



*Société anonyme* with a share capital of 12,000,000 euro  
Registered office: 8, rue de la Ville l'Évêque, 75008 Paris  
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**SUCCESSFUL PLACEMENT OF ILIAD BONDS CONVERTIBLE AND/OR  
EXCHANGEABLE FOR ILIAD NEW AND/OR EXISTING SHARES DUE  
1<sup>ST</sup> JANUARY 2012 OF EURO 287.5 MILLION WHICH MAY BE  
INCREASED UP TO EURO 330.6 MILLION**

**Paris, 21 June 2006** – Following the successful placement of its bonds convertible and/or exchangeable for new and/or existing shares (the « **Bonds** ») with an over-subscription rate above 10 times, Iliad has fixed the final terms of the Bonds due 1<sup>st</sup> January 2012.

The nominal amount of the issue is Euro 287.5 million after exercise in full of the extension clause of the initial amount. It may be increased to Euro 330.6 million if the over-allotment option granted to the underwriters is exercised in full.

The nominal value of each Bond has been fixed at Euro 88.05, showing a premium of 37% above the reference price of the Iliad share<sup>(1)</sup>.

The Bonds will bear interest at the annual rate of 2.20% and will be redeemed at par on 1<sup>st</sup> January 2012, except early redemption, at the option of the issuer or the Bond holders in certain conditions.

The Bonds will give the right to the allotment of new and/or existing Iliad shares at the rate of one share for one Bond, subject to any further adjustments.

The issue of the Bonds will allow Iliad to benefit from favorable market conditions in order to reinforce its financial structure by reason of a diversification of its sources of financing, an optimization of the costs of its financing, an extension of the term of its debt and a potential reinforcement of its shareholders' equity in time.

This issue is managed by Société Générale Corporate & Investment Banking, Lead Manager and sole Bookrunner and Morgan Stanley, Joint Lead Manager.

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This press release does not constitute an offer to subscribe and the offer of the Bonds will not constitute an offer to the public in any country other than France in the conditions described below:

- in France, the offer of the Bonds has initially been reserved to qualified investors as defined in article L.411-2 of the Financial and Monetary Code (*Code monétaire et financier*) ; and
- at the end of this placement to qualified investors and following the determination of the final terms of the issue, a prospectus will be submitted to the approval of the *Autorité des marchés financiers* in order to allow the public to subscribe during a period of three trading days.

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<sup>(1)</sup> This reference price is equal to the volume weighted average share price of the Iliad share on the Eurolist market of Euronext Paris from the opening of the market on 21 June 2006 until the time on which the final terms of the Bonds were fixed, i.e. Euro 64.27.

**MAIN TERMS OF THE BONDS CONVERTIBLE AND/OR EXCHANGEABLE FOR  
NEW AND/OR EXISTING SHARES (THE « BONDS »)**

<b>Issuer</b>	Iliad.
<b>Indicative amount of the issue</b>	Euro 287.5 million after exercise in full of the extension clause of the initial amount, which may be increased to Euro 330.6 million if the over-allotment option granted to the underwriters is exercised in full (the decision to exercise the over-allotment option should be taken on 27 June 2006 at the latest).
<b>Number of Bonds to be issued</b>	3,265,190 Bonds which may be increased to 3,754,968 Bonds if the over-allotment option is exercised in full.
<b>Nominal value per Bond</b>	Euro 88.05 per Bond. The nominal value per Bond show a premium of 37% above the reference price of Iliad share. This reference price is equal to the weighted average share price of the Iliad share on the Eurolist market of Euronext Paris from the opening of the market on 21 June 2006 until the time on which the final terms of the Bonds were fixed, i.e. Euro 64.27.
<b>Issue price</b>	At par, payable in one installment on the settlement date.
<b>Settlement date - Date of issue</b>	Expected to be 29 June 2006.
<b>Interest rate</b>	2.20% of the nominal amount per year, payable in arrears on 1 <sup>st</sup> January each year (or the following business day if such date is not a business day) and for the first time on 1 <sup>st</sup> January 2007 (each, an « <b>Interest Payment Date</b> »). For the period between 29 June 2006 to 31 December 2006, interest, calculated <i>pro rata temporis</i> , will amount to Euro 0.98712 and will be paid on 1 <sup>st</sup> January 2007.
<b>Redemption</b>	The Bonds will be redeemed in full on 1 <sup>st</sup> January 2012 by repayment at par (or the first following business day if such date is not a business day).
<b>Early redemption at the option of Iliad</b>	Possible: <ul style="list-style-type: none"><li>– at any time, without limitation on price or quantity, for all or part of the Bonds outstanding, by repurchase on or off market or by way of public offers;</li></ul>

- at any time, from 29 June 2009 until 31 December 2011, subject to a thirty day prior notice to the Bond holders, in whole, at par increased by interest accrued between the last Interest Payment Date preceding the date of early redemption and the effective repayment date, if the mathematical average of the product of (a) the share allotment ratio in force as at that date and (b) the first quoted price of the share on the Eurolist market of Euronext Paris during a period of twenty consecutive stock exchange trading days chosen by the Company among the forty consecutive stock exchange trading days preceding the date of publication of the notice to the Bond holders, exceeds 130% of the nominal value of the Bonds;
- at any time, in whole, at par increased by interest accrued between the last Interest Payment Date preceding the early redemption date and the effective repayment date, if less than 10% of the Bonds issued are outstanding.

**Early redemption at the option of Bond holders in the event of a change of control**

In the event of a change of control (control having the meaning given to it in article L.233-3 of the French commercial code), any Bond holder may request the early redemption of all or part of its Bonds at par increased by interest accrued between the last Interest Payment Date preceding the early redemption date and the effective repayment date during a period of at least ten business days expiring at the latest forty business days following notification of the change of control.

**Event of default**

The Bond holders' meeting may render all the Bonds due and payable in particular upon occurrence of one of the following events:

- in the event of default of payment by Iliad at its due date of any interest due in respect of the Bonds, if such default has not been remedied within ten business days following the due date;
- in the event of any failure by Iliad to execute any other provision relating to the Bonds, if such default has not been remedied within ten business days following receipt of a notice of such default by Iliad;
- in the event of default of payment in a total amount of at least Euro 5 million under any borrowing or borrowing guarantee of Iliad or one of its material subsidiaries;
- in the event that an event of default is declared with respect of any other borrowing of Iliad or one of its material subsidiary;
- in the event that Iliad comes to hold less than 95% of Free S.A.S.;
- in the event that Iliad or one of its material subsidiary is the subject of any of the procedures referred to in Book six of the French commercial code or any similar measure or procedure;
- in the event that the shares of the Company are no longer traded on a regulated or assimilated market within the European Union.

**Yield to maturity**

2.20% as at the date of issue of the Bonds (in the absence of exercise of the share allotment right and early redemption by repurchase or exchange).

<b>Status</b>	The Bonds and the interest thereon constitute direct, general, unconditional, unsubordinated, unsecured debts of the Company, ranking equally between themselves and ranking equally with all other unsecured debts and guarantees (other than those which benefit from a legal preference) of the Company, whether present or future.
<b>Allotment of new and/or existing shares</b>	<p>Bond holders may exercise their share allotment right at the rate of one Iliad share for one Bond (subject to any adjustment) at any time from the date of issue until the seventh business day preceding the redemption date or the early redemption date as the case may be.</p> <p>Iliad may elect to allot new or existing shares or a combination of new and existing shares.</p>
<b>Maintaining of Bond holders' rights</b>	<p>In accordance with applicable laws and regulations, the rights of the Bond holders will be maintained by an adjustment of the share allotment ratio if certain operations concerning the Iliad share are carried out.</p> <p>In addition, the share allotment ratio will be adjusted in the event of distribution of an exceptional dividend and temporarily adjusted in the event of a public tender offer on the Iliad shares which may result in a change of control of Iliad.</p>
<b>Rights attached to the new shares following a conversion</b>	The new shares issued following a conversion of Bonds will carry all rights attached to shares from the first day of the financial year during which the share allotment right has been exercised.
<b>Rights attached to the existing shares delivered following a conversion</b>	The existing shares delivered following an exchange of the Bonds will carry all rights attached to the shares.
<b>Waiver of preferential subscription rights and priority period</b>	The shareholders of the Company have waived their preferential subscription right and no priority period is applicable.
<b>Subscription of the public</b>	<p>The placement of the Bonds to institutional investors (including qualified investors in France) was carried out on 21 June 2006.</p> <p>The subscription should be opened to the public in France during a three trading day period following the determination of the final terms of the Bonds subject to the approval of the prospectus by the <i>Autorité des marchés financiers</i>, i.e., on an indicative basis, between 22 June 2006 and 26 June 2006 (inclusive).</p>
<b>Placing agents</b>	Subscription orders for the Bonds may be placed with Société Générale Corporate & Investment Banking, Lead Manager and sole Bookrunner or Morgan Stanley, Joint Lead Manager.
<b>Intention of the main shareholders</b>	No shareholder has given any information to Iliad with respect to its intention to subscribe to the issue.
<b>Rating of the issue</b>	No request for the rating of the issue has been made.

<b>Applicable law</b>	French law.
<b>Paying agent</b>	Centralized paying agency services (payment of interest, repayment of redeemed securities, centralization of applications for conversion and exchange, etc.), as well as depository services, will be provided by Société Générale (32, rue du Champ de Tir, B.P. 81236, 44312 Nantes Cedex 3).
<b>Admission to trading of the Bonds</b>	An application has been made in order to request the admission of the Bonds to trading on the Eurolist market of Euronext Paris from their date of issue.
<b>Clearing of the Bonds</b>	An application in order to obtain the admission of the Bonds to the operations of Euroclear France (ISIN code FR0010350280), Euroclear Bank S.A. and Clearstream Banking S.A. (common code [●]) has been made.
<b>Admission to trading of the Iliad shares</b>	<p>The Iliad shares are admitted to trading on the Eurolist market of Euronext Paris (segment A). Application will be made periodically for the admission to trading of the new shares resulting from conversions of Bonds on the same market.</p> <p>ISIN Code: FR0004035913</p> <p>Mnémonique: ILD</p> <p>ICB activity sector: 9535 – Internet</p>
<b>Iliad share price</b>	Closing Iliad share price on the Eurolist market of Euronext Paris (segment A) on 20 June 2006: Euro 66.10.

### **Concerning Iliad**

*The Group is a major player in the Internet and telecommunication market in France with Free, One.Tel, Iliad Télécom, Kertel and IFW (Wimax). Founded in 1991, the Group employs more than a thousand persons. In 2005, consolidated revenues of the Group amounted to more than Euro 724 million for a consolidated net profit of Euro 68.9 million.*

### **Investors relation**

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