

Ms. Muriel Pénicaud  
Chairman of the Governance &  
Corporate Social Responsibility Committee  
France Télécom S.A.  
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**Amsterdam**  
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Cc: Mr. Henri De Joux  
Secretary of the Board

**Re: Combination chairman and CEO roles at France Télécom**

Dear Ms. Pénicaud,

As a group of long-term institutional investors, we are writing to you in your capacity as chairman of the Governance & Corporate Social Responsibility Committee of France Télécom to express our concern about the (re-)combination of the roles of CEO and chairman since March 2011.

As institutional investors with a long-term view, we scrutinise the corporate governance structures of our investee companies as to whether they provide for sufficient checks and balances. We believe that the latter is an important safeguard for shareholders to mitigate their exposure to managerial and other risks.

The need for effective risk mitigation has been one of the unequivocal conclusions from the recent financial turmoil. A recognised key element of an effective oversight structure is the separation of the functions of chairman and chief executive officer. As these roles require very different skills and expertise, and to avoid a concentration of power, these roles should never be combined except in very unusual circumstances and for a limited period of time only.

We believe that the combined CEO/chairman structure presents increased, unnecessary risks to France Télécom and its long term interest of its shareholders. Such a combination of functions institutionalizes structural impediments to effective oversight of management and undermines investor confidence in the company's system of checks and balances.

The AFEP/MEDEF Corporate Governance Code states that it is essential for the shareholders and third parties to be fully informed of the choice made between separation of the offices of chairman and CEO and maintenance of these positions as a single office.

Unfortunately we were yet unable to find a clear explanation from France Télécom to its shareholders on the decision to (re-)combine the roles of chairman and CEO. Also we found none of France Télécom's board members has been appointed lead independent director as a countervailing measure for the combination of roles. We would have expected a detailed explanation by the supervisory board as to the rationale of the Board of Directors of France Télécom for the decision to (re-)combine the positions of chairman and CEO. Although we have no reason to doubt the qualities of Mr. Richard, we think that no person should hold both roles at the same time.

We would appreciate a formal response from you and welcome the opportunity to discuss this matter in the context of good governance improvements with you further.

Should you have any questions, please do not hesitate to contact us.

Yours sincerely,



Claudia Kruse  
Head of Sustainability & Governance  
APG Asset Management  
The Netherlands



Henny Crauwels  
Senior Portfolio Manager  
APG Asset Management  
The Netherlands

Also signed on behalf of:

Wayne Kozun  
Senior Vice-President, Public Equities  
Ontario Teachers' Pension Plan  
Canada

Alison Kennedy  
Governance & Stewardship Director  
Standard Life Investments  
United Kingdom

Gerard Fehrenbach  
Senior Advisor Responsible Investment  
PGGM Investments  
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Daniel Summerfield  
Co-Head of Responsible Investment  
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Frank Curtiss  
Head of Corporate Governance  
Railpen Investments  
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