Financial Report and Audited Consolidated Financial Statements for the Year Ended December 31, 2011

vivendi

VIVENDI

Société anonyme with a Management Board and a Supervisory Board with a share capital of €6,859,946,830.00

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Selected key consolidated financial data

	Year ended December 31,				
	2011	2010	2009	2008	2007
Consolidated data					
Revenues (a)	28,813	28,878	27,132	25,392	21,657
EBITA (a) (b)	5,860	5,726	5,390	4,953	4,721
Earnings attributable to Vivendi SA shareowners	2,681	2,198	830	2,603	2,625
Adjusted net income (b)	2,952	2,698	2,585	2,735	2,832
Financial Net Debt (b) (c)	12,027	8,073	9,566	8,349	5,186
Total equity (d)	22,070	28,173	25,988	26,626	22,242
of which Vivendi SA shareowners' equity (d)	19,447	24,058	22,017	22,515	20,342
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	8,034	8,569	7,799	7,056	6,507
Capital expenditures, net (capex, net) (e)	(3,340)	(3,357)	(2,562)	(2,001)	(1,626)
Cash flow from operations (CFFO) (b)	4,694	5,212	5,237	5,055	4,881
Financial investments	(636)	(1,397)	(3,050)	(3,947)	(846)
Financial divestments	4,701	1,982	97	352	456
Dividends paid with respect to previous fiscal year	1,731	1,721	1,639 (f)	1,515	1,387
Per share amounts					
Weighted average number of shares outstanding	1,239.9	1,232.3	1,203.2	1,167.1	1,160.2
Adjusted net income per share	**2.38**	**2.19**	**2.15**	**2.34**	**2.44**
Number of shares outstanding at the end of the period (excluding treasury shares)	1,245.9	1,237.3	1,228.8	1,170.1	1,164.7
Equity per share, attributable to Vivendi SA shareowners	15.61	19.44	17.92	19.24	17.47
Dividends per share paid with respect to previous fiscal year	**1.40**	**1.40**	**1.40**	**1.30**	**1.20**

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 in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2011.

b. Vivendi considers that the non-GAAP measures of 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 this Financial Report or in the notes to the Consolidated Financial Statements for the year ended December 31, 2011. These indicators should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as disclosed in the Consolidated Financial Statements and the related notes, or as described in this Financial Report. It should be noted that other companies may define and calculate these indicators differently from Vivendi thereby affecting comparability.

c. As of December 31, 2009, Vivendi revised its definition of Financial Net Debt to include certain cash management financial assets whose features do not strictly comply with the definition of cash equivalents as defined by AMF Recommendations and by IAS 7 (in particular, these 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 in presentation would have no impact on Financial Net Debt for the relevant periods and the information presented in respect of the 2007 and 2008 fiscal years is therefore consistent.

d. With effect from January 1, 2009, Vivendi voluntarily opted for early application of the revised IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements). As a result, certain reclassifications have been made to the 2008 consolidated statement of changes in equity to conform to the 2009 financial statements presentation, as prescribed by revised IAS 27.

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

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

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:

- 2010 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2010, prepared under IFRS and the related Statutory Auditors' Report presented in pages 126 to 270 of the Document de Référence No. D.11-0155, filed on March 21, 2011 with the French Autorité des Marchés Financiers (AMF), and in pages 126 to 270 of the English translation of this "Document de Référence"; and
- 2009 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2009, prepared under IFRS and the related Statutory Auditors' Report presented in pages 136 to 292 of the Document de Référence No. D.10-0118, filed on March 17, 2010 with the French Autorité des Marchés Financiers (AMF), and in pages 136 to 288 of the English translation of this "Document de Référence".

I – 2011 Financial Report

Preliminary comments:

On February 28, 2012, during a meeting held at the headquarters of the company, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2011. Having considered the Audit Committee's recommendation given at its meeting held on February 23, 2012, the Supervisory Board, at its meeting held on February 29, 2012, reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2011, as approved by the Management Board on February 28, 2012.

The Consolidated Financial Statements for the year ended December 31, 2011 have been audited and certified by the Statutory Auditors with no qualified opinion. The Statutory Auditors' Report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

Summary of the 2011, 2010 and 2009 major events

Vivendi's 2012 outlook is described in Section 6 of this Financial Report.

2011

- In January, SFR paid a €1 billion dividend (of which €440 million was paid to Vodafone) with respect to fiscal year 2010.
- On January 14, Vivendi collected €1,254 million following the agreements concluded to settle litigation over the share ownership of PTC in Poland.
- On January 25, Vivendi sold a 12.34% interest in NBC Universal to General Electric for $3.8 billion.
- In May, Vivendi paid a cash dividend of €1.40 per share with respect to fiscal year 2010, representing a total distribution of €1,731 million.
- On May 11, Activision Blizzard paid a $192 million dividend (of which $119 million was paid to Vivendi) with respect to fiscal year 2010.
- On May 16, Vivendi entered into three bank credit facilities for a total amount of €5 billion.
- On May 23, SFR commercially launched La Poste Mobile, a MVNO owned at 49%.
- On June 16, Vivendi acquired a 44% interest in SFR from Vodafone for €7.75 billion.
- On June 16, SFR paid an interim dividend of €454 million (of which €200 million was paid to Vodafone).
- On June 23, Canal+ Group was awarded the four lots that it bid for out of the lots offered for League 1 broadcasting rights by the French Professional Soccer League (for the 2012-2013 to 2015-2016 seasons).
- On July 4, Vivendi raised €1,750 million through a bond issue.
- On August 23, Vivendi acquired a 100% interest in See Tickets, a British ticketing company.
- On October 11, SFR acquired 4G mobile spectrum, in the 2.6 GHz band, for €150 million.
- On November 11, Vivendi and Universal Music Group announced the acquisition of EMI Recorded Music for £1.2 billion.
- On November 15, Vivendi sold 35 million shares of Activision Blizzard for €314 million.
- On November 22, Vivendi raised €1 billion through a bond issue.
- In November, Canal+ Group finalized the acquisition of a 33% interest in Orange Cinema Series.
- On December 2, Canal+ Group announced the signing of a definitive agreement regarding the acquisition of Bolloré Group's free-to-air channels.
- On December 9, Canal+ Group was awarded the broadcasting rights for first choice of Champions League matches (from the 2012-2013 to 2014-2015 seasons).
- On December 19, the Canal+, ITI and TVN groups entered into a strategic partnership agreement involving pay-TV in Poland.
- On December 21, Vivendi entered into a new €1.1 billion bank credit facility, set up in January 2012.
- On December 22, the Arcep announced the grant to SFR of two 4G mobile spectrum in the 800 MHz band for €1,065 million, paid in January 2012.

2010

- In January, SFR paid a €1 billion dividend (of which €440 million was paid to Vodafone) with respect to fiscal year 2009.
- On February 18, SFR and Réseau Ferré de France entered into a GSM-R public-private partnership agreement.
- On February 22, Vivendi/Canal+ Group acquired from M6 a 5.1% interest in the share capital of Canal+ France.
- On April 2, Activision Blizzard paid a $189 million dividend (of which $108 million was paid to Vivendi) with respect to fiscal year 2009.
- On April 15, Lagardère decided to exercise its liquidity rights regarding its 20% interest in the share capital of Canal+ France.
- On April 27, Vivendi held a 99.17% controlling interest in GVT.
- In May, Vivendi paid a cash dividend of €1.40 per share with respect to fiscal year 2009, representing a total distribution of €1,721 million.
- On June 11, Vivendi obtained a 100% controlling interest in GVT following the cancellation of GVT outstanding common shares.
- In June, SFR acquired additional 3G mobile telephony spectrum for €300 million.
- On September 26, Vivendi sold a 7.66% interest in NBC Universal to General Electric for $2 billion.
- On December 23, Maroc Telecom completed the acquisition process of a 51% interest in Gabon Telecom Group.
- On December 30, Vivendi acquired a 65% interest in Digitick.

2009

- On March 13, the authorization to use the Consolidated Global Profit Tax System was renewed for the taxable years from 2009 to 2011.
- On June 15, Canal+ Group launched a pay-TV platform in Vietnam.
- In June, Vivendi paid a dividend of €1.40 per share for 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% interest in Sotelma.
- On November 13, Vivendi took over Global Village Telecom (GVT), the leading alternative telecommunications operator in Brazil.
- On December 3, Vivendi announced an agreement to sell its 20% interest 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 from TF1 a 10% interest in the share capital of Canal+ France.

1 Major events

1.1 Major events in 2011

1.1.1 Acquisition of Vodafone's 44% interest in SFR

In accordance with the agreement entered into on April 3, 2011, Vivendi acquired on June 16, 2011, a 44% interest in SFR from Vodafone for a total amount of €7,950 million, which was paid entirely in cash. This transaction valued the 44% interest in SFR at €7,750 million as of January 1, 2011 to which was added a lump sum of €200 million related to the amount of cash generated by SFR between January 1 and June 30, 2011, paid as an interim dividend by SFR. In addition, SFR and Vodafone have agreed to extend their commercial cooperation for an additional 3-year period.

In accordance with IAS 27 revised, this transaction was accounted for as a purchase of non-controlling interests and accordingly the consideration paid was fully recognized as a deduction from equity. The difference between the consideration paid and the carrying value of non-controlling interests acquired as of June 16, 2011, i.e., a net amount of €6,049 million, has been recorded as a deduction from equity attributable to Vivendi SA shareowners.

1.1.2 New financings

Between May 2011 and January 2012, Vivendi issued bonds for a total amount of €4 billion and renegotiated bank credit facilities for €6 billion. For a detailed description of each of these financings, please refer to Section 5.4 of this Financial Report.

1.1.3 Sale of the 20% interest in NBC Universal

Beginning in May 2004, Vivendi held an equity interest in NBC Universal of 20%, and General Electric (GE) owned the remaining 80%. In December 2009, Vivendi agreed that it would sell its 20% interest in NBC Universal to GE under an agreement (as amended, the "2009 Agreement"), entered into in connection with GE's concurrent agreement with Comcast Corporation ("Comcast") to form a new joint venture that would own 100% of NBC Universal and certain Comcast assets (the "Comcast Transaction"). Pursuant to the 2009 Agreement, Vivendi agreed to sell its 20% interest in NBC Universal to GE for $5.8 billion, in two transactions, the second of which was contingent upon the completion of the Comcast Transaction:

- On September 26, 2010, Vivendi sold a 7.66% interest in NBC Universal to GE for $2.0 billion. The remainder of Vivendi's interest, or 12.34% of NBC Universal, was sold to GE on January 25, 2011 for $3.8 billion, in advance of the closing of the Comcast Transaction; and
- In addition, Vivendi received its pro rata share of dividends for the period from January 1, 2010 to January 25, 2011 (the date of sale), totaling $408 million, of which $95 million was paid by GE to Vivendi on January 25, 2011.

For a detailed description of the sale of Vivendi's interest in NBC Universal and of its accounting treatment, please refer to Note 2.2 to the Consolidated Financial Statements for the year ended December 31, 2011.

1.1.4 Agreements to settle litigation over the share ownership of PTC in Poland

On December 14, 2010, Vivendi, Deutsche Telekom, Mr. Solorz-Zak (Elektrim's main shareholder) and Elektrim's creditors, including the Polish State and Elektrim's bondholders, entered into various agreements to put an end to the litigation surrounding the share capital ownership of Polska Telefonia Cyfrowa (PTC), a mobile telecommunication operator. Due to the litigation proceedings which opposed Vivendi and its subsidiary Elektrim Telekomunikacja (Telco) against Deutsche Telekom and Elektrim, the legal uncertainty surrounding the ownership of Telco's interest in PTC, prevented Telco from exercising joint control over PTC, in accordance with PTC's by-laws. As a result, Vivendi did not consolidate its interest in PTC, whose carrying value was decreased to zero as from the year ended December 31, 2006.

On January 14, 2011, upon satisfaction of the conditions precedent set forth in these agreements, Vivendi received €1,254 million and waived its rights to the shares of PTC, consequently settling all litigation surrounding PTC's share capital ownership.

1.1.5 Launch of La Poste Mobile by SFR

Following approval of the French Competition Authority on January 28, 2011, SFR and La Poste formed a joint venture, La Poste Telecom, held at 49% and 51%, respectively. This joint venture, a new mobile virtual network operator on the mobile retail market, offers a full set of mobile telephony services, which have been sold since May 23, 2011 under the "La Poste Mobile" brand, benefiting from La Poste's sales point network.

1.1.6 Acquisition project of EMI Recorded Music by Vivendi and Universal Music Group (UMG)

On November 11, 2011, Vivendi and Universal Music Group (UMG) signed an agreement with Citigroup Inc (Citi) to purchase 100% of the recorded music businesses of EMI Group Global Limited (EMI). The expected gross purchase price (enterprise value) will be £1,200 million (approximately €1,400 million). Including certain debt-like items (£150 million), the adjusted purchase price is £1,050 million (approximately €1,250 million). Closing of the agreement remains subject to a number of conditions, including approvals from regulatory authorities in the countries and continents concerned.

Vivendi will finance this transaction from its existing credit lines and from the proceeds of the sale of €500 million worth of non-core UMG assets. Besides, UMG is expected to generate above £100 million per annum in synergies primarily through overhead efficiencies.

For a detailed description of this transaction, please refer to Note 2.5 to the Consolidated Financial Statements for the year ended December 31, 2011.

1.1.7 Acquisition project of Bolloré Group's channels by Canal+ Group

On December 2, 2011, Bolloré Group and Canal+ Group announced the entry into a definitive agreement regarding the acquisition by Canal+ Group Bolloré Group's free-to-air channels, Direct 8 and Direct Star, financed in Vivendi shares. This agreement is currently being submitted to the Competition Authority and media authorities for approval. For a detailed description of this transaction, please refer to Note 2.5 to the Consolidated Financial Statements for the year ended December 31, 2011.

1.1.8 Strategic partnership among the Canal+, ITI, and TVN groups in Poland

On December 19, 2011, the Canal+, ITI and TVN groups announced that they entered into a strategic partnership to combine their Polish pay-TV businesses (Cyfra+ and "n") and for Canal+ Group to become a key shareholder in TVN. Canal+ Group will contribute its interest in Cyfra+ and become the controlling shareholder of the newly-created pay-TV platform with a 51% interest (TVN and UPC owning 32% and 17%, respectively). In addition, Canal+ Group will pay a total cash consideration of approximately €230 million to acquire a 40% minority interest in N-Vision, the parent Company of Polish Television Holding, which in turn owns a 51% majority interest in TVN. ITI Group will continue to own the remaining 60% controlling interest in N-Vision. The closing of this transaction, which is expected to take place during the second half of 2012, remains subject to approval from the relevant regulatory authorities. For a detailed description of this transaction, please refer to Note 2.5 to the Consolidated Financial Statements for the year ended December 31, 2011.

1.1.9 Acquisition of 4G spectrum by SFR

Following calls for bids of the tender offer for 4G mobile spectrum (very-high-speed Internet - LTE) carried out in 2011 by the "Autorité de Régulation des Communications Electroniques et des Postes" or "Arcep" (the French Telecommunications Regulatory Body), SFR acquired the following spectrum:

- a 15 MHz duplex spectrum in the 2.6 GHz band for €150 million, which was granted and paid in October 2011; and
- two 5 MHz duplex spectrum in the 800 MHz band for €1,065 million, which was announced by the Arcep in December 2011. These two bands of spectrum were granted and paid for in January 2012.

1.1.10 Acquisition of football broadcasting rights by Canal+ Group

In June 2011, after having completed a bidding process, Canal+ Group was awarded the four lots that it bid for out of the nine television lots offered for League 1 broadcasting rights by the French Professional Soccer League (from 2012-2013 to 2015-2016). Canal+ Group will pay €420 million per season for these rights, representing a total commitment of €1,680 million for the four seasons. As a reminder, in 2008, Canal+ Group was awarded nine out of the ten television lots offered for the four seasons 2008-2009 to 2011-2012 at €465 million per season.

In addition, in December 2011, Canal+ Group was awarded the broadcasting rights for first-choice Champions League matches, from the 2012-2013 to 2014-2015 seasons, for a total amount of €150 million.

1.1.11 Other events in 2011

UMG - Sale of a 51% interest in Beats Electronics, LLC

In August 2011, HTC Corporation committed to acquire for $300 million (approximately €222 million) a 51% interest in Beats Electronics LLC, 21.1% of which is held by Universal Music Group (UMG). In October 2011, this transaction was approved by the Competition Authority.

Canal+ Group

Acquisition of a non-controlling interest in Orange Cinema Series

In November 2011, Multithématiques and Orange Cinema Series entered into a memorandum of agreement under which Canal+ Group, through its subsidiary Multithématiques, would acquire a 33% interest in a new company that would hold the commercial property of Orange Cinema Series and Canal+ Distribution would distribute the channels included in the Orange Cinema Series package through CanalSat.

Acquisition of a 51% interest in Tandem Communications by StudioCanal

In December 2011, StudioCanal acquired a 51% interest in Tandem Communications, a German company which produces and distributes television series worldwide, for a cash consideration of €11 million.

Inquiry into the implementation of certain undertakings given in connection with the combination of Canal Satellite and TPS

On September 20, 2011, the French Competition Authority issued a decision considering that Canal+ Group did not satisfy several undertakings - some of them essential - that were mandatory pursuant to the decision issued in 2006, authorizing Vivendi and Canal+ Group to complete the combination of TPS and Canal Satellite. As a result, the French Competition Authority withdrew its decision approving the transaction and required Vivendi and Canal+ Group to re-notify the transaction to the French Competition Authority. In addition, the Authority imposed a fine of €30 million on Canal+ Group.

On October 24, 2011, the combination of Canal Satellite and TPS was re-notified to the Competition Authority, and on November 4, 2011, Vivendi and Group Canal+ filed a motion before the French Council of State (*Conseil d'Etat*), requesting the annulment of the Authority's decision.

Acquisition of See Tickets

On August 23, 2011, Vivendi acquired a 100% interest in See Tickets, a British ticketing company for a purchase price of €95 million (£83 million) on the basis of an enterprise value of €75 million and a net cash acquired of €20 million.

Dividend paid by Vivendi SA to its shareholders with respect to fiscal year 2010

At the Annual Shareholders' Meeting of April 21, 2011, Vivendi's shareholders approved the Management Board's recommendations relating to the allocation of distributable earnings for fiscal year 2010. As a result, the dividend payment was set at €1.40 per share, representing a total distribution of €1,731 million, which was paid in cash on May 10, 2011.

Dividends paid by SFR

At SFR's Shareholders' Meeting, held on March 30, 2011, the shareholders approved the payment of a €1 billion dividend with respect to fiscal year 2010 (of which €440 million was paid to Vodafone), paid as an interim dividend in January 2011. As part of Vivendi's acquisition of Vodafone's interest in SFR (please refer to Section 1.1.1 above), on June 16, 2011, SFR paid an interim dividend of €454 million (of which €200 million was paid to Vodafone). The total amount of dividends paid by SFR to Vodafone in 2011 therefore amounted to €640 million.

Activision Blizzard

Change in Vivendi's ownership interest in Activision Blizzard

On November 15, 2011, Vivendi sold 35 million Activision Blizzard shares into the market for $422 million (or €314 million). As a result, considering the stock repurchase program of Activision Blizzard (61 million shares acquired in 2011), Vivendi held an approximate 60% non-diluted interest in Activision Blizzard as of December 31, 2011 (compared to approximately 61% as of December 31, 2010). For further detail, please refer to Note 18 to the Consolidated Financial Statements for the year ended December 31, 2011.

Dividends paid

On May 11, 2011, Activision Blizzard paid a cash dividend of $0.165 per common share to its shareholders with respect to fiscal year 2010, representing $119 million (€87 million) for Vivendi. On February 9, 2012, Activision Blizzard also announced that its Board of Directors declared a cash dividend of $0.18 per common share to shareholders. This dividend will be paid in cash on May 16, 2012.

1.2 Major events since December 31, 2011

The main events that occurred between December 31, 2011 and February 28, 2012, the date of the Management Board meeting that approved the Financial Statements for the fiscal year 2011 are as follows:

- On January 10, 2012, Vivendi raised €1,250 million through a bond issue (please refer to Section 5.4); and
- In a ruling dated January 27, 2012, and issued on February 1, 2012, the United States District Court for the Southern District of New York dismissed claims by individual shareholders who had purchased ordinary shares of Vivendi on the Paris Stock Exchange (please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2011).

2 Earnings analysis

2.1 Consolidated statement of earnings and adjusted statement of earnings

CONSOLIDATED STATEMENT OF EARNINGS			ADJUSTED STATEMENT OF EARNINGS		
	Year ended December 31,		Year ended December 31,		
	2011	2010	2011	2010	
Revenues	**28,813**	**28,878**	**28,813**	**28,878**	**Revenues**
Cost of revenues	(14,391)	(14,561)	(14,391)	(14,561)	Cost of revenues
Margin from operations	**14,422**	**14,317**	**14,422**	**14,317**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(8,401)	(8,456)	(8,401)	(8,456)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(161)	(135)	(161)	(135)	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(510)	(603)			
Impairment losses on intangible assets acquired through business combinations	(397)	(252)			
Reversal of reserve regarding the Securities Class Action in the United States	-	450			
Other income	1,385	53			
Other charges	(656)	(358)			
EBIT	**5,682**	**5,016**	**5,860**	**5,726**	**EBITA**
Income from equity affiliates	(18)	195	(18)	195	Income from equity affiliates
Interest	(481)	(492)	(481)	(492)	Interest
Income from investments	75	7	75	7	Income from investments
Other financial income	14	16			
Other financial charges	(167)	(178)			
Earnings from continuing operations before provision for income taxes	**5,105**	**4,564**	**5,436**	**5,436**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(1,378)	(1,042)	(1,408)	(1,257)	Provision for income taxes
Earnings from continuing operations	**3,727**	**3,522**			
Earnings from discontinued operations	-	-			
Earnings	**3,727**	**3,522**	**4,028**	**4,179**	**Adjusted net income before non-controlling interests**
Of which					*Of which*
Earnings attributable to Vivendi SA shareowners	**2,681**	**2,198**	**2,952**	**2,698**	**Adjusted net income**
Non-controlling interests	1,046	1,324	1,076	1,481	Non-controlling interests
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	**2.16**	**1.78**	**2.38**	**2.19**	**Adjusted net income per share - basic (in euros)**
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	**2.16**	**1.78**	**2.37**	**2.18**	**Adjusted net income per share - diluted (in euros)**

In millions of euros, except per share amounts.

Nota: In view of the practice of other French groups that adopted IFRS 3 and IAS 27 revised in 2010 (early adopted by Vivendi in 2009), Vivendi made a change in presentation of its consolidated statement of earnings as of January 1, 2011. Please refer to Appendix 1 of the Financial Statements for a detailed description of the change in presentation and for the reconciliation with the previously published elements.

2.2 Earnings review

Adjusted net income amounted to €2,952 million (or €2.38 per share[1]) in 2011, compared to €2,698 million (or €2.19 per share) in 2010. The €254 million increase (+9.4%) in adjusted net income resulted primarily from:

- a €134 million increase in EBITA to a total of €5,860 million. This increase mainly reflected the operating performance of Activision Blizzard (+€319 million), GVT (+€119 million), Universal Music Group (+€36 million), and Canal+ Group (+€11 million), which was offset by a decline in the performance of SFR (-€194 million) and Maroc Telecom Group (-€195 million);
- a €213 million decrease in income from equity affiliates following the sale to General Electric (GE) of the interest in NBC Universal from which Vivendi's share of income was €201 million in 2010;
- a €68 million increase primarily attributable to the balance of the contractual dividend paid by GE to Vivendi as part of the completion of the sale by Vivendi of its interest in NBC Universal;
- a €11 million decrease in interest expense;
- a €151 million increase in income tax expense; and
- a €405 million decrease in adjusted net income attributable to non-controlling interests, mainly attributable to the acquisition of Vodafone's non-controlling interest in SFR (€279 million).

Breakdown of the main items from the statement of earnings

Revenues were €28,813 million, compared to €28,878 million in 2010 (-0.2%, or +0.5% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 of this Financial Report.

Costs of revenues amounted to €14,391 million, compared to €14,561 million in 2010, a €170 million decrease (-1.2%).

Margin from operations increased by €105 million to €14,422 million, compared to €14,317 million in 2010 (+0.7%).

Selling, general and administrative expenses, excluding the amortization of intangible assets acquired through business combinations, amounted to €8,401 million, compared to €8,456 million in 2010, a €55 million decrease (-0.7%).

Depreciation and amortization of tangible and intangible assets are included either in the cost of revenues or in selling, general and administrative expenses. Depreciation and amortization, excluding amortization of intangible assets acquired through business combinations, amounted to €2,534 million (compared to €2,483 million in 2010), an additional €51 million charge (+2.1%). This change primarily resulted from the increase in the depreciation of telecommunication network assets at SFR, Maroc Telecom Group and GVT, which was partially offset by a decrease in the depreciation of content assets related to Activision Blizzard's games.

Restructuring charges and other operating charges and income amounted to a net charge of €161 million, compared to a net charge of €135 million in 2010, a €26 million increase. This change notably resulted from the increase in restructuring charges incurred by Activision Blizzard (€19 million, compared to €2 million in 2010) and UMG (€67 million, compared to €60 million in 2010), as well as from the €30 million fine imposed in September 2011 by the French Competition Authority on Canal+ Group as part of the compliance audit relating to commitments undertaken in January 2007 by Canal+ Group in connection with the combination of Canal Satellite and TPS.

EBITA was €5,860 million, compared to €5,726 million in 2010, a €134 million increase (+2.3%, or +3.3% at constant currency). For a breakdown of EBITA by business segment, please refer to Section 4 of this Financial Report.

Amortization of intangible assets acquired through business combinations was €510 million, compared to €603 million in 2010, a €93 million decrease (-15.4%). This change notably resulted from a decrease in amortization of Activision Blizzard's and UMG's intangible assets following impairment losses recorded in 2010 (see below) and of SFR's intangible assets; the customer base of Tele2 France acquired in July 2007 was fully amortized at year-end 2010.

Impairment losses on intangible assets acquired through business combinations were €397 million, compared to €252 million in 2010. In 2011, they mainly related to Canal+ France goodwill (€380 million). In 2010, they related to internally developed franchises and certain licenses (€217 million) acquired from Activision in July 2008, as well as certain UMG catalogs (€27 million).

The reserve regarding the Securities Class Action in the United States was unchanged as of December 31, 2011, at €100 million. As of December 31, 2010, given the decision rendered by the US District Court for the Southern District of New-York on February 17, 2011, Vivendi re-examined the amount of the reserve, using the same methodology and the same valuation experts as in 2009, and set it at €100 million, in respect of the damages, if any, that Vivendi might have to pay solely to shareholders who purchased ADRs in the United

[1] *For the details of adjusted net income per share, please refer to Appendix 2 of this Financial Report.*

States. Consequently, as of December 31, 2010, Vivendi recognized a €450 million reversal of reserve, compared to an accrual of €550 million as of December 31, 2009.
Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2011.

Other income amounted to €1,385 million, compared to €53 million in 2010. In 2011, it primarily included the impacts of the final settlement on January 14, 2011 of the litigation over the share ownership of PTC in Poland (€1,255 million) and the sale in October 2011 of UMG's interest in Beats Electronics (€89 million).

Other charges amounted to €656 million, compared to €358 million in 2010. In 2011, they mainly included the capital loss incurred in January 2011 on the sale of Vivendi's remaining 12.34% interest in NBC Universal (€421 million, of which €477 million related to a foreign exchange loss attributable to the decline in value of the US dollar since January 1, 2004) and the settlement of the past disputes between GVT and various Brazilian States regarding the application of ICMS tax on Internet and Broadband services (€165 million; please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2011). In 2010, other charges included the €67 million cost incurred as part of the settlement reached with the Brazilian Comissão de Valores Mobiliãrios (CVM) and the capital loss incurred in September 2010 in connection with the first step in the sale of Vivendi's interest in NBC Universal (€232 million, of which €281 million related to a foreign exchange loss).

EBIT was €5,682 million, compared to €5,016 million in 2010, a €666 million increase (+13.3%).

Income from equity affiliates was a €18 million charge, compared to a €195 million income in 2010. This change was primarily due to the sale of interest in NBC Universal. In 2010, Vivendi's share of income earned by NBC Universal was €201 million.

Interest was an expense of €481 million, compared to €492 million in 2010, an €11 million decrease (-2.2%), notably resulting from the impact on the average outstanding Financial Net Debt of the cash proceeds of $5.8 billion received from the sale of the interest in NBC Universal, which was finalized on January 25, 2011 for $3.8 billion (in addition to $2.0 billion received on September 26, 2010), and €1.25 billion received on January 14, 2011 in order to end the litigation over the share ownership of PTC in Poland. By contrast, the acquisition by Vivendi of Vodafone's non-controlling interest in SFR in June 2011 for a total amount of €7.75 billion only impacted the average outstanding Financial Net Debt in the second half of 2011.
In 2011, interest expense on borrowings amounted to €529 million, compared to €521 million in 2010, a €8 million increase (+1.5%). This change was attributable to the increase in average outstanding borrowings to €13.7 billion (compared to €12.7 billion in 2010), primarily resulting from the financing of the acquisition of the 44% interest in SFR (€7.75 billion), offset by the decrease in the average interest rate on borrowings to 3.87% in 2011 (compared to 4.09% in 2010).
Interest income earned on cash and cash equivalents amounted to €48 million, compared to €29 million in 2010, a €19 million increase. This change was attributable to the increase in average cash and cash equivalents to €4.1 billion (compared to €3.3 billion in 2010) and to the increase in the average income rate to 1.16% (compared to 0.88% in 2010).
For more information, please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2011.

Income from investments amounted to €75 million, compared to €7 million in 2010, and was attributable to the balance of the contractual dividend paid on January 25, 2011 by GE to Vivendi for €70 million following the sale of Vivendi's remaining interest in NBC Universal to GE.

Other financial income and charges amounted to a net charge of €153 million, compared to a net charge of €162 million in 2010. For more information, please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2011.

Income taxes reported to adjusted net income was a net charge of €1,408 million, compared to a net charge of €1,257 million in 2010, a €151 million increase. Current tax savings related to the Consolidated Global Profit Tax System and Vivendi SA's tax group amounted to €565 million (compared to €586 million in 2010) since the favorable impact (€306 million) in the acquisition of Vodafone's 44% interest in SFR was offset by the impact of the changes in French Tax Law for the year 2011: the deduction for tax losses carried forward capped at 60% of taxable income (-€288 million) and the change in the Consolidated Global Profit Tax System (-€97 million). The effective tax rate reported to adjusted net income was 25.8% in 2011, compared to 24.0% in 2010, an increase of 1.8 percentage points. This change was mainly due to certain non-recurring items (-€253 million, compared to -€54 million in 2010), which notably reflected the impact over the period of risks related to prior years' income taxes. Excluding this impact, the effective tax rate reported to adjusted net income was at 21.2%, compared to 23.0% in 2010.
In addition, **provision for income taxes** was a net charge of €1,378 million, compared to a net charge of €1,042 million in 2010, a €336 million increase. In addition to items that explained the €151 million increase in income taxes reported to adjusted net income, this increase included the change in deferred tax savings related to the Consolidated Global Profit Tax System and Vivendi SA's tax group, which amounted to €372 million in 2011 (compared to €501 million in 2010), a €129 million decrease.

Earnings attributable to non-controlling interests amounted to €1,046 million, compared to €1,324 million in 2010. The €278 million decrease was primarily attributable to the impact of the acquisition of Vodafone's 44% interest in SFR (-€256 million) as well as to the impact of the decrease in the performance of Maroc Telecom Group, partially offset by the improvement of Activision Blizzard's results.

Adjusted net income attributable to non-controlling interests amounted to €1,076 million, compared to €1,481 million in 2010, a €405 million decrease. This change primarily reflected the impact of the acquisition of Vodafone's 44% interest in SFR (-€279 million) as well as the impact of the decrease in the performance of Maroc Telecom Group, partially offset by the improvement in Activision Blizzard's results.

Earnings attributable to Vivendi SA shareowners amounted to €2,681 million (or €2.16 per share), compared to €2,198 million (or €1.78 per share) in 2010, a €483 million increase (+22.0%).

The reconciliation of earnings attributable to Vivendi SA shareowners with adjusted net income is further described in Appendix 2 of this Financial Report. In 2011, this reconciliation primarily included the impacts of the final settlement on January 14, 2011 of the litigation over the share ownership of PTC in Poland (+€1,255 million) and the sale in October 2011 of UMG's interest in Beats Electronics (+€89 million), partially offset by the capital loss incurred on the sale of Vivendi's remaining 12.34% interest in NBC Universal, which was completed on January 25, 2011 (-€421 million, of which -€477 million related to a foreign currency translation adjustment reclassified to earnings, which represented a foreign exchange loss attributable to the decline in value of the US dollar since January 1, 2004) and the settlement of the past disputes between GVT and various Brazilian States regarding the application of ICMS tax on Internet and Broadband services (€165 million). The reconciliation also included the amortization and impairment losses on intangible assets acquired through business combinations (-€716 million, after taxes and non-controlling interests). In 2010, this reconciliation primarily included the reversal of the reserve recorded with respect to the Securities Class Action Litigation in the United States (+€450 million), the amortization and impairment losses on intangible assets acquired through business combinations (-€451 million, after taxes and non-controlling interests), the capital loss incurred on the sale of 7.66% of Vivendi's interest in NBC Universal completed on September 26, 2010 (-€232 million, of which -€281 million related to a foreign currency translation adjustment reclassified to earnings, which represented a foreign exchange loss primarily attributable to the decline in value of the US dollar since January 1, 2004), the cost (-€67 million) incurred as part of the settlement reached by Vivendi with the Brazilian Stock Exchange regulators, the Comissão de Valores Mobiliãrios (CVM), and the impact of reversing the deferred tax asset (-€76 million) related to the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward.

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 2011, **cash flow from operations (CFFO)** generated by business segments amounted to €4,694 million (compared to €5,212 million in 2010), a €518 million decrease (-9.9%). This amount included cash flow from operations before capital expenditures (CFFO before capex, net) generated by business segments for €8,034 million (compared to €8,569 million in 2010), a €535 million decrease (-6.2%). This change reflected the unfavorable change in Activision Blizzard's net working capital due to the absence of game releases at Blizzard in the fourth quarter of 2011 (compared to the releases of *World of Warcraft: Cataclysm* and *StarCraft II* in 2010), and the decrease in Maroc Telecom Group's EBITDA. This change also reflected the lower dividend amount received from NBC Universal: €70 million received on January 25, 2011 with respect to the balance of the contractual dividend paid by GE as part of the completion of the sale of Vivendi's interest in NBC Universal, compared to €233 million received from NBC Universal in 2010.

In 2011, **capital expenditures, net** remained stable, at €3,340 million (compared to €3,357 million in 2010). The capital expenditures notably included the acquisition by SFR of bands of mobile spectrum: €150 million for 4G spectrum in October 2011 and €300 million for additional 3G spectrum in June 2010. Excluding these impacts, capital expenditures, net increased by €133 million (+4.4%): the increase in capital expenditures of GVT due to acceleration of network rollout (+€223 million) was partially offset by the reduction in Maroc Telecom Group's capital expenditures (-€90 million).

In 2011, **cash flow from operations after interest and income taxes paid (CFAIT)** amounted to €2,884 million (compared to €3,108 million in 2010), a €224 million decrease (-7.2%). The €518 million decrease in CFFO was partially offset by a €275 million reduction in income taxes paid, which amounted to €1,090 million (compared to €1,365 million in 2010). The change in income taxes paid mainly reflected the €409 million increase in the payment received by Vivendi as part of the Consolidated Global Profit Tax System: €591 million received in 2011 with respect to 2010, compared to €182 million received in 2010 with respect to 2009; the lower refund amount received in 2010 was due to the utilization by SFR in 2009 of Neuf Cegetel's prior years' ordinary tax losses, partially offset by the increase in income taxes paid by subsidiaries.

(in millions of euros)		Year ended December 31, 2011	2010	Change in €	Change in %
Revenues		28,813	28,878	-65	-0.2%
Operating expenses excluding depreciation and amortization		(20,320)	(20,569)	+249	+1.2%
EBITDA	(a)	*8,493*	*8,309*	*+184*	*+2.2%*
Restructuring charges paid		(114)	(93)	-21	-22.6%
Content investments, net		(13)	(137)	+124	+90.5%
of which internally developed franchises and other games content assets at Activision Blizzard		*(49)*	*(83)*	*+34*	*+41.0%*
of which payments to artists and repertoire owners, net at UMG					
Payments to artists and repertoire owners		*(589)*	*(578)*	*-11*	*-1.9%*
Recoupment of advances and other movements		*581*	*624*	*-43*	*-6.9%*
		(8)	*46*	*-54*	*na**
of which film and television rights, net at Canal+ Group					
Acquisition of film and television rights		*(724)*	*(753)*	*+29*	*+3.9%*
Consumption of film and television rights		*706*	*671*	*+35*	*+5.2%*
		(18)	*(82)*	*+64*	*+78.0%*
of which sports rights, net at Canal+ Group					
Acquisition of sports rights		*(662)*	*(646)*	*-16*	*-2.5%*
Consumption of sports rights		*695*	*676*	*+19*	*+2.8%*
		33	*30*	*+3*	*+10.0%*
Neutralization of change in provisions included in EBITDA		(100)	(125)	+25	+20.0%
Other cash operating items excluded from EBITDA		(7)	(10)	+3	+30.0%
Other changes in net working capital		(307)	387	-694	na*
Net cash provided by operating activities before income tax paid	(b)	***7,952***	***8,331***	***-379***	***-4.5%***
Dividends received from equity affiliates	(c)	79	235	-156	-66.4%
of which NBC Universal		-	*233*	*-233*	*-100.0%*
Balance of the contractual dividend paid by GE		*70*	-	*+70*	*na**
Dividends received from unconsolidated companies	(c)	3	3	-	-
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)		**8,034**	**8,569**	**-535**	**-6.2%**
Capital expenditures, net (capex, net)	(d)	(3,340)	(3,357)	+17	+0.5%
of which SFR (f)		*(1,809)*	*(1,974)*	*+165*	*+8.4%*
Maroc Telecom Group		*(466)*	*(556)*	*+90*	*+16.2%*
GVT		*(705)*	*(482)*	*-223*	*-46.3%*
Cash flow from operations (CFFO)		**4,694**	**5,212**	**-518**	**-9.9%**
Interest paid, net	(e)	(481)	(492)	+11	+2.2%
Other cash items related to financial activities	(e)	(239)	(247)	+8	+3.2%
Financial activities cash payments		***(720)***	***(739)***	***+19***	***+2.6%***
Payment received from the French State Treasury as part of the Consolidated Global Profit Tax System		591	182	+409	x 3.2
Other taxes paid		(1,681)	(1,547)	-134	-8.7%
Income tax (paid)/received, net	(b)	***(1,090)***	***(1,365)***	***+275***	***+20.1%***
Cash flow from operations after interest and income tax paid (CFAIT)		**2,884**	**3,108**	**-224**	**-7.2%**

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. Relates to cash used for 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).

f. SFR’s capital expenditures notably included the acquisition of 4G spectrum for €150 million in 2011 and of 3G spectrum for €300 million in 2010.

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, 2011	2010	% Change	% Change at constant rate
Revenues				
Activision Blizzard	3,432	3,330	+3.1%	+7.0%
Universal Music Group	4,197	4,449	-5.7%	-4.6%
SFR	12,183	12,577	-3.1%	-3.1%
Maroc Telecom Group	2,739	2,835	-3.4%	-2.5%
GVT	1,446	1,029	+40.5%	+39.0%
Canal+ Group	4,857	4,712	+3.1%	+3.3%
Non-core operations and others, and elimination of intersegment transactions	(41)	(54)	na*	na*
Total Vivendi	**28,813**	**28,878**	**-0.2%**	**+0.5%**
EBITA				
Activision Blizzard	1,011	692	+46.1%	+52.8%
Universal Music Group	507	471	+7.6%	+8.2%
SFR	2,278	2,472	-7.8%	-7.8%
Maroc Telecom Group	1,089	1,284	-15.2%	-14.4%
GVT	396	277	+43.0%	+41.4%
Canal+ Group	701	690	+1.6%	+1.4%
Holding & Corporate	(100)	(127)	+21.3%	+21.3%
Non-core operations and others	(22)	(33)	na*	na*
Total Vivendi	**5,860**	**5,726**	**+2.3%**	**+3.3%**

(in millions of euros)	Year ended December 31, 2011	2010	% Change
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)			
Activision Blizzard	929	1,248	-25.6%
Universal Music Group	495	508	-2.6%
SFR	3,841	3,952	-2.8%
Maroc Telecom Group	1,501	1,706	-12.0%
GVT	558	413	+35.1%
Canal+ Group	735	639	+15.0%
NBC Universal dividends	70	233	-70.0%
Holding & Corporate	(83)	(99)	+16.2%
Non-core operations and others	(12)	(31)	na*
Total Vivendi	**8,034**	**8,569**	**-6.2%**
Cash flow from operations (CFFO)			
Activision Blizzard	877	1,173	-25.2%
Universal Music Group	443	470	-5.7%
SFR	2,032	1,978	+2.7%
Maroc Telecom Group	1,035	1,150	-10.0%
GVT	(147)	(69)	x 2.1
Canal+ Group	484	410	+18.0%
NBC Universal dividends	70	233	-70.0%
Holding & Corporate	(84)	(100)	+16.0%
Non-core operations and others	(16)	(33)	na*
Total Vivendi	**4,694**	**5,212**	**-9.9%**

na*: not applicable.

4.2 Comments on the operating performance of business segments

Preliminary comments:

- *Vivendi Management evaluates the performance of Vivendi's business segments and allocates the necessary resources to them based on certain operating performance indicators, notably non-GAAP measures EBITA (Adjusted Earnings Before Interest and Income Taxes) and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):*

  - *The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangibles acquired through business combinations and "other charges" and "other income" as defined in Appendix 1 of this Financial Report, and that are included in EBIT.*

  - *As defined by Vivendi, EBITDA is calculated as EBITA as presented in the Adjusted 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, 2011).*

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

- *As a reminder, the Vivendi group operates through six businesses at the heart of the worlds of content, platforms and interactive networks. As of December 31, 2011, Vivendi's ownership interest in each of these businesses was as follows:*
  - *Activision Blizzard: 60%;*
  - *Universal Music Group (UMG): 100%;*
  - *SFR: 100% (please refer to section 1.1 related to the acquisition of Vodafone's 44% interest in SFR, completed in June 2011);*
  - *Maroc Telecom Group: 53%;*
  - *GVT: 100%; and*
  - *Canal+ Group: 100% (Canal+ Group holds an 80% interest in Canal+ France).*

4.2.1 Activision Blizzard

IFRS measures, as published by Vivendi

(in millions of euros, except for margins)	Year ended December 31,			
	2011	2010	% Change	% Change at constant rate
Activision	2,047	2,002	+2.2%	+5.7%
Blizzard	1,082	1,046	+3.4%	+8.6%
Distribution	303	282	+7.4%	+10.9%
Total Revenues	**3,432**	**3,330**	**+3.1%**	**+7.0%**
EBITDA	**1,174**	**901**	**+30.3%**	**+36.2%**
Activision	520	187	x 2.8	x 2.9
Blizzard	483	498	-3.0%	+2.7%
Distribution	8	7	+14.3%	+8.5%
Total EBITA	**1,011**	**692**	**+46.1%**	**+52.8%**
EBITA margin rate (%)	*29.5%*	*20.8%*	*+8.7 pts*	
Cash flow from operations (CFFO)	**877**	**1,173**	**-25.2%**	

Non-GAAP and US GAAP measures, as published by Activision Blizzard[2]

(in millions of US dollars)	Year ended December 31,		
	2011	2010	% Change
Activision	2,828	2,769	+2.1%
Blizzard	1,243	1,656	-24.9%
Distribution	418	378	+10.6%
Total non-GAAP net revenues	**4,489**	**4,803**	**-6.5%**
Eliminate non-GAAP adjustments:	*266*	*(356)*	*na*
US GAAP net revenues	4,755	4,447	+6.9%
Activision	851	511	+66.5%
Blizzard	496	850	-41.6%
Distribution	11	10	+10.0%
Total non-GAAP operating income	**1,358**	**1,371**	**-0.9%**
Operating margin rate (%)	*30.3%*	*28.5%*	*+1.8 pt*
Eliminate non-GAAP adjustments:	*(30)*	*(902)*	
US GAAP operating income	1,328	469	x 2.8
Net revenues by distribution channel			
Retail channels	2,512	2,880	-12.8%
Digital online channels (a)	1,559	1,545	+0.9%
Sub-total Activision and Blizzard	4,071	4,425	-8.0%
Distribution	418	378	+10.6%
Total non-GAAP net revenues	**4,489**	**4,803**	**-6.5%**
Net revenues by platform mix			
Online subscriptions (b)	1,155	1,421	-18.7%
PC and other	299	406	-26.4%
Console	2,452	2,406	+1.9%
Hand-held	165	192	-14.1%
Sub-total Activision and Blizzard	4,071	4,425	-8.0%
Distribution	418	378	+10.6%
Total non-GAAP net revenues	**4,489**	**4,803**	**-6.5%**
Net revenues by geographic region			
North America	2,251	2,575	-12.6%
Europe	1,886	1,902	-0.8%
Asia Pacific	352	326	+8.0%
Total non-GAAP net revenues	**4,489**	**4,803**	**-6.5%**

a. Includes revenues from subscriptions and memberships, licensing royalties, value-added services, downloadable content, digitally distributed products and wireless devices.

b. Includes all revenues generated by *World of Warcraft* products, including subscriptions, boxed software, expansion packs, licensing royalties and value-added services. It also includes revenues from *Call of Duty Elite* memberships.

[2] *The reconciliation of US GAAP and non-GAAP data published by Activision Blizzard (net revenues and EBITA) to data relating to Activision Blizzard prepared by Vivendi in accordance with IFRS standards is described in appendix 3 to this Financial Report.*

Revenues and EBITA

Activision Blizzard delivered excellent results in 2011. Revenues were €3,432 million, a 3.1% increase (+7.0% at constant currency) compared to 2010, driven by the increase in revenues from digital channels and by the success of *Call of Duty®: Modern Warfare® 3, Skylanders Spyro's Adventure™* and *World of Warcraft®*. EBITA was €1,011 million, a 46.1% increase (+52.8% at constant currency) compared to 2010[3]. As of December 31, 2011, the balance of the deferred operating margin was €913 million, compared to €1,024 million as of December 31, 2010.

In 2011, *Call of Duty®: Modern Warfare® 3* was the number one selling game in Europe and the U.S[4] and the *Call of Duty Elite* platform registered more than 7 million gamers as of January 31, 2012 (including 1.5+ million annual premium members). Including accessory packs and figures, *Skylanders* was the number one selling kids' title for 2011 in North America and Europe[4], with over 20 million toys being sold. *World of Warcraft®* remains the number one subscription-based MMORPG with approximately 10.2 million subscribers as of December 31, 2011.

In 2012, Activision Blizzard plans to release multiple highly-anticipated titles, including *Diablo® III*, a new *Call of Duty* game and *Skylanders Giants™,* and expects to continue to grow its *Call of Duty Elite* online service.

Cash flow from operations (CFFO)

Activision Blizzard's cash flow from operations amounted to €877 million, a €296 million decrease compared to 2010. This decrease reflected the unfavorable change in net working capital, mainly due to the absence of game releases at Blizzard in the fourth quarter of 2011 (compared to the releases of *World of Warcraft: Cataclysm* and *StarCraft II* in 2010).

[3] These results benefited from the accounting principles requiring that revenues and related cost of sales associated with games with an online component be deferred over the estimated customer service period.
[4] According to The NPD Group, Charttrack and GfK.

4.2.2 Universal Music Group (UMG)

(in millions of euros, except for margins)	2011	2010	% Change	% Change at constant rate
	Year ended December 31,			
Physical sales	*1,789*	*2,128*	*-15.9%*	*-15.6%*
Digital music sales	*1,132*	*1,033*	*+9.6%*	*+11.3%*
License and others	*446*	*415*	*+7.5%*	*+9.8%*
Recorded music	3,367	3,576	-5.8%	-4.9%
Music publishing	638	662	-3.6%	-2.1%
Merchandising and other	227	252	-9.9%	-7.1%
Intercompany elimination	(35)	(41)	na	na
Total revenues	**4,197**	**4,449**	**-5.7%**	**-4.6%**
EBITDA	**623**	**571**	**+9.1%**	**+10.1%**
Recorded music	304	266	+14.3%	+13.4%
Music publishing	183	199	-8.0%	-6.2%
Merchandising and other	20	6	x 3.3	x 3.5
Total EBITA	**507**	**471**	**+7.6%**	**+8.2%**
EBITA margin rate (%)	*12.1%*	*10.6%*	*+1.5 pt*	
Restructuring charges	(67)	(60)	-11.7%	
EBITA excluding restructuring charges	574	531	+8.1%	
Cash flow from operations (CFFO)	**443**	**470**	**-5.7%**	

Breakdown of recorded music revenues by geographical area

	2011	2010
Europe	41%	41%
North America	36%	40%
Asia	15%	13%
Rest of the world	8%	6%
	100%	100%

Recorded music: sales of physical and digital albums, in millions of units

Artist - Title	2011
Lady Gaga - Born this way	6.8
Justin Bieber - Under The Mistletoe	2.8
Rihanna - Loud	2.7
Rihanna - Talk That Talk	2.6
Lil Wayne - Tha Carter IV	2.4
Amy Winehouse - Lioness: Hidden Treasures	2.4
Drake - Take Care	1.9
Kanye West & Jay Z - Watch The Throne	1.7
Amy Winehouse - Back to Black	1.7
LMFAO - Sorry for Party Rocking	1.7
Total	26.7

Artist - Title	2010
Eminem - Recovery	6.0
Lady Gaga - The Fame Monster	4.8
Taylor Swift - Speak Now	4.3
Rihanna - Loud	3.0
Justin Bieber - My Worlds	3.0
Justin Bieber - My World 2.0	2.9
Take That - Progress	2.8
Black Eyed Peas - The E.N.D. (The Energy Never Dies)	2.6
Bon Jovi - Greatest Hits - The Ultimate Collection	2.4
Black Eyed Peas - The Beginning	2.1
Total	33.9

Revenues and EBITA

Universal Music Group's (UMG) revenues were €4,197 million, a 5.7% decrease compared to 2010 (-4.6% at constant currency). The 9.6% growth in digital music sales (+11.3% at constant currency) and increased income from new business activities partially offset the falling demand for physical product. Digital music sales represented 33.6% of recorded music revenues.

Major recorded music sellers included Lady Gaga, Rihanna, Lil Wayne, Amy Winehouse, Justin Bieber, and LMFAO. National best sellers included Nolwenn Leroy (in France), Kara (in Japan), Girls' Generation (in Japan), as well as Rammstein (in Germany).

The EBITA margin increased to 12.1% in 2011, compared to 10.6% in 2010. EBITA was €507 million, a 7.6% increase compared to 2010 (+8.2% at constant currency) due to cost optimization including savings resulting from the reorganization plan launched last year. Cost reduction measures of €100 million have been implemented in 2011 and UMG plans further cost savings of €50 million.

As the recorded music market is approaching an inflection point in the US and the group believes in the potential of this business, Vivendi and UMG announced the acquisition project of EMI Music's recorded music activities for a total consideration of £1.2 billion on November 11, 2011. For a detailed description of this transaction, please refer to Note 2.5 to the Consolidated Financial Statements for the year ended December 31, 2011.

Cash flow from operations (CFFO)

UMG's cash flow from operations amounted to €443 million, a €27 million decrease compared to 2010. This change was primarily due to the increase in capital expenditures and restructuring charges associated with the reorganization plan.

4.2.3 SFR

(in millions of euros, except for margins)	Year ended December 31, 2011	2010	% Change
Mobile service revenues	7,885	8,420	-6.4%
of which data revenues from mobile services	*2,765*	*2,335*	*+18.4%*
Equipment sales, net	567	510	+11.2%
Mobile	8,452	8,930	-5.4%
Broadband Internet and Fixed	4,000	3,944	+1.4%
Intercompany elimination	(269)	(297)	+9.4%
Total Revenues	**12,183**	**12,577**	**-3.1%**
Mobile	2,988	3,197	-6.5%
Broadband Internet and Fixed	812	776	+4.6%
Total EBITDA	**3,800**	**3,973**	**-4.4%**
EBITA	**2,278**	**2,472**	**-7.8%**
EBITA margin rate (%)	*18.7%*	*19.7%*	*-1.0 pt*
Capital expenditures, net (capex net) (a)	**1,809**	**1,974**	**-8.4%**
of which acquisitions of mobile spectrum	*150*	*300*	*-50.0%*
capital expenditures, net excluding acquisitions of mobile spectrum	*1,659*	*1,674*	*-0.9%*
Cash flow from operations (CFFO)	**2,032**	**1,978**	**+2.7%**
of which acquisitions of mobile spectrum	*(150)*	*(300)*	*+50.0%*
cash flow from operations excluding acquisitions of mobile spectrum	*2,182*	*2,278*	*-4.2%*
Mobile			
Number of customers (in thousands)			
Postpaid (b) (c)	*16,566*	*16,095*	*+2.9%*
Prepaid	*4,897*	*5,208*	*-6.0%*
Total SFR Group	21,463	21,303	+0.8%
Wholesale customer base (c)	2,431	1,256	+93.6%
Total SFR Group network	**23,894**	**22,559**	**+5.9%**
Mobile customer base market share (d)	31.3%	33.1%	-1.8 pt
Network market share (d)	34.9%	35.0%	-0.1 pt
12-month rolling ARPU (in euros/year) (e)			
Postpaid	462	506	-8.7%
Prepaid	136	155	-12.3%
Blended ARPU	378	410	-7.8%
Cost of acquisition compared to total mobile service revenues (in %)	7.6%	7.0%	+0.6 pt
Cost of retention compared to total mobile service revenues (in %)	8.2%	8.7%	-0.5 pt
Residential broadband Internet and Fixed			
Number of broadband Internet customers (in thousands)	5,042	4,887	+3.2%
Broadband Internet customer base market share (f)	23.5%	24.3%	-0.8 pt

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

b. Includes M2M (Machine to Machine) customers.

c. In connection with the joint venture formed with La Poste in 2011, Debitel customers (290,000 customers at the end of February 2011) have been reclassified within the wholesale customer base.

d. Source: Arcep.

e. Includes mobile terminations. ARPU (Average Revenue Per User) is defined as revenues net of promotions and net of third-party content provider revenues excluding roaming in revenues and equipment sales divided by the average Arcep total customer base for the last twelve months. ARPU excludes M2M (Machine to Machine) data and Debitel.

f. SFR estimates for 2011.

Revenues and EBITA

SFR revenues[5] were €12,183 million for 2011, a 3.1% decrease compared to 2010, adversely impacted by the new VAT rules and termination price cuts imposed by the regulators[6]. Excluding the impact of these regulatory decisions, revenues increased by 1.9%.

Mobile revenues[7] decreased by 5.4% to €8,452 million compared to 2010. Mobile service revenues[8] decreased by 6.4% to €7,885 million; excluding the impact of the new VAT rules and regulated price cuts, mobile service revenues increased by 0.8%.

During 2011, SFR added 744,000 net new mobile postpaid customers. The success of the Carrées offers was confirmed with more than 3 million customers at year-end 2011. 41% of SFR customers were equipped with a *smartphone* by year-end 2011 (28% at year-end 2010), resulting in an 18.4% increase in data mobile revenue compared to 2010. At year-end 2011, SFR's postpaid mobile customer base[5] reached 16.566 million, improving the customer mix by 1.6 percentage points year-on-year to 77.2%. SFR's total mobile customer base[5] reached 21.463 million.

La Poste Mobile (a MVNO owned at 49% by SFR) was successfully launched with 646,000 customers at year-end 2011. In addition, SFR strengthened its distribution network especially with the opening of the first SFR dedicated area in some Fnac stores in December. This partnership complements its own network of 840 stores ensuring a relationship of close proximity and quality to all its customers.

Broadband Internet and fixed revenues[7] were €4,000 million, a 1.4% increase compared to 2010. Excluding the impact of the new VAT rules and regulated price cuts, broadband Internet and fixed revenues increased by 2.4%, of which 4.3% on the broadband Internet mass market. At year-end 2011, the active broadband Internet residential customer base totaled 5.042 million, a 3.2% increase year-on-year. At year-end 2011, the new NeufBox Evolution offer had attracted 589,000 customers.

The convergent multi-packs offer (quadruple play) was also a success, attracting 1,174,000 customers.

The new VAT rules impacted SFR's EBITDA, which was €3,800 million, a 4.4% decrease compared to 2010. EBITDA included €93 million of non-recurring items for 2011 (€61 million for mobile and €32 million for broadband Internet and fixed), compared to €58 million in 2010. Excluding non-recurring items, EBITDA decreased by 5.3%: the 8.6% increase in broadband Internet and fixed EDITDA partially offset the 8.4% decrease in mobile EBITDA.

SFR's EBITA was €2,278 million, a 7.8% decrease compared to 2010 and a 9.5% decrease excluding non-recurring items.

SFR continues to invest in networks in order to strengthen its leadership position and to come up with the best offers and services working as growth drivers. While SFR already offers 3G+ coverage to over 98% of the French population, in December 2011, following calls for bids for 4G mobile spectrum, it won two 5 MHz duplex spectrum in the 800 MHz band. These "golden spectrum" are in addition to those granted in September and will enable SFR to cover the whole French territory through a very-high-speed 4G mobile network. The investment in spectrum totaled over €1.2 billion.

The commercial launch of a fourth mobile operator has resulted in a significant revision of tariffs offers (Carrées and Red), which will impact SFR's revenues and margins. In order to minimize this impact, SFR is implementing a reengineering process program. SFR has a technical network which it fully controls, commercial services ensuring proximity with its customers and its call centers. It has the required assets to keep the loyalty of the vast majority of its customers.

Cash flow from operations (CFFO)

SFR's cash flow from operations amounted to €2,032 million, a 2.7% increase compared to 2010. This change notably included the decrease in the acquisition of mobile spectrum for €150 million in 2011, compared to €300 million in 2010. Excluding this impact, cash flow from operations amounted to €2,182 million, compared to €2,278 million in 2010, a €96 million decrease (-4.2%), primarily due to the EBITDA decrease (-4.4%).

[5] Following the disposal of 100% of Débitel France SA to La Poste Télécom SAS, Débitel France SA has been excluded from the consolidation perimeter as of March 1, 2011, with a customer base of 290,000.

[6] Tariff cuts imposed by regulatory decision:

i) 33% decrease in mobile voice termination regulated price on July 1, 2010 and a 33% additional decrease on July 1, 2011;

ii) 33% decrease in SMS termination regulated price on February 1, 2010 and a 25% decrease on July 1, 2011;

iii) roaming tariff cuts; and

iv) 28% decrease in fixed voice termination regulated price on October 1, 2010 and 40% decrease on October 1, 2011.

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

[8] Mobile service revenues are determined as mobile revenues excluding revenues from equipment sales.

4.2.4 Maroc Telecom Group

(in millions of euros, except for margins)	Year ended December 31,			
	2011	2010	% Change	% Change at constant rate
Mobile service revenues	*1,615*	*1,658*	*-2.6%*	*-1.8%*
Equipment sales, net	*67*	*102*	*-34.3%*	*-33.8%*
Mobile	1,682	1,760	-4.4%	-3.6%
Broadband Internet and fixed	660	764	-13.6%	-12.9%
Intercompany elimination	(119)	(179)	+33.5%	+32.8%
Morocco	2,223	2,345	-5.2%	-4.4%
International	539	502	+7.4%	+8.8%
Intercompany elimination	(23)	(12)	na	na
Total revenues	**2,739**	**2,835**	**-3.4%**	**-2.5%**
Total EBITDA	**1,500**	**1,667**	**-10.0%**	**-9.2%**
Morocco	1,000	1,183	-15.5%	-14.7%
International	89	101	-11.9%	-9.8%
Total EBITA	**1,089**	**1,284**	**-15.2%**	**-14.4%**
EBITA margin rate (%)	*39.8%*	*45.3%*	*-5.5 pts*	
Capital expenditures, net (capex net)	**466**	**556**	**-16.2%**	
Cash flow from operations (CFFO)	**1,035**	**1,150**	**-10.0%**	
Morocco				
Number of mobile customers (in thousands)				
Prepaid	16,106	16,073	+0.2%	
Postpaid	1,019	817	+24.7%	
Total	17,126	16,890	+1.4%	
ARPU (in MAD/month)	87	93	-6.2%	
Churn rate (in %/year)	23.3%	29.0%	-5.7 pts	
Number of fixed lines (in thousands)	1,241	1,231	+0.8%	
Number of Broadband Internet customers (in thousands)	591	497	+18.9%	
International				
Number of customers (in thousands)				
Mobile	9,626	6,834	+40.9%	
Fixed	299	291	+2.7%	
Broadband Internet	99	77	+28.6%	

Revenues and EBITA

Maroc Telecom Group recorded a 12.2% growth of its customer base, reaching 28.982 million, primarily driven by its activities outside of Morocco, where the customer base grew by 39.2% year-on-year. This good dynamic enabled Maroc Telecom Group to limit the decline in its revenues year-on-year to 3.4% (-2.5% at constant currency). Revenues were €2,739 million, in a context of a 25% mobile price cut in Morocco and a particularly unfavorable regulatory and competitive environment.

In Morocco, revenues decreased by 5.2% (-4.4% at constant currency). Mobile revenues from outgoing services were nearly stable at constant currency thanks to a strong increase in usage of 27% and the steady growth in the postpaid customer base (+25%). The increase in bandwidth and the enhanced offerings lead to a 19% increase in the Broadband Internet customer base.

Revenues outside of Morocco increased by 7.4% (+8.8% at constant currency), driven by the sharp increase in the mobile customer base (+41%), notably in Mali where revenues rose by 33.7%.

Maroc Telecom Group's EBITDA amounted to €1,500 million, a 10.0% decline year-on-year (-9.2% at constant currency). However, the EBITDA margin of the Maroc Telecom group remained high, at approximately 55%.

Maroc Telecom Group's EBITA amounted to €1,089 million, a 15.2% decrease year-on-year (-14.4% at constant currency), due to the decrease in EBITDA and higher amortization expenses.

Cash flow from operations (CFFO)

Maroc Telecom Group's cash flow from operations amounted to €1,035 million, a 10.0% decrease compared to 2010, primarily due to the decrease in EBITDA (-10.0%) which was partially offset by the significant reduction in capital expenditures, net (-€90 million, representing -16.2%).

4.2.5 GVT

(in millions of euros, except for margins)	Year ended December 31, 2011	2010	% Change	% Change at constant rate
Telecoms	1,444	1,029	+40.3%	+38.8%
Pay-TV (a)	2	-	na	na
Total Revenues	**1,446**	**1,029**	**+40.5%**	**+39.0%**
Telecoms	616	431	+42.9%	+41.5%
Pay-TV (a)	(15)	-	na	na
Total EBITDA	**601**	**431**	**+39.4%**	**+37.9%**
EBITA	**396**	**277**	**+43.0%**	**+41.4%**
EBITA margin rate (%)	*27.4%*	*26.9%*	*+0.5 pt*	
Capital expenditures, net (capex net)	**705**	**482**	**+46.3%**	**+44.2%**
Cash flow from operations (CFFO)	**(147)**	**(69)**	**x 2.1**	
Net Revenues (IFRS, in millions of BRL)				
Voice	2,081	1,567	+32.8%	
Pay-TV (a)	4	-	na	
Next Generation Services	1,269	846	+50.0%	
Corporate	*235*	*177*	*+32.8%*	
Broadband Internet	*972*	*622*	*+56.3%*	
VoIP	*62*	*47*	*+31.9%*	
Total	3,354	2,413	+39.0%	
Number of covered cities	**119**	**97**	**+22**	
Region II	63%	71%	-8 pts	
Regions I & III	37%	29%	+8 pts	
Total homes passed (in thousands of lines)	7,207	5,065	+42.3%	
Number of lines in service (in thousands)				
Retail and SME	4,372	3,035	+44.1%	
Voice	*2,709*	*1,940*	*+39.6%*	
Broadband Internet	*1,663*	*1,095*	*+51.9%*	
Proportion of offers ≥ 10 Mbps	*75%*	*64%*	*+11 pts*	
Corporate	1,954	1,197	+63.2%	
Total	6,326	4,232	+49.5%	
Net New Additions (in thousands of lines)				
Retail and SME	1,337	950	+40.7%	
Voice	*769*	*544*	*+41.4%*	
Broadband Internet	*568*	*406*	*+39.9%*	
Corporate	757	466	+62.4%	
Total	2,094	1,416	+47.9%	
ARPU by line - Retail and SME (BRL/month)				
Voice	66.9	67.8	-1.3%	
Broadband Internet	58.0	57.6	+0.7%	

a. GVT launched its pay-TV offer in October 2011.

Revenues and EBITA

GVT's revenues reached €1,446 million, a 40.5% increase compared to 2010 (+39.0% at constant currency). Broadband Internet service revenues increased by 57.7% (+56.2% at constant currency) and Voice service revenues increased by 34.2% (+32.8% at constant currency).

During 2011, GVT expanded its coverage to 22 additional cities and now operates in 119 cities. As a result of GVT's geographical network expansion and its excellent commercial performance, its customer base reached 6.326 million lines in service (LIS)[9] a 49.5% increase year-on-year. In addition, the sale of offers with speed equal to or higher than 15 Mbps reached 57%, compared to 15% last year.

GVT launched in October its pay-TV service in all cities where it operates. This innovative service is based on a hybrid model combining DTH (Direct-To-Home) for linear broadcasting via satellite and IPTV (Internet Protocol TV) for all interactive services. It provides a wide variety of HD channels at competitive prices as well an extensive video-on-demand catalog and a catch-up TV service, both available in all packages offered. Premium offers to GVT subscribers have also been designed with UMG music and Activision Blizzard video games.

GVT's EBITDA was €601 million, a 39.4% increase compared to 2010 (+37.9% at constant currency). GVT's EBITA was €396 million, a 43.0% increase compared to 2010 (+41.4% at constant currency). The EBITDA margin was 41.6%. Excluding the costs related to the launch of the pay-TV service, telecom EBITDA margin reached 42.7%, representing a 0.8 percentage point increase year-on-year.

GVT's excellent commercial dynamism combined with Vivendi's operational and financial support has enabled the company to accelerate the deployment of its network and to develop its pay-TV platform. GVT's capital expenditures[10] amounted to €705 million, a 44.2% increase, at constant currency, compared to 2010.

Cash flow from operations (CFFO)

GVT's cash flow from operations amounted to -€147 million, compared to -€69 million in 2010. This change reflected the increase in GVT's capital expenditures, net to €705 million in 2011, compared to €482 million in 2010, which were primarily related to investments in networks in order to increase coverage in regions I and III, as well as initial investments relating to the pay-TV operations. However, cash flow from operations before capital expenditures (CFFO before capex, net) increased by 35.1% in 2011, to €558 million due to GVT's good operating performance.

[9] *Excluding pay-TV.*
[10] *Relates to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.*

4.2.6 Canal+ Group

(in millions of euros, except for margins)	Year ended December 31, 2011	2010	% Change	% Change at constant rate
Canal+ France (a)	4,049	3,956	+2.4%	+2.4%
Other operations and elimination of intersegment transactions (b)	808	756	+6.9%	+8.3%
Total revenues	**4,857**	**4,712**	**+3.1%**	**+3.3%**
EBITDA	**913**	**920**	**-0.8%**	**-0.8%**
Canal+ France	617	616	+0.2%	+0.2%
Other operations	84	74	+13.5%	+12.0%
Total EBITA	**701**	**690**	**+1.6%**	**+1.4%**
EBITA margin rate (%)	*14.4%*	*14.6%*	*-0.2 pt*	
Cash flow from operations (CFFO)	**484**	**410**	**+18.0%**	
Subscriptions (in thousands)				
Pay TV France	*9,760*	*9,720*	*+0.4%*	
Canal+ Overseas (c)	*1,456*	*1,338*	*+8.8%*	
Canal+ France	11,216	11,058	+1.4%	
International (b)	1,730	1,651	+4.8%	
Total Canal+ Group	12,946	12,709	+1.9%	
Churn, per subscriber (Mainland France)	12.1%	11.0%	+1.1 pt	
ARPU, in euros per individual subscriber (Mainland France)	47.5	46.3	+2.6%	

a. Canal+ France’s revenues are presented before the elimination of intersegment transactions within Canal+ Group. Canal+ France notably owns and consolidates Société d’Edition de Canal Plus (SECP), Multithematiques, Canal+ Distribution, Kiosque and Canal+ Overseas.

b. Includes Poland and Vietnam.

c. Includes overseas territories and Africa.

Revenues and EBITA

Canal+ Group's revenues reached €4,857 million, a 3.1% increase compared to 2010. Canal+ France's revenues increased by 2.4% to €4,049 million, notably driven by increases in the subscription portfolio, revenue per subscriber (ARPU) and advertising revenues.

At the end of December 2011, Canal+ France had 11.216 million subscriptions, a net increase of 158,000 year-on-year. In mainland France, the subscription portfolio increased and reached 9.760 million, mainly due to an increase in gross additions. Average revenue per individual subscriber was up €1.2 year-on-year, reaching €47.5, thanks to improved cross-selling between Canal+ and CanalSat offerings, and a higher penetration of service and program options. Canal+ France's subscriber base in regions operated by Canal+ Overseas (French overseas territories and Africa) reached 1.456 million due to strong market dynamics, particularly in Africa. Overall, including Poland and Vietnam, Canal+ Group's portfolio at the end of 2011 had 12.946 million subscriptions.

Revenues from other Canal+ Group operations also increased strongly, driven by an overall positive impact from operations, particularly StudioCanal, Cyfra+ in Poland and i>Télé.

Canal+ Group's EBITA was €701 million, a 1.6% increase year-on-year. Excluding the €30 million fine imposed in September 2011 by the French Competition Authority on Canal+ Group as part of the audit relating to the compliance with the commitments undertaken by Canal+ Group in connection with the combination of CanalSatellite and TPS in January 2007, EBITA increased by 5.9%.

Canal+ France's EBITA reached €617 million, a slight increase compared to 2010, mainly impacted by the fine imposed by the French Competition Authority. Operations in regions covered by Canal+ Overseas reported strong EBITA growth, driven by an overall portfolio growth. StudioCanal posted strong EBITA growth notably driven by its operations in the UK and in Germany, as well as by improved catalog sales in all territories. i>Télé benefited from increased advertising revenues and posted positive results for the first time.

Canal+ Group announced several important strategic developments in 2011. In French free-to-air television, Canal+ Group is planning to create a free-to-air department that will include the Direct 8 and Direct Star channels, pending approval from the relevant authorities. Canal+ Group also announced a partnership with the Polish group ITI/TVN, the country's leading private television group, to merge their respective pay-TV operations and create a platform that Canal+ Group will control. As part of the transaction, Canal+ Group will also take a significant stake in TVN. This transaction is subject to the approval of the relevant regulatory authorities. Finally, StudioCanal strengthened its position in TV production with the acquisition in December 2011 of Tandem Communications, a European leader in TV series and drama production, based in Germany.

Cash flow from operations (CFFO)

Canal+ Group's cash flow from operations amounted to €484 million, compared to €410 million in 2010. The €74 million increase reflected the favorable movements in results and in changes in net working capital.

4.2.7 Holding & Corporate

(in millions of euros)	Year ended December 31,	
	2011	2010
EBITA	(100)	(127)
Cash flow from operations (CFFO)	(84)	(100)

EBITA

Holding & Corporate's EBITA was -€100 million, compared to -€127 million in 2010, due notably to lower litigation costs and several one-time items.

Cash flow from operations (CFFO)

Holding & Corporate's cash flow from operations amounted to -€84 million, compared to -€100 million in 2010. The increase in cash flow from operations between 2010 and 2011 was mainly attributable to the change in EBITA.

4.2.8 Non-core operations and others

(in millions of euros)	Year ended December 31,	
	2011	2010
Non-core operations and others	41	19
Elimination of intersegment transactions	(82)	(73)
Total Revenues	(41)	(54)
EBITA	(22)	(33)
Cash flow from operations (CFFO)	(16)	(33)

Revenues and EBITA

Revenues from non-core operations amounted to €41 million, a €22 million increase, following the 2011 contribution of Digitick (€9 million) acquired on December 30, 2010 and of See Tickets (€12 million) acquired on August 23, 2011.

EBITA from non-core operations amounted to -€22 million, an €11 million increase, due to EBITA improvement attributable to overall operations and the contribution of SeeTickets (€4 million).

Cash flow from operations (CFFO)

Cash flow from operations from non-core operations amounted to -€16 million, compared to -€33 million in 2010. This change was mainly related to the change in EBITA.

5 Treasury and capital resources

Preliminary comments:

- *Vivendi considers Financial Net Debt, a non-GAAP measure, to be a relevant indicator in measuring Vivendi's indebtedness. 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, cash deposits backing borrowings, and certain cash management financial assets (included in the Consolidated Statement of Financial Position under "financial assets"). Financial Net Debt should be considered in addition to, and not as a substitute for, other GAAP measures 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 are not fully available for debt repayments since they are used for several purposes, including but not limited to, acquisitions of businesses, capital expenditures, dividends, contractual obligations and working capital.*

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

Vivendi's financing policy consists of incurring long-term debt, mainly in bond and banking markets, at a variable rate or fixed rate, in euros, or, depending on general corporate needs, in US dollars.
In 2011, Vivendi applied a constant policy of increasing its debt's average duration and of disintermediation by having recourse in priority to the bond market.
Non-current debts are primarily raised by Vivendi SA, which centralizes the group's financing management, except for Activision Blizzard and Maroc Telecom Group.
In relation to bond financings, Vivendi has a Euro Medium Term Notes program on the Luxembourg Stock Exchange to take advantage of every euro bond market opportunity. Vivendi's bank counterparties must meet certain criteria of financial soundness, reflected in their credit rating with Standard & Poor's and Moody's.
In addition, to comply with the rating agencies' new prudential regulations regarding liquidity management, Vivendi arranges the refinancing of all expiring bank credit facilities or bonds one year in advance.

In order to maintain significant cash reserves, Vivendi has confirmed credit facilities which amounted to €12,081 million as of December 31, 2011 (compared to €10,116 million as of December 31, 2010), of which €7,164 million was undrawn (compared to €7,943 million as of December 31, 2010). As of December 31, 2011, Vivendi SA's confirmed credit facilities amounted to €9,000 million (compared to €6,000 million as of December 31, 2010), of which €4,975 million was undrawn (compared to €5,250 million undrawn as of December 31, 2010).

Contractual agreements for credit facilities granted to Vivendi SA do not include provisions that tie the conditions of the loan to its financial ratings from specialized agencies. They contain customary provisions related to events of default and at the end of each half-year, Vivendi SA is notably required to comply with a financial covenant (please refer to Note 22.2 to the Consolidated Financial Statements for the year ended December 31, 2011). The credit facilities granted to group companies other than Vivendi SA are intended to finance either the general needs of the borrowing subsidiary or specific projects. As of December 31, 2011, there was no restriction on the use of the capital received by the group's companies (including Vivendi SA) which could have a direct or indirect material impact on the group's operations.

Vivendi's long-term credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's); Vivendi's objective is to maintain such credit rating. As of December 31, 2011, the "economic" average term of the group's debt was 4.0 years (unchanged compared to December 31, 2010); it amounted to 4.2 years when taking into account the €1.1 billion bank credit facility set up in January 2012.

In 2011, investments, working capital, and dividend payments were financed by the cash flow from operations, net, asset disposals, and borrowings, if any. For the foreseeable future and based on the current capital market conditions, Vivendi intends to maintain this financing policy for its investments and operations.

5.2 Financial Net Debt changes

As of December 31, 2011, Vivendi's Financial Net Debt amounted to €12,027 million, compared to €8,073 million as of December 31, 2010, a €3,954 million increase. This change notably reflected:

- the cash outflows related to the acquisition by Vivendi of Vodafone's non-controlling interest in SFR (€7,750 million on June 16, 2011) and Activision Blizzard's stock repurchase program (€502 million), partially offset by the cash inflow from the sale of the remaining interest in NBC Universal ($3,800 million or €2,883 million, on January 25, 2011), the amounts received to end the litigation over the share ownership of PTC in Poland (€1,254 million on January 14, 2011) and the cash inflow from the sale of 35 million Activision Blizzard shares into the market ($422 million or €314 million);
- the dividends paid (€2,885 million) notably to Vivendi SA shareowners (€1,731 million) as well as to minority shareowners of SFR SA (€640 million, of which €200 million paid to Vodafone on June 16, 2011 pursuant to the completion of the acquisition of Vodafone's 44% interest in SFR), of Maroc Telecom SA (€384 million), and of Activision Blizzard (€55 million); and
- the cash inflow from the employees' subscription in connection with Vivendi SA's employee stock purchase plan (€143 million); and
- the impact of cash flow from operations after interest and income taxes paid (CFAIT), which amounted to €2,884 million in 2011.

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	December 31, 2011	December 31, 2010
Borrowings and other financial liabilities		15,710	12,003
of which long-term (a)	22	*12,409*	*8,573*
short-term (a)	22	*3,301*	*3,430*
Cash management financial assets (b) (c)	15	(266)	(508)
Derivative financial instruments in assets (b)	15	(101)	(91)
Cash deposits backing borrowings (b)	15	(12)	(21)
		15,331	**11,383**
Cash and cash equivalents (a)	17	(3,304)	(3,310)
of which Activision Blizzard		*(2,448)*	*(2,124)*
Financial Net Debt		**12,027**	**8,073**

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. Relates to US treasuries and government agency securities, with a maturity exceeding three months, at Activision Blizzard.

(in millions of euros)	Cash and cash equivalents	Borrowings and other financial items (a)	Impact on Financial Net Debt
Financial Net Debt as of December 31, 2010	**(3,310)**	**11,383**	**8,073**
Outflows/(inflows) generated by:			
Operating activities	(6,862)	-	(6,862)
Investing activities	(807)	305	(502)
Financing activities	7,661	3,647	11,308
Foreign currency translation adjustments	14	(4)	10
Change in Financial Net Debt over the period	6	3,948	3,954
Financial Net Debt as of December 31, 2011	**(3,304)**	**15,331**	**12,027**

a. "Other financial items" include commitments to purchase non-controlling interests, derivative financial instruments (assets and liabilities), cash deposits backed on borrowings, as well as cash management financial assets.

5.3 Analysis of Financial Net Debt changes

(in millions of euros)		Refer to section	Twelve months ended December 31, 2011 Impact on cash and cash equivalents	Impact on borrowings and other financial items	Impact on Financial Net Debt
EBIT		2	**(5,682)**	**-**	**(5,682)**
Adjustments			(2,590)	-	(2,590)
Content investments, net			13	-	13
Gross cash provided by operating activities before income tax paid			***(8,259)***	***-***	***(8,259)***
Other changes in net working capital			307	-	307
Net cash provided by operating activities before income tax paid		3	***(7,952)***	***-***	***(7,952)***
Income tax paid, net		3	1,090	-	1,090
Operating activities	**A**		**(6,862)**	**-**	**(6,862)**
Financial investments					
Purchases of consolidated companies, after acquired cash			210	61	271
of which acquisition of See Tickets			*75*	-	*75*
acquisition of Tandem Communications by StudioCanal			*(26)*	*73*	*47*
Investments in equity affiliates			49	-	49
Increase in financial assets			377	(213)	164
Total financial investments			***636***	***(152)***	***484***
Financial divestments					
Proceeds from sales of consolidated companies, after divested cash			(30)	-	(30)
Disposal of equity affiliates			(2,920)	-	(2,920)
of which sale of the remaining 12.34% interest in NBC Universal for $3.8 billion		1.1.3	*(2,883)*	-	*(2,883)*
Decrease in financial assets			(1,751)	457	(1,294)
of which cash consideration received related to the final settlement of the litigation over the share ownership of PTC in Poland		1.1.4	*(1,254)*	-	*(1,254)*
Total financial divestments			***(4,701)***	***457***	***(4,244)***
Financial investment activities			**(4,065)**	**305**	**(3,760)**
Dividends received from equity affiliates		3	(79)	-	(79)
Dividends received from unconsolidated companies			(3)	-	(3)
Investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets, net			**(4,147)**	**305**	**(3,842)**
Capital expenditures			3,367	-	3,367
Proceeds from sales of property, plant, equipment and intangible assets			(27)	-	(27)
Capital expenditures, net		3	***3,340***	***-***	***3,340***
Investing activities	**B**		**(807)**	**305**	**(502)**

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

Continued from previous page.

(in millions of euros)		Refer to section	Twelve months ended December 31, 2011		
			Impact on cash and cash equivalents	Impact on borrowings and other financial items	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			(151)	-	(151)
of which capital increase subscribed by employees in connection with the stock purchase plan			*(143)*	-	*(143)*
(Sales)/purchases of Vivendi SA's treasury shares			37	-	37
Dividends paid by Vivendi SA (€1.40 per share)			1,731	-	1,731
Other transactions with shareowners			7,909	(3)	7,906
of which acquisition of Vodafone's non-controlling interest in SFR		1.1.1	*7,750*	-	*7,750*
stock repurchase program of Activision Blizzard			*502*	-	*502*
sale of Activision Blizzard shares			*(314)*	-	*(314)*
Dividends paid by consolidated companies to their non-controlling interests			1,154	-	1,154
of which SFR SA (a)		1.1.1	*640*	-	*640*
Maroc Telecom SA			*384*	-	*384*
Activision Blizzard			*55*	-	*55*
Total transactions with shareowners			***10,680***	***(3)***	***10,677***
Transactions on borrowings and other financial liabilities					
Setting up of long-term borrowings and increase in other long-term financial liabilities			(6,045)	6,045	-
of which bonds		5.4	*(2,750)*	*2,750*	-
bank credit facilities		5.4	*(3,253)*	*3,253*	-
Principal payments on long-term borrowings and decrease in other long-term financial liabilities			452	(452)	-
of which bank credit facilities			*430*	*(430)*	-
Principal payments on short-term borrowings			2,451	(2,451)	-
of which bonds			*700*	*(700)*	-
bank credit facilities			*305*	*(305)*	-
commercial paper			*1,168*	*(1,168)*	-
Other changes in short-term borrowings and other financial liabilities			(597)	597	-
of which bank credit facilities			*(271)*	*271*	-
Non-cash transactions			-	(89)	(89)
Interest paid, net		3	481	-	481
Other cash items related to financial activities		3	239	-	239
Total transactions on borrowings and other financial liabilities			***(3,019)***	***3,650***	***631***
Financing activities	**C**		**7,661**	**3,647**	**11,308**
Foreign currency translation adjustments	D		14	(4)	10
Change in Financial Net Debt	**A+B+C+D**		**6**	**3,948**	**3,954**

a. Includes €200 million paid as an interim dividend to Vodafone pursuant to the acquisition of its non-controlling interest in SFR.

5.4 New financings

In 2011, Vivendi applied a constant policy of increasing its debt's average duration and of disintermediation by having recourse in priority to the bond market.

Bank credit facilities

- In May 2011, Vivendi set up a €5 billion new syndicated bank credit facility, negotiated in April 2011. This new facility consists of the following three tranches:
  - tranche A: €1.5 billion, maturing in December 2012, available since the satisfaction of the conditions precedent to the acquisition by Vivendi of Vodafone's 44% interest in SFR;
  - tranche B: €1.5 billion, maturing in May 2014, available since the satisfaction of the conditions precedent to the acquisition by Vivendi of Vodafone's 44% interest in SFR and the cancellation of SFR's revolving facilities for €450 million with an initial scheduled maturity of November 2012 and for €850 million with an initial scheduled maturity of May 2013; and
  - tranche C: €2.0 billion, maturing in May 2016, available since the cancellation of Vivendi SA's revolving facility for €2.0 billion with an initial scheduled maturity of April 2012.

  The other main terms (excluding tariffs) are similar to those of the €1 billion credit facility that was set up in September 2010.
- In January 2012, Vivendi set up a new €1.1 billion bank credit facility with a 5-year maturity, negotiated in December 2011, which early refinanced the €1.5 billion credit facility with an initial scheduled maturity in December 2012 (Tranche A above) and SFR's €492 million syndicated loan with an initial scheduled maturity in March 2012. SFR's €100 million revolving facility, which was reduced to €50 million as of December 31, 2011, was also transferred in the amount of €40 million to Vivendi SA, with a 3-year maturity.

Bonds

- On July 4, 2011, Vivendi raised €1,750 million through a bond issue comprised of two tranches:
  - a first tranche, in the amount of €1,000 million, with a 4-year maturity and a 3.500% coupon; with an effective rate of 3.68%; and
  - a second tranche, in the amount of €750 million, with a 10-year maturity, a 4.750% coupon; with an effective rate of 4.90%.
- On November 22, 2011, Vivendi raised €1,000 million through a bond issue comprised of two tranches:
  - a first tranche, in the amount of €500 million, with a 4-year maturity and a 3.875% coupon; with an effective rate of 4.04%; and
  - a second tranche, in the amount of €500 million, with a 7-year maturity and a 4.875 % coupon; with an effective rate of 5.00%.
- On January 10, 2012, Vivendi raised €1,250 million through a bond issue, with a 5.5-year maturity and a 4.125% coupon; with an effective rate of 4.31%.

Other financings

In November 2011, GVT entered into a new credit facility with the BNDES (*National Bank for Economic and Social Development*) for BRL 1,184 million (€486 million), maturing in 2020 at the latest, thereby increasing to €664 million the maximum amount of GVT's credit facilities with the BNDES to be used to finance its capital expenditures. As of December 31, 2011, these facilities were available up to €363 million.

5.5 Financing of subsidiaries

Excluding primarily Activision Blizzard and Maroc Telecom, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) that are not subject to local regulations restricting the transfer of financial assets or (b) that are not subject to other contractual agreements. In particular, the increase to a 100% ownership interest in SFR on June 16, 2011, has enabled Vivendi SA to centralize all of SFR's cash surpluses on a daily basis from July 1, 2011 through a cash pooling account.

Alternatively, in particular at Activision Blizzard and Maroc Telecom, cash surpluses are not pooled by Vivendi SA but rather, as the case may be, distributed as dividends when they are not used to finance investments of the relevant subsidiaries, as common stock repurchases or to reimburse borrowings used to finance their investments. Regarding Activision Blizzard, up until July 9, 2013, the distribution of any dividend by Activision Blizzard requires the affirmative vote of a majority of the independent directors if Activision Blizzard's Financial Net Debt, after giving effect to such dividend, exceeds $400 million.

Activision Blizzard's net cash position amounted to €2,714 million (€2,632 million as of December 31, 2010). This amount notably includes US treasuries and government agency securities with a maturity exceeding three months for $344 million (compared to $672 million as of December 31, 2010), classified as short-term financial assets in the Consolidated Statement of Financial Position. In addition, cash and cash equivalents also include cash held outside the United States by Activision Blizzard's non-American subsidiaries for €1,266 million (compared to €901 million as of December 31, 2010). The funds held by foreign subsidiaries are generally subject to US income taxation on repatriation to the United States.

Maroc Telecom Group's Financial Net Debt amounted to €617 million (€388 million as of December 31, 2010).

5.6 Available bank credit facilities as of February 28, 2012

As of February 28, 2012, the date of Vivendi's Management Board meeting that approved the Financial Statements for the year ended December 31, 2011, the group had available committed bank credit facilities in the amount of €11.2 billion, of which €3.0 billion were drawn. Considering the amount of commercial paper issued at this date, and backed on credit facilities for €2.7 billion, these facilities were available for an aggregate amount of €5.5 billion.

For a detailed analysis of these bank credit facilities as of December 31, 2011 and December 31, 2010, please refer to Note 22.2 to the Consolidated Financial Statements for the year ended December 31, 2011.

6 Outlook

Preliminary comments: *The 2012 outlook presented below regarding revenues, EBITA, EBITA margin rates, EBITDA and adjusted net income (ANI), as well as regarding cash flow from operations (CFFO) and capital expenditures 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 Note 27 to the Consolidated Financial Statements for the year ended December 31, 2011 could have an impact on the group's operations and its capacity to achieve its forecasts for 2012. Finally, Vivendi considers that the non-GAAP measures, EBITA, EBITDA, ANI as well as CFFO and capital expenditures are relevant indicators of the group's operating and financial performance.*

Vivendi's strategy is focused on fast-growing economies, innovation as well as intra-group synergies and organic growth. In 2012, Vivendi will face stronger competition in France and Morocco in addition to the very significant increase of tax charges in France in 2011. In France in particular, the sharp price pressure induced by the fourth entrant in the French mobile sector has led SFR to reconsider very carefully its commercial offers and its cost base. These efforts to adapt itself will place increased pressure on Vivendi's results in 2012 and 2013. The strength and resilience of the group's other activities should help lessen the impact of this new situation. Profit growth should resume in 2014 thanks to the positive and significant effects of the strategy focused on innovation, the synergy-driven acquisitions made in 2010 and 2011, and the strengthening of the group's positions in emerging countries. As a result, Vivendi intends to maintain its profitable growth strategy by focusing on organic growth initiatives, with emphasis on GVT, and maintaining a high group operating margin (above 20% in 2011 and high teens going forward) due to growth initiatives and significant cost reduction plans across all businesses.

For 2012, Vivendi expects adjusted net income to be above €2.5 billion, before the impact of the transactions announced in the second half of 2011 (see below). As a result, Vivendi expects to propose a dividend with respect to fiscal year 2012 representing around 45% to 55% of adjusted net income, payable in cash in 2013. In addition, Vivendi expects Financial Net Debt to be below €14 billion at year end 2012, assuming closing by end of 2012 of the transactions announced in the second half of 2011 (see below). Vivendi intends to pursue the optimization of its financial structure and preserve its long term debt rating at BBB stable (Standard & Poor's/Fitch) and Baa2 stable (Moody's).

These forecasts are based on an assumed exchange rate of €1 for $1.35 and on each business's financial objectives, which are described below.

Activision Blizzard

In 2011, Activision Blizzard exceeded its guidance with a €1,011 million EBITA, driven by the growth in high-margin digital revenue, the success of its major franchises and the continuing initiatives at streamlining Activision Publishing. For 2012, Activision Blizzard expects to report EBITA around €750 million, as the deferred margin will increase in 2012, unlike the previous year.

Universal Music Group (UMG)

In 2011, in line with its guidance, UMG achieved a double digit EBITA margin (12.1% compared to 10.6% in 2010), notably thanks to an increased participation in a broader range of music revenue streams and benefited from cost optimization including savings resulting from the reorganization plan launched in 2010. For 2012, UMG expects to report a double digit EBITA margin at constant perimeter (before the impact of EMI Recorded Music acquisition announced on November 11, 2011 and subject to approvals from regulatory authorities).

SFR

In 2011, considering the impact of tariff cuts resulting from regulatory decisions and of new VAT rules, in line with its guidance and excluding non-recurring positive items, SFR's Mobile EBITDA decreased by 8.4%, while SFR's Broadband Internet and Fixed EBITDA increased by 8.6%. For 2012, SFR expects a 12% to 15% decrease in EBITDA (excluding non-recurring positive items, EBITDA amounted to €3,707 million in 2011) and cash flow from operations close to €1.7 billion (excluding the impact of 4G spectrum acquisition in January 2012 for €1,065 million).

Maroc Telecom group

In 2011, in a context of a 25% mobile price cut in Morocco and a particularly unfavorable regulatory and competitive environment, revenues of Maroc Telecom group decreased by 2.5% and EBITA decreased by 14.4% at constant currency. For 2012, Maroc Telecom group expects an EBITA margin around 38% and a stable cash flow from operations compared to 2011, in Dirhams.

GVT

In 2011, in line with its guidance, GVT reported a 40.5% increase in revenues and an EBITDA margin of 41.6%, despite the impact of pay-TV business launched in October 2011. For 2012, GVT expects to report a growth in revenues in the mid-30's at constant currency and an EBITDA margin around 40% (including the impact of pay-TV business launch). In addition, capital expenditures would amount to close to €1 billion (or BRL 2.3 billion, including variable capital expenditures related to pay-TV).

Canal+ Group

In 2011, in line with its guidance, Canal+ France reported a 1.6% increase in EBITA, despite exceptional items, including the €30 million fine decided by the French Competition Authority. For 2012, Canal+ Group expects to report a slight increase in EBITA at constant perimeter (before the impact of the transactions announced in the second half of 2011: free-to-air TV diversification in France through the acquisition of Direct 8 and Direct Star channels and consolidation of Polish pay TV market with the combination of Cyfra+ and "n"; these transactions are subject to approvals from regulatory authorities).

7 Forward looking statements

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including projections regarding the payment of dividends as well as the impact of certain transactions. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, the risks related to antitrust and other regulatory approvals in connection with certain transactions as well as 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 website (www.vivendi.com). These forward-looking statements are made as of the date of this Financial Report. 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.

8 Other disclaimers

Unsponsored ADRs

Vivendi does not sponsor an American Depositary Receipt (ADR) facility in respect of its shares. Any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to Vivendi. Vivendi disclaims any liability in respect of such facility.

Translation

This Financial Report is an English translation of the French version of such report and is provided for informational purposes only. This translation is qualified in its entirety by the French version, which is available on the company's website (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 - Appendices to the Financial Report: Unaudited supplementary financial data

1. Change in presentation of the Consolidated Statement of Earnings

In view of the practice of other French groups that adopted IFRS 3 and IAS 27 revised in 2010 (early adopted by Vivendi in 2009), Vivendi made the following change in presentation of the Consolidated Statement of Earnings as of January 1, 2011:

- the impacts related to financial investing transactions, which were previously reported in "other financial charges and income" are reclassified to other charges and income in "Earnings Before Interest and Income Taxes" (EBIT). They include losses and gains recognized through business combinations, capital gains or losses related to divestitures or the depreciation of equity affiliates and other financial investments, as well as consolidation gains or losses incurred from the gain or loss of control in a business. The reclassified amounts represented a net charge of €52 million and €305 million for the fourth quarter of 2010 and the 2010 fiscal year, respectively;
- the impacts related to transactions with shareowners (except if directly recognized in equity), which were previously reported in "other financial charges and income" are similarly reclassified to "EBIT", in particular the €450 million reversal of reserve recognized as of December 31, 2010 as part of the Securities Class Action in the United States; and
- moreover, both charges and income related to financial investing transactions as well as other financial charges and income are presented as separate single lines and are no longer offset on the face of the Consolidated Statement of Earnings.

In accordance with IAS 1, Vivendi has applied this change in presentation to all periods previously published:

	2011	2010		
(in millions of euros)	Three months ended March 31,	Three months ended March 31,	Three months ended June 30,	Six months ended June 30,
Earnings before interest and income taxes (EBIT) (as previously published)	**1,582**	**1,456**	**1,507**	**2,963**
Reclassification				
Reversal of reserve regarding the Securities Class Action in the United States	-	-	-	-
Other income	1,289	2	6	8
Other charges	(449)	(18)	(23)	(41)
Earnings before interest and income taxes (EBIT) (new definition)	**2,422**	**1,440**	**1,490**	**2,930**

	2010			
(in millions of euros)	Three months ended September 30,	Nine months ended September 30,	Three months ended December 31,	Year ended December 31,
Earnings before interest and income taxes (EBIT) (as previously published)	**1,278**	**4,241**	**630**	**4,871**
Reclassification				
Reversal of reserve regarding the Securities Class Action in the United States	-	-	450	450
Other income	13	21	32	53
Other charges	(233)	(274)	(84)	(358)
Earnings before interest and income taxes (EBIT) (new definition)	**1,058**	**3,988**	**1,028**	**5,016**

2. 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 illustrates the underlying performance of continuing operations more effectively by excluding most non-recurring and non-operating items. Adjusted net income is defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2011.

Reconciliation of earnings attributable to Vivendi SA shareowners to adjusted net income

(in millions of euros)	Year ended December 31, 2011	2010	
Earnings attributable to Vivendi SA shareowners (a)	**2,681**	**2,198**	
Adjustments			
Amortization of intangible assets acquired through business combinations	510	603	
Impairment losses on intangible assets acquired through business combinations (a)	397	252	
Reversal of reserve regarding the Securities Class Action in the United States (a)	-	(450)	
Other income (a)	(1,385)	(53)	
Other charges (a)	656	358	
Other financial income (a)	(14)	(16)	
Other financial charges (a)	167	178	
Change in deferred tax asset related to the Consolidated Global Profit Tax System and to Vivendi SA's French Tax Group System	129	3	
Non-recurring items related to provision for income taxes	41	102	(b)
Provision for income taxes on adjustments	(200)	(320)	
Non-controlling interests on adjustments	(30)	(157)	
Adjusted net income	**2,952**	**2,698**	

a. As presented in the consolidated statement of earnings.

b. Mainly relates to the cancellation of a credit for the consumption of the deferred tax asset as a result of the utilization by SFR of Neuf Cegetel's ordinary tax losses carried forward from prior years: €43 million for the share attributable to the group and €33 million for the share attributable to the non-controlling interest in SFR.

Adjusted net income per share

	Year ended December 31, 2011 Basic	2011 Diluted	2010 Basic	2010 Diluted
Adjusted net income (in millions of euros)	2,952	2,949 (a)	2,698	2,695 (a)
Number of shares (in millions)				
Weighted average number of shares outstanding restated (b)	1,239.9	1,239.9	1,232.3	1,232.3
Potential dilutive effects related to share-based compensation (c)	-	2.4	-	2.2
Adjusted weighted average number of shares	**1,239.9**	**1,242.3**	**1,232.3**	**1,234.5**
Adjusted net income per share (in euros)	2.38	2.37	2.19	2.18

a. Includes only the potential dilutive effect related to employee stock option plans and restricted stock plans for Activision Blizzard in a non-significant amount.

b. Net of treasury shares (please refer to Note 18 to the Consolidated Financial Statements for the year ended December 31, 2011).

c. Does not include accretive instruments as of December 31, 2011 and December 31, 2010 which could potentially become dilutive. The balance of common shares in connection with Vivendi SA's share based compensation plan is presented in Note 21.2.2 to the Consolidated Financial Statements for the year ended December 31, 2011.

3. Reconciliation of Activision Blizzard's revenues and EBITA[1]

As reported below, the reconciliation of Activision Blizzard's revenues and EBITA to IFRS as of December 31, 2011 and December 31, 2010 is based on:

- Activision Blizzard's data prepared in compliance with U.S. GAAP standards, in US dollars, contained in its Form 10-K for the year ended December 31, 2011 and non-GAAP measures filed by Activision Blizzard on February 28, 2012; 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, 2011.

Non-GAAP measures of Activision Blizzard

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

i. the change in deferred income and related costs of sales resulting from the deferral of net revenues associated with the company's significant online-enabled games (please refer to Note 1.3.4.1 to the Consolidated Financial Statements for the year ended December 31, 2011);

ii. expenses related to equity-based compensation;

iii. restructuring charges;

iv. impairment of intangibles acquired through business combinations;

v. the amortization of intangibles and the associated changes in cost of sales resulting from purchase price accounting adjustments; and

vi. the associated tax benefits.

[1] *Note: for a definition of EBITA, please refer to Section 4.2 of this Financial Report*

Revenues reconciliation:

	Year ended December 31,	
	2011	2010
Non-GAAP Measurement (U.S. GAAP basis):		
Non-GAAP Net Revenues (in millions of dollars)	**4,489**	**4,803**
Eliminate non-GAAP adjustments:		
Changes in deferred net revenues (a)	266	(356)
U.S. GAAP Measurement:		
Net Revenues in U.S. GAAP (in millions of dollars), as published by Activision Blizzard	**4,755**	**4,447**
Eliminate U.S. GAAP vs. IFRS differences:	*na**	*na**
IFRS Measurement:		
Net Revenues in IFRS (in millions of dollars)	**4,755**	**4,447**
Translate from dollars to euros:		
Net Revenues in IFRS (in millions of euros), as published by Vivendi	**3,432**	**3,330**
of which		
Activision	2,047	2,002
Blizzard	1,082	1,046
Distribution	303	282

EBITA reconciliation:

	Year ended December 31,	
	2011	2010
Non-GAAP Measurement (U.S. GAAP basis):		
Non-GAAP Operating Income/(Loss) (in millions of dollars)	**1,358**	**1,371**
Eliminate non-GAAP adjustments:		
Changes in deferred net revenues and related cost of sales (a)	183	(319)
Equity-based compensation expense	(103)	(131)
Restructuring charges	(26)	(3)
Impairment of intangibles acquired through business combinations	(12)	(326)
Amortization of intangibles acquired through business combinations and purchase price accounting related adjustments	(72)	(123)
U.S. GAAP Measurement:		
Operating Income/(Loss) in U.S. GAAP (in millions of dollars), as published by Activision Blizzard	**1,328**	**469**
Eliminate U.S. GAAP vs. IFRS differences:		
Equity-based compensation expense	1	7
Impairment of intangibles acquired through business combinations	7	31
Amortization of intangibles acquired through business combinations	-	6
Other	(1)	(6)
IFRS Measurement:		
Operating Income/(Loss) in IFRS (in millions of dollars)	**1,335**	**507**
Eliminate items excluded from EBITA:		
Impairment of intangible assets acquired through business combinations	5	295
Amortization of intangible assets acquired through business combinations	72	123
Other	(3)	-
EBITA in IFRS (in millions of dollars)	**1,409**	**925**
Translate from dollars to euros:		
EBITA in IFRS (in millions of euros), as published by Vivendi	**1,011**	**692**
of which		
Activision	520	187
Blizzard	483	498
Distribution	8	7

na*: not applicable.

a. Relates to the impact of the change in deferred net revenues, and related costs of sales associated with the company's significant online-enabled games. As of December 31, 2011, both in U.S. GAAP and IFRS:
   - the change in deferred net revenues resulted in the recognition of net revenues for $266 million (€166 million) and, after taking into account related costs of sales, the recognition of margin from operations for $183 million (€113 million); and
   - the deferred net revenues balance in the Statement of Financial Position amounted to $1,472 million (€1,139 million), compared to $1,726 million (€1,303 million) as of December 31, 2010. After taking into account related costs of sales, the deferred margin balance in the Statement of Financial Position amounted to $1,181 million (€913 million), compared to $1,356 million (€1,024 million) as of December 31, 2010.

4. Revenues and EBITA by business segment - 2011 and 2010 quarterly data

(in millions of euros)	2011 1st Quarter ended March 31	 2nd Quarter ended June 30	 3rd Quarter ended Sept. 30	 4th Quarter ended Dec. 31
Revenues				
Activision Blizzard	1,061	796	533	1,042
Universal Music Group	881	982	979	1,355
SFR	3,056	3,064	3,017	3,046
Maroc Telecom Group	672	689	698	680
GVT	329	353	395	369
Canal+ Group	1,192	1,200	1,171	1,294
Non-core operations and others, and elimination of intersegment transactions	(7)	(15)	(16)	(3)
Total Vivendi	**7,184**	**7,069**	**6,777**	**7,783**
EBITA				
Activision Blizzard	502	331	118	60
Universal Music Group	46	86	112	263
SFR	566	675	644	393
Maroc Telecom Group	266	265	302	256
GVT	90	97	112	97
Canal+ Group	265	230	237	(31)
Holding & Corporate	(20)	(22)	(17)	(41)
Non-core operations and others	(10)	(4)	(5)	(3)
Total Vivendi	**1,705**	**1,658**	**1,503**	**994**

(in millions of euros)	2010 1st Quarter ended March 31	 2nd Quarter ended June 30	 3rd Quarter ended Sept. 30	 4th Quarter ended Dec. 31
Revenues				
Activision Blizzard	945	758	577	1,050
Universal Music Group	889	1,011	1,027	1,522
SFR	3,085	3,163	3,131	3,198
Maroc Telecom Group	660	722	744	709
GVT	214	230	288	297
Canal+ Group	1,145	1,182	1,137	1,248
Non-core operations and others, and elimination of intersegment transactions	(14)	(8)	(17)	(15)
Total Vivendi	**6,924**	**7,058**	**6,887**	**8,009**
EBITA				
Activision Blizzard	377	243	66	6
Universal Music Group	68	91	85	227
SFR	634	734	614	490
Maroc Telecom Group	284	312	346	342
GVT	43	55	71	108
Canal+ Group	230	256	274	(70)
Holding & Corporate	(38)	(27)	(22)	(40)
Non-core operations and others	(8)	(11)	(7)	(7)
Total Vivendi	**1,590**	**1,653**	**1,427**	**1,056**

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III - Consolidated Financial Statements for the year ended December 31, 2011

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, 2011 on:

- the audit of the accompanying Consolidated Financial Statements of Vivendi SA, hereinafter referred to as "the Company";
- the justification of our assessments; and
- the specific verifications required by law.

These Consolidated Financial Statements have been approved by your Management Board. Our role is to express an opinion on the financial statements, based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, as well as 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 assets and liabilities and of the financial position of the group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.2.1 to the financial statements, which explains the change in the presentation in the Consolidated Statements of Earnings as of January 1, 2011.

2. Justification of our assessments

Pursuant to the provisions of Article L.823-9 of the French Commercial Code (Code de commerce) 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:

- 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 financial statements. We examined the methods used to test for impairment and ensured that Notes 1.3.5.7 and 9 to the financial statements provided appropriate disclosures thereon; and
- Notes 1.3.8 and 27 to the financial statements describe the methods used to assess 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, and obtained, where appropriate, the estimates of independent experts commissioned by the Company. We also ensured that any uncertainties regarding estimates of provisions for litigation were disclosed in Notes 1.3.8 and 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, facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of the provisions.

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

3. Specific verifications

We have also verified, in accordance with professional standards applicable in France, the information provided in the group management report, as required by law.

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

Paris-La Défense, March 1, 2012

The Statutory Auditors

KPMG Audit
Département de KPMG S.A.

ERNST & YOUNG et Autres

Frédéric Quélin

Jean-Yves Jégourel

Consolidated Statement of Earnings

	Note	Year ended December 31, 2011	Year ended December 31, 2010
Revenues	4	**28,813**	**28,878**
Cost of revenues	4	(14,391)	(14,561)
Selling, general and administrative expenses		(8,911)	(9,059)
Restructuring charges and other operating charges and income		(161)	(135)
Impairment losses on intangible assets acquired through business combinations	4	(397)	(252)
Reversal of reserve regarding the Securities Class Action in the United States	27	-	450
Other income	4	1,385	53
Other charges	4	(656)	(358)
Earnings before interest and income taxes (EBIT)	3	**5,682**	**5,016**
Income from equity affiliates	14	(18)	195
Interest	5	(481)	(492)
Income from investments		75	7
Other financial income	5	14	16
Other financial charges	5	(167)	(178)
Earnings from continuing operations before provision for income taxes		**5,105**	**4,564**
Provision for income taxes	6.2	(1,378)	(1,042)
Earnings from continuing operations		**3,727**	**3,522**
Earnings from discontinued operations		-	-
Earnings		**3,727**	**3,522**
Of which			
Earnings attributable to Vivendi SA shareowners		**2,681**	**2,198**
Non-controlling interests		1,046	1,324
Earnings from continuing operations attributable to Vivendi SA shareowners per share - basic	7	2.16	1.78
Earnings from continuing operations attributable to Vivendi SA shareowners per share - diluted	7	2.16	1.78
Earnings attributable to Vivendi SA shareowners per share - basic	7	**2.16**	**1.78**
Earnings attributable to Vivendi SA shareowners per share - diluted	7	2.16	1.78

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

Note: In view of the practice of other French groups that adopted IFRS 3 and IAS 27 revised in 2010 (early adopted by Vivendi in 2009), Vivendi made a change in presentation of its consolidated statement of earnings as of January 1, 2011. Please refer to Note 1.2.

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

Consolidated Statement of Comprehensive Income

(in millions of euros)	Note	Year ended December 31, 2011	2010
Earnings		**3,727**	**3,522**
Foreign currency translation adjustments		**182**	**1,794**
Assets available for sale		15	2
Cash flow hedge instruments		78	41
Net investment hedge instruments		21	(20)
Tax		(24)	(9)
Unrealized gains/(losses)		**90**	**14**
Other impacts, net		**12**	**(6)**
Charges and income directly recognized in equity	8	**284**	**1,802**
Total comprehensive income		**4,011**	**5,324**
of which			
Total comprehensive income attributable to Vivendi SA shareowners		**2,948**	**3,880**
Total comprehensive income attributable to non-controlling interests		1,063	1,444

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

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2011	December 31, 2010
ASSETS			
Goodwill	9	25,029	25,345
Non-current content assets	10	2,485	2,784
Other intangible assets	11	4,329	4,408
Property, plant and equipment	12	9,001	8,217
Investments in equity affiliates	14	135	2,906
Non-current financial assets	15	394	496
Deferred tax assets	6	1,421	1,836
Non-current assets		**42,794**	**45,992**
Inventories	16	805	750
Current tax receivables	6	542	576
Current content assets	10	1,066	1,032
Trade accounts receivable and other	16	6,730	6,711
Current financial assets	15	478	622
Cash and cash equivalents	17	3,304	3,310
Current assets		**12,925**	**13,001**
TOTAL ASSETS		**55,719**	**58,993**
EQUITY AND LIABILITIES			
Share capital		6,860	6,805
Additional paid-in capital		8,225	8,128
Treasury shares		(28)	(2)
Retained earnings and other		4,390	9,127
Vivendi SA shareowners' equity		**19,447**	**24,058**
Non-controlling interests		2,623	4,115
Total equity	18	**22,070**	**28,173**
Non-current provisions	19	1,569	1,477
Long-term borrowings and other financial liabilities	22	12,409	8,573
Deferred tax liabilities	6	728	956
Other non-current liabilities	16	864	1,074
Non-current liabilities		**15,570**	**12,080**
Current provisions	19	586	552
Short-term borrowings and other financial liabilities	22	3,301	3,430
Trade accounts payable and other	16	13,987	14,451
Current tax payables	6	205	307
Current liabilities		**18,079**	**18,740**
Total liabilities		**33,649**	**30,820**
TOTAL EQUITY AND LIABILITIES		**55,719**	**58,993**

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

Consolidated Statement of Cash Flows

(in millions of euros)	Note	Year ended December, 31 2011	2010
Operating activities			
EBIT		5,682	5,016
Adjustments	24.1	2,590	3,065
Content investments, net	10	(13)	(137)
Gross cash provided by operating activities before income tax paid		***8,259***	***7,944***
Other changes in net working capital	16	(307)	387
Net cash provided by operating activities before income tax paid		***7,952***	***8,331***
Income tax paid, net		(1,090)	(1,365)
Net cash provided by operating activities		**6,862**	**6,966**
Investing activities			
Capital expenditures		(3,367)	(3,437)
Purchases of consolidated companies, after acquired cash	2	(210)	(742)
Investments in equity affiliates	14	(49)	(15)
Increase in financial assets	15	(377)	(640)
Investments		***(4,003)***	***(4,834)***
Proceeds from sales of property, plant, equipment and intangible assets		27	80
Proceeds from sales of consolidated companies, after divested cash		30	(43)
Disposal of equity affiliates	14	2,920	1,458
Decrease in financial assets	4	1,751	567
Divestitures		***4,728***	***2,062***
Dividends received from equity affiliates	14	79	235
Dividends received from unconsolidated companies		3	3
Net cash provided by/(used for) investing activities		**807**	**(2,534)**
Financing activities			
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	21	151	112
Sales/(purchases) of Vivendi SA's treasury shares		(37)	-
Dividends paid by Vivendi SA to its shareowners	18	(1,731)	(1,721)
Other transactions with shareowners	2	(7,909)	(1,082)
Dividends and reimbursements of contribution of capital paid by consolidated companies to their non-controlling interests	18	(1,154)	(953)
Transactions with shareowners		***(10,680)***	***(3,644)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	22	6,045	2,102
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	22	(452)	(879)
Principal payment on short-term borrowings	22	(2,451)	(1,911)
Other changes in short-term borrowings and other financial liabilities	22	597	310
Interest paid, net	5	(481)	(492)
Other cash items related to financial activities		(239)	(247)
Transactions on borrowings and other financial liabilities		***3,019***	***(1,117)***
Net cash provided by/(used for) financing activities		**(7,661)**	**(4,761)**
Foreign currency translation adjustments		(14)	293
Change in cash and cash equivalents		**(6)**	**(36)**
Cash and cash equivalents			
At beginning of the period	17	**3,310**	**3,346**
At end of the period	17	**3,304**	**3,310**

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

Consolidated Statements of Changes in Equity

Year ended December 31, 2011

(in millions of euros, except number of shares)	Note	Capital					Retained earnings and other				Total equity
		Common shares		Additional paid-in capital	Treasury Shares	Subtotal	Retained earnings	Net unrealized gains/(losses)	Foreign currency translation adjustments	Subtotal	
		Number of shares (in thousands)	Amounts								
BALANCE AS OF DECEMBER 31, 2010		***1,237,337***	**6,805**	**8,128**	**(2)**	**14,931**	**13,595**	**(67)**	**(286)**	**13,242**	**28,173**
Attributable to Vivendi SA shareowners		***1,237,337***	***6,805***	***8,128***	***(2)***	***14,931***	***9,620***	***(47)***	***(446)***	***9,127***	***24,058***
Attributable to non-controlling interests		***-***	***-***	***-***	***-***	***-***	***3,975***	***(20)***	***160***	***4,115***	***4,115***
Contributions by/distributions to Vivendi SA shareowners		***9,926***	***55***	***97***	***(26)***	***126***	***(1,690)***	***-***	***-***	***(1,690)***	***(1,564)***
Vivendi SA's stock repurchase program	18	-	-	-	(37)	(37)	-	-	-	-	(37)
Dividends paid by Vivendi SA (€1.40 per share)	18	-	-	-	-	-	(1,731)	-	-	(1,731)	(1,731)
Capital increase related to Vivendi SA's share-based compensation plans	21	*9,926*	55	97	11	163	41	-	-	41	204
of which Vivendi Employee Stock Purchase Plans (July 21, 2011)		*9,372*	*52*	*91*	-	*143*	-	-	-	-	*143*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	***(5,983)***	***(12)***	**-**	***(5,995)***	***(5,995)***
of which acquisition of Vodafone's non-controlling interest in SFR	2.1	-	-	-	-	-	(6,037)	(12)	-	(6,049)	(6,049)
Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(231)	-	-	(231)	(231)
Sale of Activision Blizzard shares	18	-	-	-	-	-	236	-	-	236	236
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)		***9,926***	**55**	**97**	**(26)**	**126**	**(7,673)**	**(12)**	**-**	**(7,685)**	**(7,559)**
Contributions by/distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	***(721)***	**-**	**-**	***(721)***	***(721)***
of which dividends paid by subsidiaries to non-controlling interests	18	-	-	-	-	-	(521)	-	-	(521)	(521)
interim dividend to Vodafone pursuant to the acquisition of its non-controlling interest in SFR	2.1	-	-	-	-	-	(200)	-	-	(200)	(200)
Changes in non-controlling interests that result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	***10***	**-**	**-**	***10***	***10***
Changes in non-controlling interests that do not result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	***(1,856)***	***12***	**-**	***(1,844)***	***(1,844)***
of which acquisition of Vodafone's non-controlling interest in SFR	2.1	-	-	-	-	-	(1,713)	12	-	(1,701)	(1,701)
Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(271)	-	-	(271)	(271)
Sale of Activision Blizzard shares	18	-	-	-	-	-	78	-	-	78	78
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)		**-**	**-**	**-**	**-**	**-**	**(2,567)**	**12**	**-**	**(2,555)**	**(2,555)**
Earnings		**-**	**-**	**-**	**-**	**-**	***3,727***	**-**	**-**	***3,727***	***3,727***
Charges and income directly recognized in equity	8	**-**	**-**	**-**	**-**	**-**	***12***	***90***	***182***	***284***	***284***
TOTAL COMPREHENSIVE INCOME (C)		**-**	**-**	**-**	**-**	**-**	**3,739**	**90**	**182**	**4,011**	**4,011**
TOTAL CHANGES OVER THE PERIOD (A+B+C)		***9,926***	***55***	***97***	***(26)***	***126***	***(6,501)***	***90***	***182***	***(6,229)***	***(6,103)***
Attributable to Vivendi SA shareowners		*9,926*	*55*	*97*	*(26)*	*126*	*(4,979)*	*70*	*172*	*(4,737)*	*(4,611)*
Attributable to non-controlling interests		-	-	-	-	-	*(1,522)*	*20*	*10*	*(1,492)*	*(1,492)*
BALANCE AS OF DECEMBER 31, 2011		***1,247,263***	**6,860**	**8,225**	**(28)**	**15,057**	**7,094**	**23**	**(104)**	**7,013**	**22,070**
Attributable to Vivendi SA shareowners		***1,247,263***	***6,860***	***8,225***	***(28)***	***15,057***	***4,641***	***23***	***(274)***	***4,390***	***19,447***
Attributable to non-controlling interests		***-***	***-***	***-***	***-***	***-***	***2,453***	***-***	***170***	***2,623***	***2,623***

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

Year ended December 31, 2010

(in millions of euros, except number of shares)	Note	Capital: Common shares – Number of shares (in thousands)	Capital: Common shares – Amounts	Capital: Additional paid-in capital	Capital: Treasury Shares	Capital: Subtotal	Retained earnings and other: Retained earnings	Retained earnings and other: Net unrealized gains/(losses)	Retained earnings and other: Foreign currency translation adjustments	Retained earnings and other: Subtotal	Total equity
BALANCE AS OF DECEMBER 31, 2009		*1,228,859*	**6,759**	**8,059**	**(2)**	**14,816**	**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***
Contributions by/distributions to Vivendi SA shareowners		***8,478***	***46***	***69***	**-**	***115***	***(1,682)***	**-**	**-**	***(1,682)***	***(1,567)***
Dividends paid by Vivendi SA (€1.40 per share)	18	-	-	-	-	-	(1,721)	-	-	(1,721)	(1,721)
Capital increase related to Vivendi SA's share-based compensation plans	21	*8,478*	46	69	-	115	39	-	-	39	154
of which Vivendi Employee Stock Purchase Plans (July 29, 2010)		*7,141*	*39*	*59*	-	*98*	-	-	-	-	*98*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	***(272)***	**-**	**-**	***(272)***	***(272)***
of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(318)	-	-	(318)	(318)
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)		*8,478*	**46**	**69**	**-**	**115**	**(1,954)**	**-**	**-**	**(1,954)**	**(1,839)**
Contributions by/distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	***(952)***	**-**	**-**	***(952)***	***(952)***
of which dividends paid by subsidiaries to non-controlling interests	18	-	-	-	-	-	(952)	-	-	(952)	(952)
Changes in non-controlling interests that result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	***3***	**-**	**-**	***3***	***3***
Changes in non-controlling interests that do not result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	***(351)***	**-**	**-**	***(351)***	***(351)***
of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	(409)	-	-	(409)	(409)
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)		**-**	**-**	**-**	**-**	**-**	**(1,300)**	**-**	**-**	**(1,300)**	**(1,300)**
Earnings		**-**	**-**	**-**	**-**	**-**	***3,522***	**-**	**-**	***3,522***	***3,522***
Charges and income directly recognized in equity	8	**-**	**-**	**-**	**-**	**-**	***(6)***	***14***	***1,794***	***1,802***	***1,802***
TOTAL COMPREHENSIVE INCOME (C)		**-**	**-**	**-**	**-**	**-**	**3,516**	**14**	**1,794**	**5,324**	**5,324**
TOTAL CHANGES OVER THE PERIOD (A+B+C)		***8,478***	***46***	***69***	**-**	***115***	***262***	***14***	***1,794***	***2,070***	***2,185***
Attributable to Vivendi SA shareowners		*8,478*	*46*	*69*	-	*115*	*241*	*8*	*1,677*	*1,926*	*2,041*
Attributable to non-controlling interests		-	-	-	-	-	*21*	*6*	*117*	*144*	*144*
BALANCE AS OF DECEMBER 31, 2010		*1,237,337*	**6,805**	**8,128**	**(2)**	**14,931**	**13,595**	**(67)**	**(286)**	**13,242**	**28,173**
Attributable to Vivendi SA shareowners		***1,237,337***	***6,805***	***8,128***	***(2)***	***14,931***	***9,620***	***(47)***	***(446)***	***9,127***	***24,058***
Attributable to non-controlling interests		**-**	**-**	**-**	**-**	**-**	***3,975***	***(20)***	***160***	***4,115***	***4,115***

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

Notes to the Consolidated Financial Statements

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

Vivendi is at the heart of the worlds of content, platforms and interactive networks and combines the world's leader in video games (Activision Blizzard), the world's leader in music (Universal Music Group), the French leader in alternative telecoms (SFR), the Moroccan leader in telecoms (Maroc Telecom Group), the leading alternative broadband operator in Brazil (GVT) and the French leader in pay-TV (Canal+ 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 28, 2012, during a meeting held at the headquarters of the company, the Management Board approved the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2011. Having considered the Audit Committee's recommendation given at its meeting held on February 23, 2012, the Supervisory Board, at its meeting held on February 29, 2012, reviewed the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2011, as approved by the Management Board on February 28, 2012.

On April 19, 2012, the Consolidated Financial Statements for the year ended December 31, 2011 will be submitted for approval at Vivendi's Annual General Shareholders' meeting.

Note 1 Accounting policies and valuation methods

1.1 Compliance with accounting standards

The 2011 Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and in accordance with IFRS published by the International Accounting Standards Board (IASB) with mandatory application as of December 31, 2011.

1.2 Presentation of the Consolidated Financial Statements

1.2.1 Consolidated Statement of Earnings

Change in the presentation of the Consolidated Statement of Earnings as of January 1, 2011

In view of the practice of other French companies that adopted IFRS 3 and IAS 27 revised in 2010 (early adopted by Vivendi in 2009), Vivendi made the following change in the presentation of its Consolidated Statement of Earnings as of January 1, 2011:

- the impacts related to financial investing transactions, which were previously reported in "other financial charges and income" are reclassified to other charges and income in "Earnings Before Interest and Income Taxes" (EBIT). They include losses and gains recognized in business combinations, capital gains or losses related to divestitures or the depreciation of equity affiliates and other financial investments, as well as consolidation gains or losses incurred from the gain or loss of control in a business. The reclassified amounts represented a net charge of €52 million and €305 million for the fourth quarter of 2010 and fiscal year 2010, respectively;
- the impacts related to transactions with shareowners (except if directly recognized in equity), which were previously reported in "other financial charges and income" are similarly reclassified to "EBIT", in particular the €450 million reversal of reserve recognized as of December 31, 2010 as part of the Securities Class Action in the United States; and
- moreover, both charges and income related to financial investing transactions as well as other financial charges and income are presented as separate single lines and are no longer offset on the face of the Consolidated Statement of Earnings.

In accordance with IAS 1, Vivendi has applied this change in presentation to all periods previously published. Given these reclassifications, "EBIT" for the fourth quarter of 2010 and fiscal year 2010 was €1,028 million (compared to €630 million as published in 2010) and €5,016 million (compared to €4,871 million, as published in 2010), respectively.

1.2.2 Consolidated Statement of Cash Flows

Net cash provided from operating activities

Net cash provided from operating activities is calculated using the indirect method based on EBIT. EBIT is adjusted for non-cash items and changes in net working capital. Net cash provided from operating activities excludes the cash impact of financial charges and income and net changes 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 cash received from investments (particularly dividends received from equity affiliates). It also includes any cash flows arising from obtaining or losing control of subsidiaries.

Net cash used for financing activities

Net cash used for financing activities includes 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 from the early redemption of borrowings and the settlement of derivative instruments. It also includes cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control (including increases in ownership interests).

1.2.3 Operating performance of each operating segment and of the group

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

EBITA

Vivendi considers EBITA, a non-GAAP measure, to be a relevant measure to assess its operating segments performance 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, impairment losses on goodwill and other intangibles acquired through business combinations, and other financial income and charges related to financial investing transactions and to transactions with shareowners. This enables Vivendi to measure and compare the operating performance of operating segments regardless of whether their performance is driven by the operating segment's organic growth or acquisitions.

The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, impairment losses on goodwill and other intangibles acquired through business combinations, as well as other financial income and charges related to financial investing transactions and to transactions with shareowners that are included in EBIT.

Adjusted net income

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. Vivendi Management uses adjusted net income because it better illustrates the underlying 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 (*) (**), corresponding to interest expense on borrowings net of interest income earned on cash and cash equivalents;
- income from investments (*) (**), including dividends and interest received from unconsolidated companies; and
- taxes and non-controlling interests related to these items.

It does not include the following items:

- amortization of intangibles acquired through business combinations (**) as well as impairment losses on goodwill and other intangibles acquired through business combinations (*) (**);
- other income and charges related to financial investing transactions and to transactions with shareowners (*), as defined above, in paragraph 1.2.1;
- other financial charges and income (*) (**), corresponding to the profit and loss related to the change in value of financial assets and the termination or change in value of financial liabilities, which primarily include changes in fair value of derivative instruments, premiums in connection with the early redemption of borrowings, the early unwinding of derivative instruments, the cost of issuing or cancelling credit facilities, the cash impact of foreign exchange transactions (other than those related to operating activities, included in the EBIT), as well as the effect of undiscounting assets and liabilities, and the financial components of employee benefits (interest cost and expected return on plan assets);

- earnings from discontinued operations (*) (**); and
- provisions for income taxes and adjustments attributable to non-controlling interests and non-recurring tax items (notably the changes in deferred tax assets pursuant to the Consolidated Global Profit Tax System and Vivendi SA's tax group, and the reversal of tax liabilities relating to risks extinguished over the period).

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

Cash Flow From Operations (CFFO)

Vivendi considers cash flow from operations (CFFO), a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance.

The CFFO includes net cash provided by operating activities, before income tax paid, as presented in the Statement of Cash Flows, as well as dividends received from equity affiliates and unconsolidated companies. It also includes capital expenditures, net that relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

The difference between CFFO and net cash provided by operating activities, before income tax consists of dividends received from equity affiliates and unconsolidated companies and capital expenditures, net, which are included in net cash used for investing activities and of income tax paid, net, which are excluded from CFFO.

1.2.4 Consolidated Statement of Financial Position

Assets and liabilities that are expected to be realized, or intended for sale or consumption, within the entity's normal operating cycle (generally 12 months), are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities. Moreover, certain reclassifications have been made to the 2010 and 2009 Consolidated Financial Statements to conform to the presentation of the 2011 and 2010 Consolidated Financial Statements.

1.3 Principles governing the preparation of the Consolidated Financial Statements

Pursuant to IFRS principles, the Consolidated Financial Statements have been prepared on a historical cost basis, 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.

Acquired subsidiaries are included in the Consolidated Financial Statements of the group as of the date of acquisition.

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. Even though these estimates and assumptions are regularly reviewed 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 impact the reported amount of group assets, liabilities, equity or earnings.

The main estimates and assumptions relate to the measurement of:

- revenue recognition: estimates of provisions for returns and price guarantees, and rewards as part of loyalty programs deducted from certain revenue items (please refer to Note 1.3.4);
- Activision/Blizzard revenue: estimates of the service period over which revenue from the sale of boxes for video-games with significant online functionality is recognized (please refer to Note 1.3.4.1);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a risk reassessment at any time (please refer to Notes 1.3.8 and 19);
- employee benefits: assumptions are updated annually, such as the probability of employees remaining within the group until retirement, expected changes in future compensation, the discount rate and inflation rate (please refer to Notes 1.3.8 and 20);
- share-based compensation: assumptions are updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.10 and 21);
- certain financial instruments: fair value estimates (please refer to Notes 1.3.5.8, 1.3.7 and 23);
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually with factors such as expected tax rates and future tax results of the group (please refer to Notes 1.3.9 and 6);
- goodwill and other intangible assets: valuation methods adopted for the identification of intangible assets acquired through business combinations (please refer to Notes 1.3.5.2 and 2);

- goodwill, intangible assets with indefinite useful lives and assets in progress: assumptions are updated annually relating to impairment tests performed on each of the group's cash-generating units (CGUs), future cash flows and discount rates (please refer to Notes 1.3.5.7, 9, 11 and 12);
- Activision Blizzard content assets: estimates of the future performance of franchises and other content assets related to games are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10); and
- UMG content assets: estimates of the future performance of beneficiaries who were granted advances are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10).

Given the current economic crises Vivendi has fully reviewed the valuation of its financial assets and liabilities. This review did not have any significant impact on the 2011 Consolidated Financial Statements.

1.3.2 Principles of consolidation

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

Consolidation

All companies in which Vivendi has a controlling interest, namely those in which it has the power to govern financial and operational policies 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% of total voting rights in an entity 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 entered into 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. 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 price 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.

Vivendi consolidates special purpose entities that it controls in substance where it either (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.

Equity accounting

Entities over which Vivendi exercises significant influence as well as entities over which Vivendi exercises joint control 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 evidenced through 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.

Companies that are jointly controlled by Vivendi, directly or indirectly, and a limited number of other shareholders under the terms of a contractual arrangement are also accounted for under the equity method.

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 of the entity at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date. All foreign currency differences are expensed, with the exception of differences arising from

borrowings in foreign currencies which constitute a hedge of the net investment in a foreign entity. These differences are allocated directly to charges and income directly recognized in 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 or 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 using average monthly exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation differences in charges and income directly recognized in equity. In accordance with IFRS 1, 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 subsidiaries, joint ventures or associates, whose functional currency is not the euro.

1.3.4 Revenues from operations and associated costs

Revenues from operations are recorded when it is probable that future economic benefits will be obtained by the group and when they can be reliably measured. Revenues are reported net of discounts.

1.3.4.1 Activision Blizzard

Video games

Revenues from the sale of boxes for video-games are recorded, net of a provision for estimated returns and price guarantees (please refer to Note 1.3.4.5 below) and rebates, if any. Regarding boxes for video-games with significant online functionality, revenues are recorded ratably over the estimated relationship period with the customer, usually beginning in the month following the shipment of boxes for video-games developed by Activision Blizzard and upon activation of the subscription for Massively Multiplayer Online Role Playing Games (MMORPG) of Blizzard (*World of Warcraft* and its expansion packs). The estimated relationship period with the customer over which revenues are recognized currently ranges from a minimum of five months to a maximum of less than a year.

Deferral of Activision Blizzard 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. 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 determines 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. Where this is the case, Activision Blizzard recognizes revenues 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.

Deferral of Blizzard's MMORPG revenues

Based upon the view that the service proposed by the expansion pack is 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, 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 service relationship period with the customer 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.

Costs of revenues

Costs of revenues include manufacturing, warehousing, shipping and handling costs, royalty, research and development expenses, and the amortization of capitalized software development costs. Costs of sales associated with revenues from the sale of boxes for video games with significant online functionality are recorded ratably according to the same method for revenues.

1.3.4.2 Universal Music Group (UMG)

Recorded music

Revenues from the physical sale of 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.

Revenues from the digital sale of recorded music, for which UMG has sufficient, accurate, and reliable data from certain distributors, are recognized based on their estimate at 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.

Music publishing

Revenues from the third-party use of copyrights on musical compositions owned or administered by UMG are recognized when royalty statements are received and collectability is assured.

Costs of revenues

Costs of revenues include 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 components of bundled offers

Revenues from telephone packages are recognized as multiple-component sales in accordance with IAS 18. Revenues, from the sale of telecommunication equipment (mobile phones and other equipment), net of discounts granted to 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 premium rate numbers) are either accounted for gross, or net of the 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 the operator's 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 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 specific 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 IRU agreements is recognized over the duration of the corresponding contract, except in the case of a finance lease whereby the equipment is considered as a sale on credit.

In the case of IRU agreements and certain lease or service contracts, services are paid in advance the first year. Where the contract is not qualified as a finance lease, these non-refundable advance payments are recorded as deferred income and recognized ratably over the contract term. The deferral period is thus between 10 and 25 years for IRU agreements and between 1 and 25 years for leases or service contracts.

Costs of revenues

Costs of revenues comprise 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.

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) 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 costs 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 forecast to final customers.

The recognition of awards associated with loyalty programs in the form of free or discounted goods or services are recorded according to IFRIC 13. SFR, Maroc Telecom, and Canal+ Group loyalty programs grant to existing customers awards in the form of free services, according to the length of the relationship with the customer and/or loyalty points for subsequent conversion into either handset renewal subsidies, or free services. 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.

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, 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 its expected benefit is individualized and can be estimated.

1.3.5 Assets

1.3.5.1 Capitalized financial interest

Until December 31, 2008, Vivendi did not capitalize financial interest incurred during the construction and acquisition period of intangible assets, and property, plant and equipment. Since January 1, 2009, according to amended IAS 23 - Borrowing costs, this interest is included in the cost of qualifying assets. Vivendi may apply 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.

On the acquisition date, goodwill is initially measured as the difference between:

(i) 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
(ii) 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 an increase in goodwill up to the extent attributable to these interests, thereby 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. Subsequent to the acquisition date, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.7 below).

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

- on the acquisition date, to the extent possible, 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 price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
- goodwill is not amortized.

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, 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 the amounts could be reliably measured;
- transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
- in the event of the 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 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 licenses, and 11 to 12 years for franchises.

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 those more recently acquired. 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 in which the losses are estimated, on an individual product basis.

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, in particular, profitability 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, notably, 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 date. 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.

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. Assets with an indefinite useful life are not amortized but are all subject to an annual impairment test. 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 be reliably determined (equal to 1% of the revenues generated by the activity in the case of the telecommunication 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 transporting 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 components are as follows:

- 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". In general, these assets are amortized on a straight-line basis over their estimated useful life, corresponding to 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 that currently mainly applies to commercial supply agreements for the Canal+ Group and GVT satellite capacity and for SFR, Maroc Telecom Group, and GVT telecommunications services:

- Indefeasible Right of Use (IRU) agreements 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; and
- Some IRU contracts are commercial service agreements that do not convey a right to use a specific asset; contract costs under these agreements 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 intangible assets with an indefinite useful life, and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each

fiscal year, with some exceptions. This test is performed 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 CGUs 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 or group of CGUs, 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 2012 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 or group of CGUs, 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 (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) 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 corresponding, in general, to 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 charges and income directly 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 charges and income directly recognized 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. They are usually computed at 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 account receivables

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. Thus, for the group's businesses which are based partly or fully on subscription (Activision Blizzard, SFR, GVT and Canal+ Group), the depreciation rate of trade account receivables is assessed on the basis of historical account receivables from former customers, primarily on a statistical basis. In addition, account receivables from customers subject to insolvency proceedings or customers with whom Vivendi is involved in litigation or a dispute are generally impaired in full.

1.3.5.11 Cash and cash equivalents

The "cash and cash equivalents" category consists of cash in banks, monetary UCITS, which satisfy AMF position No. 2011-13, and other highly liquid investments with initial maturities of generally 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. Moreover, the historical performance of the investments is monitored regularly to confirm their cash equivalents accounting classification.

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 lowest value 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 relevant periods.

1.3.7 Financial liabilities

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

- bonds and facilities, as well as various other borrowings (including commercial paper and debt related to finance leases) and related accrued interest;
- obligations arising in respect of commitments to purchase non-controlling interests;
- bank overdrafts; and
- the negative value of other derivative financial instruments. Derivatives with positive 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 over 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. 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 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 non-controlling interests to certain shareowners 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 on or after January 1, 2009:

- upon initial recognition, the commitment to purchase non-controlling 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 book value of non-controlling interests and the remaining 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; and
- on maturity of the commitment, if the non-controlling interests are not purchased, the entries previously recognized are reversed; if the non-controlling interests are purchased, the amount recognized in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the non-controlling interests.

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 plans granted to executives and employees. All derivative financial instruments are used for hedging purposes.

When these contracts qualify as hedges for accounting purposes, 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 is not recognized 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 charges and income directly recognized in equity, whereas its ineffective portion is recognized in earnings, or, as part of a forecasted transaction on 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 a hedge 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 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 an outflow of resources embodying economic benefits 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 discounted to their present value 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 meet 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 annually updated assumptions, 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 2010 and 2011, 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 the value of the hedged assets exceeds 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, except for 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 United States) are subject to provisions which are assessed through an actuarial computation comparable to the method used for pension provisions.

1.3.9 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 a 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 proved to differ significantly from those expected, the group would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on the Statement of Financial Position and Statement of Earnings of the group.

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

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

1.3.10 Share-based compensation

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

In addition, Activision Blizzard maintains several share-based compensation plans (restricted shares) or other equity instruments based on the value of the share price (stock options), which are settled in equity instruments. Grants under these plans are approved by the Board of Directors of Activision Blizzard. The final grant of these rights is contingent upon the achievement of specific performance objectives set by the Board of Directors.

Lastly, Universal Music Group maintains Equity Long-Term Incentive Plans. Under these plans, certain key executives are awarded equity units, which are settled in cash. These equity units are phantom stock units whose value is intended to reflect the value of UMG.

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

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 with respect to Vivendi's plans, 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 in specific cases.

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

However, depending on whether the equity instruments granted are equity-settled or cash-settled, the valuation and recognition of the expense will differ:

Equity-settled instruments:

- 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.

Cash-settled instruments:

- 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 until the payment 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 plans settled in cash are primarily denominated in US dollars, the value fluctuates based on the euro/dollar exchange rate.

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

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

In accordance with IFRS 1, 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 were accounted for in accordance with IFRS 2.

1.4 Related parties

Group-related parties are those companies over which the group exercises an exclusive control, joint control or significant influence, 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 an exclusive control, joint control, or significant influence.

The transactions realized with the subsidiaries on which the group exercises a control are eliminated in the intersegment operations (a list of the principal consolidated subsidiaries is presented in Note 28). Moreover, 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).

1.5 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 they are jointly and severally liable. These detailed reports are updated by the relevant departments and reviewed by senior management on a regular basis. 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.

1.6 New IFRS standards and IFRIC interpretations that have been published but are not yet effective

The IFRS accounting standards and IFRIC interpretations issued by IASB / IFRIC and adopted in the EU at the date of approval of the Consolidated Financial Statements, but which are not yet effective, for which Vivendi has not elected for an early application, and which are likely to have an impact on Vivendi, should not materially affect the Statement of Earnings, the Statement of Financial Position, the Statement of Cash Flows, and the content of the notes to the Consolidated Financial Statements starting January 1, 2012.

Note 2 Major changes in the scope of consolidation

2.1 Acquisition of Vodafone's 44% interest in SFR

In accordance with the agreement entered into on April 3, 2011, Vivendi acquired on June 16, 2011, a 44% interest in SFR from Vodafone for a total amount of €7,950 million, which was paid entirely in cash. This transaction valued the 44% interest in SFR at €7,750 million as of January 1, 2011 to which was added a lump sum of €200 million related to the amount of cash generated by SFR between January 1 and June 30, 2011, paid as an interim dividend by SFR. In addition, SFR and Vodafone have agreed to extend their commercial cooperation for an additional 3-year period.

In accordance with IAS 27 revised, this transaction was accounted for as a purchase of non-controlling interests and accordingly the consideration paid was fully recognized as a deduction from equity. The difference between the consideration paid and the carrying value of non-controlling interests acquired as of June 16, 2011, i.e., a net amount of €6,049 million, has been recorded as a deduction from equity attributable to Vivendi SA shareowners.

2.2 Sale of the 20% interest in NBC Universal

At the conclusion of the NBC Universal transaction completed in May 2004, Vivendi held an equity interest in NBC Universal of 20%, and General Electric (GE) owned the remaining 80%. Pursuant to the agreements entered into between Vivendi and GE, Vivendi and GE shared governance rights and each had a right to receive any dividends paid by NBC Universal pro rata to its then-current interest. In December 2009, Vivendi agreed that it would sell its 20% interest in NBC Universal to GE under an agreement (as amended, the "2009 Agreement"), entered into in connection with GE's concurrent agreement with Comcast Corporation ("Comcast") to form a new joint venture that would own 100% of NBC Universal and certain Comcast assets (the "Comcast Transaction"). Pursuant to the 2009 Agreement, Vivendi agreed to sell its 20% interest in NBC Universal to GE for $5.8 billion, in two transactions, the second of which was contingent upon the completion of the Comcast Transaction and the accounting treatment was as follows:

- On September 26, 2010, Vivendi sold a 7.66% interest in NBC Universal to GE for $2.0 billion (with an additional $222 million remaining to be paid upon the sale of the remaining interest). This sale resulted in a capital loss of €232 million, mostly comprised of foreign currency translation adjustments reclassified to earnings for €281 million, representing the foreign exchange loss attributable to the decline of the US dollar since January 1, 2004.
- The remainder of Vivendi's interest, or 12.34% of NBC Universal, was sold to GE on January 25, 2011 for $3.8 billion (which includes an additional $222 million received in relation to the previously sold 7.66% interest). This sale resulted in a capital loss of €421 million, mostly comprised of foreign currency translation adjustment reclassified to earnings for €477 million.
- In parallel, starting in December 2009, Vivendi gradually hedged its investment in NBC Universal using currency forward sales contracts denominated in US dollars, at an average exchange rate of 1.33 US dollar/Euro. From an accounting perspective, these forward contracts were qualified as net investment hedges in NBC Universal. On September 26, 2010, forward sales contracts for a nominal value of $2,000 million were unwound for €1,425 million. On January 25, 2011, forward sales contracts for a nominal value of $3,800 million were unwound for €2,921 million, of which €2,883 million was received at this date and €38 million was received during 2010.

In total, Vivendi sold its 20% interest in NBC Universal for $5,800 million, which was exchanged for €4,346 million according to hedging transactions, and recognized a capital loss of €653 million, mostly comprised of foreign currency translation adjustments reclassified to earnings for €758 million, representing a foreign exchange loss primarily attributable to the decline of the US dollar since January 1, 2004.

In addition, Vivendi received its pro rata share of dividends for the period from January 1, 2010 to January 25, 2011 (the date of sale), totaling $408 million. This amount included the balance of the contractual dividend paid by GE to Vivendi on January 25, 2011 as part of the completion of the sale by Vivendi of its interest in NBC Universal for $95 million, recognized as income from financial investments.

2.3 Agreements to settle litigation over the share ownership of PTC in Poland

On December 14, 2010, Vivendi, Deutsche Telekom, Mr. Solorz-Zak (Elektrim's main shareholder) and Elektrim's creditors, including the Polish State and Elektrim's bondholders, entered into various agreements to put an end to the litigation surrounding the share capital ownership of Polska Telefonia Cyfrowa (PTC), a mobile telecommunication operator. Due to the litigation proceedings which opposed Vivendi and its subsidiary Elektrim Telekomunikacja (Telco) against Deutsche Telekom and Elektrim, the legal uncertainty surrounding the ownership of Telco's interest in PTC prevented Telco from exercising joint control over PTC, in accordance with PTC's by-laws. As a result, Vivendi did not consolidate its interest in PTC, whose carrying value was decreased to zero as from the year ended December 31, 2006.

On January 14, 2011, upon satisfaction of the conditions precedent set forth in these agreements, Vivendi received €1,254 million and waived its rights to the shares of PTC, consequently settling all litigation surrounding PTC's share capital ownership.

With respect to these agreements, Vivendi notably entered into the following commitments:

- Vivendi granted to Deutsche Telekom a guarantee over Carcom that was capped at an amount of €600 million maturing in August 2013;
- Vivendi committed to compensate Elektrim SA (Elektrim) for the tax consequences of the transaction, with a cap at an amount of €20 million. This commitment expired in July 2011 but the claims have not yet been settled;
- Vivendi committed to compensate Law Debenture Trust Company (LDTC) against any recourse for damages that could be brought against LDTC in connection with the completed transaction, for an amount up to 18.4% for the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and
- Vivendi committed to compensate Elektrim's administrator for the consequences of any action for damages that may be taken against it, in connection with the decisions that were taken to end certain procedures.

2.4 Other changes in the scope of consolidation

SFR - Launch of La Poste Mobile

Following approval of the French Competition Authority on January 28, 2011, SFR and La Poste formed a joint venture, La Poste Telecom, held at 49% and 51%, respectively. This joint venture, a new mobile virtual network operator on the mobile retail market, offers a full set of mobile telephony services, which have been sold since May 23, 2011 under the "La Poste Mobile" brand, benefiting from La Poste's sales point network.

UMG - Sale of a 51% interest in Beats Electronics, LLC

In August 2011, HTC Corporation committed to acquire for $300 million (approximately €222 million) a 51% interest in Beats Electronics LLC, 21.1% of which is held by Universal Music Group (UMG). In October 2011, this transaction was approved by the Competition Authority and UMG recorded a €89 million gain, corresponding to the share of capital gain incurred on the sale and to the remeasurement of its remaining 10.4% interest at market value.

Canal+ Group - Acquisition of a 51% interest in Tandem Communications by StudioCanal

In December 2011, StudioCanal acquired a 51% interest in Tandem Communications, a German company which produces and distributes television series worldwide, for a cash consideration of €11 million.

Acquisition of See Tickets

On August 23, 2011, Vivendi acquired a 100% interest in See Tickets, a British ticketing company for a purchase price of €95 million (£83 million) on the basis of a €75 million enterprise value and a €20 million net cash acquired.

2.5 Transactions underway as of December 31, 2011

Acquisition project of EMI Recorded Music by Vivendi and Universal Music Group (UMG)

On November 11, 2011, Vivendi and Universal Music Group (UMG) signed an agreement with Citigroup Inc (Citi) to purchase 100% of the recorded music businesses of EMI Group Global Limited (EMI). The expected gross purchase price (enterprise value) will be £1,200 million (approximately €1,400 million). Including certain debt-like items (£150 million), the adjusted purchase price is £1,050 million (approximately €1,250 million). Closing of the agreement remains subject to a number of conditions, including approvals from regulatory authorities in the countries and continents concerned. Regulatory approval is required in at least the European Union, the United States, Japan, and Australia; the agreement provides for Vivendi to assume full regulatory risk. As part of the acquisition, Citi agreed to assume the full pension commitments in the United Kingdom, and UMG also received commitments customary for this type of transaction. In addition, Citi undertook to indemnify UMG against losses stemming from taxes and litigation claims.

Of the above mentioned adjusted purchase price, approximately £1,036 million (approximately €1,200 million), which includes an interest element calculated from the date of signing the agreement to the date of payment, is payable at the earliest at expiry of any relevant waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 of the United States and at the latest in September 2012. The remaining amount is payable on closing. The final purchase consideration will be adjusted for cash generated by EMI since July 1, 2011 as well as certain other costs incurred during the regulatory period.

Vivendi will finance this transaction from its existing credit lines and from the proceeds of the sale of €500 million worth of non-core UMG assets. Besides, UMG is expected to generate above £100 million per annum in synergies primarily through overhead efficiencies.

Acquisition project of Bolloré Group's channels by Canal+ Group

On December 2, 2011, Bolloré Group and Canal+ Group announced the entry into a definitive agreement regarding the acquisition by Canal+ Group in Bolloré Group's free-to-air channels, Direct 8 and Direct Star. This agreement is currently being submitted to the Competition Authority and media authorities for approval.

This agreement provided for the acquisition of a 60% interest in Bolloré Group's television business at the closing of the transaction, financed in shares by an issue of 16.2 million Vivendi shares.

This agreement included put and call options that Bolloré Group and Canal+ Group would grant, respectively, relating to the remaining 40% interest in the channels exercisable within 3 years and payable in cash (for €186 million).

In addition, Canal+ Group had the option to acquire 100% in Bolloré Group's television business in one time, in exchange for an issue of 22.4 million Vivendi shares. This option was exercised in February 2012.

Moreover, Bolloré Group undertook to retain the received Vivendi shares with respect to the transaction completion for a minimum period of six months after closing of the transaction.

Strategic partnership among the Canal+, ITI, and TVN groups in Poland

On December 19, 2011, the Canal+, ITI and TVN groups announced that they entered into a strategic partnership to combine their Polish pay-TV businesses (Cyfra+ and "n") and for Canal+ Group to become a key shareholder in TVN.

Canal+ Group will contribute its interest in Cyfra+ to become the controlling shareholder of the newly-created pay-TV platform with 51% interest (TVN and UPC owning 32% and 17%, respectively). In addition, Canal+ Group will pay a total cash consideration of approximately €230 million to acquire a 40% minority interest stake in N-Vision, the parent Company of Polish Television Holding, which in turn owns a 51% majority interest in TVN. ITI Group will continue to own the remaining 60% controlling interest in N-Vision.

The key liquidity rights under the agreements are as follows:

- At the pay-TV level:
  - Canal+ Group has a call option on TVN's 32% interest in the newly created pay-TV Company, that may be exercised either three or four years after closing; and
  - In the event that Canal+ Group does not exercise its call option, TVN has liquidity rights in the form of an IPO, exercisable starting four years after closing; and
  - The combined DTH platform will be fully consolidated by Canal+ Group.

  The combination of the pay-TV operations has also been approved by UPC, which will remain a minority shareholder with a 17% stake in the newly created pay-TV Company.

- At the N-Vision level (TVN holding Company):
  - Canal+ Group has granted a €120 million loan to ITI Group as an advance payment to be reimbursed by compensation against the acquisition price upon closing of the transaction. The funds are to be used by ITI Group for the buy-out of a 33% interest in ITI Group held by members of the Wejchert family;
  - ITI Group has a put option on an additional 9% interest in N-Vision to Canal+ Group, that may be exercised in two years after the signing of these agreements;
  - Canal+ Group has the option to acquire ITI Group's remaining interest in N-Vision, three or four years after closing; and
  - Both Canal+ Group and ITI Group benefit from effective liquidity rights (sale of N-Vision) allowing for a full exit in the event that Canal+ Group does not exercise its call option over ITI Group's interest in TVN.

The closing of this transaction, which is expected to take place during the second half of 2012, remains subject to approval from the relevant regulatory authorities.

Acquisition of a non-controlling interest in Orange Cinema Series

In November 2011, Multithématiques and Orange Cinema Series entered into a memorandum of agreement under which Canal+ Group, through its subsidiary Multithématiques, would acquire a 33% interest in a new company that would hold the commercial property of Orange Cinema Series and Canal+ Distribution would distribute the channels included in the Orange Cinema Series package through CanalSat.

Note 3 Segment data

3.1 Operating segment data

The Vivendi group comprises six businesses operating at the heart of the worlds of content, platforms and interactive networks. 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. The Vivendi group has six businesses 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);
- **Universal Music Group:** sale of recorded music (physical and digital media), exploitation of music publishing rights as well as artist services and merchandising;
- **SFR:** a telecommunication operator (mobile, broadband Internet and fixed telecommunications) in France;
- **Maroc Telecom Group:** a telecommunication operator (mobile, fixed telecommunications and Internet) in Africa, predominantly in Morocco as well as in Mauritania, Burkina Faso, Gabon, and Mali;
- **GVT:** a Brazilian fixed telecommunication and broadband Internet operator and, since October 2011, Brazilian pay-TV provider; and
- **Canal+ Group:** publishing and distribution of premium and thematic pay-TV channels in metropolitan France, Poland, Africa, French overseas territories and Vietnam as well as cinema film production and distribution in Europe, and the organization of sporting events.

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 prepared 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 office, after the allocation of a portion of these costs to each of the businesses;
- the operating segment "**Non-core operations and others**" includes notably Vivendi Mobile Entertainment (which operates a service selling digital content on the Internet and on mobile phones under the "zaOza" brand), Wengo (the French leader in expert advisory services by phone), Digitick (the French leader in web ticketing), and See Tickets (a British ticketing company);
- 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;
- information on the operating segments presented hereunder is strictly identical to the information given to Vivendi's Management Board; and
- in addition, the VTI/SFR merger had no impact on the Group's internal reporting; SFR and Maroc Telecom's operational performance are still separately reported to Vivendi's Management.

Vivendi also presents data categorized according to six geographical areas, consisting of its five main geographical markets (France, Rest of Europe, United States, Morocco, and Brazil), as well as the rest of the world.

Consolidated Statements of Earnings

Year ended December 31, 2011

(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	Eliminations	**Total Vivendi**
External revenues	3,432	4,188	12,170	2,701	1,446	4,840	-	36	-	28,813
Intersegment revenues	-	9	13	38	-	17	-	5	(82)	-
Revenues	**3,432**	**4,197**	**12,183**	**2,739**	**1,446**	**4,857**	**-**	**41**	**(82)**	**28,813**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,185)	(3,563)	(8,360)	(1,237)	(842)	(3,934)	(95)	(57)	82	(20,191)
Charges related to stock options and other share-based compensation plans	(73)	(11)	(23)	(2)	(3)	(10)	(6)	(1)	-	(129)
EBITDA	**1,174**	**623**	**3,800**	**1,500**	**601**	**913**	**(101)**	**(17)**	**-**	**8,493**
Restructuring charges	(19)	(67)	(12)	-	-	-	(2)	-	-	(100)
Gains/(losses) on sales of tangible and intangible assets	(3)	-	(2)	-	(2)	(1)	-	-	-	(8)
Other non-recurring items	-	-	5	1	-	-	4	(1)	-	9
Depreciation of tangible assets	(52)	(49)	(919)	(318)	(181)	(141)	(1)	(1)	-	(1,662)
Amortization of intangible assets excluding those acquired through business combinations	(89)	-	(594)	(94)	(22)	(70)	-	(3)	-	(872)
Adjusted earnings before interest and income taxes (EBITA)	**1,011**	**507**	**2,278**	**1,089**	**396**	**701**	**(100)**	**(22)**	**-**	**5,860**
Amortization of intangible assets acquired through business combinations	(53)	(272)	(67)	(27)	(59)	(32)	-	-	-	(510)
Impairment losses on intangible assets acquired through business combinations	(4)	(7)	-	-	-	(386)	-	-	-	(397)
Reversal of reserve regarding the Securities Class Action in the United States										-
Other income										1,385
Other charges										(656)
Earnings before interest and income taxes (EBIT)										**5,682**
Income from equity affiliates										(18)
Interest										(481)
Income from investments										75
Other financial income										14
Other financial charges										(167)
Provision for income taxes										(1,378)
Earnings from discontinued operations										-
Earnings										**3,727**
Of which										
Earnings attributable to Vivendi SA shareowners										**2,681**
Non-controlling interests										1,046

Year ended December 31, 2010

(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	Eliminations	**Total Vivendi**
External revenues	3,330	4,437	12,571	2,796	1,029	4,699	-	16	-	28,878
Intersegment revenues	-	12	6	39	-	13	-	3	(73)	-
Revenues	**3,330**	**4,449**	**12,577**	**2,835**	**1,029**	**4,712**	**-**	**19**	**(73)**	**28,878**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,336)	(3,867)	(8,587)	(1,166)	(597)	(3,784)	(117)	(49)	73	(20,430)
Charges related to stock options and other share-based compensation plans	(93)	(11)	(17)	(2)	(1)	(8)	(6)	(1)	-	(139)
EBITDA	**901**	**571**	**3,973**	**1,667**	**431**	**920**	**(123)**	**(31)**	**-**	**8,309**
Restructuring charges	(2)	(60)	(26)	-	-	-	(2)	-	-	(90)
Gains/(losses) on sales of tangible and intangible assets	(1)	-	(15)	8	-	(1)	-	-	-	(9)
Other non-recurring items	-	-	-	(1)	-	-	(1)	1	-	(1)
Depreciation of tangible assets	(51)	(40)	(856)	(294)	(134)	(150)	(1)	(1)	-	(1,527)
Amortization of intangible assets excluding those acquired through business combinations	(155)	-	(604)	(96)	(20)	(79)	-	(2)	-	(956)
Adjusted earnings before interest and income taxes (EBITA)	**692**	**471**	**2,472**	**1,284**	**277**	**690**	**(127)**	**(33)**	**-**	**5,726**
Amortization of intangible assets acquired through business combinations	(92)	(296)	(98)	(28)	(57)	(32)	-	-	-	(603)
Impairment losses on intangible assets acquired through business combinations	(217)	(35)	-	-	-	-	-	-	-	(252)
Reversal of reserve regarding the Securities Class Action in the United States										450
Other income										53
Other charges										(358)
Earnings before interest and income taxes (EBIT)										**5,016**
Income from equity affiliates										195
Interest										(492)
Income from investments										7
Other financial income										16
Other financial charges										(178)
Provision for income taxes										(1,042)
Earnings from discontinued operations										-
Earnings										**3,522**
Of which										
Earnings attributable to Vivendi SA shareowners										**2,198**
Non-controlling interests										1,324

As of December 31, 2010, income from equity affiliates was mainly comprised of the group's share in NBC Universal's earnings for €201 million. This investment was allocated to the Holding & Corporate business segment (please refer to Note 2.2).

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, 2011									
Segment assets (a)	4,117	7,594	20,065	6,134	4,759	7,424	150	209	50,452
incl. investments in equity affiliates	-	*85*	*45*	-	-	*5*	-	-	*135*
Unallocated assets (b)									5,267
Total Assets									**55,719**
Segment liabilities (c)	1,998	2,764	4,077	1,690	618	2,829	2,980	50	17,006
Unallocated liabilities (d)									16,643
Total Liabilities									**33,649**
Increase in tangible and intangible assets	32	55	1,845	515	748	261	1	4	3,461
Net industrial investments (capex, net) (e)	52	52	1,809	466	705	251	1	4	3,340
December 31, 2010									
Segment assets (a)	4,372	7,679	20,029	6,060	4,501	7,537	2,976	117	53,271
incl. investments in equity affiliates	*2*	*96*	*18*	-	-	*11*	*2,779*	-	*2,906*
Unallocated assets (b)									5,722
Total Assets									**58,993**
Segment liabilities (c)	2,206	2,494	7,606	1,607	452	2,881	302	6	17,554
Unallocated liabilities (d)									13,266
Total Liabilities									**30,820**
Increase in tangible and intangible assets	80	42	1,956	585	535	219	1	2	3,420
Net industrial investments (capex, net) (e)	75	38	1,974	556	482	229	1	2	3,357

Additional operating segment data is presented in Note 9 “Goodwill”, Note 10 “Content assets and commitments”, Note 11 “Other intangible assets”, and Note 13 “Intangible and tangible 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 account receivables, and other.

b. Unallocated assets include deferred tax assets, current tax receivables as well as cash and cash equivalents.

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

d. Unallocated liabilities include borrowings and other financial liabilities, deferred tax liabilities, and current tax payables.

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

3.2 Geographical information

Revenues are broken down by the customers' location.

	Year ended December 31,			
(in millions of euros)	2011		2010	
Revenues				
France	16,800	*58%*	17,097	*59%*
Rest of Europe	3,173	*11%*	3,061	*10%*
United States	3,085	*11%*	3,375	*12%*
Morocco	2,166	*8%*	2,296	*8%*
Brazil	1,527	*5%*	1,084	*4%*
Rest of the World	2,062	*7%*	1,965	*7%*
	28,813	***100%***	**28,878**	***100%***

(in millions of euros)	December 31, 2011		December 31, 2010	
Segment assets				
France	27,339	*54%*	27,543	*52%*
Rest of Europe	1,958	*4%*	1,747	*3%*
United States	9,772	*19%*	12,936	*24%*
Morocco	4,620	*9%*	4,610	*9%*
Brazil	4,791	*10%*	4,533	*9%*
Rest of the World	1,972	*4%*	1,902	*3%*
	50,452	***100%***	**53,271**	***100%***

In 2011 and 2010, capital expenditures were mainly realized in France by SFR and Canal+ Group, in Morocco by Maroc Telecom SA, and in Brazil by GVT.

Note 4 EBIT

Breakdown of revenues and cost of revenues

	Year ended December 31,	
(in millions of euros)	2011	2010
Product sales, net	7,598	7,683
Services revenues	21,175	21,169
Other	40	26
Revenues	**28,813**	**28,878**
Cost of products sold, net	(4,811)	(5,342)
Cost of service revenues	(9,585)	(9,220)
Other	5	1
Cost of revenues	**(14,391)**	**(14,561)**

Personnel costs and average employee numbers

		Year ended December 31,	
(in millions of euros except number of employees)	Note	2011	2010
Annual average number of full-time equivalent employees (in thousands)		**58.4**	**54.6**
Salaries		2,396	2,325
Social security and other employment charges		654	622
Capitalized personnel costs		(211)	(218)
Wages and expenses		**2,839**	**2,729**
Share-based compensation plans	21.1	129	139
Employee benefit plans	20.1	71	71
Other		266	286
Personnel costs		**3,305**	**3,225**

Additional information on operating expenses

Research and development expenditures amounted to -€722 million in 2011 (compared to -€835 million in 2010) and comprised all internal or external net costs brought to earnings for the periods reported.

Advertising costs amounted to -€877 million in 2011 (compared to -€874 million in 2010).

Amortization and depreciation of intangible and tangible assets

(in millions of euros)	Note	Year ended December 31, 2011	Year ended December 31, 2010
Amortization (excluding intangible assets acquired through business combinations)		2,534	2,483
of which property, plant and equipment	12	*1,662*	*1,527*
content assets	10	*117*	*187*
other intangible assets	11	*755*	*769*
Amortization of intangible assets acquired through business combinations		510	603
of which content assets	10	*320*	*379*
other intangible assets	11	*190*	*224*
Impairment losses on intangible assets acquired through business combinations (a)	9-10	397	252
Amortization and depreciation of intangible and tangible assets		**3,441**	**3,338**

a. Mainly relates to the impairment of Canal+ France's goodwill (€380 million) in 2011, and to the impairment of certain content assets of UMG (€35 million) and Activision Blizzard (€217 million) in 2010.

Other income and other charges

(in millions of euros)	Note	Year ended December 31, 2011	Year ended December 31, 2010
Net gain related to the final settlement of the litigation over PTC share capital ownership in Poland	2	1,255	-
Capital gain on the divestiture of businesses		14	3
Capital gain on financial investments		93	45
of which the sale of UMG's interest in Beats Electronics	2	*89*	-
Other		23	5
Other income		**1,385**	**53**
Downside adjustment on the divestiture of businesses		(5)	(9)
Downside adjustment on financial investments		(421)	(242)
of which the capital loss on the sale of 12.34% interest in NBC Universal	2	*(421)*	-
the capital loss on the sale of 7.66% interest in NBC Universal	2	-	*(232)*
Other		(230)	(107)
of which settlements with the Brazilian Authorities	27	*(165)*	*(67)*
Other charges		**(656)**	**(358)**
Net total		**729**	**(305)**

Note 5 Financial charges and income

Interest

(in millions of euros)	Year ended December 31, 2011	2010
Interest expense on borrowings	529	521
Interest income from cash and cash equivalents	(48)	(29)
Interest	**481**	**492**
Fees and premium on borrowings and credit facilities issued/redeemed and early unwinding of hedging derivative instruments	*52*	*43*
	533	***535***

Other financial income and charges

(in millions of euros)	Note	Year ended December 31, 2011	2010
Expected return on plan assets related to employee benefit plans	20.2	9	9
Foreign exchange gain		-	7
Other		5	-
Other financial income		**14**	**16**
Effect of undiscounting liabilities (a)		(33)	(47)
Interest cost related to employee benefit plans	20.2	(35)	(36)
Fees and premium on borrowings and credit facilities issued/redeemed and early unwinding of hedging derivative instruments		(52)	(43)
Foreign exchange loss		(27)	(12)
Change in value of derivative instruments		(10)	(13)
Other		(10)	(27)
Other financial charges		**(167)**	**(178)**
Net total		**(153)**	**(162)**

a. In accordance with accounting principles, when the effect of the time value of money is material, liabilities (mainly trade accounts payable and provisions) are recorded on the Statement of Financial Position in an amount corresponding to the present value of the expected expenses. At the end of each subsequent period, the present value of such liabilities is adjusted to account for the passage of time.

Note 6 Income taxes

6.1 Consolidated Global Profit Tax System and French Tax Group 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. On July 6, 2011, Vivendi applied to the French Ministry of Finance for the renewal of its authorization to use the Consolidated Global Profit System for a three-year period from 2012 to 2014. However, the changes in French Tax Law for the year 2011 terminated the Consolidated Global Profit Tax System as from September 6, 2011. In addition, it capped the deduction for tax losses carried forward at 60% of taxable income.

Under the Consolidated Global Profit Tax System, Vivendi was entitled to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 50% directly or indirectly owned by it, and that are located in France or abroad. Subsidiaries, in which Vivendi directly or indirectly owns at least 50% of the outstanding shares, either French or abroad, as well as Société d'Edition de Canal Plus (SECP) fall within the scope of the Consolidated Global Profit Tax System (Activision Blizzard, Universal Music Group, SFR, GVT, and Canal+ Group). Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 95% directly or indirectly owned by it, and that are located in France: Universal Music, SFR (now 100% owned by Vivendi), and Canal+ Group (excluding Canal+ France and its subsidiaries, in which Vivendi directly or indirectly owns at most 80% of the outstanding shares). Under the French Tax Group System, Vivendi is entitled to use ordinary losses carried forward, albeit capped at 60% of the taxable income of the tax group.

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

- As of December 31, 2010, after taking into account the known consequences of the ongoing tax audits (please refer to Note 6.6 below), Vivendi carried forward losses of €7,945 million. On February 28, 2012, the date when the Management Board approves the Financial Statements for the year ended December 31, 2011, the 2011 tax results as of December 31, 2011 was determined as an estimate, and, as a consequence, the amount of ordinary tax losses available for carry forward at such date cannot be determined with certainty;
- Therefore, before the impact of (i) 2011 tax results and (ii) the potential consequences of the ongoing tax audits (please refer to Note 6.6 below) on the amount of ordinary tax losses carried forward, Vivendi SA is expected to achieve tax savings of €2,868 million (undiscounted value based on the current income tax rate of 36.10%); and
- As of December 31, 2011, Vivendi SA valued its tax losses carried forward under the French Tax Group System based on one year's forecast results, taken from the following year's budget. On this basis, Vivendi would benefit from the French Tax Group System tax savings in an amount of €372 million (undiscounted value based on the current income tax rate of 36.10%).

6.2 Provision for income taxes

(in millions of euros)	Note	Year ended December 31, 2011	2010
(Charge)/Income			
Current			
Use of tax losses:			
Tax savings related to the Consolidated Global Profit Tax System and to Vivendi SA's French Tax Group System	6.1	565	586
Tax savings related to the US tax group		40	-
Adjustments to prior year's tax expense		11	3
Consideration of risks related to previous years' income taxes		(253)	(54)
Other income taxes items		(1,584)	(1,683)
		(1,221)	**(1,148)**
Deferred			
Impact of the Consolidated Global Profit Tax System and to Vivendi SA's French Tax Group System	6.1	(129)	(3)
Impact of the US tax group		-	-
Tax savings related to the utilization of Neuf Cegetel's ordinary losses carried forward		-	(76)
Other changes in deferred tax assets		43	(41)
Impact of the change(s) in tax rates		6	(16)
Reversal of tax liabilities relating to risks extinguished over the period		-	5
Other deferred tax income/(expenses)		(77)	237
		(157)	**106**
Provision for income taxes		**(1,378)**	**(1,042)**

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

(in millions of euros)	Year ended December 31, 2011	2010
(Charge)/Income		
Current		
France	(549)	(382)
United States	(112)	(244)
Morocco	(313)	(344)
Brazil	(45)	(64)
Other jurisdictions	(202)	(114)
	(1,221)	**(1,148)**
Deferred		
France	(217)	(109)
United States	(83)	99
Morocco	3	6
Brazil	90	33
Other jurisdictions	50	77
	(157)	**106**
Provision for income taxes	**(1,378)**	**(1,042)**
Income tax (paid)/collected		
France	(322)	(792)
of which SFR	*(583)*	*(593)*
United States	(207)	(167)
Morocco	(338)	(301)
Brazil	(61)	(59)
Other jurisdictions	(162)	(46)
Income tax paid	**(1,090)**	**(1,365)**

6.4 Effective tax rate

(in millions of euros, except %)	Note	Year ended December 31, 2011	2010
Earnings from continuing operations before provision for income taxes		**5,105**	**4,564**
Elimination:			
Income from equity affiliates		18	(195)
Earnings before provision for income taxes		**5,123**	**4,369**
French statutory tax rate		**36.10%**	**33.33%**
Theoretical provision for income taxes based on French statutory tax rate		**(1,849)**	**(1,456)**
Reconciliation of the theoretical and effective provision for income taxes			
Permanent differences		**133**	**(23)**
of which other differences from tax rates		*88*	*14*
impacts of the changes in tax rates		*6*	*(16)*
Consolidated Global Profit Tax System and Vivendi SA's French Tax Group System	6.1	**436**	**583**
of which current tax savings		*565*	*586*
changes in related deferred tax assets		*(129)*	*(3)*
Other tax losses		**(11)**	**(104)**
of which use of current losses of the period		*-*	*3*
use of unrecognized ordinary losses		*56*	*85*
unrecognized tax losses		*(67)*	*(192)*
Other		**(87)**	**(42)**
Effective provision for income taxes		**(1,378)**	**(1,042)**
Effective tax rate		**26.9%**	**23.8%**

6.5 Deferred tax assets and liabilities

Changes in deferred tax assets/(liabilities), net

(in millions of euros)	Year ended December 31, 2011	2010
Opening balance of deferred tax assets/(liabilities)	**880**	**739**
Provision for income taxes	(157)	106
Charges and income directly recorded in equity (a)	(25)	(5)
Business combinations	(1)	5
Changes in foreign currency translation adjustments and other	(4)	35
Closing balance of deferred tax assets/(liabilities)	**693**	**880**

a. Includes -€24 million recognized in other items of charges and income directly recognized in equity for the year ended December 31, 2011 (compared to -€9 million as of December 31, 2010).

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2011	December 31, 2010
Deferred tax assets		
Deferred taxes, gross		
Ordinary tax losses and tax credits carried forward (a)	3,742	3,328
of which Vivendi SA (b)	*2,653*	*2,332*
Vivendi Holding I Corp. (c)	*601*	*500*
SFR	*61*	*55*
Temporary differences (d)	1,404	1,605
Netting	(414)	(441)
Deferred taxes, gross	**4,732**	**4,492**
Deferred taxes, unrecognized		
Ordinary tax losses and tax credits carried forward (a)	(3,175)	(2,535)
of which Vivendi SA (b)	*(2,281)*	*(1,831)*
Vivendi Holding I Corp. (c)	*(601)*	*(500)*
SFR	*(51)*	*(42)*
Temporary differences (d)	(136)	(121)
Deferred taxes, unrecognized	**(3,311)**	**(2,656)**
Recorded deferred tax assets	**1,421**	**1,836**
Deferred tax liabilities		
Purchase accounting asset revaluations (e)	742	926
Other	400	471
Netting	(414)	(441)
Recorded deferred tax liabilities	**728**	**956**
Deferred tax assets/(liabilities), net	**693**	**880**

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 France and the United States, tax returns are filed at the latest on May 15 and September 15 of the following year, respectively. Thus, the amounts of tax losses and tax credits carried forward reported in this table and the amounts reported to the tax authorities may differ significantly, and if necessary, may be adjusted at the end of the following year in the table above.

b. Includes deferred tax assets recognizable in respect of ordinary tax losses and tax credits carried forward by Vivendi SA as head of the French Tax Group, representing €3,125 million as of December 31, 2010, of which €2,868 million related to ordinary tax losses (please refer to Note 6.1 above) and €257 million related to tax credits, after taking into account the estimated impact (-€472 million) of 2011 activities (taxable income and use or expiration of tax credits), and prior to taking into account the potential consequences of ongoing tax audits (please refer to Note 6.6 below).

c. Includes deferred tax assets recognizable in respect of ordinary tax losses, capital losses, and tax credits carried forward by Vivendi Holding I Corp. in the United States as head of the US tax group, representing $744 million as of December 31, 2010, after taking into account the estimated impact (€32 million) of 2011 activities (taxable income, capital losses, and tax credits that expired, as well as capital losses and tax credits generated), and prior to taking into account the potential consequences of ongoing tax audits (please refer to Note 6.6 below).

d. Mainly includes the deferred tax assets related to non-deducted provisions upon recognition, including provisions relating to employee benefit plans, and share-based compensation plans.

e. These tax liabilities, generated by asset revaluations following 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 for fiscal year 2010 in jurisdictions which are material to Vivendi are described below together with their respective maturity periods:

- France: ordinary tax losses carried forward amounted to €7,945 million and can be carried forward indefinitely; and
- United States: ordinary tax losses carried forward amounted to $1,697 million and can be carried forward for a period of up to twenty-years. No ordinary tax loss 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 for fiscal year ended December 31, 2010 in jurisdictions which are material to Vivendi are described below together with their respective maturity periods:

- France: tax credits carried forward amounted to €257 million and can be carried forward for a five-year period, of which €27 million matured as of December 31, 2011; and
- United States: tax credits carried forward amounted to $150 million and can be carried forward for a maximum period of ten years, of which $21 million matured on December 31, 2011.

6.6 Tax audits

The fiscal year ended December 31, 2011 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 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 fiscal years 2006, 2007, and 2008 is under audit by the French tax authorities. This tax audit started in January 2010. In addition, in January 2011, the French tax authorities began a tax audit on the consolidated income reported for the fiscal year 2009. Finally, the consequences of the tax audit for fiscal years 2004 and 2005 did not materially impact the amount of losses carried forward as reported above.

Vivendi's US tax group has been 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 as of the date of this Annual Report. In addition, Vivendi's US tax group is under tax audit for the fiscal years ended December 31, 2008, 2009, and 2010. This tax audit started at the end of February 2012.

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

Note 7 Earnings per share

	Year ended December 31,			
	2011		2010	
	Basic	Diluted	Basic	Diluted
Earnings attributable to Vivendi SA shareowners (in millions of euros)	2,681	2,678 (a)	2,198	2,196 (a)
Number of shares (in millions)				
Weighted average number of shares outstanding restated (b)	1,239.9	1,239.9	1,232.3	1,232.3
Potential dilutive effects related to share-based compensation (c)	-	2.4	-	2.2
Adjusted weighted average number of shares	**1,239.9**	**1,242.3**	**1,232.3**	**1,234.5**
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	2.16	2.16	1.78	1.78

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

a. Only includes the potential dilutive effect related to stock option plans and restricted stock rights of Activision Blizzard for a non-material amount (please refer to Note 21.3).

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

c. Does not include accretive instruments as of December 31, 2011 and December 31, 2010 which could potentially become dilutive. The balance of common shares in connection with Vivendi SA's share-based compensation plan is presented in Note 21.2.2.

Note 8 Charges and income directly recognized in equity

(in millions of euros)	Note	Year ended December 31, 2011		
		Gross	Tax	Net
Foreign currency translation adjustments (a)		182	-	182
Transferred to profit or loss as part of the sale of NBC Universal interest	2.2	*477*	-	*477*
Assets available for sale		15	-	15
Valuation gains/(losses) taken to equity		*15*	-	*15*
Transferred to profit or loss of the period		-	-	-
Cash flow hedge instruments	23	78	(24)	54
Valuation gains/(losses) taken to equity		*(5)*	*2*	*(3)*
Transferred to profit or loss of the period		*83*	*(26)*	*57*
Net investment hedge instruments	23	21	-	21
Valuation gains/(losses) taken to equity		-	-	-
Transferred to profit or loss of the period		*21*	-	*21*
Other impacts		12	-	12
Charges and income directly recognized in equity		**308**	**(24)**	**284**

(in millions of euros)	Note	Year ended December 31, 2010		
		Gross	Tax	Net
Foreign currency translation adjustments (a)		1,794	-	1,794
Transferred to profit or loss as part of the sale of NBC Universal interest	2.2	*281*	-	*281*
Assets available for sale		2	-	2
Valuation gains/(losses) taken to equity		*2*	-	*2*
Transferred to profit or loss of the period		-	-	-
Cash flow hedge instruments	23	41	(9)	32
Valuation gains/(losses) taken to equity		*(37)*	*12*	*(25)*
Transferred to profit or loss of the period		*78*	*(21)*	*57*
Net investment hedge instruments	23	(20)	-	(20)
Valuation gains/(losses) taken to equity		*(20)*	-	*(20)*
Transferred to profit or loss of the period		-	-	-
Other impacts		(6)	-	(6)
Charges and income directly recognized in equity		**1,811**	**(9)**	**1,802**

a. The change in foreign currency translation adjustments primarily resulted from fluctuations in the euro/dollar exchange rate (mainly at Activision Blizzard and Universal Music Group) and in the euro/Brazilian Real exchange rate (at GVT).

Note 9 Goodwill

(in millions of euros)	December 31, 2011	December 31, 2010
Goodwill, gross	37,776	37,518
Impairment losses	(12,747)	(12,173)
Goodwill	**25,029**	**25,345**

Changes in goodwill

(in millions of euros)	December 31, 2010	Impairment losses	Business combinations		Divestitures, changes in foreign currency translation adjustments and other	December 31, 2011
Activision Blizzard	2,257	(4)	2		54	2,309
of which Activision	*2,209*	-	*2*		*54*	*2,265*
Blizzard	*44*	-	-		-	*44*
Distribution	*4*	*(4)*	-		-	-
Universal Music Group	4,011	-	5		98	4,114
SFR	9,170	-	-		(18)	9,152
Maroc Telecom Group	2,409	-	1		3	2,413
of which Maroc Telecom SA	*1,792*	-	-		*3*	*1,795*
subsidiaries	*617*	-	*1*		-	*618*
GVT	2,423	-	-		(201)	2,222
Canal+ Group	4,992	(386)	42		-	4,648
of which Canal+ France	*4,689*	*(380)*	-		-	*4,309*
StudioCanal	*149*	-	*42*		*1*	*192*
Non-core operations and others	83	-	88	(a)	-	171
Total	**25,345**	**(390)**	**138**		**(64)**	**25,029**

(in millions of euros)	December 31, 2009	Changes in value of commitments to purchase non-controlling interests	Business combinations		Divestitures, changes in foreign currency translation adjustments and other	December 31, 2010
Activision Blizzard	2,096	-	(19)		180	2,257
of which Activision	*2,048*	-	*(19)*		*180*	*2,209*
Blizzard	*45*	-	-		*(1)*	*44*
Distribution	*3*	-	-		*1*	*4*
Universal Music Group	3,652	-	4		355	4,011
SFR	9,170	-	1		(1)	9,170
of which Mobile	*6,982*	-	*1*		*(1)*	*6,982*
Broadband Internet and fixed	*2,188*	-	-		-	*2,188*
Maroc Telecom Group	2,407	-	(29)		31	2,409
of which Maroc Telecom SA	*1,764*	-	-		*28*	*1,792*
subsidiaries	*643*	-	*(29)*		*3*	*617*
GVT	2,150	-	(17)	(b)	290	2,423
Canal+ Group	5,012	(4)	(17)		1	4,992
of which Canal+ France	*4,694*	*(4)*	-		*(1)*	*4,689*
StudioCanal	*165*	-	*(17)*		*1*	*149*
Non-core operations and others	29	-	53		1	83
Total	**24,516**	**(4)**	**(24)**		**857**	**25,345**

a. Mainly relates to goodwill attributable to Vivendi's acquisition of See Tickets (please refer to Note 2.4).

b. As of November 13, 2009, goodwill attributable to 100% of the share capital of GVT amounted to €2,116 million based on an estimated purchase price as calculated pursuant to the purchase commitment relating to non-controlling interests as of this date (17.55%). In 2010, the purchase price was adjusted downwards by -€17 million to include the decrease in purchase price of non-controlling interests over the period. Since June 11, 2010, Vivendi has been holding a 100% controlling interest in GVT.

Goodwill impairment test

In 2011, Vivendi tested the value of goodwill allocated to its cash-generating units (CGUs) or groups of CGUs applying valuation methods consistent with previous years. Vivendi ensured that the recoverable amount of CGU or groups of CGU exceeded 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 on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent transactions). For a description of the methods used for the impairment test, please refer to Note 1.3.5.7.

As of June 30, 2011, Vivendi tested the value of goodwill allocated to GVT, on the basis of an internal valuation of the recoverable amount of GVT. As a result, Vivendi Management concluded that the recoverable amount of GVT exceeded its carrying value as of June 30, 2011. As from June 30, 2011, no triggering event occurred that would require performing an impairment test regarding GVT as of December 31, 2011. As a reminder, no goodwill impairment test of GVT was undertaken as of December 31, 2010, given that the purchase price allocation date was close to the closing date, and taking into consideration that no triggering event had occurred between these dates.

For the other CGUs or groups of CGUs, during the fourth quarter of 2011, Vivendi performed such test on the basis of an internal valuation of recoverable amounts, except in the case of Activision Blizzard and Universal Music Group (UMG), for which Vivendi required the assistance of third-party appraisers. As a result, Vivendi Management concluded that, except for Canal+ France, the recoverable amount of each cash generating unit (CGU) or group of CGUs tested exceeded their carrying value as of December 31, 2011.

Canal+ France's recoverable amount was determined upon the basis of the usual valuation methods (DCF) using the most recent cash flow forecasts approved by the Management of the group, as well as financial assumptions consistent with previous years: a discount rate of 9.00% (compared to 8.50% at year-end 2010) and a perpetual growth rate of 1.50% (unchanged) - please refer to the table below. On this basis, Vivendi Management concluded that the carrying value of Canal+ France exceeded the recoverable amount as of December 31, 2011, and consequently recorded an impairment loss of €380 million.

Presentation of CGU or groups of CGUs tested

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

a. Due to the increased convergence of SFR's Mobile, and Broadband Internet and fixed services, Vivendi Management adjusted, in 2011, the level at which SFR's return on investments is monitored. Consequently, as of December 31, 2011, Vivendi performed a goodwill impairment test by combining SFR's Mobile CGU and Broadband Internet and fixed CGU.

Presentation of key assumptions used for the determination of recoverable amounts

The value in use of each CGU or group of CGU is determined as the discounted value of future cash flows by using cash flow projections consistent with the 2012 budget and the most recent forecasts prepared by the operating segments. These forecasts are prepared for each operating segment on the basis of the financial targets as well as the following main key assumptions: discount rate, perpetual growth rate, and EBITA as defined in Note 1.2.3, capital expenditures, competitive environment, regulatory environment, technological development and level of commercial expenses.

The Annual Report contains a detailed description of the 2012 operating performance projections for each of the group's businesses.

Operating segments	CGU or groups of CGU tested	Valuation Method		Discount Rate (a)		Perpetual Growth Rate	
		2011	2010	2011	2010	2011	2010
Activision Blizzard	Activision	DCF, stock market price & comparables model	DCF, stock market price & comparables model	10.00%	11.00%	4.00%	4.00%
	Blizzard	DCF, stock market price & comparables model	DCF, stock market price & comparables model	10.00%	11.00%	4.00%	4.00%
	Distribution	DCF & comparables model	DCF & comparables model	13.00%	13.50%	-4.00%	2.00%
Universal Music Group	Universal Music Group	DCF & comparables model	DCF & comparables model	9.25%	9.50%	1.00%	1.00%
SFR	SFR / Mobile (b)	DCF	DCF	7.00%	7.00%	1.00%	0.50%
	SFR / Broadband Internet and fixed (b)		DCF		8.00%		0.50%
Maroc Telecom Group	Maroc Telecom	Stock market price	Stock market price	na*	na*	na*	na*
	Onatel	DCF	DCF	13.70%	14.00%	3.00%	4.50%
	Gabon Telecom	DCF	DCF	11.70%	15.50%	3.00%	2.50%
	Mauritel	DCF	DCF	19.00%	14.00%	3.00%	2.00%
	Sotelma	DCF	DCF	13.50%	14.00%	3.00%	4.50%
GVT	GVT	DCF & comparables model	(c)	11.54%	(c)	4.00%	(c)
Canal+ Group	Canal+ France	DCF	DCF	9.00%	8.50%	1.50%	1.50%
	StudioCanal	DCF	DCF	8.50% - 9.00%	8.50% - 9.00%	0.00% - 1.00%	0.00% - 1.00%

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

a. 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.

b. Due to the increased convergence of SFR's Mobile, and Broadband Internet and fixed services, Vivendi Management adjusted, in 2011, the level at which SFR's return on investments is monitored. Consequently, as of December 31, 2011, Vivendi performed a goodwill impairment test by combining SFR's Mobile CGU and Broadband Internet and fixed CGU. Besides, on the basis of the respective weights of the Mobile CGU and Broadband Internet and fixed CGU within SFR, and applying the same methodology, the discount rate of the combined CGU would have been 7.1% as of December 31, 2010.

c. As of December 31, 2010, no goodwill impairment test regarding GVT was undertaken given that the purchase price allocation date was close to the closing date and that no triggering event had occurred between those dates (see above).

Sensitivity of recoverable amounts

	December 31, 2011				
	Discount Rate		Perpetual Growth Rate		Cash Flows
	Applied Rate (in %)	Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied Rate (in %)	Change in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Change in cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Activision Blizzard					
Activision	10.00%	(a)	4.00%	(a)	(a)
Blizzard	10.00%	(a)	4.00%	(a)	(a)
Universal Music Group	9.25%	+1.25 pt	1.00%	-1.86 pt	-13%
SFR	7.00%	+2.49 pts	1.00%	-4.74 pts	-32%
Maroc Telecom Group	(b)	(b)	(b)	(b)	(b)
GVT	11.54%	+1.64 pt	4.00%	-3.41 pts	-25%
Canal+ Group					
Canal+ France (c)	9.00%	(c)	1.50%	(c)	(c)
StudioCanal	9.00%	+1.99 pt	0.00%	-3.31 pts	-17%

	December 31, 2010			
	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 number of points)	Applied Rate (in %)	Change in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)
Activision Blizzard				
Activision	11.00%	+9.56 pts	4.00%	-22.70 pts
Blizzard	11.00%	(a)	4.00%	(a)
Universal Music Group	9.50%	(d)	1.00%	(d)
SFR				
Mobile	7.00%	+5.01 pts	0.50%	-13.12 pts
Broadband Internet and fixed	8.00%	+1.14 pt	0.50%	-1.80 pt
Maroc Telecom Group	(b)	(b)	(b)	(b)
GVT	(e)	(e)	(e)	(e)
Canal+ Group				
Canal+ France	8.50%	+0.37 pt	1.50%	-0.46 pt
StudioCanal	9.00%	+1.63 pt	0.00%	-2.05 pts

na*: not applicable.

a. As of December 31, 2011, Activision's and Blizzard's recoverable amount significantly exceeded their carrying value. As a result, the increase in the discount rate or the decrease in the perpetual growth rate, respectively, that would have been required for Activision's and Blizzard's recoverable amount to equal their carrying value, were not relevant.

b. As of December 31, 2011, and December 31, 2010, Maroc Telecom was valued based on its stock market price.

c. As of December 31, 2011, Canal+ France's carrying value equaled its recoverable amount, due to the recognition of a goodwill impairment loss of €380 million as of this date (see above). Consequently, a significant decrease in the recoverable amount would generate an additional goodwill impairment loss, if any.

d. As of December 31, 2010, UMG's carrying value was at least equal to the recoverable amount. A significant decrease in the recoverable amount would generate an additional goodwill impairment loss, if any.

e. As of December 31, 2010, no goodwill impairment test regarding GVT was undertaken, given the recent purchase price allocation date, and considering that no triggering event had occurred between those dates.

Note 10 Content assets and commitments

10.1 Content assets

(in millions of euros)	December 31, 2011		
	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Internally developed franchises and other games content assets	471	(315)	156
Games advances	91	-	91
Music catalogs and publishing rights	6,420	(4,743)	1,677
Advances to artists and repertoire owners	515	-	515
Merchandising contracts and artists services	25	(12)	13
Film and television costs	5,129	(4,409)	720
Sports rights	379	-	379
Content assets	**13,030**	**(9,479)**	**3,551**
Deduction of current content assets	(1,096)	30	(1,066)
Non-current content assets	**11,934**	**(9,449)**	**2,485**

(in millions of euros)	December 31, 2010		
	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Internally developed franchises and other games content assets	772	(545)	227
Games advances	101	-	101
Music catalogs and publishing rights	6,277	(4,360)	1,917
Advances to artists and repertoire owners	485	-	485
Merchandising contracts and artists services	52	(31)	21
Film and television costs	5,138	(4,385)	753
Sports rights	312	-	312
Content assets	**13,137**	**(9,321)**	**3,816**
Deduction of current content assets	(1,058)	26	(1,032)
Non-current content assets	**12,079**	**(9,295)**	**2,784**

Changes in main content assets

(in millions of euros)	Year ended December 31,		
	2011	2010	
Opening balance	**3,816**	**4,200**	
Amortization of content assets excluding those acquired through business combinations	(117)	(187)	
Amortization of content assets acquired through business combinations	(320)	(379)	
Impairment losses on content assets acquired through business combinations	(7)	(250)	(a)
Increase	2,277	2,310	
Decrease	(2,251)	(2,229)	
Business combinations	38	-	
Changes in foreign currency translation adjustments and other	115	351	
Closing balance	**3,551**	**3,816**	

a. Notably relates to the impairment loss recognized on the content assets relating to Activision Blizzard's games for €215 million, of which, the full impairment of the *Guitar Hero* franchise.

10.2 Contractual content commitments

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

Content liabilities are mainly part of "Trade accounts payable and other" or part of "Other non-current liabilities" whether they are current or non-current, as applicable (please refer to Note 16).

	Minimum future payments as of December 31, 2011				Total - minimum future payments as of December 31, 2010
	Total	Due in			
(in millions of euros)		2012	2013-2016	After 2016	
Games royalties	28	28	-	-	43
Music royalties to artists and repertoire owners	1,398	1,375	23	-	1,417
Film and television rights (a)	235	235	-	-	229
Sports rights	438	438	-	-	379
Creative talent, employment agreements and others	49	16	29	4	56
Total content liabilities	**2,148**	**2,092**	**52**	**4**	**2,124**

Off balance sheet commitments given/(received)

	Minimum future payments as of December 31, 2011				Total - minimum future payments as of December 31, 2010
	Total	Due in			
(in millions of euros)		2012	2013-2016	After 2016	
Film and television rights (a)	2,143	1,015	1,057	71	2,011
Sports rights	2,052 (b)	551	1,499	2	730
Creative talent, employment agreements and others (c)	1,009	481	500	28	918
Total given	**5,204**	**2,047**	**3,056**	**101**	**3,659**
Film and television rights (a)	(85)	(59)	(26)	-	(70)
Sports rights	(15)	(10)	(5)	-	(22)
Creative talent, employment agreements and others (c)			not available		
Other	(63)	(49)	(14)	-	(131)
Total received	**(163)**	**(118)**	**(45)**	**-**	**(223)**
Total net	**5,041**	**1,929**	**3,011**	**101**	**3,436**

a. Primarily includes contracts valid over several years for the broadcast of future film and TV productions and co-productions (mainly exclusivity contracts with major US studios and pre-purchases in the French movie industry), StudioCanal film production and 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, 2011, provisions recorded relating to film and television rights amounted to €153 million, compared to €184 million as of December 31, 2010.

   In addition, this amount does not include commitments given in relation to channel right contracts for which Canal+ Group and GVT (following the launch of its pay-TV offer in October 2011) did not grant minimum guarantees. The variable amount of these commitments cannot be reliably determined and is not reported in the balance sheet or in commitments given and is instead recorded as an expense of the period when incurred. Based on the estimation of the future subscriber number at Canal+ France, commitments in relation to channel right contracts would have increased by €103 million as of December 31, 2011, compared to €174 million as of December 31, 2010.
   Moreover, according to the agreement entered into with cinema professional organizations on December 18, 2009, Société d'Edition de Canal Plus (SECP) has to invest, every year for a five-year period (2010-2014), 12.5% of its annual revenues in the financing of European films. With respect to audiovisual, in accordance with the agreements with producers and authors' organizations, Canal+ France has to invest a percentage of its revenues in the financing of heritage work every year.
   Agreements with cinema organizations and with producers and authors' organizations are not recorded as off balance sheet commitments as the future estimate of these commitments cannot be reliably determined.

b. Notably includes the rights to broadcast the French professional Soccer League 1 awarded to Canal+ Group for the 2012-2013 to 2015-2016 seasons. The price paid by Canal+ Group will represent €420 million per season, or a €1,680 commitment for the four seasons. These commitments will be recognized in the Statement of Financial Position upon the start of every season or upon initial payment.

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 the 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 the other party is obligated to deliver his or her content or other product to UMG (these arrangements are generally exclusive), UMG does not report these obligations (or the likelihood of the other party's failure to meet its obligations) as an offset to its off balance sheet commitments.

Note 11 Other intangible assets

(in millions of euros)	December 31, 2011		
	Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Software	5,015	(3,652)	1,363
Telecom licenses	1,848	(705)	1,143
Customer bases	986	(616)	370
Trade names	481	(52)	429
Other	1,956	(932)	1,024
	10,286	**(5,957)**	**4,329**

(in millions of euros)	December 31, 2010		
	Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Software	4,541	(3,208)	1,333
Telecom licenses	1,698	(599)	1,099
Customer bases	1,006	(475)	531
Trade names	485	(52)	433
Other	1,830	(818)	1,012
	9,560	**(5,152)**	**4,408**

Software includes acquired software, net for €636 million as of December 31, 2011 (€676 million as of December 31, 2010), amortized over 4 years as well as SFR's internally developed software.
Trade names relate to trade names acquired from GVT in 2009 and Activision in 2008.
Other intangible assets notably include indefeasible rights of use (IRU) and other long-term occupational rights, net for €328 million as of December 31, 2011 (€335 million as of December 31, 2010).

Changes in other intangible assets

(in millions of euros)	Year ended December 31,	
	2011	2010
Opening balance	**4,408**	**4,342**
Depreciation	(945)	(993)
Impairment losses	-	(2)
Acquisitions (a)	581	805
Increase related to internal developments	276	276
Divestitures/Decrease	(11)	(19)
Business combinations	14	27
Changes in foreign currency translation adjustments	(11)	83
Other	17	(111)
Closing balance	**4,329**	**4,408**

a. Includes the acquisition by SFR of 4G licenses (very-high-speed Internet - LTE) for €150 million in 2011 and additional 3G spectrum for €300 million in 2010.

Depreciation is recognized as cost of revenues and in selling, general and administrative expenses. It mainly consists of SFR's telecom licenses (-€72 million in 2011, compared to -€66 million in 2010), internally developed software (-€199 million in 2011, compared to -€210 million in 2010), and acquired software (-€273 million in 2011, compared to -€269 million in 2010).

Note 12 Property, plant and equipment

(in millions of euros)	December 31, 2011		
	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	227	(2)	225
Buildings	2,790	(1,616)	1,174
Equipment and machinery	13,443	(7,770)	5,673
Construction-in-progress	323	-	323
Other	4,380	(2,774)	1,606
	21,163	**(12,162)**	**9,001**

(in millions of euros)	December 31, 2010		
	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	189	(2)	187
Buildings	2,576	(1,488)	1,088
Equipment and machinery	12,290	(6,998)	5,292
Construction-in-progress	270	-	270
Other	4,317	(2,937)	1,380
	19,642	**(11,425)**	**8,217**

As of December 31, 2011, other property, plant and equipment, net, notably included set-top boxes, for €807 million, compared to €669 million as of December 31, 2010. In addition, property, plant and equipment financed pursuant to finance leases amounted to €60 million, compared to €68 million as of December 31, 2010.

Changes in property, plant and equipment

(in millions of euros)	Year ended December 31,	
	2011	2010
Opening balance	**8,217**	**7,264**
Depreciation	(1,662)	(1,527)
Acquisitions/Increase	2,604	2,339
Divestitures/Decrease	(29)	(67)
Business combinations	7	2
Changes in foreign currency translation adjustments	(140)	169
Other	4	37
Closing balance	**9,001**	**8,217**

The depreciation is recognized as cost of revenues and in selling, general and administrative expenses. It mainly consists of the depreciation of buildings (-€151 million in 2011, compared to -€128 million in 2010) and equipment and machinery (-€1,100 million in 2011, compared to -€1,007 million in 2010).

Note 13 Intangible and tangible assets of telecom operations

(in millions of euros)	December 31, 2011 SFR	Maroc Telecom Group	GVT	Total
Other intangible assets, net				
Software	1,052	206	54	1,312
Telecom licenses	963 (a)	180	-	1,143
Customer bases	218	2	135	355
Trade names	-	1	129	130
Other	885	39	16	940
	3,118	**428**	**334**	**3,880**
Property, plant and equipment, net				
Land	83	131	-	214
Buildings	855	264	15	1,134
Equipment and machinery	2,271	1,730	1,532	5,533
Construction-in-progress	285	-	-	285
Other	750	115	167	1,032
	4,244	**2,240**	**1,714**	**8,198**
Intangible and tangible assets of telecom operations, net	**7,362**	**2,668**	**2,048**	**12,078**

(in millions of euros)	December 31, 2010 SFR	Maroc Telecom Group	GVT	Total
Other intangible assets, net				
Software	1,008	213	39	1,260
Telecom licenses	885 (a)	214	-	1,099
Customer bases	287	3	208	498
Trade names	-	1	141	142
Other	897	54	14	965
	3,077	**485**	**402**	**3,964**
Property, plant and equipment, net				
Land	47	128	-	175
Buildings	809	221	13	1,043
Equipment and machinery	2,286	1,639	1,213	5,138
Construction-in-progress	220	-	-	220
Other	679	117	97	893
	4,041	**2,105**	**1,323**	**7,469**
Intangible and tangible assets of telecom operations, net	**7,118**	**2,590**	**1,725**	**11,433**

a. SFR holds licenses for its networks and for the supply of its telecommunications services in France, for a 15-year period for GSM (between March 2006 and March 2021) and a 20-year period for both UMTS (between August 2001 and August 2021) and LTE (between January 2012 and January 2032), with the following financial conditions:
   - for the GSM license, an annual payment over 15 years 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;
   - for the UMTS license, the fixed amount paid in 2001 (€619 million) was recorded as an intangible asset and the variable part of the fee is equal to 1% of the yearly revenues generated by this activity. Moreover, as part of this license, SFR acquired new spectrum for €300 million in June 2010, over a 20-year period; and
   - for the LTE licenses, the fixed amounts paid in October 2011 (€150 million) and January 2012 (€1,065 million), respectively, were recorded as intangible assets at the grant date of spectrum band in October 2011, and in January 2012, and the variable portion of the fee is equal to 1% of the yearly revenues generated by this activity.

The variable portions of the fees that cannot be reliably determined are not recorded in the Statement of Financial Position. They are recorded as an expense, when incurred.

SFR's network coverage commitments related to telecommunication licenses

- On November 30, 2009, the "Autorité de Régulation des Communications Electroniques et des Postes" or "Arcep" (the French Telecommunications Regulatory Agency) addressed a notice to SFR regarding its compliance in the UMTS network coverage of the French metropolitan population: 84% by June 30, 2010, 88% by December 31, 2010, 98% by December 31, 2011, and 99.3% by December 31, 2013. As of December 31, 2011, with 98.4% of the French metropolitan population covered, SFR was in compliance with its coverage commitments.
- As part of the grant of the first band of LTE spectrum in October 2011, SFR has committed itself to ensure a specific coverage rate for the French metropolitan population: 25% by October 11, 2015, 60% by October 11, 2019, and 75% by October 11, 2023.
- As part of the grant of the second band of LTE spectrum in January 2012, SFR has committed itself to comply with the following obligations :

(i) SFR is required to provide the following very high-speed mobile network coverage:
  - coverage of 98% of the French metropolitan population by January 2024 and 99.6% by January 2027;
  - coverage in the priority zone (approximately 18% of the French metropolitan population and 63% of the territory): within this zone, SFR is required to cover 40% of the population by January 2017 and 90% of the population by January 2022;
  - coverage obligations at a departmental level: SFR has to cover 90% of the population of each French department by January 2024, and 95% of the population of each French department by January 2027;

(ii) SFR and Bouygues Telecom have a mutual network sharing or spectrum pooling obligation in the priority zone;

(iii) SFR has an obligation to offer national roaming to Free Mobile within the priority zone upon building of its own 2.6 GHz network covering at least 25% of the French population provided that it has not signed a national roaming agreement with another operator; and

(iv) SFR has a joint coverage obligation with the other 800 MHz license holders to cover the hot-spots that have been identified by the French administration within the framework of the "white zones" program (beyond 98% of the population) within 15 years.

Note 14 Investments in equity affiliates

(in millions of euros)	Voting interest		Value of equity affiliates	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
NBC Universal (a)	-	12.34%	-	2,779
Other	na*	na*	135	127
			135	**2,906**

na*: not applicable

Changes in value of equity affiliates

(in millions of euros)	December 31, 2010	Changes in scope of consolidation	Impairment losses	Income from equity affiliates	Dividends received	Changes in foreign currency translation adjustments and other	December 31, 2011
NBC Universal (a)	2,779	(2,771)	-	-	-	(8)	-
Other	127	42	(2)	(18)	(9)	(5)	135
	2,906	**(2,729)**	**(2)**	**(18)**	**(9)**	**(13)**	**135**

(in millions of euros)	December 31, 2009	Changes in scope of consolidation	Impairment losses	Income from equity affiliates	Dividends received	Changes in foreign currency translation adjustments and other	December 31, 2010
NBC Universal (a)	4,033	(1,629)	-	201	(299)	473 (b)	2,779
Other	113	(3)	-	(6)	(2)	25	127
	4,146	**(1,632)**	**-**	**195**	**(301)**	**498**	**2,906**

a. A detailed description of the sale of Vivendi's interest in NBC Universal and its accounting treatment is described in Note 2.2.

b. Included changes in foreign currency translation adjustments (€318 million).

Note 15 Financial assets

(in millions of euros)	Note	December 31, 2011	December 31, 2010
Cash management financial assets (a)		266	508
Other loans and receivables (b)		340	412
Derivative financial instruments		101	91
Available-for-sale securities (c)		125	50
Cash deposits backing borrowings		12	21
Other financial assets		28	36
Financial assets	23	**872**	**1,118**
Deduction of current financial assets		(478)	(622)
Non-current financial assets		**394**	**496**

a. Relates to US treasuries and government agency securities with a maturity exceeding three months held by Activision Blizzard for $344 million as of December 31, 2011 (compared to $672 million as of December 31, 2010).

b. Other loans and receivables notably include cash deposits relating to Qualified Technological Equipment (QTE) operations by SFR (€53 million as of December 31, 2011 and €237 million as of December 31, 2010) as well as a €120 million loan granted by Canal+ Group to ITI Group in December 2011 in connection with the strategic partnership involving Polish pay-TV (please refer to Note 2.5).

c. The available-for-sale securities do not include significant publicly quoted securities as of December 31, 2011 and as of December 31, 2010 and were not the subject of significant impairment with respect to fiscal years 2011 and 2010.

Note 16 Net working capital

Changes in net working capital

(in millions of euros)	December 31, 2010	Changes in operating working capital (a)	Changes in foreign currency translation adjustments	Other (b)	December 31, 2011
Inventories	750	53	5	(3)	805
Trade accounts receivable and other	6,711	95	(30)	(46)	6,730
Working capital assets	**7,461**	**148**	**(25)**	**(49)**	**7,535**
Trade accounts payable and other	14,451	(101)	6	(369) (c)	13,987
Other non-current liabilities	1,074	(58)	(7)	(145)	864
Working capital liabilities	**15,525**	**(159)**	**(1)**	**(514)**	**14,851**
Net working capital	**(8,064)**	**307**	**(24)**	**465**	**(7,316)**

(in millions of euros)	December 31, 2009	Changes in operating working capital (a)	Changes in foreign currency translation adjustments	Other (b)	December 31, 2010
Inventories	777	(39)	31	(19)	750
Trade accounts receivable and other	6,467	51	134	59	6,711
Working capital assets	**7,244**	**12**	**165**	**40**	**7,461**
Trade accounts payable and other	13,567	581	324	(21)	14,451
Other non-current liabilities	1,311	(182)	21	(76)	1,074
Working capital liabilities	**14,878**	**399**	**345**	**(97)**	**15,525**
Net working capital	**(7,634)**	**(387)**	**(180)**	**137**	**(8,064)**

a. Excludes the acquisitions of content by Activision Blizzard, UMG, and Canal+ Group.

b. Mainly includes the change in net working capital relating to the acquisition of content, capital expenditures, and other investments.

c. Notably includes the interim dividend due as of December 31, 2010 by SFR to Vodafone, paid in January 2011 (€440 million).

Trade accounts receivable and other

(in millions of euros)	December 31, 2011	December 31, 2010
Trade accounts receivable	5,684	5,753
Trade accounts receivable write-offs	(1,202)	(1,231)
Trade accounts receivable, net	**4,482**	**4,522**
of which net past due receivables	*1,502*	*1,418*
Other	2,248	2,189
Trade accounts receivable and other	**6,730**	**6,711**

Vivendi considers that there is not a significant risk of non-recovery of non-impaired past due receivables. Vivendi's trade receivables do not represent a significant concentration of credit risk due to its broad customer base, the broad variety of customers and markets, as well as the subscription-based business model of most of its business segments (Activision Blizzard, SFR, GVT, and Canal+ Group) as well as the geographic diversity of its business operations (please refer to Note 3.2). Please also refer to Note 1.3.5.10 for a description of the method used to evaluate trade account receivable provisions.

Trade accounts payable and other

(in millions of euros)	Note	December 31, 2011	December 31, 2010
Trade accounts payable		6,684	6,586
Music royalties to artists and repertoire owners	10.2	1,375	1,391
Game deferred revenues (a)		1,139	1,303
Prepaid telecommunication revenues (b)		900	921
Other		3,889	4,250 (c)
Trade accounts payable and other		**13,987**	**14,451**

a. Relates to the impact of the change in deferred net revenues at Activision Blizzard and related costs of sales associated with the sale of boxes for certain games with significant online functionality (please refer to Note 1.3.4.1).

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

c. Notably includes debt incurred in connection with the interim dividend paid to Vodafone by SFR for €440 million at the end of January 2011.

Other non-current liabilities

(in millions of euros)	Note	December 31, 2011	December 31, 2010
Advance lease payments in respect of Qualified Technological Equipment operations	15	53	244
Liabilities related to SFR GSM license (a)	13	172	190
Prepaid revenues from indefeasible rights of use (IRU) and other long-term occupational rights (b)		365	376
Non-current content liabilities	10.2	56	61
Other		218	203
Total other non-current liabilities		**864**	**1,074**

a. Relates to the discounted value of the liability. The nominal value amounted to €231 million as of December 31, 2011, compared to €256 million as of December 31, 2010.

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

Note 17 Cash and cash equivalents

(in millions of euros)	December 31, 2011	December 31, 2010
Cash	667	461
Cash equivalents	2,637	2,849
of which UCITS	*2,484*	*1,986*
certificates of deposit and term deposits	*153*	*863*
Cash and cash equivalents (a)	**3,304**	**3,310**

a. Mainly includes Activision Blizzard's cash and cash equivalents for €2,448 million as of December 31, 2011 (compared to €2,124 million as of December 31, 2010), invested, if any, in money market funds with initial maturity dates not exceeding 90 days.

Note 18 Equity

Share capital of Vivendi SA

(in thousands)	December 31, 2011	December 31, 2010
Common shares outstanding (nominal value: €5.5 per share)	**1,247,263**	**1,237,337**
Treasury shares	(1,329)	(80)
Voting rights	**1,245,934**	**1,237,257**

As of December 31, 2011, Vivendi held 1.3 million treasury shares, or 0.11% of its share capital. These shares were allocated to the hedging of matured stock subscription plans. The carrying value of the portfolio amounted to €28 million as of December 31, 2011 and its market value amounted to €23 million as of December 31, 2011. The 79,114 shares previously held were backed by the hedging of performance share plans granted pursuant to a decision of the Management Board dated November 15, 2011.

In addition, as of December 31, 2011, approximately 50 million options were outstanding (compared to 49 million as of December 31, 2010), representing a maximum nominal share capital increase of €274 million or 4.00% of the company's share capital (compared to €269 million or 3.95% as of December 31, 2010).

Non-controlling interests

(in millions of euros)	December 31, 2011		December 31, 2010
SFR	4	(a)	1,612
Maroc Telecom Group	1,131		1,207
Activision Blizzard	1,009		895
Other	479		401
Total	**2,623**		**4,115**

a. A description of the acquisition of SFR's non-controlling interests and its accounting treatment is presented in Note 2.1.

Distributions to shareowners of Vivendi SA and its subsidiaries

Dividend proposed by Vivendi SA with respect to fiscal year 2011

On February 28, 2012, the date of Vivendi's Management Board's meeting which approved its Consolidated Financial Statements as of December 31, 2011 and the appropriation of earnings for fiscal year then ended, Vivendi's Management Board decided to propose to shareowners a dividend distribution of €1 per share, which would represent a total distribution of approximately €1.25 billion to be paid in cash on May 9, 2012, following the coupon detachment on May 4, 2012. This proposal was presented to and approved by Vivendi's Supervisory Board at its meeting held on February 29, 2012.

Bonus shares granted to Vivendi SA shareowners

At its meeting held on February 29, 2012 and following the Supervisory Board's advice, Vivendi's Management Board decided to grant to shareowners as from May 9, 2012 one bonus share per 30 shares held, by a withdrawal from reserves.

Dividend paid by Vivendi SA with respect to fiscal year 2010

On April 21, 2011, at the Annual Shareholders' Meeting, Vivendi's shareholders approved the Management Board's recommendations relating to the allocation of distributable earnings for fiscal year 2010. As a result, the dividend payment was set at €1.40 per share, representing a total distribution of €1,731 million, which was paid in cash on May 10, 2011.

Dividend distributed by the subsidiaries

On February 9, 2012, Activision Blizzard announced that its Board of Directors had declared a dividend of $0.18 per common share to shareholders.

On February 27, 2012, Maroc Telecom Group announced that its Supervisory Board will propose at its annual shareholders' meeting the payment of an ordinary dividend of MAD 9.26 per share.

In addition, dividend payments to subsidiaries' non-controlling interests amounted to €721 million in 2011 (€952 million in 2010) and mainly include:

- SFR: paid an interim dividend of €200 million to Vodafone at completion of the acquisition of its 44% interest in SFR (compared to €440 million in 2010);
- Maroc Telecom Group: €421 million in 2011 (compared to €410 million in 2010); and
- Activision Blizzard: €55 million in 2011 (compared to €58 million in 2010).

Activision Blizzard

Stock repurchase program of Activision Blizzard

On February 3, 2011, 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 amount of $1.5 billion. This program will end on March 31, 2012. In 2011, Activision Blizzard repurchased approximately 60 million shares of its common stock in connection with this program, for a total amount of $682 million, of which 59 million shares were effectively paid in 2011 ($670 million) and 1 million shares were paid in January 2012 ($12 million). In addition, in January 2011, Activision Blizzard settled a $22 million purchase of 2 million shares of its common stock that it had agreed to repurchase in December 2010 pursuant to the previous $1 billion stock repurchase program, thereby completing that program. In total, Activision Blizzard repurchased approximately 61 million shares of its common stock in 2011, for a total amount of $692 million, or €502 million (compared to $959 million or €726 million in 2010).

In addition, on February 9, 2012, 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, starting April 1, 2012. This program will end at the earliest on March 31, 2013 or on the date of the Board of Directors' decision to discontinue it.

Vivendi's ownership interest in Activision Blizzard

As of December 31, 2010, out of the 1,183 million shares (net of treasury shares) composing Activision Blizzard's share capital, Vivendi held approximately 719 million shares or an approximate 61% interest in Activision Blizzard. On November 15, 2011, Vivendi sold 35 million Activision Blizzard shares into the market for $422 million (€314 million). As of December 31, 2011, following this sale, the stock repurchase and the cancellation of the shares repurchased by Activision Blizzard, as well as the exercise of stock options and restricted share plans by Activision Blizzard's employees, Vivendi held approximately 684 million shares out of a total of 1,133 million Activision Blizzard shares (or approximately 60% interest).

Moreover, as of December 31, 2011, the outstanding Activision Blizzard stock instruments represented 70 million new shares to be issued in favor of their beneficiaries (53 million shares due to stock options and 17 million restricted shares, compared to 61 million and 17 million shares, respectively, as of December 31, 2010; please refer to Note 21.3.2), and the stock repurchase program authorized in February 2012 for up to $1 billion, representing approximately 91 million potential treasury shares (under the assumption of a stock price of $11 per share) resulting in such cases, in Vivendi holding an approximate 62% interest in Activision Blizzard.

Note 19 Provisions

(in millions of euros)	Note	December 31, 2010	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjusments and other	December 31, 2011
Employee benefits (a)		511	40	(78)	(3)	-	37	507
Restructuring costs		42	87	(90)	(6)	1	14	48
Litigations	27	443	262	(198)	(46)	12	6	479
Losses on onerous contracts		394	72	(165)	(61)	2	(5)	237
Contingent liabilities due to disposal	26.4	50	-	(3)	-	-	(6)	41
Cost of dismantling and restoring site (b)		63	-	(2)	-	-	9	70
Other		526	351	(64)	(66)	-	26	773
Provisions		**2,029**	**812**	**(600)**	**(182)**	**15**	**81**	**2,155**
Deduction of current provisions		(552)	(299)	290	48	-	(73)	(586)
Non-current provisions		**1,477**	**513**	**(310)**	**(134)**	**15**	**8**	**1,569**

(in millions of euros)	Note	December 31, 2009	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjusments and other	December 31, 2010
Employee benefits (a)		558	48	(143)	(7)	-	55	511
Restructuring costs		39	62	(63)	-	-	4	42
Litigations	27	890	91	(28)	(503)	-	(7)	443
Losses on onerous contracts		505	90	(177)	(33)	-	9	394
Contingent liabilities due to disposal	26.4	129	8	(59)	(10)	-	(18)	50
Cost of dismantling and restoring site (b)		125	10	(2)	(7)	-	(63)	63
Other		407	171	(37)	(56)	2	39	526
Provisions		**2,653**	**480**	**(509)**	**(616)**	**2**	**19**	**2,029**
Deduction of current provisions		(563)	(220)	170	87	-	(26)	(552)
Non-current provisions		**2,090**	**260**	**(339)**	**(529)**	**2**	**(7)**	**1,477**

a. Includes employee deferred compensation as well as provisions for defined employee benefit plans (€446 million as of December 31, 2011 and €432 million as of December 31, 2010; please refer to Note 20.2), but excludes employee termination reserves recorded under restructuring costs.

b. SFR and GVT are required to dismantle and restore each telephony antenna site following termination of a site lease.

Note 20 Employee benefits

20.1 Analysis of expenses 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 set forth in Note 20.2.2 below.

(in millions of euros)	Note	Year ended December 31, 2011	2010
Employee defined contribution plans		55	39
Employee defined benefit plans	20.2.2	16	32
Employee benefit plans		**71**	**71**

20.2 Employee defined benefit plans

20.2.1 Assumptions used in the evaluation and sensitivity analysis

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

The assumptions underlying the valuation of defined benefit plans were made in compliance with accounting policies presented in Note 1.3.8 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are company specific. Financial assumptions (notably including the discount rate and the expected rate of return on investments) are made as follows:

- determination by independent actuaries and other independent advisors of the discount rate for each country by reference to yields 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 first benefit payments; and
- the expected return on plan assets is determined for each plan according to the portfolio composition and the expected performance of each component.

	Pension benefits		Post-retirement benefits	
	2011	2010	2011	2010
Discount rate (a)	4.6%	4.6%	4.3%	4.8%
Expected return on plan assets (b)	3.7%	3.9%	na*	na*
Rate of compensation increase	1.9%	1.8%	3.0%	3.0%
Expected average working life (in years)	9.8	10.8	5.3	6.3

na*: not applicable.

a. A 50 basis point increase (or a 50 basis point decrease, respectively) in the 2011 discount rate would have led to an increase of €2 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 €51 million (or an increase of €56 million, respectively).

b. A 50 basis point increase (or a 50 basis point decrease, respectively) in the expected return on plan assets for 2011 would have led to a decrease of €1 million in pre-tax expense (or an increase of €1 million, respectively).

Assumptions used in accounting for the pension benefits, by country

	United States		United Kingdom		Germany		France	
	2011	2010	2011	2010	2011	2010	2011	2010
Discount rate	4.25%	4.75%	5.00%	5.00%	4.50%	4.25%	4.50%	4.25%
Expected return on plan assets	4.25%	4.75%	3.36%	3.53%	na*	na*	4.55%	4.62%
Rate of compensation increase	na*	na*	5.00%	4.50%	2.00%	1.75%	3.47%	3.30%

na*: not applicable.

Assumptions used in accounting for post-retirement benefits, by country

	United States		Canada	
	2011	2010	2011	2010
Discount rate	4.25%	4.75%	4.75%	5.00%
Rate of compensation increase	3.50%	3.50%	na*	na*

na*: not applicable.

Pension plan assets

Weighted-average range of investment allocation by asset category for each major plan

	Minimum	Maximum
Equity securities	6%	7%
Real estate	1%	1%
Debt securities	82%	82%
Cash	10%	10%

Allocation of pension plan assets

	December 31, 2011	December 31, 2010
Equity securities	6%	4%
Real estate	1%	2%
Debt securities	82%	93%
Cash	11%	1%
Total	100%	100%

Pension plan assets which were not transferred have a limited exposure to stock market fluctuations. These assets do not include occupied buildings or assets used by Vivendi nor shares or debt instruments of Vivendi.

Cost evolution of post-retirement benefits

For the purpose of measuring post-retirement benefits, Vivendi assumed the annual growth in the per capita cost of covered health care benefits would slow down from 7.4% for categories under 65 years old and 65 years old and over in 2011, to 4.7% in 2020 for these categories. In 2011, a one-percentage-point increase in the assumed cost evolution rates would have increased post-retirement benefit obligations by €11 million and the pre-tax expense by €1 million. Conversely, a one-percentage-point decrease in the assumed cost evolution rates would have decreased post-retirement benefit obligations by €10 million and the pre-tax expense by less than €1 million.

20.2.2 Analysis of the expense recorded and benefits paid

	Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	2011	2010	2011	2010	2011	2010
Current service cost	16	14	-	-	16	14
Amortization of actuarial (gains)/losses	7	15	-	2	7	17
Amortization of past service cost	(7)	1	-	-	(7)	1
Effect of curtailments/settlements	-	-	-	-	-	-
Adjustment related to asset ceiling	-	-	-	-	-	-
Impact on selling, administrative and general expenses	**16**	**30**	**-**	**2**	**16**	**32**
Interest cost	28	28	7	8	35	36
Expected return on plan assets	(9)	(9)	-	-	(9)	(9)
Impact on other financial charges and income	**19**	**19**	**7**	**8**	**26**	**27**
Net benefit cost	**35**	**49**	**7**	**10**	**42**	**59**

In 2011, benefits paid amounted to (i) €27 million (€36 million in 2010) with respect to pensions, of which €5 million (€9 million in 2010) was paid by pension funds, and (ii) €12 million (€13 million in 2010) with respect to post-retirement benefits.

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

Benefit obligation, fair value of plan assets and funded status over a five-year period

	Pension benefits					Post-retirement benefits				
	December 31,					December 31,				
(in millions of euros)	2011	2010	2009	2008	2007	2011	2010	2009	2008	2007
Benefit obligation	668	625	539	482	780	158	159	142	135	144
Fair value of plan assets	272	240	203	189	443	-	-	-	-	-
Underfunded obligation	**(396)**	**(385)**	**(336)**	**(293)**	**(337)**	**(158)**	**(159)**	**(142)**	**(135)**	**(144)**

Changes in value of benefit obligations, fair value of plan assets, and funded status

		Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	Note	2011	2010	2011	2010	2011	2010
Changes in benefit obligation							
Benefit obligation at the beginning of the year		625	539	159	142	784	681
Current service cost		16	14	-	-	16	14
Interest cost		28	28	7	8	35	36
Contributions by plan participants		-	-	1	2	1	2
Business combinations		-	-	-	-	-	-
Divestitures		-	-	-	-	-	-
Curtailments		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Transfers		-	-	-	-	-	-
Plan amendments		(2)	-	-	-	(2)	-
Experience (gains)/losses (a)		2	(2)	(1)	(2)	1	(4)
Actuarial (gains)/losses related to changes in actuarial assumptions		6	58	1	10	7	68
Benefits paid		(27)	(36)	(12)	(13)	(39)	(49)
Other (foreign currency translation adjustments)		20	24	3	12	23	36
Benefit obligation at the end of the year		**668**	**625**	**158**	**159**	**826**	**784**
of which wholly or partly funded benefits		*389*	*361*	-	-	*389*	*361*
wholly unfunded benefits (b)		*279*	*264*	*158*	*159*	*437*	*423*
Changes in fair value of plan assets							
Fair value of plan assets at the beginning of the year		240	203	-	-	240	203
Expected return on plan assets		9	9	-	-	9	9
Experience gains/(losses) (c)		-	9	-	-	-	9
Contributions by employers		38	43	11	12	49	55
Contributions by plan participants		-	-	1	1	1	1
Business combinations		-	-	-	-	-	-
Divestitures		-	-	-	-	-	-
Settlements		-	-	-	-	-	-
Transfers		-	-	-	-	-	-
Benefits paid		(27)	(36)	(12)	(13)	(39)	(49)
Other (foreign currency translation adjustments)		12	12	-	-	12	12
Fair value of plan assets at the end of the year		**272**	**240**	**-**	**-**	**272**	**240**
Funded status							
Underfunded obligation		(396)	(385)	(158)	(159)	(554)	(544)
Unrecognized actuarial (gains)/losses		120	117	(1)	(1)	119	116
Unrecognized past service cost		7	1	-	-	7	1
(Provision)/asset before asset ceiling		**(269)**	**(267)**	**(159)**	**(160)**	**(428)**	**(427)**
Adjustment related to asset ceiling		-	-	-	-	-	-
Net (provision)/asset recorded in the statement of financial position		**(269)**	**(267)**	**(159)**	**(160)**	**(428)**	**(427)**
of which assets related to employee benefit plans		*18*	*5*	-	-	*18*	*5*
provisions for employee benefit plans (d)	19	*(287)*	*(272)*	*(159)*	*(160)*	*(446)*	*(432)*

a. Includes 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 2009, 2008 and 2007, (gains)/losses that result from actual experience in respect of benefit obligations amounted to €1 million, €1 million, and -€1 million, respectively.

b. In accordance with local laws and practices, certain plans are not covered by pension funds. As of December 31, 2011, they principally comprise supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

c. Includes 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 2009, 2008, and 2007 gains/(losses) that result from actual experience in respect of plan assets amounted to €3 million, -€43 million, and -€24 million, respectively.

d. Includes a current liability of €37 million as of December 31, 2011 (compared to €34 million as of December 31, 2010).

Benefit obligation and fair value of plan assets detailed by country

	Pension benefits		Post-retirement benefits	
(in millions of euros)	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Benefit obligation				
US companies	121	120	139	139
UK companies	205	178	-	-
German companies	108	110	-	-
French companies	171	162	-	-
Other	63	55	19	20
	668	**625**	**158**	**159**
Fair value of plan assets				
US companies	56	58	-	-
UK companies	154	127	-	-
French companies	51	45	-	-
Other	11	10	-	-
	272	**240**	**-**	**-**

In 2011, Vivendi took into account the impact of the change in the legislation regarding the indexation of retirement plans in the United Kingdom, which resulted in a non-significant decrease of its commitments.

20.2.4 Additional information on pension benefits in France

Vivendi maintains ten pension plans in France, of which four make 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	14.4%	5.2%	80.4%	-	100.0%
Corporate Management Supplementary Plan	17.1%	4.8%	78.1%	-	100.0%
SFR Supplementary Plan	11.8%	6.1%	81.5%	0.6%	100.0%
Canal+ Group IDR* Plan	9.9%	8.1%	82.0%	-	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 €4 million in 2011 (compared to €5 million in 2010), and are estimated to be €5 million for 2012.
Payments to all ten pension plans in France amounted to €5 million in 2011 (compared to €5 million in 2010), and are estimated to be €8 million in 2012.

20.2.5 Benefits estimation and future payments

For 2012, pension fund contributions and benefit payments to retirees by Vivendi are estimated at €35 million in respect of pensions, of which €14 million to pension funds and €12 million to post-retirement benefits.
Estimates of future benefit payments to beneficiaries by the relevant pension funds or by Vivendi (in nominal value) are as follows:

(in millions of euros)	Pension benefits	Post-retirement benefits
2012	23	13
2013	19	12
2014	38	12
2015	21	12
2016	22	12
2017-2021	172	55

Note 21 Share-based compensation plans

21.1 Impact on the Consolidated Statement of Earnings

(in millions of euros)		Year ended December 31,	
Charge/(Income)	Note	2011	2010
Stock options and performance shares		*28*	*27*
"Stock appreciation rights" and "restricted stock units"		*(5)*	*(5)*
Employee stock purchase plans		*25*	*15*
Vivendi stock instruments	21.2	48	37
Activision Blizzard stock instruments	21.3	67	69 (a)
UMG employee equity unit plan	21.4	7	7
Subtotal (including Activision Blizzard's capitalized costs)		**122**	**113**
equity-settled instruments		*120*	*110*
cash-settled instruments		*2*	*3*
(-) Activision Blizzard's capitalized costs (b)		7	26
Charges/(Income) related to stock options and other share-based compensation plans	3	**129**	**139**

a. Included the Blizzard Equity Plan (BEP) implemented in 2006 for certain key Blizzard Entertainment Inc. executives and employees. In July 2008, following the creation of Activision Blizzard, the outstanding unvested rights were immediately vested, cancelled and extinguished and were converted into new rights to receive payment in cash on January 9, 2010. The compensation cost was recognized on a straight-line basis over an 18 month period from July 9, 2008 to January 9, 2010. As of December 31, 2009, a provision of $86 million (€60 million) was recognized. In January 2010, $88 million (€61 million) was paid out as the final distribution under the Plan, and there are no payment obligations remaining under this Plan.

b. Share-based compensation costs directly attributable to games development are capitalized in compliance with the accounting principles described in Note 1.3.5.4. In 2011, €19 million were capitalized (€41 million in 2010) and €26 million were amortized (€67 million in 2010), representing a net impact of -€7 million (-€26 million in 2010).

21.2 Plans granted by Vivendi

21.2.1 Information on plans granted by Vivendi

Vivendi has granted several share-based compensation plans to its employees. During 2011 and 2010, Vivendi granted equity-settled stock option plans and performance share plans, wherever the fiscal residence of the beneficiaries, as well as stock purchase plans for its employees and retirees (employee stock purchase plan and leveraged plan).

The accounting methods applied to value and recognize these granted plans are described in Note 1.3.10.
More specifically, the volatility applied in valuing the plans granted by Vivendi in 2011 is calculated as the weighted average of (a) 75% of the historical volatility of Vivendi shares computed on a 6.5-year period (5-year period as of December 31, 2010) 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 an expected dividend of at least 50% of adjusted net income.

Equity-settled instruments

The definitive grant of stock options and performance shares is subject to the satisfaction of performance conditions. Such performance conditions include an external indicator, thus following AFEP and MEDEF recommendations. The objectives underlying the performance conditions are determined by the Supervisory Board upon proposal by the Human Resources Committee. In 2011, the assessment period for the stock option performance criteria was aligned with the performance share criteria, i.e., two years (compared to one year in 2010).

The value of the granted equity-settled instruments is estimated and set at grant date. For the main stock option and performance share plans granted in 2011 and 2010, the applied assumptions were as follows:

	2011	2010
Grant date	April 13,	April 15,
Data at grant date:		
Option strike price (in euros)	19.93	19.71 (a)
Share price (in euros)	20.56	19.89
Expected volatility	25%	25%
Expected dividend yield	7.30%	7.04%
Performance conditions achievement rate	100%	100%

a. In accordance with legal provisions, the number and strike price of stock options, as well as the number of performance shares granted on April 15, 2010, were adjusted to take into account the impact, for beneficiaries, of the 2009 dividend distribution by a withdrawal from reserves, which was approved by the Annual General Shareholders' Meeting held on April 29, 2010. This adjustment had no impact on share-based compensation expense related to the relevant stock option and performance share plans.

Stock option plans

Stock options granted in 2011 and 2010 vest at the end of a three-year period and expire at the end of a ten-year period (with a 6.5 year expected term) and the compensation cost determined at grant date is recognized on a straight-line basis over the vesting period.

On April 13, 2011, 2,527 thousand stock options were granted, compared to 5,297 thousand granted on April 15, 2010. After taking into account a 3.21% risk-free interest rate (2.75% in 2010), the fair value of each option granted was €2.16, compared to €1.99 per option on April 15, 2010.

In 2011, the definitive grant of stock options was effective upon to satisfaction of performance conditions: adjusted net income (45% compared to 50% in 2010), cash flow from operations (CFFO) (25% compared to 30% in 2010) and performance of Vivendi shares compared to two trading indices (30%): Stoxx Europe 600 Telecommunications index (60%) and a panel of companies involved in the media (40%); in 2010, there were three trading indices (20%): DJ Stoxx Media, DJ Stoxx Telco and CAC 40.
As the performance conditions related to the 2010 plan were satisfied at year-end 2010, the definitive grant of stock options from April 15, 2010 became effective as of December 31, 2010.

Performance share plans

Performance shares granted in 2011 and 2010 vest at the end of a two-year period. The compensation cost is therefore recognized on a straight-line basis over the vesting period. Performance shares are 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 two-year vesting period. The compensation cost corresponds to the value of the equity instruments received by the beneficiary, and is equal to the difference between the fair value of the shares to be received and the discounted value of dividends that were not received over the vesting period.

On April 13, 2011, 1,679 thousand performance shares were granted, compared to 1,084 thousand granted on April 15, 2010. After taking into account a discount for non-transferability of 4.50% of the share price on April 13, 2011 (17.50% on April 15, 2010), the fair value of each granted performance share was €16.84, compared to €13.80 per share on April 15, 2010.

In 2011 and 2010, the definitive grant of stock options was effective upon to satisfaction of performance conditions: adjusted net income (50%), cash flow from operations (CFFO) (25%) and performance of Vivendi shares compared to three trading indices (20%): DJ Stoxx Media, DJ Stoxx Telco and CAC 40.
As the performance conditions related to the 2010 plan were satisfied at year-end of 2010 and year-end of 2011, the definitive grant of performance shares from April 15, 2010 became effective as of December 31, 2011.

Cash-settled instruments

In 2006 and 2007, 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, and 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. All the rights for these plans were definitively vested as of April 2010.

Stock appreciation right plans

When the instruments entitle the beneficiaries thereof to receive the appreciation in the value of Vivendi share, 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. SAR expire at the end of a ten-year period. The following table presents the value of outstanding stock appreciation right plan measured as of December 31, 2011:

	2007	2006	
Grant date	April 23,	September 22,	April 13,
Data at grant date:			
Strike price (in US dollars)	41.34	34.58	34.58
Number of instruments granted (in thousands)	1,281	24	1,250
Data at the valuation date (December 31, 2011) :			
Expected term (in years)	2.6	2.3	2.1
Share price (in US dollars)	21.71	21.71	21.71
Expected volatility	28%	28%	28%
Risk-free interest rate	0.98%	0.83%	0.67%
Expected dividend yield	8.64%	8.64%	8.64%
Fair value of the granted option as of December 31, 2011 (in US dollars)	**0.14**	**0.29**	**0.26**

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 shares of restricted stock. Under a RSU plan, the beneficiaries receive, in general, at the end of a four-year period following the grant date, a cash payment based on the Vivendi share price equal to the Vivendi share price at that date, plus the value of dividends paid on Vivendi shares in respect of the two fiscal periods subsequent to the two-year 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.

In accordance with the description above, the beneficiaries of the RSU plan granted in 2007 received in 2011 a cash payment based on 99 thousand RSU held as of December 31, 2010 for a total consideration of €2 million (compared to €4 million paid in 2010 for the RSU plans granted in 2006). As of December 31, 2011, there are no more RSU plans at Vivendi.

Employee stock purchase and leveraged plans

Vivendi also maintains share purchase plans (stock purchase and leveraged plans) that allow substantially all of its 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 during a five-year period, which is deducted from the benefit granted to the employees. The value of the stock purchase plans granted is estimated and fixed at grant date.

For the employee stock purchase and leveraged plans subscribed in 2011 and 2010, the applied assumptions were as follows:

	2011	2010
Grant date	June 23	July 5
Subscription price (in euros)	15.27	13.78
Data at grant date:		
Share price (in euros)	18.39	16.46
Discount to face value	16.97%	16.28%
Expected dividend yield	8.16%	8.50%
Risk-free interest rate	2.44%	1.78%
5-year interest rate	6.15%	6.20%
Repo rate	0.36%	0.36%

Under the **employee stock purchase plans**, 1,841 thousand shares were subscribed in 2011 (1,577 thousand shares subscribed in 2010). After taking into account a discount for non-transferability of 10.0% of the share price on the date of grant (11.3% in 2010), the fair value per subscribed share was €1.3 on June 23, 2011, compared to €0.8 per subscribed share on July 5, 2010.

Under the **leveraged plans** implemented in 2011 and 2010, virtually all employees and retirees of Vivendi and its French and foreign subsidiaries were 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.
In 2011, 7,320 thousand shares were subscribed under the leveraged plans (compared to 5,413 subscribed shares in 2010). After taking into account the discount for non-transferability following the leveraged impact of 1.0% (1.1% in 2010), the fair value per subscribed share on June 23, 2011 was €2.9, compared to €2.5 per subscribed share on July 5, 2010.

Given the amount of subscriptions made through the employee stock purchase plans and the leveraged plans, the share capital (including issue premium) increased by €143 million on July 21, 2011 and €98 million on July 29, 2010.

21.2.2 Information on outstanding Vivendi plans since January 1, 2010

Equity-settled instruments

	Stock options		Performance shares
	Number of stock options outstanding	Weighted average strike price of stock options outstanding	Number of performance shares outstanding
	(in thousands)	(in euros)	(in thousands)
Balance as of December 31, 2009	**41,667**	**23.5**	**1,062**
Granted	5,348	19.7	1,101
Exercised	(907)	14.6	(430)
Forfeited	(327)	47.8	-
Cancelled	(360)	22.4	(30)
Adjusted	3,501	21.3	124
Balance as of December 31, 2010	**48,922**	**21.4**	**1,827**
Granted	2,565	19.9	1,768
Exercised	(554) (a)	13.9	(509)
Cancelled	(1,026)	19.7	(125)
Balance as of December 31, 2011	**49,907** (b)	**21.5**	**2,961** (c)
Exercisable as of December 31, 2011	**35,719**	**22.6**	**-**
Acquired as of December 31, 2011	**35,931**	**22.5**	**142**

a. The weighted average share price for Vivendi shares at the dates of exercise for the options was €19.99 (compared to €19.96 for stock options exercised in 2010).

b. The total intrinsic value of outstanding stock options was €12 million.

c. The weighted-average remaining period before issuing shares under performance shares was 1.3 years.

Please refer to Note 18 for the potential impact on the share capital of Vivendi SA of the outstanding stock options and the performance shares.

Information on stock options as of December 31, 2011 is as follows:

Range of strike prices	Number outstanding	Weighted average strike price	Weighted average remaining contractual life	Number vested	Weighted average strike price
	(in thousands)	(in euros)	(in years)	(in thousands)	(in euros)
Under €17	3,321	13.4	1.4	3,321	13.4
€17-€19	11,797	18.5	7.7	449	18.4
€19-€21	10,307	19.4	4.1	7,679	19.2
€21-€23	7,160	22.0	3.3	7,160	22.0
€23-€25	6,103	23.4	6.3	6,103	23.4
€25-€27	5,532	26.5	4.3	5,532	26.5
€27-€29	5,687	28.6	5.3	5,687	28.6
€29 and more	-	-	-	-	-
	49,907	**21.5**	**5.1**	**35,931**	**22.5**

Cash-settled instruments

As of December 31, 2011, the remaining outstanding SAR amounted to 5,057 thousand (compared to 5,102 thousand as of December 31, 2010). In 2011, 42 thousand SAR were exercised and 3 thousand were forfeited. All rights related to SAR were vested and their total intrinsic value amounted to $1 million.
As of December 31, 2011, the amount accrued for these instruments was €2 million (compared to €8 million as of December 31, 2010).

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 on July 10, 2008, Vivendi assumed the outstanding plans of Activision.

The accounting methods applied to value these granted plans are described in Note 1.3.10. 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. The risk-free interest rate used was a forward rate and the expected dividend yield assumption was based on the company's historical and expected future amount of dividend payouts.

On July 28, 2008, the Board of Directors of Activision Blizzard adopted the Activision Blizzard Inc. 2008 Incentive Plan, further amended and restated by the Board of Directors and the Compensation Committee of this Board with stockholder approval (as so amended and restated, the "2008 Plan"). The 2008 Plan authorizes the Compensation Committee of the Board of Directors to provide Activision Blizzard's stock-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. The stock-based compensation program of Activision Blizzard for the most part currently utilizes a combination of options and restricted stock units. 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.

Stock option plans

Stock options have time-based vesting schedules, generally vesting annually over a period of three to five years.
The characteristics of the stock option plans granted in 2011 and 2010 are presented below:

	2011	2010
Number of instruments granted (in thousands)	4,052	11,276
Maturity (in years)	10	10
Weighted-average data at grant date: (a)		
Option strike price (in US dollars)	12.54	11.52
Expected term (in years)	6.58	5.79
Share price (in US dollars)	12.54	11.52
Expected volatility	44%	46%
Risk-free interest rate	1.91%	2.97%
Expected dividend yield	1.34%	1.33%
Performance conditions achievement rate	na*	na*
Weighted-average fair value of the option at grant date (in US dollars) (a)	**4.17**	**3.98**

na*: not applicable.

a. Relates to the weighted-average by number of instruments for each grant per fiscal year.

Restricted stock units and restricted stock awards

Restricted stock units either have time-based vesting schedules, generally vesting in their entirety on the third anniversary of the date of grant or vesting annually over a period of three to five years, or vest only if certain performance measures are met. The characteristics of the restricted stock units and restricted stocks granted in 2011 and 2010 are presented below:

	2011	2010
Number of instruments granted (in thousands)	4,918	10,364
Weighted-average data at grant date: (a)		
Vesting period (in years)	3	3
Share price (in US dollars)	12.54	11.52
Expected dividend yield	1.34%	1.33%
Performance conditions achievement rate	na*	na*
Weighted-average fair value of the instrument at grant date (in US dollars) (a)	**12.30**	**11.54**

na*: not applicable.

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

In addition, in connection with the consummation of the Activision and Vivendi Games business combination on July 9, 2008, the Chief Executive Officer of Activision Blizzard received a grant of 2,500,000 market performance-based restricted 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.

21.3.2 Information on outstanding Activision Blizzard plans since January 1, 2010

	Stock options			Restricted stocks	
	Number of stock options outstanding		Weighted average strike price of stock options outstanding	Number of restricted stocks outstanding	
	(in thousands)		(in US dollars)	(in thousands)	
Balance as of December 31, 2009	**71,818**		**9.0**	**11,303**	
Granted	11,276		11.5	10,364	
Exercised	(16,210)		5.0	(2,557)	
Forfeited	(4,330)		10.4	(2,538)	
Expired	(1,379)		9.4	-	
Balance as of December 31, 2010	**61,175**		**10.5**	**16,572**	
Granted	4,052		12.5	4,918	
Exercised	(9,605)	(a)	7.2	(3,125)	
Forfeited	(1,719)		11.1	(1,226)	
Expired	(741)		15.1	-	
Balance as of December 31, 2011	**53,162**	(b)	**11.1**	**17,139**	(c)
Exercisable as of December 31, 2011	**36,273**		**10.6**	**-**	
Acquired as of December 31, 2011	**36,273**		**10.6**	**-**	

a. The weighted average share price for the shares of Activision Blizzard on the date the options were exercised was $12.06 (compared to $11.40 in 2010).

b. The total intrinsic value of outstanding stock options was $101 million.

c. For restricted stocks, the weighted average remaining period before issuing shares was 1.8 years.

Please refer to Note 18 for the potential impact on Vivendi's ownership interest in Activision Blizzard of the outstanding stock options and the restricted stock plans.

Information concerning stock options as of December 31, 2011 is as follows:

Range of strike prices	Number outstanding	Weighted average strike price	Weighted average remaining contractual life	Number vested	Weighted average strike price
	(in thousands)	(in US dollars)	(in years)	(in thousands)	(in US dollars)
Under $2	256	1.8	1.2	256	1.8
$2-$4	1,566	3.1	1.0	1,566	3.1
$4-$6	2,232	5.5	3.1	2,232	5.5
$6-$8	5,718	7.0	4.1	5,718	7.0
$8-$10	6,372	9.3	5.5	6,115	9.3
$10-$12	19,697	11.4	7.9	9,415	11.2
$12-$14	8,807	13.0	7.6	4,208	13.1
$14-$16	3,540	15.0	6.5	2,419	15.0
$16-$17	4,914	16.5	6.3	4,284	16.5
$17 and more	60	18.4	6.6	60	18.4
	53,162	**11.1**	**6.5**	**36,273**	**10.6**

21.4 UMG long-term incentive plan

Effective January 1, 2010, UMG implemented long-term incentive arrangements under which certain key executives of UMG are awarded phantom equity units and phantom stock appreciation rights whose value is intended to reflect the value of UMG. These units are simply units of account and do not represent an actual ownership interest in either UMG or Vivendi. The equity units are notional grants of equity that will be payable in cash upon settlement no later than 2015 or earlier under certain circumstances. The stock appreciation rights are essentially options on those notional shares that provide additional compensation tied to any increase in value of UMG over the term. The SAR's are also settled in cash only no later than 2015 or earlier under certain circumstances. There is a guaranteed minimum payout of $25 million.

Payouts under the plan generally coincide with terms of employment, but can be accelerated or reduced under certain circumstances. The values for both payouts are based upon third party valuations. While the participants' rights vest at the end of a fixed vesting period, compensation expense is recognized over the vesting period as services are rendered. At each closing date, the expense is recognized based on the portion of the vesting period that has elapsed and the fair value of the units calculated using an appropriate grant date model in accordance with IFRS 2.

As of December 31, 2011, the amount accrued under these arrangements was €14 million (€7 million as of December 31, 2010). There have been no payments made to date.

21.5 Neuf Cegetel restricted stock plans

Following Neuf Cegetel's consolidation by SFR in April 2008, Vivendi assumed the residual plans of Neuf Cegetel, including restricted shares granted between 2005 and 2007 to employees and/or corporate officers. The acquisition of shares only became final after the expiration of a two-year vesting period, with a minimum holding period of two years.
The shares owned (but currently in a holding period) by corporate officers and employees of Ex-Neuf Cegetel are subject to reciprocal put and call option agreements with SFR, with a 2011 maturity at the latest.

As of December 31, 2009, all restricted shares granted under these plans were definitely vested and as of December 31, 2011, there is no longer any accrual (compared to €38 million as of December 31, 2010) pursuant to the remaining buyout by SFR in 2011.

Note 22 Borrowings and other financial liabilities

(in millions of euros)	Note	December 31, 2011			December 31, 2010		
		Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	22.1	9,276	7,676	1,600	7,202	6,502	700
Bank credit facilities (drawn confirmed)	22.2	4,917	4,558	359	2,173	1,813	360
Commercial paper issued	22.2	529	-	529	1,697	-	1,697
Bank overdrafts		163	-	163	276	-	276
Accrued interest to be paid		200	-	200	161	-	161
Other		621	173	448	399	202	197
Nominal value of borrowings		**15,706**	12,407	3,299	**11,908**	8,517	3,391
Cumulative effect of amortized cost and reevaluation due to hedge accounting		(12)	(8)	(4)	(6)	(6)	-
Commitments to purchase non-controlling interests		11	10	1	6	1	5
Derivative financial instruments	23	5	-	5	95	61	34
Borrowings and other financial liabilities		**15,710**	**12,409**	**3,301**	**12,003**	**8,573**	**3,430**

22.1 Bonds

(in millions of euros)	Interest rate (%) nominal	Interest rate (%) effective	Maturity	December 31, 2011	Maturing during the following periods: 2012	2013	2014	2015	2016	After 2016	December 31, 2010
€500 million (November 2011)	3.875%	4.04%	Nov-15	500				500			-
€500 million (November 2011)	4.875%	5.00%	Nov-18	500						500	-
€1,000 million (July 2011)	3.500%	3.68%	Jul-15	1,000				1,000			-
€750 million (July 2011)	4.750%	4.90%	Jul-21	750						750	-
€750 million (March 2010)	4.000%	4.15%	Mar-17	750						750	750
€700 million (December 2009)	4.875%	4.95%	Dec-19	700						700	700
€500 million (December 2009)	4.250%	4.39%	Dec-16	500					500		500
€300 million - SFR (July 2009)	5.000%	5.05%	Jul-14	300			300				300
€1,120 million (January 2009)	7.750%	7.69%	Jan-14	894			894				894
$700 million (April 2008)	6.625%	6.85%	Apr-18	541						541	529
$700 million (April 2008)	5.750%	6.06%	Apr-13	541		541					529
€700 million (October 2006)	4.500%	5.47%	Oct-13	700		700					700
€700 million (October 2006)	Eur. 3 months +0.50%		Oct-11	-							700
€1,000 million - SFR (July 2005)	3.375%	4.14%	Jul-12	1,000	1,000						1,000
€600 million (February 2005)	3.875%	3.94%	Feb-12	600	600						600
Nominal value of bonds				**9,276**	1,600	1,241	1,194	1,500	500	3,241	**7,202**

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

The nominal value of the dollar denominated bonds issued was calculated based on the closing rate, i.e., 1.29 euro/dollar as of December 31, 2011 (compared to 1.32 euro/dollar as of December 31, 2010).

Bonds issued by the group contain customary provisions related to default, negative pledge and, rights of payment (pari-passu ranking). In addition, bonds issued 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 any such event.

Moreover, on January 10, 2012, Vivendi raised €1,250 million through a bond issue, with a 5.5-year maturity and a 4.125% coupon, and with an effective rate of 4.31%.

22.2 Bank credit facilities

(in million of euros)	Maturity	Maximum amount	December 31, 2011	Maturing during the following periods							December 31, 2010
				2012	2013	2014	2015	2016	After 2016		
€5.0 billion revolving facility (May 2011) (a)											
tranche A: €1.5 billion	(b)	1,500	-								-
tranche B: €1.5 billion	May-14	1,500	725			725					-
tranche C: €2.0 billion	May-16	2,000	410					410			-
Securitization program - SFR (March 2011)	Mar-16 (c)	500	422					422			310
€1.0 billion revolving facility (September 2010)	Sep-15	1,000	-								-
€1.2 billion revolving facility - SFR (June 2010)	Jun-15	1,200	-								-
€100 million revolving facility - SFR (November 2008)	(b)	50	-								-
€850 million revolving facility - SFR (May 2008)	(a)	-	-								-
€2 billion revolving facility (February 2008)	Feb-13	1,000	890		890						-
€2 billion revolving facility (August 2006)											
- initial credit line	Aug-12	271	271	271							-
- extended credit line	Aug-13	1,729	1,729		1,729						750
Securitization program - SFR (March 2006)	Mar-11	-	-								283
€450 million revolving facility - SFR (November 2005)	(a)	-	-								430
Syndicated loan ("Club Deal") tranche B - SFR (July 2005)	(b)	492	-								-
€2 billion revolving facility (April 2005)	(a)	-	-								-
GVT - BNDES (d)	-	664	299	33	33	40	53	53	87		186
Maroc Telecom - MAD 3 billion loan	Jul-14	149	149	55	54	40					202
Canal+ Group - Vietnam	Feb-14	26	22		6	16					12
Drawn confirmed bank credit facilities			**4,917**	**359**	**2,712**	**821**	**53**	**885**	**87**		**2,173**
Undrawn confirmed bank credit facilities			7,164	2,044	110	799	2,261	1,730	220		7,943
Total of group's bank credit facilities			**12,081**	**2,403**	**2,822**	**1,620**	**2,314**	**2,615**	**307**		**10,116**
Commercial paper issued (e)			529	529							1,697

a. On May 16, 2011, Vivendi completed a €5 billion new syndicated bank credit facility with 3 tranches, including (i) tranche B, which replaced SFR's revolving facilities of €450 million initially maturing in November 2012 and €850 million initially maturing in May 2013; and (ii) tranche C, which refinanced Vivendi SA's revolving facility of €2 billion, initially maturing in April 2012.

b. In January 2012, Vivendi set up a new €1.1 billion bank credit facility with a 5-year maturity, negotiated in December 2011, which early refinanced the €1.5 billion credit facility initially maturing in December 2012 and SFR's €492 million syndicated loan initially maturing in March 2012. SFR's €100 million revolving facility, which was reduced to €50 million as of December 31, 2011, was also transferred in the amount of €40 million to Vivendi SA, with a 3-year maturity.

c. In March 2011, SFR refinanced its €310 million securitization program initially maturing in January 2015 by a €500 million securitization program maturing in March 2016.

d. Relates to GVT's loan with BNDES (National Bank for Economic and Social Development) which has an average interest rate of 10% as of December 31, 2011.

e. The short term commercial papers are backed to confirmed bank credit facilities, which can no longer be drawn for these amounts. The commercial paper program of Vivendi SA amounted to €3 billion.

Drawn bank credit facilities of Vivendi SA and SFR were based on floating rate.

Vivendi SA's syndicated bank credit facilities (€9 billion as of December 31, 2011) 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 financial covenant of Proportionate Financial Net Debt[1] to Proportionate EBITDA[2] over a twelve-month rolling period not exceeding 3 for the duration of the loans. Non-compliance with this covenant could result in the early repayment of the facilities if they were drawn, or their cancellation. As of December 31, 2011, Vivendi SA complied with these financial covenants.

SFR's bank credit facilities (€2.2 billion as of December 31, 2011) contain customary default, negative pledge, and merger and divestiture covenants. In addition, these facilities are subject to a change in control provision. In addition, at the end of each half year, SFR must comply with the following two financial covenants: (i) a ratio of Financial Net Debt to consolidated EBITDA over a twelve-month rolling period not exceeding 3.5; and (ii) a ratio of consolidated earnings from operations (consolidated EFO) to consolidated net financing costs (interest) equal

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[1] *Defined as Vivendi's Financial Net Debt excluding cash management financial assets relating to loans issued before December 31, 2009, less the share of Financial Net Debt excluding cash management financial assets relating to loans issued before December 31, 2009, attributable to non-controlling interests of Activision Blizzard and Maroc Telecom Group.*

[2] *Defined as Vivendi's modified EBITDA less modified EBITDA attributable to non-controlling interests of Activision Blizzard and Maroc Telecom Group plus the dividends received from the entities that are not consolidated.*

to or greater than 3. Non-compliance with these financial covenants could constitute an event of default that could among other things result in the cancellation or the early repayment of the various loans. As of December 31, 2011, SFR complied with these financial covenants.

The renewal of Vivendi SA's and SFR's confirmed bank credit facilities when they are drawn and the launch of securitization programs are contingent upon the issuer reiterating certain representations regarding its ability to comply with its financial obligations with respect to loan contracts.

The credit facilities granted to GVT by the BNDES (BRL 1,800 million as of December 31, 2011) contain a change in control trigger and are 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 covenants: (i) a ratio of equity to total asset equal to or higher than 0.40 (0.35 for the credit facilities granted in November 2011); (ii) a ratio of Financial Net Debt to EBITDA not exceeding 2.50; (iii) a ratio of current financial liabilities to EBITDA not exceeding 0.45; and (iv) a ratio of EBITDA to net financial expenses of at least 4.00 (3.50 for the credit facilities granted in November 2011). As of December 31, 2011, GVT was in compliance with its covenants.

22.3 Breakdown of the nominal value of borrowings by maturity, nature of the interest rate, and currency

Breakdown by maturity

(in millions of euros)	December 31, 2011		December 31, 2010	
Maturity				
< 1 year	3,299	*21%*	3,391	*28%*
Between 1 and 2 years	4,017	*26%*	2,165	*18%*
Between 2 and 3 years	2,037	*13%*	2,107	*18%*
Between 3 and 4 years	1,603	*10%*	1,321	*11%*
Between 4 and 5 years	1,391	*9%*	366	*3%*
> 5 years	3,359	*21%*	2,558	*22%*
Nominal value of borrowings	**15,706**	***100%***	**11,908**	***100%***

As of December 31, 2011, the average "economic" term of the group's financial debt, pursuant to which all undrawn amounts on available medium-term credit lines may be used to reimburse group borrowings with the shortest term was 4.0 years, unchanged compared to year-end 2010.

Breakdown by nature of interest rate

(in millions of euros)	Note	December 31, 2011		December 31, 2010	
Fixed interest rate		9,993	*64%*	7,016	*59%*
Floating interest rate		5,713	*36%*	4,892	*41%*
Nominal value of borrowings before hedging		**15,706**	***100%***	**11,908**	***100%***
Pay-fixed interest rate swaps		*1,000*		*2,335*	
Pay-floating interest rate swaps		*(1,750)*		*(3,107)*	
Net position at fixed interest rate	23.2	***(750)***		***(772)***	
Fixed interest rate		9,243	*59%*	6,244	*52%*
Floating interest rate		6,463	*41%*	5,664	*48%*
Nominal value of borrowings after hedging		**15,706**	***100%***	**11,908**	***100%***

Please refer to Note 23.2.1 for a description of the group's interest rate risk management instruments.

Breakdown by currency

(in millions of euros)	Note	December 31, 2011		December 31, 2010	
Euro - EUR		13,751	*88%*	10,253	*86%*
US dollar - USD		1,084	*7%*	1,069	*9%*
Other (of which MAD, BRL, PLN and FCFA)		871	*5%*	586	*5%*
Nominal value of borrowings before hedging		**15,706**	***100%***	**11,908**	***100%***
Currency swaps USD		*563*		*(2,824)* (a)	
Other currency swaps		*(78)*		*124*	
Net total of hedging instruments	23.2	***485***		***(2,700)***	
Euro - EUR		14,236	*91%*	7,553	*63%*
US dollar - USD		521	*3%*	3,893	*33%*
Other (of which MAD, BRL, PLN and FCFA)		949	*6%*	462	*4%*
Nominal value of borrowings after hedging		**15,706**	***100%***	**11,908**	***100%***

a. Included €2,883 million forward sales contracts denominated in US dollars related to the NBC Universal transaction (please refer to Note 2.2).

Please refer to Note 23.2.2 for a description of the group's foreign currency risk management.

22.4 Credit ratings

As of February 28, 2012, the date of the Management Board meeting that approved the Financial Statements for the year ended December 31, 2011, 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* credit rating	BBB	Stable
		Short-term *corporate* credit rating	A-2	Stable
		Senior unsecured debt	BBB	Stable
Moody's	September 13, 2005	Long-term senior unsecured debt	Baa2	Stable
Fitch Ratings	December 10, 2004	Long-term senior unsecured debt	BBB	Stable

In addition, SFR's credit rating was aligned to that of Vivendi, following the announcement of the acquisition of Vodafone's 44% interest in SFR.

Note 23 Financial instruments and management of financial risks

23.1 Fair value of financial instruments

Financial instruments classified as liabilities under Vivendi's Statement of Financial Position include bonds and bank credit facilities, other financial liabilities (including commitments to purchase non-controlling interests), as well as trade accounts payable and other non-current liabilities. As assets under Vivendi's Statement of Financial Position, they include financial assets measured at fair value and at historical cost, trade accounts receivable and other, as well as cash and cash equivalents. In addition, financial instruments include derivative instruments (assets or liabilities) and assets available for sale, if any.

Accounting category and fair value of financial instruments

(in millions of euros)	Note	December 31, 2011		December 31, 2010	
		Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash management financial assets		266	266	508	508
Available-for-sale securities		125	125	50	50
Derivative financial instruments		101	101	91	91
Other financial assets at fair value through profit or loss		28	28	36	36
Financial assets at amortized cost		352	352	433	433
Financial assets	15	872	872	1,118	1,118
Trade accounts receivable and other, at amortized cost	16	6,730	6,730	6,711	6,711
Cash and cash equivalents	17	3,304	3,304	3,310	3,310
Liabilities					
Borrowings, at amortized cost		15,694	16,079	11,902	12,263
Derivative financial instruments		5	5	95	95
Commitments to purchase non-controlling interests, at fair value through profit or loss		11	11	6	6
Borrowings and other financial liabilities	22	15,710	16,095	12,003	12,364
Other non-current liabilities, at amortized cost	16	864	864	1,074	1,074
Trade accounts payable and other, at amortized cost	16	13,987	13,987	14,451	14,451

The carrying value of trade accounts receivable and other, cash and cash equivalents, and trade accounts payable is a reasonable approximation of fair value, due to the short maturity of these instruments.

The fair value of the borrowings listed above includes the market value at the date of the closing of the bonds, listed on the Luxembourg Stock Exchange.

Valuation method for financial instruments at fair value

The following tables present the fair value method of financial instruments 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 valuation 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 tables.

(in millions of euros)	Note	December 31, 2011 Total	Level 1	Level 2	Level 3
Assets					
Cash management financial assets	15	266	266	-	-
Available-for-sale securities	15	125	1	77	47
Derivative financial instruments	23.2	101	-	101	-
Other financial assets at fair value through profit or loss		28	15	-	13
Cash and cash equivalents	17	3,304	3,304	-	-
Liabilities					
Commitments to purchase non-controlling interests		11	-	2	9
Derivative financial instruments	23.2	5	-	5	-

(in millions of euros)	Note	December 31, 2010 Total	Level 1	Level 2	Level 3
Assets					
Cash management financial assets	15	508	508	-	-
Available-for-sale securities	15	50	1	-	49
Derivative financial instruments	23.2	91	-	91	-
Other financial assets at fair value through profit or loss		36	18	-	18
Cash and cash equivalents	17	3,310	3,310	-	-
Liabilities					
Commitments to purchase non-controlling interests		6	-	2	4
Derivative financial instruments	23.2	95	-	95	-

In 2011 and 2010, there was no significant transfer of financial instruments measured at fair value between level 1 and level 2. In addition, as of December 31, 2011 and December 31, 2010, financial instruments measured at level 3 fair value did not include any significant amount.

23.2 Management of financial risks and financial derivative instruments

As part of its business, Vivendi is exposed to several types of financial risks: market risk, credit (or counterparty) risk, as well as liquidity risk. Market risks are defined as the risks of fluctuation in future cash flows of financial instruments (receivables and payables, as described in Note 23.1 above) that depend on the evolution of financial markets. For Vivendi, market risks may therefore primarily impact interest rates and foreign currency exchange positions, in the absence of significant investments in the markets for stocks and bonds. Vivendi's Financing and Treasury Department centrally manages significant market risks, as well as its liquidity risk within the group, reporting directly to Vivendi's chief financial officer, a member of the Management Board. The Department has the necessary expertise, resources (notably technical resources), and information systems for this purpose. However, Maroc Telecom Group's and Activision Blizzard's cash is managed independently. The Finance Committee monitors the liquidity positions in all business units and the exposure to interest rate risk and foreign currency exchange rate risk on a bi-monthly basis. Short and long term financing activities are mainly performed at the group's headquarters and are subject to the prior agreement of the Management and Supervisory Board, in accordance with the Internal Regulations. However, in terms of optimizing financing operations within the group's debt management framework within the limits already approved by the Supervisory Board, a simple notification is required.
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 and speculative hedging is forbidden.

Financial derivative instrument values on the Statement of Financial Position

(in millions of euros)	December 31, 2011 Assets	December 31, 2011 Liabilities	December 31, 2010 Assets	December 31, 2010 Liabilities
Interest rate risk management	**60**	**-**	**69**	**(87)**
Pay-fixed interest rate swaps	-	-	-	(87)
Pay-floating interest rate swaps	60	-	69	-
Foreign currency risk management	**41**	**(5)**	**22**	**(8)**
Derivative financial instruments	**101**	**(5)**	**91**	**(95)**
Deduction of current derivative financial instruments	(39)	5	(22)	34
Non-current derivative financial instruments	**62**	**-**	**69**	**(61)**

23.2.1 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 average net financing costs. In addition, Vivendi's internal procedures prohibit all speculative transactions.

Average gross borrowings and average cost of borrowings

In 2011, average gross borrowings amounted to €13.7 billion (compared to €12.7 billion in 2010), of which €7.2 billion was at fixed-rates and €6.5 billion at floating rates (compared to €7.2 and €5.5 billion in 2010, respectively). After management, the average cost of borrowings was 3.87%, with a fixed rate ratio of 53% (compared to 4.09%, with a fixed-rate ratio of 61% in 2010).

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 interest rate 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.

The tables below show the notional amounts of interest rate risk management instruments used by Vivendi:

	December 31, 2011								
	Notional amounts							Fair value	
(in millions of euros)	Total	2012	2013	2014	2015	2016	After 2016	Assets	Liabilities
Pay-fixed interest rate swaps	1,000	1,000						-	-
Pay-floating interest rate swaps	(1,750)					(1,000)	(750)	60	-
Net position at fixed interest rate	**(750)**	**1,000**				**(1,000)**	**(750)**	**60**	**-**
Breakdown by accounting category of rate hedging instruments									
Cash Flow Hedge accounting	-							-	-
Fair Value Hedge	(1,750)					(1,000)	(750)	60	-
Economic Hedging (a)	1,000	1,000						-	-

	December 31, 2010								
	Notional amounts							Fair value	
(in millions of euros)	Total	2011	2012	2013	2014	2015	After 2015	Assets	Liabilities
Pay-fixed interest rate swaps	2,335	1,200	900	235				-	(87)
Pay-floating interest rate swaps	(3,107)	(50)	(1,250)	(1,057)			(750)	69	-
Net position at fixed interest rate	**(772)**	**1,150**	**(350)**	**(822)**			**(750)**	**69**	**(87)**
Breakdown by accounting category of rate hedging instruments									
Cash Flow Hedge accounting	2,335	1,200	900	235				-	(87)
Fair Value Hedge	(3,007)		(1,200)	(1,057)			(750)	67	-
Economic Hedging (a)	(100)	(50)	(50)					2	-

a. The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

As of December 31, 2010, amongst the pay-fixed interest rate swaps, the €700 million notional swap was backed to the bond issue of same amount and maturing in October 2011. The pay-floating interest rate swaps were backed to bonds issued for a total notional amount of €3,007 million: €1,200 million backed to the bond issued in December 2009 (maturing in 2012), $1,400 million backed to the bond issued in April 2008 (maturing in 2013), and €750 million backed to the bond issued in March 2010 (maturing in 2017).

During the second quarter of 2011, Vivendi partially hedged in advance ("pre-hedge swaps") the interest rate risk associated with its 2011 bond refinancing program for a notional amount of €1 billion. The cost of this hedging amounted to €36 million.

During 2011, Vivendi early unwound certain interest rate hedging derivative instruments, including the pay-fixed swaps with a notional amount of €1,135 million and initial maturities of 2012 and 2013, and the pay-floating swaps backed to bonds with notional amounts of €1,200 million and $1,400 million, respectively. The net cost of early unwinding of these interest rate swaps was €11 million.

Finally, as of December 31, 2011, Vivendi contracted new swaps, including:

- pay-fixed interest rate swaps for a notional amount of €1,000 million, maturing in 2012; and
- pay-floating interest rate swaps backed to bonds issued in December 2009: €1,000 million (maturing in 2016).

Outstanding and average income from investments

As of December 31, 2011, average cash and cash equivalents amounted to €4.1 billion in 2011 (compared to €3.3 billion in 2010), bearing interest at a floating rate. The average interest income rate amounted to 1.16% in 2011 (compared to 0.88% in 2010).

Sensitivity to changes in interest rates

Given the relative weighting of the group's fixed-rate and floating-rate positions, an increase of 100 basis points in short-term interest rates (or a decrease of 100 basis points) would have resulted in a €29 million increase in interest expense (or a decrease of €29 million).

23.2.2 Foreign currency risk management

The group's foreign currency risk management is centralized by Vivendi SA's Financing Department and primarily seeks to hedge budget exposures (80%) resulting from monetary flows generated by activities performed in currencies other than the euro as well as from external firm commitments (100%), primarily relating to the acquisition of editorial content (including sports, audiovisual and film rights) and certain capital expenditures (set-top boxes for example), realized in currencies other than the euro. Most of the hedging instruments are foreign currency swaps or forward contracts that mature in less than one year. Considering the foreign currency hedging set up, an unfavorable and uniform euro change of 1% against all foreign currencies in position as of December 31, 2011, would have a cumulative impact of less than €1 million on net income (approximately €1 million as of December 31, 2010). In addition, the group may also hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. Nevertheless, due to their non-significant nature, net exposures to subsidiaries net working capital (internal flows of royalties as well as external purchases) are generally not hedged. The relevant risks are realized at the end of each month by translating the sum into the functional currency of the relevant operating entities.

The principal currency hedged by the group is the US dollar. Notably from December 2009 to January 2011, following the agreement to sell the 20% interest in NBC Universal to GE for a total amount of $5,800 million, Vivendi gradually hedged its investment in NBC Universal using currency forward sales contracts denominated in US dollars, at an average exchange rate of 1.33 dollar/Euro. From an accounting perspective, these forward contracts were qualified as net investment hedges in NBC Universal. On September 26, 2010, forward sales contracts for a nominal value of $2,000 million were unwound for €1,425 million. On January 25, 2011, forward sales contracts for a nominal value of $3,800 million were unwound for €2,921 million (as of December 31, 2010 they were unwound for €2,883 million).

In addition, the intercompany loan for a five-year period granted by Vivendi to GVT under market terms for €720 million (drawn for €540 million as of December 31, 2011) is not subject to any foreign currency hedging in the GVT's Statement of Financial Position. This intercompany loan is mainly aimed at financing the significant increase in GVT's capital expenditures program related to the geographic expansion of its telecommunication network.

Finally, at the beginning of 2012, in anticipation of the acquisition of EMI Recorded Music announced on November 11, 2011, Vivendi decided to progressively set up EUR-GBP foreign currency hedging to partially hedge this transaction in GBP according to EUR-GBP exchange rate fluctuations. This foreign currency contract qualifies as a cash flow hedge for accounting purposes, and will be settled upon acquisition of EMI Recorded Music (please refer to Note 2.5).

The following tables present the notional amount of foreign currency risk management instruments used by the group:

	December 31, 2011						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(338)	(53)	(112)	(80)	(93)	5	(5)
Purchases against the euro	823	606	40	7	170	36	-
Other	-	10	-	(10)	-	-	-
	485	**563**	**(72)**	**(83)**	**77**	**41**	**(5)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash Flow Hedge accounting							
Sales against the euro	(97)	-	(65)	(9)	(23)	-	(2)
Purchases against the euro	70	69	-	1	-	5	-
Other	-	-	-	-	-	-	-
	(27)	69	(65)	(8)	(23)	5	(2)
Fair Value Hedge							
Sales against the euro	(54)	(6)	(47)	(1)	-	5	-
Purchases against the euro	476	476	-	-	-	28	-
Other	-	21	(11)	(10)	-	-	-
	422	491	(58)	(11)	-	33	-
Economic Hedging (a)							
Sales against the euro	(187)	(47)	-	(70)	(70)	-	(3)
Purchases against the euro	277	61	40	6	170	3	-
Other	-	(11)	11	-	-	-	-
	90	3	51	(64)	100	3	(3)

	December 31, 2010						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(3,379)	(3,119)	(140)	(32)	(88)	14	(5)
Purchases against the euro	679	280	38	151	210	7	(3)
Other	-	15	(13)	-	(2)	1	-
	(2,700)	**(2,824)**	**(115)**	**119**	**120**	**22**	**(8)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash Flow Hedge accounting							
Sales against the euro	(110)	(5)	(73)	(20)	(12)	-	(1)
Purchases against the euro	127	114	-	9	4	4	(1)
Other	-	2	-	-	(2)	-	-
	17	111	(73)	(11)	(10)	4	(2)
Fair Value Hedge							
Sales against the euro	(79)	(9)	(67)	(3)	-	-	(3)
Purchases against the euro	166	166	-	-	-	2	(1)
Other	-	13	(13)	-	-	1	-
	87	170	(80)	(3)	-	3	(4)
Net Investment Hedge							
Sales against the euro	(2,883)	(2,883) (b)	-	-	-	13	-
	(2,883)	(2,883)	-	-	-	13	-
Economic Hedging (a)							
Sales against the euro	(307)	(222)	-	(9)	(76)	1	(1)
Purchases against the euro	386	-	38	142	206	1	(1)
	79	(222)	38	133	130	2	(2)

a. The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

b. Related to net investment hedge in NBC Universal.

23.2.3 Liquidity risk management

Contractual maturity of the group's Financial Net Debt future cash flows

The table below presents the carrying value and the future undiscounted cash flows, as defined in the contractual maturity schedules, of assets and liabilities that constitute Vivendi's Financial Net Debt:

	December 31, 2011							
	Carrying	Contractual maturity of cash outflows / (inflows)						
(in millions of euros)	value	Total	2012	2013	2014	2015	2016	After 2016
Nominal value of borrowings (a)	*15,706*	*15,706*	*3,299*	*4,017*	*2,037*	*1,603*	*1,391*	*3,359*
Cumulative effect of amortized cost and reevaluation due to hedge accounting	*(12)*	-						
Interest to be paid (b)	-	*2,230*	*544*	*436*	*360*	*266*	*196*	*428*
Borrowings	15,694	17,936	3,843	4,453	2,397	1,869	1,587	3,787
Commitments to purchase non-controlling interests	11	11	1				4	6
Derivative financial instruments	5	5	5					
Borrowings and other financial liabilities	**15,710**	**17,952**	**3,849**	**4,453**	**2,397**	**1,869**	**1,591**	**3,793**
Cash management financial assets	(266)	(266)	(266)					
Derivative financial instruments	(101)	(101)	(39)	(1)	(1)	(1)	(4)	(55)
Cash deposits backing borrowings	(12)	(12)	(12)					
Cash and cash equivalents (c)	(3,304)	(3,304)	(3,304)					
Financial Net Debt	**12,027**	**14,269**	**228**	**4,452**	**2,396**	**1,868**	**1,587**	**3,738**
Undrawn confirmed bank credit facilities		**7,164**	**2,044**	**110**	**799**	**2,261**	**1,730**	**220**

	December 31, 2010							
	Carrying	Contractual maturity of cash outflows / (inflows)						
(in millions of euros)	value	Total	2011	2012	2013	2014	2015	After 2015
Nominal value of borrowings (a)	*11,908*	*11,908*	*3,391*	*2,165*	*2,107*	*1,321*	*366*	*2,558*
Cumulative effect of amortized cost and reevaluation due to hedge accounting	*(6)*	-						
Interest to be paid (b)	-	*1,677*	*382*	*362*	*278*	*220*	*127*	*308*
Borrowings	11,902	13,585	3,773	2,527	2,385	1,541	493	2,866
Commitments to purchase non-controlling interests	6	6	5					1
Derivative financial instruments	95	102	68	32	2			
Borrowings and other financial liabilities	**12,003**	**13,693**	**3,846**	**2,559**	**2,387**	**1,541**	**493**	**2,867**
Cash management financial assets	(508)	(508)	(508)					
Derivative financial instruments	(91)	(91)	(22)	(14)	(30)			(25)
Cash deposits backing borrowings	(21)	(21)	(10)	(11)				
Cash and cash equivalents (c)	(3,310)	(3,310)	(3,310)					
Financial Net Debt	**8,073**	**9,763**	**(4)**	**2,534**	**2,357**	**1,541**	**493**	**2,842**
Undrawn confirmed bank credit facilities		**7,943**	**117**	**2,797**	**2,829**	**-**	**2,200**	**-**

a. Future contractual undiscounted cash flows related to the nominal value of currency borrowings are estimated based on the applicable exchange rate as of December 31, 2011 and December 31, 2010, respectively.

b. Interest to be paid on floating rate borrowings is estimated based on floating rates as of December 31, 2011 and December 31, 2010, respectively.

c. Cash and cash equivalents include cash held outside the United States by the Activision Blizzard's non-American subsidiaries for €1,266 million (compared to €901 million as of December 31, 2010). If these funds are needed in the future to finance American transactions, Activision Blizzard would accrue and pay the required US taxes to repatriate these funds. However, Activision Blizzard's intent is to permanently reinvest these funds outside of the United States and their current business plans do not demonstrate a need to repatriate them to fund their activities in the United States.

Group financing policy

Vivendi's financing policy consists of incurring long-term debt, mainly in bond and banking markets, at a variable rate or fixed rate, in euros, or, depending on general corporate needs, in US dollars.

In 2011, Vivendi applied a constant policy of increasing its debt's average duration and of disintermediation by having recourse in priority to the bond market.

Non-current debts are primarily raised by Vivendi SA, which centralizes the group's financing management, except for Activision Blizzard and Maroc Telecom Group.

In relation to bond financings, Vivendi has a Euro Medium Term Notes program on the Luxembourg Stock Exchange to take advantage of every euro bond market opportunity. Vivendi's bank counterparties must met certain criteria of financial soundness, reflected in their credit rating with Standard & Poor's and Moody's.
In addition, to comply with the rating agencies' new prudential regulations regarding liquidity management, Vivendi arranges the refinancing of all expiring bank credit facilities or bonds one year in advance.

In order to maintain significant cash reserves, Vivendi has confirmed credit facilities which amounted to €12,081 million as of December 31, 2011 (compared to €10,116 million as of December 31, 2010), of which €7,164 million was undrawn (compared to €7,943 million as of December 31, 2010). As of December 31, 2011, Vivendi SA's confirmed credit facilities amounted to €9,000 million (compared to €6,000 million as of December 31, 2010), of which €4,975 million was undrawn (compared to €5,250 million undrawn as of December 31, 2010).

Contractual agreements for credit facilities granted to Vivendi SA do not include provisions that tie the conditions of the loan to its financial ratings from specialized agencies. They contain customary provisions related to events of default and at the end of each half-year, Vivendi SA is notably required to comply with a financial covenant (please refer to Note 22.2). The credit facilities granted to group companies other than Vivendi SA are intended to finance either the general needs of the borrowing subsidiary or specific projects. As of December 31, 2011, there was no restriction on the use of the capital received by the group's companies (including Vivendi SA) which could have a direct or indirect material impact on the group's operations.

Vivendi's long-term credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's); Vivendi's objective is to maintain such credit rating. As of December 31, 2011, the "economic" average term of the group's debt was 4.0 years (unchanged compared to December 31, 2010); it amounted to 4.2 years when taking into account the €1.1 billion bank credit facility set up in January 2012.

In 2011, investments, working capital, and dividend payments were financed by the cash flow from operations, net, asset disposals, and borrowings, if any. For the foreseeable future and based on the current capital market conditions, Vivendi intends to maintain this financing policy for its investments and operations.

Group financing organization

Excluding primarily Activision Blizzard and Maroc Telecom, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) that are not subject to local regulations restricting the transfer of financial assets or (b) that are not subject to other contractual agreements. In particular, the increase to a 100% ownership interest in SFR on June 16, 2011, has enabled Vivendi SA to centralize all of SFR's cash surpluses on a daily basis from July 1, 2011 through a cash pooling account.

Alternatively, in particular at Activision Blizzard and Maroc Telecom, cash surpluses are not pooled by Vivendi SA but rather, as the case may be, distributed as dividends when they are not used to finance investments of the relevant subsidiaries, as common stock repurchases or to reimburse borrowings used to finance their investments. Regarding Activision Blizzard, up until July 9, 2013, the distribution of any dividend by Activision Blizzard requires the affirmative vote of a majority of the independent directors if Activision Blizzard's Financial Net Debt, after giving effect to such dividend, exceeds $400 million.

Taking into account the foregoing, Vivendi considers that the cash flows generated by its operating activities, its cash and cash equivalents and amounts available through its current bank credit facilities will be sufficient to cover its operating expenses and capital expenditures, to service its debt, pay its dividends, as well as finance its investment projects, if any, for the next twelve months.

23.3 Credit and investment concentration risk and counterparty risk management

Vivendi's risk management policy aims at minimizing the concentration of its credit (bank credit facilities, bonds, derivatives) and investment risks as well as counterparty risk, as regards the setting-up of bank credit facilities, derivatives or investments, by entering into transactions with highly rated commercial banks only. Moreover, regarding bond issues, Vivendi distributes its transactions among selected financial investors.
In addition, Vivendi's trade receivables do not represent a significant concentration of credit risk due to its broad customer base, the broad variety of customers and markets, and the geographic diversity of its business operations.

23.4 Equity market risk management

As of December 31, 2011 and as of December 31, 2010, Vivendi's exposure to equity market risk is non significant (approximately €1 million as of December 31, 2011 and December 31, 2010).

Note 24 Consolidated Cash Flow Statement

24.1 Adjustments

(in millions of euros)	Note	Year ended December, 31	
		2011	2010
Items related to operating activities with no cash impact			
Amortization and depreciation of intangible and tangible assets	4	3,441	3,338
Change in provision, net		(130)	(136)
Other non-cash items from EBIT		-	(1)
Other			
Reversal of reserve regarding the Securities Class Action in the United States	27	-	(450)
Other income	4	(1,385)	(53)
Other charges	4	656	358
Proceeds from sales of property, plant, equipment and intangible assets	3	8	9
Adjustments		**2,590**	**3,065**

24.2 Investing and financing activities with no cash impact

In 2011 and 2010, there were no significant investing and financing activities having a cash impact.

Note 25 Transactions with related parties

25.1 Compensation of corporate officers

The compensation of Vivendi's corporate officers is as follows:

- The total gross compensation, including benefits in kind, that the group paid for the full year to the members of the Management Board amounted to €18 million in 2011 (compared to €12 million in 2010), of which €8 million were paid in 2011 with respect to the variable compensation component relating to 2010 (compared to €5 million paid in 2010, with respect to the variable compensation component relating to 2009). This change was notably due to the appointment of Messrs. Lucian Grainge and Amos Genish as members of Vivendi's Management Board as of April 29, 2010 and June 19, 2011, respectively.
- The total charge recorded by the group with respect to share-based compensation plans (stock options and performance shares) granted to the members of the Management Board amounted to €6 million in 2011 (compared to €5 million in 2010).
- The Chairman of the Management Board extended the suspension of his employment contract (which has been suspended since April 28, 2005, the date he was appointed) upon the renewal of his term of office on April 27, 2009 and, at its meeting of February 26, 2009, the Supervisory Board approved the various elements of compensation payable upon the termination of his term of office. These elements were approved at the Annual Shareholders' Meeting of April 30, 2009. The other members of the Management Board hold an employment contract and 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 within Vivendi SA. Under their respective employment contracts, members of the Management Board are entitled to receive, unless terminated for serious misconduct, severance payments. The total estimated amount of these severance payments to be made to Management Board members, if appropriate, was €33 million as of December 31, 2011 (compared to €31 million as of December 31, 2010).
- The total amount of net pension plan obligations to the members of the Management Board amounted to €30 million as of December 31, 2011 and provisions amounted to €13 million (compared to €31 million and €9 million of provisions, respectively, as of December 31, 2010).
- The fixed compensation paid to the Chairman of the Supervisory Board amounted to €700,000 in 2011 (compared to €800,000 prorata in 2010) and the total amount of fees paid to the other members of the Supervisory Board amounted to €1.2 million in 2011 (compared to €1.1 million in 2010).

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

During 2011, Vivendi acquired Vodafone's 44% interest in SFR and completed the sale of its 20% interest in NBC Universal (please refer to Note 2 for further details regarding these transactions): in 2011, Vodafone and NBC Universal were no longer considered as related parties.

As of December 31, 2011, excluding corporate officers, Vivendi's main related parties were those companies over which the group exercises an exclusive or joint control, and companies over which Vivendi exercises a significant influence (please refer to Note 28 for a list of its main

subsidiaries, fully consolidated or accounted for under the equity method), and non-controlling interests that exercise significant influence on group affiliates i.e. the Kingdom of Morocco, which owns 30% of Maroc Telecom Group, and Lagardère, which owns 20% of Canal+ France.

Agreements entered into in 2006 with Lagardère which give Canal+ France the right to broadcast their theme channels on its multi-channel offer for a period of five years have been extended through June 30, 2013.

Note 26 Contractual obligations and other commitments

Vivendi's material contractual obligations and contingent assets and liabilities include:

- contracts entered into, which relate to the group's business 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 the group's scope contracted through acquisitions 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;
- commitments related to the group's financing: borrowings issued as well as management of interest rate, foreign currency and liquidity risks (please refer to Notes 22 and 23); and
- contingent assets and liabilities related 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

		As of December 31, 2011				Total as of December 31, 2010
		Total	Payments due in			
(in millions of euros)	Note		2012	2013-2016	After 2016	
Borrowings and other financial liabilities	23.2.3	17,952	3,849	10,310	3,793	13,693
Content liabilities	10.2	2,148	2,092	52	4	2,124
Subtotal - future minimum payments related to the consolidated statement of financial position items		**20,100**	**5,941**	**10,362**	**3,797**	**15,817**
Contractual content commitments	10.2	5,041	1,929	3,011	101	3,436
Commercial commitments	26.1.1	3,568	2,201	970	397	2,411
Operating leases and subleases	26.1.2	2,589	479	1,271	839	2,620
Subtotal - not recorded in the consolidated statement of financial position		**11,198**	**4,609**	**5,252**	**1,337**	**8,467**
Total contractual obligations and commercial commitments		**31,298**	**10,550**	**15,614**	**5,134**	**24,284**

26.1.1 Off balance sheet commercial commitments

	Minimum future payments as of December 31, 2011				Total - minimum future payments as of December 31, 2010
	Total	Payments due in			
(in millions of euros)		2012	2013 - 2016	After 2016	
Satellite transponders	824	144	475	205	839
Investment commitments (a)	2,522	2,004	338	180	1,373
Other	467	195	260	12	376
Given commitments	**3,813**	**2,343**	**1,073**	**397**	**2,588**
Satellite transponders	(144)	(54)	(90)	-	(79)
Other (b)	(101)	(88)	(13)	-	(98)
Received commitments	**(245)**	**(142)**	**(103)**	**-**	**(177)**
Net total	**3,568**	**2,201**	**970**	**397**	**2,411**

a. Mainly relates to SFR and Maroc Telecom Group:
   - SFR: €1,065 million related to the 4G license which was granted by the Arcep on December 22, 2011 and paid in January 2012 (please refer to Note 13). The total amount also includes €337 million as of December 31, 2011 (compared to €362 million as of December 31, 2010) related to public service delegations. Businesses related to these delegations of public service consist of setting up and operating telecommunication facilities in certain areas of France for local or regional authorities, as delegates.
   - Maroc Telecom SA and its 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 had committed to carrying out a capital expenditure program for a total amount of MAD 10.5 billion (approximately €930 million) over the period May 2009 - May 2012. As of December 31, 2011, the capital expenditure program expired (compared to a capital expenditure program remaining to be spent

for approximately €236 million as of December 31, 2010). These investments, aimed at expanding and modernizing infrastructures, notably included investments dedicated to the coverage of isolated rural and mountainous regions as part of the PACTE universal telecommunications service program. Over 7,300 cities are covered at year-end 2011.

b. Mainly relates to commitments received from Bouygues Telecom to SFR in connection with the agreement to share their investments and fiber-optic horizontal networks in very high density areas.

In 2011, the expense recorded in the Statement of Earnings with respect to service contracts related to satellite transponders amounted to €94 million (compared to €110 million in 2010).

26.1.2 Off balance sheet operating leases and subleases

(in millions of euros)	Minimum future leases as of December 31, 2011				Total - minimum future leases as of December 31, 2010
	Total	Due in			
		2012	2013 - 2016	After 2016	
Buildings (a)	2,409	440	1,183	786	2,379
Other	221	55	107	59	289
Leases	**2,630**	**495**	**1,290**	**845**	**2,668**
Buildings (a)	(41)	(16)	(19)	(6)	(48)
Subleases	**(41)**	**(16)**	**(19)**	**(6)**	**(48)**
Net total	**2,589**	**479**	**1,271**	**839**	**2,620**

a. Mainly relates to offices and technical premises.

As of December 31, 2011, provisions of €17 million were recorded in the Statement of Financial Position with respect to operating leases (compared to €10 million as of December 31, 2010). These provisions mainly related to unoccupied buildings.
In 2011, the net expense recorded in the Statement of Earnings with respect to operating leases amounted to €576 million (compared to €539 million in 2010).

26.2 Other commitments given or received relating to operations

Ref.	Context	Main characteristics (nature and amount)	Expiry
	Contingent liabilities		
(a)	Obligations related to the permission to use the Consolidated Global Profit System	Payment of approximately €5 million annually.	2011
	Individual rights to training for French employees	Approximately 1.3 million hours (approximately 1.5 million hours as of December 31, 2010).	-
	SFR's network coverage commitments related to telecom licenses	Please refer to Note 13.	-
(b)	GSM-R commitments	Bank guarantee, joint and several guarantees with Synérail for a total amount of €66 million (compared to €39 million as of December 31, 2010).	-
	Obligations in connection with pension plans and post-retirement benefits	Please refer to Note 20.	-
(c)	Commitment to contribute to the VUPS pension fund	Guarantee expired in January 2011 (approximately £5 million as of December 31, 2010).	2011
(d)	Other guarantees given	Cumulated amount of €216 million (€152 million as of December 31, 2010).	-
	Contingent assets		
	Various guarantees received	Cumulated amount of €241 million (€209 million as of December 31, 2010).	-

a. By an order dated March 13, 2009, an 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 (Please refer to Note 6.1).

b. On February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) entered into a contract with Réseau Ferré de France regarding the public-private partnership GSM-R. This 15-year contract, valued at approximately €1 billion, covers the financing, building, operation and maintenance of the digital telecommunications network that enables conference mode communications (voice and data) between train drivers and teams on the ground. It will be rolled out gradually until 2015 over 14,000 km of conventional and high-speed railway lines in France.

c. This guarantee, which expired in January 2011, generated 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 operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities (please refer to Note 2.5). In addition, Lagardère's liquidity right regarding its 20% interest in Canal+ France is detailed in Note 26.5 below.

Furthermore, Vivendi and its subsidiaries have granted or received purchase or sale options related to shares in equity affiliates and unconsolidated investments.

26.4 Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent liabilities		
(a)	NBC-Universal transaction (May 2004) and subsequent amendments (2005 - 2010)	- Breaches of tax representations; - Obligation to cover the Most Favored Nation provisions; and - Remedial actions.	- 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)	Takeover 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.	2012
(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; and - Tax and social guarantees with a €162 million cap, expired on January 4, 2011.	2012 2011
(d)	Divestiture of Canal+ Nordic (October 2003)	Specific guarantee capped at €50 million, expired in April 2010	2010
(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 guarantees.	2018
(f)	Divestiture of Sithe (December 2000)	Specific 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 €277 million (€304 million as of December 31, 2010).	2026
	Disposal of PTC shares	Commitments undertaken in order to end litigation over the share ownership of PTC in Poland (please refer to Note 2.3).	-
	Other contingent liabilities	Cumulated amount of €39 million (€48 million as of December 31, 2010).	-
	Contingent assets		
(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, expired in 2010.	2010
(e)	Divestiture of NC Numéricâble (March 2005)	€151 million counter-guaranteed by France Telecom.	2014
(h)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	- Pledge over the cash of the divested companie sold : €40 million (€56 million as of December 31, 2010); - Counter-guarantee provided by the purchaser in the amount of €200 million; and - Additional purchase price for up to €10 million under certain conditions.	-
(i)	Acquisition of Tele2 France by SFR (July 2007)	Commitments on the handling and distribution of audio-visual content (for any claims arising with respect to tax and social matters)	2012
	Acquisition of Kinowelt (April 2008)	- General and specific guarantees regarding movie rights property given by the sellers to EuroMedien Babelsberg GmbH expired in 2011; and - Specific guarantees, notably on film rights were granted by the sellers.	2011 -
(j)	Divestiture of Xfera (2003)	Guarantees amount to €71 million.	-
	Other contingent assets	Cumulated amount of €47 million (€33 million as of December 31, 2010).	-

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 resulting 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 obligations for 50% of every U.S. dollar of loss up to $50 million and for all losses in excess of $50 million relating to liabilities arising out of the Most Favored Nation provisions set forth in certain contracts. As part of the unwinding of IACI's interest in VUE on June 7, 2005, Vivendi's commitments with regard to environmental matters were amended and Vivendi's liability is now subject to a de minimis exception of $10 million and a payment basket of $325 million.

The representations and warranties other than those regarding authorization, capitalization and tax representations terminated on August 11, 2005. Notices of environmental claims related to remediation must be brought by May 11, 2014. Other claims, including those related to taxes, will be subject to applicable statutes of limitations.

The sale of Vivendi's interest in NBC Universal to GE completed on January 25, 2011 did not modify these commitments (please refer to Note 2.2).

b. Approval from the Ministry of Economy, Industry and Employment, dated April 15, 2008, resulted in additional 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 field (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). A detailed summary of the commitments undertaken by the Vivendi group and SFR is available on Vivendi's website.

In addition, following successful completion 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 a thirty-year statute of limitations period, after which time the funds shall be paid to the French State.

Finally, the shares owned in 2011 (in a holding period) by corporate officers and employees of Ex-Neuf Cegetel were subject to reciprocal put and call option agreements with SFR. As of December 31, 2011, SFR had repurchased almost all of these shares (please refer to Note 21.5).

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 Canal+ Group complying with certain undertakings. Without questioning the pay-TV economic model, or the industrial rationale behind the transaction and the benefits to the consumer, these commitments satisfy, more specifically, the following objectives:

- facilitate the television and video-on-demand (VOD) operators' access to attractive audiovisual content rights and, in particular, French and U.S. films and sporting events. To this end, the Canal+ Group undertook, notably, to restrict to a maximum term of three years the duration 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. The tax and social guarantees expired on January 4, 2011.

On October 28, 2009, the French Competition Authority opened an inquiry regarding the implementation of certain undertakings given by Canal+ Group in connection with the combination of TPS Group and Canal Satellite. On September 20, 2011, the Authority issued its decision by withdrawing its decision to approve the transaction and imposing a fine of €30 million on Canal+ Group (the fine was paid in the fourth quarter of 2011). On October 24, 2011, the transaction was re-notified to the Authority and, on November 4, 2011, Vivendi and Group Canal+ filed a motion before the Council of State, requesting the annulment of the Authority's decision.

Moreover, Vivendi granted a counter-guarantee, which will expire on January 4, 2013, in favor of TF1 and M6 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. As of December 31, 2011, the remaining amount of these commitments was not significant.

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 expired in April 2010. 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.

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 relating to cable networks used by NC Numéricâble are included in this maximum amount and are counter-guaranteed by France Telecom up to €151 million.

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 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 relating 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., €277 million, compared to €304 million as of December 31, 2010) 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 €40 million (compared to €56 million as of December 31, 2010) 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 2009, Vivendi received a €40 million payment, 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, on December 31, 2012 (Anthropolis/Grindenwaldweg), on March 31, 2016 (Dianapark) and on December 31, 2016 (Lindencorso).

i. The Share Purchase Agreement dated October 2, 2006 between Tele2 Europe SA and SFR contains representations and warranties which expired on January 20, 2009 except for those relating to 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, by way of 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.

j. Vivendi received guarantees in respect of 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 seeking 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 2011 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, 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.

In addition, Vivendi regularly delivers, at the settlement of disputes and litigations, commitments for damages to third parties, which are typical in such transactions.

26.5 Shareholders' agreements

Under existing shareholders' or investors' agreements (including those relating to Activision Blizzard, Maroc Telecom Group and Canal+ France), Vivendi holds certain rights (such as pre-emptive 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, Vivendi and its subsidiaries have given or received certain rights (pre-emptive and other rights) entitling them to maintain their shareholder's rights.

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 ten 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 representing 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, and 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 2014, 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 entitled to request a public offering of Canal+ France shares.
  On April 15, 2010, Lagardère decided to exercise this liquidity right. As Lagardère and Vivendi had not reached an agreement regarding the sale of its interest, Lagardère decided on July 2, 2010, to launch the Initial Public Offering (IPO) process. On March 16, 2011, Lagardère decided to postpone the IPO relating to its interest in Canal+ France and on the same date reasserted its intention to sell such interest.
  On April 14, 2011, Lagardère informed Vivendi of its intention to exercise its liquidity right for 2011 regarding its 20% interest in Canal+ France. On May 31, 2011, Lagardère confirmed the exercise of its liquidity right in accordance with Article 12.21 of the shareholders agreement. As no agreement was reached with respect to the selling price in the pre-specified timeframe, a new IPO process has been initiated although the schedule for the IPO has yet to be determined.
- 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 stated that some rights and obligations of Vivendi resulting from shareholders' agreements (Maroc Telecom Group, and Cyfra+) may be amended or terminated in the event of a change in control of Vivendi or a tender offer being made for Vivendi. These shareholders' agreements are subject to confidentiality provisions.

26.6 Collaterals and pledges

As of December 31, 2011, the amount of the group's assets that were pledged or mortgaged for the benefit of third parties was €203 million (compared to €151 million as of December 31, 2010). This amount primarily includes GVT's pledged assets with respect to judicial guarantees for various litigations.

(in millions of euros)	December 31, 2011	December 31, 2010
On intangible assets	12	21
On tangible assets	52	57
On financial assets	131	65
On cash	8	8
Total	**203**	**151**

Moreover, Vivendi has no guarantees from third parties in respect of any of its receivables outstanding as of December 31, 2011 nor did it have any as of December 31, 2010.

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 are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi’s best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings. As of December 31, 2011, provisions recorded by Vivendi for all claims and litigations amounted to €479 million in 2011, compared to €443 million in 2010 (please refer to Note 19).

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's and on its group’s financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 28, 2012, the date of the Management Board meeting held to approve Vivendi’s financial statements for the year ended December 31, 2011.

Trial of Vivendi’s former officers in Paris

In October 2002, the financial department of the Paris Public Prosecutor's office (*Parquet de Paris)* launched an investigation into the publication of allegedly false or misleading information regarding the financial situation and forecasts of the company and the publication of allegedly untrue or inaccurate financial statements for the fiscal years 2000 and 2001. Additional charges were brought in this investigation relating to purchases by the company of its own shares between September 1, 2001 and December 31, 2001, following filing by the AMF of a report of its investigations with the Parquet de Paris on June 6, 2005. Vivendi joined the proceedings as a civil party.

On January 23, 2009, the Public Prosecutor transmitted to the judge and civil parties a final prosecutor’s decision to dismiss the charges in respect of all matters under investigation. On October 16, 2009, the Judge ordered all parties to appear at trial before the Criminal Court.

The charges of disclosure and publication of untrue or inaccurate financial statements were rejected by the Judge. The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*). The Public Prosecutor asked the Court to drop the charges against the defendants.

On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Messier and Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi officers as well as some civil parties appealed the decision.

On January 7, 2010, Philippe Foiret summoned Vivendi and Veolia to appear before a Criminal Court in an attempt to hold them liable for the offences committed by their former managers. On January 27, 2012, the Criminal Court dismissed Mr. Foiret’s application.

Securities Class Action in the United States

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

The plaintiffs allege that, between October 30, 2000 and August 14, 2002, the defendants violated certain provisions of the US Securities Act of 1933 and US Securities Exchange Act of 1934, particularly with regard to financial communications. On January 7, 2003, the plaintiffs filed a consolidated class action suit that may benefit potential groups of shareholders.

On March 22, 2007, the Court decided, concerning the procedure for certification of the potential claimants as a class (“class certification”), that persons from the United States, France, England and the Netherlands who purchased or acquired shares or American Depositary Receipts (ADRs) of Vivendi (formerly Vivendi Universal SA) between October 30, 2000 and August 14, 2002, could be included in the class.

Following the class certification decision of March 22, 2007, 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. 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 from the class action.

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 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.

On June 24, 2010, the US Supreme Court, in a very clear statement, ruled, in the Morrison v. National Australia Bank case, that American securities law only applies to "the purchase or sale of a security listed on an American stock exchange", and to "the purchase or sale of any other security in the United States."

In a decision dated February 17, 2011 and issued on February 22, 2011, the Court, in applying the "Morrison" decision, confirmed Vivendi's position by dismissing the claims of all purchasers of Vivendi's ordinary shares on the Paris stock exchange and limited the case to claims of French, American, British and Dutch purchasers of Vivendi's ADRs on the New York Stock Exchange. The Court denied Vivendi's post-trial motions challenging the jury's verdict. The Court also declined to enter a final judgment, as had been requested by the plaintiffs, saying that to do so would be premature and that the process of examining individual shareholder claims must take place before a final judgment could be issued. On March 8, 2011, the plaintiffs filed a petition before the Second Circuit Court of Appeals seeking to appeal the decision rendered on February 17, 2011. On July 20, 2011, the Court of Appeals denied the petition and dismissed the claim of purchasers who acquired their shares on the Paris stock exchange.

In a decision dated January 27, 2012 and issued on February 1, 2012, the Court, in applying the Morrison decision, also dismissed the claims of the individual plaintiffs who purchased ordinary shares of the company on the Paris stock exchange.

Vivendi believes that it has solid grounds for an appeal at the appropriate times. Vivendi intends to challenge, among other issues, the plaintiffs' theories of causation and damages and, more generally, certain decisions made by the judge during the conduct of the trial. Several aspects of the verdict will also be challenged.

On the basis of the verdict rendered on January 29, 2010, and following an assessment of the matters set forth above, together with support from studies conducted by companies specializing in the calculation of class action damages and in accordance with the accounting principles described in Notes 1.3.1 (Use of Estimates) and 1.3.8 (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 plaintiffs. Vivendi re-examined the amount of the reserve related to the Securities class action litigation in the United States, given the District Court for the Southern District of New York decision on February 17, 2011, which followed the US Supreme Court's decision on June 24, 2010 in the Morrison case. Using the same methodology and the same valuation experts as in 2009, Vivendi re-examined the amount of the reserve and set it at €100 million as of December 31, 2010, in respect of the damages, if any, that Vivendi might have to pay solely to shareholders who have purchased ADRs in the United States. Consequently, as of December 31, 2010, Vivendi recognized a €450 million reversal of reserve, compared to an accrual of €550 million as of December 31, 2009.

Vivendi considers that this provision and the assumptions on which it is based may require further amendment as the proceedings progress and, consequently, the amount of damages that Vivendi might have to pay the plaintiffs could differ from the current estimate. 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.

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi, Messrs. Messier and Hannezo in the District Court for the Southern District of New York for claims arising out of a merger agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Securities Act of 1933 and US Exchange Act of 1934. Liberty Media seeks rescission damages. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009. Pre-trial hearings will be held on March 6 and March 13, 2012, during which the judge will rule on several motions, including one on the question of whether the plaintiff may take advantage of the verdict rendered by the class action jury with respect to Vivendi's liability (theory of "collateral estoppel"). The trial is currently scheduled to commence on May 8, 2012.

LBBW et al against Vivendi

On March 4, 2011, twenty-six institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002.

Vivendi Deutschland against FIG

Further to a claim filed by CGIS BIM (a subsidiary of Vivendi) against FIG to obtain the release of part of a payment remaining due pursuant to a buildings sale contract, FIG obtained, on May 29, 2008, the annulment of the sale following a judgment of the Berlin Court of Appeal, which overruled a judgment rendered by the Berlin High Court. CGIS BIM was ordered to repurchase the buildings and to pay damages. Vivendi delivered a guarantee so as to pursue settlement negotiations. As no settlement was reached, on September 3, 2008, CGIS BIM challenged the validity of the reasoning of the judgment. 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. On June 12, 2009, FIG appealed that decision. On December 16, 2010, the Berlin Court of Appeal rejected FIG's appeal and confirmed the decision of the Regional Berlin Court in April 2009, which decided in CGIS's favor and confirmed the invalidity of the reasoning of the judgment and therefore overruled the order for CGIS BIM to repurchase the building and pay damages and interest. This decision is now final. In parallel, FIG filed a second claim for additional damages in the Berlin Regional Court which was served on CGIS on March 3, 2009. The Court, which had previously suspended this proceeding, has scheduled a hearing for the second half of 2012.

Vivendi's complaint against France Télécom before the European Commission for abuse of a dominant position

On March 2, 2009, Vivendi and Free jointly filed a complaint against France Télécom before the European Commission (the "Commission"), for abuse of a dominant position. Vivendi and Free allege that France Télécom 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. On September 17, 2010, Vivendi filed an appeal before the Court of First Instance of the European Union in Luxemburg.

Complaint against France Télécom and Orange before the French Competition Authority

On August 9, 2010, SFR filed a complaint before the French Competition Authority against France Télécom and Orange for anti-competitive practices on the professional mobile market. This case is under investigation.

Tenor against Groupe SFR Cegetel, Groupe France Telecom and Bouygues Télécom

Tenor (a fixed operators association, which became ETNA) brought a claim before the French Competition Council alleging anti-competitive practices by France Télécom, Cegetel, SFR and Bouygues Telecom in the telecommunications sector. On October 14, 2004, the French Competition Council fined SFR, among others, for abuse of dominant position. On November 20, 2004, SFR filed an appeal. On April 12, 2004, the Court of Appeal overturned the decision of the Competition Council, having decided that the allegations were not proven. On April 29, 2005, ETNA appealed against that ruling before the French Supreme Court. On May 10, 2006, the Supreme Court overruled the decision of the Court of Appeal stating that the Court of Appeal should have examined whether the alleged practices had an adverse impact on competition. On April 2, 2008, the second Court of Appeal denied the requests made by SFR. On April 30, 2008, SFR appealed to the Supreme Court. On March 3, 2009, the Supreme Court reversed the Court of Appeal's decision dated April 2, 2008, considering that "price scissoring" practices may not, as such, constitute anti-competitive practices. On January 27, 2011, the Court of Appeal overruled the decision of the Competition Council stating that the grievances against SFR and France Telecom have not been proven. The Court ordered the amount of the fine imposed by the Competition Council to be reimbursed. On February 24, 2011, the French Competition Authority appealed the decision to the French Supreme Court. This appeal was dismissed on January 17, 2012.

Complaint lodged with the French Competition Authority by Orange Réunion, Orange Mayotte and Outre Mer Telecom against Société Réunionnaise du Radiotéléphone (SRR)

Orange Réunion and Orange Mayotte filed a complaint against SRR (an SFR subsidiary) for alleged discriminatory practices. On September 15, 2009, the French Competition Authority imposed temporary protective measures on SRR, requiring it to propose to its subscribers offers which do not discriminate based on the network used, except where they reflect the differences in costs amongst the network operators. On August 18, 2011, the French Competition Authority provided SRR with a report stating that SRR had not complied with the order and, on January 24, 2012, the French Competition Authority ordered SRR to pay a fine of two million euros. The investigation is ongoing.

Complaint lodged with the French Competition Authority by Outremer Telecom against Société Réunionnaise du Radiotéléphone (SRR), France Télécom and Mauritius Telecom

On September 23, 2010, Outremer Telecom filed a complaint before the French Competition Authority and sought protective measures. It alleges that SRR, France Télécom and Mauritius Telecom have entered into an illegal agreement as part of the submarine cable project, LION, in the Indian Ocean. Outremer Telecom has since withdrawn its complaint.

Complaint of Bouygues Telecom against SFR and Orange in connection with the call termination and mobile markets

Bouygues Telecom brought a claim before the French Competition Council against SFR and Orange for certain alleged unfair trading practices in the call termination and mobile markets ("price scissoring"). On May 15, 2009, the French Competition Authority ("the Authority") resolved to postpone its decision on the issue and remanded the case for further investigation. On December 13, 2010, SFR was heard on these allegations

by the instructing magistrate. On August 18, 2011, SFR received a notification of grievances in which the Authority noted the existence of abusive price discrimination practices.

SFR against France Télécom

On August 10, 2011, France Télécom filed a claim against SFR before the Paris Commercial Court. France Telecom asked the Court to compel SFR to stop the overflow traffic at the point of interconnection of their respective networks.

Metro Goldwyn Mayer against Groupe Canal+ and others

In 1996, the TPS Group (TPS) entered into an output agreement with Metro Goldwyn Mayer Inc. (MGM), relating to the broadcasting rights for MGM's catalog. This agreement had an initial term of five years and was thereafter renewed for an additional five-year period before being terminated on December 31, 2006. The agreement provided MGM with the right to renew the contract for a new five-year period if TPS merged with another satellite operator before the termination of the agreement. Following the announcement of the merger between TPS and Canal+ France, MGM notified TPS in September 2006 that it would exercise its renewal option and extend the agreement through December 31, 2011. TPS challenged this renewal based on the fact that the merger effectively occurred in January 2007, after the termination of the agreement. In April 2007, MGM filed a complaint against Canal + France, Canal+ Distribution SAS, as successor to TPS, and Groupe Canal+, with the District Court of New York seeking, among other things, damages for breach of contract. On July 21, 2011, the parties entered into a settlement agreement.

Parabole Réunion matter

In July 2007, the group Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, the Canal+ Group was prohibited, under fine, from allowing the broadcast of these channels by third parties, unless it offered to Parabole Réunion the replacement of these channels with other similarly attractive channels, to be distributed on an exclusive basis. Groupe Canal+ appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal reversed the judgment and dismissed Parabole Réunion's main claims against Groupe Canal+. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion.

In parallel with the foregoing proceedings, on October 21, 2008, Parabole Réunion and its shareholders filed a claim against Canal Réunion, Canal Overseas, CanalSatellite Réunion, Canal+ France, Groupe Canal+ and Canal+ Distribution, seeking the enforcement of the agreement entered into on May 30, 2008, pursuant to which the companies would combine their TV channel broadcasting activities in the Indian Ocean. The execution of this agreement was contingent upon the satisfaction of certain conditions precedent. As these conditions were not satisfied, the agreement became null and void. On June 15, 2009, the Commercial Court rejected Parabole Reunion's claim. Parabole Réunion appealed this decision and the appeal was denied. On May 23, 2011, Parabole Réunion appealed to the Supreme Court.

Parabole Réunion also brought various proceedings seeking to obtain a statement recognizing the maintaining of the TPS Foot channel, among others, before the High Court of Nanterre. On September 16, 2010, the Versailles Court of appeal rejected Parabole Réunion's application. Parabole Réunion appealed the decision before the French Supreme Court and this appeal was dismissed on January 6, 2012.

Action brought by the French Competition Authority regarding practices in the pay-TV sector

On January 9, 2009, further to its voluntary investigation and a complaint by France Télécom, the French Competition Authority sent Vivendi and Groupe Canal+ a notification of allegations. 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+ have each denied these allegations.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties and certain other allegations in respect of Groupe Canal+. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Groupe Canal+'s exclusive distribution rights on channels broadcast by the group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On December 17, 2010, France Télécom appealed the decision before the Court of Appeal. Vivendi and Groupe Canal+ joined these appeal proceedings. On July 15, 2011, France Télécom withdrew its application for an annulment of the decision of the Competition Authority.

Inquiry into the implementation of certain undertakings given in connection with the combination of Canal Satellite and TPS

The French Competition Authority opened an inquiry regarding the implementation of certain undertakings given by Vivendi and Group Canal+ in connection with the combination of TPS and Canal Satellite.

On September 20, 2011, the French Competition Authority rendered a decision in which it established that Group Canal+ had not complied with certain undertakings – some it considered essential – on which depended the decision authorizing in 2006 the acquisition of TPS and Canal Satellite by Vivendi and Group Canal+. As a consequence, the French Competition Authority withdrew the merger authorization, requiring

Vivendi and Group Canal+ to re-notify the transaction to the French Competition Authority within one month. Furthermore, the Authority ordered Group Canal+ to pay a €30 million fine. On October 24, 2011, the operation was re-notified to the French Competition Authority.

On November 4, 2011, Vivendi and Group Canal+ filed a motion before the French Council of State (*Conseil d'Etat*), requesting the annulment of the decision.

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. The motion to dismiss filed by the defendants was granted by the Federal Court, on October 9, 2008, but this decision was reversed by the Second Circuit Court of Appeals on January 13, 2010. Defendants filed a motion for rehearing which was denied. They filed a petition with the US Supreme Court which was rejected on January 10, 2011.

FBT & Eminem against UMG

On May 21, 2007, FBT (the label owned by Eminem) filed suit against UMG claiming breach of contract in connection with the production of an album and requesting that the court order additional payment of royalties for on-line sales of music downloads and ringtones.

On March 6, 2009, the Los Angeles Court dismissed FBT's claims and FBT appealed. The Court of Appeal overturned the lower court's decision. On March 21, 2011, the U.S. Supreme Court, without ruling on the merits of the case, refused to hear an appeal from UMG, which is within its judicial discretion. A trial relating to damages will be held in the first half of 2012.

Studio Infinity Ward, subsidiary of Activision Blizzard

After concluding an internal human resources inquiry into breaches of contract and insubordination by two senior employees at Infinity Ward, Activision Blizzard terminated the employment of Jason West and Vince Zampella on March 1, 2010. On March 3, 2010, West and Zampella filed a complaint against Activision Blizzard in the Los Angeles Superior Court for breach of contract and wrongful termination. On April 9, 2010, Activision Blizzard filed a cross complaint against West and Zampella, asserting claims for breach of contract and fiduciary duty. In addition, 38 current and former employees of Infinity Ward filed a complaint against Activision Blizzard in the Los Angeles Superior Court on April 27, 2010 for breach of contract and violation of the Labor Code of the State of California. On July 8, 2010, an amended complaint was filed which added a further seven plaintiffs. They claim that the company failed to pay bonuses and other compensation allegedly owed to them.

On December 21, 2010, Activision Blizzard filed a consolidated cross complaint to add Electronic Arts as a party, the discovery having shown the complicity of Electronic Arts in the case. The Los Angeles Court, following Activision Blizzard's request, agreed to transfer the case to the Complex Division. The trial is scheduled to take place on May 7, 2012.

Activision Blizzard does not expect these two lawsuits to have a material impact on the company.

Telefonica against Vivendi in Brazil

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo). The company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of 15 million Brazilian reais (approximately €6.7 million) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. In its written defense, Vivendi refuted point by point each of TELESP's claims. At the beginning of September, 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012.

Inquiries in Brazil

On July 19, 2011, the Public Prosecutor of the State of Paraná decided to close its inquiry into the acquisition of GVT by Vivendi in November 2009. In the decision, the Public Prosecutor particularly underlined that there was no element proving any loss for GVT's shareholders who obtained, on the contrary, a profit with the transaction. This decision was confirmed by the Federal Prosecutor on September 30, 2011.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (Sao Paulo stock exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi notes that this poison pill provision was waived by a GVT Shareholders' general meeting in the event of an acquisition by Vivendi or Telefonica.

Actions related to the ICMS tax

GVT is party in various Brazilian States to several proceedings concerning the recovery of the "ICMS" tax on its Internet and Broadband services. ICMS (Impostos Sobre Circulaçãos de Mercadorias e Prestaçãos de Serviços) is a tax on operations relating to the circulation of goods and the supply of transport, communication and electricity services.

To date, the court decisions rendered in several States have been favorable to GVT, but the Brazilian Federal Supreme Court (Superior Tribunal de Justiça) has not yet ruled on this issue.

On August 5, 2011, Confaz, the national council in charge of coordinating the tax policies of the Brazilian States, published a draft proposal that, if accepted by each State concerned, would allow companies (like GVT) that dispute the recovery of ICMS on Internet and Broadband services to enter into negotiations with the objective of settling the past disputes and clarifying the rules applicable to future operations. As of today, GVT has reached agreement with a dozen states including the States of Paraná, Rio Grande do Sul, the Federal District, Minas Gerais and Santa Catarina.

In addition, GVT is a party to litigation in various Brazilian States concerning the application of the ICMS tax on voice telecommunication services. GVT argues that the ICMS tax should not apply to monthly plans. Of the eighteen proceedings initiated by GVT, all have resulted in decisions favorable to GVT and nine are no longer subject to appeal.

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 were initiated against all the telecommunications operators in Brazil, including GVT, with a view to preventing invoices from being increased by taxes known as "PIS" (Programa de Integraçãos Social) and "COFINS" (Contribuição para Financiamento da Seguridade Social), which are federal taxes that apply to revenue from the provision of telecommunications services. GVT believes that the arguments in its defense have a stronger basis than those of the historic operators insofar as GVT operates pursuant to a more flexible license that allows it to set its own tariffs.

Note 28 Major consolidated entities or entities accounted under equity method

As of December 31, 2011, approximately 590 entities were consolidated or accounted for using the equity method (compared to approximately 530 entities as of December 31, 2010).

C: Consolidated; E: Equity.

	Note	Country	December 31, 2011			December 31, 2010		
			Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi S.A.		**France**	**Parent company**			**Parent company**		
Activision Blizzard, Inc. (a)	18	**United States**	**C**	**60%**	***60%***	**C**	**52%**	***61%***
Activision Publishing, Inc		United States	C	100%	*60%*	C	100%	*61%*
Infinity Ward Inc.		United States	C	100%	*60%*	C	100%	*61%*
Sledgehammer Games Inc		United States	C	100%	*60%*	C	100%	*61%*
Blizzard Entertainment, Inc.		United States	C	100%	*60%*	C	100%	*61%*
ATVI C.V.		Netherlands	C	100%	*60%*	C	100%	*61%*
Coöperatie Activision Blizzard International U.A.		Netherlands	C	100%	*60%*	C	100%	*61%*
Blizzard Entertainment S.A.S.		France	C	100%	*60%*	C	100%	*61%*
Activision Blizzard UK Limited		United Kingdom	C	100%	*60%*	C	100%	*61%*
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%*
Vevo		United States	E	50%	*50%*	E	50%	*50%*
SIG 104 (b)		France	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%*
Universal Entertainment GmbH		Germany	C	100%	*100%*	C	100%	*100%*
Universal Music LLC		Japan	C	100%	*100%*	C	100%	*100%*
Universal Music France S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Universal Music Holdings Limited		United Kingdom	C	100%	*100%*	C	100%	*100%*
SFR Société Française du Radiotéléphone S.A.	2.1	**France**	**C**	**100%**	***100%***	**C**	**56%**	***56%***
Société Réunionnaise du Radiotéléphone S.C.S.		France	C	100%	*100%*	C	100%	*56%*
Société Financière de Distribution S.A.		France	C	100%	*100%*	C	100%	*56%*
5 sur 5 S.A.		France	C	100%	*100%*	C	100%	*56%*
La Poste Telecom	2.4	France	E	49%	*49%*	-	-	-
Maroc Telecom S.A.		**Morocco**	**C**	**53%**	***53%***	**C**	**53%**	***53%***
Mauritel S.A.		Mauritania	C	51%	*22%*	C	51%	*22%*
Onatel S.A.		Burkina Faso	C	51%	*27%*	C	51%	*27%*
Gabon Telecom S.A.		Gabon	C	51%	*27%*	C	51%	*27%*
Sotelma S.A.		Mali	C	51%	*27%*	C	51%	*27%*
Global Village Telecom (Holding) S.A.		**Brazil**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Global Village Telecom Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
POP Internet Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
Innoweb Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
Canal+ Group S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Canal+ France S.A.		France	C	80%	*80%*	C	80%	*80%*
Société d'Edition de Canal Plus (c)		France	C	49%	*39%*	C	49%	*39%*
MultiThématiques S.A.S.		France	C	100%	*80%*	C	100%	*80%*
TPS Star S.N.C.		France	C	100%	*80%*	C	100%	*80%*
Canal+ Overseas S.A.S.		France	C	100%	*80%*	C	100%	*80%*
Canal+ Distribution S.A.S.		France	C	100%	*80%*	C	100%	*80%*
StudioCanal S.A.		France	C	100%	*100%*	C	100%	*100%*
N'Wave Studios S.A.		Belgium	C	100%	*50%*	E	25%	*25%*
Tandem Communications	2.4	Germany	C	100%	*51%*	-	-	-
Cyfra+		Poland	C	75%	*75%*	C	75%	*75%*
Vietnam (d)		Vietnam	C	49%	*49%*	C	49%	*49%*
NBC Universal	2.2	**United States**	**-**	-	-	**E**	**12%**	***12%***
Other								
See Tickets	2.4	United Kingdom	C	100%	*100%*	-	-	-
Digitick		France	C	92%	*92%*	C	92%	*80%*
Vivendi Mobile Entertainment		France	C	100%	*100%*	C	100%	*100%*
Wengo		France	C	100%	*100%*	C	100%	*100%*
Elektrim Telekomunikacja	2.3	Poland	C	100%	*100%*	C	51%	*51%*
Polska Telefonia Cyfrowa (PTC)	2.3	Poland	-	-	-	-	-	-

a. Vivendi consolidates Activision Blizzard and its subsidiaries because it holds the right to appoint a majority of members to Activision Blizzard's board of directors and thus has the power to govern Activision Blizzard's financial and operational policies in order to obtain benefits from its operations. Until 2013, the approval of certain matters by the Activision Blizzard board of directors requires the affirmative vote of a majority of the votes present or otherwise able to be cast by the board and at least a majority of the independent directors of the board. However, until 2013, the distribution of any dividend by Activision Blizzard 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, exceeds $400 million. Moreover, due to Activision Blizzard's stock repurchase program, the exercise of stock options, restricted stocks, and other dilutive instruments by Activision's employees, Vivendi's ownership interest in Activision Blizzard may fluctuate from time to time.

b. In October 2010, SIG 104 acquired Centenary Holding BV, in connection with an intergroup transfer of UMG's non-American subsidiaries.

c. In 2011, Canal+ SA was renamed Société d'Edition de Canal Plus. 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 this company via Canal+ Distribution S.A.S. Indeed, Canal+ Distribution, wholly-owned by Vivendi, guarantees this company's results in return for exclusive commercial rights to its subscriber base.

d. This company is held 49% by Canal+ Group and 51% by VCTV, a VTV subsidiary (the Vietnamese public television company). This company has been consolidated by Vivendi given that Canal+ Group has both operational and financial control over it due to a general delegation that was granted by the majority shareholder and to the company's bylaws.

Note 29 Statutory auditors fees

Fees paid by Vivendi SA to its statutory auditors and members of their firms in 2011 and 2010 were as follows:

	KPMG S.A.				Ernst & Young et Autres				Total	
	Amount		Percentage		Amount		Percentage			
(in millions of euros)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.7	0.9	14%	14%	0.9	1.2	11%	15%	1.6	2.1
Fully consolidated subsidiaries	3.5	3.4	68%	53%	5.0	5.6	64%	72%	8.5	9.0
Other work and services directly related to the statutory audit										
Issuer	0.1	0.1	2%	2%	0.6	0.1	8%	1%	0.7	0.2
Fully consolidated subsidiaries	0.6	1.2	12%	19%	1.0	0.7	13%	9%	1.6	1.9
Subtotal	4.9	5.6	96%	88%	7.5	7.6	96%	97%	12.4	13.2
Other services provided by the network to fully consolidated subsidiaries										
Legal, tax and social matters	0.1	0.2	2%	3%	0.1	-	1%	-	0.2	0.2
Other	0.1	0.6	2%	9%	0.2	0.2	3%	3%	0.3	0.8
Subtotal	0.2	0.8	4%	12%	0.3	0.2	4%	3%	0.5	1.0
Total	**5.1**	**6.4**	**100%**	**100%**	**7.8**	**7.8**	**100%**	**100%**	**12.9**	**14.2**

Note 30 Subsequent events

The main events that occurred between December 31, 2011 and February 28, 2012, the date of the Management Board meeting that approved the financial statements for the fiscal year 2011 are as follows:

- On January 10, 2012, Vivendi raised €1,250 million through a bond issue (please refer to Note 22); and
- In a ruling dated January 27, 2012, and issued on February 1, 2012, the United States District Court for the Southern District of New York dismissed claims by individual shareholders who had purchased ordinary shares of Vivendi on the Paris Stock Exchange (please refer to Note 27).