

Free and France Télécom reach an agreement on NRA HD

Free is pleased to have agreed terms with France Télécom concerning the rollout of NRA HD

France Télécom's NRA HD Plan aims to improve access to broadband services in France and involves a programme of investment on its network with a view to improving broadband coverage throughout the country and narrowing the digital divide. The goal is to benefit internet users without giving rise to any discrimination between operators.

France Télécom has announced its intention of creating 1,500 broadband NRA HD sites by 2007, mainly focusing on industrial and business districts, but also covering certain residential areas which are currently unable to receive broadband services. These areas are on the limits of or right outside an ADSL coverage area, as is the case with the communities of Herblay in Val d'Oise or Olivet in the Loiret district.

Free would like to unbundle a significant number of broadband NRA HD sites in residential areas.

France Télécom has acknowledged that it needed to make certain modifications to the original terms of the BB MDF Plan in order to make it more effective. In response to a request from Free, France Télécom has now established specific measures which will allow Free to replicate on the broadband NRA HD the triple-play services already available in unbundled COs.

The proposed solutions, which will not only have the desired effect but which also protect the interests of both France Télécom and unbundled operators such as Free, mean that Free's request for the French regulator, the *Autorité de régulation des communications électroniques et des postes* (ARCEP, formerly known as the ART) to rule on its objections to the NRA HD Plan is now no longer applicable.

As a result of this agreement, Free is now in a position to plan its future expansion into areas with poor broadband coverage with confidence, without any need to rethink the financial implications of unbundling, or its original capital expenditure programme.

About Free

Free is a subsidiary of the Iliad Group. The Iliad Group is a major player in the Internet and telecommunications markets in France through its subsidiaries Free (second largest Internet service provider with 1,214,000 broadband subscribers as of 31/03/2005), One.Tel and Iliad Telecom (fixed telephony operators) and Kertel (prepaid phone cards). It is one of only a few independent French groups in the telecommunications sector. The Iliad Group is listed on the Euronext Paris Eurolist under the mnemonic code ILLD and is also a member of the Next 150 and SBF 250 indices.