the France Telecom Group worldwide

- 161 million customers
- in 220 different countries
- 51.7 billion euros in revenue (2006)
- the group is present in all telecom sectors: fixed and mobile telephony and the Internet
- both business and consumer solutions
- 191,000 employees
first-rate positions

mobile
102.5
fixed line
48
broadband
10.5
million customers worldwide

FT faces strong competition in France

- High level of unbundling in fixed
  - Over 50% of DSL lines are unbundled
  - France Telecom maintains its market share through product innovation and bundling
- Mature mobile market and high penetration of 82.7% (including MVNOs)
- Greenfield competition has emerged in FTTx
  - Competitors such as Free (Iliad), Neuf Cegetel, and Numericable have announced FTTx plans
  - By 1H07 FT is only operator to offer FTTx and plans to have 1m households connected by 2008

source: Company reports, Merrill Lynch
presence in Europe

North Western Europe
- High level of competition
- Level of unbundling around 50% in France & UK
- Strong pricing pressure (triple play for 30)

Belgium
- mobile: 3.14 million
- fixed line: 0.58 million

Netherlands
- mobile: 2.05 million
- internet: 0.55 million

Poland
- mobile: 12.52 million
- fixed line: 10.13 million
- internet: 2 million

France
- mobile: 23.27 million
- fixed line: 33.87 million
- internet: 6.88 million

Switzerland
- mobile: 1.40 million
- fixed line: 1.73 million

Spain
- mobile: 11.11 million
- fixed line: 2.80 million
- internet: 1.01 million

Differing level of competition and type of challenges across European markets

Southern Europe
- Regulators were slow in setting and enforcing new rules
- As a result there is less competition and incumbents have a higher market share

Eastern Europe
- Penetration of fixed line low when competition and mobile were introduced
- Difficult to offer converged services as DSL penetration still low

Consolidation in Europe is expected but can bring only limited advantages
- Differing culture, language, content, accounting principles etc. across borders
- Cross border mergers cannot translate into strong cost synergies

Consolidation in the mobile market can be more rational
- Mobile is less regulated and no adherence to the past

challenges in Europe

- Difference in regulation across countries
  - FT would like to see some harmonization
  - However a single EU regulator can be problematic
    - Bureaucracy due to a two tier system
    - Wrong decisions can translate into poor economic results across the continent
- Consolidation in Europe is expected but can bring only limited advantages
  - Differing culture, language, content, accounting principles etc. across borders
  - Cross border mergers cannot translate into strong cost synergies
- Consolidation in the mobile market can be more rational
  - Mobile is less regulated and no adherence to the past

Client base in consolidated companies, as of Dec. 31, 2006

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6 FT group/October 07
facing a challenging environment FT is investing in the value chain

5.2 million Livebox in Europe

1st incumbent to deploy FTTH in Europe

N°1 IPTV provider in Europe with 837k clients (N°2 worldwide)

Over 658k Business Everywhere end users #1 worldwide

300k Unik phones sold in France within 7 months

400m in content services revenue (2006)

a continuous evolution of FT’s business model in mature markets towards internet, data and new services

<table>
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<tr>
<th>1H05</th>
<th>1H06</th>
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PSTN access and voice**  mobile access and voice**  data and new services  internet access**

* equipment sales and Orange Business Services excluded, Enterprise revenues on data excluded  ** wholesale included, *** see glossary

FT group/October 07
Thank you!