Key messages

1. The acquisition of Neuf Cegetel is a success.

2. The New SFR has strong assets to capture growth opportunities.

3. Strict control of Opex and Capex is enforced.
The acquisition of Neuf Cegetel is a success

- The New SFR has delivered results on the top priorities for the merger in 12 months*:
  - Execute the integration plan
  - Execute the synergy plan
  - Restore ADSL net adds market share above 30%
  - Keep leadership position in mobile Internet

* SFR acquired 100% of Neuf Cegetel on June 24, 2008

- Successful voluntary departure plan, closed in June
- Completion of the ADSL migration plan (1m customers migrated)
- On track to deliver the €75-100m synergy target in 2009 and €250-300m in 2011
- #1 in ADSL net adds in Q2 2009
- ADSL net adds market share of 32% in H1 2009 vs. 12% last year
- #1 in postpaid net adds in Q2 2009
- 280 k iPhone sold since launch in April 2009 (as of end July)
The New SFR is well positioned to create value

Telecoms markets are mature on traditional voice offers and need to embrace the Internet

SFR is an integrated fixed /mobile operator with strong assets and opportunities of value creation

1. Generating scale effects due to the increased size of the New SFR
2. Promoting a single brand, for all offers and customers
3. Capitalizing on large customer bases both on mobile and fixed
4. Leveraging multiple channels for distribution and customer care
5. Optimising network synergies

Source: ARCEP

Revenue growth of French telecoms markets

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed broadband Internet</th>
<th>Mobile data (messaging &amp; Internet)</th>
<th>Mobile voice</th>
<th>Fixed voice</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ARCEP

September 2009 – 4
1st leading alternative integrated operator in Europe

Over 12 billion € revenues

Source: Bank of America, Merrill Lynch
* SFR incl. 100% Neuf Cegetel consolidated

September 2009 – 5
Strongly positioned on all segments of the telecoms market

SFR covers all segments of the telecoms market

Addressing 25m customers (as of mid 2009)

- 20.2m mobile customers, with 70% postpaid
- 4.1m broadband Internet customers

With strong positions in growing segments

- 140k enterprise customers
- 200 operators and 5 MVNOs

As of mid 2009

SFR’s revenue market share
(of French telecoms excl. switched voice)

- 30%

SFR revenue breakdown

- Fixed & Broadband Internet
- Mobile

- 30%
- 70%

September 2009 – 6
SFR, a well-established and powerful brand

- From a mobile-specialist brand to a global operator brand
  - SFR brand extended with success to the fixed ISP market
  - Launch of “SFR Business Team” for Enterprises

- A powerful and dynamic brand with 3 key values:
  - Boldness
    - A player which drives the market forward
  - Innovation
    - A pioneer of new usages
  - Proximity
    - Close to its customers
Opportunity to increase the number of customers that are both fixed and mobile

- Leverage mobile market shares to grow ADSL market shares above 30%
- Revenue growth
- Churn decrease

Better customer knowledge, both as individuals and households

Leveraging SFR customer bases: Consumer market

SFR households

Fixed voice clients
Mobile clients
Broadband Internet clients

~13m SFR households

Multi-offer SFR households (Internet and mobile)
Single-offer SFR households
Leveraging SFR customer bases: Enterprise market

- Strong opportunity to grow in fixed enterprise services by targeting mobile customers

- Targeted cross-selling action plans
  
  ✔ Growing number of common fixed and mobile enterprise customers (+3.4 pts in H1 2009)

Common fixed / mobile SFR enterprise customers (% of the total enterprise customer base)

- Fixed enterprise market share: ~12%
- Mobile enterprise market share: ~35%

Dec. 2008: 21.3%
June 2009: 24.7% (+3.4 pts)
A strong multi-channel distribution and customer support

- A strong distribution network providing enhanced proximity and quality of service for our customers
  - 800 “espace SFR” distributing both mobile and fixed offers

**Evolution of “espace SFR” stores**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>590</td>
</tr>
<tr>
<td>2005</td>
<td>665</td>
</tr>
<tr>
<td>2006</td>
<td>730</td>
</tr>
<tr>
<td>2007</td>
<td>765</td>
</tr>
<tr>
<td>2008</td>
<td>800</td>
</tr>
<tr>
<td>2009</td>
<td>800</td>
</tr>
</tbody>
</table>

- Efficient direct sales distribution channels
  - Telesales, key to increase cross-selling
  - Online store on the sfr.fr Web site
The online channel provides costs benefits to SFR and more flexibility to customers

- **SFR’s online shop**
  - Optimisation of SARC vs. physical distribution
  - Large choice of devices & 24/7 availability
  - Multi-channel shopping combining online (sfr.fr) and physical shops (espace SFR)

- **Online selfcare**
  - Reduction of calls to customer care with the development of selfcare on sfr.fr
  - Development of electronic bills in place of traditional paper bills
The 1st alternative broadband infrastructure in France

- **Leading mobile broadband network**
  - ~75% population coverage in 3G/3G+
  - N°1 mobile network for the 5th year in a row (2008 Arcep quality audit)

- **The 1st alternative full-IP fixed broadband infrastructure**
  - 70% unbundled ADSL lines
  - Strong start of FTTH deployment
  - 50,000 km fiber backbone
Optimising network synergies

- Optimising networks by moving to an all-IP network infrastructure
  - Single IP core for all access networks (fixed & mobile) and services (voice & data)
  - Evolution towards IP in the 2G/3G mobile access network
  - Agility of capacity evolution management

- Fixed broadband network benefiting to mobile Internet traffic growth
  - Fiber backhauling of HSDPA radio sites, replacing leased lines
  - Unlimited access to SFR’s ~2m WiFi hotspots to iPhone and Google phone users

- Simplification of networks and infrastructure mutualisation leading to OPEX reduction
- Reduction of capacity CAPEX on the mobile network
- Improvement of user experience: enhanced network performance, differentiated services
“SFR Revolution” transformation plan for 2009-2012

Due to fast evolutions of the environment...

- Internet is spreading everywhere, in all households, on all screens
- Competition intensifies, with new players in mobile and ADSL
- Change in customers’ demand and behavior, notably due to the deterioration of the economic environment

... SFR is adapting by implementing a transformation plan with two key focuses

<table>
<thead>
<tr>
<th>1. Cut costs in order to control OPEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Achieve the cost synergy plan</td>
</tr>
<tr>
<td>- Implement additional initiatives enabling OPEX savings</td>
</tr>
</tbody>
</table>

**Examples**

- Voluntary departure plan
- Purchasing synergies
- IT and traffic management optimisation
- Growing weight of the Web in customer care and distribution
- Improvement of IT productivity
- Cuts in operating costs

<table>
<thead>
<tr>
<th>2. Capture growth opportunities in order to compensate for the slow-down in mature markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Fixed broadband Internet access and services</td>
</tr>
<tr>
<td>- Mobile broadband access, on all devices</td>
</tr>
<tr>
<td>- Services for enterprises, in particular the SOHO/SME segment</td>
</tr>
</tbody>
</table>
Growth opportunity (I): Take-up of mobile Internet

Growing share of customers subscribing to unlimited bundles (voice & data)

- Success of “Illimyths” offers: 2.1m customers (15% of postpaid customers)
- Success of iPhone: 280k units sold between April and the end of July

Mobile data revenues

- Mobile broadband growth driven by adoption of 3G+ USB keys and connected notebooks
- Successful launch of “Full Internet” plans packaged with new multimedia devices (iPhone, Androïd) \( \rightarrow +8\text{€}/\text{month increase} \)

Strong mobile data revenue growth
Growth opportunity (I): SFR’s applications for smartphones

- **SFR TV:**
  - Unlimited TV on 3G
  - → 290k downloads (launched on April 8th)

- **SFR WiFi:**
  - Unlimited access to SFR’s ~2m hotspots
  - → 191k downloads (launched on April 8th)

- **SFR Music:**
  - SFR Music radio stations
  - → 54k downloads (launched on June 12th)

- **SFR Mon Compte:**
  - Consumption follow-up and online bill
  - → 45k downloads (launched on August 14th)

- **Mobile Website:**
  - News/Sport/Music from Safari

Up to 31.08.09
## Growth opportunity (II): Fiber

**With fiber deployment, SFR has the opportunity to strengthen its positions on the broadband Internet market...**

- Increase broadband Internet market shares in the main cities
- Convert ADSL customers to fiber in order to reduce OPEX (monthly rental fee of about €10.6/subscriber to incumbent Orange)
- Increase usage and develop new services to increase ARPU
- Fulfill increasing bandwidth customer needs that ADSL networks will not be able to face on the long run

**... and makes good progress in deployments**

- Availability of commercial fiber “neufbox” and service offering
- Horizontal deployment in line with our objectives: ~1.5m homes street passed by end 2009, mostly in Paris, Lyon and Marseille
- Operational capacities to roll out more than 1m homes street passed in 2009
- Mutualisation agreement with Orange (Sept 08) for vertical connections in buildings, in dense areas
- Clarification by ARCEP in progress for non-dense areas
Growth opportunity (II): Fiber

FTTH investments will depend on the coverage areas density:

- **Dense areas**
  - Own investment in horizontal network
  - Full competition in horizontal networks
  - Network sharing for vertical network in building

- **Non-dense areas**
  - Network sharing
  - Network sharing required on the ‘last mile’ section of the infrastructure (both vertical and horizontal)

- **Rural areas**
  - Public subsidies
  - Conditions for network sharing and subsidies
Growth opportunity (III): Enterprise solutions

- **Building convergent solutions to meet demand for fixed/mobile offerings**
  - E.g. launch of SFR Business Sfere: convergent solution for collaborative messaging

- **50% market share in M2M solutions**
  - Base of 563 k M2M connections

- **Launching full-fledged conferencing solution**
  - Audio & Web
  - Visioconference
  - Telepresence

![M2M connections chart showing a doubling from H1 2008 to H1 2009](chart.png)
On track to deliver the synergy objectives

- SFR + Neuf Cegetel, a value creating combination: ~€250/300m cash synergies per year from 2011

80% on costs
- Unique branding: SFR
- IT optimisation
- Network optimisation
- Procurement economies of scale
- Overhead reduction
- Churn reduction

~20% on revenues
- Cross-selling opportunities

Capex: 10%
Opex: 70%
Revenue synergies

Cost synergies

2009: ~€75/100 m
2010: ~€175/200 m
2011: ~€250/300 m
Reduction of costs despite significant growth of customer base and network traffic

Opex excl. variable fees, interconnection and commercial costs down 7% YoY…

… while the number of customers and network traffic continue to increase

H1 2008 H1 2009

-7%

# Mobile customers
# ADSL customers
Mobile traffic (voice & data)

Annual growth rate (H1 2009 vs H1 2008)

-7% +4.9% +11.3% ~+20%

-7% +4.9% +11.3% ~+20%
Control of Opex

- Strong commercial results and iPhone launch in H1 2009 have increased commercial costs
- Interconnection costs are growing due to the success of mobile abundance offers
- Implementation of cost cutting initiatives focusing on:
  - IT productivity
  - Network maintenance
  - Outsourcing of call centers
  - Voluntary departure plan
Control of CAPEX

- CAPEX evolution kept under control: 8.9% of total revenues in H1 2009
- Decrease in mobile CAPEX due to reduced need to invest in 2G/3G infrastructure
- Increase in fixed CAPEX driven by strong commercial activity in ADSL in H1 2009…
- … and also by the investment in fiber deployment in Paris, Lyon and Marseille
H1 2009 Results
Very good commercial results, in particular in postpaid, with 39% net adds market share

- In H1 2009, net growth by +559k mobile customers, of which +466k postpaid customers
- Success of iPhone: 280k units sold at the end of July
- Share of postpaid customers at 69.5% of total base (+1.8 pt YoY)
- Strong decrease of postpaid churn (12-month rolling) -3.4 pts vs. 2008

Strong development of mobile Internet, with data revenues growing at 22.1% of Services revenues (+5.5 pts YoY)

- Success of “Illimythics” offers, with 2.1m customers
- Successful launch of “Full Internet” offers packaged with new multimedia devices (iPhone, Androïd)
Continuation of excellent broadband Internet results

- **SFR leader in ADSL net adds in Q2 with 33% market share despite increased competition**
  - Continued success of the "neufbox by SFR" launched in October 2008
  - In H1 2009, ADSL customers growth +263k
  - Strong decrease in churn by -5.3 pts at 14.3% vs. 2008, in particular due to migrations. The churn of customers equipped with the neufbox is ~12%.

- **TV services growth**
  - Fast growing base of 1.7m customers having access to TV and VoD services
  - ~400k subscribers to pay-TV bouquets and channels

- **Continuation of fiber deployment**
  - Horizontal deployment of fiber in line with our objective of 80% coverage of Paris by end 2009
  - Connection of subscribers in buildings slowed down by regulatory uncertainty
Key financials

- **Mobile: strong commercial investments**
  - Revenues of €4,442m, +0.6% due to data revenues (+34%), despite adverse economic conditions (decrease in roaming traffic and out of bundle usage)
  - EBITDA of €1,677m (-€110m):
    - Strong commercial results and iPhone launch drove increased variable costs
    - Increased variable fees (TV Tax) and interconnection costs linked to unlimited offers offset by strong control of other non-variable Opex

- **Broadband Internet & Fixed: strong commercial dynamism in all segments**
  - Revenues of €1,865m, +1.0% on a comparable basis* and excluding switched voice
  - EBITDA of €306m (-€41m on a comparable basis*) due to increase in customer acquisition and retention costs, focus on quality, decline in switched voice revenues and impact of the sale of assets of Club Internet network in H1 08

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<table>
<thead>
<tr>
<th></th>
<th>H1 2009</th>
<th>H1 2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In euro millions - IFRS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>6,140</td>
<td>5,289</td>
<td>+ 16.1%</td>
</tr>
<tr>
<td>Mobile</td>
<td>4,442</td>
<td>4,416</td>
<td>+ 0.6%</td>
</tr>
<tr>
<td>Broadband Internet &amp; Fixed</td>
<td>1,865</td>
<td>968</td>
<td></td>
</tr>
<tr>
<td>Intercos</td>
<td>(167)</td>
<td>(95)</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,983</td>
<td>1,932</td>
<td>+ 2.6%</td>
</tr>
<tr>
<td>Mobile</td>
<td>1,677</td>
<td>1,787</td>
<td>- 6.2%</td>
</tr>
<tr>
<td>Broadband Internet &amp; Fixed</td>
<td>306</td>
<td>145</td>
<td></td>
</tr>
<tr>
<td>EBITA excl. restructuring costs</td>
<td>1,299</td>
<td>1,350</td>
<td>- 3.8%</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(3)</td>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>EBITA</td>
<td>1,296</td>
<td>1,340</td>
<td>- 3.3%</td>
</tr>
</tbody>
</table>

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* Comparable basis mainly illustrates the full consolidation of Neuf Cegetel (excluding Edition and International parts of Jet Multimedia) as if this acquisition had taken place on January 1, 2008

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Tight control of non-variable Opex

- On track to deliver the €75-100m synergy target in 2009
- Opex excl. variable fees and interconnection costs and commercial costs down 7% YoY
2009 prospects

H2 2009
- Monitoring of variable commercial investments (Opex / Capex) in growth
- 31% decrease in Mobile Termination Rates from July 1, 2009
- Strong control of non-variable Opex
- Continued decrease in mobile capex to sales ratio

Full year 2009 outlook

Mobile:
- Services revenues: Slight decrease
- EBITDA: Mid-single digit decrease partly due to strong commercial results (iPhone)

Broadband Internet & Fixed:
- Revenues: Slight growth excluding switched voice on a pro forma basis *
- EBITDA: Very slight decrease on a pro forma basis

* Pro forma illustrates the full consolidation of Neuf Cegetel from January 1, 2008
Appendices
### MOBILE

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 2009</th>
<th>H1 2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers (in ‘000) *</td>
<td>20,211</td>
<td>19,275</td>
<td>+ 4.9%</td>
</tr>
<tr>
<td>Proportion of postpaid clients *</td>
<td>69.5%</td>
<td>67.7%</td>
<td>+ 1.8pt</td>
</tr>
<tr>
<td>3G customers (in ‘000) *</td>
<td>7,190</td>
<td>4,739</td>
<td>+ 51.7%</td>
</tr>
<tr>
<td>Market share on customer base (%) *</td>
<td>34.3%</td>
<td>34.4%</td>
<td>- 0.1pt</td>
</tr>
<tr>
<td>Network market share (%)</td>
<td>36.0%</td>
<td>36.1%</td>
<td>- 0.1pt</td>
</tr>
<tr>
<td>12-month rolling blended ARPU (€/year) **</td>
<td>421</td>
<td>434</td>
<td>- 3.0%</td>
</tr>
<tr>
<td>12-month rolling postpaid ARPU (€/year) **</td>
<td>534</td>
<td>562</td>
<td>- 5.0%</td>
</tr>
<tr>
<td>12-month rolling prepaid ARPU (€/year) **</td>
<td>176</td>
<td>184</td>
<td>- 4.3%</td>
</tr>
<tr>
<td>Net data revenues as a % of service revenues **</td>
<td>22.1%</td>
<td>16.6%</td>
<td>+ 5.5pts</td>
</tr>
<tr>
<td>Postpaid customer acquisition costs (€/gross adds)</td>
<td>201</td>
<td>211</td>
<td>- 4.7%</td>
</tr>
<tr>
<td>Prepaid customer acquisition costs (€/gross adds)</td>
<td>21</td>
<td>27</td>
<td>- 22.2%</td>
</tr>
<tr>
<td>Acquisition costs as a % of service revenues</td>
<td>6.6%</td>
<td>7.1%</td>
<td>- 0.5pt</td>
</tr>
<tr>
<td>Retention costs as a % of service revenues</td>
<td>7.7%</td>
<td>5.4%</td>
<td>+ 2.3pts</td>
</tr>
</tbody>
</table>

### BROADBAND INTERNET AND FIXED

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 2009</th>
<th>H1 2008</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband Internet EoP customer base (in ‘000)</td>
<td>4,154</td>
<td>3,731</td>
<td>+ 11.3%</td>
</tr>
<tr>
<td>Enterprise data links (in ‘000) ***</td>
<td>169</td>
<td>153</td>
<td>+ 10.5%</td>
</tr>
</tbody>
</table>

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* Not including MVNO clients which are estimated at approximately 983k at end of June 2009 vs. 918k at end of June 2008
** Including mobile terminations
*** As from January 2009, the number of enterprise sites connected to SFR’s network no longer takes into account the ones sold as white label services (31k at the end of December 2008).
### SFR: Detailed revenues

<table>
<thead>
<tr>
<th>IFRS</th>
<th>H1 2009 Actual</th>
<th>H1 2008 Actual</th>
<th>% Change</th>
<th>H1 2008 Comparable Basis</th>
<th>% Change on a Comparable Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outgoing revenues net of promotions</strong></td>
<td>3,430 81%</td>
<td>3,461 82%</td>
<td>-0.9%</td>
<td>3,472 82%</td>
<td>-1.2%</td>
</tr>
<tr>
<td><strong>Mobile incoming</strong></td>
<td>507 12%</td>
<td>424 10%</td>
<td>19.6%</td>
<td>424 10%</td>
<td></td>
</tr>
<tr>
<td><strong>Fixed incoming revenues</strong></td>
<td>181 4%</td>
<td>198 5%</td>
<td>-8.6%</td>
<td>198 5%</td>
<td></td>
</tr>
<tr>
<td><strong>Roaming in</strong></td>
<td>94 2%</td>
<td>106 2%</td>
<td>-11.3%</td>
<td>106 2%</td>
<td></td>
</tr>
<tr>
<td><strong>Network revenues</strong></td>
<td>4,212</td>
<td>4,189</td>
<td>0.5%</td>
<td>4,200</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Other mobile</strong></td>
<td>38 1%</td>
<td>41 1%</td>
<td>-7.3%</td>
<td>41 1%</td>
<td></td>
</tr>
<tr>
<td><strong>Service revenues</strong></td>
<td>4,250 100%</td>
<td>4,230 100%</td>
<td>0.5%</td>
<td>4,241 100%</td>
<td>0.2%</td>
</tr>
<tr>
<td><strong>Equipment sales, net</strong></td>
<td>192</td>
<td>186</td>
<td>3.2%</td>
<td>186</td>
<td></td>
</tr>
<tr>
<td><strong>Total mobile revenues</strong></td>
<td>4,442</td>
<td>4,416</td>
<td>0.6%</td>
<td>4,427</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Broadband Internet and fixed revenues</strong></td>
<td>1,865</td>
<td>968</td>
<td></td>
<td>1,935</td>
<td>-3.6%</td>
</tr>
<tr>
<td><strong>Elimination of intersegment transactions</strong></td>
<td>-167</td>
<td>-95</td>
<td></td>
<td>-204</td>
<td></td>
</tr>
<tr>
<td><strong>Total SFR revenues</strong></td>
<td>6,140</td>
<td>5,289</td>
<td>16.1%</td>
<td>6,158</td>
<td>-0.3%</td>
</tr>
<tr>
<td>of which data revenues from mobile services</td>
<td>940</td>
<td>701</td>
<td>34.1%</td>
<td>701</td>
<td></td>
</tr>
</tbody>
</table>

* Comparable basis illustrates the full consolidation of Neuf Cegetel (excluding Edition and International parts of Jet Multimedia) as if this acquisition had taken place on January 1, 2008
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