

press release
25 November, 2009

France Telecom and TDC agree to merge Orange Switzerland and Sunrise to create the leading alternative operator in the Swiss telecom market

Renens, Zurich, Paris and Copenhagen, 25 November, 2009: France Telecom and TDC announce today that they have reached an agreement to combine their respective Swiss subsidiaries, Orange Communication S.A. ("Orange Switzerland") and Sunrise Communications S.A. ("Sunrise"). The combined entity will create the leading nationwide alternative provider of telecommunications services in Switzerland.

France Telecom will pay at closing a net amount of €1.5 billion to TDC and, as a result of a series of steps, become a 75% shareholder in the combined entity, and TDC will hold the remaining 25%.

With approximately 3.4 million mobile¹ and 1.1 million fixed and broadband customers², the combined entity will account for around 38% of the mobile telephony market³ and 13% of the fixed broadband connections⁴. For 2008, the combined entity would have generated total pro-forma revenues of CHF 3.1 billion (€2.0 billion) and EBITDA of CHF 809 million (€534 million). As a full-service nationwide fixed and mobile operator, it will broaden the scope of services offered through more than 100 shops throughout Switzerland, bringing the best of both companies' offers to a larger number of customers.

Gervais Pellissier, France Telecom Deputy CEO and CFO, said: "The planned merger of Sunrise and Orange Switzerland marks a new significant step in the long-term investment by France Telecom-Orange in Switzerland. Following the UK joint venture between Orange and T-Mobile, France Telecom completes another major in-market consolidation, consistent with its M&A policy."

Jesper Ovesen, TDC CFO, said: "We are pleased with the transaction and believe that the combination will create a stronger player in the Swiss telecommunications market. We look forward to working with France Telecom and creating further value for all stakeholders. The agreement is a natural last step towards TDC focusing on the Nordic markets, which is our strategic goal."

This merger will bring substantial benefits to Swiss customers. It will result in better mobile network coverage, broadband capacity and quality for 2G and 3G services, with notable environmental benefits. Joint network development would lead to a reduction of around one third in the projected number of mobile telephone antennas compared to the original standalone network build-up plans. In addition, the combined entity would bring a better customer reach and service through a larger network of shops and improved customer services.

Thomas Sieber, CEO of Orange Switzerland, added: "This merger is a further proof of France Telecom's lasting commitment to our country, and will offer us fabulous opportunities by creating the leading alternative operator in the Swiss telecom market."

¹ as of end of June 2009

² as of end of December 2008

³ as of end of June 2009

⁴ as of end of December 2008

“The merger with Orange is an important milestone for us,” said **Sunrise CEO Christoph Brand**. “This is a logical way for us to improve our competitive position in the Swiss market and create a better product offering for our customers. The combined group will be better placed to make the necessary investments for the future and allow us to play a more active role in shaping the market.”

Transaction highlights

The combination and integration of Sunrise and Orange Switzerland is expected to generate synergies with an estimated net present value of €2.1 billion (CHF3.2 billion).

- Estimated Opex-based synergies, arising in particular from Network & IT, distribution, marketing and workforce optimisation, are expected to reach an annual run-rate of CHF200 million (€132 million), with cumulative integration costs estimated at CHF140 million (€92 million)
- Significant Capex synergies of CHF570 million (€376 million) are expected between 2010 and 2015 (net of integration Capex) and a run-rate Capex savings of CHF65 million (€43 million) per annum from 2015

The Board of the combined entity will be composed of representatives of TDC and France Telecom, with France Telecom holding the majority of the seats. Thomas Sieber will be the Chief Executive Officer of the combined entity. After successfully having repositioned Sunrise in the market over the last three years, Christoph Brand will continue as Sunrise’s CEO up until the completion of the transaction. Post-closing Christoph Brand will help supervise the initial integration, before moving on to pursue new executive opportunities outside of the combined entity.

The combined entity will have a share buyback programme targeted at TDC’s 25% stake to be executed at the discretion of the Board using cash generated by the company. If decided, the annual share buybacks will be executed in Q1 of each of 2012, 2013 and 2014, on the basis of pre-agreed multiples applied to prior year EBITDA and determined on the basis of a target net present value of €1.2bn for the full 25% TDC stake.

Furthermore, TDC will have the right to sell its stake to third-parties from the second anniversary of closing or to do an initial public offering of the company from the third anniversary of closing. In addition, France Telecom will have an option to buy TDC’s shares from the first anniversary of closing at a minimum value of €1.2 billion, compounded at a rate of 7% per annum.

In connection with the exit routes, the following mechanism is put in place:

- France Telecom to pay €100m per year to TDC in each of 2012, 2013 and 2014 (representing c. €245 million of NPV);
- Such payment(s) will not occur in the respective year(s) in which the share buyback is implemented, or if the France Telecom call option has been exercised, and
- These payments may be reduced or reimbursable under certain exit scenarios for TDC (exercise of France Telecom call option, IPO or sale to a third party).

Prior to signing the final transaction documentation, which is expected to take place in the second half of February 2010, both TDC and France Telecom will undertake a confirmatory due diligence. The completion of the transaction will furthermore be conditional upon the approval by the relevant competition and regulatory authorities.

The transaction is expected to create substantial value for both shareholders and for France Telecom to be accretive from 2010 in terms of free cash-flow per share and from 2011 in terms of earnings per share. After closing, France Telecom will fully consolidate the combined entity, whilst TDC will recognise its interest in the company using the equity method.

About TDC

TDC is the leading provider of communications solutions in Denmark with a strong Nordic focus. In the Nordic region TDC has five business units: Business, Operations & Wholesale, Consumer, Nordic and YouSee. TDC's activities outside the Nordic Region comprise amongst others Sunrise, a leading telecommunications provider in Switzerland. TDC was partly privatised in 1994 and fully privatised in 1998. Nordic Telephone Company ApS owns 87.9% of TDC, with the remainder of the shares held by individual and institutional shareowners.

TDC's shares are listed on NASDAQ OMX Copenhagen, its Reuters code is TDC.CO and its Bloomberg code is TDC DC.

For more information: www.tdc.dk, www.sunrise.ch

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.

For more information: www.orange.com, www.francetelecom.com, www.orange-business.com

About Sunrise

Sunrise is the second largest telecommunications provider in Switzerland. Over 2.9 million customers use its services in the areas of mobile communications, fixed network and the Internet. The mobile network, based on GSM, EDGE, UMTS and HSDPA technologies, provides over 99% of the population with state-of-the-art mobile network services with transfer rates of up to 7.2 Mbps. A high-performance fiber optic network, with a total length of more than 15,000 km, enables high-quality voice and data services to be offered throughout the country. By the end of 2009, Sunrise will be serving around 80% of all households with its own broadband services. Sunrise is a brand of Sunrise Communications AG, whose share capital is 100% owned by TDC A/S.

You can find more details on Sunrise at www.sunrise.ch

About Orange Switzerland

Orange Communications SA entered the Swiss telecoms market in June 1999 as the third mobile communications provider. The Orange mobile communications network covers 99% of the Swiss population and offers fast mobile Internet connections in addition to mobile phone calls. As of June 2007, Orange also provides fixed network lines.

In 2008, Orange generated total revenues of CHF 1,308 billion. Some 1,151 employees attend to the every-day needs of 1,566,183 customers (as at the end of September 2009).

Orange Switzerland is a 100% subsidiary of the France Telecom Group. As at 30 September 2009, France Telecom had more than 126 million mobile communications customers and over 13.4 million Internet customers. In 2008, France Telecom achieved a consolidated revenue of EUR 53.5 billion.

You can find more details on Orange at www.orange.ch.

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Contacts

France Telecom: +33 1 44 44 93 93

Béatrice Mandine: beatrice.mandine@orange-ftgroup.com

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

TDC Investor Relations: +45 6663 7680

investorrelations@tdc.dk