



Free ADSL Subscribers at 635,000 up 31% during 1Q04

Iliad reinforced its leading alternative position in the French ISP market during the 1st quarter 2004. Despite intense competition, Free managed to increase its ADSL subscriber base from 485,000 users as of December 31, 2003 to 635,000 as of March 31, 2004. Free increased its ADSL subscriber base by 150,000 vs. 130,000 during the 4th quarter 2003.

During the 1st quarter 2004, Free captured over 20% of the ADSL net adds in France. Free consolidates its position as the number 2 broadband ISP in France and as the leading alternative to Wanadoo. These outstanding statistics confirm the power of Free ADSL offering and in particular of the Freebox services. At this date, Free remains the only provider to offer a national triple-play offer, integrated in one single CPE, for a flat "all-inclusive" monthly fee of € 29.99.

New ADSL Subscribers Target

Since March 18, Free has extended its Freebox modem service to all new ADSL subscribers, in both unbundled (option 1) and non-unbundled areas (option 5). The Freebox voice service is now available nationally and Free has become the leading Voice over IP operator in Europe. In light of this recent development and of Free's performance during the first months of 2004, Iliad announces that its IPO target of 1 million ADSL subscribers by end 2005 will be attained before end of June 2005. The 60% unbundled subscribers target is moved forward by 6 months. In addition, Iliad validates the French Government's objective of 10 million ADSL subscribers by end 2007 and intends to hold its market share. At the end of that year, 75% of its customers should be on unbundled lines.

1Q04 Revenues

(in € '000)	1Q04	1Q03 ¹	Change	2003
Cons. Revenues ²	104,496	61,625	+69.6%	293,051
Internet Revenues	81,678	39,692	+105.8%	215,042
- Inter-segment	15,387	3,879		33,181
Telecom Revenues	36,907	20,682	+78.5%	96,366
Other Services	6,411	7,330	-12.5%	25,026

Based on 1Q04 performance, Iliad believes 2004 consolidated net income should increase sharply vs. 2003 net income.

New ADSL Offer in Unbundled Areas

Starting in June 2004, Free will propose an ADSL offer based on total unbundling. Any subscriber to that new offer will be able to retain its phone number while foregoing the monthly France Telecom subscription fee.

¹ Including Kertel

² Total intersegment : 20,500 (1Q04) ; 6,079 (1Q03) ; 43,383 (2003)



As of today, Iliad has launched a full beta-test on thousands of subscribers in order to validate operational and technical procedures linked to that new kind of unbundling.

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 520 people. Iliad is listed on Euronext Paris under the ticker ILLD.

Exchange : **Euronext Paris**

Market place : **1er Marché**

Ticker : **ILD**

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Member of SBF 250 Index

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