



**Note:** This release is intended to be a report of the company's unaudited, preliminary income statement data, presented on a French GAAP basis, including Vivendi Environnement.

## VIVENDI UNIVERSAL REPORTS RESULTS FOR THIRD QUARTER AND NINE MONTHS OF 2002

### Third Quarter

- **Stable revenues of E14.6 billion. Excluding Vivendi Environnement, revenues of E7.4 billion, up 1% compared to the same period last year, on a pro forma<sup>1</sup> basis, revenues were down 4%.**
- **Operating Income Actual: E1,205 Million, Up 25%; Up 44% Excluding Vivendi Environnement (VE)**
- **Operating Income Pro Forma<sup>1</sup>: E1,232 Million, Up 7%; Up 14% excluding VE**
- **Operating Income Pro Forma<sup>1</sup> Growth On a Constant Currency Basis: Up 13%; Up 18% excluding VE**
- **Reported EPS (Earnings Per Share) of (E1.13) Versus Prior-Year Period of (E0.92). EPS before goodwill amortization and non-recurring items of (E0.20) versus the prior year period of (E0.28).**

### Nine Month Period

- **Revenues of E44.5 billion up 9% from the comparative 2001 period. Revenues of E22.4 billion for Vivendi Universal, excluding Vivendi Environnement, on a pro forma<sup>1</sup> basis, revenue growth was 5%.**
- **Operating Income Actual: E3,495 Million, Up 22%; Up 41% Excluding Vivendi Environnement (VE)**
- **Operating Income Pro Forma<sup>1</sup>: E3,611 Million, Up 10%; Up 15% Excluding VE**
- **Operating Income Pro Forma<sup>1</sup> growth On a Constant Currency Basis: Up 11%; Up 17% excluding VE**
- **Reported EPS of (E12.45) Versus Prior-Year Period of (E0.89). EPS before goodwill amortization and non-recurring items of (E0.26) versus E0.00 in the first nine months of 2001.**

<sup>1</sup> The pro forma information illustrates the effect of the acquisitions of the entertainment assets of USA Networks, Inc., Maroc Telecom, Houghton Mifflin and MP3.com and the divestiture of VUP's (Vivendi Universal Publishing) Business-to-Business and Health divisions, as if these transactions had occurred at the beginning of 2001. The pro forma information is calculated as a simple sum of the actual results of Vivendi Universal's businesses with the actual results reported by each of the acquired or divested businesses in each period presented. Additionally, the results of Universal Studios international television networks are now reported by CANAL+ Group. This reclassification has no impact on the total results of Vivendi Universal. The pro forma results are not necessarily indicative of the combined results that would have occurred had the transactions actually occurred at the beginning of 2001

**Paris, November 26, 2002** – Vivendi Universal [**Paris Bourse: EX FP; NYSE: V**] today announced that for the third quarter ended September 30, 2002, the company generated operating income of E1,205 million, up 25% (E848 million, excluding Vivendi Environnement, up 44%). On a pro forma basis, operating income was up 7% (up 14% excluding Vivendi Environnement).

For the first nine months of 2002, the company reported operating income of E3,495 million, up 22% (E2,127 million excluding Vivendi Environnement, up 41%). On a pro forma basis, operating income growth was 10% (15% excluding Vivendi Environnement).

Jean-René Fourtou, Chairman and Chief Executive Officer, said: “At the end of September, we announced that our priority objectives were to lower debt through a major asset disposal program and to improve the profitability of the businesses that we had decided to focus on. Our disposal program has made very good progress and we have just announced the sale of Vivendi Environnement shares currently owned by Vivendi Universal. By the end of 2002, we are expecting to have sold assets worth approximately 7 billion euros. In addition, we have successfully carried out a 1 billion euro issue, outside the United States, of notes mandatorily redeemable for Vivendi Universal shares and we are finalizing the establishment of a credit facility that will give us even more financial flexibility. The company is therefore pursuing with determination its target of creating value for all its shareholders.”

## **PROFORMA OPERATING RESULTS**

### **Third Quarter Results**

- Consolidated revenue: Total for Vivendi Universal were down 2% to E14,551 million on a pro forma basis, down 4% excluding Vivendi Environnement versus the prior comparable period in 2001, and up 2% on a constant currency basis.
- Consolidated operating income: Total company results were up 7% to E1,232 million on a pro forma basis; up 14% excluding Vivendi Environnement versus the prior comparable period in 2001, and up 13% on a pro forma and constant currency basis.

### **Nine Month Results**

- Consolidated revenue: Total consolidated revenue for Vivendi Universal was up 5% on a pro forma basis to E44,700 million and up 5% excluding Vivendi Environnement for the prior comparable period in 2001.
- Consolidated operating income: Results for the company were up 10% on a pro forma basis to E3,611 million, up 15% excluding Vivendi Environnement versus the comparable period in 2001.
- Impact of euro/dollar exchange rate on operating results: excluding the effects of foreign exchange (“FX”) the company’s nine month results on a pro forma basis were up 11%.

## **THIRD QUARTER AND NINE MONTH 2002 BUSINESS UNIT HIGHLIGHTS**

### **Operating Results for Businesses owned more than 50%**

**Music:** For the third quarter, Universal Music Group's (UMG's) revenues were down 9% to E1.3 billion, reflecting primarily the strength of the euro against the U.S. dollar. On a constant currency basis revenues were down 2%. Best sellers in the period included new releases from Bon Jovi, Eve and India Arie and a Spanish language release from Enrique Iglesias. UMG increased its global market share in a difficult period for the music industry. The U.S. saw an industry decline of 12.4% in the quarter as measured by SoundScan while UMG's share of current albums increased to an unprecedented 31.4%. Operating income was 89% below last year, primarily due to the decline of revenues and higher provisions for returns and increased A&R (artists and repertoire) costs.

For the nine month period, revenues of E4.2 billion were 5% below last year's comparable period, and 3% on a constant currency basis. Best sellers to September included Eminem, whose album *The Eminem Show* is the best selling album in the world year to date, Nelly and the debut release from Ashanti. Operating income was 51% below last year. This reflected the decline in sales, lower margins in the product mix and higher provisions for returns and A&R costs, which were offset by lower marketing expenses and other income including the sale of UMG's interest in MTV Asia to Viacom and the sale of real estate and other investments.

**Vivendi Universal Publishing (VUP):** Vivendi Universal Publishing (VUP) reported third quarter revenue of E1.2 billion, essentially flat year-on-year on a pro forma basis and a 5% growth year-to-date, on a pro forma basis (excluding B-to-B and Health divisions sold in June 2002). The Publishing division reported a slight decline in revenue offsetting part of first half of the year advance, due to adverse movements in foreign exchange rates impacting North America and Latin America.

On a pro forma basis, excluding B-to-B and Health divisions sold in June 2002, Vivendi Universal Publishing (VUP) reported third quarter operating income of E239 million, down 6% and up 6% on the first nine months.

Publishing assets in the U.S., in Europe and in Latin America are in the process to be sold, with the exception of the Games Division, which reported revenues that were up 22% for the third quarter, due primarily to the *Warcraft III* launch on the PC platform in July 2002 and the success of *The Thing* and *Crash Bandicoot* on the console platform and 35% for the nine month period. Games operating income for the first nine months reached E37 million versus a prior-year loss of E13m, and break-even for the third quarter.

**Vivendi UNIVERSAL Entertainment (VUE):** Due to the impact of the acquisition of the entertainment assets of USA Networks on May 7, 2002, VUE achieved 7% actual (non-comparable) revenue growth in the third quarter. On a pro forma basis, VUE reported a 24% revenue decline in the quarter (14% decline on a constant currency basis) primarily due to fewer theatrical releases. Lower attendance at the theme parks, as compared to the same quarter in 2001, also contributed to the decline in revenues for the quarter.

Due to the acquisition of the entertainment assets of USA Networks on May 7, 2002, VUE achieved 97% and 187% actual (non-comparable) operating income growth in the third quarter and nine months ended, respectively.

On a pro forma basis, VUE reported third quarter operating income of E222 million, down 30% primarily due to fewer theatrical releases. The 2001 results included income from *Jurassic Park III*, *American Pie 2*, *The Fast and the Furious*, *Traffic*, *Bridget Jones's Diary* and *The Mummy Returns*, compared to a lighter release schedule in 2002, which included such theatrical releases as *The Bourne Identity*, *Blue Crush* and *About a Boy*. Higher amortization of program costs at the USA Cable Networks also contributed to the decline in operating income in the quarter.

On a pro forma basis, VUE reported nine month operating income of E893 million, up 10% primarily due to the current year video release of *The Fast and the Furious*, *American Pie 2*, *The Mummy Returns*, *Jurassic Park III* and *Dr. Seuss' How the Grinch Stole Christmas* offset by lower advertising sales at the USA Cable Networks.

**CANAL+ Group:** CANAL+ Group reported a 5% revenue growth during the third quarter, reaching E1.2 billion, mainly driven by subscriber portfolio growths at Canalsatellite, Canal+ Nordic and NC Numéricable, and partially offset by lower performances from StudioCanal and Canal+ Technologies. Globally, subscriptions increased by 5% to 16.6 million at the end of September. Digital subscribers grew 10% year-over-year to 6.8 million. Revenues were essentially flat for the quarter at Canal+ France. The French digital platform Canalsatellite recorded an 11% growth of its revenues in the third quarter, driven by higher subscriptions, combined with flat ARPU (average revenue per user); its subscription base grew by 13% over one year, reaching 2.159 million individual and collective subscriptions at the end of September.

Canal+ Group recorded an operating income of E40 million for the third quarter mainly driven by good commercial performances at Canalsatellite (11% revenue growth in the third quarter) and Tele+ and an operating loss of E29 million for the first nine months of 2002. Even after excluding the impact from restructuring charges at StudioCanal and Media Overseas in 2001, the Group's operating income shows a positive growth trend for the quarter and the first nine months of 2002.

**Internet:** In the third quarter, Vivendi Universal's Internet businesses reported revenues of E31 million, down 9% compared to the same period in 2001. On a pro forma basis, Internet revenues fell by 33%, largely due to business restructuring, company downsizing and declining online advertising revenues for U.S. properties.

On a pro forma basis, Internet operating losses were reduced by 17% for the third quarter 2002 compared to the same period in 2001. The improvement in operating losses reflects the effects of the ongoing restructuring process, which includes a number of closures and continuing cost controls. Steady improvement in the underlying operating income for on-going businesses is still offset in the short-term by one-time costs associated with downsizing or closures. These factors similarly affected nine month results, as cumulative operating losses improved by 11% compared to the prior-period 2001 and revenues fell 13% to E118 million.

**Vivendi Telecom International (excluding Maroc Telecom):** Vivendi Telecom International (VTI) reported third quarter revenue of E108 million, up from E73 million in the prior year comparable period, and operating income increased 18% to E13 million. This significant improvement primarily reflects the full consolidation of Kencell (Kenya) in December 2001.

For the first nine months, operating results for VTI also improved. Revenues increased 101% to 341 million euros, and operating income increased three-fold to E38 million.

## **Operating Results for Businesses Owned Less Than 50%**

**Cegetel and SFR:** In the third quarter, Cegetel's revenues increased 9% to E1.8 billion and operating income grew 64% to E460 million.

At SFR, revenues increased 8%. During the third quarter of 2002, SFR's customer base (including SRR, its subsidiary La Reunion, an overseas department of France) grew by 161,000 to approximately 13.2 million customers. SFR's market share of gross additions increased 1.1 percentage points to 36.4% from 35.3% in the third quarter of 2001. ARPU from prepaid customers increased 19% to 24 euros, and ARPU from postpaid customers increased 1% to E59.1, compared to the third quarter of last year. Additionally, SFR was successful in reducing acquisition costs per gross addition by 4% in the same period. Data and service revenue per average customer rose significantly (34%) in the 2002 third quarter compared with the prior-year period.

Operating results for Cegetel's fixed telephony services division continued to improve during the quarter, resulting in revenue growth of 11%, mainly due to local traffic opened to competition since January 1, 2002.

For the first nine months of 2002, Cegetel's revenues increased 12% to E5.2 billion and operating income grew 41% to E1.2 billion euros. The improved results reflect strong performances of both the mobile and fixed telephony services divisions.

At SFR, revenues increased 11%, and operating income increased 32%. SFR's customer base (including SRR, its subsidiary La Reunion, an overseas department of France) grew by 588,000 to approximately 13.2 million customers. SFR's market share of gross additions increased 1.4 percentage points to 35.4% from 34% in the first nine months of 2001. ARPU from prepaid customers increased 12% to E21.9, and ARPU from postpaid customers increased 1% to E58.3, compared to the first nine months of 2001. Additionally, SFR was successful in reducing acquisition costs per gross addition by 9% in the same period. Data and service revenue per average customer rose significantly (38%) in the first nine months of 2002 compared with the prior year period.

Operating results for Cegetel's fixed telephony services division continued to improve, resulting in 24% revenue growth, mainly due to local traffic opened to competition since January 1, 2002, and a 34% reduction in operating losses in the first nine months.

**Maroc Telecom:** For the third quarter, Maroc Telecom's revenue increased 18% in the quarter due to strong mobile prepaid customer growth, combined with slight growth in fixed revenues. Operating income grew 18% in the quarter as a result of increased revenues and aggressive cost-cutting program.

For the first nine months pro forma, Maroc Telecom's revenue grew by 7%. In the same period, Maroc Telecom's operating income increased 1%, despite increased depreciation resulting from a reduction in the estimated useful life of certain fixed network equipment.

**Vivendi Environnement:** For the first nine months, Vivendi Environnement's revenues<sup>(1)</sup> increased by 4 % to E22,1 billion. The operating income<sup>(2)</sup> increased very slightly to E1,4 billion. Excluding non-core businesses, which are in the process to be sold, revenues and operating income grew by respectively 7.9 % and 6 % on a constant currency basis.

<sup>(1)</sup> after intercompagny reconciliation at Vivendi Universal level

<sup>(2)</sup> including restructuring charges, which are not taken into account in Vivendi Environnement's operating income definition.

### **THIRD QUARTER AND NINE MONTHS PROFIT AND LOSS HIGHLIGHTS**

- Third quarter reported EPS of (E1.13) versus the prior year period of (E0.92);
- Third quarter EPS before goodwill amortization and non-recurring items of (E0.20) versus the prior year period of (E0.28);
- Nine month reported EPS of (E12.45) versus (E0.89) in 2001;
- Nine month EPS before goodwill amortization and non-recurring items of (E0.26) versus E0.00 in the first nine months of 2001.

**Interest Expense:** For the third quarter, net interest expense decreased from E482 million in 2001 to E377 million in the comparative period for 2002.

For the first nine months, net interest expense decreased from E1,107 million in 2001, to E1,052 million in 2002, due primarily to a substantial reduction of the company's debt level year-on-year.

**Financial provisions:** As for the first half of 2002, financial provisions of E3.4 billion were recorded for the nine-months ended September 2002, compared to E346 million for the comparable period in 2001. As for the first half of 2002, the most significant provisions related to international telecom business, VU puts, Sithe Energies, call premium, AOL Europe, Softbank capital partners and certain quoted shares.

**Exceptional Items:** The third quarter showed a loss of E735 million, reflecting essentially a provision of E1.2 billion on the loss of Houghton Mifflin and Telepiu asset disposals, partially offset by approximately E300 million dilution profit on Vivendi Environnement increase of capital in July 2002.

For the first nine months 2002, exceptional income totaled E1.3 billion, out of which E2.1 billion for the first half of the year, primarily due to E1.6 billion net gain on the BskyB transaction and E630 million gain on Vivendi Environnement transaction in June.

**Income Tax Expense:** For the third quarter, income tax expense grew from E324 million in 2001 to E513 million.

The company's income and deferred tax expenses were stable for the first nine months at E878 million, compared to E881 million in 2001 period.

**Equity in Losses of Affiliates:** For the third quarter, the equity in losses from affiliates decreased from E145 million in 2001 to E41 million in 2002.

For the first nine months of 2002, the equity in losses from affiliates represented a decrease of 19% to E314 million from E389 million in 2001, primarily due to CANAL+ Group (E17 million, compared to E193 million in 2001), Internet (E151 million, compared to E224 million in 2001, partially offset by higher losses at Elektrim (E125 million from E10 million in 2001.)

**Goodwill Amortization:** For the third quarter, goodwill amortization declined from E411 million in 2001 to E310 million. It also declined 19% from E1,180 million for the nine month 2001 period to E952 million for 2002, mainly due to the effect of impairment.

**Goodwill Impairment:** The E11 billion impairment charge reflected at the end of September 2002 remains unchanged from end of June 2002. Such charges relate to E3.8 billion for CANAL+ Group; E3.5 billion for Music; E2.6 billion to Vivendi Universal Entertainment; and E1.1 billion for the Telecom and Internet divisions.

**Minority Interest:** For the third quarter, minority interest expense increased 84% from E147 million to E270 million, due to improved profitability at Cegetel and Maroc Telecom.

For the nine month period, minority interest expense declined 53% to E424 million, from E903 million in 2001, due primarily to the impact of the financial provision and goodwill impairment partially offset by improved profitability at Cegetel and the inclusion of a full nine month results of Maroc Telecom.

**Net Income:** The net loss for the third quarter 2002 amounted to E1,234 million, compared to E960 million for the comparable period last year. Excluding goodwill amortization and non recurring items, the net loss decreased 23% to E222 million from E290 million for the third quarter of 2001. Third quarter results reflected a reported EPS of (E1.13) versus the prior-year period of (E0.92). Third quarter EPS before goodwill amortization and non-recurring items was (E0.20) versus the prior year period of (E0.28).

The company incurred a net loss of E13.5 billion (or (E12.45) per basic share) for the first nine months, down from a loss of E0.9 billion (or (E0.89) per basic share) for same period last year. Excluding goodwill amortization and non recurring items, the net loss would have been E288 million compared to a net income of E4 million for the first nine months of last year. Nine-month EPS before goodwill amortization and non-recurring items was (E0.26) versus E0.00 in the first nine months of 2001.

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#### ANALYST CONFERENCE CALL

Vivendi Universal will host a conference call with analysts and investors to discuss the company's Third Quarter and nine months 2002 Operating Results on Tuesday, November 26<sup>th</sup> at 3pm Paris Time (9am EST).

Dial-in numbers are:

US : 0888.496.6261 or 1.303.262.0078

UK : +44 207.365.3732

France : +33 1 55 69 80.06

or on line at: <http://finance.vivendiuniversal.com>.

**Please call 15 minutes prior to the call in order to be connected and indicate you want the Vivendi Universal conference call.**

Slides for this conference call will be available at the internet address listed above.

The media may dial into the analyst call on a listen-in basis only.

## **Important disclaimer**

This press release contains 'forward-looking statements' as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements and business strategy as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to the risk that: the reduction of Vivendi Universal's indebtedness expected to be reached as a result of asset disposals will not materialize in the timing or manner described above; Vivendi Universal will not be able to obtain the regulatory or other approvals necessary to finalize certain proposed transactions; the credit facility in the process of finalization does not provide the company with the increased financial flexibility it expects; Vivendi Universal will be unable to further identify, develop and achieve success for new products, services and technologies; Vivendi Universal will face increased competition and that the effect on pricing, spending, third-party relationships and revenues of such competition will limit or reduce Vivendi Universal's revenue and/or income; as well as the risks described in the documents Vivendi Universal has filed with the U.S. Securities and Exchange Commission and with the French Commission des Opérations de Bourse. Investors and security holders may obtain a free copy of documents filed by Vivendi Universal with the U.S. Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov) <<http://www.sec.gov>> or directly from Vivendi Universal. Vivendi Universal does not undertake to provide, nor has any obligation to provide, update or revise forward-looking statements.

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