vivendi

Financial Report and Unaudited Condensed Financial Statements for the Nine Months Ended September 30, 2008

VIVENDI

Société anonyme with a Management Board and Supervisory Board with a share capital of €6,433,794,565

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Selected key consolidated financial data

Consolidated data	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Year Ended December 31, 2007	Year Ended December 31, 2006	Year Ended December 31, 2005	Year Ended December 31, 2004
Revenues	17,777	15,643	21,657	20,044	19,484	17,883
EBITA (a)	3,848	3,931	4,721	4,370	3,985	3,504
Earnings attributable to equity holders of the parent	3,982	2,104	2,625	4,033	3,154	3,767
Adjusted net income (a)	2,079	2,247	2,832	2,614	2,218	1,498
Financial Net Debt (a)	9,376	5,662	5,186	4,344	3,768	4,724
Equity	27,044	21,989	22,242	21,864	21,608	18,092
o/w attributable to equity holders of the parent	23,154	20,033	20,342	19,912	18,769	15,449
Cash flow from operations (CFFO) (a)	3,310	3,559	4,881	4,466	4,157	4,354
Capital expenditures, net (capex, net) (b)	1,485	1,277	1,626	1,645	1,291	1,004
Financial investments	3,903	547	846	3,881	1,481	394
Financial divestments	(338)	(542)	(456)	(1,801)	(155)	(5,264)
Dividends paid in respect to previous fiscal year	1,515	1,387	1,387	1,152	689	-
Per share amounts						
Weighted average number of shares outstanding	1,165.7	1,157.7	1,160.2	1,153.4	1,149.6	1,144.4 (c)
Adjusted net income per share	**1.78**	**1.94**	**2.44**	**2.27**	**1.93**	**1.31**
Number of shares outstanding at the end of the period (excluding treasury shares)	1,169.3	1,162.6	1,164.7	1,155.7	1,151.0	1,144.9 (c)
Equity per share, attributable to equity holders of the parent	19.80	17.23	17.47	17.23	16.31	13.49
Dividends per share in respect to previous fiscal year	**1.30**	**1.20**	**1.20**	**1.00**	**0.60**	**0.00**

In millions of euros, number of shares in millions, data per share in euros.

a. Vivendi considers that the non-GAAP measures EBITA, Adjusted net income, Financial Net Debt, and Cash flow from operations (CFFO) are relevant indicators of the group's operating and financial performance. Each of the indicators is defined in the appropriate section of the Financial Report or in the notes to the Condensed Financial Statements for the nine months ended September 30, 2008. These indicators should be considered in addition to, not as a substitute for, other GAAP measures of operating and financial performances as presented in the Condensed Financial Statements and the related notes, or described in the Financial Report. Moreover it should be emphasized that other companies may define and calculate these indicators differently than Vivendi, thereby affecting comparability.

b. Capex, net consists of capital expenditures, net of proceeds from property, plant and equipment and intangible assets.

c. Includes shares to be issued under notes mandatory redeemable for new Vivendi shares which matured in November 2005.

I - Financial report for the nine months ended September 30, 2008

Preliminary comments:

The Financial Report and the Unaudited Condensed Financial Statements for the nine months ended September 30, 2008 were approved by Vivendi's Management Board on November 13, 2008.

The Financial Report for the nine months ended September 30, 2008 should be read in conjunction with the Financial Report for the year ended December 31, 2007 as published in the 2007 "Rapport annuel - Document de Référence" that was filed under number D.08-0131 with the "Autorité des marchés financiers" (AMF) on March 18, 2008 and with the Financial Report for the half year ended June 30, 2008. Please also refer to pages 131 to 160 of the English translation[1] of the "Document de Référence" (the "2007 Annual Report") which is provided on our website (www.vivendi.com) for informational purposes.

1 2008 Main developments

1.1 Main developments for the first nine months of 2008

1.1.1 ACQUISITIONS/DIVESTITURES OF INVESTMENTS

Sales of certain music publishing catalogs by UMG: On February 25, 2008, UMG completed the sale of certain music publishing catalogs including Rondor UK, Zomba UK, 19 Music, 19 Songs and BBC Catalog, to CP Masters BV and ABP, thus complying with the European Commission mandated conditions of the acquisition of BMG Music Publishing by UMG. For a detailed description of this transaction, please refer to Note 2.4 to the Consolidated Financial Statements for the year ended December 31, 2007 (page 188 of the 2007 Annual Report).

Acquisition of Kinowelt by StudioCanal: On January 17, 2008, StudioCanal announced its planned acquisition of the entire share capital of Kinowelt, the leading German independent film company specializing in the acquisition and distribution of films. This transaction was completed on April 2, 2008. As a result of this transaction, which followed the acquisition in 2006 of Optimum Releasing in the UK, StudioCanal became the European leader in film distribution. Its operations cover the three main European markets (UK, France and Germany) via local wholly-owned subsidiaries. StudioCanal has also joined the American majors as the only companies to offer an all-media distribution network (theaters, video, audiovisual and VOD) covering a population of more than 230 million people. This transaction allows StudioCanal to strengthen its production tool and international sales in order to create an unique alternative for international filmmakers and directors, and has substantially increased StudioCanal's European and American film catalog, which already contained more than 5,000 titles.

Early redemption of the Vivendi bonds exchangeable for Sogecable shares: Please refer to Note 4 to the Condensed Financial Statements for the nine months ended September 30, 2008.

Take over of Neuf Cegetel by SFR: On April 15, 2008, Vivendi and SFR received permission from the French Minister of the Economy, Industry and Employment to proceed with the purchase of the Louis Dreyfus Group's equity stake in Neuf Cegetel, condition precedent to the take over of Neuf Cegetel by SFR. Consequently, in accordance with the agreement announced on December 20, 2007 (please refer to Note 2.9 to the Consolidated Financial Statements for the year ended December 31, 2007 (page 191 of the 2007 Annual Report)), SFR acquired the 60.15% equity interest in Neuf Cegetel that it did not own, as follows:

[1]This translation is qualified in its entirety by reference to the "Document de référence".

– On April 15, 2008, SFR acquired from Louis Dreyfus Group their entire interest in Neuf Cegetel (i.e., 28.45%) at €34.50 per share (2007 coupon of €0.60 per share attached), for a purchase price of €2,074 million, and hence SFR gained control of Neuf Cegetel on this same date by attaining a 68.30% aggregate voting equity interest in Neuf Cegetel.
– Between April 25 and May 2, 2008, SFR acquired an additional interest of approximately 10% in Neuf Cegetel at an average price of €36.40 per share, for a purchase price of €752 million, thus reaching an approximate 77.90% aggregate ownership interest in Neuf Cegetel.
– As a result of the success of the Simplified Public Purchase Offer, which was opened between May 19 and June 13, 2008 inclusive, followed by a Public Withdrawal Offer implemented on June 24, 2008, SFR acquired a further approximate 19% interest in Neuf Cegetel at €35.90 per share (2007 coupon of €0.60 per share detached), for a purchase price of €1,497 million, thereby attaining an approximate 97.44% aggregate ownership interest in Neuf Cegetel.
– In addition, SFR entered into symmetrical put and call option agreements with almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, which are currently in a conservation period, allowing for SFR to obtain, in the future, 1.98% of the share capital of Neuf Cegetel, for an estimated amount of €140 million.

Therefore, as a result of the Public Withdrawal Offer and taking into account the treasury shares held by Neuf Cegetel (0.58% of the share capital), as well as the symmetrical put and call option agreements with the beneficiaries of restricted shares, SFR holds more than 99.99% of Neuf Cegetel's share capital, 60.15% of which was acquired at a price of €4,485 million (including transaction costs and fees). SFR has financed this acquisition with debt, notably by Vivendi granting a credit facility to SFR for €3 billion under market terms (please refer to Section 5 below). To repay this loan, SFR will reduce dividend payments that it would otherwise pay in the next three financial years (2008-2010).

For a detailed description of this transaction and its impacts on the accounts, please refer to Note 2.1 to the Condensed Financial Statements for the nine months ended September 30, 2008.

On April 15, 2008, the Minister's approval was given as a result of new commitments made by Vivendi and its subsidiaries. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, on ADSL of eight new channels which are leaders in their particular themes (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV).

With 19 million mobile customers, 3.6 million Internet broadband customers, 10,000 employees and annual revenues totalling €12 billion, the newly expanded company will become, due to its size, a major operator capable of responding to the needs of all market segments: the general public, corporate and wholesale. This new-generation telecommunications company will play a leading role in the fields of innovation, development of new convergent services and convergent issues as well as in the rolling out of very high-speed fixed (optic fiber) and mobile (3G/3G+) broadband networks in the best interests of consumers.

On September 29, 2008, SFR became the single brand of the new entity resulting from the take over of Neuf Cegetel by SFR. The new label "SFR. Et le monde est à vous", a new logo and SFR's "neufbox" services were revealed on that date.

Acquisition of Univision Music Group by UMG: On February 27, 2008, UMG announced the acquisition of Univision Music Group from Univision Communications Inc. This transaction was completed on May 5, 2008 for an acquisition price of €92 million (including acquisition costs).

Creation of Activision Blizzard: On December 1, 2007, Vivendi, Activision, Inc. ("Activision") and certain of their respective subsidiaries entered into a business combination agreement (the "BCA") to combine Vivendi Games with Activision. The transactions contemplated by the BCA received the approval from the U.S. competition authorities and the European Union merger control regulations on January 16, and April 16, 2008, respectively, were approved by Activision's stockholders at a special stockholder meeting on July 8, 2008, and were consummated on July 9, 2008.

Pursuant to the BCA, at closing, a wholly-owned subsidiary of Activision, merged with and into Vivendi Games, and hence Vivendi Games became a wholly-owned subsidiary of Activision. In the merger, a subsidiary of Vivendi received approximately 295.3 million newly issued shares of Activision common stock, which number was based upon a valuation of Vivendi Games at $8,121 million and a per share price for Activision common stock of $27.50 (pre-stock split[2]). Concurrently with the merger, Vivendi purchased approximately 62.9 million newly

[2] *On July 11, 2008, Activision Blizzard announced that its Board of Directors approved a two-for-one stock split of its outstanding shares of common stock to be effected in the form of a common stock dividend. On September 5, 2008, stockholders received one additional share for each share of common stock issued and outstanding as of the close of business on August 25, 2008. Upon completion of the split, trading began on a split-adjusted basis on September 8, 2008 and the number of Activision Blizzard's common shares outstanding is approximately 1.3 billion.*

issued shares of Activision common stock, at a price of $27.50 per share (pre-stock split, or approximately 126 million shares at a price of $13.75 per share post-stock split) for a total of $1,731 million in cash, resulting in a total Vivendi ownership interest in Activision Blizzard of approximately 54.47% of shares outstanding (approximately 52% on a fully diluted basis). Upon closing of the transactions, Activision was renamed Activision Blizzard, Inc. ("Activision Blizzard") and continues to operate as a public company traded on NASDAQ under the ticker symbol ATVI. Activision Blizzard now conducts the combined business operations of Activision and Vivendi Games including Blizzard Entertainment.

In accordance with the terms of the BCA, on July 16, 2008, Activision Blizzard commenced a $4,028 million all-cash tender offer to purchase up to 146.5 million Activision Blizzard common shares at $27.50 per share (pre-stock split, or 293 million common shares at a price of $13.75 per share post-stock split). As a result of this tender offer, that expired on August 13, 2008, 85,916 shares of Activision Blizzard common stock (pre-stock split, or 171,832 shares post-stock split) were properly tendered for a total cost of approximately $2.4 million in cash; the total Vivendi ownership interest in Activision Blizzard remained unchanged at approximately 54.47%.

In addition, under the terms of the BCA, Vivendi and Activision gave a number of reciprocal commitments customary for this type of transaction, notably certain representations and warranties and undertakings, which expired upon the closing of the transaction. The parties have also entered into various ancillary agreements at the closing of the transaction, including an investor agreement and tax sharing and indemnity agreements.

From July 9, Vivendi has the ability to nominate a majority of the members of the board of directors of Activision Blizzard, hence has the power to govern the financial and operational policies of Activision Blizzard so as to obtain benefits from its operations. From this date, Vivendi fully consolidates Activision Blizzard. Prior to the fifth anniversary of the closing date, the approval of certain matters by Activision Blizzard board of directors will require the affirmative vote of (a) a majority of the votes present or otherwise able to be cast on the board, and (b) at least a majority of the independent directors on the board. Nevertheless, after the first anniversary of the closing date, in respect of the distribution of any dividends, the affirmative vote of the majority of the independent directors will not apply if Activision Blizzard's pro forma net debt amount, after giving effect to such dividend, does not exceed $400 million.

From an accounting perspective, Vivendi Games is deemed to be the accounting acquirer of Activision. The combination of Vivendi Games and Activision is accounted for as (a) the dilution by approximately 45.53% of Vivendi's interest in Vivendi Games; the dilution gain is €2,318 million ($3,642 million); and (b) the acquisition of a controlling interest of approximately 54.47% in Activision for a consideration of €3,534 million ($5,554 million); the preliminary allocation of the purchase price results in preliminary goodwill amounting to €1,863 million ($2,928 million), after allocation of the purchase price to the assets and liabilities of Activision.

For a detailed description of this transaction and its impacts on the accounts of Vivendi, please refer to Note 2.2 to the Condensed Financial Statements for the nine months ended September 30, 2008. Moreover, the reconciliation between the Activision Blizzard's data published by Vivendi and the ones published by Activision Blizzard (revenues and EBITA) is included in Appendix "IV – Additional unaudited financial data". The reconciliation notably includes the impacts of the change in deferred net revenues and deferred costs of sales for *World of Warcraft*, the operating results of products and operations from the historical Vivendi Games businesses (Sierra Entertainment, Vivendi Games Mobile and Sierra Online) that Activision Blizzard has begun to exit or wind down, as well as the impact of the purchase price accounting related adjustments (including the amortization of intangible assets, and the increase in the fair value of inventories and associated costs of sales).

Moreover, considering the exercise of stock options, restricted stocks and other dilutive instruments by Activision's employees and the purchase of Activision Blizzard's shares by Vivendi on the market, Vivendi's ownership interest in Activision Blizzard could fluctuate from time to time. As of September 30, 2008, Vivendi holds 54.29% of Activision Blizzard (compared to 54.47% upon the completion of the operations described above).

1.1.2 OTHER

Results of the League 1 soccer bidding process: On February 6, 2008, following the completion of a bidding process, the French Professional Football League awarded Canal+ Group nine out of the ten television lots offered for League 1 broadcasting rights (2008-2009 to 2011-2012). Canal+ Group will therefore continue to broadcast all League 1 football events on its channels. These events will notably include all matches of all League 1 clubs, the top ten matches of the season, the Sunday night match fixture, multiplex programs to open and close the championship, and all informational programs. Canal+ Group pays €465 million per season for these rights (compared to €600 million for each of the last three seasons), representing an aggregate of €1,860 million for the four coming seasons.

Canal+ Events: On May 23, 2008, the French Professional Football League awarded Canal+ Events the international rights to broadcast the League 1 and League 2 French Championship matches, and the French *Coupe de la Ligue* for a period of 8 years, with a reciprocal exit right that may be exercised by either party at the end of the first four-year period. The guaranteed minimum payments will total €68 million for the first four seasons, starting at €15 million in the first year and gradually increasing to €19 million in the fourth year. This is a major step in the development of Canal+ Events.

New borrowings (please refer to Section 5.2 of this Financial Report):

- In February 2008, Vivendi obtained a €3.5 billion syndicated loan; and
- In April 2008, Vivendi raised $1.4 billion through the issuance of U.S. dollar notes.

Launch of zaOza: At the end of March 2008, the zaOza offer was launched in France. It allows subscribers to share and to have unlimited access on both PC and mobile telephone screens to new and exclusive content (music, games and videos) for a subscription fee of €3 per month. The company’s objective is to expand zaOza internationally focusing initially on Europe, beginning with Germany.

Dividend paid with respect to fiscal year 2007: At the Annual Shareholders’ Meeting held on April 24, 2008, Vivendi’s shareholders approved the Management Board’s recommendations relating to the allocation of distributable earnings for fiscal year 2007. As a result, the dividend was set at €1.30 per share, representing a total distribution of approximately €1.5 billion which was paid beginning May 14, 2008.

Elektrim and Deutsche Telekom: On June 18, 2008, the Warsaw court recognized the Arbitral Award issued on November 26, 2004, in Vienna (Second Vienna Award) in the dispute between Elektrim and Deutsche Telekom (DT), most importantly including the fourth point of the award deciding that: “it (the tribunal) has no jurisdiction over Telco and DT’s claims against Telco cannot be entertained in this arbitration”. Telco’s position is that this award does not bind Telco and therefore cannot affect Telco’s ownership rights. The Austrian Supreme Court already reached the same conclusion in December 2006 when analyzing the meaning of this award. It is for Polish courts only to decide PTC’s ownership rights in the pending proceedings following the May 21, 2008, Warsaw Court of Appeal’s decision. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2007 (page 252 of the 2007 Annual Report).

Voluntary redundancy plan at SFR: On October 2, 2008, as part of the information and consultation phase presented in July 2008, all of the employee representative bodies of SFR and Neuf Cegetel issued their opinion on the new organization project aimed at reorganizing the SFR and Neuf Cegetel operating teams. As of that date, the new organization is effective and the voluntary participation (“Voluntary Redundancy Plan”) began and will run until March 31, 2009 for the employees in the “Ile de France” region and until June 30, 2009 for the employees in other regions. Based on headcount as of September 30, 2008 and pursuant to the terms and conditions of Book IV, the project based on voluntary participation could result in the elimination of 775 jobs and the creation of 351 jobs. Assuming the most likely hypothesis that the number of voluntary redundancies reaches the aforementioned maximum of 775 positions, the total cost to SFR would be €88 million and this amount has been recorded by SFR as of September 30, 2008.

1.2 Main developments since September 30, 2008

Activision Blizzard: On November 5, 2008, Activision Blizzard announced that its Board of Directors has authorized a stock repurchase program underwhich the company can repurchase up to $1 billion of the company's common stock. In addition, Vivendi does not intend to sell any of its Activision Blizzard shares in that program and does not have any current plans to buy additional Activision Blizzard shares.

2 Earnings

2.1 Consolidated earnings and consolidated adjusted net income

2008 THIRD QUARTER

CONSOLIDATED STATEMENT OF EARNINGS			ADJUSTED STATEMENT OF EARNINGS		
	Three Months Ended September 30,		Three Months Ended September 30,		
	2008	2007	2008	2007	
Revenues	**6,509**	**5,420**	**6,509**	**5,420**	**Revenues**
Cost of revenues	(3,107)	(2,404)	(3,107)	(2,404)	Cost of revenues
Margin from operations	**3,402**	**3,016**	**3,402**	**3,016**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(1,968)	(1,656)	(1,968)	(1,656)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(153)	(25)	(153)	(25)	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(179)	(59)			
Impairment losses of intangible assets acquired through business combinations	(4)	(2)			
EBIT	**1,098**	**1,274**	**1,281**	**1,335**	**EBITA**
Income from equity affiliates	51	76	51	76	Income from equity affiliates
Interest	(119)	(60)	(119)	(60)	Interest
Income from investments	1	1	1	1	Income from investments
Other financial charges and income	2,281	(128)			
Earnings from continuing operations before provision for income taxes	**3,312**	**1,163**	**1,214**	**1,352**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(254)	(248)	(253)	(237)	Provision for income taxes
Earnings from continuing operations	**3,058**	**915**			
Earnings from discontinued operations	-	-			
Earnings	**3,058**	**915**	**961**	**1,115**	**Ajusted net income before minority interests**
Attributable to:					*Attributable to:*
Equity holders of the parent	**2,760**	**578**	**625**	**721**	**Adjusted net income**
Minority interests	298	337	336	394	Minority interests
Earnings, attributable to equity holders of the parent per share - basic (in euros)	**2.36**	**0.50**	**0.54**	**0.62**	**Adjusted net income per share - basic (in euros)**
Earnings, attributable to equity holders of the parent per share - diluted (in euros)	**2.35**	**0.49**	**0.53**	**0.62**	**Adjusted net income per share - diluted (in euros)**

In millions of euros, except per share amounts.

2008 FIRST NINE MONTHS

CONSOLIDATED STATEMENT OF EARNINGS	Nine Months Ended September 30,		Nine Months Ended September 30,		ADJUSTED STATEMENT OF EARNINGS
	2008	2007	2008	2007	
Revenues	**17,777**	**15,643**	**17,777**	**15,643**	**Revenues**
Cost of revenues	(8,452)	(6,910)	(8,452)	(6,910)	Cost of revenues
Margin from operations	**9,325**	**8,733**	**9,325**	**8,733**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(5,287)	(4,869)	(5,287)	(4,869)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(190)	67	(190)	67	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(362)	(179)			
Impairment losses of intangible assets acquired through business combinations	(26)	(33)			
EBIT	**3,460**	**3,719**	**3,848**	**3,931**	**EBITA**
Income from equity affiliates	186	248	186	248	Income from equity affiliates
Interest	(253)	(124)	(253)	(124)	Interest
Income from investments	5	5	5	5	Income from investments
Other financial charges and income	2,271	(51)			
Earnings from continuing operations before provision for income taxes	**5,669**	**3,797**	**3,786**	**4,060**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(794)	(724)	(727)	(769)	Provision for income taxes
Earnings from continuing operations	**4,875**	**3,073**			
Earnings from discontinued operations	-	-			
Earnings	**4,875**	**3,073**	**3,059**	**3,291**	**Ajusted net income before minority interests**
Attributable to:					*Attributable to:*
Equity holders of the parent	**3,982**	**2,104**	**2,079**	**2,247**	**Adjusted net income**
Minority interests	893	969	980	1,044	Minority interests
Earnings, attributable to equity holders of the parent per share - basic (in euros)	**3.42**	**1.82**	**1.78**	**1.94**	**Adjusted net income per share - basic (in euros)**
Earnings, attributable to equity holders of the parent per share - diluted (in euros)	**3.40**	**1.81**	**1.78**	**1.93**	**Adjusted net income per share - diluted (in euros)**

In millions of euros, except per share amounts.

2.2 Earnings review

For the first nine months of 2008, **adjusted net income** was €2,079 million, or €1.78 per share, compared to €2,247 million, or €1.94 per share for the first nine months of 2007, a decrease of €168 million (-7.5%). This decrease was primarily due to the following impacts:

- a -€83 million decline in EBITA, which was mainly driven by the unfavorable effect in 2008 of the integration costs incurred by Vivendi Games (-€89 million) following its combination with Activision, and by SFR (-€110 million) following the acquisition of Neuf Cegetel. It also resulted from the favorable effect in 2007 of the settlement of a tax litigation (+€73 million) and the sale of real estate assets in Germany (+€48 million) at Holding & Corporate. Please refer to Section 4 "Business segment performance analysis";
- a -€129 million increase in interest; and
- a -€62 million decrease in income from equity affiliates.

These impacts were partially offset by the following items:

- a +€42 million decrease in tax expense; and
- a +€64 million decrease in earnings attributable to minority interests.

Breakdown of the main items from the statement of earnings

Revenues were €17,777 million compared to €15,643 million for the first nine months of 2007, an increase of €2,134 million (+13.6%, representing +15.9% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 "Business segment performance analysis".

Restructuring charges and other operating charges and income were a charge of -€190 million compared to an income of +€67 million for the first nine months of 2007, a difference of -€257 million. For the first nine months of 2008, it mainly included restructuring charges (-€186 million) at SFR, Activision Blizzard and UMG. For the first nine months of 2007, it mainly included the favorable effect of the settlement in Vivendi SA's favor of a litigation instigated by it regarding its right to deduct VAT (+€73 million) and the sale of its real estate assets in Germany (+€48 million), partially offset by the cost for Canal+ Group's voluntary redundancy plan following the integration of TPS.

EBITA was €3,848 million compared to €3,931 million for the first nine months of 2007, a decrease of €83 million (-2.1%, representing -1.0 % at constant currency). For a breakdown of EBITA by business segment, please refer to Section 4 "Business segment performance analysis".

Amortization of intangible assets acquired through business combinations were -€362 million compared to -€179 million for the first nine months of 2007, an additional charge of -€183 million, notably due to the amortization of intangible assets (customer lists and trade name) acquired from Neuf Cegetel and Tele2 France (-€69 million), as well as intangible assets (notably the retail customer relationships, the internally developed franchises, the game engines and the developments in progress) acquired from Activision in July 2008 (-€61 million), and UMG's music catalogs and publishing rights acquired in 2007 and 2008 (-€50 million, including the amortization of BMG Music Publishing's catalogs as from the fourth quarter of 2007).

Impairment losses of intangible assets acquired through business combinations were -€26 million compared to -€33 million for the first nine months of 2007. For the first nine months of 2008, they were mostly comprised of the write-off of certain of UMG's music catalogs (-€15 million) and goodwill at Sierra which Activision Blizzard has begun to exit or wind down (-€5 million); for the first nine months of 2007, they were essentially comprised of the write-off of the TPS trade name following the termination of the TPS branded program bouquet.

EBIT was €3,460 million compared to €3,719 million for the first nine months of 2007, a decrease of €259 million (-7.0%).

Income from equity affiliates was €186 million compared to €248 million for the first nine months of 2007. Vivendi's pro rata share of income earned by NBC Universal represented €173 million for the first nine months of 2008 compared to €197 million for the first nine months of 2007, a decrease solely due to the decline of the U.S. dollar. In addition, between January 1 and April 14, 2008, Vivendi's pro rata share of income from Neuf Cegetel amounted to €18 million compared to €55 million for the first nine months of 2007. Indeed, Neuf Cegetel has been fully consolidated by SFR since April 15, 2008.

Interest increased to -€253 million compared to -€124 million for the first nine months of 2007, an increase of €129 million. Of this amount, interest expense on borrowings totaled €328 million for the first nine months of 2008 compared to €208 million for the same period in 2007. This evolution was mainly driven by the increase in average outstanding borrowings (€9.2 billion for the first nine months of 2008 compared to €7.5 billion for the same period in 2007, calculated on a daily basis), mainly reflecting the financing of the Neuf Cegetel acquisition by SFR (€4.3 billion) and the Activision Blizzard transaction (€1.1 billion), as well as the consolidation of Neuf Cegetel's Financial Net Debt (approximately €1 billion) from April 15, 2008. Interest also increased due to higher average interest rate on borrowings to 4.77% for the first nine months of 2008 compared to 4.14% for the same period in 2007. Moreover, between January 1 and May 25, 2007, interest was favorably impacted by €25 million, the amount of the capitalized interest relating to the acquisition of BMG Music Publishing.
In addition, interest income earned on cash and cash equivalents amounted to €75 million for the first nine months of 2008 compared to €84 million for the same period in 2007. This evolution was mainly driven by the decrease in the average amount of cash equivalents to €2.4 billion for the first nine months of 2008 compared to €2.8 billion for the same period in 2007, calculated on a daily basis, despite an increase in the average interest income rate to 4.12% for the first nine months of 2008 compared to 4.01% for the same period in 2007. Moreover, as of September 30, 2008, the amount of cash and cash equivalents included Activision Blizzard's cash and cash equivalents for an amount of €1,933 million (please refer to Section 1.1 of this Financial Report).
For more information, please refer to Section 5 of this Financial Report and to Note 4 to the Condensed Financial Statements for the nine months ended September 30, 2008.

Other financial charges and income were a net income of €2,271 million compared to a net charge of -€51 million for the first nine months of 2007, a difference of €2,322 million. For the first nine months of 2008, it mainly included the gain on the dilution by 45.53% of Vivendi's interest in Vivendi Games (+€2,318 million) following the creation of Activision Blizzard, and the capital gain resulting from the early redemption of the Vivendi bonds exchangeable for Sogecable shares (+€83 million) following the tender offer launched by Prisa for the share capital of Sogecable, mainly offset by the impact of certain non-cash adjustments relating to the acquisition of Neuf Cegetel by SFR (-€68 million) and the effect of undiscounting of long-term assets and liabilities (-€28 million). For the first nine months of 2007, it included primarily the dilution gain on the sale of a 10.18% equity interest in Canal+ France to Lagardère (+€239 million), partially offset by the write-off of the minority stake in Amp'd (-€65 million), as well as the effect of undiscounting of long-term liabilities (-€60 million). For more information, please refer to Note 4 to the Condensed Financial Statements for the nine months ended September 30, 2008.

Provision for income taxes was a net charge of -€794 million compared to a net charge of -€724 million for the first nine months of 2007. This increase mainly resulted from the decline in the savings expected from the Consolidated Global Profit Tax System in 2009 due to the anticipation of the merger of Neuf Cegetel and SFR. Excluding the impact of items excluded from adjusted net income, income taxes was a net charge of -€727 million, compared to -€769 million for the first nine months of 2007, a decrease of €42 million, which notably reflected the favorable impact for the first nine months of 2008 of the settlement of certain tax audits.

Earnings attributable to minority interests was €893 million compared to €969 million for the first nine months of 2007. This evolution was essentially explained by the decrease in SFR's contribution in 2008, notably due to the costs related to the acquisition of Neuf Cegetel, as well as by the negative contribution of Activision Blizzard's minority interests due to the costs related to the combination of Vivendi Games and Activision (please refer to Section 1.1 of this Financial Report).

For the first nine months of 2008, **earnings attributable to equity holders of the parent** was €3,982 million, or €3.42 per share, compared to €2,104 million, or €1.82 per share for the first nine months of 2007, an increase of €1,878 million (+89.3%).

The reconciliation of earnings attributable to equity holders of the parent with adjusted net income is presented in Note 6 to the Condensed Financial Statements for the first nine months of 2008. For the first nine months of 2008, this reconciliation notably included the gain on the dilution by 45.53% of Vivendi's interest in Vivendi Games following the creation of Activision Blizzard (+€2,318 million) and the capital gain following the early redemption of bonds exchangeable for Sogecable shares (+€83 million), offset by the impact of certain non-cash adjustments related to the purchase price allocation of Neuf Cegetel by SFR (-€68 million), the decline in the savings expected from the Consolidated Global Profit Tax System in 2009 (-€201 million) due to the anticipation of the merger of Neuf Cegetel and SFR, as well as the amortization and impairment losses of intangible assets acquired through business combinations (-€388 million, before tax and minority interests). For the first nine months of 2007, this reconciliation mainly included the dilution gain on the sale of a 10.18% equity interest in Canal+ France to Lagardère (+€239 million), the write-off of the minority stake in Amp'd (-€65 million), as well as the amortization and impairment losses of intangible assets acquired through business combinations (-€212 million, before tax and minority interests).

2.3 Vivendi's outlook for 2008

Vivendi confirms its full year outlook, expecting to deliver profit growth similar to 2007, at constant perimeter (excluding Neuf Cegetel and Activision impacts), and its dividend policy with a 2008 dividend growth similar to adjusted net income growth at constant perimeter.

3 Cash flow from operations analysis

Preliminary comment: *Vivendi considers that the non-GAAP measures cash flow from operations (CFFO) and cash flow from operations after interest and taxes (CFAIT), are relevant indicators of the group's operating and financial performance. These indicators should be considered in addition to, not as substitutes for, other GAAP measures as reported in Vivendi's cash flow statement, presented within the group's Condensed Financial Statements.*

For the first nine months of 2008, cash flow from operations after interest and income tax paid (CFAIT) was €2,511 million compared to €2,764 million for the first nine months of 2007, a decrease of €253 million, or -9%. This evolution is mainly due to the increase in capital expenditures, net (€208 million) and in cash payments related to financing activities (€79 million) linked to the setting up of new borrowings in order to finance acquisitions that occurred during the first nine months of 2008, partly offset by the decrease in income tax paid, net (-€75 million).

Cash flows from operations before capital expenditures, net (CFFO before capex, net) generated by businesses was almost stable for the first nine months of 2008 and amounted to €4,795 million (compared to €4,836 million for the same period in 2007), thanks to the growth in EBITDA after changes in net working capital (+€280 million, in particular at SFR), despite the decrease in dividends received from equity affiliates (-€98 million, including -€65 million for NBC Universal) and the increase in restructuring charges paid (+€28 million). After capital expenditures, net, cash flows from operations (CFFO) was €3,310 million compared to €3,559 million for the first nine months of 2007, a decrease of €249 million (-7%), essentially due to the growth in capital expenditures (+€208 million, including +€191 million at SFR). In addition, for the first nine months of 2007, CFFO included the favorable impact of the repayment of tax payments previously made by Vivendi S.A. following the settlement in Vivendi's favor of the litigation instigated by it concerning its right to deduct VAT (+€50 million).

(in millions of euros)		Nine Months Ended September 30,		
		2008	2007	% Change
Revenues		17,777	15,643	14%
Operating expenses excluding depreciation and amortization		(12,433)	(10,712)	-16%
EBITDA		*5,344*	*4,931*	*8%*
Restructuring charges paid		(88)	(60)	-47%
Content investments, net		(58)	(240)	76%
Neutralization of change in provisions included in EBITDA		(292)	(25)	x 11.7
Other cash operating items excluded from EBITDA		(70)	42	na*
Other changes in net working capital		(239)	(107)	-123%
Net cash provided by operating activities before income tax paid	(a)	***4,597***	***4,541***	***1%***
Dividends received from equity affiliates	(b)	196	294	-33%
o/w NBC Universal		*195*	*260*	*-25%*
Dividends received from unconsolidated companies	(b)	2	1	100%
Cash flow from operations excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets (CFFO before capex, net)		***4,795***	***4,836***	***-1%***
Capital expenditures, net (capex, net)	(c)	(1,485)	(1,277)	-16%
o/w SFR		*(990)*	*(799)*	*-24%*
o/w Maroc Telecom Group		*(273)*	*(300)*	*9%*
Cash flow from operations (CFFO)		**3,310**	**3,559**	**-7%**
Interest paid, net	(d)	(253)	(149)	-70%
Other cash items related to financial activities	(d)	24	(1)	na*
Financial activities cash payments		***(229)***	***(150)***	***-53%***
Payment received from the French State Treasury as part of the Consolidated Global Profit Tax System		548	603	-9%
Other taxes paid		(1,118)	(1,248)	10%
Income tax paid, net	(a)	***(570)***	***(645)***	***12%***
Cash flow from operations after interest and income tax paid (CFAIT)		**2,511**	**2,764**	**-9%**

na*: not applicable

a. As presented in operating activities of Vivendi's Statement of Cash Flows (please refer to Section 5.2).

b. As presented in investing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.2).

c. Consists of capital expenditures, net of proceeds from property, plant and equipment and intangible assets as presented in investing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.2).

d. As presented in financing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.2).

4 Business segment performance analysis

4.1 Revenues and EBITA by business segment

2008 THIRD QUARTER

	Three Months Ended September 30,			
(in millions of euros)	2008	2007	% Change	% Change at constant rate
Revenues				
Universal Music Group	1,098	1,170	-6.2%	1.1%
Canal+ Group	1,137	1,077	5.6%	4.8%
SFR	3,131	2,311	35.5%	35.5%
Maroc Telecom Group	676	654	3.4%	5.4%
Activision Bizzard	475	216	119.9%	146.2%
Non core operations and others, and elimination of intersegment transactions	(8)	(8)	0.0%	0.0%
Total Vivendi	**6,509**	**5,420**	**20.1%**	**22.8%**
EBITA				
Universal Music Group	149	115	29.6%	33.0%
Canal+ Group	270	207	30.4%	29.1%
SFR	626	702	-10.8%	-10.8%
Maroc Telecom Group	329	313	5.1%	6.9%
Activision Bizzard	(59)	41	na*	na*
Holding & Corporate	(24)	(37)	35.1%	36.1%
Non core operations and others	(10)	(6)	-66.7%	-40.6%
Total Vivendi	**1,281**	**1,335**	**-4.0%**	**-3.4%**

2008 FIRST NINE MONTHS

	Nine Months Ended September 30,			
(in millions of euros)	2008	2007	% Change	% Change at constant rate
Revenues				
Universal Music Group	3,142	3,265	-3.8%	3.5%
Canal+ Group	3,391	3,231	5.0%	4.4%
SFR	8,420	6,647	26.7%	26.7%
Maroc Telecom Group	1,930	1,819	6.1%	8.3%
Activision Bizzard	919	716	28.4%	42.1%
Non core operations and others, and elimination of intersegment transactions	(25)	(35)	28.6%	28.6%
Total Vivendi	**17,777**	**15,643**	**13.6%**	**15.9%**
EBITA				
Universal Music Group	408	335	21.8%	27.3%
Canal+ Group	621	509	22.0%	21.0%
SFR	1,966	2,066	-4.8%	-4.8%
Maroc Telecom Group	913	851	7.3%	9.7%
Activision Bizzard	33	160	-79.4%	-75.3%
Holding & Corporate	(63)	14	na*	na*
Non core operations and others	(30)	(4)	x 7.5	x 7.3
Total Vivendi	**3,848**	**3,931**	**-2.1%**	**-1.0%**

na*: not applicable

Pursuant to the recommendation from the "Autorité des marchés financiers" (AMF) issued on April 7, 2008, revenues and EBITA by business segment for each quarter published last year and those published this year are disclosed in the appendix of this Financial Report ("II - Appendix to Financial Report: Revenues and EBITA by business segment – Quarters 2008 and 2007").

As a reminder, the information presented above takes into account the consolidation of the following entities:

- at UMG: Univision Music Group (May 5, 2008); BMG Music Publishing (May 25, 2007); and Sanctuary (August 2, 2007);
- at Canal+ Group: Kinowelt (April 2, 2008);
- at SFR: Neuf Cegetel (April 15, 2008); the fixed and ADSL activities of Tele2 France (July 20, 2007); and Debitel France (December 1, 2007);
- at Maroc Telecom Group: Gabon Telecom (March 1, 2007); and
- at Vivendi Games: Activision (July 10, 2008). On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games, and hence Vivendi Games became a wholly-owned subsidiary of Activision which was renamed Activision Blizzard. On that date, Vivendi holds a 54.47% (non-diluted) controlling interest in Activision Blizzard, which conducts the combined business operations of Activision and Vivendi Games. From an accounting perspective, Vivendi Games is deemed the acquirer of Activision, hence the figures reported in this Financial Report under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures in 2007; (b) Vivendi Games' historical figures from January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008.

4.2 Comments on revenues and EBITA for controlled business segments for the first nine months of 2008

Universal Music Group (UMG) (100% Vivendi economic interest)

Revenues

Universal Music Group's (UMG) revenues of €3,142 million for the first nine months of 2008 grew 3.5% at constant currency (a 3.8% decline in actual currency) compared to the same period last year with growth in music publishing and merchandising following the acquisitions of BMG Music Publishing and Sanctuary in 2007, a 33% increase at constant currency in digital sales and higher license income. These factors more than offset lower physical sales.

Best sellers included the debut release from Duffy, the "Mamma Mia!" soundtrack, new releases from Lil' Wayne and Jack Johnson in addition to carryover titles from Amy Winehouse and Rihanna.

EBITA

UMG's EBITA of €408 million for the first nine months of 2008 was 21.8% above the same period last year. This increase reflects the inclusion of BMG Music Publishing in the results, as well as credits from the downward valuation of compensation schemes linked to equity value and increased license income. EBITA was impacted by restructuring costs of €41 million (compared to €17 million for the first nine months of 2007) resulting from the ongoing rationalization of the recorded music division and integration of last year's acquisitions and Univision Music Group.

The Canal+ Group (100% Vivendi economic interest; Vivendi economic interest in Canal+ France: 65%)

Revenues

Canal+ Group's revenues for the first nine months of 2008 were €3,391 million, a 5% increase. Revenues from Canal+ France increased by 2.9%, mainly driven by Canal+ and CanalSat/TPS' portfolio growth revenues as well as higher advertising revenues. As of September 30, 2008, total subscription portfolio (individual and collective, France including overseas territories and Africa) reached 10.4 million.

Net portfolio growth over the past 12 months amounted to approximately 40,000 subscriptions, including an actual increase of approximately 110,000 subscriptions and a negative adjustment of approximately 70,000 subscriptions resulting from the portfolio change of scope to include viable contracts only.

As of September 30, 2008, more than 90% of TPS subscribers had been transferred to the CanalSat platform, in line with the company's target to have one single satellite platform by the end of 2008.

Canal+ Group's other operations revenues increased sharply by 18.6% compared to the same period last year. This performance is driven by a continued subscription portfolio growth in Poland (+159,000 compared to the end of September 2007), higher advertising revenues from i>TELE and good performance at StudioCanal which benefited from the integration of Kinowelt and successful theatrical releases, including "Disco", "Paris" and "Le Premier jour du reste de ta vie".

EBITA

Canal+ Group reported EBITA, excluding transition costs linked to the TPS merger, of €685 million compared to €565 million for the first nine months of 2007. Including transition costs (€64 million) which mainly included the technical migration costs of former TPS subscribers to CanalSat, EBITA amounted to €621 million compared to €509 million over the same period last year (+22%).

EBITA growth was driven by the strong performance of Canal+ France, up €110 million, excluding transition costs linked to the TPS merger. In addition to higher subscription and advertising revenues, EBITA benefited from continued synergies on distribution costs (subscriber acquisition and management costs) and programming costs (new Ligue 1 contract, theme channels), as well as from a favorable but temporary Ligue 1 broadcasting schedule (two fewer match days compared to the same period last year).

CanalOverseas also positively contributed to Canal+ France's good results thanks to sustained growth of its subscriber portfolio.

EBITA growth from Canal+ Group's other operations is driven by good performances at each of Canal+ Group's subsidiaries.

SFR (56% Vivendi economic interest)

Revenues

SFR's revenues for the first nine months of 2008 increased by 26.7% to €8,420 million compared to the same period in 2007 due to the consolidation of Neuf Cegetel since April 15, 2008 and the fixed and ADSL activities of Tele2 France since July 20, 2007. On a comparable basis[3], SFR's revenues increased by 2% mainly due to the favorable effects of an increase in mobile customer base and mass market broadband Internet customers along with usage growth – especially in access, data, fixed and mobile Internet services – and the dynamism of the Corporate segment.

Mobile revenues[4] increased by 2.7% to €6,716 million compared to the same period in 2007 (+2.1% on a comparable basis). Mobile service revenues[5] increased by 2.6% to €6,416 million. Excluding the impact of mobile voice termination rate cuts (13%) as of January 1, 2008, SFR mobile service revenues would have increased by 4.5%.

For the first nine months of 2008, SFR increased its registered base to 13.268 million, which represents a 10.7% year-on-year increase. The customer mix (percentage of postpaid customers in customer base) improved by 2.8 percentage points in one year, at 69%. SFR added 974,000 net new postpaid mobile customers during the period. SFR increased its registered mobile customer base to 19,228 million[6]. Net growth in data revenues from mobile services reflected the success of the Illimythics offers launched in the fall of 2007. It improved by 32.6% mainly due to interpersonal services (SMS and MMS), content (music, TV-Videos and games) and the development of mobile Internet and corporate segment operations.

Broadband Internet and fixed revenues[4] reached €1,916 million, increasing by 2% compared to the same period in 2007 on a comparable basis. Growth is due to mass market broadband Internet services and the Corporate segment, which generated a 16% and 11% year-on-year increase respectively, on a comparable basis, partly offset by the decline in the wholesale and switched voice activities.

At the end of September 2008, SFR's broadband Internet customer base[7] increased by 8.2% compared to the same period in 2007, on a comparable basis, totaling 3,730 million; SFR had 188,000 Corporate data links connected to the SFR network.

EBITA

Mobile EBITDA was €2,694 million, a decrease of €54 million on a comparable basis. The 2.6% growth in mobile service revenues (+2.2% on a comparable basis) and the strong control of other costs were offset by a 1.9 percentage point increase in customer acquisition and retention costs (13% of mobile service revenues), new cuts in wholesale offers imposed by regulators and an increase in interconnection costs following the success of unlimited voice, data and messaging offers.

Broadband Internet and fixed EBITDA was €303 million, an increase by €14 million on a comparable basis, due to the consolidation of Neuf Cegetel since April 15, 2008 and the fixed and ADSL activities of Tele2 France since July 20, 2007.

SFR's EBITDA of €2,997 million and EBITA (including SFR-Neuf Cegetel integration costs of €110 million) of €1,966 million, declined by €40 million and €194 million respectively, compared to the same period in 2007, on a comparable basis.

[3] *Comparable basis mainly illustrates the consolidation of Neuf Cegetel and of Tele2 France as if these acquisitions had taken place on April 15, 2007 and on January 1, 2007, respectively.*

[4] *Mobile revenues and broadband Internet and fixed revenues correspond to revenues before elimination of intersegment operations within SFR.*

[5] *Mobile service revenues correspond to mobile revenues excluding revenues from net equipment sales.*

[6] *SFR including Debitel and Neuf Mobile offers clients (438,000 customers added in SFR customer base at the end of June 2008) and excluding wholesale customer total base. Wholesale customer base can be estimated at 1,050,000 at the end of September 2008. As a reminder, as from January 1, 2007, VNO base is calculated excluding pre-activations.*

[7] *As from September 30, 2008, broadband Internet customers are disclosed excluding Neuf Cegetel customers who subscribed but are not activated (55,000 customers).*

Maroc Telecom Group (53% Vivendi economic interest)

Revenues

Maroc Telecom Group's revenues for the first nine months of 2008 increased by 6.1% to €1,930 million compared to the same period last year (+7.2% at constant currency and at constant perimeter[8]).
Maroc Telecom's mobile revenues grew by 9.1% to €1,382 million compared to the same period last year (+10.6% at constant currency and at constant perimeter).
Maroc Telecom SA's mobile customer base[9] reached 14.629 million customers, reflecting a sustained increase of 14% compared to the end of September 2007 (a net increase of 1.302 million customers over the first nine months of 2008) despite increased competition. With the strong increase in the customer base, the churn rate reached 32.9%, increasing by 6.3 percentage points compared to the end of September 2007. The blended ARPU[10] reached €8.7, an 8.7% decrease at constant currency compared to the end of September 2007, mainly due to the strong increase in the customer base.
Maroc Telecom's subsidiaries' mobile customer base reached 2.575 million customers, a 52% increase compared to the end of September 2007 (a net increase of nearly 560,000 customers over the first nine months of 2008).
Maroc Telecom Group's fixed and Internet revenues decreased by 0.8% to €737 million compared to the same period last year (-0.3% at constant currency and at constant perimeter).
Maroc Telecom SA's fixed customer base[11] decreased slightly by 0.8% to 1.314 million lines since September 2007. Fixed voice average monthly invoice decreased by 2.5% at constant currency compared to the end of September 2007, mainly in the "Teleboutique" business segment. The ADSL customer base reached 477,000 lines, representing a slight increase of 7,000 lines over the first nine months of 2008 and increasing by 7.6% compared to the end of September 2007. Maroc Telecom's subsidiaries' fixed and Internet customer base reached 252,000 lines, representing a net increase of 43,000 lines during the first nine months of 2008.

EBITA

Maroc Telecom Group's EBITA increased by 7.3% to €913 million compared to the same period in 2007 (+10.2% at constant currency and at constant perimeter).
This performance was the result of the combined effect of revenue growth (+7.2% at constant currency and at constant perimeter), the control of acquisition costs in the context of continuing mobile customer base growth and of operational expenses, leading to an improvement of the EBITA to revenue ratio since September 2007.
Mobile EBITA increased by 7.4% to €708 million compared to the same period last year (+9.5% at constant currency and at constant perimeter). Mobile activity evolution was driven by strong revenue growth (+10.6% at constant currency and at constant perimeter).
Fixed and Internet EBITA increased by 6.7% to €205 million compared to the same period last year (+12.8% at constant currency and at constant perimeter).

Activision Blizzard (approximately 54% Vivendi economic interest, non-diluted)

Revenues

On July 9, 2008, Vivendi and Activision completed the combination of Activision Blizzard, the world's most profitable pure-play online and console game publisher. The revenues and EBITA presented include the merged Activision Blizzard business from July 10, 2008 and the Vivendi Games business from January 1, 2008 until July 9, 2008.
In accordance with this definition, Activision Blizzard's first nine months of 2008 revenues of €919 million grew 28.4% (up 42.1% at constant currency) compared to the same period last year. *World of Warcraft,* the global #1 subscription-based massively multiplayer online role-playing game with a subscriber base exceeded 11 million players worldwide (versus 10 million subscribers at the end of 2007). Activision Blizzard benefited also from the continuous successes of *Guitar Hero®*, the #1 best-selling franchise in U.S. on all console platforms (according to the NPD Group) and of *Call of Duty® 4 : Modern Warfare.*

EBITA

However, a comparison of the first nine months of 2007 and the first nine months of 2008 EBITA performances is not representative because of the creation of Activision Blizzard on July 9, 2008 and also because the first nine months 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 November 13, 2008.

[8] Constant perimeter illustrates the full consolidation of Gabon Telecom, consolidated since March 1, 2007, as if this transaction had occurred on January 1, 2007.

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

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

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

Activision Blizzard's EBITA was €33 million, despite integration costs of €89 million. In the fourth quarter of 2008, Activision Blizzard expects to release a full slate of titles, including *Wrath of the Lich King™*, World of Warcraft's second expansion pack, *Guitar Hero® World Tour™, Guitar Hero®: On Tour Decades™, Call of Duty®: World at War™, Quantum of Solace™, Spider-Man™: Web of Shadows, Madagascar: Escape 2 Africa™ Video Game, Crash Bandicoot®: Mind Over Mutant, Spyro™: Dawn of the Dragon, Kung Fu Panda: Legendary Warriors ™, TRANSFORMERS Animated: The Game* and Tony Hawk's *Motion*. As a consequence, Activision Blizzard announced recently that the company would exceed in 2008, on a non-GAAP basis, 2009 revenues and operating income outlook announced when the two publishers merged.

Holding & Corporate

EBITA

Holding & Corporate EBITA was -€63 million, a €77 million decrease compared to the first nine months of 2007. For the first nine months of 2007, EBITA included the favorable impacts of the settlement in Vivendi SA's favor of a litigation instigated by it regarding its right to deduct VAT (+€73 million) and of the sale of real estate assets in Germany (+€48 million). In addition, for the first nine months of 2008, EBITA included a net reduction in the provision for share-based compensation plans (+€43 million).

5 Treasury and capital resources

Preliminary comment:

- *Vivendi considers Financial Net Debt, a non-GAAP measure, to be an important indicator measuring Vivendi's indebtedness. Financial Net Debt should be considered in addition to, not as a substitute for, Vivendi's borrowings and other financial liabilities and cash and cash equivalents reported on the Consolidated Statement of Financial Position, as well as other measures of indebtedness reported in accordance with GAAP. Vivendi Management uses Financial Net Debt for reporting and planning purposes, as well as to comply with certain of Vivendi's debt covenants.*

- *Furthermore, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) which do not have a significant minority shareholder and (b) which are not subject to local regulations restricting the transfer of financial assets or (c) are not subject to contractual agreements. In such cases, cash surpluses are not pooled by Vivendi SA but rather distributed via dividend or, as the case may be, used to finance investments of the subsidiaries concerned or to reimburse the borrowings used to finance the investments of the subsidiaries concerned. This case notably concerns SFR, Maroc Telecom and Activision Blizzard. Regarding Activision Blizzard, from July 9, Vivendi has the ability to nominate a majority of the members of the board of directors of Activision Blizzard, hence has the power to govern the financial and operational policies of Activision Blizzard so as to obtain benefits from its operations. From this date, Vivendi fully consolidates Activision Blizzard. Prior to the fifth anniversary of the closing date, the approval of certain matters by Activision Blizzard board of directors will require the affirmative vote of (a) a majority of the votes present or otherwise able to be cast on the board, and (b) at least a majority of the independent directors on the board. Nevertheless, after the first anniversary of the closing date, in respect of the distribution of any dividends, the affirmative vote of the majority of the independent directors will not apply if Activision Blizzard's pro forma net debt amount, after giving effect to such dividend, does not exceed $400 million. In addition, please note that from July 10, 2008, the Financial Net Debt of Vivendi includes the net cash acquired from Activision Blizzard, which amounted to €1,831 million on July 9, 2008.*

5.1 Financial Net Debt changes

As regards its financial flexibility, Vivendi makes the following comments:

- Financial Net Debt of Vivendi amounted to €9.4 billion as of September 30, 2008. As of December 31, 2008, Financial Net Debt is expected to amount slightly higher than €8.0 billion, including the financial liability recorded in respect of the put option granted to TF1/M6 on their 15% stake in Canal+ France (approximately €1 billion), which is exercisable in February 2010, as well as the net cash position of Activision Blizzard (approximately €1.9 billion as of September 30, 2008; please refer to section 1.1 of this Financial Report). As of December 31, 2009, Financial Net Debt is expected to amount slightly higher than €6.0 billion, based on the consolidation scope as of the end of 2008, including the put option granted to TF1/M6 and excluding the impact of the stock repurchase program up to $1 billion of common stock announced by Activision Blizzard on November 5, 2008 of which an amount up to $300 million is expected to be realized before the end of 2008.
- The rating of the debt of Vivendi is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's). This rating has been confirmed by the agencies after the decision taken by Vivendi in September 2008 related to the cancellation of the capital increase announced at the end of 2007 (please refer to Section 5.3 *below*).
- The available undrawn facilities of Vivendi SA, net of commercial paper issuances, amounted to approximately €5.2 billion as of November 13, 2008 compared to approximately €5.5 billion projected for December 31, 2008 and December 31, 2009. The available credit lines of SFR; net of commercial paper issuances, amounted to approximately €1.0 billion as of November 13, 2008, approximately €1.1 billion projected for December 31, 2008 and approximately €1.0 billion projected for December 31, 2009.
- Thus, Vivendi has important bank credit lines up to 2011 and, with the exception of the expiration of a €1.5 billion "bridge to equity" bridging loan at the end of August 2009, no significant debt reimbursements before 2012.
- The economic average term of the group's consolidated debt is expected to be 4.0 years as of the end of 2008, notably due to the maturity of bonds.

As of September 30, 2008, Financial Net Debt amounted to €9,376 million, compared to €5,186 million as of December 31, 2007:

(in millions of euros)	September 30, 2008	December 31, 2007
Borrowings and other financial liabilities	12,103	7,376
o/w long-term (a)	*8,903*	*5,610*
o/w short-term (a)	*3,200*	*1,766*
Derivative financial instruments in assets (b)	(61)	(69)
Cash deposits backing borrowings (b)	(28)	(72)
	12,014	**7,235**
Cash and cash equivalents (a)	(2,638)	(2,049)
o/w Activision Blizzard's cash and cash equivalents	*(1,933)*	*(102)*
Financial Net Debt	**9,376**	**5,186**

a. As presented in the Condensed Statement of Financial Position.

b. Included in the Financial Assets items of the Condensed Statement of Financial Position.

For the first nine months of 2008, Financial Net Debt increased by €4,190 million. This increase resulted mainly from the impact of the take over of Neuf Cegetel by SFR and the acquisition of Activision by Vivendi finalized on July 9, 2008. The impact of these transactions can be analyzed as follows:

- The increase in Financial Net Debt resulting from the take over of Neuf Cegetel by SFR amounted to €5,339 million and was comprised of the cash payment in respect of the purchase price for the 60.15% equity interest in Neuf Cegetel not yet owned by SFR (€4,323 million), as well as the consolidation of Neuf Cegetel's Financial Net Debt (borrowings amounting to €1,219 million, and cash position of €215 million).
- The acquisition of Activision resulted in a €635 million decrease in Financial Net Debt, mainly due to the consolidation of Activision's net cash and cash equivalents as of July 9, 2008 (€730 million), net of the impact of the purchase of Activision Blizzard's shares by Vivendi on the market (€24 million) and other payments related to the transaction (€71 million). In addition, the cash payment of €1,101 million ($1,731 million) made by Vivendi for the subscription of a dedicated share capital increase of Activision had no impact on the group's Financial Net Debt, as such cash is comprised in Activision's net cash position, hence consolidated by Vivendi.

Net cash generated during the period amounted to €589 million, of which net cash provided by operating activities amounted to €4,027 million and net cash provided by financing activities amounted to €1,293 million, including net cash provided by the setting-up of new borrowings for €4,380 million, partially offset by the net cash used for the payment of dividends by Vivendi SA to its shareholders for €1,515 million and the payment of dividends by the consolidated entities to their minority shareholders for €633 million. These net cash inflows were partially offset by the net cash used for investing activities, which amounted to €4,852 million, including €4,323 million related to the take over of Neuf Cegetel by SFR and €1,485 million related to capital expenditures, net, partially offset by the favorable net impact of the creation of Activision Blizzard (€635 million).

(in millions of euros)	Cash and cash equivalents	Borrowings and other (a)	Impact on financial net debt
Financial Net Debt as of December 31, 2007	**(2,049)**	**7,235**	**5,186**
Outflows/(inflows) generated by:			
Operating activities	(4,027)	-	(4,027)
Investing activities	4,852	1,293	6,145
Financing activities	(1,293)	3,442	2,149
Foreign currency translation adjustments	(121)	44	(77)
Change in financial net debt over the period	(589)	4,779	4,190
Financial Net Debt as of September 30, 2008	**(2,638)**	**12,014**	**9,376**

a. "Other" comprises commitments to purchase minority interests, derivative financial instruments and cash deposits backing borrowings.

5.2 Analysis of Financial Net Debt changes

(in millions of euros)		Refer to section	Nine Months Ended September 30, 2008 Impact on cash and cash equivalents	Impact on borrowings and other	Impact on Financial Net Debt
EBIT		2	(3,460)	-	(3,460)
Adjustments			(1,434)	-	(1,434)
Content investments, net			58	-	58
Gross cash provided by operating activities before income tax paid			***(4,836)***	***-***	***(4,836)***
Other changes in net working capital			239	-	239
Net cash provided by operating activities before income tax paid		3	***(4,597)***	***-***	***(4,597)***
Income tax paid, net		3	570	-	570
Operating activities	**A**		**(4,027)**	**-**	**(4,027)**
Financial investments					
Purchases of consolidated companies, after acquired cash			3,704	1,248	4,952
o/w take over of Neuf Cegetel by SFR (April-June):			*4,131*	*1,208*	*5,339*
- Payment in cash			*4,323*	-	*4,323*
- Financial Net Debt assumed			*(215)*	*1,219*	*1,004*
- Fees and other costs			*23*	*(11)*	*12*
o/w acquisition of Univision Music Group by UMG (May)			*69*	-	*69*
o/w creation of Activision Blizzard (July):			*(635)*	-	*(635)*
- Payment in cash			*1,101*	-	*1,101*
- Net cash acquired			*(1,831)*	-	*(1,831)*
- Purchase of Activision Blizzard's shares on the market			*24*	-	*24*
- Fees and other costs			*71*	-	*71*
Purchases of investments in equity affiliates			97	-	97
o/w subscription of NBC Universal capital increase (a)			*86*	-	*86*
Increase in financial assets			102	-	102
Total financial investments			***3,903***	***1,248***	***5,151***
Financial divestments					
Proceeds from sales of consolidated companies, after divested cash			8	-	8
Sales of investments in equity affiliates			(18)	-	(18)
Decrease in financial assets			(328)	45	(283)
Total financial divestments			***(338)***	***45***	***(293)***
Financial investment activities			**3,565**	**1,293**	**4,858**
Dividends received from equity affiliates		3	(196)	-	(196)
Dividends received from unconsolidated companies			(2)	-	(2)
Investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets, net			**3,367**	**1,293**	**4,660**
Capital expenditures			1,548	-	1,548
Proceeds from sales of property, plant, equipment and intangible assets			(63)	-	(63)
Capital expenditures, net		3	***1,485***	***-***	***1,485***
Investing activities	**B**		**4,852**	**1,293**	**6,145**

Please refer to the next page for the end of this table.

For further information about net cash provided by operating activities before income tax, income tax paid and capital expenditures, net, please refer to Section 3 "Cash flow from operations analysis" above.

Continued from previous page

(in millions of euros)		Refer to section	Nine Months Ended September 30, 2008 — Impact on cash and cash equivalents	Impact on borrowings and other	Impact on Financial Net Debt
Transaction with shareholders					
Net proceeds from issuance of common shares			(97)	-	(97)
o/w exercise of stock options by executive management and employees			*(2)*	-	*(2)*
o/w capital increase subscribed by employees in connection with the stock purchase plan			*(95)*	-	*(95)*
(Sales) purchases of treasury shares			(3)	-	(3)
Dividends paid by Vivendi SA, €1.30 per share (May)			1,515	-	1,515
Dividends paid by consolidated companies to their minority shareholders			633	-	633
o/w SFR			*237*	-	*237*
o/w Maroc Telecom SA			*331*	-	*331*
Total dividends and other transactions with shareholders			***2,048***	***-***	***2,048***
Transactions on borrowings and other financial liabilities					
Establishment of long-term borrowings and increase in other long-term financial liabilities			(2,906)	2,906	-
o/w Vivendi SA's US dollar notes of $1.4 billion (b)			*(896)*	*896*	-
o/w SFR's additional redeemable notes			*(200)*	*200*	-
o/w Vivendi SA's credit facility of €2.0 billion			*(1,043)*	*1,043*	-
o/w SFR's credit facility			*(740)*	*740*	-
Principal payments on long-term borrowings and decrease in other financial liabilities			616	(616)	-
o/w SFR's syndicated facility ("Club deal" Neuf Cegetel)			*404*	*(404)*	-
o/w MAD 6 billion notes - tranche B: 4 billion			*175*	*(175)*	-
Principal payments on short-term borrowings			194	(411)	(217)
o/w early redemption of the Vivendi bonds exchangeable for Sogecable shares (c)			*14*	*(231)*	*(217)*
o/w Vivendi SA's bonds			*70*	*(70)*	-
Other changes in short-term borrowings and other short-term financial liabilities			(1,474)	1,474	-
o/w Vivendi SA's bridging loan (d)			*(1,200)*	*1,200*	-
o/w Vivendi SA's commercial paper			*(197)*	*197*	-
Non cash transactions			-	104	104
Interest paid, net		3	253	-	253
Other cash items related to financial activities		3	(24)	(15)	(39)
Total transactions on borrowings and other financial liabilities			***(3,341)***	***3,442***	***101***
Financing activities	**C**		**(1,293)**	**3,442**	**2,149**
Foreign currency translation adjustments	D		(121)	44	(77)
Change in Financial Net Debt	**A+B+C+D**		**(589)**	**4,779**	**4,190**

a. Mainly corresponds to the subscription to NBC Universal's capital increase aimed to partly finance Vivendi's pro rata share of the cost of NBC Universal's acquisition of "The Weather Channel".

b. On April 2, 2008, Vivendi SA agreed to sell $700 million (€450 million) in aggregate principal amount of 5.75% senior notes due 2013 at a price equal to 99.397% of the principal amount thereof and $700 million (€450 million) in aggregate principal amount of 6.625% senior notes due 2018 at a price equal to 99.675% of the principal amount thereof (together the "Senior Notes") in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), and outside the United States to non-US persons in compliance with Regulation S under the Securities Act. The objective of this new borrowing is to rebalance Vivendi's debt structure between bank debt and bond debt and to lengthen the maturity profile of its debt. This financing is a substitute to drawings under bank facilities which were available to Vivendi.

c. Please refer to Note 4 to the Condensed Financial Statements for the nine months ended September 30, 2008.

d. In February 2008, Vivendi obtained a €3.5 billion syndicated loan. This new facility consists of 3 tranches:
   - a €1.5 billion tranche under a bridging loan repayable within a 18-month period; and
   - a €2 billion tranche under a "revolving" facility, half of which will be available during a three-year period and the other half during a five-year period, which was undrawn as of September 30, 2008.

Available undrawn facilities

As of November 13, 2008, the date of the Management Board meeting which approved the financial statements for the first nine months ended September 30, 2008, Vivendi SA and SFR's undrawn credit facilities, net of the commercial paper issuances, amounted to €5,189 million and €988 million, respectively.

In addition, the loans carried by Neuf Cegetel and described in Section 10.1.2.1 of its 2007 Annual Report were renegotiated or are under renegotiation with the lenders, particularly with regard to the clauses relating to financial covenants and change of control provisions and as of September 30, 2008, the clauses of bank facilities (Club deal) align with those of the SFR financing agreements.

Moreover, as part of the Activision Blizzard transaction, Vivendi granted a borrowing to Activision Blizzard on April 29, 2008. This facility, available only on and after the closing of the Activision Blizzard transaction (which occurred on July 9, 2008), initially consisted of 3 tranches:

- a first tranche of up to $400 million to be used to fund that portion of the post-closing tender offer consideration, if any, in excess of $3.628 billion;
- a second tranche, of up to $150 million, to be used to repay after closing the borrowing under a Vivendi Games credit facility outstanding at the closing date of the transaction if after the consummation of the tender offer Activision Blizzard did not have sufficient cash on hand to repay such Vivendi Games facility; and
- a revolving tranche of up to $475 million, due March 31, 2011, with a margin of 1.20% based on the LIBOR rate, to be used after the closing of the Activision Blizzard transaction for general corporate purposes.

The availability under the first and the second tranches described above has terminated and each was undrawn at the date of such termination. On November 13, 2008, the only tranche available for borrowing by Activision Blizzard is the third tranche revolving line described above which had not been used as of the date of this Financial Report.

5.3 Credit ratings

As of November 13, 2008, the date of the Management Board meeting which approved the financial statements for the first nine months ended September 30, 2008, the credit ratings were as follows:

Rating agency	Rating date	Type of debt	New ratings	Outlook
Standard & Poor's	July 27, 2005	Long-term *corporate*	BBB	Stable
		Short-term *corporate*	A-2	
		Senior unsecured debt	BBB	
Moody's	September 13, 2005	Long-term senior unsecured debt	Baa2	Stable
Fitch Ratings	December 10, 2004	Long-term senior unsecured debt	BBB	Stable

6 Forward looking statements

This report 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 Vivendi's control, and notably some risks described in the 2007 Document de référence of the group filed with the Autorité des marchés financiers (French securities regulator) and which is also available in English on Vivendi's web site (www.vivendi.com). The present forward-looking statements are made as of the date of the present report 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.

7 Disclaimer

This report is an English translation of the French version of such report and is provided for informational purposes. This translation is qualified in its entirety by the French version which is available on the company's web site (www.vivendi.com). In the event of any inconsistencies between the French version of this report and the English translation, the French version will control.

II- Appendix to Financial Report

Revenues and EBITA by business segment – Quarters 2008 and 2007

	2008		
(in millions of euros)	1st Quarter Ended March 31	2nd Quarter Ended June 30	3rd Quarter Ended Sept. 30
Revenues			
Universal Music Group	1,033	1,011	1,098
Canal+ Group	1,115	1,139	1,137
SFR	2,302	2,987	3,131
Maroc Telecom Group	614	640	676
Activision Blizzard *	221	223	475
Non core operations and others, and elimination of intersegment transactions	(5)	(12)	(8)
Total Vivendi	**5,280**	**5,988**	**6,509**
EBITA			
Universal Music Group	111	148	149
Canal+ Group	170	181	270
SFR	624	716	626
Maroc Telecom Group	268	316	329
Activision Blizzard *	50	42	(59)
Holding & Corporate	(11)	(28)	(24)
Non core operations and others	(9)	(11)	(10)
Total Vivendi	**1,203**	**1,364**	**1,281**

	2007			
(in millions of euros)	1st Quarter Ended March 31	2nd Quarter Ended June 30	3rd Quarter Ended Sept. 30	4th Quarter Ended Dec. 31
Revenues				
Universal Music Group	1,027	1,068	1,170	1,605
Canal+ Group	1,067	1,087	1,077	1,132
SFR	2,096	2,240	2,311	2,371
Maroc Telecom Group	550	615	654	637
Activision Blizzard *	291	209	216	302
Non core operations and others, and elimination of intersegment transactions	(11)	(16)	(8)	(33)
Total Vivendi	**5,020**	**5,203**	**5,420**	**6,014**
EBITA				
Universal Music Group	57	163	115	289
Canal+ Group	164	138	207	(109)
SFR	643	721	702	451
Maroc Telecom Group	256	282	313	240
Activision Blizzard *	107	12	41	21
Holding & Corporate	46	5	(37)	(95)
Non core operations and others	1	1	(6)	(7)
Total Vivendi	**1,274**	**1,322**	**1,335**	**790**

*: On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games, and hence Vivendi Games became a wholly-owned subsidiary of Activision which was renamed Activision Blizzard. On that date, Vivendi holds a 54.47% (non-diluted) controlling interest in Activision Blizzard, which conducts the combined business operations of Activision and Vivendi Games. From an accounting perspective, Vivendi Games is deemed the acquirer of Activision, hence the figures reported in this Financial Report under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures in 2007; (b) Vivendi Games' historical figures from January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008.

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III - Condensed Financial Statements for the nine months ended September 30, 2008 (unaudited)

Condensed Statement of Earnings

	Note	Three Months Ended September 30, (unaudited) 2008	2007	Nine Months Ended September 30, (unaudited) 2008	2007	Year Ended December 31, 2007
Revenues	3	**6,509**	**5,420**	**17,777**	**15,643**	**21,657**
Cost of revenues		(3,107)	(2,404)	(8,452)	(6,910)	(9,876)
Selling, general and administrative expenses		(2,147)	(1,715)	(5,649)	(5,048)	(7,202)
Restructuring charges and other operating charges and income		(153)	(25)	(190)	67	(159)
Impairment losses of intangible assets acquired through business combinations		(4)	(2)	(26)	(33)	(34)
Earnings before interest and income taxes (EBIT)	3	**1,098**	**1,274**	**3,460**	**3,719**	**4,386**
Income from equity affiliates		51	76	186	248	373
Interest	4	(119)	(60)	(253)	(124)	(166)
Income from investments		1	1	5	5	6
Other financial charges and income	4	2,281	(128)	2,271	(51)	(83)
Earnings from continuing operations before provision for income taxes		**3,312**	**1,163**	**5,669**	**3,797**	**4,516**
Provision for income taxes	5	(254)	(248)	(794)	(724)	(747)
Earnings from continuing operations		**3,058**	**915**	**4,875**	**3,073**	**3,769**
Earnings from discontinued operations		-	-	-	-	-
Earnings		**3,058**	**915**	**4,875**	**3,073**	**3,769**
Attributable to:						
Equity holders of the parent		**2,760**	**578**	**3,982**	**2,104**	**2,625**
Minority interests		298	337	893	969	1,144
Earnings from continuing operations, attributable to equity holders of the parent per share - basic	7	2.36	0.50	3.42	1.82	2.26
Earnings from continuing operations, attributable to equity holders of the parent per share - diluted	7	2.35	0.49	3.40	1.81	2.25
Earnings, attributable to equity holders of the parent per share - basic	7	**2.36**	**0.50**	**3.42**	**1.82**	**2.26**
Earnings, attributable to equity holders of the parent per share - diluted	7	2.35	0.49	3.40	1.81	2.25
Adjusted net income	6	**625**	**721**	**2,079**	**2,247**	**2,832**
Adjusted net income per share - basic	7	**0.54**	**0.62**	**1.78**	**1.94**	**2.44**
Adjusted net income per share - diluted	7	0.53	0.62	1.78	1.93	2.43

In millions of euros, except per share amounts, in euros.

The accompanying notes are an integral part of these Condensed Financial Statements.

Condensed Statement of Financial Position

(in millions of euros)	Note	September 30, 2008 (unaudited)	December 31, 2007
ASSETS			
Goodwill	9	22,278	15,427
Non-current content assets		2,936	3,127
Other intangible assets		4,899	2,772
Property, plant and equipment		6,063	4,675
Investments in equity affiliates		5,666	6,825
Non-current financial assets		883	1,215
Deferred tax assets		2,557	1,422
Non-current assets		**45,282**	**35,463**
Inventories		694	429
Current tax receivables		58	646
Current content assets		1,121	964
Trade accounts receivable and other		6,149	5,208
Short-term financial assets		161	187
Cash and cash equivalents		2,638	2,049
		10,821	**9,483**
Assets held for sale		-	133
Current assets		**10,821**	**9,616**
TOTAL ASSETS		**56,103**	**45,079**
EQUITY AND LIABILITIES			
Share capital		6,434	6,406
Additional paid-in capital		7,403	7,332
Treasury shares		(12)	(2)
Retained earnings and other		9,329	6,606
Equity, attributable to Vivendi SA's shareholders		**23,154**	**20,342**
Minority interests		3,890	1,900
Total equity		**27,044**	**22,242**
Non-current provisions		1,416	1,594
Long-term borrowings and other financial liabilities		8,903	5,610
Deferred tax liabilities		1,394	1,096
Other non-current liabilities		1,646	1,078
Non-current liabilities		**13,359**	**9,378**
Current provisions		698	705
Short-term borrowings and other financial liabilities		3,200	1,766
Trade accounts payable and other		11,680	10,784
Current tax payables		122	204
Current liabilities		**15,700**	**13,459**
Total liabilities		**29,059**	**22,837**
Contractual obligations and other commitments	11	-	-
TOTAL EQUITY AND LIABILITIES		**56,103**	**45,079**

The accompanying notes are an integral part of these Condensed Financial Statements.

Condensed Statement of Cash Flows

(in millions of euros)	Nine Months Ended September 30, (unaudited) 2008	Nine Months Ended September 30, (unaudited) 2007	Year Ended December 31, 2007
Operating activities			
EBIT	3,460	3,719	4,386
Adjustments	1,434	1,169	1,857
Including amortization and depreciation of tangible and intangible assets	*1,696*	*1,300*	*1,833*
Content investments, net	(58)	(240)	(97)
Gross cash provided by operating activities before income tax paid	***4,836***	***4,648***	***6,146***
Other changes in net working capital	(239)	(107)	20
Net cash provided by operating activities before income tax paid	***4,597***	***4,541***	***6,166***
Income tax paid, net	(570)	(645)	(1,072)
Net cash provided by operating activities	**4,027**	**3,896**	**5,094**
Investing activities			
Capital expenditures	(1,548)	(1,299)	(1,647)
Purchases of consolidated companies, after acquired cash	(3,704)	(379)	(398)
Investments in equity affiliates	(97)	(71)	(254)
Increase in financial assets	(102)	(97)	(194)
Investments	***(5,451)***	***(1,846)***	***(2,493)***
Proceeds from sales of property, plant, equipment and intangible assets	63	22	21
Proceeds from sales of consolidated companies, after divested cash	(8)	413	304
Disposals of equity affiliates	18	11	23
Decrease in financial assets	328	118	129
Divestitures	***401***	***564***	***477***
Dividends received from equity affiliates	196	294	340
Dividends received from unconsolidated companies	2	1	1
Net cash provided by (used for) investing activities	**(4,852)**	**(987)**	**(1,675)**
Financing activities			
Net proceeds from issuance of common shares	97	131	149
Sales (purchases) of treasury shares	3	8	(212)
Dividends paid by Vivendi SA to its shareholders	(1,515)	(1,387)	(1,387)
Dividends and reimbursements of contribution of capital paid by consolidated companies to their minority shareholders	(633)	(1,048)	(1,048)
Transactions with shareholders	***(2,048)***	***(2,296)***	***(2,498)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	2,906	460	758
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	(616)	(148)	(180)
Principal payment on short-term borrowings	(194)	(1,107)	(1,805)
Other changes in short-term borrowings and other financial liabilities	1,474	182	181
Interest paid, net	(253)	(149)	(191)
Other cash items related to financial activities	24	(1)	(24)
Transactions on borrowings and other financial liabilities	***3,341***	***(763)***	***(1,261)***
Net cash provided by (used for) financing activities	**1,293**	**(3,059)**	**(3,759)**
Foreign currency translation adjustments	121	(4)	(11)
Change in cash and cash equivalents	**589**	**(154)**	**(351)**
Cash and cash equivalents			
At beginning of the period	2,049	2,400	2,400
At end of the period	2,638	2,246	2,049

The accompanying notes are an integral part of these Condensed Financial Statements.

Condensed Statement of changes in equity

Nine months ended September 30, 2008 (unaudited)

(in millions of euros, except number of shares)	Note	Attributable to Vivendi SA shareholders									Minority interests	**Total equity**
		Common shares		Additional paid-in capital	Treasury shares	Retained Earnings and Other				**Equity, attributable to equity holders of the parent**		
		Number of shares (In thousands)	Amount			Retained earnings	Net unrealized gains (losses)	Foreign currency translation adjustments	Total			
BALANCE AS OF DECEMBER 31, 2007		**1 164 743**	**6 406**	**7 332**	**(2)**	**9 209**	**134**	**(2 737)**	**6 606**	**20 342**	**1 900**	**22 242**
Dividends paid by Vivendi S.A. (€1.3 per share)		-	-	-	-	(1 515)	-	-	(1 515)	**(1 515)**	-	**(1 515)**
Exercise of stock options		117	1	1	-	-	-	-	-	**2**	-	**2**
Employee Stock Purchase Plans (July 24, 2008)		4 494	25	70	-	-	-	-	-	**95**	-	**95**
Other transactions with shareholders		427	2	-	(10)	33	-	-	33	**25**	-	**25**
Dividends and other transactions with Vivendi SA shareholders		**5 038**	**28**	**71**	**(10)**	**(1 482)**	**-**	**-**	**(1 482)**	**(1 393)**	**-**	**(1 393)**
Creation of Activision Blizzard (July 9, 2008)		-	-	-	-	-	-	-	-	**-**	1 397	**1 397**
Dividends		-	-	-	-	-	-	-	-	**-**	(436)	**(436)**
Other transactions with minority interests		-	-	-	-	-	-	-	-	**-**	41	**41**
Transactions with minority interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1 002**	**1 002**
Earnings		-	-	-	-	3 982	-	-	3 982	**3 982**	893	**4 875**
Charges and income directly recognized in equity		-	-	-	-	346	(118)	(5)	223	**223**	95	**318**
Total recognized charges and income for the period	8	**-**	**-**	**-**	**-**	**4 328**	**(118)**	**(5)**	**4 205**	**4 205**	**988**	**5 193**
Total changes over the period		***5 038***	***28***	***71***	***(10)***	***2 846***	***(118)***	***(5)***	***2 723***	***2 812***	***1 990***	***4 802***
BALANCE AS OF SEPTEMBER 30, 2008		**1 169 781**	**6 434**	**7 403**	**(12)**	**12 055**	**16**	**(2 742)**	**9 329**	**23 154**	**3 890** (a)	**27 044**

The accompanying notes are an integral part of these Condensed Financial Statements.

a. Includes cumulative foreign currency translation adjustments of +€41 million.

Nine months ended September 30, 2007 (unaudited)

(in millions of euros, except number of shares)	Note	Common shares: Number of shares (In thousands)	Common shares: Amount	Additional paid-in capital	Treasury shares	Retained Earnings and Other: Retained earnings	Retained Earnings and Other: Net unrealized gains (losses)	Retained Earnings and Other: Foreign currency translation adjustments	Retained Earnings and Other: Total	**Equity, attributable to equity holders of the parent**	Minority interests	**Total equity**
		Attributable to Vivendi SA shareholders										
BALANCE AS OF DECEMBER 31, 2006		**1,157,034**	**6,364**	**7,257**	**(33)**	**7,907**	**96**	**(1,679)**	**6,324**	**19,912**	**1,952**	**21,864**
Dividends paid by Vivendi SA (€1.2 per share)		-	-	-	-	(1,387)	-	-	(1,387)	**(1,387)**	-	**(1,387)**
Exercise of stock options		6,683	37	63	-	-	-	-	-	**100**	-	**100**
Employee Stock Purchase Plan (July 18, 2007)		1,276	6	25	-	-	-	-	-	**31**	-	**31**
Treasury shares cancellation		(1,300) (a)	(7)	(24)	31	-	-	-	-	**-**	-	**-**
Other transactions with shareholders		-	-	-	(31)	31	-	-	31	**-**	-	**-**
Dividends and other transactions with Vivendi SA shareholders		**6,659**	**36**	**64**	**-**	**(1,356)**	**-**	**-**	**(1,356)**	**(1,256)**	**-**	**(1,256)**
Dividends		-	-	-	-	-	-	-	-	**-**	(850)	**(850)**
Other transactions with minority interests		-	-	-	-	-	-	-	-	**-**	(105)	**(105)**
Transactions with minority interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(955)**	**(955)**
Earnings		-	-	-	-	2,104	-	-	2,104	**2,104**	969	**3,073**
Charges and income directly recognized in equity		-	-	-	-	(2)	2	(727)	(727)	**(727)**	(10)	**(737)**
Total recognized charges and income for the period	8	**-**	**-**	**-**	**-**	**2,102**	**2**	**(727)**	**1,377**	**1,377**	**959**	**2,336**
Total changes over the period		***6,659***	***36***	***64***	***-***	***746***	***2***	***(727)***	***21***	***121***	***4***	***125***
BALANCE AS OF SEPTEMBER 30, 2007		**1,163,693**	**6,400**	**7,321**	**(33)**	**8,653**	**98**	**(2,406)**	**6,345**	**20,033**	**1,956** (b)	**21,989**

The accompanying notes are an integral part of these Condensed Financial Statements.

a. Results from the conversion of the former ADS option plans into SAR plans in May 2006.

b. Includes cumulative foreign currency translation adjustments of -€48 million.

Year ended December 31, 2007

(in millions of euros, except number of shares)	Note	Attributable to Vivendi SA shareholders: Common shares: Number of shares (In thousands)	Common shares: Amount	Additional paid-in capital	Treasury shares	Retained Earnings and Other: Retained earnings	Retained Earnings and Other: Net unrealized gains (losses)	Retained Earnings and Other: Foreign currency translation adjustments	Retained Earnings and Other: Total	**Equity, attributable to equity holders of the parent**	Minority interests	**Total equity**
BALANCE AS OF DECEMBER 31, 2006		**1,157,034**	**6,364**	**7,257**	**(33)**	**7,907**	**96**	**(1,679)**	**6,324**	**19,912**	**1,952**	**21,864**
Dividends paid by Vivendi SA (€1.2 per share)		-	-	-	-	(1,387)	-	-	(1,387)	**(1,387)**	-	**(1,387)**
Exercise of stock options		7,733	43	74	-	-	-	-	-	**117**	-	**117**
Employee Stock Purchase Plan (July 18, 2007)		1,276	6	25	-	-	-	-	-	**31**	-	**31**
Treasury shares cancellation		(1,300)	(7)	(24)	31	-	-	-	-	**-**	-	**-**
Other transactions with shareholders		-	-	-	-	62	-	-	62	**62**	-	**62**
Dividends and other transactions with Vivendi SA shareholders		**7,709**	**42**	**75**	**31**	**(1,325)**	**-**	**-**	**(1,325)**	**(1,177)**	**-**	**(1,177)**
Dividends		-	-	-	-	-	-	-	-	**-**	(1,047)	**(1,047)**
Other transactions with minority interests		-	-	-	-	-	-	-	-	**-**	(133)	**(133)**
Transactions with minority interests		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,180)**	**(1,180)**
Earnings		-	-	-	-	2,625	-	-	2,625	**2,625**	1,144	**3,769**
Charges and income directly recognized in equity		-	-	-	-	2	38	(1,058)	(1,018)	**(1,018)**	(16)	**(1,034)**
Total recognized charges and income for the period	8	**-**	**-**	**-**	**-**	**2,627**	**38**	**(1,058)**	**1,607**	**1,607**	**1,128**	**2,735**
Total changes over the period		***7,709***	***42***	***75***	***31***	***1,302***	***38***	***(1,058)***	***282***	***430***	***(52)***	***378***
BALANCE AS OF DECEMBER 31, 2007		**1,164,743**	**6,406**	**7,332**	**(2)**	**9,209** (a)	**134**	**(2,737)**	**6,606**	**20,342**	**1,900** (b)	**22,242**

The accompanying notes are an integral part of these Condensed Financial Statements.

a. Mainly includes previous years' earnings which were not distributed and 2007 earnings attributable to equity holders of the parent.

b. Includes cumulative foreign currency translation adjustments of -€53 million.

Notes to the Condensed Financial Statements

On November 13, 2008, the Management Board approved the Financial Report and the unaudited Condensed Financial Statements for the nine months ended September 30, 2008.

The unaudited Condensed Financial Statements for the nine months ended September 30, 2008 should be read in conjunction with the audited Consolidated Financial Statements of Vivendi for the year ended December 31, 2007, as published in the 2007 *Rapport annuel - Document de référence* that was filed under number D.08-131 with the *Autorité des marchés financiers* (AMF) on March 18, 2008 (the *Document de référence*) and the unaudited Condensed Financial Statements for the first half of 2008. Please also refer to pages 161 to 256 of the English translation[1] of the *Document de référence* (the "2007 Annual Report") which is provided on our website (www.vivendi.com) for informational purposes.

Note 1. Accounting policies and valuation methods

1.1. Interim Financial Statements

The Condensed Financial Statements of Vivendi for the first nine months of 2008 are presented and have been prepared based on the provisions of IAS 34 "Interim financial reporting" as endorsed in the European Union (EU) and published by the International Accounting Standards Board (IASB). As a result, Vivendi applied the same accounting methods used for the Consolidated Financial Statements for the year ended December 31, 2007 (please refer to Note 1 "Accounting policies and valuation methods" presented in those financial statements (pages 169 to 185 of the 2007 Annual Report)) and the following provisions were applied:

- Provisions for income taxes have been calculated on the basis of the estimated annual effective tax rate applied to the pre-tax earnings adjusted for any items subjected to a lower tax rate. However, where a lower tax rate is applicable, the current rate has been used for the calculation. The assessment of the annual effective tax rate takes into consideration notably the recognition of anticipated deferred tax assets for the full year which were not previously recognized.
- Compensation costs recorded for stock options, employee benefits and profit-sharing have been included on a pro rata basis of the estimated cost for the year, adjusted for non-recurring events which occurred over the period, if necessary.

1.2. New IFRS applicable as of January 1, 2008

The new IFRS applicable as of January 1, 2008, as described in Note 1.5 "New IFRS standards and IFRIC interpretations that have been published but are not yet effective" to the Consolidated Financial Statements of Vivendi for the year ended December 31, 2007 (pages 184 and 185 of the 2007 Annual Report), were not applicable to the first nine months of 2008.

[1] *This translation is qualified in its entirety by reference to the "Document de référence".*

Note 2. Changes in the scope of consolidation

2.1. Take over of Neuf Cegetel by SFR

Acquisition by SFR of the 60.15% equity interest in Neuf Cegetel that it did not own

On April 15, 2008, Vivendi and SFR received permission from the French Minister of the Economy, Industry and Employment to proceed with the purchase of the Louis Dreyfus Group's equity stake in Neuf Cegetel, condition precedent to the take over of Neuf Cegetel by SFR. Consequently, in accordance with the agreement announced on December 20, 2007 (please refer to Note 2.9 to the Consolidated Financial Statements for the year ended December 31, 2007 - page 191 of the 2007 Annual Report), SFR acquired the 60.15% equity interest in Neuf Cegetel that it did not own, as follows:

- On April 15, 2008, SFR acquired from Louis Dreyfus Group their entire interest in Neuf Cegetel (i.e., 28.45%) at €34.50 per share (2007 coupon of €0.60 per share attached), for a purchase price of €2,074 million, and hence SFR gained control of Neuf Cegetel on this same date by attaining a 68.30% aggregate voting equity interest in Neuf Cegetel.
- Between April 25 and May 2, 2008, SFR acquired an additional interest of approximately 10% in Neuf Cegetel at an average price of €36.40 per share, for a purchase price of €752 million, thus reaching an approximate 77.90% aggregate ownership interest in Neuf Cegetel.
- As a result of the success of the Simplified Public Purchase Offer, which was opened between May 19 and June 13, 2008 inclusive, followed by a Public Withdrawal Offer implemented on June 24, 2008, SFR acquired a further approximate 19% interest in Neuf Cegetel at €35.90 per share (2007 coupon of €0.60 per share detached), for a purchase price of €1,497 million, thereby attaining an approximate 97.44% aggregate ownership interest in Neuf Cegetel.
- In addition, SFR entered into symmetrical put and call option agreements with almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, which are currently in a conservation period, allowing for SFR to obtain, in the future, 1.98% of the share capital of Neuf Cegetel, for an estimated amount of €140 million.

Therefore, as a result of the Public Withdrawal Offer and taking into account the treasury shares held by Neuf Cegetel (0.58% of the share capital), as well as the symmetrical put and call option agreements with the beneficiaries of restricted shares, SFR held more than 99.99% of Neuf Cegetel's share capital, 60.15% of which was acquired at a price of €4,485 million (including transaction costs and fees). SFR has financed this acquisition with debt, notably by Vivendi granting a credit facility to SFR for €3 billion under market terms. To repay this loan, SFR will reduce dividend payments that it would otherwise pay in the next three financial years (2008-2010).

Full consolidation of Neuf Cegetel by SFR from April 15, 2008

SFR has held majority control over the voting rights in Neuf Cegetel since April 15, 2008, and began to fully consolidate Neuf Cegetel from that date. Until this date, SFR held a 39.85% minority interest in Neuf Cegetel, which was accounted for as an equity affiliate.

At this date, in accordance with accounting standards applicable to business combinations, SFR has performed a preliminary allocation of the purchase price of the 60.15% interest acquired in Neuf Cegetel, and consolidated 100% of the fair value of identifiable assets acquired and liabilities incurred or assumed from Neuf Cegetel, based on analyses and estimates prepared by SFR with the assistance of a third-party appraiser. The allocation of the purchase price will be finalized within the 12-month period prescribed by accounting standards and the final goodwill amount may differ from the amount presented below.

Investment previously accounted for as equity affiliate by SFR

As at April 14, 2008, the carrying value of SFR's equity investment in Neuf Cegetel amounted to €1,087 million. In accordance with accounting standards, upon the consolidation of 100% of the fair value of assets and liabilities of Neuf Cegetel as at April 15, 2008, SFR recognized a revaluation surplus that reflects that part of the increase in the fair value of assets and liabilities that is attributable to the equity investment previously held in Neuf Cegetel, i.e. 39.85%, as follows:

- The asset revaluation surplus amounted to €341 million, which was directly recorded in equity; and
- The negative revaluation adjustment amounted to -€68 million, which was recorded in earnings as other financial charges and income.

Preliminary allocation of the purchase price of 60.15% of Neuf Cegetel shares

	As of April 15, 2008		
	Carrying value of net assets before acquisition	Fair value of net assets acquired at the acquisition date	
	(in millions of euros)		
ASSETS			
Goodwill	1,405	-	
Other intangible assets	504	932	(a)
Property, plant and equipment	1,386	1,388	
Investments in equity affiliates	12	12	
Non-current financial assets	108	108	
Deferred tax assets	382	844	(b)
Non-current assets	**3,797**	**3,284**	
Inventories	5	5	
Current tax receivables	6	6	
Trade accounts receivable and other	1,102	1,096	
Cash and cash equivalents	215	215	
	1,328	1,322	
Assets held for sale	24	24	
Current assets	**1,352**	**1,346**	
TOTAL ASSETS (A)	**5,149**	**4,630**	
Minority interests	**41**	**41**	
Non-current provisions	16	15	
Long-term borrowings and other financial liabilities	1,041	1,041	
Deferred tax liabilities	7	-	
Other non-current liabilities	581	655	
Non-current liabilities	**1,645**	**1,711**	
Current provisions	18	49	
Short-term borrowings and other financial liabilities	178	178	
Trade accounts payable and other	1,518	1,555	
Current tax payables	1	1	
Current liabilities	**1,715**	**1,783**	
Total liabilities	**3,360**	**3,494**	
TOTAL MINORITY INTERESTS AND LIABILITIES (B)	**3,401**	**3,535**	
NET ASSETS (A-B)	**1,748**	**1,095**	

a. Fair value of other intangible assets is composed of:

	As of April 15, 2008
	(in millions of euros)
Neuf Cegetel trade name (indefinite life)	26
Customer list (amortized over 7 years)	464
Acquired software	87
Indefeasible rights of use	106
Service access fees and other intangible assets	249
Total	**932**

b. Mostly comprised of the deferred tax asset accounted for an amount of €951 million in respect of the recognition of Neuf Cegetel's entire ordinary losses carried forward (€807 million) and temporary differences (€144 million) as of April 15, 2008, as well as the deferred tax liability (-€169 million) associated with the customer list and the trade name, and the deferred tax assets (€62 million) associated with the other adjustments related to the purchase price allocation of Neuf Cegetel.

	As of April 15, 2008
	(in millions of euros)
Fair value of Neuf Cegetel's assets and liabilities	**1,095**
- Net assets variation due to interests acquired between April 15 and June 24, 2008	(27)
- Asset revaluation surplus recognized in the equity	(341)
- Negative reevaluation adjustment recognized through profit and loss	68
- Carrying value of Neuf Cegetel's equity investment until April 14, 2008	(1,087)
Preliminary goodwill	4,777
Purchase price of 60.15% of Neuf Cegetel	**4,485**

Supplemental financial data concerning Neuf Cegetel (unaudited)

The group's share in earnings of Neuf Cegetel for the period between January 1 and April 14, 2008 amounted to €18 million. Neuf Cegetel's revenues and EBITA between April 15 and September 30, 2008 amounted to €1,657 million (before elimination of intersegment operations between Neuf Cegetel and SFR) and €81 million, respectively. Furthermore, for reference, Neuf Cegetel's revenues and EBITA between January 1 and September 30, 2008 amounted to €2,714 million (before elimination of intersegment operations between Neuf Cegetel and SFR) and €133 million, respectively.

2.2. Creation of Activision Blizzard

On December 1, 2007, Vivendi, Activision, Inc. ("Activision") and certain of their respective subsidiaries entered into a business combination agreement (the "BCA") to combine Vivendi Games with Activision. The transactions contemplated by the BCA received the approval from the U.S. competition authorities and the European Union merger control regulations on January 16, and April 16, 2008, respectively, were approved by Activision's stockholders at a special stockholder meeting on July 8, 2008, and were consummated on July 9, 2008.

Pursuant to the BCA, at closing, a wholly-owned subsidiary of Activision, merged with and into Vivendi Games, and hence Vivendi Games became a wholly-owned subsidiary of Activision. In the merger, a subsidiary of Vivendi received approximately 295.3 million newly issued shares of Activision common stock, which number was based upon a valuation of Vivendi Games at $8,121 million and a per share price for Activision common stock of $27.50 (pre-stock split[2]). Concurrently with the merger, Vivendi purchased approximately 62.9 million newly issued shares of Activision common stock, at a price of $27.50 per share (pre-stock split, or approximately 126 million shares at a price of $13.75 per share post-stock split) for a total of $1,731 million in cash, resulting in a total Vivendi ownership interest in Activision Blizzard of approximately 54.47% of shares outstanding (approximately 52% on a fully diluted). Upon closing of the transactions, Activision was renamed Activision Blizzard, Inc. ("Activision Blizzard") and continues to operate as a public company traded on NASDAQ under the ticker symbol ATVI. Activision Blizzard now conducts the combined business operations of Activision and Vivendi Games including Blizzard Entertainment.

In accordance with the terms of the BCA, on July 16, 2008, Activision Blizzard commenced a $4,028 million all-cash tender offer to purchase up to 146.5 million of Activision Blizzard common shares at $27.50 per share (pre-stock split, or 293 million shares at a price of $13.75 per share post-stock split). As a result of this tender offer, that expired on August 13, 2008, 85,916 shares of Activision Blizzard common stock (pre-stock split, or 171,832 shares post-stock split) were properly tendered for a total cost of approximately $2.4 million in cash. The total Vivendi ownership interest in Activision Blizzard remained unchanged at approximately 54.47%.

In addition, under the terms of the BCA, Vivendi and Activision gave a number of reciprocal commitments customary for this type of transaction, notably certain representations and warranties and undertakings, which expired upon the closing of the transaction. The parties have also entered into various ancillary agreements at the closing of the transaction, including an investor agreement and tax sharing and indemnity agreements.

Moreover, considering the exercise of stock options, restricted stocks and other dilutive instruments by Activision's employees and the purchase of Activision Blizzard's shares by Vivendi on the market, Vivendi's ownership interest in Activision Blizzard could fluctuate from time to time. As of September 30, 2008, Vivendi holds 54.29% of Activision Blizzard (compared to 54.47% upon the completion of the operations described above).

[2] On July 11, 2008, Activision Blizzard announced that its Board of Directors approved a two-for-one stock split of its outstanding shares of common stock to be effected in the form of a common stock dividend. On September 5, 2008, stockholders received one additional share for each share of common stock issued and outstanding as of the close of business on August 25, 2008. Upon completion of the split, trading began on a split-adjusted basis on September 8, 2008 and the number of Activision Blizzard's common shares outstanding is approximately 1.3 billion.

Consolidation of Activision Blizzard by Vivendi

From July 9, Vivendi has the ability to nominate a majority of the members of the board of directors of Activision Blizzard, hence has the power to govern the financial and operational policies of Activision Blizzard so as to obtain benefits from its operations. From this date, Vivendi fully consolidates Activision Blizzard. Prior to the fifth anniversary of the closing date, the approval of certain matters by Activision Blizzard's board of directors will require the affirmative vote of (a) a majority of the votes present or otherwise able to be cast on the board, and (b) at least a majority of the independent directors on the board. Nevertheless, after the first anniversary of the closing date, in respect of the distribution of any dividends, the affirmative vote of the majority of the independent directors will not apply if Activision Blizzard's pro forma net debt amount, after giving effect to such dividend, does not exceed $400 million.

From an accounting perspective, Vivendi Games is deemed to be the accounting acquirer and Activision is deemed to be the accounting acquiree. As the result, in the Consolidated Financial Statements of Vivendi, the combination of Vivendi Games and Activision is accounted for as (a) the dilution by approximately 45.53% of Vivendi's interest in Vivendi Games and (b) the acquisition of a controlling interest of approximately 54.47% in Activision.

Dilution of 45.53% in Vivendi Games

From an accounting perspective, the dilution by approximately 45.53% of Vivendi's interest in Vivendi Games generates a dilution gain of €2,318 million ($3,642 million), an amount equal to the positive difference between (a) the fair value amount allocated to this interest (on the basis of $8,121 million for 100% of Vivendi Games or 295.3 million shares at a price per Activision share of $27.50 pre-stock split), and (b) its carrying amount.

Acquisition of 54.47% of Activision

From an accounting perspective, Vivendi Games is deemed the acquirer of Activision, and after consummation both of the merger and share purchase transactions under the BCA and the completion of the tender offer, Vivendi holds a 54.47% controlling interest in Activision Blizzard.

The purchase price of approximately 54.47% of Activision is determined on the basis of the fair value of exchanged assets, plus the cash paid ($1,731 million) and the estimated costs directly attributable to the acquisition and amounts to €3,534 million ($5,554 million):

	As of July 9, 2008	
	in millions of dollars	*in millions of euros**
Fair value of the exchange assets *(45.53% of Vivendi Games, valued at $8,121 million for 100%)*	3,697	2,353
Cash received from the Vivendi share purchase	1,731	1,101
Transaction expenses directly attributable to the transaction	126	80
Cost of the Business Combination for 54.47% acquired	**5,554**	**3,534**

**The rate conversion is based on the exchange rate as of the date of the operation that is 1.5715 dollar/euro.*

In accordance with the accounting standards applicable to business combinations, Activision Blizzard has performed a preliminary allocation of the purchase price, in order to determine the fair value of identifiable assets acquired and liabilities incurred or assumed, based on analyses and forecasts performed by Activision Blizzard and independent experts. The final allocation of the purchase price will be finalized within the 12-month period commencing July 9, 2008, as prescribed by the accounting standards, and may be different from the illustrative adjustments presented below:

	As of July 9, 2008	
	Carrying value of net assets before acquisition (in US GAAP)	Fair value of net assets acquired at the acquisition date (in IFRS)
	(in millions of euros)	
ASSETS		
Goodwill	237	-
Other intangible assets	170	1,355 (a)
Property, plant and equipment	40	40
Non-current financial assets	56	56
Deferred tax assets	59	184
Other non-current assets	9	9
Non-current assets	**571**	**1,644**
Inventories	134	141
Trade accounts receivable and other	293	293
Short-term financial assets	38	38
Cash and cash equivalents	730	730
Cash received from Vivendi share purchase, net	1,101	1,101
Current assets	**2,296**	**2,303**
TOTAL ASSETS (A)	**2,867**	**3,947**
Deferred tax liabilities	-	472
Non-current liabilities	**-**	**472**
Current provisions	-	19
Trade accounts payable and other	338	339
Current tax payables	50	50
Current liabilities	**388**	**408**
TOTAL LIABILITIES (B)	**388**	**880**
NET ASSETS (A-B)	**2,479**	**3,067**
Implies fair value of net assets acquired (54.47%)		**1,671**
Preliminary Goodwill		1,863
Cost of the Business Combination for 54.47% acquired		**3,534**

a. Fair value of other intangible assets is composed of:

	Life	As of July 9, 2008
		(in millions of euros)
License agreements	3 - 10 years	180
Developed software	Less than 1 year	138
Game engines	2 - 5 years	85
Internally developed franchises	11 - 12 years	667
Distribution agreements	4 years	11
Favorable Leases	1 - 4 years	3
Retail customer relationships	Less than 1 year	26
Activision trademark / trade name	Indefinite	245
Total		**1,355**

Supplementary financial data concerning Activision (unaudited)

As published on November 5, 2008 by Activision Blizzard, comparable basis non-GAAP revenues and operating income of Activision Blizzard (as if the combination occurred on January 1, 2008) amounted to $2,689 million and $556 million, respectively. In addition, Activision's non-GAAP revenues and operating income from July 10 to September 30, 2008 amounted to approximately $420 million and -$24 million, respectively.

2.3. Other changes in scope

Acquisition of Kinowelt by StudioCanal (Canal+ Group). On April 2, 2008, StudioCanal acquired the entire share capital of Kinowelt, the leading German independent film company specializing in the acquisition and distribution of films. Kinowelt has been fully consolidated since that date.

Acquisition of Univision Music Group by UMG. On May 5, 2008, UMG acquired the entire share capital of Univision Music Group ("Univision") from Univision Communications Inc. for a purchase price of €92 million (including acquisition costs). Univision has been fully consolidated since that date.

Note 3. Segment data

The group operates through five different communication and entertainment businesses: Universal Music Group, Canal+ Group, SFR (please refer to a. below), Maroc Telecom Group, and Activision Blizzard (please refer to b. below).

Condensed Statement of Earnings

Three Months Ended September 30, 2008 (in millions of euros)	Universal Music Group	Canal+ Group	SFR (a)	Maroc Telecom Group	Activision Blizzard (b)	Holding & Corporate	Non core operations and others	Eliminations	**Total Vivendi**
External revenues	1,094	1,134	3,133	673	475	-	-	-	6,509
Intersegment revenues	4	3	(2)	3	-	-	1	(9)	-
Revenues	**1,098**	**1,137**	**3,131**	**676**	**475**	**-**	**1**	**(9)**	**6,509**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(936)	(846)	(2,059)	(274)	(460)	(31)	(10)	9	(4,607)
Charges related to stock options and share-based compensation plans	8	(1)	(7)	-	(21)	4	-	-	(17)
EBITDA	**170**	**290**	**1,065**	**402**	**(6)**	**(27)**	**(9)**	**-**	**1,885**
Restructuring charges	(12)	-	(100)	(1)	(35)	-	-	-	(148)
Gain (losses) on tangible and intangible assets	-	(1)	(8)	-	1	-	-	-	(8)
Other non recurring items	-	2	-	5	(3)	4	(2)	-	6
Depreciation of tangible assets	(9)	(28)	(206)	(57)	(14)	(1)	1	-	(314)
Amortization of intangible assets excluding those acquired through business combinations	-	7	(125)	(20)	(2)	-	-	-	(140)
Adjusted earnings before interest and income taxes (EBITA)	**149**	**270**	**626**	**329**	**(59)**	**(24)**	**(10)**	**-**	**1,281**
Amortization of intangible assets acquired through business combinations	(63)	(8)	(41)	(6)	(61)	-	-	-	(179)
Impairment losses of intangible assets acquired through business combinations	-	-	-	1	(5)	-	-	-	(4)
Earnings before interest and income taxes (EBIT)	**86**	**262**	**585**	**324**	**(125)**	**(24)**	**(10)**	**-**	**1,098**
Income from equity affiliates									51
Interest									(119)
Income from investments									1
Other financial charges and income									2,281
Provision for income taxes									(254)
Earnings from discontinued operations									-
Earnings									**3,058**
Attributable to:									
Equity holders of the parent									**2,760**
Minority interests									298

Three Months Ended September 30, 2007 (in millions of euros)	Universal Music Group	Canal+ Group	SFR (a)	Maroc Telecom Group	Activision Blizzard (b)	Holding & Corporate	Non core operations and others	Eliminations	**Total Vivendi**
External revenues	1,168	1,070	2,309	656	216	-	1	-	5,420
Intersegment revenues	2	7	2	(2)	-	-	-	(9)	-
Revenues	**1,170**	**1,077**	**2,311**	**654**	**216**	**-**	**1**	**(9)**	**5,420**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(1,026)	(818)	(1,382)	(273)	(155)	(32)	(7)	9	(3,684)
Charges related to stock options and share-based compensation plans	1	(3)	(1)	-	(9)	(2)	-	-	(14)
EBITDA	**145**	**256**	**928**	**381**	**52**	**(34)**	**(6)**	**-**	**1,722**
Restructuring charges	(16)	(4)	-	-	1	-	(1)	-	(20)
Gain (losses) on tangible and intangible assets	-	-	(2)	11	-	-	(1)	-	8
Other non recurring items	(1)	(1)	(1)	(1)	-	(1)	2	-	(3)
Depreciation of tangible assets	(13)	(31)	(130)	(62)	(10)	(1)	-	-	(247)
Amortization of intangible assets excluding those acquired through business combinations	-	(13)	(93)	(16)	(2)	(1)	-	-	(125)
Adjusted earnings before interest and income taxes (EBITA)	**115**	**207**	**702**	**313**	**41**	**(37)**	**(6)**	**-**	**1,335**
Amortization of intangible assets acquired through business combinations	(46)	(8)	-	(5)	-	-	-	-	(59)
Impairment losses of intangible assets acquired through business combinations	-	-	(2)	-	-	-	-	-	(2)
Earnings before interest and income taxes (EBIT)	**69**	**199**	**700**	**308**	**41**	**(37)**	**(6)**	**-**	**1,274**
Income from equity affiliates									76
Interest									(60)
Income from investments									1
Other financial charges and income									(128)
Provision for income taxes									(248)
Earnings from discontinued operations									-
Earnings									**915**
Attributable to:									
Equity holders of the parent									**578**
Minority interests									337

Nine Months Ended September 30, 2008

(in millions of euros)	Universal Music Group	Canal+ Group	SFR (a)	Maroc Telecom Group	Activision Blizzard (b)	Holding & Corporate	Non core operations and others	Eliminations	**Total Vivendi**
External revenues	3,133	3,389	8,418	1,915	919	-	3	-	17,777
Intersegment revenues	9	2	2	15	-	-	-	(28)	-
Revenues	**3,142**	**3,391**	**8,420**	**1,930**	**919**	**-**	**3**	**(28)**	**17,777**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,682)	(2,665)	(5,402)	(781)	(796)	(103)	(31)	28	(12,432)
Charges related to stock options and share-based compensation plans	18	(7)	(21)	(2)	(14)	25	-	-	(1)
EBITDA	**478**	**719**	**2,997**	**1,147**	**109**	**(78)**	**(28)**	**-**	**5,344**
Restructuring charges	(41)	-	(110)	-	(35)	-	-	-	(186)
Gain (losses) on tangible and intangible assets	1	(1)	(27)	3	1	-	-	-	(23)
Other non recurring items	1	1	1	4	(2)	18	(2)	-	21
Depreciation of tangible assets	(31)	(78)	(553)	(181)	(34)	(3)	1	-	(879)
Amortization of intangible assets excluding those acquired through business combinations	-	(20)	(342)	(60)	(6)	-	(1)	-	(429)
Adjusted earnings before interest and income taxes (EBITA)	**408**	**621**	**1,966**	**913**	**33**	**(63)**	**(30)**	**-**	**3,848**
Amortization of intangible assets acquired through business combinations	(189)	(23)	(71)	(18)	(61)	-	-	-	(362)
Impairment losses of intangible assets acquired through business combinations	(21)	-	-	-	(5)	-	-	-	(26)
Earnings before interest and income taxes (EBIT)	**198**	**598**	**1,895**	**895**	**(33)**	**(63)**	**(30)**	**-**	**3,460**
Income from equity affiliates									186
Interest									(253)
Income from investments									5
Other financial charges and income									2,271
Provision for income taxes									(794)
Earnings from discontinued operations									-
Earnings									**4,875**
Attributable to:									
Equity holders of the parent									**3,982**
Minority interests									893

Nine Months Ended September 30, 2007

(in millions of euros)	Universal Music Group	Canal+ Group	SFR (a)	Maroc Telecom Group	Activision Blizzard (b)	Holding & Corporate	Non core operations and others	Eliminations	**Total Vivendi**
External revenues	3,256	3,209	6,642	1,810	716	-	10	-	15,643
Intersegment revenues	9	22	5	9	-	-	-	(45)	-
Revenues	**3,265**	**3,231**	**6,647**	**1,819**	**716**	**-**	**10**	**(45)**	**15,643**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,860)	(2,551)	(3,912)	(761)	(475)	(79)	(22)	45	(10,615)
Charges related to stock options and share-based compensation plans	(19)	(6)	(11)	(1)	(42)	(18)	-	-	(97)
EBITDA	**386**	**674**	**2,724**	**1,057**	**199**	**(97)**	**(12)**	**-**	**4,931**
Restructuring charges	(17)	(29)	-	9	1	(1)	(1)	-	(38)
Gain (losses) on tangible and intangible assets	1	(1)	(16)	11	(1)	-	(1)	-	(7)
Other non recurring items	-	-	(1)	-	-	117	16	-	132
Depreciation of tangible assets	(35)	(90)	(381)	(181)	(31)	(4)	(6)	-	(728)
Amortization of intangible assets excluding those acquired through business combinations	-	(45)	(260)	(45)	(8)	(1)	-	-	(359)
Adjusted earnings before interest and income taxes (EBITA)	**335**	**509**	**2,066**	**851**	**160**	**14**	**(4)**	**-**	**3,931**
Amortization of intangible assets acquired through business combinations	(139)	(23)	-	(17)	-	-	-	-	(179)
Impairment losses of intangible assets acquired through business combinations	-	(25)	(8)	-	-	-	-	-	(33)
Earnings before interest and income taxes (EBIT)	**196**	**461**	**2,058**	**834**	**160**	**14**	**(4)**	**-**	**3,719**
Income from equity affiliates									248
Interest									(124)
Income from investments									5
Other financial charges and income									(51)
Provision for income taxes									(724)
Earnings from discontinued operations									-
Earnings									**3,073**
Attributable to:									
Equity holders of the parent									**2,104**
Minority interests									969

a. Following the acquisition by SFR of the 60.15% equity interest in Neuf Cegetel that it did not own during the second quarter of 2008, Neuf Cegetel has been fully consolidated by SFR from April 15, 2008 (please refer to Note 2.1).

b. On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games, and hence Vivendi Games became a wholly-owned subsidiary of Activision, which was renamed Activision Blizzard. On that date, Vivendi holds a 54.47% (non-diluted) controlling interest in Activision Blizzard, which conducts the combined business operations of Activision and Vivendi Games. From an accounting perspective, Vivendi Games is deemed the acquirer of Activision, hence the figures reported in this Report under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures in 2007; (b) Vivendi Games' historical figures from January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008.

As of September 30, 2008, income from equity affiliates is mainly comprised of the group's pro rata share in earnings of NBC Universal for €55 million for the third quarter of 2008 (compared to €54 million for the third quarter of 2007) and €173 million for the first nine months of 2008 (compared to €197 million for the first nine months of 2007). This investment is allocated to the Holding & Corporate business segment. The group's pro rata share in earnings of Neuf Cegetel for the period from January 1, to April 14, 2008 amounted to €18 million (compared to €55 million for the first nine months of 2007). This investment was allocated to the SFR business segment.

Note 4. Financial charges and income

Interest

(in millions of euros)	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Year Ended December 31, 2007
Interest expense on borrowings	138	77	328	233	301
Capitalized interest relating to the acquisition of BMG Music Publising	-	-	-	(25)	(25)
Interest income from cash and cash equivalents	(19)	(17)	(75)	(84)	(110)
Interest at nominal rate	**119**	**60**	**253**	**124**	**166**
Impacts of amortized cost on borrowings	*5*	*7*	*22*	*21*	*28*
Interest at effective rate	***124***	***67***	***275***	***145***	***194***

The impact of amortized cost on borrowings is recorded under "other financial charges" (see below). This impact represents the difference between the interest at nominal rate and the interest at effective rate.

Other financial charges and income

(in millions of euros)	Note	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Year Ended December 31, 2007
Other capital gain on the divestiture of businesses		2,321	12	2,323	255	262
o/w the dilution gain on the sale of a 10.18% interest in Canal+ France to Lagardère		-	-	-	*239*	*239*
o/w the gain on the dilution by 45.53% of Vivendi's interest in Vivendi Games following the creation of Activision Blizzard	2.2	*2,318*	-	*2,318*	-	-
Downside adjustment on the divestiture of businesses		(6)	(15)	(74)	(27)	(40)
o/w impact of certain non-cash adjustments relating to the acquisition of Neuf Cegetel by SFR	2.1	-	-	*(68)*	-	-
Other capital gain on financial investments		3	1	100	2	4
o/w early redemption of the Vivendi bonds exchangeable for Sogecable shares (a)		-	-	*83*	-	-
Downside adjustment on financial investments		-	(114)	(5)	(184)	(185)
o/w the write-off of the minority stake in Amp'd		-	-	-	*(65)*	*(65)*
Financial components of employee benefits		(6)	(7)	(20)	(22)	(29)
Impacts of amortized cost on borrowings		(5)	(7)	(22)	(21)	(28)
Change in derivative instruments		(9)	24	(4)	9	9
Effect of undiscounting assets and liabilities (b)		(17)	(24)	(28)	(60)	(75)
Other		-	2	1	(3)	(1)
Other financial charges and income		**2,281**	**(128)**	**2,271**	**(51)**	**(83)**

a. Following the tender offer launched by Prisa for the share capital of Sogecable at €28.00 per share, Vivendi offered to deliver to the holders of these bonds Sogecable shares on the basis of a ratio of one bond for 1.0118 Sogecable shares plus €2.00 in cash. This offer, which expired on April 18, 2008, resulted in virtually all the outstanding bonds being returned to Vivendi. Thereafter, Vivendi redeemed the remaining bonds, at a price of €29.32 plus interest accrued to the redemption date. Following this operation, Vivendi owned only 0.64% of Sogecable's share capital and contributed these shares to Prisa's takeover bid for Sogecable. For a detailed description of this borrowing as of December 31, 2007, please refer to Note 24.3 to the Consolidated Financial Statements for the year ended December 31, 2007 (page 238 of the 2007 Annual Report).
On the condensed financial statements for the nine months ended September 30, 2008, this transaction mainly generated a €83 million capital gain, comprised of a €74 million capital gain on the bonds conversion and repurchase, and a €9 million capital gain on the shares contribution to Prisa, as well as a €217 million decrease in Financial Net Debt.

b. This line item mainly corresponds to the effect of undiscounting of liabilities related to the combination of pay-TV activities of Canal+ Group and TPS in France.

Note 5. Income taxes

(in millions of euros)	Three Months Ended September 30, 2008		Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008		Nine Months Ended September 30, 2007	Year Ended December 31, 2007
Provision for income taxes:							
Impact of the Consolidated Global Profit Tax System	78	(a)	132	236	(a)	397	605
Other components of the provision for income taxes	(332)		(380)	(1,030)		(1,121)	(1,352)
Provision for income taxes	**(254)**		**(248)**	**(794)**		**(724)**	**(747)**

a. Corresponding to the expected tax savings relating to the 2009 fiscal year (i.e., 25% and 75%, respectively), which decreased following the anticipation of the merger of Neuf Cegetel and SFR. On May 19, 2008, Vivendi applied to the Minister of Finance for permission to use the Consolidated Global Profit Tax System for an additional three-year period from 2009 to 2011. Please refer to Note 6.1 to the Consolidated Financial Statements for the year ended December 31, 2007 (page 198 of the 2007 Annual report).

Note 6. Reconciliation of earnings, attributable to equity holders of the parent and adjusted net income

(in millions of euros)	Note	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007	Year Ended December 31, 2007
Earnings, attributable to equity holders of the parent (a)		**2,760**	**578**	**3,982**	**2,104**	**2,625**
Adjustments						
Amortization of intangible assets acquired through business combinations		179	59	362	179	301
Impairment losses of intangible assets acquired through business combinations (a)		4	2	26	33	34
Other financial charges and income (a)	4	(2,281)	128	(2,271)	51	83
Change in deferred tax asset related to the Consolidated Global Profit Tax System		69	2	207	6	(53)
Non recurring items related to provision for income taxes		(2)	30	-	30	74
Provision for income taxes on adjustments		(66)	(21)	(140)	(81)	(155)
Minority interests in adjustments		(38)	(57)	(87)	(75)	(77)
Adjusted net income		**625**	**721**	**2,079**	**2,247**	**2,832**

a. As presented in the condensed statement of earnings.

Note 7. Earnings per share

	Three Months Ended September 30, 2008 Basic	2008 Diluted	2007 Basic	2007 Diluted	Nine Months Ended September 30, 2008 Basic	2008 Diluted	2007 Basic	2007 Diluted	Year Ended December 31, 2007 Basic	2007 Diluted
Earnings (in millions of euros)										
Earnings attributable to equity holders of the parent	2,760	2,760	578	578	3,982	3,982	2,104	2,104	2,625	2,625
Adjusted net income	625	625	721	721	2,079	2,079	2,247	2,247	2,832	2,832
Number of shares (in millions)										
Weighted average number of shares outstanding restated (a)	1,168.1	1,168.1	1,162.3	1,162.3	1,165.7	1,165.7	1,157.7	1,157.7	1,160.2	1,160.2
Potential dilutive effects related to share-based compensation	-	4.7	-	7.5	-	5.1	-	7.7	-	7.6
Adjusted weighted average number of shares	**1,168.1**	**1,172.8**	**1,162.3**	**1,169.8**	**1,165.7**	**1,170.8**	**1,157.7**	**1,165.4**	**1,160.2**	**1,167.8**
Earnings per share (in euros)										
Earnings attributable to equity holders of the parent per share	2.36	2.35	0.50	0.49	3.42	3.40	1.82	1.81	2.26	2.25
Adjusted net income per share	0.54	0.53	0.62	0.62	1.78	1.78	1.94	1.93	2.44	2.43

Earnings from discontinued operations are not applicable over presented periods. Therefore, earnings from continuing operations, attributable to the equity holders of the parent, correspond to earnings attributable to the equity holders of the parent.

a. Net of treasury shares (500,546 shares as of September 30, 2008).

Note 8. Statement of recognized charges and income

(in millions of euros)	Nine Months Ended September 30, 2008			Nine Months Ended September 30, 2007			Year Ended December 31, 2007		
	Attributable to Vivendi SA's shareholders	Minority interests	Total	Attributable to Vivendi SA's shareholders	Minority interests	Total	Attributable to Vivendi SA's shareholders	Minority interests	Total
Net Income	**3,982**	**893**	**4,875**	**2,104**	**969**	**3,073**	**2,625**	**1,144**	**3,769**
Foreign currency translation adjustments	**(5)** (a)	**93**	**88**	**(727)** (a)	**(12)**	**(739)**	**(1,058)** (a)	**(17)**	**(1,075)**
Assets available for sale	(89)	-	(89)	(16)	-	(16)	2	-	2
Valuation gains/(losses) taken to equity	*(6)*	-	*(6)*	*(16)*	-	*(16)*	*2*	-	*2*
Transferred to profit or loss on divestiture	*(83)*	-	*(83)*	-	-	-	-	-	-
Hedging instruments	(27)	3	(24)	19	3	22	38	2	40
Tax	(2)	(1)	(3)	(1)	(1)	(2)	(2)	(1)	(3)
Unrealized gains (losses)	**(118)**	**2**	**(116)**	**2**	**2**	**4**	**38**	**1**	**39**
Charges and income directly recorded in equity related to equity affiliates	(7)	-	(7)	4	-	4	(2)	-	(2)
Asset revaluation surplus	341 (b)	-	341	-	-	-	-	-	-
Other	12	-	12	(6)	-	(6)	4	-	4
Other impacts on retained earnings	**346**	**-**	**346**	**(2)**	**-**	**(2)**	**2**	**-**	**2**
Charges and income directly recognized in equity	**223**	**95**	**318**	**(727)**	**(10)**	**(737)**	**(1,018)**	**(16)**	**(1,034)**
Total recognized charges and income for the period	**4,205**	**988**	**5,193**	**1,377**	**959**	**2,336**	**1,607**	**1,128**	**2,735**

a. Includes changes in foreign currency translation adjustments relating to the investment in NBC Universal of -€129 million for the first nine months of 2008, -€361 million for the first nine months of 2007 and -€481 million for fiscal year 2007.

b. Includes the positive revaluations of Neuf Cegetel's assets and liabilities (please refer to Note 2.1).

Note 9. Goodwill

(in millions of euros)	September 30, 2008	December 31, 2007
Goodwill, gross	33,121	26,402
Impairment losses	(10,843)	(10,975)
Goodwill	**22,278**	**15,427**

Changes in goodwill

(in millions of euros)	Goodwill as of December 31, 2007	Impairment losses	Changes in value of commitments to purchase minority interests	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	**Goodwill as of September 30, 2008**
Universal Music Group	4,246	(6)	-	98 (a)	(98)	**4,240**
Canal+ Group	4,850	-	(7)	148	(2)	**4,989**
o/w StudioCanal	*127*	-	-	*98*	*(2)*	***223***
SFR	4,270	-	-	4,766 (b)	-	**9,036**
Maroc Telecom Group	1,960	(1)	3	(6) (c)	(5)	**1,951**
Activision Blizzard	101	(5)	-	1,842 (d)	124	**2,062**
Total	**15,427**	**(12)**	**(4)**	**6,848**	**19**	**22,278**

a. Corresponds notably to preliminary goodwill attributable to the acquisition of Univision (please refer to Note 2.3).

b. Corresponds notably to preliminary goodwill attributable to the acquisition of Neuf Cegetel (please refer to Note 2.1).

c. Corresponds to the impact on the finalization of the preliminary goodwill that was accounted as of December 31, 2007, attributable to the acquisition of Gabon Telecom.

d. Corresponds notably to preliminary goodwill attributable to the Activision Blizzard transaction on July 9, 2008 for €1,863 million (please refer to Note 2.2).

Note 10. Share-based compensation plans

10.1. Impact of the expense related to share-based compensation plans

- **Impact on the consolidated statement of earnings**

(in millions of euros) Charge/(Income) recorded	Note	Nine Months Ended September 30, 2008	2007	Year Ended December 31, 2007
Vivendi stock option plans		16	18	24
Vivendi restricted stock plans		9	7	10
Vivendi employee stock purchase plans	10.2	10	6	6
Vivendi stock appreciation right plans		(69)	15	50
Vivendi "restricted stock unit" plans		(1)	2	4
Vivendi stock instruments		**(35)**	**48**	**94**
Activision Blizzard's stock option plans and restricted stock units	10.3	23	-	-
Blizzard employee equity unit plan	10.3	11	36	69
Activision Blizzard stock instruments (a)		**34**	**36**	**69**
Neuf Cegetel equity-settled instruments (Restricted stock plans)		**8**	**-**	**-**
UMG employee equity unit plan		**1**	**13**	**(9)**
SHARE-BASED COMPENSATION PLANS (a)		**8**	**97**	**154**
o/w:				
Equity-settled instruments		66	31	40
Cash-settled instruments		(58)	66	114

a. Of this amount, the charges related to the share-based compensation plans, capitalized in the Statement of Financial Position as intangible assets (internally developed software) amounted to €7 million as of September 30, 2008.

- **Impact on the provisions**

(in millions of euros)	September 30, 2008	December 31, 2007
Vivendi stock appreciation right plans	16	89
o/w former ADS option and acquisition plans converted into SAR plans (May 2006)	*13*	*79*
Vivendi "restricted stock unit" plans	7	9
UMG employee equity unit plan	49	55
Blizzard employee equity unit plan	9	78
Provisions related to cash-settled instruments	**81**	**231**

10.2. Plans granted by Vivendi in the first nine months of 2008

During the first nine months of 2008, Vivendi set up equity-settled restricted stock plans and stock option plans, wherever the fiscal residence of the employee, as well as stock purchase plans for its employees and retirees (employee stock purchase plan and leveraged plan).

For a detailed description of the various plans set up by the Group prior to January 1, 2008 and the accounting treatment of these instruments, please refer to Notes 1.3.11 and 21 to the Consolidated Financial Statements for the year ended December 31, 2007 contained in the 2007 Annual Report (*Document de Référence*) (pages 182 to 184 and pages 222 to 228, respectively).

- **Stock option plans and equity-settled restricted stock plans**

	Subscription plans		Restricted stock plans
Grant date	April 16 (a)	April 16	April 16 (a)
Data at the grant date			
Options strike price (in euros)	25.13	25.13	na*
Maturity (in years)	10	10	2
Expected term (in years)	6.5	6.5	na*
Number of instruments granted	732,000	5,571,200	525,496
Share price (in euros)	25.54	25.54	25.54
Expected volatility (b)	23%	23%	na*
Risk-free interest rate	3.93%	3.93%	na*
Expected dividend yield	5.48%	5.48%	5.48%
Performance conditions achievement rate	100%	na*	100%
Fair value of the granted option at the grant date (in euros)	**3.56**	**3.56**	**22.89**
Discount for non-transferability (% of the share price at the grant date)	na*	na*	8.69%
Fair value of the granted option at the grant date after discount (in euros)	**3.56**	**3.56**	**20.67**
Fair value of the plan at the grant date (in millions of euros)	2.6	19.8	10.9

na*: not applicable.

a. Some of the stock option plans granted on April 16, 2008, to the members of the Management Board of Vivendi, as well as the restricted stock plans granted are conditioned upon the achievement of operating objectives linked to the financial results of the group (adjusted net income and cash flow from operations) as set forth in the budget for the current fiscal year. As of September 30, 2008, these plans were measured using a factor of 100% achievement. The compensation cost is recognized on a straight-line basis over the vesting period, i.e., three-year vesting period for the stock option plans and two-year vesting period for the restricted stock plans.

b. The volatility corresponds to the weighted average of (a) 75% of the 4-year historical volatility of Vivendi shares (3-year prior to 2008) and (b) 25% of the implied volatility based on Vivendi put and call options traded on a liquid market with a maturity of 6 months or more (compared to 50% and 50% respectively, as of December 31, 2007).

- **Employee stock purchase plans**

	Employee Stock Purchase plan	Leveraged plan Europe and Morocco (a)
Grant date	June 30	June 30
Subscription price (in euros)	21.08	21.08
Leverage	na*	10
Maturity (in years)	5	5
Data at the grant date		
Share price (in euros)	24.10	24.10
Number of shares subscribed (b)	993,593	3,309,909
Amount subscribed (in millions of euros)	20.9	69.8
Expected dividend yield	5.81%	5.81%
Risk-free interest rate	4.63%	4.63%
5-year interest rate	7.08%	7.08%
Discount for non-transferability (percentage of the share price at the grant date)	9.6%	9.6%
Fair value per share subscribed at the grant date (in euros)	**0.7**	**2.8**
Fair value of the plan at the grant date (in millions of euros)	1	9

na*: not applicable.

a. Under the leveraged plan, virtually all employees and retirees of Vivendi and its French and foreign subsidiaries can subscribe to Vivendi shares via a reserved share capital increase, while obtaining a discount upon subscription, and ultimately receive the capital gain attached to 10 shares for one subscribed share. A financial institution mandated by Vivendi hedges this transaction.
In addition, in the United States, employees received 132,541 shares according to the specific conditions due to local regulation, and in Germany, employees received 57,550 SAR (economic equivalent of the leveraged plan with a cash settlement).

b. Given the subscription realized through the classical employee share purchase plan and the leveraged plan (Europe, Morocco, the United States and Germany), the share capital was increased by a total amount of €95 million on July 24, 2008.

10.3. Plans granted by Activision Blizzard

As part of the creation of Activision Blizzard, Vivendi assumed the plans of Activision, as follows:

- **Equity incentive plans**

On July 28, 2008, the Board of Directors of Activision Blizzard adopted the Activision 2008 Incentive Plan, subject to shareholder approval, and on September 24, 2008, that plan was approved by its shareholders and became effective. It was subsequently amended by the Board of Directors (as so amended, the "2008 Plan"). The 2008 Plan authorizes the Compensation Committee of the Board of Directors of Activision Blizzard to provide equity-based compensation in the form of stock options, share appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other performance or value-based awards structured by the Compensation Committee within parameters set forth in the 2008 Plan, including custom awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, shares of the common stock of Activision Blizzard, or factors that may influence the value of the common stock of Activision Blizzard or that are valued based on its performance or the performance of any of the subsidiaries or business units of Activision Blizzard or other factors designated by the Compensation Committee, as well as incentive bonuses, for the purpose of providing incentives and rewards for superior performance to the directors, officers, employees of, and consultants to, Activision Blizzard and its subsidiaries.

The equity-based compensation program of Activision Blizzard currently primarily utilizes a combination of options and restricted stock units. Such awards generally have time-based vesting schedules, vesting annually over periods of three to five years, or vest in their entirety on an anniversary of date of grant, subject to possible earlier vesting if certain performance measures are met, and all such awards which are options generally expire ten years from the grant date. Under the terms of the 2008 Plan, the exercise price for the options, must be equal to or greater than the closing price per share of the common stock of Activision Blizzard on the date the award is granted, as reported on the NASDAQ.

Upon the effective date of the 2008 Plan, Activision Blizzard ceased to make awards under the following equity incentive plans (collectively, the "Prior Plans"), although such plans will remain in effect and continue to govern outstanding awards.

As of the date it was approved by the shareholders of Activision Blizzard, there were approximately 15 million shares available for issuance under the 2008 Plan. The number of shares of the common stock of Activision Blizzard reserved for issuance under the 2008 Plan may be further adjusted from time to time by: (i) the number of shares relating to awards outstanding under any Prior Plan that: (a) expire, or are forfeited, terminated or cancelled, without the issuance of shares; (b) are settled in cash in lieu of shares; or (c) are exchanged, prior to the issuance of shares of the common stock of Activision Blizzard, for awards not involving its common stock; and (ii) if the exercise price of any option outstanding under any Prior Plan is, or the tax withholding requirements with respect to any award outstanding under any Prior Plan are, satisfied by withholding shares otherwise then deliverable in respect of the award or the actual or constructive transfer to the Company of shares already owned, the number of shares equal to the withheld or transferred shares.

As of September 30, 2008, Activision Blizzard had approximately 15 million shares of its common stock reserved for future issuance under the 2008 Plan. Shares issued in connection with awards made under the 2008 Plan are generally issued as new stock issuances.

Stock option activities for the nine months ended September 30, 2008, are as follows:

	Stock Options on Activision Blizzard Shares			
	Number of Stock Options Outstanding	Weighted-Average Strike Price of Stock Options Outstanding	Total Intrinsic Value	Weighted-Average Remaining Contractual Life
		(in dollars)	(in millions of dollars)	(in years)
Balance as of January 1, 2008	-	-		
Business combinations	96,075	5.76		
Granted	5,612	16.55		
Exercised	(3,646)	5.09		
Cancelled	(286)	4.47		
Balance as of September 30, 2008	**97,755**	**6.41**	**888.8**	**6.01**
Exercisable as of September 30, 2008	**54,292**	**3.36**	**655.4**	**4.07**

- **Restricted stock units and restricted stocks**

Activision Blizzard grants restricted stock units and restricted stock (collectively referred to as "restricted stock rights") under the 2008 Plan to employees around the world. Restricted stock units entitle the holders thereof to receive shares of the common stock of Activision Blizzard at the end of a specified period of time or otherwise upon a specified occurrence. Restricted stock is issued and outstanding upon grant; however, restricted stock holders are restricted from selling the shares until they vest. Upon vesting of restricted stock rights, Activision

Blizzard may withhold shares otherwise deliverable to satisfy tax withholding requirements. Restricted stock rights are subject to forfeiture and transfer restrictions. Vesting for restricted stock rights is contingent upon the holders' continued employment with Activision Blizzard and may be subject to other conditions. If the vesting conditions are not met, unvested restricted stock rights will be forfeited.

- **Employee Stock Purchase Plan**

Effective October 1, 2005, the Board of Directors of Activision, Inc. approved the Activision, Inc. Third Amended and Restated 2002 Employee Stock Purchase Plan and the Activision, Inc. Second Amended and Restated 2002 Employee Stock Purchase Plan for International Employees (together, the "ESPP"). Under the ESPP, up to an aggregate of 4,000,000 shares of the common stock may be purchased by eligible employees during two six-month offering periods that commence each April 1 and October 1 (the "Offering Period"). Common stock is purchased by the ESPP participants at a price per share generally equal to 85% of the lower of the fair market value of the common stock on the first day of the Offering Period and the fair market value of the common stock on the purchase date (the last day of the Offering Period). Employees may purchase shares having a value not exceeding 15% of their gross compensation during an Offering Period and are limited to a maximum of $10,000 in value for any two purchases within the same calendar year. On October 1, 2008, employees purchased 262,002 shares of the common stock at a purchase price of $11.65 per share. The ESPP has been terminated by the Board of Directors and there will be no further purchases thereunder.

- **Non-Plan Employee Stock Options for the Chief Executive Officer and the Co-Chairman**

In connection with prior employment agreements, the Chief Executive Officer and the Co-Chairman of Activision Blizzard were previously granted options to purchase the common stock of Activision Blizzard. The Board of Directors of Activision, Inc. approved the granting of these options. As of September 30, 2008, non-plan options to purchase approximately 16 million shares under such grants were outstanding with a weighted-average exercise price of $1.02.

- **Performance Shares**

In connection with the consummation of the creation of Activision Blizzard, on July 9, 2008, Mr. Kotick received a grant of 2,500,000 performance shares, which will vest in 20% increments on each of the first, second, third, and fourth anniversaries of the date of grant, with another 20% vesting on December 31, 2012, the expiration date of Mr. Kotick's employment agreement with Activision Blizzard, in each case subject to Activision Blizzard attaining the specified compound annual total shareholder return target for that vesting period. If Activision Blizzard does not achieve the performance target for a vesting period, no performance shares will vest for that vesting period. If, however, Activision Blizzard achieves a performance target for a subsequent vesting period, then all of the performance shares that would have vested on the previous vesting date will vest on the vesting date where the performance targets were achieved.

- **Blizzard (Activision Blizzard Subsidiary) long-term incentive plan**

In 2006, Blizzard implemented the Blizzard Equity Plan (BEP), an equity incentive plan denominated in U.S. dollars. Under the Blizzard Equity Plan, certain key executives and employees of Blizzard were awarded restricted shares of Blizzard stock and other cash settled awards of Blizzard as follows:

- In October 2006, 1,361,000 restricted shares were granted. In general, the participants may only redeem vested shares in exchange for cash payments over the 10-year life of the grant. These restricted shares vest in one-third increments over three years, starting January 1, 2007.
- In March 2007, 729,000 cash settled stock options were granted with a strike price of $19.24 and a fixed exercise/ payment term on May 1, 2009. These awards call for cash payments to participants at this fixed date based on the value of Blizzard shares at that time. These options shall vest in accordance with the following schedule: one-third (243,000 awards) immediately vested at the date of grant, one-third as of January 1, 2008 and the remaining portion as of January 1, 2009.
- In March 2007, an additional 1,215,000 cash settled stock options were granted with a strike price of $19.24 and a fixed exercise/payment term on May 1, 2010. These awards call for cash payments to participants at this fixed date based on the value of Blizzard shares at that time. These options vest in one-third increments over 3 years, starting January 1, 2008.
- On December 1, 2007, Vivendi signed a definitive business combination agreement (''BCA'') with Activision, Inc. (''Activision'') to combine Vivendi Games with Activision. The transaction was approved by Activision's stockholders at a special stockholder meeting on July 8, 2008 and closed on July 9, 2008. Pursuant the terms of the BCA, Vivendi Games was merged with a wholly owned subsidiary of Activision and formed the new combined entity Activision Blizzard. Under the provisions of the BEP, the consummation of this transaction is deemed a change in control, which automatically triggered cash payments to the beneficiaries for the portion of awards that were vested on July 9, 2008. In addition, under the terms of the BEP, at the consummation of the transaction, the outstanding unvested rights were immediately vested, cancelled and extinguished and were converted into a new right to receive an amount in cash 18 months after the closing date on January 9, 2010, upon the terms and subject to the conditions set forth in the BEP, including continued employment through the payment date.

The payments made on the closing date for previously vested awards and to be made 18 months thereafter for the unvested awards are fixed based on the fair value of Blizzard as allocated in the transaction and the applicable aggregate strike price, and represent an aggregate amount of approximately $195 million. The aggregate cash payment made by Activision Blizzard to participants on or about the closing date was $106 million (€68 million) and an estimated additional $89 million (€61 million) will be paid 18 months after the closing date of the transaction, assuming participants remain employed through the payment date. This expense will be recognized on a straight-line basis over the 18-month period from July 10, 2008. As a result, as of September 30, 2008, a provision of $13 million (€9 million) was recognized.

10.4. Neuf Cegetel restricted stock plans

In connection with Neuf Cegetel's consolidation by SFR, Vivendi took over the residual plans of Neuf Cegetel (please refer to Note 2.1).

Note 11. Contractual obligations and other commitments

The following note should be read in conjunction with Note 26 "Contractual obligations and contingent assets and liabilities" to the Consolidated Financial Statements for the year ended December 31, 2007 (pages 241 to 249 of the 2007 Annual Report).

11.1. Other commitments given or received relating to operations

- **Guarantee related to the risk management of pension fund in the United Kingdom:**

In connection with the restructuring of the VUPS pension fund in the United Kingdom and its division into three separate funds, Vivendi issued a guarantee equal to 125% of the accounting deficit of one of these funds i.e., approximately £37 million. The guarantee is in effect until January 2011.

- **Consolidation of Neuf Cegetel by SFR:**

As part of the acquisition of the 60.15% interest in Neuf Cegetel that SFR did not own, SFR assumed the commitments given or received by Neuf Cegetel and its subsidiaries relating to operations for a total amount of approximately €60 million as of September 30, 2008. Neuf Cegetel has been fully consolidated from April 15, 2008

- **Integration of Activision by Vivendi:**

As part of the Activision Blizzard transaction finalized on July 9, 2008, commitments given or received relating to operations of Activision Blizzard were assumed for a total amount of $505 million (€343 million) as of September 30, 2008, and are composed of:

- Contractual commitments for content for $222 million (€151 million) as of September 30, 2008. In the normal course of business, Activision Blizzard has agreed to pay to game developers and intellectual property holders agreed amounts. Typically, the payments to third-party developers are conditioned upon the achievement by the developers of contractually specified development milestones. These payments to third-party developers and intellectual property holders are normally deemed to be advances and are recoupable against future royalties earned by the developer or intellectual property holder based on the sale of the related game.
- Lease commitments for $195 million (€132 million), not recorded in the Statement of Financial Position as of September 30, 2008. These commitments mainly resulted from administrative and technical premises.
- Commitments related to commercial contracts for $88 million (€60 million), not recorded in the Statement of Financial Position as of September 30, 2008. In connection with the acquisition of certain intellectual property rights and development agreements, Activision Blizzard will commit to spend specified amounts for marketing support for the related game(s) which is to be developed or in which the intellectual property will be utilized.

In addition, credit facilities were assumed relating to operations of Activision Blizzard for a total amount of $145 million (€99 million) as of September 30, 2008.

11.2. Commitments related to divestitures or acquisitions of assets

- **Consolidation of Neuf Cegetel by SFR:**

Following the French Minister of the Economy, Industry and Employment's approval given on April 15, 2008, SFR acquired from Louis Dreyfus Group its entire interest in Neuf Cegetel (28.45% and 28.37% after dilution). At this date, the shareholders' agreement between SFR and Louis Dreyfus Group ended (please refer to Note 26.5 to the Consolidated Financial Statements for the year ended December 31, 2007 (page 249 of the 2007 Annual Report)). In addition, the Minister's approval resulted from new commitments made by Vivendi and its subsidiaries. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, on ADSL of eight new channels which are leaders in their particular themes (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV).

On May 19, 2008, in agreement with stock exchange regulations, SFR launched a Simplified Public Purchase Offer (the "Offer") at a price of €36.50 a share (2007 coupon attached). Following the success of the Offer, which enabled SFR to attain a 96.41% equity interest in Neuf Cegetel, on June 24, 2008, SFR launched a Public Withdrawal Offer (the "Withdrawal") of the Neuf Cegetel shares under the same terms and conditions as those of the Offer. The funds relating to compensation for the Neuf Cegetel shares which will not have been claimed by depository institutions on behalf of beneficiaries, shall be held by CACEIS Corporate Trust for a period of 10 years commencing on the effective date of the Withdrawal and then paid to the *Caisse des Dépôts et Consignations* upon expiration of this deadline. These funds may be claimed at any time by beneficiaries subject to the thirty-year statute of limitations period, after which time the funds shall be paid to the French State.

Finally, SFR has entered into symmetrical put and call option agreements with almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, which are currently in a conservation period, allowing for SFR to obtain, in the future, 1.98% of the share capital of Neuf Cegetel.

- **Acquisition of Kinowelt by Canal+ Group:**

As part of the acquisition of Kinowelt completed on April 2, 2008, global and customary guarantees were granted by the sellers to StudioCanal. In addition, some specific guarantees, notably on film rights, were also granted.

- **Commitment given on the sale of 20% in Canal+ France to Lagardère Active:**

As part of the sale of 20% in Canal+ France to Lagardère Active, Canal+ Group granted to Lagardère Active general, tax and social guarantees with a €162 million cap on entities held by Canal+ France, excluding Canal Satellite, MultiThématiques and the TPS entities. Those guarantees will expire on January 4, 2009 and January 4, 2011, respectively.

- **Creation of Activision Blizzard:** please refer to Note 2.2.

11.3. Shareholders' agreements

- **Consolidation of Neuf Cegetel by SFR:**

As Neuf Cegetel has been fully consolidated since April 15, 2008, SFR assumed the shareholders' agreements between Neuf Cegetel or its subsidiaries and various third parties.

Note 12. Litigations

Vivendi is subject to various litigations, arbitrations or administrative proceedings in the normal course of its business.

Some litigation in which Vivendi or its subsidiaries are defendants are described in the 2007 Annual Report (pages 250 and followings). The following paragraphs update those disclosures through November 13, the date of the Management Board meeting held to approve Vivendi's financial statements for the first nine months of 2008.

To the Company's knowledge, there are no legal or arbitration proceedings or any facts of an exceptional nature which may have or have had in the recent past a significant effect on the company and on its group's financial position, profit, business and property, other than those described below.

COB/AMF Investigation Opened in July 2002

On December 19, 2006, the Commercial Chamber of the French Supreme Court (Cour de Cassation), upon appeal of the Autorités des Marchés Financiers (AMF), partially reversed the Paris Court of Appeal's decision dated June 28, 2005. In its decision, the Commercial Chamber of the French Supreme Court ruled that the statements made orally by Jean-Marie Messier at the company's 2002 Annual Shareholders' Meeting were binding on the company, regardless of whether such statements were accurate or complete, due to the fact that he made the statements while performing his duties as the chief executive officer. However, the French Supreme Court confirmed the accuracy and appropriateness of certain consolidation methods applied by Vivendi. The case has been partially remanded to the Paris Court of Appeal in a different composition.

The AMF filed an appeal for interpretation before the French Supreme Court regarding its decision dated December 19, 2006, seeking a ruling that such decision, which partially reversed the Paris Court of Appeal's judgment dated June 28, 2005, was applicable to the entire financial penalty of € 300 000. On May 6, 2008, the Court ruled an interpretation judgment in compliance with the AMF's position.

Investigation by the Financial Department of the Parquet de Paris

In October 2002, the financial department of the Parquet de Paris initiated an investigation led by two judges as to whether there was a publication of false or misleading information regarding the financial situation or forecasts of the company, as well as a publication of untrue or inaccurate financial statements (for financial years 2000 and 2001). Certain charges were added to this investigation related to purchases by the company of its own shares between September 1, 2001 and December 31, 2001, following the submission, on June 6, 2005, to the Parquet de Paris of an AMF investigation report. Vivendi joined as a civil party to the investigation. On January 15, 2008, the judges notified the parties of the end of the investigation.

Securities Class Action in the United States

Since July 18, 2002, sixteen claims have been filed against Vivendi, Messrs. Jean-Marie Messier and Guillaume Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims in a single action under its jurisdiction entitled In re Vivendi Universal S.A. Securities Litigation.

The plaintiffs allege that, between October 30, 2000 and August 14, 2002, the defendants violated certain provisions of the US Securities Act of 1933 and US Securities Exchange Act of 1934. On January 7, 2003, they filed a consolidated class action suit that may benefit potential groups of shareholders. Vivendi contests these allegations. Based on their experts' reports, the plaintiffs seek damages of an undetermined amount, which might impact the company's accounts.

Fact discovery and depositions closed on June 30, 2007.

In parallel with these proceedings, the Court, on March 22, 2007, has decided, concerning the procedure for certification of the potential claimants as a class ("class certification"), that the persons from the United States, France, England and the Netherlands who purchased or acquired shares or ADSs of Vivendi (formerly Vivendi Universal SA) between October 30, 2000 and August 14, 2002, could be included in the class. On April 9, 2007, Vivendi filed an appeal against this decision. On May 8, 2007, the United States Court of Appeals for the Second Circuit denied both Vivendi's and some other plaintiffs' petitions seeking review of the district court's decision with respect to class certification. On August 6, 2007, Vivendi filed a petition with the Supreme Court of the United States for a Writ of Certiori seeking to appeal the Second Circuit's decision on class certification. On October 9, 2007, the Supreme Court denied the petition. On March 12, 2008, Vivendi filed a motion for reconsideration of the Court's class certification decision with respect to the French shareholders included in the class. The Court has not yet ruled on this motion.

Following the March 22, 2007 order, a number of individual cases have recently been filed against Vivendi by plaintiffs who were excluded from the certified class. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action. The trial may start by January 2009.

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi, Mssrs. Messier and Hannezo for claims arising out of a merger agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. Liberty Media seeks rescission damages. The case has been consolidated with the securities class action for pre-trial purposes.

Elektrim Telekomunikacja

As of today, Vivendi is a 51% shareholder in each of Elektrim Telekomunikajca Sp. z o.o. (Telco) and Carcom Warszawa (Carcom), companies organized under and existing under the laws of Poland which own, either directly or indirectly, 51% of the capital of Polska Telefonia Cyfrowa Sp. Z.o.o. (PTC), one of the primary mobile telephone operators in Poland. These shareholdings are the subject of several litigation proceedings the most recent developments are described below:

Arbitration Proceedings before the London Court of International Arbitration (LCIA)

On August 22, 2003, Vivendi and Vivendi Telecom International SA (VTI) lodged an arbitration claim with an arbitration court under the auspices of the London Court of International Arbitration (LCIA) against Elektrim, Telco and Carcom. This request for arbitration relates to the Third Amended and Restated Investment Agreement dated September 3, 2001, entered into by and among Elektrim, Telco, Carcom, Vivendi and VTI (the "TIA"). The purpose of the TIA, amongst other things, is to govern the conditions of the Vivendi investment and the relations between Vivendi and Elektrim within Telco and Carcom. The subject matter of the dispute mainly relates to validity of the TIA (challenged by Elektrim) and alleged breaches of the TIA by Vivendi and Elektrim.

On May 22, 2006, the LCIA arbitral tribunal rendered a partial award confirming the validity of the TIA. On September 18, 2008, the Warsaw Court of Appeal recognized this award in Poland.

On March 19, 2008, the arbitral tribunal issued an award in favor of Vivendi and found that Elektrim breached the basic premise of the TIA by systematically acting against the interest of Telco in furtherance of its own interest and by refusing to acknowledge Telco's right to the economic benefit of the PTC Shares, and breached several provisions of the TIA. It dismissed all of Elektrim's counterclaims against Vivendi.

Proceedings against Deutsche Telekom before the Paris Commercial Court

In April 2005, Vivendi summoned Deutsche Telekom (DT) before the Paris Commercial Court for wrongful termination of negotiations. In September 2004, DT ended, without prior notice and without legitimate justification, tri-party negotiations with Elektrim and Vivendi which had begun one year earlier in relation to the transfer of 51% of PTC to DT. Vivendi has made an indemnity claim in the amount of €1.8 billion against DT. On March 18, 2008, the Paris Commercial Court dismissed Vivendi's action. Vivendi appealed this decision.

Declaratory proceedings before the Polish Courts

In December 2004, following the Vienna Award dated November 26, 2004, Telco initiated proceedings on the merits with the intention of obtaining a declaratory judgment confirming that it is the rightful owner of the PTC shares**.** On May 22, 2007, Telco's request for a declaratory judgment was denied on jurisdictional grounds. Telco appealed this decision. On May 21, 2008, the Warsaw Court of Appeal reversed the first instance decision and confirmed that the polish courts had jurisdiction with respect to the ownership of the PTC shares. The case has been sent back to a court of first instance.

Proceedings against DT before the Federal Court in the State of Washington (USA)

On October 23, 2006, Vivendi filed a civil Racketeer Influenced and Corrupt Organizations Act (RICO) complaint in federal court in the State of Washington, claiming that T-Mobile had illegally appropriated Vivendi's investment in PTC through a pattern of fraud and racketeering. Named in the complaint are T-Mobile USA, Inc., T-Mobile Deutschland GmbH, Deutsche Telekom AG and Mr Zygmunt Solorz-Zak, Elektrim's main shareholder. Vivendi is claiming compensation in the amount of approximately $7.5 billion. On June 5, 2008, the Court of Seattle determined that it lacked jurisdiction and dismissed Vivendi's claim. Vivendi appealed this decision.

Exequatur Proceedings of the Arbitral Award rendered in Vienna on November 26, 2004

On January 18, 2007, following the appeal filed by Telco, the Polish Supreme Court overturned the decision authorizing the exequatur of the Arbitral Award rendered in Vienna on November 26, 2004. The case was remanded to the Warsaw Tribunal of first instance.
On June 18, 2008, the Warsaw Tribunal of first instance recognized the Arbitration Award issued in Vienna on November 26, 2004, including the fourth point ruling that "the Arbitration Tribunal has no jurisdiction over Telco, and that all the DT claims against Telco cannot be fulfilled through an arbitral procedure".

Claim against a former Seagram subsidiary

A former Seagram subsidiary, divested in December 2001 to Diageo PLC and Pernod Ricard SA, as well as those companies and certain of their subsidiaries, were sued by the Republic of Colombia and certain of its political subdivisions before the United States District Court for the Eastern District of New York, for alleged unlawful practices, including alleged participation in a scheme to illegally distribute their liquor products in Colombia and money laundering, claimed to have had an anti-competitive effect in Colombia. Vivendi is not a party to this litigation. Diageo and Pernod Ricard have demanded indemnification from Vivendi with respect to their purchase of Vivendi's former Seagram subsidiary in 2001 and Vivendi has reserved its rights with respect to the indemnity demand. The defendants have denied that they have any liability for any of the claims asserted in the complaint. The discovery process is in progress.

Compañia de Aguas de Aconquija and Vivendi against the Republic of Argentina

On August 20, 2007, the International Center for Settlement of Investment Disputes (ICSID) issued an arbitration award in favor of Vivendi and its Argentine subsidiary Compañia de Aguas de Aconquija, relating to a dispute that arose in 1996 regarding the water concession in the Argentine Province of Tucuman, which was entered into in 1995 and terminated in 1997. The arbitration award held that the actions of the Provincial authorities had infringed the rights of Vivendi and its subsidiary, and were in breach of the provisions of the Franco-Argentine Bilateral Investment Protection Treaty.

The arbitration tribunal awarded Vivendi and its subsidiary damages of $105 million plus interest and costs. On December 13, 2007, the Argentine Government filed an application for the arbitration award to be set aside, in particular on the basis of an alleged conflict of interest concerning one of the arbitrators. On May 22, 2008, the ICSID appointed an ad hoc committee to review this application. On July 17 and 18, 2008 a preliminary hearing took place. The main hearing is scheduled for July 2009.

Claim against the company Compagnie Immobilière Phénix Expansion

Compagnie Immobilière Phénix Expansion (CIP Expansion), a former subsidiary of Vivendi, is the subject of a claim by Tso Yaroslavstroi, the Russian public corporation, relating to a contract for the construction of prefabricated houses in the Yaroslav region. On March 30, 2005, Tso Yaroslavtroi filed a claim against CIP Expansion with the ICC International Court of Arbitration, seeking an order for the payment of sums representing, in particular, the loss of profits envisaged from the sale of the prefabricated houses and compensation for the loss suffered. On May 14, 2008, the ICC International Court of Arbitration ordered CIP (guaranteed by Vivendi) to pay € 33 million. This case is closed.

Action of Unibail against Anjou Patrimoine

Unibail has brought an action relating to the guarantee given by Anjou Patrimoine (a former subsidiary of Vivendi) in the context of the sale of CNIT offices in 1999. On July 3, 1997, the Nanterre High Court ordered the indemnification by Anjou Patrimoine of Unibail's liability for taxes relating to the creation of offices and denied all other claims. On October 31, 2008, the Versailles Court of Appeal quashed the judgment of the High Court, denied all the claims of Unibail and ordered it to reimburse to Anjou Patrimoine all the sums paid in the context of the first ruling.

Vivendi Deutschland against FIG

Further to a claim filed by CGIS BIM (a subsidiary of Vivendi) against FIG to obtain the release of a part of the amount remaining due pursuant to a buildings sale contract, FIG obtained, on May 29, 2008, the cancellation of the sale by a judgment of the Berlin Court of Appeal, which invalidated a judgment rendered by the Berlin High Court. Vivendi was ordered to repurchase the buildings and to pay damages of an amount to be determined. Vivendi appealed this decision to the Supreme Court. Vivendi delivered a guarantee so as to pursue settlement negotiation. As no settlement was reached, on September 3, 2008, CGIS BIM challenged the validity of the judgment execution. On October 8, 2008, the Berlin Court rejected CGIS BIM demands.

French Competition Council – Mobile Telephone Market

On June 29, 2007, the Commercial Chamber of the French Supreme Court partially reversed the decision rendered by the Court of appeal on December 12, 2006, confirming the order rendered by the French Competition Council ordering SFR to pay a fine of €220 million, and recognizing that an illegal agreement existed due to exchange of information among French mobile telephone operators between 1997 and 2003 and imposing a financial penalty on this basis. The French Supreme Court remanded the case to the Paris Court of Appeal otherwise composed. A hearing on the pleadings is scheduled for January 20, 2009.

On March 11, 2008, customers and "UFC Que Choisir" consumer association which brought litigation proceedings before the Commercial Court of Paris withdrew their claims.

Complaint of Bouygues Telecom against SFR and Orange

Bouygues Telecom brought a claim before the French Competition Council against SFR and Orange for certain alleged unfair trading practices on the call termination and mobile markets. On March 13, 2008, SFR received a notification of grievances and must file its response within two months. On May 19, 2008, SFR submitted its observations in response. The Competition Council rendered its report on August 4, 2008. The hearing before the French Competition Council is scheduled for January 2009 and a decision is expected by the end of the first quarter of 2009.

UFC « Que Choisir » consumer association against the decision of the Minister of Economy dated April 15, 2008

On July 7, 2008, the UFC – "Que Choisir" association filed a claim before the Council of State challenging the decision of the Ministry of Economy, Industry and Employment dated April 15, 2008 authorizing the acquisition of Neuf Cegetel by SFR. On September 30, 2008, the association announced that it has abandoned its action. Nevertheless, on October 7, 2008, UFC-Que Choisir filed a motion before the Council of State.

Neuf Cegetel against French State- Universal Service

Neuf Cegetel and the operators which are members of the AFORST (Association Française des Opérateurs de Réseaux et de Services de Télécommunications) (French Association of Telecommunications Networks and Services Operators) disputed before the Paris Administrative Court the legality of the funding of the Universal Service on the grounds that it was not proven that the provision of the Universal Service constituted an undue burden for its provider, and the absence of transparency in the method of calculating the fees. The overall amount claimed by Neuf Cegetel is €31.1 million. On March 1, 2007, the Paris Administrative Court ordered the State to refund the amounts of the contributions paid by Cegetel from 1998 through 2000. The State lodged an appeal against this judgment and refused to refund the corresponding sums on the grounds that these contributions were allegedly paid pursuant to the decree of April 16, 2007, which Neuf Cegetel disputes. In eight judgments rendered on November 8, 2007, the Paris Administrative Court ordered the State to refund the total amount of €2,429,273 for the contributions to the Universal Service paid by four companies now absorbed by Neuf Cegetel. The State lodged an appeal against these decisions, except for one (Ventelo). In March 2008, the Paris Administrative Court dismissed an appeal by Neuf Cegetel concerning the contribution for 2005.

Neuf Cegetel against Minefi

Following a ruling of the Paris Administrative Tribunal dated June 19, 2003, Neuf Telecom (now "Neuf Cegetel") and its subsidiaries disputed the validity of the management taxes invoiced by the ARCEP. On June, 7, 2007, the Paris Administrative Tribunal ordered the State to refund the sums paid by Neuf Cegetel for the annual file administration tax for 2000. On October 17, 2007, the State paid €2.8 million corresponding to the principal amount due. In May 2008, Neuf Cegetel requested the refund of the interest paid on amounts in arrears. It also initiated similar actions for the management and control taxes for a total amount of €14 million. On March 30, 2007, the Paris Administrative Tribunal dismissed the claims made for 1998 (€10.1 million). Neuf Cegetel lodged an appeal before the Paris Administrative Court.

Class action against Activision in connection with its merger with Vivendi Games

In February 2008, a purported class action was filed in the United States in the Delaware Chancery Court against Activision and its directors regarding the combination of Activision and Vivendi Games, and against Vivendi and its concerned subsidiaries. The plaintiffs alleged, among other things, that Activision's directors failed to fulfil their fiduciary duties with regard to the business combination, that those breaches were aided and abetted by Vivendi and certain of its subsidiaries, and that the preliminary proxy statement filed by Activision on January 31, 2008 contains statements that are false and misleading. On June 24, 2008, the plaintiffs filed their conclusions dismissing the Vivendi defendants from the lawsuit. On June 30, 2008, the Court entered its order dismissing the Vivendi defendants from the action. On July 1, 2008, the Court denied the plaintiffs' motion for preliminary injunction.

Derivative actions against Activision in connection with the grant of stock options

In July and August 2006, several derivative lawsuits were filed against Activision, certain members of its Board of Directors and several of its officers alleging purported improprieties in Activision's issuance of stock options. Three derivative actions filed in Los Angeles Superior Court ("Superior Court"), were consolidated into one case. Four derivative actions filed in the United States District Court for the Central District of California ("District Court") were also consolidated into one case. On May 8, 2008, the parties signed a settlement agreement. On July 22, 2008, the District Court entered an order finally approving this agreement and dismissing all claims with prejudice. In entering into this settlement agreement, none of the parties admitted to any liability or wrongdoing. On July 28, 2008, the Superior Court approved a stipulation of dismissal.

Activision Investigation by the Securities Exchange Commission

On July 24, 2006, Activision received a letter of informal inquiry from the Los Angeles Office of the Securities Exchange Commission ("SEC") relating to its historical stock option grant practices. Thereafter, in June 2007, the SEC issued a formal order of non-public investigation, pursuant to which it subpoenaed documents and testimony from Activision and company personnel related to the investigation. Activision Blizzard, as successor to Activision, was recently advised by the SEC's Los Angeles office staff that they decided to conclude this investigation without recommending any enforcement action.

Parabole Reunion

In July 2007, the group Parabole Réunion filed a suit before the Tribunal of first instance of Paris following the termination of the distribution on an exclusive basis of the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, Groupe Canal+ was enjoined, under fine, from allowing the broadcast of these channels by a third party, unless it offers to Parabole Réunion the replacement of these channels by other channels of a similar attractivity, to be distributed on an exclusive basis. Groupe Canal+ appealed this decision. By a judgment dated June 19, 2008, the Paris Court of Appeal reversed the judgment dated September, 18, 2007 and dismissed Parabole Réunion's main claims against Groupe Canal+. As a result, the injunction ordered pursuant to the decision of September 18, 2007 was lifted. As of today, Parabole Réunion has not notified any brief for its appeal. Groupe Canal+ will have to file its briefs in response within two months of the notification by Parabole Réunion of its brief.

Action brought by the French Competition Council on practices implemented in the pay television sector

In February 2008, the French Competition Council initiated an investigation regarding some practices implemented in the pay television sector. For the moment, the scope of this investigation is very broad and, as a result, the issues which the Council will ultimately focus on cannot be determined. Groupe Canal+ has not yet been notified of any grievances.

Note 13. Subsequent events

Activision Blizzard: On November 5, 2008, Activision Blizzard announced that its Board of Directors has authorized a stock repurchase program under which the company can repurchase up to $1 billion of the company's common stock. In addition, Vivendi does not intend to sell any of its Activision Blizzard shares in that program and does not have any current plans to buy additional Activision Blizzard shares.

IV – Unaudited supplementary financial data

Data relating to Activision Blizzard as of September 30, 2008

As reported below, the reconciliation of revenues and EBITA of Activision Blizzard as of September 30, 2008 is based on:

- Activision Blizzard's data prepared in compliance with US GAAP standards, in US dollars, contained in its Form 10-Q for the quarterly period ended September 30, 2008 available since November 10, 2008 on Activision Blizzard's website (http://investor.activision.com/results.cfm), and non GAAP comparable measures, published by Activision Blizzard in its press release on November 5, 2008; and
- Data relating to Activision Blizzard established in accordance with IFRS standards, in euros, as published by Vivendi in its Financial Report and Unaudited Financial Statements for the nine months ended September 30, 2008.

As a reminder, on July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games, and hence Vivendi Games became a wholly-owned subsidiary of Activision, which was renamed Activision Blizzard. On that date, Vivendi holds a 54.47% (non-diluted) controlling interest in Activision Blizzard, which conducts the combined business operations of Activision and Vivendi Games. From an accounting perspective, Vivendi Games is deemed the acquirer of Activision, hence the figures reported under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures in 2007; (b) Vivendi Games' historical figures from January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008.

In addition, Activision Blizzard, traded on NASDAQ, provides net revenues, net income (loss) and earnings (loss) per share and operating margin data and guidance both including (in accordance with US GAAP) and excluding (US non-GAAP): the impact of the change in deferred net revenues and costs of sales for *World of Warcraft*, expenses related to equity-based compensation costs, Activision Blizzard's non-core exit operations (which is the operating results of products and operations from the historical Vivendi Games businesses that Activision Blizzard has begun to exit or wind down), one-time costs related to the business combination between Activision and Vivendi Games (including transaction costs integration costs, and restructuring activities), the amortization of intangibles and the increase in the fair value of inventories and the associated changes in cost of sales resulting from purchase price accounting adjustments from the business combination; and the associated tax benefits.

In the IFRS Condensed Financial Statements of Activision Blizzard, in accordance with IAS 18 "Revenue", revenues from the sale of boxes for Massively Multiplayer Online Role Playing Games (MMORPG), as well as revenues from the sale of boxes for other video-games, are recorded upon transfer of the ownership and related risks to the distributor, net of a provision for estimated returns and rebates. Revenues generated by subscriptions and prepaid cards for online video-games are recorded on a straight-line basis over the duration of the service.

In the US GAAP Condensed Financial Statements of Activision Blizzard, in accordance with Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition in Financial Statements, as amended by SAB No. 104, "Revenue Recognition", revenues from the sale of boxes for MMORPG, and other ancillary services, as well as revenues from the sale of boxes for on-line enabled video-games, are recognized ratably as revenue over the estimated customer life beginning upon activation of the software and delivery of the services.

In order to take into consideration the evolution of accounting for online enabled video-games in this industry and hence improve financial information provided to the shareholders of Vivendi and Activision Blizzard, Vivendi is considering whether both accounting treatments should be made consistent in the fourth quarter of 2008, by aligning the IFRS treatment on the US GAAP treatment.

- **Reconciliation of revenues:**

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2008	2007	2008	2007
Non-GAAP Measurement (US GAAP basis):				
Comparable Basis Net Revenues of Core Operations (in millions of dollars) (a)	**770**	**610**	**2,689**	**2,090**
Eliminate comparable basis adjustments:				
Activision - operations prior to July 10, 2008	(53)	(318)	(1,310)	(1,126)
Non-GAAP Net Revenues of Core Operations (in millions of dollars) (a)	**717**	**292**	**1,379**	**964**
Eliminate non-GAAP adjustments:				
Changes in deferred net revenues (b)	(12)	31	(8)	(77)
Net revenues of non-core exit operations (a)	6	3	16	9
US GAAP Measurement:				
Net Revenues in US GAAP (in millions of dollars), as published by Activision Blizzard	**711**	**326**	**1,387**	**896**
Eliminate US GAAP vs. IFRS differences:				
Changes in deferred net revenues (b)	12	(31)	8	77
Other	2	-	4	(16)
IFRS Measurement:				
Net Revenues in IFRS (in millions of dollars)	**725**	**295**	**1,399**	**957**
Translate from dollars to euros:				
Net Revenues in IFRS (in millions of euros), as published by Vivendi	**475**	**216**	**919**	**716**

a. Net revenues of core operations, as defined by Activision Blizzard, include (i) Activision Publishing (« Activision »): publishing of interactive entertainment software and peripherals which includes certain studios, assets and titles of Sierra; (ii) Blizzard: publishing of traditional games and subscription-based games in the MMORPG category; and (iii) Distribution: distribution of interactive entertainment software and hardware products.

   Net revenues of non-core exit operations consist of revenues from the historical Vivendi Games businesses that Activision Blizzard has begun to exit or wind down.

b. Reflects the net change in deferred net revenues for World of Warcraft.

- **Reconciliation of EBITA:**

For a definition of EBITA, please refer to Note 1.2.3 of the 2007 Annual Report, page 171.

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2008	2007	2008	2007
Non-GAAP Measurement (US GAAP basis):				
Comparable Basis Operating Income/(Loss) of Core Operations (in millions of dollars) (a)	**113**	**110**	**556**	**382**
Eliminate comparable basis adjustments:				
Activision - operating income/(loss) generated prior to July 10, 2008	9	3	(167)	(14)
Non-GAAP Operating Income/(Loss) of Core Operations (in millions of dollars) (a)	**122**	**113**	**389**	**368**
Eliminate non-GAAP adjustments:				
Changes in deferred net revenues and cost of sales (b)	(12)	28	(7)	(67)
Results of non-core exit operations (a)	(110)	(40)	(251)	(86)
Equity-based compensation expense (c)	(26)	(43)	(47)	(77)
One time costs related to the Vivendi transaction, integration and restructuring (d)	(78)	-	(78)	(1)
Amortization of intangibles and purchase price accounting related adjustments (e)	(90)	(1)	(92)	(3)
US GAAP Measurement:				
Operating Income/(Loss) in US GAAP (in millions of dollars), as published by Activision Blizzard	**(194)**	**57**	**(86)**	**134**
Eliminate US GAAP vs. IFRS differences:				
Changes in deferred net revenues and cost of sales (b)	12	(28)	7	67
Equity-based compensation	(5)	31	26	21
Restructuring	-	-	-	-
Other	7	(4)	11	(10)
IFRS Measurement:				
Operating Income/(Loss) in IFRS (in millions of dollars)	**(180)**	**56**	**(42)**	**212**
Eliminate items excluded from EBITA:				
Impairment of intangible assets acquired through business combinations	7	-	7	-
Amortization of intangible assets acquired through business combinations	90	-	90	-
EBITA in IFRS (in millions of dollars)	**(83)**	**56**	**55**	**212**
Translate from dollars to euros:				
EBITA in IFRS (in millions of euros), as published by Vivendi	**(59)**	**41**	**33**	**160**

a. Operating Income/(Loss) of core operations, as defined by Activision Blizzard, includes (i) Activision Publishing (« Activision »): publishing of interactive entertainment software and peripherals which also includes certain studios, assets and titles of Sierra; (ii) Blizzard: publishing of traditional games and subscription-based games in the MMORPG category; and (iii) Distribution: distribution of interactive entertainment software and hardware products.

   Operating Income/(Loss) of non-core exit operations consists of operating loss from the historical Vivendi Games businesses that Activision Blizzard has begun to exit or wind down and of exit costs from the cancellation of projects.

b. Reflects the net change in deferred net revenues and deferred costs of sales for World of Warcraft.

c. Includes expense related to employee stock options, employee stock purchase plan and restricted stock rights under Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment."

d. Includes one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs, and restructuring activities). Restructuring activities includes severance costs, facility exit costs, and balance sheet write down.

e. Reflects amortization of intangible assets, and the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting related adjustments.