

Paris, 15 May 2008

**Record quarterly revenues of €340.0 million,
Broadband sector up 24.7%**

**Free has passed the 3 million ADSL subscriber mark,
confirming its position as the leading alternative operator
in terms of recruitments**

Free is consolidating its position as the leading alternative operator on the ADSL market in terms of net recruitment, with **137,000 net adds over 1st quarter 2008** representing a market share on net recruitments of 21.8%¹.

Over the 1st quarter, the Group continued with its policy of innovation and quality of service, further strengthening the appeal of Free's services:

- Free has extended its unlimited video-on-demand service (S-VOD), with the launch of *Free Home Vidéo Intégral* (January 2008)
- Freebox HD is now the first multimedia box to incorporate PLC as standard at no additional cost (January 2008)
- Free has launched *Télésites*, enabling its internet users to broadcast their websites on television (March 2008)
- Free and the Canal+ Group are offering Free subscribers the *Canalsat Librement* package for €10 per month over one year (March 2008)
- Free is offering up to 22 Mbps in non unbundled areas (March 2008)

At 31 March 2008, Free's ADSL subscriber base came to 3,041,000 compared with 2,904,000 at 31 December 2007. This subscriber base is unique in terms of its consistency, with 3.04 million subscribers equipped with a Freebox based on a €29.99 package.

The **Broadband ARPU came in at €36.2 per month** (excluding VAT) over 1st quarter 2008, up €1.3 over one year. Despite a less favorable seasonal effect for telephone consumption over 1st quarter 2008, the ARPU for the period has been consolidated at a level close to the historical record. This performance confirms the appeal of Free's ADSL offering and more specifically the corresponding services.

Growth value-added services represented 42.5% in relation to Q1 2007, with €80.1 million in revenues at 31 March 2008, up from €56.2 million in 2007. These services now account for 24% of revenues for the Broadband sector.

¹ Based on an estimated total market of 630,000 net adds over 1st quarter 2008

Revenues for Q1 2008

<i>(in € million)</i>	Q1 08	Q1 07	Change
Consolidated revenues	340.0	277.9	22.3%
Broadband	335.6	270.7	24.0%
- Inter-sector	(2.0)	(3.1)	(35.0%)
Consolidated Broadband revenues	333.6	267.6	24.7%
Traditional Telephony	8.7	12.2	(28.7%)
- Inter-sector	(2.3)	(1.9)	21.1%
Consolidated Traditional Telephony revenues	6.4	10.3	(37.9%)

The expected downturn on the Traditional Telephony business continued over 1st quarter 2008, reflecting the success of IP telephony. Indeed, this sector represented only 1.9% of the Group's consolidated revenues at 31 March 2008.

Outlook

In light of the performances achieved over 1st quarter 2008, Iliad is able to confirm its key objectives for 2008:

- Having 3.25 million broadband subscribers by the end of 2008 and 4 million by 2010;
- Maintaining its efforts on unbundling the local loop and reach 84% unbundling ratio by the end of 2008;
- Achieving an average gross margin per unbundled subscriber of over €20;
- Generating significantly more than €100 million in free cash flow (excluding FTTH CapEx) in 2008;
- Continuing with its profitable growth strategy.

Iliad's Mixed General Shareholder's Meeting will be held on Thursday 29 May 2008.

Glossary

Unbundled subscribers: subscribers who have signed up for a Free 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 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 its subsidiaries Free (3,041,000 ADSL subscribers as of March 31,2008), Onetel and Iliad Télécom (fixed telephony providers) and IFW (Wimax). The Iliad Group is listed on Euronext Paris under the ticker ILD.

Exchange: **Euronext Paris**

Marketplace: **Euronext Paris Eurolist A (SRD)**

Ticker: **ILD**

ISIN Code: **FR0004035913**

FTSE Ranking: **974 Internet**

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