



9 Months Revenues at € 347.7 million, up 72% Free ADSL Subscribers at 908,000 up 140,000 in Q3 04

Iliad reinforced its leading alternative position in the French ISP market during the 3rd quarter 2004. Free managed to increase its number of ADSL subscribers from 768,000 as of June 30, 2004 to 908,000 as of September 30, 2004. Free increased its ADSL subscriber base by 140,000 in the 3rd quarter vs. 133,000 during the 2nd quarter 2004.

Free consolidates its position as the number 2 broadband ISP in France and as the leading alternative to Wanadoo. 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-play offer, integrated in one single CPE, for a flat "all-inclusive" monthly fee of € 29.99.

In addition, Iliad continues to focus its strategy on remaining the leader in innovation and to provide the most advanced broadband technology to its subscribers. On October 20th, following a positive decision from the ART, Free launched the first commercial ADSL 2+ offer in France allowing 15Mbps of download speed and 1 Mbps of upload. In light of the transition to ADSL 2+, Free decided to withhold the provisioning of FreeBox modems during the summer in order to start providing ADSL 2+ modems at the end of August. This policy created exceptionally an average 5-week delivery and billing delay. At the date of this press release, delivery has gone back to normal as far as French market standards are concerned.

As far as the Telephony sector is concerned, OneTel marketing expenses were reduced during the quarter. The total number of subscribers was flat over the period at 333,000 customers billed vs. 328,000 at June 30, 2004. Kertel posted a good third quarter with 1.8 million cards sold over the period vs. 3.9 million during the first half of the year.

3Q04 & 9 months Revenues

(in € '000)	9M 04	9M 03	Change	Q3 04	Q3 03	Change
Consolidated Revenues	347,694	202,664	72%	125,741	77,395	62%
Internet Revenues	273,443	146,064		100,421	57,339	
- Intersegment	(46,626)	(20,404)		(15,584)	(9,615)	
Cons. Internet Revenues	226,817	125,660	81%	84,837	47,724	78%
Telephony Revenues	121,129	64,560		42,105	26,525	
- Intersegment	(10,601)	(1,202)		(4,252)	(946)	
Cons. Telephony Revenues	110,528	63,358	74%	37,853	25,579	48%
Other Services Revenues	18,112	18,198		4,254	5,546	
- Intersegment	(7,763)	(4,552)		(1,203)	(1,454)	
Cons. Other Services Revenues	10,349	13,646	(24%)	3,051	4,092	(25%)

Key Content Agreement Signed

On October 25, 2004, the CANAL+ group, France's leading pay TV operator, and Free (Iliad Group), the largest French alternative ADSL provider, announced the signature of an agreement to include the

CANAL+ premium channels, its digital versions and the full range of CANALSATDSL channels in Free's television offering.

CANAL+ Numérique via DSL and CANALSATDSL will be available on Freebox beginning November 24. Prospective customers may subscribe to the full CANAL+ Numérique via DSL and CANALSATDSL services on www.free.fr beginning November 4.

Any Free ADSL subscriber¹ in an unbundled area who has a Freebox (any version) and subscribes to the CANAL+ Numérique via DSL and CANALSATDSL services on www.free.fr will receive the full range of premium content CANAL+ Group's television channels on any TV set connected to a Freebox.

Iliad is a leading player in the French telecommunications and Internet access industry via its subsidiaries Free (the second largest ISP and a licensed network operator), One.Tel (a fixed telephony provider) and Kertel (the leading alternative prepaid cards provider). Founded in 1991, the Group employs over 650 people. Iliad is listed on Euronext Paris under the ticker ILD.

Exchange : **Euronext Paris**

Market place : **1er Marché**

Ticker : **ILD**

ISIN Code : **FR0004035913**

FTSE Ranking: **974 Internet**

Member of SBF 250 Index and Next 150

¹ Subject to copper line characteristics