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Barcelona - TMT Conference
Results and Strategy Presentation

November, 2007

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Key Performance Indicators

	September 2006	September 2007
ADSL Subscribers	2,076,000	2,767,000
Unbundling Ratio	75.9%	> 78.4%
Broadband ARPU	€ 33.5	€ 35.3

Iliad Execution Focus

- **Continue to grow core ADSL business**
  - → Organic growth champion in a consolidated market
    - Higher/quicker return per subscriber
  - → 4,000,000 subscribers target by 2010
  - → Over 85% unbundling rate long term
  - → Innovation leadership to fuel ARPU / ensure low level of churn
- **Accelerate FTTH deployment**
  - → Network architecture and technology confirmed
  - → Key execution steps established through Paris first 5 NROs
  - → Experienced execution team

Free: Only Player to Gain Market Shares

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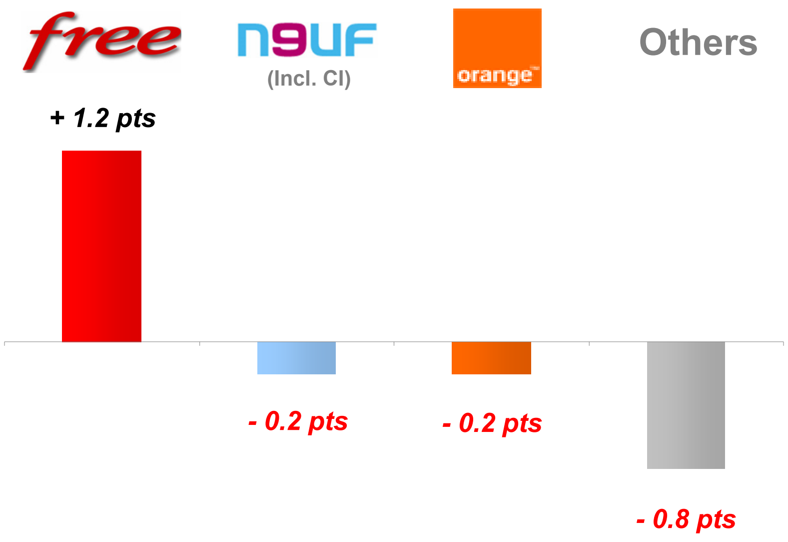
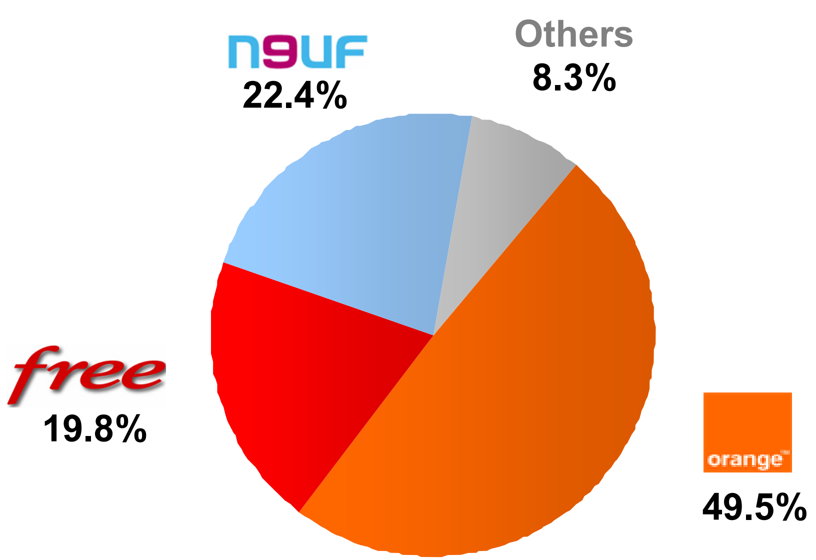
Q3 07 vs. Q3 06
Market Shares



Sep. 30, 2007
Market Shares

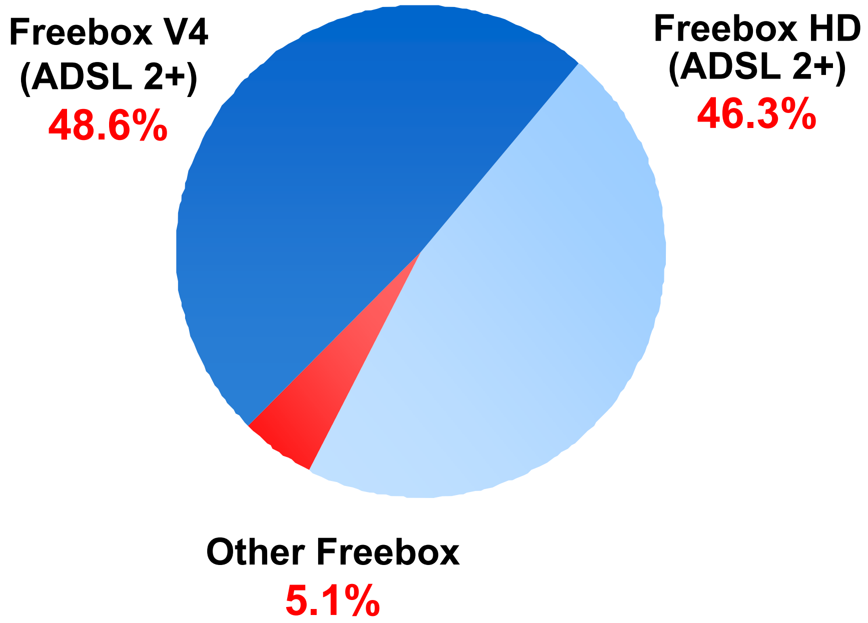
13.9 M. Subscribers



Source: ARCEP and France Telecom for market share

Free ADSL Subscriber Base
As of September 30, 2007

Freebox Type

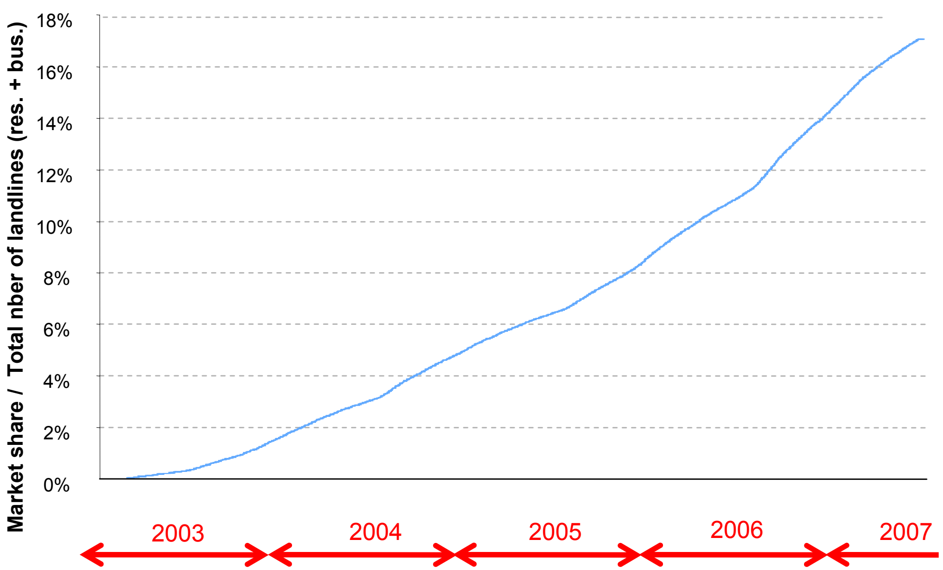


- **2,767,000 ADSL Subscribers**
- **100% subscribers equipped with Freebox and on € 29.99 package**
- **Growing number of subscribers leaving France Telecom :**
  - ➔ **68.6% of subscribers in Sep. 07 vs. 46.0% in Dec. 06**

Why is Unbundling So Critical ?

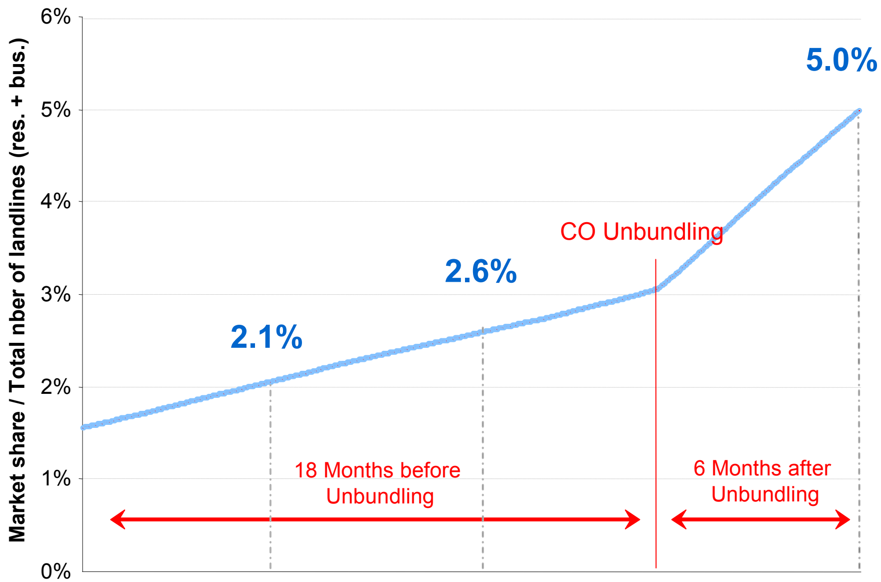
- Over 2 million unbundled subscribers at Free

Paris



- First French city to be unbundled in 2003
- Uninterrupted growth since 2003
- Over 17% of total lines are unbundled as of June 30, 2007

Regions



- 160 COs unbundled in 2006
- Subscriber growth trend multiplied by 5 as soon as unbundling starts

Why is Unbundling So Critical ?

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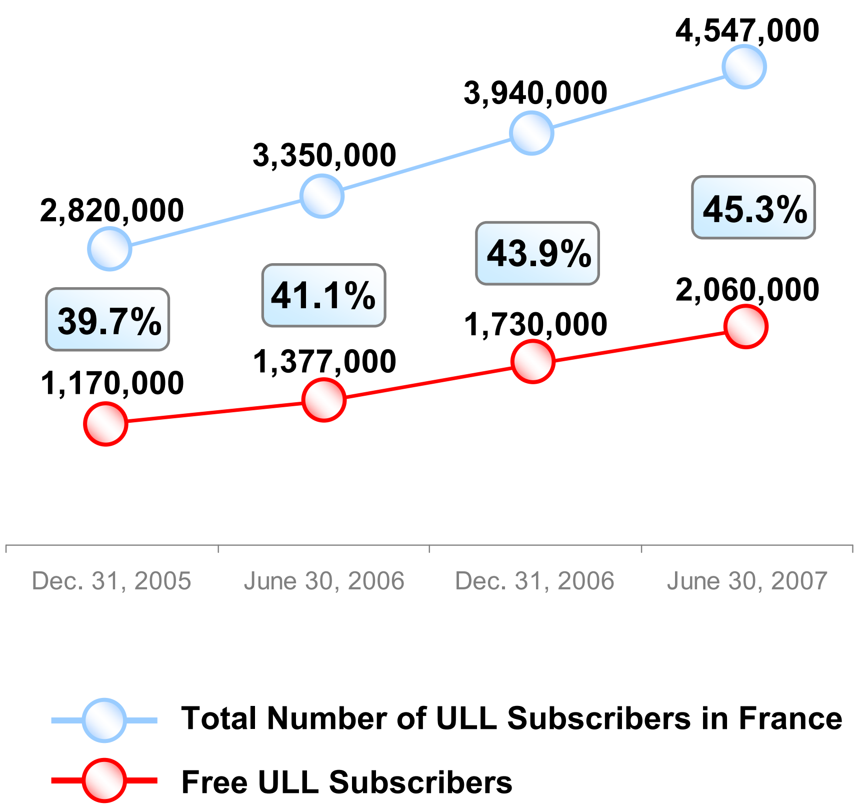
 # 1 Unbundler in France



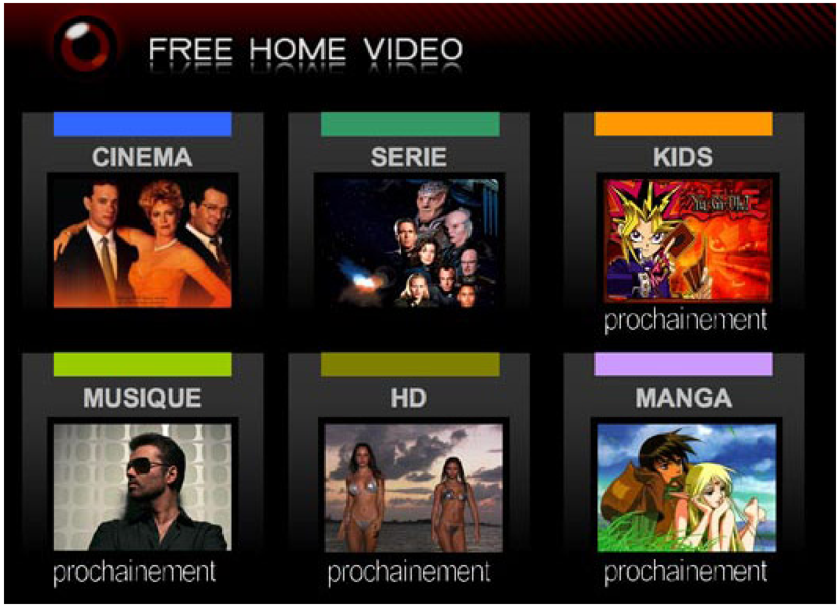
- **Unbundling started in early 2003**
- **As of September 30, 1,300 COs opened for ULL**
  - ➔ **2,200 COs targeted by end 2008**
- **2,800 DSLAMs installed**
  - ➔ **2.0 million subscribers for 2.3 million ports**
  - ➔ **Optimised DSLAM occupancy rate at 86%**

Freebox : The Ultimate Mediacenter

TV Perso Freebox

- Self-produced videos broadcast on TV
  - A world première
- Over 900,000 videos broadcasted per day
- More than 102,000,000 videos broadcasted since opening (June 28, 2007)

Free Home Video

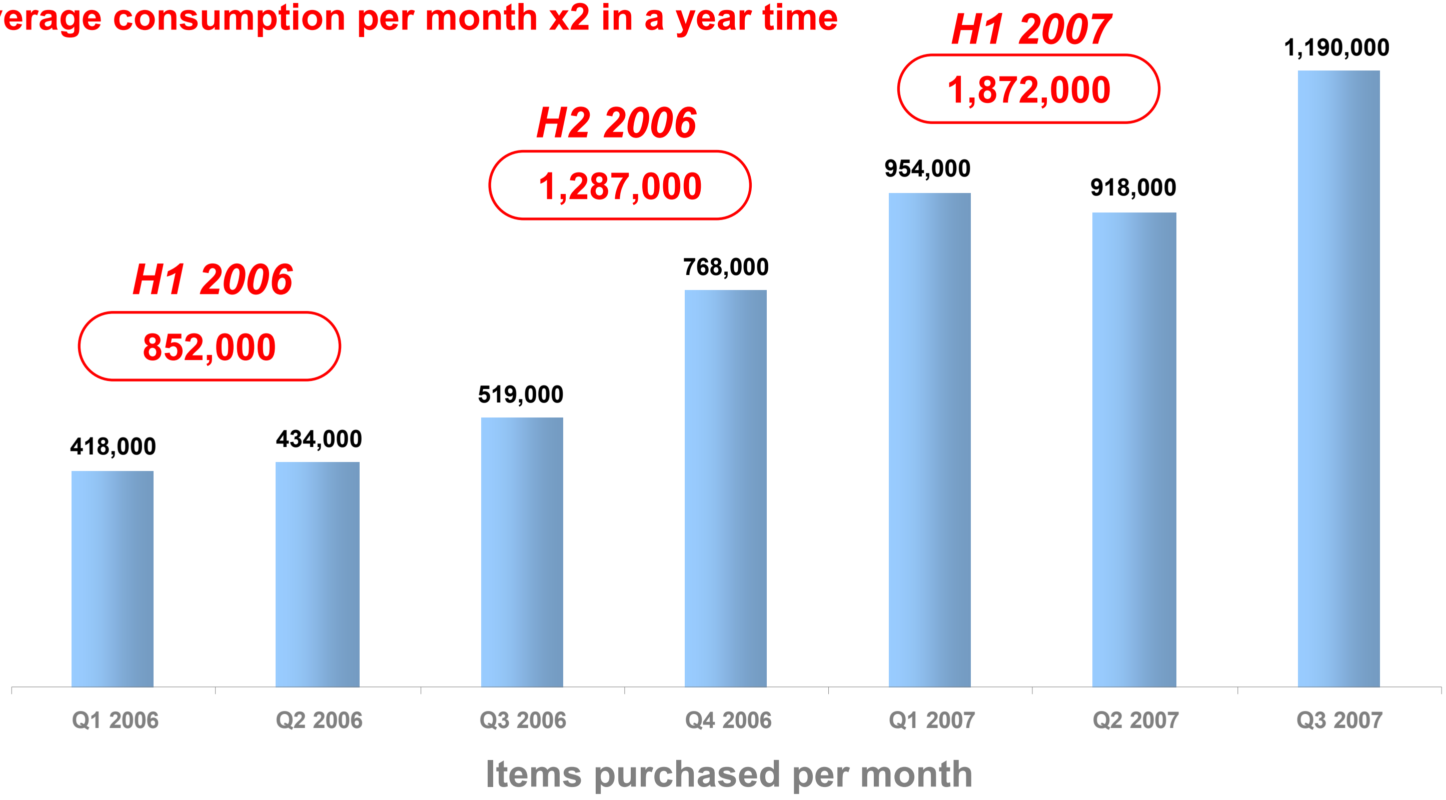


- € 5.99 a month
  - Content from Warner and Disney
- 1st Subscription VOD Package in France for TV series and cinema
- Unlimited access 24/7 to more than 50 films an 100 TV series updated every week

Still driving the VOD concept in France

- **Content from :**
  - ➔ Warner, Dreamworks, Sony Columbia, Fox, etc.
  - ➔ Studio Canal, Pathé, EuropaCorp.

- **Average consumption per month x2 in a year time**



FTTH : Overview

- **Strategic and technological choices confirmed**
  - ➔ Web 2.0, IPTV, HD TV
- **Significant advances in execution**
  - ➔ Strong position established in Paris
  - ➔ Service to open in Paris in September
  - ➔ Numerous turnkey contracts signed in the regions
- **Legal and regulatory landscape shifting**
  - ➔ Usage of FT and cable operator ducts
  - ➔ Vertical deployment sharing
- **CapEx structured to Iliad's benefit**
  - ➔ Real estate purchased through 12 year leasing agreements
  - ➔ Turnkey agreements paid at delivery

FTTH : PtoP, the Right Choice

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- **Key advantages of PtoP (Point to Point)**
  - ➔ "Unlimited" bandwidth
  - ➔ Perfectly suited to alternative operator with no legacy network
  - ➔ Variable CapEx
  - ➔ Perfectly suited to unbundling

- **Key drawbacks of GPON**
  - ➔ Known bandwidth limitations
  - ➔ Dictated by existing ducts architecture rather than intrinsic properties
  - ➔ Fixed CapEx for one or many users
  - ➔ Security issues embedded in shared infrastructure
  - ➔ Additional CapEx needed for unbundling

FTTH : Network Deployment

- **Leading alternative operator in FTTH deployment**
- **34 NROs purchased or under promise as of June 30, 2007**
- **Paris deployment moving forward according to plan**

  ➔ **Horizontal roll-out under construction for 5 NROs in the following arrondissements :**
  - 19th 28,000 homes passed
  - 20th 28,000 homes passed
  - 15th 61,000 homes passed
  - 5th 24,500 homes passed
  - 1st 22,000 homes passed

  ➔ **163,000 homes passed horizontally by end 2007**
- **Roll-out starting for 3 additional NROs by Dec., 07 passing 78,000 homes horizontally**
- **Building management agreements to connect over 70,000 homes as of June 30, 2007**

FTTH : Network Deployment

- **Turnkey agreements signed outside Paris**
  - ➔ 260,000 homes targeted
  - ➔ Delivery over 24 to 36 months

- **Over € 100 million CapEx committed as of August 30, 2007**
  - ➔ Turnkey agreements payment terms on delivery
  - ➔ CapEx cycle longer in civil engineering projects

- **~€ 1,500 CapEx per existing subscriber confirmed in Paris**
  - ➔ All fixed CapEx assumed to be born by existing subscribers

Mobile : Rationale and Update

- **Rationale for submitting a bid**
  - ➔ Size of mobile market
  - ➔ Margin level of existing operators
  - ➔ Synergies with brand, backhaul and subscriber base

- **Conditions for success**
  - ➔ Deferred annual payment of license fee
  - ➔ Access to 900Mhz, especially for coverage of rural areas
  - ➔ Roaming and site sharing agreement

- **Iliad still in favor of a 4th Mobile operator**
  - ➔ On October 10, 2007 Arcep decided to disqualified Iliad's bid, based on the financial conditions of the French Law
  - ➔ Iliad's demand is currently under review of the French Government

- **802.16^{E} WiMax field trial to be conducted by year end**

Financials

1H2007 Snapshot (1)

In € million

	1H2007	1H2006*	Var.
Revenues	**574.1**	**439.1**	**+30.7%**
EBITDA	**205.6**	**150.5**	**+36.6%**
EBITDA Margin	***35.8%***	***34.3%***	-
EBIT	**101.4**	**87.2**	**+16.3%**
Net income before Disc. Ops	**65.0**	**56.9**	**+14.2%**
Profit from Disc. Ops	*13.9*	*1.7*	-
Net Income	**78.9**	**58.6**	**+34.6%**

** Pro Forma excluding Société SA and Kertel SA*

1H2007 Snapshot (2)

In € million

Assets	**1H2007**	**1H2006***
Non-Current Assets	**702.3**	**632.1**
Current Assets	**366.1**	**405.6**
incl. Cash & Equivalents	*248.8*	*279.5*
Total	***1,068.4***	***1,037.7***
Liabilities		
Total Equity	**447.0**	**382.6**
Borrowings	**338.2**	**313.8**
Incl. OCEANE	*292.2*	*292.2*
Other Liabilities	**283.2**	**341.3**
Total	***1,068.4***	***1,037.7***

* *Pro Forma excluding Société SA and Kertel SA*

Broadband : Revenues and ARPU Growth

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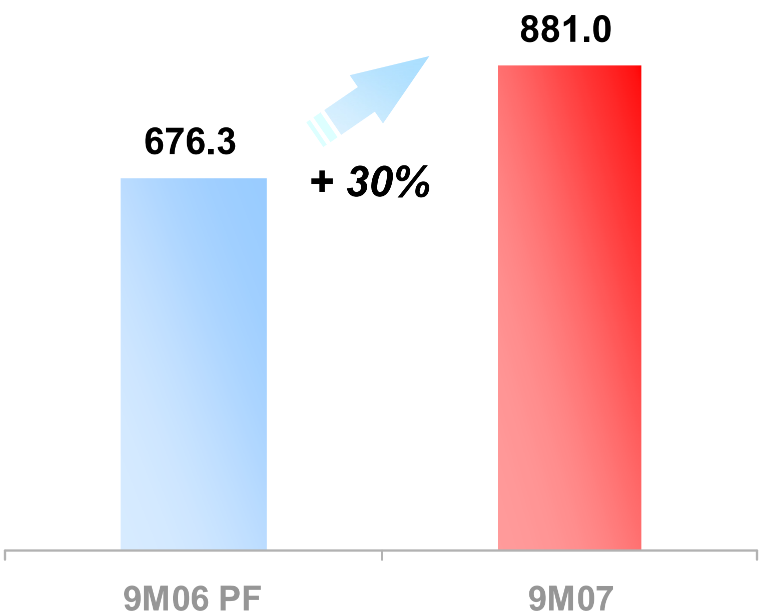
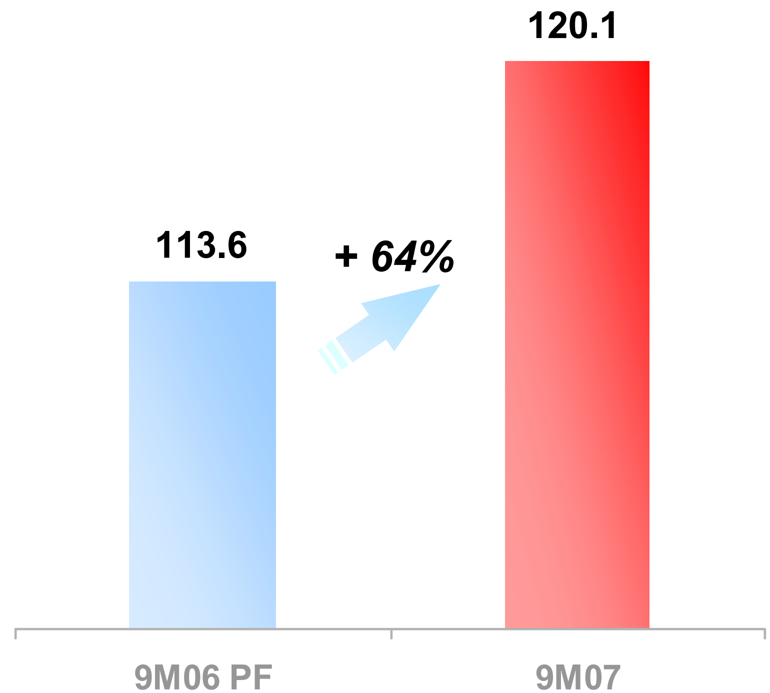
In € million

Revenues[(1)]



Value Added Services Revenues

- Broadband ARPU at € 35.3 in 3Q07
- VAS revenues at 21.7% of BB revenues vs. 16.8% in 2006



(1) Excluding intersegment

Outlook

Over 2.8 million Broadband subscribers by end 2007

80% unbundled subscribers by end 2007

€ 20 average gross margin per ULL subscriber

Lead PtoP FTTH deployment amongst AltNets

Structurally longer FTTH CapEx cycle

Pursue development strategy with shareholders and management interests perfectly aligned