Press Release

Paris, August 3, 2007

1st Half 2007 Consolidated Revenues at € 574 million, up 31%[1]
Iliad's Organic Growth Strong in a Seasonally Weak Quarter

With 128,000 new ADSL subscribers (net of churn) in the 2nd quarter 2007, Iliad exceeds its 2nd quarter 2006 performance of 122,000 net adds. As of June 30, 2007, Iliad ADSL subscriber base reached 2,626,000 vs. 2,278,000 at the end of December 2006.

Free's ADSL net adds market share reached 25.2% in the 2nd quarter 2007 vs. 20.8% a year earlier.

These statistics confirm the power of Free ADSL offering and in particular of the Freebox HD services. Free continued to lead broadband innovation in France during the 1st half 2007 by introducing two new groundbreaking services :

- Free Home Video : the first subscription video-on-demand (SVOD) service in France dedicated to movies and series;
- TV Perso Freebox : a unique service allowing Freebox subscribers to broadcast live or pre-recorded content to the entire Freebox community on their TV sets.

In light of record subscriber growth, Free was able once again to post the lowest subscriber marketing acquisition cost[2] at around € 50 during the 1st half 2007 as well as the lowest churn in the industry, below 1% per month.

Value-added services generated revenues of € 120.1 million during the 1st half 2007 vs. € 73.5 million during the 1st half 2006, up 63.4%. Broadband ARPU was € 35.0 per month (excl. VAT) during the 2nd quarter 2007, despite a significant number of bank holidays in April and May.

1H 2007 and 2Q 2007 Revenues

(in € million)	1H07	1H06 PF[1]	Change	2Q07	2Q06 PF[1]	Change
Consolidated Revenues	**574.1**	**439.1**	**30.7%**	**296.2**	**226.4**	**30.8%**
Broadband	561.0	410.8	36.6%	290.3	211.6	37.2%
- Intersegment	(5.9)	(9.4)		(2.8)	(4.4)	
Cons. Broadband	***555.1***	***401.4***	***38.3%***	***287.5***	***207.2***	***38.8%***
Traditional Telephony	26.7	55.7	(52.1%)	14.5	28.2	(48.6%)
- Intersegment	(7.7)	(18.0)		(5.8)	(9.0)	
Cons. Trad. Telephony	***19.0***	***37.7***	***(49.6%)***	***8.7***	***19.2***	***(54.9%)***

The total number of Onetel subscribers declined over the period to 194,000 customers on June 30, 2007 from 220,000 as of December 31, 2006. ARPU was € 9.9 during the 1st half 2007. In addition, Kedra's revenues decreased by more than 77% as the Group shifted increasingly to direct interconnection with mobile operators. Kertel, the Group's prepaid cards business, was sold on February 7, 2007.

[1] 1H 2006 Proforma excluding Société SA (sold in August 2006) and Kertel (sold in February 2007)
[2] Based on gross marketing expenses (Secodip)

ADSL Subscriber Base in 2006 and 2007

Free ADSL market share has increased from 18.2% on June 30, 2006 to 19.7% on June 30, 2007.

	June 30, 2006	Dec. 31, 2006	June 30, 2007
Total ADSL Subscribers	1,905,000	2,278,000	2,626,000
Unbundled Subscribers	1,377,000	1,730,000	2,060,000
Unbunbled Subscribers as % of Total	72.3%	75.9%	78.4%
Residential ADSL Market Share[3]	18.2%	19.0%	19.7%

The ADSL net adds dynamics during the 2nd quarter 2007, based on company sources and estimates, is analysed below. It accounts for the acquisition of Club Internet by Neuf Cegetel.

	March 31, 2007	June 30, 2007	2Q 07 ADSL Net Adds	2Q 07 ADSL Net Adds Market Share
Orange[3]	6,329,000	6,575,000	246,000	**48.4%**
Free	2,498,000	2,626,000	128,000	**25.2%**
Neuf Cegetel[4]	2,324,000	3,017,000	67,000	**13.2%**
Club Internet[5]	626,000	Included in Neuf	-	-
Rest of Market	1,045,000	1,112,000	67,000	**13.2%**
Total[6]	**12,822,000**	**13,330,000**	**508,000**	

Outlook

Based on its 1st half performance, Iliad should exceed its 2.8 million ADSL subscribers target by end 2007. ADSL's strategy primary focus will remain on local loop unbundling; the € 20 average gross margin per unbundled subscriber was exceeded during the 1st half 2007. Iliad believes it should always be able to hold this gross margin level in the future despite the constantly growing proportion of fully unbundled subscribers.

Fiber to the home deployment has moved forward according to plan during the 1st half 2007. A detailed update will be given at the next results presentation on September 4th (in Paris or through webcast).

The Iliad Group is a major player in the Internet and telecommunications markets in France through its subsidiaries Free (2,626,000 ADSL subscribers as of June 30, 2007), Onetel and Iliad Telecom (fixed telephony operators) as well as IFW (Wimax). The Iliad Group is listed on the Euronext Paris Eurolist under the mnemonic code ILD.

[3] Based on France Telecom data published on August 2, 2007
[4] Based on Neuf Cegetel data published on May 4, 2007 and July 2, 2007 excluding Erenis and Médiafibre (13,000 on March 31 and 15,000 on June 30)
[5] Based on Deutsche Telekom data published on May 10, 2007
[6] Based on France Telecom data published on August 2, 2007

Exchange : **Euronext Paris**

Ticker : **ILD**

FTSE Ranking: **974 Internet**

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

ISIN Code : **FR0004035913**

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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, value-added services and accessories sales 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.