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This press release is not a formal announcement of an offer of in accordance with 11.4 of the Takeover Rules issued by OMX Nordic Exchange Stockholm and there is no assurance that France Telecom will launch a public offer on TeliaSonera.

France Telecom makes a friendly approach to TeliaSonera to explore a combination of the two groups

- This combination would create a worldwide leader in convergent communications:
 - number three worldwide in fixed broadband,
 - number four worldwide in mobile,
 - well-balanced portfolio between developed and emerging markets.
- Indicative proposal made to Board of Directors of TeliaSonera : mix of 52% EUR denominated cash consideration¹ equivalent to SEK 63.00 per TeliaSonera share and 48% share consideration based on an exchange ratio of 3 newly issued France Telecom shares for 11 existing TeliaSonera shares, with a cash guarantee option for the first 500 shares.
- Proposed transaction would be accretive on an earnings per share basis from 2009 onwards and would become accretive in 2011 in terms of free cash flow per share.
- Indicative proposal would represent a premium of approximately 39%² over TeliaSonera's closing share price on 15 April 2008³.
- Indicative proposal has been transmitted to TeliaSonera's board of directors and its two largest shareholders.

The board of directors of France Telecom has mandated its Chairman & CEO to explore with TeliaSonera the possibility of a combination between the two groups.

Any such combination would be contingent upon a possible transaction being conducted on a friendly basis and in full compliance with France Telecom's previously stated external growth criteria and financial commitments.

The combination between the two groups would create the number four worldwide telecom operator with a total of 237 million subscribers (168 million mobile subscribers and 69 million fixed subscribers), as well as significant market positions in 30 countries and a leading position in 21 national markets. The combined portfolio would feature an attractive balance of consolidated assets in Western Europe as well as in emerging markets across three key geographical areas (Eastern Europe/Baltic States, Eurasia and Middle East&Africa).

The combination of the two groups, and the resulting enhanced scale and reach, would constitute a significant competitive advantage, not only in the capacity to rapidly develop innovative services and products but also in the ability to deliver these

¹ Based on the SEK/EUR exchange fixing on the business day prior to the announcement of the offer

² Based upon France Telecom's current median analysts target price of EUR 24.25 per share

³ Day before publication of first information on the proposed transaction

services and products to an extended customer base. The resulting combination of nimbleness and scale would be key in securing the most advantageous partnerships with the world's global leaders in software, hardware, content and advertising.

There is no assurance that the transmission of an indicative proposal to TeliaSonera and to its two largest shareholders will give rise to a public offer.

France Telecom's indicative proposal to TeliaSonera is in the form of a 52/48 mix of cash and shares, consisting of EUR denominated cash consideration⁴ equivalent to SEK 63.00 per TeliaSonera share and a share consideration based on an exchange ratio of 3 newly issued France Telecom shares for 11 existing TeliaSonera shares, with a cash guarantee option available to all shareholders for their first 500 shares tendered.

The basic terms of the indicative proposal represent:

- a value of SEK 62.35⁵ per TeliaSonera share, which implies a premium of approximately 39% over its closing share price of SEK 44.80 as of 15 April 2008⁶, based upon France Telecom's current median analysts target price of EUR 24.25 per share; and
- a value of SEK 56.22⁵ per TeliaSonera share, which implies a premium of approximately 25% over its closing share price of SEK 44.80 as of 15 April 2008⁶, based upon France Telecom's closing share price of EUR 19.23 per share as of 4 June 2008.

Based on market consensus forecasts, the proposed transaction would be accretive on an earnings per share basis from 2009 onwards and would become accretive in 2011 in terms of free cash flow per share. Excluding the impact of TeliaSonera's non consolidated assets⁷, the proposed transaction would be accretive in terms of free cash flow per share from 2010 onwards.

The terms of the indicative proposal meet France Telecom's external growth criteria. Based on market consensus forecasts, the net debt/GDM ratio would meet the group's medium term commitment to bring this ratio below 2.0x within 3 years. France Telecom also reiterates that the indicative proposal would not result in any change of its dividend policy announced on 6 February 2008.

The proposed combination is expected to result in important synergies for the two groups.

Synergies in core activities encompass economies of scale and strengthened negotiating power with regard to network and IT expenditure, handset procurement, R&D and support, as well as traffic optimization. Such synergies could generate operational free cash flow savings of nearly 1% of the 2007 pro-forma revenues for the combined group by 2013, with approximately 70% of such savings being achieved by 2011.

France Telecom plans to list its shares on the Stockholm and Helsinki exchanges in the event that the combination is implemented.

If an agreement is reached with TeliaSonera, and France Telecom decides to launch a public offer, the proposed transaction will be submitted for approval to the France Telecom shareholders and the relevant competition and regulatory authorities.

⁴ Based on the SEK/EUR exchange fixing on the business day prior to the announcement

⁵ Based on the last 12 month average exchange rate of SEK/EUR 9.32

⁶ Day before publication of first information on a potential transaction

⁷ Impact on France Telecom FCF per share of the integration of consolidated assets of TeliaSonera, based on a transaction value excluding the value of non consolidated assets. The market value of the non consolidated assets is based on: (i) for Turkcell: the volume weighted average share price since the announcement of the company's Q1 results (calculated as of 29 May 2008); (ii) for Megafon: MTS' and Vimpelcom's 2009 EV/EBITDA multiples, calculated on the basis of their 180 day volume weighted average share prices, applied to the company's 2009 EBITDA consensus forecast; and (iii) for Lattelecom: the indicative price offered by TeliaSonera to the Republic of Latvia on 7 February 2008.



About France Telecom

France Telecom, one of the world's leading telecommunications operators, serves more than 172 million customers in five continents as of March 31, 2008, of which two thirds are Orange customers. The group had consolidated sales of 52.9 billion euros in 2007 (13 billion euros at March 31, 2008). As of March 31, 2008, the group had 111.9 million mobile customers and 12 million broadband internet (ADSL) customers. Launched in June 2005, the NExT program (New Experience in Telecommunications) will enable the group to pursue its transformation as an integrated operator and make France Telecom the benchmark for new telecommunications services in Europe. In 2006, Orange became the group's single brand for Internet, television and mobile services in the majority of countries where the company operates, and Orange Business Services the brand name for services offered to businesses worldwide. France Telecom is the number three mobile operator and the number one provider of broadband internet services in Europe and one of the world leaders in providing telecommunication services to multinational companies.

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

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

Press contacts: +33 1 44 44 93 93

Béatrice Mandine beatrice.mandine@orange-ftgroup.com

Bertrand Deronchaine bertrand.deronchaine@orange-ftgroup.com

Sébastien Audra sebastien.audra@orange-ftgroup.com

Martin Haag Tel + 46 8 407 22 56 martin.haag@halvarsson.se

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The financial information in this press release is based on international financial reporting standards (IFRS) and is subject to specific uncertainty factors given the risk of changes in IFRS standards.

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