Annual Financial Report and Audited Consolidated Financial Statements for the Year Ended December 31, 2008

VIVENDI

Société anonyme with a Management Board and Supervisory Board with a share capital of €6,436,133,182

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Selected key consolidated financial data

	Year Ended December 31,				
Consolidated data	2008	2007	2006	2005	2004
Revenues (a)	25,392	21,657	20,044	19,484	17,883
EBITA (a) (b)	4,953	4,721	4,370	3,985	3,504
Earnings attributable to equity holders of the parent	2,603	2,625	4,033	3,154	3,767
Adjusted net income (b)	2,735	2,832	2,614	2,218	1,498
Financial Net Debt (b)	8,349	5,186	4,344	3,768	4,724
Equity	26,626	22,242	21,864	21,608	18,092
o/w attributable to equity holders of the parent	22,625	20,342	19,912	18,769	15,449
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	7,056	6,507	6,111	5,448	5,358
Capital expenditures, net (capex, net) (c)	2,001	1,626	1,645	1,291	1,004
Cash flow from operations (CFFO) (b)	5,055	4,881	4,466	4,157	4,354
Financial investments	3,947	846	3,881	1,481	394
Financial divestments	(352)	(456)	(1,801)	(155)	(5,264)
Dividends paid in respect to previous fiscal year	1,515	1,387	1,152	689	-
Per share amounts					
Weighted average number of shares outstanding	1,167.1	1,160.2	1,153.4	1,149.6	1,144.4 (d)
Adjusted net income per share	**2.34**	**2.44**	**2.27**	**1.93**	**1.31**
Number of shares outstanding at the end of the period (excluding treasury shares)	1,170.1	1,164.7	1,155.7	1,151.0	1,144.9 (d)
Equity per share attributable to equity holders of the parent	19.34	17.47	17.23	16.31	13.49
Dividends per share paid in respect to previous fiscal year	**1.30**	**1.20**	**1.00**	**0.60**	**0.00**

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

a. An analysis of revenues and EBITA by operating segment is presented in Section 4.1 of this Financial Report and Note 3 to the Consolidated Financial Statements for the year ended December 31, 2008.

b. Vivendi considers that the non-GAAP measures EBITA, Adjusted net income, Financial Net Debt and Cash flow from operations (CFFO) are relevant indicators of the group's operating and financial performance. Each of the indicators is defined in the appropriate section of the Financial Report or in the notes to the Consolidated Financial Statements for the year ended December 31, 2008. These indicators should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performances as presented in the Consolidated Financial Statements and the related notes, or described in the Financial Report. Moreover, it should be emphasized that other companies may define and calculate these indicators differently than Vivendi, thereby affecting comparability.

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

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

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

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

- the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2006, prepared under IFRS and the related Statutory Auditors' Report presented in pages 121 through 283 of the Document de Référence No. D07-0240, filed on March 28, 2007 with the AMF, and in pages 118 to 273 of the English translation of this Document de Référence.

I – 2008 Financial Report

Preliminary comments:

On February 24, 2009, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2008, which were presented to the Audit Committee on February 25, 2009. On February 26, 2009, the Supervisory Board reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2008, as approved by the Management Board on February 24, 2009.

The Consolidated Financial Statements for the year ended December 31, 2008 are audited and certified by the Statutory Auditors with no qualified opinion. The Statutory Auditors' Report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

Summary of the 2008, 2007 and 2006 main developments

Over the last four years, Vivendi's main goal was to support the development of its core businesses, to achieve a dividend distribution rate of at least 50% of the adjusted net income and to preserve its strategic and financial flexibility while maintaining its credit ratings of "investment grade".

In addition, over the last three years, Vivendi achieved the following:

2008

- On February 6, after completing a bidding process, Canal+ Group was awarded nine out of the ten television lots offered for League 1 broadcasting rights by the French Professional Football League (2008-2009 to 2011-2012).
- On February 25, UMG completed the sale of certain music publishing catalogs.
- In February, Vivendi obtained a €3.5 billion syndicated loan.
- On April 2, StudioCanal acquired the entire share capital of Kinowelt.
- On April 15, SFR took over Neuf Cegetel.
- In April, Vivendi early redeemed all of its outstanding bonds exchangeable for Sogecable shares.
- In April, Vivendi raised $1.4 billion from the issuance of US dollar bonds.
- On May 5, UMG acquired Univision Music Group.
- In May, Vivendi paid a dividend of €1.30 per share for the fiscal year 2007, representing a total distribution of €1,515 million.
- On June 24, Neuf Cegetel was de-listed from Euronext Paris as a result of the successful completion of the SFR tender offer made under the simplified procedure between May 19 and June 13.
- On July 9, Activision Blizzard was created.
- On November 21, SFR announced the transactions with Jet Multimédia group.

2007

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

2006

- On February 7, Vivendi acquired the approximate 7.7% interest held by Matsushita Electric Industrial Co, Ltd. in Universal Studios Holding I Corp., the subsidiary that principally held 100% of UMG and 20% of NBC Universal. Vivendi's North American organizational structure was thereafter simplified.
- In May, Vivendi paid a dividend of €1.00 per share for fiscal year 2005, representing a total distribution of €1,152 million.

- During the second and third quarters, SFR increased its stake in Neuf Cegetel to approximately 40%. Neuf Cegetel shares had been trading on Euronext Paris since October 24, 2006.
- At the beginning of June, Vivendi and the United States Internal Revenue Service (IRS) agreed to terminate their dispute concerning the amount of tax due on the redemption by DuPont of certain of its shares held by Seagram in April 1995.
- On July 6, Vivendi sold its residual 5.3% stake in Veolia Environnement.
- On August 3, Vivendi terminated its deposit agreement with The Bank of New York relating to its American Depositary Receipts (ADRs). At the end of October, Vivendi terminated its reporting obligations under the US Securities Exchange Act of 1934.
- On December 14, Vivendi amended its agreement with General Electric Company regarding certain liquidity rights with respect to Vivendi's stake in NBC Universal.
- On December 29, Maroc Telecom Group acquired a 51% stake in Onatel (Burkina Faso).

2009 EVENTS

Despite the current market conditions, Vivendi has the ability to resist, due to its subscription based model and the quality of its contents and services, added to continuous cost control. The profitable growth is expected to continue. Vivendi expects its EBITA will show strong growth in 2009.

1 2008 Main developments

1.1 Main developments in 2008

1.1.1 Take over of Neuf Cegetel by SFR

On April 15, 2008, the French Minister of the Economy, Industry and Employment gave permission to Vivendi and SFR to proceed with the purchase of the Louis Dreyfus Group's equity stake in Neuf Cegetel, as a condition precedent to the take over of Neuf Cegetel by SFR. As a result, pursuant to the agreement announced on December 20, 2007, SFR acquired the 60.15% equity interest in Neuf Cegetel that it did not already own (excluding restricted stocks and Neuf Cegetel treasury shares), as follows:

- On April 15, 2008, SFR acquired, from the Louis Dreyfus Group, its entire interest in Neuf Cegetel (i.e., 28.45%) at €34.50 per share (2007 coupon of €0.60 per share attached), for a purchase price of €2,074 million, and hence SFR gained control of Neuf Cegetel on that same date by reaching a 68.30% aggregate voting equity interest in Neuf Cegetel.
- Between April 25 and May 2, 2008, SFR acquired an additional interest of approximately 10% in Neuf Cegetel at an average price of €36.40 per share, for a purchase price of €752 million, thus reaching a 77.90% aggregate ownership interest in Neuf Cegetel.
- As a result of the successful completion of the SFR tender offer made under the simplified procedure between May 19 and June 13, 2008 inclusive, followed by a squeeze-out for the shares of Neuf Cegetel implemented on June 24, 2008, SFR acquired an additional interest of approximately 19% in Neuf Cegetel at €35.90 per share (2007 coupon of €0.60 per share detached), for a purchase price of €1,497 million, thereby reaching an approximate 97.44% aggregate ownership interest in Neuf Cegetel.
- In addition, SFR and almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, currently in a holding or vesting period, entered into reciprocal put and call option agreements pursuant to which SFR may obtain, in the future, 2.51% of the share capital of Neuf Cegetel for an estimated amount of €140 million.

Therefore, as a result of the squeeze-out for the shares of Neuf Cegetel and taking into account the Neuf Cegetel treasury shares (0.58% of the share capital), as well as the reciprocal put and call option agreements with the beneficiaries of restricted shares, SFR held more than 99.99% of Neuf Cegetel's share capital, 60.15% of which was acquired at an aggregate price of €4,485 million (including transaction costs and fees). SFR financed this acquisition using debt, notably by Vivendi granting a €3 billion credit facility to SFR under market terms. As agreed with its shareholders, in order to repay this loan, SFR will reduce the amount of dividend payments which otherwise could have been made over the three fiscal years (2008, 2009 and 2010). Thus, on January 30, 2009, the Board of Directors of SFR resolved to pay an interim dividend of €750 million for fiscal year 2008, corresponding to €420 million for Vivendi.

For a detailed description of this transaction and its impact on the accounts, please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2008.

On April 15, 2008, the Minister granted its approval in consideration of new commitments made by Vivendi and its subsidiaries. These commitments relate to providing access to wholesale markets on SFR's fixed and mobile networks to competitors and new market entrants, acceptance of an independent television distributor on the fixed network if such a player appears, as well as, on a non-exclusive basis,

broadband ADSL availability of eight new leading channels in their particular themes (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV).

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

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

1.1.2 Creation of Activision Blizzard

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

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

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

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

On July 9, 2008, Vivendi gained control of Activision Blizzard. From that date, Vivendi has had the ability to appoint a majority of the members of the board of directors of Activision Blizzard, and therefore has the power to govern the financial and operational policies of Activision Blizzard in order to obtain benefits from its operations; thus, Activision Blizzard has been fully consolidated by Vivendi. Prior to the fifth anniversary of the closing date, the approval of certain matters by the Activision Blizzard board of directors requires the affirmative vote of (a) a majority of the votes present or otherwise able to be cast on the board, and (b) at least a majority of the independent directors on the board. However, after the first anniversary of the closing date, the distribution of any dividend by Activision Blizzard will not require the affirmative vote of a majority of the independent directors if Activision Blizzard's pro forma net debt, after giving effect to such dividend, does not exceed $400 million.

From an accounting perspective, Vivendi Games is deemed to be the accounting acquirer of Activision. The combination of Vivendi Games and Activision is accounted for as (a) the dilution by approximately 45.53% of Vivendi's interest in Vivendi Games; the dilution gain is €2,318 million ($3,642 million); and (b) the acquisition of a controlling interest of approximately 54.47% in Activision for a consideration of €3,534 million ($5,554 million); the preliminary allocation of the purchase price results in preliminary goodwill amounting to €1,861 million ($2,924 million), after allocation of the purchase price to the assets and liabilities of Activision.

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

For a detailed description of this transaction and its impacts on the accounts of Vivendi, please refer to Note 2.2 to the Consolidated Financial Statements for the year ended December 31, 2008. Moreover, the reconciliation between the Activision Blizzard data published by Vivendi and the data published by Activision Blizzard (revenues and EBITA) is included in Appendix "II –Unaudited supplementary financial data".

On November 5, 2008, Activision Blizzard announced that its Board of Directors had authorized a stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion. In addition, Vivendi does not intend to sell any of its Activision Blizzard shares in that program and does not have any current plans to buy additional Activision Blizzard shares. As of December 31, 2008, Activision Blizzard repurchased approximately 13 million shares of its common stock for $126 million (€85 million).

In addition, as a result of the aforementioned stock repurchase program, the exercise of stock options, restricted stocks and other dilutive instruments by Activision's employees and the purchase of Activision Blizzard's shares by Vivendi on the market, Vivendi's ownership interest in Activision Blizzard could fluctuate from time to time. As of December 31, 2008, Vivendi holds a 54.76% interest in Activision Blizzard (compared to 54.47% upon completion of the transactions described above).

1.1.3 Other acquisitions/divestitures of investments

Sales of certain music publishing catalogs by UMG: On February 25, 2008, UMG completed the sale of certain music publishing catalogs, including Rondor UK, Zomba UK, 19 Music, 19 Songs and BBC Catalog, to CP Masters BV and ABP, thus complying with the European Commission mandated conditions for the acquisition of BMG Music Publishing by UMG in May 2007.

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

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

Early redemption of the Vivendi bonds exchangeable for Sogecable shares: Please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2008.

Transactions with Jet Multimedia Group: On December 19, 2008, Jet Multimedia, a subsidiary of Neuf Cegetel, sold its Publishing and International Division comprising all Jet Multimedia subsidiaries for €20 million, with the exception of Jet Multimedia France which was purchased by SFR on that same day. Subsequently, Neuf Cegetel, as majority shareholder of Jet Multimedia, intends to file a squeeze out for the remaining publicly held Jet Multimedia shares with the French Autorité des Marchés Financiers (AMF).

1.1.4 Risk management of retirement pension obligations

At the end of 2000, Vivendi inherited significant obligations from Seagram related to pension plans and post-retirement benefits, mainly in the United States and the United Kingdom, for the employees and retired employees of Seagram's Spirits and Wine business, which was sold to Diageo and Pernod Ricard at the end of 2001, those of Universal Music Group (UMG) and, to a lesser extent, those of Vivendi Universal Entertainment (VUE) (which business was sold to General Electric in the middle of 2004).

Starting with a generally balanced position at the end of 2000, Vivendi's pension funds have been widely exposed to the decrease in market interest rates, the steep decline in equity markets and a higher inflation forecast, resulting from financial markets conditions in 2001 and 2002. At the end of 2002, for these reasons, the total deficit in pension and post-retirement benefit plans was approximately €1 billion. Vivendi established a risk management strategy to meet its retirement pension obligations based on the following approaches:

- capping financial risks related to these obligations by ceasing further benefit accruals under defined benefit plans and transferring active employees to defined contribution plans;
- investing pension plan assets in bonds rather than corporate equities;
- limiting financial risks related to the plans by using financial derivatives (interest rate, inflation and equity derivatives) to hedge actuarial liabilities and the related plan assets; and

- extinguishing financial risks through the definitive transfer of the pension plans to insurance companies whenever market conditions are favorable.

As of December 31, 2008, according to the evaluations performed on these plans by independent actuaries, the obligations related to pension benefits and post-retirement benefits totaled €617 million, excluding the United Kingdom's main defined benefit pension plan described below, broken down as follows:

- pension benefit obligations totaling €482 million, covered by financial assets of €189 million, resulting in a deficit of €293 million, against which net provisions of €262 million were recorded on the balance sheet; and
- post-retirement benefit obligations totaling €135 million, not covered by financial assets, against which net provisions of €153 million were recorded on the balance sheet after deducting unrecognized actuarial gains.

Since 2006, the strategy conducted by Vivendi has therefore consisted of transferring financed pension plans outside the group, after ensuring that the obligation is covered fully. The aim is to transform certain actuarial and highly volatile liabilities with regards to pension obligations into financial, controlled and hedged liabilities, and to remove all risks for Vivendi related to funding commitments with regards to those plans, i.e., to protect Vivendi from supplementary contributions for the financing of the actuarial liability. In this respect, Vivendi has primarily performed the following transactions:

- in May 2006, Vivendi purchased an insurance policy for $95 million (€78 million) to cover the cost of pension and life insurance benefits for former Seagram senior executives in the United States;
- in December 2007, Vivendi purchased an insurance policy for $476 million (€349 million), in order to cover obligations under its principal US defined benefit plan (including approximately 10,000 Seagram Spirits and Wine, UMG and VUE vested members and retirees);
- in December 2007, Vivendi entered into an agreement with Mr. Edgar Bronfman, Jr., in order to settle its commitments to Mr. Bronfman arising pursuant to a supplementary pension plan (*Benefit Equalization Plan*); and
- in November 2008, a plan covering Seagram Spirits and Wine and UMG retirees in the United Kingdom, Vivendi's principal defined benefit pension plan in the United Kingdom, purchased an insurance policy for £135 million (€172 million) to cover its obligations; the settlement of this pension plan will become final upon completion of the required legal and administrative process which Vivendi currently expects to last at least one year, after which Vivendi will be definitively and legally relieved of its obligations towards the beneficiaries of this plan.

At year-end 2008, Vivendi considers it has completed the external transfer of the majority of the funded pension plans wherever feasible, given the relatively high financial cost that would result from taking similar actions with respect to the remaining plans, under current financial market conditions.

As a result, the actions undertaken during fiscal years 2006, 2007 and 2008 as part of the risk management of retirement pension obligations led to the purchase of insurance policies for €606 million and a decrease in the balance sheet provision of €266 million. After taking into account the associated plan assets of those pension plans, the net cash contribution by Vivendi amounted to €167 million. The total impact on EBITA generated a net income of €87 million.

Consequently, the pension and post-retirement benefits liability decreased to €428 million as of December 31, 2008 (compared to €770 million as of December 31, 2005), against which net provisions of €415 million were recorded on the balance sheet (compared to €689 million as of December 31, 2005). At year-end 2008, considering the risk management actions undertaken and the current financial market conditions, Vivendi considers it is exposed to a limited risk of a significant increase in its obligations related to pension benefits and post-retirement benefits, as well as a limited risk of a significant decrease in the value of its pension plan assets.

For a detailed presentation of employee benefit obligations, please refer to Note 20 to the Consolidated Financial Statements for the Year Ended December 31, 2008.

1.1.5 Other

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

Canal+ Events: On May 23, 2008, the French Professional Football League awarded Canal+ Events the international rights to broadcast the League 1 and League 2 French Championship matches, and the French *Coupe de la Ligue* for a period of 8 years, with a reciprocal exit right that may be exercised by either party at the end of the first four-year period (i.e., 2012). The guaranteed minimum payments will total €68 million for the first four seasons, beginning with a €15 million payment in the first year and gradually increasing to €19 million in 2012. This is a major step in the development of Canal+ Events.

Voluntary redundancy plan at SFR: On October 2, 2008, as part of an information and consultation phase launched in July 2008, all of the employee representative bodies of SFR and Neuf Cegetel issued their opinion on the new organization project aimed at reorganizing SFR and Neuf Cegetel operating teams. On that date, the new organization became effective and a voluntary redundancy plan began and will run until March 31, 2009 for the employees in the "Ile de France" region and until June 30, 2009 for the employees in other regions. Based on headcount as of September 30, 2008 and pursuant to the terms and conditions of Book IV of the French Labor Code, this plan, based on voluntary participation, could result in the termination of 784 jobs and the creation of 334 jobs. Assuming that under the most likely hypothesis the number of voluntary redundancies reaches the aforementioned maximum of 784 positions, the total cost to SFR would be €88 million.

New borrowings set up by Vivendi SA and SFR (please refer to Sections 5.3 and 5.4 of this Financial Report).

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

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

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

1.2 Main developments since December 31, 2008

The main developments that occurred between December 31, 2008 and February 24, 2009, the date of the Management Board meeting which approved the financial statements for the fiscal year 2008, are as follows:

- Financing put into place by Vivendi SA and SFR after December 31, 2008: please refer to Sections 5.4.1 and 5.4.6 of this report;
- On January 30, 2009, the Board of Directors of SFR resolved to pay an interim dividend of €750 million for fiscal year 2008, corresponding to €420 million for Vivendi; and
- Cash contributions to NBC Universal (please refer to Note 25 to the Consolidated Financial Statements for the Year Ended December 31, 2008).

2 Earnings analysis

2.1 Consolidated earnings and consolidated adjusted net income

CONSOLIDATED STATEMENT OF EARNINGS			ADJUSTED STATEMENT OF EARNINGS		
	Year Ended December 31,		Year Ended December 31,		
(in millions of euros, except per share amounts)	2008	2007	2008	2007	
Revenues	**25,392**	**21,657**	**25,392**	**21,657**	**Revenues**
Cost of revenues	(12,492)	(9,876)	(12,492)	(9,876)	Cost of revenues
Margin from operations	**12,900**	**11,781**	**12,900**	**11,781**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(7,753)	(6,901)	(7,753)	(6,901)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(194)	(159)	(194)	(159)	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(653)	(301)			
Impairment losses of intangible assets acquired through business combinations	(40)	(34)			
EBIT	**4,260**	**4,386**	**4,953**	**4,721**	**EBITA**
Income from equity affiliates	260	373	260	373	Income from equity affiliates
Interest	(354)	(166)	(354)	(166)	Interest
Income from investments	5	6	5	6	Income from investments
Other financial charges and income	579	(83)			
Earnings from continuing operations before provision for income taxes	**4,750**	**4,516**	**4,864**	**4,934**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(1,051)	(747)	(920)	(881)	Provision for income taxes
Earnings from continuing operations	**3,699**	**3,769**			
Earnings from discontinued operations	-	-			
Earnings	**3,699**	**3,769**	**3,944**	**4,053**	**Ajusted net income before minority interests**
Attributable to:					*Attributable to:*
Equity holders of the parent	**2,603**	**2,625**	**2,735**	**2,832**	**Adjusted net income**
Minority interests	1,096	1,144	1,209	1,221	Minority interests
Earnings attributable to equity holders of the parent per share - basic (in euros)	**2.23**	**2.26**	**2.34**	**2.44**	**Adjusted net income per share - basic (in euros)**
Earnings attributable to equity holders of the parent per share - diluted (in euros)	**2.23**	**2.25**	**2.34**	**2.43**	**Adjusted net income per share - diluted (in euros)**

2.2 Earnings review

Preliminary note regarding the revenues recognition of Activision Blizzard:

Beginning in the fourth quarter of 2008, revenues from the sale of boxes for video-games with significant online functionality, are recorded ratably as revenue over the estimated customer life beginning, upon the month following shipment of boxes for video-games developed by Activision Blizzard and upon activation of boxes for Massively Multiplayer Online Role Playing Games (MMORPG) of Blizzard (World of Warcraft and its expansion packs). Regarding Activision, the impact of this accounting treatment is new due to the recent growth in use for related online enabled video-games. Regarding the MMORPG of Blizzard, this new revenue recognition method represents a change in accounting treatment. Indeed, revenues from the sale of boxes for MMORPG, as well as revenues from the sale of boxes for other offline video-games, were previously recognized by Blizzard upon transfer of the ownership and related risks to the distributor. For a detailed description of accounting treatments related to Activision Blizzard's revenue recognition and the change in accounting method applied by Blizzard, please refer to the appendix to this Financial Report ("Reconciliation of US GAAP revenue and EBITA to IFRS" as well as to Note 1.3.4.4 to the Consolidated Financial Statements for the year ended December 31, 2008.

In 2008, **adjusted net income** was a profit of €2,735 million, or €2.34 per share, compared to €2,832 million, or €2.44 per share in 2007, a decrease of €97 million (-3.4%), which included the negative impact of integration costs and restructuring charges that resulted from the acquisition of Neuf Cegetel and Activision (-€245 million) on EBITA, the negative impact of the deferral of net revenues and the margin from the sale of boxes for video-games with significant online functionality (deferral of net revenues of approximately -$776 million and deferral of margin of approximately -$554 million) on EBITA, as well as the increase in interest primarily resulting from the financing of the take over of Neuf Cegetel and the acquisition of Activision (estimated at approximately -€160 million). In summary, the decrease of €97 million in adjusted net income was primarily due to the impact of the following items:

- a €232 million increase in EBITA, which amounted to €4,953 million. This evolution reflected strong cost control in all the group's activities. It also reflected the good performance of Canal+ Group (+€168 million), Maroc Telecom Group (+€133 million), Universal Music Group (+€62 million) and the lower performance of SFR (+€25 million), offset by the decline of Activision Blizzard (-€147 million compared to Vivendi Games in 2007). The consolidation of Neuf Cegetel by SFR since April 15, 2008 and Activision by Vivendi Games since July 10, 2008, resulted in integration costs incurred by SFR (-€123 million) following the take over of Neuf Cegetel and by Vivendi Games (-€122 million) following its combination with Activision. In addition, the adoption of the deferral of revenue recognition accounting principle from the sale of boxes for online enabled video-games by Activision Blizzard during the fourth quarter of 2008 resulted in a deferral of margin of -$554 million (-€416 million), of which -$188 million related to the change in revenue recognition method of *World of Warcraft*. Finally, EBITA also included a charge related to share-based compensation plans amounting to €41 million in 2008 compared to €154 million in 2007, a positive impact of €113 million. Moreover, in 2007, EBITA included the positive impact of the settlement of a tax litigation (+€73 million) and the sale of real estate assets in Germany (+€59 million) at Holding & Corporate;
- a €113 million decrease in income from equity affiliates;
- a €188 million increase in interest;
- a €12 million decrease in earnings attributable to minority interests; and
- a €39 million increase in tax expenses.

Breakdown of the main items from the statement of earnings

Revenues were €25,392 million compared to €21,657 million in 2007, an increase of €3,735 million (+17.2%, representing +18.3% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 "Business segment performance analysis".

Costs of revenues amounted to €12,492 million (compared to €9,876 million in 2007), representing an additional charge of €2,616 million.

Margin from operations increased by €1,119 million to reach €12,900 million (compared to €11,781 million in 2007).

Selling, general and administrative expenses, excluding amortization losses of intangible assets acquired through business combinations amounted to €7,753 million (compared to €6,901 million in 2007), representing an additional charge of €852 million.

Depreciation and amortization of tangible and intangible assets are part of either cost of revenues or selling, general and administrative expenses. Depreciation and amortization, excluding amortization of intangible assets acquired through business combinations, were €1,938 million (compared to €1,498 million in 2007), representing an additional charge of €440 million. This increase is primarily due to the increase in amortization of fixed telecommunication network assets following the consolidation of Neuf Cegetel since April 15, 2008.

Restructuring charges and other operating charges and income represented a charge of €194 million (compared to €159 million in 2007), representing an increase of €35 million. In 2008, it mainly included restructuring charges at SFR (-€123 million), Activision Blizzard (-€57 million, excluding the write-off of certain of Vivendi Games titles and other non-recurring costs resulting from the combination of Activision and Vivendi Games (-€65 million), which were recorded as costs of revenues and selling, general and administrative expenses) and UMG (-€53 million). In 2007, it mainly included restructuring charges at UMG, resulting from the acquisition of BMG Music Publishing and Sanctuary, and from the restructuring of the recorded music division (-€67 million), and at Canal+ Group, resulting from its voluntary redundancy plan (-€31 million), and the impact of certain litigations, in particular at Holding & Corporate. These items were notably offset by the positive impact of the settlement, in Vivendi SA's favor, of a litigation it instigated regarding its right to deduct VAT (+€73 million) and the sale of real estate assets in Germany (+€59 million).

EBITA was €4,953 million compared to €4,721 million in 2007, an increase of €232 million (+4.9%, representing +5.6% at constant currency). For a breakdown of EBITA by business segment, please refer to Section 4 "Business segment performance analysis".

Amortization of intangible assets acquired through business combinations were €653 million compared to €301 million in 2007, an additional charge of €352 million, notably due to the amortization of intangible assets acquired from Activision in July 2008 (+€220 million including mainly internally developed franchises, developments in progress, game engines and retail customer relationships), customer lists and trade names acquired from Neuf Cegetel and Tele2 France (+€90 million), and UMG's music catalogs acquired in 2007 and 2008 (+€31 million), including the amortization of BMG Music Publishing's catalogs.

Impairment losses of intangible assets acquired through business combinations were €40 million compared to €34 million in 2007. In 2008, they were primarily comprised of the write-off of certain UMG music catalogs and goodwill related to Sierra's operations that Activision Blizzard either exited or wound down. In 2007, they were essentially comprised of the write-off of the TPS trade name at Canal+ Group following the termination of the TPS branded program bouquet.

EBIT was €4,260 million compared to €4,386 million for 2007, a decrease of €126 million (-2.9%).

Income from equity affiliates was €260 million compared to €373 million in 2007. Vivendi's pro rata share of income earned by NBC Universal represented €255 million in 2008 compared to €301 million in 2007, a decrease of €46 million that is approximately evenly split between the decrease in NBC Universal's performance and the decline of the US dollar against the Euro. In addition, between January 1 and April 14, 2008, Vivendi's pro rata share of income from Neuf Cegetel amounted to €18 million compared to €78 million in 2007 (12 months), and since April 15, 2008, Neuf Cegetel has been fully consolidated by SFR.

Interest increased to €354 million compared to €166 million in 2007, representing an increase of €188 million. Interest expense on borrowings amounted to €450 million in 2008, compared to €276 million in 2007. This increase was mainly driven by the increase in average outstanding borrowings (€9.6 billion in 2008 compared to €7.2 billion in 2007), primarily resulting from the financing of the Neuf Cegetel acquisition by SFR (€4.3 billion) and the Activision acquisition (€1.1 billion), as well as the consolidation of Neuf Cegetel's Financial Net Debt (approximately €1 billion) from April 15, 2008. Interest also increased due to a rise in the average interest rate on borrowings to 4.69% in 2008, compared to 4.18% in 2007. Moreover, between January 1 and May 25, 2007, the amount of capitalized interest relating to the acquisition of BMG Music Publishing had a positive impact of €25 million on interest.
Interest income earned on cash and cash equivalents amounted to €96 million in 2008 compared to €110 million in 2007. This decrease was mainly driven by the decrease in the average amount of cash equivalents to €2.6 billion in 2008 compared to €2.7 billion reported in 2007 and in the average interest income rate to 3.72% in 2008 compared to 4.07% in 2007. As of December 31, 2008, the amount of cash and cash equivalents included Activision Blizzard's cash and cash equivalents of €2,117 million (please refer to Section 5.2 of this Financial Report).
Finally, the incremental impact of the acquisition of Neuf Cegetel and Activision in 2008 on interest expense related to the financing of these acquisitions was an additional net charge, estimated at approximately €160 million.
For more information, please refer to Section 5 of this Financial Report and to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2008.

Other financial charges and income generated a net income of €579 million compared to a net charge of €83 million in 2007, a positive difference of €662 million. In 2008, it mainly resulted from the consolidation gain (+€2,318 million) following the creation of Activision Blizzard, as well as the capital gain resulting from the early redemption of the Vivendi bonds exchangeable into Sogecable shares (+€83 million) following the tender offer launched by Prisa for the share capital of Sogecable, mainly offset by the depreciation of the 20% stake in NBC Universal (-€1,503 million), the impact of certain non-cash adjustments relating to the acquisition of Neuf Cegetel by SFR (-€77 million) and the effect of the undiscounting of long-term assets and liabilities (-€45 million). In 2007, it primarily included the consolidation gain on the sale of a 10.18% equity interest in Canal+ France to Lagardère (+€239 million), partially offset by the write-off of the minority stake in Amp'd (-€65 million), and the effect of the undiscounting of long-term assets and liabilities (-€75 million). For more information, please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2008.

Provision for income taxes was a net charge of €1,051 million compared to a net charge of €747 million in 2007. This increase mainly resulted from the decline in the expected savings from the Consolidated Global Profit Tax System in 2009 following the anticipated utilization by SFR in 2009 of Neuf Cegetel's net operating losses carried forward. Excluding the impact of items excluded from adjusted net income, income taxes amounted to a net charge of €920 million, compared to €881 million in 2007, representing an effective tax rate of 20.0% compared to 19.3% in 2007.

Earnings attributable to minority interests amounted to €1,096 million compared to €1,144 million in 2007. This decrease resulted primarily from the decrease in SFR's contribution in 2008, notably due to the costs related to the acquisition of Neuf Cegetel, and by the negative contribution of Activision Blizzard's minority interests due to costs related to the combination of Vivendi Games and Activision (please refer to Section 1.1.2 of this Financial Report).

In 2008, **earnings attributable to equity holders of the parent** was a profit of €2,603 million, or €2.23 per share, compared to €2,625 million, or €2.26 per share in 2007, a decrease of €22 million (-0.8%).

The reconciliation of earnings attributable to equity holders of the parent with adjusted net income is further described in Note 7 to the Consolidated Financial Statements for the year ended December 31, 2008. In 2008, this reconciliation notably included the consolidation gain (+€2,318 million), i.e., the gain on the dilution of Vivendi's interest in Vivendi Games by 45.53% generated by the combination of Activision and Vivendi Games following the creation of Activision Blizzard, and the capital gain resulting from the early redemption of bonds exchangeable into Sogecable shares (+€83 million), offset by the depreciation of its 20% stake in NBC Universal (-€1,503 million), the impact of certain non-cash adjustments related to the purchase price allocation of Neuf Cegetel by SFR (-€77 million), the decline in savings expected from the Consolidated Global Profit Tax System in 2009 (-€378 million) following the anticipated utilization by SFR in 2009 of Neuf Cegetel's net operating losses carried forward, as well as the amortization and impairment losses of intangible assets acquired through business combinations (-€693 million, before tax and minority interests). In 2007, this reconciliation mainly included the dilution gain on the sale of a 10.18% equity interest in Canal+ France to Lagardère (+€239 million), the write-off of the minority stake in Amp'd (-€65 million), as well as the amortization and impairment losses of intangible assets acquired through business combinations (-€335 million, before tax and minority interests).

Adjusted net income performance measurement at constant perimeter

In March 2008, Vivendi announced that, based on the perimeter of the group at this date (i.e., excluding the impact of the proposed Neuf Cegetel and Activision transactions, which had not been closed at this time), its outlook for the year 2008 was to achieve a profit growth similar to 2007.

As of December 31, 2008, at constant perimeter, i.e., excluding the impact of the Neuf Cegetel and Activision acquisitions and the impact of operations subsequently discontinued or sold (Broadband Internet and fixed operations previously developed by SFR, and Sierra Entertainment) growth in adjusted net income was 8.4% (+€239 million). This growth rate was determined as follows:

- Following the acquisition of Neuf Cegetel and Activision, the group consolidated their operations and also recorded the impact of the discontinuation or disposal of certain existing operations: (i) Broadband Internet and fixed operations previously developed by SFR were discontinued following the consolidation of Neuf Cegetel, and (ii) certain operations included in the former Vivendi Games perimeter were discontinued or sold following the creation of Activision Blizzard. Since such operations were discontinued or sold during 2008, it is not possible to determine their contribution to the 2008 net income based on the 2007 perimeter. Therefore, in order to calculate the increase in adjusted net income for the year 2008 excluding the impact of the operations acquired in 2008 (Neuf Cegetel, Activision) and the impact of discontinued or sold operations in 2008 (Broadband Internet and fixed operations previously developed by SFR, and Sierra Entertainment), their respective net contributions were neutralized. In addition, the impact of the change in accounting principle in respect of the recognition of revenue at Blizzard was neutralized.

  Based on these assumptions, the increase in EBITA of the operations whose perimeter remained unchanged in 2008 was 9.6% (+€451 million). This perimeter primarily included the operations of SFR Mobile, Universal Music Group, Canal+ Group, Blizzard Entertainment (excluding the impact of the change in accounting principle and deferral of revenue), Maroc Telecom Group, Holding & Corporate and others.

- The impact of these assumptions on interest, income tax expense and minority interests was included in the growth rate calculation.
- It also included the change in the Group’s share in the net income of NBC Universal.

3 Cash flow from operations analysis

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

In 2008, cash flows from operations before capital expenditures, net (CFFO before capex, net) generated by business operations amounted to €7,056 million (compared to €6,507 million in 2007), a €549 million increase (+8.4%) due to the growth in EBITDA after changes in net working capital (+€804 million), in particular at SFR (+€539 million, notably related to the consolidation of Neuf Cegetel by SFR from April 15, 2008), as well as, to a lesser extent, at Canal+ Group (+€239 million), despite the increase in content investments (+€194 million), in particular at Canal+ Group (+€128 million) and Activision Blizzard (+€53 million). In addition, in 2007, EBITDA after changes in net working capital included the favorable impact at Holding & Corporate of the repayment of tax payments previously made by Vivendi SA following the settlement in Vivendi's favor of the litigation instigated by Vivendi concerning its right to deduct VAT (+€50 million). Moreover, the decrease in dividends received from equity affiliates (-€42 million) and the increase in restructuring charges paid (+€18 million) had a lesser negative impact.

After capital expenditures, net, cash flows from operations (CFFO) was €5,055 million compared to €4,881 million in 2007, an increase of €174 million (+3.6%). In 2008, capital expenditures, net amounted to €2,001 million compared to €1,626 million in 2007, an increase of €375 million (+23.1%), due primarily to SFR (+€285 million), mainly reflecting capital expenditures of Neuf Cegetel (+€327 million).

After interest paid and other cash items related financial operations as well as income tax paid, cash flow from operations after interest and income tax paid (CFAIT) was €3,720 million compared to €3,594 million in 2007, an increase of €126 million or +3.5%. The increase in interest and other cash items related to financial operations resulted from new borrowings set up to finance acquisitions made in 2008 (+€188 million), partly offset by gains realized on foreign currency transactions in 2008 by Holding Corporate (+€82 million) and the decrease in income tax paid, net (-€57 million).

(in millions of euros)		Year Ended December 31, 2008	2007	% Change
Revenues		25,392	21,657	17.2%
Operating expenses excluding depreciation and amortization		(18,284)	(15,375)	-18.9%
EBITDA		*7,108*	*6,282*	*13.1%*
Restructuring charges paid		(117)	(99)	-18.2%
Content investments, net		(159)	(97)	-63.9%
o/w payments to artists and repertoire owners, net at UMG				
payment to artists and repertoire owners		*(633)*	*(638)*	*0.8%*
recoupment of advances and other movements		*609*	*605*	*0.7%*
		(24)	*(33)*	*27.3%*
o/w film and television rights, net at Canal+ Group				
acquisition of film and television rights		*(838)*	*(676)*	*-24.0%*
consumption of film and television rights		*794*	*719*	*10.4%*
		(44)	*43*	*na**
o/w sports rights, net at Canal+ Group				
acquisition of sports rights		*(709)*	*(785)*	*9.7%*
consumption of sports rights		*706*	*727*	*-2.9%*
		(3)	*(58)*	*94.8%*
o/w advances to games' developers, net at Activision Blizzard				
payment of advances		*(70)*	*(58)*	*-20.7%*
recoupment of advances		*63*	*19*	*x 3.3*
		(7)	*(39)*	*82.1%*
Neutralization of change in provisions included in EBITDA		(248)	19	na*
Other cash operating items excluded from EBITDA		(68)	41	na*
Other changes in net working capital		241	20	x 12.1
Net cash provided by operating activities before income tax paid	(a)	***6,757***	***6,166***	***9.6%***
Dividends received from equity affiliates	(b)	296	340	-12.9%
o/w NBC Universal		*294*	*305*	*-3.6%*
Dividends received from unconsolidated companies	(b)	3	1	x 3
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)		***7,056***	***6,507***	***8.4%***
Capital expenditures, net (capex, net)	(c)	(2,001)	(1,626)	-23.1%
o/w SFR		*(1,305)*	*(1,020)*	*-27.9%*
o/w Maroc Telecom Group		*(418)*	*(363)*	*-15.2%*
Cash flow from operations (CFFO)		**5,055**	**4,881**	**3.6%**
Interest paid, net	(d)	(354)	(191)	-85.3%
Other cash items related to financial activities	(d)	34	(24)	na*
Financial activities cash payments		***(320)***	***(215)***	***-48.8%***
Payment received from the French State Treasury as part of the Consolidated Global Profit Tax System		548	603	-9.1%
Other taxes paid		(1,563)	(1,675)	6.7%
Income tax paid, net	(a)	***(1,015)***	***(1,072)***	***5.3%***
Cash flow from operations after interest and income tax paid (CFAIT)		**3,720**	**3,594**	**3.5%**

na*: not applicable

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

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

c. Consists of capital expenditures, net of proceeds from property, plant and equipment and intangible assets as presented in the investing activities section of Vivendi's Consolidated Statement of Cash Flows (please refer to Section 5.3).

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

4 Business segment performance analysis

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

	Year Ended December 31,			
(in millions of euros)	2008	2007	% Change	% Change at constant rate
Revenues				
Universal Music Group	4,650	4,870	-4.5%	-0.2%
Canal+ Group	4,554	4,363	4.4%	4.0%
SFR	11,553	9,018	28.1%	28.1%
Maroc Telecom Group	2,601	2,456	5.9%	7.0%
Activision Bizzard	2,091	1,018	x 2.1	x 2.1
Non-core operations and others, and elimination of intersegment transactions	(57)	(68)	16.2%	16.2%
Total Vivendi	**25,392**	**21,657**	**17.2%**	**18.3%**
EBITA				
Universal Music Group	686	624	9.9%	11.6%
Canal+ Group	568	400	42.0%	41.3%
SFR	2,542	2,517	1.0%	1.0%
Maroc Telecom Group	1,224	1,091	12.2%	13.5%
Activision Bizzard	34	181	-81.2%	-78.2%
Holding & Corporate	(60)	(81)	25.9%	29.4%
Non-core operations and others	(41)	(11)	x 3.7	x 3.8
Total Vivendi	**4,953**	**4,721**	**4.9%**	**5.6%**
Cash flow from operations (CFFO)				
Universal Music Group	521	559	-6.8%	
Canal+ Group	383	317	20.8%	
NBC Universal dividends	294	305	-3.6%	
SFR	2,752	2,551	7.9%	
Maroc Telecom Group	1,037	1,001	3.6%	
Activision Bizzard	313	283	10.6%	
Holding & Corporate	(200)	(123)	-62.6%	
Non-core operations and others	(45)	(12)	x 3.8	
Total Vivendi	**5,055**	**4,881**	**3.6%**	

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

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

4.2 Comments on revenues, EBITA and cash flow from operations for controlled business segments

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

(in millions of euros, except for margins)	Year Ended December 31, 2008	2007	% change	% change at constant rate
Physical sales	2,589	3,149	-17.8%	-14.2%
Digital sales	842	645	30.5%	35.4%
License and others	448	459	-2.4%	-3.2%
Recorded music	3,879	4,253	-8.8%	-4.8%
Artist services and merchandising	173	66	x 2.6	x 2.8
Music publishing	648	589	10.0%	15.6%
Elimination of intercompany transactions	(50)	(38)	-31.6%	-41.9%
Total revenues	**4,650**	**4,870**	**-4.5%**	**-0.2%**
Recorded music	570	573	-0.5%	0.7%
Artist services and merchandising	3	3	0.0%	-16.8%
Music publishing	205	159	28.9%	35.7%
Total EBITDA	**778**	**735**	**5.9%**	**8.2%**
EBITA	**686**	**624**	**9.9%**	**11.6%**
EBITA / Revenues (%)	***14.8%***	***12.8%***	***+ 2.0 pts***	
Cash flow from operations (CFFO)	**521**	**559**	**-6.8%**	
Breakdown of recorded music revenues by geographical area				
North America	41%	43%		
Europe	42%	42%		
Asia	12%	10%		
Rest of the world	5%	5%		
	100%	**100%**		

Recorded music	2008		2007	
Best-selling titles (physical and digital album units sold, in millions)	Artist	Units	Artist	Units
	Mamma Mia! Movie Soundtrack	5	Amy Winehouse	6
	Duffy	5	Hannah Montana 2	4
	Amy Winehouse	4	High School Musical 2	4
	Lil' Wayne	3	Mika	4
	Rihanna	3	Rihanna	4
	Guns N' Roses	3	Nelly Furtado	4
	Jack Johnson	3	Timbaland	3
	Jonas Brothers	3	Maroon 5	3
	Miley Cyrus	3	Kanye West	3
	Taylor Swift	2	Fergie	3
	Metallica	2	Fall Out Boy	3
	Mariah Carey	2	Bon Jovi	3
	Take That	2	50 Cent	3
	The Killers	2	Akon	3
	High School Musical 3	2	Rascal Flatts	3

Revenues

For the full year 2008, Universal Music Group's (UMG) revenues of €4,650 million showed a slight decline of 0.2% at constant currency (a 4.5% decline in actual currency). Revenues increased in music publishing, artist services and merchandising following the acquisitions of BMG Music Publishing and Sanctuary in 2007, countering a 4.8% decrease at constant currency (a 8.8% decline in actual currency) in recorded music sales.

Digital sales grew 31% at constant currency, driven by strong online growth in all large countries, and higher mobile sales outside of North America.

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

EBITA

UMG's EBITA of €686 million increased 11.6% at constant currency (a 9.9% increase in actual currency) compared to 2007 reflecting continued effective cost management, the consolidation of BMG Music Publishing in the full year results, and higher license income including copyright settlements. EBITA includes €53 million of restructuring costs (compared to €67 million in 2007) including costs associated with the integration of acquisitions and the rationalization of the recorded music division.

Cash flow from operations (CFFO)

For the full year 2008, Cash Flow from Operations totaled €521 million, a €38 million decline compared to 2007, reflecting an increase in working capital due primarily to the growth in music publishing, artist services and merchandising, and restructuring charges.

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

	Year Ended December 31,		
(in millions of euros, except for margins)	2008	2007	% change
Pay-TV in France (a)	3,853	3,747	2.8%
Other operations (b)	701	616	13.8%
Total revenues	**4,554**	**4,363**	**4.4%**
EBITDA	**744**	**628**	**18.5%**
EBITA, excluding transition costs related to the combination with TPS	636	490	29.8%
Transition costs related to the combination with TPS	(68)	(90)	24.4%
Total EBITA	**568**	**400**	**42.0%**
EBITA / Revenues (%)	***12.5%***	***9.2%***	***+ 3.3 pts***
Cash flow from operations (CFFO)	**383**	**317**	**20.8%**
Subscriptions (in thousands)			
Analog	918	1,432	-35.9%
Digital	3,513	3,119	12.6%
Individual subscribers	4,431	4,551	-2.6%
Collective	465	440	5.7%
Overseas (individual and collective)	232	215	7.9%
Africa (individual and collective)	137	114	20.2%
Total Canal+ (premium channel)	**5,265**	**5,320**	**-1.0%**
CanalSat	5,326	5,224	2.0%
Total pay-TV subscriptions in France	**10,591**	**10,544**	**0.4%**

a. Canal+ France includes pay-TV operations in metropolitan France as well as Canal Overseas.

b. "Other operations" include cinema operations (including Kinowelt, consolidated since April 2, 2008), pay-TV operations in Poland (Cyfra+), Canal+ Régie and i>Télé.

Revenues

In 2008, Canal+ Group's revenues were €4,554 million, a 4.4% increase compared to 2007.

Revenues from pay-TV operations in France increased 2.8% driven by increased subscription revenues from Canal+ and CanalSat, as well as increased advertising revenues in an adverse economic climate.

On December 31, 2008, Canal+ Group's pay-TV offers totalled 10.6 million subscriptions (individual and collective France, including overseas territories; Africa; and excluding Poland), of which 5.3 million is attributable to Canal+ and 5.3 million to CanalSat. Net portfolio growth over the past 12 months amounted to approximately 50,000 subscriptions, including an actual increase of approximately 175,000 and a negative adjustment of approximately 125,000, resulting from the portfolio change of scope to include viable contracts only and final TPS migration.

Canal+ subscriptions remained strong, comparable to those reported in 2007, approximately 600,000 new individual subscriptions in mainland France. In 2008, the digitization of the Canal+ subscriber base accelerated with nearly 350,000 upgrades from analog to digital offers. For the first time, Canal+ digital subscribers exceeded 80% of the total base, compared to 71% at end December 2007. CanalSat subscriptions were up compared to 2007 (+680,000), despite termination of TPS subscription sales. In 2008, nearly one million TPS subscribers were transferred to the CanalSat platform.

A positive subscription performance, despite the current economic downturn, was achieved by offering flexible solutions to subscribers. This flexibility primarily impacted the churn rate of recent subscribers while the over-one-year subscriber base remained loyal with a satisfying churn rate of 10.6%. On average, excluding the temporary effects of the change of scope, the churn rate for both Canal+ and CanalSat was 14.7%.

Canal+ Group's other revenues grew significantly by 13.8% to €701 million, due mainly to international operations and despite unfavorable currency rate fluctuations which have had no adverse effect. Canal+ in Poland recorded portfolio growth exceeding 310,000 new subscribers to reach 1.4 million.

EBITA

Canal+ Group reported EBITA, excluding transition costs linked to the TPS merger, of €636 million, an increase of 29.8%. Including transition costs (€68 million), EBITA was €568 million, an increase of 42%.

This strong increase was driven by pay-TV operations in France that reported year-end EBITA excluding transition costs up €120 million, due to higher revenues, cost savings in soccer rights and other synergies linked to the TPS merger. Therefore the initial target of €350 million should be met – or even surpassed – as early as 2009.

EBITA from Canal+ Group's other operations increased by €26 million, driven by the good performance of each Canal+ Group's subsidiaries (StudioCanal, i >Télé, Canal+ in Poland).

Cash flow from operations (CFFO)

For the full year 2008, Cash Flow from Operations totaled at €383 million, a 20.8% increase compared to 2007.

4.2.3 SFR (56% Vivendi economic interest)

	Year Ended December 31,				
	As published (a)			Comparable basis (unaudited) (b)	
(in millions of euros, except for margins)	2008	2007	% change	2007	% change
Mobile service revenues	8,576	8,391	2.2%	8,423	1.8%
Equipment sales, net	414	403	2.7%	419	-1.2%
Mobile	8,990	8,794	2.2%	8,842	1.7%
Broadband Internet and fixed	2,882	233	x 12.4	2,888	-0.2%
Elimination of intercompany transactions	(319)	(9)	x 35.4	(310)	2.9%
Total revenues (c)	**11,553**	**9,018**	**28.1%**	**11,420**	**1.2%**
Mobile	3,501	3,476	0.7%	3,474	0.8%
Broadband Internet and fixed	457	(45)	na*	472	-3.2%
Total EBITDA (d)	**3,958**	**3,431**	**15.4%**	**3,946**	**0.3%**
EBITA excluding restructuring charges	2,665	2,517	5.9%	2,685	-0.7%
Restructuring charges (d)	(123)	-	na*	-	na*
Total EBITA	**2,542**	**2,517**	**1.0%**	**2,685**	**-5.3%**
EBITA / Revenues (%)	***22.0%***	***27.9%***	***-5.9 pts***		
Capital expenditures, net (capex, net)	**1,305**	**1,020**	**27.9%**		
Cash flow from operations (CFFO)	**2,752**	**2,551**	**7.9%**		
Mobile					
Customers (end of period, in thousands) (e)					
Postpaid	13,582	12,294	10.5%		
Prepaid	6,070	6,472	-6.2%		
Total SFR Group	**19,652**	**18,766**	**4.7%**		
Wholesale customer base (estimated) (f)	1,123	1,213	-7.4%		
Total SFR Group network	**20,775**	**19,979**	**4.0%**		
3G customers (in thousands)	5,934	4,082	45.4%		
Market share (SFR Group customer base) (e)	33.8%	33.9%	- 0.1 pt		
ARPU (in euros / year)					
Postpaid	549	570	-3.7%		
Prepaid	180	191	-5.8%		
Total	**428**	**440**	**-2.7%**		
Data ARPU (in euros / year)	81	64	26.6%		
Text messages (in billions)	14.6	7.3	x 2		
Data revenues compared to total mobile service revenues (in %)	17.7%	13.7%	+ 4.0 pts		
Acquisition costs of postpaid customers (euro per acquisition)	211	214	-1.4%		
Acquisition costs of prepaid customers (euro per acquisition)	22	25	-8.6%		
Cost of acquisition compared to total mobile service revenues (in %)	7.4%	7.5%	- 0.1 pt		
Cost of retention compared to total mobile service revenues (in %)	6.4%	5.3%	+ 1.1 pt		
Broadband Internet and fixed					
Broadband Internet EoP customer base (in thousands) (g)	3,879	415	x 9.3	3,602	7.7%
Enterprise data links (in thousands)	194	ns**	na*	173	12.1%

na*: not applicable
ns**: not significant

a. Includes fixed and ADSL operations of Tele2 France, consolidated since July 20, 2007, and Neuf Cegetel, consolidated since April 15, 2008.
b. Comparable basis illustrates:
    - the consolidation of the fixed and ADSL operations of Tele2 France as if this acquisition had taken place on January 1, 2007;
    - the consolidations of Neuf Cegetel and Club Internet as if these acquisitions had taken place on April 15, 2007; and
    - 2007 data adjustment in accordance with IFRIC Interpretation 12, *Service Concession Arrangements*.
c. From 2008, mobile revenues and Broadband Internet and fixed revenues correspond to revenues before elimination of intercompany transactions within SFR. As a result, 2007 intercompany transactions within SFR, totaling €9 million, were reclassified to comply with this presentation.
d. As of December 31, 2008, restructuring charges of €123 million, of which €88 million resulting from the voluntary redundancy plan, are recorded below EBITDA.
e. Source: Arcep.
f. In 2007, the wholesale customer base included Debitel and Neuf Mobile offers to their customers. In 2008, these customers were included in SFR's customer base (438,000 customers added in SFR customer base at the end of June 2008).
g. From September 30, 2008, broadband Internet customers are disclosed excluding Neuf Cegetel customers who subscribed but are not activated.

Revenues

In 2008, SFR's revenues increased 28.1% to €11,553 million compared to 2007, due to the consolidation of Neuf Cegetel on April 15, 2008 and of the fixed and ADSL operations of Tele2 France on July 20, 2007. On a comparable basis, SFR's revenues grew by 1.2%, mainly due to the favorable impact of an increase in mobile customer base and mass market broadband Internet customers, along with increased usage – especially in access, data, fixed and mobile Internet services.

Mobile revenues increased 2.2% to €8,990 million compared to 2007 (+1.7% on a comparable basis). Mobile service revenues increased 2.2% to €8,576 million. Excluding the impact of mobile voice termination rate cuts (13%) on January 1, 2008, SFR mobile service revenues would have increased by 4.1%.

SFR added 886,000 net new mobile customers, thereby increasing its registered customer base to 19.652 million, and improving the customer mix (percentage of postpaid customer in customer base) by 3.6 percentage points in one year. In 2008, SFR added 1,288,000 net new postpaid mobile customers, increasing its registered base to 13.582 million, which represents a 10.5% year-on-year increase.

3G customers reached 5.9 million at end December 2008, compared to 4.1 million at end December 2007. Net growth in data revenues from mobile services improved by 32.1%, mainly due to interpersonal services (SMS and MMS), corporate segment operations and the development of mobile Internet for the mass market. SFR also confirmed the success of the Illimythics offers launched in late 2007, with 1.4 million customers at end December 2008.

Broadband Internet and fixed revenues reached €2,882 million, decreasing by 0.2% compared to 2007 on a comparable basis, due to the decline of wholesale (consolidation of the French market) and switched voice operations, offset by the growth in mass market broadband Internet services and the Enterprise segment. Excluding the impact of the decrease in switched voice revenues, broadband Internet and fixed revenues increased by 4.2%.

The launch of the "neufbox by SFR" was the key success of the year ended December 31, 2008. As a result, SFR achieved an excellent performance during the fourth quarter of 2008, adding 149,000 net new broadband Internet active customers.

In 2008, SFR's broadband Internet customer base increased 7.7% compared to 2007 on a comparable basis and totalled 3.879 million. SFR connected 194,000 Enterprise data links to the SFR network.

EBITA

For the full year 2008, mobile EBITDA was €3,501 million, an increase of €27 million on a comparable basis. The 2.2% growth in mobile service revenues and the strong control of other costs were offset by a 1.1 percentage point increase in customer retention costs (to 6.4% of mobile service revenues). There were also new cuts in voice termination rates and an increase in interconnection costs following the success of unlimited voice, data and messaging offers.

Broadband Internet and fixed EBITDA, including Neuf Cegetel operations since April 15, 2008 and Tele2 France operations since July 20, 2007, was €457 million, a decrease of €15 million on a comparable basis.

SFR's EBITDA was €3,958 million and EBITA was €2,542 million, increasing by €12 million and decreasing by €143 million respectively compared to 2007 on a comparable basis. EBITA included depreciation and €123 million of provisions and restructuring charges following the integration of Neuf Cegetel by SFR.

Cash flow from operations (CFFO)

For the full year 2008, SFR's cash flows from operations amounted to €2,752 million, representing a 7.9% increase compared to 2007. This increase was mainly due to mobile EBITDA growth (+€25 million to reach €3,501 million), the decrease in mobile net capital expenditure (-€27 million, i.e., -2.8%, to €922 million), and the impact of the integration of Neuf Cegetel by SFR, in particular €20 million due to restructuring charges.

4.2.4 Maroc Telecom Group (53% Vivendi economic interest)

(in millions of euros, except for margins)	Year Ended December 31, 2008	2007	% change	% change at constant rate
Mobile	1,864	1,721	8.3%	9.5%
Fixed and Internet	1,000	989	1.1%	2.2%
Elimination of intercompany transactions	(263)	(254)	-3.5%	-4.7%
Total revenues	**2,601**	**2,456**	**5.9%**	**7.0%**
EBITDA	**1,554**	**1,397**	**11.2%**	**12.6%**
Mobile	943	852	10.7%	11.9%
Fixed and Internet	281	239	17.6%	19.3%
Total EBITA	**1,224**	**1,091**	**12.2%**	**13.5%**
EBITA / Revenues (%)	***47.1%***	***44.4%***	***+ 2.7 pts***	
Capital expenditures, net (capex, net)	**418**	**363**	**15.2%**	
Cash flow from operations (CFFO)	**1,037**	**1,001**	**3.6%**	
Mobile				
Maroc Telecom SA				
Number of customers (end of period, in thousands) (a)	14,456	13,327	8.5%	
% of prepaid customers	*96%*	*96%*		
Market share (as per ANRT)	66%	67%		
ARPU (in euros / month)				
Postpaid	57.6	62.5	-7.8%	
Prepaid	6.8	7.5	-9.3%	
Total	**8.7**	**9.7**	**-10.3%**	
Churn rate (in % / year)				
Postpaid	14%	14%	-	
Prepaid	36%	26%	+ 10 pts	
Total	**35%**	**25%**	**+ 10 pts**	
Subsidiaries				
Number of customers (in thousands)	**2,728**	**2,015**	**35.4%**	
Fixed and Internet (in thousands)				
Maroc Telecom SA				
Number of lines (b)				
Residential	775	825	-6.1%	
Public phone (c)	160	160	-	
Professional and corporate	364	351	3.7%	
Total	**1,299**	**1,336**	**-2.8%**	
Number of Internet subscribers	**482**	**476**	**1.3%**	
o/w number of ADSL subscribers	477	470	1.5%	
Subsidiaries				
Number of fixed lines	227	182	24.7%	
Number of Internet customers	40	27	48.1%	

a. The customer base is calculated as the sum of prepaid customers making or receiving a voice call during the last three months and the number of active postpaid customers.

b. Since January 1, 2008, Maroc Telecom SA's fixed customer base has been displayed in numbers of equivalent lines. It was previously displayed in numbers of accesses.

c. Includes "Téléboutique" lines and Maroc Telecom's public phones.

Revenues and EBITA

In 2008, bolstered by continuing strong mobile revenue growth, Maroc Telecom Group reported consolidated annual revenues of €2,601 million, an increase of 5.9% (+6.2% in constant currency and at constant perimeter[2]). Driven by revenue growth and cost control, Maroc Telecom Group EBITA rose to €1,224 million in 2008, an increase of 12.2% (+13.6% at constant currency and at constant perimeter), generating an operating margin of 47%, an increase of 2.7 points versus 2007).

In Morocco, the domestic operations reported revenues of €2,485 million an increase of 4.9% (+6.3% at constant currency) and EBITA of €1,194 million, an increase of 10.9% (+12.3% at constant currency), reflecting significant margin improvements in the mobile and fixed-line segments.

Maroc Telecom SA's mobile EBITA reached €903 million, an increase of 10.8% (+12.2% at constant currency), supported by revenue growth and tight customer acquisition cost control within an intensely competitive operating environment. In a market that continued to expand, Maroc Telecom SA maintained its leadership position, notably in the postpaid segment, while increasing its operating margin by 1.9 points to 55.3%.

Maroc Telecom SA's fixed and Internet EBITA amounted to €291 million, an increase of 11.1% (+12.5% at constant currency). Contributions factors include a revenue growth of 2.5% at constant currency, lower interconnection costs and cost control measures. The operating margin increased by 3.1 points to 34.1%.

Mauritania Group EBITA was €33 million, a decrease of 5.6% (-5.8% at constant currency) despite improvements in operating expenses and cost of sales. This decline was attributable to two factors. Firstly, revenue growth was constrained by inflationary and competitive pressures, and secondly, amortization expenses increased as a result of higher expenditure.

In Burkina Faso, in an environment of cost of living increases and higher amortization expenses associated with the ramp-up of network infrastructure (50% increase in GSM base stations installed during the year), Onatel Group EBITA amounted to €19 million, a decrease of 1.8% (-1.8% at constant currency) compared to 2007.

Thanks to the restructuring efforts at Gabon Telecom, operating losses dropped to €1 million, compared to a €15 million loss in 2007.

Cash flow from operations (CFFO)

For the full year 2008, Maroc Telecom Group's cash flow from operations increased by 3.6% to €1,037 million. The cash flow generated through EBITDA increased by €157 million over the year, (+11.2%), partially offset by an increase in capital expenditures (+7.7% to €525 million). In addition, the growth in working capital continued to be tightly managed within the group with a global improvement of +€8 million in 2008 (compared to +€92 million in 2007).

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

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

Non-GAAP measurement in comparable basis (unaudited) **(US GAAP basis)** (in millions of US dollars)	Year Ended December 31,		
	2008	2007	% change
Activision	3,279	2,472	32.6%
Blizzard	1,343	1,107	21.3%
Distribution	410	408	0.5%
Net revenues of core operations	**5,032**	**3,987**	**26.2%**
Activision	469	411	14.1%
Blizzard	704	568	23.9%
Distribution	27	15	80.0%
Operating income/(loss) of core operations	**1,200**	**994**	**20.7%**
% platform net revenues			
MMOG (massively, multiplayer, online game)	38%	76%	
Console	43%	11%	
Hand-held	8%	5%	
PC	3%	7%	
Other (distribution and non-core operations)	8%	1%	
Breakdown of net revenues by geographical area			
North America	49%	46%	
Europe	42%	41%	
Asia Pacific and rest of the world	8%	12%	
Other (non-core operations)	1%	1%	

As published by Activision Blizzard, the non-GAAP measurement in comparable basis (US GAAP basis) illustrates the full consolidation of Activision as if this combination had taken place on January 1, 2007. The reconciliation of data published by Activision Blizzard (net revenues and EBITA) to data relating to Activision Blizzard established by Vivendi in accordance with IFRS standards is described in an appendix to this Financial Report ("II –Unaudited supplementary financial data").

IFRS measurement, as published by Vivendi (a) (in millions of euros, except for margins)	Year Ended December 31,			
	2008	2007	% change	% change at constant rate
Activision	1,146	197 (b)	x 5.8	x 5.7
Blizzard	770	814	-5.4%	0.0%
Distribution	164	-	na*	na*
Total net revenues of core operations (c)	**2,080**	**1,011**	**x 2.1**	**x 2.1**
Non-core operations (d)	11	7	57.1%	71.4%
Total net revenues	**2,091**	**1,018**	**x 2.1**	**x 2.1**
Total EBITDA	**190**	**234**	**-18.8%**	**-15.6%**
Activision	(76)	(1) (b)	na*	na*
Blizzard	323	350	-7.7%	-1.1%
Distribution	15	-	na*	na*
Total EBITA of core operations (c)	**262**	**349**	**-24.9%**	**-22.2%**
Non-core operations (d)	(228)	(168)	-35.7%	-38.2%
Total EBITA	**34**	**181**	**-81.2%**	**-78.2%**
EBITA / Net revenues (%)	***1.6%***	***17.8%***	***-16.2 pts***	
Cash flow from operations (CFFO)	**313**	**283**	**10.6%**	

na*: not applicable

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

January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008.

b. Includes revenues and EBITA of Sierra Entertainment's studios which were assumed by Activision.

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

d. Net revenues and EBITA of non-core exit operations comprises revenues and EBITA from the historical Vivendi Games businesses that Activision Blizzard has exited or is winding down and exit costs from cancelled projects.

Revenues and EBITA

On July 9, 2008 Vivendi and Activision completed the combination of Activision Blizzard, the world's most profitable pure-play online and console game publisher.

In 2008, Activision Blizzard has four of the top-10 best-selling games worldwide for the year. In North America and Europe, for the calendar year, Activision Blizzard has two of the top-five best-selling franchises on the consoles across all platforms -- *Guitar Hero* and *Call of Duty*, and is the #1 third-party publisher for the Wii platform, according to The NPD Group, Charttrack and Gfk. *World of Warcraft,* the global #1 subscription-based massively multiplayer online role-playing game's subscriber base exceeded 11.5 million players worldwide (versus 10 million subscribers at the end of 2007). Additionally, Blizzard Entertainment's *World of Warcraft®: Wrath of the Lich King™* was the #1 PC title in North America and Europe in 2008. More than 4 million copies were sold in the first month of sales.

In accordance with Vivendi's IFRS GAAP standards, Activision Blizzard's 2008 revenues were €2,091 million and EBITA was €34 million. These reported results include the negative impact of the change in deferred net revenues and the related cost of sales which resulted in a €416 million ($554 million) reduction in EBITA, non-core exit operations losses of €127 million and €122 million in one-time costs related to the Vivendi transaction, integration and restructuring.

On a U.S. non-GAAP comparable basis (the industry standard for publishers and a more accurate reflection of best performance), Activision Blizzard delivered record 2008 results. Activision Blizzard finished the year as the largest and most profitable third-party publisher with more than $5 billion in net revenues and US non-GAAP comparable-basis operating income of $1.2 billion. The company is one year ahead of the 2009 financial goals ($4.3 billion in US non-GAAP net revenues and a US non-GAAP operating income of $1.1 billion) outlined when the combination of Activision and Blizzard was announced.

4.2.6 Holding & Corporate

(in millions of euros)	Year Ended December 31, 2008	2007
EBITA	(60)	(81)
Cash flow from operations (CFFO)	(200)	(123)

EBITA

Holding & Corporate EBITA was -€60 million, a €21 million improvement compared to 2007. This improvement resulted principally from a net decrease in the provision for share-based compensation plans (+€57 million). In 2007, EBITA notably included the positive impacts of the settlement, in Vivendi SA's favor, of a litigation instigated by Vivendi regarding its right to deduct VAT (+€73 million) and the sale of real estate assets in Germany (+€59 million), offset by the impact of certain legal proceedings for -€84 million.

Cash flow from operations (CFFO)

Cash flow from operations amounted to -€200 million in 2008, compared to -€123 million in 2007, representing a €77 million decrease. In 2008, it notably included the settlement of certain litigations (-€68 million) that were expensed in 2007. In 2007, it notably included the repayment of tax payments previously made by Vivendi SA following the settlement in Vivendi SA's favor of the litigation instigated by Vivendi concerning its right to deduct VAT (+€50 million).

4.2.7 Non-core operations and others

(in millions of euros)	Year Ended December 31, 2008	2007
Non-core operations and others	5	11
Elimination of intersegment transactions	(62)	(79)
Total revenues	**(57)**	**(68)**
EBITA	(41)	(11)
Cash flow from operations (CFFO)	(45)	(12)

Revenues

Non-core and others revenues amounted to €5 million (compared to €11 million in 2007), representing a €6 million decrease, following the group's divestitures.

EBITA

Non-core and others EBITA amounted to -€41 million (compared to -€11 million in 2007), representing a €30 million decrease.

5 Treasury and capital resources

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

- Summary of Vivendi's exposure to credit, liquidity and market risks (Paragraph 5.1);
- Financial Net Debt changes (Paragraph 5.2);
- Analysis of Financial Net Debt changes (Paragraph 5.3); and
- Main financing characteristics and credit ratings (Paragraph 5.4).

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

Preliminary comments

- *Vivendi considers Financial Net Debt, a non-GAAP measure, to be an important indicator in measuring Vivendi's indebtedness. Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the Consolidated Statement of Financial Position, less cash and cash equivalents as reported on the Consolidated Statement of Financial Position as well as derivative financial instruments in assets and cash deposits backing borrowings (included in the Consolidated Statement of Financial Position under "financial assets"). Financial Net Debt should be considered in addition to, and not as a substitute for, Vivendi's borrowings and other financial liabilities and cash and cash equivalents reported on the Consolidated Statement of Financial Position, as well as other measures of indebtedness reported in accordance with GAAP. Vivendi Management uses Financial Net Debt for reporting and planning purposes, as well as to comply with certain debt covenants of Vivendi.*
- *In addition, cash (and cash equivalents) is not fully available for debt repayments since it is used for several purposes, including but not limited to, acquisitions of businesses, capital expenditures, dividends, contractual obligations and working capital.*
- *Furthermore, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) which do not have significant minority shareholders and (b) which are not subject to local regulations restricting the transfer of financial assets or (c) are not subject to contractual agreements. Alternatively, cash surpluses are not pooled by Vivendi SA but rather distributed via dividends or, as the case may be, used to finance investments of the relevant subsidiaries concerned or to reimburse borrowings used to finance their investments. This case notably concerns SFR, Maroc Telecom and Activision Blizzard. Regarding Activision Blizzard, for a five-year period commencing on July 9, 2008, the approval of certain matters by Activision Blizzard board of directors, including the payment of a dividend, requires the affirmative vote of (a) a majority of the votes present or otherwise able to be cast on the board, and (b) at least a majority of the independent directors on the board. However, after the first anniversary of the closing date, the distribution of any dividend by Activision Blizzard will not require the affirmative vote of a majority of the independent directors if Activision Blizzard's pro forma net debt, after giving effect to such dividend, does not exceed $400 million.*

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

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

- As of December 31, 2008, Vivendi's Financial Net Debt amounted to €8.3 billion, including the financial liability recorded in respect of the put option granted to TF1/M6 on their 15% stake in Canal+ France (approximately €1 billion), which is exercisable in February 2010, as well as the net cash position of Activision Blizzard (approximately €2.1 billion as of December 31, 2008; please refer to section 5.2, below).
- Vivendi's credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's). This rating was confirmed by the agencies after Vivendi decided, in September 2008, to abandon the capital increase it had announced at the end of 2007 (please refer to Section 5.4.3, below).
- As of February 24, 2009, the total amount of Vivendi SA and SFR bonds amounted to €5.7 billion, including bonds recently issued in the aggregate amount of €1.4 billion, i.e., the bond issued in January 2009 by Vivendi SA for an amount of €1.0 billion, and two extensions, launched in December 2008, and issued and collected in January 2009 for an amount of €200 million each, of the original bonds issued by Vivendi SA and SFR (please refer to Section 5.4.1, below). Following these last issues, the total amount of bonds represented 57% of borrowings compared to 44% as of December 31, 2008 and 65% as of December 31, 2007.
- As of December 31, 2008, the total amount of Vivendi SA and SFR bank facilities for which banks have some commitments amounted to €11.2 billion, of which €4.1 billion were drawn and €6.3 billion undrawn, taking into account commercial paper backed on these lines for €0.8 billion. These bank facilities are divided among a minimum of twenty banks, none of which has a commitment greater than 12% of the total amount for Vivendi. All banks participating in revolving facilities have a credit rating of A at a minimum.
- As of February 24, 2009, the date of the Management Board meeting which approved the financial statements for the year ended December 31, 2008, the available undrawn facilities of Vivendi SA, net of commercial paper, amounted to approximately €7.1 billion, and available credit lines of SFR, net of commercial paper, amounted to approximately €1 billion at the same date. The bank facilities of Vivendi SA and SFR as well as of its subsidiary Neuf Cegetel, have to comply with certain financial covenants. In the event of non-compliance with such financial covenants, the lenders could require the cancellation or early repayment of the bank facilities. As of December 31, 2008, Vivendi SA, SFR and Neuf Cegetel were in compliance with their financial covenants (please refer to Section 5.4.5 below).
- Consequently, Vivendi has significant available bank credit lines up to 2011 and, excluding the €1.5 billion tranche under a bridging loan, restructured into a revolving facility, which will expire at the end of August 2009, no reimbursement or cancellation of significant borrowing should occur before 2011.
- The economic average term of the group's consolidated financial debt was 4.1 years at year-end 2008 (please refer to Section 5.4.4, below).

Vivendi thus believes that cash flows generated by its operations, its cash and cash equivalents, and amounts available through its current credit lines, will be sufficient to match its operating expenses and capital expenditures , its debt service, and dividend payments for the next twelve months.

5.2 Financial Net Debt changes

As of December 31, 2008, Financial Net Debt amounted to €8,349 million, compared to €5,186 million as of December 31, 2007:

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	December 31, 2008	December 31, 2007
Borrowings and other financial liabilities		11,630	7,376
o/w long-term (a)	*22*	*9,975*	*5,610*
o/w short-term (a)	*22*	*1,655*	*1,766*
Derivative financial instruments in assets (b)	15	(99)	(69)
Cash deposits backing borrowings (b)	15	(30)	(72)
		11,501	**7,235**
Cash and cash equivalents (a)	17	(3,152)	(2,049)
o/w Activision Blizzard's cash and cash equivalents		*(2,117)*	*(102)*
Financial Net Debt		**8,349**	**5,186**

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

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

In 2008, Financial Net Debt increased by €3,163 million. This increase resulted mainly from the impact of the take over of Neuf Cegetel by SFR and the acquisition of Activision by Vivendi finalized on July 9, 2008. The impact of these transactions can be analyzed as follows:

– The increase in Financial Net Debt resulting from the take over of Neuf Cegetel by SFR amounted to €5,339 million including the cash payment of the purchase price for the acquisition of the 60.15% equity interest in Neuf Cegetel not yet owned by SFR (€4,323 million), as well as the consolidation of Neuf Cegetel's Financial Net Debt (borrowings amounting to €1,219 million and cash position of €215 million).

– The acquisition of Activision resulted in a €613 million decrease in Financial Net Debt, mainly due to the consolidation of Activision's net cash and cash equivalents as of July 9, 2008 (€730 million), net of the impact of the purchase of Activision Blizzard's shares by Vivendi on the market (€24 million) and other payments related to the transaction (€93 million). In addition, the cash payment of €1,101 million ($1,731 million) made by Vivendi for the subscription of a dedicated share capital increase of Activision had no impact on the group's Financial Net Debt, as such cash is included in Activision's net cash position, and therefore consolidated by Vivendi.

(in millions of euros)	Cash and cash equivalents	Borrowings and other (a)	Impact on financial net debt
Financial Net Debt as of December 31, 2007	**(2,049)**	**7,235**	**5,186**
Outflows/(inflows) generated by:			
Operating activities	(5,742)	-	(5,742)
Investing activities	5,297	1,281	6,578
Financing activities	(463)	2,925	2,462
Foreign currency translation adjustments	(195)	60	(135)
Change in Financial Net Debt over the period	(1,103)	4,266	3,163
Financial Net Debt as of December 31, 2008	**(3,152)**	**11,501**	**8,349**

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

5.3 Analysis of Financial Net Debt changes

In 2008, the analysis of Financial Net Debt changes is presented as follows:

(in millions of euros)		Refer to section	Year Ended December 31, 2008 Impact on cash and cash equivalents	Impact on borrowings and other	Impact on Financial Net Debt
EBIT		2	(4,260)	-	(4,260)
Adjustments			(2,415)	-	(2,415)
Content investments, net			159	-	159
Gross cash provided by operating activities before income tax paid			***(6,516)***	***-***	***(6,516)***
Other changes in net working capital			(241)	-	(241)
Net cash provided by operating activities before income tax paid		3	***(6,757)***	***-***	***(6,757)***
Income tax paid, net		3	1,015	-	1,015
Operating activities	**A**		**(5,742)**	**-**	**(5,742)**
Financial investments					
Purchases of consolidated companies, after acquired cash			3,735	1,241	4,976
o/w take over of Neuf Cegetel by SFR (April-June):		1.1.1	*4,131*	*1,208*	*5,339*
- Payment in cash			*4,323*	*-*	*4,323*
- Financial Net Debt assumed			*(215)*	*1,219*	*1,004*
- Fees and other costs			*23*	*(11)*	*12*
o/w creation of Activision Blizzard (July):		1.1.2	*(613)*	*-*	*(613)*
- Payment in cash			*1,101*	*-*	*1,101*
- Net cash acquired			*(1,831)*	*-*	*(1,831)*
- Purchase of Activision Blizzard's shares on the market			*24*	*-*	*24*
- Fees and other costs			*93*	*-*	*93*
o/w acquisition of Univision Music Group by UMG (May)		1.1.3	*69*	*-*	*69*
Purchases of investments in equity affiliates			114	-	114
o/w subscription of NBC Universal capital increase (a)			*86*	*-*	*86*
Increase in financial assets			98	(3)	95
Total financial investments			***3,947***	***1,238***	***5,185***
Financial divestments					
Proceeds from sales of consolidated companies, after divested cash			6	(2)	4
Sales of investments in equity affiliates			(18)	-	(18)
Decrease in financial assets			(340)	45	(295)
Total financial divestments			***(352)***	***43***	***(309)***
Financial investment activities			**3,595**	**1,281**	**4,876**
Dividends received from equity affiliates		3	(296)	-	(296)
Dividends received from unconsolidated companies			(3)	-	(3)
Investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets, net			**3,296**	**1,281**	**4,577**
Capital expenditures			2,105	-	2,105
Proceeds from sales of property, plant, equipment and intangible assets			(104)	-	(104)
Capital expenditures, net		3	***2,001***	***-***	***2,001***
Investing activities	**B**		**5,297**	**1,281**	**6,578**

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

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

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

Continued from previous page

(in millions of euros)		Refer to section	Year Ended December 31, 2008 Impact on cash and cash equivalents	Impact on borrowings and other	Impact on Financial Net Debt
Transactions with shareholders					
Net proceeds from issuance of common shares			(101)	-	(101)
o/w exercise of stock options by executive management and employees			(6)	-	*(6)*
o/w capital increase subscribed by employees in connection with the stock purchase plan			*(95)*	-	*(95)*
(Sales) purchases of treasury shares (Activision Blizzard)			85	-	85
Dividends paid by Vivendi SA, €1.30 per share (May)			1,515	-	1,515
Dividends paid by consolidated companies to their minority shareholders			636	-	636
o/w SFR			*237*	-	*237*
o/w Maroc Telecom SA			*331*	-	*331*
Total dividends and other transactions with shareholders			***2,135***	***-***	***2,135***
Transactions on borrowings and other financial liabilities					
Establishment of long-term borrowings and increase in other long-term financial liabilities			(3,919)	3,919	-
o/w Vivendi SA's US dollar bonds of $1.4 billion (b)			*(896)*	*896*	-
o/w SFR's additional redeemable bonds			*(200)*	*200*	-
o/w Vivendi SA's revolving facility of €2.0 billion			*(1,850)*	*1,850*	-
o/w SFR's revolving facility			*(920)*	*920*	-
Principal payments on long-term borrowings and decrease in other long-term financial liabilities			612	(612)	-
o/w SFR's syndicated loan ("Club deal" Neuf Cegetel)			*404*	*(404)*	-
o/w MAD 6 billion notes - tranche B: 4 billion			*175*	*(175)*	-
Principal payments on short-term borrowings			605	(822)	(217)
o/w early redemption of the Vivendi bonds exchangeable for Sogecable shares (c)			*14*	*(231)*	*(217)*
o/w Vivendi SA's bonds			*70*	*(70)*	-
o/w Vivendi SFR's bonds			*400*	*(400)*	-
Other changes in short-term borrowings and other financial liabilities			(216)	169	(47)
o/w Vivendi SA's revolving facility (d)			-	-	-
o/w Vivendi SA's commercial paper			*(315)*	*315*	-
Non cash transactions			-	271	271
Interest paid, net		3	354	-	354
Other cash items related to financial activities		3	(34)	-	(34)
Total transactions on borrowings and other financial liabilities			***(2,598)***	***2,925***	***327***
Financing activities	**C**		**(463)**	**2,925**	**2,462**
Foreign currency translation adjustments	D		(195)	60	(135)
Change in Financial Net Debt	**A+B+C+D**		**(1,103)**	**4,266**	**3,163**

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

c. Please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2008.

d. In February 2008, Vivendi obtained a €3.5 billion syndicated loan which consists of one tranche of €1.5 billion under a bridging loan maturing in August 2009, restructured into a revolving facility in November 2008, and two tranches of €1 billion each under a "revolving" facility maturing in February 2011 and February 2013, respectively. As of December 31, 2008, all of these facilities remained undrawn.

5.4 Main financing characteristics and credit ratings

5.4.1 Financing put into place after December 31, 2008

In January 2009, Vivendi SA put into place the following financings:

- a new tranche of €200 million of the €500 million original bond issue dated October 2006 with an October 2013 maturity. This new tranche is denominated in euros with a 4.5% coupon, and an issue price of 87.550% of the nominal value, corresponding to a 7.738% yield; and
- a new bond issue of €1 billion aimed at optimizing debt structure and increasing its average maturity. This fixed-rate bond is denominated in euros with a 5-year maturity, a 7.75% coupon, and an issue price of 99.727%, corresponding to a 7.82% yield.

On January 14, 2009, SFR placed a €200 million increase of its €800 million original bond issue, dated July 2005 with a 2012 maturity. This increase was in addition to a €200 million first increase of this bond issue in May 2008. This new tranche of the 2012 original bond issue is denominated in euros with a 3.375% coupon, and an issue price of 94.212% of the nominal value, corresponding to a 5.236% yield.

5.4.2 Available undrawn facilities as of February 24, 2009

Vivendi SA

As of February 24, 2009, the date of Vivendi's Management Board meeting which approved the financial statements for the year ended December 31, 2008, Vivendi SA had available committed bank facilities in the amount of €7.5 billion, as follows:

- bank facilities already put into place at year-end 2007 including a syndicated loan facility of €2 billion (maturing in April 2012) and a syndicated loan facility of €2 billion whose initial maturity was extended from August 2012 to August 2013 for €1.7 billion; both were undrawn; and
- in February 2008, Vivendi obtained a €3.5 billion syndicated loan, consisting of a €1.5 billion tranche under a bridge loan maturing in August 2009, restructured in November 2008 into a revolving facility and two tranches of €1 billion each under a revolving facility (maturing in February 2011 and February 2013, respectively); both were undrawn.

Considering the amount of commercial paper issued, as of February 24, 2009, and backed on bank facilities for €0.4 billion, these lines were available in an aggregate amount of €7.1 billion.

SFR

As of February 24, 2009, the date of Vivendi's Management Board meeting which approved the financial statements for the year ended December 31, 2008, SFR had available committed bank facilities in the amount of €3.7 billion, notably including a €1.2 billion credit line (maturing in April 2011), a €450 million credit line (maturing in November 2012) as well as €850 million credit line (maturing in April 2013). At this date, they were drawn for €2.1 billion.

Considering the amount of commercial paper issued at this date and backed on bank facilities for €0.6 billion, these three credit lines were available for an aggregate amount of €1 billion.

Activision Blizzard

In addition, on April 29, 2008, Vivendi SA granted a loan to Activision Blizzard as part of the Activision Blizzard transaction. This facility, only available from the date Activision Blizzard was created (this transaction occurred on July 9, 2008), initially consisted of 3 tranches:

- a first tranche of up to $400 million, aimed at funding that portion of the post-closing tender offer consideration, if any, in excess of $3,628 million;
- a second tranche, of up to $150 million, aimed at reimbursing, after the closing of the transaction, the borrowing outstanding at that date, under a Vivendi Games credit line, if, after the completion of the tender offer, Activision Blizzard did not have sufficient cash on hand to reimburse this credit line; and
- a revolving tranche of $475 million, maturing on March 31, 2011, with a 1.20% margin based on the LIBOR rate, aimed at funding, in particular, working capital needs after completion of the transaction.

The first and second tranches were cancelled and none of these tranches were drawn. On February 24, 2009, Activision Blizzard had only the third tranche as described above available for its financing requirements, which is undrawn at this date.

5.4.3 Credit ratings

As of February 24, 2009, the date of the Management Board meeting which approved the financial statements for the year ended December 31, 2008, the credit ratings were as follows:

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

5.4.4 Average maturity of financial debt

The average term of the instruments included in Vivendi's consolidated financial debt may be assessed using two methodologies:

- The "accounting" average term, under which definition a short-term draw-down on a medium-term credit line is only taken into account for the term of the short-term draw-down. At year-end 2008, the "accounting" average term of the group's financial debt was 2.0 years, compared to 2.7 years at the end of 2007.
- The "economic" average term, under which definition all undrawn amounts on available medium-term credit lines may be used to reimburse group borrowings with the shortest term. At year-end 2008, the "economic" average term of the group's financial debt was 4.1 years, compared to 4.2 years at the end of 2007.

5.4.5 Description of main financial covenants

Vivendi and its subsidiaries SFR and Neuf Cegetel are subject to certain financial covenants which require them to maintain various financial ratios, as described hereunder. As of December 31, 2008, Vivendi and its subsidiaries SFR and Neuf Cegetel were in compliance with those applicable financial ratios.

Loans

Regarding Vivendi, the two syndicated facilities (each in the amount of €2.0 billion, set up in April 2005 and in August 2006) as well as the €3.5 billion loan (set up in February 2008 and consisting of three tranches) contain customary provisions related to events of default and restrictions in terms of negative pledge, and divestiture and merger transactions. In addition, at the end of each half-year, Vivendi is required to maintain a ratio of Proportionate Financial Net Debt[3] to proportionate EBITDA[4] at a maximum of three for the duration of the loans. Non-compliance with this ratio could result in the early repayment of the facilities if they were drawn, or their cancellation. As of December 31, 2008, Vivendi SA was in compliance with these financial ratios.

At SFR, the three credit lines of €1.2 billion, €450 million and €850 million respectively contain customary default, negative pledge, and merger and divestiture restrictions. These facilities are subject to a change in ownership provision. In addition, at the end of each half-year, SFR must comply with the two following financial ratios: (i) a ratio of Financial Net Debt to consolidated EBITDA not exceeding 3.5, and (ii) a ratio of consolidated earnings from operations (consolidated EFO) to consolidated net financing costs (interest) equal to or greater than 3. Non-compliance with these ratios could result in the early repayment of the facilities if they were drawn, or their cancellation. As of December 31, 2008, SFR was in compliance with these financial ratios.

At Neuf Cegetel, a €740 million syndicated loan (Club deal), a €300 million securitization program and a €100 million structured financing (UK lease) include standard default and limitation provisions for this type of loan. In 2008, contracts under the syndicated loan and of the securitization program were renegotiated with the lenders in order to align the provisions relating to financial covenants, internal reorganization and change of control with SFR's provisions. The structured financing (UK lease), whose negotiation is being finalized, is the only one remaining subject to different conditions, notably including compliance with two financial ratios computed at the end of each half-

[3] *Defined as Vivendi Financial Net Debt less the share of Financial Net Debt attributable to minority shareholders of SFR, Maroc Telecom Group and Activision Blizzard.*

[4] *Defined as Vivendi modified EBITDA less modified EBITDA attributable to minority shareholders of SFR, Maroc Telecom Group and Activision Blizzard plus the dividends received from entities that are not fully or proportionately consolidated.*

year (consolidated net debt/consolidated EBITDA not exceeding 3, and consolidated EBITDA/consolidated net financing costs (interest) equal to or greater than 5) and restrictive provisions relating to change of control and internal reorganization. Non-compliance with these financial ratios would constitute a default that could among others result in the cancellation or the early repayment of the different loans. As of December 31, 2008, Neuf Cegetel was in compliance with these financial ratios.

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

Lastly, on January 4, 2005, SPT "Société de Participations dans les Télécommunications" issued a MAD 6 billion loan to finance the acquisition of a 16% interest in Maroc Telecom. The loan was comprised of two tranches: a MAD 2 billion tranche that was early terminated in May 2006 and a MAD 4 billion tranche with a 2011 maturity date, of which MAD 2 billion was early reimbursed in May 2008. In connection therewith, Vivendi has granted a security (jointly liable guarantee) to SPT which contains ratios identical to those included in the €2 billion syndicated loan, set up in April 2005.

Bonds

Bonds issued by Vivendi (for a total amount of €3,638 million as of December 31, 2008) and its subsidiary SFR (€800 million as of December 31, 2008) contain customary provisions related to default, negative pledge and rights of payment (pari-passu ranking). In addition, bonds issued since October 2006 by Vivendi SA for a total amount of €3,402 million, of which €1,200 million and $1,400 million are recorded in the Statement of Financial Position as of December 31, 2008, and €1,200 million issued after the closing date, contain a change-of-control trigger if their rating is downgraded below investment grade status (Baa3/BBB-) as a result of such an event.

5.4.6 Financial Net Debt of SFR, and net cash position of Maroc Telecom Group and Activision Blizzard

As of December 31, 2008, the Financial Net Debt of SFR amounted to €7,083 million (compared to €2,813 million as of December 31, 2007) and included borrowings of €7,431 million (compared to €2,982 million as of December 31, 2007). As of December 31, 2008, borrowings notably included a revolving facility of €3,700 million granted by Vivendi SA to SFR as follows:

- €700 million granted as of December 2006, maturing in December 2009, with a margin of 0.15% based on Euribor rate; and
- €3 billion granted as of April 4, 2008, repayable in the amount of €1 billion at each maturity date period, i.e., July 1, 2009, July 1, 2010 and December 31, 2012, with a margin of 0.35% based on Euribor rate.

In addition, early 2009, Vivendi SA and SFR are considering setting up an approximate €1.5 billion loan to SFR. As of February 24, 2009, the terms and conditions of this financing, at arm's length, were not yet approved by the parties.

As of December 31, 2008, Maroc Telecom Group's positive net cash position amounted to €32 million (compared to €126 million as of December 31, 2007).

As of December 31, 2008, Activision Blizzard's positive net cash position was €2,117 million (compared to €1,831 million as of July 9, 2008, the date of the acquisition of Activision Blizzard).

6 Forward looking statements

This report contains forward-looking statements with respect to the financial condition, results of operations, business, strategy and plans of Vivendi. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from these forward-looking statements as a result of a number of risks and uncertainties, many of which are outside of Vivendi's control, including but not limited to, the risks described in the documents of the group filed with the Autorité des marchés financiers (AMF) (the French securities regulator) and which are also available in English on Vivendi's web site (www.vivendi.com). These forward-looking statements are made as of the date of the present report and Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

7 Disclaimer

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

II - Appendix to Financial Report: unaudited supplementary financial data

Reconciliation of U.S. GAAP revenue and EBITA to IFRS

As reported below, the reconciliation of Activision Blizzard's US GAAP revenue and EBITA to IFRS as of December 31, 2008 is based on:
- Activision Blizzard's data prepared in compliance with U.S. GAAP standards, in US dollars, contained in its Form 10-K for the year ended December 31, 2008 available on Activision Blizzard's website (http://investor.activision.com/results.cfm), and non-GAAP comparable measures, published by Activision Blizzard in its earnings release on February 11, 2009; and
- Data relating to Activision Blizzard established in accordance with IFRS standards, in euros, as published by Vivendi in its Audited Consolidated Financial Statements for the year ended December 31, 2008.

Combination of Vivendi Games and Activision on July 9, 2008

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

Non-GAAP measures at Activision Blizzard

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

(a) the change in deferred net revenues and related costs of sales; as explained below in paragraphs "Deferral of Activision revenue" and "Change in recognition of revenue at Blizzard", Activision Blizzard's non-GAAP results exclude the impact of the change in deferred revenues and related costs of sales related to certain of the company's online-enabled games for certain of the Microsoft, Sony, Nintendo and PC platforms and for *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, in order to provide comparable year-over-year performance (see below);

(b) Activision Blizzard's non-core exit operations (which is the operating results of products and operations from the historical Vivendi Games, Inc. businesses that the company has exited or is winding down);

(c) expenses related to equity-based compensation costs;

(d) one-time costs related to the business combination of Activision, Inc. and Vivendi Games, Inc. (including transaction costs, integration costs, and restructuring activities);

(e) the amortization of intangibles and the associated changes in cost of sales resulting from purchase price accounting adjustments from the business combination; and

(f) the associated tax benefits.

Deferral of Activision revenue

For most of Activision Blizzard's console game titles released through September 30, 2008, the on-line functionality has not been an important component of gameplay and accordingly, for these titles, revenue is considered to be earned and recognized upon delivery.

However, as online functionality becomes a more important component of gameplay, certain of the company's online-enabled games for certain platforms contain a more-than-inconsequential separate service deliverable in addition to the product, and the company's performance obligations for these games extends beyond the sale of the games. Vendor-specific objective evidence of fair value does not exist for the online services, as the company does not plan to separately charge for this component of online-enabled games. As a result, the company recognizes all of the revenues from the sale of these games ratably over the estimated service period, beginning the month following shipment. In addition, the company defers the costs of sales of those titles to match revenues. Pursuant to IAS 18 "Revenue", the same treatment applies in IFRS. See footnote (a) for detailed impacts in U.S. GAAP and IFRS.

Change in recognition of revenue at Blizzard

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

This conclusion was reached by Activision Blizzard based upon the view that the expansion pack was dependent on the initial *World of Warcraft* boxed software and the ongoing subscription service in order for the consumer to realize the full benefit of the game, and also upon the recent data gathered since the launch of *The Burning Crusade*.

Therefore, revenues related to the sale of *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, are deferred and recognized ratably over the estimated customer life beginning upon activation of the software and delivery of the services.

Accordingly, in the third quarter of 2008, Activision Blizzard reflected this retroactive application of the accounting principle in its U.S. GAAP financial statements.

In IFRS, until the third quarter of 2008 and in accordance with IAS 18 "Revenue", revenues from the sale of boxes for Blizzard *World of Warcraft* titles were recorded upon transfer of the ownership and related risks to the distributor, net of a provision for estimated returns and rebates. Revenues generated by subscriptions and prepaid cards for online video-games were recorded on a straight-line basis over the duration of the service.

In the fourth quarter of 2008, Vivendi has aligned the IFRS accounting treatment for the year ended December 31, 2008 with that of U.S. GAAP, by recording a cumulative catch-up adjustment through the current period statement of earnings. Given the non-materiality of the impacts for Vivendi consolidated financial statements, the cumulative adjustment was recorded through the current period statement of earnings, hence was not retroactively brought as an adjustment to prior years' statement of earnings. For a more detailed description of the impacts of the reconciliation of U.S. GAAP to IFRS, please refer to footnote (a) below.

Nota: For a definition of EBITA, please refer to Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2008.

Reconciliation of U.S. GAAP revenue and EBITA to IFRS

Reconciliation of U.S. GAAP revenue to IFRS

	Year ended December 31, (unaudited)	
	2008	2007
Non-GAAP Measurement (US GAAP basis):		
Comparable Basis Net Revenues of Core Operations (in millions of dollars)	**5,032**	**3,987**
Eliminate comparable basis adjustments:		
Activision - operations prior to July 10, 2008	(1,310)	(2,608)
Non-GAAP Net Revenues of Core Operations (in millions of dollars)	**3,722**	**1,379**
Eliminate non-GAAP adjustments:		
Changes in deferred net revenues (a)	(713)	(40)
Net revenues of non-core exit operations (b)	17	10
US GAAP Measurement:		
Net Revenues in US GAAP (in millions of dollars), as published by Activision Blizzard	**3,026**	**1,349**
Eliminate US GAAP vs. IFRS differences:		
Effect of alignment of deferred net revenues balance with U.S. GAAP (a)	(63)	40
Other	-	2
IFRS Measurement:		
Net Revenues in IFRS (in millions of dollars)	**2,963**	**1,391**
Translate from dollars to euros:		
Net Revenues in IFRS (in millions of euros), as published by Vivendi	**2,091**	**1,018**
of which:		
Activision	1,146	197
Blizzard	770	814
Distribution	164	-
Non-core operations	11	7

Reconciliation of U.S. GAAP EBITA to IFRS

	Year ended December 31, (unaudited)	
	2008	2007
Non-GAAP Measurement (US GAAP basis):		
Comparable Basis Operating Income/(Loss) of Core Operations (in millions of dollars)	**1,200**	**994**
Eliminate comparable basis adjustments:		
Activision - operating income/(loss) generated prior to July 10, 2008	(167)	(439)
Non-GAAP Operating Income/(Loss) of Core Operations (in millions of dollars)	**1,033**	**555**
Eliminate non-GAAP adjustments:		
Changes in deferred net revenues and cost of sales (a)	(496)	(38)
Results of non-core exit operations (b)	(266)	(198)
Equity-based compensation expense (c)	(90)	(137)
One time costs related to the Vivendi transaction, integration and restructuring (d)	(122)	1
Amortization of intangibles acquired through business combinations and purchase price accounting related adjustments (e)	(292)	(4)
US GAAP Measurement:		
Operating Income/(Loss) in US GAAP (in millions of dollars), as published by Activision Blizzard	**(233)**	**179**
Eliminate US GAAP vs. IFRS differences:		
Effect of alignment of deferred net revenues balance with U.S. GAAP (a)	(58)	38
Equity-based compensation expense (c)	30	21
One time costs related to the Vivendi transaction, integration and restructuring (d)	-	-
Other	8	4
IFRS Measurement:		
Operating Income/(Loss) in IFRS (in millions of dollars)	**(253)**	**242**
Eliminate items excluded from EBITA:		
Impairment of intangible assets acquired through business combinations	7	-
Amortization of intangible assets acquired through business combinations (e)	302	-
EBITA in IFRS (in millions of dollars)	**56**	**242**
Translate from dollars to euros:		
EBITA in IFRS (in millions of euros), as published by Vivendi	**34**	**181**
of which:		
Activision	(76)	(1)
Blizzard	323	350
Distribution	15	-
Non-core operations	(228)	(168)

(a) Deferral of revenues and related costs, as explained in paragraph "Deferral of Activision revenue" and in paragraph "Change in recognition of revenue at Blizzard" (see above).

- In U.S. GAAP, deferral of 2008 revenues is $713 million, which net impact was a $496 million decrease in 2008 operating income;
- In IFRS, deferral of 2008 revenues is $776 million, which net impact was a $554 million decrease in 2008 EBITA. In these amounts, the impact on revenues and EBITA of the change in accounting principle for Blizzard *World of Warcraft* titles is $209 million and $188 million respectively, including catch-up adjustments with U.S. GAAP of $63 million and $58 million respectively, in order to align Activision Blizzard's deferred revenue balance with U.S. GAAP as of December 31, 2008;
- In both U.S. GAAP and IFRS, as of December 31, 2008, the deferred revenue balance is $923 million (€661 million).

(b) Reflects the results of products and operations from the historical Vivendi Games businesses that the Activision Blizzard has exited or wound-down.

- Includes the $61 million write-off of cancelled titles.

(c) Expenses related to equity-based compensation costs.

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

(d) Includes one-time costs related to the business combination with Vivendi Games (including transaction costs, integration costs, and restructuring activities).

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

(e) Reflects amortization of intangible assets and the increase in the fair value of inventories and associated cost of sales, all of which relate to purchase price accounting adjustments. Increase in the fair value of inventories and associated cost of sales are not excluded from EBITA.

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III - Consolidated Financial Statements for the year ended December 31, 2008

Statutory Auditors' report on the Consolidated Financial Statements

To the shareholders,

In compliance with the assignment entrusted to us by your annual general shareholders' meetings, we hereby report to you for the year ended December 31, 2008 on:

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

These Consolidated Financial Statements are the responsibility of the Management Board of your Company. Our role is to express an opinion on the financial statements, based on our audit.

1. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with the auditing standards generally accepted in France. Those standards require that we plan and perform our work to obtain reasonable assurance that the Consolidated Financial Statements are free from material misstatement. An audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall presentation of the financial statements. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

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

Without qualifying our opinion, we draw your attention to:
- Note 1.1 to the Financial Statements, which describes the change in accounting method due to your Company's early application of IFRS 8;
- Note 1.3.4.4 to the Financial Statements, which describes the change in the method used to account for revenue generated by Activision Blizzard's "World of Warcraft" game.

2. Justification of our assessments

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

- In connection with our assessment of the accounting principles implemented by your Company:
  - We ensured that Notes 1.1 and 3 to the Consolidated Financial Statements provided the appropriate disclosures on the effects of the early application of IFRS 8;
  - We ensured that the aforementioned change in method used to account for revenue and the resulting presentation in Note 1.3.4.4 to the Consolidated Financial Statements was appropriate.
- Following the takeover of Neuf Cegetel by SFR and Activision Blizzard, your Company performed a preliminary allocation of the acquisition costs for the two transactions, as described in Notes 2.1 and 2.2 to the Consolidated Financial Statements. In connection with our assessment of the accounting policies implemented by your Company, we examined the methods used to perform the preliminary cost allocation and ensured that Notes 2.1 and 2.2 provide appropriate disclosures thereon.
- In the fourth quarter of each year, your Company systematically performs impairment tests on goodwill and assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in Note 1.3.5.7 to the Consolidated Financial Statements. We examined the methods used to test for impairment and ensured that Notes 1.3.5.7 and 9 provide appropriate disclosures thereon.
- Your Company reassessed the value of its equity interests in NBC Universal, according to the methods described in Note 14 to the Consolidated Financial Statements. The reassessment gave rise to an impairment loss of US $2.1 billion. We examined the valuation

methods used by your Company, which were based on the report of an independent expert. We also examined the report and assessed the assumptions made therein.

- Your Company records provisions for financial commitments, share-based compensation plans, retirement benefits, litigation, income taxes, tax risks and other liabilities as described in Notes 6, 19, 20, 21 and 27 to the Consolidated Financial Statements. We have assessed the methods used by your Company, as described in the Notes, based on the information currently available, and have performed tests to ensure that the methods have been applied correctly.

Our assessments were an integral part of our audit of the Consolidated Financial Statements as a whole, and therefore contributed to the formation of the opinion expressed in the first part of this report.

3. Specific Verifications

We have also carried out the specific verifications required by law of the information provided in the group management report.
We have no matters to report regarding its fair presentation and conformity with the Consolidated Financial Statements.

The Statutory Auditors

Paris La Défense,
February 27, 2009

Salustro Reydel

Neuilly-sur-Seine,
February 27, 2009

ERNST & YOUNG et Autres

Benoît Lebrun

Marie Guillemot

Dominique Thouvenin

Consolidated Statement of Earnings

	Note	Year Ended December 31, 2008	2007
Revenues	4.1	**25,392**	**21,657**
Cost of revenues	4.1	(12,492)	(9,876)
Selling, general and administrative expenses		(8,406)	(7,202)
Restructuring charges and other operating charges and income		(194)	(159)
Impairment losses of intangible assets acquired through business combinations	4.4	(40)	(34)
Earnings before interest and income taxes (EBIT)		**4,260**	**4,386**
Income from equity affiliates	14	260	373
Interest	5	(354)	(166)
Income from investments		5	6
Other financial charges and income	5	579	(83)
Earnings from continuing operations before provision for income taxes		**4,750**	**4,516**
Provision for income taxes	6.2	(1,051)	(747)
Earnings from continuing operations		**3,699**	**3,769**
Earnings from discontinued operations		-	-
Earnings		**3,699**	**3,769**
Attributable to:			
Equity holders of the parent		**2,603**	**2,625**
Minority interests		1,096	1,144
Earnings from continuing operations attributable to equity holders of the parent per share - basic	8	2.23	2.26
Earnings from continuing operations attributable to equity holders of the parent per share - diluted	8	2.23	2.25
Earnings attributable to equity holders of the parent per share - basic	8	**2.23**	**2.26**
Earnings attributable to equity holders of the parent per share - diluted	8	2.23	2.25
Adjusted net income	8	**2,735**	**2,832**
Adjusted net income per share - basic	8	**2.34**	**2.44**
Adjusted net income per share - diluted	8	2.34	2.43

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

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

Disclaimer: The English translation of the Consolidated Financial Statements, which were originally prepared in French, has been prepared solely for the convenience of English-speaking readers. Despite all efforts devoted to this translation, certain errors, omissions or approximations may subsist. Vivendi, its representatives and employees decline all responsibility in this regard. In the event of a discrepancy, the French-language version will prevail.

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2008	December 31, 2007
ASSETS			
Goodwill	9	22,612	15,427
Non-current content assets	10	4,012	3,127
Other intangible assets	11	3,872	2,772
Property, plant and equipment	12	6,317	4,675
Investments in equity affiliates	14	4,441	6,825
Non-current financial assets	15	709	1,215
Deferred tax assets	6	2,195	1,422
Non-current assets		**44,158**	**35,463**
Inventories		763	429
Current tax receivables	6	588	646
Current content assets	10	927	964
Trade accounts receivable and other	16	6,777	5,208
Short-term financial assets	15	287	187
Cash and cash equivalents	17	3,152	2,049
		12,494	**9,483**
Assets held for sale		14	133
Current assets		**12,508**	**9,616**
TOTAL ASSETS		**56,666**	**45,079**
EQUITY AND LIABILITIES			
Share capital		6,436	6,406
Additional paid-in capital		7,406	7,332
Treasury shares		(2)	(2)
Retained earnings and other		8,785	6,606
Equity attributable to Vivendi SA's shareholders	18	**22,625**	**20,342**
Minority interests		4,001	1,900
Total equity		**26,626**	**22,242**
Non-current provisions	19	1,585	1,594
Long-term borrowings and other financial liabilities	22	9,975	5,610
Deferred tax liabilities	6	1,305	1,096
Other non-current liabilities	16	1,480	1,078
Non-current liabilities		**14,345**	**9,378**
Current provisions	19	719	705
Short-term borrowings and other financial liabilities	22	1,655	1,766
Trade accounts payable and other	16	13,218	10,784
Current tax payables	6	97	204
		15,689	**13,459**
Liabilities associated with assets held for sale		6	-
Current liabilities		**15,695**	**13,459**
Total liabilities		**30,040**	**22,837**
TOTAL EQUITY AND LIABILITIES		**56,666**	**45,079**

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

Consolidated Statement of Cash Flows

(in millions of euros)	Note	Year Ended December 31, 2008	2007
Operating activities			
EBIT		4,260	4,386
Adjustments		2,415	1,857
Including amortization and depreciation of tangible and intangible assets	*4.4*	*2,631*	*1,833*
Content investments, net	10	(159)	(97)
Gross cash provided by operating activities before income tax paid		***6,516***	***6,146***
Other changes in net working capital		241	20
Net cash provided by operating activities before income tax paid		***6,757***	***6,166***
Income tax paid, net		(1,015)	(1,072)
Net cash provided by operating activities		**5,742**	**5,094**
Investing activities			
Capital expenditures		(2,105)	(1,647)
Purchases of consolidated companies, after acquired cash	2	(3,735)	(398)
Investments in equity affiliates	14	(114)	(254)
Increase in financial assets	15	(98)	(194)
Investments		***(6,052)***	***(2,493)***
Proceeds from sales of property, plant, equipment and intangible assets		104	21
Proceeds from sales of consolidated companies, after divested cash	2	(6)	304
Disposals of equity affiliates	14	18	23
Decrease in financial assets	15	340	129
Divestitures		***456***	***477***
Dividends received from equity affiliates	14	296	340
Dividends received from unconsolidated companies		3	1
Net cash provided by (used for) investing activities		**(5,297)**	**(1,675)**
Financing activities			
Net proceeds from issuance of common shares		101	149
Sales (purchases) of treasury shares	18	(85)	(212)
Dividends paid by Vivendi SA to its shareholders		(1,515)	(1,387)
Dividends and reimbursements of contribution of capital paid by consolidated companies to their minority shareholders		(636)	(1,048)
Transactions with shareholders		***(2,135)***	***(2,498)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	22	3,919	758
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	22	(612)	(180)
Principal payment on short-term borrowings	22	(605)	(1,805)
Other changes in short-term borrowings and other financial liabilities	22	216	181
Interest paid, net	5	(354)	(191)
Other cash items related to financial activities		34	(24)
Transactions on borrowings and other financial liabilities		***2,598***	***(1,261)***
Net cash provided by (used for) financing activities		**463**	**(3,759)**
Foreign currency translation adjustments		195	(11)
Change in cash and cash equivalents		**1,103**	**(351)**
Cash and cash equivalents			
At beginning of the period		2,049	2,400
At end of the period		3,152	2,049

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

In 2008, investing and financing activities that did not have an impact on cash amounted to €263 million and mainly related to the early redemption of the Vivendi bonds exchangeable for Sogecable shares for €231 million (please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2008). In 2007, they amounted to €229 million and related to the acquisition of a 2% stake in Maroc Telecom Group pursuant to an exchange of Vivendi shares.

Consolidated Statement of Changes in Equity

Year ended December 31, 2008

		Attributable to Vivendi SA shareholders										
		Common shares				Retained Earnings and Other						
(in millions of euros, except number of shares)	Note	*Number of shares* (In thousands)	Amount	Additional paid-in capital	Treasury shares	Retained earnings	Net unrealized gains (losses)	Foreign currency translation adjustments	Total	**Equity, attributable to equity holders of the parent**	Minority interests	**Total equity**
BALANCE AS OF DECEMBER 31, 2007		**1,164,743**	**6,406**	**7,332**	**(2)**	**9,209**	**134**	**(2,737)**	**6,606**	**20,342**	**1,900**	**22,242**
Dividends paid by Vivendi S.A. (€1.3 per share)		-	-	-	-	(1,515)	-	-	(1,515)	**(1,515)**	-	**(1,515)**
Exercise of stock options	21	348	2	4	-	-	-	-	-	**6**	-	**6**
Employee Stock Purchase Plans (July 24, 2008)	21	4,494	25	70	-	-	-	-	-	**95**	-	**95**
Other transactions with shareholders		612	3	-	-	40	-	-	40	**43**	-	**43**
Dividends and other transactions with Vivendi SA shareholders		**5,454**	**30**	**74**	**-**	**(1,475)**	**-**	**-**	**(1,475)**	**(1,371)**	**-**	**(1,371)**
Creation of Activision Blizzard (July 9, 2008)		-	-	-	-	-	-	-	-	**-**	1,399	**1,399**
Dividends		-	-	-	-	-	-	-	-	**-**	(440)	**(440)**
Other transactions with minority interests		-	-	-	-	(69)	-	-	(69)	**(69)**	4	**(65)**
Transactions with minority interests		**-**	**-**	**-**	**-**	**(69)**	**-**	**-**	**(69)**	**(69)**	**963**	**894**
Earnings		-	-	-	-	2,603	-	-	2,603	**2,603**	1,096	**3,699**
Charges and income directly recognized in equity		-	-	-	-	302	(151)	969	1,120	**1,120**	42	**1,162**
Total recognized charges and income for the period		**-**	**-**	**-**	**-**	**2,905**	**(151)**	**969**	**3,723**	**3,723**	**1,138**	**4,861**
Total changes over the period		***5,454***	***30***	***74***	***-***	***1,361***	***(151)***	***969***	***2,179***	***2,283***	***2,101***	***4,384***
BALANCE AS OF DECEMBER 31, 2008		**1,170,197**	**6,436**	**7,406**	**(2)**	**10,570** (a)	**(17)**	**(1,768)**	**8,785**	**22,625**	**4,001** (b)	**26,626**

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

a. Mainly includes previous years' earnings which were not distributed and 2008 earnings attributable to equity holders of the parent.

b. Includes cumulative foreign currency translation adjustments of -€24 million.

Year ended December 31, 2007

(in millions of euros, except number of shares)	Note	Attributable to Vivendi SA shareholders									Minority interests	**Total equity**
		Common shares		Additional paid-in capital	Treasury shares	Retained Earnings and Other				**Equity, attributable to equity holders of the parent**		
		Number of shares (In thousands)	Amount			Retained earnings	Net unrealized gains (losses)	Foreign currency translation adjustments	Total			
BALANCE AS OF DECEMBER 31, 2006		**1,157,034**	**6,364**	**7,257**	**(33)**	**7,907**	**96**	**(1,679)**	**6,324**	**19,912**	**1,952**	**21,864**
Dividends paid by Vivendi SA (€1.2 per share)		-	-	-	-	(1,387)	-	-	(1,387)	**(1,387)**	-	**(1,387)**
Exercise of stock options	21	7,733	43	74	-	-	-	-	-	**117**	-	**117**
Employee Stock Purchase Plan (July 18, 2007)	21	1,276	6	25	-	-	-	-	-	**31**	-	**31**
Treasury shares cancellation	18.1	(1,300)	(7)	(24)	31	-	-	-	-	**-**	-	**-**
Other transactions with shareholders		-	-	-	-	62	-	-	62	**62**	-	**62**
Dividends and other transactions with Vivendi SA shareholders		**7,709**	**42**	**75**	**31**	**(1,325)**	**-**	**-**	**(1,325)**	**(1,177)**	**-**	**(1,177)**
Dividends		-	-	-	-	-	-	-	-	**-**	(1,047)	**(1,047)**
Other transactions with minority interests		-	-	-	-	-	-	-	-	**-**	(133)	**(133)**
Transactions with minority interests		-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,180)**	**(1,180)**
Earnings		-	-	-	-	2,625	-	-	2,625	**2,625**	1,144	**3,769**
Charges and income directly recognized in equity		-	-	-	-	2	38	(1,058)	(1,018)	**(1,018)**	(16)	**(1,034)**
Total recognized charges and income for the period		**-**	**-**	**-**	**-**	**2,627**	**38**	**(1,058)**	**1,607**	**1,607**	**1,128**	**2,735**
Total changes over the period		***7,709***	***42***	***75***	***31***	***1,302***	***38***	***(1,058)***	***282***	***430***	***(52)***	***378***
BALANCE AS OF DECEMBER 31, 2007		**1,164,743**	**6,406**	**7,332**	**(2)**	**9,209**	**134**	**(2,737)**	**6,606**	**20,342**	**1,900** (a)	**22,242**

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

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

Statement of recognized charges and income

		Year Ended December 31, 2008			Year Ended December 31, 2007		
(in millions of euros)	Note	Attributable to Vivendi SA's shareholders	Minority interests	Total	Attributable to Vivendi SA's shareholders	Minority interests	Total
Net Income		**2,603**	**1,096**	**3,699**	**2,625**	**1,144**	**3,769**
Foreign currency translation adjustments		**969** (a)	**66**	**1,035**	**(1,058)** (a)	**(17)**	**(1,075)**
Assets available for sale	15	(85)	-	(85)	2	-	2
Valuation gains/(losses) taken to equity		*(2)*	-	*(2)*	*2*	-	*2*
Transferred to profit or loss on divestiture		*(83)*	-	*(83)*	-	-	-
Hedging instruments	24	(82) (b)	(37)	(119)	38 (b)	2	40
Tax		16	13	29	(2)	(1)	(3)
Unrealized gains (losses)		**(151)**	**(24)**	**(175)**	**38**	**1**	**39**
Charges and income directly recorded in equity related to equity affiliates		(3)	-	(3)	(2)	-	(2)
Asset revaluation surplus	2.1	341 (c)	-	341	-	-	-
Other		(36)	-	(36)	4	-	4
Other impacts on retained earnings		**302**	**-**	**302**	**2**	**-**	**2**
Charges and income directly recognized in equity		**1,120**	**42**	**1,162**	**(1,018)**	**(16)**	**(1,034)**
Total recognized charges and income for the period		**3,723**	**1,138**	**4,861**	**1,607**	**1,128**	**2,735**

a. Includes changes in foreign currency translation adjustments relating to the investment in NBC Universal of €160 million in 2008 and -€481 million in 2007.

b. Includes the impact of the fluctuation in the fair value of cash flow hedging instruments (-€91 million in 2008 compared to €27 million in 2007) and net investment hedging instruments (€9 million in 2008 compared to €11 million in 2007).

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

Notes to the Consolidated Financial Statements

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

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

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

On February 24, 2009, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2008, which were presented to the Audit Committee on February 25, 2009. On February 26, 2009, the Supervisory Board reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2008, as approved by the Management Board on February 24, 2009.

On April 30, 2009, the Consolidated Financial Statements for the year ended December 31, 2008 will be submitted for approval at Vivendi's Annual General Shareholders' meeting.

Note 1. Accounting policies and valuation methods

1.1. Compliance with accounting standards

The Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union (EU) with mandatory application as of December 31, 2008. These standards and interpretations applied to Vivendi's financial statements present no difference to the standards published by the International Accounting Standards Board (IASB).

In addition, Vivendi applied the following options in the preparation of its 2008 Consolidated Financial Statements and its 2007 comparative financial statements:

- in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the excess of the acquisition cost over the carrying value of minority interests acquired as goodwill; and
- in accordance with IAS 32, put options granted by Vivendi to holders of minority interests in its subsidiaries are reported as financial liabilities at the present value of the cost of acquisition. Vivendi accounts for as goodwill the difference arising on initial recognition of these options, between the carrying value of the minority interests and the present value of the cost of acquisition. The subsequent change in this present value is also accounted for as goodwill, representing the excess of the cost of acquisition over the fair value of the purchased minority interests.

While the applied accounting treatment differs from that set out in the revised standards IFRS 3 and IAS 27, as published by the IASB on January 10, 2008, with mandatory application for Vivendi on or after January 1, 2010, but not yet endorsed in the EU, it has been maintained in 2008 in order to apply a uniform and identical accounting treatment to the relevant periods. The accounting treatment in the revised standards IFRS 3 and IAS 27, in the event of the acquisition of an additional interest in a subsidiary, will recognize the excess of the acquisition cost over the carrying value of minority interests acquired, deducted from equity attributable to Vivendi SA shareholders.

Vivendi applied the following new standards and interpretations to its Consolidated Financial Statements for the years ended December 31, 2008 and December 31, 2007:

- amendments to IAS 1 – *Presentation of Financial Statements*, notably related to the presentation of the Financial Statement of changes in equity, which mandatorily comes into effect for accounting periods beginning on or after January 1, 2009. The early adoption of revised IAS 1 had no material impact on the Consolidated Financial Statements of Vivendi.
- IFRS 8 – *Operating Segments*, on segment data, which comes into mandatory effect for accounting periods beginning on or after January 1, 2009. Vivendi has voluntarily opted for the early application of IFRS 8.
  This standard was published by the IASB on November 30, 2006, adopted by the EU on November 21, 2007 and published in the EU Official Journal on November 22, 2007. It replaces IAS 14 which was previously applicable.
  Pursuant to IAS 14, the primary level of segment data in 2007 consisted of Vivendi's five communication and entertainment businesses and the second level of segment data consisted of five geographical regions. Based on an analysis of IFRS 8 and the structure of its internal financial reporting, Vivendi considered that the operating segment financial information disclosed in the notes

to its Consolidated Financial Statements was consistent with the primary level of segment data disclosed until 2007 in accordance with IAS 14.
Pursuant to IFRS 8, Vivendi's operating segments remain comprised of five communication and entertainment businesses: Universal Music Group, Canal+ Group, SFR, Maroc Telecom Group and Activision Blizzard. Consequently, the early adoption of IFRS 8 had no material impact on segment data presented by Vivendi. For detailed information, please refer to Note 3.

- IFRIC 16 – *Hedges of a Net Investment in a Foreign Operation*, published by the IASB on July 3, 2008, but not yet adopted by the EU. IFRIC 16 provides guidance on the accounting for foreign currency exposure resulting from net investment denominated in foreign currencies within a group. The accounting treatment adopted by Vivendi is consistent with this interpretation and, therefore, its early adoption had no impact on Vivendi's financial statements.

1.2. Presentation of the Consolidated Financial Statements

1.2.1 Presentation of the Consolidated Statement of Earnings

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

The presentation of the Consolidated Statement of Earnings includes a subtotal known as "EBIT" which is the difference between charges and income that does not result from financing activities, equity affiliates, discontinued operations and taxes.

1.2.2 Presentation of the Consolidated Statement of Cash Flows

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

Net cash provided by operating activities

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

Net cash used for investing activities

Net cash used for investing activities includes changes in net working capital related to property, plant and equipment and intangible assets as well as the cash impact of income received from financial investments (particularly dividends received from equity affiliates).

Net cash used for financing activities

Net cash used for financing activities includes the net interest paid on borrowings, cash and cash equivalents, as well as the cash impact of other items related to financing activities such as premiums paid in connection with the early redemption of borrowings, the unwinding of derivative instruments and the cash impact of foreign currency hedging.

1.2.3 Presentation of the operating performance by operating segment and of the group

EBITA

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

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

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

Adjusted net income

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

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

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

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

1.2.4 Presentation of the Consolidated Statement of Financial Position

Assets and liabilities expected to be realized in, or intended for sale or consumption in, the entity's normal operating cycle which generally consists of 12 months, are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities.

Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade accounts receivable and other. They do not include deferred tax assets, current tax receivables, cash and cash equivalents and assets held for sale.

Segment liabilities include provisions, other non-current liabilities and trade accounts payable. They do not include borrowings and other financial liabilities, deferred tax liabilities, current tax payables and liabilities associated with assets held for sale.

1.3. Principles Governing the Preparation of the Consolidated Financial Statements

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

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

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

1.3.1 Use of estimates

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

The main estimates and assumptions relate to the measurement of:

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

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

1.3.2 Principles of consolidation

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

Full consolidation

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

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

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

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

Proportionate consolidation

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

Equity accounting

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

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

1.3.3 Foreign currency translation

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

Foreign currency transactions

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

Financial statements denominated in a foreign currency

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

1.3.4 Revenues from operations and associated costs

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

1.3.4.1 Universal Music Group (UMG)

"Physical" music sale

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

"Digital" music sale

Until the Condensed Financial Statements for the nine months ended September 30, 2008, revenues from the sale of "digital" recorded music were recognized upon notification by the distribution platform (on-line or mobile music distributor) to UMG of a sale to the final customer.

From the fiscal year 2008, as a result of the availability of sufficient, accurate and reliable data from certain distributors, it became possible to accrue revenue from certain on-line and mobile "digital" sales by the end of the month in which those sales were made to the final customer. This change in accounting estimate regarding revenue recognition has been applied prospectively in the Consolidated Financial Statements for the year ended December 31, 2008.

Cost of revenues

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

1.3.4.2 The Canal+ Group

Pay television

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

Theatrical film and television programming distribution

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

1.3.4.3 SFR and Maroc Telecom Group

Separable elements of a bundled offer

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

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

Content sales

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

Custom contracts

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

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

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

Cost of revenues

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

1.3.4.4 Activision Blizzard

As of December 31, 2008, revenues from the sale of boxes for video-games with significant online functionality, are recorded ratably as revenue over the estimated customer life beginning, upon the month following shipment of boxes for video-games developed by Activision Blizzard and upon activation of boxes for Massively Multiplayer Online Role Playing Games (MMORPG) of Blizzard (World of Warcraft and its expansion packs). Regarding Activision, the impact of this accounting treatment is new due to the recent growth in use for related online enabled video-games. Regarding the MMORPG of Blizzard, this new revenue recognition method represents a change in accounting treatment.

Deferral of Activision revenue

For most of Activision Blizzard's console game titles released through September 30, 2008, the on-line functionality has not been an important component of gameplay and accordingly, for these titles, revenue is considered to be earned and recognized upon delivery.

However, as online functionality becomes a more important component of gameplay, certain of the company's online-enabled games for certain platforms contain a more-than-inconsequential separate service deliverable in addition to the product, and the company's performance obligations for these games extends beyond the sale of the games. Vendor-specific objective evidence of fair value does not exist for the online services, as the company does not plan to separately charge for this component of online-enabled games. As a result, the company recognizes all of the revenues from the sale of these games ratably over the estimated service period, beginning the month following shipment.

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

Change in recognition of revenue at Blizzard

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

Activision Blizzard reached this conclusion based upon the view that the expansion pack was dependent on the initial *World of Warcraft* boxed software and the ongoing subscription service in order for the consumer to realize the full benefit of the game, and also upon recent data gathered since the launch of *The Burning Crusade*.

Therefore, revenues related to the sale of *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, are deferred and recognized ratably over the estimated customer life beginning upon activation of the software and delivery of the services.

Accordingly, in the third quarter of 2008, Activision Blizzard reflected this retroactive application of the accounting principle in its U.S. GAAP financial statements.

In IFRS, until the third quarter of 2008, revenues from the sale of boxes for Blizzard *World of Warcraft* titles were recorded upon transfer of the ownership and related risks to the distributor, net of a provision for estimated returns and rebates, if any.

For the year ended December 31, 2008, Vivendi has aligned the IFRS accounting treatment with that of U.S. GAAP. This new revenue recognition method represents a change in accounting principle, whose impact on 2008 revenues and EBITA is -$209 million (-€157 million) and -$188 million (-€141 million) respectively. In these amounts, the cumulative catch-up adjustment related to prior years' on 2008 revenues and EBITA is -$63 million (-€47 million) and -$58 million (-€43 million) respectively. Given the non-materiality of the impacts on Vivendi's consolidated financial statements, the cumulative adjustment was recorded through the current period statement of earnings, hence was not retroactively brought as an adjustment to prior years' statement of earnings.

Other revenues

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

Cost of revenues

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

1.3.4.5 Other

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

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

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

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

Advertising costs are expensed as incurred.

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

1.3.5 Assets

1.3.5.1 Capitalized financial interests

Vivendi does not capitalize financial interests incurred during the building and acquisition period of intangible assets, property, plant and equipment.

1.3.5.2 Goodwill and business combinations

In accordance with the provisions of IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004.

In accordance with the provisions of IFRS 3, business combinations are recorded using the purchase method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control, the assets acquired and the liabilities and contingent liabilities assumed are recognized at their fair value at the date of the acquisition. At this date, goodwill is initially measured at cost, being the excess of the cost of the business combination over Vivendi's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. If goodwill is negative, it is recognized in the statement of earnings directly.

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

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

- if possible on the acquisition date, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- in the event of acquisition of an additional interest in a subsidiary, the excess of the acquisition cost over the carrying value of minority interests acquired is recognized as goodwill; and
- goodwill is not amortized.

1.3.5.3 Content assets

UMG

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

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

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

The Canal+ Group

Film, television or sports broadcasting rights

When signing contracts for the acquisition of film, television or sports broadcasting rights, the rights acquired are presented as contractual commitments. They are recorded in the statement of financial position and classified as content assets as follows:

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

Theatrical film and television rights produced or acquired to be sold

Theatrical film and television rights produced or acquired before their initial exhibition, to be sold, are recorded as a content asset at capitalized cost (mainly direct production and overhead costs) or at their acquisition cost. Theatrical film and television rights are amortized, and other related costs are expensed, pursuant to the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis). Such revenues are estimated to be generated over a maximum 12-year period. Where appropriate, estimated losses in value are provided in full against earnings of the period, on an individual product basis, in which the losses are estimated.

Film and television rights catalogs

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

Activision Blizzard

Licensing activities and internally developed franchises

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

1.3.5.4 Research and development costs

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

Cost of software for rental, sale or commercialization

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

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

Cost of internal use software

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

1.3.5.5 Other intangible assets

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

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

SFR and Maroc Telecom Group

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

1.3.5.6 Property, plant and equipment

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

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

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

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

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

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

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

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

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

As part of the Broadbrand Internet and fixed operations of SFR, some contracts for the supply of telecom services are recorded as assets financed by finance lease contracts.

1.3.5.7 Asset impairment

Each time events or changes in the economic environment indicate a current risk of impairment of goodwill, other intangible assets, property, plant and equipment and assets in progress, Vivendi re-examines the value of these assets. In addition, goodwill, other indefinite life intangible assets as well as intangible assets in progress are all subject to an annual impairment test during the fourth quarter of each fiscal year. This test is performed in order to compare the recoverable amount of its Cash Generating Unit (CGU) or, if necessary, groups of CGU to the carrying value of the corresponding assets (including goodwill). A Cash Generating Unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the 2009 budget and the most recent forecasts prepared by the operating segments. The applied discount rates reflect the current assessment by the market of the time value of money and risks specific to each asset or group of assets. In particular, the perpetual growth rates used for the evaluation of CGUs are those used to prepare budgets, and beyond the period covered, are consistent with growth rates estimated by the company by extrapolating the growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which the group operates.

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

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

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

1.3.5.8 Financial assets

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

Financial assets at fair value

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

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

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

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

Financial assets at amortized cost

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

1.3.5.9 Inventories

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

1.3.5.10 Trade accounts receivable

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

1.3.5.11 Cash and cash equivalents

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

1.3.6 Assets held for sale and discontinued operations

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

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

1.3.7 Financial liabilities

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

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

Borrowings

All borrowings are initially accounted for at the fair value of the consideration received, for which the best evidence is the transaction price, net of transaction costs directly attributable to the borrowing. Borrowings bearing interest are subsequently valued at amortized cost, applying the effective interest method. The effective interest rate is the internal yield rate that exactly discounts future cash flows through the term of the borrowing. In addition, where the borrowing comprises an embedded derivative (e.g., an exchangeable bond) or an equity instrument (e.g., a convertible bond), the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument (please refer to Note 1.3.8). In the event of a change in expected future cash flows (e.g., early redemption not initially expected), the amortized cost is adjusted against earnings in order to reflect the value of the new expected cash flows, discounted at the initial effective interest rate.

Commitments to purchase minority interests

Vivendi has granted commitments to purchase minority interests to certain shareholders of its fully consolidated subsidiaries. These purchase commitments may be optional (e.g., put options) or firm (e.g., forward purchase contracts). As indicated in Note 1.1 above, the following accounting treatment has been adopted in accordance with prevailing IFRS standards:

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

Derivative financial instruments

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

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

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

1.3.8 Compound financial instruments

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

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

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

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

1.3.9 Other liabilities

Provisions

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

Employee benefit plans

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

Defined contribution plans

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

Defined benefit plans

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

Pension expenses are determined by independent actuaries using the projected unit credit method. This method is based on assumptions updated annually, which include the probability of employees remaining with Vivendi until retirement, expected changes in future compensation and an appropriate discount rate for each country in which Vivendi maintains a pension plan. The assumptions adopted in 2007 and 2008, and the means of determining these assumptions, are presented in Note 20. In this way, the group recognizes pension-related assets and liabilities and the related net expense.
A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, net of past service cost and unrecognized actuarial gains and losses which remain unrecognized in the balance sheet in accordance with the "corridor method". Where financial assets exceed recognized obligations, a financial asset is recognized up to the maximum cumulative amount of net actuarial losses, unrecognized past service cost and the present value of future redemptions and the expected decrease in future contributions.
Actuarial gains and losses are recognized through profit and loss for the year using the "corridor method": actuarial gains and losses in excess of 10% of the greater of the obligation at the beginning of the fiscal year, and the fair value of plan assets, are divided by the expected average working life of beneficiaries.
On January 1, 2004, in accordance with the provisions of IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.
The cost of plans is included in selling, general and administrative expenses, apart from the financial component which is recorded in other financial charges and income. The financial component of this cost consists of the undiscounting of the actuarial liability and the expected return on plan assets.
Some other post-employment benefits, such as life insurance and medical coverage (mainly in the US) are subject to provisions which are assessed through an actuarial computation comparable to the method used for pension provisions.

1.3.10 Deferred taxes

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

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

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

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

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

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

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

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

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

1.3.11 Share-based compensation

With the aim of aligning the interest of its executive management and employees with its shareholders' interest by providing them with an additional incentive to improve the company's performance and increase its share price on a long-term basis, Vivendi maintains several share-based compensation plans (share purchase plans and restricted stocks) or other equity instruments based on the value of the Vivendi share price (stock purchase plans – until first half-year 2002 – and stock option plans), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Management Board, and subsequently by the Supervisory Board. The acquisition of rights related to certain plans depends on the achievement of specific performance objectives.

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

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

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

Accounting for instruments

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

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

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

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

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

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

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

1.4. Contractual Obligations and Contingent Assets and Liabilities

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

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

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

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

Among other IFRS accounting standards and IFRIC interpretations issued by the IASB/IFRIC at the date of approval of these Consolidated Financial Statements but that are not yet effective, and for which Vivendi has not elected an earlier application, the main standards which may have an impact on Vivendi are as follows:

- amendment to IAS 23 – *Borrowing Costs*, on capitalisation of borrowing costs attributable to the cost of a fixed asset, which applies to periods beginning on or after January 1, 2009;
- revised standards IFRS 3 – *Business Combinations* and IAS 27 – *Consolidated and Separate Financial Statements* concerning, respectively, the accounting for business combinations and the application of the purchase method and the accounting treatment of transactions with minority interests, which apply to periods beginning on or after January 1, 2010, are but still not adopted in EU;
- amendment to IFRS 2 – *Share-based Payment on the accounting for vesting conditions and cancellations*, which applies to periods beginning on or after January 1, 2009; and
- amendments to different IFRS included in the annual "Improvements to IFRSs" as published by the IASB on May 22, 2008, which apply to periods varying upon related standards, but on or after January 1, 2009 at the earliest.

Vivendi is currently assessing the potential impact on the statement of earnings, the Statement of Financial Position, the Statement of Cash Flows and the content of the notes to the Financial Statements in applying these standards and interpretations, given:

- regarding amendment to IAS 23, that Vivendi does not expect a significant impact, unless new qualified assets are acquired or built on or after January 1, 2009 and would involve significant costs; and
- regarding revised standards IFRS 3 and IAS 27, the expected impact on certain accounting treatments as compared to those applied by Vivendi, described in Note 1.1 above.

Note 2. Changes in the scope of consolidation

Preliminary note: the enterprise value of an acquired/divested stake in fully consolidated subsidiaries is defined as the cash paid/received plus the value of principal payments on consolidated/deconsolidated borrowings and net cash acquired as applicable.

2.1. Take over of Neuf Cegetel by SFR

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

On April 15, 2008, the French Minister of the Economy, Industry and Employment gave permission to Vivendi and SFR to proceed with the purchase of the Louis Dreyfus Group's equity stake in Neuf Cegetel, as a condition precedent to the take over of Neuf Cegetel by SFR. As a result, pursuant to the agreement announced on December 20, 2007, SFR acquired the 60.15% equity interest in Neuf Cegetel that it did not already own (excluding restricted stocks and Neuf Cegetel treasury shares), as follows:

- On April 15, 2008, SFR acquired from the Louis Dreyfus Group its entire interest in Neuf Cegetel (i.e., 28.45%) at €34.50 per share (2007 coupon of €0.60 per share attached), for a purchase price of €2,074 million, and hence SFR gained control of Neuf Cegetel on that same date by reaching a 68.30% aggregate voting equity interest in Neuf Cegetel.
- Between April 25 and May 2, 2008, SFR acquired an additional interest of approximately 10% in Neuf Cegetel at an average price of €36.40 per share, for a purchase price of €752 million, thus reaching a 77.90% aggregate ownership interest in Neuf Cegetel.
- As a result of the successful completion of the SFR tender offer made under the simplified procedure between May 19 and June 13, 2008 inclusive, followed by a squeeze-out for the shares of Neuf Cegetel implemented on June 24, 2008, SFR acquired an additional interest of approximately 19% in Neuf Cegetel at €35.90 per share (2007 coupon of €0.60 per share detached), for a purchase price of €1,497 million, thereby reaching an approximate 97.44% aggregate ownership interest in Neuf Cegetel.
- In addition, SFR and almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, currently in a holding or vesting period, entered into reciprocal put and call option agreements pursuant to which SFR may obtain, in the future, 2.51% of the share capital of Neuf Cegetel for an estimated amount of €140 million.

Therefore, as a result of the squeeze-out for the shares of Neuf Cegetel and taking into account the Neuf Cegetel treasury shares (0.58% of the share capital), as well as the reciprocal put and call option agreements with the beneficiaries of restricted shares, SFR held more than 99.99% of Neuf Cegetel's share capital, 60.15% of which was acquired at an aggregate price of €4,485 million (including transaction costs and fees). SFR financed this acquisition using debt, notably by Vivendi granting a €3 billion credit facility to SFR under market terms. As agreed with its shareholders, in order to repay this loan, SFR will reduce the amount of dividend payments which otherwise could have been made over the three fiscal years (2008, 2009 and 2010). Thus, on January 30, 2009, the Board of Directors of SFR resolved to pay an interim dividend of €750 million for fiscal year 2008, corresponding to €420 million for Vivendi.

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

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

On April 15, 2008, in accordance with accounting standards applicable to business combinations, SFR performed a preliminary allocation of the purchase price of the 60.15% interest acquired in Neuf Cegetel, and consolidated 100% of the fair value of identifiable assets acquired and liabilities incurred or assumed from Neuf Cegetel, based on analyses and estimates prepared by SFR with the assistance of a third-party appraiser. The allocation of the purchase price will be finalized within the 12-month period prescribed by accounting standards and the final goodwill amount may significantly differ from the amount presented below.

Investment previously accounted for as equity affiliate by SFR

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

- The asset revaluation surplus amounted to €341 million, which was directly recorded in equity; and
- The negative revaluation adjustment amounted to -€77 million, which was recorded in earnings as other financial charges and income.

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

	As of April 15, 2008	
	Carrying value of net assets before acquisition	Fair value of net assets acquired at the acquisition date
	(in millions of euros)	
ASSETS		
Goodwill	1,405	-
Other intangible assets	505	929 (a)
Property, plant and equipment	1,386	1,388
Investments in equity affiliates	12	12
Non-current financial assets	90	90
Deferred tax assets	401	857 (b)
Non-current assets	**3,799**	**3,276**
Inventories	5	5
Current tax receivables	6	6
Trade accounts receivable and other	1,098	1,089
Short-term financial assets	21	21
Cash and cash equivalents	215	215
	1,345	1,336
Assets held for sale	24	24
Current assets	**1,369**	**1,360**
TOTAL ASSETS (A)	**5,168**	**4,636**
Minority interests	**41**	**41**
Non-current provisions	23	19
Long-term borrowings and other financial liabilities	1,178	1,178
Deferred tax liabilities	26	-
Other non-current liabilities	582	684
Non-current liabilities	**1,809**	**1,881**
Current provisions	10	45
Short-term borrowings and other financial liabilities	39	39
Trade accounts payable and other	1,523	1,558
Current liabilities	**1,572**	**1,642**
Total liabilities	**3,381**	**3,523**
TOTAL MINORITY INTERESTS AND LIABILITIES (B)	**3,422**	**3,564**
NET ASSETS (A-B)	**1,746**	**1,072**

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

	As of April 15, 2008
	(in millions of euros)
Neuf Cegetel trade name*	26
Customer list (amortized over 7 years)	464
Acquired software	87
Indefeasible rights of use	106
Service access fees and other intangible assets	246
Total	**929**

Neuf Cegetel trade name*: Including the abandonment of the trade name as part of the launch of new ADSL offers by SFR; the Neuf Cegetel trade name was fully written down in 2008.

b. Mostly comprised of the deferred tax asset of €951 million in respect of the recognition of Neuf Cegetel's entire ordinary losses carried forward (€807 million) and temporary differences (€144 million) as of April 15, 2008, as well as the deferred tax liability (-€169 million) associated with the customer list and the trade name and the deferred tax assets (€75 million) associated with the other adjustments related to the purchase price allocation of Neuf Cegetel.

	As of April 15, 2008
	(in millions of euros)
Fair value of Neuf Cegetel's assets and liabilities	**1,072**
- Net assets variation due to interests acquired between April 15 and June 24, 2008	(27)
- Asset revaluation surplus recognized in equity	(341)
- Negative reevaluation adjustment recognized through profit and loss	77
- Carrying value of Neuf Cegetel's equity investment until April 14, 2008	(1,087)
Preliminary goodwill	4,791
Purchase price of 60.15% of Neuf Cegetel	**4,485**

Supplemental financial data concerning Neuf Cegetel

The group's share in earnings of Neuf Cegetel for the period between January 1 and April 14, 2008 amounted to €18 million. Neuf Cegetel's revenues and EBITA between April 15 and December 31, 2008 amounted to €2,580 million (before the elimination of intersegment operations between Neuf Cegetel and SFR) and €117 million, respectively. Furthermore, for reference, Neuf Cegetel's revenues and EBITA between January 1 and December 31, 2008 amounted to €3,644 million and €93 million, respectively.

2.2. Creation of Activision Blizzard

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

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

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

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

On November 5, 2008, Activision Blizzard announced that its Board of Directors had authorized a stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion. In addition, Vivendi does not intend to sell any of its Activision Blizzard shares in that program and does not have any current plans to buy additional Activision Blizzard shares. As of December 31, 2008, Activision Blizzard repurchased approximately 13 million shares of its common stock for $126 million (€85 million).

Moreover, as a result of the aforementioned stock repurchase program, the exercise of stock options, restricted stocks and other dilutive instruments by Activision's employees and the purchase of Activision Blizzard's shares by Vivendi on the market, Vivendi's ownership interest in Activision Blizzard could fluctuate from time to time. As of December 31, 2008, Vivendi holds 54.76% of Activision Blizzard (compared to 54.47% upon the completion of the operations described above).

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

Consolidation of Activision Blizzard by Vivendi

On July 9, 2008, Vivendi gained control of Activision Blizzard which has been fully consolidated. From that date, Vivendi has had the ability to appoint a majority of the members of the board of directors of Activision Blizzard, and therefore has the power to govern the financial and operational policies of Activision Blizzard in order to obtain benefits from its operations. Prior to the fifth anniversary of the closing date, the approval of certain matters by Activision Blizzard's board of directors requires the affirmative vote of (a) a majority of the votes present or otherwise able to be cast on the board, and (b) at least a majority of the independent directors on the board. However, after the first anniversary of the closing date, the distribution of any dividend by Activision Blizzard will not require the affirmative vote of a majority of the independent directors if Activision Blizzard's pro forma net debt, after giving effect to such dividend, does not exceed $400 million.

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

Dilution of 45.53% in Vivendi Games

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

Acquisition of 54.47% of Activision

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

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

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

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

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

	As of July 9, 2008	
	Carrying value of net assets before acquisition (in US GAAP)	Fair value of net assets acquired at the acquisition date (in IFRS)
	(in millions of euros)	
ASSETS		
Goodwill	237	-
Other intangible assets	170	1,355 (a)
Property, plant and equipment	40	40
Non-current financial assets	56	56
Deferred tax assets	59	184
Other non-current assets	9	9
Non-current assets	**571**	**1,644**
Inventories	134	141
Trade accounts receivable and other	293	293
Short-term financial assets	38	38
Cash and cash equivalents	730	730
Cash received from Vivendi share purchase, net	1,101	1,101
Current assets	**2,296**	**2,303**
TOTAL ASSETS (A)	**2,867**	**3,947**
Deferred tax liabilities	-	472
Non-current liabilities	**-**	**472**
Current provisions	-	19
Trade accounts payable and other	338	334
Current tax payables	50	50
Current liabilities	**388**	**403**
TOTAL LIABILITIES (B)	**388**	**875**
NET ASSETS (A-B)	**2,479**	**3,072**
Implies fair value of net assets acquired (54.47%)		**1,673**
Preliminary Goodwill		1,861
Cost of the Business Combination for 54.47% acquired		**3,534**

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

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

Supplementary financial data concerning Activision

As published by Activision Blizzard on February 11, 2009, comparable basis non-GAAP revenues and operating income of Activision Blizzard (as if the combination occurred on January 1, 2008) amounted to $5,032 million and $1,200 million, respectively. In addition, Activision’s non-GAAP revenues and operating income from July 10 to December 31, 2008 amounted to approximately $2,379 million and $329 million, respectively.

2.3. Other changes in scope

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

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

Note 3. Segment data

Vivendi has opted for earlier application of IFRS 8 "Operating segments", related to segment data, that shall apply to periods beginning on or after January 1, 2009 (please refer to Note 1.1).

3.1. Operating segment data

The Vivendi group operates through different communication and entertainment businesses. Each business offers different products and services that are marketed through different channels. Given the unique customer base, technology, marketing and distribution requirements of these businesses, they are managed separately and represent the base of the internal reporting of the group. As of December 31, 2008, the Vivendi group had five business segments engaging in the activities described below:

- Universal Music Group, sale of recorded music (physical and digital media), exploitation of music publishing rights as well as artist services and merchandising;
- the Canal+ Group, publishing and distribution of pay-TV in France, analog or digital (terrestrially, *via* satellite or ADSL);
- SFR, phone services (mobile, broadband Internet and fixed) in France. From April 15, 2008, following the acquisition by SFR of the 60.15% equity interest in Neuf Cegetel that it did not own, Neuf Cegetel has been fully consolidated by SFR (please refer to Note 2.1).
- Maroc Telecom Group, a telecommunication operator (mobile, fixed and Internet) in Africa, predominantly in Morocco as well as in Mauritania, Burkina Faso and Gabon; and
- Activision Blizzard, development, publishing and distribution of interactive entertainment software, online or on other media (such as console and PC). On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games and thereby Vivendi Games became a wholly-owned subsidiary of Activision, the publisher of American video games, and the new entity was renamed Activision Blizzard. On that date, Vivendi acquired a 54.47% (non-diluted) controlling interest in Activision Blizzard, which conducts the combined business operations of Activision and Vivendi Games. From an accounting perspective and given that Vivendi gained control of Activision, Vivendi Games is deemed the acquirer of Activision, thereby the figures reported in this Report under the "Activision Blizzard" caption correspond to: (a) Vivendi Games' historical figures in 2007; (b) Vivendi Games' historical figures from January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008.

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

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

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

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

3.1.1 Condensed statements of earnings

Year Ended December 31, 2008 (in millions of euros)	Universal Music Group	Canal+ Group	SFR	Maroc Telecom Group	Activision Blizzard	Holding & Corporate	Non-core operations and others	Eliminations	**Total Vivendi**
External revenues	4,634	4,550	11,548	2,565	2,091	-	4	-	25,392
Intersegment revenues	16	4	5	36	-	-	1	(62)	-
Revenues	**4,650**	**4,554**	**11,553**	**2,601**	**2,091**	**-**	**5**	**(62)**	**25,392**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(3,891)	(3,801)	(7,570)	(1,044)	(1,856)	(100)	(43)	62	(18,243)
Charges related to stock options and share-based compensation plans	19	(9)	(25)	(3)	(45)	22	-	-	(41)
EBITDA	**778**	**744**	**3,958**	**1,554**	**190**	**(78)**	**(38)**	**-**	**7,108**
Restructuring charges	(53)	-	(123)	(18)	(57)	(1)	-	-	(252)
Gain (losses) on tangible and intangible assets	1	(2)	(5)	7	(4)	-	-	-	(3)
Other non recurring items	1	-	-	13	1	24	(1)	-	38
Depreciation of tangible assets	(41)	(111)	(765)	(249)	(54)	(4)	(1)	-	(1,225)
Amortization of intangible assets excluding those acquired through business combinations	-	(63)	(523)	(83)	(42)	(1)	(1)	-	(713)
Adjusted earnings before interest and income taxes (EBITA)	**686**	**568**	**2,542**	**1,224**	**34**	**(60)**	**(41)**	**-**	**4,953**
Amortization of intangible assets acquired through business combinations	(275)	(30)	(104)	(24)	(220)	-	-	-	(653)
Impairment losses of intangible assets acquired through business combinations	(35)	-	-	-	(5)	-	-	-	(40)
Earnings before interest and income taxes (EBIT)	**376**	**538**	**2,438**	**1,200**	**(191)**	**(60)**	**(41)**	**-**	**4,260**
Income from equity affiliates									260
Interest									(354)
Income from investments									5
Other financial charges and income									579
Provision for income taxes									(1,051)
Earnings from discontinued operations									-
Earnings									**3,699**
Attributable to:									
Equity holders of the parent									**2,603**
Minority interests									1,096

Year Ended December 31, 2007 (in millions of euros)	Universal Music Group	Canal+ Group	SFR	Maroc Telecom Group	Activision Blizzard	Holding & Corporate	Non-core operations and others	Eliminations	**Total Vivendi**
External revenues	4,851	4,320	9,009	2,449	1,018	-	10	-	21,657
Intersegment revenues	19	43	9	7	-	-	1	(79)	-
Revenues	**4,870**	**4,363**	**9,018**	**2,456**	**1,018**	**-**	**11**	**(79)**	**21,657**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(4,123)	(3,727)	(5,573)	(1,057)	(701)	(89)	(30)	79	(15,221)
Charges related to stock options and share-based compensation plans	(12)	(8)	(14)	(2)	(83)	(35)	-	-	(154)
EBITDA	**735**	**628**	**3,431**	**1,397**	**234**	**(124)**	**(19)**	**-**	**6,282**
Restructuring charges	(67)	(31)	-	9	1	(1)	-	-	(89)
Gain (losses) on tangible and intangible assets	1	(4)	(44)	9	(1)	-	-	-	(39)
Other non recurring items	1	(1)	-	(1)	1	51	14	-	65
Depreciation of tangible assets	(46)	(131)	(504)	(257)	(43)	(6)	(6)	-	(993)
Amortization of intangible assets excluding those acquired through business combinations	-	(61)	(366)	(66)	(11)	(1)	-	-	(505)
Adjusted earnings before interest and income taxes (EBITA)	**624**	**400**	**2,517**	**1,091**	**181**	**(81)**	**(11)**	**-**	**4,721**
Amortization of intangible assets acquired through business combinations	(236)	(30)	(12)	(23)	-	-	-	-	(301)
Impairment losses of intangible assets acquired through business combinations	-	(25)	(9)	-	-	-	-	-	(34)
Earnings before interest and income taxes (EBIT)	**388**	**345**	**2,496**	**1,068**	**181**	**(81)**	**(11)**	**-**	**4,386**
Income from equity affiliates									373
Interest									(166)
Income from investments									6
Other financial charges and income									(83)
Provision for income taxes									(747)
Earnings from discontinued operations									-
Earnings									**3,769**
Attributable to:									
Equity holders of the parent									**2,625**
Minority interests									1,144

As of December 31, 2008, income from equity affiliates is mainly comprised of the group's pro rata share of NBCU's earnings for €255 million in 2008 (compared to €301 million in 2007). This investment is allocated to the Holding & Corporate operating segment.
The group's pro rata share of Neuf Cegetel's earnings for the period from January 1, to April 14, 2008 amounted to €18 million (compared to €78 million for the twelve months ending December 31, 2007). This investment was allocated to the SFR operating segment until April 14, 2008.

3.1.2 Consolidated Statements of Financial Position

(in millions of euros)	Universal Music Group	Canal+ Group	SFR	Maroc Telecom Group	Activision Blizzard	Holding & Corporate	Non-core operations and others	**Total Vivendi**
DECEMBER 31, 2008								
Segment assets	8,503	7,541	20,020	5,087	4,970	4,557	39	50,717
incl. investments in equity affiliates (a)	*46*	*1*	*52*	-	-	*4,342*	-	*4,441*
Unallocated assets								5,949
Total assets								**56,666**
Segment liabilities	2,739	3,399	7,373	1,354	1,657	493	(13)	17,002
Unallocated liabilities								13,038
Total liabilities								**30,040**
Increase in tangible and intangible assets	40	230	1,349	525	32	1	1	**2,178**
Net industrial investments (capex, net) (b)	34	209	1,305	418	32	1	2	**2,001**
DECEMBER 31, 2007								
Segment assets	8,581	7,350	13,318	4,933	398	6,164	85	40,829
incl. investments in equity affiliates (a)	*48*	*2*	*1,134*	-	-	*5,641*	-	*6,825*
Unallocated assets								4,250
Total assets								**45,079**
Segment liabilities	2,977	3,421	5,591	1,383	402	378	9	14,161
Unallocated liabilities								8,676
Total liabilities								**22,837**
Increase in tangible and intangible assets	42	156	1,020	488	56	1	4	**1,767**
Net industrial investments (capex, net) (b)	38	143	1,020	363	56	1	5	**1,626**

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

a. Holding & Corporate operating segment includes the 20% stake in NBC Universal. The SFR operating segment includes the approximate 40% stake in Neuf Cegetel up to December 31, 2007.

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

3.2. Geographical information

Revenues are presented based on the customers’ location.

	Year Ended December 31,			
(in millions of euros)	2008		2007	
Revenues				
France	15,967	*63%*	13,403	*62%*
Rest of Europe	2,766	*11%*	2,352	*11%*
United States	2,889	*11%*	2,319	*11%*
Morocco	2,221	*9%*	2,139	*10%*
Rest of the world	1,549	*6%*	1,444	*6%*
	25,392	***100%***	**21,657**	***100%***

(in millions of euros)	December 31, 2008		December 31, 2007	
Segment assets				
France	27,644	*54%*	21,311	*52%*
Rest of Europe	1,881	*4%*	1,485	*4%*
United States	15,746	*31%*	12,781	*31%*
Morocco	4,508	*9%*	4,322	*11%*
Rest of the world	938	*2%*	930	*2%*
	50,717	***100%***	**40,829**	***100%***

In 2008 and 2007, capital expenditures were mainly realized in France by SFR and Canal+ Group and in Morocco by Maroc Telecom SA.

Note 4. EBIT

4.1. Breakdown of revenues and cost of revenues

(in millions of euros)	Year Ended December 31, 2008	2007
Product sales, net	6,711	5,835
Service revenues	18,657	15,787
Other	24	35
Revenues	**25,392**	**21,657**
Cost of products sold, net	(4,657)	(3,797)
Cost of service revenues	(7,840)	(6,080)
Other	5	1
Cost of revenues	**(12,492)**	**(9,876)**

4.2. Personnel costs and average employee numbers

(in millions of euros except number of employees)	Note	Year Ended December 31, 2008	2007
Annual average number of full-time equivalent employees		**44,243**	**39,919**
Salaries		2,029	1,661
Social security and other employment charges		472	402
Capitalized personnel costs		(91)	(30)
Wages and expenses		**2,410**	**2,033**
Share-based compensation plans	21.1	41	154
Employee benefit plans	20.1	22	26
Other		215	177
Personnel costs		**2,688**	**2,390**

4.3. Additional information on operating expenses

Research and development costs recorded in expenses amounted to -€518 million in 2008 compared to -€227 million in 2007. Advertising costs amounted to -€784 million in 2008 compared to -€721 million in 2007.

4.4. Amortization and depreciation of tangible and other intangible assets

(in millions of euros)	Note	Year Ended December 31, 2008	2007
Amortization (excluding intangible assets acquired through business combinations)		1,938	1,498
o/w property, plant and equipment	*12*	*1,225*	*993*
o/w content assets	*10*	*75*	*40*
o/w other intangible assets	*11*	*638*	*465*
Amortization of intangible assets acquired through business combinations		653	301
o/w content assets	*10*	*459*	*235*
o/w other intangible assets	*11*	*194*	*66*
Impairment losses of other intangible assets acquired through business combinations		40	34
Amortization and depreciation of tangible and intangible assets		**2,631**	**1,833**

Note 5. Financial charges and income

Interest

(in millions of euros)	Year Ended December 31, 2008	2007
Interest expense on borrowings	450	301
Capitalized interest relating to the acquisition of BMG Music Publising	-	(25)
Interest income from cash and cash equivalents	(96)	(110)
Interest at nominal rate	**354**	**166**
Impacts of amortized cost on borrowings	*16*	*28*
Interest at effective rate	***370***	***194***

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

Other financial charges and income

(in millions of euros)	Note	Year Ended December 31, 2008	2007
Other capital gain on the divestiture of businesses		2,332	262
o/w the dilution gain on the sale of a 10.18% interest in Canal+ France to Lagardère		-	*239*
o/w the gain on the dilution of Vivendi's interest in Vivendi Games by 45.53% following the creation of Activision Blizzard	2.2	*2,318*	-
Downside adjustment on the divestiture of businesses		(100)	(40)
o/w impact of certain non-cash adjustments relating to the acquisition of Neuf Cegetel by SFR	2.1	*(77)*	-
Other capital gain on financial investments		100	4
o/w early redemption of the Vivendi bonds exchangeable for Sogecable shares (a)		*83*	-
Downside adjustment on financial investments		(134)	(185)
o/w the write-off of the minority stake in Amp'd		-	*(65)*
Depreciation of the minority stake in NBC Universal	14	(1,503)	-
Financial components of employee benefits		(28)	(29)
Impacts of amortized cost on borrowings		(16)	(28)
Change in derivative instruments		(37)	9
Effect of undiscounting assets and liabilities (b)		(45)	(75)
Other		10	(1)
Other financial charges and income		**579**	**(83)**

a. Following the tender offer launched by Prisa for the share capital of Sogecable at €28.00 per share, Vivendi offered to deliver Sogecable shares to the holders of these bonds on the basis of a ratio of one bond for every 1.0118 Sogecable shares plus €2.00 in cash per bond. This offer, which expired on April 18, 2008, resulted in virtually all of the outstanding bonds being tendered to Vivendi. Thereafter, Vivendi redeemed the remaining bonds, at a price of €29.32 plus interest accrued to the redemption date. Following this transaction, Vivendi owned only 0.64% of Sogecable's share capital and contributed these shares to Prisa's takeover bid for Sogecable.
   On the Consolidated Financial Statements for year ended December 31, 2008, this transaction mainly generated a €83 million capital gain, comprised of a €74 million capital gain on the bonds conversion and repurchase, and a €9 million capital gain on the share contribution to Prisa, as well as a €217 million decrease in Financial Net Debt. For a detailed description of this borrowing as of December 31, 2007, please refer to Note 24.3.3.

b. As prescribed by accounting principles, when the effect of the time value of money is material, the amount for which financial assets or liabilities (mainly trade accounts receivable and payable, as well as provisions) are recorded on the balance sheet shall be the present value of the expected income or expenses, respectively. At each subsequent period-end, the present value of such financial assets or liabilities is adjusted to take into consideration the passage of time. This line item corresponds notably to the effect of the undiscounting of liabilities related to the combination of Canal+ Group and TPS pay-TV operations in France finalized in 2007.

Note 6. Income taxes

6.1. Consolidated global profit tax system

On December 23, 2003, Vivendi applied to the French Ministry of Finance for permission to use the Consolidated Global Profit Tax System under Article 209 *quinquies* of the French tax code. Authorization was granted by an order dated August 22, 2004 and notified on August 23, 2004, for a five-year period beginning with the taxable year 2004 and ending with the taxable year 2008. This period may be extended for additional three-year periods.

On May 19, 2008, Vivendi applied to the French Ministry of Finance to renew the permission to use the Consolidated Global Profit Tax System for a three-year period from 2009 to 2011.

The Consolidated Global Profit Tax System allows Vivendi to consolidate its own profits and losses with the profits and losses of its subsidiaries that are at least 50% directly or indirectly owned, and located in France or abroad. Subsidiaries in which Vivendi directly or indirectly owns at least 50% of the outstanding shares, either French or foreign, as well as Canal+ SA, fall within the scope of the Consolidated Global Profit Tax System (including, but not limited to, Universal Music Group, Canal+ Group, SFR, Maroc Telecom, Vivendi Games and Activision since July 9, 2008). Vivendi's permission to use the Consolidated Global Profit Tax System enables Vivendi to maintain its ability to use ordinary losses carried forward.

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

- as of December 31, 2007, Vivendi carried forward losses of €8,040 million as the head company consolidating for tax purposes the results of its French and foreign subsidiaries (based on tax results converted in accordance with French tax rules for the latter) in which it held at least a 50% equity interest, as well as of Canal+ SA;
- on February 24, 2009, the date of the Management Board's meeting held to approve the Financial Statements for the year ended December 31, 2008, the 2008 taxable profits of the tax group companies, as of December 31, 2008 and, as a consequence, the amount of ordinary tax losses available for carry forward at such date, cannot be determined with sufficient certainty in accordance with French tax rules;
- therefore, before the impact of (i) 2008 taxable profits and (ii) the consequences of the ongoing tax audit (please refer to Note 6.6 below) on the amount of ordinary tax losses carried forward, Vivendi SA is expected to achieve tax savings of €2,680 million (undiscounted value based on the current income tax rate of 33.33%); and
- nonetheless, the period during which losses will be utilized cannot be determined with sufficient precision given the uncertainty associated with economic activity and Vivendi's ability to maintain SFR or the Canal+ Group (two French entities) in its taxable income basket. As a result, Vivendi SA values its tax losses carried forward under the Consolidated Global Profit Tax System based on one year's forecast results, taken from the following year's budget.

The impact of the Consolidated Global Profit Tax System on the Consolidated Financial Statements for the years ended December 31, 2008 and 2007 is as follows:

(in millions of euros)	December 31, 2006	Income / (charges) in statement of earnings	Collections	December 31, 2007	Income / (charges) in statement of earnings		Collections	December 31, 2008
Current taxes	604	551	(603)	552	434	(a)	(548)	438
Deferred tax assets	537	53	-	590	(378)		-	212
	1,141	**604**	**(603)**	**1,142**	**56**		**(548)**	**650**

a. Corresponds to the expected tax savings for 2008 (€438 million) and a difference of -€4 million between the 2007 forecasted tax savings and the related 2007 tax savings received in 2008.

As of December 31 2008, current taxes corresponded to the 2008 expected tax savings. Deferred tax assets corresponded to the 2009 expected tax savings assuming the effective renewal of the permission to use the Consolidated Global Profit Tax System, applied for on May 19, 2008. The decrease in deferred tax asset was mainly driven by lower 2009 expected tax savings following the anticipated utilization by SFR in 2009 of Neuf Cegetel losses carried forward.

6.2. Provision for income taxes

(in millions of euros)	Note	Year Ended December 31, 2008	2007
Provision for income taxes:			
Current			
Use of tax losses:			
Tax savings related to the Consolidated Global Profit Tax System	6.1	434	551
Tax savings related to the US tax group		49	138
Adjustments to prior year's tax expense		-	(15)
Other income taxes items		(1,507)	(1,532)
		(1,024)	**(858)**
Deferred			
Impact of the Consolidated Global Profit Tax System	6.1	(378)	53
Impact of the US tax group		-	(88)
Other changes in deferred tax assets		7	42
Impact of the change(s) in tax rates		-	33
Reversal of tax liabilities relating to risks extinguished over the period		243	15
Other deferred tax income/(expenses)		101	56
		(27)	**111**
Provision for income taxes		**(1,051)**	**(747)**

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

(in millions of euros)	Year Ended December 31, 2008	2007
Provision for income taxes:		
Current		
France	(504)	(394)
United States	(54)	(18)
Morocco	(329)	(350)
Other jurisdictions	(137)	(96)
	(1,024)	**(858)**
Deferred		
France	(376)	33
United States	186	(45)
Morocco	(9)	7
Other jurisdictions	172	116
	(27)	**111**
Provision for income taxes	**(1,051)**	**(747)**
Income tax (paid)/collected:		
France	(407)	(560)
o/w SFR	*(743)*	*(920)*
United States	(96)	(15)
Morocco	(418)	(306)
Other jurisdictions	(94)	(191)
Income tax paid	**(1,015)**	**(1,072)**

6.4. Effective tax rate

(in millions of euros, except %)	Note	Year Ended December 31, 2008	2007
Earnings from continuing operations before provision for income taxes		**4,750**	**4,516**
Elimination:			
Income from equity affiliates		(260)	(373)
Earnings before provision for income taxes		**4,490**	**4,143**
French statutory tax rate (a)		**33.33%**	**33.33%**
Theoretical provision for income taxes based on French statutory tax rate		**(1,497)**	**(1,381)**
Reconciliation of the theoretical and effective provision for income taxes:			
Permanent differences		**(37)**	**23**
o/w other differences from tax rates		*40*	*(65)*
o/w impact of the changes in tax rates		-	33
Consolidated Global Profit	6.1	**56**	**604**
o/w current tax savings		*434*	*551*
o/w changes in related deferred tax assets		*(378)*	*53*
Other tax losses		**(72)**	**(56)**
o/w use of current losses of the period		*72*	-
o/w use of unrecognized ordinary losses		*78*	*87*
o/w unrecognized tax losses		*(222)*	*(143)*
Restatements in respect of the provision for income taxes of previous years		**243**	**2**
Capital gain or loss on the divestiture or on the depreciation of financial investments or businesses		**256**	**61**
o/w the gain on the dilution of Vivendi's interest in Vivendi Games by 45.53% following the creation of Activision Blizzard		*772*	-
o/w the depreciation of the minority stake in NBC Universal		*(517)*	-
Effective provision for income taxes		**(1,051)**	**(747)**
Effective tax rate		**23.4%**	**18.0%**

a. The French statutory tax rate is 33.33%. Act No. 99-1140 of December 29, 1999 dealing with the financing of the social security system introduced a surtax equal to 3.3% of the corporate tax liability of French companies. This surtax had the effect of raising the French corporate tax rate by 1.1 percentage points. The French corporate tax rate was therefore 34.43% in 2008 and in 2007.

6.5. Deferred tax assets and liabilities

Changes in deferred tax assets/(liabilities), net

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of deferred tax assets/(liabilities)	**326**	**414**
Provision for income taxes	(27)	111
Changes in shareholders' equity	(58)	(3)
Business combinations	545	(136)
Changes in foreign currency translation adjustments and other	104	(60)
Closing balance of deferred tax assets/(liabilities)	**890**	**326**

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2008	December 31, 2007
Deferred tax assets		
Recognized deferred taxes		
Ordinary tax losses and tax credits carried forward (a)	4,001	3,441
o/w Vivendi SA (b)	*2,767*	*2,895*
o/w Vivendi Holding 1 (c)	*154*	*131*
o/w SFR (d)	*890*	*28*
Temporary differences (e)	1,683	1,231
Netting	(390)	(228)
Recognized deferred taxes	**5,294**	**4,444**
Unrecognized deferred taxes		
Ordinary tax losses and tax credits carried forward (a)	(2,874)	(2,691)
o/w Vivendi SA (b)	*(2,555)*	*(2,305)*
o/w Vivendi Holding 1 (c)	*(154)*	*(131)*
o/w SFR (d)	*(33)*	*(12)*
Temporary differences (e)	(225)	(331)
Unrecognized deferred taxes	**(3,099)**	**(3,022)**
Recorded deferred tax assets	**2,195**	**1,422**
Deferred tax liabilities		
Purchase accounting reevaluation of assets (f)	1,165	666
Spirits and wine sale	114	152
Other	416	506
Netting	(390)	(228)
Recorded deferred tax liabilities	**1,305**	**1,096**

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

b. Includes recognized deferred tax assets in respect of ordinary tax losses and tax credits carried forward by Vivendi SA as head of the tax group under the Consolidated Global Profit Tax System (€3,201 million as of December 31, 2007, before the use expected in 2008 estimated at €434 million (please refer to Note 6.1 above) and before the potential impact of the ongoing tax audit (please refer to Note 6.6 below).

c. Includes recognized deferred tax assets in respect of ordinary tax losses and tax credits carried forward by the Vivendi Holding 1 as head of the U.S. tax group ($232 million as of December 31, 2007), before the use expected in 2008 estimated at $58 million and before the potential impact of the ongoing tax audit (please refer to Note 6.6 below).

d. Mainly includes the deferred tax assets related to ordinary tax losses of Neuf Cegetel SA, fully consolidated by SFR from April 15, 2008, fully recognized in SFR's statement of financial position as part of the purchase price allocation of Neuf Cegetel for €807 million, before the expected tax losses of Neuf Cegetel SA in 2008 amounting to €23 million.

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

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

Maturity of ordinary tax losses carried forward

The ordinary tax losses carried forward reported to tax authorities for the fiscal year ended December 31, 2007 in jurisdictions which are material to Vivendi are described below together with their respective maturity periods:

- France: losses carried forward amounted to €8,040 million and can be carried forward indefinitely; and
- United States: losses carried forward amounted to $428 million and can be carried forward for a twenty-year period. No losses will mature prior to December 31, 2022.

Maturity of tax credits carried forward

The tax credit carried forward reported to tax authorities for the fiscal year ended December 31, 2007 in jurisdictions which are material to Vivendi are described below together with their respective maturity periods:

- France: tax credits carried forward amounted to €521 million and can be carried forward for a five-year period. No tax credits will mature prior to December 31, 2009; and
- United States: tax credits carried forward amounted to $82 million and can be carried forward for a ten-year period. No tax credits will mature prior to December 31, 2010.

6.6. Tax audits

The fiscal year ended December 31, 2008 and prior years are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has or had operations. Various tax authorities have proposed or levied assessments for additional tax in respect of prior years. Management believes that the settlement of any or all of these assessments will not have a material impact on the results of operations, financial position or liquidity of Vivendi.

In addition, in respect of the Consolidated Global Profit Tax System, the consolidated income reported by Vivendi SA for the years 2004 and 2005 is under audit by the French tax authorities. This tax audit, which started in 2007, is underway, and, as of today, the French tax authorities have proposed an assessment that would not materially impact the amount of losses carried forward as reported above.

Lastly, the U.S. tax group of Vivendi is under audit for the fiscal years 2002, 2003 and 2004. In this context, Vivendi has made an affirmative claim before the tax authorities, which, if it were met favorably by the tax authorities, would increase the losses carried forward of the US tax group by $975 million.

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

		Year Ended December 31,	
(in millions of euros)	Note	2008	2007
Earnings attributable to equity holders of the parent (a)		**2,603**	**2,625**
Adjustments			
Amortization of intangible assets acquired through business combinations		653	301
Impairment losses of intangible assets acquired through business combinations (a)		40	34
Other financial charges and income (a)	5	(579)	83
Change in deferred tax asset related to the Consolidated Global Profit Tax System	6.1	378	(53)
Non recurring items related to provision for income taxes		26	74
Provision for income taxes on adjustments		(273)	(155)
Minority interests in adjustments		(113)	(77)
Adjusted net income		**2,735**	**2,832**

a. As presented in the Consolidated Statement of Earnings.

Note 8. Earnings per share

	Year Ended December 31,			
	2008		2007	
	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)				
Earnings attributable to equity holders of the parent	2,603	2,606 (a)	2,625	2,625
Adjusted net income	2,735	2,735	2,832	2,832
Number of shares (in millions)				
Weighted average number of shares outstanding restated (b)	1,167.1	1,167.1	1,160.2	1,160.2
Potential dilutive effects related to share-based compensation	-	4.1	-	7.6
Adjusted weighted average number of shares	**1,167.1**	**1,171.2**	**1,160.2**	**1,167.8**
Earnings per share (in euros)				
Earnings attributable to equity holders of the parent per share	2.23	2.23	2.26	2.25
Adjusted net income per share	2.34	2.34	2.44	2.43

Earnings from discontinued operations are not applicable over the considered periods as shown above. Therefore, earnings from continuing operations, attributable to the equity holders of the parent, solely consist of earnings attributable to the equity holders of the parent.

a. Includes €3 million relating to the potential dilutive effect related to employee stock purchase plans, restricted stock units and restricted stock of Activision Blizzard (please refer to Note 1.3.11 and 21).

b. Net of treasury shares (please refer to Note 18.1).

Note 9. Goodwill

(in millions of euros)	December 31, 2008	December 31, 2007
Goodwill, gross	33,778	26,402
Impairment losses	(11,166)	(10,975)
Goodwill	**22,612**	**15,427**

Changes in goodwill

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

(in millions of euros)	Goodwill as of December 31, 2006	Impairment losses	Changes in value of commitments to purchase minority interests	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	Goodwill as of December 31, 2007
Universal Music Group	3,923	-	-	739 (e)	(416)	4,246
Canal+ Group	3,412	-	10	1,427 (f)	1	4,850
o/w Canal+ France	*3,192*	-	*10*	*1,427*	*2*	*4,631*
o/w StudioCanal	*73*	-	-	-	*(2)*	*71*
SFR	4,024	(6)	-	252 (g)	-	4,270
Maroc Telecom Group	1,600	-	4	384 (h)	(28)	1,960
Activision Blizzard	109	-	-	1	(9)	101
Total	**13,068**	**(6)**	**14**	**2,803**	**(452)**	**15,427**

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

b. Relates to preliminary goodwill resulting from the acquisition of Neuf Cegetel. As a consequence of the take over of Neuf Cegetel by SFR in the second quarter of 2008 (please refer to Note 2.1), two cash generating units have been identified within SFR: (i) mobile and (ii) Broadband Internet and fixed, the latter being composed of Broadband Internet and fixed operations previously developed by SFR, or acquired from Tele2 France (acquired in 2007) and Neuf Cegetel. Of the total amount of goodwill of €5,011 million resulting from the acquisition of Neuf Cegetel (€4,791 million) and Tele2 France (€220 million), a portion of €2,868 million has been allocated to the "mobile" CGU, considering the following facts related to the acquisition of Neuf Cegetel and Tele2 France: (i) the expected synergies of revenues and costs benefiting the mobile operations; (ii) the protection of the existing "mobile" customer base, which is not recognized in the financial statements of SFR; the combination of mobile operations and Broadband Internet and fixed operations is expected to increase the loyalty of the existing "mobile" customer base.

c. Relates to the impact of the finalization of the goodwill attributable to the acquisition of Gabon Telecom accounted as of December 31, 2007.

d. Relates notably to preliminary goodwill attributable to the Activision Blizzard transaction on July 9, 2008 (please refer to Notes 2.2 and 3).

e. Mainly relates to goodwill attributable to the acquisition of BMG Music Publishing for €599 million and of Sanctuary for €102 million.

f. Relates to goodwill attributable to the acquisition of 65% of TPS (€804 million), the acquisition of 34% of CanalSatellite (€564 million) and the put option granted to TF1 and M6 on their stake in Canal+ France (€932 million), offset by goodwill attributable to the sale of 10.18% and 15% of Canal+ France to Lagardère, and TF1 and M6, respectively (€873 million).

g. Relates mainly to goodwill attributable to the acquisition of the Broadband Internet and fixed operations of Tele2 France for €220 million.

h. Relates to goodwill attributable to the acquisition of Onatel and Gabon Telecom for €164 million and €19 million, respectively and the acquisition of a 2% interest in Maroc Telecom Group by Vivendi for €201 million.

Goodwill impairment test

During the fourth quarter of 2008, Vivendi tested the value of goodwill allocated to its cash-generating units (CGU) or groups of CGU applying the same valuation methods used every year since the end of 2001. Vivendi ensures that the recoverable amount of CGU or groups of CGU exceed their carrying value (including goodwill). The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method (DCF)) and the fair value (less costs to sell), determined based on market data (stock market prices, comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions). The test was performed on the basis of an internal valuation of the recoverable amounts. Vivendi Management reached the conclusion that the recoverable amount of each CGU or group of CGU exceeded their carrying value.

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

CGU or groups of CGU tested are as follows:

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

na*: not applicable

Key assumptions used for the determination of recoverable amounts

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the 2009 budget and the most recent forecasts prepared by the operating segments. These forecasts are established for each operating segment on the basis of the financial targets as well as the following main key assumptions: the discount rate, the perpetual growth rate, EBITA as defined in Note 1.2.3, capital expenditures, competitive environment, regulatory environment, technological development and level of commercial expenses.

In particular, with regards to the discount rate assumption, taking into account the impact of the downward and volatile behavior of financial markets in the fourth quarter of 2008, which has resulted in a significant decrease in stock market multiples, an increase in risk premiums required by equity or bond investors, and a decrease in risk-free interest rates, and in accordance with the AMF recommendation, Vivendi management decided to implement an approach reasonable and consistent with the available historical data, in order to mitigate certain effects on the risk premium of the turbulence in financial markets. This approach consisted of taking the average of (i) a discount rate calculated based on historical data for interest rates, equity risk premiums and interest rate spreads, and (ii) a discount rate calculated based on instant data observed on the financial markets at the end of 2008.

The main assumptions used are presented in the following table. Please refer to Note 1.3.5.6 for further presentation of these methods.

Operating segments	CGU or groups of CGU	Valuation Method		Discount Rate		Perpetual Growth Rate	
		2008	2007	2008	2007	2008	2007
Universal Music Group	Universal Music Group	DCF & comparables model	DCF & comparables model	9.30%	8.25%	1.00%	2.00%
Canal+ Group	Canal+ France	DCF	DCF	8.80%	8.80%	1.50%	1.50%
	StudioCanal	DCF	DCF	8.75% - 9.25%	8.75% - 9.25%	0% - 1%	0% - 1%
SFR	SFR	na*	DCF & comparables model	na*	8.00%	na*	2.50%
	Mobile	DCF & comparables model	na*	8.00%	na*	1.50%	na*
	Broadband Internet and fixed	DCF	na*	9.50%	na*	0.50%	na*
Maroc Telecom Group	Maroc Telecom	Stock market price	Stock market price	na*	na*	na*	na*
	Onatel	DCF	na*	14.50%	14.00% - 16.00%	4.50%	4.50% - 5.50%
	Gabon Telecom	DCF	na*	15.50%	15.70%	2.50%	2.00% - 3.00%
	Mauritel	DCF	na*	14.00%	14.00%	2.50%	2.50%
Activision Blizzard	Activision	DCF, stock market price & comparables model	na*	11.70%	na*	3.00%	na*
	Blizzard	DCF, stock market price & comparables model	Value of transaction with Activision	11.70%	na*	3.00%	na*
	Distribution	DCF, stock market price & comparables model	na*	11.70%	na*	3.00%	na*

na*: not applicable.

DCF: Discounted Cash Flows.

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

Sensitivity of recoverable amounts

The following table presents, for each principal CGU or group of CGU, the change in the discount rate and in the perpetual growth rate used for the tests as of December 31, 2008 that would have been required in order for the recoverable amount to equal the carrying value.

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

na*: not applicable.

a. As of December 31, 2008, as in 2007, Maroc Telecom SA was valued based on its stock market price.

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

Note 10. Content assets and commitments

10.1. Content assets

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

(in millions of euros)	December 31, 2007		
	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Music catalogs and publishing rights	5,690	(3,175)	2,515
Advances to artists and repertoire owners	449	-	449
Merchandising contracts and artists services	61	(3)	58
Sports rights	378	-	378
Film and television costs	4,428	(3,801)	627
Games advances	146	(82)	64
Content assets	**11,152**	**(7,061)**	**4,091**
Deduction of current content assets	(1,084)	120	(964)
Non-current content assets	**10,068**	**(6,941)**	**3,127**

Changes in content assets

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of music catalogs and publishing rights	**2,515**	**1,633**
Amortization, net (a)	(263)	(232)
Business combinations	58	1,313 (b)
Purchases of catalogs	18	11
Impairment of catalogs	(28)	-
Assets held for sale	-	(12)
Changes in foreign currency translation adjustments and other	39	(198)
Closing balance of music catalogs and publishing rights	**2,339**	**2,515**

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

b. Mainly includes acquired catalogs relating to the acquisition of BMG Music Publishing by UMG.

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of payments to artists and repertoire owners	**449**	**362**
Payment to artists and repertoire owners	633	638
Business combinations	7	95
Recoupment of advances, net	(609)	(605)
Changes in foreign currency translation adjustments and other	(21)	(41)
Closing balance of payments to artists and repertoire owners	**459**	**449**

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of sports rights	**378**	**366**
Rights acquisition (a)	709	785
Business combinations	-	6
Rights accrual, net (a)	(88)	(54)
Consumption of broadcasting rights	(706)	(727)
Other	(8)	2
Closing balance of sports rights	**285**	**378**

a. Mainly relates to the rights to broadcast the French professional Soccer League which was awarded in February 2008 for four seasons between 2008-2009 and 2011-2012. Canal+ Group pays €465 million per season for these rights, representing an aggregate of €1,860 million. As of December 31, 2008, these rights were recognized as follows:
- The rights are accrued upon the start of the broadcasting period. Thus, on July 1, 2008, €465 million were accrued for the 2008-2009 season. These rights are reclassified as acquired rights upon billing by the third party, unless already expensed. The rights accrual, net corresponds to accrued rights less rights transferred to acquired rights and rights consumed before their billing.
- For the three remaining seasons, between 2009-2010 and 2011-2012, an aggregate of €1,395 million was recognized in given off balance sheet commitments (see below). These commitments will be recorded in the Statement of Financial Position upon the start of every season or upon first payment.

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of film and television costs	**627**	**571**
Acquisition of coproductions and catalogs	70	58
Consumption of coproductions and catalogs	(120)	(97)
Acquisition of film and television rights	838	676
Consumption of film and television rights	(794)	(719)
Business combinations	61	119
Other	34	19
Closing balance of film and television costs	**716**	**627**

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of games advances	**64**	**30**
Payment to game developers	70	58
Business combinations	-	-
Recoupment of advances, net	(63)	(19)
Changes in foreign currency translation adjustments and other	2	(5)
Closing balance of games advances	**73**	**64**

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance of internally developed franchises and other games content assets	**-**	**-**
Amortization, net	(225)	-
Business combinations	1,072 (a)	-
Acquisitions / Internal developments	44	-
Changes in foreign currency translation adjustments and other	140	-
Closing balance of internally developed franchises and other games content assets	**1,031**	**-**

a. Mainly includes internally developed game franchises, licenses, and game engines acquired following the creation of Activision Blizzard (please refer to Note 2.2).

10.2. Contractual content commitments

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

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

(in millions of euros)	Minimum Future Payments as of December 31, 2008				Total as of December 31, 2007
	Total	Due in			
		2009	2010-2013	After 2013	
Music royalties to artists and repertoire owners	1,380	1,358	22	-	1,485
Games royalties (a)	58	58	-	-	4
Film and television rights (b)	258	258	-	-	182
Sports rights	359	359	-	-	473
Creative talent, employment agreements (c)	138	68	61	9	221
Total content liabilities	**2,193**	**2,101**	**83**	**9**	**2,365**

Off balance sheet commitments given/received

(in millions of euros)	Minimum Future Payments as of December 31, 2008				Total as of December 31, 2007
	Total	Due in			
		2009	2010-2013	After 2013	
Film and television rights (b)	3,008	1,045	1,639	324	3,278
Sports rights	1,721	586	1,135	-	181
Creative talent, employment agreements and others (c)	1,089	480	559	50	1,005
Total given	**5,818**	**2,111**	**3,333**	**374**	**4,464**
Film and television rights (b)	(57)	(40)	(17)	-	(87)
Sports rights	(35)	(8)	(27)	-	-
Creative talent, employment agreements and others (c)			not available		
Other	(11)	(5)	(6)	-	(9)
Total received	**(103)**	**(53)**	**(50)**	**-**	**(96)**
Total net	**5,715**	**2,058**	**3,283**	**374**	**4,368**

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

b. Includes, primarily, contracts valid over several years relating to the broadcast of future film and TV productions (mainly exclusivity contracts with major U.S. studios and pre-purchases in the French movie industry), StudioCanal film coproduction commitments (given and received) and broadcasting rights of CanalSat and Cyfra+ multichannel digital TV packages. They are recorded as content assets when the broadcast is available for initial release. As of December 31, 2008, provisions recorded relating to film and television rights amounted to €389 million, compared to €566 million as of December 31, 2007.

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

Note 11. Other intangible assets

(in millions of euros)	December 31, 2008 Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Acquired software (a)	2,322	(1,513)	809
Internally developed software (b)	1,320	(848)	472
Telecom licenses	1,341	(398)	943
Customer bases (c)	712	(148)	564
Indefeasible rights of use (IRU) and other long-term occupational rights (d)	427	(85)	342
Trade names (e)	303	(26)	277
Other	1,191	(726)	465
	7,616	**(3,744)**	**3,872**

(in millions of euros)	December 31, 2007 Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Acquired software (a)	2,061	(1,333)	728
Internally developed software (b)	1,146	(697)	449
Telecom licenses	1,339	(312)	1,027
Customer bases (c)	248	(42)	206
Trade names	29	(28)	1
Other	824	(463)	361
	5,647	**(2,875)**	**2,772**

a. Primarily includes SFR software amortized over 4 years.

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

c. Primarily includes customer lists of Neuf Cegetel acquired in 2008 (please refer to Note 2.1), and of TPS and Tele2 France acquired in 2007.

d. Includes contracts assumed following the take over of Neuf Cegetel (please refer to Note 2.1).

e. Includes trade names acquired in 2008: Neuf Cegetel (€26 million fully amortized in 2008) and Activision (€245 million – please refer to Note 2.2).

Changes in other intangible assets

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance	**2,772**	**2,262**
Amortization	(832)	(531)
Impairment losses	-	(28)
Acquisitions	487	446
Increase related to internal developments	203	196
Divestitures/Decrease	(32)	(17)
Business combinations	1,162 (a)	354
Changes in foreign currency translation adjustments	44	(7)
Other	68	97
Closing balance	**3,872**	**2,772**

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

The amortization charge is accounted for in cost of revenues and in selling, general and administrative expenses. It mainly consists of telecom licenses (SFR: -€57 million in 2008, unchanged compared to 2007, Maroc Telecom Group: -€5 million in 2008 compared to -€4 million in 2007), internally developed software (-€163 million in 2008 compared to -€133 million in 2007) and acquired software (-€237 million in 2008 compared to -€206 million in 2007).

Note 12. Property, plant and equipment

(in millions of euros)	December 31, 2008 Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	179	(2)	177
Buildings	2,123	(1,208)	915
Equipment and machinery	9,107	(5,182)	3,925
Construction-in-progress	269	-	269
Other	3,369	(2,338)	1,031
	15,047	**(8,730)**	**6,317**

(in millions of euros)	December 31, 2007 Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	159	(1)	158
Buildings	1,899	(1,112)	787
Equipment and machinery	7,683	(4,814)	2,869
Construction-in-progress	183	-	183
Other	2,947	(2,269)	678
	12,871	**(8,196)**	**4,675**

As of December 31, 2008, property, plant and equipment financed pursuant to finance leases amounted to €66 million compared to €48 million in 2007.

Changes in property, plant and equipment

(in millions of euros)	Year Ended December 31, 2008	2007
Opening balance	**4,675**	**4,379**
Depreciation	(1,225)	(993)
Acquisitions/Increase	1,488	1,125
Divestitures/Decrease	(59)	(119)
Business combinations	1,493 (a)	433
Changes in foreign currency translation adjustments	(12)	(30)
Other	(43)	(120)
Closing balance	**6,317**	**4,675**

a. Primarily includes property, plant and equipment acquired following the take over of Neuf Cegetel for €1,388 million (please refer to Note 13).

The depreciation charge is accounted for in cost of revenues and in selling, general and administrative expenses. It mainly consists of buildings (-€119 million in 2008 compared to -€121 million in 2007) and equipment and machinery (-€779 million in 2008 compared to -€623 million in 2007).

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

(in millions of euros)	December 31, 2008		December 31, 2007
Network equipment (a)	3,433	(b)	2,314
Software (c)	929		915
Licenses (c) (d)	719		776
Customer bases (c)	482		96
Indefeasible rights of use (IRU) and other long-term occupational rights (c)	342		-
Other	878		513
Property, plant, equipment and intangible assets of telecom operations at SFR	**6,783**		**4,614**

(in millions of euros)	December 31, 2008	December 31, 2007
Network equipment (a)	1,214	1,111
Software (c)	218	197
Licenses (c)	224	251
Other	513	438
Property, plant, equipment and intangible assets of telecom operations at Maroc Telecom Group	**2,169**	**1,997**

a. Principally pylons, radio and transmission equipment, switch centers and servers and hardware, recorded as "Property, plant and equipment".

b. The difference mainly includes property, plant and equipment acquired pursuant to the take over of Neuf Cegetel, fully consolidated since April 15, 2008. It includes mainly cables.

c. Recorded as "Other intangible assets".

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

Note 14. Investments in equity affiliates

		Voting Interest		Value of Equity Affiliates	
(in millions of euros)	Note	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
NBC Universal		20.0%	20.0%	4,342	5,641
Neuf Cegetel	2.1	na*	39.9%	na*	1,091
Other		na*	na*	99	93
				4,441	**6,825**

*na: not applicable.

Changes in value of equity affiliates

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

(in millions of euros)	Value of Equity Affiliates as of December 31, 2006	Changes in Scope of Consolidation	Impairment losses	Income from Equity Affiliates	Dividends Received	Changes in foreign currency translation adjustments and other	Value of Equity Affiliates as of December 31, 2007
NBC Universal	5,953	176 (e)	-	301	(305)	(484) (c)	5,641
Neuf Cegetel	1,020	40 (f)	-	78	(33)	(14)	1,091
Other	59	43	-	(6)	(2)	(1)	93
	7,032	**259**	**-**	**373**	**(340)**	**(499)**	**6,825**

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

b. As of December 31, 2008, as at each year end, an impairment test was performed to determine, with the assistance of an independent expert, whether the carrying value of Vivendi's 20% interest in NBCU exceeds its recoverable amount. In this case, the recoverable amount was determined using the discounted cash flows (DCF) method or stock market multiples using financial assumptions consistent with previous years, which are as follows regarding the DCF method: discount rate 9.10% (compared to 6.50% to 7.50% as of December 31, 2007) and terminal value based on a multiple of EBITDA between 7.0x and 9.0x for DCF (compared to 9.5x to 10.5x as of December 31, 2007). Vivendi's management concluded that the carrying value exceeded the recoverable amount of the NBCU interest and consequently recognized an impairment loss of $2.1 billion (€1,503 million) as of December 31, 2008.

c. Includes changes in foreign currency translation adjustments (+€160 million in 2008 and -€481 million in 2007).

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

e. Includes Vivendi's subscription to the NBC Universal capital increase (+€176 million) to finance the acquisitions of Oxygen Media and Hallmark International Group.

f. Relates to additional acquisitions by SFR.

Financial information relating to equity affiliates

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

	December 31, 2008	December 31, 2007	
(in millions of euros)	NBC Universal	NBC Universal	Neuf Cegetel
Vivendi's ownership interests	20.0%	20.0%	22.3%
Revenues	2,278	2,171	747
EBIT	395	453	53
Earnings	240	304	57
Total assets	4,888	4,709	1,137
Total liabilities	1,350	1,290	754

Note 15. Financial assets

(in millions of euros)	Note	December 31, 2008	December 31, 2007
Available-for-sale securities		72	306
Derivative financial instruments	24	99	69
Financial assets at fair value through profit or loss		128	106
Financial assets at fair value		**299**	**481**
Cash deposits		30	72
Other loans and receivables		666	848
Held-to-maturity investments		1	1
Financial assets at amortized cost		**697**	**921**
Financial assets		**996**	**1,402**
Deduction of short-term financial assets		(287)	(187)
Non-current financial assets		**709**	**1,215**

As of December 31, 2008, financial assets recorded at fair value through profit or loss notably includes the Auction Rate Securities held by Activision Blizzard for €56 million. Activision Blizzard owns a put option on a portion of these securities which may be exercised at a nominal value between June 30, 2010 and July 2, 2012.

Changes in available-for-sale securities

(in millions of euros)	Note	December 31, 2007	Changes in value	Acquisition / divestiture	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2008	
Sogecable shares hedging the exchangeable bonds	5	209	2	(211)	-	-	-	
Other		97	(27)	(4)	-	6	72	(a)
Available-for-sale securities		**306**	**(25)**	**(215)**	**-**	**6**	**72**	

a. Notably includes ownership interests, which are not listed, amounting to less than €20 million per each ownership interest. A sensitivity test of the value of these ownership interests was performed but no sensitivity was determined (please refer to Note 24).

(in millions of euros)	Note	December 31, 2006	Changes in value	Acquisition / divestiture	Business combinations	Changes in foreign currency translation adjustments and other	December 31, 2007
Sogecable shares hedging the exchangeable bonds	24	206	3	-	-	-	209
Amp'd shares (a)		42	-	23	-	(65)	-
Other		77	(1)	25	3	(7)	97
Available-for-sale securities		**325**	**2**	**48**	**3**	**(72)**	**306**

a. On June 1, 2007, Amp'd Mobile filed for Chapter 11 bankruptcy protection. As a result, Vivendi has written-off its 19.7% minority stake in this company ($75 million) as well as a related loan ($10 million). On July 23, 2007, Amp'd Mobile filed a Chapter 7 bankruptcy proceeding.

Other loans and receivables

(in millions of euros)	Note	December 31, 2008	December 31, 2007
Deposits related to Qualified Technological Equipment lease/sublease operations (a)	16	462	624
Pension funds	20	3	17
Neuf Cegetel pledged marketable securities		22	-
Restricted cash		25	-
Other		154	207
Other loans and receivables		**666**	**848**

a. Cash deposits relating to Qualified Technological Equipment (QTE) operations set up in 1999 and 2001 by SFR.

Note 16. Net working capital

Trade accounts receivable and other

(in millions of euros)	December 31, 2008	December 31, 2007
Trade accounts receivable	5,769	4,708
Trade accounts receivable write-offs	(949)	(1,120)
Trade accounts receivable, net	**4,820**	**3,588**
o/w past due receivables that are not impaired	725	692
Other	1,957	1,620
o/w VAT to be received	*944*	*820*
o/w social costs and other taxes	*91*	*44*
o/w prepaid charges	*354*	*298*
Trade accounts receivable and other	**6,777**	**5,208**

In accordance with group accounting policies (please refer to Note 1.3.5.10), each operating segment applies a depreciation rate on trade accounts receivable based, at its level, on historically-observed bad debts amounts for each customer group. As a consequence, the amount of past due receivables not impaired presented in the above table mainly relates to the balance of past due receivables partially impaired, based on the best estimate of the risk of bad debts, and to the VAT on impaired receivables, whenever VAT is recoverable under local legislation. Because of the diversification of its customers, their geographical dispersion and their nature, as well as the economic model in our main businesses (SFR, Canal+ Group and Activision Blizzard), whose economic model is mainly based on subscriptions, Vivendi considers that there is no significant risk of not recovering not impaired past due receivables.

Trade accounts payable and other

(in millions of euros)	Note	December 31, 2008		December 31, 2007	
Trade accounts payable		6,911		5,859	
Other		6,307		4,925	(a)
o/w music royalties to artists and repertoire owners	10.2	*1,358*		*1,436*	
o/w prepaid telecommunication revenues (b)		*960*		*795*	
o/w prepaid game revenues		*661*	*(c)*	*82*	
o/w VAT to be paid		*945*		*750*	
o/w social costs and other taxes		*1,062*		*705*	
Trade accounts payable and other		**13,218**		**10,784**	

a. Includes debt incurred in connection with the interim dividend to be paid to Vodafone by SFR (€197 million with respect to fiscal year 2007, paid in 2008).

b. Mainly includes subscriptions that are not past due and prepaid cards sold but not consumed, mobile phones held by distributors, roll-over minutes and the current part of Neuf Cegetel deferred revenues from April 15, 2008 (please refer to other non-current liabilities below).

c. Mainly includes deferred net revenues of certain Activision Blizzard games. Please refer to Note 1.3.4.4.

Other non-current liabilities

(in millions of euros)	Note	December 31, 2008	December 31, 2007
Advance lease payments in respect of Qualified Technological Equipment operations	15	480	650
Non-current content liabilities		72	111
Liabilities related to SFR GSM license (a)	13	222	238
Prepaid revenues from indefeasible rights of use (IRU) and other long-term occupational rights (b)		433	-
Other		273	79
Total other non-current liabilities		**1,480**	**1,078**

a. Relates to the discounted value of the liability. The nominal value amounted to €306 million as of December 31, 2008, compared to €331 million as of December 31, 2007.

b. Relates to revenues deferred by Neuf Cegetel notably related to indefeasible right of use (IRU) agreements, leases or services contracts. Please refer to Note 1.3.5.6.

Note 17. Cash and cash equivalents

(in millions of euros)	December 31, 2008		December 31, 2007
Cash	726		401
Cash equivalents (a)	2,426		1,648
o/w UCITS	*2,105*		*808*
o/w certificates of deposit and term deposits	*321*		*840*
Cash and cash equivalents	**3,152**	(b)	**2,049**

a. A review of the historical performance of these investments during fiscal years 2008 and 2007 confirmed their accounting treatment as cash equivalents. As reported in Note 1.3.5.8, marketable securities under this section are recorded at fair value through profit or loss.

b. As of December 31, 2008, cash and cash equivalents include mainly cash at Activision Blizzard amounting to €2,117 million, of which €1,867 million is invested in money market funds with initial maturities not exceeding 90 days.

Note 18. Information on the share capital

18.1. Number of common shares and voting rights outstanding

(in thousands)	December 31, 2008	December 31, 2007
Common shares outstanding (nominal value : €5.5 per share)	**1,170,197**	**1,164,743**
Treasury shares	(80)	(80)
Voting rights	**1,170,117**	**1,164,663**

As of December 31, 2008, Vivendi held 79,114 treasury shares to hedge certain share purchase options granted to executives and employees (unchanged compared to December 31, 2007). As of December 31, 2006, Vivendi held 1,300,389 shares which were in the process of being cancelled. Such cancellation, which was completed at the beginning of 2007, resulted from the conversion of ADS options into cash-settled stock appreciation rights. In 2007, 7,118,181 shares were acquired, then exchanged for 2% of the share capital of Maroc Telecom Group.

18.2. 2008 Dividends

On February 24, 2009, the date of the Management Board's meeting which approved Vivendi's Consolidated Financial Statements as of December 31, 2008 and the appropriation of earnings, Vivendi's Management Board decided to propose the distribution of a dividend of €1.40 per share to Vivendi's shareholders, corresponding to a total distribution of approximately €1.6 billion. Each shareholder will have the option to receive the dividend in ordinary shares or in cash. This proposal was presented to the Supervisory Board at its meeting held on February 26, 2009.

Note 19. Provisions

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

(in millions of euros)	Note	December 31, 2006	Addition	Utilization	Reversal	Business combinations	Divestiture, changes in foreign currency translation adjustments and other	December 31, 2007
Employee benefit plans	20	*485*	*41*	*(50)*	*(11)*	*16*	*(42)*	*439*
Share-based compensation plans	21	*154*	*123*	*(19)*	*(9)*	*-*	*(18)*	*231*
Other employee provisions (a)		*86*	*7*	*(11)*	*(20)*	*1*	*(3)*	*60*
Employee benefits (b)		725	171	(80)	(40)	17	(63)	730
Restructuring costs		67	44	(43)	(11)	-	2	59
Litigations	27	230	244	(25)	(48)	41	(6)	436
Losses on onerous contracts (d)		260	16	(164)	(16)	527 (f)	32	655
Contingent liabilities due to disposal	26.4	155	8	(84)	(11)	-	(2)	66
Cost of dismantling and restoring site (e)		86	5	(3)	-	-	(8)	80
Other		263	104	(58)	(46)	3	7	273
Provisions		**1,786**	**592**	**(457)**	**(172)**	**588**	**(38)**	**2,299**
Deduction of current provisions		(398)	(405)	95	72	(46)	(23)	(705)
Non-current provisions		1,388	187	(362)	(100)	542	(61)	1,594

a. Includes employee deferred compensation.

b. Excludes employee termination reserves recorded under restructuring costs in the amount of €139 million in 2008 and €45 million in 2007.

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

d. Includes notably the remainder of provisions for the costs incurred in 2006 relating to the combination of the Canal+ France and TPS pay-TV activities in France (€177 million, of which €165 million were recorded as provisions in 2006). As of December 31, 2008, the remaining provision amounted to €71 million compared to €109 million as of December 31, 2007).

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

f. Includes losses on onerous contracts and losses related to long-term contractual commitments estimated as part of business combinations. Primarily concerns contracts valid over several years relating to the broadcast of future film and TV productions and broadcasting rights of multi-channel digital TV packages. Includes, in particular, liabilities assumed in connection with the combination of the Canal+ Group and TPS pay-TV activities in France relating primarily to broadcasting rights, as well as the market value of other long-term contractual commitments.

Note 20. Employee benefits

20.1. Analysis of the expense related to employee benefit plans

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

(in millions of euros)	Year Ended December 31, 2008	2007
Employee defined contribution plans	23	24
Employee defined benefit plans	(1)	2
Employee benefit plans	**22**	**26**

20.2. Employee defined benefit plans

20.2.1 Assumptions used in the evaluation and sensitivity analysis

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

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

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

	Pension Benefits		Post-retirement Benefits	
	2008	2007	2008	2007
Discount rate (a)	5.8%	5.5%	6.2%	5.9%
Expected return on plan assets (b)	5.2%	5.0%	na*	na*
Rate of compensation increase	2.8%	3.5%	3.5%	3.3%
Expected average working life (in years)	11.5	12.0	7.5	9.4

*na: not applicable.

a. A 50 basis point increase (or a 50 basis point decrease respectively) in the 2008 discount rate would have led to a decrease of €2 million in pre-tax expense (or an increase of €2 million respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €39 million (or an increase of €41 million respectively).

b. A 50 basis point increase (or a 50 basis point decrease respectively) in the expected return on plan assets for 2008 would have led to a decrease of €2 million in pre-tax expense (or an increase of €2 million respectively).

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

	United States		United Kingdom		Germany		France	
	2008	2007	2008	2007	2008	2007	2008	2007
Discount rate	6.25%	6.00%	6.10%	5.70%	5.70%	5.30%	5.70%	5.30%
Expected return on plan assets	6.25%	6.00%	5.00%	5,00%	na*	na*	4.90%	5,00%
Rate of compensation increase	na*	na*	4.90%	4.85%	3.50%	3.50%	3.40%	3,50%

*na: not applicable.

In the United Kingdom, concomitant with the restructuring of the principal Vivendi defined benefit pension plan and the externalization of the obligations to retirees of this plan (please refer to "Restructuring in the United Kingdom", below), all derivative instruments, which protected the group against unfavorable changes in interest rates and increases in the inflation rate, were unwound. Pension plan assets, which were not transferred, are mainly invested in credit instruments with a long term maturity and are no longer exposed to stock markets.

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

	United States		Canada	
	2008	2007	2008	2007
Discount rate	6.25%	6.00%	5.75%	5.60%
Rate of compensation increase	4.00%	4.00%	na*	na*

*na: not applicable.

Pension plan assets

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

	Minimum	Maximum
Equity securities	10%	24%
Real estate	1%	2%
Debt securities	72%	86%
Cash	1%	4%

Vivendi's allocation of its pension plan assets as of December 31, 2008 and 2007 was as follows:

	December 31,	
	2008	2007
Equity securities	16.3%	20.9%
Real estate	1.9%	0.8%
Debt securities	79.9%	74.5%
Cash	1.9%	3.8%
Total	100.0%	100.0%

These assets do not include buildings occupied by or assets used by Vivendi, or Vivendi shares or debt instruments.

Cost evolution of post-retirement benefits

For the purpose of measuring post-retirement benefits, Vivendi assumed the growth in the *per capita* cost of covered health care benefits would slow down from 8.8% for categories under 65 years old and 65 years old and over in 2008, to 4.9% in 2017 for these categories. In 2008, a one-percentage-point increase in the assumed cost rates would have increased post-retirement benefit obligations by €9 million and the pre-tax expense by €1 million; conversely, a one percentage-point decrease in the assumed cost rates would have decreased post-retirement benefit obligations by €8 million and the pre-tax expense by €1 million.

20.2.2 Analysis of the expense recorded and benefits paid

	Pension Benefits			Post-retirement Benefits		Total	
	Year Ended December 31,						
(in millions of euros)	2008		2007	2008	2007	2008	2007
Current service cost	12		13	-	-	12	13
Amortization of actuarial (gains) losses	43	(a)	11	-	1	43	12
Amortization of past service cost	(47)	(a)	2	(5)	-	(52)	2
Effect of curtailments/settlements	(4)	(b)	(25)	-	-	(4)	(25)
Adjustment related to asset ceiling	-		-	-	-	-	-
Impact on selling, administrative and general expenses	**4**		**1**	**(5)**	**1**	**(1)**	**2**
Interest cost	38		61	8	8	46	69
Expected return on plan assets	(18)		(40)	-	-	(18)	(40)
Impact on other financial charges and income	**20**		**21**	**8**	**8**	**28**	**29**
Net benefit cost	**24**		**22**	**3**	**9**	**27**	**31**

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

b. In 2008, the decrease in the effect of curtailments/settlements was due to the purchase, in December 2007, of an insurance policy to cover commitments to beneficiaries of the principal Vivendi defined benefit pension plan in the United States, leading to its settlement.

In 2008, benefits paid, including settlements relating to externalized liabilities, amounted to €49 million (€499 million in 2007) with respect to pensions, of which €19 million (€459 million in 2007) was paid by pension funds, and €11 million (€15 million in 2007) with respect to post-retirement benefits.

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

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

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

	Pension Benefits					Post-retirement Benefits				
	December 31,					December 31,				
(in millions of euros)	2008	2007	2006	2005	2004	2008	2007	2006	2005	2004
Benefit obligation	482	780	1,319	1,376	1,276	135	144	159	200	201
Fair value of plan assets	189	443	911	806	685	-	-	-	-	-
Underfunded obligation	**(293)**	**(337)**	**(408)**	**(570)**	**(591)**	**(135)**	**(144)**	**(159)**	**(200)**	**(201)**

Changes in the value of the benefit obligations, the fair value of plan assets and the funded status for the years ended December 31, 2008 and 2007

		Pension Benefits		Post-retirement Benefits		Total	
(in millions of euros)	Note	2008	2007	2008	2007	2008	2007
Changes in benefit obligation							
Benefit obligation at the beginning of the year		780	1,319	144	159	924	1,478
Current service cost		12	13	-	-	12	13
Interest cost		38	61	8	8	46	69
Contributions by plan participants		-	-	1	1	1	1
Business combinations		7	16	-	-	7	16
Divestitures		-	-	-	-	-	-
Curtailments		(6)	(2)	-	-	(6)	(2)
Settlements		(11)	(392)	-	-	(11)	(392)
Transfers (a)		(170)	3	-	-	(170)	3
Plan amendments		(48)	4	(5)	-	(53)	4
Experience (gains)/losses (b)		-	(1)	1	-	1	(1)
Actuarial (gains)/losses related to changes in actuarial assumptions		(28)	(81)	(2)	-	(30)	(81)
Benefits paid		(38)	(104)	(12)	(15)	(50)	(119)
Other (foreign currency translation adjustments)		(54)	(56)	-	(9)	(54)	(65)
Benefit obligation at the end of the year		**482**	**780**	**135**	**144**	**617**	**924**
o/w wholly or partly funded benefits		*235*	*495*	-	-	*235*	*495*
o/w wholly unfunded benefits (c)		*247*	*285*	*135*	*144*	*382*	*429*
Changes in fair value of plan assets							
Fair value of plan assets at the beginning of the year		443	911	-	-	443	911
Expected return on plan assets		18	40	-	-	18	40
Experience gains/(losses) (d)		(43)	(24)	-	-	(43)	(24)
Contributions by employers		33	56	11	14	44	70
Contributions by plan participants		-	-	1	1	1	1
Business combinations		-	-	-	-	-	-
Divestitures		-	-	-	-	-	-
Settlements		(11)	(395)	-	-	(11)	(395)
Transfers (a)		(174)	-	-	-	(174)	-
Benefits paid		(38)	(104)	(12)	(15)	(50)	(119)
Other (foreign currency translation adjustments)		(39)	(41)	-	-	(39)	(41)
Fair value of plan assets at the end of the year		**189**	**443**	**-**	**-**	**189**	**443**
Funded status							
Underfunded obligation		(293)	(337)	(135)	(144)	(428)	(481)
Unrecognized actuarial (gains)/losses		34	71	(18)	(16)	16	55
Unrecognized past service cost		3	4	-	-	3	4
(Provision)/asset before asset ceiling		**(256)**	**(262)**	**(153)**	**(160)**	**(409)**	**(422)**
Adjustment related to asset ceiling		(6)	-	-	-	(6)	-
Net (provision)/asset recorded in the statement of financial position		**(262)**	**(262)**	**(153)**	**(160)**	**(415)**	**(422)**
o/w assets related to employee benefit plans		*3*	*17*	-	-	*3*	*17*
o/w provisions for employee benefit plans (e)	*19*	*(265)*	*(279)*	*(153)*	*(160)*	*(418)*	*(439)*

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

b. Represents the impact on the benefit obligation resulting from the difference between benefits estimated at the previous year-end and benefits paid during the year. As a reminder, in 2006, 2005 and 2004, experience (gains)/losses in respect of benefit obligations amounted to -€4 million, -€8 million and -€7 million, respectively.

c. In accordance with local laws and practices, certain plans are not covered by pension funds. As of December 31, 2008, they principally comprise supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

d. Represents the difference between the expected return on plan assets at the previous year-end and the actual return on plan assets during the year. As a reminder, in 2006, 2005 and 2004, experience gains/(losses) in respect of plan assets amounted to €24 million, €9 million and €6 million, respectively.

e. Includes a current liability of €44 million as of December 31, 2008 (compared to €60 million as of December 31, 2007).

Benefit obligation and fair value of plan assets detailed by country as of December 31, 2008 and December 31, 2007

	Pension Benefits		Post-retirement Benefits	
	December 31,			
(in millions of euros)	2008	2007	2008	2007
Benefit obligation				
US companies	106	116	121	121
UK companies	127	420	-	-
German companies	101	101	-	-
French companies	98	89	-	-
Other	50	54	14	23
	482	**780**	**135**	**144**
Fair value of plan assets				
US companies	51	52	-	-
UK companies	83	321	-	-
French companies	43	46	-	-
Other	12	24	-	-
	189	**443**	**-**	**-**

Restructuring in the United Kingdom

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

The Seagram Spirits and Wine and UMG retirees plan thus purchased an insurance policy for £135 million (€172 million) to cover its obligations. As the value of pension liabilities and related plan assets (the insurance contract) are perfectly matched from this date, a liability is no longer recorded in Vivendi's Consolidated Statement of Financial Position. The settlement of this pension plan will become effective upon completion of the required legal and administrative process which Vivendi currently expects to last at least one year, after which Vivendi will be definitively and legally relieved of its obligations toward beneficiaries of this plan.

As at December 31, 2008, benefit obligations and plan assets of the Seagram Spirits and Wine and UMG's retirees plan are valued at £133 million (€141 million). No net accounting liability is recorded in Vivendi's Consolidated Statement of Financial Position.

20.2.4 Additional information on pension benefits in France

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

	Equity securities	Real estate	Debt securities	Cash	Total
Corporate Supplementary Plan	15.0%	5.0%	78.0%	2.0%	100.0%
Corporate Management Supplementary Plan	16.0%	4.5%	78.0%	1.5%	100.0%
SFR Supplementary Plan	19.0%	6.0%	74.0%	1.0%	100.0%
Canal+ Group IDR* Plan	20.3%	12.3%	67.4%	0.0%	100.0%

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

The asset allocation remains fairly stable over time. Contributions to the four plans amounted to €5 million in 2007 and in 2008, and are estimated to be €5 million for 2009. Contributions to all ten plans amounted to €5 million in 2007 and in 2008, and are estimated to be €6 million in 2009.

In addition, the Inter-professional National Agreement (*Accord National Interprofessionnel,* ANI) of January 11, 2008 provided for the introduction of a single inter-professional severance payment in certain cases of the termination of permanent employment contracts. This agreement was extended by a decree dated July 2008. At the time of the approval of the financial statements, there remained some legal uncertainty as to whether this extension leads to the single inter-professional payment being applicable to contract termination following voluntary retirement. Pending clarification of this issue, Vivendi has not taken account of the potential impact of this extension in its actuarial valuations as of December 31, 2008. The estimated impact is, nonetheless, not material.

20.2.5 Benefits estimation and future payments

For 2009, pension fund contributions and benefit payments to retirees by Vivendi are estimated at €39 million in respect of pensions, €18 million of which relates to contributions to pension funds, and a further €12 million in respect of post-retirement benefits.

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

(in millions of euros)	Pension Benefits	Post-Retirement Benefits
2009	30	12
2010	17	12
2011	19	12
2012	18	12
2013	21	11
2014-2018	148	53

Note 21. Share-based compensation plans

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

Impact on the Consolidated Statement of Earnings

(in millions of euros) Charge/(Income)	Note	Year Ended December 31, 2008	2007
Vivendi stock option plans		21	24
Vivendi restricted stock plans		12	10
Vivendi employee stock purchase plans		10	6
Vivendi stock appreciation right plans		(63)	50
Vivendi "restricted stock unit" plans		(1)	4
Vivendi stock instruments	21.2	**(21)**	**94**
Activision Blizzard's stock option plans and restricted stock units		50	-
Blizzard employee equity unit plan		22	69
Activision Blizzard stock instruments	21.3	**72**	**69**
UMG employee equity unit plan	21.4	**(4)**	**(9)**
Neuf Cegetel equity-settled instruments (Restricted stock plans)	21.5	**11**	**-**
SHARE-BASED COMPENSATION PLANS *(including capitalized plans)*		**58**	**154**
o/w:			
Equity-settled instruments		*104*	*40*
Cash-settled instruments		*(46)*	*114*
(-) Share-based compensation capitalized costs (a)		**(17)**	**-**
CHARGES RELATED TO STOCK OPTIONS AND OTHER SHARE-BASED COMPENSATION PLANS RECORDED IN THE STATEMENT OF EARNINGS		**41**	**154**

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

Impact on the provisions in the Statement of Financial Position

As of December 31, 2008 and December 31, 2007, the estimated value of the vested rights is recorded as a liability and classified in provisions related to cash-settled instruments as follows:

		Year Ended December 31,		
(in millions of euros)	Note	2008		2007
Vivendi stock appreciation right plans	21.2.1	22	(a)	89
o/w former ADS option and acquisition plans converted into SAR plans (May 2006) (b)		*17*		*79*
Vivendi "restricted stock unit" plans	21.2.1	8		9
UMG employee equity unit plan	21.4	47		55
Blizzard employee equity unit plan	21.3.3	20		78
Provisions related to cash-settled instruments	19	**97**		**231**

a. The change in provision related to SAR plans was mainly due to the decrease of Vivendi share price.

b. In May 2006, the ADS option and acquisition plans for U.S. resident employees were converted into SAR plans. The terms and conditions of the stock options granted remain unchanged (including the exercise price, vesting period and maturity), but they can only be cash-settled henceforth.

21.2. Plans granted by Vivendi

21.2.1 Information on plans granted by Vivendi

Vivendi has granted to employees several stock-based compensation plans. The plans granted by Vivendi before January 1, 2008, included instruments which were, depending on the fiscal residence of the employee, either equity-settled (mainly in the European Union and in Morocco) or cash-settled (mainly in the United States) and stock purchase plans for its employees and retirees. During 2008, Vivendi set up equity-settled stock option plans and restricted stock plans, wherever the fiscal residence of the employee, as well as stock purchase plans for its employees and retirees (employee stock purchase plan and leveraged plan).

The accounting methods applied by Vivendi to value these granted plans are described in Note 1.3.11. More precisely, the volatility applied in valuing the plans granted by Vivendi corresponds to the weighted average of (a) 75% of the 4-year historical volatility of Vivendi shares and (b) 25% of the implied volatility based on Vivendi put and call options traded on a liquid market with a maturity of 6 months or more. Before January 1, 2008, the volatility applied was equal to the average of the 3-year historical volatility and the implied volatility of Vivendi shares. The risk-free interest rate used is the rate of "Obligations Assimilables du Trésor" (OAT) with a maturity corresponding to the expected term of the instrument at the valuation date. The expected dividend yield at grant date is based on Vivendi's dividend distribution policy, which is currently an expected dividend of at least 50% of adjusted net income.

Equity-settled instruments

Stock option plans

The value of the granted equity-settled instruments is estimated and fixed at the grant date. Stock options granted since January 1, 2007, vest at the end of a three-year vesting period. Therefore, the compensation cost is recognized on a straight-line basis over the vesting period. Stock options granted before January 1, 2007, vest annually in one-third tranches from the grant date's anniversary. Two-thirds of the vested instruments become exercisable at the beginning of the third year from the grant date and the remaining one-third becomes exercisable at the beginning of the fourth year from the grant date. The compensation cost is recorded over the vesting period, but not on a straight-line basis, given the vesting conditions. The expense is accounted for using the degressive method in accordance with the following spread rates: 61% in year 1, 28% in year 2 and 11% in year 3.

	Subscription plans								
	2008		2007			2006			2005
Grant date	April 16	April 16	Oct 25	Sept 17	April 23	Dec 12	Sept 22	April 13	April 26
Data at the grant date									
Options strike price (in euros)	25,13	25,13	30,79	30,79	30,79	29,41	28,54	28,54	23,64
Maturity (in years)	10	10	10	10	10	10	10	10	10
Expected term (in years)	6,5	6,5	6.5	6.5	6.5	6	6	6	10
Number of instruments granted	732,000	5,571,200	63,200	42,400	5,718,220	24,000	58,400	5,481,520	7,284,600
Share price (in euros)	25,54	25,54	29.24	29.60	31.75	29.39	27.90	28.14	23.72
Expected volatility	23 %	23 %	21 %	21 %	20 %	21 %	22 %	26 %	17 %
Risk-free interest rate	3.93 %	3.93 %	4.12 %	4.16 %	4.17 %	3.93 %	3.73 %	3.99 %	3.48 %
Expected dividend yield	5.48 %	5.48 %	4.27 %	4.22 %	3.94 %	4.25 %	4.05 %	3.80 %	3.37 %
Performance conditions achievement rate	100 % (a)	na*	na*	na*	na*	na*	na*	na*	na*
Fair value of the granted option at the grant date (in euros)	**3.56**	**3.56**	**4.30**	**4.52**	**5.64**	**4.43**	**4.20**	**5.38**	**4.33**
Fair value of the plan at the grant date (in millions of euros)	2.6	19.8	0.3	0.2	32.3	0.1	0.2	29.5	31.5

na*: not applicable

a. Regarding the plan granted on April 16, 2008, 732,000 instruments awarded to the members of Vivendi's Management Board are conditioned upon achievement of certain operating objectives linked to the financial results of the group (adjusted net income and cash flow from operations) as set forth in the budget for the current fiscal year. As of December 31, 2008, these plans were measured using a factor of 100% achievement. The compensation cost is recognized on a straight-line basis over the vesting period, i.e., a three-year vesting period for the stock option plans.

Restricted stock plans

Vivendi set up restricted stock plans in accordance with the 2005 French Finance Act. Generally, restricted stocks vest at the end of a two-year vesting period, therefore, the compensation cost is recognized on a straight-line basis over the vesting period. The restricted stocks granted are generally conditional upon the achievement of specific performance objectives and will be available at 100% at the end of a four-year period from the date of grant. However, as the shares granted are ordinary shares, of the same class as existing shares composing the share capital of the company, employee shareholders are entitled to dividends and voting rights attached to these shares at the end of the vesting period. The compensation cost corresponds to the value of the equity instruments received by the beneficiary, equal to the difference between the fair value of the shares to be received less the discounted value of the dividends expected to be distributed by Vivendi over the vesting period.

	Restricted stock plans								
	2008	2007				2006			
Grant date	April 16 (a)	Oct 25 (a)	Sept 17 (a)	April 23 (a)	Jan 24 (b)	Dec 12 (b)	Dec 12	Sept 22	April 13
Data at the grant date									
Maturity - Vesting period (in years)	2	2	2	2	0	0	2	2	2
Number of instruments granted	525,496	5,266	3,536	476,717	8,670	353,430	2,001	4,861	456,968
Share price (in euros)	25,54	29.24	29.60	31.75	32.25	29.39	29.39	27.90	28.14
Expected dividend yield	5.48 %	4.27 %	4.22 %	3.94 %	3.88 %	4.25 %	4.25 %	4.05 %	3.80 %
Performance conditions achievement rate	100 %	100 %	100 %	100 %	na*	na*	100 %	100 %	100 %
Fair value of the granted instrument at the grant date (in euros)	**22.89**	**26.79**	**27.15**	**29.30**	**29.80**	**26.94**	**26.94**	**25.69**	**26.04**
Discount for non-transferability (% of the share price at the grant date)	8.69 %	na*	na*	na*	na*	na*	na*	na*	na*
Fair value of the granted instrument at the grant date after discount (in euros)	**20.67**	na*	na*	na*	na*	na*	na*	na*	na*
Fair value of the plan at the grant date (in millions of euros)	10.9	0.1	0.1	14.0	0.3	9.5	0.1	0.1	11.9

na*: not applicable

a. The restricted stock plans are conditional upon the achievement of certain operating objectives linked to the financial results of the group (adjusted net income and cash flow from operations) as set forth in the budget for the current fiscal year. As with grants in 2007, operating performance objectives were satisfied in 2008; therefore, all shares granted in 2008 were definitively acquired and will be vested by the beneficiaries following the two-year vesting period. The compensation cost is therefore recognized on a straight-line basis over this period.

b. In December 2006 and January 2007, Vivendi set up a grant of 15 restricted shares without any performance nor presence conditions for all non-temporary employees, who were employed and who had been employed by the company for at least six months prior to the grant date. Given the immediate vesting of such grant, the compensation cost was recognized in full on the grant date. For employees who are residents of France, the 15 shares granted to each beneficiary were issued to an individual account at the end of the two-year period from the initial grant date. At the end of this period, the restricted shares remain unavailable for an additional two-year period.

In addition, on December 16, 2008, the Management Board granted 12,000 stock options with an exercise price of €25.13 and 1,000 shares of restricted stock.

Cash-settled instruments

Beginning in 2006, following the delisting of Vivendi's shares from the NYSE and given prevailing U.S. securities regulations, and until the end of 2007, Vivendi granted specific instruments to its U.S. resident managers and employees, with economic characteristics similar to those granted to non-U.S. resident managers and employees; however, these equity instruments are cash-settled instruments only. The value of the cash-settled instruments granted is initially estimated as of the grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date. In 2008, following the relaxing of certain U.S. securities regulations with respect to foreign private issuers ("SEC Rule 701"), Vivendi resumed granting stock-settled instruments to U.S. resident managers and employees.

Stock appreciation right plans

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

	SAR		
	2007 (a)	2006 (b)	
Grant date	April 23	Sept 22	April 13
Data at the grant date			
Strike price (in US dollars)	41.34	34.58	34.58
Maturity (in years)	10	10	10
Number of instruments granted	1,280,660	24,000	1,250,320
Data at the valuation date (December 31, 2008)			
Expected term (in years)	4.8	3.9	3.7
Share price (in US dollars)	32.59	32.59	32.59
Expected volatility	30%	30%	30%
Risk-free interest rate	2.68%	2.50%	2.44%
Expected dividend yield	5.98%	5.98%	5.98%
Fair value of the granted option as of December 31, 2008 (in US dollars)	**3.19**	**4.24**	**4.15**
Fair value of the plan as of December 31, 2008 (in millions of US dollars)	4.1	0.1	5.2

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

b. SAR granted in 2006 vest annually in one-third tranches from the grant date's anniversary. Two-thirds of the vested instruments become exercisable at the beginning of the third year from the grant date and the remaining one-third becomes exercisable at the beginning of the fourth year from the grant date. The compensation cost is recorded over the vesting period, but not on a straight-line basis, given the vesting conditions. The expense is accounted for using the degressive method in accordance with the following spread rates: 61% in year 1, 28% in year 2 and 11% in year 3.

Restricted Stock Unit plans

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

	RSU			
	2007	2006		
Grant date	April 23 (a)	Dec 12 (b)	Sept 22	April 13
Data at the grant date				
Maturity at the origin (in years)	2	-	2	2
Number of instruments initially granted	106,778	141,495	2,000	104,250
Data at the valuation date (December 31, 2008)				
Expected term (in years)	0.3	-	-	-
Share market price (in US dollars)	32.59	32.59	32.59	32.59
Expected dividend yield	5.98%	5.98%	5.98%	5.98%
Performance conditions achievement rate	100%	na*	100%	100%
Fair value of the granted instrument as of December 31, 2008 (in US dollars)	**32.01**	**32.59**	**32.59**	**32.59**
Fair value of the plan as of December 31, 2008 (in millions of US dollars)	3.4	4.6	0.1	3.4

na*: not applicable.

a. The RSU plans were conditional upon the achievement of certain operating objectives linked to the financial results of the group (adjusted net income and cash flow from operations) as set forth in the budget for the current fiscal year. The operating performance objectives were satisfied in 2007; therefore, all RSU granted in 2007 were definitively acquired and will be vested by the beneficiaries following the two-year vesting period. The compensation cost is therefore recognized on a straight-line basis over this period.

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

Employee stock purchase plans

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

	2008		2007
	Employee Stock Purchase plan	Leveraged plan Europe and Morocco (a)	Employee Stock Purchase plan
Grant date	June 30	June 30	June 29
Subscription price (in euros)	21.08	21.08	24.60
Leverage	na*	10	na*
Maturity (in years)	5	5	5
Data at the grant date			
Share price (in euros)	24.10	24.10	31.90
Number of shares subscribed	993,593	3,309,909	1,276,227
Amount subscribed (in millions of euros)	21	70	31
Expected dividend yield	5.81%	5.81%	3.94%
Risk-free interest rate	4.63%	4.63%	4.59%
5-year interest rate	7.08%	7.08%	6.54%
Fair value of the benefit per share before discount value for non-transferability (in euros)	3.0	3.0	7.3
Discount for non-transferability (% of the share price at the grant date)	9.6%	9.6%	9.2%
Fair value per share subscribed at the grant date (in euros)	**0.7**	**2.8**	**4.4**
Fair value of the plan at the grant date (in millions of euros)	1	9	6

na*: not applicable.

a. Under the leveraged plan implemented in 2008, virtually all employees and retirees of Vivendi and its French and foreign subsidiaries are entitled to subscribe Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and

ultimately receive the capital gain attached to 10 shares for one subscribed share. A financial institution mandated by Vivendi hedges this transaction.

In addition, in the United States, employees subscribed an aggregate of 132,541 shares under specific conditions due to local regulations, and in Germany, employees subscribed an aggregate of 57,550 SAR (the economic equivalent of the leveraged plan with a cash settlement).

In 2008, given the amount of subscriptions made through the traditional employee share purchase plan and the leveraged plan (Europe, Morocco, the United States and Germany), the share capital was increased by €95 million on July 24, 2008.

21.2.2 Information on outstanding Vivendi plans

Transactions involving all equity-settled and cash-settled Vivendi plans since January 1, 2007 are summarized below:

Equity-settled instruments

	Stock Options on Vivendi Shares				Restricted Stock Plans	
	Number of Stock Options Outstanding	Weighted Average Strike Price of Stock Options Outstanding	Total Intrinsic Value	Weighted Average Remaining Contractual Life	Number of Restricted Stocks Outstanding	Weighted Average Remaining Period Before Issuing Shares
		(in euros)	(in millions of euros)	(in years)		(in years)
Balance as of December 31, 2006	**63,459,922**	**44.2**			**805,560**	
Granted	5,823,820	30.8			494,189	
Exercised	(7,733,586)	14.5			(60)	
Forfeited	(11,208,989)	66.7			-	
Cancelled	(374,932)	26.1			(22,796)	
Balance as of December 31, 2007	**49,966,235**	**42.3**			**1,276,893**	
Granted	6,315,200	25.1			526,496	
Exercised (a)	(348,502)	16.5			(612,123)	
Forfeited	(12,225,983)	84.4			(767)	
Cancelled	(422,873)	30.0			(203,672)	
Balance as of December 31, 2008	**43,284,077**	**28.2**	**58.6**	**5.7**	**986,827**	**0.8**
Exercisable as of December 31, 2008	**29,775,780**	**28.3**	**58.6**		**-**	
Acquired as of December 31, 2008	**29,986,448**	**28.4**	**58.6**		**21,930**	

a. The weighted average share price for options exercised was €25.52.

Cash-settled instruments

	SAR (including former ADS converted into SARs in May 2006)				RSU	
	Number of SARs Outstanding	Weighted Average Strike Price of SARs Outstanding	Total Intrinsic Value	Weighted Average Remaining Contractual Life	Number of Restricted Stocks Units Outstanding	Weighted Average Remaining Period Before Acquisition
		(in US dollars)	(in millions of US dollars)	(in years)		(in years)
Balance as of December 31, 2006	**34,463,056**	**51.9**			**246,411**	
Granted	1,280,660	41.3			106,778	
Exercised	(1,855,291)	29.7			-	
Forfeited	(2,516,746)	49.6			-	
Cancelled	(189,108)	43.2			(10,297)	
Balance as of December 31, 2007	**31,182,571**	**53.0**			**342,892**	
Exercised (a)	(369,259)	28.7			(30,255)	
Forfeited	(10,351,660)	56.3			-	
Cancelled	(82,315)	51.2			(9,905)	
Balance as of December 31, 2008	**20,379,337**	**51.8**	**18.8**	**2.2**	**302,732**	**0.1**
Exercisable as of December 31, 2008	**18,786,417**	**52.9**	**18.8**		**-**	
Acquired as of December 31, 2008	**18,786,417**	**52.9**	**18.8**		**202,203**	

a. The weighted average share price for SAR exercised was $40.97.

The following table summarizes information on stock options for ordinary shares outstanding and vested as of December 31, 2008:

Range of Strike Prices	Number Outstanding	Weighted Average Strike Price	Weighted Average Remaining Contractual Life	Number Vested	Weighted Average Strike Price
		(in euros)	(in years)		(in euros)
Under €20	4,652,408	14.7	4.0	4,652,408	14.7
€20 - €30	25,252,619	24.2	7.0	17,429,929	23.4
€30 - €40	5,638,634	30.8	8.2	215,114	32.0
€40 - €50	6,999,697	46.9	0.8	6,999,697	46.9
€50 - €60	728,039	55.9	0.9	676,620	56.1
€60 - €70	1,368	67.8	0.2	1,368	67.8
€70 - €80	11,312	73.4	0.3	11,312	73.4
€80 and more	-	-	-	-	-
	43,284,077	**28.2**	**5.7**	**29,986,448**	**28.4**

The following table summarizes information concerning stock appreciation rights outstanding and vested as of December 31, 2008:

Range of Strike Prices	Number Outstanding	Weighted Average Strike Price	Weighted Average Remaining Contractual Life	Number Vested	Weighted Average Strike Price
		(in US dollars)	(in years)		(in US dollars)
Under $20	453,871	15.2	3.0	453,871	15.2
$20 - $30	1,017,659	24.4	4.7	1,017,659	24.4
$30 - $40	2,719,848	32.9	6.2	2,332,648	32.6
$40 - $50	6,850,044	43.1	2.2	5,644,324	43.5
$50 - $60	2,879,217	57.8	0.2	2,879,217	57.8
$60 - $70	801,971	67.2	1.4	801,971	67.2
$70 - $80	5,645,284	74.0	1.0	5,645,284	74.0
$80 and more	11,443	175.2	1.0	11,443	175.2
	20,379,337	**51.8**	**2.2**	**18,786,417**	**52.9**

21.3. Plans granted by Activision Blizzard

21.3.1 Information on plans granted by Activision Blizzard

As part of the creation of Activision Blizzard, Vivendi assumed the oustanding plans of Activision.

The accounting methods applied by Vivendi to value these granted plans are described in Note 1.3.11. More precisely, the volatility applied in valuing the plans granted by Activision Blizzard consists of the historical volatility of Activision Blizzard shares and the implied volatility based on traded put and call options. For the plans granted in 2008, the applied historical volatility was between 46.15% and 69.08% with a weighted average volatility of 59.24%. The risk-free interest rate used a forward rate and the expected dividend yield was zero.

Equity incentive plans

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

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

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

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

As of December 31, 2008, Activision Blizzard had 13 million shares of its common stock reserved for future issuance under the 2008 Plan. Shares issued in connection with awards made under the 2008 Plan are generally issued as new stock issuances.

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

	Stock option plans granted from July 10, 2008
Weighted-average annual data at the grant date (a)	
Options strike price (in US dollars)	14.38
Maturity (in years)	10
Expected term (in years)	5.28
Number of instruments granted	8,723,177
Share price (in US dollars)	14.38
Expected volatility	54 %
Risk-free interest rate	3.98 %
Expected dividend yield	0 %
Performance conditions achievement rate	na*
Weighted-average fair value of the granted option at the grant date (a) (in US dollars)	**5.92**
Weighted-average fair value at the grant date (in millions of US dollars) (a)	51.6

na*: not applicable.

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

Restricted stock units and restricted stocks

Activision Blizzard grants restricted stock units and restricted stock (collectively referred to as "restricted stock rights") under the 2008 Plan to employees around the world and Activision Blizzard has assumed, as a result of the creation of Activision Blizzard, the restricted stock rights granted by Activision. Restricted stock units entitle the holders thereof to receive shares of the common stock of Activision Blizzard at the end of a specified period of time or otherwise upon a specified occurrence. Restricted stock is issued and outstanding upon grant; however, restricted stock holders are restricted from selling the shares until they vest. Upon vesting of restricted stock rights, Activision Blizzard may withhold shares otherwise deliverable to satisfy tax withholding requirements. Restricted stock rights are subject to forfeiture and transfer restrictions. Vesting for restricted stock rights is contingent upon the holders' continued employment with Activision Blizzard and may be subject to other conditions. If the vesting conditions are not met, unvested restricted stock rights will be forfeited.

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

	Restricted stock plans granted from July 10, 2008
Weighted-average annual data at the grant date (a)	
Maturity (in years)	10
Number of instruments granted	3,247,331
Share price (in US dollars)	14.67
Expected dividend yield	0 %
Performance conditions achievement rate	na*
Weighted-average fair value of the granted instrument at the grant date (a) (in US dollars)	**14.67**
Weighted-average fair value at the grant date (in millions of US dollars) (a)	47.6

na*: not applicable.

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

Employee stock purchase plan

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

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

In connection with prior employment agreements, the Chief Executive Officer and the Co-Chairman of Activision Blizzard were previously granted options to purchase the common stock of Activision Blizzard. The Board of Directors of Activision, Inc. approved the granting of these options. As of December 31, 2008, non-plan options to purchase approximately 16 million shares under such grants were outstanding with a weighted-average exercise price of $1.02.

Performance shares

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

21.3.2 Information on outstanding Activision Blizzard plans

	Stock Options on Activision Blizzard Shares				Restricted Stock Plans	
	Number of Stock Options Outstanding	Weighted Average Strike Price of Stock Options Outstanding	Total Intrinsic Value	Weighted Average Remaining Contractual Life	Number of Restricted Stocks Outstanding	Weighted Average Remaining Period Before Issuing Shares
	(in thousands)	(in US dollars)	(in millions of US dollars)	(in years)	(in thousands)	(in years)
Balance as of December 31, 2007	-	-			-	
Resulting from the business combination	96,074,854	5.8			7,675,731	
Granted	8,723,177	14.4			3,247,331	
Exercised	(4,860,570)	4.7			(595,883)	
Cancelled	(2,096,456)	7.9			(60,075)	
Balance as of December 31, 2008	**97,841,005**	**6.5**	**318**	**5.9**	**10,267,104**	**2.1**
Exercisable as of December 31, 2008	**56,469,064**	**3.7**	**288**		**20,000**	
Acquired as of December 31, 2008	**56,469,064**	**3.7**	**288**		**20,000**	

The following table summarizes information concerning stock options for ordinary shares outstanding and vested as of December 31, 2008:

Range of Strike Prices	Number Outstanding	Weighted Average Strike Price	Weighted Average Remaining Contractual Life	Number Vested	Weighted Average Strike Price
		(in US dollars)	(in years)		(in US dollars)
Under $0.5001	66,516	0.50	1.3	66,516	0.50
$0.5001-$1.0315	16,789,950	1.01	1.3	16,789,950	1.01
$1.0315-$3.2710	11,101,181	2.28	3.7	11,101,181	2.28
$3.2710-$3.8672	11,514,442	3.53	4.1	11,205,940	3.53
$3.8672-$6.04	9,981,317	5.06	5.6	5,362,511	4.81
$6.04-$6.88	10,163,586	6.66	7.0	4,733,785	6.70
$6.88-$9.215	6,286,002	8.24	7.7	2,340,450	8.06
$9.215-$9.35	10,843,326	9.35	8.5	2,643,361	9.35
$9.35-$13.29	11,048,145	11.36	9.1	1,887,070	11.58
$13.29 and more	10,046,540	15.88	9.5	338,300	15.10
	97,841,005	**6.53**	**5.9**	**56,469,064**	**3.71**

21.3.3 Blizzard (Activision Blizzard subsidiary) long-term incentive plan

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

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

The payments made on the closing date for previously vested awards and to be made 18 months thereafter for the unvested awards are fixed based on the fair value of Blizzard as allocated in the transaction and the applicable aggregate strike price, and represent an aggregate amount of approximately $195 million. The aggregate cash payment made by Activision Blizzard to participants in July 2008 was $106 million (€68 million) and an estimated additional $89 million (€61 million) will be paid 18 months after the closing date of the transaction, assuming participants remain employed through the payment date. This expense will be recognized on a straight-line basis over the 18-month period from July 10, 2008. As a result, as of December 31, 2008, a provision of $28 million (€20 million) was recognized.

21.4. UMG long-term incentive plan

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

While an executive's equity grants generally vest at the end of a fixed vesting period, compensation expense is recognized over the vesting period as services are rendered. Specifically, the expense recognized is based on the portion of the vesting period that has elapsed and the last available estimated value of those equity units. As of December 31, 2007, the number of granted instruments was 1,350,000 units; at this date, the estimated value of the rights vested, i.e., 1,134,000 units, amounted to $78 million (€55 million).

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

Plan activity in 2008, reflecting the compensation earned and the adjustment of the balance due to reflect market value were a net credit to overheads of €4 million.

21.5. Neuf Cegetel restricted stock plans

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

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

The acquisition of shares only becomes final after the expiration of a vesting period of two years, with a minimum period during which the beneficiaries must hold their shares of two years. For grants made pursuant to the 2007 and 2006 plans, the acquisition method is based on a decreasing factor that will decrease the rights granted pursuant to each plan if the employee leaves during the vesting period by 25% for each of the four six-month periods that constitute the two year vesting period.

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

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

As of December 31, 2008, of a total of 5,384,152 restricted shares granted, 4,302,237 restricted shares were definitely vested (compared to no shares definitely vested in 2007) and 1,081,915 restricted shares were in the process of vesting (compared to 1,975,845 outstanding shares as of December 31, 2007).

SFR entered into reciprocal put and call option agreements with almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, which are currently in a holding or vesting period, allowing for SFR to obtain, in the future, 2.51% of the share capital of Neuf Cegetel for an estimated amount of €140 million.

Note 22. Borrowings and other financial liabilities

Analysis of long-term borrowings and other financial liabilities

(in millions of euros)	Note	Nominal interest rate (%)	Effective interest rate (%)	Maturity	December 31, 2008		December 31, 2007
Finance leases	12	-	-	2009 - 2013	39	(a)	9
Asset-backed borrowings *(b)*					***39***		***9***
Bonds							
€700 million bond issue (October 2006) (c)		Euribor 3 months +0.50%	-	October 2011	700		700
€500 million bond issue (October 2006) (c)		4.50%	4.58%	October 2013	500		500
€630 million bond issue (April 2005) (c)		3.63%	3.63%	April 2010	630		630
€600 million bond issue (February 2005) (c)		3.88%	3.94%	February 2012	600		600
$700 million bond issue (April 2008) (d)		5.75%	6.06%	April 2013	501		-
$700 million bond issue (April 2008) (d)		6.63%	6.85%	April 2018	501		-
Other bonds		-	-	na*	-		209
Vivendi SA					*3,432*		*2,639*
€800 million bond issue (May 2008) - *SFR* (c)		3.38%	3.88%	July 2012	*800*	(e)	*600*
Facilities							
MAD 6 billion notes - tranche B: 4 billion		TMP BDT 5 yrs +1.15% (f)	-	December 2011	178		353
€2.0 billion revolving facility		Euribor +0.250 %	-	April 2012	860		-
€2.0 billion revolving facility		Euribor +0.250 %	-	August 2013 (g)	990		-
Vivendi SA					*2,028*		*353*
€1.2 billion revolving facility		Euribor +0.175 %	-	April 2011	1,200		440
€450 million revolving facility		Euribor +0.160 %	-	November 2012	450		290
Syndicated loan ("Club Deal") tranche A (h)		Euribor +0.400 %	-	July 2010	247		-
Securitization programs (i)		Euribor +0.400 %	-	March 2011	300		-
Structured financing (UK lease) (i)		Euribor +0.400 %	-	November 2010	100		-
Other		-	-	na*	55		22
SFR					*2,352*		*752*
Other		-	-	na*	97		180
Unsecured borrowings					***8,709***		***4,524***
Nominal value of borrowings					**8,748**		**4,533**
Cumulative effect of amortized cost and split accounting of embedded derivatives		na*	-	na*	(18)		(9)
Borrowings					**8,730**		**4,524**
Put options granted to TF1 and M6 on 15% of the share capital of Canal+ France	26	na*	-	February 2010	1,104		1,034
Put options granted to various third parties by Canal+ Group and SFR		na*	-	-	14		33
Commitments to purchase minority interests					**1,118**		**1,067**
Other financial derivative instruments	24	na*	-	-	127		19
Other derivative instruments					**127**		**19**
Long-term borrowings and other financial liabilities					**9,975**		**5,610**

na*: not applicable.

a. Includes the commitments of Neuf Cegetel, fully consolidated since April 15, 2008, for €37 million as of December 31, 2008.

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

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

d. On April 2, 2008, Vivendi SA agreed to sell $700 million (€450 million) in aggregate principal amount of 5.75% senior bonds due 2013 at a price equal to 99.397% of the principal amount thereof and $700 million (€450 million) in aggregate principal amount of 6.625% senior bonds due 2018 at a price equal to 99.675%. As of December 31, 2008, the nominal value of the bonds was calculated based on exchange rate at the closing date equal to 1.40 euro/ U.S. dollar.

e. In May 2008, SFR increased the amount of bonds redeemable in July 2012 from €600 to €800 million.

f. The interest rate is calculated based on the weighted average rate of the treasury bonds issued by the Kingdom of Morocco.

g. The €2 billion credit facility, maturing August 2012, was extended for one year in July 2008.

h. Relates to a syndicated loan of €740 million set up by Neuf Cegetel, including a €247 million tranche repayable in July 2010 and a €492 million revolving facility due March 2012, undrawn as of December 31, 2008.

i. Includes a €300 million securitization program and a €100 million structured financing (UK lease), which were both set up by Neuf Cegetel.

Analysis of short-term borrowings and other financial liabilities

(in millions of euros)	Note	Nominal interest rate (%)	Maturity	December 31, 2008		December 31, 2007
Current portion of finance leases	12	-	-	28	(a)	23
***Asset-backed borrowings** (b)*				***28***		***23***
Commercial paper						
Vivendi SA		Eonia +1.58%	January 2009	315		-
SFR		Eonia +2.03%	February 2009	343		376
€1.5 billion revolving facility (February 2008) (c)		Euribor +0.25%	August 2009	-		-
Current portion of long-term borrowings						
€400 million bond issue (October 2006) - SFR (d)		Euribor 3 months +0.125%	-	-		400
Bonds exchangeable for Sogecable shares	24.3	1.75%	-	-	(e)	221
Other bond issue		-	-	206		101
Other borrowings		-	-	103		33
Other		-	-	531	(f)	546
Unsecured borrowings				***1,498***		***1,677***
Nominal value of borrowings				**1,526**		**1,700**
Cumulative effect of amortized cost and split accounting of embedded derivatives		na*	-	(4)		22
Borrowings				**1,522**		**1,722**
Put options granted to various third parties by Canal+ Group and SFR		na*	-	29		10
Commitments to purchase minority interests				**29**		**10**
Embedded derivative in bonds exchangeable for Sogecable shares	24.3	na*	-	-	(e)	19
Other financial derivative instruments	24	na*	-	104		15
Short-term borrowings and other financial liabilities				**1,655**		**1,766**

*na: no interest accrued on other financial liabilities.

a. Includes the commitments of Neuf Cegetel for €20 million as of December 31, 2008.

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

c. In February 2008, Vivendi obtained a €3.5 billion syndicated loan which consists of a €1.5 billion tranche under a bridging loan maturing in August 2009, restructured into a revolving facility in November 2008 and two tranches of €1 billion each under a revolving facility maturing in February 2011 and February 2013, respectively. As of December 31, 2008, both facilities remained undrawn.

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

e. Corresponds to the early redemption of the Vivendi bonds exchangeable for Sogecable shares, following the tender offer launched by Prisa for the share capital of Sogecable (please refer to Note 5).

f. Mainly includes bank overdrafts.

The nominal value of borrowings by currency, maturity and nature of interest rate

(in millions of euros)	December 31, 2008			December 31, 2007	
Long-term nominal value of borrowings	8,748			4,533	
Short-term nominal value of borrowings	1,526			1,700	
Nominal value of borrowings	**10,274**			**6,233**	
Currency					
Euro - EUR	8,812		*85.8%*	5,554	*89.1%*
US dollar - USD	1,074	(a)	*10.5%*	75	*1.2%*
Dirham - MAD	283		*2.7%*	441	*7.1%*
Other (o/w PLN and FCFA)	105		*1.0%*	163	*2.6%*
Total	**10,274**		***100.0%***	**6,233**	***100.0%***
Maturity					
Due before one year	1,526		*14.9%*	1,700	*27.3%*
Due between one and two years	1,043		*10.1%*	341	*5.5%*
Due between two and three years	2,416		*23.5%*	656	*10.5%*
Due between three and four years	3,721		*36.2%*	1,517	*24.3%*
Due between four and five years	1,013		*9.9%*	1,506	*24.2%*
Due after five years	555		*5.4%*	513	*8.2%*
Total	**10,274**		***100.0%***	**6,233**	***100.0%***
Nature of interest rate, before hedging					
Fixed interest rate	4,086		*39.8%*	3,071	*49.3%*
Floating interest rate	6,188	(b)	*60.2%*	3,162	*50.7%*
Total	**10,274**		***100.0%***	**6,233**	***100.0%***

a. Mainly included bonds in the aggregate amount of $1,400 million (€1,002 million) as of December 31, 2008, hedged at 100%. Please refer to Note 24.

b. The floating-rate borrowings were hedged by fixed-rate swaps for the amount of €3,785 million. Please refer to Note 24.

Description of main financial covenants

Vivendi and its subsidiaries SFR and Neuf Cegetel are subject to certain financial covenants which require them to maintain various financial ratios, as described hereunder. As of December 31, 2008, Vivendi, SFR and Neuf Cegetel were in compliance with applicable financial ratios.

Loans

Regarding Vivendi, the two syndicated facilities (each in the amount of €2.0 billion, set up in April 2005 and in August 2006) as well as the €3.5 billion loan (set up in February 2008 and consisting of three tranches) contain customary provisions related to events of default and restrictions in terms of negative pledge, and divestiture and merger transactions. In addition, at the end of each half-year, Vivendi is required to maintain a ratio of Proportionate Financial Net Debt[2] to proportionate EBITDA[3] at a maximum of three for the duration of the loans. Non-compliance with this ratio could result in the early repayment of the facilities if they were drawn, or their cancellation. As of December 31, 2008, Vivendi SA was in compliance with these financial ratios.

At SFR, the three credit lines of €1.2 billion, €450 million and €850 million respectively contain customary default, negative pledge, and merger and divestiture restrictions. These facilities are subject to a change in ownership provision. In addition, at the end of each half-year, SFR must comply with the two following financial ratios: (i) a ratio of Financial Net Debt to consolidated EBITDA not exceeding 3.5, and (ii) a ratio of consolidated earnings from operations (consolidated EFO) to consolidated net financing costs (interest) equal to or greater than 3. Non-compliance with these ratios could result in the early repayment of the facilities if they were drawn, or their cancellation. As of December 31, 2008, SFR was in compliance with these financial ratios.

At Neuf Cegetel, a €740 million syndicated loan (Club deal), a €300 million securitization program and a €100 million structured financing (UK lease) include standard default and limitation provisions for this type of loan. In 2008, contracts under the syndicated loan and of the securitization program were renegotiated with the lenders in order to align the provisions relating to financial covenants, internal

[2] *Defined as Vivendi Financial Net Debt less the share of Financial Net Debt attributable to minority shareholders of SFR, Maroc Telecom Group and Activision Blizzard.*

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

reorganization and change of control with SFR's provisions. The structured financing (UK lease), whose negotiation is being finalized, is the only one remaining subject to different conditions, notably including compliance with two financial ratios computed at the end of each half-year (consolidated net debt/consolidated EBITDA not exceeding 3, and consolidated EBITDA/consolidated net financing costs (interest) equal to or greater than 5) and restrictive provisions relating to change of control and internal reorganization. Non-compliance with these financial ratios would constitute a default that could among others result in the cancellation or the early repayment of the different loans. As of December 31, 2008, Neuf Cegetel was in compliance with these financial ratios.
The renewal of credit lines when they are drawn and the launch of a securitization program are contingent upon the issuer reiterating certain representations regarding its ability to comply with its financial obligations.

Lastly, on January 4, 2005, SPT "Société de Participations dans les Télécommunications" issued a MAD 6 billion loan to finance the acquisition of a 16% interest in Maroc Telecom. The loan was comprised of two tranches: a MAD 2 billion tranche that was early terminated in May 2006 and a MAD 4 billion tranche with a 2011 maturity date, of which MAD 2 billion was early reimbursed in May 2008. In connection therewith, Vivendi has granted a security (jointly liable guarantee) to SPT which contains ratios identical to those included in the €2 billion syndicated loan, set up in April 2005.

Bonds

Bonds issued by Vivendi (for a total amount of €3,638 million as of December 31, 2008) and its subsidiary SFR (€800 million as of December 31, 2008) contain customary provisions related to default, negative pledge and rights of payment (pari-passu ranking). In addition, bonds issued since October 2006 by Vivendi SA for a total amount of €3,402 million, of which €1,200 million and $1,400 million are recorded in the Statement of Financial Position as of December 31, 2008, and €1,200 million issued after the closing date, contain a change-of-control trigger if their rating is downgraded below investment grade status (Baa3/BBB-) as a result of such an event.

Note 23. Fair value of financial instruments

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

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

  In practice, financial assets include cash and cash equivalents, trade accounts receivable and other as well as financial assets measured at fair value, at historical cost and at amortized cost;
- financial liabilities, which comprise the following liabilities:
  - contractual obligations to deliver cash or another financial asset; or
  - contractual obligations to exchange a financial instrument under conditions that are potentially unfavorable.

  In practice, financial liabilities include trade accounts payable and other, other non-current liabilities, short and long-term financial borrowings and other financial liabilities, including commitments to purchase minority interests and other derivative financial instruments; and
- equity instruments of the group.

The following table presents the net carrying value and fair value of financial instruments of the group as of December 31, 2008 and December 31, 2007:

		Year Ended December 31,			
		2008		2007	
(in millions of euros)	Note	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets					
Financial assets at fair value	15	**299**	**299**	**481**	**481**
o/w fair value through profit or loss		152	152	129	129
o/w fair value through equity		147	147	352	352
o/w available-for-sale securities	*15*	*72*	*72*	*306*	*306*
o/w cash flow hedge instruments		-	-	*45*	*45*
o/w net investment hedge instruments		*75*	*75*	*1*	*1*
Financial assets at amortized cost	15	**697**	**697**	**921**	**921**
o/w assets held until its due date		*1*	*1*	*1*	*1*
Trade accounts receivable and other at amortized cost	16	**6,777**	**6,777**	**5,208**	**5,208**
Cash and cash equivalents	17	**3,152**	**3,152**	**2,049**	**2,049**
Financial liabilities					
Long-term borrowings and other financial liabilities		9,975	9,729	5,610	5,573
Short-term borrowings and other financial liabilities		1,655	1,655	1,766	1,754
Borrowings and other financial liabilities		**11,630**	**11,384**	**7,376**	**7,327**
o/w long-term borrowings at amortized cost	*22*	*8,730*	*8,484*	*4,524*	*4,487*
o/w short-term borrowings at amortized cost	*22*	*1,522*	*1,522*	*1,722*	*1,710*
o/w commitments to purchase minority interests		*1,147*	*1,147*	*1,077*	*1,077*
o/w other derivative instruments		*231*	*231*	*53*	*53*
Other non-current liabilities	16	**1,480**	**1,480**	**1,078**	**1,078**
Trade accounts payable and other	16	**13,218**	**13,218**	**10,784**	**10,784**

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

The estimated fair value of other financial instruments, as set forth above, has generally been determined by reference to market prices resulting from trading on a national securities exchange or in an over-the-counter market. In cases where listed market prices are not available, fair value is based on estimates using present value or other valuation techniques. Please refer to Note 1.

In particular, the fair value of available-for-sale securities, mainly including listed shares, was calculated based on the stock market price of each security at the closing date. The fair value of cash flow hedge instruments was based on the valuation confirmed by their banks and counterparts.

Note 24. Risk management and financial derivative instruments

Vivendi centrally manages financial liquidity, interest rate, foreign currency exchange rate and equity market risks. Vivendi's Financing and Treasury Department conducts these activities, reporting directly to the chief financial officer of Vivendi, a member of the Management Board. The Department has the necessary expertise, resources, notable technical resources and information systems for this purpose.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, foreign currency exchange rates and stock prices. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. All derivative financial instruments are used for hedging purposes.

The value of derivative financial instruments recorded in the Consolidated Statements of Financial Position as of December 31, 2008 and December 31, 2007:

	December 31, 2008		December 31, 2007	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	as assets	as liabilities	as assets	as liabilities
Interest rate risk management				
Pay-fixed interest rate swaps	-	127	32	-
Pay-floating interest rate swaps	2	-	1	2
	2	**127**	**33**	**2**
Foreign currency risk management				
Currency swaps	14	68	6	3
Forward contracts	82	-	15	3
	96	**68**	**21**	**6**
Equity market risk management				
Swaps indexed on Vivendi shares	-	-	-	2
Swaps indexed on other shares	1	34	15	-
	1	**34**	**15**	**2**
Other derivative instruments				
Embedded derivative in bonds exchangeable for Sogecable shares	-	-	-	19
Other embedded derivatives on borrowings	-	2	-	18
Other	-	-	-	6
	-	**2**	**-**	**43**
Derivative financial instruments	**99**	**231**	**69**	**53**
Deduction of current derivative financial instruments	(96)	(104)	(32)	(34)
Non-current derivative financial instruments	**3**	**127**	**37**	**19**

Accounting recognition of derivative instruments utilized by the group

	December 31, 2008		December 31, 2007	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	as assets	as liabilities	as assets	as liabilities
Cash Flow Hedge	-	78	45	-
Net Investment Hedge	75	-	1	3
Fair Value Hedge	16	16	5	-
Derivative instruments not qualified as hedges	7	101	3	4
Other	1	36	15	46
Derivative financial instruments	**99**	**231**	**69**	**53**

24.1. Interest rate risk management

Interest rate risk management instruments are used by Vivendi to reduce net exposure to interest rate fluctuations, to adjust the respective proportion of fixed and floating interest rates in the total debt and to lower net financing costs.

Average gross borrowings and average cost of borrowings

In 2008, average gross borrowings amounted to €9.6 billion (compared to €7.2 billion in 2007), of which €3.8 billion was of fixed rates and €5.8 billion was of floating rates (compared to €3.3 and €3.9 billion in 2007, respectively). In 2008, the average cost of borrowings was 4.90% (compared to 4.29% in 2007) before taking into account the impact of interest rate derivative instruments. After interest rate management, the average cost of borrowings was 4.69%, with a fixed rate ratio of 67% (compared to 4.18%, with a fixed-rate ratio of 64% in 2007).

Interest rate hedges

Interest rate risk management instruments used by Vivendi include pay-floating and pay-fixed interest rate swaps. Pay-floating swaps effectively convert fixed rate borrowings to LIBOR and EURIBOR indexed ones. Pay-fixed swaps convert floating rate borrowings into fixed rate borrowings. These instruments enable the group to manage and reduce volatility in future cash flows required for interest payments on floating rate borrowings.

At the end of December 2008, borrowings totaled €10.3 billion. Before considering any hedging instruments, floating-rate borrowings totaled €6.2 billion, hedged by swaps for €3.8 billion.

Moreover, as of December 31, 2008, cash and cash equivalents totaled €3.2 billion (compared to €2 billion in 2007) and are entirely of floating rate. As of December 31, 2008, given the relative weighting of the Group's fixed-rate positions (borrowings of €4.1 billion based on fixed rate and €3.8 billion in floating-rate borrowings hedged by interest rate swaps for a total amount of €7.9 billion), and floating-rate positions (borrowings of €2.4 billion less cash and cash equivalents of €3.2 billion, for a total amount of -€0.8 billion), an increase of 100 basis points in short-term interest rates (or decrease of 100 basis points) would generate a decrease of €8 million in interest cost (or increase of €8 million).

The following table summarizes information concerning Vivendi's interest rate risk management instruments:

	As of December 31, 2008				
(in millions of euros)	Total		Cash Flow Hedge accounting	Economic Hedging	Total as of December 31, 2007
Nominal value of borrowings before hedging					
Fixed interest rate	4,086				3,071
Floating interest rate	6,188				3,162
	10,274				**6,233**
Notional amount of hedging instruments					
Pay-fixed interest rate swaps	**3,885**	(a)	**2,935**	**950**	**1,600** (b)
Average interest rate paid			3.89%	4.06%	3.77%
Average interest rate received			2.65%	2.65%	4.65%
Maturity					
Due within one year	-		-	-	-
Due after one year and within five years	3,485		2,935	550	1,600
Due after five years	400		-	400	-
Pay-floating interest rate swaps	**100**		**-**	**100**	**130**
Average interest rate paid			-	2.80%	4.65%
Average interest rate received			-	3.92%	4.48%
Maturity					
Due within one year	-		-	-	30
Due after one year and within five years	100		-	100	100
Net position at Fixed interest rate	**3,785**		**2,935**	**850**	**1,470**
Nominal value of borrowings after hedging					
Fixed interest rate	7,871				4,541
Floating interest rate	2,403				1,692
	10,274				**6,233**

a. In 2008, Vivendi extended its interest rate coverage by setting up main fixed-rate payer swaps, as follows:
   - at SFR, instruments classified as cash flow hedges for accounting purposes for a notional amount of €1,035 million maturing in 2010, 2012 and 2013.
   - instruments not classified as cash flow hedges for accounting purposes, recorded at fair value, against earning for nominal amounts of:
     - €400 million maturing in September 2015 at Vivendi SA;
     - €400 million for swaps against 1-month Euribor maturing in March 2013 at SFR, which may be cancelled at the option of the bank; and
     - €200 million for swaps against 1-month Euribor at Neuf Cegetel.

b. In 2007, SFR set up €400 million of hedges in the form of swaps:
   - four fixed-rate payer swaps maturing within 4 and 5 years (i.e., 2011 and 2012) for a total nominal amount of €200 million. These instruments are classified as cash flow hedges for accounting purposes.
   - two swaps against 1-month Euribor, each of which may be cancelled at the option of the bank, and maturing within 5 years (i.e., 2012) for a total nominal amount of €200 million. These instruments are recorded at fair value through profit or loss in the accounts.

24.2. Foreign currency risk management

Vivendi's foreign currency risk policy seeks to hedge highly probable budget exposures, resulting primarily from monetary flows generated by commercial activities performed in currencies other than the euro and firm commitments, essentially relating to the acquisition of editorial contents including sports, audiovisual and film rights, valued in foreign currency. For this purpose, Vivendi enters into currency swaps and forward contracts, in accordance with procedures prohibiting speculative transactions:

- Vivendi is the sole counterparty for foreign currency transactions within the group, unless specific regulatory or operational restrictions require otherwise;
- all foreign currency hedging transactions are backed, in amount and by maturity, by an identified economic underlying item; and
- all identified exposures are hedged annually at a minimum of 80% for forecasted transactions exposures and 100% for firm commitment contracts.

In addition, Vivendi also hedges foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities by entering into currency swaps and forward contracts enabling the refinancing or investment of cash balances in euros or other local currency.

As of December 31, 2008, Vivendi had effectively hedged approximately 100% (unchanged compared to December 31, 2007) of its discounted foreign currency cash flows as well as borrowing-related exposure. The principal currencies hedged were the pound sterling, the U.S. dollar and the Japanese yen. In 2008, firm commitment contracts were entirely hedged. 2009 forecasted transactions were hedged at 80% at the beginning of 2009 in accordance with Vivendi's internal procedures with respect to foreign currency hedging related to operations and will be reviewed in the middle of 2009.

In addition, in order to protect its net investment in certain Japanese subsidiaries against a potential devaluation, Vivendi hedged its Japanese exposure by setting up forward contracts and currency swaps for a notional amount of 25 billion Japanese yen, or €211 million. For accounting purposes, such derivative instruments are qualified as net investment hedges. In addition, in order to protect its net investment in certain American subsidiaries against a potential devaluation, Vivendi hedged its American exposure by setting up forward contracts and currency swaps for a notional amount of $957 million, or €750 million. For accounting purposes, such derivative instruments are qualified as net investment hedges.

In December 2007, in anticipation of the $1.7 billion investment in Activision in 2008, Vivendi set up a forward contract for the purchase of $1.2 billion, to partially hedge the purchase of the necessary U.S. dollars. This hedge was terminated on July 9, 2008, the date on which Vivendi subscribed for Activision shares pursuant to a reserved capital increase.

24.2.1 Sensitivity of operating indicators and indebtedness to the U.S. dollar and the Moroccan dirham

An increase represents the appreciation of the euro against currency concerned.

	USD				MAD			
Average exchange rate used over the year 2008	1€ = 1.48$				1€ = 11.35MAD			
Change assumptions	+5%	-5%	+10%	-10%	+5%	-5%	+10%	-10%
Revenues	-0.7%	0.8%	-1.4%	1.7%	-0.4%	0.5%	-0.8%	1.0%
Earnings before interest and income taxes (EBIT)	0.2%	-0.2%	0.4%	-0.4%	-1.3%	1.4%	-2.5%	3.1%
Interest, net	-0.4%	0.4%	-0.8%	0.9%	-0.1%	0.1%	-0.2%	0.3%
Net cash provided by operating activities	-0.1%	0.5%	-0.4%	0.8%	-0.8%	0.9%	-1.5%	1.9%

	USD				MAD			
Exchange rate used as of December 31, 2008	1€ = 1.40$				1€ = 11.26MAD			
Change assumptions	+5%	-5%	+10%	-10%	+5%	-5%	+10%	-10%
Redemption value of borrowings	-0.5%	0.6%	-1.0%	1.2%	-0.1%	0.1%	-0.3%	0.3%
Cash and cash equivalents	-2.8%	3.1%	-5.3%	6.5%	-0.3%	0.3%	-0.5%	0.6%

24.2.2 Characteristics of foreign currency risk management instruments

As of December 31, 2008, excluding the net position of borrowings denominated in Moroccan Dirham (MAD), a currency which is exchange-controlled, preventing all foreign currency hedging transactions and its net borrowing in Franc CFA which benefits from a fixed exchange ratio with the euro, Vivendi's foreign currency mainly comprises two U.S. dollar bonds for $1.4 billion issued in April 2008 (please refer to Note 22). The foreign currency risk of these loans is hedged at 100% by a long term receivable to Vivendi SA from an American subsidiary. As of December 31, 2007, Vivendi's foreign currency risk was not significant.

Vivendi uses derivative instruments to manage its foreign currency exposure to intercompany current accounts denominated in foreign currencies.

Details concerning these instruments are provided in the table below:

(in millions of euros)	As of December 31, 2008				Total as of December 31, 2007
		Hedge accounting			
	Total	Fair Value Hedge	Net Investment Hedge	Balance Sheet Hedge	
Notional amounts					
Currency swaps	**1,656**	**296**	**219**	**1,141**	**1,192**
Sales against the euro	282	-	219	63	260
Sales against other currencies	-	-	-	-	-
Purchases against the euro	1,372	294	-	1,078	930
Purchases against other currencies	2	2	-	-	2
Maturity					
Due within one year	1,656	296	219	1,141	1,192
Forward contracts	**966**	**139**	**758**	**69**	**882**
Sales against the euro	809	59	750	-	25
Sales against other currencies	5	1	-	4	-
Purchases against the euro	46	38	8	-	845
Purchases against other currencies	106	41	-	65	12
Maturity					
Due within one year	966	139	758	69	882

As of December 31, 2007, currency swaps and forward contracts were qualified as a net investment hedge of €233 million, €820 million as a cash flow hedge and €1,021 million as a fair value hedge.

The following tables present the notional amount of currency to be delivered or received under currency instruments (currency swaps and forwards). Positive amounts indicate currency receivable and negative amounts currency deliverable.

(in millions of euros)	December 31, 2008						
	EUR	USD	JPY	PLN	AUD	GBP	Other currency
Currency swaps							
Sales against the euro	282	-	(219)	-	-	-	(63)
Purchases against the euro	(1,372)	1,078	68	120	54	-	52
Purchases against other currencies	-	2	-	-	-	(2)	-
Forward contracts							
Sales against the euro	809	(765)	-	(43)	-	-	(1)
Sales against other currencies	-	5	-	-	-	-	(5)
Purchases against the euro	(46)	38	8	-	-	-	-
Purchases against other currencies	-	106	-	(40)	-	(67)	1
	(327)	**464**	**(143)**	**37**	**54**	**(69)**	**(16)**

(in millions of euros)	December 31, 2007						
	EUR	USD	JPY	PLN	AUD	GBP	Other currency
Currency swaps							
Sales against the euro	260	-	(208)	-	-	-	(52)
Purchases against the euro	(930)	237	205	107	54	270	57
Purchases against other currencies	-	(2)	-	-	-	-	2
Forward contracts							
Sales against the euro	25	-	(25)	-	-	-	-
Purchases against the euro	(845)	845	-	-	-	-	-
Purchases against other currencies	-	(4)	-	-	-	1	3
	(1,490)	**1,076**	**(28)**	**107**	**54**	**271**	**10**

24.2.3 Group net balance sheet positions

The table below shows the group's net position in the main foreign currencies as of December 31, 2008 and as of December 31, 2007:

	December 31, 2008					
(in millions of euros)	USD	GBP	JPY	AUD	PLN	Other
Assets	1,009	34	8	1	1	91
Liabilities	(1,919)	(61)	(59)	(49)	(122)	(39)
Net balance before management	**(910)**	**(27)**	**(51)**	**(48)**	**(121)**	**52**
Derivative financial instruments	891	37	65	52	119	(26)
Net balance after management	**(19)**	**10**	**14**	**4**	**(2)**	**26**

	December 31, 2007					
(in millions of euros)	USD	GBP	JPY	AUD	PLN	Other
Assets	55	7	-	-	-	67
Liabilities	(148)	(369)	(182)	(55)	(119)	(36)
Net balance before management	**(93)**	**(362)**	**(182)**	**(55)**	**(119)**	**31**
Derivative financial instruments	47	366	203	55	107	(3)
Net balance after management	**(46)**	**4**	**21**	**-**	**(12)**	**28**

The position of the dirham (MAD) is not included in the table above due to local constraints associated with this currency.

A uniform decrease of 1% in exchange rates against all foreign currencies in position as of December 31, 2008, would have a cumulated negative impact of approximately -€1 million on net income (unchanged compared to 2007).

24.3. Equity market risk management

24.3.1 Available-for-sale securities

As of December 31, 2008, Vivendi's exposure to equity market risk primarily relates to available-for-sale securities for a non-significant amount (please refer to Note 15).

24.3.2 Vivendi shares

As of December 31, 2008, Vivendi held 79,114 treasury shares, representing a total net carrying value of approximately €2 million (unchanged compared to December 31, 2007). All of these treasury shares were held to hedge certain share purchase options granted to executives and employees. A 10% decrease or increase in the trading value of Vivendi shares would have no impact on the value of Vivendi treasury shares.

As part of its share repurchase program approved by the Combined Shareholders' Meeting held on April 20, 2006 and on April 24, 2008, Vivendi mandated, in January 2008, a financial intermediary to implement a liquidity agreement established in conformity with the AFEI professional code of ethics. The term of this agreement is one year, renewable by tacit agreement, and its purpose is the market making of Vivendi shares within the limit of available funds as provided in the agreement, with a balance of €50 million as of December 31, 2008. This liquidity agreement replaced a previous agreement of which available funds as of December 31, 2007 in the amount of €92 million were repaid to Vivendi in January 2008. In 2008, 10 million shares were repurchased for a value of €253 million and the same total number of shares was sold for an accounting value of €253 million pursuant to the implementation of this new liquidity agreement. The company recognized capital gains in the amount of approximately €1 million in 2008 (compared to €4 million in 2007). In addition, the company has not directly acquired or transferred any of its treasury shares under this repurchase program pursuant to the liquidity agreement.

In June 2001 and December 2002, Vivendi purchased call options on its own shares in order to enable the group to deliver shares upon the exercise of share purchase options granted to employees. As of December 31, 2007, these options included approximately 22 million shares for a total exercise price of €1.6 billion. These option plans and their related call options expired in 2008 without being exercised.

In 2007, Vivendi also hedged certain equity-linked to Vivendi and Canal+ SA debts using indexed swaps. In 2008, the equity-linked to Vivendi debt was fully paid (for a notional amount of €70 million).

	Year Ended December 31,	
	2008	2007
Equity-linked swaps		
Notional amount (in millions of euros)	53	123
Maturity		
Due within one year	53	70
Due after one year and within five years	-	53

24.3.3 Hedges of other commitments and bonds exchangeable for shares

Bonds exchangeable for Sogecable SA shares

On October 30, 2003, Vivendi issued €605 million of 1.75% exchangeable bonds due 2008. The bonds were exchangeable into common shares of Sogecable SA (a limited liability company incorporated under the laws of the Kingdom of Spain, whose shares are listed on the Madrid Stock Exchange). The bonds, which were listed on the Luxembourg Stock Exchange, were subject to customary pari passu, negative pledge and event of default provisions.

These bonds consisted of a financial debt as well as a financial derivative instrument. The option granted to the bondholders was recorded as an embedded derivative for its fair value (€19 million as of December 31, 2007). The debt component was recorded at amortized costs of €212 million as of December 2007.

As of December 31, 2007, Vivendi held 7.6 million Sogecable shares for a net value of €209 million, of which 0.5 million shares were the subject of a loan.

Following the tender offer launched by Prisa for the share capital of Sogecable at €28.00 per share, Vivendi offered to deliver to the holders of these bonds Sogecable shares on the basis of a ratio of one bond for 1.0118 Sogecable shares plus €2.00 in cash. This offer, which expired on April 18, 2008, resulted in virtually all the outstanding bonds being returned to Vivendi. Thereafter, Vivendi redeemed the remaining bonds, at a price of €29.32 plus interest accrued to the redemption date. Following this transaction, Vivendi owned only 0.64% of Sogecable's share capital and contributed these shares to Prisa's takeover bid for Sogecable shares (please refer to Note 5).

24.4. Credit and investment concentration risk and counterparty risk

Vivendi minimizes the concentration of its credit and investment risk and counterparty risk by entering into credit and investment transactions only with highly rated commercial banks or financial institutions and by distributing the transactions among the selected institutions (rated at least A- by rating agencies).

Although Vivendi's credit risk is limited to the replacement cost at the present-estimated fair value of the instrument, management believes that the risk of incurring losses is remote and those losses, related to such risk if any, would not be material. The market risk on foreign exchange hedging instruments should be offset by changes in the valuation of the underlying hedged items. Vivendi's receivables and investments do not represent a significant concentration of credit risk due to its wide customer base, the wide variety of customers and markets in which its products are sold, the geographic diversity of its reporting units and the diversification of its portfolio among instruments and issuers.

24.5. Liquidity risk

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

- As of December 31, 2008, Vivendi's Financial Net Debt amounted to €8.3 billion, including the financial liability recorded in respect of the put option granted to TF1/M6 on their 15% stake in Canal+ France (approximately €1 billion), which is exercisable in February 2010, as well as the net cash position of Activision Blizzard (approximately €2.1 billion as of December 31, 2008).
- Vivendi's credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's). This rating was confirmed by the agencies after Vivendi decided, in September 2008, to abandon the capital increase it had announced at the end of 2007.
- As of February 24, 2009, the total amount of Vivendi SA and SFR bonds amounted to €5.7 billion, including bonds recently issued in the aggregate amount of €1.4 billion, i.e. the bond issued in January 2009 by Vivendi SA for an amount of €1.0 billion, and two extensions, launched in December 2008, and issued and collected in January 2009 for an amount of €200 million each, of the original bonds issued by Vivendi SA and SFR. Following these last issues, the total amount of bonds represented 57% of borrowings compared to 44% as of December 31, 2008 and 65% as of December 31, 2007.
- As of December 31, 2008, the total amount of Vivendi SA and SFR bank facilities for which banks have some commitments amounted to €11.2 billion, of which €4.1 billion were drawn and €6.3 billion undrawn, taking into account commercial paper backed on these lines for €0.8 billion. These bank facilities are divided among a minimum of twenty banks, none of which has a commitment greater than 12% of the total amount for Vivendi. All banks participating in revolving facilities have a credit rating of A at a minimum.
- As of February 24, 2009, the date of the Management Board meeting which approved the financial statements for the year ended December 31, 2008, the available undrawn facilities of Vivendi SA, net of commercial paper, amounted to approximately €7.1 billion, and available credit lines of SFR, net of commercial paper, amounted to approximately €1 billion at the same date. The bank facilities of Vivendi SA and SFR as well as of its subsidiary Neuf Cegetel, have to comply with certain financial covenants. In the event of non-compliance with such financial covenants, the lenders could require the cancellation or early repayment of the bank facilities. As of December 31, 2008, Vivendi SA, SFR and Neuf Cegetel were in compliance with their financial covenants.

- Consequently, Vivendi has significant available bank credit lines up to 2011 and, excluding the €1.5 billion tranche under a bridging loan, restructured into a revolving facility, which will expire at the end of August 2009, no reimbursement or cancellation of significant borrowing should occur before 2011.
- The economic average term of the group's consolidated financial debt was 4.1 years at year-end 2008.

Vivendi thus believes that cash flows generated by its operations, its cash and cash equivalents, and amounts available through its current credit lines, will be sufficient to match its operating expenses and capital expenditures , its debt service, and dividend payments for the next twelve months.

Note 25. Transactions with related parties

This note describes transactions with related parties performed during 2008 and 2007 which may have an impact on the results, operations or the financial position of the group in 2009 or thereafter. As of December 31, 2008, and to the best of the company's knowledge, no transactions with related parties described hereunder are likely to have a material impact on the results, operations or financial position of the group.

As a reminder, group-related parties are those companies over which the group exercises control, joint control or significant influence (joint ventures and equity affiliates), shareholders exercising joint control over group joint ventures, minority shareholders exercising significant influence over group subsidiaries, corporate officers, group management and directors and companies over which the latter exercise control, joint control, significant influence or in which they hold significant voting rights. There are no family relationships among the related parties.

25.1. Compensation of Directors and Officers

The table below is a breakdown of Vivendi's compensation costs (including social security contributions) as well as other benefits granted to members of the Management Board and Supervisory Board in accordance with the different categories required by paragraph 16 of IAS 24.

	Year Ended December 31,	
(in millions of euros)	2008	2007
Short-term employee benefits (a)	23	24
Social security contributions	3	3
Post-retirement benefits (b)	2	2
Other long-term benefits	-	-
Termination benefits (c)	ns*	ns*
Share-based payments	2	14
Total of costs accounted in profit and loss	**30**	**43**

ns*: not significant.

a. Includes fixed and variable compensation, benefits in kind, as well as Supervisory Board attendance fees recognized over the period. In particular, the variable components attributable to the years 2008 and 2007 amounted to €13million (of which €12 million was to be paid as of December 31, 2008) and €14 million (of which €12 million was paid in 2008), respectively.

b. Includes defined pension benefit plans.

c. Corresponds to the provision recognized over the period with respect to conventional indemnities upon voluntary retirement.

At its meeting of February 26, 2009, the Supervisory Board duly noted the renunciation of his employment contract by Mr. Jean-Bernard Lévy, Chairman of the Management Board, effective at the end of its term on April 27, 2009, in accordance with the AFEP-MEDEF recommendations on the remuneration of executive corporate officers of listed companies. The recommendations were reviewed during the joint meeting of the Corporate Governance Committee and the Human Resources Committee on November 19, 2008 and approved by the Supervisory Board on December 18, 2008.

At its meeting of February 26, 2009, the Supervisory Board approved details of the remuneration and benefits in kind granted to the Chairman of the Management Board and compensation payable on the termination of his duties. The latter will be presented for approval to the Combined Shareholders' Meeting of April 30, 2009, in accordance with the provisions of Article L.225-90-1 of the French Commercial Code. A breakdown of these items is presented in Section 3.3.2.1 of the Annual Report.

Members of the Management Board do not benefit from any contractual severance payments of any kind with respect to their service on the board even upon the expiration of their term of office. However, certain members are entitled to severance payments in the event of a breach of their employment contract (except in the event of dismissal for serious misconduct). As of December 31, 2008, the aggregate estimated amount for these payments was €8 million.

In addition, as of December 31, 2008, the net obligations in favor of the Management Board members relating to pension plans amounted to €9 million (compared to €10 million in 2007) and provisions amounted to €5 million (compared to €6 million in 2007).

In accordance with the by-laws, the membership on the management board of Mr. Doug Morris, Chairman of Universal Music Group, expired on November 22, 2008. Thus, on December 31, 2008, Vivendi had no obligations in favor of the Management Board members related to share-based compensation plans (cash-settled plans); as of December 31, 2007, these obligations amounted to €8 million, the reserves accrued amounted to €7 million. For more information on pension plans and share-based compensation plans, please refer to Notes 20 and 21.

A detailed description of the compensations and benefits of corporate officers of the group is presented in the Annual Report.

25.2. Other related parties

In 2008 and 2007, most Vivendi related companies were equity affiliated, e.g., NBC Universal and Neuf Cegetel until April 14, 2008. Vivendi's related companies also include minority shareholders which exercise significant influence on group affiliates such as Vodafone, which owns 44% of SFR, the Kingdom of Morocco, which owns 30% of Maroc Telecom Group and Lagardère, which owns 20% of Canal+ France.
The following table presents the main related-party transactions and corresponding oustanding amounts by these companies or Vivendi; it does not include transactions entered into with subsidiaries over which the group exercises control as of December 31, 2008 and December 31, 2007 (please refer to note 28 for a list of main consolidated entities). In addition and as a reminder, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis under terms and conditions similar to those which would be offered by third parties. The cost of Vivendi SA's headquarters in Paris and of its New York City office, after the allocation of a portion of these costs to each of the group's businesses, are included in the Holding and Corporate operating segment. Please refer to Note 3 for a detailed description of transactions between the parent company and the subsidiaries of the group, aggregated by operating segments.

(in millions of euros)	December 31, 2008 (a)	December 31, 2007	
Assets			
Non-current content assets	42	41	
Other intangible assets	-	42	
Non-current financial assets	5	4	
Trade accounts receivable and other	94	241	
Liabilities			
Short-term borrowings and other financial liabilities	9	11	
Trade accounts payable and other	123	444	(b)
Contractual obligations, net off balance sheet	308	486	
Statement of earnings			
Revenues	251	394	
Operating expenses	(371)	(675)	

a. As a result of the take over of Neuf Cegetel by SFR on April 15, 2008, the transactions between the subsidiaries of the group and Neuf Cegetel are not included in this table. In 2007, SFR reported Neuf Cegetel revenues and operating expenses of €146 million and €338 million, respectively.

b. Includes the interim dividends to be paid by SFR to Vodafone (€197 million as of December 31, 2007 paid in 2008).

The following is a summary of the related party transactions referenced above, all of which are conducted on an arm's length basis:

- Broadcasting rights regarding NBCU programs broadcast on the Canal+ Group channels and NBCU channels broadcast on CanalSat and a movie production and distribution agreement with StudioCanal. As of December 31, 2008, Canal+ France gave commitments relating to these contracts amounting to approximately €330 million (compared to €510 million as of December 31, 2007), and StudioCanal received commitments relating to these contracts for a total amount of €22 million (compared to €24 million as of December 31, 2007). In 2008, the Canal+ Group recorded a net operating expense of €13 million compared to a net operating expense of €2 million in 2007 in respect of business with NBCU and its subsidiaries. As of December 31, 2008, total receivables amounted to €28 million (compared to €44 million as of December 31, 2007), and total payables amounted to €35 million (compared to €17 million as of December 31, 2007). In addition, StudioCanal invested up to €42 million in co-production projects (compared to €41 million in 2007).

- Agreements with Lagardère which give Canal+ France the right to broadcast their theme channels on its multi-channel offer, entered into 2006 for a period of five years as a result of the Canal+ Group and TPS combination of the pay-TV activities in France.
- Cooperation and roaming agreements between SFR and Vodafone Group. These contracts generated a net expense of €31 million for SFR in 2008 compared to €18 million in 2007.

In addition, pursuant to a cash contribution agreement dated February 18, 2009, the shareholders of NBCU agreed to make certain cash contributions to NBCU. These cash contributions would enable NBCU to refinance the portion of its $1,670 million existing indebtedness in excess of approximately $1,200 million should NBCU not succeed in refinancing such amount with third party lenders before August 2009. Vivendi's portion of such cash contributions would be limited to 20%, such percentage corresponding to its current 20% shareholding in NBCU.

Note 26. Contractual obligations and other commitments

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

- contracts related to operations such as content commitments (please refer to Note 10.2), contractual obligations and commercial commitments recorded in the Statement of Financial Position, including finance leases (please refer to Note 12), off-balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- commitments related to investments or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments resulting from shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets; and
- contingent assets and liabilities linked to litigations in which Vivendi and/or its subsidiaries are either plaintiff or defendant (please refer to Note 27).

26.1. Contractual obligations and commercial commitments recorded

Below is the summary of material contractual obligations and commercial commitments recorded in the Statement of Financial Position as of December 31, 2008 and December 31, 2007. Further information is provided in Notes 26.1.1 and 26.1.2 and in the notes referenced in the table below.

		As of December 31, 2008				Total as of December 31, 2007
		Total	Payments due in			
(in millions of euros)	Note		2009	2010-2013	After 2013	
Borrowings and other financial liabilities (a)		13,037	2,012	10,295	730	8,296
o/w nominal value of borrowings and other financial liabilities (b)		*11,687*	*1,659*	*9,448*	*580*	*7,461*
o/w interest to be paid (c)		*1,350*	*353*	*847*	*150*	*835*
Contractual content commitments	10.2	2,193	2,101	83	9	2,365
Subtotal - future minimum payments related to the consolidated statement of financial position items		**15,230**	**4,113**	**10,378**	**739**	**10,661**
Operating leases	26.1.1	2,055	398	1,113	544	1,624
Contractual content commitments	10.2	5,715	2,058	3,283	374	4,368
Other purchase obligations	26.1.2	1,514	759	492	263	1,358
Subtotal - not recorded in the consolidated statement of financial position		**9,284**	**3,215**	**4,888**	**1,181**	**7,350**
Total contractual obligations		**24,514**	**7,328**	**15,266**	**1,920**	**18,011**

a. As of December 31, 2008, the discounted value reported on the Consolidated Statement of Financial Position as borrowings and other financial liabilities amounted to €11,630 million compared to €7,376 million in 2007, of which €9,975 million is long-term borrowings and other financial liabilities (compared to €5,610 million in 2007) and €1,655 million is short-term borrowings and other financial liabilities (compared to €1,766 million in 2007). Please refer to Note 22.

b. Future payment obligations are recorded at their nominal value as set forth in the relevant agreements.

c. The interest to be paid on floating rate borrowings is estimated based on the floating rate as of December 31, 2008.

Commitments specific to risk management are presented in Note 24.

26.1.1 Off balance sheet operating leases and subleases

(in millions of euros)	Minimum Future Leases as of December 31, 2008				Total as of December 31, 2007
	Total	Due in			
		2009	2010-2013	After 2013	
Buildings (a)	2,100 (b)	401	1,130	569	1,639
Other	41	19	21	1	40
Leases	**2,141**	**420**	**1,151**	**570**	**1,679**
Buildings (a)	(86)	(22)	(38)	(26)	(55)
Subleases	**(86)**	**(22)**	**(38)**	**(26)**	**(55)**
Net total	**2,055**	**398**	**1,113**	**544**	**1,624**

a. Mainly relates to offices and technical premises.

b. The increase in the minimum future payments related to buildings was mainly generated by the take over of Neuf Cegetel's commitments, fully consolidated since April 15, 2008 (€510 million, of which €260 million represents administrative and technical leases).

As of December 31, 2008, €19 million of provisions were recorded in the Statement of Financial Position with respect to operating leases (unchanged compared to December 31, 2007). These provisions mainly related to unoccupied buildings.

In 2008, net expense recorded in the statement of earnings with respect to operating leases amounted to €467 million (compared to €378 million in 2007).

26.1.2 Off balance sheet commercial commitments

(in millions of euros)	Minimum Future Payments as of December 31, 2008				Total as of December 31, 2007
	Total	Due in			
		2009	2010-2013	After 2013	
Satellite transponders	734	169	360	205	936
Investment commitments (a)	640	528	69	43	316
Other	203	84	103	16	151
Given commitments	**1,577**	**781**	**532**	**264**	**1,403**
Satellite transponders	(58)	(20)	(37)	(1)	(45)
Other	(5)	(2)	(3)	-	-
Received commitments	**(63)**	**(22)**	**(40)**	**(1)**	**(45)**
Net total	**1,514**	**759**	**492**	**263**	**1,358**

a. Mainly relates to SFR and Maroc Telecom Group:

- SFR: €141 million as of December 31, 2008 related to public service delegations. Businesses owned by Neuf Cegetel, fully consolidated since April 15, 2008, and certain French cities or other governmental departments agreed to install and commercialize telecommunication facilities in certain areas of France. In addition, the commitments of SFR included the trade-in of mobile equipments purchased from Nokia Siemens Network in 2007, for new equipments purchased by SFR for an equivalent amount. This transaction should occur by June 30, 2010.
- Maroc Telecom following the completion of a capital expenditure program (-€35 million) and the PACTE universal service program (+€81 million):
  The commitments of Maroc Telecom related to the agreement signed with the government of the Kingdom of Morocco in 2006 pursuant to which Maroc Telecom undertook to carry out a capital expenditure program for a total amount of MAD 7.4 billion and to create 150 new jobs between 2006 and 2009. These commitments were satisfied in 2008 and therefore, as of December 31, 2008, Maroc Telecom Group no longer has any outstanding commitment related to this agreement (balance of commitments for MAD 391 million (€35 million) as of December 31, 2007).
  In addition, in May 2008, as part of the PACTE universal service program, Maroc Telecom signed a first agreement and undertook to provide mobile telephone coverage to 1,500 isolated areas in Morocco, for a total investment of MAD 923 million (€81 million). In exchange, Maroc Telecom will be exempt from paying a MAD 396 million (€35 million) universal service contribution.
- The subsidiaries of Maroc Telecom (Onatel, Mauritel and Gabon Telecom): The capital expenditures amounted to €59 million as of December 31, 2008 compared to €34 million as of December 31, 2007.

26.2. Other commitments given or received relating to operations

Ref.	Nature of commitments	Amount of commitments	Expiry
	Contingent liabilities		
(a)	Obligations related to the permission to use the Consolidated Global Profit System	- Creation of jobs 600 related to the Group's businesses (since 2005, 829 already created at the end of 2008 compared to 760 at the beginning of 2008)	2008
		- Payment of €5 million annually for 5 years (€21million already paid as of December 31, 2008 compared to €15 million as of December 31, 2007)	2009
	Individual rights to training for French employees	Approximately 962,000 hours as of December 31, 2008 compared to approximately 618,000 hours as of December 31, 2007	-
	Obligations in connection with pension plans and post-retirement benefits	Please refer to Note 20 "Employee benefits"	-
(b)	Commitment to contribute to the VUPS pension fund	Guarantee equal to 125% of the accounting deficit (approximately £19 million)	2011
(c)	Various other miscellaneous guarantees given	Cumulated amount of €194 million (compared to €79 million as of December 31, 2007)	-
	Contingent assets		
	Various other miscellaneous guarantees received	Cumulated amount of €151 million (compared to €196 million as of December 31, 2007)	-

a. Under the terms of the permission to use the Consolidated Global Profit Tax System, Vivendi has undertaken to create 600 jobs connected with the Group's businesses, including a minimum of 100 jobs by the end of 2005, 400 jobs by the end of 2006 and 600 jobs by the end of 2007. Since 2005, 829 jobs had been effectively created. In addition, Vivendi has undertaken to provide financial support for the creation of jobs not related to the Group's businesses in regions in difficulty selected by the French State. Vivendi's financial commitment involves an annual payment of €5 million to specialized companies over a 5-year period commencing January 1, 2005. The objective is to create 1,000 jobs over 3 years and 1,500 jobs over 5 years. As of December 31, 2008, 2,535 jobs had been effectively created. The undertakings are regularly monitored by a National Monitoring and Orientation Committee comprising representatives of each of the parties concerned. As of December 31, 2008, Vivendi is in full compliance with its commitments and intends to continue to act in accordance with the terms of its undertaking.

b. This guarantee generates no additional financial commitment compared to those described in Note 20.

c. Including a guarantee capped at €18 million that, if called, would be reimbursed by December 2009. In addition, Vivendi grants guarantees in various forms to financial institutions on behalf of its subsidiaries in the pursuit of their operations (including bank guarantees of Neuf Cegetel, fully consolidated since April 15, 2008, which were for approximately €61 million).

26.3. Share purchase and sale commitments

In connection with the purchase or sale of assets, Vivendi grants or receives commitments to purchase or sell securities. The main commitments of this nature relate to Vivendi's stake in NBC Universal and in the share capital of Canal+ France and are described below. Furthermore, Vivendi and its subsidiaries have granted or received purchase or sale options related to shares in equity affiliates and unconsolidated investments.

NBC Universal

As part of the NBC Universal transaction which was completed in May 2004, Vivendi received certain liquidity commitments and guarantees from General Electric (GE) which were subsequently amended in December 2006. As part of the amended agreement that governs Vivendi's exit from NBCU, Vivendi is entitled to 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 its NBCU shares from November 15 until December 10 of each year between 2009 and 2016 up to an amount of $4 billion, 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 sales to the market. Under certain circumstances, if Vivendi exercises its right to sell its NBCU shares in the market, Vivendi will be able to exercise a put option to GE for those shares. Lastly, for the period between May 11, 2011 and May 11, 2017, GE will have the right to call either (i) all of Vivendi's NBCU shares or (ii) $4 billion of Vivendi's NBCU shares, in each case at the greater of their market value at the time the call is exercised or their value as determined at the time of the NBC Universal transaction in May 2004 (i.e. $8.3 billion), which value is increased by the U.S. Consumer Price Index annually beginning in May 2009. If GE calls $4 billion, but not all, of Vivendi's NBCU shares, GE must call the remaining NBCU shares held by Vivendi by the end of the 12-month period commencing on the date GE exercises its call option.

Canal+ France

As part of the combination of the Canal+ Group and TPS pay-TV activities in France finalized in January 2007, TF1 and M6 were granted a put option by Vivendi on their shares in Canal+ France. The present value of this option was recorded as a financial liability in the amount of €1,104 million as of December 31, 2008 compared to €1,034 million as of December 31, 2007. In addition, Lagardère was granted a call option by Canal+ Group pursuant to which Lagardère may increase its equity interest in Canal+ France to 34%. The present value of this option was €1,030 million as of December 31, 2008 compared to €965 million as of December 31, 2007.

Activision Blizzard

As of December 31, 2008, Activision Blizzard owned Auction Rate Securities shares for €56 million ($78 million) (please refer to Note 15). In November 2008, Activision Blizzard was granted a put option by UBS which required UBS to purchase Activision Blizzard's eligible auction rate securities (ARS) at the nominal value between June 30, 2010 and July 2, 2012.

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

Ref.	Nature of commitments	Amount of commitments	Expiry
	Contingent liabilities		
(a)	NBC-Universal transaction (May 2004), in June 2005 and December 2006 amendments	- Breaches of obligations relating to retained businesses and liabilities and the divestiture of certain businesses;	-
		-Breaches of tax representations;	2010
		- Obligation to cover the Most Favored Nation provisions limited to 50% of every dollar of loss up to $50 million and to 100% of all losses in excess for $50 million;	-
		- Violation of environmental laws and remedial actions: indemnification of aggregate losses stemming from VUE operations. $325 million deductible ($10 million de minimis exclusion) capped at $2,088 million.	2014
(b)	Acquisition of the MEI stake in USH I (February 2006)	Adjustment to the purchase price expired at the end of 2008 in the event of a sale by Vivendi of its NBCU equity interest.	2008
	Divestiture of UMG manufacturing and distribution operations (May 2005)	Various commitments for manufacturing and distribution services.	2015
(c)	Combination of the Canal+ Group and TPS pay-TV activities in France (January 2007)	- Commitments in connection with the authorization of the combination pursuant to the merger control regulations;	2012
		- General guarantees expired on January 4, 2009;	2009
		- Tax and social guarantees with a €162 million cap; and	2011
		- Counter-guarantees granted to TF1 and M6 as part of certain commitments	
(d)	Divestiture of Canal+ Nordic (October 2003)	- Specific guarantee capped at €50 million; and	2010
		- Specific guarantees given to American studios amount respectively to a maximum of €20 million (maturing in December 2008) and $15 million (€11 million).	2009
(e)	Divestiture of NC Numéricâble (March 2005)	- Specific guarantees capped at €241 million (including tax and social risks); and - €12 million of provisions.	2014
	Divestiture of PSG (June 2006)	- Customary guarantees capped at €18 million, expired at the end of 2008; and	2008
		- Unlimited specific guarantee.	2018
(f)	Take over of Neuf Cegetel by SFR (April 2008)	- Commitments undertaken in connection with the authorization of the take over by the French Minister of the Economy, Industry and Employment;and	-
		- Reciprocal put and call option agreements allowing for SFR to obtain, in the future, 2,51% of the share capital of Neuf Cegetel.	2018
	Creation of Activision Blizzard (July 2008)	Tax sharing and indemnity agreements or please refer to Note 2.2.	
(g)	Divestiture of Sithe (December 2000)	Guarantees capped at $480 million.	-
(h)	Sale of real estate assets (June 2002)	Autonomous first demand guarantees capped at €150 million in total (tax and decennial guarantees).	2017
(i)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	Guarantees rental payments obligations of the companies sold in the transaction in the amount of €357 million	2026
	Divestiture of Spirits and Wine activities of Seagram (2001)	Specific guarantees relating to a claim formed by the Republic of Colombia and certain of its political subdivisions (please refer to Note 27).	-
	Other	Guarantees capped at €96 million (€2 million of provisions) compared to €125 million as of December 31, 2007 (€8 million of provisions)	-
	Contingent assets		
	Acquisition of BMGP by UMG (May 2007)	Reimbursement by Bertelsmann of payments made by UMG for employees who worked into BMGP in respect with compensation and retention plans entered into before the acquisition of BMGP by UMG.	2008
(c)	Combination of the Canal+ Group and TPS pay-TV activities in France (January 2007)	Vendor warranties received from TF1 and M6 capped at €113 million.	
	Acquisition of Kinowelt (April 2008)	- General and specific guarantees regarding movie rights property given by the sellers to Studio Canal; and - Specific guarantees, notably on film rights were granted by the sellers.	2013
(e)	Guarantees on divestiture of NC Numéricâble (March 2005)	€151 million counter-guaranteed by France Telecom.	2014
(j)	Acquisition of Tele2 France by SFR (July 2007)	Guarantees capped at €358 million.	2009
(k)	Divestiture of Xfera (2003)	Guarantees amounting to €71 million.	
(i)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	- Pledge over the cash of the divested companies sold; - Counter-guarantee provided by the purchaser in the amount of €200 million; and	
		- Additional price for up to €50 million under certain conditions.	2010
	Various other miscellaneous contingent assets	Cumulated amount of €33 million (compared to €63 million as of December 31, 2007).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

a. As part of the NBC-Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction, and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses stemming from, among other things, any breach of their respective representations, warranties and covenants. Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all losses exceeds $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million. In addition, Vivendi will have indemnification liabilities for 50% of every U.S. dollar of loss up to $50 million and for all losses in excess of $50 million relating to liabilities arising out of the Most Favored Nation provisions set forth in certain contracts. As part of the unwinding of IACI's interest in VUE on June 7, 2005, Vivendi's commitments with regard to environmental matters were amended and Vivendi's liability is now subject to a de minimis exception of $10 million and a payment basket of $325 million. The representations and warranties other than those regarding authorization, capitalization and tax representations terminated on August 11, 2005. Notices of 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.

b. In connection with the purchase of the approximate 7.7% stake held by Matsushita Electric Industrial Co, Ltd (MEI) in Universal Studios Holding I Corp on February 7, 2006, if Vivendi were to sell any of its NBCU interests in 2008 for more than $7 billion, Vivendi agreed to pay MEI its pro rata share (33%) of the proceeds exceeding $7 billion. As of December 31, 2008, these commitments expired.

c. On August 30, 2006, the TPS/Canal+ Group merger was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Group Canal+ complying with certain undertakings. Without questioning the pay-TV economic model, or the industrial logic behind the transaction and the benefits to the consumer, these commitments satisfy, more specifically, the following objectives:

- facilitate the television and video-on-demand (VOD) operators' access to attractive audiovisual content rights and, in particular, French and U.S. films and sporting events. To this end, the Canal+ Group undertakes, notably, to restrict to a maximum term of three years the term of future framework agreements with major U.S. studios, not to seek exclusive VOD rights, to guarantee non-discriminatory access to the StudioCanal catalogue, to restrict the proportion of films taken from this catalogue in the acquisition of films by the future entity and to cease soliciting combined offers for different categories of cinematographic and sporting rights.

  In addition, the Canal+ Group undertook to retrocede, within the framework of competition requirements, free-to-air audiovisuals rights to TV series and sporting events that the new entity may hold and does not use, more specifically to;

- make available to all pay-TV distributors who wish several high-quality channels, enabling them to develop attractive products. Third parties will be provided with access to TPS Star, three cinema channels (CinéStar, CinéCulte, CinéToile), Sport+ and the children's channels Piwi and Teletoon. In addition, Canal+ will be available in digital (self distribution) to all operators wishing to include this channel in their product range; and

- enable French-language independent licensed channels to be included in the satellite offerings of the new group. The current proportion of theme channels in the group's offerings that are neither controlled by the Canal+ Group or one of the minority shareholders in the new entity (Lagardère, TF1, M6), will be retained at the current level as a minimum, including in the basic offering. This guarantee applies in terms of both the number of channels and revenue.

These commitments are given by Vivendi and the Canal+ Group for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD, which cannot exceed five years.

In addition, as part of the sale of a 20% interest in Canal+ France to Lagardère Active as of January 4, 2007, Canal+ Group made (i) general, and (ii) tax and social representations and warranties to Lagardère Active with a €162 million cap on the entities held by Canal+ France, excluding Canal Satellite, MultiThématiques and the TPS entities as of December 31, 2008. Those guarantees expired on January 4, 2009 except for the tax and social guarantee which will expire on January 4, 2011.
In addition, Vivendi granted a counter-guarantee in favor of TF1 and M6 in order to assume commitments and guarantees made by TF1 and M6 in connection with some of the contractual content commitments and other long term obligations of TPS and other obligations recognized in the statement of financial position of TPS.

d. In connection with the divestiture of Canal+ Nordic in October 2003, Canal+ Group granted a specific guarantee with a cap of €50 million which expires in April 2010 (this term being extendable under certain conditions). In addition, two guarantees given to American studios on output deals were retained by Canal+ Group, and amount to a maximum of €20 million (expired at the end of 2008) and $15 million, respectively, over the life of the contracts. These guarantees are covered by a counter-guarantee given by the buyers to Canal+ Group. Canal+ Group has also retained distribution guarantees given in favor of Canal Digital and Telenor Broadcast Holding by a former subsidiary which guarantees are covered by a counter-guarantee given by the buyers.

e. As part of the divestiture of NC Numéricâble on March 31, 2005, the Canal+ Group granted specific guarantees with a €241 million cap (including tax and social risks), for which €12 million of provisions were accrued as of December 31, 2008 (unchanged compared to December 31, 2007). Specific risks related to cable networks used by NC Numéricâble are included in this maximum amount and are counter-guaranteed by France Telecom up to €151 million. In addition, Canal+ Group received in January 2006, as part of the final divestiture of its 20% stake in Ypso, the right to a potential earn-out payment under certain conditions that was not valued in the off-balance sheet accounts.

f. The Minister's approval on April 15, 2008, implied additional new commitments from Vivendi and its subsidiaries. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, of ADSL on eight new channels which are leaders in their particular themes (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). A detailed summary of the commitments taken by the Vivendi group and SFR is available on Vivendi's website at the following address: http://www.vivendi.com/vivendi/SFR,262.

   In addition, following the success of the tender offer pursuant to which SFR obtained a 96.41% equity interest in Neuf Cegetel, SFR launched a squeeze-out for the Neuf Cegetel shares (please refer to Note 2.1). The funds relating to compensation for the Neuf Cegetel shares which will not have been claimed by depository institutions on behalf of beneficiaries, shall be held by CACEIS Corporate Trust for a period of 10 years commencing on the effective date of the squeeze-out and then paid to the Caisse des Dépôts et Consignations upon expiration of this deadline. These funds may be claimed at any time by beneficiaries subject to the thirty-year statute of limitations period, after which time the funds shall be paid to the French State.

   Finally, SFR has entered into reciprocal put and call option agreements with almost all of the executives and employees of Neuf Cegetel who were granted restricted shares, which are currently in a holding or vesting period, allowing for SFR to obtain, in the future, 2.51% of the share capital of Neuf Cegetel.

g. In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted customary representations and guarantees. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some of these guarantees expired on December 18, 2005. Some environmental commitments still exist and any potential liabilities related to contamination risks never expire.

h. In connection with the sale of real estate assets in June 2002 to Nexity, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (Nexim 1 to 6). The guarantees are effective until June 30, 2017.

i. In connection with the disposal of the last three buildings in Germany (Lindencorso, Anthropolis/Grindelwaldweg and Dianapark) in November 2007, Vivendi agreed to continue to guarantee certain lease payments (i.e., €357 million) of the companies it sold in the transaction until December 31, 2026. Vivendi also granted standard guarantees, including tax indemnities. In exchange for such guarantee, Vivendi received a pledge over the cash of the divested companies and a counter-guarantee provided by the purchaser in the amount of €122 million. Consequently, Vivendi's economic exposure to these guarantees is now covered and Vivendi may recognize additional income of up to €50 million as a result of definitive settlement (before September 30, 2010).

j. The Share Purchase Agreement (SPA) dated October 2, 2006 between Tele2 Europe SA and SFR contains representations and warranties which expired on January 20, 2009 except for any claims arising with respect to tax and social matters for which the expiration period is three months following the expiration of the applicable statute of limitations. Claims for breaches of the representations and warranties shall not exceed 100% of the Final Purchase Price (€358 million). On July 18, 2007, as an implementation of the European Union antitrust regulation, the European Commission approved the purchase of the fixed and internet activities of Tele2 France by SFR, subject to commitments on the handling and distribution of audio-visual content for a five year period. A detailed summary of the commitments taken by the Vivendi group and SFR is available on Vivendi's website at the following address: http://www.vivendi.com/vivendi/SFR,262.

k. Vivendi received guarantees on the repayment of amounts paid in July 2007 (€71 million), in the event of a favorable decision of the Spanish Courts concerning Xfera's tax litigation to cancel the 2001, 2002 and 2003 radio spectrum fees. These guarantees include a first demand bank guarantee relating to 2001 fees for an amount of €57 million.

Several guarantees given in 2008 and during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitations of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses are still active. To the best of our knowledge, no material claims for indemnification against such liabilities have been made to date.

26.5. Shareholders' agreements

Under existing shareholders' agreements (including SFR, Maroc Telecom Group, Canal+ France and Activision Blizzard (please refer to Note 2.2)), Vivendi holds certain rights (such as preemptive rights, priority rights) which give it control over the capital structure of consolidated companies partially owned by other shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.

In addition, pursuant to other shareholders' agreements or the bylaws of consolidated entities, equity affiliates or unconsolidated interests (including NBC Universal and Elektrim Telekomunikacja), Vivendi and its subsidiaries have given or received certain rights (preemptive and other rights) entitling them to maintain their shareholder's rights.

- Shareholders' Agreement among Vivendi, TF1 and M6

Pursuant to the Shareholders' Agreement among Vivendi, TF1 and M6, dated as of January 4, 2007, TF1 and M6 were granted a tag-along right in the event of the transfer of the exclusive control of Canal+ France by Vivendi/Canal+ Group, together with a priority right to sell their stakes on the market in the event of a public offering of Canal+ France's shares. TF1 and M6 are not represented on the supervisory board of Canal+ France and do not have rights of any kind in respect of the management of Canal+ France. Vivendi has a pre-emptive right over all the shares of Canal+ France owned by TF1 and M6.

- Strategic Agreements among Vivendi, Canal+ Group, Lagardère and Lagardère Active

Pursuant to the Canal+ France strategic agreements entered into on January 4, 2007, Lagardère was granted rights to maintain its economic interest in Canal+ France, whose rights vary according to the level of its ownership in Canal+ France. Under no circumstances will Lagardère have any joint control of Canal+ France, including in the event that Lagardère were to exercise its call option. The main provisions of these strategic agreements are as follows:

- The Chairman and all the members of the management board of Canal+ France will be appointed by Canal+ Group. Lagardère will be represented by two members out of the eleven members of the supervisory board. This number will be increased to three members in the event that Lagardère's ownership in Canal+ France is increased to a level of 34%.
- Lagardère has certain veto rights over Canal+ France and, in certain cases, over its major subsidiaries including in the event of a change in the statutes, a major permanent change in the business, its transformation into a company in which the partners have unlimited liability, a single investment of more than a third of revenues, a tender offer for the company's shares, in certain circumstances the entry of a third party as a shareholder, and, so long as Lagardère owns 34% of Canal+ France's capital, borrowings over the thresholds of 50% and 90% of revenues as a function of the margin of earnings from operations (EFO[4]), and certain other rights (including a tag-along right, an anti-dilution right, certain bidding rights in the event of the sale of Canal+ France) intended to protect its economic interest. Vivendi has a pre-emptive right in the event of a sale of Lagardère's equity interest.
- Between 2008 and 2015, Lagardère will have a liquidity right exercisable between March 15 and April 15 of each calendar year, provided, however, that Lagardère owns at least 10% but no more than 20% of the capital and voting rights of Canal+ France, and provided further that it has waived its right to exercise its call option (if such option has not lapsed) enabling it to own 34% of the capital of Canal+ France. Pursuant to this liquidity right, Lagardère will be able to request a public offering of Canal+ France shares. In this event, Vivendi/Canal+ Group has the right to acquire all of Lagardère's equity interest.
- The financing of Canal+ France has been structured through a mechanism which includes shareholders' loans and the delivery of guarantees with respect to Canal+ France's obligations. Pursuant to this mechanism, Lagardère has the option to participate in such financing and guarantee arrangements pro rata its level of ownership in the share capital of the company. With effect from 2011, after the reimbursement of the shareholder loans to which Lagardère has not contributed in proportion of its equity interest, and subject to compliance with certain indebtedness ratios, Canal+ France will distribute a dividend equal to its available cash flow not needed for the financing of its operations provided that Lagardère owns at least 34% of the share capital of Canal+ France.

- Shareholders' Agreement between SFR and the Louis Dreyfus Group

On September 13, 2006, SFR and the Louis Dreyfus Group entered into an agreement. Following the French Minister of the Economy, Industry and Employment's approval given on April 15, 2008, SFR acquired the Louis Dreyfus Group's entire interest in Neuf Cegetel (28.45%). At this date, the shareholders' agreement between SFR and the Louis Dreyfus Group terminated.

Pursuant to Article L. 225-100-3 of the French Commercial Code, some rights and obligations of Vivendi resulting from shareholders' agreements (SFR, Maroc Telecom, NBC Universal and Cyfra+) may be amended or terminated in the event of a change of control of Vivendi or a tender offer being made on Vivendi. These shareholders' agreements are subject to confidentiality provisions.

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[4] *EFO (Earnings From Operations as defined and used by Vivendi until June 30, 2006, please refer to Note 1.2.3 "Change in presentation" page 188 of the 2006 Annual Report) consists of gross margin, selling, general and administrative expenses, costs related to employee benefit plans excluding changes in financial component, costs related to share-based payments, restructuring costs, changes in currency hedging instruments related to operating activities and gain and loss on the divestments of property, plant and equipment and intangible assets.*

26.6. Collaterals and pledges

As of December 31, 2008, the amount of the Group's assets that were pledged or mortgaged for the benefit of third parties was €1 million (unchanged compared to December 31, 2007). Moreover, Vivendi has no guarantees from third parties on any of its receivables outstanding as of December 31, 2008 (compared to €32 million as of December 31, 2007).

Note 27. Litigations

Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively "Legal Proceedings") in the normal course of its business.

The costs which may result from these proceedings are only recognized as provisions when they become likely to be incurred and when the obligation can either be quantified or estimated on a reasonable basis. In the latter case, the amount of the provision represents Vivendi's best estimate of the risk, bearing in mind that the events that occur during the proceedings may lead, at any time, to a reappraisal of the risk. As of December 31, 2008, provisions recorded by Vivendi for all claims and litigations amounted to €384 million.

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including, to the company's knowledge, any pending or threatened proceedings in which it is a defendant, which may have or have had in the previous twelve months a significant effect on the company and on its group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 24, 2009, the date of the Management Board meeting held to approve Vivendi's financial statements for the year ended December 31, 2008.

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 Autorité 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.

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 the parties of the end of the investigation. On January 23, 2009, the Public Prosecutor transmitted to the judge and the civil parties a final prosecutor's decision of dismissal.

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, particularly with regard to financial communications. On January 7, 2003, the plaintiffs filed a consolidated class action suit that may benefit potential groups of shareholders seeking damages for an unspecified amount. Vivendi contests these allegations and has not set aside any sums in its accounts for this contingency
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. On March 12, 2008, Vivendi filed a motion for reconsideration of the Court's class certification decision with respect to the French shareholders included in the class. The Court has not yet ruled on this motion.

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

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi, Messrs. Messier and Hannezo for claims arising out of a merger agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Securities Act of 1933 and US Exchange Act of 1934, as well as additional claims under New York State Law. Liberty Media seeks rescission damages. The case has been consolidated with the securities class action for pre-trial purposes and may be tried separately.

Derivative action in the United States

In September 2002, a derivative action was commenced before the Superior Court of the State of California by a US shareholder, on behalf of Vivendi, against certain of its former directors, for alleged breaches of the law of the State of California between April 2001 and July 2002 (false and misleading statements and issue of false and misleading financial results). This action had been stayed since February 7, 2003. On November 12, 2008, the Court ordered the case to be dismissed.

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. Only those proceedings in which there were developments in 2008 are discussed below. For the other proceedings (in particular the arbitrations in Geneva and Vienna, the arbitration against the Polish State and the tort claim initiated by T-Mobile against Telco before the Warsaw tribunal), please refer to the previous Annual Reports, in particular pages 53 and 54 of the 2007 Annual Report and Note 27 of the Consolidated Financial Statements for the Year ended December 31, 2007.

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 (the "Vienna Award") on November 26, 2004. The case was remanded to the Warsaw Tribunal of first instance.
On June 18, 2008, the Warsaw Tribunal of first instance recognized the Vienna Award dated November 26, 2004, including the fourth point ruling that "the Arbitration Tribunal has no jurisdiction over Telco, and that all the DT claims against Telco cannot be fulfilled through an arbitral procedure". Telco and DT appealed this decision. On December 10, 2008, the Warsaw Court of Appeals decided it would seek advice from Austrian judicial authorities on the impact of the decision under Austrian law.

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 litigation relates to the breaches by Elektrim of the Third Amended and Restated Investment Agreement entered into on September 3, 2001 by and among Elektrim, Telco, Carcom, Vivendi and VTI governing the conditions of the Vivendi investment and the relations between Vivendi and Elektrim within Telco and Carcom (the"TIA").
On May 22, 2006, the LCIA arbitral tribunal rendered a partial award confirming the validity of the TIA challenged by Elektrim. On September 18, 2008, the Warsaw Court of Appeal recognized this award in Poland.

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

On February 12, 2009, the arbitral tribunal rendered a final award. The tribunal awarded damages to Vivendi in an amount of €1.876 billion (plus accrued interest from February 2005) for intentional breaches by Elektrim of the TIA.

Proceedings against Deutsche Telekom before the Paris Commercial Court

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

Declaratory proceedings before the Polish Courts

In December 2004, following the Vienna Award dated November 26, 2004, Telco initiated proceedings on the merits with the intention of obtaining a declaratory judgment confirming that it is the rightful owner of the PTC shares**.** On May 22, 2007, Telco's request for a declaratory judgment was denied on jurisdictional grounds. Telco appealed this decision. On May 21, 2008, the Warsaw Court of Appeal reversed the first instance decision and confirmed that the polish courts had jurisdiction with respect to the ownership of the PTC shares, an issue that was not resolved by the Vienna Award dated November 26, 2004. The case has been sent back to a court of first instance.

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

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

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 dated November 26, 2004. Elektrim is claiming compensation in the amount of approximately €2.2 billion corresponding to the difference between the fair market value of 48% of PTC and the price paid by DT to Elektrim as a result of the exercise of its call option. On January 5, 2009, the Warsaw Tribunal dismissed Elektrim's claim. Elektrim appealed this decision.

Claim against a former Seagram subsidiary

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

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

On August 20, 2007, the International Center for Settlement of Investment Disputes (ICSID) issued an arbitration award in favor of Vivendi and its Argentine subsidiary Compañia de Aguas de Aconquija, relating to a dispute that arose in 1996 regarding the water concession in the Argentine Province of Tucuman, which was entered into in 1995 and terminated in 1997. The arbitration award held that the actions of the Provincial authorities had infringed the rights of Vivendi and its subsidiary, and were in breach of the provisions of the Franco-Argentine Bilateral Investment Protection Treaty.
The arbitration tribunal awarded Vivendi and its subsidiary damages of $105 million plus interest and costs. On December 13, 2007, the Argentine Government filed an application for the arbitration award to be set aside, in particular on the basis of an alleged conflict of interest concerning one of the arbitrators. On May 22, 2008, the ICSID appointed an ad hoc committee to review this application. The main hearing is scheduled for July 2009.

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), a former subsidiary of Vivendi, became the subject of an action brought by shareholders (ut singuli) 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 for the offences of collusion and concealment of the misuse 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. On January 14, 2009, the Criminal Chamber of the French Supreme Court denied the appeal.

PSG Transfers

An investigation entrusted to a Judge has been opened in connection with the terms of transfer of PSG soccer players and the remuneration of intermediaries between 1998 and 2002. PSG is a former subsidiary of the Vivendi group. The investigation is ongoing. In 2008, the judges carried out additional investigations.

Action of Unibail against Anjou Patrimoine

Unibail has brought an action relating to the guarantee given by Anjou Patrimoine (a former subsidiary of Vivendi) in the context of the sale of CNIT offices in 1999. On July 3, 1997, the Nanterre High Court ordered the indemnification by Anjou Patrimoine of Unibail's liability for taxes relating to the creation of offices and denied all other claims. On October 31, 2008, the Versailles Court of Appeal quashed the judgment of the High Court, denied all the claims of Unibail and ordered it to reimburse to Anjou Patrimoine all the sums paid in the context of the first ruling. On November 27, 2008, Anjou Patrimoine appealed this decision.

Vivendi Deutschland against FIG

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

SCI Carrec

On October 4, 2006, SCI Carrec filed a claim against the company Gambetta Défense V before the tribunal of first instance of Nanterre seeking indemnification for damages 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. On December 24, 2008, the parties signed a settlement agreement. This case is closed.

Complaint of Centenary Holdings III Limited

On January 9, 2009, the liquidator of Centenary Holdings III Limited (CH III), a former Seagram subsidiary, divested in January 2004 and placed into liquidation in July 2005, has sued some of its formers directors, Vivendi and its former auditors. The liquidator, acting on behalf of the creditors of CH III, alleges that the defendants breached their fiduciary duties. A response from the defendants is due by April 8, 2009.

French Competition Council – Mobile Telephone Market

On June 29, 2007, the Commercial Chamber of the French Supreme Court partially reversed the decision rendered by the Court of appeal on December 12, 2006, confirming the order rendered by the French Competition Council ordering SFR to pay a fine of €220 millions, and recognizing that an illegal agreement existed due to exchange of information among French mobile telephone operators between 1997 and 2003 and imposing a financial penalty on this basis. The French Supreme Court remanded the case to the Paris Court of Appeal otherwise composed. A hearing on the pleadings took place on January 20, 2009 and a decision is scheduled to be rendered on March 11, 2009.
On March 11, 2008, customers and the "UFC Que Choisir" consumer association which brought litigation proceedings before the Commercial Court of Paris withdrew their claims.

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

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

Complaint of SFR against Orange on its "Unik 1 euro" offer

On December 5, 2008, SFR brought a claim before the French Competition Council against Orange for unfair trading practises relating to its "Unik 1 euro" offer.

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

On July 7, 2008, the UFC – "Que Choisir" association filed a claim before the Council of State challenging the decision of the Ministry of Economy, Industry and Employment dated April 15, 2008 authorizing the acquisition of Neuf Cegetel by SFR. On December 2, 2008, UFC-Que Choisir filed its decision to dismiss the case.

Universal Service

Neuf Cegetel and the operators which are members of the AFORST (Association Française des Opérateurs de Réseaux et de Services de Télécommunications) (French Association of Telecommunications Networks and Services Operators) disputed before the Paris Administrative Court the legality of the funding of the Universal Service on the grounds that it was not proven that the provision of the Universal Service

constituted an undue burden for its provider, and the absence of transparency in the method of calculating the fees. The overall amount claimed by Neuf Cegetel is €31.1 million. On March 1, 2007, the Paris Administrative Court ordered the State to refund the amounts of the contributions paid by Cegetel from 1998 through 2000. The State lodged an appeal against this judgment and refused to refund the corresponding sums on the grounds that these contributions were allegedly paid pursuant to the decree of April 16, 2007, which Neuf Cegetel disputes. On November 24, 2008, the Paris Administrative Court denied the appeal lodged by the State.

Application fees

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

Neuf Cegetel against France Telecom regarding the broadcasting of the Orange Foot channel

On June 27, 2008, Neuf Cegetel voluntarily joined a proceeding initiated by Free against France Telecom regarding the broadcasting of the Orange Foot channel. On February 23, 2009, the Commercial Court ruled in favour of the request of Free and Neuf Cegetel and determined that the Orange Foot channel offer, which conditioned the subscription to the Orange Foot channel upon a prior subscription to the Internet Orange offer, constituted a related sale transaction prohibited by the French Code of Consumption. As a consequence, the Court ordered France Telecom to terminate its related sale practices related to the Orange Foot channel within one month or be penalized, and appointed an expert to produce a report evaluating the amount of the loss suffered by Neuf Cegetel and Free.

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

Tenor (a fixed operators association, which has became ETNA) brought a claim before the French Competition Council alleging anticompetitive practices by France Telecom, Cegetel, SFR and Bouygues Telecom in the telecommunications sector. On October 14, 2004, the French Competition Council fined SFR, among others, for abuse of dominant position. On November 20, 2004, SFR appealed. On April 12, 2004, the Court of Appeal quashed the decision of the Competition Council. On April 29, 2005, ETNA appealed against that ruling before the French Supreme Court. On May 10, 2006, the Supreme Court rejected the decision of the Court of Appeal stating that it should have examined whether the alleged practices had an adverse impact on competition. On April 2, 2008, the second Court of Appeal denied the requests made by SFR. On April 30, 2008, SFR appealed to the French Supreme Court. A hearing was held on January 27, 2009 and a judgement is expected at the beginning of March 2009.

Parabole Reunion

In July 2007, the group Parabole Réunion filed a suit before the Tribunal of first instance of Paris following the termination of the distribution on an exclusive basis of the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, Group Canal+ was enjoined, under fine, from allowing the broadcast of these channels by a third party, unless it offers to Parabole Réunion the replacement of these channels by other channels of a similar attractivity, to be distributed on an exclusive basis. Groupe Canal+ appealed this decision. By a judgment dated June 19, 2008, the Paris Court of Appeal reversed the judgment dated September, 18, 2007 and dismissed Parabole Réunion's main claims against Groupe Canal+. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. Parabole Réunion has also initiated arbitration proceedings before the Paris Mediation and Arbitration Center relating to certain aspects of the self-broadcasting of the Canal+ channel, and claims damages. On December 12, 2008, Groupe Canal+ requested the suspension of the arbitration until a definitive decision is reached in the proceedings pending before the Paris Commercial Tribunal regarding its request to compel the performance of an agreement dated May 30, 2008 and proposed to Parabole Réunion to enter into a new agreement with non-discriminatory price conditions.

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

Further to its voluntarily investigation and a complaint by France Telecom, the French Competition Council sent to Vivendi and Groupe Canal+, at the beginning of January 2009, a notification of grievances. The Competition Council alleges that Groupe Canal+ has abused of its dominant position in certain markets of the pay-tv sector and that Vivendi and Groupe Canal+ colluded with TF1 and M6 on one hand and Lagardère on the other hand. Vivendi and Groupe Canal+ contest these allegations and intend to defend vigorously against them.

French Competition Council against Sportfive

On June 18, 2008, in connection with the ongoing proceedings before the French Competition Council relating to unfair practises in the management of professional soccer rights and in advertising in stadiums sectors, the company Sportfive received a notification of grievances. The potential financial consequences resulting from such investigation are covered by a commitment granted by Groupe Canal+ to RTL at the time of the sale of Sportfive to RTL. This commitment contained the right for Groupe Canal+ to participate in the defense of Sportfive. On

September 15, 2008, Sportfive filed its briefs in response to the notice. On February 5, 2008, the *rapporteur* of the Competition Council sent its reply brief to Sportfive, and a non confidential version has been sent to Canal+ Group.

Complaint against France Telecom before the French Competition Authority

On February 11, 2009, Neuf Cegetel and Groupe Canal+ jointly filed a complaint with the French Competition Authority against France Telecom for abuse of dominant position and collusion with the Professional League of Football. The plaintiffs claim that France Telecom uses a strategy by which it restricts the commercialization of its cinematographic and sporting rights to only its exclusive ADSL subscribers.

Investigations into Prices in the Online Music Distribution Market

In December 2005, the New York State Attorney General opened an investigation into matters concerning the pricing of digital downloads. In February 2006, the United States Justice Department commenced a similar investigation. In connection with those inquiries, both the New York State Attorney General and the Department of Justice served subpoenas on the four major record companies. UMG has responded to the subpoenas served by the New York State Attorney General and the Department of Justice. In November 2008 and January 2009, the Department of Justice and New York State Attorney General, respectively, closed these investigations without taking any legal action against UMG.

Brazilian Tax Dispute

The State of São Paolo, Tax Authority (Brazil) filed an action disputing certain deductions taken by a UMG company in Brazil for sales tax payments on account of copyright and neighboring rights payments for domestic Brazilian repertoire.

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

Note 28. Major consolidated entities

As of December 31, 2008, approximately 540 entities were consolidated or accounted for using the equity method (compared to approximately 430 entities as of December 31, 2007).

C: Consolidated; E: Equity.

	Note	Country	December 31, 2008			December 31, 2007		
			Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi S.A.		France	Parent company			Parent company		
Universal Music Group, Inc.		**United States**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
PolyGram Holding, Inc.		United States	C	100%	*100%*	C	100%	*100%*
UMG Recordings, Inc.		United States	C	100%	*100%*	C	100%	*100%*
Centenary Holding B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal International Music B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Centenary Music International B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal Entertainment GmbH		Germany	C	100%	*100%*	C	100%	*100%*
Universal Music LLC		Japan	C	100%	*100%*	-	-	-
Universal Music K.K.		Japan	C	100%	*100%*	C	100%	*100%*
Universal Music France S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Centenary Music Holdings Limited		United Kindom	C	100%	*100%*	C	100%	*100%*
Canal+ Group S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Canal+ France S.A.		France	C	65%	*65%*	C	65%	*65%*
Canal+ S.A. (a)		France	C	49%	*32%*	C	49%	*32%*
MultiThématiques S.A.S.		France	C	100%	*65%*	C	100%	*65%*
TPS Star S.N.C. (b)		France	C	100%	*65%*	-	-	-
Canal Overseas S.A.S. (ex Media Overseas S.A.S.)		France	C	100%	*65%*	C	100%	*65%*
Canal+ Distribution S.A.S. (c)		France	C	100%	*65%*	C	100%	*65%*
TPS Cinema S.N.C.		France	-	-	-	C	100%	*65%*
StudioCanal S.A.		France	C	100%	*100%*	C	100%	*100%*
Cyfra+		Poland	C	75%	*75%*	C	75%	*75%*
SFR S.A. (d)		**France**	**C**	**56%**	***56%***	**C**	**56%**	***56%***
Société Réunionnaise du Radiotéléphone S.C.S.		France	C	100%	*56%*	C	100%	*56%*
FrNet2 S.A.S. (e)		France	-	-	-	C	100%	*56%*
Société Financière de Distribution S.A.		France	C	100%	*56%*	C	100%	*56%*
Neuf Cegetel S.A.	2.1	France	C	100%	*56%*	E	40%	*22%*
Maroc Telecom S.A.		**Morocco**	**C**	**53%**	***53%***	**C**	**53%**	***53%***
Mauritel S.A.		Mauritania	C	51%	*22%*	C	51%	*22%*
Onatel		Burkina Faso	C	51%	*27%*	C	51%	27%
Gabon Telecom S.A.		Gabon	C	51%	*27%*	C	51%	27%
Mobisud France (f)		France	C	66%	*35%*	C	66%	*35%*
Mobisud Belgique		Belgium	C	100%	*53%*	C	100%	*53%*
Activision Blizzard, Inc. (g)	2.2	**United States**	**C**	**54%**	***55%***	**C**	**100%**	***100%***
Blizzard Entertainment, Inc.		United States	C	54%	*55%*	C	100%	*100%*
Activision Publishing, Inc		United States	C	54%	*55%*	-	-	-
RedOctane Inc.		United States	C	54%	*55%*	-	-	-
NBC Universal		**United States**	**E**	**20%**	***20%***	**E**	**20%**	***20%***
Other								
Elektrim Telekomunikacja		Poland	C	51%	*51%*	C	51%	*51%*
Polska Telefonica Cyfrowa (h)		Poland	-	-	-	-	-	-
Vivendi Mobile Entertainment		France	C	100%	*100%*	C	100%	*100%*

a. This company is consolidated because (i) Vivendi has majority control over the board of directors, (ii) no other shareholder or shareholder group is in a position to exercise substantive participating rights that would allow them to veto or block decisions taken by Vivendi and (iii) Vivendi assumes the majority of risks and benefits pursuant to an agreement with Canal+ S.A. via Canal+ Distribution S.A.S., as modified by an amendment dated as of December 28, 2007. Indeed, Canal+ Distribution, a wholly-owned subsidiary of Vivendi, guarantees Canal+ S.A. results in return for exclusive commercial rights to the Canal+ S.A. subscriber base.

b. On December 31, 2008, TPS Cinema S.N.C. merged with and into TPS Star S.N.C.

c. On December 31, 2007, Canal+ Distribution and Canal+ Active S.A.S. merged into CanalSatellite S.A. As a result of these operations, CanalSatellite S.A. was transformed into a simplified joint stock company and renamed Canal+ Distribution S.A.S.

d. SFR S.A. is 56% owned by Vivendi and 44% owned by Vodafone. Under the terms of the shareholders' agreement, Vivendi has management control of SFR, majority control over the board of directors, appoints the chairman and CEO, has majority control over

shareholders' general meetings, and no other shareholder or shareholder group is in a position to exercise substantive participating rights that would allow them to veto or block decisions taken by Vivendi.

e. As of December 31, 2008, FrNet 2 S.A.S. (formerly named Tele2 France) merged with and into SFR S.A..

f. As of December 31, 2008 and 2007, SFR held a 16% minority interest in Mobisud France.

g. On July 9, 2008, a wholly-owned subsidiary of Activision merged with and into Vivendi Games and Vivendi Games became a wholly-owned subsidiary of Activision, which was renamed Activision Blizzard. On that date, Vivendi held a 54.47% (non-diluted) controlling interest in Activision Blizzard, which conducts the combined business operations of Activision and Vivendi Games. From an accounting perspective, Vivendi Games is deemed to be the acquirer of Activision, thereby the figures reported in this Report under the "Activision Blizzard" caption relate to: (a) Vivendi Games' historical figures in 2007; (b) Vivendi Games' historical figures from January 1 to July 9, 2008; and (c) the combined business operations of Activision and Vivendi Games from July 10, 2008. In addition, following the stock repurchase program authorized by the Board of Directors of Activision Blizzard on November 5, 2008, the exercise of stock options, restricted stocks and other dilutive instruments by Activision's employees and the purchase of Activision Blizzard's shares by Vivendi on the market, Vivendi's ownership interest in Activision Blizzard could fluctuate from time to time.

h. Due to the legal disputes surrounding the ownership of Telco' stake in PTC which prevents Telco/Carcom from exercising joint control over PTC, as provided in the bylaws of PTC, Vivendi has not consolidated its stake in PTC.

Note 29. Subsequent events

The main events that occurred since December 31, 2008, were as follows:

- In January 2009, Vivendi SA put into place the following financings:
  - a new tranche of €200 million of the €500 million original bond issue dated October 2006 with an October 2013 maturity. This new tranche is denominated in euros with a 4.5% coupon, and an issue price of 87.550% of the nominal value, corresponding to a 7.738% yield; and
  - a new bond issue of €1 billion aimed at optimizing debt structure and increasing its average maturity. This fixed-rate bond is denominated in euros with a 5-year maturity, a 7.75% coupon, and an issue price of 99.727%, corresponding to a 7.82% yield.
- On January 14, 2009, SFR placed a €200 million increase of its €800 million original bond issue, dated July 2005 with a 2012 maturity. This increase was in addition to a €200 million first increase of this bond issue in May 2008. This new tranche of the 2012 original bond issue is denominated in euros with a 3.375% coupon, and an issue price of 94.212% of the nominal value, corresponding to a 5.236% yield.
- On January 30, 2009, the Board of Directors of SFR resolved to pay an interim dividend of €750 million for fiscal year 2008, corresponding to €420 million for Vivendi.
- Cash contributions to NBC Universal (please refer to Note25).
- Early 2009, Vivendi SA and SFR are considering setting up an approximate €1.5 billion loan to SFR. As of February 24, 2009, the terms and conditions of this financing, at arm's length, were not yet approved by the parties.

Note 30. Pro forma Consolidated Statement of Earnings

The take over of Neuf Cegetel by SFR on April 15, 2008 (please refer to Note 2.1) and the creation of Activision Blizzard on July 9, 2008 (please refer to Note 2.2) had a significant impact on Vivendi Consolidated Financial Statements as of December 31, 2008. Consequently, a pro forma Consolidated Statement of Earnings as of December 31, 2008 has been established.

This unaudited pro forma financial information has been prepared in accordance with Annex II ''Pro forma financial information building block'' of European Commission Regulation n° 809/2004, and in conformity with the recommendations issued by CESR in February 2005 regarding the preparation of pro forma financial information within the scope of the above-mentioned regulation on prospectuses.

The pro forma consolidated financial information has been prepared as though both acquisitions had occurred on January 1, 2008 and does not therefore represent the operating results that would have been achieved had these acquisitions been effective on January 1, 2008.

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	Year ended December 31, 2008	From January 1st to				Year ended December 31, 2008
		April 14, 2008	July 9, 2008			
	Vivendi As published	Neuf Cegetel (a)	Activision (b)	Adjustments (c)	Interco Elimination (d)	Vivendi Pro forma
Revenues	**25,392**	**1,059**	**863**	**-**	**(168)**	**27,146**
Cost of revenues	(12,492)	(739)	(504)	-	168	(13,567)
Selling, general and administrative expenses, restructuring charges and other operating charges and income	(8,600)	(272)	(299)	(72)	-	(9,243)
Impairment losses of intangible assets acquired through business combinations	(40)	-	-	-	-	(40)
EBIT	**4,260**	**48**	**60**	**(72)**	**-**	**4,296**
Income from equity affiliates	260	(1)	-	(18)	-	241
Interest	(354)	(16)	18	(78)	-	(430)
Income from investments	5	-	-	-	-	5
Other financial charges and income	579	-	-	(5)	-	574
Earnings from continuing operations before provision for income taxes	**4,750**	**31**	**78**	**(173)**	**-**	**4,686**
Provision for income taxes	(1,051)	27	(34)	26	-	(1,032)
Earnings from continuing operations	**3,699**	**58**	**44**	**(147)**	**-**	**3,654**
Earnings from discontinued operations	-	-	-	-	-	-
Earnings	**3,699**	**58**	**44**	**(147)**	**-**	**3,654**
Attributable to:						
Equity holders of the parent	**2,603**	**32**	**24**	**(106)**	**-**	**2,553**
Minority interests	1,096	26	20	(41)	-	1,101
Earnings attributable to equity holders of the parent per share - basic (in euros)	**2.23**	**-**	**-**	**-**	**-**	**2.19**
Earnings attributable to equity holders of the parent per share - diluted (in euros)	**2.23**	**-**	**-**	**-**	**-**	**2.18**

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

a. Includes Neuf Cegetel from January 1 until April 14, 2008.

b. Includes Activision from January 1 until July 9, 2008.

c. The adjustments in the pro forma information mainly relate to:
   - the amortization of intangible assets acquired through business combinations from January 1, 2008 through the dates of acquisition of Neuf Cegetel and Activision, respectively;
   - the elimination of Vivendi's pro rata share of Neuf Cegetel's income from January 1 through April 14, 2008;
   - interest, net related to the acquisitions of Neuf Cegetel and Activision from January 1, 2008 through the dates of the take over of Neuf Cegetel and the acquisition of Activision, respectively; and
   - provision for income taxes and the minority interests related to these adjustments.

d. Represents mainly:
   - the elimination of purchases and sales between SFR and Neuf Cegetel from January 1 through April 14, 2008; and
   - the elimination of intercompany transactions realized between Neuf Cegetel and Vivendi's other operating segments from January 1 through April 14, 2008.