

---

**Introduction to**

**vivendi**  
**GAMES**

**February 2007**

**Important Notice: Investors are strongly advised to read the important legal disclaimer at the end of this presentation**

---

# Executive Summary

---

*Vivendi Games is a global publisher with a #1 position in PC online, a growing traditional PC/console business and increasing momentum in the high growth mobile and online casual segments.*

- ❑ Ownership of blockbuster game franchises
- ❑ Winning partnerships with world leading IP owners
- ❑ Rapidly expanding global games market
- ❑ A differentiated strategy driven by creativity and designed for growth
- ❑ Strong commercial momentum
- ❑ An increasingly robust financial profile rooted in PC online, casual online and mobile games
- ❑ Vivendi, a vital and committed 100% owner of the division

# Vivendi Games Assets

*Vivendi Games has a global footprint, a strong history of franchise success, great development talent and a pipeline of world leading licensed IPs.*

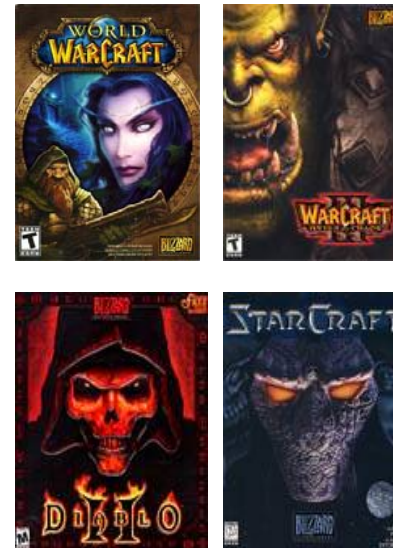
- Global footprint:
  - 60 countries
  - 3,406 employees
  - Library of more than 700 titles
  
- Franchise successes owned by Vivendi Games:

## Blizzard:

- World of Warcraft – more than 8MM customers today
- Warcraft – more than 19MM units sold since 1996
- Diablo – more than 17MM units sold since 1994
- StarCraft – more than 9.5MM units sold since 1998

## Sierra:

- Crash Bandicoot – more than 34MM units sold since 1995
- Spyro the Dragon – more than 17MM units sold since 1998

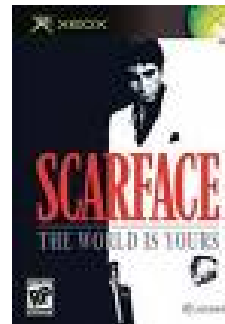


# Vivendi Games Assets

---

*Vivendi Games has a global footprint, a strong history of franchise success, great development talent and a pipeline of world leading licensed IPs.*

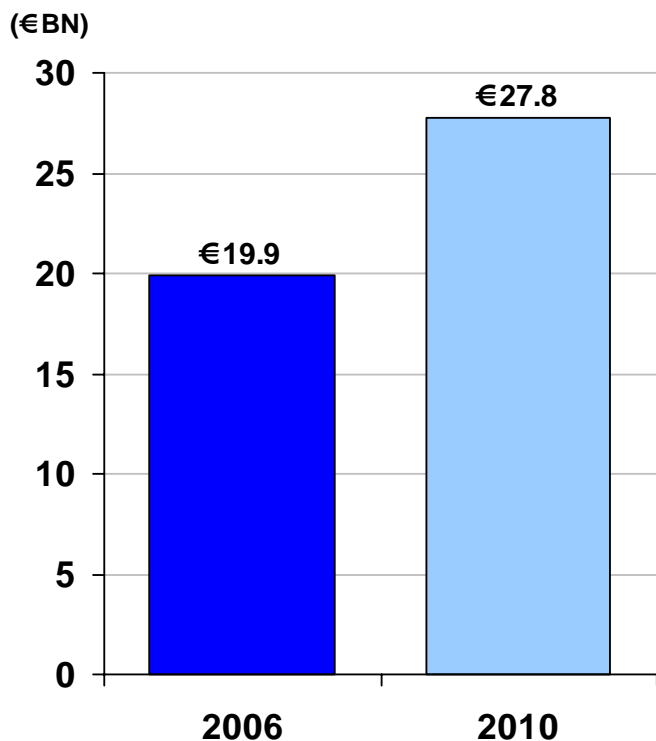
- ❑ Great development talent:
  - ❑ Top PC studio in the world (Blizzard)
  - ❑ Strong console and other PC capability (Sierra's Radical, High Moon, Swordfish, Massive)
  - ❑ Good base in mobile and casual games (VG Mobile's Centerscore studio and Sierra Online's Seattle and Shanghai studios)
  
- ❑ World leading licensed IPs:
  - ❑ NBC Universal Studios – “First look” agreement
  - ❑ Universal Music Group – Preferential relationship
  - ❑ Fox – Close working relationship from purchase of games division from News Corp in 2003
  - ❑ Robert Ludlum Estate – Comprehensive deal for at least ten years



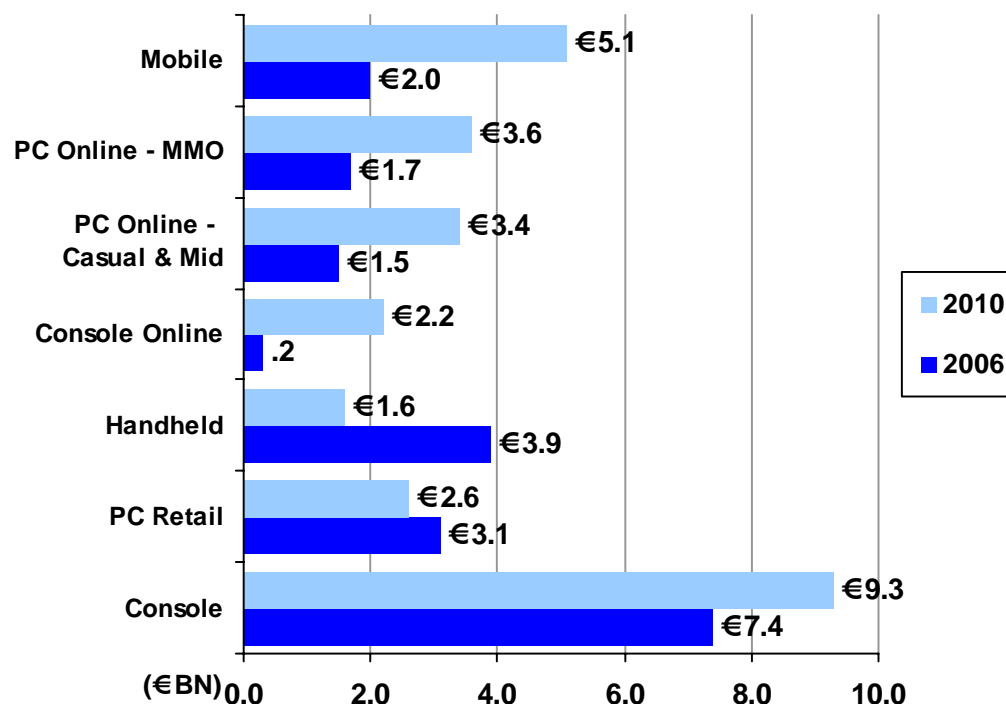
# Market Overview

*The global games software market is the fastest growing entertainment sector with its biggest new opportunities in PC online, console online and mobile; console will remain the largest category, but of decreasing importance.*

## Software



## Software



Source: DFC for Online, Screen Digest for other figures.

# Vivendi Games Structure

*Organized to capture growth and centralized when size matters.*





- ❑ Driven by four creative divisions:
  - ❑ Positioned against the industry's biggest opportunities
  - ❑ Focused on innovation
  - ❑ Intimately close to consumers
  - ❑ With own creative and marketing teams



Shared Among Creative Divisions:

- ❑ Retail Sales
- ❑ Manufacturing and Distribution
- ❑ Creative and Support Services

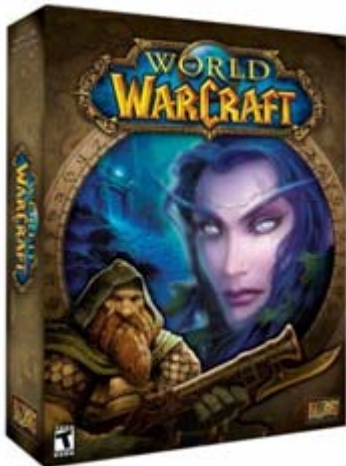
# A Diversified Growth Model

Division	 1991 PC Online PC Retail	 2001 Console PC Retail Handheld	 2006 PC Online Console Online	 2006 Mobile
Product Development Investment Per Game	Over €50MM MMORPG Over €10MM Next Gen PC	€10 – 13MM Next Gen Console €5 – 8MM Next Gen PC	€1.5 – 4MM PC/Console Online – Mid Session €50-500K PC/Console Online – Short Session	€250-320K Mobile Games
Development Time	2-4 years	2-4 years	6 months – 2 years	12 months
Operating Model and Investments	MMORPG – Major Online Platform investments  MMORPG – Heavy customer service to support the games	Emerging online models	Online Platform investments  Customer service to support the games	Heavy porting technology investment
Distribution	PC via Trade	Distributed via Trade	Partnerships with console manufacturers and portals	Emerging portal distribution  Distributed via carriers
Business Model	Subscription and Transaction	Transaction, but moving to new Transaction subscription and Advertising models	Transaction, Subscription and Advertising	Transaction and Subscription
Lifecycle	Franchises – perennial with updates	1 – 2 years per product  Franchises – perennial	6 months – 2 years per product  Franchises – perennial	18 months per product  Franchises – perennial

# 2006 Commercial Momentum

---

- ❑ Blizzard drove WoW to #1 MMORPG ever with more than 8MM customers worldwide
- ❑ Sierra launched Scarface as a new franchise, extended the F.E.A.R franchise and positioned itself for next-generation console success
- ❑ Vivendi Games Mobile developed a strong slate of quality games including S.W.A.T which was named best wireless game in '06 by Spike TV
- ❑ Sierra Online brought numerous titles to readiness for launch in '07 and launched Assault Heroes, the division's first title for Xbox Live Arcade, with major awards.



**SCARFACE**<sup>™</sup>  
THE WORLD IS YOURS

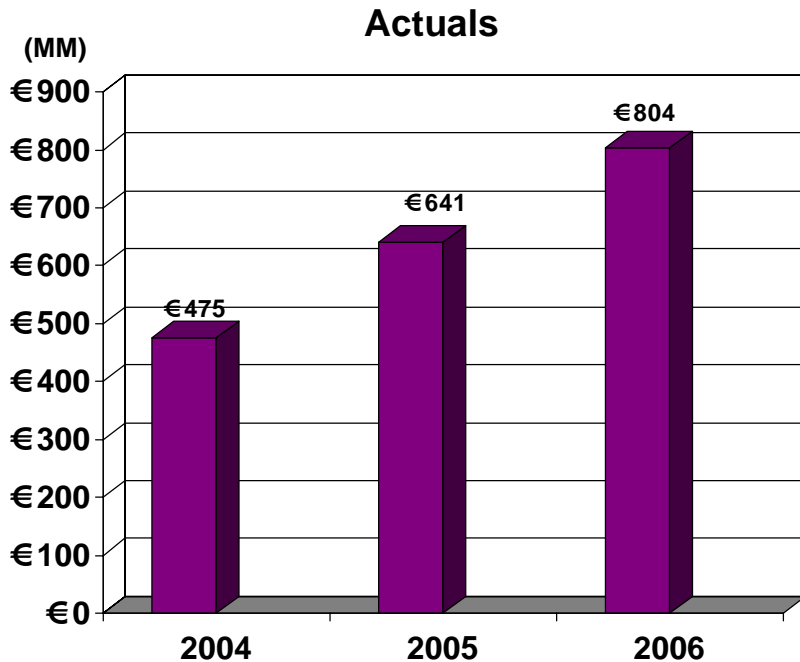




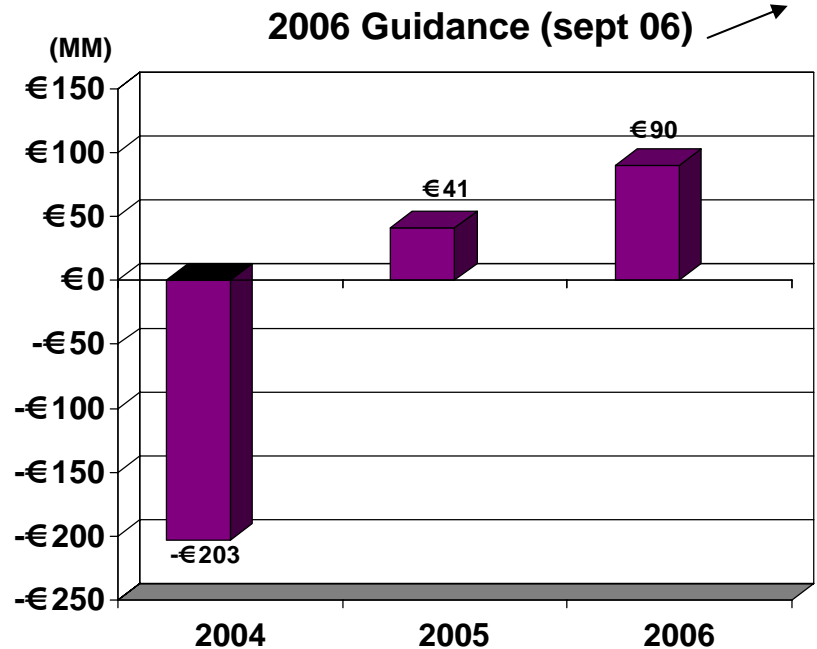
# A Financial Turnaround

2005 marked Vivendi Games' return to profitability, based on Blizzard's recurring revenue base and repositioning of Sierra; at the same time, the group invested heavily in an expanded flow of high quality future products.

## Revenues 2004 – 2006

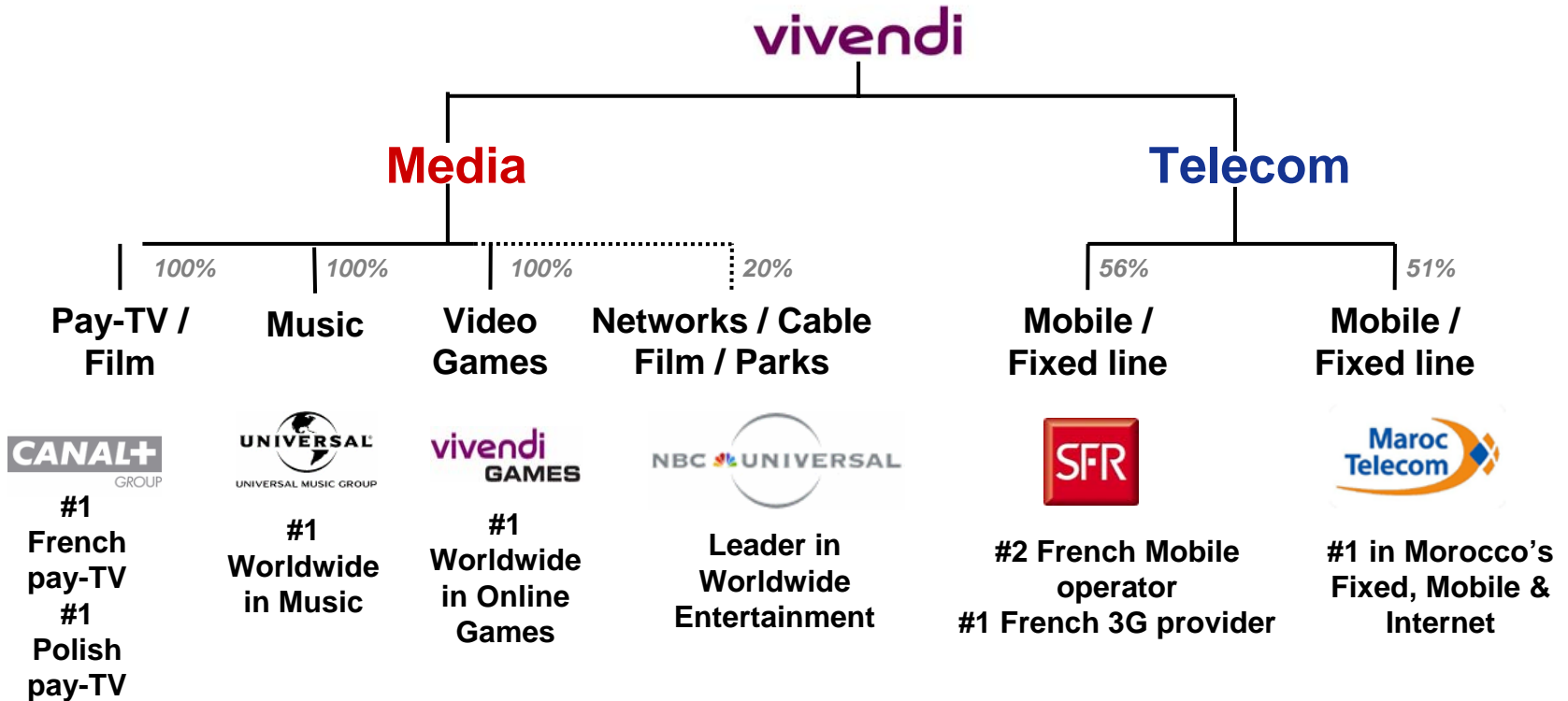


## Operating Earnings 2004 – 2006



# Benefits from Vivendi

*Vivendi is a shareholder with judgment and patience – prepared to invest to drive returns across media and telecom experiences.*



Games cross-divisional collaboration, includes:

- Several games tapping into UMG's music catalog and roster of artists (50 Cent: Bulletproof, Scarface)
- Creation of numerous games with NBCU (*Scarface*, *Miami Vice*)
- Mobile games on SFR

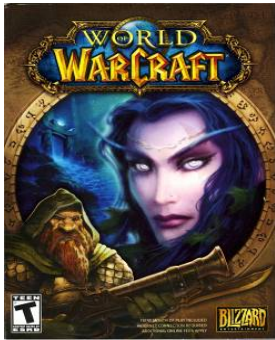
---

# vivendi GAMES





# Competitive Position



***“There were massively-multiplayer games before World of Warcraft, just as there were MP3 players before Apple’s iPod. Like the iPod, World of Warcraft has essentially taken over and redefined an entire product category.”***

- Seth Schiesel, *New York Times*, September 5, 2006



***“There's a country of 6 million people that's not on any map. It's called World of Warcraft... It's also one of the most immersive and successful video games ever created, and it could be the future of electronic entertainment.”***

- Lev Grossman, *Time*, May 8, 2006

# World of Warcraft: What is it?



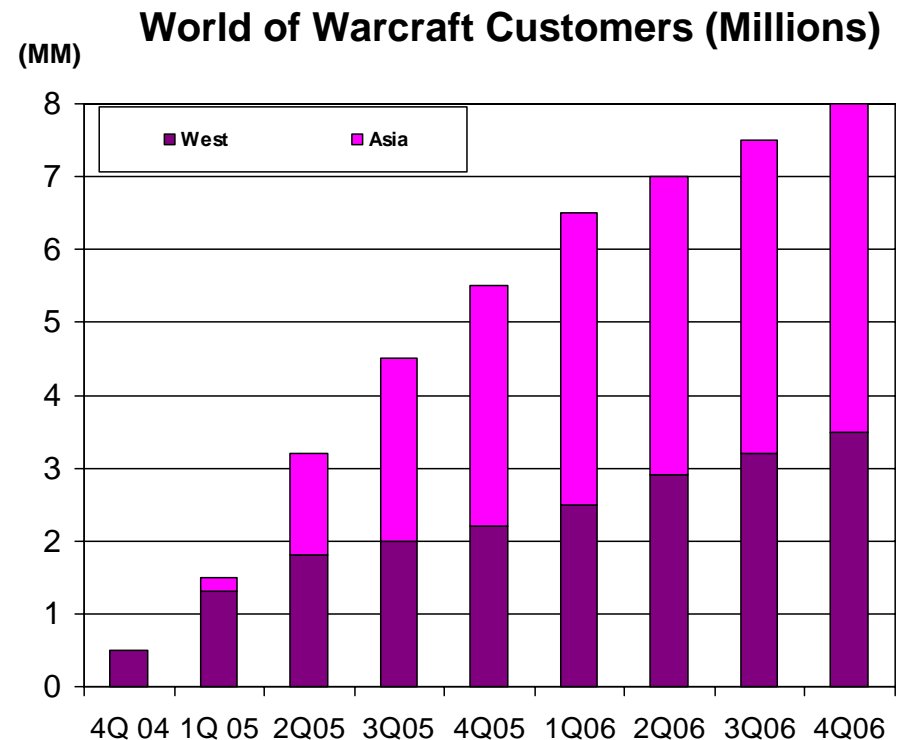
World's #1-selling "massively multiplayer" online role-playing game [MMORPG]

## □ Player Experience

- A "virtual reality" fantasy where thousands of players embark on adventures and discover a world together inside the rich Warcraft universe
- A journey into a land of epic fantasy, where you can explore a vast new world, uncover ancient mysteries, establish powerful social connections, and accomplish great tasks individually or as part of team of other players

## □ Technical Foundation

- Client/Server network game
  - "Game" resides in code and databases on servers
  - Client renders the game on the players' computer screens
- More than 1,700 Game Masters provide 24x7 customer support in 7 languages directly to players while playing the game



*Blizzard's Goal: Continue making the best games for players around the world.*

# WoW: Economic Model



	NORTH AMERICA	EUROPE	KOREA	CHINA	TAIWAN
<b>Launch Date</b>	<i>Nov-04</i>	<i>Feb-05</i>	<i>Jan-05</i>	<i>Jun-05</i>	<i>Nov-05</i>
<b>Direct or Local Partnership</b>	Direct	Direct	Direct	The9	Soft-World
<b>Primary Consumer Entry Point</b>	Retail Package	Retail Package	Game Room Download Client	Game Room Download Client	Game Room Download Client
<b>Pricing</b>					
<b>Retail Box price (1/07)</b>	\$19.99	€ 19.99	N/A	N/A	N/A
<b>Account Activation Cards</b>				\$3.72	\$5.04
<b>Unlimited Play Subscriptions</b>					
7 day			\$7.04		
30 day	\$14.99	€ 12.99	\$19.60		
90 day	\$41.97	€ 35.97	\$47.52		
180 day	\$77.94	€ 65.94			
<b>Usage-Based Subs (Game Cards)</b>					
5 hours			\$3.90		
30 hours (33.33 in China)			\$14.90	\$1.86	\$4.50
60 hours (66.67 in China)				\$3.72	\$9.00
Monthly					\$13.50
2 Month	\$29.99	€ 24.99			

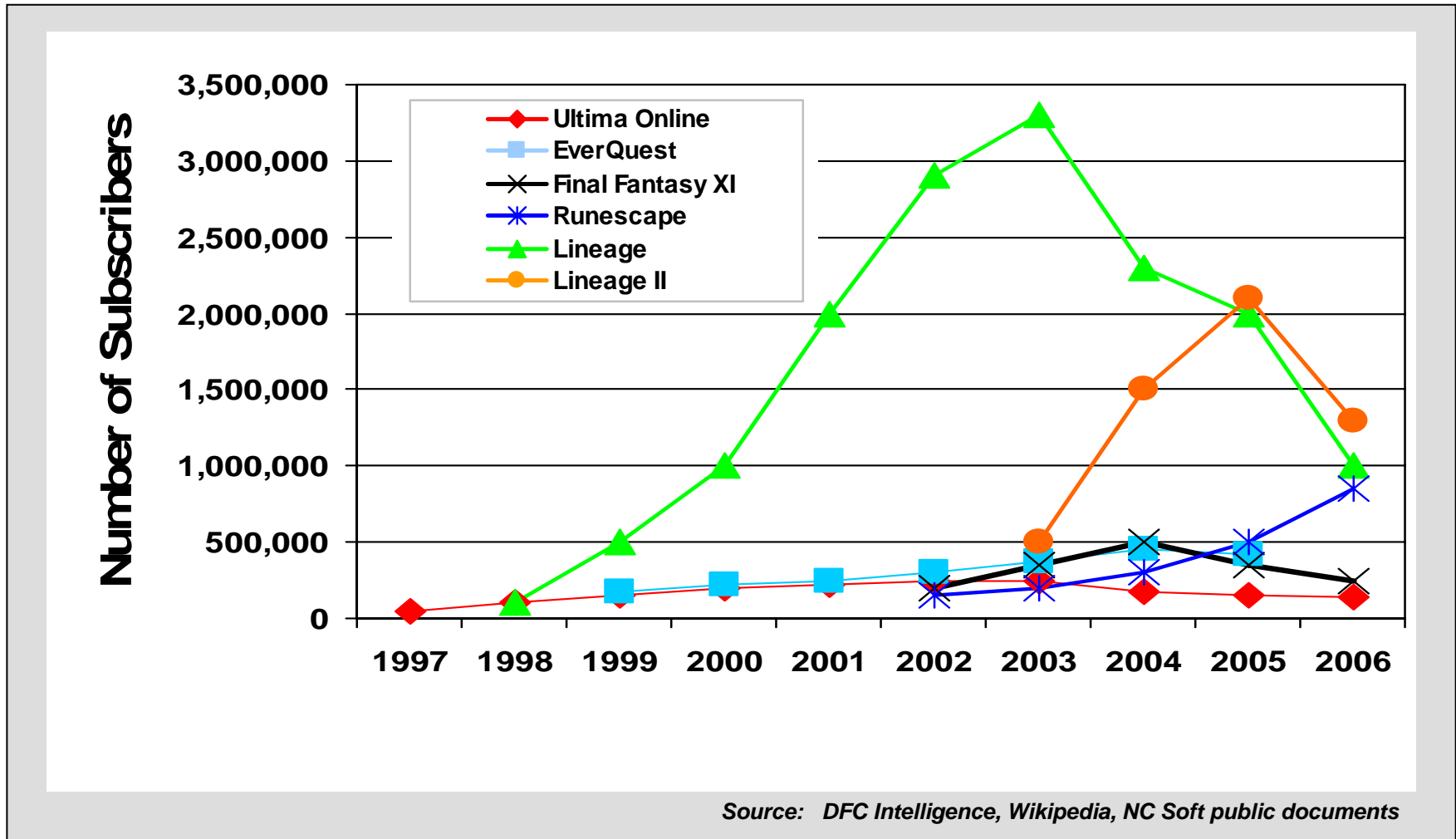
*Note: Business Models are standard in each territory.*

*Blizzard's WoW is a subscription and prepaid business model.*

# Lifecycle of MMORPG's



All Other Major MMORPG's Are Thriving 5 And More Years After Launch





# Lifecycle of World of Warcraft



*We expect World of Warcraft also to have a long life based on the following factors:*

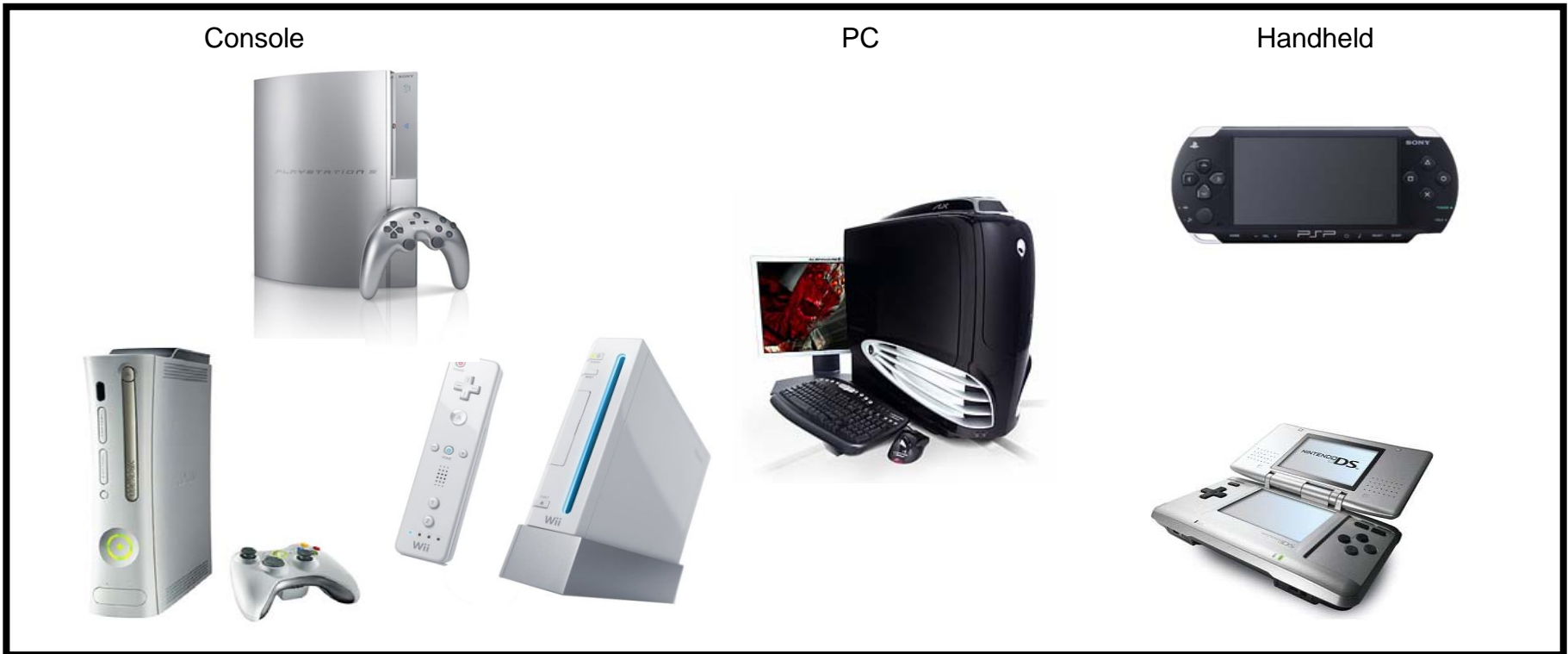
- ❑ **Powerful industry trends**
  - ❑ Broadband penetration
  - ❑ Mainstream adoption of online gaming
  - ❑ New online markets
  
- ❑ **Advantages that accrue to highly successful MMORPGs**
  - ❑ Compelling new content is key – the big games can afford to do it best!
  - ❑ High consumer switching costs – the player has to leave their characters and friends!
  
- ❑ **WoW's development team and scale of effort create a high hurdle to competitors**
  
- ❑ **Also, its highly stylized rich graphic look will age uniquely well versus games that maximize realism**
  
- ❑ **Success of World of Warcraft: The Burning Crusade**
  - ❑ Fastest-selling PC game ever in NA and Europe
  - ❑ Nearly 2.4MM copies sold worldwide in first 24 hours
  - ❑ Blizzard supplied more than 4MM game boxes to retailers worldwide
  - ❑ More than 1.7MM players upgraded to play The Burning Crusade by end of day 1



***SIERRA***®

# Sierra: Division Focus

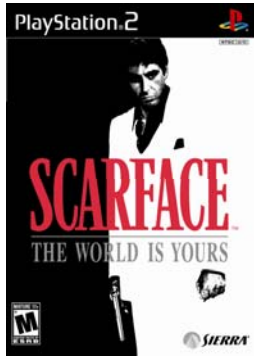
*Sierra targets traditional games, including console – the industry's center of gravity for global, mass-market, multi-platform franchises.*



*The majority of traditional players are males 18-35, but people of all ages, skill levels and backgrounds play*

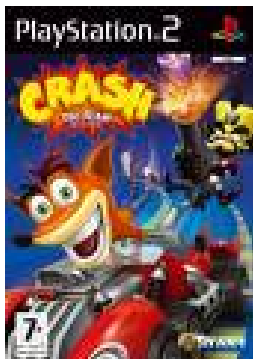
***Divisional Goal: Stronger Western publisher of console, PC and handheld games by 2009***

# Successful Products and Franchises



*“...Sierra and Radical Entertainment have not only furthered the ‘new’ expectation of licensed titles but have created one of the best so far.” (IGN.com)*

*“This is one of the best platform adventure games I've played all year! The story, humor and gameplay will keep you entertained.” (KOL: AOL for Kids)*



*“Vivendi Game’s Bandicoot crashes the party-game genre with a 40-minigame multiplayer barn burner on the Nintendo DS.” (Nintendo Power)*

*Sierra has developed a steady stream of hit products since mid 2005*

# Successful Products and Franchises

---



*“F.E.A.R. has bar none, the best fire-fights of any first-person shooter, ever. The definition of a must-play title.” (AMN Xbox 360)  
Rating 9.3 out of 10*

*“Ice Age 2: The Meltdown is a fun.. The gameplay is enjoyable, ... and the graphics are top notch... If you liked the film, Ice Age 2 is a game well worth playing.” (gamespot.com)*



# Sierra: '07 Releases

---

## WORLD IN CONFLICT™

**Frontline of strategy**

**Genre:** Real-Time Strategy +

**Studio:** Sierra's Massive – Sweden

**Platform:** PC



**Time is the ultimate weapon**

**Genre:** Third-Person Shooter

**Studio:** Saber – Russia

**Platform:** Multiple

# Focus on Quality

*Sierra is building its “traditional” business on quality at the newly integrated internal studios and with an all-star team of external developers.*

## Internal Developers

	Genre Specialty	Acquisition Date	Number of Teams	Expandable
Radical Entertainment	Cross Genre	Mar-05	3	Yes
High Moon Studios	Shooter	Jan-06	1.5	Yes
Swordfish Studios	Shooter	Jun-05	1	Yes
Massive Entertainment	Strategy	Oct-02	1	Yes

## External Developers (Select)

	Genre Specialty	Example of Previous Product	GameSpot Trax Quality Score
Doublefine	Action/Adventure	Psychonauts	91%
Starbreeze	Shooters	Riddick	88%
Day One Studios	Shooters	Mech Assault 1&2	87%
Snowblind	RPG	Baldurs Gate: Dark Alliance	84%
TimeGate	Strategy	Kohan	81%

Source: GamesSpot Trax (6/08/06)



***SIERRA***<sup>®</sup>  
*Online*



# Sierra Online: Division Focus

*Sierra Online is the division targeted against the exploding mid and short session game market typically consumed by casual players.*

	<b>Long Session</b>	<b>Mid Session</b>	<b>Short Session</b>
<b>Description</b>	Online, massively multi-player and community oriented, played for 30 minutes or more	Heavy online focus without the replayability of long session, typically 5 to 30 minutes	Simple puzzle, card, word, Tetris or action games, mostly 2 – 15 minutes
<b>Players</b>	Primarily males who play more than 20 hours a week. Age ranges from late teen to twenty + years.	Moderate online gamers that typically play less than 20 hours per week	Dominated by women aged 35+ in US/Europe, although console download is quickly growing males 18-34.
<b>Example</b>			
<b>Europe/US</b>	<b>World of Warcraft</b>	<b>FreeStyle</b>	<b>XBLA, Assault Heroes, 3D Ultra Mini Golf</b>
<b>Asia</b>	<b>World of Warcraft</b>	<b>To be announced</b>	<b>To be evaluated</b>

**Divisional Goal: *Top 5 global publisher in casual online games by 2009***

# Sierra Online: Growth Drivers

*Initial releases focus on original, catalog and licensed short-session games for Microsoft's XBLA; In mid-session the focus is on launch of FreeStyle Street Basketball*

## Releases

2006	Assault Heroes (XBLA)
2007	Freestyle Street Basketball (Mid - PC) 3D Ultra Mini Golf (Short – PC, XBLA) +10 additional SS titles
2008	2 Mid Session titles 12 Short Session titles
2009	3 Mid Session titles 15 Short Session titles

## Other Growth Drivers

- ❑ **Broadband Growth**
  - ❑ More users
  - ❑ New regions
- ❑ **Microsoft, Sony and Nintendo's Wii online console features**
- ❑ **New online business models**
  - ❑ Micro-transactions
  - ❑ Subscriptions
  - ❑ In game ads
  - ❑ Episodic content

*The division is also alert to acquisition opportunities in the priority segments.*

# Sierra Online: Dual Mandate

## Mid Session Titles

- Medium to long play, typically 5 – 30 min
- Culturalization of FreeStyle for NA Market



## Targeting new sources of revenue

- In-game advertising
- Microtransactions

***“With few if any persistent online sports titles around, Freestyle Basketball seemingly has a market all to itself. It's easy to pick up and a real riot when you form up a team with friends.” - Jared Rea, 1UP.com***



# Sierra Online: Dual Mandate

---

## Short Session Titles

- Short play, typically 2 – 15 min
- Acquired Secret Lair Studio (Seattle) and Studio Ch'in (Shanghai)
- Xbox Live Arcade (XBLA) games

***Assault Heroes named Best Xbox Live Arcade Game of the Year by IGN.com***



***“We recently had a chance to check out Assault Heroes, a game that may just be the next big thing on Xbox Live Arcade.” - TeamXbox.com***



***“...with back to basics gameplay and explosions galore, our brief time with Assault Heroes left our trigger finger itching for more.” - GamesRadar***



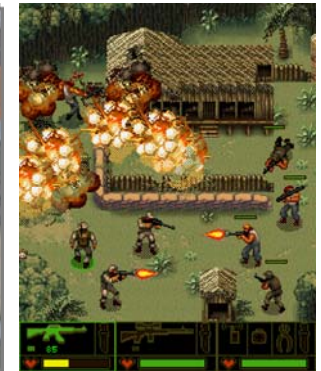
# Vivendi Games Mobile: Division Focus

*Vivendi Games Mobile is the division targeted to tap a market estimated to grow 30% CAGR during 06-10 via a three pronged approach.*

***Distribution***

***Execution***

***Innovation***



***Division Goal: Top 5 player in global mobile games business by 2009***

# Vivendi Games Mobile: Global Growth

---

*Launched in March '06 the division is already a top 10 mobile games publisher in terms of staff, output capacity, handset coverage and technology.*

- ❑ More than 6M games downloaded to date
- ❑ 21 titles produced in 2004 – 2005
- ❑ 15 titles produced in 2006
- ❑ 17 titles to be launched in 2007
- ❑ Support 700+ handsets/all major network technologies
- ❑ Two Internal Studios (Meudon and San Mateo) drive 40% of the development



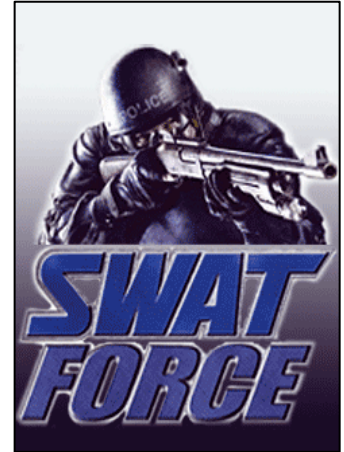
*The division is alert to acquisition opportunities to build IP and capabilities.*

# Vivendi Games Mobile: Industry Recognition

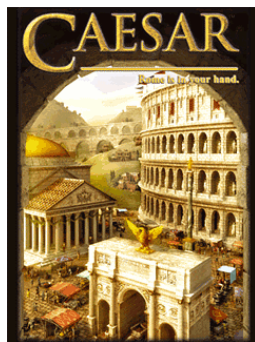


SWAT Force won the award "Best Wireless Game of the Year" at the Spike TV 2006 Video Games Awards (December 2006)

<http://www.youtube.com/watch?v=-gIPr9e141Y>



Navy Challenge was nominated in the "Best Strategy Game" category on IGN.com (Best of E3)



Caesar won the AirGamer' Game of the Year (2006) Award in the Strategy category (January 2007)



SWAT Force has been nominated in the "Best Strategy Game" category at the Third Annual Mobile Entertainment Awards (2005)



# Vivendi Games Mobile: '07 Slate

*VG Mobile's 2007 titles will extend across a wide range of gameplay and genres*

	<b>Puzzles</b>	
	<b>Action/Adventure</b>	
	<b>Classic Platform</b>	
	<b>Life Simulation / Humor</b>	
	<b>Word Games</b>	
	<b>Sport</b>	

# Vivendi Games Conclusion

---

*Vivendi Games is poised to enter the top tier of global games publishers.*

- ❑ **A fast growing market** – with huge opportunities in online and mobile segments
- ❑ **A differentiated strategy aimed to redefine competitive position** – through prudent investment in four well purposed and resourced creative centers, with a strong tilt towards online and mobility
- ❑ **A treasure trove of assets to leverage** – blockbuster franchises, industry leading IP, top quality developers
- ❑ **A growing organizational confidence** – architected a turnaround in '05, continued momentum in '06 and positioned for growth across all divisions in '07.
- ❑ **Bottom line** – A solid basis for delivering superior financial performance and contributing significantly to Vivendi's 2007 – 2011 strategic plan

# Investor Relations Team

---

**Daniel Scolan**  
Executive Vice President  
Investor Relations  
+33.1.71.71.14.70  
[daniel.scolan@vivendi.com](mailto:daniel.scolan@vivendi.com)

**Paris**  
42, Avenue de Friedland  
75380 Paris cedex 08 / France  
Phone: +33.1.71.71.32.80  
Fax: +33.1.71.71.14.16

**Laurence Daniel**  
IR Director  
[laurence.daniel@vivendi.com](mailto:laurence.daniel@vivendi.com)

**Agnès De Leersnyder**  
IR Analyst  
[agnes.de-leersnyder@vivendi.com](mailto:agnes.de-leersnyder@vivendi.com)

**New York**  
800 Third Avenue  
New York, NY 10022 / USA  
Phone: +1.212.572.1334  
Fax: +1.212.572.7112

**Eileen McLaughlin**  
IR Director  
[eileen.mclaughlin@vivendi.com](mailto:eileen.mclaughlin@vivendi.com)

For all financial or business information,  
please refer to our Investor Relations website at: <http://www.vivendi.com/ir>

# Important Legal Disclaimer

---

*This presentation contains forward-looking statements with respect to the financial condition, results of operations, business, strategy and plans of Vivendi. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including, but not limited to, the risks described in the documents Vivendi filed with the Autorité des Marchés Financiers (French securities regulator) and which are also available in English on our web site ([www.vivendi.com](http://www.vivendi.com)). Investors and security holders may obtain a free copy of documents filed by Vivendi with the Autorité des Marchés Financiers at [www.amf-france.org](http://www.amf-france.org), or directly from Vivendi. The present forward-looking statements are made as of the date of the present press release and Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*