SFR Consumer business update

November 25th, 2010

Frank Cadoret
Executive VP, Professional and Consumer Market
Our core belief (1/2)

Digitization: a new frontier!

Explosion of digital uses drives strong growth opportunities
Clients need a trusted partner to guide them in the digital world.
Our mission on the Consumer market

Guide each client and offer him the best of the digital world
SFR’s value proposition on the Consumer market

- Offers
- Customer Relationship
- Customer Experience
SFR’s value proposition on the Consumer market

OFFERS

CUSTOMER RELATIONSHIP

CUSTOMER EXPERIENCE

1  2  3
### 2010, year of transformation

#### Mobile

**A** Mobile data is taking off
- Strong sales of webphones
- Explosion of mobile Internet usage

**B** Market is changing
- Softened contract commitment conditions
- Competitive pressure on prices

#### Fixed

**D** Towards new customer experience
- New ADSL box
- Content « in the cloud »

**C** Development of Fixed-Mobile bundled offers

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SFR has adapted its offer while pursuing a value strategy
Webphones already account for 40% of postpaid sales and 18% of the postpaid customer base.

Share of postpaid gross adds

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>16%</td>
<td>40%</td>
</tr>
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</table>

Share of postpaid customer base

<table>
<thead>
<tr>
<th>Year</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share</td>
<td>4%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: SFR data as of September 2009 and September 2010
Mobile data usage has taken off

Source: SFR, monthly data usage
Postpaid offers: monetization of data usage

**SFR high-value postpaid offers**

**Illimythics 5 Essentiel**
- Included: Voice
- For Consumers: From € 25.90 (1h)
- For Pros: From € 32.90 (2h) (Christmas special tariff: € 27.90)

**Illimythics 5 Connect**
- Included: Voice + SMS + Internet 500 MB + WiFi
- For Consumers: From € 32.90 (1h)

**Illimythics 5 Webphone**
- Included: Voice + SMS/MMS + Internet 1 GB + emails + WiFi + international calls (for Pros only)
- From € 43.90 (1h) (Christmas special tariff: € 39.90)

**Illimythics ABSOLU**
- Included: Voice 24h/24 + SMS/MMS + Internet 1 GB + emails + WiFi
- From € 50.90 (2h) (Christmas special tariff: € 46.90)

**For Consumers**
- From € 25.90 (1h)
- From € 32.90 (1h)
- From € 43.90 (1h) (Christmas special tariff: € 39.90)

**For Pros**
- From € 32.90 (2h) (Christmas special tariff: € 27.90)
- € 99.90

*SFR’s public tariffs as of November 2010 for 24 months commitment*
Market deal is changing

**Today**
- Commitment: 12 to 24 months
- Pricing: All-in-one (service + device)
- Subsidies: Averaged

**Tomorrow**
- Choice
- Split between service and device prices
- De-averaged
On June 22nd, SFR launched its SIM-only tariffs, for clients willing to keep their mobile phone.

Avec ma formule éco-avantage, je garde mon mobile et je fais des économies tous les mois.

« I get discounts for keeping my mobile phone »

Clients have the choice between mobile renewal and tariff discount.

From €2 to €10 discount per month.

<table>
<thead>
<tr>
<th>Plan Description</th>
<th>From</th>
<th>Discount</th>
<th>Total Price</th>
<th>Original Price</th>
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<tbody>
<tr>
<td>Forfait Bloqué Essentiel</td>
<td>€12.90/mois</td>
<td>-20%</td>
<td>€10.32/mois</td>
<td>€13.00/mois</td>
</tr>
<tr>
<td>Forfait MTV de SFR</td>
<td>€13.90/mois</td>
<td>-20%</td>
<td>€11.12/mois</td>
<td>€15.00/mois</td>
</tr>
<tr>
<td>Illimitycs 5 Essentiel 1h</td>
<td>€21.90/mois</td>
<td>-20%</td>
<td>€17.52/mois</td>
<td>€25.00/mois</td>
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<tr>
<td>Edition Spéciale Illimitycs 5+ Connect 1h</td>
<td>€26.90/mois</td>
<td>-10%</td>
<td>€24.21/mois</td>
<td>€29.00/mois</td>
</tr>
<tr>
<td>Edition Spéciale Illimitycs 5+ Webphone 1h</td>
<td>€31.90/mois</td>
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<td>€28.79/mois</td>
<td>€35.00/mois</td>
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<tr>
<td>Illimitycs Absolu</td>
<td>€89.90/mois</td>
<td>-10%</td>
<td>€80.91/mois</td>
<td>€99.00/mois</td>
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</tbody>
</table>
De-averaging handsets subsidies

« My handset subsidy depends on my tariff plan »

Illustration: iPhone 4 16 GB tariffs

<table>
<thead>
<tr>
<th>Plan type</th>
<th>Plan price (€/month)</th>
<th>Source: SFR's public tariffs as of November 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEBPHONE (2H+)</td>
<td>From 46.90€</td>
<td></td>
</tr>
<tr>
<td>CONNECT (2H+)</td>
<td>From 41.90€</td>
<td></td>
</tr>
<tr>
<td>ESSENTIEL</td>
<td>From 25.90€</td>
<td></td>
</tr>
<tr>
<td>Hybrid</td>
<td>From 19.90€</td>
<td>Below 19.90€</td>
</tr>
<tr>
<td>Prepaid</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standalone</td>
<td></td>
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</table>
On August 24th, SFR launched « Multi-Packs »: a new discount program for multi-equipped customers

« The more SFR offers I buy, the more discounts I get »

With this program focused on high-value offers, SFR goes beyond quadruple play and rewards multi-equipment

Up to 15-20% discount per month

Chosen loyalty
On November 16th, SFR launched its « neufbox Évolution »: a new customer experience
New SFR broadband Internet offer range

**neufbox**

- € 29.90 per month
- € 24.90 per month with Broadband Internet

- Unlimited Telephone
- HD TV

**neufbox EVOLUTION**

- € 34.90 per month
- € 29.90 per month with Broadband Internet and 3G back-up dongle

- Digital recording
- Mediacenter
- 3D navigation interface

**SFR Service**

- 820 « espace SFR »
- Guaranteed installation
- 48h assistance
- Customized follow-up
SFR develops “content in the cloud” to enhance its broadband Internet offer’s attractiveness and raise ARPU.

**Video on Demand**
- #2 VoD platform in France
- >10,000 contents currently available (+30% vs 2009)
- 4 VoD-subscription offers
- Innovative convergent web / mobile / TV interface

**Catch-up TV**
- 2 catch-up TV programs currently available

**Gaming on Demand**
- First TV-based cloud gaming offer in Europe
- Families & “casual gamers” targeted
- ~30 games available at launch
SFR value proposition on the Consumer market

OFFERS

CUSTOMER RELATIONSHIP

CUSTOMER EXPERIENCE
Customer relationship at SFR: 4 channels mobilized to serve 25 millions clients

- **Controlled physical distribution**
  - 820 shops («espaceSFR»)
  - 5,000 sales people

- **SFR Web site**
  - ~15% of total sales made online
  - ~50% of total customer care acts done via online selfcare

- **Call Centers**
  - 11,000 advisors
  - 120,000 contacts per day

- **SFR assistance**
  - 1,200 technicians
  - 20,000 acts per month
Web channel brings flexibility for customers as well as cost optimization for SFR

**Flexibility for customers**
- All acts available online
- Large mobile device range and 24/7 availability
- Multi-channels approach

**Cost optimization for SFR**
- Retail costs optimization
- Fewer calls to customer care
- Development of electronic bills (4.5 M customers with an electronic bill)

**Share of Web on total sales**
- 2008: 7.5%
- 2010: 15%

**Share of online selfcare on customer relationship**
- 2008: 30%
- 2010: 50% +20pts
SFR awarded for its customer care

SFR #1 of Internet / Fixed Customer Relationship 2010
(BEARING POINT/TNS SOFRES SURVEY)
SFR value proposition on the Consumer market

OFFERS

CUSTOMER RELATIONSHIP

CUSTOMER EXPERIENCE

1

2

3
Some of our initiatives to improve customer experience in retail

In-store experience

- New store concept
- Ticketing
- Welcome desk

Multi-channels synergies

- Dedicated hotline for SFR stores
- Web-to-shop & Shop-to-web

Satisfaction surveys

- In-store satisfaction survey tool
- Top satisfaction survey
SFR vision on customer experience
3 areas of focus to become the best operator on customer experience

Know-how | Behavior | Surprise
--- | --- | ---
Acts | SFR Touch | “Wow”

Concrete proofs to be given to the customers on every key moment of truth
OFFERS + CUSTOMER RELATIONSHIP + CUSTOMER EXPERIENCE = SFR NEW BRAND POSITIONING
SFR new brand positioning