# Financial Report and Unaudited Condensed Financial Statements for the Nine Months Ended September 30, 2010

**VIVENDI**

*Société anonyme* with a Management Board and a Supervisory Board and a share capital of €6,800,683,329.00

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# Selected key consolidated financial data

| | Nine months ended September 30, (unaudited) | | Year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | 2010 | 2009 | 2009 | 2008 | 2007 | 2006 |
| **Consolidated data** | | | | | | |
| Revenues | 20,869 | 19,525 | 27,132 | 25,392 | 21,657 | 20,044 |
| EBITA (a) | 4,670 | 4,245 | 5,390 | 4,953 | 4,721 | 4,370 |
| Earnings attributable to Vivendi shareowners | 1,639 | 1,788 | 830 | 2,603 | 2,625 | 4,033 |
| Adjusted net income (a) | 2,214 | 2,112 | 2,585 | 2,735 | 2,832 | 2,614 |
| Financial Net Debt (a) (b) | 8,865 | 8,123 | 9,566 | 8,349 | 5,186 | 4,344 |
| Total equity (c) | 27,838 | 27,126 | 25,988 | 26,626 | 22,242 | 21,864 |
| of which Vivendi shareowners' equity (c) | 23,346 | 22,731 | 22,017 | 22,515 | 20,342 | 19,912 |
| Cash flow from operations, before capital expenditures, net (CFFO before capex, net) | 5,721 | 5,087 | 7,799 | 7,056 | 6,507 | 6,111 |
| Capital expenditures, net (capex, net) (d) | (2,600) | (1,974) | (2,562) | (2,001) | (1,626) | (1,645) |
| Cash flow from operations (CFFO) (a) | 3,121 | 3,113 | 5,237 | 5,055 | 4,881 | 4,466 |
| Financial investments (c) | (1,266) | (668) | (3,050) | (3,947) | (846) | (3,881) |
| Financial divestments | 1,849 | 32 | 97 | 352 | 456 | 1,801 |
| Dividends paid with respect to previous fiscal year | 1,721 | 1,639 | 1,639 | 1,515 | 1,387 | 1,152 |
| **Per share amounts** | | | | | | |
| Weighted average number of shares outstanding | 1,230.7 | 1,194.6 | 1,203.2 | 1,167.1 | 1,160.2 | 1,153.4 |
| **Adjusted net income per share** | **1.80** | **1.77** | **2.15** | **2.34** | **2.44** | **2.27** |
| Number of shares outstanding at the end of the period (excluding treasury shares) | 1,236.8 | 1,228.8 | 1,228.8 | 1,170.1 | 1,164.7 | 1,155.7 |
| Equity per share, attributable to Vivendi shareowners | 18.88 | 18.50 | 17.92 | 19.24 | 17.47 | 17.23 |
| **Dividends per share paid with respect to previous fiscal year** | **1.40** | **1.40** | **1.40** | **1.30** | **1.20** | **1.00** |

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

a. Vivendi considers that the non-GAAP measures EBITA, Adjusted net income, Financial Net Debt, and Cash flow from operations (CFFO) are relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of the Financial Report or in the notes to the Unaudited Condensed Financial Statements for the first nine months of 2010. These indicators should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performances as disclosed in the Condensed Financial Statements and the related notes, or as described in the Financial Report for the first nine months of 2010. Moreover, it should be emphasized that other companies may define and calculate these indicators differently than Vivendi, thereby affecting comparability.

b. As a reminder, as of December 31, 2009, Vivendi changed the definition of Financial Net Debt to include certain cash management financial assets the characteristics of which do not strictly comply with the definition of cash equivalents as defined by the Recommendation of the AMF and IAS 7. In particular, such financial assets may have a maturity of up to 12 months. Investment in such assets was subscribed for the first time during the third quarter of 2009 and amounted to €156 million as of September 30, 2009. As a result, in order to provide consistent information, Financial Net Debt as of September 30, 2009 published in this Financial Report was adjusted: after adjustment, Financial Net Debt amounted to €8,123 million, compared to €8,279 million as published as of September 30, 2009. Furthermore, considering that no investment in such assets was made prior to 2009, the retroactive application of this change of presentation would have no impact on Financial Net Debt for the relevant periods and the information presented in respect of the previous fiscal years from 2006 to 2008, is therefore consistent. Please refer to Section 5 of the 2009 Financial Report (pages 164 to 169 of the 2009 Annual Report).

c. As a reminder, Vivendi voluntarily opted for the early application, with retroactive effect from January 1, 2009, of revised standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements) the effects of which are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2009 (pages 185 to 202 of the 2009 Annual Report).

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

# I – Financial Report for the first nine months of 2010 (unaudited)

**Preliminary comments:**

The Financial Report and the Unaudited Condensed Financial Statements for the nine months ended September 30, 2010 were approved by Vivendi's Management Board on November 15, 2010.

The Financial Report for the first nine months of 2010 should be read in conjunction with the Financial Report for the year ended December 31, 2009, as published in the 2009 "Rapport annuel - Document de référence" filed on March 17, 2010 with the "Autorité des marchés financiers" (AMF) under number D.10-0118 (the "Document de référence 2009") and the Financial Report for the half year ended June 30, 2010. Please also refer to pages 139 through 173 of the English translation[1] of the "Document de référence 2009" (the "2009 Annual Report") and the English translation of the Financial Report for the half year ended June 30, 2010 which are made available on Vivendi's website (www.vivendi.com) for informational purposes.

# 1 Major developments

## 1.1 Major developments for the first nine months of 2010

### 1.1.1 Acquisitions/divestitures of investments

**Completion of the acquisition of 100% of GVT (Holding) S.A. in Brazil**

As a reminder, on November 13, 2009, Vivendi took over GVT (Holding) S.A. (GVT) which has been fully consolidated by Vivendi since that date. As of December 31, 2009, Vivendi held an 82.45% controlling interest in GVT representing a total investment in cash of €2,469 million. For a detailed description of GVT's take over and its related impacts on financial statements, please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2009 (pages 203 to 204 of the 2009 Annual Report).

In 2010, Vivendi obtained a 100% controlling interest in GVT following the acquisition of the 17.55% equity interest it did not hold, representing an additional cash payment of €590 million, as follows:

- During the first quarter, Vivendi acquired 6.3 million GVT shares on the market for a total price of €144 million;
- On March 26, 2010, the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliàros*, "CVM") authorized the registration of the public tender offer for the acquisition of 17.8 million GVT shares (the "Tender Offer"), not held yet by Vivendi on that date at BRL56 per share (the "Offer Price"), adjusted in accordance with the variation of the SELIC Rate (*Taxa Referencial do Sistema Especial de Liquidação e Custódia*) over the period between November 13, 2009 and April 30, 2010, the Tender Offer settlement date. On April 27, 2010, at the close of the regulatory auction, Vivendi acquired an additional 16.6 million common shares of GVT for a purchase price of €416 million and held a 99.17% controlling interest in GVT. As a result, on May 7, 2010, in accordance with Brazilian securities regulations and following the CVM's authorization*,* GVT was deregistered as a public company; and
- Finally, as part of the squeeze-out approved by the shareholders' meeting on June 10, 2010, GVT cancelled on June 11, 2010 its outstanding common shares and made a €30 million deposit with a Brazilian bank in order to guarantee and make the repayment to the shareholders whose shares were cancelled.

After taking into account all aspects of these constitutive items, the purchase price of 100% of GVT by Vivendi amounts to €3,038 million. As a reminder, transactions that occurred in 2010 did not have any significant impact on Vivendi's Financial Net Debt. In accordance with applicable accounting standards, the commitment to purchase shares not held by Vivendi as of December 31, 2009 was recorded as a financial liability and included in Vivendi's Financial Net Debt on that date.

*[1] This translation is qualified in its entirety by reference to the "Document de référence".*

**Sale of 7.66% interest in NBC Universal**

On December 3, 2009, substantially simultaneously with the agreement reached between General Electric (GE) and Comcast Corporation (Comcast) regarding NBC Universal, Vivendi and GE entered into an agreement providing for Vivendi's full exit from NBC Universal and amending the NBC Universal initial agreements dated 2004 (the "2009 Agreement"). The 2009 Agreement was subsequently amended in September 2010. The main terms of the 2009 agreement, as amended, can be summarized as follows:

- Vivendi will sell its 20% interest in NBC Universal to GE (subject to the closing of the GE/Comcast transaction) and will not be a shareholder in the new entity resulting from the joint venture between NBC Universal and Comcast. The 20% interest is valued at $5.8 billion.
- If the GE/Comcast transaction was not completed by September 26, 2010, Vivendi was to sell, and did on that date sell a 7.66% interest in NBC Universal to GE for $2 billion. The remainder of Vivendi's interest (i.e., 12.34%) will be sold to GE for the balance of the $5.8 billion (including an additional $222 million payable in respect of the 7.66% interest sold in September 2010), if and when the GE/Comcast Transaction closes.
- Vivendi will continue to receive quarterly dividends from NBC Universal pro rata to its then-current interest, if declared by the Board of Directors of NBC Universal. For a period of time ending on the later of September 26, 2010 and the date the agreement between GE and Comcast related to the GE/Comcast Transaction is terminated, to the extent the NBC Universal dividends are below certain specified amounts, GE will make payments to Vivendi in the amount of the difference. In the event NBC Universal and GE, collectively, pay Vivendi more than the agreed dividend amounts, under the 2009 Agreement the excess amount will be credited against the final purchase price payable to Vivendi in respect of its remaining 12.34% interest.
- If the GE/Comcast transaction is not completed, Vivendi has the right to an accelerated launch of an initial public offering for its remaining 12.34% interest in NBC Universal, in addition to its usual right each November. Please refer to Note 8 to the Condensed Financial Statements for the nine months ended September 30, 2010.

From an accounting standpoint, the sale of a 7.66% interest in NBC Universal on September 26, 2010 was treated as follows:

- While Vivendi's interest in NBC Universal was reduced to 12.34% following the sale of 7.66% of its interest in NBC Universal as the first step of the sale of Vivendi's 20% interest in NBC Universal as agreed with GE in December 2009, the agreement with GE will not change Vivendi's governance rights in NBC Universal (including in terms of proportionate membership on the board of directors) until Vivendi's shareholder interest in NBC Universal falls below 10%. As a result, as of September 30, 2010, Vivendi continues to exercise a significant influence on NBC Universal and accounts for its 12.34% interest in NBC Universal under the equity method.
- As a consequence of the sale of a 7.66% interest in NBC Universal, Vivendi incurred a capital loss of -€232 million, mostly comprised of foreign currency translation adjustments reclassified to earnings for an amount of -€281 million, which represented a foreign exchange loss due to the decline of the US dollar since January 1, 2004. As of September 30, 2010, the remaining balance of foreign currency translation adjustments, which will be reclassified to earnings upon the sale of Vivendi's remaining 12.34% interest in NBC Universal, represented a potential foreign exchange loss of -€451 million.
- Vivendi's investment in NBC Universal has been hedged using forward sales contracts denominated in US dollars for an aggregated nominal value of $5,325 million, of which $2,000 million were unwound on September 26, 2010 and $1,200 million were put in place after September 30, 2010. From an accounting perspective, these forward contracts are qualified as net investment hedges in NBC Universal. The forward sales contracts for a nominal value of $2,000 million unwound on September 26, 2010 were exchanged for an amount of €1,425 million.

## 1.1.2 Transactions with shareholders

**Acquisition of Canal+ France's minority interests**

As part of the combination of the Canal+ Group and TPS pay-TV activities in France finalized in January 2007, M6 was granted a put option by Vivendi on its 5.1% interest in the share capital of Canal+ France, exercisable in February 2010 at market price determined by an expert with a bottom price of €1,130 million for 15% interest in the share capital of Canal+ France (corresponding to a value of €7.5 billion for 100% of the share capital of Canal+ France). On February 22, 2010, M6 exercised its put option for €384 million, corresponding to the bottom price of the option on that date, and thus exited from the share capital of Canal+ France. In accordance with applicable accounting standards, since the put option initially granted to M6 was recognized as financial liabilities in Vivendi's Financial Net Debt, this transaction has no impact on Vivendi's Financial Net Debt. As a result of this transaction and the one concluded with TF1 on December 28, 2009 (please refer to Section 1.1.1 of the 2009 Annual Report, page 142), Canal+ Group (wholly owned by Vivendi) holds an 80% controlling interest in Canal+ France.

On April 15, 2010, Lagardère decided to exercise its liquidity right regarding its 20% interest in Canal+ France. As Lagardère and Vivendi had not reached an agreement regarding the sale of its interest, Lagardère decided on July 2, 2010, in accordance with the shareholders agreement signed on January 4, 2007, to launch the initial public offering (IPO) process for their 20% interest in Canal+ France. This IPO process is in progress. For more details, please refer to Note 26.5 to the Consolidated Financial Statements for the year ended December 31, 2009 (page 279 of the 2009 Annual Report).

**Dividend paid by Vivendi to its shareholders with respect to fiscal year 2009**

At the Annual Shareholders' Meeting held on April 29, 2010, the shareholders of Vivendi approved the Management Board's recommendations relating to the allocation of distributable earnings for the fiscal year 2009. As a result, the dividend payment was set at €1.40 per share, representing a total distribution of €1,721 million, paid on May 11, 2010.

**Stock repurchase program of Activision Blizzard**

On February 10, 2010, Activision Blizzard announced that its Board of Directors had authorized a new stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion. During the first nine months of 2010, Activision Blizzard repurchased approximately 55 million shares of its common stock in connection with this program, for a total amount of $598 million. In addition, in January 2010, Activision Blizzard settled a $15 million purchase of 1.3 million shares of its common stock that it had agreed to repurchase in December 2009 pursuant to the previous $1.25 billion stock repurchase program, completing that program. In total, Activision Blizzard repurchased approximately 56 million shares of its common stock during the first nine months of 2010, for an amount of $613 million (€472 million). As of September 30, 2010, Vivendi held an approximate 60% interest (non-diluted) in Activision Blizzard (compared to an approximate 57% as of December 31, 2009).

Moreover, in connection with the approval of its financial statements as of December 31, 2009, Activision Blizzard's Board of Directors declared a cash dividend of $0.15 per common share, paid on April 2, 2010, which represented a cash payment of $108 million from Activision Blizzard to Vivendi.

**Dividend paid by SFR**

At SFR's Shareholders' Meeting held on March 30, 2010, the shareholders approved the payment of a €1 billion dividend (of which €440 million was paid to Vodafone) with respect to fiscal year 2009, which was paid in January 2010 as an interim dividend.

## 1.1.3 New borrowings and credit lines set up by Vivendi SA and SFR

Please refer to Section 5.4 of this Financial Report.

## 1.1.4 Other

**Activision Blizzard**

On August 31, 2010, Blizzard Entertainment, Inc. (a subsidiary of Activision Blizzard) and NetEase.com, Inc. launched in mainland China *World of Warcraft®: Wrath of the Lich King™,* the second expansion for Blizzard Entertainment's award-winning subscription-based massively multiplayer online role-playing game (MMORPG).

**SFR**

**GSM-R public-private partnership contract**

On February 18, 2010, a group constituted by SFR, Vinci and AXA (30% each) and TDF (10%) signed the GSM-R (Global System for Mobile communications - Railway) public-private partnership contract with Réseau Ferré de France (RFF). The 15-year contract, valued at approximately €1 billion, covers the financing, building, operating and maintaining of the digital telecommunication network that enables conference mode communications (voice and data) between train drivers and teams on the ground. It will be rolled out gradually until 2015 over 14,000 km of conventional and high-speed railway lines in France.

**Additional 3G mobile telephony spectrum**

In June 2010, following a call for tenders for 3G mobile telephony residual spectrum, "Arcep" (the French Regulatory Body) granted to SFR a 5 MHz spectrum band for a total amount of €300 million.

**Exclusive negotiations with SFR**

On August 26, 2010, La Poste Group announced that it would enter into exclusive negotiations with SFR in order to constitute a partnership to develop a mobile telephony offer for sale under the "La Poste" brand.

## 1.2 Major developments since September 30, 2010

**Activision Blizzard**

On November 9, 2010, Activision Blizzard launched *Call of Duty®: Black Ops*, which is already one of the top entertainment properties of the holiday season. *Call of Duty®: Black Ops* recorded new opening day sales record with approximately $360 million in North America and United Kingdom alone.

# 2 Earnings

## 2.1 Consolidated earnings and adjusted net income (unaudited)

### THIRD QUARTER

| CONSOLIDATED STATEMENT OF EARNINGS | | | ADJUSTED STATEMENT OF EARNINGS | | |
|---|---|---|---|---|---|
| | Three months ended September 30, | | Three months ended September 30, | | |
| | 2010 | 2009 | 2010 | 2009 | |
| **Revenues** | **6,887** | **6,347** | **6,887** | **6,347** | **Revenues** |
| Cost of revenues | (3,410) | (3,078) | (3,410) | (3,078) | Cost of revenues |
| **Margin from operations** | **3,477** | **3,269** | **3,477** | **3,269** | **Margin from operations** |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (2,026) | (1,892) | (2,026) | (1,892) | Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations |
| Restructuring charges and other operating charges and income | (24) | (31) | (24) | (31) | Restructuring charges and other operating charges and income |
| Amortization of intangible assets acquired through business combinations | (149) | (135) | | | |
| Impairment losses of intangible assets acquired through business combinations | - | - | | | |
| **EBIT** | **1,278** | **1,211** | **1,427** | **1,346** | **EBITA** |
| Income from equity affiliates | 64 | 47 | 64 | 47 | Income from equity affiliates |
| Interest | (130) | (116) | (130) | (116) | Interest |
| Income from investments | 1 | 2 | 1 | 2 | Income from investments |
| Other financial charges and income | (235) | (30) | | | |
| **Earnings from continuing operations before provision for income taxes** | **978** | **1,114** | **1,362** | **1,279** | **Adjusted earnings from continuing operations before provision for income taxes** |
| Provision for income taxes | (250) | (152) | (293) | (160) | Provision for income taxes |
| **Earnings from continuing operations** | **728** | **962** | | | |
| Earnings from discontinued operations | - | - | | | |
| **Earnings** | **728** | **962** | **1,069** | **1,119** | **Adjusted net income before non-controlling interests** |
| *Of which* | | | | | *Of which* |
| **Earnings attributable to Vivendi shareowners** | **372** | **600** | **688** | **645** | **Adjusted net income** |
| Non-controlling interests | 356 | 362 | 381 | 474 | Non-controlling interests |
| **Earnings attributable to Vivendi shareowners per share - basic (in euros)** | **0.30** | **0.49** | **0.56** | **0.52** | **Adjusted net income per share - basic (in euros)** |
| **Earnings attributable to Vivendi shareowners per share - diluted (in euros)** | **0.30** | **0.49** | **0.56** | **0.52** | **Adjusted net income per share - diluted (in euros)** |

In millions of euros, except per share amounts.

## FIRST NINE MONTHS

| CONSOLIDATED STATEMENT OF EARNINGS | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 | ADJUSTED STATEMENT OF EARNINGS |
|---|---|---|---|---|---|
| **Revenues** | **20,869** | **19,525** | **20,869** | **19,525** | **Revenues** |
| Cost of revenues | (10,196) | (9,555) | (10,196) | (9,555) | Cost of revenues |
| **Margin from operations** | **10,673** | **9,970** | **10,673** | **9,970** | **Margin from operations** |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (5,951) | (5,693) | (5,951) | (5,693) | Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations |
| Restructuring charges and other operating charges and income | (52) | (32) | (52) | (32) | Restructuring charges and other operating charges and income |
| Amortization of intangible assets acquired through business combinations | (421) | (424) | | | |
| Impairment losses of intangible assets acquired through business combinations | (8) | - | | | |
| **EBIT** | **4,241** | **3,821** | **4,670** | **4,245** | **EBITA** |
| Income from equity affiliates | 139 | 118 | 139 | 118 | Income from equity affiliates |
| Interest | (375) | (336) | (375) | (336) | Interest |
| Income from investments | 5 | 5 | 5 | 5 | Income from investments |
| Other financial charges and income | (348) | (116) | | | |
| **Earnings from continuing operations before provision for income taxes** | **3,662** | **3,492** | **4,439** | **4,032** | **Adjusted earnings from continuing operations before provision for income taxes** |
| Provision for income taxes | (848) | (567) | (976) | (448) | Provision for income taxes |
| **Earnings from continuing operations** | **2,814** | **2,925** | | | |
| Earnings from discontinued operations | - | - | | | |
| **Earnings** | **2,814** | **2,925** | **3,463** | **3,584** | **Adjusted net income before non-controlling interests** |
| *Of which* | | | | | *Of which* |
| **Earnings attributable to Vivendi shareowners** | **1,639** | **1,788** | **2,214** | **2,112** | **Adjusted net income** |
| Non-controlling interests | 1,175 | 1,137 | 1,249 | 1,472 | Non-controlling interests |
| **Earnings attributable to Vivendi shareowners per share - basic (in euros)** | **1.33** | **1.50** | **1.80** | **1.77** | **Adjusted net income per share - basic (in euros)** |
| **Earnings attributable to Vivendi shareowners per share - diluted (in euros)** | **1.33** | **1.49** | **1.79** | **1.76** | **Adjusted net income per share - diluted (in euros)** |

In millions of euros, except per share amounts.

# 2.2 Earnings review for the first nine months of 2010

For the first nine months of 2010, **adjusted net income** was €2,214 million (or €1.80 per share), compared to €2,112 million (or €1.77 per share) for the first nine months of 2009. The €102 million increase (+4.8%) in adjusted net income was primarily due to the impact of the following items:

- a €425 million increase in **EBITA** to a total of €4,670 million. This increase reflected the respective performance of Activision Blizzard (+€280 million) and Maroc Telecom Group (+€37 million), partially offset by a decline in the performance of Universal Music Group (-€25 million), whereas the performances of SFR and Canal+ Group were stable. This increase also reflected the consolidation of GVT (+€169 million), of which Vivendi took control on November 13, 2009;
- a €21 million increase in income from equity affiliates, attributable to NBC Universal;
- a €39 million increase in interest expense;
- a €528 million increase in income tax expense, primarily due to the decrease in the current tax savings realized as a result of the utilization by SFR of Neuf Cegetel’s prior years’ tax losses carried forward, as well as the increase in taxable income of business segments, particularly Activision Blizzard; and
- a €223 million decrease in adjusted net income attributable to non-controlling interests, primarily due to the decrease in the share attributable to SFR’s non-controlling interest in the current tax savings realized as a result of the utilization by SFR of Neuf Cegetel’s prior years’ tax losses carried forward.

## Breakdown of the main items from the Statement of Earnings

**Revenues** were €20,869 million, compared to €19,525 million for the first nine months of 2009, an increase of €1,344 million (+6.9%, or +4.9% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 of this Financial Report.

**Restructuring charges and other operating charges and income** amounted to a net charge of €52 million, compared to a net charge of €32 million for the first nine months of 2009. For the first nine months of 2010, they primarily included restructuring charges for €56 million (compared to €70 million for the first nine months 2009), of which €31 million was incurred by UMG (compared to €49 million for the first nine months of 2009). For the first nine months of 2009, they included a €40 million earn-out income related to the disposal of real estate assets in Germany in 2007.

**EBITA** was €4,670 million, compared to €4,245 million for the first nine months of 2009, an increase of €425 million (+10.0%, or +8.5% at constant currency). For a breakdown of EBITA by business segment, please refer to Section 4 of this Financial Report.

**Amortization of intangible assets acquired through business combinations** was €421 million, compared to €424 million for the first nine months of 2009. The €56 million decrease in amortization of Activision Blizzard's intangible assets, as a result of impairment losses at the end of 2009, was notably offset by the amortization of GVT's customer base acquired in November 2009 (€43 million for the first nine months of 2010).

**EBIT** was €4,241 million, compared to €3,821 million for the first nine months of 2009, an increase of €420 million (+11.0%).

**Income from equity affiliates** was €139 million, compared to €118 million for the first nine months of 2009. Vivendi's share of income earned by NBC Universal was €145 million, compared to €127 million for the first nine months of 2009.

**Interest** was an expense of €375 million, compared to €336 million for the first nine months of 2009, an increase of €39 million.
Interest expense on borrowings amounted to €396 million for the first nine months of 2010, compared to €366 million for the same period in 2009, a €30 million increase. This increase was mainly due to the increase in average outstanding borrowings (€13.0 billion for the first nine months of 2010, compared to €10.5 billion for the same period in 2009), primarily resulting from the financing of the acquisition of GVT at the end of 2009 (€3.0 billion), offset by the decrease in the average interest rate on borrowings to 4.06% for the first nine months of 2010 (compared to 4.64% for the same period in 2009).
Interest income earned on cash and cash equivalents was €21 million for the first nine months of 2010, compared to €30 million for the same period in 2009, a decrease of €9 million. This evolution was due to the decrease in the average interest income rate to 0.87% for the first nine months of 2010 (compared to 1.15% for the same period in 2009), and the decrease in average cash and cash equivalents to €3.2 billion for the first nine months of 2010 (compared to €3.4 billion for the same period in 2009). For more information, please refer to Section 5 of this Financial Report.

**Other financial charges and income** were a net charge of €348 million, compared to €116 million for the first nine months of 2009, a €232 million increase. For the first nine months of 2010, they notably included a capital loss incurred on the sale of 7.66% of Vivendi's interest in NBC Universal (-€232 million, of which -€281 million related to a currency translation adjustment reclassified to earnings, which represented a foreign exchange loss due to the decline of the US dollar since January 1, 2004) realized at the end of September 2010 as the first step of the sale of Vivendi's 20% interest in NBC Universal, as agreed with General Electric in December 2009. For more information, please refer to Notes 7 and 8 to the Condensed Financial Statements for the first nine months ended September 30, 2010.

**Provision for income taxes** was a net charge of €848 million, compared to €567 million for the first nine months of 2009, an increase of €281 million. This increase was mainly due to the increase in taxable income of business segments for the first nine months of 2010, particularly Activision Blizzard, as well as, to the increase in tax attributes recognized in the first nine months of 2009.
Income taxes reported to adjusted net income was a net charge of €976 million for the first nine months of 2010, compared to €448 million for the same period in 2009, a €528 million increase. This increase was notably driven by the increase in taxable income of business segments, particularly Activision Blizzard, as well as the decrease in the current tax savings realized as a result of the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward, notably the share attributable to SFR's non-controlling interest in this current tax savings (€27 million, compared to €265 million for the first nine months of 2009). Excluding this impact, the effective tax rate reported to adjusted net income was 23.3%, compared to 18.2% for the first nine months of 2009, an increase of 5.1 percentage points. The change in rate was primarily due to the increase in tax attributes recognized in the first nine months of 2009.

**Earnings attributable to non-controlling interests** amounted to €1,175 million, compared to €1,137 million for the first nine months of 2009, an increase of €38 million.
Adjusted net income attributable to non-controlling interests amounted to €1,249 million, compared to €1,472 million for the first nine months of 2009, a €223 million decrease. The increase in adjusted net income attributable to Activision Blizzard non-controlling interests (+€50 million) was more than offset by the decrease in the share attributable to SFR's non-controlling interest in the current tax savings realized as a result of the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward (€27 million, compared to €265 million for the first nine months of 2009), as well as the decrease in adjusted net income attributable to Canal+ France non-controlling interests (approximately -€50 million) following the acquisition of TF1 and M6 minority stakes by Canal+ Group.

For the first nine months of 2010, **earnings attributable to Vivendi shareowners** amounted to €1,639 million (or €1.33 per share), compared to €1,788 million (or €1.50 per share) for the first nine months of 2009, a decrease of €149 million (-8.3%).

**The reconciliation of earnings attributable to Vivendi shareowners with adjusted net income** is further described in Note 5 to the Condensed Financial Statements for the nine months ended September 30, 2010. For the first nine months of 2010, this reconciliation primarily included the amortization of intangible assets acquired through business combinations (-€255 million, after taxes and non-controlling interests), the capital loss incurred on the sale of 7.66% of Vivendi's interest in NBC Universal (-€232 million, of which -€281 million related to a currency translation adjustment reclassified to earnings, which represented a foreign exchange loss due to the decline of the US dollar since January 1, 2004) realized at the end of September 2010 as the first step of the sale of Vivendi's 20% interest in NBC Universal, as agreed with General Electric in December 2009, and the impact of reversing the deferred tax asset (€62 million) related to the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward. For the first nine months of 2009, this reconciliation notably included the impact of reversing the deferred tax asset (€602 million) related to the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward, as well as amortization of intangible assets acquired through business combinations (-€233 million, after taxes and non-controlling interests), partially offset by the increase in the savings expected in 2010 from the Consolidated Global Profit Tax System (€237 million).

## 2.3 Vivendi's outlook for 2010

Vivendi confirms its 2010 outlook:

- Increase in EBITA;
- Adjusted Net Income 2010 higher than 2009; and
- €1.40 per share dividend for fiscal year 2010.

Moreover, Vivendi expects Financial Net Debt to be below €6.5 billion at the end of 2010, assuming the $3.8 billion from the second step of the sale of NBC Universal is received by end 2010.

For a description of 2010 outlook by business unit, please refer to Section 4 of this Financial Report.

The 2010 outlook regarding revenues, EBITA, EBITA margin rates, adjusted net income and EBITDA presented in this Financial Report is based on data, assumptions and estimates considered as reasonable by Vivendi management. They are subject to change or modification due to uncertainties related in particular to the economic, financial, competitive and/or regulatory environment. Moreover, the materialization of certain risks described in Chapter 2 of the 2009 Annual Report could have an impact on the group's operations and its capacity to achieve its forecasts for 2010.

In addition Vivendi considers that the non-GAAP measures, EBITA, adjusted net income and EBITDA are relevant indicators of the group's operating performance. Each of these indicators is defined in the appropriate section of this Financial Report.

# 3 Cash flow from operations analysis (unaudited)

***Preliminary comment:***

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

For the first nine months of 2010, **cash flow from operations before capital expenditures (CFFO before capex, net)** generated by business operations amounted to €5,721 million (compared to €5,087 million for the first nine months of 2009), a €634 million increase (+12.5%). This evolution was mainly driven by the increase in EBITDA after changes in net working capital (+€613 million), primarily attributable to the respective performances of Maroc Telecom Group, SFR and Canal+ Group, as well as the integration of GVT (consolidated since November 2009). In addition, it included the unfavorable change in net working capital of Activision Blizzard during the first nine months of 2010. This evolution also reflected the decrease in restructuring charges paid (+€92 million), offset by the decrease in dividends received from equity affiliates (-€77 million). For the first nine months of 2010, dividends received from NBC Universal amounted to €188 million, compared to €266 million for the same period in 2009.

For the first nine months of 2010, **capital expenditures, net** amounted to €2,600 million, compared to €1,974 million for the first nine months of 2009, a €626 million increase (+31.7%). This evolution reflected the financial impact (€300 million) of the grant to SFR of an additional band of 3G mobile telephony spectrum (please refer to Section 1.1.4 of this Financial Report), the integration of GVT (+€321 million) consolidated since November 2009, and the increase in capital expenditures at Maroc Telecom Group (+€94 million). **Cash flow from operations (CFFO) after capital expenditures, net** generated by business operations amounted to €3,121 million, compared to €3,113 million for the first nine months of 2009.

For the first nine months of 2010, **cash flow from operations after interest and income taxes paid (CFAIT)** was €2,155 million, compared to €2,873 million for the first nine months of 2009, a €718 million decrease (-25.0%). CFAIT was primarily affected by the €592 million increase in income taxes paid, net, which was notably driven by the €253 million decrease in the payment received as part of the Consolidated Global Profit Tax System, due to the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward in 2009, by the unfavorable impact from the refunds of tax payments (-€284 million), as well as by the integration of GVT. In addition, the evolution of CFAIT also included the increase in interest paid (-€39 million), as well as the unfavorable impact of foreign exchange transactions (-€102 million), which generated a net cash payment of €24 million for the first nine months of 2010, compared to a net cash inflow of €78 million for the same period in 2009.

| (in millions of euros) | | Nine months ended September 30, 2010 | 2009 | V€ | V% |
|---|---|---|---|---|---|
| Revenues | | 20,869 | 19,525 | +1,344 | +6.9% |
| Operating expenses excluding depreciation and amortization | | (14,273) | (13,635) | -638 | -4.7% |
| *EBITDA* | (a) | *6,596* | *5,890* | *+706* | *+12.0%* |
| Restructuring charges paid | | (59) | (151) | +92 | +60.9% |
| Content investments, net | | (337) | (343) | +6 | +1.7% |
| Neutralization of change in provisions included in EBITDA | | (167) | (87) | -80 | -92.0% |
| Other cash operating items excluded from EBITDA | | (3) | (15) | +12 | +80.0% |
| Other changes in net working capital | | (501) | (476) | -25 | -5.3% |
| ***Net cash provided by operating activities before income tax paid*** | (b) | ***5,529*** | ***4,818*** | ***+711*** | ***+14.8%*** |
| Dividends received from equity affiliates | (c) | 189 | 266 | -77 | -28.9% |
| *of which NBC Universal* | | *188* | *266* | *-78* | *-29.3%* |
| Dividends received from unconsolidated companies | (c) | 3 | 3 | - | - |
| **Cash flow from operations, before capital expenditures, net (CFFO before capex, net)** | | **5,721** | **5,087** | **+634** | **+12.5%** |
| Capital expenditures, net (capex, net) | (d) | (2,600) | (1,974) | -626 | -31.7% |
| *of which SFR* | | *(1,581)* (f) | *(1,364)* | *-217* | *-15.9%* |
| *Maroc Telecom Group* | | *(437)* | *(343)* | *-94* | *-27.4%* |
| *GVT* | | *(321)* | *na** | *-321* | *na** |
| **Cash flow from operations (CFFO)** | | **3,121** | **3,113** | **+8** | **+0.3%** |
| Interest paid, net | (e) | (375) | (336) | -39 | -11.6% |
| Other cash items related to financial activities | (e) | (65) | 30 | -95 | na* |
| *of which fees and premium on borrowing issuance* | | *(19)* | *(38)* | *+19* | *+50.0%* |
| *foreign exchange transaction gains/(losses)* | | *(24)* | *78* | *-102* | *na** |
| ***Financial activities cash payments*** | | ***(440)*** | ***(306)*** | ***-134*** | ***-43.8%*** |
| Payment received from the French State Treasury as part of the Consolidated Global Profit Tax System | | 182 | 435 | -253 | -58.2% |
| Other taxes paid | | (708) | (369) | -339 | -91.9% |
| ***Income tax (paid)/received, net*** | (b) | ***(526)*** | ***66*** | ***-592*** | ***na**** |
| **Cash flow from operations after interest and income tax paid (CFAIT)** | | **2,155** | **2,873** | **-718** | **-25.0%** |

na*: not applicable.

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

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

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

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

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

f. Notably included the acquisition of 3G spectrum for €300 million in June 2010.

# 4 Business segment performance analysis

## 4.1 Revenues and EBITA by business segment (unaudited)

### THIRD QUARTER

| | Three months ended September 30, | | | |
|---|---|---|---|---|
| (in millions of euros) | 2010 | 2009 | % Change | % Change at constant rate |
| **Revenues** | | | | |
| Activision Blizzard | 577 | 493 | +17.0% | +5.8% |
| Universal Music Group | 1,027 | 969 | +6.0% | -2.9% |
| SFR | 3,131 | 3,090 | +1.3% | +1.3% |
| Maroc Telecom Group | 744 | 694 | +7.2% | +5.5% |
| GVT | 288 | na* | na* | na* |
| Canal+ Group | 1,137 | 1,110 | +2.4% | +2.0% |
| Non-core operations and others, and elimination of intersegment transactions | (17) | (9) | na* | na* |
| **Total Vivendi** | **6,887** | **6,347** | **+8.5%** | **+5.2%** |
| **EBITA** | | | | |
| Activision Blizzard | 66 | 33 | +100.0% | +77.2% |
| Universal Music Group | 85 | 58 | +46.6% | +34.3% |
| SFR | 614 | 690 | -11.0% | -11.0% |
| Maroc Telecom Group | 346 | 319 | +8.5% | +6.7% |
| GVT | 71 | na* | na* | na* |
| Canal+ Group | 274 | 282 | -2.8% | -2.6% |
| Holding & Corporate | (22) | (28) | +21.4% | +21.8% |
| Non-core operations and others | (7) | (8) | na* | na* |
| **Total Vivendi** | **1,427** | **1,346** | **+6.0%** | **+3.6%** |

### FIRST NINE MONTHS

| | Nine months ended September 30, | | | |
|---|---|---|---|---|
| (in millions of euros) | 2010 | 2009 | % Change | % Change at constant rate |
| **Revenues** | | | | |
| Activision Blizzard | 2,280 | 1,986 | +14.8% | +11.1% |
| Universal Music Group | 2,927 | 2,978 | -1.7% | -6.3% |
| SFR | 9,379 | 9,230 | +1.6% | +1.6% |
| Maroc Telecom Group | 2,126 | 1,999 | +6.4% | +5.9% |
| GVT | 732 | na* | na* | na* |
| Canal+ Group | 3,464 | 3,368 | +2.9% | +2.2% |
| Non-core operations and others, and elimination of intersegment transactions | (39) | (36) | na* | na* |
| **Total Vivendi** | **20,869** | **19,525** | **+6.9%** | **+4.9%** |
| **EBITA** | | | | |
| Activision Blizzard | 686 | 406 | +69.0% | +66.4% |
| Universal Music Group | 244 | 269 | -9.3% | -14.7% |
| SFR | 1,982 | 1,986 | -0.2% | -0.2% |
| Maroc Telecom Group | 942 | 905 | +4.1% | +3.5% |
| GVT | 169 | na* | na* | na* |
| Canal+ Group | 760 | 754 | +0.8% | +0.5% |
| Holding & Corporate | (87) | (56) | -55.4% | -55.0% |
| Non-core operations and others | (26) | (19) | na* | na* |
| **Total Vivendi** | **4,670** | **4,245** | **+10.0%** | **+8.5%** |

na*: not applicable.

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

- at Maroc Telecom Group: Sotelma (August 1, 2009); and
- GVT (November 13, 2009).

# 4.2 Comments on operating performance of business segments

***Preliminary comments:***

- *Vivendi Management evaluates the performance of Vivendi's business segments and allocates necessary resources to them based on certain operating performance indicators, notably non-GAAP measures EBITA (Adjusted earnings before interest and income taxes) and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):*
  - *The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations and the impairment losses of goodwill and other intangibles acquired through business combinations that are included in EBIT. Please refer to Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2009 (page 186 of the 2009 Annual Report).*
  - *As defined by Vivendi, EBITDA corresponds to EBITA as presented in the Consolidated Statement of Earnings, before depreciation and amortization of tangible and intangible assets, restructuring charges, gains/(losses) on the sale of tangible and intangible assets and other non-recurring items (as presented in the Condensed Statement of Earnings by each operating segment - Please refer to Note 2 to the Condensed Financial Statements for the first nine months of 2010).*

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

- *As a reminder, the Vivendi group operates through six businesses at the heart of the worlds of content, platforms and interactive networks; as of September 30, 2010, Vivendi's ownership interest in each business is as follows:*
  - *Activision Blizzard: 60%;*
  - *Universal Music Group (UMG): 100%;*
  - *SFR: 56%;*
  - *Maroc Telecom Group: 53%;*
  - *GVT: 100% (please refer to Section 1.1); and*
  - *Canal+ Group: 100% (since February 22, 2010, Canal+ Group holds 80% interest in Canal+ France; please refer to Section 1.1).*

### Activision Blizzard

Activision Blizzard delivered better-than-expected financial and commercial results and strong year-over-year growth. Activision Blizzard's revenues reached €2,280 million, a 14.8% increase compared to the same period in 2009, and EBITA reached €686 million, a 69% increase. These results benefited from the accounting principles requiring revenues and related cost of sales associated with online component games to be deferred over the estimated customer service period. The balance of deferred operating margin was €378 million as of September 30, 2010, versus €733 million as of December 31, 2009 and €231 million as of September 30, 2009.

Activision Blizzard results were fueled by the company's leadership in online entertainment, including strong performance from *Call of Duty*®, *World of Warcraft*® and *Starcraft*® franchises. For the first nine months of the calendar year, the company's digital offerings contributed to close to half of its total non-GAAP revenues and its digital revenues increased more than 15% year over year. Additionally, *Call of Duty* was the #1 third-party franchise in the U.S. and Europe[2] for the first nine months of the calendar year. *Starcraft II: Wings of Liberty* sold more than 3 million copies worldwide in the first month of its release. *World of Warcraft*'s subscriber base has exceeded 12 million players worldwide for the first time.

For the fourth quarter of 2010, Activision Blizzard has a strong slate of games. On November 9, Activision Blizzard launched *Call of Duty®: Black Ops*, which is already one of the top entertainment properties of the holiday season. *Call of Duty®: Black Ops* recorded new opening day sales record with approximately $360 million in North America and United Kingdom alone. On December 7, 2010, Activision Blizzard will release *World of Warcraft: Cataclysm™*, the third expansion of *World of Warcraft*. Upcoming releases include *Bakugan: Defenders of the Core, DJ Hero 2®, Goldeneye 007, James Bond 007: Bloodstone* and *Tony Hawk®: SHRED*.

Activision Blizzard has once again raised its outlook for the full year and expects to deliver the most profitable year in its history with record operating margins. For 2010, on a non GAAP basis, the company now expects net revenues of $4.45 billion and $0.74 earnings per diluted share (as compared to its prior non GAAP net revenue outlook of $4.4 billion and $0.72 in earnings per diluted share). In IFRS, the EBITA outlook increased to around €700 million, versus above €630 million provided in the press release on September 1.

### Universal Music Group

Universal Music Group's (UMG) revenues were €2,927 million, a 1.7% decline compared to the same period in 2009 (a 6.3% decrease at constant currency). Fewer major local and international releases and reduced demand for physical product countered an increase in digital

*[2] According to the NPD Group, Charttrack and Gfk.*

sales and music publishing sales, and strong growth in merchandising sales. For the third quarter of 2010, digital sales increased 18.5% year-on-year with improvements in the online sector more than offsetting a decrease in ringtone downloads in the US.

UMG's EBITA was €244 million, a 9.3% decline (a 14.7% decrease at constant currency). Lower revenues in addition to an unfavorable sales mix more than offset operating cost savings and a reduction in restructuring charges.

Major recorded music sellers for the first nine months included titles from Eminem, Lady Gaga, Justin Bieber and Michel Sardou, in addition to debut releases from Drake and Florence & The Machine.

Vevo's success is confirmed. The website had 44.3 million unique viewers as of September 2010 and established itself as the 1# music video website in the United States.

## SFR

SFR's revenues increased by 1.6% to €9,379 million compared to the same period last year, despite a more competitive market as the end of the year approaches and despite substantial tariff cuts resulting from regulatory decisions. Revenues increased by 5.8% excluding the regulated price cut impacts.Mobile revenues[3] reached €6,664 million, a 0.3% decrease.

Mobile service revenues[4] decreased by 0.7% to €6,321 million. Mobile service revenues[5] increased by 5.1% excluding the impact of the 31% mobile voice termination regulated price cut on July 1, 2009, the 33% mobile voice termination regulated price cut on July 1, 2010, and the 33% SMS voice termination regulated price cut on February 1, 2010 and the impact of the roaming tariff cut resulting from regulatory decisions.

For the first nine months of 2010, SFR achieved good commercial results, adding 854,000 new postpaid net adds. The iPhone's success was confirmed with 698,000 new customers. SFR's postpaid mobile customer base reached 15.661 million at the end of September 2010, improving the customer mix by 3.9 percentage points year-on-year to attain 75.2%. The total mobile customer base reached 20.815 million.

Broadband Internet and fixed revenues[4] were €2,944 million, a 5.3% increase compared to the same period last year. More specifically, broadband Internet mass market revenues increased by 13.1%.

SFR's broadband Internet segment continues its excellent commercial performance. SFR added 329,000 net new active customers, representing a market share of more than 35%[5]. At the end of September 2010, SFR's broadband Internet customer base totaled 4.773 million, a 11.4% increase year-on-year.

SFR's EBITDA was €3,107 million, a 2.6% increase. This growth included about €50 million of ("non-cash") non-recurring items related to the termination by a third party of some of SFR's fixed network indefeasible right of use (IRU).

SFR's mobile EBITDA was €2,504 million, a 1.0% decrease compared to the same period last year. Growth in the customer bases, the expansion of mobile Internet and the strict control of fixed costs did not offset the very heavy impact of regulation.

SFR's broadband Internet and fixed EBITDA was €603 million, a 21.1% increase. This increase was driven by the effects of broadband Internet growth and positive non-recurring items first mentioned. Excluding the impact of those non-recurring items, EBITDA growth was 10.4%.

SFR's EBITA was €1,982 million, a small decrease of 0.2%.

## Maroc Telecom Group

Maroc Telecom Group's revenues were €2,126 million, up 6.4% year on year (+2.9% at constant currency and perimeter[6]). This performance was attributable to the domestic market resilience and the continued growth of its African subsidiaries.

Maroc Telecom Group's customer base was 25.1 million as of September 30, 2010, up 17.3%. This evolution reflected a continuing sustained growth of the mobile customer base in Morocco (+9.8%) and especially in the subsidiaries, where it reached almost 6.3 million mobile customers, an increase of approximately 58%.

Maroc Telecom Group's EBITDA was €1,254 million, a 5.6% increase (+4.2% at constant currency and perimeter), enabling it to maintain its high EBITDA margin rate at about 59% due to increased revenues and a determined cost optimization policy both in Morocco and in the subsidiaries.

Maroc Telecom Group's EBITA was €942 million, a 4.1% increase (+4.1% at constant currency and perimeter). The EBITA margin rate remained at a high level, 44.3% (+0.5 point at constant currency and perimeter), despite higher depreciation charges resulting from the continued major investment program.

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

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

[5] *According to SFR.*

[6] *Constant perimeter includes the consolidation of Sotelma, as if this transaction had occurred on January 1, 2009.*

## GVT

In IFRS, GVT's revenues, EBITDA and EBITA, for the first nine months of 2010, were €732 million, €306 million and €169 million, respectively. Vivendi took control and consolidated GVT since November 13, 2009 and fully owns its share capital since April 27, 2010.

In accordance with local Brazilian accounting standards, GVT's net revenues reached BRL1,736 million, an increase of 41.8% (with the appreciation of the Brazilian real, the increase in euros was 74.2%). Net revenues growth was mainly driven by a 78.1% increase in broadband service revenues and a 33.9% increase in voice service revenues. Due to GVT's competitive value proposition, the net additions of lines in service (LIS) totaled 1.030 million, an increase of 56.1%. As of September 30, 2010, the total number of the lines in service reached 3.846 million.

Adjusted EBITDA[7] was BRL714 million, an increase of 51.9% (with the appreciation of the Brazilian real, the increase in euros was 86.5%). Adjusted EBITDA margin was 41.1%, compared to 38.4% for the same period last year. These changes were due to a better product mix, including the widespread penetration of 10 Mbps' broadband and continued cost optimization.

During the first nine months of 2010, GVT expanded its coverage with seven additional cities: Fortaleza (State of Ceara), Joao Pessoa and Campina Grande (State of Paraíba) in the Northeast region as well as Olinda (State of Pernambuco), Sorocaba and Jundiaí (State of Sao Paulo), and Niteroi (State of Rio de Janeiro). GVT expanded the operation in Sao Paulo by entering in two new cities: Campinas and Piracicaba on November 3.

GVT announced the launch of two new services: the "Power Music Club powered by UMG" (songs and music videos services dedicated to the broadband Power GVT subscribers) launched on October 19, 2010 and a pay-TV platform (to be launched during the second half of 2011). Additionally, GVT changed its broadband portfolio establishing 5 Mbps as the lowest speed offered to its customers, the highest initial speed in the Brazilian market.

Since the acquisition by Vivendi, GVT had been accelerating its investments in geographical expansion. For the full year 2010, GVT has launched a capital expenditures program of BRL1.5 billion, compared to BRL697 million in 2009.

As a result of this excellent performance, GVT increased once again its 2010 guidance in local Brazilian accounting standards and local currency: revenues are now expected to increase by 40% and adjusted EBITDA by 50%, versus +34% and +44%, respectively, forecasted in the September 1, 2010 press release and versus +26% and +30% forecasted at the beginning of the year.

## Canal+ Group

Canal+ Group revenues were €3,464 million, compared to €3,368 million over the same period in 2009, a 2.9% increase year-on-year.

This increase was mainly due to strong performances of Canal+ in metropolitan France, which saw a net growth in its individual subscriber portfolio and revenue per subscriber as well as an increase in advertising revenues. Options such as HD and PVR have continued to broaden their reach, notably due to the success of the set-top box LeCube, of which a new version was launched during the summer.Net portfolio growth was also driven by the strong performances of Canal+ and CanalSat in territories operated by Canal Overseas (French overseas territories and Africa). Over the past twelve months, Canal+ France's portfolio recorded a net growth of 248,000 subscribers. By the end of September 2010, all but 2% of Canal+ subscriber base had been upgraded to digital.

Canal+ in Poland continued to grow despite a tougher competitive environment. StudioCanal revenues were affected by seasonal effects in sales compared to the same period in 2009.

Group Canal+'s EBITA was €760 million, compared to €754 million over the same period in 2009. Pay-TV operations in France (Canal+ France) recorded strong growth due to higher individual subscription and advertising revenues. This growth was partly offset by a temporary sales shift at StudioCanal and Canal+ Group investments in international operations, mainly in Vietnam.

## Holding & Corporate

Holding & Corporate's EBITA was -€87 million, compared to -€56 million for the first nine months of 2009. For the first nine months of 2009, EBITA included an earn-out income (€40 million) in connection with the disposal of real estate assets in Germany in 2007.

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

# 5 Treasury and capital resources

***Preliminary comments:***

*Vivendi considers Financial Net Debt, a non-GAAP measure, to be an important indicator in measuring Vivendi's indebtedness. As of December 31, 2009, Vivendi changed the definition of Financial Net Debt to now include certain cash management financial assets the characteristics of which do not strictly comply with the definition of cash equivalents as defined by the Recommendation of the AMF and IAS 7. In particular, such financial assets may have a maturity of up to 12 months. Financial Net Debt should be considered in addition to, and not as a substitute for, other GAAP measures reported on the Condensed 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 of Vivendi's debt covenants. Please refer to Section "Treasury and capital resources" of the 2009 Financial Report (pages 164 to 169 of the 2009 Annual Report).*

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

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

- As of September 30, 2010, the group's Financial Net Debt amounted to €8.9 billion. This amount included SFR's Financial Net Debt of €5.7 billion, which includes €2.3 billion in revolving facilities granted to SFR by Vivendi SA under market terms. The group's Financial Net Debt also included the net cash position of Activision Blizzard for €2.1 billion as of September 30, 2010 (including US treasuries and government agency securities). Please refer to Section 5.2 below.
- As of November 15, 2010, the date of the Management Board meeting which approved the Financial Statements for the first nine months of 2010:
  - The available undrawn facilities of Vivendi SA, net of commercial paper, amounted to €4.9 billion, and available credit lines of SFR, net of commercial paper, amounted to approximately €1.9 billion. Under the terms of their bank facilities, Vivendi SA and SFR are required to comply with certain financial covenants computed on June 30, and December 31, of each year. 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 June 30, 2010, Vivendi SA and SFR were in compliance with their financial covenants. Please refer to Note 14 to the Condensed Financial Statements for the half year ended June 30, 2010.
  - Vivendi's credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's) and the "economic" average term[8] of the group's debt was 4.2 years, compared to 3.9 years at year-end 2009. SFR's credit rating is BBB+ (Fitch) and the "economic" average term[9] of SFR's debt was 2.7 years, compared to 2.3 years at year-end 2009.
  - The total amount of bonds issued by Vivendi SA and SFR was €7.6 billion, representing approximately 64% of gross borrowings, compared to approximately 62% as of December 31, 2009. The "economic" average term of the bonds issued by the group was 3.9 years, compared to 4.1 years as of December 31, 2009.

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

# 5.2 Financial Net Debt changes

As of September 30, 2010, Vivendi’s Financial Net Debt amounted to €8,865 million (compared to €9,566 million as of December 31, 2009), a €701 million decrease. This evolution was notably driven by the $2 billion cash inflow from the sale of 7.66% of its interest in NBC Universal realized at the end of September 2010 as the first step of the sale of Vivendi’s 20% interest in NBC Universal, as agreed with General Electric in December 2009. In addition, at the end of September 2010, 64% of Vivendi’s Financial Net Debt was attributable to SFR, compared to 62% as of December 31, 2009. Moreover, Vivendi’s Financial Net Debt also included Activision Blizzard’s net cash position for €2,065 million, of which €489 million ($658 million) was invested in US treasuries and government agency securities with a maturity exceeding three months, included in the current Financial Assets items of the Consolidated Statement of Financial Position.

| | September 30, 2010 | | December 31, 2009 | |
|---|---|---|---|---|
| (in millions of euros) | Vivendi | *of which SFR* | Vivendi | *of which SFR* |
| Borrowings and other financial liabilities | 12,096 | *5,884* | 13,262 | *6,482* |
| *of which long-term (a)* | *9,160* | *2,123* | *8,355* | *2,211* |
| *short-term (a)* | *2,936* | *1,511* | *4,907* | *1,621* |
| *revolving facilities granted to SFR by Vivendi SA* | - | *2,250* | - | *2,650* |
| Derivative financial instruments in assets (b) | (284) | - | (30) | *(2)* |
| Cash deposits backing borrowings (b) | (23) | - | (49) | - |
| Cash management financial assets (b) (c) | (489) | - | (271) | - |
| | **11,300** | ***5,884*** | **12,912** | ***6,480*** |
| Cash and cash equivalents (a) | (2,435) | *(203)* | (3,346) | *(545)* |
| *of which Activision Blizzard's cash and cash equivalents* | *(1,576)* | *na** | *(1,925)* | *na** |
| **Financial Net Debt** | **8,865** | ***5,681*** | **9,566** | ***5,935*** |

na*: not applicable.

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

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

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

For the first nine months of 2010, Financial Net Debt decreased by €701 million: the €1,612 million decrease in borrowings and other financial liabilities was partly offset by the €911 decrease in net cash.

Net cash used for investing activities amounted to €1,825 million, and primarily included capital expenditures, net (€2,600 million, of which €300 million related to the acquisition by SFR of 3G spectrum), as well as the completion of the acquisition of 100% of GVT (€576 million, please refer to Section 1.1.1). These cash payments were notably offset by the $2 billion cash inflow at the end of September 2010 from the sale of 7.66% of Vivendi's interest in NBC Universal (€1,425 million, please refer to Section 1.1.1) as the first step of the sale of Vivendi's 20% interest in NBC Universal, as agreed with General Electric in December 2009, and by dividends received from NBC Universal (€188 million).

Net cash used for financing activities amounted to €4,261 million, mainly including payments to Vivendi SA's and its subsidiaries' shareowners (€3,403 million) as well as the repayments of bank facilities and borrowings (€1,836 million), partially offset by borrowings put into place (€1,216 million, including a €750 million bond issue placed by Vivendi SA). Payments to the group' shareowners primarily included the dividend paid by Vivendi to its shareowners (€1,721 million), the dividend paid by consolidated subsidiaries to their non-controlling interests (€947 million, mainly including SFR for €440 million and Maroc Telecom SA for €386 million), the stock repurchase program of Activision Blizzard (€472 million) and the acquisition of M6's minority interest in Canal+ France (€384 million).

Net cash provided by operating activities amounted to €5,003 million. For further information about net cash provided by operating activities, please refer to Section 3 "Cash flow from operations analysis" above.

| (in millions of euros) | Cash and cash equivalents | Borrowings and other financial liabilities (a) | Impact on Financial Net Debt |
|---|---|---|---|
| **Financial Net Debt as of December 31, 2009** | **(3,346)** | **12,912** | **9,566** |
| Outflows/(inflows) generated by: | | | |
| Operating activities | (5,003) | - | (5,003) |
| Investing activities | 1,825 | (758) | 1,067 |
| Financing activities | 4,261 | (921) | 3,340 |
| Foreign currency translation adjustments (b) | (172) | 67 | (105) |
| Change in Financial Net Debt over the period | 911 | (1,612) | (701) |
| **Financial Net Debt as of September 30, 2010** | **(2,435)** | **11,300** | **8,865** |

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

b. Primarily relates to the impact of Euro/Dollar exchange rate fluctuations on Activision Blizzard's net cash position and on the nominal value of the dollar denominated bonds issued by Vivendi SA in April 2008.

# 5.3 Analysis of Financial Net Debt changes

| (in millions of euros) | | Refer to section | Nine months ended September 30, 2010<br>Impact on cash and cash equivalents | Impact on borrowings and other financial liabilities | Impact on Financial Net Debt |
|---|---|---|---|---|---|
| **EBIT** | | 2 | **(4,241)** | **-** | **(4,241)** |
| Adjustments | | | (2,126) | - | (2,126) |
| Content investments, net | | | 337 | - | 337 |
| ***Gross cash provided by operating activities before income tax paid*** | | | ***(6,030)*** | ***-*** | ***(6,030)*** |
| Other changes in net working capital | | | 501 | - | 501 |
| ***Net cash provided by operating activities before income tax paid*** | | 3 | ***(5,529)*** | ***-*** | ***(5,529)*** |
| Income tax paid, net | | 3 | 526 | - | 526 |
| **Operating activities** | **A** | | **(5,003)** | **-** | **(5,003)** |
| **Financial investments** | | | | | |
| Purchases of consolidated companies, after acquired cash | | | 677 | (585) | 92 |
| *of which completion of the acquisition of GVT* | | 1.1 | *576* | *(555)* | *21* |
| *- Payments made to acquire shares that Vivendi did not own as of December 31, 2009* | | | *590* | *(590)* | *-* |
| *- Foreign exchange hedging gain on GVT shares acquired* | | | *(50)* | *50* | *-* |
| *- Adjustment in estimate of the purchase price* | | | *-* | *(15)* | *(15)* |
| *- Other* | | | *36* | *-* | *36* |
| *payment to the beneficiaries of Neuf Cegetel restricted stock plans* | | | *27* | *-* | *27* |
| Investments in equity affiliates | | | 10 | - | 10 |
| Increase in financial assets | | | 579 | (526) | 53 |
| ***Total financial investments*** | | | ***1,266*** | ***(1,111)*** | ***155*** |
| **Financial divestments** | | | | | |
| Proceeds from sales of consolidated companies, after divested cash | | | 59 | - | 59 |
| Disposal of equity affiliates | | | (1,425) | - | (1,425) |
| *of which sale of 7.66% interest in NBC Universal for $2 billion* | | 1.1 | *(1,425)* | *-* | *(1,425)* |
| Decrease in financial assets | | | (483) | 353 | (130) |
| ***Total financial divestments*** | | | ***(1,849)*** | ***353*** | ***(1,496)*** |
| **Financial investment activities** | | | **(583)** | **(758)** | **(1,341)** |
| Dividends received from equity affiliates | | 3 | (189) | - | (189) |
| Dividends received from unconsolidated companies | | | (3) | - | (3) |
| **Investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets, net** | | | **(775)** | **(758)** | **(1,533)** |
| Capital expenditures (a) | | | 2,666 | - | 2,666 |
| Proceeds from sales of property, plant, equipment and intangible assets | | | (66) | - | (66) |
| ***Capital expenditures, net*** | | 3 | ***2,600*** | ***-*** | ***2,600*** |
| **Investing activities** | **B** | | **1,825** | **(758)** | **1,067** |

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

a. Notably included the acquisition by SFR of 3G spectrum in June 2010 for €300 million (please refer to Section 1.1.4).

*Continued from previous page.*

| (in millions of euros) | | Refer to section | Nine months ended September 30, 2010 – Impact on cash and cash equivalents | Impact on borrowings and other financial liabilities | Impact on Financial Net Debt |
|---|---|---|---|---|---|
| **Transactions with shareowners** | | | | | |
| Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans | | | (104) | - | (104) |
| *of which capital increase subscribed by employees in connection with the stock purchase plan* | | | *(98)* | - | *(98)* |
| Other transactions with shareowners | | | 367 | (384) | (17) |
| *of which exercise by M6 of its put option on its Canal+ France shares* | | 1.1 | *384* | *(384)* | - |
| (Sales)/purchases of treasury shares | | | 472 | - | 472 |
| *of which stock repurchase program of Activision Blizzard* | | 1.1 | *472* | - | *472* |
| Dividends paid by Vivendi SA (€1.40 per share) | | 1.1 | 1,721 | - | 1,721 |
| Dividends paid by consolidated companies to their non-controlling interests | | | 947 | - | 947 |
| *of which SFR* | | 1.1 | *440* | - | *440* |
| *Maroc Telecom SA* | | | *386* | - | *386* |
| ***Total transactions with shareowners*** | | | ***3,403*** | ***(384)*** | ***3,019*** |
| **Transactions on borrowings and other financial liabilities** | | | | | |
| Setting up of long-term borrowings and increase in other long-term financial liabilities | | | (1,216) | 1,216 | - |
| *of which Vivendi SA* | | 5.4 | *(750)* | *750* | - |
| *SFR* | | | *(467)* | *467* | - |
| Principal payments on long-term borrowings and decrease in other long-term financial liabilities | | | 230 | (230) | - |
| Principal payments on short-term borrowings | | | 1,606 | (1,606) | - |
| *of which Vivendi SA* | | 5.4 | *780* | *(780)* | - |
| *SFR* | | | *431* | *(431)* | - |
| *GVT* | | 5.4 | *250* | *(250)* | - |
| Other changes in short-term borrowings and other financial liabilities | | | (202) | 210 | 8 |
| *of which Vivendi SA's commercial paper* | | | *(127)* | *127* | - |
| Non-cash transactions | | | - | (127) | (127) |
| Interest paid, net | | 3 | 375 | - | 375 |
| Other cash items related to financial activities | | 3 | 65 | - | 65 |
| ***Total transactions on borrowings and other financial liabilities*** | | | ***858*** | ***(537)*** | ***321*** |
| **Financing activities** | **C** | | **4,261** | **(921)** | **3,340** |
| Foreign currency translation adjustments | D | | (172) | 67 | (105) |
| **Change in Financial Net Debt** | **A+B+C+D** | | **911** | **(1,612)** | **(701)** |

# 5.4 Borrowings put into place/redeemed in 2010

### Vivendi SA

- In March, Vivendi SA placed a €750 million bond issue with a 7 year maturity and a 4% coupon. It was issued at a price of 99.378% with a 4.10% interest. This bond issue was primarily aimed at refinancing a €630 million bond maturing on April 6, 2010.
- In September, Vivendi SA early refinanced a 3-year credit facility for €1 billion with an initial scheduled maturity of February 2011. The new credit facility of the same amount will expire in September 2015. This credit facility was undrawn as of September 30, 2010.

### SFR

- In January, SFR put into place a new securitization program of €280 million (maturing in January 2015), increased to €310 million in July 2010.
- In April, SFR early redeemed the Syndicated facility ("Club Deal") tranche A for €248 million, initially expired in July 2010.
- In June, SFR refinanced the current credit facility of €1.2 billion dated July 2004 with an initial scheduled maturity of April 2011; the new credit facility for the same amount will expire in June 2015. This credit facility was undrawn as of September 30, 2010.

### GVT

- In January and February, the $200 million (€137 million) bond issued by GVT in June 2006 at a 12% nominal interest rate with an initial scheduled maturity of September 2011 was redeemed in full thanks to GVT's cash and cash equivalents.
- In July, GVT made an early and partial reimbursement of BRL250 million (approximately €113 million) of the loan granted by BNDES.

# 5.5 Available credit facilities and maturity of bonds

The following table shows bonds and facilities of Vivendi SA and SFR, cumulated and due within the next five years. In this table, facility amounts relate to maximum amount (available and issued amount, excluding amount backing commercial paper).

| (in millions of euros) | September 30, 2010 | Maturing before September 30, | | | | | Maturing after September 30, 2015 |
|---|---|---|---|---|---|---|---|
| | | 2011 | 2012 | 2013 | 2014 | 2015 | |
| **Bonds** | | | | | | | |
| Vivendi SA | 6,110 | - | 1,300 | 520 | 1,820 | - | 2,470 |
| SFR | 1,300 | - | 1,000 | - | 300 | - | - |
| ***Sub-total*** | ***7,410*** | ***-*** | ***2,300*** | ***520*** | ***2,120*** | ***-*** | ***2,470*** |
| **Facilities** | | | | | | | |
| Vivendi SA | 6,000 | - | 2,000 | 1,271 | 1,729 | 1,000 | - |
| SFR | 3,802 | 500 | 492 | 1,300 | - | 1,510 | - |
| ***Sub-total*** | ***9,802*** | ***500*** | ***2,492*** | ***2,571*** | ***1,729*** | ***2,510*** | ***-*** |
| Vivendi SA | 12,110 | - | 3,300 | 1,791 | 3,549 | 1,000 | 2,470 |
| SFR | 5,102 | 500 | 1,492 | 1,300 | 300 | 1,510 | - |
| **Total** | **17,212** | **500** | **4,792** | **3,091** | **3,849** | **2,510** | **2,470** |

Vivendi SA and SFR notably have available credit facilities as of September 30, 2010 and December 31, 2009:

| (in millions of euros) | Maturity | As of September 30, 2010 | | | As of December 31, 2009 | | |
|---|---|---|---|---|---|---|---|
| | | Maximum amount | Drawn amount | Available amount | Maximum amount | Drawn amount | Available amount |
| **Vivendi SA** | | | | | | | |
| €2.0 billion revolving facility (April 2005) | April 2012 | 2,000 | 403 | 1,597 | 2,000 | 450 | 1,550 |
| €2.0 billion revolving facility (August 2006) | | | | | | | |
| of which initial credit line | August 2012 | 271 | - | 271 | 271 | - | 271 |
| extended credit line | August 2013 | 1,729 | - | 1,729 | 1,729 | - | 1,729 |
| €2.0 billion revolving facility (February 2008) | | | | | | | |
| of which tranche 1 (a) | - | - | - | - | 1,000 | - | 1,000 |
| tranche 2 | February 2013 | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| €1.0 billion revolving facility (September 2010) (a) | September 2015 | 1,000 | - | 1,000 | - | - | - |
| ***Subtotal*** | | ***6,000*** | ***403*** | ***5,597*** | ***6,000*** | ***450*** | ***5,550*** |
| *Commercial paper issued (b)* | | | | *(770)* | | | *(643)* |
| **Total of Vivendi SA's available credit facilities, net of commercial paper** | | | | **4,827** | | | **4,907** |
| **SFR** | | | | | | | |
| €1.2 billion revolving facility (July 2004) (c) | - | - | - | - | 1,200 | 185 | 1,015 |
| €1.2 billion revolving facility (June 2010) (c) | June 2015 | 1,200 | - | 1,200 | - | - | - |
| €450 million revolving facility (November 2005) | November 2012 | 450 | 400 | 50 | 450 | 290 | 160 |
| €850 million revolving facility (May 2008) | May 2013 | 850 | - | 850 | 850 | - | 850 |
| €100 million revolving facility (November 2008) | February 2011 | 100 | - | 100 | 100 | - | 100 |
| Syndicated loan "Club Deal" (July 2005) | | | | | | | |
| of which tranche A | July 2010 | - | - | - | 248 | 248 | - |
| tranche B | March 2012 | 492 | - | 492 | 492 | - | 492 |
| Securitization program (March 2006) | March 2011 | 300 | 300 | - | 280 | 280 | - |
| Securitization program (January 2010) | January 2015 | 310 | 287 | 23 | - | - | - |
| Structured financing (UK Lease) | November 2010 | 100 | 100 | - | 100 | 100 | - |
| ***Subtotal*** | | ***3,802*** | ***1,087*** | ***2,715*** | ***3,720*** | ***1,103*** | ***2,617*** |
| *Commercial paper issued (b)* | | | | *(798)* | | | *(933)* |
| **Total of SFR's available credit facilities, net of commercial paper** | | | | **1,917** | | | **1,684** |
| **Total Vivendi SA and SFR** | | **9,802** | | **6,744** | **9,720** | | **6,591** |

a. In September 2010, Vivendi SA refinanced an existing credit facility for €1 billion with an initial scheduled maturity of February 2011 by a bank financing for the same amount with a 5-year term.

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

c. In June 2010, SFR refinanced the €1.2 billion credit facility with an initial scheduled maturity of April 2011 by a bank financing for the same amount with a 5-year term.

**Available credit facilities as of November 15, 2010:**

As of November 15, 2010, the date of Vivendi's Management Board meeting which approved the Financial Statements for the first nine months of 2010, Vivendi SA had available committed bank facilities in the amount of €6 billion, totally undrawn. Considering the amount of commercial paper issued, and backed on credit facilities for €1.1 billion, these lines were available in an aggregate amount of €4.9 billion.

SFR had available committed bank facilities in the amount of €3.8 billion (including facilities related to securitization programs on receivables), of which €1 billion was drawn. Considering the amount of commercial paper issued at this date and backed on credit facilities for €0.9 billion, these credit lines were available for an aggregate amount of €1.9 billion.

# 5.6 Intercompany loans

| (in millions of euros, except where noted) | Maturity | As of September 30, 2010 Maximum amount | As of September 30, 2010 Drawn amount | As of September 30, 2010 Available amount | As of December 31, 2009 Maximum amount | As of December 31, 2009 Drawn amount | As of December 31, 2009 Available amount |
|---|---|---|---|---|---|---|---|
| **Revolving facilities granted by Vivendi SA to SFR** | | | | | | | |
| €3 billion revolving facility (April 2008) | | | | | | | |
| of which tranche A | July 2009 | - | - | - | - | - | - |
| tranche B | July 2010 | - | - | - | 1,000 | 1,000 | - |
| tranche C | December 2012 | 1,000 | 1,000 | - | 1,000 | 1,000 | - |
| €1.5 billion revolving facility (June 2009) | June 2013 | 1,500 | 1,250 | 250 | 1,500 | 650 | 850 |
| **Total** | | **2,500** | **2,250** | **250** | **3,500** | **2,650** | **850** |
| **Loan facility granted by Vivendi to GVT (March 2010)** | March 2015 | 250 | 122 | 128 | - | - | - |
| **Loan facility granted by SPT to Maroc Telecom (June 2010) (a) (in millions of MAD)** | March 2011 | 2,300 | 2,300 | - | - | - | - |
| **Loan facility granted by Vivendi SA to VTB (November 2009) (b)** | November 2010 | - | - | - | 4,000 | - | 4,000 |
| **Loan facility granted by Vivendi SA to Activision Blizzard (July 2008) (c) (in millions of dollars)** | March 2011 | - | - | - | 475 | - | 475 |

a. In June 2010, SPT « *Société de Participations dans les Télécommunications* », a wholly-owned subsidiary of Vivendi, made its cash available to Maroc Telecom for an initial amount of MAD 3,450 million (€313 million) pursuant to three short-term loan facility contracts of MAD 1,150 million each, maturing on September 2, 2010, December 2, 2010 and March 2, 2011, respectively.

b. VTB, a wholly-owned subsidiary of Vivendi organized under Brazilian law in 2009, was initially created in order to acquire 100% of the GVT shares, which acquisition was intended to be financed with this facility. Since the purchase of GVT was ultimately and primarily concluded by Vivendi SA directly and the April 2010 tender offer was concluded by VTB, financed with a capital increase, this €4 billion revolving facility was not needed anymore and was therefore cancelled (please refer to Section 1.1 of this Financial Report for a description of the Offer).

c. On July 23, 2010, Activision Blizzard notified Vivendi SA regarding the cancellation of this loan facility granted in July 2008.

## 5.7 Vivendi and SFR credit ratings

As of November 15, 2010, the date of the Management Board meeting which approved the Financial Statements for the first nine months of 2010, the credit ratings of Vivendi were as follows:

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

As of November 15, 2010, the credit ratings of SFR were as follows:

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

# 6 Forward looking statements

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans, expectations regarding the payment of dividends as well as the anticipated impact of certain litigations. 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 2009 "Rapport annuel - Document de référence" filed with the Autorité des Marchés Financiers (AMF) (the French securities regulator) and which is also available in English on Vivendi's web site (www.vivendi.com). The present forward-looking statements are made as of the date of this Financial Report and Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

# 7 Disclaimer

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

# II - Appendix to Financial Report: Unaudited supplementary financial data

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

As reported below, the reconciliation of Activision Blizzard's U.S. GAAP revenue and EBITA to IFRS as of September 30, 2010, September 30, 2009 and December 31, 2009 is based on:
- Activision Blizzard's data prepared in compliance with U.S. GAAP standards, in US dollars, contained in its Form 10-Q for the first nine months of 2010, available on Activision Blizzard's website (www.activisionblizzard.com), and non-GAAP comparable measures, published by Activision Blizzard in its earnings release on November 4, 2010; and
- Data relating to Activision Blizzard established in accordance with IFRS standards, in euros, as published by Vivendi in its Unaudited Condensed Financial Statements for the nine months ended September 30, 2010.

### 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.

### Non-GAAP measures of Activision Blizzard

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

a. the change in deferred income and related costs of sales resulting from the deferral of net revenues; as explained in the "Deferral of Activision revenue" and "Change in recognition of revenue at Blizzard" paragraphs in the Appendix to the 2009 Financial Report (pages 170 to 171 of the 2009 Annual Report) and of Note 1.3.4.1 to the Consolidated Financial Statements for the year ended December 31, 2009 (page 189 of the 2009 Annual Report);
b. expenses related to equity-based compensation costs;
c. costs related to the business combination of Activision, Inc. and Vivendi Games, Inc. (including transaction and integration costs);
d. restructuring charges;
e. impairment of intangible assets acquired through business combinations;
f. the amortization of intangibles and the associated changes in cost of sales resulting from purchase price accounting adjustments from the business combination of Activision and Vivendi Games;
g. Activision Blizzard's non-core exit operations (which, until July 1, 2009, consisted of the operating results of products and operations from the historical Vivendi Games, Inc. businesses that were divested, exited or wound-down by Activision Blizzard); and
h. the associated tax benefits.

*Nota:*

*For a definition of EBITA, please refer to Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2009 (pages 186 and 187 of the 2009 Annual Report).*

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

### Reconciliation of U.S. GAAP revenues to IFRS:

| | Three months ended September 30, (unaudited) | | Nine months ended September 30, (unaudited) | | Year ended December 31, 2009 (unaudited) |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | |
| **Non-GAAP Measurement (U.S. GAAP basis):** | | | | | |
| **Non-GAAP Net Revenues (in millions of dollars)** | **857** | **755** | **2,254** | **2,280** | **4,775** |
| *Eliminate non-GAAP adjustments:* | | | | | |
| Changes in deferred net revenues (a) | (112) | (52) | 765 | 441 | (497) |
| Other (b) | - | - | - | 1 | 1 |
| **U.S. GAAP Measurement:** | | | | | |
| **Net Revenues in U.S. GAAP (in millions of dollars), as published by Activision Blizzard** | **745** | **703** | **3,019** | **2,722** | **4,279** |
| *Eliminate U.S. GAAP vs. IFRS differences:* | *na** | *na** | *na** | *na** | *na** |
| **IFRS Measurement:** | | | | | |
| **Net Revenues in IFRS (in millions of dollars)** | **745** | **703** | **3,019** | **2,722** | **4,279** |
| *Translate from dollars to euros:* | | | | | |
| **Net Revenues in IFRS (in millions of euros), as published by Vivendi** | **577** | **493** | **2,280** | **1,986** | **3,038** |
| of which | | | | | |
| Activision | 264 | 233 | 1,415 | 1,131 | 1,819 |
| Blizzard | 265 | 222 | 725 | 707 | 922 |
| Distribution | 48 | 38 | 140 | 148 | 297 |
| Non-core operations | - | - | - | - | - |

### Reconciliation of U.S. GAAP EBITA to IFRS:

| | Three months ended September 30, (unaudited) | | Nine months ended September 30, (unaudited) | | Year ended December 31, 2009 (unaudited) |
|---|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 | |
| **Non-GAAP Measurement (U.S. GAAP basis):** | | | | | |
| **Non-GAAP Operating Income/(Loss) (in millions of dollars)** | **204** | **75** | **470** | **350** | **1,234** |
| *Eliminate non-GAAP adjustments:* | | | | | |
| Changes in deferred net revenues and related cost of sales (a) | (97) | 9 | 539 | 341 | (383) |
| Equity-based compensation expense (c) | (34) | (36) | (94) | (107) | (154) |
| One time costs related to the Vivendi transaction and integration | - | (7) | - | (24) | (24) |
| Restructuring charges (d) | - | 1 | (3) | (29) | (23) |
| Impairment of intangibles acquired through business combinations | - | - | - | - | (409) |
| Amortization of intangibles acquired through business combinations and purchase price accounting related adjustments (e) | (18) | (33) | (47) | (117) | (259) |
| Other (b) | - | - | - | (8) | (8) |
| **U.S. GAAP Measurement:** | | | | | |
| **Operating Income/(Loss) in U.S. GAAP (in millions of dollars), as published by Activision Blizzard** | **55** | **9** | **865** | **406** | **(26)** |
| *Eliminate U.S. GAAP vs. IFRS differences:* | | | | | |
| Equity-based compensation expense (c) | 3 | (7) | 6 | 1 | (6) |
| Impairment of intangibles acquired through business combinations | - | - | - | - | (37) |
| Restructuring charges (d) | - | 2 | - | 13 | 13 |
| Other | 7 | 5 | (2) | 4 | 8 |
| **IFRS Measurement:** | | | | | |
| **Operating Income/(Loss) in IFRS (in millions of dollars)** | **65** | **9** | **869** | **424** | **(48)** |
| *Eliminate items excluded from EBITA:* | | | | | |
| Impairment of intangible assets acquired through business combinations | - | - | - | - | 446 |
| Amortization of intangible assets acquired through business combinations (e) | 19 | 38 | 47 | 127 | 269 |
| **EBITA in IFRS (in millions of dollars)** | **84** | **47** | **916** | **551** | **667** |
| *Translate from dollars to euros:* | | | | | |
| **EBITA in IFRS (in millions of euros), as published by Vivendi** | **66** | **33** | **686** | **406** | **484** |
| of which | | | | | |
| Activision | (37) | (72) | 352 | 73 | 56 |
| Blizzard | 103 | 100 | 335 | 331 | 420 |
| Distribution | - | 5 | (1) | 3 | 9 |
| Non-core operations | - | - | - | (1) | (1) |

na*: not applicable.

a. Relates to the impact of the change in deferred net revenues, and related costs of sales associated with certain of the company's online-enabled games:
   - For the first nine months of 2010, in both U.S. GAAP and IFRS, the net recognition of revenues amounted to $765 million (€564 million) and, after taking into account related costs of sales, the recognition of margin from operations amounted to $539 million (€398 million).
   - As of September 30, 2010, in both U.S. GAAP and IFRS, the deferred net revenues balance in the Statement of Financial Position amounted to $622 million (€462 million), compared to $1,426 million (€991 million) as of December 31, 2009. After taking into account related costs of sales, the deferred margin balance in the Statement of Financial Position amounted to $510 million (€378 million) as of September 30, 2010, compared to $1,054 million (€733 million) as of December 31, 2009.

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

c. In US GAAP, unlike in IFRS, existing Activision stock options were re-measured at fair value and allocated to the cost of the business combination at the closing date; hence the incremental fair value recorded in U.S. GAAP is reversed in IFRS, net of costs capitalized.

d. Restructuring charges include severance costs, facility exit costs, and balance-sheet write down and exit costs from the cancellation of projects. In IFRS, accrual for restructuring activities is recorded at the time the company is committed to the restructuring plan. In U.S. GAAP, the corresponding expense is recorded on the basis of the actual timing of the restructuring activities.

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.

# 2 Revenues and EBITA by business segment – 2010 and 2009 quarter data

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

| | 2009 | | | |
|---|---|---|---|---|
| (in millions of euros) | 1st Quarter ended March 31 | 2nd Quarter ended June 30 | 3rd Quarter ended Sept. 30 | 4th Quarter ended Dec. 31 |
| **Revenues** | | | | |
| Activision Blizzard | 731 | 762 | 493 | 1,052 |
| Universal Music Group | 1,026 | 983 | 969 | 1,385 |
| SFR | 3,028 | 3,112 | 3,090 | 3,195 |
| Maroc Telecom Group | 640 | 665 | 694 | 695 |
| GVT | na* | na* | na* | 104 |
| Canal+ Group | 1,119 | 1,139 | 1,110 | 1,185 |
| Non-core operations and others, and elimination of intersegment transactions | (14) | (13) | (9) | (9) |
| **Total Vivendi** | **6,530** | **6,648** | **6,347** | **7,607** |
| | | | | |
| **EBITA** | | | | |
| Activision Blizzard | 178 | 195 | 33 | 78 |
| Universal Music Group | 110 | 101 | 58 | 311 |
| SFR | 610 | 686 | 690 | 544 |
| Maroc Telecom Group | 286 | 300 | 319 | 339 |
| GVT | na* | na* | na* | 20 |
| Canal+ Group | 254 | 218 | 282 | (102) |
| Holding & Corporate | (37) | 9 | (28) | (35) |
| Non-core operations and others | (8) | (3) | (8) | (10) |
| **Total Vivendi** | **1,393** | **1,506** | **1,346** | **1,145** |

na*: not applicable.

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

- at Maroc Telecom Group: Sotelma (August 1, 2009); and
- GVT (November 13, 2009).

***Intentionally left blank.***

# III - Condensed Financial Statements for the first nine months of 2010 (unaudited)

## Condensed Statement of Earnings

| | Note | Three months ended September 30, (unaudited) 2010 | Three months ended September 30, (unaudited) 2009 | Nine months ended September 30, (unaudited) 2010 | Nine months ended September 30, (unaudited) 2009 | Year ended December 31, 2009 |
|---|---|---|---|---|---|---|
| **Revenues** | 2 | **6,887** | **6,347** | **20,869** | **19,525** | **27,132** |
| Cost of revenues | | (3,410) | (3,078) | (10,196) | (9,555) | (13,627) |
| Selling, general and administrative expenses | | (2,175) | (2,027) | (6,372) | (6,117) | (8,703) |
| Restructuring charges and other operating charges and income | | (24) | (31) | (52) | (32) | (46) |
| Impairment losses of intangible assets acquired through business combinations | | - | - | (8) | - | (920) |
| **Earnings before interest and income taxes (EBIT)** | 2 | **1,278** | **1,211** | **4,241** | **3,821** | **3,836** |
| Income from equity affiliates | | 64 | 47 | 139 | 118 | 171 |
| Interest | 3 | (130) | (116) | (375) | (336) | (458) |
| Income from investments | | 1 | 2 | 5 | 5 | 7 |
| Other financial charges and income | 3 | (235) | (30) | (348) | (116) | (795) |
| **Earnings from continuing operations before provision for income taxes** | | **978** | **1,114** | **3,662** | **3,492** | **2,761** |
| Provision for income taxes | 4 | (250) | (152) | (848) | (567) | (675) |
| **Earnings from continuing operations** | | **728** | **962** | **2,814** | **2,925** | **2,086** |
| Earnings from discontinued operations | | - | - | - | - | - |
| **Earnings** | | **728** | **962** | **2,814** | **2,925** | **2,086** |
| *Of which* | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | **372** | **600** | **1,639** | **1,788** | **830** |
| Non-controlling interests | | 356 | 362 | 1,175 | 1,137 | 1,256 |
| Earnings from continuing operations attributable to Vivendi shareowners per share - basic | 6 | 0.30 | 0.49 | 1.33 | 1.50 | 0.69 |
| Earnings from continuing operations attributable to Vivendi shareowners per share - diluted | 6 | 0.30 | 0.49 | 1.33 | 1.49 | 0.69 |
| **Earnings attributable to Vivendi shareowners per share - basic** | 6 | **0.30** | **0.49** | **1.33** | **1.50** | **0.69** |
| Earnings attributable to Vivendi shareowners per share - diluted | 6 | 0.30 | 0.49 | 1.33 | 1.49 | 0.69 |
| **Adjusted net income** | 5 | **688** | **645** | **2,214** | **2,112** | **2,585** |
| **Adjusted net income per share - basic** | 6 | **0.56** | **0.52** | **1.80** | **1.77** | **2.15** |
| Adjusted net income per share - diluted | 6 | 0.56 | 0.52 | 1.79 | 1.76 | 2.14 |

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

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

# Condensed Statement of Comprehensive Income

| (in millions of euros) | Three months ended September 30, (unaudited) 2010 | | Three months ended September 30, (unaudited) 2009 | Nine months ended September 30, (unaudited) 2010 | | Nine months ended September 30, (unaudited) 2009 | | Year ended December 31, 2009 | |
|---|---|---|---|---|---|---|---|---|---|
| **Net income** | **728** | | **962** | **2,814** | | **2,925** | | **2,086** | |
| **Foreign currency translation adjustments** | **(1,085)** | (a) | **(654)** | **1,474** | (a) | **(675)** | (b) | **(325)** | (b) |
| Assets available for sale | 1 | | (7) | 1 | | (9) | | 8 | |
| Cash flow hedge instruments | 5 | | 11 | 18 | | (44) | | (46) | |
| Net investment hedge instruments | 255 | (c) | - | 59 | (c) | (18) | | (17) | |
| Tax | (2) | | 1 | (3) | | 14 | | 9 | |
| **Unrealized gains/(losses)** | **259** | | **5** | **75** | | **(57)** | | **(46)** | |
| **Other impacts on retained earnings** | **2** | | **(17)** | **(5)** | | **(26)** | | **(33)** | |
| **Charges and income directly recognized in equity** | **(824)** | | **(666)** | **1,544** | | **(758)** | | **(404)** | |
| **Total comprehensive income** | **(96)** | | **296** | **4,358** | | **2,167** | | **1,682** | |
| of which | | | | | | | | | |
| **Total comprehensive income attributable to Vivendi shareowners** | **(351)** | | **122** | **3,085** | | **1,052** | | **407** | |
| Total comprehensive income attributable to non-controlling interests | 255 | | 174 | 1,273 | | 1,115 | | 1,275 | |

a. Includes the currency translation adjustment for €281 million reclassified to earnings, realized at the end of September 2010 related to the sale of 7.66% of Vivendi's interest in NBC Universal and changes in foreign currency translation adjustments relating to the investment in NBC Universal of €271 million for the first nine months of 2010. For a detailed description of the sale of 7.66% interest in NBC Universal, please refer to Note 7.

b. Includes changes in foreign currency translation adjustments relating to the investment in NBC Universal of -€182 million for the first nine months of 2009 and -€101 million for fiscal year 2009.

c. Relates to the change in fair value of the derivative instruments hedging Vivendi's net investment in NBC Universal: please refer to Note 7.

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

# Condensed Statement of Financial Position

| (in millions of euros) | Note | September 30, 2010 (unaudited) | December 31, 2009 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | | 25,131 | 24,516 |
| Non-current content assets | | 3,201 | 3,196 |
| Other intangible assets | | 4,442 | 4,342 |
| Property, plant and equipment | | 7,586 | 7,264 |
| Investments in equity affiliates | 7 | 2,916 | 4,146 |
| Non-current financial assets | | 569 | 476 |
| Deferred tax assets | | 2,216 | 1,843 |
| **Non-current assets** | | **46,061** | **45,783** |
| Inventories | | 650 | 777 |
| Current tax receivables | | 54 | 284 |
| Current content assets | | 1,373 | 1,004 |
| Trade accounts receivable and other | | 6,079 | 6,467 |
| Current financial assets | | 745 | 464 |
| Cash and cash equivalents | | 2,435 | 3,346 |
| | | **11,336** | **12,342** |
| Assets held for sale | | - | - |
| **Current assets** | | **11,336** | **12,342** |
| **TOTAL ASSETS** | | **57,397** | **58,125** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 6,801 | 6,759 |
| Additional paid-in capital | | 8,120 | 8,059 |
| Treasury shares | | (2) | (2) |
| Retained earnings and other | | 8,427 | 7,201 |
| **Vivendi shareowners' equity** | | **23,346** | **22,017** |
| Non-controlling interests | | 4,492 | 3,971 |
| **Total equity** | | **27,838** | **25,988** |
| Non-current provisions | | 1,953 | 2,090 |
| Long-term borrowings and other financial liabilities | | 9,160 | 8,355 |
| Deferred tax liabilities | | 1,035 | 1,104 |
| Other non-current liabilities | | 1,081 | 1,311 |
| **Non-current liabilities** | | **13,229** | **12,860** |
| Current provisions | | 445 | 563 |
| Short-term borrowings and other financial liabilities | | 2,936 | 4,907 |
| Trade accounts payable and other | | 12,140 | 13,567 |
| Current tax payables | | 809 | 239 |
| | | **16,330** | **19,276** |
| Liabilities associated with assets held for sale | | - | 1 |
| **Current liabilities** | | **16,330** | **19,277** |
| **Total liabilities** | | **29,559** | **32,137** |
| **TOTAL EQUITY AND LIABILITIES** | | **57,397** | **58,125** |

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

# Condensed Statement of Cash Flows

| (in millions of euros) | Note | Nine months ended September 30, (unaudited) 2010 | 2009 | Year ended December 31, 2009 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| EBIT | | 4,241 | 3,821 | 3,836 |
| Adjustments | | 2,126 | 1,816 | 3,648 |
| *Including amortization and depreciation of tangible and intangible assets* | | *2,294* | *2,038* | *3,800* |
| Content investments, net | | (337) | (343) | (310) |
| ***Gross cash provided by operating activities before income tax paid*** | | ***6,030*** | ***5,294*** | ***7,174*** |
| Other changes in net working capital | | (501) | (476) | 315 |
| ***Net cash provided by operating activities before income tax paid*** | | ***5,529*** | ***4,818*** | ***7,489*** |
| Income tax paid, net | | (526) | 66 | (137) |
| **Net cash provided by operating activities** | | **5,003** | **4,884** | **7,352** |
| **Investing activities** | | | | |
| Capital expenditures | | (2,666) | (2,023) | (2,648) |
| Purchases of consolidated companies, after acquired cash | | (677) | (432) | (2,682) |
| Investments in equity affiliates | 7 | (10) | (1) | (9) |
| Increase in financial assets | | (579) | (235) | (359) |
| ***Investments*** | | ***(3,932)*** | ***(2,691)*** | ***(5,698)*** |
| Proceeds from sales of property, plant, equipment and intangible assets | | 66 | 49 | 86 |
| Proceeds from sales of consolidated companies, after divested cash | | (59) | 17 | 15 |
| Disposal of equity affiliates | 7 | 1,425 | - | - |
| Decrease in financial assets | | 483 | 15 | 82 |
| ***Divestitures*** | | ***1,915*** | ***81*** | ***183*** |
| Dividends received from equity affiliates | 7 | 189 | 266 | 306 |
| Dividends received from unconsolidated companies | | 3 | 3 | 4 |
| **Net cash provided by/(used for) investing activities** | | **(1,825)** | **(2,341)** | **(5,205)** |
| **Financing activities** | | | | |
| Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans | | 104 | 73 | 73 |
| Other transactions with shareowners | | (367) | 33 | (723) |
| Sales/(purchases) of treasury shares (a) | | (472) | (606) | (792) |
| Dividends paid in cash by Vivendi SA to its shareowners | | (1,721) | (735) | (735) |
| Dividends and reimbursements of contribution of capital paid by consolidated companies to their non-controlling interests | | (947) | (784) | (786) |
| ***Transactions with shareowners*** | | ***(3,403)*** | ***(2,019)*** | ***(2,963)*** |
| Setting up of long-term borrowings and increase in other long-term financial liabilities | | 1,216 | 2,031 | 3,240 |
| Principal payment on long-term borrowings and decrease in other long-term financial liabilities | | (230) | (2,828) | (2,817) |
| Principal payment on short-term borrowings | | (1,606) | (343) | (449) |
| Other changes in short-term borrowings and other financial liabilities | | 202 | 991 | 1,452 |
| Interest paid, net | 3 | (375) | (336) | (458) |
| Other cash items related to financial activities | | (65) | 30 | 33 |
| ***Transactions on borrowings and other financial liabilities*** | | ***(858)*** | ***(455)*** | ***1,001*** |
| **Net cash provided by/(used for) financing activities** | | **(4,261)** | **(2,474)** | **(1,962)** |
| Foreign currency translation adjustments | | 172 | (42) | 9 |
| **Change in cash and cash equivalents** | | **(911)** | **27** | **194** |
| **Cash and cash equivalents** | | | | |
| At beginning of the period | | **3,346** | **3,152** | **3,152** |
| At end of the period | | **2,435** | **3,179** | **3,346** |

a. Relates to the stock repurchase programs of Activision Blizzard.

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

# Condensed Statements of Changes in Equity

## First nine months of 2010 (unaudited)

| (in millions of euros, except number of shares) | Capital: Common shares – Number of shares (in thousands) | Capital: Common shares – Amount | Capital: Additional paid-in capital | Capital: Treasury Shares | Capital: Sub-total | Retained earnings and other: Retained earnings | Retained earnings and other: Net unrealized gains/(losses) | Retained earnings and other: Foreign currency translation adjustments | Retained earnings and other: Sub-total | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **BALANCE AS OF DECEMBER 31, 2009** | 1,228,859 | 6,759 | 8,059 | (2) | 14,816 | 13,333 | (81) | (2,080) | 11,172 | 25,988 |
| *Attributable to Vivendi SA shareowners* | 1,228,859 | 6,759 | 8,059 | (2) | 14,816 | 9,379 | (55) | (2,123) | 7,201 | 22,017 |
| *Attributable to non-controlling interests* | - | - | - | - | - | 3,954 | (26) | 43 | 3,971 | 3,971 |
| *Contributions by/distributions to Vivendi SA shareowners* | 7,629 | 42 | 61 | - | 103 | (1,689) | - | - | (1,689) | (1,586) |
| Dividends paid by Vivendi SA (€1.4 per share) | - | - | - | - | - | (1,721) | - | - | (1,721) | (1,721) |
| Capital increase related to Vivendi SA share-based compensation plans | 7,629 | 42 | 61 | - | 103 | 32 | - | - | 32 | 135 |
| *of which Vivendi Employee Stock Purchase Plans (July 29, 2010)* | 7,141 | 39 | 59 | - | 98 | - | - | - | - | 98 |
| *Changes in Vivendi SA ownership interest in its subsidiaries that do not result in a loss of control* | - | - | - | - | - | (170) | - | - | (170) | (170) |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (199) | - | - | (199) | (199) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | 7,629 | 42 | 61 | - | 103 | (1,859) | - | - | (1,859) | (1,756) |
| *Contributions by/distributions to non-controlling interests* | - | - | - | - | - | (512) | - | - | (512) | (512) |
| of which dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (512) | - | - | (512) | (512) |
| *Changes in non-controlling interests that result in a gain/(loss) of control* | - | - | - | - | - | - | - | - | - | - |
| *Changes in non-controlling interests that do not result in a gain/(loss) of control* | - | - | - | - | - | (240) | - | - | (240) | (240) |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (273) | - | - | (273) | (273) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | - | - | - | - | - | (752) | - | - | (752) | (752) |
| *Earnings* | - | - | - | - | - | 2,814 | - | - | 2,814 | 2,814 |
| *Charges and income directly recognized in equity* | - | - | - | - | - | (5) | 75 | 1,474 | 1,544 | 1,544 |
| **TOTAL COMPREHENSIVE INCOME (C)** | - | - | - | - | - | 2,809 | 75 | 1,474 | 4,358 | 4,358 |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | 7,629 | 42 | 61 | - | 103 | 198 | 75 | 1,474 | 1,747 | 1,850 |
| *Attributable to Vivendi SA shareowners* | 7,629 | 42 | 61 | - | 103 | (224) | 74 | 1,376 | 1,226 | 1,329 |
| *Attributable to non-controlling interests* | - | - | - | - | - | 422 | 1 | 98 | 521 | 521 |
| **BALANCE AS OF SEPTEMBER 30, 2010** | 1,236,488 | 6,801 | 8,120 | (2) | 14,919 | 13,531 | (6) | (606) | 12,919 | 27,838 |
| *Attributable to Vivendi SA shareowners* | 1,236,488 | 6,801 | 8,120 | (2) | 14,919 | 9,155 | 19 | (747) | 8,427 | 23,346 |
| *Attributable to non-controlling interests* | - | - | - | - | - | 4,376 | (25) | 141 | 4,492 | 4,492 |

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

## *First nine months of 2009 (unaudited)*

| (in millions of euros, except number of shares) | Capital | | | | | Retained earnings and other | | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | Common shares: *Number of shares* (in thousands) | Common shares: Amount | Additional paid-in capital | Treasury Shares | Sub-total | Retained earnings | Net unrealized gains/(losses) | Foreign currency translation adjustments | Sub-total | |
| **BALANCE AS OF DECEMBER 31, 2008** | ***1,170,197*** | **6,436** | **7,406** | **(2)** | **13,840** | **14,576** | **(35)** | **(1,755)** | **12,786** | **26,626** |
| ***Attributable to Vivendi SA shareowners*** | ***1,170,197*** | ***6,436*** | ***7,406*** | ***(2)*** | ***13,840*** | ***10,460*** | ***(17)*** | ***(1,768)*** | ***8,675*** | ***22,515*** |
| ***Attributable to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***4,116*** | ***(18)*** | ***13*** | ***4,111*** | ***4,111*** |
| ***Contributions by/distributions to Vivendi SA shareowners*** | ***58,619*** | ***323*** | ***654*** | ***-*** | ***977*** | ***(1,611)*** | ***-*** | ***-*** | ***(1,611)*** | ***(634)*** |
| Dividends paid by Vivendi SA (€1.4 per share) | *53,185* | 293 | 611 | - | 904 | (1,639) | - | - | (1,639) | **(735)** |
| *of which capital increase related to dividends paid in shares* | *53,185* | *293* | *611* | - | *904* | *(904)* | - | - | *(904)* | **-** |
| *paid in cash* | - | - | - | - | - | *(735)* | - | - | *(735)* | ***(735)*** |
| Capital increase related to Vivendi SA share-based compensation plans | *5,434* | 30 | 43 | - | 73 | 28 | - | - | 28 | **101** |
| *of which Vivendi Employee Stock Purchase Plans (July 30, 2009)* | *4,862* | *27* | *44* | - | *71* | - | - | - | - | ***71*** |
| *other share-based compensations plans* | *572* | *3* | *(1)* | - | *2* | *28* | - | - | 28 | ***30*** |
| ***Changes in Vivendi SA ownership interest in its subsidiaries that do not result in a loss of control*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(202)*** | ***-*** | ***-*** | ***(202)*** | ***(202)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (232) | - | - | (232) | **(232)** |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | ***58,619*** | **323** | **654** | **-** | **977** | **(1,813)** | **-** | **-** | **(1,813)** | **(836)** |
| ***Contributions by/distributions to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(769)*** | ***-*** | ***-*** | ***(769)*** | ***(769)*** |
| of which dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (783) | - | - | (783) | **(783)** |
| ***Changes in non-controlling interests that result in a gain/(loss) of control*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***254*** | ***-*** | ***-*** | ***254*** | ***254*** |
| of which goodwill of Sotelma non-controlling interests | - | - | - | - | - | 269 | - | - | 269 | **269** |
| ***Changes in non-controlling interests that do not result in a gain/(loss) of control*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(316)*** | ***-*** | ***-*** | ***(316)*** | ***(316)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (374) | - | - | (374) | **(374)** |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | **-** | **-** | **-** | **-** | **-** | **(831)** | **-** | **-** | **(831)** | **(831)** |
| ***Earnings*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***2,925*** | ***-*** | ***-*** | ***2,925*** | ***2,925*** |
| ***Charges and income directly recognized in equity*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***(26)*** | ***(57)*** | ***(675)*** | ***(758)*** | ***(758)*** |
| **TOTAL COMPREHENSIVE INCOME (C)** | **-** | **-** | **-** | **-** | **-** | **2,899** | **(57)** | **(675)** | **2,167** | **2,167** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | ***58,619*** | ***323*** | ***654*** | ***-*** | ***977*** | ***255*** | ***(57)*** | ***(675)*** | ***(477)*** | ***500*** |
| *Attributable to Vivendi SA shareowners* | *58,619* | *323* | *654* | - | *977* | *(51)* | *(45)* | *(665)* | *(761)* | *216* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *306* | *(12)* | *(10)* | *284* | *284* |
| **BALANCE AS OF SEPTEMBER 30, 2009** | ***1,228,816*** | **6,759** | **8,060** | **(2)** | **14,817** | **14,831** | **(92)** | **(2,430)** | **12,309** | **27,126** |
| ***Attributable to Vivendi SA shareowners*** | ***1,228,816*** | ***6,759*** | ***8,060*** | ***(2)*** | ***14,817*** | ***10,409*** | ***(62)*** | ***(2,433)*** | ***7,914*** | ***22,731*** |
| ***Attributable to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***4,422*** | ***(30)*** | ***3*** | ***4,395*** | ***4,395*** |

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

## *Year ended December 31, 2009*

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

a. Mainly includes previous years' earnings which were not distributed and 2009 comprehensive income.

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

# Notes to the Condensed Financial Statements

On November 15, 2010, the Management Board approved the Financial Report and the unaudited Condensed Financial Statements for the nine months ended September 30, 2010.

The unaudited Condensed Financial Statements for the nine months ended September 30, 2010 should be read in conjunction with the audited Consolidated Financial Statements of Vivendi for the year ended December 31, 2009, as published in the 2009 "Rapport annuel - Document de référence" filed on March 17, 2010 with the "Autorité des marchés financiers" (AMF) under number D.10-0118 (the "Document de référence 2009") and the unaudited Condensed Financial Statements for the first half of 2010. Please also refer to pages 174 to 288 of the English translation[1] of the "Document de référence 2009" (the "2009 Annual Report") which is made available on Vivendi's website (www.vivendi.com) for informational purposes.

## Note 1 Accounting policies and valuation methods

### 1.1. Interim financial statements

The Condensed Financial Statements of Vivendi for the first nine months of 2010 are presented and have been prepared in accordance with the provisions of IAS 34 "Interim financial reporting" as endorsed in the European Union (EU) and published by the International Accounting Standards Board (IASB). As a result, Vivendi applied the same accounting methods used for the Consolidated Financial Statements for the year ended December 31, 2009 (please refer to Note 1 "Accounting policies and valuation methods" presented in those financial statements from pages 185 to 202 of the 2009 Annual Report) and the following provisions were applied:

- Provisions for income taxes have been calculated on the basis of the estimated effective annual tax rate applied to the pre-tax earnings. The assessment of the annual effective tax rate takes into consideration notably the recognition of anticipated deferred tax assets for the full year which were not previously recognized.
- Compensation costs recorded for stock options, employee benefits and profit-sharing have been included on a pro rata basis of the estimated cost for the year, adjusted for any non-recurring events which occurred over the period, if necessary.

### 1.2. New IFRS applicable as of January 1, 2010

The new IFRS effective from January 1, 2010, as described in Note 1.5 "New IFRS standards and IFRIC interpretations that have been published but are not yet effective" to the audited Consolidated Financial Statements of Vivendi for the year ended December 31, 2009 (page 202 of the 2009 Annual Report), which were applicable to the first nine months of 2010, had no material impact on Vivendi's Financial Statements.

In addition and as a reminder, as of June 30, 2009, Vivendi voluntarily opted for the early application, with retroactive effect from January 1, 2009, of revised standards IFRS 3 (Business Combinations) and IAS 27 (Consolidated and Separate Financial Statements) the effects of which are described in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2009 (pages 185 to 202 of the 2009 Annual Report).

[1] *This translation is qualified in its entirety by reference to the "Document de référence".*

# Note 2 Segment data

The group operates through six businesses at the heart of the worlds of content, platforms and interactive networks: Activision Blizzard, Universal Music Group, SFR, Maroc Telecom Group (which consolidates Sotelma since August 1, 2009), GVT (consolidated since November 13, 2009) and Canal+ Group.

## Statement of Earnings

**Three months ended September 30, 2010**

| (in millions of euros) | Activision Blizzard | Universal Music Group | SFR | Maroc Telecom Group | GVT | Canal+ Group | Holding & Corporate | Non-core operations and others | Eliminations | **Total Vivendi** |
|---|---|---|---|---|---|---|---|---|---|---|
| External revenues | 577 | 1,024 | 3,128 | 734 | 288 | 1,131 | - | 5 | - | 6,887 |
| Intersegment revenues | - | 3 | 3 | 10 | - | 6 | - | 1 | (23) | - |
| **Revenues** | **577** | **1,027** | **3,131** | **744** | **288** | **1,137** | **-** | **6** | **(23)** | **6,887** |
| Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans | (439) | (917) | (2,135) | (293) | (166) | (815) | (19) | (14) | 23 | (4,775) |
| Charges related to stock options and other share-based compensation plans | (24) | (5) | (3) | (1) | - | (2) | (4) | - | - | (39) |
| **EBITDA** | **114** | **105** | **993** | **450** | **122** | **320** | **(23)** | **(8)** | **-** | **2,073** |
| Restructuring charges | - | (9) | (10) | - | - | - | (1) | - | - | (20) |
| Gains/(losses) on sales of tangible and intangible assets | 1 | - | 3 | - | - | - | - | - | - | 4 |
| Other non-recurring items | - | - | - | - | (1) | - | 2 | 2 | - | 3 |
| Depreciation of tangible assets | (14) | (11) | (222) | (82) | (40) | (33) | - | - | - | (402) |
| Amortization of intangible assets excluding those acquired through business combinations | (35) | - | (150) | (22) | (10) | (13) | - | (1) | - | (231) |
| **Adjusted earnings before interest and income taxes (EBITA)** | **66** | **85** | **614** | **346** | **71** | **274** | **(22)** | **(7)** | **-** | **1,427** |
| Amortization of intangible assets acquired through business combinations | (16) | (76) | (24) | (10) | (15) | (8) | - | - | - | (149) |
| Impairment losses of intangible assets acquired through business combinations | - | - | - | - | - | - | - | - | - | - |
| **Earnings before interest and income taxes (EBIT)** | **50** | **9** | **590** | **336** | **56** | **266** | **(22)** | **(7)** | **-** | **1,278** |
| Income from equity affiliates | | | | | | | | | | 64 |
| Interest | | | | | | | | | | (130) |
| Income from investments | | | | | | | | | | 1 |
| Other financial charges and income | | | | | | | | | | (235) |
| Provision for income taxes | | | | | | | | | | (250) |
| Earnings from discontinued operations | | | | | | | | | | - |
| **Earnings** | | | | | | | | | | **728** |
| *Of which* | | | | | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | | | | | | | | | **372** |
| Non-controlling interests | | | | | | | | | | 356 |

**Three months ended September 30, 2009**

| (in millions of euros) | Activision Blizzard | Universal Music Group | SFR | Maroc Telecom Group | Canal+ Group | Holding & Corporate | Non-core operations and others | Eliminations | **Total Vivendi** |
|---|---|---|---|---|---|---|---|---|---|
| External revenues | 493 | 967 | 3,094 | 684 | 1,108 | - | 1 | - | 6,347 |
| Intersegment revenues | - | 2 | (4) | 10 | 2 | - | 1 | (11) | - |
| **Revenues** | **493** | **969** | **3,090** | **694** | **1,110** | **-** | **2** | **(11)** | **6,347** |
| Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans | (396) | (885) | (2,043) | (275) | (778) | (16) | (9) | 11 | (4,391) |
| Charges related to stock options and other share-based compensation plans | (31) | (4) | (3) | (1) | - | (9) | - | - | (48) |
| **EBITDA** | **66** | **80** | **1,044** | **418** | **332** | **(25)** | **(7)** | **-** | **1,908** |
| Restructuring charges | 2 | (12) | (4) | - | - | - | - | - | (14) |
| Gains/(losses) on sales of tangible and intangible assets | - | - | 7 | 3 | (1) | - | - | - | 9 |
| Other non-recurring items | - | - | - | - | - | (3) | - | - | (3) |
| Depreciation of tangible assets | (13) | (10) | (202) | (80) | (32) | - | (1) | - | (338) |
| Amortization of intangible assets excluding those acquired through business combinations | (22) | - | (155) | (22) | (17) | - | - | - | (216) |
| **Adjusted earnings before interest and income taxes (EBITA)** | **33** | **58** | **690** | **319** | **282** | **(28)** | **(8)** | **-** | **1,346** |
| Amortization of intangible assets acquired through business combinations | (26) | (71) | (24) | (7) | (7) | - | - | - | (135) |
| Impairment losses of intangible assets acquired through business combinations | - | - | - | - | - | - | - | - | - |
| **Earnings before interest and income taxes (EBIT)** | **7** | **(13)** | **666** | **312** | **275** | **(28)** | **(8)** | **-** | **1,211** |
| Income from equity affiliates | | | | | | | | | 47 |
| Interest | | | | | | | | | (116) |
| Income from investments | | | | | | | | | 2 |
| Other financial charges and income | | | | | | | | | (30) |
| Provision for income taxes | | | | | | | | | (152) |
| Earnings from discontinued operations | | | | | | | | | - |
| **Earnings** | | | | | | | | | **962** |
| *Of which* | | | | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | | | | | | | | **600** |
| Non-controlling interests | | | | | | | | | 362 |

**Nine months ended September 30, 2010**

| (in millions of euros) | Activision Blizzard | Universal Music Group | SFR | Maroc Telecom Group | GVT | Canal+ Group | Holding & Corporate | Non-core operations and others | Eliminations | **Total Vivendi** |
|---|---|---|---|---|---|---|---|---|---|---|
| External revenues | 2,280 | 2,919 | 9,374 | 2,096 | 732 | 3,453 | - | 15 | - | 20,869 |
| Intersegment revenues | - | 8 | 5 | 30 | - | 11 | - | 3 | (57) | - |
| **Revenues** | **2,280** | **2,927** | **9,379** | **2,126** | **732** | **3,464** | **-** | **18** | **(57)** | **20,869** |
| Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans | (1,381) | (2,615) | (6,257) | (870) | (425) | (2,551) | (85) | (41) | 57 | (14,168) |
| Charges related to stock options and other share-based compensation plans | (67) | (7) | (15) | (2) | (1) | (7) | (5) | (1) | - | (105) |
| **EBITDA** | **832** | **305** | **3,107** | **1,254** | **306** | **906** | **(90)** | **(24)** | **-** | **6,596** |
| Restructuring charges | (3) | (31) | (20) | - | - | - | (2) | - | - | (56) |
| Gains/(losses) on sales of tangible and intangible assets | - | - | (7) | (3) | - | - | - | - | - | (10) |
| Other non-recurring items | - | - | - | (1) | - | - | 5 | 1 | - | 5 |
| Depreciation of tangible assets | (36) | (30) | (676) | (239) | (123) | (102) | - | (1) | - | (1,207) |
| Amortization of intangible assets excluding those acquired through business combinations | (107) | - | (422) | (69) | (14) | (44) | - | (2) | - | (658) |
| **Adjusted earnings before interest and income taxes (EBITA)** | **686** | **244** | **1,982** | **942** | **169** | **760** | **(87)** | **(26)** | **-** | **4,670** |
| Amortization of intangible assets acquired through business combinations | (36) | (223) | (73) | (22) | (43) | (24) | - | - | - | (421) |
| Impairment losses of intangible assets acquired through business combinations | - | (8) | - | - | - | - | - | - | - | (8) |
| **Earnings before interest and income taxes (EBIT)** | **650** | **13** | **1,909** | **920** | **126** | **736** | **(87)** | **(26)** | **-** | **4,241** |
| Income from equity affiliates | | | | | | | | | | 139 |
| Interest | | | | | | | | | | (375) |
| Income from investments | | | | | | | | | | 5 |
| Other financial charges and income | | | | | | | | | | (348) |
| Provision for income taxes | | | | | | | | | | (848) |
| Earnings from discontinued operations | | | | | | | | | | - |
| **Earnings** | | | | | | | | | | **2,814** |
| *Of which* | | | | | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | | | | | | | | | **1,639** |
| Non-controlling interests | | | | | | | | | | 1,175 |

**Nine months ended September 30, 2009**

| (in millions of euros) | Activision Blizzard | Universal Music Group | SFR | Maroc Telecom Group | Canal+ Group | Holding & Corporate | Non-core operations and others | Eliminations | **Total Vivendi** |
|---|---|---|---|---|---|---|---|---|---|
| External revenues | 1,986 | 2,969 | 9,229 | 1,975 | 3,362 | - | 4 | - | 19,525 |
| Intersegment revenues | - | 9 | 1 | 24 | 6 | - | 1 | (41) | - |
| **Revenues** | **1,986** | **2,978** | **9,230** | **1,999** | **3,368** | **-** | **5** | **(41)** | **19,525** |
| Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans | (1,367) | (2,635) | (6,185) | (810) | (2,465) | (80) | (22) | 41 | (13,523) |
| Charges related to stock options and other share-based compensation plans | (78) | - | (18) | (2) | (6) | (8) | - | - | (112) |
| **EBITDA** | **541** | **343** | **3,027** | **1,187** | **897** | **(88)** | **(17)** | **-** | **5,890** |
| Restructuring charges | (12) | (49) | (7) | - | - | (2) | - | - | (70) |
| Gains/(losses) on sales of tangible and intangible assets | - | 8 | - | 3 | (4) | - | - | - | 7 |
| Other non-recurring items | - | - | - | (3) | - | 35 | - | - | 32 |
| Depreciation of tangible assets | (43) | (33) | (604) | (211) | (85) | (1) | (1) | - | (978) |
| Amortization of intangible assets excluding those acquired through business combinations | (80) | - | (430) | (71) | (54) | - | (1) | - | (636) |
| **Adjusted earnings before interest and income taxes (EBITA)** | **406** | **269** | **1,986** | **905** | **754** | **(56)** | **(19)** | **-** | **4,245** |
| Amortization of intangible assets acquired through business combinations | (92) | (219) | (73) | (18) | (22) | - | - | - | (424) |
| Impairment losses of intangible assets acquired through business combinations | - | - | - | - | - | - | - | - | - |
| **Earnings before interest and income taxes (EBIT)** | **314** | **50** | **1,913** | **887** | **732** | **(56)** | **(19)** | **-** | **3,821** |
| Income from equity affiliates | | | | | | | | | 118 |
| Interest | | | | | | | | | (336) |
| Income from investments | | | | | | | | | 5 |
| Other financial charges and income | | | | | | | | | (116) |
| Provision for income taxes | | | | | | | | | (567) |
| Earnings from discontinued operations | | | | | | | | | - |
| **Earnings** | | | | | | | | | **2,925** |
| *Of which* | | | | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | | | | | | | | **1,788** |
| Non-controlling interests | | | | | | | | | 1,137 |

As of September 30, 2010, income from equity affiliates mainly comprised the group's pro rata share in earnings of NBC Universal for €67 million for the third quarter of 2010 (compared to €55 million for the third quarter of 2009) and €145 million for the first nine months of 2010 (compared to €127 million for the first nine months of 2009). This investment is allocated to the Holding & Corporate business segment (please refer to Note 7).

# Note 3 Financial charges and income

## Interest

| (in millions of euros) | Three months ended September 30, 2010 | Three months ended September 30, 2009 | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 | Year ended December 31, 2009 |
|---|---|---|---|---|---|
| Interest expense on borrowings | 135 | 123 | 396 | 366 | 486 |
| Interest income from cash and cash equivalents | (5) | (7) | (21) | (30) | (28) |
| **Interest** | **130** | **116** | **375** | **336** | **458** |
| *Premium related to early redemption of borrowings and fees related to issuance or cancellation of lines of credit* | *2* | *4* | *8* | *11* | *14* |
| | ***132*** | ***120*** | ***383*** | ***347*** | ***472*** |

## Other financial charges and income

| (in millions of euros) | Three months ended September 30, 2010 | Three months ended September 30, 2009 | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 | Year ended December 31, 2009 |
|---|---|---|---|---|---|
| Other capital gain on the divestiture of businesses | - | 20 | 3 | 23 | 23 |
| Downside adjustment on the divestiture of businesses | - | (24) | (8) | (27) | (26) |
| Other capital gain on financial investments | 11 | - | 14 | 15 | 72 |
| *of which the consolidation gain on the dilution of UMG's interest in Vevo by 49.9%* | - | - | - | - | *56* |
| Downside adjustment on financial investments | (232) | 1 | (232) | (12) | (13) |
| *of which the capital loss on the sale of 7.66% interest in NBC Universal (a)* | *(232)* | - | *(232)* | - | - |
| Depreciation of the minority stake in NBC Universal | - | - | - | - | (82) |
| Reserve accrued regarding the Securities Class Action in the United States | - | - | - | - | (550) |
| Financial components of employee benefits | (7) | (5) | (20) | (17) | (25) |
| Premium related to early redemption of borrowings and fees related to issuance or cancellation of lines of credit | (2) | (4) | (8) | (11) | (14) |
| Change in value of derivative instruments | 1 | (6) | (17) | (14) | (13) |
| Effect of undiscounting assets and liabilities | (7) | (6) | (24) | (41) | (56) |
| Other | 1 | (6) | (56) | (32) | (111) |
| **Other financial charges and income** | **(235)** | **(30)** | **(348)** | **(116)** | **(795)** |

a. Relates to the capital loss incurred on the sale of 7.66% of Vivendi's interest in NBC Universal realized at the end of September 2010 as the first step of the sale of Vivendi's 20% interest in NBC Universal, as agreed with General Electric in December 2009. This capital loss notably included -€281 million related to currency translation adjustment reclassified to earnings, which represented a foreign exchange loss due to the decline of the US dollar since January 1st of 2004. Please refer to Note 7.

# Note 4 Income taxes

| (in millions of euros) | Three months ended September 30, 2010 | Three months ended September 30, 2009 | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 | Year ended December 31, 2009 |
|---|---|---|---|---|---|
| Provision for income taxes | | | | | |
| Impact of the Consolidated Global Profit Tax System | 146 (a) | 132 | 438 (a) | 397 | 473 |
| Other components of the provision for income taxes | (396) | (284) | (1,286) | (964) | (1,148) (b) |
| **Provision for income taxes** | **(250)** | **(152)** | **(848)** | **(567)** | **(675)** |

a. Relates to 25% and 75% of the expected tax savings relating to the 2011 fiscal year, respectively.

b. Includes -€750 million related to the utilization of Neuf Cegetel's prior years' ordinary tax losses carried forward.

# Note 5 Reconciliation of earnings attributable to Vivendi shareowners and adjusted net income

| (in millions of euros) | Note | Three months ended September 30, 2010 | Three months ended September 30, 2009 | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 | Year ended December 31, 2009 |
|---|---|---|---|---|---|---|
| **Earnings attributable to Vivendi shareowners (a)** | | **372** | **600** | **1,639** | **1,788** | **830** |
| *Adjustments* | | | | | | |
| Amortization of intangible assets acquired through business combinations | | 149 | 135 | 421 | 424 | 634 |
| Impairment losses of intangible assets acquired through business combinations (a) | | - | - | 8 | - | 920 |
| Other financial charges and income (a) | 3 | 235 | 30 | 348 | 116 | 795 |
| Change in deferred tax asset related to the Consolidated Global Profit Tax System | | (20) | (79) | (60) | (237) | (292) |
| Non-recurring items related to provision for income taxes | | 27 (b) | 130 (c) | 85 (b) | 519 (c) | 572 (d) |
| Provision for income taxes on adjustments | | (50) | (59) | (153) | (163) | (352) |
| Non-controlling interests on adjustments | | (25) | (112) | (74) | (335) | (522) |
| **Adjusted net income** | | **688** | **645** | **2,214** | **2,112** | **2,585** |

a. As presented in the Condensed Statement of Earnings.

b. Relates to the impact of reversing the deferred tax asset related to the utilization by SFR of the remainder of Neuf Cegetel's prior years' ordinary tax losses carried forward for €20 million in the third quarter of 2010 and €62 million in the first nine months of 2010, respectively.

c. Relates to the impact of reversing the deferred tax asset related to the utilization by SFR of the remainder of Neuf Cegetel's prior years' ordinary tax losses carried forward for €213 million in the third quarter of 2009 and €602 million in the first nine months of 2009, respectively.

d. Relates to the cancellation of a credit for the consumption of the deferred tax asset related to the utilization by SFR of Neuf Cegetel's prior years' ordinary tax losses carried forward (€420 million for the share attributable to the group and €330 million for the share attributable to the non-controlling interest in SFR).

# Note 6 Earnings per share

| | Three months ended September 30, | | | | Nine months ended September 30, | | | | Year ended December 31, | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2010 | | 2009 | | 2010 | | 2009 | | 2009 | |
| | Basic | Diluted | Basic | Diluted | Basic | Diluted | Basic | Diluted | Basic | Diluted |
| **Earnings (in millions of euros)** | | | | | | | | | | |
| Earnings attributable to Vivendi shareowners | 372 | 372 (a) | 600 | 600 (a) | 1,639 | 1,636 (a) | 1,788 | 1,783 (a) | 830 | 829 (a) |
| Adjusted net income | 688 | 688 (a) | 645 | 645 (a) | 2,214 | 2,210 (a) | 2,112 | 2,106 (a) | 2,585 | 2,581 (a) |
| **Number of shares (in millions)** | | | | | | | | | | |
| Weighted average number of shares outstanding restated (b) | 1,234.2 | 1,234.2 | 1,227.2 | 1,227.2 | 1,230.7 | 1,230.7 | 1,194.6 | 1,194.6 | 1,203.2 | 1,203.2 |
| Potential dilutive effects related to share-based compensation | - | 2.1 | - | 1.6 | - | 2.2 | - | 1.7 | - | 1.8 |
| **Adjusted weighted average number of shares** | **1,234.2** | **1,236.3** | **1,227.2** | **1,228.8** | **1,230.7** | **1,232.9** | **1,194.6** | **1,196.3** | **1,203.2** | **1,205.0** |
| **Earnings per share (in euros)** | | | | | | | | | | |
| Earnings attributable to Vivendi shareowners per share | 0.30 | 0.30 | 0.49 | 0.49 | 1.33 | 1.33 | 1.50 | 1.49 | 0.69 | 0.69 |
| Adjusted net income per share | 0.56 | 0.56 | 0.52 | 0.52 | 1.80 | 1.79 | 1.77 | 1.76 | 2.15 | 2.14 |

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

a. Includes the potential dilutive effect related to employee stock option and restricted stock plans of Activision Blizzard.

b. Net of treasury shares (79,564 shares as of September 30, 2010).

# Note 7 Investments in equity affiliates

| (in millions of euros) | Voting interest | | Value of equity affiliates | |
|---|---|---|---|---|
| | September 30, 2010 | December 31, 2009 | September 30, 2010 | December 31, 2009 |
| NBC Universal (a) | 12.34% | 20.00% | 2,788 | 4,033 |
| Other | na* | na* | 128 | 113 |
| | | | **2,916** | **4,146** |

na*: not applicable.

## Changes in equity affiliates

| (in millions of euros) | Value of equity affiliates as of December 31, 2009 | Changes in scope of consolidation | Income from equity affiliates | Dividends received | Changes in foreign currency translation adjustments and other | Value of equity affiliates as of September 30, 2010 |
|---|---|---|---|---|---|---|
| NBC Universal (a) | 4,033 | (1,629) | 145 | (188) | 427 | 2,788 |
| Other | 113 | 10 | (6) | (1) | 12 | 128 |
| | **4,146** | **(1,619)** | **139** | **(189)** | **439** | **2,916** |

a. On December 3, 2009, substantially simultaneously with the agreement reached between General Electric (GE) and Comcast Corporation (Comcast) regarding NBC Universal, Vivendi and GE entered into an agreement providing for Vivendi's full exit from NBC Universal and amending the NBC Universal initial agreements dated 2004 (the "2009 Agreement"). The 2009 Agreement was subsequently amended in September 2010. The main terms of the 2009 agreement, as amended, can be summarized as follows:

- Vivendi will sell its 20% interest in NBC Universal to GE (subject to the closing of the GE/Comcast transaction) and will not be a shareholder in the new entity resulting from the joint venture between NBC Universal and Comcast. The 20% interest is valued at $5.8 billion.
- If the GE/Comcast transaction was not completed by September 26, 2010, Vivendi was to sell, and did on that date sell a 7.66% interest in NBC Universal to GE for $2 billion. The remainder of Vivendi's interest (i.e., 12.34%) will be sold to GE for the balance of the $5.8 billion (including an additional $222 million payable in respect of the 7.66% interest sold in September 2010), if and when the GE/Comcast Transaction closes.
- Vivendi will continue to receive quarterly dividends from NBC Universal pro rata to its then-current interest, if declared by the Board of Directors of NBC Universal. For a period of time ending on the later of September 26, 2010 and the date the agreement between GE and Comcast related to the GE/Comcast Transaction is terminated, to the extent the NBC Universal dividends are below certain specified amounts, GE will make payments to Vivendi in the amount of the difference. In the event NBC Universal and GE, collectively, pay Vivendi more than the agreed dividend amounts, under the 2009 Agreement the excess amount will be credited against the final purchase price payable to Vivendi in respect of its remaining 12.34% interest.
- If the GE/Comcast transaction is not completed, Vivendi has the right to an accelerated launch of an initial public offering for its remaining 12.34% interest in NBC Universal, in addition to its usual right each November (please refer to Note 8).

From an accounting standpoint, the sale of a 7.66% interest in NBC Universal on September 26, 2010 was treated as follows:

- While Vivendi's interest in NBC Universal was reduced to 12.34% following the sale of 7.66% of its interest in NBC Universal as the first step of the sale of Vivendi's 20% interest in NBC Universal as agreed with GE in December 2009, the agreement with GE will not change Vivendi's governance rights in NBC Universal (including in terms of proportionate membership on the board of directors) until Vivendi's shareholder interest in NBC Universal falls below 10%. As a result, as of September 30, 2010, Vivendi continues to exercise a significant influence on NBC Universal and accounts for its 12.34% interest in NBC Universal under the equity method.
- As a consequence of the sale of a 7.66% interest in NBC Universal, Vivendi incurred a capital loss of -€232 million, mostly comprised of foreign currency translation adjustments reclassified to earnings for an amount of -€281 million, which represented a foreign exchange loss due to the decline of the US dollar since January 1, 2004. As of September 30, 2010, the remaining balance of foreign currency translation adjustments, which will be reclassified to earnings upon the sale of Vivendi's remaining 12.34% interest in NBC Universal, represented a potential foreign exchange loss of -€451 million.
- Vivendi's investment in NBC Universal has been hedged using forward sales contracts denominated in US dollars for an aggregated nominal value of $5,325 million, of which $2,000 million were unwound on September 26, 2010 and $1,200 million were put in place after September 30, 2010. From an accounting perspective, these forward contracts are qualified as net investment hedges in NBC Universal. The forward sales contracts for a nominal value of $2,000 million unwound on September 26, 2010 were exchanged for an amount of €1,425 million.

# Note 8 Commitments

The following note should be read in conjunction with Note 26 to the Consolidated Financial Statements for the year ended December 31, 2009 (pages 272 to 280 of the 2009 Annual Report). The main contractual commitments undertaken/revised during the first nine months of 2010 are described below:

## 8.1 NBC Universal

As part of the NBC Universal transaction completed in May 2004, Vivendi received certain liquidity rights which were subsequently amended in December 2006. In addition, in December 2009, Vivendi and General Electric (GE) agreed to further amendments and additions to Vivendi's liquidity rights under the "2009 Agreement," which 2009 Agreement was subsequently amended in September 2010. These further amendments and additions in the 2009 Agreement were made in connection with GE's agreement with Comcast Corporation (Comcast) to form a new joint venture that will own NBC Universal and certain Comcast assets (the Comcast Transaction). Under the 2009 Agreement, Vivendi agreed to sell its 20% stake in NBC Universal to GE for $5.8 billion, in two transactions, the second of which is contingent upon the closing of the Comcast Transaction. On September 26, 2010, Vivendi sold 7.66% of NBC Universal to GE for $2 billion. The remainder of Vivendi's interest, or 12.34% of NBC Universal, will be sold to GE for the balance of the $5.8 billion (including an additional $222 million payable for the previously sold 7.66% interest), if and when the Comcast Transaction closes.

In addition to its sale rights to GE under the 2009 Agreement as described above, Vivendi is entitled to sell its stake in NBCU through mechanisms providing for exits at fair market value if the agreement between GE and Comcast related to the Comcast Transaction is terminated. If the agreement between GE and Comcast governing the Comcast Transaction is terminated, then during the 15 day period after the later of such termination date and January 1, 2011 (the Special Right), and again from November 15 until December 10 of each year from 2011 to 2016 (the Annual Right), Vivendi has the right to notify GE of its intent to sell in the public market its NBCU shares up to an amount of $4 billion, which could lead to the public offering of a portion of Vivendi's stake within approximately five months (if Vivendi exercises the Special Right) or in the following year (if Vivendi exercises the Annual Right). GE has the right to pre-empt any of Vivendi's sales to the market. Under certain circumstances, if Vivendi exercises its right to sell its NBCU shares in the market, Vivendi will be able to exercise a put option to GE for those shares.

Finally, for the period between May 11, 2011 and May 11, 2017, GE will have the right to call either (i) all of Vivendi's NBCU shares or (ii) $4 billion of Vivendi's NBCU shares, in each case at the greater of their market value at the time the call is exercised or their value as determined at the time of the NBC Universal transaction in May 2004 (i.e. $8.3 billion for all of Vivendi's shares), which value is increased by the U.S. Consumer Price Index annually beginning in May 2009. If GE calls $4 billion, but not all, of Vivendi's NBCU shares, GE must call the remaining NBCU shares held by Vivendi by the end of the 12-month period commencing on the date GE exercises its call option.

Vivendi will continue to receive quarterly dividends from NBC Universal pro rata to its then-current interest, if declared by the Board of Directors of NBC Universal. Under the 2009 Agreement, for a period of time ending on the later of September 26, 2010 and the date the agreement between GE and Comcast related to the Comcast Transaction is terminated, to the extent the NBC Universal dividends are below certain specified amounts, GE will make payments to Vivendi in the amount of the difference. In the event NBC Universal and GE, collectively, pay Vivendi more than the agreed dividend amounts under the 2009 Agreement, the excess amount will be credited against the final purchase price payable to Vivendi in respect of its remaining 12.34% interest.

## 8.2 Other commitments given or received relating to operations

***SFR - UMTS network coverage (3G)***

As a reminder, on November 30, 2009, the "Autorité de Régulation des Communications Electroniques et des Postes" or "Arcep" (the French Regulatory Body) sent a formal notice to SFR regarding its compliance, by December 31, 2013, with its undertakings in terms of UMTS network coverage, within the following schedule:

- 84% coverage of the Metropolitan population as of June 30, 2010;
- 88% coverage of the Metropolitan population as of December 31, 2010;
- 98% coverage of the Metropolitan population as of December 31, 2011; and
- 99.3% coverage of the Metropolitan population as of December 31, 2013.

As of June 30, 2010, SFR honored and exceeded its commitments relating to UMTS network coverage (3G) fixed by Arcep for this date: SFR covers 87% of the French population.

***SFR - GSM-R public-private partnership contract***

On February 18, 2010, a group constituted by SFR, Vinci and AXA (30% each) and TDF (10%) signed the GSM-R (Global System for Mobile communications - Railway) public-private partnership contract with Réseau Ferré de France (RFF).
The 15-year contract, valued at approximately €1 billion, covers the financing, building, operating and maintaining of the digital telecommunications network that enables conference mode communications (voice and data) between train drivers and teams on the ground. It will be rolled out gradually until 2015 over 14,000 km of conventional and high-speed railway lines in France.

Vivendi has not given or received any other significant commitments during the first nine months of 2010 relating to operations.

## 8.3 Share purchase and sale commitments

**Completion of the acquisition of 100% of GVT (Holding) S.A. in Brazil**

Please refer to Section 1.1.1 of the Financial Report.

**Canal+ France**

Please refer to Section 1.1.2 of the Financial Report.

# Note 9 Litigation

Vivendi is subject to various lawsuits, arbitrations and governmental, administrative or other proceedings (collectively "Legal Proceedings") in the normal course of its business.

Certain Legal Proceedings involving Vivendi or its subsidiaries (as plaintiff or defendant) are described in Note 27 to the Consolidated Financial Statements for the year ended December 31, 2009 contained in the 2009 Annual Report (pages 281 to 285). The following paragraphs update such disclosure through November 15, 2010, the date of the Management Board meeting held to approve Vivendi's financial statements for the first nine months of 2010.

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 recent past a significant impact on the company and on its group's financial position, profit, business and property, other than those described herein.

**Investigation by the Financial Department of the Parquet de Paris**

On January 23, 2009, the Public Prosecutor transmitted to the judge and civil parties a final prosecutor's decision of dismissal in respect of all the matters under investigation back to 2000-2002. On October 16, 2009, the Judge Mr. Jean-Marie d'Huy ordered all the parties to face trial before the Criminal Court. Vivendi has joined the proceedings as a civil party.
The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Tribunal de Grande Instance of Paris. The Prosecutor asked the Court to drop the charges against the defendants. The judgment will be rendered on November 19, 2010.

**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.

On March 22, 2007, the Court 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 dated March 22, 2007, that included French shareholders in the plaintiff class. On March 31, 2009, the Court denied that motion.

Following the March 22, 2007 certification decision, a number of individual cases were filed against Vivendi on the same grounds as the class action. On December 14, 2007, the judge issued an order consolidating the individual actions with the securities class action for purposes of discovery. On March 2, 2009, the Court deconsolidated the Liberty Media action from the class action. On August 12, 2009, the Court issued an order deconsolidating the individual actions, including the GAMCO action, from the class action. The Liberty Media, GAMCO, and individual plaintiffs actions all remain pending against the company.

The trial of the class action lawsuit commenced on October 5, 2009, in New York.

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000, and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements.

As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per American Depository Receipt ("ADR"), depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

On March 26, 2010, Vivendi filed certain post-trial motions challenging the jury's verdict. A decision on these motions should be rendered before approval of the jury's verdict by the Court.

In the absence of precedents, it is Vivendi's view that before the judge can issue a final judgment, the process of examining shareholders' compensation claims must take place. That means that notice must be given to all potential class members in the same fashion that they were given notice about the class action. The judge must then appoint a claims administrator in charge of reviewing each claim and determining if it is valid. The process, which will be long and complex, and its details and the way it is handled may be challenged by each of the parties. The judge must then approve each compensation claim, and once all the claims have been approved, he will issue a final judgment against which each party may file an appeal.

Vivendi believes that it has solid grounds for appeal. First, it intends to challenge the Court's decision as to its jurisdiction in this case. It also intends to challenge the Court's decision to include French shareholders in the class, since it believes that this decision was based on an incorrect analysis of French law. Vivendi will also challenge the method of calculation of the plaintiffs' damages accepted by the judge, and more generally, a certain number of decisions taken by the judge during the conduct of the trial. Several aspects of the verdict will also be challenged.

On the basis of the verdict rendered on January 29, 2010, and an assessment of the matters set forth above in as an objective a manner as possible and in accordance with the accounting principles described in Notes 1.3.1 (Use of Estimates) and 1.3.9 (Provisions) of the Notes to the Consolidated Financial Statements for the year ended December 31, 2009 (pages 187 and 199 of the 2009 Annual Report), Vivendi made a provision on December 31, 2009, in an amount of €550 million in respect of the damages that Vivendi might have to pay to class plaintiffs. For the purposes of settling the accounts for the period ended December 31, 2009, Vivendi set the amount of this provision based, in part, upon potential damages calculations generated by a statistical model prepared by a US economic consulting firm and confirmed by a second US economic consulting firm which were retained by Vivendi and which are familiar with such matters.

Vivendi considers that its provision and the assumptions on which it is based may have to be amended as the proceedings progress, and consequently, the present amount of damages that Vivendi might have to pay the plaintiffs could differ significantly, in either direction, from the provision. As is permitted by current accounting standards, no details are given of the assumptions on which this estimate is based, because their disclosure at this stage of the proceedings could be prejudicial to Vivendi.

Acknowledging that no judgment in this matter has yet been rendered in the United States, on April 28, 2010, the French Court of Appeal rejected Vivendi's application for a ruling that it was improper for a number of French shareholders to participate in the American class action.

At a hearing that took place in New York on July 26, 2010, Vivendi petitioned the Court to apply the Supreme Court's decision in the Morrison v. National Australia Bank case, dated June 24, 2010, and therefore to exclude shareholders who did not purchase or sell their shares on a U.S. exchange from the class.

When new information is available, particularly the Court's decision on the post-verdict motions argued at the hearing held on July 26, 2010, Vivendi will reconsider the assumptions upon which the provision made on December 31, 2009 is based. The provision remains unchanged in the accounts for the period ended September 30, 2010.

### Elektrim Telekomunikacja

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

***Tort claim initiated by Elektrim against Vivendi before the Warsaw District Court***

On October 4, 2006, Elektrim started an action in tort against Vivendi before the Warsaw District Court, claiming that Vivendi prevented Elektrim from recovering the PTC shares following the Vienna award dated November 26, 2004. Elektrim is claiming compensation in the amount of approximately €2.2 billion corresponding to the difference between the fair market value of 48% of PTC and the price paid by DT to Elektrim upon the exercise of its call option. On January 5, 2009, the Warsaw Court dismissed Elektrim's claim. Elektrim appealed this decision. On February 26, 2009, the Warsaw District Court reversed its decision. After re-examining Elektrim's claim, the Court dismissed it again on June 28, 2010.

### Compañía de Aguas de Aconquija and Vivendi against the Republic of Argentina

The International Center for Settlement of Investment Disputes (ICSID) appointed an ad hoc committee charged with issuing a ruling on the application to set aside the arbitration award issued on August 20, 2007 in favor of Vivendi and its Argentine subsidiary Compañía de Aguas de Aconquija (CAA) in connection with a dispute regarding the water concession in the Argentine Province of Tucumán. ICSID had awarded Vivendi and CAA $105 million for damages plus interest and costs. The application to set aside the award was examined at a hearing that took place between July 15 and 17, 2009.

On August 10, 2010, ICSID rejected Argentina's action.

### Claim by Centenary Holdings III Limited

On January 9, 2009, the liquidator of Centenary Holdings III Limited (CH III), a former Seagram subsidiary divested in January 2004 and placed into liquidation in July 2005, sued a number of its former directors, former auditors and Vivendi. The liquidator, acting on behalf of CH III's creditors, alleges that the defendants breached their fiduciary duties. On September 30, 2010, Vivendi and one of the former directors of CHIII settled with the liquidator. This settlement put an end to the legal proceedings brought against them and assigned to Vivendi all claims filed on behalf of the creditors.

### Inquiry into PSG transfers

An investigation to be carried out by an investigating judge (juge d'instruction) has been opened in connection with the terms and conditions of the transfer of PSG soccer players and the payment of intermediaries' fees between 1998 and 2002. PSG is a former subsidiary of the Vivendi group. The Judge ordered some former PSG officers to face trial before the Criminal Court. On June 30, 2010 the Criminal Court rendered its judgment in which it imposed fines and deferred prison sentences on the former officers. It also imposed a fine of €200,000 against the PSG and a fine of €150,000 against Nike France. Some PSG former officers, as well as Groupe Canal+, appealed this decision.

### Neuf Cegetel claim against France Telecom regarding the broadcasting of the Orange Foot channel

On May 14, 2009, the Paris Court of Appeal reversed a judgment that had upheld the claims made by Free and Neuf Cegetel against France Telecom relating to the broadcasting of the Orange Foot channel, and held that the Orange Foot channel offer, which made subscription to the Orange Foot channel conditional upon prior subscription to the Internet Orange ADSL offer, constituted a related sale transaction prohibited by the French Code of Consumption. The Court of Appeal considered that the prohibition against related sale transactions was contrary to the regime established by the European Directive 2005/29/EC of May 11, 2005 concerning unfair business-to-consumer commercial practices. SFR appealed the decision to the French Supreme Court. On July 13, 2010, the French Supreme Court rejected SFR's appeal.

### French Competition Council – mobile telephone market

On April 10, 2009, SFR appealed to the French Supreme Court against the decision of the Paris Court of Appeal dated March 11, 2009, which had confirmed the financial penalties imposed on the three operators for having entered into an illegal agreement and exchanged information between 1997 and 2003. On April 7, 2010 the French Supreme Court confirmed the decision of the Paris Court of Appeal dated March 11, 2009, with respect to SFR.

### Vivendi complaint against France Telecom with the European Commission for abuse of a dominant position

On March 2, 2009, Vivendi and Free jointly filed a complaint against France Telecom with the European Commission (the "Commission"), for abuse of a dominant position. Vivendi and Free allege that France Telecom imposes excessive tariffs on offers for access to its fixed network and on telephone subscriptions. In July 2009, Bouygues Telecom joined in this complaint. In a letter dated February 2, 2010, the Commission informed the parties of its intention to dismiss the complaint. On September 17, 2010, Vivendi filed a complaint before the Court of First Instance of the European Union in Luxemburg.

### Complaint against France Telecom before the French Competition Authority

On February 11, 2009, Neuf Cegetel and Groupe Canal+ jointly filed a complaint against France Telecom before the French Competition Authority for abuse of dominant position and collusion with the French Professional Football League. Their complaint is that France Telecom uses a strategy intended to restrict the marketing of its cinematographic and sporting rights to its exclusive ADSL subscribers only. The instructing magistrate issued a preliminary report on August 5, 2010, in which he declared himself very concerned about the situation and acknowledged France Telecom's decision to propose certain commitments.

### Complaint against France Telecom and Orange before the French Competition Authority

On August 9, 2010, SFR filed a complaint before the Competition Authority against France Telecom and Orange for anti-competitive practices on the professional mobile market.

### Parabole Réunion affairs

On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion against a judgment that had dismissed its action against Groupe Canal+, following the termination of the exclusive distribution of TPS channels in Réunion Island, Mayotte, Madagascar and Mauritius.

In parallel with those proceedings, Parabole Réunion also commenced arbitration proceedings before the Paris Mediation and Arbitration Center (CMAP) relating to certain aspects of the self-broadcasting of the Canal+ channel. On September 11, 2009, CMAP dismissed the majority of Parabole Réunion's claims, in particular those related to the self-broadcasting of the Canal+ channel in Réunion Island, but upheld the claim relating to the self-broadcasting of that channel in Mauritius.

Parabole Réunion has also brought various proceedings seeking to obtain a statement recognizing the maintaining of the TPS Foot channel, among others before the High Court of Nanterre. On September 16, 2010, the Versailles Court of appeal rejected Parabole Réunion demands.

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

Further to its voluntary investigation and a complaint by France Telecom, the French Competition Authority sent Vivendi and Groupe Canal+ a notification of grievances on January 9, 2009. It alleges that Groupe Canal+ has abused its dominant position in certain pay-TV markets and that Vivendi and Groupe Canal+ colluded with TF1 and M6 on the one hand, and with Lagardère, on the other. Vivendi and Groupe Canal+ denied these allegations and intend to defend themselves against them. On April 15, 2010, the French Competition Authority provided the parties with an additional report.

### Inquiry into the implementation of the undertakings granted in connection with the combination of Canal Satellite and TPS

The French Competition Authority opened an inquiry into the implementation of the undertakings granted by Group Canal+ in connection with the combination of TPS and Canal Satellite. The investigation by the Competition Authority is ongoing.

### Studio Infinity Ward, subsidiary of Activision Blizzard

After concluding an internal human resources inquiry into breaches of contract and insubordination by two senior employees at Infinity Ward, Activision Blizzard terminated the employment of Jason West and Vince Zampella on March 1, 2010. On March 3, 2010, West and Zampella filed a complaint against Activision Blizzard in Los Angeles Superior Court for breach of contract and wrongful termination. On April 9, 2010, Activision Blizzard filed a cross complaint against West and Zampella, asserting claims for breach of contract and fiduciary duty. In addition, 38 current and former employees of Infinity Ward filed a complaint against Activision Blizzard in Los Angeles Superior Court on April 27, 2010 for breach of contract and violation of the Labor Code of the State of California. On July 8, 2010, an amended complaint was filed which added seven additional plaintiffs. They claim that the company failed to pay bonuses and other compensation allegedly owed to them. The Court set a trial date of May 23, 2011. Activision Blizzard does not expect these two lawsuits to have an impact on the company.

### Investigation in Brazil

On November 13, 2009, following Vivendi's acquisition of Global Village Telecom (Holding) S.A. ("GVT"), the CVM (the Brazilian financial markets authority) and the Public Prosecutor opened an investigation regarding the information provided by Vivendi about transactions it carried out with certain GVT shareholders.

On May 17, 2010, Vivendi received a statement of grievance from the CVM to which it responded on September 27, 2010. The CVM complains that Vivendi did not provide sufficient information concerning certain option agreements entered into between Vivendi and a third party in its press release dated November 13, 2009, announcing the acquisition of control of GVT. Vivendi contests the statement.

## Note 10 Subsequent events

### Activision Blizzard

On November 9, 2010, Activision Blizzard launched *Call of Duty®: Black Ops*, which is already one of the top entertainment properties of the holiday season. *Call of Duty®: Black Ops* recorded new opening day sales record with approximately $360 million in North America and United Kingdom alone.