Press Release

1ST QUARTER REVENUES

iliad

Paris, 4 May 2011

Commercial success of the Freebox Revolution product offering

- **154,000 new subscribers net of terminations under the Free brand (127,000 new subscribers at Group level): the best quarter for 4 years!**
- **Record market share of 38%* of new subscribers in the 1st quarter 2011 under the Free brand (32%* at Group level)**
- **Historic unbundling rate, exceeding 90% for the first time**

CHANGE IN THE NUMBER OF BROADBAND SUBSCRIBERS SINCE 30 SEPTEMBER 2010

	31 Mar. 2011	31 Dec. 2010	30 Sep. 2010
Total number of broadband subscribers	**4,661,000**	**4,534,000**	**4,528,000**
- Free	4,145,000	3,969,000	3,939,000
of which migration from Alice to Free	*22,000*	-	-
- Alice	516,000	565,000	589,000
Unbundled subscribers as % of total	**90.20%**	**89.20%**	**88.02%**

During the 1st quarter of 2011, Iliad Group achieved an **excellent business performance, recruiting 127,000 additional subscribers** net of terminations and thus reporting a 32% market share of net recruitment during the period. At 31 March 2011, the Group had a customer base of **4,661,000 broadband subscribers**. The main changes of the period were as follows:

(i) The 1st quarter was marked by the **commercial success of the Freebox Revolution offering**, allowing the Group to record its best **quarter since 2007 in terms of recruitment with 154,000 new Freebox Revolution subscribers** (net of terminations and excluding migration of Alice subscribers) **and Freebox V5**, which was a market share

**Source: Based on estimated net recruitments for the market of 403,000 subscribers over the 1st quarter 2011* of 38% of recruitments for the period. This outstanding market share reflects the great interest expressed by subscribers in the specific features of the Freebox Révolution. In addition to including calls to mobiles, which was quickly copied by our competitors, the 250 GO NAS server, the Blu-ray™ player, HD video games, etc. were all differentiating factors that bolstered the Free brand's drive for market share gains.

As part of its loyalty-building and retention programme directed at Alice subscribers, the Group provided Alice subscribers with the option of migrating to Free's packages, in particular the Freebox Révolution product offering. Nearly 22,000 Alice subscribers thus subscribed to a Free package in the 1st quarter. Against the backdrop of strong demand for the Freebox Révolution, during the first quarter the Group managed to deliver to new Free subscribers within an average of 4 working days. Lead times for existing subscribers who already have a Freebox V4 or V5 were longer than usual. This situation should improve in the coming weeks and should be handled by the beginning of summer.

The Group maintained its effort to extend local loop unbundling during the period, by continuing to invest in the opening of new cluster nodes. The continued implementation of this profitable growth policy allowed the Group to achieve a **record unbundling rate, in excess of 90%**.

CONSOLIDATED REVENUES FOR THE 1ST QUARTER 2011

(€ millions)	Q1 2011	Q1 2010	% change
Consolidated revenues	**509.8**	**504.5**	**1.1%**
General Public	504.9	499.3	1.1%
Corporate	2.7	2.6	3.8%
(-) Intersector	(0.7)	(1.0)	(30.0%)
Consolidated Broadband revenues	***506.9***	***500.9***	**1.2%**
Traditional Telephony	10.2	10.9	(6.4%)
(-) Intersector	(7.4)	(7.3)	1.4%
Consolidated Traditional Telephony revenues	***2.9***	***3.6***	**(19.4%)**

With revenues of nearly € 510 million, the Group achieved growth of 1.1% in the 1st quarter 2011 compared to the same period of 2010, despite:

(i) The negative impact of the change of VAT status for triple-play packages (applicable from 1 January 2011), whereas the first billing of subscribers according to the new pricing structure only applied from February 2011.

(ii) The regulatory decline in fixed line termination rates.

After taking these elements into account, the Group's ARPU for the 1st quarter (at the end of the period) was € 35.8, a moderate decline compared to the previous year. In accordance with Group forecasts, and due to excellent usage of value added services, the ARPU of Freebox Revolution subscribers is in excess of € 38.

GLOSSARY

Unbundled subscribers: broadband subscribers who have signed up for Free broadband service on a Central Office unbundled by Free.

Broadband ARPU (Average Revenue per User): includes revenues from the flat-rate package and the value-added services but excludes non-recurring revenues (e.g. migration from one offer to the other or connection and unsubscription fee) divided by the total number of broadband subscribers invoiced for the period.

Total Broadband Subscribers*:* at the end of a period, consists of the total number of customers identified by their individual phone lines who have signed up for Free or Alice broadband service, excluding those for whom an unsubscription notice has been registered.

Recruitment*:* corresponds to the difference between the total number of broadband subscribers at the end of two different periods.

The Iliad Group is a major player in the French telecommunications and Internet access market via Free and Alice (4,661,000 broadband subscribers as of 31 March 2011), Onetel and Iliad Telecom (fixed telephony providers), as well as Free Mobile. The Iliad Group is listed on Euronext Paris under the ticker ILD.

Exchange: ***Euronext Paris***	Marketplace: ***Eurolist A of Euronext Paris (SRD)***
Ticker: ***ILD***	ISIN code: ***FR0004035913***
FTSE ranking: ***974 Internet***	Member of ***Euro stoxx, SBF 120, Next 150, CAC mid 100***