



1Q05 Consolidated Revenues at € 163.1 million, up 56% yoy Strong ADSL Subscribers Growth at 150,000 in 1Q05

Iliad reinforced its leading alternative position in the French ISP market during the 1st quarter 2005. Free increased its number of ADSL subscribers from 1,064,000 as of December 31, 2004 to 1,214,000 as of March 31, 2005. Free increased its ADSL subscriber base by 150,000 in the 1st quarter 2005, the same number of net adds as in the 1st quarter 2004.

Despite intense competitive pressure, Free consolidates its position as the number 2 broadband ISP in France and as the leading alternative to Wanadoo. These statistics confirm the power of Free ADSL offering and in particular of the Freebox services. At this date, Free remains the only provider with a national triple-play offer based on ADSL 2+ technology, integrated in one single CPE, for a flat all-inclusive monthly fee of € 29.99.

Over the 1st quarter 2005, net adds market share was approximately 18.4%¹.

As of March 31, 2005, over 1,000,000 users were equipped with a Freebox modem. During the 1st quarter 2005, value-added services generated revenues of € 11.7 million, compared with € 13.5 million in 2004 for the entire year. There were 96,000 paying subscribers to Freebox TV services and 850,000 telephone users.

As far as the Telephony sector is concerned, the total number of Onetel subscribers was stable over the period at 335,000 customers billed. Onetel ARPU stood at around € 16.1 per subscriber per month. Kertel posted a good 1st quarter 2005 with 1.9 million cards sold over the period vs. 1.8 million cards sold in the 4th quarter 2004.

1Q05 Revenues

(in € '000)	1Q05	1Q04	Change
Consolidated Revenues	163,119	104,496	56%
Internet Revenues	139,231	81,678	
- Intersegment	(16,732)	(15,387)	
Cons. Internet Revenues	122,499	66,291	85%
Telephony Revenues	43,566	36,906	
- Intersegment	(5,772)	(2,462)	
Cons. Telephony Revenues	37,794	34,444	10%
Other Services Revenues	5,077	6,411	
- Intersegment	(2,250)	(2,651)	
Cons. Other Services Revenues	2,826	3,760	(25%)

¹ Based on France Telecom market data published on April 28, 2005, Free's addressable market growth can be estimated at most at 815,000 lines.

Key Developments in 1Q05

Product Offering

The Group intends to remain the leading ISP in terms of innovation in the French residential market. During the 1st quarter 2005, the following improvements and innovations were launched :

- Up to 20 Mbps bandwidth for unbundled customers²
- Up to 10 Mbps bandwidth for non-unbundled customers² (Débit Max offer)
- 11 out of 14 Digital Terrestrial TV channels available on Freebox TV
- Full unbundling directly available for new customers (no FT line rental required)

Customer Care

During the 4th quarter 2004 and 1st quarter 2005, the Group made substantial improvements in its customer care. First and foremost, service quality improved as customers received their Freebox modem quicker. On average, over the 1st quarter 2005, customers received their equipment and connection within 9 days of the subscription validation date.

As far as the call center is concerned the following actions have been taken :

- Standardised email forms to improve customers' requests processing
- Addition of over 165 staff to 791 as of March 31, 2005
- Priority "full unbundling" help desk

These actions resulted in marked improvements in Free's customer experience by March 2005 and continuing in April :

- Emails answer time within 48 hours
- Hotline average answer time less than 5 minutes, with a maximum waiting time of 10 minutes

In light of these marked improvements in call center quality, Free has decided to advertise, over the next 2 months, the average waiting time on a daily basis on its homepage.

Outlook

Based on 1st quarter performance, Iliad reiterates a number of key objectives for 2005 :

- To reach 1.5 million ADSL subscribers by end 2005 and to remain the leading alternative operator in the French residential ADSL market
- To maintain its focus on unbundling of the local loop and reach 70% unbundling ratio by mid-2005
- To complete 100% ADSL2+ DSLAM upgrade by end 2005
- To reach free cash flow break even during the 2nd half 2005
- To pursue its strategy of profitable growth

Based on the success of Freebox voice offer and a voluntary reduction in marketing expenses at Onetel, the Group anticipates Onetel customer base should remain stable in 2005 with EBITDA in the Telephony sector growing marginally.

On Friday May 27, 2005, Iliad will hold its AGM.

² Subject to copper line characteristics



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 over 900 people. Iliad is listed on Euronext Paris under the ticker ILD.

Exchange : **Euronext Paris**

Market place : **1er Marché (SRD)**

Ticker : **ILD**

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