vivendi press release

Paris, May 14, 2008

Note: *This press release contains unaudited consolidated earnings established under IFRS.*

Vivendi: Very Good First Quarter
2008 Outlook Confirmed

First quarter of 2008

- **Revenues: €5.3 billion, an increase of 5.2% and of 6.9% at constant currency when compared to the first quarter of 2007.**

- **Very good operating achievements were offset by non recurring or calendar impacts: the first quarter of 2007 included notably the successful launch of the first expansion set *World of Warcraft: The Burning Crusade* (the second expansion set is anticipated to be released in the second half of 2008) and the favorable settlement of a tax litigation.**

- **Adjusted earnings before interest and income taxes (EBITA): €1.2 billion, slightly down (-5.6% and -3.9% at constant currency) when compared to the first quarter of 2007.**

- **Adjusted net income: €697 million, down 9.6% when compared to the first quarter of 2007.**

- **2008 Outlook confirmed: Vivendi expects to deliver a profit growth similar to 2007, at constant perimeter.**

Operating highlights of the first quarter of 2008

- ✓ Strong improvement in UMG results: integration of BMG Music Publishing and Sanctuary, and continued increase in digital revenues.
- ✓ Canal+ Group's strong performance: driven by subscriptions, lower subscriber acquisition and programming costs.
- ✓ SFR's mobile activity return to growth: increase in subscriber base, mobile internet popularity. Pending acquisition of Neuf Cegetel to create the alternative telecommunications operator leader in France.
- ✓ Maroc Telecom's development: continued increase in mobile subscriber base while controlling acquisition costs.
- ✓ Vivendi Games maintains strong momentum: adding 2 million incremental *World of Warcraft* subscribers compared to March 2007, including more than 700,000 new players added in the first quarter of 2008. Pending acquisition of Activision to create Activision Blizzard, global leader of video games independent publishers.

Universal Music Group

• Universal Music Group's (UMG's) revenues of €1,033 million grew 0.6% compared to the same period last year. At constant currency, revenues grew 6.8% reflecting growth in music publishing and merchandising following the acquisition in 2007 of BMG Music Publishing and Sanctuary and a 33.0% increase in digital sales.
Best sellers in the period were releases from Jack Johnson, Janet Jackson and new Welsh artist Duffy. Amy Winehouse's 2006 album *Back to Black* sold over this quarter an additional 2.2 million copies, taking total sales over the 8 million mark.

• UMG's EBITA of €111 million was 94.7% above the same period last year (an increase of 111.1% at constant currency). This increase reflects the higher recorded music margins due to the sales mix shifting to owned (rather than distributed) product; the increase in digital sales, the inclusion of BMG Music Publishing and Sanctuary in the results, as well as credits from the downward valuation of compensation schemes linked to equity value. However, EBITA was impacted by restructuring costs of €12 million.

Canal+ Group

• Canal+ Group's revenues were €1,115 million, up 4.5%.

Revenues from pay-TV operations in France increased to €971 million (+5%), mainly driven by Canal+ and CanalSat portfolio growth, up 180,000 subscriptions compared to the same period last year, and higher advertising revenues. Subscription growth included a negative adjustment of 64,000 subscriptions resulting from a portfolio change of scope to include viable contracts only.
As of March 31, 2008, nearly half of TPS subscribers had already been transferred to the CanalSat platform.

Revenues from CanalOverseas grew 13% compared to last year and also contributed to the good performance of pay-TV operations in France.

Revenues from Canal+ Group's other operations amounted to €144 million, in line with last year's results. While StudioCanal posted lower revenues mainly due to calendar effects, revenues from i>Télé and Canal+ in Poland grew sharply.

• Canal+ Group reported EBITA, excluding transition costs linked to the TPS merger, of €197 million, versus €169 million for the first quarter of 2007, up 16.6%. Including transition costs, EBITA was €170 million, versus €164 million for the same period in 2007.

These transition costs mainly resulted from technical migration of TPS subscribers to CanalSat.

EBITA growth was mainly driven by strong performance of pay-TV operations in France. In addition to higher revenues thanks to portfolio growth, EBITA benefited from lower subscriber acquisition and programming costs. Results were, however, negatively impacted (-€32 million) by an unfavorable but temporary Ligue 1 broadcasting schedule (two extra match days compared to the first quarter of 2007).

EBITA from other operations were slightly down due to lower royalties paid to StudioCanal under the Working Title deal and despite higher revenues from i>Télé and Canal+ in Poland.

SFR

• SFR's revenues increased by 9.8% to €2,302 million compared to the same period in 2007 (+4% on a comparable basis[1]).

Mobile revenues increased by 4.1% to €2,176 million compared to the same period in 2007. Mobile service revenues[2] increased by 2.8% to €2,077 million.
The favorable effects of an increase in the customer base along with growth in "voice" and "data" usage and the Enterprise segment dynamism were offset by cuts on mobile voice termination rates (13%) as of January 1, 2008. Excluding the impacts of regulated tariff cuts, SFR mobile service revenues would have increased by 4.8%.
In the first quarter of 2008, SFR added 57,000 net new customers, taking its registered customer base to 18.823 million[3], a 5.1% increase versus March 2007. The contract customer base grew by 6.2% year-on-year to 12.434 million, leading to an improved customer mix of 0.7 percentage point in one year.
Net data revenues improved by 21.7% mainly due to interpersonal services (SMS and MMS), content (music, TV-Videos and games) and the development of mobile Internet and corporate segment operations. Net data revenues represented 16.2% of service revenues at the end of March 2008, compared to 13.7% at the end of March 2007. The number of text messages (SMS) sent by SFR customers grew by 55% on a year-on-year basis to 2.7 billion and revenues from data services, excluding SMS and MMS, increased by 32.7%.

[1] Comparable basis mainly illustrates the full consolidation of Tele2 France as if this acquisition had taken place on January 1, 2007. For reference, Tele2 France's revenues for the first quarter of 2007 amounted to €111 million.
[2] Mobile service revenues correspond to mobile revenues excluding revenues from net equipment sales.
[3] SFR excluding wholesale customer total base. Wholesale customer base was estimated at 1.302 million at the end of March 2008 (excluding pre-activations).

Fixed and ADSL revenues reached €126 million, increasing by 4.5% versus the same period in 2007, on a comparable basis. In total, SFR had 438,000 ADSL customers and 1.852 million fixed voice customers at the end of March 2008.

• SFR's mobile EBITDA increased by €10 million to €873 million. This increase was achieved due to a 2.8% increase in mobile service revenues and the strong control of other costs. They were partly offset by a 1.2 percentage point increase in customer acquisition and retention costs to 12.8% of mobile service revenues.

SFR's fixed and ADSL EBITDA was -€17 million, and EBITA was -€28 million, reflecting the launch of SFR ADSL and the integration of Tele2 France operations[4].
SFR's EBITDA was €856 million and EBITA was €624 million, decreases of 0.5% and 3%, respectively compared to the first quarter of 2007.

Maroc Telecom

• Maroc Telecom group's revenues increased by 11.6% to €614 million compared to the same period last year (+8.3% at constant currency and at constant perimeter[5]).

Group mobile revenues grew by 15.5% to €432 million compared to the same period last year (+13.6% at constant currency and at constant perimeter).

Regarding Maroc Telecom SA, despite increased competition, the mobile customer base[6] experienced strong growth and reached 13.697 million customers, a 20.4% increase compared to the end of March 2007 (a net increase of 370,000 customers during the first quarter of 2008), driving the sharp evolution of mobile revenue. The blended ARPU[7] reached €8.7, an 8.1% decrease at constant currency compared to the same period last year.

Regarding Maroc Telecom's subsidiaries, the mobile customer base reached 2.200 million customers, a 41.2% increase compared to March 2007 (a net increase of 185,000 customers during the first quarter of 2008).

Group fixed and Internet revenues grew by 3% to €242 million compared to the same period last year (-2% at constant currency and at constant perimeter).

Regarding Maroc Telecom SA, the fixed customer base[8] reached 1.335 million lines, stable during the first quarter of 2008. Voice average monthly invoice decreased by 5.5% (at constant currency) compared to the same period last year, in particular the "Teleboutique" business segment. The ADSL customer base still experienced growth and reached almost 482,000 lines, representing a net increase of approximately 12,000lines during the first quarter and increasing by 15.3% compared to the end of March 2007.

Regarding Maroc Telecom's subsidiaries, the fixed customer base reached 191,000 lines, representing a net increase of more than 9,000 lines during the first quarter of 2008.

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[4] For reference, Tele2 France's EBITA for the first quarter of 2007 amounted to - €7 million.

[5] Constant perimeter illustrates the full consolidation of Gabon Telecom as if this transaction had occurred on January 1, 2007. For reference, Gabon Telecom's revenue for the first quarter of 2007 amounted to €28 million.

[6] The customer base includes prepaid customers making or receiving a voice call during the last 3 months and not resiliated postpaid customers.

[7] ARPU (Average Revenue Per User) is defined as revenues from incoming and outgoing calls and data services, net of promotions and excluding roaming in and equipment sales, divided by average prepaid and postpaid customer base over the period.

[8] Maroc Telecom SA's fixed customer base is now displayed in numbers of equivalent lines. It was previously displayed in number of access.

• Maroc Telecom group's EBITA increased by 4.7% to €268 million compared to the first quarter of 2007 (+8.7% at constant currency and at constant perimeter[9]). This performance resulted from the combined effect of revenue growth, the control of acquisition costs in the context of steady growth in the mobile customer base and the control of operational expenses. It also reflects the investments in Gabon Telecom and in Mobisud.

Vivendi Games

• Vivendi Games continues to make strong headway with Blizzard Entertainment, inc and *World of Warcraft®*, adding 2 million incremental subscribers compared to end of March 2007; After reaching the 10-million-subscriber milestone at the end of 2007, *World of Warcraft's* subscriber base grew to more than 10.7 million by the end of the first quarter of 2008.

A comparison of the first quarters of 2007 and 2008 performances is not representative because the first quarter of 2007 included the hugely successful release of *World of Warcraft*: *The Burning Crusade*. Blizzard Entertainment's second expansion, *World of Warcraft: Wrath of the Lich King*, is scheduled to be released in the second half of 2008. Consequently, Vivendi Games' revenues for the first quarter of 2008 are 24.1% lower (-18.2% on a constant currency basis) when compared to the same period last year. Vivendi Games' revenues was €221 million.

Blizzard Entertainment's revenues was €192 million. Sierra Entertainment, Sierra Online and Vivendi Games Mobile revenues were slightly higher than their performance for the same period last year; in the face of unfavorable currency exchange movements on all business segments.

• Vivendi Games' EBITA amounted to €50 million. Excluding the allocation of Group overheads, Blizzard Entertainment's EBITA was €99 million.

Sierra Entertainment's EBITA of -€34 million (excluding the allocation of Group overheads) was effected by higher costs related to increased investment in Sierra product development and accelerated royalties expense for released products. Vivendi Games' EBITA also includes continued start up expenses for the Sierra Online and Vivendi Games Mobile divisions.

Comments on Vivendi's First Quarter 2008 Financial Indicators

Revenues amounted to €5,280 million compared to €5,020 million for the first quarter of 2007, an increase of €260 million (+5.2%, representing +6.9% at constant currency).

EBITA totaled €1,203 million compared to €1,274 million in the first quarter of 2007, a decrease of €71 million (-5.6% or -3.9% at constant currency) which was mainly driven by the favorable settlement of a tax litigation (+€73 million) in the first quarter of 2007 and Vivendi Games (-€57 million), with the impact of the exceptionally successful release of the first expansion pack, *World of Warcraft: The Burning Crusade,* also in the first quarter of 2007. In addition, in the first quarter of 2008, EBITA included a net reduction in

[9] For reference, Gabon Telecom's EBITA for the first quarter of 2007 amounted to - €4 million.

the provision for stock options and other share-based compensation plans (+€38 million) and Canal+'s two extra Ligue 1 soccer match days compared to the first quarter of 2007 (-€32 million).

Income from equity affiliates totaled €85 million compared to €82 million for the first quarter of 2007. Our share of income from NBC Universal represented €53 million for the first quarter of 2008 compared to €65 million for the first quarter of 2007, a decrease driven by the decline of the U.S. dollar and NBC Universal's performance. SFR's share of income from Neuf Cegetel represented €33 million compared to €18 million for the first quarter of 2007

Adjusted net income amounted to €697 million with €0.60 per share, compared to €771 million with €0.67 per share for the first quarter of 2007, a decrease of €74 million (-9.6%).

Earnings attributable to equity holders of the parent amounted to €555 million with €0.48 per share, compared to €932 million with €0.81 per share for the first quarter of 2007, a decrease of €377 million (-40.5%), which was primarily due to the dilution profit on the sale of a 10.18% equity interest in Canal+ France to Lagardère (+€239 million) in the first quarter of 2007.

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ANALYST CONFERENCE

Speakers:

Philippe Capron
Member of the Management Board and Chief Financial Officer
Sandrine Dufour
Deputy Chief Financial Officer

Date: Wednesday, May 14, 2008
6:00 PM Paris time – 5:00 PM London time – 12:00 PM New York time
Media invited on a listen-only basis

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Replay details (replay available for 14 days)

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UK: +44 (0)20 7806 1970
US: +1 718 354 1112 or +1866 883 448
Access code: 35 35 441# in french
63 99 074# in English

Internet: The conference can be followed on the Internet at http://www.vivendi.com/ir

The slides for the presentation will also be available online.

APPENDIX I

VIVENDI
ADJUSTED STATEMENT OF EARNINGS

(IFRS, unaudited)

	1st Quarter 2008	1st Quarter 2007	% Change
Revenues	**5,280**	**5,020**	**+ 5.2%**
Cost of revenues	(2,494)	(2,273)	- 9.7%
Margin from operations	**2,786**	**2,747**	**+ 1.4%**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(1,564)	(1,551)	
Restructuring charges and other operating charges and income	(19)	78	
EBITA (*)	**1,203**	**1,274**	**- 5.6%**
Income from equity affiliates	85	82	
Interest	(37)	(24)	
Income from investments	2	2	
Adjusted earnings from continuing operations before provision for income taxes	**1,253**	**1,334**	**- 6.1%**
Provision for income taxes	(236)	(246)	
Adjusted net income before minority interests	**1,017**	**1,088**	**- 6.5%**
Minority interests	(320)	(317)	
Adjusted net income (**)	**697**	**771**	**- 9.6%**
Adjusted net income per share - basic	**0.60**	**0.67**	**- 10.4%**
Adjusted net income per share - diluted	**0.60**	**0.66**	**- 9.1%**

In millions of euros, per share amounts in euros.

For additional information, please refer to "Financial Report and Unaudited Condensed Financial Statements for the first quarter ended March 31, 2008" which will be on line later on.

(*) EBITA corresponds to EBIT excluding amortization and impairment losses of intangible assets acquired through business combinations.

(**) A reconciliation of earnings, attributable to equity holders of the parent to adjusted net income is presented in the Appendix IV.

APPENDIX II

VIVENDI

CONSOLIDATED STATEMENT OF EARNINGS
(IFRS, unaudited)

	1st Quarter 2008	1st Quarter 2007	% Change
Revenues	**5,280**	**5,020**	**+ 5.2%**
Cost of revenues	(2,494)	(2,273)	- 9.7%
Margin from operations	**2,786**	**2,747**	**+ 1.4%**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(1,564)	(1,551)	
Restructuring charges and other operating charges and income	(19)	78	
Amortization of intangible assets acquired through business combinations	(85)	(60)	
Impairment losses of intangible assets acquired through business combinations	-	-	
EBIT	**1,118**	**1,214**	**- 7.9%**
Income from equity affiliates	85	82	
Interest	(37)	(24)	
Income from investments	2	2	
Other financial charges and income	(22)	197	
Earnings from continuing operations before provision for income taxes	**1,146**	**1,471**	**- 22.1%**
Provision for income taxes	(276)	(224)	
Earnings from continuing operations	**870**	**1,247**	**- 30.2%**
Earnings from discontinued operations	-	-	
Earnings	**870**	**1,247**	**- 30.2%**
Minority interests	(315)	(315)	
Earnings, attributable to equity holders of the parent	**555**	**932**	**- 40.5%**
Earnings, attributable to equity holders of the parent per share - basic	**0.48**	**0.81**	**- 40.7%**
Earnings, attributable to equity holders of the parent per share - diluted	**0.47**	**0.80**	**- 41.3%**

In millions of euros, per share amounts in euros.

APPENDIX III

VIVENDI

REVENUES AND EBITA BY BUSINESS SEGMENT

(IFRS, unaudited)

(In millions of euros)	1st Quarter 2008	1st Quarter 2007	% Change	% Change at constant rate
Revenues (*)				
Universal Music Group	1,033	1,027	+ 0.6%	+ 6.8%
Canal+ Group	1,115	1,067	+ 4.5%	+ 4.2%
SFR	2,302	2,096	+ 9.8%	+ 9.8%
Maroc Telecom Group	614	550	+ 11.6%	+ 13.8%
Vivendi Games	221	291	- 24.1%	- 18.2%
Non core operations and others, and elimination of inter segment transactions	(5)	(11)	+ 54.5%	+ 54.5%
Total Vivendi	**5,280**	**5,020**	**+ 5.2%**	**+ 6.9%**
EBITA				
Universal Music Group	111	57	+ 94.7%	+ 111.1%
Canal+ Group	170	164	+ 3.7%	+ 2.9%
SFR	624	643	- 3.0%	- 3.0%
Maroc Telecom Group	268	256	+ 4.7%	+ 7.2%
Vivendi Games	50	107	- 53.3%	- 50.7%
Holding & Corporate	(11)	46	na*	na*
Non core operations and others	(9)	1	na*	na*
Total Vivendi	**1,203**	**1,274**	**- 5.6%**	**- 3.9%**

na*: not applicable.

(*) As will be published in BALO.

APPENDIX IV

VIVENDI

RECONCILIATION OF EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT TO ADJUSTED NET INCOME

(IFRS, unaudited)

Vivendi considers adjusted net income, a non-GAAP measure, as a relevant indicator of the Group's operating and financial performance. Vivendi Management uses adjusted net income, because it provides a better illustration of the performance from continuing operations by excluding most non-recurring and non-operating items.

(In millions of euros)	1st Quarter 2008	1st Quarter 2007
Earnings, attributable to equity holders of the parent (*)	**555**	**932**
Adjustments		
Amortization of intangible assets acquired through business combinations	85	60
Impairment losses of intangible assets acquired through business combinations (*)	-	-
Other financial charges and income (*)	22	(197)
Change in deferred tax asset related to the Consolidated Global Profit Tax System	69	2
Non recurring items related to provision for income taxes	4	-
Provision for income taxes on adjustments	(33)	(24)
Minority interests on adjustments	(5)	(2)
Adjusted net income	**697**	**771**

(*) As reported in the Consolidated Statement of Earnings.