2006 Revenues

iliad

Paris, February 7, 2007

Consolidated Revenues at € 950 million up 31.2% in 2006
2,278,000 ADSL Subscribers as of December 31, 2006
Highest Quarterly Net Adds Ever: 202,000 Net Adds in 4Q06, 23.3% Market Share[1]

Iliad reinforced its leading alternative position in the French broadband market during the 4th quarter 2006 by increasing its ADSL subscriber base from 2,076,000 as of September 30, 2006 to 2,278,000 as of December 31, 2006. For the first time in its history, Free added more than 200,000 subscribers in a single quarter with 202,000 net adds during the 4th quarter 2006 vs. 149,000 during the 4th quarter 2005, ie a 35.6% increase. This performance is all the more impressive as the 4th quarter is generally a weak quarter for Free in a context of heavy marketing campaigns by Free's competition around the Christmas period.

These statistics confirm the power of Free ADSL offering and in particular of the Freebox services. Free's subscriber acquisition cost[2] remained below € 50 per subscriber throughout 2006, the lowest amongst French ADSL operators. The churn was below 1% per month in 2006, the lowest of the industry to the Company's knowledge. Free boasts the only homogeneous, organically-built subscriber base with every one of its approximately 2.3 million subscribers having opted for the Free brand and an identical € 29.99 package.

In addition, Free maintained its focus on unbundling of the local loop. On December 31, 2006, 75.9% of its subscribers were unbundled (partially or fully unbundled) and 908 local exchanges were connected to Free's fiber network. As of December 31, 2006, nearly all users were equipped with a Freebox.

In 2006, optional value-added services generated revenues of approximately € 163.4 million, vs. € 74.8 million in 2005. **Broadband ARPU was € 34.5 per month (excl. VAT) during the 4th quarter 2006**, vs. € 32.2 per month in the 4th quarter 2005**.**

Broadband ARPU only includes revenues from the flat-rate package and optional value-added services. One-time revenues (e.g. migration from one offer to the other, unsubscription fee or sale of accessories), portal revenues, revenues generated from calls to the hotline are not included in Broadband ARPU.

2006 & 4Q 2006 Revenues

(in € million)	2006	2005	Change	4Q2006	4Q2005	Change
Consolidated Revenues	**950.2**	**724.2**	**+31.2%**	**262.2**	**202.9**	**+29.2%**
Broadband	881.6	638.9		246.5	183.6	
- Intersegment	(39.4)	(60.8)		(7.8)	(13.1)	
Cons. Broadband	***842.2***	***578.1***	***+45.7%***	***238.7***	***170.5***	***+40.0%***
Traditional Telephony	151.2	178.0		35.9	42.2	
- Intersegment	(43.2)	(31.9)		(12.4)	(9.8)	
Cons. Trad. Telephony	***108.0***	***146.1***	***-26.0%***	***23.5***	***32.4***	***-27.3%***

[1] Company estimate based on France Telecom data

[2] Based on gross marketing expenses (Secodip)

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 220,000 customers billed on December 31, 2006 from 298,000 as of December 31, 2005. The disposal of Kertel was announced on January 15, 2007. Kertel's revenue contribution in 2006 was € 38.4 million and € 51.7 million in 2005.

ADSL Customer Base in 2005 and 2006

Free ADSL market share has increased from 17.9% at year end 2005 to 19.0% at year end 2006.

	Dec. 31, 2005	June 30, 2006	Dec. 31, 2006
Total ADSL Subscribers	1,595,000	1,905,000	2,278,000
Unbundled Subscribers	1,120,000	1,377,000	1,730,000
Unbunbled Subscribers as % of Total	70.2%	72.3%	75.9%
Residential ADSL Market Share[3]	17.9%	18.2%	19.0%

Outlook

Based on 2006 performance, Iliad reiterates its 4 million Broadband subscribers target by end 2010, with a 2.8 million objective for year end 2007. The Group will maintain its focus on unbundling of the local loop in order to reach 80% unbundling ratio by end 2007.

During all of 2006 and specifically during the 4th quarter 2006, Free's average gross margin per unbundled subscriber remained above € 20 per month. Over 58% of Free's unbundled subscribers were fully unbundled as of December 31, 2006 vs. around 50% as of June 30, 2006.

The Group will release full year 2006 results on March 14, 2007 before opening.

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), IFW (Wimax). Founded in 1991, the Group employs over 1,800 people. Iliad is listed on Euronext Paris under the ticker ILD.

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 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.

[3] Based on France Telecom data published on February 1, 2007