

Paris, 4 August 2008

Strong Organic Growth

- **Consolidated Revenues of €692.2 million, Broadband Revenues up in excess of 22%**
- **93,000 new subscribers in Q2 2008, 25%¹ market share**
- **Improved unbundling rate at 83.4%**

Free confirmed its dynamic organic growth in 1st half 2008 by recruiting 230,000 new ADSL subscribers (net of terminations). The ADSL subscriber base thus increased from 2,904,000 at 31 December 2007 to **3,134,000 at 30 June 2008**.

With **93,000 new ADSL subscribers (net of terminations) and a 25%¹ market share of net adds over 2nd quarter 2008**, Free clearly asserted its positioning as the leading alternative fixed operator in terms of net recruitments.

During 2nd quarter 2008, the Group continued to innovate and enhance the attractiveness of its offering:

- Freebox HD featured the latest WiFi generation: 802.11n (April 2008)
- Pre-release of Canal+'s catch-up TV service on Freebox (May 2008)
- Free expanded its High Definition (HD) content offering with the launch of M6 HD and France 2 HD (June 2008)
- Free offered to new subscribers 1 year subscription to *Canal+ Le Bouquet* for € 1 extra (June 2008)

2007/2008 changes in ADSL subscriber base

| | 30 June 2007 | 31 Dec. 2007 | 30 June 2008 |
|--|-----------------|-----------------|--------------|
| ADSL subscribers | 2,626,000 | 2,904,000 | 3,134,000 |
| Unbundled subscribers | 2,060,000 | 2,366,000 | 2,614,000 |
| Unbundled subscribers, as % of total | 78.4% | 81.5% | 83.4% |
| Residential ADSL market share ² | 19.5% | 19.7% | 19.8% |

Free continued its efforts to extend local loop unbundling. At 30 June 2008, 83.4% of its subscribers were unbundled (partly or fully) and 1,850 connection nodes were connected to the Free network.

¹ Based on an estimated total market of 376,000 net adds over 2nd quarter 2008

² Based on ARCEP and France Telecom figures

1H 2008 and 2Q 2008 Revenues

| (in € million) | 1H 08 | 1H 07 | % change | 2Q 08 | 2Q 07 | % change |
|--|--------------|--------------|----------------|--------------|--------------|----------------|
| Consolidated Revenues | 692.2 | 574.1 | 20.6% | 352.2 | 296.2 | 18.9% |
| Broadband | 684.1 | 561.0 | 21.9% | 348.5 | 290.3 | 20.0% |
| - Inter sector | (4.5) | (5.9) | (23.7%) | (2.5) | (2.8) | (10.7%) |
| Consolidated Broadband Revenues | 679.6 | 555.1 | 22.4% | 346.0 | 287.5 | 20.3% |
| Traditional Telephony | 21.5 | 26.7 | (19.5%) | 12.8 | 14.5 | (11.7%) |
| - Inter sector | (8.9) | (7.7) | 15.6% | (6.6) | (5.8) | 13.8% |
| Consolidated Traditional Telephony Revenues | 12.6 | 19.0 | (33.7%) | 6.2 | 8.7 | (28.7%) |

During 1st half 2008, **value-added services generated revenues of €168.9 million**, being growth of 41% compared to 1st half 2007. Value-added services now account for close to a quarter of Broadband Revenues.

The **Broadband ARPU was €36.3 per month** (excluding VAT) in 1st half 2008, being a year-on-year increase of more than €1.3.

1H 2008 highlights

On 9 June 2008, Iliad entered into exclusive negotiations with Telecom Italia Spa in view to acquire LibertySurf Group SAS. Liberty Surf Group SAS primarily operates as an internet access provider in France, marketed under the brand Alice. With this transaction, Iliad shall become the leading French alternative fixed operator.

Subject to the outcome of a formal consultation process with personnel representatives in France and to obtaining the necessary authorisations, the transaction should be finalised before the end of 3rd quarter 2008.

Outlook

In the light of its 1st half 2008 performance, Iliad confirms its full-year guidance.

The Group's half-year financial statements will be released on 28 August 2008.

Glossary

Unbundled subscribers: subscribers who have signed up for a Free ADSL offering in a telephone exchange unbundled by Free.

Broadband ARPU (Average Revenue Per User - Broadband): includes revenues generated by package and value-added services, but excludes non-recurring revenues (for example, fees for migration from one offering to another or service start up or termination fees), divided by the total number of ADSL subscribers invoiced over the period.



Total number of ADSL subscribers: represents, at the end of the period mentioned, the total number of subscribers identified by their telephone lines who have subscribed to the Free ADSL offering after elimination of those for whom a termination was registered.

Recruitment: corresponds to the difference between the total number of ADSL subscribers at the end of two different periods.

The Iliad Group is a major player in the French telecommunications and Internet access market via its subsidiaries Free (3,134,000 ADSL subscribers as of 30 June 2008), Onetel and Iliad Télécom (fixed telephony providers) and IFW (Wimax). The Iliad Group is listed on Euronext Paris under the ticker ILD.

Exchange: **Euronext Paris**

Ticker: **ILD**

FTSE Ranking: **974 Internet**

Marketplace: **Euronext Paris Eurolist A (SRD)**

ISIN code: **FR0004035913**

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