2007

Statutory Financial Statements
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2007 Statutory Financial Statements

Section 1 Statutory Auditors' Report on the Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us at your general meetings, we hereby report to you, for the year ended December 31, 2007, on:

- the audit of the accompanying financial statements of Vivendi SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements based on our audit.

1. Opinion on the Financial Statements

We conducted our audit in compliance with the auditing standards generally accepted 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the Company's financial position and its assets and liabilities and of the results of its operations for the year then ended in accordance with the accounting principles generally accepted in France.

2. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code relating to the justification of our assessments, we draw attention to the following matters:

Accounting policies

In the notes to the financial statements, Note 1 describes the accounting policies relating to accounting for equity investments, provisions and staff benefit plans.

As part of our assessment of the accounting policies implemented by your company, we verified that the information presented in the notes to the financial statements was appropriate to the company's circumstances and consistently applied.

Accounting estimates

Your company recognizes provisions for impairment loss when the carrying amount of its financial assets exceeds their value in use. The value in use is defined as the estimate of the future economic benefits that will be generated by using the asset or selling it. Based on the information available at the date of this report, we have assessed and examined on a test basis the accounting principles used by your company. We have also assessed the significant estimates and have ensured that the assumptions and the subsequent judgements made by your management are reasonable.

Our assessments were an integral part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion expressed in the first part of this report.

Section 1 Statutory Auditors' Report on the Financial Statements

3. Specific verifications and information

In accordance with the auditing standards generally accepted in France, we have also performed the specific verifications required by law.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the 2007 Annual Report, and in the documents addressed to the shareholders with respect to the financial position and the financial statements.
- the fair presentation of the information disclosed in the 2007 Annual Report regarding the compensation and benefits granted to certain executive officers and the commitments given to them when they are appointed, or retire or change post.

In accordance with French law, we have ascertained that the information relating to the acquisition of shares and controlling interests and the identity of the shareholders has been included in the 2007 Annual Report.

Paris La Défense and Neuilly sur Seine, February 28, 2008

The Statutory Auditors

Salustro Reydel Member of KPMG International		Ernst & Young et Autres
Marie Guillemot	Benoît Lebrun	Dominique Thouvenin
Partner	Partner	Partner

Section 2 2007 Statutory Financial Statements

2.1. Statement of Earnings

(in millions of euros)	Note	2007	2006
Operating income			
Total revenues	2	**91.6**	**113.8**
Reversal of provisions and expense reclassifications	2	20.3	39.5
Other income		0.9	2.2
Total I		**112.8**	**155.5**
Operating expenses			
Other purchases and external charges	2	114.1	161.5
Duties and taxes other than income tax	2	6.5	23.3
Wages and salaries		35.4	35.5
Social security contributions		13.1	13.2
Depreciation, amortization and charges to provisions			
On intangible assets and PP&E: amortization and depreciation		7.8	9.5
On current assets: depreciation			1.3
For contingencies and losses: charges to provisions		1.7	
Other expenses		2.4	1.4
Total II		**181.0**	**245.7**
Earnings from operations (I-II)		**(68.2)**	**(90.2)**

Section 2 2007 Statutory Financial Statements

(in millions of euros)	Note	2007	2006
Financial income			
From subsidiaries and affiliates		2,023.6	927.5
From other securities and long-term receivables		127.5	134.3
Other interest and similar income		141.1	145.2
Reversal of provisions and expense reclassifications		364.3	2,918.0
Foreign exchange gains		775.6	1,289.3
Net proceeds from the sale of marketable securities		72.8	32.1
Total III		**3,504.9**	**5,446.4**
Financial expenses			
Amortization and charges to financial provisions		1,461.7	862.7
Interest and similar charges		265.8	276.9
Foreign exchange losses		792.3	1,283.1
Net expenses on the sale of marketable securities		0.6	14.0
Total IV		**2,520.4**	**2,436.7**
Net financial income / (loss) (III-IV)	3	**984.5**	**3,009.7**
Earnings from ordinary activities before tax (I-II + III-IV)		**916.3**	**2,919.5**
Exceptional income			
From non-capital transactions		75.3	18.1
From capital transactions		2,828.9	9,915.1
Reversals of provisions and expense reclassifications		673.4	168.3
Total V		**3,577.6**	**10,101.5**
Exceptional expenses			
On non-capital transactions		27.1	115.9
On capital transactions		3,380.2	9,225.0
Exceptional depreciation, amortization and charges to provisions		161.2	7.9
Total VI		**3,568.5**	**9,348.8**
Net exceptional items (V-VI)	4	**9.1**	**752.7**
Employee profit-sharing (VII)			
Income tax (credit) (VIII)	5	**579.0**	**740.2**
Total income (I + III + V + VIII)		**7,774.3**	**16,443.6**
Total expenses (II + IV + VI + VII)		**6,269.9**	**12,031.2**
Earnings for the year		**1,504.4**	**4,412.4**

Section 2 2007 Statutory Financial Statements

2.2. Statement of Financial Position

Assets (in millions of euros)	Note	Gross	Depreciation, amortization and provisions	Net 31/12/2007	Net 31/12/2006
Non-current assets					
Intangible assets	6	**13.8**	**12.6**	**1.2**	**1.6**
Preliminary expenses					
Concessions and similar rights					
Other intangible assets		13.8	12.6	1.2	1.6
Property, plant and equipment	6	**60.4**	**55.1**	**5.3**	**9.7**
Land					
Buildings and improvements		0.1		0.1	
Industrial and technical plant		0.4	0.3	0.1	0.1
Other PP&E		58.2	53.5	4.7	9.0
Concession PP&E		1.7	1.3	0.4	0.6
Long-term investments (a)	7	**39,326.4**	**3,726.9**	**35,599.5**	**35,780.6**
Investments in affiliates		37,046.4	2,760.2	34,286.2	34,102.6
Long-term portfolio securities		209.6		209.6	164.6
Loans to subsidiaries and affiliates		1,849.9	851.9	998.0	753.9
Other long-term investment securities		109.9	109.3	0.6	32.3
Loans		15.6	4.9	10.7	21.5
Other		95.0	0.6	94.4	705.7
Total I		**39,400.6**	**3,794.6**	**35,606.0**	**35,791.9**
Current assets	9				
Inventories and WIP					
Receivables (b)		**3,160.3**	**394.3**	**2,766.0**	**3,049.4**
Trade accounts receivable and related accounts		36.1		36.1	13.0
Other receivables		3,124.2	394.3	2,729.9	3,036.4
Marketable securities		**1,215.6**	**2.6**	**1,213.0**	**1,728.8**
Treasury shares	8	1.9		1.9	1.9
Other securities		1,213.7	2.6	1,211.1	1,726.9
Cash at bank and in hand		**151.7**		**151.7**	**323.5**
Prepayments (b)		**233.2**		**233.2**	**249.2**
Total II		**4,760.8**	**396.9**	**4,363.9**	**5,350.9**
Deferred charges (III)	11	**5.1**		**5.1**	**7.2**
Unrealized foreign exchange losses (IV)	12				**44.6**
Total assets (I + II + III + IV)		**44,166.5**	**4,191.5**	**39,975.0**	**41,194.6**
(a) Portion due within less than one year				121.1	730.5
(b) Portion due within more than one year				4.0	243.5

Section 2 2007 Statutory Financial Statements

Equity And Liabilities (in millions of euros)	Note	31/12/2007	31/12/2006
Equity	13		
Share capital		6,406.1	6,363.7
Additional paid-in capital		12,145.9	11,529.6
Reserves			
Legal reserve		636.4	634.4
Other reserves		11,215.9	3.2
Retained earnings		2,200.0	10,389.7
Earnings for the year		1,504.4	4,412.4
Net equity		**34,108.7**	**33,333.0**
Tax-driven provisions			
Total I		**34,108.7**	**33,333.0**
Equity equivalents			
Total II			
Provisions	14	416.4	610.1
Total III		**416.4**	**610.1**
Liabilities (a)			
Convertible and other bond issues	15	2,987.5	3,692.5
Bank borrowings (b)	15	298.4	665.9
Other borrowings	15	2,076.9	2,809.1
Trade accounts payable and related accounts		25.4	36.5
Tax and employee-related liabilities		25.8	36.9
Amounts payable in respect of PP&E and related accounts		17.2	
Other liabilities		14.9	5.5
Deferred income		2.8	5.1
Total IV		**5,448.9**	**7,251.5**
Unrealized foreign exchange gains (V)		**1.0**	
Total equity and liabilities (I + II + III + IV + V)		**39,975.0**	**41,194.6**
(a) Portion due within more than one year		2,661.9	2,956.8
Portion due within less than one year		2,787.0	4,294.7
(b) Including current bank facilities and overdrafts		149.4	323.5

Section 2 2007 Statutory Financial Statements

2.3. Statement of Cash Flows

(in millions of euros)	2007	2006
Earnings for the year	1,504.4	4,412.4
Elimination of non-cash income and expenses		
Charges to depreciation and amortization	7.7	9.5
Charges to provisions net of (reversals)		
Operating		1.0
Financial	1,097.4	(2,037.5)
Exceptional	(512.2)	(160.4)
Capital (gains) & losses	552.2	(688.6)
Merger and liquidation gains/deficits	(29.1)	0.4
Operating cash flows before changes in working capital	**2,620.4**	**1,536.8**
Changes in working capital	152.2	(488.6)
Net cash provided by operating activities	**2,772.6**	**1,048.2**
Capital expenditure	(0.7)	(1.5)
Purchases of investments in affiliates and securities	(1,125.6)	(1,760.9)
Increase in loans to subsidiaries and affiliates	(922.5)	(190.3)
Advances and cash deposits in respect of the Canal+/TPS combination	623.5	(623.5)
Receivables on the sale of non-current assets and other financial receivables	10.1	(73.9)
Proceeds from sales of intangible assets and PP&E		4.6
Proceeds from sales of investments in affiliates and securities	2,486.4	1,036.2
Decrease in loans to subsidiaries and affiliates	339.0	
Increase in deferred charges relating to financial instruments		(3.0)
Net cash provided by/(used in) investing activities	**1,410.2**	**(1,612.3)**
Net proceeds from issuance of shares	148.4	60.3
Dividends paid	(1,387.3)	(1,147.4)
New long-term borrowings secured		1,204.7
Principal payments on long-term borrowings	(705.3)	(342.3)
Increase (decrease) in short-term borrowings	(369.5)	250.3
Change in net current accounts	(2,343.1)	398.3
Treasury shares	(213.6)	16.1
Net cash provided by/(used in) financing activities	**(4,870.4)**	**440.0**
Change in cash	(687.6)	(124.1)
Opening net cash (a)	2,050.4	2,174.5
Closing net cash (a)	**1,362.8**	**2,050.4**

(a) Cash and marketable securities net of impairment.

Section 3 Notes to the 2007 Statutory Financial Statements

Preliminary comment: amounts expressed in dollars are US dollars and amounts expressed in dirhams are Moroccan dirhams.

Key Events of the Year

The key events of 2007 were as follows:

Acquisitions and disposals

In 2007, Vivendi Group continued the development of its different businesses:

- combination of the pay-TV activities in France of Canal+ Group and TPS, completed on January 4, 2007,
- acquisition by Maroc Telecom of a 51% stake in Gabon Telecom on February 9, 2007,
- acquisition by Universal Music Group (UMG) of BMG's music publishing business, finalized on May 25, 2007 on receipt of European Commission authorization,
- acquisition by SFR of Télé2 France's fixed-line telephony and broadband business on July 20, 2007,
- acquisition by UMG of Sanctuary Group PLC in the United Kingdom. Sanctuary is a record company whose businesses encompass the sale of recorded music, merchandising and artist management. UMG holds the entire share capital of Sanctuary since September 27, 2007,
- the Group withdrew from the real estate sector with the sale on October 5 - effective January 1, 2008 - of SIG 35, the real estate division holding company, and real estate assets in Berlin by Vivendi Deutschland effective November 30 (please refer to Note 4, Net exceptional items and Note 14, Provisions),
- a strategic agreement was announced on October 25, 2007 between Vivendi and Caisse de Dépôt et de Gestion du Maroc, with the latter acquiring a 0.6% stake in Vivendi. Concomitantly Vivendi purchased from this company a 2% stake in Maroc Telecom increasing its interest in this group from 51% to 53%. The transactions were finalized on December 7.

Project to create Activision Blizzard

On December 1st, 2007, Vivendi and Activision Inc. announced the signature of a definitive agreement to combine Vivendi Games and Activision, one of the world's leading developers, publishers and distributors of interactive games and entertainment products.

Vivendi Group will contribute Vivendi Games, valued at $8.1 billion, together with cash of $1.7 billion in exchange for a stake of approximately 52.2% in Activision Blizzard.

During the first five business days subsequent to the closing of the transaction, Activision Blizzard will launch a cash tender offer to acquire up to 146.5 million of its shares at $27.50 per share. If the tender offer is fully subscribed, Vivendi will own 68.0% of Activision Blizzard.

According to the terms of the agreement, Vivendi and Activision also gave a certain number of reciprocal commitments customary for this type of transaction, notably with regard to representations and warranties. This transaction is subject to the approval of the Activision shareholders as well as standard conditions (including those of the regulatory authorities).

Besides, Activision undertook to pay Vivendi a break fee of $180 million should a certain number of circumstances arise.

SFR to acquire controlling stake in Neuf Cegetel

On December 20, 2007, Vivendi confirmed the planned agreement between its subsidiary SFR and Louis Dreyfus Group, which could lead to the acquisition by SFR of Louis Dreyfus Group's stake in Neuf Cegetel at a price of €34.50 per share, with 2007 coupons attached. On February 19 and 20, 2008, this draft agreement received positive opinions from SFR and Neuf Cegetel labor relations and employee representative committees respectively and remains subject to the receipt of all necessary regulatory approvals. This transaction will be followed by a tender offer launched by SFR on the Neuf Cegetel shares held by the public at €36.50 per share (with 2007 coupons attached).

Section 3 Notes to the 2007 Statutory Financial Statements

Note 1. Accounting Rules and Methods

General principles and change in accounting methods

The financial statements for the year ended December 31, 2007 have been prepared and presented in accordance with prevailing French law and regulations.

Accounting rules and methods are unchanged on those adopted for the preparation of the 2006 statutory financial statements.

Company management makes certain estimates and assumptions that it considers reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past achievements and expectations, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of company assets, liabilities, equity or earnings. These estimates and assumptions notably relate to the measurement of asset impairment and provisions (please refer to Note 14) and employee benefits (please refer to Note 1, Employee benefit plans).

Intangible assets and property, plant and equipment

Pursuant to CRC Regulation 2004-06 on the definition, recognition and valuation of assets, Vivendi opted for application of the preferred method of recognizing development costs in assets.

Depreciation and amortization is calculated using the straight-line and declining balance methods over the actual period of use of the assets concerned.

Long-term investments

Investments in affiliates

Investments in affiliates consist of investments in Vivendi Group affiliates in which Vivendi holds a significant interest, in principle in excess of 10%. Investments in affiliates are valued at acquisition cost. An impairment loss is recorded if this value exceeds the value in use, in the amount of the difference.

The value in use of an investment is defined as the value of the future economic benefits expected to be derived from its use. This is generally calculated by discounting future cash flows, although a method better adapted to each investment may potentially be adopted, such as comparative stock market values, values resulting from recent transactions, stock market prices in the case of listed entities, or the share held in net equity.

Pursuant to CRC Regulation n° 2004-06 on the definition, recognition and valuation of assets, Vivendi expenses security acquisition costs in the period incurred.

Long-term portfolio securities

Long-term portfolio securities consist of securities in listed companies which the company hopes will generate a reasonable return, over the more or less long term, without involvement in their management.

Loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates consist of medium and long-term loans to Group companies. They do not include current account agreements with Group subsidiaries used for the day-to-day management of cash surpluses and shortfalls.

Treasury shares

All treasury shares held by Vivendi are recorded in Long-term Investments, with the exception of those purchased for sale to Group employees on exercise of stock purchase options granted to them, which are recorded in marketable securities. Impairment losses are recorded, where necessary, to reduce the net book value of these shares to their stock market value, based on the average closing share price in the month of December.

Operating receivables

Operating receivables are recorded at nominal value. Provisions are recorded to reflect non-recovery risks.

Marketable securities

Marketable securities are recorded at acquisition cost. Provisions are recorded if the probable trading value at the end of the period is less than the acquisition cost.

Marketable securities include treasury shares purchased for sale to Group employees on the exercise of stock purchase options granted to them (please refer to Note 8. Treasury shares). Provisions are recorded if the gross value of these shares exceeds their expected sale price, based on the option strike price.

Section 3 Notes to the 2007 Statutory Financial Statements

Deferred charges relating to financial instruments

In compliance with CRC Regulation 2004-06 on the definition, recognition and valuation of assets, loan issue costs are amortized over the loan term. Costs relating to the arrangement of credit lines are amortized over the term of such facilities.

Provisions

A provision is recorded where Vivendi has an obligation to a third party and it is probable or certain that an outflow of resources will be necessary to settle this obligation, without receipt of equivalent consideration from the third party (CRC Regulation 2000-06 on liabilities).

The provision amount is equal to the best estimate at the period end of the outflow of resources necessary to settle the obligation, where the risk exists at the period end.

The provision components are reviewed regularly and any necessary adjustments recorded.

If a reliable estimate cannot be made of the amount of the obligation, a provision is not recorded and disclosure is provided in the notes (please refer to Note 23, Litigation).

Employee benefit plans

The provision recorded encompasses all Vivendi employee benefit plans: retirement termination payments, pensions and supplemental pensions. It represents the difference between the value of actuarial obligations and that of plan assets, net of actuarial gains and losses.

The actuarial obligation is valued using the projected unit credit method (each activity period generates additional entitlement). Actuarial gains and losses are recognized using the corridor method set out in CNC Recommendation 03-R.01. Under this method actuarial gains and losses exceeding 10% of the obligation at the beginning of the year are amortized over the residual vesting period.

Related obligations are valued based on the following assumptions: rate of increase in salaries of 3.5 to 4% and in pensions of 2.0%, discount rate of 5.30% for general scheme and “Article 39” schemes and assumed retirement age of between 60 and 65 years of age.

Supplemental pension obligations other than retirement termination payments are partially funded by external insurance policies, the updated value of which is deducted from the actuarial obligation. The expected return on plan assets is 5.0%.

Foreign currency-denominated transactions

Foreign currency-denominated income and expense items are translated using average monthly rates.

Foreign currency-denominated receivables, payables and cash balances are translated at the closing exchange rates.

Unrealized gains and losses on long-term receivables and payables are recorded in the Statement of Financial Position in Unrealized foreign exchange gains and losses. A provision for foreign exchange losses is recorded in respect of unhedged unrealized exchange losses.

Foreign exchange gains and losses on cash balances and foreign currency current accounts are recorded immediately in foreign exchange gains and losses.

Financial instruments

Vivendi uses derivative financial instruments to (i) reduce its exposure to market risks associated with interest and foreign exchange rate fluctuations and (ii) secure the value of certain financial assets.

Where Vivendi has entered into hedge arrangements, income and expenses relating to the financial derivatives are recorded in Net financial income/(loss) and offset against the income and expenses generated by the hedged items.

Provisions are recorded in respect of unrealized capital losses on interest rate derivatives.

Section 3 Notes to the 2007 Statutory Financial Statements

Individual training entitlement

Pursuant to Opinion 2004 F issued by the CNC Urgent Issues Taskforce, Vivendi did not record a provision at the year end. The company-wide agreement signed in May 2006 provides for the allocation to each employee of 14 training hours in 2004 and 20 training hours for each year thereafter. At the year end, training hours not used totaled 13,041.

Note 2. Operating Earnings

Revenues

Breakdown of revenues by business line:

(in millions of euros)	2007	2006
Water	4.5	4.7
Services to subsidiaries	87.1	109.1
Total	**91.6**	**113.8**

Vivendi is a related party to one residual water contract, under which Veolia Eau is the operating manager.

Services to subsidiaries consist of assistance and domiciliation income, amounts billed in respect of option plans and rebilled expenses.

Operating expenses and expense reclassifications

Operating expenses amount to €181.0 million in 2007, compared to €245.7 million in 2006.

- Other purchases and external expenses net of rebillings, insurance repayments and expense reclassifications break down as follows:

(in millions of euros)	2007	2006
Purchases consumed	0.8	0.7
Rental charges	9.3	9.2
Insurance	15.0	19.1
Service providers and temporary staff	9.6	9.7
Commission and professional fees	60.4	95.0
Other external services	19.0	27.8
Sub-total other purchases and external charges	**114.1**	**161.5**
Amounts rebilled to subsidiaries (other income)	(11.1)	(18.3)
Insurance repayments and expense reclassifications	(18.7)	(39.5)
Total net of rebilled expenses and repayments	**84.3**	**103.7**

The ongoing Securities class action in the United States and the dispute opposing Vivendi and Deutsche Telekom and Elektrim SA in Poland, account for a significant proportion of Commission and professional fees.

- Duties and taxes other than income tax include royalties paid to the State and local authorities, together with sanitation royalties paid in respect of water distribution activities. In 2006, two withholding taxes in respect of transactions with Canadian and US subsidiaries were recorded for €14.5 million.

Note 3. Net Financial Income/(Loss)

Net financial income/(loss) breaks down as follows:

(in millions of euros)	2007	2006
Net financing income/(cost)	58.2	33.0
Dividends received	2,023.6	927.5
Foreign exchange gains & losses	(16.8)	6.3
Other financial income and expenses	16.9	(17.7)
Sales of investment securities	0.0	5.3
Movements in financial provisions	(1,097.4)	2,055.3
Total	**984.5**	**3,009.7**

Section 3 Notes to the 2007 Statutory Financial Statements

The increase in net financing income from €33 million in 2006 to €58.2 million in 2007 is due to:

- a decrease in the external net financing cost (€53.3 million compared to €118.5 million in 2006), notably due to non recurring foreign currency swaps leading to a €37.4 million favorable impact (unwinding at the end of July 2006 of US Dollar/Euro currency swaps as part of the simplification of group structures) and a decrease in average external net debt (€1.5 billion in 2007, compared to €1.7 billion in 2006),
- net of a decrease in internal net financing income from €151.5 million in 2006 to €111.5 million in 2007.

Dividends (€2.0 billion compared to €0.9 billion in 2006) were primarily received from SFR in the amount of €902.1 million (€852 million in 2006), from Canal+ Group in the amount of €650 million, from NBC Universal (20% stake directly held by Vivendi since July 2006) in the amount of €290 million ($395 million) and finally from SIG 35 in the amount of €146.7 million (Group real estate division holding company sold on January 1, 2008).

Movements in financial provisions present a net charge of €1,097.4 million, comprising:

- impairment charges of (i) €733.2 million in respect of NBC Universal shares due to the fall in the US dollar exchange rate in 2007 and (ii) €115.0 million in respect of Vivendi Holding 1 shares, due to the fall in the US dollar and the unfavorable movement in the value of Universal Music which were not fully offset by the revaluation of Vivendi Games with a view to the Activision deal,
- a charge to provisions of €178.4 million corresponding to the write-down of additional financing and annual interest on receivables granted to Elektrim Telekomunikacja in Poland. The total value of shares and receivables relating to Vivendi's investment in mobile telephony in Poland remains provided in full.

In 2006, the net reversal of financial provisions of €2,055.3 million included (i) a reversal of the provision for SPC shares in the amount of €2,335.2 million (holding company at the head of certain US Group assets, essentially Universal Music and Vivendi Games), a reversal of the provision for Vivendi Telecom International shares in the amount of €451.0 million and (ii) a charge to provisions of €442.0 million relating to Vivendi's investments in Poland and a charge to provisions of €300.0 million in respect of NBC Universal shares following the fall in the US dollar exchange rate.

Note 4. Net Exceptional Items

Net exceptional income of €9.1 million breaks down as follows:

- the settlement of two tax disputes and risks in the company's favor in the amount of €109.1 million,
- a net reversal of unused provisions of €36.2 million on the sale of the Berlin real estate (please refer to Key events),
- a net capital loss of €549.7 million due to transfers within the Group as part of the ongoing legal simplification of the Universal Music Group and Vivendi Games corporate structure, offset in the amount of €543.5 million by the reversal of provisions for SPC shares, prior to its absorption by Vivendi in September 2007,
- charges to provisions and impairments in respect of real estate division companies in France and Germany (please refer to Key events) and notably (i) charges to provisions following the granting of guarantees and corresponding to provisions previously recorded in the accounts of real estate division companies, the reversal of which enabling in part the payment of a dividend by SIG 35 (please refer to Note 3, Net Financial Income/(Loss)) and (ii) charges to cover sundry risks including €33.7 million to cover the payment of compensation due by Vivendi, as guarantor of a former company officer, to beneficiaries of the Appeal Court decision in December 2007 concerning Fermière de Cannes.

Note 5. Income Tax (Expense)/Credit

Vivendi is the head of a tax group comprising 40 companies (39 at the end of 2006), with total losses of €0.7 billion in 2007 available for relief at the standard tax rate.

Vivendi recorded a tax group credit of €27.7 million, compared to €139.0 million in 2006. In 2006, €116.5 million of this tax credit concerned the taxation at a rate of 8% of long-term capital gains recognized primarily within Canal+ Group.

The company also recorded a tax credit of €552.0 million in respect of the Consolidated Global Profit Tax System (€603.8 million in 2006 before deduction of €0.6 million in 2007 on the effective receipt of the receivable).

As at January 1, 2007, the tax group headed by Vivendi, which is authorized to apply the Consolidated Global Profit Tax System since January 1, 2004, had (i) tax losses carried forward of €9.3 billion available for relief at the standard tax rate and (ii) foreign tax credits of €0.3 billion.

Vivendi consolidated tax earnings in respect of 2007 will be determined in November 2008 at the latest, the deadline for submission of the consolidation tax package.

Section 3 Notes to the 2007 Statutory Financial Statements

Note 6. Intangible Assets and Property, Plant and Equipment

Gross values

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value
Intangible assets	13.4	0.4		13.8
Property, plant and equipment	59.4	0.6	(1.3)	58.7
Concession PP&E	1.7			1.7
Total	**74.5**	**1.0**	**(1.3)**	**74.2**

Depreciation and amortization

(in millions of euros)	Opening accumulated deprec./amort.	Charge	Reversal	Closing accumulated deprec./amort.
Intangible assets	11.8	0.8		12.6
Property, plant and equipment	50.3	4.8	(1.3)	53.8
Concession PP&E	1.1	0.2		1.3
Total	**63.2**	**5.8**	**(1.3)**	**67.7**

Note 7. Long-Term Investments

Long-term investments

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value	Accum. Impairment	Net value
Investments in affiliates	49,348.4	11,053.4	(23,355.4)	37,046.4	2,760.2	34,286.2
Long-term portfolio securities	164.6	45.0		209.6		209.6
Loans to subsidiaires and affiliates	1,419.3	1,184.9	(754.3)	1,849.9	851.9	998.0
Other long-term investments securities	141.9	594.5	(626.5)	109.9	109.3	0.6
Loans and other long-term investments	727.8	16.9	(634.1)	110.6	5.5	105.1
Total	**51,802.0**	**12,894.7**	**(25,370.3)**	**39,326.4**	**3,726.9**	**35,599.5**

Investments in affiliates

The simplification of the corporate structure of the Group's activities in the United States and Canada, launched in 2005, is close to completion at the end of 2007.

This rationalization notably enabled a reduction in the number of intermediate structures between Vivendi and the Group's US assets, essentially Universal Music and Vivendi Games. This simplification was achieved in France through upstream mergers and in Canada through liquidations. It is reflected in the Vivendi statutory financial statements by an increase in the value of Investments in affiliates of €10,604.1 million, including €9,189.1 million in respect of the acquisition in September 2007 of the entire share capital of the US company, Vivendi Holding 1, a direct shareholder of Universal Music and indirect shareholder of Vivendi Games. This reorganization also resulted in a decrease in Investments in affiliates of €22,895.3 million, including €19,748.1 million in respect of the cancellation of the gross value of SPC shares, the French holding company for the Group's US assets until the pooling of its assets with those of Vivendi and €3,034.7 million in respect of the gross value of Vivendi Holdings Co shares, repurchased by this Canadian subsidiary.

The Group's 20% stake in NB C Universal is held directly by Vivendi since July 2006. The gross value of this investment was increased by €175.6 million ($257 million) in 2007, following a share capital increase to finance the acquisition of television companies in the United States.

Other investments total €273.7 million and include €229.5 million in respect of the acquisition from Caisse de Dépôt et de Gestion du Maroc, in December 2007, of a 2% interest in Maroc Telecom financed by the exchange of Vivendi shares purchased on the market for this purpose in November (please refer to above, Key events). These Maroc Telecom shares were immediately sold to SPT, the Group's Moroccan subsidiary, which now holds a 53% stake in Maroc Telecom.

Section 3 Notes to the 2007 Statutory Financial Statements

Long-term portfolio securities

At the end of December 2007, Vivendi still held 7.6 million shares in the Spanish company Sogecable (5.50% of the share capital) with a book value of €186.1 million. These shares are recorded in Long-term portfolio securities in the amount of €175.3 million and in Loans in the amount of €10.7 million.

Loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates, including accrued interest, total €998.0. million net, compared to €753.9 million at the end of 2006 and primarily include a credit line granted to SFR and drawn at the end of December up to its maximum amount of €700 million and a €288.3 million loan to SPT, Vivendi's Moroccan subsidiary.

Loans and other long-term investments

This account heading includes funds of €92.0 million paid by Vivendi SA under a liquidity contract.

As at December 31, 2007, Vivendi did not hold any shares under this liquidity contract set up in January 2005 to encourage the regular listing of shares (Vivendi did not hold any shares for this purpose at the end of 2006).

Two advances made by Vivendi pursuant to the CanalSat-TPS combination - a cash deposit of €468.6 million placed in December 2006 with a financial institution that issued a guarantee to Lagardère Active and an advance of €150.0 million granted in January 2006 to TF1 and M6 - were repaid to Vivendi on January 4, 2007 on completion of the purchase of TPS by Canal+ Group.

Note 8. Treasury Shares

	As at Dec. 31, 2006		Purchases		Cancellation		Sales		As at Dec. 31, 2007	
(in millions of euros)	No. Shares	Gross value	No. Shares	Gross value	No. Shares	Gross value	No. Shares	Gross value	No. Shares	Gross value
Long-term investment securities										
External growth transactions			7,118,181	213.6			7,118,181	213.6		
Liquidity contract			12,450,244	380.9			12,450,244	380.9		
Shares in the course of cancellation	1,300,389	31.5			1,300,389	31.5				
Marketable securities										
Shares backing stock options	79,114	1.9							79,114	1.9
Total Treasury shares	**1,379,503**	**33.4**	**19,568,425**	**594.5**	**1,300,389**	**31.5**	**19,568,425**	**594.5**	**79,114**	**1.9**

Treasury shares backing stock purchase option plans granted to employees are recorded at acquisition cost, in the amount of €1.9 million for 79,114 shares at the end of 2007 (similar to 2006).

Note 9. Current Assets

Receivables

These mainly include:

- trade accounts receivable and related accounts net of impairment of €36.1 million (€13.0 million at the end of 2006),
- other accounts receivable net of impairment of €2,729.9 million (€3,036.4 million at the end of 2006), primarily comprising the following two items:
  - current account advances by Vivendi to subsidiaries of €1,780.1 million, compared to €1,921.6 million at the end of 2006,
  - and a tax receivable in respect of the 2007 impact of the Consolidated Global Profit Tax System of €552.0 million.

Marketable securities

Marketable securities excluding treasury shares (please refer to note 8, Treasury shares) have a net book value of €1,211.1 million (compared to €1,726.9 million in 2006) and comprise shares in treasury SICAVs and mutual funds and bank certificates of deposit.

Section 3 Notes to the 2007 Statutory Financial Statements

Prepaid expenses

(in millions of euros)	2007	2006
Premiums paid on the purchase of options on securities	225.6	240.2
Expenses relating to the following period	2.3	2.0
Discount paid to subscribers of the €700 million bond issue of July 2004, the €600 million bond issue of February 2005, the €630 million bond issue of April 2005 and the €500 million bond issue of October 2006	5.3	7.0
Total	**233.2**	**249.2**

Premiums paid of €225.6 million include, with respect to the coverage of certain stock purchase option plans granted to employees, a premium of €225.5 million paid on the purchase in June 2001 of calls covering 22 million Vivendi shares (as the exercise price is greater than €75, the premium is provided in full). These calls mature in 2008.

Note 10. Receivables Maturity Schedule

(in millions of euros)	Gross value	Maturing within less than one year	Maturing within more than one year
Non-current assets			
Loans to subsidiaries and affiliates	1,849.9	28.6	1,821.3
Other long-term investments	95.0	92.5	2.5
Current assets			
Trade accounts receivable and related accounts	36.1	36.1	
Other receivables	3,124.2	3,120.2	4.0
Total	**5,105.2**	**3,277.4**	**1,827.8**

Note 11. Deferred Charges

Deferred charges relating to financial instruments

(in millions of euros)	Opening balance	Increase	Amortization	Closing balance
Deferred charges relating to financial instruments	4.4		(0.9)	3.5
Issue costs	2.8		(1.2)	1.6
Total	**7.2**	**0.0**	**(2.1)**	**5.1**

Note 12. Unrealized Foreign Exchange Losses

No unrealized foreign exchange losses are recorded as at December 31, 2007.

As at December 31, 2006, this account heading recorded unrealized foreign exchange losses, valued at year-end rates of exchange and notably €44.3 million in respect of the long-term receivable of CAD 610 million (excluding accrued interest) granted to Vivendi Holdings Co (please refer to Note 7. Long-Term Investments). This unrealized loss was provided in full (please refer to note 14. Provisions) and the provision reversed in 2007 following the capitalization of the receivable.

Section 3 Notes to the 2007 Statutory Financial Statements

Note 13. Equity

Movements in equity

(in millions of euros)	Number of shares (a)	Share capital	Additional paid-in capital	Reserves and retained earnings	Earnings	Total
As at 12/31/06, after allocation	1,157,033,736	6,363.7	11,529.6	14,052.3		31,945.6
Group Savings Plans	1,276,227	7.0	24.4			31.4
Shares cancelled in 2007	(1,300,389)	(7.2)	(24.3)			(31.5)
Stock options and restricted stock	7,733,646	42.6	74.4			117.0
Other movements in 2007 (b)			541.8		1,504.4	2,046.2
As at 12/31/07, before allocation	**1,164,743,220**	**6,406.1**	**12,145.9**	**14,052.3**	**1,504.4**	**34,108.7**

(a) Par value of €5.50
(b) Other movements impacting additional paid-in capital concern the SPC upstream merger surplus.

The potential number of shares which could be created is 31,176,128:
(i) 29,899,235 on the exercise of stock subscription options,
(ii) 1,276,893 under the restricted stock plans granted to employees for no consideration.

Allocation of earnings

As proposed to the Annual General Shareholders' Meeting of April 24, 2008, the allocation of earnings is as follows:

Distributable earnings (in euros)	
Origine	
Earnings for the year	1,504,370,455
Retained earnings	2,200,000,000
Total	**3,704,370,455**
Allocation (in euros)	
Legal reserve	4,240,216
Dividends (a)	1,514,062,753
Other reserves	
Retained earnings	2,186,067,486
Total	**3,704,370,455**

(a) Dividend of €1.30 per share, based on the number of treasury shares held as at December 31, 2007. This amount will be adjusted to reflect the actual number of treasury shares held on the dividend payment date and the number of stock subscription options exercised by beneficiaries up to the Shareholders' Meeting.

Dividends per share distributed in respect of the last three years were as follows:

Year	2006	2005	2004
Number of shares (a)	1,156,117,305	1,147,440,213	1,065,235,399
Dividend per share (in euros) (b)	1.20	1.00	0.60
Total distribution (in millions of euros)	**1,387.3**	**1,147.4**	**639.1**

(a) Number of shares ranking for dividend as at January 1, after deduction of treasury shares held at the dividend payment date.
(b) This dividend confers entitlement to a tax deduction of 50% applicable in 2005 (2004 dividend) for private individuals tax resident in France pursuant to Art. 158-3 2e of the General Tax Code and of 40% from January 2006 (2005 and 2006 dividend).

Section 3 Notes to the 2007 Statutory Financial Statements

Note 14. Provisions and Impairment

Summary table

Nature (in millions of euros)	Opening balance	Charge	Reversal	Utilization	(a) Other mvts	Closing balance
Provisions						
Provision for real estate contingencies and losses	233.0	168.7	(52.4)	(189.3)		160.0
Financial risks on call options	240.1			(14.5)		225.6
Foreign exchange losses	44.3			(44.3)		0.0
Restructuring costs	3.1	0.4	(1.2)	(1.0)		1.3
Litigation and other	78.7	119.1	(59.6)	(121.3)		16.9
Employee benefits	10.9	1.7				12.6
Total I - Provisions	**610.1**	**289.9**	**(113.2)**	**(370.4)**		**416.4**
Impairment						
Long-term investments:						
Investments in affiliates and long-term portfolio securities	15,245.8	952.8	(1.1)	(548.0)	(12,889.3)	2,760.2
Loans to subsidiaries and affiliates	665.4	186.5				851.9
Other long-term investment securities	109.6	0.2	(0.5)			109.3
Other long-term investments and loans	0.6	4.9				5.5
Trade accounts receivable	1.5			(1.5)		0.0
Other receivables	208.6	190.3		(4.6)		394.3
Marketable securities	2.6					2.6
Total II - Impairment	**16,234.1**	**1,334.7**	**(1.6)**	**(554.1)**	**(12,889.3)**	**4,123.8**
Grand total (I + II)	**16,844.2**	**1,624.6**	**(114.8)**	**(924.5)**	**(12,889.3)**	**4,540.2**
Charges and reversals:						
- *operating*		1.7		1.6		
- *financial*		1,461.7	1.4	362.9		
- *exceptional*		161.2	113.4	560.0		
Transactions not impacting charges or reversals					(12,889.3)	

(a) The other movements correspond to the withdrawal of the residual provision for the SPC shares when assets were merged.

The provision for real estate contingencies and losses as at December 31, 2006 of €233.0 million covered potential losses generated by the effective withdrawal in 2007 from office premises in Berlin (Germany) and as at December 31, 2007 covers (i) risks previously provided in the accounts of SIG 35 and its subsidiaries, transferred to Vivendi prior to the signature in October 2007 of the contract for the sale of SIG 35, the holding company for the remaining real estate division, (ii) sundry risks including a provision of €33.7 million covering the indirect payment by Vivendi, as guarantor of a former company officer, of compensation to the beneficiaries of an Appeal Court judgment concerning Fermière de Cannes.

The provision for financial risks on call options is equal to the impairment of premiums paid on the purchase of calls covering treasury shares (please refer to Note 9, Current Assets).

Provisions for litigation and other cover, inter alia, tax and employee-related risks. They were reduced from €71.1 million to €10.8 million following the resolution of two disputes in Vivendi's favor.

Section 3 Notes to the 2007 Statutory Financial Statements

Note 15. Borrowings

Borrowings total €5,362.8 million, compared to €7,167.5 million at the end of 2006.

Bond issues exchangeable for shares (excluding accrued interest)

Bond issue	Issue date	Number of bonds outstanding as at 12/31/07	Amount as at 12/31/07 (in millions of euros)	Rights conferred
Bonds exchangeable for Sogecable shares (b)	10/2003	7,522,833	220.6	Coupon 1.75%, maturing October 2008, issue price €29.32, redemption at par. Parity: 1.0118 shares for 1 bond (a).
Total			**220.6**	

(a) Adjustment of the parity with effect from June 9, 2005 after a share capital increase with retention of preferential subscription rights by Sogecable between May 24 and June 7, 2005.
(b) To date, 13.1 million bonds have been exchanged for Sogecable shares, i.e. 63.6% of the initial bond issue.

Other bond issues (excluding accrued interest)

Other bond issues represent a total of €2,705.7 million (€3,405.7 million as at December 31, 2006) and break down as follows:

(in millions of euros)	Issue date	Maturity date	Rate
700.0	10/2006	10/2011	Euribor 3 months + 0.50%, swapped at a fixed rate of 4.3736%
500.0	10/2006	10/2013	4.50%
630.0	04/2005	04/2010	3.625%
600.0	02/2005	02/2012	3.875%
53.3	03/1999	03/2009	Indexed to Vivendi SA and Canal+ share prices and swapped at floating rates
70.0	09/1998	09/2008	Indexed to Vivendi SA share price and swapped at floating rate
152.4	01/1997	01/2009	6.50%
2,705.7			

In addition to the bond issue exchangeable for shares of €220.6 million and other bond issues totaling €2,705.7 million presented above, plus related accrued interest of €61.2 million, borrowings notably comprise:

- medium-term bank financing of €30.5 million,
- short-term treasury notes of €117.5 million,
- bank overdrafts of €149.4 million.
- current account funds deposited by subsidiaries of €1,959.1 million,

Principal payments on borrowings in 2007 totaled €896.8 million:

- redemption in July of a €700.0 million bond loan issued in 2004,
- short-term treasury notes of €166.5 million,
- Other borrowings of €30.3 million.

The average maturity of Group medium-term debt is 2.7 years as at December 31, 2007, compared to 3.0 years as at December 31, 2006, excluding revolving credit lines.

Borrowings maturing after more than one year total €2,635.8 million (€2,956.8 million as at December 31, 2006). Excluding current account deposits made by subsidiaries, borrowings maturing within one year (excluding accrued interest) total €588.0 million, compared to €1,334.0 million at the end of 2006 and mainly include the residual balance on the loan exchangeable for Sogecable shares of €220.6 million, a bond issue of €70 million, a medium-term loan of €30.5 million and treasury notes of €117.5 million.

In addition, Vivendi has two credit lines of €2 billion each, the first of which was arranged in April 2005 (maturing April 2012) and the second was arranged in August 2006 (maturing August 2012, with possibility to extend a further one year). If drawn, the April 2005 credit line will bear interest at Euribor plus a margin of between 25 and 30 basis points and the August 2006 credit line will bear interest at Euribor plus a margin of between 25 and 27.5 basis points. As at December 31, 2007, these credit lines had not been drawn.

Section 3 Notes to the 2007 Statutory Financial Statements

Note 16. Debt Maturity Schedule

Liabilities (including accrued interest) (in millions of euros)	Gross value	Due within less than one year	Due within one to five years	Due within more than five years
Bond issues exchangeable for shares	221.2	221.2		
Other bond issues	2,766.3	130.5	2,135.8	500.0
Bank borrowings	298.4	298.4		
Other borrowings	2,076.9	2,067.5	9.4	
Trade accounts payable and related accounts	25.4	22.7	2.7	
Tax and employee-related liabilities	25.8	23.2	2.6	
Other liabilities	14.9	3.5	11.4	
Total	**5,428.9**	**2,767.0**	**2,161.9**	**500.0**

Note 17. Items Impacting Several Account Headings of the Statement of Financial Position

The "Related parties" column in the following table presents the amounts included in the various categories of the Statement of Financial Position, concerning transactions with companies fully consolidated in the Group Consolidated Statement of Financial Position.

Assets (gross values in millions of euros)	Accrued expenses	Related parties
Investments in affiliates		30,084.6
Loans to subsidiaries and affiliates	24.5	1,774.0
Other long-term investment securities		
Loans		
Other long-term investments	0.1	
Trade accounts receivable and related accounts	1.7	
Other receivables	251.1	2,167.0
Deferred charges		
Prepaid expenses		
Unrealized foreign exchange losses		
Total	**277.4**	**34,025.6**

Liabilities (in millions of euros)	Accrued expenses	Related parties
Bond issues exchangeable for shares	0.6	
Other bond issues	60.5	
Bank borrowings	0.1	
Other borrowings		1,953.8
Trade accounts payable and related accounts	25.0	
Tax and employee-related liabilities	16.6	
Amounts payable in respect of PP&E and related accounts		
Other liabilities	3.2	
Deferred income		
Unrealized foreign exchange gains		1.0
Total	**106.0**	**1,954.8**

Note 18. Financial Income and Expenses Concerning Related Parties

(in millions of euros)	Financial expenses	Financial income
Total	**266.4**	**2,365.0**
Incl. Related parties	79.9	1,925.0

Section 3 Notes to the 2007 Statutory Financial Statements

Note 19. Compensation of Directors and Officers

Gross compensation (including benefits in kind) paid to members of the Management Board, who are employees of Vivendi SA, in respect of 2007 totaled €10.0 million (€8.9 million in 2006), of which €3.4 million was rebilled to subsidiaries (€3.3 million in 2006).

Members of the Management Board who are employees of Vivendi SA also benefit from a supplementary pension scheme, the cost of which was €1.9 million in 2007.

Cumulative gross directors' fees paid in 2007 to members of the Supervisory Board and compensation paid to the Chairman of the Supervisory Board totaled €1.6 million.

Note 20. Management Share Ownership

As at December 31, 2007, members of the Management Board, the Supervisory Board and executive management held 0.08% of the share capital of the company.

Note 21. Number of Employees

The annual average number of employees, weighted for effective presence, including temporary employees and employees under fixed-term contracts, was 223 in 2007 compared to 228 in 2006.

The breakdown of employees by category as at December 31, 2007 and 2006 is as follows (219 and 226 employees respectively):

	12/31/2007	12/31/2006
Engineers and executives	169	174
Supervisors	27	28
Other employees	23	24
Total	**219**	**226**

Note 22. Financial Commitments and Contingent Liabilities

Description of procedures

Vivendi prepares detailed records on all contractual obligations, commercial and financial commitments and contingent obligations, to which it is party or exposed. These detailed records are updated on a regular basis by concerned departments and reviewed with senior management. In order to ensure completeness, accuracy and consistency of the records, some dedicated internal control procedures are performed, including but not limited to:

- prior approval via a specific procedure of financial commitments including off-balance sheet commitments,
- regular review of minutes of Shareholders' Meetings, meetings of the Management Board, the Supervisory Board and their Committees, and the Executive Committee for matters such as contracts, litigation, and authorization of asset acquisitions or divestitures,
- review with banks and financial institutions of items such as pledges or guarantees,
- review with internal and/or external legal counsel of pending litigation and court proceedings, environmental matters and related assessments of contingent liabilities,
- review of tax examiner's reports and, where appropriate, revised notices of assessments in respect of prior years,
- review with risk management, insurance agents and brokers of coverage for unrecorded contingencies,
- review of related party transactions for guarantees and other given or received commitments,
- review of all contracts and agreements.

Financial commitments and contingent liabilities

Universal Music Group

- On the merger with Seagram, Vivendi assumed a guarantee given to Commonwealth Atlantic Properties, expiring May 1, 2015 and covering rent paid by UMG, with a residual value of $61 million as at December 31, 2007.
- As part of the restructuring of guarantees underwriting the financing of the acquisition of Interscope, Vivendi provided a guarantee capped at $103 million to a financial institution in February 2007, which expires December 9, 2009.
- Vivendi provided guarantees to several banks which granted credit line facilities to certain UMG subsidiaries to cover working capital requirements, totaling approximately €10 million as at December 31, 2007.
- Vivendi provided UMG companies in the Netherlands with guarantees covering commitments to third parties.

Section 3 Notes to the 2007 Statutory Financial Statements

Canal+ Group

- On the sale of Canal+ Group's activities in Benelux, Vivendi provided a guarantee of $15 million to a financial institution on behalf of its subsidiary.
- Vivendi provided a guarantee of approximately $8.5 million to a Polish bank in order to assure the financing requirements of the local subsidiary of Canal+ Group. This guarantee expires February 1, 2008.
- Vivendi provided a guarantee of €10 million to a financial institution on behalf of Canal+ Group in December 2007, in return for which it received pledged securities.
- As part of the combination of TPS and Canal+, Vivendi, alongside Groupe Canal+, gave a certain number of commitments in August 2006 to the Regulatory authorities aimed notably at (i) facilitating access by television and video-on-demand (VOD) operators to rights on attractive audiovisual content and in particular French and US films and sporting events (ii) making available to all pay-TV distributors who so wish several high-quality channels, enabling them to develop attractive products and (iii) enabling French-language independent licensed channels to be included in the satellite offerings of the new group. These commitments were given for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD that cannot exceed five years.

  On the contribution of TPS to Canal+ France on January 4, 2007, Vivendi counter-guaranteed TF1 and M6 commitments to suppliers of programs for TPS, in the amount of approximately €300 million. These counter guarantees were granted by Vivendi up to December 31, 2018.

  In addition, under the terms of the agreement of January 6, 2006, TF1 and M6 hold a put option granted by Vivendi in respect of their 15% stake in Canal+ France that may be exercised in February 2010. The exercise price will be based on an independent expert valuation at market price, subject to a floor of €1,130 million for 15% of the new pay-TV group in France.

  Finally, under the March 2006 agreements, Lagardère holds a call option enabling it to increase its stake in Canal+ France to 34% that may be exercised in October 2009. The exercise price will be based on an independent expert valuation, subject to a floor of €1,055 million for 14% of Canal+ France.

Maroc Telecom

- On the Maroc Telecom IPO, Vivendi granted employees of this company a share price guarantee of 58.01 dirhams per share, covering 4.16 million shares and representing a maximum amount of €21.8 million, which expires in the first quarter 2008.

  The share price on February 20, 2008 was 186 dirhams.

  Employees benefit from this guarantee during a period of 6 months following the end of the 3-year lock-up period applicable to employees.
- In addition, when a 6 billion dirhams syndicated loan was secured to finance the acquisition of a 16% stake in Maroc Telecom, repaid in the amount of 2 billion dirhams in 2006, Vivendi granted a security (caution solidaire) to the lending banks. This guarantee expires on the maturity of this loan, i.e. January 4, 2012.

Vivendi Games

- Vivendi granted a rental guarantee to the owners of the premises let to Vivendi Games in the United States. This guarantee represented a commitment of approximately $50 million as at December 31, 2007 in respect of residual rent payable under the leases.
- Guarantees capped at €23 million were granted by Vivendi to various suppliers in respect of commitments contracted by Vivendi Games.

NBC Universal

- As part of the NBC-Universal (VUE) transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction (representations and warranties), and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses stemming from among other things any breach of their respective representations, warranties and covenants. Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all

Section 3 Notes to the 2007 Statutory Financial Statements

losses exceed $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million. In addition, Vivendi will have indemnification liabilities for 50% of every dollar of loss up to $50 million and for all losses in excess of $50 million relating to liabilities arising out of the most favored nation provisions set forth in certain contracts. As part of the unwinding of InterActiveCorp's interest in VUE on June 7, 2005, Vivendi's commitments with regard to environmental matters were modified and Vivendi's liability is now subject to a de minimus exception of $10 million and a payment basket of $325 million. The representations and warranties, other than those regarding authorization, capitalization and tax representations, terminated on August 11, 2005. Notices of claims for indemnity for environmental matters must be made by May 11, 2009, except for remediation claims which must be brought by May 11, 2014. Other claims, including those related to taxes, will be subject to applicable statutes of limitations.

- As part of the modified agreement that governs Vivendi's exit from NBCU, Vivendi can sell its stake in NBCU under mechanisms providing for exits at fair market value. Vivendi has the right to notify GE of its intent to sell in the public market between $1 billion and $4 billion of its NBCU shares in November of each year from 2007 to 2016, which could lead to the public offering of a portion of Vivendi's stake the following year. GE has the right to pre-empt any of Vivendi's shares to the market. Under certain circumstances, if Vivendi does exercise its right to monetize its equity interest in NBCU and if GE does not exercise its pre-emptive rights, Vivendi will be able to exercise a put option to GE. In addition, for the period between May 11, 2011 and May 11, 2017, GE has the right to call either (i) all of Vivendi's NBCU or (ii) $4 billion of Vivendi's shares in NBC Universal, in each case at the greater of their market value at the time the call is exercised and their value as determined at the time of the NBC Universal transaction in May 2004 (i.e.$8.3 billion), which value is increased by the US Consumer Price Index annually beginning in May 2009. If GE calls $4 billion, but not all, of Vivendi's NBCU shares, GE must call the remaining shares held by Vivendi by the end of the 12 month-period commencing on the date GE exercises its call option.

Holding companies and other

- As at December 31, 2007, Vivendi continued to guarantee commitments given by Veolia Environnement subsidiaries for a total amount of approximately €13 million, mainly relating to a performance bond given to a local US authority. All these guarantees are being progressively transferred to Veolia Environnement and have been counter-guaranteed by this latter.
- Vivendi provided counter-guarantees to US financial institutions which issued a certain number of surety bonds in favor of certain US operating subsidiaries for a total amount of $9 million.
- On the purchase of the 7.659% minority interest in Universal Studios Holding I Corp held by Matsushita Electric Industrial (MEI) on February 7, 2006, Vivendi undertook, in the event of the sale of all or part of its interest in NBCU for more than $7 billion (for 20% of NBCU) to retrocede to MEI, 33.33% of the portion of the selling price exceeding $7 billion, in the amount of the 7.659% stake.
- In December 2006, Vivendi undertook to grant its subsidiary SFR a three-year revolving loan of up to €700 million. This facility is fully drawn as at December 31, 2007.
- Pursuant to the receipt of authorization to adopt the French Consolidated Global Profit Tax System, Vivendi undertook on August 23, 2004 to contribute to the creation of at least 1,600 permanent jobs over a period of three years and 2,100 permanent jobs over a period of five years. To this end, Vivendi notably undertook to pay €5 million per year for five years. This commitment is currently respected.
- In addition, Vivendi has given a certain number of real estate lease commitments for a total net amount of approximately €37 million.
- As part of the sale of real estate assets in June 2002 to Nexity, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (SAS Nexim 1 to 6). The guarantees expire June 30, 2017.

  These autonomous guarantees are in addition to the vendor warranties granted by Sig 35, Vivendi's subsidiary, to SAS Nexim 1 to 6 in connection with guarantee contracts dated June 28, 2002. The vendor warranties are valid for a period of 5 years, from June 28, 2002, except those relating to litigation (valid until the end of the proceedings), tax, custom, and employee-related liabilities (statute of limitations plus 3 months) and the decennial guarantee applicable to real estate.

  Vivendi took over in April 2007 for a total amount of €79.9 million a certain number of commitments carried by its subsidiary SIG 35, the real estate division holding company, and subsequently sold this company in January 2008. It provided the purchasers with representation guarantees capped at €4 million and valid until June 30, 2012, including €1 million in respect of existing litigation at the time of sale and a tax guarantee subject to prevailing statutes of limitation. In addition, Vivendi retained the ability to receive additional consideration capped at €1.5 million, should real estate assets pledged in its favor be sold before January 1, 2013, for an amount in excess of their net carrying amount.

Section 3 Notes to the 2007 Statutory Financial Statements

On the sale in November 2007 of real estate assets located in Berlin, Germany, a Vivendi subsidiary, SNC Babelsberg, transferred its lease payment commitments of €380 million and issued representation guarantees and tax guarantees to the purchasers. At the same time, SNC Babelsberg received a pledge over cash deposits of €138 million and two guarantees of €100 million each from the purchasers to cover its finance lease commitments.

- In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted guarantees on its own representations and those of Sithe. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some of these guarantees expired on December 18, 2005.
- In connection with the divestiture of Canal+ Nordic in October 2003, Vivendi granted certain customary guarantees to the acquirers capped at €50 million and expiring in April 2010. Application of these guarantees may be extended under certain conditions.
- As a result of the divestiture of assets and the discontinuation of certain operations in recent years, Vivendi is exposed to commitments given to purchasers, sellers and certain insurers with regards to tax and employee liabilities, which will expire in line with prevailing statutes of limitation, and environmental liabilities in the United States.
- Vivendi received a first-demand bank guarantee (€57 million) guaranteeing, in the event of the success of the tax dispute opposing Xfera and the Spanish authorities in which it seeks the cancellation of the radiofrequency spectrum tax for 2001, the repayment of corresponding amounts paid in 2007. The dispute concerns the years 2001 to 2003 and, in the event of success, Vivendi holds a repayment commitment from Xfera. Similarly, Vivendi has undertaken to pay all amounts it receives to its subsidiary VTI, which carried the Group's investment in Xfera.
- Under existing shareholder agreements (Maroc Telecom, SFR, Canal+ France, NBCU, etc.), Vivendi has obtained a certain number of rights (pre-emption rights, priority rights, etc.) which enable it to control the capital structure of companies owned partially by other shareholders. In return, Vivendi has granted similar rights to the latter in the event that it sells its interests to third parties.
- Vivendi has a first rank security of €18 million on UGC shares held by family shareholders to guarantee the payment of its loan to the latter, maturing in 2008.

Activision

Please refer to Key events of the year.

Claim against a former Seagram subsidiary

A specific warranty was granted in connection with the sale of a former Seagram subsidiary in December 2001 (See. Note 23, Litigation).

Note 23. Litigation

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

The expenses which may result from these proceedings are only recognized as a provision when they become likely and when their amount can either be quantified or estimated on a reasonable basis. In the last case, the amount of the provision represents Vivendi's best estimate of the risk. The amount of the provision recognized is calculated based on an appraisal of the level of the risk, bearing in mind that the occurrence of an ongoing event may lead, at any time, to a reappraisal of the risk.

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

The situation of proceedings disclosed hereunder is described as of February 26, 2008, day of the Management Board meeting held to approve Vivendi's financial statements for the Year Ended December 31, 2007.

COB/AMF investigation opened in July 2002

On December 19, 2006, the Commercial Chamber of the French Supreme Court (Cour de Cassation), upon appeal of the Autorités des Marchés Financiers (AMF), partially reversed the Paris Court of Appeal's decision held on June 28, 2005. In its decision, the Commercial Chamber of the French Supreme Court ruled that the statements made orally by Jean-Marie Messier at the company's 2002 Annual Shareholders' Meeting were binding on the company, regardless of whether such statements were accurate or complete, due to the fact that he made the statements while performing his duties as the chief executive officer. However, the French Supreme Court confirmed the accuracy and appropriateness of the consolidation methods applied by Vivendi. The case has been partially remanded to the Paris Court of Appeal in a different composition. A procedural hearing is scheduled on March 31, 2008.

Section 3 Notes to the 2007 Statutory Financial Statements

Investigation by the financial department of the Parquet de Paris

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

Securities Class Action in the United States

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

The plaintiffs allege that, between October 30, 2000 and August 14, 2002, the defendants violated certain provisions of the US Securities Act of 1933 and US Securities Exchange Act of 1934. On January 7, 2003, they filed a consolidated class action suit that may benefit potential groups of shareholders. Damages of unspecified amount are claimed. Vivendi contests these allegations.

Fact discovery and depositions closed on June 30, 2007.

In parallel with these proceedings, the Court, on March 22, 2007, has decided, concerning the procedure for certification of the potential claimants as a class ("class certification"), that the persons from the United States, France, England and the Netherlands who purchased or acquired shares or ADS of Vivendi (formerly Vivendi Universal SA) between October 30, 2000 and August 14, 2002, could be included in the class. On April 9, 2007, Vivendi filed an appeal against this decision. On May 8, 2007, the United States Court of Appeals for the Second Circuit denied both Vivendi's and some other plaintiffs' petitions seeking review of the district court's decision with respect to class certification. On August 6, 2007, Vivendi filed a petition with the Supreme Court of the United States for a Writ of Certiori seeking to appeal the Second Circuit's decision on class certification. On October 9, 2007, the Supreme Court denied the petition.

Following the March 22, 2007 order, a number of individual cases have recently been filed against Vivendi by plaintiffs who were excluded from the certified class. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action. The trial is scheduled to commence in October 2008.

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

Elektrim Telekomunikacja

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

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

On January 18, 2007, following the appeal filed by Telco, the Polish Supreme Court overturned the decision authorizing the exequatur of the Arbitral Award rendered in Vienna on November 26, 2004. The case was remanded to the Warsaw Tribunal of first instance.

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

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

Section 3 Notes to the 2007 Statutory Financial Statements

Proceedings against Deutsche Telekom before the Paris Commercial Court
In April 2005, Vivendi summoned Deutsche Telekom (DT) before the Paris Commercial Court for wrongful termination of negotiations. In September 2004, DT ended, without prior notice and without legitimate justification, tri-party negotiations with Elektrim and Vivendi which had begun one year earlier in relation to the transfer of 51% of PTC to DT.

Arbitral Proceedings in Geneva under the aegis of the International Chamber of Commerce
On April 13, 2006, Vivendi initiated arbitration proceedings in Geneva against DT and Elektrim under the aegis of the International Chamber of Commerce to obtain the recognition of an agreement negotiated in February and March 2006 among Vivendi, Elektrim and DT, which aimed, in particular, to settle all pending litigation in connection with PTC. Vivendi is seeking enforcement of this contract or compensation of approximately €3 billion.

Proceedings against DT before the Federal Court in the State of Washington (USA)
On October 23, 2006, Vivendi filed a civil Racketeer Influenced and Corrupt Organizations Act (RICO) complaint in federal court in the State of Washington, claiming that T-Mobile had illegally appropriated Vivendi's investment in PTC through a pattern of fraud and racketeering. Named in the complaint are T-Mobile USA, Inc., T-Mobile Deutschland GmbH Deutsche Telekom AG and Mr Zygmunt Solorz-Zak, Elektrim's main shareholder. Vivendi is claiming compensation in the amount of approximately $7.5 billion.

Tort Claim initiated by Elektrim against Vivendi before the Warsaw District Court
Elektrim started a tort action against Vivendi before the Warsaw District Court on October 4, 2006, claiming that Vivendi prevented Elektrim from recovering the PTC shares following the Vienna Award. Elektrim is claiming compensation for an amount of approximately €2.2 billion corresponding to the difference between the fair market value of 48% of PTC and the price paid by DT to Elektrim as a result of the exercise of its call option.

Arbitration proceedings in Vienna
On January 10, 2007 and July 5, 2007, DT lodged arbitration claims in Vienna against Elektrim Autoinvest, a 51% indirect subsidiary of Vivendi, and Carcom, which own 1.1% and 1.9% of the share capital of PTC, respectively. DT alleges that Elektrim Autoinvest and Carcom breached the PTC Shareholders' agreement by supporting Telco and opposing the implementation in Poland of the Arbitration Award rendered in Vienna on November 26, 2004 and claims it has a call option on their shareholdings in PTC.

On June 12, 2007, DT lodged an arbitration claim in Vienna against Vivendi, VTI, Carcom and Elektrim Autoinvest. DT alleges that the defendants committed a fault when they opposed the implementation in Poland of the Arbitral Award rendered in Vienna on November 24, 2006 and claims damages of at least €1.2 billion.

Tort Claim initiated by T-Mobile against Telco before the Warsaw Tribunal
T-Mobile initiated a tort action against Telco before the Warsaw Tribunal on November 15, 2007. T-Mobile is claiming damages in the amount of approximately €3.5 billion as compensation for alleged misconducts in connection with the litigation involving the PTC shares.

Vivendi's Case against the Polish State
On August 10, 2006, Vivendi and VTI served the Republic of Poland with a request for arbitration on the basis of the treaty signed on February 14, 1989, between France and Poland relating to the reciprocal encouragement and protection of investments. In its request, Vivendi claimed that the Republic of Poland failed to comply with its obligations to protect and fairly treat foreign investors under such treaty. Vivendi is claiming compensation in the amount of €1.9 billion.

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

Section 3 Notes to the 2007 Statutory Financial Statements

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

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

The arbitration tribunal awarded Vivendi and its subsidiary damages of $105 million plus interest and costs. On December 13, 2007, the Argentine Government filed an application for the arbitration award to be set aside, in particular on the basis of an alleged conflict of interest concerning one of the arbitrators. ICSID will appoint an ad hoc committee to issue a ruling on this application, in the first quarter of 2008.

Claim against the company Compagnie Immobilière Phénix Expansion

Compagnie Immobilière Phénix Expansion (CIP Expansion), a former subsidiary of Vivendi, is the subject of a claim by Tso Yaroslavstroi, a Russian public corporation, relating to a contract for the construction of prefabricated houses in the Yaroslav region. On March 30, 2005, Tso Yaroslavtroi filed a claim against CIP Expansion with the ICC International Court of Arbitration, seeking an order for the payment of sums representing, in particular, the loss of profits envisaged from the sale of the prefabricated houses and compensation for the loss suffered. The award is expected to be issued during the first quarter of 2008.

Fermière De Cannes

On March 19, 2003, Anjou Grandes Opérations, Anjou Patrimoine and Anjou Services, three subsidiaries of Vivendi resulting from the break-up of Compagnie Immobilière Phénix (CIP), became the subject of claims a shareholders' action (ut singuli) brought by shareholders of Fermière de Cannes claiming that funds were owed to the company. Following a judgment of the French Supreme Court ("Cour de Cassation"), the Paris Court of Appeal, in a judgment dated December 6, 2007, upheld the claim of the shareholders and ordered two company officers of CIP and Fermière de Cannes, jointly and severally, to pay €67 million in resulting from the offences of aiding and abetting, and concealing, the misappropriation of company assets in the exercise of their functions. The case against Anjou Services and the former subsidiaries of CIP was dismissed. The two company officers have filed an appeal with the French Supreme Court.

SCI Carrec

On October 2006, SCI Carrec filed a claim against société Gambetta Défense V before the tribunal of first instance of Nanterre seeking indemnification for its prejudice suffered in connection with the sale of a building in 1988. As part of this sale, SCI Carrec was granted an indemnity by Compagnie Générale des Eaux, the predecessor of Vivendi.

Class action against Activision in the United States

In February 2008, a purported class action was filed in the United States against Activision and its directors regarding the combination of Activision and Vivendi Games, and against Vivendi and its concerned subsidiaries. Vivendi intends to defend this action vigorously.

Note 24. Instruments Used to Manage Borrowings

For cash management purposes and as part of its financing policy, Vivendi enters into various hedging arrangements of different durations as appropriate, as is normal practice within major groups and, occasionally, on behalf of its subsidiaries. Hedging arrangements are not speculative in nature.

The majority of Group financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary. In 2007, 97% of average Group debt was denominated in euros (75% in 2006). The average cost of this debt (including bank margins and hedging arrangements) over the year as a whole was 4.11%, compared to 3.76% in 2006. The remaining debt was mainly denominated in dirhams (3% vs 9% in 2006) with an average finance cost of 4.26% (5.08% in 2006). All currencies together, the average finance cost in 2007 was 4.18%, including margins and hedging arrangements, compared to 4.20% in 2006.

In 2007, external hedging arrangements implemented by the Group (fixing floating interest rates) covered an average of €1.3 billion long and short-term debt, compared to €0.5 billion in 2006. The Group uses only swap instruments and caps.

At the end of 2007, open swaps in the Group totaled €1.5 billion. The average duration of swap instruments was 4.2 years.

Section 3 Notes to the 2007 Statutory Financial Statements

Instruments held by Vivendi SA to hedge borrowings break down as follows:

Vivendi SA External Hedging Arrangements (in millions of euros)	As at 12/31/2007	Average rate	Maturing within < 1 year	Maturing within 1 to 5 years	Maturing within > 5 years	Counterparty
Fixed-rate receiver swaps	130	4.48%	30	100		Banks
Fixed-rate payer swaps	(700)	3.87%		(700)		Banks
Sales of caps						
Purchases of floors						
Sub-total	**(570)**		**30**	**(600)**		

There is no internal hedging between Vivendi SA and its subsidiaries as at December 31, 2007.

Note 25. Deferred deductions for taxes

Timing differences between the tax and accounting treatment of income and expense items would generate a future reduction in tax liabilities (including contributions) of €143.4 million, due to the deferred deduction for tax purposes of certain expenses provided.

Total net capital gains benefiting from deferred taxation pursuant to Article 38-7 bis and 210B of the French General Tax Code, amount to close to €5.5 billion, including €5.4 billion in respect of SFR shares.

Note 26. Subsequent Events

In anticipation of financing requirements associated with the acquisition of Activision and Neuf Cegetel (please refer to Key events), Vivendi secured a new syndicated loan of €3.5 billion on January 18, 2008, underwritten by a pool of banks.

This new facility comprises 3 tranches:

- a €1.5 billion bridging loan repayable from the proceeds of the share issue of about the same amount to be performed following completion of the acquisition of Neuf Cegetel,
- a €2 billion "revolver" facility, half of which will be available over 3 years and half over 5 years.

Section 4 Subsidiaries and Affiliates

(in thousands of euros) unless otherwise stated	Share capital	(a) Equity excl. share capital	% share capital held	Book value of investments		(b) Outstanding loans and advances granted by Vivendi	Guarantees and endorsements granted by Vivendi	2006 Revenues	2007 Revenues	2006 Earnings	2007 Earnings	Dividends received by Vivendi during 2007	Comments
				Gross	Net								
Groupe Canal+ SA * (c) 1, place du Spectacle 92130 Issy les Moulineaux	100,000	789,264	100.00	5,198,133	5,198,133		10,428	349,501	40,093	1,064,261	(91,153)	650,000	
NBC Universal Inc. (d) 30 Rockefeller Plaza New York, NY 10112 - USA		24,563 million dollars	20.00	6,535,521	5,502,521			15,383 million dollars	14,809 million dollars	1,899 million dollars	2,074 million dollars	290,017	
Société Française du Radiotéléphone 42, avenue de Friedland 75008 Paris	1,343,455	610,854	55.96	9,807,026	9,807,026	700,000		8,466,428	8,601,280	1,605,979	1,412,112	902,090	
Vivendi Telecom International * (e) 42, avenue de Friedland 75008 Paris	1,190,647	(602,769)	100.00	1,190,905	1,190,905	1,620,746		4,019	1,681	(132,889)	951		
Elektrim Telekomunikacja * (f) Al. Jana Pawla II 00-828 Varsovie Pologne	(g) 10,008,090 thousand zlotys	(g) (8,314,102) thousand zlotys	47.07	1,117,080	0	790,730		(g) 60 thousand zlotys	(g) 51 thousand zlotys	(g) (h) (292,207) thousand zlotys	(g) (175,056) thousand zlotys		prov. on advances 790,730
Other subsidiaries and affiliates (Summary information)				131,708	70,579	299,237	(i) 353,070						

(a) Including earnings of the year.
(b) Including current account advances.
(c) Company holding 49% of Canal+ SA and all other assets transferred by Canal Plus on the Vivendi-Canal+-Seagram merger on December 8, 2000.
(d) Consolidated figures.
(e) Company carrying Group telephony investments in Morocco and Poland.
(f) Elektrim Telekomunikacja (held 3.93% by Vivendi Telecom International) and Carcom Warsawa (held 51% by Vivendi) hold 51% of the share capital of PTC, the leading mobile phone operator in Poland.
(g) As at December 31, 2007, 1 euro = 3.5935 zlotys.
(h) Compared with provisional losses of 205,575 thousand zlotys reported in the 2006 Annual Report.
(i) Guarantee given to the Moroccan bank Attijariwafa in respect of a loan of dhs 4.0 billion granted in January 2005 to Société de Participation dans les Télécommunications to finance the acquisition of 16% of the share capital of Maroc Telecom.
* This company is primarily a holding company. The amounts presented in the "Revenues" columns comprise operating income and financial income from investments.

Section 4 Subsidiaries and Affiliates

(in thousands of euros, unless otherwise stated)	Share capital	(a) Equity excl. share capital	% share capital held	Book value of investments		(b) Outstanding loans and advances granted by Vivendi	Guarantees and endorsements granted by Vivendi	2006 Revenues	2007 Revenues	2006 Earnings	2007 Earnings	Dividends received by Vivendi during 2007	Comments
				Gross	Net								
Holding companies and non-core activities													
I-Holding Companies													
Vivendi Finance Company (c) Corporation Trust Center 1209, Orange Street Wilmington, 19801 County of New Castle Delaware, U.S.A	3,186,797 thousand dollars	253,412 thousand dollars	100.00	2,389,449	2,389,449					7,398 thousand dollars	246,014 thousand dollars		
Vivendi Holding 1 Corporation (d) * 800 Third Avenue New York, New York 10022, U.S.A		14,224,498 thousand dollars	100.00	9,587,062	9,472,062			(e) 4,138,210 thousand dollars	14,121 thousand dollars	(e) 4,075,983 thousand dollars	(66,426) thousand dollars		
Centenary Holdings Ltd Clarendon House 2 Church Street Hamilton HM 11 Bermuda	52,352 thousand dollars	103,609 thousand dollars	100.00	105,097	105,097			78 thousand dollars	83 thousand dollars	63 thousand dollars	51 thousand dollars		
Centenary SGPS Rua Calouste Gulbenkian 52 Edificio Mota Galiza Freguesia de Massaleros Concelho do Porto Portugal	880	148,378	100.00	146,621	146,621					4,173	2,520		fiscal year from 07/01/2006 to 06/30/2007
Other subsidiaries and affiliates (Summary information)				73,637	54,056							22,172	

(a) Including earnings of the year.
(b) Including current account advances.
(c) Company created on the acquisition of BMG Publishing in December 2006.
(d) Company included in the corporate structure of the Group's US assets (excl. NBC Universal).
(e) Including a dividend of 4,055 million dollars from Universal Music Group.
* This company is primarily a holding company. The amounts presented in the "Revenues" columns comprise operating income and financial income from investments.

Section 4 Subsidiaries and Affiliates

(in thousands of euros, unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments		Out-standing loans and advances granted by Vivendi (b)	Guarantees and endorse-ments granted by Vivendi	2006 Revenues	2007 Revenues	2006 Earnings	2007 Earnings	Dividends received by Vivendi during 2007	Comments
				Gross	Net								
II - Non core activities													
Société d'investissements et de Gestion 35 (c) * 1, Terrasse Bellini - 92919 Paris La Défense Cedex	38	2,435	99.64	178,964	0	7,067		2,340	354	46,122	103,313	146,709	
Société Nouvelle d'Etudes et de Gestion (SNEGE) * 59 bis, avenue Hoche - 75008 - Paris	263,951	21,373	100.00	263,951	263,951					6,556	8,089	6,060	
Other subsidiaries and affiliates (Summary information)				321,210	85,921	483,175						6,339	prov. on advances 434,087
Total				**37,046,365**	**34,286,121**	**3,900,955**	**363,498**					**2,023,387**	

(a) Including earnings of the year.
(b) Including current account advances.
(c) Group real estate division holding company sold in January 2008.
* This company is primarily a holding company. The amounts presented in the "Revenues" column comprise operating income and financial income from investments.

Section 5 Financial Results of the Last Five Years

(in millions of euros)	2007	2006	2005	2004	2003
Share capital at the end of the year					
Share capital	6,406.1	6,363.7	6,344.1	5,899.4	5,893.4
Number of shares outstanding	(a) 1,164,743,220	1,157,033,736	1,153,477,321	1,072,624,363	1,071,518,691
Potential number of shares created by:					
Conversion of Veolia Environnement bonds issued in April 1999					16,654,225
Redemption of bonds redeemable in shares issued in December 2000			18,992,487	21,866,411	23,389,853
Redemption of bonds redeemable in shares issued in November 2002				78,672,470	78,675,630
Exercise of stock subscription options	29,899,235	32,174,851	33,684,358	26,505,520	19,193,741
Grant of restricted stock units for no consideration	(b) 1,276,893	805,560			
Results of operations:					
Revenues	91.6	113.8	104.7	95.0	125.8
Earnings before tax, depreciation, amortization and provisions	1,518.5	1,467.3	15.2	80.1	3,290.2
Income tax expense/(credit)	(c) (579.0)	(c) (740.2)	(c) (531.4)	(c) (513,6)	(c) (77.7)
Earnings after tax, depreciation, amortization and provisions	1,504.4	4,412,4	6,675.2	1,227.3	4,839.9
Earnings distributed	(d) 1,514.1	(f) 1,387.3	(f) 1,147.4	(f) 639.1	
Per share data (in euros)					
Earnings after tax but before depreciation, amortization and provisions	(e) 1.80	(e) 1.91	0.47	0.55	3.14
Earnings after tax, depreciation, amortization and provisions	(e) 1.29	(e) 3.81	5.79	1.14	4.52
Dividend per share	(d) 1.30	(f) 1.20	1.00	0.60	
Employees					
Number of employees (annual average)	223	228	228	222	291
Payroll	35.4	35.5	33.8	40.8	59.3
Employee benefits (social security contributions, social works, etc.)	13.1	13.2	12.1	15.4	26.9

(a) Number taking account of movements up to December 31, 2007: creation of (i) 1,276,227 shares in respect of Group Savings Plans, (ii) 7,733,646 shares following the exercise of stock subscription options and restricted stock units by beneficiaries and conversely, the cancellation of 1,300,389 treasury shares.

(b) Restricted stock units for no consideration granted in 2006 to employees holding an employment contract with Vivendi or one of its majority-owned French or Moroccan subsidiaries. In other countries, restricted stock units which will not result in the issue of new shares but the payment of a cash amount.

(c) This negative amount represents the tax saving recorded by the tax group headed by Vivendi plus, from 2004, the income generated by application of the Consolidated Global Profit Tax System.

(d) The Annual General Shareholders' Meeting of April 24, 2008 will be asked to approve the distribution of a dividend of €1.30 per share in respect of 2007, representing a total dividend distribution of €1,514.1 million. This amount takes into account the number of treasury shares held as at December 31, 2007 and will be adjusted to take account of effective holdings as at the dividend payment date and the exercise of stock subscription options by beneficiaries up to the Shareholders' Meeting.

(e) Calculated taking into account the number of shares at year end (please refer to a).

(f) Based on the number of shares ranking for dividends as of January 1, after deduction of treasury shares at the dividend payment date.

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Sociographics

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Sociographics

The scope of the social reporting relies on the provisions of Article L. 233-3 of the French commercial code. Vivendi's sociographics are obtained from companies in which Vivendi owns a greater than 50% interest, as well as companies held at less than 50% over which Vivendi has financial and operational control.

Each entity is responsible for the accuracy and the process for collecting the social data that it transmits.

Vivendi uses a specific system for reporting social data. The system, which incorporates integrated historical data, has contributed to the enhancement of the monitoring, accuracy and reliability of the group's social indicators.

The IT system performs a series of automatic coherency checks during data entry. Other checks and an initial validation are carried out at each business unit's level. Coherency checks and a second validation are performed at the level of each business. These indicators are then aggregated and checked by the holding company where a third validation is performed during data consolidation and analysis.

The "Corporate" heading in the tables below refers to Vivendi's corporate headquarters in Paris and the New York office, unless otherwise specified. "Others" refers to: VU Net and Vivendi Telecom International (VTI) and Vivendi Mobile Entertainment (VME) in 2007; and VU Net and VTI in 2006 and in 2005. In 2005 and 2006, data related to Maroc Telecom does not include the Mauritel Group, CasaNet or Onatel as these companies entered the scope of Maroc Telecom's social reporting in 2007.

The analysis of changes in annual employment information is facilitated by the presentation of three consecutive fiscal years as described below.

Section 1 Headcount

In 2007, Vivendi employed a total of 37,223 employees (compared to 34,694 employees in 2006 and 34,031 employees in 2005). The increase in the number of employees in 2007 is the result of changes in the group's scope of consolidation, increased recruiting at Vivendi Games to support the development of new games and technical developments of social reporting which have allowed for an extension of the reporting scope.

1.1. Headcount by Business Segment

The table below shows the group's employees by business segment as of December 31, 2005, 2006 and 2007.

	2007	2006	2005
Universal Music Group	8,114	7,869	7,915
Canal+ Group	4,061	3,699	3,880
SFR	6,209	8,014	8,033
Maroc Telecom	14,075	11,259	11,251
Vivendi Games	4,437	3,567	2,657
Corporate	262	271	278
Other	65	15	17
Total	**37,223**	**34,694**	**34,031**

1.2. Headcount by Geographic Breakdown

The table below shows the group's employees by geographic region as of December 31, 2005, 2006 and 2007.

	2007	2006	2005
France	11,869	13,243	13,142
North America	5,448	5,006	4,416
South America and Central America	391	350	345
Asia Pacific	1,478	1,445	1,500
Africa	14,218	11,424	11,418
Europe (excluding France)	3,819	3,226	3,210
Total	**37,223**	**34,694**	**34,031**

Section 1 Headcount

1.3. Headcount by Gender Breakdown

	2007		2006		2005	
	% women	% men	% women	% men	% women	% men
Universal Music Group	45	55	45	55	45	55
Canal+ Group	51	49	52	48	50	50
SFR	46	54	54	46	54	46
Maroc Telecom	23	77	23	77	22	78
Vivendi Games	18	82	21	79	21	79
Corporate	56	44	56	44	54	46
Other	31	69	47	53	47	53
Average	**34**	**66**	**38**	**62**	**38**	**62**

In 2007, approximately 34% of Vivendi's employees were women compared to an average of 38% in 2005 and 2006. Vivendi Games and Maroc Telecom are businesses that typically employ a majority of male staff. In 2007, Maroc Telecom was the largest employer in the group, the percentage of men in the group has therefore increased mathematically.

Section 2 New Hires

Vivendi has significant operations in the US and other parts of the world. The notion of hiring, particularly the concepts of permanent and fixed-term employment contracts as they apply to French institutions, have no equivalents in other countries. In the United States, the notions of interns and hiring are very different from those in France; summer jobs held by students are considered to be in the same category as new employees. Short-term additions to the staff are also treated as new hires in the US. For all the foregoing reasons, the tables below represent the number of new hires of all types within the group.

These remarks also apply to the notion of employment termination worldwide. Consequently, the disclosure requirements imposed by French legislation concerning hiring and new employees and employment terminations and departures in the following tables refer to these concepts. In fiscal year 2007, the overall number of new employees within the Vivendi group remained steady.

2.1. New Hires in the Group

New hires	2007	2006	2005
Universal Music Group	1,371	1,189	1,740
Canal+ Group	788	714	970
SFR	1,095	1,173	1,363
Maroc Telecom	447	198	138
Vivendi Games	2,013	1,753	1,494
Corporate	30	29	41
Other	(a) 53	-	-
Total	**5,797**	**5,056**	**5,746**

(a) New hires at Vivendi Mobile Entertainment (VME).

Section 2 New Hires

2.2. New Hires in France

New hires	2007 Total	2007 Hiring of permanent staff	2007 % permanent	2006 Total	2006 Hiring of permanent staff	2006 % permanent	2005 Total	2005 Hiring of permanent staff	2005 % permanent
Universal Music Group	105	45	43	96	46	48	95	50	53
Canal+ Group	733	218	30	603	133	22	813	275	34
SFR	1,095	561	51	1,189	611	51	1,324	759	57
Maroc Telecom (a)	20	16	80	-	-	-	-	-	-
Vivendi Games	329	245	74	520	358	69	487	388	80
Corporate	26	13	50	27	13	48	36	22	61
Other	53	46	87	-	-	-	-	-	-
Total/average	**2,361**	**1,144**	**48 % average**	**2,435**	**1,161**	**48 % average**	**2,755**	**1,494**	**54 % average**

(a) Corresponds to Mobisud France, a subsidiary of Maroc Telecom.

Unlike the previous table, the table above shows new hires as defined by the French legislator. For French subsidiaries (overseas departments and territories included), the average of new employees hired under permanent employment contracts remained stable at 48% in 2007 compared to 2006. The hiring rate for permanent employees is the number of permanent employment contracts compared to the total number hired by each subsidiary.

2.3. Hiring Difficulties

Although it had been somewhat difficult to fill a small number of vacancies locally, no subsidiary has reported any particular hiring difficulties during the past three fiscal years.

Section 3 Changes in Headcount Pursuant to New Consolidation Scope

3.1. Acquisitions

In fiscal year 2007, 4,811 new employees were added to the scope of social reporting as a result of acquisitions.

	2007	2006	2005
Universal Music Group	890	83	5
Canal+ Group	615	26	115
SFR	70	-	-
Maroc Telecom	3,139	-	-
Vivendi Games	93	152	(a) 323
Other	4		
Total	**4,811**	**261**	**443**

(a) Excluding High Moon Studios acquired on December 29, 2005.

Section 3 Changes in Headcount Pursuant to New Consolidation Scope

The following table provides a breakdown of headcount variation in 2007 resulting from changes of scope.

	Entity	Number of employees	
Universal Music Group			**890**
	BMG Music Publishing	594	
	V2 France	14	
	Deutsch Rock Merchandise Germany	16	
	X-Cell Records Germany	6	
	Lionheart - V2 Sweden	13	
	Sanctuary	247	
Canal+ Group			**615**
	TPS Cinema	38	
	TPS Foot	29	
	TPS Interactif	31	
	TPA Jeunesse	18	
	TPS SNC	437	
	TPS Sport	44	
	TPS Terminaux	18	
SFR			**70**
	FRNET2	70	
Maroc Telecom			**3,139**
	Gabon Telecom	1,248	
	Onatel	1,318	
	Mobisud France - Mobisud Belgium	7	
	CasaNet	49	
	Mauritel	517	
Vivendi Games			**93**
	Vivendi Games China	63	
	Vivendi Games Santiago	30	
Other			**4**
	Link & Data Mobile Technology	4	
Total			**4,811**

3.2. Divestitures

In 2007, 1,849 employees left the group's consolidation scope: 1,834 employees at the SFR Customer Service sites in Lyon, Toulouse and Poitiers, an employee of VU Net, eight employees of Vivendi Games in Singapore and six employees of Vivendi Games in Japan.

Workforce reductions due to divestitures	2007	2006	2005
Universal Music Group	-	-	2,132
Canal+ Group	-	183	619
SFR	1,834	-	1,963
Maroc Telecom	-	-	-
Vivendi Games	14	-	66
Other	1	-	-
Total	**1,849**	**183**	**4,780**

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Section 4 Headcount Reductions Worldwide and their Reasons

4.1. Information on Redundancy Plans and Safeguarding Employment

The number of economic layoffs rose in 2007, compared to 2006. However, the number of economic layoffs did not reach the 2005 level when major restructurings were completed. There are various reasons for economic layoffs within the group: at UMG, they are the result of previous restructurings; at Vivendi Games, they are due to staff downsizing to keep up with market changes and at Canal+ Group they are the result of the TPS staff integration. Layoffs in this instance were carried out on a voluntary basis. Layoffs at UMG (69% out of the total staff layoffs in 2007), are a consequence of the group's restructurings especially in Brazil and in Germany (45 employees), the United States (252 employees) and the UK (182 employees).

Employees concerned worldwide	2007	2006	2005
Universal Music Group	586	216	173
Canal+ Group	214	6	33
SFR	-	-	-
Maroc Telecom	-	-	911
Vivendi Games	53	76	110
Corporate	-	3	11
Other	-	-	17
Total	**853**	**301**	**1,255**

4.2. Aids in Job Transition and Related Programs

In France, several types of job transition aids and programs were offered to employees affected by restructurings:

- internal transfers: job openings within the group were posted on the intranet;
- reclassification leaves;
- training leave to allow employees to improve their professional qualifications;
- assistance with starting a business; and
- outplacement services.

In countries where these types of measures do not exist, Vivendi has implemented job transition programs for employees who were laid off. Elsewhere in the world, Vivendi managed terminations of employment in accordance with practices of each country in compliance with the group's code of ethics.

4.3. Rehires

Vivendi has a policy of giving preference to employees laid off for economic reasons when a job opening arises. In 2007, this policy applied to approximately one hundred employees mostly in the United States (71%) and Ireland (27%), compared to 38 in 2006, and 4 in 2005.

4.4. Termination for Other Causes

The table below summarizes departures from the group in 2007 for reasons other than economic layoff: resignations, individual terminations, departures due to the end of a fixed-term contract, and retirement.

	2007	2006	2005
Universal Music Group	1,389	1,124	1,207
Canal+ Group	827	732	828
SFR	1,136	1,240	1,148
Maroc Telecom	(a) 770	194	116
Vivendi Games	1,169	932	638
Corporate	39	33	37
Other	6	1	3
Total	**5,336**	**4,256**	**3,977**

(a) Of which 352 were voluntary departures and 166 were resignations.

Section 5 Working Hours

5.1. Working Hours for Full-Time Employees

Just as approaches to work schedules vary widely by country, so does the number of hours worked. In Vivendi, the number of hours worked per week ranges from 35 hours (mainly in Europe and in Japan) to 48 hours (in Colombia, Costa Rica and Peru). In France, all Vivendi subsidiaries apply the law mandating a 35-hour work week. Full-time work is defined as the number of hours worked weekly by full-time employees.

This indicator is currently being stabilized: changes between 2005 and 2007 in the number of hours worked per week and per year listed in Tables 5.1 and 5.2 below are due to a better understanding of the labor practices in certain countries, particularly in emerging countries where the concept of hours worked per year does not exist.

	Hours worked per week			Hours worked per year		
(in hours)	2007	2006	2005	2007	2006	2005
Universal Music Group	38.4	38.4	38.3	1,788	1,789	1,837
Canal+ Group	35.7	35.7	35.9	1,610	1,664	1,684
SFR	35.0	35.0	35.0	1,606	1,606	1,606
Maroc Telecom	38.8	38.5	38.5	1,747	1,751	1,751
Vivendi Games	38.8	38.6	38.8	1,892	1,945	2 ,001
Corporate	35.0	35.0	35.0	1,556	1,557	1,560
Other	35.0	35.0	35.0	1,588	1,583	1,820
Average	**37.8**	**37.5**	**37.4**	**1,737**	**1,742**	**1,753**

5.2. Working Hours for Part-Time Employees

Part-time work is defined as the number of working hours that is most widely used within the company for part-time employees.

The number of working hours for part-time employees rose slightly in 2007. The number of hours varies from 8 to 37 hours a week; with an average length of 29.1 hours a week and 1,328 hours a year.

	Hours worked per week			Hours worked per year		
(in hours)	2007	2006	2005	2007	2006	2005
Universal Music Group	26.0	25.4	25.0	1,205	1,226	1,204
Canal+ Group	30.6	30.5	30.2	1,376	1,383	1,370
SFR	29.9	26.2	26.1	1,373	1,317	1,353
Maroc Telecom (a)	-	-	-	-	-	-
Vivendi Games	20.1	27.9	28.7	907	1,366	1,338
Corporate	25.0	28.0	28.0	1,063	1,215	1,215
Other	18.9	9.8	9.8	894	521	521
Average	**29.1**	**27.1**	**27**	**1,328**	**1,320**	**1,335**

(a) Maroc Telecom has no part-time employees.

5.3. Overtime

Overtime hours are hours worked beyond the contractual number of working hours. In 2007, the majority (84%) of overtime work hours were in Morocco (22%), the US (50%) and Burkina Faso (12%) where overtime hours are not regulated.

Overtime	2007	2006	2005
Universal Music Group	228,474	213,923	209,515
Canal+ Group	9,946	19,212	14,132
SFR	6,818	7,357	10,620
Maroc Telecom	(a) 213,390	76 387	61,084
Vivendi Games	126,882	117,778	68,779
Corporate	183	342	767
Other	138	-	-
Total	**585,831**	**434,999**	**364,897**

(a) Result of new hires in the scope and change in the method of calculating overtime.

Section 5 Working Hours

5.4. Absenteeism

Absenteeism is defined as the number of work days not worked, excluding paid leave, training programs, union-related absences, exceptional and contractual leaves, and compensation time for extra hours worked under the French 35-hour work week law. This law is in effect within companies of the group in France. Since 2006, in order to better understand this indicator, suspended contract leaves have been excluded from these figures. The SFR figures refer to a constant company scope.

In 2007, the reasons for absenteeism were largely personal, such as sick days (54%) and absences for family reasons (34%), particularly maternity and paternity leaves (the case most often cited in metropolitan and overseas France), as well as marriage, moving and mourning.

5.4.1. Absenteeism within the Group

Days of absence per employee per year	2007	2006	2005
Universal Music Group	3.3	3.3	5.4
Canal+ Group	12.9	10.3	10.5
SFR	(c) 8.7	(b) 10.1	(a) 11.6
Maroc Telecom	3.6	5.0	4.4
Vivendi Games	4.8	4.2	6.0
Corporate	3.8	6.5	5.8
Other	0.7	12.6	1,4
Average	**5.4**	**5.8**	**6.6**

(a) Data published in 2005 (29) included SFR Client Service and some cases of suspended contract leave.
(b) Data published in 2006 (17.5) included SFR Client Service.
(c) Excluding SFR Client Service whose personnel of the Lyon, Poitiers and Tolouse sites were transferred in 2007.

5.4.2. Absenteeism within the Group in France

Days of absence per employee per year	2007	2006	2005
Universal Music Group	8.7	11.4	16.1
Canal+ Group	14.0	10.2	10.8
SFR	(c) 8.3	(b) 9.5	(a) 11.5
Vivendi Games	6.2	4.0	11.4
Headquarters	4.3	7.1	6.8
Other	0.7	12.6	1.4
Average	**9.9**	**9.3**	**11.5**

(a) Data published in 2005 (29.5) included SFR Client Service and some cases of suspended contract leave.
(b) Data published in 2006 (17.5) included SFR Client Service.
(c) Excluding SFR Client Service whose personnel of the Lyon, Poitiers and Tolouse sites were transferred in 2007.

Section 6 Compensation and Benefits

Compensation and benefits for fiscal year 2007 totaled €2,390 million.

Section 7 Training

7.1. Total Training Costs Compared to Total Payroll

The percentage of payroll costs allocated to training is a frequently-used indicator in France. Outside France, there is no standard computation method. For this reason, the indicator we use here is total training expenditures as a percentage of total payroll. Expenditures have been recalculated on the basis that salary costs for employees in training represent a minimum of 50% of the training expenses.

Payroll costs allocated to training (in percentage)	2007	2006	2005
Universal Music Group	0.4	(a) 0.4	1.1
Canal+ Group	3.1	3.0	2.3
SFR	3.5	3.6	3.4
Maroc Telecom	5.9	7.5	8.5
Vivendi Games	1.0	1.2	0.5
Corporate	1.7	1.7	1.5
Other	0.2	4.8	6.5
Average	**1.9**	**2.0**	**2.4**

(a) A change in the teaching methods of certain mandatory training modules led to a sharp decrease in costs in 2006.

In 2007, Maroc Telecom's training programs were mostly directed at personnel development while in 2006, the introduction of the ISO 27001 certification process for IT security required large scale training programs on information security, its challenges and its impact on the telecoms business.

7.2. Average Training Time by Trained Employee (in hours)

The average training time is calculated by taking the total number of hours spent in training and dividing it by the number of (individual) employees trained during the year. In this calculation, each trained employee counts as one, no matter how many training sessions he or she attended. In 2007, Maroc Telecom initiated a vast program to train employees joining the social reporting scope, especially in CasaNet and Mauritel. As the number of employees in the "Other" category has been declining sharply, the training time has also followed this trend.

Average training time (in hours)	2007	2006	2005
Universal Music Group	5.4	6.9	6.6
Canal+ Group	25.0	25.6	27.4
SFR	35.7	30.1	32.7
Maroc Telecom	25.7	28.0	44.0
Vivendi Games	11.2	15.5	9.4
Corporate	23.9	(b) 33.2	21.2
Other	16.0	23.8	(a) 60.0
Average	**20.8**	**24.0**	**30.3**

(a) This figure relates to training programs for employees affected by redundancy plans.
(b) An exceptional training program for the annual interviews was launched at headquarters in 2006.

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Section 7 Training

7.3. Training Hours per Employee Trained in France

(in hours)	2007	2006	2005
Universal Music Group	24.6	21.3	28.2
Canal+ Group	26.1	26.3	29.5
SFR	35.8	29.8	32.5
Vivendi Games	23.6	(a) 39.4	31.8
Corporate	28.3	(b) 52.9	23.5
Other	16.0	23.8	60.0
Average hours of training	**30.7**	**29.6**	**31.5**

(a) These figures relate to advanced training programs required in connection with the creation of the *World of Warcraft* game.
(b) An exceptional training program for annual interviews was launched at headquarters in 2006.

This indicator covers the group's entities in metropolitan France. The high number of training hours in the "Other" category primarily relates to training programs offered to employees affected by redundancy plans in certain entities.

7.4. Training Objectives

In compliance with disclosure requirements governing lifelong professional training set forth in Law No. 2004-391 of May 4, 2004, the table below shows the specific purposes for professional training per trained employee reported as a percentage for each subsidiary. In this calculation, an employee who has participated in several training courses is counted for the number of courses he or she attended. In 2006, the definition of each objective was refined and integrated into a collective agreement signed at Vivendi headquarters. As a result, the classification of training conducted during the year was adjusted accordingly. The study covers the group's French and Moroccan companies.

Training for adaptation to the position is intended to help employees acquire adequate skills to keep their position within the structure at the time of the training; this training is specific to the position and may not be transferred to a different position.

Training for a change in the position is designed to maintain the ability of employees to hold a position, particularly with respect to changes in jobs (inside and outside the company), technologies and organizations; this training is geared toward the acquisition of knowledge, skills or qualifications to anticipate a potential change in activities, duties, or new operating methods. This training is specific to the position.

Skill development training provides access to various levels of professional qualification and contributes to the economic and cultural development of employees or to promotion within the company. This type of training is dedicated to the acquisition of skills, the use of which assumes a change in the professional classification of the employee. This training is not required under the employment contract which is established upon completion of training. This training may be desirable and facilitates a goal to improve the employee's potential.

The table below shows gradual adjustments of definitions used to better differentiate criteria especially training programs focused on changes to the work station and adapting to them. In addition, the table below reflects the change in the company's training requirements between 2005 and 2007.

	Adapting to the work station			Changes to the work station			Development of skills		
(percentage)	2007	2006	2005	2007	2006	2005	2007	2006	2005
Universal Music Group	82	89.5	99	1	5.7	0.5	17	4.8	0.5
Canal+ Group	35	70	94	10	6	-	55	24	6
SFR	17	62	93	74	34	6	9	4	1
Maroc Telecom	40	38	-	19	20	-	41	42	-
Vivendi Games	8	57	89	75	9	-	17	34	11
Corporate	5	13	47	13	62	47	(a) 82	25	6
Other	-	-	-	-	90	62	100	10	38
Average	**31**	**53**	**92**	**36**	**25**	**6**	**33**	**22**	**2**

(a) In 2007 all headquarters managers received management training.

Section 8 Optional and Statutory Profit Sharing

This indicator includes companies of the group in France which pay optional and/or statutory profit sharing. In 2007, optional and statutory profit sharing amounted to €86.8 million and €50.5 million, respectively.

Section 9 Industrial Relationships and Collective Bargaining Agreements

Agreements entered into in 2007 primarily cover three issues: working conditions (16%), labor and management dialogue (20%) and compensation (45%). Other listed agreements include: an agreement on compensation and vocational development (Onatel), an agreement on gender equality (headquarters), an agreement on the planned transfer of the customer relations site (SFR), an MOA (an agreement in principle) on career development (Mauritel) and an indefinite-term agreement introducing a system of collective agreements for the refund of medical and death expenses, incapacity and invalidity (SFR).

Number of signed agreements	2007	2006	2005
Universal Music Group	25	27	28
Canal+ Group	20	11	9
SFR	13	14	8
Maroc Telecom	6	2	1
Vivendi Games	3	8	3
Corporate	2	2	8
Other	-	-	-
Total	**69**	**64**	**57**

In 2007, 65% of the agreements were entered into by UMG subsidiaries and within the Canal+ Group, representing 25 and 20 agreements respectively. Approximately one-half (52%) of the agreements were signed by French subsidiaries of the Vivendi group.

Section 10 Health and Safety Conditions

10.1. Health and Safety Committees

This study lists the number of committees, commissions, and bodies composed of professionals and employee representatives dedicated to studying the issues of health, hygiene and safety in the workplace within the group. Under the new Moroccan labor code as published in 2004, Moroccan companies are required to establish health and safety committees. In 2006, negotiations among the unions and the management of Maroc Telecom resulted in the organization of elections of delegates who now sit on these bodies. In 2007, six new bodies dedicated to the study of hygiene and safety were created for each region at Onatel, a Maroc Telecom subsidiary in Burkina Faso. In 2007, the health and safety committee mandate was not renewed at VTI ("Other" category).

Number of health and safety committees	2007	2006	2005
Universal Music Group	27	25	54
Canal+ Group	5	9	9
SFR	16	18	(a) 19
Maroc Telecom	14	8	-
Vivendi Games	10	9	10
Corporate	1	1	1
Other	-	1	1
Total	**73**	**71**	**94**

(a) Excluding seven special commissions (real estate strategy in the Paris region, renewal of individual protection equipment, smoking and non-smoking areas, information systems: change in office automation work stations; EPASI, replacement of IT operating systems, new information system for customer relations and installation of flat screens for computers).

Section 10 Health and Safety Conditions

10.2. Number of Employees Trained in Safety

	2007	2006	2005
Universal Music Group	503	762	834
Canal+ Group	282	155	435
SFR	1,324	4,643	1,045
Maroc Telecom	520	-	63
Vivendi Games	122	189	57
Corporate	84	69	70
Other	-	-	-
Total	**2,835**	**5,818**	**2,504**

Particular emphasis was placed on work safety in 2007, especially at Maroc Telecom where the number of employees trained in work safety was significantly higher than in 2006. By continuing upgrades for compliance with the new Moroccan labor code, all members of the Maroc Telecom work place health and safety committees, totaling 520 people, were trained in work safety in 2007. Their training program included hygiene, health and respect for safety conditions on all work sites and general awareness of safety issues.

The exceptional increase in the number of employees trained in safety issues at SFR in 2006 was due to a training program, comprising two half-day modules each one aimed at all staff members; designed in 2005, the programs continued throughout 2006. In 2007, the number of trained employees returned to the pre-program level. In 2007, SFR continued to enhance the awareness of its staff members to safety issues. Training programs at year-end 2007 began with SFR Customer Service employees. In 2006, two different service providers instructed employees in two distinct safety modules. In 2007, the program was revised with the addition of a single half day program on the issue of "Safety and SFR", "Challenges and good practices every day". The trainers teach employees how to behave in case of a labor or commuting accident, in case of fire, on the ergonomics of the work station, on the road, on interventions on technical sites, on protecting the company's tangible and intangible assets (badges, theft, tampering, assault, login and password, the use of electronic mail, and the practical aspects of information security). Other training programs on the issue of safety followed by SFR employees are especially linked to height-clearance, electrical-clearance, recycling, the role of first-aid rescue workers and the role of the local safety team member.

In 2007, based on statistics obtained from the electronic register kept by the central security desk at headquarters, the number of safety interventions decreased by 15% compared to 2006. Employees feel more inclined rather than compelled to follow these instructions (64% and 36%, respectively); nevertheless, it is important to remind employees of the rules applicable to group activities.

Blizzard Entertainment in France is highly committed to the safety of its employees. The game industry faces a specific problem which is not present in the group's other business units: game industry employees work around the clock, 7 days a week while building security is provided from 7 am to 7 pm, Monday to Friday only. It is mandatory for employees to be trained in safety issues and know how to react immediately in case of a problem. Every year, two days of first aid and a day of evacuation sessions are organized to teach or remind employees of these basic issues. Staff trained in previous years, as well as new staff members attend the sessions. Training is either voluntary or mandatory depending upon the employee's position or location in the offices. A presentation of safety principles, evacuation and first aid is communicated to all employees and placed on the Internet.

Information and computer security are two aspects of safety not covered by this indicator. In 2007, at Blizzard Entertainment all employees in Korea (226) were trained in the safety of BIIS information (Blizzard Internal Information System). The training focused on the principles of the use of equipment belonging to the company and personal equipment, rules concerning corporate policies such as information safety and sensitiveness, principles to be respected in the choice of a password, remote access to the network and the use of wifi access.

Section 10 Health and Safety Conditions

10.3. Frequency Rate of Workplace Accidents (with Workdays Lost)

In 2007, the frequency rate of workplace accidents continued to decline to 2.72 compared to 3.21 in 2006 and 3.53 in 2005.

Frequency rate of workplace accidents (with workdays lost)	2007	2006	2005
Universal Music Group	2.39	3.56	2.96
Canal+ Group	2.53	2.63	3.68
SFR	3.50	3.85	3.63
Maroc Telecom	3.00	3.40	4.06
Vivendi Games	1.55	1.28	2.80
Corporate	2.18	-	-
Other	-	-	-
Average	**2.72**	**3.21**	**3.53**

Computation method: $\frac{\text{(number of workplace accidents with workdays lost x 1,000,00)}}{\text{(number of employees x annual hours worked (estimated at 1,750 for the group)}}$

10.4. Severity Rate of Workplace Accidents (with Workdays Lost)

In 2007, the accident severity rate (with workdays lost) remained stable compared to 2006. No fatal accidents were recorded within the group in 2007.

Accident severity rate (with workdays lost)	2007	2006	2005
Universal Music Group	0.02	0.05	0.04
Canal+ Group	0.03	0.05	0.08
SFR	0.11	0.09	0.06
Maroc Telecom	0.26	0.28	0.28
Vivendi Games	0.02	0.02	0.01
Corporate	0.02	-	-
Other	-	-	-
Average	**0.13**	**0.13**	**0.12**

Computation method: $\frac{\text{(number of days lost for workplace accidents x 1,000)}}{\text{(number of employees x annual hours worked (estimated at 1,750 for the group)}}$

Section 11 Gender Equality

Gender equality in the workplace is measured by the employment rate for women within the company and the percentage of women at the managerial level. In 2007, an MOA defining gender equality in the work place was signed at the Vivendi headquarters with the following objectives:

- help to change mentalities by raising the awareness of all concerned employees by the implementation of the agreement and by informing the staff of the importance of gender equality at work, through hiring and career developments at all levels;
- facilitate women's access to vocational training;
- adaptation of organization, working conditions and time constraints;
- increase the percentage of women in executive positions in order to equalize the percentage at all levels in the group;
- equalize compensation between men and women; and
- implementation of procedures for taking paternity leave.

Section 11 Gender Equality

11.1. Employment Rate of Women within the Group

See above for "Breakdown of employees by gender".

11.2. Percentage of Women in Managerial Positions

Approximately 34% of the managerial positions within the group are held by women; a figure that has remained consistent for the past three years.

Percentage of women in managerial positions	2007	2006	2005
Universal Music Group	41	40	39
Canal+ Group	45	45	42
SFR	33	34	35
Maroc Telecom	25	26	26
Vivendi Games	19	18	21
Corporate	50	49	45
Other	31	36	38
Average	**34**	**34**	**34**

11.3. Employment and Integration of Workers with Disabilities

For the purposes of this indicator, the definition of a "worker with disabilities" used is the one stipulated by the national laws of each country or the definition of Convention 159 of the International Labor Organization, namely: any individual whose prospects for securing, retaining and advancing in suitable employment are substantially reduced as a result of a duly recognized physical, sensory, intellectual or mental impairment.

Number of workers with disabilities	2007	2006	2005
Universal Music Group	29	31	41
Canal+ Group	38	30	34
SFR	169	149	111
Maroc Telecom	9	-	-
Vivendi Games	4	1	1
Corporate	-	-	-
Other	-	-	-
Total	**249**	**211**	**187**

In 2007, the number of disabled workers within the group increased by 18% compared to 2006 mainly due to the efforts deployed by SFR. The second three-year agreement (2006 to 2008) on the employment of persons with disabilities is currently in process at SFR. It covers, in particular, the hiring and adaptation of jobs to staff with disabilities, concrete assistance measures to reconcile the disability with the employee's professional life, training/awareness actions for employees and managers, development of cooperation with the protected sector, financial support for students with disabilities, and joint programs with major educational institutions in secondary schools to encourage high-school students with disabilities to continue their studies.

Section 12 Territorial and Regional Impact

The territorial impact of Vivendi's operations is difficult to measure since the group operates in a large number of countries. In 2007, Vivendi initiated relations, created partnerships, or participated in projects with 911 different institutions or associations, compared to 462 in 2006 and 367 in 2005. Most of the projects in which Vivendi is involved (92%) are related to educational institutions.

Section 12 Territorial and Regional Impact

	Universal Music Group			Groupe Canal+			SFR			Maroc Telecom			Vivendi Games			Corporate			Autres		Total		
	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006	2005	2007	2006 et 2005	2007	2006	2005
Employment procurement associations	18	13	20	5	4	4	6	-	-	1	1	-	5	5	1	-	-	-	-		**35**	**23**	**25**
Educational institutions	167	256	186	51	25	20	117	87	71	451	6	6	19	2	8	26	24	29	9		**840**	**400**	**320**
Environmental groups	1	1	2	-	-		12	7	4	2	-	-	-	-	-	-	-	-	-		**15**	**8**	**6**
Consumer groups	-	-	-	5	5	3	12	12	5	-	-	-	-	-	-	-	-	-	-		**17**	**17**	**8**
Local residents groups	1	2	2	-	-	-	-	9	-	-	-	-	-	-	1	3	3	5	-		**4**	**14**	**8**
Total	**187**	**272**	**210**	**61**	**34**	**27**	**147**	**115**	**80**	**454**	**7**	**6**	**24**	**7**	**10**	**29**	**27**	**34**	**9**	*	**911**	**462**	**367**

*na : not applicable.

SFR maintains relationships with several environmental protection associations including, in particular, OREE, EpE, Fondaterra and *Fondation Santé et Radiofréquences* and its advisory body. On the Reunion Island, SRR (*Société Réunionnaise du Radiotéléphone*) has integrated environmental protection policies into its projects (including recovery and recycling of paper, used batteries and terminals).

12.1. Vivendi's Contribution to Job Creation in France

12.1.1. Commitments

In 2004, Vivendi made commitments to French public authorities to create jobs in the regions most affected by unemployment and industrial restructuring in two forms:

- creating, via subcontractors, two call centers linked to the group's activity, one in Belfort (Belfort territory) at the end of 2005. The other in Douai (Northern France) at the end of 2006, on the basis of 300 full time equivalent jobs each, in other words 600 jobs in all,
- job creation aids, in regions selected by the Ministry of economics, finance and employment, of 1,000 jobs in three years and 1,500 jobs in five years not linked to Vivendi's activities, by providing financial support to viable business creation or expansion projects. These grants amount to €5 million a year over a period of five years, or a total amount of €25 million.

12.1.2. Results

Call centers

On December 31, 2007, 749 jobs were created in the two call centers:

- 440 in Belfort, equivalent to 361 full-time jobs,
- 309 in Douai, full time.

The commitments were met in terms of quantity and achieved faster than expected. The percentage of women hired exceeded 70% in the two cases.

In addition, it is important to note the effort of the two managers, at the initiative of SFR Service Clients, to promote the employment of people with disabilities (27 in Belfort and 18 in Douai).

Lastly, Téléperformance and Duacom develop the activity of centers by signing contracts with new clients.

Employment areas

Jobs

On December 31, 2007, jobs certified by the commitment committee, amounted to 3,006, and the actual job creations to 1,624, in other words more than 50% of certified jobs.

As the first employment areas took off in March 2005, Vivendi achieved in less than three years its total commitments over five years, on the 10 operational employment areas.

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Section 12 Territorial and Regional Impact

Below are the details:

Beginning of mission	Areas	(a) Certified jobs	Jobs created
March 2005	Sarrebourg	363	223
	Arles	546	437
	Oise	570	478
February 2006	Dreux	370	108
	Chalon	321	119
	Pas de Calais	372	139
February 2007	Somme	266	54
	Thann-Cernay	84	20
September 2007	Tonnerrois	65	46
	Autun Château-Chinon	49	-
	Total	**3,006**	**1,624**

(a) Certified jobs: jobs being created following the validation of applications by commitment committees. Members of these committees include the regional head of police and his deputy, and the Vivendi representative, representatives of State decentralized services (DRIRE, DIACT, DDTE, TPG), a representative for Banque de France, urban development committees, the CCI and the Chamber of Guilds.

In Arles and Oise areas, real job creations exceed 50% of objectives over three years and will considerably increase according to certifications.

Dreux and Chalon have, within barely two years, reached half the objective, which is considerable considering the difference between certifications and creations.

In barely one year, the jobs certified in the Somme area exceed the creation objective over three years.

The first three assignments (Sarrebourg and Château-Salins, Oise and Arles) have been completed. Concerning prospecting, review of applications and their study at the commitment committee, the last of which took place in December 2007. The relevant economic development companies remain on the territories to continue the proper implementation of the assisted projects and ensure the conversion of the programmed jobs into real creation.

A new area, Haut-Jura (which corresponds to the district of Saint-Claude extended to neighboring villages) was entrusted to Vivendi in autumn 2007. The Haut-Jura assignment will start in March 2008.

Companies

80% of assisted companies in all the areas belong to the industrial, agri-food, construction and public works sectors. 15% of them fall in the category of trade and craftsmanship. The balance concerns personal services and tourism.

70% of subsidized projects concern the expansion of existing companies, 26% job creations and 4% business acquisitions.

93% of subsidized companies are SMEs and very small companies, 7% of subsidiaries of average groups.

87% of projects are endogenous. Dreux is the only exception with 60% of exogenous projects.

Financing

Over a global contractual commitment for 10 operational areas of €23.71 million since 2005, €15.02 million had been actually paid at the end of the third year.

The loans and subsidies to companies account for 75% of the total budget, the remaining 25% is assigned to the fees of service providers.

Section 13 Social and Cultural Activities

In France, social and cultural activities are established at the company level mainly for the benefit of employees or their family. This notion is difficult to formulate at a global level. Each entity is allowed to determine its own policy and contribution. In 2007, this amount was €6.65 million compared to €7.15 million in 2006 and €6.43 million in 2005. The scope of this indicator includes the group's French companies, Maroc Telecom and its subsidiaries as well as in 2007 and 2006 SEDACI (a company of the Canal+ Group located in the Ivory Coast) and the Senegalese company, Canal Horizon.

Section 14 Sub-contracting

Sub-contracting is defined as a business operation whereby a company or entrepreneur transfers a contractual activity or a service from company employees to non employees outside of the organizational structure, while retaining responsibility for those activities or services. (Article No. 1, Law No. 75-1334, of December 31, 1975). This section provides the number of subcontracting assignments performed within the group lasting at least one week. The Vivendi group is less affected by subcontracting than companies with a high number of manual workers. In addition, Vivendi has a limited presence in less developed countries.

Number of assignments performed by subcontractors	2007	2006	2005
Universal Music Group	86	125	157
Canal+ Group	3	13	39
SFR	n/a	(a) n/a	(a) n/a
Maroc Telecom	-	-	-
Vivendi Games	3	-	109
Corporate	6	-	3
Other	-	-	-
Total	**98**	**138**	**308**

(a) Data published in 2006 (5,011) and 2005 (2, 422) represent the number of service provider contracts lasting more than one week, not sub-contracts.

Section 15 External Partners (Temporary Workers)

Interim or temporary staff is defined as a person who directly supplies work and services to a business unit but whose formal contract of employment is with another organization (the interim agency); the business unit contracts with the employment agency and pays the employment agency directly, not the temporary worker. A temporary worker who has completed several assignments is counted for each assignment. Most interim staff (95%) work in the sectors of music, games and telecoms primarily in three countries: France (59%), the United States (26%) and the UK (10%).

Number of temporary assignments	2007	2006	2005
Universal Music Group	1,276	1,421	1,299
Canal+ Group	898	820	858
SFR	1,731	2,793	4,427
Maroc Telecom	14	-	-
Vivendi Games	832	582	671
Corporate	9	19	13
Other	3	-	-
Total	**4,763**	**5,635**	**7,268**

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Section 16 The Group Compliance Program

Since 2002, Vivendi has undertaken to define and implement a Compliance Program which sets forth general ethics rules applicable to each group employee, irrespective of his hierarchic level and his responsibilities.

These rules of conduct cover the rights of employees, the quality of information and its protection, the prevention of conflicts of interest, commercial ethics and the respect of competition rules, the use of group property and resources, financial ethics and respect for the environment.

The objective of the Compliance Program is to make employees aware of their professional responsibilities and to provide them with a reference tool that helps them determine benchmarks for their conduct.

These general rules are applied downstream, by each operational business unit, in all the territories where the group is present, to include the specificities of the subsidiaries' businesses, as well as the particularities of local legislation. As a result, certain entities have implemented an additional code of conduct more specifically devoted to their activities.

The implementation of the Compliance Program is followed by the legal teams and the compliance officers of the main operational group entities.

At the beginning of each year, subsidiaries submit a report to Vivendi on the actions taken in the prior year. The report is presented to the Audit Committee which validates it before sending such report to the heads of the different subsidiaries.

A section of the group Intranet is dedicated to the Compliance Program.

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Environmental Policy

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Environmental Policy

Vivendi is committed to identifying, measuring , evaluating, and, where feasible, reducing the environmental impacts of its activities through more effective and productive management, while it continues to safeguard the health and safety of its employees, partners and customers.

Consistent with this commitment, during 2007 Vivendi continued to implement the following initiatives:

- programs to ensure compliance with applicable environmental, health and safety regulations in force at all of its facilities in the various countries throughout the world where the group operates,
- training programs intended to strengthen the technical knowledge and expertise of group employees with regard to the environment and to impress on them the importance of health and safety issues at work,
- regular assessments of its various operational sites and facilities to ensure they are functioning correctly and are in compliance with applicable regulatory standards with regard to environmental, health and safety matters,
- participation in efforts by industry and governments to improve environmental protection, and to encourage the decrease in the environmental impacts of the group's activities,
- annual publication of a sustainable development report on the group's commitments and progress made regarding environmental protection, health and safety issues.

Section 1 Environmental Commitments

To ensure the continuing success of its environmental policy, the group has made the following ten environmental commitments:

- to define relevant environmental performance objectives for the group,
- to provide quantitative assessment of the environmental impacts of group operations and activities,
- to ensure compliance with applicable environmental regulations,
- to identify ways to reduce the environmental impacts and risks associated with the group's activities,
- to take part in selected research and development activities for environmentally friendly technologies,
- to identify and introduce practices to reduce waste and consumption of raw materials,
- to promote and take part in dialog with other interested environmental parties and partners,
- to introduce training programs intended to strengthen and improve the technical skills of employees regarding the environment, health and safety,
- to regularly inform the public about the group's activities and the progress made,
- to use information and communication technologies to build and implement environmental management systems appropriate to each subsidiary's activities at the relevant facilities and operations.

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Section 2 Environmental Information

Information regarding the environmental impacts of Vivendi's operations is provided according to the type of business and its effects.

2.1. Water Resources, Raw Materials and Energy - Use of Soil - Waste Emissions into the Air, Water and Soil - Noise Pollution, Odor Nuisance and Waste

Vivendi's operations produce few air emissions and wastewater discharges having a direct environmental impact.

As a result of the changes in the consolidation scope of the group, Vivendi continues to review potential new performance objectives related to waste and carbon dioxide emissions for the 2008-2012 period.

2.1.1. Wastewater

With a few exceptions, all of the wastewater generated by group activities has a composition similar to domestic wastewater and is discharged directly into municipal collection and treatment systems, where it is treated before being discharged into the environment. Depending on the site, wastewater receives primary, secondary or tertiary treatment, in accordance with the practices and regulations in force in each location.

2.1.2. Air Discharge

Direct air emissions from the various Vivendi operations are extremely low. Most direct emissions of carbon dioxide are generated by the use of back-up generators in the event of power failure and by facility space heating. Carbon dioxide emissions indirectly caused by Vivendi's operations result primarily from electrical consumption and the use of the group's vehicles.

Vivendi's Paris and New York offices are subject to regular air analyses. The results of these analyses are communicated by Management to the health and safety committees.

2.1.3. Waste

Vivendi's various activities produce wastes that mainly consist of paper, cardboard and packaging, plastic, wood and lumber, glass, commercial and consumer batteries, used petroleum products, and paint residues, as well as waste from electrical and electronic equipment. All wastes are managed in accordance with applicable regulations. Various wastes are recycled by the group, as applicable.

2.1.4. Nuisance Odor and Noise Pollution

Vivendi's operations generate almost no significant nuisance odors or noise pollution. Limited noise is generated by the operation of machinery and vehicles within the group's facilities. Any potential harmful effects of the noise are mitigated by the structure of the buildings. The group maintains strict control over its sites and regularly verifies that noise levels do not exceed 80 decibels for extended periods of time. In a vast majority of the group's sites, the noise levels are below 40 decibels.

2.1.5. Environmental Reporting

In accordance with its commitments regarding the measurement and reduction of the group's environmental impacts, Vivendi continues to identify, assess and measure the environmental effects of its operations. The data presented below was consolidated from information from those group sites that meet specific criteria in terms of environmental impact (which include the number of employees, water and electricity consumption and waste production).

The scope of environmental reporting was extended beginning in 2006, and now includes a number of smaller facilities that had previously been viewed as not contributing a significant environmental impact to the overall group numbers. Due to these changes to the type and scope of facilities included in the environmental reporting, the data from fiscal years is not directly comparable.

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Section 2 Environmental Information

For each fiscal year, the data is provided by the technical or environmental departments within each of the group's operational entities. Data from each of the operating units, in turn, is collated and reviewed at the head office.

Carbon dioxide (in millions of kilogramms)	2007	2006	2005
Universal Music Group (a)	13.1	13.8	13.1
Canal+ Group (b)	7.3	5.6	4.8
SFR	32.0	30.3	26.1
Maroc Telecom (c)	108.3	27.1	27.7
Vivendi Games (d)	4.0	2.8	1.8
Headquarters - Corporate (e)	0.7	0.8	0.8
Total	**165.5**	**80.4**	**74.3**

Water consumption (in thousands of cubic meters)	2007	2006	2005
Universal Music Group (a)	70.3	88.8	82.1
Canal+ Group (b)	38.8	30.6	39.5
SFR	72.4	115.2	86.5
Maroc Telecom (c)	327.0	325.7	325.7
Vivendi Games (d)	3.7	3.1	4.1
Headquarters - Corporate (e)	16.2	18.4	19.0
Total	**528.4**	**581.8**	**556.9**

Waste Generation (in metric tons)	2007	2006	2005
Universal Music Group (a)	583.9	555.0	543
Canal+ Group (b)	495.3	691.0	1,787.5
SFR	1,292.6	1,179.1	2,101.7
Maroc Telecom (c)	132.3	197.6	704.3
Vivendi Games (d)	119.3	214.0	206
Headquarters - Corporate (e)	83.5	100.2	11
Total	**2,706.9**	**3,548.8**	**5,353.5**

(a) Data for 2007 reflects the acquisition of additional facilities.
(b) Data for 2007 reflects the acquisition of additional operations.
(c) Data for 2007 includes facilities that did not report in 2005 and 2006.
(d) Data for both 2006 and 2007 reflect the acquisition of additional facilities.
(e) Headquarters data includes the Paris and New York corporate offices.

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Section 2 Environmental Information

2.2. Measures Taken to Limit Damage to the Biological Equilibrium, to the Environment and to Protected Animal and Plant Species

Vivendi's activities have little direct impact on the biological equilibrium, the environment and protected animal and plant species.

Vivendi has established guidelines for improving the integration of its sites within the surrounding environment. Group installations can have different environmental effects, including the visual impact of buildings, noise pollution, traffic, infrastructure development, light pollution and telecommunications antennas. Vivendi employs rigorous planning in its construction projects taking into account the principles of sustainable development, reducing water and energy consumption and the integration of buildings within the surrounding environment.

In France, SFR, while continuing efforts to expand its coverage area, committed to an extensive program to integrate its antennas into the surrounding environment over five years ago. SFR is using all possible technical means to ensure the sustainable deployment of its infrastructure while respecting populations and the local context. To further guarantee the success of these efforts, SFR works cooperatively with elected officials, lessors and local authorities, and with the assistance of architects, town planners and landscapers. At the end of 2007, over 95% of new sites had been integrated into the surrounding environment (excluding Société Réunionnaise du Radiotéléphone, TDF and dead zone sites). In addition to this excellent performance, SFR played a major role in the development of a common policy on the integration of relay antennas that has been adopted by the French Association of Mobile Phone Operators.

2.3. Measures Taken for the Purpose of Environmental Assessment or Certification

Since 2001, Vivendi has had a formal program for assessing the environmental, health and safety programs implemented by group companies. Since the introduction of this program, over 85 formal site assessments have been completed, with an average of ten sites assessed annually.

The assessment program is comprised of the following activities:

- a pre-assessment questionnaire is completed by the facility, a site visit and an inspection are conducted, and various documents regarding environmental, health and safety aspects of the site are reviewed,
- a written report detailing the conclusions and recommendations of the assessment is sent to the facility. Any areas which do not comply with environmental, health or safety regulations are presented in detail, together with any corrective action to be taken. Other potential improvements to the site's environmental, health or safety programs, in particular the implementation of "Best Practices" appropriate to the site are also suggested,
- the facility must then correct all nonconformities identified regarding environmental, health and safety regulations, and report on the progress of any corrective action,
- the sites are then re-assessed, during the next two to four years, depending on the complexity of the facility and the results of the first assessment.

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Section 2 Environmental Information

The assessments are conducted under the direct supervision of the group's Director of Environmental Affairs, Health and Safety. Each assessment is conducted by a team of auditors appropriate to the type and size of facility being reviewed. In addition to this group assessment program, Vivendi's insurers conduct an average of five independent assessments of group facilities. These independent assessments focus on worker health and safety practices and procedures.

Group facilities are encouraged to seek appropriate environmental certifications, including EMAS and ISO 14000 environmental certification. In 2007, SFR obtained ISO 14001 certification for its maintenance and operations at all strategic technical sites, in addition to certification at three antenna relay sites and three tertiary sites.

2.4. Measures Taken to Ensure Compliance of Activities with Applicable Legal and Statutory Provisions

Vivendi has introduced comprehensive processes to ensure the compliance of its operations with applicable legal and statutory provisions regarding the environment, health and safety matters. In all of the main sites a designated employee is responsible for environmental matters. This person receives continuing education that is appropriate to his or her responsibilities.

2.5. Expenses Incurred to Minimize the Environmental Impact of the Company's Activities

In 2007, expenditures for environmental protection by Vivendi's various activities are estimated at €0.96 million, compared with €0.98 million in 2006, and €1.35 million in 2005. This figure takes into account internal programs, monitoring of activities in group facilities and expenses related to environmental protection for each operational site.

2.6. Environmental Provisions, Guarantees and Penalties

In 2007, Vivendi received two minor notices from regulatory agencies alleging non-compliance with environmental, health and safety requirements at its various operational sites. Vivendi paid fines totalling less than €1,750 to fully resolve these two matters.

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Section 2 Environmental Information

2.7. The Existence of Internal Environmental Management Services, Training and Informing Employees about the Environment, Means Dedicated to Reducing Environmental Risk as well as the Organization Introduced to Deal with Pollution Accidents with Consequences Extending Premises

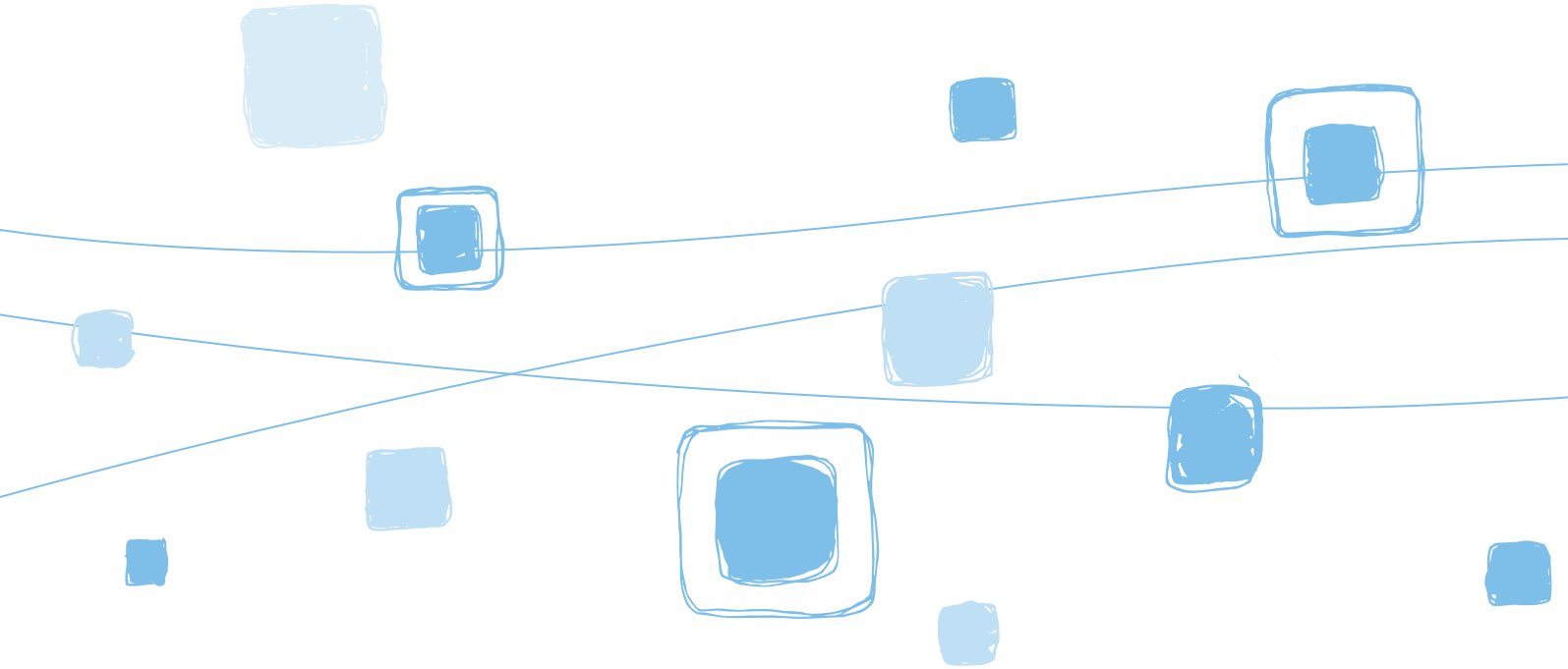
Vivendi has a team of professionals responsible for establishing internal rules and procedures regarding environment, health and safety matters, and for organizing controls at each site throughout the world. This team also conducts the assessment program at the most significant sites to ensure that they comply with national, regional and local regulations in force.

The person in charge of environmental, health and safety issues for the group is an environmental engineer with advanced degrees and professional certifications who reports directly to Vivendi's General Counsel. In addition, in the various operational units, there are specialists with responsibility for environmental, health and safety matters. These employees currently include engineers, hygienists, consultants and safety specialists.

All major sites have a designated employee responsible for environmental, health and safety issues. In addition to his or her daily activities, this person must immediately report all nonconformities. In each major facility, a team has been created to intervene in the event of an accident or spill which may harm the environment. These teams work in close collaboration with local intervention teams (such as fire departments) to provide necessary protection.

Within Vivendi, seven employees are primarily responsible for environmental, health and safety issues (six in the business units and one in headquarters).

Design: Addison Corporate Marketing, London.



Company with a Management Board and a Supervisory Board
with share capital of 6 406 087 710 euros
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