



Paris, February 10, 2006

2005 Consolidated Revenues at € 724 million, up 47% ADSL Subscribers at 1,595,000, up 149,000 in 4Q 2005 Revenues from Freebox Value-Added Services at Record € 75 million in 2005

Iliad strengthened its position as the leading alternative player in the French broadband market throughout 2005 by increasing its ADSL subscriber base from 1,446,000 as of September 30, 2005 to 1,595,000 as of December 31, 2005, an increase of 149,000 in the 4th quarter vs. 130,000 in the 3rd quarter.

As of December 31, 2005, about 1,504,000 users - close to 95% of Free's subscriber base - were equipped with a Freebox, the only integrated triple-play modem available in France. As of December 31, 2005, Free had close to 1,120,000 unbundled subscribers, 70.2% of its total subscriber base.

Despite significant increase of its competitors' marketing expenses, Free continues to consolidate its position as the leading alternative to the incumbent operator. 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-play¹ offer based on ADSL 2+ technology, for a flat all-inclusive monthly fee of €29.99 (incl. VAT), unchanged since the launch of the service in October 2002.

Value-added services generated revenues of over € 47.3 million during the 2nd half 2005 vs. € 27.5 million during the 1st half, a 72.2% increase. **Broadband ARPU exceeded € 32.2 per month (excl. VAT) during the 4th quarter.** Value-added services ARPU per Freebox user exceeded € 6.0 per month in the 4th quarter vs. € 4.9 per month in the 3rd quarter.

- At the end of December 2005, there were close to 195,000 paying subscribers to Freebox TV services²
- Over 150,000 movies have been purchased on the VoD service in January 2006. The VoD service was launched on December 14, 2005

4Q05 & Full Year 2005 Revenues³

(in € '000)	2005	2004	Change	Q4 05	Q4 04	Change
Consolidated Revenues	724,201	491,446	47%	202,929	143,752	41%
Internet Revenues	638,923	394,052		183,660	120,609	
- Intersegment	(60,809)	(63,285)		(13,138)	(16,659)	
Cons. Internet Revenues	578,114	330,767	75%	170,522	103,950	64%
Telephony Revenues ⁴	162,250	162,976		37,889	41,847	
- Intersegment	(26,228)	(15,672)		(7,817)	(5,071)	
Cons. Telephony Revenues	136,022	147,304	(8%)	30,072	36,776	(18%)
Other Services Revenues	19,671	24,152		5,808	6,040	
- Intersegment	(9,606)	(10,778)		(3,472)	(3,015)	
Cons. Other Services Revenues	10,065	13,375	(25%)	2,336	3,026	(23%)

¹ Depending on copper pair technical features

² Including Canal + Group offers

³ Under IFRS

⁴ Excluding Endeis Telecom sold on October 1, 2005. The impact of this divestment is approx. € 2.2 million on 2005 Consolidated Revenues. 2004 Revenues are not pro forma

As announced at the time of 1st half 2005 results, the Telephony sector (which does not include IP telephony) continued to suffer from the growing success of voice over broadband offers. The total number of Onetel subscribers declined slightly over the period to 298,000 customers billed on December 31, 2005 from 328,000 as of June 30, 2005. Onetel ARPU stood at around € 13.5 per subscriber per month. Kertel posted a slight decrease in the 4th quarter 2005 with over 1.6 million cards sold.

Outlook

Throughout 2005, Iliad established its unquestionable leadership in broadband innovation by continuously introducing new services:

- January 2005 – First operator to offer ADSL2+ 20 Mbps speed
- March 2005 – First operator to propose DTTV channels over ADSL
- June 2005 – Launch of a mediacenter application on the Freebox, ie Freeplayer
- December 2005 – First operator to launch full video-on-demand service on TV over ADSL with Canalplay
- December 2005 – First operator to launch phone calls to 14 international destinations within its flat rate package

The Freebox R&D team is committed to offering the most innovative residential ADSL service in Europe. The new Freebox is scheduled to be introduced in order to take advantage of the 2006 back-to-school period. It will be HD-compatible and introduce new features poised to create a significant gap with competitors' existing and future customer premise equipments.

As of today, based on actual subscriber take-up, Iliad believes that the 1st quarter 2006 net adds will match 1st quarter 2005 net adds. Iliad reiterates that the € 20 average gross margin⁵ per unbundled subscriber was maintained throughout 2005 and in particular during the 4th quarter, despite growing take-up in full unbundling. As announced earlier in 2005, the Group will post positive free cash flow⁵ in the 2nd half 2005, at constant perimeter.

2005 full year results will be released on Wednesday March 15, 2006.

Iliad is a leading player in the French telecommunications and Internet access industry via its subsidiaries Free (the leading alternative operator), One.Tel (a fixed telephony provider) and Kertel (the leading alternative prepaid cards provider). Founded in 1991, the Group employs over 1,000 people. Iliad is listed on Euronext Paris under the ticker ILD.

Exchange : **Euronext Paris**

Market place : **Eurolist A (SRD)**

Ticker : **ILD**

ISIN Code : **FR0004035913**

FTSE Ranking: **974 Internet**

Member of SBF 120 Index and Next 150

Glossary of terms

In light of the discrepancies between operators' definitions as it relates to ADSL, Iliad reiterates the definitions it has been using since inception of the service.

Total ADSL Subscribers at the end of a period consists of the total number of customers identified by their individual "phone lines" who have signed up for Free ADSL service excluding those for whom an unsubscription notice has been registered.

Net adds consists of the difference between Total ADSL Subscribers at the end of two different periods.

Unbundled subscribers are ADSL subscribers who have signed up for Free ADSL service on a Central Office unbundled by Free.

Broadband ARPU (Average Revenue per User) includes revenues from the flat-rate package and the value-added services but excludes one-time revenues (e.g. migration from one offer to the other or unsubscription fee) divided by the total number of ADSL subscribers invoiced for the period.

⁵ Unaudited