

Financial impact of the "seniors" agreement signed on the 26th of November

Following the agreement signed & announced on the 26th of November¹ with the trade unions dealing with measures concerning the latter stages of careers, the Group wants to clarify some of the financial consequences of the "Part-time Seniors" measures.

The provision relating to these measures is estimated at approximately 700 M€. 600 M€ will be accounted for in 2009 because it is necessary to apply a *pro rata temporis* as only those employees that have worked for a minimum of 15 years on the 1st of January 2010 can benefit from this latter agreement. The remainder will be accounted for in 2010 and 2011 in order to include those who become eligible by then. This provision was calculated according to the IAS 19 accounting standard which covers other long-term advantages and it is based on the full set of extra wage costs (paid wage premium during part-time work, 100% cover of pension costs, employer social charges and costs for holiday savings plans). Of the 14 000 people who are eligible over the coming 3 years, the assumption made by the Group for its calculations are that 10 000 people will adhere to this measure over the duration of the agreement.

The impact of this agreement on the Group's cash-flow is neutral after taking into account the additional recruitments.

This agreement does not impact the Group's financial objectives.

About France Telecom

France Telecom, one of the world's leading telecommunications operators, had consolidated sales of 53.5 billion euros in 2008 (38.1 billion euros for the first nine months of 2009) and, at 30 September 2009, a customer base of almost 190 million customers in 32 countries. Orange, the Group's single brand for Internet, television and mobile services in the majority of countries where the company operates, now covers 126 million customers. At 30 September 2009, the Group had 128.8 million mobile customers and 13.4 million broadband Internet (ADSL) customers worldwide. Orange is the number three mobile operator and the number two provider of broadband Internet services in Europe and, under the brand Orange Business Services, is one of the world leaders in providing telecommunication services to multinational companies.

The Group's strategy, which is characterized by a strong focus on innovation, convergence and effective cost management, aims to establish Orange as an integrated operator and benchmark for new telecommunications services in Europe. Today the Group remains focused on its core activities as a network operator, while working to develop its position in new growth activities. To meet customer expectations, the Group strives to provide products and services that are simple and user-friendly, while maintaining a sustainable and responsible business model that can be adapted to the requirements of a fast-paced and changing eco-system.

France Telecom (NYSE:FTE) is listed on Euronext Paris (compartment A) and on the New York Stock Exchange.

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¹ See the press release dated the 26th of November.