



Press release
Paris, 19 June 2017

Not for publication or distribution in the United States of America, Australia, Canada, Japan or Italy, or in any other jurisdiction in which offers or sales would be prohibited by applicable law.

This press release does not constitute or form a part of any offer to sell or subscribe nor a solicitation to buy or subscribe to any securities of BT or Orange, and the placement of the shares of BT as well as the placement of the bonds of Orange do not constitute, in any circumstances, a public offering in any country, including France.

Orange reduces its stake in BT and secures financing at a negative interest rate

Orange has taken a balanced approach which allows it to reduce the Group's exposure to BT Group plc (BT), while keeping exposure to a potential future share price increase through its residual stake:

- Sale of one third of its current participation in BT through a private placement of approximately 133 million shares
 - BT will place an order for GBP 200 million in the placement of BT shares, at the placement price, part of which for the benefit of its Employee Share Ownership Trust. This order will be fully allocated by Orange
- Simultaneous issue of approximately GBP 520 million bonds due 2021 exchangeable into BT shares underlying another one third of Orange's participation
- Orange to initially retain a 2.66% stake in BT

Orange announces it has launched the sell-down of approximately 133 million shares that its subsidiary Atlas Services Belgium owns in BT, representing around 1.33 % of the share capital of BT, through a private placement by way of an accelerated bookbuilt offering.

BT will acquire up to GBP 200m in the placement of BT shares, part of which for the benefit of its Employee Share Ownership Trust, at the placement price. Such order will be fully allocated by Orange.

Simultaneously, Orange announces it has launched an offering of bonds exchangeable into BT shares due 2021 for a nominal amount of approximately GBP 520 million, at a premium of 35% to 40% above the share placement price carried out by way of a private placement.

Orange would initially retain a 2.66% stake in BT. In case of exercise in full of the exchange rights underlying the bonds, Orange would retain a 1.33% stake in BT.

The exchangeable bonds, with a maturity of 4 years (except in the case of early redemption), are issued in GBP. They will bear a coupon between 0% and 0.375% and will have negative interest rate after hedging in euros. They will be offered at an issue price of

between 100.5 % and 100 % of the principal amount, corresponding to an annual yield to maturity of between -0.125 % and 0.375 %.

The exchangeable bonds are expected to be issued in principal amounts of GBP 100,000 per bond and will be redeemed at par at maturity (except in the case of early redemption). The holders of exchangeable bonds may exercise their exchange right at any time from 7 August 2017 until the 55th calendar day before the maturity date of the bonds. Orange will have the flexibility to settle in cash, deliver ordinary shares of BT or a combination thereof.

The underlying exchange property (being initially only BT shares) will be subject to customary adjustment upon the occurrence of certain corporate events pursuant to the terms and conditions of the bonds.

The final terms of the placement and of the exchangeable bonds issue are expected to be announced on 20 June 2017 at the latest. Settlement for the placement of the BT shares and the exchangeable bonds issue are expected to take place on 22 June 2017 and 27 June 2017 respectively. An application will be made for the exchangeable bonds to be admitted to trading on the Marché Libre d'Euronext Paris.

Orange will agree to a 90-day lock up for its remaining shareholding in BT, subject to waiver from the joint bookrunners and certain exceptions, in particular the possibility to sell BT shares to a strategic investor (provided that this investor agrees to be bound by a similar lock-up commitment) or to monetize scrip dividend.

The proceeds of these transactions will be used for the general corporate purposes of Orange.

The placement of the shares and the exchangeable bonds issue are targeted at eligible institutional and qualified investors. The definitive terms will be determined following the completion of the accelerated bookbuilding process. There will be no public offering in any country.

About Orange

Orange is one of the world's leading telecommunications operators with sales of 40.9 billion euros in 2016 and 154,000 employees worldwide at 31 March 2017, including 95,000 employees in France. Present in 29 countries, the Group has a total customer base of 265 million customers worldwide at 31 March 2017, including 203 million mobile customers and 19 million fixed broadband customers. Under the Orange Business Services brand, Orange is also one of the world leaders in providing telecommunication services to multinational companies. In March 2015, the Group presented its new strategic plan "Essentials2020" which places customer experience at the heart of its strategy with the aim of allowing them to benefit fully from the digital universe and the power of its new generation networks.

Orange is listed on Euronext Paris (symbol ORA) and on the New York Stock Exchange (symbol ORAN).

For more information on the internet and on your mobile: www.orange.com, www.orange-business.com or follow us on Twitter: [@presseorange](https://twitter.com/presseorange).

Orange and any other Orange product or service names included in this material are trademarks of Orange or Orange Brand Services Limited.

Press contact: +33 1 44 44 93 93

Tom Wright; tom.wright@orange.com

Olivier Emberger; olivier.emberger@orange.com

IMPORTANT NOTICE

The distribution of this press release and the offer and sale of the Shares and the Bonds referred to herein (the “**Securities**”) may be restricted by law in certain jurisdictions and persons into whose possession this document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Securities were not and are not being offered to the public in any jurisdiction and may not be offered to the public in any jurisdiction in circumstances which would require the preparation or registration of any prospectus or offering document relating to the Securities in such jurisdiction. This press release is not an offer of securities for sale in any jurisdiction, including the United States of America, Canada, Australia, Japan or Italy. No action has been taken to permit a public offering of the Securities or possession or distribution of this press release in any jurisdiction where action for that purpose is required. Neither this press release nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or purchase whatsoever in any jurisdiction and shall not constitute or form part of an offer to sell or the solicitation of an offer to buy any securities in the United States of America or in any other jurisdiction. The information contained in this announcement is for background purposes only and does not purport to be full or complete and no reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

European Economic Area

This press release is an advertisement and not a prospectus within the meaning of Directive 2003/71/EC of the European Parliament and the Council of 4 November 2003, as amended, in particular by Directive 2010/73/EU to the extent such Directive has been transposed in the relevant member State of the European Economic Area (together, the “**Prospectus Directive**”).

With respect to member states of the European Economic Area (“**EEA**”) which have implemented the Prospectus Directive (each, a “**Member State**”), no action has been undertaken or will be undertaken to make an offer to the public of the Securities requiring a publication of a prospectus in any Member State. As a result, the Securities may only be offered in Member States:

- a) to “qualified investors” within the meaning of the Prospectus Directive;
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined by the Prospectus Directive) in each Member State; or
- c) in circumstances falling within Article 3(2) of the Prospectus Directive,

and provided that no such offer of Securities referred to in (a) to (c) above shall require Orange or the Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For these purposes, as defined in the Prospectus Directive, the expression an “**offer to the public of the Securities**” in a relevant Member State, which has implemented the Prospectus Directive (as defined below), means any communication in any form and by any means of sufficient information on the terms of the offer of the Securities to be offered, so as to enable an investor to decide, as the case may be, to purchase or subscribe the Securities, as the same may be varied in that Member State.

This selling restriction applies in addition to any other selling restrictions which may be applicable in the Member States who have implemented the Prospectus Directive.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - the Bonds are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“**MIFID II**”); (ii) a customer within the meaning of Directive 2002/92/EC (“**IMD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

United Kingdom

In the United Kingdom this press release is directed exclusively at Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”) or (ii) who fall within Article 49(2)(A) to (D) of the Order, and (iii) to whom it may otherwise lawfully be communicated. This press release is not an offer of securities or investments for sale nor a solicitation of an offer to buy securities or investments in any jurisdiction where such offer or solicitation would be unlawful. No action has been taken that would permit an offering of the securities or possession or distribution of this press release in any jurisdiction where action for that purpose is required. Persons into whose possession this press release comes are required to inform themselves about and to observe any such restrictions.

France

The offer and sale of Securities in France will be implemented in the context of a private placement to certain institutional investors according to Article L. 411-2 II the French *Code monétaire et financier* and in particular (i) persons providing the portfolio management investment service on behalf of third parties, (ii) qualified investors, and (iii) a restricted circle of investors provided that such investors act on their own account.

The Bond Issue will not require the publication of the prospectus subject to the French *Autorité des Marchés Financiers*.

United States of America

This press release may not be published, distributed or transmitted in the United States of America (including its territories and dependencies).

This press release does not constitute an offer of securities or any solicitation to purchase or subscribe for Securities or any solicitation of sale of Securities in the United States of America.

The Securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), and may not be offered or sold in the United States of America or to, or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act), absent registration under the Securities Act or pursuant to an available exemption therefrom. The Securities have not been and will not be registered under the Securities Act and no public offering of the securities will be made in the United States of America.

Canada, Australia, Japan and Italy

The Securities may not be offered or sold in Canada, Australia, Japan or Italy. The information included in this press release does not constitute an offer of Securities in Australia, Canada, Japan or Italy.

The distribution of this press release may, in certain countries, constitute a breach of applicable laws.

In connection with any offering of the Securities, the placements agents appointed by Orange in connection with the Share Placement and the bookrunners appointed by Orange in connection with the Bond Issue (together the “**Managers**”) and any of the Managers’ respective affiliates may take up as a principal position any Securities and in that capacity may retain, purchase or sell for their own account such Securities and other securities of Orange or related investments in connection with the Transaction or otherwise. In addition each of the Managers may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which they may from time to time acquire, hold or dispose of Securities. They do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Managers are acting on behalf of Orange and no one else in connection with any offering of the Securities and will not regard any other person as its client nor be responsible to any other person for providing the protections afforded to any of its clients or for providing advice in relation to any offering of the Securities nor for providing advice in relation to the Share Placement, the Bond Issue, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

None of the Managers, nor any of their respective directors, officers, employees, advisers or agents, accepts any responsibility or liability whatsoever for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to Orange, its subsidiaries or associated companies, whether written, oral or in a visual or

electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of this announcement or its contents or otherwise arising in connection therewith.