

Paris, July 30, 2007- 6.15 pm

Iliad Submits Application for the 4th Mobile License

On July 30th, 2007, the Iliad Group put forward an application for the fourth mobile licence and has submitted a proposal to ARCEP (*Autorité de Régulation des communications électroniques et des Postes*).

Iliad views this license as a way of fast-tracking the Group's entry into the mobile telecommunications market in France, by leveraging its know-how and the Group's assets such as the Free brand, its subscriber base and its fibre optic network.

The high margins of traditional mobile operators, the continuing drop in call terminating charges on mobile networks, the numbers' portability, the possibility of rapidly obtaining a roaming agreement as well as the sharp drop in the cost of equipment are all characteristics of an attractive economic development model, built around straightforward products that are available to everyone and without long-term commitment.

The application was also motivated by the decision of the Conseil d'Etat (highest administrative court in France) on July 11th, 2007. The Conseil d'Etat stated that the Government can not take a final decision on the financial conditions associated with the licence until the operational specifications are finally adopted.

Iliad believes that the success of the 4th mobile operator lies in three key areas:

- A deferred annual payment of the licence fee instead of a one shot payment of € 619 million. This is customary for all public domain occupancy fee. Iliad believes that a single payment of the rental charge represents a barrier to entering the market;
- Access to 900 MHz frequency bands concomitantly to 2.15 GHz frequencies: Iliad welcomed the Authorities' decision to allocate a 5 MHz carrier in the 900 MHz band from the end of 2009 to the operator chosen for the fourth licence;
- The rapid implementation of roaming and high points sharing agreements with existing operators as provided for in the call for submission. In this respect, Iliad is certain that ARCEP will quickly settle any possible disagreements in the event of problems concluding such agreements.

In terms of scheduling, the call to tender provides for three phases:

- A qualification phase at the end of which ARCEP will remove applications that are not in line with the call to tender specifications;
- A selection phase at the end of which ARCEP will choose the application with the highest mark before February 29th, 2008;
- A specifications-drafting phase, which will incorporate the commitments of the chosen application as well as the financial terms indicated by the Government for the authorisation issuance on March 31st, 2008 at the latest.

The candidate chosen by ARCEP keeps the right to relinquish the licence at any moment until it is actually granted as stipulated in the call for submission.

At a time when the public authorities at the highest level have singled out purchasing power as a priority, the arrival of a fourth mobile operator and the development of competition on this market represent a unique opportunity to make these commitments a reality.

The Iliad Group is a major operator on the Internet access and Telecommunications market with Free (2,498,000 broadband subscribers at 31/03/07), Onetel and Iliad Télécom (fixed telephony operators) and IFW (Wimax). The Iliad Group is listed on the Eurolist of Euronext Paris under the abbreviation ILD.

Stock exchange listing: [Euronext Paris](#)

Exchange location: [Eurolist A by Euronext Paris \(SRD\)](#)

Ticker: **ILD**

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