



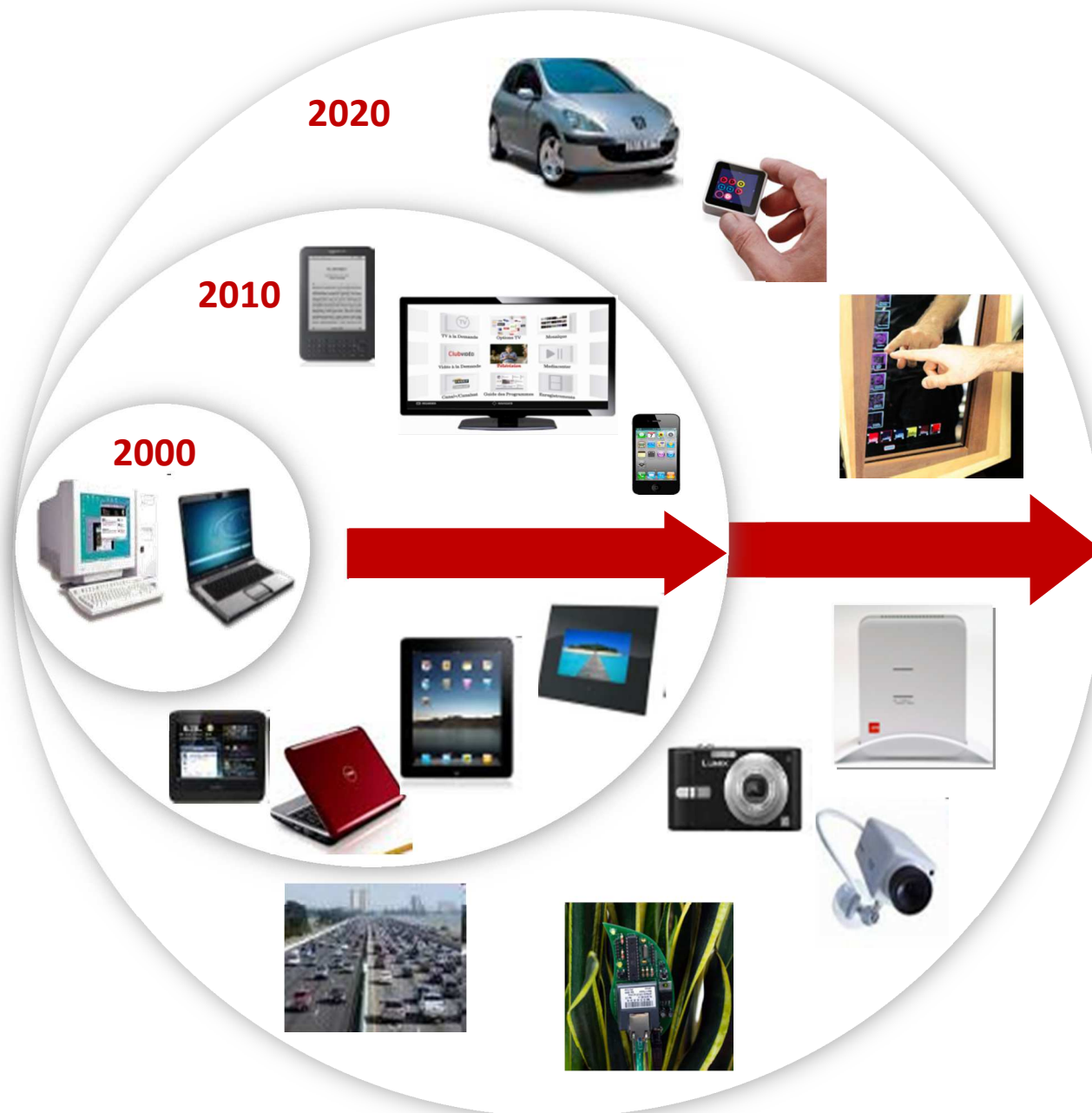
SFR

Digital innovations in networks and services

November 2011

- 1. Fast growth of usage and services in our networks**
2. We build powerful and efficient networks
3. We develop innovative services and products to monetize our networks

TOWARDS A WORLD OF CONNECTED DEVICES



From the connection
of the **HOUSEHOLD**...

...to the connection
of **INDIVIDUALS**...

...and **OBJECTS**:

**300 million connected
devices in France in 2020
compared to 65 million
in 2010**

INTERNET AVAILABLE ANYWHERE, ANYTIME, THANKS TO SMARTPHONES

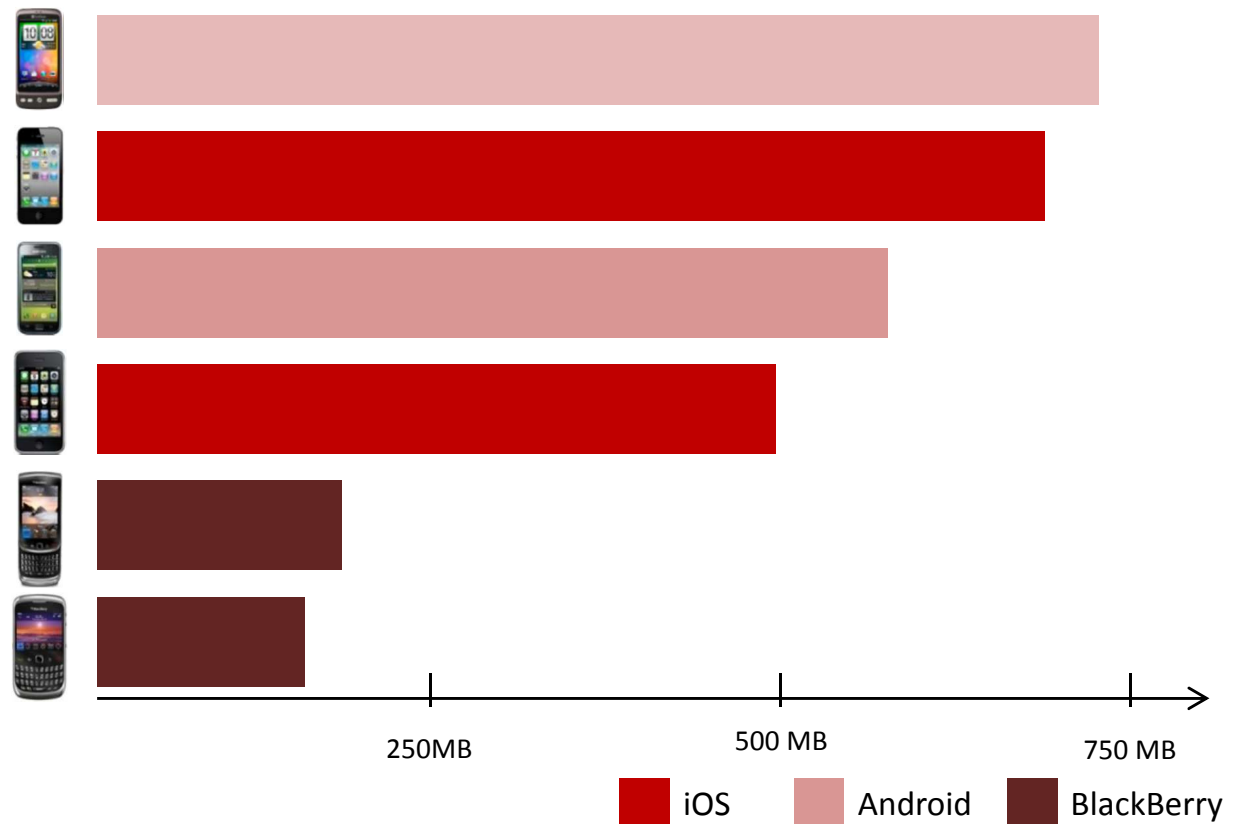
Success of smartphones

~70%
of SFR's mobile
postpaid gross adds

6.5m
smartphones in
SFR customer base

Growth in mobile Internet usage

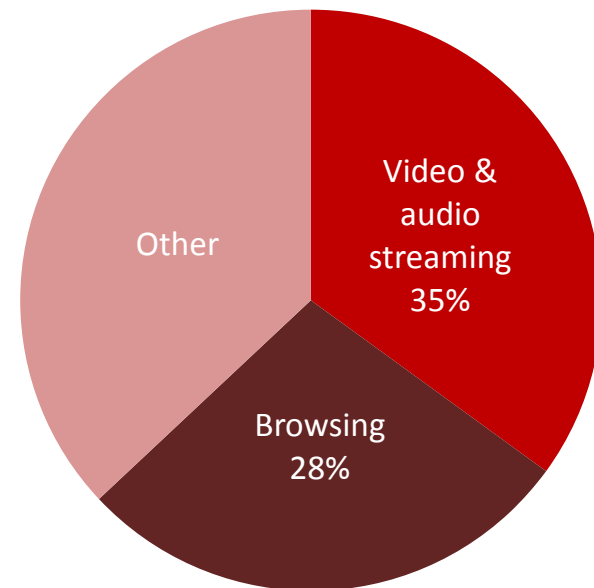
Monthly consumption per customer per device



Success of smartphones drives the sales of data plans (“Formules Carrées”) and SFR's data revenues growth (+23% YoY in 9m 2011)

- ❑ High penetration of IPTV in France over ADSL: 11.3m IPTV users *(source: Arcep, June 2011)*
- ❑ Growth of Internet video streaming services, now a ~1/3rd share of total Internet traffic
- ❑ Video usage also growing on smartphones: close to 50% smartphone user traffic comes from video

Split of total fixed Internet traffic by service



Source: SFR



Video share of Internet traffic growing to 90% by 2015 *(source: Cisco)*

FAST GROWING VOLUME OF DATA TRAFFIC IN SFR'S NETWORKS

2010-2011 Fixed network traffic
(ADSL or Fiber access)

+50%

2010-2011 Mobile network traffic
(2G or 3G access)

+100%



We invest ~€1.6 bn/year (~€1.3bn/year excluding variable capex) in our networks and IT, efficiently managing coverage and traffic growth while maintaining our financial discipline

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SFR'S TOP 4 PRIORITIES ON NETWORKS

1

**IMPROVE
CUSTOMER EXPERIENCE**

2

DEPLOY FIBER

3

**PAVE THE WAY
FOR 4G**

4

**CONTROL
NETWORK COSTS**

IMPROVING CUSTOMER EXPERIENCE EVERYWHERE



3G +

Large coverage

98% population by end 2011



Femtocell

Indoor quality of service at
home or at the office

Available for free to all
mobile customers

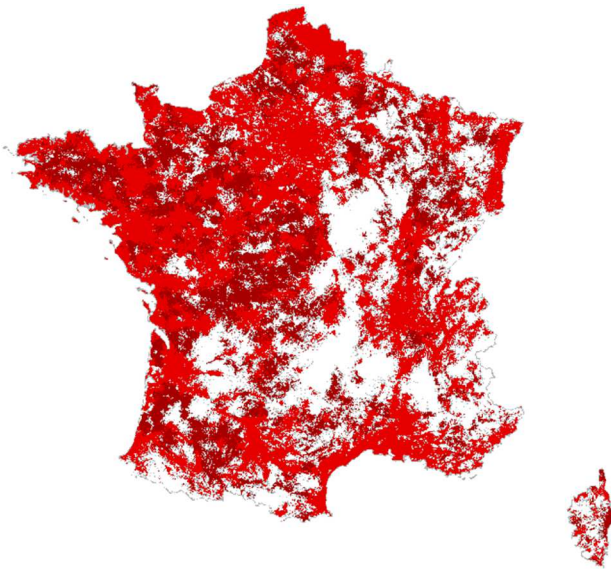


WiFi

Quality of service in public
hotspots and traffic offload

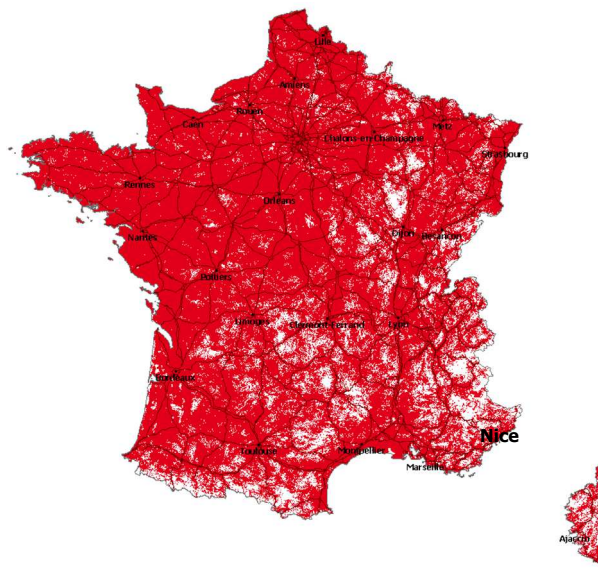
4m hotspots in France

End 2010



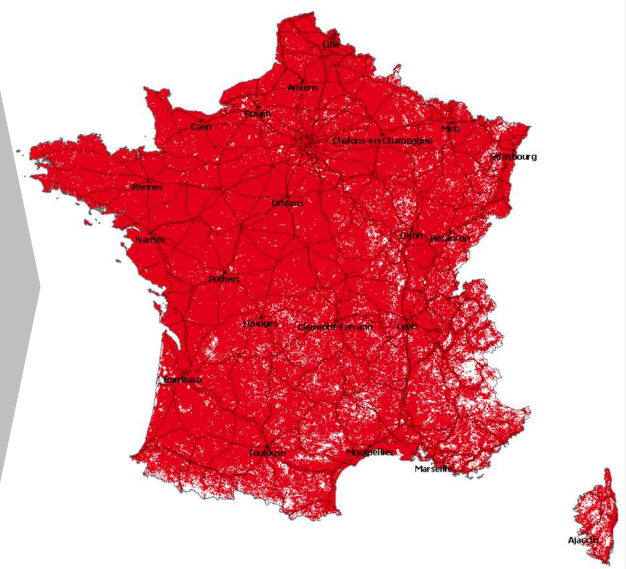
92% population covered

End 2011



Objective 98% population covered

End 2013



Objective 99.3% population covered

PERFECT QUALITY OF 3G+ NETWORK AT HOME OR AT THE OFFICE

- ❑ Launch of 2nd generation femtocell in August 2011
- ❑ Available for free for all SFR mobile customers, with possibility to register 5 SFR lines
- ❑ Compatible with any ISP (SFR or not) and perfectly integrated for SFR ADSL customers

Femto module + SFR neufbox Evolution:



SFR Pro

SFR Femto

L'assurance d'un réseau 3G optimal
dans votre bureau.



Gratuit
avec les formules
Carrées Pro

CLIQUEZ ICI

SFR Carrément vous.

- _ Attention, ça va couper.
- _ Tunnel ?
- _ Non, cuisine.



FEMTO

SFR FEMTO :
Amplificateur de réseau à domicile.

sfr.fr

4M HOTSPOTS AVAILABLE IMPROVING CUSTOMER EXPERIENCE IN PUBLIC PLACES

- ❑ Community network based on 4m « open » neufbox and public hotspots (stations, ...)
- ❑ Unlimited access included in all data plans (mobile, ADSL, dongles, tablets)
- ❑ Reduce network costs by off-loading traffic from the 3G network
- ❑ SFR WiFi application for smartphones and tablets for easy access and authentication, and pilot testing of WiFi Autoconnect (EAP-SIM technology)



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2011 SFR'S ADSL NETWORK INFRASTRUCTURE

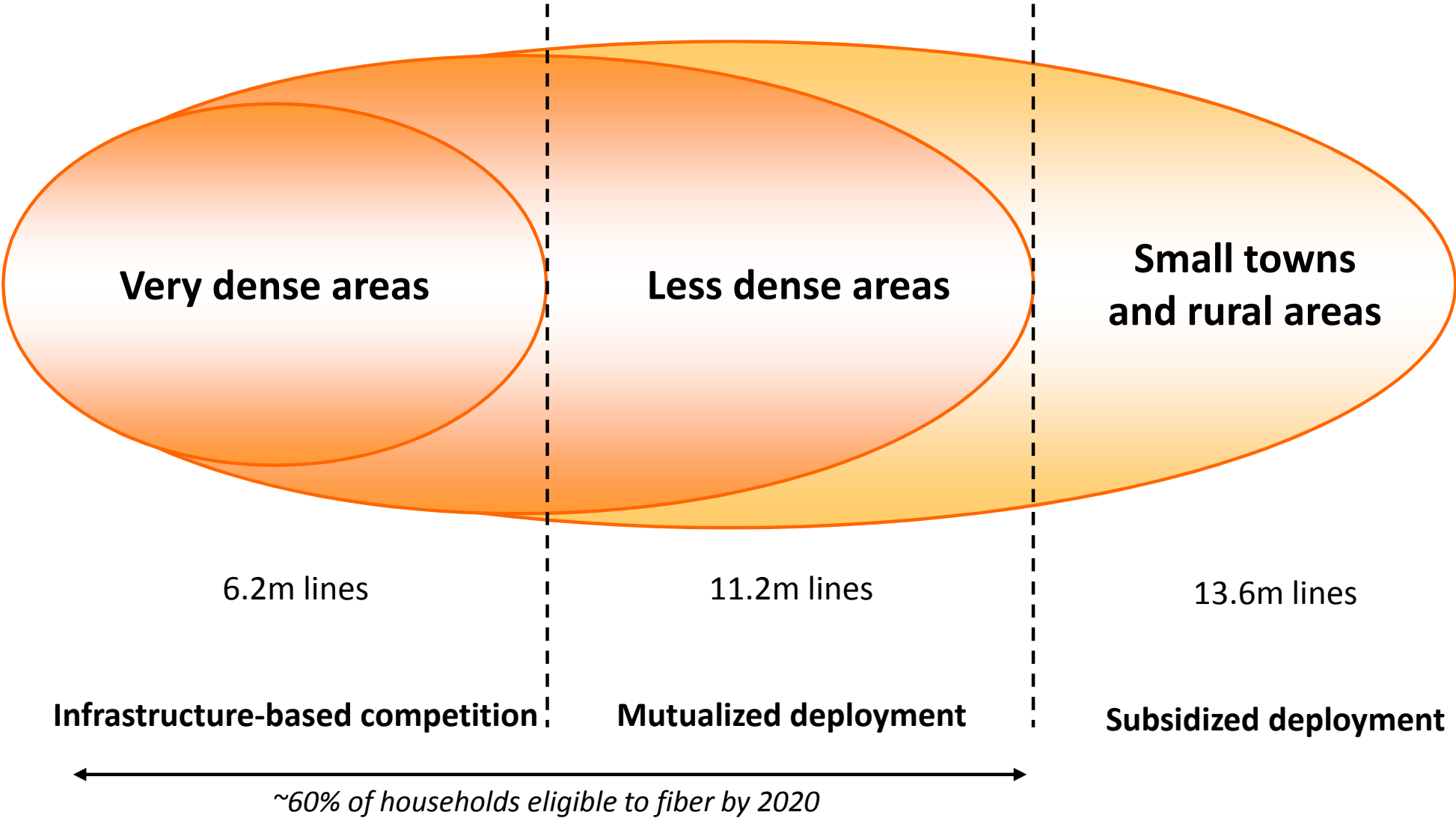
- ❑ 80% household coverage with ~4,500 unbundled local exchanges
- ❑ 5m neufbox customers, of which 3m IPTV
- ❑ Up to 25 Mbps broadband Internet access

KEY FTTH BENEFITS

1. High-speed broadband Internet
2. Better quality, high-definition TV
3. Opportunity to gain market shares on both residential and Enterprises markets
4. Opex savings on ADSL line rental (~11€/month on average)
5. 3G/4G radio sites backhauling in areas with high traffic density

SFR'S FTTH NETWORK DEPLOYMENT AREAS

31m lines in France in total (source: DATAR)



INFRASTRUCTURE-BASED COMPETITION

- ❑ **6.2m homes** in the very dense areas
- ❑ By end 2011, horizontal deployment achieved for more than **3m homes (Home Street Passed)** and vertical deployment for **~600k homes (Home Passed)**
- ❑ **Commercial services open in 9 large cities**, including Paris, Lyon, Marseille
- ❑ **Agreement with Bouygues Telecom** to co-invest in a shared fiber infrastructure in very dense areas



Carrément vous.



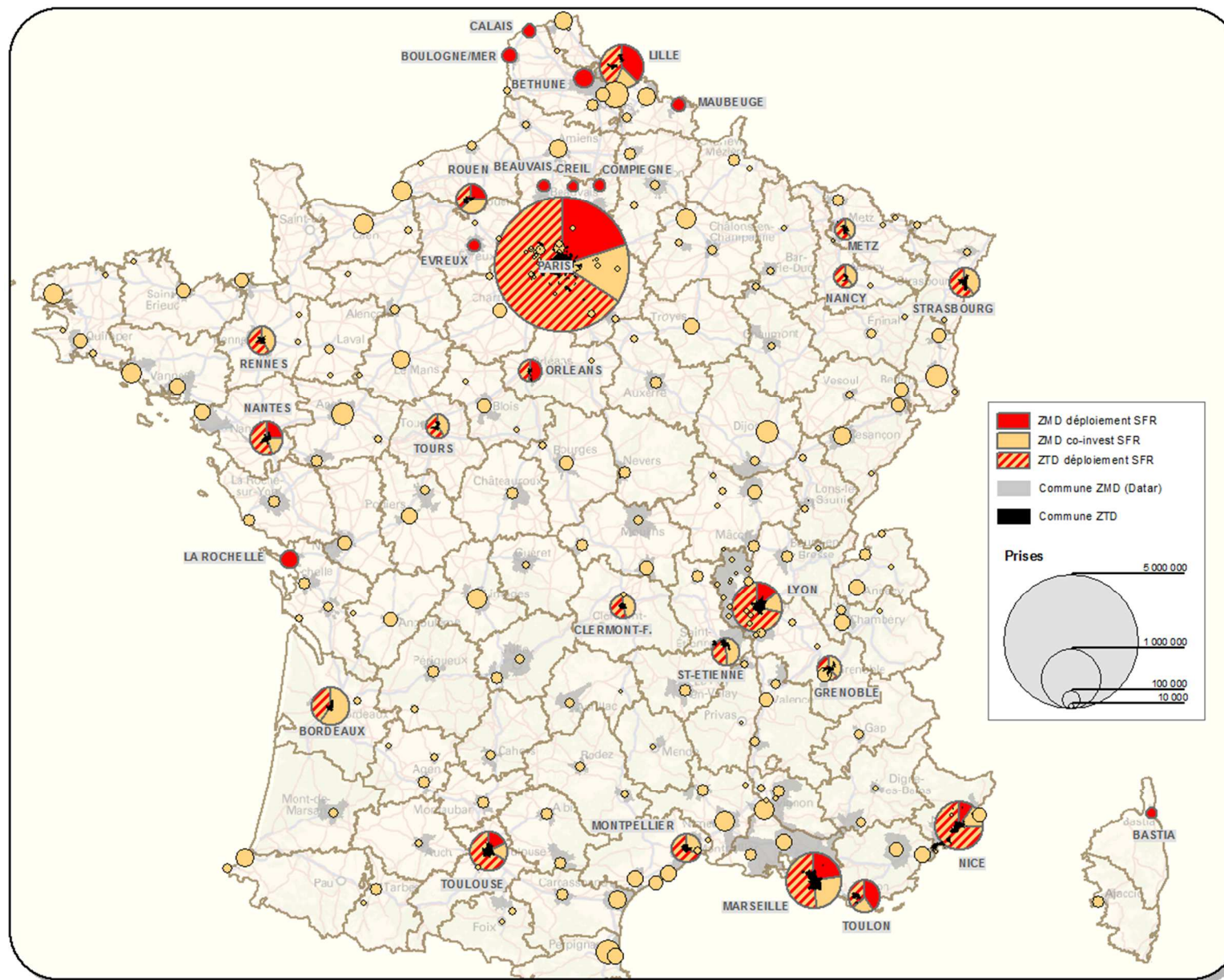
LA FIBRE DE SFR
Tous connectés en simultanée.
Passez au très haut débit ?

sfr.fr

MUTUALIZED INFRASTRUCTURE

- ❑ **Agreement SFR / France Telecom for FTTH roll-out in 9.8m homes by 2020:**
 - ✓ 2.3m built by SFR
 - ✓ 7.5m built by France Telecom
- ❑ **Average €130m/year investment (net from resales) in FTTH network roll-out in less dense areas for the next 10 years (2012-2021)**
- ❑ **Deployment of own fiber infrastructure provides SFR with the opportunity to:**
 - ✓ Gain market shares as network operator
 - ✓ Directly access to Enterprise customers (SMEs) in these areas
 - ✓ Connect 3G/4G radio sites for mobile traffic backhauling

MAP OF SFR'S FTTH DEPLOYMENTS



SFR will invest €200m/year on average (net from resales) for FTTH deployment in very dense and less dense areas for the next 10 years

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2011 SFR'S 2G/3G+ NETWORK INFRASTRUCTURE

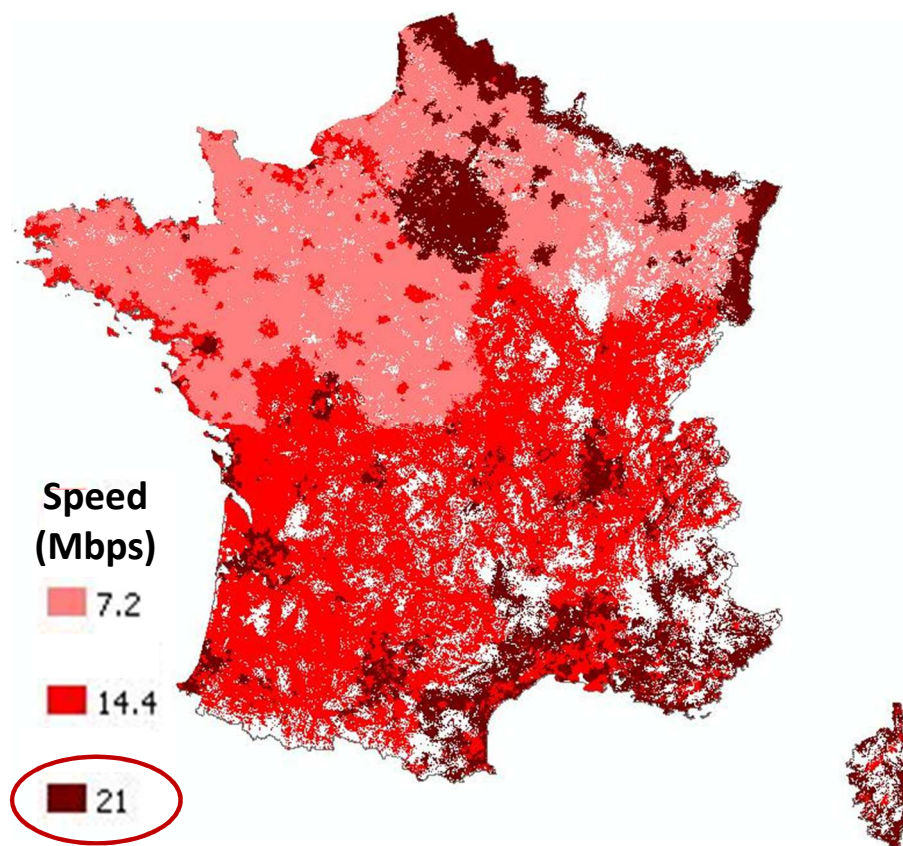
- ❑ 18,000 radio sites, including ~14,000 equipped with 3G
- ❑ 98% population covered in 3G by end 2011 (and 99.3% by end 2013)
 - ✓ 20 MHz 3G spectrum in 2.1 GHz band
 - ✓ Refarming of 5 MHz in 900 MHz band for 3G
- ❑ 99% population covered in 2G

KEY 4G BENEFITS

1. High-speed mobile Internet and lower latency
2. Increased capacity in areas with high traffic density
3. Reduced average transmission mobile data costs per GB

- ❑ **Increasing 3G+ performance without waiting for LTE**
 - ✓ 21 Mbps HSPA+ deployed on 43% of the network
- ❑ **Increasing transmission capacity on the radio access network**
 - ✓ Roll-out of fiber backhauling and packet microwave
 - ✓ ~600 radio sites and close to 100% of the main concentration points connected with fiber by end 2011
- ❑ **LTE frequency allocation process**
 - ✓ 2.6 GHz: 2x15 MHz awarded to SFR in September 2011 for €150m
 - ✓ 800 MHz: application by December 15, 2011

MAXIMUM 3G+ DATA RATES



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**CONTROL
NETWORK COSTS**

1

**Increased
segmentation of mobile
offers by data usage**

- ❑ Launch of new postpaid plans (« Formules Carrées ») in June 2011: ~1.7m customers as of end September 2011
- ❑ Plans with monthly data usage allowance of 50 MB to 3 GB

2

**Offload traffic from 3G
macro network**

- ❑ SFR WiFi: access to 4m hotspots included in all mobile data plans
- ❑ SFR Femto: new product launched in August 2011, available for free to all mobile customers

3

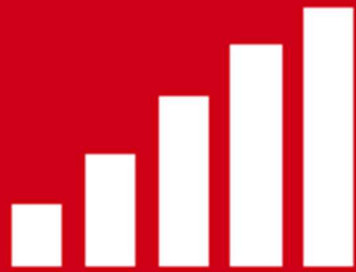
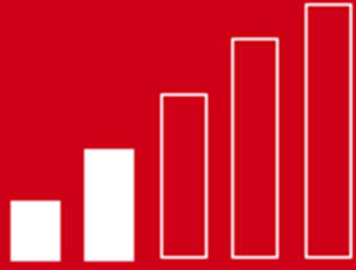
**Invest in own solutions
to cut network opex**

- ❑ Reduction of 3G backhauling costs: roll-out of packet microwave and fiber solutions
- ❑ FTTH roll-out, enabling to remove ADSL lines rental costs

COMMUNICATION OF SFR'S NETWORK DIFFERENTIATION

SFR

Carrément vous.

Plutôt 
que 

SFR, le réseau le plus complet.



3G+



FEMTO



WiFi

sfr.fr

WiFi : Accès SFR WiFi avec offre et terminal compatibles. Hotspot SFR WiFi présente dans certains lieux publics ou constitués de routeurs ayant permis cet accès. Informations sur caricapi.sfr.fr. Femto : Offre soumise à conditions, valable en France métropolitaine et réservée aux abonnés SFR équipés d'un mobile 3G compatible (hors Forthia Illiqua, Canal mini et SFR Business Team), d'un abonnement tout débit, et d'un routeur doté d'une connexion 3G/4G. Solier FEMTO obligatoire. 3G+ : détails et conditions sur sfr.fr.

1. Fast growth of usage and services in our networks
2. We build powerful and efficient networks
- 3. We develop innovative services and products to monetize our networks**

DEVELOPING SERVICES AND PRODUCTS AROUND 4 DIRECTIONS

1

**MOBILE INTERNET
APPS**

2

CONNECTED TV

3

MULTI-SCREEN

4

**NEW
BUSINESSES**

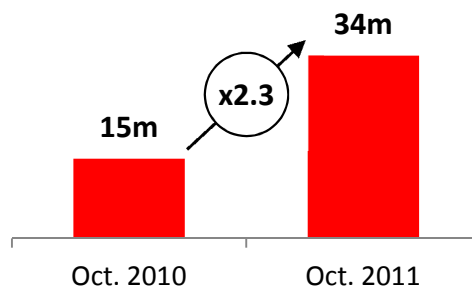
A ONE-CLICK ACCESS TO KEY SFR SERVICES AND PAY-CONTENTS

- Applications by SFR for iPhone and Android smartphones and tablets: 12m downloads

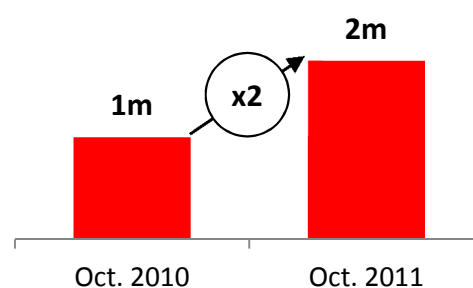


- A growing audience, complementary to the web

Monthly connections

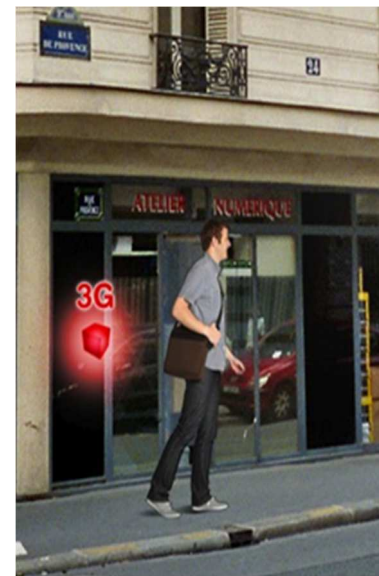


Monthly active users



SFR WIFI AUTOCONNECT TO SIMPLIFY THE CUSTOMER EXPERIENCE

- Pilot testing of EAP-SIM technology
- Seamless automatic authentication and switches to SFR WiFi



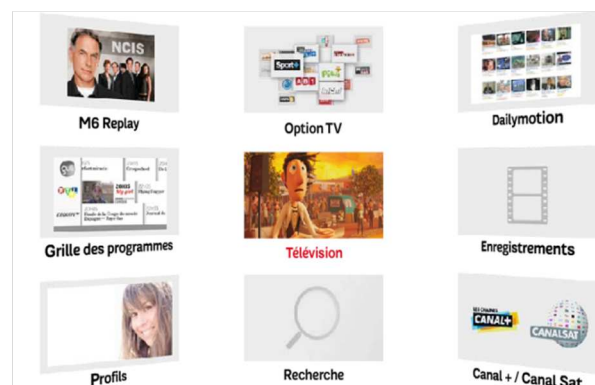
Offering our smartphone customers useful apps to make the most of mobile Internet usage



3m households with access to SFR's IPTV services through the neufbox, including 460k neufbox Evolution

As of end September 2011

ENHANCED CUSTOMER EXPERIENCE ON SFR NEUFBOX EVOLUTION



Fluid 3D user interface rewarded by

**Grand prix
Stratégies
Design 2011**



**red dot design award
winner 2011**

*by red dot, German
publisher of design books*

LINEAR TV

- ❑ 370 TV channels (170 included in triple play offers and 200 optionnal)
- ❑ Pay-TV packages by SFR and by CANAL+



- ❑ Additional channels from January 2nd 2012, including Eurosport, LCI, Breizh TV ...

~800k pay-TV users

ON DEMAND TV / VIDEO

- ❑ 15k films and TV shows in Video on Demand
- ❑ 13 catch-up TV channels



- ❑ 5 Subscription-VoD offers



~9m videos viewed/month
(incl. VoD, S-VoD and catch up)

CONSUMER CLOUD SERVICES

- ❑ Gaming on Demand
- ❑ Radios
- ❑ Applications on Demand



- ❑ Advertising
- ❑ Education



~200k app users

A TRANSVERSE SEARCH ENGINE



Offering an increasing range of « cloud » services on TV

THE LARGEST SELECTION OF FILMS AND TV SHOWS IN UNLIMITED ACCESS

- ❑ New service launched in November 2011
- ❑ More than 2,000 films, 700 TV shows and 50 new films every month
- ❑ Multi-screen experience
- ❑ Available on SFR TV for €9.99/month without commitment



- ❑ **Making SFR contents and services available all the time and everywhere,** on all the screens, offering a seamless integrated customer experience with high quality of service
- ❑ **SFR neufbox TV application:** the 1st convergent application for TV / PVR / S-VoD / catch-up
- ❑ **Making the best use of the screens' assets and complementarity**
 - ✓ iPad/iPhone research
 - ✓ Pilot iPhone remote control

SFR NEUFBOX TV APPLICATION



Leveraging our position of integrated fixed/mobile operator to deliver convergent services

OFFERING NEW SERVICES FOR CONSUMERS AND ENTERPRISE CUSTOMERS

- ❑ Secured transactions, e-payment & NFC
- ❑ Assistance and proximity services
- ❑ Connected home

LEVERAGING OUR ASSETS WITH PARTNERS FROM OTHER INDUSTRIES

- ❑ Network capabilities, incl. billing, content delivery network
- ❑ Customer access and knowledge
- ❑ Intelligent networks enabling sector-specific applications (e.g. transport, health, energy, commerce)

Illustration 1: e-payment



1st Internet payment solution secured by mobile in France
Launched in September 2011

Already ~65 e-commerce websites signed up

Illustration 2: connected home



SFR Home Commande

Multi-function device for home security, home automation and energy management

Pilot testing

Illustration 3: monetising audience



SFR Régie, best of m-geomarketing: SMS drive to store

SFR #1 in mobile marketing revenues market share (2010)



Ambition to leverage our assets to grow beyond the core business



- ❑ Supporting and improving innovation with start-ups
- ❑ 20 start-ups



- ❑ Pilot testing platform
- ❑ 45,000 community members
- ❑ 65 beta tests in 2011



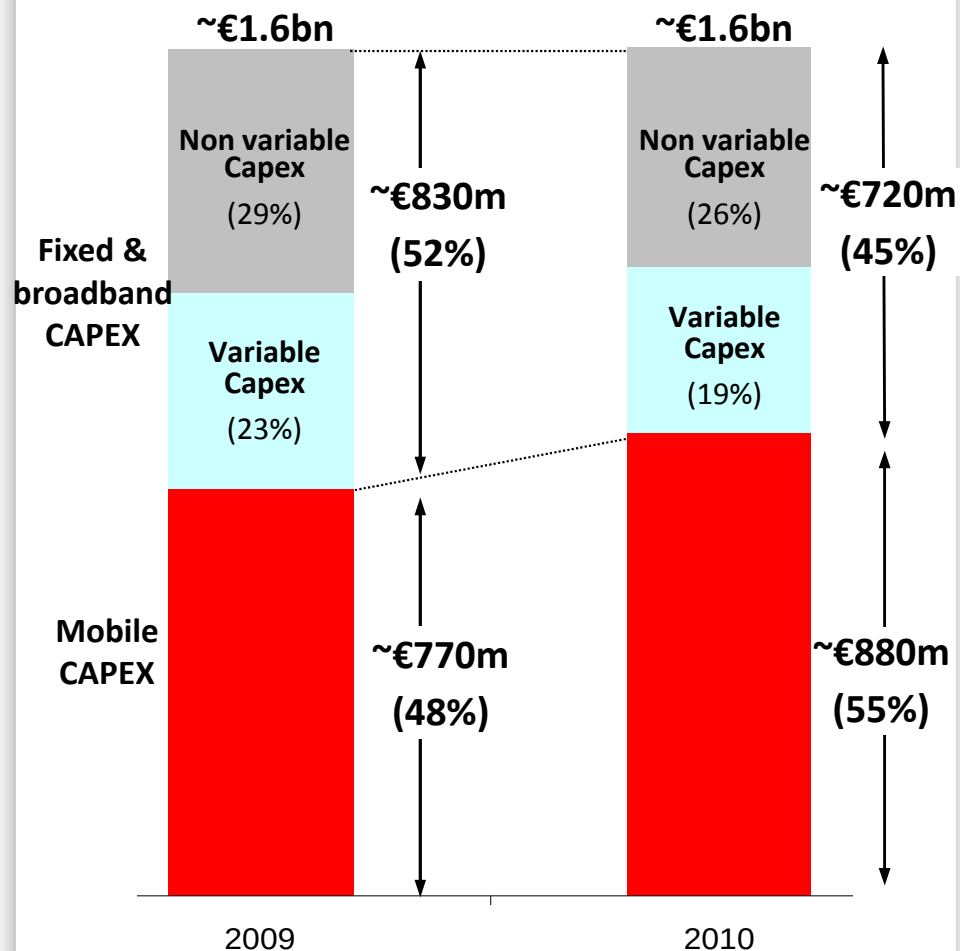
- ❑ Corporate venture investing in active start-ups related to telephony, Internet, communication, distribution, health, TV, home automation,...
- ❑ 22 investments until now, 17 start-ups in portfolio



Appendices

FINANCIAL DISCIPLINE: FOCUS ON GROWTH CAPEX

CAPEX EVOLUTION 2009-2010



2011 TRENDS

Stable CAPEX year-on-year efficiently managing coverage and traffic growth

Fixed and broadband Capex:

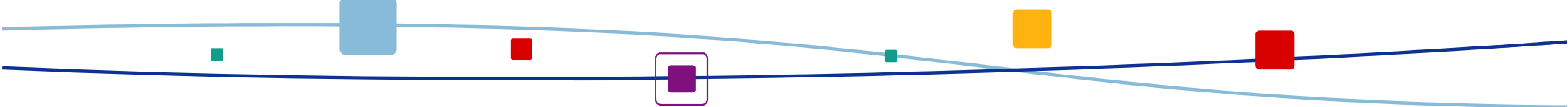
- ✓ Variable Capex linked to the commercial success of neufbox Evolution
- ✓ Pursuit of FTTH roll-out in very dense areas
- ✓ Agreement with Bouygues Telecom to co-invest in a shared fiber infrastructure in very dense areas

Stable mobile Capex despite strong mobile data traffic growth (+100% YoY):

- ✓ Investments in 3G coverage extension to 98% of pop. by end 2011
- ✓ Addition of extra capacity on existing 3G radio sites

4G frequency allocation process

- ✓ SFR awarded 15 MHz in the 2.6 GHz band for €150m in September 2011
- ✓ Application for 800 MHz by Dec. 15, 2011



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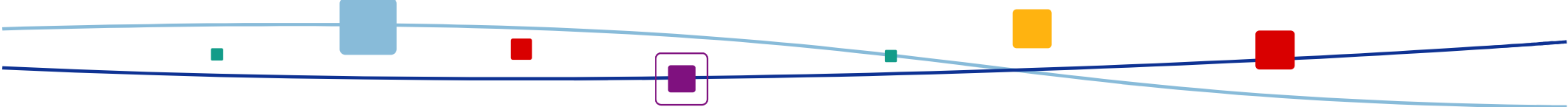
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H1 2011 Results – August 31, 2011



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