

Paris, 4 August 2009

- Iliad is candidate for the 4th mobile license
- Over 40% growth in consolidated revenues to €970 million
- 200,000 subscribers recruited under the Free brand over 1H 2009
- Increase in Group ARPU to €36.3 in 2Q 2009
- Confirmed short and medium term objectives

4TH MOBILE LICENSE

Iliad is delighted that applications are now being accepted for a fourth French mobile phone license. Iliad will be bidding for this opportunity. The French mobile phone market represents 22 billion euros a year in revenue and constitutes an additional growth vector for Iliad. Its entry into this market would be in line with the Group's business strategy: Iliad intends to rely on its Free brand, its latest-generation network, its capacity for innovation, its commercial expertise and its 4.4 million-strong subscriber base (with some 10 million users) to develop innovative products at attractive prices.

MOVEMENT IN THE 2008 AND 2009 ADSL SUBSCRIBER BASE

	30 June 08	31 Dec. 08	30 June 09
Total number of ADSL broadband subscribers	3,134,000	4,225,000	4,371,000
- Free	3,134,000	3,389,000	3,589,000
- Alice	-	836,000	782,000
Unbundled subscribers	2,614,000	3,323,868	3,551,000
- Free	2,614,000	2,900,000	3,130,000
- Alice	-	423,868	421,000
Unbundled subscribers as a % of total	83.4%	78.7%	81.2%
- Free	83.4%	85.6%	87.2%
- Alice	-	50.7%	53.8%

Over the 1st half-year 2009, Iliad Group consolidated its position as the leading ADSL alternative operator, due to the dynamism of the Free brand and the integration of Alice. At 30 June 2009, Iliad's ADSL had a total of 4,371,000 subscribers, compared with 3,134,000 at 30 June 2008.

- (i) Over the 1st half-year 2009, Free confirmed its dynamic organic growth by recruiting 200,000 new subscribers (net of terminations), resulting in a market share of 24.8%¹ of net adds. The Free subscriber base totalled 3,589,000 at 30 June 2009. Free's customer acquisition cost is still the lowest of the market.
- (ii) Since the start of 2009, the Group has continued the rapid integration of Alice, by simplifying and repositioning its marketing offering, launching the new Alicebox and switching follow-up of Alice subscribers over to the Free IT system. The implementation of the first synergies came at the same time as the subscriber base suffered controlled decline. Alice thus had a subscriber base of 782,000 at 30 June 2009.

Iliad Group also maintained its efforts to extend local loop unbundling over the first six months of the year, by unbundling 175 new COs (Central Offices). Thus, at 30 June 2009, 2,375 COs were connected to the Free network and more than 81% of subscribers were partly or fully unbundled.

1ST HALF-YEAR 2009 CONSOLIDATED REVENUES

(€ millions)	30 June 09	30 June 08	% change
Consolidated revenues	969.8	692.2	40.1%
General Public	954.3	684.1	39.5%
- Free	782.1	684.1	14.3%
- Alice	172.3	-	-
Corporate	9.4	-	-
- Inter-sector	(2.7)	(4.5)	(40.0%)
Consolidated broadband revenues	961.0	679.6	41.4%
Traditional Telephony	20.0	21.5	(7.0%)
- Inter-sector	(11.2)	(8.9)	25.8%
Traditional telephony revenues	8.8	12.6	(30.2%)

Group revenues grew by over 40% between 30 June 2008 and 30 June 2009, due to:

- Dynamic organic growth by the Free brand, as mentioned above;
- Increased usage of added value services available to Free and Alice subscribers. At 30 June 2009, these services generated revenues of € 231.8 million, compared with € 168.9 million at 30 June 2008, which is an increase of more than 37% over the period;

¹ Based on an estimated total market of 288,000 net adds over 2nd quarter 2009

- A simplified marketing offering for Alice, focusing on two packages.

The commercial success of the Free offering and the synergies made possible by the integration of Alice enabled the Iliad Group to achieve Average Revenue Per User (ARPU) of € 36.3 over the 2nd quarter 2009, which is an increase of € 0.40 compared to the 1st quarter 2009 and a level close to that of the 2nd quarter 2008.

1ST HALF-YEAR 2009 HIGHLIGHTS

True to its strategy, Iliad enhanced the attractiveness of its offering throughout the 1st half-year, especially through:

- The addition of 17 new phone destinations to the Freebox package (*January 2009*)
- The launch of a new AliceBox (*February 2009*)
- Additional services for the AliceBox: increased speeds, 27 new phone destinations and 70 new TV channels (*February 2009*)
- A strengthened Freebox TV package, with 28 new channels (*March 2009*).
- The launch of the largest African TV channel package in Europe (*April 2009*)
- The launch of a mediacenter service for the Freebox (*May 2009*)
- The launch of Free-Wifi (*May 2009*)

On 2 April last, Free was awarded the NF Service certification by AFNOR Certification for its call centres. The Iliad Group is now the only participant in the ISP industry whose call centres are all NF-certified.

MAIN GROUP OBJECTIVES FOR 2009

In light of the good performance achieved by the Group over the 1st half-year 2009, the Group confirms the following objectives:

- 5 million broadband subscribers in 2011.
- An 82% group-wide (Free and Alice) unbundled rate by end 2009.
- ADSL Free Cash Flow in excess of € 300 million in 2009 (excluding Alice) and in excess of € 1 billion over 2009-2011 (including Alice).
- EBITDA breakeven for Alice during Q2 2009.
- Generate incremental EBITDA of € 90 million from Alice (on a full-year basis) from the second half of 2010.
- A very strong increase in net profit in 2009.
- As part of the roll-out of its FTTH network, the Group confirms its objectives of:
 - providing horizontal coverage of 70% of Paris by the second half year 2009,
 - providing horizontal coverage to 4 million households by end 2012.

Detailed information of the half-year financial statements will be released at the presentation of half-year results on 27 August 2009.

GLOSSARY

Unbundled subscribers: ADSL subscribers who have signed up for Free or Alice 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. cost of 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 the Group 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 (4,371,000 ADSL subscribers as of 30 June 2009), 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](#)

ISIN code: [FR0004035913](#)

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