

Paris, 1 June 2006 9.15

Freebox: final confirmation that calls to landline numbers in France are to be free!

ARCEP's Decision No. 06-0551 has confirmed that consumers will be able with Free to benefit from free calls to all landline numbers in mainland France

At the beginning of 2006, Free and France Télécom both submitted requests to the French regulator, the Autorité de régulation des communications électroniques et des postes (ARCEP), asking it to settle a dispute with the Neuf Cegetel group concerning its call termination tariffs (i.e. the amount operator X has to pay in order for its subscribers to be able to call operator Y's subscribers), and the regulator has today issued its decision.

Whereas the current call termination tariffs charged by some operators can exceed 2.5 euro cents, and France Télécom, whose network expenditure has already been written off, was asking for a rate which took no account of the level of investment made by alternative operators, the ARCEP has decided to apply the recommendations given by the European Commission to the Italian regulator and to bring for alternatives operators the reasonable threshold for call termination charges to 1.11 euro cents.

By reiterating the principle that operators are obliged to avoid setting excessive prices for call termination charges, as set forth in its Decision No. 05-0425 dated 27 September 2005, ARCEP has therefore made it possible for Free to confirm its inclusive call package, which means that calls from the Freebox to third party local loop operators and their respective decoders are free.

The ARCEP was asked to resolve this dispute following the sharp rise in call termination charges applied by certain operators at the end of 2005 and the beginning of 2006. In the first quarter of 2006, this unilateral increase was extremely harmful to Free's image, as it was obliged to increase its prices. In fact, with a view to ensuring the sustainability of the VoIP service offerings which have contributed to the success of multi-play in France and in order to put a stop to the practices of these operators which are against consumers' interests, Free did at that time announce, in accordance with the Competition Council's recommendations, that these calls would be billed without in fact doing so, and asked the ARCEP to resolve the matter, so that the terms for billing call termination could be established.

Free applauds this crucial decision by the ARCEP, which will have a positive financial impact and which will allow consumers to benefit from a transparent and attractive service offering. The ability to make calls free of charge¹ applies to all Freebox subscribers, regardless of the general conditions which apply to their service. The Freebox telephony service² included in the Freebox package (29.99 euros per month) offers, among other benefits, the ability to make unlimited calls within mainland France and to 14 international destinations (United States, United Kingdom, China, etc.).

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 (the leading alternative broadband operator with 1,783,000 broadband subscribers as at 31/03/2006), Onetel and Iliad Telecom (fixed telephony operators) and Kertel (prepaid phone cards), as well as IFW (wireless local loop). The Iliad Group was established in 1991 and currently has more than 1,000 employees. The Iliad Group is listed on the Euronext Paris Eurolist under the mnemonic code ILD.

¹ Calls to landline numbers in mainland France, excluding short numbers and special numbers

² Conditions apply. Valid only for new subscribers and existing subscribers who have opted for the general conditions of sale applicable as from 1 January 2006.