Paris, 15 May 2012

A historical quarter

- **2.6 million mobile subscribers on 31 March 2012**
- **Nearly 4% of the market share in the mobile business in 80 days**
- **Free becomes the 1st broadband alternative operator with more than 5 million broadband subscribers**
- **More than 50%* of the broadband net recruitment market share in Q1 2012 for the Group**
- **Surge in landline business growth, up 9.8% in Q1 2012**
- **29% increase in consolidated revenues in Q1 2012, reaching 656 million euros**

Q1 2012 HIGHLIGHTS

Mobile sector: outstanding commercial success

The first quarter of 2012 was marked by the launching of the Group's mobile offerings. On 10 January 2012, Free presented two simple and generous commercial offerings:

(i) The €2/month no-contract offering (€0/month for Freebox subscribers) for 60 minutes voice and 60 SMS per month;

(ii) The €19.99/month no-contract offering (€15.99/month for Freebox subscribers) with unlimited voice, SMS, MMS and Internet (3GB fair use policy).

Its commercial success is outstanding with 2,610,000 subscribers added in less than three months. The enrolment is distributed evenly between the two plans, between the Free community and newcomers, and between subscriptions with mobile number portability and those with a new phone number assigned.

With its commercial and price innovations, Free Mobile has liberated conventions and galvanized a market that had been at a standstill for many long years.

**Source: Data published by the Incumbant on 3 May 2012.*

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Landline sector: an exceptional quarter in which the Group exceeded 5 million broadband subscribers.

Change in the number of broadband subscribers since 30 September 2011:

	31 Mar. 2012	31 Dec. 2011	30 Sept. 2011
Total number of broadband subscribers	**5,040,000**	**4,849,000**	**4,790,000**
- Free	4,720,000	4,461,000	4,358,000
Share of migrations from Alice to Free in the quarter	*46,000*	*21,000*	*20,000*
- Alice	320,000	388,000	432,000
Unbundled subscribers as a % of the total subscribers	**93.1%**	**92.2%**	**91.6%**

During the 1st quarter of 2012, the Iliad Group **recorded a historical sales performance in the French market, by adding 191,000 new subscribers net of terminations.** At March 31, 2012, for the first time, the Group's broadband subscriber base exceeds 5 million subscribers with **5,040,000 high-speed subscribers**. The main changes in the period were as follows:

(i) **Exceptional market share won by the Free brand with well over 50%* of net recruitments in the period**. This is the best quarter ever in the Group history in terms of market share: 213,000 new subscribers to the Freebox HD (V5) and Freebox Revolution offerings (net of terminations and excluding migrations from Alice). This success testifies to the powerful attraction of the Free brand and to the Group's capacity to stand out and innovate, particularly with its Freebox Revolution offering.

(ii) **Success and acceleration of the loyalty programme to retain Alice subscribers:** as of January 2011, the Group offered Alice subscribers the possibility of migrating to the Free offerings. In the 1st quarter of 2012, nearly 46,000 Alice subscribers switched over to a Free offering, compared to 22,000 in the same period in 2011. These subscribers are obviously not recognized in the market share of Free.

(iii) The Group continued its efforts to extend its ADSL network coverage and therefore step up the unbundling rate, which exceeded 93%.

Q1 2012 CONSOLIDATED REVENUES

In the 1st quarter of 2012, the **Group's growth was back to two figures, with an increase of nearly 29% in the Group's consolidated sales revenue for the period**, crossing the 655 million euro mark.

Overview of the consolidated sales revenue by sector:

Million euros	Q1 2012	Q1 2011	Var. (%)
Telecom services	86.0	-	-
Terminal sales	11.5	-	-
Mobile sector	**97.5**	**-**	**-**
Broadband	557.2	506.9	9.9%
Other	2.5	2.9	-13.8%
Landline sector	**559.7**	**509.8**	**9.8%**
Intersector	**-1.5**	**-**	**-**
Consolidated revenues	**655.7**	**509.8**	**28.6%**

Mobile sector:

In the 1st quarter, the Group generated over €97.5 million of sales revenue **from its mobile business**, including €11.5 million from terminal sales and €86 million from the telecom services business.

The solid sales revenue generated by the Group in telecom services reflects the even distribution of subscribers between the various offerings of the Group (€2/month plan or €19.99/month plan, Freebox subscribers or new subscribers). The quality of the distribution of the offerings in the mobile subscriber database attests to the durability of the commercial and economic model chosen by the Group.

Landline sector:

With a sales revenue figure touching €560 million, **the Group recorded an increase of 9.8% in the 1st quarter of 2012 compared to the same period in 2011**. In line with its commitments and despite the increase in VAT on TV offerings, the growth in the Group's landline business increased sharply in the period as a result of:

(i) **The leap in the broadband subscriber base figures in the period**. Between 31 March 2011 and 31 March 2012, the Group's subscriber base expanded by 379,000 subscribers.

(ii) **Soundness of the Group's ARPU** (end of period) that rose slightly compared to the 4th quarter of 2011 to **€35.6**, riding on the commercial success of the Freebox Revolution offering whose ARPU is above €38.

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BROADBAND AND MOBILE MARKET TRENDS IN 1ST QUARTER 2012

Broadband:

	Q1 2012	Sources
Iliad	**+191 000**	
Orange	+73 000	http://www.orange.com/fr_FR/finance/investisseurs
SFR	-25 000	http://www.vivendi.com/vivendi/IMG/pdf/20120514_VIV_CP-_Q1_2012_.pdf
Bouygues Tel.	NC	Non communiqué à la publication du communiqué de presse
Numericable	+6 000	http://www.pcinpact.com/news/70803-numericable-abonnes-mobiles-tv-thd-fibre.htm+

Mobile :

	Q1 2012	Sources
Free	**+2 610 000**	
Orange	-615 000	http://www.orange.com/fr_FR/finance/investisseurs
SFR	-620 000	http://www.vivendi.com/vivendi/IMG/pdf/CP120301_resultats_annuels_2011.pdf http://www.vivendi.com/vivendi/IMG/pdf/20120514_VIV_CP-_Q1_2012_.pdf
Bouygues Tel.	-	Non communiqué à la publication du communiqué de presse
MVNOs	-89 000	http://www.arcep.fr/index.php?id=11303
Total marché	**+854 000**	http://www.arcep.fr/index.php?id=11303

OTHER FINANCIAL INFORMATION PUBLISHED IN 1ST QUARTER 2012

http://www.iliad.fr/en/presse/2012/CP_080312_Eng.pdf

GLOSSARY

Unbundled subscribers: subscribers of the Group's high-speed offering in a telephone exchange unbundled by Free.

Broadband ARPU (broadband average revenue per user): revenues generated by the plan and added-value services, excluding non-recurrent revenues (for example, charges for migrating from one offering to another, or activation or termination charges), divided by the total number of high-speed subscribers billed in the period.

Total number of broadband subscribers: represents the end-of-period total number of subscribers, identified by their telephone line, who subscribed to the Free and Alice offering, and excluding those for whom a termination has been recorded.

Total number of mobile subscribers: represents the end-of-period total number of subscribers, identified by their telephone line, who subscribed to a Free mobile offering, excluding those for whom a termination has been recorded.

Recruitment: difference between the total number of subscribers at the end of two distinct periods.

The Iliad Group is a major player in the French telecommunications and Internet access market via Free and Alice (5,040,000 broadband subscribers as of 31 March 2012) and in the French mobile market via Free Mobile (2,610,000 subscribers as of 31 March 2012). The Iliad Group is listed on Eurolist in Euronext Paris under the ticker ILD.

Listed on: ***Euronext Paris***	Compartment: ***Eurolist A of Euronext Paris (SRD deferred settlement system)***
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