

Not for distribution in the United States**France Telecom performs a 3-step optimization of its debt**

On 7 September 2010, France Telecom executed a 3-step transaction to optimize its debt:

- the early redemption of \$3.37 billion outstanding aggregate nominal amount of 7.75% notes maturing on 1 March 2011, through the exercise of a make whole call option,
- the placement of \$750 million of 2.125 % 5 year notes, and
- a 12 year €500 million bond offering at 3.375 %.

These three transactions allow France Telecom to seize an excellent market window to optimize its debt profile by redeeming \$3.37 billion of notes early (originally maturing in March 2011), and to re-issue long term debt, of approximately €1.1 billion equivalent in two simultaneous transactions, at historically low coupon levels for corporate bonds. The balance of the 2011 USD bond redemption is being financed out of the Group's very strong cash position (€8.1 billion as of 30 June 2010).

Currency	Format	Term	Notional	Coupon	Re-offer spread
USD	Fixed rate	5 years	USD750 million	2.125 %	US Treasury Bond + 82 bps
EUR	Fixed rate	12 years	EUR500 million	3.375 %	mid swap + 75 bps

BofA Merrill Lynch, Citi, HSBC and Morgan Stanley are acting as bookrunners for the USD tranche while BofA Merrill Lynch, BBVA, and RBS are acting as bookrunners for the EUR tranche.

About France Telecom

France Telecom, one of the world's leading telecommunications operators, had total sales of 44.8 billion euros in 2009 (22.1 billion euros for the first half 2010). At 30 June 2010, the Group had a customer base of 182 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 over 131 million customers. At 30 June 2010, the Group had 123.1 million mobile customers and 13.2 million broadband internet (ADSL) customers worldwide. Orange is the number three mobile operator and the number three 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.

With its industrial project, "conquests 2015", Orange is simultaneously addressing its employees, customers and shareholders, as well as the society in which the company operates, through a concrete set of action plans. These commitments are expressed through a new vision of human resources for employees; through the deployment of a network infrastructure upon which the Group will build its future growth; through the Group's ambition to offer a superior customer experience thanks in particular to improved quality of service; and through the acceleration of international development.

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

For more information (on the internet and on your mobile):

www.orange.com, www.orange-business.com, www.orange-innovation.tv

Press contacts: +33 1 44 44 93 93

Bertrand Deronchaine, bertrand.deronchaine@orange-ftgroup.com

Tom Wright, tom.wright@orange-ftgroup.com

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