



FRANCE TELECOM
EUR 30,000,000,000
Euro Medium Term Note Programme

On 19 December 2002 France Telecom, a French *société anonyme* (the **Issuer**), entered into a EUR 30,000,000,000 Euro Medium Term Note Programme (the **Programme**) and issued an offering circular on that date describing the Programme. This Base Prospectus supersedes all previous offering circulars prepared in connection with the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue.

Under the Programme, the Issuer may from time to time issue notes in bearer form (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed EUR 30,000,000,000 (or its equivalent in other currencies calculated as described herein). A description of the restrictions applicable at the date of this Base Prospectus relating to the maturity of certain Notes is set out under "*Summary of the Programme*".

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Summary of the Programme*" and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a **Dealer** and together the **Dealers**). References in this Base Prospectus to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these see "*Risk Factors*" on page 12 herein.

Application has been made to the *Commission de Surveillance du Secteur Financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange (a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC)) and to be listed on the Official List of the Luxembourg Stock Exchange.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be filed with the CSSF.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event (in the case of Notes intended to be listed on the Luxembourg Stock Exchange) a supplement to the Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. Persons (see "*Subscription and Sale*" below).

Arrangers

BNP PARIBAS

Merrill Lynch Capital Markets (France) SAS

Dealers

ABN AMRO

BNP PARIBAS

Citi

Deutsche Bank

Goldman Sachs International

HSBC

JPMorgan

Merrill Lynch International

Morgan Stanley

Nomura International

Société Générale Corporate & Investment Banking

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the *Prospectus Directive*).

This Base Prospectus does not constitute a "prospectus" for the purposes of the Prospectus Directive in respect of any Notes (i) involving an offer to the public outside the EEA (if so specified in the applicable Final Terms) or of a type listed in Article 3.2 of the Prospectus Directive and (ii) which are not admitted to trading on a regulated market under Article 3.3 of the Prospectus Directive (any such Notes, Exempt Notes).

The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Copies of Final Terms will be available free of charge from the head office of the Issuer and the specified office of each of the Paying Agents (as defined below), in each case at the address given at the end of this Base Prospectus. Final Terms relating to Notes to be listed on the Luxembourg Stock Exchange will also be available on the Luxembourg Stock Exchange's website (www.bourse.lu).

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Base Prospectus shall be read and construed on the basis that such documents are incorporated and form part of this Base Prospectus.

The Arrangers and Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers or the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution. No Arranger or Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention..

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or the solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for

facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes outside Luxembourg or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and France) and Japan (see "*Subscription and Sale*" below).

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which (i) no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this document to **USD** and **U.S. dollars** refer to the currency of the United States of America, those to **Japanese Yen** and **Yen** refer to the currency of Japan, those to **£** refer to the currency of the United Kingdom, those to **€**, **euro** and **EUR** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant purchaser of the Notes prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified by the applicable Final Terms.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in the "*Form of Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary.

Issuer: France Telecom

History and development of the Issuer: **Presentation of the company**

The purpose of France Telecom, with its principal subsidiaries (together, the **Group**), is to offer its retail consumers, business customers and other telecommunications operators, a broad selection of services ranging from fixed line and wireless telephony, data transmission, internet and multimedia services and other value-added services.

France Telecom pursues a strategy of integrated operator, which has been demonstrated notably by the acquisition of minority interests in Orange, Wanadoo and Equant, the integration of Wanadoo within France Telecom, the acquisition of Amena in Spain, the implementation of a new organization for the Group and the introduction of new services.

Business segments

As a result of the Group's new strategies, the organization for France Telecom's operational management is now built around (i) business lines (home, personal, enterprise), and (ii) integrated management teams at country level. Within this framework, and in accordance with IAS 14 "Segment Reporting", the Group has defined the following three business segments as the first level of segment reporting:

- the Personal Communication Services segment (**Personal**) covers mobile telecommunication services in France, the United Kingdom, Poland and the rest of the world;
- the Home Communication Services segment (**Home**) covers the fixed telecommunication services activities (fixed-line telephony, Internet services and services to operators) in France, Poland and the rest of the world as well as the distribution activities and support functions provided to other business segments of the Group;
- the Enterprise Communication Services segment (**Enterprise**) covers business communication solutions and services in France and

throughout the world.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations with respect to Notes issued under the Programme. These are set out under "*Risk Factors*" below and include:

- risks related to France Telecom (debt level, the success of the strategic programs, the success of the integrated operator model, the successful integration of the companies acquired, the risks of the subsidiaries or joint ventures with other partners, investigations and litigation, the investments required to supply new services, the vulnerability of its infrastructure);
- risks related to the telecommunications sector (the transformation of the sector, strong competition, declining profitability of certain activities, regulatory pressures, allegations of health risks); and
- risks related to the financial markets (fluctuations in exchange rates, changes in interest rates, the volatility of the France Telecom share and possible future sales by the French state).

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" below and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular series of Notes and certain market risks.

Description and Size:

Euro Medium Term Note Programme of up to EUR 30,000,000,000 (or its equivalent in other currencies) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement

Arrangers:

BNP Paribas and Merrill Lynch Capital Markets (France) SAS

Dealers:

ABN AMRO Bank N.V.
BNP Paribas
HSBC France
Citigroup Global Markets Limited
Deutsche Bank AG, London Branch
Goldman Sachs International
J.P. Morgan Securities Ltd.
Merrill Lynch International
Morgan Stanley & Co. International Plc
Nomura International plc
Société Générale

Further Dealers may be appointed from time to time by the Issuer in accordance with the provisions of the Programme Agreement.

Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see " <i>Subscription and Sale</i> ") including the following restrictions applicable at the date of this Base Prospectus.
	Notes with a maturity of less than one year
	Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see " <i>Subscription and Sale</i> ".
	Under the Luxembourg Law on Prospectuses for Securities, which implements the Prospectus Directive, prospectuses for the listing of money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of such law and do not need to be approved by the CSSF.
Issuing and Principal Paying Agent:	Citibank, N.A.
Agency Agreement:	The Agency Agreement (as defined in the " <i>Terms and Conditions of the Notes</i> ") entered into in relation to the Notes principally contains provisions relating to the payment and administrative procedures relating to the Notes. In addition, it contains the forms of temporary global note, permanent global note, global certificate, definitive notes and certificates and provisions relating to meetings of Noteholders. The key provisions of the Agency Agreement applicable to holders of Notes are contained in the Terms and Conditions of the Notes (see also " <i>General Information—Documents Available</i> ").
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The terms of such redenomination shall be as set out in Condition 17 as amended by the applicable Final Terms.
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in " <i>Form of the</i>

Notes".

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) and on redemption such interest will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms).

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), (as indicated in the applicable Final Terms).

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.

Index Linked Notes:

Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms).

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates specified in, or determined pursuant to, the applicable Final Terms and will be calculated on the basis of the relevant Day Count Fraction unless otherwise indicated in the applicable Final Terms.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Notes may be converted from one Interest Basis to another if so provided in the applicable Final Terms.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption and Purchase:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms.

The Notes may be redeemable by the Issuer in the event of it having to pay any additional amounts (for taxation reasons) as set out in "*Terms and Conditions of the Notes*".

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts and Coupons appertaining thereto are purchased therewith) at any price in the open market as further described in Condition 6. Any purchase of Notes by the Issuer will be made in accordance with applicable regulations.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain restrictions — Notes with a maturity of less than one year*" above.

Denomination of Notes:

Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms) save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions — Notes with a maturity of less than one year in relation to which issue proceeds are accepted in the United Kingdom*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area (other than in France) or offered to the public in a Member State of the European Economic Area (other than in France) in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

A summary of the French and Luxembourg tax considerations, *inter alia*, are set out on page 91 herein (see "*Taxation*").

Negative Pledge:

The terms of the Notes will contain a negative pledge provision as further described in Condition 3.

Cross-Default:

The terms of the Notes will contain a covenant as to the indebtedness of the Issuer as further described in Condition 8.

Status of the Notes:

The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 3, unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

- Rating:** Notes issued under the Programme may be rated or unrated. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
- The rating of certain series of Notes to be issued under the Programme may be specified in the relevant Final Terms.
- Listing and admission to trading:** Application has been made to CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.
- The Notes may also be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each Series subject to the requirements and according to the rules of the relevant stock exchange or other authority.
- Notes which are neither listed nor admitted to trading on any market may also be issued.
- The applicable Final Terms will state whether or not and, if so, on which stock exchange(s) the Notes are to be listed and/or admitted to trading and, if so, on which stock exchange and/or markets.
- Deed of Covenant:** The Deed of Covenant (as defined in "*Terms and Conditions of the Notes*") entered into in relation to the Notes contains provisions relating to the rights of holders of Notes vis-à-vis the Issuer for so long as such Notes are represented by a global Note (see also "*Form of the Notes*"). The key provisions of the Deed of Covenant applicable to holders of Notes are contained in Form of the Notes (see also "*General Information—Documents Available*").
- Governing Law:** The Notes will be governed by, and construed in accordance with, English law and will be subject to the exclusive jurisdiction of the French courts.
- Selling Restrictions:** There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom and France) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See "*Subscription and Sale*" below.
- For United States purposes, the Issuer is a Category 2 issuer and TEFRA D or TEFRA C will apply or TEFRA will not apply, as specified in the applicable Final Terms.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

1) FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

The risk factors described below relate to France Telecom, the telecommunications sector and financial markets and are set out by category, in order of decreasing importance, according to France Telecom's current assessment. The occurrence of new external or internal events may lead France Telecom to modify this order of importance in the future.

Legal risks are presented in Section A for risks relating to legal proceedings or disputes, and Section B for risks relating to regulation and regulatory pressure. For further information, refer to Note 33 "*Litigation and claims*" to the 2006 consolidated financial statements and to Item 4 "*Information on France Telecom – 4.7 Regulation*" of the Annual Report on Form 20-F for the financial year 2006 respectively, which is incorporated by reference in this Base Prospectus.

Industrial and environmental risks are presented in Section A for risks relating to the vulnerability of the technical infrastructure and environmental risks. For further information, refer to Item 4 "*Information on France Telecom – 4.14 Environmental policy*" of the Annual Report on Form 20-F for the financial year 2006.

For risks relating to financial markets, please refer to Note 24 "*Exposure to market risks and financial instruments*" to the 2006 consolidated financial statements which presents the management of rate, foreign exchange, liquidity, covenant, counterparty and equity market risks. In addition, derivatives are described in Note 23 to the 2006 consolidated financial statements. The framework for managing rate, foreign exchange and liquidity risks is set by the Cash Management and Financing Committee.

The dedicated insurance program for covering what are seen as the highest risks is presented in Item 4. "*Information on France Telecom – 4.9 Insurance*" of the Annual Report on Form 20-F for the financial year 2006 (**Form 20-F 2006**). For further information, refer to this section.

A. Risk factors relating to France Telecom

a) The "NExT" Plan

France Telecom's strategy is based on the implementation of an integrated operator model in line with the NExT (New Experience in Telecommunications) plan, which covers the 2006 to 2008 period. The "NExT" plan also aims to drive down costs and strengthen the Orange brand. If France Telecom fails to implement this integrated operator model successfully as part of the "NExT" plan, or if it fails to implement it completely, or if the development of integrated and convergent services fails to meet customer expectations, then the objectives of the "NExT" plan may not be achieved, adversely affecting France Telecom's business, financial

position and earnings. Similarly, if France Telecom is unable to reduce its costs or strengthen the Orange brand, its business, margins and earnings would be adversely affected.

France Telecom's profitable growth strategy is based on the implementation of an integrated operator model, built around the core wireless and broadband activities, forming the basis for a multi-service offer (see Item 4 of Form 20-F 2006 - "*Information on France Telecom –4.2 Strategy*"). This strategy is being rolled out in connection with the "NExT" plan, the Group's three-year transformation programme aiming to make France Telecom the benchmark operator for new telecommunications services in Europe.

The success of this strategy and of the "NExT" plan depends on the following:

- The relevance to customer expectations of the growth strategy for the integrated and convergent services offering;
- The ability to develop, put in place and market innovative, integrated, "multi-network" and "multi-terminal" services, shifting from a network access approach to a services access approach;
- The ability to take full advantage of the services potential offered by Broadband, through constant innovation in terms of telecommunications services, customer services and network services;
- The ability to make full use of the Group's drivers of growth and efficiency: Research and Development, strategic partners; centralised strategic marketing; launching convergent offers;
- The ability to implement the new brand policy, based on a simplification of the branding system and the use of a single brand name (Orange) for mobile, fixed broadband, ADSL television, multi-services offers and the Business market;
- The ability to pool the different networks, information systems, services platforms, shared services centres, and call centres by enhancing the Group's integration across all areas;
- The ability to carry out the accelerated transformation of the Group's structures, operating procedures and cost structure, with savings on purchasing and network costs;
- The ability to upgrade the Group's skills, in particular through the Anticipation and Skills for Transformation programme (ACT) and to proceed, notably in France, with the planned recruitment (6,000 new hires) and redundancies (22,000).

Should France Telecom fail to implement this integrated operator model in line with the "NExT" plan, or to implement it completely, then the objectives of the "NExT" plan might not be achieved, and the business, financial position and results of France Telecom would be adversely affected.

Furthermore, France Telecom's costs, notably its fixed costs, are still high compared with some of its competitors, due to its former status as a public monopoly. The "NExT" plan notably aims to reduce France Telecom's costs, and more specifically its fixed costs. If France Telecom is unable to reduce such costs quickly enough, its margin levels, its financial position and its results could be adversely affected.

Lastly, the "NExT" plan is based in part on the consolidation of the Group's product lines and services under the Orange brand, both in France and abroad. France Telecom could find it difficult to implement this new brand policy or even maintain this brand's positive image, notably in the event of a significant incident or the level of service falling short of customers expectations, which could adversely affect its image, reputation, business and financial results.

b) France Telecom may not succeed, in whole or in part in integrating the companies that it has acquired into the Group or in achieving the planned synergies.

In January 2005, France Telecom acquired the remainder of the stock in Polish operator TP S.A. held by its partner Kulczyk. Since that date, France Telecom has held directly 47.5 per cent. of the equity and the voting rights of TP S.A. In line with its strategy, France Telecom continues to consolidate the TP Group (as defined in Note 36 "*List of consolidated companies*" to the 2006 consolidated financial statements) and to have its standards, controls and procedures applied, while complying with the governance rules applicable to TP S.A. In 2005, TP Group adopted the Orange brand for its mobile activities.

In November 2005, France Telecom acquired nearly 80 per cent. of the Spanish wireless operator Amena for euro 6.4 billion. France Telecom aims to achieve synergies of more than euro 1.1 billion in current value with a positive impact on net cash flows of around euro 130 million per year from 2008 on. The Group's subsidiaries in Spain were merged with France Télécom España in 2006. In October 2006, France Telecom's activities in Spain adopted the single Orange brand.

Amena and TP Group are strategic assets for the Group. Successfully consolidating Amena and achieving the synergies planned, as well as the continued consolidation of the TP Group, represent therefore major challenges for the success of the "NExT" plan.

In the process of consolidating the companies acquired and achieving the anticipated synergies, France Telecom could, however, in the case of Amena, TP Group or other companies acquired by it:

- have difficulty integrating the operations and personnel of the acquired entities;
- fail to incorporate successfully networks or acquired technology into its network and product lines;
- fail to implement in those companies the marketing strategy and brand policy set under the "NExT" plan;
- fail to generate the anticipated synergies;
- fail to maintain uniform standards, controls, procedures and policies; or
- fail to maintain satisfactory relations with the employees of the acquired entities as a result of changes in management and control.

Any major difficulties related to the consolidation of Amena or the TP Group or other businesses acquired by France Telecom could adversely affect its business, financial position and results.

c) France Telecom faces risks relating to certain subsidiaries and joint ventures in which it shares control or does not hold a controlling interest.

In some of the Group's activities, France Telecom does not have controlling interest. Under the documents or agreements governing certain of these activities, certain key matters such as the approval of business plans and decisions as to the timing and amount of dividend distributions require the agreement of France Telecom's partners.

Such risks may involve the following companies specifically, in which France Telecom shares control with another shareholder: ECMS (Mobinil), a subsidiary of Orange in Egypt, which is consolidated at 71.25 per cent., as well as operators in Mauritius (Mauritius Telecom), in which France Telecom has a 40 per cent. controlling interest. France Telecom owns a minority interest in various telecommunications companies in Europe such as ONE in Austria (17.5 per cent., wireless business) and Sonaecom in Portugal (19.19 per cent., wireless, fixed and Internet).

The occurrence of the risks relating to certain subsidiaries and joint ventures in which France Telecom shares control or does not hold a controlling interest, the main examples of which have been mentioned above, could have an impact on France Telecom's ability to pursue its stated strategies with respect to those entities or have a material adverse effect on its financial results or financial position.

d) On an ongoing basis, France Telecom is involved in legal proceedings and disputes with regulatory authorities, competitors or other parties. The outcome of some or all of these proceedings is generally uncertain, and could have a significant impact on its results or its financial position.

France Telecom's position as the main operator and provider of networks and telecommunications services in France and Poland, one of the leading telecommunications operators worldwide, attracts the attention of competitors and competition authorities. In addition, France Telecom – notably in France and Poland - is frequently involved in legal proceedings with its competitors due to its prominent position in these markets, and the complaints filed against France Telecom may be highly significant in some cases. The outcome of disputed proceedings is by its nature unpredictable. For proceedings involving the competition authorities, the maximum amount of the fines prescribed by law is 10 per cent. of the consolidated revenues of the relevant company (or the group that it is part of, as relevant). In 2005, the competition authorities imposed on France Telecom two fines of euro 40 million and euro 80 million respectively for unfair trade practices and abuse of dominant position, followed by a further fine of euro 256 million for collusion. These three rulings were confirmed in 2006 with the last two are currently being appealed.

The main proceedings in which France Telecom is involved are described in Note 33 “*Litigation and claims*” to the 2006 consolidated financial statements. Developments in or the outcome of some or all of the on-going proceedings could have a significant impact on its results or its financial position.

e) France Telecom's technical infrastructure is vulnerable to damage or interruptions caused by floods, storms, fires, power outages, war, acts of terrorism, intentional misdeeds and other similar events. Technical network and information technology system failures may result in reduced user traffic, reduced revenues and harm to France Telecom's reputation.

A natural disaster, like the December 1999 storms, which disrupted service in France in early 2000, and other unexpected occurrences affecting its facilities or any other damage or failure of its networks may lead to service disruptions. In 2000, such damage amounted to approximately euro 150 million. In certain circumstances, France Telecom has no insurance for damage to its aerial lines and must bear the cost of such damage. Information technology system (hardware or software) failures, human error or computer viruses could also affect the quality of its services and cause temporary service disruptions. Currently, there is an increased risk of failure of the information system due to the acceleration of the implementation of new services or new applications relating to invoicing and customer relations management. In particular, incidents may occur during the course of installing new applications or new software. While such risk cannot be quantified, such events could result in customer dissatisfaction and reduced traffic and revenues for France Telecom.

f) France Telecom has recorded significant levels of goodwill following the acquisitions made since 1999. Impairment of this goodwill which could have a material adverse effect on France Telecom's results may be recorded in the accounts.

France Telecom has recorded significant goodwill in connection with its acquisitions since 1999, particularly for the acquisitions of Orange, Equant, Amena and the 47.5 per cent. stake in TP SA. Goodwill amounted to approximately euro 31.5 billion at 31 December 2006.

Pursuant to IFRS, the current value of the goodwill is reassessed annually and, when events and circumstances indicate that a decrease in value may occur, France Telecom impairs this goodwill, particularly in the case of events and circumstances which involve lasting material adverse changes affecting the economic environment or affecting the assumptions and objectives used at the time of the acquisition. For example, France Telecom impaired its investments in Equant, TP Group and in some subsidiaries of Orange and Wanadoo in 2002, 2003, 2004 and 2006. France Telecom cannot guarantee that new events or adverse circumstances will not occur that would cause France Telecom to review the current value of its goodwill and to record significant new impairments which could have a material adverse effect on France Telecom's results.

In addition, in reviewing the current value of goodwill, France Telecom conducts impairment tests on groups of cash-generating units, i.e. at the level at which the Group receives the return on investment in goodwill. This level may be a cash generating unit or a group of cash generating units for the same business or

geographic region. These groups of cash-generating units can be modified based on changes in the Group's structure, as was the case in 2006 (see Note 7 "*Impairment*" to the 2006 consolidated financial statements). Furthermore, given the possibility that new rules will be adopted for the definition of business segments, the Group may have to modify the groups currently defined. Such changes might have an impact on the results of impairment tests and therefore on the impairments recorded.

g) The value of France Telecom's international investments in telecommunications companies outside Western Europe may be materially affected by political, economic and legal developments in those countries.

France Telecom has made investments in telecommunications businesses in Eastern Europe, the Middle East, Asia and Africa, and plans to make further investments in countries in these regions. These companies contribute significantly to the growth of the Group. The political, economic and legal systems of the countries in these regions of the world may evolve in an unpredictable manner, as was the case in the Ivory Coast. Furthermore, some changes planned, which should have a positive or stabilising influence on France Telecom's business and results, such as the adoption of the euro by Poland, Slovakia and Romania, could be delayed. Such political or economic changes and some legislative changes might adversely affect the operations of the companies in which France Telecom has invested or may invest in the future. This could affect the value of such investments or France Telecom's results.

h) If France Telecom fails to meet the commitments made under its UMTS licenses, its licenses could be withdrawn or it could be charged penalties, which would have an adverse effect on its business, its results or its financial position.

Under the terms of its UMTS licenses, France Telecom has agreed to make significant investments in its networks in order to be able to offer new products and services. In addition, if France Telecom were unable to meet such commitments or have them changed, the licenses could be revoked and France Telecom could in certain cases be liable for damages to the State that awarded the license, or to its partners in UMTS development in these countries, as well as to its creditors or its suppliers. All of these risks could have a material adverse impact on France Telecom's financial position and results.

i) France Telecom's debt rating was downgraded in 2001 and 2002 by rating agencies then upgraded from 2003 to 2005. The lowering of the debt rating may limit France Telecom's borrowing capacity and raise the cost of its access to the capital markets.

France Telecom cannot guarantee that its credit risk, which was downgraded in 2001 and 2002, then upgraded from 2003 to 2005, will not be downgraded again by the rating agencies, particularly if the "NExT" Plan does not produce the anticipated results or if France Telecom fails to continue reducing its indebtedness. Moreover, certain factors outside France Telecom's control, including factors relating to the telecommunications industry or specific countries or regions in which it operates, may affect the rating agencies' assessment of France Telecom's credit profile.

For reference, France Telecom believes that downgrading of its long-term debt rating by S&P's and Moody's by one level would automatically increase its annual interest expense by around euro 35 million, based on its current level of indebtedness, and would also adversely affect its ability and conditions for access to the financial markets.

Furthermore, France Telecom's securitisation programmes require, where applicable, a rating above BB-. Lastly, in the event of a ratings downgrade, certain derivatives contracts and certain contracts related to lease transactions with third parties may be terminated or may require cash collateral to be given. France Telecom has already been required to give additional security cash collateral for some such contracts.

For further information on guarantees relating to financial debt and the management of covenants, refer respectively to Notes 19 and 24 to the 2006 consolidated financial statements in Form 20-F 2006, respectively "*Net financial debt*" and "*Exposure to market risks and financial instruments*".

j) France Telecom applied the new IFRS accounting standards in 2005, which forced it to take a view on some issues relating to their application, which, in the absence of specific information from the standardisation agencies, may or may not be confirmed.

France Telecom has been applying IFRS (International Financial Reporting Standards) to its accounts since 1 January 2005. In some cases, in the absence of specific guidelines from the standardisation agencies, France Telecom has had to take positions, as outlined in Note 2 to the 2006 consolidated financial statements. France Telecom cannot guarantee that these positions will be confirmed by those standardisation agencies, or, as the case may be, by market authorities. Furthermore, the comparability of France Telecom's accounts with those of other companies may be affected by the accounting options or methods adopted by each company as part of the first application of IFRS.

k) France Telecom uses certain facilities, products or substances which might represent a danger or a threat for the environment

France Telecom believes that its activities as a telecommunications operator present no major risks for the environment. In fact, the operations of France Telecom do not use any production process that seriously threatens scarce or non-renewable resources, natural resources (water, air), or biodiversity.

However, France Telecom does use some facilities, products or substances that are liable to represent a danger or threat for the environment. The corresponding risks have led to the adoption of prevention programmes.

Generally, France Telecom applies the accounting rules relating to environmental liabilities and in particular those concerning provisions for regeneration and dismantling of sites, in accordance with current legislation and regulations. However, France Telecom cannot exclude the possibility of a change in legislation or regulations that would require it to incur additional expenditure and to set aside larger provisions in this respect.

B. Risk factors relating to the telecommunications and wireless industries

a) The thorough transformation of the telecommunications sector is accelerating. A deficiency in France Telecom's response to technological development and new customer practices could lead to the loss of customers or market share in the sectors in which France Telecom operates and could have an adverse impact on its revenues and financial results.

The telecommunications industry has experienced major changes in the last few years, and France Telecom believes that these changes are occurring at a faster pace, with the development of wireless and fixed-line broadband, and notably calls made over the Internet ("voice over IP"). If France Telecom fails to adapt rapidly, at a reasonable cost, its structure, business, networks and technologies (including the technologies acquired from third parties under patents and licenses), and its services in response to developments in the telecommunications industry and to the expectations of its customers, it may be unable to compete effectively and its business, financial position, margins and results may be affected.

Furthermore, new technologies that France Telecom chooses to develop may engender significant costs and may turn out not to be as successful as anticipated. As a result, France Telecom could lose customers or market share or be required to incur substantial costs in order to keep its customers.

b) Intense competition in the European telecommunications sector might strain France Telecom's resources.

France Telecom faces intense competition in all areas of its business.

In the mobile telecommunications market, France Telecom faces intense competition in all of its principal markets from existing and new players, new firms on the market and virtual mobile network operators. As these markets have become increasingly saturated, the focus of competition is starting to shift from customer acquisition to customer retention, which could lead to higher expenses for customer retention. Mobile call prices have fallen over the past few years and may continue to fall on the main markets in which France

Telecom operates, especially due to decisions by third parties over which France Telecom has no control. For instance, national regulatory authorities have already decided to reduce call termination prices and the authorities may decide on further price cuts in the future.

In the French market for fixed telephony services, France Telecom is facing competition which has resulted in a massive lowering of rates, as well as a reduction in its market share. Recent changes in regulations, such as the unbundling of the local loop, the pre-selection of operators, and the portability of numbers, have made it easier for customers to use the services offered by rival operators. France Telecom is expecting a further decrease of its market share and continued rate decreases in the fixed-line sector in France. In addition, an increasing proportion of calls that would previously have been made over the fixed-line network are now being made over the Internet (Voice over IP) or on mobile telephones. The arrival on the electronic communications market of Internet market players such as Yahoo, Google, MSN, and Skype is contributing to this trend. Similar changes are being observed in Poland, which affect the TP Group. France Telecom also faces competition in the market for Internet and multimedia services, and more specifically in ADSL broadband internet access, reflecting the development of unbundling, the implementation of a “naked ADSL”¹ wholesale offering, and new Wimax² technology-based access conditions. In addition, France Telecom has had to launch ADSL consumer access services without any telephone subscription, pointing to a downturn in revenues from subscriptions.

In the enterprise communication services market, France Telecom also faces intense competition. The success of the France Telecom group in this market will depend on its ability to compete with the other major telecommunications operators, IP and data specialists, and new arrivals in this market, including from competing network operators and Internet service providers or other high value-added services. France Telecom believes that the number of competitors, or the presence of competitors with greater critical mass – due to the vertical and horizontal concentration of this business - may increase in the future, which could generate pressure on prices, reduce France Telecom's market share and decrease its margins.

Competition in any or all of France Telecom's lines of business could lead to:

- price and profit erosion for France Telecom's products and services;
- an inability to increase market share or a loss of market share;
- loss of existing or potential customers and greater difficulty in retaining existing customers;
- more rapid deployment of new technologies and obsolescence of existing technologies;
- the increase of costs linked to investments in new technologies that are necessary to retain customers and market share;
- increased pressure on France Telecom's profit margins, preventing it from maintaining or improving its current level of operational profitability; and
- difficulties repaying the debt it incurred to finance its acquisitions and strategic and technological investments if it cannot generate sufficient profits and cash flow.

c) If the growth in revenues from mobile telephony and the Internet slows down, and if revenues from fixed-line services and business calls continue to fall, France Telecom’s revenues may fail to increase or may even drop, which could adversely affect its profitability.

Over the last few years, the growth in France Telecom's revenues, on a constant exchange rate and structural basis, has been driven primarily by the rapid expansion of its Internet and wireless communications businesses, in line with growth in the Internet and wireless markets in Europe.

¹ Naked ADSL means broadband Internet access without subscription to a telephone line.

² Wimax means Worldwide Interoperability for Microwave Access, and is a telecommunications technology aimed at providing wireless data over long distances in a variety of ways, from point-to-point links to full mobile cellular type access.

If these markets do not continue to develop, particularly in France, Poland, the United Kingdom and Spain, France Telecom's revenues may not grow or may even decrease, which in turn could affect its financial position and results, notably in the event of a continued downturn in revenues on the fixed-line and business communication services.

For further information on changes in France Telecom's revenues and its components over 2006, refer to Item 5 of Form 20-F 2006 - "*Operating and Financial Review and Prospects 5.2.1.1.1 Revenues*".

d) France Telecom operates in highly regulated markets and is subject to extreme regulatory pressure which limits its flexibility to manage its business.

France Telecom must comply with a whole series of regulatory requirements relating to the supply of its products and services, and with oversight by regulatory authorities, which are responsible for making certain that effective competition is maintained in electronic communications markets. Furthermore, France Telecom faces a number of regulatory constraints as a result of its dominant position in the fixed-line telecommunications market in France and Poland, including certain obligations that lead to significant costs. For example, France Telecom is required to provide interconnection services to other operators under terms that must be approved by the regulatory authorities, to provide local loop access at prices approved by the regulatory authorities, and to have its rates for fixed-line voice telephony services approved by the regulatory authority prior to implementation. France Telecom believes that, in general, it fulfils the requirements imposed by the applicable regulations, but it cannot predict any opinions that may be expressed by regulatory or judicial authorities, which could be asked to review or which have already been asked to review France Telecom's compliance.

France Telecom's activities and operating income may be impacted significantly by legislative, regulatory or government policy changes and, in particular, by decisions made by regulatory authorities and competition authorities in relation to:

- granting, modifying and renewing licenses (such as the launch by the French Telecommunications Regulatory Authority (ARCEP)³ in March 2007 of a tender offer for the allocation of a fourth 3G licence in France);
- the possibility of extending activities to new markets;
- network access for virtual network operators and other service providers; or
- pricing (in 2006, the European Commission proposed to restrict wholesale and retail rates for mobile operators in relation to roaming on mobile networks)

Such decisions could significantly and adversely impact France Telecom's financial results.

Furthermore, in the European Union, national laws enacted pursuant to EU directives provide for the national regulatory authorities to draw up a list of relevant markets for which they will perform market analyses. Following this market analysis phase, the national regulatory authorities will be entitled to impose remedies on operators that exert significant influence on the wholesale markets, such remedies may include publication of a standard term offer, access to network components and related resources, and accounting separation for certain interconnection or access activities. With regard to retail rates, the national regulatory authorities will be able to prohibit bundling deemed abusive, impose rates reflecting costs, or strictly oppose the implementation of a rate. The regulators therefore have various tools that could enable them to increase the burden of regulatory constraints on France Telecom. Given their position in some markets, France Telecom in France and TP Group in Poland are particularly likely to be affected by greater regulatory pressure.

In France, the ARCEP has strong control and sanction power in that it can conduct targeted investigations in connection with its missions and can issue injunctions without prior notice.

³ Autorité de régulation des communications électroniques et des postes.

Overall, the regulatory, investigative and sanctioning powers allocated to the regulatory authorities have been strengthened, which could have a material adverse impact on France Telecom's business and results.

Furthermore, license holders are required in most countries to provide telecommunications services and operate networks. This type of licenses frequently impose requirements regarding the way the operator conducts its business, including, in particular, minimum service requirements, roll-out completion deadlines, and the quality of network coverage. Non-compliance with these obligations could result in fines and other sanctions up to and including the withdrawal of licenses awarded.

e) Alleged health risks in relation to wireless communications devices could lead to decreased wireless communications usage or increased difficulty in obtaining sites for base stations or litigation, which could adversely affect France Telecom's results.

In some countries in which France Telecom conducts its wireless telephony business, concerns have been expressed over the last few years as to the possible health risks to humans caused by exposure to radio-frequency emissions or electromagnetic fields emitted by mobile telephones and wireless transmission sites, at exposure levels lower than the existing permitted thresholds. These concerns have been the object of public opinion campaigns but they do not currently reflect any consensus among experts in the countries in which France Telecom operates.

While to date France Telecom is not aware of any substantiation of health risks associated with wireless telephony, potential health risks or risks perceived by the public may have a material adverse effect on France Telecom's results or financial position through a reduction in the number of customers, reduced usage per customer, a slowdown in the deployment of transmission sites, the Orange brand being adversely affected, exposure to potential litigation or other reasons, including acts of vandalism at transmission sites. If future evidence is considered to show that health risks do exist, the use of mobile phones could be subject to regulations which, for example, could limit emission levels from handsets or transmission sites. Such regulations could have an adverse effect on France Telecom's operations and performance.

In May 2006, in a report entitled "Electromagnetic fields and public health", the World Health Organization (WHO) stated that "recent surveys have shown that the exposures to radio-frequencies (RF) from base stations range from 0.002 per cent. to 2 per cent. of the levels of international exposure guidelines, depending on a variety of factors such as the proximity to the antenna and the surrounding environment. This is lower or comparable to RF exposures from radio or television broadcast transmitters". The WHO concluded that "considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects".

In December 2005, with regard to handsets, the WHO stated that (in a report entitled : "What are the health risks associated with mobile phones and their base stations ?") "no recent national or international reviews have concluded that exposure to the radio-frequencies fields from mobile phones or their base stations causes any adverse health consequence. However, areas have been identified by the WHO's ElectroMagnetic Fields (EMF) Project for further research to better assess health risks and have led to over 250 million dollars in research worldwide to study radio-frequencies effects on health. It will take about two to three years for the required radio-frequencies research to be completed, evaluated and to publish an updated WHO health risk assessment" ..

The effect of mobile telephony on children is a recurring issue in some countries where Orange operates. In a statement issued in July 2005, WHO confirmed its position that in fact there have been no harmful effects on health due to exposure to radio frequencies fields at levels below the thresholds defined in 1998 by the International Commission on Non-ionising Radiation Protection (ICNIRP). These thresholds include a safety margin for the protection of the public, including children.

In the future, France Telecom cannot be certain that these publications or that medical research in general, will rule out any link between radio frequency emissions and health risks. If such a link were discovered, it could have an adverse impact on France Telecom's business and performance.

C. Risk factors relating to financial markets

a) France Telecom's results and cash flow are exposed to fluctuations in exchange rates

A significant portion of France Telecom's revenues and expenses are accounted for in currencies other than euro. The main currencies for which France Telecom is exposed to a significant foreign exchange risk are pound Sterling, Polish zloty and U.S. dollar. Fluctuations in the average exchange rate of a particular currency from one period to another can have a marked effect on revenues and expenses in that currency, which could significantly affect France Telecom's results. For example, based on 2006 data, the theoretical impact of a 10 per cent. depreciation against the euro of all the currencies in which the Group's subsidiaries operate would have translated into a 2.9 per cent. reduction in consolidated revenues and a 3.0 per cent. reduction in the gross operating margin.

In addition, France Telecom manages the exchange risk of commercial transactions (linked to operations) and financial transactions (linked to financial indebtedness) under the conditions set out in Note 24.2 to the 2006 consolidated financial statements - "*Exposure to market risks and financial instruments: Foreign currency risk management*".

Generally, France Telecom enters into derivative instruments to hedge underlying exposures to changes in exchange rates, but France Telecom cannot guarantee that these derivative transactions will effectively or totally hedge its risks. To the extent that France Telecom has not entered into any derivative instruments to hedge some of that risk, or if its strategy of using such instruments does not succeed, France Telecom's cash flow and results could be adversely affected. See Notes 23 and 24 to the 2006 consolidated financial statements "*Derivatives*" and "*Exposure to market risks and financial instruments*", respectively .

For the purposes of consolidation, the assets and liabilities of the foreign subsidiaries are converted to euros at the year-end exchange rate. This conversion, which does not affect the income statement, has an impact on asset and liability items of the 2006 consolidated balance sheet, balanced against the lines for shareholders' equity currency translation differences, representing amounts that may be significant.

The following table presents a breakdown of net assets by currency, before and after factoring in net financial debt, in million euros at 31 December 2006 (unaudited data).

Breakdown of assets, liabilities and net assets by currency

At December 31, 2006 (in million euros)	EUR	GBP	PLN	USD	CHF	Other currencies	Total non- euro currencies	Total
Assets for each currency ⁽¹⁾	54,506	3,617	7,062	2,997	1,156	4,317	19,149	73,655
Liabilities for each currency ⁽²⁾	35,015	5,196	1,725	30	258	(207)	7,002	42,017
Net assets for each currency	19,491	(1,579)	5,337	2,967	898	4,524	12,147	31,638

(1) The figure for assets per currency represents the assets for each currency excluding components contributing to net financial debt.

(2) The figure for liabilities per currency represents the net financial debt contributed by each currency, as presented in Note 19.4 to the consolidated financial statements in Form 20-F 2006.

EUR refers to euro, GBP to pound Sterling, PLN to Polish zloty, USD to U.S. dollar, and CHF to Swiss franc.

The figure for assets per currency (net assets excluding components contributing to net financial debt) in currencies other than euro, primarily pound Sterling, zloty, and U.S. dollar came to euro 19.1 billion at 31 December 2006, representing 26 per cent. of net assets excluding debt. A 10 per cent. depreciation of all currencies other than the euro would have resulted in a 1.9 billion euro reduction in net assets excluding debt, i.e. – 2.6 per cent..

The figure for liabilities per currency at 31 December 2006 represents the net financial debt contributed by each currency after management, in other words after factoring in any derivative instruments put in place, as presented in Note 19 to the 2006 consolidated financial statements: "*Net financial debt*". For currencies other than euro, these are primarily pound Sterling and zloty. On such date, it came to euro 7 billion, representing 17 per cent. of net financial debt. A 10 per cent. appreciation in relation to euro for all currencies other than euro would have resulted in a euro 0.7 billion increase in net financial debt recorded on the balance sheet, i.e. + 1.7 per cent..

The figure for net assets in currencies other than euro was euro 12.1 billion at 31 December 2006, representing 38 per cent. of net assets. Depreciation by 10 per cent. of all the currencies compared with euro would have led, due to conversion to euros, without any impact on the income statement or on cash flow, to a reduction of euro 1.2 billion of net assets, i.e. – 3.8 per cent..

b) France Telecom's business may be affected by fluctuations in interest rates.

In the ordinary course of its business, France Telecom is exposed to changes in interest rates. Where appropriate, France Telecom enters into derivative instruments to hedge underlying exposures to changes in interest rates, but France Telecom cannot guarantee that such derivative transactions will effectively or completely hedge such risk. To the extent that France Telecom has not entered into any derivative instruments to hedge part of that risk, or if its strategy of using such instruments is not successful, France Telecom's cash flow and results could be adversely affected. For further information see Note 24.1 to the 2006 consolidated financial statements - "*Exposure to market risks and financial instruments: Interest rate risk management*".

c) France Telecom's results and financial position could be affected by an equity market downturn.

A downturn in equity markets could have a negative impact on France Telecom's results and financial position in one of the following two cases:

- In the event of a reduction in the share prices of France Telecom's listed subsidiaries, notably TP S.A. (Poland), Mobistar (Belgium) and ECMS (Egypt), it could be necessary to assess the value of the corresponding assets, which could lead to an impairment in value being recorded.
- If France Telecom were to acquire treasury stock (which it did during the first quarter of 2007), a reduction in its share price could bring about a reduction in the value of its shares held as treasury stock.

d) France Telecom's share price may fluctuate due to a wide range of factors

These factors include:

- a change in France Telecom's credit rating, or level of indebtedness or sales of assets;
- changes in financial analysts' recommendations regarding France Telecom;
- changes in analysts' forecasts regarding the markets in which France Telecom operates;
- an announcement by France Telecom or one of its competitors regarding strategic partnerships, financial results, changes in capital structure or other significant changes in its activity;
- the recruitment or departure of key employees; and
- general stock market fluctuations.

e) Future sales by the French State of its shares in France Telecom may impact France Telecom's share price.

At 30 June 2007, the French State held, directly or indirectly through the ERAP (State-owned industrial and commercial entity, *EPIC*), 27.4 per cent. of the share capital of France Telecom. If the French State decides to reduce its shareholding further, such a sale by the French State, or even the perception that such a sale is imminent, could have an adverse impact on France Telecom's share price. See Note 37.3 to the 2006 consolidated financial statements - "*Subsequent events*".

2) FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

a) The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

b) Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

i) Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

ii) *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

(iii) *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

(iv) *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

(v) *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

(vi) *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

(vii) *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

c) Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

(i) *Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

(ii) *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a

Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

(iii) *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

(iv) *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

d) Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

(i) *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

(ii) *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

(iii) *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

(iv) *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

e) Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

INVESTMENT CONSIDERATIONS

The Notes are governed by English law but subject to the exclusive jurisdiction of the French courts. The French courts may require certified translations into French of English language documents.

REGULATORY FRAMEWORK

The Issuer is subject to the informational requirements of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**) and, in accordance therewith, is required to file annual reports and other information with the United States Securities and Exchange Commission (the **SEC**). Such filings and other information can be inspected and copied at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, DC 20549, and at its regional offices located at Suite 1400, Citicorp Center, 500 West Madison Street, Chicago, Illinois 60661 and The Woolworth Building, 233 Broadway, New York, New York 10279 at prescribed rates. Copies of such materials can also be obtained from the Public Reference Section of the SEC at its principal office in Washington, DC at prescribed rates and from the specified office of the Paying Agent for the time being in Luxembourg free of charge. The SEC also maintains a Web site (<http://www.sec.gov>) from which certain filings and other information concerning the Issuer may be obtained. American Depositary Receipts representing American Depositary Shares representing the Issuer's ordinary shares are listed on the New York Stock Exchange. Reports and other information concerning securities of the Issuer can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the CSSF shall be incorporated in, and form part of, this Base Prospectus:

- the Annual Report on Form 20-F for the financial year 2006 (**Form 20-F 2006**);
- the semi-annual unaudited consolidated financial statements on Form 6-K for the period ended 30 June 2007;
- the management discussion and analysis on Form 6-K for the period ended 30 June 2007;
- the auditors' review report on the semi-annual IFRS consolidated financial statements for the period ended 30 June 2007; and
- the press release dated 25 October 2007 containing unaudited financial information for the third quarter of 2007.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg. This Base Prospectus (together with any Final Terms relating to Notes admitted to trading on the Luxembourg Stock Exchange's regulated market and the documents incorporated by reference herein) will also be published on the Luxembourg Stock Exchange's website (being www.bourse.lu).

The Issuer will, in the event of any significant new factor, material mistake, omission or inaccuracy relating to the information included in this Base Prospectus, which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of the Notes.

CROSS-REFERENCE LIST RELATING TO INFORMATION INCLUDED IN THE 2006 ANNUAL REPORT ON FORM 20-F

I. SELECTED FINANCIAL INFORMATION	
Selected historical financial information regarding the Issuer.	Form 20-F 2006, pages 3-4
II. INFORMATION ABOUT THE ISSUER	
<u>HISTORY AND DEVELOPMENT OF THE ISSUER:</u>	
The legal and commercial name of the Issuer;	Item 4.1.1 page 15 of Form 20-F 2006
The place of registration of the Issuer and its registration number;	Item 4.1.2 page 15 of Form 20-F 2006
The date of incorporation and the length of life of the Issuer;	Item 4.1.3 page 15 of Form 20-F 2006
The domicile and legal form of the Issuer, the legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office;	Item 4.1.4 page 15 of Form 20-F 2006
Any recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.	Note 37.3 to financial statements, pages F-138 to F-139 of Form 20-F 2006
<u>INVESTMENTS</u>	
A description of the principal investments made since the date of the last	Item 5.2.1.4 pages 124 to 126 of Form

published financial statements.	20-F 2006
Information concerning the Issuer's principal future investments, on which its management bodies have already made firm commitments.	Item 5.5.1 pages 211 to 212 and Note 32.1 to financial statements, pages F-93 to F-95 of Form 20-F 2006
Information regarding the anticipated sources of funds needed to fulfil commitments referred to in the preceding section.	Item 5.4 pages 198 to 210 of Form 20-F 2006
III. BUSINESS OVERVIEW	
<u>PRINCIPAL ACTIVITIES</u>	
A description of the Issuer's principal activities stating the main categories of products sold and/or services performed; and	Item 4.3 pages 25 to 62 of Form 20-F 2006
An indication of any significant new products and/or activities.	Items 4.2.2 and 4.2.3, pages 18 to 24, and Item 4.1.2, pages 97 to 99 of Form 20-F 2006
<u>PRINCIPAL MARKETS</u>	
A brief description of the principal markets in which the Issuer competes.	Item 4.6 pages 62 to 71 of Form 20-F 2006
The basis for any statements made by the Issuer regarding its competitive position.	Item 4.6 pages 62 to 71 of Form 20-F 2006
IV. ORGANISATIONAL STRUCTURE	
If the Issuer is part of a group, a brief description of the group and of the Issuer's position within it.	Item 4.3.1 pages 25 to 26 of Form 20-F 2006
V. TREND INFORMATION	
Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.	Item 4.2 pages 16 to 24 and item 5.1.3, pages 109 to 110 and item 8.3, page 274 of Form 20-F 2006
VI. ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BODIES	
Names, business addresses and functions in the Issuer of the members of the administrative, management, and supervisory bodies, and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to that Issuer:	Item 6.1 pages 245 to 255 of Form 20-F 2006
<u>CONFLICTS OF INTEREST</u>	
Potential conflicts of interests between any duties to the issuing entity of the persons referred to in item 9.1 and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, make a statement to that effect.	Item 6.1.1.4 page 253 of Form 20-F 2006
VII. BOARD PRACTICES	
Details relating to the Issuer's audit committee, including the names of committee members and a summary of the terms of reference under which the committee operates.	Item 6.3.2 pages 260 to 261 of Form 20-F 2006
A statement as to whether or not the Issuer complies with its country's of incorporation corporate governance regime(s). In the event that the Issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the Issuer does not comply with such a regime.	Item 6.3 page 258 of Form 20-F 2006 Not Applicable

VIII. MAJOR SHAREHOLDERS	
To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom, and describe the nature of such control, and describe the measures in place to ensure that such control is not abused.	Item 7.1 pages 271 to 272 of Form 20-F 2006
A description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.	Item 7.1.2 page 272 of Form 20-F 2006
IX. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	
Audited historical financial information covering the latest 2 financial years and the audit report in respect of each year. (a) balance sheet; (b) income statement; (c) cash flow statement; and (d) accounting policies and explanatory notes.	Item 17 (pages F-1 to F-139) of Form 20-F 2006 Page F-3 of Form 20-F 2006 Page F-2 of Form 20-F 2006 Pages F-6 and F-7 of Form 20-F 2006 F-8 to F-139 of Form 20-F 2006
<u>FINANCIAL STATEMENTS</u>	
If the Issuer prepares both own and consolidated financial statements, include at least the consolidated financial statements in the registration document.	Consolidated only, pages F-1 to F-139 of Form 20-F 2006
<u>AUDITING OF HISTORICAL ANNUAL FINANCIAL INFORMATION</u>	
A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.	Page F1 of Form 20-F 2006 Not Applicable
X. SHARE CAPITAL	
The amount of the issued capital, the number and classes of the shares of which it is composed with details of their principal characteristics, the part of the issued capital still to be paid up, with an indication of the number, or total nominal value, and the type of the shares not yet fully paid up, broken down where applicable according to the extent to which they have been paid up.	Item 10.1.1, page 278 of Form 20-F 2006
XI. MEMORANDUM AND ARTICLES OF ASSOCIATION	
The register and the entry number therein, if applicable, and a description of the Issuer's objects and purposes and where they can be found in the memorandum and articles of association.	Items 10.2.1 pages 281 to 282 of Form 20-F 2006 Exhibit 1.1 of Form 20-F 2006 (article 2 of by-laws)

<p>XII. MATERIAL CONTRACTS</p> <p>A brief summary of all material contracts that are not entered into in the ordinary course of the Issuer's business, which could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to security holders in respect of the securities being issued.</p>	<p>Item 19 page 303 of Form 20-F 2006</p>
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CROSS-REFERENCE LIST RELATING TO FINANCIAL INFORMATION INCLUDED IN THE 2007 SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS ON FORM 6-K

<p>13.5. INTERIM AND OTHER FINANCIAL INFORMATION</p>	
<p>balance sheet;</p>	<p>Page 5 of the semi-annual financial statements to 30 June 2007</p>
<p>income statement;</p>	<p>Page 4 of the semi-annual financial statements to 30 June 2007</p>
<p>cash flow statement; and</p>	<p>Page 8 of the semi-annual financial statements to 30 June 2007</p>
<p>accounting policies and explanatory notes.</p>	<p>Pages 9 to 31 of the semi-annual financial statements to 30 June 2007</p>
<p>Auditors' report</p>	<p>Auditors' review report on the semi-annual consolidated financial statements for the period ended 30 June 2007</p>
<p>Management report</p>	<p>Management discussion and analysis on Form 6-K for the period ended 30 June 2007</p>
<p>Financial statements for third quarter 2007</p>	<p>Press release dated 25 October 2007 containing unaudited financial information for the third quarter of 2007</p>

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered to a common depository for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg as applicable, has given a like certification (based on the certifications it has received) to the Agent (as defined below).

On and after the date (the **Exchange Date**) which is 40 days after the date on which a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note without receipts, interest coupons or talons or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification exchange of the Temporary Global Note is improperly withheld or refused.

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification. The applicable Final Terms shall specify that either (i) a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event as described therein. **Exchange Event** means (i) an Event of Default (as defined in Condition 10) has occurred and is continuing; (ii) the Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system is available; or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the permanent global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) may give notice to the Agent requesting exchange and in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all global Notes and definitive Notes, which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States Noteholders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Agent.

A Note may be accelerated automatically by the holder thereof in certain circumstances described in "*Terms and Conditions of the Notes — Events of Default*" (Condition 10). In such circumstances, where any Note is still represented by a global Note and a holder of such Note so represented and credited to his securities account with Euroclear or Clearstream, Luxembourg gives notice that it wishes to accelerate such Note, unless within a period of 7 days from the giving of such notice payment has been made in full of the amount due in accordance with the terms of such global Note, such global Note will become void. At the same time, holders of interests in such global Note credited to their accounts with Euroclear or Clearstream, Luxembourg will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 6 November 2007 executed by the Issuer.

APPLICABLE FINAL TERMS (RETAIL)

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 50,000 (or its equivalent in another currency).

[Date]

FRANCE TELECOM

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 30,000,000,000

Euro Medium Term Note Programme

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (a) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 36 of Part A below, provided such person is one of the persons mentioned in Paragraph 36 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].⁴

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].⁵

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 6 November 2007 [which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**)]⁶. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive]¹ and

⁴ Consider including this legend where a non-exempt offer of Notes is anticipated.

⁵ Consider including this legend where only an exempt offer of Notes is anticipated.

⁶ Delete in the case of any issue of Exempt Notes, any Notes to be listed on the unregulated market of the Luxembourg Stock Exchange or any Notes to be issued pursuant to a unitary prospectus.

must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of such Base Prospectus and these Final Terms are available for inspection at www.bourse.lu and from the head office of the Issuer and the specified offices of the Paying Agents.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a [Base Prospectus/Offering Circular] with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the [Base Prospectus/Offering Circular] dated [original date]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**)]¹ and must be read in conjunction with the Base Prospectus dated 6 November 2007 [which constitutes a base prospectus for the purposes of the Prospectus Directive]¹, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 6 November 2007 and the [Base Prospectus/Offering Circular] dated [original date]. Copies of such documents are available for inspection at www.bourse.lu and from the head office of the Issuer and the specified offices of the Paying Agents.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms]

[When adding final terms or other information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. Issuer: France Telecom
2. (a) Series Number: []
(b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
(a) Tranche: []
(b) Series: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (if applicable).
6. (a) Specified Denominations: []
[N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the

€1,000 minimum denomination is not required.]

(b) Calculation Amount: []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)

7. (a) Issue Date: []

(b) Interest Commencement Date: [specify/Issue Date/Not Applicable]

8. Maturity Date: [Fixed rate — specify date/

Floating rate — Interest Payment Date falling in or nearest to [specify month]]

9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)

10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]

(N.B. If the Final Redemption Amount is different than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]

12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]

13. (a) Status of the Notes: [Senior]

[(b) Date of *Président's* decision to issue the Notes: []]

(N.B. only relevant when the Notes constitute "obligations" under French law)

14. Method of distribution: [Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable and to Index Linked Redemption

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-

paragraphs of this paragraph)

- (a) Rate(s) of Interest: [] per cent. [per annum/other period] [payable [annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 4)*
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
- (NB: This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] *(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) Determination Date(s): [] in each year
- (Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*
- N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.*
- N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

16. Floating Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Specified Period(s)/Specified Interest Payment Dates: []
- (b) First Interest Payment Date: []
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (d) Additional Business Centre(s): []
- (e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/[specify other]]

- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [Not applicable/give details]
- (g) Screen Rate Determination:
- (i) Reference Rate: [] (Either LIBOR, EURIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)
- (ii) Interest Determination Date(s): [] (Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- (iii) Relevant Screen Page: [] (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions accordingly)
- (h) ISDA Determination:
- (i) Floating Rate Option: []
- (ii) Designated Maturity: []
- (iii) Reset Date: []
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360(ISDA)
Other]
- (See Condition 4 for alternatives)
- (m) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: []

17. Zero Coupon Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
18. Index Linked Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: [Give or annex details]
- (b) Party responsible for calculating the redemption amount (Index Linked Redemption Notes) and/or interest (Index Linked Interest Notes) due (if not the Agent): [Give name and address]
- (c) Provisions for determining Coupon (Index Linked Interest Notes) and/or redemption amount (Index Linked Redemption Notes) where calculation by reference to Index and/or Formula is impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Specified Period(s)/Specified Interest Payment Dates: []
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other]
- (f) Additional Business Centre(s): []
- (g) Minimum Rate of Interest: [] per cent. per annum
- (h) Maximum Rate of Interest: [] per cent. per annum
- (i) Day Count Fraction: []
19. Dual Currency Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]

- (b) Party responsible for calculating the principal and/or interest due (if not the Agent): [Give name and address]
- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (d) Person at whose option Specified Currency(ies) is/are payable: []

Provisions Relating to Redemption

- 20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (a) Optional Redemption Date(s): []
 - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (c) If redeemable in part:
 - (i) Minimum Redemption Amount: []
 - (ii) Maximum Redemption Amount: []
 - (d) Notice period (if other than as set out in the Terms and Conditions): *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
- 21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (a) Optional Redemption Date(s): []
 - (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount /specify other/see Appendix]
 - (c) Notice period (if other than as set out in the Terms and Conditions): *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

22. Final Redemption Amount: per Calculation Amount/*specify other/see Appendix*

(N.B. If the Final Redemption Amount is different than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply).

23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): per Calculation Amount/*specify other/see Appendix*

General Provisions Applicable to the Notes

24. Form of Notes:

(a) Form: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]

Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date

Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]

(b) New Global Note: Yes No

25. Additional Business Centre(s) or other special provisions relating to Payment Dates: Not Applicable/*give details*

(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(d) and 18(f) relate)

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): Yes/ No. *If yes, give details*

27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable/*give details.*

(NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues)

28. Details relating to Instalment Notes:

(a) Instalment Amount(s): Not Applicable/*give details*

(b) Instalment Date(s): Not Applicable/*give details*

29. Redenomination applicable: Redenomination not applicable

[(if Redenomination is applicable, specify the terms of

the redenomination in an Annex to the Final Terms)]

30. French Taxation for Notes which are not obligations:

[Not Applicable/*insert*]

31. Other final terms:

[Not Applicable/*give details*]

[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

Distribution

32. (a) If syndicated, names and addresses and underwriting commitments of Managers:

[Not Applicable/*give names, addresses and underwriting commitments of Managers*]

(Include names and addressees of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers)

(b) Date of Subscription Agreement:

[]

(c) Stabilising Manager(s) (if any):

[Not Applicable/*give name*]

33. If non-syndicated, name and address of relevant Dealer:

[Not Applicable/*Name and address*]

34. Total commission and concession:

[] per cent. of the Aggregate Nominal Amount

35. U.S. Selling Restrictions:

Regulation S Compliance Category: [TEFRA D/TEFRA C/TEFRA not applicable]

36. Non-exempt Offer:

[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) - which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**) during the period from [*specify date*]ⁱ until [*specify date or a formula such as "the Issue*

Date" or "the date which falls [●] Business Days thereafter"] (Offer Period). See further Paragraph 10 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

37. Additional selling restrictions: [Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdiction] [and] [admission to trading on the regulated market of the Luxembourg Stock Exchange/other (*specify*)] and if relevant, admission to the official list of the Luxembourg Stock Exchange/other (*specify*)] of the Notes described herein pursuant to the EUR 30,000,000,000 Euro Medium Term Note Programme of France Telecom.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of France Telecom:

By:

Duly authorised

Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. YIELD (Fixed Rate Notes only)

Indication of yield:

[Not Applicable/Applicable] *[give details]*

[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (Floating Rate Notes only)

[Not Applicable/Applicable]

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index linked Notes only)

[Not Applicable/Applicable]

[Need to include details of where information about the past and future performance and volatility of the index/formula can be obtained]

[Need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances in which the risks are most evident.]

[Where the underlying is an index need to include the name of the index and a description of the index if it is composed by the Issuer and if the index is not composed by the Issuer, need to include details of where the information about the index can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information, except if required by any applicable laws and regulations] .

(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

[Not Applicable/Applicable]

[Need to include details of where information about the past and future performance and volatility of the relevant rates can be obtained]

[Need to include a clear and comprehensive explanation of how the value of the investment is

affected by the underlying and the circumstances in which the risks are most evident.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of Additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]
- (vii) Names and addresses of additional Paying Agent(s): []
- (viii) Address and contact details of France Telecom for all administrative communications relating to the Notes: Telephone: []
Telex: []
Facsimile: []
Attention: []

10. . TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price][specify]

[Conditions to which the offer is subject:] [Not applicable/give details]

[Description of the application process]:	[Not applicable/ <i>give details</i>]
[Details of the minimum and/or maximum amount of application]:	[Not applicable/ <i>give details</i>]
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants]:	[Not applicable/ <i>give details</i>]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not applicable/ <i>give details</i>]
[Manner in and date on which results of the offer are to be made public:]	[Not applicable/ <i>give details</i>]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not applicable/ <i>give details</i>]
[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not applicable/ <i>give details</i>]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not applicable/ <i>give details</i>]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not applicable/ <i>give details</i>]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[None/ <i>give details</i>]

APPLICABLE FINAL TERMS (WHOLESALE)

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 50,000 (or its equivalent in another currency).

[Date]

FRANCE TELECOM

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the EUR 30,000,000,000

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 6 November 2007 [which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**)]⁷. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive]¹ and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. Copies of such Base Prospectus and these Final Terms are available for inspection at www.bourse.lu and from the head office of the Issuer and the specified offices of the Paying Agents.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a [Base Prospectus/Offering Circular] with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the [Base Prospectus/Offering Circular] dated [original date]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**)]¹ and must be read in conjunction with the Base Prospectus dated 6 November 2007 [which constitutes a base prospectus for the purposes of the Prospectus Directive]¹, save in respect of the Conditions which are extracted from the [Base Prospectus/Offering Circular] dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated 6 November 2007 and the [Base Prospectus/Offering Circular] dated [original date]. Copies of such documents are available for inspection at www.bourse.lu and from the head office of the Issuer and the specified offices of the Paying Agents.

[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms]

[When adding final terms or other information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

⁷ Delete in the case of any issue of Exempt Notes, any Notes to be listed on the unregulated market of the Luxembourg Stock Exchange or any Notes to be issued pursuant to a unitary prospectus.

1. Issuer: France Telecom
2. (a) Series Number: []
(b) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
(a) Tranche: []
(b) Series: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]*] *(if applicable)*.
6. (a) Specified Denominations: []
(Note – where multiple denominations above euro 50,000 or equivalent are being used the following sample wording should be used:
[Euro 50,000] and integral multiples of [euro 1,000] in excess thereof up to and including [euro 99,000]. No Notes in definitive form will be issued with a denomination above [euro 99,000])
(b) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)
7. (a) Issue Date: []
(b) Interest Commencement Date: [*specify*]/Issue Date/Not Applicable]
8. Maturity Date: [*Fixed rate — specify date*]/
Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index Linked Redemption]
[Dual Currency Redemption]
[Partly Paid]
[Instalment]
[specify other]

(N.B. If the Final Redemption Amount is different than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (a) Status of the Notes: [Senior]
(b) Date of *Président's* decision to issue the Notes: []
(N.B. only relevant when the Notes constitute "obligations" under French law)
14. Method of distribution: [Syndicated/Non-syndicated]

Provisions Relating to Interest (if any) Payable and to Index Linked Redemption

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Rate(s) of Interest: [] per cent. [per annum/other period] [payable [annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 4)*
- (b) Interest Payment Date(s): [[] in each year up to and including the Maturity Date]/[specify other]
(NB: This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
- (d) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [] *(Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount)*
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]]
- (f) Determination Date(s): [] in each year
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.
N.B. This will need to be amended in the case of regular interest payment dates which are not of equal

duration.

N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)

(g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]

16. Floating Rate Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Specified Period(s)/Specified Interest Payment Dates: []

(b) First Interest Payment Date: []

(c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]

(d) Additional Business Centre(s): []

(e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/[specify other]]

(f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [Not applicable/give details]

(g) Screen Rate Determination:

(i) Reference Rate: [] *(Either LIBOR, EURIBOR or other, although additional information is required if other — including fallback provisions in the Agency Agreement)*

(ii) Interest Determination Date(s): [] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*

(iii) Relevant Screen Page: [] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions accordingly)*

(h) ISDA Determination:

(i) Floating Rate Option: []

(ii) Designated Maturity: []

- (iii) Reset Date: []
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360(ISDA)
Other]
- (See Condition 4 for alternatives)
- (m) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Terms and Conditions: []
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [] per cent. per annum
- (b) Reference Price: []
- (c) Any other formula/basis of determining amount payable: []
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(e)(iii) and (j) apply/specify other]
- (Consider applicable day count fraction if not U.S. dollar denominated)
18. Index Linked Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula: [Give or annex details]
- (b) Party responsible for calculating the redemption amount (Index Linked Redemption Notes) and/or interest (Index Linked Interest Notes) due (if not the Agent): [Give name and address]
- (c) Provisions for determining [need to include a description of market disruption or

Coupon (Index Linked Interest Notes) and/or redemption amount (Index Linked Redemption Notes) where calculation by reference to Index and/or Formula is impossible or impracticable: *settlement disruption events and adjustment provisions]*

- (d) Specified Period(s)/Specified Interest Payment Dates: []
- (e) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (f) Additional Business Centre(s): []
- (g) Minimum Rate of Interest: [] per cent. per annum
- (h) Maximum Rate of Interest: [] per cent. per annum
- (i) Day Count Fraction: []

19. Dual Currency Note Provisions: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (b) Party responsible for calculating the principal and/or interest due (if not the Agent): [Give name and address]
- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (d) Person at whose option Specified Currency(ies) is/are payable: []

Provisions Relating to Redemption

20. Issuer Call: [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/*specify other/see Appendix*]
- (c) If redeemable in part:
 - (i) Minimum Redemption Amount: []

- (ii) Maximum Redemption Amount: []
- (d) Notice period (if other than as set out in the Terms and Conditions): *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
21. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (a) Optional Redemption Date(s): []
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount /specify other/see Appendix]
- (c) Notice period (if other than as set out in the Terms and Conditions): *(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
22. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is different than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply).
23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): [[] per Calculation Amount/specify other/see Appendix]

General Provisions Applicable to the Notes

24. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon

an Exchange Event]]

NB. If the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[Euro 50,000] and integral multiples of [euro 1,000] in excess thereof up to and including [euro 99,000]", global notes should only be exchangeable for definitive notes upon an Exchange Event, not in any other case.

- (b) New Global Note: [Yes][No]
25. Additional Business Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(d) and 18(f) relate)
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details.]
(NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues)
28. Details relating to Instalment Notes:
- (a) [Instalment Amount(s)]: [Not Applicable/give details]
- (b) [Instalment Date(s)]: [Not Applicable/give details]
29. Redenomination applicable: Redenomination [not] applicable
[(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)]
30. French Taxation for Notes which are not obligations: [Not Applicable/insert]
31. Other final terms: [Not Applicable/give details]
[When adding any other final terms or information, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.]

Distribution

32. (a) If syndicated, names of Managers: [Not Applicable/give names of Managers]
- (b) Stabilising Manager(s) (if any): [Not Applicable/give name]
33. If non-syndicated, name of relevant Dealer: [Not Applicable/Name and address]

34. U.S. Selling Restrictions: Regulation S Compliance Category: [TEFRA D/TEFRA C/TEFRA not applicable]
35. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and admission to trading on the regulated market of the Luxembourg Stock Exchange/other (*specify*)] and if relevant, admission to the official list of the Luxembourg Stock Exchange/other (*specify*)] of the Notes described herein pursuant to the EUR 30,000,000,000 Euro Medium Term Note Programme of France Telecom.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of France Telecom:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application [has been/is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [regulated market/EuroMTF] of the Luxembourg Stock Exchange and, if relevant, to the Official List of the Luxembourg Stock Exchange, with effect from [the Issue Date/ other].] [Not Applicable].
- (ii) Estimate of total expenses relating to admission to trading: []

2. RATINGS

[The Notes to be issued have not been rated]/[The Notes to be issued have been rated:

[S&P: []]
[Moody's: []]
[Fitch: []]
[Other]: []

[The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer(s), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.] *(Amend as appropriate if there are other interests)*

(When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) [Reasons for the offer: []]
[(See "Use of Proceeds" wording in Base Prospectus – if reasons for offer different from general corporate purposes and/or refinancing of current indebtedness will need to include those reasons here.)]
- (ii) [Estimated net proceeds: []]
[If the proceeds are intended for more than one purpose, those purposes should be disclosed in order of priority. If the proceeds will be insufficient to fund all disclosed purposes, state the amount and

sources of other funding.]]

(iii) [Estimated total expenses: []]

(NB. If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. YIELD (Fixed Rate Notes only)

Indication of yield: [Not Applicable/Applicable] *[give details]*

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index linked Notes only)

[Not Applicable/Applicable]

[Need to include details of where information about the past and future performance and volatility of the index/formula can be obtained]

[Where the underlying is an index need to include the name of the index and a description of the index if it is composed by the Issuer and if the index is not composed by the Issuer, need to include details of where the information about the index can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information, except if required by any applicable laws and regulations] .

(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. PERFORMANCE OF RATE[S] OF EXCHANGE (Dual Currency Notes only)

[Not Applicable/Applicable]

[Need to include details of where information about the past and future performance and volatility of the relevant rates can be obtained]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of Additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
 [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]
- (vii) Names and addresses of additional Paying Agent(s): []
- (viii) Address and contact details of France Telecom for all administrative communications relating to the Notes: Telephone: []
 Telex: []
 Facsimile: []
 Attention: []

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each global Note and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any), and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to "Form of the Notes", for a description of the content of the Final Terms which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by France Telecom (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency;
- (ii) definitive Notes issued in exchange for a global Note; and
- (iii) any global Note.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (the **Agency Agreement**) dated 6 November 2007 and made between the Issuer, Citibank, N.A. as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent specified in the applicable Final Terms) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Terms and Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "applicable Final Terms" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes, and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of any Coupons, and shall, unless the context otherwise requires, include any holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the **Deed of Covenant**) dated 6 November 2007 and made by the Issuer. The original of the Deed

of Covenant is held by a common depository on behalf of Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agent and the other Paying Agents. Copies of the applicable Final Terms may be obtained from the head office of the Issuer and the specified offices of the Paying Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be available by a Noteholder holding one or more Notes of that Series and such Noteholder must produce evidence satisfactory to the relevant Paying Agent as to its holding of Notes and as to identity. In the case of Notes to be listed on the Luxembourg Stock Exchange, the applicable Final Terms will be published on the Luxembourg Stock Exchange's website at www.bourse.lu. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Replacement Agent (as defined in the Agency Agreement) and any Paying Agent may deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note shall be treated by the Issuer, the Agent and any other Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer and the Agent.

2. Status of the Notes

The Notes and the relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. Negative Pledge

The Issuer undertakes that so long as any of the Notes remains outstanding it will not, and shall ensure that none of its Principal Subsidiaries will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (each a **Security Interest**) upon the whole or any part of its/their respective assets or revenues of whatever nature present or future, to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt, unless at the same time or prior thereto the Issuer's obligations under the Notes and Coupons are secured equally and rateably therewith or benefit from a Security Interest or guarantee or indemnity in substantially identical terms thereto to the extent permitted by French or other applicable law or regulation.

For the purposes of this Condition:

Principal Subsidiary means any Subsidiary at any relevant time of the Issuer:

- (i) (a) whose total assets or operating income (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or consolidated operating income, as the case may be) attributable to the Issuer represent not less than 15 per cent. of the total consolidated assets or consolidated operating income of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries, and
- (b) whose management and control is exercised by the Issuer; or
- (ii) to which are transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such a transfer is a Principal Subsidiary.

Relevant Debt means (i) any Notes issued under the Euro Medium Term Note Programme of the Issuer described herein or (ii) any present or future indebtedness for borrowed money in the form of, or represented by, bonds (*obligations*), notes or other securities (including *titres de créances négociables*) which are, for the time being, or are capable of being, quoted, listed or ordinarily traded on any stock exchange, over-the-counter market or other securities market (but excluding present or future indebtedness for borrowed money in the form of such other securities issued by the Issuer or Principal Subsidiary in private placements that the Issuer or such Principal Subsidiary has required in writing not to be so quoted, listed or ordinarily traded).

Subsidiary means in relation to a company (the **Parent Company**) at any time, any other company in which the Parent Company holds more than 50 per cent. of the share capital (as provided in article L.233-1 of the *Code de Commerce* (French Commercial Code)) or any other company which is controlled directly or indirectly by the Parent Company within the meaning of article L.233-3 of the *Code de Commerce*.

(For information purposes only, article L.233-3 of the *Code de Commerce* provides that a company (the **Controlling Co**) is considered to control another company (the **Controlled Co**) when it (i) holds directly or indirectly a portion of the share capital which entitles it to the majority of the voting rights in general meetings of shareholders of the Controlled Co; (ii) holds alone the majority of such voting rights by virtue of an agreement entered into with the other shareholders of the Controlled Co, provided such agreement is not contrary to the corporate interests of such Controlled Co; (iii) de facto, by virtue of the voting rights it holds, makes decisions at general meetings of shareholders; or (iv) has the power to appoint or dismiss the majority of the members of the board of directors or of the supervisory board. A company is deemed to exercise control

if it holds, directly or indirectly, more than 40 per cent. of the voting rights of the Controlled Co and no other shareholder holds a larger percentage of the voting rights.)

4. Interest

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount, is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

- (i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

- (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "30/360" is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on, the first Determination Date falling after, such date); and

sub-unit means with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no express Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, **Interest Period** shall mean the period from (and including) the immediately preceding Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition 4, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to sums payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland respectively); or (2) in relation to sums payable in euro, a day on which the Trans-European Automated Real Time Gross Settlement Express Transfer (TARGET) System (the **TARGET System**) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**) for a currency, the first day of that Interest Period; or (ii) in any other case, as specified in the applicable Final Terms.

In these Terms and Conditions, **Euro-zone** means the region comprised of member states of the European Union that accept the Single Currency in accordance with the Treaty establishing the European Community, as amended.

For the purposes of this sub-paragraph (A), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at, or as soon as practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the Interest Amount) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding. **Day Count Fraction** means, in respect of the calculation of an amount of interest in respect of this Condition 4(b):

- (A) if "Actual/Actual(ISDA)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365, or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (G) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls:

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D₂ will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Issuer and to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest or proven error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or (if applicable) the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) *Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (1) the date on which all amounts due in respect of such Note have been paid; and
- (2) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

5. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro or U.S. dollars will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or at the option of the payee by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland respectively);
- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and
- (iii) payments in U.S. dollars will be made by transfer to a U.S. dollar account maintained by the payee with a bank outside the United States (which expression, as used in this Condition 5, means the United States of America, including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction), or by cheque drawn on a United States bank.

In no event will payment be made by a cheque mailed to an address in the United States or by transfer to an account maintained by the payee with a bank located in the United States.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7. References to "Specified Currency" will include any successor currency under applicable law.

(b) Presentation of definitive Notes, Receipts and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest (if any) in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Index Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted

will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, 5 years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Notwithstanding the provisions of the previous paragraph, if any such Fixed Rate Notes in definitive form should be issued on terms such that, on the presentation for payment of any such Note without any unmatured Coupons attached thereto or surrendered therewith, the amount required by this paragraph to be deducted would be greater than the Early Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Note, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of this paragraph in respect of such Coupons as have not so become void, the amount required by this paragraph to be deducted would not be greater than the Early Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Note to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unexchanged or unmatured Talons (if any) appertaining thereto (whether or not attached) will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Index Linked Note in definitive form becomes due and repayable, unmatured Coupons (if any) and unexchanged or unmatured Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not a Fixed Interest Date or an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Fixed Interest Date or Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

(c) *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a global Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note.

(d) *General provisions applicable to payments*

Notwithstanding the foregoing, if any amount of principal and/or interest in respect of this Note is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of this Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) *Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place of presentation and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) the relevant place of presentation;
 - (B) London; and
 - (C) any Additional Business Centre specified in the applicable Final Terms;
- (ii) a Business Day (as defined in Condition 4(b)(i)); and
- (iii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Business Centre and which if the Specified Currency is Australian Dollars or New Zealand dollars shall be Sydney or Auckland respectively); or (2) in relation to any sum payable in euro, a day on which the TARGET System is open.

(f) *Interpretation of Principal and Interest*

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 7;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6(e)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts (other than interest) which may be payable with respect to interest under Condition 7.

6. Redemption and Purchase

(a) *At Maturity*

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) *Redemption for Tax Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Republic of France or any political subdivision or any authority in, or of, the Republic of France, having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date upon which agreement is reached to issue the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

The Notes shall be redeemed by the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment of interest due under the Notes, the Issuer would be prevented by French law from making payment to the Noteholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts as provided or referred to in Condition 7; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(b), the Issuer shall deliver to the Agent a certificate signed by the Chief Financial Officer of the Issuer stating that the Issuer is entitled or required to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right or obligation of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment (including as a result of any settlement agreement entered into with the applicable fiscal authorities in respect of such conditions) and/or is being prevented from paying such additional amounts, as the case may be.

Notes redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) *Redemption at the Option of the Issuer (Issuer Call)*

If the Issuer is specified in the applicable Final Terms as having an option to redeem (Issuer Call), the Issuer shall, having given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) above and, notice to the Agent,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion) in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

(d) *Redemption at the Option of the Noteholders (Investor Put)*

If Investor Put is specified in the applicable Final Terms upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 30 nor more than 60 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition 6(d), accompanied by, if this Note is in definitive form, this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from

time to time and, if this Note is represented by a global Note, at the same time present or procure the presentation of the relevant global Note to the Agent for notation accordingly.

Any Put Notice given by a holder of any Note pursuant to this paragraph (d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph (d) and instead to declare such Note forthwith due and payable pursuant to Condition 10.

(e) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iii) in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) equal to the sum of:
 - (A) the Reference Price specified in the Final Terms; and
 - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each and in the case of an incomplete month the actual number of days elapsed or such other calculation basis as may be specified in the applicable Final Terms.

(f) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

(g) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 6 and the applicable Final Terms.

(h) *Purchases*

The Issuer or any of its subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmaturing Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise, in accordance with the applicable regulations of the relevant Stock Exchange.

(i) *Cancellation*

All Notes which are redeemed or purchased by the Issuer will forthwith be cancelled (together with all unmaturing Receipts and Coupons attached thereto or surrendered therewith at the time of redemption).

All Notes so cancelled (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(j) *Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (e)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) 5 days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

7. Taxation

(a) Interest and other revenues in respect of Notes which constitute *obligations* and are being issued or deemed to be issued outside the Republic of France benefit from the exemption provided for in Article 131 *quater* of the *Code Général des Impôts* (French General Tax Code) from deduction of tax at source. Accordingly such payments do not give the right to any tax credit from any French source. The tax regime applicable to Notes which do not constitute *obligations* will be specified in the relevant Final Terms.

(b) If French law should require that any payments in respect of the Notes, Receipts or Coupons be subject to withholding with respect to any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by, or on behalf of, the Republic of France or any authority therein or thereof having power to tax, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder (including a beneficial owner (*ayant droit*)) who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Republic of France other than the mere holding of such Note, Receipt or Coupon; or
- (ii) presented for payment to a Paying Agent where presentation to another Paying Agent would not have resulted in such withholding or deduction or where additional amounts are payable only because Notes, Receipts or Coupons are being presented for payment at the counter of a Paying Agent; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (v) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day.

As used herein, the **Relevant Date** in relation to any Note means the date on which such payment first becomes due, except that if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

Any reference in these Terms and Conditions to principal or interest or both in respect of the Notes shall be deemed to include (i) a reference to any additional amounts which may be payable under this Condition 7; (ii) in relation to Zero Coupon Notes, the Amortised Face Amount; (iii) in relation to Index Linked Notes, the Redemption or Early Redemption Amounts; (iv) in relation to Dual Currency Notes, the principal or interest in the relevant Specified Currency; (v) in relation to Instalment Notes, the Instalment Amount; and (vi) any premium and any other amounts which may be payable in respect of the Notes.

8. Cross-Default

The Issuer hereby covenants and agrees that in the event that any indebtedness of the Issuer in respect of moneys borrowed in excess of EUR 20,000,000 or its equivalent in any other currencies, other than the Notes, is not paid when due or as the case may be, at the expiry of any applicable grace period, or any guarantee given by the Issuer in respect of monies borrowed is not honoured, all amounts payable with respect to any Notes shall forthwith become immediately due and payable at the principal amount, together with interest accrued to the date of repayment, unless the Issuer is contesting in good faith that such debt is due or that such guarantee is callable so long as the dispute is being defended and has not been fully adjudicated or such non-payment arose due to a technical failure or administrative error and is remedied within the shorter of the applicable grace period and eight Business Days following the service by any Noteholder on the Issuer of notice requiring repayment thereof.

For the purposes of this Condition 8, **Business Day** means a day on which commercial banks and foreign exchange markets settle payment in London and Paris.

9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 5(b) or any Talon which would be void pursuant to Condition 5(b).

10. Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur, the holder of any Note may give notice to the Issuer that the Note is, and it shall accordingly forthwith become, immediately due and payable at its principal amount, together with interest accrued to the date of repayment, in any of the following events (**Events of Default**):

- (a) if default is made by the Issuer in the payment of any principal or interest due in respect of the Notes or any of them and, with respect to any interest due, the default continues for a period of 15 days next following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Terms and Conditions and (except in any case where the failure is incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or
- (c) prior to redemption in full of the Notes, the Issuer or any Principal Subsidiary is dissolved, wound up or reorganised (either by court order or otherwise) or merges, consolidates, amalgamates with any company unless the successor corporation assumes all of the Issuer's obligations in respect of the Notes and the creditworthiness of such successor company is not materially weaker than that of the Issuer prior to such merger, consolidation or amalgamation; or

- (d) if the Issuer or any Principal Subsidiary makes any proposal for a general moratorium in relation to its debt or applies for the appointment of a conciliator (*conciliateur*) or enters into an amicable settlement (*réglement amiable*) with its creditors or a judgment is issued for the judicial liquidation (*liquidation judiciaire*) or for a judicial transfer of the whole of its business (*cession totale de l'entreprise*) of the Issuer or, to the extent permitted by applicable law, if the Issuer makes any conveyance, assignment or other arrangement for the benefit of its creditors or enters into a composition with its creditors; or
- (e) if the Issuer or any Principal Subsidiary ceases to carry on all or substantially all of its telecommunications business (which represents a substantial part of the telecommunications business of the Issuer and its Subsidiaries taken as a whole) carried on by it prior to such cessation, the result of which reduces the value of the assets of the Issuer; or
- (f) the Issuer or any Principal Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is adjudicated or found bankrupt or insolvent; or
- (g) if (A) proceedings are initiated against the Issuer or any Principal Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or any other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or any other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a part of the undertakings or assets of the Issuer, or an encumbrancer takes possession of the whole or a part of its undertakings or assets (which are material in the context of the issue of the Notes), or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a part of its undertakings or assets (which are material in the context of the issue of the Notes); and (B) in any case (other than the appointment of an administrator) is not discharged within 28 days, provided that this paragraph (g) shall not apply to any proceedings against the Issuer or a Principal Subsidiary brought by a third party other than an administrative or judicial authority where the Issuer can demonstrate that that any such proceedings are being contested by the Issuer or the Principal Subsidiary in good faith, diligently and by appropriate proceedings in a competent court; or
- (h) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes.

For the purposes of this Condition 10, Principal Subsidiary shall mean any Subsidiary at any relevant time of the Issuer:

- (i) whose total assets or operating income (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets or consolidated operating income, as the case may be) attributable to the Issuer represent not less than 15 per cent. of the total consolidated assets or consolidated operating income of the Issuer, all as calculated by reference to the then latest audited accounts (or consolidated accounts, as the case may be) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its consolidated subsidiaries; or
- (ii) to which is transferred all or substantially all the assets and undertakings of a Subsidiary which immediately prior to such a transfer is a Principal Subsidiary.

11. Replacement of Notes, Receipts, Coupons and Talons

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced free of charge at the specified office of the Replacement Agent on such terms as to evidence and indemnity as the Issuer and the Replacement Agent may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued. For the purposes of Luxembourg listed Notes, the Paying Agent in Luxembourg will act as Replacement Agent.

Cancellation of lost, stolen, mutilated, defaced or destroyed Notes, Receipts, Coupons or Talons shall be subject to compliance with such procedures as may be required by any applicable legislation, to any applicable stock exchange requirements and the procedures set out in the Agency Agreement.

12. Agent and Paying Agents

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (which may be the Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (ii) there will at all times be a Paying Agent (which may be the Agent) with a specified office in a city in continental Europe;
- (iii) there will at all times be a Paying Agent with its specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive; and
- (iv) there will at all times be an Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 5(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

The Luxembourg Paying Agent is:
Fortis Banque Luxembourg S.A.
50 Avenue J.F. Kennedy
L-2951 Luxembourg

13. Exchange of Talons

On and after the Fixed Interest Date or the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

14. Notices

All notices regarding the Notes shall be deemed to be validly given if published (i) in a leading English language daily newspaper of general circulation in London; and (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange, and for so long as the Luxembourg Stock Exchange rules so require, either a daily newspaper of general circulation in Luxembourg or the internet site of the Luxembourg Stock Exchange. It is expected that such publications will be made in the *Financial Times* in London and on the internet site of the Luxembourg Stock Exchange (www.bourse.lu). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where published in more than one newspaper or website, on the date of the first publication in each such newspaper or website.

Except in the case of Notes listed on the Luxembourg Stock Exchange, until such time as any definitive Notes are issued, there may (provided that in the case of Notes listed on any stock exchange or are admitted to trading by another relevant authority and the rules of such stock exchange or other relevant authority so permit), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. Meetings of Noteholders, Modification and Waiver

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including (i) modifying the date of maturity of the Notes or any date for payment of interest thereof, (ii) reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, (iii) varying the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or Maximum Rate of Interest, Instalment or Redemption Amount is applicable, reducing any such Minimum and/or Maximum, (v) varying any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Early Redemption Amount, (vi) altering the currency of payment of the Notes, Receipts or Coupons, (vii) taking any steps that may only be taken following approval by an Extraordinary Resolution to which special quorum provisions apply or, (viii) modifying the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution) the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

16. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the

same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. For the purposes of French law, such further Notes will be assimilated (*assimilables*) to the Notes as regards their financial service provided that the terms of such further Notes provide for such assimilation.

17. Redenomination

Where redenomination is specified in the applicable Final Terms, the Issuer may without the consent of the holder of any Note, Receipt, Coupon or Talon, redenominate all, but not some only, of the Notes of any Series on or after the date on which the member state of the European Union in whose national currency such Notes are denominated has become a participant member in the third stage of the European economic and monetary union (**EMU**) as more fully set out in the applicable Final Terms.

18. Contract (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. Governing Law and Submission to Jurisdiction

The Agency Agreement, Deed of Covenant, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law.

The competent court in Paris is to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Agency Agreement, the Notes, the Receipts and the Coupons may exclusively be brought before such court.

The Issuer agrees to indemnify any Noteholder in relation to any costs incurred by a Noteholder which are directly related to the bringing of any Proceedings in the competent court in Paris and which the Noteholder would not have incurred had the Proceedings been brought before the courts of England including, without limitation, the costs of any and all translations into French and the costs of providing expert evidence, if necessary, in order to establish the content of relevant English legislation.

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Notes for general corporate purposes, including the refinancing of current indebtedness. If, in respect of any particular issue, there is a particular use of proceeds, this will be stated in the applicable Final Terms.

RECENT DEVELOPMENTS

MAIN ACQUISITIONS OR DISPOSALS

Orange Moldava

On 2 July 2007, France Telecom indirectly acquired, for a cash consideration of euro 103 million, a further stake in Orange Moldava, thus raising its stake to 94.3 per cent.

VOXmobile

On 2 July 2007, Mobistar acquired 90 per cent. of the Luxembourg mobile operator VOXmobile for a cash consideration of euro 80 million. The 10 per cent remaining shares are subject, until 2 July 2010, to a purchase option exercisable at any time by Mobistar in its discretion and to a sale option exercisable by the vendors under certain conditions. France Telecom holds a 50.17 per cent stake in Mobistar.

Ya.com

On 31 July 2007, France Telecom acquired a 100 per cent stake in the Spanish company Ya.com for an enterprise value of euro 320 million. Ya.com is the third broadband operator in Spain.

Dutch operations

On 28 September 2007, France Telecom signed an agreement for the sale of its Dutch mobile and Internet operations to Deutsche Telekom AG for a total consideration of €1.33 billion on an enterprise value basis. The proceeds were paid on the closing date of the transaction on 1 October 2007.

One GmbH

On 2 October 2007, the investment fund Mid Europa Partners and France Telecom acquired a 100 percent stake in One GmbH for an enterprise value of €1.4 billion. The amount received by France Telecom for the sale of its shareholding of 17.45 percent. in One GmbH and the reimbursement of its shareholder's loan was partially reinvested in order to obtain a 35 percent. indirect stake in One GmbH, which is indirectly controlled by Mid Europa Partners with a stake of 65 percent..

EGYPT

In October 2007, Mobinil was granted a fifteen-year third generation mobile license for a total fee of Egyptian pounds 3.34 billion (around €422 million). The fee will be payable in instalments over four years.

The shareholders' agreements which govern relationships between Orange and Orascom provide that in the event of serious disagreement between the parties, each party shall have a call option over the other party's shares. The exercise price of these call options may not be less than the market value of the shares, determined on the basis of ECMS's share price (a listed company whose total market capitalization was €2.3 billion on 17 October 2007 and 51 percent.-owned by Mobinil, which in turns is 71.25 percent. held by Orange). If an option is exercised, the other party may either agree to sell its shares or make a counter-offer based on a bidding mechanism described in the shareholders' agreements. On 8 August 2007, Orascom initiated arbitration proceedings regarding the applicability of this provision to a disagreement for which it had previously launched the bidding process provided for in the shareholders' agreements. France Telecom considers the launch of the bidding process as entirely groundless.

LITIGATION

On 14 August 2007, France Telecom was informed that Free had filed a complaint with the Competition Council against France Telecom concerning the rollout of fiber optic networks. This complaint includes a claim for injunctive relief to require France Telecom to provide access to its civil engineering facilities for purposes of implementing very high bandwidth services, and to do so at cost-oriented tariffs, while prohibiting France Telecom from marketing its own retail service offering or rolling out its own facilities outside Paris until such time as these measures are taken.

On 15 October 2007, the Competition Council rendered a decision in the underlying dispute regarding the conditions under which Wanadoo had been marketing ADSL access offers between January 2001 and July 2002. Taking into account the fact that France Telecom has refrained from contesting the challenged practices and has made certain operational commitments aimed at avoiding a recurrence of these practices, the Competition Council ordered France Telecom to pay a fine of €45 million. This decision will have no negative impact on the fourth quarter financial statements.

On 18 October 2007, the European Court of Justice concluded that the French authorities had failed to respect their obligation to execute within the prescribed time limits the 2 August 2004 decision of the European Commission relating to the special business tax regime which the law of 2 July 1990 had imposed upon France Telecom. Following the 18 October ruling, The Commission requested its rapid execution using as a basis the minimum amount of €798 million mentioned in the 2004 decision. Under these circumstances, France Telecom has decided to place €755 million in an escrow account pending the final decision on the substance of the matter. Both the French state and France Telecom having challenged the 2 August 2004 decision before the Court of First Instance in Luxembourg. The amount of €755 million represents an estimation of the net minimum amount set by the Commission after taking account of the impact of corporation tax and late interest charges, pursuant to European rules. The escrow payment deprives the company of the full benefit of the amount of the so-called prohibited state aid, and in doing so enables the Commission decision to be implemented. The escrow account will be established promptly following a bid process with financial institutions. The amount in escrow will either be returned to France Telecom should the 2 August 2004 decision be overturned by the European Court of First Instance, or alternatively will be transferred to the French state. In its ruling, the European Court naturally did not express any opinion on the validity of the underlying Commission decision. The decision of the Court of First Instance is expected in 2008. Given these conditions, the assessment of the risk in this litigation, classified at present as a contingent liability as defined by IAS 37 "Provisions, Contingent Assets and Contingent Liabilities" is unchanged. Placing these funds in escrow impacts the net debt while not affecting the Group's objective in terms of net debt to GOM ratio; it does not impact the organic cash-flow of the Group.

In October 2007, the national competition authority in Spain, the CNC, opened an investigation relating to a possible anti-competitive agreement among the country's three main mobile telephone operators, Movistar, Vodafone and Orange. The launch of this investigation follows complaints by consumer associations which allege that the operators agreed among themselves to increase their tariffs as of 1 March 2007. At this stage of the proceedings, France Telecom is not in a position to assess the risk involved.

SELECTED FINANCIAL INFORMATION

The following selected financial information has been extracted without material adjustment from the semi-annual unaudited consolidated financial statements of the Issuer on Form 6-K for the period ended 30 June 2007 prepared in accordance with IFRS.

CONSOLIDATED INCOME STATEMENT

(millions of euros)	Period ended 30 June 2007
Revenues	25,913
Operating income/(loss)	5,463
Finance costs, net	(1,296)
Consolidated net income after tax of continuing operations	3,624
Consolidated net income after tax of discontinued operations	-
Consolidated net income after tax attributable to equity holders of France Telecom S.A.	3,308
Net earnings per share - basic	1.27
Net earnings per share - diluted	1.24

CONSOLIDATED BALANCE SHEET

(millions of euros)	At 30 June 2007
Intangible assets, net (1)	48,756
Property, plant and equipment, net	27,586
Total assets (2)	100,756
Net financial debt (3)	42,113
Equity attributable to equity holders of France Telecom S.A.	27,034

(1) Includes goodwill and the other intangible assets.

(2) Includes assets held for sale

(3) Excludes net financial debt of assets held for sale

CONSOLIDATED CASH FLOW STATEMENT

(millions of euros)	Period ended 30 June 2007
Net cash provided by operating activities	6,552
Net cash used in investing activities	(2,844)
- <i>Of which: purchases of property, plant and equipment and intangible assets</i>	(2,967)
Net cash used in financing activities	(4,431)
Cash and cash equivalents at end of year	3,265

FUTURE PROSPECTS

Performance trends for the full year 2007 should be similar to those of the first nine months.

It is anticipated that:

- the effect of roaming regulations in Europe will come fully into play in the fourth quarter;
- increased competitive pressures expected in Western Europe could impact the Group's acquisition and retention expenses; and
- unlimited service offerings in mobile services (for voice and SMS) are expected to increase, both inside and outside the Orange network, in most mature countries.

Conversely:

- in France, the brisk level of business is expected to continue;
- business growth is expected to improve in the United Kingdom and Spain;
- in emerging markets, strong growth in mobile services is expected to moderate slightly due to increased competitive pressures and to today's higher penetration rates;
- Enterprise Communication Services performance will be muted by comparison to the strong performance in 2006 and seasonality in the 4th quarter; and
- cost reduction and optimization programmes will continue.

All of these factors lead the Group to revise its 2007 objectives upwards:

- the Group's organic cash flow is expected to reach €7.5 billion for 2007 rather than the initially projected €6.8 billion;
- the gross operating margin rate should stabilize for the year as a whole; and
- the CAPEX rate objective remains unchanged at around 13 percent. of revenues.

By their very nature, these objectives are subject to a number of risks and uncertainties that may lead to differences between the objectives announced and the actual results achieved. The most significant risks are set out under "Risk factors" in this Base Prospectus.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (the **Programme Agreement**) dated 6 November 2007, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*" above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with any update of the Programme and the issue of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Notes (i) as part of their distribution at any time; and (ii) otherwise until 40 days after the completion of the distribution (as determined and certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant lead manager (in the case of a syndicated issue)) of all Notes of the Tranche of which such Notes are a part within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding paragraph and in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the later of the date of the closing of the offering of any Series of Notes and the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each issue of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms. Each relevant Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as complemented by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in

another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the **FIEL**) and each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an

exemption from the registration requirements of, and otherwise in compliance with the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

France

- (a) In respect of Notes constituting "*obligations*" under French law issued in euro whether on a syndicated or non-syndicated basis, each of the Dealers and the Issuer has represented and agreed that:
- (i) it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the *Autorité des marchés financiers (AMF)* in France or, where appropriate, when approved in another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC on the date of notification to the AMF in France, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement général* of the AMF and ending at the latest on the date which is 12 months after the date of such publication; or
 - (ii) (in relation to Notes listed on Euronext Paris, in connection with their initial distribution only) it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.
- (b) In respect of Notes constituting "*obligations*" under French law issued in currencies other than euro on a syndicated basis, each of the Dealers and the Issuer has represented and agreed that, (in relation to Notes listed on Euronext Paris, in connection with their initial distribution only), it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France (*appel public à l'épargne*), and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France through an international syndicate to (i) providers of investment services relating to portfolio management for the account of third parties, and (ii) qualified investors (*investisseurs qualifiés*) other than individuals acting for their own account, all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.
- (c) In respect of Notes constituting "*obligations*" under French law issued in currencies other than euro on a non-syndicated basis each of the Dealer and the Issuer has represented and agreed that, (in relation to Notes listed on Euronext Paris, in connection with their initial distribution only), it has not offered or sold and will not offer or sell, directly or indirectly, Notes in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Base Prospectus or any other offering material relating to the Notes, and each subscriber will be domiciled or resident for tax purposes outside France.

To the extent that the Notes do not constitute *obligations* under French law, these selling restrictions will be amended in the relevant Final Terms.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in

which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

TAXATION

France

Payments in respect of Notes issued by the Issuer that constitute *obligations* under French law will be made without withholding or deduction for, or on account of, taxes imposed by or on behalf of the Republic of France, as provided by Article 131 *quater* of the *Code général des impôts* (French General Tax Code), if issued outside France. Notes that constitute *obligations* will be issued (or deemed to be issued) outside France:

- (i) in the case of syndicated or non-syndicated issues of Notes, if they are denominated in euro as provided in the Circular of the *Direction générale des impôts* dated 30 September 1998;
- (ii) in the case of internationally syndicated issues of Notes denominated in currencies other than euro, if, *inter alia*, the issuer and the relevant Dealers agree, in connection with their initial distribution, not to offer the Notes to the public in the Republic of France. Such securities may be offered in the Republic of France only to "qualified investors" as described in Article L.411-2 and D.411-1 of the *Code monétaire et financier*; or
- (iii) in the case of non-syndicated issues of Notes denominated in currencies other than euro, if each of the subscribers is domiciled or resident for tax purposes outside the Republic of France.

On 3 June 2003, the Council of the European Union adopted a new directive regarding the taxation of savings income received in the form of interest payments (the **Directive**) under which Member States are required from 1 July 2005 to provide the tax authorities of another Member State with, *inter alia*, details of payments of interest within the meaning of the Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to or for the benefit of an individual resident in that other Member State (the **Disclosure of Information Method**).

For these purposes, the term paying agent is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Directive, for the immediate benefit of individuals.

However, throughout the transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to interest payments.

The rate of such withholding tax will equal 15 per cent. during the first three years, 20 per cent. during the subsequent three years and 35 per cent. until the end of the transitional period. Such transitional period will end if and when the European Community enters into agreements on exchange of information upon request with several jurisdictions (including, *inter alia*, the United States, Switzerland, Liechtenstein, San Marino, Monaco and Andorra).

The Directive was implemented into French law under Article 242 *ter* of the *Code général des impôts* (French General Tax Code), which impose on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest payments made from 1 July 2005.

Luxembourg

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing the EC Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which is a resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to withholding tax of 10 per cent.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with

certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

General

Each Issuer assumes responsibility for withholding taxes to the extent set forth in Condition 7 of the Conditions.

GENERAL INFORMATION

Authorisation

No authorisation procedures are required of France Telecom by French law for the establishment or update of the Programme. However, to the extent that Notes issued under the Programme may constitute *obligations* under French law, the issue of such Notes will be authorised in accordance with French law. A resolution of the *Conseil d'Administration* dated 24 October 2007 authorises the issue of Notes up to a maximum aggregate amount of euro 15 billion.

Admission to trading of Notes on the Luxembourg Stock Exchange

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available during usual business hours on any weekday (except Saturdays and public holidays) from the registered office of the Issuer and from the specified offices of the Paying Agents for the time being in London and Luxembourg free of charge and those documents referred to in (iii) and (v) below will be available for inspection during usual business hours on any weekday (except Saturdays and public holidays) at the offices of the Paying Agent in Luxembourg:

- (i) the *statuts* (with an English translation thereof) of the Issuer;
- (ii) the Issuer's Annual Reports on Form 20-F for the financial years 2005 and 2006, filed with the SEC (which include the most recent audited consolidated financial statements of the Issuer, which are, at the date of this Base Prospectus, the consolidated financial statements of the Issuer for the years ended 31 December 2005 and 2006);
- (iii) the Issuer's semi-annual consolidated financial statements for the period ended 30 June 2007 and the auditors' review report relating to them;
- (iv) the press release dated 25 October 2007 containing the Issuer's unaudited financial information for the third quarter of 2007;
- (v) the Agency Agreement, the forms of the temporary global Notes, the permanent global Notes, the definitive Notes, the Receipts, the Coupons and the Talons, the Deed of Covenant;
- (vi) a copy of this Base Prospectus; and
- (vii) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated herein by reference are available on the Luxembourg Stock Exchange's website (being at the date hereof www.bourse.lu).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 boulevard des Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Material Change

Since 30 June 2007, there has been no significant change in the financial or trading position of the Issuer and since 31 December 2006, there has been no material adverse change in the financial position or prospect of the Issuer, except as disclosed in this Base Prospectus.

Material Contracts

There are no material contracts not entered into in the ordinary course of the Issuer's business that could result in any group member being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation under any Notes issued under the Programme.

Litigation

Save as disclosed in this Base Prospectus, none of the Issuer and any of its subsidiaries (whether as defendant or otherwise) is, or has been during the period of 12 months immediately preceding the date of this Base Prospectus, engaged in any governmental, legal, arbitration, administrative or other proceedings, the results of which might have or have had a significant effect on the financial position, the profitability or the operation of the Issuer in the context of the issue of the Notes nor is the Issuer aware of any such proceedings pending or being threatened.

Auditors

The consolidated financial statements of the Issuer as of 31 December 2005 and 2006 and for the two years then ended, incorporated by reference in this Base Prospectus, have been audited by Ernst & Young Audit and Deloitte & Associés, independent public registered accounting firms, as stated in their reports incorporated by reference therein.

Ernst & Young Audit are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*, and Deloitte & Associés are registered with the *Compagnie Régionale des Commissaires aux Comptes de Versailles*, both of which are supervised by the *Compagnie Nationale des Commissaires aux Comptes*.

The auditors of the Issuer have no material interest in the Issuer.

Directors

The business address of the Directors of the Issuer is 6, place d'Alleray, 75505 Paris Cedex 15.

Regulated Markets

Debt issues under the Programme (or previous versions thereof) are listed in the Luxembourg and/or Paris stock exchanges.

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