# Financial Report and Unaudited Condensed Financial Statements for the First Quarter Ended March 31, 2011

**VIVENDI**

*Société anonyme* with a Management Board and a Supervisory Board with a share capital of €6,807,046,609.00

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# Selected key consolidated financial data

| | 1st Quarter ended March 31, (unaudited) | | Year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2010 | 2009 | 2008 | 2007 |
| **Consolidated data** | | | | | | |
| Revenues | 7,184 | 6,924 | 28,878 | 27,132 | 25,392 | 21,657 |
| EBITA (a) | 1,705 | 1,590 | 5,726 | 5,390 | 4,953 | 4,721 |
| Earnings attributable to Vivendi SA shareowners | 1,734 | 598 | 2,198 | 830 | 2,603 | 2,625 |
| Adjusted net income (a) | 950 | 736 | 2,698 | 2,585 | 2,735 | 2,832 |
| Financial Net Debt (a) (b) | 4,399 | 9,496 | 8,073 | 9,566 | 8,349 | 5,186 |
| Total equity (c) | 29,798 | 27,961 | 28,173 | 25,988 | 26,626 | 22,242 |
| of which Vivendi shareowners' equity (c) | 25,496 | 23,561 | 24,058 | 22,017 | 22,515 | 20,342 |
| Cash flow from operations, before capital expenditures, net (CFFO before capex, net) | 1,729 | 1,737 | 8,569 | 7,799 | 7,056 | 6,507 |
| Capital expenditures, net (capex, net) (d) | (872) | (907) | (3,357) | (2,562) | (2,001) | (1,626) |
| Cash flow from operations (CFFO) (a) | 857 | 830 | 5,212 | 5,237 | 5,055 | 4,881 |
| Financial investments | (240) | (340) | (1,397) | (3,050) | (3,947) | (846) |
| Financial divestments | 4,267 | 99 | 1,982 | 97 | 352 | 456 |
| Dividends paid with respect to previous fiscal year | na* (e) | na* | 1,721 | 1,639 (f) | 1,515 | 1,387 |
| **Per share amounts** | | | | | | |
| Weighted average number of shares outstanding | 1,236.3 | 1,228.8 | 1,232.3 | 1,203.2 | 1,167.1 | 1,160.2 |
| **Adjusted net income per share** | **0.77** | **0.60** | **2.19** | **2.15** | **2.34** | **2.44** |
| Number of shares outstanding at the end of the period (excluding treasury shares) | 1,235.7 | 1,228.8 | 1,237.3 | 1,228.8 | 1,170.1 | 1,164.7 |
| Equity per share, attributable to Vivendi SA shareowners | 20.63 | 19.17 | 19.44 | 17.92 | 19.24 | 17.47 |
| **Dividends per share paid with respect to previous fiscal year** | **na*** (e) | **na*** | **1.40** | **1.40** | **1.30** | **1.20** |

na*: not applicable.

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 its Appendix. These indicators should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as disclosed in the Condensed Financial Statements and the related notes, or as described in the Financial Report. It should be noted that other companies may define and calculate these indicators differently to Vivendi thereby affecting comparability.

b. As of December 31, 2009, Vivendi revised its definition of Financial Net Debt to include certain cash management financial assets whose characteristics do not strictly comply with the definition of cash equivalents as defined by the Recommendations of the AMF and by IAS 7 (in particular, these financial assets may have a maturity of up to 12 months). Considering that no investment in such assets was made prior to 2009, the retroactive application of this change of presentation would have no impact on Financial Net Debt for the relevant periods and the information presented in respect of the 2007 and 2008 fiscal years, is therefore consistent.

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

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

e. The dividend with respect to fiscal year 2010 was set at €1.40 per share, representing a total distribution of €1,732 million and was paid in cash on May 10, 2011.

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

# I – Financial Report for the first quarter ended March 31, 2011

**Preliminary comments:**

The Financial Report and the Unaudited Condensed Financial Statements for the first quarter ended March 31, 2011 were approved by Vivendi's Management Board on May 10, 2011.

The Financial Report for the first quarter ended March 31, 2011 should be read in conjunction with the Financial Report for the year ended December 31, 2010, as published in the 2010 "Rapport annuel - Document de référence" filed on March 21, 2011 with the "Autorité des marchés financiers" (AMF) under number D11-0155 (the "Document de reference 2010"). Please also refer to pages 129 through 164 of the English translation[1] of the "Document de reference 2010" (the "2010 Annual Report") which is made available on Vivendi's website (www.vivendi.com) for informational purposes.

# 1 Major events

## 1.1 Recent events

**Acquisition of Vodafone's 44% interest in SFR**

On April 3, 2011, Vivendi and Vodafone announced the signing of an agreement providing for the acquisition by Vivendi of Vodafone's 44% interest in SFR, subject to customary antitrust approval. Completion of the transaction is expected by the end of the second quarter of 2011, for a total amount of €7,950 million, which will be paid in cash at closing. In the transaction, the 44% interest in SFR was valued at €7,750 million as of January 1, 2011. A lump sum of €200 million will also be paid at closing, related to the generation of cash by SFR between January 1 and June 30, 2011. Additionally, SFR and Vodafone will extend their commercial co-operation for a further 3-year period.

This acquisition is expected to have a +15% to +18% accretive impact on Vivendi's adjusted net income in 2011, which would enable Vivendi to raise the dividend to its shareholders as of 2012. The acquisition will be funded by new borrowings, having no impact on Vivendi's credit rating, which is expected to remain BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's). Assuming that the acquisition of the 44% interest in SFR was finalized at the end of the second quarter of 2011, Financial Net Debt would amount to approximately €13.5 billion as of December 31, 2011. In accordance with IAS 27 revised, this transaction will be accounted for as a purchase of non-controlling interests. The difference between the consideration paid and the carrying value of non-controlling interests acquired, i.e., approximately €6,350 million as of January 1, 2011, will be recorded as a reduction of equity attributable to the shareholders of Vivendi.

**New credit facility**

In April 2011, Vivendi put into place a new syndicated bank loan of €5 billion. This loan will enable Vivendi to increase its financial security and extend the maturity of its debt.
Once this financing has been completed and following the acquisition of the 44% interest in SFR, Vivendi will have available, if necessary, at least €2 billion of undrawn bank credit facilities.
For a detailed description of this financing, please refer to Section 5.5 of this Financial Report.

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

At the Annual Shareholders' Meeting held on April 21, 2011, Vivendi's shareholders approved the Management Board's recommendations relating to the allocation of distributable earnings for fiscal year 2010. As a result, the dividend payment was set at €1.40 per share, representing a total distribution of €1,732 million, which was paid in cash on May 10, 2011.

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

# 1.2 Major events during the first quarter of 2011

## 1.2.1 Sale of the remaining 12.34% interest in NBC Universal

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

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

For a detailed description of the sale of the interest in NBC Universal and of its accounting treatment, please refer to Note 2 to the Condensed Financial Statements for the first quarter ended March 31, 2011.

## 1.2.2 Agreements to end litigation over telecommunication assets in Poland

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

On January 14, 2011, once all conditions precedent to completion under the agreements were satisfied, Vivendi collected €1,254 million and waived any rights to the shares of PTC, ending consequently all litigation surrounding the PTC share capital ownership.

## 1.2.3 Other

### SFR

**Dividend paid**
At SFR's Shareholders' Meeting, held on March 30, 2011, the shareholders approved the payment of a €1 billion dividend (of which €440 million was paid to Vodafone) with respect to fiscal year 2010, which was paid in January 2011 as an interim dividend.

**Partnership with La Poste**
Following the approval of the Competition Authority on January 28, 2011, SFR and La Poste formed a joint venture, La Poste Telecom, held at 49% and 51%, respectively. This joint venture, which is a new mobile virtual network operator on the mobile retail market, offers a full set of mobile telephony services for individuals and professionals, sold under its own brand, leveraging the power of La Poste's network.

### Activision Blizzard

**Repurchase by Activision Blizzard of its common stock**
During the first quarter of 2011, Activision Blizzard repurchased approximately 31 million shares of its common stock for approximately $344 million under the stock repurchase program up to an amount of $1.5 billion authorized by Activision Blizzard's Board of Directors on February 3, 2011. As of March 31, 2011, Vivendi's interest in Activision Blizzard increased to an approximate 62% (non-diluted), compared to an approximate 61% interest as of December 31, 2010.

**Dividend paid**
On February 9, 2011, Activision Blizzard announced that its Board of Directors had declared a cash dividend of $0.165 per common share to shareholders with respect to fiscal year 2010, which represented a payment of $119 million to Vivendi received in cash on May 11, 2011.

**Lagardère's liquidity right regarding its minority 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 its 20% interest in Canal+ France. On February 16, 2011, Canal+ France filed the IPO Prospectus with the French Autorité des Marchés Financiers (AMF). On March 16, 2011, Lagardère decided to postpone the IPO relating to its interest in Canal+ France and on the same date reasserted its strong intention to sell such interest. On April 15, 2011, Lagardère informed Vivendi about its intention to exercise its liquidity right for 2011 regarding its 20% interest in Canal+ France. As a result, this terminates the process initiated in 2010.

# 2 Earnings analysis

## 2.1 Consolidated statement of earnings and adjusted statement of earnings

| CONSOLIDATED STATEMENT OF EARNINGS | 1st Quarter ended March 31, 2011 | 1st Quarter ended March 31, 2010 | 1st Quarter ended March 31, 2011 | 1st Quarter ended March 31, 2010 | ADJUSTED STATEMENT OF EARNINGS |
|---|---|---|---|---|---|
| **Revenues** | **7,184** | **6,924** | **7,184** | **6,924** | **Revenues** |
| Cost of revenues | (3,461) | (3,416) | (3,461) | (3,416) | Cost of revenues |
| **Margin from operations** | **3,723** | **3,508** | **3,723** | **3,508** | **Margin from operations** |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (1,973) | (1,894) | (1,973) | (1,894) | Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations |
| Restructuring charges and other operating charges and income | (45) | (24) | (45) | (24) | Restructuring charges and other operating charges and income |
| Amortization of intangible assets acquired through business combinations | (123) | (134) | | | |
| Impairment losses of intangible assets acquired through business combinations | - | - | | | |
| **EBIT** | **1,582** | **1,456** | **1,705** | **1,590** | **EBITA** |
| Income from equity affiliates | (2) | 15 | (2) | 15 | Income from equity affiliates |
| Interest | (101) | (118) | (101) | (118) | Interest |
| Income from investments | 71 | - | 71 | - | Income from investments |
| Other financial charges and income | 808 | (69) | | | |
| **Earnings from continuing operations before provision for income taxes** | **2,358** | **1,284** | **1,673** | **1,487** | **Adjusted earnings from continuing operations before provision for income taxes** |
| Provision for income taxes | (198) | (261) | (291) | (298) | Provision for income taxes |
| **Earnings from continuing operations** | **2,160** | **1,023** | | | |
| Earnings from discontinued operations | - | - | | | |
| **Earnings** | **2,160** | **1,023** | **1,382** | **1,189** | **Adjusted net income before non-controlling interests** |
| *Of which* | | | | | *Of which* |
| **Earnings attributable to Vivendi shareowners** | **1,734** | **598** | **950** | **736** | **Adjusted net income** |
| Non-controlling interests | 426 | 425 | 432 | 453 | Non-controlling interests |
| **Earnings attributable to Vivendi shareowners per share - basic (in euros)** | **1.40** | **0.49** | **0.77** | **0.60** | **Adjusted net income per share - basic (in euros)** |
| **Earnings attributable to Vivendi shareowners per share - diluted (in euros)** | **1.40** | **0.48** | **0.76** | **0.60** | **Adjusted net income per share - diluted (in euros)** |

In millions of euros, except per share amounts.

## 2.2 Earnings review

For the first quarter of 2011, **adjusted net income** was €950 million (or €0.77 per share[2]), compared to €736 million (or €0.60 per share[2]) for the first quarter of 2010. This €214 million increase (+29.1%) in adjusted net income resulted primarily from:

- a €115 million **increase in EBITA** to a total of €1,705 million.
  This increase reflected the operating performance of Activision Blizzard (+€125 million), GVT (+€47 million) and Canal+ Group (+€35 million), which was partially offset by a decline in the performance of SFR (-€68 million), Universal Music Group (-€22 million), and Maroc Telecom Group (-€18 million);
- a €17 million decrease in income from equity affiliates, following the sale to General Electric (GE) of the interest in NBC Universal;
- a €17 million decrease in interest expense;
- a €71 million increase in income from investments, which was attributable to the balance of the contractual dividend paid by GE to Vivendi on January 25, 2011 as part of the completion in the sale by Vivendi to GE of its interest in NBC Universal;

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

- a €7 million decrease in income tax expense, including in particular the €64 million increase in current tax savings under the Consolidated Global Profit Tax System, which notably anticipated the impact as of January 1, 2011 of the acquisition of Vodafone's 44% interest in SFR (€71 million for the first quarter 2011) subject to the Competition Authority approval; and
- a €21 million decrease in adjusted net income due to non-controlling interests.

### Breakdown of the main items from the statement of earnings

**Revenues** were €7,184 million, compared to €6,924 million for the first quarter of 2010, an increase of €260 million (+3.8%, or +2.5% 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 €45 million, compared to €24 million for the first quarter of 2010, an increase of €21 million. They primarily included restructuring charges incurred by UMG (€21 million for the first quarter of 2011, compared to €16 million for the first quarter of 2010) and Activision Blizzard (€14 million, compared to €2 million for the first quarter of 2010).

**EBITA** was €1,705 million, compared to €1,590 million for the first quarter of 2010, an increase of €115 million (+7.2%, or +6.1% 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 €123 million, compared to €134 million for the first quarter of 2010, a decrease of €11 million (-8.2%). This change notably resulted from a decrease in amortization of Activision Blizzard's intangible assets (-€6 million, as a result of impairment losses recorded at the end of 2010 and 2009) and of SFR's intangible assets (-€7 million; the customer base of Tele2 France acquired in 2007 having been fully amortized since year-end 2010).

**EBIT** was €1,582 million, compared to €1,456 million for the first quarter of 2010, an increase of €126 million (+8.7%).

**Income from equity affiliates** was a net charge of €2 million, compared to a net income of €15 million for the first quarter of 2010. This decrease was due to the sale of interest in NBC Universal. For the first quarter of 2010, Vivendi's share of income earned by NBC Universal was €15 million. For more information, please refer to Note 2 to the Condensed Financial Statements for the first quarter ended March 31, 2011.

**Income from investments** amounted to €71 million for the first quarter of 2011, which was attributable to the balance of the contractual dividend paid by GE to Vivendi on January 25, 2011, as part of the completion in the sale by Vivendi to GE of its interest in NBC Universal.

**Interest** was an expense of €101 million, compared to €118 million for the first quarter of 2010, a decrease of €17 million (-14.4%).
Interest expense on borrowings amounted to €113 million for the first quarter of 2011, compared to €128 million for the first quarter of 2010, a €15 million decrease (-11.7%). This change was attributable to the decrease in average outstanding borrowings to €10.8 billion for the first quarter of 2011 (compared to €12.5 billion for the first quarter of 2010), slightly offset by the increase in the average interest rate on borrowings to 4.17% for the first quarter of 2011 (compared to 4.09% for the first quarter of 2010).
Interest income earned on cash and cash equivalents was €12 million for the first quarter of 2011, compared to €10 million for the first quarter of 2010, an increase of €2 million. This change was mainly due to the increase in average cash and cash equivalents to €5.8 billion for the first quarter of 2011 (compared to €3.6 billion for the first quarter of 2010), notably resulting from the cash proceeds of $5.8 billion received from the sale of remaining interest in NBC Universal and the cash proceeds of €1.25 billion received on January 14, 2011 in order to end the litigation over telecommunication assets in Poland. This increase was offset by the decrease in the average interest rate on borrowings to 0.87% for the first quarter of 2011 (compared to 1.12% for the first quarter of 2010).
For more information, please refer to Section 5 of this Financial Report.

**Other financial charges and income** were a net income of €808 million, compared to a net charge of €69 million for the first quarter of 2010.
Other financial charges and income related to financial investing activities were a net income of €840 million, compared to a net charge of €16 million for the first quarter of 2010. For the first quarter of 2011, they primarily included a net gain of €1,255 million related to the final settlement on January 14, 2011 of the litigation over telecommunication assets in Poland, partially offset by the capital loss incurred on the sale of Vivendi's remaining 12.34% interest in NBC Universal (-€421 million, of which -€477 million related to a foreign currency translation adjustment reclassified to earnings, which represented a foreign exchange loss attributable to the decline in value of the US dollar since January 1, 2004) completed on January 25, 2011. For more information, please refer to Note 2 to the Condensed Financial Statements for the first quarter ended March 31, 2011.
Other financial charges and income related to financing activities were a net charge of €32 million, compared to a net charge of €53 million for the first quarter of 2010.
For more information, please refer to Note 4 to the Condensed Financial Statements for the first quarter ended March 31, 2011.

**Provision for income taxes** was a net charge of €198 million, compared to €261 million the first quarter of 2010, a decrease of €63 million. This change was mainly attributable to the €100 million increase in the expected tax savings under the Consolidated Global Profit Tax System, which notably anticipated the impact as of January 1, 2011 of the acquisition of Vodafone's 44% interest in SFR subject to the Competition Authority approval (for more information, please refer to Section 1.1 of this Financial Report). This increase was partially offset by the impact of the increase in the taxable income of business segments for the first quarter of 2011, particularly Activision Blizzard, GVT, and Canal+ Group.

In addition, **income taxes reported to adjusted net income** was a net charge of €291 million, compared to a net charge of €298 million for the first quarter of 2010. The effective tax rate reported to adjusted net income was 17.4%, compared to 20.2% for the first quarter of 2010, a decrease of 2.8 percentage points. This improvement mainly reflected the €64 million increase in current tax savings under the Consolidated Global Profit Tax System, which notably anticipated the impact as of January 1, 2011 of the acquisition of Vodafone's 44% interest in SFR (€71 million for the first quarter 2011) subject to the Competition Authority approval (for more information, please refer to Section 1.1 of this Financial Report). This increase was partially offset by the impact of the increase in the taxable income of business segments, particularly Activision Blizzard, GVT and Canal+ Group.

**Earnings attributable to non-controlling interests** amounted to €426 million, compared to €425 million for the first quarter of 2010.

**Adjusted net income attributable to non-controlling interests** amounted to €432 million, compared to €453 million the first quarter of 2010, a decrease of €21 million mainly attributable to the decrease in adjusted net income of non-controlling interests in SFR (-€28 million).

**Earnings attributable to Vivendi shareowners** amounted to €1,734 million (or €1.40 per share), compared to €598 million (or €0.49 per share) for the first quarter of 2010, an increase of €1,136 million (+190.0%).

**The reconciliation of earnings attributable to Vivendi shareowners with adjusted net income** is further described in Appendix 1 of this Financial Report. For the first quarter of 2011, this reconciliation primarily included a net gain of €1,255 million related to the final settlement on January 14, 2011 of the litigation over telecommunication assets in Poland, partially offset by the capital loss incurred on the sale of the Vivendi's remaining 12.34% interest in NBC Universal (-€421 million, of which -€477 million related to a foreign currency translation adjustment reclassified to earnings, which represented a foreign exchange loss attributable to the decline in value of the US dollar since January 1, 2004) completed on January 25, 2011. The reconciliation also included the amortization of intangible assets acquired through business combinations (-€76 million, after taxes and non-controlling interests), and the change in the deferred tax asset related to the Consolidated Global Profit Tax System (+€56 million). For the first quarter of 2010, this reconciliation primarily included the amortization of intangible assets acquired through business combinations (-€79 million, after taxes and non-controlling interests).

## 2.3 2011 Outlook

For 2011 fiscal year outlook, Vivendi confirms a slight increase in Adjusted Net Income excluding NBCU and before the acquisition of the 44% interest in SFR, and adds an Adjusted Net Income above €3 billion and an increased dividend per share assuming that the acquisition of the 44% interest in SFR was finalized at the end of the second quarter of 2011.

# 3 Cash flow from operations analysis

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

For the first quarter of 2011, **cash flow from operations (CFFO)** generated by business segments amounted to €857 million (compared to €830 million for the first quarter of 2010), a €27 million increase (+3.3%). **Cash flow from operations before capital expenditures (CFFO before capex, net)** generated by business segments were relatively stable at €1,729 million (compared to €1,737 million for the first quarter of 2010), resulted from the stable EBITDA after changes in net working capital of business segments. In addition, as part of the completion of the sale by Vivendi of its interest in NBC Universal, Vivendi received on January 25, 2011, the balance of the contractual dividend paid by GE for €70 million; for the same period in 2010, the dividend received by Vivendi from NBC Universal amounted to €122 million.

For the first quarter of 2011, **capital expenditures, net** amounted to €872 million (compared to €907 million for the first quarter of 2010), a €35 million decrease (-3.9%). The increase in GVT's capital expenditures (+€107 million) was more than offset by the favorable change in working capital related to SFR's and Maroc Telecom Group's capital expenditures.

**Cash flow from operations after interest and income taxes paid (CFAIT)** amounted to €387 million (compared to €558 million for the first quarter of 2010), a €171 million decrease (-30.6%). This change reflected the €238 million increase in income taxes paid, net, mainly related to the change from one fiscal year to another of the amount of the first tax installment paid by the group's entities, which was partially offset by the decrease in interest paid (-€17 million) and in financial activities cash payments (-€23 million).

| | | 1st Quarter ended March 31, | | | |
|---|---|---|---|---|---|
| (in millions of euros) | | 2011 | 2010 | V€ | V% |
| Revenues | | 7,184 | 6,924 | +260 | +3.8% |
| Operating expenses excluding depreciation and amortization | | (4,842) | (4,716) | -126 | -2.7% |
| *EBITDA* | (a) | *2,342* | *2,208* | *+134* | *+6.1%* |
| Restructuring charges paid | | (30) | (21) | -9 | -42.9% |
| Content investments, net | | (38) | (95) | +57 | +60.0% |
| Neutralization of change in provisions included in EBITDA | | (21) | (140) | +119 | +85.0% |
| Other cash operating items excluded from EBITDA | | - | (3) | +3 | +100.0% |
| Other changes in net working capital | | (594) | (335) | -259 | -77.3% |
| ***Net cash provided by operating activities before income tax paid*** | (b) | ***1,659*** | ***1,614*** | ***+45*** | ***+2.8%*** |
| Dividends received from equity affiliates | (c) | 70 | 123 | -53 | -43.1% |
| *of which NBC Universal* | | - | *122* | *-122* | *-100.0%* |
| *Balance of the contractual dividend paid by GE* | | *70* | - | *+70* | *na** |
| Dividends received from unconsolidated companies | (c) | - | - | - | na* |
| **Cash flow from operations, before capital expenditures, net (CFFO before capex, net)** | | **1,729** | **1,737** | **-8** | **-0.5%** |
| Capital expenditures, net (capex, net) | (d) | (872) | (907) | +35 | +3.9% |
| *of which SFR* | | *(486)* | *(547)* | *+61* | *+11.2%* |
| *Maroc Telecom Group* | | *(116)* | *(203)* | *+87* | *+42.9%* |
| *GVT* | | *(176)* | *(69)* | *-107* | *x 2.6* |
| **Cash flow from operations (CFFO)** | | **857** | **830** | **+27** | **+3.3%** |
| Interest paid, net | (e) | (101) | (118) | +17 | +14.4% |
| Other cash items related to financial activities | (e) | (12) | (35) | +23 | +65.7% |
| ***Financial activities cash payments*** | | ***(113)*** | ***(153)*** | ***+40*** | ***+26.1%*** |
| Income tax (paid)/received, net | (b) | (357) | (119) | -238 | x 3,0 |
| **Cash flow from operations after interest and income tax paid (CFAIT)** | | **387** | **558** | **-171** | **-30.6%** |

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).

# 4 Business segment performance analysis

## 4.1 Revenues and EBITA by business segment

| (in millions of euros) | 1st Quarter ended March 31, 2011 | 2010 | % Change | % Change at constant rate |
|---|---|---|---|---|
| **Revenues** | | | | |
| Activision Blizzard | 1,061 | 945 | +12.3% | +10.8% |
| Universal Music Group | 881 | 889 | -0.9% | -5.0% |
| SFR | 3,056 | 3,085 | -0.9% | -0.9% |
| Maroc Telecom Group | 672 | 660 | +1.8% | +1.5% |
| GVT | 329 | 214 | +53.7% | +38.6% |
| Canal+ Group | 1,192 | 1,145 | +4.1% | +3.9% |
| Non-core operations and others, and elimination of intersegment transactions | (7) | (14) | na* | na* |
| **Total Vivendi** | **7,184** | **6,924** | **+3.8%** | **+2.5%** |
| | | | | |
| **EBITA** | | | | |
| Activision Blizzard | 502 | 377 | +33.2% | +31.3% |
| Universal Music Group | 46 | 68 | -32.4% | -35.1% |
| SFR | 566 | 634 | -10.7% | -10.7% |
| Maroc Telecom Group | 266 | 284 | -6.3% | -7.0% |
| GVT | 90 | 43 | +109.3% | +89.3% |
| Canal+ Group | 265 | 230 | +15.2% | +15.4% |
| Holding & Corporate | (20) | (38) | +47.4% | +47.4% |
| Non-core operations and others | (10) | (8) | na* | na* |
| **Total Vivendi** | **1,705** | **1,590** | **+7.2%** | **+6.1%** |

na*: not applicable.

## 4.2 Comments on operating performance of business segments

***Preliminary comments:***

- *Vivendi Management evaluates the performance of Vivendi's business segments and allocates the necessary resources to them based on certain operating performance indicators, notably non-GAAP measures EBITA (Adjusted earnings before interest and income taxes) and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):*
  - *The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations and the impairment of goodwill and other intangibles acquired through business combinations that are included in EBIT. Please refer to Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2010.*
  - *As defined by Vivendi, EBITDA is calculated as EBITA as presented in the Adjusted Statement of Earnings, before depreciation and amortization of tangible and intangible assets, restructuring charges, gains/(losses) on the sale of tangible and intangible assets and other non-recurring items (as presented in the Consolidated Statement of Earnings by each operating segment - Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 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 March 31, 2011, Vivendi's ownership interest in each of these businesses is as follows: Activision Blizzard: 62%, Universal Music Group (UMG): 100%, SFR: 56% (please refer to section 1.1 related to the acquisition of Vodafone's 44% interest in SFR), Maroc Telecom Group: 53%, GVT: 100%, and Canal+ Group: 100% (Canal+ Group holds an 80% interest in Canal+ France).*

## Activision Blizzard

Activision Blizzard's revenues reached €1,061 million, a 12.3% increase (10.8% at constant currency) compared to the first quarter of 2010. EBITA reached €502 million, a 33.2% increase (31.3% at constant currency). These results benefited from the accounting principles requiring that revenues and related cost of sales associated with games with an online component be deferred over the estimated customer service period. The balance of the deferred operating margin was €612 million on March 31, 2011 versus €464 million on March 31, 2010 and €1,024 million on December 31, 2010.

This performance was driven by the strength of *Call of Duty® and World of Warcraft®. The Call of Duty: Black Ops® First Strike* content pack shattered Xbox LIVE® launch records, surpassing 1.4 million downloads in the first 24 hours[3] of its release on February 1, 2011. During the first quarter 2011, *Call of Duty: Black Ops®* was the #1 game in the U.S. and Europe[4].

On May 3, 2011, Activision Blizzard released the *Call of Duty: Black Ops®: Escalation* content pack on the Xbox 360. During the second quarter, Activision Blizzard also expects to release *Transformers: Dark of the Moon* and *Wipeout In The Zone*, a Kinect-ready title for the Xbox 360.

## Universal Music Group (UMG)

Universal Music Group's (UMG) revenues were €881 million, a 0.9% decrease compared to the first quarter of 2010 (a 5.0% decrease at constant currency). The favorable currency movements and strong growth in merchandising were offset by a 2.7% decline in recorded music sales due to a limited schedule of new releases and falling demand for physical product. Digital sales increased 17.6% year-on-year.

Recorded music best sellers included titles from Rihanna and a new EP from Justin Bieber (7 songs) in addition to the latest "Les Enfoirés" release in France.

UMG's EBITA was €46 million, a 32.4% decrease compared to the first quarter of 2010. Changes in sales mix and restructuring charges associated with the reorganization plan announced last year offset operating cost savings.

Upcoming releases will feature new titles from Lady Gaga, Kanye West and Mumford & Sons, among others.

## SFR

SFR's revenues[5] were €3,056 million, a 0.9% decrease compared to the first quarter of 2010. In a more competitive market, the beginning of the year was impacted by the implementation on January 1st, 2011 of the VAT rise that SFR refused to apply to its Mobile clients. Excluding regulatory decisions on VAT and termination regulated price cut impacts[6], revenues increased by 4.3%.

Mobile revenues[7] decreased by 2.4% compared to the first quarter of 2010 to €2,132 million. Mobile service revenues[8] decreased by 3.6% to €2,004 million. Excluding the new VAT standard and mobile voice termination regulated price cuts impacts[6], mobile service revenues increased by 3.5%.

During the first quarter of 2011, SFR added 94,000 new mobile postpaid net adds. 31% of SFR customers were equipped with a *smartphone* at the end of March 2011 (compared to 18% at the end of March 2010), allowing a 25% data revenue growth on the same period in 2010. At the end of March 2011, SFR's postpaid mobile customer base[5] reached 15.916 million, improving the customer mix by 1.8 percentage point year-on-year to 75.6%. SFR's total mobile customer base[5] reached 21.039 million.

Following the agreement signed last year with SFR to create a Mobile Virtual Network Operator, La Poste Télécom is to launch its offer by the end of May. Leveraging its network of Post Offices, this Mobile Virtual Network Operator should take a leadership position on the French market.

Broadband Internet and fixed revenues[7] were €988 million, a 0.7% increase compared to the first quarter of 2010. Excluding mobile voice termination regulated price cuts and a lesser extent new VAT standard impacts, broadband Internet and fixed revenues increased by 2.1%, of which 5.4% on broadband Internet mass market.

SFR added 65,000 net new active broadband Internet residential customers. At the end of March 2011, the broadband Internet residential customer base totalled 4.952 million, a 7.8% increase year-on-year. Since November 16, 2010, the new NeufBox Evolution offer has attracted more than 250,000 customers.

[3] *According to Microsoft.*
[4] *According to The NPD Group, Charttrack and GfK.*
[5] *Following the disposal of 100% of Débitel France SA to La Poste Télécom SAS, Débitel France SA has been excluded from the consolidation perimeter from March 1st, 2011, with a customer base of 290,000.*
[6] *Tariff cuts decided by regulatory decision: 33% decrease of mobile voice termination regulated price on July 1st, 2010, 33% decrease of SMS voice termination regulated price on February 1st, 2010, roaming tariff cuts and 28% decrease in fixed voice termination regulated price on October 1st, 2010.*
[7] *Mobile revenues, broadband Internet and fixed revenues are determined as revenues before elimination of intersegments operations within SFR.*
[8] *Mobile service revenues are determined as mobile revenues excluding revenues from equipment sales.*

SFR's EBITDA was €923 million, a 6.3% decrease compared to the first quarter of 2010 and a 1.2% decrease excluding an approximately €50 million impact of the new VAT regulatory decision.

SFR's mobile EBITDA was €762 million, an 8.6% decrease compared to the first quarter of 2010. Growth in the customer bases, the expansion of mobile Internet and the strict control of costs did not offset the very negative impacts of the regulation, VAT and French market's strong competition.

SFR's broadband Internet and fixed EBITDA was €161 million, a 6.6% increase compared to the first quarter of 2010.

SFR's EBITA was €566 million, a 10.7% decrease compared to the first quarter of 2010.

### Maroc Telecom Group

Maroc Telecom Group's revenues were €672 million, up 1.8% compared to the first quarter of 2010 (+1.5% at constant currency).

Maroc Telecom Group's customer base reached nearly 26.2 million as of March 31, 2011, up 16.9% compared to March 31, 2011. This expansion reflected a continuing growth in the mobile customer base in Morocco (+6.9%) and the strong marketing momentum in the subsidiaries, where the total mobile customer base grew by 55.6%.

EBITDA was €361 million, down 5.0% compared to the first quarter of 2010 (-5.5% at constant currency), mainly due to the slight growth in revenues in Morocco. Despite this decrease, the EBITDA margin remained at a high level, at 53.7%.

EBITA was €266 million, down 6.3% compared to the first quarter of 2010 (-7.0% at constant currency). The EBITA margin remained at a high level, at approximately 40%, despite the pursuit of major investments in networks and systems.

### GVT

GVT's revenues were €329 million, a 53.7% increase compared to the first quarter of 2010 (+38.6% at constant currency).

In the first quarter of 2010, certain sales taxes were recognized as cost of revenues in IFRS. Following the opinion of the accounting authority in Brazil which was issued during the second quarter of 2010, GVT had to retroactively recognize revenue net of these sales taxes as of January 1, 2010. Had such accounting treatment been adopted in the first quarter of 2010, GVT's net revenues for the first quarter of 2011 would have increased by 62.9% (+46.8% at constant currency).

GVT's good performance was mainly driven by a 104% increase in broadband service revenues (+84.7% at constant currency) and a 50% increase in voice service revenues (+35.5% at constant currency).

As a result of GVT's geographical expansion in 2010 and the good commercial performance outside its original region, its customer base reached 4.765 million lines in service (LIS), a 52.8% increase compared to the first quarter of 2010. Due to GVT's competitive value proposition, the net new additions of LIS totaled about 533,000 for the first quarter of 2011, a 77.1% increase compared to the first quarter of 2010.

GVT's EBITDA was €138 million, a 66.3% increase compared to the first quarter of 2010 (+49.5% at constant currency). EBITDA margin was 41.9% representing a 0.8[9] percentage point increase compared to the first quarter of 2010. These results are the consequence of a better product mix and continued cost optimization.

GVT's EBITA was €90 million, a 109.3% increase compared to the first quarter of 2010 (+89.3% at constant currency).

During the first quarter of 2011, GVT expanded its coverage with 3 additional cities: Santo André, São Bernardo do Campo (State of São Paulo) and Lauro de Freitas (State of Bahia). GVT now operates in 100 cities as a service provider for retail and corporate segments.

GVT also concluded the migration of its retail broadband customers to its 5 Mbps offer, which is now the minimum speed floor provided, and launched new paid services of online protection and technical support in its Internet portal POP.

GVT's capital expenditures amounted to €176 million for the first quarter of 2011, an increase of 131.5% at constant currency.

[9] *After reclassification of the sales taxes within the net revenue for the first quarter 2010.*

### Canal+ Group

Canal+ Group's revenues were €1,192 million, compared to €1,145 million for the first quarter of 2010, representing a 4.1% increase year-on-year.

Canal+ France's revenues, which include all pay-TV operations of Canal+ Group in mainland France, French overseas territories and Africa were up 2.4% to reach €1,008 million, notably driven by an increase in subscription portfolio, revenue per subscriber (ARPU) and advertising revenues. Over the past twelve months, Canal+ France's subscriber base recorded a net growth of 214,000 subscriptions in mainland France, as well as in Canal+ Overseas' territories. This increase combined with a significant increase of ARPU in mainland France, notably due to higher cross-selling between Canal+ and CanalSat offerings and to increased penetration of content and service options. Canal+ France's advertising revenues substantially grew, mainly due to Canal+'s good audience ratings.

Revenues from other Canal+ Group activities reflected strong growth, mainly driven by the good performance of StudioCanal, which had successful theatrical releases such as "Unknown" and "Ma Part du Gateau", and video releases. Canal+ in Poland and i>Télé also made a positive contribution to revenues.

Canal+ Group's EBITA was €265 million, compared to €230 million for the first quarter of 2010. This growth was partly driven by a favorable shift at Canal+ France in the Ligue 1 football broadcasting schedule, with two fewer match days, compared to the same period last year. After neutralization of this temporary effect, EBITA's growth was 6.5% year-on-year.

### Holding & Corporate

Holding & Corporate EBITA was -€20 million, compared to an EBITA of -€38 million for the first quarter of 2010 due notably to timing effects.

# 5 Treasury and capital resources

***Preliminary comment:***

*Vivendi considers Financial Net Debt, a non-GAAP measure, to be a relevant indicator in measuring Vivendi's indebtedness. Financial Net Debt should be considered in addition to, and not as a substitute for, other GAAP measures reported on the Consolidated Statement of Financial Position, as well as other measures of indebtedness reported in accordance with GAAP. Vivendi Management uses Financial Net Debt for reporting and planning purposes, as well as to comply with certain debt covenants of Vivendi. Please refer to Section "Treasury and capital resources" of the 2010 Financial Report (pages 154 to 159 of the 2010 Annual Report).*

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

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

- As of March 31, 2011, the group's Financial Net Debt amounted to €4.4 billion.
  - This amount included borrowings and other financial liabilities for €10.7 billion and notably included SFR's Financial Net Debt of €6.5 billion, of which €3.1 billion was financed by Vivendi SA by way of a grant to SFR of bank credit lines granted under market terms.
  - The aggregate amount of bonds issued by Vivendi SA and SFR was almost stable compared to December 31, 2010, and amounted to €7.1 billion, represented approximately 67% of gross borrowings (compared to 61% as of December 31, 2010). The "economic" average term of the bonds issued by the group was 3.6 years, compared to 3.8 years as of December 31, 2010.
  - Vivendi's credit rating is BBB Stable (Standard & Poor's and Fitch) and Baa2 Stable (Moody's), maintained after the announcement of the acquisition by Vivendi of Vodafone's 44% interest in SFR, and the "economic" average term[10] of the group's debt was 4.0 years (unchanged since December 31, 2010).
  - The borrowings and other financial liabilities were partially offset by Vivendi SA's cash and cash equivalents (€3.3 billion) and Activision Blizzard's net cash position (€2.4 billion, including US government agency securities). Please refer to Section 5.2 below.
  - The group's available bank credit facilities, net of commercial paper issued at this date, amounted to €7.4 billion.

- As of May 10, 2011, the date of Vivendi's Management Board meeting that approved the Financial Statements for the first quarter ended March 31, 2011, the group's available undrawn facilities amounted to €7.4 billion and was as follows :
  - Vivendi SA's available bank credit facilities, net of commercial paper issued at this date, amounted to €5.7 billion.
  - SFR's available bank credit facilities, net of commercial paper issued at this date, amounted to approximately €1.7 billion.

In addition, in order to increase its financial security and extend the maturity of its debt in the context of the acquisition of Vodafone's interest in SFR, Vivendi put into place in April 2011, a new bank facility of €5 billion, which will be finalized in May 2011. Thanks to this new facility and following the acquisition of the 44% interest in SFR, Vivendi will have available, if necessary, at least €2 billion of undrawn bank credit facilities and, in addition, will early refinance its €2 billion bank revolving facility with a 5-year initial maturity due in April 2012. Assuming that the acquisition of the 44% interest in SFR was finalized at the end of the second quarter of 2011, the group's Financial Net Debt would amount to approximately €13.5 billion as of December 31, 2011.

*[10] Considers that all undrawn amounts on available medium-term credit lines may be used to repay group borrowings with the shortest term.*

## 5.2 Financial Net Debt changes for the first quarter of 2011

As of March 31, 2011, Vivendi's Financial Net Debt amounted to €4,399 million, compared to €8,073 million as of December 31, 2010, a €3,674 million decrease. This change mainly reflected:

- the cash generated by business segments (cash flow from operations before capital expenditures, net) for €1,302 million. For further information about net cash provided by operating activities, please refer to Section 3 "Cash flow from operations analysis" above;
- net cash provided by investing activities for €3,225 million, which mainly included the cash inflow on January 25, 2011 from the sale of the remaining 12.34% interest in NBC Universal (€2,883 million) and the cash inflow received on January 14, 2011 to end the litigation over telecommunication assets in Poland (€1,254 million), partially offset by capital expenditures, net (€872 million);
- partially offset by net cash outflows used for financing activities for €2,012 million, which mainly included the repayment by Vivendi SA of a bank credit facility (€750 million) and commercial papers (€552 million), as well as the dividend paid by SFR to Vodafone (€440 million), and the stock repurchase program of Activision Blizzard (€251 million).

Net cash proceeds resulting from these transactions were fully invested in short-term cash investments (such as *SICAV*, investment funds, certificates of deposit), that satisfy the criteria of cash equivalents, as defined by AMF and IAS7 recommendations. Vivendi SA's cash and cash equivalents amounted to €3.3 billion as of March 31, 2011 (compared to €0.7 billion as of December 31, 2010).
Activision Blizzard's net cash position amounted to €2,373 million as of March 31, 2011 (compared to €2,632 million as of December 31, 2010), of which US treasuries and government agency securities with a maturity exceeding three months for €482 million (compared to €508 million as of December 31, 2010), included in the current short-term Financial Assets items of the Consolidated Statement of Financial Position.

| | March 31, 2011 | | December 31, 2010 | |
|---|---|---|---|---|
| (in millions of euros) | Vivendi | *of which SFR* | Vivendi | *of which SFR* |
| Borrowings and other financial liabilities | 10,696 | *6,662* | 12,003 | *5,953* |
| *of which long-term (a)* | *7,374* | *2,373* | *8,573* | *2,134* |
| *short-term (a)* | *3,322* | *1,239* | *3,430* | *1,369* |
| *revolving facilities granted to SFR by Vivendi SA* | - | *3,050* | - | *2,450* |
| Derivative financial instruments in assets (b) | (59) | - | (91) | *(2)* |
| Cash deposits backing borrowings (b) | (22) | - | (21) | - |
| Cash management financial assets (b) (c) | (482) | - | (508) | - |
| | **10,133** | ***6,662*** | **11,383** | ***5,951*** |
| Cash and cash equivalents (a) | (5,734) | *(114)* | (3,310) | *(118)* |
| *of which Activision Blizzard's cash and cash equivalents* | *(1,891)* | *na** | *(2,124)* | *na** |
| **Financial Net Debt** | **4,399** | ***6,548*** | **8,073** | ***5,833*** |

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

| (in millions of euros) | Cash and cash equivalents | Borrowings and other financial items (a) | Impact on Financial Net Debt |
|---|---|---|---|
| **Financial Net Debt as of December 31, 2010** | **(3,310)** | **11,383** | **8,073** |
| Outflows/(inflows) generated by: | | | |
| Operating activities | (1,302) | - | (1,302) |
| Investing activities | (3,225) | (2) | (3,227) |
| Financing activities | 2,012 | (1,189) | 823 |
| Foreign currency translation adjustments (b) | 91 | (59) | 32 |
| Change in Financial Net Debt over the period | (2,424) | (1,250) | (3,674) |
| **Financial Net Debt as of March 31, 2011** | **(5,734)** | **10,133** | **4,399** |

a. "Other financial items" 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 cash and cash equivalents.

# 5.3 Analysis of Financial Net Debt changes for the first quarter of 2011

| (in millions of euros) | | Refer to section | 1st Quarter ended March 31, 2011 Impact on cash and cash equivalents | Impact on borrowings and other financial items | Impact on Financial Net Debt |
|---|---|---|---|---|---|
| **EBIT** | | 2 | **(1,582)** | **-** | **(1,582)** |
| Adjustments | | | (709) | - | (709) |
| Content investments, net | | | 38 | - | 38 |
| ***Gross cash provided by operating activities before income tax paid*** | | | ***(2,253)*** | ***-*** | ***(2,253)*** |
| Other changes in net working capital | | | 594 | - | 594 |
| ***Net cash provided by operating activities before income tax paid*** | | 3 | ***(1,659)*** | ***-*** | ***(1,659)*** |
| Income tax paid, net | | 3 | 357 | - | 357 |
| **Operating activities** | **A** | | **(1,302)** | **-** | **(1,302)** |
| **Financial investments** | | | | | |
| Purchases of consolidated companies, after acquired cash | | | 79 | - | 79 |
| Investments in equity affiliates | | | 38 | - | 38 |
| Increase in financial assets | | | 123 | (117) | 6 |
| ***Total financial investments*** | | | ***240*** | ***(117)*** | ***123*** |
| **Financial divestments** | | | | | |
| Proceeds from sales of consolidated companies, after divested cash | | | (7) | - | (7) |
| Disposal of equity affiliates | | | (2,876) | - | (2,876) |
| *of which sale of the remaining 12.34% interest in NBC Universal for $3.8 billion* | | 1.2 | *(2,883)* | - | *(2,883)* |
| Decrease in financial assets | | | (1,384) | 115 | (1,269) |
| *of which cash consideration received related to the final settlement of the telecommunication litigation in Poland* | | 1.2 | *(1,254)* | - | *(1,254)* |
| ***Total financial divestments*** | | | ***(4,267)*** | ***115*** | ***(4,152)*** |
| **Financial investment activities** | | | **(4,027)** | **(2)** | **(4,029)** |
| Dividends received from equity affiliates | | 3 | (70) | - | (70) |
| Dividends received from unconsolidated companies | | | - | - | - |
| **Investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets, net** | | | **(4,097)** | **(2)** | **(4,099)** |
| Capital expenditures | | | 879 | - | 879 |
| Proceeds from sales of property, plant, equipment and intangible assets | | | (7) | - | (7) |
| ***Capital expenditures, net*** | | 3 | ***872*** | ***-*** | ***872*** |
| **Investing activities** | **B** | | **(3,225)** | **(2)** | **(3,227)** |
| **Transactions with shareowners** | | | | | |
| Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans | | | (3) | - | (3) |
| Other transactions with shareowners | | | (3) | (1) | (4) |
| (Sales)/purchases of treasury shares | | | 289 | - | 289 |
| *of which stock repurchase program of Activision Blizzard* | | 1.2 | *251* | - | *251* |
| *stock repurchase program of Vivendi SA* | | | *37* | - | *37* |
| Dividends paid by consolidated companies to their non-controlling interests | | | 440 | - | 440 |
| *of which SFR* | | 1.2 | *440* | - | *440* |
| ***Total transactions with shareowners*** | | | ***723*** | ***(1)*** | ***722*** |
| **Transactions on borrowings and other financial liabilities** | | | | | |
| Setting up of long-term borrowings and increase in other long-term financial liabilities | | | (386) | 386 | - |
| *of which SFR* | | | *(340)* | *340* | - |
| Principal payments on long-term borrowings and decrease in other long-term financial liabilities | | | 843 | (843) | - |
| *of which Vivendi SA* | | | *750* | *(750)* | - |
| *SFR* | | | *80* | *(80)* | - |
| Principal payments on short-term borrowings | | | 938 | (938) | - |
| *of which Vivendi SA* | | | *552* | *(552)* | - |
| *SFR* | | | *283* | *(283)* | - |
| Other changes in short-term borrowings and other financial liabilities | | | (219) | 219 | - |
| Non-cash transactions | | | - | (12) | (12) |
| Interest paid, net | | 3 | 101 | - | 101 |
| Other cash items related to financial activities | | 3 | 12 | - | 12 |
| ***Total transactions on borrowings and other financial liabilities*** | | | ***1,289*** | ***(1,188)*** | ***101*** |
| **Financing activities** | **C** | | **2,012** | **(1,189)** | **823** |
| Foreign currency translation adjustments | D | | 91 | (59) | 32 |
| **Change in Financial Net Debt** | **A+B+C+D** | | **(2,424)** | **(1,250)** | **(3,674)** |

## 5.4 Bank credit facilities available and maturity of bonds as of March 31, 2011

The following table shows bonds and facilities available for Vivendi SA and SFR, cumulated and maturing within the next five years. The bank credit facilities amount relate to their maximum amount (available and issued amount, excluding the amount backing commercial paper).

| (in millions of euros) | March 31, 2011 | Maturing before March 31, | | | | | Maturing after |
|---|---|---|---|---|---|---|---|
| | | 2012 | 2013 | 2014 | 2015 | 2016 | March 31, 2016 |
| **Bonds** | | | | | | | |
| Vivendi SA | 5,840 | 1,300 | - | 2,092 | - | - | 2,448 |
| SFR | 1,300 | - | 1,000 | - | 300 | - | - |
| ***Sub-total*** | ***7,140*** | ***1,300*** | ***1,000*** | ***2,092*** | ***300*** | ***-*** | ***2,448*** |
| **Bank facilities** | | | | | | | |
| Vivendi SA | 6,000 | - | 3,271 | 1,729 | - | 1,000 | - |
| SFR | 3,592 | 592 | 450 | 850 | - | 1,700 | - |
| ***Sub-total*** | ***9,592*** | ***592*** | ***3,721*** | ***2,579*** | ***-*** | ***2,700*** | ***-*** |
| Vivendi SA | 11,840 | 1,300 | 3,271 | 3,821 | - | 1,000 | 2,448 |
| SFR | 4,892 | 592 | 1,450 | 850 | 300 | 1,700 | - |
| **Total** | **16,732** | **1,892** | **4,721** | **4,671** | **300** | **2,700** | **2,448** |

Vivendi SA and SFR notably have the following available bank credit facilities[11] as of March 31, 2011 and December 31, 2010:

| (in millions of euros) | Maturity | As of March 31, 2011 | | | As of December 31, 2010 | | |
|---|---|---|---|---|---|---|---|
| | | 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 | - | 2,000 | 2,000 | - | 2,000 |
| €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 | 750 | 979 |
| €2.0 billion revolving facility (February 2008) | | | | | | | |
| of which tranche 2 | February 2013 | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| €1.0 billion revolving facility (September 2010) | September 2015 | 1,000 | - | 1,000 | 1,000 | - | 1,000 |
| ***Sub-total*** | | ***6,000*** | ***-*** | ***6,000*** | ***6,000*** | ***750*** | ***5,250*** |
| *Commercial paper issued (a)* | | | | *(299)* | | | *(851)* |
| **Total of Vivendi SA's available bank credit facilities, net of commercial paper** | | | | **5,701** | | | **4,399** |
| **SFR** | | | | | | | |
| €1.2 billion revolving facility (June 2010) | June 2015 | 1,200 | - | 1,200 | 1,200 | - | 1,200 |
| €450 million revolving facility (November 2005) | November 2012 | 450 | 350 | 100 | 450 | 430 | 20 |
| €850 million revolving facility (May 2008) | May 2013 | 850 | 150 | 700 | 850 | - | 850 |
| €100 million revolving facility (November 2008) | February 2012 | 100 | - | 100 | 100 | - | 100 |
| Syndicated loan "Club Deal" (July 2005) | | | | | | | |
| of which tranche B | March 2012 | 492 | - | 492 | 492 | - | 492 |
| Securitization program (March 2006) | March 2011 | - | - | - | 300 | 283 | 17 |
| Securitization program (March 2011) | March 2016 | 500 | 500 | - | 310 | 310 | - |
| ***Sub-total*** | | ***3,592*** | ***1,000*** | ***2,592*** | ***3,702*** | ***1,023*** | ***2,679*** |
| *Commercial paper issued (a)* | | | | *(895)* | | | *(854)* |
| **Total of SFR's available bank credit facilities, net of commercial paper** | | | | **1,697** | | | **1,825** |
| **Total Vivendi SA and SFR** | | **9,592** | | **7,398** | **9,702** | | **6,224** |

a. Short-term commercial papers are backed by committed bank credit facilities which are no longer available for these amounts.

[11] *Vivendi SA and SFR bank credit facilities are subject to compliance with certain financial covenants calculated on June 30 and December 31 of each year. Non-compliance with these covenants could constitute an event of default that could among others result in the cancellation or the early repayment of the different loans. As of December 31, 2010, Vivendi SA and SFR were in compliance with their financial covenants.*

## 5.5 Financing put into place after March 31, 2011

In May 2011, Vivendi will finalize a new bank facility of €5 billion negotiated in April 2011. This new facility consists of three tranches, the draw-down terms of which are as follows:

- Tranche A: €1.5 billion, maturing in December 2012, upon the satisfaction of the conditions precedent for the acquisition by Vivendi of Vodafone's 44% interest in SFR;
- Tranche B: €1.5 billion, with a 3-year maturity, upon the acquisition by Vivendi of Vodafone's 44% interest in SFR and the cancellation of SFR's revolving facilities for €450 million with an initial scheduled maturity of November 2012 and for €850 million with an initial scheduled maturity of May 2013; and
- Tranche C: €2.0 billion, with a 5-year maturity, upon the cancellation of Vivendi SA's revolving facility for €2.0 billion with an initial scheduled maturity of April 2012.

The other terms (excluding tariff) are similar to those of the €1 billion credit facility put into place in September 2010.

## 5.6 Available bank credit facilities as of May 10, 2011

As of May 10, 2011, the date of Vivendi's Management Board meeting that approved the Financial Statements for the first quarter ended March 31, 2011, Vivendi SA had available committed bank facilities in the amount of €6.0 billion, totally undrawn. Considering the amount of commercial paper issued at this date, and backed on bank credit facilities for €0.3 billion, these facilities were available in an aggregate amount of €5.7 billion. SFR had available committed bank facilities in the amount of €3.6 billion, of which €1.0 billion was drawn. Considering the amount of commercial paper issued at this date and backed on bank credit facilities for €0.9 billion, these credit facilities were available for an aggregate amount of €1.7 billion.

Moreover, following the completion of the new bank facility of €5 billion and the acquisition of the 44% interest in SFR, Vivendi will have available, if necessary, at least €2 billion of undrawn bank credit facilities.

## 5.7 Intercompany loans

| (in millions of euros, except where noted) | Maturity | As of March 31, 2011 | | | As of December 31, 2010 | | |
|---|---|---|---|---|---|---|---|
| | | Maximum amount | Drawn amount | Available amount | Maximum amount | Drawn amount | Available amount |
| **Loan facility granted by Vivendi SA to SFR** | | | | | | | |
| €3 billion revolving facility (April 2008) | | | | | | | |
| of which tranche C | December 2012 | 1,000 | 1,000 | - | 1,000 | 1,000 | - |
| €1.5 billion revolving facility (June 2009) | June 2013 | 1,500 | 1,500 | - | 1,500 | 1,450 | 50 |
| €1 billion current account facility (January 2011) | January 2012 | 1,000 | 550 | 450 | - | - | - |
| **Total** | | **3,500** | **3,050** | **450** | **2,500** | **2,450** | **50** |
| **Loan facility granted by Vivendi to GVT (March 2010)** | March 2015 | 540 | 229 | 311 | 540 | 156 | 384 |
| **Loan facility granted by SPT to Maroc Telecom (June 2010) (in millions of MAD)** | March 2011 | - | - | - | 1,150 | 1,150 | - |

## 5.8 Credit ratings

As of May 10, 2011, the date of the Management Board meeting that approved the Financial Statements for the first quarter of 2011, the credit ratings of Vivendi were as follows:

| Rating agency | Rating date | Type of debt | Ratings | Outlook |
|---|---|---|---|---|
| **Standard & Poor's** | July 27, 2005 | Long-term *corporate* | 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 |

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

# 6 Forward looking statements

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including expectations regarding the payment of dividends as well as the anticipated impact of certain litigations and transactions. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including but not limited to the risks regarding regulatory approvals as well as the risks described in the 2010 "Rapport annuel - Document de référence" filed with the Autorité des Marchés Financiers (AMF) (the French securities regulator) and which are also available in English on Vivendi's website (www.vivendi.com). These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### Unsponsored ADRs

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

# 7 Disclaimer

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

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

## 1. Adjusted net income

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant indicator of the group's operating and financial performance. Vivendi Management uses adjusted net income because it better illustrates the underlying performance of continuing operations by excluding most non-recurring and non-operating items. Adjusted net income is defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2010.

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

| (in millions of euros) | 1st Quarter ended March 31, 2011 | 1st Quarter ended March 31, 2010 | Year ended December 31, 2010 |
|---|---|---|---|
| **Earnings attributable to Vivendi SA shareowners (a)** | **1,734** | **598** | **2,198** |
| *Adjustments* | | | |
| Amortization of intangible assets acquired through business combinations | 123 | 134 | 603 |
| Impairment losses of intangible assets acquired through business combinations (a) | - | - | 252 |
| Other financial charges and income (a) | (808) | 69 | 17 |
| Change in deferred tax asset related to the Consolidated Global Profit Tax System | (56) | (20) | 3 |
| Non-recurring items related to provision for income taxes | 9 | 31 (b) | 102 (b) |
| Provision for income taxes on adjustments | (46) | (48) | (320) |
| Non-controlling interests on adjustments | (6) | (28) | (157) |
| **Adjusted net income** | **950** | **736** | **2,698** |

a. As presented in the consolidated statement of earnings.

b. Mainly related to the cancellation of a credit for the consumption of the deferred tax asset related to the utilization by SFR of Neuf Cegetel's ordinary tax losses carried forward from prior years. As of December 31, 2010, the share attributable to the group amounted to €43 million and the share attributable to the non-controlling interest in SFR amounted to €33 million.

### Adjusted net income per share

| | 1st Quarter ended March 31, | | | | Year ended December 31, | |
|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2010 | |
| | Basic | Diluted | Basic | Diluted | Basic | Diluted |
| **Adjusted net income (in millions of euros)** | 950 | 948 (a) | 736 | 734 (a) | 2,698 | 2,695 (a) |
| **Number of shares (in millions)** | | | | | | |
| Weighted average number of shares outstanding restated (b) | 1,236.3 | 1,236.3 | 1,228.8 | 1,228.8 | 1,232.3 | 1,232.3 |
| Potential dilutive effects related to share-based compensation | - | 3.6 | - | 1.9 | - | 2.2 |
| **Adjusted weighted average number of shares** | **1,236.3** | **1,239.9** | **1,228.8** | **1,230.7** | **1,232.3** | **1,234.5** |
| **Adjusted net income per share (in euros)** | 0.77 | 0.76 | 0.60 | 0.60 | 2.19 | 2.18 |

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

b. Net of treasury shares (1.8 million shares as of March 31, 2011).

# 2. Reconciliation of Activision Blizzard's U.S. GAAP revenues and EBITA to IFRS[1]

As reported below, the reconciliation of Activision Blizzard's U.S. GAAP revenue and EBITA to IFRS as of March 31, 2011, March 31, 2010 and December 31, 2010 is based on:

- Activision Blizzard's data prepared in compliance with U.S. GAAP standards, in US dollars, contained in its Form 10-Q for the first quarter ended March 31, 2011, available on Activision Blizzard's website (www.activisionblizzard.com), and non-GAAP measures, published by Activision Blizzard in its earnings released on May 9, 2011; 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 first quarter ended March 31, 2011.

### Non-GAAP measures of Activision Blizzard

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

i. the change in deferred income and related costs of sales, resulting from the deferral of net revenues associated with the company's significant online-enabled games;

ii. expenses related to equity-based compensation;

iii. restructuring charges;

iv. impairment of intangibles acquired through business combinations;

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

vi. the associated tax benefits.

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

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

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

| | 1st Quarter ended March 31, (unaudited) 2011 | 2010 | Year ended December 31, 2010 (unaudited) |
|---|---|---|---|
| **Non-GAAP Measurement (U.S. GAAP basis):** | | | |
| **Non-GAAP Net Revenues (in millions of dollars)** | **755** | **714** | **4,803** |
| *Eliminate non-GAAP adjustments:* | | | |
| Changes in deferred net revenues (a) | 694 | 594 | (356) |
| **U.S. GAAP Measurement:** | | | |
| **Net Revenues in U.S. GAAP (in millions of dollars), as published by Activision Blizzard** | **1,449** | **1,308** | **4,447** |
| *Eliminate U.S. GAAP vs. IFRS differences:* | *na** | *na** | *na** |
| **IFRS Measurement:** | | | |
| **Net Revenues in IFRS (in millions of dollars)** | **1,449** | **1,308** | **4,447** |
| *Translate from dollars to euros:* | | | |
| **Net Revenues in IFRS (in millions of euros), as published by Vivendi** | **1,061** | **945** | **3,330** |
| of which | | | |
| Activision | 671 | 667 | 2,002 |
| Blizzard | 335 | 226 | 1,046 |
| Distribution | 55 | 52 | 282 |

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

| | 1st Quarter ended March 31, (unaudited) 2011 | 2010 | Year ended December 31, 2010 (unaudited) |
|---|---|---|---|
| **Non-GAAP Measurement (U.S. GAAP basis):** | | | |
| **Non-GAAP Operating Income/(Loss) (in millions of dollars)** | **218** | **165** | **1,371** |
| *Eliminate non-GAAP adjustments:* | | | |
| Changes in deferred net revenues and related cost of sales (a) | 506 | 410 | (319) |
| Equity-based compensation expense | (23) | (44) | (131) |
| Restructuring charges (b) | (19) | (3) | (3) |
| Impairment of intangibles acquired through business combinations | - | - | (326) |
| Amortization of intangibles acquired through business combinations and purchase price accounting related adjustments | (8) | (17) | (123) |
| **U.S. GAAP Measurement:** | | | |
| **Operating Income/(Loss) in U.S. GAAP (in millions of dollars), as published by Activision Blizzard** | **674** | **511** | **469** |
| *Eliminate U.S. GAAP vs. IFRS differences:* | | | |
| Equity-based compensation expense | 1 | 1 | 7 |
| Impairment of intangibles acquired through business combinations | - | - | 31 |
| Amortization of intangibles acquired through business combinations | - | - | 6 |
| Other | 3 | (7) | (6) |
| **IFRS Measurement:** | | | |
| **Operating Income/(Loss) in IFRS (in millions of dollars)** | **678** | **505** | **507** |
| *Eliminate items excluded from EBITA:* | | | |
| Impairment of intangible assets acquired through business combinations | - | - | 295 |
| Amortization of intangible assets acquired through business combinations (c) | 8 | 17 | 123 |
| **EBITA in IFRS (in millions of dollars)** | **686** | **522** | **925** |
| *Translate from dollars to euros:* | | | |
| **EBITA in IFRS (in millions of euros), as published by Vivendi** | **502** | **377** | **692** |
| of which | | | |
| Activision | 359 | 263 | 187 |
| Blizzard | 143 | 114 | 498 |
| Distribution | - | - | 7 |

na*: not applicable.

a. Relates to the impact of the change in deferred net revenues, and related costs of sales associated with the company's online-enabled games:
   - For the first quarter of 2011, in both U.S. GAAP and IFRS, the net revenue recognition amounted to \$694 million (€508 million) and, after taking into account related costs of sales, the net margin recognition from operations amounted to \$506 million (€370 million).
   - As of March 31, 2011, in both U.S. GAAP and IFRS, the deferred net revenues balance in the Statement of Financial Position amounted to \$1,043 million (€742 million), compared to \$1,726 million (€1,303 million) as of December 31, 2010. After taking into account related costs of sales, the deferred margin balance in the Statement of Financial Position amounted to \$860 million (€612 million) as of March 31, 2011, compared to \$1,356 million (€1,024 million) as of December 31, 2010.

b. In 2011, restructuring charges includes severance costs and facility exit costs of Activision operations. In 2010, restructuring charges are related to the Business Combination with Vivendi Games which included severance costs, facility exit costs, balance sheet write downs and exit costs from the cancellation of projects.

c. 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. Increases in the fair value of inventories and associated cost of sales are not excluded from EBITA.

# 3. Revenues and EBITA by business segment - 2011 and 2010 quarter data

| (in millions of euros) | 2011 1st Quarter ended March 31 |
|---|---|
| **Revenues** | |
| Activision Blizzard | 1,061 |
| Universal Music Group | 881 |
| SFR | 3,056 |
| Maroc Telecom Group | 672 |
| GVT | 329 |
| Canal+ Group | 1,192 |
| Non-core operations and others, and elimination of intersegment transactions | (7) |
| **Total Vivendi** | **7,184** |
| | |
| **EBITA** | |
| Activision Blizzard | 502 |
| Universal Music Group | 46 |
| SFR | 566 |
| Maroc Telecom Group | 266 |
| GVT | 90 |
| Canal+ Group | 265 |
| Holding & Corporate | (20) |
| Non-core operations and others | (10) |
| **Total Vivendi** | **1,705** |

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

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# III - Condensed Financial Statements for the first quarter ended March 31, 2011 (unaudited)

## *Condensed Statement of Earnings*

| | Note | 1st Quarter ended March 31, (unaudited) 2011 | 2010 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Revenues** | 3 | **7,184** | **6,924** | **28,878** |
| Cost of revenues | | (3,461) | (3,416) | (14,561) |
| Selling, general and administrative expenses | | (2,096) | (2,028) | (9,059) |
| Restructuring charges and other operating charges and income | | (45) | (24) | (135) |
| Impairment losses of intangible assets acquired through business combinations | | - | - | (252) |
| **Earnings before interest and income taxes (EBIT)** | 3 | **1,582** | **1,456** | **4,871** |
| Income from equity affiliates | | (2) | 15 | 195 |
| Interest | 4 | (101) | (118) | (492) |
| Income from investments | | 71 | - | 7 |
| Other financial charges and income | 4 | 808 | (69) | (17) |
| **Earnings from continuing operations before provision for income taxes** | | **2,358** | **1,284** | **4,564** |
| Provision for income taxes | 5 | (198) | (261) | (1,042) |
| **Earnings from continuing operations** | | **2,160** | **1,023** | **3,522** |
| Earnings from discontinued operations | | - | - | - |
| **Earnings** | | **2,160** | **1,023** | **3,522** |
| *Of which* | | | | |
| **Earnings attributable to Vivendi shareowners** | | **1,734** | **598** | **2,198** |
| Non-controlling interests | | 426 | 425 | 1,324 |
| | | | | |
| Earnings from continuing operations attributable to Vivendi shareowners per share - basic | 6 | 1.40 | 0.49 | 1.78 |
| Earnings from continuing operations attributable to Vivendi shareowners per share - diluted | 6 | 1.40 | 0.48 | 1.78 |
| | | | | |
| **Earnings attributable to Vivendi shareowners per share - basic** | 6 | **1.40** | **0.49** | **1.78** |
| Earnings attributable to Vivendi shareowners per share - diluted | 6 | 1.40 | 0.48 | 1.78 |

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

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

# Condensed Statement of Comprehensive Income

| (in millions of euros) | Note | 1st Quarter ended March 31, (unaudited) 2011 | 2010 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Earnings** | | **2,160** | **1,023** | **3,522** |
| **Foreign currency translation adjustments** | | **(260)** | **1,136** | **1,794** |
| *Transferred to profit or loss as part of the sale of NBC Universal interest* | 2 | *477* | - | *281* |
| Assets available for sale | | 2 | - | 2 |
| *Valuation gains/(losses) taken to equity* | | *2* | - | *2* |
| Cash flow hedge instruments | | 26 | (2) | 41 |
| *Valuation gains/(losses) taken to equity* | | *26* | *(2)* | *41* |
| Net investment hedge instruments | | 21 | (75) | (20) |
| *Valuation gains/(losses) taken to equity* | | - | *(75)* | *(20)* |
| *Transferred to profit or loss of the period* | | *21* | - | - |
| Tax | | (7) | 2 | (9) |
| **Unrealized gains/(losses)** | | **42** | **(75)** | **14** |
| **Other impacts, net** | | **13** | **(7)** | **(6)** |
| **Charges and income directly recognized in equity** | | **(205)** | **1,054** | **1,802** |
| **Total comprehensive income** | | **1,955** | **2,077** | **5,324** |
| of which | | | | |
| **Total comprehensive income attributable to Vivendi shareowners** | | **1,579** | **1,557** | **3,880** |
| Total comprehensive income attributable to non-controlling interests | | 376 | 520 | 1,444 |

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

# Condensed Statement of Financial Position

| (in millions of euros) | Note | March 31, 2011 (unaudited) | December 31, 2010 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | | 24,829 | 25,345 |
| Non-current content assets | | 2,565 | 2,784 |
| Other intangible assets | | 4,264 | 4,408 |
| Property, plant and equipment | | 8,166 | 8,217 |
| Investments in equity affiliates | 7 | 157 | 2,906 |
| Non-current financial assets | | 351 | 496 |
| Deferred tax assets | | 1,968 | 1,836 |
| **Non-current assets** | | **42,300** | **45,992** |
| Inventories | | 662 | 750 |
| Current tax receivables | | 667 | 576 |
| Current content assets | | 904 | 1,032 |
| Trade accounts receivable and other | | 6,073 | 6,711 |
| Current financial assets | | 579 | 622 |
| Cash and cash equivalents | | 5,734 | 3,310 |
| **Current assets** | | **14,619** | **13,001** |
| **TOTAL ASSETS** | | **56,919** | **58,993** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 6,805 | 6,805 |
| Additional paid-in capital | | 8,128 | 8,128 |
| Treasury shares | | (39) | (2) |
| Retained earnings and other | | 10,602 | 9,127 |
| **Vivendi shareowners' equity** | | **25,496** | **24,058** |
| Non-controlling interests | | 4,302 | 4,115 |
| **Total equity** | | **29,798** | **28,173** |
| Non-current provisions | | 1,421 | 1,477 |
| Long-term borrowings and other financial liabilities | | 7,374 | 8,573 |
| Deferred tax liabilities | | 938 | 956 |
| Other non-current liabilities | | 988 | 1,074 |
| **Non-current liabilities** | | **10,721** | **12,080** |
| Current provisions | | 583 | 552 |
| Short-term borrowings and other financial liabilities | | 3,322 | 3,430 |
| Trade accounts payable and other | | 12,086 | 14,451 |
| Current tax payables | | 409 | 307 |
| **Current liabilities** | | **16,400** | **18,740** |
| **Total liabilities** | | **27,121** | **30,820** |
| **TOTAL EQUITY AND LIABILITIES** | | **56,919** | **58,993** |

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

# Condensed Statement of Cash Flows

| (in millions of euros) | Note | 1st Quarter ended March 31, (unaudited) 2011 | 2010 | Year ended December 31, 2010 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| EBIT | | 1,582 | 1,456 | 4,871 |
| Adjustments | | 709 | 588 | 3,210 |
| *Including amortization and depreciation of tangible and intangible assets* | | *723* | *731* | *3,338* |
| Content investments, net | | (38) | (95) | (137) |
| ***Gross cash provided by operating activities before income tax paid*** | | ***2,253*** | ***1,949*** | ***7,944*** |
| Other changes in net working capital | | (594) | (335) | 387 |
| ***Net cash provided by operating activities before income tax paid*** | | ***1,659*** | ***1,614*** | ***8,331*** |
| Income tax paid, net | | (357) | (119) | (1,365) |
| **Net cash provided by operating activities** | | **1,302** | **1,495** | **6,966** |
| **Investing activities** | | | | |
| Capital expenditures | | (879) | (933) | (3,437) |
| Purchases of consolidated companies, after acquired cash | | (79) | (175) | (742) |
| Investments in equity affiliates | 7 | (38) | (2) | (15) |
| Increase in financial assets | | (123) | (163) | (640) |
| ***Investments*** | | ***(1,119)*** | ***(1,273)*** | ***(4,834)*** |
| Proceeds from sales of property, plant, equipment and intangible assets | | 7 | 26 | 80 |
| Proceeds from sales of consolidated companies, after divested cash | | 7 | (1) | (43) |
| Disposal of equity affiliates | 7 | 2,876 | (1) | 1,458 |
| Decrease in financial assets | | 1,384 | 101 | 567 |
| ***Divestitures*** | | ***4,274*** | ***125*** | ***2,062*** |
| Dividends received from equity affiliates | | 70 | 123 | 235 |
| Dividends received from unconsolidated companies | | - | - | 3 |
| **Net cash provided by/(used for) investing activities** | | **3,225** | **(1,025)** | **(2,534)** |
| **Financing activities** | | | | |
| Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans | | 3 | 1 | 112 |
| Other transactions with shareowners | | 3 | (373) | (356) |
| Sales/(purchases) of treasury shares | | (289) | (77) | (726) |
| Dividends paid by Vivendi SA to its shareowners | | - | - | (1,721) |
| Dividends and reimbursements of contribution of capital paid by consolidated companies to their non-controlling interests | | (440) | (441) | (953) |
| ***Transactions with shareowners*** | | ***(723)*** | ***(890)*** | ***(3,644)*** |
| Setting up of long-term borrowings and increase in other long-term financial liabilities | | 386 | 1,052 | 2,102 |
| Principal payment on long-term borrowings and decrease in other long-term financial liabilities | | (843) | (372) | (879) |
| Principal payment on short-term borrowings | | (938) | (606) | (1,911) |
| Other changes in short-term borrowings and other financial liabilities | | 219 | 361 | 310 |
| Interest paid, net | | (101) | (118) | (492) |
| Other cash items related to financial activities | | (12) | (35) | (247) |
| ***Transactions on borrowings and other financial liabilities*** | | ***(1,289)*** | ***282*** | ***(1,117)*** |
| **Net cash provided by/(used for) financing activities** | | **(2,012)** | **(608)** | **(4,761)** |
| Foreign currency translation adjustments | | (91) | 170 | 293 |
| **Change in cash and cash equivalents** | | **2,424** | **32** | **(36)** |
| **Cash and cash equivalents** | | | | |
| At beginning of the period | | **3,310** | **3,346** | **3,346** |
| At end of the period | | **5,734** | **3,378** | **3,310** |

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

# Condensed Statements of Changes in Equity

## First quarter ended March 31, 2011 (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, 2010** | **1,237,337** | **6,805** | **8,128** | **(2)** | **14,931** | **13,595** | **(67)** | **(286)** | **13,242** | **28,173** |
| ***Attributable to Vivendi SA shareowners*** | ***1,237,337*** | ***6,805*** | ***8,128*** | ***(2)*** | ***14,931*** | ***9,620*** | ***(47)*** | ***(446)*** | ***9,127*** | ***24,058*** |
| ***Attributable to non-controlling interests*** | - | - | - | - | - | ***3,975*** | ***(20)*** | ***160*** | ***4,115*** | ***4,115*** |
| ***Contributions by/distributions to Vivendi SA shareowners*** | - | - | - | ***(37)*** | ***(37)*** | ***6*** | - | - | ***6*** | ***(31)*** |
| of which Vivendi SA's stock repurchase program | - | - | - | (37) | (37) | - | - | - | - | (37) |
| ***Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control*** | - | - | - | - | - | ***(110)*** | - | - | ***(110)*** | ***(110)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (116) | - | - | (116) | (116) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | - | - | - | **(37)** | **(37)** | **(104)** | - | - | **(104)** | **(141)** |
| ***Contributions by/distributions to non-controlling interests*** | - | - | - | - | - | ***(57)*** | - | - | ***(57)*** | ***(57)*** |
| of which dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (57) | - | - | (57) | (57) |
| ***Changes in non-controlling interests that do not result in a gain/(loss) of control*** | - | - | - | - | - | ***(132)*** | - | - | ***(132)*** | ***(132)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (135) | - | - | (135) | (135) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | - | - | - | - | - | **(189)** | - | - | **(189)** | **(189)** |
| ***Earnings*** | - | - | - | - | - | ***2,160*** | - | - | ***2,160*** | ***2,160*** |
| ***Charges and income directly recognized in equity*** | - | - | - | - | - | ***13*** | ***42*** | ***(260)*** | ***(205)*** | ***(205)*** |
| **TOTAL COMPREHENSIVE INCOME (C)** | - | - | - | - | - | **2,173** | **42** | **(260)** | **1,955** | **1,955** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | - | - | - | ***(37)*** | ***(37)*** | ***1,880*** | ***42*** | ***(260)*** | ***1,662*** | ***1,625*** |
| *Attributable to Vivendi SA shareowners* | - | - | - | *(37)* | *(37)* | *1,641* | *35* | *(201)* | *1,475* | *1,438* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *239* | *7* | *(59)* | *187* | *187* |
| **BALANCE AS OF MARCH 31, 2011** | **1,237,337** | **6,805** | **8,128** | **(39)** | **14,894** | **15,475** | **(25)** | **(546)** | **14,904** | **29,798** |
| ***Attributable to Vivendi SA shareowners*** | ***1,237,337*** | ***6,805*** | ***8,128*** | ***(39)*** | ***14,894*** | ***11,261*** | ***(12)*** | ***(647)*** | ***10,602*** | ***25,496*** |
| ***Attributable to non-controlling interests*** | - | - | - | - | - | ***4,214*** | ***(13)*** | ***101*** | ***4,302*** | ***4,302*** |

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

## *First Quarter ended March 31, 2010 (unaudited)*

| (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, 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*** | - | - | ***7*** | ***7*** |
| ***Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control*** | - | - | - | - | - | ***(20)*** | - | - | ***(20)*** | ***(20)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (32) | - | - | (32) | (32) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | - | - | - | - | - | **(13)** | - | - | **(13)** | **(13)** |
| ***Contributions by/distributions to non-controlling interests*** | - | - | - | - | - | ***(58)*** | - | - | ***(58)*** | ***(58)*** |
| of which dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (58) | - | - | (58) | (58) |
| ***Changes in non-controlling interests that result in a gain/(loss) of control*** | - | - | - | - | - | ***(4)*** | - | - | ***(4)*** | ***(4)*** |
| ***Changes in non-controlling interests that do not result in a gain/(loss) of control*** | - | - | - | - | - | ***(29)*** | - | - | ***(29)*** | ***(29)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (45) | - | - | (45) | (45) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | - | - | - | - | - | **(91)** | - | - | **(91)** | **(91)** |
| ***Earnings*** | - | - | - | - | - | ***1,023*** | - | - | ***1,023*** | ***1,023*** |
| ***Charges and income directly recognized in equity*** | - | - | - | - | - | ***(7)*** | ***(75)*** | ***1,136*** | ***1,054*** | ***1,054*** |
| **TOTAL COMPREHENSIVE INCOME (C)** | - | - | - | - | - | **1,016** | **(75)** | **1,136** | **2,077** | **2,077** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | - | - | - | - | - | ***912*** | ***(75)*** | ***1,136*** | ***1,973*** | ***1,973*** |
| *Attributable to Vivendi SA shareowners* | - | - | - | - | - | *579* | *(74)* | *1,039* | *1,544* | *1,544* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *333* | *(1)* | *97* | *429* | *429* |
| **BALANCE AS OF MARCH 31, 2010** | ***1,228,859*** | **6,759** | **8,059** | **(2)** | **14,816** | **14,245** | **(156)** | **(944)** | **13,145** | **27,961** |
| ***Attributable to Vivendi SA shareowners*** | ***1,228,859*** | ***6,759*** | ***8,059*** | ***(2)*** | ***14,816*** | ***9,958*** | ***(129)*** | ***(1,084)*** | ***8,745*** | ***23,561*** |
| ***Attributable to non-controlling interests*** | - | - | - | - | - | ***4,287*** | ***(27)*** | ***140*** | ***4,400*** | ***4,400*** |

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

## Year ended December 31, 2010

| (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*** | ***8,478*** | ***46*** | ***69*** | - | ***115*** | ***(1,682)*** | - | - | ***(1,682)*** | ***(1,567)*** |
| 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 | 8,478 | 46 | 69 | - | 115 | 39 | - | - | 39 | 154 |
| *of which Vivendi Employee Stock Purchase Plans (July 29, 2010)* | *7,141* | *39* | *59* | - | *98* | - | - | - | - | *98* |
| ***Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control*** | - | - | - | - | - | ***(272)*** | - | - | ***(272)*** | ***(272)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (318) | - | - | (318) | (318) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | ***8,478*** | **46** | **69** | - | **115** | **(1,954)** | - | - | **(1,954)** | **(1,839)** |
| ***Contributions by/distributions to non-controlling interests*** | - | - | - | - | - | ***(952)*** | - | - | ***(952)*** | ***(952)*** |
| of which dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (952) | - | - | (952) | (952) |
| ***Changes in non-controlling interests that result in a gain/(loss) of control*** | - | - | - | - | - | ***3*** | - | - | ***3*** | ***3*** |
| ***Changes in non-controlling interests that do not result in a gain/(loss) of control*** | - | - | - | - | - | ***(351)*** | - | - | ***(351)*** | ***(351)*** |
| of which Activision Blizzard's stock repurchase program | - | - | - | - | - | (409) | - | - | (409) | (409) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | - | - | - | - | - | **(1,300)** | - | - | **(1,300)** | **(1,300)** |
| ***Earnings*** | - | - | - | - | - | ***3,522*** | - | - | ***3,522*** | ***3,522*** |
| ***Charges and income directly recognized in equity*** | - | - | - | - | - | ***(6)*** | ***14*** | ***1,794*** | ***1,802*** | ***1,802*** |
| **TOTAL COMPREHENSIVE INCOME (C)** | - | - | - | - | - | **3,516** | **14** | **1,794** | **5,324** | **5,324** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | ***8,478*** | ***46*** | ***69*** | - | ***115*** | ***262*** | ***14*** | ***1,794*** | ***2,070*** | ***2,185*** |
| *Attributable to Vivendi SA shareowners* | *8,478* | *46* | *69* | - | *115* | *241* | *8* | *1,677* | *1,926* | *2,041* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *21* | *6* | *117* | *144* | *144* |
| **BALANCE AS OF DECEMBER 31, 2010** | ***1,237,337*** | **6,805** | **8,128** | **(2)** | **14,931** | **13,595** (a) | **(67)** | **(286)** | **13,242** | **28,173** |
| ***Attributable to Vivendi SA shareowners*** | ***1,237,337*** | ***6,805*** | ***8,128*** | ***(2)*** | ***14,931*** | ***9,620*** | ***(47)*** | ***(446)*** | ***9,127*** | ***24,058*** |
| ***Attributable to non-controlling interests*** | - | - | - | - | - | ***3,975*** | ***(20)*** | ***160*** | ***4,115*** | ***4,115*** |

a. Mainly includes previous years' earnings which were not distributed and 2010 comprehensive income.

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

# Notes to the Condensed Financial Statements

On May 10, 2011, during a meeting held at Vivendi's headquarters, the Management Board approved the Financial Report and the unaudited Condensed Financial Statements for the first quarter ended March 31, 2011.

The unaudited Condensed Financial Statements for the first quarter ended March 31, 2011 should be read in conjunction with the audited Consolidated Financial Statements of Vivendi for the year ended December 31, 2010, as published in the 2010 "Rapport annuel - Document de référence" filed on March 21, 2011 with the "Autorité des marchés financiers" (AMF) under number D.11-0155 (the "Document de reference 2010"). Please also refer to pages 166 to 270 of the English translation[1] of the "Document de reference 2010" (the "2010 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 quarter of 2011 are presented and have been prepared in accordance with 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 has applied the same accounting methods used in its Consolidated Financial Statements for the year ended December 31, 2010 (please refer to Note 1 "Accounting policies and valuation methods" presented in the financial statements from pages 174 to 189 of the 2010 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, 2011

The new IFRS effective from January 1, 2011, 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, 2010 (page 189 of the 2010 Annual Report), which were applicable to the first quarter of 2011, had no material impact on Vivendi's Financial Statements.

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

# Note 2 Changes in the scope of consolidation

## Sale of the remaining 12.34% interest in NBC Universal

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

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

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

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

# Note 3 Segment data

The Vivendi group comprises six different businesses operating at the heart of the worlds of content, platforms and interactive networks: Activision Blizzard, Universal Music Group, SFR, Maroc Telecom Group, GVT and Canal+ Group.

**1st Quarter ended March 31, 2011**

| (in millions of euros) | Activision Blizzard | Universal Music Group | SFR | Maroc Telecom Group | GVT | Canal+ Group | Holding & Corporate | Non-core operations and others | Eliminations | **Total Vivendi** |
|---|---|---|---|---|---|---|---|---|---|---|
| External revenues | 1,060 | 880 | 3,055 | 664 | 329 | 1,190 | - | 6 | - | 7,184 |
| Intersegment revenues | 1 | 1 | 1 | 8 | - | 2 | - | 1 | (14) | - |
| **Revenues** | **1,061** | **881** | **3,056** | **672** | **329** | **1,192** | **-** | **7** | **(14)** | **7,184** |
| Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans | (486) | (798) | (2,131) | (310) | (191) | (880) | (18) | (16) | 14 | (4,816) |
| Charges related to stock options and other share-based compensation plans | (16) | (4) | (2) | (1) | - | (1) | (2) | - | - | (26) |
| **EBITDA** | **559** | **79** | **923** | **361** | **138** | **311** | **(20)** | **(9)** | **-** | **2,342** |
| Restructuring charges | (14) | (21) | (5) | - | - | - | - | - | - | (40) |
| Gains/(losses) on sales of tangible and intangible assets | - | - | - | - | - | - | - | - | - | - |
| Other non-recurring items | - | - | - | 3 | - | - | - | - | - | 3 |
| Depreciation of tangible assets | (13) | (12) | (201) | (75) | (44) | (34) | - | - | - | (379) |
| Amortization of intangible assets excluding those acquired through business combinations | (30) | - | (151) | (23) | (4) | (12) | - | (1) | - | (221) |
| **Adjusted earnings before interest and income taxes (EBITA)** | **502** | **46** | **566** | **266** | **90** | **265** | **(20)** | **(10)** | **-** | **1,705** |
| Amortization of intangible assets acquired through business combinations | (6) | (70) | (17) | (7) | (15) | (8) | - | - | - | (123) |
| Impairment losses of intangible assets acquired through business combinations | - | - | - | - | - | - | - | - | - | - |
| **Earnings before interest and income taxes (EBIT)** | **496** | **(24)** | **549** | **259** | **75** | **257** | **(20)** | **(10)** | **-** | **1,582** |
| Income from equity affiliates | | | | | | | | | | (2) |
| Interest | | | | | | | | | | (101) |
| Income from investments | | | | | | | | | | 71 |
| Other financial charges and income | | | | | | | | | | 808 |
| Provision for income taxes | | | | | | | | | | (198) |
| Earnings from discontinued operations | | | | | | | | | | - |
| **Earnings** | | | | | | | | | | **2,160** |
| *Of which* | | | | | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | | | | | | | | | **1,734** |
| Non-controlling interests | | | | | | | | | | 426 |

**1st Quarter ended March 31, 2010**

| (in millions of euros) | Activision Blizzard | Universal Music Group | SFR | Maroc Telecom Group | GVT | Canal+ Group | Holding & Corporate | Non-core operations and others | Eliminations | **Total Vivendi** |
|---|---|---|---|---|---|---|---|---|---|---|
| External revenues | 945 | 887 | 3,083 | 650 | 214 | 1,142 | - | 3 | - | 6,924 |
| Intersegment revenues | - | 2 | 2 | 10 | - | 3 | - | - | (17) | - |
| **Revenues** | **945** | **889** | **3,085** | **660** | **214** | **1,145** | **-** | **3** | **(17)** | **6,924** |
| Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans | (478) | (797) | (2,098) | (279) | (131) | (867) | (37) | (12) | 17 | (4,682) |
| Charges related to stock options and other share-based compensation plans | (31) | 1 | (2) | (1) | - | (1) | - | - | - | (34) |
| **EBITDA** | **436** | **93** | **985** | **380** | **83** | **277** | **(37)** | **(9)** | **-** | **2,208** |
| Restructuring charges | (2) | (16) | (4) | - | - | - | - | - | - | (22) |
| Gains/(losses) on sales of tangible and intangible assets | - | - | 5 | - | - | - | - | - | - | 5 |
| Other non-recurring items | - | - | - | (4) | - | - | (1) | 1 | - | (4) |
| Depreciation of tangible assets | (11) | (9) | (205) | (70) | (38) | (34) | - | - | - | (367) |
| Amortization of intangible assets excluding those acquired through business combinations | (46) | - | (147) | (22) | (2) | (13) | - | - | - | (230) |
| **Adjusted earnings before interest and income taxes (EBITA)** | **377** | **68** | **634** | **284** | **43** | **230** | **(38)** | **(8)** | **-** | **1,590** |
| Amortization of intangible assets acquired through business combinations | (12) | (70) | (24) | (6) | (14) | (8) | - | - | - | (134) |
| Impairment losses of intangible assets acquired through business combinations | - | - | - | - | - | - | - | - | - | - |
| **Earnings before interest and income taxes (EBIT)** | **365** | **(2)** | **610** | **278** | **29** | **222** | **(38)** | **(8)** | **-** | **1,456** |
| Income from equity affiliates | | | | | | | | | | 15 |
| Interest | | | | | | | | | | (118) |
| Income from investments | | | | | | | | | | - |
| Other financial charges and income | | | | | | | | | | (69) |
| Provision for income taxes | | | | | | | | | | (261) |
| Earnings from discontinued operations | | | | | | | | | | - |
| **Earnings** | | | | | | | | | | **1,023** |
| *Of which* | | | | | | | | | | |
| **Earnings attributable to Vivendi shareowners** | | | | | | | | | | **598** |
| Non-controlling interests | | | | | | | | | | 425 |

# Note 4 Financial charges and income

## Interest

| (in millions of euros) | 1st Quarter ended March 31, 2011 | 2010 | Year ended December 31, 2010 |
|---|---|---|---|
| Interest expense on borrowings | 113 | 128 | 521 |
| Interest income from cash and cash equivalents | (12) | (10) | (29) |
| **Interest** | **101** | **118** | **492** |
| *Premium related to early redemption of borrowings and fees related to issuance or cancellation of credit lines* | *2* | *5* | *43* |
| | ***103*** | ***123*** | ***535*** |

## Other financial charges and income

| (in millions of euros) | Note | 1st Quarter ended March 31, 2011 | 2010 | Year ended December 31, 2010 |
|---|---|---|---|---|
| Net gain related to the final settlement of the litigation over telecommunication assets in Poland (a) | | 1,255 | - | - |
| Capital gain on the divestiture of businesses | | 12 | - | 3 |
| Downside adjustment on the divestiture of businesses | | - | (12) | (9) |
| Capital gain on financial investments | | 3 | 2 | 45 |
| Downside adjustment on financial investments | | (421) | - | (242) |
| *of which the capital loss on the sale of the remaining 12.34% interest in NBC Universal* | 2 | *(421)* | - | - |
| *the capital loss on the sale of 7.66% interest in NBC Universal* | 2 | - | - | *(232)* |
| Other | | (9) | (6) | (102) |
| *of which the settlement with the Brazilian CVM* | | - | - | *(67)* |
| **Other charges and income related to financial investing activities** | | **840** | **(16)** | **(305)** |
| Reversal of reserve regarding the Securities Class Action in the United States | | - | - | 450 |
| Effect of undiscounting assets and liabilities | | (4) | (9) | (47) |
| Financial components of employee benefits | | (6) | (7) | (27) |
| Premium related to early redemption of borrowings and fees related to issuance or cancellation of credit lines | | (2) | (5) | (43) |
| Change in value of derivative instruments | | (1) | (11) | (13) |
| Other | | (19) | (21) | (32) |
| **Other charges and income related to financing activities** | | **(32)** | **(53)** | **288** |
| **Other financial charges and income** | | **808** | **(69)** | **(17)** |

a. For details of the agreements implemented on January 14, 2011 to end the litigation over telecommunication assets in Poland, please refer to the Section 1.2.2 of the Financial Report.

# Note 5 Income taxes

| (in millions of euros) | 1st Quarter ended March 31, 2011 | 2010 | Year ended December 31, 2010 |
|---|---|---|---|
| (Charge)/Income | | | |
| Impact of the Consolidated Global Profit Tax System | 246 (a) | 146 | 574 |
| Other components of the provision for income taxes | (444) | (407) | (1,616) (b) |
| **Provision for income taxes** | **(198)** | **(261)** | **(1,042)** |

a. Includes 25% of the expected tax savings relating to the 2012 fiscal year (please refer to Section 2.2 of the Financial Report).

b. Includes -€76 million related to the utilization of Neuf Cegetel's ordinary tax losses carried forward.

# Note 6 Earnings per share

| | 1st Quarter ended March 31, | | | | Year ended December 31, | |
|---|---|---|---|---|---|---|
| | 2011 | | 2010 | | 2010 | |
| | Basic | Diluted | Basic | Diluted | Basic | Diluted |
| **Earnings attributable to Vivendi shareowners (in millions of euros)** | 1,734 | 1,732 (a) | 598 | 596 (a) | 2,198 | 2,196 (a) |
| **Number of shares (in millions)** | | | | | | |
| Weighted average number of shares outstanding restated (b) | 1,236.3 | 1,236.3 | 1,228.8 | 1,228.8 | 1,232.3 | 1,232.3 |
| Potential dilutive effects related to share-based compensation | - | 3.6 | - | 1.9 | - | 2.2 |
| **Adjusted weighted average number of shares** | **1,236.3** | **1,239.9** | **1,228.8** | **1,230.7** | **1,232.3** | **1,234.5** |
| **Earnings attributable to Vivendi shareowners per share (in euros)** | 1.40 | 1.40 | 0.49 | 0.48 | 1.78 | 1.78 |

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

a. Only includes the potential dilutive effect related to employee stock option and restricted stock plans of Activision Blizzard for a non-material amount.

b. Net of treasury shares (1.8 million shares as of March 31, 2011).

# Note 7 Investments in equity affiliates

| | Voting interest | | Value of equity affiliates | |
|---|---|---|---|---|
| (in millions of euros) | March 31, 2011 | December 31, 2010 | March 31, 2011 | December 31, 2010 |
| NBC Universal (a) | - | 12.34% | - | 2,779 |
| Other | na* | na* | 157 | 127 |
| | | | **157** | **2,906** |

na*: not applicable.

## Changes in value of equity affiliates

| (in millions of euros) | December 31, 2010 | Changes in scope of consolidation | Income from equity affiliates | Changes in foreign currency translation adjustments and other | March 31, 2011 |
|---|---|---|---|---|---|
| NBC Universal (a) | 2,779 | (2,771) | - | (8) | - |
| Other | 127 | 38 | (2) | (6) | 157 |
| | **2,906** | **(2,733)** | **(2)** | **(14)** | **157** |

a. A detailed description of the sale of the interest in NBC Universal and its accounting treatment is described in Note 2.

# 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, 2010 (pages 256 to 262 of the 2010 Annual Report). The main contractual commitments undertaken/revised during the first quarter ended March 31, 2011 are described below:

- With respect to the agreements implemented on January 14, 2011 to end litigation over telecommunication assets in Poland (please refer to Section 1.2.2 of the Financial Report), Vivendi notably undertook the following commitments:
  - Vivendi granted to Deutsche Telekom a guarantee over Carcom for a capped amount of €600 million maturing in August 2013;
  - Vivendi committed to compensate Elektrim SA (Elektrim) for the tax consequences of the transaction, within the limit of €20 million maturing in July 2011;
  - Vivendi committed to compensate Law Debenture Trust Company (LDTC) against any recourse for damages that could be brought against LDTC in connection with the completed transaction, for an amount up to 18.4% for the first €125 million, 46% between €125 and €288 million and 50% thereafter; and
  - Vivendi committed to compensate Elektrim's administrator for the consequences of any action for damages that may be taken against it, in connection with the decisions that were agreed in order to end certain procedures.
- Lagardère's liquidity right regarding its minority interest in Canal+ France: please refer to Section 1.2.3 of the Financial Report.
- As a reminder, as part of the NBC-Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction (representations and warranties). The sale of Vivendi's interest in NBC Universal to GE completed on January 25, 2011, did not modify these commitments which are described in Note 26 to the Consolidated Financial Statements for the year ended December 31, 2010 (pages 259 and 260 of the Annual 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, 2010 contained in the 2010 Annual Report (pages 262 to 267) and in Section 3, Chapter 2 contained in the 2010 Annual Report (pages 56 to 61). The following paragraphs update such disclosure through May 10, 2011, the date of the Management Board meeting held to approve Vivendi's financial statements for the first quarter ended March 31, 2011.

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

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

On March 3, 2009, the Supreme Court reversed the Court of Appeal's decision dated April 2, 2008, considering that "price scissoring" practices may not, as such, constitute anti-competitive practices. On January 27, 2011, The Paris Court of Appeal overruled the decision of the Competition Council stating that the grievances against SFR and France Telecom have not been proven. The Court ordered the amount of the fine imposed by the Competition Council to be reimbursed. On February 24, 2011, the Authority appealed the decision to the French Supreme Court.

# Note 10 Subsequent events

The main events that occurred since March 31, 2011 were as follows:

- Acquisition of Vodafone's 44% interest in SFR;
- New credit facility put into place; and
- Dividend paid by Vivendi SA to shareowners with respect to fiscal year 2010.

For a detailed description of these events, please refer to Section 1.1 of the Financial Report.