vivendi

Annual Financial Report and Audited Consolidated Financial Statements for the year ended December 31, 2009

VIVENDI

Société anonyme with a Management Board and a Supervisory Board with a share capital of €6,758,727,200.50

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Selected key consolidated financial data

Consolidated data	Year Ended December 31, 2009		2008	2007	2006	2005
Revenues (a)	27,132		25,392	21,657	20,044	19,484
EBITA (a) (b)	5,390		4,953	4,721	4,370	3,985
Earnings attributable to Vivendi shareowners	830		2,603	2,625	4,033	3,154
Adjusted net income (b)	2,585		2,735	2,832	2,614	2,218
Financial Net Debt (b) (c)	9,566		8,349	5,186	4,344	3,768
Total equity (d)	25,988		26,626	22,242	21,864	21,608
Vivendi shareowners' equity	22,017		22,515	20,342	19,912	18,769
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	7,799		7,056	6,507	6,111	5,448
Capital expenditures, net (capex, net) (e)	(2,562)		(2,001)	(1,626)	(1,645)	(1,291)
Cash flow from operations (CFFO) (b)	5,237		5,055	4,881	4,466	4,157
Financial investments	(3,050)		(3,947)	(846)	(3,881)	(1,481)
Financial divestments	97		352	456	1,801	155
Dividends paid in respect to previous fiscal year	1,639	(f)	1,515	1,387	1,152	689
Per share amounts						
Weighted average number of shares outstanding	1,203.2		1,167.1	1,160.2	1,153.4	1,149.6
Adjusted net income per share	**2.15**		**2.34**	**2.44**	**2.27**	**1.93**
Number of shares outstanding at the end of the period (excluding treasury shares)	1,228.8		1,170.1	1,164.7	1,155.7	1,151.0
Equity per share attributable to Vivendi shareowners	17.92		19.24	17.47	17.23	16.31
Dividends per share paid in respect to previous fiscal year	**1.40**	(f)	**1.30**	**1.20**	**1.00**	**0.60**

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

a. An analysis of revenues and EBITA by operating segment is presented in Section 4.1 of this Financial Report and Note 3 to the Consolidated Financial Statements for the year ended December 31, 2009.

b. 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 these indicators is defined in the appropriate section of the Financial Report or in the notes to the Consolidated Financial Statements for the year ended December 31, 2009. These indicators should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performances as disclosed in the Consolidated 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.

c. As of December 31, 2009, Vivendi changed the definition of Financial Net Debt to include certain cash management financial assets the characteristics of which do not strictly comply with the definition of cash equivalents as defined by the Recommendation of the AMF and IAS 7. In particular, such financial assets may have a maturity of up to 12 months. Considering that no investment in such assets was made prior to 2009, the retroactive application of this change of presentation has no impact on Financial Net Debt for the relevant periods and the information presented in respect of the previous fiscal years from 2005 to 2008, is consistent. Please refer to Section 5 of the 2009 Financial Report.

d. Vivendi voluntarily opted for the early application from January 1, 2009 of revised standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements). In particular, revised IAS 27 requires presenting the consolidated financial statements of a group as those of a single economic entity with two categories of owners: the shareowners of Vivendi SA and the owners of non-controlling interests. As a result, certain reclassifications have been made to the 2008 consolidated statement of changes in equity to conform to the 2009 presentation, as prescribed by IAS 27. In addition, revised IFRS 3 introduces changes to the acquisition method, defined by IFRS 3 as issued in March 2004, in particular the option to measure non-controlling interests in an acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Please refer to Note 1 to the Consolidated Financial Statements for the year ended December 31, 2009.

e. Relates to cash used for capital expenditures, net of proceeds from sales of property, plant, equipment and intangible assets.

f. The 2008 dividend distribution totaled €1,639 million, of which €904 million was paid in Vivendi shares (having no impact on cash) and €735 million was paid in cash.

Note: In accordance with European Commission Regulation (EC) 809/2004 (Article 28) which sets out disclosure obligations for issuers of securities listed on a regulated market within the European Union (The "Prospectus Directive"), the followings items are incorporated by reference:

- the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2008, prepared under IFRS and the related Statutory Auditors' Report presented in pages 137 to 294 of the Document de Référence No. D09-139, filed on March 19, 2009 with the French Autorité des Marchés Financiers (AMF), and in pages 137 to 290 of the English translation of this Document de Référence; and
- the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2007, prepared under IFRS and the related Statutory Auditors' Report presented in pages 129 to 259 of the Document de Référence No. D08-131, filed on March 18, 2008 with the AMF, and in pages 129 to 256 of the English translation of this Document de Référence.

I – 2009 Financial Report

Preliminary comments:

On February 24, 2010, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2009. After receipt of the Audit Committee's recommendation given at its meeting held on February 24, 2010, the Supervisory Board, at its meeting held on February 25, 2010, reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2009, as approved by the Management Board on February 24, 2010.

The Consolidated Financial Statements for the year ended December 31, 2009 have been audited and certified by the Statutory Auditors with no qualified opinion. The Statutory Auditors' Report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

Summary of the 2009, 2008 and 2007 main developments

Vivendi is pursuing its profitable growth strategy, while maintaining an investment grade debt rating. The key elements of Vivendi's strategy remain unchanged: capitalizing on acquisition opportunities in countries and businesses experiencing strong growth, the acquisition of partners' non-controlling interests, financial discipline and a high dividend distribution policy.

2009

- On March 13, renewal of the authorization to use the Consolidated Global Profit Tax System.
- On June 15, Canal+ Group launched a pay-TV platform in Vietnam.
- In June, Vivendi paid a dividend of €1.40 per share for the fiscal year 2008, representing a total distribution of €735 million in cash and €904 million in shares.
- On July 31, Maroc Telecom acquired a 51% stake in Sotelma.
- On November 13, Vivendi took over Global Village Telecom (GVT), an alternative telecommunications operator in Brazil.
- On December 3, Vivendi announced an agreement to sell its stake in NBC Universal.
- On December 8, Universal Music Group launched the new music site VEVO in the United States and Canada.
- On December 28, Vivendi/Canal+ Group acquired TF1's 10% interest in the share capital of Canal+ France.

2008

- On February 6, after completion of a bidding process, Canal+ Group was awarded nine out of the ten television lots offered for League 1 broadcasting rights by the French Professional Football League (2008-2009 to 2011-2012).
- On February 25, UMG completed the sale of certain music publishing catalogs.
- In February, Vivendi obtained a €3.5 billion syndicated loan.
- On April 2, StudioCanal acquired the entire share capital of Kinowelt.
- On April 15, SFR took over Neuf Cegetel.
- In April, Vivendi completed the early redemption of all of its outstanding bonds exchangeable for Sogecable shares.
- In April, Vivendi raised $1.4 billion from the issuance of US dollar bonds.
- On May 5, UMG acquired Univision Music Group.
- In May, Vivendi paid a dividend of €1.30 per share for the fiscal year 2007, representing a total distribution of €1,515 million.
- On June 24, Neuf Cegetel was delisted from Euronext Paris as a result of the successful completion of SFR's simplified tender offer made from May 19 to June 13.
- On July 9, Activision Blizzard was created.

2007

- On January 4, Canal+ Group and TPS combined their pay-TV operations in France.
- On February 9, Maroc Telecom Group acquired a 51% stake in Gabon Telecom.
- In April, Vivendi paid a dividend of €1.20 per share for fiscal year 2006, representing a total distribution of €1,387 million.
- On May 25, UMG acquired BMG Music Publishing.
- On July 20, SFR acquired the fixed and ADSL operations of Tele2 France.
- On August 2, UMG consolidated Sanctuary Group Plc, an artists services group.
- On December 7, Vivendi acquired a 2% stake in Maroc Telecom Group, increasing its stake from 51% to 53%.

2010 events

At the end of 2009, Vivendi took two important strategic decisions: selling its stake in NBC Universal and buying GVT, the fastest-growing Brazilian telecom operator. These decisions will further enhance Vivendi's momentum. Vivendi forecasts further EBITA growth in 2010.

1 2009 Major developments

1.1 Major developments in 2009

1.1.1 ACQUISITIONS/DIVESTITURES OF INVESTMENTS

Takeover of GVT (Holding) S.A. in Brazil

On November 13, 2009, Vivendi took over GVT (Holding) S.A. (GVT), the leading alternative telecommunications operator in Brazil, which was fully consolidated by Vivendi at that date. Pursuant to the acquisition of GVT, Vivendi held 37.9% of GVT's outstanding voting shares and had a right to purchase an additional 19.6% of GVT's outstanding voting shares pursuant to call option agreements. As of December 31, 2009, Vivendi held an 82.45% controlling interest in GVT. Vivendi's investment in GVT was completed according to the following schedule:

- On November 13, 2009, Vivendi acquired an aggregate of 29.9% of GVT's outstanding voting shares, at BRL56 per share, from Swarth Investments LLC, Swarth Investments Holdings LLC and Global Village Telecom (Holland) BV, the founding and controlling shareholders of GVT. In addition, Vivendi acquired from third parties an additional 8% interest in GVT's outstanding voting shares at various prices per share comprised between BRL 49 and BRL 56 and held unconditional call options giving Vivendi the right to acquire an additional 19.6% interest in GVT's outstanding voting shares, at an exercise price of BRL55 per share, plus a premium of BRL1 per share. Consequently, at that date, Vivendi held 37.9% of GVT's outstanding voting shares and had a right to purchase an additional 19.6% interest in GVT's outstanding voting shares which gave Vivendi control over 57.5% of GVT's outstanding voting shares (53.7% on a fully diluted basis). As a result, as of November 13, 2009, Vivendi acquired exclusive control of GVT, defined as the power to govern GVT's financial and operational policies so as to obtain benefits from its operations. In accordance with Brazilian rules and regulations, Vivendi filed a mandatory cash tender offer to purchase the remaining shares of GVT with the Brazilian securities regulator, at a price per share of BRL56, with an offer price adjustment based on fluctuations of the SELIC Rate (Taxa Referencial do Sistema Especial de Liquidação e Custódia) from November 13, 2009 until the settlement date of the tender offer. Vivendi will launch its mandatory cash tender offer upon receipt of final approval from the Brazilian securities authorities.
- As of December 31, 2009, following additional acquisitions of GVT shares on the market by Vivendi and the full exercise of the call options mentioned above, representing a total of approximately 25% of GVT's outstanding voting shares, Vivendi held an 82.45% controlling interest in GVT, for a total investment of €2,507 million (including Financial Net Debt assumed for €47 million as of November 13, 2009).
- Considering that pursuant to the obligation to launch its tender offer, Vivendi has committed to purchase all tendered shares, *i.e.*, a maximum of 17.55% of GVT's outstanding voting shares as of December 31, 2009, Vivendi recorded an amount estimated at €571 million share purchase commitment in financial debt as of such date.
- During the period from January 1, 2010 through February 24, 2010, the date of the Management Board meeting which approved the financial statements for the fiscal year 2009, Vivendi acquired approximately 6 million additional GVT shares on the market, for a total cost of approximately €139 million, without any impact on Vivendi's financial indebtedness considering the previously recorded commitment as mentioned above.
- Moreover, GVT convened a special shareholders' meeting to be held on March 8, 2010, to obtain its shareholders' approval on GVT's deregistration as a publicly held company.

For a detailed description of this transaction and its impacts on Vivendi's financial statements, please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2009.

In Brazil, GVT is the leading alternative telecommunications operator with an annual growth of approximately 30% and the leading broadband operator benefiting from close relationships with its consumer needs both in quality and service. Vivendi plans to have a long-term presence in Brazil. Vivendi's aim is to reinforce GVT's dynamism, give it a definitive shareholder's base and rapidly expand the company's operations in regions of Brazil where it currently has only a limited presence or none at all. The acquisition of GVT is totally aligned with Vivendi's strategy of secular expansion in rapid growth economies.

Sale agreement of the 20% stake in NBC Universal

Following the announcement on December 3, 2009, of the agreement reached between General Electric (GE) and Comcast Corporation (Comcast) regarding NBC Universal, Vivendi and GE entered into an agreement providing for Vivendi's full exit from NBC Universal and amending the NBC Universal initial agreements dated 2004. The main terms of this agreement can be summarized as follows:

- Vivendi will sell its 20% interest in NBC Universal to GE (subject to the closing of the GE/Comcast transaction) and will not be a shareholder in the new entity resulting from the joint venture between NBC Universal and Comcast. The 20% interest is valued at $5.8 billion.
- If the GE/Comcast transaction is not completed by September 26, 2010, Vivendi will on that date sell its 7.66% interest in NBC Universal to GE for $2 billion (plus an additional $222 million payable if and when the GE/Comcast Transaction closes). In addition, the remainder of Vivendi's interest (i.e., 12.34%) would be sold to GE for the balance of the $5.8 billion, if and when the GE/Comcast Transaction closes.
- Vivendi will continue to receive quarterly dividends from NBC Universal pro rata to its then-current interest, if declared by the Board of Directors of NBC Universal. For a period of time ending on the later of September 26, 2010 and the date the agreement between GE and Comcast related to the GE/Comcast Transaction is terminated, to the extent the NBC Universal dividends are below certain specified amounts, GE will make payments to Vivendi in the amount of the difference. In the event the GE/Comcast transaction does not close, the amount of payments from GE to Vivendi may be reduced under certain circumstances.
- If the GE/Comcast transaction is not completed, Vivendi has the right to an accelerated launch of an initial public offering for its remaining 12.34% interest in NBC Universal, in addition to its usual right each November. Please refer to Note 26.3 to the Consolidated Financial Statements for the year ended December 31, 2009.

Acquisition of Canal+ France's minority interests: As of February 24, 2010, the date of the Management Board's meeting held to approve the Financial Statements for the year ended December 31, 2009, Canal+ Group (a wholly-owned subsidiary of Vivendi) increased its stake in the share capital of Canal+ France from 65% to 80%, as a result of the following transactions:

- On December 28, 2009, Vivendi/Canal+ Group acquired TF1's 9.9% interest in the capital of Canal+ France for €744 million. On that date, Vivendi increased its stake in the share capital of Canal+ France from 65% to 74.9%.
- On February 22, 2010, M6 exercised its put option on its 5.1% stake in Canal+ France for €384 million.
- In accordance with applicable accounting standards, since the put options initially granted to TF1 and M6 were recognized as financial liabilities in Vivendi's Financial Net Debt, these transactions does not have any impacts on Vivendi's Financial Net Debt.

Acquisition of a 51% stake in Sotelma by Maroc Telecom: On July 7, 2009, Maroc Telecom was declared the winning bidder of the international call for tenders for the acquisition of a 51% controlling interest in Sotelma, the incumbent Malian telecoms operator. The acquisition of this 51% interest was completed on July 31, 2009 for a total enterprise value of €312 million (representing a purchase price of €278 million plus the assumption of €43 million in net debt, net of cash acquired for €9 million). In 2008, revenues and EBITDA of Sotelma amounted to €114 million[1] and €38 million[1], respectively. At year-end 2008, Sotelma had more than 500,000 active mobile subscribers and more than 83,000 fixed-line subscribers (Source: ITU). Growth prospects for the Malian market are particularly promising, with an estimated mobile penetration rate of 26% and a fixed-line penetration rate of 0.65% at year-end 2008. Sotelma has been fully consolidated since August 1, 2009. For a detailed description of this transaction and its impacts on Vivendi's financial statements, please refer to Note 2.2 to the Consolidated Financial Statements for the year ended December 31, 2009.

Launch of a pay-TV platform in Vietnam by Canal+ Group: On June 15, 2009, Canal+ Group and VTV, the Vietnamese public television company, announced the launch of a satellite pay-TV platform in Vietnam. This platform was launched pursuant to a partnership between Canal+ Group and VCTV, a subsidiary of VTV, aimed at developing the pay-TV market in Vietnam. The entity is held 49% by Canal+ Group and 51% by VCTV, which holds the sole satellite TV license in Vietnam. The project has received authorization from the Vietnamese authorities. Canal+ Group manages the operations of the new entity through its subsidiary, Canal Overseas. The company has been fully consolidated since July 1, 2009.

Acquisition of an additional 62% interest in 5 sur 5 by CID: On August 27, 2009, CID, a company 40% owned by SFR and 60% by other financial investors, acquired the 62% interest in 5 sur 5 that it did not already hold. 5 sur 5 is a distribution company with a national network of approximately 200 agencies; most of them are under the Espace SFR brand.

[1] *These amounts were prepared under local GAAP on a provisional basis and are in the process of being reviewed by the auditors.*

1.1.2 OTHER

Securities Class Action in the United States: On January 29, 2010, the jury rendered its verdict in the Securities Class Action lawsuit in the Federal Court in the State of New York. On the basis of this verdict, of all aspects of these proceedings, and using ad-hoc experts, in accordance with accounting principles, Vivendi recognized a €550 million reserve as of December 31, 2009 with respect to the estimated damages, if any, that might be paid to the plaintiffs. Vivendi considers that this reserve and the assumptions on which it is based may have to be amended as the proceedings progress, and, consequently, the amount of damages that Vivendi might have to pay the class plaintiffs could differ significantly, in either direction, from the amount of the reserve. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2009.

New borrowings set up by Vivendi SA and SFR: Please refer to Section 5.4 of this Financial Report.

The Consolidated Global Profit Tax System: By an order dated March 13, 2009, authorization to use the Consolidated Global Profit Tax System under Article 209 quinquies of the French General Tax Code was renewed for the period beginning on January 1, 2009 and ending on December 31, 2011. As a reminder, pursuant to the Consolidated Global Profit Tax System, Vivendi is entitled to consolidate its own profits and losses with the profits and losses of its subsidiaries that are at least 50% directly or indirectly owned by it and located in France or abroad, as well as those of Canal+ SA. Pursuant to the terms of the order, Vivendi undertook to continue to perform its previous years' commitments, in particular with regard to job creation. Please refer to Note 6.1 to the Consolidated Financial Statements for the year ended December 31, 2009.

Dividend paid with respect to fiscal year 2008: At the Annual Shareholders' Meeting held on April 30, 2009, the shareholders of Vivendi approved the Management Board's recommendations relating to the allocation of distributable earnings for the fiscal year 2008. As a result, the dividend payment was set at €1.40 per share. The shareholders of Vivendi were given the option to elect to receive the dividend payment with respect to fiscal year 2008 in either shares or cash. For the dividend payment in shares, the Vivendi share price was set at €17 per share. At the end of the election period, 55% of rights had been exercised in favor of a dividend payment in shares, representing a strengthening of Vivendi's capital of €904 million. The corresponding capital increase took place on June 4, 2009. The payment in cash of €735 million began on June 4, 2009.

Stock repurchase program of Activision Blizzard: On November 5, 2008, Activision Blizzard announced that its Board of Directors had authorized a stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an initial amount of $1 billion, which authorized amount was increased to $1.25 billion on July 31, 2009. 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. As of December 31, 2009, Activision Blizzard repurchased 114 million shares of its common stock for a total amount of $1.2 billion (€877 million) since the inception of this program, of which 101 million shares were purchased during the year ended December 31, 2009 for a total amount of $1.1 billion (€792 million). As of December 31, 2009, Vivendi held a 57% interest (non-diluted) in Activision Blizzard (compared to 55% as of December 31, 2008). Furthermore, as of December 31, 2009, Activision Blizzard committed to repurchase 1.3 million shares for $15 million under this program. On February 10, 2010, Activision Blizzard announced that its Board of Directors had authorized a new stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion. Moreover, in connection with the approval of its financial statements as of December 31, 2009, Activision Blizzard's Board of Directors declared a dividend of $0.15 per common share, corresponding to a total distribution of approximately $188 million. This distribution will be paid in cash on April 2, 2010.

License agreement with the NetEase.com group in China: In April 2009, Blizzard Entertainment Inc., a subsidiary of Activision Blizzard, agreed to license *World of Warcraft, StarCraft II, Battle.net* and *Warcraft III* to an affiliated company of NetEase.com, Inc. ("NetEase") in China for a term of three years. *World of Warcraft* was unavailable to players in China from June 7, 2009 (local) (the date on which the prior license arrangements expired) until September 19, 2009 (local) (the date on which NetEase relaunched the game to subscribers). There are indications of ongoing regulatory uncertainty regarding NetEase's operation of *World of Warcraft* in China, which could impact its ability to continue to make the game available on a paying basis without interruption.

Launch of VEVO: On December 8, 2009, Universal Music Group launched the new music site Vevo, the result of its alliance with Sony Music, EMI and YouTube with support from the United Arab Emirates' state-owned Abu Dhabi Media Company. The open, interactive site makes 30,000 videos available to users in the United States and Canada and aims to leverage the massive existing traffic of YouTube.

Minority buyout offer of Jet Multimedia: Following the purchase in December 2008 of Jet Multimedia France by SFR, SFR filed a minority buyout offer in September 2009, the French Autorité des Marchés Financiers (AMF) for the remaining shares in Jet Multimedia held by the public for a price of €6.50 per share. At the closing date of the offer, October 28, 2009, SFR held a 98% interest in Jet Multimedia.

Merger of Neuf Cegetel and SFR: On February 26, 2009, Neuf Cegetel and SFR entered into a merger agreement pursuant to which Neuf Cegetel agreed to merge with and into SFR. The merger was completed at the end of March 2009, having retroactive tax effect from January 1, 2009.

Information regarding the stake in PTC: Due to the pending litigation among Vivendi and its subsidiary Elektrim Telekomunikacja (Telco) against Deutsche Telekom and Elektrim SA, the legal uncertainty surrounding the ownership of Telco's stake in PTC prevents Telco from exercising joint control over PTC, as provided in the by-laws of PTC. As a result, Vivendi does not consolidate its stake in PTC, whose carrying value is nil. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2009.

1.2 Major developments since December 31, 2009

The main developments that occurred from December 31, 2009 until February 24, 2010, the date of the Management Board meeting which approved the financial statements for the fiscal year 2009, are as follows:

- Jury's verdict in the Securities Class Action in the United States (please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2009);
- Stock repurchase program of Activision Blizzard (please refer to Section 1.1.2 supra); and
- Exercise by M6 of its put option on its Canal+ France shares (please refer to Section 1.1.1 supra).

2 Earnings analysis

2.1 Consolidated earnings and adjusted net income

CONSOLIDATED STATEMENT OF EARNINGS	Year Ended December 31,		Year Ended December 31,		ADJUSTED STATEMENT OF EARNINGS
	2009	2008	2009	2008	
Revenues	**27,132**	**25,392**	**27,132**	**25,392**	**Revenues**
Cost of revenues	(13,627)	(12,492)	(13,627)	(12,492)	Cost of revenues
Margin from operations	**13,505**	**12,900**	**13,505**	**12,900**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(8,069)	(7,753)	(8,069)	(7,753)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(46)	(194)	(46)	(194)	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(634)	(653)			
Impairment losses of intangible assets acquired through business combinations	(920)	(40)			
EBIT	**3,836**	**4,260**	**5,390**	**4,953**	**EBITA**
Income from equity affiliates	171	260	171	260	Income from equity affiliates
Interest	(458)	(354)	(458)	(354)	Interest
Income from investments	7	5	7	5	Income from investments
Other financial charges and income	(795)	579			
Earnings from continuing operations before provision for income taxes	**2,761**	**4,750**	**5,110**	**4,864**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(675)	(1,051)	(747)	(920)	Provision for income taxes
Earnings from continuing operations	**2,086**	**3,699**			
Earnings from discontinued operations	-	-			
Earnings	**2,086**	**3,699**	**4,363**	**3,944**	**Adjusted net income before non-controlling interests**
Of which					*Of which*
Earnings attributable to Vivendi shareowners	**830**	**2,603**	**2,585**	**2,735**	**Adjusted net income**
Non-controlling interests	1,256	1,096	1,778	1,209	Non-controlling interests
Earnings attributable to Vivendi shareowners per share - basic (in euros)	**0.69**	**2.23**	**2.15**	**2.34**	**Adjusted net income per share - basic (in euros)**
Earnings attributable to Vivendi shareowners per share - diluted (in euros)	**0.69**	**2.23**	**2.14**	**2.34**	**Adjusted net income per share - diluted (in euros)**

In millions of euros, except per share amounts.

2.2 Earnings review

Adjusted net income was €2,585 million (or €2.15 per share) in 2009, compared to €2,735 million (or €2.34 per share) in 2008. The €150 million decrease (-5.5%) in adjusted net income resulted primarily from:

- a €437 million increase in EBITA to a total of €5,390 million. The increase mainly reflected the respective performance of Activision Blizzard (+€450 million, including the effects of the consolidation of Activision since July 10, 2008), Canal+ Group (+€84 million) and Maroc Telecom Group (+€20 million, including the effects of the consolidation of Sotelma since August 1, 2009), partially offset by a decline in the performance of Universal Music Group (-€106 million), and the relatively stable performance of SFR (-€12 million, including the effects of the consolidation of Neuf Cegetel since April 15, 2008). In 2009, EBITA also reflected reduced integration and restructuring costs of -€91 million (of which UMG incurred -€59 million and SFR incurred -€20 million), compared to -€317 million in 2008, which reflected costs incurred by SFR as a result of the integration of Neuf Cegetel (-€123 million) and by Activision Blizzard as a result of the combination of Vivendi Games and Activision (-€122 million), as well as restructuring costs at UMG (-€53 million). In addition, in 2009, EBITA included the impact of the consolidation of GVT since November 13, 2009 (+€20 million) and an earn-out income from the disposal of real estate assets in Germany in 2007 (+€40 million). Furthermore, on a consolidated basis, EBITA was impacted by increased charges related to stock option plans and other share-based compensation plans representing a net expense of €154 million in 2009 due primarily to the consolidation of Activision Blizzard, compared to €41 million in 2008, which resulted in an unfavorable impact of -€113 million;
- a €173 million decrease in income tax expense, which mainly resulted from SFR's utilization of Neuf Cegetel's ordinary losses carried forward in 2009;
- a €89 million decrease in income from equity affiliates;
- a €104 million increase in interest expense; and
- a €569 million increase in earnings attributable to non-controlling interests, primarily impacted by the share attributable to the non-controlling interest in SFR (€330 million) in the tax savings realized by SFR as a result of the utilization of Neuf Cegetel's ordinary losses carried forward and by the increased performance of Activision Blizzard (€179 million).

Breakdown of the main items from the statement of earnings

Revenues were €27,132 million in 2009, compared to €25,392 million for 2008, an increase of €1,740 million (+6.9%, or +6.7% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 "Business segment performance analysis".

Costs of revenues amounted to €13,627 million in 2009, compared to €12,492 million in 2008, representing an additional charge of €1,135 million.

Margin from operations increased by €605 million in 2009 to €13,505 million, compared to €12,900 million in 2008.

Selling, general and administrative expenses, excluding amortization of intangible assets acquired through business combinations, amounted to €8,069 million in 2009, compared to €7,753 million in 2008, representing an additional charge of €316 million.

Depreciation and amortization of tangible and intangible assets are included either in the cost of revenues or as selling, general and administrative expenses. Depreciation and amortization, excluding amortization of intangible assets acquired through business combinations, were €2,246 million in 2009, compared to €1,938 million in 2008, representing a €308 million increase. This increase primarily resulted from an increase in the amortization of telecommunication network assets, mainly at SFR, notably due to the consolidation of Neuf Cegetel since April 15, 2008, and at Activision Blizzard due to content assets related to games.

Restructuring charges and other operating charges and income amounted to a charge of €46 million in 2009, compared to a charge of €194 million in 2008, a decrease of €148 million. In 2009, it included restructuring charges totaling -€91 million, which primarily consisted of costs incurred by UMG (-€59 million) and SFR (-€20 million), partially offset by an earn-out income at Holding & Corporate (€40 million) related to the disposal of real estate assets in Germany in 2007. In 2008, this mainly included restructuring charges at SFR (-€123 million) as part of the integration of Neuf Cegetel, at Activision Blizzard (-€57 million), excluding the write-off of certain Vivendi Games titles and other non-recurring costs resulting from the combination of Activision and Vivendi Games (-€65 million), which were recorded as costs of revenues and selling, general and administrative expenses) and at UMG (-€53 million).

EBITA was €5,390 million in 2009, compared to €4,953 million in 2008, an increase of €437 million (+8.8%, or +8.2% 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 was €634 million in 2009, compared to €653 million in 2008, a decrease of €19 million resulting from the full amortization at year-end 2008 of certain assets acquired from Activision. This charge notably included the amortization of UMG's music catalogs (€287 million) and intangible assets acquired from Activision in July 2008 (€188 million, which mainly included internally developed franchises, licenses and game engines).

Impairment losses on intangible assets acquired through business combinations were €920 million in 2009, compared to €40 million in 2008. In 2009, impairment losses on intangible assets acquired through business combinations primarily comprised the impairment of goodwill related to UMG (-€616 million) and certain intangible assets acquired from Activision in July 2008, notably internally developed franchises (-€252 million) and certain licenses (-€39 million). In 2008, they primarily included the write-off of certain of UMG's music catalogs (-€28 million).

EBIT was €3,836 million in 2009, compared to €4,260 million in 2008, a decrease of €424 million (-10.0%).

Income from equity affiliates was €171 million in 2009, compared to €260 million in 2008. In 2009, Vivendi's share of income earned by NBC Universal was €178 million, compared to €255 million in 2008, a decrease which resulted from the decline in NBC Universal's performance. In addition, for the period from January 1 to April 14, 2008, SFR's share of income earned by Neuf Cegetel (fully consolidated by SFR since April 15, 2008) was €18 million.

Interest was an expense of €458 million in 2009, compared to €354 million in 2008, an increase of €104 million.
Interest expense on borrowings amounted to €486 million in 2009, compared to €450 million in 2008, a €36 million increase. This increase was mainly due to a slight rise in the average interest rate on borrowings to 4.75% in 2009 (compared to 4.69% in 2008), and an increase in average outstanding borrowings to €10.2 billion in 2009 (compared to €9.6 billion in 2008), primarily resulting from the financing of the acquisitions made in 2008 (Neuf Cegetel for €4.3 billion in April 2008, and Activision for €1.1 billion in July 2008, as well as the consolidation of Neuf Cegetel's Financial Net Debt for approximately €1 billion) and from the financing of the acquisition of GVT for €2.5 billion in November and December 2009.
Interest income earned on cash and cash equivalents was €28 million in 2009, compared to €96 million in 2008, a decrease of €68 million. This decrease was mainly due to the decrease in the average interest income rate to 0.92% in 2009, compared to 3.72% in 2008, slightly offset by the increase in average cash and cash equivalents to €3.0 billion in 2009, compared to €2.6 billion in 2008. As of December 31, 2009, the amount of cash and cash equivalents on a consolidated basis included Activision Blizzard's cash and cash equivalents for €1,925 million, as well as its US government agency securities with a maturity exceeding three months for €271 million, compared to Activision Blizzard's cash and cash equivalents of €2,117 million as of December 31, 2008.
For more information, please refer to Section 5 of this Financial Report and Note 5 to the Consolidated Financial Statements for the year ended December 31, 2009.

Other financial charges and income was a net charge of €795 million in 2009, compared to a net income of €579 million in 2008. In 2009, it mainly included the reserve accrued as of December 31, 2009 with respect to the estimated damages, if any, that may be paid by Vivendi to the plaintiffs of the Securities Class Action in the United States (-€550 million; please refer to Note 27 to the Consolidated Financial Statements regarding litigation) as well as an additional impairment loss related to Vivendi's 20% stake in NBC Universal (-€82 million) recognized following the agreement entered into in December 2009 between Vivendi and General Electric governing Vivendi's full exit from NBC Universal. In 2008, other financial charges and income mainly included the consolidation gain (+€2,318 million) generated by the combination of Vivendi Games and Activision following the creation of Activision Blizzard, as well as the capital gain (+€83 million) resulting from the early redemption of Vivendi's bonds exchangeable for Sogecable shares following the tender offer launched by Prisa for the share capital of Sogecable, mainly offset by an impairment loss related to Vivendi's 20% stake in NBC Universal (-€1,503 million) and by the impact of certain non-cash adjustments (-€77 million) relating to the acquisition of Neuf Cegetel by SFR.
For more information, please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2009.

Provision for income taxes was a net charge of €675 million in 2009, compared to a net charge of €1,051 million in 2008, representing a €376 million decrease. The decrease in provision for income taxes was primarily due to changes in tax savings under the Consolidated Global Profit Tax System, which resulted in an income of €473 million in 2009, compared to an income of €56 million in 2008. The 2008 income of €56 million reflected lower expectations regarding tax savings from the Consolidated Global Profit Tax System following the anticipated utilization of Neuf Cegetel's ordinary losses carried forward by SFR in 2009. For more information, please refer to Note 6 to the Consolidated Financial Statements for the year ended December 31, 2009.
In addition, income taxes reported to adjusted net income was a net charge of €747 million in 2009, compared to a net charge of €920 million in 2008. The €173 million decrease in income taxes reported to adjusted net income was mainly due to current tax savings of €750 million realized by SFR in 2009 due to the utilization of Neuf Cegetel's ordinary losses carried forward (of which €420 million was allocated to the share attributable to Vivendi shareowners and €330 million was allocated to the share attributable to the non-controlling interest in SFR), partially offset by a €253 million decrease in current tax savings generated by the Consolidated Global Profit Tax System in 2009 (€181 million, compared to €434 million in 2008). This €173 million decrease was notably due to the share attributable to the non-controlling interest in SFR in current tax savings recorded by SFR for 2009, and was the primary reason for the decrease in the effective tax rate reported to adjusted net income to 15.1% in 2009, compared to 20.0% in 2008.
As a reminder, Neuf Cegetel's ordinary losses carried forward were fully recognized in SFR's statement of financial position in 2008 (€807 million) as part of the purchase price allocation of Neuf Cegetel.

Earnings attributable to non-controlling interests amounted to €1,256 million in 2009, compared to €1,096 million in 2008. The €160 million increase was mainly due to the increase in earnings attributable to non-controlling interests in Activision Blizzard (€106 million) and SFR (€56 million).
Adjusted net income attributable to non-controlling interests amounted to €1,778 million, compared to €1,209 million in 2008. In addition to the increase in adjusted net income attributable to Activision Blizzard's non-controlling interests (€179 million), the €569 million increase also included the share attributable to non-controlling interests in 2009 in the current tax savings realized by SFR (€330 million) as a result of SFR's utilization of Neuf Cegetel's ordinary losses carried forward in 2009.

Earnings attributable to Vivendi shareowners amounted to €830 million (or €0.69 per share) in 2009, compared to €2,603 million (or €2.23 per share) in 2008, resulting in a decrease of €1,773 million (-68.1%).

The reconciliation of earnings attributable to Vivendi shareowners with adjusted net income is further described in Note 7 to the Consolidated Financial Statements for the year ended December 31, 2009. In 2009, this reconciliation notably included the impact of reversing the deferred tax asset (-€750 million) related to the utilization by SFR of Neuf Cegetel's ordinary tax losses carried forward, as well as the impact of the amortization of intangible assets acquired through business combinations (-€1,056 million, after tax and non-controlling interests), the reserve accrued with respect to the Securities Class Action in the United States (-€550 million) and an additional impairment loss related to Vivendi's 20% stake in NBC Universal (-€82 million), partially offset by the increase in the savings expected in 2010 from the Consolidated Global Profit Tax System (+€292 million). In 2008, this reconciliation notably included the consolidation gain (€2,318 million) generated by the combination of Vivendi Games and Activision following the creation of Activision Blizzard, as well as the capital gain (+€83 million) recognized on the early redemption of bonds exchangeable for Sogecable shares, offset by an impairment loss related to Vivendi's 20% stake in NBC Universal (-€1,503 million), the impact of certain non-cash adjustments related to the Neuf Cegetel purchase price allocation by SFR (-€77 million), the decline in savings expected from the Consolidated Global Profit Tax System in 2009 (-€378 million) due to the anticipated merger of Neuf Cegetel and SFR, as well as the amortization and impairment losses of intangible assets acquired through business combinations (€350 million, after tax and non-controlling interests).

3 Cash flow from operations analysis

Preliminary comment: *Vivendi considers that the non-GAAP measures cash flow from operations (CFFO), cash flow from operations before capital expenditures (CFFO before capex, net) 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, and not as substitutes for, other GAAP measures as reported in Vivendi's cash flow statement, contained in the group's Consolidated Financial Statements.*

In 2009, cash flow from operations after interest and income tax paid (CFAIT) was €4,675 million, compared to €3,720 million in 2008, a €955 million increase (+25.7%). This improvement primarily resulted from the €743 million increase in cash flow from operations before capital expenditures, mainly attributable to Activision Blizzard, partially offset by the increase in capital expenditures (+€561 million), primarily in respect of SFR. In addition, this improvement included the €878 million decrease in income tax paid, net due to SFR's utilization of Neuf Cegetel's ordinary losses carried forward in 2009.

Cash flow from operations before capital expenditures (CFFO before capex, net) generated by business operations amounted to €7,799 million in 2009 (compared to €7,056 million in 2008), a €743 million increase (+10.5%), primarily resulting from the growth in EBITDA (+€575 million), mainly at Activision Blizzard (+€486 million), as well as the favorable effect of the change in net working capital, mainly at Activision Blizzard (+€196 million). This increase also reflected the positive effect on EBITDA of the consolidation of Neuf Cegetel since April 15, 2008 and Activision since July 10, 2008 as well as the increase in dividends received from equity affiliates (+€10 million). In 2009, dividends received from NBC Universal amounted to €306 million, compared to €294 million in 2008. These favorable effects were partially offset by increases in content investments (-€151 million), and in restructuring charges paid (-€73 million).

In 2009, capital expenditures, net amounted to €2,562 million, compared to €2,001 million in 2008, a €561 million increase (+28.0%), primarily due to SFR (+€398 million), mainly reflecting the integration of broadband Internet and fixed operations, to Maroc Telecom Group (+€68 million), as well as to the integration of GVT (+€71 million). In 2009, CFFO after capex net generated by business operations amounted to €5,237 million, compared to €5,055 million in 2008, a €182 million increase (+3.6%).

In addition, in 2009, income taxes were a net payment of €137 million, compared to €1,015 million in 2008, a positive impact of €878 million. This impact primarily resulted from the savings realized by SFR in 2009 (+€819 million) due to the utilization of Neuf Cegetel ordinary losses carried forward. Savings also included the favorable impact from reimbursements related to the refund of tax payments for fiscal year 2008 (+€212 million), primarily by French companies, offset by the increase in tax paid by Activision Blizzard (-€88 million), primarily in the United States, and by the €113 million decrease in the payment received as part of the Consolidated Global Profit Tax System.

Finally, the increase in CFAIT also included an increase in foreign currency translation gains (+€26 million), offset by increases in interest paid, net (-€104 million) and in premiums on borrowing issuances (-€25 million), resulting from new borrowings set up in 2008 and in 2009.

(in millions of euros)		Year ended December 31, 2009	2008	V€	V%
Revenues		27,132	25,392	1,740	6.9%
Operating expenses excluding depreciation and amortization		(19,449)	(18,284)	(1,165)	-6.4%
EBITDA	(a)	*7,683*	*7,108*	*575*	*8.1%*
Restructuring charges paid		(190)	(117)	(73)	-62.4%
Content investments, net		(310)	(159)	(151)	-95.0%
of which internally developed franchises and other games content assets at Activision Blizzard		*(126)*	*(28)*	*(98)*	*x 4.5*
of which advances to games' developers, net at Activision Blizzard					
Payment of advances		*(119)*	*(70)*	*(49)*	*-70.0%*
Recoupment of advances		*98*	*63*	*35*	*55.6%*
		(21)	*(7)*	*(14)*	*x 3*
of which payments to artists and repertoire owners, net at UMG					
Payments to artists and repertoire owners		*(624)*	*(633)*	*9*	*1.4%*
Recoupment of advances and other movements		*584*	*609*	*(25)*	*-4.1%*
		(40)	*(24)*	*(16)*	*-66.7%*
of which film and television rights, net at Canal+ Group					
Acquisition of film and television rights		*(776)*	*(838)*	*62*	*7.4%*
Consumption of film and television rights		*754*	*794*	*(40)*	*-5.0%*
		(22)	*(44)*	*22*	*50.0%*
of which sports rights, net at Canal+ Group					
Acquisition of sports rights		*(712)*	*(709)*	*(3)*	*-0.4%*
Consumption of sports rights		*600*	*706*	*(106)*	*-15.0%*
		(112)	*(3)*	*(109)*	*x 37.3*
Neutralization of change in provisions included in EBITDA		(36)	(248)	212	85.5%
Other cash operating items excluded from EBITDA		27	(68)	95	na
Other changes in net working capital		315	241	74	30.7%
Net cash provided by operating activities before income tax paid	(b)	***7,489***	***6,757***	***732***	***10.8%***
Dividends received from equity affiliates	(c)	306	296	10	3.4%
of which NBC Universal		*306*	*294*	*12*	*4.1%*
Dividends received from unconsolidated companies	(c)	4	3	1	33.3%
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)		**7,799**	**7,056**	**743**	**10.5%**
Capital expenditures, net (capex, net)	(d)	(2,562)	(2,001)	(561)	-28.0%
of which SFR		*(1,703)*	*(1,305)*	*(398)*	*-30.5%*
Maroc Telecom Group		*(486)*	*(418)*	*(68)*	*-16.3%*
Cash flow from operations (CFFO)		**5,237**	**5,055**	**182**	**3.6%**
Interest paid, net	(e)	(458)	(354)	(104)	-29.4%
Other cash items related to financial activities	(e)	33	34	(1)	-2.9%
Financial activities cash payments		***(425)***	***(320)***	***(105)***	***-32.8%***
Payment received from the French State Treasury as part of the Consolidated Global Profit Tax System		435	548	(113)	-20.6%
Other taxes paid		(572)	(1,563)	991	63.4%
Income tax (paid)/received, net	(b)	***(137)***	***(1,015)***	***878***	***86.5%***
Cash flow from operations after interest and income tax paid (CFAIT)		**4,675**	**3,720**	**955**	**25.7%**

na: not applicable.

a. EBITDA, a non-GAAP measure, is described in Section 4.2 of this Financial Report.

b. As presented in operating activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

c. As presented in investing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

d. 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 5.3).

e. As presented in financing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

4 Business segment performance analysis

4.1 Revenues, EBITA and cash flow from operations by business segment

	Year Ended December 31,			
(in millions of euros)	2009	2008	% Change	% Change at constant rate
Revenues				
Activision Blizzard	3,038	2,091	45.3%	41.4%
Universal Music Group	4,363	4,650	-6.2%	-6.2%
SFR	12,425	11,553	7.6%	7.6%
Maroc Telecom Group	2,694	2,601	3.6%	3.0%
GVT	104	na*	na*	na*
Canal+ Group	4,553	4,554	-	1.6%
Non-core operations and others, and elimination of intersegment transactions	(45)	(57)	21.1%	21.1%
Total Vivendi	**27,132**	**25,392**	**6.9%**	**6.7%**
EBITA				
Activision Blizzard	484	34	x 14.2	x 13.4
Universal Music Group	580	686	-15.5%	-14.7%
SFR	2,530	2,542	-0.5%	-0.5%
Maroc Telecom Group	1,244	1,224	1.6%	1.0%
GVT	20	na*	na*	na*
Canal+ Group	652	568	14.8%	16.7%
Holding & Corporate	(91)	(60)	-51.7%	-51.5%
Non-core operations and others	(29)	(41)	29.3%	28.5%
Total Vivendi	**5,390**	**4,953**	**8.8%**	**8.2%**

(in millions of euros)	Year Ended December 31, 2009	2008	% Change
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)			
Activision Blizzard	1,043	345	x 3.0
Universal Music Group	329	555	-40.7%
SFR	3,966	4,057	-2.2%
Maroc Telecom Group	1,659	1,455	14.0%
GVT	65	na*	na*
Canal+ Group	559	592	-5.6%
NBC Universal dividends	306	294	4.1%
Holding & Corporate	(100)	(199)	49.7%
Non-core operations and others	(28)	(43)	34.9%
Total Vivendi	**7,799**	**7,056**	**10.5%**
Cash flow from operations (CFFO)			
Activision Blizzard	995	313	x 3.2
Universal Music Group	309	521	-40.7%
SFR	2,263	2,752	-17.8%
Maroc Telecom Group	1,173	1,037	13.1%
GVT	(6)	na*	na*
Canal+ Group	328	383	-14.4%
NBC Universal dividends	306	294	4.1%
Holding & Corporate	(101)	(200)	49.5%
Non-core operations and others	(30)	(45)	33.3%
Total Vivendi	**5,237**	**5,055**	**3.6%**

na*: not applicable.

The information presented above takes into account the consolidation of the following entities from the reported dates:

- at Activision Blizzard: 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 the date of the merger, Vivendi held a 54.47% (non-diluted) controlling interest in Activision Blizzard. From an accounting perspective, Vivendi Games is deemed the acquirer of Activision, thus, the figures reported in this Financial Report under the caption "Activision Blizzard", correspond to: (a) Vivendi Games' historical figures from January 1 to July 9, 2008; and (b) the combined business operations of Activision and Vivendi Games from July 10, 2008. As of December 31, 2009, Vivendi held an approximate 57% non-diluted interest in Activision Blizzard;
- at UMG: Univision Music Group (May 5, 2008);
- at SFR: Neuf Cegetel (April 15, 2008);
- at Maroc Telecom Group: Sotelma (August 1, 2009);
- GVT (November 13, 2009); and
- at Canal+ Group: Kinowelt (April 2, 2008).

4.2 Comments on operating performance for controlled business segments

Preliminary comment: *Vivendi Management evaluates the performance of Vivendi's controlled business segments and allocates necessary resources to them based on certain operating indicators, notably non-GAAP measures EBITA and EBITDA:*

- *The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations and the impairment of goodwill and other intangibles acquired through business combinations that are included in EBIT. Please refer to Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2009.*
- *As defined by Vivendi, EBITDA corresponds to EBITA as presented in the Consolidated Statement of Earnings, before depreciation and amortization of tangible and intangible assets, restructuring charges, gains/(losses) on the sale of tangible and intangible assets and other non-recurring items (as presented in the Consolidated Statement of Earnings by each operating segment - Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2009).*

Moreover, it should be emphasized that other companies may define and calculate EBITA and EBITDA differently than Vivendi, thereby affecting comparability.

4.2.1 ACTIVISION BLIZZARD (APPROXIMATELY 57% VIVENDI ECONOMIC INTEREST, NON-DILUTED, AS OF DECEMBER 31, 2009)

Note: The reconciliation of US GAAP and non-GAAP data published by Activision Blizzard (net revenues and EBITA) to data relating to Activision Blizzard established by Vivendi in accordance with IFRS standards is described in an appendix to this Financial Report ("II Unaudited supplementary financial data").

US GAAP basis measurement (unaudited)	Year Ended December 31,		
(in millions of US dollars)	2009	2008	% Change
Activision	3,156	3,279	-3.8%
Blizzard	1,196	1,343	-10.9%
Distribution	423	410	3.2%
Non-GAAP comparable basis core operations net revenues	**4,775**	**5,032**	**-5.1%**
Eliminate comparable basis adjustments	*na**	*(1,310)*	*na**
Eliminate non-GAAP adjustments	*(496)*	*(696)*	*28.7%*
US GAAP net revenues	**4,279**	**3,026**	**41.4%**
Activision	663	469	41.4%
Blizzard	555	704	-21.2%
Distribution	16	27	-40.7%
Non-GAAP comparable basis core operations operating income/(loss)	**1,234**	**1,200**	**2.8%**
Eliminate comparable basis adjustments	*na**	*(167)*	*na**
Eliminate non-GAAP adjustments	*(1,260)*	*(1,266)*	*0.5%*
US GAAP operating income/(loss)	**(26)**	**(233)**	**88.8%**

Net revenues by platform mix		
MMORPG (massively multiplayer online role-playing game)	1,248	1,152
Console	2,199	1,294
Hand-held	244	237
PC and other	164	99
Total net revenues by platform mix	**3,855**	**2,782**
Distribution	423	227
Other	1	17
Total US GAAP net revenues	**4,279**	**3,026**
Net revenues by geographic region		
North America	2,217	1,494
Europe	1,798	1,288
Asia Pacific	263	227
Other	1	17
Total US GAAP net revenues	**4,279**	**3,026**

IFRS measurement, as published by Vivendi (a) (in millions of euros, except for margins)	Year Ended December 31, 2009	2008	% Change	% Change at constant rate
Activision	1,819	1,146	58.7%	55.4%
Blizzard	922	770	19.7%	13.9%
Distribution	297	164	81.1%	82.0%
Total net revenues of core operations	**3,038**	**2,080**	**46.1%**	**42.1%**
Non-core operations (b)	-	11	na*	na*
Total revenues	**3,038**	**2,091**	**45.3%**	**41.4%**
Total EBITDA	**676**	**190**	**x 3.6**	**x 3.3**
Activision	56	(76)	na*	na*
Blizzard	420	323	30.0%	23.3%
Distribution	9	15	-40.0%	-31.7%
Total EBITA of core operations	**485**	**262**	**85.1%**	**72.3%**
Non-core operations (b)	(1)	(228)	99.6%	99.6%
Total EBITA	**484**	**34**	**x 14.2**	**x 13.4**
EBITA / Revenues (%)	***15.9%***	***1.6%***	***+14.3 pts***	
Cash flow from operations (CFFO)	**995**	**313**	**x 3.2**	

na*: not applicable.

a. On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games, thereby Vivendi Games became a wholly-owned subsidiary of Activision which was renamed Activision Blizzard. On that date, Vivendi held 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, thereby the figures reported in this table under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures from January 1 to July 9, 2008; and (b) the combined business operations of Activision and Vivendi Games from July 10, 2008. As of December 31, 2009, Vivendi held an approximate 57% non-diluted interest in Activision Blizzard.

b. Relates to the products and operations reported in 2008 from historical Vivendi Games businesses that were wound-down, exited or divested by Activision Blizzard as part of its restructuring and integration plans following the merger. Prior to July 1, 2009, non-core operations were managed as a stand-alone operating segment, however, in light of the decreasing significance of non-core operations, as of that date Activision Blizzard ceased its management as a separate operating segment and consequently Activision Blizzard is no longer providing separate operating segment disclosure.

Revenues and EBITA

Activision Blizzard reported an exceptional commercial and economic performance despite a decline in the global video game industry. In the United States and in Europe, *Call of Duty: Modern Warfare 2* was the #1 best-selling title overall for the calendar year[2] (more $1 billion in revenues in retail sales since its launch). Among the new IPs launched in 2009, *DJ Hero* was ranked first[2]. *World of Warcraft* continues to remain number one in the subscription-based massively multiplayer online role-playing game category worldwide[2] with approximately 11.5 million subscribers. As a consequence of the success of its games, Activision Blizzard increased its market share[2] in Europe and in the U.S. to 16%.

Activision Blizzard's revenues were €3,038 million and EBITA was €484 million.
Accounting principles require that revenues and related cost of sales associated with a game with an online component be deferred over the estimated customer service period. The balance of this deferred operating margin is €733 million as of December 31, 2009 compared to €502 million at the end of 2008. Excluding this deferral, EBITA from the activity would not have been €484 million but €721million.

Similar to the overall Group strategy, close attention was paid to cash generation, resulting in Activision Blizzard's cash flow from operations increasing significantly to €995 million in 2009.

For 2010, Vivendi expects to see strong growth in Activision Blizzard's contribution to the Group's EBITA. Activision Blizzard has authorized a new share repurchase program of $1 billion in 2010 and has proposed a cash dividend of $0.15 per common share.

Cash flow from operations (CFFO)

For the full year 2009, Activision Blizzard's cash flow from operations amounted to €995 million, representing a €682 million increase compared to 2008. The commercial results during the fourth quarter of 2009 reflected the increase in EBITDA as well as the decrease in working capital.

[2] *According to NPD Group, Activision Blizzard.*

4.2.2 UNIVERSAL MUSIC GROUP (UMG) (100% VIVENDI ECONOMIC INTEREST)

(in millions of euros, except for margins)	Year Ended December 31, 2009	2008	% Change	% Change at constant rate
Physical sales	*2,234*	*2,589*	*-13.7%*	*-13.6%*
Digital sales	*908*	*842*	*7.8%*	*5.8%*
License and others	*396*	*448*	*-11.6%*	*-10.7%*
Recorded music	3,538	3,879	-8.8%	-9.1%
Music publishing	659	648	1.7%	1.9%
Artist services and merchandising	218	175	24.6%	27.4%
Elimination of intercompany transactions	(52)	(52)	-	3.6%
Total revenues	**4,363**	**4,650**	**-6.2%**	**-6.2%**
Recorded music	460	570	-19.3%	-17.8%
Music publishing	215	205	4.9%	4.7%
Artist services and merchandising	5	3	66.7%	28.0%
Total EBITDA	**680**	**778**	**-12.6%**	**-11.7%**
EBITA excluding restructuring charges	639	739	-13.5%	-12.4%
Restructuring charges	(59)	(53)	-11.3%	-16.4%
Total EBITA	**580**	**686**	**-15.5%**	**-14.7%**
EBITA/Revenues (%)	***13.3%***	***14.8%***	***-1.5 pt***	
Cash flow from operations (CFFO)	**309**	**521**	**-40.7%**	
Breakdown of recorded music revenues by geographical area				
Europe	42%	42%		
North America	40%	41%		
Asia	13%	12%		
Rest of the world	5%	5%		
	100%	**100%**		

Recorded music: Best-selling titles (physical and digital album units sold, in millions)

2009 Artist	Units	2008 Artist	Units
Black Eyed Peas	5	Mamma Mia! The Movie Soundtrack	5
Taylor Swift	5	Duffy	5
Lady Gaga - The Fame	4	Amy Winehouse	4
U2	4	Lil' Wayne	3
Andrea Bocelli	4	Rihanna	3
Eminem	3	Guns N' Roses	3
Lady Gaga - The Fame Monster	3	Jack Johnson	3
Hannah Montana The Movie Soundtrack	2	Taylor Swift	3
Rihanna	2	Jonas Brothers	3
Miley Cyrus	2	Miley Cyrus	3
Bon Jovi	2	Metallica	2
Sting	1	Mariah Carey	2
Jonas Brothers	1	Take That	2
Rascal Flatts	1	Camp Rock Soundtrack	2
Justin Bieber	1	The Killers	2

Revenues

Universal Music Group's (UMG) revenues were €4,363 million, a 6.2% decrease compared to 2008. Digital sales grew 8.4% with very strong growth in online sales tempered by softening demand for mobile products in the United States and Japan. Music publishing revenues increased 1.7% and merchandising grew 24.6% reflecting the successful integration of that business into UMG. However, recorded music sales declined due to a decrease in demand for physical products and lower license income.

Best sellers for the year included new releases from Black Eyed Peas, U2 and Eminem and from Lady Gaga and Taylor Swift. Local best sellers included titles from Japan's GreeeeN, Dreams Come True and Masaharu Fukuyama, as well as Germany's Rammstein, and France's Mylène Farmer.

In the digital business, UMG continues to encourage and support innovation such as Spotify's premium service accessible on the iPhone and MusicStation's launch on the Android platform. UMG is the principal participant in VEVO, a service launched in December, 2009 which with a 35 million unique user audience size was immediately the #1 Music/Entertainment network in the U.S.

EBITA

UMG's 2009 EBITA of €580 million declined 14.7% at constant currency compared to 2008. Lower gross margins from declining sales were partially offset by cost management initiatives, primarily reductions in marketing and overhead expenses.

Cash flow from operations (CFFO)

For the full year 2009, UMG's cash flow from operations amounted to €309 million, a €212 million decline compared to 2008, reflecting weaker operating results and adverse movements in working capital. In 2008, CFFO also included license income receipts from copyright settlements.

4.2.3 SFR (56% VIVENDI ECONOMIC INTEREST)

	Year Ended December 31,				
	As published (a)			Comparable basis (unaudited) (b)	
(in millions of euros, except for margins)	2009	2008	% Change	2008	% Change
Mobile service revenues	*8,510*	*8,576*	*-0.8%*	*8,585*	*-0.9%*
Equipment sales, net	*473*	*414*	*14.3%*	*414*	*14.3%*
Mobile	8,983	8,990	-0.1%	8,999	-0.2%
Broadband Internet and fixed	3,775	2,882	31.0%	3,825	-1.3%
Elimination of intercompany transactions	(333)	(319)	-4.4%	(431)	22.7%
Total revenues	**12,425**	**11,553**	**7.6%**	**12,393**	**0.3%**
Mobile	3,306	3,501	-5.6%	3,501	-5.6%
Broadband Internet and fixed	661	457	44.6%	653	1.2%
Total EBITDA	**3,967**	**3,958**	**0.2%**	**4,154**	**-4.5%**
Total EBITA	**2,530**	**2,542**	**-0.5%**	**2,604**	**-2.8%**
EBITA/Revenues (%)	***20.4%***	***22.0%***	***-1.6 pt***		
Capital expenditures, net (capex, net)	**1,703**	**1,305**	**30.5%**	**1,450**	**17.4%**
Cash flow from operations (CFFO)	**2,263**	**2,752**	**-17.8%**	**2,735**	**-17.3%**

	2009	2008	% Change
Mobile			
Customers (end of period, in thousands) (d)			
Postpaid	14,807	13,582	9.0%
Prepaid	5,588	6,070	-7.9%
Total SFR Group	**20,395**	**19,652**	**3.8%**
Wholesale customer base (estimated)	1,039	1,101	-5.6%
Total SFR Group network	**21,434**	**20,753**	**3.3%**
3G customers (in thousands)	8,386	5,934	41.3%
Market share (SFR Group customer base) (c)	33.2%	33.9%	-0.7 pt
ARPU (in euros/year) (d)			
Postpaid	532	559	-4.8%
Prepaid	164	180	-8.9%
Total	**418**	**433**	**-3.5%**
Data ARPU (in euros/year)	102	81	25.9%
Data revenues compared to total mobile service revenues (in %)	23.7%	17.7%	6 pts
Acquisition costs of postpaid customers (euro per acquisition)	196	211	-7.1%
Acquisition costs of prepaid customers (euro per acquisition)	20	22	-9.1%
Cost of acquisition compared to total mobile service revenues (in %)	7.4%	7.4%	- pt
Cost of retention compared to total mobile service revenues (in %)	7.6%	6.4%	1.2 pt
Fixed and Broadband Internet			
Broadband Internet EoP customer base (in thousands)	4,444	3,879	14.6%

a. Notably includes Neuf Cegetel, consolidated since April 15, 2008.

b. Comparable basis figures include the consolidation of Neuf Cegetel (excluding the Publishing and International Division of Jet Multimedia) as if this acquisition had taken place on January 1, 2008.

c. Source: ARCEP.

d. ARPU (Average Revenue Per User) is defined as revenues net of promotions and net of third-party content provider revenues excluding roaming revenues and equipment sales divided by the average ARCEP total customer base for the last twelve months. Since January 1, 2009, ARPU excludes M2M (Machine to Machine) revenues. The 2008 figures were updated in order to take into account the change in definition and to be consistent with 2009 figures.

Revenues and EBITA

SFR's revenues increased by 7.6% to €12,425 million compared to 2008, which included the consolidation of Neuf Cegetel since April 15, 2008. On a comparable basis[3], SFR's revenues grew by 0.3% despite a market that remains very competitive and substantial tariff cuts resulting from national and European regulations. Indeed, the investment strategy in mobile and broadband Internet customer bases (acquisitions, retentions and migrations) and the growth in mobile Internet offset the impacts of regulators' decisions and the effects of the economic crisis.

Mobile revenues[4] amounted to €8,983 million, stable compared to 2008. Mobile service revenues[5] decreased by 0.9% on a comparable basis to €8,510 million, but increased by 1.0% on a comparable basis excluding effects of the 31% mobile voice termination regulated price cut made on July 1, 2009. The growth in the customer base and data revenues (+33.0% compared to 2008 due to unlimited SMS and MMS offers and mobile Internet offers) has more than offset the loss of roaming traffic and out-of-bundle usage.

In 2009, SFR achieved very strong commercial results, adding almost 743,000 new net mobile customers. This increase is particularly true in the postpaid segment, where SFR is the leader with 1,225,000 new postpaid net adds in 2009, representing a 36.2% market share. The customer base reached 14.807 million postpaid customers at year-end 2009, SFR thus improved the customer mix by 3.5 percentage points over the year to reach 72.6%. Furthermore, the success of the iPhone was confirmed with 670,000 units sold between April and December 2009. Due to "smartphones," data revenues represented 23.7% of the mobile revenues in 2009, compared to 17.7% in 2008.

Broadband Internet and fixed revenues reached €3,775 million, a 1.3% decrease on a comparable basis compared to 2008. Excluding the effects of a 9.5% decrease in switched voice revenues, regulatory changes and the sale in the first half of 2008 of the Club Internet network assets, broadband Internet and fixed revenues would have increased by 4.2%.

For the fifth consecutive quarter, SFR's ADSL segment continues its excellent performance with a 38% net adds market share in the fourth quarter. In 2009, SFR added 565,000 net new active broadband Internet customers representing approximately one third of the market net adds. At year-end 2009, SFR broadband Internet customer base increased 14.6%, compared to 2008 and totaled 4.444 million customers.

SFR's EBITDA amounted to €3,967 million, a €187 million decrease on a comparable basis compared to 2008.

SFR's mobile EBITDA amounted to €3,306 million, a €195 million decrease compared to 2008: benefits from the growth of the customer base and SMS and data usage were more than offset by the competitive environment, the imposition of additional taxes (including the tax created by the French government to finance the state-owned audiovisual sector reform) and regulated cuts (including the new mobile voice termination regulated cut price), as well as the economic crisis.

SFR's broadband Internet and fixed EBITDA, including Neuf Cegetel operations since April 15, 2008, amounted to €661 million, an €8 million increase on a comparable basis compared to 2008. The positive effects of mass market ADSL growth and the stable results of the Enterprise and Wholesale segments in a tough economic environment largely offset the cost of commercial investments, the decline in switched voice revenues and the impact of the new taxes and regulated cuts.

Including amortization, costs and restructuring provisions linked to the combination of SFR and Neuf Cegetel, EBITA amounted to €2,530 million, a €74 million decrease on a comparable basis, compared to 2008.

Cash flow from operations (CFFO)

For the full year 2009, SFR's cash flow from operations amounted to €2,263 million, representing a 17.8% decrease compared to 2008. This decrease was mainly due to the stable EBITDA following the consolidation of Neuf Cegetel since April 15, 2008 and the increase in broadband Internet and fixed net capital expenditure reflecting both good commercial performances in ADSL and fiber deployment.

[3] *Comparable basis illustrates the full consolidation of Neuf Cegetel (excluding Edition and International parts of Jet Multimedia) as if this acquisition had taken place on January 1, 2008.*

[4] *Mobile revenues and broadband Internet and fixed revenues are determined as revenues before elimination of intersegment operations within SFR.*

[5] *Mobile service revenues are determined as mobile revenues excluding revenues from net equipment sales.*

4.2.4 MAROC TELECOM GROUP (53% VIVENDI ECONOMIC INTEREST)

(in millions of euros, except for margins)	Year Ended December 31, 2009 (a)	2008	% Change	% Change at constant rate
Mobile	1,971	1,867	5.6%	5.0%
Fixed and Internet	986	997	-1.1%	-1.7%
Elimination of intercompany transactions	(263)	(263)	-	0.5%
Total revenues	**2,694**	**2,601**	**3.6%**	**3.0%**
EBITDA	**1,612**	**1,554**	**3.7%**	**3.0%**
Mobile	951	945	0.6%	-
Fixed and Internet	293	279	5.0%	4.1%
Total EBITA	**1,244**	**1,224**	**1.6%**	**1.0%**
EBITA/Revenues (%)	***46.2%***	***47.1%***	**-0.9 pt**	
Capital expenditures, net (capex, net)	**486**	**418**	**16.3%**	
Cash flow from operations (CFFO)	**1,173**	**1,037**	**13.1%**	
Mobile				
Maroc Telecom SA				
Number of customers (end of period, in thousands)	15,272	14,456	5.6%	
% of prepaid customers	*95%*	*96%*		
ARPU (in euros/month)				
Postpaid	53.7	57.2	-6.1%	
Prepaid	6.7	6.8	-1.5%	
Total	**8.7**	**8.7**	**-**	
Churn rate (in %/year)				
Postpaid	13%	14%	-1 pt	
Prepaid	34%	36%	-2 pts	
Total	**34%**	**35%**	**-1 pt**	
Subsidiaries				
Number of customers (in thousands)	4,338	2,728	59.0%	
Fixed and Internet (in thousands)				
Maroc Telecom SA				
Number of lines				
Residential	707	775	-8.8%	
Professional and corporate	369	364	1.4%	
Public phone (b)	158	160	-1.3%	
Total	**1,234**	**1,299**	**-5.0%**	
Number of Internet subscribers	**471**	**482**	**-2.3%**	
of which number of ADSL subscribers	469	477	-1.7%	
Subsidiaries				
Number of fixed lines	294	227	29.5%	
Number of Internet customers	49	40	22.5%	

a. Notably includes Sotelma, consolidated since August 1, 2009.

b. Includes “Téléboutique” lines and Maroc Telecom’s public phones.

Revenues and EBITA

Maroc Telecom Group[6] had revenues of €2,694 million, a 3.6% increase compared to 2008, representing a 1.3% increase at constant currency and constant perimeter[7]. In spite of a difficult economic and regulatory environment, the growth of revenues resulted from the company maintaining its leadership position in Morocco and good performances from its subsidiaries, due to commercial efforts, investments, and commercial conquest.

The company's customer base reached 21.7 million at the end of 2009, a 12.6% increase compared to the end of 2008. This increase was due to development in the mobile business in Morocco, very strong growth in the subsidiaries' subscriber bases and the consolidation of Sotelma (Mali).

Maroc Telecom Group's EBITA amounted to €1,244 million, a 1.6% increase compared to 2008, representing a 0.3% gain at constant currency and constant perimeter. This slight growth was achieved despite ongoing commercial efforts to stimulate the market and increased depreciation charges resulting from the large ongoing investment program. As a result, operating margin was 46.2%, a 0.9 percentage point decrease compared to year-end 2008.

Cash flow from operations (CFFO)

For the full year 2009, Maroc Telecom Group's cash flow from operations increased by €136 million to €1,173 million (+13.1%). This growth reflects the increase in cash flow generated through EBITDA (+€58 million) and the decrease in working capital (-€157 million) partially offset by an increase in net capital expenditures (+€68 million).

[6] Maroc Telecom's consolidated revenues for 2009 and the fourth quarter of 2009 include the revenues of Sotelma, which was consolidated as of August 1, 2009, which amounted to €50 million.
[7] The constant perimeter illustrates the effects of consolidating Sotelma as if this had happened on August 1, 2008.

4.2.5 GVT (APPROXIMATELY 82% VIVENDI ECONOMIC INTEREST*, AS OF DECEMBER 31, 2009)

BR GAAP measurement (a) (in millions of BRL, except for margins)	Year Ended December 31, 2009	2008	% Change
Retail	1,254	928	35.1%
Corporate	375	322	16.5%
Internet	70	70	-
Revenues	**1,699**	**1,320**	**28.7%**
EBITDA	**656**	**503**	**30.4%**
EBITDA/Revenues (%)	*38.6%*	*38.1%*	*+0.5 pt*
CapEx	658	721	-8.7%
Free Cash Flow (EBITDA - CapEx)	(2)	(218)	99.1%
Number of lines in service (in thousands)			
Retail	1,891	1,324	42.8%
Corporate	779	480	62.3%
Internet	147	97	51.5%
Total	**2,817**	**1,901**	**48.2%**
Voice lines	1,442	1,038	38.9%
Broadband lines	669	441	51.7%
VoIP lines	158	100	58.0%
Corporate data lines	520	292	78.1%
Other	28	30	-6.7%
Total	**2,817**	**1,901**	**48.2%**
Network (in km)			
Local and Metropolitan network	31,434	24,287	29.4%
Long Distance network	15,500	11,000	40.9%
Total	**46,934**	**35,287**	**33.0%**

IFRS measurement, as published by Vivendi (in millions of euros, except for margins)	As of November 13 to December 31, 2009*
Retail	79
Corporate	21
Internet	4
Revenues	**104**
EBITDA	**40**
Total EBITA	**20**
EBITA/Revenues (%)	***19.2%***
Capital expenditures, net (capex, net)	**71**
Cash flow from operations (CFFO)	**(6)**

*Please refer to Section 1.1.1.

a. As measured pursuant to local Brazilian accounting standards, in millions of BRL, except for margins, as published by GVT.

Revenues and EBITA

On November 13, 2009, Vivendi took control of GVT, which was fully consolidated from that date. As included in Vivendi's Statement of Earnings, GVT's revenues and EBITA from November 13 to December 31, 2009, amounted to €104 million and €20 million, respectively.

According to local Brazilian accounting standards, GVT's net revenues in 2009 reached BRL1,699 million for the twelve-month period ending December 31, 2009, compared to BRL1,320 million in 2008, a 28.7% increase. Attractive offers and network expansion led to strong growth of subscriptions. Net additions increased 36.6 % to approximately 916,000 lines of service, compared to 2008, comprised notably of 404,000 voice, 227,000 broadband, 228,000 corporate data and 58,000 VoIP and (1,269) ISP (Internet Service Provider). By year-end, GVT's customer base reached 2.8 million service lines.

The number of broadband subscribers reached approximately 669,000 by year--end 2009. High-speed subscription offers, at speeds of 10Mbps and higher, were very successful. These represented 56% of broadband sales and 39% of the broadband customer base at the year-end 2009.

Adjusted EBITDA[8] grew by 30.4% compared to 2008, generating an EBITDA margin of 38.6% of revenues. The improvement in margin was mainly due to the decline in interconnection costs as a percentage of revenue. However, sales and marketing expenses as a percentage of net revenue were 1.4 percentage points higher, due to rapid geographical expansion, and higher expenses related to call centers expansion and dealer commissions.

GVT continues to accelerate its investments on geographical expansion. This expansion will continue for several years, and will allow GVT to benefit from the untapped potential market opportunities. GVT will also continue to leverage its network – the most advanced in Brazil – and from an unequalled cost structure, to solidify its position as the fastest growing telecom operator in Brazil, both in terms of revenues and EBITDA.

[8]Adjusted EBITDA, a performance measurement used by GVT's management, is defined as net income (loss) for the period excluding income and social contribution taxes, financial income and expenses, depreciation, amortization, results of sale and transfer of fixed assets / extraordinary items and stock option expense.

4.2.6 THE CANAL+ GROUP (100% VIVENDI ECONOMIC INTEREST; VIVENDI ECONOMIC INTEREST IN CANAL+ FRANCE[9]: 75%, AS OF DECEMBER 31, 2009)

(in millions of euros, except for margins)	Year Ended December 31, 2009	2008	% Change	% Change at constant rate
Revenues	**4,553**	**4,554**	**-**	**1.6%**
EBITDA	**870**	**744**	**16.9%**	**18.9%**
EBITA, excluding transition costs	652	636		
Transition costs	-	(68)		
EBITA	**652**	**568**	**14.8%**	**16.7%**
EBITA/Revenues (%)	***14.3%***	***12.5%***	***+1.8 pts***	
Cash flow from operations (CFFO)	**328**	**383**	**-14.4%**	
Subscriptions (in thousands)				
Canal+ France (a)	10,829	10,591	238	
International (b)	1,642	1,383	259	
Total Canal+ Group	**12,471**	**11,974**	**497**	
Churn, per digital subscriber (Metropolitan France)	12.3%	13.0%	-0.7 pt	
ARPU, in euros per subscriber (Metropolitan France)	44.7	43.8	0.9	

a. Includes metropolitan France, overseas territories and Africa.

b. Includes Poland and Vietnam.

[9] Following the acquisition of TF1's minority stake in Canal+ France on December 28, 2009, on this date Vivendi increased its stake in the share capital of Canal+ France from 65% to 75%. In addition, on February 22, 2010, following the exercise of M6 put option on its Canal+ France's interest, Vivendi increased its stake in the share capital of Canal+ France to 80%. Please refer to Section 1.1.1 of this Financial Report.

Revenues and EBITA

Canal+ Group revenues were €4,553 million, a 1.6% increase at constant currency (stable at actual currency compared to 2008). During the last twelve months, Canal+ France's portfolio (metropolitan France, French overseas territories and Africa) grew by 238,000 individual and collective subscriptions to reach 10.8 million, compared to 10.6 million at the end of 2008. Including international, Canal+ Group's portfolio reached 12.5 million subscriptions, compared to 12.0 million at the year-end 2008.

In metropolitan France, 2009 was marked by the resumption of subscription take-ups in the fall. At year-end 2009, digital subscribers reached 93% of the total portfolio, compared to 80% at year-end 2008, notably due to the increased migration of Canal+ analog subscribers to digital. In total, 490,000 subscribers transferred to digital since the beginning of the year.

At the year-end 2009, the churn rate of digital subscribers was 12.3%, compared to 13.0% at the year-end 2008. Average revenues per subscriber (ARPU) rose by nearly €1 to reach €44.7, notably due to increased subscriber fees and higher penetration of options and services, such as Foot+ on XBox, Canal+ on iPhone, and The Cube. Operations in Africa and in French overseas territories continued to grow and contributed to the Group's good performance.

Concerning the Group's other operations, Canal+ in Poland posted net portfolio growth of 160,000 over the period. StudioCanal continued to expand, notably with international operations. i>Télé revenues continue to grow, resulting from a strong increase in audience ratings.

Canal+ Group EBITA grew by 14.8% to reach €652 million in 2009, compared to €568 million in 2008.

Canal+ France EBITA grew strongly, driven by the full effect of the TPS merger synergies and several cost reduction initiatives, as well as growth in subscriber revenues (ARPU) and Canal Overseas operations.

StudioCanal benefited fully from the integration of Kinowelt in Germany and the positive windfall from the Lion's Gate deal in the United States. Poland's pay-TV operations were affected by an unfavorable exchange rate and characterized by a marketing policy geared towards attracting subscribers.

Cash flow from operations (CFFO)

For the full year 2009, cash flow from operations of Canal+ Group amounted to €328 million, a €55 million decrease compared to 2008; the increase of cash flow generated through EBITDA (+€126 million) was offset by the increase in working capital and capital expenditures.

4.2.7 HOLDING & CORPORATE

(in millions of euros)	Year Ended December 31, 2009	2008
EBITA	(91)	(60)
Cash flow from operations (CFFO)	(101)	(200)

EBITA

Holding & Corporate EBITA was -€91 million, a €31 million decrease compared to 2008. In 2009, EBITA included an earn-out income (€40 million) in connection with the disposal of real estate assets in Germany in 2007. In addition, the net increase in the provision for stock-options and other share-based compensation plans amounted to €9 million in 2009, compared to a net reversal of €22 million in 2008.

Cash flow from operations (CFFO)

For the full year 2009, cash flow from operations amounted to -€101 million in 2009, compared to -€200 million in 2008, representing a €99 million improvement. In 2009, it notably included the earn-out payment received (€40 million) in connection with the disposal of real estate assets in Germany in 2007. In 2008, it notably included the settlement of certain litigations (-€68 million).

4.2.8 NON-CORE OPERATIONS AND OTHERS

(in millions of euros)	Year Ended December 31, 2009	2008
Non-core operations and others	9	5
Elimination of intersegment transactions	(54)	(62)
Total Revenues	**(45)**	**(57)**
EBITA	(29)	(41)
Cash flow from operations (CFFO)	(30)	(45)

5 Treasury and capital resources

The analysis of Vivendi's financial position is based on the analysis of changes in the group's Financial Net Debt, as defined hereafter (please refer to the preliminary comments below), and the Consolidated Statement of Cash Flows. Cash flow information is useful for a reader's understanding of Vivendi's financial statements as it provides a basis for assessing Vivendi's ability to generate sufficient cash for its operations as well as its ability to use such cash. The Statement of Cash Flows, when read in conjunction with the other financial statements, provides information that enables readers to assess changes in the group's net assets and its financial structure (including its liquidity and solvency). The Statement of Cash Flows reports cash flows resulting from operating, investing and financing activities. The analysis of Vivendi's financial position is also based on an analysis of the main characteristics of the group's financing activities. The following elements are considered in this analysis:

- Summary of Vivendi's exposure to credit, liquidity and market risks (Section 5.1);
- Financial Net Debt changes (Section 5.2);
- Analysis of Financial Net Debt changes (Section 5.3);
- Borrowings put into place in 2009 (Section 5.4); and
- Available undrawn facilities as of February 24, 2010 (Section 5.5).

In addition, a detailed analysis of borrowings (nominal and effective interest rates, maturity), a breakdown of their nominal values by currency, maturity and interest rate features (fixed and floating), as well as main financial covenants and credit ratings are disclosed in Note 22 to the Consolidated Financial Statements. The fair value of borrowings is disclosed in Note 23 to the Consolidated Financial Statements. A description of the risk management and financial derivative instruments on borrowings (risks related to interest rate, foreign currency, credit concentration and counterparty, and liquidity) is included in Note 24 to the Consolidated Financial Statements.

Preliminary comments :

- *Vivendi considers Financial Net Debt, a non-GAAP measure, to be an important indicator in measuring Vivendi's indebtedness. As of December 31, 2009, Vivendi changed the definition of Financial Net Debt to include certain cash management financial assets the characteristics of which do not strictly comply with the definition of cash equivalents as defined by the Recommendation of the AMF and IAS 7. In particular, such financial assets may have a maturity of up to 12 months. Considering that no investment was made in such financial assets prior to 2009, the retroactive application of this change of presentation would have no impact on Financial Net Debt for the relevant periods and the information presented in respect of fiscal year 2008, is therefore consistent. As of December 31, 2009, Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the Consolidated Statement of Financial Position, less cash and cash equivalents as reported on the Consolidated Statement of Financial Position as well as derivative financial instruments in assets and cash deposits backing borrowings (included in the Consolidated Statement of Financial Position under "financial assets") as well as, from this point forward, certain cash management financial assets. Financial Net Debt should be considered in addition to, and 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 debt covenants of Vivendi.*
- *In addition, cash (and cash equivalents) is not fully available for debt repayments since it is used for several purposes, including but not limited to, acquisitions of businesses, capital expenditures, dividends, contractual obligations and working capital.*
- *Furthermore, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) which do not have significant non-controlling interests and (b) which are not subject to local regulations restricting the transfer of financial assets or (c) are not subject to other contractual agreements. Alternatively, cash surpluses are not pooled by Vivendi SA but rather distributed via dividends or, as the case may be, used to finance investments of the relevant subsidiaries concerned or to reimburse borrowings used to finance their investments. This situation notably applies to SFR, Maroc Telecom and Activision Blizzard. Regarding Activision Blizzard, for a five-year period commencing on July 9, 2008, the approval of certain matters by Activision Blizzard board of directors, including the payment of a dividend, requires 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. However, beginning on the first anniversary of the closing date (i.e., July 9, 2009), the distribution of any dividend by Activision Blizzard no longer requires the affirmative vote of a majority of the independent directors if Activision Blizzard's pro forma net debt, after giving effect to such dividend, does not exceed $400 million.*

5.1 Summary of Vivendi's exposure to credit, liquidity and market risks

The main factors considered in assessing Vivendi's financial flexibility are as follows:

- As of December 31, 2009, the group's Financial Net Debt amounted to €9.6 billion.
  - This amount included SFR's Financial Net Debt of €5.9 billion, which includes revolving facilities granted to SFR by Vivendi SA under market terms for €2.7 billion. The group's Financial Net Debt also included the net cash position of Activision Blizzard for €2.2 billion as of December 31, 2009, including US government agency securities (compared to €2.1 billion as of December 31, 2008). Please refer to Section 5.2 below;
  - Vivendi's credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's) and its "economic" average term[10] was 3.9 years, compared to 4.1 years at year-end 2008. SFR's credit rating is BBB+ (Fitch) and its "economic" average term[11] was 2.3 years, compared to 2.9 years at year-end 2008. Please refer to Note 22.8 and 22.9 to the Consolidated Financial Statements for the year ended December 31, 2009; and
  - The total amount of bonds issued by Vivendi SA and SFR was €7.2 billion, including bonds issued in 2009 in an aggregate amount of €3 billion representing approximately 62% of gross borrowings, compared to 44% as of December 31, 2008. The "economic" average term of the bonds issued by the group was 4.1 years. The amount of bonds issued by Vivendi SA notably included bonds issued in 2009 for €1 billion (January), €1.2 billion (December) as well as two extensions of original and outstanding bond issues for an amount of €320 million. The amount of bonds issued by SFR notably included the bond issued in July for €300 million and the extension, collected in January, for €200 million (please refer to Section 5.4 below).
- As of February 24, 2010, the date of the Management Board meeting which approved the Financial Statements for the year ended December 31, 2009, the available undrawn facilities of Vivendi SA, net of commercial paper, amounted to €4.7 billion, and available credit lines of SFR, net of commercial paper, amounted to approximately €1.4 billion (please refer to Note 22.3 to the Consolidated Financial Statements for the year ended December 31, 2009). Under the terms of their bank facilities, Vivendi SA and SFR are required to comply with certain financial covenants computed on June 30, and December 31, of each year. These covenants are described in Note 22.6 to the Consolidated Financial Statements for the year ended December 31, 2009. In the event of non-compliance with such financial covenants, the lenders could require the cancellation or early repayment of the bank facilities. As of February 24, 2010, Vivendi SA and SFR were in compliance with their covenants.
- As a result, Vivendi has significant bank credit lines available until 2011. In addition, on January 29, 2010, the jury rendered its verdict in the Securities Class Action lawsuit in the Federal Court in the State of New York. On the basis of this verdict, of all aspects of these proceedings, and using ad-hoc experts, in accordance with accounting principles, Vivendi recognized a €550 million reserve as of December 31, 2009 with respect to the estimated damages, if any, that might be paid to the plaintiffs. Vivendi considers that this reserve and the assumptions on which it is based may have to be amended as the proceedings progress, and, consequently, the amount of damages that Vivendi might have to pay the class plaintiffs could differ significantly, in either direction, from the amount of the reserve. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2009. In the current state, this litigation has no impact on Vivendi's financial flexibility, on its credit rating or on the financial covenants contained in Vivendi's borrowings.

[10] Considers that all undrawn amounts on available medium-term credit lines may be used to repay group borrowings with the shortest term.
[11] Excludes intercompany loans with Vivendi.

5.2 Financial Net Debt changes

As of December 31, 2009, Vivendi's Financial Net Debt amounted to €9,566 million, an increase of €1,217 million, compared to €8,349 million as of December 31, 2008. The impact of the takeover of GVT on Financial Net Debt amounted to €3,064 billion in the fourth quarter of 2009 and notably included €2,469 million with respect to paid shares as of December 31, 2009, €47 million with respect to Financial Net Debt assumed (borrowings for €325 million, after cash and cash equivalents for €278 million) and €571 million with respect to shares that Vivendi is committed to acquire in the first quarter of 2010.

Furthermore, 62% of the Financial Net Debt is attributable to SFR, compared to 85% on December 31, 2008. Please note that, in January 2009, SFR paid a €750 million dividend to its shareholders with respect to fiscal year 2008. As a reminder, the impact on SFR's Financial Net Debt resulting from the takeover of Neuf Cegetel by SFR in April 2008 amounted to approximately €5.5 billion (including €4.5 billion related to SFR's acquisition of an additional 60.15% equity interest in Neuf Cegetel and €1 billion related to the Financial Net Debt assumed). Thus, in 2008, Vivendi notably granted a €3 billion credit facility to SFR under market terms. As agreed with its shareholders, in order to repay this loan, SFR decided to reduce the amount of dividend payments over the 2008, 2009 and 2010 three fiscal years.

Vivendi's Financial Net Debt also includes Activision Blizzard's net cash position for €2,196 million, which was primarily invested in money market funds with initial maturities not exceeding 90 days (compared to €2,117 million as of December 31, 2008), and in US government agency securities with a maturity exceeding three months for €271 million ($389 million), included in the short-term Financial Assets items of the Consolidated Statement of Financial Position.

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	December 31, 2009		December 31, 2008	
		Vivendi	*of which SFR*	Vivendi	*of which SFR*
Borrowings and other financial liabilities		13,262	*6,482*	11,630	*7,525*
of which long-term (a)	22	*8,355*	*2,211*	*9,975*	*3,255*
short-term (a)	22	*4,907*	*1,621*	*1,655*	*570*
revolving facilities granted to SFR by Vivendi SA		-	*2,650*	-	*3,700*
Derivative financial instruments in assets (b)	15	(30)	*(2)*	(99)	-
Cash deposits backing borrowings (b)	15	(49)	-	(30)	-
Cash management financial assets (b) (c)	15	(271)	-	-	-
		12,912	***6,480***	**11,501**	***7,525***
Cash and cash equivalents (a)	17	(3,346)	*(545)*	(3,152)	*(440)*
of which Activision Blizzard's cash and cash equivalents		*(1,925)*	*na**	*(2,117)*	*na**
Financial Net Debt		**9,566**	***5,935***	**8,349**	***7,085***

na*: not applicable.

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

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

c. Includes US government agency securities, with a maturity exceeding three months, at Activision Blizzard.

In 2009, Financial Net Debt increased by €1,217 million, reflecting a €1,411 million increase in borrowings and other derivative instruments, partially offset by a €194 million increase in net cash over the period.

Net cash used for investing activities amounted to €5,205 million, and primarily included capital expenditures, net (€2,562 million) and financial investments, net, which notably included the acquisition of GVT (€2,181 million, after acquired cash and foreign exchange hedging gains as of December 31, 2009), and a 51% stake in Sotelma by Maroc Telecom (€269 million, after acquired cash). Financial investments were partially offset by dividends received from NBC Universal (€306 million).

Net cash used for financing activities amounted to €1,962 million, mainly including payments to Vivendi SA's and its subsidiaries' shareholders (€2,963 million) as well as the repayment of bank facilities and borrowings (€2,817 million), virtually offset by new borrowings for €3,240 million and the drawing under commercial papers (€910 million). Payments to the group's subsidiaries' shareholders primarily included dividends paid by consolidated subsidiaries to their non-controlling interests (€786 million), the dividend paid in cash by Vivendi SA to its shareholders (€735 million), the stock repurchase program of Activision Blizzard (€792 million) and the acquisition of TF1's minority stake in Canal+ France (€744 million).

These net cash outflows were primarily financed by the net cash provided by operating activities (€7,352 million). For further information about net cash provided by operating activities, please refer to Section 3 "Cash flow from operations analysis" above.

(in millions of euros)	Cash and cash equivalents	Borrowings and other (a)	Impact on Financial Net Debt
Financial Net Debt as of December 31, 2008	**(3,152)**	**11,501**	**8,349**
Outflows/(inflows) generated by:			
Operating activities	(7,352)	-	(7,352)
Investing activities	5,205	721	5,926
Financing activities	1,962	713	2,675
Foreign currency translation adjustments	(9)	(23)	(32)
Change in Financial Net Debt over the period	(194)	1,411	1,217
Financial Net Debt as of December 31, 2009	**(3,346)**	**12,912**	**9,566**

a. "Other" includes commitments to purchase non-controlling interests, derivative financial instruments, cash deposits backing borrowings as well as cash management financial assets.

5.3 Analysis of Financial Net Debt changes

(in millions of euros)		Refer to section	Year ended December 31, 2009 Impact on cash and cash equivalents	Impact on borrowings and other	Impact on Financial Net Debt
EBIT		2	**(3,836)**	**-**	**(3,836)**
Adjustments			(3,648)	-	(3,648)
Content investments, net			310	-	310
Gross cash provided by operating activities before income tax paid			***(7,174)***	***-***	***(7,174)***
Other changes in net working capital			(315)	-	(315)
Net cash provided by operating activities before income tax paid		3	***(7,489)***	***-***	***(7,489)***
Income tax paid, net		3	137	-	137
Operating activities	**A**		**(7,352)**	**-**	**(7,352)**
Financial investments					
Purchases of consolidated companies, after acquired cash			2,682	999	3,681
of which acquisition of GVT		1.1.1	*2,181*	*883*	*3,064*
- Purchase price of GVT shares paid as at December 31, 2009			*2,469*	*-*	*2,469*
- Financial Net Debt assumed			*(279)*	*326*	*47*
- Foreign exchange hedging gain on GVT shares acquired			*(9)*	*-*	*(9)*
- Commitments by Vivendi to purchase oustanding GVT shares as of December 31, 2009			*-*	*571*	*571*
- Unrealized foreign exchange hedging gain on outstanding GVT shares			*-*	*(14)*	*(14)*
acquisition of Sotelma by Maroc Telecom		1.1.1	*269*	*43*	*312*
payment to the beneficiaries of Neuf Cegetel restricted stock plans			*131*	*-*	*131*
Investments in equity affiliates			9	-	9
Increase in financial assets			359	(305)	54
Total financial investments			***3,050***	***694***	***3,744***
Financial divestments					
Proceeds from sales of consolidated companies, after divested cash			(15)	-	(15)
Decrease in financial assets			(82)	27	(55)
Total financial divestments			***(97)***	***27***	***(70)***
Financial investment activities			**2,953**	**721**	**3,674**
Dividends received from equity affiliates		3	(306)	-	(306)
Dividends received from unconsolidated companies			(4)	-	(4)
Investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets, net			**2,643**	**721**	**3,364**
Capital expenditures			2,648	-	2,648
Proceeds from sales of property, plant, equipment and intangible assets			(86)	-	(86)
Capital expenditures, net		3	***2,562***	***-***	***2,562***
Investing activities	**B**		**5,205**	**721**	**5,926**

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

Continued from previous page.

(in millions of euros)		Refer to section	Year ended December 31, 2009 Impact on cash and cash equivalents	Impact on borrowings and other	Impact on Financial Net Debt
Transactions with shareowners					
Net proceeds from issuance of common shares in connection with Vivendi SA's share based compensation plans			(73)	-	(73)
of which capital increase subscribed by employees in connection with the stock purchase plan			*(71)*	-	*(71)*
exercise of stock options by executive management and employees			*(2)*	-	*(2)*
Other transactions with shareowners			723	(738)	(15)
of which acquisition of the TF1's minority stake in Canal+ France		1.1.1	*744*	*(744)*	-
(Sales)/purchases of treasury shares			792	-	792
of which stock repurchase program of Activision Blizzard		1.1.2	*792*	-	*792*
Dividends paid by Vivendi SA, €1.40 per share (June 2009) (a)		1.1.2	735	-	735
Dividends paid by consolidated companies to their non-controlling interests			786	-	786
of which SFR			*330*	-	*330*
Maroc Telecom SA			*395*	-	*395*
Total dividends and other transactions with shareowners			***2,963***	***(738)***	***2,225***
Transactions on borrowings and other financial liabilities					
Setting up of long-term borrowings and increase in other long-term financial liabilities			(3,240)	3,240	-
of which Vivendi SA		5.4	*(2,520)*	*2,520*	-
SFR		5.4	*(500)*	*500*	-
Principal payments on long-term borrowings and decrease in other long-term financial liabilities			2,817	(2,817)	-
of which Vivendi SA			*1,577*	*(1,577)*	-
SFR			*1,175*	*(1,175)*	-
Principal payments on short-term borrowings			449	(449)	-
Other changes in short-term borrowings and other financial liabilities			(1,452)	1,452	-
of which Vivendi SA's commercial paper			*(320)*	*320*	-
SFR's commercial paper			*(590)*	*590*	-
Non-cash transactions			-	(58)	(58)
Interest paid, net		3	458	-	458
Other cash items related to financial activities		3	(33)	83	50
Total transactions on borrowings and other financial liabilities			***(1,001)***	***1,451***	***450***
Financing activities	**C**		**1,962**	**713**	**2,675**
Foreign currency translation adjustments	D		(9)	(23)	(32)
Change in Financial Net Debt	**A+B+C+D**		**(194)**	**1,411**	**1,217**

a. The 2008 dividend distribution totaled €1,639 million, of which €904 million was paid in Vivendi shares (having no impact on cash) and €735 million was paid in cash.

5.4 Borrowings put into place in 2009

Vivendi SA

Vivendi SA put into place the following borrowings for a total amount of €2,520 million:

– In January 2009, a bond issue of €1 billion. This fixed-rate bond is denominated in euros with a 5-year maturity, a 7.75% coupon and an issue price of 99.727%, corresponding to a 7.82% yield;

– In January 2009, a new tranche of €200 million of the original €500 million bond issue, dated October 2006, with a 2013 maturity. This new tranche is denominated in euros with a 4.5% coupon and an issue price of 87.550% of the nominal value, corresponding to a 7.738% yield;

– In April 2009, a new tranche of €120 million of the original €1 billion bond issue, dated January 2009. This new tranche is denominated in euros with a 7.75% coupon and an issue price of 107.579% of the nominal value, corresponding to a 5.86% yield; and

– In December 2009, a bond issue of €1.2 billion consisting of two tranches:
  - €700 million with a 10-year maturity, a 4.875% coupon and an issue price of 99.728%, corresponding to a 4.91% yield; and
  - €500 million with a 7-year maturity, a 4.25% coupon and an issue price of 99.425%, corresponding to a 4.347% yield.

SFR

SFR put into place the following borrowings for a total amount of €500 million:

– In January 2009, a €200 million increase of its original €800 million bond issue, dated July 2005, with a 2012 maturity in addition to a €200 million initial increase in May 2008 of this bond issue. This new tranche of the original 2012 bond issue is denominated in euros with a 3.375% coupo, and an issue price of 94.212% of the nominal value, corresponding to a 5.236% yield; and

– In July 2009, an euro bond issue of €300 million with a July 2014 maturity at a 5% rate.

5.5 Available undrawn facilities as of February 24, 2010

As of February 24, 2010, the date of Vivendi's Management Board meeting which approved the financial statements for the year ended December 31, 2009, Vivendi SA had available committed bank facilities in the amount of €6 billion. As of that date, considering the amount of commercial paper issued which are backed on bank facilities for €0.9 billion, these lines were available in an aggregate amount of €4.7 billion. SFR had available committed bank facilities in the amount of €4 billion. Considering the amount of commercial paper issued at this date and backed on bank facilities for €1 billion, these credit lines were available for an aggregate amount of €1.4 billion. For a detailed presentation of these credit lines as of December 31, 2009 and December 31, 2008, please refer to Note 22.3 to the Consolidated Financial Statements for the year ended December 31, 2009.

6 Forward looking statements

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy and plans as well as expectations regarding the payment of dividends. 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 these forward-looking statements as a result of a number of risks and uncertainties, many of which are outside of Vivendi's control, including but not limited to, the risks described in the documents of the group filed with the Autorité des Marchés Financiers (AMF) (the French securities regulator) and which are also available in English on Vivendi's web site (www.vivendi.com). The present forward-looking statements are made as of the date of this Financial 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 Financial 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 Financial Report and the English translation, the French version will prevail.

II - Appendix to Financial Report: Unaudited supplementary financial data

Reconciliation of Activision Blizzard U.S. GAAP revenues and EBITA to IFRS

As reported below, the reconciliation of Activision Blizzard's U.S. GAAP revenue and EBITA to IFRS as of December 31, 2009 and December 31, 2008 is based on:
- Activision Blizzard's data prepared in compliance with U.S. GAAP standards, in US dollars, contained in its annual report on Form 10-K for the year ended December 31, 2009, available on Activision Blizzard's website (www.activisionblizzard.com), and non-GAAP comparable measures, published by Activision Blizzard in its earnings release on February 10, 2010; and
- Data relating to Activision Blizzard established in accordance with IFRS standards, in euros, as published by Vivendi in its Audited Consolidated Financial Statements for the year ended December 31, 2009.

Combination of Vivendi Games and Activision on July 9, 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 the date of the merger, Vivendi held a 54.47% (non-diluted) controlling interest in Activision Blizzard. From an accounting perspective, Vivendi Games is deemed the acquirer of Activision; thus, the figures reported under the caption "Activision Blizzard", correspond to: (a) Vivendi Games' historical figures from January 1 to July 9, 2008; and (b) the combined business operations of Activision and Vivendi Games from July 10, 2008.

Non-GAAP measures of Activision Blizzard

Activision Blizzard provides net revenues, net income (loss), earnings (loss) per share, operating margin data and guidance both including (in accordance with US GAAP) and excluding (non-GAAP) the impact of:

a. the change in deferred income and related costs of sales, resulting from the deferral of net revenues; as explained below in the paragraphs "Deferral of Activision revenue" and "Change in recognition of revenue at Blizzard", Activision Blizzard's non-GAAP results exclude the impact of the change in deferred income and related costs of sales associated with certain of the company's online-enabled games for Microsoft, Sony, Nintendo and PC platforms and for *World of Warcraft* boxed software, including the sale of expansion packs and other online ancillary revenues, in order to provide comparable year-over-year performance;
b. Activision Blizzard's non-core exit operations, which consists of the operating results of products and operations from the historical Vivendi Games, Inc. businesses that were divested, exited or wound-down by Activision Blizzard;
c. expenses related to equity-based compensation costs;
d. one-time costs related to the business combination of Activision, Inc. and Vivendi Games, Inc. (including transaction costs, integration costs, and restructuring activities);
e. impairment of intangible assets;
f. the amortization of intangibles and the associated changes in cost of sales resulting from purchase price accounting adjustments from the business combination of Activision and Vivendi Games; and
g. the associated tax benefits.

Deferral of Activision revenues

The growing development of online functionality for console games has led Activision Blizzard to believe that online functionality, along with its obligation to ensure durability, constitutes, for certain games, a service forming an integral part of the game itself. However, in this case, Activision Blizzard does not account separately for the revenues linked to the sale of the boxed software and those linked to the online services because it is not possible to determine their respective values, the online services not being charged for separately. As a result, the company recognizes all of the revenues from the sale of these games ratably over the estimated service period, usually beginning the month following shipment.

Regarding games that can be played with hardware, Activision Blizzard has determined that certain hardware components have stand alone values with established fair values, as the hardware is either currently being sold separately or will be sold separately in the future. As a result, in this case, Activision Blizzard recognizes revenue for the hardware upon sale and defers the software revenues, if applicable, over the estimated service period based on the relative fair value of the components.

Change in recognition of revenues at Blizzard

Following completion of the Activision-Vivendi Games merger in July 2008, Vivendi and Activision Blizzard began a review of the accounting policies and principles of Vivendi Games in order to insure they were consistent with Activision's. Upon review of the accounting treatment for the revenue generated by the *World of Warcraft*'s first expansion pack, *The Burning Crusade*, Vivendi and Activision Blizzard determined that deferring the revenue generated by the box sale of the expansion pack was a preferable accounting method to the historical accounting method of recognizing the revenue upon the sell-in to the retailer.

Vivendi and Activision Blizzard reached this conclusion based upon the view that the service proposed by the expansion pack was closely linked to the initial *World of Warcraft* boxed software and to the subscription to online service, thus valuing a global approach of the game. In reaching this conclusion, Vivendi and Activision Blizzard considered recent commercial statistics gathered since the launch of *The Burning Crusade*. Therefore, revenues related to the sale of *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, are deferred and recognized ratably over the estimated customer life beginning upon activation of the software by the customer through subscription.

Nota:

For a definition of EBITA, please refer to Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2009.

Reconciliation of Activision Blizzard U.S. GAAP revenues and EBITA to IFRS

Reconciliation of U.S. GAAP revenue to IFRS:

	Year Ended December 31, (unaudited) 2009	2008
Non-GAAP Measurement (U.S. GAAP basis):		
Comparable Basis Net Revenues of Core Operations (in millions of dollars)	**4,775**	**5,032**
Eliminate comparable basis adjustments:		
Activision - operations prior to July 10, 2008	na*	(1,310)
Non-GAAP Net Revenues of Core Operations (in millions of dollars)	**4,775**	**3,722**
Eliminate non-GAAP adjustments:		
Changes in deferred net revenues (a)	(497)	(713)
Net revenues of non-core exit operations (b)	1	17
U.S. GAAP Measurement:		
Net Revenues in U.S. GAAP (in millions of dollars), as published by Activision Blizzard	**4,279**	**3,026**
Eliminate U.S. GAAP vs. IFRS differences:		
Effect of alignment of deferred net revenues balance with U.S. GAAP (a)	na*	(63)
IFRS Measurement:		
Net Revenues in IFRS (in millions of dollars)	**4,279**	**2,963**
Translate from dollars to euros:		
Net Revenues in IFRS (in millions of euros), as published by Vivendi	**3,038**	**2,091**
of which		
Activision	1,819	1,146
Blizzard	922	770
Distribution	297	164
Non-core operations	-	11

Reconciliation of U.S. GAAP EBITA to IFRS:

	Year Ended December 31, (unaudited) 2009	2008
Non-GAAP Measurement (U.S. GAAP basis):		
Comparable Basis Operating Income/(Loss) of Core Operations (in millions of dollars)	**1,234**	**1,200**
Eliminate comparable basis adjustments:		
Activision - operating income/(loss) generated prior to July 10, 2008	na*	(167)
Non-GAAP Operating Income/(Loss) of Core Operations (in millions of dollars)	**1,234**	**1,033**
Eliminate non-GAAP adjustments:		
Changes in deferred net revenues and related cost of sales (a)	(383)	(496)
Results of non-core exit operations (b)	(8)	(266)
Equity-based compensation expense (c)	(154)	(90)
One time costs related to the Vivendi transaction, integration and restructuring (d)	(47)	(122)
Impairment of intangibles acquired through business combinations	(409)	-
Amortization of intangibles acquired through business combinations and purchase price accounting related adjustments (e)	(259)	(292)
U.S. GAAP Measurement:		
Operating Income/(Loss) in U.S. GAAP (in millions of dollars), as published by Activision Blizzard	**(26)**	**(233)**
Eliminate U.S. GAAP vs. IFRS differences:		
Effect of alignment of deferred net revenues balance with U.S. GAAP and related cost of sales (a)	na*	(58)
Equity-based compensation expense (c)	(6)	30
Impairment of intangibles acquired through business combinations	(37)	-
One time costs related to the Vivendi transaction, integration and restructuring (d)	13	-
Other	8	8
IFRS Measurement:		
Operating Income/(Loss) in IFRS (in millions of dollars)	**(48)**	**(253)**
Eliminate items excluded from EBITA:		
Impairment of intangible assets acquired through business combinations	446	7
Amortization of intangible assets acquired through business combinations (e)	269	302
EBITA in IFRS (in millions of dollars)	**667**	**56**
Translate from dollars to euros:		
EBITA in IFRS (in millions of euros), as published by Vivendi	**484**	**34**
of which		
Activision	56	(76)
Blizzard	420	323
Distribution	9	15
Non-core operations	(1)	(228)

na*: not applicable.

Non-core operations: Corresponded in 2008 to the products and operations from the historical Vivendi Games, Inc. businesses that were wound-down, exited or divested by Activision Blizzard as part of its restructuring and integration plans following the merger. Prior to July 1, 2009, non-core operations were managed as a stand-alone operating segment, however, in light of the decreasing significance of non-core operations, as of that date Activision Blizzard ceased its management as a separate operating segment and consequently Activision Blizzard is no longer providing separate operating segment disclosure.

a. Corresponds to the impact of the change in deferred net revenues, and related costs of sales associated with certain of the company's online-enabled games, as explained in the paragraphs "Deferral of Activision revenue" and "Change in recognition of revenue at Blizzard" (see above).
   - As of December 31, 2009, in both U.S. GAAP and IFRS, the net deferral of revenues amounted to $497 million (€306 million) and, after taking into account related costs of sales, the net deferral of margin from operations amounted to $383 million (€237 million).
   - As of December 31, 2009, in both U.S. GAAP and IFRS, the deferred net revenues balance in the Statement of Financial Position amounted to $1,426 million (€991 million), compared to $923 million (€661 million) as of December 31, 2008. After taking into account related costs of sales, the deferred margin balance in the Statement of Financial Position amounted to $1,054 million (€733 million) as of December 31, 2009, compared to $701 million (€502 million) as of December 31, 2008.

b. Reflects the results of products and operations from historical Vivendi Games businesses that Activision Blizzard has divested, exited or wound-down.
   - Included the $61 million write-off of cancelled titles as of December 31, 2008.

c. Expenses related to equity-based compensation costs.
   - In IFRS, existing Activision stock options were neither re-measured at fair value nor allocated to the cost of the business combination at the closing date; hence the incremental fair value recorded in U.S. GAAP is reversed, net of costs capitalized.

d. Includes one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs, and restructuring costs).
   - Fees, and other transaction costs incurred by Vivendi Games until July 9, 2008, are capitalized in IFRS and expensed as incurred under U.S. GAAP;
   - Restructuring costs include severance costs, facility exit costs, and balance-sheet write down and exit costs from the cancellation of projects. In IFRS, accrual for restructuring activities is recorded at the time the company is committed to the restructuring plan. In U.S. GAAP, the corresponding expense is recorded on the basis of the actual timing of the restructuring activities; and
   - Also includes as of December 31, 2008 the write-off of certain Vivendi Games balance sheet items (goodwill or intangible assets allocated to Sierra businesses).

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 adjustments. Increase in the fair value of inventories and associated cost of sales are not excluded from EBITA.

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III - Consolidated Financial Statements for the year ended December 31, 2009

Statutory Auditors' report on the Consolidated Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general shareholders' meetings, we hereby report to you for the year ended December 31, 2009 on:
• the audit of the accompanying consolidated financial statements of Vivendi S.A., hereinafter referred to as "the Company";
• the justification of our assessments;
• the specific verification required by law.
These consolidated financial statements have been approved by the management board of your Company. Our role is to express an opinion on the financial statements, based on our audit.

1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform our work to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. An audit involves examining, on a test basis or by other sampling means, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of all the consolidated entities in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union.

Without qualifying our opinion, we draw your attention to:
-Note 1.1 to the financial statements, which describes the change in accounting method due to your company's early application of the revised IFRS 3 – Business combinations, and the amended version of IAS 27 – Consolidated and Separate Financial Statements;
-Note 27 to the financial statements, which provides a description of Management's assessment in connection with the "Securities class action in the United States" and the accounting treatment adopted.

2 Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw your attention to the following matters:

In connection with our assessment of the accounting principles implemented by your Company:

- We ensured that Note 1.1 to the consolidated financial statements provided the appropriate disclosures on the effects of the early application of the revised version of IFRS 3 and the amended version of IAS 27;
- At each financial year end, your Company systematically performs impairment tests on goodwill and assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in Note 1.3.5.7 to the consolidated financial statements. We examined the methods used to test for impairment and ensured that Notes 1.3.5.7 and 9 provided appropriate disclosures thereon;
- Following the takeover of GVT (Holding) S.A., your Company performed a preliminary allocation of the purchase price, as described in Note 2.1 to the consolidated financial statements. We examined the methods used to perform the preliminary purchase price allocation and ensured that Note 2.1 provided the appropriate disclosures thereon;
- Your company accounts for its equity interests in NBC Universal according to the method described in Note 14 to the consolidated financial statements. We examined the approach adopted by your Company to determine the accounting method and recoverable value of your equity interests. We also examined the report and assessed the assumptions made therein, and ensured that the equity interest had been accounted appropriately;
- Note 27 to the financial statements describes the methods used to measure and recognize provisions for litigation. We examined the methods used by your group to list, calculate and account for such provisions. We also examined the assumptions and data

underlying the estimates made by the Company, reviewed the calculations made, and obtained, where appropriate, the estimates from independent experts requested by your Company. We also ensured that any uncertainties regarding estimates of provisions for litigation were disclosed in Note 27 to the financial statements. In compliance with paragraph 92 of IAS 37 such disclosures were limited as they concerned information that might be detrimental to the Company. As stated in Note 1.3.1 to the financial statements, these calculations are based on assumptions that are uncertain by nature, and actual results may differ substantially from provisional data.

Our assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 Specific Verification

We have also carried out the specific verification required by law of the information provided in the group management report.

We have no matters to report regarding its fair presentation and conformity with the Consolidated Financial Statements.

The Statutory Auditors

Paris La Défense, February 25, 2009

Salustro Reydel

Member of KPMG International

Membre de KPMG International

Frédéric Quélin Marie Guillemot

Neuilly-sur-Seine, February 25, 2009

Ernst & Young et Autres

Jean-Yves Jégourel

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Consolidated Statement of Earnings

	Note	Year Ended December 31, 2009	2008
Revenues	4	**27,132**	**25,392**
Cost of revenues	4	(13,627)	(12,492)
Selling, general and administrative expenses		(8,703)	(8,406)
Restructuring charges and other operating charges and income		(46)	(194)
Impairment losses of intangible assets acquired through business combinations	4	(920)	(40)
Earnings before interest and income taxes (EBIT)	3	**3,836**	**4,260**
Income from equity affiliates	14	171	260
Interest	5	(458)	(354)
Income from investments		7	5
Other financial charges and income	5	(795)	579
Earnings from continuing operations before provision for income taxes		**2,761**	**4,750**
Provision for income taxes	6.2	(675)	(1,051)
Earnings from continuing operations		**2,086**	**3,699**
Earnings from discontinued operations		-	-
Earnings		**2,086**	**3,699**
Of which			
Earnings attributable to Vivendi shareowners		**830**	**2,603**
Non-controlling interests		1,256	1,096
Earnings from continuing operations attributable to Vivendi shareowners per share - basic	8	0.69	2.23
Earnings from continuing operations attributable to Vivendi shareowners per share - diluted	8	0.69	2.23
Earnings attributable to Vivendi shareowners per share - basic	8	**0.69**	**2.23**
Earnings attributable to Vivendi shareowners per share - diluted	8	0.69	2.23
Adjusted net income	7	**2,585**	**2,735**
Adjusted net income per share - basic	8	**2.15**	**2.34**
Adjusted net income per share - diluted	8	2.14	2.34

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

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

Consolidated Statement of Comprehensive Income

(in millions of euros)	Note	Year Ended December 31, 2009		2008	
Net income		**2,086**		**3,699**	
Foreign currency translation adjustments		**(325)**	(a)	**1,035**	(a)
Assets available for sale	15	8		(85)	
Valuation gains/(losses) taken to equity		*8*		*(2)*	
Transferred to profit or loss on divestiture		-		*(83)*	
Cash flow hedge instruments	24	(46)		(128)	
Net investment hedge instruments	24	(17)		9	
Tax		9		29	
Unrealized gains/(losses)		**(46)**		**(175)**	
Charges and income directly recorded in equity related to equity affiliates		2		(3)	
Asset revaluation surplus		-		341	(b)
Other		(35)		(19)	
Other impacts on retained earnings		**(33)**		**319**	
Charges and income directly recognized in equity		**(404)**		**1,179**	
Total comprehensive income		**1,682**		**4,878**	
of which					
Total comprehensive income attributable to Vivendi shareowners		**407**		**3,592**	
Total comprehensive income attributable to non-controlling interests		1,275		1,286	

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

a. Includes changes in foreign currency translation adjustments relating to the investment in NBC Universal of -€101 million for fiscal year 2009 and €160 million for fiscal year 2008.

b. Includes the group's share in the positive revaluation of Neuf Cegetel's assets and liabilities accounted for SFR following the takeover of Neuf Cegetel in April 2008.

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2009	December 31, 2008
ASSETS			
Goodwill	9	24,516	22,612
Non-current content assets	10	3,196	4,012
Other intangible assets	11	4,342	3,872
Property, plant and equipment	12	7,264	6,317
Investments in equity affiliates	14	4,146	4,441
Non-current financial assets	15	476	709
Deferred tax assets	6	1,843	2,195
Non-current assets		**45,783**	**44,158**
Inventories		777	763
Current tax receivables	6	284	588
Current content assets	10	1,004	927
Trade accounts receivable and other	16	6,467	6,608
Short-term financial assets	15	464	287
Cash and cash equivalents	17	3,346	3,152
		12,342	**12,325**
Assets held for sale		-	14
Current assets		**12,342**	**12,339**
TOTAL ASSETS		**58,125**	**56,497**
EQUITY AND LIABILITIES			
Share capital		6,759	6,436
Additional paid-in capital		8,059	7,406
Treasury shares		(2)	(2)
Retained earnings and other		7,201	8,675
Vivendi shareowners' equity		**22,017**	**22,515**
Non-controlling interests		3,971	4,111
Total equity	18	**25,988**	**26,626**
Non-current provisions	19	2,090	1,585
Long-term borrowings and other financial liabilities	22	8,355	9,975
Deferred tax liabilities	6	1,104	1,305
Other non-current liabilities	16	1,311	1,480
Non-current liabilities		**12,860**	**14,345**
Current provisions	19	563	719
Short-term borrowings and other financial liabilities	22	4,907	1,655
Trade accounts payable and other	16	13,567	13,049
Current tax payables	6	239	97
		19,276	**15,520**
Liabilities associated with assets held for sale		1	6
Current liabilities		**19,277**	**15,526**
Total liabilities		**32,137**	**29,871**
TOTAL EQUITY AND LIABILITIES		**58,125**	**56,497**

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

Consolidated Statement of Cash Flows

(in millions of euros)	Note	Year Ended December 31, 2009	2008
Operating activities			
EBIT		3,836	4,260
Adjustments		3,648	2,415
Including amortization and depreciation of tangible and intangible assets	4	*3,800*	*2,631*
Content investments, net	10	(310)	(159)
Gross cash provided by operating activities before income tax paid		***7,174***	***6,516***
Other changes in net working capital		315	241
Net cash provided by operating activities before income tax paid		***7,489***	***6,757***
Income tax paid, net		(137)	(1,015)
Net cash provided by operating activities		**7,352**	**5,742**
Investing activities			
Capital expenditures		(2,648)	(2,105)
Purchases of consolidated companies, after acquired cash	2	(2,682)	(3,735)
Investments in equity affiliates	14	(9)	(114)
Increase in financial assets	15	(359)	(98)
Investments		***(5,698)***	***(6,052)***
Proceeds from sales of property, plant, equipment and intangible assets		86	104
Proceeds from sales of consolidated companies, after divested cash		15	(6)
Disposal of equity affiliates	14	-	18
Decrease in financial assets	15	82	340
Divestitures		***183***	***456***
Dividends received from equity affiliates	14	306	296
Dividends received from unconsolidated companies		4	3
Net cash provided by/(used for) investing activities		**(5,205)**	**(5,297)**
Financing activities			
Net proceeds from issuance of common shares and other transactions with shareowners	22	(650)	101
Sales/(purchases) of treasury shares (a)	18	(792)	(85)
Dividends paid in cash by Vivendi SA to its shareowners	18	(735)	(1,515)
Dividends and reimbursements of contribution of capital paid by consolidated companies to their non-controlling interests		(786)	(636)
Transactions with shareowners		***(2,963)***	***(2,135)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	22	3,240	3,919
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	22	(2,817)	(612)
Principal payment on short-term borrowings	22	(449)	(605)
Other changes in short-term borrowings and other financial liabilities	22	1,452	216
Interest paid, net	5	(458)	(354)
Other cash items related to financial activities		33	34
Transactions on borrowings and other financial liabilities		***1,001***	***2,598***
Net cash provided by/(used for) financing activities		**(1,962)**	**463**
Foreign currency translation adjustments		9	195
Change in cash and cash equivalents		**194**	**1,103**
Cash and cash equivalents			
At beginning of the period		**3,152**	**2,049**
At end of the period		**3,346**	**3,152**

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

a. Relates to the stock repurchase program of Activision Blizzard (Please refer to Note 18).

In 2009, investing and financing activities that did not have an impact on cash mainly related to the dividend payment in shares of €904 million (please refer to Note 18). In 2008, these activities amounted to €263 million and mainly related to the early redemption of Vivendi's bonds exchangeable for Sogecable shares for €231 million.

Consolidated Statements of Changes in Equity

Year ended December 31, 2009

(in millions of euros, except number of shares)	Note	Capital: Common shares: Number of (in thousands)	Capital: Common shares: Amount	Capital: Additional paid-in capital	Capital: Treasury Shares	Capital: Sub-total	Retained earnings and other: Retained earnings	Retained earnings and other: Net unrealized gains/(losses)	Retained earnings and other: Foreign currency translation	Retained earnings and other: Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2008		**1,170,197**	**6,436**	**7,406**	**(2)**	**13,840**	**14,576**	**(35)**	**(1,755)**	**12,786**	**26,626**
Attributable to Vivendi SA shareowners		***1,170,197***	***6,436***	***7,406***	***(2)***	***13,840***	***10,460***	***(17)***	***(1,768)***	***8,675***	***22,515***
Attributable to non-controlling interests		-	-	-	-	-	***4,116***	***(18)***	***13***	***4,111***	***4,111***
Contributions by/distributions to Vivendi SA shareowners		***58,662***	**323**	**653**	-	**976**	**(1,604)**	-	-	**(1,604)**	**(628)**
Dividends paid by Vivendi SA (€1.4 per share)	18	*53,185*	293	611	-	904	(1,639)	-	-	(1,639)	**(735)**
of which capital increase related to dividends paid in shares		*53,185*	*293*	*611*	-	904	*(904)*	-	-	(904)	-
paid in cash		-	-	-	-	-	*(735)*	-	-	(735)	***(735)***
Capital increase related to Vivendi SA share based compensation plans	21	5,477	30	42	-	72	35	-	-	35	**107**
of which Vivendi Employee Stock Purchase Plans (July 30, 2009)		*4,862*	*27*	*44*	-	*71*	-	-	-	-	***71***
Changes in Vivendi SA ownership interest in its subsidiaries that do not result in a loss of control		-	-	-	-	-	**(277)**	-	-	**(277)**	***(277)***
of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(310)	-	-	(310)	**(310)**
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)		***58,662***	**323**	**653**	-	**976**	**(1,881)**	-	-	**(1,881)**	**(905)**
Contributions by/distributions to non-controlling interests		-	-	-	-	-	***(1,210)***	-	-	***(1,210)***	***(1,210)***
of which dividends paid by subsidiaries to non-controlling interests	18	-	-	-	-	-	(1,225)	-	-	(1,225)	**(1,225)**
Changes in non-controlling interests that result in a gain/(loss) of control		-	-	-	-	-	***190***	-	-	***190***	***190***
of which goodwill of Sotelma non-controlling interests	2	-	-	-	-	-	206	-	-	206	**206**
Changes in non-controlling interests that do not result in a gain/(loss) of control		-	-	-	-	-	***(395)***	-	-	***(395)***	***(395)***
of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(482)	-	-	(482)	**(482)**
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)		-	-	-	-	-	**(1,415)**	-	-	**(1,415)**	**(1,415)**
Earnings		-	-	-	-	-	***2,086***	-	-	***2,086***	***2,086***
Charges and income directly recognized in equity		-	-	-	-	-	***(33)***	***(46)***	***(325)***	***(404)***	***(404)***
TOTAL COMPREHENSIVE INCOME (C)		-	-	-	-	-	**2,053**	**(46)**	**(325)**	**1,682**	**1,682**
TOTAL CHANGES OVER THE PERIOD (A+B+C)		***58,662***	***323***	***653***	-	***976***	***(1,243)***	***(46)***	***(325)***	***(1,614)***	***(638)***
Attributable to Vivendi SA shareowners		*58,662*	*323*	*653*	-	*976*	*(1,081)*	*(38)*	*(355)*	*(1,474)*	*(498)*
Attributable to non-controlling interests		-	-	-	-	-	*(162)*	*(8)*	*30*	*(140)*	*(140)*
BALANCE AS OF DECEMBER 31, 2009		**1,228,859**	**6,759**	**8,059**	**(2)**	**14,816**	**13,333 (a)**	**(81)**	**(2,080)**	**11,172**	**25,988**
Attributable to Vivendi SA shareowners		***1,228,859***	***6,759***	***8,059***	***(2)***	***14,816***	***9,379***	***(55)***	***(2,123)***	***7,201***	***22,017***
Attributable to non-controlling interests		-	-	-	-	-	***3,954***	***(26)***	***43***	***3,971***	***3,971***

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

a. Mainly includes previous years' earnings which were not distributed and 2009 earnings attributable to Vivendi shareowners.

Year ended December 31, 2008

(in millions of euros, except number of shares)	Note	Capital: Common shares – Number of shares (in thousands)	Capital: Common shares – Amount	Capital: Additional paid-in capital	Capital: Treasury Shares	Capital: Sub-total	Retained earnings and other: Retained earnings	Retained earnings and other: Net unrealized gains/(losses)	Retained earnings and other: Foreign currency translation	Retained earnings and other: Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2007		***1,164,743***	**6,406**	**7,332**	**(2)**	**13,736**	**11,156**	**140**	**(2,790)**	**8,506**	**22,242**
Attributable to Vivendi SA shareowners		***1,164,743***	***6,406***	***7,332***	***(2)***	***13,736***	***9,209***	***134***	***(2,737)***	***6,606***	***20,342***
Attributable to non-controlling interests		-	-	-	-	-	***1,947***	***6***	***(53)***	***1,900***	***1,900***
Contributions by/distributions to Vivendi SA shareowners		***5,454***	***30***	***74***	-	***104***	***(1,475)***	-	-	***(1,475)***	***(1,371)***
Dividends paid by Vivendi S.A. (€1.3 per share)	18	-	-	-	-	-	(1,515)	-	-	(1,515)	**(1,515)**
Capital increase related to Vivendi SA share based compensation plans	21	5,454	30	74	-	104	40	-	-	40	**144**
of which Vivendi Employee Stock Purchase Plans (July 24, 2008)		*4,494*	*25*	*70*	-	*95*	-	-	-	-	***95***
Changes in Vivendi SA ownership interest in its subsidiaries that do not result in a loss of control		-	-	-	-	-	***(48)***	-	-	***(48)***	***(48)***
of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(30)	-	-	(30)	**(30)**
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)		***5,454***	**30**	**74**	-	**104**	**(1,523)**	-	-	**(1,523)**	**(1,419)**
Contributions by/distributions to non-controlling interests		-	-	-	-	-	***(440)***	-	-	***(440)***	***(440)***
of which dividends paid by subsidiaries to non-controlling interests	18	-	-	-	-	-	(440)	-	-	(440)	**(440)**
Changes in non-controlling interests that result in a gain/(loss) of control		-	-	-	-	-	***1,501***	-	-	***1,501***	***1,501***
of which transaction with Activision on July 9, 2008		-	-	-	-	-	1,399	-	-	1,399	**1,399**
Changes in non-controlling interests that do not result in a gain/(loss) of control		-	-	-	-	-	***(136)***	-	-	***(136)***	***(136)***
of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(55)	-	-	(55)	**(55)**
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)		-	-	-	-	-	**925**	-	-	**925**	**925**
Earnings		-	-	-	-	-	***3,699***	-	-	***3,699***	***3,699***
Charges and income directly recognized in equity		-	-	-	-	-	***319***	***(175)***	***1,035***	***1,179***	***1,179***
TOTAL COMPREHENSIVE INCOME (C)		-	-	-	-	-	**4,018**	**(175)**	**1,035**	**4,878**	**4,878**
TOTAL CHANGES OVER THE PERIOD (A+B+C)		***5,454***	***30***	***74***	-	***104***	***3,420***	***(175)***	***1,035***	***4,280***	***4,384***
Attributable to Vivendi SA shareowners		*5,454*	*30*	*74*	-	*104*	*1,251*	*(151)*	*969*	*2,069*	*2,173*
Attributable to non-controlling interests		-	-	-	-	-	*2,169*	*(24)*	*66*	*2,211*	*2,211*
BALANCE AS OF DECEMBER 31, 2008		***1,170,197***	**6,436**	**7,406**	**(2)**	**13,840**	**14,576**	**(35)**	**(1,755)**	**12,786**	**26,626**
Attributable to Vivendi SA shareowners		***1,170,197***	***6,436***	***7,406***	***(2)***	***13,840***	***10,460***	***(17)***	***(1,768)***	***8,675***	***22,515***
Attributable to non-controlling interests		-	-	-	-	-	***4,116***	***(18)***	***13***	***4,111***	***4,111***

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

Notes to the Consolidated Financial Statements

Vivendi is a limited liability company (société anonyme) incorporated under French law, subject to French commercial company law and, in particular, the French Commercial Code (*Code de commerce*). Vivendi was incorporated on December 18, 1987, for a term of 99 years expiring on December 17, 2086, except in the event of an early dissolution or unless the term is extended. Its registered office is located at 42 avenue de Friedland - 75008 Paris (France). Vivendi is listed on Euronext Paris (Compartment A).

Vivendi is a world leader in communications and entertainment and comprised of Activision Blizzard (#1 in video games worldwide), Universal Music Group (#1 in music worldwide), SFR (#2 in mobile and fixed telecom in France), Maroc Telecom Group (#1 in mobile and fixed telecom in Morocco), GVT (a leading facilities-based telecommunications and Internet solutions provider in Brazil), Canal+ Group (#1 in pay-TV in France), and a 20% interest in NBCU (a leading US media and entertainment group).

The Consolidated Financial Statements reflect the financial and accounting situation of Vivendi and its subsidiaries (the "group"), together with interests in equity affiliates. Amounts are reported in euros and all values are rounded to the nearest million.

On February 24, 2010, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2009. After receipt of the Audit Committee's recommendation given at its meeting held on February 24, 2010, the Supervisory Board, at its meeting held on February 25, 2010, reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2009, as approved by the Management Board on February 24, 2010.

On April 29, 2010, the Consolidated Financial Statements for the year ended December 31, 2009 will be submitted for approval at Vivendi's Annual General Shareholders' meeting.

Note 1 Accounting policies and valuation methods

1.1 Compliance with Accounting Standards

The Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union (EU) with mandatory application as of December 31, 2009. These standards and interpretations, as applied to Vivendi's financial statements, do not differ from the standards published by the International Accounting Standards Board (IASB).

Vivendi applied revised standards IFRS 3 - Business Combinations - and IAS 27 - Consolidated and Separate Financial Statements - to its Consolidated Financial Statements for the year ended December 31, 2009. These standards were published by the IASB on January 10, 2008, adopted by the EU on June 3, 2009, and published in the EU Official journal on June 12, 2009. They will have mandatory effect for accounting periods beginning on or after January 1, 2010. However, Vivendi voluntarily opted for the early application of these standards from January 1, 2009.

Revised IAS 27 presents the consolidated financial statements of a group as those of a single economic entity with two categories of owners: Vivendi SA shareowners and the owners of non-controlling interests. A non-controlling interest is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. As a result of this new approach, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control only impact equity, as control does not change within the economic entity. Hence, in the event of the acquisition of an additional interest in a consolidated entity after January 1, 2009, Vivendi recognizes the difference between the acquisition cost and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners. Conversely, any acquisition of control achieved in stages or a loss of control give rise to profit or loss in the statement of earnings.

Revised IFRS 3 introduces changes to the acquisition method, defined by IFRS 3 as issued in March 2004, in particular:

- the option to measure non-controlling interests in an acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction by transaction basis;
- contingent consideration in a business combination to be recognized at fair value on the acquisition-date;
- acquisition-related costs to be recognized as expenses when incurred; and
- in a business combination achieved in stages, re-measurement of the previously held equity interest in the acquiree at its acquisition-date fair value with any resulting gain or loss recognized in the statement of earnings.

Vivendi recognizes the impact of the application of revised IFRS 3 and IAS 27 on other financial income and charges in the Statement of Earnings.

The impact of the early adoption of the revised IFRS 3 and IAS 27 standards on Vivendi's Consolidated Financial Statements for the year ended December 31, 2009 mainly relates to:

- the accounting treatment of the repurchase by Activision Blizzard of its shares of common stock, which was recognized as a deduction from equity and thus do not constitute any additional goodwill; and

- the recognition of goodwill related to the acquisition of GVT by Vivendi and of Sotelma by Maroc Telecom, for which Vivendi elected to measure non-controlling interests at fair value (refer to Notes 2.1 and 2.2).

Vivendi applied amendment to IFRS 7 – Financial Instruments: Disclosures to its Consolidated Financial Statements, for the years ended December 31, 2009 and December 31, 2008. This amendment, which is effective for accounting periods beginning on or after January 1, 2009, requires enhanced disclosure about financial instruments fair value measurements and liquidity risk. It was published by the IASB on March 5, 2009, adopted by the EU on November 27, 2009, and published in the EU Official journal on December 1, 2009. It notably requires an entity to classify its financial instruments measured at fair value into three-levels (the fair value hierarchy), to disclose a maturity analysis of all financial liabilities (derivative and non-derivative) and to provide disclosure about its management of the inherent liquidity risk arising from financial instruments (refer to Notes 22, 23 and 24 infra).

1.2 Presentation of the Consolidated Financial Statements

1.2.1 Presentation of the Consolidated Statement of Earnings

The main line items presented in the Consolidated Statement of Earnings of Vivendi are revenues, income from equity affiliates, interest, provision for income taxes, earnings from discontinued operations and earnings.

The Consolidated Statement of Earnings presents a subtotal for “EBIT” which corresponds to the difference between charges and income that does not result from financing activities, equity affiliates, discontinued operations and taxes.

1.2.2 Presentation of the Consolidated Statement of Cash Flows

In accordance with IAS 7, the presentation of the Consolidated Statement of Cash Flows is as follows:

Net cash provided by operating activities

Net cash provided by operating activities is calculated using the indirect method based on EBIT. EBIT is adjusted for non-cash items and the change in net working capital. Net cash provided by operating activities excludes the cash impact of financial charges and income and the net change in working capital related to property, plant and equipment and intangible assets.

Net cash used for investing activities

Net cash used for investing activities includes changes in net working capital related to property, plant and equipment and intangible assets as well as the cash impact of income received from financial investments (particularly dividends received from equity affiliates). It also includes cash flows arising from obtaining or losing control of subsidiaries, in accordance with IAS 7 as amended by revised IAS 27.

Net cash used for financing activities

Net cash used for financing activities includes the net interest paid on borrowings, cash and cash equivalents, bank overdrafts, as well as the cash impact of other items related to financing activities such as premiums on the early redemption of borrowings, the unwinding of derivative instruments and the cash impact of foreign currency hedging. It also includes cash flows from changes in the level of ownership interest in a subsidiary that do not result in a loss of control (including increases in ownership interests) in accordance with IAS 7 as amended by revised IAS 27.

1.2.3 Presentation of the Operating Performance of each Operating Segment and of the Group

EBITA

Vivendi Management evaluates the performance of the operating segments and allocates necessary resources to them based on certain operating indicators (segment earnings and cash flow from operations).

Vivendi considers EBITA, a non-GAAP measure, to be the key operating performance measure of its operating segments as reported in the segment data. The method used in calculating EBITA excludes the accounting impact of the amortization of intangible assets acquired through business combinations. This enables Vivendi to measure the operating performance of the operating segments on a comparable basis, regardless of whether their performance was driven by the company’s internal growth or by acquisitions and without accounting amortizations with no cash flow effect.

The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations and the impairment of goodwill and other intangibles acquired through business combinations that are included in EBIT.

Adjusted net income

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant indicator of the group’s operating and financial performance. Vivendi Management uses adjusted net income because it better illustrates the performance of continuing operations by excluding most non-recurring and non-operating items.

Adjusted net income includes the following items: EBITA (**), income from equity affiliates (*) (**), interest (*) (**), income from investments (*) (**) and taxes and non-controlling interests related to these items.

It does not include the following items: impairment losses of goodwill and other intangibles acquired through business combinations (*) (**); the amortization of intangibles acquired through business combinations (**); other financial charges and income (*) (**); earnings from discontinued operations (**); provisions for income taxes and adjustments attributable to non-controlling interests and non-recurring tax items (notably the changes in deferred tax assets relating to the Consolidated Global Profit Tax System and the reversal of tax liabilities relating to risks extinguished over the period).

(*) Items as presented in the Consolidated Statement of Earnings; (**) Items as reported by each operating segment.

1.2.4 Presentation of the Consolidated Statement of Financial Position

Assets and liabilities expected to be realized within, or intended for sale or consumption within, the entity's normal operating cycle generally consisting of 12 months, are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities. Certain reclassifications have been made to the 2008 consolidated financial statements to conform to the 2009 presentation.

1.3 Principles Governing the Preparation of the Consolidated Financial Statements

Pursuant to IFRS accounting policies, the Consolidated Financial Statements have been prepared according to the historical cost principle, with the exception of certain assets and liabilities detailed below.

The Consolidated Financial Statements include the financial statements of Vivendi and its subsidiaries after eliminating intragroup items and transactions. Vivendi has a December 31 year-end. Subsidiaries that do not have a December 31 year-end prepare interim financial statements at that date, except when their year-end falls within the three months prior to December 31.

Subsidiaries acquired are included in the Consolidated Financial Statements of the group from the date of acquisition, or, for convenience and if the impact is not material, the date of the most recent Consolidated Statement of Financial Position.

1.3.1 Use of Estimates

The preparation of Consolidated Financial Statements in compliance with IFRS requires group management to make certain estimates and assumptions that they consider reasonable and realistic. Despite regular reviews of these estimates and assumptions by Vivendi Management based, in particular, on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions which could have an impact upon the reported amount of group assets, liabilities, equity or earnings.

The main estimates and assumptions relate to the measurement of:

- deferred taxes: estimates concerning the recognition of deferred tax assets, updated annually with factors such as the expected tax rate and the future tax results of the group (please refer to Notes 1.3.10 and 6);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a reassessment of the risk at any time (please refer to Notes 1.3.9 and 19);
- employee benefits: assumptions updated annually, such as the probability of employees remaining with the group until retirement, expected changes in future compensation, the discount rate and the inflation rate (please refer to Notes 1.3.9 and 20);
- share-based compensation: assumptions updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.11 and 21);
- certain financial instruments: fair value estimates (please refer to Notes 1.3.5.8, 1.3.7 and 23);
- revenue recognition: estimates of provisions for returns and price guarantees, and benefits granted as part of loyalty programs deducted from certain revenue items (please refer to Notes 1.3.4 and 4);
- goodwill: valuation methods adopted for the identification of intangible assets acquired through business combinations (please refer to Notes 1.3.5.2 and 2);
- goodwill, indefinite useful life intangible assets and assets in progress: assumptions updated annually following impairment tests performed on each of the group's cash-generating units (CGU) determined by future cash flows and discount rates (please refer to Notes 1.3.5.7 and 9); and
- UMG content assets: estimates of the future performance of beneficiaries who were granted advances recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10).

In light of the continuing economic crisis and the recommendations of the AMF relating to fiscal years 2008 and 2009, Vivendi reviewed the valuation of all its financial instruments, both assets and liabilities. This review did not have a material impact on the 2008 and 2009 Consolidated Financial Statements.

1.3.2 Principles of Consolidation

A list of Vivendi's major subsidiaries, joint ventures and other associated entities is set forth in Note 28.

Full consolidation

All companies in which Vivendi has a controlling interest, namely those in which it has the power to govern financial and operational policies in order to obtain benefits from their operations, are fully consolidated.

A controlling position is deemed to exist when Vivendi holds, directly or indirectly, a voting interest exceeding 50% and no other shareholder or group of shareholders may exercise substantive participation rights that would enable it to veto or block ordinary decisions taken by Vivendi.

A controlling position also exists when Vivendi, holding an interest of 50% or less in an entity, has (i) control over more than 50% of the voting rights of such entity by virtue of an agreement with other investors; (ii) the power to govern the financial and operational policies of the entity by virtue of statute or contract, (iii) the right to appoint or remove from office a majority of the members of the board of directors or other equivalent governing body or (iv) the power to assemble the majority of voting rights at meetings of the board of directors or other governing body.

Vivendi consolidates special purpose entities that it controls in substance because it; (i) has the right to obtain a majority of benefits; or (ii) retains the majority of residual risks inherent in the special purpose entity or its assets.

Proportionate consolidation

Companies that are controlled jointly by Vivendi or another member of the group and a limited number of other shareholders under the terms of a contractual arrangement are proportionally consolidated.

Equity accounting

Entities over which Vivendi exercises significant influence are accounted for under the equity method.

Significant influence is presumed to exist when Vivendi holds, directly or indirectly, at least 20% of voting rights in an entity unless it can be clearly demonstrated that Vivendi does not exercise significant influence. Significant influence can be demonstrated on the basis of other criteria, such as representation on the board of directors or the entity's equivalent governing body, participation in policy-making processes, material transactions with the entity or interchange of managerial personnel.

1.3.3 Foreign Currency Translation

The Consolidated Financial Statements are presented in millions of euros. The functional currency of Vivendi SA and the presentation currency of the group is the euro.

Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At the closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate prevailing on that date. All foreign currency differences are expensed, with the exception of differences on borrowings in foreign currencies which constitute a hedge of the net investment in a foreign entity. These differences are allocated directly to equity until the divestiture of the net investment.

Financial statements denominated in a foreign currency

Except in cases of significant exchange rate fluctuation, financial statements of subsidiaries, joint ventures and other associated entities for which the functional currency is not the euro, are translated into euros as follows: the Consolidated Statement of Financial Position is translated at the exchange rate at the end of the period; and the Consolidated Statement of Earnings and the Consolidated Statement of Cash Flow are translated at average monthly exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation differences in equity. In accordance with IFRS 1 – First time adoption of International Financial Reporting Standards, Vivendi elected to reverse the accumulated foreign currency translation differences against retained earnings as of January 1, 2004. These foreign currency translation differences resulted from the translation into euro of the financial statements of subsidiaries having foreign currencies as their functional currencies. Consequently, these adjustments are not applied to earnings on the subsequent divestiture of the subsidiaries, joint ventures or other associated entities, whose functional currency is not the euro.

1.3.4 Revenues from Operations and Associated Costs

Revenues from operations are reported when it is probable that future economic benefit will be obtained by the group and when these revenues can be reliably measured. Revenues are reported net of granted discounts.

1.3.4.1 Activision Blizzard

As of December 31, 2008, revenues from the sale of boxes for video-games with significant online functionality, are recorded ratably as revenue over the estimated customer life beginning, usually the month following shipment of boxes for video-games developed by Activision Blizzard and upon activation of boxes for Massively Multiplayer Online Role Playing Games (MMORPG) of Blizzard (World of Warcraft and its expansion packs).

Deferral of Activision revenue

The growing development of online functionality for console games has led Activision Blizzard to believe that online functionality, along with its obligation to ensure durability, constitutes, for certain games, a service forming an integral part of the game itself. However, in this case, Activision Blizzard does not account separately for the revenues linked to the sale of the boxed software and those linked to the online services because it is not possible to determine their respective values, the online services not being charged for separately. As a result, the company recognizes all of the revenues from the sale of these games ratably over the estimated service period, usually beginning the month following shipment.

Regarding games that can be played with hardware, Activision Blizzard has determined that certain hardware components have stand alone values with established fair values, as the hardware is either currently being sold separately or will be sold separately in the future. As a result, in this case, Activision Blizzard recognizes revenue for the hardware upon sale and defers the software revenues, if applicable, over the estimated service period based on the relative fair value of the components.

Change in recognition of revenue at Blizzard

Following completion of the Activision-Vivendi Games combination in July 2008, Vivendi and Activision Blizzard began a review of the accounting policies and principles of Vivendi Games in order to insure they were consistent with Activision's. Upon review of the accounting treatment for the revenue generated by the *World of Warcraft*'s first expansion pack, *The Burning Crusade*, Vivendi and Activision Blizzard determined that deferring the revenue generated by the box sale of the expansion pack was a preferable accounting method to the historical accounting method of recognizing the revenue upon the sell-in to the retailer.

Vivendi and Activision Blizzard reached this conclusion based upon the view that the service proposed by the expansion pack was closely linked to the initial *World of Warcraft* boxed software and to the subscription to online service, thus valuing a global approach of the game. In reaching this conclusion, Vivendi and Activision Blizzard considered recent commercial statistics gathered since the launch of The *Burning Crusade*. Therefore, revenues related to the sale of *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, are deferred and recognized ratably over the estimated customer life beginning upon activation of the software by the customer through subscription.

Other revenues

Revenues generated by subscriptions and prepaid cards for online games are recorded on a straight-line basis over the duration of the service.

Cost of revenues

Cost of revenues includes manufacturing, warehousing, shipping and handling costs, royalty, research and development expenses, and the amortization of capitalized software development costs.

1.3.4.2 Universal Music Group (UMG)

"Physical" music sale

Revenues from the sale of "physical" recorded music, net of a provision for estimated returns (please refer to Note 1.3.4.5) and rebates, are recognized upon shipment to third parties, at the shipping point for products sold free on board (FOB) and on delivery for products sold free on destination.

"Digital" music sale

Revenues from the sale of "digital" recorded music for which UMG has sufficient, accurate and reliable data from certain distributors, are recognized based on their estimate by the end of the month in which those sales were made to the final customer. In the absence of such data, revenues are recognized upon notification by the distribution platform (on-line or mobile music distributor) to UMG of a sale to the final customer.

Cost of revenues

Cost of revenues includes manufacturing and distribution costs, royalty and copyright expenses, artists' costs, recording costs and direct overheads. Selling, general and administrative expenses primarily include marketing and advertising expenses, selling costs, provisions for doubtful receivables and indirect overheads.

1.3.4.3 SFR, Maroc Telecom Group and GVT

Separable elements of a bundled offer

Revenues from telephone packages are recognized as multiple-element sales in accordance with IAS 18. Revenues from the sale of telecommunications equipment (mobile phones and other equipments), net of discounts granted to the customers through the distribution channel, are recognized upon activation of the line. Revenues from telephone subscriptions are recognized on a straight-line basis over the subscription contract period. Revenues from incoming and outgoing traffic are recognized when the service is rendered.

Customer acquisition and loyalty costs for mobile phones, principally consisting of rebates on the sale of equipment to customers through distributors, are recognized as a deduction from revenues. Customer acquisition and loyalty costs consisting of premiums not related to the sale of equipment as part of telephone packages and commissions paid to distributors are recognized as selling and general expenses.

Equipment rentals

IFRIC 4 "Determining Whether an Arrangement Contains a Lease" applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Content sales

Sales of services provided to customers managed by SFR and Maroc Telecom Group on behalf of content providers (mainly toll numbers) are accounted for gross, or net of content providers' fees when the provider is responsible for the content and for setting the price payable by subscribers.

Custom contracts

Service access and installation costs invoiced primarily to operator clients on the installation of services such as a broadband connection, bandwidth service or IP connection are recognized over the expected duration of the contractual relationship and the supply of the primary service.

Access to these telecommunication infrastructures is provided to clients pursuant to various types of contracts: lease arrangements, hosting contracts or Indefeasible Right of Use (IRU) agreements. IRU agreements, which are particular to the telecommunication sector, confer an exclusive and irrevocable right to use an asset (cables, fiber optic or bandwidth) during a (generally lengthy) defined period without a transfer of ownership of the asset. Revenue generated by leases, hosting contracts in the Netcenters and infrastructure IRU agreements are recognized over the duration of the corresponding contracts.

In the case of IRU agreements and certain lease or service contracts, services are paid in advance the first year. These non-refundable advance payments are recognized in deferred income and amortized over the contract term. The amortization period is between 10 and 25 years for IRU agreements and between 1 and 25 years for leases or service contracts.

Cost of revenues

Cost of revenues comprises purchasing costs (including purchases of mobile phones), interconnection and access costs, network and equipment costs. Selling, general and administrative expenses notably include commercial costs relating to marketing and customer care expenses.

1.3.4.4 Canal+ Group

Pay television

Revenues from television subscription services for terrestrial, satellite or cable pay television platforms are recognized over the service period. Revenues from advertising are recognized over the period during which advertising commercials are broadcast. Revenues from ancillary services (such as interactive or video-on-demand services) are recognized when the service is rendered. Subscriber management and acquisition costs, as well as television distribution costs, are included in selling, general and administrative expenses.

Equipment rentals

IFRIC 4 "Determining Whether an Arrangement Contains a Lease" applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Theatrical film and television programming

Theatrical revenues are recognized as the films are screened. Revenues from film distribution and from video and television or pay television licensing agreements are recognized when the films and television programs are available for telecast and all other conditions of sale have been met. Home video product revenues, less a provision for estimated returns (please refer to Note 1.3.4.5 hereof) and rebates, are recognized upon shipment and availability of the product for retail sale. Amortization of film and television capitalized and acquisition costs, theatrical print costs, home video inventory costs and television and home video marketing costs are included in cost of revenues.

1.3.4.5 Other

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. They are estimated based on past sales statistics and they take into account the economic environment and product sales forecasts to final customers.

The recognition of awards associated with loyalty programs and granted by SFR, Maroc Telecom and Canal+ Group to their customers in the form of free or discounted goods or services, are recorded according to IFRIC 13 – IAS 18. IFRIC 13 – Interpretation is based upon the principle of measuring loyalty awards by reference to their fair value. Fair value is defined as the excess price over the sales incentive that would be granted to any new customer, and, should any such excess price exist, would result in deferring the recognition of the revenue associated with the subscription in the amount of such excess price.

Vivendi loyalty programs grant to existing customers:

- awards in the form of free services, according to the length of the relationship with the customer; and
- loyalty points for subsequent conversion into either handset renewal subsidies, or free services.

Thus:

- whenever a loyalty award is granted to an existing customer and does not constitute an excess price over the sales incentive that would otherwise be granted to a new customer at the inception date of a subscription or upon the purchase of a package of goods and/or services, revenue recognition is not deferred; whenever an excess price exists, the corresponding deferred revenue associated with the subscription is spread over its lifetime, and recognized upon utilization of this award by the customer; and
- whenever loyalty awards are convertible into free services, the revenue corresponding to the value of those awards is deferred and then recognized upon utilization of these awards by the customer.

Selling, general and administrative expenses primarily include salaries and employee benefits, rents, consulting and service fees, insurance costs, travel and entertainment expenses, administrative department costs (e.g., Finance department, General Counsel including the legal department), provisions for receivables and other operating expenses.

Advertising costs are expensed as incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising at UMG and Activision Blizzard is treated as a marketing expense and expensed when the expected profit is individualized and can be estimated.

Other financial charges and income include in their entirety non operating losses and gains over the period, except income from equity affiliates, interest, provision for income taxes, earnings from discontinued operations and earnings. Other financial charges and income include losses and gains related to divestitures or to the change in value of financial assets, to the extinction or the change in value of financial liabilities, as well as losses and gains related to the divestiture or the dilution of group's interest in controlled business, with a loss of control in the relevant business.

1.3.5 Assets

1.3.5.1 Capitalized Financial Interest

Until December 31, 2008, Vivendi did not capitalize financial interest incurred during the building and acquisition period of intangible assets, property, plant and equipment. From January 1, 2009, according to amended IAS 23 – Borrowing costs, these interests are included in the cost of the qualifying assets. Vivendi applies this amendment to qualifying assets for which the commencement date for capitalization of costs is January 1, 2009 onwards.

1.3.5.2 Goodwill and Business Combinations

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

At this date, goodwill is initially measured as the difference between:

- the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and
- the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

The measurement of non-controlling interests at fair value results in increasing goodwill up to the extent attributable to these interests, thus leading to the recognition of a "full goodwill".

The purchase price allocation shall be performed within 12 months after the acquisition date.

If goodwill is negative, it is recognized in the Statement of Earnings.

Subsequently, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.7 hereof).

In addition, the following principles are applied to business combinations:

- if possible on the acquisition date, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- contingent consideration in a business combination is recorded at fair value on the acquisition date and any subsequent adjustment, occurring after the purchase price allocation period is recognized in the Statements of Earnings;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the difference between the acquisition cost and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
- goodwill is not amortized.

Vivendi recognizes in other financial income and charges the impacts on the Statement of Earnings resulting from the application of revised IFRS 3 and IAS 27.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004.

IFRS 3, as published by the IASB in March 2004, already retained the acquisition method. However, its provisions differed from those of the revised standard on the main following items:

- minority interests were measured at their proportionate share of the acquiree's net identifiable assets as there was no option of measurement at fair value;
- contingent consideration was recognized in the cost of acquisition only if the payment was likely to occur and could be reliably measured in its amount;
- transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
- in the event of acquisition of an additional interest in a subsidiary, the difference between the acquisition cost and the carrying value of minority interests acquired was recognized as goodwill.

1.3.5.3 Content Assets

Activision Blizzard

Licensing activities and franchises

Licensing activities and internally developed franchises are recognized as content assets at their acquisition cost or development cost (please refer to Note 1.3.5.4 below) and are amortized over their estimated useful life on the basis of the rate at which the related economic benefits are consumed. Where appropriate, impairment loss is fully recognized against earnings of the period during which the loss is identified.

This generally leads to an amortization period of:

- 3 to 10 years for licences;
- 11 to 12 years for franchises;
- 2 to 5 years for game engines; and
- Up to 6 months from the date the product is put in sale for software development costs.

UMG

Music publishing rights and catalogs include music catalogs, artists' contracts and publishing rights acquired in December 2000, as part of the acquisition of The Seagram Company Ltd. or more recently. They are amortized over 15 years in selling, general and administrative expenses.

Royalty advances to artists, songwriters and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that the probable future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. These expenses are recorded in cost of revenues.

Royalties earned by artists, songwriters and co-publishers are recognized as an expense in the period during which the sale of the product occurs, less a provision for estimated returns.

Canal+ Group

Film, television or sports broadcasting rights

When entering into contracts for the acquisition of film, television or sports broadcasting rights, the rights acquired are classified as contractual commitments. They are recorded in the Statement of Financial Position and classified as content assets as follows:

- film and television broadcasting rights are recognized at their acquisition cost, when the program is available for screening and are expensed over their broadcasting period;
- sports broadcasting rights are recognized at their acquisition cost, at the opening of the broadcasting period of the related sports season or upon the first payment and are expensed as they are broadcast; and
- expensing of film, television or sports broadcasting rights is included in cost of revenues.

Theatrical film and television rights produced or acquired to be sold

Theatrical film and television rights produced or acquired before their initial exhibition, to be sold, are recorded as a content asset at capitalized cost (mainly direct production and overhead costs) or at their acquisition cost. Theatrical film and television rights are amortized, and other related costs are expensed, pursuant to the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis). Vivendi considers that amortization pursuant to the estimated revenue method reflects the rate at which the entity plans to consume the future economic benefits related to the asset. Accumulated amortization under this rate is, for this activity, generally not lower than the charge that would be obtained under the straight line amortization method. If, however, the accumulated amortization would be lower than this charge, a minimum straight-line amortization would be calculated over a maximum 12-year period, which corresponds to the typical screening period of each film.

Where appropriate, estimated losses in value are provided in full against earnings of the period, on an individual product basis, in which the losses are estimated.

Film and television rights catalogs

Catalogs are comprised of film rights acquired for a second television exhibition, or produced or acquired film and television rights that are sold after their first television screening (i.e., after their first broadcast on a free terrestrial channel). They are recognized as an asset at their acquisition or transfer cost, and amortized as groups of films, or individually, based respectively on the estimated revenue method.

1.3.5.4 Research and Development Costs

Research costs are expensed when incurred. Development expenses are capitalized when the feasibility and profitability, in particular, of the project can reasonably be considered certain.

Cost of software for rental, sale or commercialization

Capitalized software development costs comprise amounts paid to entitled beneficiaries for the use of their intellectual property content for developing new games (e.g., software development, graphics and editorial content), direct costs incurred during the internal development of products and the acquisition costs of developed software. Software development costs are capitalized when the technical feasibility of the software is established and they are deemed recoverable. These costs are mainly generated by Activision Blizzard as part of the games development process and are amortized using the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues) for a given product, which generally leads to the amortization of costs over a maximum period of 6 months commencing on a product's release. Technical feasibility is determined on a product-by-product basis. Non-capitalized software development costs are immediately recorded as research and development costs. The future recoverability of capitalized software development costs and intellectual property license costs is assessed every quarter. When their recoverable value is less than their carrying value, an impairment loss is recognized against earnings of the period.

Purchased game engines are also recorded at acquisition cost in the cost of software for rental, sale or marketing and amortized over their estimated useful life based on the rate at which the related economic benefits are consumed.

Cost of internal use software

Direct internal and external costs incurred for the development of computer software for internal use, including website development costs, are capitalized during the application development stage. Application development stage costs generally include software configuration, coding, installation and testing. Costs of significant upgrades and enhancements resulting in additional functionality are also capitalized. These capitalized costs, mainly recognized at SFR, are amortized over 4 years. Maintenance and minor upgrade and enhancement costs are expensed as incurred.

1.3.5.5 Other Intangible Assets

Intangible assets acquired separately are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical cost model is applied to intangible assets after they have been recognized. Amortization is accrued for assets with a finite useful life. Useful life is reviewed at the end of each reporting period.

Other intangible assets include trade names, customer bases and licenses. Music catalogs, trade names, subscribers' bases and market shares generated internally are not recognized as intangible assets.

SFR, Maroc Telecom Group and GVT

Licenses to operate telecom networks are recorded at historical cost based upon the discounted value of deferred payments and amortized on a straight-line basis from their effective service start date over their estimated useful life until maturity. Licenses to operate in France are recognized in the amount of the fixed, upfront fee paid upon the granting of the license. The variable fee, which cannot reliably be determined (equal to 1% of the revenues generated by the activity in the case of the UMTS and GSM licenses in France,) is recorded as an expense when incurred.

1.3.5.6 Property, Plant and Equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost, the costs directly attributable to moving an asset to its physical location and preparing it for use in operations, the estimated costs for the demolition and the collection of property, plant and equipment, and the rehabilitation of the physical location, resulting from the incurred obligation.

When property, plant and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is computed using the straight-line method based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

Property, plant and equipment mainly consist of the network equipment of telecommunications activities, each part of which is amortized generally over 1 to 25 years. The useful lives of the main parts are as follow:

- buildings: over 8 to 25 years;
- pylons: over 15 to 20 years;
- radio and transmission equipment: over 3 to 10 years;
- switch centers: 8 years; and
- servers and hardware: over 1 to 8 years.

Assets financed by finance lease contracts are capitalized at the lower of the fair value of future minimum lease payments and of the market value and the related debt is recorded as "Borrowings and other financial liabilities". These assets are amortized on a straight-line basis over their estimated useful life, in general the duration applicable to property, plant and equipment from the same category. Amortization expenses on assets acquired under such leases are included in amortization expenses.

After initial recognition, the cost model is applied to property, plant and equipment.

Vivendi has elected not to apply the option available under IFRS 1, involving the remeasurement of certain property, plant and equipment at their fair value as of January 1, 2004.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to apply IFRIC Interpretation 4 - Determining whether an arrangement contains a lease, mainly to commercial supply agreements for the Canal+ Group satellite capacity and for SFR, Maroc Telecom Group and GVT telecommunications services (please refer to Note 26.1).

Indefeasible Right of Use (IRU) concessions confer an exclusive and irrevocable right to use an asset during a defined period. IRU agreements are leases which convey a specific right of use for a defined portion of the underlying asset in the form of dedicated fibers or wavelengths. IRU agreements are capitalized if the agreement period covers the major part of the useful life of the underlying asset. IRU contract costs are capitalized and amortized over the contract term.

Some IRU contracts are commercial service agreements since they do not convey a right to use a specific asset; IRU contract costs are consequently expensed as operational costs for the period.

1.3.5.7 Asset Impairment

Each time events or changes in the economic environment indicate a current risk of impairment of goodwill, other intangible assets, property, plant and equipment and assets in progress, Vivendi re-examines the value of these assets. In addition, goodwill, other indefinite life intangible assets and intangible assets in progress are all subject to an annual impairment test during the fourth quarter of each fiscal year. This test is performed in order to compare the recoverable amount of each Cash Generating Unit (CGU) or, if necessary, groups of CGU to the carrying value of the corresponding assets (including goodwill). A Cash Generating Unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Vivendi group operates through different communication businesses. Each business offers different products and services that are marketed through different channels. CGUs are independently defined at each business level, corresponding to the Group operating segments. Vivendi CGUs and groups of CGU are presented in Note 9.

The recoverable amount is determined as the higher of either: (i) the value in use; or (ii) the fair value (less costs to sell) as described hereafter, for each individual asset. If the asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the group of assets. In particular, an impairment test of goodwill is performed by Vivendi for each CGU (Cash Generating Unit) or group of CGU, depending on the level at which Vivendi management measures return on operations.

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the 2010 budget and the most recent forecasts prepared by the operating segments. The applied discount rates reflect the current assessment by the market of the time value of money and risks specific to each asset or group of assets. In particular, the perpetual growth rates used for the evaluation of CGUs are those used to prepare budgets for each CGU (Cash Generating Unit) or group of CGU, and beyond the period covered, are consistent with growth rates estimated by the company by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which the group operates.

The fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. These values are determined on the basis of market data (comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions or stock market prices) or on discontinued future cash flows in the absence of reliable data.

If the recoverable amount is lower than the carrying value of an asset or group of assets, an impairment loss is recognized in EBIT for the difference in the amounts. In the case of a group of assets, this impairment loss is recorded first against goodwill.

The impairment losses recognized in respect of property, plant and equipment and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognized. Impairment losses recognized in respect of goodwill cannot be reversed at a later date.

1.3.5.8 Financial Assets

Financial assets consist of financial assets measured at fair value and financial assets recognized at amortized cost. Financial assets are initially recognized at the fair value of the consideration paid, for which the best evidence is the acquisition cost (including associated acquisition costs, if any).

Financial assets at fair value

Financial assets at fair value include available-for-sale securities, derivative financial instruments with a positive value (please refer to Note 1.3.7) and other financial assets measured at fair value through profit or loss.

Most of these financial assets are actively traded in organized public markets, their fair value being determined by reference to the published market price at period end. For financial assets for which there exists no published market price in an active market, fair value is then estimated. As a last resort, the group values financial assets at historical cost, less any impairment losses, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market.

Available-for-sale securities consist of unconsolidated interests and other securities not qualifying for classification in the other financial asset categories described below. Unrealized gains and losses on available-for-sale securities are recognized in equity until the financial asset is sold, collected or removed from the Statement of Financial Position in another way, or until there is objective evidence that the investment is impaired, at which time the accumulated gain or loss previously reported in equity is expensed in other financial charges and income.

Other financial assets measured at fair value through profit or loss mainly consist of assets held for trading which Vivendi intends to sell in the near future (primarily marketable securities). Unrealized gains and losses on these assets are recognized in other financial charges and income.

Financial assets at amortized cost

Financial assets at amortized cost consist of **loans and receivables** (primarily loans to affiliates and associates, current account advances to equity affiliates and unconsolidated interests, cash deposits, securitized loans and receivables and other loans and receivables, and debtors) and **held-to-maturity investments** (financial assets with fixed or determinable payments and fixed maturity). At the end of each period, these assets are measured at amortized cost using the effective interest method. If there is objective evidence that an impairment loss has been incurred, the amount of this loss, measured as the difference between the financial asset's carrying value and its recoverable amount (equal to the present value of estimated future cash flows discounted at the financial asset's original effective interest rate) is recognized in profit or loss. Impairment losses may be reversed if the recoverable amount of the asset subsequently increases in the future.

1.3.5.9 Inventories

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. It is usually computed using the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and selling costs.

1.3.5.10 Trade Accounts Receivable

Trade accounts receivable are initially recognized at fair value, which generally equals the nominal value. Provisions for impairment of receivables are specifically evaluated in each business unit, generally using a default percentage based on the unpaid amounts during one reference period related to revenues for this same period. Accounts receivable from former customers, customers subject to insolvency proceedings or from customers with whom Vivendi is involved in litigation or a dispute are generally depreciated in full.

1.3.5.11 Cash and Cash Equivalents

The "cash and cash equivalents" category consists of cash in banks, euro-denominated and international monetary UCITS, which satisfy Recommendation No. 2005-02 of the AMF, and other highly liquid investments with initial maturities of three months or less. Investments in securities, investments with initial maturities of more than three months without the possibility of early termination and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls) are not classified as cash equivalents but as financial assets.

1.3.6 Assets held for Sale and Discontinued Operations

A non-current asset or a group of assets and liabilities is held for sale when its carrying value may be recovered principally through its divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are recognized as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lower of the difference between the fair value (net of divestiture fees) and the carrying value, or cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when it represents a separate major line of business and the criteria for classification as an asset held for sale have been met or when Vivendi has sold the asset. Discontinued operations are reported on a single line of the Statement of Earnings for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to sell the assets and liabilities of the discontinued operations. In addition, cash flows generated by discontinued operations are reported on a separate line of the Statement of Consolidated Cash Flows for the periods considered.

1.3.7 Financial Liabilities

Long and short-term borrowings and other financial liabilities include:

- bonds and facilities, as well as miscellaneous other borrowings (including commercial paper and debt related to finance leases) and related accrued interest;
- obligations arising in respect of commitments to purchase minority interests;
- bank overdrafts; and
- the negative value of other derivative financial instruments. Derivatives with positive fair values are recorded as financial assets in the Statement of Financial Position.

Borrowings

All borrowings are initially accounted for at fair value net of transaction costs directly attributable to the borrowing. Borrowings bearing interest are subsequently valued at amortized cost, applying the effective interest method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through the term of the borrowing. In addition, where the borrowing comprises an embedded derivative (e.g., an exchangeable bond) or an equity instrument (e.g., a convertible bond), the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument (please refer to Note 1.3.8). In the event of a change in expected future cash flows (e.g., redemption earlier than initially expected), the amortized cost is adjusted against earnings in order to reflect the value of the new expected cash flows, discounted at the initial effective interest rate.

Commitments to purchase non-controlling interests

Vivendi has granted commitments to purchase minority interests to certain shareholders of its fully consolidated subsidiaries. These purchase commitments may be optional (e.g., put options) or firm (e.g., forward purchase contracts).

The following accounting treatment has been adopted for commitments granted prior to January 1, 2009:

- upon initial recognition, the commitment to purchase minority interests is recognized as a financial liability for the present value of the purchase consideration under the put option or forward purchase contract, mainly offset through minority interests and the balance through goodwill;
- subsequent changes in the value of the commitment are recognized as a financial liability by an adjustment to goodwill;
- where applicable, at the time of initial recognition or the recognition of subsequent changes, any expected loss on purchase is recognized in other financial charges and income; and
- on maturity of the commitment, if the minority interests are not purchased, the entries previously recognized are reversed; if the minority interests are purchased, the amount recognized in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the minority interests.

According to the provisions of revised IAS 27, commitments granted on or after January 1, 2009 are initially recognized as a financial liability for the present value of the purchase consideration under the put option or forward purchase contract, mainly offset through non-controlling interests and the balance through equity attributable to Vivendi SA shareowners. Subsequent changes in the value of the commitment are recognized as a financial liability by an adjustment to equity attributable to Vivendi SA shareowners.

Derivative financial instruments

Vivendi uses derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, foreign currency exchange rates and stock prices. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. These instruments include interest rate and currency swaps and forward exchange contracts. They also include stock options used to hedge debt where principal repayment terms are based on the value of Vivendi or other stock, as well as Vivendi stock purchase option plans granted to executives and employees. All derivative financial instruments are used for hedging purposes.

When these contracts qualify as hedges for accounting purposes, the gains and losses arising on these contracts are offset in earnings against the gains and losses relating to the hedged item. When the derivative financial instrument hedges exposures to fluctuations in the fair value of an asset or a liability recognized in the Statement of Financial Position or of a firm commitment which remains unrecognized in the Statement of Financial Position, it is a fair value hedge. The instrument is remeasured at fair value in earnings, with the gains or losses arising on remeasurement of the hedged portion of the hedged item offset on the same line of the Statement of Earnings, or, as part of a forecasted transaction relating to a non-financial asset or liability, at the initial cost of the asset or liability. When the derivative financial instrument hedges cash flows, it is a cash flow hedge. The hedging instrument is remeasured at fair value and the portion of the gain or loss that is determined to be an effective hedge is recognized through equity, whereas its ineffective portion is recognized in earnings, or, as part of a forecasted transaction relating to a non-financial asset or liability, they are recognized at the initial cost of the asset or liability. When the hedged item is realized, accumulated gains and losses recognized in equity are released to the Statement of Earnings and recorded on the same line as the hedged item. When the derivative financial instrument hedges a net investment in a foreign operation, it is recognized in the same way as a cash flow hedge. Derivative financial instruments which do not qualify as hedges for accounting purposes are remeasured at fair value and resulting gains and losses are recognized directly in earnings, without remeasurement of the underlying instrument.

Furthermore, income and expenses relating to foreign currency instruments used to hedge highly probable budget exposures and firm commitments, contracted pursuant to the acquisition of editorial content rights (including sports, audiovisual and film rights) are recognized in EBIT. In all other cases, gains and losses arising on the fair value remeasurement of instruments are recognized in other financial charges and income.

1.3.8 Compound Financial Instruments

Certain financial instruments consist of a liability component and an equity component.

The various components of these instruments are accounted for in equity and borrowings and other financial liabilities according to their classification, as defined in IAS 32 "Financial Instruments: Disclosure and Presentation".

The component classified as borrowings and other financial liabilities is valued at the issuance date at the present value discounted at the market rate (taking into account credit risk at the issuance date) of the future contractual cash flows (including interest and repayment of the nominal value) of similar instruments with the same features (maturity and cash flows) but without any option for conversion or redemption into shares.

The component classified as equity is defined as the difference between the fair value of the instrument and the fair value of the financial liability component.

1.3.9 Other Liabilities

Provisions

Provisions are recognized when, at the end of the reporting period, Vivendi has a legal obligation (legal, regulatory or contractual) or a constructive obligation, as a result of past events, and it is probable that economic benefits in the form of outflow of resources will be required to settle the obligation and the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money. If no reliable estimate can be made of the amount of the obligation, no provision is recorded and a disclosure is made in the Notes to the Consolidated Financial Statements.

Employee benefit plans

In accordance with the laws and practices of each country in which it operates, Vivendi participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, life insurance and post-employment benefits to eligible employees, former employees, retirees and such of their beneficiaries who fulfill the required conditions. Retirement pensions are provided for substantially all employees through defined contribution plans, which are integrated with local social security and multi-employer plans, or defined benefit plans which are generally managed via group pension plans. The plan funding policy implemented by the group is consistent with applicable government funding requirements and regulations.

Defined contribution plans

Contributions to defined contribution and multi-employer plans are expensed during the year.

Defined benefit plans

Defined benefit plans may be funded by investments in various instruments such as insurance contracts or equity and debt investment securities, excluding Vivendi shares or debt instruments.

Pension expenses are determined by independent actuaries using the projected unit credit method. This method is based on assumptions updated annually, which include the probability of employees remaining with Vivendi until retirement, expected changes in future compensation and an appropriate discount rate for each country in which Vivendi maintains a pension plan.

The assumptions adopted in 2008 and 2009, and the means of determining these assumptions, are presented in Note 20. As such, the group recognizes pension-related assets and liabilities and the related net expense.

A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, net of past service cost and unrecognized actuarial gains and losses which remain unrecognized in the Statement of Financial Position in accordance with the "corridor method". Where financial assets exceed recognized obligations, a financial asset is recognized up to the maximum cumulative amount of net actuarial losses, unrecognized past service cost and the present value of future redemptions and the expected decrease in future contributions.

Actuarial gains and losses are recognized through profit and loss for the year using the "corridor method": actuarial gains and losses in excess of 10% of the greater of the obligation and the fair value of plan assets at the beginning of the fiscal year, are divided by the expected average working life of beneficiaries.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.

The cost of plans is included in selling, general and administrative expenses, apart from the financial component which is recorded in other financial charges and income. The financial component of this cost consists of the undiscounting of the actuarial liability and the expected return on plan assets.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the US) are subject to provisions which are assessed through an actuarial computation comparable to the method used for pension provisions.

1.3.10 Deferred Taxes

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

- deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and
- deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists, to make use of those deductible temporary differences, tax loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For deductible temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of the group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the group prove significantly different to those expected, the group will be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on the Statement of Financial Position and Statement of Earnings of the group.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill, or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For taxable temporary differences arising from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not earnings, if the tax relates to items that are credited or charged directly to equity.

1.3.11 Share-based Compensation

With the aim of aligning the interest of its executive management and employees with its shareholders' interest by providing them with an additional incentive to improve the company's performance and increase its share price on a long-term basis, Vivendi maintains several share-based compensation plans (share purchase plans and grant of performance shares) or other equity instruments based on the value of the Vivendi share price (stock option plans), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Management Board, and subsequently by the Supervisory Board. The acquisition of rights related to these plans is contingent upon the achievement of specific performance objectives.

In addition, Activision Blizzard maintains several share-based compensation plans (share purchase plans and restricted stocks) or other equity instruments based on the value of the Activision Blizzard share price (stock purchase plans or stock option plans), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Board of Directors of Activision Blizzard. The acquisition of rights related to certain plans is contingent upon the achievement of specific performance objectives.

Lastly, Universal Music Group and Blizzard, a subsidiary of Activision Blizzard, maintain Equity Long-Term Incentive Plans. Under these plans, certain key executives are awarded equity units. These equity units are phantom stock units whose value is intended to reflect the value of UMG and Blizzard, respectively, and are settled either in equity instruments or in cash.

Please refer to Note 21 for a detail of these plans' characteristics.

Accounting for instruments

In accordance with IFRS 2, share-based compensation is recognized as a personnel cost at the fair value of the equity instruments granted. This expense is amortized over the vesting period regarding the plans of Vivendi, conditional upon the achievement of specific performance objectives and active employment within the group at the vesting date, generally 3 years for stock option plans and 2 years for performance shares, other than for specific cases.

Vivendi and Activision Blizzard use a binomial model to assess the value of such instruments. This method relies on assumptions updated at the valuation date such as the computed volatility of the relevant shares, the risk-free discount rate, the expected dividend yield and the probability of relevant employees remaining employed within the group until the exercise of their rights.

However, depending on whether the equity instruments granted are equity-settled through the issuance of shares or cash-settled, the valuation and recognition of the expense differs:

- Instruments settled through the issuance of shares:
  - the expected term of the option granted is deemed to be the mid-point between the vesting date and the end of the contractual term;

- the value of the instruments granted is estimated and fixed at grant date; and
- the expense is recognized with a corresponding increase in equity.

- Instruments settled in cash:
  - the expected term of the instruments granted is deemed to be equal to one-half of the residual contractual term of the instrument for vested rights, and to the average of the residual vesting period at the remeasurement date and the residual contractual term of the instrument for unvested rights;
  - the value of instruments granted is initially estimated at grant date and is then re-estimated at each reporting date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date;
  - the expense is recognized as a provision; and
  - moreover, as SAR and RSU plans are primarily denominated in US dollars, the value changes in line with fluctuations in the euro/dollar exchange rate.

A share-based compensation cost is allocated to each operating segment, pro rata the number of equity instruments or equivalent instruments granted to their managers and employees.

The dilutive effect of stock options and performance shares settled through the issuance of Vivendi or Activision Blizzard shares granted to managers and employees which are in the process of vesting is reflected in the calculation of diluted earnings per share.

Pursuant to the transitional provisions of IFRS 1 with respect to IFRS 2, Vivendi elected to retrospectively apply IFRS 2 as of January 1, 2004. Consequently, all share-based compensation plans for which rights remained to be vested as of January 1, 2004 are now accounted for in accordance with IFRS 2.

1.4 Contractual Obligations and Contingent Assets and Liabilities

Once a year, Vivendi and its subsidiaries prepare detailed reports on all material contractual obligations, commercial and financial commitments and contingent obligations, for which it is jointly and severally liable. These detailed reports are updated by the relevant departments and reviewed by senior management on a regular basis. In order to ensure completeness, accuracy and consistency of these reports, some dedicated internal control procedures are performed, including (but not limited to) the review of:

- minutes from meetings of the shareholders, Management Board, Supervisory Board and committees of the Supervisory Board in respect of matters such as contracts, litigation, and authorization of asset acquisitions or divestitures;
- pledges and guarantees with banks and financial institutions;
- pending litigation, claims (in dispute) and environmental matters as well as related assessments for unrecorded contingencies with internal and/or external legal counsels;
- tax examiner's reports and, if applicable, notices of assessments and tax expense analyses for prior years;
- insurance coverage for unrecorded contingencies with the risk management department and insurance agents and brokers with whom the group contracted;
- related-party transactions for guarantees and other given or received commitments; and more generally
- major contracts and agreements.

1.5 New IFRS Standards and IFRIC Interpretations that have been published but are not yet effective

The IFRS standards and IFRIC interpretations that have been issued by the IASB/IFRIC which are not yet effective but which have been applied in anticipation are detailed in Note 1.1.

Among other IFRS accounting standards and IFRIC interpretations issued by the IASB/IFRIC at the date of approval of these Consolidated Financial Statements but that are not yet effective, for which Vivendi has not elected an earlier application, and which may have an impact on Vivendi are amendments to different IFRS included in the annual "Improvements to IFRSs" as published by the IASB on April 16, 2009, which are effective from different dates depending on the relevant provision, but the earliest applicable date being on or after January 1, 2010.

Vivendi is currently assessing the potential impact of the application of these amendments on the Statement of Earnings, the Statement of Financial Position, the Statement of Cash Flows and the content of the notes to the Financial Statements.

Note 2 Changes in the scope of consolidation

Preliminary notes:

As a reminder, Vivendi opted to proceed with the early application, from January 1, 2009, of the revised standards IFRS 3 – Business Combinations – and IAS 27 – Consolidated and Separate Financial Statements which will have mandatory effect for accounting periods beginning on or after January 1, 2010 (please refer to Note 1.1).

2.1 Takeover of GVT (Holding) S.A. in Brazil

On November 13, 2009, Vivendi took over GVT (Holding) S.A. (GVT), the leading alternative telecommunications operator in Brazil, which was fully consolidated by Vivendi at that date. Pursuant to the acquisition of GVT, Vivendi held 37.9% of GVT's outstanding voting shares and had a right to purchase an additional 19.6% of GVT's outstanding voting shares pursuant to call option agreements. As of December 31, 2009, Vivendi held an 82.45% controlling interest in GVT. Vivendi's investment in GVT was completed according to the following schedule:

- On November 13, 2009, Vivendi acquired an aggregate of 29.9% of GVT's outstanding voting shares, at BRL56 per share, from Swarth Investments LLC, Swarth Investments Holdings LLC and Global Village Telecom (Holland) BV, the founding and controlling shareholders of GVT. In addition, Vivendi acquired from third parties an additional 8% interest in GVT's outstanding voting shares at various prices per share comprised between BRL 49 and BRL 56 and held unconditional call options giving Vivendi the right to acquire an additional 19.6% interest in GVT's outstanding voting shares, at an exercise price of BRL55 per share, plus a premium of BRL1 per share. Consequently, at that date, Vivendi held 37.9% of GVT's outstanding voting shares and had a right to purchase an additional 19.6% interest in GVT's outstanding voting shares which gave Vivendi control over 57.5% of GVT's outstanding voting shares (53.7% on a fully diluted basis). As a result, as of November 13, 2009, Vivendi acquired exclusive control of GVT, defined as the power to govern GVT's financial and operational policies so as to obtain benefits from its operations. In accordance with Brazilian rules and regulations, Vivendi filed a mandatory cash tender offer to purchase the remaining shares of GVT with the Brazilian securities regulator, at a price per share of BRL56, with an offer price adjustment based on fluctuations of the SELIC Rate (Taxa Referencial do Sistema Especial de Liquidação e Custódia) from November 13, 2009 until the settlement date of the tender offer. Vivendi will launch its mandatory cash tender offer upon receipt of final approval from the Brazilian securities authorities.
- As of December 31, 2009, following additional acquisitions of GVT shares on the market by Vivendi and the full exercise of the call options mentioned above, representing a total of approximately 25% of GVT's outstanding voting shares, Vivendi held an 82.45% controlling interest in GVT, for a total investment of €2,507 million (including Financial Net Debt assumed for €47 million as of November 13, 2009).
- Considering that pursuant to the obligation to launch its tender offer, Vivendi has committed to purchase all tendered shares, *i.e.*, a maximum of 17.55% of GVT's outstanding voting shares as of December 31, 2009, Vivendi recorded an amount estimated at €571 million share purchase commitment in financial debt as of such date.
- During the period from January 1, 2010 through February 24, 2010, the date of the Management Board meeting which approved the financial statements for the fiscal year 2009, Vivendi acquired approximately 6 million additional GVT shares on the market, for a total cost of approximately €139 million, without any impact on Vivendi's financial indebtedness considering the previously recorded commitment as mentioned above.
- Moreover, GVT convened a special shareholders' meeting to be held on March 8, 2010, to obtain its shareholders' approval on GVT's deregistration as a publicly held company.

Purchase price determination

The purchase price was determined by taking into account the fair value of (i) the consideration transferred as of December 31, 2009 (€2,484 million) and (ii) the commitments to purchase shares after January 1, 2010, estimated at €571 million. Consequently, the purchase price amounted to €3,055 million.
In addition, direct costs related to this acquisition amounted to €29 million and were recorded as other financial charges and income in 2009.

Determination of goodwill at 100%

In accordance with the revised IFRS 3 – Business Combinations, Vivendi elected to account for the acquisition of GVT under the full goodwill method and performed a preliminary allocation of the purchase price of the 100% interest acquired in GVT. The Statement of Financial Position of Vivendi recognized 100% of the fair value of identifiable assets acquired and liabilities assumed based on analyses and estimates with the assistance of a third-party appraiser. The purchase price and its allocation will be finalized within the 12-month period prescribed by accounting standards and the final amount of goodwill may significantly differ from the amount presented below.

(in millions of euros)	As of November 13, 2009 Carrying value of net assets before acquisition (in IFRS)	Fair value of net assets acquired at the acquisition date (in IFRS)	
ASSETS			
Goodwill	6	-	
Other intangible assets	34	396	(a,b)
Property, plant and equipment	776	776	(b)
Deferred tax assets	69	69	
Other non-current assets	43	43	
Non-current assets	**928**	**1,284**	
Inventories	1	1	
Current tax receivables	1	1	
Trade accounts receivable and other	208	208	
Cash and cash equivalents	279	279	
Current assets	**489**	**489**	
TOTAL ASSETS (A)	**1,417**	**1,773**	
Non-current provisions	6	6	
Long-term borrowings and other financial liabilities	-	-	
Deferred tax liabilities	-	222	
Other non-current liabilities	119	119	
Non-current liabilities	**125**	**347**	
Current provisions	1	1	
Short-term borrowings and other financial liabilities	325	325	
Trade accounts payable and other	156	158	
Current tax payables	3	3	
Current liabilities	**485**	**487**	
TOTAL LIABILITIES (B)	**610**	**834**	
NET ASSETS (A-B)	**807**	**939**	
Preliminary Goodwill		2,116	
Purchase price for 100% of GVT		**3,055**	

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

(in millions of euros)	Life	As of November 13, 2009
Customer bases	4-5 years	240
GVT and other trade names	Indefinite	122
Other		34
Total		**396**

b. The company will perform an analysis of property, plant and equipment and intangible assets which constitute its network equipment during the next months and within the 12-month period from the date of acquisition, and, consequently their values and their estimated useful life may be revised.

Determination of non-controlling interests' fair value

As of December 31, 2009, the fair value of non-controlling interests was estimated based on the Tender Offer launched in January 2010 at BRL 56.00 per share, adjusted for fluctuations in the SELIC Rate (Taxa Referencial do Sistema Especial de Liquidação e Custódia) at 8.65% with a settlement date on March 30, 2010. The fair value of non-controlling interests was thus estimated at €571 million, recorded in short-term financial liabilities.

Supplemental financial data concerning GVT

Revenues and EBITA of GVT between November 13, and December 31, 2009 amounted to €104 million and €20 million, respectively. Furthermore, for reference, GVT's BR GAAP revenues and adjusted EBITDA between January 1 and December 31, 2009 amounted to BRL1,699 million (€599 million) and BRL656 million (€231 million), respectively.

2.2 Acquisition of a 51% stake in Sotelma by Maroc Telecom

On July 7, 2009, Maroc Telecom was declared as the winning bidder of the international call for tenders for the acquisition of a 51% controlling interest in Sotelma, the incumbent Malian telecoms operator. The acquisition of this 51% interest was completed on July 31, 2009 for a total enterprise value of €312 million (representing a purchase price of €278 million plus the assumption of €43 million in net debt, net of cash acquired of €9 million). The company has been fully consolidated since August 1, 2009.

On August 1, 2009, in accordance with accounting standards applicable to business combinations, Maroc Telecom performed a preliminary allocation of the purchase price of the 51% interest acquired in Sotelma, and consolidated 100% of the fair value of identifiable assets acquired and liabilities assumed, based on analyses and estimates prepared by Maroc Telecom.
The allocation of the purchase price will be finalized within the 12-month period prescribed by accounting standards. The preliminary goodwill, estimated according to the method of full goodwill, amounted to €456 million. The final goodwill amount may significantly differ from the amount presented.

Supplemental financial data concerning Sotelma

Revenues and EBITA of Sotelma between August 1 and December 31, 2009 amounted to €50 million and €6 million, respectively.

Note 3 Segment data

3.1 Operating segment data

The Vivendi group operates through different communication and entertainment businesses. Each business offers different products and services that are marketed through different channels. Given the unique customer base, technology, marketing and distribution requirements of each of these businesses, they are managed separately and represent the base of the internal reporting of the group. As of December 31, 2009, the Vivendi group had six business segments engaging in the operations described below:

- Activision Blizzard, development, publishing and distribution of interactive entertainment software, online or on other media (such as console and PC). On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games and thereby Vivendi Games became a wholly-owned subsidiary of Activision, the publisher of American video games, and the new entity was renamed Activision Blizzard. As a result, the figures reported in this Report under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures from January 1 to July 9, 2008; and (b) the combined business operations of Activision and Vivendi Games from July 10, 2008;
- Universal Music Group, sale of recorded music (physical and digital media), exploitation of music publishing rights as well as artist services and merchandising;
- SFR, phone services (mobile, broadband Internet and fixed) in France. Since April 15, 2008, following the acquisition by SFR of the 60.15% equity interest in Neuf Cegetel that it did not previously own, Neuf Cegetel has been fully consolidated by SFR. In addition, at the end of March 2009, Neuf Cegetel merged with and into SFR, having retroactive tax effect from January 1, 2009;
- Maroc Telecom Group, a telecommunication operator (mobile, fixed and Internet) in Africa, predominantly in Morocco as well as in Mauritania, Burkina Faso, Gabon and since August 1, 2009, Mali;
- GVT, a Brazilian fixed and broadband operator since November 13, 2009; and
- Canal+ Group, publishing and distribution of pay-TV mainly in France, in both analog and digital (terrestrially, via satellite or ADSL) as well as film production in Europe.

Vivendi Management evaluates the performance of the operating segments and allocates necessary resources to them based on certain operating indicators (segment earnings and cash flow from operations). Segment earnings correspond to the EBITA of each business segment.

Additionally, segment data is elaborated according to the following principles:

- the operating segment "Holding & Corporate" includes the cost of Vivendi SA's headquarters in Paris and of its New York City offices, after the allocation of a portion of these costs to each of the businesses;
- the operating segment "Non-core operations and others" includes miscellaneous businesses outside Vivendi's core businesses, whose assets are being divested or liquidated and which are not disclosed as discontinued operations as they do not comply with criteria prescribed by IFRS 5, as well as Vivendi Mobile Entertainment, which operates a service selling digital content on the Internet and on mobile phones under the "zaOza" brand;
- intersegment commercial relations are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties; and
- the operating segments presented hereunder are identical to those appearing in the information given to Vivendi's Management Board.

Vivendi also presents data related to five geographic areas, consisting of its four main geographic markets (France, Rest of Europe, United States and Morocco), as well as the rest of the world.

Consolidated statements of earnings

Year Ended December 31, 2009

(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	Eliminations	**Total Vivendi**
External revenues	3,038	4,349	12,427	2,662	104	4,544	-	8	-	27,132
Intersegment revenues	-	14	(2)	32	-	9	-	1	(54)	-
Revenues	**3,038**	**4,363**	**12,425**	**2,694**	**104**	**4,553**	**-**	**9**	**(54)**	**27,132**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,248)	(3,682)	(8,438)	(1,080)	(64)	(3,675)	(127)	(35)	54	(19,295)
Charges related to stock options and other share-based compensation plans	(114)	(1)	(20)	(2)	-	(8)	(9)	-	-	(154)
EBITDA	**676**	**680**	**3,967**	**1,612**	**40**	**870**	**(136)**	**(26)**	**-**	**7,683**
Restructuring charges	(8)	(59)	(20)	(1)	-	(1)	(2)	-	-	(91)
Gain/(losses) on sale of tangible and intangible assets	(1)	8	(9)	3	-	(3)	-	-	-	(2)
Other non-recurring items	-	1	-	(4)	-	-	49	-	-	46
Depreciation of tangible assets	(55)	(50)	(849)	(271)	(19)	(131)	(1)	(1)	-	(1,377)
Amortization of intangible assets excluding those acquired through business combinations	(128)	-	(559)	(95)	(1)	(83)	(1)	(2)	-	(869)
Adjusted earnings before interest and income taxes (EBITA)	**484**	**580**	**2,530**	**1,244**	**20**	**652**	**(91)**	**(29)**	**-**	**5,390**
Amortization of intangible assets acquired through business combinations	(188)	(287)	(98)	(23)	(7)	(31)	-	-	-	(634)
Impairment losses of intangible assets acquired through business combinations	(302)	(618)	-	-	-	-	-	-	-	(920)
Earnings before interest and income taxes (EBIT)	**(6)**	**(325)**	**2,432**	**1,221**	**13**	**621**	**(91)**	**(29)**	**-**	**3,836**
Income from equity affiliates										171
Interest										(458)
Income from investments										7
Other financial charges and income										(795)
Provision for income taxes										(675)
Earnings from discontinued operations										-
Earnings										**2,086**
Of which										
Earnings attributable to Vivendi shareowners										**830**
Non-controlling interests										1,256

Year Ended December 31, 2008

(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	Canal+ Group	Holding & Corporate	Non-core operations and others	Eliminations	**Total Vivendi**
External revenues	2,091	4,634	11,548	2,565	4,550	-	4	-	25,392
Intersegment revenues	-	16	5	36	4	-	1	(62)	-
Revenues	**2,091**	**4,650**	**11,553**	**2,601**	**4,554**	**-**	**5**	**(62)**	**25,392**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(1,856)	(3,891)	(7,570)	(1,044)	(3,801)	(100)	(43)	62	(18,243)
Charges related to stock options and other share-based compensation plans	(45)	19	(25)	(3)	(9)	22	-	-	(41)
EBITDA	**190**	**778**	**3,958**	**1,554**	**744**	**(78)**	**(38)**	**-**	**7,108**
Restructuring charges	(57)	(53)	(123)	(18)	-	(1)	-	-	(252)
Gain/(losses) on sale of tangible and intangible assets	(4)	1	(5)	7	(2)	-	-	-	(3)
Other non-recurring items	1	1	-	13	-	24	(1)	-	38
Depreciation of tangible assets	(54)	(41)	(765)	(249)	(111)	(4)	(1)	-	(1,225)
Amortization of intangible assets excluding those acquired through business combinations	(42)	-	(523)	(83)	(63)	(1)	(1)	-	(713)
Adjusted earnings before interest and income taxes (EBITA)	**34**	**686**	**2,542**	**1,224**	**568**	**(60)**	**(41)**	**-**	**4,953**
Amortization of intangible assets acquired through business combinations	(220)	(275)	(104)	(24)	(30)	-	-	-	(653)
Impairment losses of intangible assets acquired through business combinations	(5)	(35)	-	-	-	-	-	-	(40)
Earnings before interest and income taxes (EBIT)	**(191)**	**376**	**2,438**	**1,200**	**538**	**(60)**	**(41)**	**-**	**4,260**
Income from equity affiliates									260
Interest									(354)
Income from investments									5
Other financial charges and income									579
Provision for income taxes									(1,051)
Earnings from discontinued operations									-
Earnings									**3,699**
Of which									
Earnings attributable to Vivendi shareowners									**2,603**
Non-controlling interests									1,096

As of December 31, 2009, income from equity affiliates is mainly comprised of the group's share in earnings of NBC Universal for €178 million (compared to €255 million in 2008). This investment is allocated to the Holding & Corporate business segment.

The group's share in earnings of Neuf Cegetel for the period from January 1, to April 14, 2008 amounted to €18 million. This investment was allocated to SFR's operating segment until April 14, 2008.

Consolidated statements of financial position

(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	**Total Vivendi**
December 31, 2009									
Segment assets (a)	4,338	7,423	19,711	5,849	3,632	7,475	4,147	77	52,652
incl. investments in equity affiliates (b)	*(2)*	*98*	*17*	-	-	-	*4,033*	-	*4,146*
Unallocated assets (c)									5,473
Total Assets									**58,125**
Segment liabilities (d)	1,806	2,535	7,710	1,571	307	3,052	564	(14)	17,531
Unallocated liabilities (e)									14,606
Total Liabilities									**32,137**
Increase in tangible and intangible assets	48	41	1,645	519	71	223	1	2	2,550
Net industrial investments (capex, net) (f)	48	20	1,703	486	71	231	1	2	2,562
December 31, 2008									
Segment assets (a)	4,801	8,503	20,020	5,087	na*	7,541	4,557	39	50,548
incl. investments in equity affiliates (b)	-	*46*	*52*	-	*na**	*1*	*4,342*	-	*4,441*
Unallocated assets (c)									5,949
Total Assets									**56,497**
Segment liabilities (d)	1,488	2,739	7,373	1,354	na*	3,399	493	(13)	16,833
Unallocated liabilities (e)									13,038
Total Liabilities									**29,871**
Increase in tangible and intangible assets	32	40	1,349	525	na*	230	1	1	2,178
Capital expenditures, net (capex, net) (f)	32	34	1,305	418	na*	209	1	2	2,001

na*: not applicable.

Additional operating segment data is presented in Note 9 “Goodwill”, Note 10 “Content assets and commitments”, Note 11 “Other intangible assets” and Note 13 “Property, plant, equipment and intangible assets of telecom operations”.

a. Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade accounts receivable and other.

b. Holding & Corporate operating segment includes the 20% stake in NBC Universal.

c. Unallocated assets include deferred tax assets, current tax receivables, cash and cash equivalents as well as assets held for sale.

d. Segment liabilities include provisions, other non-current liabilities and trade accounts payable.

e. Unallocated liabilities include borrowings and other financial liabilities, deferred tax liabilities, current tax payables as well as liabilities associated with assets held for sale.

f. Relates to cash used for capital expenditures, net of proceeds from sales of property, plant, equipment and intangible assets.

3.2 Geographical information

Revenues are presented based on the customers' location.

(in millions of euros)	Year Ended December 31, 2009		2008	
Revenues				
France	16,898	*62%*	15,967	*63%*
Rest of Europe	3,046	*11%*	2,766	*11%*
United States	3,153	*12%*	2,889	*11%*
Morocco	2,248	*8%*	2,221	*9%*
Rest of the World	1,787	*7%*	1,549	*6%*
	27,132	***100%***	**25,392**	***100%***

(in millions of euros)	December 31, 2009		December 31, 2008	
Segment assets				
France	27,073	*51%*	27,644	*55%*
Rest of Europe	1,876	*4%*	1,712	*3%*
United States	13,800	*26%*	15,746	*31%*
Morocco	4,485	*9%*	4,508	*9%*
Rest of the World	5,418 (a)	*10%*	938	*2%*
	52,652	***100%***	**50,548**	***100%***

a. Notably relates to segment assets of GVT in Brazil. GVT has been consolidated since November 13, 2009 (please refer to Note 2.1).

In 2009 and 2008, capital expenditures were mainly realized in France by SFR and Canal+ Group and in Morocco by Maroc Telecom SA.

Note 4 EBIT

Breakdown of revenues and cost of revenues

(in millions of euros)	Year Ended December 31, 2009	2008
Product sales, net	7,378	6,711
Services revenues	19,734	18,657
Other	20	24
Revenues	**27,132**	**25,392**
Cost of products sold, net	(4,972)	(4,657)
Cost of service revenues	(8,632)	(7,840)
Other	(23)	5
Cost of revenues	**(13,627)**	**(12,492)**

Personnel costs and average employee numbers

(in millions of euros except number of employees)	Note	Year Ended December 31, 2009	2008
Annual average number of full-time equivalent employees		**48,284**	**44,243**
Salaries		2,203	2,029
Social security and other employment charges		552	472
Capitalized personnel costs		(163)	(91)
Wages and expenses		**2,592**	**2,410**
Share-based compensation plans	21.1	154	41
Employee benefit plans	20.1	20	22
Other		190	215
Personnel costs		**2,956**	**2,688**

Additional information on operating expenses

Research and development expenditures amounted to -€586 million in 2009 (compared to -€518 million in 2008), a portion of which is capitalized or deferred, if any.

Advertising costs amounted to -€800 million in 2009 compared to -€784 million in 2008.

Amortization and depreciation of tangible and other intangible assets

(in millions of euros)	Note	Year Ended December 31, 2009	2008
Amortization (excluding intangible assets acquired through business combinations)		2,246	1,938
of which property, plant and equipment	12	*1,377*	*1,225*
content assets	10	*168*	*75*
other intangible assets	11	*701*	*638*
Amortization of intangible assets acquired through business combinations		634	653
of which content assets	10	*466*	*459*
other intangible assets	11	*168*	*194*
Impairment losses of intangible assets acquired through business combinations		920 (a)	40
Amortization and depreciation of tangible and intangible assets		**3,800**	**2,631**

a. Primarily correspond to the impairment loss of UMG's goodwill (€616 million – please refer to Note 9) and the impairment loss of certain content assets of Activision Blizzard (€302 million – please refer to Note 10).

Note 5 Financial charges and income

Interest

(in millions of euros)	Year Ended December 31, 2009	2008
Interest expense on borrowings	486	450
Interest income from cash and cash equivalents	(28)	(96)
Interest	**458**	**354**
Premium related to early redemption of borrowings and fees related to issuance or cancellation of lines of credit	*14*	*16*
	472	***370***

Other financial charges and income

(in millions of euros)	Note	Year Ended December 31, 2009	2008
Other capital gain on the divestiture of businesses		23	2,332
of which the gain on the dilution of Vivendi's interest in Vivendi Games by 45.53% following the creation of Activision Blizzard		-	*2,318*
Downside adjustment on the divestiture of businesses		(26)	(100)
of which the impact of certain non-cash adjustments relating to the acquisition of Neuf Cegetel by SFR		-	*(77)*
Other capital gain on financial investments		72	100
of which the consolidation gain on the dilution of UMG's interest in Vevo by 49.9%		*56*	-
the early redemption of the Vivendi bonds exchangeable for Sogecable shares (a)		-	*83*
Downside adjustment on financial investments		(13)	(134)
Reserve accrued regarding the Securities Class Action in the United States	27	(550)	-
Depreciation of the minority stake in NBC Universal	14	(82)	(1,503)
Financial components of employee benefits	20.2	(25)	(28)
Premium related to early redemption of borrowings and fees related to issuance or cancellation of lines of credit		(14)	(16)
Change in derivative instruments		(13)	(37)
Effect of undiscounting assets and liabilities (b)		(56)	(45)
Other		(111)	10
Other financial charges and income		**(795)**	**579**

a. Following the launch of Prisa's tender offer for the shares of Sogecable at a price of €28.00 per share, Vivendi offered to deliver Sogecable shares to the holders of these bonds based on a ratio of one bond for every 1.0118 Sogecable shares plus €2.00 in cash per bond. The offer expired on April 18, 2008 and resulted in virtually all of the outstanding bonds being tendered to Vivendi. Thereafter, Vivendi redeemed the remaining bonds at a price of €29.32 plus interest accrued through the redemption date. Following this transaction, Vivendi owned shares representing 0.64% of Sogecable's share capital and contributed these shares to Prisa's tender offer for Sogecable. In the Consolidated Financial Statements for the year ended December 31, 2008, this transaction mainly generated a €83 million capital gain, including a €74 million capital gain on the conversion and repurchase of the bonds, and a €9 million capital gain on the sale of the Sogecable shares to Prisa, as well as a €217 million decrease in Financial Net Debt.

b. In accordance with accounting principles, when the effect of the time value of money is material, financial assets or liabilities (mainly trade accounts receivable and payable, as well as provisions) are recorded on the balance sheet in an amount corresponding to the present value of the expected income or expenses, respectively. At each subsequent period-end, the present value of such financial assets or liabilities is adjusted to take into consideration the passage of time.

Note 6 Income taxes

6.1 Consolidated global profit tax system

On May 19, 2008, Vivendi applied to the French Ministry of Finance for the renewal of its authorization to use the Consolidated Global Profit Tax System under Article 209 quinquies of the French tax code. Authorization was granted by an order dated March 13, 2009, for a three-year period beginning with the taxable year 2009 and ending with the taxable year 2011.

Under the Consolidated Global Profit Tax System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of its subsidiaries that are at least 50% directly or indirectly owned by it, and located in France or abroad. Subsidiaries in which Vivendi directly or indirectly owns at least 50% of the outstanding shares, either French or foreign, as well as Canal+ SA, fall within the scope of the Consolidated Global Profit Tax System (including, but not limited to, Activision Blizzard, Universal Music Group, SFR, Maroc Telecom, GVT and Canal+ Group). Vivendi's authorization to use the Consolidated Global Profit Tax System enables Vivendi to maintain its ability to use ordinary losses carried forward.

The benefit provided by the Consolidated Global Profit Tax System related to the assessment of losses carried forward is as follows:

- as of December 31, 2008, Vivendi carried forward losses of €6,437 million as the head company consolidating for tax purposes the results of its French and foreign subsidiaries (based on tax results converted in accordance with French tax rules for the latter) in which it held at least a 50% equity interest, as well as of Canal+ SA;
- on February 24, 2010, the date of the Management Board's meeting held to approve the Financial Statements for the year ended December 31, 2009, the 2009 tax results converted in accordance with French tax rules of the tax group companies, as of December 31, 2009 and, as a consequence, the amount of ordinary tax losses available for carry forward at such date, cannot be determined with sufficient certainty;
- therefore, before the impact of (i) 2009 tax results and (ii) the potential consequences of the ongoing tax audit for the fiscal years 2006, 2007 and 2008 (please refer to Note 6.6 below), and after taking into account (iii) the consequences of the tax audit for the fiscal years 2004 and 2005, on the amount of ordinary tax losses carried forward, Vivendi SA is expected to achieve tax savings of €2,146 million (undiscounted value based on the current income tax rate of 33.33%); and
- nonetheless, the period during which losses will be utilized cannot be determined with sufficient precision given the uncertainty associated with economic activity and Vivendi's ability to maintain SFR or the Canal+ Group (two French entities) in its scope of consolidation. As a result, Vivendi SA values its tax losses carried forward under the Consolidated Global Profit Tax System based on one year's forecast results, taken from the following year's budget.

The impact of the Consolidated Global Profit Tax System on the Consolidated Financial Statements for the years ended December 31, 2009 and 2008 is as follows:

(in millions of euros)	December 31, 2007	Income/(charges) in statement of earnings	Collections	December 31, 2008	Income/(charges) in statement of earnings		Collections	December 31, 2009
Current tax assets	552	434	(548)	438	181	(a)	(435)	184
Deferred tax assets	590	(378)	-	212	292		-	504
	1,142	**56**	**(548)**	**650**	**473**		**(435)**	**688**

a. Relates to the expected tax savings for 2009 (€184 million) and the -€3 million difference between the 2008 forecasted tax savings and the effective 2008 tax savings received in 2009.

As of December 31 2009, current tax assets related to the 2009 expected tax savings which decreased due to the anticipated utilization of Neuf Cegetel's ordinary losses carried forward by SFR in 2009. Deferred tax assets related to the 2010 expected tax savings which increased due to the almost full utilization of Neuf Cegetel's losses carried forward by SFR in 2009.

6.2 Provision for income taxes

(in millions of euros)	Note	Year Ended December 31, 2009	2008
Provision for income taxes			
Current			
Use of tax losses:			
Tax savings related to the Consolidated Global Profit Tax System	6.1	181	434
Tax savings related to the US tax group		19	49
Adjustments to prior year's tax expense		26	-
Other income taxes items		(902)	(1,507)
		(676)	**(1,024)**
Deferred			
Impact of the Consolidated Global Profit Tax System	6.1	292	(378)
Impact of the US tax group		-	-
Tax savings related to the utilization of Neuf Cegetel's ordinary losses carried forward		(750)	-
Other changes in deferred tax assets		43	7
Impact of the change(s) in tax rates		-	-
Reversal of tax liabilities relating to risks extinguished over the period		82	243
Other deferred tax income/(expenses)		334	101
		1	**(27)**
Provision for income taxes		**(675)**	**(1,051)**

6.3 Provision for income taxes and income tax paid by geographical area

(in millions of euros)	Year Ended December 31, 2009	2008
Provision for income taxes		
Current		
France	(36)	(504)
United States	(204)	(54)
Morocco	(341)	(329)
Other jurisdictions	(95)	(137)
	(676)	**(1,024)**
Deferred		
France	(372)	(376)
United States	337	186
Morocco	3	(9)
Other jurisdictions	33	172
	1	**(27)**
Provision for income taxes	**(675)**	**(1,051)**
Income tax (paid)/collected		
France	435	(407)
of which SFR	*76*	*(743)*
United States	(168)	(96)
Morocco	(316)	(418)
Other jurisdictions	(88)	(94)
Income tax paid	**(137)**	**(1,015)**

6.4 Effective tax rate

(in millions of euros, except %)	Note	Year Ended December 31, 2009	2008
Earnings from continuing operations before provision for income taxes		**2,761**	**4,750**
Elimination:			
Income from equity affiliates		(171)	(260)
Earnings before provision for income taxes		**2,590**	**4,490**
French statutory tax rate (a)		**33.33%**	**33.33%**
Theoretical provision for income taxes based on French statutory tax rate		**(863)**	**(1,497)**
Reconciliation of the theoretical and effective provision for income taxes			
Permanent differences		**1**	**(37)**
of which other differences from tax rates		*32*	*40*
impacts of the changes in tax rates		-	-
Consolidated Global Profit	6.1	**473**	**56**
of which current tax savings		*181*	*434*
changes in related deferred tax assets		*292*	*(378)*
Other tax losses		**(74)**	**(72)**
of which use of current losses of the period		*18*	*72*
use of unrecognized ordinary losses		*105*	*78*
unrecognized tax losses		*(197)*	*(222)*
Restatements in respect of the provision for income taxes of previous years		**22**	**243**
Capital gain or loss on the divestiture or on the depreciation of financial investments or businesses		**(234)**	**256**
of which the depreciation of the goodwill related to UMG		*(216)*	-
the gain on the dilution of Vivendi's interest in Vivendi Games by 45.53% following the creation of Activision Blizzard		-	*772*
the depreciation of the minority stake in NBC Universal		*(28)*	*(517)*
Effective provision for income taxes		**(675)**	**(1,051)**
Effective tax rate		**26.1%**	**23.4%**

a. The French statutory tax rate is 33.33%.

6.5 Deferred tax assets and liabilities

Changes in deferred tax assets/(liabilities), net

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of deferred tax assets/(liabilities)	**890**	**326**
Provision for income taxes	1	(27)
Charges and income directly recorded in equity	48	(58)
Business combinations	(116)	545
Changes in foreign currency translation adjustments and other	(84)	104
Closing balance of deferred tax assets/(liabilities)	**739**	**890**

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2009	December 31, 2008
Deferred tax assets		
Deferred taxes, gross		
Ordinary tax losses and tax credits carried forward (a)	3,749	4,214
Vivendi SA (b)	*2,679*	*2,767*
Vivendi Holding I Corp. (c)	*426*	*154*
SFR (d)	*144*	*890*
Temporary differences (e)	1,793	1,768
Netting	(544)	(582)
Deferred taxes, gross	**4,998**	**5,400**
Deferred taxes, unrecognized		
Ordinary tax losses and tax credits carried forward (a)	(2,782)	(3,015)
Vivendi SA (b)	*(2,175)*	*(2,554)*
Vivendi Holding I Corp. (c)	*(426)*	*(154)*
SFR (d)	*(44)*	*(33)*
Temporary differences (e)	(373)	(190)
Deferred taxes, unrecognized	**(3,155)**	**(3,205)**
Recorded deferred tax assets	**1,843**	**2,195**
Deferred tax liabilities		
Purchase accounting reevaluation of assets (f)	1,119	1,361
Spirits and wine activities sale	22	115
Other	507	411
Netting	(544)	(582)
Recorded deferred tax liabilities	**1,104**	**1,305**
Deferred tax assets/(liabilities), net	**739**	**890**

a. The amounts of ordinary tax losses and tax credits carried forward, as reported in this table, were estimated at the end of the relevant fiscal years. In jurisdictions which are material to Vivendi, mainly the United States and France, the tax returns are respectively filed on September 15 and November 30 of the following year, at the latest. Thus, the amounts of tax losses and tax credits carried forward reported in this table and those reported to the tax authorities could differ significantly, and if necessary, may be adjusted at the end of the following year in the table above.

b. Includes recognized deferred tax assets in respect of ordinary tax losses and tax credits carried forward by Vivendi SA as head of the tax group under the Consolidated Global Profit Tax System (€2,860 million as of December 31, 2008), before their expected use in 2009 estimated at €181 million (please refer to Note 6.1 above) and before the potential consequences of the ongoing tax audit for fiscal years 2006, 2007 and 2008 (please refer to Note 6.1 above), but after taking into account the consequences of the tax audit for fiscal years 2004 and 2005.

c. Includes recognized deferred tax assets in respect of ordinary tax losses and tax credits carried forward by Vivendi Holding I Corp. as head of the US tax group ($564 million as of December 31, 2008, before the impact of the loss expected in 2009 estimated at $28 million, as well as tax credits generated in 2009 for $21 million (please refer to Note 6.6 below).

d. As of December 31, 2008, mainly included the deferred tax assets related to ordinary tax losses of Neuf Cegetel SA, fully consolidated by SFR from April 15, 2008, fully recognized in SFR's statement of financial position as part of the purchase price allocation of Neuf Cegetel for €807 million, before the expected tax losses of Neuf Cegetel SA in 2008 amounting to €23 million. These assets were consumed for €750 million in 2009.

e. Mainly includes the deferred tax assets related to non-deductible provisions, including provisions relating to employee benefit plans and share-based compensation plans.

f. These tax liabilities, generated by asset revaluations as a result of the purchase price allocation of company acquisition costs, are terminated upon the amortization or divestiture of the underlying asset and generate no current tax charge.

Maturity of ordinary tax losses carried forward

Due to the timing of tax returns filing, the ordinary tax losses carried forward reported to tax authorities for the fiscal year ended December 31, 2008 in jurisdictions which are material to Vivendi are described below together with their respective maturity periods:

- France: losses carried forward amounted to €6,437 million and can be carried forward indefinitely; and
- United States: losses carried forward amounted to $1,258 million and can be carried forward for a twenty-year period. No losses will mature prior to June 30, 2021.

Maturity of tax credits carried forward

Due to the timing of tax returns filing, the tax credit carried forward reported to tax authorities for the fiscal year ended December 31, 2008 in jurisdictions which are material to Vivendi are described below together with their respective maturity periods:

- France: tax credits carried forward amounted to €773 million, carried forward for a five-year period, of which €58 million matured as of December 31, 2009; and
- United States: tax credits carried forward amounted to $109 million and can be carried forward for a maximum of ten-year period, of which $29 million will mature on December 31, 2010.

6.6 Tax audits

The fiscal year ended December 31, 2009 and prior years are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has or had operations. Various tax authorities have proposed or levied assessments for additional tax in respect of prior years. Vivendi's management believes that the settlement of any or all of these assessments will not have a material and unfavorable impact on the results of operations, financial position or liquidity of Vivendi.

In addition, in respect of the Consolidated Global Profit Tax System, the consolidated income reported for the years 2006, 2007 and 2008 is under audit by the French tax authorities. This tax audit started in January 2010. In addition, the consequences of the tax audit for fiscal years 2004 and 2005 have not materially impacted the amount of losses carried forward as reported above.

Vivendi's US tax group was under tax audit for the fiscal years ended December 31, 2005, 2006 and 2007. This tax audit started in October 2009 and is currently in progress at this time. In addition, as part of the tax audit for the fiscal years ended December 31, 2002, 2003 and 2004, Vivendi notably made an affirmative claim before the tax authorities, which was favorably received by the tax authorities. Consequently, the ordinary losses carried forward of the US tax group were increased by $975 million, all other things being equal.

Moreover, Maroc Telecom is under tax audit for the fiscal years ended December 31, 2005, 2006, 2007 and 2008. This tax audit is currently in progress.

Note 7 Reconciliation of earnings attributable to equity holders of the parent and adjusted net income

(in millions of euros)	Note	Year Ended December 31, 2009	2008
Earnings attributable to Vivendi shareowners (a)		**830**	**2,603**
Adjustments			
Amortization of intangible assets acquired through business combinations		634	653
Impairment losses of intangible assets acquired through business combinations (a)		920	40
Other financial charges and income (a)	5	795	(579)
Change in deferred tax asset related to the Consolidated Global Profit Tax System	6.1	(292)	378
Non-recurring items related to provision for income taxes		572 (b)	26
Provision for income taxes on adjustments		(352)	(273)
Non-controlling interests on adjustments		(522)	(113)
Adjusted net income		**2,585**	**2,735**

a. As presented in the Consolidated Statement of Earnings.

b. Corresponding to the cancellation of a credit for the consumption of the deferred tax asset related to the utilization by SFR of Neuf Cegetel's ordinary tax losses carried forward (€420 million for the share attributable to the group and €330 million for the share attributable to the non-controlling interest in SFR). As a reminder, these ordinary tax losses carried forward were fully recognized in SFR's statement of financial position (€807 million) on April 15, 2008, as part of the purchase price allocation of Neuf Cegetel.

Note 8 Earnings per share

	Year Ended December 31, 2009		2008	
	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)				
Earnings attributable to Vivendi shareowners	830	829 (a)	2,603	2,606 (a)
Adjusted net income	2,585	2,581 (a)	2,735	2,735 (a)
Number of shares (in millions)				
Weighted average number of shares outstanding restated (b)	1,203.2	1,203.2	1,167.1	1,167.1
Potential dilutive effects related to share-based compensation	-	1.8	-	4.1
Adjusted weighted average number of shares	**1,203.2**	**1,205.0**	**1,167.1**	**1,171.2**
Earnings per share (in euros)				
Earnings attributable to Vivendi shareowners per share	0.69	0.69	2.23	2.23
Adjusted net income per share	2.15	2.14	2.34	2.34

Earnings from discontinued operations are not applicable over the presented periods. Therefore, the caption "earnings from continuing operations attributable to Vivendi shareowners" corresponds to earnings attributable to Vivendi shareowners.

a. Includes the potential dilutive effect related to employee stock option and restricted stock plans of Activision Blizzard (please refer to Note 21.3).

b. Net of treasury shares (please refer to Note 18).

Note 9 Goodwill

(in millions of euros)	December 31, 2009	December 31, 2008
Goodwill, gross	36,105	33,778
Impairment losses	(11,589)	(11,166)
Goodwill	**24,516**	**22,612**

Changes in goodwill

(in millions of euros)	Goodwill as of December 31, 2008	Impairment losses	Changes in value of commitments to purchase non-controlling interests	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	Goodwill as of December 31, 2009
Activision Blizzard	2,161	-	-	(4)	(61)	2,096
of which Activision	*2,113*	-	-	*(4)*	*(61)*	*2,048*
Blizzard	*44*	-	-	-	*1*	*45*
Universal Music Group	4,406	(616)	-	(19)	(119)	3,652
SFR	9,050	-	-	120	-	9,170
of which Mobile	*6,907*	-	-	*75*	-	*6,982*
Broadband Internet and fixed	*2,143*	-	-	*45*	-	*2,188*
Maroc Telecom Group	1,968	-	(7)	456	(10)	2,407
of which Maroc Telecom SA	*1,773*	-	-	-	*(9)*	*1,764*
subsidiaries	*195*	-	*(7)*	*456* (a)	*(1)*	*643*
GVT	na*	-	-	2,116 (b)	34	2,150
Canal+ Group	5,027	-	(19)	4	-	5,012
of which Canal+ France	*4,709*	-	*(19)*	*4*	-	*4,694*
StudioCanal	*164*	-	-	-	*1*	*165*
Non-core operations and others	-	-	-	29	-	29
Total	**22,612**	**(616)**	**(26)**	**2,702**	**(156)**	**24,516**

(in millions of euros)	Goodwill as of December 31, 2007	Impairment losses	Changes in value of commitments to purchase non-controlling interests	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	Goodwill as of December 31, 2008
Activision Blizzard	101	(10)	-	1,899 (c)	171	2,161
of which Activision	-	-	-	*1,892*	*221*	*2,113*
Blizzard	*79*	-	-	*1*	*(36)*	*44*
Universal Music Group	4,246	(7)	-	54	113	4,406
SFR	4,270	-	-	4,791 (d)	(11)	9,050
of which Mobile	*4,050*	-	-	*2,868*	*(11)*	*6,907*
Broadband Internet and fixed	*220*	-	-	*1,923*	-	*2,143*
Maroc Telecom Group	1,960	(1)	3	(6)	12	1,968
of which Maroc Telecom SA	*1,762*	-	-	-	*11*	*1,773*
subsidiaries	*198*	*(1)*	*3*	*(6)*	*1*	*195*
Canal+ Group	4,850	-	28	154	(5)	5,027
of which Canal+ France	*4,631*	-	*28*	*50*	-	*4,709*
StudioCanal	*71*	-	-	*98*	*(5)*	*164*
Non-core operations and others	-	-	-	-	-	-
Total	**15,427**	**(18)**	**31**	**6,892**	**280**	**22,612**

na* : not applicable.

a. Relates to preliminary goodwill attributable to the acquisition of Sotelma (please refer to Note 2.2).

b. Relates to preliminary goodwill attributable to the takeover of GVT (please refer to Note 2.1).

c. Relates notably to goodwill attributable to the Activision Blizzard transaction.

d. Relates to goodwill attributable to the acquisition of Neuf Cegetel. Following this transaction, two cash generating units were identified within SFR: (i) mobile and (ii) Broadband Internet and fixed, the latter including Broadband Internet and fixed operations previously developed by SFR, or acquired from Tele2 France (acquired in 2007) and Neuf Cegetel. Of the total amount of goodwill (€5,011 million) resulting from the acquisition of Neuf Cegetel (€4,791 million) and Tele2 France (€220 million), €2,868 million was allocated to the "mobile" CGU, considering the following facts related to the acquisition of Neuf Cegetel and Tele2 France: (i) the expected synergies of revenues and costs benefiting the mobile operations; (ii) the protection of the existing "mobile" customer base, which is not recognized in the financial statements of SFR; the combination of mobile operations and Broadband Internet and fixed operations is expected to increase the loyalty of the existing "mobile" customer base.

Goodwill impairment test

During the fourth quarter of 2009, Vivendi tested the value of goodwill allocated to its cash-generating units (CGU) or groups of CGU applying the same valuation methods used every year. Vivendi ensures that the recoverable amount of CGU or groups of CGU exceed their carrying value (including goodwill). The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method (DCF)) and the fair value (less costs to sell), determined based on market data (stock market prices, comparison with similar listed companies, comparison with the value attributed to similar assets or companies in recent transactions).

The test was performed by Vivendi on the basis of an internal valuation of the recoverable amounts, except in the case of Activision Blizzard (AB) and Universal Music Group (UMG) for which Vivendi required the assistance of independent experts.

Regarding UMG, the recoverable amount was determined using usual valuation methods (DCF and stock market multiples) using financial assumptions consistent with previous years, which are as follows regarding the DCF method: discount rate of 8.50% (compared to 9.30% as of December 31, 2008) and perpetual growth rate of 1.00% (unchanged compared to December 31, 2008) – please refer to the table below. Vivendi's management concluded that the carrying value exceeded the recoverable amount of UMG and consequently recognized an impairment loss of €616 million as of December 31, 2009.

Regarding the remaining cash-generating units (CGU) or groups of CGU, Vivendi's management concluded that the recoverable amount exceeded their carrying value. In addition, as of December 31, 2009, GVT goodwill had not been tested given the recent purchase price allocation date (please refer to note 2.1) and the closing date, together with the fact that no triggering event had occurred that would indicate a decrease in value between those dates.

A description of the methods used to test for impairment is presented in Note 1.3.5.7.

CGU or groups of CGU tested are as follows:

Operating Segments	Cash Generating Units (CGU)	CGU or groups of CGU
Activision Blizzard	Activision	Activision
	Blizzard	Blizzard
	Distribution	Distribution
Universal Music Group	Recorded music	Universal Music Group
	Artist services and merchandising	
	Music publishing	
SFR	Mobile	Mobile
	Broadband Internet and fixed	Broadband Internet and fixed
Maroc Telecom Group	Mobile	Maroc Telecom
	Fixed and Internet	
	Other entities	Other entities
Canal+ Group	French Pay-TV	Canal+ France
	Canal Overseas	
	StudioCanal	StudioCanal
	Other entities	na*

na*: not applicable.

Key assumptions used for the determination of recoverable amounts

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the 2010 budget and the most recent forecasts prepared by the operating segments. These forecasts are established for each operating segment on the basis of the financial targets as well as the following main key assumptions: the discount rate, the perpetual growth rate, EBITA as defined in Note 1.2.3, capital expenditures, competitive environment, regulatory environment, technological development and level of commercial expenses.

The main assumptions used are presented in the following table.

Operating segments	CGU or groups of CGU	Valuation Method 2009	Valuation Method 2008	Discount Rate 2009	Discount Rate 2008	Perpetual Growth Rate 2009	Perpetual Growth Rate 2008
Activision Blizzard	Activision	DCF, stock market price & comparables model	DCF, stock market price & comparables model	11.50%	11.70%	4.00%	3.00%
	Blizzard	DCF, stock market price & comparables model	DCF, stock market price & comparables model	11.50%	11.70%	4.00%	3.00%
	Distribution	DCF, stock market price & comparables model	DCF, stock market price & comparables model	13.00%	11.70%	4.00%	3.00%
Universal Music Group	Universal Music Group	DCF & comparables model	DCF & comparables model	8.50%	9.30%	1.00%	1.00%
SFR	Mobile	DCF	DCF & comparables model	7.00%	8.00%	0.50%	1.50%
	Broadband Internet and fixed	DCF	DCF	8.00%	9.55%	0.50%	0.50%
Maroc Telecom Group	Maroc Telecom	Stock market price	Stock market price	na*	na*	na*	na*
	Onatel	DCF	DCF	14.00%	14.50%	4.50%	4.50%
	Gabon Telecom	DCF	DCF	15.50%	15.50%	2.50%	2.50%
	Mauritel	DCF	DCF	14.00%	14.00%	2.50%	2.50%
	Sotelma	DCF	na*	14.00%	na*	4.50%	na*
Canal+ Group	Canal+ France	DCF & comparables model	DCF	8.50%	8.80%	1.50%	1.50%
	StudioCanal	DCF	DCF	8.50% - 9.00%	8.75% - 9.25%	0.00% - 1.00%	0.00% - 1.00%

na*: not applicable.
DCF: Discounted Cash Flows.

The determination of recoverable amounts using a post-tax discount rate applied to post-tax cash flows provides recoverable amounts consistent with the ones that would have been obtained using a pre-tax discount rate applied to pre-tax cash flows.

Sensitivity of recoverable amounts

The following tables summarize information about the change in the discount rate and in the perpetual growth rate for each principal CGU or group of CGU used for the tests as of December 31, 2009 and December 31, 2008 that would have been required in order for the recoverable amount to equal the carrying value, except for UMG as the carrying value is equal to the recoverable amount due to the goodwill impairment loss recognized for as of December 31, 2009.

December 31, 2009	Discount Rate: Applied Rate (in %)	Discount Rate: Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in points)	Perpetual Growth Rate: Applied Rate (in %)	Perpetual Growth Rate: Change in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in points)
Activision Blizzard				
Activision	11.50%	+4.15 points	4.00%	-6.15 points
Blizzard	11.50%	(a)	4.00%	(a)
Universal Music Group	8.50%	na*	1.00%	na*
SFR				
Mobile	7.00%	+6.00 points	0.50%	-33.30 points
Broadband Internet and fixed	8.00%	+1.15 point	0.50%	-2.20 points
Maroc Telecom Group	(b)	na*	(b)	na*
Canal+ Group				
Canal+ France	8.50%	+0.25 point	1.50%	-0.35 point
StudioCanal	9.00%	+1.30 point	0.00%	-1.95 point

December 31, 2008	Discount Rate: Applied Rate (in %)	Discount Rate: Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in points)	Perpetual Growth Rate: Applied Rate (in %)	Perpetual Growth Rate: Change in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in points)
Activision Blizzard				
Activision	11.70%	+3.70 points	3.00%	-5.60 points
Blizzard	11.70%	(a)	3.00%	(a)
Universal Music Group	9.30%	+0.70 point	1.00%	-0.75 point
SFR				
Mobile	8.00%	+10.30 points	1.50%	-20.90 points
Broadband Internet and fixed	9.55%	+0.65 point	0.50%	-1.25 point
Maroc Telecom Group	(b)	na*	(b)	na*
Canal+ Group				
Canal+ France	8.80%	+2.50 points	1.50%	-3.80 points
StudioCanal	9.25%	+3.20 points	0.00%	-5.40 points

na*: not applicable.

a. As of December 31, 2009 and as of December 31, 2008, Blizzard's recoverable amount significantly exceeded its carrying value, hence the increase in the discount rate or the decrease in the perpetual growth rate, respectively, that would have been required in order for Blizzard's recoverable amount to equal its carrying value, was not relevant.

b. As of December 31, 2009, as in 2008, Maroc Telecom was valued based on its stock market price.

Note 10 Content assets and commitments

10.1 Content Assets

(in millions of euros)	December 31, 2009 Content assets, gross	Accumulated amortization and impairment losses	Content assets
Internally developed franchises and other games content assets	1,197	(674)	523
Games advances	92	-	92
Music catalogs and publishing rights	5,776	(3,739)	2,037
Advances to artists and repertoire owners	495	-	495
Merchandising contracts and artists services	50	(17)	33
Film and television costs	4,928	(4,207)	721
Sports rights	299	-	299
Content assets	**12,837**	**(8,637)**	**4,200**
Deduction of current content assets	(1,029)	25	(1,004)
Non-current content assets	**11,808**	**(8,612)**	**3,196**

(in millions of euros)	December 31, 2008 Content assets, gross	Accumulated amortization and impairment losses	Content assets
Internally developed franchises and other games content assets	1,222	(191)	1,031
Games advances	73	-	73
Music catalogs and publishing rights	5,901	(3,562)	2,339
Advances to artists and repertoire owners	459	-	459
Merchandising contracts and artists services	47	(11)	36
Film and television costs	4,888	(4,172)	716
Sports rights	285	-	285
Content assets	**12,875**	**(7,936)**	**4,939**
Deduction of current content assets	(976)	49	(927)
Non-current content assets	**11,899**	**(7,887)**	**4,012**

Changes in main content assets

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of internally developed franchises and other games content assets	**1,031**	**-**
Amortization, net (a)	(310)	(225)
Business combinations	-	1,072 (b)
Acquisitions/Internal developments	126	44
Impairment	(302) (c)	-
Changes in foreign currency translation adjustments and other	(22)	140
Closing balance of internally developed franchises and other games content assets	**523**	**1,031**

a. Includes €183 million recorded in "Amortization of intangible assets acquired through business combinations" in the Statement of Earnings (€186 million in 2008).

b. Mainly includes internally developed game franchises, licenses and game engines acquired following the creation of Activision Blizzard on July 10, 2008.

c. At year-end 2009, following the lower than expected performance in its music segment (Guitar Hero franchise), Activision Blizzard performed an impairment test on its franchises and other games content assets. Activision Blizzard Management reached the conclusion that the carrying value of certain of its assets exceeded the recoverable value, determined as the discounted value of future cash flows, and consequently recognized an impairment loss of €302 million as of December 31, 2009.

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of games advances	**73**	**64**
Payments to game developers, gross	119	70
Recoupment of advances, net	(98)	(63)
Changes in foreign currency translation adjustments and other	(2)	2
Closing balance of games advances	**92**	**73**

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of music catalogs and publishing rights	**2,339**	**2,515**
Amortization, net (a)	(277)	(263)
Business combinations	15	58
Purchases of catalogs	14	18
Impairment of catalogs	(2)	(28)
Changes in foreign currency translation adjustments and other	(52)	39
Closing balance of music catalogs and publishing rights	**2,037**	**2,339**

a. This amortization is recorded in "Amortization of intangible assets acquired through business combinations" in the Consolidated Statement of Earnings.

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of payments to artists and repertoire owners	**459**	**449**
Payments to artists and repertoire owners	624	633
Business combinations	1	7
Recoupment of advances, net	(584)	(609)
Changes in foreign currency translation adjustments and other	(5)	(21)
Closing balance of payments to artists and repertoire owners	**495**	**459**

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of film and television costs	**716**	**627**
Acquisition of coproductions and catalogs	67	70
Consumption of coproductions and catalogs	(113)	(120)
Acquisition of film and television rights	776	838
Consumption of film and television rights	(754)	(794)
Business combinations	4	61
Other	25	34
Closing balance of film and television costs	**721**	**716**

(in millions of euros)	Year Ended December 31, 2009	2008
Opening balance of sports rights	**285**	**378**
Rights acquisition (a)	712	709
Rights accrual, net (a)	(62)	(88)
Consumption of broadcasting rights	(600)	(706)
Other	(36)	(8)
Closing balance of sports rights	**299**	**285**

a. Mainly relates to the rights to broadcast the French Professional Soccer League which were awarded in 2008 for four seasons between 2008-2009 and 2011-2012. Canal+ Group pays €465 million per season for these rights. As of December 31, 2009, these rights were recognized as follows:

- The rights are accrued upon the start of the broadcasting period. Thus, on July 1, 2009, €465 million were accrued for the 2009-2010 season. These rights are reclassified as acquired rights upon billing by the third party, unless already expensed. The rights accrual, net, relates to accrued rights less rights transferred to acquired rights and rights consumed before their billing; and
- For the two remaining seasons, between 2010-2011 and 2011-2012, an aggregate of €930 million was recognized in given off balance sheet commitments (see below). These commitments will be recorded in the Statement of Financial Position upon the start of every season or upon first payment.

10.2 Contractual content commitments

Commitments given recorded in the Statement of Financial Position: content liabilities

Content liabilities are part of "Trade accounts payable and other" or part of "Other non-current liabilities" depending on their nature or maturity, and whether they are current or non-current, as applicable (please refer to Note 16). Content liabilities related to share-based compensation plans are part of provisions (please refer to Note 21).

	Minimum future payments as of December 31, 2009				Total - minimum future payments as of December 31, 2008
	Total	Due in			
(in millions of euros)		2010	2011-2014	After 2014	
Games royalties (a)	40	40	-	-	58
Music royalties to artists and repertoire owners	1,306	1,280	26	-	1,380
Film and television rights (b)	213	213	-	-	258
Sports rights	379	379	-	-	359
Creative talent, employment agreements and others	126	84	34	8	138
Total content liabilities	**2,064**	**1,996**	**60**	**8**	**2,193**

Off balance sheet commitments given/received

	Minimum future payments as of December 31, 2009				Total - minimum future payments as of December 31, 2008
	Total	Due in			
(in millions of euros)		2010	2011-2014	After 2014	
Film and television rights (b)	2,326	955	1,092	279	3,008
Sports rights	1,304	640	662	2	1,721
Creative talent, employment agreements and others (c)	886	421	438	27	1,089
Total given	**4,516**	**2,016**	**2,192**	**308**	**5,818**
Film and television rights (b)	(77)	(60)	(17)	-	(57)
Sports rights	(30)	(11)	(19)	-	(35)
Creative talent, employment agreements and others (c)			not available		
Other	(92)	(12)	(80)	-	(11)
Total received	**(199)**	**(83)**	**(116)**	**-**	**(103)**
Total net	**4,317**	**1,933**	**2,076**	**308**	**5,715**

a. Relates to Activision Blizzard. In the normal course of its business, Activision Blizzard commits to providing specified payments to a lessor, developer, or intellectual property holder, based upon contractual arrangements. Typically, the payments to third-party developers are conditional upon the achievement by the developers of contractually specified development milestones. These payments to third-party developers and intellectual property holders are typically 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. Additionally, in connection with certain intellectual property rights acquisitions and development agreements, Activision Blizzard will commit to spending specified amounts for marketing support for the related game(s) which is to be developed or in which the intellectual property will be utilized.

b. Includes, primarily, contracts valid over several years relating to the broadcast of future film and TV productions (mainly exclusivity contracts with major U.S. studios and pre-purchases in the French movie industry), StudioCanal film coproduction commitments (given and received) and broadcasting rights of CanalSat and Cyfra+ multichannel digital TV packages. They are recorded as content assets when the broadcast is available for initial release. As of December 31, 2009, provisions recorded relating to film and television rights amounted to €296 million, compared to €389 million as of December 31, 2008.

c. Mainly relates to UMG which routinely commits to artists and other parties to pay agreed amounts upon delivery of content or other products ("Creative talent and employment agreements"). Until the artist or other party has delivered his or her content or the repayment of an advance, UMG discloses its obligation as an off balance sheet commitment. While the artist or other party is also obligated to deliver his or her content or other product to UMG (these arrangements are generally exclusive), UMG does not report these obligations (or the likelihood of the other party's failure to meet its obligations) as an offset to its off balance sheet commitments.

Note 11 Other intangible assets

(in millions of euros)	December 31, 2009 Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Acquired software (a)	2,653	(1,743)	910
Internally developed software (b)	1,661	(1,069)	592
Telecom licenses	1,339	(496)	843
Customer bases (c)	976	(287)	689
Indefeasible rights of use (IRU) and other long-term occupational rights (d)	606	(182)	424
Trade names (e)	445	(52)	393
Other	1,049	(558)	491
	8,729	**(4,387)**	**4,342**

(in millions of euros)	December 31, 2008 Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Acquired software (a)	2,322	(1,513)	809
Internally developed software (b)	1,320	(848)	472
Telecom licenses	1,341	(398)	943
Customer bases (c)	722	(150)	572
Indefeasible rights of use (IRU) and other long-term occupational rights (d)	427	(85)	342
Trade names (e)	329	(52)	277
Other	1,155	(698)	457
	7,616	**(3,744)**	**3,872**

a. Primarily includes SFR software amortized over 4 years.

b. Primarily includes the cost of internal software developed by SFR.

c. Primarily includes customer lists acquired in 2009 (GVT) and in 2008 (Neuf Cegetel).

d. Primarily includes contracts assumed following the takeover of Neuf Cegetel in April 2008.

e. Primarily includes trade names acquired in 2009 (GVT) and in 2008 (Neuf Cegetel and Activision).

Changes in other intangible assets

(in millions of euros)	Year Ended December 31, 2009		2008	
Opening balance	**3,872**		**2,772**	
Depreciation	(883)		(832)	
Acquisitions	490		487	
Increase related to internal developments	288		203	
Divestitures/Decrease	(4)		(32)	
Business combinations	432	(a)	1,162	(b)
Changes in foreign currency translation adjustments	(5)		44	
Other	152		68	
Closing balance	**4,342**		**3,872**	

a. Primarily includes intangible assets acquired in the takeover of GVT for €396 million.

b. Primarily includes other intangible assets acquired following the takeover of Neuf Cegetel and the creation of Activision Blizzard for €860 million and €285 million, respectively.

The amortization charge is accounted for in cost of revenues and in selling, general and administrative expenses. It mainly consists of telecom licenses (SFR: -€71 million in 2009, compared to -€57 million in 2008; Maroc Telecom Group: -€5 million in 2009 compared to -€5 million in 2008), internally developed software (-€210 million in 2009 compared to -€163 million in 2008) and acquired software (-€311 million in 2009 compared to -€237 million in 2008).

Note 12 Property, Plant and Equipment

(in millions of euros)	December 31, 2009 Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	181	(2)	179
Buildings	2,341	(1,360)	981
Equipment and machinery	10,745	(6,145)	4,600
Set top boxes	1,921	(1,322)	599
Construction-in-progress	240	-	240
Other	2,163	(1,498)	665
	17,591	**(10,327)**	**7,264**

(in millions of euros)	December 31, 2008 Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	179	(2)	177
Buildings	2,123	(1,208)	915
Equipment and machinery	9,107	(5,182)	3,925
Set top boxes	1,707	(1,255)	452
Construction-in-progress	269	-	269
Other	1,662	(1,083)	579
	15,047	**(8,730)**	**6,317**

As of December 31, 2009, property, plant and equipment financed pursuant to finance leases amounted to €79 million, compared to €66 million in 2008.

Changes in property, plant and equipment

(in millions of euros)	Year Ended December 31, 2009		2008	
Opening balance	**6,317**		**4,675**	
Depreciation	(1,385)		(1,225)	
Acquisitions/Increase	1,772		1,488	
Divestitures/Decrease	(135)		(59)	
Business combinations	913	(a)	1,493	(b)
Changes in foreign currency translation adjustments	(2)		(12)	
Other	(216)		(43)	
Closing balance	**7,264**		**6,317**	

a. Mainly corresponds to the acquisitions of GVT and Sotelma (please refer to Note 2).

b. Primarily includes property, plant and equipment acquired in the takeover of Neuf Cegetel for €1,388 million.

The depreciation charge is accounted for in cost of revenues and in selling, general and administrative expenses. It mainly consists of the depreciation on buildings (-€140 million in 2009, compared to -€119 million in 2008) and equipment and machinery (-€981 million in 2009, compared to -€779 million in 2008).

Note 13 Property, plant, equipment and intangible assets of telecom operations

(in millions of euros)	December 31, 2009	December 31, 2008
Network equipment	3,816	3,433
Software	1,163	929
Licenses (a)	648	719
Indefeasible rights of use (IRU) and other long-term occupational rights	413	342
Customer bases	385	482
Other	430	878
Property, plant, equipement and intangible assets of telecom operations at SFR	**6,855**	**6,783**

(in millions of euros)	December 31, 2009	December 31, 2008
Network equipment	1,395	1,214
Software	218	218
Licenses	195	224
Other	559	513
Property, plant, equipment and intangible assets of telecom operations at Maroc Telecom Group	**2,367**	**2,169**

(in millions of euros)	December 31, 2009
Network equipment	757
Customer bases	235
Trade names	124
Software	25
Other	93
Property, plant, equipment and intangible assets of telecom operations at GVT (b)	**1,234**

a. SFR holds licenses for its networks and for the supply of its telecommunications services in France for a period of 15 years for GSM (between March 2006 and March 2021) and 20 years for UMTS (between August 2001 and August 2021).
In March 2006, the French Government authorized SFR to continue using its GSM license over the 15 year period commencing April 1, 2006 and ending March 31, 2021 for an annual payment comprised of a (i) fixed portion in an amount of €25 million for each year (capitalized over the period based on a present value of €278 million in 2006) and (ii) a variable portion equal to 1% of the yearly revenues generated by the 2G technology. Since the variable portion cannot be reliably determined, it has not been recorded as a liability in the Statement of Financial Position. It is recorded as an expense when incurred.
Upon the acquisition of the UMTS license, the fixed amount paid, i.e., €619 million was recorded as an intangible asset. Since the variable part of the fee (equal to 1% of GSM revenues) cannot reliably be determined, it is not recorded in the Statement of Financial Position. It is recorded as an expense when incurred.

b. GVT has been consolidated since November 13, 2009 (please refer to Note 2.1).

Note 14 Investments in equity affiliates

(in millions of euros)	Voting interest		Value of equity affiliates	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
NBC Universal (a)	20.0%	20.0%	4,033	4,342
Other	na*	na*	113	99
			4,146	**4,441**

na*: not applicable

Changes in value of equity affiliates

(in millions of euros)	Value of equity affiliates as of December 31, 2008	Changes in scope of consolidation	Impairment losses	Income from equity affiliates	Dividends received	Changes in foreign currency translation adjustments and other	Value of equity affiliates as of December 31, 2009
NBC Universal (a)	4,342	-	(82)	178	(306)	(99) (b)	4,033
Other	99	39	(28)	(7)	-	10	113
	4,441	**39**	**(110)**	**171**	**(306)**	**(89)**	**4,146**

(in millions of euros)	Value of equity affiliates as of December 31, 2007	Changes in scope of consolidation	Impairment losses	Income from equity affiliates	Dividends received	Changes in foreign currency translation adjustments and other	Value of equity affiliates as of December 31, 2008
NBC Universal	5,641	86 (c)	(1,503) (a)	255	(294)	157 (b)	4,342
Neuf Cegetel	1,091	(1,087) (d)	-	18	-	(22)	-
Other	93	16	-	(13)	(2)	5	99
	6,825	**(985)**	**(1,503)**	**260**	**(296)**	**140**	**4,441**

a. Following the announcement on December 3, 2009, of the agreement reached between General Electric (GE) and Comcast Corporation (Comcast) regarding NBC Universal, Vivendi and GE entered into an agreement providing for Vivendi's full exit from NBC Universal and amending the NBC Universal initial agreements dated 2004. The main terms of this agreement can be summarized as follows:

- Vivendi will sell its 20% interest in NBC Universal to GE (subject to the closing of the GE/Comcast transaction) and will not be a shareholder in the new entity resulting from the joint venture between NBC Universal and Comcast. The 20% interest is valued at $5.8 billion.
- If the GE/Comcast transaction is not completed by September 26, 2010, Vivendi will on that date sell its 7.66% interest in NBC Universal to GE for $2 billion (plus an additional $222 million payable if and when the GE/Comcast Transaction closes). In addition, the remainder of Vivendi's interest (i.e., 12.34%) would be sold to GE for the balance of the $5.8 billion, if and when the GE/Comcast Transaction closes.
- Vivendi will continue to receive quarterly dividends from NBC Universal pro rata to its then-current interest, if declared by the Board of Directors of NBC Universal. For a period of time ending on the later of September 26, 2010 and the date the agreement between GE and Comcast related to the GE/Comcast Transaction is terminated, to the extent the NBC Universal dividends are below certain specified amounts, GE will make payments to Vivendi in the amount of the difference. In the event the GE/Comcast transaction does not close, the amount of payments from GE to Vivendi may be reduced under certain circumstances.
- If the GE/Comcast transaction is not completed, Vivendi has the right to an accelerated launch of an initial public offering for its remaining 12.34% interest in NBC Universal, in addition to its usual right each November. Please refer to Note 26.3.

As of December 31, 2009, the accounting treatment adopted by Vivendi with respect to its stake in NBC Universal was as follows:

- The agreement with GE will not change Vivendi's governance rights in NBC Universal (including in terms of dividends and membership on the board of directors) provided that Vivendi's shareholding in NBC Universal does not fall below 10%. As a result, Vivendi continues to exercise a significant influence on NBC Universal and recognizes a 20% interest in NBCU under the equity method.
- In addition, based on the economics of the agreement with GE and the valuation of Vivendi's interest in NBC Universal at $5.8 billion, Vivendi Management concluded that the carrying value of its interest exceeded the recoverable amount, which generated a recognition of impairment of $118 million (representing €82 million) as of December 31, 2009. Last year, as of December 31, 2008, an impairment test was performed with an independent expert to determine whether the carrying value of Vivendi's 20% interest in

NBCU exceeded its recoverable amount. In this case, the recoverable amount was determined using the discounted cash flows (DCF) method or stock market multiples using financial assumptions consistent with previous years, which regarding the DCF method were as follows: 9.10% discount rate and DCF terminal value based on a multiple of EBITDA between 7.0x and 9.0x. Vivendi's management concluded that the carrying value exceeded the recoverable amount of the NBC Universal interest and consequently recognized an impairment loss of $2.1 billion (€1,503 million) as of December 31, 2008.

b. Includes changes in foreign currency translation adjustments (-€101 million in 2009, compared to €160 million in 2008).

c. Mainly relates to the subscription to NBC Universal's capital increase aimed at partly financing Vivendi's pro rata share of the cost of acquisition of "The Weather Channel" by NBC Universal.

d. Neuf Cegetel has been fully consolidated since April 15, 2008 following the acquisition by SFR during the second quarter of 2008 of a 60.15% equity interest in Neuf Cegetel that it did not previously own.

Financial information relating to NBC Universal shares

The table below shows condensed information relating to Vivendi's equity in the stand-alone financial statements of NBC Universal shares. The equity is calculated by applying Vivendi's ownership interests to this affiliate, as presented in Note 28.

(in millions of euros)	December 31, 2009	December 31, 2008
Vivendi's ownership interests	20.0%	20.0%
Revenues	2,159	2,278
EBIT	308	395
Earnings	183	240
Total assets	4,694	4,888
Total liabilities	1,342	1,350

Note 15 Financial assets

(in millions of euros)	Note	December 31, 2009	December 31, 2008
Cash management financial assets (a)		271	-
Available-for-sale securities (b)		50	72
Derivative financial instruments	24	30	99
Other financial assets at fair value through profit or loss (c)		113	128
Financial assets at fair value	23	**464**	**299**
Cash deposits backing borrowings		49	30
Other loans and receivables (d)		426	666
Held-to-maturity investments		1	1
Financial assets at amortized cost		**476**	**697**
Financial assets		**940**	**996**
Deduction of short-term financial assets		(464)	(287)
Non-current financial assets		**476**	**709**

a. Relates to US government agency securities, with a maturity exceeding three months, held by Activision Blizzard ($389 million as of December 31, 2009).

b. The available-for-sale securities do not include significant publicly quoted securities as of December 31, 2009. As a reminder, as of December 31, 2008, the available-for-sale securities included publicly quoted securities of €15 million following a €20 million impairment recognized in earnings at the end of 2008 and the early redemption in April 2008 of Vivendi bonds exchangeable for Sogecable shares. The available-for-sale securities weren't the subject of impairment with respect to 2009 fiscal year.

c. Other financial assets at fair value primarily include the Auction Rate Securities held by Activision Blizzard for €54 million as of December 31, 2009 (€56 million as of December 31, 2008). Activision Blizzard was granted a put option on a portion of these securities which may be exercised at nominal value between June 30, 2010 and July 2, 2012.

d. Other loans and receivables at fair value notably include cash deposits relating to Qualified Technological Equipment (QTE) operations by SFR for €247 million as of December 31, 2009 (€462 million as of December 31, 2008).

Note 16 Net working capital

Trade accounts receivable and other

(in millions of euros)	December 31, 2009	December 31, 2008
Trade accounts receivable	5,561	5,600
Trade accounts receivable write-offs	(1,091)	(949)
Trade accounts receivable, net	**4,470**	**4,651**
of which past due receivables that are not impaired	*1,277*	*968*
Other	1,997	1,957
of which VAT to be received	*826*	*944*
social costs and other taxes	*87*	*91*
prepaid charges	*338*	*354*
Trade accounts receivable and other	**6,467**	**6,608**

Vivendi considers that there is not a significant risk of non-recovery of non-impaired past due receivables, as each operating segment applies a depreciation rate on trade accounts receivable. Depreciation rates are based on historical observation of levels of bad debts for each customer group, primarily on the basis of statistics relating to those business segments of the group whose business model is based on subscriptions (Activision Blizzard, SFR, GVT and Canal+ Group). For those business segments a percentage of defaults measured on the basis of the bad debts in a given period in relation to the revenues for the same period is used. In addition, the balance of the amount mentioned above is, notably, made up of receivables relating to the operational segments SFR and Canal+ Group that are not subject to contentious proceedings for their recovery, considering that their maturity is less than 30 days, 60 days or 120 days, according to the nature of the relevant clients and business sector in which they operate, and in respect of which the level of risk is, therefore, considered to be limited.

Trade accounts payable and other

(in millions of euros)	Note	December 31, 2009	December 31, 2008
Trade accounts payable		6,565	6,742
Other		7,002 (a)	6,307
of which music royalties to artists and repertoire owners	10.2	*1,280*	*1,358*
prepaid telecommunication revenues (b)		*827*	*960*
game deferred revenues		*991*	*661*
VAT to be paid		*928*	*945*
social costs and other taxes		*1,097*	*1,062*
Trade accounts payable and other		**13,567**	**13,049**

a. Includes debt incurred in connection with the interim dividend to be paid to Vodafone by SFR as of December 31, 2009 (€441 million with respect to fiscal year 2009, paid in 2010)

b. Mainly includes subscriptions that are not past due and prepaid cards sold but not consumed, mobile phones held by distributors, roll-over minutes and the current portion of SFR's fixed operations deferred revenues.

Other non-current liabilities

(in millions of euros)	Note	December 31, 2009	December 31, 2008
Advance lease payments in respect of Qualified Technological Equipment operations	15	256	480
Non-current content liabilities	10.2	68	72
Liabilities related to SFR GSM license (a)	13	207	222
Prepaid revenues from indefeasible rights of use (IRU) and other long-term occupational rights (b)		519	433
Other		261	273
Total other non-current laibilities		**1,311**	**1,480**

a. Relates to the discounted value of the liability. The nominal value amounted to €281 million as of December 31, 2009, compared to €306 million as of December 31, 2008.

b. Relates to revenues deferred associated with indefeasible right of use (IRU) agreements, leases or services contracts.

Note 17 Cash and cash equivalents

(in millions of euros)	December 31, 2009	December 31, 2008
Cash	718	726
Cash equivalents (a)	2,628	2,426
of which UCITS	*1,948*	*2,105*
certificates of deposit and term deposits	*680*	*321*
Cash and cash equivalents (b)	**3,346**	**3,152**

a. A review of the historical performance of these investments during fiscal years 2009 and 2008 confirmed their accounting treatment as cash equivalents. As reported in Note 1.3.5.8, marketable securities under this section are recorded at fair value through profit or loss.

b. Include mainly Activision Blizzard's cash and cash equivalents amounting to €1,925 million as of December 31, 2009 (compared to €2,117 million as of December 31, 2008), invested, if any, in money market funds with initial maturities not exceeding 90 days.

Note 18 Equity

Equity of Vivendi SA

(in thousands)	December 31, 2009	December 31, 2008
Common shares outstanding (nominal value: €5.5 per share)	**1,228,859**	**1,170,197**
Treasury shares	(80)	(80)
Voting rights	**1,228,779**	**1,170,117**

As of December 31, 2009, Vivendi SA held 79,114 treasury shares to hedge certain share purchase options granted to executives and employees (unchanged compared to December 31, 2008).

Dividends

Dividend proposed with respect to fiscal year 2009

On February 24, 2010, the date of the Management Board's meeting which approved Vivendi's Consolidated Financial Statements as of December 31, 2009 and the appropriation of earnings, Vivendi's Management Board decided to propose the distribution of a dividend of €1.40 per share to the shareholders of Vivendi, corresponding to a total distribution of approximately €1.72 billion. This proposal was presented to the Supervisory Board at its meeting held on February 25, 2010.

Dividend paid with respect to fiscal year 2008

At the Annual Shareholders' Meeting held on April 30, 2009, the shareholders of Vivendi approved the Management Board's recommendations relating to the allocation of distributable earnings for the fiscal year 2008. As a result, the dividend payment was set at €1.40 per share. The shareholders of Vivendi were given the option to receive the dividend payment with respect to fiscal year 2008 in either shares or cash. For the dividend payment in shares, the Vivendi share price was set at €17 per share. At the end of the election period, 55.47% of rights had been exercised in favor of a dividend payment in shares, representing a strengthening of Vivendi's capital of €904 million. The corresponding capital increase took place on June 4, 2009. The payment in cash of €735 million began on June 4, 2009.

Non-controlling interests

The following table presents the main non-controlling interests of consolidated companies as of December 31, 2009 and as of December 31, 2008:

(in millions of euros)	December 31, 2009	December 31, 2008
SFR	1,420	1,584
Maroc Telecom Group	1,152	909
Activision Blizzard	1,058	1,332
GVT	4	na*
Other	337	286
Total	**3,971**	**4,111**

na*: not applicable.

Dividend payments to non-controlling interests: Dividend payments to non-controlling interests mainly include SFR (€771 million in 2009 and €71 million in 2008, excluding the interim dividend relating to fiscal year 2007 paid in 2008 for €197 million) and Maroc Telecom Group (€407 million in 2009 and €345 million in 2008).
In addition, in connection with the approval of its financial statements as of December 31, 2009, Activision Blizzard's Board of Directors declared a dividend of $0.15 per common share, corresponding to a total distribution of approximately $188 million. This distribution will be paid in cash on April 2, 2010.

Stock repurchase program of Activision Blizzard: On November 5, 2008, Activision Blizzard announced that its Board of Directors had authorized a stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an initial amount of $1 billion, which authorized amount was increased to $1.25 billion on July 31, 2009. As of December 31, 2009, Activision Blizzard repurchased 114 million shares of its common stock for a total amount of $1.2 billion (€877 million) since the inception of this program, of which 101 million shares were purchased during the year ended December 31, 2009 for a total amount of $1.1 billion (€792 million). As of December 31, 2009, Vivendi held an approximately 57% interest (non-diluted) in Activision Blizzard (compared to approximately 55% as of December 31, 2008).

In addition, as of December 31, 2009, Activision Blizzard committed to repurchase 1.3 million shares for $15 million under this program. On February 10, 2010, Activision Blizzard announced that its Board of Directors had authorized a new stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion.

Note 19 Provisions

(in millions of euros)	Note	December 31, 2008	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjusments and other	December 31, 2009
Employee benefit plans	20	*418*	*11*	*(47)*	*(2)*	*4*	*25*	*409*
Share-based compensation plans	21	*97*	*42*	*(48)*	*(9)*	-	*(2)*	*80*
Other employee provisions (a)		*76*	*6*	*(17)*	-	-	*4*	*69*
Employee benefits (b)		591	59	(112)	(11)	4	27	558
Restructuring costs		151	78	(146)	(42)	-	(2)	39
Litigations	27	384	619	(45)	(73)	7	(2)	890
Losses on onerous contracts		565	50	(91)	-	-	(19)	505
Contingent liabilities due to disposal	26.4	137	1	(3)	(2)	-	(4)	129
Cost of dismantling and restoring site (c)		104	14	-	-	8	(1)	125
Other		372	126	(53)	(44)	2	4	407
Provisions		**2,304**	**947**	**(450)**	**(172)**	**21**	**3**	**2,653**
Deduction of current provisions		(719)	(175)	222	131	(3)	(19)	(563)
Non-current provisions		**1,585**	**772**	**(228)**	**(41)**	**18**	**(16)**	**2,090**

(in millions of euros)	Note	December 31, 2007	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjusments and other	December 31, 2008
Employee benefit plans	20	*439*	*27*	*(56)*	*7*	*8*	*(7)*	*418*
Share-based compensation plans	21	*231*	*22*	*(78)*	*(68)*	-	*(10)*	*97*
Other employee provisions (a)		*60*	*16*	*(5)*	-	*(2)*	*7*	*76*
Employee benefits (b)		730	65	(139)	(61)	6	(10)	591
Restructuring costs		59	215 (d)	(122)	(1)	-	-	151
Litigations	27	436	99	(102)	(71)	12	10	384
Losses on onerous contracts		655	11	(102)	(27)	4	24	565
Contingent liabilities due to disposal	26.4	66	68	(23)	(2)	19	9	137
Cost of dismantling and restoring site (c)		80	10	(1)	-	12	3	104
Other		273	150	(38)	(38)	39	(14)	372
Provisions		**2,299**	**618**	**(527)**	**(200)**	**92**	**22**	**2,304**
Deduction of current provisions		(705)	(284)	291	89	(65)	(45)	(719)
Non-current provisions		**1,594**	**334**	**(236)**	**(111)**	**27**	**(23)**	**1,585**

a. Includes employee deferred compensation.

b. Excludes employee termination reserves recorded under restructuring costs.

c. SFR is required to dismantle and restore each telephony antenna site following termination of a site lease.

d. Mainly includes restructuring provisions recorded in 2008 at SFR for €88 million primarily resulting from a voluntary redundancy plan announced in July 2008 as well as €57 million at Activision Blizzard resulting from the exit or wind down of non-core exit operations which began during the third quarter of 2008.

Note 20 Employee Benefits

20.1 Analysis of the expense related to employee benefit plans

The following table provides information about the cost of employee benefit plans excluding its financial component. The total cost of defined benefit plans is disclosed in Note 20.2.2 below.

	Year Ended December 31,	
(in millions of euros)	2009	2008
Employee defined contribution plans	20	23
Employee defined benefit plans	-	(1)
Employee benefit plans	**20**	**22**

20.2 Employee defined benefit plans

20.2.1 Assumptions used in the evaluation and sensitivity analysis

The assumptions underlying the valuation of defined benefit plans were determined in compliance with accounting policies presented in Note 1.3.9 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are specific and depend on each company. Financial assumptions (notably including the discount rate and the expected rate of return on investments) are determined as follows:

- determination by independent actuaries and other independent advisors of the discount rate for each country by reference to returns received on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices, and as reviewed by Vivendi's Finance Department, representing, at year-end, the best estimate of expected trends in future payments from the start of benefit payments; and
- the expected return on plan assets as determined for each plan according to the portfolio composition and the expected performance of each component.

Discount rate, expected return on plan assets and rate of compensation increase

	Pension benefits		Post-retirement benefits	
	2009	2008	2009	2008
Discount rate (a)	5.3%	5.8%	5.3%	6.2%
Expected return on plan assets (b)	4.4%	5.2%	na*	na*
Rate of compensation increase	1.8%	2.8%	3.5%	3.5%
Expected average working life (in years)	11.6	11.5	7.0	7.5

na*: not applicable.

a. A 50 basis point increase (or a 50 basis point decrease, respectively) in the 2009 discount rate would have led to an increase of €1 million in pre-tax expense (or a decrease of €1 million, respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €41 million (or an increase of €47 million, respectively).

b. A 50 basis point increase (or a 50 basis point decrease, respectively) in the expected return on plan assets for 2009 would have led to a decrease of €3 million in pre-tax expense (or an increase of €3 million, respectively).

The assumptions used in accounting for the pension benefits, by country, were as follows:

	United States		United Kingdom		Germany		France	
	2009	2008	2009	2008	2009	2008	2009	2008
Discount rate	5.25%	6.25%	5.50%	6.10%	5.25%	5.70%	5.25%	5.70%
Expected return on plan assets	5.25%	6.25%	4.15%	5.00%	na*	na*	4.42%	4.90%
Rate of compensation increase	na*	na*	4.75%	4.90%	2.00%	3.50%	3.45%	3.40%

na*: not applicable.

The assumptions used in accounting for post-retirement benefits, by country, were as follows:

	United States		Canada	
	2009	2008	2009	2008
Discount rate	5.25%	6.25%	5.75%	5.75%
Rate of compensation increase	4.00%	4.00%	na*	na*

na*: not applicable.

Pension plan assets

The weighted average range of investment allocation by asset category for each major plan was as follows:

	Minimum	Maximum
Equity securities	4%	5%
Real estate	2%	2%
Debt securities	85%	92%
Cash	0%	6%

Vivendi's allocation of its pension plan assets as of December 31, 2009 and 2008 was as follows:

	December 31,	
	2009	2008
Equity securities	4.6%	16.3%
Real estate	2.0%	1.9%
Debt securities	87.9%	79.9%
Cash	5.5%	1.9%
Total	100.0%	100.0%

Pension plan assets, which were not transferred, are mainly invested in credit instruments with a long-term maturity and are no longer exposed to stock market fluctuations. These assets do not include buildings occupied, or assets used by Vivendi and nor shares or debt instruments of Vivendi.

Cost evolution of post-retirement benefits

For the purpose of measuring post-retirement benefits, Vivendi assumed the growth in the per capita cost of covered health care benefits would slow down from 7.8% for categories under 65 years old and 65 years old and over in 2009, to 4.9% in 2017 for these categories. In 2009, a one-percentage-point increase in the assumed cost rates would have increased post-retirement benefit obligations by €10 million and the pre-tax expense by €1 million; conversely, a one-percentage-point decrease in the assumed cost rates would have decreased post-retirement benefit obligations by €9 million and the pre-tax expense by less than €1 million.

20.2.2 Analysis of the expense recorded and benefits paid

	Year Ended December 31,					
	2009	2008	2009	2008	2009	2008
(in millions of euros)	Pension benefits		Post-retirement benefits		Total	
Current service cost	12	12	-	-	12	12
Amortization of actuarial (gains)/losses	(4)	43 (a)	(1)	-	(5)	43
Amortization of past service cost	1	(47) (a)	-	(5)	1	(52)
Effect of curtailments/settlements	(2)	(4)	-	-	(2)	(4)
Adjustment related to asset ceiling	(6)	-	-	-	(6)	-
Impact on selling, administrative and general expenses	**1**	**4**	**(1)**	**(5)**	**-**	**(1)**
Interest cost	27	38	8	8	35	46
Expected return on plan assets	(10)	(18)	-	-	(10)	(18)
Impact on other financial charges and income	**17**	**20**	**8**	**8**	**25**	**28**
Net benefit cost	**18**	**24**	**7**	**3**	**25**	**27**

a. In 2008, the significant increased effect of amortization of actuarial losses, net of amortization of past service cost was related to the restructuring of the principal Vivendi defined benefit pension plan in the United Kingdom, as it existed as of December 31, 2007, and to the purchase of an insurance policy to cover commitments to those of its beneficiaries who have already retired. For a further description of the transaction, which occurred in November 2008, please refer to "Restructuring in the United Kingdom", below.

In 2009, benefits paid, including settlements relating to externalized liabilities, amounted to €35 million (€49 million in 2008) with respect to pensions, of which €15 million (€19 million in 2008) was paid by pension funds and €11 million (€11 million in 2008) with respect to post-retirement benefits.

20.2.3 Analysis of net benefit obligations with respect to pensions and post-retirement benefits

The following three tables present the net benefit obligations of Vivendi with respect to pensions and post-retirement benefits. In respect of the years 2009 and 2008, they do not include amounts related to retirees of the principal defined benefit pension plan in the United Kingdom, detailed in "Restructuring in the United Kingdom", below.

Benefit obligation, fair value of plan assets and funded status for five periods

	Pension benefits					Post-retirement benefits				
	December 31,					December 31,				
(in millions of euros)	2009	2008	2007	2006	2005	2009	2008	2007	2006	2005
Benefit obligation	539	482	780	1,319	1,376	142	135	144	159	200
Fair value of plan assets	203	189	443	911	806	-	-	-	-	-
Underfunded obligation	**(336)**	**(293)**	**(337)**	**(408)**	**(570)**	**(142)**	**(135)**	**(144)**	**(159)**	**(200)**

Changes in the value of the benefit obligations, the fair value of plan assets and the funded status for the years ended December 31, 2009 and 2008

		Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	Note	2009	2008	2009	2008	2009	2008
Changes in benefit obligation							
Benefit obligation at the beginning of the year		482	780	135	144	617	924
Current service cost		12	12	-	-	12	12
Interest cost		27	38	8	8	35	46
Contributions by plan participants		-	-	1	1	1	1
Business combinations		4	7	-	-	4	7
Divestitures		-	-	-	-	-	-
Curtailments		(2)	(6)	-	-	(2)	(6)
Settlements		(4)	(11)	-	-	(4)	(11)
Transfers (a)		-	(170)	-	-	-	(170)
Plan amendments		-	(48)	-	(5)	-	(53)
Experience (gains)/losses (b)		2	-	(1)	1	1	1
Acturarial (gains)/losses related to changes in actuarial assumptions		44	(28)	11	(2)	55	(30)
Benefits paid		(31)	(38)	(12)	(12)	(43)	(50)
Other (foreign currency translation adjustments)		5	(54)	-	-	5	(54)
Benefit obligation at the end of the year		**539**	**482**	**142**	**135**	**681**	**617**
of which wholly or partly funded benefits		*295*	*235*	-	-	*295*	*235*
wholly unfunded benefits (c)		*244*	*247*	*142*	*135*	*386*	*382*
Changes in fair value of plan assets							
Fair value of plan assets at the beginning of the year		189	443	-	-	189	443
Expected return on plan assets		10	18	-	-	10	18
Experience (gains)/losses (d)		3	(43)	-	-	3	(43)
Contributions by employers		34	33	11	11	45	44
Contributions by plan participants		-	-	1	1	1	1
Business combinations		-	-	-	-	-	-
Divestitures		-	-	-	-	-	-
Settlements		(4)	(11)	-	-	(4)	(11)
Transfers (a)		-	(174)	-	-	-	(174)
Benefits paid		(31)	(38)	(12)	(12)	(43)	(50)
Other (foreign currency translation adjustments)		2	(39)	-	-	2	(39)
Fair value of plan assets at the end of the year		**203**	**189**	**-**	**-**	**203**	**189**
Funded status							
Underfunded obligation		(336)	(293)	(142)	(135)	(478)	(428)
Unrecognized acturial (gains)/losses		78	34	(7)	(18)	71	16
Unrecognized past service cost		3	3	-	-	3	3
(Provision)/asset before asset ceiling		**(255)**	**(256)**	**(149)**	**(153)**	**(404)**	**(409)**
Adjustment related to asset ceiling		-	(6)	-	-	-	(6)
Net (provision)/asset recorded in the statement of financial position		**(255)**	**(262)**	**(149)**	**(153)**	**(404)**	**(415)**
of which assets related to employee benefit plans		*5*	*3*	-	-	*5*	*3*
provisions for employee benefit plans (e)	19	*(260)*	*(265)*	*(149)*	*(153)*	*(409)*	*(418)*

a. Mainly represents the removal from the table of the recognition of net obligations to retired beneficiaries of the principal benefit pension plan in the United Kingdom (please refer to "Restructuring in the United Kingdom", below).

b. Represents the impact on the benefit obligation resulting from the difference between benefits estimated at the previous year-end and benefits paid during the year. As a reminder, in 2007, 2006 and 2005, experience (gains)/losses in respect of benefit obligations amounted to -€1 million,-€4 million and -€8 million, respectively.

c. In accordance with local laws and practices, certain plans are not covered by pension funds. As of December 31, 2009, they principally comprise supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

d. Represents the difference between the expected return on plan assets at the previous year-end and the actual return on plan assets during the year. As a reminder, in 2007, 2006 and 2005, experience gains/(losses) in respect of plan assets amounted to €24 million, €24 million and €9 million, respectively.

e. Includes a current liability of €37 million as of December 31, 2009 (compared to €44 million as of December 31, 2008).

Benefit obligation and fair value of plan assets detailed by country as of December 31, 2009 and December 31, 2008

(in millions of euros)	Pension benefits		Post-retirement benefits	
	December 31,			
	2009	2008	2009	2008
Benefit obligation				
US companies	110	106	126	121
UK companies	154	127	-	-
German companies	102	101	-	-
French companies	120	98	-	-
Other	53	50	16	14
	539	**482**	**142**	**135**
Fair value of plan assets				
US companies	53	51	-	-
UK companies	98	83	-	-
French companies	43	43	-	-
Other	9	12	-	-
	203	**189**	**-**	**-**

Restructuring in the United Kingdom

In November 2008, Vivendi restructured its principal defined benefit pension plan in the United Kingdom covering Seagram Spirits and Wine and UMG beneficiaries, as it existed as of December 31, 2007, by dividing it into three separate plans (retirees of Seagram Spirits and Wine and UMG, former non-retired employees of Seagram Spirits and Wine; and former non-retired employees and current employees of UMG), and by transferring pension obligations relating to Seagram Spirits and Wine and UMG retirees outside the group.

The Seagram Spirits and Wine and UMG retirees plan therefore purchased an insurance policy for £135 million (€172 million) to cover its obligations. As the value of pension liabilities and related plan assets (the insurance contract) were perfectly matched from this date, no liability was recorded in Vivendi's Consolidated Statement of Financial Position as of December 31, 2008. The settlement of this pension plan, as initially expected by Vivendi, became effective upon completion of the required legal and administrative process that lasted one year, after which Vivendi is legally relieved of its obligations toward beneficiaries of this plan.

20.2.4 Additional information on pension benefits in France

Vivendi maintains ten pension plans in France, of which four maintain investments through insurance companies. The allocation of assets by category of the various plans was as follows:

	Equity securities	Real estate	Debt securities	Cash	Total
Corporate Supplementary Plan	11.5%	7.0%	80.5%	1.0%	100.0%
Corporate Management Supplementary Plan	11.5%	7.0%	80.5%	1.0%	100.0%
SFR Supplementary Plan	12.0%	6.5%	80.3%	1.2%	100.0%
Canal+ Group IDR* Plan	13.0%	12.0%	75.0%	0.0%	100.0%

IDR (Indemnités de départ en retraite)*: Indemnities payable on retirement.

The asset allocation remains fairly stable over time. Contributions to the four plans amounted to €5 million in 2009 (unchanged compared to 2008), and are estimated to be €5 million for 2010.

Contributions to all ten pension plans in France amounted to €5 million in 2009 (unchanged compared to 2008), and are estimated to be €5 million in 2010.

20.2.5 Benefits estimation and future payments

For 2010, pension fund contributions and benefit payments to retirees by Vivendi are estimated at €34 million in respect of pensions, €9 million of which relate to contributions to pension funds, and €11 million to post-retirement benefits.

The table below presents, for its nominal value, the estimated future benefit payments to beneficiaries by the relevant pension funds or by Vivendi:

(in millions of euros)	Pension benefits	Post-retirement benefits
2010	28	11
2011	16	11
2012	17	11
2013	18	11
2014	33	10
2015-2019	150	49

Note 21 Share-based Compensation plans

21.1 Impact of the expense related to share-based compensation plans

Impact on the Consolidated Statement of Earnings

(in millions of euros)		Year Ended December 31,	
Charge/(Income)	Note	2009	2008
Stock options, restricted stocks and performance shares		30	33
"Stock appreciation rights" and "restricted stock units"		(9)	(64)
Employee stock purchase plans		7	10
Vivendi stock instruments	21.2	**28**	**(21)**
Activision Blizzard stock options, restricted stock units and performance shares		85	50
Blizzard employee cash-settled equity unit plan		42	22
Activision Blizzard stock instruments	21.3	**127**	**72**
UMG employee equity unit plan	21.4	**-**	**(4)**
Neuf Cegetel cash-settled restricted stock plans	21.5	**9**	**11**
SUBTOTAL (including Activision Blizzard's capitalized costs)		**164**	**58**
of which			
Equity-settled instruments		*122*	*93*
Cash-settled instruments		*42*	*(35)*
(-) Activision Blizzard's capitalized costs (a)		**(10)**	**(17)**
CHARGES/(INCOME) RELATED TO STOCK OPTIONS AND OTHER SHARE-BASED COMPENSATION PLANS		**154**	**41**

a. Share-based compensation costs directly attributable to games development are capitalized as software development costs once the technological feasibility of a product is established and such costs are determined to be recoverable. Commencing upon product release, capitalized software development costs are amortized based on the ratio of current revenues to total projected revenues for the specific product, generally resulting in an amortization period of six months or less. In 2009, €74 million were capitalized and €64 million were amortized in cost of sales, representing a net impact of €10 million. In 2008, €19 million were capitalized and €2 million were amortized in cost of sales, representing a net impact of €17 million.

Impact on the Statement of Financial Position

(in millions of euros)	Note	December 31, 2009	December 31, 2008
"Stock appreciation rights" and "restricted stock units"	21.2	20	30
UMG employee equity unit plan	21.4	-	47
Blizzard employee equity unit plan	21.3	60	20
Provisions related to cash-settled instruments	19	**80**	**97**
Neuf Cegetel restricted stock plans	21.5	66	144
Payables related to cash-settled instruments		**66**	**144**
LIABILITIES RELATED TO CASH-SETTLED INSTRUMENTS		**146**	**241**

21.2 Plans granted by Vivendi

21.2.1 Information on plans granted by Vivendi

Vivendi has granted to employees several stock-based compensation plans. During 2009 and 2008, Vivendi set up equity-settled stock option plans and performance share 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).

The accounting methods applied by Vivendi to value these granted plans are described in Note 1.3.11. More precisely, the volatility applied in valuing the plans granted by Vivendi corresponds to the weighted average of (a) 75% of the 4-year historical volatility of Vivendi shares 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. The risk-free interest rate used is the rate of French "Obligations Assimilables du Trésor" (OAT) with a maturity corresponding to the expected term of the instrument at the valuation date. The expected dividend yield at grant date is based on Vivendi's dividend distribution policy, which is currently an expected dividend of at least 50% of adjusted net income.

The vesting of stock options and performance shares is subject to the satisfaction of performance conditions. Since 2009, in addition to the previous internal factors, such performance conditions also include an external indicator, thus following AFEP and MEDEF recommendations. These performance conditions are as follows: (i) internal factors: adjusted net income, and cash flow from operations (CFFO); and (ii) external factor: the performance of Vivendi share price against three stock market indices – DJ Stoxx Media, DJ Stoxx Telco and CAC 40. The objectives underlying the performance conditions are determined by the Supervisory Board upon proposal by the Human Resources Committee. The satisfaction of the objectives is reviewed over one year for the stock options and over two years for performance shares.

The vesting of stock options and performance shares is subject to the satisfaction of performance conditions. Since 2009, in addition to the previous internal factors, such performance conditions also include an external indicator, thus following AFEP and MEDEF recommendations. These performance conditions are as follows: (i) internal factors: adjusted net income, and cash flow from operations (CFFO); and (ii) external factor: the performance of Vivendi share price against three stock market indices – DJ Stoxx Media, DJ Stoxx Telco and CAC 40. The objectives underlying the performance conditions are determined by the Supervisory Board upon proposal by the Human Resources Committee. The satisfaction of the objectives is reviewed over one year for the stock options and over two years for performance shares.

Equity-settled instruments

Stock option plans

The value of the granted equity-settled instruments is estimated and fixed at grant date. Stock options granted in 2009 and 2008, vest at the end of a three-year period. Therefore, the compensation cost is recognized on a straight-line basis over the vesting period.

The following table summarizes information about stock option plans granted in 2009 and 2008.

	Stock option plans		
	2009	2008	
Grant date	April 16,	April 16,	April 16,
Data at grant date:			
Options strike price (in euros)	20.02	25.13	25.13
Maturity (in years)	10	10	10
Expected term (in years)	6.5	6.5	6.5
Number of instruments granted	6,561,120	732,000	5,571,200
Share price (in euros)	19.57	25.54	25.54
Expected volatility	29%	23%	23%
Risk-free interest rate	3.09%	3.93%	3.93%
Expected dividend yield	7.15%	5.48%	5.48%
Performance conditions achievement rate	100%	100% (a)	na*
Fair value of the granted option at the grant date (in euros)	**2.34**	**3.56**	**3.56**
Fair value of the plan at grant date (in millions of euros)	15	3	20

na*: not applicable.

a. Regarding the plan granted on April 16, 2008, 732,000 instruments awarded to the members of Vivendi's Management Board were subjected to the satisfaction of performance conditions upon the achievement of certain 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 2008 fiscal year.

Performance share plans

In 2009 and 2008, Vivendi set up performance share plans, pursuant to which shares granted vest at the end of a two-year vesting period, therefore, the compensation cost is recognized on a straight-line basis over the vesting period. The performance shares granted are conditional upon the achievement of specific performance objectives (as described above), and will be available at the end of a four-year period from the date of grant. However, as the shares granted are ordinary shares, of the same class as existing shares composing the share capital of the company, employee shareholders are entitled to dividends and voting rights attached to these shares at the end of the vesting period (two years). The compensation cost corresponds to the value of the equity instruments received by the beneficiary, equal to the difference between the fair value of the shares to be received less the discounted value of the dividends not received over the vesting period.

The following table summarizes information about performance share plans granted in 2009 and 2008.

	Performance share plans	
	2009	2008
Grant date	April 16,	April 16,
Data at grant date:		
Maturity - Vesting period (in years)	2	2
Number of instruments granted	567,001	525,496
Share price (in euros)	19.57	25.54
Expected dividend yield	7.15%	5.48%
Performance conditions achievement rate	100%	100% (a)
Discount for non-transferability (% of the share price at grant date)	17.58%	8.69%
Fair value of the granted instrument at grant date after discount (in euros)	**13.23**	**20.67**
Fair value of the plan at grant date (in millions of euros)	8	11

a. Regarding the plan granted on April 16, 2008, the performance share plans were conditional upon the achievement of certain 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 2008 fiscal year.

In addition, on October 23, 2009, the Management Board granted 40,000 stock options with an exercise price of €20.70 and 3,336 performance shares. Furthermore, on December 16, 2008, the Management Board granted 12,000 stock options with an exercise price of €25.13 and 1,000 performance shares.

Cash-settled instruments

Beginning in 2006 following the delisting of Vivendi’s shares from the NYSE and given prevailing U.S. securities regulations, until the end of 2007 following the relaxing of certain U.S. securities regulations with respect to foreign private issuers (“SEC Rule 701”), Vivendi granted specific instruments to its U.S. resident managers and employees, with economic characteristics similar to those granted to non-U.S. resident managers and employees; however, these equity instruments are settled in cash only. The value of the cash-settled instruments granted is initially estimated as of the grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date.

Stock appreciation right plans

When the instruments entitle the beneficiaries thereof to receive the appreciation in the value of Vivendi shares, they are known as "stock appreciation rights" (SAR), which are the economic equivalent of stock options. Under a SAR plan, the beneficiaries will receive a cash payment upon exercise of their rights based on the Vivendi share price equal to the difference between the Vivendi share price upon exercise of the SAR and their strike price as set at the grant date.

The following table presents the value of stock appreciation right plans granted in 2007 and 2006, measured as of December 31, 2009.

	SAR		
	2007 (a)	2006 (b)	
Grant date	April 23,	September 22,	April 13,
Data at grant date:			
Strike price (in US dollars)	41.34	34.58	34.58
Maturity (in years)	10	10	10
Number of instruments granted	1,280,660	24,000	1,250,320
Data at the valuation date (December 31, 2009) :			
Expected term (in years)	3.8	3.3	3.1
Share price (in US dollars)	30.09	30.09	30.09
Expected volatility	27%	27%	27%
Risk-free interest rate	1.94%	1.75%	1.64%
Expected dividend yield	6.70%	6.70%	6.70%
Fair value of the granted option as of December 31, 2009 (in US dollars)	**1.41**	**2.23**	**2.16**
Fair value of the plan as of December 31, 2009 (in millions of US dollars)	1.8	0.1	2.7

a. SAR granted in 2007 vest at the end of a three-year vesting period. Therefore, the compensation cost was recognized on a straight-line basis over the vesting period.

b. SAR granted in 2006 vested annually in one-third tranches from the grant date's anniversary. The compensation cost was recorded over the vesting period, but not on a straight-line basis, given the vesting conditions. The expense was accounted for using the degressive method over a three-year period.

Restricted stock unit plans

When the instruments entitle the beneficiaries thereof to receive the value of Vivendi shares, they are known as "*restricted stock units"* (RSU), which are the economic equivalent of performance shares or restricted stocks. Under a RSU plan, the beneficiaries will receive, in general, at the end of a four-year period following the grant date, a cash payment based on the Vivendi share price and equal to the Vivendi share price at this date, plus the value of dividends paid on Vivendi shares in respect of the two fiscal periods subsequent to the vesting period, and converted into the local currency at the prevailing exchange rate. These RSU are simply units of account and do not have any value outside this plan. They do not carry voting rights and do not represent an ownership interest in Vivendi or any of its businesses.

The following table presents the value of restricted stock unit plans granted in 2007 and 2006, measured as of December 31, 2009.

	RSU			
	2007	2006		
Grant date	April 23, (a)	December 12, (b)	September 22,	April 13,
Data at grant date:				
Vesting period (in years)	2	-	2	2
Number of instruments initially granted	106,778	141,495	2,000	104,250
Data at the valuation date (December 31, 2009) :				
Expected term (in years)	-	-	-	-
Share price (in US dollars)	30.09	30.09	30.09	30.09
Expected dividend yield	6.70%	6.70%	6.70%	6.70%
Performance conditions achievement rate	100%	na*	100%	100%
Fair value of the granted instrument as of December 31, 2009 (in US dollars)	**30.09**	**30.09**	**30.09**	**30.09**
Fair value of the plan as of December 31, 2009 (in millions of US dollars)	3.2	4.3	0.1	3.1

na*: not applicable.

a. The RSU granted were conditional upon the achievement of certain 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. The operating performance objectives were met in 2007; therefore, all RSU granted in 2007 were definitively acquired and were vested by the beneficiaries following the two-year vesting period. The compensation cost was therefore recognized on a straight-line basis over this period.

b. In December 2006, Vivendi set up a grant of 15 RSU without performance and presence conditions for all non-temporary employees who reside outside France and Morocco and who were employed and who had been employed by the company for at least six months at grant date. Each beneficiary definitively acquired a right to receive 15 RSU which will remain unavailable for a four-year period after the grant date. Given the immediate vesting of such grant, the compensation cost was recognized on the grant date.

Employee stock purchase plans

Vivendi also maintains share purchase plans (stock purchase and leveraged plans) that allow substantially all of its full-time employees and retirees to purchase Vivendi shares through capital increases reserved to them. These shares, which are subject to certain sale or transfer restrictions, may be purchased by employees with a maximum discount of 20% on the average opening market price for Vivendi shares during the 20 trading days preceding the date of approval of the share capital increase by the Management Board (purchase date). The difference between the subscription price of the shares and the share price on the date of grant (corresponding to the subscription period closing date) represents the benefit granted to the beneficiaries. Furthermore, Vivendi applies a discount for non-transferability in respect of the restrictions on the sale or transfer of the shares, which is deducted from the benefit granted to the employees. The value of the subscription plans granted is estimated and fixed at grant date. This expense is recognized with a corresponding increase in equity and allocated to each business segment, pro rata the number of shares subscribed.

	2009		2008	
	Employee stock purchase plan	Leveraged plan Europe and Morocco (a)	Employee stock purchase plan	Leveraged plan Europe and Morocco (a)
Grant date	July 6	July 6	June 30	June 30
Subscription price (in euros)	14.61	14.61	21.08	21.08
Leverage	na*	10	na*	10
Maturity (in years)	5	5	5	5
Data at grant date:				
Share price (in euros)	16.77	16.77	24.10	24.10
Number of shares subscribed (b)	1,184,491	3,473,597	993,593	3,309,909
Amount subscribed (in millions of euros)	17	51	21	70
Expected dividend yield	8.35%	8.35%	5.81%	5.81%
Risk-free interest rate	2.50%	2.50%	4.63%	4.63%
5-year interest rate	6.90%	6.90%	7.08%	7.08%
Fair value of the benefit per share before discount value for non-transferability (in euros)	**2.2**	**2.2**	**3.0**	**3.0**
Discount for non-transferability (% of the share price at grant date)	12.0%	12.0%	9.6%	9.6%
Fair value per share subscribed at grant date (in euros)	**0.2**	**2.0**	**0.7**	**2.8**
Fair value of the plan at grant date (in millions of euros)	ns**	7	1	9

na*: not applicable.
ns**: not significant.

a. Under the leveraged plans implemented in 2009 and 2008, virtually all employees and retirees of Vivendi and its French and foreign subsidiaries are entitled to subscribe for Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and to ultimately receive the capital gain (calculated pursuant to the terms and conditions of the plan) corresponding to 10 shares for one subscribed share. A financial institution mandated by Vivendi hedges this transaction.

b. Given the amount of subscriptions made through the traditional employee share purchase plan and the leveraged plans, the share capital increased by €71 million on July 30, 2009 and €95 million on July 24, 2008.

In addition, in the United States, employees subscribed to an aggregate of 141,063 shares in 2009 and 132,541 shares in 2008, under specific conditions due to local regulations, and in Germany, employees subscribed to an aggregate of 61,605 SAR in 2009 and 57,550 SAR in 2008.

21.2.2 Information on outstanding Vivendi plans

Transactions involving all equity-settled and cash-settled Vivendi plans since January 1, 2008 are summarized below:

Equity-settled instruments

	Stock options				Performance shares	
	Number of stock options outstanding	Weighted average strike price of stock options outstanding	Total intrinsic value	Weighted average remaining contractual life	Number of performance shares outstanding	Weighted average remaining period before issuing shares
		(in euros)	(in millions of euros)	(in years)		(in years)
Balance as of December 31, 2007	**49,966,235**	**42.3**			**1,276,893**	
Granted	6,315,200	25.1			526,496	
Exercised	(348,502) (a)	16.5			(612,123)	
Forfeited	(12,225,983)	84.4			(767)	
Cancelled	(422,873)	30.0			(203,672)	
Balance as of December 31, 2008	**43,284,077**	**28.2**			**986,827**	
Granted	6,601,120	20.0			570,337	
Exercised	(155,828) (a)	13.4			(459,825)	
Forfeited	(7,498,324)	47.6			-	
Cancelled	(564,340)	26.9			(35,828)	
Balance as of December 31, 2009	**41,666,705**	**23.5**	**33.3**	**6.3**	**1,061,511**	**1.1**
Exercisable as of December 31, 2009	**23,848,865**	**22.5**	**28.3**		**-**	
Acquired as of December 31, 2009	**24,606,545**	**22.6**	**28.4**		**50,129**	

a. The weighted average share price for Vivendi shares on the date the options were exercised was €19.36 (compared to €25.52 for stock options exercised in 2008).

Cash-settled instruments

	SAR (including former ADS converted into SARs in May 2006)				RSU	
	Number of SARs outstanding	Weighted average strike price of SARs outstanding	Total intrinsic value	Weighted average remaining contractual life	Number of restricted stock units outstanding	Weighted average remaining period before acquisition
		(in US dollars)	(in millions of US dollars)	(in years)		(in years)
Balance as of December 31, 2007	**31,182,571**	**53.0**			**342,892**	
Exercised	(369,259) (a)	28.7			(30,255)	
Forfeited	(10,351,660)	56.3			-	
Cancelled	(82,315)	51.2			(9,905)	
Balance as of December 31, 2008	**20,379,337**	**51.8**			**302,732**	
Exercised	(107,312) (a)	22.0			(8,500)	
Forfeited	(8,165,843)	51.5			-	
Cancelled	(27,212)	53.7			(11,657)	
Balance as of December 31, 2009	**12,078,970**	**52.3**	**11.6**	**2.4**	**282,575**	**-**
Exercisable as of December 31, 2009	**10,965,570**	**53.4**	**11.6**		**-**	
Acquired as of December 31, 2009	**10,993,570**	**53.4**	**11.6**		**282,575**	

a. The weighted average share price for Vivendi shares on the date the SAR were exercised was $29.65 (compared to $40.97 for the SAR exercised in 2008).

The following table summarizes information on stock options for ordinary shares as of December 31, 2009.

Range of strike prices	Number outstanding	Weighted average strike price	Weighted average remaining contractual life	Number vested	Weighted average strike price
		(in euros)	(in years)		(in euros)
Under €20	4,497,980	14.7	3.1	4,497,980	14.7
€20-€30	31,529,999	23.3	6.7	19,417,599	23.8
€30-€40	5,396,634	30.8	7.2	448,874	31.3
€40-€50	-	-	-	-	-
€50-€60	242,092	53.4	0.1	242,092	53.4
€60-€70	-	-	-	-	-
€70-€80	-	-	-	-	-
€80 and more	-	-	-	-	-
	41,666,705	**23.5**	**6.3**	**24,606,545**	**22.6**

The following table summarizes information concerning stock appreciation rights as of December 31, 2009.

Range of strike prices	Number of SAR outstanding	Weighted average strike price	Weighted average remaining contractual life	Number vested	Weighted average strike price
		(in US dollars)	(in years)		(in US dollars)
Under \$20	415,258	15.1	2.1	415,258	15.1
\$20-\$30	942,201	24.4	3.9	942,201	24.4
\$30-\$40	2,715,981	32.9	5.2	2,715,981	32.9
\$40-\$50	2,431,936	43.5	3.6	1,346,536	45.3
\$50-\$60	123,849	54.9	-	123,849	54.9
\$60-\$70	703,407	67.9	0.5	703,407	67.9
\$70-\$80	4,742,839	74.4	0.1	4,742,839	74.4
\$80 and more	3,499	105.7	0.6	3,499	105.7
	12,078,970	**52.3**	**2.4**	**10,993,570**	**53.4**

21.3 Plans granted by Activision Blizzard

21.3.1 Information on plans granted by Activision Blizzard

As part of the creation of Activision Blizzard as of July 10, 2008, Vivendi assumed the oustanding plans of Activision.

The accounting methods applied by Activision Blizzard to value these granted plans are described in Note 1.3.11. More precisely, the volatility applied in valuing the plans granted by Activision Blizzard consists of the historical volatility of Activision Blizzard shares and the implied volatility based on traded put and call options. For the plans granted in 2009, the applied historical volatility was between 41.56% and 60.77% (compared to 46.15% and 69.08% in 2008). The risk-free interest rate used was a forward rate and the expected dividend yield was zero.

Equity incentive plans

On July 28, 2008, the Board of Directors of Activision Blizzard adopted the Activision Blizzard Inc. 2008 Incentive Plan, approved by stockholders and amended and restated by the Board of Directors on September 24, 2008, further amended and restated by the Board of Directors with stockholders approval on June 3, 2009 and further amended and restated by the Compensation Committee of the Board of Directors with stockholders approval on December 17, 2009 (as so amended and restated, 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 non incentive bonuses, for the purpose of providing incentives and rewards for performance to the directors, officers, employees of, and consultants to, Activision Blizzard and its subsidiaries.

While the Compensation Committee has broad discretion to create equity incentives, the equity-based compensation program of Activision Blizzard for the most part currently 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 the 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 NASDAQ.

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

Pursuant to the 2008 Plan as adopted, 30 million shares of the common stock of Activision Blizzard were made available for issuance. The 2008 Plan was amended with stockholder approval on December 17, 2009 to increase the number of shares of the common stock of Activision Blizzard available for issuance thereunder by 14 million. The number of shares of the common stock of Activision Blizzard reserved for issuance under the 2008 Plan may be further increased 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 December 31, 2009, Activision Blizzard had approximately 16 million shares (13 million shares as of December 31, 2008) of its common stock reserved for future issuance under the 2008 Plan.

The characteristics of the stock option plans granted by Activision Blizzard are presented below:

	Stock option plans	
	2009	2008 (a)
Weighted-average data at grant date: (b)		
Options strike price (in US dollars)	11.67	14.38
Maturity (in years)	10	10
Expected term (in years)	5.95	5.28
Number of instruments granted	9,512,080	8,723,177
Share price (in US dollars)	11.67	14.38
Expected volatility	53%	54%
Risk-free interest rate	3.63%	3.98%
Expected dividend yield	0%	0%
Performance conditions achievement rate	na*	na*
Weighted-average fair value of the granted option at grant date (in US dollars) (b)	**5.40**	**5.92**
Weighted-average fair value of the plan at grant date (in millions of US dollars) (b)	51	52

na*: not applicable.

a. Includes stock option plans granted from July 10, 2008 to December 31, 2008.

b. Relates to the weighted-average by number of instruments for each attribution in each fiscal year.

Restricted stock units, restricted stocks and performance shares

Activision Blizzard grants restricted stock units, restricted stock and performance shares (collectively referred to as "restricted stock rights") under the 2008 Plan to employees around the world and Activision Blizzard has assumed, as a result of the creation of Activision Blizzard, the restricted stock rights granted by Activision. 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 and performance shares are issued and outstanding upon grant; however, restricted stock and performance shares 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 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.

In connection with the creation of Activision Blizzard, on July 9, 2008, the Chief Executive Officer of Activision Blizzard received a grant of 2,500,000 performance shares, which 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 the Chief Executive Officer's employment agreement with Activision Blizzard, in each case subject to Activision Blizzard attaining the specified compound annual total stockholder 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 when the performance targets were achieved.

The characteristics of the restricted stock units and restricted stocks granted by Activision Blizzard are presented below:

	Restricted stock plans	
	2009	2008 (a)
Weighted-average data at grant date: (b)		
Maturity (in years)	3	2
Number of instruments granted	2,754,974	3,247,331
Share price (in US dollars)	11.80	14.67
Expected dividend yield	0%	0%
Performance conditions achievement rate	na*	na*
Weighted-average fair value of the granted instrument at grant date (in US dollars) (b)	**11.80**	**14.67**
Weighted-average fair value of the plan at grant date (in millions of US dollars) (b)	33	48

na*: not applicable.

a. Includes restricted stock plans granted from July 10, 2008 to December 31, 2008.

b. Relates to the weighted-average by number of instruments for each attribution in each fiscal year.

Non-plan employee stock options for the Chief Executive Officer and the Co-Chairman of Activision

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. The Board of Directors of Activision, Inc. approved the granting of these options. As of December 31, 2008, non-plan options to purchase approximately 16 million shares under such grants were outstanding with a weighted average exercise price of $1.02, all of which were exercised during 2009.

21.3.2 Information on outstanding Activision Blizzard plans

	Stock options				Restricted stocks	
	Number of stock options outstanding	Weighted average strike price of stock options outstanding	Total intrinsic value	Weighted average remaining contractual life	Number of restricted stocks outstanding	Weighted average remaining period before issuing shares
		(in US dollars)	(in millions of US dollars)	(in years)		(in years)
Balance as of December 31, 2007	-	-			-	
Resulting from the business combination	96,074,854	5.8			7,675,731	
Granted	8,723,177	14.4			3,247,331	
Exercised	(4,860,570)	4.7			(595,883)	
Cancelled	(2,096,456)	7.9			(60,075)	
Balance as of December 31, 2008	**97,841,005**	**6.5**			**10,267,104**	
Granted	9,512,080	11.7			2,754,974	
Exercised	(34,303,889) (a)	2.6			(1,539,390)	
Cancelled	(1,230,875)	10.0			(179,963)	
Balance as of December 31, 2009	**71,818,321**	**9.0**	**210**	**6.8**	**11,302,725**	**1.8**
Exercisable as of December 31, 2009	**39,256,210**	**7.1**	**175**		**25,000**	
Acquired as of December 31, 2009	**39,256,210**	**7.1**	**175**		**25,000**	

a. The weighted average share price for the shares of Activision Blizzard on the date the options were exercised was $11.69.

The following table summarizes information concerning stock options for ordinary shares as of December 31, 2009.

Range of strike prices	Number outstanding	Weighted average strike price	Weighted average remaining contractual life	Number vested	Weighted average strike price
		(in US dollars)	(in years)		(in US dollars)
$0.5001 - $3.344	8,478,329	2.52	2.8	8,478,329	2.52
$3.3563 - $5.794	7,453,888	4.39	3.9	7,055,123	4.34
$5.8238 - $6.805	9,653,582	6.48	5.8	6,816,338	6.62
$6.81 - $9.215	6,301,186	8.09	6.6	3,782,820	7.96
$9.35 - $9.35	10,346,924	9.35	7.5	5,241,630	9.35
$9.395 - $11.5	9,414,992	10.71	8.5	3,240,112	10.31
$11.54 - $13.29	10,298,880	12.33	9.1	1,510,000	13.28
$13.495 - $16.275	7,263,140	15.49	8.5	2,088,908	15.53
$16.47 - $16.99	2,547,400	16.87	8.6	982,950	16.75
$18.41 - $18.41	60,000	18.41	8.6	60,000	18.41
	71,818,321	**9.04**	**6.8**	**39,256,210**	**7.12**

21.3.3 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.

In October 2006, 1,361,000 restricted shares were granted; the restricted shares were vested in one-third increments over three years, starting January 1, 2007. In March 2007, 729,000 stock options were granted with a strike price of $19.24 ; the options were vested in one-third increments at the date of grant, as of January 1, 2008 and as of January 1, 2009. 1,215,000 stock options were also granted with a strike price of $19.24; these options were vested in one-third increments over 3 years, starting January 1, 2008.

On July 9, 2008, 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 completion 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, on that date, 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.

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 in July 2008 was $106 million (€68 million) and an additional $88 million was paid in 18 months after the closing date of the transaction (January 2010), assuming participants remain employed through the payment date. This expense was recognized on a straight-line basis over the 18-month period from July 10, 2008. As a result, as of December 31, 2009, a provision of $86 million (€60 million) was recognized, compared to $28 million (€20 million) as of December 31, 2008. In January 2010, $88 million (€61 million) was paid out as the final distribution under the Plan, and there are no longer any payment obligations under this Plan.

21.4 UMG Long-term incentive plan

Since 2003, UMG has maintained an Equity Incentive Plan. Under the plan, certain key executives of UMG are awarded equity units. These equity units are phantom stock units whose value is intended to reflect the value of UMG, net of certain other adjustments, as defined in the plan. These equity units are simply units of account and they do not represent actual ownership interest in either UMG or Vivendi.

While an executive's equity grants generally vest at the end of a fixed vesting period, compensation expense was recognized over the vesting period as services are rendered. Specifically, the expense recognized is based on the portion of the vesting period that has elapsed and the last available estimated value of those equity units.

In 2008, 100,000 units were awarded under the plan vested resulting in cash payments of $6 million (€4 million) based on the appraised value of UMG as determined by a third-party valuation and taking into account other adjustments as defined in the Plan. As of December 31, 2008, the remaining 1,250,000 units were granted under the plan vested. A third party valuation was performed in January 2009 and after taking into account other adjustments as defined in the Plan, $65 million (€46 million) was paid out as the final distribution under the Plan, and there are no longer any payment obligations under this Plan.

21.5 Neuf Cegetel restricted stock plans

In connection with the consolidation of Neuf Cegetel by SFR, Vivendi took over the residual plans of Neuf Cegetel with the following main characteristics:

On May 9, 2005, the shareholders' meeting of Neuf Cegetel authorized the Board of Directors to adopt a plan providing for the issuance of restricted shares to the Company's employees and/or corporate officers within the limit of 3% of the share capital. Pursuant to this plan, 3,795,000; 865,707 and 1,155,415 restricted shares were granted in 2005, 2006 and 2007, respectively.

The acquisition of shares only becomes final after the expiration of a two-year vesting period, with a minimum period during which the beneficiaries must hold their shares of two years.

Due to the fact that there are no conditions for exercising the "options" other than the participants' employment within the company at the expiration of a two-year period, the fair value of restricted shares granted is considered equal to the fair value of the shares on the grant date.

The fair value of shares granted in 2005 was €34 million based on the value of the company estimated at the time when the capital was increased to partially fund the acquisition of Cegetel. The fair value of shares granted in 2006 totaled €13 million based on valuations of the company at the time of the most recent transactions on the capital of Neuf Cegetel prior to the IPO, and subsequent market valuations based on stock market price (Neuf Cegetel shares were listed on Euronext Paris on October 24, 2006). The fair value of shares granted in 2007 totaled €33 million based on stock market price valuations.

As of December 31, 2009, the 5,384,152 restricted shares granted were definitely vested (compared to 4,302,237 restricted shares as of December 31, 2008).

Finally, the shares owned (but currently in a holding period) by executives and employees of Ex-Neuf Cegetel are the subject of reciprocal put and call option agreements with SFR, with a 2011 maturity at the latest. During fiscal year 2009, €131 million were paid to beneficiaries of the Neuf Cegetel restricted stock plans.

Note 22 Borrowings and other financial liabilities

22.1 Analysis of long-term borrowings and other financial liabilities

(in millions of euros)	Note	Nominal interest rate (%)	Effective interest rate (%)	Maturity	December 31, 2009	December 31, 2008
Finance leases	12	-	-	2011 - 2018	35	39
Asset-backed borrowings (a)					***35***	***39***
Bonds						
€700 million bond issue (December 2009) (b)		4.88%	4.95%	December 2019	700	-
€500 million bond issue (December 2009) (b)		4.25%	4.39%	December 2016	500	-
€1.1 billion bond issue (January 2009) (b)		7.75%	7.69%	January 2014	1,120	-
€700 million bond issue (October 2006) (b)		Euribor 3 months +0.50%	-	October 2011	700	700
€700 million bond issue (October 2006) (b)		4.50%	5.47%	October 2013	700	500
€630 million bond issue (April 2005) (b)		3.63%	3.63%	April 2010	- (c)	630
€600 million bond issue (February 2005) (b)		3.88%	3.94%	February 2012	600	600
$700 million bond issue (April 2008)		6.63%	6.85%	April 2018	487 (d)	501
$700 million bond issue (April 2008)		5.75%	6.06%	April 2013	487 (d)	501
Subtotal: Vivendi SA's bonds					*5,294*	*3,432*
€1.0 billion bond issue (July 2005) (b)		3.375%	4.14%	July 2012	1,000	800
€300 million bond issue (July 2009) (b)		5.00%	5.05%	July 2014	300	-
Subtotal: SFR's bonds					*1,300*	*800*
Facilities						
MAD 6 billion notes - tranche B: 4 billion		TMP BDT 5 yrs +1.15%	-	December 2011	- (e)	178
€2.0 billion revolving facility		Euribor +0.250%	-	April 2012	450	860
€2.0 billion revolving facility		Euribor +0.250%	-	August 2013	-	990
Subtotal: Vivendi SA's facilities					*450*	*2,028*
€1.2 billion revolving facility		Euribor +0.175%	-	April 2011	185	1,200
€450 million revolving facility		Euribor +0.160%	-	November 2012	290	450
Syndicated loan ("Club Deal") tranche A		Euribor +0.400%	-	July 2010	- (c)	248
Securitization programs		Euribor +0.790%	-	March 2011	280	300
Structured financing (UK lease)		Euribor +0.400%	-	November 2010	- (c)	100
Other		-	-	na*	96	54
Subtotal: SFR's facilities					*851*	*2,352*
Maroc Telecom - MAD 3 billion notes		5.05%	-	July 2014	199	-
Other		-	-	na*	84	97
Unsecured borrowings					***8,178***	***8,709***
Nominal value of borrowings					**8,213**	**8,748**
Cumulative effect of amortized cost		na*	-	na*	(68)	(18)
Borrowings					**8,145**	**8,730**
Put options granted to TF1 and M6 on 15% of the share capital of Canal+ France		na*	-	February 2010	- (c)	1,104
Put options granted to various third parties by Canal+ Group and SFR		na*	-	-	13	14
Commitments to purchase non-controlling interests					**13**	**1,118**
Other derivative instruments	24	na*	-	-	**197**	**127**
Long-term borrowings and other financial liabilities					**8,355**	**9,975**

na*: not applicable.

a. Borrowings are considered secured whenever the creditor(s) is/are backed by a pledge on the borrower's and/or its guarantors' assets.

b. The bonds, listed on the Luxembourg Stock Exchange, are subject to customary pari passu, negative pledge and event of default provisions.

c. These line items were reclassified in short-term borrowings and other financial liabilities.

d. As of December 31, 2009, the nominal value of these dollar denominated bonds issued in April 2008 was calculated based on the exchange rate on the closing date, i.e., 1.44 euro/US dollar (compared to 1.40 euro/US dollar as of December 31, 2008).

e. This borrowing was early terminated in 2009.

22.2 Analysis of short-term borrowings and other financial liabilities

(in millions of euros)	Nominal interest rate (%)	Maturity	December 31, 2009	December 31, 2008
Current portion of finance leases	-	-	19	28
Asset-backed borrowings (a)			***19***	***28***
Bonds				
€630 million bond issue (April 2005) Vivendi SA (b)	3.63%	April 2010	630	-
$200 million bond issue GVT (c)	(c)	(c)	137	-
Other bond issue	-	-	-	206
Facilities				
Syndicated loan ("Club Deal") tranche A	Euribor +0.400%	July 2010	248	-
Structured financing (UK lease)	Euribor +0.400%	November 2010	100	-
BNDES loan GVT (d)	(d)	2013-2017	199	-
Commercial paper				
Vivendi SA	Eonia +0.06%	January 2010	635	315
SFR	Eonia +0.03%	January 2010	933	343
Bank overdrafts			307	369
Other (e)	-	-	720	265
Unsecured borrowings			***3,909***	***1,498***
Nominal value of borrowings			**3,928**	**1,526**
Cumulative effect of amortized cost	-	-	(6)	(4)
Borrowings			**3,922**	**1,522**
Commitment to acquire outstanding GVT shares as of December 31, 2009 (f)	na*	-	571	-
Put option granted to M6 on 5% of the share capital of Canal+ France (g)	na*	February 2010	384	-
Put options granted to various third parties by Canal+ Group and SFR	na*	-	2	29
Commitments to purchase non-controlling interests			**957**	**29**
Other derivative instruments	na*	-	**28**	**104**
Short-term borrowings and other financial liabilities			**4,907**	**1,655**

na*: no interest accrued on other financial liabilities.

a. Borrowings are considered secured whenever the creditor(s) is/are backed by a pledge on the borrower's and/or its guarantors' assets.

b. The bonds, listed on the Luxembourg Stock Exchange, are subject to customary pari passu, negative pledge and event of default provisions.

c. Relates to the bond issued by GVT, denominated in US dollar, in June 2006 at a 12% nominal interest rate with an initial scheduled maturity of September 2011 ; the bond was redeemed in full in January and February 2010.

d. Relates to a loan issued by GVT with BNDES, which includes 2 tranches:
   - A first tranche with a 2013 initial maturity and a rate of TJLP +4.5%; and
   - A second tranche, maturing from 2016 to 2017 with a rate of TJLP +2.95% or TJLP +2.05% or ICPA +10.56%.

   In December 2009, the average rate paid was 11.6%.

   This loan has to comply with certain financial covenants and contains merger restrictions (please refer to Note 22.6 below). The take over of GVT by Vivendi on November 13, 2009, triggered the early repayment of this loan, which was consequently reclassified in short term borrowings as of December 31, 2009. Following BNDES's approval on February 10, 2010, to waive the change-of-control trigger, this loan will be reclassified as long term borrowings during 2010.

e. Notably includes bank credit lines spot of €350 million as of December 31, 2009.

f. As of December 31, 2009, Vivendi held a 82.45% interest in GVT. In accordance with Brazilian rules and regulations, Vivendi filed a mandatory cash tender offer to purchase the remaining shares of GVT, at a price per share of BRL56, with an offer price adjustment based on fluctuations of the SELIC Rate (Taxa Referencial do Sistema Especial de Liquidação e Custódia) from November 13, 2009 until the settlement date of the tender offer. Vivendi will launch its mandatory cash tender offer upon receipt of final approval from the Brazilian securities authorities. Considering that pursuant to the obligation to launch its tender offer, Vivendi has committed to purchase all tendered shares, i.e., a maximum of 17.55% of GVT's outstanding voting shares as of December 31, 2009, Vivendi recorded an amount estimated at €571 million share purchase commitment in financial debt as of such date (Please refer to Note 2.1).

g. As of February 24, 2010, the date of the Management Board's meeting held to approve the Financial Statements for the year ended December 31, 2009, Canal+ Group increased its stake in the share capital of Canal+ France from 65% to 80%, due to the following transactions (please refer to Note 26.3):
   - On December 28, 2009, Vivendi/Canal+ Group acquired TF1's stake in the share capital of Canal+ France for €744 million; and
   - On February 22, 2010, M6 exercised its put option on its Canal+ France shares, which generated a €384 million payment by Vivendi.

22.3 Available credit facilities of Vivendi SA and SFR

(in millions of euros)	Maturity	As of December 31, 2009 Maximum amount	Drawn amount	Available amount	As of December 31, 2008 Maximum amount	Drawn amount	Available amount
Vivendi SA							
€2.0 billion revolving facility (April 2005)	April 2012	2,000	450	1,550	2,000	860	1,140
€2.0 billion revolving facility (August 2006)							
of which initial credit line	August 2012	271	-	271	271	-	271
extended credit line	August 2013	1,729	-	1,729	1,729	990	739
Revolving facility (a)	August 2009	-	-	-	1,500	-	1,500
€2.0 billion revolving facility (February 2008)							
of which tranche 1	February 2011	1,000	-	1,000	1,000	-	1,000
tranche 2	February 2013	1,000	-	1,000	1,000	-	1,000
Subtotal		***6,000***	***450***	***5,550***	***7,500***	***1,850***	***5,650***
Commercial paper issued (b)				*(643)*			*(436)*
Total of Vivendi SA's available credit facilities, net of commercial papers				**4,907**			**5,214**
SFR							
€1.2 billion revolving facility (July 2004)							
of which initial credit line	April 2010	40	-	40	40	40	-
extended credit line	April 2011	1,160	185	975	1,160	1,160	-
€450 million revolving facility (November 2005)	November 2012	450	290	160	450	450	-
€850 million revolving facility (May 2008)	May 2013	850	-	850	850	-	850
€100 million revolving facility (November 2008)	February 2010	100	-	100	100	-	100
Syndicated loan "Club Deal" (July 2005)							
of which tranche A	July 2010	248	248	-	248	248	-
tranche B - "revolver"	March 2012	492	-	492	492	-	492
Securitization program (March 2006)	March 2011	280	280	-	300	300	-
Structured financing (UK Lease)	November 2010	100	100	-	100	100	-
Subtotal		***3,720***	***1,103***	***2,617***	***3,740***	***2,298***	***1,442***
Commercial paper issued (b)				*(933)*			*(343)*
Total of SFR's available credit facilities, net of commercial papers				**1,684**			**1,099**
Total Vivendi SA and SFR		**9,720**		**6,591**	**11,240**		**6,313**

a. This revolving facility was early terminated in June 2009.

b. Short-term commercial paper, backed by confirmed credit lines which are no longer drawn for these amounts, are included in short-term borrowings of the Consolidated Statement of Financial Position.

As of February 24, 2010, the date of Vivendi's Management Board meetings which approved the financial statements for the year ended December 31, 2009, Vivendi SA had available committed bank facilities in the amount of €6 billion. Considering the amount of commercial paper issued, and backed on bank facilities for €0.9 billion, these lines were available in an aggregate amount of €4.7 billion. SFR had available committed bank facilities in the amount of €4 billion. Considering the amount of commercial paper issued at this date and backed on bank facilities for €1 billion, these credit lines were available for an aggregate amount of €1.4 billion.

22.4 Future minimum payments related to borrowings and other financial liabilities

Net carrying values of borrowings and other financial liabilities as presented in the Statement of Financial Position and contractual undiscounted cash flows as set forth in the relevant agreements:

(in millions of euros)	December 31, 2009							
	Carrying value	Nominal value						
		Total	2010	2011	2012	2013	2014	After 2014
Nominal value of borrowings	8,213	8,213	-	1,273	2,437	1,262	1,481	1,760
Cumulative effect of amortized cost	(68)	-	-	-	-	-	-	-
Interest to be paid (a) (b)	-	1,728	333	327	314	238	190	326
Borrowings	8,145	9,941	333	1,600	2,751	1,500	1,671	2,086
Commitments to purchase non-controlling interests	13	13	-	13	-	-	-	-
Other derivative instruments	197	225	78	67	38	17	15	10
Long-term borrowings and other financial liabilities	**8,355**	**10,179**	**411**	**1,680**	**2,789**	**1,517**	**1,686**	**2,096**
Nominal value of borrowings	3,928	3,928	3,928					
Cumulative effect of amortized cost	(6)	-	-					
Interest to be paid (a)	-	40	40					
Borrowings	3,922	3,968	3,968					
Commitments to purchase non-controlling interests	957	957	957					
Other derivative instruments	28	29	29					
Short-term borrowings and other financial liabilities	**4,907**	**4,954**	**4,954**					
Borrowings and other financial liabilities	**13,262**	**15,133**	**5,365**	**1,680**	**2,789**	**1,517**	**1,686**	**2,096**

(in millions of euros)	December 31, 2008							
	Carrying value	Nominal value						
		Total	2009	2010	2011	2012	2013	After 2013
Nominal value of borrowings	8,748	8,748	-	1,042	2,416	3,721	1,013	556
Cumulative effect of amortized cost	(18)	-	-	-	-	-	-	-
Interest to be paid (a)	-	1,305	308	308	269	200	70	150
Borrowings	8,730	10,053	308	1,350	2,685	3,921	1,083	706
Commitments to purchase non-controlling interests	1,118	1,153	-	1,130	23	-	-	-
Other derivative instruments	127	167	43	43	36	27	8	10
Long-term borrowings and other financial liabilities	**9,975**	**11,373**	**351**	**2,523**	**2,744**	**3,948**	**1,091**	**716**
Nominal value of borrowings	1,526	1,526	1,526					
Cumulative effect of amortized cost	(4)	-	-					
Interest to be paid (a)	-	45	45					
Borrowings	1,522	1,571	1,571					
Commitments to purchase non-controlling interests	29	29	29					
Other derivative instruments	104	104	104					
Short-term borrowings and other financial liabilities	**1,655**	**1,704**	**1,704**					
Borrowings and other financial liabilities	**11,630**	**13,077**	**2,055**	**2,523**	**2,744**	**3,948**	**1,091**	**716**

a. The interest to be paid on floating rate borrowings was estimated based on the floating rate as of December 31, 2009 and December 31, 2008, respectively.

b. As of December 31, 2009, the interest to be paid regarding the BNDES loans of GVT was calculated on two months basis, consistent with the classification in the Statement of Financial Position as that date. Following the BNDES' approval on February 9, 2010, to waive the change-of-control trigger, this loan will be reclassified as long term borrowings during 2010 (please refer to Note 22.2 above). As a result, the future minimum payments are €33 million in 2013 and €167 million after 2014 and the total amount of interest to be paid are €151 million.

22.5 Nominal value of borrowings by currency and nature of interest rate

(in millions of euros)	December 31, 2009		December 31, 2008	
Long-term nominal value of borrowings	8,213		8,748	
Short-term nominal value of borrowings	3,928		1,526	
Nominal value of borrowings	**12,141**		**10,274**	
Currency				
Euro - EUR	10,384	*85.5%*	8,812	*85.8%*
US dollar - USD	1,112 (a)	*9.2%*	1,074 (a)	*10.5%*
Dirham - MAD	295	*2.4%*	283	*2.7%*
Other (of which BRL, PLN and FCFA)	350	*2.9%*	105	*1.0%*
Total	**12,141**	***100.0%***	**10,274**	***100.0%***
Nature of interest rate, before hedging (b)				
Fixed interest rate	7,122	*58.7%*	4,086	*39.8%*
Floating interest rate	5,019	*41.3%*	6,188	*60.2%*
Total	**12,141**	***100.0%***	**10,274**	***100.0%***

a. Mainly includes two bonds in the aggregate amount of $1,400 million incurred in April 2008, representing €974 million as of December 31, 2009 (€1,002 million as of December 31, 2008), hedged at 100%. Please refer to Note 24.

b. Please refer to Note 24.1.

22.6 Description of main financial covenants

Vivendi SA

Vivendi SA is subject to certain financial covenants pursuant to which Vivendi SA is required to comply with various financial ratios, as described hereunder. As of December 31, 2009, Vivendi was in compliance with its financial ratios.

Loans

The three syndicated facilities of €2 million each (dated April 2005, August 2006 and February 2008, respectively) contain customary provisions related to events of default and covenants relating to negative pledge, divestiture and merger transactions. In addition, at the end of each half year, Vivendi SA is required to comply with a ratio of Proportionate Financial Net Debt[2] to Proportionate EBITDA[3] not exceeding three for the duration of the loans. Non-compliance with this ratio could result in the early repayment of the facilities if they were drawn, or their cancellation.

The renewal of credit lines when they are drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its obligations with respect to the contracts of the loans.

Bonds

Bonds issued by Vivendi SA (totaling €5.9 billion as of December 31, 2009) contain customary provisions related to default, negative pledge and rights of payment (pari-passu ranking). In addition, bonds issued since 2006 by Vivendi SA for a total amount of €4.7 billion contain a change in control trigger if the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-) as a result of such an event.

SFR

SFR is subject to certain financial covenants pursuant to which SFR is required to comply with various financial ratios, as described hereunder. As of December 31, 2009, SFR was in compliance with its financial ratios.

Loans

SFR's three credit lines of €1.2 billion, €450 million and €850 million, respectively, contain customary default, negative pledge, and merger and divestiture covenants. These facilities are subject to a change in control provision. In addition, at the end of each half year, SFR must

[2] Defined as Vivendi Financial Net Debt less the share of Financial Net Debt attributable to non-controlling interests of Activision Blizzard, SFR and Maroc Telecom Group.

[3] Defined as Vivendi modified EBITDA less modified EBITDA attributable to non-controlling interests of Activision Blizzard, SFR and Maroc Telecom Group plus the dividends received from entities that are not fully or proportionately consolidated.

comply with the two following financial ratios: (i) a ratio of Financial Net Debt to consolidated EBITDA not exceeding 3.5, and (ii) a ratio of consolidated earnings from operations (consolidated EFO) to consolidated net financing costs (interest) equal to or greater than 3. Moreover, facilities assumed in connection with the Neuf Cegetel merger include standard default and limitation provisions for this type of loan. The provisions relating to financial covenants, internal reorganization and change in control contained in these facilities contracts have been aligned with SFR's provisions. Non-compliance with these financial ratios would constitute an event of default that could among others result in the cancellation or the early repayment of the different loans.

The renewal of credit lines when they are drawn and the launch of a securitization program are contingent upon the issuer reiterating certain representations regarding its ability to comply with its financial obligations.

Bonds

Bonds issued by SFR (totaling €1.3 billion as of December 31, 2009) contain customary provisions related to default, negative pledge and rights of payment (pari-passu ranking).

GVT

GVT is subject to certain financial covenants pursuant to which GVT is required to comply with various financial ratios, as described hereunder. As of December 31, 2009, GVT was in compliance with its financial ratios.

The loan issued by GVT with BNDES (National Bank for Economic and Social Development), for an initial aggregate amount of BRL616 million is subject to certain financial covenants pursuant to which GVT is required to comply, at the end of each half year, with at least three of the following financial ratios: (i) a ratio of equity to total asset equal to or higher than 0.40; (ii) a ratio of Financial Net Debt to consolidated EBITDA not exceeding 2.50; (iii) a ratio of non current financial liabilities to EBITDA not exceeding 0.45; and (iv) a ratio of EBITDA to net financial expenses of at least 4.00.
In addition, this loan contains a change in control trigger. The take over of GVT by Vivendi on November 13, 2009, triggered the early repayment of this loan which was consequently reclassified in short term borrowings in the Statement of Financial Position as of December 31, 2009. Following the BNDES's approval on February 9, 2010, to waive the change-of-control trigger, this loan will be reclassified as long term borrowings during 2010.

22.7 Intercompany loans

The following table presents the credit lines granted by Vivendi SA to SFR and Activision Blizzard:

		As of December 31, 2009			As of December 31, 2008		
(in millions of euros, except where noted)	Maturity	Maximum amount	Drawn amount	Available amount	Maximum amount	Drawn amount	Available amount
Revolving facilities granted by Vivendi SA to SFR							
€700 million revolving facility (December 2006)	December 2009	-	-	-	700	700	-
€3 billion revolving facility (April 2008)							
of which tranche A	July 2009	-	-	-	1,000	1,000	-
tranche B	July 2010	1,000	1,000	-	1,000	1,000	-
tranche C	December 2012	1,000	1,000	-	1,000	1,000	-
€1.5 billion revolving facility (June 2009)	June 2013	1,500	650	850	-	-	-
Total		**3,500**	**2,650**	**850**	**3,700**	**3,700**	**-**
Loan facility granted by Vivendi SA to VTB							
€4 billion revolving facility (November 2009)	November 2010	4,000	-	4,000	-	-	-
Loan facility granted by Vivendi SA to Activision Blizzard (in millions of dollars)							
$475 million loan facility (July 2008)	March 2011	475	-	475	475	-	475

VTB, a company under Brazilian law, a wholly-owned subsidiary of Vivendi, was created in order to own the shares in GVT acquired by Vivendi.

As of February 24, 2010, the date of the Management Board meeting which approved the financial statements for the fiscal year 2009, SFR had available revolving facilities granted by Vivendi SA for €3.5 billion, available in an aggregate amount of €380 million.

22.8 Average maturity

The average term of the instruments included in the consolidated financial debt of Vivendi and its subsidiaries may be assessed using two methodologies:

Vivendi

The "accounting" average term, under which definition a short-term draw-down on a medium-term credit line is only taken into account for the term of the short-term draw-down. As of December 31, 2009, the "accounting" average term of the group's financial debt was 2.9 years, compared to 2.0 years at year-end 2008.

The "economic" average term, under which definition all undrawn amounts on available medium-term credit lines may be used to reimburse group borrowings with the shortest term. As of December 31, 2009, the "economic" average term of the group's financial debt was 3.9 years, compared to 4.1 years at year-end 2008.

SFR

As of December 31, 2009, the "economic" average term of SFR's financial debt was 2.3 years (compared to 2.9 years at year-end 2008).

22.9 Vivendi and SFR credit ratings

As of February 24, 2010, the date of the Management Board meeting which approved the Financial Statements for the year ended December 31, 2009, the credit ratings of Vivendi were as follows:

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

As of February 24, 2010, the credit ratings of SFR were as follows:

Rating agency	Rating date	Type of debt	Ratings	Outlook
Fitch Ratings	June 8, 2009	Long-term debt	BBB+	Stable
	June 8, 2009	Short-term debt	F2	Stable

22.10 Financial Net Debt of SFR and Maroc Telecom Group, and Net Cash Position of Activision Blizzard

As of December 31, 2009, the Financial Net Debt of SFR amounted to €5,935 million (compared to €7,085 million as of December 31, 2008) and included borrowings of €6,482 million (compared to €7,525 million as of December 31, 2008). As of December 31, 2009, borrowings notably included a revolving facility of €2,650 million granted by Vivendi SA to SFR (please refer to Note 22.7 *supra*).

As of December 31, 2009, Maroc Telecom Group's Financial Net Debt amounted to €315 million (compared to €32 million as of December 31, 2008).

As of December 31, 2009, Activision Blizzard had a positive net cash position of €2,196 million (compared to €2,117 million as of December 31, 2008), including €271 million ($389 million), invested in securities issued by US government agencies reported under cash management financial assets in the Consolidated Statement of Financial Position (please refer to Note 15 *supra*).

Note 23 Fair value of financial instruments

Pursuant to IAS 32, financial instruments are defined as follows:

- financial assets, which comprise the following assets:
  - cash;
  - contractual rights to receive cash or another financial asset;
  - contractual rights to exchange a financial instrument under conditions that are potentially favorable; or
  - equity instruments of another entity.

In practice, financial assets include cash and cash equivalents, trade accounts receivable and other as well as financial assets measured at fair value, at historical cost and at amortized cost;

- financial liabilities, which comprise the following liabilities:
  - contractual obligations to deliver cash or another financial asset; or
  - contractual obligations to exchange a financial instrument under conditions that are potentially unfavorable.

In practice, financial liabilities include trade accounts payable and other, other non-current liabilities, short and long-term financial borrowings and other financial liabilities, including commitments to purchase non-controlling interests and other derivative financial instruments; and

- equity instruments of the group.

The following table presents the net carrying value and fair value of financial instruments of the group as of December 31, 2009 and December 31, 2008:

		December 31,			
		2009		2008	
(in millions of euros)	Note	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Financial assets at fair value	15	**464**	**464**	**299**	**299**
of which cash management financial assets	15	*271*	*271*	-	-
available-for-sale securities	15	*50*	*50*	*72*	*72*
cash flow hedge instruments	24	*18*	*18*	-	-
net investment hedge instruments	24	-	-	*75*	*75*
fair value hedge instruments	24	*4*	*4*	*16*	*16*
Financial assets at amortized cost	15	**476**	**476**	**697**	**697**
of which assets held until its due date		*1*	*1*	*1*	*1*
Trade accounts receivable and other at amortized cost	16	**6,467**	**6,467**	**6,608**	**6,608**
Cash and cash equivalents	17	**3,346**	**3,346**	**3,152**	**3,152**
Financial liabilities					
Long-term borrowings and other financial liabilities		8,355	8,676	9,975	9,729
Short-term borrowings and other financial liabilities		4,907	4,911	1,655	1,655
Borrowings and other financial liabilities	22	**13,262**	**13,587**	**11,630**	**11,384**
of which long-term borrowings at amortized cost		*8,145*	*8,466*	*8,730*	*8,484*
short-term borrowings at amortized cost		*3,922*	*3,926*	*1,522*	*1,522*
commitments to purchase non-controlling interests		*970*	*970*	*1,147*	*1,147*
other derivative instruments		*225*	*225*	*231*	*231*
Other non-current liabilities	16	**1,311**	**1,311**	**1,480**	**1,480**
Trade accounts payable and other	16	**13,567**	**13,567**	**13,049**	**13,049**

The carrying value of trade accounts receivable and other, cash and cash equivalents, trade accounts payable and other and short-term borrowings is a reasonable approximation of fair value, due to the short maturity of these instruments.

The following table presents the fair value method of financial instruments as of December 31, 2009 and as of December 31, 2008 according to the three following levels:

- Level 1: Fair value measurement based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Fair value measurement based on observable market data other than quoted prices included within Level 1; and
- Level 3: Fair value measurement based on techniques that use inputs for the asset or liability that are not based on observable market data.

As a reminder, the other financial instruments at amortized cost are not included in the following table:

		December 31, 2009				December 31, 2008			
		Fair value				Fair value			
(in millions of euros)	Note	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Financial assets at fair value	15	**464**	**326**	**31**	**107**	**299**	**74**	**104**	**121**
of which cash management financial assets		271	271	-	-	-	-	-	-
available-for-sale securities		50	2	1	47	72	15	-	57
derivative financial instruments		30	-	30	-	99	-	99	-
other financial assets at fair value through profit or loss		113	53	-	60	128	59	5	64
Cash and cash equivalents	17	**3,346**	**3,346**	**-**	**-**	**3,152**	**3,152**	**-**	**-**
Financial liabilities at fair value		**1,195**	**-**	**1,195**	**-**	**1,378**	**-**	**1,378**	**-**
of which commitments to purchase non-controlling interests		970	-	970	-	1,147	-	1,147	-
other derivative instruments		225	-	225	-	231	-	231	-

Note 24 Risk management and financial derivative instruments

Vivendi centrally manages financial liquidity, interest rate and foreign currency exchange rate risks. Vivendi's Financing and Treasury Department conducts these activities, reporting directly to the chief financial officer of Vivendi, a member of the Management Board. The Department has the necessary expertise, resources, notable technical resources and information systems for this purpose.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. All derivative financial instruments are used for hedging purposes.

Value of derivative financial instruments recorded in the Consolidated Statements of Financial Position

	December 31, 2009		December 31, 2008	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	as assets	as liabilities	as assets	as liabilities
Interest rate risk management				
Pay-fixed interest rate swaps	-	195	-	127
Pay-floating interest rate swaps	5	13	2	-
	5	**208**	**2**	**127**
Foreign currency risk management				
Currency swaps	5	15	14	68
Forward contracts	20	2	82	-
	25	**17**	**96**	**68**
Equity market risk management				
Swaps indexed on shares	-	-	1	34
	-	**-**	**1**	**34**
Other derivative instruments				
Embedded derivative on borrowings	-	-	-	2
	-	**-**	**-**	**2**
Derivative financial instruments	**30**	**225**	**99**	**231**
Deduction of current derivative financial instruments	(25)	(28)	(96)	(104)
Non-current derivative financial instruments	5	197	3	127

Accounting recognition[3] of derivative instruments utilized by the group

	December 31, 2009		December 31, 2008	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	as assets	as liabilities	as assets	as liabilities
Cash Flow Hedge	18	127	-	78
Net Investment Hedge	-	1	75	-
Fair Value Hedge	4	15	16	16
Derivative instruments not qualified as hedges	8	82	7	101
Other	-	-	1	36
Derivative financial instruments	**30**	**225**	**99**	**231**

[4] *The principles in accounting recognition of derivative instruments are described in Note 1.3.7.*

24.1 Interest rate risk management

Interest rate risk management instruments are used by Vivendi to reduce net exposure to interest rate fluctuations, to adjust the respective proportion of fixed and floating interest rates in the total debt and to lower net financing costs. In addition, Vivendi's internal procedures prohibit all speculative transactions

Average gross borrowings and average cost of borrowings

In 2009, average gross borrowings amounted to €10.2 billion (compared to €9.6 billion in 2008), of which €5.7 billion was at fixed-rates and €4.5 billion was at floating rates (compared to €3.8 and €5.8 billion in 2008, respectively). After interest rate management, the average cost of borrowings was 4.75%, with a fixed rate ratio of 92% (compared to 4.69%, with a fixed-rate ratio of 67% in 2008).

Interest rate hedges

Interest rate risk management instruments used by Vivendi include pay-floating and pay-fixed interest rate swaps. Pay-floating swaps effectively convert fixed rate borrowings to LIBOR and EURIBOR indexed ones. Pay-fixed swaps convert floating rate borrowings into fixed rate borrowings. These instruments enable the group to manage and reduce volatility in future cash flows required for interest payments on borrowings.

At year-end 2009, borrowings totaled €12.1 billion. Before considering any interest rate risk management instruments, floating-rate borrowings totaled €5 billion, hedged by swaps for €1.6 billion.

The following table summarizes information concerning Vivendi's interest rate risk management instruments:

	December 31, 2009			
(in millions of euros)	Total	Cash Flow Hedge accounting	Fair Value Hedge	Economic Hedging (a)
Nominal value of borrowings before hedging				
Fixed interest rate	7,122			
Floating interest rate	5,019			
	12,141			
Notional amount of hedging instruments				
Pay-fixed interest rate swaps (b)	**3,885**	**2,935**	**-**	**950**
Average interest rate paid		3.89%	-	4.06%
Average interest rate received		0.56%	-	0.55%
Maturity				
Due within one year	600	600	-	-
Due after one year and within five years	2,885	2,335	-	550
Due after five years	400	-	-	400
Pay-floating interest rate swaps (c)	**(2,273)**	**-**	**(2,173)**	**(100)**
Average interest rate paid		-	3.83%	0.43%
Average interest rate received		-	5.32%	3.92%
Maturity				
Due within one year	-	-	-	-
Due after one year and within five years	(2,273)	-	(2,173)	(100)
Net position at Fixed interest rate	**1,612**	**2,935**	**(2,173)**	**850**
Nominal value of borrowings after hedging				
Fixed interest rate	8,734			
Floating interest rate	3,407			
	12,141			

(in millions of euros)	December 31, 2008 Total	Cash Flow Hedge accounting	Fair Value Hedge	Economic Hedging (a)
Nominal value of borrowings before hedging				
Fixed interest rate	4,086			
Floating interest rate	6,188			
	10,274			
Notional amount of hedging instruments				
Pay-fixed interest rate swaps	**3,885**	**2,935**	**-**	**950**
Average interest rate paid		3.89%	-	4.06%
Average interest rate received		2.65%	-	2.65%
Maturity				
Due within one year	-	-	-	-
Due after one year and within five years	3,485	2,935	-	550
Due after five years	400	-	-	400
Pay-floating interest rate swaps	**(100)**	**-**	**-**	**(100)**
Average interest rate paid		-	-	2.80%
Average interest rate received		-	-	3.92%
Maturity				
Due within one year	-	-	-	-
Due after one year and within five years	(100)	-	-	(100)
Net position at Fixed interest rate	**3,785**	**2,935**	**-**	**850**
Nominal value of borrowings after hedging				
Fixed interest rate	7,871			
Floating interest rate	2,403			
	10,274			

a. The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39 standard.

b. As of December 31, 2009, the main fixed-rate payer swaps of the group are the following:
   - Instruments classified as cash flow hedges for accounting purposes for notional amounts:
     - at SFR, €2,235 million maturing in 2010, 2011, 2012 and 2013; and
     - at Vivendi SA, €700 millions.
   - Instruments not classified as cash flow hedges for accounting purposes, recorded at fair value, against earning for nominal amounts of:
     - at Vivendi SA: €400 million maturing in September 2015; and
     - at SFR: €550 million for swaps against 1-month Euribor maturing in March 2013, which may be cancelled at the option of the bank.

c. In 2009, Vivendi SA set up five pay-floating interest rate swaps qualified as fair value hedges for accounting purposes for notional amounts of €1,200 million (maturing in 2012) and $1,400 million (maturing in 2013).

Moreover, as of December 31, 2009, cash and cash equivalents totaled €3.6 billion (compared to €3.2 billion as of December 31, 2008) and all of which earns interest at floating rate. As of December 31, 2009, given the relative weighting of the group's fixed-rate positions (fixed-rate borrowings of €7.1 billion and floating-rate borrowings of €1.6 billion hedged by fixed interest rate swaps for a total amount of €8.7 billion), and the group's floating-rate positions (borrowings of €3.4 billion less cash and cash equivalents of €3.6 billion, for a total amount of €0.2 billion), an increase of 100 basis points in short-term interest rates (or a decrease of 100 basis points) would have resulted in a €2 million decrease in interest expense (or an increase of €2 million).

24.2 Foreign currency risk management

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures, resulting primarily from monetary flows generated by activities performed in currencies other than the euro and firm commitments, essentially relating to the acquisition of editorial content including sports, audiovisual and film rights, valued in foreign currency.
For this purpose, if applicable, foreign currency risk management is initially centralized by Vivendi in order to obtain the benefits associated with internal hedging and to optimize the volume of external hedges issued from financial institutions. Subsequently, Vivendi enters into external hedges (currency swaps and forward contracts), in accordance with procedures prohibiting speculative transactions:

- Vivendi is the sole counterparty for foreign currency transactions within the group, unless specific regulatory or operational restrictions require otherwise;
- all foreign currency hedging transactions are backed, in amount and by maturity, by an identified economic underlying item; and

- all identified exposures are hedged annually at a minimum of 80% for exposures related to forecasted transactions and 100% for firm commitment contracts.

In addition, Vivendi also hedges foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities by entering into currency swaps and forward contracts enabling the refinancing or investment of cash balances in euros or other local currency.

As of December 31, 2009, Vivendi had effectively hedged approximately 100% (compared to 100% as of December 31, 2008) of its discounted foreign currency cash flows as well as borrowing-related exposure. The principal currency hedged was primarily the US dollar. In 2009, firm commitment contracts were entirely hedged. 2010 forecasted transactions were hedged, other than for specific cases, at 80% at the beginning of 2010 in accordance with Vivendi's internal procedures with respect to foreign currency hedging related to operations and will be reviewed in the middle of 2010.

In addition, in order to protect its net investment in certain American subsidiaries against a potential devaluation, Vivendi hedged its American exposure by setting up forward contracts and currency swaps for a notional amount of $957 million, or €750 million. All such derivative instruments, qualified for accounting purposes as net investment hedges, were fully settled in 2009.

In September 2009, in anticipation of the investment in GVT, Vivendi set up a EUR-BRL contract for an initial amount of €700 million, which was reduced to €520 million as of December 31, 2009, to partially hedge the purchase of the Brazilian Real. This hedge, classified as a cash flow hedges for accounting purposes, was partially terminated in the fourth quarter of 2009 when Vivendi subscribed for GVT shares (please refer to Note 2.1).

In December 2009, Vivendi set up a $500 million sale forward contract, classified as a net investment hedge for accounting purposes.

As a reminder, in December 2007, in anticipation of the $1.7 billion investment in Activision in 2008, Vivendi set up a forward contract for the purchase of $1.2 billion, to partially hedge the purchase of the necessary US dollars. This hedge was terminated on July 9, 2008, the date on which Vivendi subscribed for Activision shares pursuant to a reserved capital increase.

24.2.1 Sensitivity of operating indicators and indebtedness to the US Dollar and the Moroccan Dirham

As Vivendi operates worldwide, the translation of Financial Statements of certain of the group's operating segments is sensitive to exchange rate fluctuations (particularly the dollar (USD) and the dirham (MAD)). The following table shows the impacts in a change of more or less 5% and 10% from fixed exchange ratio of these two currencies against the euro on the main operating indicators and indebtedness of the group. (An increase represents the appreciation of the euro against the currency concerned).

Average exchange rate used over the year 2009	USD (€ 1 = $ 1.40)				MAD (€ 1 = MAD 11.26)			
Change assumptions	+5%	-5%	+10%	-10%	+5%	-5%	+10%	-10%
Revenues	-0.6%	0.6%	-1.1%	1.3%	-0.4%	0.4%	-0.8%	0.9%
Earnings before interest and income taxes (EBIT)	1.2%	-1.3%	2.2%	-2.7%	-1.4%	1.6%	-2.7%	3.3%
Interest, net	-0.6%	0.7%	-1.2%	1.5%	-0.1%	0.1%	-0.2%	0.3%
Net cash provided by operating activities	-0.1%	0.1%	-0.2%	0.2%	-0.8%	0.9%	-1.5%	1.8%
Exchange rate used as of December 31, 2009	USD (€ 1 = $ 1.44)				MAD (€ 1 = MAD 11.31)			
Change assumptions	+5%	-5%	+10%	-10%	+5%	-5%	+10%	-10%
Redemption value of borrowings	-0.4%	0.5%	-0.8%	1.0%	-0.1%	0.1%	-0.2%	0.3%
Cash and cash equivalents	-2.1%	2.3%	-4.0%	4.9%	0.0%	0.0%	0.0%	0.0%

24.2.2 Characteristics of foreign currency risk management instruments

As of December 31, 2009 and as of December 31, 2008, excluding (i) the net position of borrowings denominated in Moroccan Dirham (MAD), a currency which is exchange-controlled, preventing all foreign currency hedging transactions and (ii) Vivendi's net borrowing in CFA Franc which benefits from a fixed exchange ratio with the euro, Vivendi's foreign currency borrowings mainly comprises two dollar bonds for $1.4 billion issued in April 2008 (please refer to Note 22). The foreign currency risk of these loans is hedged at 100% by a long term receivable granted by Vivendi SA to an American subsidiary. In addition, as of December 31, 2009, following the take over of GVT on November 13, 2009, Vivendi's financial debt includes the $200 million loan of GVT (whose functional currency is the Brazilian real); GVT fully repaid this loan in January and February 2010.

In addition, Vivendi uses monetary or derivative instruments, if applicable, to manage its foreign currency exposure to intercompany current accounts denominated in foreign currencies (balance sheet hedge). Details concerning the foreign currency risk management instruments associated with underlying operating and financing items, are provided in the tables below:

(in millions of euros)	December 31, 2009				
		Hedge accounting			
	Total	Fair Value Hedge	Cash Flow Hedge accounting	Net Investment Hedge	Balance Sheet Hedge
Notional amounts					
Currency swaps	**1,049**	**299**	**-**	**-**	**750**
Sales against the euro	541	33	-	-	508
Sales against other currencies	34	-	-	-	34
Purchases against the euro	436	228	-	-	208
Purchases against other currencies	38	38	-	-	-
Maturity					
Due within one year	1,049	299	-	-	750
Forward contracts	**1,023**	**33**	**584**	**347**	**59**
Sales against the euro	376	8	-	347	21
Sales against other currencies	5	5	-	-	-
Purchases against the euro	637	15	584	-	38
Purchases against other currencies	5	5	-	-	-
Maturity					
Due within one year	1,023	33	584	347	59

(in millions of euros)	December 31, 2008				
		Hedge accounting			
	Total	Fair Value Hedge	Cash Flow Hedge accounting	Net Investment Hedge	Balance Sheet Hedge
Notional amounts					
Currency swaps	**1,656**	**296**	**-**	**219**	**1,141**
Sales against the euro	282	-	-	219	63
Sales against other currencies	-	-	-	-	-
Purchases against the euro	1,372	294	-	-	1,078
Purchases against other currencies	2	2	-	-	-
Maturity					
Due within one year	1,656	296	-	219	1,141
Forward contracts	**966**	**139**	**-**	**758**	**69**
Sales against the euro	809	59	-	750	-
Sales against other currencies	5	1	-	-	4
Purchases against the euro	46	38	-	8	-
Purchases against other currencies	106	41	-	-	65
Maturity					
Due within one year	966	139	-	758	69

The following tables present the notional amount of currency to be delivered or received under currency instruments (currency swaps and forwards). Positive amounts refer to currency receivable and negative amounts refer to currency deliverable.

(in millions of euros)	December 31, 2009							
	EUR	USD	BRL	JPY	PLN	AUD	GBP	Other currency
Currency swaps								
Sales against the euro	541	(498)	-	-	(20)	(3)	-	(20)
Sales against other currencies	-	(34)	-	-	34	-	-	-
Purchases against the euro	(436)	228	-	10	34	49	-	115
Purchases against other currencies	-	38	-	-	(34)	-	(4)	-
Forward contracts								
Sales against the euro	376	(349)	-	-	(7)	-	-	(20)
Sales against other currencies	-	(5)	-	-	-	1	3	1
Purchases against the euro	(637)	117	520	-	-	-	-	-
Purchases against other currencies	-	5	-	-	-	(5)	-	-
	(156)	**(498)**	**520**	**10**	**7**	**42**	**(1)**	**76**

(in millions of euros)	December 31, 2008 EUR	USD	BRL	JPY	PLN	AUD	GBP	Other currency
Currency swaps								
Sales against the euro	282	-	-	(219)	-	-	-	(63)
Purchases against the euro	(1,372)	1,078	-	68	120	54	-	52
Purchases against other currencies	-	2	-	-	-	-	(2)	-
Forward contracts								
Sales against the euro	809	(765)	-	-	(43)	-	-	(1)
Sales against other currencies	-	5	-	-	-	-	-	(5)
Purchases against the euro	(46)	38	-	8	-	-	-	-
Purchases against other currencies	-	106	-	-	(40)	-	(67)	1
	(327)	**464**	**-**	**(143)**	**37**	**54**	**(69)**	**(16)**

24.2.3 Group net balance sheet positions

The tables below show the net position centralized by Vivendi in the main foreign currencies as of December 31, 2009 and as of December 31, 2008:

(in millions of euros)	December 31, 2009 USD	GBP	BRL	JPY	AUD	PLN	Other
Assets	1,517	26	-	4	-	-	40
Liabilities	(973)	(60)	-	(14)	(64)	(68)	(105)
Net balance before management	**544**	**(34)**	**-**	**(10)**	**(64)**	**(68)**	**(65)**
Derivative financial instruments	(574)	34	-	10	65	68	89
Net balance after management	**(30)**	**-**	**-**	**-**	**1**	**-**	**24**

(in millions of euros)	December 31, 2008 USD	GBP	BRL	JPY	AUD	PLN	Other
Assets	1,009	34	-	8	1	1	91
Liabilities	(1,919)	(61)	-	(59)	(49)	(122)	(39)
Net balance before management	**(910)**	**(27)**	**-**	**(51)**	**(48)**	**(121)**	**52**
Derivative financial instruments	891	37	-	65	52	119	(26)
Net balance after management	**(19)**	**10**	**-**	**14**	**4**	**(2)**	**26**

The position of the dirham (MAD) is not included in the table above due to local constraints associated with this currency.

A uniform euro decrease of 1% against all foreign currencies in position as of December 31, 2009, would have a cumulated impact of approximately €0.6 million on net income (compared to -€1 million as of December 31, 2008).

24.3 Equity market risk management

24.3.1 Vivendi shares

As of December 31, 2009, Vivendi held 79,114 treasury shares, representing a total net carrying value of approximately €2 million (unchanged compared to December 31, 2008). All of these treasury shares were held to hedge certain share purchase options granted to executives and employees. A 10% decrease or increase in the trading value of Vivendi shares would have no impact on the value of Vivendi treasury shares.

In 2008, as part of its share repurchase program approved by the Combined Shareholders' Meeting held on April 20, 2006 and on April 24, 2008, Vivendi mandated a financial intermediary to implement a liquidity agreement established in conformity with the AFEI professional code of ethics. The term of this agreement is one year, renewable by tacit agreement, and its purpose is the market making of Vivendi shares within the limit of available funds as provided in the agreement, with a balance of €51 million as of December 31, 2009. In 2009, 9 million shares (10 million shares in 2008) were repurchased for a value of €172 million (€253 million in 2008); the same total numbers of shares for the same accounting values were sold in 2009 and 2008. The company recognized capital gains in the amount of approximately €0.3 million in 2009 (compared to €0.8 million in 2008). In addition, the company has not directly acquired or transferred any of its treasury shares under this repurchase program pursuant to the liquidity agreement.

In 2007, Vivendi hedged its debt linked to the performance of its shares and that of Canal+ SA using indexed swaps. In 2008, the debt equity-linked to Vivendi was fully paid (for a notional amount of €70 million) and in 2009 the debt equity-linked to Canal+ SA was fully repaid (for a notional amount of €53 million).

24.3.2 Activision Blizzard shares

On November 5, 2008, Activision Blizzard announced that its Board of Directors had authorized a stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an initial amount of $1 billion, which authorized amount was increased to $1.25 billion on July 31, 2009. As of December 31, 2009, Activision Blizzard repurchased 114 million shares of its common stock for a total amount of $1.2 billion million (€877 million) since the inception of this program, of which 101 million shares were purchased during the year ended December 31, 2009 for a total amount of $1.1 billion million (€792 million). As of December 31, 2009, Vivendi held a 57% interest (non-diluted) in Activision Blizzard (compared to 55% as of December 31, 2008). In addition, as of December 31, 2009, Activision Blizzard committed to repurchase 1.3 million shares for $15 million. On February 10, 2010, Activision Blizzard announced that its Board of Directors had authorized a new stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion.

24.3.3 Available-for-sale securities

As of December 31, 2009 and as of December 31, 2008, Vivendi's exposure to equity market risk primarily relates to available-for-sale securities for a non-significant amount (please refer to Note 15).

24.3.4 Hedges of other commitments

Bonds exchangeable for Sogecable SA shares

On October 30, 2003, Vivendi issued €605 million of 1.75% exchangeable bonds due in 2008. The bonds were exchangeable into common shares of Sogecable SA (a limited liability company incorporated under the laws of the Kingdom of Spain, whose shares are listed on the Madrid Stock Exchange). These bonds consisted of a financial debt as well as a financial derivative instrument. The option granted to the bondholders was recorded as an embedded derivative for its fair value. The debt component was recorded at amortized costs.
As of December 31, 2007, Vivendi held 7.6 million Sogecable shares for a net value of €209 million. In 2008, following the tender offer launched by Prisa for the share capital of Sogecable at €28.00 per share, Vivendi offered to deliver Sogecable shares to the holders of these bonds on the basis of a ratio of one bond for every 1.0118 Sogecable shares plus €2 in cash per bond. As a result, virtually all the outstanding bonds were tendered to Vivendi, and thereafter, Vivendi redeemed the remaining bonds, at a price of €29.32 plus interest accrued to the redemption date. Following this transaction, Vivendi owned only 0.64% of Sogecable's share capital and contributed these shares to Prisa's takeover bid for Sogecable shares.

24.4 Credit and investment concentration risk and counterparty risk

Vivendi's risk management policy aims at minimizing the concentration of its credit (lines of credit, bonds, derivatives) and investment risk and counterparty risk, as regards the setting-up of lines of credit, derivatives or investments, by entering into transactions only with highly rated commercial banks (essentially rated at least A- by rating agencies), and, as regards bond issues, by distributing the transactions among selected financial investors.

In addition, Vivendi's trade receivables do not represent a significant concentration of credit risk due to its wide customer base, the wide variety of customers and markets, and the geographic diversity of its business operations.

24.5 Liquidity risk

The main factors considered in assessing Vivendi's financial flexibility are as follows:

- As of December 31, 2009, the group's Financial Net Debt amounted to €9.6 billion.
    - This amount included SFR's Financial Net Debt for €5.9 billion, which includes revolving facilities granted to SFR by Vivendi SA under market terms for €2.7 billion. The group's Financial Net Debt also included the net cash position of Activision Blizzard for €2.2 billion as of December 31, 2009, including securities issued by US government agencies (compared to €2.1 billion as of December 31, 2008);
    - Vivendi's credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's) and its "economic" average term[4] was 3.9 years, compared to 4.1 years at year-end 2008. SFR's credit rating is BBB+ (Fitch) and its "economic" average term[5] was 2.3 years, compared to 2.9 years at year-end 2008; and
        - The total amount of Vivendi SA and SFR bonds amounted to €7.2 billion, including bonds issued in 2009 in an aggregate amount of €3 billion and represented approximately 62% of gross borrowings, compared to 44% as of December 31, 2008. The "economic" average term of bonds issued by the group was 4.1 years. The amount of Vivendi SA bonds notably included

[4] *Considers that all undrawn amounts on available medium-term credit lines may be used to repay group borrowings with the shortest term.*
[5] *Excluding intercompany loans with Vivendi.*

the bonds issued in 2009 for €1 billion (January), €1.2 billion (December) as well as two extensions of the original and outstanding bonds for an amount of €320 million. The amount of SFR issued bonds notably included the bond issued in July for €300 million and the extension, collected in January, for €200 million (please refer to Note 22).

- As of February 24, 2010, the date of the Management Board meeting which approved the Financial Statements for the year ended December 31, 2009, the available undrawn facilities of Vivendi SA, net of commercial paper, amounted to €4.7 billion, and available credit lines of SFR, net of commercial paper, amounted to approximately €1.4 billion. The bank facilities of Vivendi SA and SFR require them to comply with certain financial covenants computed on June 30, and December 31, of each year. In the event of non-compliance with such financial covenants, the lenders could require the cancellation or early repayment of the bank facilities. As of February 24, 2010, Vivendi SA and SFR were in compliance with their covenants. Please refer to Note 22.

- Consequently, Vivendi has significant bank credit lines available until 2011. Please refer to the following table which shows bonds and credit lines of Vivendi and SFR, cumulated and due in the next five years. In this table, facilities amounts relate to maximum amount (available and issued amount, excluding amount backing commercial papers).

	December 31,	Maturing during the following periods					
	2009	2010	2011	2012	2013	2014	After 2014
Bonds							
Vivendi SA	5,924	630	700	600	1,187	1,120	1,687
SFR	1,300	-	-	1,000	-	300	-
Sub-total	***7,224***	***630***	***700***	***1,600***	***1,187***	***1,420***	***1,687***
Facilities							
Vivendi SA	6,000	-	1,000	2,271	2,729	-	-
SFR	3,720	488	1,440	942	850	-	-
Sub-total	***9,720***	***488***	***2,440***	***3,213***	***3,579***	***-***	***-***
Vivendi SA	11,924	630	1,700	2,871	3,916	1,120	1,687
SFR	5,020	488	1,440	1,942	850	300	-
Total	**16,944**	**1,118**	**3,140**	**4,813**	**4,766**	**1,420**	**1,687**

- In addition, on January 29, 2010, the jury rendered its verdict in the Securities Class Action lawsuit in the Federal Court in the State of New York. On the basis of this verdict, of all aspects of these proceedings, and using ad-hoc experts, in accordance with accounting principles, Vivendi recognized a €550 million reserve as of December 31, 2009 with respect to the estimated damages, if any, that might be paid to the plaintiffs. Vivendi considers that this reserve and the assumptions on which it is based may have to be amended as the proceedings progress, and, consequently, the amount of damages that Vivendi might have to pay the class plaintiffs could differ significantly, in either direction, from the amount of the reserve. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2009. In the current state, this litigation has no impact on Vivendi's financial flexibility, on its credit rating or on the financial covenants contained in Vivendi's borrowings.

Pursuant to the previous items, Vivendi considers that the cash flows generated by its operating activities, its cash and cash equivalents and amounts available through its current credit lines, will be sufficient to cover its operating expenses and capital expenditure, to service its debt and for the payment of dividends for the next twelve months.

Note 25 Transactions with related parties

This note describes transactions with related parties performed during 2009 and 2008 which may have an impact on the results, operations or the financial position of the group in 2010 or thereafter. As of December 31, 2009, and to the best of the company's knowledge, no transactions with related parties described hereunder are likely to have a material impact on the results, operations or financial position of the group.

As a reminder, group-related parties are those companies over which the group exercises control, joint control or significant influence (joint ventures and equity affiliates), shareholders exercising joint control over group joint ventures, non-controlling interests exercising significant influence over group subsidiaries, corporate officers, group management and directors and companies over which the latter exercise control, joint control, significant influence or in which they hold significant voting rights. There are no family relationships among the related parties.

25.1 Compensation of Directors and Officers

The table below is a breakdown of Vivendi's compensation costs (including social security contributions) as well as other benefits granted to members of the Management Board and Supervisory Board in accordance with the different categories required under paragraph 16 of IAS 24.

	Year Ended December 31,	
(in millions of euros)	2009	2008
Short-term employee benefits (a)	11	23
Social security contributions	2	3
Post-retirement benefits (b)	3	2
Other long-term benefits	-	-
Termination benefits (c)	ns*	ns*
Share-based payments (d)	8	2
Total of costs accounted in profit and loss	**24**	**30**

ns*: not significant.

a. Includes fixed and variable compensation, benefits in kind, as well as Supervisory Board attendance fees recognized pro rata over the period, of the corporate officers' employment, if any. The memberships of the Management Board of Mr. René Pénisson and Mr. Doug Morris, expired on April 27, 2009 and November 22, 2008, respectively. The variable components attributable to fiscal years 2009 and 2008 amounted to €6 million (of which €5 million was paid as of December 31, 2009) and €13 million (of which €12 million was paid in 2009), respectively.

b. Includes defined pension benefit plans.

c. Relates to the provision recognized over the period with respect to conventional indemnities upon voluntary retirement.

d. In 2008, the value of the cash-settled instruments (SAR and RSU; please refer to Note 21) decreased by €6 million, primarily due to the evolution of Vivendi share price during the year.

In 2009, Mr. Jean-Bernard Lévy waived his employment contract (suspended since April 28, 2005, the date he was appointed Chairman of the Management Board) upon the renewal of his term of office on April 27, 2009, in accordance with the AFEP-MEDEF recommendations of October 2008 on the compensation of corporate officers of publicly traded companies.

At its meeting on February 26, 2009, the Supervisory Board approved details of the compensation and benefits in kind granted to the Chairman of the Management Board and compensation payable upon the termination of his duties. The latter were approved at the Annual Shareholders' Meeting held on April 30, 2009. A breakdown of these items is presented in Sections 3.2.2.1 and 3.2.2.2 of Chapter 3 of the 2009 Annual Report.

Members of the Management Board do not benefit from any contractual severance payments of any kind with respect to their service on the board even upon the expiration of their term of office. However, certain members are entitled to severance payments in the event of a breach of their employment contract (except in the event of dismissal for serious misconduct). As of December 31, 2009, the aggregate estimated amount of these obligations was €11 million (estimated at €8 million as of December 31, 2008).

As of December 31, 2009, the net obligations in favor of the Management Board members relating to pension plans amounted to €20 million (compared to €9 million in 2008) and provisions amounted to €6 million (compared to €5 million in 2008). In 2009, the increase in the net obligations in favor of the Management Board members mainly resulted from the impact of a change in the relevant social charges, as well as the updated assumption of turnover. For more information on pension plans, please refer to Notes 1.3.9 and 20.

A detailed description of the compensation and benefits of corporate officers of the group is presented in the Annual Report.

25.2 Other related parties

In 2009 and 2008, most Vivendi related companies were equity affiliated, e.g., Neuf Cegetel (until April 14, 2008) and NBC Universal. Vivendi's related companies also include non-controlling interests which exercise significant influence on group affiliates such as Vodafone, which owns 44% of SFR, the Kingdom of Morocco, which owns 30% of Maroc Telecom Group and Lagardère, which owns 20% of Canal+ France.

The following table presents the main related-party transactions entered into with these companies and the corresponding outstanding amounts owed by these companies or Vivendi; it does not include transactions entered into with subsidiaries controlled by the group as of December 31, 2009 and December 31, 2008 (please refer to Note 28 for a list of main consolidated entities). In addition and as a reminder, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis under terms and conditions similar to those which would be offered by third parties. The cost of Vivendi SA's headquarters in Paris and of its New York City office, after the allocation of a portion of these costs to each of the group's businesses, are included in the Holding and Corporate operating segment. Please refer to Note 3 for a detailed description of transactions between the parent company and the subsidiaries of the group, aggregated by operating segments.

(in millions of euros)	December 31, 2009	December 31, 2008 (a)
Assets		
Non-current content assets	9	42
Non-current financial assets	6	5
Trade accounts receivable and other	46	94
Liabilities		
Short-term borrowings and other financial liabilities	16	9
Trade accounts payable and other	110	123
Contractual obligations, net off balance sheet	256	308
Statement of earnings		
Revenues	178	251
Operating expenses	(307)	(371)

a. As a result of the takeover of Neuf Cegetel by SFR on April 15, 2008, transactions entered into between the subsidiaries of the group and Neuf Cegetel are not included in this table.

The following is a summary of the related party transactions referenced above, all of which are conducted on an arm's length basis:

- Broadcasting rights regarding NBC Universal programs broadcast on the Canal+ Group channels and NBC Universal channels broadcast on CanalSat and a movie production and distribution agreement with StudioCanal. As of December 31, 2009, Canal+ France gave commitments relating to these contracts amounting to approximately €293 million (compared to €330 million as of December 31, 2008), and StudioCanal received commitments relating to these contracts for a total amount of €10 million (compared to €22 million as of December 31, 2008). In 2009, Canal+ Group recorded a net operating expense of €18 million (compared to €13 million in 2008) in respect of commercial transactions with NBC Universal and its subsidiaries. As of December 31, 2009, total receivables amounted to €28 million (unchanged compared to December 31, 2008), and total payables amounted to €30 million (compared to €35 million as of December 31, 2008). In addition, StudioCanal invested up to €9 million in co-production projects (compared to €42 million as of December 31, 2008).
- Agreements with Lagardère which give Canal+ France the right to broadcast their theme channels on its multi-channel offer, entered into 2006 for a period of five years as a result of the Canal+ Group and TPS combination of the pay-TV activities in France.
- Cooperation and roaming agreements between SFR and Vodafone Group. These contracts generated a net expense of €42 million for SFR in 2009 (compared to €31 million in 2008).

In addition, pursuant to a cash contribution agreement dated February 2009, the shareholders of NBC Universal had agreed to make certain cash contributions to NBC Universal. These cash contributions would have enabled NBC Universal to refinance the portion of its $1,670 million indebtedness in excess of approximately $1,200 million should NBC Universal have not succeeded in refinancing such amount with third party lenders before August 2009. In August 2009, NBC Universal succeeded in refinancing its indebtedness, which refinancing extinguished Vivendi's undertaking.

Note 26 Contractual obligations and other commitments

Vivendi's material contractual obligations and contingent assets and liabilities include:

- contracts related to operations such as content commitments (please refer to Note 10.2), contractual obligations and commercial commitments recorded in the Statement of Financial Position, including finance leases (please refer to Note 12), off-balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- commitments related to investments or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments resulting from shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets; and
- contingent assets and liabilities linked to litigations in which Vivendi and/or its subsidiaries are either plaintiff or defendant (please refer to Note 27).

26.1 Contractual obligations and commercial commitments

Below is the summary of material contractual obligations and commercial commitments as of December 31, 2009 and December 31, 2008. Further information is provided in Notes 26.1.1 and 26.1.2 and in the notes referenced in the table below.

		As of December 31, 2009				Total as of December 31, 2008
		Total	Payments due in			
(in millions of euros)	Note		2010	2011-2014	After 2014	
Borrowings and other financial liabilities	22	15,133	5,365	7,672	2,096	13,077
Content liabilities	10.2	2,064	1,996	60	8	2,193
Subtotal - future minimum payments related to the consolidated statement of financial position items		**17,197**	**7,361**	**7,732**	**2,104**	**15,270**
Contractual content commitments	10.2	4,317	1,933	2,076	308	5,715
Commercial commitments	26.1.1	2,181	958	822	401	1,514
Operating leases and subleases	26.1.2	2,466	430	1,239	797	2,055
Subtotal - not recorded in the consolidated statement of financial position		**8,964**	**3,321**	**4,137**	**1,506**	**9,284**
Total contractual obligations		**26,161**	**10,682**	**11,869**	**3,610**	**24,554**

Commitments specific to market risk management are presented in Note 24.

26.1.1 Off balance sheet commercial commitments

	Minimum future payments as of December 31, 2009				Total - minimum future payments as of December 31, 2008
	Total	Due in			
(in millions of euros)		2010	2011 - 2014	After 2014	
Satellite transponders	629	145	320	164	734
Investment commitments (a)	1,472	767	483	222	640
Other	167	84	68	15	203
Given commitments	**2,268**	**996**	**871**	**401**	**1,577**
Satellite transponders	(67)	(32)	(35)	-	(58)
Other	(20)	(6)	(14)	-	(5)
Received commitments	**(87)**	**(38)**	**(49)**	**-**	**(63)**
Net total	**2,181**	**958**	**822**	**401**	**1,514**

a. Mainly relates to SFR and Maroc Telecom Group:

- SFR: €407 million as of December 31, 2009, compared to €141 million as of December 31, 2008 related to public service delegations. Businesses related to these delegations of public service consist of setting up and marketing telecommunication facilities in certain areas of France for local or regional authorities, as delegors. In addition, the commitments of SFR included the exchange of mobile equipment purchased from Nokia Siemens Network in 2007, for new equipment purchased by SFR for an equivalent amount. This transaction is expected to be completed by June 30, 2010.
- Maroc Telecom: following the completion of a capital expenditure program. On May 21, 2009, Maroc Telecom and the Moroccan State entered into a third capital expenditure agreement pursuant to which Maroc Telecom committed to carrying out a capital expenditure program for a total amount of MAD 10.5 billion (approximately €930 million) over the period 2009-2011. As of December 31, 2009, approximately €596 million (at this time) of the capital expenditure program had yet to be spent. These investments, aimed at expanding and modernizing infrastructures, notably include investments dedicated to the coverage of

isolated rural and mountainous regions as part of the PACTE universal telecommunications service program. More than 7,300 cities are expected to be covered by 2011.

- Regarding Maroc Telecom's subsidiaries (Sotelma since August 1, 2009, Onatel, Mauritel and Gabon Telecom): the capital expenditures amounted to €70 million as of December 31, 2009, compared to €59 million as of December 31, 2008.

26.1.2 Off balance sheet operating leases and subleases

(in millions of euros)	Minimum future leases as of December 31, 2009				Total - minimum future leases as of December 31, 2008
	Total	Due in			
		2010	2011 - 2014	After 2014	
Buildings (a)	2,282	396	1,148	738	1,956
Other	234	53	114	67	185
Leases	**2,516**	**449**	**1,262**	**805**	**2,141**
Buildings (a)	(50)	(19)	(23)	(8)	(86)
Subleases	**(50)**	**(19)**	**(23)**	**(8)**	**(86)**
Net total	**2,466**	**430**	**1,239**	**797**	**2,055**

a. Mainly relates to offices and technical premises.

As of December 31, 2009, provisions of €12 million were recorded in the Statement of Financial Position with respect to operating leases (compared to €19 million as of December 31, 2008). These provisions mainly related to unoccupied buildings.

In 2009, net expense recorded in the statement of earnings with respect to operating leases amounted to €484 million (compared to €467 million in 2008).

26.2 Other commitments given or received relating to operations

Ref.	Nature of commitments	Amount of commitments	Expiry
	Contingent liabilities		
(a)	Obligations related to the permission to use the Consolidated Global Profit System	Payment of €5 million annually for 5 years.	2011
	Individual rights to training for French employees	Approximately 1.3 million of hours as of December 31, 2009 compared to approximately 1 million of hours as of December 31, 2008.	-
(b)	UMTS network coverage (3G) at SFR	-	2013
	Obligations in connection with pension plans and post-retirement benefits	Please refer to Note 20 "Employee benefits".	-
(c)	Commitment to contribute to the VUPS pension fund	Guarantee equal to 125% of the accounting deficit (approximately £11 million, compared to approximately £19 million as of December 31, 2008).	2011
(d)	Various other miscellaneous guarantees given	Cumulated amount of €163 million (compared to €136 million as of December 31, 2008).	-
	Contingent assets		
	Various other miscellaneous guarantees received	Cumulated amount of €162 million (compared to €151 million as of December 31, 2008).	-

a. By an order dated March 13, 2009, authorization to use the Consolidated Global Profit Tax System under Article 209 quinquies of the French tax code was renewed for the period beginning on January 1, 2009 and ending on December 31, 2011. Under the terms of the permission to use the Consolidated Global Profit Tax System, Vivendi undertook to continue to perform its previous years' commitments, in particular with regard to job creation.

b. On November 30, 2009, the "Autorité de Régulation des Communications Electroniques et des Postes" (the French Regulatory Body) sent a formal notice to SFR regarding its compliance, by December 31, 2013, with its undertakings in terms of UMTS network coverage and services delivery as set forth in to a decision dated July 18, 2001 given authorizing to SFR to establish and operate a 3G wireless open network and to provide the telephony service to the public, within the following revised schedule :
    - on the first intermediate deadline of June 30, 2010, SFR shall cover 84% of the Metropolitan population;
    - on the second intermediate deadline of December 31, 2010, SFR shall cover 88% of the Metropolitan population;
    - on December 31, 2011, SFR shall cover 98% of the Metropolitan population; and
    - on December 31, 2013, SFR shall cover 99.3% of the Metropolitan population.

c. This guarantee generates no additional financial commitment compared to those described in Note 20.

d. Vivendi grants guarantees in various forms to financial institutions on behalf of its subsidiaries in the course of their operations.

26.3 Share purchase and sale commitments

In connection with the purchase or sale of assets, Vivendi grants or receives commitments to purchase or sell securities. The main commitments of this nature relate to Vivendi's stake in NBC Universal and in the share capital of Canal+ France and are described below. Furthermore, Vivendi and its subsidiaries have granted or received purchase or sale options related to shares in equity affiliates and unconsolidated investments.

NBC Universal

As part of the NBC Universal transaction completed in May 2004, Vivendi received certain liquidity rights which were subsequently amended in December 2006. In addition, in December 2009, Vivendi and General Electric (GE) agreed to further amendments and additions to Vivendi's liquidity rights under the "2009 Agreement." These further amendments and additions were made in connection with GE's agreement with Comcast Corporation (Comcast) to form a new joint venture that will own NBC Universal and certain Comcast assets (the Comcast Transaction). Under the 2009 Agreement, Vivendi has agreed to sell its 20% stake in NBC Universal to GE for $5.8 billion, contingent upon the closing of the Comcast Transaction. If the Comcast Transaction has not closed by September 26, 2010, Vivendi will sell to GE 7.66% of NBC Universal for $2 billion (plus an additional $222 million payable if and when the Comcast Transaction closes). The remainder of Vivendi's interest, or 12.34% of NBC Universal, would be sold to GE for the balance of the $5.8 billion, if and when the Comcast Transaction closes.

In addition to its sale rights to GE under the 2009 Agreement as described above, Vivendi is entitled to sell its stake in NBCU through mechanisms providing for exits at fair market value if the agreement between GE and Comcast related to the Comcast Transaction is terminated. If the agreement between GE and Comcast governing the Comcast Transaction is terminated, then during the 15 day period after the later of such termination date and January 1, 2011 (the Special Right), and again from November 15 until December 10 of each year from 2011 to 2016 (the Annual Right), Vivendi has the right to notify GE of its intent to sell in the public market its NBCU shares up to an amount of $4 billion, which could lead to the public offering of a portion of Vivendi's stake within approximately five months (if Vivendi exercises the Special Right) or in the following year (if Vivendi exercises the Annual Right). GE has the right to pre-empt any of Vivendi's sales to the market. Under certain circumstances, if Vivendi exercises its right to sell its NBCU shares in the market, Vivendi will be able to exercise a put option to GE for those shares.

Finally, for the period between May 11, 2011 and May 11, 2017, GE will have the right to call either (i) all of Vivendi's NBCU shares or (ii) $4 billion of Vivendi's NBCU shares, in each case at the greater of their market value at the time the call is exercised or their value as determined at the time of the NBC Universal transaction in May 2004 (i.e. $8.3 billion for all of Vivendi's shares), which value is increased by the U.S. Consumer Price Index annually beginning in May 2009. If GE calls $4 billion, but not all, of Vivendi's NBCU shares, GE must call the remaining NBCU shares held by Vivendi by the end of the 12-month period commencing on the date GE exercises its call option.

Vivendi will continue to receive quarterly dividends from NBC Universal pro rata to its then-current interest, if declared by the Board of Directors of NBC Universal. Under the 2009 Agreement, for a period of time ending on the later of September 26, 2010 and the date the agreement between GE and Comcast related to the Comcast Transaction is terminated, to the extent the NBC Universal dividends are below certain specified amounts, GE will make payments to Vivendi in the amount of the difference. In the event the GE/Comcast transaction does not close, the amount of payments from GE to Vivendi may be reduced under certain circumstances.

Canal+ France

As part of the combination of the Canal+ Group and TPS pay-TV activities in France finalized in January 2007, TF1 and M6 were granted put options by Vivendi on their 15% interest in the share capital of Canal+ France. The present value of these options was recorded as a financial liability in the amount of €1,104 million as of December 31, 2008.
On December 28, 2009, Vivendi/Canal+ Group acquired TF1's 9.9% interest in the share capital of Canal+ France for €744 million. As of December 31, 2009, all obligations under the TF1 put option were extinguished. The present value of the option granted to M6 by Vivendi on its 5.1%'s interest in the share capital of Canal+ France amounted to €384 million as of December 31, 2009. On February 22, 2010, M6 exited from the capital of Canal+ France after exercised its put option.
In addition, Lagardère was granted a call option on its 14%'s interest in the share capital of Canal+ France, exercisable in October 2009 at market price with a bottom price of €1,055 million. As of December 31, 2009, as this option was not exercised, all obligations under this call option were extinguished.

Activision Blizzard

As of December 31, 2009, Activision Blizzard owned Auction Rate Securities shares valued at €54 million ($77 million), compared to €56 million ($78 million) as of December 31, 2008. For more details, please refer to Note 15. In November 2008, Activision Blizzard was granted a put option by UBS which required UBS to purchase Activision Blizzard's eligible auction rate securities (ARS) at the nominal value between June 30, 2010 and July 2, 2012.

GVT

Following the takeover of GVT on November 13, 2009, and in accordance with Brazilian rules and regulations, Vivendi filed a mandatory cash tender offer to purchase the remaining shares of GVT with the Brazilian securities regulator, at a price per share of BRL56, with an offer price adjustment based on fluctuations of the SELIC Rate (Taxa Referencial do Sistema Especial de Liquidação e Custódia) from November 13, 2009 until the settlement date of the tender offer. Vivendi will launch its mandatory cash tender offer upon receipt of final approval from the Brazilian securities authorities. Please refer to Note 2.1.

26.4 Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares

Ref.	Nature of commitments	Amount of commitments	Expiry
	Contingent liabilities		
(a)	NBC-Universal transaction (May 2004), in June 2005, December 2006 and December 2009 amendments	- Breaches of tax representations; - Obligation to cover the Most Favored Nation provisions; and - Remedial actions.	- 2010 2014
	Creation of Activision Blizzard (July 2008)	Tax sharing and indemnity agreements.	
	Divestiture of UMG manufacturing and distribution operations (May 2005)	Various commitments for manufacturing and distribution services.	2015
(b)	Take over of Neuf Cegetel by SFR (April 2008)	Commitments undertaken in connection with the authorization of the take over by the French Minister of the Economy, Industry and Employment.	-
(c)	Combination of the Canal+ Group and TPS pay-TV activities in France (January 2007)	- Commitments in connection with the authorization of the combination pursuant to the merger control regulations; - General guarantees expired on January 4, 2009; - Tax and social guarantees with a €162 million cap; and - Counter-guarantees granted to TF1 and M6 as part of certain commitments.	2012 2009 2011
(d)	Divestiture of Canal+ Nordic (October 2003)	- Specific guarantee capped at €50 million; and - Specific guarantees given to American studios expired at the end of June 2009.	2010 2009
(e)	Divestiture of NC Numéricâble (March 2005)	Specific guarantees capped at €241 million (including tax and social risks).	2014
	Divestiture of PSG (June 2006)	Unlimited specific guarantee.	2018
(f)	Divestiture of Sithe (December 2000)	Guarantees capped at $480 million.	-
(g)	Sale of real estate assets (June 2002)	Autonomous first demand guarantees capped at €150 million in total (tax and decennial guarantees).	2017
(h)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	Guarantees of rental payments obligations of the companies sold in the transaction in the amount of €331 million as of December 31, 2009 (€357 million as of December 2008).	2026
	Divestiture of Spirits and Wine activities of Seagram (2001)	Specific guarantees expired on September 25, 2009 relating to a claim formed by the Republic of Colombia and certain of its political subdivisions (please refer to Note 27).	2009
	Other	Guarantees capped at €57 million (€96 million as of December 31, 2008).	-
	Contingent assets		
(i)	Acquisition of Tele2 France by SFR (July 2007)	- Guarantees capped at €358 million, expired on January 20, 2009; and - Commitments on the handling and distribution of audio-visual content.	2009 2012
(c)	Combination of the Canal+ Group and TPS pay-TV activities in France (January 2007)	Vendor warranties received from TF1 and M6 capped at €112 million (€113 million as of December 31, 2008).	-
	Acquisition of Kinowelt (April 2008)	- General and specific guarantees regarding movie rights property given by the sellers to EuroMedien Babelsberg GmbH; and - Specific guarantees, notably on film rights were granted by the sellers.	2013 -
(e)	Guarantees on divestiture of NC Numéricâble (March 2005)	€151 million counter-guaranteed by France Telecom.	2014
(j)	Divestiture of Xfera (2003)	Guarantees amounting to €71 million.	-
(h)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	- Pledge over the cash of the divested companies sold; - Counter-guarantee provided by the purchaser in the amount of €200 million; and - Additional purchase price of up to €10 million (€50 million as of December 31, 2008) under certain conditions.	2010
	Various other miscellaneous contingent assets	Cumulated amount of €28 million (€33 million as of December 31, 2008).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

a. As part of the NBC-Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction, and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses stemming from, among other things, any breach of their respective representations, warranties and covenants.

Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all losses exceeds $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million.

In addition, Vivendi will have indemnification liabilities for 50% of every U.S. dollar of loss up to $50 million and for all losses in excess of $50 million relating to liabilities arising out of the Most Favored Nation provisions set forth in certain contracts. As part of the unwinding of IACI's interest in VUE on June 7, 2005, Vivendi's commitments with regard to environmental matters were amended and Vivendi's liability is now subject to a de minimis exception of $10 million and a payment basket of $325 million.

The representations and warranties other than those regarding authorization, capitalization and tax representations terminated on August 11, 2005. Notices of environmental claims related to remediation must be brought by May 11, 2014. Other claims, including those related to taxes, will be subject to applicable statutes of limitations. None of the provisions described in this paragraph are amended by the 2009 Agreement between Vivendi and GE related to the Comcast Transaction (please refer to Note 2.2).

b. The Minister's approval on April 15, 2008, implied additional new commitments from 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, of ADSL on eight new channels which are leaders in their particular themes (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). A detailed summary of the commitments taken by the Vivendi group and SFR is available on Vivendi's website at the following address: http://www.vivendi.com/vivendi/SFR,262.

In addition, following the success of the tender offer pursuant to which SFR obtained a 96.41% equity interest in Neuf Cegetel, SFR launched a squeeze-out for the remaining outstanding Neuf Cegetel shares. The funds relating to compensation for the Neuf Cegetel shares which are not 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 squeeze-out (June 24, 2008) and then paid to the Caisse des Dépôts et Consignations upon expiration of this deadline. These funds may be claimed by beneficiaries at any time subject to the thirty-year statute of limitations period, after which time the funds shall be paid to the French State.

Finally, the shares owned (but currently in a holding period) by executives and employees of Ex-Neuf Cegetel are the subject of reciprocal put and call option agreements with SFR, with a maturity of 2011 at the latest.

c. On August 30, 2006, the TPS/Canal+ Group merger was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Group Canal+ complying with certain undertakings. Without questioning the pay-TV economic model, or the industrial rationale behind the transaction and the benefits to the consumer, these commitments satisfy, more specifically, the following objectives:

- facilitate the television and video-on-demand (VOD) operators' access to attractive audiovisual content rights and, in particular, French and U.S. films and sporting events. To this end, the Canal+ Group undertook, notably, to restrict to a maximum term of three years the term of future framework agreements with major U.S. studios, not to seek exclusive VOD rights, to guarantee non-discriminatory access to the StudioCanal catalogue, to restrict the proportion of films taken from this catalogue in the acquisition of films by the future entity and to cease soliciting combined offers for different categories of cinematographic and sporting rights.

  In addition, the Canal+ Group undertook to retrocede, within the framework of competition requirements, free-to-air audiovisuals rights to TV series and sporting events that the new entity may hold and does not use, more specifically to;

- make available several high-quality channels to all pay-TV distributors upon request, enabling these distributors to develop attractive products. Third parties will be provided access to TPS Star, three cinema channels (CinéStar, CinéCulte, CinéToile), Sport+ and the children's channels Piwi and Teletoon. In addition, Canal+ will be available in digital (self distribution) to all operators wishing to include this channel in their product range; and

- enable French-language independent licensed channels to be included in the satellite offerings of the new group. The current proportion of theme channels in the group's offerings that are neither controlled by the Canal+ Group or one of the minority shareholders in the new entity, will be retained at the current level as a minimum, including in the basic offering. This guarantee applies in terms of both the number of channels and revenue.

These commitments were given by Vivendi and the Canal+ Group for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD, which cannot exceed five years.

In addition, as part of the sale of a 20% interest in Canal+ France to Lagardère Active as of January 4, 2007, Canal+ Group made tax and social representations and warranties to Lagardère Active with a €162 million cap on the entities held by Canal+ France, excluding Canal Satellite, MultiThématiques and the TPS entities as of December 31, 2009. Those guarantees expired on January 4, 2009 except for the tax and social guarantees which will expire on January 4, 2011.

Moreover, Vivendi granted a counter-guarantee in favor of TF1 and M6 in order to assume commitments and guarantees made by TF1 and M6 in connection with some of the contractual content commitments and other long term obligations of TPS and other obligations recognized in the statement of financial position of TPS.

d. In connection with the divestiture of Canal+ Nordic in October 2003, Canal+ Group granted a specific guarantee with a cap of €50 million which expires in April 2010 (this term being extendable under certain conditions). Canal+ Group has also retained distribution guarantees given in favor of Canal Digital and Telenor Broadcast Holding by a former subsidiary which guarantees are covered by a counter-guarantee given by the buyers. All guarantees given to American studios expired in June 2009.

e. As part of the divestiture of NC Numéricâble on March 31, 2005, the Canal+ Group granted specific guarantees with a €241 million cap (including tax and social risks). Specific risks related to cable networks used by NC Numéricâble are included in this maximum amount and are counter-guaranteed by France Telecom up to €151 million. In addition, in January 2006, Canal+ Group received as part of the final divestiture of its 20% stake in Ypso, the right to a potential earn-out payment under certain conditions which was not valued in the off-balance sheet accounts.

f. In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted customary representations and guarantees. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some of these guarantees expired on December 18, 2005. Some environmental commitments still exist and any potential liabilities related to contamination risks will survive for an indefinite period of time.

g. In connection with the sale of real estate assets in June 2002 to Nexity, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (Nexim 1 to 6). The guarantees are effective until June 30, 2017.

h. As part of the early settlement of rental guarantees related to the three remaining buildings owned in Germany (Lindencorso, Anthropolis/Grindelwaldweg and Dianapark) at the end of November 2007. Vivendi agreed to continue to guarantee certain lease payment obligations (i.e., €331 million, compared to €357 million as of December 31, 2008) of the companies it sold in the transaction until December 31, 2026. Vivendi also granted standard guarantees, including tax indemnities. In return for such guarantee, Vivendi received a pledge over the cash of the divested companies for €70 million (€122 million as of December 31, 2008) and a counter-guarantee provided by the purchaser in the amount of €200 million. In addition, as part of a new agreement entered into with the acquiror in June 2009, Vivendi received a €40 million payment in December 2009 from an account pledged to its benefit, and may receive another payment of €10 million depending on the conditions of the reorganization of the structure. In exchange, the lease transactions are set to terminate at the latest, respectively, at December 31, 2012 (Anthropolis/Grindenwaldweg), at March 31, 2016 (Dianapark) and at December 31, 2016 (Lindencorso).

i. The Share Purchase Agreement (SPA) dated October 2, 2006 between Tele2 Europe SA and SFR contains representations and warranties which expired on January 20, 2009 except for any claims arising with respect to tax and social matters for which the expiration period is three months following the expiration of the applicable statute of limitations. On July 18, 2007, as an implementation of the European Union antitrust regulation, the European Commission approved the purchase of the fixed and internet activities of Tele2 France by SFR, subject to commitments on the handling and distribution of audio-visual content for a five year period. A detailed summary of the commitments undertaken by the Vivendi group and SFR is available on Vivendi's website at the following address: http://www.vivendi.com/vivendi/SFR,262.

j. Vivendi received guarantees on the repayment of amounts paid in July 2007 (€71 million), in the event of a favorable decision of the Spanish Courts concerning Xfera's tax litigation to cancel the 2001, 2002 and 2003 radio spectrum fees. These guarantees include a first demand bank guarantee relating to 2001 fees for an amount of €57 million.

Several guarantees given in 2009 and during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitations of certain guarantees relating, among other things, to employees, the environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses are still active. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

26.5 Shareholders' agreements

Under existing shareholders' agreements (including those relating to SFR, Maroc Telecom Group, Canal+ France and Activision Blizzard), Vivendi holds certain rights (such as preemptive rights, priority rights) which give it control over the capital structure of consolidated companies partially owned by minority shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.

In addition, pursuant to other shareholders' agreements or the bylaws of consolidated entities, equity affiliates or unconsolidated interests (including NBC Universal and Elektrim Telekomunikacja), Vivendi and its subsidiaries have given or received certain rights (preemptive and other rights) entitling them to maintain their shareholder's rights.

Shareholders' Agreement among Vivendi, TF1 and M6

Pursuant to the Shareholders' Agreement among Vivendi, TF1 and M6, dated January 4, 2007, TF1 and M6 were granted a tag-along right in the event of the transfer of the exclusive control of Canal+ France by Vivendi/Canal+ Group, together with a priority right to sell their stakes on the market in the event of a public offering of Canal+ France's shares. TF1 and M6 were not represented on the supervisory board of Canal+ France and did not have rights of any kind in respect of the management of Canal+ France. Vivendi had a pre-emptive right over all the shares of Canal+ France owned by TF1 and M6.
As of December 31, 2009, TF1 exited from the share capital of Canal+ France, and from the shareholders' agreement. On February 22, 2010, M6 also exited from the share capital of Canal+ France, and there is consequently no shareholders' agreement anymore (please refer to Note 26.3).

Strategic Agreements among Vivendi, Canal+ Group, Lagardère and Lagardère Active

Pursuant to the Canal+ France strategic agreements entered into on January 4, 2007, Lagardère was granted rights to maintain its economic interest in Canal+ France, with varying rights according to the level of its participation in Canal+ France. Under no circumstances will Lagardère have any joint control of Canal+ France. The main provisions of these strategic agreements are as follows:

- The Chairman and all the members of the management board of Canal+ France are appointed by Canal+ Group. Lagardère is represented by two members out of the eleven members of the supervisory board.
- Lagardère has certain veto rights over Canal+ France and, in certain cases, over its major subsidiaries including in the event of a change in the by-laws, a major permanent change in the business, its transformation into a company in which the partners would have unlimited liability, a single investment of more than a third of revenues, a tender offer for the company's shares, in certain circumstances the entry of a third party as a shareholder, and certain other rights (including a tag-along right, an anti-dilution right, certain bidding rights in the event of the sale of Canal+ France) intended to protect its economic interest. Vivendi has a pre-emptive right in the event of a sale of Lagardère's equity interest.
- Between 2008 and 2015, Lagardère will have a liquidity right exercisable between March 15 and April 15 of each calendar year, provided, however, that Lagardère owns at least 10% but no more than 20% of the capital and voting rights of Canal+ France, (and taking into account the fact that Lagardère waived its right to exercise its call option enabling it to own 34% of the capital of Canal+ France). Pursuant to this liquidity right, Lagardère is able to request a public offering of Canal+ France shares. In this event, Vivendi/Canal+ Group have the right to acquire all of Lagardère's equity interest.
- The financing of Canal+ France has been structured through a mechanism which includes shareholders' loans and the delivery of guarantees with respect to Canal+ France's obligations. Pursuant to this mechanism, Lagardère has the option to participate in such financing and guarantee arrangements pro rata its level of ownership in the share capital of the company.

In addition, in compliance with Article L. 225-100-3 of the French Commercial Code, it is indicated that some rights and obligations of Vivendi resulting from shareholders' agreements (SFR, Maroc Telecom, NBC Universal and Cyfra+) may be amended or terminated in the event of a change in control of Vivendi or a tender offer being made on Vivendi. These shareholders' agreements are subject to confidentiality provisions.

26.6 Collaterals and pledges

As of December 31, 2009, the amount of the Group's assets that were pledged or mortgaged for the benefit of third parties was €106 million (compared to €22 million as of December 31, 2008). This increase primarily corresponds to pledged assets of GVT, consolidated from November 13, 2009, with respect to judicial guarantees for various litigations and amounted to €59 million (please refer to Note 27). Moreover, Vivendi has no guarantees from third parties on any of its receivables outstanding as of December 31, 2009 nor did it have any as of December 31, 2008.

Note 27 Litigation

In the normal course of its business, Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively referred to herein as "Legal Proceedings").

The costs which may result from these proceedings are only recognized as provisions when they become likely to be incurred and when the obligation can either be quantified or estimated on a reasonable basis. In the latter case, the amount of the provision represents Vivendi's best estimate of the risk, bearing in mind that the events that occur during the proceedings may lead, at any time, to a reappraisal of the risk. As of December 31, 2009, provisions recorded by Vivendi for all claims and litigations amounted to €890 million.

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature, including, to the company's knowledge, any pending or threatened proceedings in which it is a defendant, which may have or have had in the previous twelve months a significant impact on the company and on its group's financial position, profit, business and property, other than those described herein.

Only Legal Proceedings in which there were developments in 2009 are described below. For further information, please refer to the quarterly financial statements and half year financial statements published by Vivendi as well as to the Annual Reports for previous fiscal years (and in particular pages 52 to 55 of the 2007 Annual Report and pages 49 to 55 of the 2008 Annual Report) and Note 27 of the Consolidated Financial Statements for the fiscal years 2007 and 2008.

The status of proceedings disclosed hereunder is described as of February 24, 2010, the date of the Management Board meeting held to approve Vivendi's financial statements for the year ended December 31, 2009.

COB/AMF investigation opened in July 2002

The *Autorité des Marchés Financiers* (AMF) appealed to the French Supreme Court for an interpretative ruling on the decision of the Commercial Chamber dated December 19, 2006 on the financial penalty imposed on Vivendi. On May 6, 2008, the Court rendered its interpretative ruling and upheld the AMF's request. On September 29, 2009, the newly-constituted Paris Court of Appeal reduced the penalty initially imposed by the AMF's Sanctions Commission from €1 million to €500,000, thus bringing the proceedings to a close.

Investigation by the Financial Department of the Parquet de Paris

On January 23, 2009, the Public Prosecutor transmitted to the judge and civil parties a final prosecutor's decision of dismissal in respect of all the matters under investigation. On October 16, 2009, the Judge Mr. Jean-Marie d'Huy ordered all the parties to face trial before the Criminal Court. Vivendi has joined the proceedings as a civil party.

Securities Class Action in the United States

On March 12, 2008, Vivendi filed a motion for reconsideration of the Court's class certification decision dated March 22, 2007, that included French shareholders in the plaintiff class. On March 31, 2009, the Court denied that motion.

Following the March 22, 2007 certification decision, a number of individual cases were filed against Vivendi on the same grounds as the class action. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action. At a hearing on March 2, 2009, the Court deconsolidated the Liberty Media action from the class action. On August 12, 2009, the Court issued an order deconsolidating the individual actions, including the GAMCO action, from the class action. The Liberty Media, GAMCO, and individual plaintiffs actions all remain pending against the company.

The trial of the class action lawsuit commenced on October 5, 2009, in New York.

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000, and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements.

As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per American Depository Receipt ("ADR"), depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

In the upcoming weeks, Vivendi will file certain post-trial motions challenging the jury's verdict. A decision on these motions should be rendered before approval of the jury's verdict by the court.

In the absence of precedents, it is Vivendi's view that before the judge can issue a final judgment, the process of examining shareholders' compensation claims must take place. That means that notice must be given to all potential class members in the same fashion that they were given notice about the class action. The judge must then appoint a claims administrator in charge of reviewing each claim and determining if it is valid. The process, which will be long and complex, and its details and the way it is handled may be challenged by each of the parties. The judge must then approve each compensation claim, and once all the claims have been approved, he will issue a final judgment against which each party may file an appeal.

Vivendi believes that it has solid grounds for appeal. First, it intends to challenge the court's decision as to its jurisdiction in this case, an issue which is currently being examined by the US Supreme Court in another matter. It also intends to challenge the court's decision to include French shareholders in the class, since it believes that this decision was based on an incorrect analysis of French law. Vivendi will also challenge the method of calculation of the plaintiffs' damages accepted by the judge, and more generally, a certain number of decisions taken by the judge during the conduct of the trial. Several aspects of the verdict will also be challenged.

On the basis of (a) the verdict rendered on January 29, 2010, and (b) an assessment of the matters set forth above in as an objective a manner as possible and in accordance with the accounting principles described in notes 1.3.1 (Use of Estimates) and 1.3.9 (Provisions), Vivendi made a provision on December 31, 2009, in an amount of €550 million in respect of the damages that Vivendi might have to pay to class plaintiffs. For the purposes of settling the accounts for the period ended December 31, 2009, Vivendi set the amount of this provision based, in part, upon potential damages calculations generated by a statistical model prepared by a U.S. economic consulting firm and confirmed by a second U.S. economic consulting firm which were retained by Vivendi and which are familiar with such matters.

Vivendi considers that its provision and the assumptions on which it is based may have to be amended as the proceedings progress, and consequently, the present amount of damages that Vivendi might have to pay the plaintiffs could differ significantly, in either direction, from the provision. As is permitted by current accounting standards, no details are given of the assumptions on which this estimate is based, because their disclosure at this stage of the proceedings could be prejudicial to Vivendi.

Elektrim Telekomunikacja

Vivendi is currently a 51% shareholder in each of Elektrim Telekomunikajca Sp. z o.o. (Telco) and Carcom Warszawa (Carcom), two companies organized and existing under the laws of Poland which own, either directly or indirectly, 51% of the share 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.

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

On December 10, 2008, the Warsaw Court of Appeal decided it would seek advice from the Austrian authorities on the impact, under Austrian law, of the arbitral award rendered on November 26, 2004. On May 5, 2009, the Austrian Ministry of Justice confirmed that the Vienna award did not apply under Austrian law, and on September 24, 2009, the Warsaw Court of Appeal refused to recognize the award, thus it cannot have any effect in Poland. Deutsche Telekom and Elektrim have appealed against this decision.

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

On February 12, 2009, the LCIA arbitration tribunal rendered a final award ordering Elektrim to pay Vivendi €1.876 billion (plus accrued interest from February 2005) to compensate for the loss caused by Elektrim's intentional breaches of the Third Amended and Restated Agreement dated September 3, 2001. On July 9, 2009, the Warsaw District Court rejected the exequatur of the final award. Vivendi appealed against that decision. On November 17, 2009, the Warsaw Court of Appeal recognized the partial award of March 19, 2008, and on November 18, 2009, recognized the final award of February 12, 2009.

Proceedings 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 Deutsche Telekom AG, T-Mobile USA, Inc., T-Mobile Deutschland GmbH and M. Zygmunt-Solorz-Zak, Elektrim's main shareholder, had illegally and fraudulently appropriated Vivendi's investment in PTC. Vivendi is claiming compensation in the amount of approximately $7.5 billion in damages. On June 5, 2008, the Court determined that it lacked jurisdiction and dismissed Vivendi's claim. Vivendi appealed this decision. On November 2, 2009, Vivendi's appeal was dismissed.

Tort claim initiated by Elektrim against Vivendi before the Warsaw District Court

On October 4, 2006, Elektrim started a tort action against Vivendi before the Warsaw District Court, claiming that Vivendi prevented Elektrim from recovering the PTC shares following the Vienna award dated November 26, 2004. Elektrim is claiming compensation in the amount of approximately €2.2 billion corresponding to the difference between the fair market value of 48% of PTC and the price paid by DT to Elektrim upon the exercise of its call option. On January 5, 2009, the Warsaw Court dismissed Elektrim's claim. Elektrim appealed this decision. On February 26, 2009, the Warsaw District Court reversed its decision and will therefore reexamine Elektrim's claim.

Claim against a former Seagram subsidiary brought by the Republic of Colombia

On September 25, 2009, Diageo and Pernod Ricard withdrew and released Vivendi from any indemnity obligation granted in connection with this litigation.

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

The International Center for Settlement of Investment Disputes (ICSID) appointed an ad hoc committee charged with issuing a ruling on the application to set aside the arbitration award issued on August 27, 2007 in favor of Vivendi and its Argentine subsidiary Compañía de Aguas de Aconquija in connection with a dispute regarding the water concession in the Argentine Province of Tucumán. The application to set aside the award was examined at a hearing that took place between July 15 and 17, 2009.

Inquiry into PSG transfers

An investigation to be carried out by an investigating judge (*juge d'instruction*) has been opened in connection with the terms and conditions of the transfer of PSG soccer players and the payment of intermediaries' fees between 1998 and 2002. PSG is a former subsidiary of the Vivendi group.

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 the CNIT offices in 1999. On November 30, 2009, the French Supreme Court, in response to an appeal lodged by Unibail against a decision which, among other things, ordered it to reimburse sums paid by it pursuant to a previous judgment, decided to adjourn the appeal while awaiting a decision of the French Council of State on the limitation period in respect of the tax claim brought against Unibail.

Vivendi Deutschland against FIG

On April 23, 2009, the Regional Berlin Court issued a decision setting aside the judgment of the Berlin Court of Appeal dated May 29, 2008, which ordered the cancellation of the sale of a building and ordered Vivendi to repurchase the building and pay damages. On June 12, 2009, FIG appealed against that decision. A second claim for additional damages has been filed by FIG in the Berlin Regional Court, and was served on CGIS on March 3, 2009

Claim by Centenary Holdings III Limited

On January 9, 2009, the liquidator of Centenary Holdings III Limited (CH III), a former Seagram subsidiary divested in January 2004 and placed into liquidation in July 2005, sued a number of its former directors, former auditors and Vivendi. The liquidator, acting on behalf of CH III's creditors, alleges that the defendants breached their fiduciary duties.

French Competition Council – mobile telephone market

On April 10, 2009, SFR appealed to the French Supreme Court against the decision of the Paris Court of Appeal dated March 11, 2009, which had confirmed the financial penalties imposed on the three operators for having entered into an illegal agreement and exchanged information between 1997 and 2003.

Complaint of Bouygues Telecom against SFR and Orange in connection with the call termination and mobile markets

On May 15, 2009, the French Competition Council resolved to postpone its decision on the issue of alleged unfair trade practices ("price scissoring") in the call termination and mobile markets and remanded the case for further investigation.

Neuf Cegetel claim against France Telecom regarding the broadcasting of the Orange Foot channel

On May 14, 2009, the Paris Court of Appeal reversed a judgment that had upheld the claims made by Free and Neuf Cegetel against France Telecom relating to the broadcasting of the Orange Foot channel, and held that the Orange Foot channel offer, which made subscription to the Orange Foot channel conditional upon prior subscription to the Internet Orange ADSL offer, constituted a related sale transaction prohibited by the French Code of Consumption. The Court of Appeal considered that the prohibition against related sale transactions was contrary to the regime established by the European Directive 2005/29/EC of May 11, 2005 concerning unfair business-to-consumer commercial practices. SFR appealed the decision of the Paris Court of Appeal to the French Supreme Court.

Tenor complaint against Groupe SFR, Groupe France Telecom and Bouygues Telecom

In a judgment dated March 3, 2009, in the context of a complaint brought by the association Tenor (now known as Etna) alleging anticompetitive practices on the part of France Telecom, Cegetel, SFR and Bouygues Telecom, the French Supreme Court has held that so-called "price scissoring" practices could not in themselves constitute anti-competitive practices, and remanded the case to a differently constituted Paris Court of Appeal.

Claim by SFR against ARCEP in the French Council of State

On July 24, 2009, following a summary application filed by SFR, the French Council of State partially overturned ARCEP's decision setting wholesale mobile tariffs, holding that the tariff applicable to Bouygues Telecom from mid-2010 was too high.

Complaint lodged with the Competition Authority by Orange Réunion, Orange Mayotte and Outre Mer Telecom against SRR

On September 15, 2009, the French Competition Authority imposed protective measures on SRR, a subsidiary of SFR, requiring it to propose to its subscribers offers which do not discriminate based on the network used, except to reflect the cost differences among the network operators.

Vivendi complaint against France Telecom before the European Commission for abuse of a dominant position

On March 2, 2009, Vivendi and Free jointly filed a complaint against France Telecom with the European Commission (the "Commission"), for abuse of a dominant position. Vivendi and Free allege that France Telecom imposes excessive tariffs on offers for access to its fixed network and on telephone subscriptions. In July 2009, Bouygues Telecom joined in this complaint. In a letter dated February 2, 2010, the Commission informed the parties of its intention to dismiss the complaint.

Parabole Réunion affairs

On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion against a judgment that had dismissed its action against Groupe Canal+ following the termination of the exclusive distribution of TPS channels in Réunion Island, Mayotte, Madagascar and Mauritius.

In parallel with those proceedings, Parabole Réunion also commenced arbitration proceedings before the Paris Mediation and Arbitration Center (CMAP) relating to certain aspects of the self-broadcasting of the Canal+ channel. On September 11, 2009, CMAP dismissed majority of Parabole Réunion's claims, in particular those related to the self-broadcasting of the Canal+ channel in Réunion Island, but upheld the claim relating to the self-broadcasting of that channel in Mauritius.

Parabole Réunion has also brought various proceedings in the Nanterre and Paris courts seeking to obtain a statement recognizing the maintaining of the TPS Foot channel.

Action brought by the French Competition Council regarding practices in the pay-TV sector

Further to its voluntary investigation and a complaint by France Telecom, the French Competition Council sent Vivendi and Groupe Canal+ a notification of grievances on January 9, 2009. It alleges that Groupe Canal+ has abused its dominant position in certain pay-TV markets and that Vivendi and Groupe Canal+ colluded with TF1 and M6 on the one hand, and with Lagardère, on the other. Vivendi and Groupe Canal+ deny these allegations and intend to defend themselves against them.

Complaint against France Telecom before the French Competition Authority

On February 11, 2009, Neuf Cegetel and Groupe Canal+ jointly filed a complaint against France Telecom before the French Competition Authority, for abuse of dominant position and collusion with the French Professional Football League. Their complaint is that France Telecom uses a strategy intended to restrict the marketing of its cinematographic and sporting rights to its exclusive ADSL subscribers only.

Complaints against music industry majors in the United States

Several complaints have been filed before the Federal Courts in New York and California against Universal Music Group, Warner Music, EMI, Bertelsmann and Sony BMG, for alleged anti-competitive practices in the context of sales of CDs and internet music downloads. These complaints have been consolidated before the Federal Court in New York.

Investigation in Brazil

On November 13, 2009, following Vivendi's acquisition of Global Village Telecom (Holding) S.A. ("GVT"), the Brazilian financial markets authority, the CVM (the Brazilian financial markets authority) and the Public Prosecutor opened an investigation regarding the information provided by Vivendi about transactions it carried out with certain GVT shareholders. Vivendi has answered all requests for clarification made by those authorities.

Actions in the context of the ICMS tax

GVT is party to several proceedings concerning the recovery of the "ICMS" tax (*Impostos Sobre Circulações de Mercadorias e Prestações de Serviços*, a tax on the circulation of goods and services). These proceedings, which are pending in various courts in Brazil, relate to the inclusion of various services for assessment of the tax.

The tax authorities of several Brazilian States have in fact decided to apply this tax to numerous services, including, in particular, monthly telephone subscription fees. The courts have issued favorable decisions in the States of Distrito Federal, Rio Grande do Sul and Goias, Rondônia, Bahia and Mato Grosso. In December 2008, the Brazilian Supreme Court confirmed the decisions rendered in the disputes between GVT and the States of Distrito Federal and Rio Grande do Sul. The Court held that the ICMS should not apply to the amount of the monthly subscription, insofar as it did not represent a communication time credit. GVT hopes that these decisions will have an influence on future judgments in the States of Paraná and Mato Grosso, which have appealed to the Supreme Court against the decisions rendered in GVT's favor.

In addition, GVT has been sued by the tax authorities in the States of Distrito Federal, Santa Carina, Goiás and Rio Grande do Sul, on the grounds that the ICMS should apply to the three kinds of internet services provided by GVT (local access, ISP authentication services and internet access). The Brazilian Supreme Court has held that the ICMS should not be applied to ISP services, and GVT has obtained a favorable decision against the State of Rio Grande do Sul.

Action regarding the FUST and FUNTTEL taxes

The tax authorities maintain that the assessment of the taxes known as "FUST" (*Fundo da Universalizaçãos dos Serviços de Telecomunicaçõs*, a federal tax to promote the supply of telecommunications services throughout the territory of Brazil, including in areas that are not economically viable) and "FUNTTEL" (*Fundo para Desenvolvimento Tecnológioco das Telecomunicações*, a federal tax to finance technological investments in Brazilian telecommunications services) should be based on the company's gross revenue without deduction for price reductions or interconnection expenses and other taxes, which would lead to part of that sum being subject to double taxation. GVT is challenging this interpretation and has secured a suspension of payment of the sums claimed by the tax authority from the federal judge.

Proceedings brought against telecommunications operators in Brazil regarding the application of the PIS and COFINS taxes

Several sets of proceedings have been commenced against all the Brazilian telecommunications operators including GVT, with a view to preventing invoices from being increased to include the taxes known as "PIS" (*Programa de Integraçãos Social*) and "COFINS" (*Contribuição para Financiamento da Seguridade Social*), federal taxes applying in particular to revenue from the provision of telecommunications services. GVT believes that its defenses are stronger than those of the historic operators insofar as it has a more flexible license that allows it to set its own tariffs.

Note 28 Major consolidated entities

As of December 31, 2009, approximately 520 entities were consolidated or accounted for using the equity method (compared to approximately 540 entities as of December 31, 2008).

C: Consolidated; E: Equity.

	Note	Country	December 31, 2009			December 31, 2008		
			Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi S.A.		**France**	**Parent company**			**Parent company**		
Activision Blizzard, Inc. (a)		**United States**	**C**	**53%**	***57%***	**C**	**54%**	***55%***
Activision Publishing, Inc		United States	C	53%	*57%*	C	54%	*55%*
Activision U.K. Ltd.		United Kingdom	C	53%	*57%*	C	54%	*55%*
RedOctane Inc.		United States	C	53%	*57%*	C	54%	*55%*
Blizzard Entertainment, Inc.		United States	C	53%	*57%*	C	54%	*55%*
Blizzard Entertainment S.A.S.		France	C	53%	*57%*	C	54%	*55%*
Universal Music Group, Inc.		**United States**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
PolyGram Holding, Inc.		United States	C	100%	*100%*	C	100%	*100%*
UMG Recordings, Inc.		United States	C	100%	*100%*	C	100%	*100%*
Centenary Holding B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal International Music B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Centenary Music International B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal Entertainment GmbH		Germany	C	100%	*100%*	C	100%	*100%*
Universal Music LLC		Japan	C	100%	*100%*	C	100%	*100%*
Universal Music K.K. (b)		Japan	-	-	-	C	100%	*100%*
Universal Music France S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Centenary Music Holdings Limited		United Kingdom	C	100%	*100%*	C	100%	*100%*
Vevo		United States	E	50%	*50%*	C	100%	*100%*
SFR Société Française du Radiotéléphone S.A. (c)		**France**	**C**	**56%**	***56%***	**C**	**56%**	***56%***
Société Réunionnaise du Radiotéléphone S.C.S.		France	C	100%	*56%*	C	100%	*56%*
Neuf Cegetel S.A. (d)		France	-	-	-	C	100%	*56%*
Société Financière de Distribution S.A.		France	C	100%	*56%*	C	100%	*56%*
5 sur 5		France	C	100%	*56%*	E	38%	*38%*
Maroc Telecom S.A.		**Morocco**	**C**	**53%**	***53%***	**C**	**53%**	***53%***
Mauritel S.A.		Mauritania	C	51%	*22%*	C	51%	*22%*
Onatel		Burkina Faso	C	51%	*27%*	C	51%	*27%*
Gabon Telecom S.A.		Gabon	C	51%	*27%*	C	51%	*27%*
Sotelma	2	Mali	C	51%	*27%*	-	-	-
Global Village Telecom (Holding) S.A.	2	**Brazil**	**C**	**82%**	***82%***	-	-	-
Global Village Telecom Ltda		Brazil	C	82%	*82%*	-	-	-
POP Internet Ltda		Brazil	C	82%	*82%*	-	-	-
Innoweb Ltda		Brazil	C	82%	*82%*	-	-	-
GVT Management		Brazil	C	82%	*82%*	-	-	-
GVT Finance LLC		Brazil	C	82%	*82%*	-	-	-
Canal+ Group S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Canal+ France S.A.	26.3	France	C	75%	*75%*	C	65%	*65%*
Canal+ S.A. (e)		France	C	49%	*36%*	C	49%	*32%*
MultiThématiques S.A.S.		France	C	100%	*75%*	C	100%	*65%*
TPS Star S.N.C.		France	C	100%	*75%*	C	100%	*65%*
Canal Overseas S.A.S.		France	C	100%	*75%*	C	100%	*65%*
Canal+ Distribution S.A.S.		France	C	100%	*75%*	C	100%	*65%*
StudioCanal S.A.		France	C	100%	*100%*	C	100%	*100%*
Cyfra+		Poland	C	75%	*75%*	C	75%	*75%*
Vietnam (f)		Vietnam	C	49%	*49%*	-	-	-
NBC Universal	14	**United States**	**E**	**20%**	***20%***	**E**	**20%**	***20%***
Other								
Elektrim Telekomunikacja		Poland	C	51%	*51%*	C	51%	*51%*
Polska Telefonica Cyfrowa (g)		Poland	-	-	-	-	-	-
Vivendi Mobile Entertainment		France	C	100%	*100%*	C	100%	*100%*

a. On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games and Vivendi Games became a wholly-owned subsidiary of Activision, which was renamed Activision Blizzard. On that date, Vivendi held a 54% (non-diluted) controlling interest in Activision Blizzard. In addition, following the stock repurchase program of Activision Blizzard, 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 may fluctuate from time to time.

b. Universal Music K.K. was merged into Universal Music L.L.C.

c. SFR S.A. is 56% owned by Vivendi and 44% owned by Vodafone. Under the terms of the shareholders' agreement, Vivendi has management control of SFR, majority control over the board of directors, appoints the chairman and CEO, has majority control over shareholders' general meetings, and no other shareholder or shareholder group is in a position to exercise substantive participating rights that would allow them to veto or block decisions taken by Vivendi.

d. At the end of March 2009, Neuf Cegetel merged with and into SFR with a retroactive tax effect as of January 1, 2009.

e. This company is consolidated because (i) Vivendi has majority control over the board of directors, (ii) no other shareholder or shareholder group is in a position to exercise substantive participating rights that would allow them to veto or block decisions taken by Vivendi and (iii) Vivendi assumes the majority of risks and benefits pursuant to an agreement with Canal+ S.A. via Canal+ Distribution S.A.S., as amended on December 28, 2007. Indeed, Canal+ Distribution, a wholly-owned subsidiary of Vivendi, guarantees Canal+ S.A. results in return for exclusive commercial rights to the Canal+ S.A. subscriber base.

f. In 2009, Canal+ Group and VTV, the Vietnamese public television company, launched a satellite pay-TV platform in Vietnam. The entity is held 49% by Canal+ Group and 51% by VCTV, a VTV subsidiary. This company is fully consolidated since July 1, 2009 by Vivendi because Canal+ Group is in operational and financial control due to a general delegation granted by the majority shareholder and to the bylaws of this company.

g. Due to the legal disputes surrounding the ownership of Telco' stake in PTC which prevents Telco/Carcom from exercising joint control over PTC, as provided in the bylaws of PTC, Vivendi has not consolidated its stake in PTC.

Note 29 Statutory auditors fees

Fees paid by the company to its statutory auditors and members of their firms in 2009 and 2008 were as follows:

	Salustro Reydel (Member of KPMG International)				Ernst & Young et Autres				Total	
	Amount		Percentage		Amount		Percentage			
(in millions of euros)	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.7	0.7	11%	13%	1.2	1.2	14%	12%	1.9	1.9
Fully consolidated subsidiaries	4.0	3.5	61%	60%	5.8	5.8	66%	59%	9.8	9.3
Other work and services directly related to the statutory audit										
Issuer	0.1	0.1	2%	1%	0.8	0.1	9%	1%	0.9	0.2
Fully consolidated subsidiaries	1.0	0.7	15%	12%	0.5	2.0	6%	21%	1.5	2.7
Sub-total	5.8	5.0	89%	86%	8.3	9.1	95%	93%	14.1	14.1
Other services provided by the network to fully consolidated subsidiaries										
Legal, tax and social matters	0.2	0.2	3%	4%	0.1	0.1	1%	1%	0.3	0.3
Other	0.5	0.6	8%	10%	0.3	0.6	4%	6%	0.8	1.2
Sub-total	0.7	0.8	11%	14%	0.4	0.7	5%	7%	1.1	1.5
Total	**6.5**	**5.8**	**100%**	**100%**	**8.7**	**9.8**	**100%**	**100%**	**15.2**	**15.6**

Note 30 Subsequent events

The main events that occurred since December 31, 2009 were as follows:

- Jury's verdict in the Securities Class Action in the United States (please refer to Note 27);
- Stock repurchase program of Activision Blizzard (please refer to Note 18); and
- Exercise by M6 of its put option on its Canal+ France shares (please refer to Note 26.3).