

Paris, 6 November 2008

4.1 million ADSL subscribers

A 32% Record-breaking net adds market share over the third quarter for Free

3rd quarter 2008 Revenues up 30%Consolidated revenues up 30%

The 3rd quarter 2008 was marked by a record level of net adds under the Free brand and by the integration of Alice France operations within the Iliad Group. **At 30 September 2008, the Group had 4,125,000 ADSL subscribers, 3,275,000 of which under the Free brand and 850,000 under the Alice brand.** The acquisition of Alice enabled the Group to meet its objective of 4 million subscribers two years in advance.

The Group's consolidated revenues for the 3rd quarter 2008 totalled € 399.6 million, a 30.2% increase compared to the 3rd quarter 2007. For the first time, the Group's consolidated revenues include the acquisition of Alice France (LSG Group), carried out on 26 August 2008. The contribution of Alice France operations to consolidated 3rd quarter revenues corresponds to one month and 5 days of operations. Excluding the Alice France acquisition, 3rd quarter 2008 revenues growth was 17%.

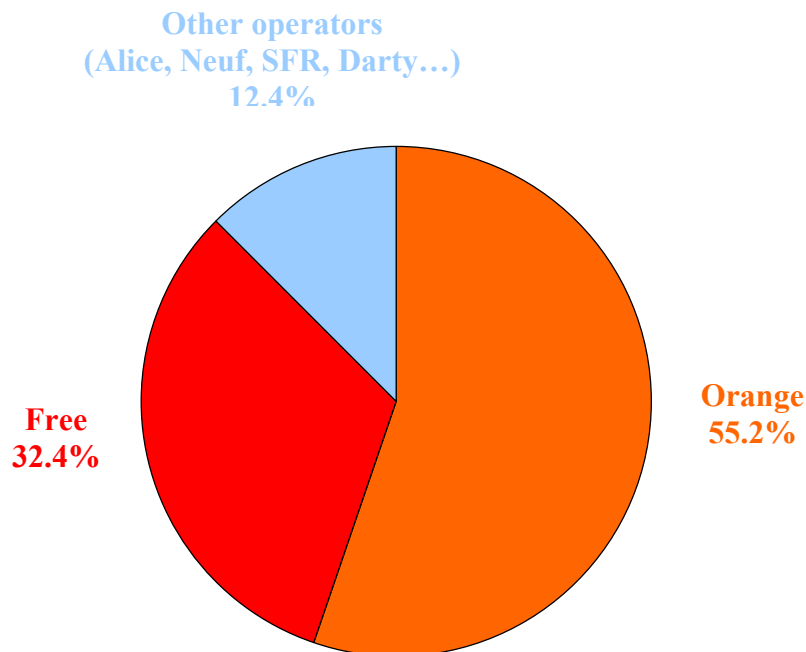
First 9-month 2008 and 3rd quarter 2008 revenues

(€ millions)	9 months 08	9 months 07	% change	Q3 08	Q3 07	% change
Consolidated revenues	1,091.8	881.0	23.9%	399.6	307.0	30.2%
Free General Public	1,039.3	862.6	20.5%	355.2	301.6	17.8%
Alice General Public	33.2	-	-	33.2	-	-
Corporate (Alice)	2.0	-	-	2.0	-	-
- Inter-sector	(6.0)	(8.3)	(27.7%)	(1.5)	(2.4)	(37.5%)
Consolidated Broadband revenues	1,068.5	854.3	25.1%	388.9	299.2	30.0%
Traditional Telephony	32.4	39.8	(18.6%)	10.9	13.1	(16.8%)
Wholesale (Alice)	7.7	-	-	7.7	-	-
- Inter-sector	(16.8)	(13.1)	28.2%	(7.9)	(5.4)	46.3%
Consolidated Traditional Telephony revenues	23.3	26.7	(12.7%)	10.7	7.7	39.0%

Record-breaking recruitment dynamics by Free over the quarter with 141,000 new ADSL subscribers, and 32% net adds market share

With **141,000** recruitments, net of churn and a **32.4%** market share of net adds, the **3rd quarter was the best-performing quarter of 2008**. Free's ADSL subscriber base thus increased from 3,134,000 at 30 June 2008 to 3,275,000 at 30 September 2008.

Analysis of operators' market share of net adds in 3rd quarter 2008



Source: Iliad and data published by France Telecom on 30 October 2008

The **average revenue per Free Broadband subscriber in 3rd quarter 2008 was € 36.4, up € 1.10 from 3rd quarter 2007**. This increase was largely due to the growth in value-added services. As regards Free subscribers, value-added services posted growth of 38.3% compared to 3rd quarter 2007, with revenues of € 256.9 million to 30 September 2008, compared to € 185.8 million in 2007.

Free confirmed the soundness of its marketing dynamics, based on innovation and quality of service:

- Extension of the free of charge Local Technical Support to cover a total of 70 towns and cities (August 2008).
- Launch of the Multi-TV service, which allows subscribers equipped with the Freebox v5 to access audio-visual services on several TV screens within their household (September 2008)
- Free was awarded a prize for its Technical Support at the 2008 *Technical Mystery Contact Challenge* (TMCC)¹ on the ISP panel. Free was also awarded a prize as n°2 of ISP in the benchmark « *Élu Service Client de l'Année 2009* »²

¹ This quality benchmark is conducted every year by Teleperformance Technical Help.

² Survey Ifop-Viséo Conseil for the "Election of the 2009 Customer Care" achieved in May and June 2008 based on the principle of mystery contact through 160 contacts shared between calls, emails and mail services.

Outlook

In light of the performance achieved in the 3rd quarter, Iliad confirms its key objectives:

- A total of 5 million subscribers in 2011 under the Alice and Free brands;
- Continued efforts on local loop unbundling and a total of 84% of unbundled subscribers by end 2008;
- Achieve average gross margin per unbundled subscriber in excess of € 20;
- Generate free cash flow, excluding FTTH costs, significantly higher than € 100 million in 2008 (excluding Alice France acquisition);
- Alice ARPU over € 30 in the 4th quarter 2008;
- Continue to implement the profitable growth strategy.

Glossary

Unbundled subscribers: ADSL subscribers who have signed up for Free ADSL service on a Central Office unbundled by Free.

Broadband ARPU (Average Revenue per User): includes revenues from the flat-rate package and the value-added services but excludes non-recurring revenues (e.g. migration from one offer to the other or connection and unsubscription fee) divided by the total number of ADSL subscribers invoiced for the period.

Total ADSL Subscribers: at the end of a period consists of the total number of customers identified by their individual phone lines who have signed up for Free ADSL service, excluding those for whom an unsubscription notice has been registered.

Net adds: consists of the difference between Total 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 Free and Alice (4,125,000 ADSL subscribers as of 30 September 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**

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

Ticker: **ILD**

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