



Iliad Confirms its Position as the Organic Growth Champion 220,000 ADSL Net Adds : Another Record Quarter 1st Quarter 2007 Consolidated Revenues at € 278 million, up 31%¹

For the second quarter in a row, Iliad posted a record number of ADSL net adds. With 220,000 new ADSL subscribers (net of churn) in the 1st quarter 2007, Iliad beats its record 4th quarter 2006 performance of 202,000 net adds as well as its 1st quarter 2006 performance of 188,000 net adds. As of March 31, 2007, Iliad ADSL subscriber base reached 2,498,000 vs. 2,278,000 at the end of December 2006.

The 1st quarter 2007 clearly illustrates Iliad's ability to take advantage from the last 2 years' market consolidation. **Free's ADSL net adds market share reached 25.6% in the 1st quarter 2007 vs. 19.0% a year earlier.**

These statistics confirm the power of Free ADSL offering and in particular of the Freebox HD services. Free's subscriber acquisition cost² was below € 50 per subscriber during the 1st quarter 2007, the lowest amongst French ADSL operators. Churn was below 1% per month during the 1st quarter 2007, the lowest amongst French ADSL operators. Amongst the alternative operators, Free boasts the only homogeneous, organically-built subscriber base with its approximately 2.5 million subscribers having opted for the Free brand and an identical € 29.99 package.

Value-added services generated revenues of close to € 56.2 million during the 1st quarter 2007 vs. € 30.5 million during the 1st quarter 2006, up 84.3%. **Broadband ARPU reached € 34.9 per month (excl. VAT) during the 1st quarter 2007.**

1Q 2007 Revenues

(in € million)	Q1 07	Q1 06 PF ¹	Change	Q1 06
Consolidated Revenues	277.9	212.7	30.7%	217.3
Broadband	270.7	199.2		199.2
- Intersegment	(3.1)	(5.0)		(12.0)
Cons. Broadband	267.6	194.2	37.8%	187.2
Traditional Telephony	12.2	27.5		39.6
- Intersegment	(1.9)	(9.0)		(9.5)
Cons. Trad. Telephony	10.3	18.5	(44.3%)	30.1

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 over the period to 204,000 customers on March 31, 2007 from 220,000 as of December 31, 2006. Onetel had 274,000 customers as of March 31, 2006. ARPU was € 12.5 during the 1st quarter 2006 and stabilized at

¹ Proforma excluding Société SA (sold in August 2006) and Kertel (sold in February 2007)

² Based on gross marketing expenses (Secodip)

€ 10.0 during the 4th quarter 2006 and the 1st quarter 2007. In addition, Kedra's revenues decreased by more than 60% as the Group shifted increasingly to direct interconnection with mobile operators. Kertel, the Group's prepaid cards business, was sold on February 7, 2007.

Outlook

During the 1st quarter 2007, Iliad signed "vertical" rights to connect close to 60,000 homes to its FTTH network in Paris.

Based on 1st quarter performance, Iliad reiterates its key objectives for 2007 :

- To reach 2.8 million broadband subscribers by end 2007 and 4 million subscribers by 2010;
- To connect 30,000 FTTH subscribers by end 2007;
- To maintain its focus on local loop unbundling and reach 80% unbundling ratio by end 2007;
- To maintain a € 20 average gross margin per unbundled subscriber;
- To pursue its strategy of profitable growth.

Iliad will hold its General Shareholder's Meeting on Tuesday May 29, 2007.

The Iliad Group is a major player in the Internet and telecommunications markets in France through its subsidiaries Free (the leading alternative broadband operator with 2,498,000 ADSL subscribers as of March 31, 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.

Exchange : [Euronext Paris](#)

Market place : [Eurolist A \(SRD\)](#)

Ticker : [ILD](#)

ISIN Code : [FR0004035913](#)

FTSE Ranking: [974 Internet](#)

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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.