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2. SFR Strategy

3. Financials
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After acquisition* of ADSL/fixed operations of Télé2 France:

* subject to competition authority approval
** Fixed and ADSL operations
SFR: a profitable growth model

Revenues evolution
2001/2005

EBITDA and EBITDA margin evolution
2001/2005

5 years of improving performance

(1) Reported French Gaap
(2) IFRS and including mobile-to-mobile revenues (end of « bill and keep » as from 1.1.05)
(3) IFRS and excluding non recurring items
Key strengths

- **Number 2** French mobile operator with 34.6% market share at the end of December 2006

- **€8.678 bn** in revenues in 2006. **Mobile revenues up 0.5%** at €8.666bn. 37% EBITDA margin at the end of September 2006

- **17.9 M customers** at the end of December 2006 (+4% vs. LY) with improved customer mix (65% contract vs. 63.3% in Dec-05)

- **2.7 M 3G customers** at the end of December 2006 – Largest HSDPA network in Europe with 65% coverage

- **6.5 M Vodafone live! customers** at the end of December 2006

- **N.1 in customer satisfaction and customer care** in 2006 (TNS Sofres - BearingPoint)

- **N.1 in network quality** in latest 2006 ARCEP (French regulator) survey for the 3rd consecutive year

- **Distribution network:** 750 “Espace SFR”

- **40.5% stake** in Neuf Cegetel at an average cost of €12.5 per share (market price at €27.85 as of end January 2007)
€8.678 bn revenues in FY 2006. Mobile revenues up 0.5% at €8.666 bn – Excluding the impact of the regulated tariffs decrease, the YoY growth would have been +4.3%

SFR ARPU at €455 at end of December-06 vs. 485€ in December-05, down 6.2% YoY due to:
- Decrease in regulated tariffs:
  - 24% decrease in mobile voice termination
  - 19% decrease in SMS termination at the beginning of 2006, followed by an additional 30% mid-september
- A more than 10% decrease in voice tariffs charged to SFR customers following the launch of new tariffs plan

SFR AUPU at 327mns up 10.5% YoY

Continued growth in data ARPU at €61, +2.8% YoY : +17.4% in SMS volumes at 6.3bn, +70.8% in MMS volumes at 168M

Non-messaging data revenues account for 33% of total data revenues at end Dec-06 vs. 29% at end Dec-05
Leadership on mobility
- Launch of 3G+ offer (HSDPA) in May 2006, largest HSDPA network in Europe
- MVNO agreements signed with Auchan in May 2006, number 1 in retail distribution sector and with Maroc Telecom, with an “ethnic” MVNO launched at the end of 2006
- Launch of “SFR Connect” in May 2006: agreements signed with Dell, Acer, Lenovo, HP
- 2006 Soccer World Cup on SFR mobile screens in exclusivity
- Launch of “Happy Zone” offer in October 2006

SFR “new reach”
- WiMax licences obtained in July 2006 (Ile-de-France and PACA), 10 sites opened in Ile de France end of Dec. 2006
- Increased stake in Neuf Cegetel to 40% - successful IPO in October 2006
- Acquisition of 100% of fixed/ADSL operations of Télé2 France (to be closed by end of 2006)
- Price per music track download divided by 2, to €0.99

Operational excellence
- Transition to an “all IP” network infrastructure as of 2009
- Number one in France for network quality survey for the third year (source: Arcep)
**2006 performance: high level of EBITDA and EBITA**

- Dec YTD 2006 SFR revenues at €8.678 bn. Mobile revenues up 0.5% at €8.666bn and up +4.3% excl. regulatory impact

- Sustained EBITDA and EBITA at high level at the end of Sept.06

### Change in SFR revenues

<table>
<thead>
<tr>
<th>Dec YTD 2005 cb revenues</th>
<th>Regulatory impact</th>
<th>Organic growth of Network revenues</th>
<th>Other mobile revenues</th>
<th>Other revenues</th>
<th>Dec YTD 2006 actual revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>+€8,693 M</td>
<td>-€373 M</td>
<td>+€407 M</td>
<td>+€10 M</td>
<td>-€59 M</td>
<td>+€8,678 M</td>
</tr>
</tbody>
</table>

Mobile revenues up 0.5%

<table>
<thead>
<tr>
<th>Weight variation</th>
<th>Sept YTD 2005 cb</th>
<th>Sept YTD 2006</th>
<th>% change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>-4.3%</td>
<td>€2 600 M</td>
<td>€2 716 M</td>
<td>+4,5 %</td>
</tr>
<tr>
<td>+4.7%</td>
<td>€2 032 M</td>
<td>€2 095 M</td>
<td>+3,1 %</td>
</tr>
<tr>
<td>+0.1%</td>
<td></td>
<td></td>
<td>+1,6 pt</td>
</tr>
<tr>
<td>-0.7%</td>
<td></td>
<td></td>
<td>+0.8 pt</td>
</tr>
</tbody>
</table>

= -0.2%
### December 2006 key Metrics (1/2)

<table>
<thead>
<tr>
<th>Metric</th>
<th>2006</th>
<th>2005</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers (in ‘000) *</td>
<td>17,883</td>
<td>17,198</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Vodafone live! customers (in ‘000) *</td>
<td>6,497</td>
<td>4,785</td>
<td>+35.8%</td>
</tr>
<tr>
<td>3G customers (in ‘000) *</td>
<td>2,686</td>
<td>1,003</td>
<td>X2.7</td>
</tr>
<tr>
<td>EOP market share *</td>
<td>34.6%</td>
<td>35.8%</td>
<td>-1.2 point</td>
</tr>
<tr>
<td>12-month rolling blended ARPU (€/year) **</td>
<td>455</td>
<td>485</td>
<td>-6.2%</td>
</tr>
<tr>
<td>12-month rolling postpaid ARPU (€/year) **</td>
<td>596</td>
<td>648</td>
<td>-7.9%</td>
</tr>
<tr>
<td>12-month rolling prepaid ARPU (€/year) **</td>
<td>202</td>
<td>218</td>
<td>-7.3%</td>
</tr>
<tr>
<td>Proportion of postpaid customers *</td>
<td>65%</td>
<td>63.3%</td>
<td>+1.7 point</td>
</tr>
</tbody>
</table>

* Excluding wholesale customers (MVNO); ** Including mobile termination.
### December 2006 key Metrics (2/2) except. for SAC/SRC data

<table>
<thead>
<tr>
<th></th>
<th>2006</th>
<th>2005</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Voice usage (minutes / month / customer)</strong></td>
<td>327</td>
<td>296</td>
<td>+10.5%</td>
</tr>
<tr>
<td><strong>Number of SMS sent (in bn)</strong></td>
<td>6.3</td>
<td>5.4</td>
<td>+17.4%</td>
</tr>
<tr>
<td><strong>Number of MMS sent (in m)</strong></td>
<td>168</td>
<td>98</td>
<td>+70.8%</td>
</tr>
<tr>
<td><strong>Net data revenues as a % of network revenues (%)</strong></td>
<td>12.9%</td>
<td>11.7%</td>
<td>+1.2 point</td>
</tr>
<tr>
<td><strong>Prepaid customer acquisition cost (€/gross add) at the end of Sept. 06</strong></td>
<td>21</td>
<td>23</td>
<td>-9.4%</td>
</tr>
<tr>
<td><strong>Postpaid customer acquisition cost (€/gross add) at the end of Sept. 06</strong></td>
<td>183</td>
<td>176</td>
<td>+4.2%</td>
</tr>
<tr>
<td><strong>Acquisition costs as a % of network revenues (%) at the end of Sept. 06</strong></td>
<td>5.1%</td>
<td>5.4%</td>
<td>-0.3 point</td>
</tr>
<tr>
<td><strong>Retention costs as a % of network revenues (%) at the end of Sept. 06</strong></td>
<td>4.3%</td>
<td>4.7%</td>
<td>-0.4 point</td>
</tr>
</tbody>
</table>

* Excluding wholesale customers (MVNO); ** Including mobile termination.
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Mobility and internet are the two growth drivers for internet / telecom sector

Internet / telecom market evolution 2005 – 2010 estimates (source: Idate)

- **2005**
  - Mobile: 51%
  - Internet and data: 34%
  - Fixed: 15%
  - Market: €34.9 bn

- **2010**
  - Mobile: 57%
  - Internet and data: 23%
  - Fixed: 20%
  - Market est.: €39.5 bn

SFR positioned on two growing segments

including:

- + €4.7 billion for mobile
- + €2.4 billion for internet

SFR attacking fixed market
Continuity of usage through a personal and unconstrained service

Mobility is the core of SFR’s service offering

Entry point: the person

- 94% of SFR customers take their mobile phone everywhere
- More than 1 third of SFR customers use their mobile phone outside France, at least once a year
- 77% of mobile users think that mobile phone is simple to use
- 59% of SFR customers record their contacts in their mobile phone directory
- ~40% of communications made by mobile customers from their home is from their mobile phone
- 81% of SFR customers consider their mobile phone as their main handset
Technical convergence

Technical convergence through a fixed point

The “box” is the core of service offering

Entry point: the home

“mobile centric”

Continuity of usage through a personal and unconstrained service

Mobility is the core of SFR’s service offering

Entry point: the person
Mobile customers are technology agnostic …
- technology should be transparent
- technology need to ease user experience

... usage is key:
- a communicating handset: the mobile phone
- mobile usage is growing strongly…
- … and is naturally transitioning to the internet

Content becomes digital

Take advantage of the growth of mobile phone usage
Mobility ≠ Technology

Mobility « by SFR »:
- Continuity of usage
- Personalization
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French mobile market has still strong growth potential

- 82% of mobile penetration at end December 2006

Mobile penetration in main European countries at end June 2006 (source Arcep)

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile Penetration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>130%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>121%</td>
</tr>
<tr>
<td>Spain</td>
<td>112%</td>
</tr>
<tr>
<td>Sweden</td>
<td>111%</td>
</tr>
<tr>
<td>Germany</td>
<td>101%</td>
</tr>
<tr>
<td>Belgium</td>
<td>90%</td>
</tr>
<tr>
<td>France</td>
<td>82%*</td>
</tr>
</tbody>
</table>

Average: 100%

* End of December figures for France

Mobile penetration in France will grow:
- 100% in the short term
- 12 million potential new customers
Mobile captures small share of consumers’ time

Average time spent per day on media ~ 6h 40

Average time spent per day on fixed and Internet ~35 mn

Additional consumer times to move to mobile

Average time spent per day on mobile~ 10 mn
Of which <1mn spent on mobile digital content

Strong potential of growth for mobile content usage

(1) Including when listening as background activity (2) Including newspapers, books, magazines (3) For personal use
Source: panel data, INSEE, IFOP, Datamonitor, Estimates
A double digit growth still far away from the most advanced countries (USA: x3 vs. France)

SFR customers: 12-month rolling AUPU grew by +10.5% to 327 min/month (end of December 2006)

Source: Arcep, SFR estimates
3G+ / data services: Quantum leap in user experience

SFR is the first operator to launch 3G+ (HSDPA) in France in April 2006

End of December 2006:
- 3G+ will be deployed on all of the SFR’s 3G network
- i.e. 65% of the French population

One of the largest EU HSDPA network to date

An evolving debit rate of 1.8 Mbit/s at launch and test at 3.6 Mbit/s in 2007
Mobile data services at SFR are growing significantly

- **SMS and MMS:**
  - +17.4% of SMS and +70.8% of MMS in Dec YTD-2006 vs. Dec YTD-2005

- **Games:**
  - 600 games available, 4 M games downloaded in Dec YTD-2006

- **TV / Vidéo:**
  - 80 channels (CanalSat and TPS)
  - 14 M TV/Video sessions downloaded in Dec YTD-2006
  - Over 2 M sessions during the Soccer World Cup

- **Internet on mobile:**
  - +86% of blackberry and +69 PC Card in one year
  - Machine-to-machine base: +52 %
Strong growth of mobile content services (excluding audience) driven by the internet, localization, chat/IM and enterprise

- **SFR network revenues**
  - Voice 87%*
  - Data and services 13%*

- **Data & services revenues**
  - Interpersonal messaging (SMS, MMS, Mail, Visio)

- **Mobile data content revenues (excluding audience)**
  - WAP
  - Internet
  - Localization
  - Chat / IM
  - Enterprise / Web

CAGR +10% by 2010

*C December YTD 2006
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SFR new reach

Fixed to Mobile substitution

Internet ADSL + Audience models

SFR Core Offerings

SFR existing mobile offer
Happy Zone GSM / 3G – 3G+

Option

Internet access
ADSL

Voice

Internet

2G / 3G-3G+ / WiFi / WiMAX
Continuity of mobile usage at home and around enabled by 3G / 3G+ capacity

Happy Zone assets:

- Offerings with discounted tariffs for calls made from home
- Customers keep their favorite handset
- Coverage zone larger than the house
- Large success in other European countries
ADSL, the second driver for internet / telecom sector

- 47% of French households have broadband internet access at end September 2006

**Penetration rate in French households estimates** (Source: Idate)

ADSL penetration in France will grow:
- Expected to be 70% in 2010
- Potential of more than 8 million households
Launch of ADSL for:
- Continuity of mobile services on the internet
- Value creation for mobile operators

Objective: 15% of French ADSL market by 2011
- SFR will launch ADSL offerings in May 2007
  - An option on top of mobile offerings
  - Continuity of mobile services on the internet
- Strong assets in fixed and ADSL
  - Télé2 France acquisition:
    - Acceleration of SFR’s ADSL strategy
    - Immediate credible player in ADSL
  - SFR and Neuf Cegetel, a long term partnership:
    - SFR and Télé2 are “Fixed VNOs” on the Neuf Cegetel ADSL network
Untapped revenue potential around audience for French mobile market

- Internet is naturally extended into mobile

**Increasingly proven business models**

- Communication
  - Access
- Search & eCommerce
  - Broadband Access

**Experimental / new business models**

- Broadband Access
  - SMS / MMS
  - Operator WAP portal
  - 3G / HSDPA

- Share & Create Shared Communication / Content Payment
  - Continuity of usage
  - Personalization
  - Localisation (GPS)
Success of first SFR’s audience model

- Music on mobile and PC:
  - SFR Music: 4 M tracks downloaded in Dec. YTD 2006
  - Top 3 of legal downloading platforms in France

- Success of “SFR Jeunes Talents”
  - SFR strategy for community websites and web created content

- Continuity of SFR services on the web
  - Mobile environment accessible on the internet:
    - Synchronization of the directory
    - Self-care / shop on-line
    - …
SFR is the 1st shareholder of Neuf Cegetel with a 40% stake (average acquisition cost of €12.5 / share)

Neuf Cegetel key performance indicators
as at end of June 2006

<table>
<thead>
<tr>
<th>Mass Market (MM)</th>
<th>Enterprises (ES)</th>
<th>Wholesale (WS)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4 M DSL customers</td>
<td>124,000 data links</td>
<td>c. 1 M data links</td>
</tr>
<tr>
<td>ARPU of €32</td>
<td>ARPL of €312</td>
<td>ARPL of €22</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Switched Voice</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c. 1.9 M customers</td>
<td>c. 1 billion min/month</td>
<td>c. 3 bn min/month</td>
</tr>
<tr>
<td>ARPU of c. €14</td>
<td>Average selling price of c. €3.7c/min</td>
<td>Average selling price of c. €1.7c/min</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other Products</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hosting (62% of Jet Multimedia)</td>
<td></td>
<td>Infrastructure, bandwidth, housing, etc.</td>
</tr>
</tbody>
</table>

Neuf Cegetel revenue breakdown

<table>
<thead>
<tr>
<th>Revenues, €m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
</tr>
<tr>
<td>Mass Market</td>
</tr>
<tr>
<td>Enterprises</td>
</tr>
<tr>
<td>Wholesale</td>
</tr>
<tr>
<td>Switched voice</td>
</tr>
<tr>
<td>Data &amp; other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2004</th>
<th>2005</th>
<th>2005PF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 178</td>
<td>1 292</td>
<td>2 752</td>
</tr>
<tr>
<td>566</td>
<td>52%</td>
<td>47%</td>
</tr>
<tr>
<td>908</td>
<td>33%</td>
<td></td>
</tr>
</tbody>
</table>
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Cost control to prepare future growth

- **Capex**
  - 3G / 3G+ already cover 65% of French population

- **Decrease in fixed and variable Opex costs**
  - Multi-year cost reduction program
  - Stable network and IT Opex in 2007
  - Emphasis on structure costs

- **Prepared for future cost structure adjustments**
  - UMTS strategy (incl. 900 MHz)
  - Transition to an “all IP” network infrastructure as of 2009
  - WiMax license (and spectrum)
  - Site sharing

- **HR evolution 2007-2009**
  - Plan signed with trade unions to adapt and change competencies of SFR workforce
Distribution is key to support mobile, fixed and ADSL strategy

- More than 750 mobile shops in 2006
  - Strong geographical coverage
  - Secure higher quality of sales
  - Opportunity to sale additional services
    - ADSL and fixed
    - Digital content
    - Insurance …

- Zoom on digital content: SFR Music Store
  - ~650 downloading access points in SFR shops by end 2007
  - SFR Music Store will open in Paris in September 2007
SFR has all the assets to win …
- A close relationship with its 17.9 million mobile customers
- A strong brand
- A good quality of its 2G and 3G/3G+ networks
- A deep commercial network: 750 SFR stores
- A customer care service ranked number 1 in satisfaction surveys
- A 40% stake in the first fixed/internet alternative operator in France: Neuf Cegetel
- Strong interests in ADSL with an estimated proportionate 11% of French market

... and a pragmatic and focused strategy
- SFR, leader on mobility
- “extended mobility” with new reach, personalization and continuity of usage:
  - Happy Zone at home and at the office
  - ADSL, an option for mobile customers
SFR: N.2 operator with strong momentum in a growing French mobile telecommunications market

- A growing French mobile market
- A focused strategy ("mobile centric" + ADSL)
- A strong commercial momentum
- Winning partnerships with Vivendi and Vodafone
- A strong financial profile
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## Simplified P&L Statement – SFR Group

### IFRS

<table>
<thead>
<tr>
<th>in millions of euros</th>
<th>2004 pf.</th>
<th>2005</th>
<th>05 vs 04 pf</th>
<th>2006 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>8 117</td>
<td>8 687</td>
<td>+7%</td>
<td>“Stable to slight growth”</td>
</tr>
<tr>
<td>Reported EBITDA*</td>
<td>3 093</td>
<td>3 209</td>
<td>+4%</td>
<td>“+8% to +10% growth”</td>
</tr>
<tr>
<td><strong>EBITDA margin</strong></td>
<td>38,1%</td>
<td>36,9%</td>
<td>-1,2 pt</td>
<td>“Grow to between 29.5% and 30.5% compared with 27.9% in 2005”</td>
</tr>
<tr>
<td>EBITDA excl. non recurring items</td>
<td>3 045</td>
<td>3 324</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td><strong>EBITDA margin excl. non recurring items</strong></td>
<td>37,5%</td>
<td>38,3%</td>
<td>+0,8 pt</td>
<td></td>
</tr>
<tr>
<td>Reported EBITA*</td>
<td>2 338</td>
<td>2 422</td>
<td>+4%</td>
<td></td>
</tr>
<tr>
<td><strong>EBITA Margin</strong></td>
<td>28,8%</td>
<td>27,9%</td>
<td>-0,9 pt</td>
<td></td>
</tr>
<tr>
<td>EBITA excl. non recurring items</td>
<td>2 290</td>
<td>2 537</td>
<td>+11%</td>
<td></td>
</tr>
<tr>
<td><strong>EBITA margin excl. non recurring items</strong></td>
<td>28,2%</td>
<td>29,2%</td>
<td>+1 pt</td>
<td></td>
</tr>
</tbody>
</table>

* Actual 2005 includes Antitrust Council fine for €(220)m and +€105m favorable non recurring items, i.e. a total non recurring impact of €(115)m; 2004 pf includes +€48m of favorable non recurring items.
## IFRS

<table>
<thead>
<tr>
<th>in millions of euros</th>
<th>2004 pf.</th>
<th>2005</th>
<th>05 vs 04 pf</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA*</td>
<td>3 093</td>
<td>3 209</td>
<td>+4%</td>
</tr>
<tr>
<td>CAPEX</td>
<td>890</td>
<td>1 072</td>
<td>+20%</td>
</tr>
<tr>
<td>CFFO</td>
<td>2 242</td>
<td>2 268</td>
<td>+1%</td>
</tr>
<tr>
<td>Net debt</td>
<td>1 161</td>
<td>2 235</td>
<td>nm</td>
</tr>
</tbody>
</table>

* Actual 2005 includes Antitrust Council fine for €(220)m and +€105m favorable non recurring items, i.e. a total non recurring impact of €(115)m; 2004 pf includes +€48m of favorable non recurring items.
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For any financial or business information, please refer to our Investor Relations website at: http://www.vivendi.com/ir
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