

Paris, 4 August 2010

11% ORGANIC GROWTH

- **Group consolidated half-year revenues exceeding €1 billion for the first time, at €1,015 million**
- **Buoyant organic revenue growth under the Free brand: 11% increase in revenues to €869 million**
- **Strong rise in unbundling rate to 87.5% (compared to 81.2% at end June 2009)**
- **Alice: Improvement in cancellation rate in 2nd quarter 2010**

MOVEMENT IN THE ADSL SUBSCRIBER BASE SINCE 30 JUNE 2009

	30 June 2010	31 Dec. 2009	30 June 2009
Total number of ADSL subscribers	4,514,000	4,456,000	4,371,000
- Free	3,903,000	3,778,000	3,589,000
- Alice	611,000	678,000	782,000
Unbundled subscribers as % of total	87.50%	85.40%	81.20%

At 30 June 2010, the Group had an ADSL subscriber base of more than 4.5 million, of which 3,903,000 had registered under the Free brand and 611,000 under the Alice brand. The main changes over the 1st half-year 2010 were as follows:

- The Free brand **recruited 125,000 new subscribers** (net of terminations), resulting in a market share of circa 20% of net adds over the period, while maintaining the acquisition cost per subscriber at a very low level.
- The Group **finalised the rollout of network synergies over the 1st half-year 2010**, which involved switching Alice subscribers over to the Free network and extending the unbundling of eligible subscribers. The first loyalty-building activities were launched at the end of the period, which **initiated an improvement in Alice's subscriber termination rate over the 2nd quarter 2010**.

The continuing extension of local loop unbundling, with the opening of more than 200 new connection nodes over the 1st half-year 2010, and the migration of Alice subscribers to Free's network enabled the Group to significantly increase the unbundling rate to 87.5% at 30 June 2010 (compared to 81.20% at end June 2009).

1ST HALF-YEAR 2010 CONSOLIDATED REVENUES

(€ millions)	30 June 10	30 June 09	% change
Consolidated revenues	1,015.0	969.9	4.6%
General Public	1,004.6	954.4	5.3%
- Free	869.2	782.1	11.1%
- Alice	135.4	172.3	(21.4%)
Corporate	5.4	9.4	(42.6%)
(-) Inter-sector	(2.2)	(2.7)	(18.5%)
Consolidated Broadband revenues	1,007.8	961.1	4.9%
Traditional Telephony	20.4	20.0	2.0%
(-) Inter-sector	(13.2)	(11.2)	17.9%
Consolidated Traditional Telephony revenues	7.2	8.8	(18.2%)

Group revenues enjoyed growth of 4.6% between 30 June 2009 and 30 June 2010. This increase was due to:

- (i) **Double-digit organic growth (up 11.1%) in revenue under the Free brand.** Between 30 June 2009 and 30 June 2010, sales generated by the Group's original businesses grew by **€ 87 million to € 869.2 million**. This development was primarily due to the increase in the ADSL subscriber base.
- (ii) **The negative comparative effect of activities carried out under the Alice brand,** due to the termination of wholesale operations and an eroding ADSL subscriber base.
- (iii) The consolidation of **Group ARPU at a level close to the original level of € 36.3, owing to:**
 - a. The rise in Audiovisual ARPU, due to the growing use of existing TV services and the launch of new innovative offerings. In the 1st half-year 2010, nearly 4.9 million VOD and SVOD subscriptions were thus registered, an increase of 24% compared to the same period of 2009.
 - b. The decline in Telephony ARPU, related to the opening of new destinations included on the triple-play package, such as Morocco, and the decline in fixed line termination rates.

1ST HALF-YEAR 2010 HIGHLIGHTS

Over the 1st half-year 2010, the Group continued its innovation strategy, especially enhancing the attractiveness of its audiovisual offering, for which additional services were developed:

- A mobile terminal may now be used as a remote control for the Freebox HD (*April 2010*)
- The extension of the High Definition offering on Freebox HD with the launch of 7 new channels (*May 2010*)
- TF1 3D and CANAL+ 3D available on Freebox HD (*June 2010*)
- Launch of Freebox TVREPLAY: 33 catch-up TV channels available on Freebox TV (*June 2010*)

GLOSSARY

Unbundled subscribers: subscribers who have signed up for a Group 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 and Alice 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 Free and Alice (4,514,000 ADSL subscribers as of 30 June 2010), Onetel and Iliad Télécom (fixed telephony providers), as well as Free mobile. 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**

FTSE ranking: **974 Internet**

Indices: **Euro Stoxx, SBF 120, Next 150, CAC Mid 100**