1H 2006 Revenues

iliad

Paris July 31, 2006

Consolidated Revenues at € 448 million up 33% in 1H06
Record ADSL Subscribers Net Adds of 310,000 during 1H06
122,000 Net Adds in 2Q06, 21% Market Share[1]

Iliad reinforced its leading alternative position in the French broadband market during the 2nd quarter 2006 by increasing its ADSL subscriber base from 1,783,000 as of March 31, 2006 to 1,905,000 as of June 30, 2006. Free added 122,000 subscribers during the 2nd quarter 2006 vs. 102,000 during the 2nd quarter 2005.

These statistics confirm the power of Free ADSL offering and in particular of the Freebox services. In addition, Free maintained its focus on unbundling of the local loop. On June 30, 2006, 72.3% of its subscribers were unbundled (partially or fully unbundled). As of June 30, 2006, about 1,825,000 users were equipped with a Freebox.

During the 1st half 2006, optional value-added services generated revenues of approximately € 73.5 million, more than double the revenues generated in the 1st half 2005. **Broadband ARPU was close to € 33.5 per month (excl. VAT) during the 2nd quarter 2006.**

The usage of optional triple-play services has continued to spread amongst Free's subscribers during the 1st half 2006 :

- 273,000 subscribers used at least one paying TV service in June 2006;
- 1,650,000 subscribers used Freebox voice service in June 2006.

<u>1H 2006 & 2Q 2006 Revenues</u>

As of the June 30, 2006 accounts, Iliad is dividing its activities in two sectors : Broadband, which replaces the Internet sector, and Traditional Telephony, which includes the Telephony sector and the Other sector.

(in € '000)	1H2006	1H2005	Change	2Q2006	2Q2005	Change
Consolidated Revenues	**447,938**	**337,832**	**33%**	**230,647**	**174,713**	**32%**
Broadband	410,790	292,742		211,571	153,512	
- Intersegment	(22,091)	(32,746)		(10,089)	(16,014)	
Cons. Broadband	***388,699***	***259,996***	***50%***	***201,482***	***137,497***	***47%***
Traditional Telephony[2]	78,043	92,438		38,497	44,019	
- Intersegment	(18,804)	(14,602)		(9,332)	(6,803)	
Cons. Trad. Telephony	***59,239***	***77,836***	***(24%)***	***29,165***	***37,216***	***(22%)***

Traditional Telephony (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 over the period to

[1] Company estimate based on France Telecom data
[2] Endeis Telecom sold in October 2005, 2005 not pro forma

258,000 customers billed on June 30, 2006 from 298,000 as of December 31, 2005. Onetel ARPU stood at around € 12.2 per month on average over the period. Kertel posted a decrease in its 1st half 2006 cards sales at 2.7 million cards vs. close to 3.6 million during the 1st half 2005. The significant decrease in cards sales since January 2006 results from tariff rebalancing at Kertel which improved profitability.

ADSL Customer Base in 2005 and 2006

	June 30, 2005	Dec 31, 2005	June 30, 2006
Total ADSL Subscribers	1,316,000	1,595,000	1,905,000
Unbundled Subscribers	883,000	1,120,000	1,377,000
Unbunbled Subscribers as % of Total	67.1%	70.2%	72.3%
Residential ADSL Market Share[3]	17.4%	17.9%	18.2%

Key Developments in 1H 2006

On April 25th, the OECD published a survey on broadband multi-play offers available in its member countries. The study ranked Freebox as the best offer in the OECD and concluded that Free has the lowest priced offer, one of the highest download speed and a comparatively large number of video channels for a flat monthly rate of € 29.99. This survey was compiled before the release of the new Freebox HD in April 2006.

In addition to HD broadcast, the new Freebox HD, which operates in ADSL2+, features the following innovative capabilities:

- A dual box structure for easy connection to both the computer and the TV set;
- A DTT tuner which can be used to access all 18 DTT channels including TF1 and M6;
- An in-built minirouter allowing for several computers to be connected simultaneously.

The Freebox HD is designed to offer a number of additional innovative services which will be released over time. As the new Freebox HD reached many homes in France in May 2006, Free was able to broadcast live, in HD, the French Tennis Open: 55,000 households watched this sporting event in High Definition.

Since December 2005, Free is also the leading operator of a full-scale video-on-demand service in conjunction with Canalplay (Groupe Canal+). Unbundled subscribers can watch on their television screen on-demand entertainment from three different generalist universes: Canalplay, Canalplay Kids and iConcerts. During the 1st half 2006, according to NPA and GfK consulting, 2 million VoD programs were sold in France; Free subscribers alone have purchased 802,800 features during the period.

In June 2006, the Conseil d'Etat confirmed Iliad's ownership of the WiMax licence acquired in conjunction with the Altitude Telecom acquisition in November 2005. Following the auction of two sets of regional licences that took place in early July, Iliad is the only operator to own a national WiMax licence in France.

As far as customer care is concerned, Iliad's new call center in Morocco was fully operational during the 1st half 2006. Employing close to 350 people at the end of June, this call center addresses essentially non-technical issues. Free's subscribers are now able to connect even more rapidly to the Paris-based hotline and get the highest quality technical answers. During the 1st half 2006, the average waiting for a fully unbundled subscriber was 9 seconds, 2 minutes for the other subscribers. In addition, Iliad's call center was awarded the Prize for Best Social Practices at the European Call Center Forum in April 2006.

[3] Based on France Telecom data

Outlook

Based on 1st half 2006 performance, Iliad is on its way to exceed 2 million ADSL subscribers by end 2006. The Group will maintain its focus on unbundling of the local loop in order to reach 75% unbundling ratio by end 2006.

During the 1st half 2006, Free's average gross margin remained above € 20 per unbundled subscriber per month.

Iliad is a leading player in the French telecommunications and Internet access industry via its subsidiaries Free (the leading alternative operator), One.Tel and Iliad Telecom (a fixed telephony provider), Kertel (the leading alternative prepaid cards provider), IFW (Wimax). Founded in 1991, the Group employs over 1,300 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

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.