



Paris July 30, 2004

Consolidated Revenues of € 221.9 million up 77% in 1H04 ADSL Subscribers at 768,000 up 58% during 1H04 One.Tel Subscribers at 328,000 up 53%

Over the 1st half 2004, Iliad reinforced its position as the leading alternative ISP in France. Free increased its ADSL subscriber base from 485,000 as of December 31, 2003 to 768,000 as of June 30, 2004. Free added 150,000 ADSL customers (net of churn) during the 1st quarter 2004 and 133,000 during the 2nd quarter 2004. Internet sector revenues increased to € 173.0 million in the six months ending June 30, 2004.

During the 2nd quarter 2004, Free captured over 24%¹ of the ADSL net additions in France. That market share was 20% in the 1st quarter. Free continued to consolidate its position as the number 2 broadband ISP and as a credible alternative to Wanadoo. These outstanding statistics confirm the power of the Free ADSL offering and in particular of the Freebox services. For the third quarter in a row, Free remains the only ISP to offer a national triple-play offer, integrated in one single CPE, for a flat “all-inclusive” monthly fee of € 29.99.

In addition, Free maintained its position as the leading French ULL operator, with 355,000 ADSL users on unbundled local loop (Option 1) at June 30, 2004, close to 49% of all unbundled lines in France. Free increased its proportion of unbundled customers to 46.2% at that date vs. 33.6% as of December 31, 2003.

Pursuant to the objectives expressed at the time of the IPO, Iliad's management has spent additional marketing euros on One.Tel. As of June 30, 2004, One.Tel totalled 328,000 subscribers vs. 215,000 at the end of 2003. Kertel increased prepaid cards sales from 4.9 million cards over the whole year in 2003 to 3.9 million for the six months ending June 2004. Revenues generated by the fixed line and prepaid card business increased 102.9% to € 60.1 million vs. € 29.6 million in 1H2003.

1H04 Revenues

(in € '000)	1H04	1H03 ²	Change
Internet Revenues	173,018	88,725	95.0%
- o/w ISP Revenues	138,343	75,247	83.9%
- o/w Hosting and Advertising	3,157	2,567	23.0%
- o/w Inter-segment and Other	31,518	10,911	188.9%
Telecom Revenues	79,024	38,035	107.7%
- o/w Fixed Line and Prepaid	60,071	29,865	101.1%
- o/w Services to Operators and Inter-segment	18,953	8,170	132.0%
Other Services	13,858	12,652	9.5%
<i>Total Inter-segment</i>	<i>(43,951)</i>	<i>(14,142)</i>	<i>NM</i>
Consolidated Revenues	221,949	125,269	77.2%

¹ Based on France Telecom market data as of July 27, 2004

² Kertel 3 months

ADSL Customer Base in 2003 and 2004

	Dec. 31, 2002	June 30, 2003	Dec. 31, 2003	June 30, 2004
ADSL Subscribers	99,100	275,630	485,000	768,000
Unbundled Subscribers	3,300	45,850	163,000	355,000
Unbundled Subscribers as % of Total	3.3%	16.6%	33.6%	46.2%
Residential ADSL Market Share	7.2%	13.3%	15.0%	16.8%

Key Developments in 2004

By delivering constant innovations, Iliad demonstrated its commitment to remain the most aggressive player in the French broadband market. This continuous commitment is best illustrated by the following key actions :

- **Freebox for every new ADSL subscribers³.** On March 18, Free announced that every new ADSL subscriber would receive the Freebox modem, whether the service is provisioned on Option 1 or Option 5. With this modem, every customer has access to broadband Internet access as well as free local and national fixed line phone calls and attractively priced calls to mobile and international destinations.
- **60,000 viewers of French Tennis Open on Freebox.** On June 3, France Television announced that 60,000 households used TV over ADSL to watch Roland Garros tennis matches. For the first time ever, all the matches were accessible on 7 different channels of the Freebox, allowing viewers to enjoy live, uninterrupted feeds of their favourite players.
- **5 Mbps Internet access for unbundled (Option 1) customers³.** On June 4, Free announced a significant increase to 5 Mbps download speed for all its unbundled customers. Previously, download speed was limited to 2 Mbps. The monthly fee remained set at € 29.99.
- **Total unbundling now a reality.** Since mid-June, Free has offered to its new subscribers the option to choose full unbundling. By doing so, the customers forego the payment of the FT monthly subscription.
- **Wi-Fi and router enabled Freebox modem.** On July 7, the wi-fi port on V3 Freebox modems was enabled, allowing customers to establish high-speed wireless connection at no additional monthly cost. Wi-fi cards are sold on Free's website for 27 euros.
- **€ 60 million investment in network extension.** On July 16, Iliad announced a significant extension of its fibre-optic network and in particular that over 600 FT central offices would be connected to its network by May 2005. By expanding its footprint, Iliad estimates that over 74% of its ADSL subscribers (as at June 30, 2004) could be unbundled.

On Monday September 6, 2004, Iliad will present its 1H2004 results.

Iliad is a leading player in the French telecommunications and Internet access industry via its subsidiaries Free (the second largest ISP and a licensed network operator), One.Tel (a fixed telephony provider) and Kertel (the leading alternative prepaid cards provider). Founded in 1991, the Group employs 560 people. Iliad is listed on Euronext Paris under the ticker ILLD.

³ Subject to technical characteristics of copper line



Exchange : **Euronext Paris**

Market place : **1er Marché**

Ticker : **ILD**

ISIN Code : **FR0004035913**

FTSE Ranking: **974 Internet**

Member of SBF 250 Index and Next 150

Next event : **Monday September 6, 2004 1H04 Results**

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