

**AGREEMENT on the FRANCE TELECOM
EUROPEAN WORKS COUNCIL**

PREAMBLE

Some 200,000 of the France Telecom Group's 218,000 employees work in the European Union (i.e., the enlarged European Union on 1 May 2004), of which 66,000 work outside France.

The Group, which aims to become a benchmark global operator in Europe, is seeking to integrate this international dimension into its corporate culture, with all that implies in terms of diversity and wealth. Moreover, the signatories decided to expand social dialogue, as organized by the present agreement, both by conviction about its effectiveness in proper business conduct and to satisfy the expectations of employees, who wish to have a global vision of strategy and performance and to be able to discuss issues beyond the national borders.

This has led the Group's Central Management and its employee representatives to set up a European Works Council (EWC) within the framework of EU Directive 94/45/EC which was translated into French law by the Act of 12 November 1996.

The arrangements for setting up and operating this body are contained in the present agreement between the France Telecom Group and the signatories to the agreement, representing the majority of the Special Negotiation Body.

For more agreements and advice search: www.euro-betriebsrat.org

ARTICLE 1 - Scope

The present agreement is applicable

- to France Telecom SA, a controlling company within the meaning of the Law of 12 November 1996
- to all companies operating within the European Union and the European Economic Area
 - o whose capital is at least 10% owned by France Telecom SA, and the permanent nature and importance of the relationship between these companies establish the fact that they belong to the Group
 - o which France Telecom SA effectively controls, as demonstrated by the consolidation in its accounts
 - o and which have at least one employee

(see annex 2)

ARTICLE 2 - Role of the European Works Council

2.1 Legal background

Whenever reference is made in the present agreement to information and consultation of the European Works Council, these notions are defined within the terms of article L439-6 of French Labour Law ("Code du Travail") and article 2F of EU Directive 94/45/EC as the organization of an exchange of views and a dialogue (see Annex 1).

2.2 European Works Council remit

The European Works Council has a remit to assure information and consultation of the staff representatives on economic, financial and social questions which, because of their all inclusive character and trans-national impact, need to be examined at this level.

The questions therefore concern

- either all companies falling within the scope of the present agreement
- or at least two units or companies located in two different Member States.

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2.3 Social dialogue themes

At the time of ordinary plenary sessions, the European Works Council shall be informed of and consulted on the following themes, depending on the date when the information is available:

- general Group activities
- the economic and financial situation, by main activity sector
- the foreseeable evolution of activities
- the economic outlook
- industrial, marketing and innovation strategy (within the limits of the confidentiality required for the proper operation of business)
- major investment choices
- financial statements, consolidated balance sheet and the corresponding statutory auditors' report for the previous year.
- Group structure (major organizational organisational changes, mergers, acquisitions, disposals)
- annual or multi-year employment trends and prospects and any corrective measures
- collective redundancies
- substantial introduction of new working methods in several countries
- production transfers.

2.4 National bodies

The European Works Council cannot take the place of existing employee representation bodies in Member States concerned by the present agreement, nor call into question the prerogatives that employee representative bodies hold from national legislation, which remain fully operational bodies with respect to consultation on national or local issues falling within their competence.

Nor can the European Works Council substitute for the absence of employee representation structures in Member States where the legal thresholds for setting up such bodies are not reached.

ARTICLE 3 - Make-up

3.1 Country representation

The employee delegation comprises

- One incumbent per European Union or European Economic Area country employing at least 30 staff in companies falling within the "Scope" (article 1)
- An additional incumbent per tranche of 12,500 employees up to a limit of 100,000 employees (the number of incumbents is rounded down to the nearest whole number).

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The reference staffing levels used to compose the first Works Council shall be those of 31st December 2003. Pursuant to the previous rule, this currently totals 28 incumbents.

3.2 Substitutes

Each country shall be able to name a substitute to stand in for each incumbent.

The substitute shall not attend meetings but shall receive the same documents as the incumbent. He or she shall stand in for the incumbent if temporarily or permanently unavailable, and in this latter case for the remaining duration of the mandate.

3.3 Special case of the Special Negotiation Body member countries not reaching the minimum staff threshold

Every country member of the Special Negotiation Body, that doesn't meet the minimum staffing level condition to designate a representative at the present or in the future can, exceptionally, and without this creating a precedent (regarding the rule of the minimum staffing levels per country), appoint one incumbent and one substitute, and go on doing so for as long as the maximum of 32 members has not been reached (see article 4.3).

3.4 Service criteria

Representatives, whether incumbents or substitutes, must have been employed by a company falling within the scope of the present agreement for at least one year - unless they are employees of a company that has recently joined the Group. In this latter case, they must be able to prove at least one year's service in the newly integrated company.

3.5 Appointment of representatives

French members of the European Works Council are appointed by the trade unions formally recognized as representative within the Group or at national level from among their elected people in the representative bodies or their delegates or union representatives in the French Group.

French Trade Unions shall notify the Central Management in a single document counter signed by each union i.e. a list of their representatives (number and name of incumbents and substitutes for each trade union) no later than 15 days after the signature of the present agreement and then at every renewal of the representatives.

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Failing unanimous agreement by this time between the trade unions, the seats shall be allocated proportionally to the number of votes obtained at the last elections (representatives on the 2000 Board of Directors for the first designation). The system applied shall be that of proportional representation with the highest remainder.

Members from other Member States shall be elected or designated according to the rules in force in those individual States.

3.6 Duration of Mandates

European Works Council members are appointed for a four-year term, with the first mandate starting on the date of the first plenary meeting of the Council.

3.7 Protection of employee representatives

All European Works Council members, incumbents and substitutes alike, enjoy the same protection as that provided by the national legislation in their country of employment. Membership of the European Works Council, or the exercise of a trade union mandate, shall not be in itself the cause of a disciplinary sanction or dismissal.

3.8 Chair

Ordinary and extraordinary meetings of the European Works Council shall be chaired by the Group Chairman or his representative assisted by two Central Management representatives. Group managers whose presence in their capacity as specialists may contribute positively to a discussion of the questions on the agenda may also be invited to attend.

ARTICLE 4 - Modification of make-up

4.1 Frequency of changes

The composition of the European Works Council shall be updated every two years on the anniversary date of the first plenary meeting to adjust it, according to the rule set out in 3.1, to the situations of the various Member States and their staffing levels.

4.2 Changes in scope of consolidation

Companies not meeting the threefold criteria of at least 10% ownership, consolidation in the Group's accounts and staffing levels as defined in the article 1 legally fall outside of the scope of the agreement from the time of the triggering event. Any representative they might have on the European Works Council at that point stops being a member of the European Works Council on the same date.

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In the event of the acquisition of a company employing at least 1,000 people, the make-up of the European Works Council shall be immediately revised, without waiting for the end of the normal period of two years. The mandate of any representatives of this company shall end when the other mandates expire in order to synchronize all mandates of employee representatives.

4.3 Maximum number of representatives

The absolute maximum number of representatives shall be set for the future at 32.

The make-up shall be automatically adjusted if the European Works Council were theoretically to exceed this number, by automatically increasing the minimum threshold of staff as defined in article 3.1 until the number of representatives is 32.

By applying this rule, the country(ies) whose staffing level would be lower than the new threshold would leave the European Works Council with immediate effect as well as their representatives whose all the mandates would end at the same date.

ARTICLE 5 - Operation

5.1 Bureau and Secretary

The Bureau is composed of 7 elected members for :

- Liaising with members of the European Works Council between meetings
- Assisting in the drawing up of the agenda for meetings with the Chairman
- Discussing with the Chairman in the case of exceptional circumstances in order to determine if a plenary extraordinary meeting is necessary

The Secretary is a member of the Bureau, charged with :

- Drawing up the agenda for meetings with the Chairman
- Drafting the minutes of meetings with the assistance of the HR team and circulating them to all members after it has been signed jointly with the Chairman.

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The secretary is elected by a majority of votes by the incumbents of the European Works Council. For practical reasons, and during the first term, the Secretary will be elected from one of the representatives from France.

For the first term, 2 Bureau members will be elected from each of the 3 country groupings identified below :

- France
- United Kingdom and Poland
- Other countries

This result will be validated by a simple majority vote of the European Works Council.

It is hoped that the appointment of candidates to the Bureau, will appropriately reflect the diversity of employees within the Group as a whole.

The Bureau is elected for a term of four years, without excluding the possibility for the majority of the European Works Council incumbents to cancel at any moment some or all of the mandates given to the Secretary or the Bureau.

In any case, the Bureau must obtain a vote of confidence from the majority of the European Works Council members every two years into its mandate. Should the vote of confidence fail, a new election shall take place immediately and the new Bureau shall have a mandate of two years.

5.2 Frequency of meetings

Two ordinary plenary sessions per year.

5.3 Agenda

Six weeks before the date of each ordinary session, the Bureau shall meet to draw up a draft agenda for submission to the Chairman; the definitive agenda and the date shall then be agreed jointly by the Chairman and the Secretary.

In the event of a disagreement, the Chairman shall set the agenda and the date of the meeting.

Invitations to attend the ordinary meeting will be dispatched at least one month in advance. Other relevant documents (in French, English and in one additional language chosen by the European Works Council representatives) will normally be dispatched 15 days before the date of the meeting, except where this is impracticable.

Those deadlines will not apply in the case of exceptional circumstances (see article 5.6)

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Central Management reserves the right to forward to the managers concerned the documents sent to, or provided for, those attending the plenary session.

5.4 Meeting organization

The plenary session shall be organized over two days as follows:

- a preparatory meeting among employee representatives, not attended by representatives of the Central Management, on the morning of day one
- a plenary session in the afternoon of day one and in the morning of day two
- a debriefing among employee representatives during the afternoon of day two.

5.5 Experts

European Works Council members may be assisted or advised during plenary sessions scheduled

- by company officers jointly invited by the Chairman and the Secretary when drawing up the agenda, because of their expertise in the areas to be discussed
- by the Statutory Auditor
- possibly, by an external expert.

The possible presence of an external expert at the plenary session (only one external expert maximum per meeting) shall be jointly decided by the Chairman and the Secretary when drawing up the agenda.

The expert, whose role is to help employee representatives understand the topic, exclusively benefits from the same documents as those provided for members of the European Works Council, takes part in the preparatory meeting and attends that part of the plenary session that concerns him / her, in the framework of an assignment and a budget agreed between the Chairman and the Secretary.

The expert shall be required to observe the same confidentiality requirements as the members of the European Works Council.

The report of the chartered accountant who may have been mandated by the French "Instance de Groupe" is provided for the European Works Council. If requested by the Bureau, and in order to aid understanding, it may be presented by the expert of the "Instance de Groupe" during an ordinary plenary meeting.

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5.7 Minutes

The Secretary shall write up the minutes of sessions with the assistance of the Human Resources team.

The minutes (in French, English and in one other language chosen by the EWC representatives) will be jointly signed in approval by the Chairman and the Secretary, and then be circulated to members of the European Works Council, to the representative bodies of the various countries and to the local management of the various companies.

In case of disagreement the minutes will be approved at the following plenary ordinary meeting.

5.8 Information for employees

Members of the European Works Council inform employees about the conclusions of the Committee's deliberations, having appropriate regard to the confidentiality requirement.

5.9 Confidentiality

European Works Council members are required to observe confidentiality requirements with respect to information that is confidential and specifically presented as such by the Central Management.

ARTICLE 6 – Resources

6.1 Time

Time spent during European Works Council meetings and travelling may not be deducted from remuneration.

In addition to the time spent during meetings and travelling

- the Bureau members shall have an annual credit of up to 100 hours per year to exercise their duties.
- the other members of European Works Council benefit from 30 hours per year to exercise their duties.

6.2 Travel

Travelling expenses incurred in attending official meetings are paid for by the members employing subsidiary in accordance with the subsidiary procedures and within a specific budget managed locally. Accommodation and meal expenses are paid by FTSA.

6.3 Meetings and interpretation

Expenses incurred in organizing meetings and for interpreters (with a maximum of four languages in addition to French) are paid for by FTSA as also is the translation into English and in another language of all the documents sent by the Central Management to European Works Council members.

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6.4 Training

A training course in economics and in Group strategy shall be organized by the Central Management for European Works Council members on the day preceding the first two plenary meetings of the new body.

The provision of appropriate linguistic training is accepted in principle : the specific details will be discussed during the first plenary meeting.

6.5 Communication means

Every European Works Council member should be given access to international calls for the exercise of their duties.

The provision of e-mail access and setting up of a website is accepted in principle: the details and necessary regulation shall be given in a separate document.

ARTICLE 7 - Characteristics of the Agreement

7.1 Duration

The present agreement shall come into force on the day it is signed and remain in force for an indefinite period.

The signing shall de facto dissolve the Special Negotiation Body which negotiated it, with the European Works Council superseding the said Special Negotiation Body with respect to any amendment to or renegotiation of the Agreement.

A review of operations shall be carried out with employee representatives after two years.

7.2 Termination

The present Agreement can be terminated by the Central Management or by the European Works Council incumbents (by simple majority vote) on the basis of six month's notice.

As soon as termination is notified by one or other of the parties, the Chairman shall invite European Works Council members to a negotiation session.

Failing an agreement by the end of the six-month period of notice, the initial agreement shall be extended for six months, after which the subsidiary requirements shall apply.

7.3 Working language

The official working language of the European Works Council shall be French ; in the event of a disputed interpretation of the present agreement or of the English or any other language translation of documents provided for European Works Council members, the French version of the text shall prevail.

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7.4 Applicable law

The headquarters of the France Telecom Group being located in France, the French law will apply for all matters that are not defined in the present agreement.

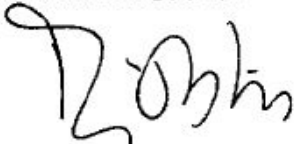
7.5 Registration

The present Agreement shall be registered by the France Telecom Group with

- The Paris Employment and Training Department (DDTEFP) in five copies
- The Paris Industrial Tribunal (Conseil des Prud'hommes) in a single copy

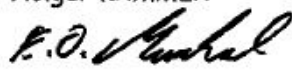
Paris, 14 April 2004

For France Telecom
Bernard BRESSON

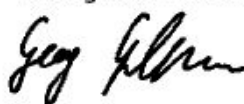


Members of the Special Negotiation Body approving the agreement

For Germany
Holger KAMMER



For Austria
Georg GRILNBERGER

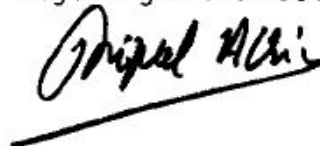


For Belgium
Philippe BON

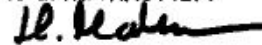
For Denmark
Lene PRIESS



For Spain
Miguel Angel OCIO ROJO (CCOO)



For Finland
Heidi MÄKKÖNEN



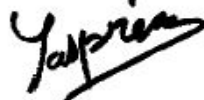
For France
Hélène ADAM (SUD)



René BERNARDI (CFDT)



Nadia DOUMBIA (CGT)

P.O. Valéry Lasprez


Bernard GINGREAU (FO)



Franca SALIS-MADINIER (CFDT)



Jean SOULEIL (CGT)

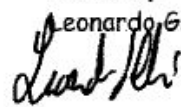


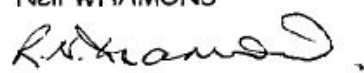
Patrice VIAUD (SUD)



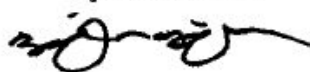
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For Greece
Costas LIAGOS

For Italy
Leonardo GABBANI


For Ireland
Neil WHAMOND


For Luxembourg
Johannes MANTELEERS


For Norway
Bjorn DJUPVIK


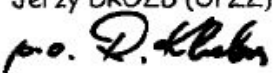
For The Netherlands
Dominic DELANEY-LAMOUR


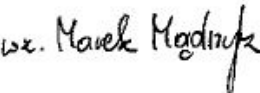
For the United Kingdom
Nick KEIR



For Sweden
Sven JOHANSSON


In the presence of and for approval, the associate members

For Poland
Jerzy DROZD (OPZZ)
p.o. 

Elzbieta PACULA (Solidarnosc)
wz. Marek Modrzyk


For France
Jean-Pierre FORBE (CGC)



Marc MAOUCHE (CFTC)
p.o. Patrice DIOCHET


Annex 1 - GLOSSARY

- **article L439-6 of French Labour Law (Code du Travail):** "For the application of the present chapter, the term 'consultation' means the organization of an exchange of views and the setting up of a dialogue."
- **article 2F of EU Directive 94/45/EC:** "Consultation means the exchange of views and establishment of dialogue between employees' representatives and central management or any more appropriate level of management."
- **Confidentiality:** a requirement not to divulge any information of a confidential nature to any person who is not a member of the European Works Council. This obligation applies to incumbents and substitutes alike.
- **Chairman:** whenever reference is made in the present agreement to "Chairman", it means "The Chairman of the France Telecom Group or his representative".
- **Employee representatives:** employees of a company falling within the scope of the present agreement, designated by a trade union, a body such as a local or national works council, or elected by their peers - in compliance with national legislation - and accordingly entitled to represent their country on the European Works Council.
- **Employee:** a person with an employment contract or a statutory link with a company falling within the scope of the present agreement, regardless of whether the contract is of fixed term or permanent nature, full or part time.
- **Staffing level:** the number of employees averaged over the last 6 full known months
- **Trans-national:** concerning either all companies falling within the scope of the present agreement or at least two units or companies in two different Member States.

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**Annex 2 - LIST OF COMPANIES FALLING WITHIN THE SCOPE
OF THE AGREEMENT** (as defined in article 1) on 31/12/2003

Germany

Equant
Etrali Allemagne
FT Deutschland GmbH
FTMSC GmbH

Austria

Equant

Belgium

Atlas Services Belgium SA
Equant
MCS
Mobistar
Mobistar Affiliates
Wanadoo International
Wirefree Services Belgium

Cyprus

Equant

Denmark

Atlas Services Denmark
Equant
Orange a/s Denmark
Orange World Services A/S
Wirefree Services Denmark

Spain

Autocity Network
Catalana
Equant
Etrali SA Espagne
Globecast Espagne
QDQ Media
Rincon del Vago
Uni 2
Wanadoo Espana SL

Estonia

Equant

Finland

Equant

France

Alapage
Almerys sas
ATP EGORA
Axilog
CVF
EGT S.A.
Equant
Etrali SA
Expertel Consulting
Expertel Services & FM
FCR
FIT Production
France Télécom SA
Francetel
FT Marine
FT Services
FTC
FTC Atlantique
FTDI
FTMI
FTMSC SA
FTT S.A.
GIE Innovacom
Globecast France
Globecast Reportages
Groupe Téléinvest
Intelmatique
Kompass France
Marcopoly
Nordnet
Orange Caraïbes
Orange Distribution
Orange France SA
Orange International SAS
Orange promotions
Orange Réunion
Orange SA Corp.UK France
Orange Supports & Consulting
Pages jaunes
Régie T France
Resocom Services SA
Sétib
SOFRECOM
Solicia
TDCOM
Transpac
Viaccess
Wanadoo France
Wanadoo Data
Wanadoo Maps
Wanadoo SA -

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Greece

Equant

Hungary

Equant

Italy

Equant

Etrali SPA Italie

Globecast Italie

Ireland

Equant

Latvia

Equant

Lithuania

Equant

Luxembourg

Equant

Malta

Equant

Norway

Equant

The Netherlands

Dutchtone Retail

Equant

Glocall

Kompass Nederland

Orange Netherland

Rann SP

Wanadoo Nederland

Poland

Equant

Incenti

ORE

OTO Lublin

Parkiet Media

PTK Centertel

Telefon 2000

Telefony Podlaskie

TP Edukacja i Wypoczynek

TP EmiTel

TP Internet

TP Invest

TP SA

TP Sircom

TP Teltech

TPDiTel

Wirtualna Polska

Portugal

Equant

Freeserve Servicos de Internet

Czech Republic

Equant

United Kingdom

Ananova

Equant

Etrali UK Limited

Freeserve.com

FT Network Services UK Ltd

Globecast NE

HTRL - Orange Retail Limited

OPCS - Orange Personal Com. Serv. Ltd

OPLC - Orange

Orange Ventures Management Limited

Slovakia

Orange Slovensko

Slovenia

Equant

Sweden

Equant

FT Network Services Sweden AB

Orange Sverige

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Annex 3 - MAKEUP OF THE EUROPEAN WORKS COUNCIL

Country	Workforce on 31 st December 2003		Main Company	Representatives
	Workforce	%		
Austria	36	0,0%	EQUANT	1
Belgium	1 768	0,9%	MOBISTAR	1
Cyprus	3	0,0%	EQUANT	
Czech Rep.	9	0,0%	EQUANT	
Denmark	793	0,4%	ORANGE	1
Estonia	2	0,0%	EQUANT	
Finland	27	0,0%	EQUANT	1*
France	133 363	66,7%	FTSA	9
Germany	463	0,2%	EQUANT	1
Greece	37	0,0%	EQUANT	1
Hungary	10	0,0%	EQUANT	
Ireland	136	0,1%	EQUANT	1
Italy	140	0,1%	EQUANT	1
Latvia	2	0,0%	EQUANT	
Lithuania	2	0,0%	EQUANT	
Luxembourg	17	0,0%	EQUANT	1*
Malta	2	0,0%	EQUANT	
Netherlands	1 730	0,8%	ORANGE	1
Norway	59	0,0%	EQUANT	1
Poland	42 172	21,1%	TPSA	4
Portugal	35	0,0%	EQUANT	1
Slovakia	1 211	0,6%	ORANGE	1
Slovenia	2	0,0%	EQUANT	
Spain	2 478	1,2%	UNI 2	1
Sweden	98	0,1%	EQUANT	1
United Kingdom	15 267	7,6%	ORANGE	2
Total	199 862			
Representatives				30

* exceptionally (see article 3.2)