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1H 2009 Results & Strategy Presentation

August 27th, 2009

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A Strong Positioning
& Significant Opportunities Ahead

A strong positioning

- High quality subscription business
- Best product, best value for money, strong brand
- Quick integration of Alice

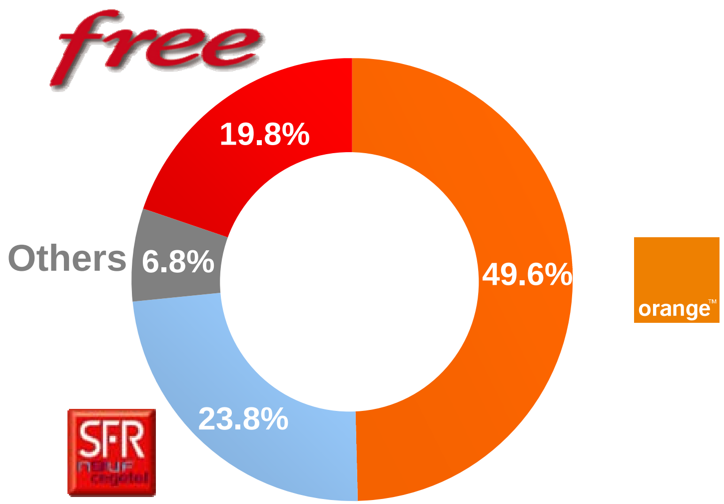
Significant Opportunities ahead

- Headroom to grow customer base and VAS take-up
- Sound financial position, backed by strong ADSL FCF generation
- FTTH: A clear regulatory framework
- Mobile: Tender process launched

Market Consolidation Benefits Iliad

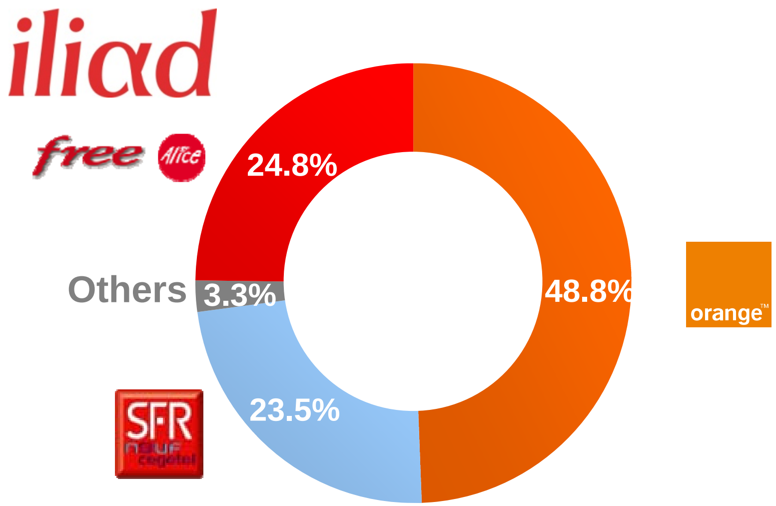
June 30, 2008
Market Shares

15,8M ADSL Subscribers



June 30, 2009
Market Shares

17,6M ADSL Subscribers



Source: Iliad & France Telecom

Combined KPIs

	free	iliad (free + Alice)	
	June 2008	Dec. 2008	June 2009
ADSL Subs.	**3,134,000**	**4,225,000**	**4,371,000**
- free	3,134,000	3,389,000	3,589,000
- Alice	-	836,000	782,000
ARPU (end of period)	**€36.3**	**€35.9**	**€36.3**
Unbundling ratio	**83.4%**	**78.7%**	**81.2%**
- free	83.4%	85.6%	87.2%
- Alice	-	50.7%	53.8%

Free churn rate maintained below 1% per month

Alice: Quick Integration Delivering Strong Synergies

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Revenues

- Streamlining & rationalization of Alice's commercial offers ✓✓✓
- Launch of the new Alicebox ✓✓✓
- Increase of VAS take-up ✓

Profitability

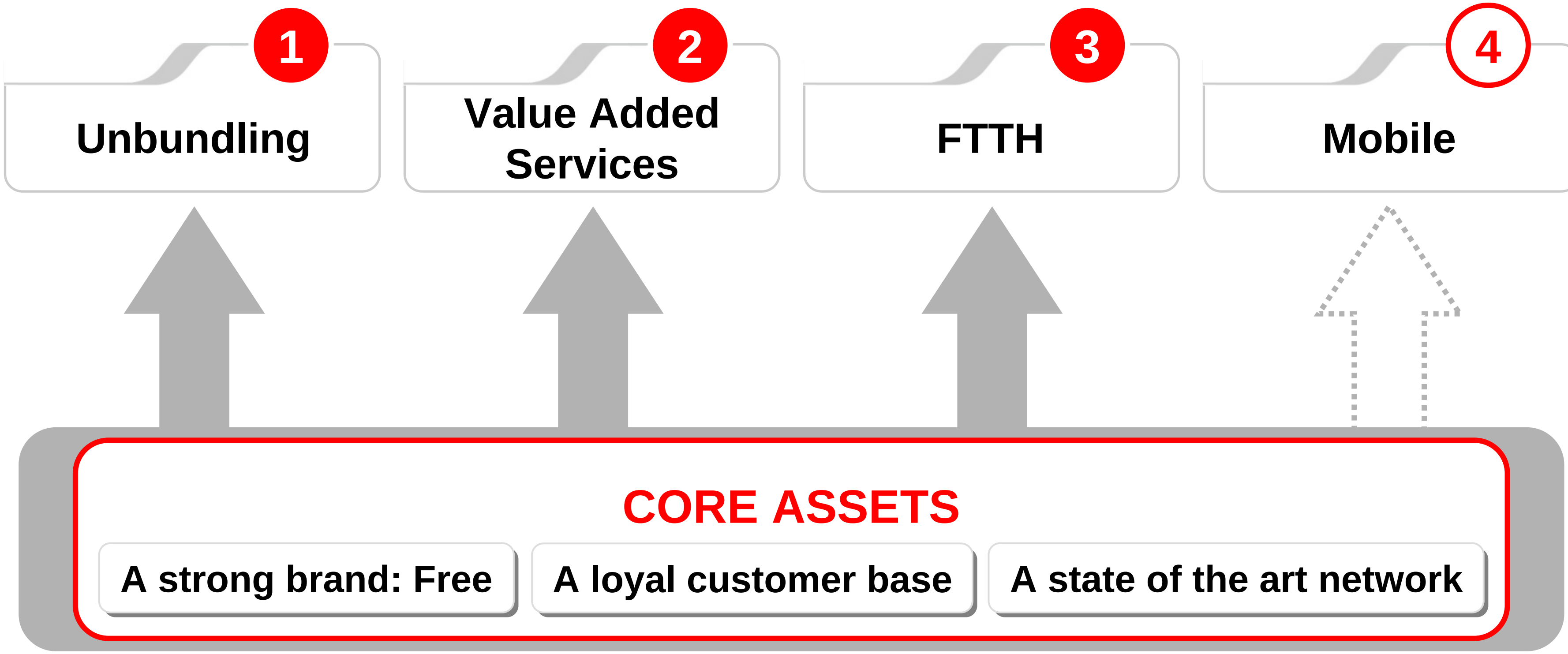
- Marketing expenses squeezed ✓✓✓
- IT& billing system migrated ✓✓✓
- Streamlining of the fixed costs base (network, G&A…) ✓✓
- Increasing the unbundling ratio of Alice subscribers base ✓

Exceptional

- Tax shield ✓✓✓
- Price adjustment clause ✓✓✓

EBITDA break- even achieved in 1H 2009
Increased EBITDA contribution on 2H 2009

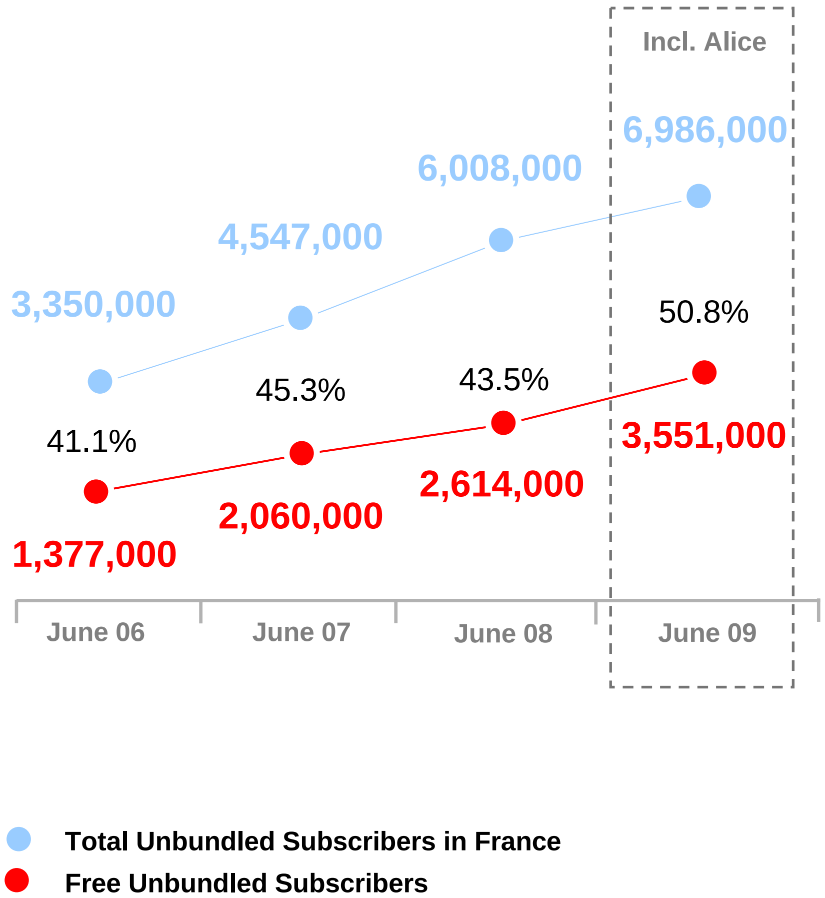
The Four Pillars of Growth



Unbundling: Still a Profitable Growth Driver

In thousand subs

Iliad 1st Unbundler with 51% market share in June 2009



- **As of June 30, 2,375 Central Offices equipped with DSLAMs**
- **Dilutive impact of Alice on Iliad's unbundling ratio**
  - ➔ Unbundling ratio of 53.8% on Alice
  - ➔ Alice unbundling migration starting in 2H 2009
- **Objectives end of 2009:**
  - ➔ 2,700 COs equipped
  - ➔ Unbundling ratio of 82%

Pushing the On-Demand Concept to the Next Level

2 Value Added Services

Innovation is at the Heart of Our Strategy

2 Value Added Services

- New mediacenter service (UPnP) to display easily digital content from computers on TV screen

- Opening of the World's largest Wifi network with c. 3 million Wifi hotspot operating on installed Freebox HD
- Over 100K accounts activated

A Clear Roadmap in Very Dense Areas

Horizontal deployment (network outside private properties)

- **Paris**
  - ➔ 55 Optical Nodes acquired & being equipped out of a total of 65 to cover 100% of Paris
  - ➔ Horizontal roll-out in the sewers progressing well
  - ➔ Free will be able to connect c. 70% of buildings at end year
  - ➔ Building agreement needed to connect subscribers (directly or through network sharing)

- **Outside of Paris**
  - ➔ 120K home passed horizontally through turnkey agreements at end 2009
  - ➔ Ducts deployments started: 800K homes under study, massive deployment over 2H 09

A Clear Roadmap in Very Dense Areas

3

FTTH

In-buildings deployment (subscribers connection)

- **On the brink of an efficient legal framework (end of October) - based on Arcep proposal**
  - ➔ In-building wiring:
    - ✓ Done by the in-building operator that has signed with the building owner
    - ✓ Additional fiber installed (from household to the foot of the building) if asked by third-party operators
    - ✓ Incremental cost paid by third-party operators and common cost shared between all
  - ➔ A technology neutral solution
- **Operators will have to:**
  - ➔ Release their in-building lease offer before end 2009
  - ➔ Share operational information & building owners agreements to put in place mutualization

Confirmed plan: 4M home passed for a total investment of €1bn by 2012

Outside Very Dense Areas

3

FTTH

- **Objectives**
  - ➔ Authorities in favor of a quick and maximized coverage of France
  - ➔ One open network covering up to 15M households is better than 3 networks competing on 7M households
  - ➔ Optimize building capacities of subcontractors
  - ➔ Ease regulatory issue and give trust to building owners
  - ➔ Leverage on financial capacities of all the parties

⇨ **Co-investment in an open infrastructure**

- **To succeed this project needs:**
  - ➔ A P2P passive & shared infrastructure from the household to the mutualization point (gathering a min. of 1K lines)
  - ➔ The investment of the 3 main FTTH network operators in a JV to set an open infrastructure
  - ➔ A State incentive: through CDC investment or direct financing

Iliad is in favor of an open infrastructure outside very dense areas

Time to Bid !

4 Mobile

- **A major growth opportunity**
  - ➔ A €21bn uncompetitive market
  - ➔ Consumers are upset by prices, lack of flexibility and transparency
  - ➔ Lowest penetration rate in Europe

- **A defined time frame**
  - ➔ Application to be submitted before October 29th
  - ➔ Award of the license in 1H 2010
  - ➔ Service open 24 months after award

4th mobile operator

- **A pro-competitive license**
  - ➔ 2 blocks of 5 Mhz (2.1Ghz + 900Mhz)
  - ➔ A price fixed at €240M
  - ➔ Roaming agreement
  - ➔ Access to site sharing agreement

- **"Not the usual 4th entrant"**
  - ➔ Strong synergies with existing assets
  - ➔ Low break-even point of the project
  - ➔ Drop of MTRs to 3c. In July 2010
  - ➔ Drop of equipment costs allowing a €1bn network CapEx plan

Financials

Strong Financial KPIs

In € million

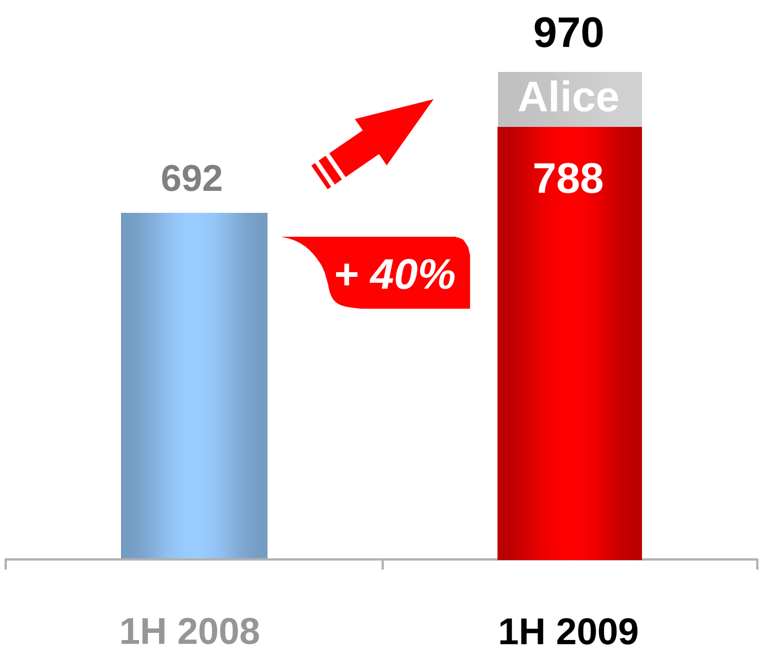
	1H 2008	1H 2009 Excl. Alice	VAR.	1H 2009 Incl. Alice	
Revenues	**692.2**	**787.6**	*+13.8%*	**969.8**	+40%
EBITDA	**256.9**	**302.3**	*+17.7%*	**307.8**	
EBITDA Margin	*37.1%*	*38.4%*		*31.7%*	
EBIT	**128.0**	**200.5**	*+56.6%*	**133.9**	
EBIT Margin	*18.5%*	*25.5%*		*13.8%*	
Net Income	**82.9**	**161,0**	*+94.2%*	**72.0**	
ADSL FCF	**74.7**	**178.4**	*x2.5*	**164.1**	
Cash end period	**265.5**	-	-	**580.1**	x2.2

Iliad Consolidated Revenues

In € million

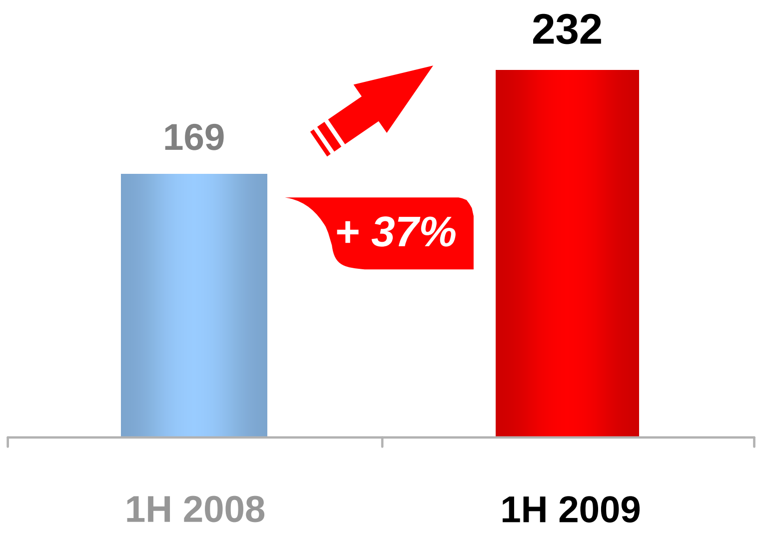
Revenues(1)

- A robust organic growth (+14%) on Historic perimeter



VAS Revenues on Iliad

- Broadband ARPU of €36.3 in 2Q 2009

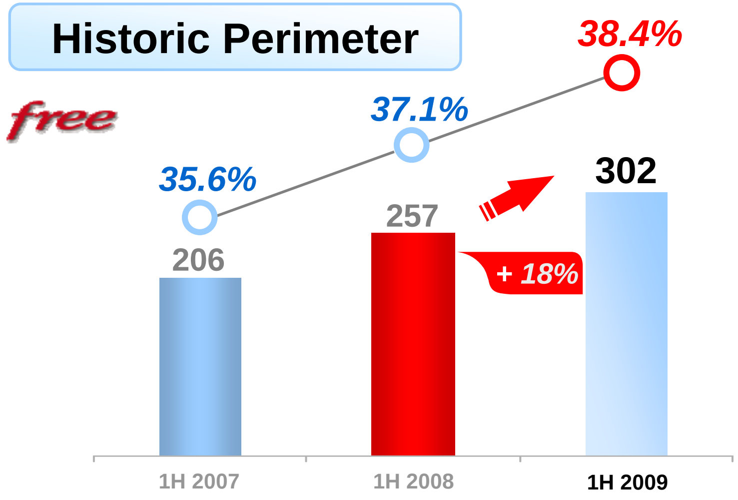


(1) Excluding inter-segments

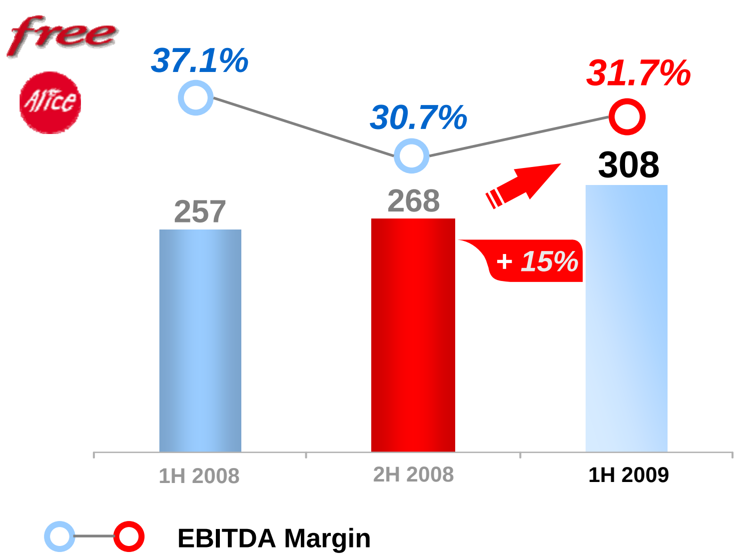
EBITDA: Continued Margin Improvement on Historic Perimeter

In € million

Historic Perimeter



Consolidated Perimeter



- **1H 2009 EBITDA's drivers:**
  - ++ Unbundling ratio increase to 87%
  - \+ Tight costs control
  - \+ Increased usage of VAS
  - \+ Decrease of non-unbundled tariffs
  - \- Implementation of the French public TV Tax
  - ➔ **A 38.4% record EBITDA margin**

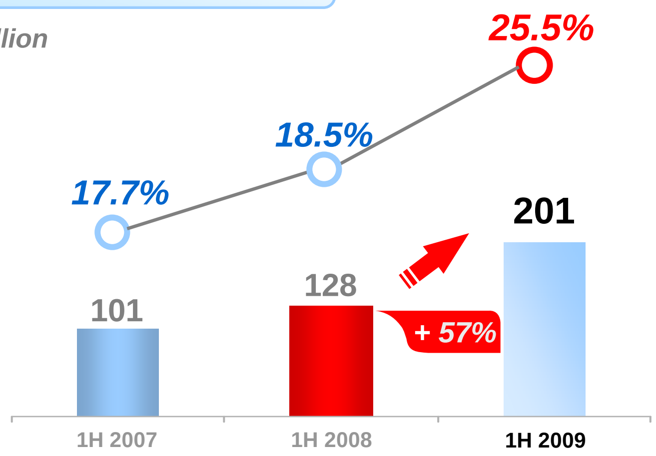
- **A strong improvement of Alice on the EBITDA line**
  - \+ Streamlining of the fixed costs base (subcontractors, G&A…)
  - \+ EBITDA break-even reached during 2Q 2009
  - ➔ **A positive EBITDA contribution of €5.5m in 1H 2009**

- **Objectives:**
  - \+ Increasing the unbundling ratio up to 75% - 80%
  - \+ Increase EBITDA contribution on 2H 2009

Record EBIT Margin on Historic Perimeter

Historic Perimeter

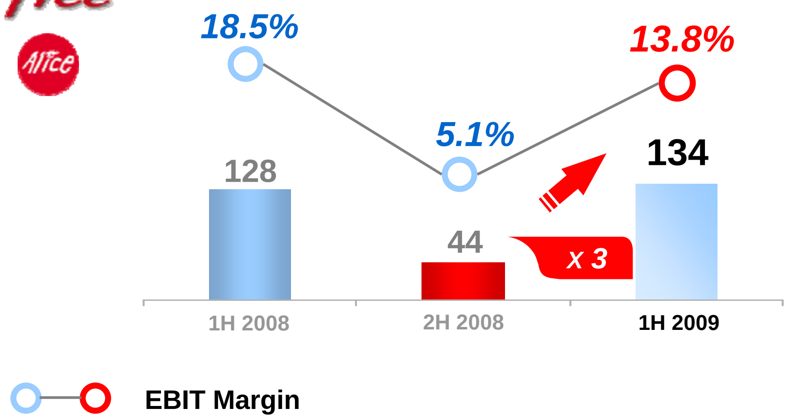
In € million



- **EBIT up by +57% on historic perimeter:**
  - + Increasing EBITDA margin
  - + Amortization policy reviewed
  - + Price of Freebox maintained at €180
  - ➔ **A 25.5% record EBIT margin**

Consolidated Perimeter

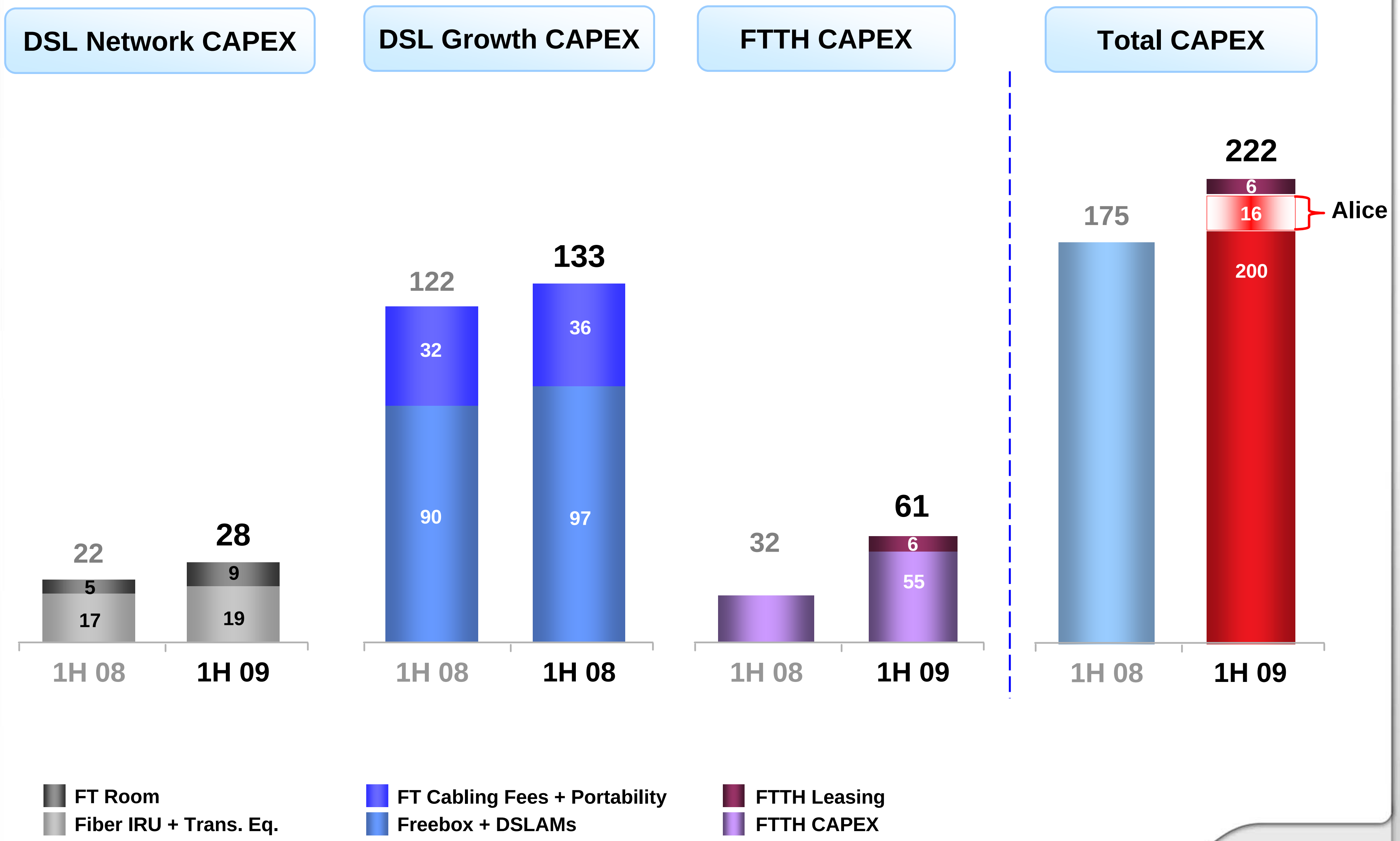
In € million



- **€72m Dilutive impact of Alice:**
  - - Amortization: €-49m
  - - Provision for restructuring costs: €-23m

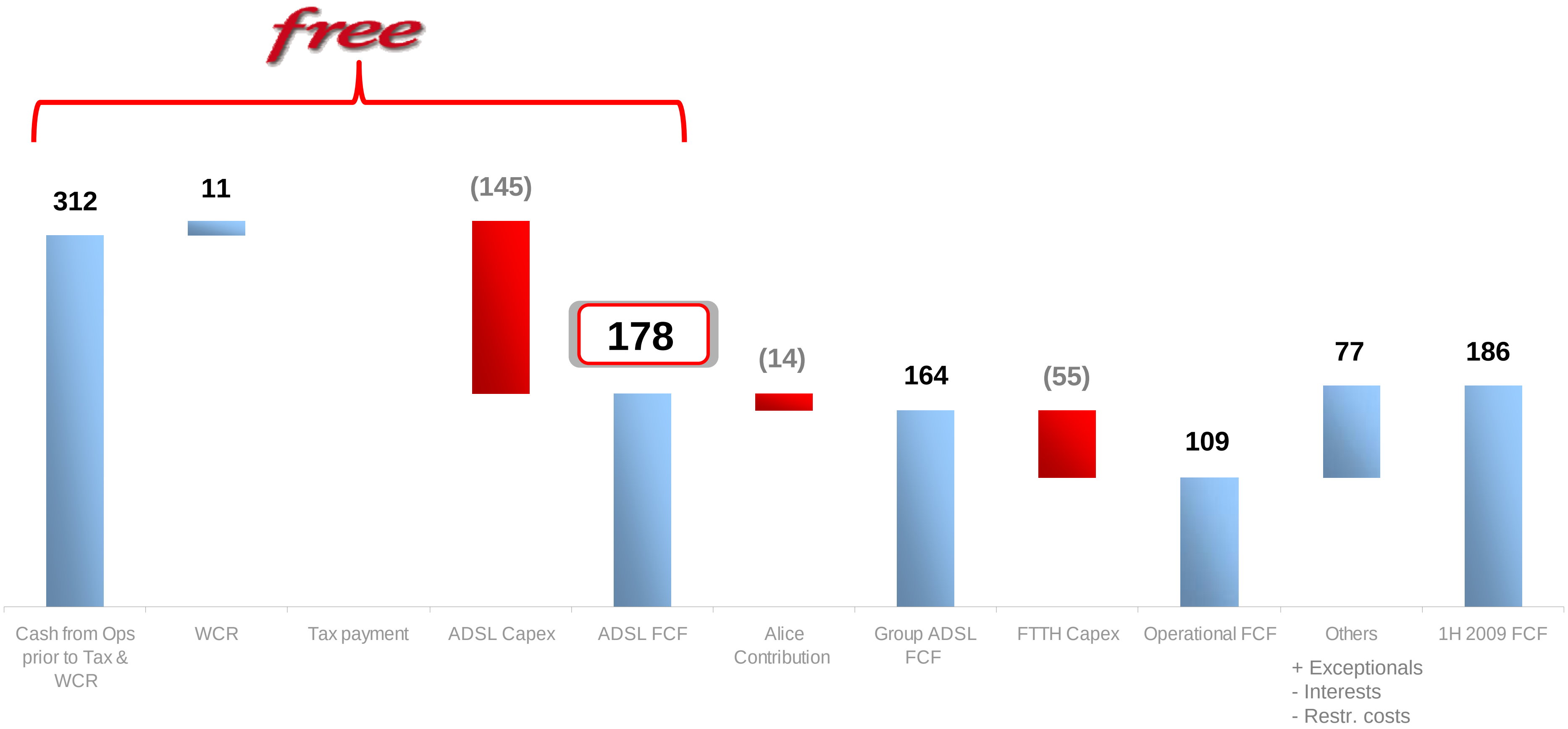
1H 2009 CAPEX Breakdown

In € million



1H 2009: A Significant FCF Increase, Reinforcing the Financial Structure

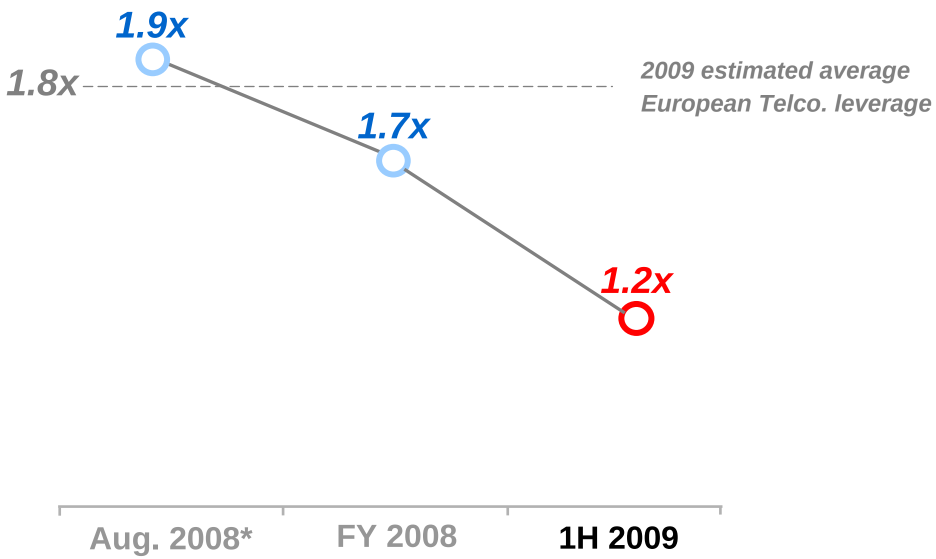
In € million



A strong cash generation on the historic perimeter: €178m in 1H 09 vs €75m in 1H 08
An exceptional cash-in of €144m

A Rapid Deleveraging

Leverage Ratio (net debt / EBIDTA)



- **A solid financial profile:**
  - One of the lowest Leverage in the Telecom industry
  - €250m undrawn revolving facility
  - €580m of cash available at end June 2009
  - Headroom to gear balance sheet

Estimated leverage of Iliad after the acquisition of Alice in August 26, 2008

Confirmed 2009 Outlook

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Operational

- 5 million subscribers by end 2011
- 82% unbundled subscribers (incl. Alice) by end 2009
- FTTH: 70% Paris covered horizontally over 2H 2009

Financials

- FCF (excl. Alice) above €300m on ADSL activity in 2009
- A cumulative ADSL FCF > €1bn 2009-2011
- Leverage of c.1x EBITDA by end 2009
- A strong increase of the Net Income in 2009

A sound financial position enabling future growth

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Q&A

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Appendices

Free’s Offer: €29.99 The ‘Best-Value for money’

INTERNET

- Access up to 28 Mbps
- DSL Safe
- IPV6
- Free Wifi

PHONE

- Free phone calls to 100 destinations
- SIP Protocol
- Ring Back Tone
- Fax
- Voice message sent by mail
- Filtering incoming calls

TV / VIDEO

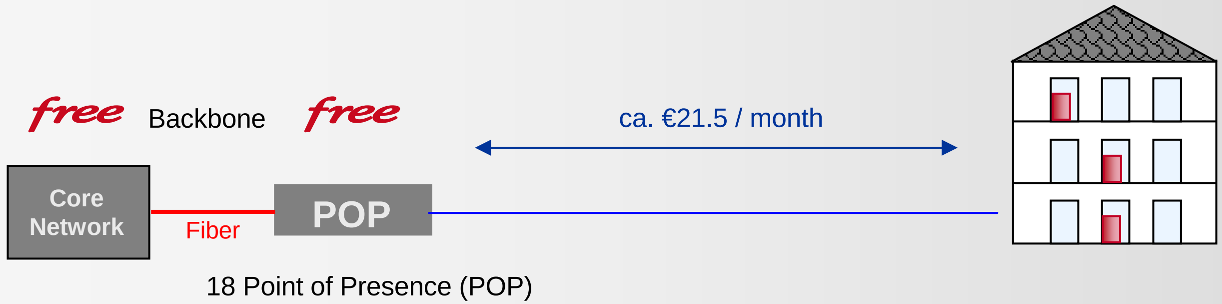
- 300 TV channels
- DTT
- PVR (40 Gbits Hard drive)
- VoD features
- S-VoD offer
- TV Perso
- HD Contents

CONNECTIVITY

- WiFi MiMo 802.11n
- HDMI connection
- Freeplugs
- UPnP

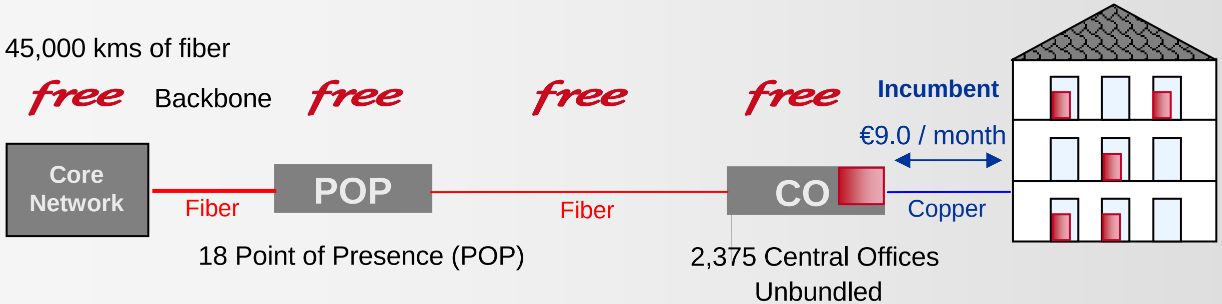
ATM speeds

Yesterday Wholesale, Today Unbundling and Tomorrow FTTH



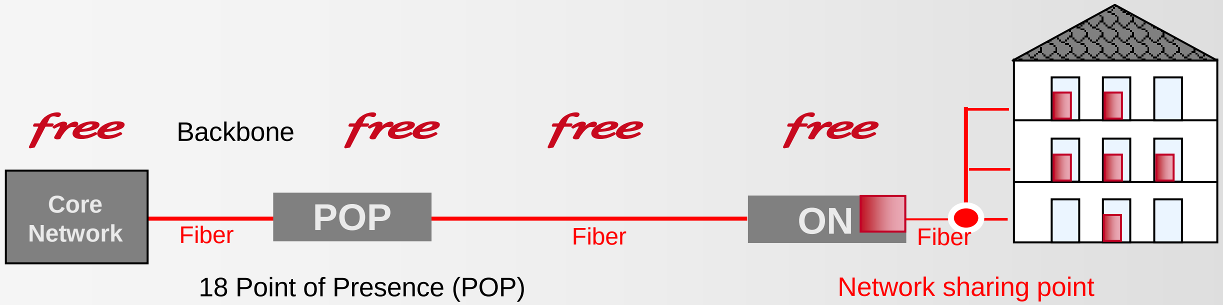
FT Wholesale

- FT rental Fee: €9.5 - €16.5
- IP Transit : €5.0 - €7.0
- Gross margin of ca. 10%-15%



Unbundling

- FT rental Fee: €9.0
- Other costs : €4.0
- Gross margin of ca. 50%



FTTH

- Gross margin of ca. 85%

Freebox DSLAM
Freebox set-top box