



A Story of Growth and Profitability

Initial Public Offering on the Premier Marché of Euronext Paris **On January 30, 2004**

Indicative price range between 14.00 euros and 16.30 euros per share

By leveraging its telecommunications network, Iliad is, via its subsidiary Free, the second largest broadband internet service provider in France, specialized in unbundling the local loop. Iliad is also one of the best performing French operators in the French fixed telephony market through its subsidiaries One.Tel and Kertel. Iliad achieved revenues of more than 202 million euros and operating income of 24.9 million euros during the first 9 months of the year. Today Iliad is announcing its initial public offering on the Premier Marché of Euronext Paris.

The share capital increase will provide Iliad with the funds necessary for its capital expenditure requirements in connection with the acceleration in 2004 and 2005 of the growth in the number of ADSL subscribers using unbundled lines. Iliad intends to invest approximately 50 million euros in the following:

- producing, installing and distributing Freebox DSLAMs and Freebox modems;
- constructing co-location facilities; and
- increasing the density and reinforcing the security of its telecommunications network.

The group also intends to invest more heavily in advertising the competitiveness and simplicity of One.Tel's telephony offerings.

Finally, the share capital increase will strengthen the group's balance sheet and permit the group, as opportunities arise, to pursue an external growth strategy targeting acquisitions which are highly complimentary to the group's existing businesses or which permit the group to better exploit its network.

Offering structure

The offering is to be structured as follows:

- a French public offering made by means of an *offre à prix ouvert*, principally directed toward private individuals;
- an international offering principally directed toward institutional investors consisting of:
 - a French public offering; and
 - an international private placement in certain countries, with the exception, notably, of the United States of America.

The shares to be made available to the public will come from:

- a share capital increase of 5,000,000 new shares, representing approximately 9.5% of the company's total share capital and voting rights following the completion of the share capital increase and prior to taking into account any exercise of an over-allotment option. The number of newly issued shares may be increased by a maximum of 828 000 new shares in the event of the full exercise of the over-allotment option granted by the company to the underwriters.
- A sale by certain Goldman Sachs funds, shareholders of the company since 2000, of 1,000,000 existing shares, representing approximately 1.9% of the company's total shares and voting rights following the completion of the share capital increase and prior to taking into account any exercise of the over-allotment option. The number of existing shares to be sold may be increased by a maximum number of 900,000 shares pursuant to an extension option.

The transaction is being led by SG Corporate & Investment Banking, Global Coordinator and Sole Bookrunner, Cazenove, Joint Lead Manager, and Oddo & Cie, Co-manager.

The determination of the offering price in both the French public offering and the International offering is anticipated to occur on or about January 29, 2004. The shares will begin trading on the Premier Marché of Euronext Paris on January 30, 2004.

Based on an assumed offering price equal to the midpoint of the indicative price range, the gross proceeds from the issuance of the new shares will be approximately 75.75 million euros (before exercise of the over-allotment option). The gross proceeds from the sale of the existing shares will be approximately 15.15 million euros (before exercise of the extension option). Based on this same assumed offering price, the global offering will amount to approximately 90.9 million euros, and Iliad's market capitalisation will amount to approximately 720 million euros.

The indicative price range is between 14 euros and 16.30 euros per share.

Indicative calendar of the Combined Offering

January 21, 2004	Beginning of the French public offering Beginning of the international offering
January 28, 2004	Closing of the French public offering
January 29, 2004	Closing of the international offering (except in case of early closing) Pricing of the French public offering and the international offering Publication by Euronext Paris of the notice of the results of the French public offering Initial listing of the Company's shares
January 30, 2004	Publication of a press release confirming the final size of the French public offering and the international offering and indicating the French public offering price and the international offering price Beginning of trading of Iliad's shares on the <i>Premier Marché</i> of Euronext Paris
February 3, 2004	Payment and delivery of the shares offered in the French public offering and the international offering
March 4, 2005	Deadline for exercise of the over-allotment option

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Copies of the prospectus used in connection with the French public offering, consisting of the Company's *document de base* registered with the *Autorité des marchés financiers* on December 15, 2003 under number I 03-253 and a *note d'opération* which received visa number 04-033 from the *Autorité des marchés financiers*, are available free of charge at the offices of Iliad, 8, rue de la Ville l'Evêque - 75008 Paris, at the offices of the financial intermediaries mentioned above, as well as on the web-sites of the company (<http://www.iliad.fr>) and the *Autorité des marchés financiers* (<http://www.amf-france.org>).

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This announcement is not an offer for sale in the United States or any other jurisdiction. Securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Iliad does not intend to register any portion of the planned offering in the United States or to conduct a public offering of securities in the United States.

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