Annual Report

2009

vivendi

a world leader in communications and entertainment

2009 Annual Report

The Annual Report in English is a translation of the French "Document de référence" for information purposes.
This translation is qualified in its entirety by reference to the "Document de référence".

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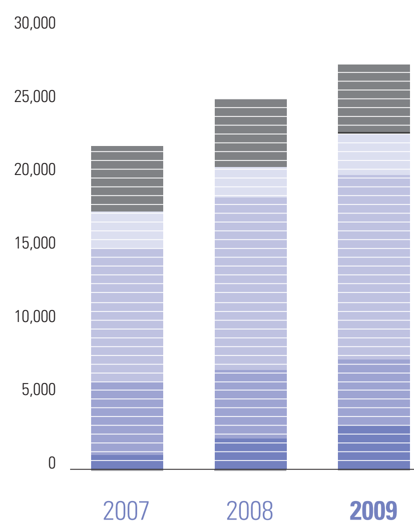
Revenues by Business Segment

December 31– in millions of euros

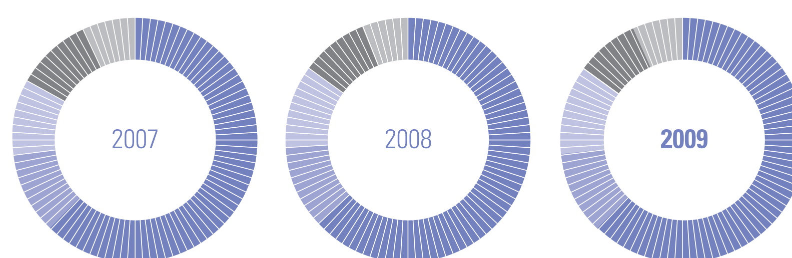


	2007	2008	**2009**
Activision Blizzard (1)	1,018	2,091	3,038
Universal Music Group	4,870	4,650	4,363
SFR (2)	9,018	11,553	12,425
Maroc Telecom Group (3)	2,456	2,601	2,694
GVT (4)	–	–	104
Canal+ Group	4,363	4,554	4,553
Non-core operations and others, and elimination of intersegment transactions	(68)	(57)	(45)
Total	**21,657**	**25,392**	**27,132**

1. *Includes Activision, consolidated since July 10, 2008.*
2. *Includes Neuf Cegetel, consolidated since April 15, 2008.*
3. *Includes Sotelma, consolidated since August 1, 2009.*
4. *GVT has been consolidated since November 13, 2009.*

Revenues by Geographical Zone

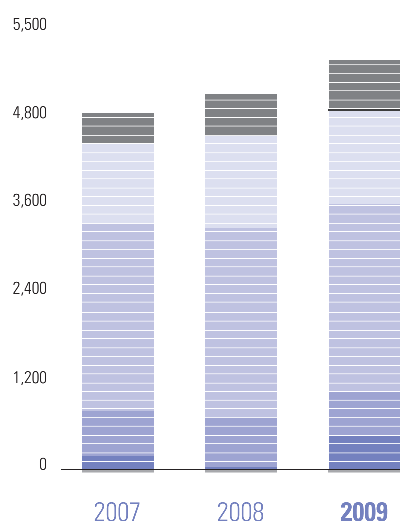
December 31 – in millions of euros



	2007	2008	**2009**
France	13,403	15,967	16,898
Rest of Europe	2,352	2,766	3,046
USA	2,319	2,889	3,153
Morocco	2,139	2,221	2,248
Rest of the World	1,444	1,549	1,787
Total	**21,657**	**25,392**	**27,132**

EBITA by Business Segment

December 31 – in millions of euros



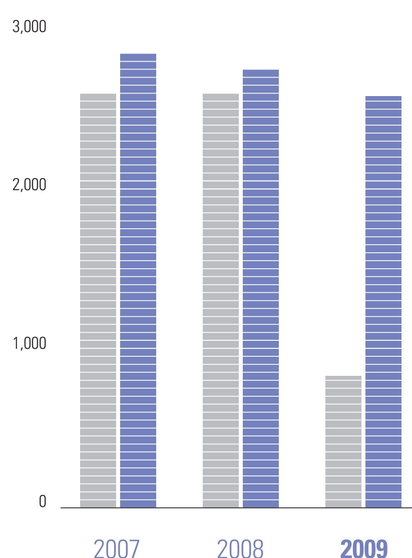
1. Includes Activision, consolidated since July 10, 2008.
2. Includes Neuf Cegetel, consolidated since April 15, 2008.
3. Includes Sotelma, consolidated since August 1, 2009.
4. GVT has been consolidated since November 13, 2009.

	2007	2008	**2009**
Activision Blizzard (1)	181	34	484
Universal Music Group	624	686	580
SFR (2)	2,517	2,542	2,530
Maroc Telecom Group (3)	1,091	1,224	1,244
GVT (4)	–	–	20
Canal+ Group	400	568	652
Holding & corporate	(81)	(60)	(91)
Non-core and others	(11)	(41)	(29)
Total	**4,721**	**4,953**	**5,390**

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.

Earnings Attributable to Vivendi Shareowners and Adjusted Net Income

December 31 – in millions of euros

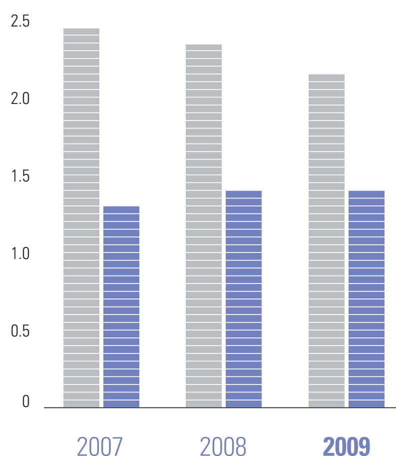


	2007	2008	**2009**
Earnings attributable to Vivendi Shareowners	2,625	2,603	830
Adjusted Net Income	2,832	2,735	2,585

Vivendi considers Adjusted Net Income, a non-GAAP measure, as to be a relevant indicator of the Group's operating and financial performance. Vivendi's management uses Adjusted Net Income as it better illustrates of the performance of continuing operations excluding most non-recurring and non-operating items.

Adjusted Net Income per Share and Dividend per Share

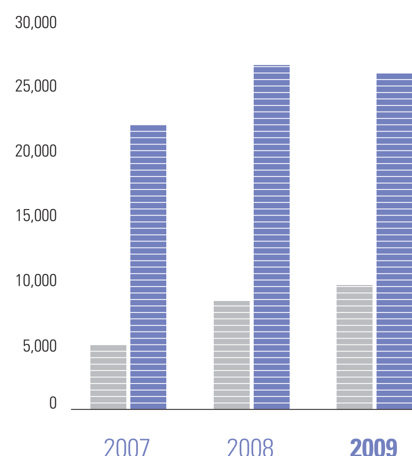
December 31 – in euros



	2007	2008	2009
Adjusted Net Income per share	2.44	2.34	2.15
Dividend per share	1.30	1.40	1.40

Financial Net Debt and Equity

December 31 – in millions of euros



	2007	2008	2009
Financial Debt	5,186	8,349	9,566
Equity	22,242	26,626	25,988

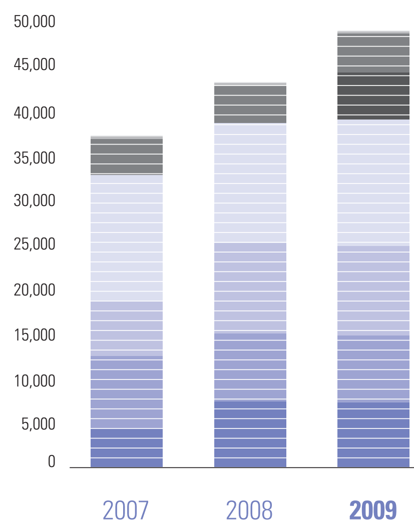
Vivendi considers Financial Net Debt, a non-GAAP measure, to be an important indicator in measuring Vivendi's indebtedness. As of December 31, 2009, Vivendi changed the definition of Financial Net Debt to include certain cash management financial assets the characteristics of which do not strictly comply 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 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 2007 and 2008 fiscal year, 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.

Headcount by Business Segment

December 31

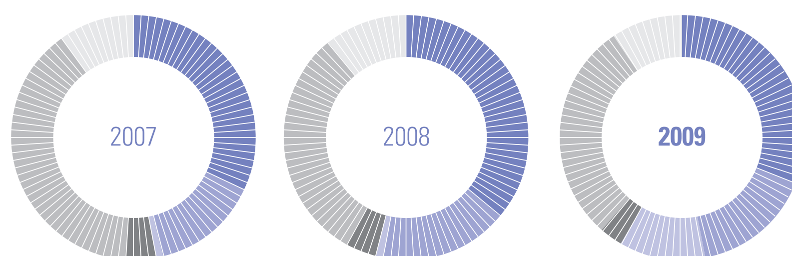


	2007	2008	2009
Activision Blizzard (1)	4,437	7,408	7,382
Universal Music Group	8,114	7,720	7,524
SFR (2)	6,209	10,086	9,945
Maroc Telecom Group (3)	14,075	13,411	14,152
GVT (4)	–	–	5,289
Canal+ Group	4,061	4,252	4,347
Corporate	262	250	254
Others	65	81	111
Total	**37,223**	**43,208**	**49,004**

1. Includes Activision, consolidated since July 10, 2008.
2. Includes Neuf Cegetel, consolidated since April 15, 2008.
3. Includes Sotelma, consolidated since August 1, 2009.
4. GVT has been consolidated since November 13, 2009.

Headcount by Geographical Zone

December 31



	2007	2008	2009
France	11,869	15,717	15,360
North America	5,448	7,520	7,649
South and Central America	391	405	5,654
Asia-Pacific	1,478	1,459	1,455
Africa	14,218	13,583	14,328
Europe (excluding France)	3,819	4,524	4,558
Total	**37,223**	**43,208**	**49,004**

1

Simplified Organization Chart

Percentage of voting interest held by Vivendi as of December 31, 2009 (unless otherwise specified).

- Activision Blizzard (1) (7) 57%
- Universal Music Group 100%
  - Universal Music Publishing Group 100%
- SFR 56%
- Maroc Telecom (1) 53%
  - Mauritel 51%
  - Onatel 51%
  - Gabon Telecom 51%
  - Sotelma (4) 51%
- GVT (2) 82%
- Canal+ Group 100%
  - Canal+ France (5) 80%
    - Canal+ SA (1) 49%
    - Multi-Thematiques 100%
    - Canal+ Distribution SAS 100%
    - Canal Overseas 100 %
  - StudioCanal 100%
  - Cyfra+ 75%
  - Vietnam (6) 49%
  - i>Tele 100 %
  - Canal+ Regie 100 %
- NBC Universal (3) 20%

1. Listed Company.
*2. GVT has been consolidated since November 13, 2009.**
*3. Vivendi has agreed to sell its 20% interest in NBC Universal.**
*4. Includes Sotelma, consolidated since August 1, 2009.**
*5. After exercice by M6 of its put option (February 22, 2010).**
*6. Canal+ Group launched a pay-TV platform in Vietnam.**
7. Ownership interest as of December 31, 2009.
** For more information on these transactions see Chapter 4, Annual Financial Report, Section 1.1.1.*

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Section 1 Description of the Group

Vivendi is a French global communications leader. Vivendi creates, edits, assembles and distributes high quality digital content, aimed at consumers and businesses, and has control over the technology, marketing tools, infrastructure and commercial networks of the whole value chain. Vivendi is the world's number one in video games and music, number two in France in telecommunications, number one in Morocco in telecommunications, number one in Brazil among alternative operators and number one in France in pay-TV.

- Activision Blizzard: world's number one in independent online and console video game publishing, with leading positions in most segments of the high-growth sector of the interactive entertainment industry.
- Universal Music Group: world's number one in recorded music with more than one in four records sold around the world, which holds the largest catalog of music rights.
- SFR: France's second-largest telecommunications operator with more than 20 million mobile customers and 4.4 million high-speed Internet customers. The new SFR group, following the combination with Neuf Cegetel, is Europe's premier alternative operator.
- Maroc Telecom Group: Morocco's largest fixed, mobile and Internet operator with 15.3 million mobile telephone customers and approximately 1.2 million fixed lines. Maroc Telecom Group holds majority stakes in the incumbent operators of Burkina Faso, Gabon, Mauritania and Mali.
- GVT: Brazil's largest alternative telecommunications operator. With innovative solutions and products in telephony and the Internet, GVT is the best performing high-speed Brazilian operator and the one that best meets consumer's expectations in terms of quality and services offered.
- Canal+ Group: France's number one in premium and theme channel publishing and distribution of pay-TV offerings, with 12.5 million subscribers and a major player in film production and distribution in both France and Europe.

1.1. Strategy

Vivendi's strategy is to strengthen its leadership position in digital entertainment by producing and distributing content and services particularly in high-growth countries. Vivendi's priority is to contribute to the development of each of its business units within their major segments and markets.

Vivendi relies on the strength of its engineers, creative staff and major brands. The Vivendi group's business units all pertain to the digital and new technologies sector. They focus directly on end-consumers through strong brands, including Activision Blizzard, UMG, SFR, Maroc Telecom Group, GVT, and Canal+ Group, which offer subscription-based digital-quality creative content and telephony and high-speed Internet services. These common points all represent competitive advantages for Vivendi that allow it to develop strong skills, in particular in subscription management, branding, distribution platforms, creation and copyrights, through a productive exchange of know-how and by anticipating technological developments.

Vivendi relies on the success and soundness of its subscription-based economic model: the group's expertise is strongly linked to the capture of subscribers, customer loyalty and the optimization of subscriber-related revenue. This model is a major strength because it provides a recurring and therefore predictable revenue stream. Combined with the close attention paid by the group to its customers, it allows its business units to create innovative new services in response to a growing demand for mobility and high-speed services.

Content digitization and the development of consumer communities combined with the growth in adoption of high-speed Internet services and technology, create major challenges and opportunities that Vivendi strives to anticipate in order to identify growth vectors, innovate continuously and invest wisely.

In 2009, Vivendi continued to pursue its policy of innovation. Examples include the launch of Vevo by UMG and a catch-up TV service by Canal+ Group, increasingly innovative accessories from Activision Blizzard to improve the game-playing experience, and the rollout of SFR's new fiber-optic network.

Concomitantly, Vivendi pursued geographic expansion into high-growth markets. After bringing pay-TV to North Africa, Canal+ Group launched the first national pay-TV platform in Vietnam. Maroc Telecom Group expanded its network in Africa by taking over the incumbent operator in Mali. Finally, Vivendi entered into a major deal in Brazil by acquiring control over GVT, a fast-growing alternative telecommunications operator. Vivendi intends to assist GVT, as it did for Maroc Telecom Group, with its deployment into new areas and new services in a very promising market with a population of more than 190 million.

Vivendi continues to strengthen its existing assets. At year-end 2009, it acquired TF1's minority interest in Canal+. In addition, in connection with the planned merger between NBC Universal and Comcast, Vivendi took the opportunity to enter into an agreement with General Electric enabling it to sell its 20% minority interest in NBC Universal, a non-strategic asset to the Group.

Section 1 Description of the Group

1.2. Highlights

1.2.1. 2009 Highlights

January

- Canal+ Group launches "*Le bouquet de Canal+*", the first French-language television service approved by law in North Africa.
- SFR obtains ISO 14001 certification for its Environmental Management System for operations related to the deployment and maintenance of the group's mobile network sites as well as its principal tertiary facilities.
- Vivendi issues €1 billion in bonds aimed at optimizing its debt structure and lengthening its average debt maturity.

February

- On February 12, Elektrim, a company under court-ordered reorganization in Poland, is ordered to pay €1.9 billion in damages to Vivendi in connection with a litigation involving the mobile phone operator PTC.
- SFR becomes a candidate for the provision of universal fixed telephony services in metropolitan France.

March

- Vivendi launches a new advertising campaign in the French and UK press.
- Activision Publishing and LucasArts renew their publishing and distribution agreement for Europe, Southeast Asia and Australia.
- SFR and HTC launch "HTC Magic," the latest generation touch-screen smartphone operating on the Android™ platform developed by Google™ and the Open Handset Alliance.

April

- Vivendi's Annual General Meeting of Shareholders approves an increase in the annual dividend to €1.40 per share.
- Canal+ Group transitions from Canal+ all new broadcast sales to TNT, its national digital terrestrial service. All new Canal+ broadcast subscribers are therefore entitled to an enhanced offering that includes the Canal+ Cinéma and Canal+ Sport channels, high-definition television, and a set-top box enabling them to receive 18 free TNT channels.
- Activision Blizzard releases the video game movie adaptation of *Monsters versus Aliens*.
- Universal Music Group International and its subsidiary, All The Worlds' announce the execution of an agreement with Formula One Administration to create F1 Rocks™, an innovative platform for the organization of music events around Formula 1 circuits.
- SFR launches an iPhone 3G offering to its customers.

May

- Maroc Telecom Group and the government of the Kingdom of Morocco enter into their third investment agreement, pursuant to which the group undertakes to implement a capital expenditure program for a total investment of 10.5 billion dirhams over the period 2009-2011, aimed at expanding and modernizing infrastructures.
- Canal+ Group launches the Canal Ready label to inform consumers of the compatibility of their TV equipment with its offers and services.
- Activision releases the video game *X-Men Origins: Wolverine*, developed by Raven Software.

June

- Canal+ Group launches remote recording, a new service reserved for +Le Cube's satellite subscribers.
- Canal+ Group is awarded the rights to broadcast matches in the UEFA's new Europa League, for the next three seasons.
- SFR launches Hubster, a mini-touch screen Internet tablet that connects instantly from neufbox and allows access to a multitude of Internet services.
- Universal Music and Virgin Media launch the first unlimited music download subscription service in the UK.
- Activision Blizzard releases three new games: *Prototype, The Millennium Championship Paintball* and the new *Indiana Jones* adventure.
- Maroc Telecom Group launches MT Box, the first "3 in 1" offering that allows subscribers to take full advantage of unlimited fixed-line telephone usage, high-speed Internet and ADSL television services at the best price.

July

- SFR changes its HSDPA (High-Speed Downlink Packet Access) network and couples this very high-speed mobile technology with fiber optic technology, a world first.
- Maroc Telecom Group acquires 51% of the share capital of Sotelma, the incumbent telecommunications operator in Mali, for a total investment of €275 million.
- Activision Blizzard releases *Ice Age 3: The Age of Dinosaurs*, based on the film with the same title.

Section 1 Description of the Group

- Universal Music and Mindscape announce the release of a range of karaoke video games named *U-Sing*, based on Universal Music's catalog.

September

- Canal+ Group announces the execution of a marketing agreement in Africa between Canal Overseas and Multichoice, the pay-TV leader in English-speaking Africa. This marketing agreement allows Canal Overseas Africa to widen its presence in several countries in Central Africa by acquiring a French-speaking subscriber base and obtaining broadcast rights for England's Premier League matches for the 2009-2010 season.
- Activision releases the third edition of its game *Wolfenstein* and a game inspired by the successful manga animation *Bakugan*. The latter is one of the most successful children's games of 2009.
- SFR opts for eco-designed SIM cards. The new cards are manufactured using 50% less plastic which cuts the environmental impact of producing the cards in half.
- During the ceremony which took place at the end of September 2009 at the New York Stock Exchange, Maroc Telecom Group received the award for the "Best Performing Ai40 Company."
- Canal+ Group obtains exclusive management of all licensing rights of the European soccer clubs: Manchester United, FC Barcelona and Juventus.
- Creation of the Vivendi Shareholders' Committee. Made up of nine members reflecting the diversity and wealth of Vivendi's shareholders at large, the purpose of this committee is to learn about shareholders' expectations and to enhance communication with them. It met for the first time on September 22, 2009.

October

- Activision Publishing releases *DJ Hero*, a new, interactive musical experience developed by FreeStyle Games.
- SFR and Microsoft launch the first Windows® Mobile 6.5 phones in France.
- Canal+ Group makes its Canal+ and Canalsat catch-up television services available upon request to subscribers who are also SFR neufbox customers.
- Maroc Telecom Group launches MultiFix, a new fixed-to-mobile multiline package, designed for businesses.
- SFR Business Team receives the Qualicert service certification for its commitment to end-to-end quality in its fixed and mobile services throughout the customer's journey.

November

- Vivendi acquires control over GVT, the premier alternative telecommunications operator in Brazil. Vivendi acquires 37.9% of the share capital of GVT (Holding) SA and enters into agreements pursuant to which it has the irrevocable right to purchase shares, entitling it to acquire an additional 19.6% interest. In accordance with Brazilian rules and regulations, Vivendi files a mandatory cash tender offer to purchase the remainder of GVT's share capital.
- SFR launches "SFR Home 3G,", the femtocell service offering its customers the best home 3G coverage and takes advantage of new technologies to innovate in fixed-mobile convergence.
- Activision releases three new games: *Band Hero, Tony Hawk: Ride*, and *Call of Duty: Modern Warfare 2*. The latter game beats sales records during its launch week in France and worldwide, generating $550 million in revenue in the first five days of its release.
- Vivendi/Canal+ Group acquire TF1's 10% interest in Canal+ France. Canal+ Group increases its interest in Canal+ France from 65% to 75%.
- SFR, in partnership with Eutelsat, launches a satellite Internet service for areas not covered by ADSL. This new service is implemented pursuant to the framework of the "Digital France 2012" plan.

December

- Following the announcement of the GE-Comcast agreement involving NBC Universal (NBCU), Vivendi and GE simultaneously enter into an agreement enabling Vivendi to sell its 20% stake in NBCU to GE for $5.8 billion.
- UMG, Sony Music Entertainment, EMI and YouTube launch Vevo, the first premium online music video service. Programs originated from the catalogs of major partners are accessible on Vevo and YouTube.
- Canal+ Group acquires all exclusive rights to the English Premier League for the next three seasons, all broadcast rights for the Italian Series A Championship, and Best of Southern Hemisphere Rugby (with the trial matches of the national teams including France's XV).
- Canal+ Group launches its mobile TV application on the App Store, thus allowing all iPhone and/or iPod touch owners to access Canal+ channels and/or the CanalSat bouquet on their mobile phones via 3G or Wi-Fi networks.

Section 1 Description of the Group

1.2.2. 2010 Highlights

January

- Canal+ Group launches K+ in Vietnam, a new satellite channels bouquet operated by its subsidiary, VSTV. This launch follows the execution of a partnership agreement entered into between the Canal+ Group and VTV (the Vietnamese public television broadcaster) in June 2009, and the formation of a joint venture, VSTV, responsible for developing and marketing this bouquet.
- SFR launches its "Pack Business," the first "quadruple-play" solution – fixed line, mobile, Internet and switchboard – aimed at small businesses.
- Maroc Telecom Group launches MobiCash, the first mobile phone-based payment and money-transfer service in Morocco.
- GVT is the lead promoter of the portability of toll-free (0800) numbers in Brazil's corporate sector.
- The jury renders its verdict in the class action trial before the U.S. District Court for the Southern District of New York. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002 were materially false or misleading. Vivendi will appeal this verdict.
- Following the earthquake in Haiti, the Vivendi group participates in various fundraising schemes. In partnership with Fondation de France, Vivendi organizes a collection among employees in its headquarters to assist victims of the Haiti earthquake. SFR allows free phone calls to Haiti from its fixed and mobile network, and worked with the French Red Cross, Secours Populaire and Secours Catholique in order to involve itself in a SMS fund-raising operation, "Haiti 1 SMS = 1 euro." Universal Music France produced a "Haiti Emergency" compilation album that includes 20 of its artists, all the profits of which will go to *Action Contre la Faim*. i>Télé takes special action by sending two teams of special envoys to Haiti. Artists also organize, following the joint idea of the Groland show on Canal+ and the comedian Jamel, a concert from which all proceeds are given to *Action Contre la Faim*.

February

- Activision Blizzard releases *Percy Jackson: The Lightning Thief*, on Nintendo DS™, a tactical role-playing game adapted from the successful fantasy novel and signed by Rick Riordan.
- The 52nd Grammy Awards honors a number of UMG artists, who between them are awarded 30 Grammys. Taylor Swift received four Grammys, including Best Album of the Year, while the Black-Eyed Peas won three, and Lady Gaga and Eminem each took two.
- Canal+ Group and nWave Studios, the European leader in 3D movies, enter into an exclusive agreement for the development, co-financing and distribution of upcoming nWave Studios feature productions. Pursuant to this agreement, Canal+ Group will have an equity interest in these production.
- Vivendi acquires M6's 5.1% interest in the share capital of Canal+ France. Following this transaction, which in turn follows on from the one entered into with TF1 in November 2009, Vivendi holds 80% of Canal+ France, through its subsidiary Canal+ Group.

1.3. Financial Communication Policy and Value Creation

1.3.1. Investment Policy

Creating shareholder value is based on increased profitability from the group's operations, through a vigorous innovation and investment policy.

Investment projects are selected based on a multi-criteria analysis:

- the ability to create growth that has an impact on both the increased adjusted net income per share as well as the ability to generate cash;
- the return on capital employed versus the weighted average cost of capital, adjusted for the impact of the acquisition risk taking, as assessed in the medium and long terms; and
- in-depth risk assessment.

Prospective investments are reviewed by the Vivendi Investment Committee, and thereafter by the Management Board, while the most material investments are reviewed by the Supervisory Board's Strategy Committee and thereafter by the Supervisory Board itself. For major transactions, a post-acquisition audit is performed approximately one year after the acquisition. This analysis reexamines the conditions of value creation by comparing actual operational and financial results with the assumptions made during the investment decision process and then drawing lessons from this comparison to promote best practices within the Group.

Section 1 Description of the Group

1.3.2. Financial Communication Policy

The purpose of financial communication is to provide all shareholders with precise and accurate information on the group's strategy, position, results and financial development in compliance with procedures adopted pursuant to applicable French standards, including the French Financial Security Act of 2003, as well as International Financial Reporting Standards ("IFRS") and benchmarks set forth in the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") report.

To meet its individual shareholders' expectations, the group communicates and provides access to information in a number of ways including through the distribution of a shareholders' letter, the availability of a specific section on the group website dedicated to shareholders and the holding of regular meetings and events throughout the year (including Actionaria fair, movie premieres, themed information meetings such as "*Jeudi c'est Vivendi*"). In 2009, the group created a shareholders' Committee, made up of 9 members, to improve communication with its shareholders. This Committee met in September 2009 and in March 2010.

The following documents, in French and English, are made available to shareholders or sent to them upon request: the Reference Document/Annual Report, the Activity and Sustainable Development Report, quarterly financial statements, half year financial statements, press releases and financial notices. Shareholders may also visit Vivendi's website (www.vivendi.com) and a hotline is available to shareholders in France (0 811 902 209, at the cost of a domestic call from a fixed line phone) and outside France (+33 1 71 71 34 99). The Investor Relations department, in Paris and New York, maintains permanent relationships with analysts at brokerage firms, and with investment fund managers and analysts. The department provides information on a regular basis in order to convey a clear understanding of the various events impacting the group's current and future performance to financial markets. This team also manages the analyst/investor relations section of the group's website (www.vivendi.com) which is updated regularly. This section is primarily directed at institutional investors.

Vivendi's communications with institutional investors is also conducted through meetings organized in the main financial markets worldwide and through the participation of its executives in investors' conferences.

In 2009, 524 institutions participated in meetings in order to comment upon the group's position and outlook. Sixty-two days of road show presentations and conferences were organized with investors. These events were followed up by meetings with analysts and investors throughout the year. Executive officers of Vivendi and its subsidiaries participated in 12 investors' conferences.

1.3.3. Value Creation in 2009

In 2009, the group focused on the improvement of its business units' performances, as well as on the integration of the strategic acquisitions of Neuf Cegetel and Activision, which occurred in 2008, in order to strengthen the position of these businesses in their respective markets and to generate growth.

In 2009, the Vivendi group continued to invest in its business units with net capital expenditures of about €2.4 billion.

In 2009, Vivendi continued its policy of expanding into markets with high growth potential by acquiring control over GVT in Brazil in November 2009. The GVT acquisition, for an aggregate amount of €3 billion for 100% of the shares, will allow the group to establish itself in a country with a population of 190 million, offering considerable growth potential. Among the fixed, high-speed alternative operators, GVT has the highest growth rates in the Brazilian market. It offers a diversified portfolio of innovative products and state-of-the-art solutions for conventional telephony and VoIP, data, high speed, and Internet services for all market sectors (Retail/Small to Medium Enterprises "SME" and Corporate). GVT's adjusted net revenue and EBITDA as of December 31, 2009 totaled BRL 1,699 million (approximately €600 million) and BRL 656 million (approximately €230 million), respectively. From 2006 to 2009, GVT experienced average annual growth rates of 30% for revenue and 37% for EBITDA, with an adjusted EBITDA margin of approximately 39% in 2009. As of December 31, 2009, GVT had approximately 2.8 million lines in service (including commuted voice, high-speed, data and voice over Internet protocol). GVT's network is the most modern in Brazil. It includes network access infrastructures in approximately 80 Brazilian cities, and one of the largest fiber-optic long-distance networks, allowing the company to position itself as a leader in new-generation services (such as high-speed, Internet Protocol and video). Due to its modern infrastructure, GVT is the only Brazilian operator able to offer high speeds of up to 100 megabytes per second to the mass market.

Section 1 Description of the Group

As of December 31, 2009, the Vivendi group's net financial debt amounted to €9.6 billion. As of that date, the average economic maturity of the group's debt was approximately four years and Vivendi SA had €4.8 billion in available credit lines, net of treasury bills. The group has a solid financial position, allowing it to continue its value creating strategy, fulfill its commitment to a dividend pay-out ratio representing at least 50% of its adjusted net income and maintain its quality rating (BBB).

Share Price

Vivendi shares are listed on compartment A of Euronext Paris (ISIN code FR0000127771). On December 31, 2009[1], Vivendi had the tenth-largest stock-market capitalization in the CAC 40 index and the largest capitalization in the Dow Jones Stoxx Media Europe index.

1. Stock market capitalization.

In 2008, a year marked by the collapse of Lehman Brothers, Vivendi, a "defensive stock", posted the fifth-best performance in the CAC 40. Following this, the year 2009 was characterized by a rebound in the financial markets, supported by the anticipation of a strong and rapid economic recovery, which was not necessarily favorable to Vivendi's stock price, which, overall, is relatively unaffected by the economic cycle. Within this context, as of December 31, 2009, shares traded at €20.795, a 10.6% decrease compared to December 31, 2008. During the same period, the CAC 40, Dow Jones Stoxx Media Europe and Dow Jones Stoxx Telecommunication Europe increased 22.3%, 18.2% and 11.2%, respectively.

Dividend per Share

A dividend of €1.40 per share was paid in 2009 for fiscal year 2008, representing a total distribution of more than €1.6 billion, an 8.2% increase compared to the previous year. At the combined ordinary and extraordinary shareholders' meeting held on April 30, 2009, shareholders representing approximately 56% of the share capital opted for payment of the dividend in shares, based on an exercise price of €17 per share. The payment of a dividend of €1.40 per share in 2010 for fiscal year 2009, representing a total distribution of €1.72 billion paid entirely in cash, will be submitted for the approval of the Ordinary Shareholders' Meeting to be held on April 29, 2010. The dividend will be payable in cash beginning on May 11, 2010.

1.4. Sustainable Development Policy

Vivendi's contribution to sustainable development is to enable present and future generations to satisfy their communication needs and desire for entertainment, to nurture their curiosity, to develop their talents and to encourage the exchange of information.

The group applies a rigorous sustainable development policy, which takes into consideration the economic, social, societal and environmental responsibilities related to its operations and its geographical presence. This policy requires Vivendi to clearly demonstrate its commitments to all of its partners: customers, shareholders, employees, suppliers, public authorities and society at large.

Vivendi is a member of the United Nations' Global Pact. This membership demonstrates the group's dedication to two basic objectives: reaffirming the group's commitment in favor of human rights while its businesses expand into new markets and contributing to better meet the communication needs as well as the desire for entertainment of disadvantaged consumers.

Vivendi is referenced in the FTSE4 Good Global sustainable-development international stock market index compiled by the FTSE, the ASPI Eurozone index compiled by the rating agency Vigeo, the Ethibel Sustainability Index (ESI) compiled by Ethibel, and since December 2009, the ECPI Ethical Indices (ECPI Ethical Index Global, ECPI Ethical Index EMU, ECPI Ethical Index Europe) compiled by E-capital Partners. In addition, each year Vivendi contributes to the Carbon Disclosure Project (CDP, an international program that publishes a report on the carbon footprint and climate change strategies of the world's 500 largest companies).

In November 2009, the group was classified by Goldman Sachs as among the five best-positioned media companies in the world in terms of sustainable returns.

In 2009, the French Ministry of Ecology, Energy, Sustainable Development and the Sea awarded the Vivendi headquarters with the EMAS (Eco-Management and Audit Scheme) certification for its environmental efforts. Vivendi is one of the few French companies to have received this award. This European certification is one of the most demanding awards in terms of environmental management and commitment to stakeholders. Moreover, the Vivendi headquarters is also ISO 14001 certified.

Section 1 Description of the Group

1.4.1. Principal Sustainable Development Issues

Vivendi's sustainable development policy is defined based on the characteristics of a group that is:

- producing and distributing content;
- at the forefront of technological changes brought by high-speed and mobile technologies;
- using a subscription-based model; and
- gaining new markets in countries with high-growth potential.

The first of these characteristics implies that the group evaluates the opportunities and risks that its content or services could pose to its various customers. This is why, since 2003, Vivendi has identified three specific sustainable development objectives: protecting and empowering youngsters when they use multimedia services, promoting cultural diversity and sharing knowledge (see below).

The second characteristic relates to the ability that Vivendi must develop in order to reconcile its need to keep step with the digital revolution with the needs of its key stakeholders (including employees, consumers, artists, suppliers and society at large), and regulatory requirements. Managing human capital, valuing content, paying attention to suppliers and communicating with its partners are also among the group's sustainable development objectives.

The third characteristic relates to collecting and processing the personal data of subscribers and clients of the group's different business units. In every country where Vivendi operates, the company seeks to meet subscriber expectations regarding content and service offerings while simultaneously maintaining a rigorous and ethical policy for managing personal data.

The fourth characteristic relates to implementing an assessment of Vivendi's contribution to the local development of emerging countries in which the Group operates. This would take into account employment, capital investment, development of local talent and access to new information and communication technologies, which is one of the key factors to a successful education system that is being pursued by state governments.

1.4.2. Vivendi's Specific Issues

Vivendi has the responsibility of accompanying all audiences, particularly young people, in their cultural and media practices, whilst at the same time building a more secure digital universe. In doing so, the group must reconcile the development of content and service offerings favored by new technologies with the protection of young consumers from practices or behaviors that may be harmful to them. Mobile telephones, Internet, games and films may contain sensitive content or lead to inappropriate behavior. The group's business units work in collaboration with Vivendi's sustainable development department to address this issue at a group level.

Vivendi seeks to promote cultural diversity as a necessary manifestation of human dignity and a pillar of social cohesion. The group therefore share's UNESCO's view, as expressed in its Convention on the Protection and Promotion of the Diversity of Cultural Expressions (which came into force in March 2007) that cultural diversity is "a mainspring for sustainable development for communities, peoples and nations". Vivendi seeks to encourage the diversity of musical repertoires, promote diversity of cinematographic and televisual expression, promote local talent and enhance national heritage.

Promoting knowledge sharing to strengthen both a spirit of openness with others and a mutual understanding is the third specific objective of Vivendi's sustainable development. Through its international position, the group exercises a certain influence over the representation of cultures and through this it can promote mutual understanding. It must ensure content quality, encourage dialog between cultures and facilitate access to new technologies. Vivendi contributes to reducing digital waste by enabling students to benefit from advantageous service offers and by conducting training and educative activities for disadvantaged and deprived individuals using new communication technologies.

Section 1 Description of the Group

1.4.3. Implementation of Sustainable Development Policy

1.4.3.1. Inclusion of sustainable development policies in the variable portion of management compensation

At the General Shareholders' Meeting held on April 30, 2009, the Chairman of the Supervisory Board announced the inclusion of sustainable development objectives in the compensation for members of Vivendi management beginning in 2010. This proposal was submitted to the members of the Supervisory Board and approved by it in September 2009.

The objective set by the Supervisory Board is to "develop innovative steps for helping those who find themselves in a fragile state." The management board has thus requested that the criteria defined for each business unit reflect the know-how and positioning of each unit and that the criteria are relevant, measurable and confirmable by a specialized firm.

Vivendi is one of the first companies in the CAC 40, not to say the first, to incorporate performance objectives linked to corporate responsibility.

1.4.3.2. Sustainable Development Issues: Cross-Mobilization

The Chairman of the Management Board regularly includes sustainable development goals on the agendas for meetings of the Management Board or on those of the Risk Committee. The Chairman invites experts to some of these meetings in order to discuss with them the analysis of the development of the group's activities with regard to sustainable development challenges.

The Sustainable Development Department coordinates this task in close collaboration with all headquarter operating departments as well as those of the group's business units.

Together with the Investor Relations Department, the Sustainable Development Department organizes meetings with the financial community to present the group's sustainable development policy. In 2009, 53 investors were hosted within the context of these dedicated road shows (London, Frankfurt and Paris).

The Sustainable Department works regularly with the Audit Division when carrying out the examination by the Risk Committee of sustainable development topics or other more specific workstreams, such as the preparation of a questionnaire for completion by the principal suppliers of the business units.

Together with the General Secretary's Office, the Sustainable Development Department helps apply the Program for Compliance with Environmental, Health and Job Safety Regulations approved by Vivendi in 2000. It also contributes to promoting the Monitoring Program within the group and among its various partners. It participates in tasks relating to the monitoring of Vivendi's policies regarding the processing and collection of personal data.

In close collaboration with the Human Resources Department, it is involved in incorporating and applying sustainable development criteria in the group's management compensation schemes. It also carries out initiatives to raise awareness of the group's social partners.

Since 2003, the Sustainable Development Department is assisted by a Sustainable Development Committee which is comprised of individuals working on issues related to sustainable development in the business units together with representatives of several administrative divisions at the headquarters level. This committee meets six times per year to address specific topics.

In January 2010, the first Sustainable Development Seminar brought together 70 participants and speakers including representatives of civil society and various group business units from around the world. It was the occasion to remind them of the founding principles of Vivendi's sustainable development policy and to hear stakeholders (investors, rating agencies, experts, academics, NGO representatives) formulate their expectations. The subsidiaries described their own experience, thus illustrating the inclusion of sustainable development challenges in their strategies.

1.4.3.3. An Enhanced Communication with Stakeholders

Each year, Vivendi describes its policies and actions in a Sustainable Development Report, which has been combined with the Activity Report since 2009. The group also publishes a "Sociographics and Environmental Policy 2009" report, on standards required by the French New Economic Regulations Act of 2001 (NRE Act). These reports are available on the group's website under the "Sustainable Development" tab.

For the eighth consecutive year, the 2009 Activity and Sustainable Development Report was certified on a moderate level of assurance by Salustro Reydel, member of KPMG International, one of Vivendi's statutory auditors, on the basis of selected social measures at the group level and environmental measures for Activision Blizzard, UMG and Canal+ Group. A dedicated page on the group's website provides more detailed and topical information as well as testimonials from Vivendi's partners.

Vivendi is strengthening its contacts with its various partners, including, in 2009, with presentations of its policy to institutional agencies (European Commission, French Ministry of Advanced Education and Research), universities (New York University, INSEAD), and at international meetings (Women's Forum, United Nations Global Compact, UNESCO).

In order to finalize the defining process of criteria corresponding to its specific objectives, Vivendi co-founded the Global Reporting Initiative, a media sector work group, which met for the first time in the Fall of 2009.

1.4.4. The "*Create Joy*" Solidarity Program

This solidarity program, launched in September 2008, forms part of the group's social responsibility initiative. Vivendi seeks to better satisfy the desire of disadvantage young people for entertainment and fulfilment

In 2009, *Create Joy* financed approximately twenty projects supported by twenty associations, including Starlight in the United States, Fairbridge in Great Britain, the Auteuil Foundation and school orchestras in France, and *Un Film à la mer* and Binkad in Mali.

Create Joy supports the development of underprivileged youngsters by making entertainment accessible to them as well as teaching them new skills, enabling them to plan better for the future through projects related to Vivendi's business units: video games, music, telecommunications, the Internet, television and films.

This program supports projects developed by associations and NGOs based in France, the United States, Great Britain, Morocco, Mali and Burkina Faso, which are significant countries for the group.

1.5. Human Resources

Vivendi is committed to ensuring that employees' contributions are rewarded equitably. Consequently, the group has implemented a profit-sharing policy that exceeds legal requirements and that strongly encourages employee share ownership. Similarly, in addition to these internal provisions, Vivendi has applied a social responsibility policy to assist regions deeply affected by unemployment and industrial restructurings in their industrial revitalization and job growth.

1.5.1. Employee Share Ownership and Employee Savings Plans

The year 2009 saw a continuation of measures lauched in 2008 with the creation of the Opus program to promote employee share ownership within the Vivendi group: the simultaneous launch of "Opus 09," a leveraged share capital increase with an investment and minimum return guarantee and the customary annual rights issue for employees of the group's French companies.

Development of Employee Savings Plans in France

Employee share ownership and savings increased in 2009, through the contributions made by the group's French companies under various participatory compensation plans (statutory profit sharing, optional profit sharing and employer's contribution): the allocation of a significant share of these employee savings to employee shareholdings was maintained, and, at the same time, employees continued to diversify their savings within the various investment options offered to them under the Vivendi Group Savings Plan ("PEG") and investment options under their relevant company agreements.

In 2009, net amounts received by employees of the group's French companies under the optional profit sharing plans (*intéressement*), statutory profit sharing plans (*participation*) and pursuant to contributions made by employers to the group's savings plan (*Plan d'épargne groupe* or PEG) were €92.2 million.

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In 2009 the aggregate amount of additional employee savings amounted to €63.4 million, €49.3 million of which was invested in the various PEG funds, with the remaining €14.1 million being allocated by employees to retirement savings plans (i.e., Perco at SFR) and to various funds or plans maintained by their relevant companies.

Share Capital Increase for the Benefit of Employees

On April 30, 2009, the Management Board approved the annual share capital increase for the benefit of the group's employees through the PEG, pursuant to authorizations given by the General Shareholders' Meeting of the same day. The transaction was successfully completed on July 30, 2009. For the second time, the capital increase involved the simultaneous launch of a customary employee offering (in France) and a French and international leveraged plan which included an investment and minimum return guarantee, called "Opus 09".

In 2009, in addition to the principal guarantee already offered in 2008, a minimum guaranteed return was offered, compounded at the rate of 2.5% per year. "Opus 09" was offered to employees in all major countries where the group operates, e.g., France, the United States, Great Britain, Morocco and Germany.

Despite a difficult macroeconomic environment, which rewards prudent behavior and attention towards stock markets, the "Opus 09" project was hailed as a success. Overall, the two portions of the employee offering (customary and leveraged) resulted in a capital increase totaling €71.1 million, including €53.8 million for "Opus 09" and €17.3 million for the customary employee offering. As a result of this transaction, 4,862,279 new shares were issued, including 3,677,248 shares under "Opus 09" and 1,185,031 shares under the customary employee offering. This volume of newly-issued shares, an 8% increase compared to the 2008 capital increase reserved for employees, represents 0.39% of Vivendi's outstanding share capital. Upon completion of the transaction, the portion of Vivendi's share capital held by its employees was 1.56% in the aggregate.

6,799 employees subscribed to the capital increase, including 4,967 through "Opus 09" and 4,626 in the customary employee offering in France. The overall participation rate of eligible employees amounted to 22% in total under the two plans, including 16.5% for "Opus 09" alone (27.7% of which was attributable to employees in France and 4.5% to employees outside France). In France, 39.6% of the employees participated in at least one of the two employee offering plans.

Considering the confirmed success of the "Opus" program, on October 23, 2009, the Board of Directors resolved to renew the program in 2010 as part of the employee share capital offering.

1.5.2. Dialog between Management and Labor

In 2009, the corporate partners of the group Works Council, the European Authority for Dialog between Management and Labor and the headquarters' Works Council were regularly informed of the group's strategy, financial position, social policy and main achievements for the fiscal year. Discussions were conducted throughout the year and included a three-day training seminar, for members of the European Authority for Dialog between Management and Labor and members of the group Works Council, on the strategic and cross-challenges of sustainable development as well as keeping participants apprised of Vivendi's operations and business units.

As training is both a key component of the recruitment of young professionals and an asset for the company, Vivendi has continued to promote training in order to increase the number of part-time employees within the group and to ensure cultural and ethnic diversity when recruiting. To this end, in 2009, Vivendi participated in the Alternating Work-Study Program, which brought together 45 of the largest French companies, with the task of drafting and presenting a report on the promotion and development of alternating work-study opportunities for the government. At year-end 2009, the group employed 526 trainees on alternating work-study contracts (compared to 307 in 2008 on a like-for-like basis, an increase of 60%).

The Vivendi group's training policy encourages employees to acquire and strengthen the skills required to fulfill their objectives and to pursue their career development. Employee training requests and needs are identified and discussed by management and employee representatives, as well as during each employee's annual evaluation. The percentage of payroll dedicated to training remains much higher than that required under French law.

In 2005, Vivendi and its subsidiaries entered into a partnership with INSEAD (the European Business Administration Institute) to improve their future leaders' skills. This made-to-measure training program has the following goals: to develop the skills needed to better understand the national and international business environment, to be able to anticipate major future business trends, to learn best practices and to challenge and redefine accepted experiences and beliefs.

Section 1 Description of the Group

In 2009, the Vivendi group continued to focus on occupational health and safety. In 2009, the frequency of industrial accidents was reduced to 2.03 compared to 3.14 in 2008. Since the rate is higher in on-site jobs, specific prevention programs were implemented in that field, e.g., at SFR, Maroc Telecom and Canal+. In 2009, 4,103 group employees received safety training.

With regards to prevention, job safety and working conditions, studies have been carried out by various entities in order to implement training programs in these areas. The problems of stress management and psychological-social risks have led to the implementation of preventive measures such as the creation of a help and information hotline, set up in association with the group's social partners. These measures are tailored to each group entity (including information provided to the workplace representative agencies (IRPs) by a specialist physician, free hotline available to employees and the organization of a "job well being week" program).

The Vivendi group encourages internal mobility among its various business units through three methods: an annual interview focusing on employee goals, a personnel review performed by management and an IT software application known as "*In vivo*" on the group's Intranet site. This latter tool updates and distributes internal vacancies within each business unit.

In addition, a succession plan covering top management positions and high-potential employees has been adopted within each group business unit. As soon as emerging leaders are identified, they are guided into a development plan that encourages greater mobility between the group's various businesses.

1.5.3. Contribution to Employment Development

Since 2004, Vivendi has taken up the government's challenge to create jobs in areas which are significantly affected by unemployment and industrial restructurings.

As of December 31, 2009, jobs certified by commitment committees, which were set up with public authorities in each relevant area, totaled 4,854, and actual job creations totaled 3,203, representing more than 66% of certified jobs.

The first employment area program was set up in March 2005 and the latest program was launched in March 2008. Each program has an operating lifetime of at least three years. Consequently, the results that can be seen at year-end 2009 for the five-year agreement (2005-2009) are only provisional. At year-end 2009, Vivendi had exceeded its overall target for all employment regions by 73% in certified jobs and by 14% in jobs already created, while the programs were extended after 2009 in six of the eleven regions.

In the first areas where the program was set up, effective job creation exceeded the target by 73% in Oise, 62% in Arles, 61% in Dreux and 34% in Sarrebourg.

Pas-de-Calais and Thann-Cernay reached their targets for effective job creation. Somme, Chalon-sur-Saône and the Tonnerrois are about to reach their targets. In several of these areas, a certain number of jobs are still to be created. Thus, in Somme, new jobs which have already been recorded meet the final target, while certified and scheduled jobs (up to 2011) are 2.3 times higher than the relevant target.

The first three programs (Sarrebourg and Château-Salins, Oise and Arles) have been completed, as far as their canvassing, processing of applications and review by the relevant commitment committee (the last of which took place in December 2007) are concerned. The economic development companies remain within these areas in order to follow the progress of the programs and to ensure that scheduled jobs translate into actual ones.

The Pas-de-Calais program, which was originally scheduled to be completed in mid-2009, was extended until end-2010 by agreement with the public authorities in order to allow the area to benefit from unused funds which were left over following the initial completion of the program. The extended program is specifically centered on Calaisis.

Other programs which are nearing the agreed duration of three years, which they will reach in early 2010, may be subject to an extension subject to the approval of the public authorities. This is specifically the case with the Thann-Cernay program.

At year-end 2009, six of the eleven programs were still in the active project-canvassing phase. For Somme, Tonnerrois, Thann-Cernay and Autun-Château-Chinon, the standard completion date is the first half of 2010. For Pas-de-Calais the standard completion date has been extended until year-end 2010, Haut-Jura, where the standard completion time is March 2011 is developing favorably.

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80% of the companies which were offered assistance in these areas were either industrial, agribusinesses and industrial services businesses or involved in the construction business and 15% were involved in trade and the craft industry. The remaining percentage was made up of companies in tourism and homecare services. 70% of the aided projects involved the development of existing companies, 26% the creation of new companies and 4% acquisitions. Almost all aided companies were either small, medium-sized or very small businesses. More than 85% of all approved projects are carried out by companies from these areas. Dreux is the only exception, since 60% of projects come from companies located outside the area.

At year-end 2009, out of the eleven employment areas, €27.2 million has been allocated by Vivendi to the creation of jobs since 2005. Participating loans and subsidies granted represent 70% of the total allocated amount; the remaining 30% represents fees paid to industrial revitalization companies.

New commitments

In the first quarter of 2009, Vivendi agreed on new targets set by the French Government for its contribution to the development of jobs over a period of three years (2010 to 2012). In addition to maintaining its previous commitments in relation to the call centers of Belfort and Douai, Vivendi has agreed to create 1,800 new jobs in three years in addition to jobs created under its previous commitments, and to allocate 5 to 6 million euros per year to meet this goal. The first areas under this new initiative were assigned to Vivendi by the Ministry of Economics and the Ministry of Industry in late 2009. They included Châtellerault (Vienne), Montluçon (Allier) and Compiègne (Oise).

1.5.4. Equality of Opportunity in Educational Programs

Telecom Passport Circle

By creating the "Telecom Engineer Passport" (*Passeport Ingénieur Télécoms*) in 2005, SFR and the French public authorities intend to facilitate access to engineering schools for young people in depressed areas and offer them the prospect of high level careers in communication technology businesses. SFR's objective is to create genuine and exemplary situations of academic and professional success for young people, within companies located in depressed neighborhoods, by using the appeal of the telecommunications business. This program is the first to include all key players such as teachers, companies, higher education institutions, local policy-makers and young people themselves.

In 2006, SFR's initiative gained momentum with the creation of the "*Cercle passeport promotions télécoms*" association. This association, headed by the Chairman and CEO of SFR, brings together SFR and major telecommunications equipment manufacturers and operators based in France (Alcatel, Ericsson France, Motorola France, Nokia France, Siemens France and Orange). Together, these seven companies, along with the French government represented by three Ministries (the Ministry of Employment, Social Cohesion and Housing, the Ministry of Higher Education and Research and the Ministry of Education) have promoted and made firm commitments to equal opportunity and the professional development of young people from depressed areas.

For the 2009-2010 academic year, over 500 students will benefit from individual tutoring from the *Cercle*. 73% of the students assisted by the *Cercle* were awarded scholarships by the French government. In addition, more than 1,000 youngsters benefit, through corporate partners, from group tutoring in preparatory classes or in one of the partner schools. In 2009, the Gemalto group joined the *Cercle* initiative and SFR has agreed to coordinate implementation of the approach in *La Réunion*.

Vivendi is also a partner together with SFR in the "A Future Together" program, created and managed by the Office of the Grand Chancellor of the Legion of Honor. This involves sponsoring a deserving student and monitoring him/her during his/her academic life.

Mobi3

Mobi3 is a program which has existed since 2008. It is offered to participants, following an entrance examination, by five companies involved in the life cycle of cell phones: Dassault, DLA Piper, IBM, Nokia and SFR, in partnership with *IMS-Entreprendre pour la Cité*. Mobi3 forms part of the "Engage" program, supported by the Ministry of Education, with the aim of developing a social commitment among employees across Europe. It challenges teams of middle school students to develop the cell phone of the future as part of their DP3 (3-hour professional discovery) option. Consequently, the students study the life cycle of a cell phone from 3D design to sale and cover marketing, legal aspects and logistics.

In 2009-2010, seven middle schools participated in the program's second year of operation.

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ARPEJEH

Based on the finding that most disabled students stop their studies at the high-school level, SFR, in 2008, set up the ARPEJEH association (Assisting Young and Disabled Students to Complete their Studies), with the participation of businesses and government entities from all sectors.

The aim is to help disabled students avoid self-criticism by showing them that they can pursue a worthy professional career. To do so, the association organizes "job discovery" workshops in middle schools. This is an opportunity for disabled youngsters to realize that a place exists for them in the business world and that it is therefore essential that they continue their studies. A framework agreement that has just been signed with the French Ministry of National Education regarding the three academies of Ile-de-France evidences the importance of these measures. In only one year, 60 company internships have been organized, as well as several "job discovery" workshops. Today, the ARPEJEH includes 21 companies, including L'Oréal, LVMH, Air France, and RTE (Transport and Electricity Network). The association is chaired by the Vivendi group's Human Resources Director.

In the future, ARPEJEH seeks to remain the link between disabled students and the world of work. There will be more internships and discovery workshops and tutoring activities are in the process of being launched.

1.6. Insurance

2. Activision Blizzard has its own insurance programs and Vivendi is currently exploring the possibility of integrating GVT into some of its group programs.

Vivendi has a centralized policy[2] for the coverage of certain risks by insurance programs.

Insurance programs are implemented to complement risk prevention procedures on work sites. These include return to work or first aid plans in the event of a disaster affecting the nerve center of a given business, as well as environmental protection measures.

In 2009, Vivendi signed or renewed the following principal insurance programs:

Property damage and business interruption

General insurance programs for the entire group are in place for a total coverage of up to €400 million per loss. These programs cover risks of fire, water damage, natural events, terrorism (depending on the legal restrictions in each relevant country/state) and business interruption resulting from these events. In general, the applicable deductible per accident is €100,000 for industrial sites and €50,000 for other establishments.

Third-party liability

Business and product third-party liability programs have been implemented providing total cumulative coverage of €150 million per year for the entire group. This amount supplements the various so-called first-line policies contracted directly by the business units (Universal Music Group, SFR, Maroc Telecom Group, GVT and Canal+ Group) for an aggregate amount comprised between 2 and 16 million dollars or euros, as applicable.

Work accidents

Certain programs are specific to activities carried out in the United States, notably those relating to work accidents, the insurance obligation of which is the responsibility of the employer. So-called workers compensation programs have been put in place to address the obligations of various federal and state laws.

Section 2 Description of the Group's Businesses

2.1. Activision Blizzard

Activision Blizzard is a worldwide leader in video games for PC, online and console platforms, and was formed in 2008 by combining Activision and Blizzard Entertainment, two major players in the field of interactive entertainment.

The Activision Publishing ("Activision") business develops, markets and sells products directly, by license, or through third-party publishers. Its products cover diverse game categories including action/adventure, action sports, racing, role-playing, simulation, first-person action, music and strategy. These games are intended for a broad customer base that ranges from casual players to game enthusiasts and children to adults.

Activision develops and publishes multi-console and PC video games through internally developed franchises and license agreements. Activision primarily offers games developed for the Sony (PlayStation 2, 3 and PSP), Nintendo (Wii and DS) and Microsoft (Xbox 360) platforms.

Section 2 Description of the Group's Businesses

3. Source : NPD Group.

4. Source : NPD Group, Charttrack, GfK.

For the 2009 calendar year, Activision Blizzard was the number one independent publisher in the US.[3] with the number one franchise overall, *Call of Duty*® and the number two third-party franchise, *Guitar Hero*®[3]. *Call of Duty*®: *Modern Warfare*™ *2*, was the number one best selling title in the U.S. and Europe, and surpassed $1 billion in retail sales worldwide since its launch in November 2009[4].

Call of Duty is a video game franchise in which the player embodies a soldier in the middle of a war. The realism of the fight and of the gaming environment contributes to making *Call of Duty* the number one war game on the market.

Guitar Hero lets players engage with music by pressing color buttons and strumming a guitar controller in rhythm with colored notes that scroll on a screen. The game's easy-to-learn, yet challenging-to-master gameplay, coupled with its revolutionary guitar-shaped controller, offers a deep and authentic rock and roll experience complete with avatars of rockers and scenes from concerts.

In 2009, Activision Publishing released two new products under the *Guitar Hero* franchise: *DJ Hero*™ and *Band Hero*™.

DJ Hero introduces players to an innovative turntable controller that immerses fans into the authenticity of DJ culture as they utilize and master various DJ techniques including scratching, crossfading and sampling. With over 100 individual songs, highlighted in 93 unique never-before-released mixes that blend genres of music, including hip hop, pop, rock and dance, the game delivers the most diverse and international collection of music ever assembled in a music video game.

4. Source: NPD Group, Charttrack, GfK.

DJ Hero was the number one new intellectual property launched in 2009 in the US and Europe[4].

Band Hero allows players to form a band by using new wireless instruments including drums and a microphone and includes a virtual recording studio where players can create their own music to share with others. The game delivers an exciting new music collection featuring top-40 hits designed to appeal to broad family audiences.

The *Guitar Hero* franchise continues to experience worldwide success and remains the benchmark for music video games because of the quality of its wireless instruments, the customization options available and its online functionalities. *Band Hero, DJ Hero* and *Guitar Hero* offer the largest variety of music genres, innovative technologies, new social entertainment experiences and a broad range of music that is localized in the geographic territories where the game is released.

In 2009, Activision Publishing also released *Bakugan*® *Battle Brawlers*™ based on the popular toy and animated television series; *iCarly* based on Nickelodeon's hit television series; *Ice Age III*™: *Dawn of the Dinosaurs*, based on Twentieth Century Fox's feature film; *Marvel*™: *Ultimate Alliance 2*, a game featuring the largest collection of Super Heroes from the Marvel Universe; *Monsters vs. Aliens*, based on DreamWorks Animation's feature film of the same name; *Prototype*™, a third-person open world game; *Tony Hawk*®: *Ride*™ which redefined skateboarding through an innovative motion-sensing skateboard controller; *Transformers*™: *Revenge of the Fallen*, based on the Paramount Pictures and DreamWorks Pictures' feature film; *X-Men Origins: Wolverine* based on the feature film from Twentieth Century Fox; and *Wolfenstein*, the latest game in the popular franchise.

In February 2010, Activision also launched *Percy Jackson and the Olympians: The Lightning Thief*, a tactical role-playing game adapted from the acclaimed fantasy book series by Rick Riordan.

Blizzard Entertainment is a world class development studio and publisher, best known as the creator of *World of Warcraft*®, *Diablo*®, *StarCraft*® and *Warcraft*®.

Blizzard generates revenues worldwide through various means, including: subscription revenues (from players of *World of Warcraft*, prepaid-cards and other ancillary online revenues), retail sales of physical "boxed" products and licensing revenue from distribution agreements with local partners.

With the success of *World of Warcraft*, Blizzard is the world leader in terms of subscriber base and revenues generated on the subscription-based MMORPG (*Massively Multi-Player Online Role-Playing Games*) market.

A massively multiplayer online role-playing game is a video game played only online via an Internet connection simultaneously with thousands of other connected players. The player, after having purchased a copy of the game and installed it on a computer, takes out a subscription for a period of his or her choice allowing access to the game universe, whose principal characteristic is constancy. As a result of this principle, customer assistance is required 24 hours a day, seven days a week.

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Section 2 Description of the Group's Businesses

This service is provided by "game masters" who step in at any time to help players overcome their difficulties, whether they be technical incidents, or problems related to their success in the game or to the illicit behavior of other players. Managers of communities of players take notes of ideas, comments and complaints from subscribers' comments in discussion forums.

Last year, Blizzard released *World of Warcraft*®: *Wrath of the Lich King*™, the second expansion pack of *World of Warcraft*, simultaneously in several countries. Blizzard also released a Russian-language version of *World of Warcraft* and expanded the sale of support services for *World of Warcraft* in Russia and in the Spanish-speaking countries of Latin America.

In the Asian market, Blizzard distributes *World of Warcraft* directly through its local subsidiaries (Korea) and through partners and license agreements. In 2009, Blizzard entered into a license agreement with NetEase.com, Inc. for the operation of *World of Warcraft* in China and with SoftWorld in Taiwan. In addition, Blizzard granted a license to NetEase for the operation in China of *StarCraft*® *II*™, *Warcraft III: Reign of Chaos*™, *Warcraft*® *III: The Frozen Throne*™ and for the Battle.net platform.

World of Warcraft is now available in North America, Europe (including Russia), China, Korea, Taiwan, Australia, New Zealand, Malaysia, Mexico, Thailand and Hong Kong.

2.1.1. Seasonality

PC and console software sales are historically higher in the fourth quarter. The seasonal nature of the business can be expanded by releasing flagship titles at times other than during the end-of-year holiday season. The subscription-based MMORPG business provides a more consistent revenue stream throughout the year as consumers are required to pay a monthly subscription fee or purchase hourly time cards in order to play.

2.1.2. Regulatory Environment

Activision Blizzard voluntarily participates in self-regulatory rating systems established by various video game industry organizations around the world. In the United States for example, the group adheres to the principles adopted by the Entertainment Software Rating Board ("ESRB"). It also adheres to the Pan European Game Information ("PEGI") rating system pursuant to which Activision Blizzard displays the age group for which a particular product is intended on its product packaging and advertising, respects advertising guidelines and online privacy principles and provides a brief description of the product's content on its packaging.

Since 2005, Blizzard offers parental control for parents whose children play the MMORPG *World of Warcraft*. The system allows parents, as the account holders, to ensure that their children's gaming time stays within reasonable limits. By enabling the parental control system, parents can choose the days and times during which their children may play (e.g.,weekends exclusively or one or several predetermined weekdays between certain hours) and the frequency of breaks (e.g., every thirty minutes or once an hour). Anyone attempting to log on to the game outside the authorized times will not be allowed access to the game.

2.1.3. Piracy

Piracy is a serious concern for video game publishers. Through its anti-piracy department, Activision Blizzard combats this issue on its own and in collaboration with third parties such as publishers and trade associations. Activision Blizzard has pursued emerging business models, such as MMORPG games by Blizzard Entertainment, which embrace the Internet and at the same time use technology to prevent piracy. Another international enforcement challenge comes in the form of unauthorized server systems, which facilitate game playing through the use of pirated software. Activision Blizzard is pursuing aggressive investigations to address these threats and intends to launch legal proceedings against high-priority targets.

2.1.4. Competition

Activision Blizzard is the leader in the subscription-based MMORPG games market due to Blizzard's *World of Warcraft*. *World of Warcraft* is the only MMORPG that has experienced major success in all key markets (USA, Europe and Asia). Competitors also publishing MMORPG games include NCSoft, Sony Online Entertainment, Electronic Arts and Funcom.

Competitors in the console and PC games segment include Electronic Arts, Konami, Take-Two Interactive, THQ and Ubisoft entertainment, as well as Nintendo, Sony and Microsoft which publish video games for their own platforms.

Section 2 Description of the Group's Businesses

2.1.5. Raw Materials

The principal raw materials used in the Activision Blizzard businesses are polycarbonates for the production of CDs and DVDs, paper for the packaging of its products and plastic materials for game accessories for consoles and PCs. These raw materials do not experience price fluctuations that could have a material impact on the Activision Blizzard business. Only the plastic materials used for accessories (guitars, drums, etc.) can experience price variations due to the fluctuation in oil prices. The business activities of Activision Blizzard are not dependent on any raw material suppliers.

2.1.6. Research and Development

Capitalized software development costs included amounts paid to entitled beneficiaries for the use of their intellectual property content in order to develop new games (e.g., software development, graphics and editorial content), direct costs incurred during the internal development of products, and the acquisition costs of software developed outside of the company. Software development costs are capitalized when the technical feasibility of the software has been established and they are considered 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. Non-capitalized software development costs are immediately recorded as research and development costs.

For the year ended December 31, 2009, research and development costs amounted to €621 million, of which €393 million were capitalized.

2.2. Universal Music Group

Universal Music Group ("UMG") is the largest music content company in the world[5] and is composed of three business segments: recorded music, music publishing and artist services and merchandising.

The recorded music business produces, markets and distributes music through a network of subsidiaries, joint ventures and licensees around the world. UMG also sells and distributes music and film DVDs, and licenses recordings. UMG participates in and encourages the distribution of music over the Internet and cellular networks by making content available in digital form. Increasingly, UMG is expanding its participation in other activities associated with its recording artists including touring, sponsorships and brand rights management.

In the music publishing business, UMG owns and administers rights to musical compositions in order to license them for use in recordings and other related uses, such as in films, advertisements or live performances.

The artist services and merchandising business was developed following the acquisition of the Sanctuary Group Plc. ("Sanctuary") in 2007 and has enabled UMG to diversify its business into new areas which are growing rapidly, such as artist management and musical events.

2.2.1. Recorded Music

UMG's recorded music business is the largest in the world[5] with particularly strong positions in the important North American and European markets which together account for approximately 70% of global sales. UMG is not dependent on any particular artist or music trend due to its diverse array of labels, covering the major markets and the majority of other markets across the globe. UMG's labels complement each other through their focus on different genres and music segments, thereby mitigating the effect of changes in consumer tastes.

UMG's major recording labels include popular music labels (such as Island Def Jam Music Group, Interscope Geffen A&M Records, MCA Nashville, Mercury Nashville, Mercury Records, Polydor and Universal Motown Republic Group) and classical and jazz labels (such as Decca, Deutsche Grammophon and Verve).

Best-selling albums in 2009 included titles from a diverse roster of artists including emerging talents such as Lady Gaga, Taylor Swift and Justin Bieber in addition to perennial best selling artists such as U2, Black Eyed Peas, Eminem, Andrea Bocelli and Bon Jovi. Regional best sellers included titles from Japan's GReeeeN and Dreams Come True, Germany's Ich + Ich and Rammstein and France's Mylène Farmer, Olivia Ruiz and Calogero.

5. Source : Music & Copyright.

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Section 2 Description of the Group's Businesses

Sales from prior releases account for a significant and stable part of UMG's recorded music revenues each year. UMG owns the largest catalog of recorded music in the world with performers from the US, the UK and around the world, including ABBA, Louis Armstrong, Chuck Berry, Joao Bosco, James Brown, The Carpenters, Eric Clapton, Patsy Cline, John Coltrane, Elvis Costello, Count Basie, Def Leppard, Dire Straits, Ella Fitzgerald, The Four Tops, Serge Gainsbourg, Marvin Gaye, Bebel Gilberto, Johnny Hallyday, Billie Holiday, Buddy Holly, The Jackson Five, The Jam, Elton John, Herbert von Karajan, Kiss, Andrew Lloyd Webber, Lynyrd Skynyrd, The Mamas & The Papas, Bob Marley, Dean Martin, Nirvana, Luciano Pavarotti, Tom Petty, Edith Piaf, The Police, Smokey Robinson, The Rolling Stones, Diana Ross & The Supremes, Michel Sardou, Frank Sinatra, Cat Stevens, Rod Stewart, Caetano Veloso, Muddy Waters, Barry White, Hank Williams and The Who.

UMG markets its recordings and promotes its artists through advertising and exposure in magazines, on radio and TV, via the Internet and cell phones and through point-of-sale material. Public appearances and performances are also important elements in the marketing process, which is carried out on a country-by-country basis although global priorities and strategies for some artists are determined centrally. Television advertising plays an important role in the marketing of compilations and new albums.

UMG has outsourced the bulk of its manufacturing and management of distribution activities to third parties.

UMG plays a leading role in the expansion of the digital music market and continues to encourage and support innovation such as Spotify's premium service accessible on the iPhone and Musicstation's launch on the Android platform. In 2009, Apple announced a new agreement with UMG whereby its music would be sold on iTunes DRM-free and be available as over-the-air (OTA) downloads for the iPhone. It also announced the tiered pricing of single track downloads. UMG is the principal participant in VEVO, a US-based premium video service launched in December 2009 in the United States and Canada. VEVO was immediately the number one Music/Entertainment network in the United States. The service will be rolled out across the rest of the world commencing in 2010.

2.2.2. Music Publishing

Universal Music Publishing Group is the world's leading music publishing company[5]. Music publishing involves the acquisition of the rights to and the licensing of musical compositions (as opposed to recordings). UMG enters into agreements with composers and authors of musical compositions for the purpose of acquiring an interest in the underlying copyright so that the compositions may be licensed for use in sound recordings, films, videos, commercials and live and other public performances (e.g., broadcasting and film performances). UMG also licenses compositions for use in printed sheet music and song portfolios. UMG generally seeks to acquire rights but also manages musical compositions on behalf of owners such as other music publishers and authors who have retained or re-acquired rights.

5. Source : Music & Copyright.

UMG's music publishing company is also a global leader in both Classical music and the Production Music Library businesses. Through its Classical music business, UMG controls publishing rights to an impressive list of traditional classical composers such as Verdi, Puccini, Ravel, Debussy, Stravinsky and many others. The Production Music Library business provides a vast catalog of original music and arrangements (through numerous libraries and niche brands) for use in films, television and advertising and new media industries, essentially as an economical licensing alternative to live or popular music.

UMG's combined publishing catalog contains in excess of two million owned and administered titles, including some of the world's most popular songs, such as "R.E.S.P.E.C.T.," "American Pie," "Strangers in the Night," "Copacabana," "Born to be Wild," "Good Vibrations," "I Want to Hold Your Hand," "Sweet Dreams (Are Made of This)," "I Will Survive," "Smoke Gets in your Eyes" and "(Sitting on) the Dock of the Bay." Some of the significant artists/songwriters whose works are represented include Justin Timberlake, ABBA, The Mamas & The Papas, Juan Gabriel, Coldplay, The Beach Boys, Mariah Carey, T-Pain, Jon Bon Jovi, Maroon 5, Juanes, Gloria Estefan, Linkin Park, Prince, André Rieu, Mika, Andrew Lloyd Webber, Ne-Yo and U2. Legendary composers include Leonard Bernstein, Paul Simon, Elton John, Bernie Taupin and Henry Mancini. During 2009, UMG entered into a number of new publishing deals, including agreements with Eminem, Keith Urban, Tricky Stewart, Alela Diane, A.R. Rahman and Wolfmother. UMG also entered into agreements pursuant to which it would become the worldwide publishing administrator for the Estate of Jimi Hendrix and the Warner Bros. Entertainment Film and Television music catalogs.

In 2009, UMG also acquired the French production music company, Kapagama Music.

Section 2 Description of the Group's Businesses

2.2.3. Artist Services and Merchandising

The artist services and merchandising division was established in 2007 following the acquisition of the British company Sanctuary, allowing UMG to gain access to a broader range of music-related revenue streams.

UMG's merchandising division trades as Bravado, a leading company in this business. Bravado is a full service merchandise company with operations across the globe active in live event merchandising, retailing and D2C (direct to consumer). It also sells and distributes products via digital outlets such as mobile networks and operates as a licensing agent for many of its artists for products such as collectibles, footwear and sports gear. In 2009, Bravado continued to build upon its traditional concert artist tour business by signing major artists such as Michael Jackson, Green Day and The Rolling Stones. Retail distribution remained a priority and new retail partnerships were established including with Old Navy and Wal-Mart in the US and Next and Peacocks in the UK. Bravado's roster of long term clients includes recording artists Genesis, Oasis, Pink, Beyonce, Sex Pistols and Led Zeppelin and renowned brands such as Harley-Davidson and WWE. Bravado continues to leverage UMG's artist portfolio and clients such as Eminem, Elton John, Guns N' Roses, Gwen Stefani, Kanye West, Lady Gaga, Mariah Carey, Metallica, The Who, Mylène Farmer and Florent Pagny.

The artist service division is comprised of artist management and event management units. The artist management group includes renowned companies such as Twenty First Artists and Trinifold and represents artists including The Who, Elton John, Robert Plant, Lily Allen, James Blunt, Mick Fleetwood, ZZ Top and David Bisbal. In 2009, UMG secured management rights to Australian band Wolfmother in the US and launched the first F1 Rocks event in Singapore with LG as a headline sponsor. Universal Classical Management and Productions (UMCMP) continued their expansion in live-event and media activities with their production of UMG recording artist Sting's show "A Winter's Night … Live from Durham Cathedral" which was also released by UMG's Deutsche Grammophon (DG) label on CD and DVD. UMCMP also produced DG artist Bryn Terfel's UK tour.

2.2.4. Seasonality

Music sales are weighted towards the last quarter of the calendar year, when approximately one-third of annual revenues are generated.

2.2.5. Regulatory Environment

UMG's businesses are subject to the laws and regulations of each country in which they operate.

In the United States, certain UMG companies entered into a Consent Decree in 2000 with the Federal Trade Commission ("FTC"), under which they agreed that for the next twenty years, they would not make the receipt of any co-operative advertising income for their pre-recorded music products contingent on the price or price level at which such product is offered for sale.

In 2003, following a lawsuit filed by the FTC, the FTC issued an order that generally prohibits UMG from entering into agreements with unaffiliated entities to fix, raise or stabilize prices or price levels for the sale of audio or video products in the United States and any agreements with such entities to prohibit non-deceptive advertising for audio or video products in the United States.

Also in the United States, a UMG company entered into a Consent Decree with the FTC in 2004, under which it agreed to comply with the provisions of the Children's Online Privacy Protection Act and to maintain records evidencing this compliance.

In return for early clearance by the European Commission for its acquisition of BMG Music Publishing, UMG agreed to divest certain limited music publishing assets to a third party and not to reacquire direct or indirect influence over such assets for a period of 10 years from May 2007. The divestment was completed in February 2008. In addition, following notification by UMG of its acquisition of certain assets of BMG Music Publishing Canada, Inc. under the Investment Canada Act, UMG undertook, in an agreement with Minister of Canadian Heritage in April 2008, to regularly attend music events and venues with a view to scouting Canadian songwriter talent, promoting Canadian titles and continuing to be an active participant in and supporter of Canadian music publishing.

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Section 2 Description of the Group's Businesses

2.2.6. Piracy

Piracy continues to cause significant damage to the music industry while inhibiting the development of new business models. It is estimated that for every twenty songs downloaded from the Internet only one song is legally purchased. In response to piracy, UMG takes a multi-pronged approach working in conjunction with the rest of the music industry and other entertainment sectors, including the movie and games industries. This multi-pronged approach includes the following:

- UMG supports the launch of new and innovative services, such as Spotify and Vevo, as well as the continued growth of existing services such as iTunes, giving consumers more and more ways in which to legally access music.
- UMG works with governments and ISPs to introduce measures which educate users as to the wide availability of legal download services and which have a system of warnings about the use of illegal services and ultimately, where a user repeatedly ignores the warnings, imposes penalties such as temporary suspension of Internet access. For example, this model was introduced in France at year-end 2009 with the adoption of the Hadopi law. The French parliament has put in place an agency or High Authority to prevent and punish music piracy on the Internet. The Hadopi law, voted in June 2009, was later followed by the Hadopi 2 law, adopted in September 2009, which aims to fight against illegal downloading on the Internet.
- UMG engages in strategic litigation against pirate websites. Major developments in 2009 included judgments against the Pirate Bay service in Sweden and against Mininova in Holland.
- The music industry, together with the movie industry, is making efforts to pass laws to promote greater copyright protection such as in the United States, through the adoption of the "Pro-IP Act" in 2008. This law strengthens anti-counterfeiting measures and gives greater visibility to intellectual property issues through the appointment of an Intellectual Property Enforcement Coordinator who reports to the President of the United States, and whose task will be to propose a plan to combat counterfeiting and piracy to the United States Congress.

2.2.7. Competition

The profitability of a recorded music business depends on its ability to attract, develop and promote recording artists, the public acceptance of those artists and the success of recordings released within a particular period. UMG competes for creative talent with the other major record companies (EMI, Sony Music Entertainment and Warner Music Group) both for new artists and for those artists who have already established themselves with another label. UMG also faces competition from independent labels that are frequently distributed by other major record companies. Although independent labels have a significant combined market share, no label on its own has significant influence over the market. Changes in market share are essentially based on a company's artist roster and its release schedules.

The music industry competes for consumer discretionary spending with other entertainment products such as video games and motion pictures. UMG is facing intensified competition for shelf space in recent years, due to declining CD sales and continued consolidation of the retail sector in the United States and Europe.

Finally, the recorded music business continues to be adversely affected by CD-R piracy, home CD burning and illegal downloading from the Internet (please refer to section 2.2.6 "Piracy" of this chapter).

2.2.8. Raw Materials

The principal raw materials used in UMG's recorded music business are polycarbonates for the production of CDs and DVDs and paper for the packaging of its products. These raw materials do not experience price fluctuations that could have a material impact on the Universal Music Group business. UMG's business activities are not dependent on any raw material suppliers.

Bravado, UMG's Merchandising arm, is committed to using and promoting products and services that have minimal impact on the environmental, ecological and social welfare of the planet and its inhabitants.

Section 2 Description of the Group's Businesses

2.2.9. Research and Development

UMG's goal is to exploit opportunities for digital distribution and to protect its copyrights and those of its artists against any unauthorized digital or physical distribution. UMG has created eLabs in its structure which analyze and study emerging technologies applicable to UMG's activities, such as technological defenses against piracy and new physical formats. UMG's research and development expenses are not significant.

2.3. SFR

SFR is the second largest French telecommunications operator and the leading European alternative operator. It is a global operator that owns its mobile and fixed-line infrastructures and is able to effectively meet the needs of all its customers, including the general public, professionals, businesses as well as other operators.

SFR provides telecommunication services to its customers in metropolitan France, La Réunion and Mayotte via its wholly-owned subsidiary, Société Réunionnaise du Radiotéléphone ("SRR").

As of December 31, 2009, SFR had 20.4 million mobile customers and 4.4 million high-speed Internet customers, representing 33.2% of the mobile telephony market and 23% of the French high-speed and very-high-speed Internet market. (Sources: The Electronic Communications and Mail Regulation Authority "ARCEP" and SFR data.)

2.3.1. Performance and Services

2009 was characterized by the successful combination of Neuf Cegetel and SFR, including:
- the successful integration of both companies, particularly the combination of different employee teams, the full completion of the ADSL migration plan and the progressive pooling of the fixed-line and mobile networks;
- SFR's very strong performance in ADSL since completion of the combination, demonstrating the success of the alliance;
- SFR's sustained leadership position in mobile subscribers; and
- financial synergies in line with previously announced objectives.

Today, SFR must meet the challenges presented by the difficult economic environment and state of the telecommunications sector, including:
- a declining market growth and a competitive environment;
- the impending entry of a fourth mobile operator;
- a deteriorating economic environment;
- the introduction of mobile Internet services; and
- the conversion to very-high-speed connection, including the required installation of fiber optic networks.

Mobile

According to the ARCEP, in 2009, the mobile telecommunications market continued to expand in France, with a customer base that rose by 3.5 million (representing a net annual growth of 6%). As of December 31, 2009, the number of mobile phone customers in France (including overseas territories) totaled 61.5 million and the market penetration rate was 95.8%, compared to 91.2% as of December 31, 2008.

In 2009, the French market was under increasing regulatory pressures and intense competition due to:
- regulated tariff cuts imposed by regulators;
- the development of subscription offerings, relating, in particular, to the migration of customers from pre-paid cards to subscriptions and the success of locked bundled offers (the share of subscription customers among mobile phone customers in France rose from 67.7% at year-end 2008 to 69.4% at year-end 2009);
- the continued development of MVNOs (Mobile Virtual Network Operators) within the French market;
- the expansion of unlimited bundled offers (voice and data); and
- the explosion of mobile Internet.

In 2009, SFR recorded 743,000 new mobile customers (representing 21.4% of net market sales), including 169,000 new customers during the fourth quarter of 2009, and increased its customer base to 20.4 million, a 3.8% increase from 2008. The number of SFR 3G/3G+ customers was approximately 8.4 million at year-end 2009, compared to 5.9 million at year-end 2008. SFR hosts more than 1 million customers on its MVNOs network. In 2009, SFR's share of the mobile telephony market in France, excluding MVNOs, was 33.2 % (Source: ARCEP). In 2009, SFR gained 1.2 million subscribers raising the percent of subscribers in its customer base to 73% (compared to 69% in 2008). In 2009, SFR's subscriber market share was 34.7%.

Section 2 Description of the Group's Businesses

In 2009, the use of "data" services continued to grow. At year-end 2009, "data" services represented 23.7% of service revenues, compared to 17.7% at year-end 2008.

Mobile Internet grew substantially, driven by:
- the success of the *illimytics* bundled offers;
- SFR's launch, in April 2009, of web phones, including the iPhone and Google Phone, particularly adapted for that use;
- "Full Internet" offers, packages and "all inclusive" options for unlimited Internet services for the web phones, which were immediately successful (with more than 700,000 customers at year-end 2009); and
- the expansion of 3G+offers, including prepaid offers, adjustable rates and offers for ADSL customers.

Other SFR mobile services included the following:
- text and multimedia messaging services, which continued to rise with 25.6 billion short message services (SMS) sent in 2009, compared to 14.6 billion in 2008 (a 75% increase);
- mobile music, due specifically to strategic agreements entered into with major record companies pursuant to which SFR can offer access to a music catalog of more than 2 million singles;
- TV-VoD on mobile, with more than 3 million subscribers at year-end 2009 and 80 channels (including 50 channels within the CanalSat package, the five Canal+ package channels and 30 Pass TV channels) and content adapted to the mobile VoD and content loops;
- games, with more than 4.6 million video games downloaded in 2009 and more than 1,000 games available for download, including more than 40 high-definition games; and
- access to mobile Wi-Fi via more than 2 million SFR hotspots and neufboxes.

Fixed-line and Internet

In 2009, the high-speed and very-high-speed Internet market continued to grow in France, with a 1.9 million increase in household customers, representing a 10% annual net growth. The total number of customer households in France (including overseas territories) was 19.7 million at year-end 2009.

Following the October 2008 launch of the SFR neufbox, combining high-speed Internet, TV, fixed telephony and customer services, SFR posted 30.2% net sales in the high and very-high-speed market in 2009, increasing its customer base to 4.4 million customer households.

SFR recorded a sharp increase in the TV and VoD usage by its ADSL customers. The number of ADSL TV users rose from 1.3 million at year-end 2008 to 2 million at year-end 2009. This generated a significant increase in the use of pay television and VoD: SFR recorded 17 million videos watched on demand in 2009 (pay-per-view, free, subscription or catch-up VoD).

Businesses

2009 was the first year of operation of "SFR Business Team", an entity offering one-stop shopping for fixed-line/mobile services to corporate customers.

For the SFR Business Team, the year 2009 was marked by:
- a very significant increase in data services, with a "Business Mail" customer base (mobile email receipt) estimated at more than 190,000 at year-end 2009, representing a 33% increase compared to 2008;
- the launch of an innovative quadruple play offer for very small businesses (the "Pack Business"), which includes telephone exchange, high-speed Internet access, fixed-line telephony and mobile telephony lines.

Investments

In 2009, SFR continued to invest in its own telecommunication network infrastructures, particularly in its Universal Mobile Telecommunication Service ("UMTS") or "3G" network with the High Speed Downlink Packet Access function ("HSDPA") and the High Speed Uplink Packet Access ("HSUPA"), which increases available voice capacity and data transfer speeds and offers better quality to customers. In 2009, SFR's investments totaled €765 million in mobile and €828 million in fixed-line telephony. They primarily consisted of investments in networks and information systems and various capital expenditures related to commercial performance in high-speed Internet.

Investments were also made in Subscriber Connection Unit ("SCU") connections, the SFR fiber optic network (with the addition of 600 SCUs in 2009) in order to continue expanding the decentralized network.

SFR has invested in new generations of "full IP" equipment to respond to the increased usage of business networks and services. It continued to invest in fiber optics at the national level and in its capillary network to households.

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In 2009, SFR also invested in the rehabilitation of its two supervision rooms. One, located in Paris, specializes in access networks and end-to-end supervision, while the other one in Lyon is dedicated to supervision of the network core.

SFR extended its commercial network throughout France. It now has more than 7,000 points of sale, including 800 "SFR spaces." In 2009, 80% of the population in metropolitan France was less than 20 minutes away from an "SFR space." SFR optimizes its distribution network by increasing the average size of its stores and improving the reception and quality of services offered to customers.

2.3.2. Network

At year-end 2009, the SFR GSM/GPRS network covered nearly 99% of the French population, the UMTS (3G/3G+) network covered 81%, and the EDGE/3G/3G+ network 97%.

In 2009, SFR increased the capacity of its 3G mobile network to support new uses of mobile Internet (representing a 3-fold increase of data traffic in one year). It raised the upstream speeds[6] (HSUPA) to 2Mbit/s (from 1.4 Mbit/s in 2008) and offers downstream speeds[6] (HSDPA) at 7.2 Mbits/s over its entire 3G/3G+ network.

6. Theoretical maximum rate.

SFR was the first operator to complete convergence of its mobile and fiber optic networks (use of fiber optic for transmission from 3G sites), raising the speed of 3G+ to 14.4 Mbit/s[6].

In addition, in November 2009, SFR launched the first femtocell service in France in order to offer the best home service quality to its customers. Known as "*SFR Home 3G*", this offer takes advantage of the convergence of the SFR fixed-line and mobile networks and offers the best of 3G to SFR subscribers when at home, by using fixed-line high-speed Internet access. All communications (voice and data) made using a 3G mobile device are transmitted through the fixed-line network, thus ensuring optimal home coverage if this were not the case before (due, among other things, to very thick walls or high-insulation materials).

Under the terms of renewal of its GSM license, which expired on March 25, 2006, SFR has agreed to pay an annual fee for a 15-year term from the date of expiration that includes a fixed portion of €25 million and a variable portion of 1% of the related revenues. In addition, in 2001, SFR was granted a UMTS license by the French government for a period of 20 years (2001-2021) in consideration of a €619 million payment, comprising a lump sum payment made in September 2001 and an annual fee equal to 1% of future revenues generated by this third-generation network.

In 2009, SFR had more than 2 million Wi-Fi access points in France (including the 47 main SNCF train stations) and over 600,000 access points abroad as a result of agreements signed with international partners. SFR also has 86 WiMax radio sites in the *Ile-de France* and *Provence-Alpes-Côte d'Azur* regions via SHD (*Société du Haut Débit*).

In November 2009, within the context of the "France Digital 2012" plan, SFR launched a satellite Internet access offer under the SHD brand (*Société du Haut Débit*). This service is intended for areas not yet eligible for high-speed (white zones) in metropolitan France priced at less than €35 a month.

SFR has continued to upgrade its network towards convergence of access and services over IP. This data transmission method provides flexibility, upgradeability and security at the lowest cost. SFR has continued the installation of a new switching architecture based on software servers ("Softswitch") and R4 technology, which has replaced the traditional switching elements of its network. At year-end 2009, more than 20 million SFR subscribers generated traffic on the R4 network.

At year-end 2009, SFR had the largest alternative fixed network in France, with nearly 57,000 km of high-speed fiber optic cable connecting neighboring countries including Italy and Switzerland. This modern capillary network connects 2,900 Subscriber Connection Units ("SCUs"), for 22 million unbundable lines, providing high-speed data services, including ADSL 2+ and fiber optics, at costs optimized to cover the widest range of the French population of all alternative operators. It also connects 100% of France Telecom's subscriber switches (with 445 autonomous routing switches connected at year-end 2009), allowing SFR to offer Switched Voice services and to benefit from favorable connection rates.

In 2009, SFR continued to develop fiber to the home ("FTTx") networks, strengthening its direct consumer connections strategy.

2.3.3. Seasonality

SFR's sales (gross customer acquisitions) are characterized by significant seasonal variations at year-end. Nearly one-third of mobile customer acquisitions occur in the final three months of the year.

2.3.4. Regulatory Environment

2.3.4.1. Changes in Regulation

For SFR, the 2009 regulatory year was particularly affected by French and European decisions.

In France:

The principal legislative measures:

- Article 33 of Law no. 2009-258 of March 5, 2009, governing audiovisual communication and the new public television services, introduced a tax on services provided by electronic communications operators following the elimination of advertising on public channels.
- Law no. 2009-594 of May 27, 2009 on the economic development of overseas departments and territories, of which Article 27 amended Article L.113-4 of the Consumer Code by introducing invoicing by the second for communications within France (excluding numbers with a tax surcharge).
- The Hadopi 1 and Hadopi 2 laws, which promote the spread and protection of creative works on the Internet, will allow infringements of copyright and related rights committed on the Internet to be effectively dealt with through the creation of an independent public authority, the *Haute Autorité pour la diffusion des œuvres et la protection des droits sur Internet* (Hadopi). This will result in warning messages being sent via email to Internet subscribers in the event that they violate their obligations regarding proper use of Internet access (Article L.336-3 of the Intellectual Property Code). In the event of repeated violations, Hadopi may refer the case to a court, which will then decide on possible prosecution.
- These two laws impose new charges and/or obligations on Internet service providers, in particular regarding the treatment of requests for the identification of IP addresses made by Hadopi, the transmission of warning messages via email under the Hadopi stamp, the treatment of requests to suspend Internet access pursuant to a court order, and the use of court-ordered filtering measures pursuant to Article L.336-2 of the Intellectual Property Code.
- Law no. 2009-1572 of December 17, 2009, regarding the fight against the digital divide, specifies the powers of the ARCEP regarding high-speed Internet access. This new law sets forth guidelines applicable to the implementation of territorial digital schemes and regulates the participation of local communities in commercial companies, whose purpose is defined by law, as well as subsidies granted through a digital equipment fund for territories.

The primary ARCEP decisions:

- Decision no. 2009-0328 of April 9, 2009, implementing Article 119 of Law no. 2008-776 of August 4, 2008 (LME) which sets forth the conditions for the implementation of shared third-generation mobile network installations by mobile operators in metropolitan France. The ARCEP invites the operators to set out collective procedures for sharing 3G network installations in metropolitan France, whose coverage threshold is above 95% of the population including the 2G sites of the "white zone" program.
- Decision no. 2009-0406 of May 5, 2009, regarding the opening of the number segment beginning with 07 as a result of the substantial use of the resources of segment 06.
- Decision no. 2009-0637 of July 23, 2009, setting forth the conditions for the application of fixed-line telephone number portability and the transmission of communications to fixed-line and mobile carried numbers (including disclosure requirements to the fixed-line subscriber and portability deadlines.)
- Cancellation of decision no. 08-1176 of December 2, 2008. Pursuant to an order dated July 24, 2009, the French State Council cancelled the ARCEP's decision, considering that the atypical rate granted by the ARCEP to Bouygues Telecom was excessive.
- Decision no. 2009-0655 of July 28, 2009, sets forth the obligations regarding rates charged for voice calls by mobile operators in French overseas territories for the period January 1st through December 31, 2010. During this period, the price of a mobile voice call charged by SFR will be a maximum of 5.5 euro cents per minute and the price of a digital primary block will be subject to a maximum of €3,400 per year.
- Decision of November 30, 2009: SFR is formally notified that by December 31, 2013, it must comply with the provisions governing the obligations to deploy networks and provide UMTS services. SFR must comply with a new schedule aimed at covering 99.3% of the population by December 31, 2013. As of December 1, 2009, SFR covered 81% of the population.
- Decision no. 2009-1067 of December 18, 2009, sets out the result of the procedure for awarding a license for a third-generation mobile system in metropolitan France. The ARCEP awarded the Free Mobile company a license to use frequencies in the 2.1 GHz (5 MHz duplex) band in metropolitan France. Pursuant to decree no. 2009-948 of July 29, 2009,

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the French government changed the amount of royalties owed by the fourth entrant to €240 million, payable upon award of the license. A 1% levy on the revenues derived from the use of those frequencies is also payable annually. The remaining frequencies in the 2.1 GHz band will be awarded in a new call for tenders open to all operators in the first half of 2010.
- Decision no. 2009-1106 of December 22, 2009, pursuant to which the ARCEP defined, for dense and very dense areas, the procedures to be followed when gaining access to the fiber optic very high-speed electronic communications lines and in situations where the pooling point is within the boundaries of a private property.

Universal service:
- Pursuant to an order dated December 1, 2009, France Telecom was designated to provide universal telephone service for a period of three years.

In Europe:
- Approval of the second phase of the European Commission's international roaming tariffs regulation plan.
  The regulations, adopted on June 18, 2009, prescribe ceiling rates on SMS tariffs (11 euro cents per SMS), an accelerated reduction in ceiling rates applicable to voice tariffs, the requirement of per-second billing after an irreducible tier of 30 seconds for roaming calls and the setting up of a wholesale tariff ceiling (set at €1 per Mb). All these measures became effective as of July 1, 2009. With regard to data roaming, initially upon customers' request in March 2010, then set as a default provision for all in July 2010, operators must establish a blocking/unblocking system for data services communications carried out abroad which exceed €50. A new revision of this regulation is planned for year-end 2012, following its expiration.
- Approval of the "Telecom packet" revision on November 25, 2009. Member States have until May 25, 2011 to implement the following five directives into national law: (i) strengthening consumer rights, (ii) guaranteeing a more open and neutral Internet, (iii) protecting personal data, (iv) applying new oversight rights of the European Commission for measures dealing with competition in the telecommunications markets, and (v) setting up the new European body, the Body of European Regulators in Electronic Communications (Berec), which took effect on January 7, 2010.

Changes in call terminations
- Pursuant to ARCEP's decisions no. 08-1176 of December 2, 2008 and no. 2010-2011 of February 18, 2010, mobile voice call termination tariffs were set at 4.5 euro cents/min for Orange France and SFR and 6 euro cents/min for Bouygues Telecom from July 1, 2009 to June 30, 2010. They will be 3 euro cents/min for Orange France and SFR and 3.4 euro cents/min for Bouygues Telecom for the second half of 2010.
- Pursuant to decision no. 06-0593 of July 27, 2006, in 2009, SMS call termination tariffs were 3 euro cents per SMS for Orange France and SFR and 3.5 euro cents per SMS for Bouygues Telecom. Pending the conclusions of the ARCEP's analysis, the current SMS call termination tariffs will be determined through contracts entered into among operators.
- Pursuant to decision no. 08-0896 of July 29, 2008, France Télécom's fixed-line voice termination tariff has been set at 0.425 euro cent/min since October 1, 2009 and will be decreased to 0.4 euro cent/min as of October 1, 2010. In addition, the call termination tariff of the alternative operators, including SFR, has been 0.7 euro cent/min since October 1, 2009 and will be decreased to 0.5 euro cent/min as of October 1, 2010.

The digital divide and frequencies for very high-speed mobile
In 2009, the ARCEP conducted an extensive public survey on license awards in the 800 MHz and 2.6 GHz frequency bands, which results will be used for very-high-speed mobile license awards. On January 15, 2010, the ARCEP published a summary of this survey.

The ARCEP also announced its intention to award very-high-speed mobile frequencies (800 MHz and 2.6 GHz) at year-end 2010.

2.3.4.2. Dead Zones

At year-end 2009, SFR covered more than 98% of communities in the GSM (2G mobile telephony) and GPRS (data) programs. In addition, the three current mobile telephony operators undertook to cover 364 additional neighborhoods in order to reduce dead zones.

In fixed-line services, SFR's wholly-owned subsidiary, LDCollectivités, operates public service delegations that bring network coverage to most dead zones in the relevant regions. For example, Moselle Telecom, a public service delegation subsidiary of LDCollectivités, has set up more than 130 technical sites over the Moselle region covering 105 communities located in dead zones and increased high-speed coverage from 98% to over 99.7% of the total number of households; the rest is covered by a satellite solution.

2.3.4.3. Health and the Environment

Health

SFR closely monitors the work of international and national experts on the topic of human health risks posed by mobile telephony, including the 2009 update notice on radiofrequencies from the French Safety, Health, Environment and Labor Agency (AFSSET).

On this issue, in October 2009, the Ministry of Health, the Secretary of State for the Environment and the Secretary of State for the Development of the Digital Economy, stated that *"the exposure of the public to electromagnetic fields of radiofrequencies due to mobile telephony relay antennas generates no identified health risk to local residents."*
SFR has adopted an informative approach with its stakeholders, particularly elected officials, as part of the "Guide to relationships between cities and operators" entered into between the Association of French Mayors ("AMF") and the French Association of Mobile Operators ("AFOM"). The work of SFR's regional technical teams continues.

With respect to exposure to the electromagnetic fields emitted by mobile telephones, in October 2009, the ministers stated that *"the biological, clinical and epidemiological studies show that they have no health consequences. However a risk, sufficiently minimal so as not be discoverable in these studies, cannot be completely excluded. Precaution as recommended by the Government and further research in this area are therefore supported."*

SFR pursues its customer information efforts. More than 15 million copies of the brochure "My mobile and my health" have been distributed in recent years. Since mid-2009, SFR has also inserted a notice in the SIM card boxes that provides recommendations for use. In addition, five AFOM information sheets, providing information from an educational angle, were also published last year. More generally, SFR communicates precautions to users to reduce exposure to electromagnetic waves through the use of a pedestrian kit (provided free of charge in all SFR packages) and discloses the exposure levels of its telephones on its website, its sales brochures and on shelf displays throughout its distribution network. In addition, a dedicated page on SFR's website provides information on this matter and a mini website dedicated to the issue is being developed.

SFR continued to support the "Health and radiofrequencies" research foundation, recognized as a public interest entity in January 2005. This support plan will continue in 2010, in compliance with the new financing mechanisms established by French public authorities, which will replace the "Health and Radiofrequencies Foundation."

Environment

With regard to environmental matters, SFR maintained the ISO 14001 certification of its Environmental Management System (EMS) and extended its principles to fixed-line sites and to the SRR.

In relation to the principal environmental policy actions carried out in 2009, SFR collected 160,000 used mobile phones throughout the entire "SFR space" distribution network. SFR deployed a new process for its professional customers for the benefit of *Ateliers du Bocage* workshops (Emmaüs movement). An eco-design approach has also been adopted for the construction of digital boxes and set-top boxes in order to reduce their environmental footprint. A similar program was conducted to assess the environmental impact of headsets. This program is expected to lead to environmental labeling starting in 2010, which would enable customers to compare products before purchasing them.

SFR has also opted for new eco-designed replacement SIM cards: one-half the size of the current cards (credit card format), with a smaller environmental footprint.

On the travel side, SFR has continued to promote the use of videoconferencing and remote attendance systems, encouraged eco-driving, implemented new Business Travel Plans (7 in total) and also voluntarily offset the CO2 emissions generated by the air travel of its employees by purchasing "carbon credits". A carbon footprint of its logistics operations has also been assessed.

SFR also continued its policy of energy efficiency by participating in a study within the industry which seeks to establish standards for the electrical consumption of the Information and Communications Technologies industry in France, to generate ideas for change and to encourage/measure the effects of the use of these technologies in other sectors of the economy. Two pilot projects for remote reading of energy consumption conducted internally identified areas for improvement that will eventually lead to better practices that can be deployed in all technical sites. The main areas include a revision (or even elimination) of air conditioning use, reconfiguration of equipment, selecting more energy-efficient equipment and the use of renewable energy sources.

2.3.5. Piracy

SFR offers solutions and services with attractive content in order to provide its customers with a genuine alternative to piracy and encourages them to act in accordance with law. An unlimited legal music downloading service has been incorporated into its ADSL triple-play package since 2007 and the online store for legal downloads of individual songs has been offered to SFR's ADSL and mobile customers since 2009. Since 2008, SFR has also offered video-on-demand in its ADSL *triple play* bundle in the form of on-demand rental of more than 7,000 programs (including films, documentaries and series), subscription to offers featuring hundreds of content items with unlimited use, renewed every month (youth and series) and the availability, as a pre-premier in VOST, of new series broadcast in the United States.

SFR seeks to find the best solutions that respect the rights and obligations of all those concerned with problems posed by piracy, which is also evidenced by its active participation in the Zelnik project (on the development of a legal online cultural offering) in the context of implementing the Hadopi law.

2.3.6. Competition

SFR faces very strong competition in the French mobile telephony market from Orange France and Bouygues Telecom. Its competitors also include MVNOs such as Virgin Mobile, Carrefour Mobile, Auchan Mobile or Simyo. The competition continues to intensify in mobile telephony with the impending entry of a fourth mobile operator, Free Mobile.

The respective market shares held by SFR's mobile competitors are: Orange France (42.8%), Bouygues Telecom (16.8%) and the MVNOs and other operators in France (7.2%), compared with SFR's 33.2% market share (Source: ARCEP and operator publications).

SFR's mobile network market share, including the MVNOs on its network, was approximately 34.9% at year-end 2009 (Source: ARCEP and SFR estimates).

SFR's competitors in fixed telephony/high-speed Internet are primarily France Telecom and Iliad (Free). Other players are also active in the market: the cable operator Numéricâble, Darty and Bouygues Telecom, which launched its fixed telephony and high-speed Internet offerings in October 2008.

At year-end 2009, the respective market shares of SFR's high-speed Internet competitors were: France Telecom (45%), Iliad (23%) and other Internet access providers (9%), compared with SFR's 23% market share.

2.3.7. Raw Materials

The principal raw materials used in SFR's businesses are copper for laying cables, petroleum-based polymers for laying fiber optics, steel for the construction of pylons and paper for the packaging of its products. These raw materials do not represent a sufficient portion of overall costs to have a material impact on SFR's business. SFR's business operations are not dependent on any raw material suppliers.

2.3.8. Research and Development

In 2009, SFR's efforts in research and development were primarily focused in three areas: the quality of customer service (fixed-line and mobile), service platforms and the exploration of new telecommunications technologies in radio (LTE, fourth-generation network, digital dividend), fiber optics (development of a specific NB5 neufbox), the core network (IMS/SIP, IPV6) and handsets, through studies and/or experiments conducted on pilot platforms.

SFR has adopted a network research strategy (academic and industrial) based on collaborative projects, which contributes to optimized efforts and effective sharing of project results. The results of these multi-party collaborations have generated new patents, particularly in the fields of networks, security and multimedia services.

SFR's research and development expenses are estimated at €70 million in 2009, compared to €63 million in 2008.

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2.4. Maroc Telecom Group

Formed in 1998, pursuant to the spin-off of the *Office National des Postes et Télécommunications* ("ONPT"), Maroc Telecom Group is the global telecommunications operator in Morocco. As the leading Moroccan operator, Maroc Telecom Group operates in the fixed-line, mobile and Internet business segments, in which it continues to be the domestic market leader (Source: *Agence Nationale de Réglementation des Télécommunications* ("ANRT"), the Moroccan telecommunications regulator).

Maroc Telecom Group is listed on both the Paris and Casablanca stock exchanges and has two major shareholders: Vivendi and the Moroccan State.

In 2001, Vivendi became the Kingdom of Morocco's strategic partner in Maroc Telecom Group after acquiring a 35% equity interest in the company following an auction process organized by the Moroccan government. On November 18, 2004, the Kingdom of Morocco and Vivendi announced that they had reached an agreement regarding the sale of an additional 16% equity interest in Maroc Telecom Group to Vivendi.

The Moroccan government pursued the privatization process of Maroc Telecom Group by effecting a rights' offering of 14.9% of Maroc Telecom's share capital. The success of the rights' offering led to the simultaneous listing of Maroc Telecom Group on the Casablanca and Paris stock exchanges on December 13, 2004. In 2006, the Kingdom of Morocco sold 0.1% of the share capital of Maroc Telecom on the market. Thereafter, on July 2, 2007, the Moroccan State sold 4% of the share capital of Maroc Telecom Group on the Casablanca Stock Exchange. This sale was reserved for Moroccan and international institutional investors. Following completion of the transaction, the Kingdom of Morocco reduced its stake in the share capital and voting rights in Maroc Telecom Group to 30% and the free float of the share capital rose from 15% to 19%.

In December 2007, pursuant to a share exchange transaction with *Caisse de Dépôt et de Gestion du Maroc*, Vivendi acquired an additional 2% equity interest in Maroc Telecom Group. Following this transaction, 53% of the capital of Maroc Telecom Group is held by Vivendi, 30% by the Kingdom of Morocco and 17% by the public.

Maroc Telecom Group has intensified its development outside Morocco. With a 51% equity interest in Mauritel (Mauritania's incumbent operator) held together with a group of local investors since April 2001, Maroc Telecom Group made new acquisitions in late 2006 and early 2007, including the acquisition, pursuant to international competitive tender processes, of a 51% interest in Onatel, the incumbent operator of Burkina Faso (December 29, 2006) and the acquisition of a 51% interest in Gabon Télécom, the incumbent operator of Gabon (February 9, 2007). In addition, Maroc Telecom Group launched a Mobile Virtual Network Operator ("MVNO") named Mobisud in France on December 1, 2006 (which operations were sold to SFR) and in Belgium on May 2, 2007. In 2009, Maroc Telecom Group continued its external growth policy with the acquisition of a 51% interest in Sotelma, the incumbent operator in Mali, on July 31, 2009.

2.4.1. Mobile Telephony

The Moroccan mobile telecommunications market grew significantly as a result of the introduction of prepaid offerings in 1999 and the sector's deregulation in 2000.

In July 2006, Maroc Telecom Group was awarded one of the 3G mobile telecommunications licenses following an international competitive tender process.

At year-end 2009, the market penetration rate for mobile telephony in Morocco was 81% and Maroc Telecom Group held a 60.3% market share, a 3 basis point decrease from December 2008 (Source: ANRT). In 2009, Maroc Telecom Group's mobile customer base increased by 0.8 million, an increase of 5.6%, to 15.3 million customers, 96% of which were prepaid customers. The prepayment system meets customers' needs by allowing customers to better control communications costs and to avoid overage charges.

Maroc Telecom Group continues to improve its marketing offer and to introduce new services so as to retain existing customers and attract new ones and develop mobile telephony usage.

In 2009, despite regulatory constraints associated with implementing offers and promotions, Maroc Telecom Group continued its promotions policy through unlimited voice and data communication offerings to all operators and phone card offerings. In the prepaid segment, Maroc Telecom Group launched the *Jawali* offer, a points-based customer loyalty program offered to prepaid customers exclusively.

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In the post-paid segment, Maroc Telecom Group continued to promote its unlimited calls option while reducing tariffs, increasing the flat-rate periods and introducing new services.

In the Internet 3G+ segment, after extending access to all its prepaid and post-paid customers, Maroc Telecom Group continued its policy of acquiring and retaining customers by voluntarily lowering tariffs and increasing speeds.

In early 2010, Maroc Telecom Group, a leading innovator in its market, launched "MobiCash", the first money transfer and payment service in Morocco and continued to promote other value-added services such as the BlackBerry®, 3G mobile Internet, personalized ringtones, mobile instant messaging and address books. Furthermore, in order to equip all its customers while retaining their loyalty, Maroc Telecom expanded its range of handsets and reduced its rates, with packages starting at 199 dirhams (approximately €18) including tax.

After rising sharply in 2008, and due to customer retention efforts, the average churn rate fell only slightly to 33.5% in 2009, compared to 34.9% in 2008.

As a result of declining incoming revenues, Average Revenue Per User ("ARPU") amounted to 98 dirhams (approximately €9), a 1.4% decrease from 2008, despite a highly competitive environment and more restrictive regulations on promotion and advertising.

Maroc Telecom Group remains the benchmark for SMS and multimedia messaging services ("MMS") in Morocco and offers MMS roaming to all of its customers and GPRS roaming to post-paid customers. In 2009, more than 2.2 billion SMSs were sent on its network, a 3% increase from 2008, including approximately 1.7 billion invoiced SMSs, a 19% increase from 2008.

2.4.2. Fixed-line Telephony, Data and Internet

Until year-end 2006, Maroc Telecom Group was the sole provider of fixed-line telecommunications services and the main provider of Internet and data services in the Moroccan market. In 2005, these markets were opened up to competition, with the grant of fixed-line licenses to two new operators that began operating in 2007.

The main fixed-line telecommunications services provided by Maroc Telecom Group include:
- telephony services;
- interconnection services with national and international operators;
- data transmission services for professional customers and Internet service providers, as well as for other telecom operators;
- Internet services (including Internet access services and related services such as hosting); and
- television via ADSL.

At year-end 2009, the number of fixed lines[7] totaled 1.234 million, a 5% decrease from 2008, primarily reflecting a decrease in the residential customer base which totaled approximately 707,000 lines at year-end 2009, an 8.8% decrease compared to 2008. The product line dedicated to this segment, promoted under the El Manzil brand, includes calling plans, packages and capped-fee plans with recharge options. In September 2006, in order to build customer loyalty and attract new customers, Maroc Telecom Group launched a new unlimited fixed telephony offering under the brand "Phony", allowing customers to place unlimited local and national calls to Maroc Telecom fixed-line numbers. In 2009, this offer was supplemented by the addition of the "MT Box", a triple-play offer of unlimited fixed-line telephony, high-speed Internet and ADSL TV.

7. As of January 1, 2008, the Fixed-line customer base of Maroc Telecom Group is provided on an equivalent basis, taking into account the number of lines for each access.

At year-end 2009, the number of professional and corporate users totaled more than 369,000, representing a 1.4% increase from 2008.

Public telephony is comprised of a network of telephone booths and an extensive network of phone stores. At year-end 2009, the number of lines totaled more than 158,000, a 1% decrease compared to year-end 2008.

Maroc Telecom Group's data transmission operations provide business solutions for data transfer, including X25, frame relay, digital and analog lease lines and IP VPN links.

The Internet operations segment offers Internet access packages to residential and corporate customers under the Menara brand. Since the launch of ADSL services in October 2003, Maroc Telecom Group's Internet customer base has increased considerably. At year-end 2009, as a result of both the decreases in the regular ADSL rate and regular promotions, Maroc Telecom Group had nearly 471,000 subscribers to its Internet access services, approximately 99% of whom were ADSL

subscribers. Added to this base of Maroc Telecom Group fixed-line users are the 174,000 high-speed Internet subscribers using its Mobile 3G+ network (compared with 30,000 at year-end 2008).

In 2006, Maroc Telecom Group launched television via ADSL, a first in Morocco, Africa and the Arab world, offering its customers four different network packages and more than 80 national and international channels, including Canal+. This offer usually includes additional channels.

2.4.3. Distribution

Maroc Telecom Group has an extensive direct and indirect distribution network comprising more than 55,000 points-of-sale, which are subject to distribution agreements entered into with local resellers or national retailers.

As of December 31, 2009, the various distribution channels were as follows:

- a direct network, comprised of 335 sales agencies;
- a local indirect network comprised of independent resellers, which are subject to exclusivity agreements and managed by the nearest Maroc Telecom Group sales agency. A significant portion of these resellers operate phone stores;
- an independent local network, established by national and regional retailers; and
- retailers with nationwide networks whose main business is not telecommunications (supermarkets, newspaper and magazine retailers, tobacco shops or Moroccan post offices).

2.4.4. Network

The fixed-line telephony and data transmission network of Maroc Telecom Group has a switching capacity of approximately 1.9 million lines and provides national coverage due to the company's focus on offering services to newly created urban residential areas.

Maroc Telecom Group manages a fully digital network and a fiber optic interurban transmission infrastructure capable of carrying data at high-speed. To meet the needs of Internet users, the international Internet bandwidth has more than doubled from 12.1 Gbits/s at year-end 2006 to 48 Gbits/s at year-end 2009. In July 2007, in response to the increasing need for international bandwidth for offshore activities and Internet broadband in Morocco, Maroc Telecom Group installed a submarine cable network named Atlas Offshore between Asilah and Marseille with a capacity of 40 Gbits/s, which can be increased to 320 Gbits/s. In addition, it launched the construction of a fiber optic line in southern Morocco connecting the cities of Laâyoune in Morocco to Nouakchott in Mauritania and Nouadhibou in Mali.

In mobile telephony, Maroc Telecom Group has focused on enhancing both population and geographic coverage. At year-end 2009, it had more than 5,870 2G sites (compared to 5,400 in 2008) and approximately 2,200 3G stations (compared to 1,100 in 2008) covering more than 97% of the Moroccan population. As of December 31, 2009, the Maroc Telecom Group had entered into a total of 493 roaming agreements with operators in 214 countries for its post-paid customers. In addition, it also offers its pre-paid customers roaming through 93 operators in 58 countries, MMS and GPRS roaming through 160 operators in 90 countries, and 3G services through 27 operators in 22 countries.

2.4.5. Mauritel Group

On April 12, 2001, Maroc Telecom Group acquired a 54% equity interest in Mauritania's incumbent telecommunications operator. In 2002, it transferred its stake to a holding company subsidiary (*Compagnie Mauritanienne de Communications*, "CMC") and then sold 20% of its stake to a group of Mauritanian investors. Finally, in 2003, 3% of Mauritel SA was sold to the company's employees. CMC currently holds 51.5% of the share capital of Mauritel and is in turn 80% owned by the Maroc Telecom Group. In late November 2007, it merged Mauritel SA with its wholly-owned subsidiary, Mauritel Mobiles.

Mauritel is the main fixed-line telecommunications operator in Mauritania. It provides both fixed-line telecommunications (voice and data) and Internet access services. At year-end 2009, the customer base for fixed-lines represented more than 41,000 lines, a 17% decrease compared to 2008, representing an estimated 3% penetration rate. In 2006, the Mauritanian telecom regulator ("ARE") granted a fixed-line telecommunications license to a new operator, Chinguitel, which began operations in 2007. In March 2009, a new fixed-line license was awarded to a competing operator, *Mauritano-Tunisienne de Télécommunications* ("Mattel"). As of December 31, 2009, Mauritel held an estimated 44% share of the fixed-line market and 88% of the Internet access market (Maroc Telecom Group estimate).

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The Mauritel customer base for mobile services increased to more than 1.335 million customers at year-end 2009 (a 17% increase from 2008). The penetration rate for mobiles in Mauritania is estimated at approximately 75% of the population (Maroc Telecom Group estimate).

Mauritel Mobiles is the leading mobile telecommunications operator in Mauritania with an estimated 57% market share, ahead of its competitor Mattel, which holds a 30% market share (Maroc Telecom Group estimate). In 2006, ARE granted a 3G license to Mauritel Mobiles and second and third generation licenses to Chinguitel. During 2007, Chinguitel launched its mobile services by using Code Division Multiple Access ("CDMA") technology. At year-end 2009, Chinguitel's market share is estimated at 13% (Maroc Telecom Group estimates). In 2009, the regulator granted a new 3G license to Mattel.

2.4.6. Onatel Group

On December 29, 2006, Maroc Telecom Group acquired a 51% equity interest in Onatel (*Office National des Télécommunications*), Burkina Faso's incumbent operator, pursuant to an international competitive tender process for the privatization of the company. The Onatel Group comprises Onatel and its wholly-owned subsidiary Telmob. Onatel is the only fixed-line telecommunications operator in Burkina Faso.

The estimated fixed-line penetration rate was approximately 1.1%. At year-end 2009, Onatel's fixed customer base totaled more than 152,000 lines, a 5% increase compared to year end 2008 and the number of Internet subscribers totaled approximately 23,000, representing an increase of 31% for the same period.

At year-end 2009, the estimated mobile telecommunications penetration rate in Burkina Faso was 24.4%. Three operators participate in the market: Telmob, Zain (formerly Celtel) and Moov (formerly Telecel). As of December 31, 2009, Telmob's customer base totaled 1.57 million active customers, an increase of approximately 61% over year-end 2008, which improved its market share to 41% (compared to 37% in 2008).

2.4.7. Gabon Télécom Group

On February 9, 2007, the Maroc Telecom Group acquired 51% of Gabon Télécom, Gabon's incumbent operator, pursuant to an international competitive tender process for the privatization of the company. The Gabon Télécom Group comprises Gabon Télécom and its wholly-owned subsidiary Libertis.

Gabon Télécom is the only fixed-line operator in Gabon, where the fixed telecommunications penetration rate is estimated at 2.4%. The fixed-line telephony customer base of Gabon Télécom was approximately 36,000 lines at year-end 2009, a 10% increase compared to year-end 2008.

The estimated mobile telephony penetration rate was more than 118% at year-end 2009. In 2009, a fourth mobile license was awarded to a new operator (Azur). Thus, the market is shared among four operators: Libertis, Zain (formerly Celtel), Moov (formerly Telecel) and Azur. As of December 31, 2009, Libertis had more than 513,000 customers, a 15% increase compared to year-end 2008, with an estimated market share of 31%.

2.4.8. Sotelma

On July 31, 2009, pursuant to a privatization process performed by means of an international competitive tender process, the Maroc Telecom Group acquired 51% of Sotelma, Mali's incumbent operator.

Gabon Telecom is the only fixed-line telephony operator in Mali, where fixed-line telecommunication penetration is estimated at approximately 0.5%. Sotelma's fixed-line customer base totaled approximately 65,000 lines at year-end 2009.

The estimated mobile penetration rate was more than 35% at year end 2009. The market is shared by two operators: Orange Mali and Sotelma. At December 31, 2009, Sotelma's mobile customer base was 818,000 customers, with an estimated market share of 17%.

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2.4.9. Mobisud

Maroc Telecom Group launched Mobisud, its mobile virtual network operator, in France on December 1, 2006 and in Belgium on May 2, 2007. Mobisud uses SFR's network in France and Proximus' network in Belgium. Until May 2009, Mobisud France had three shareholders: Maroc Telecom Group, which had a 66% ownership share, SFR, which had a 16% ownership share and the Moroccan group Saham, which had an 18% ownership share. On May 31, 2009, with the consent of the other shareholders, Maroc Telecom Group sold its 66% interest in Mobisud France to SFR. As a result, Mobisud France is no longer consolidated in the financial statements of Maroc Telecom Group as of June 1, 2009. Mobisud Belgium is wholly-owned by Maroc Telecom Group. At year-end 2009, the customer base of Mobisud Belgium totaled approximately 95,000 customers.

2.4.10. Seasonality

In Morocco, revenues traditionally increase with the return of Moroccans who live overseas, for the two-week period preceding Aïd El Adha (November 28 in 2009) and in the summer months (primarily in mobile and public telephony). The month of Ramadan is a low point in consumption for both fixed-line and mobile telephony.

In Mauritania, there is generally strong activity during the period from June to September. Other much shorter periods offer significant sales opportunities, such as religious celebrations. During the Ramadan period, fixed-line and mobile usage is at a low point.

In Burkina Faso, the months of August and September are rainy months, with an adverse impact on sales and network service quality, which affect both fixed-line and mobile revenues.

2.4.11. Regulatory Environment

In Morocco, the National Telecommunications Regulatory Agency (ANRT) carries out research and implements regulations regarding the telecommunications sector and ensures that operators comply with applicable regulations. In addition to other regulatory activities, the ANRT elaborates and implements procedures for the grant of licenses through competitive bidding, manages and oversees, on behalf of the Moroccan State, the range of electric frequencies, controls the tariffs of the major operators who have a significant influence on a given market and verifies that operators comply with fair competition conditions in the market.

As set out in a policy paper for the period 2004-2008, the liberalization of the telecommunications sector in Morocco resulted in the award of two fixed-line telephony licenses, three third-generation (UMTS) network licenses, and a third second-generation mobile license, as well as the implementation of carrier pre-selection, partial and full unbundling and telephone number portability.

The Board of Directors of the ANRT recently approved a new policy paper, not yet published, for the period from 2010-2013, which is aimed at facilitating the implementation of primary regulatory measures.

Maroc Telecom Group fulfills its obligations as a fixed-line and mobile operator providing universal service in compliance with contract specifications. In Morocco, universal service obligations include telecommunication services that comprise telephone services under specific quality standards at affordable prices, value-added services under content and performance standards set forth in contract specifications applicable to public telephony networks' operators (including services allowing Internet access), the routing of emergency calls, the provision of information services and a telephone directory in printed or electronic format. Maroc Telecom Group is required to dedicate 2% of its revenues, excluding tax and interconnection fees, to its universal service obligations by applying the pay-or-play principle, which offers a choice of paying all or part of one's contribution to the universal service fund and/or creating programs approved by the universal service management committee.

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2.4.12. Competition

As of the date of this report, nineteen telecommunications operator licenses have been allocated in Morocco:

- three public fixed telecommunications network operator licenses (Maroc Telecom, Médi Télécom and Wana);
- three GSM operator licenses (Maroc Telecom Group, Médi Télécom and Wana);
- three UMTS licenses (Maroc Telecom Group, Médi Télécom and Wana);
- five licenses to operators of GMPCS-type satellite telecommunications networks;
- three licenses to operators of VSAT-type satellite-based telecommunications networks; and
- two licenses to operators using shared resources of radio electric networks (3RP).

2.4.12.1. Fixed-line Telephony

Operators holding the two new fixed-line licenses launched their services in 2007. However, competition already existed in the public telephony market sector and the professional sector before these new licenses were granted.

In the public telephony market, competition started in 2004 with the opening of phone stores using GSM technology by Médi Télécom. At year-end 2009, Maroc Telecom Group's market share in the public telephony market represented approximately 92% of the number of lines (Source: ANRT).

Médi Télécom, through the installation of GSM gateways, also known as Link Optimization Boxes ("LO Boxes"), entered the professional fixed-line market. The installation of this equipment for outgoing PABX lines facilitates the transformation of fixed-to-mobile traffic into mobile-to-mobile traffic without using Maroc Telecom's fixed-line network. At the end of September 2009, the market share of Maroc Telecom Group in this segment was more than 95%.

In data transmission services, there is competition among Internet Service Providers ("ISPs"), satellite operators and Equant, an international operator.

Users of Wana's limited mobility services using Code Division Multiple Access ("CDMA") technology totaled 2.3 million customers at year-end 2009 (Source: ANRT).

2.4.12.2. Mobile

The leading competitor of Maroc Telecom Group in the mobile sector is Médi Télécom, a mobile license holder since August 1999. Médi Télécom is held equally by the FinanceCom group and CDG following the sale by the Telefónica group and the Portugal Telecom group of their respective 32.18% stakes in 2009.

In June 2008, Wana, a 3G license holder, introduced its mobile offerings using CDMA technology. Wana is 69% held by the ONA/SNI group and 31% held by a consortium which is itself held equally by Al Ajial Investment Fund Holding ("Al Ajial") and Mobile Telecommunications Company ("Zain"). At year-end 2009, Maroc Telecom Group held 60.3% of the mobile market, a 3 basis point decrease from year-end 2008 (Source: ANRT). In February 2010, Wana launched Inwi, its new telephony brand with a GSM network covering three-fourths of the Moroccan population.

2.4.12.3. Internet

Maroc Telecom Group holds 54% of the Internet market, taking into account all access methods. Its main competitors are Wana, with an approximate market share of 33%, Médi Télécom, with a 13% market share and other ISPs (Source: ANRT). Maroc Telecom Group has a very strong position in the ADSL market, which represents 45% of the Internet market, with a market share of more than 98% (Source: ANRT).

2.4.13. Raw Materials

The principal raw materials used in Maroc Telecom Group's operations are copper for laying cables, petroleum-based polymers for laying fiber optics, steel for the construction of pylons and paper for the packaging of products. These raw materials do not represent a sufficient portion of overall costs to have a material impact on the business of Maroc Telecom Group. Its business operations are not dependent on any raw material suppliers.

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Section 2 Description of the Group's Businesses

2.4.14. Research and Development

Maroc Telecom Group has a research and development department that designs and engineers the company's products and focuses on the launch of new products and/or services as well as the development or improvement of existing products, it being specified that these operations do not constitute inventions or processes with the potential to be patented.

As in 2007 and 2008, Maroc Telecom's research and development expenses in 2009 were immaterial.

2.5. GVT

On November 13, 2009, Vivendi took control of Global Village Telecom (GVT). On January 5, 2010, after purchasing additional shares on the market, Vivendi owned, in the aggregate, 117.7 million GVT shares representing 85.7% of the 137.2 million outstanding shares which make up GVT's share capital as of that date.

GVT is the leading alternative telecommunications operator in Brazil. In late 2000, GVT began its operations as the second operator, or a mirror company to the local incumbent in Region II, which, as determined by ANATEL (Agencia Nacional de Telecomunicaçoes, the Brazilian national telecommunications agency, which promotes and develops telecommunications), comprises the Federal District (Distrito Federal) and nine states in the Midwest and South of Brazil as well as certain states in the North.

Currently, GVT operates in the 75 most important cities in Region II, including Curitiba (Paraná) where it is headquartered. The company has licenses to operate all types of telecommunications services nationwide and operates in some of the most developed metropolitan areas outside Region II: São Paulo, Rio de Janeiro, Belo Horizonte, Salvador, Vitória/Vila Velha and Recife.

GVT continues to pursue a strategy of expansion in other additional key markets located outside Region II, creating a national presence in all population areas of Brazil. Between 2007 and 2009, the company launched seven clusters, which consist of nine cities outside the company's initial area of presence and is currently planning launches in additional cities outside Region II. Its results from operations in cities outside Region II represent an increasingly significant portion of GVT's overall results, including total revenues and lines-in-service (LIS).

Since the initial public offering of its shares in February 2007, GVT has been publicly traded on the Novo Mercado segment of the BM & FBOVESPA exchange, which is characterized by more elaborate corporate governance standards. In January 1, 2010, GVT joined the IBrX-50 index which is made up of the 50 most liquid stocks within the BM & FBOVESPA.

GVT is the fastest growing telecommunications service provider in Brazil in terms of revenues and adjusted EBITDA, based on a comparison of the company's financial results with those of its competitors, and has one of the highest margins among Brazilian telecommunications services providers. GVT offers a diversified portfolio of innovative products and advanced solutions for conventional and VoIP telephony, corporate data, broadband, Internet services and pay-TV (through a partnership with a Pay-TV operator) for all market segments: Retail/Small to Medium Enterprises ("SME") and Corporate.

GVT is considered to be the most established and well-recognized alternative to the fixed-line incumbents (the "Incumbents") in the Brazilian market, enabling it to continue to gain market share from its main competitors in its current areas of operation, as well as in new areas where it launches services.

GVT has captured an average market share of approximately 15.4% of the voice market and 18.2% of the broadband market in the 75 cities located in Region II, where it operates. However, since it only deploys network coverage in the most attractive areas of each city (for example, reaching 35% overall network coverage of the total addressable market in Region II), GVT is able to increase its market share in such areas. In the four new clusters the company launched outside Region II, GVT was able to gain a relatively high market share within a short period of time. Thus, as of December 2009, in the Belo Horizonte cluster, which was launched in September 2007, the company's voice market share was 7% (approximately 12% where GVT has network coverage), while the market share for broadband was 16% (approximately 33% where GVT has network coverage).

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Products and services

GVT continues to introduce new products and services such as broadband, managed services, high-speed corporate data and VoIP services. Its new broadband generation, unlike that of the Incumbents, delivers ultrahigh speeds of up to 100Mbps at affordable prices. As the market shifts dramatically toward broadband and turns increasingly away from conventional telephony, GVT's competitive advantages are expected to continue to grow.

GVT develops bundles of diversified products in an integrated offering for attractive customer segments. GVT's bundles conventional telephony, corporate data, broadband Internet services, VoIP-based products and high definition pay-TV services in packages offered to its customers enabling it to generate higher revenues per customer and a higher return on invested capital, while building strong customer relationships and thereby reducing churn.

GVT is committed to continuing to offer exceptional customer service, which differentiates the company from the others Brazilian telecommunications and Internet operators.

In addition, as a result of the new regulation relating to number portability, GVT anticipates that it will be able to gain market share from the Incumbents, and have the ability to cross-sell the company's other services. In 2009, GVT's ratio of telephone numbers transferred into its network to numbers transferred out of its network was approximately 7:1.

GVT offers comprehensive and advanced telecommunications services to markets that range from large, stable segments with strong cash flow generation (such as conventional telephony) to high-growth segments (such as broadband, Internet services, VoIP, and, in the future, video-over-the-Internet and IPTV). This approach allows the company to target a broad market and offer one-stop shopping for all fixed telecommunications, Internet and pay-TV services that its customers require. GVT's presence across different markets with diversified products and customer segments helps stabilize its revenues and reduces its exposure to any one end-user application or customer. It continues to offer flexible bundles at lower prices than comparable products and services offered by its main competitors, while at the same time increasing its margins over the past several years.

One of GVT's competitive advantages is its ability to obtain favorable license terms. Indeed, unlike the Incumbents' license terms, GVT's license terms are not subject to price caps or universal service obligations, thereby enabling it to focus on network coverage and marketing efforts within the most profitable geographic areas and towards the most lucrative businesses and retail customers. GVT's license terms also allow it to manage its cash flow in an efficient manner as it is able to target its expansion only in areas and cities that meet its very strict financial criteria for return on investment and cash flow metrics and to adjust its capital expenditure accordingly.

Retail/Small and Medium Enterprise (SME) Segment

GVT's Retail/SME segment offers local and long distance telephony and broadband services to high-end and high-margin residential customers and SMEs in Region II and in the metropolitan areas of Belo Horizonte, Salvador, Vitória/Vila Velha and Recife where it has a significant last mile network. In the future, GVT plans launches in additional cities. This will require the company to build local access networks in those cities. GVT also offers long distance services to customers holding lines supplied by other operators in cities in which it does not have local access presence. In addition, GVT's Retail/SME segment offers Internet services through POP, its ISP, which includes dial-up and broadband connections.

GVT also offers content, e-mail and other multimedia services such as blogs, photoblogs and hosting services to its customers, regardless of whether these customers also purchase Internet access services from the company. In addition, GVT offers VoIP services through VONO to residential and SME customers in Brazil, as well outside of Brazil, who have a broadband connection with any operator.

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Section 2 Description of the Group's Businesses

Corporate Segment

GVT's Corporate segment focuses on middle-to-large companies that are underserved by the Incumbents. It provides superior and innovative products and services of the highest quality. It offers high-quality integrated solutions and managed services that include conventional telephony, Internet services, private-data networks, hosting and VoIP services.

GVT's corporate services are already available in the two most important cities of Brazil: São Paulo and Rio de Janeiro.

GVT benefits from its most advanced NGN architecture to provide customized solutions based on conventional telephony and IP technology. It offers unique value propositions to customers through greater functionality together with substantially lower operation costs and smaller capital expenditure. The Corporate segment recently launched a series of NGN-based products that positions GVT as a leading company with respect to complex IP solutions for the corporate market.

2.5.1. Network

GVT's network is the most modern in Brazil. It includes one of the most extensive local access networks and long distance fiber infrastructures in the country, which supports its leading position in the NGS market and allows the company to expand its presence nationwide.

GVT has designed its network using state-of-the-art technology that is feature-rich and capable of supporting the growing market demand for a wide range of telecommunications, high-speed broadband and multimedia services.

The core network is conceived around a NGN architecture, a hybrid ATM (Asynchronous Transfer Mode) and IP infrastructure, which provides the company with unique, more flexible, faster time-to-market integrated services including telephony, voice, data, VoIP and video. Moreover, in operational terms, this packet-based core infrastructure is highly cost effective. GVT's access network solution is unique in the Brazilian market, since it is based on a FTTN (Fiber-to-the-Node) network, which combines metropolitan fiber optic rings and short copper lines, with a maximum length of 1.5 kilometers and an average length of 400 meters. The proximity to customer premises of this network enables superior quality and higher bandwidth services of up to 20Mbps with the current ADSL2+, 50Mbps with VDSL2 technology (limited to 800 meters) and 100Mbps with EFM (Ethernet First Mile, which is Active Ethernet using fiber drop directly from a street cabinet to the customer's premises).

GVT has 30,053 route kilometers of cable (fiber + copper network), in metropolitan areas, and 91,439 buildings connected. In addition, GVT's long distance fiber network has 21,000 route kilometers, which covers 73% of its traffic demand as of December 2009.

2.5.2. Seasonality

GVT's business is based on subscription contracts made up of a monthly fee for fixed telephony and broadband services which represent 68% of its total revenues. The remaining 32% results from the use of services charged by the minute, which decreases during holidays and the summer season (December through February).

2.5.3. Regulatory Environment

GVT's business is subject to comprehensive regulation under Brazilian law. The adoption of new telecommunications service regulations and the privatization of Telebrás' Subsidiaries (the Brazilian government-owned telecommunications operating companies) in 1998 led to broad changes in the operating, regulatory and competitive environment for Brazilian telecommunications. The Brazilian telecommunications regulatory framework is continually evolving.

The General Grant Plan ("*Plano Geral de Outorgas – PGO*"), approved by Decree No. 2,534 on April 2, 1998, organizes the Brazilian territory into four Regions for providing fixed telephony services ("*Serviço Telefônico Fixo Comutado – PSTN*"), which are as follows:

- Local Telephony Service – 3 Regions:
  - Region I, composed of states in the Southeast (except São Paulo), Northeast and part of the Northern regions;
  - Region II, composed of states in the South and Center-North and part of the Northern regions; and
  - Region III, composed solely of the state of São Paulo.
- Long-Distance Telephony Service – 1 Region:
  - Region IV, composed of national and international long distance operations.

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Concessions to provide telecommunications services are solely granted by ANATEL under a public service regime, while authorizations are granted under private law only.

Under the public service regime, concessionaries are subject to obligations regarding quality, continuity of services, universal services, network expansion, and are under the supervision of ANATEL regarding the fees they charge. Under this regime, all the properties, including network, systems or equipment, used to provide STFC may be appropriated by the Brazilian Government at the end of the concession period, so that the State may continue to provide the relevant services. Under the private regime authorized providers are not subject to the universal service and continuity of service obligations. Therefore, if an authorized company ceases to provide services, the federal government shall not be under the obligation to provide such services. There are no restrictions on prices under the private law regime, and providers are only subject to the general laws and principles that prohibit anti-competitive cartel conduct. Under the private regime, the state is not permitted to appropriate assets used for the provision of services.

Obligations related to the quality of services, the interconnection and compensation for the use of networks apply to telecom service providers both under the public and the private regimes.

GVT started its operations in Region II where it was the first company under the private regime to be authorized by ANATEL and to compete with the already privatized Incumbent, thereby transforming the monopoly into a duopoly. In 2002/2003, GVT obtained STFC licenses to operate in São Paulo, Rio de Janeiro and Belo Horizonte capitals. In November 2006, the company received STFC licenses for Regions I and III, resulting in nationwide coverage for all of Brazil.

GVT currently operates under the following licenses:
- Local Telephony Authorization License – covering all of Brazil;
- National Long Distance Authorization License – covering all of Brazil;
- International Long Distance Authorization License – covering all of Brazil; and
- Multimedia Communication Services Authorization License ("Serviço de Comunicação Multimídia – SCM") – covering all of Brazil.

ANATEL recently implemented new rules regulating telephone number portability, whereby customers can keep their telephone numbers when changing carriers, provided that, in the case of fixed telephone services, the change is made within the same local area, and, in the case of mobile telephone services, the change is made within the same area of registration (i.e., within the same area code). Number portability represents a paradigm shift in the market that benefits GVT as it eliminates one barrier the company had experienced when acquiring customers. GVT is the leading company in fixed telephony number portability with 62% of the activation numbers in cities where it is present.

ANATEL released a proposed regulation for Mobile Virtual Network Operators ("MVNO") for public consultation. According to the proposed regulation, there will be two possible models: Reseller or Virtual Operator. The latter requires investment in commercial infrastructure in order to be able to operate the mobile service.

Under current regulation, GVT, as is the case for other telecom operators, is not permitted to provide pay-TV services. However, a draft law bill (PL 29) is currently being considered in the Congress to enable telecom operators to provide such services.

2.5.4. Competition

GVT faces different competitors in the various markets in which it operates:

2.5.4.1 Retail/SME Segment

Local Telephony Market

Throughout Region II, its main competition in the local telephony retail market is from the Region II Incumbents, Brasil Telecom (and Sercomtel in the city of Londrina) and NET Serviços de Comunicações S.A. ("NET"), the largest cable TV operator in Brazil.

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Indeed, as part of its cable television package aimed primarily at the residential market, NET offers broadband access and a VoIP line that includes a local telephone number. NET has a presence in all major cities in Brazil and in all three regions. NET is partially owned by Telmex, the controlling shareholder of Embratel. Since GVT has launched its operations in the cities outside Region II, it also competes with the local Incumbent in these areas, including Telemar/Oi, the Incumbent of Region I. At the beginning of 2009, Telemar/Oi acquired Brasil Telecom's operations, consolidating both companies under the brand "Oi." Oi's networks cover all cities in Regions I and II and almost the entire population due to their universal obligation.

Long Distance Telephony Market

The long distance market is fragmented among numerous companies and is based on the call-by-call carrier selection method, making it the most competitive market segment. The local Incumbent for each respective region holds the leading position in the long distance market within its relevant customer base, primarily due to the competitive advantages of having a physical interconnection, billing and collection with its customer base.

GVT competes in the long distance market in two ways: acting as a local carrier when serving its customer base and as a long distance provider for non-GVT customers. As of December 31, 2009, its long distance market share within its customer base was 88.9%. This market share is calculated by dividing the aggregate minute usage of its long distance code by the total long distance minutes used by its customers. GVT does not intend to actively compete with the Incumbents in providing long distance services to their local customer base due to the low margins generated by this service.

Broadband/ISP Market

In the broadband and Internet services market, there are a number of competitors in addition to the Incumbents. GVT's primary competitor, after Brasil Telecom/Telemar/Oi, is NET. In addition, mobile companies offer mobile broadband for fixed usage, although they are not able to offer competitive services in terms of price and speed compared to GVT's fixed broadband. However, as the Incumbents do not offer broadband services in many areas and offer low-quality broadband services in some areas, mobile broadband is rapidly increasing in the country.

2.5.4.2 Corporate Segment

In the Corporate segment, GVT operates in 75 cities located in Region II, as well as in the metropolitan areas of São Paulo, Rio de Janeiro, Belo Horizonte, Campinas, Santos, Salvador, Vitória and Recife. GVT's main competitors in that segment are the three Incumbents: Oi, Telefónica and Embratel (Telmex). In each of the three regions, the strongest competitors are the local Incumbent for that region and Embratel. In addition, there are other niche players, such as Diveo, Global Crossing, Transit, CTBC and Intelig (TIM).

2.5.5. Raw Materials

The raw materials used in GVT's business are copper to enable customer access as well as for access equipment and fiber optics used to build long distance networks and metro rings.

2.5.6. Research and Development

GVT is recognized as an innovative telecommunications company offering its customers high quality services and a broad portfolio of superior and innovative products and services. However, GVT does not have a Research and Development department nor did it have any research expenses in 2009.

2.6. Canal+ Group

2.6.1. Pay-TV in France

Canal+ Group is the largest pay-TV group in France. It is a leader in the production of premium and specialized channels and has 12.5 million subscriptions to its different product offerings. It is a pioneer in the development of new television services and a major player in the production and distribution of feature films.

2.6.1.1. Programming Activities

Canal+ channels

Canal+ Group offers five premium channels with exclusive, original and innovative programming. Set up in 1984, Canal+ offers a unique genre of general channels, including films, sports, news, drama, documentaries and entertainment programs. In addition to Canal+, Canal+ Group has created four high value-added channels with their own programming

and identity: Canal+ Cinéma, Canal+ Sport, Canal+ Family and Canal+ Décalé. This offering is marketed under the brand name "*Les Chaînes Canal+*."

In 2009, *Les Chaînes Canal+* broadcast 570 films, including more than 400 on Canal+ alone and more than 35 original releases monthly. Canal+ offers subscribers all genres of film, as well as exclusive coverage of major film industry events (such as the *Cannes Film Festival*, the *Césars* and *the Academy Awards*). In 2009, Canal+ invested approximately €152 million in the acquisition of original French-language films.

Canal+ has developed widely recognized expertise in sports coverage, characterized by exclusive programs, accurate and relevant commentary with prestigious experts and internationally recognized technical expertise. In total, *Les Chaînes Canal+* channels cover approximately sixty sports competitions, including the most important French competitions: League 1 soccer, major foreign championships (including the English Premier League, the Spanish Liga and the Italian Serie A, the broadcast rights to which were renewed in 2009), the Champions League, the Europa League, as well as the Top 14, southern hemisphere rugby (new agreement reached in 2009), tennis (including Wimbledon and the US Open), golf (Vivendi Trophy), boxing and certain marathons. In 2009, approximately 5,000 hours of sports coverage were broadcast, most of it live.

TPS Star which broadcasts movies, sports, series and magazines is the final component of the Canal+ Group premium offer. It is distributed over the main satellite, cable and ADSL networks and is the second largest premium channel distributed in DVB. As an exclusive, first-release channel, TPS Star offers films 24 hours a day, 7 days a week. Starmag is the only daily program dedicated to current films. TPS Star also broadcasts major European soccer programming, including the Italian Serie A matches.

Theme Channels

Canal+ Group programs twenty channels covering the most popular themes on television: films (Ciné Cinéma channels), sports (Sport+, Infosport), news (i>Télé), documentaries (Planète channels), lifestyle (Cuisine TV, Seasons), series (Jimmy, Comedy!) and youth (Piwi, Télétoon).

2.6.1.2. Distribution Operations

CanalSat

Canal+ Group assembles and distributes the widest selection of high quality theme channels in a traditional offering: CanalSat. CanalSat, which is available by satellite, ADSL and DVB, offers nearly 300 channels, 55 of them on an exclusive basis.

ADSL TV

Canal+ Group began television broadcasting via ADSL during the first quarter of 2004 in order to reach new households, especially those in large cities. The group's offerings, *Les Chaînes Canal+* and CanalSat, are available through SFR neufbox, SFR Box, Orange, Free and Darty Box.

Digital Video Broadcasting (DVB)

Since November 2005, Canal+ Group's DBV has been offering two pay-TV packages: *Les Chaînes Canal+,* comprised of Canal+'s HD package plus Canal+Cinéma and Canal+Sport, which is the only premium multi-channel package immediately accessible via plug-and-play, together with a theme package consisting of Planète, Eurosport, Paris Première, TF6 and LCI. Along with these pay packages, Canal+ Group broadcasts i>Télé, its free-to-air general news channel on a continuous basis.

In 2007, Canal+ Group launched TNTSat, a free DVB service via satellite. This offering enables French households to receive 18 DVB channels throughout France, the France Ô channel and 24 regional switchovers from France 3. TNTSat is available on the Astra satellite and requires no subscription or set-top box rental. At year-end 2009, 1.85 million households were equipped with this service.

In spring 2009, Canal+ Group began the migration of its 900,000 analog subscribers to All Digital which is scheduled to be completed in France by November 2011. Using a specific termination timeline tied to the expiration of its broadcast license at the beginning of December 2010, Canal+ anticipates the transition will take one year and has ceased to emit signals in certain regions before other broadcasters. Launch of the migration began in the *Provence Alpes Côte d'Azur* (PACA) region on November 25, 2009. At year-end 2009, the migration of nearly 500,000 analog subscribers had been completed.

Section 2 Description of the Group's Businesses

Canal Ready

Launched in May 2009, the Canal Ready label is designed to inform a consumer, at the time of purchase, of the compatibility of his or her equipment with the offers and services of Canal+ Group. This label, which is distributed to partner companies, integrates technical and functional quality criteria and must guarantee a level of security that meets the demands of the beneficiaries, particularly in the area of High Definition. A number of companies already market a line of Canal Ready terminals (satellite HD, DVB HD, CI+ Module) in order to offer a broader choice to the general public.

2.6.1.3 New Services

As a digital pioneer in Europe and in new television practices, Canal+ Group is also a leader in on-demand and high-definition television and multi-screen distribution.

High-Definition ("HD") Television

As a satellite HD innovator in France, Canal+ Group offers 16 channels, the most complete and diversified HD package on the market (Canal+ HD, TF1 HD, France 2 HD, M6 HD, Arte HD, National Geographic HD, CinéCinéma Premier HD, Disney Cinémagic HD, 13ème Rue HD, Syfy Universal HD, Ushuïa TV HD, Eurosport HD, MTV HD, Brava HD TV, Penthouse HD and Discovery Showcase HD). HD offerings are available on cable and ADSL and DVB are available on leased terminals, satellite terminals and pay-DVB terminals carrying the Canal Ready Label.

Catch-up TV

Canal+ on demand and Canalsat on demand are Canal+ Group's catch-up TV services. These services, which are included in a subscription, are available both on television and computer (via satellite or ADSL) providing viewers with a large selection of programs which can be viewed at their convenience without any time constraints. Canal+ on demand offers more than 80% of the programs aired on *Les Chaînes Canal+* and the ability to access up to 300 programs placed online every day which vary depending upon programming. The service recorded 20 million viewings in 2009 and nearly 3 million in December 2009 alone. CanalSat on demand, which was launched in the fall of 2008, offers 23 top channels which are leaders in their segments and approximately 500 different programs.

Legal Video Downloading

Launched in late 2005, CanalPlay is the legal video downloading platform of the Canal+ Group. Available on PC or directly on cable or ADSL television, CanalPlay holds approximately 7,500 titles, including more than 3,500 recent high-definition films. In November 2009, under an agreement entered into with Thomson (TLC), CanalPlay became the first video-on-demand (VoD) offering on the market. This service is available on new Internet connected televisions, a first in the French market. CanalPlay is also the exclusive VoD partner of Allociné, the leader in online film information. At year-end 2009, CanalPlay had exceeded 15 million downloads since its launch.

Mobile and Web TV offers

On December 16, 2009, the Canal+ Group launched its mobile TV application on iPhone and iPod Touch. Downloadable free of charge and available in 3G/3G+ and Wi-Fi, the Canal+ application offers free access to unscrambled Canal+ programs (live and on demand) and to i>Télé, and enables viewers to subscribe to the Canal+ channels (including catch-up TV) and/or the CanalSat package on mobile phone.

This launch marked the introduction of a new plan, the Web+Mobile option, that allows subscribers to receive their offers from two different receiving media (PC and mobile) and to benefit from seamlessly-integrated TV services, at home on a second television or while traveling.

Canal+ Group/Microsoft agreement

In June 2009, Canal+ Group and Microsoft announced a strategic partnership designed to associate the content offered by Canal+ Group with Microsoft's products and innovations. After the adoption of the Silverlight technology for the distribution of its pay content in September 2009, two major steps in Canal+ Group's strategy of offering live and on demand services on Microsoft equipment were taken in December 2009 with the launch of the Foot+ service on Xbox 360 video game consoles, followed by the ability to access Canal+ unscrambled, i>Télé and Infosport on all computers equipped with Microsoft Windows 7.

Section 2

Description of the Group's Businesses

2.6.1.4. Overseas and International Pay-TV Operations

Canal Overseas

Canal Overseas is the Canal+ Group subsidiary responsible for distribution internationally as well as to the French overseas territories and departments. It is the distributor of Canal+, CanalSat and international channel packages: in Poland, North Africa, Sub-Saharan Africa, the Indian Ocean, the Caribbean, the Oceania-South Pacific region and Vietnam. In January 2010, Canal+ Group launched K+, a new satellite channel package operated by its subsidiary, VSTV in Vietnam. This launch follows the partnership entered into between Canal+ Group and VTV, the Vietnamese television station, in June 2009, and the formation of a joint venture, VSTV, which is responsible for the development and marketing of this package. Canal Overseas also produces the Canal+ channel for Sub-Saharan Africa and North Africa. Canal+ Poland produces ten premium and theme channels. With satellites covering five continents, the Canal Overseas packages are marketed in more than 40 countries and are potentially available to several tens of millions of households around the world.

Cyfra+ (Poland)

Canal+ Group is a television leader in Poland through Cyfra+, a 75% owned subsidiary. Cyfra+ produces the premium Canal+ package, including channels such as Canal+, Canal+Film, Canal+Film HD, Canal+Sport, Canal+Sport 2 and Canal+Sport HD. It also produces seven theme channels (Ale Kino, Zig Zap, Mini mini, Planète, Kuchnia TV, Hyper and Domo).
Cyfra+ offers its subscribers a package of more than 100 television and radio channels, including 63 channels in Polish, as well as approximately one hundred additional channels easily accessible by satellite. At year-end 2009, Cyfra+ had more than 1.5 million subscribers.

2.6.2. Film production and Distribution Operations

StudioCanal

StudioCanal, a wholly-owned subsidiary of Canal+ Group, is the European leader in the production, acquisition and distribution of motion pictures in all media: theater, video, audiovisual and video-on-demand. The company exploits an extensive film library with more than 5,000 French, British and American titles, including *Basic Instinct, Les Bronzés, The Pianist* and *Podium*. Each year, StudioCanal distributes approximately 15 films in theaters and 150 films on video.

Outside France, StudioCanal operates directly in the UK and Germany, two major European markets. StudioCanal's English operations are conducted through its subsidiary Optimum Releasing, acquired in May 2007 and specializing in film distribution to all media. StudioCanal is also present in Germany following the acquisition, in January 2008, of Kinowelt, a major player in the theater distribution of films and a leader in the German video market. Kinowelt plays an important role in the sale of audiovisual rights locally and internationally. Based in Leipzig, the company holds the largest library of German films, with approximately 7,000 titles.

Along with its distribution operations, StudioCanal is active in international production and sales, in particular remakes and sequels of films from its catalog. It has also developed preferential partnerships with internationally renowned independent studios, such as Working Title.

Theater releases scheduled for 2010 include *A Serious Man* by the Coen brothers; *Chloe* by Atom Egoyan starring Amanda Seyfried, Liam Neeson and Julianne Moore; *La tête en friche* by Jean Becker starring Gérard Depardieu and the 3D animated film *Les Aventures de Samy* and *Hors la Loi* by Rachid Bouchareb starring the *Indigènes* team, Jamel Debbouze and Roshdy Zem.

2.6.3. Other Businesses

In early 2008, Canal+ Group entered the sporting events market through Canal+ Events, a wholly-owned group subsidiary integrated within Canal+ Group's publishing division. The goal of this business is to strengthen Canal+ Group's presence in the value chain of sporting events, from organization to broadcasting, including all marketing activities for an event.

Sporting events organized by Canal+ Events include the Tennis Grand Prix in Lyon, the French Masters of tennis, the Lyon and Metz Marathons, the Vivendi Golf Trophy, the Winter X Games from Tignes, and the VIP operations at Roland Garros. Canal+ Events also invests in the management of the ASVEL basketball and ice hockey clubs in Lyon.

Canal+ Events became a major international player after acquiring and distributing international broadcast rights for the French League 1 and League 2 soccer championships, the League Cup, the French basketball team, the French basketball championship and, more recently, rugby with the Top 14, OM TV. It distributes these products in five continents.

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Section 2 Description of the Group's Businesses

2.6.4. Seasonality

The pay-TV business of Canal+ Group relies on subscription contracts. Due to the duration of these contracts, the pay television business of Canal+ Group generates a predictable, recurring monthly revenue stream. New subscriptions follow a cyclical pattern over the year, with more than 50% of new subscriptions recorded in the last four months of the year.

2.6.5. Regulatory Environment

In Europe, the audiovisual communications industry is subject to national laws and regulations enforced by regulatory authorities such as the French Audiovisual Council ("CSA"). In general, these authorities grant broadcast licenses for specific periods. In France, Canal+ has a license to broadcast the Canal+ channel via terrestrial networks and networks that do not use frequencies assigned by the CSA, such as satellite, cable and ADSL. In December 2000, this license was renewed for a five-year period. It was extended for another five years pursuant to a decision of the CSA dated November 22, 2005 following the launch of the DVB channel. In accordance with the French "Television for the Future" law dated March 5, 2007 (see below), the premium channel's terrestrial broadcasting license was renewed for a ten-year period.

The European Union regularly adopts directives governing the operations of Canal+ Group and its effect on competition. The European Union adopted a series of directives that have a direct impact on the communications industry (such as the "Television Without Frontiers" directive) as well as directives on intellectual property, e-commerce, data protection and telecommunications.

Canal+ Group, through its subsidiary Canal+ France, holds a controlling interest in Canal+ SA, the company authorized to broadcast the Canal+ premium channel, which is listed on the compartment B of Euronext Paris. Furthermore, a non-EU national shareholder is not permitted to hold more than 20% of a company which holds a broadcast license.

Canal+ Group currently holds six DTT authorizations: five for the pay channels (Canal+ HD – since July 22, 2008, Canal+ has been authorized to convert standard broadcast into HD broadcast, Canal+ Cinéma, Canal+ Sport, Planète and TPS Star) and one for a free channel (i>Télé). The number of authorizations a single company may own, directly or indirectly, for a digital broadcast national television service is seven.

In addition, on May 27, 2008, following a call for bids, the CSA selected both the Canal+ and i>Télé channels to provide personal mobile television ("MPT") broadcast.

The Television-for-the-Future Law, adopted by the French Parliament on February 22, 2007, provides that Canal+ will be granted an additional DTT authorization upon termination of the analog signal.

Under its broadcast license in France, Canal+ SA must comply with the following requirements: 60% of the audiovisual works and films broadcast by the channel must be European works and 40% of them must be original French-language films.

In the audiovisual segment, pursuant to a decree dated October 21, 2009, which reiterates agreements entered into in the fall of 2008 with representative organizations for producers and authors, each year, Canal+ must allocate at least 3.6% of its total net revenues from the previous year on investment in national works (i.e., works of fiction, animated films, documentaries, music videos and the recording or recreation of live events). A portion of these expenditures (representing at least 3.155% of the net revenues, is dedicated to the development of independent production.

With regard to films, a new agreement entered into on December 18, 2009, with professional film organizations including BLOC (which includes the ACP, SPI, DIRE, SDI and GNCR), the UPF and the ARP, maintains and increases film financing obligations (Canal+ is required to dedicate 12.5% of its annual revenues to the acquisition of European films (compared to 12% previously), 10% of which must be original French-language films (compared to 9% previously)). This figure includes a success bonus, which was initially variable and is now guaranteed at 0.5%. It will benefit French films which sell more than 500,000 tickets or the advance purchases of French and European films characterized by diversity which go on to record the greatest success. This agreement will come into force in 2010, provided it is approved by regulators.

Since 2006, Canal+ has offered full-length films to its subscribers every evening of the week. The channel also seeks to contribute to the financing of a wide variety of films and participates in all financing segments of the market equally. To this end, Canal+ dedicates 17% of the amount of the obligation to the acquisition of original French films with a budget of equal to or less than €4 million.

Section 2 Description of the Group's Businesses

In addition, Canal+ may dedicate up to one-third of its digital broadcast offerings to shows other than those on the premium channel, allowing it to enhance its audiovisual offerings.

The legal status of the catch-up television service Canal+ on demand was clarified in 2009. The law of March 5, 2009 governing audiovisual communication provides for the pooling of the financing obligations applicable to the audiovisual production of a catch-up television service with those of the related television service. In relation to films, the film agreement entered into on December 18, 2009 provides that the price allocated to distribution rights on catch-up television be taken into consideration in determining Canal+'s obligations to contribute to film production.

Moreover, under French Law no. 86-1067 of September 30, 1986 relating to Freedom of Communications, Canal+ Group is subject to the must-carry system, pursuant to which distributors of services on networks that do not use terrestrial frequencies allocated by the CSA (in particular, cable, satellite and ADSL) must comply with the following requirements:

- to make channels owned by the France Télévision group (France 2, France 3 and France 5), Arte and TV5 as well as services specifically intended for viewers within France (excluding overseas territories) programmed by RFO available, free of charge to their subscribers, unless these programmers believe that the service offering is incompatible with their public service goals. Transmission and broadcast costs are paid by the service distributors;
- to make the RFO services that are broadcast via the terrestrial network within the community, available free of charge to their subscribers in French overseas territories, unless RFO believes that the service offering is incompatible with its public service goals. Transmission and broadcast costs are paid by the service distributors;
- to broadcast the programs and interactive services of *La Chaîne Parlementaire* (the French parliamentary channel) free-to-air and at their own expense, using broadcast technologies equivalent to those employed by French national television companies, unless such broadcast is denied by *La Chaîne Parlementaire* producers;
- to provide services for the deaf and hearing-impaired as part of the television services freely available to the general public (the required technical measures being at their own expense); and
- any service distributor using a non-satellite network, together with frequencies which are not allocated by the CSA, must make available to its subscribers local public initiative services, which provide local information, subject to certain limitations and conditions as set forth in Decree no. 2005-1355 on notification requirements for the distributors of audiovisual communication services, dated October 31, 2005.

In addition, film release schedules were adjusted pursuant to a law dated June 12, 2009. Canal+ Group follows a new agreement entered into on July 6, 2009, which was extended by an order dated July 9, 2009, and which provides for the following release schedule:

- for films available in video on pay-per-view (the Canal Play service) and on DVD: four months minimum after theater release and three months for films which sold less than 200 tickets in their fourth week in theaters;
- broadcasting time periods for film channels:
  - first window: 10 months for an original broadcast if an agreement is entered into with film organizations; 12 months otherwise;
  - second window: 22 months if an agreement is entered into with film organizations; 24 months otherwise;
- broadcasting time periods for unscrambled television channels and other pay TV channels:
  - 22 months if the channel contributes at least 3.2% of its revenue to film production; and
  - 30 months in other cases.

Vivendi and Canal+ Group made 59 significant commitments to ensure that the combination of TPS and Canal+ Group would not have an anti-competitive effect on any of their relevant markets. These commitments are described in section "2.6.7 Competition."

Section 2 Description of the Group's Businesses

2.6.6. Piracy

Canal+ Group actively combats audiovisual piracy by promoting technological innovation and monitoring, as well as by pursuing violators in order to protect its commercial interests and those of its beneficiaries.

Canal+ Group acts effectively through teams dedicated to technological monitoring and consultants specializing in the analysis and design of security components (particularly smart cards). Canal+Group maintains ongoing contact with manufacturers of set-top boxes and systems to provide conditional access. This cooperation has led to improvements in the new Merlin conditional access card, which was sent to subscribers at the beginning of March 2008.

In terms of legal action, Canal+ Group takes all required legal measures, including criminal actions against those who carry out piracy, in the light of the spread and sophistication of piracy techniques, in particular those consisting of using the Internet for subscription sharing (i.e., a single subscriber card is shared by multiple users) or for ongoing redistributing of channels by servers or peer-to-peer systems ("P2P": an Internet-based file sharing exchange).

Canal+ Group also actively collaborates with the film industry to contain Internet distribution of copies of promotional DVDs prior to the release of the film in theaters.

2.6.7. Competition

The 59 commitments made by Vivendi and Canal+ Group to the French Minister of the Economy, following the opinion of the French Anti-Trust Council, pursuant to a decision dated August 30, 2006, regarding the combination of the pay-TV operations of Canal+ Group and TPS, remain under the strict control of the relevant authorities. These commitments were made for a maximum of six years (some for five years), and are intended to correct any anti-competitive effect identified by anti trust authorities which may result from the combined operations in one of their relevant markets.

Canal+ Group has made additional commitments relating to the pay-TV market following the combination of SFR and Neuf Cegetel, which was approved by the French Minister of the Economy by a decision dated April 15, 2008. Canal+ Group has undertaken to provide access to two of the channels it produces (the series and fiction channel known as Jimmy and the family cinema channel known as Ciné Cinéma Famiz) to any xDsl or FTTX distributor upon request for a period of five years. In addition, the opening of the secondary market for the production and distribution of theme channels was strengthened by the termination of Canal+ Group's exclusive xDsl distribution rights on channels produced by the M6 group. Finally, Canal+ Group had to reiterate the commitments it took in connection with the combination of SFR and Tele2, which was approved by the European Commission on July 18, 2007, aimed specifically at not offering more favorable conditions to the Vivendi group and its subsidiaries (including SFR and Neuf Cegetel) with regard to the distribution of theme channel packages, Canal+ audiovisual services and pay-per-view services.

The French pay-TV market is experiencing significant changes, characterized by among other things, the increasing number of distribution platforms and technologies, and in particular the development of new offers from Internet Service Providers ("ISPs"). One of them, Orange, recently positioned itself in the upstream market of the acquisition of audiovisual rights as well as on the secondary market for the production and distribution of channels. It has become a significant competitor in the acquisition of premium quality sports and film content market, in particular by acquiring certain broadcast rights for the League 1 soccer championship for the 2008-2011 seasons and certain other rights from US studios or French producers under multi-year agreements. The rights thus acquired are exploited by this operator on channels reserved solely for telephone and high-speed Internet subscribers. They are offered by satellite in areas where ADSL speed is not high enough to allow television reception.

Competition is also increasingly structured around new, non-linear services, which offer quality and premium content on VoD. These services represent a real growth vector for ISPs, allowing a rapid pay-TV offering for television viewers without production and regulatory restrictions imposed on producers of a television service.

In addition to the pressure generated by ISPs, competitive pressure from the cable operator Numéricâble remains very strong due to the development of fiber optic networks. The transition to very-high-speed enables this operator to diversify and enhance its subscriber-based service offering. This operator also uses its financial resources to acquire broadcast rights and produce sports theme channels.

Finally, the unquestionable and growing success of DVB in France is drastically changing the audiovisual landscape by substantially opening up the market to new competition from producers of free TV.

Section 2 Description of the Group's Businesses

2.6.8. Raw Materials

The principal raw materials used in the Canal+ Group's businesses are polycarbonates for the production of DVDs and paper for the packaging of products. These raw materials do not experience price fluctuations that could have a material impact on the Canal+ Group's business. The Canal+ Group's business operations are not dependent on any raw material suppliers.

2.6.9. Research and Development

As in 2008, the Canal+ Group did not incur any material research and development expenses in 2009.

2.7. Other Operations

2.7.1. NBC Universal

NBC Universal (NBCU), a major media player, was formed in May 2004 pursuant to the merger of Vivendi Universal Entertainment and NBC businesses. Vivendi holds 20% of NBCU. Following the announcement of the GE-Comcast agreement involving NBC Universal (NBCU), Vivendi and GE simultaneously enter into an agreement enabling Vivendi to sell its 20% stake in NBCU to GE for $5.8 billion, thus amending the agreement of May 2004 described above.

2.7.2. Vivendi Mobile Entertainment

Vivendi Mobile Entertainment ("VME"), formed in early 2007, is a wholly-owned subsidiary of Vivendi dedicated to marketing to end-consumers (primarily those in the 15-35 age group) multi-media services and content for cell phones and PCs, including games, videos, TV series, short programs, music downloads and all related products for personalizing cell phones, such as ringtones and applications.

VME seeks to create a new and entertaining distribution channel, in order to exploit the Vivendi group's media content and to relay the content of other groups. VME also produces its own content and works with many independent producers and creators. Its services are available on the Internet and cellular phone networks.

After a period of development, VME launched its subscription-based offering in the French market through its portal zaOza. zaOza meets two strong public expectations: "unlimited" downloads of quality content for a monthly subscription fee and the possibility of legally sharing that content, for the first time, with friends and family in a simple and entertaining way, over a PC or cell phone.

Eighteen months after its commercial launch, zaOza has more than:

- 750,000 subscribers, a majority of whom were paying members (450,000); and
- 19 million content items available for sharing (television series, videos, music, ring tones, games, images and more).

With a spontaneous brand recognition rate of 12%, earned through in-depth work on branding, zaOza has become the default player in digital content for the 15-34 age group segment, after the telecommunications operators.

After negotiating the "share rights" to the content it offers, zaOza has become the leading community exchange and sharing site in France. To achieve this result, the zaOza teams convinced both designers and their legal beneficiaries in all segments. To this date, in a very unstable legal framework, they understood the rationale of this initiative and are participating with interest in the "shared rights" project, a major Internet trend.

Beyond the numbers, several studies have shown that the zaOza concept is a perfect response to the new expectations and habits of users/consumers of multimedia content, combining unlimited use and the ability to share and exchange content as part of a "fair price" subscription of €5 a month.

Faithful to its initial model, zaOza aims to mix a number of styles and pass along the current "blockbusters" while also identifying new talent. To do this, VME has, since the beginning, relied on various outside artistic directions in order to give young talented artists from every field (musicians, video specialists, game or application creators) the opportunity to express themselves and to share their work with the certainty of receiving the revenue for it.

Following its launch in France, the "beta" version of zaOza was launched in Germany in early October 2009. A major partnership with a local telecom operator is expected to generate growth in that country.

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Section 3 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").

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 effect on the company and on its group's financial position, profits, 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 53 to 57 of the 2007 Annual Report and pages 50 to 56 of the 2008 Annual Report) and Notes 27 of the consolidated financial statements for the fiscal years 2007 and 2008.

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 back to 2000-2002. 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 for purposes of discovery. 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.

Section 3 Litigation

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) of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009, 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 US economic consulting firm and confirmed by a second US 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.

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Section 3 Litigation

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. The judge ordered some former officers to face trial before the Criminal Court.

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 Authority resolved to postpone its decision on the issue of alleged unfair trade practices in the call termination and mobile markets ("price scissoring") and remanded the case for further investigation.

Section 3 Litigation

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 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 the ARCEP before 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. Vivendi announced its intention to file a complaint before the Court of First Instance of the European Union, in Luxembourg.

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 the 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.

Section 3 Litigation

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.

Internal inquiry at Activision Blizzard

In January 2010, Activision Blizzard initiated an internal human resources inquiry into breaches of contract and insubordination by two senior employees at Infinity Ward, the studio wholly-owned by Activision Blizzard, that developed *Call of Duty: Modern Warfare 2*. This matter resulted in the departure of the two senior employees on March 1, 2010. The two senior employees filed an action against Activision Blizzard for wrongful termination. At present, Activision Blizzard does not expect this matter to have a material impact on the company.

Investigation in Brazil

Following Vivendi's acquisition of Global Village Telecom (Holding) S.A. ("GVT") on November 13, 2009, 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 related to the ICMS tax

GVT is party to several proceedings concerning the recovery of the "ICMS" tax (*Impostos Sobre Circulações de Mercadorias e Prestaçãos de Serviços*, a tax on operations relating to the circulation of goods and the supply of transport, communication and electricity services). These proceedings, which are pending before various courts in Brazil, relate to the inclusion of various services in the assessment of the tax.

Indeed, 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, 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 does 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 related to the FUST and FUNTTEL taxes in Brazil

The Brazilian tax authorities argue 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 whole Brazilian territory, 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 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), which are 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.

Section 4 Risk Factors

Legal Risks

Vivendi has carried out a review of risk factors that may have a negative impact on its businesses or financial results. It has not identified any significant risks other than those set out below.

The Risks Committee formed in January 2007 regularly assesses and evaluates potential risks that may have an impact on the businesses carried out by the Vivendi group and the adequacy of procedures to protect against such risks. It informs the Supervisory Board's Audit Committee of its main conclusions and decisions.

A summary of the work performed by the Risks Committee is included in Chapter 3, section 3.7 of the present document.

Risks associated with regulations applicable to the group's operations

In the course of its business, Vivendi is obliged to comply with complex, restrictive and changing laws and regulations, particularly those that govern the telecommunications and broadcasting sectors.

Substantial changes in the nature, interpretation or application of these laws and regulations by governmental, administrative, judicial or other authorities, particularly with respect to competition and tax law, may result in Vivendi incurring additional costs or altering the products and services offered by the company, which may materially impact its business, financial situation, financial results and development prospects.

In addition, certain operations of the Group are dependent upon obtaining or renewing licenses issued by regulatory authorities (the ARCEP – the Electronic Communications and Mail Regulation Authority, and the CSA – the French Audiovisual Council, in France, the ANRT – the National Telecommunications Regulation Agency in Morocco and the ANATEL – National Telecommunications Agency in Brazil). The process of obtaining or renewing such licenses can be long, complex and costly. If Vivendi were unable to obtain or retain the licenses required to conduct, continue or expand its operations in a timely manner, its ability to achieve its strategic objectives may be impaired.

A detailed description of the regulatory environment applicable to each of the group's operations is included in section 2 of this chapter.

Risks associated with litigation

The group is or is likely to become involved in a number of contentious proceedings or investigations, commenced by shareholders, subscribers, consumer associations, competitors or regulatory authorities. When the Group fails to negotiate an amicable settlement, damages may be claimed or penalties imposed.

The main legal proceedings or investigations in which the Group is involved are described in Note 27 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009 and in the "Litigation" section of this chapter.

Vivendi recognizes a provision for expenses that may result from a proceeding whenever a risk becomes likely and when it is possible to estimate the potential cost associated with such risk. With the exception of the main legal proceedings and investigations described in this section and in Note 27 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009 (Chapter 4), Vivendi considers it unlikely that current proceedings will have a significant negative impact on the group's financial situation.

Risks associated with commitments given by Vivendi

Vivendi has entered into a number of conditional liabilities, the most significant of which are described in Note 26 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009. Certain of these commitments are not limited in their duration or amount. If Vivendi were obliged to make a payment in respect of one or more of these contingent liabilities, such an obligation may have a negative impact on its financial results and financial situation.

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Section 4 Risk Factors

Risks Associated with the Group's Operations

Risks associated with piracy and counterfeiting

Over the past few years, the reduction in the cost of computer and electronic equipment and associated technologies has facilitated the unauthorized copies of music and video works and games. At the same time, increased access to high-speed Internet connections has enabled, and continues to enable, computer users to share such works more easily (and in greater number), without the copyright holder's authorization and without paying the royalties.

Vivendi is dependent on the decisions of public or administrative authorities and their determination to find effective means to fight piracy. Persistent difficulties in passing and applying suitable legislation or in enforcing court rulings, particularly in certain regions of the world where piracy is endemic, constitute a threat to Vivendi's businesses, which depend heavily on the intellectual property rights owned by or licensed to the group.

The decline in the market for recorded music may therefore continue in the next few years and could continue to affect UMG's results if Vivendi does not succeed in finding ways to protect its businesses against piracy and counterfeiting. For the same reasons, in the absence of adequate means to prevent piracy and counterfeiting, Vivendi's operations related to the production and distribution of audiovisual content and video games publishing may suffer a significant decline in revenues.

Section 2 of this chapter contains a detailed analysis of piracy issues and measures taken by each of the group's business units to fight it.

Risks associated with intensified commercial and technical competition

Vivendi's businesses face strong competition, which may intensify in the near future due to the trend towards industry concentration among existing companies or the entry of new competitors in the relevant markets. This intensification of competition exerts considerable pressure on Vivendi, which may lead to a loss in market share if Vivendi is no longer able to supply products and services that are competitive in terms of price and quality.

In particular, Vivendi's development depends on its ability to adapt the products and services that the Company offers to the requirements of increasingly demanding customers, in industries characterized by rapid technological developments. The necessity for Vivendi to respond to such requirements and advances, or even in some cases to anticipate them, may lead to the Group making substantial investment without any assurance that the new products and services developed and offered will not become obsolete within a short period of time.

Risks associated with the lack of commercial success of recorded music, films and video games produced, published or distributed by the Group

The production and distribution of musical and audiovisual content and video games publishing represent a substantial proportion of Vivendi's revenues. The commercial success of such works is dependent on the public's response, which may not always be predicted. The commercial success of a particular work among a wide audience also depends on a range of other factors, including the presence and success of competing leisure activities as well as the general economic situation.

Finally, when these operations are based on content provided by third parties, no assurance can be given that such third parties will always agree to transfer their rights on financial and commercial terms that continue to be acceptable to Vivendi.

Conducting operations in various countries is subject to additional risks

Vivendi conducts its business in various markets around the world. The main risks associated with business being conducted on an international scale are as follows:

- the local economic and political situation;
- exchange rate fluctuations;
- restrictions on capital repatriation;
- unexpected changes in the regulatory environment;
- the various tax systems that may have an adverse effect on Vivendi's operating results or its cash flows, and in particular regulations relating to transfer costs, withholding tax on the repatriation of funds and other payments made by affiliated companies and subsidiaries; and
- tariff barriers, customs duties, export controls and other trade barriers.

Vivendi may not be able to protect itself against such risks without incurring additional costs.

Section 4 Risk Factors

Potential risks to health posed by networks, mobile phones or Wi-Fi terminals

Over the past few years, concerns have been expressed on an international level as to the potential risks posed to human health by electromagnetic radiation from mobile phones and mobile transmission sites. Vivendi is not currently aware of any tangible evidence that demonstrates the existence of risks to human health associated with the use of mobile phones, the emission of radio waves or electromagnetic fields.

Nevertheless, the perception of such risks by the public may have a material negative impact on Vivendi's results or financial situation, particularly if, as a consequence, the number of Vivendi customers decreased significantly, the consumption of its products and services fell, or if legal claims were brought against the company. Furthermore, Vivendi may not be certain that in the future, medical or scientific research will not produce evidence of a link between the emission of radio waves and risks to health, which may have a negative impact on Vivendi's operations and its financial situation.

The "Regulatory Environment" section of this chapter contains a detailed description of these risks and of actions being taken by each of the group's businesses to address them.

Industrial Risks or Risks Associated with the Environment

The group's operations do not pose significant industrial or environmental risks. In fact, the group's operations are by their very nature largely non-manufacturing and a large proportion of the group's assets are intangible. However, the group remains alert to any environmental damage that may arise or be discovered in the future, and has set up programs intended to ensure the application of regulations relating to this area.

Risks Associated with the Current Economic and Financial Situation

The economic crisis of the last months has resulted in a severe contraction of credit markets, a high level of volatility in stock markets and a reduction in growth forecasts. The unfavorable circumstances of the economic recession (the duration of which is impossible to predict) may lead to, in particular, the reduction in consumers' purchasing power and level of confidence, customers postponing or reducing their expenditure on the products and services offered by the group or affect their ability to pay for them, which in turn may have a negative impact on Vivendi's revenues and results.

Every year, Vivendi carries out impairment tests on goodwill and assets with indefinite lives, in order to assess whether their book value exceeds their recoverable value. Vivendi also carries out impairment tests on assets with finite lives and on other assets whenever the circumstances and operating conditions of those assets indicate that their book value exceeds their recoverable value. When the book value of an asset may exceed its recoverable value, an impairment charge is recorded in the accounts. Current economic circumstances may cause Vivendi to make impairment charges against such assets.

However, the Vivendi group's resistance to the economic and financial crisis has confirmed the relevance and soundness of its economic model, which is based on subscriptions, and the strategy implemented over the last few years in order to strengthen and develop its core businesses in France and worldwide, particularly those in emerging countries.

Market Risks

Note 24 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009 contains a detailed analysis of market risks (e.g., interest and exchange rates, liquidity and shares).

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Section 1 General Information about the Company

1.1. Corporate and Commercial Name

Pursuant to Article 1 of Vivendi's by-laws, the corporate name of the company is Vivendi.

1.2. Place of Registration and Registration Number

The company is registered with the *Registre du Commerce et des Sociétés de Paris* (Paris Commercial and Corporate Registry) under reference number 343 134 763. Its Siret number is 343 134 763 00048 and its APE code is 6420Z.

1.3. Date of Incorporation and Term

As set forth in Article 1 of Vivendi's by-laws, the company's term is 99 years beginning on December 18, 1987 and expiring on December 17, 2086, except in the event of extension or early dissolution.

1.4. Registered Office, Legal Form and Legislation Applicable to Vivendi's Business

Pursuant to Article 3 of Vivendi's by-laws, the registered office of the company is located at 42, avenue de Friedland – 75380 Paris Cedex 08 – France.

Pursuant to Article 1 of Vivendi's by-laws, Vivendi is a limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The company is governed by the French legislative and regulatory provisions on corporations and, in particular, by the provisions of the French Commercial Code (*Code de Commerce*).

1.5. Fiscal Year

Pursuant to Article 18 of Vivendi's by-laws, the company's fiscal year shall commence on January 1st and end on December 31st of each year.

1.6. Access to Legal Documents and Regulated Information

Legal documents regarding the company are available for review at the company's registered office. Permanent or ongoing regulated information may be found on the company's website (www.vivendi.com) under "Regulated Information".

Section 2 Additional Information about the Company

2.1. Memorandum and By-Laws

2.1.1. Corporate Purpose

Pursuant to Article 2 of Vivendi's by-laws, the main corporate purpose of the company, directly or indirectly, in France and in all other countries is as follows:

- to provide any communication and telecommunication activities, directly or indirectly, and any interactive services, to individual, business or public sector customers;
- to market any products and services related to the foregoing;
- to engage in any commercial, industrial, financial, share and real estate transactions, directly or indirectly, related to the aforementioned purpose or to any other similar or related purpose, or contributing to the achievement of such purpose; and
- more generally, the management and acquisition, either by subscription, purchase, contribution, exchange or through any other means, of shares, bonds and any other securities of companies already existing or yet to be formed, including the right to sell such securities.

Section 2 Additional Information about the Company

2.1.2. Rights, Preferences and Restrictions Attached to the Company's Shares and to Each Class of Existing Shares, if Applicable

Pursuant to Articles 4 and 5 of Vivendi's by-laws, the shares are all of the same class and may be held in either registered form or bearer form, subject to applicable laws and regulations.

Pursuant to Article 6 of Vivendi's by-laws, each share carries a right of ownership of the company's assets and liquidation surplus, in a proportion equal to the portion of the share capital it represents. Whenever the accumulation of several shares is necessary in order to exercise any rights, shareholders may only exercise such rights if they combine the necessary shares. Subscription rights attached to shares belong to the usufruct holder ("*usufruitier*").

2.1.3. Action Necessary to Change the Rights of Shareholders

Vivendi's by-laws do not contain any provisions more stringent than those required by law, with regard to any changes in the company's share capital or to the rights attached to the company shares.

2.1.4. Shareholders' Meetings

Pursuant to Article 16 of Vivendi's by-laws, Shareholders' Meetings are convened and held in accordance with applicable law.

Shareholders' Meetings are held at the company's registered office or at any other place indicated in the meeting notice. When convening such a meeting, the Management Board may decide to publicly broadcast the Shareholders' Meeting in full, via videoconference or teletransmission. If applicable, this decision shall be published in the meeting notice.

Two members of the Workers' Committee, appointed by said Committee, may also attend Shareholders' Meetings. The Chairman of the Management Board or any other authorized person notifies the Workers' Committee of the date and location of Shareholders' Meetings by any means.

Each shareholder, without regard to the number of shares held, is entitled, upon proof of his/her identity and capacity as a shareholder, to participate in Shareholders' Meetings, subject to (i) the recording of his/her shares on the third business day preceding the Shareholders' Meeting (the "*Record Date*"), at 0:00 am (Paris time), whereby:

- registered shareholders shall be comprised of those shareholders identified in the nominative share register on file with the company; and
- bearer shareholders shall be comprised of those shareholders identified as holders of record in the bearer share register on file with the authorized intermediary; and

(ii) if necessary, the provision to the company of any documents required to prove such shareholders' identity, in accordance with applicable law.

The registration or recording of shares in the bearer share register on file with the authorized intermediary is authenticated by a shareholding certificate (*"attestation de participation"*) delivered by said intermediary in accordance with legal and statutory provisions.

Pursuant to Article 17 of Vivendi's by-laws, voting rights attached to shares belong to usufruct holders (*"usufruitiers"*) in Ordinary Shareholders' Meetings and to legal owners of title (*"nu-propriétaires"*) in Extraordinary Shareholders' Meetings, unless otherwise agreed by both parties, provided that the company is notified of such agreement by said parties.

Subject to applicable laws and regulations, shareholders may send their proxy and voting forms for any Shareholders' Meeting by mail, either in paper form or, where resolved by the Management Board and published in the notice of meeting, by teletransmission. Proxy and voting forms must be received by the company prior to 3:00 pm (Paris time) on the day prior to the Shareholders' Meeting.

The proxy or voting form may, if necessary, contain the shareholder's electronic signature, authenticated via a reliable security process, enabling the identification of the shareholder and his or her vote.

The Management Board may decide to permit shareholders to participate and vote in any Shareholders' Meetings by videoconference and/or teletransmission, subject to applicable laws and regulations. In such case, shareholders participating in the Shareholders' Meeting by videoconference or by any other means of telecommunication, in accordance with

Section 2 Additional Information about the Company

applicable laws and regulations, shall be deemed to be present at the meeting for purposes of calculating quorum and majority requirements.

Shareholders' Meetings are chaired by the Chairman of the Supervisory Board.

Each shareholder is entitled to a number of votes equal to the number of shares he/she owns or represents.

2.1.5. Fixation, Allocation and Distribution of Net Earnings

Pursuant to Article 19 of Vivendi's by-laws, the statement of income summarizes income and expenses for the fiscal year, showing statutory net income for the fiscal year as the difference between the two, after deducting amortization, depreciation and provisions.

At least 5% of the fiscal year's earnings, reduced, where applicable, by deferred losses, shall be withheld for allocation to the statutory reserve fund. This withholding ceases to be mandatory when the statutory reserve fund reaches an amount equal to 10% of the share capital. Such deductions shall resume if, for any reason, the legal reserve falls below this percentage.

The Shareholders' Meeting shall set aside such amounts as the Management Board deems appropriate for transfer to contingency funds, ordinary or extraordinary revenue reserves, retained earnings or for distribution.

Distributable earnings are equal to the net income for the fiscal year, less losses carried forward and amounts allocated to reserves, pursuant to applicable law or the company's by-laws, plus earnings carried forward from previous fiscal years.

Dividends are first paid out of current earnings.

Except in the event of a reduction in share capital, no dividends shall be distributed to shareholders when shareholders' equity is, or would become as a result of such distribution, less than the amount of the share capital plus reserves which are not permitted to be distributed under applicable law or the company's by-laws.

Revaluation surpluses may not be distributed, but may be wholly or partially capitalized.

The Shareholders' Meeting may resolve to distribute funds from available reserves by specifically identifying the reserve line items from which such funds shall be distributed.

The terms of dividend payments are determined by the Shareholders' Meeting or, upon failing to make such determination, by the Management Board. Dividends must be paid out no later than nine months following the end of the fiscal year unless the period is extended by court order.

The Shareholders' Meeting has the right to grant each shareholder the option, with respect to all or part of the annual dividend or interim dividend distributed, to receive such dividend in the form of cash, shares or payment in kind.

Dividends remaining unclaimed after a five-year period from the dividend payment dates are no longer distributable under applicable statutes of limitation.

2.1.6. Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control

Vivendi's by-laws do not contain any provision that would have the effect of delaying, deferring or preventing a change in control of the company

2.1.7. Provisions Governing the Ownership Threshold Above Which Shareholder Ownership Must be Disclosed

Pursuant to Article 5 of Vivendi's by-laws, the company may, at any time, in accordance with applicable laws and regulations, request the relevant central depository for financial instruments to provide it with information relating to company securities conferring a voting right (either immediately or in the future) at Shareholders' Meetings.

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Personal data and information obtained will be used solely for the purpose of identifying the owners of bearer shares and analyzing Vivendi's share ownership structure on any given date. In accordance with the provisions of the Law dated January 6, 1978, owners of securities have the right to access, amend and delete any personal information about themselves. In order to do so, a request must be submitted to Vivendi's Legal Department or to the following email address: tpi@vivendi.com.

Failure by shareholders or their intermediaries to comply with the above requirement may lead to the suspension or suppression of dividends and/or voting rights, as permitted by law.

Any person acting alone or in concert who directly or indirectly becomes the holder of a fraction of the share capital, voting rights or securities giving rights to the share capital of the company equivalent to, or in excess of, 0.5% or a multiple thereof, shall send a notice to the company, by registered letter with acknowledgment of receipt, within 15 calendar days of crossing any of these thresholds, specifying the total number of shares, voting rights or securities giving rights to the share capital of the company which such person directly or indirectly holds, whether alone or in concert.

A person who fails to comply with this notification requirement is subject to penalties in accordance with applicable law, upon the request, as recorded in the minutes of the Shareholders' Meeting, of one or more shareholders holding at least 0.5% of the company's share capital.

Any person, acting alone or in concert, shall inform the company within 15 calendar days if the percentage of share capital or voting rights held by such person falls below any of the above-mentioned thresholds

2.1.8. Provisions Governing Changes in Share Capital Where Such Conditions are More Stringent than Required by Law

None.

2.2. Share Capital

2.2.1. Amount of Issued Share Capital

As of December 31, 2009, the company's share capital amounted to €6,758,727,200.50 divided into 1,228,859,491 shares, with a nominal value of €5.50 per share.

All shares may be held in registered or bearer form and are freely negotiable. The shares are traded on Euronext Paris (Compartment A) (ISIN Code: FR0000127771).

2.2.2. Shares not Representing Capital

None.

2.2.3. Amount of Authorized but Non-Issued Capital

Summary of delegated powers and authorizations approved by the Combined Shareholders' Meetings held on April 24, 2008 and April 30, 2009:

Issues of securities with preferential subscription rights maintained

Transactions	Source (Resolution number)	Duration of the authorization and expiration date	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and marketable securities giving right to shares)	11th-2009	26 months (June 2011)	**(a, c)** €1.5 billion, i.e., 23.31% of the share capital
Capital increase by incorporation of reserves	17th-2009	26 months (June 2011)	**(b)** €800 million, i.e., 12.42% of the share capital

Section 2 Additional Information about the Company

Issues of securities without preferential subscription rights

Transaction	Source (Resolution number)	Duration of the authorization and expiration date	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and any marketable securities giving right to shares)	12th-2009	26 months (June 2011)	(b, c) €800 million i.e., 12.42% of the share capital
Contributions in kind to the company	14th-2009	26 months (June 2011)	(d) 10% of the share capital

Issues reserved for employees of Vivendi

Transaction	Source (Resolution number)	Duration of the authorization and expiration date	Characteristics
Share capital increase through the Group's Savings Plan (PEG)	15th-2009 16th-2009	26 months (June 2011) 18 months (Oct 2010)	(b, e) Maximum of 2.5% of the share capital on the Management Board's decision date
Stock options (subscription options only), exercise price fixed without discount	17th-2008	38 months (June 2011)	(b, f) Maximum of 2.5% of the share capital on the Management Board's decision date
Grant of performance shares already existing or to be issued	18th-2008	38 months (June 2011)	(b, g) Maximum of 0.5% of the share capital at grant date

Share repurchase program

Transaction	Source (Resolution number)	Duration of the authorization and expiration date	Characteristics
Share repurchases	9th-2009	18 months (Oct 2010)	Maximum purchase price: €35
Share cancellation	10th-2009	18 months (Oct 2010)	10% of the share capital over a 24-month period

(a) Aggregate maximum amount for capital increases, all transactions included.
(b) This amount shall be deducted from the aggregate nominal amount of €1.5 billion set forth in the 11th resolution of the 2009 Combined Shareholders' Meeting.
(c) This amount could be increased to the upper limit of 15% in the event that the issue is oversubscribed (13th resolution – 2009).
(d) This amount shall be deducted from the aggregate nominal amount of €800 million set forth in the 12th resolution of the 2009 Combined Shareholders' Meeting.
(e) Implemented in 2009, up to 4.86 million shares, i.e., 0.40% of the share capital.
(f) Implemented in 2009, up to 6.56 million shares, i.e., 0.56% of the share capital.
(g) Implemented in 2009, up to 567,001 shares, i.e., 0.05% of the share capital.

2.2.4. Shares Held by the Company

2.2.4.1. Summary of the Previous Share Repurchase Program

Aggregate number of purchases and sales/transfers of shares from October 20, 2008 until October 23, 2009 (excluding liquidity agreement)

	Purchases	Transfers/Sales
Number of shares	None	None
Average price per share (in euros)	na	na
Total value (in euros)	na	na

na: not applicable.
Number of shares cancelled during the 24 last months: None.

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2.2.4.2. Aggregate number of Purchases and Sales/Transfers of Shares from January 1, 2009 until December 31, 2009 (Excluding Liquidity Agreement)

	Purchases	Transfers/Sales
Number of shares	None	None
Average price per share (in euros)	na	na
Total value (in euros)	na	na

na: not applicable.

2.2.4.3. Current Share Repurchase Program

A share repurchase program was implemented on October 23, 2009, pursuant to the authorization granted under the ninth resolution of the Combined Shareholders' Meeting held on April 30, 2009 and upon delegation of the Management Board dated October 23, 2009.

The maximum percentage of repurchases authorized under the current program is 10% of the share capital, with a maximum purchase price of €35 per share, in accordance with the maximum amount approved by the Shareholders' Meeting.

The purpose of this program is the market making of Vivendi shares through a financial intermediary pursuant to a liquidity agreement established in compliance with the AMAFI professional Code of Ethics approved by the *Autorité des Marchés Financiers* (AMF).

2.2.4.4. Treasury Shares (Excluding Liquidity Agreement)

Position as of December 31, 2009

As of December 31, 2009, Vivendi held 79,114 of its own shares, each having a nominal value of €5.50, representing 0.0064% of the share capital of the company, all reserved for the hedging of stock purchase plans. As of December 31, 2009, the book value of shares held by the company amounted to €1.907 million, representing a market value of €1.645 million.

2.2.4.5. Liquidity Agreement

Since January 3, 2005, Vivendi has implemented a liquidity agreement established in compliance with the AMAFI Code of Ethics. The term of this agreement is one year, renewable by tacit agreement.

In 2009, pursuant to the implementation of this liquidity agreement, Vivendi repurchased a total of 8,906,670 shares, representing 0.72% of the company share capital, for a value of €171.5 million and sold a total of 8,906,670 shares for a value of €171.8 million.

In connection with this liquidity agreement, as of December 31, 2009, the following resources were held in the liquidity account of the company: 0 shares and €51.1 million. In 2009, the company recognized capital gains in the amount of €0.3 million pursuant to this liquidity agreement.

For the year 2009, the management fee for the liquidity agreement amounted to €179,400 (excluding VAT).

2.2.4.6. Cross-Shareholding

As of December 31, 2009, Vivendi's subsidiaries held 450 shares of the company.

2.2.4.7. Open Positions on Derivative Financial Instruments as of December 31, 2009

None.

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2.2.5. Convertible Securities, Exchangeable Securities or Warrant Securities

2.2.5.1. Bonds Convertible into New Shares or Exchangeable into Existing Shares (OCEANEs)

There are no outstanding OCEANEs.

2.2.5.2. Bonds Mandatorily Redeemable in Shares (ORAs)

There are no outstanding ORAs.

2.2.5.3. Warrants (BSAs)

There are no outstanding BSAs.

2.2.6. Stock Option Plans

2.2.6.1. Grant Criteria

Grants of purchase or subscription options are based on three criteria, which include the degree of responsibility, performance and the identification of executives with great potential or whose contributions were significant.

Since 2002, only stock subscription plans have been implemented. These plans have a ten-year term except for the plans granted in 2002 and January 2003, which have an eight-year term.

As of December 31, 2009, 41,435,499 options were outstanding under all existing stock option plans (after deducting the number of stock options exercised or cancelled pursuant to the termination of employment of certain beneficiaries), representing a maximum nominal share capital increase of €227.4 million or 3.36% of the company's share capital.

As a result of the termination of Vivendi's ADR program and its delisting from the NYSE, stock options exercisable into ADRs granted to certain directors and employees of the Group residing in the United States were converted into Stock Appreciation Rights (SAR), instruments which settle in cash and which do not themselves represent shares and therefore do not result in a share capital increase. The trading value of the SARs is the average of the high and low prices of Vivendi's ordinary shares as quoted on Euronext Paris on that trading day, converted from Euros to US dollars based on the daily Euro/US dollar exchange rate as published by the European Central Bank on the date of exercise of the SAR.

Stock purchase and SAR plans set up in December 2001 to the benefit of the Group's employees and having an eight-year term expired in 2009. None of these options or SAR were exercised and thus 7.5 million stock options and 4.5 million SAR were cancelled.

Stock purchase plans granted in 2002 will expire in 2010 (please refer to the appendix of this section).

2.2.6.2. Plan Characteristics

Until 2007, the options vested annually in one-thirds over three-year periods. The options are exercisable on one or more occasions up to two-thirds of the total grant two years after the date of grant and up to 100% three years after grant date.

Since 2007, stock options are fully acquired by the beneficiaries after a three-year period and may be exercised on one or more occasions. Shares resulting from the exercise of the options can be freely transferred, subject, for beneficiaries who are French tax residents, to the expiration of the beneficial holding period applicable under French tax law (currently a four-year period).

Since 2009, and as decided at the Combined Shareholders' Meeting of April 24, 2008, the grant of options is subject to the same performance conditions and quantitative methods of allocation as those used for performance shares (see paragraph 3.3).

For all the plans, in the event of a tender offer for Vivendi shares, the options will vest and become immediately exercisable. In addition, the underlying shares will be freely transferable.

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2.2.7. Performance Shares

Since 2006, performance shares were granted subject to conditions linked to certain financial indicator targets for the year in which they are awarded. These were the Group's adjusted net income and operating cash flow. In addition, for performance shares granted since 2009, the performance of Vivendi shares against three trading indices (DJ Stoxx Media, DJ Stoxx Telco and CAC 40) is also another indicator which has been used. All performance shares vest and are definitively awarded if the weighted sum of the three financial indicators equals or exceeds 100% of the threshold amount set by the Supervisory Board; 50% of the grant of shares is vested if the weighted sum of the three financial indicators equals the threshold amount, as defined by the Supervisory Board, and no shares vest if the weighted average of the three financial indicators is below the minimum threshold amount.

The performance shares vest at the end of a period of two years from the grant dates (the "acquisition period") subject to the satisfaction of presence and performance conditions as described above.

The shares must then be retained by the beneficiaries for an additional two-year period following the acquisition date.

In 2009, 459,625 shares were issued at the end of the acquisition period in relation to performance shares awarded under the 2007 plans and 10,914 rights to performance shares were cancelled due to the termination of certain beneficiaries.

Please refer to section 3.3.2 below and to the appendix of this section.

2.2.8. Acquisition Rights or Obligations in Respect of Authorized but Non-Issued Capital

None.

2.2.9. Conditional or Unconditional Options or Agreements on any Member of the Group

None.

2.2.10. Change in Share Capital over the Last Five Years

Transactions	Date	Amount			Successive amounts of share capital	
		Share Nominal value	Premium per share (in euros)	Number of issued shares	Total number of shares outstanding	In euros
Share capital as of December 31, 2004	12/31/04	5.50	na	na	1,072,624,363	5,899,433,966.50
Redemption of 8.25% ORAs	04/28/05	5.50	na	470	1,072,624,833	5,899,436,581.50
ORAs redemption	04/28/05	5.50	na	367,812	1,072,992,645	5,901,459,547.50
Stock option exercises	04/28/05	5.50	* 7.30	94,300	1,073,086,945	5,901,978,197.50
Cancellation – Reallocation	04/28/05	5.50	-	(367,812)	1,072,719,133	5,899,955,231.50
2005 Group Savings Plan	07/26/05	5.50	13.96	1,399,097	1,074,118,230	5,907,650,265.00
Redemption of 8.25% ORAs	11/29/05	5.50	na	78,669,500	1,152,787,730	6,340,332,515.00
Redemption of 8.25% ORAs	12/05/05	5.50	na	2,445	1,152,790,175	6,340,345,962.50
ORAs redemption	12/05/05	5.50	na	188,280	1,152,978,455	6,341,381,502.50
Stock option exercises	12/05/05	5.50	* 8.23	362,527	1,153,340,982	6,343,375,401.00
Cancellation – Reallocation	12/05/05	5.50	na	(116,520)	1,153,224,462	6,342,734,541.00
ORAs redemption	12/31/05	5.50	na	(240)	1,153,224,702	6,342,735,861.00
Stock option exercises	12/31/05	5.50	* 7.79	252,859	1,153,477,561	6,344,126,585.50
Cancellation – Reallocation	12/31/05	5.50	-	(240)	1,153,477,321	6,344,125,265.50
Stock option exercises	01/31/06	5.50	* 8.90	116,465	1,153,593,786	6,344,765,823.00
Stock option exercises	02/28/06	5.50	* 9.64	19,532	1,153,613,318	6,344,873,249.00
ORAs redemption	02/28/06	5.50	-	4,340	1,153,617,658	6,344,897,119.00
Stock option exercises	03/31/06	5.50	* 10.90	152,440	1,153,770,098	6,345,735,539.00
ORAs redemption	03/31/06	5.50	-	224,003	1,153,994,101	6,346,967,555.50
ORAs redemption	04/30/06	5.50	* 9.45	94,680	1,154,088,781	6,347,488,295.50
ORAs redemption	04/30/06	5.50	-	40	1,154,088,821	6,347,488,515.50
Stock option exercises	05/31/06	5.50	* 8.90	40,500	1,154,129,321	6,347,711,265.50

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Transactions	Date	Amount: Share Nominal value	Amount: Premium per share (in euros)	Amount: Number of issued shares	Successive amounts of share capital: Total number of shares outstanding	Successive amounts of share capital: In euros
ORAs redemption	05/31/06	5.50	na	1,600	1,154,130,921	6,347,720,065.50
Stock option exercises	06/30/06	5.50	* 11.22	258,180	1,154,389,101	6,349,140,055.50
Cancellation – Reallocation	06/30/06	5.50	na	(229,983)	1,154,159,118	6,347,875,149.00
2006 Group Savings Plan	07/19/06	5.50	15.22	1,471,499	1,155,630,617	6,355,968,393.50
Stock option exercises	07/19/06	5.50	* 9.03	76,650	1,155,707,267	6,356,389,968.50
Stock option exercises	08/30/06	5.50	* 8.90	13,333	1,155,720,600	6,356,463,300.00
ORAs redemption	09/30/06	5.50	na	214,560	1,155,935,160	6,357,643,380.00
Stock option exercises	10/30/06	5.50	* 8.52	765,666	1,156,700,826	6,361,854,543.00
Stock option exercises	11/30/06	5.50	* 7.43	327,470	1,157,028,296	6,363,655,628.00
ORAs redemption	11/30/06	5.50	na	4,316,085	1,161,344,381	6,387,394,095.50
Cancellation – Reallocation	11/30/06	5.50	na	(4,530,645)	1,156,813,736	6,362,475,548.00
Stock option exercises	12/31/06	5.50	* 7.02	220,000	1,157,033,736	6,363,685,548.00
Stock option exercises	01/31/07	5.50	* 10.05	165,416	1,157,199,152	6,364,595,336.00
Stock option exercises	02/28/07	5.50	* 10.40	12,500	1,157,211,652	6,364,664,086.00
Stock option exercises	03/30/07	5.50	* 9.07	58,992	1,157,270,644	6,364,988,542.00
Cancellation	03/30/07	5.50	na	(1,300,389)	1,155,970,255	6,357,836,402.50
Stock option exercises	04/30/07	5.50	* 9.15	426,164	1,156,396,419	6,360,180,304.50
Stock option exercises	05/31/07	5.50	* 9.70	557,978	1,156,954,397	6,363,249,183.50
Stock option exercises	06/30/07	5.50	* 9.44	5,462,245	1,162,416,642	6,393,291,531.00
2007 Group Savings Plan	07/18/07	5.50	19.10	1,276,227	1,163,692,869	6,400,310,779.50
Stock option exercises	07/31/07	5.50	* 10.73	313,145	1,164,006,014	6,402,033,077.00
Stock option exercises	08/31/07	5.50	* 8.90	2,900	1,164,008,914	6,402,049,027.00
Stock option exercises	09/30/07	5.50	* 8.90	73,452	1,164,082,366	6,402,453,013.00
Stock option exercises	10/31/07	5.50	* 8.98	139,501	1,164,221,867	6,403,220,268.50
Stock option exercises	11/30/07	5.50	* 12.30	170,200	1,164,392,067	6,404,156,368.50
Stock option exercises	12/31/07	5.50	* 10.88	351,093	1,164,743,160	6,406,087,380.00
Grant of shares of restricted stock AGA 15 – December 12, 2006	12/31/07	5.50	na	60	1,164,743,220	6,406,087,710.00
Grant of performance shares (April 2006)	04/14/08	5.50	na	423,516	1,165,166,736	6,408,417,048.00
Stock option exercises	01/31/08	5.50	11.02	36,806	1,165,203,542	6,408,619,481.00
Stock option exercises	02/29/08	5.50	8.90	6,800	1,165,210,342	6,408,656,881.00
Stock option exercises	03/31/08	5.50	13.06	11,100	1,165,221,442	6,408,717,931.00
Stock option exercises	04/16/08	5.50	9.90	62,500	1,165,283,942	6,409,061,681.00
Stock option exercises	05/31/08	5.50	13.94	34,580	1,165,318,522	6,409,251,871.00
Stock option exercises	06/30/08	5.50	11.54	61,600	1,165,380,122	6,409,590,671.00
2008 Group Savings Plan	07/24/08	5.50	15.58	4,361,052	1,169,741,174	6,433,576,457.00
2008 Group Savings Plan	07/24/08	5.50	18.215	132,541	1,169,873,715	6,434,305,432.50
Stock option exercises	07/31/08	5.50	* 13.36	19,900	1,169,893,615	6,434,414,882.50
Stock option exercises	08/31/08	5.50	* 8.90	5,000	1,169,898,615	6,434,442,382.50
Grant of performance shares (September 2006)	09/22/08	5.50	na	3,295	1,169,901,910	6,434,460,505.00
Stock option exercises	09/30/08	5.50	* 13.36	23,166	1,169,925,076	6,434,587,918.00
Stock option exercises	10/31/08	5.50	* 8.90	53,650	1,169,978,726	6,434,882,993.00
Stock option exercises	11/30/08	5.50	* 8.90	2,000	1,169,980,726	6,434,893,993.00
Stock option exercises	12/10/08	5.50	* 8.90	6,850	1,169,987,576	6,434,931,668.00
Grant of shares of restricted stock (AGA 15 – December 12, 2006)	12/15/08	5.50	na	184,245	1,170,171,821	6,435,945,015.50
Grant of shares of restricted stock (December 12, 2006)	12/15/08	5.50	na	1,067	1,170,172,888	6,435,950,884.00
Stock option exercises	12/31/08	5.50	* 10.02	24,550	1,170,197,438	6,436,085,909.00
Grant of shares of restricted stock (AGA 15 – January 24, 2007)	01/26/09	5.50	na	8,595	1,170,206,033	6,436,133,181.50

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Transactions	Date	Amount: Share Nominal value	Amount: Premium per share (in euros)	Amount: Number of issued shares	Successive amounts of share capital: Total number of shares outstanding	Successive amounts of share capital: In euros
Stock option exercises	01/31/09	5.50	* 8.90	4,500	1,170,210,533	6,436,157,931.50
Stock option exercises	03/31/09	5.50	* 8.60	70,450	1,170,280,983	6,436,545,406.50
Grant of performance shares (April 23, 2007)	04/24/09	5.50	na	444,028	1,170,725,011	6,438,987,560.50
Stock option exercises	04/30/09	5.50	* 8.90	41,270	1,170,766,281	6,439,214,545.50
Payment of dividend in shares	06/04/09	5.50	* 11.50	53,184,521	1,223,950,802	6,731,729,411.00
2009 Group Savings Plan	07/30/09	5.50	* 9.106	4,721,216	1,228,672,018	6,757,696,099.00
2009 Group Savings Plan	07/30/09	5.50	* 10.109	141,063	1,228,813,081	6,758,471,945.50
Grant of performance shares (September 17, 2007)	09/18/09	5.50	na	2,869	1,228,815,950	6,758,487,725.00
Stock option exercises	09/30/09	5.50	* 8.90	27,833	1,228,843,783	6,758,640,806.50
Grant of performance shares (October 25, 2007)	10/26/09	5.50	na	3,933	1,228,847,716	6,758,662,438.00
Stock option exercises	10/31/09	5.50	* 8.90	1,800	1,228,849,516	6,758,672,338.00
Stock option exercises	12/31/09	5.50	* 9.96	9,975	1,228,859,491	6,758,727,200.50

na: not applicable.
* Weighted-average premium in euros.

As of December 31, 2009, the potential share capital was €6,991,965,755.50, divided into 1,271,266,501 shares, taking into account:

- 41,345,499 outstanding stock options, which could result in the issuance of 41,345,499 shares; and
- 1,061,511 performance shares granted in 2008 and 2009.

Section 2 Additional Information about the Company

2.2.11. Market Information

2.2.11.1. Places of Listing – Stock Exchange Quotation

Source: Euronext Paris.

Stock exchange quotation for Vivendi ordinary shares – Euronext Paris

Compartment A (code FR0000127771) (in euros)	Average quotation	High	Low	Number of shares traded	Transactions (in euros)
2008					
January	28.93	31.60	25.01	183,743,901	5,227,919,965
February	26.95	28.62	25.80	141,166,245	3,809,343,051
March	24.84	26.64	23.05	181,594,363	4,469,288,530
April	25.73	26.16	24.60	117,221,215	3,012,148,059
May	26.04	27.12	24.75	152,798,352	3,995,938,859
June	25.56	27.44	23.58	132,007,481	3,373,587,307
July	25.43	27.20	23.23	148,658,714	3,778,492,951
August	26.23	27.39	25.16	95,595,999	2,511,831,340
September	24.31	26.68	21.41	159,815,708	3,846,959,108
October	20.55	23.01	16.32	263,975,166	5,366,988,481
November	20.81	22.49	19.01	141,619,349	2,950,969,128
December	22.55	23.75	20.80	120,956,256	2,725,739,929
2009					
January	21.12	24.00	19.25	122,453,987	2,571,234,382
February	19.63	21.10	18.28	95,714,353	1,873,527,042
March	19.38	20.74	18.18	126,037,085	2,442,707,474
April	20.00	20.96	19.01	111,023,123	2,215,818,177
May	19.60	21.65	18.48	189,025,960	3,749,474,984
June	17.78	19.21	16.82	155,327,679	2,770,696,478
July	17.39	18.38	16.30	149,638,475	2,597,791,000
August	18.76	20.24	17.83	116,961,658	2,200,240,093
September	20.32	21.54	19.03	162,619,482	3,290,957,414
October	20.16	21.56	18.81	138,154,027	2,795,145,322
November	19.32	20.12	18.50	122,116,026	2,360,167,936
December	20.47	21.15	19.51	93,170,521	1,897,753,747
2010					
January	20.30	21.47	18.76	108,688,326	2,199,283,315
February	18.30	18.94	17.83	114,895,825	2,105,879,281

Section 2 Additional Information about the Company

Stock exchange quotation for Vivendi bonds – Euronext Paris

Notes 6.50% 1997* Value code (FR0000207581) nominal value: €762.25	Average quotation (% nominal value)	High (% nominal value)	Low (% nominal value)	Number of securities traded	Transactions (in euros)
2008					
January	99.50	99.51	99.50	15	11,912
February	100.19	100.23	100.15	11	8,427
March	100.67	100.70	100.66	18	13,957
April	100.07	100.13	100.05	15	11,592
May	100.38	101.00	100.10	592	462,675
June	100.06	100.21	100.00	156	121,815
July	100.00	100.00	100.00	27	21,244
August	100.26	101.40	99.00	162	128,290
September	99.76	100.02	99.05	66	52,359
October	99.54	100.04	99.02	72	57,299
November	99.26	99.97	98.25	203	162,096
December	99.78	100.20	99.27	129	104,113
2009					
January	99.91	100.00	99.51	66	53,398

* These notes were delisted in January 2009.

2.2.11.2. Financial Securities Intermediary

BNP Paribas Securities Services
GCT – Service Emetteurs
Les Grands Moulins de Pantin
9, rue du Débarcadère
93761 Pantin Cedex – France

2.3. Major Shareholders

2.3.1. Share Ownership and Voting Rights

As of December 31, 2009, the company's share capital amounted to €6,758,727,200.50 divided into 1,228,859,491 shares. The corresponding number of voting rights, considering that treasury shares have no voting rights, amounted to 1,228,779,927.

Section 2 Additional Information about the Company

To the Management Board's knowledge, the major shareholders holding shares in registered form or having sent a share ownership notice to the company were as follows:

Owners	% of capital share	% of voting rights	Number of shares	Number of voting rights
Capital Research and Management	4.67	4.67	57,398,503	57,398,503
CDC/ FSI (Caisse des Dépôts et Consignations)	3.80	3.8	46,636,819	46,636,819
Crédit Agricole AM **(a)** *	3.54	3.54	43,539,038	43,539,038
Emirates International Investment Company LLc.	2.82	2.82	34,711,040	34,711,040
Natixis Asset Management	2.48	2.48	30,465,692	30,465,692
AllianceBernstein (Axa Investment Managers)	2.00	2.00	24,627,904	24,627,904
Vivendi Group savings plan	1.55	1.55	19,014,132	19,014,132
Bank of America/Merrill Lynch	1.52	1.52	18,697,470	18,697,470
Crédit Suisse Securities (Europe) Limited	1.13	1.13	13,824,286	13,824,286
BNP Paribas	1.05	1.05	12,846,514	12,846,514
Prudential Plc	0.90	0.90	11,051,279	11,051,279
UBS Investment Bank	0.85	0.85	10,457,698	10,457,698
Abu Dhabi Investment Authority	0.63	0.63	7,746,017	7,746,017
Société Générale AM *	0.59	0.59	7,189,637	7,189,637
DNCA Finance et Leonardo Asset Management	0.57	0.57	6,962,234	6,962,234
Crédit Agricole Structured AM **(a)**	0.55	0.55	6,705,111	6,705,111
FIPAR International (CDG Maroc) **(b)**	0.51	0.51	6,270,887	6,270,887
Macquarie Group	0.50	0.50	6,098,229	6,098,229
RCAR (Régime collectif d'allocation de retraite) – CDG Maroc **(b)**	0.48	0.48	5,848,904	5,848,904
HBOS Plc	0.47	0.47	5,787,313	5,787,313
AQR Capital Management	0.46	0.46	5,701,349	5,701,349
Pension Reserve Fund (Fonds de réserve pour les retraités)	0.45	0.45	5,489,679	5,489,679
SRM Advisers (Monaco) S.A.M.	0.41	0.41	5,043,275	5,043,275
Hermes Equity (BT Pension Scheme Trustees Limited)	0.41	0.41	5,015,621	5,015,621
Groupama Asset Management	0.40	0.40	4,879,254	4,879,254
TPG Axon Capital	0.35	0.35	4,316,348	4,316,348
Veolia Environnement Group savings plan	0.22	0.22	2,746,000	2,746,000
Treasury shares	0.01	0.00	79,564	0
Other shareholders	66.18	66.19	813,589,357	813,589,357
Total	**100.00**	**100.00**	**1,228,859,491**	**1,228,779,927**

(a) Total Crédit Agricole SA: 50,244,149 shares, i.e., 4.11% of the share capital.
(b) Total CDG Maroc: 11,969,241 shares, i.e., 1% of the share capital.
* Effective January 1, 2010, Crédit Agricole AM and Société Générale AM merged with each other and became Amundi AM.

2.3.2. Pledge of Company Shares

As of December 31, 2009, pledges on shares of the company held in registered form by individual shareholders amounted to 762,024 shares, representing 0.06% of the share capital of the company.

2.3.3. Control of the Company – Shareholders' Agreements

To the company's knowledge, as of December 31, 2009, no shareholder held more than 5% of the company's share capital or voting rights and there are no shareholders' agreements, whether publicly disclosed or not, relating to Vivendi's securities.

Section 2 Additional Information about the Company

2.3.4. Notices made to the Company regarding Legal and Statutory Thresholds

In 2009, the company did not receive any notice regarding the crossing of any legal thresholds. It received notices in respect of the crossing, upwards or downwards, of statutory thresholds (0.5% or any multiple of this percentage), including notices from Natixis Asset Management, UBS Investment Bank, Crédit Suisse Securities (Europe) Limited, Société Générale Asset Management, Bank of America/Merrill Lynch, Groupama Asset Management, HBOS Plc, Fipar (CDG Maroc), DNCA Finance et Leonardo AM, Macquarie Group, Crédit Agricole AM, Crédit Agricole Structured AM, CDC/FSI (Caisse des Dépôts et Consignations) and Alliance Berstein (AXA Investment Managers), details of which are contained in the table below.

The company received a notice of crossing of a legal threshold from Groupe Société Générale dated February 17, 2010 pursuant to which Société Générale declared that it crossed upwards the legal threshold of 5% on February 11, 2010 and held 5.91% of the share capital and voting rights of the company; and crossed downward the legal threshold of 5% on February 12, 2010, and held 4.03% of the share capital and voting rights of the company.

Section 2 Additional Information about the Company

2.3.5. Changes in Share Ownership and Voting Rights over the Last Three Years (as of December 31st)

	2009			2008			2007		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Capital Research and Management	57,398,503	4.67	4.67	57,398,503	4.91	4.91	57,398,503	4.93	4.93
Natixis (Ixis Corporate & Investment Bank)	-	-	-	50,318,033	4.30	4.30	50,318,033	4.32	4.32
CDC/FSI (Caisse des Dépôts et Consignations)	46,636,819	3.80	3.80	43,371,350	3.71	3.71	43,371,350	3.72	3.72
Crédit Agricole AM **(a)***	43,539,038	3.54	3.54	41,878,478	3.58	3.58	41,878,478	3.60	3.60
Emirates International Investment Company LLc.	34,711,040	2.82	2.82	34,711,040	2.97	2.97	34,711,040	2.98	2.98
Natixis Asset Management	30,465,692	2.48	2.48	40,137,236	3.43	3.43	36,880,598	3.17	3.17
AllianceBernstein (Axa Investment Managers)	24,627,904	2.00	2.00	-	-	-	-	-	-
Vivendi Group Savings Plan	19,014,132	1.55	1.55	14,676,652	1.25	1.25	10,852,671	0.93	0.93
Bank of America/Merrill Lynch	18,697,470	1.52	1.52	5,907,947	0.50	0.50	-	-	-
Crédit Suisse Securities (Europe) Limited	13,824,286	1.13	1.13	6,742,613	0.58	0.58	12,645,852	1.09	1.09
BNP Paribas	12,846,514	1.05	1.05	8,437,673	0.72	0.72	8,437,673	0.72	0.72
Prudential Plc	11,051,279	0.90	0.90	11,051,279	0.94	0.94	-	-	-
UBS Investment Bank	10,457,698	0.85	0.85	8,261,846	0.71	0.71	17,438,617	1.50	1.50
Abu Dhabi Investment Authority	7,746,017	0.63	0.63	7,746,017	0.66	0.66	-	-	-
Société Générale AM*	7,189,637	0.59	0.59	5,736,142	0.49	0.49	5,745,662	0.49	0.49
DNCA Finance et Leonardo Asset Management	6,962,234	0.57	0.57	-	-	-	-	-	-
Crédit Agricole Structured AM **(a)**	6,705,111	0.55	0.55	-	-	-	-	-	-
Rothschild – Asset Management	6,270,887	0.51	0.51	6,270,887	0.54	0.54	6,270,887	0.54	0.54
FIPAR International (CDG Maroc) **(b)**	6,120,337	0.50	0.50	5,848,914	0.50	0.50	7,118,181	0.61	0.61
Macquarie Group	6,098,229	0.50	0.50	-	-	-	-	-	-
RCAR (Régime collectif d'allocation de retraite) (CDG Maroc) **(b)**	5,848,904	0.48	0.48	5,848,904	0.50	0.50	-	-	-
HBOS Plc	5,787,313	0.47	0.47	5,914,429	0.51	0.51	-	-	-
AQR Capital Management	5,701,349	0.46	0.46	5,701,349	0.49	0.49	-	-	-
Pension Reserve Fund (fonds de réserve pour les retraités)	5,489,679	0.45	0.45	5,489,679	0.47	0.47	5,489,679	0.47	0.47
SRM Advisers (Monaco) S.A.M.	5,043,275	0.41	0.41	5,043,275	0.43	0.43	6,200,000	0.53	0.53
Hermes Equity (BT Pension Scheme Trustees Limited)	5,015,621	0.41	0.41	5,015,621	0.43	0.43	-	-	-
Groupama Asset Management	4,879,254	0.40	0.40	6,194,697	0.53	0.53	3,191,849	0.27	0.27
TPG Axon Capital	4,316,348	0.35	0.35	4,316,348	0.37	0.37	-	-	-
Veolia Environnement Group Savings Plan	2,746,000	0.22	0.22	2,795,000	0.24	0.24	2,847,000	0.24	0.24
CSCS Partners	-	-	-	-	-	-	600,000	0.05	0.05
Sebastian Holdings Inc.	-	-	-	-	-	-	100,000	0.01	0.01
Treasury shares	79,564	0.01	0.00	79,564	0.01	0.00	79,564	0.01	0.00
Other shareholders	813,589,357	66.18	66.19	775,303,962	66.23	66.24	813,167,583	69.82	69.83
Total	**1,228,859,491**	**100.00**	**100.00**	**1,170,197,438**	**100.00**	**100.00**	**1,164,743,220**	**100.00**	**100.00**

(a) Total Groupe Crédit Agricole: 50,244,149 shares, i.e., 4.11% of the share capital.
(b) Total CDG Maroc: 11,969,241 shares, i.e., 1% of the share capital.
* Effective January 1, 2010, Crédit Agricole AM and Société Générale AM merged with each other and became Amundi AM.

Section 2 Additional Information about the Company

Appendix

The following tables present details of stock purchase and subscription options and performance shares plans

Stock purchase plans (in euros)

Date of the Share-holders' Meeting	Date of the Board of Directors Meeting	Grant date	Number of options granted – Total number – of benefi-ciaries	Number of options granted – Total number – of options	Of which number granted to members of governing bodies – Number of benefi-ciaries	Of which number granted to members of governing bodies – Number of options	Vesting date for options	Expiration date	Adjusted exercise price (a)	Number of options – Exercised in 2009 (adjusted number) (a)	Number of options – Cancelled in 2009 (adjusted number) (a)	Number of options – Outstand-ing as of 12/31/2009 (adjusted number) (a)
09/21/00	01/24/02	01/24/02	46	56,392	-	-	01/25/04	01/24/10	53.38	-	-	36,424
09/21/00	01/24/02	01/24/02	1	200,000	-	-	01/01/07	01/24/10	53.38	-	-	205,668
09/21/00	01/24/02	01/24/02	2	404,000	-	-	04/25/03	01/24/10	37.83	-	-	4,114
09/21/00	05/29/02	05/29/02	1	75,000	-	-	05/30/04	05/29/10	33.75	-	-	75,000
									Total	**0**	**0**	**321,206**

(a) Adjustment subsequent to the payment of the 2001 fiscal year dividend out of available reserves.

SAR and ex-ADS plans converted into SAR plans (in US dollars)

Date of the Share-holders' Meeting	Date of the Board of Directors, Supervisory Board or Manage-ment Board Meetings	Grant date	Number of SAR granted – Total number – of benefi-ciaries	Number of SAR granted – Total number – of SAR	Of which number granted to members of governing bodies – Number of benefi-ciaries	Of which number granted to members of governing bodies – Number of SAR	Vesting date for SAR	Expiration date	Adjusted exercise price (a)	Number of SAR – Exercised in 2009 (adjusted number) (a)	Number of SAR – Cancelled in 2009 (adjusted number) (a)	Number of SAR – Outstand-ing as of 12/31/2009 (adjusted number) (a)
09/21/00	01/24/02	01/24/02	4	1,200,000	1	150,000	01/25/03	01/24/10	45.64	-	-	1,238,389
09/21/00	03/05/02	03/20/02	1	200,000	-	-	03/21/04	03/20/10	37.98	-	-	206,424
09/21/00	04/24/02	04/24/02	2	200,000	-	-	04/25/04	04/24/10	33.26	-	-	51,609
09/21/00	05/29/02	09/25/02	1	20,000	-	-	05/30/04	05/29/10	31.62	-	-	20,000
09/21/00	09/25/02	10/10/02	38	1,168,300	1	100,000	10/11/04	10/10/10	11.79	9,166	-	150,501
04/29/03	05/28/03	05/28/03	75	752,000	1	180,000	05/29/05	05/28/13	16.44	3,500	-	188,199
04/29/03	09/12/03	12/09/03	51	705,000	-	-	12/10/05	12/09/13	22.59	6,000	-	236,333
04/29/03	06/05/04	05/21/04	138	1,012,400	-	-	05/22/06	05/21/14	24.61	6,666	-	571,550
04/29/03	09/03/05	04/26/05	184	1,786,400	1	125,000	04/27/07	04/26/15	30.63	-	-	1,311,067
04/28/05	02/28/06	04/13/06	2	192,000	1	112,000	04/14/08	04/13/16	34.58	-	-	192,000
04/28/05	03/21/06	04/13/06	154	1,058,320	-	-	04/14/08	04/13/16	34.58	-	3,867	905,680
04/28/05	09/22/06	09/22/06	1	24,000	-	-	09/23/08	09/22/16	34.58	-	-	24,000
04/28/05	03/06/07	04/23/07	1	112,000	1	112,000	04/24/10	04/23/17	41.34	-	-	112,000
04/28/05	02/27/07	04/23/07	177	1,168,660	-	-	04/24/10	04/23/17	41.34	-	12,320	1,081,400
									Total	**25,332**	**16,187**	**6,289,152**

(a) Adjustment subsequent to the payment of the 2001 fiscal year dividend out of available reserves.

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Section 2 Additional Information about the Company

Stock subscription plans (in euros)

Date of Shareholders' Meeting	Date of the Board of Directors, Supervisory Board or Management Board Meeting	Grant date	Number of options granted				Vesting date for options	Expiration date	Exercise price	Number of outstanding options		
			Total number		Of which number granted to members of governing bodies							
			of benefi-ciaries	of options	Number of benefi-ciaries	Number of options				Exercised in 2009	Cancelled in 2009	Outstand-ing as of 12/31/2009
09/21/00	09/25/02	10/10/02	13	2,451,000	6	1,800,000	10/11/04	10/10/10	12.10	69,350	-	21,000
09/21/00	01/29/03	01/29/03	34	1,610,000	8	1,175,000	01/30/05	01/29/11	15.90	1,200	-	650,467
04/29/03	05/28/03	05/28/03	414	10,547,000	9	3,000,000	05/29/05	05/28/13	14.40	83,878	-	3,709,848
04/29/03	12/09/03	12/09/03	29	310,000	-	-	12/10/05	12/09/13	19.07	-	-	116,665
04/29/03	05/06/04	05/21/04	425	8,267,200	8	2,320,000	05/22/06	05/21/14	20.67	1,400	5,000	7,195,582
04/29/03	03/09/05	04/26/05	472	7,284,600	11	2,595,000	04/27/07	04/26/15	23.64	-	-	6,665,217
04/28/05	02/28/06	04/13/06	11	2,008,000	10	1,880,000	04/14/08	04/13/16	28.54	-	-	2,008,000
04/28/05	03/21/06	04/13/06	495	3,473,520	-	-	04/14/08	04/13/16	28.54	-	20,806	3,098,748
04/28/05	09/22/06	09/22/06	33	58,400	-	-	09/23/08	09/22/16	28.54	-	534	46,132
04/28/05	12/12/06	12/12/06	3	24,000	-	-	12/13/08	12/12/16	29.41	-	-	16,000
04/28/05	03/06/07	04/23/07	6	1,304,000	6	1,304,000	04/24/10	04/23/17	30.79	-	-	1,304,000
04/28/05	02/27/07	04/23/07	570	4,414,220	5	528,000	04/24/10	04/23/17	30.79	-	218,000	3,931,920
04/28/05	09/17/07	09/17/07	7	42,400	-	-	09/18/10	09/17/17	30.79	-	8,000	34,400
04/28/05	10/25/07	10/25/07	4	63,200	-	-	10/26/10	10/25/17	30.79	-	16,000	47,200
04/28/05	02/26/08	04/16/08	646	4,839,200	3	304,000	04/17/11	04/16/18	25.13	-	218,000	4,501,200
04/28/05	02/28/08	04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	25.13	-	-	732,000
04/28/05	02/28/08	04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	25.13	-		732,000
04/24/08	12/16/08	12/16/08	1	12,000	-	-	12/17/11	12/16/18	25.13	-	-	12,000
04/24/08	02/26/09	04/16/09	6	1,240,000	6	1,240,000	04/17/12	04/16/19	20.02	-	-	1,240,000
04/24/08	02/24/09	04/16/09	707	5,321,120	4	368,000	04/17/12	04/16/19	20.02	-	78,000	5,243,120
04/24/08	10/23/09	10/23/09	12	40,000	-	-	10/24/12	10/23/19	20.70	-	-	40,000
									Total	**155,828**	**564,340**	**41,345,499**

In 2009, grants of stock options were subject to performance conditions, that, pursuant to the terms and conditions of the relevant plan rules, were based on three criteria broken down as follows: adjusted net income (50%), cash flow from operations (30%) and the performance of Vivendi shares based on a comparison of three trading indices: DJ Stoxx Media, DJ Stoxx Telco and CAC 40 (20%).

The definitive grant will be effective subject to the completion of the criteria over a year: grantees are entitled to all options if the weighted sum of the three financial criteria reaches 100% of the target; alternatively, grantees are entitled to 50% of the options if the weighted sum of the three indicators reaches the minimum threshold. Grantees receive no entitlement if the weighted sum of these three criteria falls below the minimum threshold.

Section 2 Additional Information about the Company

SAR plans (ex-ADS Seagram) (in US dollars)

Plan opening date	Number of SAR granted: Total number of beneficiaries	Total number of SAR	Of which number granted to members of governing bodies: Number of beneficiaries	Number of SAR	Vesting date for SARs	Expiration date	Adjusted exercise price (a)	Number of SAR: Exercised in 2009 (adjusted number) (a)	Cancelled in 2009 (adjusted number) (a)	Outstanding as of 12/31/2009 (adjusted number) (a)
01/04/00	1	120,000	-	-	01/05/01	01/04/10	54.88	-	-	123,849
02/15/00	1,490	5,979,780	3	780,000	02/16/01	02/15/10	74.41	-	9,745	4,665,591
03/27/00	1	6,400	-	-	03/28/01	03/27/10	74.04	-	-	6,605
04/03/00	1	8,000	-	-	04/04/01	04/03/10	72.29	-	-	8,257
04/05/00	1	48,000	-	-	04/06/01	04/05/10	68.54	-	-	49,541
05/02/00	1	225,200	-	-	05/03/01	05/02/10	65.03	-	-	146,956
06/22/00	2	380,000	-	-	06/23/01	06/22/10	71.92	-	-	61,919
08/16/00	12	491,360	-	-	08/17/01	08/16/10	68.66	-	-	505,044
							Total	**0**	**9,745**	**5,567,762**

(a) Adjustment subsequent to the payment of the 2001 fiscal year dividend out of available reserves.

SAR plans (ex-ADS ex-MP3) (in US dollars)

Plan opening date and date of the Board of Directors' Meeting	Number of SAR granted: Total number of beneficiaries	Total number of SAR	Vesting date for SAR	Expiration date	Adjusted exercise price (a)	Number of SAR: Exercised in 2009 (adjusted number) (a)	Cancelled in 2009 (adjusted number) (a)	Outstanding as of 12/31/2009 (adjusted number) (a)
07/03/00	54	95,432	07/03/01	07/03/10	145.37	-	-	700
08/07/00	5	5,915	08/07/01	08/07/10	95.80	-	-	2,799
09/25/00	3	367	09/25/01	09/25/10	42.21	-	-	147
10/30/00	309	363,562	10/30/01	10/30/10	37.85	-	-	3,708
11/13/00	3	1,762	11/13/01	11/13/10	37.52	-	-	93
05/01/00	221	50,900	05/01/01	05/01/10	75.03	-	-	467
09/11/00	1	1,808	09/11/01	09/11/10	60.63	-	-	1,866
10/30/00	1	1,356	10/30/01	10/30/10	37.52	-	-	1,400
					Total	**0**	**0**	**11,180**

(a) Adjustment subsequent to the payment of the 2001 fiscal year dividend out of available reserves.

SAR plans (ex-ADS USA Networks) (in US dollars)

Plan opening date and date of the Board of Directors' Meeting	Total number of beneficiaries	Vesting date for SAR	Expiration date	Adjusted exercise price (a)	Number of SAR: Exercised in 2009 (adjusted number) (a)	Cancelled in 2009 (adjusted number) (a)	Outstanding as of 12/31/2009 (adjusted number) (a)
12/18/00	62	12/18/01	12/18/10	13.7960	5,063	-	5,739
12/18/00	175	12/18/01	12/18/10	19.0205	17,384	-	30,426
07/16/01	1	07/16/02	07/16/11	19.0460	-	-	9,000
09/24/01	1	09/24/02	09/24/11	18.8928	-	-	14,689
01/25/02	1	01/25/03	01/25/12	27.0626	-	-	114,202
04/25/01	165	04/25/02	04/25/11	16.7033	3,500	-	16,704
04/25/01	170	04/25/02	04/25/11	23.0288	500	-	20,116
				Total	**26,447**	**0**	**210,876**

(a) Adjustment subsequent to the payment of the 2001 fiscal year dividend out of available reserves.

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Section 2 Additional Information about the Company

Performance share plans

Date of the Shareholders' Meeting	Date of the Supervisory Board or the Management Board Meeting	Grant date	Number of rights to performance shares granted – Total number of beneficiaries	Total number of performance shares	Of which number granted to members of governing bodies – Number of beneficiaries	Number of performance shares	Acquisition date (a)	Date of disposal	Number of rights to performance shares – Number of rights cancelled in 2009	Number of shares created at the end of the acquisition period	Number of rights outstanding as of 12/31/2009
04/28/05	02/26/08	04/16/08	646	(b) 403,493	3	25,335	04/19/10	04/19/12	18,312	200	374,773
04/28/05	02/28/08	04/16/08	7	(c) 122,003	7	122,003	04/19/10	04/19/12	-	-	122,003
04/24/08	12/16/08	12/16/08	1	1,000	-	-	12/17/10	12/17/12	-	-	1,000
04/24/08	02/26/09	04/16/09	6	123,336	6	123,336	04/18/11	04/19/13	-	-	123,336
04/24/08	02/24/09	04/16/09	707	(d) 443,665	4	30,669	04/18/11	04/19/13	6,602	-	437,063
04/24/08	10/23/09	10/23/09	12	3,336	-	-	10/24/11	10/25/13	-	-	3,336
								Total	24,914	200	1,061 511

(a) First day of quotation at the end of a 2-year acquisition period.
(a) Includes 57,160 rights to performance shares granted to US beneficiaries to be registered in an account in 2012.
(b) Includes 9,334 rights to performance shares granted to US beneficiaries to be registered in an account in 2012.
(c) Includes 64,492 rights to performance shares granted to US beneficiaries to be registered in an account in 2013.

In 2009, performance shares were subject to performance conditions, that, pursuant to the terms and conditions of the relevant plan rules, were based on three criteria broken down as follows: adjusted net income (50%), cash flow from operations (30%) and the performance of Vivendi shares based on a comparison of three trading indices: DJ Stoxx Media, DJ Stoxx Telco and CAC40 (20%).

The definitive grant of performance shares will be effective subject to (i) the completion of the aforementioned conditions over a 2-year period: 100% will be definitively granted if the weightened sum of the three indicators reaches or exceeds 100%; 50% if the weighted sum of the three criteria reaches the minimum thresholds and no shares will be granted if the minimum thresholds are not met, and (ii) the employees' presence as an employee of the Group at the end of the second year (acquisition period). The shares must be retained by their beneficiaries for an additional 2-year period after the definitive grant date.

Restricted stock units (RSU) plans

Date of the Shareholders' Meeting	Date of the Supervisory Board's or the Management Board's Meeting	Grant date	Number of RSU granted – Total number of beneficiaries	Total number of RSU	Of which number granted to members of governing bodies – Number of beneficiaries	Number of RSU	Acquisition date (a)	Date of disposal	Number of RSU – Cancelled in 2009	Outstanding as of 12/31/2009
04/28/05	02/28/06	04/13/06	2	16,001	1	9,334	04/14/08	04/14/10	-	16,001
04/28/05	03/21/06	04/13/06	154	88,249	-	-	04/14/08	04/14/10	200	78,762
04/28/05	09/22/06	09/22/06	1	2,000	-	-	09/23/08	09/23/10	-	2,000
04/28/05	12/12/06	12/12/06	9 433	141,495	-	-	12/15/08	12/15/10	-	(b) 86,310
04/28/05	03/06/07	04/23/07	1	9,334	1	9,334	04/24/09	04/24/11	-	9,334
04/28/05	02/27/07	04/23/07	177	97,444	-	-	04/24/09	04/24/11	1,027	90 168
								Total	1,227	282,575

(a) First day of quotation at the end of a 2-year period.
(b) Due to several cancellations and settlements.

Section 3 Corporate Governance

3.1. Directors, Senior Management and Supervisory Bodies

3.1.1. Supervisory Board

3.1.1.1. General Provisions

The Supervisory Board is comprised of a maximum of eighteen members (eleven members as of the date of publication of this report). Each member of the Supervisory Board serves for a four-year term (Article 7 of Vivendi's by-laws).

Each member of the Supervisory Board must hold at least one thousand company shares during his/her term of office (Article 7-2 of Vivendi's by-laws). In addition, at its meeting held on February 28, 2008, the Supervisory Board resolved that each of the members must own a number of Vivendi shares equivalent to at least one year's paid directors' fees.

Pursuant to the AFEP and MEDEF joint recommendations published in the corporate governance code of publicly traded companies of December 2008, the hedging transactions by means of short selling or using derivative financial instruments or optional contracts of any nature is prohibited.

Throughout the periods defined below as well as those communicated to the members of the Supervisory Board by the General Counsel of the company ("blackout periods"), direct or indirect sale and purchase transactions in the company's securities by members of the Supervisory Board whether on the open market or in off-market block trading are forbidden during the period:

- from the date on which members of the Supervisory Board become aware of specific market information regarding the company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the company's share price, up to the date on which this information is made public; and
- of 30 calendar days preceding and including the day of publication of the company's quarterly, half-yearly and annual consolidated financial statements.

The Chairman of the Corporate Governance and Nominating Committee shall be informed as soon as possible by members of the Supervisory Board of any material purchase, subscription, sale or swap transaction relating to securities issued by the company which, while not falling within the scope of the above paragraph, are entered into by any relative of, or entities connected with such a member or his/her relatives, and where such transaction has been recommended by such member or such member has been informed of its existence. The company's General Counsel shall also inform the Chairman of the Corporate Governance and Nominating Committee of any transactions that are declared pursuant to the above paragraph.

The compulsory retirement age for members of the Supervisory Board is 70 years. At the end of each annual Shareholders' Meeting which approves the financial statements for the previous fiscal year, the number of members of the Supervisory Board over the age of 70, as of the closing date of the previous fiscal year, must not exceed one-third of the acting members currently in office. In the event that this limit is exceeded, the oldest members are deemed to have resigned at the end of the Shareholders' Meeting (Article 7-3 of Vivendi's by-laws).

The Supervisory Board is comprised of a majority of independent members (nine members as of the date of publication of this report). A member is deemed independent when he/she has no direct or indirect relationship of any kind, other than a non-substantial shareholding in the company, with the company, its group or its management which could interfere with the exercise of his/her independent judgment (as defined in the corporate governance code for publicly traded companies dated as of December 2008 and to which the Company has been voluntarily adhering to since 2003).

The independent director classification and the criteria used to make such determination are reviewed by the Corporate Governance and Nominating Committee when it considers and discusses the appointment of candidates to the Supervisory Board. The Corporate Governance and Nominating Committee reviews, as necessary, any change in the situation of a member of the Board during his/her term of office.

Each member of the Supervisory Board undertakes to regularly attend Supervisory Board meetings and annual Shareholders' Meetings. Members of the Supervisory Board may attend meetings via videoconferencing or other forms of telecommunication (Article 10 of Vivendi's by-laws).

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3.1.1.2. Composition of the Supervisory Board

On the date of publication of this report, the Supervisory Board has eleven members, nine of whom are independent directors. Three members are non-French nationals, two are citizens of European Union member states other than France and the other is an American citizen.

Detailed information about members of the Supervisory Board is provided below in the "Main Activities of Current Members of the Supervisory Board" section.

In 2009, the Supervisory Board met ten times. The attendance rate at Supervisory Board meetings was 89%.

List of current Supervisory Board Members, including date of appointment and number of shares held

Full Name	Position	Age	Date of initial appointment and latest renewal to the Supervisory Board	Committee Member	End of term	Number of shares held
Jean-René Fourtou	Chairman of the Supervisory Board	70	04/28/2005 04/24/2008	D	AGM 2012	698,459*
Henri Lachmann	**(a)** Vice-Chairman and Member of the Supervisory Board	71	04/28/2005 04/24/2008	B, C and D	AGM 2012	7,577
Claude Bébéar	Member of the Supervisory Board	74	04/28/2005 04/24/2008	A and D	AGM 2012	5,879
Gérard Brémond	**(a)** Member of the Supervisory Board	72	04/28/2005 04/24/2008	A and C	AGM 2012	3,161
Jean-Yves Charlier	**(a, b)** Member of the Supervisory Board	46	04/24/2008	B	AGM 2012	5,308
Maureen Chiquet	**(a,b)** Member of the Supervisory Board	47	04/30/2009	C	AGM 2013	3,000
Philippe Donnet	**(a)** Member of the Supervisory Board	49	04/24/2008	B	AGM 2012	5,000
Fernando Falcó y Fernández de Córdova	**(a, b)** Member of the Supervisory Board	70	04/28/2005 04/20/2006	C	AGM 2010	3,000
Gabriel Hawawini	**(a)** Member of the Supervisory Board	62	04/28/2005	A and B	AGM 2010	4,329
Christophe de Margerie	**(a)** Member of the Supervisory Board	58	04/30/09	D	AGM 2013	2,500
Pierre Rodocanachi	**(a)** Member of the Supervisory Board	71	04/28/2005 04/24/2008	B and C	AGM 2012	5,018

(a) Independent member.
(b) Non-French citizen.
A: Strategy Committee; B: Audit Committee; C: Human Resources Committee; D: Corporate Governance and Nominating Committee.
* Includes 128,622 shares held in beneficial ownership.

Mr. Karel Van Miert, member of the Supervisory Board since April 28, 2005, passed away on June 23, 2009.
Mr. Mehdi Dazi, member of the Supervisory Board since March 6, 2007, resigned from his position on February 18, 2010 for personal reasons.

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Main activities of current members of the Supervisory Board

Jean-René Fourtou, Chairman of the Supervisory Board

70, French nationality.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris – France.

Expertise and experience

Mr. Jean-René Fourtou was born in Libourne on June 20, 1939 and is a graduate of the École Polytechnique. In 1963, he joined Bossard & Michel as a consultant. In 1972, he became Chief Operating Officer of Bossard Consultants and Chairman and Chief Executive Officer of the Bossard Group in 1977. In 1986, he was appointed Chairman and Chief Executive Officer of the Rhône-Poulenc Group. From December 1999 to May 2002, he served as Vice Chairman and Chief Operating Officer of Aventis. He is the Chairman of the Bordeaux University Foundation.

Positions currently held

Vivendi Group

Groupe Canal+, Chairman of the Supervisory Board
Maroc Telecom, Member of the Supervisory Board

Axa Group

Axa, Member of the Supervisory Board
Axa Millésimes SAS, Member of the Board of Directors

Other

NBC Universal (United States), Director
Cap Gemini, Director
Sanofi Aventis, Director
Nestlé (Switzerland), Director

Positions previously held that expired during the last five years

Vivendi, Chairman-Chief Executive Officer
Axa, Vice-Chairman of the Supervisory Board
Finaxa, Permanent Representative of AXA Assurances IARD Mutuelle
ICC, International Chamber of Commerce, Honorary Chairman
ICC Morocco – France, Member of the Corporate Governance and Strategy Committee

Henri Lachmann, Vice Chairman and Member of the Supervisory Board

71, French nationality.

Business address

Schneider Electric – 35 rue Joseph Monier, 92500 Rueil-Malmaison – France.

Expertise and experience

Mr. Henri Lachmann was born on September 13, 1938 and is a graduate of the Ecole des Hautes Etudes Commerciales (HEC) and holds an accounting degree. In 1963, he joined Arthur Andersen, the international auditing firm, where he served first as Auditor then as manager of the Accounting Review Department. In 1970, he joined the Strafor Facom Group where he held various management positions until June 1981, when he was appointed Chairman of the Group. Director of Schneider Electric since 1996, Mr. Henri Lachmann became Chairman and Chief Executive Officer of the Schneider Electric group in 1999. Since 2006, he has been the Chairman of the Supervisory Board of the Schneider Electric group.

Positions currently held

Schneider Electric SA, Chairman of the Supervisory Board

Axa Group

Axa IARD Mutuelles, Director

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Other
Norbert Dentressangle Group, Member of the Supervisory Board
Fimalac, Censor (non-voting Director)
Tajan, Censor (non-voting Director)
ANSA, Director
Marie Lannelongue Surgical Center, Chairman of the Board of Directors
Foundation for Continental Law, Chairman
Conseil des Prélèvements Obligatoires, Member
Orientation Committee of the Institut de l'entreprise, Member

Positions previously held that expired during the last five years
Schneider Electric SA, Chairman and Chief Executive Officer
Finaxa, Director
CNRS, Director
Etablissements De Dietrich et Cie, Director
Fimalac Investissements, Director
Axa Courtage Assurance Mutuelle, Director
Axa Assurances Vie Mutuelle, Director
Axa ONA (Morocco), Director
Axa, Member of the Supervisory Board

Claude Bébéar, Member of the Supervisory Board
74, French nationality.
Business address
Axa – 25, avenue Matignon, 75008 Paris – France.

Expertise and experience
Mr. Claude Bébéar was born on July 29, 1935 and is a graduate of the École Polytechnique. Mr. Bébéar has spent his entire career, which began in 1958, in the insurance sector. From 1975 to 2000, he headed a group of insurance companies which became Axa in 1984. He served as Chairman of the Supervisory Board until 2008 and is currently the Honorary Chairman of the Axa Group.
Mr. Bébéar established and chairs the Institut du mécénat de solidarité, a humanitarian and social welfare organization, as well as the Institut Montaigne, an independent political think-tank.

Positions currently held
Axa Group
Axa, Honorary Chairman
Axa Assurances IARD Mutuelle, Director
Axa Assurances Vie Mutuelle, Director

Other
BNP Paribas, Director
Schneider Electric SA, Censor (non-voting Board Director)
Institut du mécénat de solidarité, Chairman
Institut Montaigne, Chairman

Positions previously held that expired during the last five years
Axa, Chairman of the Supervisory Board
Finaxa, Chairman and Chief Executive Officer
Axa Group, Director of various Axa companies
Schneider Electric SA, Director
Axa Courtage Assurance Mutuelle, Director

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Gérard Brémond, Member of the Supervisory Board
72, French nationality.
Business address
Pierre et Vacances – L'Artois – Espace Pont de Flandre, 11, rue de Cambrai, 75947 Paris cedex 19 – France.

Expertise and experience
Mr. Gérard Brémond was born on September 22, 1937 and is an economic sciences graduate and a holder of a diploma from the Institut d'administration des entreprises. At the age of 24, he joined a family construction business building homes, offices and warehouses. An architecture enthusiast, his meeting with Jean Vuarnet, the Olympic ski champion, led to the creation, and development of the mountain resort of Avoriaz. Mr. Brémond developed other resorts, both in the mountains and on the coast and created the Pierre et Vacances group. By successively acquiring Orion, Gran Dorado, Center Parcs and Maeva, the Pierre et Vacances group has become one of the leading tourism operators in Europe. Mr. Brémond also founded two media companies (television and film production).

Positions currently held
SA Pierre et Vacances Group
Pierre et Vacances SA, Chairman of the Board of Directors
SA Pierre et Vacances Conseil Immobilier, Chairman
SA Pierre et Vacances Développement, Chairman
SAS Newcity Aparthotels, Chairman
SAS Adagio Holding, Chairman

SA Société d'Investissement Touristique et Immobilier
SA Société d'Investissement Touristique et Immobilier – SITI, Chairman and Chief Executive Officer
SA Lepeudry et Grimard, Director

GB Développement SA
SAS GB Développement, Chairman

Other
Center Parcs Europe NV (Netherlands), Member of the Supervisory Board
TREP, Member of the Supervisory Board
SITI R (SC), Manager
SDRT, Director
SDRT – Immo, Chairman of the Board of Directors

Positions previously held that expired during the last five years
Peterhof, SERL, Lepeudry et Grimard, C.F.I.C.A., SITA Participation and SITI Participation 2, permanent representative of SA Société d'Investisssement Touristique et Immobilier – SITI
Marathon and Marathon International, Permanent Representative of OG Communication
SAS Maeva, Chairman
SA Orion Vacances, Chairman of the Board of Directors
Med Pierre et Vacances SI (Spain), Director
Ciné B, Permanent Representative for GB Développement SA
Holding Green BV (Netherlands), Director
SA Pierre et Vacances Maeva Tourisme, Chairman
Groupe Maeva SAS, Director
SA Pierre et Vacances Tourisme Europe, Chairman
SA Pierre et Vacances Promotion Immobilière, Chairman

Jean-Yves Charlier, Member of the Supervisory Board
46, Belgian nationality.
Business address
Promethean – Lower Philips Road, Blackburn, Lancashire BB1 5TH – United Kingdom.

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Expertise and experience

Mr. Jean-Yves Charlier, born November 29, 1963 in Belgium, holds a Masters of Business Administration (MBA) in strategy and marketing from Wharton Business School. In 1987, Jean-Yves Charlier joined the Wang group in France and served in several different sales and marketing positions. From 1993 to 1995, he was responsible for the integration services division in Europe based in London, before becoming Vice-President of Wang International in 1995. In 1996, he was appointed President of the Equant group first for the integration services division and then for all worldwide group marketing, sales and services operations. In 2002, Jean-Yves Charlier joined the BT group, with responsibility for Europe and operations within the Global Services division. In 2004, he joined the Fidelity International group as Vice President and was appointed Chairman and CEO of Colt Telecom Group with responsibility for restructuring the European telecommunications operator. Since 2007, Jean-Yves Charlier has served as Chairman and Chief Executive Officer of Promethean, a company that specializes in interactive educational products and media for teachers.

Positions currently held

Promethean (United Kingdom), Chairman and Chief Executive Officer

Positions previously held that expired during the last five years

Colt Telecom Group (Luxembourg), Chairman-Chief Executive Officer

Maureen Chiquet, Member of the Supervisory Board

47, American nationality.

Business address

Chanel Inc. – 9 West 57th Street, 44th floor, New York, NY 10019 – USA.

Expertise and experience

Mrs. Maureen Chiquet, born on March 9, 1963 in Saint Louis (United States), graduated summa cum laude from Yale University with a Bachelor of Arts (B.A.) in comparative literature.

Maureen Chiquet began her career at L'Oreal Paris in 1985 as a Product Manager. In 1988, she moved to San Francisco to join Gap as an Assistant Merchandiser in the Accessories Division. She spent six years at the Gap division, working in various merchandising positions. In 1994, she moved to Old Navy as a Divisional Merchandise Manager. After eight years she became Executive Vice President of Merchandising, Planning and Production, growing the brand from 35 to 850 stores. In 2002, she was named President of Banana Republic where she was responsible for overseeing the entire organization, including all stores and operations in the US and Canada.

Mrs. Chiquet joined Chanel in 2003 and in October 2004 was named President of Chanel, Inc. in the United States. During her two years as President and Chief Operating Officer of Chanel, Inc., Mrs. Chiquet directed all US operations for Fragance & Beauté, Fashion, Watches and Fine Jewelry. She has worked to ensure the consistency of the global brand and reinforce its luxury positioning and timeless modernity within the US. Maureen Chiquet has acted as Global CEO of Chanel since January 2007.

Positions currently held:

Chanel, Chief Executive Officer

Peek aren't you curious (children apparel), Director

Philippe Donnet, Member of the Supervisory Board

49, French nationality.

Business address

164 Mount Pleasant Road, 298355 Singapore.

Expertise and experience

Mr. Philippe Donnet, born July 26, 1960 in France, is a graduate of the École Polytechnique and a certified member of the Institut des actuaires français (IFA). In 1985, he joined Axa in France. From 1997 to 1999, he served as Deputy Managing Director of Axa Conseil (France), before becoming Deputy Director of Axa Assicurazioni in Italy in 1999, and then joined the Axa Executive Committee as Senior Vice President for the Mediterranean region, Latin America and Canada in 2001. In March 2002, he was also appointed as Chairman-CEO of Axa Re and President of Axa Corporate Solutions. In March 2003, Philippe Donnet was appointed Chief Executive Officer of Axa Japan where he successfully led a recovery by implementing new management and launching innovative and very profitable products. In October 2006, Philippe Donnet was appointed Chairman of Axa Japan and Chief Executive for the Asia-Pacific region. From April 2007 to September 2009, he held the position of Chief Executive for Asia-Pacific.

Positions currently held
La Financière Miro (Albingia), Member of the Supervisory Board
Pastel et Associés, Director
Gecina, Director

Positions previously held that expired during the last five years
Wendel, Chief Executive Officer for Asia-Pacific
Axa Japan Holding, Chairman and Chief Executive Officer
Axa Insurance Life, Chairman and Chief Executive Officer
Axa Direct Japan, Chairman
Axa Asia Pacific Holding, Director
Winvest Conseil (Luxembourg SARL), Manager
Winvest International SA SICAR (Luxembourg company), Director

Fernando Falcó y Fernández de Córdova, Member of the Supervisory Board
70, Spanish nationality.
Business address
FCC – Torre Picasso, Plaza Pablo Ruiz Picasso, 28020 Madrid – Spain.

Expertise and experience
Mr. Fernando Falcó y Fernández de Córdova was born in Seville on May 11, 1939. After his legal studies at the University of Deusto, he obtained his masters degree from the University of Valladolid. Mr. Fernando Falcó served as Chairman of the Organization and Union of Riesgos del Tiétar and of Réal Automóvil Club de España for 27 years, Chairman of the Group Vins René Barbier, Conde de Caralt et Segura Viudas, Vice Chairman of Banco de Extremadura and served as a member of the Board of Directors of various companies. Mr. Falcó has established and managed various agricultural businesses, as well as family businesses involved in the export of agricultural products. He contributed to the creation of services and safety measures for motorists with the implementation of technical assistance and travel assistance services in Spain, Europe and throughout the world. In this capacity, he represents Spain on the FIA (International Automobile Federation), as well as on the AIT (International Tourism Alliance). Mr. Falcó is a member of the Spanish Higher Council for Traffic and Road Safety (Ministry of the Interior) and is part of the Group for Urban Mobility (Madrid). Until 2002, he was Vice Chairman of the World Council for Tourism and Motoring of the FIA, which is headquartered in Paris. In June 1998, he was appointed Chairman of the AIT based in Geneva, a position he held until 2001. He is a member of the Regional Council of the ASEPEYO of Madrid.

Positions currently held
Cementos Portland Valderrivas (Spain), Director and Member of the Executive Committee
Fomento de Construcciones y Contratas (FCC) (Spain), Director
FCC Construcción (Spain), Director
Realia (Spain), Director
Vinexco (Falcó group) (Spain), Director

Positions previously held that expired during the last five years
Comite Organizador del salón internacional del automóvil of Madrid (Spain), Chairman
Sogecable (Spain), Director and Vice-Chairman
Digital+, Vice-Chairman

Gabriel Hawawini, Member of the Supervisory Board
62, French nationality.
Business address
56 Alyce Lane, Centennial Mill, Voorhees, New Jersey 08043 – USA.

Expertise and experience
Mr. Gabriel Hawawini was born in Alexandria, Egypt on August 29, 1947. After obtaining a degree in Chemical Engineering from the University of Toulouse, he obtained his doctorate in Economics and Finance at New York University in 1977. He taught at New York and Columbia Universities from 1974 to 1982. Mr. Hawawini was Vice-Chairman of the French Finance Association from 1984 to 1986 and served on editorial committees for several university publications. Mr. Hawawini is the author of twelve books and over seventy research publications about management based on value creation, risk appraisal,

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asset valuation, portfolio management and the structure of financial markets. Most notably, he is the author of Mergers and Acquisitions in the US Banking Industry (published by North Holland in 1991) and Finance for Executives: Managing for Value Creation (South Western Publishing, 2007) which is in its third edition. He has advised many private companies on the implementation of management systems based on value creation. Since 1982, he has organized, directed and participated in several programs to improve management methods worldwide.
Former Dean of the INSEAD, he is currently Professor of Investment Banking at that institution and, since September 25, 2006, Professor of Finance at the Wharton School of the University of Pennsylvania.

Positions currently held
Professor of Investment Banking at INSEAD and Professor of Finance at the Wharton School of the University of Pennsylvania
Rémy Cointreau, Director
International Accreditation Committee for Business Schools (European Foundation for Management Board Development), Chairman

Positions previously held that expired during the last five years
Dean at INSEAD

Christophe de Margerie, Member of the Supervisory Board
58, French nationality.
Business address
Total S.A. – 2 place Jean Millier, 92078 Paris La Défense cedex – France.

Expertise and experience
Born in 1951, Mr. Christophe de Margerie is a graduate of the Ecole Supérieure de Commerce de Paris. He joined the financial department of Total in 1974, and was initially responsible for budgeting and then the financing of the company's exploration and production subsidiaries. In 1987 he became Group Treasurer. In May 1990, he moved to Total Trading et Moyen-Orient where he was successively CFO, Vice-President for the Middle East, President for the Middle East and Senior Executive Vice-President in March 1992, at which time he also joined the Group's Management Committee.
In June 1995, he was appointed President of Total Middle East and in May 1999, President of Exploration & Production of TotalFina. In March 2000, following the merger with Elf, he was appointed Senior Executive Vice-President and in January 2002, President of Exploration and Production of TotalFinaElf which became Total on May 6, 2003. He has been a member of Total's Executive Committee since May 1999 and a Director of Total since May 2006.
On February 14, 2007, Christophe de Margerie was appointed Chief Executive Officer of Total and Chairman of the Executive Committee. Christophe de Margerie is Chevalier de la Légion d'Honneur and an Officer in the Ordre National du Mérite.

Positions currently held
Groupe Total S.A.
Total S.A., Chief Operating Officer and Director
Total E&P (Indonesia), Chairman

Other
Elf Aquitaine, Chairman and Chief Executive Officer
Shtokman Development AG (Switzerland), Director
CDM Patrimonial SARL, Manager

Positions previously held that expired during the last five years
Total E&P (Russia), Director
Total E&P (Azerbaïdjan), Director
Total E&P (Kazakhstan), Director
Total Profils Pétroliers, Director
Abu Dhabi Petroleum Company Ltd, Director
Abu Dhabi Marine Areas Ltd, Director
Iraq Petroleum Company Ltd, Director
Total E&P Norge A.S., Director
Total Upstream UK Ltd, Director
Innovarex, Director

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Total E&P Myanmar, Director
Total Abu al Bukhoosh, Permanent Representative of Total S.A. to the Board of Directors
Taittinger, Member of the Supervisory Board

Pierre Rodocanachi, Member of the Supervisory Board
71, French nationality.
Business address
MP Conseil – 40, rue La Pérouse, 75116 Paris – France.

Expertise and experience
Mr. Pierre Rodocanachi is a physics graduate of the University of Paris, science faculty. He is a Director of several not-for-profit organizations, including the American Chamber of Commerce in France which he chaired from 1997 to 2000, several humanitarian and social welfare organizations, including the Special Olympics France and the Institut du mécénat de solidarité (IMS) where he serves as treasurer and was one of its founders.
Mr. Rodocanachi is Chairman of the Strategic Committee at Booz & Company (formerly, Booz Allen Hamilton), an international strategy and management consultancy firm. He joined the Group in 1973 and became Chief Executive Officer of its French subsidiary in 1979. In 1987, Mr. Rodocanachi was appointed Senior Vice Chairman; Director and member of the Strategic Committee and the Operations Committee of Booz Allen Hamilton as well as manager of all its activities in Southern Europe. Prior to joining Booz Allen Hamilton, Mr. Rodocanachi began his career as a researcher in a solids physics laboratory at the Centre national de la recherche scientifique (CNRS). Then, for a period of five years, he managed the planning department of the French General Delegation for Scientific and Technical Research (DGRST). Between 1969 and 1971, he served as Technical Consultant on Scientific Matters for the French Minister of Industry and, from 1971 to 1973, was the Deputy Director of the National Agency for Research Valuation (ANVAR).
Mr. Rodocanachi is a Chevalier of the Légion d'Honneur, a recipient of the Ordre National du Mérite and a member of the French Olympic Medalists Association.

Positions currently held
Management Patrimonial Conseil, Chief Operating Officer
ProLogis European Properties, Director and member of the Audit Committee
LPCR, Chairman of the Supervisory Board
ENABLON, Director

Positions previously held that expired during the last five years
DMC (Dollfus Mieg & Cie), Director and member of the Executives/Compensation commission
Carrefour, Director and Chairman of the Audit Committee
OBC (Odier Bungener Courvoisier) Bank, Director and Chairman of the Audit Committee
"Commentaire" (a political economy journal), Director

Details about the members whose appointments to the Supervisory Board are being proposed at the Ordinary Shareholders' Meeting to be held on April 29, 2010:

Mrs. Dominique Hériard Dubreuil
63, French nationality.
Business address
Rémy Cointreau – 21 boulevard Haussmann, 75008 Paris – France.

Expertise and experience
Mrs. Dominique Hériard Dubreuil, born on July 6, 1946, was involved in international public relations between 1970 and 1988, successively with Havas Conseil, Ogilvy & Mather, Hill & Knowlton and McCann-Erickson, before creating her own agency, Infoplan, in 1978. In 1990, she became Chairwoman and Chief Executive Officer of Rémy Martin, and in 1998 Chairwoman and Chief Executive Officer of Rémy Cointreau, of which she is currently the Chairwoman of the Board of Directors.

Positions currently held
Vinexpo Overseas, Chairwoman
Baccarat, Director
INRA, Director
Vinexpo, Director

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Fondation 2e Chance, Director
AFEP, Director
Comité France Chine, Director
Medef, Member of the Executive Committee

Mrs. Aliza Jabès
47, French nationality.
Business address
Laboratoire Nuxe – 19 rue Péclet, 75015 Paris – France.

Expertise and experience
Mrs. Aliza Jabès, born on July 20, 1962, is a graduate of the Paris Institut d'Études Politiques and holds an MBA from New York University. Between 1986 and 1988, she was a financial analyst for the Eli Lilly laboratory in Indianapolis.
In 1989, she decided to go into business and took over the Nuxe laboratory, a small traditional laboratory set up by a Parisian chemist 30 years earlier. Under her influence, the Nuxe brand very quickly became a major player in the cosmetics market. The brand is now sold in pharmacies and its products are distributed in 50 countries.

Positions currently held
French National Institute of Industrial Property (INPI), Director
Federation of Beauty Companies (FEBEA), Director

Mrs. Jacqueline Tammenoms Bakker
56, Dutch nationality.
Business address
Duinweg 85, 2585 The Hague – Netherlands.

Expertise and experience
Mrs. Jacqueline Tammenoms Bakker, born in 1953, holds a BA degree in History and French from Oxford University and a MA degree in International Relations from the Johns Hopkins School for Advanced International Studies in Washington D.C. She joined Shell International in 1977 and held a variety of positions in the Netherlands, the U.K. and Turkey. From 1985 to 1989, she was Vice-President Foods (Europe) for Quest International (a Unilever subsidiary). In 1989, she joined McKinsey & Co where she worked as a consultant for six years.
In 1999, Jacqueline Tammenoms Bakker moved to the public sector. From 1999 to 2001, she was director of Gigaport, an initiative to accelerate the introduction of broadband Internet in the Netherlands, and then from 2001 to 2007, she was a Director General at the Ministry of Transport in the Netherlands, responsible for Civil Aviation and Freight Transport. From 2006 to 2007, she was Chairman of the High Level Group for the future of aviation regulation in Europe, reporting to the EU Commissioner for Transport. She is currently an advisor to several Ministries in The Hague.

Positions currently held
National Council for Environment and Infrastructure (Netherlands), Chairwoman
Land Registry Ordinance Survey (Netherlands), non-Executive Director
Rotterdam School of Management, Member of the Advisory Board
Tesco Plc (United Kingdom), non- Executive Director

Mr. Daniel Camus
57, French nationality.
Business address
EDF – 22-30 avenue de Wagram, 75008 Paris – France.

Expertise and experience
Mr. Daniel Camus, born on April 14, 1952, is an Executive Director of EDF Group, in charge of International Activities and Strategy. He is a Member of the Executive Committee. A graduate of the Paris Institut d'Études Politiques, with a PhD in Economics and an agrégation in Management Sciences, he has spent the bulk of his career in the chemical and pharmaceutical industry, primarily outside France in North America and Germany, with the Hoechst Group and then with Aventis, for more than 25 years before returning to France.

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After working as Controller in Frankfurt (Main) Germany, at Hoechst AG's world headquarters, he moved to Canada as Director of Development in Montreal, then, in 1988, as Managing Director of the Industrial Chemicals Division of Hoechst Celanese in Toronto. He then occupied the positions of Group Chief Financial Officer for over 15 years, first as Member of the Managing Board of Groupe Roussel Uclaf SA in Paris and subsequently as Group Chief Financial Officer for Hoechst Marion Roussel based in Bridgewater (USA) and Frankfurt (Main), Germany, and subsequently as Chief Financial Officer and Member of the Management Board of Aventis Pharma AG, created following the merger between Hoechst and Rhône Poulenc.
After joining EDF Group in 2002 as Chief Financial Officer, he managed the financial transformation that led to the group's minority share placement in 2005. As Executive Vice President of EDF, he directed most of the group's major strategic projects, such as the settlement of the Edison case in Italy, the withdrawal from Latin America, the acquisition of British Energy in the United Kingdom and, more recently, the acquisition of a stake in Constellation in the USA.
His international responsibilities cover all EDF subsidiaries outside France, which generate aggregate revenues of approximately €35 billion. Under his responsibility for Strategy, he is also in charge of Business Development, Research and Development, Renewable Energies activities and gas, as well as information systems.

Positions currently held
EDF group
EDF International S.A., Chairman of the Board of Directors
EDF Energy UK Ltd (United Kingdom), Director
EnBW AG (Germany), Member of the Supervisory Board
Dalkia SAS, Member of the Supervisory Board

Other
Valeo S.A., Director
Morphosy AG (Germany), Member of the Supervisory Board
SGL Carbon AG (Germany), Member of the Supervisory Board

3.1.1.3. Family Relationships

There are no family relationships between members of the Supervisory Board.

3.1.1.4. Absence of Conflicts of Interest

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and the members of the Supervisory Board with regard to their personal interests or other responsibilities.

3.1.1.5. Absence of any Sentence for Fraud, Liability Associated with a Business Failure or Public Incrimination and/or Sanction

To the company's knowledge, over the last five years:
- no member of the Supervisory Board has been convicted of any fraud-related matter;
- no member of the Supervisory Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body;
- no official public incrimination and/or sanction has been delivered against any member of the Supervisory Board; and
- no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

3.1.1.6. Agreements between the Company and a Member of the Supervisory Board – Service Contracts

There is no service agreement or contract between any member of the Supervisory Board and the company or one of its subsidiaries which grants benefits under the terms of such contract.

3.1.1.7. Loans and Guarantees Granted to Members of the Supervisory Board

The company has not granted any loans or issued any guarantees to any member of the Supervisory Board.

3.1.1.8. Internal Regulations and Jurisdiction of the Supervisory Board

Role and powers of the Supervisory Board under applicable law and the company's by-laws
As required by law, the Supervisory Board continuously monitors the management of the company by the Management Board. It may proceed with any verification or control it deems appropriate and is provided with all documents it deems useful in connection with the fulfillment of its purpose and functions.

Internal Regulations
The Internal Regulations of the Supervisory Board is an internal document intended to supplement the company's by-laws by setting forth the Supervisory Board's operational procedures and the rights and duties of its members.

Role and Powers of the Supervisory Board under the Internal Regulations
The following transactions require the approval of the Supervisory Board prior to their implementation:

- disposals of real estate properties and sale of all or part of investments in companies, whenever any individual transaction exceeds €300 million;
- issues of securities which directly or indirectly give right to the share capital of the company and issues of convertible bonds in excess of €100 million;
- issues of non-convertible bonds in excess of €500 million, except for transactions regarding the renewal of debt obligations on more favorable terms than those granted to the company;
- proposals for share repurchase programs for approval at the Ordinary Shareholders' Meeting and finance transactions which are either significant or likely to substantially alter the financial structure of the company;
- acquisitions in whatever form over €300 million;
- granting of sureties, endorsements and guarantees, by the Management Board, in favor of third parties provided that each individual obligation does not exceed €100 million and that all obligations do not exceed €1 billion. This authorization which is given to the Management Board for 12 months, is reviewed every year;
- substantial internal restructuring transactions together with transactions falling outside the publicly disclosed strategy of the company and strategic partnership agreements;
- setting up stock option plans or performance share plans or any other mechanisms with a similar purpose or effect;
- granting of stock options or performance shares or any other mechanisms with a similar purpose or effect to members of the Management Board and establishing the terms and conditions applicable to each member of the Management Board with respect to shares remitted upon the exercise of stock options during their terms of office; and
- submission of proposals to the Shareholders' Meeting to amend the company's by-laws, to allocate profits and to set the dividend.

3.1.1.9. Information Provided to the Supervisory Board

Members of the Supervisory Board receive all necessary information to carry out their duties. Before any meeting, they may request all documents which they consider useful. The rights of members of the Supervisory Board to obtain information is subject to the practical terms and conditions set out below.

Information provided prior to meetings of the Supervisory Board
The Chairman of the Supervisory Board, assisted by the Secretary of the Board, sends the appropriate information to the other members of the Board depending on the matters on the agenda.

Information provided to the Supervisory Board on a regular basis
Members of the Supervisory Board are kept informed by either the Management Board or its Chairman of the financial situation, cash flows and obligations of the company on a regular basis, as well as of any significant events and transactions relating to the company. The Management Board provides a quarterly report to the Supervisory Board on its activities and the group's operations.

Requests for information from members of the Supervisory Board relating to specific matters are sent to the Chairman and to the Secretary of the Board who, in coordination with the Chairman of the Management Board, is responsible for responding to such requests as soon as reasonably practicable.

In order to supplement the information provided to them, members of the Supervisory Board are entitled to meet with board members and the senior managers of the company, with or without the presence of the members of the Management Board, after notice has been given to the Chairman of the Supervisory Board.

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Collective nature of the Supervisory Board's deliberations and confidentiality of information

The Supervisory Board works and deliberates collectively; its decisions bind all its members. Members of the Supervisory Board and any person attending meetings of the Supervisory Board are bound by confidentiality obligations with respect to confidential information they receive in the context of meetings of the Board and any of its Committees or information that is identified as confidential and which is presented by the Chairman of the Supervisory Board or the Management Board.

If the Supervisory Board is aware of confidential information of a precise nature which, if published, could have even an immaterial impact on the share price of the company or of the companies under its control, as such term is defined by Article L.233-3 of the French Commercial Code, members of the Supervisory Board must refrain from both disclosing such information to any third party and from dealing in the company's securities until such information has been made public.

3.1.1.10. Activities of the Supervisory Board in 2009

In 2009, the Supervisory Board met ten times. The average attendance rate was 89%. It considered, among others, the following matters:

- the review of the consolidated and statutory financial statements for fiscal year 2008, the 2009 budget, information on the the half-year 2009 condensed financial statements prepared by the Management Board and the 2010 preliminary budget;
- the review of the quarterly reports prepared by the Management Board;
- the growth prospects of the Group, principal strategic initiatives and opportunities and the 5-year strategic plan;
- the strategy and communication regarding the position of the Group's main business units;
- the review and approval of the acquisition of GVT Holdings SA, of the disposal of the stake held by Vivendi in NBC Universal and the repurchase of the stake held by TF1 in Canal+ France;
- the review of a potential investment in the telecommunications activities of the Zain group in Africa;
- the monitoring of the telecommunications assets in Poland;
- the grant of a loan to SFR;
- the assessment of the quality and structure of the Group's balance sheet;
- refinancings of the company's debt;
- the assessment of risks given the current economic situation and the effects of the global financial crisis;
- the strategy and operational performance of the group's main activities;
- the composition of the Supervisory Board and its Committees;
- the renewal of the terms of office of members of the Management Board;
- the assessment of the Management Board and its Chairman;
- the grant, subject to performance conditions, of stock options and performance shares to the members of the Management Board;
- the monitoring of current investigations and legal proceedings, in particular the "Securities class action" in the United States; and
- the review of the situation of Vivendi corporate officers under the AFEP and MEDEF recommendations of October 2008 on executive compensation for publicly traded companies and the implementation of those recommendations.

3.1.1.11. Evaluation of the Performance of the Supervisory Board

On a regular basis, and at least once every three years, the Supervisory Board performs a formal assessment of its performance under the direction of the Corporate Governance and Nominating Committee.

This formal assessment was completed in January 2009. The assessment was based on a questionnaire given to each member of the Supervisory Board and one-on-one interviews organized by the General Counsel. The report was presented to the Corporate Governance and Nominating Committee and to the Supervisory Board on February 26, 2009. The assessment found the performance of the Supervisory Board and decision-making practices within the company satisfactory and consistent with French and international corporate governance best practices. A small number of additional provisions have been implemented in order to improve the quality of the Supervisory Board's work.

In February 2010, as with every year, one item on the agenda was dedicated to a discussion of the performance of the Supervisory Board and the Management Board.

3.1.1.12. Recommendations of the AFEP and MEDEF

Vivendi's Supervisory Board, at its meeting held on December 18, 2008, reviewed the AFEP and MEDEF recommendations on executive compensation for publicly traded companies.

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Upon the recommendation of the Corporate Governance and Nominating Committee and the Human Resources Committee, the Supervisory Board resolved to apply all these recommendations, a majority of which had already been largely anticipated and applied to corporate officers.

As stated in the press release issued on December 18, 2008, the consolidated Code of the AFEP and MEDEF recommendations constitutes the corporate governance code to which Vivendi has voluntarily agreed to subscribe to in preparing the report required under Article L.225-68 of the French Commercial Code.

3.1.1.13. Committees of the Supervisory Board

Organization and operating procedures of the Committees

The Supervisory Board has set up the following four specialized Committees and has decided on their composition and the powers conferred to them: the Strategy Committee; the Audit Committee; the Human Resources Committee and the Corporate Governance and Nominating Committee.

The Supervisory Board, at its meeting held on April 30, 2009, examined the composition of the Committees due to the end of two members' terms of office and the appointment of two new members by the Shareholders' Meeting held that same day.

The purpose and functions of each Committee may not have the effect of delegating to a Committee powers granted to the Supervisory Board by law or by the company's by-laws, or the reduction or limitation of the powers of the Management Board. Within the scope of the powers granted to it, each Committee issues proposals, recommendations and/or advice.

The Supervisory Board has appointed a Chairman for each Committee. The four Committees of the Supervisory Board are comprised of Supervisory Board members, appointed by the Supervisory Board. These members are appointed on a personal basis and cannot be represented. Each Committee determines the frequency of its meetings which are held at the registered office of the company or in any other place that may be agreed by the Chairman of the Committee. The meetings of such Committees may be held by teleconference or videoconference.

The Chairman of each Committee sets the agenda for the meetings, after consultation with the Chairman of the Supervisory Board. Minutes of each Committee meeting are drafted by the Secretary of the Board, under the authority of the Chairman of the relevant Committee, and are transmitted to the members of the relevant Committee and to all the other members of the Supervisory Board. The minutes are included in the materials of the Supervisory Board meetings where the Committees' activities are presented. Information about the Committee's work is included in this chapter.

Each Committee may request from the Management Board any document it deems useful for the fulfillment of its purpose and functions. The Committee may carry out or commission research in order to provide information for the Supervisory Board's discussions and may request external consulting expertise as required.

The Chairman of a Committee may invite the members of the Supervisory Board as well as any other person to attend a meeting of such Committee. However, only members of the Committee can take part in its deliberations.

In addition to the permanent Committees, the Supervisory Board may establish *ad hoc* committees comprised of all or some of its members, each for a limited term and for specific purposes which are exceptional by virtue of their importance or nature.

Strategy Committee

Composition

The Strategy Committee is currently comprised of three members, two of whom are independent. Its members are: Claude Bébéar (Chairman), Gérard Brémond and Gabriel Hawawini.

Purpose and activities

The Strategy Committee's main activities involve the following matters:

- the strategic direction of the company;
- strategic joint-venture agreements;
- major acquisitions or disposals;
- granting of sureties, endorsements and guarantees in favor of third parties, the amount of which exceeds the power delegated to the Management Board;
- substantial internal restructuring transactions;

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- transactions outside the scope of the stated strategy; and
- major financing transactions or transactions that are likely to have a material impact on the financial structure of the company.

The Strategy Committee met twice in 2009, including a three-day seminar. The attendance rate was 90%. Its activities primarily focused on the following issues:
- the Group's growth prospects, the principal strategic initiatives and opportunities and the five-year strategic plan;
- the composition of the company's shareholding structure;
- the financial position of the Group;
- a review of the economic, market and financial environment;
- perspectives and investment projects in France's optic network;
- opportunities to acquire telecommunications operators in emerging countries;
- developments in telecommunications, games and the Internet;
- monitoring telecommunication assets in Poland;
- television growth prospects outside France; and
- the development of digital music sales.

Audit Committee

Composition

The Audit Committee is comprised of five members, all of whom are independent and have finance or accounting expertise. Its members are Henri Lachmann (Chairman), Jean-Yves Charlier, Philippe Donnet, Gabriel Hawawini and Pierre Rodocanachi.

Purpose and activities

The Audit Committee is given a sufficient period of time to review the company's financial statements. In compliance with the Supervisory Board's internal rules, this period of time shall not be less than two days before the financial statements are delivered to the Supervisory Board. Following their appointment, members of the Committee are informed of the accounting, financial and operational standards used within the company and the Group.

The Audit Committee's main activities involve the following matters:
- the review of the annual consolidated and half-year condensed financial statements, as well as the statutory financial statements prepared by the Management Board prior to their presentation to the Supervisory Board;
- the review of the cash position of the company;
- the review of tax policies or risks and their accounting impact;
- the review of the assessment of the operating and financial risks of the company, their coverage and the review of insurance programs;
- internal control methods and standards;
- the monitoring of the consistency and effectiveness of the company's internal control procedures and the review of the report of the Chairman of the Supervisory Board to the Shareholders' Meeting on the conditions governing the preparation and organization of the Supervisory Board's procedures and internal control procedures implemented by the company;
- the establishment procedure for appointing Statutory Auditors, the issuance of an opinion on fees to be paid to the Statutory Auditors for the performance of their legal audit functions, certain specific assignments and monitoring rules ensuring their independence;
- monitoring work performed by external and internal auditors and the review of their findings;
- the application of accounting methods and principles, the scope of the company's consolidation, risks and off-balance sheet commitments;
- the review of the annual assessment of the company's Compliance Program, proposals to improve the efficiency of this program and, if applicable, the issuance of an opinion related thereto; the review of the rules of conduct in competition and ethics areas; and
- any matter it considers likely to create or constitute a risk to the company and the review of any potential procedural failure or corruption case.

In 2009, the Audit Committee met three times in the presence of the Statutory Auditors of the company. The attendance rate was 100%. The Audit Committee received information from, among others, the Statutory Auditors of the company, the Chief Financial Officer, the Deputy Chief Financial Officers, the General Counsel, the Senior Vice President Head of Legal Department and the Senior Vice President Audit and Special Projects.

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Its activities primarily comprised the review of:
- the financial statements for fiscal year 2008, half-year financial statements for 2009 and the Statutory Auditors' reports;
- the report of the Chairman of the Supervisory Board on the conditions for preparing and organizing the work of the Supervisory Board and internal control procedures;
- the financial position of the Group, its debt and liquid assets;
- the follow-up of the return of capital employed (ROCE);
- the internal audit of the headquarters and internal control procedures within the Group;
- the activities of the Risks Committee;
- the fees to be paid to Statutory Auditors;
- the implementation and follow-up of compliance procedures as applied within each business unit;
- the IT development plans of certains business units;
- the security mechanisms for subscriber and customer personal data within operational business units;
- the main changes in the commitments given by the Group;
- the ex post review of the Document de référence for the fiscal year 2008 performed by the AMF;
- the main litigation, in particular the "Securities class action" in the United States.

Human Resources Committee

Composition

The Human Resources Committee has five members, all of whom are independent. Its members are Pierre Rodocanachi (Chairman), Gérard Brémond, Maureen Chiquet, Fernando Falcó y Fernández de Córdova and Henri Lachmann.

Purpose and activities

The Human Resources Committee's main activities involve the following matters:
- the compensation, representation and travel expenses of directors and principal officers of the Group;
- the approval of stock option plans and the award of performance shares, or any other mechanisms with a similar purpose or effect;
- the review of employment agreements with key managers of the Group; and
- the review of succession plans within the Group.

In 2009, the Human Resources Committee met three times. The attendance rate was 100%. Its activities primarily involved:
- the fixed and variable compensation, representation and travel expenses of corporate officers and top executives;
- the compensation of the Chairman of the Supervisory Board;
- the stock option and performance share plans for corporate officers and employees of the Group and the allocation policy under each such plans;
- the review and definition of the performance conditions applicable to stock option plans which were authorized by the combined Ordinary and Extraordinary Shareholders' Meeting of April 24, 2008;
- a review of the employment contracts of certain executives of the Group and business units;
- the review of the succession plans within the Group;
- the development and retention of key managerial and creative talent;
- the retirement conditions of a member of the Management Board;
- the review of the situation of the Chairman of the Management Board regarding the AFEP and MEDEF recommendations on compensation for corporate officers of publicly traded companies, together with the Corporate Governance Committee; and
- the annual capital increase reserved for employees of the Group and the leveraged "Opus 08" and "Opus 09" plans.

Corporate Governance and Nominating Committee

Composition

The Corporate Governance and Nominating Committee (formerly the Corporate Governance Committee) has four members, two of whom are independent. Its members are Jean-René Fourtou (Chairman), Claude Bébéar, Christophe de Margerie and Henri Lachmann.

Purpose and activities

The Corporate Governance and Nominating Committee's main activities involve the following matters:
- appointment of members of the Supervisory Board, its Committees and the Management Board;
- set up and review of independence criteria applicable to members of the Supervisory Board;
- terms of payment and distribution of directors' fees payable to the Members of the Supervisory Board and its Committees;
- succession plans for certain members of Management Board; and
- assessment of the organization and performance of the Supervisory Board.

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The Corporate Governance and Nominating Committee met twice in 2009. The attendance rate was 75%. Its activities primarily involved:

- the selection and proposed nomination of new members of the Supervisory Board in 2009;
- the constitution of the Supervisory Board and its Committees;
- the changes to the composition of the Management Board;
- the assessment of the Supervisory Board's functions;
- the assessment of the Management Board's functions and those of its Chairman; and
- the review of the situation of the Chairman of the Management Board regarding the AFEP and MEDEF recommendations on compensation for corporate officers of publicly traded companies together with the Human Resources Committee.

3.1.2. Management Board

3.1.2.1. General Provisions

In accordance with Vivendi's by-laws (Article 12), the Management Board shall be comprised of a minimum of two members and a maximum of seven members.

Members of the Management Board are appointed by the Supervisory Board to serve four-year terms.

The mandatory retirement age for members of the Management Board is 68 years of age. However, when a member of the Management Board reaches the age of 68, the Supervisory Board may prolong his or her term, on one or more occasions, for a period not exceeding two years in total (Article 12 of Vivendi's by-laws).

3.1.2.2. Composition of the Management Board

The Management Board is currently comprised of five members, including three French citizens, one German citizen and one Moroccan citizen. The Supervisory Board, at its meeting held on February 26, 2009, renewed the terms of office of the members of the Management Board and its Chairman for a four-year period, until April 26, 2013, except for Mr. René Pénisson who decided to exercise his right to retire at the end of his term of office as a member of the Management Board.

In 2009, the Management Board met a total of eighteen times. The attendance rate at Management Board meetings was 99%. In accordance with Article 14 of Vivendi's by-laws, a member of the Management Board may attend meetings by videoconference or teleconference.

Detailed information about individual members of the Management Board is provided below in the "Main activities of current members of the Management Board" section.

List of the Management Board Members

Name	Primary Position	Number of shares held directly or through the PEG*
Jean-Bernard Lévy	Chairman	(a) 243,165
Abdeslam Ahizoune	Chairman of the Management Board of Maroc Telecom	36,586
Philippe Capron	Chief Financial Officer of Vivendi	49,152
Frank Esser	Chairman and Chief Executive Officer of SFR	154,539
Bertrand Meheut	Chairman of the Management Board of Groupe Canal+	(b) 147,917

(a) In addition, each of his two minor-age children, under his tax residence, holds 3,197 company shares and his spouse holds 1,000 company shares.
(b) In addition, his spouse holds 248 company shares.
* Shares held in the Group Savings Plan (PEG) are valued on the basis of the Vivendi share price at close of business on December 31, 2009, i.e., €20.795.

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Main activities of current members of the Management Board

Jean-Bernard Lévy, Chairman of the Management Board

55, French nationality.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris – France.

Expertise and experience

Mr. Jean-Bernard Lévy was born on March 18, 1955 and is a graduate of the Ecole Polytechnique and the Ecole Nationale Supérieure des Télécommunications. Mr. Lévy was appointed Chairman of the Management Board of Vivendi on April 28, 2005. Previously, he served as Chief Operating Officer of Vivendi from August 2002.

From 1998 to 2002, Mr. Lévy was Managing Partner, Corporate Finance at Oddo & Cie. He was Chairman and Chief Executive Officer of Matra Communication from 1995 to 1998. From 1993 to 1994, Mr. Lévy was Chief of Staff to Mr. Gérard Longuet, the French Minister for Industry, Postal Services, Telecommunications and Foreign Trade. From 1988 to 1993, he was General Manager, Communication Satellites of Matra Marconi Space. From 1986 to 1988, Mr. Lévy acted as Technical Adviser to Mr. Gérard Lonquet, the French Minister for Postal and Telecommunications Services and from 1978 to 1986, he was an engineer with France Télécom.

Positions currently held

Canal+ France, Chairman of the Supervisory Board
Activision Blizzard, Inc. (United States), Chairman
GVT Holdings SA (Brazil), Chairman of the Board of Directors
Groupe Canal+, Vice Chairman of the Supervisory Board
Maroc Telecom (Morocco), Vice Chairman of the Supervisory Board
SFR, Director
NBC Universal, Inc. (United States), Director

Other

Société Générale, Director
Vinci, Director
Institut Pasteur, Director
Viroxis, Chairman of the Supervisory Board
Institut Télécom, Chairman of the Board of directors
Paris Europlace, Member of the Orientation Committee

Positions previously held that expired during the last five years

Vivendi Games, Inc. (United States), Director
UGC, Director

Abdeslam Ahizoune, Member of the Management Board

54, Moroccan nationality.

Business address

Maroc Telecom – Avenue Annakhil, Hay Riad, Rabat – Morocco.

Expertise and experience

Mr. Abdeslam Ahizoune was born on April 20, 1955 and holds an engineering degree from the Ecole Nationale Supérieure des Télécommunications in Paris, France (1977). He was appointed Chairman of the Management Board of Maroc Telecom in February 2001 and was appointed to Vivendi's Management Board on April 28, 2005.

Mr. Ahizoune served as Chairman and Chief Executive Officer of Maroc Telecom from 1998 to 2001. He held the positions of Minister of Telecommunications from 1997 to 1998 and Managing Director of the Office National des Postes et Télécommunications (ONPT) from February 1995 to August 1997, Minister of Postal and Telecommunications Services and Managing Director of the ONPT from August 1992 to February 1995 and Director of Telecommunications in the Ministry of Post and Telecommunications from 1983 to 1992. Mr. Ahizoune is a member of the Board of Directors of Axa Assurance Maroc and Holcim SA (since 2007); the Lalla Salma Association against cancer (since November 2005); the Mohammed V Solidarity Foundation (Fondation Mohamed V pour la solidarité) (since April 2004); Al Akhawayne University (since November 2003); and the Mohammed VI Foundation for the Environment (Fondation Mohammed VI pour l'environnement) (since June 2001). Since the end of 2006, he has also served as Chairman of the Royal Moroccan Federation of Athletics. In 2008, he was

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appointed Chairman of the Moroccan Association for Telecommunications Professional (MATI) and Chairman-Chief Executive Officer of the Moroccan channel Medi1sat ((until January 2010) where he still holds the position of director. Since 2009, he is the Chairman of the association Club Entreprendre, association aimed at promoting the entrepreunarial spirit in Morocco.

Positions currently held

Maroc Telecom Group

Maroc Telecom (Morocco), Chairman of the Management Board

Other

Axa Assurance Maroc (Morocco), Director
Holcim SA (Morocco), Director
Medi1Sat (Morocco), Director
Royal Moroccan Federation of Athletics (Morocco), Chairman
Lalla Salma Association against cancer (Morocco), Director
Mohammed V Foundation for Solidarity (Morocco), Director
Mohammed VI Foundation for the Environment (Morocco), Director
Al Akhawayne University (Morocco), Director
Moroccan Association of Telecom Professionals (MATI)
Association du Club Entreprendre, Chairman

Positions previously held that expired during the last five years

CMC SA (Mauritania), Chairman of the Board of Directors
Mauritel SA (Mauritania), Permanent representative of Maroc Telecom on the Board of Directors
Mauritel Mobiles (Mauritania), Director
Onatel (Burkina Faso), Director
Mobisud SA (France), Chairman of the Board of Directors
Gabon Telecom (Gabon), Director
Medi1Sat (Morocco), Chairman-Chief Executive Officer

Philippe Capron, Member of the Management Board

51, French nationality.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris – France.

Expertise and experience

Mr. Philippe Capron was born on May 25, 1958 in Paris and is a graduate of the Ecole des Hautes Etudes Commerciales and of the Paris Institut d'Etudes Politiques. From 1979 to 1981 he was an assistant to the Chairman and Secretary of the Management Board of Sacilor. After leaving the Ecole Nationale d'Administration (ENA) in 1985, he became an Inspector of Finance. Advisor to the Chairman and CEO of Duménil Leblé (the Cérus group) from 1990 to 1992, he then became a Partner in the management consulting firm, Bain & Company from 1992 to 1994. From 1994 to 1997 he was the director of international development and a member of the Executive Committee of the Euler group, and then was Chairman and CEO of Euler-SFAC from 1998 to 2000. In November 2000, he joined the Usinor group as Chief Financial Officer and was also a member of the Executive Committee until 2002 when he was appointed Executive Vice-President of the Arcelor group, responsible for the packaging steels division and then the distribution and international trading businesses. At the beginning of 2006, he became Chief Financial Officer and a member of the Management Committee of Arcelor. In January 2007, Mr. Philippe Capron joined Vivendi as Chief Administrative Officer. He was appointed to the Management Board and as Chief Financial Officer in April 2007.

Positions currently held

SFR, Director and Chairman of the Audit Committee
Groupe Canal+, Member of the Supervisory Board
Canal+ France, Member of the Supervisory Board and Chairman of the Audit Committee
Maroc Telecom (Morocco), Member of the Supervisory Board and Chairman of the Audit Committee
Activision Blizzard, Inc. (United States), Director
NBC Universal, Inc. (United States), Director
GVT Holdings SA (Brazil), Director

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Other
Groupe Virbac, Member of the Supervisory Board and Chairman of the Audit Committee
Tinibu Square, Director
Member of the Société d'Economie Politique

Positions previously held that expired during the last five years
Vivendi Games, Inc. (United States), Director
Arcelor Packaging International, Chairman and Chief Executive Officer
Solvi, Chairman and Chief Executive Officer
Eco Emballage, Director
Arcelor Treasury, Manager
Sollac Ambalaj (Turkey), Chairman of the Board of Directors
Arcelor International (Luxembourg), Chairman
Arcelor Projects (Luxembourg), Chairman
Skyline (USA), Chairman of the Board of Directors
Cockerill-Sambre (Belgium), Director
Achatpro, Chairman of the Supervisory Board

Frank Esser, Member of the Management Board
51, German nationality.
Business address
SFR – Tour Séquoia, 1, place Carpeaux, 92915 Paris La Défense cedex – France.

Expertise and experience
Mr. Frank Esser was born on September 5, 1958 and holds a doctorate in economics from the University of Cologne. Mr. Esser was appointed Chairman of SFR in December 2002 and has been with the SFR group since September 2000, when he was appointed Chief Executive Officer. He was appointed to Vivendi's Management Board on April 28, 2005. He is also President of the French Telecommunications Federation. Prior to joining SFR, Mr. Esser was Executive Vice President at Mannesmann, in charge of international business and business development.

Positions currently held
SFR, Chairman and Chief Executive Officer
Société Financière de Communication et du Multimédia, Member of the Supervisory Board
Vivendi Telecom International, Director
Maroc Telecom (Morocco), Member of the Supervisory Board

Other
Fédération Française des Télécoms et des communications électroniques, President
Vodafone D2 GmbH and Arcor (Germany), Member of the Supervisory Board
Faurecia, Director
LTB-R, Permanent Representative of SFR on the Board of Directors

Positions previously held that expired during the last five years
Neuf Cegetel, Chairman and Chief Executive Officer
Cegetel, Chairman of the Supervisory Board
Cegetel Group, Chief Operating Officer
Cegetel Entreprises, Director
SHD, Chairman and Chief Executive Officer
GSM Association (United Kingdom), Director
Vizzavi France, Chairman

Bertrand Meheut, Member of the Management Board
58, French nationality.
Business address
Groupe Canal+ – 1, place du Spectacle, 92263 Issy Les Moulineaux cedex 9 – France.

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Expertise and experience

Mr. Bertrand Meheut was born on September 22, 1951 and graduated from l'Ecole des Mines in France. He joined Groupe Canal+ in October 2002 as Vice Chairman and Chief Operating Officer. He was appointed Chairman of the Executive Board of Groupe Canal+ on February 7, 2003, and Chairman and Chief Executive Officer of Canal+ SA on February 20, 2003. Mr. Meheut was appointed to Vivendi's Management Board on April 28, 2005.

Mr. Meheut has spent most of his career in various positions in the chemicals industry, primarily in the life sciences sector. He held a number of top executive positions at Rhône-Poulenc, which became Aventis after merging with Germany's Hoechst. He served as Chairman and Chief Executive Officer of Aventis CropScience, an Aventis and Schering subsidiary, running agrichemicals and biotechnologies operations.

Positions currently held

Groupe Canal+, Chairman of the Executive Board
Canal+ France, Chairman of the Management Board
Canal+, Chairman of the Board of Directors
Canal+ International Développement, Chairman of the Board of Directors
Kiosque Sport, Chairman of the Board of Directors
StudioCanal, Chairman of the Supervisory Board
Kiosque, Permanent Representative of Groupe Canal+ and Manager
Canal Overseas, Member of the Management Board
Sport+, Permanent Representative of Groupe Canal+ on the Board of Directors
SFR, Director

Other

Aquarelle, Director
Accor, Director

Positions previously held that expired during the last five years

Canal+, Chairman and Chief Executive Officer
Canal+ Distribution, Chairman of the Board of Directors
Cegetel, Director
StudioCanal, Chairman of the Board of Directors
Holding Sports & Evénements, Chairman of the Board of Directors
NPA Production, permanent representative of Canal+ and Manager
Multithématiques, Director
PSG Football, Director
Sportfive, member of the Supervisory Board
CanalSatellite, Director
Canal+ Active, Chairman
Société d'exploitation d'un service d'exploitation (SESI), permanent representative of its Manager, Canal+

3.1.2.3. Family Relationships

There are no family relationships between the members of the Management Board

3.1.2.4. Absence of Conflicts of Interest

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and the members of the Management Board with regard to their personal interests or other responsibilities.

3.1.2.5. Absence of any Sentence for Fraud, Liability Associated with a Business Failure or Public Incrimination and/or Sanction

To the company's knowledge, over the past five years, no member of the Management Board has been convicted of any fraud-related matter, no official public incrimination and/or sanction has been delivered against any member of the Management Board, no member of the Management Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body of a public company nor has been prevented by a court from acting as a member of an administrative, management or supervisory body or participating in the management of a public issuer.

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Mr. Philippe Capron, in his capacity as former permanent representative of Arcelor Packaging International and director of the SAFET company, is cited along with other former members of SAFET Board of Directors in the proceedings related to an insolvency action filed on May 26, 2008.

3.1.2.6. Agreements between the Company and Members of the Management Board – Service Contracts

Members of the Management Board benefit from an employment contract with the company, except for Mr. Jean-Bernard Lévy, Chairman of the Management Board, whose employment contract has been suspended since April 28, 2005, the date of his appointment as Chairman. Upon renewal of his term on the Management Board and as Chairman of the Management Board, in April 2009, Mr. Lévy waived his employment contract, in compliance with the AFEP and MEDEF recommendations of October 2008 on the compensation of corporate officers of publicly traded companies.

No member of the Management Board is party to a service agreement entered into with Vivendi or any of its subsidiaries, pursuant to which such member could be entitled to receive any benefits.

3.1.2.7. Loans and Guarantees granted to Members of the Management Board

The company has not granted any loans or issued any guarantees to any member of the Management Board.

3.1.2.8. Jurisdiction and Internal Regulations of the Management Board

Role and powers of the Management Board under applicable law and the company's by-laws

With respect to third parties, the Management Board is granted the broadest powers to act in any circumstance on behalf of the company, subject to the scope of the company's corporate purpose and to those situations where such power is expressly attributed to the Supervisory Board and/or the Shareholders' Meetings and to matters that require the prior approval of the Supervisory Board.

Internal Regulations

The Internal Regulations of the Management Board is an internal document intended to ensure that the company's Management Board functions properly and adheres to the most recent rules adopted in furtherance of good corporate governance. Third parties cannot rely on the Internal Regulations when seeking recourse against members of the Management Board.

Role and powers of the Management Board under the Internal Regulations

The Management Board is responsible for the day-to-day management of the company and for the conduct of its business. It manages the following matters:

- the review and drafting of financial statements, forecasts, cash flows, debt obligations and company liabilities;
- the implementation of company strategy in conjunction with the Supervisory Board;
- the sale, merger and acquisition transactions not exceeding the thresholds requiring approval from the Supervisory Board;
- the development of human resources policies and social policy;
- the development of communication policies;
- the compliance activities;
- the development of internal audit and internal control procedures;
- the monitoring of risk assessments and duties of the Risks Committee;
- the monitoring of litigation and legal proceedings;
- the monitoring of environmental matters; and
- the monitoring of insurance matters.

In accordance with applicable law, the company's by-laws and the Internal Regulations of the Supervisory Board, the Management Board must obtain prior approval for certain actions from the Supervisory Board (please refer to the Internal Regulations of the Supervisory Board above).

3.1.2.9. Activities of the Management Board in 2009

The Management Board met eighteen times in 2009. Its activities primarily focused on the following:

- the review and approval of the statutory and consolidated financial statements for fiscal year 2008, the 2009 budget, the quarterly and half-year 2009 condensed financial statements and the 2010 preliminary budget;

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- the preparation of quarterly reports for the Supervisory Board;
- growth forecasts for the Group, principal strategic initiatives and opportunities as well as the 5-year strategic plan;
- the Group's financial position;
- an assessment of the accuracy and structure of the Group's balance sheet;
- refinancing of the company's debt;
- the review of commitments given or received;
- an assessment of the risks of the economic situation and the consequences of the global financial crisis;
- the outlook in the context of the magnitude of the global financial crisis;
- the outlook for each of the Group's businesses based on the financial situation and their operations within the economic environment;
- the Group's financial communications;
- the market position of the Group's main business units;
- the works of the Group's Internal Audit department;
- the renewal of the Euro Medium Term Notes (EMTN) program and the issue of bonds;
- the acquisition of Sotelma by Maroc Telecom in Mali, the acquisition of GVT Holdings SA, the disposal of Vivendi's stake in NBC Universal and the repurchase of the stake held by TF1 in Canal+ France;
- the review of a potential investment in the telecommunications operations of the Zain group in Africa;
- the perspectives and investment projects in France's fiber optic network;
- the monitoring of the telecommunications assets in Poland;
- the forecast for pay television outside France;
- the notice of meeting for the combined Shareholders' Meeting held on April 30, 2009 and the proposal for the payment of the 2008 dividend in shares;
- the grant of stock options and performance shares and the setting of the performance conditions;
- the development and retention of key managerial and creative talent;
- the identification of sustainable development objectives based on priority actions areas within each operational unit as calculation criteria for the allocation of bonuses to key managers of the Group;
- the capital increase reserved for employees of the Group through an international FCPE;
- the monitoring of legal investigations and proceedings, including the "Securities class action" in the United States;
- the Group's communications plan and its image development;
- the review of the Sustainable Development report;
- the review of the business report and the environmental and employee data report; and
- the review of the Compliance Program.

3.2. Compensation of Directors and Officers

3.2.1. Compensation of the Members of the Supervisory Board and its Chairman

3.2.1.1. Compensation of the Chairman of the Supervisory Board

As presented to the Annual Shareholders' Meeting held on April 30, 2009, the Supervisory Board resolved, at its meeting held on February 26, 2009, upon recommendation of the Human Resources Committee, at its meeting held on February 25, 2009, and considering its Chairman's involvement in the life of the company, to keep the level of the annual gross compensation of its Chairman at €1 million. The Chairman receives no director's fee from Vivendi or any of its subsidiaries. He has use of a company car and the availability of a part-time driver. His travel expenses and other expenditures incurred in connection with his duties are paid for by the company.

Upon recommendation of the Human Resources Committee, at its meeting held on February 24, 2010, and at the Chairman's request, the Supervisory Board, at its meeting held on February 25, 2010, resolved to set the compensation of the Chairman of the Supervisory Board at €700,000 starting from May 1, 2010.

Compensation paid to the Chairman of the Supervisory Board (in euros)					
	2009	2008	2007	2006	2005*
Fixed	1,000,000	1,000,000	1,000,000	1,000,000	666,667

* Chairman of the Supervisory Board since April 28, 2005.

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3.2.1.2. Directors' Fees

Within the limitations set forth by the Combined Shareholders' Meeting held on April 24, 2008 (i.e., €1.5 million per year), the payment of directors' fees to members of the Supervisory Board is based on actual attendance at meetings and depends on the number of meetings held by the Supervisory Board and the Committees. The Supervisory Board, at its meeting held on March 6, 2007, resolved that, from 2007, directors' fees would be paid on a half-yearly basis. The gross amount of directors' fees paid in 2009 was €1,275,409. Details of directors' fees paid on an individual basis are set out below.

The directors' fees are allocated as follows: Each member of the Supervisory Board receives a fixed director's fee of €23,000 for a full year of service and a variable amount of €4,100 for each meeting attended. Each member of the Audit Committee receives a fixed director's fee of €20,000 for a full year of service, this amount is doubled for the Chairman of the Committee, and a variable amount of €3,900 for each meeting attended. Each member of the Strategy Committee, the Human Resources Committee and the Corporate Governance and Nominating Committee receives a fixed director's fee of €16,100 for a full year of service, which is doubled for the Chairman of the Committees, and a variable amount of €3,300 for each meeting attended. A fee of €1,500 per meeting is paid to members of the Supervisory Board who attend meetings of Committees of which they are not members.

Individual amount of directors' fees and other compensation received by members of the Supervisory Board (in euros – rounded off) (Table 3 of the AMF recommendations):

	Amounts paid for 2008	Amounts paid for 2009
Jean-René Fourtou **(a)**	None	None
Claude Bébéar	111,661	123,467
Gérard Brémond	90,376	115,000
Jean-Yves Charlier **(b)**	59,959	102,800
Maureen Chiquet **(c)**	na	49,175
Mehdi Dazi **(d)**	62,692	82,300
Philippe Donnet **(b)**	56,459	102,800
Fernando Falcó y Fernández de Córdova	88,510	100,167
Sarah Frank **(e)**	96,576	34,701
Gabriel Hawawini	106,226	125,245
Henri Lachmann	126,176	154,678
Andrzej Olechowski **(e)**	85,093	33,201
Christophe de Margerie **(c)**	na	50,775
Pierre Rodocanachi	131,393	146,400
Karel Van Miert **(f)**	92,309	54,700
Total	**1,107,430**	**1,275,409**

na: not applicable.
(a) Mr. Fourtou waived his rights to receive directors' fees payable to board members of the company and its subsidiaries.
(b) Members of the Supervisory Board since April 24, 2008.
(c) Members of the Supervisory Board since April 30, 2009.
(d) Member of the Supervisory Board until February 18, 2010.
(e) Members of the Supervisory Board until April 30, 2009.
(f) Member of the Supervisory Board until June 23, 2009.

Members of the Supervisory Board do not receive any other compensation from the company.

3.2.2. Compensation of Members and Chairman of the Management Board

Compensation of corporate officers and the company's principal executives is determined by the Supervisory Board on the recommendation of the Human Resources Committee. Compensation is made up of both a fixed component and a variable component.

For 2009, following a recommendation of the Human Resources Committee, at its meeting held on February 25, 2009, the Supervisory Board on February 26, 2009 set the variable component of compensation on the following criteria: (1) for corporate officers and executives at the corporate offices: (a) financial objectives (68%) linked to both adjusted net income

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attributable to Vivendi shareowners (43%) and cash flows from operations (25%) and (b) achievement of general management's priority objectives (32%), and (2) for corporate officers (including the subsidiaries' chairmen or executives): (a) group financial objectives (15%), (b) the financial objectives for their entity (60%) and (c) priority objectives for their subsidiary (25%).

At its meeting held on February 25, 2010, the Supervisory Board analysed and confirmed the completion of the criteria applicable to the variable part for 2009.

For 2010, following a recommendation of the Human Resources Committee at its meeting of February 24, 2010, the Supervisory Board meeting held on February 25, 2010 resolved that the criteria for determining the variable component of the compensation for the members of the Management Board, corporate officers and executives of the subsidiaries should remain unchanged. The financial objectives based on the adjusted net income were increased. In addition, as presented to the Shareholders' Meeting held on April 30, 2009, the Supervisory Board resolved to introduce an additional criteria based on sustainable development and social responsibility, when determining priority objectives for the officers and executives of the corporate offices and corporate officers and executives of the subsidiaries.

Summary of compensation, options and performance shares granted to each member of the Management Board (Table 1 of the AMF recommendations):

In euros	2008	2009
Jean-Bernard Lévy Chairman of the Management Board		
Compensation for the year *(detailed in table 3.2.2.3)*	2,576,609	2,498,087
Book value of options granted *(detailed in tables 3.3.1.1 and 3.3.1.2)*	1,281,600	842,400
Book value of performance shares granted *(detailed in tables 3.3.2.2 and 3.3.2.3)*	620,100	396,900
Total	**4,478,309**	**3,737,387**
Abdeslam Ahizoune Member of the Management Board and Chairman of the Management Board of Maroc Telecom		
Compensation for the year *(detailed in table 3.2.2.3)*	1,420,147	1,450,158
Book value of options granted *(detailed in tables 3.3.1.1 and 3.3.1.2)*	569,600	374,400
Book value of performance shares granted *(detailed in tables 3.3.2.2 and 3.3.2.3)*	275,613	176,409
Total	**2,265,360**	**2,000,967**
Philippe Capron Member of the Management Board and Chief Financial Officer of Vivendi		
Compensation for the year *(detailed in table 3.2.2.3)*	893,279	871,890
Book value of options granted *(detailed in tables 3.3.1.1 and 3.3.1.2)*	569,600	374,400
Book value of performance shares granted *(detailed in tables 3.3.2.2 and 3.3.2.3)*	275,613	176,409
Total	**1,738,492**	**1,422,699**
Frank Esser Member of the Management Board and Chairman and CEO of SFR		
Compensation for the year *(detailed in table 3.2.2.3)*	1,796,610	1,804,077
Book value of options granted *(detailed in tables 3.3.1.1 and 3.3.1.2)*	797,440	524,160
Book value of performance shares granted *(detailed in tables 3.3.2.2 and 3.3.2.3)*	385,846	246,964
Total	**2,979,896**	**2,575,201**
Bertrand Meheut Member of the Management Board and Chairman of the Executive Board of Groupe Canal+		
Compensation for the year *(detailed in table 3.2.2.3)*	1,893,088	1,912,631
Book value of options granted *(detailed in tables 3.3.1.1 and 3.3.1.2)*	797,440	524,160
Book value of performance shares granted *(detailed in tables 3.3.2.2 and 3.3.2.3)*	385,846	246,964
Total	**3,076,374**	**2,683,755**

In euros	2008	2009
Doug Morris Member of the Management Board until November 22, 2008 and Chairman and CEO of Universal Music Group		
Compensation for the year *(detailed in table 3.2.2.3)*	11,316,749	na
Book value of options granted *(detailed in table 3.3.1.2)*	398,720	na
Book value of performance shares granted *(detailed in table 3.3.2.3)*	192,933	na
Total	**11,908,402**	**na**
René Pénisson Member of the Management Board until April 27, 2009 and Chairman of Activision Blizzard		
Compensation for the year *(detailed in table 3.2.2.3)*	1 547,162	543,517
Book value of options granted *(detailed in tables 3.3.1.1 and 3.3.1.2)*	797,440	262,080
Book value of performance shares granted *(detailed in tables 3.3.2.2 and 3.3.2.3)*	385,846	388,089
Total	**2,730,448**	**1,193,686**

na: not applicable.

3.2.2.1. Position and Compensation of the Chairman of the Management Board

Mr. Jean-Bernard Lévy waived his employment contract (which has been suspended since April 28, 2005, the date of his appointment as Chairman of the Management Board) upon the renewal of his term of office on April 27, 2009, in accordance with the AFEP and MEDEF recommendations of October 2008 regarding the compensation of corporate officers of publicly traded companies.

The Supervisory Board meeting held on February 26, 2009 noted this intention and, upon recommendation of the Human Resources Committee at its meeting held on February 25, 2009 and the meeting of the Corporate Governance and Nominating Committee held on February 26, 2009, reviewed the terms on which Mr. Jean-Bernard Lévy was compensated as Chairman of the Management Board, and formulated the following principles regarding his compensation and benefits in kind:
- fixed compensation for 2009: €912,400;
- variable compensation with target bonus of 140% and maximum bonus of 240%. This compensation is subject to the satisfaction of the financial objectives and the Group's priority measures mentioned above;
- eligibility to stock option grants, subject to the satisfaction of performance conditions set by the Supervisory Board and to the relevant plan regulations regarding their acquisition and exercise conditions;
- eligibility to performance share grants subject to the satisfaction of performance conditions set by the Supervisory Board and to the relevant plan regulations regarding their acquisition and exercise conditions;
- benefit of a car and a driver;
- travel expenses incurred in connection with his corporate duties are paid by the company in accordance with the policy set up by the Board at its meeting held on June 29, 2004 following the recommendation of the Human Resources Committee;
- eligibility to participate in the basic Social Security, AGIRC and ARRCO schemes;
- eligibility to participate in the additional pension plan of December 2005 as approved by the Combined Shareholders' Meeting held on April 20, 2006; and
- eligibility to participate in the company's insurance schemes (mutual and life-illness policies) subscribed for its employees, under similar conditions.

The Supervisory Board, at its meeting held on February 25, 2010, and upon recommendation of the Human Resources committee meeting held on February 24, 2010, resolved to keep unchanged the 2010 fixed and variable compensation of the Chairman of the Management Board. The other elements of his compensation as approved in 2009 remain also unchanged including the award of 360,000 stock options and 30,000 performance shares.

3.2.2.2. Compensation upon Termination of Employment of the Chairman of the Management Board

Pursuant to the AFEP and MEDEF recommendations of October 2008 regarding compensation for executive directors of listed companies, the Supervisory Board at its meeting held on February 26, 2009, on the joint recommendations of the Human Resources and Corporate Governance and Nominating Committees, reviewed the situation of Mr. Jean-Bernard Lévy, Chairman of the Management Board.

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At its meeting held on February 26, 2009, the Supervisory Board resolved that, subject to a favorable vote at the Shareholders' Meeting to be held on April 30, 2009, Mr. Jean-Bernard Lévy would, save in the case of serious misconduct and subject to performance conditions, receive compensation upon termination of his term of office in accordance with the AFEP and MEDEF recommendations. The Combined Shareholders' Meeting of April 30, 2009 approved this compensation in its sixth resolution.

This compensation would be based on an increase formula linked to his seniority and would amount to six months' pay plus one additional month's pay for each year of service within the Group after 2002. It would be subject to the satisfaction of the following minimum performance conditions: the compensation would not be payable if the Group's financial results (adjusted net income and cash flow from operations) were less than 2/3 of the Group's budget for two consecutive years and if the performance of Vivendi shares were lower than 2/3 of the average performance of a composite index (1/3 CAC 40, 1/3 DJ Stoxx Telco and 1/3 DJ Stoxx Media) for two consecutive years. Compensation would not be payable if Mr. Jean-Bernard Lévy were to leave the company after the age of 62 years, at which time he would be entitled to assert his pension rights, or if he decided, on his own initiative, to leave the company. By definition, the compensation to be paid would equal to 21 months or less.

At the same meeting, the Supervisory Board also resolved that if Mr. Jean-Bernard Lévy left the Company under the conditions set forth above and was entitled to receive compensation, his rights to stock options and performance shares not yet acquired by him on the date of his departure would be maintained, subject to the satisfaction of the relevant performance conditions and subject to the relevant plan's rules regarding the conditions governing their acquisition and exercise.

3.2.2.3. Compensation of Members of the Management Board

Summary of the compensation of each member of the Management Board (Table 2 of the AMF recommendations):

	2008		2009	
in euros	**Amounts paid**	**Amounts due**	**Amounts paid**	**Amounts due**
Jean-Bernard Lévy **Chairman of the Management Board**				
Fixed compensation	885,800	885,800	912,400	912,400
Variable compensation for 2007	1,651,000	-	-	-
Variable compensation for 2008	-	1,683,100	1,683,100	-
Variable compensation for 2009	-	-	-	1,578,452
Exceptional compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind*	7,709	7,709	7,235	7,235
Total	**2,544,509**	**2,576,609**	**2,602,735**	**2,498,087**
Abdeslam Ahizoune **Member of the Management Board**				
Fixed compensation	568,998	568,998	591,039	591,039
Variable compensation for 2007	752,325	-	-	-
Variable compensation for 2008	-	845,000	892,104	-
Variable compensation for 2009	-	-	-	851,040
Exceptional compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind*	6,149	6,149	8,079	8,079
Total	**1,327,472**	**1,420,147**	**1,491,222**	**1,450,158**
Philippe Capron (a) **Member of the Management Board**				
Fixed compensation	334,750	334,750	344,800	344,800
Variable compensation for 2007	423,000	-	-	-
Variable compensation for 2008	-	535,600	535,600	-
Variable compensation for 2009	-	-	-	504,787
Exceptional compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind*	22,929	22,929	22,303	22,303
Total	**780,679**	**893,279**	**902,703**	**871,890**

Section 3 Corporate Governance

in euros	2008 Amounts paid	2008 Amounts due	2009 Amounts paid	2009 Amounts due
Frank Esser				
Member of the Management Board				
Fixed compensation	705,500	705,500	726,700	726,700
Variable compensation for 2007	1,195,000	-	-	-
Variable compensation for 2008	-	1,060,000	1,060,000	-
Variable compensation for 2009	-	-	-	1,046,448
Exceptional compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind*	31,110	31,110	30,929	30,929
Total	**1,931,610**	**1,796,610**	**1,817,629**	**1,804,077**
Bertrand Meheut				
Member of the Management Board				
Fixed compensation	705,500	705,500	726,700	726,700
Variable compensation for 2007	1,288,000	-	-	-
Variable compensation for 2008	-	1,165,000	1,165,000	-
Variable compensation for 2009	-	-	-	1,162,720
Exceptional compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind*	22,588	22,588	23,211	23,211
Total	**2,016,088**	**1,893,088**	**1,914,911**	**1,912,631**
Doug Morris (b)				
Member of the Management Board				
Fixed compensation	3,863,911	3,863,911	-	-
Variable compensation for 2007	7,268,857	-	-	-
Variable compensation for 2008	-	7,326,644	-	-
Variable compensation for 2009	-	-	-	-
Exceptional compensation	na	na	-	-
Directors' fees	na	na	-	-
Benefits in kind*	126,193	126,193	-	-
Total	**11,258,961**	**11,316,749**	**-**	**-**
René Pénisson (c)				
Member of the Management Board				
Fixed compensation	499,600	499,600	171,533	171,533
Variable compensation for 2007	970,000	-	-	-
Variable compensation for 2008	-	999,200	1,332,267	-
Variable compensation for 2009	-	-	-	333,067
Exceptional compensation	na	na	na	na
Directors' fees	na	na	na	na
Benefits in kind*	48,362	48,362	38,917	38,917
Total	**1,517,962**	**1,547,162**	**1,542,717**	**543,517**

na: not applicable.

(a) Member of the Management Board since April 19, 2007.

(b) Member of the Management Board until November 22, 2008.

(c) Member of the Management Board until April 27, 2009.

* The amount of benefits in kind takes into account employer's contributions to retirement and insurance schemes exceeding the legal deductible threshold which have been included in taxable wages as well as the benefits in kind relating to a company car, the profit-sharing and the value of leave days accrued and transferred from the time savings plan to the retirement savings plan.

3.2.3. Summary of the Commitments Issued in Favor of the Chairman and the Members of the Management Board (Information required pursuant to Table 10 of the AMF Recommendations)

	Employment Contract		Supplemental pension plan		Compensation or other benefits due or to be due in connection with the termination/ change of function		Compensation under a non-compete clause	
Corporate officers as defined pursuant to the AFEP/MEDEF recommendation	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Bernard Lévy Chairman of the Management Board Beginning of term: April 28, 2005 Renewal: April 27, 2009 End of term: April 26, 2013		X	X		X			X

Employment contract:
All members of the Management Board hold an employment contract, except for Mr. Jean-Bernard Lévy, Chairman of the Management Board, who waived his employment contract suspended since April 28, 2005, upon renewal of his term of office as both member and Chairman of the Management Board, in April 2009, in accordance with the AFEP and MEDEF recommendations of October 2008 regarding the compensation for corporate officers of publicly traded companies.

Pension plans:
The Chairman and members of the Management Board are eligible to participate in the additional pension plan which was set up in December 2005, as described in the Statutory Auditors' special report approved by the Shareholders' Meeting held on April 20, 2006. In 2009, no amendments were made to this pension plan nor the other pension plan, which are described in the 2005 Annual Report (page 97).

For 2009, a provision of €2.669 million was recorded for obligations under the pension plan for members of the Management Board.

In 2009, members of the Management Board acquired pension rights under the supplemental pension plan which were calculated on the basis of the fixed salary paid in 2009 together with the amount of the variable portion for 2008 which was paid in 2009; this amount is capped at 60 times the social security upper limit which was €2,058,480 for 2009. The acquisition of rights is calculated based on a rate of 1.25% and represented 0.99% of the capped gross salary of the Chairman of the Management Board, which was €25.731 in 2009.

Compensation or other benefits due or to be due in connection with the termination or change of functions:
The Chairman of the Management Board benefits from the severance agreement described in section 3.2.2.2. of this report.

Members of the Management Board do not benefit from any indemnity other than those provided in their employment contracts (please refer to section 3.2.2.3 of the 2007 Annual Report, page 106).

Compensation under a Non-Compete Clause:
No member of the Management Board benefits from this type of indemnification.

3.2.4. Compensation of Group Senior Executives

The aggregate gross amount of the top ten compensation packages paid by Vivendi SA in 2009 was €12.694 million, including benefits in kind. In 2009, the aggregate gross amount of the top ten compensation packages paid to senior executives for the whole group was €54.425 million, including benefits in kind.

In accordance with Vivendi's internal governance rules, all senior executives waived their rights to receive directors' fees as compensation for serving as board members or permanent representatives within controlled subsidiaries, within the meaning of Article L. 233-16 of the French Commercial Code.

Section 3 Corporate Governance

3.3. Grants of Stock Options and Performance Shares

The Management Board, at its meeting held on February 24, 2009, and the Supervisory Board, at its meeting held on February 26, 2009, approved a stock option plan with performance conditions consisting of 6.5 million shares representing 0.56% of the share capital and an award of 567,001 performance shares representing 0.05% of the company's share capital, as detailed below. Stock options granted to members of the Management Board in 2009 represented 1.24 million options or 18.90% of the total amount granted and 0.105% of the company's share capital. Performance shares granted to the members of the Management Board in 2009 represented 123,336 shares or 21.75% of the total amount granted and 0.01% of the share capital. Awards granted to the Chairman of the Management Board totaled 360,000 options and 30,000 performance shares, or 5.49% of the total grant of options and performance shares.

As in previous years, the Supervisory Board set the maximum percentage of stock options and performance shares to be granted to the Chairman of the Management Board to 7.5% of the total amount granted and 25% for the Management Board (including the Chairman).

The definitive acquisition of performance shares and stock options is subject to the satisfaction of certain performance conditions which have been including, since 2009, a performance benchmark external to the Group in accordance with the AFEP and MEDEF recommendations. These performance conditions are broken down as follows: adjusted net income (50%), cash flow from operations (30%); and the performance of Vivendi shares compared to three trading indices DJ Stoxx Media, DJ Stoxx Telco and CAC 40 (20%).

The objectives which underpin the performance conditions are proposed to the Human Resources committee and are determined by the Supervisory Board. The satisfaction of the objectives is reviewed over two years for performance shares and over one year for stock options.

3.3.1. Stock Options Granted

3.3.1.1. Stock Options Granted to Members of the Management Board by the Company on April 16, 2009, at an Exercise Price of €20.02 per share. (Plan no. 2009-4-1 with an Exercise Period from April 2012 to April 2019) (Table 4 of the AMF Recommendations)

	Value of the options under the method used for the consolidated financial statements (in euros)	Number of options granted during the year (a)
Jean-Bernard Lévy	842,400	360,000
Abdeslam Ahizoune	374,400	160,000
Philippe Capron	374,400	160,000
Frank Esser	524,160	224,000
Bertrand Meheut	524,160	224,000
René Pénisson	262,080	112,000
Total	**2,901,600**	**1,240,000**

(a) For the awards made in 2009, the definitive acquisition of options granted to the members of the Management Board is subject to the same performance conditions and quantitative award conditions (assessed over a one-year period) as those used for the performance share awards (see below).

The Supervisory Board, at its meeting held on February 25, 2010, upon recommendation of the Human Resources Committee at its meeting held on February 24, 2010, resolved that the 2009 performance conditions had been satisfied. The stock options indicated in the above table were therefore definitively granted.

The exercise price per share of Vivendi stock options granted in 2009 is €20.02. The value of the unit benefit that is retained is €2.34 as shown in the financial statements in accordance with IFRS.

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3.3.1.2. History of Stock Options and Stock Appreciation Rights (SAR) Grants to Members of the Management Board (Table 8 of the AMF Recommendations)

	Granted in 2009	2008	2007	2006
Date of the Shareholders' Meeting approving option grant	AGM of 04/24/08	AGM of 04/28/05	AGM of 04/28/05	AGM of 04/28/05
Date of the Supervisory Board meeting	02/26/09	02/28/08	03/06/07	02/28/06
Grant date	04/16/09	04/16/08	04/23/07	04/13/06
Maximum number of options that may be granted under the Shareholders' Meeting approval	29,255,150	29,129,168	28,893,333	28,836,933
Maximum number of options that may be granted during the year, taking into account options already granted	9,712,710	9,670,883	9,592,586	9,534,861
Total number of options granted in April	6,561,120	6,303,200	5,718,220	5,481,520
Total number of SAR granted in April	Nil	Nil	1,280,660	1,250,320
Number of options cancelled due to the departure of beneficiaries	78,000	120,000	75,680	108,320
Number of SAR cancelled due to the departure of beneficiaries	Nil	Nil	44,280	16,000
Total number of options that may be granted at December 31	24,108,367	29,242,936	17,691,840	23,322,923
Number of options granted to members of the Management Board:				
Mr. Jean-Bernard Lévy – Chairman	360,000	360,000	360,000	360,000
Mr. Abdeslam Ahizoune	160,000	160,000	136,000	112,000
Mr. Philippe Capron	160,000	160,000	112,000	-
Mr. Jacques Espinasse	-	-	136,000	224,000
Mr. Frank Esser	224,000	224,000	224,000	224,000
Mr. Bertrand Meheut	224,000	224,000	224,000	224,000
Mr. Doug Morris	-	112,000	112,000	112,000
Mr. René Pénisson	112,000	224,000	224,000	224,000
Total	**1,240,000**	**1,464,000**	**1,528,000**	**1,480,000**
Exercise price per stock option and SAR	€20.02	€25.13	€30.79/$41.34	€28.54/$34.58
Expiration date	04/16/19	04/16/18	04/23/17	04/13/16

All awards were below the 0.83% annual threshold of share capital presented to the Shareholders' Meeting. They represented an average of 0.5% of the share capital at grant date.

3.3.2. Grant of Performance Shares

3.3.2.1. Performance Conditions

Since 2006, performance shares were granted subject to conditions linked to certain financial indicator targets for the year in which they are awarded. These were the Group's adjusted net income and operating cash flow. In addition, for performance shares granted since 2009, the performance of Vivendi shares against three trading indices (DJ Stoxx Media, DJ Stoxx Telco and CAC 40) is also an additional indicator that has been used. All performance shares vest and are definitively awarded if the weighted sum of the three financial indicators equals or exceeds 100% of the threshold amount set by the Supervisory Board; 50% of the grant of shares is vested if the weighted sum of the three financial indicators equals the threshold amount, as defined by the Supervisory Board, and no share vests if the weighted average of the three financial indicators is below the minimum threshold amount.

The performance shares vest at the end of a period of 2-year period from the grant dates subject to the satisfaction of presence and performance conditions as described above.

The shares must be retained by the beneficiaries for an additional 2-year period after the vesting.

In 2009, 459,625 shares were issued at the end of the acquisition period in relation to performance shares awarded under the 2007 plans and 10,914 rights to performance shares were cancelled due to the termination of certain beneficiaries.

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3.3.2.2. 2009 Grant of Performance Shares (Table 6 of the AMF Recommendations)

The Supervisory Board at its meeting held on February 25, 2010, after review by the Human Resources Committee at its meeting held on February 24, 2010, noted that the 2009 performance conditions were satisfied. The numbers indicated in the table below correspond to the number of options definitively granted. Half of the 2009 grant of performance shares is therefore definitively granted. The second half of the grant will be definitively granted in 2011 subject to the satisfaction of the performance conditions which are recorded over a 2-year grant period.

	Plan No. and date	Number of shares awarded during the year	Value of shares under the method used for consolidated financial statements (in euros)	Vesting date	Availability date	Performance conditions
Jean-Bernard Lévy	2009-04-1	30,000	396,900	04/18/11	04/19/13	Yes
Abdeslam Ahizoune	2009-04-1	13,334	176,409	04/18/11	04/19/13	Yes
Philippe Capron	2009-04-1	13,334	176,409	04/18/11	04/19/13	Yes
Frank Esser	2009-04-1	18,667	246,964	04/18/11	04/19/13	Yes
Bertrand Meheut	2009-04-1	18,667	246,964	04/18/11	04/19/13	Yes
René Pénisson	2009-04-1	29,334	388,089	04/18/11	04/19/13	Yes
Total		**123,336**	**1,631,735**			

The value used for the unit benefit corresponding to performance shares granted in 2009 is €13.23 as shown in the consolidated financial statements in accordance with IFRS.

3.3.2.3. History of Grants of Performance Shares and Restricted Stock Units (RSU) to Members of the Management Board

	2009 grants	2008	2007
Date of the Shareholders' Meeting authorizing the share grant	AGM of 04/24/08	AGM of 04/28/05	AGM of 04/28/05
Date of the Supervisory Board Meeting	02/26/09	02/28/08	03/06/07
Grant date	04/16/09	04/16/08	04/23/07
Maximum number of shares that may be granted pursuant to the Shareholders' Meeting authorization	5,851,030	5,825,833	5,785,169
Maximum number of shares that may be granted based on allotments already made	5,850,030	4,506,989	4,951,844
Total number of shares granted in April	567,001	525,496	476,717
Total number of RSU granted in April	None	None	106,778
Number of shares cancelled due to the departure of beneficiaries	6,602	10,208	5,180
Number of RSU cancelled due to the departure of beneficiaries	None	None	3,692
Total number of shares that may be granted as at December 31	5,572,960	5,849,987	4,504,872
Number of shares granted to members of the Management Board:			
Mr. Jean-Bernard Lévy – Chairman	30,000	30,000	30,000
Mr. Abdeslam Ahizoune	13,334	13,334	11,334
Mr. Philippe Capron	13,334	13,334	9,334
Mr. Jacques Espinasse	-	-	11,334
Mr. Frank Esser	18,667	18,667	18,667
Mr. Bertrand Meheut	18,667	18,667	18,667
Mr. Doug Morris	-	-	9,334
Mr. René Pénisson	29,334	29,334	18,667
Total	**123,336**	**122,003**	**127,337**
Vesting date	04/18/11	04/17/10	04/24/09
Date of availability	04/19/13	04/19/12	04/24/11

All awards of performance shares were made below the 0.17% annual threshold as presented to the Shareholders' Meeting and represented an average of 0.04% of the share capital at grant date.

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3.3.2.4. Performance Shares that became available in 2009 (Information required pursuant to Table 7 of the AMF Recommendations)

No performance shares awarded to the members of the Management Board became available in 2009.

3.3.3. Options Exercised in 2009 by Corporate Officers (Information required pursuant to Table 5 of the AMF recommendations)

On March 12, 2009, Jean-Bernard Lévy , Chairman of the Management Board, exercised 69,350 stock options at a price of €14.10[1] per share (plan No. 2002/10).

1. Exercise price plus an additional €2 due to the commitment taken by Mr. Jean-Bernard Lévy at the time Vivendi filed its application for the consolidated profit tax system under French law at the request of the French Minister for Economy, Finance and Industry.

3.3.4. Principal Grants and Options Exercised in 2009 (Information required pursuant to Table 9 of the AMF Recommendations)

Ten principal executives and other employees of the Group, who are not directors, received an aggregate of 876,000 stock options representing 13.35% of the total number of options awarded in 2009 and 0.07% of the share capital as of December 31, 2009.

The exercise price per share underlying these stock options is €20.02.

Ten principal executives and other employees of the Group, who are not corporate officers, exercised a total of 11,395 stock options at a weighted average price per share of €15.17.

3.3.5. Conditions under which Corporate Officers Hold Shares Pursuant to the Exercise of Stock Options and Grants of Performance Shares

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Supervisory Board, at its meeting held on March 6, 2007, established rules for the members of the Management Board regarding the retention of both shares obtained from the exercise of stock options and performance shares awarded since 2007.

Members of the Management Board must keep, in a registered account, a number of shares which come from the exercise of stock options and performance shares granted since the implementation of the 2007 plan equal to 20% of the net acquisition value generated each year, if any, from the date when the options are exercised or the performance shares are sold, until the end of their term of office.

3.3.6. Conditions Specific to Vivendi

In addition, since January 1, 2007, the Supervisory Board has requested that the members of the Management Board, of the General Management and senior officers of the business units, allocate on an annual basis, the equivalent of 50% of the net gain, if applicable, resulting from the exercise of their stock options and/or the sale of their performance shares to the setting up (within a period of 5 years) of a portfolio of Vivendi shares corresponding to three years of gross compensation (fixed compensation and target bonus) for the Chairman of the Management Board, 2 years for the other members of the Management Board and 1 year for General Management and senior officers of the business units.

3.4. Trading in Company Securities

Vivendi complies with the General Regulations of the AMF and the recommendations of the AFEP and MEDEF and therefore purchase and sale transactions involving company shares or financial instruments are prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the company's share price, up to the date on which this information is made public. In addition, such transactions are also prohibited for a period of 30 calendar days preceeding and including the day of publication of the company's quarterly, half-yearly and annual consolidated financial statements.

Vivendi distributes a schedule setting out the periods during which transactions involving company shares are prohibited ("blackout periods"). This schedule also indicates that the periods mentioned do not preclude the existence of other blackout periods that may apply due to the awareness of precise market information concerning the company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the company's share price.

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Finally, pursuant to AFEP and MEDEF recommendations dated January 9, 2007, the Management Board, at its meeting held on January 24, 2007, prohibited the use of any and all derivative financial instruments as a means to hedge transactions following the exercise of stock options.

3.4.1. Transactions in Company Securities by Directors in 2009 and 2010

Pursuant to Article 223-26 of the General Regulations of the AMF, the table below sets out, as of the date of this Annual Report, transactions performed by directors involving the company's securities, which were notified to the company and to the AMF:

	Purchase			Sale		
Nom	Date	Quantity	Unit price (in euros)	Date	Quantity	Unit price (in euros)
Jean-René Fourtou *	05/25/2009	54,340	17		None	
Claude Bébéar	03/10/2010	879	19.31		None	
Maureen Chiquet	05/21/2009	2,000	19.0094		None	
	01/15/2010	1,000	21.16			
Philippe Donnet	03/03/2009	5,000	19.2524		None	
Christophe de Margerie	01/18/2010	2,500	20.04		None	
Jean-Bernard Lévy *	05/18/2009	12,912	17		None	
Philippe Capron *	05/19/2009	1,063	17		None	
Frank Esser *	05/18/2009	2,893	17		None	
Bertrand Meheut *	05/25/2009	7,721	17		None	

* Exercise of the option for the payment of the 2008 dividend in shares.

3.5. Compliance Program

The objective of the Compliance Program is to make employees aware of their professional responsibilities and to provide them with a guide to which they can refer and that will assist them in determining the most appropriate conduct.

It establishes rules of conduct based on general principles of international law (OECD, ILO and European law) as well as prevailing legislation in various countries (mainly France and the United States).

It sets forth the general ethical rules applicable within the Group. These general rules are applied in each operational business unit and are adapted to both local legislation and business activities as required.

At its meeting held on March 16, 2004, the Board of Directors of Vivendi, upon recommendation of its Audit Committee, adopted a Financial Code of Ethics. This code was maintained following the company's change of organizational structure. It applies to the senior executives of Vivendi SA responsible for communications and financial and accounting reports.

The legal department of the company and Compliance Officers of the business units work to ensure the overall consistency by coordinating with the General Counsel's office. An annual progress report is prepared and presented to the Audit Committee, which then reports to the Supervisory Board.

3.5.1. Reasons for the Program

The Compliance Program addresses the following main issues:

- the new national and international standards under which companies must report on how they comply with their economic and social responsibilities; and
- the introduction of new rating criteria aimed at assessing the policies that companies have set up to assume this responsibility.

3.5.2. Objectives

The Compliance Program has two major purposes:

- to raise the awareness of the Group's employees and to provide them with a reference tool which gives them guidance, as necessary, in determining appropriate courses of action; and
- to reduce the risks of triggering civil and criminal liability by both the Group's employees and companies.

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3.6. Financial Information and Communication Procedures Committee

This Committee, set up in 2002, is responsible for the regular assessment of the company's procedures for preparing and publishing financial data and for reviewing financial information which is published quarterly.

3.6.1. Composition

The Committee Members are appointed by the Chairman of the Management Board. At a minimum, the Committee is comprised of those Vivendi executives holding the following positions:

- the General Counsel (Chairman of the Committee);
- the Group's Chief Financial Officer, member of the Management Board;
- the Executive Vice President, Communications;
- the Deputy Chief Financial Officers;
- the Senior Vice President, Audit and Special Projects;
- the Executive Vice President, Investor Relations; and
- the Senior Vice President, Head of the Legal Department.

Members of the Committee may appoint additional members as their substitutes, who are executives from the aforementioned departments. The Committee is currently comprised of 15 regular attendees.

3.6.2. Powers

The Committee assists the Chairman of the Management Board and the Group's Chief Financial Officer in ensuring that Vivendi fulfills its disclosure requirements with respect to investors, the public and the regulatory and market authorities, in particular the *Autorité des Marchés Financiers* (AMF) and Euronext Paris in France.

In carrying out its purpose and objectives, the Committee ensures that Vivendi has set up adequate controls and procedures so that:

- any financial information that must be disclosed to investors, the public or the regulatory authorities is reported within the deadlines stipulated by applicable laws and regulations;
- all corporate communications are subject to appropriate verification in accordance with the procedures set up by the Committee;
- all information requiring a release to investors and/or appearing in the documents recorded or filed with any regulatory authority is communicated to the company's senior management, including the Chairman of the Management Board and the Group's Chief Financial Officer, prior to release so that decisions regarding such information can be made in a timely manner;
- oversight is provided in order to assess Vivendi's procedures and those of the business units for controlling information as well as over internal control procedures, under the supervision of the Chairman of the Management Board and the Group's Chief Financial Officer;
- the Chairman of the Management Board and the Group's Chief Financial Officer are advised of any significant procedural problems about which the Committee should be informed and which are likely to affect Vivendi's procedures for controlling information and its internal control procedures. The Committee issues recommendations, where necessary, for changes to be made to these controls and procedures. The Committee monitors the implementation of changes approved by the Chairman of the Management Board and the Group's Chief Financial Officer; and
- more generally, the Chairman of the Management Board and the Group's Chief Financial Officer are assured that they will receive all information they may request.

3.6.3. 2009 Proceedings

The Committee meets at the request of the Chairman of the Management Board, the Chief Financial Officer, the Committee Chairman or of one of its members. Meetings are held at least every quarter in accordance with the schedule for releasing financial information on the Group's results and before each Audit Committee meeting.

The Committee met ten times in 2009. Its proceedings primarily involved the review of:

- the annual and half-year certification letters signed by the Chairman and Chief Financial Officer of each of the Group's business units;
- progress questionnaires for assessing internal controls within the Business Units;
- the financial information published in the annual, half-year and quarterly financial reports and published in the Annual Report;
- the Sustainable Development report; and
- the business report and the environmental and employee data report.

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Deliberations are not limited to matters on the meeting agendas.

The Committee reports to the Chairman of the Management Board and to the Audit Committee, as necessary.

3.7. Risks Committee

The Risks Committee was set up in January 2007. Its purpose is to make recommendations or issue opinions to the Management Board in the following areas:

- the identification and assessment of potential risks that may arise from operations performed within the Vivendi group;
- the review of the adequacy of risk coverage and the level of residual risk;
- the formulation of recommendations with a view to improving risk coverage;
- the review of insurance programs; and
- the list of risk factors and forward-looking statements as disclosed in the documents published by the Company.

3.7.1. Composition

The Committee is chaired by the Chairman of Vivendi's Management Board. It is comprised of at least four members in addition to its Chairman, including:

- the Chief Financial Officer;
- the General Counsel; and
- the Director of Internal Audit and Special Projects.

3.7.2. Powers

The Committee aims to promote the exchange of best practices within the Group within the area of risk prevention and management and to provide support to subsidiaries in their ongoing efforts to improve risk management. This objective is dependent upon designated contacts within the business units who are responsible for implementing the risk prevention policy and for monitoring the progress of preventive or corrective action plans.

The Risks Committee passes on its principal conclusions and recommendations to the Audit Committee of Vivendi's Supervisory Board.

3.7.3. 2009 Proceedings

The Risks Committee met four times in 2009 and once during the first quarter of 2010. Its works primarily focused on:

- The plan for monitoring and preventing the possible risk to health associated with the use of cellular phones;
- Managing the risk of unpaid bills in each of the business units during an economic slowdown;
- A review of the risk mapping for Universal Music Group and Activision Blizzard;
- A review of the action plans to secure personal data protection systems at SFR, Canal+ Group, and Maroc Telecom;
- The measures for preventing and managing the risk of fraud;
- Re-reading the risks factors section in the *Document de Référence*.

3.8. General Management

Chairman of the Management Board, Chairman of Activision Blizzard and Chairman of GVT Holding SA	Jean-Bernard Lévy
Member of the Management Board and Chief Financial Officer	Philippe Capron
Executive Vice President, General Counsel and Secretary of the Management and Supervisory Boards	Jean-François Dubos
Senior Executive Vice President, Human Resources	Stéphane Roussel
Senior Executive Vice President, Strategy and Development	Régis Turrini
Executive Vice President, Communications and Sustainable Development	Simon Gillham

Section 4 Report of the Chairman of the Supervisory Board of Vivendi on the Preparation and Organization of the Work of the Supervisory Board and on Internal Control and Risk Management Procedures – Fiscal Year ended December 31, 2009

This report will be presented to the shareholders of Vivendi at the Ordinary Shareholders' Meeting to be held on April 29, 2010, in accordance with Article L.225-68 of the French Commercial Code and the joint recommendations of the AFEP and the MEDEF as published in the Corporate Governance Code for listed companies of December 2008. This report was prepared with the assistance of General Management, the General Counsel's office and the Internal Audit and Special Projects Department. The report was reviewed by the Audit Committee prior to its approval by the Supervisory Board on February 25, 2010.

Since 2005, Vivendi has been operating as a French corporation (*société anonyme*) with a dual board structure made up of a Management Board and a Supervisory Board. As a result, the functions of management and control are segregated, allowing the principal officers of the company's business units to be fully incorporated into the Group's administration and management.

The Consolidated Code of AFEP and MEDEF recommendations constitutes the corporate governance code to which Vivendi voluntarily adheres to in its preparation of this report.

In addition, throughout the year, as part of rigorous internal review procedures implemented by the company's Management Committees, the Group's principal business units present the following to their respective management teams: an analysis of their operational and strategic positioning; their target figures as established during the preparation and actualization of the budgets and their action plans and topics of significant interest.

The Supervisory Board resolved to apply all the AFEP and MEDEF recommendations regarding the compensation for directors and corporate officers of listed companies, following the proposal of the Corporate Governance and Nominating Committee and the Human Resources Committee. The majority of these recommendations had been largely anticipated and had already been applied by Vivendi.

4.1. Conditions Governing the Preparation and Organization of the Work of the Supervisory Board – Corporate Governance

The Supervisory Board is currently comprised of eleven members, nine of them independent. Three of its members are non-French nationals, two are citizens of European Union member states other than France and the other is an American citizen. Detailed information on each member of the Supervisory Board is presented in Chapter 3, section 3 of the Annual Report.

The Supervisory Board's Internal Regulations define the rules that are applicable to the composition of the Supervisory Board, its role and authority as well as its relationships with the Management Board and its Chairman. These Internal Regulations satisfy and exceed both the most recent national and European standards for corporate governance.

In addition to the powers conferred to the Supervisory Board by law, the Supervisory Board reviews and approves the following matters before they can be implemented: material transactions, the company's strategic plans, acquisitions and divestitures of holdings and assets in amounts which are likely to alter the company's balance sheet structure and, in any event, all transactions where the relevant amounts are equal to, or greater than, €300 million, as well as internal restructuring transactions that may have an impact on the organization of the Group's operations. The Supervisory Board reviews and approves standard bond issues in excess of €500 million as well as the issues of sureties, endorsements and guarantees in favor of third parties for amounts in excess of €100 million per commitment, or where the total amount of sureties, endorsements and guarantees exceeds an annual cap of €1 billion.

Vivendi's Supervisory Board met ten times during 2009 (compared with six times in 2008) and the average attendance rate at its meetings was 89%.

The Supervisory Board has set up four committees: the Audit Committee (which held three meetings in 2009), the Strategy Committee (which held two meetings in 2009, one of them a three-day seminar), the Human Resources Committee (which held three meetings in 2009) and the Corporate Governance and Nominating Committee (which held two meetings in 2009). A summary of the work performed in 2009 by the Supervisory Board and its committees is presented in Chapter 3, section 3, of the Annual Report.

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4.1.1. Information Provided to the Supervisory Board

Members of the Supervisory Board receive all appropriate information and necessary documents required for them to perform their duties and responsibilities and prepare their deliberations. Prior to any meeting, they may obtain any additional documents that they consider useful. The Supervisory Board is kept informed of all significant events or transactions concerning the company by the Management Board or its Chairman on an ongoing basis and by the use of any means necessary.

Members of the Supervisory Board have access to the members of the Management Board as well as the principal senior managers of the company, following notice given to the Chairmen of the Supervisory and Management Boards.

The Management Board presents a quarterly business report to the Supervisory Board on the following matters: key financial data; business unit activities (financial results, commercial and operational performance, significant events and follow-up of risks factors); strategy and development of the Group's operations; major disputes and litigation concerning the Group and its business units; human resources matters; and communication, investor relations and internal audit matters. In 2009, the Management Board met 18 times, with an attendance rate of 99%. A description of the work performed by the Management Board in 2009 is presented in Section 3.1.2.9. of the Annual Report.

4.1.2. Collective Nature of the Supervisory Board's Deliberations – Confidentiality of Information – Dealing in Company Securities

The Supervisory Board is a collective body; its deliberations bind all of its members.

Members of the Supervisory Board and any person attending Supervisory Board meetings are bound by strict obligations of confidentiality and discretion with respect to any information disclosed to them by the company in connection with the Board and Committee deliberations which is of a confidential nature or which is presented as such by either the Chairman of the Supervisory Board or the Chairman of the Management Board.

Vivendi complies with the provisions of the General Regulations of the Autorité des Marchés Financiers ("AMF") and the AFEP and MEDEF recommendations relating to dealings in the company's securities or financial instruments. Such transactions are prohibited during the period from the date on which the members of the Supervisory Board or of the Management Board become aware of specific market information concerning the business of the company or its prospects which, if made public, would be likely to have a material effect on the share price, up to the date on which this information is made public. Similarly, such transactions are prohibited during the 30 calendar days up to and including the publication date of the quarterly, half-year and annual results of the company. Finally, hedging transactions involving the purchase/short sale of shares or any other derivative instruments or other option mechanisms are prohibited.

4.1.3. Assessment of the Supervisory Board's Performance

Pursuant to its Internal Regulations and at the initiative of the Corporate Governance and Nominating Committee, the Supervisory Board carries out a formal assessment of its own performance at least once every three years. The assessment process requires members of the Supervisory Board to complete a questionnaire and attend a one-on-one interview with the General Counsel. A formal assessment was performed in January 2009 and a summary of its findings was presented to both the Corporate Governance and Nominating Committee and the Supervisory Board meetings held on February 26, 2009. The assessment found the performance of the Supervisory Board and decision-making practices within the company satisfactory and consistent with French and international corporate governance best practices. A small number of additional provisions were implemented in order to improve the quality of the Supervisory Board's work.

At its meeting held on February 25, 2010, the Supervisory Board dedicated an item of its agenda to the annual discussion of its functioning and of the Management Board's performance.

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4.1.4. Determination of Compensation and Benefits Granted to Members of the Management Board

Compensation of members of the Management Board and of the principal senior managers of the company is set by the Supervisory Board based on input received from the Human Resources Committee. In this context, the Human Resources Committee relies on comparative studies carried out by external and independent advisers that take into account the compensation of company officers in a range of French, European and international companies which operate in business sectors identical or similar to those of Vivendi and its subsidiaries. The compensation of Management Board members is comprised of a fixed and a variable component which is subject to the satisfaction of certain performance conditions.

For 2009, following a recommendation of the Human Resources Committee at its meeting held on February 25, 2009, the Supervisory Board on February 26, 2009 set the variable component of compensation on the following criteria: (1) for corporate officers and executives at the corporate offices: (a) financial objectives (68%) linked to both adjusted net income attributable to equity holders of the parent (43%) and cash flows from operations (25%) and (b) achievement of general management's priority objectives (32%), and (2) for corporate officers (including the subsidiaries' chairmen or executives): (a) group financial objectives (15%), (b) the financial objectives for their entity (60%) and (c) priority objectives for their subsidiary (25%). A detailed description of the individual compensation received by each member of the Management Board is presented in Chapter 3, section 3.2.2.3 of this Annual Report.

For 2010, following a recommendation of the Human Resources Committee at its meeting of February 24, 2010, the Supervisory Board, at its meeting held on February 25, 2010 resolved that the criteria for determining the variable component of the compensation for the members of the Management Board, corporate officers and executives of the subsidiaries should remain unchanged. The financial objectives based on the adjusted net income were increased. In addition, as presented to the Shareholders' Meeting held on April 30, 2009, the Supervisory Board resolved to introduce an additional criteria based on sustainable development and social responsibility, when determining the priority objectives for both the officers and executives of the corporate offices and corporate officers and executives of the subsidiaries.

The Management Board and the Supervisory Board at their meetings held on February 24, 2009 and February 26, 2009, respectively, approved a stock option plan with performance conditions consisting of 6.5 million shares (i.e., 0.56% of the company's share capital) and an award of 567,001 performance shares (i.e., 0.05% of the company's share capital). In 2009, 1.24 million options (i.e.,18.90% of the total amount granted and 0.105% of the company's share capital) and 123,336 performance shares (i.e., 21.75% of the total amount granted and 0.01% of the share capital) were granted to members of the Management Board. The Chairman of the Management Board was awarded 360,000 options, including 180,000 options which are subject to performance conditions (i.e., 5.70% of the total amount granted) and 30,000 performance shares (i.e., 5.49% of the total amount granted).

As in previous years, the maximum percentage of stock options and performance shares to be granted to the Chairman of the Management Board is limited to 7.5% of the total amount granted and to 25% for the Management Board (including the Chairman). The acquisition of performance shares and stock options is subject to the satisfaction of performance conditions which have been including, since 2009, an external indicator in accordance with the AFEP and MEDEF recommendations. These performance conditions are broken down as follows: adjusted net income (50%), cash flow from operations (30%) and the performance of Vivendi shares compared to three trading indices – DJ Stoxx Media, DJ Stoxx Telco and CAC 40 (20%).

The objectives which underpin the performance conditions are proposed by the Human Resources Committee and determined by the Supervisory Board. The satisfaction of the objectives is reviewed over two years for performance shares and over one year for the stock options.

A breakdown of the awards of stock options and performance shares is provided in Chapter 3, sections 3.3.1 and 3.3.2 of this Annual Report.

Members of the Management Board benefit from retirement plans which the company implemented and were approved by the Combined General Shareholders' Meeting of April 20, 2006 (see Chapter 3, section 3.2.3 of this Annual Report).

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The information regarding deferred compensation and pension benefits is included in Note 25.1 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009.

In accordance with the AFEP and MEDEF recommendations of October 2008 regarding compensation for directors and corporate officers of listed companies and upon the joint proposal of the Human Resources and Corporate Governance and Nominating Committees, the Supervisory Board, at its meeting held on February 26, 2009, reviewed the position of Mr. Jean-Bernard Lévy, Chairman of the Management Board, who waived his suspended employment contract.

The Shareholders' Meeting held on April 30, 2009, in its sixth resolution, approved a severance compensation to Mr. Jean-Bernard Lévy upon termination of his term of office, save in the case of serious misconduct and subject to certain performance conditions, in accordance with the AFEP and MEDEF recommendations. The other members of the Management Board are not entitled to severance compensation.

This compensation would be based on an increase formula linked to his seniority and would amount to six months' pay plus one additional month's pay for each year of service within the Group after 2002. It would be subject to the satisfaction of the following minimum performance conditions: the compensation would not be payable if the Group's financial results (adjusted net income and cash flow from operations) were less than 2/3 of the Group's budget for two consecutive years and if the performance of Vivendi shares were lower than 2/3 of the average performance of a composite index (1/3 CAC 40, 1/3 DJ Stoxx Telco and 1/3 DJ Stoxx Media) for two consecutive years. Compensation would not be payable if Mr. Jean-Bernard Lévy were to leave the company after the age of 62 years, at which time he would be entitled to assert his pension rights, or if he decided, on his own initiative, to leave the company. By definition, the compensation to be paid would equal to 21 months or less.

In the event the above conditions regarding his departure are met (thereby entitling him to compensation), his rights to stock options and performance shares not vested on the date of his departure would be maintained, subject to the satisfaction of the relevant performance conditions and to the relevant plan's rules with respect to the conditions governing their acquisition and exercise.

4.1.5. Holding Periods for Shares Obtained upon the Exercise of Stock Options and for Performance Shares held by Board Members and Corporate Officers

Pursuant to Articles L. 225-185 and L. 225-197-1 of the French Commercial Code, the Supervisory Board, at its meeting held on March 6, 2007, established the following rules for members of the Management Board relating to the holding period for both shares obtained upon the exercise of stock options and performance shares awarded since 2007.

Members of the Management Board must keep, in a registered account, a number of shares which come from the exercise of stock options and performance shares granted since the implementation of the 2007 plans, equal to 20% of the net gain, if any, resulting from the exercise of stock options or sale of performance shares, until the end of their term of office.

In addition, effective from January 1, 2007, members of the Management Board, of the General Management and senior officers of the main business units must allocate, on an annual basis, the equivalent of 50% of the net acquisition value generated each year, if any, resulting from the exercise of their stock options and/or the sale of their performance shares, to the setting within a period of 5 years of a portfolio of Vivendi shares corresponding to 3 years of gross compensation (fixed compensation and target bonus) for the Chairman of the Management Board, 2 years of gross compensation for the other members of the Management Board and 1 year for members of General Management and the senior officers of the main business units.

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4.1.6. Terms and Conditions Governing Shareholders' Attendance at General Meetings

Pursuant to Articles 16 and 17 of Vivendi's by-laws, any shareholder, regardless of the number of shares he or she owns, upon proving his or her identity and status as a shareholder, is entitled to participate in general shareholders' meetings provided that such shareholder has registered his or her ownership of the shares by midnight (Paris time) of the third business day preceding each general shareholders' meeting.

Registration in the bearer share registration books is maintained and authenticated by the authorized financial intermediary who issues a certificate of participation in accordance with legal and regulatory provisions.

Each shareholder has one vote for each share he owns either or is representing at all shareholders' meetings.

4.2. Internal Control and Risk Management Procedures

Vivendi strives to maintain the highest standards of internal control and financial disclosure. To this end, the Financial Information and Communication Procedures Committee meets on a regular basis. A Risks Committee chaired by the Chairman of the Management Board is responsible for strengthening management and risk prevention measures within the Group.

4.2.1. Definition and Objectives of Internal Control

The company views internal control as a set of procedures established by Vivendi's Management Board and implemented by its employees in order to ensure that the following objectives are achieved:

- the implementation of the guidelines and strategies established by the Management Board;
- compliance with laws, regulations and the Group's corporate values;
- the prevention and control of operational and financial risks as well as the risks of fraud and error;
- the optimization of internal processes in order to ensure the effectiveness of operations and the efficient use of resources; and
- the correctness and accuracy of accounting and financial disclosure information as well as management information.

In order to achieve each of these objectives, Vivendi has set out and implemented general principles of internal control based to a large degree on the framework established by the report of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") published in 1992, the reference framework of internal control process and the recommendations published by the *Autorité des Marchés Financiers* ("AMF").

These principles are based upon:

- a policy that contributes to the development of a culture of internal control and integrity principles;
- the identification and analysis of risk factors that may adversely impact the achievement of the Group's objectives;
- a system to support the implementation of the goals set by the Management Board;
- the periodic review of control measures and the continuing search for areas of improvement; and
- the process of distributing information relating to internal control.

However, as with any system of control, these principles, when applied, may not provide an absolute guarantee that all risks will be fully eliminated or controlled.

4.2.2. Scope of Internal Control

Vivendi is organized into six business units (Activision Blizzard, Universal Music Group, SFR, Maroc Telecom, GVT and Groupe Canal+) and holding activities. Each of them must implement the strategies determined by the Management Board, including objectives in the field of internal control. Each entity has a set of tailored internal control measures which include both the implementation of the Group's procedures and the definition and implementation of procedures specific to each of the business units according to its organization, culture, identified risk factors and operational specificities. As the parent company, Vivendi ensures that such internal control measures exist and are adequate, in particular with respect to the accounting and financial procedures applied by the entities of the Group that are fully consolidated.

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On November 13, 2009, GVT, a Brazilian company whose shares are listed on the Sao Paulo stock market, entered into the Group's scope of internal control. It has its own internal control system and is progressively adopting Vivendi's key processes.

Activision Blizzard, a US company whose shares are listed on the NASDAQ, also has its own internal control system.

4.2.3. Internal Control Components

4.2.3.1. Control Environment

Rules of conduct and ethics applicable to all employees

Vivendi ensures that all aspects of its corporate responsibility are taken into account. Vivendi has therefore adopted a charter of the Group's values which notably includes consumer focus, creativity, ethics and social responsibility.

It has also established a Compliance Program which contains general rules of ethics applicable to all the employees of the Group regardless of their seniority and position. These rules, available at www.vivendi.com, cover the following areas: employees' rights, integrity and protection of information, prevention of conflicts of interest, commercial and financial ethics, protection of the Group's assets and resources and respect of the environment.

The benefits of the Compliance Program are two-fold:

- raising the awareness of group's employees and to provide them with a reference tool which gives them guidance in determining appropriate courses of action; and
- reducing the risks of triggering civil and criminal liability by group employees and companies.

The implementation of the Compliance Program addresses:

- the new national and international standards requiring companies to report on how they are assuming their economic and social responsibilities; and
- the emergence of new rating criteria to assess the policies implemented by companies to assume these responsibilities.

The program established rules of behavior based on the general principles of international law (OECD, ILO and European Community law) and national law (particularly French and Anglo Saxon).

These general rules are applied downstream, by each business unit, in all territories where the Group is present, in order to incorporate the specificities of the subsidiaries' activities as well as the particularities of local laws. In this way, each business unit has established an additional code of ethics.

The consistency of the whole program is ensured by the legal teams and Compliance Officers of the principal business units, which is coordinated by the headquarters' General Counsel. An annual activity report prepared by Vivendi's General Counsel is sent to the Audit Committee which reports it to the Supervisory Board.

In 2009, after the update of its data protection and privacy charter in 2008, Vivendi distributed the Guide to Good Practice regarding the protection of sensitive information to the Group's chief financial officers and general counsels. This guide contains the principles to be followed by each of its business units in any country in which they operate. It must be followed by any person having access to the Vivendi or the business units' information systems or the use of their data.

Responsibilities and commitments of the General Management of each business unit

The Chairman and Chief Financial Officer of each business unit sign a representation letter every six months certifying compliance with internal control procedures relating to the preparation of financial statements and financial, industry-based and operational information items in order to insure the accuracy, integrity and reliability of financial disclosures.

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Rules on market ethics
On the proposal of the Audit Committee, Vivendi has established a code of financial ethics which was maintained after the change in the company's management structure and which applies to the members of Vivendi's senior management responsible for communication and for the preparation of financial and accounting information.
Blackout periods are the subject of reminders sent via email to insiders who regularly or occasionally hold privileged information.

Delegation of powers
The delegation of operational powers, whether on a single occasion or on a recurring basis, is one of the responsibilities of the General Management of Vivendi and of the General Management of each of its business units. These delegated powers are updated and formalized on a regular basis according to the evolving role and responsibilities of the relevant delegate.

Resources dedicated to the definition of internal control procedures
Vivendi and each of its business units have set up a team in charge of establishing internal control procedures.

4.2.3.2. Risk Monitoring and Management

Vivendi's Risks Committee is in charge of identifying and managing risks likely to affect the achievement of the Group's objectives. This Committee is chaired by the Chairman of the Management Board and comprises the Chief Financial Officer, General Counsel and the Director of Internal Audit as permanent members. The business units are invited to attend meetings depending on the agenda. The Committee provides its principal conclusions and recommendations to the Audit Committee of the Supervisory Board at each of its meetings.

The Risks Committee is responsible for making recommendations to the Management Board in the following areas:
- the identification and assessment of risks that may arise from the conduct of operations within the Vivendi group, including risks relating to tax, employment and environmental matters, risks in terms of compliance with laws and regulations, risks relating to ethics, competition and conflicts of interest and risks associated with the security of information systems;
- the review of the adequacy of risk coverage and the level of residual risk;
- the review of insurable risks and of insurance programs; and
- the list of risk factors and forward-looking statements as publicly disclosed by the Group.

The assessment of the risks at the Group level is based on a qualitative and quantitative approach taking into account its contribution to the Group's principal financial benchmarks.

The Risks Committee met four times in 2009 and, as of the date of this Annual Report, once during the first quarter of 2010. The main topics addressed were:
- the plan for monitoring and preventing the possible risk to health associated with the use of cellular phones;
- managing the risk of unpaid bills in each of the business units during an economic slowdown;
- a review of the risk mapping for Universal Music Group and Activision Blizzard;
- a review of the action plans to secure personal data protection systems at SFR, Canal+ Group, and Maroc Telecom;
- the measures for preventing and managing the risks of fraud; and
- the risk factors.

The major risks faced by the company are described in Chapter 2 of this Annual Report, in the risk factors section, and in Note 24 of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009 relating to risk management and financial derivative instruments.

Operational risks are primarily managed by the business units which implement risk management procedures that are adapted to fit their specific operations (e.g., risks associated with the infringement of intellectual property rights for the music business; risks associated with piracy and counterfeiting for the film and music businesses).

The General Counsel's office provides for the prevention and management of risks related to ethics, competition and conflicts of interest.

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The management of financial risks (liquidity, interest and exchange rates) is monitored by Vivendi's Finance and Treasury Department through a centralized organization at the corporate headquarters.

Coverage of insurable risks (damage and operating losses from a disaster, third-party liabilities) is monitored by the Risk Management Department of Vivendi in collaboration with the Finance and Legal Departments. Current insurance programs are described in Chapter 2 of this Annual Report.

The Risks Committee promotes the exchange of best practices within the Group in the areas of risk prevention and management and supports business units through their on-going improvement efforts.

In 2009, all the documentation presented to the Risks Committee was also presented to the Statutory Auditors of the company. In addition, the Statutory Auditors receive, at each meeting of the Audit Committee, the report of the work performed by the Risks Committee.

4.2.3.3. Control Activities

Control activities are primarily carried out by the functional and operational management teams in accordance with existing reference procedures.

The following bodies ensure the monitoring of internal control measures that are implemented under the responsibility of Vivendi's Management Board.

The Audit Committee

The Audit Committee is comprised of independent members of the Supervisory Board. Within the powers conferred to it, the Audit Committee prepares the decisions of the Supervisory Board and provides recommendations or issues opinions to it on a range of different matters, including:

- the review of the annual and half-year consolidated financial reports and the annual unconsolidated financial statements of the company, prepared by the Management Board;
- the monitoring of the company's cash and alerting the board to potential issues relating thereto;
- the accounting standards, the company's scope of consolidation, its risks and off-balance sheet commitments;
- the monitoring of the consistency and effectiveness of internal control measures, the review of this Report;
- the review of material internal control weaknesses and, when applicable, the review of corruption cases;
- the review of ethics and competition compliance;
- the annual review of the Compliance Program, the proposal of any measure likely to improve its effectiveness, and, if necessary, the formulation of an opinion on its review;
- the review of the assessment and coverage of operational and financial risks, and of insurance programs; and
- the appointment of external auditors and fees to be paid to them.

The Committee's Chairman systematically submits a report to the Supervisory Board of Vivendi.

Vivendi chairs the Audit Committees of the following subsidiaries: SFR, Maroc Telecom and Canal+ France and participates, subject to the agenda, in meetings of Activision Blizzard's Audit Committee.

Vivendi's Audit Committee met three times in 2009. These meetings included the review of the annual and half-year financial reports and the consolidated financial statements for 2008 and the first half of 2009 and information to be included in the financial statements for the third quarter of 2009, the report of the Chairman of the Supervisory Board on the preparation and organization of the work of the Supervisory Board and on internal control procedures, the work performed by the Statutory Auditors and their budget, the additional services provided by the auditors, the annual Compliance Program report, the main changes in the Group's commitments, the analysis of the Return On Capital Employed (ROCE) of each business unit, major legal proceedings, the ex-post review of the *Document de Référence* for the fiscal year 2008 performed by the AMF, the internal audit report and the 2010 annual audit plan as well as the Risks Committee's activities.

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The Internal Audit and Special Projects Department

The Internal Audit and Special Projects Department (made up of 14 auditors for financial audit and external auditors for IT audits) reports to the Chairman of the Management Board and is responsible for assessing, in an independent manner, the quality of internal controls at every level of the organization. Its operations are governed by a Charter approved by the Audit Committee.

The Internal Audit Department of SFR (9 Auditors), Canal+ France (5 auditors), Activision Blizzard (3 auditors) and Maroc Telecom's Financial Audit Department (9 Auditors) currently reinforce the resources dedicated to internal control at the business units level. GVT which has its own internal audit team (3 auditors) will adopt the Group's process in 2010. The annual audit plan approved by the Management Board indicates that approximately 30% of the audit projects are expected to be performed jointly by the business units audit teams and the Vivendi audit team.

The Internal Audit Department is responsible for performing an independent assessment of the effectiveness of the internal control processes, based on an annual audit plan which is approved by the Management Board, the Finance department and the office of the General Counsel of the Group and presented to the Audit Committee. This plan is developed from both an independent analysis of the operational, IT and financial risks of each business unit and the consultation with the General Management of each entity. Reports on the audit work carried out are communicated to Vivendi's General Management, and to operational and functional management and their superiors. A summary of these reports is presented at each Audit Committee meeting along with any observations made by the Group's external auditors. Follow-up audits are generally performed within twelve months in order to ensure that recommended action plans and agreed corrective measures have been implemented. A quarterly report is presented to the Management Board and the Supervisory Board.

In connection with its activities, the Group may encounter cases of fraud which are systematically reported to the Audit Committee and which may be the subject of special investigations and of penalties where applicable.

Self-assessment questionnaires

A self-assessment questionnaire on internal control containing approximately 40 questions and dealing with the five main components of internal control as defined by the COSO report published in 1992 was sent jointly by the General Counsel 's office and the Financial Department. This questionnaire covers the following topics:

- ethics and human resources: the existence and dissemination of a specific code of ethics, reference checking procedures upon hiring, procedures for granting exceptions to the Compliance Program, measures for protecting personal data;
- financial reporting: the dissemination of group procedures, particularly accounting procedures and the systematic referral to the Vivendi financial consolidation and reporting team of specific accounting adjustments;
- organizational: the regular update of powers of attorney and the review of the principles of separation of tasks, procedures for the assessment and monitoring of risks of the business lines and the existence and update of a backup and continuity plan;
- information technologies: computer security procedures and regular data backup; and
- control and monitoring activities: description of the resources allocated to internal control, closing accounts and budget monitoring.

No major action plan has been reported. A number of initiatives have been prioritized, such as facilitating the integration of entities joining the Group during the fiscal year, the reinforcing of the audit objectives in the African subsidiaries, achieving objectives relating to the quality of service and convergence of systems and offers, implementing a procedure for reporting cases of fraud, and improving expense approval processes.

Answers to these questionnaires are reviewed by the Group's Financial Information and Communication Procedures Committee. The documentation containing the answers to the questionnaires and the conclusions relating thereto are also reviewed by the business units' external auditors.

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Financial Information and Communication Procedures Committee

This Committee assists the Chairman of the Management Board and the Chief Financial Officer in their task of ensuring that Vivendi fulfills its obligations with regard to the disclosure of information to investors, the public and the regulatory and market authorities in France. It is chaired by the General Counsel and is comprised of representatives from the company's operational departments. Ten meetings of this committee were held in 2009.

The disclosure of information within the scope of the Committees work includes documents containing periodic information distributed to investors and to financial markets in compliance with French financial market regulations, press releases related to the quarterly financial results and documents used in presentations to investors and financial analysts.

4.2.3.4. Information and Communication

The Group's values, the Compliance Program and the data protection and privacy charter are accessible to employees and the public at www.vivendi.com.

Group procedures to assist with the preparation of financial and accounting information are updated at least once a year, and are available in French and English on the Group's intranet site. These procedures, which must be applied by each of the Group's business units and holding companies, include: the IFRS accounting principles and chart of accounts of the Vivendi group; the principles and procedures applicable to treasury transactions (banking relationships, foreign exchange, finance and investment); the procedures applicable to investment transactions, sales of assets, short and long-term financing transactions and the monitoring of disputes; the monitoring of sureties, endorsements and guarantees; and the rules relating to advance approval for non-audit engagements to be performed by the Statutory Auditors of the company.

The IFRS (International Financial Reporting Standards) and the IFRIC (International Financial Reporting Interpretations Committee) interpretations adopted by the European Union with a mandatory application as of December 31, 2009 and training materials relating to the application of IFRS standards within the Group are available online and accessible to all employees.

The General Counsel, as Chairman of the Financial Information and Communication Procedures Committee, together with the Group's Chief Financial Officer regularly inform the finance directors and teams in charge of the internal control procedures about the principal steps of the Group's methodology and the objectives expected to be achieved in the area of internal control. Awareness campaigns are also organized by the General Management and the Finance Departments of certain business units.

4.2.3.5. Internal Control Monitoring

One of the responsibilities of Vivendi's Management Board, the General Management of Vivendi and the General Management of each of the six business units is to monitor internal control processes.

The policy of formalizing and assessing internal control is implemented by dedicated teams within each business unit. These teams report on the progress made and any actions planned by the business units to a steering committee which in turn reports to the General Management of each business unit.

The work performed by the external auditors regarding the review and assessment of internal control is summarized in a detailed presentation to the General Management of the business units concerned. A summary of their conclusions is presented to Vivendi's Audit Committee.

Section 4

Report of the Chairman of the Supervisory Board of Vivendi on the Preparation and Organization of the Work of the Supervisory Board and on Internal Control and Risk Management Procedures – Fiscal Year ended December 31, 2009

4.2.4. Key Processes for Financial and Accounting Information

The processes listed below help reinforce internal controls concerning the treatment of financial and accounting information disclosed by Vivendi. The provisions of a guide on applying internal control procedures in relation to financial disclosures contained in internal control reference materials published by the AMF were taken into account during the update of these procedures.

- *Consolidation and financial reports:* the consolidated financial statements of the Group and its financial reporting are prepared in accordance with international accounting standards (IFRS) based on accounting data prepared under the responsibility of management for each business unit. The IFRS standards and the IFRIC interpretations used are those adopted by the European Union with a mandatory application as of December 31, 2009. The main topics addressed in the financial report must comply with specific requirements. These requirements include, in particular, an impairment test on assets held by the company during the fourth quarter of each fiscal year, an assessment of the liquidity risk, the valuation of employee benefits, duties and taxes (see below) and off-balance sheet commitments. The consolidated financial statements are closed by the Management Board quarterly. The annual and half-year financial statements are reviewed by the Supervisory Board, in reliance on the observations of the Audit Committee. The Group's consolidated financial statements are published quarterly. They are subject to an annual audit and limited semi-annual reviews by the Group's Statutory Auditors, as required by law.

- *Budget and management control:* every year, each business unit must present its strategy and its annual budget for the following year to the Group's General Management. Following approval by Vivendi's Management Board, a summary is then presented to the Supervisory Board. Quantitative and qualitative targets used as a basis to assess performance are then set for each business unit's management in the context of priority actions which are monitored on a monthly basis and checked annually. These budgets are reviewed each month and updated three times a year and are subject to a specific reporting process.

- *Investments/divestments:* all investment and divestment transactions exceeding €15 million must receive prior approval from the Investment Committee chaired by the Chairman of the Management Board. This procedure applies to all capital transactions (including the acquisition of equity stakes and the launch of new businesses) and to any other financial commitment (including the purchase of rights and property contracts) that was not provided for in the annual budget. The Investment Committee meets as often as necessary. The analysis, documents and reports are prepared by the Group's Strategy and Development Department. Any transaction involving amounts greater than €100 million and €300 million must receive prior approval of the Management Board and the Supervisory Board, respectively, pursuant to their Internal Regulations. In the case of Activision Blizzard, whose rules of governance are defined in its by-laws, any investment decision involving a sum greater than US$30 million not provided for in the budget must be approved by its Management Board, consisting of a majority of members appointed by Vivendi.

- *Follow-up of investment transactions:* in connection with the regular follow-up of value creation, Vivendi's Management Board strengthened the process of reviewing the "ex post" integration of investment operations, supplementing the existing budgetary reviews and quarterly financial reporting. The analysis aims to validate the implementation of controls and initiatives as well as the actual financial performance pursuant to the business plan which was approved for the acquisition. It takes into account both the progressive integration of companies acquired by the business units and the impact of changing market conditions and competition following the acquisition date. Conclusions are reviewed by Vivendi's Internal Audit Department and presented to Vivendi's General Management and, for major issues, to the Management Board.

- *Monitoring of financial commitments:* as part of the financial reporting process, the business units compile – four times a year – an inventory of the commitments given and received. These commitments are presented by the business units' legal and finance officers at meetings held with Vivendi's Management which take place as part of the annual financial statements' closing process.

Section 4

Report of the Chairman of the Supervisory Board of Vivendi on the Preparation and Organization of the Work of the Supervisory Board and on Internal Control and Risk Management Procedures – Fiscal Year ended December 31, 2009

- *Sureties, endorsements and guarantees:* pursuant to the provisions of the company's by-laws and the Internal Regulations of the Supervisory Board, the granting of sureties, endorsements and guarantees by the company to its subsidiaries is subject to prior approval in accordance with the following dual limitations:
  - any commitment under €100 million where the cumulative amount of commitments is under €1 billion is subject to the approval of the Management Board which may delegate such power. The approval decision requires the signatures of both the Chief Financial Officer and the General Counsel; and
  - any commitment in excess of €100 million where the cumulative amount of commitments exceeds €1 billion is subject to the approval of the Supervisory Board. The approval decision requires the Chairman of the Management Board's signature.

- *Treasury, financing and liquidity:* the management of cash flows and hedging transactions (including foreign exchange and interest rates) is centralized by the company. SFR and Maroc Telecom's treasury functions are managed independently in compliance with the Group's policies and procedures. As for Activision Blizzard, a cash management agreement defines the services to be performed by the company on behalf and under the responsibility of Activision Blizzard. Liquidity position at the group level and the business unit level, as well as exposure to foreign exchange and interest rate risks are monitored on a bi-monthly basis by a finance committee. Short and long-term financing activities mainly take place at the head office and are subject to the prior approval of the Management Board and Supervisory Board, in accordance with the provisions of their Internal Regulations.

- *Duties and taxes:* within the framework of the Consolidated Global Tax System ("*Bénéfice Mondial Consolidé*" – BMC), a complete collection of statutory accounts is organized to ensure the proper translation of results under local accounting rules into results that comply with French tax legislation. The calculation and accounting treatment of income obtained under the Consolidated Global Tax System is the subject of quarterly monitoring. The Tax Department also acts as an advisor to the Group's subsidiaries, with the exception of companies in the Activision Blizzard and GVT groups and ensures that these entities' interests are protected with respect to local tax authorities.

- *Litigation:* major disputes and investigations are monitored directly or coordinated by the General Counsel's office and the Legal Department. The preparation of the litigation report of Vivendi and its business units is monitored by the General Counsel and the Legal Department of the Group in collaboration with the general counsel and heads of the legal departments of the main business units. A summary report is provided to the Management Board on a monthly basis. A table of current litigation matters, investigations and disputes is updated for each quarterly closing date based on information provided by each business unit. A summary of this table is included in the Management's Board quarterly business report to the Supervisory Board. In addition, the Supervisory Board and the Management Board are kept informed of material ongoing litigation matters by the General Counsel on a regular basis.

4.3. Prospects

In 2010, Vivendi intends to continue its campaign aimed at promoting and encouraging its business units and increasing their responsibility regarding internal monitoring, particularly for the entities which have recently joined the Group. Moreover, the risk maps of SFR, Maroc Telecom, GVT and Groupe Canal+ will be the subject of an in-depth update.

Paris, February 25, 2010
Jean-René Fourtou
Chairman of the Supervisory Board

Section 5 Statutory Auditors' Report, Prepared in Accordance with Article L.225-235 of the French Commercial Code, on the Report Prepared by the Chairman of the Supervisory Board of Vivendi – Fiscal Year ended December 31, 2009

To the Shareholders,

In our capacity as Statutory Auditors of Vivendi SA, hereinafter referred to as the "Company", and in accordance with Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of the Supervisory Board of the Company in accordance with Article L.225-68 of the French Commercial Code, for the year ended December 31, 2009.

It is the Chairman's responsibility to prepare and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the Company and to provide other information required by Article L.225-68 of the French Commercial Code, relating to matters such as corporate governance.
It is our responsibility:
- to report on any matters as to the information set out in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- to attest that this report contains the other disclosures required by Article L.225-68 of the French Commercial Code. We are not required to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

Professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report concerning to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information. The procedures consisted mainly in:
- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of accounting and financial information on which the information presented in the Chairman's report is based along with existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and the existing documentation;
- determining whether any significant weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information, found during our engagement, had been properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report concerning the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board, in accordance with Article L.225-68 of the French Commercial Code.

Other information

We hereby attest that the report prepared by the Chairman of the Supervisory Board includes the other disclosures required by Article L.225-68 of the French Commercial Code.

Paris-La Défense and Neuilly-sur-Seine, February 25, 2010

The Statutory Auditors

Salustro Reydel Member of KPMG International		Ernst & Young et Autres
Frédéric Quélin	Marie Guillemot	Jean-Yves Jégourel

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Nota

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.

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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
of which 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	**(f)** 1,639	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	**(f) 1.40**	**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.

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.

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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.

Section 1 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.

Section 1 Major Developments

- 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 do not have any impact 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 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.

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

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.

1.1.2. 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

Section 1 Major Developments

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, 5% 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, with 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.

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Section 1 Major Developments

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*).

Section 2 Earnings Analysis

2.1. Consolidated Earnings and Adjusted Net Income

Consolidated statement of earnings			Adjusted statement of earnings		
	Year ended December 31,		Year ended December 31,		
(in millions of euros, except per share amounts)	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)

Section 2 Earnings Analysis

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."

Section 2 Earnings 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 in 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.

Section 2 Earnings Analysis

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).

Section 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.

Section 3 Cash Flow from Operations Analysis

(in millions of euros)	Year ended December 31, 2009	2008	€ Change	% Change
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).

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Section 4 Business Segment Performance Analysis

4.1. Revenues, EBITA and Cash Flow from Operations by Business Segment

(in millions of euros)	Year ended December 31,			
	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.

Section 4 Business Segment Performance Analysis

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

Section 4 Business Segment Performance Analysis

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) (in millions of US dollars)	Year ended December 31,		
	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**	

Section 4 Business Segment Performance Analysis

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**	**x3.6**	**x3.3**
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**	**x14.2**	**x13.4**
EBITA/Revenues (%)	***15.9%***	***1.6%***	***+14.3pts***	
Cash flow from operations (CFFO)	**995**	**313**	**x3.2**	

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 than $1 billion in revenues from 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 US to 16%.

2. *According to NPD, Activision Blizzard.*

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.

Section 4 Business Segment Performance Analysis

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%***	***-1.5pt***	
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

Section 4 Business Segment Performance Analysis

Revenues and EBITA

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 US.

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%***	***-1.6pt***		
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%**
Mobile					
Customers (end of period, in thousands) (c)					
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.

Section 4 Business Segment Performance Analysis

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's 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)

	Year ended December 31,			
(in millions of euros, except for margins)	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%***	***-0.9pt***	
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%*	*-1 pt*	
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.

Section 4 Business Segment Performance Analysis

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 acquisition had happened on August 1, 2008.

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).

* *Please refer to Section 1.1.1.*

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)	From 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, as published by GVT.

Section 4 Business Segment Performance Analysis

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

Section 4 Business Segment Performance Analysis

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.

4.2.6. Canal+ Group (100% Vivendi Economic Interest; Vivendi Economic Interest in Canal+ France[9]: 75%, as of December 31, 2009)

	Year ended December 31,			
(in millions of euros, except for margins)	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 pt***	
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.

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)

Section 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.*

Section 5 Treasury and Capital Resources

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 million 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' shareowners (€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' shareowners primarily included dividends paid by consolidated subsidiaries to their non-controlling interests (€786 million), the dividend paid in cash by Vivendi SA to its shareowners (€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.

Section 5 Treasury and Capital Resources

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.

Section 5 Treasury and Capital Resources

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% coupon, and an issue price of 94.212% of the nominal value, corresponding to a 5.236% yield; and
- In July 2009, a 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.

Section 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.

Section 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 US GAAP Revenues and EBITA to IFRS

As reported below, the reconciliation of Activision Blizzard's US 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 US 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.

Reconciliation of Activision Blizzard US GAAP Revenues and EBITA to IFRS

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.

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Reconciliation of Activision Blizzard US GAAP Revenues and EBITA to IFRS

Reconciliation of US GAAP revenues to IFRS	Year ended December 31, (unaudited)	
	2009	2008
Non-GAAP Measurement (US 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
US GAAP Measurement:		
Net Revenues in US GAAP (in millions of dollars), **as published by Activision Blizzard**	**4,279**	**3,026**
Eliminate US GAAP vs. IFRS differences:		
Effect of alignment of deferred net revenues balance with US 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 dollars), **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 US GAAP EBITA to IFRS	Year ended December 31, (unaudited)	
	2009	2008
Non-GAAP Measurement (US 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)
US GAAP Measurement:		
Operating Income/(Loss) in US GAAP (in millions of dollars), **as published by Activision Blizzard**	**(26)**	**(233)**
Eliminate US GAAP vs. IFRS differences:		
Effect of alignment of deferred net revenues balance with US 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.

Reconciliation of Activision Blizzard US GAAP Revenues and EBITA to IFRS

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 US 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 US 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 US 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 US 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 US 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.

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 SA, 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.

I. 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; and
- 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.

II. 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; and

Statutory Auditors' Report on the Consolidated Financial Statements

- 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.

III. 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.

Paris-La Défense and Neuilly-sur-Seine, February 25, 2010

The Statutory Auditors

Salustro Reydel Member of KPMG International		Ernst & Young et Autres
Frédéric Quélin	Marie Guillemot	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		(a) **(325)**	(a) **1,035**
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		-	(b) 341
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					Retained earnings and other				Total equity
		Common shares		Additional paid-in capital	Treasury Shares	Sub-total	Retained earnings	Net unrealized gains/ (losses)	Foreign currency translation adjustments	Sub-total	
		Number of shares (in thousands)	Amount								
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**	(a) **13,333**	**(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 total comprehensive income.

Consolidated Statements of Changes in Equity

Year ended December 31, 2008

(in millions of euros, except number of shares)	Note	Capital					Retained earnings and other				
		Common shares									
		Number of shares (in thousands)	Amount	Additional paid-in capital	Treasury Shares	Sub-total	Retained earnings	Net unrealized gains/ (losses)	Foreign currency translation adjustments	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 SA (€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.

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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.

Notes to the Consolidated Financial Statements

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.

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

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).

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.

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"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.

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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 the Group's interest in a 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated Financial Statements

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 shareowners' 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.

Notes to the Consolidated Financial Statements

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.

Notes to the Consolidated 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	(a,b) 396
Property, plant and equipment	776	(b) 776
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 filed 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	Elimi-nations	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

Notes to the Consolidated Financial Statements

(in millions of euros)	Year ended December 31, 2008								
	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.

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Notes to the Consolidated Financial Statements

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
Net industrial investments (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.

Notes to the Consolidated Financial Statements

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	(a) 5,418	*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

		Year ended December 31,	
(in millions of euros)	**Note**	**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		(a) 920	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).

Notes to the Consolidated Financial Statements

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.

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Notes to the Consolidated Financial Statements

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 forecasted 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	(a) 181	(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.

Notes to the Consolidated Financial Statements

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)**

Notes to the Consolidated Financial Statements

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 Tax System	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
of which 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)
of which 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 return filings, 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 return filings, 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 Vivendi Shareowners 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		(b) 572	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	(a) 829	2,603	(a) 2,606
Adjusted net income	2,585	(a) 2,581	2,735	(a) 2,735
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).

Notes to the Consolidated Financial Statements

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)*	**(a)** *456*	*(1)*	*643*
GVT	na	-	-	**(b)** 2,116	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)	-	**(c)** 1,899	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	-	-	**(d)** 4,791	(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 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.

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Notes to the Consolidated Financial Statements

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.

		Valuation method		Discount rate		Perpetual growth rate	
Operating segments	CGU or groups of CGU	2009	2008	2009	2008	2009	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 as of December 31, 2009.

	December 31, 2009			
	Discount rate		Perpetual growth rate	
	Applied rate (in %)	Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in points)	Applied rate (in %)	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		Perpetual growth rate	
	Applied rate (in %)	Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in points)	Applied rate (in %)	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.

Notes to the Consolidated Financial Statements

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	-	(b) 1,072
Acquisitions/Internal developments	126	44
Impairment	(c) (302)	-
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
		Due in			
(in millions of euros)	Total	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
		Due in			
(in millions of euros)	Total	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 US 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.

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(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

	December 31, 2009		
(in millions of euros)	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**

	December 31, 2008		
(in millions of euros)	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	(a) 432	(b) 1,162
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.

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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	(a) 913	(b) 1,493
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, equipment 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.

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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

	Voting interest		Value of equity affiliates	
(in millions of euros)	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)	(b) (99)	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	(c) 86	(a) (1,503)	255	(294)	(b) 157	4,342
Neuf Cegetel	1,091	(d) (1,087)	-	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.

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- 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.

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Trade accounts payable and other

(in millions of euros)	Note	December 31, 2009	December 31, 2008
Trade accounts payable		6,565	6,742
Other		(a) 7,002	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 liabilities		**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).

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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	**(d)** 215	(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%**	**100%**

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

(in millions of euros)	Year ended December 31,					
	2009	2008	2009	2008	2009	2008
	Pension benefits		Post-retirement benefits		Total	
Current service cost	12	12	-	-	12	12
Amortization of actuarial (gains)/losses	(4)	(a) 43	(1)	-	(5)	43
Amortization of past service cost	1	(a) (47)	-	(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

(in millions of euros)	Pension benefits					Post-retirement benefits				
	December 31,					December 31,				
	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
Actuarial (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 actuarial (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

	Pension benefits		Post-retirement benefits	
	December 31,			
(in millions of euros)	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

		Year ended December 31,	
(in millions of euros)	Note	2009	2008
Charge/(Income)			
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.

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%	(a) 100%	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%	(a) 100%
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 US securities regulations, until the end of 2007 following the relaxing of certain US securities regulations with respect to foreign private issuers ("SEC Rule 701"), Vivendi granted specific instruments to its US resident managers and employees, with economic characteristics similar to those granted to non-US 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	(a) April 23	(b) Dec 12	Sept 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.

Notes to the Consolidated Financial Statements

	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.

Notes to the Consolidated Financial Statements

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 (in euros)	Total intrinsic value (in millions of euros)	Weighted average remaining contractual life (in years)	Number of performance shares outstanding	Weighted average remaining period before issuing shares (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	(a) (348,502)	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	(a) (155,828)	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 (in US dollars)	Total intrinsic value (in millions of US dollars)	Weighted average remaining contractual life (in years)	Number of restricted stock units outstanding	Weighted average remaining period before acquisition (in years)
Balance as of December 31, 2007	**31,182,571**	**53.0**			**342,892**	
Exercised	(a) (369,259)	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	(a) (107,312)	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 (in euros)	Weighted average remaining contractual life (in years)	Number vested	Weighted average strike price (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 (in US dollars)	Weighted average remaining contractual life (in years)	Number vested	Weighted average strike price (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 not 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.

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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 (in US dollars)	Total intrinsic value (in millions of US dollars)	Weighted average remaining contractual life (in years)	Number of restricted stocks outstanding	Weighted average remaining period before issuing shares (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	(a) (34,303,889)	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 (in US dollars)	Weighted average remaining contractual life (in years)	Number vested	Weighted average strike price (in years)
$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 US 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

Notes to the Consolidated Financial Statements

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	**(d)** 487	501
$700 million bond issue (April 2008)		5.75%	6.06%	April 2013	**(d)** 487	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 years +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			As of December 31, 2008		
		Maximum amount	Drawn amount	Available amount	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.

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22.4. Future Minimum Payments Related to Borrowings and Other Financial Liabilities

The following tables present the 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:

	December 31, 2009							
		Nominal value						
(in millions of euros)	Carrying 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**

	December 31, 2008							
		Nominal value						
(in millions of euros)	Carrying 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 a 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	(a) 1,112	*9.2%*	(a) 1,074	*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 billion 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[1] to Proportionate EBITDA[2] 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 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.

1. 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.

2 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.

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 not 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.

Notes to the Consolidated Financial Statements

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	
		Senior unsecured debt	BBB	
Moody's	September 13, 2005	Long-term senior unsecured debt	Baa2	Stable
Fitch Ratings	December 10, 2004	Long-term senior unsecured debt	BBB	Stable

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	

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*).

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Notes to the Consolidated Financial Statements

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:

		Year ended 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	-

Notes to the Consolidated Financial Statements

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
Instruments not qualified as hedges	8	82	7	101
Other	-	-	1	36
Derivative financial instruments	**30**	**225**	**99**	**231**

3. 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 million.
- 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:

	December 31, 2009				
		Hedge accounting			
(in millions of euros)	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:

	December 31, 2009						
(in millions of euros)	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**

	December 31, 2008						
(in millions of euros)	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 (€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). 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 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.

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.

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- 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, 2009	Maturing during the following periods					
		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.

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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
			Payments due in			
(in millions of euros)	Note	Total	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
		Due in			
(in millions of euros)	Total	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
		Due in			
	Total	2010	2011-2014	Après 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

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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 US 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 it 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.

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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.	-

Ref.	Nature of commitments	Amount of commitments	Expiry
(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 US 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 26.3).

(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 US 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 US 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.

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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 for purposes of discovery. 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 US economic consulting firm and confirmed by a second US 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 Authority 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 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 Prestaçãos 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.

			December 31, 2009			December 31, 2008		
	Note	Country	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 L.L.C.		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 L.L.C.		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%***

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

Notes to the Consolidated Financial Statements

Continued from previous page.

	Note	Country	December 31, 2009			December 31, 2008		
			Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
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.

Notes to the Consolidated Financial Statements

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).

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Section 1 2009 Statutory Financial Statements

1.1. Statement of Earnings

(in millions of euros)	Note	2009	2008
Operating income			
Total revenues	2	93.1	113.8
Reversal of provisions and expense reclassifications	2	29.0	33.0
Other income		0.6	0.3
Total I		**122.7**	**147.1**
Operating expenses			
Other purchases and external charges	2	175.1	144.3
Duties and taxes other than income tax	2	6.2	7.5
Wages and salaries		35.1	34.1
Social security contributions		14.8	13.7
Depreciation, amortization and charges to provisions			
On intangible assets and PP&E: amortization and depreciation		6.3	8.2
On current assets: charges to provisions			
For contingencies and losses: charges to provisions		1.4	1.7
Other expenses		1.6	1.7
Total II		**240.5**	**211.2**
Loss from operations (I-II)		**(117.8)**	**(64.1)**
Financial income			
From subsidiaries and affiliates		1,338.5	458.2
From other securities and long-term receivables		193.6	250.1
Other interest and similar income		118.5	64.4
Reversal of provisions and expense reclassifications		180.9	569.2
Foreign exchange gains		1,483.7	2,210.3
Net proceeds from the sale of marketable securities		1.4	19.5
Total III		**3,316.6**	**3,571.7**
Financial expenses			
Amortization and charges to financial provisions		1,102.7	1,380.0
Interest and similar charges		446.8	639.0
Foreign exchange losses		1,473.3	2,210.0
Net expenses related to the sale of marketable securities		0.3	
Total IV		**3,023.1**	**4,229.0**
Net financial income/(loss) (III-IV)	3	**293.5**	**(657.3)**
Earnings/(Loss) from ordinary operations before tax (I-II + III-IV)		**175.7**	**(721.4)**
Exceptional income			
From non-capital transactions		3.0	19.8
From capital transactions		835.4	68.1
Reversals of provisions and expense reclassifications		249.2	390.7
Total V		**1,087.6**	**478.6**
Exceptional expenses			
Related to non-capital transactions		10.4	285.7
Related to capital transactions		1,015.3	307.0
Exceptional depreciation, amortization and charges to provisions		561.3	104.9
Total VI		**1,587.0**	**697.6**
Net exceptional items (V-VI)	4	**(499.4)**	**(219.0)**
Employee profit-sharing (VII)			
Income tax (credit) (VIII)	5	**199.0**	**512.3**
Total income (I + III + V + VIII)		**4,725.9**	**4,709.7**
Total expenses (II + IV + VI + VII)		**4,850.6**	**5,137.8**
Earnings/(Loss) for the year		**(124.7)**	**(428.1)**

Section 1 2009 Statutory Financial Statements

1.2. Statement of Financial Position

ASSETS (in millions of euros)	Note	Gross	Depreciation, amortization and provisions	Net	
				12/31/2009	12/31/2008
Non-current assets					
Intangible assets	6	**14.4**	**13.7**	**0.7**	**1.0**
Property, plant and equipment	6	**60.3**	**57.3**	**3.0**	**3.2**
Long-term investments (a)	7	**43,652.5**	**5,501.2**	**38,151.3**	**39,033.0**
Investments in affiliates and Long-term portfolio securities		38,860.5	4,404.8	34,455.7	34,094.5
Loans to subsidiaries and affiliates		4,630.7	989.8	3,640.9	4,885.0
Other long-term investment securities		107.6	106.6	1.0	0.6
Loans					
Other		53.7		53.7	52.9
Total I		**43,727.2**	**5,572.2**	**38,155.0**	**39,037.2**
Current assets	9				
Inventories and WIP					
Receivables (b)		**3,644.9**	**83.8**	**3,561.1**	**2,539.8**
Trade accounts receivable and related accounts		33.6		33.6	36.5
Other receivables		3,611.3	83.8	3,527.5	2,503.3
Marketable securities		**212.6**	**2.6**	**210.0**	**74.8**
Treasury shares	8	1.9		1.9	1.9
Other securities		210.7	2.6	208.1	72.9
Cash at bank and in hand		**104.4**		**104.4**	**133.0**
Prepayments (b)		**43.3**		**43.3**	**16.3**
Total II		**4,005.2**	**86.4**	**3,918.8**	**2,763.9**
Deferred charges (III)	11	**14.9**		**14.9**	**12.2**
Unrealized foreign exchange losses (IV)	12	**77.6**		**77.6**	**106.8**
Total assets (I + II + III + IV)		**47,824.9**	**5,658.6**	**42,166.3**	**41,920.1**
(a) *Portion due in less than one year*				*2,620.1*	*1,944.1*
(b) *Portion due in more than one year*				*49.3*	*27.1*

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Section 1 2009 Statutory Financial Statements

EQUITY AND LIABILITIES (in millions of euros)	Note	12/31/2009	12/31/2008
Equity	13		
Share capital		6,758.7	6,436.1
Additional paid-in capital		12,874.2	12,220.1
Reserves			
Legal reserve		640.6	640.6
Other reserves		11,210.0	11,212.5
Retained earnings		118.3	2,185.4
Earnings/(Loss) for the year		(124.7)	(428.1)
Net equity		**31,477.1**	**32,266.6**
Tax-driven provisions			
Total I		**31,477.1**	**32,266.6**
Provisions	15	714.4	204.4
Total II		**714.4**	**204.4**
Liabilities (a)			
Convertible and other bond issues	16	6,076.6	3,712.6
Bank borrowings (b)	16	1,362.8	2,413.0
Other borrowings	16	2,144.6	3,116.0
Trade accounts payable and related accounts		55.7	24.4
Tax and employee-related liabilities		28.4	26.9
Amounts payable in respect of PP&E and related accounts		70.2	34.5
Other liabilities		153.5	17.0
Deferred income		8.5	1.8
Total III		**9,900.3**	**9,346.2**
Unrealized foreign exchange gains (IV)	12	**74.5**	**102.9**
Total equity and liabilities (I + II + III + IV)		**42,166.3**	**41,920.1**
(a) *Portion due in more than one year*		*5,758.1*	*5,306.3*
Portion due in less than one year		*4,142.2*	*4,039.9*
(b) *Includes current bank facilities and overdrafts*		*118.6*	*117.1*

Section 1 2009 Statutory Financial Statements

1.3. Statement of Cash Flows

(in millions of euros)	2009	2008
Earnings/(Loss) for the year	(124.7)	(428.1)
Elimination of non-cash income and expenses		
Charges to depreciation and amortization	6.2	8.2
Charges to provisions net of (reversals)		
Operating	1.4	1.6
Financial	922.5	810.0
Exceptional	312.1	(285.8)
Capital (gains) & losses	192.6	258.4
Neutralization of finance costs on call options not exercised		225.6
Operating cash flows before changes in working capital	**1,310.1**	**589.9**
Changes in working capital	(144.4)	296.9
Net cash provided by operating activities	**1,165.7**	**886.8**
Capital expenditure	(0.6)	(1.0)
Purchases of investments in affiliates and securities	(3,724.1)	(935.2)
Increase in loans to subsidiaries and affiliates	(693.2)	(4,042.5)
Receivables related to the sale of non-current assets and other financial receivables	(32.1)	62.7
Proceeds from sales of intangible assets and PP&E		
Proceeds from sales of investments in affiliates and securities and repayments of contributions	2,387.6	45.0
Decrease in loans to subsidiaries and affiliates	1,821.5	173.2
Increase in deferred charges relating to financial instruments	(7.9)	(12.1)
Net cash provided by/(used in) investing activities	**(248.8)**	**(4,709.9)**
Net proceeds from issuance of shares	70.1	100.9
Dividends paid	(734.8)	(1,514.8)
New long-term borrowings secured	3,198.4	910.0
Principal payments on long-term borrowings	(2,055.7)	(96.2)
Increase (decrease) in short-term borrowings	204.8	2,120.4
Change in net current accounts	(1,493.1)	1,145.9
Treasury shares		
Net cash provided by/(used in) financing activities	**(810.3)**	**2,666.2**
Change in cash	106.6	(1,156.9)
Opening net cash (a)	205.9	1,362.8
Closing net cash (a)	**312.5**	**205.9**

(a) Cash and marketable securities net of impairment (excluding treasury shares).

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Section 2 Notes to the 2009 Statutory Financial Statements

Preliminary comment: dollar amounts are expressed in US dollars and dirham amounts are expressed in Moroccan dirhams.

Major Events of the Year

2009 major operations are as follows:

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

On November 13, 2009, Vivendi acquired 37.9% of GVT (Holding) SA (GVT) and had a right to purchase an additional 19.6% of GVT's outstanding voting shares pursuant to call option agreements.

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.

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 €2,467 million.
- 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.
- 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.

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.

Section 2 Notes to the 2009 Statutory Financial Statements

- 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.

Acquisition of Canal+ France's minority interests

On December 28, 2009, Vivendi acquired TF1's 9.9% interest in the capital of Canal+ France for €744 million pursuant to the put option formerly granted by Vivendi to TF1. On that date, Vivendi sold these acquired shares to its wholly-owned subsidiary, Groupe Canal+ SA which 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 €384.2 million. Thus, as of February 24, 2010, the date of Vivendi Management Board meeting which approved the financial statements for the fiscal year 2009, Groupe Canal+ SA held 80% of the shares of Canal+ France.

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 24, litigations.

New borrowings set up by Vivendi SA

Please refer to Note 16, Borrowings.

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 23, Financial Commitments and Contingent Liabilities.

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 €904.1 million. The corresponding capital increase took place on June 4, 2009. The payment in cash of €734.8 million began on June 4, 2009.

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Section 2 Notes to the 2009 Statutory Financial Statements

Note 1. Accounting Rules and Methods

General principles and change in accounting methods

The statutory financial statements for the year ended December 31, 2009 have been prepared and presented in accordance with prevailing French laws and regulations.

The accounting rules and methods that were applied for the preparation of these financial statements are identical to those applied for the preparation of the 2008 statutory financial statements.

Vivendi Management makes certain estimates and assumptions that it considers reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions which may have an impact on the amount of assets, liabilities, equity or earnings recognized by the company. In particular, these estimates and assumptions relate to the measuring of asset impairment (please refer to Note 7) and provisions (please refer to Note 15) as well as employee benefits (please refer to Note 1, Employee benefit plans).

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at acquisition cost.

Depreciation and amortization is calculated using the straight-line method and, where appropriate, the declining balance method over the actual period of use for the relevant assets.

Long-term investments

Investments in affiliates and long-term portfolio securities

Investments in affiliates consist of investments in Vivendi Group affiliates in which Vivendi holds a significant interest, in principle more than 10%.

Long-term portfolio securities consist of securities held by Vivendi in companies which it expects will generate a reasonable medium and long-term return, without involvement in their day-to-day management.

Investments in affiliates and long-term portfolio securities are valued at acquisition cost. If this value exceeds the value in use, an impairment loss is recorded for the difference between the two.

Value in use is defined as the value of the future economic benefits expected to be derived from the use of an asset. This is generally calculated by discounting future cash flows, although a more suitable method for each investment may potentially be utilized, such as comparable stock market values, recent transaction values, stock market prices for listed entities or proportionate share of net equity.

Pursuant to CRC Regulation 2004-06 regarding the definition, recognition and valuation of assets, Vivendi expenses investment and security acquisition costs in the period they were incurred.

Loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates consist of medium and long-term loans to Group companies. They do not include current account agreements with Group subsidiaries used for the day-to-day management of cash surpluses and shortfalls. Provisions are recorded to reflect non-recovery risks.

Treasury shares

All treasury shares held by Vivendi are recorded in Long-term Investments, with the exception of those purchased for sale to Group employees upon exercise of stock purchase options which are recorded in marketable securities. Impairment losses are recorded, where necessary, to reduce the net book value of these shares to their stock market value, based on the average closing share price during the month of December.

Operating receivables

Operating receivables are recorded at nominal value. Provisions are where necessary recorded to reflect non-recovery risks.

Marketable securities

Marketable securities are recorded at acquisition cost. Provisions are recorded if the probable trading value at the end of the period is less than the acquisition cost.

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Notes to the 2009 Statutory Financial Statements

Marketable securities include treasury shares purchased for sale to Group employees upon exercise of stock purchase options (please refer to Note 8, Treasury shares). Provisions are recorded if the gross value of these shares exceeds their expected sale price, based on the option exercise price.

Deferred charges relating to financial instruments

In compliance with CRC Regulation 2004-06 regarding the definition, recognition and valuation of assets, loan issue costs are amortized over the loan term. Costs relating to the arrangement regarding credit lines are amortized over the term of such facilities.

Provisions

A provision is recorded where Vivendi has an obligation to a third party and it is probable or certain that an outflow of resources will be necessary to settle this obligation, without receipt of an equivalent consideration from the third party (CRC Regulation 2000-06 on liabilities).

The provision is equal to the best estimate, taken at the period end, of the outflow of resources necessary to settle the obligation, where the risk still exists at the period end.

The assumptions underlying the provision are reviewed regularly and any necessary adjustments recorded.

If a reliable estimate for the amount of the obligation cannot be made, a provision is not recorded and disclosure is made in the notes to the financial statements (please refer to Note 24, Litigation).

Stock subscription option plans and restricted stock plans

Vivendi applies CRC Regulation 2008-15 regarding the accounting treatment of stock purchase and subscription option plans and performance share plans granted to employees. As such, when the company grants performance shares or sets up a stock purchase option plan that is settled by the delivery of treasury shares, a liability is recognized. This liability is measured based on the entry cost of shares at grant date or the estimated share purchase price at the year-end date. In the case of stock purchase option plans, the entry cost or estimated share purchase price is reduced by the exercise price likely to be paid by employees. The disclosures required by CRC Regulation 2008-15 are included in Note 14.

Employee benefit plans

The provision recorded for obligations relating to employee benefit plans includes all Vivendi employee benefit plans: retirement termination payments, pensions and supplemental pensions. It is measured as the difference between the value of actuarial obligations and that of plan assets, net of actuarial gains and losses and unrecognized past service costs.

The actuarial obligation is calculated using the projected unit credit method (each activity period generates additional entitlement). Actuarial gains and losses are recognized using the corridor method set out in CNC Recommendation 03-R.01. This consists of recording, in the profit or loss account for the relevant period, the amortization calculated by dividing the portion of actuarial gains and losses which exceeds the greater of 10% of the obligation or 10% of the fair value of plans assets at the beginning of the fiscal year, by the average remaining working life expectancy of the beneficiaries.

Foreign currency-denominated transactions

Foreign currency-denominated income and expense items are translated using average monthly rates.

Foreign currency-denominated receivables, payables, marketable securities and cash balances are translated at the closing date exchange rates.

Unrealized gains and losses on long-term receivables and payables are recorded in the Statement of Financial Position in Unrealized foreign exchange gains and losses. A provision for foreign exchange losses is recorded in respect of unhedged and unrealized exchange losses.

Foreign exchange gains and losses on cash balances and foreign currency current accounts are recorded immediately in foreign exchange gains and losses.

Section 2 Notes to the 2009 Statutory Financial Statements

Financial instruments

Vivendi uses derivative financial instruments to (i) reduce its exposure to market risks associated with interest and foreign exchange rate fluctuations and (ii) secure the value of certain financial assets.

Where Vivendi has entered into hedge arrangements, income and expenses relating to the financial derivatives are recorded in Net Financial Income/(loss) and offset against the income and expenses generated by the hedged items.

Similarly, provisions are recorded in respect of unrealized capital losses on transactions that do not qualify for hedge accounting.

Individual training entitlement

Pursuant to Opinion 2004 F of the Emergency Committee of the French National Accounting Board (CNC), Vivendi did not record a provision for individual training entitlement at year-end 2009.

The company-wide agreement entered into in May 2006 provides for the allocation of 14 training hours in 2004 and 20 training hours for each year thereafter (maximum of 120 hours) to each employee. At year-end 2009, training hours not used totaled 18,400.

Note 2. Operating Earnings/(Loss)

Revenues

Revenues by business line are broken-down as follows:

(in millions of euros)	2009	2008
Water	5.3	5.0
Services to subsidiaries	87.8	108.8
Total	**93.1**	**113.8**

Vivendi is a party to one residual water supply agreement, under which Veolia Eau is the operating entity.

Services to subsidiaries consist of assistance and domiciliation services, amounts invoiced in respect of option plans and rebilling of expenses.

Operating expenses and expense reclassifications

Operating expenses amounted to €240.5 million in 2009, compared to €211.2 million in 2008.

- Other purchases and external expenses net of rebillings, insurance repayments and expense reclassifications are broken-down as follows:

(in millions of euros)	2009	2008
Purchases consumed	0.7	0.8
Rent	8.0	8.3
Insurance	13.7	13.7
Service providers, temporary staff and sub-contracting	9.0	10.5
Commissions and professional fees	115.8	83.6
Bank services	8.1	12.0
Other external services	19.8	15.4
Sub-total other purchases and external charges	**175.1**	**144.3**
Amounts rebilled to subsidiaries (other income)	(8.1)	(18.6)
Insurance repayments and expense reclassifications	(28.9)	(32.8)
Total net of rebilled expenses and repayments	**138.1**	**92.9**

The increase in commissions and professional fees resulted from, in particular, acquisition costs related to the purchase of GVT shares (please refer to Major events of the year) as well as legal and other costs incurred by Vivendi in connection with the securities class action proceedings in the United States and the legal proceedings involving Vivendi, Deutsche Telekom and Elektrim SA in Poland, (please refer to Note 24, Litigation).

- Duties and taxes other than income tax include royalties paid to the French State and local authorities, together with water-use royalties paid in respect of water distribution activities.

Section 2 Notes to the 2009 Statutory Financial Statements

Note 3. Net Financial Income/(Loss)

Net financial income/(loss) is broken-down as follows:

(in millions of euros)	2009	2008
Net financing income/(cost)	(72.5)	(46.7)
Dividends received	1,338.5	458.2
Foreign exchange gains & losses	10.4	0.3
Other financial income and expenses	(61.1)	(258.3)
Movements in financial provisions	(921.8)	(810.8)
Total	**293.5**	**(657.3)**

The net financing loss of €72.5 million in 2009, compared to a net financing loss of €46.7 million in 2008 is due to:

- an increase in the external net financing cost (€266.2 million compared to €211.3 million in 2008), primarily due to an increase in average external net debt (€5.1 billion in 2009, compared to €4.3 billion in 2008) as a result of the financing by Vivendi on a full year basis of (i) €3.3 billion loan granted to SFR for the acquisition of Neuf Cegetel in April 2008 and (ii) the acquisition of Activision common shares in July 2008 for $1.7 billion in connection with the creation of Activision Blizzard;
- and the increase in internal net financing income from €164.6 million in 2008 to €193.7 million in 2009.

In 2009, dividends in the aggregate amount of €1,338.5 million compared to €458.2 million in 2008 were primarily received from SFR in the amount of €978.8 million compared to €50.1 million in 2008; from NBC Universal in the amount of €290.9 million ($394 million), compared to €279 million ($402 million) in 2008; and from Vivendi Finance Company in the amount of €50.1 million ($66.5 million) compared to €118.2 million ($180 million) in 2008.

In 2009, other financial income and expenses primarily include acquisition costs incurred in connection with the purchase of shares in the Brazilian company GVT (Holding) SA on the Sao Paulo Stock Exchange (please refer to Major events of the year). In 2008, other financial income and expenses included a premium of €225.5 million, recorded in expenses and paid in connection with the purchase in June 2001 of call options covering Vivendi shares to hedge certain stock purchase option plans granted to employees. These call options expired in 2008 without being exercised. The expense of €225.5 million was covered in full by the reversal of the provision.

These reversal movements in financial provisions and impairments resulted in a net charge of €921.8 million, including:

- impairment loss on Vivendi Holding I Corp. (VH1) shares of €534.1 million, corresponding to the recalculation of these shares at value in use (VH1 holds, directly or indirectly, the Group's interests in Universal Music Group (UMG) and Activision Blizzard). This impairment related to the recognition of an impairment loss on UMG following impairment tests performed with the assistance of an independent expert as well as the recognition of unfavorable currency translation impacts;
- impairment loss on Vivendi's NBC Universal shares of €333.3 million including €148.0 million due to currency translation. The value of NBCU is set at $5.8 billion based on the economic terms and conditions of the agreement entered into with General Electric (please refer to Major events of the year); and
- a charge to provisions of €80.6 million (€85.1 million in 2008) relating to the write-down of additional financing and annual interest on loans granted to Elektrim Telekomunikacja in Poland. The total value of share and receivables related to Vivendi's investment in mobile telephony in Poland remains depreciated at 100%.

Note 4. Net Exceptional Items

The net exceptional loss of €499.4 million in 2009 primarily comprises the following items:

- a charge to provisions in the amount of €550 million related to the securities class action proceedings in the United States (please refer to Note 24, Litigation);
- net reversals of provisions for litigation in the amount of €8.9 million;
- a partial repayment in the amount of €40 million of the compensation paid in 2008 to cover German real estate losses. This repayment occurred when two indirect German subsidiaries received an earn-out in respect of certain asset disposals in 2007 in an equivalent amount;
- and capital losses of €219.9 million incurred on the sale and liquidation of investments (primarily €184.5 million on the liquidation of Scoot Europe NV, a former holding company of the Group's internet division), long-term portfolio securities and other long-term investment securities, offset by net reversals of impairments on investments and securities sold for an amount of €229.0 million. The sale of the 9.9% stake in the share capital of Canal+ France previously bought from TF1 to Groupe Canal+ SA for €744.0 million had no impact on the net exceptional loss (please refer to Major events of the year).

Section 2 Notes to the 2009 Statutory Financial Statements

Note 5. Income Tax Expense/(Credit)

Vivendi is the head of a tax group comprising 30 companies (31 at year-end 2008), with total losses available for relief at the standard tax rate of €0.9 billion in 2009.

In 2009, Vivendi recorded a tax group credit of €17.4 million, compared to €78.1 million in 2008.

In 2009, the company also recorded a tax credit of €183.6 million in respect of the Consolidated Global Profit Tax System. In 2008, a tax credit of €437.5 million was recorded, reduced by €2.7 million in 2009 upon effective receipt of the receivable.

As of January 1, 2009, the tax group headed by Vivendi, which has been authorized to apply the Consolidated Global Profit Tax System since January 1, 2004 (which authorization was renewed on January 1, 2009) had (i) tax losses carried forward available for relief at the standard tax rate of €6.4 billion and (ii) foreign tax credits of €0.7 billion.

Vivendi consolidated tax earnings in respect of 2009 will be determined, at the latest, in November 2010, which is the deadline for submission of the consolidated tax package.

Note 6. Intangible Assets and Property, Plant and Equipment

Gross values

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value
Intangible assets	14.1	0.3		14.4
Property, plant and equipment (a)	59.9	0.4		60.3
Total	**74.0**	**0.7**	**0.0**	**74.7**
(a) Includes Concession PP&E	1.7			1.7

Depreciation and amortization

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal	Closing accumulated depreciation/ amortization
Intangible assets	13.1	0.6		13.7
Property, plant and equipment (a)	56.7	0.6		57.3
Total	**69.8**	**1.2**	**0.0**	**71.0**
(a) Includes Concession PP&E	1.4	0.1		1.5

Note 7. Long-Term Investments

Long-term investments

Long-term investments (in millions of euros)	Opening gross value	Additions	Disposals	Foreign currency translation adjustments	Closing gross value
Investments in affiliates and Long-term portfolio securities	37,713.7	3,840.1	(2,693.3)		38,860.5
Loans to subsidiaries and affiliates	5,822.0	730.7	(1,893.4)	(28.6)	4,630.7
Other long-term investment securities	109.8	0.5	(2.7)		107.6
Loans and other long-term investments	52.9	0.8			53.7
Total	**43,698.4**	**4,572.1**	**(4,589.4)**	**(28.6)**	**43,652.5**

Section 2 Notes to the 2009 Statutory Financial Statements

Impairment

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal recorded in financial income	Reversal recorded in exceptional income (a)	Closing accumulated depreciation/ amortization
Investments in affiliates and Long-term portfolio securities	3,619.2	1,013.3	(1.2)	(226.4)	4,404.9
Loans to subsidiaries and affiliates	937.0	86.6	(33.8)		989.8
Other long-term investment securities	109.2			(2.6)	106.6
Loans and other long-term investments	0.0				0.0
Total	**4,665.4**	**1,099.9**	**(35.0)**	**(229.0)**	**5,501.3**

(a) Please refer to Note 4, Net exceptional items.

Investments in affiliates and Long-term portfolio securities

Investments in affiliates and long-term portfolio securities total €3,840.1 million. It includes €2,467.2 million related to the acquisition of 82.45% of the share capital of GVT (Holding) SA, the leading alternative telecommunications operator in Brazil in the fourth quarter of 2009 (please refer to Major events of the year).

In addition, in December 2009, Vivendi purchased the 9.9% stake in the share capital of Canal+ France owned by TF1 for a consideration of €744.0 million, prior to immediately selling it to Groupe Canal+ SA for the same consideration.

Prior to the liquidation of Scoot Europe NV, Vivendi capitalized its €145.9 million receivable due from this entity.

In addition to the sale of the 9.9% stake in Canal+ France for €744 million and the liquidation of Scoot Europe NV for €184.5 million (see above), the decrease in the carrying amount of investments and Long-term portfolio securities is attributable to capital decreases, and primarily Vivendi Finance Company's capital decrease of €1,107.9 million ($1,472.0 million) as part of the simplification of the Group structure.

Loans to subsidiaries and affiliates

The net value of loans to subsidiaries and affiliates, including accrued interest, is €3,640.9 million, compared to €4,885.0 million at year-end 2008. It includes two credit lines granted to SFR for €3.0 billion in 2008 and €1.5 billion in 2009 (respectively drawn for €2.0 billion and €650 million at year-end 2009) and €973.4 million in respect of the $1.4 billion loan granted to Vivendi Holding I Corp. in 2008, to partially finance the creation of Activision Blizzard.

The net decrease in the value of loans to subsidiaries and affiliates is mainly due to the repayment by SFR of €1.0 billion on the €3 billion credit line in July 2009 and the repayment in full of the €700m credit line set up in 2006, in December 2009. In addition, SPT, Vivendi's Moroccan subsidiary which holds a 53% stake in Maroc Telecom, repaid the €120.2 million remaining balance on the loan granted to it to finance the acquisition of a 2% interest in Maroc Telecom in 2007.

Loans and other long-term investments

This account heading includes €51.1 million paid by Vivendi SA pursuant to a liquidity agreement set up in January 2008. As of December 31, 2009, Vivendi did not hold any shares under this liquidity agreement nor did it hold any shares for this purpose at year-end 2008.

Movements in impairment

An impairment loss of €1,013.3 million on Investments in affiliates and Long-term portfolio securities was recorded and mainly includes a €534.1 million impairment recognized on Vivendi Holding I shares and a €333.3 million impairment recognized on Vivendi's NBC Universal shares (please refer to Note 3, Net Financial Income/(Loss)).

Reversals of impairment of Long-term investments of €264.0 million, including €229.0 million in respect of investments sold, compares with capital losses of €219.9 million incurred on disposals and liquidations outside and inside the Group.

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Section 2 Notes to the 2009 Statutory Financial Statements

Note 8. Treasury Shares

Treasury shares backing stock purchase option plans granted to employees in April 2002 and May 2002 are recorded at their acquisition cost, in the amount of €1.9 million for 79,114 shares at year-end 2009 (similar to year-end 2008).

	As of December 31, 2008		Purchases		Sales		As of December 31, 2009	
(en millions d'euros)	No. shares	Gross Value (M€)	No. shares	Value (M€)	No. shares	Value (M€)	No. shares	Gross Value (M€)
Long-term investment securities								
Liquidity contract			8,906,670	171.5	8,906,670	171.5		
Marketable securities								
Shares backing stock options	79,114	1.9					79,114	1.9
Total Treasury shares	**79,114**	**1.9**	**8,906,670**	**171.5**	**8,906,670**	**171.5**	**79,114**	**1.9**

Note 9. Current Assets

Receivables

Receivables mainly include:

- Trade accounts receivables and related accounts net of impairment of €33.6 million (compared to €36.5 million at year-end 2008).
- Other accounts receivable, net of impairment, of €3,527.5 million (compared to €2,503.3 million at year-end 2008), primarily comprising the following items:
  - current account advances by Vivendi to its subsidiaries in the amount of €2,673.8 million (including €1,509.9 million for Vivendi Telecom International and €670.6 million for Vivendi Holding I), compared to €1,889.7 million at year-end 2008 (including €1,623.1 million for Vivendi Telecom International);
  - an interim dividend of €559.3 million approved by SFR for 2009 and received in cash by Vivendi in January 2010; and
  - a tax receivable in respect of the 2009 impact of the Consolidated Global Profit Tax System in the amount of €183.6 million.

Marketable securities

Marketable securities excluding treasury shares (please refer to Note 8, Treasury shares) have a net book value of €208.1 million (compared to €72.9 million at year-end 2008) and mainly include bank deposits.

Prepaid expenses

(in millions of euros)	2009	2008
Expenses relating to the following period	2.2	3.1
Discount paid to subscribers of bonds (a)	41.1	13.2
Total	**43.3**	**16.3**

(a) Includes discounts of €32.4 million granted in January 2009 to subscribers of the €1.0 billion bond issue and the €200 million tranche of the €500 million original bond issue with a 2013 maturity, and in December 2009, to the subscribers of the two tranches of the €1.2 billion bond issue.

Note 10. Receivables Maturity Schedules

(in millions of euros)	Gross value	Maturing in less than one year	Maturing in more than one year
Non-current assets			
Loans to subsidiaries and affiliates	4,630.7	1,026.6	3,604.1
Other long-term investments	53.7	51.5	2.2
Current assets			
Trade accounts receivable and related accounts	33.6	33.6	
Other receivables	3,611.3	3,596.0	15.3
Total	**8,329.3**	**4,707.7**	**3,621.6**

Section 2 Notes to the 2009 Statutory Financial Statements

Note 11. Deferred Charges

Deferred charges relating to financial instruments

(in millions of euros)	Opening balance	Increase	Amortization	Closing balance
Deferred charges relating to financial instruments	8.0		(3.3)	4.7
Issue costs	4.2	7.8	(1.8)	10.2
Total	**12.2**	**7.8**	**(5.1)**	**14.9**

Note 12. Unrealized Foreign Exchange Gains and Losses

At year-end 2009, Vivendi recorded €77.6 million of unrealized foreign exchange losses valued at year-end exchange rates relating to two long-term borrowings of $700 million each (excluding accrued interest), set up in April 2008. For the most part, this unrealized loss was offset by unrealized gains of €74.3 million, recorded in unrealized foreign exchange gains, on the $1.4 billion loan granted to Vivendi Holding I in July 2008. The net loss of €3.3 million is covered by a provision for foreign exchange losses recorded at year-end 2008 (please refer to Note 15, Provisions).

Note 13. Equity

Changes in equity

Operations (in millions of euros)	Number of shares (a)	Share capital	Additional paid-in capital	Reserves and retained earnings	Earnings	Total
As of 12/31/08	1,170,197,438	6,436.1	12,220.1	14,038.5	(428.1)	32,266.6
Allocation of earnings/(loss) and dividends	53,184,521	292.5	611.6	(2,067.0)	428.1	(734.8)
Group Savings Plans	4,862,279	26.7	44.4			71.1
Stock options, restricted stock and performance shares	615,253	3.4	1.3	(2.6)		2.1
Earnings (loss) for the year					(124.7)	(124.7)
Other changes in 2009			(3.2)			(3.2)
As of 12/31/09	**1,228,859,491**	**6,758.7**	**12,874.2**	**11,968.9**	**(124.7)**	**31,477.1**

(a) Par value of €5.50 per share.

The potential number of shares that may be issued is 42,407,010 including:
(i) 41,345,499 share to be issued upon the exercise of stock subscription options; and
(ii) 1,061,511 shares under the performance share plans granted to directors of Vivendi and employees of Vivendi and its majority-owned subsidiaries.

Allocation of earnings/(loss)

The allocation of loss to be proposed at the Annual General Shareholders' Meeting to be held on April 29, 2010, is as follows:

(in euros)	
Distributable earnings (in euros)	
Retained earnings	118,293,449.53
Earnings (loss) for the year	(124,749,143.79)
Amounts deducted from Other reserves	1,726,748,222.06
Total	**1,720,292,527.80**
Allocation (in euros)	
Legal reserve	
Other reserves	
Dividends (a)	1,720,292,527.80
Retained earnings	
Total	**1,720,292,527.80**

(a) Dividend of €1.40 per share, based on the number of treasury shares held as of December 31, 2009. This amount will be adjusted to reflect the actual number of treasury shares held on the dividend payment date and the number of stock subscription options exercised by beneficiaries up to the Shareholders' Meeting.

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Dividends per share distributed in respect of the last three fiscal years were as follows:

Year	2008	2007	2006
Number of shares (a)	1,170,687,167	1,165,204,828	1,156,117,305
Dividend per share (in euros) (b)	1.40	1.30	1.20
Total distribution (in millions of euros)	**1,639.0**	**1,514.8**	**1,387.3**

(a) Number of shares entitled to dividend as of January 1, after elimination of treasury shares held at the dividend payment date.
(b) Pursuant to Art. 158-32e of the French General Tax Code, except where an election has been made for the deduction of flat-rate withholding tax, this dividend entitles private individuals tax resident in France to a tax deduction of 40%.

Note 14. Stock Subscription and Purchase Option Plans and Performance Share Plans

The main features of the plans granted during the current and prior fiscal years are as follows (please refer to CRC Regulation 2008-15, regarding stock purchase and subscription option plans and performance share plans granted to employees):

Stock subscription option plans

	Number of options granted								Number of options		
	Total number of		Of which granted to members of governing bodies								
Grant date	Beneficiaries	Options	Number of beneficiaries	Number of options	Option exercise start date	Expiry date	Exercise price in euros	Value of shares for the calculation of the 10% social contribution	Exercised in 2009	Cancelled in 2009	Outstanding as at December 31, 2009
04/16/08	646	4,839,200	3	304,000	04/17/11	04/16/18	25.13	3.56		218,000	4,501,200
04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	25.13	3.56			732,000
04/16/08	7	(a) 732,000	7	732,000	04/17/11	04/16/18	25.13	3.56			732,000
12/16/08	1	12,000			12/17/11	12/16/18	25.13	3.46			12,000
04/16/09	6	(b) 1,240,000	6	1,240,000	04/17/12	04/16/19	20.02	2.34			1,240,000
04/16/09	707	(b) 5,321,120	4	368,000	04/17/12	04/16/19	20.02	2.34		78,000	5,243,120
10/23/09	12	(b) 40,000			10/24/12	10/23/19	20.70	2.21			40,000
							Total		**0**	**296,000**	**12,500,320**

(a) Options granted subject to presence and performance conditions, linked to 2008 financial benchmarks (adjusted net earnings and cash-flow from group operations) and exercisable at a rate of one share per option.
(b) Options granted subject to presence and performance conditions, linked to 2009 financial benchmarks (adjusted net earnings, cash-flow from group operations and performance of Vivendi stock price compared to 3 stock indexes: DJ Stoxx Media, DJ Stoxx Telco and CAC40) and exercisable at a rate of one share per option.

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Performance Share Plans

Grant date	Number of performance share rights granted				Vesting date (a)	Availability date	Value of shares for the calculation of the 10% social contribution	Number of performance share rights		
	Total number of		Of which granted to members of governing bodies							
	Beneficiaries	Performance share rights (b)	Number of beneficiaries	Number of performance share rights				Number of performance share rights cancelled in 2009	Number of shares created at the end of the vesting period	Number of performance share rights outstanding as at December 31, 2009
04/16/08	646	403,493	3	25,335	04/19/10	04/19/12	22.89	18,312	200	374,773
04/16/08	7	122,003	7	122,003	04/19/10	04/19/12	22.89			122,003
12/16/08	1	1,000			12/17/10	12/17/12	20.47			1,000
04/16/09	6	123,336	6	123,336	04/18/11	04/19/13	13.23			123,336
04/16/09	707	443,665	4	30,669	04/18/11	04/19/13	13.23	6,602		437,063
10/23/09	12	3,336			10/24/11	10/25/13	13.78			3,336
						Total		**24,914**	**200**	**1,061,511**

(a) First day available following the end of the 2-year vesting period.
(b) Shares of restricted stock granted subject to performance conditions linked to financial benchmarks (see above) reviewed over a period of two years and resulting in the issuance of new shares.

Note 15. Provisions

Summary table

Nature of provisions (in millions of euros)	Opening balance	Charge	Reversal	Utilization	Closing balance
Provision for real estate contingencies and losses	73.0	4.0	(12.9)	(2.5)	61.6
Financial risks	32.2			(32.2)	0.0
Foreign exchange losses	3.3				3.3
Litigation and other	81.7	557.4	(4.1)	(1.0)	634.0
Employee benefits	14.2	1.4		(0.1)	15.5
Total – Provisions	**204.4**	**562.8**	**(17.0)**	**(35.8)**	**714.4**
Charges and reversals:					
– operating		*1.4*		*(0.1)*	
– financial				*(32.5)*	
– exceptional		*561.4*	*(17.0)*	*(3.2)*	

The provision for real estate contingencies and losses covers various risks and in particular those assumed directly by Vivendi prior to the effective disposal of SIG 35, the Group's residual real estate division holding company on January 1, 2008.

The charge to provisions for litigation amounts to €557.4 million and primarily consists of €550 million in relation to the securities class action proceedings in the United States (please refer to Note 24, Litigation).

The provision for employee benefits of €15.5 million is a net balance, notably after the deduction of pension plan assets in the amount €19.6 million as of December 31, 2009 (please refer to Note 1, Accounting Rules and Methods; Employee benefit plans). Related obligations are valued based on the following assumptions: a 3.5% to 4% increase in wage rates, a 5.25% discount rate for the general statutory scheme and "Article 39" schemes and an assumed retirement age between 60 and 65 years.

Supplemental pension obligations other than retirement termination payments are partially funded by external insurance policies, the updated value of which is deducted from the actuarial obligation. The expected rate of return on plan assets is 4.5%.

Note 16. Borrowings

Borrowings total €9,584.0 million, compared to €9,241.6 million at year-end 2008

Bond issues (excluding accrued interest)

(in millions of euros)	Issue date	Maturity date	Rate
700.0	12/2009	12/2019	4.875%
500.0	12/2009	12/2016	4.25%
1,120.0	01/2009	01/2014	7.75%
486.7	04/2008	04/2013	700 million dollars at 5.75%
486.7	04/2008	04/2018	700 million dollars at 6.625%
700.0	10/2006	10/2011	Euribor 3 mois + 0.50%, swapped at a fixed rate of 4.3736%
700.0	10/2006	10/2013	4.50%
630.0	04/2005	04/2010	3.625%
600.0	02/2005	02/2012	3.875%
5,923.4			

In addition to the bond issues detailed in the above table of €5,923.4 million as of December 31, 2009 (€3,637.7 million as of December 31, 2008) and accrued interest on these bond issues and on hedging swaps of €153.2 million, borrowings primarily include:

- short-term treasury notes of €642.9 million;
- draw-downs on the April 2005 credit line (€450.0 million on a €2 billion available facility);
- short-term bank borrowings of €150.0 million;
- bank overdrafts of €118.6 million; and
- current account funds deposited by subsidiaries of €2,063.8 million, including €1,395.1 million by Universal Music Group.

In 2009, principal payments on borrowings totaled €2,491.7 million, including:

- draw-downs existing at year-end 2008 for €1,850.0 million on April 2005 and August 2006 credit lines;
- in February 2009, redemption of a €152.4 million bond loan issued in January 1997;
- in March 2009, redemption of a €53.3 million bond loan issued in 1999; and
- redemption of short-term treasury notes of €436.0 million.

Excluding revolving credit lines, the average maturity of Group medium-term debt was 2.9 years as of December 31, 2009, compared to 1.8 year as of December 31, 2008. Taking into account available bank revolving credit lines, the maturity of Group debt was 3.9 years at year-end 2009 compared to 4.0 years at year-end 2008.

Borrowings maturing in more than one year total €5,743.4 million as of December 31, 2009 (€5,282.0 million as of December 31, 2008).

Excluding current account deposits made by subsidiaries, borrowings maturing within one year (excluding accrued interest) total €1,542.6 million, compared to €760.1 million at year-end 2008 and mainly included short-term treasury notes of €642.9 million, a bond issue for €630.0 million and short-term bank borrowings for €150.0 million.

In addition to the 2005 credit line of €2 billion (maturing April 2012), partially drawn at year-end 2009 in the amount of €450.0 million (see above), Vivendi has another credit line of €2 billion arranged in 2006 and maturing August 2013 and two credit lines of €1 billion each arranged in 2008, one maturing February 2011, the other maturing February 2013. As of December 31, 2009, none of these three credit lines were drawn.

Section 2 Notes to the 2009 Statutory Financial Statements

Note 17 Debt Maturity Schedule

Liabilities (including accrued interest) (in millions of euros)	Gross value	Due in less than one year	Due in one to five years	Due within more than five years
Bond issues	6,076.6	783.2	3,606.7	1,686.7
Bank borrowings	1,362.8	912.8	450.0	
Other borrowings	2,144.6	2,144.5		0.1
Trade accounts payable and related accounts	55.7	54.0	1.7	
Tax and employee-related liabilities	28.4	27.3	1.1	
Amounts payable in respect of PP&E and related accounts	70.2	69.8	0.4	
Other liabilities	153.5	142.1	11.4	
Total	**9,891.8**	**4,133.7**	**4,071.3**	**1,686.8**

Note 18. Items Impacting Several Items of the Statement of Financial Position

In the table below, the "Related parties" column presents the amounts included in the various items of the Statement of Financial Position, regarding transactions entered into with subsidiaries fully consolidated in the Group's Consolidated Statement of Financial Position

ASSETS (gross values in millions of euros)	Accrued income	Related parties
Investments in affiliates		32,155.4
Loans to subsidiaries and affiliates	26.6	4,615.3
Other long-term investment securities		
Loans		
Other long-term investments	0.1	
Trade accounts receivable and related accounts	2.1	30.4
Other receivables	5.8	3,224.8
Deferred charges		
Prepaid expenses		
Unrealized foreign exchange losses		
Total	**34.6**	**40,025.9**

LIABILITIES (in millions of euros)	Accrued expenses	Related parties
Other bond issues	153.2	
Bank borrowings	1.2	
Other borrowings		2,063.3
Trade accounts payable and related accounts	54.5	
Tax and employee-related liabilities	13.0	
Amounts payable in respect of PP&E and related accounts		34.2
Other liabilities	3.0	
Deferred income		
Unrealized foreign exchange gains		74.3
Total	**224.9**	**2,171.8**

Note 19. Financial Income and Expenses Concerning Related Parties

In 2009, financial income and expenses regarding related parties amounted to €1,269.6 million and €28.1 million respectively, including dividends received from SFR of €978.8 million.

Section 2 Notes to the 2009 Statutory Financial Statements

Note 20. Compensation of Directors and Officers

Gross compensation (including benefits in kind) paid in 2009 by Vivendi SA to members of the Management Board totaled €9.1 million (compared to €9.0 million in 2008), of which €3.4 million was rebilled to subsidiaries (compared to €3.5 million in 2008).

Members of the Management Board who are paid by Vivendi SA also benefit from a supplemental pension plan, which represented an expense of €2.7 million in 2009 (compared to €2.0 million in 2008).

In 2009, cumulative gross directors' fees paid to members of the Supervisory Board and compensation paid to the Chairman of the Supervisory Board, respectively, totaled €1.2 million and €1.0 million (the latter unchanged from 2008).

Note 21. Management Share Ownership

Members of the Management Board, the Supervisory Board and executive management held an aggregate of 0.22% of the share capital of the company as of December 31, 2009.

Note 22. Number of Employees

The annual average number of employees, weighted by effective presence, including temporary employees and employees under fixed-term contracts, was 220 in 2009, compared to 214 in 2008. The 2009 annual average number includes 5 employees transferred from Vivendi Telecom International (VTI) as of January 1, 2009.

The breakdown of employees by category, 218 as of December 31, 2009, compared to 210 as of December 31, 2008, is as follows:

	December 31, 2009	December 31, 2008
Engineers and executives	173	162
Supervisors	23	26
Other employees	22	22
Total	**218**	**210**

Section 2 Notes to the 2009 Statutory Financial Statements

Note 23. Financial Commitments and Contingent Liabilities

Description of procedures

Vivendi prepares 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 the reports, some dedicated internal control procedures are performed, including but not limited to:

- prior approval of financial commitments, including off-balance sheet commitments, pursuant to a specific procedure;
- periodical review of minutes of Shareholders' Meetings, meetings of the Management Board, the Supervisory Board and their Committees, and the Executive Committee for matters such as contracts, litigation and approval of asset acquisitions or divestitures;
- review of pledges or guarantees with banks and financial institutions;
- review of 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 expenses for prior years;
- review of insurance coverage for unrecorded contingencies with the risk management department and insurance agents and brokers with whom the Group contracted;
- review of related-party agreements for guarantees and other given or received commitments;
- and review of major contracts and agreements.

Financial commitments and contingent liabilities

Universal Music Group

- Pursuant to the merger with Seagram, Vivendi took on a guarantee given to Commonwealth Atlantic Properties, expiring May 1, 2015 and covering rent payable by UMG, with a residual value of $45.8 million as of December 31, 2009.
- In addition to standard comfort letters, Vivendi provided guarantees to several banks which granted credit line facilities to certain UMG subsidiaries to cover working capital requirements, totaling approximately €5 million as of December 31, 2009.
- Vivendi provided certain UMG companies in the Netherlands with guarantees covering commitments to third parties.

Canal+ Group

- In connection with the divestiture of Canal+ Nordic in October 2003, Vivendi granted certain customary guarantees to the acquirors capped at €50 million which expired in April 2010 (the term being extendable under certain conditions).
- On August 30, 2006, pursuant to applicable merger control regulations, the French Minister of Economy, Finance and Industry, authorized the merger between the French pay-TV operations of Canal+ Group and those of TPS, subject to Vivendi and Canal+ Group complying with certain undertakings. Without questioning the pay-TV economic model or the commercial rationale behind the transaction and the benefits to the consumer, these commitments follow, more specifically, the following objectives: (i) improving the access of television and video-on-demand (VoD) operators to attractive audiovisual content, including French and US films and sport events, (ii) providing several high-quality channels on demand to all pay-TV distributors, enabling them to develop attractive products, and (iii) enabling French-language independent licensed channels to be included in the satellite offerings of the newly-formed group. These commitments were given by Vivendi and Canal+ Group for a maximum period of six years, with the exception of commitments regarding the availability of channels and VoD that cannot exceed five years.
- Moreover, Vivendi granted TF1 and M6 a counter-guarantee in order to assume certain commitments and guarantees made by TF1 and M6 in connection with some of the contractual commitments regarding content and other long term contracts of TPS together with certain of its other obligations.
- On December 28, 2009, Vivendi acquired TF1's 9.9% interest in the capital of Canal+ France for €744 million. On February 1, 2010, M6 notified Vivendi of its intention to exercise its put option on its stake in Canal+ France and exercised such option on February 22, 2010.

SFR

- Pursuant to the authorization issued by the French Minister of Economy, Finance and Industry to SFR on April 15, 2008 for the acquisition of Neuf Cegetel, the commitments subscribed for by Vivendi (and SFR) address: (i) the access to SFR's fixed and mobile networks by competitors and new market entrants to wholesale markets on SFR's fixed and mobile networks, (ii) the acceptance on the fixed network of an independent television distributor if such a player appears, and (iii) the availability of eight new channels which are leaders in their particular sectors (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV) on broadband and on a non-exclusive basis. A breakdown of commitments given by Vivendi Group and SFR is available on Vivendi's website.

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Activision Blizzard

- Under the terms of the Activision and Vivendi Games business combination agreement dated as of December 1, 2007, Vivendi and Activision gave a number of reciprocal commitments customary for this type of transaction and notably certain representations and warranties and undertakings, which expired upon finalization of the transaction. The parties also entered into various customary ancillary agreements on finalization of the transaction, including an investor agreement and tax sharing and indemnity agreements.
- Pursuant to agreements signed with Activision, Vivendi granted Activision a $1,025 million loan at market terms and conditions. A single revolving tranche of $475 million, maturing March 31, 2011, remained outstanding as at December 31, 2009.
- Vivendi granted a rental guarantee to the owners of the premises let to Blizzard Entertainments in the United States. This guarantee represented a commitment of approximately €26 million as at December 31, 2009 in respect of residual rent payable under the leases. Activision Blizzard counter-guarantees Vivendi.

GVT

- Following the takeover of GVT on November 13, 2009, Vivendi filed a mandatory cash tender offer to purchase all remaining shares of GVT (Holding) SA not already held by it.

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 US 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.
- As part of the NBC-Universal (VUE) 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.

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Notes to the 2009 Statutory Financial Statements

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 US 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 InterActiveCorp'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 minimus 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 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.

Holdings and others

- As at December 31, 2009, Vivendi continued to guarantee commitments given by Veolia Environnement subsidiaries for a total amount of approximately €7 million, mainly relating to a performance bond given to a local US authority. All of these guarantees have been counter-guaranteed by Veolia Environnement.
- Vivendi provided counter-guarantees to US financial institutions which issued a certain number of surety bonds in favor of certain US operating subsidiaries for a total amount of €6 million.
- 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.
- In addition, Vivendi has given a certain number of real estate lease commitments for a total net amount of approximately €75 million.
- 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 (SAS Nexim 1 to 6). The guarantees expire June 30, 2017. As at December 31, 2009, €1.8 million had been called under these guarantees.
- 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) 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 and a counter guarantee provided by the purchaser in the amount of €200 million.
- In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted certain 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 currently still exist and any potential liabilities related to contamination risks will survive for an indefinite period of time.
- Vivendi received guarantees covering the repayment of amounts paid in July 2007 (€71 million), in the event of a favourable decision of the Spanish Courts concerning Xfera's tax litigation to cancel the 2001, 2002 and 2003 radio spectrum fees. These guarantees include a bank sight guarantee relating to 2001 fees for an amount of €57 million. Similarly, Vivendi undertook to transfer all amounts repaid to its subsidiary VTI, which carried the Group's stake in Xfera.
- Under existing shareholder agreements (primarily SFR, Maroc Telecom, Canal+ France and Activision Blizzard), Vivendi holds certain rights (such as preemptive rights, priority rights, etc.) which enable it to control the capital structure of consolidated companies owned partially by other shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.
- Vivendi is subject to certain financial covenants that require it to comply with a financial ratio calculated every six months. As of December 31, 2009,l Vivendi was in compliance with its financial ratio.
  The three syndicated facilities of €2 billion 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 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.

Section 2 Notes to the 2009 Statutory Financial Statements

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 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 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.

- In connection with the restructuring of the principal defined benefit pension plan (VUPS) in the United Kingdom covering Seagram Spirits and Wine and UMG beneficiaries and its split into three separate plans, Vivendi granted a guarantee valid until January 3, 2011 and equal to 125% of the VUPS plan shortfall, as determined for "Pension Protection Fund" purposes in accordance with UK regulations. As at December 31, 2009, this shortfall amounted to £11 million.
- In connection with the reorganization of the USH English pension plan for current and former employees based in the United Kingdom and the transfer of the pensions commitments under this plan to Metlife, Vivendi guaranteed, on behalf of its subsidiary, Centenary Holding Limited, the liabilities of the plan for an estimated amount of £7 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.

Note 24. 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.

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 effect on the company and on its group's financial position, profits, 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 statutory financial statements published by Vivendi SA 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 Notes 24 of the statutory financial statements for the fiscal year 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.

Section 2 Notes to the 2009 Statutory Financial Statements

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 note 1 (General principles), 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 US economic consulting firm and confirmed by a second US 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.

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.

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.

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.

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 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 information made by those authorities.

Section 2 Notes to the 2009 Statutory Financial Statements

Note 25. Instruments Used to Manage Borrowings

For cash management purposes and as part of its financing policy, Vivendi enters into various hedging arrangements of different durations as appropriate, as is normal practice within major groups and, occasionally, on behalf of its subsidiaries. Hedging arrangements are not speculative in nature.

The majority of Group financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary.

In 2009, 78% of average Group debt was denominated in euros (99% in 2008). The average cost of this debt (including bank margins and hedging arrangements) over the year as a whole was 4.73%, compared to 4.34% in 2008. All currencies together, the average finance cost in 2009 was 4.75%, including margins and hedging arrangements, compared to 4.69% in 2008.

In 2009, external hedging arrangements implemented by the Group (setting floating-interest rates) covered an average of €3.8 billion long and short-term debt, compared to €2.6 billion in 2008. The Group uses only swap instruments and caps.

At year-end 2009, open swaps in the Group totaled €3.4 billion, including €1.1 billion fixed-rate payer swaps with an average duration of 3.2 years and €2.3 billion fixed-rate receiver swaps with an average duration of 3.2 years.

Instruments held by Vivendi SA to hedge borrowings are broken-down as follows:

Vivendi SA External Hedging Arrangements (in millions of euros)	As at December 31, 2009	Average rate	Maturing within < 1 year	Maturing within 1 to 5 years	Maturing within > 5 years	Counterparty
Fixed-rate receiver swaps	2,273	5.26%		2,273		Banks
Fixed-rate payer swaps	(1,100)	4.06%		(1,100)		Banks
Sales of caps						
Purchases of floors						
Sub-total	**1,173**			**1,173**		

As of December 31, 2009 there is no internal hedging between Vivendi SA and its subsidiaries.

Note 26. Foreign Currency Risk Management

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures, resulting primarily from monetary flows generated by commercial operations performed by Vivendi SA and its subsidiaries in currencies other than the euro, and firm commitments, relating essentially to the acquisition of editorial content including sports, audiovisual and film rights, valued in foreign currency. For this purpose, Vivendi enters into currency swaps and forward contracts, in accordance with procedures prohibiting speculative transactions:

- Vivendi SA 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 at a minimum of 80% for exposures related to forecasted transactions and 100% for firm commitment contracts.

In addition, Vivendi SA 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 the local currency.

As of December 31, 2009, Vivendi had effectively hedged approximately 100% (similar to December 31, 2008) of its undiscounted foreign currency cash flows as well as borrowing-related exposure. The principal currency hedged was 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, and if necessary, adjusted in mid-2010.

The following table presents the notional amount of currency to be delivered or received under currency instruments (currency swaps and forwards). Positive amounts indicate currency receivable and negative amounts currency deliverable.

	December 31, 2009							
(in millions of euros)	EUR	AUD	BRL	CAD	CHF	PLN	USD	Other currency
Currency swaps								
Sales against the euro	541	(3)		(1)		(20)	(498)	(19)
Sales against other currencies						34	(34)	
Purchases against the euro	(436)	49		27	26	34	228	72
Purchases against other currencies						(34)	38	(4)
Forward contracts								
Sales against the euro	376			(4)	(5)	(7)	(349)	(12)
Sales against other currencies		1					(5)	3
Purchases against the euro	(637)		520				117	
Purchases against other currencies		(5)					5	
	(156)	**43**	**520**	**22**	**20**	**8**	**(498)**	**41**

Note 27. Fair Value of Derivative Instruments

As of December 31, 2009, the market value of derivative instrument portfolios classified as interest rate and currency hedges, pursuant to Article 372 of the French General Tax Code, was -€77.8 million and €6 million, respectively (theoretical cost of unwinding). As of December 31, 2008, the fair value of these hedging portfolios was -€32.5 million and -€47.8 million, respectively.

Derivative financial instruments not qualifying for hedge accounting, with a market value of €75.2 million as of December 31, 2008 (theoretical cost of unwinding) were fully unwound during fiscal year ending at December 31, 2009.

Note 28. Deferred Deductions for Taxes

In addition to tax losses carried forward which qualify for relief at the standard rate and foreign tax credits (please refer to Note 5, Income tax expense/credit), timing differences between the tax and accounting treatment of income and expense items would generate a future reduction in tax liabilities (including contributions) of €52.0 million due to the deferred deduction for tax purposes of certain expenses.

Total net capital gains benefiting from deferred taxation pursuant to Article 38-7 *bis* and 210B of the French General Tax Code, amount to approximately €5.5 billion, including €5.4 billion in respect of SFR shares.

Note 29. Subsequent Events

The main events that occurred between December 31, 2009 and February 24, 2010, the date on which the 2009 statutory financial statements were approved by the Management Board were as follows:

- Jury's verdict in the Securities Class Action in the United States (please refer to Note 24, litigation);
- Exercise by M6 of its put option on its Canal+ France shares (please refer to Major events of the year); and
- Acquisition by Vivendi of additional GVT shares not yet held as of December 31, 2009 (please refer to Major events of the year).

Section 3 Subsidiaries and Affiliates

(in millions of euros unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments		Outstanding loans and advances granted by Vivendi (b)	Guarantees and endorsements granted by Vivendii	2008 Revenues	2009 Revenues	2008 Earnings	2009 Earnings	Dividends received by Vivendi during 2009	Comments
				Gross	Net								
Groupe Canal+ SA * (c) 1, place du Spectacle 92130 Issy les Moulineaux	100.0	758.5	100.00	5,198.1	5,198.1	129.5	1.7	52.5	71.4	(100.5)	69.7	-	-
NBC Universal Inc (d) 30 Rockefeller Plaza New York NY 10112 USA	-	24,095 million dollars	20.00	6,621.9	4,026.1	-	-	16,802.0 million dollars	15,085.0 million dollars	1,769.0 million dollars	1,278.0 million dollars	290.9	
Société Française du Radiotéléphone 42, avenue de Friedland 75008 Paris	1,345.1	2,392.5	55.96	9,807.0	9,807.0	2 650.0	-	8,864.0	11,979.9	1,501.4	2,174.7	978.8	
Vivendi Telecom International * (e) 42, avenue de Friedland 75008 Paris	1,190.6	(489.5)	100.00	1,190.9	1,190.9	1,509.9	-	0.7	0.6	(2.7)	116.0		
Elektrim Telekomunikacja * (f) Al. Jana Pawla II 00-828 Warsaw Poland	(g) 10,008.1 million zlotys	(g) (9,253.9) million zlotys	47.07	1 117.1	0.0	965.8	-			(h) (939.0) million zlotys			depreciation of advances 965.8
GVT (Holding) SA Rua Lourenço Pinto, 299 80010-160 Curitiba (Parana) Brazil	(i) 1,510.2 million reals	608.0 million reals	79.59	2 381.3	2 381.3	-	-	(i) 2,129.4 million reals	(i) 2,771.0 million reals	(i) 30.6 million reals	(i) 131.6 million reals		
Brazil Holdings LLC (j) Corporation Trust Center 1209, Orange Street Wilmington, 19801 County of New Castle Delaware, USA	na	na	100.00	85.9	85.9	-	-	-	-	nd	nd	-	-
VTB Participaçoes SA (k) Rua Funchal, 418 04551-060 Sao Paulo (Sao Paulo) Brazil	(i) 230.7 million reals	(0.9) million reals	100.00	90.0	90.0	-	-	-	-	-	(i) (0.9) million reals	-	-
Vivendi Mobile Entertainment 48-50, rue Notre-Dame des Victoires 75002 Paris	70.9	(28.6)	100.00	115.6	115.6	-	-	0.6	3.7	(33.1)	(28.6)	-	-
Other subsidiaries and affiliates (Summary information)	-	-	-	116.9	55.8	22.0	-		-	-	-	3.0	-

(a) Includes earnings of the year.
(b) Includes current account advances.
(c) The entity holding, with Lagardere and M6, 74.9% of Canal+ France (which in turn holds 49% of Canal+ SA) and all other assets transferred by Canal Plus in the Vivendi-Canal Plus-Seagram merger which occurred on December 8, 2000.
(d) Consolidated figures.
(e) Company holding the Group's telephony investments in Morocco and Poland.

Section 3 Subsidiaries and Affiliates

(f) Elektrim Telekomunikacja (held 3.93% by Vivendi Telecom International) and Carcom Warsawa (held 51% by Vivendi) hold 51% of the share capital of PTC, the leading mobile phone operator in Poland.
(g) Financial information as of December 31, 2008.
(h) Includes net foreign exchange losses of 450 million zlotys
(i) As of December 31, 2009 1 euro = 2.5113 reals.
(j) The Brazilian company holding 2.86% of the share capital of GVT (Holding) SA.
(k) The Brazilian company which will ultimately holds the Group's investment in GVT (Holding) SA.
* This company is primarily a holding company. The amounts presented in the "Revenues" columns comprise operating income and financial income from investments.

(in millions of euros unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments		Out-standing loans and advances granted by Vivendi (b)	Guaran-tees and endorse-ments granted by Vivendi	2008 Revenues	2009 Revenues	2008 Earnings	2009 Earnings	Dividends received by Vivendi during 2009	Comments
				Gross	Net								
Holding companies & Non-core activities													
Vivendi Finance Company **(c)** Corporation Trust Center 1209, Orange Street Wilmington, 19801 County of New Castle Delaware, USA	2,914.8 million dollars	73.4 million dollars	100.00	2 101.9	2 101.9	-	-	-	-	(7.0) million dollars	73.4 million dollars	50.1	
Vivendi Holding 1 Corporation **(d)** * 800 Third Avenue New York, New York 10022, USA	73.5 million dollars	14 348.1 million dollars	100.00	9,637.5	9,103.4	**(e)** 1,590.2	-	13.6 million dollars	12.3 million dollars	(23.8) million dollars	(35.5) millions dollars	-	-
Société Nouvelle d'Etudes et de Gestion (SNEGE) * 59 bis, avenue Hoche - 75008 Paris	210.0	4.3	100.00	205.6	205.6	-	-	-	-	8.5	2.0	15.6	-
Other subsidiaries and affiliates – Holding companies (Summary information)	-	-	-	76.3	62.4	46.2	-	-	-	-	-	-	-
Other non-core activities (Summary information)	-	-	-	114.5	31.6	175.0	-	-	-	-	-	-	deprecia-tion of advances 97.8
Total	**-**	**-**	**-**	**38,860.5**	**34,455.7**	**7,088.6**	**1.7**	**-**	**-**	**-**	**-**	**1,338.4**	

(a) Includes earnings of the year
(b) Includes current account advances
(c) The entity created in connection with the acquisition of BMG Publishing in December 2006.
(d) Head of the US tax group which holds, diretly or indirectly, Group's US assets, with the exception of NBC Universal.
(e) Includes $1.4 billion loan secured in July 2008 to finance the acquisition of Vivendi Games and Activision
* This company is primarily a holding company. The amounts presented in the "Revenues" columns comprise operating income and financial income from investments.

Section 4 Maturity of Trade Accounts Payable

As of December 31, 2009, pursuant to Article L.441-6-1 of the French Commercial Code, trade accounts payable (€1.1 million) by maturity, is broken down as follows:

- Payment within 30 days: €0.4 million; and
- Payment between 30 to 60 days: €0.7 million.

Section 5 Financial Results of the Last Five Years

(in millions of euros)	2009	2008	2007	2006	2005
Share capital at the end of the year					
Share capital	6,758.7	6,436.1	6,406.1	6,363.7	6,344.1
Number of shares outstanding	(a) 1,228,859,491	1,170,197,438	1,164,743,220	1,157,033,736	1,153,477,321
Potential number of shares created by:					
Redemption of bonds redeemable in shares issued in December 2000					18,992,487
Exercise of stock subscription options	41,345,499	35,464,547	29,899,235	32,174,851	33,684,358
Grant of restricted stock units for no consideration or performance shares	(b) 1,061,511	(b) 986,827	(c) 1,276,893	(c) 805,560	
Results of operations:					
Revenues	93.1	113.8	91.6	113.8	104.7
Earnings/(loss) before tax, depreciation, amortization and provisions	917.8	(405.6)	1,518.5	1,467.3	15.2
Income tax expense/(credit) (d)	(199.0)	(512.3)	(579.0)	(740.2)	(531.4)
Earnings/(loss) after tax, depreciation, amortization and provisions	(124.7)	(428.1)	1,504.4	4,412.4	6,675.2
Earnings distributed	(e) 1,720.3	(g) 1,639.0	(g) 1,514.1	(g) 1,387.3	(g) 1,147.4
Per share data (in euros)					
Earnings/(loss) after tax but before depreciation, amortization and provisions	(f) 0.91	0.09	1.80	1.91	0.47
Earnings/(loss) after tax, depreciation, amortization and provisions	(f) (0.10)	(0.37)	1.29	3.81	5.79
Dividend per share	(e) 1.40	(g) 1.40	(g) 1.30	(g) 1.20	(g) 1.00
Employees					
Number of employees (annual average)	220	214	223	228	228
Payroll	35.1	34.1	35.4	35.5	33.8
Employee benefits (social security contributions, social works, etc.)	14.8	13.7	13.1	13.2	12.1

(a) Includes account movements up to December 31, 2009: issues of (i) 53,184,521 shares subscribed by shareholders opting for a dividend payment in shares; (ii) 4,862,279 shares in respect of Group Savings Plans; and (iii) 615,253 shares following the exercise of stock subscription options by beneficiaries and performance shares.

(b) Performance shares granted to directors of Vivendi SA and employees holding an employment contract with Vivendi SA or one of its majority-owned subsidiaries. No performance shares have been granted since 2008 (please refer to (c) below).

(c) Performance shares granted to employees holding an employment contract with Vivendi SA or one of its majority-owned French or Moroccan subsidiaries. In other countries, performance shares will not result in the issuance of new shares but the payment of a cash amount.

(d) This negative amount represents the income generated pursuant to the Consolidated Global Profit Tax System under Article 209 quinquies of the General Tax Code plus the tax saving recorded by the tax group headed by Vivendi.

(e) The Annual General Shareholders' Meeting of April 29, 2010 will be asked to approve the distribution of a dividend of €1.40 per share in respect of fiscal year 2009, representing a total dividend distribution of €1,720.3 million. This amount takes into account the number of treasury shares held as of December 31, 2009 and will be adjusted to take account of effective holdings as of the dividend payment date and the exercise of stock subscription options by beneficiaries up to the Shareholders' Meeting.

(f) Based on the number of shares at year-end (please refer to a).

(g) Based on the number of shares entitled to dividends as of January 1st, after deduction of treasury shares at the dividend payment date.

Section 6 Statutory auditors' report on the financial statements For the year ended 31 December 2009

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 financial statements of Vivendi S.A., hereinafter referred to as "the Company";
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements, based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves examining, on a test basis or by other sampling means, evidence supporting the amounts and disclosures in the 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 financial statements give a true and fair view of the Company's financial position and assets and liabilities as at December 31, 2009, and of the results of its operations for the year then ended, in accordance with the accounting principles generally accepted in France.

Without qualifying the opinion given above, we draw your attention to Note 24 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.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Accounting policies

Note 1 to the financial statements sets out the accounting policies and methods used to recognize in particular, equity interests and provisions. As part of our assessment of the accounting policies implemented by your Company, we verified that the information presented in the notes to the financial statements was appropriate and consistently applied.

Accounting estimates

Note 1 to the financial statements states that your Company recognizes impairment losses when the carrying amount of its financial assets exceeds their value in use. Value in use is defined as the present value of the estimated future economic benefits expected to be derived from the financial asset. Based on the information available at the date of this report, we assessed the approach adopted by your Company and ensured that the assumptions made and ensuing valuations were reasonable.

Provisions for litigation

Note 24 to the financial statements describes the methods used to evaluate and recognize provisions for litigation. We assessed the methods used by your group to list, calculate and account for such provisions. We also assessed the data and assumptions underlying the estimates made by the Company, reviewed the Company's calculations, 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 24 to the financial statements such disclosures were limited. as they concern information that might be detrimental to the Company. As stated in Note 1 to the financial statements, these estimates are based on assumptions that are uncertain by nature, and actual results may differ substantially from provisional data.

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

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Statutory auditors' report on the financial statements For the year ended 31 December 2009

III. Specific verifications and information

We have also carried out the specific verifications required by law in accordance with the auditing standards applicable in France.

We have no matters to report regarding the fair presentation and conformity of the financial statements with the information provided in connection with the report of the Management Board in the 2009 Annual Report – Registration Statement and in the documents addressed to shareholders with respect to the financial position and financial statements.

With regard to the financial information disclosed pursuant to Article L.225-102-1 of the Commercial Code on the remuneration and benefits paid to company executives and on the commitments made to them, we checked that the information was consistent with the financial statements or with the data used to prepare the financial statements, and where appropriate, with the information collected by your Company from companies that either control or are controlled by your Company. On the basis of this work, we found that the information was accurate and fairly presented.

In accordance with French law, we have ascertained that the information relating to the acquisition of shares and controlling interests and the identity of shareholders has been disclosed in the 2009 Annual Report – Registration Statement.

Paris-La Défense and Neuilly-sur-Seine, February 25, 2010

The Statutory Auditors

Salustro Reydel
Member of KPMG International

Ernst & Young et Autres

Frédéric Quélin — Marie Guillemot — Jean-Yves Jégourel

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Section 7 Statutory Auditors' Report on Related-Party Agreements and Commitments

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

To the shareholders

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

1. Authorized agreements and commitments concluded in the year

In accordance with article L.225-88 of the French commercial code (Code de Commerce), we have been advised of certain related party agreements and commitments which were authorized by your supervisory board.

We are not required to ascertain the existence of any other agreements and commitments but to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us. We are not required to comment as to whether they are beneficial or appropriate. It is your responsibility, in accordance with article R.225-58 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this type of engagement and commitment. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

1.1. Treasury agreement between Vivendi and Activision Blizzard

Directors concerned

MM. Jean-Bernard Lévy et Philippe Capron.

At its meeting of April 30, 2009, your supervisory board authorized your management board to amend the treasury agreement signed during the Vivendi Games and Activision merger operation in 2008. The amendment turns the original contract into a cash pooling agreement for each currency used at Activision Blizzard level. Activision Blizzard lends its foreign currencies to Vivendi in exchange of an equivalent amount in euro. At each end of week the balance is nil which avoids any counterparty risk. The annual management fees amount to $450,000.

As of December 31, 2009, management fees received by your company amount to €332,742 ($450,000).

1.2. Wengo acquisition

Directors and persons concerned

MM. Jean-Bernard Lévy, Philippe Capron, Frank Esser, Bertrand Meheut and Vivendi.

At its meeting of April 30, 2009, your supervisory board authorized your Company to acquire the whole part of Wengo's investment owned by SFR, i.e 43.2%. On May 20, 2009, Vivendi acquired this investment for €15 millions.

1.3. Granting of a €1,5 billion loan to SFR

Directors and persons concerned

MM. Jean-Bernard Lévy, Philippe Capron, Frank Esser, Bertrand Meheut and Vivendi.

At its meeting of June 14, 2009, your supervisory board authorized your management board to grant a €1.4 million revolving facility to SFR with a four years maturity, refundable at the end with a EURIBOR plus 2.5% rate.

As of December 31, 2009, SFR has drawn €650 millions of its available facilities. No commission regarding the non utilization of the credit line has been invoiced in 2009 because it is only due for payment from January 1st, 2010.

For 2009, the total amount of interests received by your company amounts to €5.3 millions. The setting up's commission received by your company amounts to €4.5 millions.

Section 7

Statutory Auditors' Report on Related-Party Agreements and Commitments

1.4. Reclassification of Canal+ France Investment

Directors concerned

MM. Jean-Bernard Lévy, Philippe Capron, et Bertrand Meheut.

At its meeting of December 15, 2009, your supervisory board authorized your management board to sell to Groupe Canal+, the 9.9% investment in Canal+ France bought to Groupe TF1.

On December 28, 2009, your company sold the 9.9% of Canal+ France investment to Groupe Canal+ for €744 millions.

1.5. Granting of a guarantee due to the reorganization of the USH fund and the externalization of the related pension liabilities.

In its meeting of December 15, 2009, your supervisory board authorized your management board to provide to its subsidiary, Centenary Holding Limited, the following guarantees further to the reorganization of the USH English pension fund for current and former employees of Music and VUE based in the UK and the transfer of its pensions commitments to Metlife.

On December 23, 2009, your company guaranteed for its subsidiary, Centenary Holding Limited, the liabilities of the USH fund transferred to the VDS fund for an estimated amount of 7.2 million pounds sterling.

2. Authorized agreements and commitments concluded in the year already reported in the statutory auditor's report on related party agreements and commitments presented to and approved by the annual shareholder's meeting on April 30, 2009.

Conditional severance payment of Mr Jean-Bernard Lévy, chairman of the Management Board

At its meeting of February 26, 2009, the supervisory board noted the intention of Mr. Jean-Bernard Lévy, the chairman of the Management Board, to renounce his employment contract (which had been suspended since April 25, 2005, the date of his appointment as chairman of the company's Management Board) upon the renewal of his term of office on April 27, 2009, and resolved that Mr. Jean-Bernard Lévy would, except in the case of serious misconduct and subject to performance conditions in accordance with the AFEP and MEDEF recommendations, receive compensation upon termination of his term of office. On April 27, 2009, Mr. Jean-Bernard Levy renounced his employment contract.

This compensation is based on a progressive formula based on the gross salary linked to Mr Jean-Bernard Lévy'seniority and amounts to six months plus one month for each year of service within the Group after 2002. It would be subject to the satisfaction of the following minimum performance conditions: the compensation would not be due if the Group's financial results (adjusted net income and cash-flow from operations) were less than $^2/_3$ of the budget for two consecutive years and if the performance of Vivendi's share price were less than $^2/_3$ of the average performance of a composite index ($^1/_3$ CAC 40, $^1/_3$ DJ Stoxx Telco and $^1/_3$ DJStoxx Media) during two consecutive years. It would not be payable also in case of Mr. Jean-Bernard Lévy's leaving after the age of 62, upon when he would be entitled to claim his pension rights, or if he left the company at his own initiative. The amount of this compensation is, by definition, equal to twenty one months or less.

At the same meeting, the supervisory board also resolved that in case of Mr. Jean-Bernard Lévy's leaving the company under the conditions set forth above (entitling him to the compensation), his rights to stock options and performance shares, not yet acquired by him at the date of his departure, would be maintained, subject to the satisfaction of the related performance conditions, and would remain subject to the relevant plan rules with respect to the conditions governing their acquisition and exercise.

This commitment, approved by your annual shareholders' meeting of April 30, 2009, was not utilized during 2009.

3. Agreements and commitments authorized in prior years and which remain current during this year.

Moreover, in accordance with the French Commercial Code, we have been advised that the following agreements and commitments which were approved in prior years remained current during the year.

3.1 Granting of a 3 billion euro loans to SFR

MM. Philippe Capron, Frank Esser, Jean-Bernard Lévy, Bertrand Meheut and your company.

At its meeting of February 28, 2008, your supervisory board authorized your management board to provide SFR with a €4 billion loan within the framework of the acquisition by SFR of 60.15% of Neuf Cegetel capital not held by the company.

Section 7 Statutory Auditors' Report on Related-Party Agreements and Commitments

Your company agreed on a €3 billion revolving facility at market conditions, maturing on December 31, 2012. This credit line was to be reduced to €2 billion as of July 1, 2009 and to €1 billion from July 1, 2010.

As at December 31, 2009 the credit line has been fully drawn for €2 billion by SFR. The total amount of interests, received by your company for 2009, amounts to 41.1 million euros.

3.2 Granting of a USD 1.025 billion to Activision

At its meeting of February 28, 2008, your supervisory board authorized your management board, as part of the Activision Blizzard transaction, to provide Activision with a 1.025 billion US dollars loan, at market conditions. This three installment loan was designed to finance, on the one hand, the repurchase by Activision of its own shares, and on the other hand, its working capital requirement.

The original contract of April 29, 2008 was amended on July 8, 2008 and the redemption date of the two first part of the loan, respectively 400 and 150 millions of US dollars, was set on July 9, 2008, closing date of Activision Blizzard transaction.

As at December 31, 2009, remained only one revolving installment of 475 million US dollars maturing on March 31, 2011. The commission related to the non utilization of the credit line invoiced to Activision Blizzard amounts to 1.5 million euros.

3.3 Revolving credit line

On December 19, 2006, your supervisory board authorized your management board to provide SFR with a revolving credit line of 700 million euros, for a three-year period, ending December 19, 2009.

The credit line agreement was signed with SFR on December 19, 2006. Under this agreement, minimum installments of 50 million euros could be drawn for variable periods of 1, 3, 6 or twelve months, with interest payable at the EURIBOR rate for the period + 0.15%.

As of December 31, 2009 the credit line had been fully repaid. The total amount of interests received by your company for 2009, amounts to 8.8 million euros.

3.4 Reorganization of the English pension fund VUPS

At its meeting of April 24, 2008, your supervisory board authorized your management board, as part of the VUPS pension fund reorganization, to provide the trustees of this fund with a guarantee.

As part of the VUPS pension fund reorganization designed for UK current and former employees, and further to the split into three distinct funds, your company issued a guarantee valid until January 3, 2011 and equal to 125% of the VUPS plan deficit after reorganization, as defined for the « Pension Protection Fund », in accordance with British regulation.

As of December 31, 2009, the total guarantee amounts to 11 million pounds sterling.

3.5 Support agreement between your company and SFR

Your company signed in 2003 a support agreement with its subsidiary SFR for a five-year period. In return, from January 1, 2006, SFR pays your company an annual lump sum of 6 million euros and 0.3% of its consolidated revenue, excluding revenue from equipment sales.

On March 6, 2008, a rider to this agreement was signed. Applicable from April 1, 2007, SFR pays your company a sum corresponding to 0.2% of its consolidated revenue, excluding revenue from equipment sales.

The income received by your company in 2009 relating to this agreement amounted to 22.9 million euros before taxes.

3.6 Agreement on the additional retirement benefits

Your supervisory board authorized the implementation of an additional pension plan for senior executives, including the members of the management board holding an employment contract subject to French law with your company. The chairman of the Management Board takes advantage of this additional pension plan.

Section 7 Statutory Auditors' Report on Related-Party Agreements and Commitments

The main terms and conditions of the additional pension plan are as follows: a minimum of three years in office, progressive acquisition of rights according to seniority (over a period of twenty years); a reference salary for the calculation of the pension equal to the average of the last three years; dual upper limit: reference salary capped at 60 times the social security limit, acquisition of rights limited to 30% of the reference salary; application of the Fillon Act (rights maintained in the event of retirement at the initiative of the employer after the age of 55); and payment of 60% in the event of the beneficiary's death. The benefits are lost in the event of a departure from the company, for any reason, before the age of 55.

The provisional amount recognized in the financial statements for 2009 for the additional retirement benefits related to management board members amounts to 2,669,297 euros.

3.7 Agreement to waiver interest on the amounts due from subsidiaries

As part of the treasury agreements between your company and its subsidiaries such as VTI, and Scoot Europe NV, the latter were granted advances bearing interest at the one-month EURIBOR rate plus a 2.5% margin, capitalized on a quarterly basis.

Your company agreed to waive the interests due on these amounts. The waiver became effective as of April 1, 2003 for VTI, and as of July 1, 2003 for Scoot Europe NV. It will be implemented until the companies recover a stable financial position notably by selling off assets or increasing capital, or until the companies are liquidated.

On June 30, 2009, Scoot Europe NV has been liquidated.

The amount owed to your company as of December 31, 2009 was 1,510 million euros by VTI. Outstanding interests due to your company in 2009 amount respectively to 1.1 million euros for Scoot Europe NV and 56.8 million euros for VTI.

3.8 Agreement with Vinci

As of December 30, 1998, your company, Vinci and Compagnie Générale de Bâtiment et de Construction (CBC) signed a rider to the agreement entered into on June 30, 1997 concerning the sale of CBC shares to Vinci, along with the associated guarantees and better fortune clauses.

In 2009, your company did not receive any credit notes or payments related to this agreement.

Paris-La Défense and Neuilly-sur-Seine, February 25, 2010

The Statutory Auditors

Salustro Reydel
Member of KPMG International

Frédéric Quélin
Marie Guillemot

Ernst & Young et Autres

Jean-Yves Jégourel

5 Recent Events – Outlook

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Section 1 Recent Events

Significant events that occurred between December 31, 2009 and the date of filing of the Document de référence (the French version of this Annual Report) with the AMF (the French stock exchange regulatory authority) are described in the following chapters of this report:

- Chapter 2: "Highlights", "Description of the Group and its Businesses", "Litigations"; and
- Chapter 4: "Annual Financial Report" and "Consolidated Financial Statements for the Fiscal Year Ended December 31, 2009".

As anticipated, at the end of January 2010, SFR paid a €1 billion interim dividend to its shareholders (of which €441 million was paid to Vodafone) as approved in December 2009. Please refer to Note 16 to the Consolidated Financial Statements.

Section 2 Outlook

Vivendi has planned the year 2010 with a reasonably conservative stance, due in part to the continued uncertainties relating to the broader macroeconomic environment and consumer demand, as well as growing regulatory pressure. In 2010, Vivendi will remain committed to building growth for the future, hence will continue (i) to invest in marketing and products to attract customers and gain market share; (ii) to invest in content and networks to enhance our commercial offers; and (iii) to explore opportunities in fast growing regions/businesses. On this basis, Vivendi forecasts a slight increase in EBITA for 2010.

This forecast is based on an assumed exchange rate of €1 for US$1.50 and the achievement of each business's financial objectives, as described below. Besides, Vivendi confirms its commitment to maintain its long term debt rating at BBB stable (Standard & Poor's/Fitch) and Baa2 stable (Moody's).

Activision Blizzard

In 2009, Activision Blizzard performed well above other third party publishers, driven by success of its major franchises, and exceeded its guidance on a non-GAAP (US GAAP) basis[1], posting record operating margin and EPS in tougher-than-expected market conditions. For 2010, Activision Blizzard is expected to report EBITA above €600 million.

Universal Music Group (UMG)

In 2009, UMG maintained a double digit EBITA margin, despite a very challenging music market, and particularly thanks to an increased participation in a broader range of music revenue streams. At the end of 2009, UMG was also part of the successful launch of VEVO. For 2010, UMG is expected to maintain a double digit EBITA margin.

SFR

In 2009, due to the outstanding execution in the integration of Neuf Cegetel, SFR maintained a solid EBITDA margin despite greater regulatory pressure, weak economic conditions and investment for commercial expansion in postpaid mobile and broadband Internet. Forecasts for SFR mobile and broadband Internet and fixed businesses for 2010 are as follows:

- Mobile: slight decrease in EBITDA; and
- Broadband Internet & Fixed: slight increase in EBITDA.

Maroc Telecom Group

In 2009, Maroc Telecom Group maintained an EBITA margin above guidance, due to cost control, in a difficult competitive and economic environment, and also thanks to its growing footprint with the acquisition of Sotelma in Mali. For 2010, Maroc Telecom Group is expected to report a moderate growth in revenues in Dirhams, and to maintain profitability at high levels.

GVT

In 2009, in local Brazilian accounting standards and local currency, GVT enjoyed a strong growth in the number of lines in service and better product mix, driving revenues up 29% and Adjusted EBITDA up 30%. For 2010, in local Brazilian accounting standards and local currency, revenues is expected to be up 26% and Adjusted EBITDA up 30%.

Canal+ Group

In 2009, Canal+ France enjoyed a strong commercial performance with a portfolio net growth of 238,000 and ARPU increase, and also enjoyed the full benefit of TPS synergies. In addition, Canal+ Group enjoyed a strong growth in Poland and launched its platform in Vietnam. For 2010, Canal+ Group is expected to report a slight increase in EBITA.

1. Activision Blizzard provides, on a non-GAAP basis, net revenues, operating margin and EPS forecasts both including (in accordance with US GAAP) and excluding (non-GAAP) the impact of the following main items: changes in deferred net revenues and related costs of sales in respect of certain online-enabled games; expenses related to equity-based compensation costs and the amortization and depreciation of intangibles and the associated changes in cost of sales resulting from purchase price accounting adjustments from the business combination. The operating margin is equal to the ratio of non-GAAP operating results to non-GAAP net revenues. Please refer to Chapter 4, "II Appendix to the Financial Report: Unaudited supplementary financial data".

Section 2 Outlook

The 2010 outlook above regarding revenues, EBITA, EBITA margin rates and EBITDA is based on data, assumptions and estimates considered as reasonable by Vivendi management. They are subject to change or modification due to uncertainties related in particular to the economic, financial, competitive and/or regulatory environment. Moreover, the materialization of certain risks described in Chapter 2 of this Report could have an impact on the Group's operations and its capacity to achieve its forecasts for 2010.

In addition Vivendi considers that the non-GAAP measures, EBITA and EBITDA are relevant indicators of the Group's operating performance. Each of these indicators is defined in the appropriate section of the Financial Report for the year ended December 31, 2009, included in Chapter 4 of this Annual Report.

Section 3 Statutory Auditors' Report on the EBITA Forecast

To the Chairman of the Management Board,

In our capacity as statutory auditors and in accordance with EU Regulation 809/2004, we hereby report on the EBITA (résultat opérationnel ajusté) forecast for the Vivendi group, which is included in Chapter 5 section 2 of the registration document filed with the French stock exchange regulatory body (AMF) on March 17, 2010.

In accordance with EU Regulation 809/2004 and the relevant CESR guidance, you are responsible for the preparation of this forecast and its principal underlying assumptions.

It is our responsibility to express our conclusion, pursuant to Appendix 1, paragraph 13.2 of the EU Regulation 809/2004, as to the proper compilation of the EBITA forecast.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this engagement. Our work consisted of an assessment of the preparation process for the EBITA forecast, as well as the procedures implemented to ensure that the accounting methods applied are consistent with those used for the preparation of the historical financial information of the Vivendi group. We also gathered all the relevant information and explanations that we deemed necessary to obtain the assurance that the EBITA forecast has been properly compiled on the basis stated.
It should be noted that, given the uncertain nature of forecasts, the actual figures are likely to be significantly different from those forecasts and that we do not express a conclusion on the achievability of these figures.

We conclude that:
- this EBITA forecast has been properly compiled on the basis stated; and
- the accounting methods applied in the preparation of the EBITA forecast are consistent with the accounting principles adopted by the Vivendi group.

This report is issued for the sole purpose of filing the registration document with the French stock exchange regulatory body (AMF) and, if applicable, of a public offering in France and other European Union countries in which a prospectus, comprising the 2009 registration document as approved by the AMF, will be published and may not be used for any other purpose.

Paris-La Défense and Neuilly-sur-Seine, March 17, 2010

The Statutory Auditors
French original signed by

Salustro Reydel Member of KPMG International		Ernst & Young et Autres
Frédéric Quélin	Marie Guillemot	Jean-Yves Jégourel

6 Audit of the Financial Statements

Section 1

Independent Auditors Responsible for Auditing the Financial Statements 332

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Section 1 Independent Auditors Responsible for Auditing the Financial Statements

1.1. Statutory Auditors

Ernst & Young et Autres
41, rue Ybry, 92576 Neuilly-sur-Seine, France.

represented by Mr. Jean-Yves Jegourel,
appointed at the Shareholders' Meeting held on June 15, 2000.

Most recent mandate renewal: Combined Shareholders' Meeting held on April 20, 2006, for a term of six fiscal years, expiring at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2011.

Salustro Reydel
Member of KPMG International
1, cours Valmy, 92923 Paris – La Défense Cedex, France.

represented by Mrs. Marie Guillemot and Mr. Frédéric Quélin,
appointed at the Shareholders' Meeting held on June 15, 1993.

Most recent mandate renewal: Combined Shareholders' Meeting held on April 28, 2005, for a term of six fiscal years, expiring at the end of the Shareholders' Meeting held to approve the financial statements for fiscal year 2010.

1.2. Alternate Statutory Auditors

Société Auditex
11, allée de l'Arche, Faubourg de l'Arche, 92400 Courbevoie, France.

appointed at the Shareholders' Meeting held on April 20, 2006, for a term of six fiscal years, expiring at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2011.

Mr. Jean-Claude Reydel
1, cours Valmy, 92923 Paris, La Défense Cedex, France.

appointed at the Shareholders' Meeting held on April 28, 2005, for a term of six fiscal years, expiring at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2010.

Crédit photos: Activision Blizzard, Universal Music Group, SFR, Groupe Maroc Telecom, GVT, Maxime Bruno/Canal+.

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