Press Release

iliad

Paris, May 10, 2006

1st Quarter 2006 Consolidated Revenues at € 217 million

ADSL Net Adds at 188,000, Highest in Free's History

Iliad strengthened its position as the leading alternative player in the French broadband market in early 2006 by increasing its ADSL subscriber base from 1,595,000 as of December 31, 2005 to 1,783,000 as of March 31, 2006, an increase of 188,000 in the 1st quarter vs. 149,000 in the 4th quarter 2005 and 150,000 in the 1st quarter 2005. This represents the highest number in quarterly net adds since Free launched its ADSL offer in November 2002.

Free continues to consolidate its position as the leading alternative to the incumbent operator. Gross marketing customer acquisition cost remained in line with 2005. These statistics confirm the power of Free ADSL offering and in particular of the Freebox services. The 1st quarter performance does not account for the impact of the recently released Freebox HD, which was launched on April 19th 2006. The Freebox HD, developed by Iliad's R&D team, features in-built DTT, Mimo Wi Fi as well as HD TV capabilities. It is also a critical step in delivering quadruple-play services to Free subscribers.

Value-added services generated revenues of close to € 30.5 million during the 1st Quarter 2006. **Broadband ARPU exceeded € 33 per month (excl. VAT) during the 1st quarter**.

1Q06 Revenues

(in € '000)	Q1 06	Q1 05	Change
Consolidated Revenues	**217,291**	**163,119**	**33%**
Internet Revenues	199,219	139,231	
- Intersegment	(12,002)	(16,732)	
Cons. Internet Revenues	***187,217***	***122,499***	***53%***
Traditional Telephony Revenues[1]	36,301	43,566	
- Intersegment	(7,686)	(5,772)	
Cons. Trad. Telephony Revenues	***28,615***	***37,794***	***(24%)***
Other Services Revenues	2,767	5,077	
- Intersegment	(1,308)	(2,250)	
Cons. Other Services Revenues	***1,459***	***2,827***	***(48%)***

The Traditional Telephony sector (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 slightly over the period to 274,000 customers billed on March 31, 2006 from 298,000 as of December 31, 2005.

[1] Excluding Endeis Telecom sold on October 1, 2005. Q1 05 Revenues are not pro forma.

Outlook

Based on 1st quarter performance, Iliad reiterates its key objectives for 2006 :

- To exceed 2 million ADSL subscribers by end 2006 and to remain the leading alternative operator in the French ADSL market;
- To maintain its focus on local loop unbundling and reach 75% unbundling ratio by end 2006;
- To achieve a € 20 average gross margin per unbundled subscriber;
- To pursue its strategy of profitable growth.

Based on the recent launch of the Freebox HD, Iliad believes the usage of value-added services should continue to grow and that the innovation gap with all its competitors was once again widened.

Shareholder Structure

Iliad's shareholder structure is unchanged since January 31, 2006. Xavier Niel and management hold over 75% of Iliad's capital.

Iliad will hold its General Shareholder's Meeting on Monday May 29, 2006.

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 Teleocm (a fixed telephony provider), Kertel (the leading alternative prepaid cards provider), IFW (Wimax). Founded in 1991, the Group employs over 1,000 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.