France Telecom has issued to Vodafone a put option over the shares issued to Vodafone group in remuneration of the 544.559.931 Orange shares. This commitment relates to the planned public offering of a France Telecom subsidiary regrouping the entire mobile activity of the Group.

Under the terms of this put option, France Telecom may be required to repurchase its shares from Vodafone:

- in the 20 days following the public offering of the France Telecom subsidiary as set out above, up to Euro 13.5 billion ;
- should the amount raised through the public offering of this France Telecom subsidiary be less than Euro 13.5 billion, Vodafone may force France Telecom to acquire the France Telecom shares held by the Vodafone group under a deferred repurchase program at the following dates :
 - March 31, 2001 up to Euro 6.7 billion
 - March 31, 2002 up to Euro 6.7 billion plus interest calculated at LIBOR + 0.5% on this amount, from April 1, 2001.

Vodafone may exercise its put option in whole or in part for the amounts set out above. The exercise price is market price, with a floor of Euro 104.2 and a ceiling of Euro 176.2.

France Telecom holds a call option on all or part of the France Telecom shares held by the Vodafone group, exercisable in one or more tranches. This option can be exercised at any moment at market price with a floor equal to issue price and a ceiling equal to 125.7% of this same price.

The contribution by Mannesmann of the Orange shares and the issue by France Telecom of shares in remuneration of this contribution by Mannesmann were approved by the general shareholder meeting of France Telecom on August 22, 2000.

The acquisition of Orange is effective since August 22, 2000.

France Telecom plans to make a public offering at the end of 2000 or the beginning of 2001 of approximately 10% of the capital of the new entity which will regroup the cellular activities of Orange, Itineris, and France Telecom's other mobile activities.

The « document E » presenting this acquisition was given to the Commission des Opérations de Bourse on August 7, 2000 under the reference E.00-443.

Agreement relating to an investment in TP SA

On July 25, 2000, France Telecom signed an agreement with the Polish government, enabling it to invest in the capital of the historic national operator. In a consortium with the industrial and financial company Kulczyk Holding, France Telecom acquires 35% of Telekomunikacja Polska SA (TP SA). Within this transaction of a total of approximately Euro 4.5 billion, France Telecom is contributing Euro 3.2 billion (FF 21 billion). After this operation, TP SA will be held 35% by the consortium France Télécom-Kulczyk Holding (25% for France Télécom and 10% for its partner), 35% by the Polish state, 15% by private investors and 15% by personnel of the company. Moreover the Polish state has issued an option over a further 16% of TP SA.

Agreement relating to a complementary investment in Wind

France Telecom Deutsche Telekom and Enel signed an agreement on July 18, 2000 governing the purchase of the 24.5% which Deutsche Telekom held in the Italian telecommunications operator Wind. France Telecom repurchases 18.9% for Euro 2.08 billion and Enel purchases 5.6% for Euro 0.62 billion. Following this transaction, France Telecom holds 43.4% of Wind and Enel holds 56.6%. Under the terms of the agreement signed, France Telecom and Enel set aside their claims against Deutsche Telekom and are freed from the non competition agreement. This operation represents the resolution of the last claim between France Telecom and Deutsche Telekom, and is accompanied by the abandoning by both parties of the arbitration claims made.

Complementary sale of CCIC shares

According to the commitments given in May 2000 by France Telecom to the British competition authorities (Office of Fair Trading), the shares of Crown Castle International Corp. (CCIC) which had not been sold as part of the public sale offer made in June 2000 (see note 2), were sold to a financial institution. In July 2000, France Telecom sold 17.7 million shares. The sales price amounted to USD 505 million (Euro 529 million).

Since France Telecom remains contractually exposed to the risk of stock exchange fluctuations for the shares sold, for a period of up to two years, the sale result has been deferred until the end of this agreement.

Sale of cable networks

France Telecom signed on August 7, 2000 with NTL Inc and Morgan Stanley Dean Witter Private Equity the sale of the share of 49.9% in the cable activity of Suez Lyonnaise des Eaux, marketed as *Noos* which France Telecom will hold following contribution of its cable infrastructures. This transaction, which should be finalized near the end of 2000, will generate sales proceeds of Euro 1.35 billion and a gain before tax of approximately Euro 0.5 billion. This transaction follows an agreement signed in September 9, 1999 between France Telecom and Suez Lyonnaise des Eaux.

Dutch UMTS licence

On July 24, 2000, France Telecom acquired a UMTS mobile telephony licence in Holland for NLG 960 million (Euro 436 million).

11 • SEGMENT REPORTING

The table below sets out main operating indicators per segment, based on France Telecom's activity:

	At June 30,	
	2000	1999 Restated
(in millions of FF)		
Fixed line and other		
Sales of services and products	68,509	68,695
EBITDA ⁽¹⁾	26,578	28,314
Depreciation and amortization	(11,328)	(12,256)
Operating income before special items	15,250	16,058
Purchases of tangible and intangible assets	7,476	7,961
Average number of employees ⁽²⁾	143,441	148,235
Mobiles in France		
Sales of services and products	17,169	11,649
EBITDA ⁽¹⁾	5,678	3,923
Depreciation and amortization	(1,537)	(1,472)
Operating income before special items	4,141	2,451
Purchases of tangible and intangible assets	3,025	1,131
Average number of employees ⁽²⁾	5,127	4,232
International		
Sales of services and products	20,830	9,300
EBITDA ⁽¹⁾	2,636	(51)
Depreciation and amortization	(3,966)	(1,577)
Operating income before special items	(1,330)	(1,628)
Purchases of tangible and intangible assets	7,440	3,826
Average number of employees ⁽²⁾	34,360	18,146
Eliminations		
Inter-segment sales of services and products	(5,992)	(4,498)
Total France Telecom		
Sales of services and products	100,516	85,146
EBITDA ⁽¹⁾	34,892	32,186
Depreciation and amortization	(16,831)	(15,305)
Operating income before special items	18,061	16,881
Purchases of tangible and intangible assets	17,941	12,918
Average number of employees ⁽²⁾	182,928	170,613

(1) *EBITDA : operating income before special items, net and before depreciation and amortization*

(2) *Average number of full time equivalents*

In order to ensure comparability with the six months to June 30, 2000, the segment totals for the six months to June 30, 1999 have been restated as follows :

- The goodwill amortization charge has been excluded from the heading « Depreciation and Amortization » and from « Operating income before special items », according to the presentation change described in note 1 ;
-
- Sales of mobile terminals, made by the segment « Fixed Line and other » to the segment « Mobiles in France » are henceforth shown net of the corresponding external purchases : this reclassification has no net effect on the consolidated sales of France Telecom, but reduces the sales of the segment « Fixed Line and other » for the six months ended June 30, 1999 by FF 507 million.

12 • OTHER INFORMATION

Since the shares of France Telecom are quoted on the New York Stock Exchange, and according to stock exchange regulation applicable to foreign issuers, France Telecom files with the Securities and Exchange Commission a reconciliation of France Telecom's net income and shareholders' equity prepared in accordance with the principles set out in Note 3, with net income and shareholders' equity prepared in accordance with US GAAP.

Net income and shareholders' equity restated under US GAAP amount respectively to FF 23,298 million for the six month period to June 30, 2000 (FF 8,257 million to June 30, 1999) and to FF 173,231 million as of June 30, 2000 (FF 142,200 million as of December 31, 1999). The differences between the accounting principles set out in Note 3 to the financial statements and accounting principles in the United States concern accounting treatment which is not accepted under French GAAP, and relate primarily to the following areas: valuation of marketable securities and accounting for the change in status, and the opening of the French telecommunications market to competition.

PERSONNES QUI ASSUMENT LA RESPONSABILITE DE LA PRESENTE NOTE D'INFORMATION COMPOSEE DE LA PRESENTE NOTE D'OPERATION (PRICING SUPPLEMENT), DU DOCUMENT DE BASE (OFFERING CIRCULAR) ET DU SUPPLEMENT AU DOCUMENT DE BASE (SUPPLEMENTAL OFFERING CIRCULAR)

1. *Au nom de l'émetteur*

A la connaissance de l'émetteur, les données de la présente Note d'Information sont conformes à la réalité et ne comportent pas d'omission de nature à en altérer la portée.

Aucun élément nouveau intervenu depuis:

le 24 mars 2000, date du no. R.00-085 apposé par la Commission des Opérations de Bourse sur le Document de Référence,

le 24 mars 2000, date du no. P.00-086 apposé par la Commission des Opérations de Bourse sur le Document de Base,

le 1er septembre, 2000, date du P.00-481 apposé par la Commission des Opérations de Bourse sur le Supplément au Document de Base,

n'est susceptible d'affecter de manière significative la situation financière de l'émetteur dans le contexte de la présente émission.

France Télécom

Pierre Hilaire
Directeur Financier France

2. *Au nom de la banque présentatrice*

Personne assumant la responsabilité de la Note d'Information.

BNP PARIBAS

Fabrice di Meglio
Managing Director

COMMISSION DES OPERATIONS DE BOURSE

En vue de la cotation à Paris des obligations éventuellement émises dans le cadre de ce Programme, et par application des articles 6 et 7 de l'ordonnance no. 67-833 du 28 septembre 1967 telle que modifiée, la Commission des Opérations de Bourse a enregistré le Document de Base sous le no. P00-086 du 24 mars 2000, a enregistré le Supplément au Document de Base sous le no. P00-481 du 1er septembre, 2000 et a apposé sur la présente Note d'Information le visa no. 00-1794 du 8 novembre 2000.

La notice légale sera publiée au *Bulletin des Annonces Légales Obligatoires* (BALO) du 10 novembre 2000.