annual and corporate responsibility report
France Telecom 2009

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Orange-ը գալիս է Հայաստան հոկտեմբերի 15-ին

2 minutes

to know everything about Orange
and the France Telecom Group
in 2009

shareholder's summary 2009

orange

contents

There are times when our certainties are shaken, when our sense of corporate community is called into question, when economic difficulties are exacerbated by a feeling of helplessness among the people of the company, and 2009 was clearly one such period. Yet the brutal awakening has proved salutary and at every level our Group has recognized the need for vigorous action as we put people back at the heart of what we do and restore the confidence of our employees. This is how we will move forward together to even better satisfy the needs of our customers around the world.

The diversity of talent throughout France Telecom Orange is our greatest strength. Through examples from eight of our host countries, we invite you to take a closer look at our vision of services that benefit everyone. This annual report looks beyond simple facts and figures to spotlight the wealth that springs from the Group's innovation and the remarkable expertise of our teams. In this digital era you will discover game-changing services and uses that will soon become part of our everyday lives. These pages are enriched with multimedia content that you can access with your mobile phone via flashcodes and invite you to discover the incredible promise of augmented reality.

Welcome to the era of transmedia!

Want to learn more about augmented reality?
See you at the end
of this report!

how does it work?

flashcode

1 Download the reader by sending the word "flashcode" by SMS to 30 130*.
2 Launch the flashcode reader from your mobile phone menu.
3 Position your mobile phone camera above the flashcode—the capture is automatic and you're connected to the mobile Internet site**.

* Cost of an SMS message. ** Cost of a WAP call.

the complete 2009 corporate social responsibility report is available on www.orange.com

message from the Chairman

Didier Lombard, Chairman

2009 was a pivotal year for both the business performance of the Group and for our people. In the wake of the social crisis that affected France Telecom Orange in France, we mobilised our energies at every level, first to understand the causes by listening to our employees. Then, without delay we launched the initiatives needed to rebuild the Group's social cohesion. Four initial agreements have already been signed and I am making sure that their application quickly leads to concrete changes for our people.

From a business standpoint, despite a serious deterioration in the economic environment in 2009, the telecommunications industry and our company proved quite resilient. Revenues were generally stable on a comparable basis and excluding the impact of regulatory decisions, even though the broader economy in our markets trended downwards. This led to a 4% increase in ADSL broadband customers during the year and a rise of nearly 9% in the mobile customer base. These results reflect the contributions of all our people in all countries. We maintained our EBITDA margin and exceeded our objectives in terms of organic cash flow. This performance has enabled us to continue to reduce our debt and to propose a dividend of 1.40 euros per share to the Annual General Meeting of Shareholders.

In Europe, a deteriorated economic climate and the impact of regulatory measures in some markets impacted the Group's growth. We also played a role in the consolidation trend in our industry in Europe through two major operations in the United Kingdom and Switzerland, the first of which took concrete shape during the first half of 2010. These initiatives are designed to strengthen the Group's positions and improve our performance in these mature markets. Business trends remained positive outside Europe, especially in Africa and the Middle East.

We adjusted our capital expenditure to economic conditions in 2009 while sustaining our efforts in strategic areas such as 3G mobile networks and selective acquisition of new licences in emerging countries.

The Board of Directors accepted my proposal to separate the functions of Chairman and Chief Executive Officer. I will remain as Chairman, contributing to the definition of technology strategy, while Stéphane Richard becomes Chief Executive Officer, taking charge of operational management of the Group and shaping its business plan.

Over the past five years, our Group has become stronger and experienced profound transformations. We have recruited 70 million new customers, and we now operate in 32 countries, compared with 19 five years ago. Thanks to our integrated operator model and deployment of the unified Orange brand and our early embrace of IP technologies, I believe our Group enjoys solid foundations for future success. We have taken initiatives to simplify our offers and achieve exemplary quality of service. What's more, our expansion into content, audience, e-health and value-added services for businesses all open new paths to growth.

I am completely confident that under the leadership of Stéphane Richard and his new team, France Telecom Orange will successfully meet the challenges that lie ahead.

interview with
the Chief Executive Officer

Stéphane Richard, Chief Executive Officer
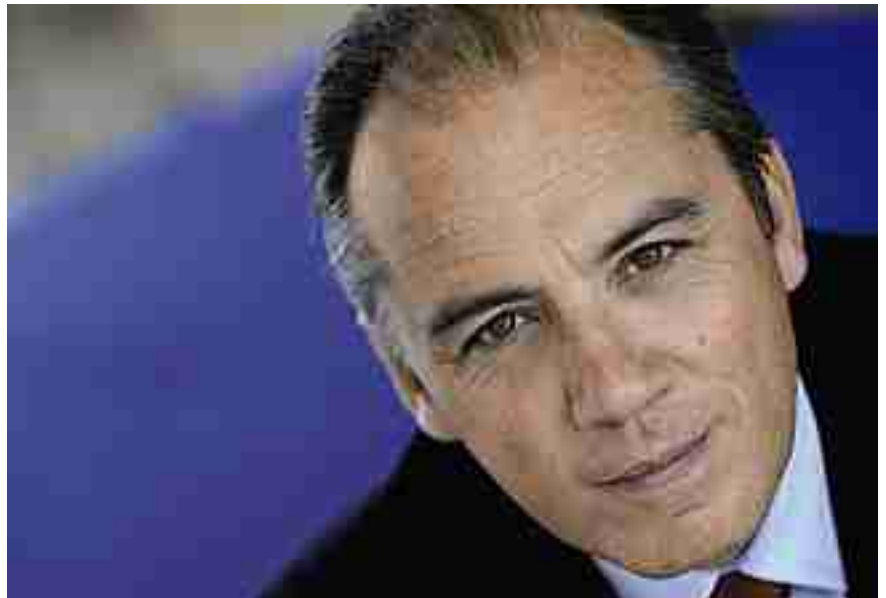
**You joined the Group in September amidst a very turbulent period in employee relations.
How did you assess the situation and what measures have you taken to restore confidence?**

I discovered a profound malaise within the company in France. The first priority was listening to our people to understand the reasons for this unease. Then, we needed to initiate changes capable of providing everyone with a quality working environment and re-energising their motivation.

To move in this direction, in agreement with employee representatives we asked the consultancy Technologia to proceed with an in-depth diagnostic based on a survey of all employees in France. We also held nearly 2,500 meetings to provide people with a forum to discuss their working conditions. At the same time we strengthened our human resources organisation and suspended geographic mobility. Beyond these immediate measures we have worked with operational managers to review our management model and improve information systems to enable employees to better respond to the needs of our customers.

We have also initiated discussions with employee representatives to redefine what we call the company's "social contract". This encompasses fundamental issues such as mobility, work-life balance, work organisation and conditions, and employee representation. I want to see this new social contract put into application as rapidly as possible.

How do you interpret the Group's results for 2009?

In addition to our internal competencies, the primary asset of a Group such as ours is our customer franchise across all the markets we serve. With nearly 200 million customers around the world, we enjoy tremendous assets that were further strengthened in 2009 as our customer base increased by 6%. More broadly, the level and quality of our business and financial performance were impressive, given the very difficult environment we faced from both a macroeconomic standpoint and in terms of regulatory pressures. The Group maintained its revenues, excluding the impact of regulatory measures, and generated cash flow that exceeded our announced objective. We achieved this without compromising the future as we continued to reduce our debt and pursued the strategic investments that partially underpin our future growth. We owe these good results to the commitment of all our teams.

What is the roadmap for the new leadership team you've formed?

This is a unified team that brings together internal talent with three external executives who bring fresh competencies and an outward-facing perspective. I expect this team to function as a collective unit and to be continually in the field to truly sharpen our responsiveness. France is in a somewhat special situation since I will continue to work in tandem with Delphine Ernotte for a certain period. This reflects a personal commitment made to the employees with whom I have been meeting over the past several months.

The objective of this new team for 2010 is to deploy necessary changes for the Group and capitalise on our assets to expand our businesses. I see five key priorities for the next several months: implement the new "social contract", successfully move forward with progressive deployment of very-high-speed networks and the new services they will usher in, defend and strengthen our positions in our markets, continue our international expansion, and refocus on the quality, simplicity and relevance of our offers. Our customers expect this from us and it is especially critical as competition increases.

The economic environment remains uncertain in 2010 and the telecommunications sector will continue to experience major changes. How do you plan to respond to these factors?

There are indeed significant uncertainties regarding external factors that partially impact our near-term results, particularly in terms of regulatory measures. We have however noted a slight improvement in the economy in 2010, and even though trends vary according to country this could positively impact consumption. Competitive pressures are expected to increase for all our businesses, which is why we must remain mobilised, focused and responsive.

We are very much attuned to one major trend in particular, namely the explosive growth in mobile Internet use linked to the popularity of smartphones. This creates tremendous opportunities in terms of services, but also dictates vigilance as mobile infrastructures need to accommodate more traffic. Fibre and the new services we will be able to offer our customers is another extremely important development opportunity for us in the months ahead.

These and other developments should be viewed in the context of the key directions France Telecom Orange will articulate in the Group project currently being established. This plan is an extremely important milestone since it will constitute a unifying factor across the Group from a strategic as well as a management standpoint. This is why we are taking ample time to craft this plan with input from all our entities, especially operational teams, to ensure that everyone embraces this path forward. We expect the plan to be finalised by this summer.

What are your commitments for 2010, in particular to shareholders, and what is your vision for the Group in the coming years?

Our Group has for the past several years demonstrated its ability to meet the cash flow targets announced, and we confirm our objectives for the coming two years. This is essential to allow us to continue to reduce our debt and provide room for strategic manoeuvre while continuing to propose an attractive dividend to our shareholders. But a company's strategy is not simply reduced to a question of cash flow. Over time there must be a fit between business performance and fulfilling work for its people. These are complementary dimensions, and not contradictory goals.

Longer term, we face the fundamental challenge of inventing our future growth. In particular, we need to imagine the new uses matched to the deployment of very-high-speed infrastructures. This is a critical challenge as competition intensifies and regulatory measures put more pressure on margins.

To sustain this long-term growth, the Group needs to be present in every key link in the value chain. This will enable us to defend our positions against other major global players.

key financial figures

consolidated revenues
in billions of euros

46.6 46.8 45.9

2007[1] 2008[2] 2009[3]

breakdown of revenues
by geography

international operators and shared services 1.9%
enterprises 13.9%
rest of the world 15.6%
Spain 7.4%
Poland 7.5%
France 43.7%
United Kingdom 9.9%
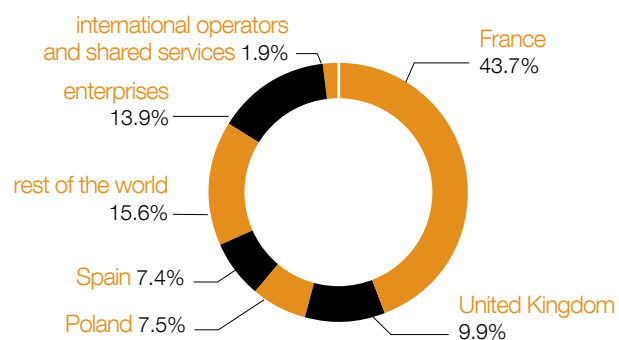
organic cash flow
in billions of euros

7.8 8.0 8.3

2007[1] 2008[1] 2009

net financial debt
in billions of euros

38.0 35.9 33.9

2007[1] 2008[1] 2009

8

EBITDA
in billions of euros

17,7   16,8   16,3

2007[1]   2008[2]   2009[3][4]

5.3
billion euros in capital
expenditures[3][5]
11.5% of revenues

dividends[6]
euros per share

2005	1
2006	1.20
2007	1.30
2008	1.40
2009	1.40[6]
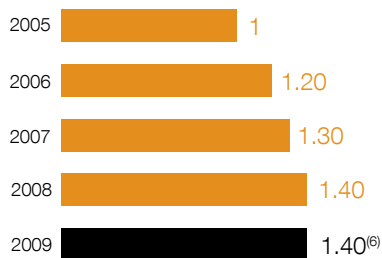
3.0
billion euros, net income, Group share

1.13
euros, 2009 earnings per share

(1) Historical data. (2) On a comparable basis. (3) Excluding United Kingdom. (4) Excluding provision for part-time senior plan and litigation on the special corporate tax regime "taxe professionnelle". (5) Excluding licenses. (6) Proposed to Annual General Meeting of Shareholders on 9 June 2010.

key operational figures

customers of controlled companies

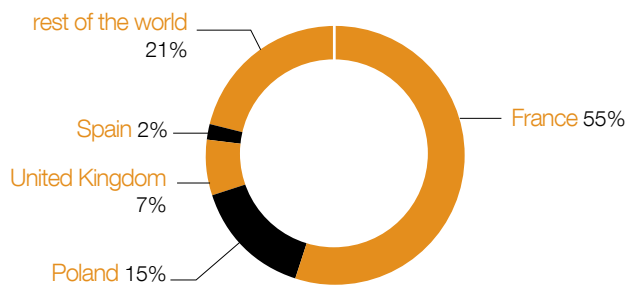| (in thousands)	2009	2008	2009/2008
Group customers			
total customers	**192,711**	**182,312**	**5.7%**
including customers of Orange brand	131,813	122,906	7.2%
mobile customers			
France	26,334	25,202	**4.5%**
United Kingdom	16,514	15,995	**3.2%**
Spain	11,879	11,374	4.4%
Poland	13,714	14,182	**-3.3%**
Rest of the world	64,152	55,069	**16.5%**
total mobile customers (excluding MVNO)	**132,592**	**121,821**	**8.8%**
including total mobile broadband customers (excluding MVNO)	**26,831**	**18,583**	**44.4%**
customers of Mobile Virtual Network Operators (MVNO)	**3,983**	**3,190**	**24.9%**
residential customers			
total lines (copper and fibre)	**46,089**	**46,730**	**-1.4%**
Internet customers	**14,030**	**13,799**	**1.7%**
of which Europe			
Livebox customers	8,754	7,794	12.3%
VOIP customers	7,595	6,506	16.7%
IPTV customers	3,217	2,109	52.5%
enterprises			
IP VPN accesses (worldwide)	323	321	0.6%
Business Everywhere users	750	683	9.8%
audience			
unique monthly visitors on Group portals	63,900	57,710	10.7%

181,000
employees worldwide, including 81,000 outside France

extra-financial indicators

breakdown of Group workforce
by geography

rest of the world
21%

Spain 2%

United Kingdom
7%

Poland 15%

France 55%

breakdown of Group workforce
by job category

support
13.2%

IT 8.2%

networks
23.2%

customer support
52.3%

innovation
2.5%

content
0.6%
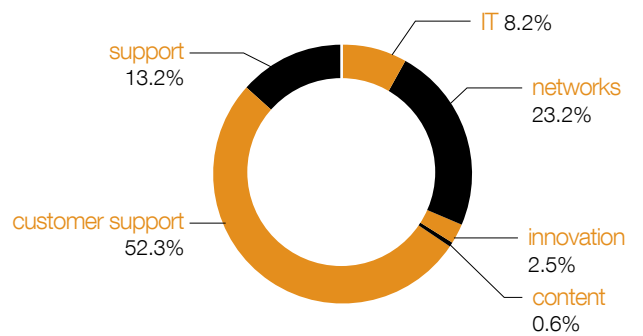
CO_2 emissions - 1.7 million tons of CO_2
by country

rest of the world
35%

France 17%

Poland 27%

Spain 6%

United Kingdom 15%
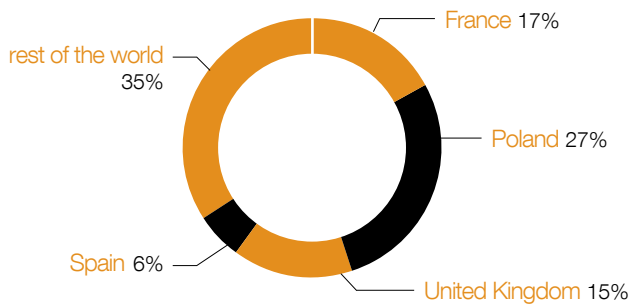
energy consumption -
1.3 million toe (tons oil equivalent)
by region

rest of the world
21%

Spain 5%

Poland 14%

United Kingdom 9%
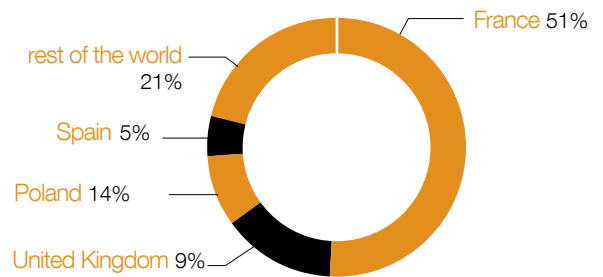
France 51%

main waste categories processed by the Group
in tonnes

other non-hazardous
waste 11%

paper, cardboard
9%

batteries 4%

cables 13%

wooden poles 21%

metal poles 2%

general industrial
waste 31%

Waste Electrical and
Electronic Equipment
(WEEE) 6%

WEEE collected from
customers 3%
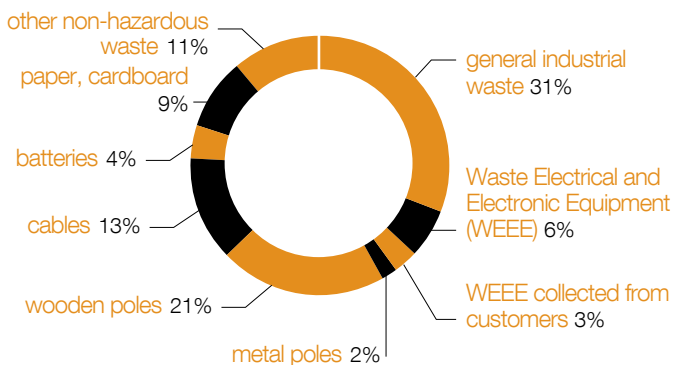
energy consumption
by type of energy

fuel 5.8%

gas 15.8%

renewable energies
0.2%

vehicle fuel
4.4%

electricity
73.7%
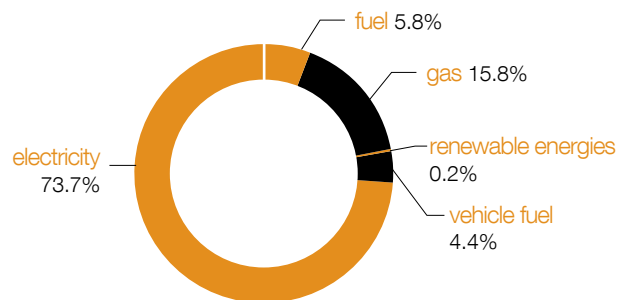
corporate governance

France Telecom's governance bodies are the Board of Directors and different management committees responsible for the Group's strategy. Their work drives the continuous improvement of governance, aligned with the interests of all the company's stakeholders.

The Board of Directors of France Telecom presides over all decisions relating to the company's major strategic, economic, employment, financial or technological policies. It is supported by expertise from three specialised Board Committees. It ensures application of its decisions by Group senior management, whose members compose the Executive Committee.

composition of the Board of Directors

At 30 April 2010 the Board comprised 15 members. In compliance with the company by-laws and legislation governing France Telecom, three members representing the French government are appointed by government decree, three are elected by employees and one director is appointed by the Shareholders' Meeting upon proposal by employee shareholders.

The appointment of eight directors is subject to election by the Shareholders' Meeting. At its meeting on 24 February 2010, the Board of Directors deemed that seven of these eight directors fulfilled the independence criteria in the Afep-Medef Code on corporate governance. This significant number of independent directors, which increased compared with the previous year, reflects the Group's commitment to comply with the recommendations of the Afep-Medef Code insofar as possible due to compliance with specific legal provisions and its status as a company held partially by the French State.

recent changes

The minimum number of shares held by each director appointed by the Annual Shareholders' Meeting, with the exception of the director representing employee shareholders, was set at 1,000 shares by the Annual Shareholders' Meeting of 26 May 2009.
Changes were also made in the composition of the Board of Directors to proceed with the replacement of five members whose terms of office ended during the year.
A government decree dated 14 September 2009 appointed Pascal Faure and Gilles Michel to the Board of Directors of France Telecom, replacing Henri Serres and Jacques de Larosière, respectively.

In addition, in October and November 2009, following the elections of directors representing employees, Caroline Angeli and Ghislaine Coinaud were elected to represent non-management employees, replacing Hélène Adam and Jean-Michel Gaveau, and Daniel Guillot was elected director representing management employees, replacing René Bernardi. Their terms of office began on 3 December 2009.

At its meeting on 24 March 2010 the Board of Directors noted the candidates proposed as director representing employee shareholders by the Supervisory Committees of the company FCPE fund invested in France Telecom shares. This director will be elected by the Annual Shareholders' Meeting on 9 June 2010. The Board of Directors also decided to propose the appointment of Stéphane Richard to the board to the Annual General Meeting of Shareholders.

On 2 December 2009 the Board of Directors approved the proposal by the Chairman and Chief Executive Officer to name Stéphane Richard Deputy Chief Executive Officer as from 1 January 2010 and, at its meeting on 24 February 2010, decided to separate the functions of Chairman of the Board of Directors and Chief Executive Officer, with effect from 1 March 2010.

Stéphane Richard was appointed Chief Executive Officer by the Board of Directors and Didier Lombard was reappointed as Chairman of the Board of Directors.

The Chairman represents the Board of Directors and, excluding exceptional circumstances, is the only person authorised to act and speak in the name of the Board of Directors. The Chairman organises and directs the work of the Board of Directors and ensures the efficient functioning of management entities in conformity with the principles of good governance. He acts as a liaison between the Board of Directors and shareholders of the company in cooperation with general management and oversees the quality of financial information announced by the company. In close collaboration with general management, the Chairman may represent the company in its high-level relations with the government, and with the Group's key partners and customers, both in France and other countries. Furthermore, given the experience and competencies of the Chairman, the Board of Directors, with full approval from the Chief Executive Officer, asked that Didier Lombard continue to contribute to the definition of the company's strategy, particularly for technology issues.

functioning of the Board of Directors in 2009 and beginning of 2010

Internal guidelines were adopted by the Board of Directors in 2003, setting the principles of its operations and the terms under which the Board and its committees perform their duties to act in the best interests of the company and all its shareholders. These guidelines were updated at the meetings of the Board of Directors on 24 February and 24 March 2010, in particular to take into account the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer with effect from 1 March 2010. The latest version of these guidelines is available on www.orange.com.
The Board of Directors met 12 times in 2009. The overall attendance rate was 91% (i.e. meetings were attended by an average of nearly 14 directors).

In addition to issues related to the ongoing operation of the company (review of operating performance, quarterly, half-year and annual financial statements, budget, etc), the Board of Directors examined strategic development opportunities, notably the merger of the consumer activities of France Telecom and Deutsche Telekom in the United Kingdom and the planned acquisition of Sunrise in Switzerland. Several meetings of the Board of Directors focused on management of the crisis in employee relations in France. The issues put before the meetings included: annual and interim financial statements and the 2009 budget, strategic development opportunities and dividend distribution policy.
On 2 December 2009 the Board of Directors examined the results of the review of work by its committees, performed with methodology support from an outside consultancy.

Management Committee

A reorganised Executive Committee, which replaces the Management Committee, was formed at the beginning of April 2010. This committee is chaired by Stéphane Richard, Chief Executive Officer. The composition reflects a commitment to implementing the new business plan currently being developed and to ensure that the organisation reflects key priorities. At the same time it simplifies the Group's organisational structure to facilitate liaison between the Group's local operations in different countries and central functions. Lastly, the reorganisation drives fresh impetus by promoting internal talents and welcoming outside talents recognised for their skill and experience.

composition and responsibilities

Reporting to the Chief Executive Officer, the Executive Committee comprises a total of 15 members, including 3 Deputy CEOs and 11 Group Executive Directors in charge of Group divisions and functions. Stéphane Richard remains in charge of operations in France.
The Executive Committee coordinates the implementation of strategic objectives. It oversees the achievement of objectives regarding operations, labor relations and technical matters, along with the allocation of financial resources. The Executive Committee meets weekly.

compensation

The total gross amount, excluding employer payroll charges, of compensation paid in respect of the 2009 fiscal year by France Telecom SA and companies controlled by it to members of the France Telecom Group Management Committee was 7,821,535 euros. This amount includes all compensation paid in respect of 2009 (gross salaries, bonuses, incentives and benefits in kind, including variable portions, incentives and profit sharing).

In 2009 the members of the Management Committee of France Telecom were Didier Lombard, Jean-Yves Larrouturou, Gervais Pellissier, Olivier Barberot, Georges Penalver, Olaf Swantee, Jean-Philippe Vanot, Barbara Dalibard, Louis Pierre Wenes (until 4 October 2009) and Stéphane Richard (from 5 October 2009). The members of the Management Committee did not receive directors' fees for their positions as directors of France Telecom Group companies. In 2009 the members of the Management Committee were not granted any options to subscribe or buy shares and were not granted performance shares by France Telecom SA or any other Group company.
Following the change in governance with effect from 1 March 2010, all rules governing compensation of the Chairman and the Chief Executive Officer subsequent to that date are detailed in section 15.1.2 of the 2009 registration document.

Group governance committees

Several specialised committees reporting to the Executive Committee were created to apply or control the implementation of its directives throughout the Group. The main committees that affect Group governance are the Investments Committee, the Treasury and Financing Committee, the Tax Committee, the Claims Committee, the Risks Committee, the Employment and Skills Committee and the Disclosure Committee. They are also responsible for monitoring risk management with regard to financial liabilities, thereby limiting the Group's overall exposure.

Note: details of risk management are fully presented in the 2010 registration document, which was filed with the Autorité des Marchés Financiers on 28 April 2010 and is available at www.orange.com/finance.

composition
of the Board of Directors
(at 30 April 2010)

directors elected by the Shareholders' Meeting	Didier Lombard Chairman of the Board of Directors of France Telecom Date appointed: 27 February 2005 Term ending: 2011*	Bernard Dufau Former Chairman and Chief Executive Officer of IBM France Independent director Date appointed: 25 February 2003 Term ending: 2011*
	Claudie Haigneré Chairman of the Cité des Sciences et de l'Industrie Independent director Date appointed: 21 May 2007 Term ending: 2012*	Henri Martre Director of SOGEPA (French Government holding company of EADS) Independent director Date appointed: 25 February 2003 Term ending: 2011*
director elected by the Shareholders' Meeting upon proposal by employee shareholders	Stéphane Tierce Date appointed: 22 April 2005 Term ending: 2010*	
directors representing the French State	Bruno Bézard Managing Director of Agency for State Equity Investments Date appointed: 9 March 2007 Term ending: 8 March 2012	Pascal Faure Vice-President of the General Council for Industry, Energy and Technology Date appointed: 14 September 2009 Term ending: 13 September 2013
directors elected by employees	Caroline Angeli Corporate networks manager Date appointed: 3 December 2009 Term ending: 2 December 2013	Ghislaine Coinaud Support Function Date appointed: 3 December 2009 Term ending: 2 December 2013
board committees	Three specialised committees provide expertise for the Board of Directors: the Audit Committee, the Governance and Corporate Social Responsibility Committee, and the Strategy Committee. Each Director is a member of one of these Committees. In accordance with the Afep-Medef Code, significant responsibilities are given to independent directors, who chair the first two Committees; the Vice-Chairman of the Strategy Committee is also an independent director.	
- Audit committee	Chairman: Bernard Dufau Members: Bruno Bézard, José-Luis Durán, Charles-Henri Filippi, Daniel Guillot, Gilles Michel	
- Governance and Corporate Social Responsibility committee	Chairman: Marcel Roulet Members: Pascal Faure, Jean Simonin	
- Strategy committee	Chairman: Didier Lombard Members: Caroline Angeli, Ghislaine Coinaud, Claudie Haigneré, Henri Martre, Stéphane Tierce	

* Term expires the day of the Shareholders' Meeting called to approve the financial statements for the previous year.

José-Luis Durán
Chairman of the Management Board of Devanlay
Independent director
Date appointed: 5 February 2008
Term ending: 2012*

Charles-Henri Filippi
Chairman of Alfina
Independent director
Date appointed: 5 February 2008
Term ending: 2012*

Marcel Roulet
Honorary Chairman of France Telecom
Independent director
Date appointed: 25 February 2003
Term ending: 2011*

Jean Simonin
Mayor and Vice-Chairman of an association of municipalities
Independent director
Date appointed: 26 May 1998
Term ending: 2011*

Gilles Michel
Chief Executive Officer of the Fonds Stratégique
d'Investissement (FSI)
Date appointed: 14 September 2009
Term ending: 13 September 2013

Daniel Guillot
Director of relations with Ain Department local authority
Date appointed: 3 December 2009
Term ending: 2 December 2013

Thierry Franchi
attends meetings of the Board of Directors in his capacity
as representative of the Central Works Committee.

The Audit Committee met 10 times in 2009. Its work primarily concerned the 2009 financial statements and budget, financial reporting and communication, internal control, risk analysis and management of debt and liquidities. It met regularly with senior management and executives of the Group's Finance Department, in particular regarding financial aspects, development plans and international operations to be submitted to the Board of Directors, and with the Statutory Auditors.

The Governance and Corporate Social Responsibility Committee met six times in 2009 and submitted several proposals to the Board of Directors. The Committee oversees application of the 2008 recommendations published by Afep and Medef concerning compensation of directors of listed companies to ensure their full application at France Telecom.

The Strategy Committee met twice in 2009 to review the Group's international development strategy.

Section 14 of the France Telecom registration document filed with the Autorité des Marchés Financiers on 28 April 2010 and available on www.orange.com contains complete details of the company's governance and general management bodies.

executive committee

A new Executive Committee composed of 15 members was formed at the beginning of April 2010. Chaired by Stéphane Richard, Chief Executive Officer, this Committee will lead implementation of the new Group project.

from left to right

Christine Albanel
Executive Vice-President Communication,
Philanthropy, Content Strategy

Jean-Philippe Vanot
Deputy Chief Executive Officer
Quality, Corporate Social Responsibility

Pierre Louette
Executive Vice-President
General Secretary
France Carriers division

Olivier Barberot
Executive Vice-President
Human Resources

Vivek Badrinath
Executive Vice-President
Enterprise Communication
Services

Thierry Bonhomme
Executive Vice-President
Networks & Carriers
Research & Development

Jean-Paul Cottet
Executive Vice-President
Marketing and Innovation

Bruno Mettling
Executive Vice-President
Employment and Skills
Orange Campus

Raoul Roverato
Executive Vice-President
New Growth Businesses

Olaf Swantee
Executive Vice-President
Sourcing, Europe and Egypt
(within International division)

Georges Penalver
Executive Vice-President
Strategic Initiatives and
Partnerships

Gervais Pellissier
Deputy Chief Executive Officer
Finance, Information Systems,
United Kingdom Joint Venture

Delphine Ernotte
Executive Vice-President
Deputy for French Operations

Stéphane Richard
Chief Executive Officer
French Operations

Jean-Yves Larrouturou
Deputy Chief Executive Officer
International

responsible commitment

France Telecom Orange creates new possibilities for positive interaction, enabling people to connect, build and nurture relationships. Just as the digital society offers tremendous opportunities for access and interaction, it also carries risks of exclusion. The Group's 181,000 people around the world apply their skills and commitment to ensure that these opportunities are available to all.

creating social links for everyone's benefit

New information and communication technologies are only truly meaningful if they benefit everyone. This is the fundamental objective that inspires France Telecom Orange's corporate social responsibility policy and underpins the Group's vision.

New technologies and the uses they introduce create a world of ever-multiplying connections, exchanges and networks. The France Telecom Orange Group is at the hub of these ubiquitous daily exchanges since its business – and responsibility – is all about creating, maintaining, guaranteeing and renewing social interaction between people. This responsibility begins with ensuring that the largest possible number of people enjoy access to these new channels for communication and information, ensuring security for customers and facilitating their relations with the company. New modes of interaction also create novel opportunities to address environmental challenges by putting innovative technologies to work for sustainable development.

ambitious strategy

France Telecom Orange firmly believes that corporate social responsibility (CSR) constitutes a key success factor for the future of the Group and has crafted an ambitious strategy. Its objective is quite simply to become the leading telecommunications operator in terms of corporate social responsibility by 2012. This strategy is deployed across all businesses, departments and geographies. It is built on ethical values that are formally defined in the Group's Code of Ethics.

The skills and commitment of the Group's 181,000 people around the world create powerful assets to help it realize the vision of benefiting the largest possible number of users through its solutions.

In the wake of the major crisis that impacted employee relations in France in 2009, the Group has reaffirmed its commitments as a socially-responsible employer, putting people at the heart of the enterprise. The Group's CSR policy has four pillars:
– recognize and support the Group's people, the primary builders of social ties;
– ensure transparency, quality and security for customers;
– make the benefits of the digital world available to the greatest possible number of people;
– find innovative solutions for a greener world.

These commitments resonate with the three priorities defined in 2008 (Care, Include and Preserve) and illustrate the Group's commitment to strengthening the human component of its CSR policy.

mobilise the Group's multiple strengths

Orange is putting its full resources behind this goal, making CSR strategy a key driver in the Group's transformation. This commitment is championed at the highest level, since the strategy is sponsored by a member of the Executive Committee who is directly responsible for quality and corporate social responsibility.

find out more

Deployment is stewarded by a dedicated organisation within each entity to manage actions linked to the Group's commitments and the resulting strategic priorities. This organisation was strengthened in 2009 by the appointment within each functional department and entity of a senior executive as CSR sponsor, providing support at the highest level for the network of CSR managers.

fruitful dialogue with stakeholders

The Group's CSR policy is anchored in listening to and taking into account the expectations of stakeholders. Structured regular dialogue with all those involved in the functioning of the company – customers, employees, shareholders, suppliers, public authorities and civil society – enables them to express their fundamental wants and needs within the framework of a long-term process. This also enables the Group to efficiently manage risks while unlocking new opportunities for creation of sustainable value in terms of image, efficiency and growth. Exchanges are pursued at the Group level, by its different businesses and particularly at the country level to ensure immediate engagement with the expectations of local constituencies. Certain countries have defined specific programmes, while in others the Group provides targeted support for local teams to enrich ongoing dialogue. In 2009 a new methodology tool was prepared to encourage dialogue with key stakeholders in countries where no structured process had been initiated. Designed to facilitate cascading of the Group's CSR strategy, the CSR Dialog Toolkit builds on initiatives already launched by subsidiaries to bolster their impact and integrate the perceptions and expectations of key local stakeholders. The method was tested in late 2009 in Madagascar and Côte d'Ivoire.

towards a new social contract

The Group's development depends on the skills and involvement of its 181,000 employees worldwide. The Group recognises the efforts of each employee and has reaffirmed its commitments as a responsible employer by paying special attention to placing people at the heart of the company.

devising a new social contract

a year marked by a social crisis in France

Following the social crisis in France in 2009, the Group recognised the depth of the internal malaise and took steps to understand its origins and then identify appropriate changes in the functioning of the company. The first step was listening closely to all employees. Beginning in October a series of over 2,700 meetings began at local entities to escalate issues and solutions proposed by employees themselves.

In November, all 102,000 employees of the Group in France were surveyed using a questionnaire prepared by an independent consultancy selected by labour unions. The conclusions of these listening processes and ongoing negotiations constitute the pillars of the new social contract the Group will propose for its employees.

responding to a need for proximity

Among the actions implemented as of late 2009 in connection with negotiations, 160 new local human resource manager positions were created in France. By increasing this network, the Group is putting itself in a position to better understand what employees want and need and provide more active support to managers locally. A large majority of these new human resources managers had already taken up their positions by the end of 2009.

more positive employee dialogue

The social dialogue is based on some 400 local employee representation bodies in Europe and at many African subsidiaries, a Central Economic and Social Unit Committee in France, a French Group Committee, a European Group Committee where employees from 20 countries are represented and a planned World Group Committee.

In France, 70 agreements or amendments to existing agreements were signed in 2009 and negotiations with employee representatives on stress and working conditions constitute one of the components of the new social contract being defined. Work has been conducted in five negotiation groups on major subjects:
– perspectives, employment and skills, professional development, training, mobility;
– work-life balance;
– improving the functioning of employee representative bodies;
– work organisation;
– working conditions.

An important agreement concerning employment of senior staff was signed at the end of November, providing concrete measures to maintain jobs for seniors, to take advantage of their experience, transferring their knowledge and skills and actively support them as they complete their careers. Four additional agreements were signed in early 2010. The first covered perspectives, employment and skills, professional development, training and mobility, and a second pertained to work-life

over 8,000 managers in France

took part in sessions facilitated by psychologists and outside experts to help them better understand and identify stress and psychological risks.

5.2

million hours of training in 2009, representing an average of 28.3 hours
of training for each of the 181,000 employees who received training during the year.

balance. The other two agreements concerned measures to evaluate and prevent psycho-social risks and the functioning of employee representative bodies. The Group also encourages dialogue with all employees, including participative forums at Group subsidiaries outside France and conferences on revamping employee relations in France.

helping employees grow

skills development

In the fast-changing telecommunications industry, the transformation of the Group's activities and core businesses creates new career opportunities for employees. The Group is deploying substantial efforts to provide professional development and training resources, providing advice and support to employees for their training needs. All employees can define a career path aligned with their goals and personal life. Individual interviews are a cornerstone of this process since they provide a chance to review performance, competencies and opportunities for advancement open to each employee. "Orange avenirs" career development desks in France and Poland provide employees with assistance from specially trained advisors to help identify and map out their career path. At the end of 2009, more than 38,000 employees had benefited from this assistance.
Training is another focus and the Group provides numerous programmes adapted to the countries, cultures and activities. The objective is to develop the professional value of each employee in conjunction with the growth of the company and changes in its businesses. Orange University and Orange Management Schools, particularly in France, work together to develop training programmes for managers, covering subjects such as team management, leadership and knowledge of the business environment.

Next Reward

The Group has created a variety of schemes to recognize the performance and contribution of employees and share the value created. For example, free shares were allocated to 175,000 employees in 80 countries within the scope of the Next Reward scheme. Free share schemes will be expanded for international employees in 2010.

The Group's training programmes increasingly implement innovative techniques and tools such as e-learning, professionalisation tracks or collaborative applications.

personal and professional fulfilment

The Group believes that professional success should be developed in a favourable working environment and be part of a healthy work-life balance. The negotiations in progress in France on working conditions include dedicated budgets to improve working conditions. Numerous initiatives have been taken at Group subsidiaries to enhance work-life balance. In Belgium and France, agreements have been signed to facilitate teleworking. In twelve months, 27% of staff in Belgium joined a programme that enables them to work remotely two days a week. Flexible working hours have also been introduced in Switzerland, the United Kingdom and Spain.

a top employer in Spain

Orange Spain counts 3,200 employees. In 2009 the company was ranked second in the league table of best employers in Spain by the independent organisation CRF Institute. The ranking takes into account working conditions and opportunities for employees in Spain.

integrating youth from underserved communities

As part of its commitment to equal opportunity, Orange has taken action to overcome the reticence among people from certain backgrounds in applying for jobs. The Group volunteered along with 49 other businesses to test anonymous CVs between November 2009 and April 2010. It also takes part in the annual "Equal opportunity employment train" operation. During the train's 12 stops across France in 2009, 40 recruitment specialists interviewed 750 candidates with an extremely diverse range of profiles.

Orange commitments to diversity

Equal opportunity is a core value for the Group and an important issue for the economy and society in general. France Telecom Orange believes that diversity is an enriching source of interaction, innovation and performance. By reflecting the diversity of the world where it pursues its businesses, the Group gains a deeper understanding of its customers and can better address their expectations. Diversity is equally important to attract and retain the talented people who will guide the Group's ongoing development. France Telecom Orange was one of the first companies signing the Diversity Charter in France in 2004. In April 2009 the Group strengthened its engagement on a global scale, deploying a proactive policy across all its host countries.

في عمان تكمن قوتنا في بساطتنا

Jordan

Orange Jordan:
a laptop for every student

Jordan's Ministry of Information and Communications Technology launched an ambitious programme to equip all university students with laptops. Orange Jordan is participating in the programme, offering laptops pre-loaded with access to Orange services at low monthly rates. This exemplary public/private partnership to support education will help meet the target of equipping 50% of the country's students with laptops by 2012 and have a direct positive impact on the country's economic and social development.

4,800

people with apprenticeship or trade certification contracts represent 4.7% of the France Telecom Orange workforce in France.

gender equality: a priority for the Group

All Group entities share a commitment to promoting gender equality, acting well beyond minimum legal requirements. Three priorities have been defined: encourage women's access to positions of responsibility; encourage diversity in organizations and especially in technical functions; and implement measures encouraging work-life balance.

The Group has introduced multiple initiatives within all subsidiaries and adopted common policies such as pre- and post-maternity interviews. Orange has also contributed to the writing of a Code of Best Practices for employment of women in information and communications technologies, a document prepared under the aegis of the European Commission. It participates in a variety of advocacy groups such as the Women's Forum, the European Professional Women's Network (EPWN) and the Cercle InterElles professional women's group, for which it hosted the 2009 symposium.

targeted diversity policy suited to each country

In addition to placing priority on gender equality, individual countries have identified one or more complementary diversity initiatives that reflect local contexts. The Central African Republic, Romania and Poland, for example, strive to facilitate employment for people with disabilities, while Niger, Switzerland and Slovakia actively promote hiring of minorities. France has focused on inclusion and retention of disabled employees, along with support for young people from underserved communities, providing access to training to prepare them for employment. At the same time, the Group promotes all facets of diversity that foster closer relations between its customers and employees.

addressing broader challenges facing society

Bringing young people into the workforce is a challenge for society in general. The Group pursues an active policy that includes work-study contracts developed in partnership with schools. At the end of 2009 there were 4,800 young people with work-study contracts in France who will benefit from priority for hiring at equivalent skills levels when they complete their training. An agreement signed in France and initiatives taken in Slovakia and Belgium underline the importance the Group attaches to employment for seniors. In keeping with the spirit of the brand, Orange encourages employees who take personal initiatives in favour of social responsibility, helping them "do more together". Orange Community, for example, is a platform to promote social responsibility projects sponsored by employees, and the Solidarios programme in Spain supports employees committed to a cause.

helping employees pursue their passion

The Orange Passion programme was created to help Group employees pursue their passions for sport, cinema or music. France Telecom Orange provides online support for projects that resonate with its values and reflect a true passion by an employee or group. Examples include a multi-venue ice hockey tournament in Slovakia, a mountain-climbing expedition by an Orange Labs Beijing team, or a world music festival. Several thousand employees in over 20 countries have been involved in such initiatives since the end of 2007.

building confidence in a digital world

The digital world introduces myriad possibilities for interaction and dialogue. Yet it also creates greater complexity and new risks. France Telecom Orange's role is to guide its customers in this new world by ensuring transparency, quality and security as they use these new digital services in their daily lives.

guaranteeing the integrity and security of personal data

France Telecom Orange has been tracking the latest developments in network security for over a decade, identifying new and emerging threats and developing adequate countermeasures. The Group boasts in-depth expertise in encryption and regularly introduces new applications to prevent various attacks such as eavesdropping, identity theft or data manipulation. Orange has contributed to the innovative e-poll solution that makes secure electronic voting a reality. In addition to technical solutions, the Group also helps its customers protect their personal data. The help and support section on websites offers useful information on security issues, and Orange Business Services has a special blog dedicated to corporate network security specialists. Group employees are regularly briefed on the importance of protecting personal data. A "confidentiality code of conduct" is available in eight languages, laying out information security rules that all staff must respect.

promoting safe and responsible use

Internet and mobile phones are now integral parts of the daily lives of young people, and priority is placed on protecting this segment from improper use of new technologies.
In most European countries, France Telecom Orange provides filtering solutions such as the parental control option, designed to block access to content that is inappropriate for minors. The Group also moderates its discussion forums and verifies the age of visitors for services that are not appropriate for minors.
These controls are indispensable, but educating people on safe use of the Internet and mobile phones is equally essential. To help parents ensure that their children can enjoy these new technologies safely and responsibly, the Group focuses on two fundamental principles: develop applications to protect against content that is unsuitable for children and promote education about risks and ways to protect against them. The Group has prepared guides in seven languages available for free download on its websites with simple and effective advice and recommendations for parents. France Telecom Orange is a founding member of the European initiative Teach Today, which aids teachers in educating children on safe use of the Internet. In the United Kingdom, Poland and Spain, volunteer employees participate in educational outreach activities at schools. In Slovakia, the Group has partnered with specially trained psychologists to provide effective education in schools.

responsible use of social networks

Social network sites continue to grow in popularity. However, making too much personal and professional information publicly available can jeopardize privacy and even endanger businesses. To inform people about risks related to social networks, Orange Business Services has published a series of articles and videos on its security blog. These materials clearly explain the risks to which users are exposed if they fail to adequately protect their private data, along with helpful tips on how to prevent such problems.

tackling the issue of radio waves

Within the framework of its policy on radio waves, the Group is committed to four key principles:

– ensure transparent information and dialogue to answer questions from different stakeholders regarding radio waves and communication technologies. Subsidiaries are in the process of deploying appropriate communication resources to inform stakeholders and clearly answer all questions concerning radio waves and communication technologies;

– contribute to research on electromagnetic fields (EMF). The Group's research teams are actively involved in technology research, developing methods and tools to measure and display the intensity of radio waves and carrying out dosimetry and metrology studies;

educational video for parents

In 2009 Orange UK showed a new video to educate parents on safe and responsible use of the Internet by children entitled "Not knowing's not enough". The film is available to everyone at www.orange.co.uk/safety and is now being used by educational networks, police and schools. It joins a series of educational films produced in recent years about online security and cyber-bullying. These materials are now used by over 70% of the secondary schools in the country.

conclusions of "Grenelle Round Table" on radio waves

In France, France Telecom Orange participated in the round table on "radio waves, health and the environment" organised by the government in May 2009. This conference on radio waves reaffirmed the absence of known health risks for people who live near antenna masts, along with the application of the precautionary principle for use of mobile phones.

– ensure compliance with local regulations in all countries or, when none exist, the international guidelines published by the ICNIRP (International Commission on Non-Ionizing Radiation Protection) and the IEEE (Institute of Electrical and Electronics Engineers) regarding radio transmitters;

– promote responsible use of mobile phones by providing customers with practical advice on how to reduce their exposure to radio waves (use earpieces, for example, or avoid phoning in areas with poor reception quality).

sharing opportunities

As a leading global telecommunications operator, France Telecom Orange is committed to ensuring that the largest possible number of people benefit from the opportunities created by information technologies.

developing access for everyone

At the end of 2009 only 26% of the world's population had access to the Internet. There are huge gaps between developed nations – where access rates reach 60% – and emerging nations such as those in Africa, where the rate is under 7% (source: www.internetworldstats.com). There are also disparities within countries, since certain segments of the population do not easily have access to the benefits of advanced information and communication technologies, including those with modest incomes, seniors or people with disabilities.

The Group is committed to bridging this digital divide by fighting against all types of exclusion, whether it stems from geographic, economic or physical factors.

innovative solutions for isolated areas

"Digital development" increases the economic attractiveness of a region and enhances the well-being of inhabitants. This is thus a top priority for local government authorities, and naturally a priority for France Telecom Orange too. In France, the Group is actively working with local authorities to deploy and continually upgrade networks. This partnership approach has made France a country where virtually the entire population has access to high-speed connections. There are still a handful of unserved areas that are either isolated and sparsely populated or too far from subscriber access nodes to benefit from ADSL. In these cases France Telecom proposes alternative solutions for the affected communities and their inhabitants, including so-called "white area subscriber access nodes" or satellite coverage.

infrastructures to connect African nations

Deployment of new technologies in Africa must overcome a lack of infrastructure. Here, the Group promotes construction of submarine cable systems to improve the capacity and quality of Internet connectivity for the continent. In the Indian Ocean the LION submarine cable was commissioned in 2009, spurring the deployment of broadband communications networks, which play a decisive role in the economic and social development of the region, especially Madagascar. The new cable makes an exciting new array of services available to an extensive part of the population, with rates adjusted to local needs. Broadband also sharpens the competitiveness of business by providing the communication resources that are essential to growth.

The Group deploys innovative solutions adapted to the local geography as well, centring on wireless technologies and the mobile phone network. Mobile solar stations in Africa have proved an effective means to develop mobile communication in rural areas that do not even have electricity.

Another example is the use of CDMA

technology in Senegal, where 100% of the country's villages of 500 inhabitants or more can now get Internet access.

democratizing access to new technologies

The Group has developed special offers to enable those with lower incomes to enjoy access to new technologies. In emerging markets such as Africa, Orange provides low-cost phones and attractive prepaid call plans to enable the greatest possible number of people to benefit from mobile phones. The Group also develops forward-looking solutions for access to its products and services. In Côte d'Ivoire, the OFA offer is designed for local communities of working women, proposing very cost-efficient "fleet" type rates.

Since May 2009 a special mobile plan costing just 10 euros a month has been available to people in France who receive the "RSA" minimum income allowance.

including seniors and people with disabilities

The "designed for everyone" strategy aims to ensure that all the Group's products and services are accessible to all customers, including the disabled or seniors with impairments. The specific needs of people with disabilities are taken into account well upstream in the development process for new products and services and accessibility is a priority at every stage, from design through customer support.

There is also a dedicated range of "personalised autonomy" solutions that address individual needs (hearing, vision, speech, motor, tactile or cognitive difficulties). These offers are presented twice yearly in a specific catalogue that is also available in audio CD format for visually-impaired customers. Distribution also takes special needs into account: over 5,000 sales associates have received special training to help them better serve customers with all types of disabilities. There are now 192 Orange stores with the "Autonomy" label, four "Arc-en-Ciel" ("Rainbow") sales facilities designed for people with disabilities, plus an e-sales platform accessible to everyone. Similar platforms are being deployed in other key European markets.

sharing the benefits of innovation

The Group strives to apply new technologies that enhance the well-being of everyone, putting sharing and collaboration at the heart of the digital world.

impetus for local economies

Communications resources are of course essential to sustainable economic growth, helping nurture local assets while enabling electronic commerce across borders and around the world. New communications solutions also spawn new and expanded

access to e-sales for all

After a one-year trial, Orange France began general deployment of an e-sales service designed for customers with hearing or speech impairments. The first of its kind in Europe, this solution enables people to contact sales associates with special training in serving customers with disabilities with videoconference dialogue in French sign language or text chat.

Orange and Kirène mobile service in Senegal

In May 2009 Orange and Kirène, the leading mineral water brand in Senegal, teamed up to launch the Kirène Mobile service. The new and very attractive offer addresses the communication needs of populations with modest income levels. One innovation is dual scratch cards, one to top-up Kirène Mobile credit and the other providing loyalty points to buy Kirène products (water, fruit juice, milk, etc).

business networks.

In every country where it operates, Orange develops innovative solutions that energize the local economy, encourage entrepreneurship and enhance the attractiveness of the region for residents and businesses. In Africa, the Group has since late 2008 deployed the "Orange Money" mobile phone payment project. Thanks to this project, rural and isolated populations in countries with growing economies enjoy access to basic financial services via their mobile phone. The first Orange Money service was introduced in December 2008 in Côte d'Ivoire. In 2010 the programme will be extended to other African markets, including Senegal and Mali.

Another innovative concept is the "Village Phone", a public phone service provided by equipping a resident of an isolated village with a mobile phone kit that other members of the community can use. Currently being tested in Mali and Cameroon, the service is an innovative way for women to create a small business by renting their mobile phone to other village members.

support for education

New technologies enhance access to education and render content more motivating. They also facilitate exchanges between home and school. Parents, students and teachers have already adopted many of these forward-thinking applications. In France, France Telecom Orange is working with the national education ministry to deploy "digital workspaces".

In Poland, the "TP Internet Education" programme is helping bring Internet access to schools at special rates. Over 14,500 schools and 4.5 million students now enjoy Internet access thanks to this initiative.

France Telecom Orange focuses on helping the educational community discover the possibilities of new infor-

mation and communication technologies. In Jordan, Orange has for several years been a partner to the Jordan Education Initiative. Launched under the aegis of the World Economic Forum, the programme aims to provide primary and secondary schools with digital technologies.

promoting solidarity

A top-up service called "Transfert Pays" enables people living in France to add call minutes to the prepaid mobile account of family or friends in their home country. After Madagascar and Senegal, the offer was introduced in Mali and Cameroon in 2009.

In several countries the Group makes it possible for customers to convert their loyalty points into donations to non-profit associations, or make charitable donations via SMS. In France "Davantage" loyalty points can be credited to aid the WWF.

pre-owned phones at Orange stores

Orange stores in metropolitan France began selling pre-owned phones in June 2009, proposing a range of both basic and high-end phones at attractive prices with no subscription. The phones are ideal for people without the budget to invest in new models.

at work in London,
our difference is simplicity

United Kingdom

Orange UK becomes first European mobile operator to introduce mini SIM cards to reduce waste

Orange UK continues to innovate in support of environmental commitments, using renewable energy sources, recycling handsets and introducing mini SIM cards. Customers receive these cards when they sign up for a new contract or for specific services. These mini SIM cards halve the amount of waste generated. More than 2.9 billion SIM cards weighing 11,600 tonnes were shipped to mobile operators across the globe in 2008.

encouraging eco-citizenship

In addition to reducing its own environmental impact, France Telecom innovates to support sustainable development with environmentally-friendly product designs and services that help customers be better eco-citizens by reducing their carbon footprint.

ambitious objectives to reduce the Group's impact

The Group has set ambitious environmental goals, aiming to reduce greenhouse gas emissions by 20% and lower energy consumption by 15% between 2006 and 2020.

focus on fighting climate change

Telecommunications networks account for over 60% of the Group's total energy consumption. Reducing the consumption of these networks, especially as usage and traffic volumes continue to rise, is a critical challenge.
A vast action plan was launched in early 2009 to address this imperative. By the end of last year the plan had been deployed in ten countries: Belgium, Spain, France, Guinea, Poland, Romania, the United Kingdom, Senegal, Slovakia and Switzerland. Initial results have been conclusive: in 2009 savings amounted to over 9 GWh in France, nearly 15 GWh in Spain and over 16 GWh in Poland. The Group has also committed to greater use of renewable energies. Over 740 solar power stations are being installed in ten African countries. The 575 sites already equipped represented solar energy production of slightly over 3.5 GWh in 2009, avoiding over 20,000 tonnes of CO_2 emissions.

optimising waste management

Optimising waste management is one of the Group's top environmental priorities. In every country France Telecom Orange works to establish waste processing systems that respect the environment and regulatory measures, with an emphasis on reuse to give equipment a second life. Particular attention is focused on Waste Electrical and Electronic Equipment (WEEE) generated both by the Group's own activities and by its customers, such as mobile phones.

The priority is to encourage reuse of this equipment or recycling of components. Group guidelines have been set to help countries set up appropriate management systems for each type of waste. These systems include measurement of quantities of waste generated, organisation of processing and full life-cycle traceability. When local infrastructures are lacking to manage waste under satisfactory conditions, alternative solutions are devised. For example, beginning in 2009, used telephones, cables and batteries collected by Sonatel in Senegal are transferred to a partner firm for processing in Europe.

innovating to protect the environment

Information and communication technologies have the capacity to reduce global CO_2 emissions by 15% annually between now and 2020, representing five times the carbon footprint of the sector (SMART 2020 study, "Enabling the Low Carbon Economy in the Information Age"). This is why France Telecom, beyond reducing its own footprint, strives to unlock the potential of the digital world to help its customers address the challenges of sustainable development. These initiatives include paperless transactions and optimised information infrastructures, as well as appropriate solutions for sustainable mobility in order to create the "sustainable cities" of tomorrow.

eco-design products

In 2009 Orange Labs teams performed life cycle analyses (LCA) on different networks and services to systematically determine their environmental impact from upstream sourcing of raw materials to elimination of waste. These studies help shape targeted progress initiatives.

The Group also works with suppliers to promote eco-friendly design, integrating the imperative of reduced environmental impact upstream in the product design process. Development of the new version of the Livebox, which was launched in late 2009, benefited from this approach. In particular, new Wi-Fi activation and deactivation features make it possible to reduce energy consumption by up to 30%.

from information to action

The Group helps people decide which products and services are best for them by providing clear information on their underlying environmental performance.

environmental commitments

- 20% reduction in CO_2 emissions between 2006 and 2020.
- 15% reduction in energy consumption between 2006 and 2020.
- 25% renewable energies for new mobile stations by 2015 (notably in Africa).
- 80% of Group scope engaged in Environmental Management System (EMS) process by 2015.
- 80% of Group scope compliant with REACH Directive on chemicals and 100% compliant with ROHS directive on hazardous substances by 2015.

recognised leadership

A 2009 study by independent research firm Verdantix ranked the Group as the European leader among telecoms companies for its environmental policy, products and technological innovations to promote sustainable development. In Poland, TP received the 2009 "Green IT Leader" award from Computer World, leading a panel of 80 Polish companies.

Since 2008, with support from WWF, the Group has provided environmental performance labelling for handsets sold in France. Today 96% of fixed phones and 91% of mobile phones have this label, which is available at Orange stores or on orange.fr. In 2009, this initiative was extended to consumer products sold in Spain, as well as to business products sold in France. Orange Business Services developed calculation tools last year that enable businesses to determine how much they have reduced their environmental footprint thanks to video solutions like Telepresence or teleworking solutions like Business Everywhere.

heightening customer awareness

France Telecom Orange conducts programmes in most countries to increase awareness among customers of green behaviours such as choosing electronic bills, bringing in old mobile phones for recycling or simply keeping products longer before changing.

In 2009 France Telecom Orange created a website for French consumers that presents six simple reflexes for choosing and using a product and responsibly managing the end-of-life in order to protect the environment. In Switzerland, France, the United Kingdom and Romania, the Group offers financial incentives to encourage people to bring in their old phones. In France, some products are reconditioned and sold as part of the Orange store pre-owned phone offer, thus extending their life cycle.

"Green IT" at the service of sustainable development

For business customers, Orange Business Services creates innovative solutions to help them reduce the environmental impact of their activities:
– limit travel thanks to video or teleworking solutions like Telepresence or Business Everywhere;
– improve vehicle fleet management and travel itineraries thanks to applications like Fleet Advanced;
– reduce paper waste with "Facture Électronique" (electronic billing), Web EDI or Contact Everyone;
– consolidate and virtualize IT infrastructures, reducing energy consumption and operating costs;
– set up remote monitoring systems to optimise supply chain management, restocking or public lighting, all while reducing the number of travels.

Orange Foundation

Created in 1987, the Orange Foundation supports a broad programme of philanthropy initiatives that resonate powerfully with the company's commitment to helping everyone communicate better. The Foundation strives to improve both personal and professional autonomy and contributes to vibrant cultural and social initiatives, encouraging a world that's more accessible for all.

The Orange Foundation coordinates philanthropy and solidarity initiatives in over 30 countries in Europe, Asia, the Middle East and Africa. In 2009 four new foundations were created, in Cameroon, Slovakia, Moldova and the Dominican Republic, giving the Group a total of ten philanthropic organisations around the world. In each area of focus, a committee of experts has been formed to select projects presented by associations. In 2009 a total of 410 projects received support. The Orange Foundation concentrates on three areas, starting with health and disability, working to help people with autism, as well as the visually or hearing impaired. The second area is education, where the Foundation helps fight adult illiteracy and supports education for young girls in developing countries. And thirdly, in the area of culture the Foundation supports various forms of vocal groups.

health and disability

autism
The Foundation's efforts aim to improve the lives of the autistic, supporting specialised facilities and medical research, as well as access to cultural or sports activities for autistic people. In Slovakia, a programme called "To see is to understand" at the Bratislava Andreas Center for Autism promotes communication resources and education for people with autism in the country.

visual and hearing impairments
The Orange Foundation supports projects to improve the daily lives of people with visual or hearing impairments, with a focus on inclusion and access to information, education and culture. At the Lille Métropole Museum, for instance, a special programme includes both tactile visits of museum collections for the visually impaired and sign language guides for permanent collections and temporary exhibitions.

education

fighting illiteracy
Adults without basic reading and writing skills face difficulties in their private and professional lives. Access to training and basic knowledge is a key factor in ensuring their integration in society. The Foundation supports programmes staffed by volunteer teachers and trainers, including provision of educational materials, "training the trainers" for volunteers, plus more informal local support and initiatives (writing and theatre workshops, for example).

educating young girls in developing countries
Broad access to basic education and economic development are closely interlinked, and the education of young girls has a particularly strong positive impact in developing economies.

accessible cinema
Access to culture is an important individual right, but not something that is always available to everyone. Because of a lack of appropriate facilities, many people with disabilities are unable to go to the movies. To help overcome this kind of exclusion, a programme called "Cine Ma Différence" has welcomed 6,500 people to accessible film screenings since 2005.

ở Long Hải,
sức mạnh của chúng tôi nằm trong sự đơn

Vietnam

support for education of girls

The Orange Foundation and FCR Vietnam support several programmes to provide education for girls, in partnership with NGOs. In the city of Long Hai, a center welcomes street children, particularly vulnerable young girls, providing them with schooling and occupational training. Another initiative launched in 2009 aims to provide schooling for 134 girls between the ages of 7 and 22 from disadvantaged rural regions in the Mekong Delta.

48

projects supported by the Orange Foundation in 2009
were sponsored by Group employees.

In 2009 the Orange Foundation supported programmes in 31 of the Group's host countries in Europe, Africa and Asia. These initiatives promote schooling of girls and provide scholarships. Most of this work is part of broader projects aimed at economic integration for women, including the "Feminine Promotion" programme in Vietnam.

culture

The Foundation supports singing groups through a variety of channels, including long-term sponsorship of young artists, conductors and vocal ensembles that would not otherwise have the financing needed to flourish. Other actions provide training and professional inclusion, education and sponsorship of festivals.

direct employee commitment

One of the most important components in the Group's philanthropy programme is the direct involvement of employees who personally volunteer and sponsor projects, alongside the active support of all staff. The number of volunteers grew to over 400 people who dedicate part of their free time to regular or special volunteer work.

In September 2009 eighty employees accompanied people with disabilities on visits to nearly 50 national monuments during European Heritage Days. Forty-one employees were involved in international volunteer programmes in countries where the Group is present.
Group employees are also encouraged to sponsor association projects or organise fund-raising events to support one of the Foundation's causes.

Orange Foundation blog

In 2007 the Orange Foundation created a blog to share news about the many different initiatives supported or coordinated by the Foundation and spotlight the enthusiasm and commitment of associations and employees involved in these projects. www.blogfondation.orange.com (in French).
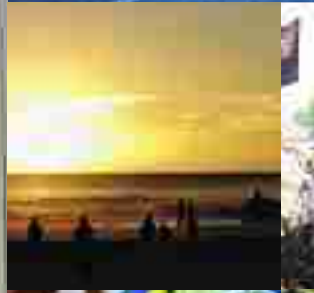
4.5 billion mobile phone users and 1.5 billion Internet users worldwide

a growth strategy

Explosive growth in telecommunications over the past ten years has reshaped the global landscape. Nearly two thirds of the world's inhabitants now have a mobile phone or are connected to the Internet, and the percentage continues to grow. The Group's people around the world are committed to delivering the promise of the Orange brand to enable everyone in every situation to better communicate, collaborate and create with others. France Telecom Orange continues to strengthen its networks with an emphasis on innovation and quality of service, the pillars of its growth. The Group is also expanding into promising new businesses where it can deliver added value, including audience, content and e-health.

the market

for telecommunications services

The global market for telecom services continued its transformation in 2009, showing relatively healthy trends despite the crisis. The number of users with a mobile phone or fixed-line connection continues to rise and now represents two thirds of the world population. This penetration rate will increase further as mobile phone use spreads, spurred by the ongoing development of broadband Internet connections.

modest growth in the global market

The global market for telecommunications services was an estimated 959 billion euros in 2009. This modest growth of 1.8% is still significantly higher than global economic growth (2009 GDP contracted 1.1% according to the IMF).

Results varied among the main geographic regions. In Europe, the sector showed resilience even as the macroeconomic situation deteriorated. Despite a 4% drop in euro zone GDP, the telecommunications sector declined by only 0.8%. A more positive economic outlook for 2010 could spur a rebound in business for the sector in Europe, excluding risks related to regulatory decisions.

The primary impetus for the global market came from emerging countries, which recorded significant growth rates in 2009. The market dynamic was most sustained in the Africa/Middle East zone, where revenues climbed 8.4% in 2009. This is the region outside Europe where the Group has the most extensive presence, including operations in Senegal, Mali, Côte d'Ivoire, Botswana, Egypt, Jordan, Cameroon and other countries.

2009 highlights

The ubiquity of telecommunications services increased further in 2009. There are now nearly 4.5 billion mobile phones in use in the world for 6.5 billion inhabitants, plus 1.5 billion Internet users. These services are used by nearly two thirds of the world's people.

Market momentum is supported by two pillars: broadband Internet, especially in Europe, where the market grew 5.3% in value in 2009, and the continuing spread of mobile phones, the segment that proved most resilient to the crisis as the number of mobile customers surged 17% worldwide.

In services, 2009 was the year when mobile Internet really took off. A wealth of applications and lower rates have made mobile Internet access an integral part of the daily lives of more and more customers. For the first time, global data traffic (including email, music and videos) on wireless networks exceeded mobile voice traffic (source: Ericsson).

This surge in mobile data applications is energised by sales of smartphones, which rose 25% in 2009, led by the iPhone, along with netbooks, compact laptops connected to the Internet via 3G mobile dongles.

With this new paradigm, worldwide mobile data traffic nearly doubled in 2009 (Strategy Analytics).

After rising 55% in 2008, total Internet traffic jumped a further 74% in 2009 (Institut Telegeography). This explosive growth in Internet services is being driven first of all by IPTV and video on demand, both of which are energising the Web

mobile expansion in Africa

Mobile phones are the primary telecommunications resource in emerging countries, especially in Africa. Mobile penetration reached an estimated 38.5% of the population in African markets at the end of 2009, up from 32.6% a year earlier. Source: ITU.

2009 global telecommunications penetration rates

in millions of euros and % of the population

4,475

69%

mobile

1,186

18%

fixed

636

9%

Internet

476

7%

broadband

market in industrialized countries, as well as growing use by businesses, which are turning to cloud computing resources. Two other major phenomena that marked last year were the continued migration to VoIP and the remarkable growth of social networks. In France, voice-over-IP has exceeded conventional analogue telephone use. And across Europe, 42% of Internet users now call on social networks like Facebook or Twitter to interact with others (Forrester).
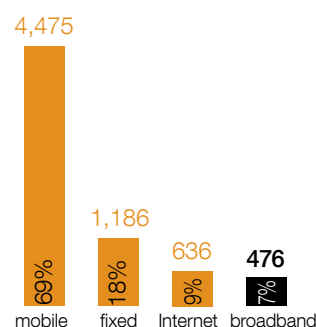
outlook

In 2010, the development of the telecommunications market will continue to be partially impacted by external elements such as uncertainties in different countries regarding the regulatory framework and the strength of the economic recovery in different geographic regions. Even if it proves limited, this recovery is expected to

flow through to upward trends in consumption in our industry.
The coming period will also see the beginning of significant deployment of very-high-speed fixed and mobile infrastructures, beginning with the progressive rollout of fibre networks. These offers will revolutionise the service paradigm thanks to high inbound and outbound speeds that support interactive applications. What's more, these new pipes enable multiple applications from a single access and transmission of high-definition content.
Orange is well prepared to meet these challenges and bring all its customers the best services on the best networks.

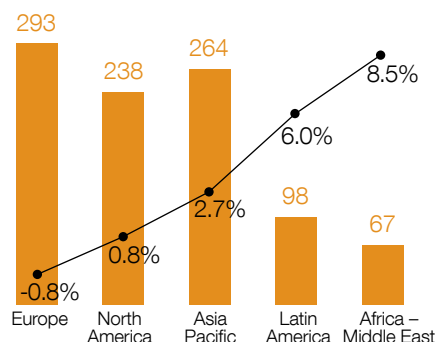Unless otherwise mentioned the source of all data is Idate.

2009 global market for tele-communications services – 2008-2009 growth rate

in billions of euros and % of the population

293

238

264

98

67

-0.8%

0.8%

2.7%

6.0%

8.5%

Europe

North America

Asia Pacific

Latin America

Africa – Middle East

explosive growth of social networks

MySpace, Facebook, Twitter… The use of social networks experienced tremendous growth in 2009. Social networks now rank fourth among the most frequently visited Internet sites and are used by 42% of European websurfers (Forrester, European Technographics).

foundations for growth

innovation

The telecommunications revolution has spawned a complex, continually shifting environment, shaped by multiform competition and the relentless pace of new service offers. Innovation is a key growth driver for the Group and a top investment priority as France Telecom Orange moves forward with an organisation focused on innovation.

simplicity at the heart of innovation

New telecommunications services being brought to market integrate increasingly sophisticated technologies. Yet, in the face of this profuse offer, consumers prefer those technologies that clearly address their needs and are easy to understand and use.

At Orange Labs, multidisciplinary project teams bring together researchers and application developers alongside marketers and design specialists. The Design & User Experience team, for example, was created in mid-2009 to make Orange services simpler and more intuitive, ensuring that everyone enjoys access to the digital services of tomorrow. The team is working on responsible design that respects the environment and above all takes into account use by people with special needs or disabilities.

Customer input is actively sought throughout the innovation process through studies or at Customer Test Centers, which recreate actual usage conditions found in homes and offices. Orange also has a legion of 30,000 "Lab Explorers" – customers who participate directly in the creation, improvement and testing of new or existing services. Their input is elegantly illustrated by the new Livebox, which boasts easier installation and energy savings, a textbook example of co-design in conjunction with customers.

co-innovation model

Innovation today is not a solitary pursuit. In addition to customers, it draws on input from partners across the telecommunications ecosystem, including other operators, hardware manufacturers, application developers, ISPs and content providers. In Moldova, Orange launched the world's first high-definition voice service for mobile phones, anticipating the introduction of new standards in cooperation with all the stakeholders concerned. Co-innovation or open innovation fosters sharing of complementary expertise, accelerating the creation of value.

As a leader in telecommunications innovation, the Group attracts top-flight partners to contribute to its projects, sharpening its position as a trailblazer. France Telecom Orange works with top-performing partners of all sizes and in every field, from LG and Apple to start-ups launched by intrapreneurs.

The launch of the Application Shop in 2009 is emblematic of this approach. The shop enables people to download free or pay apps to enhance their mobile device. The shop also invites publishers and developers to sell their mobile apps, providing complete technical and commercial information via the Orange

innovative partnerships to promote culture

The world of culture has been revolutionised by ubiquitous Internet and mobile broadband technologies, inspiring new avenues to experience art and cultural heritage. The Group is committed to facilitating broad access to these resources for everyone. France Telecom Orange is a partner to museums like the Louvre, as well as the Château de Versailles, with which it has developed a futuristic interactive guide to the gardens using mobile phones, "augmented reality" and geolocation.
These innovations are the fruit of cross-disciplinary efforts. A demonstration at the end of this report invites you to discover augmented reality and visit the gardens of the Château.

Partners website. The Application Shop already had 5,000 apps from its partners at the end of December 2009.

global innovation network

Innovation momentum is amplified by the Group's global footprint. There are 15 Orange Labs in ten countries on four continents. They attract the "best and brightest" researchers, fielding a diversity of talent and profiles. Immersed in different cultures and ecosystems, they are ideally positioned to identify changing behaviours and needs, capture innovation at the source and establish value creating partnerships with local innovation leaders, whether universities, SMEs or major vendors.

Each Orange Lab is specialised in one or more areas and shares its expertise across the network. Three centers with sixty

Orange Box

The Orange Box ushers in a new era in digital entertainment, perfectly illustrating the Group's innovation model. Incorporating feedback from multiple focus groups and customer studies, the new box draws on expertise from two key strategic partners, Samsung and Intel. The result is an elegant blend of simplicity and rich functionality. The Orange Box is set for rollout in 2011.

Orange Institute in the United States

The Orange Institute hosted its inaugural session in late November in San Francisco. This open and collaborative research lab is dedicated to observing social, informational and physical networks and understanding their impact on society, the economy, businesses and institutions. This research led to a study by the Orange Labs in San Francisco entitled "The Coming of Porous Enterprise", which examines the growing agility of enterprises, enabling them to interact with their environment, partners and customers. The study is available at www.orange.com/institute.

researchers focus on Africa and the Middle East, developing around twenty promising projects. Orange Labs in Cairo, Egypt, is working on usage patterns in emerging countries, while the lab in Amman, Jordan, is consolidating research on market deployment for products and services that target emerging countries. The Skill Center in Bamako, Mali, is helping expand the availability across Africa of solutions such as Orange Money.

While these innovations address the contexts and needs specific to countries in Africa and the Middle East, the experience and inventiveness unlocked here and at other Orange Labs benefit businesses in all the Group's host countries.

3,500

researchers, developers and marketing and design specialists of 50 different nationalities work at Orange Labs.

43

focus

France Telecom Orange and very-high-speed broadband

Widespread availability of fixed and mobile broadband has spawned new behaviours among users. Now, the development of very-high-speed domestic and mobile networks is essential to allow these new uses to flourish and become truly ubiquitous.

Domestic broadband creates the cornerstone of a home network that connects the Internet to a myriad of communicating devices – computers, TVs, stereo systems, digital picture frames, games consoles and more. This network can archive and share content among all users and integrates remotely accessed home automation features too. Very-high-speed home broadband also changes the model for television consumption. In addition to a vast choice of channels, high-definition image quality and on-demand viewing introduce a whole new experience.

More and more people on the move access the Internet, legally download games and music or watch video thanks to the deployment in recent years of third-generation 3G and 3G+ mobile networks. Looking ahead, Orange is already testing the "long term evolution" (LTE) iteration, also known as fourth-generation, or 4G. This technology will radically improve speed and response times for customers while cutting costs for the operator. It is expected to replace current networks in the coming years.

very-high-speed fixed networks

The ADSL technology deployed on copper networks for broadband Internet access has been regularly upgraded but is now reaching its limits in terms of capacity for certain uses, setting the stage for the next step forward.

Fibre to The Home, or FTTH, is the solution that is best adapted to accommodate burgeoning customer demand. It offers the greatest scope for continued enhancements, along with optimum reliability.

a faster, enhanced experience

Fibre-based networks can deliver bandwidth of up to 100 megabits per second, vastly faster than ADSL. This opens the door to new services and uses while considerably improving the customer experience. For example, an 800 MB film can be downloaded in one minute over fibre, compared with more than 17 minutes with ADSL! Fibre also introduces symmetric transmission speeds, meaning users can send files at the same speed as they download them. With FTTH bandwidth, everyone in the home can simultaneously enjoy multimedia content with optimum quality and comfort. Family members can at the same time watch high-definition TV, telephone via Internet, play online games or download a video on demand.

2 billion euros
will be invested in fibre between now and 2015.

flashcode

find out more
use your mobile phone to watch
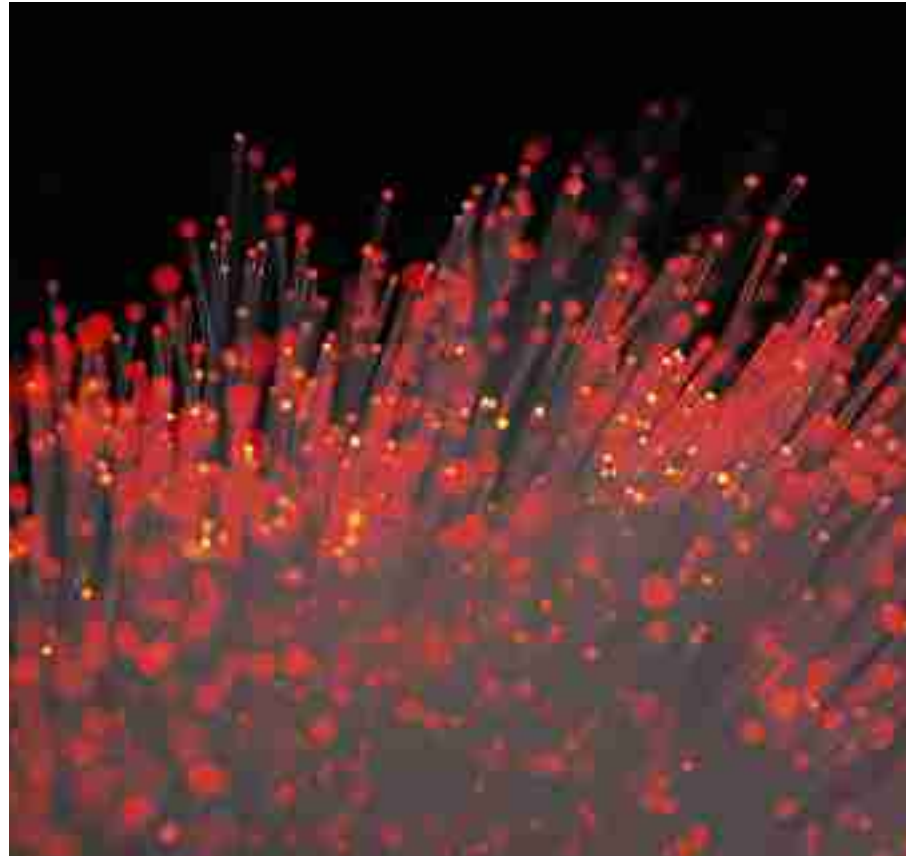a video on fibre-optic networks (in French)

access to new services

Fibre is also essential to support the development of nascent services like 3D television and games, extended home telesurveillance or multi-participant videoconferencing, for example. Fibre opens up new realms in a host of areas, such as education and knowledge sharing with unprecedented e-learning applications. The future will see new models for remote assistance supported by broadband videoconferencing and document sharing tools. It also facilitates teleworking by providing instant access to desktop tools from videoconferencing to computer-aided design, simplifying collaboration with colleagues at far-flung sites by eliminating physical distance.

large-scale deployment

Orange already offers very-high-speed services on fibre in Switzerland and Slovakia. In France, following pre-deployment preparations, the Group has reinitiated its fibre plan now that regulatory uncertainties have been eliminated. Investments announced in early 2010 will fund fibre infrastructure in all metropolitan France departments and three overseas departments by 2015, covering about 170 cities.
Deployment will be adapted to regional contexts. Work will resume in nine major cities already covered across France, plus Paris and the Hauts-de-Seine region around Paris before being extended during 2012 to other high-population cities. In areas with medium population density France Telecom Orange is ready to examine various co-investment schemes with other operators. In more sparsely populated areas the Group is open to partnerships with local municipal authorities.

a Group-wide initiative

The success of this unifying project will draw on competencies across the Group, from technical to marketing. Upstream, commercial negotiations with property owners and design studies must be completed. Then technicians will install the new infrastructure before customer support teams take over to provide assistance. The new project teams will gradually grow in size as FTTH becomes available throughout the country.

networks

France Telecom Orange provides business solutions and services in 220 countries and territories and services for consumers in 32 countries. It continually simplifies and modernises its network to anticipate the very strong increase in traffic demands of an industry shaped by constant evolutions in usage and services.

greater network convergence

Recent transformations in the telecommunications market have led operators to deploy ever tighter convergence across fixed and mobile networks. This convergence is fundamental to accelerate the launch of new services that are easy and convenient for customers to use from any type of device. These new services must deliver a cost-efficient, high-performance response to constantly rising traffic volumes.

Developing networks and information systems is a strategic priority for the Group, supported by significant investments, equivalent to approximately 10% of revenues in 2009. The scope of these expenditures, which are closely managed, reflects the Group's ambitious objectives.

supporting and anticipating new uses

New uses are driving relentless increases in traffic and putting pressure on existing networks. Beyond the increase in voice traffic, mobile networks must now accommodate explosive growth in data traffic. The burgeoning popularity of smartphones has unleashed a flood of mobile data as mobile multimedia spreads to the consumer market. To manage these massive flows of traffic, France Telecom Orange has launched a programme to deploy more flexible equipment able to handle increases in traffic levels, along with fixed/mobile convergence, while at the same time generating cost savings. Multimedia content in the home is exploding as well, driven among other things by more real-time video streaming, plus more devices connected to the Livebox.

find out more
use your mobile phone camera
to watch a video on the network core

Երևանում մեր ուժը մեր պարգևության մեջ է

Armenia

success on schedule
after a year of development

France Telecom Orange was awarded a 15-year licence for the third mobile network in Armenia in November 2008. Teams sprung into action to introduce simple, innovative, superior quality mobile and Internet services for consumers and businesses right from the launch. Nearly 100 million euros were invested and 300 people recruited. After just one year the network covered 83% of the population with 2G and 3G service. 3G+ coverage is the most extensive in the market. Distribution includes 30 brand-owned stores and 18 franchises, plus prepaid cards sold via numerous outlets. A free 24/7 help desk and an online portal further enhance the customer experience.

36

million videos on demand viewed in 2009
on the Group's network (+130% year-on-year).

This requires a network architecture that is at the same time simpler and state-of-the-art. The objective is to deploy a fully multiservice architecture connected directly to the customer's home network. This configuration boosts cost-efficiency and quality of service while simplifying the customer experience.

prime time for IPTV

Internet television, or IPTV, adds another layer to these challenges, since the network must provide both fluid navigation and optimum image quality, while at the same time integrating innovative new services and managing a major surge in traffic volume. The Group now counts 3.2 million Internet TV customers, including those who enjoy the service thanks to a satellite solution. At the end of 2009, 618,000 customers in France and 242,000 in Poland watched satellite TV as part of their Orange triple play service. This

satellite solution was also deployed in Spain. To satisfy this ever-larger customer base, innovative new IPTV features were introduced throughout the year like "start over", interactive advertising, more fluid navigation and an enhanced user interface. This new breed of TV lets everyone watch their favorite programme whenever they like, driving an exponential increase in the volume of content permanently available to viewers and leading to major work to simplify the content servers. The next big challenge is readying the infrastructure for the impending introduction of 3D television.

broadening Internet access in Africa

Network coverage is high on the Group's agenda for markets in Africa and the Middle East. France Telecom Orange contributes to the development of a high-quality global network that utilises

submarine cables to address growing demand from the region for broadband connections. The inauguration in November of the Lower Indian Ocean Network, or LION, was a major event last year. The 1,000-kilometre cable implements latest-generation fibre optic technology to link three islands. It connects Madagascar to the broadband Internet infrastructure and provides backup capability for the Group's regional facilities on Reunion Island and Mauritius. Reflecting its extensive presence in the region, the Group plans to extend LION to Mombasa, Kenya, where it can be interconnected with other cables serving the region.

delivering superior network service quality

In most industrialized countries where fixed and mobile broadband coverage has attained nearly optimal levels, the

ACE cable densifies broadband coverage in Africa

The Group played a major role in deployment of the Africa Coast to Europe (ACE) cable, which will link South Africa to France, connecting a significant number of nations on Africa's west coast to the global Internet. Over 15,000 kilometres long, ACE is scheduled to be lit in the first half of 2012.

87%

Orange is the no. 1 French operator in terms of 3G/3G+ coverage, reaching 87% of the French population (source: Arcep). To consolidate this position, the Group began work to double the transmission speed on its 3G+ network in January, greatly enhancing the user experience, especially for business users.

Group centers its efforts on the quality of service delivered by the network. This quality is regularly measured and analysed, followed by Group-wide and country-level action plans to drive continuous improvement. Quality is equally important for the Group's operations in new markets. Orange launched operations in Armenia in November 2009 after deploying a 2G and 3G+ mobile network to cover over 80% of the country's population right from commercial launch, less than a year after winning the licence.

information system with a human scale

The information system underpins all our operations, from marketing to customer support and across all the Group's units and subsidiaries. The backbone for all services, the information system benefits from ongoing investments to integrate new offers and anticipate future user needs. Last year saw the launch of a pivotal initiative to streamline the information system thanks to a deep transformation to guarantee optimum quality of service for users. This work will continue throughout 2010. The Group will focus on simplifying processes and enhanced ergonomics for applications to better align the system with expectations. The key items on the agenda are Information System governance, management of system development and transformation across the international footprint.

carrier services

France Telecom Orange provides capacity on its fixed and mobile networks for other operators within the framework of wholesale offers. In the fiercely competitive French market, the Group ensured service quality for broadband access, notably as part of ongoing unbundling. It also supported the growth of its partners (MVNOs and brand licences), whose total franchise exceeded 2.4 million customers. Outside France, France Telecom Orange is a leader in the sale of wholesale capacity to fixed and mobile operators, ISPs and content providers. It offers innovative solutions for over one thousand operators, carrying a very significant volume of minutes of international traffic. The Group also fields experienced teams dedicated to the wholesale market, enabling it to propose custom-tailored solutions for operator clients to meet their specific requirements. A range of innovation solutions was introduced to make it easier for operators' end customers to add credit to prepay cards while travelling abroad, as well as to simplify roaming agreements between operators.

100%

of the French population has access to home broadband thanks to a satellite service that complements the ADSL offer.

find out more
use your mobile phone camera to watch a video
on the mobile Teleassistance service (in French)

quality of service

Orange strives to be the preferred brand for its customers, the brand that people recommend to family and friends. This is why the Group nurtures long-term relationships with its customers anchored in quality and guided by the brand values of simplicity and direct support.

objective: satisfaction

In a world where customers have access to more and more communication solutions, quality of service is critical to loyalty and establishing a distinctive difference versus competitors. The Group measures customer satisfaction to continually improve the quality of its offers, products and processes.

The objective is to cultivate a relationship based on everyday confidence in order to foster loyalty to the Orange brand, develop value and optimise service. The keystone to achieving this is solid technological foundations, confirmed by a service continuity rate that exceeds 99%. This performance was confirmed by the 2010 broadband league table determined by prominent personal computing magazine "Ordinateur Individuel" and the independent organization IP-Label, naming Orange France as the top access provider (spanning Internet, VoIP, IPTV and services)

for all of 2009.

Rich, positive dialogue with customers is also ensured thanks to ongoing training and skills enhancement of teams. These efforts are accompanied by a continuous process to improve operations. In Switzerland, a callback service avoids wait time for customers who need assistance and in Poland, a first contact problem resolution procedure has been created. The result is more efficient handling of customer needs, boosting satisfaction and loyalty.

anticipating needs

The quality of the customer relationship also depends on upstream work at France Telecom Orange to improve the service experience. In 2009 there was a drop in the number of customer calls concerning technical issues in the Group's main markets.

Three countries introduced a new dynamic line management (DLM) tool that significantly improved the quality of service delivered to Internet customers. The application will be gradually extended to other countries.

Upstream initiatives to improve quality helped cut the number of calls by half during the first nine months of 2009 in Poland. In Spain, the call rate was reduced by 20% and the cancellation rate for Internet customers declined as well. Home installation offers, shorter delivery times, easy access and clear information all contribute to increased customer satisfaction. Continuous improvements and best practices are managed at the Group level and then cascaded to all countries. Mobistar in Belgium and Orange in Austria both revamped the content and ergonomics of their website to anticipate new expectations and better address the needs of customers.

2009 customer relations quality league table

Orange was ranked number one in the "fixed and Internet" category in the 2009 "Podium de la Relation Client®" study by Bearing Point and TNS Sofres covering 4,000 customers and users.

strong development for portals

Portals and websites play a central role in promoting Orange's image and driving performance at every level. Developing the audience and use of portals drives three priorities: increase both Web and mobile advertising revenues to take advantage of promising growth in these channels, develop services with high value-added, and deepen customer relationships. The Group's portals offer multiple solutions to answer questions from customers, including forums, blogs or live chats and feature targeted services. In Austria, a special section targeting the youth segment has been created and online shopping has been facilitated thanks to highly realistic 360° views of products. This led to a significant increase in the number of visits compared with 2008.

650 technical advisors in stores

France Telecom stores are increasingly focused on presenting new uses to customers and prospects and providing assistance. The first 240 "Service Corners" were opened inside stores in France, staffed by 650 advisors who show customers how to use their equipment or resolve problems onsite. The number of these Customer Corners and the range of services they offer for Orange customers will expand in the coming years.

differentiating service

The Orange Care offer includes a mobile phone buyback service, enabling customers to bring back obsolete phones for recycling in exchange for discounts on Orange services. The service has proved an excellent competitive advantage in Romania.

Platinum Award for customer satisfaction

Telemark named Orange Business Services the Best Global Operator in 2009. The Platinum Award recognises the operator that most contributed to raising levels of customer satisfaction and demonstrated the capacity to achieve sustainable competitive advantage with VPN customers.

local coverage

Stores play a key role in building strong customer relationships. Customers can discover the products displayed, try them and choose the best solution with assistance before and after the sale. This support was enhanced at two levels in 2009 as coverage of the network increased and new store formats were introduced. In Austria, where the Group is the third largest operator, it now has 92 outlets – the largest network in the country – that it owns directly or operates with independent partners, guaranteeing extensive visibility.
Spain counted 72 stores at the end of 2009 after launching a programme that calls for 300 by 2011. The stores are either owned by Orange or franchised, enabling customers to see and try the Group's products and services in an environment designed to enhance the user experience.

find out more
watch the video on the Orange Business Services
videoconference concierge service

1,100

sales outlets in France.

The brand also opened sales corners in El Corte Ingles department stores. Both France and the United Kingdom have opened large flagship stores to enhance the current network. The creation of service, demonstration and test corners strengthens local customer relations and will be pursued.

The Group's distribution networks are adapted to the local market environment. In Romania it has opened franchise stores, adding 114 new sales outlets in 2009. In Africa and the Middle East, where distribution is shaped by specific conditions, the network consists of Orange stores (80 Orange shops were opened in Cameroon in 2009, for example), as well as a significant number of partnerships with distributors who promote the brand. Several countries have opted for a direct sales force. In the Central African Republic, for instance, 50 sales agents cover the capital Bangui to sell directly to consumers.

a new dimension in customer service

Satisfying all customers requires a differentiated array of services. The Group's international coverage enables it to simultaneously launch or expand different services in the many markets it services. The Orange Care offer provides support services for Internet and Mobile customers throughout their Orange relationship. Orange Care is now available in eight European countries and over 1,000 stores and signed up its three millionth customer in January 2010. Services cover three key stages, from learning how to use new devices to troubleshooting and recovery when the product reaches the end of its life cycle. New features are regularly added, such as Expert Assistance, a package that provides access to personalised support for smartphone customers.

meeting the needs of businesses

Orange Business Services places special emphasis on the quality of sercice, providing continuous support to two distinct groups: IT and telecom managers, and end users within companies. The division regularly enhances its service and solution offering for both these audiences. In 2009, it introduced for end-users a concierge service to simplify videoconferencing. A single contact is available for booking, management of videoconference sessions and support. For telecommunication managers, the operator offers direct support from a customer relationship manager who analyses regular reporting dashboards that show the quality of service and usage of communications by the company, accompanied by recommendations for potential optimisations.

serving businesses in Poland

A survey of businesses by the Polish regulator showed that TP (Telekomunikacja Polska) earned high levels of satisfaction for its fixed telephone services. Seven out of ten respondents gave the operator a "Good" or "Very Good" rating. Satisfaction is also high for Orange mobile services. The brand stood out for the quality of its information call centers.

new growth outlets

content

The Group deploys a content strategy aligned with usage trends. "Content Everywhere" promises customers access to their favorite content, wherever they want and however they want. A host of innovations continues to revolutionise content consumption via all platforms—TV, mobile phones and Internet.

a boom in theme channels

Less than two years after launch, Orange cinéma séries and Orange sport counted over 663,000 subscribers in France at the end of 2009. This performance positions the Group as a pivotal player in the pay TV market thanks to a truly differentiating multi-screen offer.

Orange sport enhanced its attractiveness among aficionados of all sports thanks to an original programming line-up, adding more live events, magazines hosted by popular personalities and interactive features. The five Orange cinema channels also enriched their content with new magazines and exclusive premium programmes, coupled with successful films and cult series. A long-time partner to cinema, Orange supported the theatre release of numerous movies in 2009 on its portals and the Orange cinéma séries channel, including the biggest French movie hit of the year *Le Petit Nicolas.* Its coproduction and catalogue acquisition subsidiary Studio 37 released 17 feature films during the year, including hits like *Welcome* by Philippe Lioret, *Les Beaux Gosses* by Riad Sattouf and Xavier Giannoli's *À l'Origine.*

a new era in television

The Orange TV viewer experience was profoundly transformed by the introduction of new functionalities spawned by sophisticated communication technologies, such as video on demand, interactivity, catch-up TV (enabling people to watch programmes up to 30 days after they were shown) and start-over, in case viewers missed the beginning of a show or movie. In 2009 nearly half of Orange cinéma séries subscribers had signed up for these features.
More than 15% of video accesses do not use a TV, making multi-screen consumption a reality. Given the profusion of content available on the Internet, Orange adds convenience for its customers by aggregating its video content on a single portal. Video Party was introduced in November, featuring free clips and Web series, plus video on demand and live or on-demand TV. A version of the site compatible with mobile phones is also in the development pipeline.

music, games and books

The Group is active in all areas of entertainment that can benefit from its expertise. For example, Orange Content Everywhere facilitates access to digital music from mobile phones or computers. The Music Store now has over two million titles available for download in nine countries, plus the Mix and Collection subscription download offers in France.

broadband pay TV

The number of subscriber households for IPTV services rose nearly 20% in France in 2009. France Telecom Orange is the no. 1 IPTV operator in Europe.

find out more
about new Internet music applications
for mobile phones (in French)

W Warszawie
naszą przewagą jest prostota

Poland

Internet TV draws
big audience in Poland

The number of Internet TV customers in Poland (ADSL and satellite) more than tripled in 2009 to 372,000. Over 15% of the TP Group's broadband customers have signed up for television, up from just 5% at the start of the year. The popularity of IPTV reflects both avid viewers eager to enjoy new features and services, coupled with a very extensive package of channels, plus consumers attracted by competitive entry level offers.

3D sports: a first in Europe

On April 24, 2009, supporters of Olympique Lyonnais and Paris Saint-Germain watched the first ever 3D broadcast of a football match, offering a glimpse of the television of the future. Orange had previously tested 3D coverage of the Paris Open tennis tournament in 2008 and 2009, with a live 3D broadcast in Madrid for the 2009 final.

Orange networks and screens regularly feature exclusive content such as monthly Jam Sessions in France in partnership with Universal Music France and Kissman Productions, with guests such as the Black Eyed Peas or Mika.

For online game lovers, Goa.com is the place to be for massively multiplayer online role playing games. The latest addition, the much awaited League of Legends, was launched simultaneously in the United States and Europe in four languages.

Orange has entered the book world too, teaming with Robert Laffont to publish the first hyperbook (*Le Sens des choses* by Jacques Attali). The print work provides access to expanded content (music, videos, updates and interactive features) via flashcodes accessed from mobile phones or the Web.

This annual report is emblematic of a new breed of corporate communication, featuring flashcodes that provide instant access to enriched information via mobile phones. It also presents an augmented reality experience, detailed at the back of the report. Interaction with a website provides access to additional information. These innovations are driven by the Group's expertise, creating an enriched experience for readers.

new creative formats

The hyperbook is a perfect example of "transmedia" creations. Conventional content is produced specifically for a given media, whereas "transmedia" integrates the unlimited potential offered by digital technology, introducing a novel type of narrative that is conceived within a "plurimedia" context right from the outset. Orange pursued a variety of initiatives in 2009 to support French and European writers and producers involved in new creative forms. The "Bourse Orange/ Formats Innovants" grant encourages innovative formats, in partnership with SACD/Beaumarchais, Creative Workshops and the Transmedia Lab. One of the first transmedia experiences was launched in France in 2010 with "Fait Divers Paranormaux", an exploration of paranormal events developed jointly with Happy Fannie. The experience unfolds simultaneously on TV, mobile phones, the Web and in the real world, enabling viewers to comment on and interact with the story.

8.5

million pay videos on demand were accessed in 2009 on Orange VOD services.

24/24actu

The 24/24 actu site is a multimedia service (Internet, TV, mobiles) offering a new breed of news that facilitates access by simplifying information searches across a rich array of content from France's leading professional media. The 24/24 actu search engine provides an exhaustive vision of news, providing users with the most balanced possible coverage.

Orange and social networks

Orange's vision of a world where "together we can do more" is perfectly in tune with the new modes of communication between people created by social networks.

focus

A social network is a community where individuals come together virtually on websites to interact with one another. Some of these community sites, such as Facebook, MySpace or Twitter, enable people to stay in touch with friends while others such as YouTube are used to share videos. Others, like LinkedIn, serve to build professional networks. They include features to help members create their profile, connect with others and share information and content on line.

a powerful societal phenomenon

The growing use of these social networks reflects a powerful trend in society. Facebook, for example, announced in February 2010 that it had reached 400 million users – just nine months after hitting 200 million…. Each day over a billion videos are viewed on YouTube. In France, according to a poll by IFOP, 77% of Internet users say they are members of online social communities, and that the time they spend on these sites has risen by 112%. These figures show a society that is curious, interested in contacts and interaction with others, opening the path to new forms of solidarity.

further together

Orange is naturally positioned to play a pivotal role in bringing people closer through communication. Its involvement with social networks revolves around three areas. To start with, online community functions are an integral part of all services, including theme channels and websites, making it easy for customers to join the world of online social communities. This is especially true for mobile services such as "Mes Communautés", which aggregates the most popular sites, or the launch of ON, an application for easy organization of contacts. Orange also of course proposes its own community sites. The Group has initiated a variety of entertainment portals, including Pikeo, Webcity and Wormee, and recently created People Projects. This site resonates perfectly with the Orange spirit, enabling people to let others learn about projects they believe in and invite their network to help achieve their goals. Introduced in France and the UK in mid-November, People Projects counted almost 4,500 people involved in some 900 different projects after just a few months.

flashcode

find out more
learn more about interactive
advertising (in French)

63.9
million unique visitors on the Group's
portals in December, an increase of 11%.

audience

In today's digital world, Orange's leadership as a telecommunications operator underpins a highly attractive, seamless user experience. The Group is developing business models that monetize new uses, becoming an interactive contact hub for all the players in the value chain.

robust audience growth

The Group's audience is anchored in the large numbers of customers it serves directly through its different businesses, a position that makes it Europe's No. 1 telecommunications operator in terms of audience on its websites and portals, posting growth of 11% in 2009. Enhanced ergonomics, services and content on existing portals was joined by the launch of new themed sites in France, Poland and Africa. Growth impetus came from new services like push mail or SMS/MMS mobile messaging directly to social networks, along with Mes Communautés, which aggregates social networking sites. The Group's sites in Poland drew 12.6 million unique visitors in November 2009, a 29% increase over the same period in 2008, making it the No. 4 player in the market in terms of audience.

diversified, effective value creation

The audience Orange develops through its portals flows directly through to growth in its core activities, channeling customers to its online shop and deepening the loyalty of existing customers thanks to dedicated communication services and content. Orange also forges value-generating partnerships with top-tier players such as Google, Wikipedia, and Facebook. The popularity of the "Dolphin" package in the UK is largely tied to the services included in partnerships with Twitter and Facebook. The Group sells advertising space on Orange sites or to customers through the specialised Orange Advertising Network team. The development of this business is spurred by growth in the Orange audience and its ability to propose creative advertising solutions that deliver maximum impact. Mobile advertising revenues enjoyed strong growth in 2009,

energised by the surge in smartphones and the launch of advertising space on mobile applications, including the iPhone. The Group also consolidated its leadership with the acquisition in August 2009 of Unanimis, the UK's largest exclusive digital advertising network.

interactive contacts with the digital world

Orange leverages its assets as an operator to deliver greater value to its customers. In 2009, in-depth network expertise enabled the Group to introduce interactive advertising solutions on TV channels, as well as "Personal APIs", which save time for Orange customers by integrating their personal information and associated services (calendar, address book, etc) on other sites, such as Chronopost express mail.

Orange Advertising Network

The Group grew its advertising audience in 2009 by pooling its space buying services with major international subsidiaries. The launch in Europe, the US and Latin America positions the Orange Advertising Network (OAN) as a major specialist in premium portals. This strategy has delivered results as the orange.es and ya.com portals bolstered their positions in Spain: Orange Advertising Network now reaches 10.6 million unique visitors and 42.3% of Internet users in the country.

e-health

France Telecom Orange integrates modern communication technologies with medical solutions to create innovative responses to the needs of patients, healthcare providers and other stakeholders in the healthcare sector. These efforts reflect our broader commitment to putting technology to work for the community.

The advances pursued by Orange in the healthcare sector address fundamental challenges. There is growing demand for care, particularly in developed nations with ageing populations. Access to healthcare is considered a top priority by public authorities around the world. In France, for example, the HPST reform on hospitals, patient rights and regional access to healthcare was adopted last year. Patients are also better informed and expect both quality care and local access.

By helping better organise the healthcare delivery chain and swifter responsiveness, Orange Healthcare solutions contribute to prevention of disease, improved patient comfort and safety and help professionals better address challenges and needs. The entire healthcare system thus benefits from better quality of care and lower prices.

the right expertise to serve the healthcare sector

Patients and healthcare professionals have distinctive communications needs that France Telecom Orange is well-positioned to satisfy thanks to its proven competencies. The Group's expertise spans the different components to be joined up to create solutions that function efficiently, from networks to support, from data confidentiality to information infra-structures. These resources are enhanced by a steady stream of innovation from Orange Labs and a broad network of partners.

better coordination of healthcare

One top priority is providing healthcare professionals with simple, secure ways to access patient data wherever they are and to exchange information, both within hospitals or standalone medical practices in far-flung areas. An Orange solution called "Connected Hospital" provides medical staff with a unified system for consulting and exchanging secure data, while at the same time bringing patients direct access to entertainment services via multimedia terminals. This solution is being adopted by a growing number of hospitals in France and is being developed in other European countries as well.

services to enhance patient independence

Orange Healthcare is also active in home care solutions designed to enhance the comfort of patients, as well as the disabled, frail or elderly, enabling them to remain in their homes to lower the cost of hospitalisation for the community. These solutions lead to better coordination of

home monitoring and data transmission via mobile

In Austria, Orange began trials in 2009 of a mobile tele-monitoring system that measures blood sugar levels for diabetics and blood pressure. Thirty patients took part in the six-month program, piloted with Alcatel-Lucent and Arbeiter-Samariter-Bund (Workers Samaritan Federation). The patients have tele-monitoring devices in their home and all data is transferred securely. The solution will be commercially available in 2010.

Orange launches social aid third-party payment system

The new solution developed through Group subsidiary Almerys enables automated paperless third-party payments for social aid services. Known as "TPS", the system simplifies transfers among regional administrative offices, home aid services and people receiving aid.
Almerys has also introduced a third-generation payment system for healthcare professionals, enabling real-time transaction processing.

## remote monitoring solution for cardiac patients

In partnership with the Sorin Group, a global leader in the treatment of cardiovascular diseases, Orange Business Services has developed a solution for remote monitoring of patients with implanted cardiac devices. The implanted cardiac rhythm management device sends data that enables their doctor to monitor patients' heart rate without him/ her having to leave their home. This work earned Orange Business Services and Sorin Group the award for "Best Change-Maker" at the World Communication Awards 2009.

care, enabling people to confidently live outside a hospital environment while benefiting from quality monitoring and permanent availability of medical assistance. Such services are particularly useful for monitoring chronic diseases such as diabetes or cardiac disease. Solutions like this have been deployed in France and Spain and will soon be introduced in Poland, Romania and the United Kingdom. Trials are under way in other countries as well.

emphasis on quality of life

Orange Healthcare also offers services to help people take better care of their health and fitness with an emphasis on personal responsibility and preventive actions. Among the tools available from Orange are online vaccination records, or training records for people who practice sports. There are also specialised Web or mobile

portals focused on healthy living strategies. In August 2009 Orange joined "Santé Magazine" to launch a health and wellness website. The site, tendance-sante.com, relies on a scientific and medical panel of eminent experts to ensure the reliability and independence of the information posted (the site has been certified by Health On Net). There are both free and pay e-services to guide people for everyday questions, plus moderated community spaces with regularly updated content. Another service is Mobile Teleassistance, developed in partnership with the Mondial Assistance insurance group. The service provides added peace of mind and security for users who can simply press a special, clearly identified button on their mobile phone to be connected to a helpline, 24 hours a day.
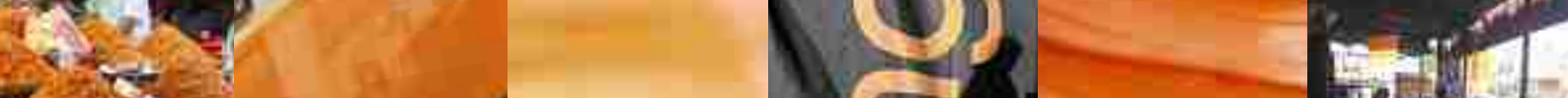
a balanced geographic presence

France Telecom Orange is a major global player in the mobile, fixed and Internet markets. With consumer businesses in 32 countries, Orange is the number three mobile operator and number two provider of broadband Internet services in Europe. It is also a leader in emerging markets, particularly in Africa, where the brand is experiencing sustained growth. Under the Orange Business Services brand, the Group is a global leader in telecommunications services for multinational companies.
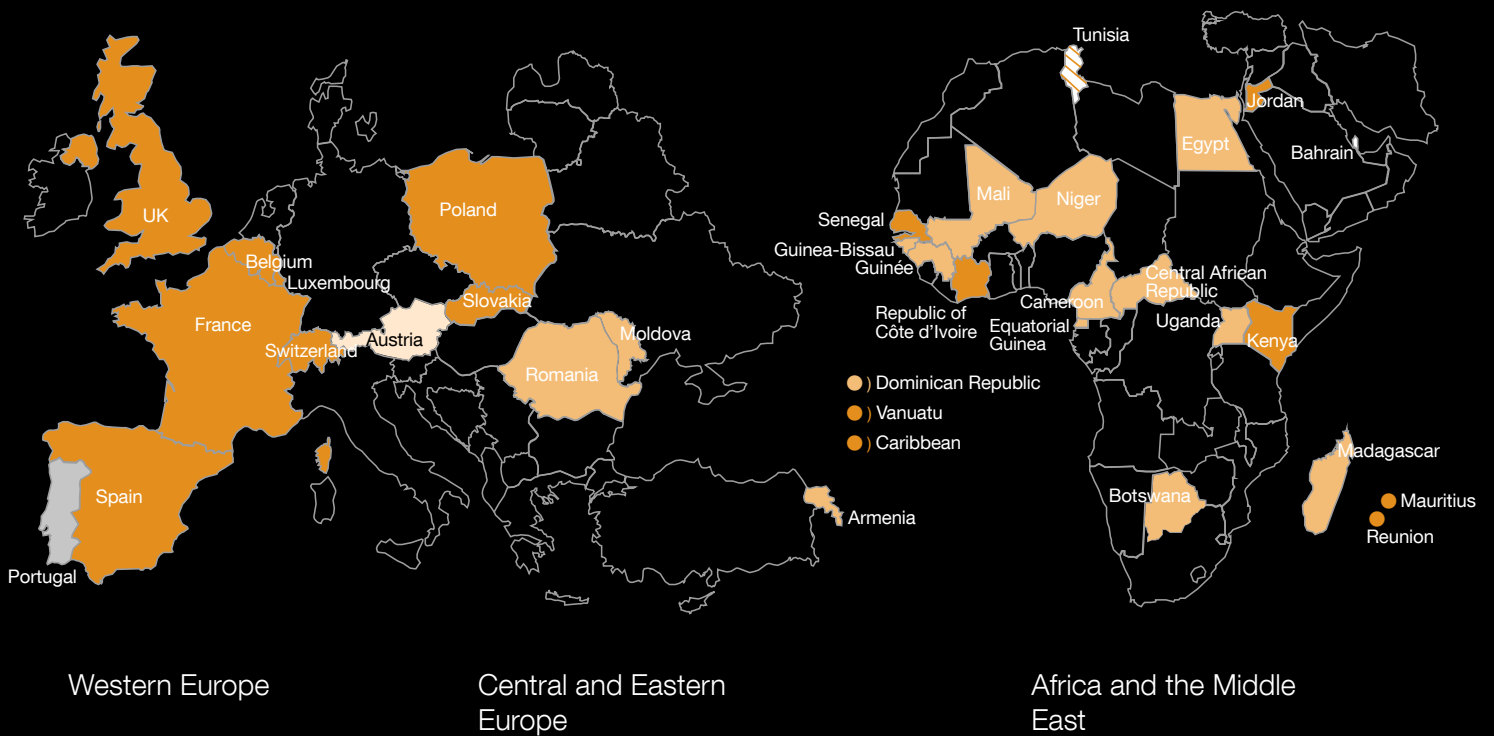
Despite a challenging economic environment, the Group achieved its financial and business targets in 2009 thanks to an integrated operator strategy based on convergence, innovation and quality of service. The Group now serves some 193 million customers around the world.

an international group

Tunisia

Jordan

Egypt

Bahrain

Mali

Niger

Senegal

Guinea-Bissau
Guinée

Central African
Republic

Cameroon

Republic of
Côte d'Ivoire

Equatorial
Guinea

Uganda

Kenya

Poland

UK

Belgium
Luxembourg

Slovakia

France

Austria

Moldova

Switzerland

Romania

Spain

Armenia

Portugal

●) Dominican Republic

●) Vanuatu

●) Caribbean

Madagascar

● Mauritius

Botswana

Reunion

Western Europe

Central and Eastern
Europe

Africa and the Middle
East

- ■ fixed/mobile/Internet
- ■ mobile
- ■ minority interest in mobile operator

- ■ minority interest in fixed/mobile operator
- □ fixed/Internet
- ▨ fixed/mobile/Internet licence

other Regional Business Customer Support Centres

Athens – Greece / Atlanta – United States / Beijing – China / Belgrade – Serbia / Bucharest – Romania /
Karachi, Bombay – India / London – United Kingdom / Moscow – Russia / Prague – Czech Republic /

Orange Labs and Major Business Customer Service Centres

San Francisco

London

Warsaw

8 in France

Barcelona

Madrid

Amman

Cairo

New Delhi

Beijing

Tokyo

Petropolis / Rio de Janeiro

Mauritius

● Orange Labs
● Major Customer Service Centres

Budapest – Hungary / Istanbul – Turkey / Ivry, Lannion, Lyon, Nantes, Rennes, Toulouse – France / Rome – Italy / Seoul – South Korea / Sofia – Bulgaria / Sydney – Australia / Teheran – Iran / Warsaw – Poland

France

The Group's leadership in the French market is anchored in superior quality solutions adapted to customer needs and expectations. Both the Internet and mobile segments posted continued growth in 2009. In the mobile market, Orange recorded its best commercial performance since 2000.

€23,639 million in revenues

€9,252 million in EBITDA (restated)
(excluding provision for part-time seniors plan and excluding litigation on special business tax regime)

€2,160 million in investments
(excluding GSM and UMTS licences)

26.3 million mobile telephone customers

13.6 million mobile broadband customers
8.88 million ADSL broadband customers
20.6 million fixed-line customers

overview

France Telecom Orange is France's number one operator for mobile, fixed-line and Internet services. These segments experienced marginal growth in 2009 but growth rates were down from previous years due to the combined effect of the market reaching near saturation levels and the worsening economic situation, making consumers much more price sensitive. At the same time, the competitive landscape has been reshaped by increased consolidation and is now characterised by a smaller number of players whose business model echoes the integrated operator strategy that France Telecom Orange has deployed for many years. This resulted in significantly stiffer competition over the year. The Group responded by encouraging new uses, introducing more precisely segmented offers, especially converged services, and by improving quality of service to bring customers

services with a distinctive difference to anchor the brand as their preferred choice.

mobile

The French mobile market grew by 6% in 2009. Orange maintained its no. 1 position among French operators with a stable market share of 47% at end-December 2009 (43% not including partner MVNOs).

boom in mobile multimedia

Revenues from data services accounted for 25.9% of network revenues at the end of the year, up 4.6 points over the previous year, driven by mobile multimedia (email, TV and music). This performance was spurred by enthusiastic consumer take-up of smartphones and the iPhone in particular, which offer an easier and more fun way to access, share and watch multimedia content. This growth was aided by Orange's decision to position itself as a key

my content

"my content" is a convenient convergence service introduced in April that lets customers share photos, documents and other content from their mobile phone or the Internet.

26.3 million

Orange topped 25 million mobile customers in France in December 2009
thanks to its extensive range of offers tailored to all types of usage profiles.
The customer base stood at 26.3 million at the end of the year.

provider of high-end multimedia devices. In March, the Group became the first operator to offer Google Android handsets, expanding the product line-up at the end of the year. Mobile multimedia sales got a further boost in July with the exclusive launch by Orange of the iPhone 3GS. By the end of the year, Orange had 1.7 million iPhone customers. The total number of 3G mobile customers stood at 7.569 million at year-end, rising 46% in twelve months. Among them, 1.395 million customers enjoyed mobile television access (an increase of 29% in one year) and 2.578 million had an unlimited mobile Internet plan or option (surging 80% in one year).

supporting new uses
The massive growth in mobile multimedia is also driven by Orange's ability to offer compelling applications and content that spur interest and develop usage. The Group's mobile portal, for example, saw the number of customers who regularly

access the site increase by 53% compared with 2008. Innovative launches in 2009 included a new mobile TV offering for customers with an iPhone or Android smartphone, featuring exclusive coverage of the French premier football league via Orange Sport. There was also an iPhone version of Cityvox and Cinefil, a dedicated event website for the Roland Garros French Open tennis tournament, which attracted 1.3 million visitors in the two weeks of the tournament, plus Orange Maps, a GPS application for Android handsets.

To encourage access to the multiple services available via mobile phones, Orange revamped its range of prepaid cards and contract plans. Thanks to the success of the iPhone and the Origami plans, one million new contract customers joined Orange. The Origami range in particular is tailored to the way people now use their mobile phones. Since November 2009, customers who subscribe to one of

the main Origami contract plans can now select from a range of "advantages", including multimedia content or access to an exclusive service (such as TV, GPS or music) to get even more out of their feature-rich mobiles.

surge in mobile Internet
2009 was the year that mobile Internet really took off, and Orange now counts over two million customers in France across all segments. Over half of these customers took out an Orange plan linked to 3G+ dongles or laptops. The Group helped to energise the market by rolling out a steady flow of innovative solutions throughout the year. These included the Travel Data Daily bundle for peace of mind when travelling abroad, a restructured range of passes and pay monthly plans to meet occasional, frequent or intensive usage requirements, a new line-up of compatible laptops and the market's first combined 3G+ dongle and Wi-Fi plan,

20 million unique visitors on Orange portals
One in two Internet users in France visits Orange portals at least once a month and 91% of surfers who visit www.orange.fr have an Orange email address.

ADSL unseats analogue as fixed-line champion

In the third quarter of 2009 French users made more fixed phone calls via ADSL (12.6 billion minutes) than on the analogue network (12.3 billion minutes). Source: ARCEP

extremely attractive content

Orange News, the news site on the orange.fr portal, draws 5.4 million visitors per month and is now one of the country's top three news sites according to Médiamétrie/Netratings.

enabling a connection to be shared between several Wi-Fi enabled devices. Thanks to these different initiatives, mobile broadband is today ubiquitous among French consumers.

fixed and Internet

The Internet and fixed-line market grew by 2% in 2009. Sustained revenue growth from Internet activities offset the natural decline in revenues from conventional telephone services. Orange maintained its leadership in Internet access, with an ADSL market share of 47.8%.

"Internet by Orange"

Orange unveiled a new advertising campaign in the second half of 2009 to support its differentiation strategy for the French Internet market: just as one word can mean two completely different things, "Internet" and "Internet by Orange" are two quite different concepts.

The campaign shows that what gives Orange a distinctive advantage is an unerring focus on service quality for the fundamentals, namely network availability and exemplary customer care. Orange is also France's first operator to propose a portfolio of value-added solutions targeting specific consumer profiles, standing out among the "one-size-fits-all" offers. This more segmented approach kicked off in April 2009 with the launch of an offer for senior citizens new to the Net. Later in the year, the Surf plan was introduced to allow avid youngsters to do just about everything from their computer using an exclusive application, including surf the Net, watch TV and even place phone calls. Surf & mobile, a converged service, was launched for Orange pay monthly mobile customers.

continually enriched content

Another key differentiating point spotlighted by the campaign is the fact that Orange is the only operator able to offer IPTV and video on demand to 100% of its broadband customers via ADSL or satellite. This makes the content and features of Orange TV available to the largest possible number of households. All the components in this offer were enriched last year, including free channels, opt-in schedules and theme channels (Orange cinéma séries and Orange sport). The number of theme channel customers increased nearly seven-fold in 2009 to 663,000 by the end of the year. 2009 also saw a surge in the number of customers embracing new uses, such as video on demand and "catch-up programming", enabling viewers to watch what they want, when they want. Over 47 million on-demand programmes were viewed in 2009, nearly quadruple the volume in 2008 (12 million). Orange energised this boom with the launch of Video Party at the end of 2009, offering a well-stocked video catalogue on either a free or pay-per-view basis.

à Paris,
la simplicité est notre différence
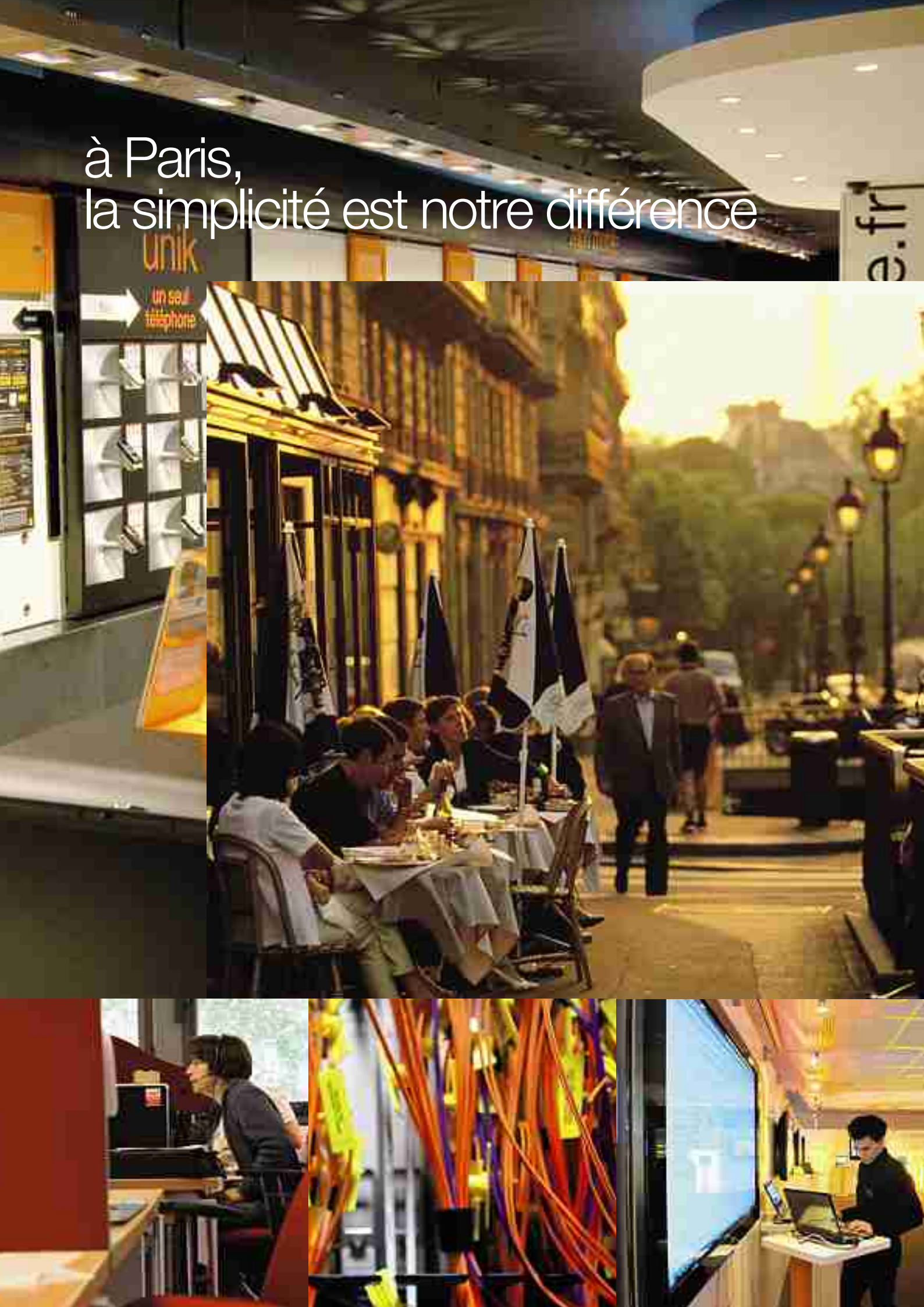
France

4,800 young people join the Group on work-study programmes

Faithful to its long tradition of welcoming young people into the workforce, France Telecom Orange committed to increasing the number of apprenticeship and skills development contracts in France to 4,500 by the end of 2009. Information sessions were organised in Paris and 14 other French cities over the summer to meet interested young people. After their training, at equivalent skills they are given priority for recruitment in key areas such as customer relations, networks, information systems, innovation and multimedia content. The percentage of young people recruited by the Group after work-study programmes reached nearly 27% in 2009.

partnership with Wikipedia

This partnership between the Wikimedia Foundation and Orange is the first of its kind, designed to enrich content on Orange portals thanks to simpler, faster access to the Wikipedia encyclopaedia, including from mobile phones. The widget is available in Spain, France, Poland and the UK.

consumer IP telephony market mushrooms

The natural downward trend in traditional telephone services seen over the past several years has flowed into growth for VoIP. The decline in the conventional customer base was contained in 2009, shrinking by 11% during the year, versus 11.5% in 2008. At the end of the year, the number of consumers with standard phone subscriptions stood at 17.7 million, 2.4 million of whom had an Optimale plan and 0.38 million a special plan for low-income customers. The shrinking traditional market has been offset by fast growth in VoIP usage, paired with broadband Internet and double and triple play TV packages.

Some 6.8 million broadband customers were using VoIP by the end of 2009, an increase of 1.1 million customers in one year. The challenge for Orange is to improve the quality of service for these customers by offering the same convenience options available to conventional telephone users, such as Call Waiting and "Stop Secret" (to view blocked numbers), as well as bringing them exclusive services such as simultaneous calls.

Orange continued to enhance voice quality, combining the launch of the new Livebox with a limited edition that integrates the Livephone for high-definition voice calls.

laying the foundations for tomorrow's fibre-optic networks

Amidst a restrictive regulatory environment, Orange has focused on strengthening its commercial proposals for very high-speed broadband, enriching content and improving the customer's experience. This strategy has enabled the Group to lay the foundations for fibre-optic deployment, which will be ramping up in 2010 following clarification of the regulatory framework and the announcement of significant investments earmarked by the Group for its fibre-optic network in France. New commercial offers were introduced during the first quarter of 2010 to ramp up deployment momentum. The Focus on pages 44 and 45 contains more information on the fibre network and services.

outlook

Orange strives to be the benchmark in service quality for all customers and all uses and will continue throughout 2010 to develop more segment-specific mobile and Internet offers.

As a fourth mobile operator is poised to enter the market, Orange is strengthening its positions with the launch of a quadruple play offering that combines fixed, Internet, mobile and TV services. Another priority is optimising investments in marketing and sales, a key differentiating factor, coupled with the introduction of value-added Orange Care services for mobile customers. In addition, the Group will embark on the first phase of investments in its fibre-optic network in France.

new, more powerful Livebox

The gateway to an exciting world of multimedia and home communication services, a new, more powerful version of the Orange Livebox was introduced in France and Spain in 2009, integrating significant enhancements. Device connectivity is improved thanks to enhanced Wi-Fi technology and customers can now share multimedia content stored on a computer, USB key or Home Library, via a server.

United Kingdom

As the merger of operations with T-Mobile advances, creating the biggest mobile communications company in the country, Orange responded to a fiercely competitive market in 2009 with dynamic commercial initiatives. The brand recorded solid performance in customer acquisition and loyalty.

€5,108 million in revenues

€939 million in EBITDA

€355 million in investments
(excluding GSM and UMTS licences)

16.5 million mobile telephone customers

5.3 million mobile broadband customers

0.8 million ADSL broadband customers

overview

The mobile communication market has reached maturity in the UK with a penetration rate of nearly 137% at the end of the year. What's more, the country was not spared from the impact of the recession in 2009.

The Group therefore chose to play an active role in the consolidation of this market. In late 2009, France Telecom and Deutsche Telekom signed an agreement to merge their mobile activities in the UK in a new 50:50 joint venture. Although investments slowed in the run-up to the launch of the new venture, Orange continued its dynamic policy of innovation and focus on customer service quality.

mobile communication

The UK mobile market counts five operators, making it one of the most competitive in Western Europe. Orange is no. 3 and T-Mobile ranks fourth in the market.

tailored solutions

In a recessionary climate, customers tend to focus on entry level services. Orange therefore enhanced its prepaid offer, in particular with the first pay-as-you-go (PAYG) offer for Blackberry. At the same time the Group worked to improve the customer mix, centring efforts on recruiting contract customers. It was the first operator to propose an aggressively low-cost call plan at just £5 per month. At the end of 2009 the percentage of contract customers was 41.8%, as 24-month and 36-month contracts enjoyed success.

Orange means multimedia

Orange significantly boosted the brand's attractiveness in the mobile multimedia market, working to make the Orange name synonymous in consumer minds with great

best mobile network in the UK

The annual study by Ofcom ranked Orange as the operator with the best mobile broadband coverage. For the second consecutive year, a survey of UK customers by YouGov rated Orange as the top mobile broadband provider. And Orange received the Best Network prize in the What Mobile Awards 2009.

25.4%

content on the go. At year-end 5.3 million customers were mobile multimedia subscribers, representing 32.3% of the franchise, significantly higher than year-end 2008.

The Group's portfolio of high-end phones continued to grow throughout the year, including the exclusive LG Watch Phone and Toshiba TGO1. Orange began selling the much-awaited iPhone 3G and 3GS in the fourth quarter, supporting the launch with an app called "Orange Wednesdays", which lets people receive content and promotions on new movie releases each Wednesday.

Music is another star in the Orange online entertainment line-up. In July the brand teamed up with Universal and 4Music to let Monkey Music pay-as-you-go customers stream hundreds of thousands of songs to their phone. The free music service is funded by targeted advertising.

Orange UK innovated in distribution too, unveiling new store concepts. The first Orange Multimedia Store opened in July in Milton Keynes, featuring expansive demon-stration areas. Earlier in the year the brand signed a high street partnership deal with HMV, whose stores began selling Orange products and services, with a focus on music, games and mobile video handsets.

Internet and fixed

The fixed telephone and Internet market also suffered from stiff competition. The Group's revenues rose but margins were impacted by the drop in Internet customers (both dial-up and broadband).
In October Orange totally revamped its range of home broadband services, intro-ducing four price plans adapted to different consumer needs. In unbundled local loop areas Orange offers speeds of up to 20 Meg and unlimited downloading.

This extremely attractive offer benefitted from strong media impact and promotion at Orange stores during the year-end holiday season.

outlook

The merger of Orange and T-Mobil opera-tions will be the focus of the Group's efforts in the UK. The integration plan began following the signature of the agreement in November. Following the green light from competition authorities, the new entity is expected to become a reality before the end of June 2010. The two shareholders have made a commitment to a long-term partnership of at least three years, leaving substantial operational autonomy to local teams.

Spain

Orange responded to a seriously depressed economic climate by repositioning its offers in the prepaid and contract markets, providing innovative solutions for customers to help them efficiently manage their spending. These creative offers enabled Orange to recruit significant numbers of new customers in the country.

€3,887 million in revenues
€729 million in EBITDA
€440 million in investments
(excluding GSM and UMTS licences)

11.9 million mobile customers
5.1 million mobile broadband customers
1.1 million ADSL customers

overview

Orange is the main alternative operator in the Spanish market and the leader in the fixed and Internet segments in unbundled areas. The severe economic downturn in the country in recent months has led consumers to take a very prudent attitude towards spending. Orange has responded by helping its customers save money on their telephone bills. This strategy, coupled with new products and services, ongoing innovation and new customer recruitment, contained the decline in revenues to just 4.4% despite lower mobile call termination and roaming costs dictated by the regulator. Excluding these factors, revenues were virtually stable.

mobile

Orange had a market share of 20.4% at 31 December 2009 according to official figures from the regulatory authority. This represents an increase of 505,000 customers in the total customer base in a market impacted by the recession, thanks to a broader range of flat rate and contract offers. Orange also made a strategic move into the MVNO market, gaining a leadership position with 752,000 customers at end-2009.

new plans help attenuate impact of the crisis
The new "Tarifa Plana 24 Horas" and "Tarifa Plana 24 Horas Mini" plans are designed for intensive mobile consumption. They enable customers to call fixed or mobile lines 24 hours a day, 7 days a week, offering communications freedom on a managed budget. Two entry level offers target other attractive growth segments. "Generacion 6" is designed for young people, offering the cheapest rates outside school hours, while "Basico de Orange" is a SIM-only offer aimed at mobile users who are more interested in low call costs than a new phone.

Orange Puntos: the convergent loyalty programme
Introduced in early 2009, Orange Puntos targets mobile phone customers with either contracts or fixed rate plans, as well as ADSL broadband customers. The loyalty programme awards points for consumption and long-term loyalty, including special offers on new phones. Orange Puntos was extended to prepaid customers at the end of the year.

Gol Television on Orange TV

In August Orange TV welcomed Gol Television, a hugely popular Spanish sport channel. As part of the Orange TV premium offer, Gol Television is available at one of the lowest monthly rates in the market. It is also available via the mobile TV portal for a daily fee with no subscription required, a highly attractive innovation for customers.

offensive strategy in prepaid market and new flat rates

Orange was again at the vanguard of the market, launching the first ever flat rate offer in the Spanish market for prepaid customers in November. The Group deployed an offensive and innovative strategy to bolster its positions in this market, which proved to be the most dynamic segment last year, completely revamping its prepaid offer in April. Orange was the first to give prepaid consumers a choice of any mobile phone in the catalogue, as opposed to a limited selection, generating a positive buzz that flowed through to excellent sales momentum. The successful launch of the Bic Phone expanded distribution of ready-to-call prepaid devices to new and innovative outlets such as petrol stations. These measures enabled the Spanish subsidiary to reverse a downward trend and bolster its position in the prepaid card market for the full year.

robust growth in mobile Internet

Orange continued to expand in the mobile Internet segment in 2009, increasing its customer base by 90% over the year to 352,000 customers. Mobile Internet consumption was energised by the availability of new content and services, including the Gol Television sport channel, My Social Place, and an online apps store.

fixed and Internet

Orange markets services under both its own brand and the Yacom low-cost brand. Although the total customer base declined, the share of customers in unbundled local loop areas climbed to 81% of the customer base at year-end 2009, confirming Orange's no. 1 position in this market. In keeping with its focused strategy, Orange introduced an innovative low-cost broadband Internet plus national calls offer, with the telephone included, democratising broadband in areas where unbundling is not available. IPTV and VoIP telephone service also experienced strong growth, surging 43% to 446,000 customers, reflecting the Group's solid position in triple play offers. Orange's "Todo en Uno" pack and Yacom's ADSL+ offers both provide very competitive prices and a single bill for telephone, Internet and TV services. Always on the cusp of innovation, Orange began testing the new Livebox in September with 1,700 customers. The new unit received an enthusiastic response from initial customers, Internet media and bloggers, who applauded the connection speed and WIFI coverage.

outlook

In a country that has been seriously impacted by the crisis, Orange continues to focus on the relevance and quality of its services, expanding its range of entry level offers and proposing new services designed to develop mobile multimedia usage and triple play take-up.

505,000

Orange deployed a successful strategy of helping customers lower their communications spending adding 505,000 new mobile customers in 2009.

Poland

The Polish market emerged relatively unscathed by the economic crisis, but is characterised by substantial regulatory pressures and stiff competition. Orange maintained a stable share of the mobile market and grew its business in new uses made possible by broadband.

€3,831 million in revenues

€1,462 million in EBITDA

€500 million in investments
(excluding GSM and UMTS licences)

13.7 million mobile telephone customers

5.5 million mobile broadband customers

2.3 million ADSL broadband customers

8.6 million fixed-line customers

overview

France Telecom has a 49.79% stake in Telekomunikajca Polska (TP), the country's incumbent operator and a leading ISP and mobile services provider. The Polish telecoms market is hotly competitive, a situation which is heightened by restrictive regulatory measures. While Poland may have fared better than the main neighbouring countries, the global recession has nevertheless taken its toll. The Group targeted three priorities in 2009, beginning with efforts to foster a more positive relationship with the national telecoms regulator in order to encourage the introduction of fairer competition and support the development of national infrastructures. It also consolidated its leadership with attractive offers and initiatives to build loyalty among customers, and launched a vast operational transformation of the enterprise to adjust to an expected decline in revenues. Despite the growth in usage and a better customer mix, the Group's revenues were hit hard by the drop in mobile call termination rates.

mobile

Three main operators, including Orange, hold over 90% of the Polish mobile market with relatively equal shares. Competitive pressures stepped up significantly in 2009 as the fourth main operator expanded its network and experienced strong growth and two new operators entered the field.

prepaid price war

In March 2009 Poland's fourth main mobile operator launched an aggressive commercial strategy in the prepaid cards segment, vying for customers with cut-price promotional offers. The ensuing price war did not stem overall growth in the market but it negatively impacted Orange's prepaid card business. Despite the Group's rapid response to the price cuts, the number of customers in this segment fell by 11.5% over the year.

new organisation

The recent prepaid card price war showed that anticipation and swift execution are essential in Poland's hotly competitive market. Since September, all channels for sales and relations with both consumer and business customers have been integrated in a single entity. This new structure enables Orange to be even more effective in delivering world-class service quality.

learn more
use your mobile phone camera to watch a video on
our TP subsidiary in Warsaw

372,000

Orange TV customers,
a three-fold increase in 2009.

strong year for contract plans

This trend was the opposite in the contract and subscription segment, where Orange saw a 7.4% increase in the number of plans subscribed in 2009. These plans accounted for 48.3% of the customer mix at the end of the year, representing a year-to-year increase of almost 5 points, in line with objectives. This success endorses the Group's strategy of focusing on more high-end customers.

fixed and Internet

TP's legacy customer base in the traditional fixed-line market has been declining steadily for several years, impacting revenues. This trend worsened in 2009 following the widespread drop in prepaid mobile card rates. Despite being buoyed by the Internet, the fixed-line market is exposed to fierce competition due to the strict regulatory framework which reduces the attractiveness of TP's offers. The Group also faces stiff competition from Poland's fast-growing cable operators and MVNOs to which TP sells wholesale access to its infrastructure.

broadband coverage

Improving broadband coverage is a key growth enabler in the Polish market. As part of the Group's proactive strategy for developing broadband infrastructure, TP is expanding its fixed network with alternative solutions. To expand access to rural areas of Poland, Orange introduced the Freedom Pro broadband service delivered over a CDMA network, increasing CDMA coverage of the country from 51.4% to 76.1%. This was followed by the rollout in September of a high-speed satellite Internet service for regions not covered by the CDMA network, making TP the sole operator to provide nationwide broadband coverage.

IPTV goes from strength to strength

Internet television has attracted more than 15% of the Group's high-speed customers in Poland, increasing the number of viewers three-fold from 113,000 in December 2008 to 372,000 twelve months later. The market received a significant boost with the launch of a satellite TV service, which led to an almost six-fold increase in one year in the number of customers who receive Orange TV via satellite, who today represent 70.7% of all TV customers.

outlook

More serene relations with the Polish regulator will allow TP to compete on a more equal footing and at the same time grow its market share. Nevertheless, competition remains extremely fierce. To strengthen its positions, the Group aims to attract and retain new customers through more competitive, higher quality solutions, while continuing to transform its operational processes.

1.2 million broadband lines

In accordance with an agreement signed with Poland's regulator, TP has committed to stepping up deployment of its fixed broadband network as from the first half of 2010. The goal is to install or upgrade 1.2 million high-speed lines between 2010 and 2012.

rest of the world

other European countries

The Group benefits from the strong image and values of the Orange brand in all the European countries where it operates and continues to build leadership positions. The mobile business recorded double-digit growth in the customer base in 2009.

rest of the world
€8,308 million in revenues
€3,237 million in EBITDA
€1,405 million in investments
(excluding GSM and UMTS licences)

64.2 million mobile telephone customers
2.6 million fixed-line customers

Europe
20.7 million mobile telephone customers

overview

In addition to its four main markets, the Group is present in seven European countries. The regulatory pressures its subsidiaries faced in 2009 accounted for a significant share of the decline in revenues, coupled with the negative impact of the economic crisis on customers in certain countries. These European units responded energetically with innovative solutions and a focus on quality to fend off competition as they recruited new customers and nurtured their loyalty.

mobile

facilitating use
Orange continually improves its offers to support new uses and meet customer expectations.
In Austria, which rebranded to Orange in 2008, the Group quickly gained strong recognition as an innovative operator.

Among other initiatives, it was the first operator to include international calls in its call plans. The range of call plans was revised in Romania, replicating the segmented model that has proved successful in the United Kingdom. The new offers are matched to an animal symbol that corresponds to distinctive customer profiles and the features that suit their expectations: emphasis on voice, intensive voice consumers, data and text, or cost-conscious.
In Luxembourg and Belgium, where many people frequently travel across borders, customers with significant roaming consumption can choose specially designed offers such as Hello Europe in Luxembourg and Holiday Pass & Internet Pass from Mobistar in Belgium. These solutions help consumers efficiently manage their budget.

major investments in mobile multimedia
Mobile multimedia is a strategic priority for the Group, which is often a market leader

Luxembourg becomes 31st Orange country
On 28 October 2009, the mobile, fixed and Internet services of VOXmobile were rebranded to Orange. VOXmobile is the third-largest mobile operator in Luxembourg and is owned by Mobistar. The rebranding enabled Orange to gain market share, adding large numbers of customers for both prepaid offers and call plans.

mobile broadband

The Orange mobile network in Moldova is one of the most powerful in the world. It covers 72% of the population and implements HSPA+ technology, enabling fluid access to new 3rd-generation services. Active in this market since 1998, Orange is the leader in the mobile market and is widely recognised for its many innovations.

in multimedia devices. France Telecom Orange has now introduced the iPhone 3GS in all these markets, sometimes under exclusive agreements. The iPhone was the top-selling phone in Austria last year and has been instrumental in developing mobile Internet usage in every market. Orange has introduced a variety of new call plans such as Surf, launched in June for intensive mobile multimedia consumers in Switzerland, energising usage. The brand also regularly enhances the customer experience with offers like the Music Store in Romania, the first music download service for both mobile phones and computers, or high-definition mobile TV in Belgium.

real-world innovation

With a presence in over 30 countries, Orange is uniquely positioned to test new services in one country before gradually rolling them out in other markets. For example, the high-definition voice offer premiered in September on the Orange

Moldova mobile network. Based on this successful launch, Orange plans to deploy the service in several other European countries in 2010.

Internet and fixed

Orange has pursued its integrated operator strategy in these countries, leveraging its position in the mobile market to propose telephone, Internet and, in some countries, domestic TV services. Orange Switzerland expanded its offer for businesses in May with an Internet phone solution branded Office VoIP, a flexible service that can be integrated with mobile phones. For consumers, Mobistar in Belgium innovated with the groundbreaking Home & Away integrated Internet access solution, enabling customers to connect from their home computer or while on the move.
In areas with high population density, Orange has also established positions in very-high-speed fibre service. The Swiss

subsidiary added to its offer with Office Fibre, a modular service designed to meet all the needs of businesses. Fibre deployment is also continuing in Slovakia, where Orange has won 5.4% of the market in under two years.

outlook

The Group's subsidiaries in Europe will continue to market offers that leverage the strengths of the Orange brand, namely convergence, innovation and close alignment with consumer needs and expectations. These companies combine the experience the Group has acquired in major markets and versatility in adapting to local contexts. They all share a focus on continually enhancing the quality of their customer relationships to achieve differentiating leadership in these very mature markets.

focus

consolidation in Western European markets

The mobile market in Western Europe has an estimated average penetration rate of 127% (according to Idate), and first-time mobile customers are no longer a source of growth. This situation is driving consolidation among the players in this market.

Although Western markets continue to experience growth, the pace has slowed. Competition has intensified in countries with a significant number of operators. At the same time, new modes of consumption and the exponential increase in mobile data traffic volumes require investments in very-high-speed networks to support the development of services with significant added value. In certain zones, this new market paradigm sets the stage for consolidation. By pooling and optimising network resources, as well as marketing, customer support and distribution, operators can more efficiently tap into the value generated by new uses. France Telecom Orange therefore initiated two strategic link-ups in 2009, one in the United Kingdom – which has now been finalised – and the second in Switzerland. Orange also increased ownership of its subsidiary in Spain to nearly 100%.

initiatives that boost performance

In early November 2009, France Telecom and Deutsche Telekom signed an agreement to combine their operations in the United Kingdom – Orange, which is number three in the market and T-Mobile, number four in the market. The resulting 50:50 joint venture will become the no. 1 player in the UK mobile market. The two partners have made a long-term commitment to this venture and will retain their equity interests for at least three years. Managers will have substantial operational autonomy. The two brands will initially co-exist for a period of eighteen months, after which they will define the brand strategy moving forward.

At the end of November last year, France Telecom Orange and Danish operator TDC announced an agreement to merge their Swiss subsidiaries Orange Switzerland and Sunrise to create a leading alternative operator with an estimated market share of 40%, behind the incumbent. The final agreement was signed in April 2010 but Swiss competition authorities have refused to approve the merger in its current form. The two companies are reviewing this negative decision.

In Spain, the Group acquired the stakes of the main minority shareholders of its subsidiary France Telecom España, representing 18.2% of the share capital, in a transaction valued at nearly 1.4 billion euros. The Group is the third largest player in this market in both the mobile and broadband Internet segments.

Bamakɔ yan,
an ka konɔgɔya de b'an ni tɔw danfara

Mali

resounding success for Wele Tones, personalised mobile caller tones

Orange Mali, a full-service telecom operator, consolidated its leadership and image as an innovator with the launch at the end of May of Wele Tones. Developed by the Amman Technocenter in Jordan, this service lets customers personalise the caller tone for their mobile with music or sounds of their choice. In just a few months the service became a huge phenomenon, especially among young people who flocked to create their own musical caller welcome. Over 150,000 connections to the service had been logged by the end of 2009.

Africa, Middle East and Asia

Orange continues to experience sustained growth in emerging markets in Africa, the Middle East and Asia. With a long-term commitment to these markets, the Group is growing by making quality services widely available and by introducing new solutions that create promising development opportunities.

overview

Outside Europe, the Group is active in the mobile, fixed and Internet segments around the world, mainly in the Middle East (Egypt, Jordan and Bahrain) and Africa (15 countries).

Telecommunications are vital to the economic development of these countries, enabling both business and social interchange to flourish, and facilitating access for remote, underserved areas.

These markets continue to expand at a sustained pace, given low penetration rates, and represent substantial near- and long-term potential in both the mobile and Internet segments. Orange is making investments with a long-term vision and is recognised as the benchmark operator, bringing the largest possible number of people access to innovative, practical and useful services with an emphasis on quality.

mobile drives growth

huge potential for mobile phones

Mobile penetration averages 38.5% in Africa (source: ITU). Although there are substantial disparities from one country to the next, this modest figure leaves significant headroom for growth. Orange deploys a growth strategy anchored in the quality of its network and innovative solutions that are closely matched to needs. This approach has proved effective since the number of mobile clients rose 27% in Mali, 26% in Egypt and 30% in Senegal in 2009.

fixed and Internet

Conventional telephone services in these regions have been negatively impacted by the migration of customers from fixed to mobile services. However, Orange Jordan still performed well in 2009, energised by very robust growth in the Internet customer base, which rose 32% to 135,000 customers, giving it 65% of the ADSL broadband market. This partially offset the decline in fixed-line business. The company was also named best fixed operator in the region by the Samena Telecommunications Council.

mobile network quality

Orange continued to build out its network, establishing new mobile stations to expand the percentage of the population with access to its services. The network in Côte d'Ivoire exceeded 1,000 mobile relays and now efficiently covers the country and in particular all its prefectures. The network in Mali also grew in 2009 and now covers over 7,000 communities.

To bring network coverage to rural zones, Orange has also introduced "community phones", inspired by the Grameen model. These community phones make mobile service available in remote communities while also generating revenue for micro-entrepreneurs. In addition, Orange has initiated infrastructure sharing with other operators.

43.5

million mobile telephone customers at 31 December 2009.

15

Orange is present in 15 countries across Africa. Tunisia will become the 16th in 2010. In the Middle East, Orange operates in Jordan, Bahrain and Egypt.

increased penetration

France Telecom Orange offers are matched to the needs of local markets. Prepaid services account for the largest share of segmented ranges that are aligned with different usage profiles. These offers include low-cost entry level services with considerable top-up flexibility and attractive rates for international calls.

To meet the needs of all customers, Orange markets both basic phones that are simple and attractively priced, as well as high-end devices like the iPhone, which has been launched in 11 countries.

Like the network, distribution is designed to cover a maximum number of potential customers thanks to a combination of Orange stores and indirect distribution. Orange Niger, for example, opened a nationwide network of stores that gives the brand a powerful presence in the country.

innovation makes the difference

There are two Orange Labs in this region, one in Egypt and one in Jordan, joined by a competency center in Mali that works on developing the Orange Money offer. Their role includes designing services that respond in particular to the needs of customers in emerging markets.

Among the new services introduced are "Pay for me", which was launched in Cameroon in August and enables people to make collect calls to friends and family, and Bonus Zone, an offer that proposes rate discounts linked to capacity available on the network. Bonus Zone was introduced in Botswana in June and generated a major impact on usage. It will be brought to other countries in 2010.

new growth outlets

a broadband pioneer

The Internet penetration rate remains low in Africa, reaching just 5% in 2009 according to United Nations estimates. The Group is committed to helping bridge this digital divide, addressing all the barriers to Internet development and drawing on its complete array of technologies. The Group is active in new submarine cables linking Europe and Africa (LION, LION 2 and ACE) and also developing local networks using Wimax or 3G mobile solutions.

These deployments will bring broadband to previously isolated segments of the population. The inauguration of the new LION cable and the deployment of a 3G network in Tananarive and Toamasina have brought broadband to Madagascar. Orange has introduced prepaid offers at attractive rates aligned with the local market profile in order to build momentum in the market. The Group's technologies also help democratise Internet usage. In Jordan, the Group is developing its fixed network and will drive growth with mobile broadband. Two new ADSL broadband Internet offers were launched on the fixed network in 2009. Orange was also awarded the first 3G mobile licence in 2009, with a one-year exclusivity period. This will enable it to consolidate its leadership in broadband

Orange in Egypt

The Group owns 71.25% of Mobinil, the leading telecommunications operator in Egypt. Mobinil counted 25.4 million mobile customers in 2009, an increase of 26.4%. At the end of the year it was named "Best Regional Mobile Operator" by the SAMENA Telecommunications Council. Mobinil is driving growth thanks to dynamic innovation and introducing new services in the Egyptian market.

Orange name sponsor of Africa Cup of Nations

Orange signed an agreement with the Confederation of African Football (CAF), becoming the main partner for all CAF's competitions until 2016. The agreement enables Orange to develop brand awareness in Africa and promote its strong links with the continent. The first event covered by the agreement was the Africa Cup of Nations, Africa's most popular sports competition, which took place in Angola in January 2010.

by proposing convergence solutions thanks to mobile broadband. New submarine links between Europe and Africa will add more broadband capacity for Africa and bring additional opportunities for France Telecom Orange to develop its broadband business in the region.

M-payment perfectly fits the market

Orange has developed a mobile phone payment and money transfer service designed for countries that are under-banked. Orange Money enables basic financial transactions without requiring a bank account, such as deposits, withdrawals or transfers, paying bills or making purchases from certain retailers. M-payment is a promising new market for Orange. In Côte d'Ivoire, the first market to welcome this service, over 150,000 customers had subscribed to Orange Money by the end of 2009, a year after it was launched. This augurs well for the other countries in the region where it will be rolled out in 2010, including Mali, Niger and Senegal.

seizing growth opportunities

Orange launched service in Armenia and Uganda last year and was part of a consortium that was awarded the third mobile licence in Tunisia. With operations in Jordan since 2000, it was awarded the country's first 3G licence and will begin marketing attractive solutions in the first quarter of 2010.

Low mobile phone penetration and strong demand for broadband create attractive growth opportunities for the Group, which will continue its policy of selective acquisitions, in particular to take advantage of the consolidation under way in certain national markets.

In Egypt, an agreement was concluded with Orascom, resulting in the signature of an amended shareholder agreement which will ultimately enable the Group to take control of its subsidiary Mobinil, structuring the divestment of its partners' equity interest. This will enable Mobinil to focus on the ongoing development of a market that continues to experience robust growth.

outlook

Orange is committed to long-term investments in the region moving forward. Its priority remains delivering the best possible customer experience for all services, driving robust growth in basic services such as voice and text messages, while developing new uses. Broadband is a key focus in order to leverage the solid competitive advantages created by Orange's investments in high-speed infrastructure and its policy of offering attractive content.

starafrica.com

Sport, news, music and education are all featured on the starafrica.com portal launched in early 2010.

businesses

The Group develops and provides integrated communications solutions for companies of all sizes in France, as well as for multinationals around the world, helping them grow their business. Throughout 2009, Orange Business Services was responsive in providing its customers with solutions to meet the challenges of a difficult economic situation.

€7,559 million in revenues

€1,529 million in EBITDA (restated)
(excluding provision for part-time seniors plan and excluding litigation on special business tax regime)

€299 million in investments
(excluding GSM and UMTS licences)

3,700 multinational business clients

overview

The Group deploys a three-pronged strategy to serve businesses from SMEs to multinationals. It invests in networks to provide businesses with seamless service and innovative solutions that embrace new uses. It supports customers as they migrate to the IP (Internet Protocol) world, and it provides real-time applications. The economic crisis impacted most businesses and legacy activities (analogue fixed voice, leased lines, etc) declined, while growth in business from solutions related to the IP transformation continued. To support customers in this challenging environment, the Group focused on communication solutions that deliver cost savings and boost productivity.

high-performance backed by a powerful network

ongoing network expansion
Orange Business Services offers its customers a seamless network covering 220 countries and territories, enhanced by large-scale deployment of state-of-the-art technologies. The Group continued to make major investments in 2009, building submarine cables and adding new routes and increasing the capacity to serve high-growth regions across Asia, Africa and the Middle East. Orange Business Services also offers a complete range of satellite access services. In the mobile sector, sustained investments were maintained in 3G networks to enhance coverage, speed and the quality of service. The Group benefits from the largest number of roaming and commercial agreements with local operators, and a vast Wi-Fi network that now covers more than 90 countries, with over 140,000 hotspots at the end of 2009.

best global operator
For the fourth consecutive year, Orange Business Services was named "Best Global Operator" at the World Communication Awards 2009. This is one of many awards recognising the hard work of the Group's 31,000 employees dedicated to serving business customers around the world. Orange Business Services also received the award as "Best Change-Maker" alongside its customer Sorin Group for their joint work in developing a remote heart rate monitoring solution for patients suffering from cardiovascular diseases.

en Madrid,
nuestra fuerza está en nuestra simplicidad
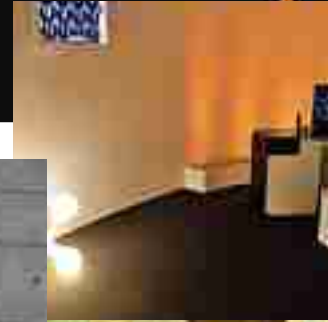
Spain

Innovative healthcare solutions

Orange continues to make major investments in forward-looking healthcare solutions. In partnership with the Navarre University Clinic, it is testing remote monitoring of patients with chronic diseases. Using either the Internet or a mobile phone, patients can send physiological data, request a callback and access therapeutic recommendations. The same service coordinates the different healthcare professionals treating the patient, thus optimising administrative tasks and travel. Patients benefit from regular medical care and avoid frequent visits to healthcare facilities, clinics reduce the number of house calls needed while continuing to efficiently manage patients.

323,000

IP VPN accesses at the end of 2009, the largest MPLS network in the world.

increasingly powerful network solutions

Thanks to the advanced technologies embedded in its network, Orange Business Services was able to upgrade all its Ethernet solutions, which enable multinational businesses to interconnect their services at speeds of up to one gigabit per second. The range of solutions – Business Ethernet in France and Ethernet Link for international customers – is now available in 30 countries across five continents. Business VPN is another successful innovation. Introduced in France in late 2008, this solution creates a unified infrastructure for access to all advanced communication solutions without having to think about the underlying technology. By the end of 2009 the solution already had over 1,200 customers, representing 15,500 sites.

IP drives business transformation

IP technology introduces new functionalities and simplifies usage, with a single operator, a single bill, a single customer contact, and even a single number. Orange Business Services facilitates access to these solutions to meet the expectations of business customers with new customised offers and a simplified customer experience. Optimale Pro Mobile is an entry level solution that provides fixed, mobile and Internet in a single package. For SMEs, Business Internet Voice is an all-in-one solution with access to broadband Internet and VoIP. For larger business customers, the Group manages custom-tailored integration projects.

collaborative solutions drive productivity

Videoconferencing directly drives business performance, saving time and money whilst also reducing a company's carbon footprint. Orange Business Services delivers solutions that combine world-class quality with simplicity of usage thus facilitating the adoption of this new way of working for businesses. The Group introduced Open Videopresence, a solution compatible with all networks and all types of equipment, supported by an online reservations management tool and a multi-lingual help desk. The Telepresence offer – now available in 104 countries – was enhanced with additional functionalities, such as concierge service, a Web portal management interface and much more. Among the new customers who adopted the service is SBM Offshore, a leader in the offshore oil and gas industry.

9,400

servers managed by Orange Business Services for business customers.

growth in mobile computing applications

More and more people work away from their offices. Business Everywhere solutions experienced strong growth in 2009 as new enhancements were added. Designed for large businesses and their subsidiaries, Business Everywhere Flexible counted 70,000 users at the end of 2009. The solution facilitates fleet management for portable computers, ensuring a high degree of security. The entry level solution, Performance Everywhere, continued to be successful, offering a mobile phone, mobile mail, plus Internet access from a laptop for a single flat rate.

Teleworking solutions are a natural component in Business Continuity Plans adopted by businesses.

agreement with SITA

In late September Orange Business Services signed a seven-year agreement with SITA, the specialist in air transport communications and IT solutions. The network quality was instrumental in winning the contract, which is valued at 2 billion euros. The agreement ensures that the air transport industry will continue to benefit from competitive solutions and accelerated development of enhanced convergence services and real-time business applications.

International M2M Centre

The Group aims to be a world leader in machine-to-machine (M2M) connectivity solutions tailored to the needs of its customers. Expanding its global coverage, it inaugurated the International M2M Centre (IMC) in May 2009. The centre operates within its Belgian subsidiary Mobistar, a pioneer in M2M solutions since 2002. All the Group's M2M facilities leverage the resources of Orange Labs and bring together the full array of skills needed to offer international businesses support in deploying forward-looking machine-to-machine communication solutions.

unlocking the potential of real-time applications

Real-time business applications blend the best of IT and telecoms to deliver perfectly synchronised exchanges accross teams or between our customers' machines, putting real-time performance at the heart of their processes.

a tangible competitive edge

Real-time applications include management of contact centres, information access, online or contactless payment, event planning and much more. These applications sharpen the performance of businesses and enhance the daily experience of their customers. To converge operations at its three contact centres, which serve customers across 19 European countries, Canon Europe needed a process that was completely seamless for callers. Orange Business Services was thus selected in May to

flashcode

find out more
use your mobile phone to learn more about real-time applications

new blog

Orange Business Services blogs have welcomed nearly 220,000 visitors since 2008. In late 2009 a new blog was launched for the virtualization and cloud computing communities, providing an operator's perspective of these developments. The blog provides a forum for fruitful exchanges on a variety of issues related to virtualization at http://blogs.orange-business.com/virtualization

optimise real-time routing and call waiting times. In the city of Belfort, France, public transport company Optymo worked with the Group to develop a micropayment application that lets people pay for transportation using a text message (SMS). The tickets are sent instantly to their phone, ready for immediate use.

M2M: an enormous potential

Machine-to-machine (M2M) applications enable automatic transfer over the network of data from machines to either other machines or people. The most common applications to date involve services such as telemetry or telesurveillance for the general public, or fleet management for businesses. Orange Business Services has established its leadership in M2M connectivity in Europe, recording annual growth of 40% and an estimated two million smart cards in service in 2010. Orange Business Services is also a leader in vehicle fleet management. At the

end of 2009, it had equipped over 30,000 corporate vehicles with Fleet Performance, a solution available in markets across Europe and Africa. Another example of M2M solutions is Radio Frequency Identification, or RFID, which uses electronic tags to identify objects. This enables real-time tracking of a product throughout the entire logistics chain, from production to distribution. Solutions like these can be employed to limit greenhouse gas emissions and help protect the environment by optimising supply and deliveries.

cloud computing

Cloud computing is a new model for acquiring and using information technology assets. Resources like servers, storage infrastructure or software are remotely accessible online and can be used on demand. This eliminates the need to create a dedicated infrastructure, with all the underlying investments. The "IT Plan" is a virtualization solution designed for

businesses. Orange Business Services also offers Flexible Computing, a virtual on-demand infrastructure for medium-to-large enterprises. The Group offers a complete catalogue of flexible solutions, including custom-tailored services.

outlook

Orange Business Services continues to invest in its network and anticipate the development of services with compelling value-added features to facilitate the transformation of current business models. In a challenging economic environment, it will focus on profitable growth outlets. Business transformation solutions, which accounted for roughly one third of revenues in 2004, accounted for over half of revenues in 2009 and are expected to rise significantly in the years to come.

150
cloud computing specialists.

1,400,000
users of Business Everywhere worldwide.

chez vous

nik

share ideas

tele

consolidated financial statements

Detailed financial information is found in the 2009 Registration Document filed with the Autorité des Marchés Financiers (AMF) on 28 April 2010. This document is available on www.orange.com

consolidated balance sheet

Assets

(in millions of euros)	at December 31, 2009	at December 31, 2008	at December 31, 2007
Goodwill	28,173	30,301	30,807
Other intangible assets	10,376	14,451	16,658
Property, plant and equipment	24,321	26,534	27,849
Interests in associates	292	172	282
Assets available for sale	221	203	518
Non-current loans and receivables	2,555	1,554	1,960
Non-current financial assets at fair value through profit or loss	199	106	54
Non-current hedging derivatives assets	180	624	42
Other non-current assets	32	32	63
Deferred tax assets	3,739	5,142	7,273
Total non-current assets	70,088	79,119	85,506
Inventories	632	976	1,068
Trade receivables	5,494	6,163	6,556
Current loans and other receivables	1,088	63	81
Current financial assets at fair value through profit or loss, excluding cash equivalents	92	721	534
Current hedging derivatives assets	18	75	12
Other current assets	1,849	2,143	2,035
Current tax assets	142	144	111
Prepaid expenses	428	581	673
Cash equivalents	2,911	3,766	2,722
Cash	1,038	1,034	1,303
Total current assets	13,692	15,666	15,095
Assets held for sale	8,264	-	-
Total assets	**92,044**	**94,785**	**100 601**

The accompanying notes are an integral part of the consolidated financial statements.
They can be viewed on the www.orange.com website and are available on request from the Company.

Equity and liabilities

(in millions of euros)	at December 31, 2009	at December 31, 2008	at December 31, 2007
Share capital	10,595	10,460	10,457
Additional paid-in capital	15,730	15,325	15,317
Retained earnings	(304)	1,305	3,697
Equity attributable to the owners of the parent	26,021	27,090	29,471
Non-controlling interest	2,727	3,598	4,470
Total equity	28,748	30,688	33,941
Non-current trade payables	446	498	435
Non-current financial liabilities at amortised cost, excluding trade payables	30,869	31,782	32,532
Non-current financial liabilities at fair value through profit or loss	614	495	154
Non-current hedging derivatives liabilities	693	650	955
Non-current employee benefits	1,077	559	535
Non-current provisions	1,010	1,262	1,657
Other non-current liabilities	573	711	870
Deferred tax liabilities	1,090	1,288	1,539
Total non-current liabilities	36,372	37,245	38,677
Current trade payables	7,795	9,519	9,580
Current financial liabilities at amortised cost, excluding trade payables	6,333	8,236	8,694
Current financial liabilities at fair value through profit or loss	1,155	913	730
Current hedging derivatives liabilities	1	2	353
Current employee benefits	1,700	1,700	1,881
Current provisions	1,245	1,453	1,592
Other current liabilities	2,724	1,989	1,837
Current tax payables	305	277	331
Deferred income	2,486	2,763	2,985
Total current liabilities	23,744	26,852	27,983
Liabilities related to assets held for sale	3,180	-	-
Total equity and liabilities	**92,044**	**94,785**	**100,601**

The accompanying notes are an integral part of the consolidated financial statements.
They can be viewed on the www.orange.com website and are available on request from the Company.

consolidated income statement

(in millions of euros, except for per share data)	2009	2008	2007
Revenues	45,944	47,699	46,568
External purchases	(19,170)	(19,893)	(18,963)
Other operating income	560	604	680
Other operating expense	(2,288)	(2,110)	(2,213)
Labour expenses	(9,094)	(8,536)	(8,914)
Gains on disposal (losses) and other gains (losses)	(4)	(29)	775
Restructuring costs	(213)	(442)	(187)
Share of profits (losses) of associates	23	(210)	4
ECFI's ruling of November 30, 2009	(964)	-	-
Depreciation and amortisation	(6,417)	(6,859)	(7,077)
Impairment of goodwill	(449)	(270)	(26)
Impairment of fixed assets	(69)	(9)	(107)
Operating income	7,859	9,945	10,540
Cost of gross financial debt	(2,293)	(3,074)	(2,857)
Income and expense on net debt assets	133	267	281
Foreign exchange gains (losses)	(65)	(54)	10
Other financial Income and expense	(74)	(96)	(81)
Finance costs, net	(2,299)	(2,957)	(2,647)
Income tax	(2,295)	(2,899)	(1,245)
Consolidated net income after tax of continuing operations	3,265	4,089	6,648
Consolidated net income after tax of discontinued operations	200	403	171
Consolidated net income after tax	3,465	4,492	6,819
Net income attributable to owners of the parent	2,997	4,069	6,300
Non-controlling interests	468	423	519
Earnings per share (in euros)			
Net income of continuing operations attributable to owners of France Telecom SA			
– basic	1.06	1.40	2.36
– diluted	1.06	1.39	2.30
Net income of discontinued operations attributable to owners of France Telecom SA			
– basic	0.08	0.15	0.07
– diluted	0.08	0.15	0.06
Net income attributable to owners of France Telecom SA			
– basic	1.13	1.56	2.42
– diluted	1.13	1.54	2.36

consolidated cash flow statement

	at December 31, 2009	at December 31, 2008	at December 31, 2007
Operating activities			
Consolidated net income	3,465	4,492	6,819
Adjustments to reconcile net income (loss) to funds generated from operations			
Depreciation and amortisation	7,104	7,776	8,111
Impairment of non-current assets	69	9	107
Impairment of goodwill	450	271	26
Gain on disposals of assets	6	(11)	(769)
Change in other provisions	(27)	(591)	(945)
Share of profits (losses) of associates	(23)	211	(4)
Income tax	2,338	2,793	1,330
Finance costs net	2,295	2,987	2,650
Operational net foreign exchange and derivatives	99	(33)	(7)
Share-based compensation	42	76	234
Change in inventories, trade receivables and trade payables			
Decrease (increase) in inventories	236	38	(250)
Decrease (increase) in trade receivables	238	216	121
Increase (decrease) in trade payables	(641)	359	190
Other changes in working capital requirements			
Decrease (increase) in other receivables	131	(221)	(98)
Increase (decrease) in other payables	(153)	(233)	331
ECFI's ruling of November 30, 2009	964	-	-
Other net cash out			
Dividends and interest income received	169	299	315
Interest paid and interest rates effects on derivatives net	(1,758)	(2,561)	(2,726)
Income tax paid	(620)	(878)	(791)
Net cash provided by operating activities	14,384	14,999	14,644
Of which net cash provided by operating activities of discontinued operations	941	1,140	1,033

The accompanying notes are an integral part of the consolidated financial statements.
They can be viewed on the www.orange.com website and are available on request from the Company.

consolidated cash flow statement (continued)

	at December 31, 2009	at December 31, 2008	at December 31, 2007
Investing activities			
Purchases (sales) of property, plant and equipment and intangible assets			
Purchases of property, plant and equipment and intangible assets	(5,717)	(7,140)	(7,064)
Increase (decrease) in amounts due to fixed asset suppliers	(410)	(76)	125
Proceeds from sales of property, plant and equipment and intangible assets	93	233	113
Cash paid for investment securities, net of cash acquired			
FT España	(1,387)	(169)	-
Orange Tunisie	(95)	-	-
Compagnie Européenne de Téléphonie	(20)	(32)	-
Purchase of treasury shares by TP SA	-	(200)	(185)
Purchase of treasury shares by Mobistar	-	(175)	-
Orange Uganda Limited	-	(40)	-
Silicomp	-	(5)	(96)
FT España ISP (Ya.com)	-	-	(319)
Telkom Kenya	-	-	(270)
Orange Moldova	-	-	(103)
VOXmobile	-	-	(80)
Other payments for investment securities	(30)	(140)	(64)
Proceeds from sales of investment securities, net of cash transferred			
Orange Nederland	-	-	1,306
Tower Participations	-	-	254
Bluebirds	-	-	110
One	-	-	82
Other proceeds from sales of investment securities	14	56	56
Decrease (increase) in securities and other financial assets			
Negotiable debt securities	608	(120)	96
Escrow deposit	-	(207)	(757)
Other	(87)	(20)	(85)
Net cash used in investing activities	(7,031)	(8,035)	(6,881)
Of which net cash used in investing activities of discontinued operations	(406)	(463)	(488)

The accompanying notes are an integral part of the consolidated financial statements.
They can be viewed on the www.orange.com website and are available on request from the Company.

	at December 31, 2009	at December 31, 2008	at December 31, 2007
Financing activities			
Issuances			
Bonds convertible, exchangeable or redeemable into shares	4,638	4,047	3,122
Long-term debt	472	1,439	824
Redemptions and repayments			
Bonds convertible, exchangeable or redeemable into shares	(4,963)	(6,328)	(4,001)
Long-term debt	(2,390)	(711)	(2,430)
Equity portion of hybrid debt	(97)	(64)	(16)
Other changes			
Increase (decrease) in bank overdrafts and short-term borrowings	(1,215)	968	(906)
Decrease (increase) in deposits and other debt-linked financial assets (including cash collateral)	(590)	672	(330)
Exchange rates effects on derivatives net	(360)	(378)	(99)
Purchase of treasury shares	(7)	(35)	(214)
Capital increase (decrease) - owners of the parent company	2	11	140
Capital increase (decrease) - non-controlling interests	2	(100)	50
Dividends paid to non-controlling interests	(611)	(629)	(677)
Dividends paid to owners of the parent company	(3,141)	(4,949)	(3,117)
Net cash used in financing activities	(8,260)	(6,057)	(7,654)
Of which net cash used in financing activities of discontinued operations	(554)	(663)	(540)
Net change in cash and cash equivalents	(907)	907	109
Of which net change in cash and cash equivalents of discontinued operations	(19)	14	6
Effect of exchange rates changes on cash and cash equivalents and other non-monetary effects	56	(132)	(54)
Of which effect of exchange rates changes on cash and cash equivalents and other non-monetary effects of discontinued operations	(11)	(8)	(2)
Cash and cash equivalents at beginning of period	4,800	4,025	3,970
Of which cash	1,034	1,303	1,275
Of which cash equivalents	3,766	2,722	2,694
Of which cash and cash equivalents at beginning of period of discontinued operations	30	24	20
Cash and cash equivalents at end of period	3,949	4,800	4,025
Of which cash	1,038	1,034	1,303
Of which cash equivalents	2,911	3,766	2,722
Of which cash and cash equivalents at end of period of discontinued operations	-	30	24

glossary

2G
2nd generation mobile telephone technology, the GSM standard.

3G
Abbreviation for 3rd generation mobile telephone network based on the UMTS standard.

4G
4th generation mobile telephone technology, an iteration of the current 3rd generation technologies based on LTE (Long Term Evolution) technologies and able to deliver ultra-fast speeds of over 100 megabits per second.

ADSL
(Asymmetric Digital Subscriber Line): Broadband data transmission technology on existing conventional telephone networks. It enables broadband data transmission (primarily Internet access) via copper cable.

blog/blogosphere
A "weblog" is a personal journal kept on a website; by extension the community of bloggers and blog followers.

chat
An Internet-based service that lets people identified only by screen names carry on a live text conversation.

cloud computing
Refers to the use of storage capacity on servers located at datacentres around the world and connected via Internet.

double/triple/quadruple play
Broadband subscription packages that include Internet plus additional services: double play = Internet + fixed telephone; triple play adds TV, and with quadruple play, mobile is included too.

ethernet
The most widely used technology for local network connections.

hotspot
Wi-Fi access point situated in a busy public location (café, hotel, train station, airport, library, etc), providing mobile device or laptop users with wireless Internet access.

Internet Protocol
The basic communications protocol used for sending data on the Internet. It defines the way that information packets are structured to route them over the Web.

IP VPN
IP Virtual Private Network: a virtual private network that provides the same benefits as a private network (security, etc), but runs on public infrastructures, resulting in lower costs and eliminating the need for users to manage their network.

Livebox
The gateway terminal that provides access to broadband services via the France Telecom Orange copper network.

LTE
Long-Term Evolution, the 4th generation of mobile technology.

MPLS

Multi Protocol Label Switching creates a completely sealed network reserved to businesses that cannot be accessed from the Internet, guaranteeing the confidentiality of customer information.

MVNO

Mobile Virtual Network Operators that use third-party network infrastructures to provide their own mobile telephone services.

push mail

An email system that actively transfers (i.e. "pushes") mail to mobile devices without any action by the user, unlike services that require regular synchronisation.

roaming

Making and receiving calls while in the coverage area of a network to which the user is not subscribed. A prime example is the use of a wireless device in another country on another operator's network.

SIM

Subscriber Identity Module: a chip card that contains information on a subscriber to a mobile network (type of plan, services). The SIM is inserted in a mobile phone or laptop to identify the owner so the network authorises access to the mobile services contained in the subscription.

smartphone

A mobile phone offering advanced capabilities, converging telephone functionalities with features such as calendars, email and more.

SMS/MMS

Short Message Service/Multimedia Messaging Service that run on mobile networks and devices.

start over

A service that lets viewers go back and watch the beginning of a programme that has already started.

streaming

Downloading and watching or listening to audio or video content stored on the Internet without necessarily downloading the entire file first.

unbundling

Providing access to copper wires to competing operator. The telephone line remains the property of the incumbent operator but third-party operators have access via their equipment co-located in the central office facility.

WiFi

Wireless Fidelity: a wireless local area network that can be used in a defined space (public area, company, home) to connect to the Internet at broadband speeds.

WiMax

Worldwide Interoperability for Microwave Access: a wireless broadband transmission standard used mainly for high-speed access over a wide populated zone.

Words in this glossary are printed in orange the first time they are used in the report.

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virtual + real = augmented reality

Augmented reality" is a technological innovation that will really change our everyday lives. It consists of creating interaction between the virtual and real worlds via a computer or mobile phone screen. As the name says, it "augments" our perception of reality by overlaying virtual information in real time.

The most ubiquitous applications so far are installed on smartphones able to integrate Internet access, a camera, geolocation and electronic compass functions. These applications provide information and guide users for a myriad of everyday activities like shopping, checking cinema show times and public transport timetables, or interactive tours of museums. An estimated 350 mobile phones will be able to take advantage of augmented reality applications by 2014.

Augmented reality is also spreading on websites by blending webcams, cameras and 3D animation. Here too, the range of possibilities is boundless. In e-commerce, for example, people can look at a virtual sofa or chair in a real-world environment before purchasing it. Manufacturers can design prototypes and display them in actual situations, advertisers enjoy countless new creative directions and much more….

experience
the adventure!

an interactive discovery
of the Château de Versailles gardens

After a fascinating tour of the Château, you return
your audio-guide and stroll out to marvel
at the magnificent perspective stretching from
the Parterre d'Eau all the way to the horizon.
But which way to go in these immense gardens?
How do you explain some of the history to your
children, and the way André Le Nôtre organized
this incomparable site? Easy – just download
the "Jardins de Versailles" app for your iPhone and
your guide will accompany you throughout your visit.
When you go by a particularly remarkable site,
the vibrator alert rings and you can watch a video,
look at photos or listen to music. You'll learn all about
the Parterre de l'Orangerie, the origins and how it got

its name. Orange Research & Development teams
have worked with the new media department
at the Château de Versailles to add an exciting
dimension to your visit and take advantage of new
technologies like augmented reality.

See the other side of this flap to find out more
about augmented reality. And to try it out for
yourself, just get your copy of the annual report
ready and connect to the website below. Our
friendly virtual bird will guide you to the Château
de Versailles gardens right from your computer!

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