



annual report
and corporate social
responsibility report

France Telecom
2008

together we can do more

shareholder's memento

2 the share in 2008

4 being a France Telecom
shareholder

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all shareholders

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Our Group has initiated a profound transformation over the past several years, using new communications technologies to erase borders and boundaries and bring cultures and people closer together. At Orange we think that we can all be more and do more as individuals, through our relationships and interactions with others. We believe in the power of community. This new vision is illustrated in the personal accounts of both customers and employees in the following pages. This report is for the first time an integrated annual and corporate social responsibility report. In it we will detail the strategy put in place to respond to the changes in the world of telecommunications and will illustrate the achievements of 2008 in order to give you the keys to understand our future development.



focus on
sustainable
development

Terms in the glossary
are printed in orange
the first time they
appear in this report.

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The complete corporate social responsibility report is available on www.orange.com

The Group ended 2008 with healthy financial foundations. Increased cash flow, continued debt reduction and good refinancing terms provide the room of manoeuvre we need to address future challenges.

interview with Didier Lombard,
Chairman and Chief Executive Officer
of France Telecom



What is your assessment of the Group's results for 2008?

Looking back at 2008, the two most significant factors are that we delivered very good performance and that we met all our commitments. Our revenue growth was at the high end of estimates for our markets. In line with our objectives we stabilized the gross operating margin rate. We also maintained high levels of investment to support future development.

Organic cash flow increased for the third consecutive year, reaching 8 billion euros. This enabled us to strengthen our balance sheet by further trimming our debt and to propose a dividend of 1.40 euros per share to the Annual General Meeting of Shareholders, an increase compared with 2007.

To start with, our solid financial results reflect our operating performance in our markets, with strong contributions to revenue growth from France, the United Kingdom and the Enterprise Communication division. This sustained growth is also the result of our expanding customer base, the growth of our mobile business and the success of innovative services: ADSL Internet access with the Livebox, the ramp-up of IPTV and broadband mobile translating into the doubling of the customer base for "Internet & Business Everywhere".

Our financial performance is the result of well-managed operating expenses and efficient allocation of resources

to fuel growth. For example, we launched new activities in Kenya, Niger and Guinea, we acquired content, and we invested in marketing and handset subsidies, particularly for the iPhone 3G. All this helped strengthen our positions in an intensively competitive environment. The Group ended 2008 with healthy financial foundations. Increased cash flow, continued debt reduction and good refinancing terms provide the room for manoeuvre we need to address future challenges.

The France Telecom share performed well in 2008 too. How do you explain this?

The France Telecom share was the second best performing stock in the CAC 40 index, as well as the index comprising Europe's main telecommunications companies. If you look closely at the fluctuations in our share price, you see that it tracked the different events that marked the year for us. The announcement of our 2007 results and the good start to the year obviously supported the share price until April. Then the share was impacted by the announcement of our link-up with Scandinavian operator TeliaSonera, which aimed to create a global leader with a solid outlook for growth and value creation. When the requisite conditions did not come together we decided at the end of June 2008 not to move forward with a firm offer. This was compatible with the short-term expectations of investors and the share price thus rose again, further supported by our half-year results, which were well received by the market. After September, the market focused on the resilience of the telecommunications industry to the financial and economic crisis and our distinctive status as a defensive stock with an attractive yield and this positive sentiment was reinforced by the reporting of good results for the first nine months of 2008.



To what extent did the worsening economic situation impact the Group's results and what measures did you take?

In a generally deteriorated environment, the healthy resilience of the telecom sector led to growth that out-paced that of the overall economy in our markets.

This was due in particular to the fact that our services have become an essential item in household budgets while representing a relatively modest percentage— about 2.5%— of their overall spending.

In the enterprises segment the crisis actually strengthened the importance of telecommunications as a lever to enhance flexibility and productivity. We helped our customers deploy value-added solutions that improved their performance, such as real-time inventory and procurement management or teleconferencing.

We also focused more closely than ever on efficiently controlling our operating expenses, executing our transformation programmes and precisely managing commercial costs. In addition, the Group leveraged its strong presence in the Middle East and Africa, the most dynamic region in the global telecommunications market.

Last year saw the completion of the NEXt plan. What is your evaluation of this period?

In 2005 the Group needed a transformation plan to initiate a new strategy able to anticipate changes in the telecommunications ecosystem. NEXt, a trailblazing programme in many respects, guided the Group's strategy over the past three years based on four pillars:

- Convergence, driven by ubiquitous digital technology, with a shift from a network access vision to a services access vision.
- Migration of voice and other services to IP technology. Anticipating this migration has enabled us to be No. 1 today in broadband Internet and IPTV in Europe, with nearly 8 million Liveboxes in service.
- The third pillar involves growth initiatives, particularly in high speed access, content, online advertising, e-health and IT services for enterprises. These new

businesses accounted for 9% of our 2008 revenues.

- Lastly, the internationalization of the Group, which has been pursued with determination and careful planning. This has strengthened the Group's foundations, particularly in fast-growing emerging markets, which accounted for 29% of our customer base in 2008, compared with 15% in 2005.

When we announced our transformation in 2005, we projected the emergence of a new telecommunications ecosystem characterised by a much stronger interdependence of devices, networks, intermediation services and content. This is indeed what happened and this trend has been accelerating. Orange recognized this vast paradigm shift very early. Both on our own and through strategic partnerships we developed new businesses in content, audience, advertising and value-added services. We now have a dynamic and robust business model that enables us to deliver sustained and stable operational and financial performance, backed by a balanced portfolio of businesses designed to energize profitable growth.

Moving forward, what are your priorities?

Capitalising on these achievements and guided by the Orange 2012 initiatives we will pursue a strategy that has proven its efficiency while accentuating our approach.

First of all, this means continuing our drive for innovation, focusing even more than in the past on the simple use of our products and services. We expect this to result in greater numbers of customers who are more satisfied and more loyal, while flowing through to substantial gains in productivity. I expect the Orange brand to be the symbol of outstanding service quality and simplicity.

Secondly, against the backdrop of an industry experiencing tremendous changes, coupled with uncertainties surrounding the economy, the Group needs to gain greater agility in its businesses and be able to continually adjust its structure and processes.

Lastly, the Group must be positioned in a long-term perspective.

This means completing the roll-out of our integrated operator model under the banner of a unified brand while reinforcing the sharing of networks and information systems and leveraging the products and services created by our innovation chain across the Group's entire geographic footprint. Coupled with anticipation of our human resources needs, these fundamental priorities will enable the Group to achieve sustainable performance aligned with our commitment to Corporate Social Responsibility.

What commitments can you make to shareholders for the coming period?

Our priority for 2009 and the following years is to maintain the Group's organic cash flow at a level comparable to 2008, around 8 billion euros. This is essential to continue to reduce our debt and increase our dividend per share.

We also intend to maintain our innovation strength thanks to sustained investments that support growth, particularly in services linked to future generation networks.

At the same time, our results are partly dependent on external factors with an uncertain evolution, namely the length and depth of the crisis, as well as regulatory risks. If the economic context should worsen further we would need to adjust our investment spending to meet our cash flow generation commitments.

What is your vision of where the world of telecoms is headed? Is the Group in a position to meet future challenges?

We are at the dawn of "the second life of networks", a world shaped by a proliferation of capacity, relevant services and the central role played by users, who have become "active nodes" in these networks. Tomorrow's very high speed infrastructures and the associated services are going to revolutionize usages and expand the reach of telecommunications, which remains the cornerstone of our economic growth and participate in the preservation of our environment.

This future is not guaranteed, though, and making it happen depends on a number of factors, including our ability to deliver simple, "pacified" technologies for our customers to enable the greatest possible number to join what I call "the global digital village".

We are experiencing an incredible effervescence of innovation even as we face economic uncertainties. This situation makes it more vital than ever for France Telecom to demonstrate an ability to continually change and pursue our transformation. This is the vision that inspires Orange 2012, enabling us to be the first to bring our customers the many compelling products and services that will emerge tomorrow.

Orange 2012 will guide us in adapting the execution of our proven strategy to ensure the sustainable performance of the Group.

key figures

6 - 7

26.7 million mobile broadband customers

12.7 million ADSL broadband customers in Europe

6.5 million Voice over IP customers

2.1 million IPTV customers

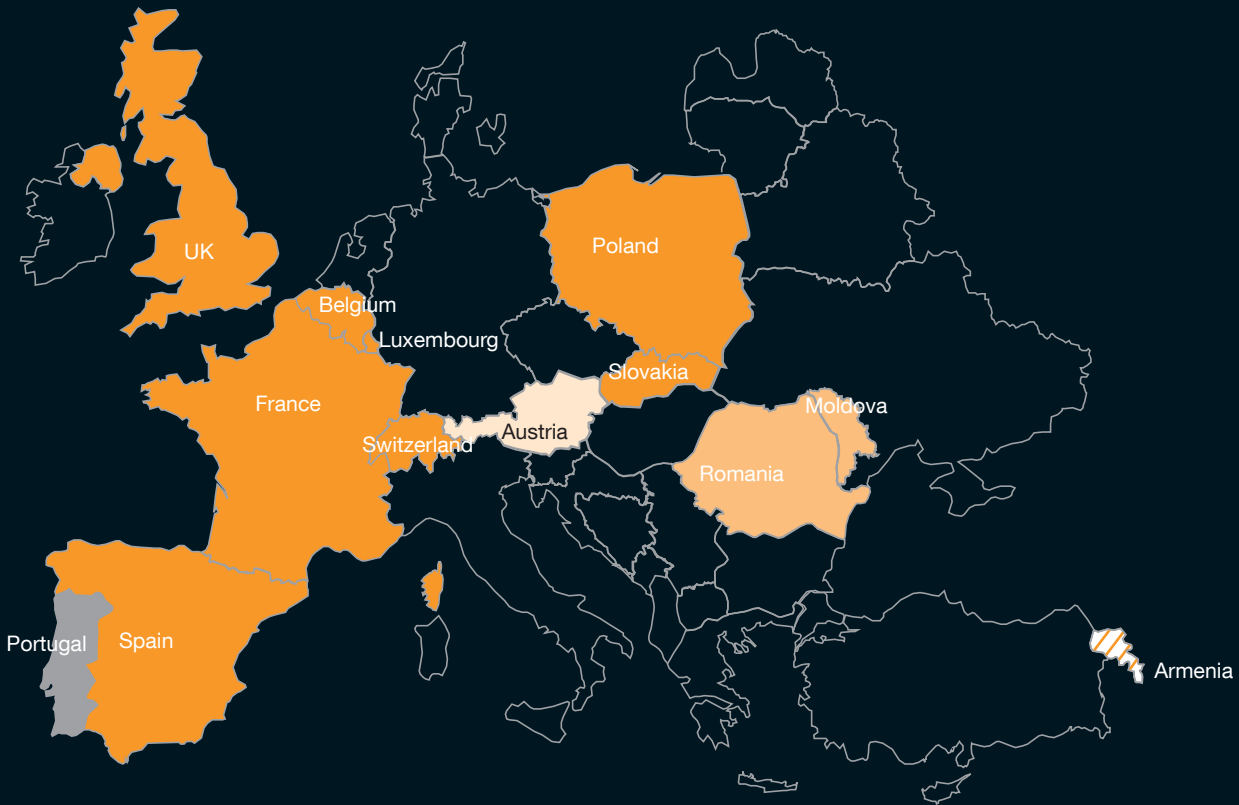
more than 182 million
customers worldwide

no. 3
mobile operator in Europe

no. 1
in VoIP in Europe

no. 1
in broadband Internet in Europe

no. 1
in IPTV in Europe



France

25.2 million mobile customers
 17 million contract customers
 11 million mobile broadband customers
 8.3 million ADSL broadband customers
 5.8 million VoIP customers
 1.9 million IPTV customers

United Kingdom

16 million mobile customers
 6.2 million contract customers
 3.3 million mobile broadband customers
 1 million ADSL broadband customers

Spain

11.4 million mobile customers
 6.4 million contract customers
 3.3 million mobile broadband customers
 1.2 million ADSL broadband customers

Poland

14.2 million mobile customers
 6.2 million contract customers
 4.6 million mobile broadband customers
 2.2 million ADSL broadband customers

rest of the world

55.1 million mobile customers
 10 million contract customers
 4.5 million mobile broadband customers

enterprises

customer support in 166 countries and territories
 1.27 million Business Everywhere customers worldwide
 318,000 IP-VPN accesses worldwide
 350,000 VoIP lines



- Dominican Republic
- Vanuatu
- Caribbean

an international Group

- fixed/mobile/Internet
- mobile
- minority shareholder/mobile
- minority shareholder fixed/mobile
- fixed/mobile/Internet licence
- mobile licence

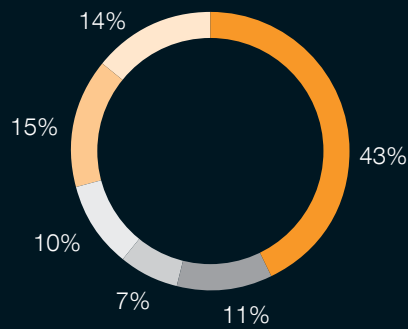
key figures



consolidated revenues
in billions of euros
(on a comparable basis)

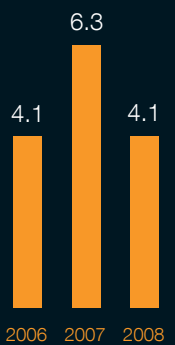


gross operating margin
in billions of euros
on a comparable basis



breakdown of revenues

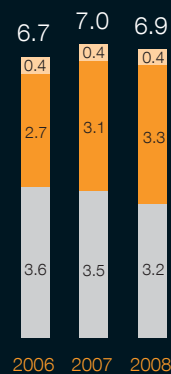
- France
- United Kingdom
- Spain
- Poland
- rest of world
- enterprises



net income Group share
in billions of euros



capital expenditures
(excluding licences)
in billions of euros



capital expenditure by business segment
in billions of euros
(historical basis)

- personal communication services
- home communication services
- enterprise communication services



organic cash flow
in billions of euros



net financial debt
in billions of euros



market

new challenges for
telecommunications

I am my father's camera that he hadn't planned to give me.
I am my brother Kuba and my friend Antonin, who I chose for their acting talent.
I am the monsters and heroes that bring our stories to life,
and the online technical wizards who help me with special effects.
I am Dominik and thanks to everyone, I've created my own little production company
and web-users all over the world watch my movies.

Orange invests in tomorrow's networks to let everyone post,
share and watch multimedia content.

welcome to the second life of networks

Rarely has an industry experienced a technological change as swift and profound as the transformation currently reshaping the world of telecommunications. This revolution marks a fundamental turning point and opens the door to the second life of networks⁽¹⁾, a theatre of abundant and fluid communication across a world that is more interconnected than ever before. This transformation far exceeds the realm of new technologies, taking on a societal dimension with the emergence of the global digital village⁽¹⁾.

nearly
3.9 billion

There were almost 3.9 billion mobile phone users worldwide at the end of 2008, vastly more than the IDATE estimate of 1.2 billion fixed lines.

Social networking spawns new modes of communication

Three quarters of the Internet users in Europe are drawn to **social networking** sites, according to a study by ComScore on the use of social networks in Europe, particularly in France. The study also showed that in December 2008 alone, 22 million French Web users visited at least one social networking site. This represents about 64% of Internet users in France and is 45% higher than the figure for the previous year.

The world of telecommunications as we knew it until the end of the twentieth century revolved around the existence of physical networks that connected users to one another with a point to point logic. The underlying economic rules were clear: operators invested to build these networks and then sold the right to use them to customers in the form of communication time, with prices reflecting the distance between users.

At the beginning of the 2000s, this paradigm was completely shattered by three technological “big bangs”, spawning what could be called the second life of networks.

a profound shift in behaviours

The three leaps were the advent and ubiquity of digital technologies, the emergence of the Web, and explosive growth in mobile communication. These huge changes not only led to a tectonic shift in behaviours, they also introduced new ways to use communications technologies. Consumers experienced new-found freedom to stay connected any time and be always in touch, not only with their immediate entourage, but with the vast community of other Internet users. The spectacular success of social networking sites like Facebook or Myspace – which let people stay continually in touch with all their friends – are emblematic of this radically changed environment. Consumers are no longer satisfied with just being on the receiving end, they want to generate their own content

and circulate text, photos and videos that they often produced themselves. In the first life of networks they were simply passive customers at one end of the line. Today, the users have themselves become active network nodes – each becoming the centre of a mesh of social and human networks.

Yet despite the importance of these human networks, physical networks have far from disappeared. They may no longer be in evidence, but networks remain the essential hubs of these exchanges. What’s more, the breakneck pace at which new technologies are embraced has generated tremendous growth in traffic, stretching physical networks to their limits and requiring continual upgrades and renewal.

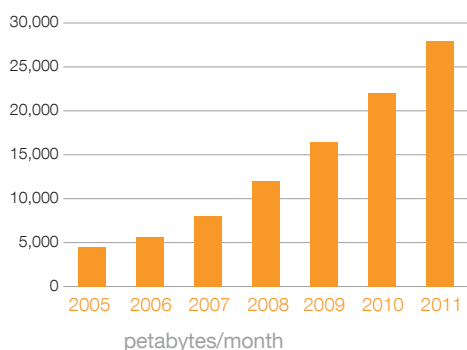
explosive growth in network traffic

The current and future growth of network traffic is driven by two underlying trends: the multiplication of communicating devices connected to networks and the proliferation of applications, especially video and television.

an ever more connected world

The list of “smart objects” continues to grow, energised by several factors, such as greater simplicity, enhanced design, service convergence and lower prices. At the end of 2008 there were nearly a billion computers in the world, most of them connected to the Internet, while the number of mobile phones in use – 3.9 billion at the end of 2008 –

traffic growth



Global Internet traffic is now measured in millions of billions of bytes (petabytes) and even billions of billions of bytes (exabytes).

One petabyte, for example, is equivalent to 100,000 billion average size email messages – without attachments – or 350 to 500 billion digital photos with average resolution, or roughly the same number of MP3 or WMA music clips.

(Source: Cisco Systems Inc).

has long exceeded the number of fixed lines. More and more mobiles are also connected to the Internet, as are games consoles, TVs and an ever growing number of everyday devices. The entire environment is gradually becoming a communicating space, bringing unprecedented daily convenience. The steady drop in costs has created a fertile environment for a machine to machine Internet. One key arena for these new communicating applications is managing the home, an area that is expected to experience explosive growth in the years ahead. Some estimates project nearly 600 million devices connected to home networks in Europe towards 2012.

proliferating applications

In addition to the myriad of connected devices, networks will host more and more services as digital technology stretches into every corner of our world. Digital changes everything: business, with e-commerce and vast improvements in productivity at companies, society – with the emergence of social networks – and culture, as new thinking emerges about how to consume content. Interactive and convergent TV and video services continue to grow, creating incredible demand for more bandwidth on networks. Online video consumption via both fixed and mobile networks has expanded exponentially in recent years and will continue to accelerate in the foreseeable future. This trend is amplified by the ramp-up of digital television, which is expected to see the global customer base grow at an annual average of 40% between now and 2011.

Alongside this sheer quantitative growth, improvements in the quality of content will also drive a rise in volumes

transiting on networks. Consumer demand places priority on innovative services that are very bandwidth-hungry, with greater interactivity, high-definition and even 3D images.

the second life of networks looks to the future

Today's networks will soon be able to accommodate only a portion of rising demand, which means that the right combination of technological, economic and regulatory conditions must emerge if this second life of networks is to flourish.

the imperative of very high speed fixed and mobile networks

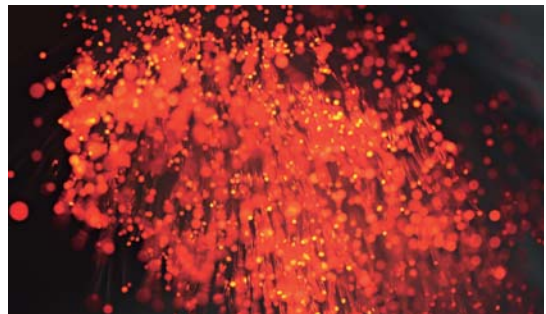
The number of users of digital applications continues to rise while new services require more and more network capacity. The combination of these two factors leads to projections of truly explosive growth in traffic volume. Even the most prudent forecasts come up with numbers that remain far beyond the capacities available on current networks. Only new, very high speed infrastructures will be able to accommodate this expected proliferation in demand.

From the consumer's perspective, forward-looking technologies that multiply available bandwidth – fibre optics, 3G+ and 4G mobile networks – will totally revolutionise the service experience. High-definition content, symmetrical data flows, interactivity and convergence will all become a reality on any type of terminal.

100 megabits per second

With speed of 100 megabits per second, fibre optic networks provide optimum access to all types of multimedia applications, starting with high-definition TV, online games and fast downloading of large files. What's more, data flow is symmetrical, meaning equally fast to and from the user. This is fundamentally important in a world where people on the Internet both consume and produce their own content.

fibre optics



For operators, this creates tremendous growth opportunities, although substantial initial investments are required to tap into this growth. Unlike ADSL technology, which functions on the existing copper network, new very high speed infrastructures must be built from scratch. And since operators must bear the lion's share of the costs of deploying these new networks, they cannot be expected to make such huge investments without any visibility concerning the regulatory environment governing their use.

a new model for shared value

In the telecommunications industry, an ecosystem comprising four activities shapes the dynamic of services and value creation: hardware vendors, network operators, providers of intermediation services and content providers. The players behind these four increasingly integrated layers are all competing to gain greater customer intimacy and control over content and applications, positioning themselves to capture the new revenue streams, particularly through larger audience share and online advertising. This situation has encouraged them to invest in businesses adjacent to their historic core activities. Apple, for example, added the iTunes music platform and mobile phones (iPhone) to its computer manufacturing operations. Google has entered the mobile phone arena with Android, while Nokia is now developing online music and geolocation services to complement its handset business. Network operators are of course involved in this trend too, proposing more than simple access to customers thanks to a range of innovative services that provide fresh growth opportunities to help fund investments in new infrastructures.

engaging the challenges facing society

The second life of networks is a revolution that does not just impact the communications industry, but also involves much broader issues that shape both economic progress and changes in society.

It is absolutely essential that this revolution respect people and the environment. Nobody should be excluded, whether due to geographic, economic or generational factors, or to disabilities. Protecting users is equally essential, especially children, as is protecting personal data to guarantee respect for privacy and security. Deploying infrastructures and innovative services supports economic growth. But these advances must also be compatible with the sustainable development of our societies. This is the essence of corporate social responsibility – in other words, businesses must actively contribute to the positive stewardship of economic development.

Addressing these challenges is essential to guarantee that all users – consumers and businesses alike – and society as a whole reap the tangible benefits of these communications resources.

Ultimately, it is consumers actively exercising their choices who create value. The success of this revolution lies with them, and with an ability to bring them attractive and relevant innovations. Orange is enthusiastically embracing this second life of networks with all its skills and energies. Our achievements throughout 2008 point the way to a rich array of services that welcome our customers to the global digital village.

(1) Many of the terms and concepts presented in the following pages are examined in detail in Didier Lombard's book *The Second Life of Networks* (Editions Odile Jacob).

words and concepts from the second life of networks

Web 2.0

The term Web 2.0 was first used in the United States in 2004. In this context “2.0” derives from the way new versions of software were named, designating a major evolution from “1.0”. Web 2.0 therefore refers to a major leap forward versus the first generation, ushering in a new world of website design and applications. In the world of Web 2.0, users themselves contribute to enrichment of services in a context of community and interactivity.

User Generated Content (UGC)

People of course did not wait for the Internet to express their opinions, nor to keep diaries, take pictures or shoot videos. But this personal content is now massively circulated on the Internet and known collectively as User Generated Content (sometimes User Created Content). The notion of UGC covers the creation by an Internet user of a blog or personal website, participation on other interactive sites or blogs, as well as creative content (text, photos, videos, music and more).

social networks

Social networks designate a group of people linked by shared affinities (interests, profiles, etc.). The term now applies to websites that enable users to post their profiles and maintain online relationships with friends or acquaintances, sharing information and content with them in real time. Initially adopted by younger generations, their popularity has grown tremendously. Seven out of ten Internet users in France today visit these sites (Médiamétrie survey – January 2009).

cloud computing

Cloud computing refers to the use of storage capacity on servers located at datacentres around the world and connected via Internet. With this type of infrastructure, the data delivered to Internet users is no longer found only on a single computer, but in a “cloud” comprising remote servers that are interconnected. Users benefit from faster access to the information they want without perceiving that they are simultaneously using resources from multiple interlinked datacentres.

innovation bazaar

The innovation bazaar defines a new approach to innovation processes that is the opposite of the cathedral model that prevailed in the past. In the cathedral model, innovation is pursued by groups of experts in the secrecy of laboratories and the results are not unveiled until the work has been completed. In the bazaar model – like the metaphorical bustling market place – the process is open throughout the innovation chain. Openness begins within the enterprise, aggregating the requisite competencies, and also reaches outside the company’s walls to tap the benefits of diverse forms of partnership and co-development.

A woman with dark hair, wearing a white blazer and a patterned scarf, is smiling and looking towards a man whose back is to the camera. They are in a modern office environment with large windows and warm lighting.

strategy

the Group in the
global digital village

I am all the women of Jordan who dream of a fulfilling career.
I am all the teachers who encouraged me, and all the colleagues who welcomed me.
I am my seven sisters who didn't get the same chances as me
and my boss, Alain, who said "Go for it!".
I am the researchers and designers who created Fun Tones.
I am Nuha, the project manager, and thanks to everyone I jet between 19 countries
across Africa, the Caribbean and the Middle East to launch Orange's innovations.

Fun Tones is a service developed by the Technocentre that replaces regular call tones with a personalised tone selected from a vast catalogue.

The telecommunications market has experienced radical transformation in the space of just a few years. Orange has embraced these changes, identifying key strategic areas where we aim to be a major player in the new global digital village: network performance, dynamic innovation, superior service quality, a broad and powerful brand, focused international expansion and ongoing creation of fresh growth opportunities.

networks and information systems

Networks and information systems are pivotal components in Orange's integrated operator strategy. Their superior performance guarantees the best possible experience for all the Group's customers, both for today's services and those that will emerge tomorrow. This performance is backed by a policy of ongoing innovation and investments to guarantee flawless availability and service reliability, along with broad coverage for convergent solutions and ever faster speeds.

information systems at the heart of solutions

Business development depends directly on the versatility, execution speed and competitiveness of information systems, particularly since these systems are an increasingly integral part of new products and services. To achieve this speed and flexibility the Group has made rationalising these systems a core priority to make them simpler, more versatile, more open and more cost efficient and thus better satisfy the needs of all customers.

strengthening the backbone network

The Group's very high speed global network is one of the most extensive infrastructures deployed by any international operator. To accommodate regular growth in traffic, the size of the network must continually adjust to anticipate bandwidth demand, supported by substantial investments in the backbone network. At the centre of this strategy is deployment of technologies that boost the capacity of existing networks, coupled with the creation of new links, including submarine cable systems. To meet burgeoning demand for more bandwidth from Asian markets, a consortium of nine operators, including France Telecom, is building a new intercontinental network, scheduled for completion in late 2009. Stretching some 13,000 kilometres between Marseilles in France to Mumbai in India, this fibre optic submarine cable – dubbed IMEWE for India – Middle East – Western Europe – transits via Sicily, the Middle East and the Persian Gulf and will add substantial traffic capacity between the regions. The Group is also a stakeholder in two other important cable projects: the Lower Indian Ocean Network, or LION, which will bring broadband to Madagascar, and ACE (Africa Coast to Europe), running between France and Gabon to connect twenty countries in Europe and Africa in 2011. The new cable will link the West Coast of Africa to the global Internet infrastructure and spur development of communications networks on the continent.

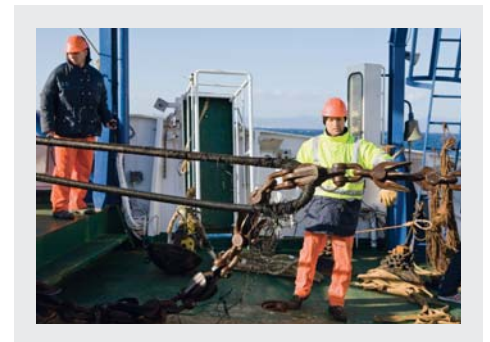
facilitating cooperation between operators

In addition to individual and business customers, the Group also provides services for other operators around the world. The total number of unbundled lines rose 34% in 2008, giving France the highest rate of unbundled lines per capita and the highest growth rate of any country in Europe. This is due to wholesale prices that are lower than the European average and to continually improved service in terms of fulfilment deadlines and support services.

In the international arena the Group was among the founders of the i3 Forum, a telecom industry association that brings together the world's largest operators in terms of wholesale capacity. There are currently 24 member operators representing over a billion landline and mobile customers. The Forum's objective is to facilitate and accelerate the development of interconnection for IP-based services and ensure optimum service quality.

focused investments

Capital expenditures is the largest expense item for the Group. In 2008, CAPEX was 6.9 billion euros, or 12.8% of consolidated revenues, in line with the announced objective of roughly 13%.



France Telecom Marine

France Telecom Marine is a major player in laying and maintenance of fibre optic submarine cable systems. With four cable ships that operate on all the world's seas and oceans, France Telecom Marine has embedded over 130,000 kilometres of fibre optic cables and carries out an average of two maintenance operations each month. In the event of a break in the network, traffic is re-routed to ensure continuity and the Group's cable ships repair the links. In 2008 France Telecom Marine carried out 27 repair operations. In 2009 it will embed 1,000 kilometres of cable for the LION system linking Madagascar, Mauritius and Reunion Island.



200-plus solar-powered mobile base stations in Africa

Mobile base stations powered by solar energy have brought wireless phones to regions of Africa that are often without electricity and where fuel needed to operate generators would have to be delivered by truck. These innovative base stations not only extend mobile coverage to distant rural areas, they also reduce CO₂ emissions. What's more, surplus energy generated is available to people in local villages, helping support development. The objective is for solar power to provide 25% of network energy needs by 2015 in the Africa – Middle East – Asia zone. Following trials in Senegal, solar-powered mobile stations have been installed in Madagascar, Niger, Guinea and Côte d'Ivoire. Over 1,000 such facilities will be in service in the region by the end of 2009.

better coverage enhances services

The Group's development is guided by a commitment to providing extensive fixed and mobile broadband coverage and ensuring excellent service quality, with different priorities in different markets. In emerging countries, especially those where the Group began operating recently, the challenge is to rapidly build out coverage at optimum cost to make services available to the largest number of potential customers. In Africa, for example, vast rural areas must be covered, finding solutions to overcome the obstacles created by distance. These regions thus see sustained investments in improving coverage. In mature markets, dense coverage of mobile and fixed broadband services has largely been achieved. In France, for example, the Orange GSM + Edge mobile network reaches 99% of the population and the 3G+ network 74%. The numbers are comparable in the United Kingdom and other main European countries. Here, further improving coverage involves sharing agreements with other operators and targeted investments, generally in cooperation with municipal authorities. In fixed broadband the Group strives to make the full benefits of its triple play offer – telephone, Internet and television – available to all customers. In regions where ADSL bandwidth is insufficient, alternative or complementary technologies are available, always with clear and transparent choice for customers. The triple play offer was extended to virtually the entire French population in August thanks to a new generation of set-top boxes equipped for satellite links. These decoders were also introduced in Poland at the end of the year.

pioneering the networks of tomorrow

To prepare for its future networks the Group invests in solutions that facilitate the development of new services, particularly in very high speed infrastructures – fibre optics for landlines and 3G+ for mobiles – that enable customers to enjoy the rich variety of multimedia applications. In countries where it has a significant presence, investments are being made in solutions like the IP Multimedia Subsystem (IMS), which accelerates deployment of more powerful integrated offers. The IMS has already been introduced to provide VoIP for residential customers in Spain and business customers in France. For very high speed services, the deployment of fibre optics in France slowed in anticipation of a more precise regulatory framework. Investments to prepare for deployment totalled 121 million euros, compared with the 270 million euros initially budgeted. In Slovakia, nearly 270,000 households are now connected and the first services designed specifically to benefit from these high speeds are available. In Spain, initial trials began in 2008 for several thousand pilot customers in Madrid and Catalonia. The Group also continues to deploy 3G+ mobile in countries where it has a strong presence in this segment. In addition to France and Spain, network build-out was particularly extensive in 2008 in the United Kingdom and Poland. 3G+ provides significantly greater bandwidth and capacity than previous generations, comparable to the sea change introduced when ADSL became available on the fixed network. In March, Orange business customers in Lyon were the first to enjoy access to an offer with speeds of 7.2 megabits per second.

innovation

Innovation is one of the Group's most valuable assets. Innovation underpins our growth and leadership in an increasingly competitive industry marked by profound changes in traditional businesses. Created in 2007, Orange Labs is the Group's global innovation network, tasked with imagining, creating and implementing forward-looking products and services for customers everywhere in the world.

a worldwide innovation chain

Orange Labs guide collaboration across all teams involved in research, development, deployment and marketing of new products and services. With a presence on four continents, these labs provide an intimate understanding of uses and anticipate trends. They also offer a vehicle for partnerships to amplify the Group's innovation capabilities. Upstream, R&D centres focus on projects with medium- or long-term potential, feeding the innovation pipeline within a horizon of two or three years. Each research centre is specialised in areas aligned with its environment to efficiently deliver benefits for the entire Group. Innovations and game-changing Internet and Web technologies are the focus of the lab in San Francisco, while the Beijing team concentrates on network equipment and technology. Inaugurated in 2008, Orange Labs Cairo centres its efforts on voice services and access to content in Arabic. The Spanish R&D centre also joined the Orange Labs network last year, becoming the hub for innovation in the country.

The Technocentre figures at the hub of the innovation chain, with a team of 700 people in complementary "3 Partner" teams that bring together specialists in marketing, R&D and networks. These synergies accelerate the pace of innovation to bring the right products to market at exactly the right time in different countries. A Technocentre branch opened in Jordan in March 2008, followed by another in the United Kingdom towards the end of the year. Each branch works on solutions to meet both local needs and customer expectations in other regions where the Group operates. The Pikeo photo sharing website, for example, was introduced in late 2006 in France before being added to the Orange Spain portal in 2007, followed by Orange portals for customers in Poland, Slovakia and Portugal in 2008. In addition to R&D labs and the Technocentre, Orange has created the Explocentre to test innovations with customers that create a complete break with conventional models. Created in November 2007, Orange Vallée is a streamlined unit that functions like a start-up, working in close collaboration with Orange Labs on speedy development of elegant and compact solutions targeted to growth markets.

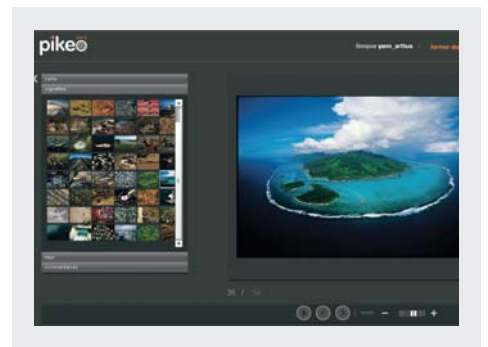
open innovation

Innovation is increasingly energised by exchanges with partners that contribute fresh expertise, culture and vision. The Group nurtures partnerships with major players in the industry as well as successful start-ups. In February 2008, for example, Orange teamed with Sagem Communications and Thomson to create Soft At Home, a venture to develop a common standard for interconnecting all types of digital home devices. This partnership aims to facilitate the development of innovative applications that enhance the digital home experience.

recognition

2008 Award for Innovation Management

The Innovation Management Awards organised by the Express-Expansion publishing group, BearingPoint, TNS Sofres and École des Ponts gave Orange the 2008 prize for "Innovation in Innovation Management". The jury saluted the organisation of the Group's innovation structure and its work on projects like La Cantine and idClic.



opening of La Cantine

a public forum for ideas on digital technology

Located in the centre of Paris, La Cantine is a creative, experimental and innovative space dedicated to digital technologies. Inaugurated at the end of January 2008, it is the fruit of partnerships between Orange Labs and various players in the digital economy. La Cantine interfaces with similar structures around the world, encouraging permanent collaboration between all those who contribute to the digital economy, including start-ups, independent developers, designers, digital artists, venture capital firms and representatives of major telecommunications companies.

35,000 innovative ideas



idClic is a participative Intranet site that encourages all Group employees to suggest ideas for innovative products and process improvements. After submitting their idea employees can track progress all the way to evaluation by experts. Over 3,400 ideas were implemented in 2008, compared with 1,400 in 2007. This represented savings of over 300 million euros in France during the year. Introduced in France in late 2007, the initiative is gradually being replicated around the Group.

90%
of the innovations
launched by the Group
take shape in the
Technocentre

67%

In Poland, the TP customer satisfaction index shows the percentage of customers who are "satisfied" or "very satisfied" on the basis of service quality indicators. The index reached 67% in December 2008, up 5 points over the end of 2007.

Innovation extends to original approaches to intellectual collaboration too. The Orange economics and behavioural sciences lab took part in the "Sociogeek" study, the first online sociological research into **Web 2.0**, conducted jointly with faberNovel and the "active identities" programme of FING (Foundation for New Generation Internet). The findings of this new breed of survey were posted in October, offering insights into the ways people express themselves on the Internet.

"collections" spotlight innovation

Just like haute couture designers, Orange presents "seasonal collections" of new products and services from Orange Labs to the public several times a year.

The first two collections for 2008 featured the Group's new growth channels. The Spring collection premiered the range of e-health solutions designed to improve the lives of patients and healthcare professionals, along with a line of new digital advertising products for the Web, mobiles and television. The Summer collection was all about entertainment, offering an advance preview ahead of the October launch for Home Library, the first digital storage device for the home with an ultra-sleek design. Also showcased were Read&Go, the Group's electronic book, and 3D digital television, with a test broadcast from the Roland Garros French Open. For Fall-Winter, Orange sent out a collection that emphasised simplicity, with a spotlight on practical telephone services for the home, work or on the move. The "Internet Facile Pack" is an all-in-one solution with a simplified interface for people who are not necessarily familiar with technology but want easy access to the Web and online services.

quality of service

While new communication applications call into play an ever-more sophisticated array of technologies, customer expectations tend to vary little. What customers want most are products and services that deliver performance, reliability and ease of use. Orange strives to meet these expectations by being the benchmark in service quality and offering solutions that create greater daily convenience for its customers.

closely monitored indicators

The Orange Group continually measures the quality of services for all customers in all segments, whether consumers, small businesses or large enterprises. These metrics include surveys, specific studies, analyses of customer requests and tracking of performance indicators. Data are then applied to define results-oriented improvement plans.

Satisfaction levels for fixed broadband Internet service rose significantly in 2008 in all the Group's major markets – France, the United Kingdom, Spain and Poland – particularly in the corporate customer segment. This performance reflects the committed efforts of teams across the company from networks to customer care. In France, for example, the satisfaction rate for voice-over-IP service climbed 15 points.

Special attention is given to addressing customer complaints and to the performance of call centres. In France, the number of complaints recorded once again dropped over the year. A new process guarantees a response to all customer complaints within 48 hours.

At call centres, the priority is reducing wait time, thanks to innovations like interactive voice response menus and a system that has proved successful at Orange Switzerland since December: when the expected wait is estimated at over one minute, customers can choose to be called back within a few moments so they do not have to remain on the line.

In June, the charge for calls to the customer support platform in France – already free for the wait time – were reduced to the cost of a local call.

solutions for hands-on support

The very concept of “service” has changed considerably. Service quality no longer stops with providing the ideal solution to a customer request, but flows upstream to embrace every stage in the customer experience, from product and service design to the purchase. Orange assistance covers absolutely everything: helping customers select the right service or product, taking care of home installation, working out a computer problem, changing a package by phone or via the Web, adjusting the settings on a mobile phone and more. With the “express replacement” service introduced in 2008, a defective Livebox or mobile phone under warranty is exchanged within 48 hours. Services such as these make life easier for customers and help them get the most out of their Orange solutions. This same logic applies to the organisation of customer support teams. In Senegal, for example, fixed and mobile teams merged to provide one-stop, end-to-end customer relationship management.

close contact

Orange branches and stores are showcases for this renewed focus on customer service, with a growing number of them proposing special “service corners”. There are over 200 such corners in France, and they are springing up in Slovakia as part of a programme dubbed CS@POS, for “Customer Service at the Point of Sale”. Initial trials have begun in the UK as well. These service corners provide technical support by educating customers on how to use their Orange solutions.

Training of staff at Orange shops is a top priority, including pedagogical skills, especially when new products are launched. The availability of sales and service experts in stores plays a central role in customer satisfaction. In France, sales advisors can earn professional certification and the first graduating class was awarded their diplomas in 2008.

A dense network of sales outlets ensures local contact with customers. In Poland, Orange has more free-standing stores than any other operator (over 280 at end 2008). In Switzerland, Spain and the United Kingdom, the Group continues to expand the number of stores to multiply opportunities for all-important human contacts while offering a place where people can discover and get familiar with the Group’s services.

quality accessible to all



In June 2008, Orange received the “Exemplary Corporate Citizenship” award from APAJH, an advocacy group for people with disabilities. The award recognises the Group’s initiatives to support seniors with diminished capabilities and people with disabilities. This broad programme includes special access signage for retail outlets (160 stores have been given the “Autonomy” label and there are four special “Rainbow” areas designed for customers with disabilities). A catalogue of “Autonomy” solutions is published twice yearly and there is also a special “autonomy” section on orange.fr and a trial freephone service for people with hearing disabilities.



300 new shops in Spain

Orange is investing between 80 and 100 million euros in its distribution network with plans to open 300 Group-owned or franchise stores over the next two years, introducing a new concept with a warm atmosphere and enhanced customer contact. The first Orange flagship store was inaugurated in Madrid in July. At the end of 2008 the Group had 20 stores in Spain.

Simplicity+

simplifies the customer
experience

The Simplicity+ programme verifies that the products and services developed by the Group are indeed simple and easy to use, anticipating customer expectations by taking the real-world customer perspective into account. Trial centres have been set up in France, Poland, Spain, Egypt and Switzerland to replicate actual situations at every stage in the customer experience, from signing up for a service to learning how to use it. Any problems understanding or using a product or service can help inform what changes need to be made for a successful market launch. This proactive anticipation enhances simplicity for consumers, small businesses and corporate users alike.



123 million customers

Orange is France Telecom's flagship brand, with 123 million customers at the end of 2008. This customer base has doubled in three years.

welcome to "service 2.0"

Top-quality service means giving customers a choice of ways to access information or solving a problem. In addition to traditional channels, more and more customers turn to online help. Assistance modules on Orange portals guide visitors step by step to help them find the answer they need, whether their question concerns a contract, the advantages included in their offer, or a request for help. These modules are enriched with telephone and chat contact options, plus training videos and themed forums that are spawning an entirely new breed of service support. In the spirit of Web 2.0, the community of Orange customers share their experience and help others resolve problems posted on different forums. The customer assistance pages on orange.fr welcome some 6.6 million visitors per month.

listening to the needs of businesses

Orange Business Services is committed to an exemplary customer experience for all businesses. Customer satisfaction of both account managers and end users is continually measured. Key goals include making certain that no customer remains unsatisfied in two consecutive quarters.

The Group strives to simplify daily contacts with customers, including support for users and administrators, online support applications and electronic invoices.

The service quality of Orange Business Services is regularly recognised by awards from independent industry observers. In October, the Telemark "World Record Award" was one of seven distinctions received by Orange, acknowledging the operator that did most to "raise the level of customer satisfaction".

brand

Orange is the Group's single brand for Internet, television, mobile and all digital services in the majority of the countries where the company operates. The Orange brand embodies the Group's values and commitment to bringing the "global digital village" to the largest possible number of people, creating a powerful and differentiating asset that unifies the image of the enterprise around the world.

an increasingly powerful brand

In the space of just a few years Orange has grown from a mobile phone brand in the United Kingdom to one of the world's leading brands in broadband, content and associated services for consumers and businesses. At 31 December Orange had 123 million customers worldwide, an increase of 5 million over the previous year.

In the 2009 ranking of the world's most powerful brands by Millward Brown Optimor, Orange climbed 14 spots from 2007 to no. 53, alongside names like eBay or Colgate.

The Orange brand's geographic footprint expanded in 2008 to new markets such as Niger and Kenya, where Orange introduced mobile offers. Elsewhere, businesses previously marketed under local brands adopted the Orange banner, including mobile services in Austria, Internet in Kenya, plus Internet and mobile activities in Mauritius. This brings a growing number of customers access to a world of top-performing services and media, while local offers are able to leverage the visibility of the brand and its values.

This more powerful and more universal Orange brand will continue to expand across the globe in the years ahead. It will welcome the Internet, multimedia and enterprise services of TP in Poland, as well as new mobile operations launched in Armenia and Uganda.

a shared vision around the world

Orange entered an exciting new phase in sharing its vision of a world where relationships, creativity and collaboration are flourishing thanks to new ways of communicating. Orange believes that this more connected world eliminates distance and cultural differences. It creates vast potential for people to share experience, ideas and aspirations, encouraging collective initiative to bring projects to fruition and unlocking the power of community, a source of value.

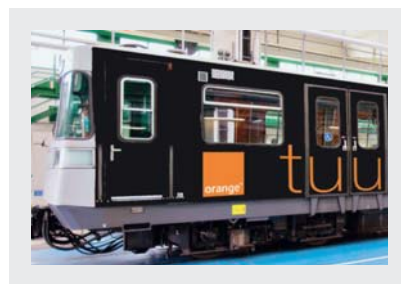
An international TV, radio, print and Internet campaign – the largest ever launched by Orange – was unveiled in July 2008 across the brand footprint to express a very simple, human and universal message: together we can do more. In the ads Orange gives voice to people whose achievements are underpinned by their relationships with others. Thanks to simpler and more innovative services and media developed by Orange, everyone in every situation can communicate, cooperate and create better with others.

international development

France Telecom continues to pursue carefully managed and selective external growth based on clearly defined strategic and financial criteria. The two-fold objective is to consolidate its positions in mature markets and expand its presence in emerging countries, notably through the acquisition of mobile licences.

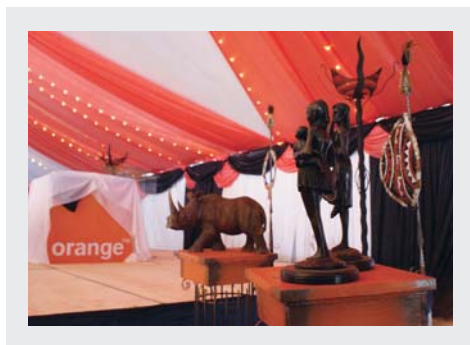
simple,
straight forward,
friendly,
refreshing
and dynamic,

values that have guided
the Orange brand since
its creation



Austria adopts Orange brand

The ONE brand enjoyed an excellent image in Austria where recognition levels close to 100%. The adoption of the Orange brand by ONE was a daunting challenge. The new brand was successfully rolled out thanks to strong mobilisation by teams and a massive, high-profile campaign. The day of the launch Orange became the first brand to grace the front page of *Kronen Zeitung*, Austria's largest circulation newspaper, as well as the celebrated Clock Tower in Graz. A hundred stores and the new Web portal also took on Orange colours on "O Day". The event received an enthusiastic response from the public as the Orange image in Austria reached remarkably high levels of awareness in just a few months.



growing mobile markets in Africa

Orange had operations in 14 African countries at the end of 2008 and continued to expand its footprint. These countries are characterised by a low penetration rate, as in Uganda, where this rate was under 27% at end 2008. The number of customers rose 45% in the Republic of Côte d'Ivoire, 41% in Senegal and 36% in Mali during the year. Continued very strong demand has encouraged governments to grant so-called global licences that include mobile and Internet. As an integrated operator, Orange is able to combine its mobile offer with broadband services for businesses and consumers, particularly thanks to WiMax high-speed wireless technology.

a strong global presence

In 2008 the Group was a fixed and/or mobile operator in 30 countries, with a presence in 166 countries to serve business customers. This global presence creates a compelling competitive advantage for customers. Regardless of the size of their local market, they benefit from the Group's cumulative expertise in other regions of the world, as well as enterprise-wide investments in network quality, customer support and new products. The Group currently offers over 100 global products available simultaneously in more than one country. This international presence also accelerates the profitability of new operations or businesses. A product or service can be rolled out in multiple countries to generate immediate and substantial economies of scale.

consolidation in mature markets

External growth in markets is focused on strengthening the integrated operator strategy. A bid for Scandinavian operator TeliaSonera was considered during the first half of 2008 with the aim of creating a global leader in converged communications services. Discussions with the board of directors of TeliaSonera did not lead to an agreement on financial terms and France Telecom therefore decided at the end of June 2008 not to present a firm offer. Other transactions in 2008 concentrated on businesses in specific segments that complement the Group's portfolio. In Switzerland, for example, the acquisition of the Citydisc multimedia distribution network will enable Orange to significantly increase the number of sales outlets in the country from 47 to 80 by the end of 2009. It also provides a platform to promote new integrated telecommunications and multimedia offers. GlobeCast, a unit of Orange Business Services, expanded and strengthened its presence in Asia with the acquisition of Hong Kong based PCM, a leader in broadcast services in Asia.

priority on mobile in emerging markets

In 2008, international development focused on emerging markets with the greatest growth potential. Orange continued to expand in Africa, where it aims to become the benchmark operator. The Group launched mobile and Internet activities in July in Niger, after being awarded a licence for fixed, Internet and mobile services at the end of 2007. Several months after acquiring a 51% stake in Telkom Kenya, the country's incumbent operator, mobile services were launched in October under the Orange brand, which was also adopted by the Group's Internet operations in the country. Also in October, the Group acquired a mobile licence in Uganda. Orange Uganda launched operations in March 2009. In Western Asia, Orange won its bid for the third GSM and 3G mobile licence in Armenia. The service is expected to launch in the first half of 2009.

Beyond our core business, Orange has invested in new activities with attractive potential created by the combination of the digital revolution and changes in society. Delivering content, monetising audience through advertising and creating e-health services are all fresh growth outlets for the years ahead. Orange's integrated operator strategy and leadership position in broadband put us in an excellent position to develop these new markets.

content

Music, TV, video on demand, gaming... today's consumers want quality entertainment adapted to the screen they're using and available at anytime, anywhere. As the European leader in broadband – TV, Internet and mobile – Orange boasts natural assets to play a major role in the content delivery market.

content everywhere

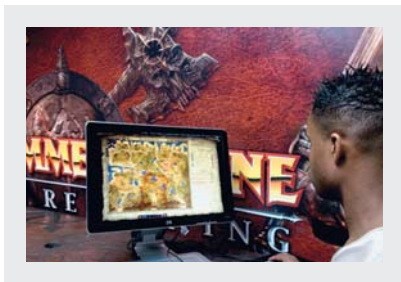
Digital content distribution shows significant growth potential in European markets. Widespread availability of broadband services has fuelled consumer appetite for this content, further energised by increasingly ubiquitous mobile devices with multimedia capability.

By proposing an ever more varied line-up of attractive content Orange anchors the loyalty of current customers while attracting new consumers to its fixed or mobile broadband services.

the music show

weekly music news

Each week, Orange customers can enjoy concert excerpts, clips, album reviews, exclusive interviews with artists and news from the effervescent UK music scene with a new online offering. Launched in July, The Music Show joins an already rich selection of top-quality music content. The programme is produced in a format tailored to the Web and mobile phones and available on orange.co.uk or via the Orange World mobile portal.



Viaccess

Security is a fundamental priority in the world of digital content. Orange subsidiary Viaccess is a growing European leader serving enterprises in content protection. To stay a step ahead of piracy, Viaccess changes customer smart cards every 24 months. The latest generation is called "PRAHA", in Proactive Against Hacker Attack. Launched in September, the card offers the highest level of security currently available. In March, Viaccess signed an agreement to acquire Orca Interactive, a leader in IPTV applications. This strengthens Viaccess European leadership in IPTV digital rights management, enabling it to propose a broader catalogue of solutions for customers.

The Group's strategy revolves around "Any content, anytime, anywhere", perfectly aligned with a transition from an access provider to a service provider. This strategy is supported by Orange's European leadership in fixed and mobile broadband and the convergence of its platforms. This unique position enables Orange to offer the same content adapted to each type of device and any screen – computer, TV, mobile phone, MP3 player, etc. The Orange Music Store, available in the United Kingdom and in France, is a perfect illustration of this strategy. The portal enables music downloads via the Web or mobile and titles can be transferred between devices.

a continually enriched line-up

The Orange content offer is built on four pillars: sport, cinema and TV series, music and gaming. To satisfy strong demand from customers Orange continually enriches its offering and actively seeks out new content.

The five Orange cinema series theme channels launched in November in France feature a selection of exclusive quality programming not available elsewhere in France thanks to agreements with major producers (Warner, HBO, MGM, Gaumont, Bac Films, etc.).

Launched in August, Orange sport is a 100% sport channel with an accent on live excitement, sharing and interactivity. Each week Orange sport broadcasts a complete schedule of live events, including soccer, handball and basketball. There is also an interactive service with video on demand featuring highlights from Orange Top 14 Rugby matches for example, plus live scores and statistics.

Sport is also driving content development in Poland, where the Polish version of Orange sport launched with six Polish championship league matches. In Spain, Orange TV has added Gol TV, a popular 24-hour football channel.

The music offer is also regularly enriched, including two new options to meet demand for downloads: Musique Max (up to 500 songs a month) and Musique Hit (with a selection of 50 songs a month). The catalogue contains over a million songs in every musical genre thanks to partnerships with major record companies and two independent labels.

The online video games segment was equally effervescent in 2008.

Orange's gaming business unit GOA added a third title to its goa.com portal (Kart n' Crazy) and launched the much-awaited Warhammer Online®: Age of Reckoning™ massively multiplayer online role playing game.

new uses, innovative services

By blending content and technology Orange is trailblazing new paths in digital entertainment, proposing unprecedented quality and personalised interactive services.

The same high-quality audio and high-definition pictures delivered by IPTV and video-on-demand services are gradually entering the mobile segment, as in Austria and Spain. This leap forward in quality vastly enhances user comfort.

Digital technology also lets customers watch programmes when they want to, not necessarily at scheduled times. In addition to increasingly successful video on demand, Orange now offers TV on demand. The majority of programmes and series shown on France Télévisions and M6 can now be watched on Orange TV at any time. The Orange cinema channels also propose “catch-up” programming so customers never have to miss a film shown on one of the five channels. By making its content available on all screens, Orange is addressing powerful demand for individual consumption models. All the members of the family can watch their favourite shows on their preferred device. With Orange, digital entertainment means consumers create their own programming line-up.

audience and advertising

By enriching its access solutions with value-added services and content, Orange has built up the largest Internet audience in Europe and launched further development of its audience on mobiles and IPTV. These new platforms for nurturing relationships between brands and consumers create attractive new revenue streams for the Group through advertising.

strong audience performance on three screens

In December 2008 the Group had 54 million unique visitors on its websites (source: ComScore). This makes the Group no. 1 in Europe and the leading operator in the world, with particularly strong positions in France, Spain, Poland and Latin America. Orange IPTV and mobile Internet services add significant numbers to this aggregate audience. Orange intends to grow this audience to develop advertising, supported by the creation of targeted content. “Talk Orange Le Figaro”, for example, is a free daily news site conceived specifically for delivery via the Web and mobile phones. Other innovative personalised service platforms from Orange include Djinngo or MysocialPlace.

boosting advertising impact

Digital advertising is flourishing despite the downturn in the broader advertising industry and continues to post high growth rates. In France, for example, the segment is expected to advance 14% in 2009 (source: Cap Gemini for Syndicat des Régies Internet). Digital media introduce new ways to reach out to consumers with more targeted, less intrusive advertising.

No. 1 in
Europe
in Internet
audience

No. 3 in France

22 million

visitors to Orange sites:
orange.fr, 118712.fr, voila.fr, goa.com
and more

No. 3 in Poland

9 million

visitors monthly on wirtualnapolska.pl
and orange.pl

No. 5 in Spain

11 million

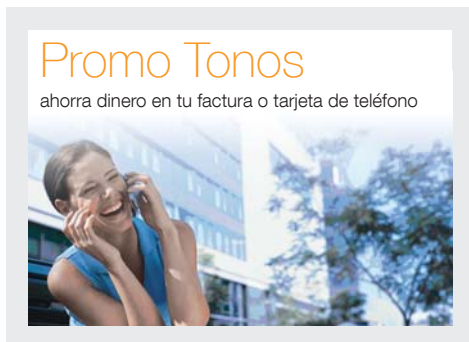
unique visitors per month on Group
portals, including orange.es and ya.com
(source: Nielsen)

Cityvox
joins Orange

In March Orange acquired Cityvox, a French leader in local event and leisure information sites, including cityvox.fr, cinefil.com, concerts.fr and spectacles.fr. The acquisition expands the Orange catalogue of attractive websites for local advertisers, with a business model that can be deployed in other countries in Europe.

Promo Tonos In Spain

Spanish customers can cut their phone bill by listening to advertising spots on their mobile phone. Promo Tonos has revolutionised the mobile advertising market in Spain by replacing music-on-hold with advertising spots. When customers make a call, the ringback tone is replaced by advertising messages. Customers can sign up for the free service on www.orange.es, Orange World or via SMS. In exchange they receive discounts off their phone bill – the more calls they receive, the greater the rebate.



mobile tele-assistance

Mobile teleassistance is the first range of personal services created specifically for mobile phones. Developed in partnership with Mondial Assistance, it provides access to a range of daily convenience services, as well as immediate assistance. The service is easy to access by simply pushing a key on the mobile phone for three seconds for connection to the Mondial Assistance help desk. The service is extremely reassuring for people who know that assistance is always right at their fingertips.

Orange takes advantage of these novel opportunities to create innovative advertising content, not only for the Internet, using local segmenting and targeting of consumer profiles, but also for mobiles and television. A new business model is emerging in the mobile segment, as advertisers subsidise certain customer advantages, including call time, content and even lower bills. In 2008, Orange tested insertion of advertising in SMS messages in Switzerland in partnership with Amobee Media Systems, a mobile phone advertising specialist. Several top-tier brands took part in these trials. Customers can choose whether to activate options like these to be entitled to discounts on their phone bill. Following successful trials in late 2008, Orange TV will introduce interactive advertising in 2009. With a simple click, viewers can access an interactive site created by an advertiser to obtain information.

pan-european media marketing

The Group's advertising unit was renamed Orange Advertising Network in 2008, delivering expertise in advertising solutions on computer, TV and mobile phone screens. A team of over 200 specialists markets digital advertising on Group sites, as well as those of top-tier brands in such as ViaMichelin, with which an agreement was signed during the year. Through a partnership with the Ad Europe network, Orange Advertising Network reaches 160 million unique visitors per month, creating comprehensive, personalised digital advertising solutions in over 60 countries and 26 languages.

e-health

Information technologies make a pivotal contribution to modernising and improving healthcare. A pioneer in e-healthcare, Orange Healthcare introduced its first services in 2008 and aims to become the European leader in this growth sector by 2010.

addressing healthcare issues facing society

Aging populations and rising numbers of people with chronic illnesses in Western countries have led to a surge in hospital stays and burgeoning medical spending. The Healthcast 2020 study by PriceWaterhouseCoopers estimates that the healthcare budget of OECD countries could reach 16% of their GDP in 2020. These profound and lasting trends mean that new solutions are needed to improve the efficiency of healthcare systems while reducing costs. Applying communication technologies to address healthcare issues has spawned the promising field of e-health. This segment is expected to see annual growth of 15-20% in the years ahead, outpacing the average for the sector. Leveraging a decade of experience and a broad portfolio of products and services in the area of healthcare, the Group is well-positioned to become a European leader in the sector.

Many of the initial services available from Orange Healthcare have been designed by Orange Labs or Almerys in collaboration with healthcare professionals and launched or tested in France, Romania, Spain and Poland in 2008. They focus on two primary objectives: facilitate the work of healthcare professionals and improve the quality of life of patients.

solutions to facilitate the work of healthcare providers

Positive patient relationships are essential to the work of healthcare professionals and initiatives that make their jobs easier and save time are thus welcome. One way Orange Healthcare helps is through solutions that improve the circulation of patient data.

Orange's flagship solution in this area is called Connected Hospital, a seamless integration system developed in conjunction with France's Hospital 2012 plan. Over 40 hospitals have already adopted this interactive platform, which integrates a broad range of functions. Connected Hospital provides a platform to upgrade the hospital's information system and deploy equipment with integrated communications – mobile devices, interactive kiosks, bracelets, patient protection systems – all centred on benefits for patients, caregivers and administrative staff alike.

Time is critical in emergency situations and can make all the difference in the ability to save lives. The Connected Emergency Response solution developed by Orange sends vital data to all the actors in the emergency response chain. With accurate real-time information they can act efficiently and patient care is improved. Developed in conjunction with emergency medical response specialists, the system is currently being deployed by several emergency response units in France (SAMU/SMUR in Limousin, Champagne-Ardenne and other regions).

helping patients

For people in fragile health or who are dependent, comfort is enhanced by solutions that enable constant monitoring without requiring regular trips to surgeries or hospital visits. These solutions also substantially reduce healthcare costs.

With Connected Hospital at Home, patient records are available online via a totally secure system, enabling caregivers to coordinate therapeutic care just as if the patient were in the hospital. With remote monitoring of chronic illnesses, patients no longer need to systematically see specialists, who can monitor their status almost daily or analyse test results. Patients complete questionnaires using a touchscreen. Results are sent in real time to the physician who can then make informed decisions on the need for intervention. The service has been tested at the Navarre University Clinic in Spain since November for people suffering from diabetes or obesity. It is also undergoing trials in Lyons with Calydial, the Lyons Dialysis Association.

Should patients require hospitalisation, they can remain in touch with family and friends thanks to multimedia screens that are an integral part of the Connected Hospital system.

Monitoring chronic illnesses via mobile

A system developed in collaboration with the Navarre University Clinic enables patients with chronic illnesses like diabetes to directly send daily medical results to the hospital via mobile phone, using a completely secure system. This continuous data is a precious asset in efficiently monitoring treatment of these patients between examinations by their physician, helping optimise real-time treatment and reducing the risk of complications.

Medic4you in Romania

Working with Medic4all, Orange Romania introduced a remote medical service in October. Patients are able to consult with a physician by phone, videoconference or using a computer. Both patients and physicians can access and update medical records, enabling a fast and precise diagnosis.



the Group
in the global digital village

doing more on the Web

The orange.com website unveiled a fresh and very “Web 2.0” look at the beginning of 2008. The new homepage is easily personalised to each user’s profile, featuring rich interactive multimedia content. The different sections present the strategic vision of the Group. To find out more we invite you to visit the site and discover the orange.com experience.

togetherwecandomore.orange.com

This site presents the new Orange advertising campaign in every country where it has run, featuring clips and posters in all the local languages.

Thanks to Orange animated online presentations you can learn all about fibre optics, or see how a cable ship repairs a submarine cable, all at orange.com/en_EN/tools/boxes/flashcards

orange-innovation.tv

is the Orange TV network dedicated to innovation, with 13 channels packed with videos that spotlight the Group’s innovation news in a few minutes. Themes include e-health, content, interviews with researchers and more.



activities

people at the heart
of their network

I am my friend Claude, who taught me trout fishing in Scotland and whose dreadful snoring inspired me to find a cure.

I am Philip, my associate right from the start, and the other partner who just gave up and left.

I am my son Lawrence, who plays croquet with me every evening.

I am my customer Georgina, who's eternally grateful that her husband stopped snoring.

I am Alex, the co-founder of Passion for Life, and thanks to everyone, people all over the world benefit from my innovative health products every day.

With Orange Internet and Business Everywhere solutions

our customers enjoy a healthy balance between work and family life.

home

network

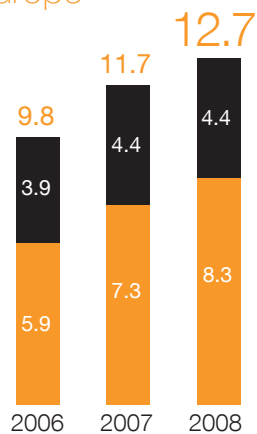
no. 1 in ADSL
in Europe with
12.7 million
customers

no. 1 in Europe
in VoIP with
6.5 million
customers

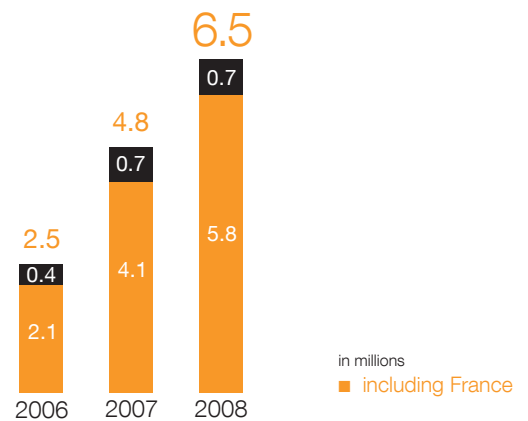
no. 1 in Europe
in IPTV with
2.1 million
customers

7.8 million
Livebox rentals
in Europe

broadband customers
in Europe



VoIP (Voice over Internet
Protocol) customers in Europe



in millions
■ including France

The Group is the leading provider of home communication services in Europe and no. 1 in ADSL broadband services. We are also actively developing business in promising growth markets in Africa and the Middle East. The Group experienced strong growth in broadband in 2008 which almost entirely offset the natural downward trend in traditional telephone service. VoIP and IPTV services both experienced robust growth, with a year-on-year rise in the customer base of 36% and 66%, respectively. The Group's strategy places priority on convergent services, coupled with high-quality, easy-to-use solutions based on the Livebox gateway for multiplay services. The Livebox provides a pivotal lever for the deployment of new enriched communication services.

France fixed and Internet

- Revenues: 18.1 billion euros
- Fixed-line customers: 21.8 million
- ADSL customers: 8.3 million
- VoIP customers: 5.8 million
- IPTV customers: 1.9 million

Poland fixed and Internet

- Revenues: 3.0 billion euros
- Telephone lines: 8.9 million
- ADSL customers: 2.2 million

Rest of the world fixed and Internet

- Revenues: 2.2 billion euros
- ADSL customers: 5.1 million
 - including United Kingdom: 1 million
 - including Spain: 1.2 million



the Group in its markets

France

The Group is the incumbent operator and leader in the market. It actively manages its traditional telephone business while pursuing dynamic development of broadband services. Revenue growth from Internet activities in 2008 more than offset the decline in revenues from conventional telephone service.

Revenues from traditional telephone service contracted 18.2% for calls and 8% for subscriptions, reflecting a natural erosion of the installed base and growing use of VoIP.

The aggregate decline in the number of telephone lines was halved.

This solid performance reflects the positive impact of a customer service policy centred on a new loyalty programme (dubbed "davantage fixe") and a simplified choice of "optimale" call plans. Customers now have a choice of four plans aligned with different usage profiles.

Making choice easier for customers had a direct impact on performance since at year-end 2008 the number of lines with an "optimale" contract had risen over 52% to 2.5 million. Orange maintained its leadership in ADSL, growing its share of the market by 0.3 points to 49.4%. The rise in total customers was accompanied by strong take-up of multiservice offers. The number of Liveboxes rented at 31 December reached 6.5 million, a rise of 26%. Growth was equally strong for VoIP, which counted 5.8 million customers at year-end, a rise of 41%, and for IPTV, which surged 66% to 1.9 million customers.

These results reflect a consistent and well-structured range of services and coverage of almost the entire country. Following extension of the "Broadband for Everyone" programme, 98.3% of the French population had access to ADSL at the end of 2008. What's more, this 98.3% of the population is eligible

new Orange shop concept

Orange continues to invest in retail networks, adding to the number of shops and enhancing their design. A new store concept for France was unveiled in Bordeaux at the end of October and will progressively be deployed in key French cities around the country. With over 300 square meters on three levels and a team of 30 specially trained sales associates, the new stores give customers a unique and personalised opportunity to try a wide selection of advanced Orange solutions for the home while taking advantage of support and assistance services.



for Orange multiservice packages, with TV reception either via ADSL or via satellite thanks to a new offer introduced in July.

To drive ongoing growth in broadband Internet, Orange combines dynamic marketing and an attractive choice of exclusive, top-quality content. Orange was particularly active in content in 2008, launching Orange Sport football programming, the Orange cinema series channels and music download options and new games. The Group intends to carry on with the fibre-optic deployment campaign initiated in 2007 as soon as the regulatory framework has been established. Thanks to fibre, customers enjoy the benefits of very-high-speed broadband Internet service in their home.

United Kingdom

The slowdown in home communication activities in the UK reflects the decline in the low-speed Internet segment and in the portal business, as well as the company focus on customer value rather than volume. The number of unbundled customers and converged customers (broadband plus mobile) both experienced a continuous growth throughout the year.

With its promise of "Broadband to fit your life", Orange UK continues to deliver the best possible solutions to customer expectations by designing innovative services and bringing them to market. Following an in-depth restructuring of its network, Orange offers exceptional user convenience thanks to download speed of up to 8 Meg for all packages.

Orange UK has also spurred sales by promoting its position as an integrated operator in creating new services. A range of low-cost fixed broadband packages was introduced for the Group's large base of mobile customers in the country. The entry level Home Starter package is offered free under certain conditions. The objective is to encourage people familiar with the Orange brand and the associated mobile service quality to migrate to the Group's Internet solutions and ultimately enjoy the benefits of converged services. This strategy also led to the introduction of "At home and on the go" packages that combine home and mobile broadband thanks to a USB key modem. These initiatives reflect a strategy of securing customer loyalty through high-quality converged services to ensure healthy margins.



Livebox keeps getting better

simpler, more powerful and more eco-friendly

In 2008 customers discovered a new and improved version of their multimedia gateway, integrating significant enhancements. Energy consumption 25% less on average, the new Livebox is easier to use, and WiFi coverage has been boosted. To mark the fifth anniversary of this gateway, a new generation will be available in France in 2009. It boasts a new design and advanced features for greater customer convenience: simple WiFi connection, twice the speed and further reduction in the environmental impact.

Spain

Orange Spain is the top challenger in the Spanish market in fixed telephone and Internet access services. In a difficult market environment, the unit benefited from the success of dual and triple play offers, along with the integration of Ya.com, an ISP acquired in late 2007. Orange recorded robust 14.6% growth in ADSL revenues, keeping with the trend in other key European markets.

The Group consolidated its position in the Spanish market, becoming the alternative operator with the most extensive proprietary network in the country. Orange Spain is also the leader in unbundling, which represented 863,000 (74%) of its customers at the end of the year. Orange added an array of innovative Internet services during the year featuring sport and entertainment content and two new triple play packages, Orange Digital+ and Yacom+, both developed in partnership with Digital+. At the beginning of 2008 the Group

launched Yacom Total, the first Internet and telephone offer under the Yacom brand with unified billing, including the fixed line rental cost. This follows the tremendously successful “Todo en uno”, introduced under the Orange brand in 2007, including a fixed line, telephone and ADSL service, plus Orange TV. Although the total number of broadband customers remained relatively stable in 2008, the year saw the number of VoIP customers rise by a factor of 3.1, plus a 59% surge in the number of Orange television customers to 87,300. Orange was very active expanding the digital home with the launch of Liveradio and Livephoto. Liveradio uses ADSL or WiFi to tune in to a selection of over 4,000 radio stations around the world, as well as music on any computer in the home. Livephoto is a digital picture frame that can be updated at any time via WiFi. To drive continued growth in the Spanish market, the Group promotes these innovations, introducing a steady stream of offers tailored to the needs of customers and nurturing close relationships with them.

Poland

Poland is the Group's second-largest market for home communications services. Its subsidiary Telekomunikacja Polska (TP) is the country's incumbent operator. Against a backdrop of stiff competition and a restrictive regulatory framework, TP offset most of the decline in revenues from traditional telephone service by developing a comprehensive and innovative broadband offer. Price cuts for traditional telephone service imposed by the regulator and the migration of many customers to all-mobile explain the downturn in fixed revenues in 2008. This trend was contained thanks to an in-depth restructuring of call charges during the year, combined with continuous improvement in quality of service. The trend was quite the opposite in the Internet segment as TP maintained its leadership in a fast-growing and hotly competitive market. It developed its range of solutions to better cover consumer needs. Alongside Neostrada, the top-of-the-line offer from TP,



Internet access for Polish schools

The TP group is actively committed to making Internet access more widely available in Poland through a programme to connect schools supported by its foundation. The “Education with TP Internet” initiative launched in 2004 provides discount rates to bring Internet into schools. At the end of 2008 over 14,000 Polish schools – 80% of the country's total – had been connected, enabling 4 million schoolchildren to benefit from TP Internet services. The programme includes teacher training and initiatives to promote awareness of Internet security issues.

including IPTV, Orange Freedom was introduced for consumers seeking an economical broadband service. For customers without ADSL coverage, TP introduced a home Internet access service in December based on specifically deployed mobile technology. Orange TV was top of mind with the launch of Orange sport, which has exclusive broadcast rights for six matches during each day of play in the Polish football league. As in France, TP also proposes an ADSL+ satellite offer that gives all ADSL customers access to **dual play** packages.

rest of the world

In addition to its main markets, the Group continues to develop home communications services by expanding its Internet customer franchise.

other European countries

In other European countries, where the Group's presence has historically been led by its mobile business, Orange continued to deploy its integrated operator strategy with an

emphasis on home communication solutions, introducing broadband for the home to energise the growth of convergent services. This strategy guided initiatives in Belgium, Luxembourg, Switzerland and Slovakia.

In Belgium, Mobistar's convergent services enable customers to enjoy broadband surfing at home without a fixed line thanks to the At Home offer. Mobistar also offers services based on the Livebox.

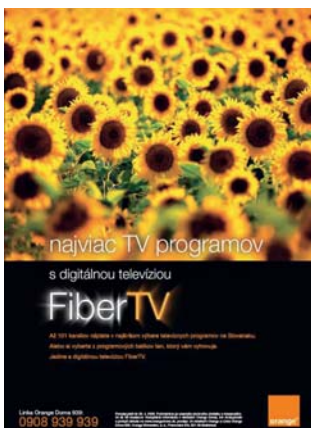
The population density in Slovakia has led the Group to invest in fibre optic networks. To date, 270,000 households have been connected and nearly 20,000 customers have signed up for very-high-speed broadband service, bringing them access to a continually expanding range of attractive content, including new themed portals, video on demand and more.

Orange began offering ADSL services in Switzerland in 2007, adding to the range last year with Orange Home Pack, combining ADSL broadband and telephone service. In partnership with electricity company EWZ, which owns a fibre optic network in Zurich, Orange proposes standalone or package

services to connected households in the city for fixed telephone, very-high-speed Internet and high-definition TV.

Africa, Middle East and Asia

The Group is a fixed telephone or Internet operator in 16 countries. The customer base exceeded two million thanks in part to the success of broadband Internet, notably in Jordan, which topped 100,000 customers in early 2009 after rolling out new offers. Orange also proposes broadband services in Senegal, Mali, Republic of Côte d'Ivoire, Central African Republic, Mauritius, Niger and Kenya. The Group celebrated the fifth anniversary of ADSL in Senegal with the launch of a 10 Meg offer. In Republic of Côte d'Ivoire, over 10,000 people signed up for ADSL Internet access during the last quarter, bringing the total number of customers to 44,000 at 31 December, representing full-year growth of 96%. In Mauritius, the MyT triple play offer, based on the Livebox, enjoyed strong success and helped anchor the loyalty of fixed-line customers. Orange continues to develop broadband in new markets, adding Niger and Kenya to its global broadband footprint in 2008.



Jordan welcomes first IPTV offer

The launch of "TV from Orange" in early September marked the first ever IP television offer in Jordan. Via their Livebox customers can watch two packages of Arabic and international channels, featuring news, sport, movies and children's programming. There is also a video on demand offer. The new service underlines Orange's position as an innovative operator with robust technologies to serve rapid Internet growth in a country that intends to remain on the cusp of the Internet culture in the region.

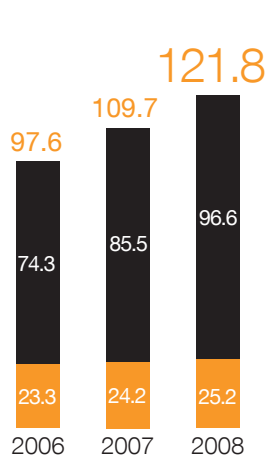
personal network

121.8 million
customers
in 30 countries

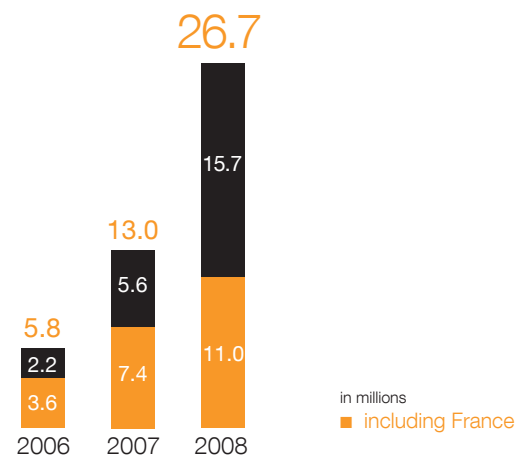
26.7 million
mobile broadband
customers

No. 3 mobile
operator
in Europe

mobile customers
worldwide



mobile broadband customers
worldwide



in millions
■ including France

As of 31 December 2008, Orange had nearly 122 million mobile customers in 30 countries, spanning Western Europe, its largest market, Central and Eastern Europe, Africa, the Middle East and the Caribbean, where the development outlook is very attractive.

The mobile business experienced strong growth in 2008 as revenues rose 5.6% on a comparable basis. The customer base increased 10.8% (not including MVNOs) and the number of broadband mobile users surged 70%.

The Group aims to rapidly acquire new customers in emerging markets while attracting a growing share of customers in Europe to mobile broadband services and gain a leadership position in this market.

France mobile

- Revenues: 10.5 billion euros
- Customers: 25.2 million
incl. contract customers: 17.0 million, incl. broadband: 11.0 million

United Kingdom mobile

- Revenues: 5.7 billion euros
- Customers: 16.0 million
incl. contract customers: 6.2 million, incl. broadband: 3.3 million

Spain mobile

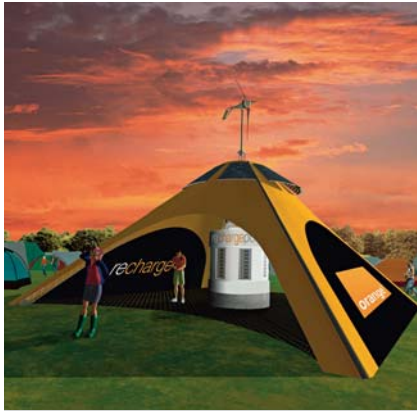
- Revenues: 3.4 billion euros
- Customers: 11.4 million
incl. contract customers: 6.4 million, incl. broadband: 3.3 million

Poland mobile

- Revenues: 2.5 billion euros
- Customers: 14.2 million
incl. contract customers: 6.2 million, incl. broadband: 4.6 million

Other countries in Europe, Africa, the Middle East and Asia mobile

- Revenues: 7.6 billion euros
- Customers: 55.1 million
incl. contract customers: 10.0 million, incl. broadband: 4.5 million



the Group in its markets

France

With a 43.6% share of the mobile market at 31 December 2008, Orange maintained its no. 1 position among French operators. Business growth flowed through to a 24% rise in revenues from data services (SMS and mobile multimedia). The customer base increased 4% as Orange added one million customers in 2008.

Including customers of mobile virtual network operators (MVNO) who use its network – representing 1.8 million customers at end 2008 – Orange had a market share of 46.8%, up 0.4 points over the previous year. Orange's attractiveness was enhanced with the launch in April of Origami, an offer that introduces greater clarity and segmenting. Origami is a set of four plans tailored to the way mobile phones have become an important part of people's lives, from occasional use to unlimited voice calls and mobile multimedia. M6 Mobile by Orange also unveiled new offers, targeting young people in particular with unlimited SMS messages.

The "changer de mobile" (change your mobile) and "davantage mobile" (more mobile) programmes had a favourable impact on customer loyalty. Although changing operators was made easier by improved number portability, the churn rate for contract customers dropped 0.3 points during the year to 10.1%. Orange contract customers represented 67.4% of its customer base at year-end, up 2.6 points over the previous year. Unlimited offers have seen strong development in recent years and accounted for 62% of contracts at 31 December 2008. Orange also introduced new prepaid card offers, including a limited edition recharge, football club branded packs and new phones, including the Bic®Phone. Developed in partnership with Bic®, this simple, ready-to-go phone counted over 100,000 units shipped to supermarkets and local shops. The year was marked by tremendous demand for new phones compatible with 3G mobile broadband service. Featuring major user interface innovations like touch screens, these phones encourage the use of mobile

convergence offers multiply

Fixed and mobile services increasingly fuse at the peripheries as the borders between them disappear. Orange intends to profit from this evolution and remain a leader in convergence.

In most countries where it operates the Group offers Internet Everywhere, based on 3G+ dongles or compatible laptops. The service lets customers enjoy broadband connections anywhere, whether at home or on the move.

The "Unique" option, available in France (Unik), Poland, the United Kingdom and Spain (Único), blends the best of fixed and mobile: Orange customers with a Livebox and a mobile plan benefit from unlimited Internet access via their Unique phone whenever they are in range of their Livebox or a WiFi hotspot.

multimedia services. The number of broadband mobile phones surged in 2008, thanks in particular to the iPhone 3G—which recorded sales of over 537,000 units in France in the second half of the year – as well as the BlackBerry®Bold™.

At the end of 2008 some 11 million customers enjoyed mobile Internet access. The contribution of these services to revenues rose sharply to reach 20.7% at 31 December. For all these customers, the Orange World portal provides a gateway to digital mobile content. The portal aggregates a vast array of information, entertainment and services, including content developed specially by the Group (music, sport and cinema).

To make these new services available to the largest number of customers Orange continued to improve its network. 3G+ coverage reached 74% of the population at the end of the year, putting Orange in the top position in France. New technologies also boosted speeds, which reached 3.6 Meg and even 7.2 Meg in major cities. This opens up a host of exciting possibilities for new services currently in the development pipeline.

United Kingdom

Orange is one of the United Kingdom's leading mobile operators, with a market share of 22%. The UK is Orange's second-largest market for personal communication services in terms of both revenues and customer franchise. Business expanded in 2008 under the combined effect of a 2.3% rise in total customers and higher revenues from data services (+2.6%). In a fiercely competitive market dominated by prepaid cards, Orange introduced attractive new offers, including entry level plans and solutions for students. This led to a rise in the share of contract customers from 35.9% to 38.6% during the year, an increase of 3 points. Orange topped 6 million contract customers in the UK during the third quarter. The range of packages for prepaid customers was restructured, inspired by the popular "animal" offers. Four packages, each branded with an animal, are tailored to specific usage profiles and offer targeted rewards. The Dolphin package, for example, is perfect for people who belong to social

networks thanks to inclusive free mobile Facebook access. Mobile multimedia continued to see enthusiastic consumer take-up as the number of mobile broadband customers rose 86.3% during the year. Demand for top-quality content also surged: more than 3.5 million songs were downloaded, a year-on-year rise of 75%. The quality of the Orange network – which provided 3G+ coverage of 93% of the population at year-end, compared to 85% a year earlier – is an asset that has encouraged growth in these new services. What's more, a survey released in November by independent polling institute YouGov rated Orange the top provider for overall mobile broadband service quality and best network for the entire UK.

Orange UK announced a new strategy in June, outlining its vision for the coming years. The initiative defines three priorities: stronger customer relationships, major investments in new-generation networks and the introduction of new products that bring Orange customers the full benefits of broadband.

iPhone available in over 25 countries

Orange has launched the iPhone in most of the countries where it is a mobile operator in Europe, the Middle East and Africa. This touchscreen phone has met with resounding success (810,000 customers at the end of February 2009) and accelerated the use of mobile broadband services.



wind charger for mobiles

A sponsor of the Glastonbury international music festival held in the UK each June, Orange used the event to unveil an innovative system to charge mobile phone batteries using renewable wind and solar energy. A free charging tent available to festival-goers had capacity to simultaneously charge up to 100 mobile phones. This innovative initiative is part of Orange's proactive commitment to promoting renewable energies in the UK.

Spain

Orange enjoys a 20.6% market share in Spain, where it is the third operator. Dynamic innovation and a strategy on flat rate products has spurred growth of 2.6% in the customer base, with a sharp increase in mobile Internet activity, with revenue from data services up by more than 7%. Orange has energised the Spanish market with a steady stream of new solutions aligned with the needs of consumers, who are increasingly attentive to their consumption, while pursuing an active customer's loyalty strategy. In 2008 it expanded its range of packages with the "Tarifa plana mini" call plan, plus "Tarifa plana Navegable", the first package to include calls plus unlimited mobile Internet use. These successful offers enabled Orange Spain to increase the share of contract customers by 2.9 points to 57% at 31 December 2008. The entry level contract market benefited from innovation with the Fusion offer, which combines the advantages of contract plans and attractive prepaid card features, targeting young consumers

in particular. Two new rechargeable prepaid cards were introduced as well: Hablo (Speak) and Mundo (World) enable consumers to earn rewards based on the number of times they recharge their card. The number of mobile Internet customers nearly doubled during the year to 3.3 million, representing 29% of the customer base. This increase was driven by the successful development of mobile broadband services like Internet and Business Everywhere. Equally important is the excellent coverage quality offered by Orange: at the end of 2008, 3G service covered 83% of the Spanish population and 3G+ reached 82%. This performance has been rendered possible in part thanks to pooling agreements between Orange and other mobile operators, starting with RAN-sharing alliance with Vodafone in 2007 and followed by a site sharing agreement with Yoigo in 2008. These solutions optimise service coverage while containing capital expenditures and limiting environmental impact. Ongoing innovation is a top priority for the Group in Spain, especially in mobile multimedia.

Poland

Orange maintained its no. 1 position in Poland in 2008. Business levels increased due to a significant rise in the number of contract customers (up 11%) and a 55% surge in mobile broadband customers. The Polish market is fiercely competitive, with three well-established operators and an emerging fourth player, plus MVNOs. The market is also reaching saturation since the mobile penetration rate exceeds 100% and growth will clearly slow. The Group has thus focused on stabilising its customer base by focusing marketing on boosting the number of contract customers. This strategy is anchored in three initiatives: develop its own distribution channels, expand the range of products and services and introduce new very competitive rates for the consumer segment. While prepaid customers represent a preponderant share of the customer base, the number of contract customers increased 4.3 points in one year, reaching 43.5% of total customers at 31 December 2008.

Orange

introduces first service for the sight-impaired in Romania



In December Orange Romania introduced a voice service dubbed "Cronos" for sight-impaired customers. Cronos gives customers voice information on their consumption plan (number of minutes used, minutes remaining, additional costs outside the plan, etc.). This information was previously available only by SMS. Thanks to Cronos, sight-impaired customers in Romania can now more easily manage their accounts. This useful service reflects one of the priorities of the Orange Foundation philanthropy programme.

Orange's second strategic growth pillar in Poland is the development of mobile broadband, increasing both the customer base and usage. A rich selection of digital TV programming and video on demand has been introduced, joined by new devices that enhance the mobile Internet experience (3G dongles, laptops with built-in broadband and more). 3G coverage has been significantly expanded as well and nearly 52% of the population enjoyed access to mobile broadband at the end of 2008.

Orange will continue this development push in 2009, focusing on contract customers and mobile broadband services in order to maintain its leadership in this hotly contested market.

rest of the world

other European countries

In Europe, Orange is a mobile operator in Austria, Belgium, Moldova, Romania, Slovakia, Switzerland and Luxembourg, where it acquired Voxmobile in late 2007. It is the leader in most of these countries. Orange developed its customer base and multimedia activities throughout 2008,

introducing new access offers, services and exclusive content. Orange Romania celebrated the 10 million customer milestone. Its **HSDPA** mobile broadband Internet network expanded significantly and now covers 500 municipalities, compared with just 60 at the end of 2007, driving a year of strong growth in data services. In Slovakia, where Orange is recognised for excellent service quality, the Group became the first operator to launch a fully-fledged customer loyalty programme, dubbed "Orange Svojim".

In Austria, the Group leveraged the rollout of the Orange brand in late September to introduce the innovative "Hallo Europa" offer that aligns call rates to EU member countries with domestic rates, bringing down communication borders. The offer was a tremendous success and quickly became the market standard.

Africa and the Middle East

Orange experienced very strong growth in all the countries in the Africa-Middle East region. The number of customers rose 27% during the year, which was marked by the 20 million customer milestone for Mobinil in Egypt. Mobinil enjoys regional leadership in the mobile market thanks to a steady stream

of new value-added services (free voice mail, missed call alerts, Internet Everywhere and more).

In other countries in this region mobile technology is the best solution for providing universal access to communication services, creating high growth potential. To tap this potential Orange has focused on winning new markets (including Niger, Kenya and Uganda), on rapid network build-out – particularly in rural areas – as well as service quality and innovation. Egypt, Senegal, Botswana and Madagascar already offer 3G services that bring customers access to a complete suite of new services. The Group applies distinctive innovation to respond to the essential needs of customers in these countries. In the Republic of Côte d'Ivoire, for example, the Group began testing Orange Money ahead of rollout in other markets in the region.

Developed with a banking partner, this system transforms mobile phones into payment terminals, fulfilling an important need in countries with limited penetration of banking services. Already the leader in its main markets, Orange aims to be the top player in every country where it operates thanks to attractive new offers, particularly for mobile Internet.

Orange Zone
la distance vous rapproche

un seul numéro, un tarif unique, les appels reçus gratuits

qui vous soyez client Orange
Côte d'Ivoire • Guinée • Guinée Bissau • Mali • Sénégal

open orange

Orange Zone distance brings you closer

To better serve customers who travel in the West Africa region, Orange subsidiaries have teamed up to create an attractive roaming offer that covers six countries. The single call rate is less than the regular rate in individual countries and inbound calls are free. Orange Zone exceeded both customer and call volume targets within months after its launch. It has already been extended to countries in the Indian Ocean and could be replicated in other countries, particularly in Central Africa. It has drawn interest from other operators in the region as well.

business network

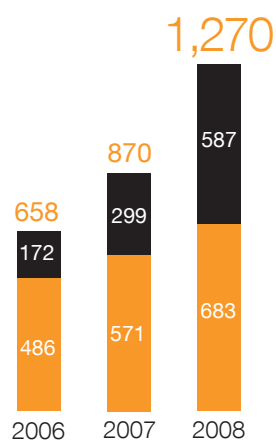
A network covering **220** countries and territories, with customer service teams in **166** countries and territories

6 million business customers, including **3,700** multinational companies and **two thirds** of the world's top **100** corporations

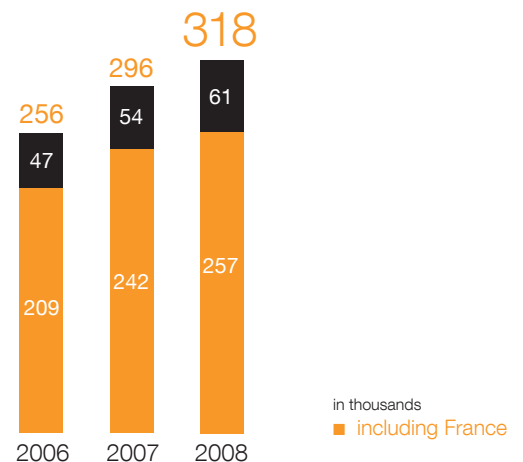
8 million mobile business users

30,000 employees worldwide

Business Everywhere
users worldwide



IP VPN access points
worldwide



A continuous stream of new communication technologies has transformed the way businesses work, opening up exciting growth paths. Orange Business Services is a major player in this opportunities new world, providing enterprises of all sizes around the world with integrated communication services that blend voice, data and mobiles, thus helping them to leverage these technologies and enhance the performance of their business and their users. For the third consecutive year, Orange Business Services was named Best Global Operator at the World Communication Awards 2008.

Dynamic growth

2008 revenues: 7.8 billion euros, up 1.9% over 2007 on a comparable basis.

Orange Business Services is a world leader in communication solutions for enterprises.

The list of large corporations that entrust Orange Business Services with the management of all or part of their communication services continued to grow in 2008 and includes Lufthansa Systems, Lenovo, Airbus, Siemens, Primagaz and Disneyland® Resort Paris.

Orange Business Services designs and provides enterprises of all sizes with convergent solutions to stimulate their growth and enhance their competitiveness.

A threeties strategy supports the transformation of our business:

- ensure ongoing investment, particularly in fixed and mobile networks to bring customers best-in-breed technology thanks to seamless service;
- help customers successfully migrate to VoIP with the deployment of convergent solutions;
- develop real-time applications that increase efficiency within companies and help them create value.

We work with businesses of all sizes, everywhere in the world.

Orange Business Services serves every type of business, from small office/home office to SMEs and global corporations. Businesses large or small enjoy access to communication technologies for efficient interaction with their business environments – customers, partners, employees – regardless of the sector, from services and distribution to energy, manufacturing or local authorities.

Over 6 million enterprises have chosen Orange Business Services.

a market in evolution

The enterprise communications market has experienced profound transformations in recent years under the boost of Internet technologies. Internet Protocol (IP) enables companies to enhance their efficiency and develop business opportunities, whether they are a one person working from home business or a multinational group. Increasingly true added value solutions are requested to help the business navigate a successful transformation to IP technology. With much experience as an integrated communications operator, Orange Business Services advises customers and offers a broad choice of innovative services, from turnkey packages to bespoke projects.



global network, local service

The combination of a network with global coverage and an extensive local service organisation creates a decisive competitive advantage in serving companies wherever they need solutions. The Orange Business Services network covers 220 countries and territories, making it the largest seamless voice and data network in the world. Orange is also the leader in IP VPN (virtual private network) access, managing over 318,000 accesses in 152 countries, an increase of 7.4% in one year. WiFi coverage is equally vast, counting

nearly 110,000 hotspots with partners in 93 countries. With local teams in 166 countries and territories, technical and commercial assistance for customers is always close at hand. The Group keeps in close touch with the market to maintain its leadership, with ongoing network investments to develop new high-speed, real-time services for businesses. It also invests in regions of the globe where demand from multinationals shows strong growth.

In Russia, for example, a broad range of integrated network and IT solutions are available. In 2008, the Group developed and launched an 1,800-kilometre high-speed network. It is also very active in Asia, investing in a network serving 22 countries where the IP VPN offer is available. In Latin America, the Group multiplied its capacities by 2.5. The Group is thus a market leader in the coverage with new access technologies for international IP VPN solutions. Its DSL offer now spans 150 countries, while Ethernet services in 32 countries has recorded robust growth.

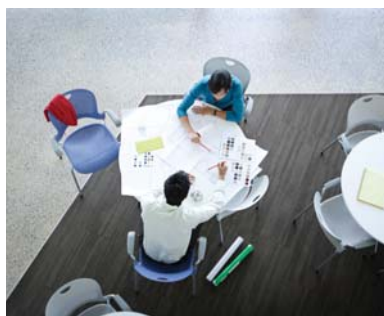


Online CO₂ calculator

The orange-business.com site proposes “Orange CO₂ saving tool”, a fun and easy way to calculate carbon emissions saved through the use of videoconferencing or remote online collaboration tools to avoid travel. Aimed at individuals, businesses and governmental organisations, the calculator covers 100 cities around the world, mainly in France and Europe. It measures the carbon benefits generated by new technologies and Orange Business Services solutions compared with travel by air, train, car or ship.

value-added partnerships

To provide its customers with solutions that deliver the best quality and efficiency, Orange Business Services has forged partnerships with world-leading technology companies, including Cisco, Microsoft, Alcatel-Lucent and Avaya. In 2008 Orange Business Services was a Cisco Global Gold Partner for the second consecutive year. It is also a premium partner of Lotus Notes and the only global Microsoft Gold Certified Partner. Microsoft is one of the early partners with whom Orange Business Services designed the Business Together collaboration solution.



In certain situations Orange Business Services partners with other operators to share or co-develop services, thus optimising the solutions available to its customers. Such is the case in China with China Telecom or in Vietnam. For its mobile data solutions, Orange Business Services relies on the FreeMove Alliance, an association of leading mobile operators, to which it belongs, covering key countries in Western Europe and North America.

IP solutions to facilitate teleworking

The Group develops a variety of mobility solutions that make teleworking and off-site collaboration easier than ever for businesses. These services increase employee productivity while making a significant contribution to corporate sustainable development policy by limiting travel and the CO₂ emissions. The Business Everywhere offer

enables users to connect anywhere, at home or on the move, in France or around the world, and work as efficiently as in their office. Simple and secure connection to the corporate network provides access to data and applications, as well as email and the intranet. This offer proved very successful during 2008 as the number of customers worldwide exceeded 1.2 million, representing full-year growth of over 46%. In France the offer was improved to address different customer profiles, in particular with the launch in June of the Business Everywhere pass, a prepaid solution for occasional users. Business Everywhere solutions guarantee security, protecting both the laptops and the network they connect to. The Group has extensive security expertise, as show with two new workstation security solutions Business Everywhere. In France, Mon PC Sécurisé secures companies with less than 100 users, while Secure My Device is a global solution for large enterprises that need to equip 100 or more fixed or mobile devices.

Operator licence in India for Orange Business Services

In July 2008, Orange Business Services was awarded a licence to provide national and international long-distance telecommunication services throughout all of India. This licence will accelerate its growth in the country and expand its business portfolio. Following the acquisitions last year of the Enterprises and Managed Services divisions of Indian operator GTL, the Group now employs over 2,000 staff in the country and services more than 680 Indian and multinational business customers. Orange Business Services has also located one of its three largest international customer care centres in India.



Orange Business Services offers a wide range of teleconference and Web-based solutions that enable significant energy savings, including telephone audioconferencing and fully-fledged Multimedia Conference. The Telepresence solution has been developed for large multinational businesses, enabling them to hold effective global business meetings without having to leave the office. The remarkable quality of life-size images and crisp audio creates conditions that are almost similar to being in the same room with other participants. Introduced in April 2008, the Telepresence service is now available in 104 countries. The Group's optimised network for Telepresence boasts the broadest coverage in the world.

performance driven by convergence

Increasingly businesses require convergent offers that combine their fixed and mobile communication services to simplify management, control costs and help employees work more effectively. Combined fixed-mobile plans for small businesses were improved in France in March 2008 with the introduction of unified billing and inclusive unlimited calls from fixed and mobile phones. Launched in September 2008, Unik for corporate is an innovative convergence solution for large businesses that enables employees' mobile phones to integrate all the functions of a fixed corporate phone. It simplifies the reachability via a single number and usage with one single voice mailbox and corporate directory.

Business Talk Premium is also based on a single number per employee. Schneider-Electric France chose this convergent solution as part of a nationwide reorganisation of its sales force, cutting the number of lost calls by half.

Unik PC, "my mobile on PC" is a PC/mobile convergence solution based on a USB key to make and receive calls from a PC using a mobile number and voicemail. The service was introduced in France in December.

Convergence offers are among the top priorities for Orange Business Services in 2009.

powerful potential for "real-time" applications

Real-time applications represent considerable growth potential. By eliminating time and distance, these applications accelerate information

Orange shines at World Communication Awards

Orange Business Services won the "Best Global Operator" award at the World Communication Awards for the third consecutive year. The judges saluted its global reach and ability to introduce innovative services in emerging markets, such as Russia, where the network continues to expand. Orange was also named "Best Mobile Operator" for the second time, having previously won the award in 2006. Yazid Chir, a pioneer in virtualisation solutions from Orange Business Services, was honoured as "Best Change Maker" for creating an association that helps young graduates from disadvantaged neighbourhoods find work suited to their skills.

flow and thus speed decision making. These real-time solutions are used for payment systems, vehicle fleet management or merchandise tracking, with specific services developed by Orange Business Services. Orange is also active in e-health services, such as monitoring chronic diseases (see section on “The Digital Global Village”), which also employ secure real-time data transmission solutions.

In October, gas distributor Primagaz introduced a groundbreaking telemetry system in France.

Designed in partnership with Orange Business Services and ISA of Portugal, the system automatically enables the resupply of Primagaz customers, delivering impeccable end customer service quality while reducing CO₂ emissions by limiting delivery trips.

Orange is actively developing **Machine to Machine**, or M2M solutions. In early 2009 the Group acquired Data & Mobiles, a French firm specialised in vehicle fleet management and on-board telemetry.

focus on consulting and support

Regardless of the size of its corporate customers, Orange Business Services is committed to end-to-end support for the solutions provided.

For projects involving major enterprise-wide transformations, the Group proposes a forward-looking approach to managing complex initiatives that overlap communications and information technologies. A special Large Projects organisation was created in 2008 to help businesses on the execution of transformation projects. The entity dedicated teams cover the entire contract life cycle, managing the execution at every stage. This commitment enables companies to focus on their core activities and take advantage of the extensive

experience of Orange Business Services and its partners in successfully managing transformation processes. Among the major projects managed in 2008, Disneyland® Resort Paris signed a contract with Orange to upgrade its entire telephone infrastructure, representing a total of 15,000 lines. Orange Business Services is managing every aspect of the project, including financing, integration, operation and maintenance of the infrastructure.



ISO certifications

guarantee service quality and security

In late 2008 and early 2009, Orange Business Services was awarded four additional certifications from the International Organization for Standardization, recognising the security of its network, the quality of its management system and the efficiency of its processes. These certifications were for IP VPN network security (ISO 15048); for global processes and governance model (ISO 20000); for the quality management of key accounts and large international projects (ISO 9001) and for the Security Management system managed by the Cairo Major Service Centre, one of the Group's three international Major Service Centres (ISO 27001).

people at the heart
of their network

glossary

3G

Abbreviation for 3rd generation mobile telephone network based on the UMTS standard.

ADSL (Asymmetric Digital Subscriber Line)

Broadband data transmission technology on existing conventional telephone networks. It enables broadband data transmission (primarily Internet access) via copper cable.

dual/triple/quadruple play

A broadband subscription with two or more services: Internet and VoIP (double play), plus digital IPTV (triple play) and mobile (quadruple play).

Edge

Wireless technology that upgrades existing GSM networks to accommodate Internet and multimedia services at four times the speed of GPRS.

HSDPA/3G+

High Speed Downlink Package Access is an upgrade of the 3rd generation (3G) mobile telephony standard UMTS, also referred to as 3.5G or 3G+. Thanks to software enhancements, it offers performance 10 times faster than UMTS, supporting broadband in packet mode downstream.

Internet Protocol (IP)

The basic communications protocol used for sending data on the Internet. It defines the way that information packets are structured to route them over the Web.

IP VPN (IP Virtual Private Network)

A virtual private network that provides the same benefits as a private network (security, etc.), but runs on public infrastructures, resulting in lower costs and eliminating the need for users to manage their network.

machine to machine

Information exchanges between machines that transit via a central control system (server) and any type of device, over one or more communications networks.

MVNO (Mobile Virtual Network Operator)

Mobile operator that uses third party network infrastructures to provide its own mobile telephone services.

SMS (Short Message Service)

Communication service for short text messages on mobile handsets and networks.

unbundling

Introduction of competition in the local loop. The phone line remains the property of the incumbent operator, but is connected to equipment belonging to a rival operator whose equipment is hosted inside the telephone exchange.

WiFi

A wireless local area network with coverage of a given zone (public area, home, business premises) enabling wireless broadband connection to the Internet.

sustainable
development

shared
responsibilities

I am my grandfather, who taught me that the sun is a wonderful resource.
I am the solar panels that generate electricity in places where it wasn't before.
I am the head of Orange Senegal, who instantly said yes.
I am the team that worked so passionately to bring mobile phones to many isolated regions.
I am the village chiefs who welcomed me and enriched me with their hopes.
I am Jean-Marie initiator of the Oryx project and thanks to everyone
thousands of people stay in touch with their loved ones every day.

With the Oryx project, **Orange installs 100% solar powered mobile relay stations in Africa.**

our approach

managing corporate responsibility

Corporate responsibility has been an integral part of France Telecom's strategy for nearly fifteen years. Initiatives launched in recent years have led to decisive progress, inspiring the Group to pursue a motivating goal: be the recognised leader in corporate social responsibility in the telecommunications industry by 2012. To achieve this, France Telecom has identified three fundamental priorities that will shape our commitment to corporate responsibility as we move forward:

- **include:** we aim to make our products and services accessible to everyone by combating all forms of exclusion – geographic (isolated areas), economic (low-income segments of the population) and physical (the aged and disabled) – and by conducting a broad array of actions to promote all forms of communication through the Orange Foundation.
- **preserve:** we will further reduce our ecological footprint and at the same time offer customers innovative products and services that will allow them to play their part in protecting our planet.
- **care:** we want to ensure that our products and services are used safely and responsibly and that they help people improve their quality of life.

To learn more, see the complete 2008 Corporate Social Responsibility Report on www.orange.com.

a commitment anchored in the code of ethics

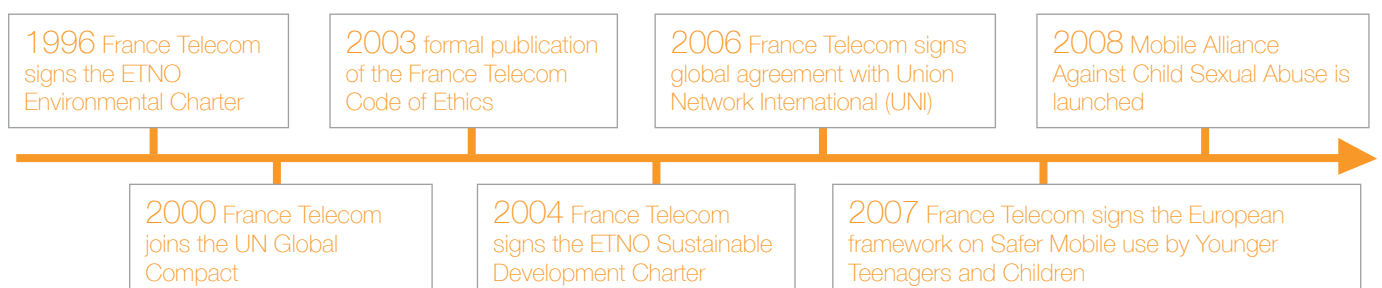
Our commitment to responsible, sustainable growth is deeply rooted in the values and principles that guide our action and thinking. These values and principles are formally set out since 2003 in the Code of Ethics and embraced by all employees.

The Ethics Committee, which is composed of four members appointed by the Chairman, monitors consistent compliance with the Code of Ethics and addresses specific issues raised by employees and management. A network of ethics advisors in each country oversees practical application of the Code of Ethics, taking into account the specific local culture and businesses.

To encourage all employees to embrace the Group's ethical values and principles, an e-learning module has been developed in eight languages. It gives practical examples, including updated "ethics case studies" added in 2008 to reflect training in different activities. An anticorruption awareness programme was also launched in 2008 to heighten awareness throughout the Group of corruption risks. This content includes information on the relevant international and national legal framework and provides guidelines on prevention.

Our Code of Ethics is available on our website at www.orange.com/en_EN/responsibility

milestones in a global commitment



recognised commitment

- In 2008, French disabled rights advocacy group APAJH (Association Pour Adultes et Jeunes Handicapés), awarded France Telecom the “Corporate Citizenship” award for its efforts to consider the rights of disabled customers (see “The Group in the global digital village”).
- The Group was ranked fourth in the global “AccountAbility Rating 2008”, an annual assessment of the accountability of the world’s 100 largest corporations (Fortune Global 100) compiled by international think-tank AccountAbility and consultancy Csrnetwork. The rise from 46th position in 2007 to 4th position in 2008 is the strongest progression of any company in this league table.

comprehensive approach

identifying the challenges

A Group-wide process identifies key **sustainable development** challenges related to our activities, applying several complementary methods: internal assessment of sustainable development risks and opportunities; evaluation of the impact of our different activities; reviews of commitments and best practices at other players in the industry; and analysis of stakeholders expectations.

ongoing dialogue with stakeholders

Collaboration with stakeholders is central to our corporate responsibility efforts. Regular dialogue with key communities ensure fruitful exchanges through a variety of channels, including meetings with consumer groups and regulatory bodies, investor road shows and other initiatives.

employee awareness, engagement and action

A strong commitment by employees is pivotal to the implementation of our corporate responsibility policy.

A broad awareness campaign was launched in April 2008 in France, Spain, Slovakia, Romania, Switzerland, Jordan, Egypt and the Republic of Côte d’Ivoire, and at Orange Business Services, to motivate people to adopt simple green gestures that help protect the environment. This initiative, called “Ten Small Actions that Make a Big Difference” included a contest that inspired 1,300 innovative ideas from employees on how to do more for the environment.

In Spain, 900 employees took part in the “Orange Solidarity” programme launched in October to encourage volunteer work centred on ten areas such as reforestation and activities for people suffering from exclusion.

promoting customer awareness

In addition to our own efforts and initiatives to deepen engagement among employees, the Group also encourages customers to take actions that support sustainable development in a variety of areas.

Introduced in France in December 2007 by Orange Business Services, the “Green IT” print and Web campaign builds awareness among business customers of how the Group’s collaborative work solutions can contribute to sustainable development, including a dedicated website. The campaign’s impact was supported by the participation of Group experts in events across Europe (Romania, Germany, Portugal, Spain and the United Kingdom) as well as in New York and Singapore.

We also encourage consumers to adopt responsible behaviour via the Environmental channel on the Orange portal (www.environnement.orange.fr). The channel features news and videos on environmental issues and promotes best practices. In countries where the Group is present, customers are encouraged to bring their old telephones and chargers to Orange recycling drop points.



building employee awareness of ethics issues

At the end of 2008, over 90% of Orange employees in France had received training focusing on ethics issues. Special sessions were organised for staff whose work involves customer contact. Practical guides make it easy for each employee to request advice or report problems via a network of specialised ethics correspondents. An alert system and controls both verify that ethics rules are applied across all business activities.

include

promoting digital inclusion

Certain sectors of society, such as rural communities or people on low income, the senior or disabled, have yet to reap the benefits of today's advanced information and communication technologies. The Group is striving to overcome this digital divide by facilitating access to its products and services by the largest possible number of people.

bringing service to rural areas

To facilitate access for the entire population, including people living in remote rural areas, we are constantly extending the coverage of our Internet fixed and mobile networks. We also help fund specific projects aimed at developing the communications infrastructure in emerging countries.

Internet

The Group has developed one of the most extensive broadband Internet networks in Europe. For example, in France, the extension of the "Broadband for Everyone" programme means that 98.3% of the population can today access the Internet via ADSL broadband. For the remaining "off-grid" rural areas, which for technical or geographic reasons cannot be equipped with ADSL, alternative solutions have been developed, such as the Pack Surf WiFi package, new access nodes known as "white area subscriber access nodes" (NRA ZO), and of course satellite. The solution to add subscriber access nodes to areas without broadband service is being developed in partnership with local authorities that seek to connect even their most isolated communities to the Internet.

mobile coverage

To meet specific local needs, the Group develops creative initiatives to make services available to people in isolated rural areas. In Egypt, for example, the "Mobinil on wheels" mobile shops travel into the most remote areas to connect with customers. In Madagascar, the Botika indirect sales concept is bringing Orange mobile services to remote rural areas, contributing to the country's economic development. Over 100 Botikas have now been opened in Madagascar.

Auvergne broadband for all

A partnership signed in 2008 with the Auvergne Region of France will extend ADSL broadband coverage to 99.6% of households in the region by installing 289 access nodes covering 300 isolated towns and villages. Once deployment is complete, 13,800 telephone lines will be ADSL-compatible and nearly 35,000 lines throughout the region will benefit from high-speed Internet access. The remaining 0.4% of households will be able to take advantage of a special satellite offer subsidised by the regional authority.

Affordable computers for Mauritius

Orange Mauritius introduced NetPC in 2008 to allow people unable to purchase a PC to enjoy online access using a basic screen and a central server. For a monthly rental of 490 Roupies (less than 12 euros), users have access to the Microsoft Office suite, plus 30 hours of broadband Internet connection.

public telephones

For people in some isolated areas or in countries experiencing brisk growth, public payphones remain the principle means of communication. In Romania, Orange is helping bring advanced technology to rural areas with the development of “telecentres” that offer public telephone, fax and Internet services. By the end of 2008, Orange had opened 58 telecentres and is currently setting up 37 more.

adapting solutions to low-income communities

In an effort to bring mobile communications to low-income communities, especially in emerging countries, the Group has developed specific rate plans and services for these areas.

In Cameroon, Orange shops in rural areas offer a mobile starter pack at less than 10,000 CFA francs (15 euros), comprising a handset and call credit.

The first-ever “Country Credit Transfer” plan was introduced in France in April 2008 in partnership with Orange and the France Telecom subsidiaries in Madagascar and Senegal. Under the plan, customers in France can add call time for friends or family who use a prepaid mobile card in either of the two countries by remotely topping up their credit. This service is set to be extended to several other African countries in 2009, including Mali, Côte d’Ivoire and Cameroon.

The Group is contributing to PlaNetFinance’s “mobile banking” project to offer microfinance services to support micro-enterprises in isolated communities around the world. The project received a grant from the Bill & Melinda Gates Foundation in 2008.

facilitating access for everyone

The “Design for All” strategy takes into account the specific needs of senior and disabled users in the design of consumer products and services. This commitment to making “accessibility” an integral part of all Group-wide processes is underpinned by ongoing dialogue with public sector agencies, advocacy groups and customers to identify needs and develop partnerships. These insights flow through to design and development of products or services for various types of disability, coupled with appropriate distribution channels.

A comprehensive catalogue of “Independent Living Services – Communications for Everyone” is published twice a year, offering specially designed products and services to meet the needs of customers with cognitive difficulties, sight, hearing, speech or motor impairments, as well as difficulties in handling objects. These products are available in France via a network of 160 specialised “Disability Solutions” stores, including four dedicated “Arc en Ciel” (“Rainbow”) outlets. Sales associates are trained to anticipate the needs of disabled customers.

Similar solutions are being deployed at other Group entities in Europe. The Group takes part in major exhibitions and forums that promote solutions for people with disabilities and seniors, and pursues ongoing dialogue with specialised institutions and advocacy groups to identify needs and propose relevant solutions. In 2008 it was present at over 41 exhibitions and events, including the European Disability Forum in Vienna, Austria, as well as a conference on issues facing senior citizens in Bled, Slovenia.

In 2007 the Group launched a project to make all of its websites and intranets accessible for people with disabilities. All European websites are today 75% compliant with the level AA of Web Content Accessibility Guidelines defined by the Web Accessibility Initiative (WAI).

“Independent Living Services” introduced in Spain

In 2008, Spain introduced a range of solutions to aid the autonomy of older, hearing or visually-impaired customers. These services have been developed as part of the “Orange Accessible” programme to make the concept of accessibility an integral part of all processes. As part of this initiative, the Orange website is currently being revamped to meet Web Accessibility Initiative (WAI) guidelines. Font size has been increased and sign language interpretation is provided for video content (indicated by a special icon).



include

making the world more accessible

Orange Foundation

Twenty years after it was founded, the Orange Foundation continues to expand its corporate philanthropy programmes, underscoring the Group's values and commitment to exemplary corporate citizenship.

a thousand and one ways to communicate

The Orange Foundation pursues activities aligned with the Group's vision of facilitating communication in all its forms. The Foundation focuses its efforts in three main areas:

- Healthcare and disabilities – helping autistic people and bringing people with visual or hearing impairment greater independence and quality of life.
- Education – promoting social and professional autonomy by joining the battle against illiteracy and promoting education for girls in developing countries.
- Culture – encouraging collective vocal music, a universal and powerful means of communication.

Advisory committees are responsible for selecting projects in each of the Foundation's areas of focus. The committees are composed of people with recognised expertise in each field, and meet between two and four times a year. The advisory committees reviewed in 2008, 550 projects out of 3,500 submitted and selected 357, including:

- 133 projects to support autistic people (dedicated facilities, training and research) and people with visual and hearing impairments (access to the arts, facilitating greater independence, developing specialised facilities at cultural venues).
- 80 projects to promote literacy (community support, resources, training, study programmes) and education for girls (Mali, Senegal, Côte d'Ivoire, Niger, Central African Republic, Madagascar, Egypt, China and Vietnam).
- 89 projects to support collective vocal music (choral and vocal ensembles, training, labour market inclusion, festivals and opera seasons).

For each corporate philanthropy project a formal agreement is established and progress reviews are conducted during and after the project.



Niger

improving educational opportunities for girls in Tillabery

In partnership with the NGO Aide et Action, which has been working in Niger since 1988, the Orange Foundation and Orange Niger provide support for the "Girls at School" project aimed at enrolling 1,500 pupils – half of them girls – at 15 schools in rural districts of the Tillabery region in western Niger. This comprehensive programme is funding the building of sanitation facilities at schools and providing school supplies and textbooks. The NGO also works in communities to raise awareness of the need to send their daughters to school to give them a better chance to succeed in life.

commitment around the globe

The Orange Foundation coordinates all philanthropic and corporate patronage actions by the Group in 30 countries worldwide, taking into account the specific requirements and culture of each country.

Foundations are very active in Senegal, Mali, Republic of Côte d'Ivoire, Poland, Moldova and Spain, where Fundación Orange recently celebrated its tenth anniversary.

Fundación Orange is particularly involved in the area of hearing impairments. The Foundation funds the "Cine Accessible" programme which enables hearing and visually impaired movie-lovers to enjoy a film either at the cinema or at home on DVD by providing audio descriptions or full-colour digital subtitles. It also supports the "signo-guide" multimedia sign language guide initiative, which, along the lines of conventional audio guides, offers independent access for deaf and hearing-impaired visitors to museum information thanks to a multimedia montage in sign language. Two Spanish museums are today equipped with these facilities.

The Fundatia Orange was launched in Romania during the first quarter of 2008. The new Foundation will support programmes to facilitate access to education for underprivileged children and social inclusion initiatives.

In countries where there is no foundation, local initiatives are pursued in partnership with associations, such as support by Mobinil in Egypt for the Association of Upper Egypt for Education and Development (AUEED).

employee mobilisation and awareness

In France, the Orange Solidarité association counts 350 volunteers who donate their time to causes supported by the Foundation. In 2008, 28 volunteers took part in international missions to countries where the Group operates. In July, three employees helped build a school in Bossangoa in the Central African Republic.

Group employees are also encouraged to sponsor projects led by associations that they are involved with.

In the area of literacy, for example, a Group employee initiated support for a project at La Clairière, a social services centre in Nancy that organises workshops in written and oral expression (theatre, writing, calligraphy).

"A World to share" exhibition

To celebrate its 20th anniversary, the Foundation asked seven photographers from the Magnum Photos agency to shoot reports featuring partner associations in France, Mali, Spain, Poland, Romania and Moldova. An exhibition called "A World to share" was inaugurated in France before visiting Spain in 2008 and then Warsaw, Poland, in early 2009.

Foundation blog

The Group is involved in a wide variety of philanthropy projects and partnerships in addition to those cited here. The Foundation's blog (www.blogfondation.orange.com/ - in French) provides more details on the many areas that benefit from support.



holidays

for 70 autistic children

Spontaneous donations by employees raised 20,000 euros for the "association Volontaires", enabling 70 autistic children to enjoy holidays at specialised facilities. The association's staff includes volunteers who are employees of the Group.

children of Berlioz

As a major partner to the European Cultural Season initiated by the French presidency of the European Union and as part of the Orange Foundation's corporate philanthropy programme, the Group hosted an exceptional concert in Strasbourg on 16 December 2008 to mark the closure of France's term at the head of the EU. Two hundred children from top European vocal ensembles took the stage, together with the Slovakia Philharmonic Orchestra, under the baton of Claire Gibault for a rich cross-cultural, musical exchange. The concert, dedicated entirely to music by Berlioz, was rebroadcast on orange.fr.

preserve

fighting against climate change

The Group has pursued a proactive environmental policy since signing the ETNO (European Telecommunication Network Operators) Environmental Charter in 1996. This policy centres on two strategic priorities: reduce the Group's environmental impact through exemplary corporate initiatives, and develop products and services that help customers reduce their own environmental impact.

reducing the carbon footprint

The Group has made a commitment to reducing its greenhouse gas emissions by 20% between 2006 and 2020. To achieve this goal it is cutting energy consumption of networks and buildings, reducing CO₂ emissions from its vehicle fleet, limiting business travel, and giving greater priority to renewable energies to meet its needs.

networks

The energy consumption of networks, including datacenters, accounts for nearly 70% of the Group's total consumption. Reducing this amount is therefore a key priority. An energy action plan that addresses all network elements – datacentres and end equipment – has been defined and will be deployed in all countries in 2009.

The Group is a founder of the Energy Efficiency Inter-Operator Collaboration Group (EE IOCG), which aims to improve the energy efficiency of high-speed networks and develop equipment that consumes less energy during operation. It is also a leader in the European research project OPERA-Net, which stands for Optimising Power Efficiency in mobile Radio Networks.

transport

Accelerated replacement of professional vehicles makes a pivotal contribution to reducing CO₂ emissions from travel. New vehicles are designed to enhance safety, while minimizing emissions and waste and contributing to reduce total costs. Training in eco-friendly driving is also being provided for employees.

Several entities have set up programmes to limit the use of individual cars. Since February 2008, for example, employees at the Orange Village site in the Paris suburb of Arcueil can take advantage of the OTomobil (Occupation des Transports Optimisée), an application that facilitates occasional or regular car pooling.

As an expert in teleworking solutions – videoconferences, teleconferences, collaborative work tools – Orange naturally calls on these solutions itself to limit employee business travel.

improved energy efficiency

The "Green Datacenters" project aims to reduce energy consumption at these facilities with a focus on four areas:

- enhanced technical environment (air-conditioning, power supply);
- reduction in the number of servers and replacement of older servers with units offering up to four times greater processing capacity;

- rationalisation of applications;
- virtualisation of servers as part of the EcoCenter project. Already, over 5,500 servers in France and over 600 in Poland were virtualised in 2008. From 2009, this program will be progressively rolled-out in all countries.

renewable energies

Several initiatives to use more renewable energies are in progress throughout the Group. In Africa, solar energy powers mobile relays (see "The Group in the global digital village").

In the United Kingdom, Orange has announced its ambition to become the greenest network in the industry. In 2008, it signed a "green" energy contract with its main energy provider which means that some 80% of total energy used now comes from renewable sources (biogas from waste treatment, small hydro-electric power stations and offshore wind farms).

energy efficient products

In addition to efforts to reduce its own energy consumption, the Group works with equipment vendors to develop devices that use less energy through eco-design partnerships and customer education. The flagship Livebox broadband gateway has received an impressive "eco-makeover". The version marketed since summer 2008 consumes more than 25% less energy than the previous version and the future model will be even more energy efficient.

Within the framework of a partnership agreement signed in March 2008 with WWF-France, Orange made a commitment to measure the environmental performance of its products and provide information on results for customers. Since October 2008 consumers can check eco-information labels on some 30 Orange products sold through different channels. Each product is evaluated according to five key indicators to show the environmental impact, including the carbon footprint and energy efficiency. These environmental impact labels are a world first in the telecommunications industry and will progressively be extended in 2009 to all Orange products marketed in France.

environmentally-friendly solutions for enterprise customers

Sustainable development is a key benefit in the solutions we propose for business customers. Orange Business Services offers an extensive portfolio of innovative solutions to help customers reduce their greenhouse gas emissions.

These solutions focus in particular on limiting travel, including teleworking – enabling access to the company's desktop environment from off-site locations, tele- and videoconferencing, Web-based collaborative working and more – as well as machine to machine applications (fleet management, telemetry, etc.).

Orange Business Services has also developed paperless transaction services such as electronic invoices, EDI Web or Contact Everyone, plus forward-thinking solutions such as virtual servers and workstations, enabling businesses to cut energy consumption and operating costs.



Mobistar

offsets carbon emissions

Mobistar, which won awards in 2007 for innovative ecological management of its business vehicle fleet, has introduced a system in Belgium called CO₂ Logic. The system is designed to offset CO₂ emissions that cannot be avoided by purchasing carbon credits. These credits are used to finance CO₂ reduction initiatives in developing countries.

Orange Spain

honoured at Energy Trophy+ competition

The Orange campaign to promote energy conservation won the "Best Awareness Campaign" award at the Energy Trophy+ competition. Sponsored by the European Union, the competition recognises corporate initiatives to promote energy conservation through responsible behaviour of employees at the workplace.

preserve

optimise waste management

The Group identifies the most efficient treatment solutions for each category of waste generated by its activities, favouring those that offer the best balance between environmental impact and cost efficiency. We also monitor contractors to whom waste processing is outsourced to ensure compliance with environmental regulations.

management of waste from operating activities

Three fundamental principles ensure that consistent waste management practices are applied in all the Group's host countries:

- measure the volumes of waste generated by activities, with inventories at the entity level using the same waste categories across the Group;
- organise processing of waste through efficient solutions that take the local context into account;

- ensure the traceability of waste sent for processing, with replication in other countries of the waste treatment mapping developed in France.

Specific processes must often be developed for waste from network and manufacturing activities. Jordan Telecom, for example, has created a solution to recycle electrolyte batteries (used as a backup power source in the event of power outages) at all operating facilities. An agreement was signed in 2008 with a German manufacturer certified by the Jordanian Environment Ministry for recycling the old liquid batteries to guarantee maximum environmental protection.

The Group also generates and processes waste from its service activities (offices, stores, call centres). Like other countries, Orange Romania set up a system to recycle printer and copier cartridges at all offices and sales outlets. Some 2.6 tonnes of cartridges were collected by a specialised firm and recycled in compliance with environmental standards.



waste collection agreements with suppliers

Within the framework of the EU Waste Electrical and Electronic Equipment (WEEE) directive, Orange Business Services worked with its suppliers of electrical and electronic equipment during the year to determine optimum solutions for processing WEEE and set up collection systems for customers. A total of 83,600 routers no longer in service were collected and recycled.

Spain

reduce packaging waste

Orange Spain deploys its environmental policy at multiple levels, including initiatives to reduce paper consumption and limit packaging waste. For example, instruction sheets in packs are written very succinctly and only in Spanish. Complete user guides in multiple languages are available in multimedia format. These measures resulted in paper savings of 8%.

The Group uses a very large number of computers and these machines contain substantial amounts of electronic components, making recycling a major priority. In Egypt, the Group launched a used PC recycling programme in 2008, refurbishing the computers and donating them to charities for distribution to disadvantaged children.

customer equipment

The United Nations Environment Programme estimates that 20 to 50 million tonnes of electronic waste is produced in the world each year and that the volume is increasing by 3% to 5% annually. The Group is taking active measures to help address this challenge, including optimised life cycles for equipment.

the second life of phones

A growing number of countries have set up systems to collect telephones and chargers from customers and employees for recycling or waste processing. Reconditioned phones are sold to customers at attractive discounts. Equipment that can no longer be used is disassembled and recycled according to the type of component or material. In both cases, the phones enjoy an environmentally-friendly second life.

reducing waste at the source

Addressing the issue of waste directly at the source – with innovative eco-design strategies, for example – creates vast potential for environmental benefits. The new Livebox benefited from this type of thinking, with a nearly 30% reduction in weight, size and packaging.

Online services are another way to reduce waste, including the e-recharge service.

This system, which enables mobile phone customers to add call credit online, is gradually replacing scratch cards. The eco-benefits are multiple: cards no longer need to be shipped to distant distribution outlets, no manufacturing materials are used, and there are less used cards that need to be recycled. In Madagascar, nearly 60% of the recharges sold by Orange are e-recharges. The system is available at almost all Orange subsidiaries in Africa.

The Group is an active participant alongside other operators in the GSMA alliance to develop a universal mobile phone charger. Customers would be able to keep the charger that comes with their first phone, reducing the volume of electronic waste, as well as the size of packaging since new phones could be delivered without chargers.



a second life for first-generation Livebox routers

In 2008 the Livebox 1.1 was phased out in France and the United Kingdom. Orange decided to recycle these devices in markets where the model is still in use. Working with a partner at the European multimedia device reprocessing centre, the Group devised technical reconfiguration solutions to enable transfer of Livebox 1.1 units returned in France and the United Kingdom to other entities. This system cuts new procurement, thus saving resources, while reducing the amount of hardware that will ultimately need to be recycled at the end of its life cycle.

Care

promoting responsible use

Communications technologies have created seemingly unlimited possibilities for interaction and exchange and fostered new behaviours. Yet under some circumstances, these new uses spawn new risks or raise concerns, including access to undesirable material, unwanted messages and invasion of privacy. With mobile phones, there are also concerns about the possible risks of exposure to electromagnetic fields.

The Group has long been diligent in safeguarding its customers against these risks so that they can use our products and services safely and responsibly.

protecting children, a top priority

The Internet and mobile phones have become an integral part of everyday life for today's young people. This puts children in a vulnerable position, calling for effective measures to protect them from misuse and unsuitable content.

active involvement

The Group contributes actively to telecommunications industry initiatives to protect young people from misuse of the Internet and mobile phones. A signatory of the European framework for Safer Mobile Use by Younger Teenagers and Children, the Group worked within the GSMA association to launch the Mobile Alliance Against Child Sexual Abuse in 2008. It is also a founding member of the European initiative Teach Today to aid teachers in encouraging children to use the Internet and mobile technology responsibly and safely.

filtering content

Protecting minors online also calls for specific technical solutions. The Group has developed filtering systems for managing Internet content, which are currently being rolled out at most European subsidiaries. Available as part of Orange fixed and mobile Internet and IPTV offers, these services make it possible to block access to content that is inappropriate for minors.

Additional protection is provided by chat room moderators and an age verification function for adult online services.

new campaign in Slovakia

In 2008 Orange Slovakia sponsored a second survey on the use of mobile phones and the Internet by children and teenagers. The results led to the deployment of an extensive awareness campaign in schools, with input from psychologists coached in the safe use of mobile and Internet services by Orange. To support the campaign, a revised edition of the information leaflet entitled "What Parents Need to Know" was widely distributed. There is also an educational website on the safe and responsible use of information and communication technologies.

Orange UK "safety online"

Orange UK has produced five new "safety online" films to help teachers raise awareness about how to be safe and responsible online. Already shown in 54% of all UK secondary schools, the films received two prestigious IVCA Clarion Awards in 2008, which recognise best practice in communicating the importance of CSR, sustainable development and social inclusion. Orange also conducted the largest ever UK survey of Internet usage – "Internet Years" – which gathered responses from 40,000 people.

combating cyberbullying

Sending offensive phone texts or email or posting insulting messages on the Internet has unfortunately become widespread in schools, with sometimes devastating consequences for the victims. Several France Telecom subsidiaries are actively engaged in combating cyberbullying. Orange UK produced a short public awareness film in 2007 called Incoming Message that has been shown in two thirds of schools in the country. Victims and their parents can also contact an online malicious calls bureau by phone or email to report cyberbullying and receive help and advice. In Poland, TP is supporting a nationwide campaign to raise public awareness of cyberbullying.

spreading awareness at home and in schools

The Group is continuing its extensive programme to raise awareness among children and schools. One of the key resources used is the "Parents Guide to the Internet", which provides practical, jargon-free advice for parents to ensure that children use the Internet and mobile phones safely and responsibly. These guides are now available in seven languages and can be downloaded free from all France Telecom European websites. To further progress and educate parents and teachers in this area, the Group partners with specialised associations including European Schoolnet and the Family Online Safety Institute. In the United Kingdom, volunteer employees act as "Orange Ambassadors" who visit schools to deliver messages about the safe and responsible use of mobile services. More than 4,000 British schoolchildren benefited from this programme in 2008, and their feedback has been very positive. A similar scheme is underway in Poland, where a hundred volunteers coached more than 30,000 pupils in safe online practices in 2008.

proper use of services

A special section on the orange.com website offers clear and practical advice on issues such as how to safeguard against mobile theft, avoid spam and viruses and offers a reminder of the dangers of using a mobile while driving. Orange chat services also enable users to report content that is abusive or illegal either to the chat room moderator or the customer support team.

To learn more, go to the "responsible use" link on our website www.orange.fr/en_EN/responsibility/responsible_use.

responsible marketing

Orange ensures that marketing and advertising materials comply with international codes of advertising practice and, in particular, never directly target children.

In December 2008 Orange France signed the Code for Socially Responsible Advertising developed by French advertisers association, Union des Annonceurs (UDA). Among the five core commitments set forth in the code, signatories agree to: ensure that all external communication complies with established socially responsible advertising guidelines, encourage target audiences to adopt responsible behaviour and take environmental impact into consideration when selecting advertising media.

In addition, the Group complies with the codes of conduct developed by the telcos sector and more specifically with the Code of Conduct for Mobile Marketing developed by the Mobile Marketing Association, a global industry trade association.



Poland

helping parents protect their children

In partnership with the "Nobody's Children" foundation in Poland, TP conducted a survey in September 2008 on children's safety online. The findings show that parents often have little idea about the Internet and that their children are much more cyber-savvy. To address this issue, TP published a booklet entitled "Safe Internet Use". Available free at all TP points of sale, over 2,000 copies of the booklet were also distributed to consumer associations across Poland. This operation is part of a broader campaign conducted in November 2008 featuring three TV spots.

electromagnetic fields (EMF)

The Group closely monitors scientific research carried out on issues related to health and electromagnetic fields (EMF). It conforms to all national and international EMF guidelines regarding exposure and provides customers with practical advice on how to use their mobiles safely.

Group policy

Our policy focuses on four important areas:

- Informing everyone involved and responding clearly to questions.
- Continually monitor scientific research conducted worldwide and facilitate access to findings for everyone.
- Apply national regulations or, when they are not available, international recommendations.
- Contribute to research efforts.

To support this policy, a network of correspondents covers all countries where the Group operates and action plans set out the requirements to be respected by all entities around the world. In particular, these plans stipulate that, in the absence of more restrictive national guidelines, local entities must apply international guidelines published by the ICNIRP and the Council of Europe designating the maximum level of radio waves from transmitter stations and mobile phones to which users may be exposed. In line with these guidelines, all Orange mobiles have a Specific Absorption Rate (SAR) of less than 2W/kg.

keeping customers informed

When customers buy a mobile phone from Orange, they have access to clear information on Specific Absorption Rates in user manuals, at our stores and on our websites. Orange also provides practical guidelines on how to limit exposure, such as only using the phone when the reception is good or using a hands-free headset or earpiece. All stores propose handsfree kits to customers.

In 2008, we introduced a new consumer information portal offering the latest research findings at www.orange.com/en_EN/responsability/societal_impacts/EMF/. Several countries, including Belgium, Spain, Egypt, France, the UK, Switzerland and Slovakia, also provide local websites covering this issue.

increased dialogue with local authorities and residents

Over and above our regulatory obligations, when we are considering installing or changing a relay antenna, we work closely with the local authorities and residents to address any concerns. In France, the United Kingdom, Switzerland and Spain, we comply with codes of best practices drawn up by local or national authorities and mobile operator associations and, on request, commission an independent EMF exposure inspection at no charge to the local community.



monitoring wireless network exposure levels

The Group's research into SAR (specific absorption rate) dosimetry associated with exposure to electromagnetic is recognised internationally. We are currently overseeing work on the Multipass (multiple sources exposure assessment) project by the French National Research Agency (ANR) to evaluate exposure from WiFi networks, which involve multiple sources and irregular exposure time.

care

responsible sourcing

The Group builds socially responsible relationships with its supply chain partners, recommending that they incorporate sustainable development principles into their processes. We recognize the significant impact of our international scope and thus seek to have positive influence by encouraging our partners to develop products that respect the environment.

contractual obligations

All supplier contracts signed throughout the Group contain an Ethical Standards and Corporate Responsibility clause. These requirements were further strengthened in 2008 within the framework of a global agreement initially signed in 2006 with Union Network International (UNI) on fundamental labour rights. The clause lists the five fundamental principles and workplace rights of the International Labour Organization (ILO) concerning freedom of association and collective bargaining, discrimination, forced labour, child labour and health and safety. To promote continuous improvement in the environmental performance of the products and services we market, all requests for proposals and tendering documents systematically stipulate specifications regarding equipment energy efficiency and total CO₂ emissions generated by the production, distribution and use of products.

monitoring supplier performance

A supplier screening tool called QREDIC® has been used since 2004 to monitor the aggregate performance of suppliers, taking into account economic, environmental, social and ethical factors. The tool is currently applied for all corporate level purchasing contracts, representing 80% of total purchasing. Supplier contracts are reviewed once or twice a year with input from the subsidiaries concerned. Results are then analysed with suppliers and corrective action plans are defined if necessary. This model is currently applied to local contracts with suppliers in France and the United Kingdom and will be progressively extended to all other countries as of 2009.

deepening supplier relationships

In 2005 the Group launched a programme to improve and strengthen relationships with key strategic suppliers and align goals in order to create greater shared value. Regular joint reviews with these key partners enable the Group to gain a better knowledge of their corporate responsibility practices.

REACH compliance

France Telecom has launched an initiative to ensure compliance across its organisation with a new European Union regulation concerning the Registration, Evaluation, Authorisation and restriction of Chemicals – REACH – based on a systematic approach to supplier selection. To fulfil our own obligations in this area, a web-based questionnaire for suppliers has been prepared to enable efficient responses to customer queries regarding components that contain any of the REACH “candidate list” substances (published on 28 October 2008) in concentrations of greater than 0.1% by weight.

Care

a responsible employer

forward momentum

Our success is anchored in the competencies and commitment of our employees and their ability to adapt to change. In today's fast-evolving telecommunications industry, jobs and skills must be constantly adapted in order to forge the capabilities we need to move forward. The Group therefore deploys comprehensive measures to support employees during this transformation process, reflecting a strong commitment to being a responsible employer.



act: meeting challenges while respecting individual development

The ACT programme (Anticipation des Compétences pour la Transformation, or “anticipating skills needs for change”), addresses the dual challenges of meeting the needs of our business lines by making the right skills available in the right place at the right time, adjusting the workforce cost structure and our organisation to improve productivity and reduce surplus staff in some of the Group's traditional activities.

We are confident in our employees' ability to embrace change and actively support the development of their skills and employability, providing a range of tools to enhance their professional development.

4,000 employees

benefit from skills development training

Employees who opt to take up priority positions within the Group or who want to acquire new skills and professional know-how can enrol in one of 45 professional training programmes, each lasting approximately 200 hours. Over 4,000 employees have taken advantage of these opportunities since the programmes were launched two years ago. Annual training investment in France increased by over 70% between 2006 and 2008, with employees receiving an average of 31 hours of training.

listening to employee needs

For the second consecutive year, Group employees were asked to voice their opinions about their relationship with the company in an anonymous survey. Close to 45% of employees in France took part in the survey. This feedback is now being analysed by each entity to define relevant action plans.

changing skills requirements

The Group's Human Resources Planning and Skills Management process provides a framework for revising requirements in each of our business areas. A cornerstone of this approach is our Group-wide skills reference base.

This process has helped shape recruitment to focus on new skillsets, alongside a mobility policy designed to meet the needs of priority activities. We have also overhauled our training programme to incorporate professional development modules that precisely meet our changing requirements.

As a result, all employees in France now have a clear vision of the changes and opportunities arising in each job category. In France and Poland, Professional Development Spaces help employees define and achieve their individual career goals, providing a personalised step-by-step plan to support them.



ongoing dialogue with employees

Maintaining strong dialogue between employees and management is a crucial aspect of our organisation and a key enabler in motivating employees. Dialogue is conducted with designated employee representatives following free and open elections. The Group ensures strict compliance with national labour legislation and agreements signed with our different labour representatives, in particular the global agreement with UNI on fundamental labour and individual rights signed in December 2006. This includes ensuring that employee representatives are not discriminated against and that they are entitled to the same opportunities and compensation as their colleagues.

To foster dialogue at all levels of our organisation, the Group has set up local, national and supranational bodies to cover specific aspects of employee-management relations.

local dialogue

Some 400 employee representative bodies function across the Group, mainly in Europe and several African subsidiaries. In France, two bodies are responsible for structuring nationwide dialogue: the France Telecom-Orange Economic and Labour Relations Committee (CCUES) and the Group Employee Forum France, which brings together representatives from the Group's French subsidiaries.

The CCUES addressed over fifty issues in 2008, mostly concerning projects to support organisational changes, while the Group Employee Forum France met three times to discuss the Group's business activity, financial situation, employment requirements and structure.

Sixteen agreements and amendments were signed in 2008, primarily regarding salaries, including in particular an agreement on the granting of a supplementary pay-for-performance bonus, and workplace elections (for more details, see the 2008 Registration Document).

sharing success with our employees

In November, France Telecom received the 2008 "Employee Share Ownership" award from the French Federation of Employee Shareholder Associations (FAS) for its efforts to promote international employee shareholding. This award underscores the Group's proactive employee savings policy, which seeks to enable employees to benefit from the full range of measures available. When the Group published its 2008 results in March 2009, it also announced the granting of a special performance bonus for 2008 and the launch of a free share award plan reflecting the achievement of objectives defined by the NEXt plan.

international dialogue

The Group's European Employee Forum brings employees and management together to discuss broader economic, financial and social issues affecting all entities (such as industrial strategy and innovation, major investment priorities, acquisitions and employment). The forum is composed of thirty-two employee representatives from twenty countries: Sweden, Norway, Finland, Denmark, Germany, Austria, United Kingdom, Ireland, France, Spain, Portugal, Italy, Greece, Poland, Luxembourg, Netherlands, Belgium, Romania, Slovakia and Switzerland. In 2008, members met three times face to face (in Paris, Cairo and Lyon) and four times by conference call.

Outside Europe, the Group continued negotiations in 2008 aimed at setting up a global employee forum. This would allow it to leverage different channels to promote its global strategy, liaise with employee representatives on transnational projects and extend the foundations for good, healthy employee-management relations in line with our objectives and core values.

Regular meetings were also held over the past year with UNI further to the global agreement signed in 2006 on fundamental labour and individual rights.



diversity, a deep source of value

A strong commitment to equal opportunity has always figured among the Group's core values.

a key success factor

The diversity of the people reflects challenges facing contemporary society, as well as the challenges of delivering economic performance. Diversity is in itself a key success driver: talent and motivation are the only factors that count in hiring and career advancement decisions. Diversity is equally important in attracting and retaining talented employees today and tomorrow, helping build the positive image of an enterprise that embraces difference. At the same time, this commitment fosters motivation, informs the Group's values and nurtures pride among employees. Our workforce reflects the diversity of our customers, helping us better understand their needs to meet varied expectations while promoting our positive image with public authorities, shareholders and other stakeholders. Last but not least, diversity strengthens our capacity for innovation, enhancing our agility to let us efficiently respond to a changing environment.

formal commitments

The Group's diversity policy focuses on four priorities:

- Promoting gender equality in the workplace;
- Integrating people with disabilities;
- Helping young people from underserved communities join the workforce;
- Continually reviewing our Human Resources processes to ensure that they encourage diversity at all levels of our organisation.

A dedicated network of correspondents oversees implementation of the Group's diversity policy, taking into account the local culture in each of the countries where we operate. One of its main tasks is to share best practices and raise awareness of the importance of diversity within the enterprise and for society as a whole.

a guide to best practices for workplace well-being

The Group contributed to a guide on well-being in the workplace, published by CSR Europe. Two examples of best practices from the Group were cited in the guide: a programme for prevention and early detection of visual and endocrinological disorders among Orange Spain employees and an extensive well-being programme for employees and their families at Orange Slovakia.

initiatives in 2008

Multiple initiatives were launched in France in 2008 to drive progress in each of the key areas of diversity.

Our commitment to gender equality at work was transformed into action with a focus on improving access for women to senior positions in the company, as well as helping employees achieve a better work-life balance and encouraging women to pursue careers in science. Following an agreement signed in 2007 to help people with disabilities into sustainable employment over 2008-2010, we embarked on an extensive communication campaign and purchased over 16 million euros worth of goods from sheltered workshops.

As part of our pledge to promote equal opportunity, we joined the government sponsored "Espoir Banlieues" plan in France. We are also actively involved in other initiatives, including the "Cercle Passeport Télécoms" programme, the "Nos quartiers ont des talents" programme and the Equal Opportunity Job Train project.

To support these various initiatives, human resources teams received specific training in dealing with diversity related issues and associated communication campaigns.

a safe and healthy working environment

Providing and maintaining a safe and healthy working environment is a paramount concern for the Group, with formal commitments defined in our Occupational Health and Safety Policy.

Group-wide standards

To endorse compliance with guidelines at all France Telecom entities, an occupational health and safety standards framework was drawn up jointly with Group subsidiaries in 2008. This ensures a consistent approach across the Group while taking into account the specific safety requirements of each country

(based on risk assessment criteria). The baseline framework will also foster adherence to our corporate responsibility values by teams worldwide.

Performance and progress by each entity are measured against standard criteria using nine key performance indicators which are reported on twice yearly basis. In addition to this, a new procedure has been introduced requiring entities to report all major accidents involving an employee, contractors or visitor at a Group site.

Health and safety correspondents at subsidiaries hold fortnightly telephone conferences and come together for an annual meeting to facilitate the sharing of best practices and review project progress.

Managing work-related stress

The Group has long identified the need to mitigate work-related stress and initiated measures in 2000 to address these issues through concrete action. A joint committee was set up with employee representatives to develop a preventive approach to managing work-related stress. Its work led to concrete initiatives to enhance the work environment, identified in collaboration with management.

These actions were stepped up in 2007 with the implementation of dedicated Staff Support units to listen to employee concerns and provide a forum for cooperation to propose individual and collective solutions, including adjustments to work organisation.

Two training courses on workplace-related stress were introduced in 2008. "Stress management" is a module for employees to learn how to deal with difficult customer situations, while "Work-related stress: the manager's role" coaches managers in taking action on stress.

The Group's efforts are channelled in three key areas: improving processes and working conditions, greater support for employees as the company pursues its ongoing transformation and providing hands-on assistance to employees who find it difficult to cope with the pressures of work.

All of these measures were presented and discussed with labour organisations in France and with the Group's European Employee Forum. The Forum subsequently set up a work-related stress management committee.

promoting gender equality

Orange UK pursues its proactive commitment to gender equality in the workplace through a structured policy framework. Each year external benchmarking is conducted to measure the company's performance in this area against that of industry peers, while its Flexible Working Policy and other measures allow women to maximise their career opportunities. Orange UK also supports several nationwide initiatives, including Opportunity Now, Race for Opportunity and Working Families.

corporate governance

France Telecom's governance structure comprises the Board of Directors and Board Committees that establish the Group's strategy. Their work drives a continuous improvement process for corporate governance and ensures respect for the interests of the company's different stakeholders, notably in the area of risk management.

board of directors

The Board of Directors of France Telecom presides over all decisions relating to the company's major strategic, economic, employment, financial or technological policies.

At 28 April 2009 the Board comprised 15 members. In compliance with the company by-laws and legislation governing France Telecom, three members of the Board representing the French government are appointed by government decree, three are elected by employees and one Director is appointed by the Shareholders' Meeting upon proposal by employee shareholders. The appointment of eight directors is subject to election by the Shareholders' Meeting. At its meeting on 5 February 2008, the Board of Directors deemed that six of these eight directors fulfilled the criteria independence in the Afep-Medef Code on corporate governance. The previous analysis determined that five directors were considered independent. This increase in the number of independent directors reflects the Group's commitment to comply with the recommendations in the Afep-Medef Code insofar as possible due to compliance with specific legal provisions and its status as a company held partially by the French State.

Internal guidelines were adopted by the Board of Directors in 2003 setting the principles of its operations and the terms under which the Board and its committees perform their duties to act in the best interests of the company and all its shareholders. The latest version of these guidelines is available on www.orange.com.

In 2008 the following changes took place in the composition of the Board of Directors of France Telecom: José-Luis Durán and Charles-Henri Filippi were coopted in February, replacing Arnaud Lagardère and Stéphane Richard, who resigned from the Board. The appointments of José-Luis Durán and Charles-Henri Filippi were ratified by the Shareholders' Meeting of 27 May 2008. This meeting also ratified the proposal by the Board to reduce the term of Directors from five to four years to enable employees and shareholders to vote more frequently on their appointments. This measure is applicable to Directors elected or nominated during and as from the Shareholders' Meeting of 27 May 2008.

The Board of Directors met 11 times in 2008. The overall attendance rate was 92% (i.e. meetings were attended by an average of 14 Directors). The issues put before the meetings included: annual and interim financial statements and the 2008 budget, strategic development opportunities, notably the planned bid for Scandinavian telecommunications operator TeliaSonera, dividend distribution policy and application of the Afep-Medef recommendation of October 2008 concerning the compensation of corporate officers. In December, the Board decided to commission a further review of its work and that of its committees.

Chapter 14 of the France Telecom Registration Document filed with the Autorité des marchés financiers on 10 April 2009 and available on www.orange.com contains a complete description of the company's administrative and management bodies.

code on the governance of listed companies

In October 2003 the Association Française des Entreprises Privées and the Mouvement des Entreprises de France (Afep-Medef) published a report detailing a "Corporate Governance Code for Listed Companies". This code of conduct has been regularly updated, including the latest revision in 2008. It establishes recommendations for the operating practices of listed companies,

particularly in the area of corporate governance. In particular it recommends the inclusion of independent directors on the Board of Directors and on specialised committees created to assist the Board in its work, and proposes criteria for determining the independence of members. The latest version of this code is available on the Medef website.

composition of the Board of Directors at 28 April 2009

directors elected by the Shareholders' Meeting

Didier Lombard

Chairman of the Board of Directors
of France Telecom
Date appointed: 25 February 2005
Term ending: 2011*

Claudie Haigneré

President of the Cité des Sciences
et de l'Industrie Museum
Independent Director
Date appointed: 21 May 2007
Term ending: 2012*

Bernard Dufau

Former Chairman and Chief
Executive Officer of IBM France
Independent Director
Date appointed: 25 May 2003
Term ending: 2011*

José-Luis Durán

Former Chief Executive Officer
of Carrefour
Independent Director
Date appointed: 5 February 2008
Term ending: 2012*

Charles-Henri Filippi

Chairman of Alfina SAS
Independent Director
Date appointed: 5 February 2008
Term ending: 2012*

Henri Martre

Honorary Chairman of Aerospatiale
Independent Director
Date appointed: 25 February 2003
Term ending: 2011*

Marcel Roulet

Honorary Chairman of France
Telecom
Independent Director
Date appointed: 25 February 2003
Term ending: 2011*

Jean Simonin

Mayor and Vice-Chairman
of an association of municipalities
Date appointed: 26 May 1998
Term ending: 2011*

director appointed by the Shareholders' Meeting upon recommendation of employee shareholders

Stéphane Tierce

Head of Marketing and Planning
Division, Orange France
Date appointed: 22 April 2005
Term ending: 2010*

directors representing the French State

Bruno Bézard

Managing Director of Agency
for State Equity Investments
Date appointed: 9 March 2007
Term ending: 8 March 2012

Jacques de Larosière

Advisor to BNP Paribas
Date appointed: 22 May 1998
Term ending: 6 September 2009

Henri Serres

Managing Director, Information
and Communication Systems,
French Ministry of Defence
Date appointed: 1 October 2002
Term ending: 6 September 2009

directors elected by the employees

Hélène Adam

International Network Technician,
Networks, Carriers and Information
Systems Division
Date appointed: 2 September 2005
Term ending: 2 December 2009

René Bernardi

Member of Fibre To The Home
Project in Lyons
Date appointed: 3 December 2004
Term ending: 2 December 2009

Jean-Michel Gaveau

Project Manager, Network Designer,
Rouen operations unit.
Date appointed: 3 December 2004
Term ending: 2 December 2009

*Term expires the day of the Shareholders'
Meeting called to approve the financial
statements for the previous year.

Thierry Franchi attends meetings of the Board
of Directors in his capacity as representative of
the Central Works Committee.

Detailed biographies of the Directors of France
Telecom are available in the 2008 Registration
Document filed with the Autorité des marchés
financiers and on the www.orange.com
website.

board committees

Three specialised committees provide expertise for the Board of Directors: the Audit Committee, the Compensation, Nominating and Governance Committee, and the Strategy Committee. Each Director is a member of one of these Committees. In accordance with the Afep-Medef Code, significant responsibilities are given to independent directors, who chair the first two Committees; the Vice-Chairman of the Strategy Committee is also an independent director.

audit committee

members at 31 March 2009

Chairman: Bernard Dufau

Members: René Bernardi, Bruno Bézard, Charles-Henri Filippi, Jacques de Larosière

The Audit Committee met 12 times in 2008 and heard regular presentations by company executives, the heads of the finance function and the Statutory Auditors. Its work primarily concerned financial reporting and communication, risk analysis and management of debt and liquidities.

compensation, nominating and governance committee

members at 31 March 2009

Chairman: Marcel Roulet

Members: Henri Serres, Jean Simonin

The Compensation, Nominating and Governance Committee met four times in 2008 and made several recommendations to the Board of Directors: inclusion of a criteria related to quality of service in the calculation of the variable portion of compensation of the Chairman, nomination of new directors and the reduction in the term of directors. The Committee also reviewed the recommendations published in 2008 by the Afep and Medef organizations concerning compensation of officers of listed companies and confirmed that they are applied by France Telecom.

strategy committee

members at 31 March 2009

Chairman: Didier Lombard

Vice-Chairman: Henri Martre

Members: Hélène Adam, Claudie Haigneré, José-Luis Durán, Jean-Michel Gaveau, Stéphane Tierce

The Strategy Committee met three times in 2008 to review the Group's strategy in services and content, the planned bid for TeliaSonera and international development policy.

management committee

The Management Committee, chaired by the Chairman and Chief Executive Officer, is composed of three Deputy Chief Executive Officers and five Senior Executive Vice-Presidents. It oversees the Group's operating divisions and corporate functions and coordinates deployment of strategic orientations. It monitors progress towards achieving objectives and makes decisions on operational measures and allocation of financial resources. The Committee constitutes the Group's management decision-making body.

The detailed biographies of the members of the Management Committee are available in the 2008 Registration Document filed with the Autorité des marchés financiers and on the www.orange.com website.

compensation of management committee members

The total gross amount, excluding employer payroll charges, of compensation paid (gross salaries, bonuses, non-monetary benefits and directors fees) paid in respect of the 2008 fiscal year by France Telecom SA and companies controlled by it to members of the France Telecom Group Management Committee, including Didier Lombard (i.e. a total of nine persons), was 6,646,054 euros. This amount includes the variable portion concerning the second half of 2008. It excludes incentive payments, profit-sharing and employer contributions, which were not known as of the date of this document (the amount of incentive, profit sharing and employer contributions paid in respect of 2007 was 182,560 euros).

risk management: continuous progress

Risk management is the responsibility of specialised internal management committees reporting to the General Management Committee, including the Investments Committee, Group Risks Committee, Treasury and Financing Committee, Disclosure Committee, Tax Committee and Claims Committee. These committees are responsible for control and application of Group directives focused on achieving overall economic objectives. They also monitor risks related to financial commitments, limiting the Group's general exposure.

France Telecom risk management policy related to the financial crisis

France Telecom pursues a prudent policy in managing financial risks. As regards exposure to market risks and financial instruments, France Telecom's policy is not to use derivatives for speculative purposes.

Details of all market risks and financial instruments are provided in the 2008 Registration Document in Note 6.5 to the separate financial statements entitled "Exposure to market risks and financial instruments".

The France Telecom Group's liquidity risk management policy is that it must be able to meet its upcoming loan repayments from available cash and existing credit lines, without recourse to additional financing, for at least the next twelve months.

In 2008, France Telecom took advantage of each window in the market to refinance its bond redemptions.

At 31 December 2008, the liquidity position of France Telecom was sufficient to cover its 2009 commitments linked to the net financial debt.

France Telecom's credit risk and counterparty risk policy is to invest its cash, cash equivalents and market securities with financial institutions and industrial groups with a long-term rating of A-/A3 or above. On the rare occasions when investments are made with lower-rated counterparties, the rating is therefore the best available rating in the country concerned.

internal control

The programme to promote a strong internal control culture continued throughout the Group in 2008. Initiatives included ensuring satisfactory coverage of major risk items capable of impacting the financial internal control process in order to comply both with the French Financial Security Law and the Sarbanes-Oxley Act in the US since the France Telecom share is listed on the New York Stock Exchange. For the third consecutive year, the assessments of internal financial controls of the main Group entities were favourable (this same opinion was expressed by the Statutory Auditors) and ongoing year-on-year improvements were noted (continued reduction in the number and potential impact of elementary shortcomings, improvement in control over management of authorizations granted and separation of responsibilities, etc.).

In addition to effective application of regulatory requirements, internal control constitutes a significant lever to improve the performance of the company. The Group believes in particular that every employee, regardless of their position in the company, must consider themselves responsible for identifying and mitigating risks related to their environment.

security

The security management system was in place for the second year. At 31 December 2008 this system covered the 24 entities which comprise the Group. Mapping of security risks and scheduling of internal audits in 2009 advanced in accordance with the system. An information security awareness program was carried out in all countries in 2008. The Group Security Committee identified orientations and priorities for 2009. Among the top priorities are security of commercial proposals and the security of staff exposed to country risks (during travel and expatriate assignments in particular). Computer security is another focus, with ongoing deployment of encoding and authentication applications.

insurance

In liaison with its insurers, the Group continued insurance improvement actions in 2008 aimed at optimising coverage and related costs through subscription to multiyear contracts, along with active monitoring of the solvency of certain market players. Studies and analyses were carried out within the Group or in collaboration with prevention and engineering departments of its insurers, as were audits of sites in France and other countries. This enabled improved information for insurers regarding risk prevention and management.

group management committee



Louis-Pierre Wenes
Deputy CEO, operations in France,
Group Sourcing,
Transformation,
Home Business Activity Line



Jean-Yves Larrourou
Deputy CEO,
Group General Secretary,
African, Middle-Eastern and Asian operations
International Business Development



Gervais Pellissier
Deputy CEO,
Group Finance,
Information Systems



Didier Lombard
Chairman and Chief Executive Officer

Olaf Swantee

Senior Executive Vice-President,
operations in Europe & Egypt,
Personal Business Activity Line



Georges Penalver

Senior Executive Vice-President,
Group Strategy & Development



Barbara Dalibard

Senior Executive Vice-President,
Orange Business Services,
Enterprise Business Activity Line



Jean-Philippe Vanot

Senior Executive Vice-President,
Innovation & Marketing



Olivier Barberot

Senior Executive Vice-President,
Group Human Resources,
operations in Poland

shared responsibilities

glossary

EMF Electromagnetic field

Propagation of electromagnetic waves over the air via radio frequencies.

ETNO European Telecommunication Network Operators

The association of European Telecommunication Network Operators.

GSMA GSM Association

A mobile communications industry association comprising the world's leading mobile operators.

ICNIRP International Commission on Non-Ionizing Radiation Protection

The Commission defines exposure limits to protect people from the adverse health effects of electromagnetic fields. The maximal exposure limits are contained in European Union recommendation 1999/519/EC of 12 July 1999.

- For mobile phone antenna stations these limits are 41v/m for public exposure to EMF for the GSM 900 band, 58v/m for the GSM 1800 band and 61v/m for UMTS.
- For mobile phones, the specific absorption rate (SAR) for the head of users must not exceed 2W/kg.

MPPI Mobile Phone Partnership Initiative

Under the aegis of the United Nations Environment Programme, the MPPI brings together leading equipment vendors and operators seeking to contribute to development of a code of conduct for the collection, cross-border transfer and reconditioning of used mobile phones.

SAR Specific Absorption Rate

The measure of the rate at which radio frequency energy is absorbed into the body when using a mobile phone.

subscriber access node – white zone

A distribution frame used to connect white zones to a subscriber access node to increase the signal strength and enable broadband connection.

sustainable development

The most widely used definition of sustainable development is “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (Brundtland Report, 1987).

UNI Union Network International

A global union constituting the largest group of individual unions in the world.

WEEE

EU Waste Electrical and Electronic Equipment (WEEE) directive 2002/96/EC of 27 January 2007.



finances

consolidated
financial statements

I am my first manager Isabelle,
who pushed me to travel to the ends of the earth on audit assignments.
I am all the finance teams at Orange in Paris.
I am the shared euphoria and exhaustion we feel when we finally close the accounts.
I am Alistair in the UK, whose attention to detail is indispensable,
and Audrey who's always there when everything is a mad rush.
I am Noémie, financial controller, and thanks to everyone,
I'm able to consolidate the accounts of our subsidiaries into the Group's results.

From Singapore to Atlanta, **the 600 entities that make up Orange
combine their talents to create value.**

consolidated balance sheet

year ended 31 Decembre 2008 (in millions of euros)	2008	2007
ASSETS		
Goodwill	30,811	31,389
Other Intangible assets	14,451	16,658
Property, plant and equipment	26,534	27,849
Interests in associates	172	282
Assets available for sale	203	518
Non-current loans and receivables	1,554	1,960
Non-current financial assets at fair value through profit or loss	106	54
Non-current hedging derivatives assets	624	42
Other non-current assets	32	63
Deferred tax assets	5,142	7,273
Total non-current assets	79,629	86,088
Inventories	976	1,068
Trade receivables	6,163	6,556
Current loans and other receivables	63	81
Current financial assets at fair value through profit or loss, excluding cash equivalents	721	534
Current hedging derivatives assets	75	12
Other current assets	2,143	2,035
Current tax assets	144	111
Prepaid expenses	581	673
Cash and cash equivalents	4,800	4,025
Total current assets	15,666	15,095
Total assets	95,295	101,183

The accompanying notes are an integral part of the consolidated financial statements.
They can be viewed on the www.orange.com website and are available on request from the Company.

year ended 31 Decembre 2008 (in millions of euros)	2008	2007
EQUITY AND LIABILITIES		
Share capital	10,460	10,457
Additional paid-in capital	15,325	15,317
Retained earnings	1,958	2,532
Cumulative translation adjustment	(143)	1,747
Equity attributable to equity holders of France Telecom SA	27,600	30,053
Minority interests	3,598	4,470
Total equity	31,198	34,523
Non-current trade payables	498	435
Non-current financial liabilities at amortized cost, excluding trade payables	31,782	32,532
Non-current financial liabilities at fair value through profit or loss	495	154
Non-current hedging derivatives liabilities	650	955
Non-current employee benefits	559	535
Non-current provisions	1,262	1,657
Other non-current liabilities	711	870
Deferred tax liabilities	1,288	1,539
Total non-current liabilities	37,245	38,677
Current trade payables	9,519	9,580
Current financial liabilities at amortized cost, excluding trade payables	8,236	8,694
Current financial liabilities at fair value through profit or loss	913	730
Current hedging derivatives liabilities	2	353
Current employee benefits	1,700	1,881
Current provisions	1,453	1,592
Other current liabilities	1,989	1,837
Current tax payables	277	331
Deferred income	2,763	2,985
Total current liabilities	26,852	27,983
Total equity and liabilities	95,295	101,183

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consolidated income statement

year ended 31 Decembre 2008 (amounts in millions of euros, except per share data)	2008	2007
Revenues	53,488	52,959
External purchases	(23,652)	(23,156)
Other operating incomes	380	440
Other operating expenses	(2,258)	(2,360)
Labour expenses: – wages and employee benefit expenses	(8,559)	(8,767)
– employee profit-sharing	(319)	(359)
– share-based compensation	(82)	(279)
Depreciation and amortization	(7,776)	(8,111)
Impairment of goodwill	(271)	(26)
Impairment of non-current assets	(9)	(107)
Gains (losses) on disposal of assets	11	769
Restructuring costs	(470)	(208)
Share of profits (losses) of associates	(211)	4
Operating income	10,272	10,799
Interest expenses, net	(2,766)	(2,521)
Foreign exchange gains (losses)	(63)	(4)
Discounting expense	(158)	(125)
Finance costs, net	(2,987)	(2,650)
Income tax	(2,793)	(1,330)
Consolidated net income	4,492	6,819
Net income attributable to equity holders of France Telecom SA	4,069	6,300
Minority interests	423	519
Earnings per share (in euros)		
Net income attributable to equity holders of France Telecom SA		
– basic	1.56	2.42
– diluted	1.54	2.36

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consolidated cash flow statement

year ended 31 Decembre 2008 (in millions of euros)	2008	2007
Operating activities		
Consolidated net income	4,492	6,819
<i>Adjustments to reconcile net income/(loss) to funds generated from operations</i>		
Depreciation and amortization	7,776	8,111
Impairment of non-current assets	9	107
Impairment of goodwill	271	26
Gain on disposals of assets	(11)	(769)
Change in other provisions	(591)	(945)
Share of profits (losses) of associates	211	(4)
Income tax	2,793	1,330
Interest income and expense	2,472	2,627
Foreign exchange gains and losses, net	405	(740)
Derivatives	77	756
Share-based compensation	76	234
<i>Change in inventories, trade receivables and trade payables</i>		
Decrease/(increase) in inventories (net)	38	(250)
Decrease/(increase) in trade accounts receivable	216	121
Increase/(decrease) in trade accounts payable	359	190
<i>Other changes in working capital requirements</i>		
Decrease/(increase) in other receivables	(221)	(98)
Increase/(decrease) in other payables	(233)	331
Dividends and interest income received	299	315
Interest paid and interest rates effects on derivatives, net	(2,561)	(2,726)
Income tax paid	(878)	(791)
Net cash provided by operating activities	14,999	14,644

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consolidated cash flow statement (continued)

year ended 31 Decembre 2008 (in millions of euros)	2008	2007
Investing activities		
<i>Purchases/sales of property, plant and equipment and intangible assets</i>		
Purchases of property, plant and equipment and intangible assets	(7,140)	(7,064)
Increase/(decrease) in amounts due to fixed asset suppliers	(76)	125
Proceeds from sales of property, plant and equipment and intangible assets	233	113
<i>Cash paid for investment securities, net of cash acquired</i>		
Purchase of treasury shares by TP SA	(200)	(185)
Purchase of treasury shares by Mobistar	(175)	-
FT España	(169)	-
Orange Uganda Limited	(40)	-
Compagnie Européenne de Téléphonie	(32)	-
Silicomp	(5)	(96)
FT España ISP (Ya.com)	-	(319)
Telkom Kenya	-	(270)
Orange Moldova	-	(103)
Voxmobile	-	(80)
Other payments for investment securities	(140)	(64)
<i>Proceeds from sales of investment securities, net of cash transferred</i>		
Orange Nederland	-	1,306
Tower Participations	-	254
Bluebirds	-	110
One	-	82
Other proceeds from sales of investment securities	56	56
<i>Decrease/(increase) in marketable securities and other long-term assets</i>		
Escrow deposit	(207)	(757)
Other	(140)	11
Net cash used in investing activities	(8,035)	(6,881)

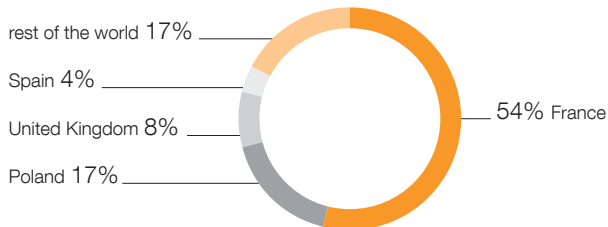
year ended 31 Decembre 2008 (in millions of euros)	2008	2007
Financing activities		
<i>Issuances</i>		
Bonds convertible, exchangeable or redeemable into shares	4,047	3,122
Long-term debt	1,439	824
<i>Redemptions and repayments</i>		
Bonds convertible, exchangeable or redeemable into shares	(6,328)	(4,001)
Long-term debt	(711)	(2,430)
Equity portion of hybrid debt	(64)	(16)
Increase/(decrease) in bank overdrafts and short-term borrowings	968	(906)
Decrease/(increase) in deposits and other debt-linked financial assets (including cash collateral)	672	(330)
Exchange rates effects on derivatives, net	(378)	(99)
Purchase of treasury shares	(35)	(214)
Capital increase/(decrease) – France Telecom S.A. shareholders	11	140
Capital increase/(decrease) – minority shareholders	(100)	50
Dividends paid to minority shareholders	(629)	(677)
Dividends paid by France Telecom SA	(4,949)	(3,117)
Net cash used in financing activities	(6,057)	(7,654)
Net change in cash and cash equivalents	907	109
Effect of exchange rates changes on cash and cash equivalents and other non-monetary effects	(132)	(54)
Cash and cash equivalents at beginning of period	4,025	3,970
Cash and cash equivalents at end of period	4,800	4,025

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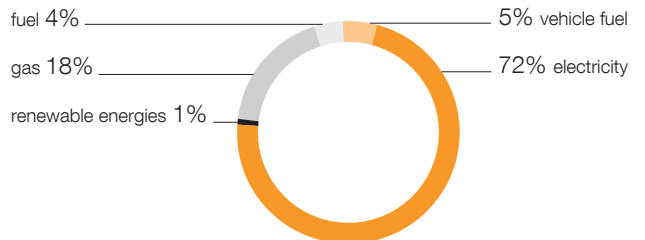
extra-financial indicators

preserve

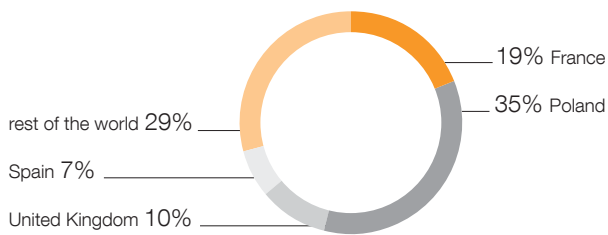
Group energy consumption in 2008 in tep (1.2 million) by region



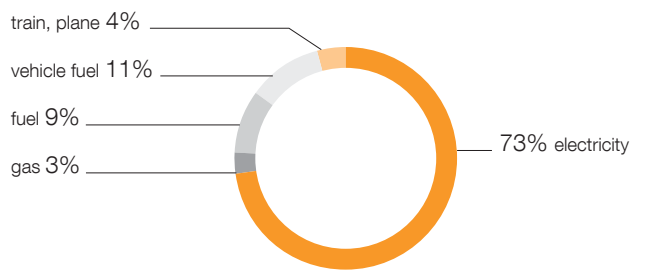
Group 2008 energy consumption in tep, tonne of equivalent petroleum (1.2 million) by type of energy



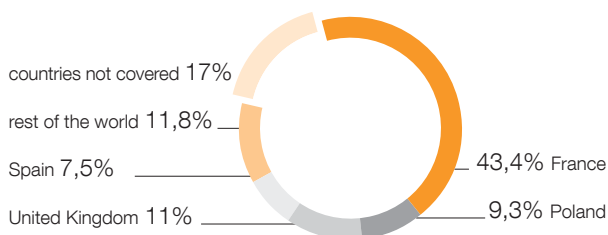
Group 2008 CO₂ emissions (1.5 million tonnes) by country



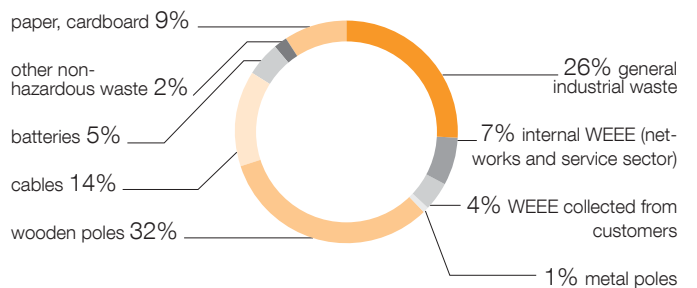
Group 2008 CO₂ emissions (1.5 million tonnes) by type of energy/consumption



breakdown of Group revenues by countries covered by Environment Management System (EMS)

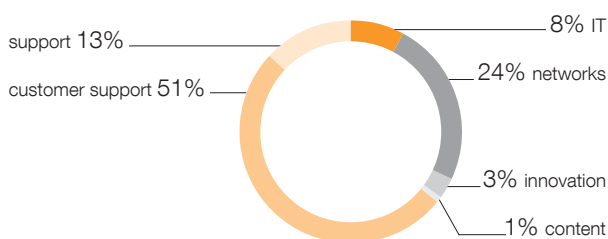


main waste categories processed by the Group in 2008 (39,000 tonnes)



care

breakdown of Group workforce by job category



women in the Group in 2008



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www.orange.com

www.francetelecom.com



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