

France Telecom signs an agreement concerning “senior” employees

- France Telecom-Orange today signed an agreement concerning the employment of senior staff in France and on measures to develop the second half of careers for employees in France. The agreement was signed with the CFTD, CFTC, CGT and FO, who together represent 68% of votes cast during the last employee representative elections.
- This agreement is an important part of the Group’s overall social policy, and is designed to supplement measures that have already been taken with regards to diversity and non-discrimination.
- The agreement also takes place within the context of the Group’s new social contract, which was launched by Didier Lombard, Chairman and CEO, and Stephane Richard, Deputy CEO in charge of Operations in France.

Following the signature of this agreement, Olivier Barberot, Senior Vice President of Group Human Resources, thanked all those who took part in the negotiations and emphasised the importance of this agreement as a symbol of the renewed social dialogue that forms the backbone of the Group’s reform ambitions.

This agreement, which will remain applicable for a period of three years (2010-2012), applies to all the Group’s employees in France regardless of their contractual status and to all legal entities in which France Telecom SA directly or indirectly holds at least a 50% stake.

The agreement aims to implement practical measures to provide job stability and improved employment opportunities for senior staff in order to make optimum use of their experience and facilitate knowledge transfer. The agreement also aims to provide better support and develop the procedures surrounding the end of employees’ careers.

The Group’s management and employee representatives have decided to address the six aspects of this issue as set out by the law. Within this context, specific objectives and measures have been defined:

Anticipating the evolution of professional careers

France Telecom-Orange will set-up a system in which “career orientation” interviews are held for employees aged 45 and over. These will take place with the help of a counsellor and are designed to examine career prospects based on the employee’s own wishes and opportunities offered by the company. 10,000 such interviews are expected to take place during the period covered by the agreement.

Developing skills and qualifications; increasing access to training

France Telecom-Orange is adopting specific measures to guarantee access to training for employees aged 45 and over. To do this, the Group’s companies have made a commitment to reduce by 20% the gaps that exist between employees aged 45 and over and all employees both in terms of access to training and in terms of actual training hours.

Improved measures for end of careers; managing the transition between working life and retirement

Firstly the Group will set-up a “seniors orientation” interview for employees aged 55 and over, in order to be run by counsellors, to discuss with employees the end of their careers and also, on request, to set up precise simulations of their individual situations. 7,500 “seniors orientation” interviews are expected to be held over the three-year period of the agreement.

In addition, in order to measure the progress made in terms of job stability for senior staff, the Group has made a commitment to increase the average age at which senior staff (employees aged 55-years or over) leave the company by nine months over the next three years.

The agreement also allows for the deployment of a “part-time for seniors” plan for all employees who are eligible for retirement with full benefits within three years and who wish to adjust their working time.

The plan is available for all employees regardless of their status – public-sector or contract –, and enables them to work on a 50% part-time basis, with the support of the company, during a period of at least 18 months and no longer than three years.

The plan, which enables employees to retire early, is based on four packages:

- 65% of pay: 18 months part-time work, 18 months freed-up time
- 70% of pay: 2 years part-time work, 12 months freed-up time
- 75% of pay: 2 and half years part-time work, 6 months freed-up time
- 80% of pay: 3 years part-time work, as planned

The company has set minimum pay thresholds and takes responsibility for both the company's and the employee's retirement shares (on the basis of full-time employment) for the period of plan.

The Group estimates that around 14,000 employees will be eligible for this plan throughout the period of its application. Over the three-year period, the Group will replace employees at a rate of 50% of the time freed-up by those subscribing to the plan while fully maintaining the quality of working conditions. Based on a low-end hypothesis of 6,000 seniors taking advantage of this plan, this commitment corresponds to the recruitment of 1,500 full-time staff over the next three years. The recruitments linked to this plan will enable the Group to anticipate changes in the age-structure of the overall employee base, which will see a notable increase in the number of employees retiring over the coming years.

Transferring knowledge & skills; the development of tutoring

The signatories of this agreement hope to develop an environment that will facilitate the transfer of knowledge and skills by employees aged 50 and over. For this to happen, it has been decided to promote the concept of tutoring, and to recognise the role of the tutor; the Group intends to set-up a base of 1,600 tutors and trained apprentice masters over the period of the agreement.

Other specific measures for seniors have also been agreed upon in order to promote intergenerational diversity. These include the possibility to use distance working systems, access to sponsorship programs and volunteer work through the Orange Foundation, annual medical checks for employees aged 55 and over, a stronger role for Health and Safety representatives, and a greater awareness among managers of the specific needs and expectations of senior staff.

The agreement applies from 1 January 2010.

About France Telecom

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

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

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

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