ANNUAL REPORT 2013

vivendi

CONTENTS

vivendi

ANNUAL **REPORT** 2013

The Annual Report in English is a translation of the French "*Document de référence*" provided for information purposes.
This translation is qualified in its entirety by reference to the " *Document de référence* ".

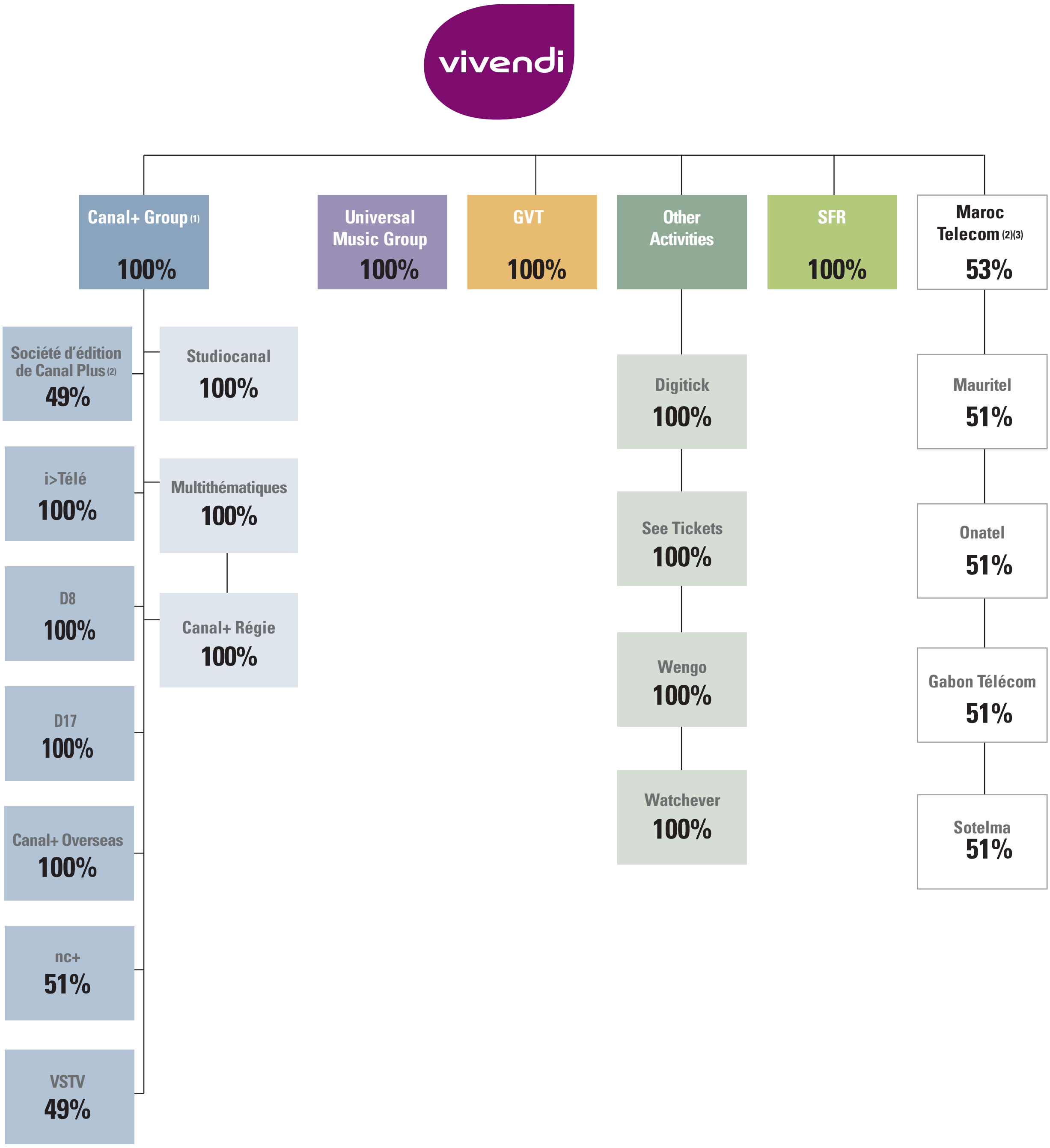
1

Group Profile | Businesses | Litigation | Risk Factors

SECTION 1 Group Profile

1.1. Simplified Economic Organization Chart of the Group

Percentage of voting interest held by Vivendi as of December 31, 2013



(1) On November 5, 2013, Vivendi acquired Lagardère Group's 20% interest in Canal+ France. For more information on this transaction, please refer to Chapter 4 of the Financial Report, Section 1.1.4.

(2) Listed company.

(3) Discontinued operation. For more information, please refer to Chapter 4 of the Financial Report, Section 1.1.3.

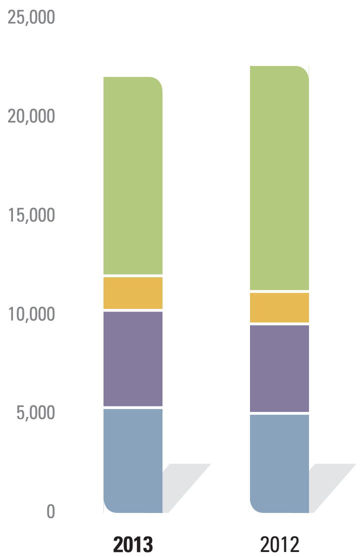
1.2. Key Figures

As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings as discontinued operations. In practice, income and charges from these two businesses have been reported as follows:

- their contribution until the effective divestiture, if any, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations";
- in accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information; and
- their share of net income has been excluded from Vivendi's adjusted net income.

Revenues by business segment

December 31 - in millions of euros



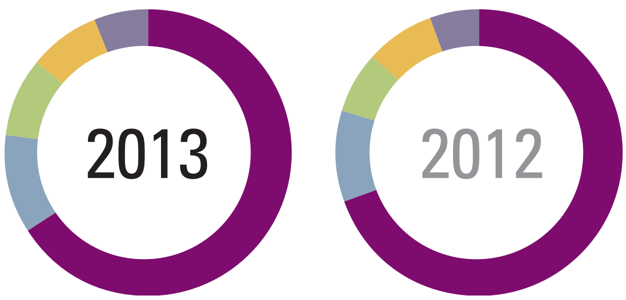
	2013	2012
Canal+ Group (a)	5,311	5,013
Universal Music Group (b)	4,886	4,544
GVT	1,709	1,716
Other	72	66
Elimination of intersegment transactions	(17)	(26)
Media & Content	**11,961**	**11,313**
SFR	10,199	11,288
Elimination of intersegment transactions related to SFR	(25)	(24)
TOTAL	**22,135**	**22,577**

(a) Includes D8 and D17, consolidated since September 27, 2012, and "n", consolidated since November 30, 2012.

(b) Includes EMI Recorded Music, consolidated since September 28, 2012.

Revenues by geographic area

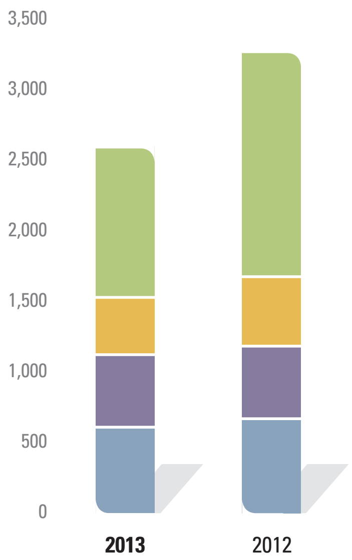
December 31 - in millions of euros



	2013	2012
France	14,662	15,664
Rest of Europe	2,465	2,204
USA	1,883	1,594
Brazil	1,776	1,776
Rest of the world	1,349	1,339
TOTAL	**22,135**	**22,577**

EBITA by business segment

December 31 - in millions of euros



	2013	2012
Canal+ Group (a)	611	663
Universal Music Group (b)	511	526
GVT	405	488
Other	(80)	(14)
Holding & Corporate	(87)	(100)
Media & Content	**1,360**	**1,563**
SFR	1,073	1,600
TOTAL	**2,433**	**3,163**

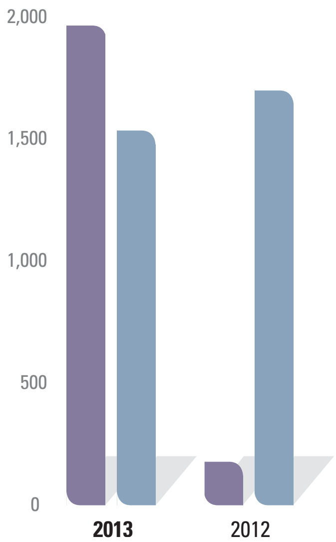
(a) Includes D8 and D17, consolidated since September 27, 2012, and "n", consolidated since November 30, 2012.

(b) Includes EMI Recorded Music, consolidated since September 28, 2012.

Vivendi considers EBITA, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. The method used in calculating EBITA excludes the accounting impact of the amortization of intangible assets acquired through business combinations, impairment losses on goodwill and other intangibles acquired through business combinations, and other income and charges related to financial investing transactions and to transactions with shareowners. This enables Vivendi to measure and compare the operating performance of operating segments regardless of whether their performance is driven by the operating segment's organic growth or acquisitions.

Earnings attributable to Vivendi SA shareowners and Adjusted Net Income

December 31 - in millions of euros

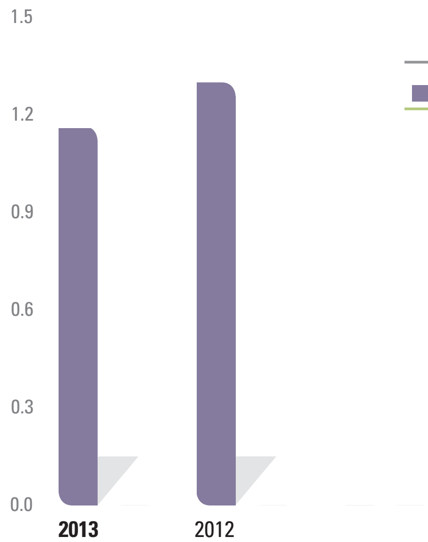


	2013	2012
Earnings attributable to Vivendi SA shareowners	1,967	179
Adjusted Net Income	1,540	1,705

Vivendi considers Adjusted Net Income, a non-GAAP measure, to be a relevant measure to assess the Group's operating and financial performance. Vivendi Management uses Adjusted Net Income because it better illustrates the underlying performance of continuing operations by excluding most non-recurring and non-operating items.

Adjusted Net Income per share

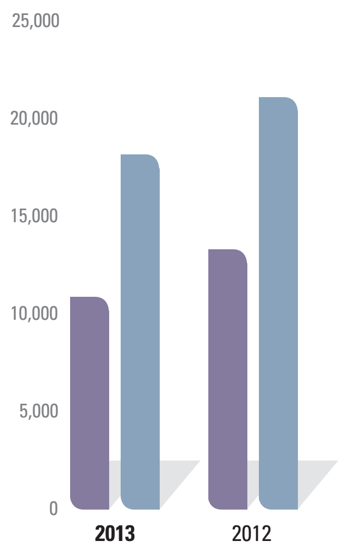
December 31 - in euros



	2013	2012
Adjusted Net Income per share	1.16	1.31

Financial Net Debt and equity

December 31 - in millions of euros



	2013	2012
Financial Net Debt (a)	11,097	13,419
Equity	19,030	21,291

(a) As of December 31, 2013, in compliance with IFRS 5, Maroc Telecom Group has been reported in Vivendi's Consolidated Statement of Financial Position as a discontinued operation.
As of December 31, 2013, Maroc Telecom Group's assets and liabilities have been grouped under the specific lines "assets of discontinued businesses" and "liabilities associated with assets of discontinued businesses". As of December 31, 2013, this accounting reclassification resulted in a €314 million decrease in Vivendi's Financial Net Debt, which corresponded to Maroc Telecom Group's Financial Net Debt as of that date.

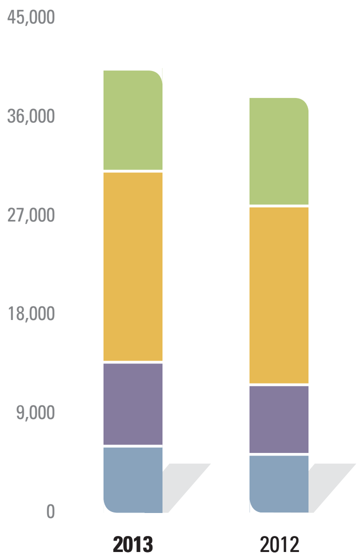
Vivendi considers Financial Net Debt, a non-GAAP measure, to be a relevant indicator in measuring Vivendi's indebtedness. Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the Consolidated Statement of Financial Position, less cash and cash equivalents as reported on the Consolidated Statement of Financial Position as well as derivative financial instruments in assets, cash deposits backing borrowings, and certain cash management financial assets (included in the Consolidated Statement of Financial Position under "financial assets").

Financial Net Debt should be considered in addition to, and not as a substitute for, other GAAP measures reported on the Consolidated Statement of Financial Position, as well as other measures of indebtedness reported in accordance with GAAP.

Vivendi Management uses Financial Net Debt for reporting and planning purposes, as well as to comply with certain commitments, in particular debt covenants of Vivendi.

Headcount by business segment (a)

December 31

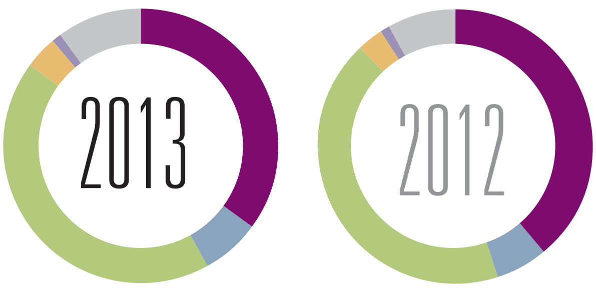


	2013	2012
Canal+ Group	6,017	5,228
Universal Music Group	7,649	6,422
GVT	17,387	16,296
Other	726	670
Holding & Corporate	228	253
Media & Content	**32,007**	**28,869**
SFR	9,432	9,990
TOTAL	**41,439**	**38,859**

(a) Excludes Maroc Telecom Group (ongoing divestiture).

Headcount by geographic area (a)

December 31



	2013	2012
France	14,708	15,323
North America	2,748	2,161
South and Central America	17,742	16,623
Asia-Pacific	1,505	1,190
Africa	493	447
Europe (excluding France)	4,243	3,115
TOTAL	**41,439**	**38,859**

(a) Excludes Maroc Telecom Group (ongoing divestiture).

1.3. Strategy

1.3.1. Implementing Strategic Review

A priority: creating value for Vivendi Shareholders

In June 2012, the Supervisory Board initiated an open-ended review of the Group's scope of activity, and undertook a strategic review of all its assets, with the objective of creating more value for Vivendi's shareholders.

Several months of reflection and work have led Vivendi to conclude that the potential to create optimal value for the Group requires:

- in the short-term, flexible and pragmatic management of its business units, aimed solely at reducing the Group's debt and restoring its financial flexibility; and
- in the long-term, for Vivendi to refocus on its content and media operations, which are likely to be more highly-valued in the digital world of tomorrow.

Further, the implementation of the strategic review approved by the Supervisory Board resulted, firstly, in the sale of two major assets: on October 11, 2013, Vivendi completed the sale of the majority of its interest in Activision Blizzard; and on November 4, 2013, the Group signed a definitive agreement with United Arab Emirates telecom operator Etisalat to sell the shares held by the Group in Maroc Telecom, which is expected to be completed shortly. These two transactions allowed Vivendi to restore its financial flexibility and reduce its Net Debt.

Furthermore, the Supervisory Board set the foundation for a structural transformation project with the announcement of its intention to carve out SFR from the Group and to develop the future Vivendi into a dynamic player in the growing digital media market.

On September 11, 2013, the Supervisory Board decided to launch a study to split the Group into two separate companies and, on November 26, 2013, it endorsed the principle of a spin-off.

On March 5, 2014, Vivendi received two binding offers for a controlling stake in SFR: one offer from Altice, Numericable's parent company, and the other offer from the Bouygues Group.

On March 14, 2014, Vivendi entered into exclusive negotiations with Altice for a period of three weeks. On April 4 and 5, Vivendi's Supervisory Board decided unanimously to select the Altice offer.

Opportunities afforded by the Digital Revolution

Vivendi's strategic repositioning is based on its belief that the digital revolution will be a source of growth and value for content and media businesses in both the medium-term and the long-term.

In a context where there is an increasing appetite for cultural and entertainment products, this will offer Vivendi new opportunities to expand access to content and multiply the opportunities to reap the financial benefits. At present, the world is experiencing three simultaneous digital revolutions:

- a revolution in screens, marked by an ever-increasing quantity of digital equipment and connected devices;
- a revolution in uses, seen in the increasing consumption of content on demand or the same content on several devices at the same time ("second screen"); and
- a revolution in platforms, the scale of which allows for virtually unlimited and instantaneous distribution of cultural content, services and products anywhere in the world.

Widely adopted by consumers, these giant digital "supermarkets" provide new growth opportunities to Vivendi:

- they strengthen the dominance of global content while fostering the spread of local content;
- they hold immense volumes of data, the use of which will allow better targeting of clients, improved recommendations, valuations and adaptation of offers to clients; and
- they require strong content to distinguish themselves from one another.

With the strength of its brands, the variety of talent and the quality of its creations in music, television, film and series, Vivendi has a significant competitive advantage over its competitors.

With this new digital advantage, the Group has an opportunity to enhance its content portfolio and accelerate the development of new business units (e.g., in music, endorsement allows artists to be lucrative beyond mere record sales).

1.3.2. Vivendi's Strengths in Becoming a Global Media Player

Changes in governance

On November 26, 2013, the Supervisory Board announced several important changes in Vivendi's governance.

The Supervisory Board resolved to:

- appoint Vincent Bolloré as Chairman of Vivendi's future Media entity;
- appoint Arnaud de Puyfontaine as Senior Executive Vice President of Vivendi's media and content activities. Having served in this capacity since January 2014, he brings international vision, media experience and digital expertise to the position; and
- appoint Arnaud de Puyfontaine and Jean-Yves Charlier to the Vivendi Management Board, chaired by Jean-François Dubos.

In January 2014, the management team was strengthened by Hervé Philippe's arrival as Vivendi's Chief Financial Officer, replacing Philippe Capron. He has significant financial expertise, largely acquired at the former French Securities and Exchange Commission (COB, now the AMF), and at Sagem. A former Executive Director and Chief Financial Officer of the Havas Group, he has well-recognized experience in the media industry.

Leading content and media companies

Vivendi is among the few multimedia groups to be a leader in the entire value chain of content producers.

Vivendi's future Media entity will be based on a combination of three highly competitive companies (Canal+ Group, Universal Music Group and GVT), which are capable of creating, producing and distributing exclusive musical and audiovisual content:

- Canal+ Group is the leading French audiovisual group, and also operates in certain emerging markets and countries (Africa, Poland and Vietnam). In recent months it has secured and acquired major broadcast rights in film and television (namely Warner Bros. and HBO studios), as well as in sports (namely Formula One and Top 14). At the same time, Canal+ Group has developed free-to-air television, including with the acquisition of the D8 and D17 channels in France. Finally, together with Studiocanal, Canal+ Group has become a leading European player in film production, co-production, acquisition and distribution;
- active in 77 countries, UMG is currently the world leader in recorded music, with a market share of over 30%, and is one of the leading global music publishing groups. Benefiting from a rich diversity of labels and talents, the Group creates musical content adapted to all consumer tastes. UMG also owns Bravado, a company specializing in derivative products and the only one in the industry to offer a complete merchandising service;
- in Brazil, a prime growth country, GVT is a telecom player as well as a media player. Its high-speed, high-performance and competitive offering has made it a natural content distributor. This strategic transition is particularly evident in the growth of its pay-TV activity. Just two years after its launch, GVT's pay-TV offer has attracted 600,000 subscribers.

Finally, Vivendi combines rare and valuable expertise (management of artists and talent, content publication, trend identification and choice of concepts) in the global competition for intellectual property.

A digital transition well underway

Vivendi has been pragmatic in the pursuit of its transition to the digital platform. The conversion from analog to digital is well underway:

- television: in 2013, Canal+ Group entered into important agreements with major distribution platforms: YouTube in France to launch 20 free channels and Dailymotion in Canada to offer series, films and video documentaries by subscription. A few months ago, it also launched a new application (the "myCanal") to allow subscribers to receive Canal+ and Canalsat programs on all devices;
- music: at year-end 2013, digital media represented approximately 50% of UMG's total sales of recorded music (compared to 44% in 2012 and 39% in 2011). In addition, UMG holds 47% of Vevo (the first multi-channel network on YouTube) and has acquired a number of minority interests in digital platforms (including Spotify, Deezer, Rhapsody and Beats).

A dynamic and resilient portfolio

Compared to the other large media groups, Vivendi's activities are less exposed and less susceptible to unexpected economic events. This is largely due to the combination of two economic models that secure the Group's long-term revenues:

- in the income model, on which creation activities are based (UMG and Studiocanal), musical and audiovisual content have a long-term value in their use, firstly as "fresh" content, then as "catalog" content. These powerful, multi-territory rights catalogs guarantee recurring revenue and constitute significant asset value. With more than two million titles, UMG has the largest catalog of recorded music in the world, while, with over 5,000 titles, Studiocanal holds the largest European catalog of movie rights;
- in the subscriber model, on which its distribution activities are based (Canal+ and GVT), the billing of services to customers each month ensures regular income.

In a digital environment undergoing constant and rapid change, these two models allow Vivendi to continue profiting from the creation and distribution of its content over time.

A policy of corporate social responsibility fully integrated into its strategy

By formalizing the scope of responsibility of its media sector and cultural industries, Vivendi has defined a Corporate Social Responsibility (CSR) policy directly related to its activity as publisher, producer and distributor of content. This policy is based on three strategic issues: protecting and empowering young people in their use of digital media; promoting cultural diversity in content offerings and artistic expression; and knowledge sharing, including pluralism of information and media access and education.

Vivendi is one of the largest companies in the CAC 40 to have introduced CSR objectives into the variable compensation of its senior executives, a good practice recommendation of the French securities regulator, the AMF (please see Chapter 2, Section 1.2 of this document).

In 2013, Vivendi was yet again ranked first among European media sector companies by the non-financial ratings agency Vigeo, which praised the performance of its CSR policy. The Group also renewed its status on the world's largest Socially Responsible Investment (SRI) indices.

This highly positive assessment of Vivendi's CSR policy provides strong reassurance to investors in relation to their choice of investment.

1.4. Financial Communication Policy and Value Creation

1.4.1. Investment Policy

To continue creating value, the Group needs to increase the profitability of its operations. This requires investment and innovation. Taking this into account, Vivendi bases its investment decisions on several criteria:

- expected growth resulting from investment, as well as its impact on the growth of Adjusted Net Income per share and on cash flow;
- the profitability of each investment against the assessed financial risk; and
- an in-depth assessment of non-financial risks (e.g., geopolitical or currency risks).

All investment projects are firstly reviewed by the Investment Committee and then by Vivendi's Management Board. The most significant investments are reviewed by the Strategy Committee and are then subject to approval by the Supervisory Board.

For major transactions, a systematic post-acquisition audit is performed to compare actual operational and financial results with the assumptions made during the investment decision process. The conclusions drawn from this audit are used to promote best practices within the Group.

1.4.2. Financial Communication Policy

1.4.2.1. Goals and means of Vivendi's financial communications

Vivendi's financial communications has a clear goal: to provide all shareholders, analysts and investors with fair, accurate and transparent information on the Group's position, while ensuring that these communications comply with laws, standards and procedures applicable in France, including the French Financial Security Act, the International Financial Reporting Standards (IFRS), and benchmarks set out in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) report.

Vivendi's Investor Relations department, based in Paris and New York, forges close and long-lasting relationships with analysts at brokerage firms and investment funds. This department provides the analysts with information about the Group on a regular basis so that the financial markets can anticipate events and have a better understanding of their impact on the Group's current and future performance. At the same time, the Investor Relations department continually updates the Investors / Analysts pages on the Vivendi website (www.vivendi.com), which are aimed primarily at institutional investors.

Vivendi also provides financial information to institutional investors through meetings organized in the main global financial centers and through the participation of executives from the head office and Group businesses in investor conferences.

In 2013, a total of 460 events (e.g., road shows, investor conferences and meetings at Vivendi's head office or at the offices of subsidiaries) were organized in Europe, the United States and Asia. These provided an opportunity for executives from Vivendi and its subsidiaries to meet representatives from 480 financial institutions and present the Group's results and outlook.

Lastly, Vivendi is developing ad hoc communications for analysts and investors who specialize in socially responsible investment.

1.4.2.2. Communication with Individual Shareholders

Vivendi currently has 300,000 individual shareholders (excluding employee shareholders), holding approximately 6.5% of its share capital (plus 3.54% for employee shareholders). The Group provides these shareholders with information tailored to reflect their commitment and level of investment. The priority of Vivendi's Individual Shareholders' Information service is to give shareholders close and constant support, provide them with information and understand their expectations.

In 2009, a Shareholders' Committee was created. With ten members, its composition reflects the diversity of the Group's individual shareholding.

The Committee acts as a bridge between Vivendi's Management and individual shareholders and as such is kept constantly informed of Vivendi's latest news, as well as its various challenges and initiatives. It meets at least three times a year and works on several topics, including:

- shareholder documentation: including letters and brochures;
- online information: "Individual Shareholder" pages on the Group's website, use of social media; and
- Group events: including General Meeting of Shareholders, financial information meetings and "*Jeudi, c'est Vivendi*" themed meetings.

The Committee can be reached via email (comitecav@vivendi.com). It responds to questions from shareholders, who may also submit their ideas or thoughts.

In 2010, a Shareholders' Club was created for the purpose of organizing information meetings and staging events for individual shareholders. It is open to anyone who holds a share in Vivendi, in either registered or bearer form.

Vivendi offers members of this Club a broad range of activities and tours, such as the "*Jeudi, c'est Vivendi*" themed meetings, which are aimed at providing an insight into the Group and its subsidiaries, as well as events entitled "SFR and 4G," "D8, spearhead of Canal+," "EMI, a legendary music label," "Wengo, or everything you need to know about consultation by phone" and "Canal+ beyond metropolitan France." Meetings are also regularly held in Paris and the provinces (Lille and Marseille).

At the same time, training meetings with the *École de la Bourse* are offered to the members, covering the theme of financial markets (the new challenges of the Company's societal responsibility).

The Shareholders' Club has also invited its members on visits to the Garnier and Bastille Operas, as well as to the Olympia (Paris), shows at the *Sentier des Halles* in Paris, live broadcasts of opera in movie theaters, premiere screenings of films produced by Studiocanal (Paris, Lyon and Marseille), cinemas, festivals (Aix-en-Provence, La Vézère and Marciac), as well as to shows offered by the partner associations of *Create Joy*, the Vivendi solidarity program.

In a more general sense, Vivendi is always attentive to its individual shareholders and ready to listen to their needs. For example, a Twitter account has been specifically created for individual shareholders. The Individual Shareholders' Information department can be reached by phone on 805 050 050 (toll free in France) and +33 (0)1 71 71 34 99 (outside France), email (shareholders@vivendi.com) or post (Vivendi, Service Informations Actionnaires Individuels, 42, avenue de Friedland, 75380 Paris Cedex 08, France).

1.4.3. Value Creation in 2013

1.4.3.1. Financial results

In 2013, Vivendi operated in a difficult economic and competitive environment, which affected its activities in France. Nevertheless, the Group posted a solid financial performance, with an adjusted operating income of €2.4 billion, and a significantly positive contribution from all its business units.

As of December 31, 2013, Vivendi's Financial Net Debt totaled €11.1 billion. Including the sale of the Maroc Telecom Group, which is expected to be completed shortly, Financial Net Debt would total €6.9 billion as of December 31, 2013. This improved financial situation is the result of several strategic decisions, including the Group's refocus on media and content, and the sales of Activision Blizzard and the Maroc Telecom Group. As of that date, the average economic maturity of the Group's debt was approximately four years and Vivendi had almost €3.6 billion in available credit lines. Maintaining an investment-grade credit rating allows shareholders to benefit from the leverage effect created by a debt level that is well under control in terms of both volume and cost.

1.4.3.2. Share price

Vivendi shares are listed on Compartment A of Euronext Paris (ISIN code FR0000127771). As of December 31, 2013, Vivendi had the thirteenth largest stock market capitalization in the CAC 40 index, and the largest capitalization in the Stoxx Europe 600 Media index.

At the close of 2013, Vivendi's stock price was €19.155, up 13% over year-end 2012, and 20.1% on a dividend-reinvested basis, as a result of the most recent strategic decisions taken during the year. By comparison, the CAC 40 index closed in 2013 up 18% (+22.2% with dividends reinvested), spurred by prospects of economic recovery in Europe in the second half of the year. The telecom sector regained investor confidence, showing growth of 32.1% (+38.9% with dividends reinvested, after a decline of 4% in 2012), following more positive signs from the European Commission regarding consolidation. This was illustrated by the merger between E-Plus / KPN and Telefonica Deutschland in Germany, as well as by rumors of an interest on the part of AT&T in acquiring one or more operators in Europe.

1.5. Insurance

Vivendi has centralized insurance coverage with major French and international insurance companies, through group insurance schemes established by the Group's Insurance Department to cover risks that apply to all its subsidiaries, combined with coverage provided at the level of each subsidiary for their specific risks. These policies are subject to regular competitive bids to allow the Group to benefit from optimal technical and financial conditions.

These insurance schemes supplement the Group's risk management policy. In particular, as part of the Property Damage / Business Interruption plan, regular inspections of the Group's main facilities, in France and abroad, are performed by insurers, allowing them to better assess the risks covered, and enabling Vivendi to optimize the conditions for negotiating the corresponding insurance policies. This risk management policy also includes "return to work", or first aid plans to address incidents affecting the nerve center of a particular business unit, as well as environmental protection measures.

The main insurance schemes taken out by Vivendi on behalf of its subsidiaries are the following: property damage and business interruption, third-party liability and work accidents.

1.5.1. Property Damage and Businesses Interruption

General insurance programs for the entire Group are in place for a total coverage of up to €400 million per loss. These programs cover risks of fire, water damage, natural events, terrorism (depending on the legal restrictions in each relevant country or state) and business interruption resulting from these events. In general, the applicable excess per incident is €250,000.

1.5.2. Third-Party Liability

Business and third-party product liability schemes have been implemented and provide aggregate cumulative coverage of €150 million per year for the entire Group. This amount supplements various so-called first-line policies that are subscribed for directly by the business units (i.e., Canal+ Group, Universal Music Group, GVT, SFR and the Maroc Telecom Group), for an aggregate amount comprised between 2 and 16 million dollars or euros, as applicable.

1.5.3. Work Accidents

Certain schemes are specific to operations in the United States, particularly those relating to work accidents, for which the employer remains liable for insurance purposes. So-called "workers' compensation programs" have been implemented to address the requirements under the various state laws.

1.6. Investments

Vivendi's main investments include acquisitions of financial investments, as described in Section 1.1 of the Financial Report, as well as investments in content and capital expenditures, as described in Sections 3 and 4.2 of the Financial Report. The impact of these investments on Vivendi's financial position is described in Section 5 of the Financial Report. The impact of financial investments on Vivendi's Consolidated Statement of Financial Position is described in Note 2 of the Appendix to the Consolidated Financial Statements, and the impact of both content investments and capital expenditures on the Consolidated Statement of Financial Position is described in Notes 11, 12, 13 and 14 of the Appendix to the Consolidated Financial Statements.

Moreover, the contractual commitments assumed by Vivendi, as part of the acquisitions of financial investments as well as content investments and capital expenditures, are described in Note 27 of the Appendix to the Consolidated Financial Statements. Capital expenditure, broken down by geographic region and business unit, is presented in Note 3 of the Appendix to the Consolidated Financial Statements. The Group is not planning any future investments for which Management has firm commitments, other than those described in Note 27 of the Appendix to the Consolidated Financial Statements.

SECTION 2 Businesses

2.1. Canal+ Group

Canal+ Group is the leading French audiovisual group in France. It is a leading producer of premium and special-interest channels as well as a leader in the collection and distribution of pay-TV offerings, in France and internationally, particularly in Africa, Poland and Vietnam. The Group's portfolio totals 10.4 million individual subscribers and 14.7 million subscriptions. Recently, the Group successfully developed projects in free-to-air television.

A pioneer in the development of new television services, it is also a major player in the production and distribution of feature films.

2.1.1. Strategy / Positioning

Canal+ Group believes that the markets and business activities where it is already present, in France and abroad, offer development opportunities that will enable it to consolidate and strengthen its position.

Canal+ Group aims to offer its subscribers the best content and services in terms of exclusivity, quality, mobility, freedom and customization. The rapid and large-scale development of new technologies, in particular ADSL / fiber networks and connected devices (smartphones, tablet computers, game consoles and connected TV sets), represents a real opportunity for the Group to implement this ambitious strategy.

Canal+ Group has set as its primary goal the continuation and acceleration of its short-term and medium-term growth. It already possesses all the attributes to achieve this: a dynamic culture based on sharing of experiences, exchange of expertise and cost synergies between entities, as well as a proven ability to adapt to market developments in France and abroad. Strengthening the recognition and reputation of the Canal+ and Canalsat brands is also part of the Group's strategy.

Finally, the Group intends to better exploit growth opportunities implemented in free-to-air television: in France, with the purchase and re-launch of the D8 and D17 channels; and abroad, with the help of its strategic partnership in Poland with the ITI and TVN Groups.

2.1.2. Pay-TV in France

2.1.2.1. Programming activities

Canal+ Channels

Canal+ Group produces and broadcasts six premium channels with exclusive, original and innovative programming:

- a general interest channel (Canal+), which offers movies, sports, news, drama, documentaries and entertainment programs; and
- five high added-value channels (Canal+Cinéma, Canal+Sport, Canal+Family, Canal+Décalé and Canal+Séries), featuring their own programs.

In 2013, these channels (the *Chaînes Canal+*) together broadcast over 480 films, including approximately 310 on Canal+.

Canal+ Group's expertise is also widely recognized in sports coverage. In total, the *Chaînes Canal+* cover over 60 sports competitions, offering an average of over 5,500 hours per year, the majority of which is live: League 1 soccer, the major foreign championships (including the English Premier League, the Italian "A" Series and the German Bundesliga), the Champions League, as well as the Rugby Top 14 in France, European Rugby Cup, the French basketball championships and golf from all over the world.

Special-Interest Channels

In addition to the premium channels, Canal+ Group produces and broadcasts 22 special-interest premium channels: movies (six Ciné+ channels), sports (Sport+, Infosport+ and Golf+, which was launched on July 4, 2012), documentaries (four channels Planète+ and Seasons), lifestyle (Cuisine+ and Maison+), series (Jimmy and Comédie+) and children's programs (Piwi+, télétoon and télétoon+1).

2.1.2.2. Bundling activities

Canal+ Group bundles channels together into packages or theme packs. The premium package consists of the *Chaînes Canal+*, while the Canalsat package consists of special-interest channels.

Canalsat consists of over 150 channels, including some produced and broadcast by the Group (the "+" channels), as well as special-interest channels from other producers (20 are offered exclusively). Canalsat is available on satellite and ADSL, as well as on DVB through the Minipack (which includes five special-interest channels and free national channels). Canalsat can also be accessed via Internet on PC and Mac computers, as well as on mobile devices, with over 100 direct broadcast or on-demand channels via the website and the new myCanal interface.

2.1.2.3. Distribution activities

Canal+ Group distributes its offerings through specific subscriptions on DVB, satellite, ADSL, fiber, cable (the *Chaînes Canal+* only), mobile devices and the Internet. ADSL offerings are also available in the form of prepaid cards. Offerings are sold through Group call centers and websites, in nearly 7,000 outlets, through the Group's commercial partners (mass-market retail stores, specialized stores and phone stores) and through Internet Service Provider (ISP) distribution platforms.

Canal+ Group maintains an exclusive relationship with its subscribers, from activation to termination. As of December 31, 2013, with 6.1 million individual subscribers in metropolitan France, the Group has the largest customer base for a pay-TV offering.

Alongside its distribution activities, the Group also markets some of its special-interest channels through third-party distributors, particularly the cable operator Numericable, and all the ISPs, which integrate them into their own pay-TV offerings.

Internationally, the Group adapts its distribution strategy to the specificities of each market.

2.1.2.4. New services

Canal+ Group is a digital pioneer and a pioneer of new television services in Europe, particularly video-on-demand, set-top boxes and multi-screen distribution. In 2013, the Group also strengthened its online presence.

Video-on-Demand (VoD)

Canal+ Group has created Canalplay, a platform for unlimited video-on-demand by subscription. Canalplay offers a catalog of more than 8,000 titles available in high-definition format, in French or in their original subtitled version, including over 3,500 episodes from series productions, as well as a children's space that is completely secure. Canalplay may be accessed without commitment and independently of any subscription to Canal+ and/or Canalsat.

Since 2005, Canal+ Group has also offered a pay-per-view VoD service, Canalplay VoD. More than 10,000 titles, including 5,000 films, are accessible by streaming or download. They are available on all devices, including Samsung, LG and Panasonic connected TV sets.

Set-Top Boxes

Set-top boxes used by households subscribing to Canal+ Group's offerings now have an Internet connection that allows them to access a wide range of services: catch-up TV, the Euréka recommendation engine based on television viewer consumer data, and an innovative program guide. These set-top boxes, all pre-installed with a hard disk saving option, feature a particularly fluid and ergonomic user interface. Canal+ Group anticipates launching in the near future a new update of its DBV set-top boxes, which will allow viewers to receive the entire Canalsat package of offerings through a hybrid DBV / Internet service, as well as all related connected services.

The Multi-Screen Experience

In December 2013, Canal+ Group launched myCanal, a unique portal where subscribers can find all content linked to their subscription, direct or on demand, as well as all related services (including customized TV and recommendations, remote downloads, interfaces with a set-top box and a tablet device).

Internet

In December 2013, introduced as part of a policy to expand the broadcasting of its content online, Canal+ Group announced the launch of a multi-channel network on YouTube. Nearly 20 channels broadcast a selection of unscrambled programming from Canal+, D8 and i>Télé. Specific channels have also been created around key Canal+ brand specialties, such as films, series and music. At the same time, Canal+ Group launched the Canal Factory label, to highlight young talent that has emerged on www.canalplus.fr or elsewhere online, and to test new program formats.

Canal+ Group has also launched the first content-on-demand service in Canada, in partnership with Dailymotion. In addition to free access to all unscrambled Canal+ programs, it offers streaming (SVoD), specifically of all the channel's original creations (including *Tunnel*, *Maison Close* and *Braquo*), from the day after their release in France, as well as a catalog of recent and unreleased films in Canada.

High-Definition TV

Since 2011, HD has been integrated among the standard offerings of Canal+ at no extra charge to subscribers (the availability of HD varies depending on the technical limitations of each platform, with the exception of the Canal+ channel, which is available in HD regardless of broadcast method). The same is true for Canalsat, which offers up to 60 HD channels by satellite and ADSL.

2.1.3. Free-to-air TV

2.1.3.1. Free Channel Division

Canal+ Group historically operates in free-to-air TV via unscrambled Canal+, particularly in the early evening, and via the 24-hour news channel i>Télé. In 2012, it created a free-to-air channel division, which includes the general interest channel D8 and the music channel D17, formerly Direct 8 and Direct Star, which were re-launched in October 2012 with new programs. These three channels, broadcast by DVB, are available throughout the country to virtually the entire population of France. They are also active in the TV packages of satellite, ADSL, cable and other operators. All revenue comes from advertising.

At the end of December, 2013, all channels in the free-to-air division were aired to an aggregate audience share of 5.5%, including 3.4% for D8 which, only one year after its launch, is regularly ranked fifth among the nation's top channels.

2.1.3.2. Canal+ Régie

Canal+ Régie, a wholly-owned subsidiary of Canal+ Group, is the exclusive advertising company. It sells advertising on the *Chaînes Canal+* (unscrambled programs only), i>Télé, D8, D17, as well as on their YouTube spin-offs. Canal+ Régie also operates eight special-interest channels and the Group's websites, including canalplus.fr. Since January 2013, it has also been the exclusive advertising agency for UGC cinemas. Its sales and marketing innovations provide Canal+ Group with advertising revenues that have been increasing despite a difficult economic environment.

2.1.4. International Pay-TV

2.1.4.1. Overseas regions and territories and French-speaking countries

Canal+ Group has developed its pay-TV operations internationally through its subsidiary Canal+ Overseas. In overseas territories, its Canal+ and Canalsat offerings provide access to over 200 channels, predominantly in French.

In French-speaking Africa, the subsidiary Canal+ Afrique operates in over 30 countries in Central and West Africa, as well as in Madagascar. Since 2012, due to a change in satellite, its offerings cover new territories (the entire Democratic Republic of the Congo, Rwanda and Burundi).

Canal+ Overseas has a total of 2.05 million subscribers, including 1.08 million in Africa, where the Company is showing strong growth.

2.1.4.2. Poland

Since 2012, Poland has been the second-largest market for Canal+ Group, which was historically represented by its subsidiary Cyfra+.

On November 30, 2012, Canal+ Group, ITI and TVN announced the finalization of their strategic partnership to combine their pay-TV channel packages in Poland and for the Canal+ Group to acquire a significant interest in the capital of TVN. The combination of Cyfra+ and the TVN "n" package resulted in the creation of a new company, nc+, of which Canal+ Group holds 51%, with TVN Group holding 32% and UPC 17%.

nc+ publishes approximately 10 channels, including 4 premium channels. It offers the broadest and highest quality television programming in Poland, particularly in sports, with the best of Polish and European soccer, including the Champions League and the English, Spanish and Italian championships. nc+ also holds the principal broadcasting rights for the most popular sports in Poland, such as handball and speedway. Movies are also integral to the nc+ offering. Each year, subscribers can find approximately 500 exclusive premier films on the Canal+ premium offering, the majority being major Hollywood productions.

At year-end 2013, nc+ had 2.2 million subscribers.

2.1.4.3. Vietnam

K+ is a package of satellite channels operated by VSTV, the Vietnamese subsidiary of Canal+ Group. The package specifically includes five premium K+ channels produced and broadcast by Canal+ Group, with an ambitious rights acquisition policy, especially in sports. The K+ offerings have a large distribution network, with over 2,600 outlets and eight proprietary stores (K+ stores).

At year-end 2013, K+ had approximately 600,000 subscribers.

2.1.5. Other Business

Studiocanal

Studiocanal, a wholly-owned subsidiary of Canal+ Group, is a leading European player in the field of production, acquisition, distribution and international sales of movies and TV series. It operates directly (theater distribution, video, digital and TV) in the three main European markets (France, the United Kingdom and Germany) as well as in Australia and in New Zealand. It also boasts one of the largest film catalogs in the world, with over 5,000 titles.

Studiocanal is developing an ambitious international production policy. It is the only studio in Europe to have signed a co-financing agreement (slate financing) with an investment fund (Anton Capital Entertainment) to significantly increase its investment capacity. Most recently, Studiocanal provided full financing for films such as *Inside Llewyn Davis* by the Coen Brothers, winner of the Grand Prix at the 2013 Cannes film festival, *Non-Stop* by Jaume Collet-Serra and *Serena* by Susanne Bier. It also financed *The Gunman*, directed by Pierre Morel, *Macbeth*, directed by Justin Kurtzel, the forthcoming Stephen Frears film on Lance Armstrong, *Paddington*, produced by David Heyman (producer also of the Harry Potter films) and *Shaun the Sheep*, in collaboration with Aardman Animations.

In local production, Studiocanal has invested in films such as the comedy *Salsa Fury* in the United Kingdom, and in France in the films *Boule et Bill* by Alexandre Charlot and Franck Magnier, *Casse-tête chinois* by Cédric Klapisch, *Barbecue* by Eric Lavaine and an adaptation of the hit comic strip *Lou!*, directed by Julien Neel. The studio is expected to make an announcement in relation to German productions In the near future.

Studiocanal is extremely active in producing family and animated films. It is the exclusive partner of nWave, a production company that is a European leader in 3D production (*Sammy*, *Le Manoir magique*).

Studiocanal is also expanding in the area of television series, strengthening its position as a European leader in content production. Since January 2012, it has been the majority shareholder of Tandem Communications (the European leader in the production and sale of international TV series), and since December 2013, of Red Production Company (a British production company specializing in popular English television series).

2.1.6. 2013 Highlights

- In January, Canal+ Group acquired exclusive rights to all broadcasts of the English Barclays Premier League, the most-widely watched soccer championship in the world.
- In February, Canal+ Group obtained exclusive and complete rights to the FIA Formula One World Championship.
- In March, the Canal+, ITI and Liberty Global audiovisual groups announced the launch in Poland of nc+, the digital package created from the merger of Cyfra+ and "n."
- In April, Canal+ Group and HBO announced they had entered into a five-year licensing agreement for all new HBO series, covering all the Group's premium, special-interest and free-to-air channels.
- In June, Canal+ Overseas and the Loret Group announced an agreement that Canal+ Overseas would take a 51% majority interest in the share capital of Mediaserv, an overseas telecommunications operator. The Competition Authority approved the deal on February 10, 2014.
- In July, Canalplay became available on Apple TV.
- In September, Canal+ Group launched Canal+ Séries, which offers new series in the original subtitled versions, immediately after their broadcast in the United States, as well as broadcasts of complete seasons.
- In November, Canal+ Group announced the launch of several channels based on unscrambled Canal+, D8, D17 and i>Télé programs on YouTube.
- In December, Studiocanal announced it was taking a majority ownership interest in Red Production Company, one of the largest English TV series production companies.
- In December, the myCanal app became available for all connected devices. It allows Canal+ and Canalsat subscribers to use a single screen for all their offerings and related services.
- At the end of December, Société d'Edition de Canal Plus SA (SECP SA) announced a transaction aimed at simplifying the Canal+ Group's corporate structure, by means of a merger and takeover by Canal+ SA Group of Canal+ France, its wholly-owned subsidiary, which took place on December 31, 2013. Pursuant to this transaction, the Canal+ SA Group directly owns 48.5% of the share capital and voting rights of SECP SA.

2.1.7. Regulatory Environment

The overall Canal+ Group regulatory environment has been discussed in previous annual reports and did not change significantly in 2013.

The audiovisual communication industry in Europe is subject to national laws and regulations. In France, their application is overseen by regulatory authorities such as the CSA. Canal+ has a license to broadcast the Canal+ channel in France via terrestrial networks as well as networks that do not use frequencies assigned by the CSA, such as satellite, cable and ADSL. This license was renewed in December 2000 for a period of five years, then extended for an additional five years by the CSA's decision in March 2005, before the Canal+ channel's authorization to broadcast over terrestrial networks was extended for another ten years, up to December 2020.

Through its subsidiary Canal+ France, Canal+ Group holds a controlling interest in SECP SA, a company listed on Compartment B of Euronext Paris, which holds the Canal+ broadcast license. (A non-EU national shareholder is not permitted to hold more than 20% of a company that holds a broadcast license.)

A single company may hold, directly or indirectly, seven licenses for a national terrestrial digital television broadcasting service. Canal+ Group has four licenses for pay-TV channels (Canal+ HD, Canal+ Cinéma, Canal+ Sport and Planète+) and three for free channels (i>Télé, D8 and D17).

Under its license to broadcast in France, Canal+ Group must comply with certain requirements. 60% of audiovisual works and films distributed by Canal+ SA must be of European origin, and 40% must be originally broadcast in French. Each year, the channel must spend at least 3.6% of its aggregate net revenues from the previous year on "heritage works" (works of fiction, animation, creative documentaries, music videos and filming or recreation of live performances). A portion of these expenditures (representing at least 3.1% of net revenue) is allocated to the development of independent production.

In the film sector, in December 2009, film industry organizations, including BLOC (*Bureau de liaison des organisations du cinéma*), UPF and ARP, entered into an agreement. The purpose of the agreement is to sustain and strengthen film financing: Canal+ must dedicate 12.5% of its annual revenue to acquiring European films, including 9.5% for original French works. This figure includes a success premium guaranteed at 0.5% of revenue. It benefits French films that have sold over 500,000 tickets at the box office or French and European diversity pre-purchases that enjoy the greatest success. This agreement, which was confirmed through regulations, became effective in 2010.

For their part, the Canalplay VoD and Canalplay Infinity services are subject to regulations relating to on-demand audiovisual media services. Firstly, in November 2010, regulations were passed regarding the duty to invest in the production of audiovisual and cinematographic works and obligations related to offers and advertising, and secondly, in December 2011, a CSA decision ruled on the protection of young people and program ethics and accessibility.

Pursuant to the law of June 2009, media scheduling (which requires compliance with the distribution window for films after their release) has been adjusted. On July 6, 2009, Canal+ Group entered into an agreement to ensure compliance with the law of June 2009, as extended by the order of July 9, 2009, which provides for the following required distribution windows:

- for films available via pay-per-view video-on-demand (primarily the Canalplay VoD service) and on DVD: four months minimum after theater release and three months for films which sold fewer than 200 tickets in their fourth week in theaters;

- for movie channels:
  - first window: ten months for an original broadcast if an agreement is entered into with film organizations, 12 months otherwise,
  - second window: 22 months if agreed with the film organizations, 24 months otherwise;
- on unscrambled television channels and on other pay television channels:
  - 22 months if the channel contributes at least 3.2% of its revenue to film production,
  - 30 months otherwise; and
- for on-demand subscription video films (Canalplay Infinity): 36 months.

2.1.8. Piracy

Canal+ Group actively combats audiovisual piracy. It gives priority to innovation and technological monitoring and to pursuing violators, to protect its commercial interests and those of its licensees.

2.1.9. Competition

2.1.9.1. Canalsatellite / TPS merger

On September 20, 2011, the French Competition Authority issued a decision relating to Canal+ Group's failure to comply with several commitments to which it was subject under the August 30, 2006 decision authorizing the merger between Canalsatellite and TPS. As a result, the French Competition Authority withdrew the decision authorizing the transaction, thereby forcing Vivendi and Canal+ Group to give notice of the transaction again within a month. Additionally, the French Competition Authority ordered Canal+ Group, together with all its subsidiaries, to pay a fine of €30 million.

On October 24, 2011, notice of the transaction was given once more to the French Competition Authority which, on July 23, 2012, issued its decision on the new notice. This decision makes the merger between Canalsatellite and TPS subject to compliance with 33 injunctions, which are imposed for five years and subject to one renewal. They predominantly affect:

- the acquisition of film rights from US studios and French producers;
- the interest of Canal+ Group, through its subsidiary Multithématiques SAS, in Orange Cinéma Séries; and
- the availability and distribution of independent or internal premium and special-interest channels, as well as non-linear services (VoD and SVoD).

Canal+ Group and Vivendi filed two appeals before the French Council of State to have the decision of the French Competition Authority of September 20, 2011 and the 33 injunctions set aside.

Both appeals were dismissed by two decisions dated December 21, 2012. The French Council of State decided, however, to reduce the amount of the fine imposed by the French Competition Authority by €3 million.

The entry into force of the injunctions was accompanied by the creation of a dedicated organization within Canal+ Group. An executive was appointed to monitor the successful application of the injunctions by Canal+ Group, and reports every three months to the Competition Authority on this implementation.

2.1.9.2. Acquisition of the Direct 8 and Direct Star Channels

On December 5, 2011, notice of the acquisition of the Direct 8 and Direct Star channels by Canal+ Group was given to the French Competition Authority and was approved by the Authority on July 23, 2012, subject to compliance with several commitments by Canal+ Group over five years, subject to one renewal after a new analysis of competition is performed by that Authority.

These commitments involve:

- a limit on acquisitions by Canal+ Group of combined free-to-air and pay-TV rights to US films, US series and recent French films;
- the separate negotiation of these rights;
- a limit on acquisitions by Direct 8 and Direct Star of French film releases from Studiocanal; and
- the transfer of unscrambled broadcasting rights for major sporting events.

TF1 and M6 filed an appeal before the Council of State on the grounds that the French Competition Authority's decision approving the acquisition of these two channels exceeded its powers. On December 23, 2013, the French Council of State annulled the Competition Authority's decision on the grounds that it had not deliberated collectively on the version of the commitments contained in its decision of July 23, 2012. Further, with regard to the internal legality of that decision, the Council of State ruled that the Competition Authority had committed an evaluation error in stating that Commitment 2.2 would prevent the anti-competitive effects of the deal, which are linked to restricting the French film rights markets in the second and third unscrambled windows.

On January 15, 2014, Vivendi and Canal+ Group once more provided notice to the French Competition Authority on the acquisition of the Direct 8 and Direct Star channels. On April 2, 2014, the French Competition Authority re-authorized, subject to a number of commitments, the acquisition by Canal+ Group of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia.

2.1.9.3. Partnership in Poland

The Canal+, ITI and TVN Groups entered into a strategic partnership agreement to combine their pay-TV channel packages in Poland and Canal+ Group acquired a significant interest in the capital of TVN. On September 14, 2012, this partnership was unconditionally approved by the Polish Competition Authority and on November 30, 2012 by the European Commission.

2.1.9.4. Competitive environment in France

The French pay-TV market is changing rapidly due to the following:

- new players entering the market and offering premium content, including Orange, which has positioned itself in the upstream market for the acquisition of audiovisual rights and in the intermediate market comprising the production and distribution of movie and drama channels ("OCS" channels); and Al Jazeera, which has substantial financial backing and recently launched the BeIN Sport Channels, allowing it to offer a significant quantity of premium sports content;
- the proliferation of distribution platforms and technologies;
- the development and enrichment of deals offered by ISPs;
- new non-linear services (including a number of global scale), offering quality and premium content in VoD and SVoD.
- They represent, for ISPs in particular, real growth areas insofar as they allow providers to rapidly build pay-TV offerings without the editorial or regulatory constraints resulting from the production of a television service;
- growing consumer appetite for these services. This encourages ISPs to enter into this market, often global in reach and currently very active in the audiovisual creation economy. There is a fear that this distortion of competition will intensify as the growth of connected television facilitates even greater access to delinearized services;
- the competitive pressure exerted by the cable operator Numericable, which also remains strong due to the development of fiber optic networks. Very high-speed Internet, which strengthens capacity in video and data flows, allows Numericable to improve its offering, in terms of both quantity (more channels) and quality (including additional HD channels, new VoD services, new interactive opportunities and opportunities for recommendations). It is also investing resources to acquire the rights to produce and broadcast sports-themed channels; and
- the undeniable and growing success of DVB in France, helping drive radical change in the audiovisual landscape. It has significantly opened the market to brand-new competition from the producers of free television.

2.1.10. Research and Development

Canal+ Group research and development (R&D) policy primarily focuses on innovations in new services, new uses and new technologies.

The advancement of an idea or concept from the monitoring phase into the prototyping phase, then on to its roll-out, is determined by a cross-disciplinary committee consisting of the various operations managers (Distribution, Programming, Technology and Information Systems).

A number of the projects carried out within this framework receive research tax credits.

2.2. Universal Music Group

Universal Music Group (UMG) is the world's leading music company with three main operating divisions: recorded music, music publishing and merchandising.

2.2.1. Strategy / Positioning

The recorded music business discovers and develops recording artists, and then markets and promotes their music across a wide array of formats and platforms. UMG also continues to expand its activities in other areas related to recording artists, such as brand rights management and sponsorship.

The music publishing business discovers and develops songwriters, and owns and administers the copyright for musical compositions for use in recordings, public performances and related uses, such as films and advertisements.

The merchandising business produces and sells artist-branded and other branded products via multiple sales points, including fashion retail, concert touring and the Internet.

2.2.2. Recorded Music

UMG's recorded music business, which features a rich content portfolio, a diverse range of labels in the major markets and direct representation in approximately 60 countries across the globe, has a global market share of more than 30% and holds market-leading positions in most of the world's major music markets, including the United States, the United Kingdom, France and Germany.

In September 2012, UMG completed the acquisition of EMI Recorded Music, strengthening its position in the recorded music market. With this acquisition, UMG adds to its catalog iconic artists such as the Beatles, the Beach Boys, and Robbie Williams, as well as internationally renowned artists such as Katy Perry, Emeli Sandé, Lady Antebellum, Lorde and Imagine Dragons. In July 2013, as part of its receipt of final European regulatory approval, UMG successfully sold the Parlophone Label Group to Warner Music Group for €591 million.

With its international reach, UMG successfully participates in the local music markets essential to music companies. In most countries, domestic artists account for the majority of UMG's roster. This broad portfolio also minimizes dependence on any particular artist or music trend.

For those countries that have not traditionally been major markets for recorded music, such as the BRIC countries (Brazil, Russia, India and China), Latin America, Africa, the Middle East and Eastern Europe, UMG is developing innovative new business models for digital and mobile platforms and using commercial partners to increase fans' access to music. By utilizing these partnerships and brand networks, UMG makes its content legally available in countries where historically music availability is very limited or non-existent.

UMG's diverse range of labels assures the business' success, even as consumer tastes evolve. UMG's major recording labels include everything from popular music labels (such as Capitol Music Group, Island Def Jam Music Group, Interscope Geffen A&M, Universal Music Group Nashville, Polydor and Universal Motown Republic Group) to classical and jazz labels (such as Blue Note Records, Decca, Deutsche Grammophon and Verve).

In 2013, UMG's best-selling albums included titles from a wide range of artists, including not only global best-selling established acts such as Eminem, Katy Perry, Lady Gaga, Drake, and Robbie Williams, but also emerging talents such as Imagine Dragons, Lorde, Florida Georgia Line and Luke Bryan, as well as regional bestsellers such as Stromae and Florent Pagny in France, Santiano and Helen Fischer in Germany, and Paula Fernandes in Brazil.

Sales from prior releases significantly augment UMG's recorded music revenues each year, and UMG benefits from its ownership of the most comprehensive catalog of recorded music in the world. The catalog includes a wide array of performers from around the world, including, among others, ABBA, Louis Armstrong, Dire Straits, Serge Gainsbourg, The Beatles, The Beach Boys, Johnny Hallyday, Elton John, Herbert von Karajan, Edith Piaf, The Rolling Stones, Queen and Frank Sinatra.

UMG markets its recordings and promotes its artists through a variety of activities, including advertising and exposure in magazines, on radio and TV, via the Internet and mobile phone devices and through point-of-sale material, as well as by public appearances and performances. TV advertising plays an important role in the marketing of compilations and new albums. While global priorities and strategies for a number of artists are determined centrally, the majority of marketing activities are country-specific.

UMG is also extremely active in developing new sources of revenue, including through advertising and sponsorship agreements, and participation of artists in theatrical, live and TV production, such as through "The Voice", which has local productions in 55 countries and is on air in 160 countries, and promotes local talent and creates a local and global platform. Universal Music & Brands develops local and multiterritory brand partnerships with a diversified customer base, including Hewlett-Packard, Credit Suisse, GVT, Commerzbank and Coca Cola.

UMG plays a leading role in the expansion of the digital music market and continues to encourage and support innovation through partnerships with the leading players in the market, including Spotify, iTunes, Google and Vevo.

UMG has outsourced the bulk of its manufacturing operations and the management of its distribution activities to third parties.

2.2.3. Music Publishing

Universal Music Publishing Group (UMPG) is one of the world's leading music publishing companies. Music publishing involves acquiring the rights to musical compositions (as opposed to recordings) and licensing those compositions for use in a variety of formats.

UMPG licenses musical compositions for use in sound recordings, films, television, advertisements, and live and other public performances, such as broadcasting and film performances. It also licenses compositions for use in printed sheet music and song portfolios.

Generally, UMPG licenses compositions after acquiring a direct interest in their copyrights by entering into agreements with composers and authors of musical compositions. The company also administers musical compositions on behalf of other owners, which can include other music publishers or authors who have retained or acquired such rights.

UMPG is a global leader in the "Music Production Library" business. UMPG owns or controls a vast catalog of original music and arrangements (through numerous libraries and niche brands) and offers this music for use in films, television, advertising and new media industries, essentially as an economical licensing alternative to live or popular music.

UMPG's combined publishing catalog contains more than 2.5 million owned and administered titles, including some of the world's most popular songs. Some of the major artists/songwriters whose works are represented include Eminem, Adele, Justin Timberlake, The Beach Boys, Billy Joel, Burt Bacharach, Irving Berlin, Mariah Carey, Jon Bon Jovi, Florence and the Machine, André Rieu, Andrew Lloyd Webber, Ne-Yo and U2.

During 2013, UMPG completed a number of publishing deals, including agreements to acquire the catalogs to the BBC, Criterion Music Corporation and Sugar Hill Music, as well as deals with Miguel, Robin Thicke, Miley Cyrus, Paul Simon, INXS, Haim, Jay Chou, Claudia Brant, Guy Sebastian, The xx and The Clash. The company also created the Capitol Christian Music Publishing Group, UMPG's industry-leading Christian and gospel music publishing arm.

2.2.4. Merchandising

UMG's wholly-owned global merchandising company, Bravado, is the only global, full-service merchandise company in the industry. Bravado works closely with new and established entertainment clients, creating innovative products carefully tailored to each artist or brand. Products are sold on live tours, via selected retail outlets and through web-based stores.

Bravado also licenses rights to an extensive network of third party licensees around the world. Bravado is able to leverage UMG's global sales and distribution network as well as UMG's significant marketing strength. The company's broad client roster includes such artists as the Beatles, The Rolling Stones, Michael Jackson, Lil' Wayne and Bob Marley, to name just a few.

2.2.5. 2013 Highlights

UMG achieved numerous milestones over the course of 2013 including the selected key achievements set out below:

- In March, Bravado acquired the worldwide apparel rights for Bob Marley ;
- Also in March, UMG and Samsung launched a pioneering pan-African mobile music service, The Kleek ;
- Also in March, Universal Music UK relaunched Virgin EMI Records ;
- In April, UMG entered into a global partnership with Shawn "Jay Z" Carter's Roc Nation ;
- At the end of April, UMG launched Capitol Records UK ;
- In June, Bravado and Apple Corps Ltd. entered into an agreement for official Beatles merchandise in North America ;
- In early July, UMG completed the sale of Parlophone Label Group (PLG) to Warner Music Group ;
- In mid-July, Burt Bacharach entered into an exclusive administration deal for North America with Universal Music Publishing Group ;
- At the same time, Russell Simmons, Brian Robbins and Steve Rifkind partnered with Universal Music Group to launch the next-generation music label, All Def Music ;
- In September, UMG became the first company ever to have all ten of the Top 10 songs on the Billboard Hot 100 chart in the United States ;
- At the end of October, UMG and Frank Sinatra Enterprises entered into a global licensing initiative for the legendary entertainer's Reprise Catalog ;
- At the end of November, UMG achieved an unprecedented nine of the Top 10 albums in the United States on the Billboard Album chart ;
- In early December, UMG entered into a new long-term deal with Queen outside of North America.

2.2.6. Regulatory Environment

UMG's businesses are subject to the laws and regulations of the countries in which they operate.

In 2000, in the United States, certain UMG subsidiaries entered into a Consent Decree with the U.S. Federal Trade Commission (FTC) under which they agreed that for the following 20 years they would not make the receipt of any co-operative advertising fund for their pre-recorded music products contingent on the price (or price level) at which such products are offered for sale.

In 2003, following a lawsuit filed by the FTC, the FTC issued an order that generally prohibits UMG from entering into agreements with unaffiliated entities to fix, raise or stabilize prices or price levels for the sale of audio or video products in the United States and any agreements with such entities to prohibit non-deceptive advertising for audio or video products in the United States.

In 2004, in the United States, a UMG company entered into a Consent Decree with the FTC under which it agreed to comply with the provisions of the Children's Online Privacy Protection Act and to maintain records demonstrating compliance.

2.2.7. Piracy

Piracy materially harms the music industry and impedes the development of new business models. The IFPI (International Federation of the Phonographic Industry), which represents the phonographic producers (labels and singers) worldwide, estimates that 26% of all Internet users still regularly access unlicensed sites. Working in conjunction with the rest of the music industry and other entertainment sectors (including the movie and games industries) and across other sectors (via initiatives like the International Chamber of Commerce's BASCAP), UMG takes a multi-pronged approach to combating piracy, including:

- supporting the development and launch of innovative services across a number of platforms, as well as the continued growth of existing services such as iTunes, Spotify, Google and Vevo. UMG works with partners collaboratively to ensure music can be accessed legitimately on all new platforms such as mobile, tablet computers, in car, game consoles and in the home, offering consumers the best, fully comprehensive digital music experience; and
- working with governments and online intermediaries (such as credit card companies, advertisers, search engines, proxy services and ISPs) to reduce potential profits from piracy and ensure adequate enforcement. For example, UMG has participated in programs with ISPs to educate consumers about the wide availability of legitimate downloading services and provide warnings to those using illegal services.

2.2.8. Competition

The profitability of a recorded music business depends on its ability to attract, develop and promote recording artists, the public acceptance of those artists, and the success of recordings released within a particular period. UMG competes for creative talent with other major record companies both for new artists and for those artists who have already established themselves with another label.

UMG also faces competition from independent labels that are frequently distributed by other major record companies. Although independent labels have a significant combined market share, no single label has material influence over the market.

The music industry competes for consumer discretionary spending with other entertainment products such as video games and films. In recent years, UMG has been facing greater competition for shelf-space, due to declining CD sales and continued consolidation of the retail sector in the United States and Europe.

Finally, the recorded music business continues to be adversely affected by piracy, in particular illegal downloading from the Internet (please refer to Section 2.2.7 "Piracy" of this chapter).

2.2.9. Research and Development

UMG's exploits opportunities for digital distribution and protects its copyrights and those of its artists against unauthorized digital or physical distribution. UMG created Global Digital Business, a new media and technologies division within its structure, which analyses and studies emerging technologies applicable to UMG's operations, such as technological defenses against piracy and new physical formats.

2.3. GVT

GVT is the leading alternative telecommunications operator for fixed ultra high-speed broadband, fixed-line telecommunications and Pay-TV in Brazil.

2.3.1. Strategy/Positioning

Two kinds of operators lead the Brazilian fixed telecommunications services market: concessionaires formed by the privatization of Telebras (the incumbent operator) that are subject to universal service obligations and alternative operators that compete with such concessionaires in defined regions. The provision of fixed-line local telephony in Brazil was initially organized by Anatel (*Agência Nacional de Telecomunicações*, the Brazilian telecommunications agency) into four regions: Region I (North and Northeast, including Rio de Janeiro), Region II (Center and Southeast, including the Federal District (*Distrito Federal*)), Region III (São Paulo), and Region IV, which comprises national and international long-distance operations.

In late 2000, GVT began operating as an alternative operator to the local incumbent in Region II, initially servicing 24 cities. From 2006, the Company has held licenses to operate all types of fixed-line telecommunications services nationwide. At the end of December, 2013, GVT operated in 150 Brazilian cities in 20 states as well as in Brasilia. GVT is positioned as the leading alternative operator for fixed very high-speed broadband, fixed-line telecommunications and Pay-TV in Brazil.

GVT pursues its growth strategy by expanding its network coverage in cities in which it is already present and expanding its territorial reach to additional key markets located outside Region II, aiming to create a national presence across populated areas of Brazil. In 2013, the Company launched operations in 14 cities across five states, with almost 16 million inhabitants. It also began serving the retail market of São Paulo, which is the largest city in Brazil. GVT's strategy for São Paulo is to focus on high quality services, pursuing growth gradually, district by district, during 2014 and beyond. The company also plans to launch services in other new cities in the South, Southeast and Northeast of Brazil.

GVT is the fastest growing telecommunications service provider in Brazil in terms of revenue and EBITDA. During 2006-2013, the Company's Compounded Annual Growth Rate (CAGR) was 30.2% for Revenue and 34.3% for EBITDA. In 2013, these indicators rise respectively by 13.1% and 8.7% (at aconstant foreign exchange rate). In 2013, GVT held a 12.3% share (an increase of 0.9% in a year) of the broadband market; a 9.15% share of the fixed-line market (an increase of 2.03% in a year), according to the data of Teleco, an independent association that follows the Brazilian telecom market; and a 3.8% share of the Pay-TV market (an increase of 1.2% in a year), according to the data of Anatel.

GVT offers innovative bundles combining high quality and performance at competitive prices for all market sectors (Retail, Small to Medium Enterprises ("SME") and Corporate). GVT delivers broadband speeds to the retail market with differentiated value-added services and an innovative integrated Pay-TV service. In the first quarter of 2013, GVT improved its broadband portfolio by offering a speed of 25Mpbs as an attractive option for consumers and by increasing the highest available speed to 150 Mbps.

The new speeds are available with "Power Combo GVT", a "triple-play offer" of products offering customers broadband Internet, Pay-TV and fixed-line telephony. This triple-play offer addresses people's desire to be constantly connected with quick access to Internet content on all of their devices (e.g., personal computers, tablet computers, smartphones and TVs). In 2013, triple-play bundles accounted for approximately 36% of sales. By year-end 2013, Pay-TV achieved a 26% penetration rate across the broadband customer base.

Delivering content, interactivity and managed services over broadband Internet is part of the strategy to lead the broadband and Pay-TV multiservice segment in Brazil. GVT is aware of the need to deliver ultra high-speed Internet, enabling the customer to have a truly connected home, with multiple devices operating over the same broadband connection. In October 2013, GVT launched a new advertising campaign "GVT broadband is as fast as the fastest countries". The ads show that GVT customers' average base speed of 13.2 Mbps is similar to speeds recorded in countries such as South Korea, Japan and the United States, and is far above the Brazilian average of 2.4 Mbps, according to the Akamai Institute for the period.

In 2013, GVT was recognized as the best telecommunications operator in Brazil by Isto É Magazine, one of the most important Brazilian business magazines, in a survey conducted by Trevisan Business School with KPMG. The company's broadband was voted the best in Brazil for the fifth consecutive year in an open poll of readers of INFO Magazine, the main Brazilian technology magazine.

GVT was voted for the second consecutive year the "Fixed-line Telephony and fixed broadband Telecom Operator that treats its customers with the greatest respect", by an independent national consumer survey (conducted by the Shopper Experience, a consulting company, in partnership with "Consumidor Moderno" Magazine).

GVT's social responsibility program "GVT for the Responsible Internet Use" was awarded the 2013 prize for "Content with Social Interest" by ARede, a respected national magazine that reports on digital social inclusion. The program promotes the healthy use of Internet and new technologies by children and young adults, through the use of online and offline content produced in a collaborative way with NGOs and educators.

2.3.2. Products and Services

GVT offers comprehensive and advanced telecommunications services to markets ranging from large, mature sectors with strong cash-flow generation (such as conventional telephony) to high-growth sectors (such as broadband, Pay-TV using satellite and IPTV technology, Internet services and VoIP). This approach allows the Company to target a broad market, to offer one-stop shopping for all fixed-line telecommunications, Internet and Pay-TV services, and helps stabilize its revenues.

2.3.3. Market and Distribution

GVT provides bundles of diversified products in integrated packages to attract different customer segments. GVT bundles conventional telephony, broadband Internet, Pay-TV, value-added services, content, managed services, corporate data, and VoIP-based products into the packages it offers, enabling it to generate higher revenues per customer and a higher return on invested capital, while building strong customer relationships and a high level of customer engagement.

■ 2.3.3.1 Retail and the Very Small Business (VSB) segment

GVT's Retail and the VSB segment offers local and long-distance fixed-line telephony and broadband services to high-end and high-margin residential customers and small businesses with an extensive "last mile" network, reaching to the home of the subscriber. GVT also offers long-distance services to customers with lines supplied by other operators in cities where it does not have a local presence. In addition, GVT's Retail and VSB segment offers Internet services through POP, its ISP.

In 2013, GVT announced a new speed of 25 Mbps, giving a total of six options available to consumers. In 2009, the Company was the first in Brazil to offer speeds higher than 10 Mbps at affordable prices. GVT's portfolio of speeds, combined with its commitment to quality, as recognized by numerous awards, has caused the average speed delivered to its customers to jump from 5.1 Mbps in 2009 to approximately 13.2 Mbps by year-end 2013. GVT's customers benefit from one of the highest average speeds in the world, faster than the average speed in Brazil (2.4 Mbps).

GVT also announced an increase in its maximum broadband speed to 150 Mbps from 100 Mbps. The change is part of the Company's strategy to lead the multiservice broadband segment in Brazil. GVT plans to deliver more content, interactivity, and management services over broadband. "Power GVT with 150 Mbps" includes a free wi-fi modem and a complete bundle of Internet security.

In 2013, GVT improved its Pay-TV offering to retail customers by enhancing its product performance and deploying new functionalities. It offers a package of high definition channels for all subscribers and interactive services.

GVT currently offers Pay-TV in triple-play bundles (combined with Broadband and VoiP), however, the Company has taken an important step towards preparing for future geographic expansion by developing a "pure satellite" product. During 2013, GVT also invested in product innovation, increasing its catch-up TV offer, launching TV Everywhere services in partnership with content providers such as Telecine, Globosat and others and strengthening its unique position of delivering HD channels in all packages.

In 2013, VONO, GVT's national provider for IP telephony solutions, announced a new feature that allows customers to download a free application to access the service on a smartphone. With the app installed, the consumer makes and receives phone calls through VONO, without incurring any costs from its voice plan operator. GVT is the first company in Brazil to offer such technology, providing consumers with increased savings and mobility.

Since launch, there have been over 12,000 downloads of the VONO app. The product also received the "2013 Telesintese Innovations in Communications Segment Award", in the category of operator/provider of communications services, for its innovative service.

Since October 2010, Power Music Club, GVT's multiscreen online music and video streaming, has been offered as a free VAS (Value Added Service) for GVT Broadband customers. In 2011, the music and video service was initially released on the web, as an app for iOS and Android devices and during the first quarter of 2012 as an app on GVT TV. By November 2013, 200,000 active users had consumed more than 10 million streams from a catalog of more than 1 million songs, 50,000 videos and downloaded 110,000 apps.

In February 2013, GVT launched Protect Multi-Licenses, an attractively-priced product for small businesses and families with more than one computer. With this launch, the Company increased its ticket customers and the penetration of this VAS.

■ 2.3.3.2 Corporate segment

GVT's Corporate segment covers medium and large sized companies and provides them with superior and innovative products, high-quality integrated solutions and managed services including fixed-line telephony, unified communication systems, hosted VoIP, Internet services, private-data networks and Data Center services.

GVT benefits from having the most advanced NGN (Next Generation Network) architecture to provide customized solutions, based on fixed-line telephony and IP technology. It offers unique value propositions to customers through greater functionality and substantially lower operation costs and capital expenditure.

In June 2012, "VOX NG - GVT" was considered by Alcatel-Lucent to be the best cloud telephony communications solution for businesses.

In November 2012, GVT launched a managed dedicated hosting service in its three data centers in Brazil, located in Rio de Janeiro, São Paulo and Curitiba. This service provides business customers with a complete IT infrastructure (Servers, Storage, Network and Backup) and delivers the best network solution, Internet and data center, without requiring their investment in equipment, upgrades or maintenance. Hosting services are already available in these three data centers in three cities.

In 2013, in a new sales strategy for the Corporate Segment, GVT launched the brand "GVT Empresas", which offers bundles including dedicated links and digital voice solutions. The bundling strategy seeks to deliver a more complete solution for clients, increase customer loyalty and increase the average revenue per user.

2.3.4. Network

GVT's network is the most modern in Brazil. It includes one of the most extensive local access networks and long-distance fiber infrastructures in the country, which supports its leading position in the NGS (Next Generation Services) market and allows the Company to expand its presence nationwide.

GVT has designed its network using state-of-the-art technology that is rich in features and capable of supporting the growing market demand for a wide range of telecommunications, high-speed broadband and multimedia services.

The core network is implemented around an IMS (Internet Protocol Multimedia Subsystem) architecture, which provides GVT with unique, flexible, faster time-to-market integrated services including fixed telephony, data, VoIP and video (IPTV and VoD services). This convergent network allows GVT to launch special services like Freedom, an Android and iOS app that allow fixed-line customers to make calls anywhere using a smartphone with an IP connection, even over third-party networks. The app was being tested during 2013 to be released to the market in the first quarter of 2014.

GVT's network access solution is unique in the Brazilian market, since it is based on a FTTN (Fiber-to-the-Node) network, which combines metropolitan fiber optic rings and short copper lines, with 200 meters between the street distributors and the households in new areas, and with an average of 400 to 800 meters in the oldest areas. The proximity of this network to customer premises enables superior quality and higher bandwidth services of up to 20 Mbps with the current ADSL2+, 50 Mbps with VDSL2 technology and 150 Mbps with EFM (Ethernet First Mile using fiber directly to the customer's premises). In 2013, GVT started to deploy new entry points with GPON technology of 2.5 Gbps. This technology was launched in two new cities, allowing GVT to offer customers speeds of 300 Mbps and more, in accordance with its business strategy.

The new hybrid Pay-TV service works over the IP network for on-demand and interactive services, using a CDN structure for video distribution and using DTH for linear channels via Ku-band satellite.

GVT has 69,700 kilometers of cable (fiber and copper networks) in metropolitan areas. In addition, GVT's long-distance fiber network is 29,500 kilometers long, satisfying 85% of its traffic requirements.

2.3.5. 2013 Highlights

- In January, GVT launched operations in Coronel Fabriciano (MG), in the Southeast Region of Brazil.
- In February, GVT announced the expansion of its coverage area in the city of Rio de Janeiro with the release of over 3,000 new fixed telephone lines and broadband services.
- In March, GVT launched operations in two other key Brazilian cities: Nova Iguaçu and Duque de Caxias. Both cities are in the Rio de Janeiro metropolitan area.
- In April, GVT launched operations in Gaspar (SC) in South Brazil.
- In May, GVT launched operations in Camboriu (SC) in South Brazil, and officially launched a new call center in Fortaleza (CE), in Northeast Brazil.
- In June, GVT expanded operations in the Northeastern region of Brazil with the building of a new network in the historic center of Recife (PE), an area with high demand for innovative telecom and Pay-TV services.
- Also in June, GVT HDTV launched a new app for children. The Memoria Musical game can be accessed directly on the TV screen. This app was developed by GVT HDTV in partnership with Discovery and is available free to all subscribers.
- In July, GVT launched operations in Bauru (SP), in the state of São Paulo.
- In August, GVT launched a second uplink to its Pay-TV service in Brasilia (DF). This structure was launched with the objective of increasing the availability of TV service, operating as a secondary station. The use of two uplinks is a unique GVT system. With this uplink, the risk of falling transmission caused by rain is almost nil.
- Also in August, GVT began operations in the residential market of São Paulo (SP). In 2013, GVT had coverage in four districts, which will increase district by district in 2014 and beyond.
- In October, GVT HDTV launched a new free app for children that can be accessed directly on the television screen. The game "What is out of place?" was developed in partnership with Discovery.
- Also in October, GVT launched operations in Ribeirão Preto (SP), in São Paulo as well as in Campos dos Goytacazes (RJ), another city in the metropolitan area of Rio de Janeiro.
- In December, GVT launched operations in Caruaru (PE), in the Northeast, and Nilopolis (RJ), in the metropolitan area of Rio de Janeiro.

2.3.6. Regulatory Environment

GVT's business is subject to comprehensive regulation under Brazilian law. The adoption of new telecommunications service regulations and the privatization of Telebras' subsidiaries (the Brazilian government-owned telecommunications operating companies) in 1998 led to broad changes in the operating, regulatory and competitive environment for Brazilian telecommunications. The Brazilian telecommunications regulatory framework is constantly evolving.

Concessions to provide telecommunications services are only granted by Anatel and are subject to a public service regime, while authorizations are only granted under private law (the "private regime").

Under the public service regime, concessionaires must comply with obligations relating to quality, continuity of services, universal services, network expansion, and the fees they charge are monitored by Anatel. Under this regime, the Brazilian government may appropriate, at the conclusion of the concession period, all infrastructure used to provide STFC (including network, systems or equipment) so that the State may continue to provide the relevant services.

Under the private regime, authorized providers are not subject to the obligations to provide universal service or continuity of service. Therefore, if an authorized provider ceases to provide services, the Brazilian government is not under any obligation to continue to provide such services. There are no restrictions on prices under the private regime, and providers are only subject to the general laws and principles that prohibit anti-competitive conduct. Under the private regime, the State is not permitted to appropriate assets used for the provision of services.

Obligations relating to the quality of services, interconnection and compensation for the use of networks apply to telecommunications service providers under both the public and the private regimes.

When GVT started operating in Region II, it was the first company under the private regime to be authorized by Anatel to compete with the already privatized incumbent, thereby transforming the existing monopoly into a duopoly. In 2002 and 2003, GVT obtained STFC licenses to operate in São Paulo, Rio de Janeiro and Belo Horizonte. In November 2006, the Company received STFC licenses for Regions I and III, resulting in nationwide coverage throughout Brazil. In December 2010, GVT received a DTH (Direct to Home) license to broadcast TV by satellite technology.

GVT currently operates under the following licenses, each covering all of Brazil: local telephony, national and international long-distance, multimedia communication services (*Serviço de Comunicação Multimídia – SCM*) and a DTH license for Pay-TV.

In March 2012, Anatel approved the new regulation applicable to Pay-TV services (called Service of Conditioned Access or "*SeAC – Serviço de Acesso Condicionado*"), which consolidated the old regulations relating to Pay-TV services, e.g., MMDS, DTH, TVA and Cable TV, into one regulation. SeAC is provided under the private regime and there are no restrictions on the type of technology that is used. Anatel approved GVT's request to migrate the DTH license to the SeAC in February 2013.

2.3.7. Competition

2.3.7.1. Long-distance telephony market

GVT competes in the long-distance market in two ways: acting as a local carrier when serving its customer base and as a long-distance provider for non-GVT customers. As of December 31, 2013, almost 80% of GVT's customers used its services for long-distance communications. Due to regulatory issues, GVT could not offer its product "Ligue Fácil" to new customers, which caused a decrease in market share year on year. GVT does not intend to actively compete with the incumbents in providing long-distance services to their local customer base due to the low margins generated by such services.

2.3.7.2. Broadband/ISP market

In 2013, GVT's main competitors offered new broadband speeds, increasing customer expectations. In particular, Net launched its new portfolio, with 30 Mbps and 60 Mbps. The 30 Mbps offer quickly came to the forefront of Net's triple play bundling contracts. Net, one of GVT's main competitors in broadband, improved its investments in 2013, increasing its coverage from 140 cities to 180 (+28%). The incumbents are also deploying new speeds and their IP TV products on their FTTx networks, which are currently limited to major cities in the southeastern region of Brazil.

Net has tried to position itself as being of superior quality, primarily based on Anatel's technical measures of broadband quality and availability. In the second half of 2013, with its new portfolio, Net changed to a strong promotional approach, using sales tag lines such as "30 Mbps for the price of 10 Mbps". Aggressive discounts on about a dozen bundles were common during certain periods of the year.

2.3.7.3. Pay-TV

In 2013, the Brazilian Pay-TV market continued to grow, however at lower rates than in previous years. In 2013, the total Pay-TV market increased approximately 20% and GVT increased its subscriber base by 58.4% compared to 2012, reaching 643,000 customers by year-end 2013, which represents a net increase of 26% across the whole market net increase in which it operates. GVT has consolidated its position as the 4th largest operator in the cities where it is present.

2.3.7.4. Corporate long-distance segment

In the Corporate segment, GVT operates in more than 150 cities, including the metropolitan areas of São Paulo, Rio de Janeiro, Brasília, Belo Horizonte, Campinas, Santos, Salvador, Vitória and Recife. The number of cities in the Corporate segment is higher than the Retail segment as GVT operates in cities closer to the heart of its operations and with a "Point of Presence" (POP – a LAN node permitting network-to-user connections) - but does not depend on building a local metropolitan network as is the case for retail customers. GVT's main competitors in this segment are the three incumbents: Oi, Vivo (Telefonica) and Embratel (Telmex). In each of the three regions, the strongest competitors are the local incumbent for that region and Embratel. In addition, there are other niche markets with players such as Diveo, Global Crossing, Transit, CTBC and Intelig (TIM).

As an Information Technology services provider, GVT also faces competition from players such as Global Crossing, Tivit and UOL Diveo.

2.3.8. Research and Development

In 2013, GVT did not have a Research and Development department and did not incur any research expenses.

2.4. Other Activities

2.4.1. Ticketing

2.4.1.1. Digitick

Vivendi acquired Digitick in 2010. In 2012, the Group, which originally held 65.2% of the share capital alongside SFR (27.1%) and executive Management (7.7%), increased its interest to 100%.

Digitick is the French leader in electronic ticketing (e-tickets) and the only major player to offer a complete range of services across the entire ticketing sector. It offers:

- to organizers of shows and cultural and sporting events, and to their venues, an innovative and complete way to manage their ticketing system in real time, allowing them to optimize their receipts. For example, Digitick arranges all ticketing services for the Eiffel Tower, the Olympique Lyonnais, the Olympique de Marseille, the Château de Versailles, the Réunion des musées nationaux, and the 24 Hours of Le Mans;
- to the general public, a paperless ticketing service for all these events;
- through its subsidiary zePass.com, a ticket resale platform for individuals, which is a legal solution to the online purchase and sale of tickets, in an effort to combat black-market activity; and
- through its subsidiary Infoconcert, the leading concert scheduler in France, the most complete concert database in France.

Tickets are available on the Digitick website (www.digitick.com), and on organizer or affiliate websites, via mobile Internet and through partners (including SFR LivePass), and at physical points of sale.

2013 was marked by Digitick's new partnership with some outstanding leading venues: *La Folle Journée* in Nantes, the OGC Nice, the Floralies Internationales and the Paris zoological park (Zoo de Vincennes), as well as the renewal of several major contracts.

2.4.1.2. See Tickets

In August 2011, Vivendi acquired 100% of See Tickets.

See Tickets is ranked second in the distribution of theater and event tickets in the United Kingdom.

The company sells its tickets on all networks, particularly online and through mobile devices.

In 2013, it implemented electronic connections with the inventory systems of a number of theaters aimed at streamlining the customer experience. It accounted for over 20% of mobile transactions for the most popular music shows. The customer self-service website logged its first thousand bookings in October 2013.

2.4.2. Wengo

With over 3 million visits since 2009, Wengo is the leader in phone-based expert assistance. It recently extended its service offering to include home delivery to customers.

Through its website www.wengo.com, the Company offers a new experience when shopping for professional services, the basic features of which include: transparency in terms of prices and customer reviews, guaranteed availability, certification, and the ability to immediately telephone one of the 2,500 professionals listed on the platform, 24 hours a day, seven days a week.

This service is aimed at individuals as well as professionals. It helps them to find answers in such varied fields as legal advice, business creation, education, computers, psychology, coaching, astrology, health and fitness.

Since 2012, Wengo has carried out external growth operations to expand the scope of its activity beyond telephone services: in the legal field, with the acquisition of Juritravail.fr and Net-iris.fr to expand its legal services offering; in the field of home-based businesses, with Devispresto to extend its service offerings to craftsmen and tradesmen; and in 2013, with the acquisition of Bordas.com, to offer academic support, provided solely through teachers in the national education system.

In the first quarter of 2013, the Company opened an office in Brazil, in addition to France, Spain and Portugal, and recently launched its service in Italy.

2.4.3. Watchever

In January 2013, teams from Vivendi Mobile Entertainment (VME, a wholly-owned subsidiary of Vivendi) focused on the development of a new offering in Germany.

For a monthly subscription of €8.99, *Watchever* provides a wide selection of TV series and German, European and international movies. It is accessible via the Internet on various types of devices: tablets, smartphones, PCs, game consoles and connected TVs.

2.5. SFR

SFR is the second-largest French telecommunications operator. As the only alternative operator to invest significantly in both fixed and mobile very high-speed networks, SFR meets all the needs of its customers, whether individuals, professionals, businesses, local governments or operators, for mobile and fixed telephony, Internet and television services.

SFR operates in France, as well as in Réunion and Mayotte through its wholly-owned subsidiary, Société Réunionnaise de Radiotéléphone (SRR).

As of December 31, 2013, SFR had over 21.3 million mobile customers, and over 5.2 million households subscribing to high-speed Internet. This represents almost 28% of the mobile telephony market and approximately 21% of the French high-speed and very high-speed Internet market (SFR estimates).

2.5.1. Strategy / Positioning

SFR is adapting to a rapidly changing market, marked both by the end of growth in the mobile market, and the extremely rapid growth in uses and data traffic.

In this context, SFR has repositioned itself strategically, while continuing to invest in new very high-speed networks, distinguishing its offerings by content, customer service and network quality, and by investing in new growth axes, such as Machine-to-Machine, cloud networks and connected household services.

SFR relies on its network's performance: faced with declining profitability and in a difficult market, the operator is continuing to invest in its fixed and mobile network infrastructure (€1.6 billion in 2013), particularly in fixed-line fiber and mobile 4G. SFR is the only alternative operator to invest significantly in these two technologies, as it is convinced that they will be indispensable to the development of new uses, and therefore to the rise of new growth opportunities.

At year-end 2013, over 70% of the population had very high-speed mobile coverage (Dual Carrier, the latest evolution of 3G, and 4G).

In collaboration with the incumbent operator, SFR has rolled out fiber on a massive scale in France, both in very densely populated areas and in areas of average population density. In October 2013, it signed the first "France Very High-Speed" agreements with the Government, the Lille Metropole and Orange.

SFR offers products adapted to the needs of each of its customers. Its *Formules Carrées 4G*, which are built around mobile Internet and SFR services, with premium themed content (the Extras), meet the high expectations of customers to access services in their areas of interest. These 100% web offerings without commitment in the low-price segment are extremely attractive. The operator has also launched a new *Red 5Go* package in 4G (available since January 2014) that includes unlimited viewing of YouTube videos from SFR's 4G network, one of the most popular content services among its customers.

SFR's positioning is aimed at putting customers at the center of all its business decisions, with multi-media services (SFR websites, community self-help forums, social networks and telephony): SFR works closely with its customers to better meet their needs.

In the business market, SFR offers services adapted to organizations, while integrating 4G and security services into its packages. Beyond large accounts and large companies, in 2013, it specifically highlighted offerings and services intended for Very Small Businesses (VSB) and Small to Medium-Sized Enterprises (SME). These product innovations have enhanced unified communications, with the Business Pack targeted by size of organization, and the cloud network featuring added-value hosted services.

SFR is also finding new growth vectors by positioning itself as a leading player in connected households (*Home by SFR*), payments (*SFR Paycard*), and innovative television services (*TV SFR* with Google Play).

The operator is active in the innovation ecosystem through its partnership with the Open Innovation Club of Paris Région Lab and its SFR program *Jeunes Talents Starts Up* (3rd edition in 2013).

Finally, its ONE (*Opérateur Numérique Engagé*) conversion plan is aimed at adapting its business models to new market requirements and new growth opportunities, while modulating its cost structure.

2.5.2. Performance and Services

2.5.2.1. Individual customers

In 2013, SFR's individual mobile subscriber base grew with a recovery in sales, and a decline in customer cancellation rates. This was due to an initiative launched in January 2013 aimed at repositioning customers to allow them to benefit from new, more attractive rates.

In September 2013, SFR also launched an innovative range of packages including, for 4G customers, one "Extra" to be selected from among five services and premium content items, allowing them to take full advantage of very high-speed mobile services: iCoyote (driver assistance), Napster (music), Canalpay (film), Gameloft (games) and SFR Presse (news). Subscribers can change their Extra each month and thus try out new themes.

SFR also launched its own, online hosted storage service in France, *SFR Cloud*. This allows customers to share files securely (up to 100 GB for 4G customers).

With a very high-speed mobile network covering over 70% of the population (Dual Carrier and 4G), these services are accessible under optimal usage conditions.

At year-end 2013, SFR had over 5.2 million household customers for its high-speed offering in France (up approximately 170,000 in one year), including 3.3 million TV customers. The quadruple-play converging Multi-packs offering has also expanded and now covers 2.3 million customers with a fixed-line offering who have at least one linked mobile offering, representing 45% of the high-speed customer base.

At 200,000, the number of fiber customers is up 56% in one year. SFR now offers speeds of up to 1 Gbit/s (download) to eligible customers.

SFR has continued its innovative approach to its set-top box. With the enrichment of the SFR TV application, SFR set-top box customers may now view videos on several screens (up to five screens simultaneously), with the ability to start a program on one screen (including TV, smartphone and tablet device) and finish it on another. The *Home by SFR* offering expanded in 2013 to total over 20,000 customers by year-end 2013. Further, SFR was the first operator in Europe to launch a set-top box with Google Play (SFR TV). This set-top box gives access to SFR's TV services as well as Google's services on television to customers who were not then eligible for ADSL TV.

2.5.2.2. Businesses

SFR allows businesses to develop their digital potential. Becoming a leader in customer satisfaction remains its priority objective. To achieve this, it is continuing to invest massively in very high-speed fixed and mobile networks.

SFR also provides its customers with security services, work station virtualization in cloud mode, and Machine-to-Machine device connectivity.

In 2013, the operator specifically emphasized offerings and services intended for VSBs and SMEs, while continuing to enrich its offerings aimed at large accounts and major companies. Specifically, it integrated 4G into packages as well as security services and Device Management. It created the Entrepreneurs Business Pack (for VSBs) and the Corporate Business Pack (for large businesses), supplementing the Enterprise Business Pack (for SMEs) in range of unified communications solutions. It developed added-value hosted services for large accounts, as well as cloud computing and SaaS (Software as a Service, which allows web users to use an interface to access the business' applications) technologies to provide simple services to SMEs. Its cloud services offering relies on a fractured storage technology that efficiently addresses growing needs for capacity.

Always a leader in the Machine-to-Machine connectivity market, SFR has increased its initiatives to promote efficiency among its customers, specifically with the launch of *m-alert*, a dedicated personal security and merchandise tracking solution.

In 2013, SFR made customer satisfaction its priority, and renewed its Qualicert certifications for three years on the basis of 45 control points and ISO 9001.

2.5.2.3. Operators

SFR is a key player in the international interoperator market, with 250 network and services operator customers (including Bouygues Telecom, British Telecom, Free and La Poste Mobile). SFR provides a wide range of fixed-line offerings and services (infrastructure, voice and data), mobile (it is the market leader in the MVNO and Full MVNO market) and internationally (a leading player because of its volume of international traffic flow).

2.5.3. Market

The telecommunications market is marked both by the end of growth in mobile telephony and the extremely rapid growth in uses and data traffic. This means that growth in mobile Internet use is continuing, with 64% of SFR's individual customers equipped with smartphones compared to 51% at year-end 2012.

In 2013, the high-speed and very high-speed Internet market in France continued to grow with a total of 24.9 million high-speed and very high-speed subscriptions, an increase of 930,000 in one year. 2013 also saw an acceleration in fiber subscriptions (FTTH), to give a total of 540,000 subscribers (source: Arcep).

2.5.4. Network

2.5.4.1. Very high-speed mobile (Dual Carrier and 4G)

SFR has made significant deployment efforts, which by year-end 2013 allowed it to offer 4G coverage to cover 40% of the population, with a presence in 1,200 towns and cities.

SFR has also opted to extensively deploy 4G in the 800 MHz frequency (so-called "gold frequencies"). This allows it to offer more efficient coverage, with better service quality, particularly inside buildings. At the same time, with the deployment of 4G in the 2600 MHz frequency in densely populated areas, mobile Internet customers now enjoy download speeds of up to 115 Mbits/s.

SFR was also the first in France to experiment with LTE-Advanced technology. This evolution in the 4G standard allows it to provide even faster speeds.

It is also the first operator to deploy 4G on Line A of the Paris RER rail network, through its partnership with the RATP, and it anticipates deploying it in the Paris Metro.

SFR has continued to expand its Dual Carrier technology, allowing it to double download speeds and ensure the best very high-speed mobile coverage (over 70% of the population was covered by year-end 2013).

In July 2013, SFR and Bouygues Telecom entered into exclusive negotiations on a collaboration agreement for a portion of their mobile networks. This agreement was signed on January 31, 2014. It will enable both operators to offer their respective customers the best geographic coverage and service quality.

2.5.4.2. 3G / 3G+

At year-end 2013, the SFR GSM / GPRS (2G) network covered over 99.7% of the French population, while the UMTS / HSPA (3G / 3G+) network covered 99.3%.

SFR is continuing to increase the capacity of its 3G+ (HSPA) network to support new uses of mobile Internet, as 3G+ data traffic increased by 40% in 2013.

Beyond increasing speeds, SFR aims to provide the best mobile Internet experience. It is achieving this by expanding its efforts to increase the density of its 3G+ network and by deploying 3G+ in densely populated areas on the 900 MHz frequency, particularly in the cities of Lyon, Marseille and Toulouse. As a result of this technology, it is able to offer a quality experience everywhere for voice and mobile Internet services.

2.5.4.3. Wi-Fi

The SFR Wi-Fi has more than 4 million hotspots in France.

SFR is the only operator to incorporate Wi-Fi access in the major subway and RER stations in Paris into its offerings through its agreement with Naxos, a subsidiary of RATP.

2.5.4.4. Fixed high-speed Internet

SFR has reaffirmed its goal to become a major player in fixed very high-speed Internet with the following developments:

- in 2013, it continued development in the area of fiber-to-the-home (FTTH), which was offered to 1.5 million fiber-eligible households in France. Following the strategic agreement entered into with Orange to roll out fiber coverage in less densely populated areas, in late 2013, SFR began marketing FTTH in over 30 cities;
- this year, SFR was also the first operator to launch a pilot 1 Gbit/s fiber project and offer this service to eligible customers;
- at year-end 2013, SFR had the largest alternative fixed-line network in France. It connects nearly 6,200 SCUs (Subscriber Connection Units), for almost 23 million unbundled lines, which is the widest coverage among all alternative operators. With over 800 unbundled SCUs in 2013 alone, SFR achieved a deployment volume that has not been reached since the start of unbundling in France in 2001;
- it connects 100% of France Télécom subscriber switches, thus allowing SFR to provide switched voice services and offer favorable interconnection rates.

2.5.4.5. Services to local authorities

SFR Collectivités is the Group's entity dedicated to local authorities.

Its role is to support SFR's networks and services deployment strategy in accordance with local needs.

Beyond the cooperative relationship between the Group and local authorities, this entity also operates in major long-term partnerships, such as public initiative networks (*Réseaux d'Initiatives Publiques*, or RIP). These physical networks are built by local authorities that invest together with private partners. These allow SFR to expand very high-speed coverage and ensure the growth of operators in semi-urban and rural areas. They are largely managed in the form of Public Service Delegations (*Délégations de Service Public,* or DSP). SFR Collectivités is responsible for deploying fixed and mobile infrastructure networks, with the aim of enhancing attractiveness and local coverage while increasing network speeds and performance. It offers local authorities training opportunities in deploying telecommunications networks. It designs, builds and operates these networks. Lastly, it supports local authorities in their plans to develop new digital uses (in the areas of community assistance, education, transportation or parking).

Currently, SFR is the operator managing the largest number of public initiative networks, with a market share of over 50%.

In 2013, it contributed to the development of very high-speed local networks by signing various cooperative agreements, specifically with the urban communities of Greater Lyon and Marseille Provence Métropole.

In addition, SFR has combined efforts with the Government, the urban community of the Lille Metropole and Orange by signing the first "France Very High-Speed" agreement to deploy the FTTH network throughout the entire area of the Lille Metropole.

2.5.5. 2013 Highlights, Responsibilities and Commitments

2.5.5.1. 2013 Highlights

- In January, SFR reduced the prices of its *Formules Carrées* and *Séries Red* contracts to provide the best market offerings.
- At the end of January, SFR launched 4G in the Paris-La Défense business district.
- In March, Suez Environnement and SFR Business Team signed a global strategic partnership to develop technology solutions for the city of tomorrow.
- In early July, SFR joined forces with European suppliers of business hosting solutions.
- Also in July, Bouygues Telecom and SFR entered into exclusive negotiations to share a portion of their mobile networks.
- In late August, SFR covered all of Paris with 4G.
- In September, SFR enhanced its SFR TV application: video on demand is now available on mobiles and tablets.
- In early October, SFR enhanced "the SFR Set-Top Box" with 1-Gbit/s VDSL and fiber technology.
- Also in October, SFR performed the first LTE-Advanced experiments in France.
- At the end of October, the urban community of the Lille Metropole and the operators Orange and SFR combined efforts to make the Lille metropolitan area a leading region for very high-speed networks.
- In November, SFR launched the SFR TV set-top box with Google Play.
- At the end of December, SFR had covered 40% of the population with 4G, in 1,200 towns and cities.
- Also in December, SFR and RATP launched 4G on Line A of the Paris RER.

2.5.5.2. Responsibility and Commitments

In order for the ongoing digital revolution to benefit everyone, regardless of their personal circumstances, SFR is committed to expanding the *Connexions Solidaires* program, co-created with Emmaüs Connect, into several French cities (Grenoble, Lyon, Marseille and Saint-Denis in 2013) to enable disadvantaged persons to stay connected by telephone and Internet. The operator is continuing its efforts to start and assist debate and discussion among local authorities, associations and startups, in the hope of enhancing initiatives taken and thinking on how to promote the digital city. A program of traveling public meetings took place in seven cities in France throughout 2013. It enhances the offering to customers who are deaf or hearing impaired by offering a data booster to allow them to access a customized service. SFR also renewed its call for "collaborative digital" projects by the SFR Foundation to support vulnerable population groups, and is continuing the SFR *Jeunes Talents Entrepreneurs Sociaux* (Young Talent, Social Entrepreneurs) program.

As the owner of its own network infrastructure and data centers, SFR brings individuals, businesses and local authorities tangible solutions that favor a "carbon-free" economy (home automation, cloud computing, telephone and video conferencing as well as Machine-to-Machine applications).

In 2013, the operator published the total greenhouse gas emissions for all its activities with an emission reduction plan focused on controlling the consumption of energy by technical equipment and on optimization of travel. More focused attention is being given to strategic sites (data centers), and a guide containing the "Ten Golden Rules for Software Architecture for Hosting Rooms" for these sites was widely distributed for this purpose.

SFR's cloud service allows its business and local government customers to benefit from this approach involving the management of energy costs, by limiting the number of servers and computer hardware they operate.

With the extremely rapid growth in data exchange, SFR remains committed to the security of its customers' data, particularly through the cloud it has developed, and by strengthening its solutions against spamming and phishing (a technique used by identity thieves to collect personal information and then present themselves as trustworthy sites). Through its authentication services, SFR monitors access to sensitive data. Located in France and subject to French law ("sovereign cloud"), its services afford complete protection and integrity for strategic data, secured from start to finish. Networks and data centers create an impermeable unit to guarantee the security of business data along the entire route.

In the area of healthcare, SFR closely monitors scientific works and the positions of healthcare authorities concerning radio frequencies, with a view to monitoring and transparency, and is continuing its efforts to inform its customers of usage precautions.

On November 28, 2012, SFR announced a reorganization plan to support its strategic development. In this context, its social partners provided opinions on the reorganization plan and on an agreement relating to employee assistance measures. These were compiled into a professional mobility plan (PMP), defining the methodology, guarantees for an internal mobility plan, and measures for a voluntary retirement plan. The PMP started on April 11 and closed on August 31, 2013. As a responsible employer, SFR has made commitments during the plan period for each volunteer worker to find a solution that meets his or her professional situation (please see Chapter 2, Section 3.1.3. of this document).

2.5.6. Regulatory Environment

The 2013 regulatory environment was marked by change.

In an opinion issued on March 11, 2013, the French Competition Authority defined the conditions for collaboration between mobile networks and called for the gradual and systematic elimination of domestic roaming, from which Free Mobile benefits.

In a decision dated March 14, 2013, Arcep authorized Bouygues Telecom to implement 4G in the 1800 MHz frequency starting October 1, 2013. SFR and Orange France also have the opportunity to request, at any time, that authorizations in the 1,800 MHz frequency be extended to 4G.

In a favorable opinion issued on April 26, 2013, the Committee of copper experts (an independent committee comprising various operators and equipment suppliers) authorized the introduction of VDSL2 by direct distribution on Orange France's copper wire local loop network.

In a decision dated July 5, 2013, the Constitutional Council declared the legal provisions of the French Post and Electronic Communications Code, which provides for Arcep's sanctioning authority against operators, to be a violation of the Constitution, and thus revoked these provisions. The government will propose a new legislative procedure consistent with the Constitution to the French Parliament in the first half of 2014.

In a decree dated December 3, 2013, the government specified the information to be given to consumers when subscribing to Internet access service in fixed-line environments, provided for operators to furnish educational information on the technical functioning of these services, and laid down a structure for the advertising of commercial offerings of Internet access providers.

2.5.7. Piracy

SFR is seeking the best solutions to the problems posed by piracy, ones that respect the rights and obligations of everyone. In particular, the operator applies the Hadopi law, which promotes the distribution and protection of creative works on the Internet. SFR has always sought to maximize development of its legal offering, and has made many innovations in the market to offer its customers a true alternative to piracy.

It set up a video rental platform for its ADSL customers, and in 2013 it entered into a partnership with Napster, a well-known music streaming service.

2.5.8. Competition

The domestic market shares for mobile services break down as follows: 35.2% for Orange France, 14.5% for Bouygues Telecom, 10.5% for Free and 12% for MVNOs and other operators, compared to 27.8% for SFR (sources: Arcep and operator publications).

At year-end 2013, the market shares for high-speed and very high-speed broadband broke down as follows: 40.6% for Orange France, 22.6% for Iliad, 8.1% for Bouygues Telecom and 7.6% for other Internet access providers, compared to 21.1% for SFR (sources: Arcep and operator publications).

2.5.9. Research and Development

In 2013, SFR's research and development efforts were based around the following three main concepts:

- quality of customer service (fixed-line and mobile);
- service platforms and user-friendly services; and
- the exploration of new telecommunications technologies in the areas of radio (4G, small-cell networks), high-speed access (fiber access technology simplifying the FTTdp customer connection, new VDSL2 typologies; and enhanced TV set-top box services), core network (NFV: platform virtualization, and SDN: network intelligence consolidation) and terminals, through studies and/or experiments carried out on pilot platforms.

2.6. Earnings from Discontinued Operations

2.6.1. Activision Blizzard

Activision Blizzard, the world's largest independent video game publisher, was formed in 2008 through the merger of two leading players in the field of interactive entertainment (Activision, Inc. and Blizzard Entertainment, Inc.). On July 26, 2013, Vivendi announced the sale of over 85% of its stake in Activision Blizzard for a total of $8.2 billion. The sale was completed on October 11, 2013. Following this operation, Vivendi still holds 83 million shares of Activision Blizzard, representing approximately 12% of its share capital.

2.6.2. Maroc Telecom

Maroc Telecom Group is the incumbent telecommunications operator in the Kingdom of Morocco. It holds equity interests in the operators in Mauritania (Mauritel), Burkina Faso (Onatel), Gabon (Gabon Télécom) and Mali (Sotelma). It operates in fixed-line telephony, mobile telephony and Internet. On November 4, 2013, Vivendi signed a final agreement with Etisalat, with which exclusive negotiations had been launched on July 22, 2013 for the sale of its 53% Interest in the Maroc Telecom Group. This transaction is expected to close shortly. For further information on this transaction, please see Note 7.2 of the Financial Report in Chapter 4.

2.7. Seasonality of Group Businesses

The business activities of Vivendi subsidiaries are generally seasonal in nature. As a result, a greater volume of sales is generated in the last quarter, especially during the holiday season at the end of the year. This is the case with Canal+ Group, Universal Music Group and SFR (in a number of countries). For Canal+ Group, there is also a seasonal factor in the broadcasting of international or local sporting events. The Africa Cup of Nations, for example, can influence the number of sales, especially for no-commitment subscriptions.

A particular feature of GVT in Brazil is that, while subscription contracts in the form of monthly plans represent 76% of its revenues, the remaining 24% corresponds to actual consumption, which is billed per minute of use, and on-demand services, which increase during the holiday seasons and in summer.

To manage seasonal fluctuations, products are launched throughout the year (films, albums, new packages and attractive services). In addition, the subscription-based business model generates more regular income, spread out over each month of the year, allowing Vivendi's subsidiaries to maintain good visibility in relation to their revenue projections.

2.8. Raw Materials Used in the Group Businesses

The main raw materials used by Vivendi subsidiaries are:

- paper for packaging of products at Canal+ Group, Universal Music Group and SFR;
- polycarbonate for CD or DVD production at Canal+ Group and Universal Music Group;
- copper for cable-laying at GVT and SFR;
- polymers derived from petroleum for the installation of fiber optics at GVT and SFR; and
- steel for the construction of pylons at SFR.

Paper, polycarbonate and plastics do not experience price variations that may have a significant impact on the activities of companies that use them.

Copper, polymers derived from petroleum and steel used by our subsidiaries do not represent a large enough cost to have a significant impact on their activities.

The business activities of Vivendi's subsidiaries are not generally dependent on any raw material suppliers.

SECTION 3 Litigation

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

As of December 31, 2013, provisions recorded by Vivendi for all claims and litigations amounted to €1,379 million, compared to €1,357 million as of December 31, 2012. Vivendi does not disclose details regarding these provisions (save for some exceptions), as it believes that any such disclosure could seriously harm its position.

To the Company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature, including, to the Company's knowledge, any pending or threatened proceedings in which it is a defendant, which may have or have had in the previous twelve months a significant impact on the Company's and on its group's financial position, profit, business and property, other than those described herein.

Vivendi Litigation

Securities Class Action in the United States

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

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

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

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

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action.

The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

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

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

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

On July 5, 2012, the Court denied a request by the plaintiffs to expand the class to nationalities other than those covered by the certification decision dated March 22, 2007.

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims are currently being processed and verified by an independent claims administrator and by the parties. Vivendi will then have the right to challenge the merits of these claims. At the end of this process, which should be completed during the first half of 2014, the judge will be able to determine the total amount of damages and enter a final judgment, thereby enabling Vivendi to commence its appeal. Moreover, in connection with the Halliburton case under review by the Supreme Court of the United States, Vivendi filed an *amicus curiae* brief. This case addresses the conditions under which class actions are certified in the United States.

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

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

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

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009. The judge granted Liberty Media's request that they be permitted to avail themselves of the verdict rendered by the securities class action jury with respect to Vivendi's liability (theory of "collateral estoppel").

The Liberty Media jury returned its verdict on June 25, 2012. It found Vivendi liable to Liberty Media for making certain false or misleading statements and for breaching several representations and warranties contained in the parties' agreement and awarded damages to Liberty Media in the amount of €765 million. Vivendi filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year U.S. Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €945 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013.

On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments. On March 13, 2013, Vivendi filed a motion in the Second Circuit Court of Appeals requesting that the Court stay the Liberty Media appeal until the Class Action judgment is entered so that the two appeals can be heard simultaneously. On April 4, 2013, the Court of Appeals issued an Order granting Vivendi's motion, agreeing to hear the Liberty Media case together with the Class Action. The appeal in the Liberty Media case is stayed until Vivendi can appeal from the Class Action final judgment.

On the basis of the verdict rendered on June 25, 2012, and the entry of the final judgment by the Court, Vivendi maintained as of December 31, 2013, the provision in the amount of €945 million recorded as of December 31, 2012.

Trial of Vivendi's Former Officers in Paris

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a 10-month suspended prison sentence and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. In the course of the trial, a number of civil parties have submitted an application to the Paris Court of Appeal for a priority preliminary ruling on constitutionality. The application concerned the impossibility, for a civil party, to appeal a decision by a first instance court to drop charges. Since the same question is currently pending before the Constitutional Council, the Court of Appeal has stayed the proceedings with regard to the issues relating to the dropped charges, and heard oral arguments on these issues on April 8 and 9, 2014. The Court will rule on these and the other issues in a single judgment on May 19, 2014.

LBBW and al. against Vivendi

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Then on April 5 and on April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho and the other by six German and British institutional investors. Finally, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi on the same basis. The cases are currently in the pretrial stage.

California State Teachers Retirement System and al. against Vivendi and Jean-Marie Messier

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi and Jean-Marie Messier before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi and its former leader, between 2000 and 2002. On September 6, 2012, 24 new plaintiffs joined these proceedings; however, in November 2012, two plaintiffs withdrew from the proceedings. The case is currently in the pretrial stage.

Actions against Activision Blizzard, Inc., its Board of Directors, and Vivendi

In August 2013, a derivative action was initiated in the Los Angeles Superior Court by an individual shareholder against Activision Blizzard, Inc. ("Activision Blizzard" or the "Company"), all of the members of its Board of Directors and against Vivendi. The plaintiff alleges that Activision Blizzard's Board of Directors and Vivendi breached their fiduciary duties by approving the divestment of Vivendi's share ownership in the Company. The plaintiff, Todd Miller, claims that the transaction would not only be disadvantageous to Activision Blizzard but that it would also confer a disproportionate advantage to a group of investors led by Robert Kotick and Brian Kelly, the Company's Chief Executive Officer and Co-Chairman of the Board, respectively, and that those breaches of fiduciary duty were aided and abetted by Vivendi.

On September 11, 2013, a second derivative action based on essentially the same allegations was initiated in the Delaware Court of Chancery by another minority shareholder of Activision Blizzard, Anthony Pacchia.

On the same day, another minority shareholder, Douglas Hayes, initiated a similar action and also requested that the closing of the sale transaction be enjoined pending approval of the transaction by Activision Blizzard's shareholders. On September 18, 2013, the Delaware Court of Chancery granted the motion enjoining the closing of the transaction. However, on October 10, 2013, the Delaware Supreme Court overturned this decision, allowing for the completion of the transaction. The case will proceed on the merits.

On November 2, 2013, the Delaware Court of Chancery consolidated the Pacchia and Hayes actions into a single action entitled *In Re Activision Blizzard Inc. Securities Litigation*. On March 14, 2014, a similar new action was initiated in the Delaware Court of Chancery by a minority shareholder, Mark Benston.

Vivendi Deutschland against FIG

Further to a claim filed by CGIS BIM (a former subsidiary of Vivendi) against FIG to obtain the release of part of a payment remaining due pursuant to a buildings sale contract, FIG obtained, on May 29, 2008, the annulment of the sale following a judgment of the Berlin Court of Appeal, which overruled a judgment rendered by the Berlin High Court. CGIS BIM was ordered to repurchase the buildings and to pay damages. Vivendi delivered a guarantee so as to pursue settlement negotiations. As no settlement was reached, on September 3, 2008, CGIS BIM challenged the validity of the reasoning of the judgment. On April 23, 2009, the Regional Berlin Court issued a decision setting aside the judgment of the Berlin Court of Appeal dated May 29, 2008. On June 12, 2009, FIG appealed that decision. On December 16, 2010, the Berlin Court of Appeal rejected FIG's appeal and confirmed the decision of the Regional Berlin Court in April 2009, which decided in CGISBIM's favor and confirmed the invalidity of the reasoning of the judgment and therefore overruled the order for CGIS BIM to repurchase the building and pay damages and interest. This decision is now final. In parallel, FIG filed a second claim for additional damages in the Berlin Regional Court which was served on CGIS BIM on March 3, 2009. On June 19, 2013, the Berlin Regional Court ordered CGIS BIM to pay FIG the sum of €3.9 million together with interest from February 27, 2009. CGIS BIM has appealed this decision.

Lagardère against Vivendi, Canal+ Group, and Canal+ France

On February 12, 2013, Lagardère Holding TV, a 20% shareholder of Canal+ France, and Mr. Dominique D'Hinnin and Mr. Philippe Robert, members of the Supervisory Board of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. The Lagardère Group is seeking nullification of the cash management agreement entered into between Canal+ France and Canal+ Group on the grounds that it constitutes a related party agreement and hence, is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France under the agreement. The parties have agreed to the appointment of a mediator to help find an amicable solution to the dispute between them. On June 10, 2013, the Paris Commercial Court appointed Mr. René Ricol as the mediator. Following the mediation process, which ended on October 14, 2013, the different parties entered into a settlement agreement dated November 5, 2013, which put an end to the disputes between them.

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

On August 20, 2007, the International Center for Settlement of Investment Disputes ("ICSID") issued an arbitration award in favor of Vivendi and Compañia de Aguas de Aconquija ("CAA"), its Argentinian subsidiary, relating to a dispute that arose in 1996 regarding the water concession it held between 1995 and 1997, in the Argentinian Province of Tucuman. The arbitration award held that the actions of the provincial authorities had infringed the rights of Vivendi and its subsidiary, and were in breach of the provisions of the Franco-Argentine Bilateral Investment Protection Treaty. The arbitration tribunal awarded Vivendi and its subsidiary damages of USD 105 million plus interest and costs.

On December 13, 2007, the Argentinian Government filed an application to vacate the arbitration award on the basis, among others, of an alleged conflict of interest regarding one of the arbitrators. The ICSID appointed an ad hoc committee to rule on this application.

On August 10, 2010, the ICSID rejected the Argentinian Government's application and the award of August 20, 2007 became final.

On October 10, 2013, Vivendi and CAA entered into a settlement agreement with the Argentine government which terminated their dispute.

Claim by Centenary Holdings III Ltd.

Centenary Holdings III Ltd. (CH III), a former Seagram subsidiary, divested in January 2004, was placed into liquidation in July 2005. On January 9, 2009, the liquidator of CH III sued a number of its former directors, former auditors and Vivendi. The liquidator, acting on behalf of CH III's creditors, alleges that the defendants breached their fiduciary duties.

On September 30, 2010, Vivendi and one of the former directors of CH III settled with the liquidator. This settlement put an end to the legal proceedings brought against them and assigned to Vivendi all claims filed on behalf of the creditors.

Vivendi, based on the rights of CH III obtained in the settlement, sued Stephen Bloch, a former director of CH III, and Murray Richards, the purchaser of CH III. The trial took place from June 12 through June 27, 2013, and on October 9, 2013, the High Court in London ruled in favor of Vivendi. On October 25, 2013, Court entered a judgment requiring the defendants to pay the sum of £9,666,437.

Vivendi's Complaint against Orange before the European Commission for Abuse of a Dominant Position

On March 2, 2009, Vivendi and Free jointly filed a complaint against Orange before the European Commission (the "Commission"), for abuse of a dominant position. Vivendi and Free allege that Orange imposes excessive tariffs on offers for access to its fixed network and on telephone subscriptions. In July 2009, Bouygues Telecom joined in this complaint. In a letter dated February 2, 2010, the Commission informed the parties of its intention to dismiss the complaint. On September 17, 2010, Vivendi filed an appeal before the Court of First Instance of the European Union in Luxemburg. On October 16, 2013, the Court denied Vivendi's appeal.

Telefonica against Vivendi in Brazil

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo). The company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of 15 million Brazilian reals (currently approximately €4.9 million) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. At the beginning of September 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012, which was confirmed on April 4, 2012 by the Court of Appeal.

On April 30, 2013, the Court dismissed Telefonica's claim for lack of sufficient and concrete evidence of Vivendi's responsibility for Telefonica's failing to acquire GVT. The Court notably highlighted the inherently risky nature of operations in the financial markets, of which Telefonica must have been aware. Moreover, the Court dismissed Vivendi's counterclaim for compensation for the damage it suffered as a result of the defamatory campaign carried out against it by Telefonica. On May 28, 2013, Telefonica appealed the Court's decision to the 5th Chamber of Private Law of the Court of Justice of the State of São Paulo.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the Company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations. The arbitral tribunal has been constituted and a hearing before the Bovespa Arbitration Chamber should be scheduled shortly. In parallel, on February 6, 2013, Dynamo filed an application with the 21st Federal Court of the capital of the State of Rio de Janeiro to compel CVM and Bovespa to provide the arbitral tribunal with confidential information relating to the acquisition of GVT by Vivendi. This was rejected on November 7, 2013 as the Court found that only the arbitral tribunal could make such an application. In late December, Dynamo requested that the arbitral tribunal submit an application for the confidential information from the judge.

Hedging-Griffo against Vivendi

On September 4, 2012, the Hedging-Griffo funds filed a complaint against Vivendi before the Arbitration Chamber of the Bovespa (São Paulo Stock Exchange) seeking to obtain damages for losses they allegedly incurred due to the conditions under which Vivendi completed the acquisition of GVT in 2009. On December 16, 2013, the arbitral tribunal was constituted and the plaintiffs submitted their initial briefs. The Hedging-Griffo funds demanded compensation for the difference between the price at which they sold their GVT shares on the market and 125% of the price paid by Vivendi in connection with the tender offer for the GVT shares, pursuant to the "poison pill" provision in GVT's bylaws. Vivendi believes that the decision taken by the Hedging-Griffo funds to sell their GVT shares before the end of the stock market battle that opposed Vivendi against Telefonica was their own decision made in the context of their management of these funds and can in no way be attributable to Vivendi. It also denies any application of the bylaw provision mentioned above, as it was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica.

Litigation involving Vivendi subsidiaries

Free against SFR

On May 21, 2012, Free filed a complaint against SFR with the Paris Commercial Court. Free is challenging SFR's model of subsidizing mobile phone purchases through what Free calls "concealed" consumer loans and claims this constitutes an unfair and deceptive trade practice. On January 15, 2013, the Court dismissed Free's claims and ordered it to pay to SFR €300,000 in damages for defamation and €100,000 for costs. Free appealed this decision.

Orange against SFR

On August 10, 2011, Orange filed a claim against SFR before the Paris Commercial Court. Orange asked the Court to compel SFR to stop the overflow traffic at the point of interconnection of their respective networks. On December 10, 2013, SFR was ordered to pay €22,133,512 to Orange. On January 10, 2014, SFR appealed this decision.

Complaint against Orange before the French Competition Authority

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

SFR against Orange

On April 24, 2012, SFR filed a complaint against Orange before the Paris Commercial Court for practices constituting an abuse of its dominant position in the secondary residence market. On February 12, 2014, the Paris Commercial Court ordered Orange to pay €51 million in damages.

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

Orange Réunion, Orange Mayotte and Outremer Télécom notified the French Competition Authority about alleged unfair price discrimination practices implemented by SRR. On September 16, 2009, the French Competition Authority imposed protective measures on SRR, pending its decision on the merits.

SRR was required to end price differences that exceed the costs borne by SRR based on the network called (off-net/on-net). The French Competition Authority found that SRR had not fully complied with the order it had imposed and, on January 24, 2012, ordered SRR to pay a fine of €2 million. With regard to the proceedings on the merits, on July 31, 2013, SRR signed a statement of no contest to grievances and a letter of commitments. Accordingly, the Deputy Reporter General will propose to the College of the French Competition Authority that the fine incurred by SRR be reduced.

Following the French Competition Authority's decision of September 16, 2009, Outremer Télécom sued SRR on June 17, 2013, before the Paris Commercial Court for damages it claims to have suffered as a result of SRR's practices. On November 13, 2013, the Court stayed the proceedings until the French Competition Authority issues its decision on the merits of the case.

Complaint of Bouygues Telecom against SFR and Orange in Connection with the Call Termination and Mobile Markets

Bouygues Telecom brought a claim before the French Competition Council against SFR and Orange for certain alleged unfair trading practices in the call termination and mobile markets ("price scissoring"). On May 15, 2009, the French Competition Authority (the "Authority") resolved to postpone its decision on the issue and remanded the case for further investigation. On December 13, 2010, SFR was heard on these allegations by the instructing magistrate. On August 18, 2011, SFR received a notification of grievances in which the Authority noted the existence of abusive price discrimination practices. On December 13, 2012, the Authority fined SFR €66 million. SFR has appealed this decision. The case was argued before the Paris Court of Appeal on February 20, 2014.

Following the decision of the French Competition Authority on December 13, 2012, Bouygues Telecom, OMEA and El Telecom (NRJ Mobile) brought a claim before the Paris Commercial Court against SFR for damages suffered. They are seeking damages of €623.6 million, €67.9 million and €28.6 million, respectively. SFR strongly disputes the validity and the amount, which Vivendi believes cannot, in any case, exceed €250 million in total, of these claims. Pending the decision of the Paris Court of Appeal, the mediation process underway in the Paris Commercial Court between Bouygues Telecom and SFR has been suspended.

UFC against SFR

On June 7, 2012, the French Federal Union of Consumers (UFC) filed a complaint against SFR before the Paris Court of First Instance (*Tribunal de Grande Instance de Paris*). It alleges that the general conditions of use of SFR's *La Carte* offering contain abusive clauses, which it is seeking to have removed.

CLCV against SFR and Others

On January 7, 2013, the French consumer protection association, CLCV (consumption, housing and quality of life) sued several French telecom operators, including SFR, before the Paris Tribunal of First Instance. It is seeking the removal of certain clauses that it considers abusive from subscription contracts.

Employee Litigation Arising from the Transfer of Customer Relations Centers in Toulouse, Lyon, and Poitiers

Following the transfer of the customer relations centers located in Toulouse and Lyon to the Company Infomobile, and the center in Poitiers to a subsidiary of the Bertelsmann Group, former employees of these sites filed complaints with the industrial tribunals (*Conseils de Prud'hommes*) of each of these cities, claiming unfair execution of their employment contracts and fraudulent breach of Article L. 1224-1 of the French Labor Code and the legal provisions relating to dismissal on economic grounds. The findings of the courts on this issue in 2013 were not consistent; the Court of Appeal of Toulouse sanctioned the SFR and Teleperformance groups in half of the cases while the courts of Poitiers and Lyon rendered judgments which were favorable to SFR. The cases are at different stages of the appeal process.

Disputes with Independent Distributors

SFR, like other companies that use an indirect distribution model, faces complaints by its distributors and, almost systematically, by its former distributors. These recurring disputes concern the abrupt termination of the contractual relationship, the abuse of economic dependence and/or requests for reclassification of a distributor as a commercial agent, and, more recently, applications for reclassification of a manager as a branch manager and reclassification of the employment contracts of the employees working at these points of sale as employment contracts with SFR. The French Court of Cassation rendered three judgments against SFR on the status of branch managers but the various Courts of Appeal have decided in favor of SFR. On the issue of abrupt termination of contractual relationships and the request for reclassification of employees of the distributor as employees of SFR, apart from a few rare exceptions the various courts have ruled in favor of SFR.

Parabole Réunion

In July 2007, the Group Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under fine, from allowing the broadcast by third parties of these channels or those replacement channels that have substituted these channels. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was again unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion. In the context of this dispute, various jurisdictions have taken the opportunity to recall that in the event of the loss of the TPS Foot channel, Canal+ Group must make available to Parabole Réunion a channel of similar attractiveness. Non-compliance with this order would result in a penalty. On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre (*Tribunal de grande instance de Nanterre*) seeking enforcement of this fine (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels. On April 9, 2013, the enforcement magistrate dismissed in part Parabole Réunion's claim and declared the rest inadmissible. He took care to recall that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion. Parabole Réunion filed an appeal against this judgment.

In parallel, on August 11, 2009, Parabole Réunion filed a complaint against Canal+ Group before the Paris Tribunal of First Instance, requesting that the Tribunal order Canal+ Group to make available a channel with a level of attractiveness similar to that of TPS Foot in 2006 and to pay damages.

On April 26, 2012, Parabole Réunion filed a complaint against Canal+ France, Canal+ Group and Canal+ Distribution before the Paris Tribunal of First Instance asking the Tribunal to acknowledge the failure of the companies of the Group to fulfill their contractual obligations to Parabole Réunion and their commitments to the Ministry of Economy.

These two actions have been consolidated into a single action.

Action brought by the French Competition Authority regarding Practices in the Pay-TV Sector

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleges that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other. Vivendi and Canal+ Group have each denied these allegations.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the Group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case.

Annulment of the Decision Authorizing the Acquisition of Direct 8, Direct Star, Direct Productions, Direct Digital, and Bolloré Intermédia

In November 2012 and January 2013, TF1 and M6 submitted to the French Council of State an action for annulment of the decisions taken by the French Competition Authority and the CSA (French authority for media networks) authorizing the acquisition by Canal+ Group of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia.

On December 23, 2013, the French Council of State annulled the French Competition Authority's decision with effect from July 1, 2014, and partially annulled the decision of the CSA. On January 15, 2014, the transaction was re-notified to the French Competition Authority.

On April 2, 2014, the French Competition Authority re-authorized, subject to a number of commitments, the acquisition by Canal+ Group of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia.

Canal+ Group against TF1, M6, and France Télévision

On December 9, 2013, Canal+ Group filed a complaint with the French Competition Authority against the practices of the TF1, M6 and France Télévision groups in the original French-language film market. Canal+ Group accused them of inserting pre-emption rights into co-production contracts, in such a way as to discourage competition.

Canal+ Group against TF1, and TMC Régie

On June 12, 2013, Group Canal+ SA and Canal+ Régie filed a complaint with the French Competition Authority against the practices of TF1 and TMC Régie in the television advertising market. Group Canal+ SA and Canal+ Régie accused them of cross-promotion, having a single advertising division and refusing to promote the D8 channel during its launch.

Complaints against Music Industry Majors in the United States

Several complaints have been filed before the Federal Courts in New York and California against Universal Music Group and the other music industry majors for alleged anti-competitive practices in the context of sales of CDs and Internet music downloads. These complaints have been consolidated before the Federal Court in New York. The motion to dismiss filed by the defendants was granted by the Federal Court, on October 9, 2008, but this decision was reversed by the Second Circuit Court of Appeals on January 13, 2010. The defendants filed a motion for rehearing which was denied. They filed a petition with the US Supreme Court which was rejected on January 10, 2011. The discovery process is underway. The Court has decided that the proceedings on class certification will be completed in the second half of 2014.

Complaints against UMG regarding Royalties for Digital Downloads

Since 2011, as has been the case with other music industry majors, several purported class action complaints have been filed against UMG by recording artists generally seeking additional royalties for on line sales of music downloads and master ringtones. UMG contests the merits of these actions.

Koninklijke Philips Electronics against UMG

On April 30, 2008, Koninklijke Philips Electronics filed suit against UMG in the District Court for the Southern District of New York claiming breach of contract and patent infringement in connection with a license to manufacture CDs. On March 1, 2013, a jury rendered an unfavorable verdict against UMG. On August 8, 2013, the parties entered into a settlement agreement that ended this dispute.

Actions Related to the ICMS Tax

GVT, like all other telecommunications operators, is party in several Brazilian States to various proceedings concerning the application of the "ICMS" tax (*Imposto Sober Circulação de Mercadorias e Prestação de Serviços*) is a tax on operations relating to the circulation of goods and the supply of transport, communication and electricity services.

GVT is notably a party to litigation in various Brazilian States concerning the application of the ICMS tax on voice telecommunication services. GVT argues that the ICMS tax should not apply to monthly plans. Of the 21 proceedings initiated by GVT, 19 have resulted in decisions favorable to GVT and 12 are no longer subject to appeal.

Actions Related to the FUST and FUNTTEL Taxes in Brazil

The Brazilian tax authorities argue that the assessment of the taxes known as "FUST" (*Fundo da Universalização dos Serviços de Telecomunicações*), a federal tax to promote the supply of telecommunications services throughout the whole Brazilian territory, including in areas that are not economically viable, and "FUNTTEL" (*Fundo para Desenvolvimento Tecnológioco das Telecomunicações*), a federal tax to finance technological investments in Brazilian telecommunications services, should be based on the Company's gross revenue without deduction for price reductions or interconnection expenses and other taxes, which would lead to part of that sum being subject to double taxation. GVT is challenging this interpretation and has secured a suspension of payment of the sums claimed by the tax authority from the federal judge.

Proceedings Brought against Telecommunications Operators in Brazil Regarding the Application of the PIS and COFINS taxes

Several proceedings were initiated against all the telecommunications operators in Brazil, including GVT, seeking to prevent invoices from being increased by taxes known as "PIS" (*Programa de Integração Social*) and "COFINS" (*Contribuição para Financiamento da Seguridade Social*), which are federal taxes that apply to revenue from the provision of telecommunications services. GVT believes that the arguments in its defense have a stronger basis than those of the historic operators insofar as GVT operates pursuant to a more flexible license that allows it to set its own tariffs.

SECTION 4 Risk factors

The Risks Committee regularly assesses potential risks that may impact the business activities of the Group and the adequacy of the procedures put in place to protect it against such risks. It informs the Supervisory Board's Audit Committee of its main conclusions and decisions.

Vivendi has undertaken a review of the risk factors likely to have a negative impact on its activities or results. It has not identified any significant risks outside those presented below.

For a summary of the work of the Risks Committee, please refer to Chapter 3, Section 3.8 of this Annual Report.

Legal Risks

Risks Associated with Regulations Applicable to the Group's Operations

In the ordinary course of its business, Vivendi must comply with laws and regulations that are complex, restrictive and evolving, particularly those governing the telecommunications and broadcasting sectors.

Substantial changes in the legislative environment, the application or interpretation of regulations by the French Competition Authority or by administrative, judicial or other authorities, particularly with respect to competition law, tax law, and sundry taxes, may result in Vivendi incurring additional costs or altering the products and services it offers, which may materially impact its business, financial position, results and development prospects.

In addition, certain operations of the Group are dependent upon obtaining or renewing licenses issued by regulatory authorities, both in France and outside France, specifically: in France, the *Autorité de Régulation des Communications Electroniques et des Postes* (Arcep, the French Telecommunications and Posts Regulator) and the *Conseil Supérieur de l'Audiovisuel* (CSA, the French Broadcasting Authority); and in Brazil, the *Agência Nacional de Telecomunicações* (Anatel, the National Telecommunications Agency). The process of obtaining or renewing these licenses can be long, complex and costly. Vivendi's ability to achieve its strategic objectives may be impaired if it is unable to obtain or retain in a timely manner the licenses required to conduct, continue or expand its operations. For a detailed description of the regulatory environment in which the Group operates, please refer to Section 2 of this chapter.

Litigation Risks

The Group is involved in, or likely to become involved in a number of lawsuits or investigations brought against it by subscribers, consumer associations, competitors, and shareholders or regulatory and tax authorities. If the Group fails to negotiate an amicable settlement in any of them, it may be ordered to pay damages and interest or financial penalties.

For a description of the main legal proceedings or investigations in which the Group is involved, please refer to Note 28 of the Appendix to the Consolidated Financial Statements (Chapter 4 of this Annual Report) and the "Litigation" section of this chapter.

Vivendi creates a provision for expenses that may result from proceedings whenever a risk is determined and is likely to materialize, and when the cost of such risk can be quantified or estimated within a reasonable margin. The occurrence of an ongoing event may result, at any time, in a reappraisal of the risk. With the exception of the main legal proceedings and investigations described in this section and in Note 28 to the Consolidated Financial Statements (Chapter 4 of this Annual Report), Vivendi considers it unlikely that current proceedings will have a material negative impact on the Group's financial position.

Risks Associated with Vivendi's Contractual Commitments

Vivendi and its subsidiaries have made a number of conditional commitments, the most important of which are described in Note 27 of the Appendix to the Consolidated Financial Statements for the year ended December 31, 2013. Some of these commitments are unlimited in their duration or amount. If Vivendi had to make a payment to satisfy one or more of these commitments, this may have a negative impact on its financial results and financial position.

Risks Associated with the Group's Operations

Risks Associated with Piracy and Counterfeiting

The development of computer and electronic equipment and the decline in its cost, as well as technological advances, facilitate the unauthorized reproduction of music and audiovisual works. At the same time, increased access to high-speed Internet connections has enabled, and continues to enable, computer, smartphone and tablet users to share such works more easily (and in greater number), without the copyright holder's authorization and without paying royalties.

Vivendi is dependent on the decisions of public or administrative authorities and their determination to find effective means to combat piracy. Persistent difficulties in passing and applying suitable legislation or in enforcing court rulings, particularly in certain regions of the world where piracy is endemic, constitute a threat to Vivendi's businesses, which depend heavily on the intellectual property rights owned by or licensed to the Group.

Section 2 of this chapter contains a detailed analysis of piracy issues and measures taken by each of the Group's business units to combat it.

Risks Associated with Infrastructure, Service Platforms and Data Protection

The infrastructure of some of the Group's operating units may be affected by damage or interruption to the service provided to customers or subscribers as a result of hardware or software failure, human error, service provider failure, equipment sabotage or hacking (physical or electronic) into operating systems or critical software, and this may have an impact on their business activities.

The security of infrastructures, information systems and service platforms is an ongoing concern at Vivendi, as is the safeguarding of access to, privacy, and protection of transmitted personal data.

Risks Associated with Intensified Commercial and Technical Competition

Vivendi's businesses face strong competition, which may intensify in the near future due to the trend towards industry concentration among existing companies, or the entry of new competitors in the relevant markets. Growing competition exerts considerable pressure on Vivendi, which may lead to a loss in market share if Vivendi is no longer able to supply quality products and services and innovative offerings at competitive prices.

In particular, Vivendi's development depends on its ability to adapt its offerings, products and services to the requirements of increasingly demanding customers, in increasingly innovative markets, and in industries distinguished by rapid technological developments. The need for Vivendi to respond to such requirements and advances, or even in some cases to anticipate them, may lead to the Group making substantial investment without any assurance that the new products, offerings and services it has developed will not become obsolete within a short period of time.

Risks Associated with the Lack of Commercial Success of Recorded Music, Films and Content Produced, Published or Distributed by the Group

The production and distribution of content represent a substantial proportion of Vivendi's revenues. Their commercial success is dependent upon the public's response, which may not always be predicted, and on the existence and success of competing offers and general economic circumstances.

Finally, when these operations are based on content provided by third parties, no assurance can be given that such third parties will always agree to transfer their rights for various communication media under financial and commercial terms acceptable to Vivendi.

Risks Associated with Operations Conducted in Various Countries

Vivendi conducts its business in various markets in over 70 countries. The main risks associated with conducting its business internationally are as follows:

- the local economic and political situation;
- exchange rate fluctuations;
- restrictions on capital repatriation;
- unexpected changes in the regulatory environment;
- the various tax systems, which may have an adverse effect on Vivendi's operating results or cash flow, and in particular regulations relating to transfer costs and the withholding tax on the repatriation of funds; and
- tariff barriers, customs duties, export controls and other trade barriers.

Vivendi may not be able to protect itself against such risks.

Potential Health Risks Posed by Networks, Mobile Phones or Wi-Fi Terminals

Over the past few years, concerns have been expressed on an international level as to the potential risks posed to human health by electromagnetic radiation from mobile phones and mobile transmission sites. Vivendi is in compliance with current regulations and is closely following the results of scientific studies concerning the health consequences of electromagnetic waves.

Vivendi is not currently aware of any tangible evidence that demonstrates the existence of health risks.

Nevertheless, the perception of such risks by the public may have a material negative impact on Vivendi's results or financial position.

Industrial Risks or Risks Associated with the Environment

The Group's operations do not pose any major industrial or environmental risks. This is because the Group's operations are, by their very nature, primarily non-manufacturing, and a large proportion of the Group's assets are intangible. However, the Group remains alert to any environmental damage that may arise or be discovered in the future, and has set up programs intended to ensure the application of regulations relating to this area (please refer to Section 2.8 "Raw Materials used in the Group Businesses" of this chapter).

Risks Associated with the Current Economic and Financial Situation

The economic crisis of recent years has resulted in a severe contraction in credit markets, a high level of volatility in stock markets and a reduction in growth forecasts. The unfavorable circumstances of the economic recession, in particular the reduction in consumers' purchasing power and level of confidence, could result in customers postponing or reducing their spending on the products and services offered by the Group or affect their ability to pay for them, which in turn may have a negative impact on Vivendi's revenues and results.

Each year, Vivendi conducts impairment tests on goodwill and assets with definite or indefinite lives, to assess whether their book value exceeds their recoverable value. Current economic circumstances may cause Vivendi to recognize impairment losses for such assets (please see Note 10 of the Appendix to the Consolidated Financial Statements - Chapter 4 of this Annual Report).

Market Risks

For a detailed analysis of market risks (interest rates, foreign exchange rates, market liquidity and stock prices), please refer to Note 24 of the Appendix to the Consolidated Financial Statements for the year ending December 31, 2013.

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Societal, Social and Environmental Information

SECTION 1 Corporate Social Responsibility (CSR) Policy

Vivendi has fully integrated its CSR policy into its strategy and its governance, as demonstrated by the specific criteria taken into account in the variable compensation of senior executives.

The Group's societal, social and environmental information allows its relevant stakeholders to better evaluate the Group's overall performance over the medium and long term.

1.1. CSR - A Source of Value Creation for Vivendi and its Stakeholders

1.1.1. Innovative Positioning

As a key player in the media sector, Vivendi differentiates itself through its approach and contribution to sustainable development: to meet the needs of present and future generations to communicate, to feed their curiosity, to foster talent development, and to encourage intercultural dialog. As a publisher and distributor of content, the Group has a human, intellectual and cultural influence on society.

As early as 2003, Vivendi has accordingly focused its societal responsibility on three strategic issues directly linked to the Group's activities:

- protecting and empowering young people when they use digital media;
- promoting cultural diversity in the production and distribution of content while fostering the creative process of artists; and
- promoting knowledge sharing by enabling as many customers as possible to access content offerings and communication services.

Protecting and Empowering Young People

The Internet, films, television programs, platforms and mobile phones are exposing young people to risks: the disclosure of personal data, excessive or inappropriate use, and access to sensitive content. Conversely, these digital tools can offer them vast opportunities for expression and discovery, and for employability once they are educated about use of media and information. It is Vivendi's responsibility to empower and protect these young generations in their use of digital media and cultural practices, so that they can express their creativity and their citizenship in an environment that respects their rights.

Promoting Cultural Diversity

The Group also aims to promote cultural diversity as an incentive for growth and a force for social cohesion. The Group thus shares the vision of UNESCO which, in its 2005 Convention on the Protection and Promotion of Diversity of Cultural Expressions, states that cultural diversity is "a mainspring of the sustainable development of communities, peoples and nations". Encouraging diversity in musical repertoires and cinematographic expression, promoting local talent and showcasing cultural heritage – these objectives are shared by all the Group's business units (please refer to Integrated reporting pilot project, p. 50).

Knowledge Sharing

The third issue faced by Vivendi in its societal responsibility is to promote the sharing of knowledge. Through its international positioning, the Group has a duty to guarantee quality and pluralism of content, to encourage dialog between cultures, to make the public aware of sustainable development issues, and to facilitate access to content offerings and new technologies.

1.1.2. Vivendi's Ten Priority Areas of Action

Vivendi pursues a CSR policy that links its economic, societal, social and environmental performance to its business activities and geographic presence.

The Group makes its commitments clearly visible to all its stakeholders: customers, employees, shareholders, suppliers, government, artists, and civil society as a whole. These commitments, which encompass the Group's three specific issues (please refer to Section 1.1.1), are developed in ten priority areas of action:

- Ethics and business conduct;
- Protecting and empowering young people;
- Promoting cultural diversity;
- Knowledge sharing;
- Protection of personal data;
- Adding value to content and innovation;
- Vigilance regarding suppliers;
- Territorial development;
- Leveraging human resources; and
- Environment and radiofrequencies.

These areas of action are presented in detail in the CSR section on the Vivendi website (www.vivendi.com). This section also includes all Vivendi's non-financial indicators for fiscal year 2013, as well as the cross-reference table for the various references (Global Reporting Initiative – GRI, French Grenelle II law, OECD, and United Nations Global Compact).

1.1.3. Creating Shared Value

Societal priorities are at the forefront of Vivendi's concerns and commitments. This position is enthusiastically supported by all its stakeholders, and give investors comfort in their investment choice. Vivendi's position is also recognized by institutions such as the European Parliament, which, on the initiative of the Culture Committee, heard Vivendi's views on the topic "Corporate social responsibility: an innovative way to create value for the cultural and creative sectors".

In 2013, Vivendi was once again ranked number one among European companies in the media sector by the non-financial rating agency Vigeo, which praised the performance of Vivendi's CSR policy. The Group continues to be included in the principal Socially Responsible Investment (SRI) indices: FTSE4Good Global (FTSE), the Ethibel Excellence investment index (Ethibel), the ECPI Ethical Indexes (E-capital Partners), the Eurozone ASPI index, and the NYSE Euronext Vigeo World 120, Europe 120 and France 20 (Vigeo) indexes. Vivendi is included in the Global 100 list of the world's most responsible companies, and is still ranked fourth out of all French companies, as announced, on January 22, 2014, at the opening of the World Economic Forum in Davos. Moreover, since 2011 the Group has had a "Corporate Responsibility Prime" ranking, awarded by the agency Oekom.

By including its three CSR strategic issues in the governance of the Group (please refer to Section 1.1.4), Vivendi is further enhancing its global performance through the societal value created by the Company.

Empowering young audiences in their use of digital media illustrates this ambition. Vivendi is bringing together business units that all belong to the digital and new technologies sector. These business units are directly aimed at customers, and among them, young customers. The Group's subsidiaries face the same changes in customer behavior: Internet access has become all-pervasive, with the younger generations using the Internet as a matter of course, and the number of connected devices is increasing. Content consumption modes are changing, with on-demand, interactive use and continuous streaming on different screens. To ensure the Company's continued success, the pace of technological and industry innovation has to be intensified through brainstorming and fuelled through new forms of societal innovation. As a result, the inclusion of youth protection and empowerment as part of the Company's strategy and governance allows Vivendi to meet the needs of its stakeholders (including government, civil society as a whole, investors and customers), while enabling the Group to prevent risks and seize opportunities in a rapidly changing digital environment. Thus, in 2013, Vigeo put Vivendi in 3rd place in its ranking of CAC 40 companies regarding their adherence to the "Children's Rights and Business Principles". These Principles were launched in 2012 by the United Nations Global Compact, UNICEF, and the NGO Save the Children.

1.1.4. An Integrated Reporting Approach

Driven by the desire to better assess the contribution made by CSR to the results obtained by the Group in the performance of its various missions, Vivendi has introduced an integrated reporting approach.

Since 2003, the promotion of cultural diversity in content production and distribution has been recognized as one of the strategic issues of the Group; it forms part of the Group's economic performance and helps reinforce social cohesion. In 2013, Vivendi's General Management approved a pilot project aimed at measuring the contribution made by investment in diversity of musical, cinematographic and audiovisual content to the creation of societal and financial value.

As a first step, this project is limited in scope to Universal Music France, Canal+ in France, and Studiocanal, and confined specifically to cultural or intangible capital. Under the authority of Vivendi's General Management, this initiative has involved the departments in charge of finance and strategy of these three subsidiaries along with representatives of investors and analysts (Amundi, Groupama AM and Oddo Securities).

This exercise has clearly demonstrated that producing richly diverse cultural content satisfies the public interest (societal value) and gives the Group a competitive edge over its competitors (financial value) (please refer to the following page).

INTEGRATED REPORTING PILOT PROJECT

Intangible cultural capital: the impact of the Group's investment in diversity of content on value creation

As Vivendi plans to focus on its media and content activities, and considering the growing demand from the Group's different stakeholders to better understand its overall performance, the General Management has launched an integrated reporting pilot project to illustrate how promoting cultural diversity, one of the strategic issues of Vivendi's CSR policy, creates societal and financial value while preventing risks and opening up opportunities to win markets.

The Challenge

Vivendi exerts a human, cultural and intellectual influence on the lives of millions of customers and citizens worldwide due to the activities of the Universal Music Group, the world leader in music; the Canal+ Group, the leading French media company also active in French-speaking Africa as well as Poland and Vietnam, and its subsidiary Studiocanal, which is a leading European player in the production, acquisition, and international distribution and sales of films and TV series. Vivendi has a societal responsibility to satisfy the curiosity and varied tastes of its audiences on all continents, to help these audiences achieve their full potential, and to provide the necessary conditions for them to become open to the world and exercise their critical judgment.

In addition, cultural diversity is at the heart of Vivendi's businesses: music, television and film. Providing rich, original content; signing new artists in all categories; avoiding creative talent drain; meeting the expectations of our subscribers; making our platform attractive in a digital environment that disrupts the well-established practices – these are the goals being pursued by our businesses as they strive to preserve their leading position in their respective markets (please refer to diagram below).

The Approach

Vivendi decided to take a pragmatic approach to this pilot project and to implement it initially on a limited basis at Universal Music France, Canal+ in France, and Studiocanal. Led by Vivendi's Corporate Social Responsibility (CSR) Department, this initiative brought together the managers in charge of Finance and Strategy of these three entities of the Group and analysts representing investors (Amundi, Groupama AM, and Oddo Securities). Indicators establishing the link between investments in diversity of content and returns were chosen (please refer below). The materiality of these indicators was then submitted to analysts for review.

The chief financial officers of Vivendi's businesses have welcomed and given their full support to this approach and the analysts whose views were sought believe it to be innovative, scalable and fully integrated into the strategy of a key player in the media sector.

The aim is to enhance the value of the pilot project by 2015 through monitoring indicators and widening the scope of the project to include other CSR issues, after consultation with the Group's main stakeholders.

Contribution to value creation of investment in diversity of content (2013 figures)

CSR Issue

- To promote cultural diversity in the content offering
- To invest in new talent and sign new artists
- To promote cultural heritage by exploiting an exceptional catalog of content

Societal Value

- To promote our audience's participation in cultural life, a source of personal fulfillment
- To enable increased access to knowledge and entertainment
- To enhance mutual understanding and social ties

Financial Value

- Growth in revenues
- Improved profitability
- Greater exposure of the brands
- Value creation

UNIVERSAL MUSIC FRANCE (excluding Publishing)

- Investment devoted to marketing new talent as a percentage of total investment: 21%
- Percentage of revenue earned by new talent: 10%
- Percentage of digital revenue and physical revenue earned by the catalog (works marketed for more than two years)
  - → Weight of physical catalog: 20.3%
  - → Weight of digital catalog: 44.7%
- Number of new artists signed: 49
- Portion of revenue earned by each musical genre (local, international, classical and jazz, and compilations)
  - → Local revenue: 53%
  - → International revenue: 26%
  - → Classical and jazz revenue: 8%
  - → Compilation revenue: 13%

Source : UMF

For Universal Music France, investing in diverse musical genres increases the market shares of its different labels; promoting the catalog stimulates digital and physical sales; and attracting new signatures of confirmed artists or of new talent provides a rich pool of artistic talent able to contribute to the Company's sustainable performance.

CANAL + GROUP

CANAL+ AND CANALSAT

- Survey results of Canal+ subscribers:
  - → "Canal+ is a truly original network, different from the others": 77% agree
  - → "Canal+ is a network that discovers and showcases new talent": 70% agree
  - → "The films aired by the network are of varied genres": 90% agree
- Survey results of Canalsat subscribers:
  - → "Canalsat opens me up to the world and benefits me": 74% agree

Source: Canal+ and Canalsat subscriber poll, 2013

STUDIOCANAL

- Investment in European cinematographic works as an absolute value and as a percentage: €129 million out of €181 million, or 71%.

Source : Studiocanal

The figures for Canal+ and Canalsat show the direct link between a diversified original program offering and subscriber satisfaction. The investments by Studiocanal in European cinematographic works make it possible to develop an offering able to complement the offerings of the US major film studios on the international market and to achieve an above-average return compared to its competitors.

1.2. Integrating CSR into the Group's Governance and Strategy

1.2.1. Cross-Mobilization

In accordance with its internal rules, the Supervisory Board has entrusted the Strategy Committee with the task of examining the Group's corporate social responsibility policy on an annual basis.

The CSR department defines strategic guidelines and manages transversal tasks:

- in conjunction with the Investor Relations department, the CSR department organizes road shows for investors on the Group's CSR;
- it maps the risks relating to CSR, working together with the Audit department, which, in 2013, introduced CSR into the Committee of Sponsoring Organisation of the Tradeway Commission (COSO) questionnaire;
- it contributes to the Group's personal data policy and helps communicate the Compliance Program to the rest of the Group in conjunction with the Legal department;
- it assists in defining the CSR criteria included in the variable compensation of senior executives in conjunction with the Human Resources department; and
- it conducts constructive and sustained exchanges with the functional departments of the subsidiaries (CSR, Legal, Finance, Human Resources) within the Group to implement the CSR policy.

Since 2003, the CSR department has convened a committee consisting of representatives of the subsidiaries and representatives of several of the functional departments at corporate headquarters (Legal, Finance, Audit and Human Resources). Every CSR Committee meeting provides an opportunity to invite experts, representatives of the civil society or of national and European institutions to discuss topics within the Group's ten priority areas of action (please refer to Section 1.1.2, p. 48).

In 2013, topics covered included:

- "Young web users and the digital lifestyle: the issue of personal data";
- "Reporting references for non-financial data (GRI media sector supplement, French Grenelle II law, United Nations Global Compact, OECD, ISO 26000)";
- "Responsibility of the Company with respect to its suppliers"; and
- "Information and communications technologies (ICT) energy consumptions".

1.2.2. CSR Criteria integrated into Senior Executives' Variable Compensation

At the Shareholders' Meeting held on April 30, 2009, the Chairman of Vivendi's Supervisory Board announced that, starting in 2010, CSR objectives would be incorporated into the variable compensation of the Group's senior executives. Vivendi was one of the first CAC 40 companies to adopt this policy.

In its 2013 report on corporate governance and on the compensation of senior executives of listed companies, the French Autorité des marchés financiers cited Vivendi as one of the ten CAC 40 companies making a portion of variable compensation of executives contingent on achieving qualitative criteria linked to the Company's CSR.

For Vivendi's senior executives, this means measuring their contribution to performance objectives linked to the three CSR strategic issues, which are common to all the subsidiaries and directly related to their business (please refer to Section 1.1.1, p. 48). The Supervisory Board has asked that the criteria defined for each business unit be related to their particular know-how and their positioning. The indicators they are associated with must be relevant, measurable, and verifiable by an independent specialized outside firm. These objectives were established by each subsidiary in coordination with the Vivendi CSR department and the Human Resources department, and are included in the overall assessment of senior executive performance.

The non-financial rating agency Vigeo assists the Group in this process. Vigeo confirms the relevance of the selected criteria and the associated indicators, and then issues an opinion on the results obtained by the subsidiaries compared with their initial objectives. The Human Resources Committee within the Supervisory Board assesses the performance of senior executives against each CSR criterion and calculates the corresponding bonus. In 2013, all objectives were reached or even exceeded in all the Group's companies. The portion of compensation related to these objectives can reach 10%. The objectives in question applied to 1,368 executives in Vivendi's subsidiaries and headquarters.

The following are a few examples of objectives related to each strategic CSR issue:

- protecting and empowering young people: GVT's development of Internet education programs and the provision of parental control tools; and expansion by SFR of the access control service to all set-top boxes;
- promoting cultural diversity: pre-purchase by Canal+ of a number of low-budget or debut European films; the ambition of the channel to promote gender equality on air; GVT's initiatives aimed at raising the profile of local artists by broadcasting their music; and Universal Music Group's support for local talent in emerging countries; and
- knowledge sharing: initiatives taken by SFR to facilitate access to products and services for disabled or low-income persons; Maroc Telecom Group's initiatives aimed at providing mobile phones to numerous remote areas in the countries of its African subsidiaries; and the contribution made by Canal+ to showcasing cinema heritage by restoring and digitizing major films that have become inaccessible.

1.2.3. Non-Financial Reporting as a Management Tool

Vivendi's non-financial reporting is a management tool used by the Group to improve its risk management and to capitalize on opportunities. By defining the formal scope of responsibility of the media sector and cultural industries, Vivendi has created an innovative non-financial reporting system that clearly indicates the positioning, opportunities and risks for the Group to its stakeholders.

In the Vivendi "Communication on Progress" report, prepared every year as part of its adherence to the Global Compact in 2008, Vivendi reports on its implementation of the ten principles within its sphere of influence, and in particular provides clear information on the first objective, which relates to human rights. In this report, the Group presents all the CSR initiatives to which it is committed (including diversity of cultural expression, local capacity for content production, access to information and communications technologie, promotion of heritage and protection of young people).

In 2009, the Global Reporting Initiative (GRI) invited Vivendi to become a founding member of an international working group responsible for devising quantitative and qualitative sector indicators for the media industry. In May 2012, this work resulted in the publication of a "sector supplement" following GRI's reporting guidelines. This is a significant advance in the reporting process for the media sector. Several topics are included: freedom of expression, editorial independence, the representation of cultures, protection of personal data, accessibility, taking into account the protection of young audiences, responsible marketing and media education.

Vivendi adopted the same innovative approach when implementing the French Grenelle II law, by fitting societal information into themes that are specific to the content industries sector.

Thus the three strategic issues on which Vivendi has focused its CSR policy (please refer to Section 1.1.1. p. 48), and for which it has been gathering data since 2004, are related to human rights. These issues are therefore included in the scope of the "other actions taken to promote human rights" (mentioned in the French Grenelle II law):

- protecting and empowering young people is provided for under the 1989 United Nations Convention on the Rights of the Child (Art. 27) and the "Children's rights and Business Principles" established by the United Nations Global Compact, UNICEF and the NGO Save the Children (March 2012);
- promoting cultural diversity refers to the 1948 Universal Declaration of Human Rights (Art. 27), to UNESCO's 2001 Universal Declaration on Cultural Diversity (Art. 5) and UNESCO's 2005 Convention on the Protection and Promotion of Diversity of Cultural Expressions (Art. 2); and
- knowledge-sharing contributes fully to the exercise of human rights, as stated in the European Union's Charter of Fundamental Rights (2000) in Article 11, relating to freedom of expression and information, and by the United Nations in their Millennium Development Goals (2000-2015).

The Protocol for reporting environmental, social, and societal data on Vivendi Group companies is annually updated leading to exchanges with the subsidiaries. The Protocol enables Vivendi to meet the requirements of Article 225 of the French Grenelle II law and includes the media sector supplement of the GRI, to which Vivendi actively contributed. A Steering Committee made up of members of the General Management and functional departments (Legal, Human Resources, and CSR) regularly evaluates reporting improvements within the Group (please refer to Integrated reporting pilot project, p. 50).

The Statutory Auditors assessed the relevance and materiality of all non-financial information identified and defined in Vivendi's Reporting Protocol. For fiscal year 2013, one-third of this data is presented in this chapter of the Annual Report, and as such, was audited by Ernst & Young.

In the media and cultural industries sector, Vivendi has pioneered the reporting and verification of indicators directly related to its activities.

1.2.4. Dialog with all the Group's Stakeholders

The Group maintains regular and constructive dialog with all its stakeholders: with the academic world (New York University, Université Sorbonne Nouvelle and ESSEC), with institutions (including the Ministry of Culture, Ministry of Women's Rights, French Data Protection Authority (CNIL), French Defender of Rights, French Broadcasting Authority (CSA), EU Commission, EU Parliament, UNESCO and the United Nations Alliance of Civilizations), with associations and professional organizations (including the French Society of Financial Analysts, French Institute of Administrators, French Study Center For Corporate Social Responsibility - ORSE, Laboratoire de l'Égalité, Enjeux e-médias, Convergences Forum and the TRANSLIT Network of European Researchers on Media Education). The Group also meets with the financial and non-financial communities, as well as with individual shareholders. The labor unions have been made aware of this policy of societal responsibility in their annual training program.

As think tanks and public dialog are sources of ideas and new suggestions, Vivendi remains sensitive to any concerns of its counterparts. Vivendi has launched a webradio program Vivoice, and added a new section "De Facto" to its website "Culture(s) with Vivendi" (www.cultureswithvivendi.com).

In February 2013, Vivoice was launched on the occasion of Safer Internet Day, a day dedicated to enlisting support in Europe for the promotion of a safer digital environment for young web-users. During the year, nearly fifty guests participated in eleven web radio broadcasts. They shared their thoughts on strategic CSR topics for Vivendi, including the financing of artistic creation in the digital era, the opinions of young people on their Internet use, online reputation, CSR integration by investors, the influence of the Canal+ documentary policy, the promotion of cultural diversity and the support of artists within Universal Music. Social networks, which were highly active during these shows, are making it possible for personal accounts to reach the Company's different audiences.

Launched in 2012, the website "Culture(s) with Vivendi" is aimed at providing a concrete illustration of the role played by the cultural industries and the media sector in stimulating economic growth, reinforcing social cohesion and promoting innovation.

In 2013, the new "De Facto" section on the website promotes culture as a pillar of sustainable development, using facts and figures, testimonials and studies. This is a special forum for anyone wishing to demonstrate the link between culture, human development, openness towards others, access to knowledge and the fight against poverty. As a resource center, this section is especially concerned with gathering arguments in favor of integrating culture into the new global strategy for sustainable development and into the Next Millennium Goals, to be adopted for 2015-2030.

This dialog with stakeholders is also an opportunity to anticipate societal changes that will impact the Group's overall performance.

The year 2013 featured two particular events to which Vivendi actively contributed as a partner:

- the international symposium on challenges facing media and information education.

  At a time when many players in the world of politics, the economy, the social realm and the voluntary sector are discussing the challenges of the digital revolution in schools, members of the ANR TRANSLIT project (convergence between media literacy, information education and information technology (IT)), in partnership with the European network COST [(1)] "Transforming Audiences / Transforming Societies" and the Université Sorbonne Nouvelle, held an international symposium to which Vivendi contributed. More than forty researchers analyzed the scope of media and information education, the contribution made by public and private players, the new reality of IT and emerging trends. The symposium received the special support of the UNESCO-UNITWIN Chair [(2)] "Forwardance in sustainable digital development", with whose work Vivendi is associated. In 2014, following these workshops, suggestions for action involving companies in the media sector will be discussed;

- the major national conference devoted to the theme: "Combating stereotypes to build a culture of equality between men and women".

  During the conference, which was a major event held in Paris at the Salon de L'Éducation, Vivendi and the Laboratoire de l'égalité presented the initial results of a joint study. This study, entitled "Women in music and cinema in Europe", was based on interviews with male and female artists. Promoting the place of women in European cinema and music meets the need of society for cohesion, and helps to create economic value. This was Vivendi's motivation in proposing a partnership to the Laboratoire de l'égalité – to bring together the Laboratoire's network of researchers and members of the Group's professional network: senior executives and employees of Universal Music and Canal+ Group as well as artists and actors in the value chain of the cultural and creative industries.

  This initiative has three objectives: encouraging artists to provide their opinion and suggestions for promoting gender equality in the cultural sector, raising awareness of the Group's different stakeholders on this societal challenge and presenting tangible courses of action to be taken with decision-makers. The initiative has been praised by numerous artists, associations and national and European institutions.

NOTES AND LEGENDS APPLICABLE TO ALL INDICATORS PRESENTED IN SECTIONS 2, 3 AND 4.

- Societal, social and environmental indicators are presented in accordance with the requirements and structure of the French Grenelle II law.
- Unless otherwise stated, information is presented as consolidated data as of December 31, 2013.
- Cross-referencing with the principal reporting references is provided for each indicator. Accordingly, under the title of each indicator the following references are given:
  - "GRI": the guidelines of the Global Reporting Initiative (G3.1 version), plus the Media Sector Supplement (MSS) and the Telecom Sector Supplement (TSS);
  - "UNGC": the principles of the United Nations Global Compact; and
  - "OECD": the OECD Guidelines for Multinational Enterprises.

  The complete table of cross-references to the GRI guidelines is also available in the CSR section of Vivendi's website, where the ten CSR priority areas of action of the Group are also listed.
- For 2013 and 2012, the data is published in a consolidated format.
  Following the disposal in October 2013 of 88% of Vivendi's holdings in Activision Blizzard, 2013 non-financial data does not include Activision Blizzard information. The 2012 data was therefore restated for the purposes of the pro forma analysis. Information from the Maroc Telecom Group is included in the 2012 and 2013 non-financial data.
  2013 data is broken down by subsidiary for certain indicators:
  - "C+G": Canal+ Group;
  - "UMG": Universal Music Group;
  - "GVT": GVT;
  - "SFR": SFR;
  - "MTG": Maroc Telecom Group, which includes Maroc Telecom ("MT") and its sub-Saharan subsidiaries (Onatel in Burkina Faso, Sotelma in Mali, Mauritel in Mauritania and Gabon Telecom in Gabon);
  - "Corporate": Vivendi SA (for a number of social and environmental indicators); and
  - "Other": data from Wengo, Digitick or other entities such as Vivendi Mobile Entertainment (VME) (for a number of social indicators).

  The charts illustrating a number of indicators relate to 2013 data.
- "-": data not applicable or not available

(1) European Cooperation in Science and Technology (COST): an inter-governmental organization now comprising 36 member states.

(2) The UNESCO-UNITWIN Chairs (University Twinning and Networking Program) promote cooperation and international networking of universities.

SECTION 2 Societal Information

2.1. Key Messages

2.1.1. Relevant CSR Sector Issues

Vivendi is one of the rare multimedia groups that holds a leading position along the entire value chain of the content business. Therefore as early as 2003, CSR strategic issues were defined and directly related to this essential feature of the Group. The relevance of these issues is now greater than ever, since Vivendi plans to focus its business activities on becoming a "media champion" – in essence European and with a global reach.

The relevance and materiality of the CSR information provided to the Company's stakeholders has now become a requirement formulated on several occasions in 2013, in particular by the EU Commission and the EU Parliament, by the Global Reporting Initiative (GRI) in the new version (G4) of its guidelines, as well as by the International Integrated Reporting Council (IIRC).

Media sector challenges stand out because of their unique characteristics, and are taken into account by the companies concerned, by the market and by civil society. In light of this, following the consultation process started in 2011 by the Global Reporting Initiative in relation to the Media Sector Supplement (drafted in 2009 by twelve companies, where Vivendi was the only French company), several French public and private media companies established a working group that has become the Media CSR Forum in France, similar to the forums already existing in the Nordic countries and in the United Kingdom.

Vivendi became deeply involved in the different events held by this Forum throughout the year, and contributed to the creation of a handbook entitled "CSR in the media sector", which was published in collaboration with the French Study Center for Corporate Social Responsibility (ORSE), of which Vivendi is one of the founding members. This handbook gives the status of CSR at national, European and international levels and then identifies issues in the media sector, of which economic weight and societal role are at the forefront. Lastly, the handbook provides seven factsheets which are to be updated and filled in regularly.

2.1.2. Personal Data at the Heart of the Group's Digital Environment

Vivendi is shifting the focus of its activities to media and content, with an emphasis on the growth opportunities offered by the digital technologies. This strategic choice must be backed by a rigorous policy in the area of personal data collection and management, safeguarding the respect of customers' privacy. Vivendi has implemented tools such as the Data and Content Protection Charter, adopted in 2008, and the Guide on good practices regarding protection of sensitive data. Vivendi is careful to ensure that its partners respect the Group's values and rules of conduct in the countries in which it operates.

Working together with the Legal department and CSR department, the Audit department has introduced a CSR component into the reference framework of internal control process - the Committee of Sponsoring Organizations of the Treadway Commission (COSO) - which covers, in particular, the practices implemented in this area by its subsidiaries.

Special attention is given to young audiences, who are keen users of online music, film and video offerings. This prompted the CSR and legal departments of the subsidiaries and of Vivendi headquarters to hold a CSR Committee meeting on the topic of "Young web-users and the digital lifestyle: the issue of personal data". The meeting was attended by representatives of the Council of Europe, French Defender of Children Rights and the French Data Protection Authority (CNIL). The discussions led to a briefing on regulations related to protection of privacy and on developments of online uses. This Committee meeting also provided an opportunity to analyze the Group's business units' best practices.

Conscious of the importance of remaining vigilant with regard to the rapidly changing environment and risk factors for the Company (particularly reputational risks), the CSR department ordered a study to obtain a better understanding of methods for treatment of personal data of children and teenagers held on the websites of the Group's subsidiaries offering media content to young audiences, in order to anticipate any measures that would be applied under future European regulations. In 2014, the results of this work will be presented at a future meeting of the Committee, which will once more bring together the representatives of the business units and institutional representatives.

2.1.3. Enhanced Vigilance of the Supply Chain

The Group's commitments in terms of responsibility towards its suppliers are guided by the rules of conduct of the Compliance Program, the United Nations Global Compact and the French Responsible Supplier Relationship Charter, which Vivendi signed in 2013. Implementation of this Charter is based on the active involvement of the subsidiaries. Therefore, representatives of the Purchasing, Legal and CSR departments of the business units met to draw up an action plan and be informed of the latest regulatory changes covering vigilance by parent companies and firms in charge of placing orders with suppliers. Meetings have been planned for 2014 in order to implement this Charter within the Group.

In addition to these commitments, enhanced attention is being paid to the supply chain. Following the comments by the Statutory Auditors in charge of auditing non-financial data, indicators relating to the Group's purchasing policy were added to the Reporting Protocol to evaluate more precisely the importance of the sub-contracting that is part of the Group's activities. Within the framework of the Legal department's Annual Report on the application of the Compliance Program by the subsidiaries, representatives of the business units are asked to report on their audits in relation to their suppliers. This report is approved by the Audit Committee within the Supervisory Board. In the CSR section introduced into the COSO reference framework for internal control by the Audit department, the subsidiaries are asked to provide information on the methods used to ensure suppliers' compliance with the Codes of Conduct. The Group Committee, as the social dialog body, also paid special attention to Vivendi's purchasing policy and included this on its working agenda. Several interviews with Vivendi's CSR department and then with representatives of the purchasing departments of the subsidiaries helped to make the social partners aware of the responsibility of each supply chain player.

2.2. Societal Indicators

2.2.1. Vivendi's Three Strategic Issues relating to Human Rights

In the societal component of the French Grenelle II law, the category of information relating to initiatives that promote human rights (please refer to Section 1.2.3. p. 52) includes the Group's indicators covering Vivendi's three CSR strategic issues: (i) protecting and empowering young people when they use digital media, (ii) promoting cultural diversity in content offerings and in artistic expression and (iii) knowledge sharing, including through pluralism of content, accessibility and media education.

Data on compliance with the fundamental conventions [1] of the International Labor Organization (ILO) is discussed in the suppliers and sub-contractors section (please refer to Section 2.2.4. p. 65) and in the "Social Information" section of this chapter (please refer to Section 3.2.7. p. 87).

2.2.1.1. Protecting and Empowering Young People

In 2003, Vivendi defined one of its three strategic issues as protecting and empowering young people (please refer to Section 1.1.1. p. 48). In 2008, by adopting the Data and Content Protection Charter, the Group has undertaken to respect the freedom of expression while also preventing the spread of unlawful material, particularly with regard to children.

To achieve this balance, Vivendi undertakes to:

- promote techniques for choosing or controlling content (filtering systems and other selection methods);
- actively cooperate with the competent authorities against the spread of unlawful material;
- promote ethical standards and guidelines on which the Group builds its future; and
- promote parents' and children's awareness of new media uses.

The commitments contained in this Charter have been taken for and on behalf of all the Group's subsidiaries. Vivendi takes steps to ensure that its commercial partners comply with the values and rules of conduct in this Charter in all countries in which its subsidiaries operate.

Existence of a formal commitment to ethics on content (production and/or distribution), specifically including the protection of young audiences

GRI	UNGC	OECD
4.8 DMA, PR MSS Content creation and distribution, TSS PA7	1, 2	II, IV, VIII

Each subsidiary has reviewed in detail and taken steps to implement the Group's formal commitments contained in the Data and Content Protection Charter.

- Canal+ Group's Ethics Charter stipulates that "the channels shall ensure the protection of children and young people, and to this effect apply program classification according to degrees of appreciation and acceptability with regard to the protection of childhood and youth by applying the corresponding standards". This classification is also conveyed on all new technical media for broadcasting audiovisual programs.

  In addition, Article 21 of the agreement entered into between Canal+ and the French Broadcasting Authority (CSA) requires that the channels ensure that "in broadcasts intended for young audiences, violence, even psychological, must not be perceived as continuous, omnipresent or presented as the sole solution to conflict".
- Universal Music Group complies with the local regulations of each country in which it operates. In Japan, for example, UMG is a member of the Music Production Ethics Committee run by the

(1) Fundamental conventions of the ILO relating to the freedom of association and recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the effective abolition of child labor, and discrimination in the area of employment and profession.

Recording Industry Association of Japan (RIAJ). In Brazil, local law contains a commitment to the protection of children and young people. In addition, UMG places a "Parental Advisory – Explicit Content" notice on CDs where song lyrics may be inappropriate for children.

- In Brazil, GVT adheres to the rules of the National Advertising Self-Regulatory Council concerning ethical standards applicable to advertising, especially where young people are concerned. The fundamental principle is that advertising should contribute to the development of responsible citizens. Accordingly, advertising for products aimed specifically at young people must contribute to good relations between young people and their parents and teachers; promote responsible behavior; and avoid portraying the idea that consumption of the product will improve the consumer's personal circumstances.
- In its Ethics and Commitment Code, SFR undertakes to "make resources, particularly technical resources, available in order to disable access to certain services or content for the protection of children".

  The operator is also a signatory to several charters that explicitly include the protection of young audiences: Charter for the Provision of Online Hosting Service and Internet Access Concerning Combating Certain Specific Content (proposed by the French Association of Internet Access and Services Providers (AFA)), SMS+ Ethics Charter, Operators' Charter of Commitments on Mobile Multimedia Content (proposed by the French Telecoms Federation (FFT)).
- To protect young users from the risks associated with the use of new technologies, Maroc Telecom has undertaken several initiatives:
  - The content placed online on the Menara platform complies with the Casanet Editorial Charter (ethical commitments);
  - The operator has signed an Ethics Charter on the content of mobile messaging services (chat, SMS, MMS and WAP) and other services accessible via mobile (A-Ghany service and MobileZone). The Charter specifies that "the service broadcaster undertakes not to provide to the public messages of a violent or pornographic nature, or that which is offensive to individuals and human dignity"; and
  - The employees of the Group are invited to use the social media responsibly with the assistance of an internal manual of procedures and user guidelines, while a participation charter reminds the visitors of the Maroc Telecom Facebook page of the rules of use (a ban on messages that are (i) insulting (ii) defamatory (iii) non-compliant with Moroccan laws and (iv) offensive to privacy, individuals and human dignity).

Mechanisms for implementing and monitoring this commitment

GRI	UNGC	OECD
MSS M2, M4, TSS PA7	1, 2	II, IV, VIII

Each business unit has implemented internal and/or external mechanisms to ensure compliance with and monitoring of this commitment:

- specific internal or external control body (C+G, UMG, MTG);
- appointment of a dedicated officer for this issue (C+G, SFR, MTG);
- intervention of an internal or external mediator (C+G, SFR, MTG);
- tools or information and public awareness campaigns on this issue (C+G, GVT); and
- performance audits, assessments or external surveys (C+G).

2.2.1.2. Promoting Cultural Diversity

Vivendi aims to encourage diversity in musical repertoires and cinematographic expression, to discover and support new talent, promote local artists and enhance cultural heritage (please refer to Section 1.1.1. p. 48).

In order to provide concrete illustrations of the major role played by culture in fostering economic growth and enhancing social cohesion, in 2012, Vivendi launched the website "Culture(s) with Vivendi" (cultureswithvivendi.com). Focusing on cultural diversity, this site offers an insight to the cultural industries and the creative world:

- the "Artist Inspirations" section enables a better understanding of the diversity of musical and cinematographic influences that inspire artistic creation, by offering web users a chance to explore the worlds of different artists and giving them access to varied repertoires of musical or cinematographic works, occasionally little known;
- the section devoted to "Creative Jobs" presents the value chain and the highly diverse range of professions found in the cultural industries through interviews with professionals;
- the "Intercultural Dialog" section illustrates how culture promotes mutual understanding, through numerous testimonials of artists, students and experts; and
- the "De Facto" section puts culture at the heart of sustainable development, using facts and figures, testimonials and studies. This is a special forum for anyone wishing to demonstrate the link between culture, human development, openness towards others, access to knowledge and the fight against poverty. As a resource center, this section especially aims at gathering arguments for the integration of culture into the new global strategy for sustainable development and into the Next Millennium Goals, to be adopted in 2015-2030.

2.2.1.2.1. Musical Diversity

Cultural diversity is at the heart of the business activity of Universal Music Group, which covers approximately fifty labels. UMG offers a vast catalog with a wide variety of musical genres. It bases its growth policy on developing international artists, but also on developing local talent, whether young talent or best-selling acts, in order to maintain its leadership position in its different national markets (please refer to Integrated reporting pilot project p. 50).

Percentage of sales accounted for by local artists in their country (scope of 59 countries)

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

	2013	2012
UMG	**61%**	60%

UMG artists achieve distinction every year with their undisputed worldwide success, recording the strongest album sales due to best-selling acts such as Lana Del Rey, Mumford and Sons, Rihanna, Jessie J, Rod Stewart and Robbie Williams. UMG set a new record in 2013, holding nine titles of the top ten digital sales in the August 2013 Billboard ranking in the United States, based on Nielsen SoundScan sales figures. These nine titles are the end result of a balanced combination of new and best-selling artists, covering a wide range of genres, particularly country music, pop, R&B, rock and electronic music (EDM), representing the diversity of this major company's labels.

UMG's music labels, including prestigious classical music labels, are known for their ability to identify talent and sign on artists of every genre, as demonstrated by the numerous prizes awarded every year.

In September 2013, UMG once again received a number of awards at the Gramophone Awards ceremony (the equivalent of the Academy Awards for classical music). The Decca and Deutsche Grammophon labels won four prestigious awards. Decca was recognized as Label of the Year. Jan Lisiecki, an 18-year-old Polish Canadian pianist, was named Young Artist of the Year. Correspondances de Dutilleux, an extraordinary tribute to the composer on the occasion of his 97th birthday, starring soprano Barbara Hannigan, cellist Anssi Karttunen and the Radio France Philharmonic Orchestra conducted by Esa-Pekka Salonen, won in the contemporary music category, and Wagner, starring tenor Jonas Kaufmann, bass baritone Markus Bruck and the Orchestra and Choir of the Deutsche Oper in Berlin, won in the vocal category.

2.2.1.2.2. Audiovisual Diversity

Canal+ Group is a leading contributor to the promotion of audiovisual and cinematographic expression in France. Through its subsidiaries, it also plays a major role in this area in Europe, the French overseas territories and in Africa. Cinematographic diversity is one of the pillars of Canal+ channel's editorial line (please refer to Integrated reporting pilot project p. 50).

⏭ Support for cinematographic creation in France

In 2012, Canal+ was the leading contributor to French cinema. It actively supports film production by financing 54% of French films approved by the French National Center for Cinema and the Animated Image (CNC), to a total amount of €176 million.

Percentage of CNC-approved French-initiative films financed by Canal+ and associated amounts

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

	2012	2011
Canal+	**54.1% (€176 million)**	57% (€182 million)

NB: 2013 data not available on the date this report was prepared.

⏭ Discovery of new talent and supporting young filmmakers

Canal+ Group pays special attention to the discovery of talent and to empowering young filmmakers. In 2012, the Canal+ channel pre-purchased 27 leading French films.

Number of debut films financed by Canal+

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

	2012	2011
Canal+	**27**	30

NB: 2013 data not available on the date this report was prepared.

Moreover, in addition to the talent identification program, *Repérages*, the channel develops specific programs to identify new talent, including:

- the "*Ecrire pour*" collection;
- the "*Nouvelle trilogie*";
- the "*Laboratoire d'Images*"; and
- the magazine "*L'Oeil de links*".

⏭ Contribution to international audiovisual diversity

For several years, Canal+ Africa has supported numerous African cinematographic productions. Since 2005, 42 films have been co-produced or pre-financed and 12 African films are broadcast each year on the Canal+ channel. In 2013, seven cinematographic projects were co-financed: *Braquage à l'africaine* by Owell Brown (Ivory Coast); *La lune est tombée* by Gahité Fofana (Guinea); *Cellule 512* by Missa Hébié (Burkina Faso); *Le futur dans le rétro* by Jean-Marie Téno (Cameroon); *Portraits au féminin* by Issaka Compaoré (Burkina Faso); *Gris-gris* by Mahamat Saleh Haroun (Chad); *Aya de Yopougon* by Marguerite Abouet (Ivory Coast). Moreover, for several years Canal+ Africa has supported three major festivals: the PanAfrican Film Festival of Ouagadougou (FESPACO), the Festival *Ecrans Noirs*, and the Festival *Clap Ivoire*.

Studiocanal, a wholly-owned subsidiary of Canal+ Group, plays a key role in promoting this diversity with a rigorous policy in terms of the production, distribution and optimization of cinematographic heritage. Studiocanal, which comprises the French entity as well as its British and German subsidiaries, has established itself as a leading European player in the co-production, acquisition and distribution of films. Since 2012, it is also present in Australia and New Zealand following the acquisition of Hoyts. In September 2013, Studiocanal entered into an agreement with Radio Canada for distribution of its European catalog in Canada (including more than 1,400 films in French), thus consolidating its leading position in the distribution of French content on the Canadian market. In 2013, nearly 2,600 cinematographic works were disseminated by Studiocanal in at least one of these three countries (France, UK, Germany), and approximately 1,000 titles outside those three areas.

In 2013, Studiocanal produced 17 feature-length films from filmmakers of seven different nationalities (please refer to Integrated reporting pilot project p. 50).

Filmmakers whose films were produced or co-produced by Studiocanal during the year (by citizenship)

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

- French
  - *Elle l'aime, elle l'adore* by Jeanne Herry;
  - *Barbecue* by Eric Lavaine;
  - *Fonzy* by Isabelle Doval;
  - *Lou*! Journal intime by Julien Neel;
  - *Un monde truqué* by Jacques Tardi, Franck Ekinci and Christian Desmares;
  - *C'est compliqué* by Manu Payet and Rodolphe Lauga;
  - *The Gunman* by Pierre Morel.
- British
  - *Paddington* by Paul King;
  - *Untitled Cycling Project* by Stephen Frears;
  - *Shaun the Sheep* by Richard Starzak and Mark Burton.
- Belgian
  - *Robinson Crusoé* by Ben Stassen and Vincent Kesteloot;
  - *Le manoir magique* by Ben Stassen and Jérémie Degruson;
  - *African Safary* 3D by Ben Stassen.
- Spanish
  - *Mindscape* by Jorge Dorado;
  - *El niño* by Daniel Monzon.
- Iranian
  - *Two Faces of January* by Hossein Amini.
- Swedish
  - *The Hundred-Year Old Man Who Climbed Out the Window and Disappeared* by Felix Herngren.
- American
  - *Cuban Fury* by James Griffith.

With a commitment to promoting and preserving cultural heritage, Studiocanal has restored several films, including *Plein Soleil* by René Clément, *La Bête Humaine* by Jean Renoir and *Le Roi et l'Oiseau* by Paul Grimault.

2.2.1.3. Knowledge Sharing

In 2003, knowledge-sharing was identified by Vivendi as a third strategic issue within its scope of responsibility (please refer to Section 1.1.1. p. 48). The Group's shared objectives include having high standards regarding the quality of content, promoting pluralism, facilitating access and education to digital and media.

2.2.1.3.1 Pluralism of Content

Respect for the freedom of expression is inscribed in Vivendi's Data and Content Protection Charter. With approximately 48.5 million subscriptions worldwide [1], the Group pays particular attention to pluralism, quality of content and clarity of processing information.

In Vivendi's Reporting Protocol, pluralism is defined as follows: "The objective of pluralism is to ensure that customers, subscribers, consumers, viewers and listeners have diversified information, especially political information, which does not deprive them of the capacity to exercise their freedom of opinion and choice. A pluralist media offering is thus derived from a plurality of independent stand-alone media reflecting the widest possible diversity of opinions and ideas."

The Vivendi Group, which is in the process of shifting its focus to its activities in the media sector, uses this common definition to encourage and follow the efforts of its subsidiaries in this area.

Existence of a formal commitment in favor of pluralism of content

GRI	UNGC	OECD
4.8, PR MSS Content creation	1, 2	II, IV

Canal+ Group is committed to promoting pluralism of content. With the production of its documentaries, the broadcasting of its continuous information channel i>Télé and all the international channels comprising the Canal+ Overseas range, Canal+ Group is a key player in the pay-TV landscape. It therefore plays a major role in stimulating the critical thinking of its audience.

The editorial policy of the Canal+ Group applies to all channels. In its Ethics Charter, Canal+ Group undertakes to respect pluralism: "In accordance with the constitutional principles of freedom of expression and communication and their editorial independence, the channels ensure the pluralism of expression of ideas and opinions (…), oversee respect for different political, cultural and religious sensibilities, (…) and demonstrate rigor in the presentation and treatment of information (…)".

In addition, under the agreement entered into between Canal+ and the CSA, the channel "ensures the pluralism of expression of ideas and opinions, especially in the context of the recommendations formulated by the CSA. It makes every effort to respect this pluralism in comparable programming conditions. The channel's journalists, presenters, organizers and employees work to provide a fair presentation of controversial issues and to ensure that different points of view are expressed" (Article 8).

(1) Data not including activities sold or in the process of sale as of 12/31/2013. On a pro forma basis, the Group had nearly 46 million subscriptions as of 12/31/2012.

2.2.1.3.2. Facilitating Accessibility of Offers, Products and Content

Vivendi aims to facilitate access to cultural content and to information and communications technologies, so that the most isolated audiences, whether as a result of living in remote areas (please refer to Section 2.2.2.3. p. 62), their age or their financial situation, can all have their share of the benefits of the digital revolution. One of the prevailing concerns of the Group's subsidiaries is to combat the digital divide by developing specific offerings and services.

Initiatives in favor of accessibility of offers, products and services

GRI	UNGC	OECD
EC9, MSS M4, TSS PA1, PA3	1, 2	II, IV

- Canal+ Group's channels are committed in the area of accessibility to content. They already offer their subscribers two systems: subtitles for those who are deaf or hearing-impaired, and audio-description for those who are blind or visually-impaired. Since June 2012, Polish children who are hearing-impaired have been able to watch cartoon series in sign language on the MiniMini+ and teleTOON+ channels.
- Universal Music Group develops digital music services in the territories where it is present, which facilitates access to its offerings. UMG's digitalization of its exceptional catalog of music works is a privileged means of accessing thousands of recordings no longer available on physical media.
- In Brazil, high-speed Internet is considered an opportunity to access knowledge and as a key to social mobility for the middle class. According to the latest study by the Brazilian Institute of Geography and Statistics (IBGE) based on data dating from 2011, the middle class is the class that uses the Internet the most. GVT applies special rates to low-income customers.

  GVT also offers billing in Braille and a customer service suited to customers who are deaf or hearing-impaired.
- SFR is strongly involved in adapting and improving accessibility to radiocommunication services for people with a disability. Since 2005, it has been a signatory to the Charter "Facilitate access to mobile telephony by the people with a disability" of the French National Union for the Social Integration of the Hearing-impaired People (Unisda), and, since 2011, to the Charter of Voluntary Commitments of the operators of the French Telecommunications Federation, in order to facilitate access by the disabled to electronic telecommunications services.

  For the second consecutive year, SFR won the Disability Matters Award for its partnership with the Jaccede.com association. The "Jaccede Mobile" application facilitates daily use by persons with reduced mobility by offering a collaborative guide containing more than 27,000 accessible locations and points of interest.

  Since 2009, the Téléphonie solidaire program has provided educational support to low-income persons with financial difficulties to help them manage their mobile telephony expenses. In 2012, more than 2,500 persons benefited from this program. In 2013, SFR and Emmaüs Défi worked on making the Téléphonie solidaire program (now Connexions solidaires) available nationwide, with the opening of welcome centers in Grenoble, Marseilles, Lens and Saint Denis. The number of beneficiaries at year-end 2013 was nearly 4,000.
- In order to enable populations to cross cost-barriers and facilitate their access to telephony and the Internet, Maroc Telecom and its subsidiaries are focusing all their capacities for innovation on continually enhancing their range of products and services. They maintain a voluntary price reduction policy that applies to all offerings: mobile, fixed and Internet.

  Maroc Telecom is also continuing to strive for the democratization of Internet use for schools and universities. It is the chief contributor to the national programs Génie, Injaz and Nafid@, which have the common goal of promoting access to ICTs and their appropriation by the school community. Maroc Telecom has enabled nearly 50,000 students and nearly 178,000 teachers to obtain high-speed Internet at reduced rates (in 2013 alone, including nearly 15,000 students and more than 21,500 teachers), thus raising Maroc Telecom contribution to 59% and 70% of these programs, respectively.

  Students also benefit from reduced rates for laptops provided by Maroc Telecom.

2.2.2. Local, Economic and Social Impact of Business Activity

Vivendi plays a major role in the development of the territories in which it operates. Due to its different subsidiaries, the Group is a key partner of local economic players, as evidenced by the following:

- sharing the value produced by Vivendi with its principal stakeholders;
- contributing to employment and regional development; and
- digital development of territories.

2.2.2.1. Distributing the Value Produced

The chart below shows schematically the distribution of the value produced by Vivendi among major stakeholders (data as of 12/31/2013 excluding activities sold or in the process of sale as of 12/31/2013, i.e., excluding Activision Blizzard and Maroc Telecom Group).

EMPLOYEES

- Total workforce: **41,439**
- Wages and salaries: **€ 1,978 M**

DEVELOPMENT OF BUSINESS ACTIVITIES

Total net investments made by the Vivendi Group: **€ 2,747 M**

- Investments in content: **€ 2,435 M**
- Industrial investments: **€ 2,624 M**
- Financial investments: **€-3,332 M**

vivendi

REVENUES:
€ 22,135 M

NUMBER OF SUBSCRIPTIONS:
48.5 millions

STATE AND TERRITORIAL AUTHORITIES

- Tax on production and income: **€ 634 M**
- Payroll taxes on wages and salaries: **€ 624 M**

SHAREHOLDERS*

Dividends paid to shareholders in 2013 for fiscal year 2012: **€ 1,325 M**

* *Employees and former employees have 3.54% of social capital*

SUPPLIERS / SERVICE PROVIDERS

Sum distributed to suppliers and service providers (including distribution, purchase of programs, royalties/artists, and subscriber management): **€ 15,437 M**

FINANCIAL INSTITUTIONS

Payments to banks (net interest paid, premiums paid as part of early loan repayments, etc.): **€ 877 M**

■ 2.2.2.2. Contributing to Employment and Local Development

Vivendi assesses its contribution to the development of the territories in which it operates. This analysis focuses on three geographic regions: Brazil, Africa and France, representing 84% of its workforce and 78% of its revenues.

The indicators below include all the Group's subsidiaries that are present in the three geographic regions identified:

Brazil: UMG, GVT;

Africa: Canal+ Group (Cameroon, Ivory Coast, and Senegal), UMG (South Africa), Maroc Telecom Group (Burkina Faso, Gabon, Mali, Morocco, Mauritania); and

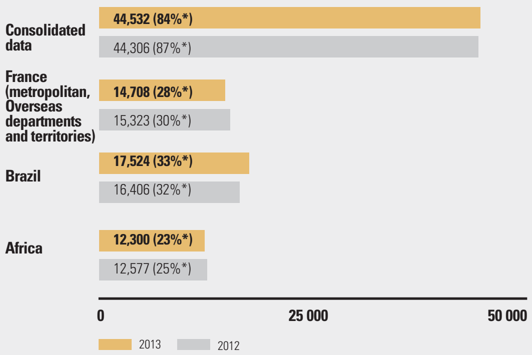
France: Canal+ Group, Universal Music France, SFR, Headquarters.

Direct jobs

As of 12/31/2013, Vivendi employed 44,532 employees in France, Brazil and Africa.

Number of employees by country or zone (France, Brazil and Africa)

GRI	UNGC	OECD
LA1	-	II.A.3, V.5



** Percentage of this workforce in the Group's total workforce.*

		France (metropolitan, Overseas departments and territories)	Brazil	Africa
C+G	**4,464**	4,017	-	447
UMG	**869**	696	127	46
GVT	**17,387**	-	17,387	-
SFR	**9,432**	9,432	-	-
MTG	**11,807**	-	-	11,807
Other	**573**	563	10	-

NB: "Other" includes Vivendi SA data and data from the following entities: Digitick, See Tickets, Watchever and Wengo.

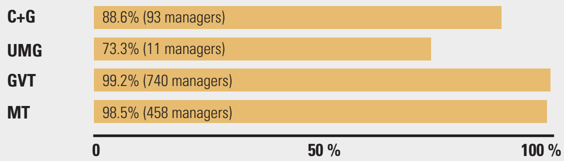
As of December 31, 2013, Vivendi had 14,708 employees in France: 13,986 in metropolitan France and 722 in Overseas departments and territories. Among the principal entities operating in metropolitan France, SFR employs 9,011 persons and the Canal+ Group 3,716 persons. In Overseas departments and territories, SFR employs 421 persons on Reunion Island (SRR teams) and the Canal+ Group 301 persons (Reunion Island, Guadeloupe, New Caledonia, Martinique and French Guiana).

In Brazil and Africa, the Group promotes local employment, especially with regards to the subsidiaries of the Canal+ Group and UMG, due to a policy favoring employment of local professionals rather than expatriates for managerial positions. Thus, of the 1,331 managers employed in those geographical areas, 97.8% are local managers.

Percentage of local managers (Brazil, Africa)

GRI	UNGC	OECD
EC7, LA13	6	II.A.3 and 4, V.1.e, V.5

	2013	2012
Consolidated data	**97.8% (i.e. 1,302 managers)**	ND*



** New indicator in 2013, no data from 2012*

Indirect jobs

Through their activities in these three geographic regions, the different subsidiaries of Vivendi Group generate approximately 400,000 indirect jobs, i.e.:

- jobs related to upstream industries: producers and the supply chain;
- commercial services related to downstream industries: distributors, resellers and call centers;
- jobs in real estate services; and
- jobs in related commercial services excluding temporary workers: including legal advice, insurance, banking and restaurants.

Estimate of number of local jobs indirectly created (France, Brazil and Africa)

GRI	UNGC	OECD
EC9	-	II.A.3, V.5

	2013	2012
Consolidated data	Approximately 400,000	More than 350,000

C+G	36,000
UMG	2,825
GVT	63,000
SFR	Just under 50,000
GMT	244,000

In light of the variety of the Group's businesses and geographic locations, each subsidiary has used its own methodology to estimate the number of indirect jobs created:

- the estimate provided by Canal+ Group consolidates the data for France and relates to jobs generated by direct subcontractors, channels published by third parties and distributed by CanalSat, as well as French film and sports productions, and in 2013, for the first time, includes the African countries where the Group operates. Thus, in the countries where Canal+ Group has subsidiaries, the employees of distributors and the jobs of subcontractors (installation of satellite dishes, charging points, sales outlets, logistics warehouses and call centers) are considered indirect jobs. In the countries where Canal+ has no subsidiaries, direct distributors' jobs are also included.
- UMG used data provided by its suppliers (manufacturers and distributors).
- similar to last year, GVT focused on its supply chain and used a survey conducted by the Brazilian Institute for Applied Economic Research (IPEA). This survey does not mention any specific ratio of direct to indirect jobs in telecommunications services. GVT calculated an average of the ratios of four service sectors (public utilities, communications, businesses and family), which it then revised downward due to the inclusion of call center teams in its workforce, which are usually excluded. With nearly 18,000 employees at year-end 2013, GVT estimates that it created 63,000 indirect jobs, applying a ratio of 1 to 3.5.
- SFR based its data on a survey conducted in 2012 for the French Telecommunications Federation (FFT, survey by Arthur De Little), which provides an estimate of the total number of direct and indirect jobs created by telecom operators in France. SFR's share of the mobile market (29.2% in the second half of 2013) has been applied to a total of approximately 170,000 indirect jobs, giving an estimate of approximately 50,000 indirect jobs created in France by SFR.
- to estimate the number of indirect jobs locally created, Maroc Telecom added together an estimate of the number of jobs attributable to indirect sales (estimate based on the average number of jobs according to type of sales, outlet and on the number of retailers estimated at year-end 2013) and the number of indirect jobs attributable to subcontracting (service provisions recorded by the Administrative and Facilities department).

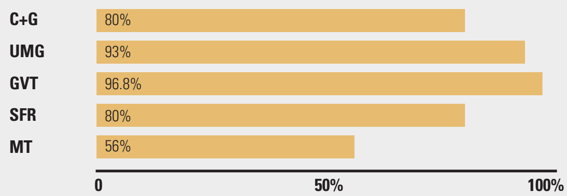
  Maroc Telecom's subsidiaries have also used various methods to create their own estimates, resulting in a total of approximately 117,000 indirect jobs created in Burkina Faso, Gabon, Mali and Mauritania.

Contribution to local economies

The Vivendi Group has a significant economic impact through purchases made from local suppliers. More than 80% of the purchases of Canal+, UMG, GVT and SFR and more than half the purchases of Maroc Telecom are from local suppliers.

Estimate of percentage of purchases made from local suppliers (France, Brazil and Africa)

GRI	UNGC	OECD
EC6	-	II.A.3



NB: New indicator in 2013, no feedback in 2012

In addition, Vivendi helps to make the territories more dynamic through partnerships with public authorities within the framework of job creation programs in areas experiencing economic pressure.

2.2.2.3. Contributing to Territorial Digital Development

Vivendi is committed to combating the digital divide. Its telecommunications subsidiaries are substantially investing in expanding their networks and their product offerings to make content and information technologies accessible to as many people as possible. In this way, they contribute to national digital development policies in the territories in which they operate.

This contribution is measured by two indicators:

- the number of rural or remote communities covered during the year, which the Group monitors for its telecom subsidiaries. In 2013, 3,700 rural or remote communities were covered by SFR and Maroc Telecom. The decline in the number of communities compared with the previous year does not reflect decreasing commitment by the two operators to the territory digital development; it is automatically adjusted to indicate the current state of advancement of these programs. Moreover, GVT is a recent operator in Brazil and so it is currently focusing its development activities on rolling out its network in Brazil's cities;
- the percentage of the population covered by the telephony network is monitored for the three operators, and shows that SFR and Maroc Telecom are key players in their countries, with networks covering almost the entire population. GVT is maintaining its pace of growth as it now covers more than 20% of the Brazilian population, confirming its position as a dynamic young operator.

Number of rural and/or remote communities covered in the year

GRI	UNGC	OECD
2.7, TSS IO2, PA1	1,2	IV, IX.1

	2013	2012
Consolidated data	**3,700**	4,196
SFR	3,155	
GMT	545	

Percentage of population covered by telephony network

GRI	UNGC	OECD
2.7, TSS PA4	1,2	IV

	2013	2012
GVT	**20.6%**	18%
SFR	**99.7%**	99.6%
GMT	**99%**	98.2%

In addition to these two indicators, the contribution by the subsidiaries of the Vivendi Group to digital development in its countries and regions is also shown by a number of initiatives:

- in January 2013, GVT launched a new offering that allows its customers to benefit from one of highest speeds in the world (25 Mbit/s), much higher than the average Internet speed in Brazil (2.2 Mbit/s);
- one year after launching 4G in France for individuals and businesses, SFR reached its ambitious goal and now covers more than 40% of the population in 4G, which, as of December 31, 2013, represents 1,200 cities opened to 4G.

  Furthermore, in connection with the digital development project being implemented by the Departmental Council of Hauts-de-Seine (THD Seine), designed to make very high-speed Internet accessible to all by 2015, in December 2013, Sequalum (a Numericable Group subsidiary) and SFR signed an agreement to serve 160,000 households in ten cities of *Hauts-de-Seine*;
- Maroc Telecom has made reducing the digital divide one of the major objectives of its sustainable development policy

  For years, the operator has made significant investments in fixed and mobile networks, making telephones and Internet accessible to the greatest possible number of people. It uses all available technologies and makes use of renewable energy to cover the most remote regions, seeking a fair balance between economic competitiveness, social progress and respect for the environment. One of Maroc Telecom's major objectives is to use new technologies to serve all populations, especially rural communities, to facilitate their access to communications, culture, knowledge, health and the media.

  In 2013, under the Telecommunications Access Program (PACTE), Maroc Telecom covered 346 new rural communities, raising the total number of communities covered since the program was launched in 2008 to 7,155. Moreover, 8 new communities were covered in Gabon, 20 in Mauritania, 38 in Burkina Faso and 133 in Mali. At year-end 2013, this raised telephone coverage of the population to 97% in Gabon, 94.3% in Mauritania, 93% in Burkina Faso and 78% in Mali.

2.2.3. Relations with Stakeholders

2.2.3.1. Conditions for Dialog

Consultation with stakeholders is the core focus of Vivendi's CSR policy (please refer to Section 1.1.3. p. 49 and Section 1.2.4. p. 54). The consultation process establishes a general framework that each of the subsidiaries adopts and maintains locally with its own stakeholders.

Means of dialog with stakeholders

GRI	UNGC	OECD
4.16, SO1,MSS M6, PR5	1, 2	II.A.3 and 14, IV, VIII, IX.5

In 2013, the subsidiaries maintained a steady and constructive dialog with stakeholders (information on the dialog of the telecom subsidiaries in relation to radio frequencies is found in Section 2.2.5.2.2. p. 70).

- In June 2013, Canal+ Group organized in France a consultation plenary meeting with consumers' associations and the presence of a mediator and corporate executives. It should be noted that the number of investigation files sent by the associations to Canal+ Group is constantly falling, down from 1,023 in 2011 to 509 in 2013.
- UMG has identified its principal stakeholders and embarked on active, open and cooperative interaction with them (artists and their managers, retailers, digital platforms, streaming services, national and European authorities). Relations, business negotiations and interaction with each of these groups are adapted and carried out locally by the heads of the Group's companies around the world.
- GVT has identified its principal stakeholders (consumer associations, unions, local communities, NGOs, municipal, state and federal regulatory and government agencies) and is highly attentive to their views and needs. The company has specific teams dedicated to these relationships (the mediator, human resources, communications, and institutional relations departments). The teams hold regular meetings and events or discussion forums.

  Thus, GVT has taken part in PROCON meetings and meetings with Anatel (Brazil's telecommunications regulatory agency), with the aim of expanding its business to new cities in Brazil. The operator also participated in the "Dialog Era" forum, which brings together customer rights associations, the Federal Government and Anatel.
- SFR bases its CSR policy on a close relationship with its stakeholders (customers, consumer associations, disability associations, employees, social partners, suppliers, start-up, social entrepreneurs, the educational world, the public arena and civil society). In 2013, 16 discussion and information meetings were held with consumer associations. In addition, SFR meets with the national representatives of certified consumer associations and takes part in consultations within the National Consumers' Board and other working meetings set up by the government, and in joint consultative meetings organized by the French Telecommunications Federation.
- Maroc Telecom also meets regularly with its stakeholders, such as civil society, customers (through customer satisfaction surveys), the regulator, and competitors (within the Moroccan Association of Telecommunications Professionals (MATI), which is chaired by the Chairman of Maroc Telecom).

2.2.3.2. Philanthropic Initiatives and Community Involvement

Since 2008, as a Group, Vivendi has supported social initiatives for disadvantaged young people through its Create Joy program. With a constant budget since its creation, this program enables young people in difficult circumstances to develop by working as part of joint cultural projects associated with the Group's businesses, including film-making, training in digital tools, musical awareness-raising,etc.

In 2013 Create Joy supported more than 30 charitable projects in France, Great Britain, the United States, Brazil, Morocco, Mali and Burkina Faso, benefitting more than 100,000 young people.

Each of the business units implements its own programs. In 2013, this represented a total budget of more than €20.5 million spent on community action.

Consolidated budget (excluding Vivendi SA) allocated to enterprise foundations, solidarity programs and sponsorship actions (in Euros)

GRI	UNGC	OECD
EC1, EC8, EC9, SO1	1	II.A.3 and 4, IV, IX.5

	2013	2012
Consolidated data	**More than 20.5 million**	More than 19 million

- Canal+ Group offers financial, personnel or publishing support to numerous organizations: the Canal Foundation for Cinema (designed in particular to assist the network of small operators), Flying Doctors (working on healthcare development in Africa), Solidarité Sida Afrique (agency combating AIDS in Africa), Les Toiles enchantées and Flamme Marie Claire. In April 2013, Canal+ featured Sidaction in its programs, using testimonials, news reports, fund-raising or special broadcasts. Numerous associations were given free advertising space on all the Canal+ Group's channels in 2013.
- The Kindia 2015 project, launched by the Canal+ documentary department, in contrast to on-the-spot current events news reports and broadcasts, follows the process of development in the city of Kindia in Guinea Conakry over the long term. This has led to the filming of four documentaries to be aired in prime-time slots between 2012 and 2015. At the same time, Canal+ Group has established an endowment fund for the associations being filmed. In October 2013, at the Cannes Corporate Media & TV Awards, Kindia 2015 by Anthony Orliange and François Bergeron received the Silver Dolphin award in the environment and ecology category, and *Global gâchis* by Olivier Lemaire received the Gold Dolphin award in the education category.

- UMG has undertaken a number of community support, partnership and philanthropic initiatives. These initiatives are carried out by each company within its country or region. For example, Universal Music Chile collaborates with Chile's Teleton Foundation through artists participating in the televised program aimed at raising funds for the rehabilitation of children with disabilties. In the United Kingdom, UMG sponsors the EMI Music Sound Foundation, which sponsors 36 music and entertainment schools. It awards individual scholarships for the purchase of musical instruments and teacher training. In Australia, UMG has supported 18 festivals for all musical genres, while in South Africa, UMG donated 15% of the sales of the CD The Voice of Mandela to its children's fund.
- GVT has launched a new edition of its program for responsible Internet use, which was developed in partnership with the Committee for the Democratization of the Internet (CDI) and SaferNet.
- After two editions dedicated to digital projects designed to assist senior citizens, in 2013, the SFR Foundation opened its appeal for "Digital solidarity" projects aimed at all audiences living in difficult circumstances.

  In addition, in 2013, with the help of the Citizen Support Fund, SFR supported 141 associations working with the disabled, children, or those promoting equal opportunities.
- Maroc Telecom and its subsidiaries are involved in major initiatives connected with citizen-based action in their territories. The numerous initiatives that have been taken up vary considerably: support of institutions and cultural or athletic events, contribution to improving sanitary and environmental conditions, and participation in charitable works.

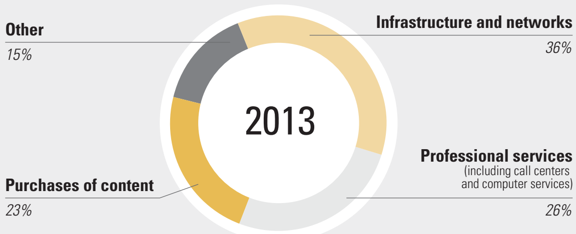
2.2.4. CSR criteria in the purchasing policy and relations with suppliers and subcontractors

Importance of purchasing and subcontracting at Vivendi

To obtain an overall view of the risks related to the supply chain, the Group has analyzed the purchases made with suppliers and subcontractors that account for at least 75% of the total expenditure of the subsidiaries. Analysis has shown that the Group purchases mainly infrastructure, content, and professional services. These purchases are made from suppliers predominantly located in the European and American regions.

Breakdown of purchases by principal line items (from suppliers and subcontractors accounting for at least 75% of total expenditure)

GRI	UNGC	OECD
EC1	-	II.A.3 and 4



NB: New indicator in 2013, no feedback for 2012.

The Group's businesses have developed their own policies with regard to subcontracting to meet their respective operating needs. Although SFR uses external providers for the management of its customer relations, it directly manages relations with its professional clients and distributors. Within Maroc Telecom, subcontracting mainly relates to retailing of telecommunications products and services. It should be noted that Canal+ Group, GVT and Maroc Telecom have their own call centers.

All the subsidiaries use subcontracting for the provision of IT services. They expect their suppliers and subcontractors to comply with the principles formulated in Vivendi's Compliance Program and the United Nations Global Compact, and with values and rules of good conduct in their respective Ethical Codes. Any breach of these principles represents potential grounds for the Group to terminate the contract with the supplier.

A responsible purchasing policy adopted by all the subsidiaries

Vivendi is committed to increasing the awareness of its main suppliers and subcontractors on its societal, social and environmental issues. The subsidiaries ensure accordingly that their suppliers take part in the implementation of the Group's commitments in these areas. Vivendi's Compliance Program includes a rule that reminds suppliers of their undertaking to provide services in compliance with the Group's commercial and social ethical standards (please refer to Section 2.1.3. p.54).

Furthermore, Vivendi has signed the United Nations Global Compact and promotes its ten principles within its sphere of influence. In 2012, SFR and Maroc Telecom also signed the Global Compact.

Existence of a formal commitment with reference to founding principles in the purchasing policy

GRI	UNGC	OECD
4.8, DMA HR	1-10	II.A.13, III, IV, VI.6.d

Each of the Group's subsidiaries has made a formal commitment, by virtue of a code, charter or clause, to the acknowledgment of societal, social or environment issues. This commitment refers particularly to the fundamental principles, such as the ones formulated by the ILO in its conventions (please refer to footnote page p. 55), the United Nations Global Compact or the OECD.

Besides the formal commitment of the Group's subsidiaries to incorporate CSR issues into their purchasing policy, a number of them have also taken further steps in this approach.

Progress an deployment of responsible purchasing policies from suppliers and sub-contractors accounting for at least 75% of total expenditure

GRI	UNGC	OECD
DMA HR, HR2, HR6, HR7	1, 2, 4, 5, 8, 10	II.A.12 and 13, II.B.2, IV, VI.1.c and d

All the subsidiaries have adopted various methods for gathering information and monitoring their suppliers (including assessments and audits in a number of cases), in order to verify the proper application of the Group's commitments.

- The legal prerequisites included in the Canal+ Group's calls for tender in France specify the supplier's CSR commitments. In addition, a number of specific calls for tender include special obligations corresponding to a number of these criteria: a social responsibility label and personal data protection for call centers, and waste management for the manufacturers of set-top boxes.
- When tendering and contracting with global suppliers in all major territories (including the United States, Germany, France, Japan, United Kingdom, Italy, Spain, Scandinavia, Australia, New Zealand and Brazil), UMG includes a clause in the tender referring to the UMG CSR policy and an additional link to Vivendi's CSR requirements.
- A specific provision referring to the United Nations Global Compact is included in GVT's supplier contracts. These partner suppliers are then bound to comply with the principles of the Brazilian operator's Code of Conduct and Ethical Standards.
- SFR is pursuing its policy of evaluating and assisting its suppliers with the Ecovadis agency. Thus, at year-end 2013, 146 suppliers had been assessed on their CSR performance. The CSR rating is integrated in the overall assessment of suppliers and a CSR provision is systematically added to those contracts.
- Since 2012, Maroc Telecom has conducted supplier audits to evaluate compliance with CSR provisions of its contracts (including provisions related to compliance with fundamental principles of human and labor rights, with commitments related to protection of the environment, and on combating corruption). At year-end 2013, 20 suppliers had been audited.

Lastly, the Group's subsidiaries have all invested in training for purchasing teams regarding the issues involved in a responsible policy, with a view to reinforcing their performance in this area.

Percentage of employees in purchasing teams educated or trained in responsible purchasing

GRI	UNGC	OECD
LA10	6, 8	II.A.8, VI.7

- In 2013, all the purchasing teams of Canal+ (100%) underwent "Socially Responsible Purchasing" (Achats Solidaires) training. Moreover, all employees involved in purchasing are given awareness training on a regular basis regarding dependence on suppliers and fair practices.
- Within UMG, all the purchasing teams (100%) are trained in responsible purchasing and follow the corresponding guidelines. Moreover, since 2009, as a member of the Creative Diversity Network, the UMG purchasing team is committed to encouraging diversity in purchasing processes in the United Kingdom.
- One year ago, GVT announced an ambitious objective: giving awareness training in responsible purchasing to at least 90% of the teams concerned before the end of the year. This objective has been fully achieved: 98% of the purchasing teams have received this training.

  As a result, in early 2013, all GVT's purchasing departments met at an in-house seminar to share their best practices and results. A special presentation was made on the importance of responsible purchasing.
- The following points were covered in the training program given to 95% of SFR's purchasing teams: incorporating the fundamental principles of the CSR policy, identifying the place and role played by purchasing in that policy, producing a chart showing sustainable product and service offerings, making sure that sustainable purchases match needs expressed within the Company, acquiring the proper reflexes to incorporate environmental and social criteria when drafting terms of references, and evaluating and monitoring suppliers.
- With regard to Maroc Telecom, over the past two years, 58% of purchasers have been trained in sustainable development and in fraud detection and prevention.

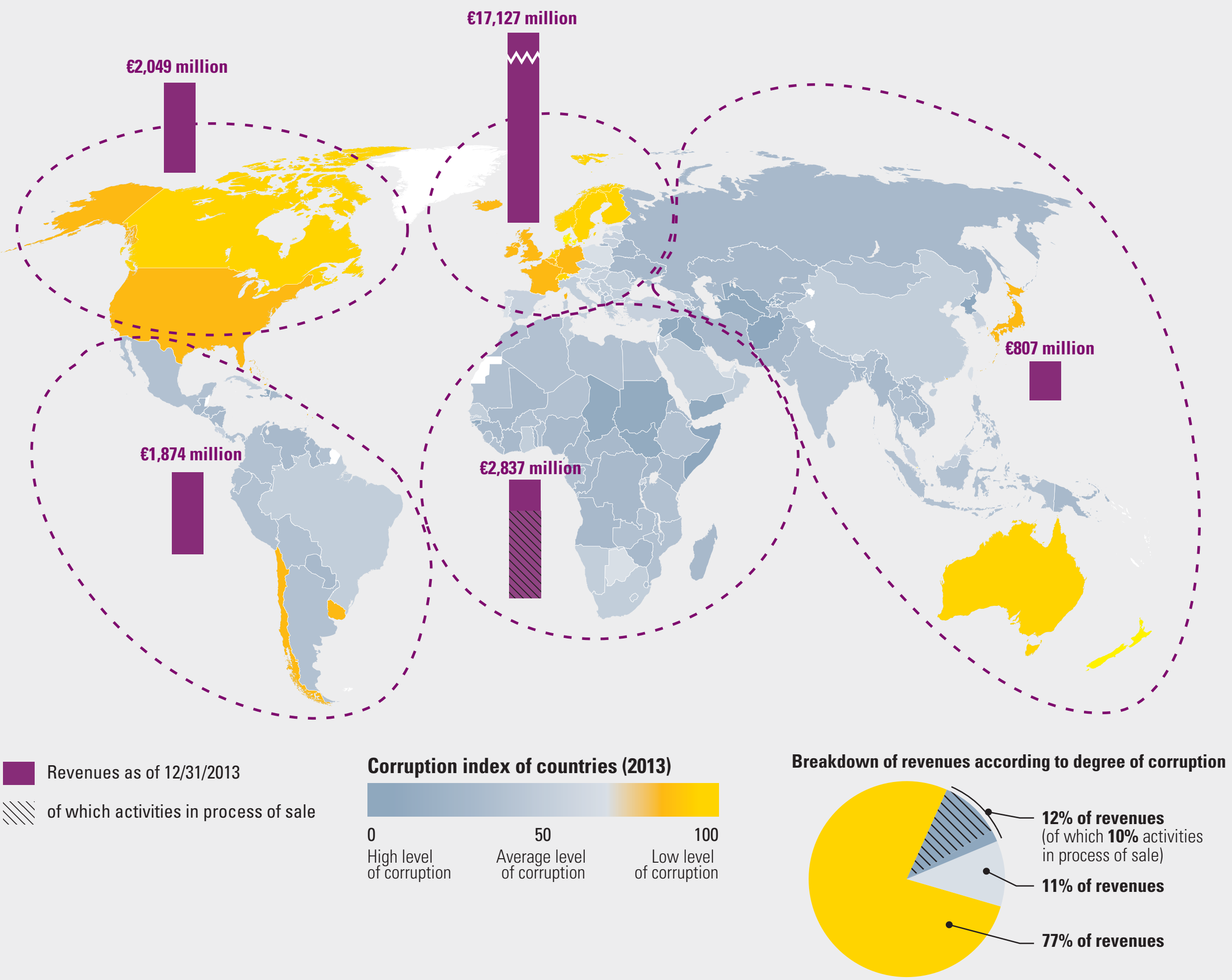
2.2.5. Fair Business Practices

2.2.5.1. Actions to Prevent any Kind of Corruption

In 2013, the geographic distribution of the Group's business activity showed that 77% of its revenues came from countries with low exposure to corruption, according to the Transparency International index. Notwithstanding this result, the Group remains vigilant and has taken steps to prevent any risks in that area.

Breakdown of the Group's* revenues by country according to the risk of corruption as defined by Transparency International

GRI	UNGC	OECD
DMA SO Corruption aspect, EC1, SO2	10	VII.2



Excludes Activision Blizzard, but includes Maroc Telecom Group.

Definitions of the policy's priority actions to combat corruption

GRI	UNGC	OECD
DMA SO Corruption aspect	10	II, VII

Corruption issues and risks occur at different levels depending on the business unit. Therefore, the Group has chosen to formalize the general rules of ethics contained in its Compliance Program, which the subsidiaries must then adapt to reflect their business specificities. Combating corruption is one of the ten principles of the UN Global Compact, which Vivendi has signed and is committed to upholding.

The subsidiaries manage their own anti-corruption policies based on this Compliance Program. The priority areas are listed below:

- Canal+ Group's anti-corruption policy is reflected in an ethics charter that prohibits its employees from acting on the basis of personal interest while performing their duties, since this would prevent them from defending the Group's interests as their primary concern. In particular, the Group prohibits payments or benefits of any kind, or any gift of a value not considered reasonable, from any third party with which the Group is in a business relationship, or from any employee to any third party in a business relationship with the Group;
- UMG has instituted a number of key policies governing the professional practices of the entire workforce, particularly in the area of combating passive and active corruption and the disclosure of events contrary to business ethics, and has created an anti-trust guide.

  UMG is committed to adopt a "zero tolerance" approach in relation to fraud and corruption, and to act professionally and with integrity wherever the company operates, in accordance with local regulations and the UK Bribery Act of 2010;
- GVT has a Code of Conduct which has one section specifically dedicated to anti-corruption and anti-fraud policies. The purchasing policy is also aimed at enhancing transparency and avoiding any situation of this type.
- under its Ethics Code, SFR makes the following commitments:
  - to comply with and ensure compliance on the part of the employees with: laws prohibiting active and passive corruption; and laws relating to the financing of political activities,
  - to prohibit payments or benefits of any kind, or any gift with a value that is more than symbolic from any third party with which the Group is engaged in a business relationship, or from any employee to any third party engaged in a business relationship with the Group; and
  - to ensure that the partners agree to comply with such laws and rights vis-à-vis the Group.
- Maroc Telecom has a four-pronged strategy: to combat any kind of corruption (in 2012, an Ethics Officer was appointed to advise employees and ensure compliance with the rules); vigilance to avoid conflicts of interest; fraud prevention and detection; and insider dealing.

  In 2013, in accordance with its policy of preventing and combating corruption, Maroc Telecom Group carried on with awareness actions among employees and information campaign, with particular emphasis on mechanisms for detecting and preventing fraud. To date, training programs on subjects related to fraud and corruption have been given to 25% of the employees of Maroc Telecom.

  In 2013, the General Control department of Maroc Telecom held a seminar on the issues involved in evaluation and fraud control in three of the Group's subsidiaries: Onatel, Gabon Telecom and Sotelma (including a presentation of the different forms and types of fraud, their impact on the company, tools to deter fraud and the legal and regulatory framework). This seminar was attended by more than 150 employees working in various business units (including warehouse employees, purchasers, sales personnel and managers).

  For the second time, Vigeo, the European leader in non-financial ratings, awarded Maroc Telecom the trophy "Top CSR Performers in 2014". This distinction recognizes the "objectives of social responsibility, where the business is rated as a leader on the Casablanca Exchange", which include the strategic management of CSR by the Management Board, the integration of CSR into auditing and internal control, the quality of CSR reporting and the prevention of corruption.

2.2.5.2. Measures Taken to Protect Consumers' Health And Safety

2.2.5.2.1. Ensuring Protection of Personal Data

The Data and Content Protection Charter, adopted in 2008, defines Vivendi's commitments regarding the collection and management of customers' personal data and protection of content. It is implemented by every subsidiary. The issue of personal data is strategic for the Group. Indeed, most of the Group's activities (Canal+ Group, SFR and GVT in particular) use subscription-based economic models

The Group pays special attention to any trends in discussion about the proposed EU Regulations on the protection of personal data (please refer to Section 2.1.2 p. 54).

⏭ **Personal data protection systems at the level of the subsidiaries**

Existence of a formal commitment to protecting personal data

GRI	UNGC	OECD
DMA PR Consumer privacy aspect, DMA HR MSS	1, 2	VIII.6

Existence of a Data Protection Officer ("correspondant informatique et libertés") (DPO), or a department in charge of issues related to the collection, treatment and storage of customers' personal data

GRI	UNGC	OECD
DMA PR Consumer privacy aspect, DMA HR MSS	1, 2	VIII.6

Canal+ Group, UMG, SFR and Maroc Telecom have a Data Protection Officer (DPO), or entity department in charge of issues related to the collection, treatment and storage of customer's personal data.

Some of the mechanisms set up by the Group's subsidiaries that illustrate application of the commitments to protect personal data are listed below:

- UMG's websites display mandatory legal announcements on respect for privacy, and clearly explain to consumers the Company's policies on personal data;
- GVT is continuing its information and awareness training programs aimed at its employees and customers, in particular the program "GVT Inspira: for responsible Internet use". This program provides a whole range of tools (guides and brochures, a website, blog, mobile application and talks in schools) with the aim of giving participants the essential tools to safe online behavior;
- SFR has maintained different devices: technical tools for parental control on fixed and mobile lines, recommendations for safe Internet use by children, devices flagging illegal content (Internet site to report illegal content, PC application to facilitate reporting of illegal content and customer service contact information). In 2013, the devices for protecting and assisting customers against phishing (attempting to steal passwords through fraudulent e-mails) were strengthened.

  In addition, the SFR Business Team supplemented its cloud security solutions with the Cloud Storage Suite, which reinforces protection when exchanging and securing business information;
- among the commitments made by Maroc Telecom in the area of personal data protection (ISO 27001) and compliance with Law 09/08 on protecting the data of physical persons, in 2013, Maroc Telecom implemented the following measures: offering customers the option of limiting commercial messages, information on precautions to take to protect personal data on their mobile phones before sending them for repair, and making the Group's employees aware of issues surrounding protection of their personal data.

  Maroc Telecom has also reviewed all the personal data it holds and its treatment of this data in order to report on this to the National Control Commission for the Protection of Personal Data (CNDP), which is in charge of verifying that the treatment of personal data is lawful and legal and does not violate privacy, freedom, or fundamental human rights.

  Moreover, in 2013, 24 internal auditing engagements were completed to verify compliance by Maroc Telecom's business activities with the standards of ISO 27001/2005 certification.

⏭ **Special attention paid to informing young audiences**

Description of initiatives to raise the awareness of users, particularly young audiences, regarding personal data and information related to online privacy

GRI	UNGC	OECD
DMA PR Respect for privacy aspect, DMA HR MSS, TSS PA7, PA11	1, 2	II.A.14, II.B.1, IV, VIII.5 and 8

The Vivendi Group is particularly focused on raising the awareness of users, particularly young audiences, regarding issues of personal data protection and management of their private lives online.

The CSR department brought together the Group's subsidiaries to discuss the topic "Young Internet users and the digital lifestyle: the issue of personal data" together with representatives of the EU Council, French Defender of Rights, and the CNIL. The objective was to raise awareness of regulatory changes related to the protection of privacy and changes in uses with regard to the placing of online personal information by young people. The CSR department also focused on gaining a better understanding of the treatment methods used for personal data of children and teenagers on the websites of the Group's subsidiaries offering media content to that audience, in order to anticipate the measures that will be implemented within the framework of future European regulations.

In February 2013, Vivendi also launched its first webradio, on the occasion of Safer Internet Day 2013, which is the European day dedicated to promoting a more responsible and safer Internet for young people. The webradio Vivoice is a specialized media for interacting with the Group's stakeholders to discuss its CSR issues. At a special morning session, Vivendi invited approximately thirty speakers (politicians, professionals, scientists, experts and high school students) to exchange views on issues of online reputation and online critical thinking.

The Group's subsidiaries implemented several initiatives to assist in raising the awareness of young audiences on personal data issues:

- in July 2013, Canal+ launched a "Kids" section on Canalplay, its on-demand video service. This is a space devoted to children with age-appropriate programs and simplified browsing, all in a secure space. Parents configure access to programs based on the ages of their children, and entering and exiting the Kids program are secured by means of password authentication.
- UMG demands parental or guardian consent when 13-16 year-old Internet users subscribe to its online music websites. The websites owned or managed by UMG have a "Safe Surfing Guide" accessible from the homepage.
- in 2013, GVT rolled out a new channel for young people under 23, based on the website www.Internetresponsavel.com.br. It offers free advice, guidelines and information on how to use the Internet in a manner devoid of ambiguity or danger. The psychologists featured online are trained in relations with Internet users;
- in February 2013, GVT sponsored the "Safer Internet Day" and held a video contest on online rights and duties;
- in 2013, Maroc Telecom introduced a parental control solution for ADSL and 3G Internet content to its customers, which it provides free of charge. This solution enables parents to block access to inappropriate websites with content that may be harmful to their children. The solution also includes other functions to protect personal data (on the Internet and on social networks), control and limit children's browsing time, or alert parents when children ignore a warning or attempt to visit a blocked site.

  In addition, Casanet, the Maroc Telecom subsidiary in charge of the Menara portal, is continuing its initiative of making parents, children and all Internet users aware of the importance of protecting personal data when browsing the Internet, and of the potential dangers of non-secure browsing or browsing not monitored by parents.

2.2.5.2.2. Health and Radio Frequencies

Vivendi complies with current regulations and assiduously follows the results of scientific surveys on electromagnetic waves. The Group contributes to information and dialog both on mobile phones and on relay antennae, communicating the most recent positions of health authorities.

In 2013, several reports were published in France. The findings of technical research undertaken by the French government, initiated after the panel discussion on "radio frequencies, health and environment" that was held in the spring of 2009 by the Ministry of Health, with the cooperation of the Ministry of Sustainable Development and the Secretary of State in charge of prospects for the development of the digital economy, have confirmed that exposure to relay antennae is now very low (less than one-tenth of the regulatory thresholds in more than 99% of cases). In mid-October, from a scientific standpoint, France's National Agency for Health, Food and Environmental Safety (ANSES) published the fourth update to its scientific report on radio frequencies, confirming that there is no proven effect on health associated with radio frequencies, although there may be biological effects.

The mobile operators SFR and Maroc Telecom, which are directly in charge of the matter, have their own monitoring working group to maintain constant vigilance.

Number of electromagnetic field measurements near relay antennae (and percentage of these measurements in compliance with regulations)

GRI	UNGC	OECD
TSS IO3-6, PA8	7, 8	V.4.c, VI.1,2.a and 6.c,VIII.1 and 2

	2013	2012
Consolidated data	**1,155 (100%)**	930 (100%)

SFR	531 (100%)
MT	624 (100%)

SFR adheres to the commitments of the Guide to Relations between Operators and Communities signed with the Association of French Mayors, which is the operational roadmap for rolling out the mobile network.

In 2013, more than 500 measurements of electromagnetic fields were carried out in France upon the request of elected officials, landlords or individuals. The French authorities are planning to establish a National Frequencies Agency to be in charge of the new measurement system. This is expected to be funded by the government with a tax paid by the mobile telephone operators (a contribution in addition to the Imposition forfaitaire sur les équipements de réseau (IFER), defined by Finance Law No. 2010-1657 of December 29, 2010 and implementing regulation). Pending the date when this is made official, expected in early 2014, SFR deals with these measurements on a case-by-case basis.

In 2013, Maroc Telecom measured the electromagnetic fields near 624 relay antennae.

For SFR, as for Maroc Telecom, 100% of the measurements taken were found to comply with regulations.

Regarding dialog with stakeholders, the Group is especially vigilant in ensuring it meets their need for information and transparency with regard to health and radio frequencies. In 2013, along these lines, more than 700 meetings were organized by SFR and Maroc Telecom.

Number of information meetings on the subject of health and radio frequencies with stakeholders

GRI	UNGC	OECD
4.16, SO1, TSS IO4, IO5, PA8	1, 7, 8	VI.1, 2.a. and 6.c, VIII.1, 2, 5 and 7

	2013	2012
Consolidated data	**708**	726

SFR	527
MT	181

The Group's telecom subsidiaries concerned by this issue maintain this dialog throughout the year:

- in a constant attempt to maintain vigilance and transparency, SFR continues to provide information to its customers, in particular by distributing the leaflet "My Mobile and My Health", which is updated regularly to reflect current developments (the latest version was published in November 2013). More generally, SFR conveys precautions for use that help reduce exposure to radio waves, such as the use of a headset (provided free in all SFR packs), or the recommendation to make calls in areas with good radio reception. Lastly, pursuant to regulation, the operator displays the maximum level of exposure (Specific Absorption Rate: SAR) for mobile terminals in its commercial brochures, on displays in its distribution networks, on its websites and in advertisements;
- Maroc Telecom is available for local residents wishing more information on the installation of new relay antennae. It holds information meetings to answer their questions and address their potential concerns. The Group is particularly concerned to ensure that all roll-out operations or ones involving changes in antenna technology are accompanied with briefings for the benefit of local residents, in response to their health-related concerns.

SECTION 3 Social Information

3.1. Key Messages

3.1.1. An Ambitious Employee Shareownership Policy

Vivendi is committed to ensuring that employees' contributions to the Group are rewarded and distributed equitably. Consequently, the Group has implemented a profit sharing policy that exceeds legal requirements and strongly encourages employee Shareownership. In 2008, the Opus program was created, which supplements the traditional annual Shareownership plan reserved for employees of the Group's French companies. In 2013, initiatives were carried out in continuation of this policy.

3.1.1.1. Development of Employee Savings Plans in France

In 2013, the total net amounts received by the employees of the Group's French companies in the form of optional profit sharing plans, statutory profit sharing plans and employer's contributions to the Vivendi Group Savings Plan (Plan d'épargne groupe or PEG) amounted to €98.8 million, a decrease of 10% from the record year 2012. This amount corresponds to a gross expenditure of €128.6 million for the Group's companies. The total amount of new employee savings amounted to €77.8 million, which breaks down as follows: €57.5 million invested in the various employee share savings plans and €20.3 million allocated by employees either to retirement savings schemes (€11.7 million to the collective pension savings plans of SFR and Universal Music France), or to various funds or plans specific to their companies.

In 2013, in the context of a relative decrease in the sums distributed under optional and statutory profit sharing plans, a growing portion of employee savings was allocated to employee shareholding (45.9% of the amounts invested). Investments in money market mutual funds fell significantly at the same time, accounting for only 28% of investments, compared with 38% in 2012. This trend can be interpreted as an indicator that employees are adopting the profit-sharing policy pursued by Vivendi Group through employee shareholding.

3.1.1.2. Share Capital Increase Reserved for Employees

Pursuant to a decision of the Management Board dated April 29, 2013, and authorizations granted by the Shareholders' Meeting held on April 30, 2013, the annual share capital increase reserved for employees of the Group's companies under the Group Savings Plan (PEG) was approved on July 25, 2013. For the sixth consecutive year, the capital increase involved the simultaneous launch of a regular employee share offering (in France) and a French and international leveraged and guaranteed capital plan, entitled Opus 13.

As in previous years, the guaranteed capital feature of Opus was supplemented by an capitalized minimum return guarantee, which, since 2012, has seen a rise in the annual rate from 2.5% to 4%. The Opus 13 plan was opened to employees of the Group's main operating countries (France, the United States, Brazil, Morocco, the United Kingdom, Germany and the Netherlands), accounting for 80% of the Group's employees.

Despite the continuing economic and market downturn, the share capital increase reserved for employees, particularly the Opus plan, proved highly successful: a total of 12.3 million Vivendi shares were subscribed for, equaling the record set in 2012. The total amount subscribed for equals €148.7 million, which is a new all-time record (an increase of 17.4% over the €126.7 million subscribed in 2012 and an increase of 3.9% over the record of €143.1 million subscribed in 2011). The total number of subscribers, 10,682 employee participants, equals the 2011 record of 10,861 subscribers.

In detail:

- the Opus 13 subscription of €123.8 million for 10.2 million shares subscribed exceeds the record Opus subscription in 2011 (€115 million for 7.5 million shares subscribed); and
- the increase of subscription to the traditional share capital (€24.9 million compared with €28.5 million in 2011) resulted in a subscription of 2 million shares, or a 14% increase compared to 2011.

In 2013, in total, the number of new shares subscribed for by the employees represents 0.93% of Vivendi's share capital compared with 0.95% in 2012. As a result of the July 25, 2013 share capital increase reserved for employees, the Group's employees collectively owned 3.7% of Vivendi's share capital compared with 3.38% the previous year.

3.1.1.3. Appointment of the employee shareholding representative to Vivendi's Supervisory Board

Vivendi's long-standing employee shareholding policy, which, in 2008, was reaffirmed with the creation of the Opus program, has enabled employee and former employee shareholders to own collectively more than 3% of Vivendi share capital. In 2012, this threshold was reached, allowing, in 2013, the appointment for the first time of an employee shareholding representative to Vivendi's Supervisory Board, thus defending employee shareholder interests.

Nathalie Bricault, the employee shareholding representative, was proposed by the Management Board and appointed as a member of the Supervisory Board by vote of the Shareholders' Meeting held on April 30, 2013. Pursuant to the Company's bylaws, this appointment followed a general vote held in February 2013, and taken by the employee shareholders (35,000 voters) from all the countries concerned. Four members of the Supervisory Boards of the Group Savings Plan (PEG) shareholding funds ran as candidates.

3.1.2. Ongoing Constructive Dialog

At the Group Level

The social partners of the Corporate Works Committee, the European Social Dialog Committee (ESDC) and the Works Council at Vivendi's headquarters are regularly informed of the Group's strategy, financial position, social policy and main achievements for the year.

In 2013, the Group made a concerted effort to involve its social partners in discussions on the Group's strategies and guidelines.

In addition to the annual plenary meetings of the Group's governing bodies, two extraordinary meetings of extended Executive Committees were held with the Chairman of the Management Board. These meetings helped inform the social partners of Vivendi's strategic guidelines.

The two-day joint annual training session for the Corporate Works Committee and the ESDC gave the representatives an opportunity to learn more about the Group's strategy with respect to corporate social responsibility (CSR) and, more generally, about Vivendi's business lines. In 2013, topics studied included the Canal+ Group's international activities, SFR's network activities, and the activities of Watchever and Olympia.

At the Business Unit Level

Throughout the year, social dialog takes place within the Vivendi Group. Every year, a number of agreements are signed in France by the Group's various subsidiaries.

These agreements cover salary policy, profit-sharing schemes, training policy, jobs and skills management, and employment of workers with disabilities. In 2013, agreements were signed to establish pension saving plans (Canal+ and Universal Music France), to hire workers with disabilities (Canal+), and to implement telecommuting (SFR). Social dialog was also reflected in the commitments made by the Group's companies in relation to employing both young and senior workers, and on imparting skills and know-how under the Generation Contract.

3.1.3. Employee Support Program in Line with Group Developments

Vivendi makes every effort to give assistance to its employees and to support their career development. The Group's human resources policy is designed to attract, motivate and retain talent, to better respond to the challenges it faces as a major organization. Vivendi's employees need, to be able to express their aspirations and to be motivated and encouraged to engage with the Group. Motivation and investment requires, firstly, the employees to be able to express their aspirations for development. Vivendi thus can only do this in partnership with the employees themselves, since employees are the main driving force behind their own professional development. Employees are encourage to work with their own line manager and HR teams to build a career plan. Each Group business segment provides its employees with resources to create the most favorable possible conditions for advancement.

The Available Resources

- Support from HR teams and management:
  - employees build their own plan by drawing up a professional profile based on their potential and identifying their motivations;
  - the HR teams provide tools (e.g., resume-building workshops and interview practice), offer advice, describe and explain the Company's business segments and the possibilities for career development and mobility, according to the employee's profile and ambitions; and
  - the HR teams also support the managers in their roles as coach and mentor to their teams.
- Understanding the Group's business segments:
  - Vivendi's subsidiaries offer their employees various possibilities to help them learn more about the Group and its business segments. Case studies based on direct experience are available on their Intranets (e.g., "Changing jobs?" and "What's my job?").
- Internal mobility within the subsidiaries:
  - for employees, internal mobility is an opportunity to enrich their experience and to acquire new skills;
  - for the Group, internal mobility is also a major challenge. It means making certain that the talents of its employees are further developed so that the teams remain motivated and

skilled, and able to embrace changes in Vivendi's business segments;

– promoting mobility is also the responsibility of the managers, who are urged to become sponsors of their employees and assist them in their career development;
– the role of human resources is to facilitate mobility and career development processes. A wide range of HR processes, involving management and HR teams at all levels, is provided with a view to guaranteeing transparency in the system; and
– lastly, at Group level, an Internal Mobility Charter has been in place for more than 15 years. The job offer collection tool of the Group's French companies which are open to mobility has been reorganized. These tools also exist within each subsidiary.

All these resources were proposed responsibly by SFR, in consultation with its social partners, as part of its restructuring plan announced on November 28, 2012, and in light of its change from a telecoms operator to a digital operator and its adaptation to the new realities of the market.

SFR was determined that the deployment of this plan would not undermine the quality of assistance given to employees. Between April 11 and August 31, 2013, a Professional Mobility Plan (PMP) was implemented, incorporating all measures taken. This plan defines the framework and guarantees of an internal mobility plan as well as the measures included in a voluntary redundancy plan, so that every employee can voluntarily find the right solution for his or her professional situation.

SFR has agreed to comply with the following:

- no forced mobility; the plan is adopted on a voluntary basis;
- assistance to each employee, in order to guarantee his or her employability and return to a new job activity, either within the Group or outside, as early as possible;
- substantial resources for the participating employees; and
- the assurance that no employee will leave without a valid professional career plan.

On September 1, 2013, at the end of the voluntary period, 978 internal and external job moves had been made from among the job positions affected, with 874 external departures, of which 508 had been made as of December 31, 2013, and 104 internal moves.

At the same time, implementation of the restructuring generated 550 internal jobs during the same period. Special attention was paid to the drafting of the training plan, so that assistance could be provided as swiftly as possible to advance the skills necessary to consolidate the organization.

Workforce Planning

The Group's companies pay close attention to workforce planning. The French subsidiaries have signed forward-looking jobs and skills management agreements (Gestion prévisionnelle de l'emploi et des competences or GPEC) and a skills development and conversion support plan (Plan d'accompagnement du développement et de la transformation des compétences). Forward-looking analyses, conducted within the framework of business line observatories, also help to anticipate workforce planning.

Training

At Vivendi, training is an essential component of HR policy. Using innovative formats that meet current norms, training is offered in all the countries in which the Group has subsidiaries. Training policies are at the heart of the human capital development policy defined by Vivendi, adapted to the strategy of the Group or its subsidiary.

For the Group, priorities in training and skills development cover:

- at an individual level: the three aspects of the employee's human capital, namely, personal development of the employee, job skills and knowledge of the Company; and
- at a collective level: the major training program themes chosen by the subsidiary, depending on its strategy and on an analysis of training needs.

To ensure fairness and consistency, the procedures for access to training are standardized within the Group, irrespective of country or business segment.

3.2. Social Indicators

The report on social data has been drafted in accordance with Articles L.233-3 and L.225-102-1 of the French Commercial Code (Article 225 of Law No. 2010-788 of July 12, 2010 on national action for the environment, known as the French Grenelle II law).

In the tables below, unless otherwise indicated, the heading "Corporate" refers to the headquarters in Paris and the New York office. The heading "Headquarters" refers to the corporate headquarters in Paris. In 2012, the heading "Other" refers to Watchever (formerly Vivendi Mobile Entertainment), Wengo, Digitick, See Tickets Ltd and, from 2013, Wengo Participações Ltda and Devispresto. In accordance with the Reporting Protocol for societal, social and environmental data of the Vivendi Group companies, the new companies added to the scope of reporting during fiscal year 2013 appear only in the tables relating to the headcount. In 2012, these were: Canal+ Burkina Faso, Studiocanal Australia/New Zealand for the Canal+ Group, and Devispresto and Wengo Participações Ltda for the "Other" heading.

In addition, other companies were merged with existing companies of the Vivendi Group: EMI with UMG (Australia, Brazil, Canada, Germany, Hong Kong, India, Italy, Japan, Mexico, the United Kingdom and the United States); ITI Neovision with Cyfrowy sp. z.o.o. in Poland, and the companies D8, D17 and Direct Digital with UES Canal+, representing 4.3% of the total headcount.

The heading "Maroc Telecom Group" comprises Maroc Telecom and its African subsidiaries.

3.2.1. Employment

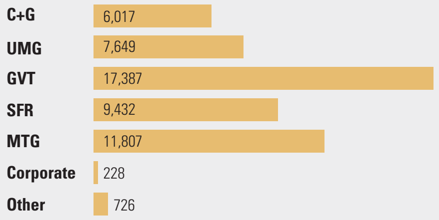
3.2.1.1. Headcount by Activity

As of December 31, 2013, the Group employed a total workforce of 53,246, compared to 50,989 as of December 31, 2012. The growth in 2013 (an increase of 4.4%) results from the combined effect of the acquisitions worldwide of EMI by UMG, of ITI Neovision in Poland, of D8 and D17 in France, and of Direct Digital by the Canal+ Group, as well as the continuing growth of GVT in Brazil.

Headcount as of December 31, 2013

GRI	UNGC	OECD
LA1	-	V

	2013	2012
Consolidated data	53,246	50,989



3.2.1.2. Breakdown of Employees by Gender, Age and Geographic Region

Headcount by Gender

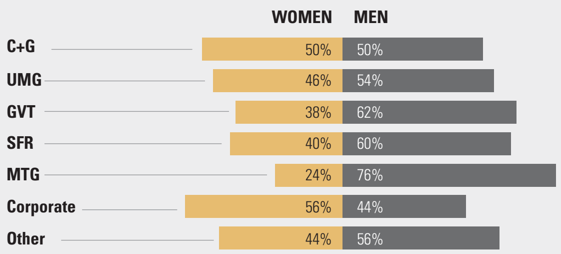
In 2013, the percentage of women in the Vivendi Group increased to 38% of the workforce (compared with 37% in 2012).

- The overall increase in the number of women is predominantly due to the increase at GVT (an increase of 2%).
- The ratio of men to women in the Group's other subsidiaries remains stable.

Headcount by gender (%)

GRI	UNGC	OECD
LA1, LA13	1, 6	V

Consolidated data	2013	2012
Women	38%	37%
Men	62%	63%

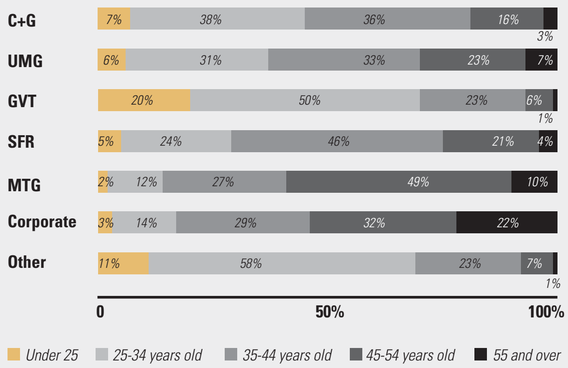


Headcount by Age

Headcount by age (%)

GRI	UNGC	OECD
LA1, LA13	1, 6	V

Consolidated data	2013	2012
Under 25	10%	10%
25-34 years old	33%	33%
35-44 years old	31%	32%
45-54 years old	21%	21%
55 and over	5%	4%



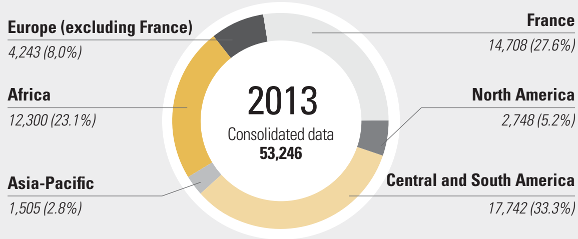
Headcount by Geographic Region

The table below shows the Group's headcount by geographic region as of December 31, 2013. The heading "France" covers the staff of companies in mainland France and its Overseas Departments and Territories.

Headcount by geographic region

GRI	UNGC	OECD
LA1	-	V

	2013	2012
Consolidated data	53, 246	50,989



3.2.1.3. New Hires and Departures

New Hires

Vivendi's businesses continue to be highly attractive. In 2013, the total number of new hires by the Group remained stable, due to the combined effect of GVT's strong internal growth and the development of the Canal+ Group and Universal Music.

Vivendi has a strong presence in Brazil and, to a lesser extent, in the United States. In these two countries, the calculation of new hires and trainees is markedly different from that of France and other European countries, since summer jobs held by students and temporary positions are considered as new hires. To take this into account, the table below counts new hires of all kinds, irrespective of the period of employment.

New hires in the Group

GRI	UNGC	OECD
LA2	6	V

	2013	2012
Consolidated data	**12,221**	10,748

C+G	1,515
UMG	1,420
GVT	7,956
SFR	824
MTG	178
Corporate	4
Other	324

Temporary and Permanent New Hires

Outside France, permanent hiring applies to persons continuously employed within the company for 18 months or more; employees with less than 18 months of continuous employment are considered to be temporary hires.

Temporary and permanent new hires

GRI	UNGC	OECD
LA1, LA2	6	V

	2013	2012
Consolidated data	**12,221**	10,748
New permanent hires	**10,287 (84%)**	8,917 (83%)
New temporary hires	**1,934 (16%)**	1,831 (17%)

		New permanent hires	New temporary hires
C+G	**1,515**	759	756
UMG	**1,420**	937	483
GVT	**7,956**	7,956	-
SFR	**824**	167	657
MTG	**178**	175	3
Corporate	**4**	-	4
Other	**324**	293	31

New Hires in France

This indicator covers the Group's companies in mainland France and its Overseas departments and Territories. In the table below, the rate of permanent new hires is calculated as a ratio of the number of permanent new hires to total new hires in each business.

New hires in France

GRI	UNGC	OECD
LA1, LA2	6	V

Consolidated data	2013	2012
Total hires	**1,923**	2,041
Permanent hires	**533 (28%)**	671 (33%)

		Permanent hires
C+G	**803**	162 (20%)
UMG	**127**	61 (48%)
SFR	**824**	167 (20%)
Headquarters	**4**	- (0%)
Other	**165**	143 (87%)

In contrast to the two previous tables, the table above shows data corresponding to French law: the number of hires on fixed-term contracts is equal to the difference between the number of permanent hires and the total number of new hires. In 2013, the average proportion of permanent new hires in the French companies was 28%, compared to 33% in 2012.

Headcount Reductions

Layoffs and departures from the Group

GRI	UNGC	OECD
LA2	6	V

	2013	2012
Consolidated data	**11,911**	10,638

C+G	1,512
UMG	1,336
GVT	6,865
SFR	1,382
MTG	501
Corporate	29
Other	286

The data in the table above shows all departures from the Group's companies, irrespective of the reason. It can be compared with the table showing all new hires. In 2013, the increase in the number of departures is predominantly due to three factors:

- the voluntary redundancy plan at SFR (please see Section 3.1.3. of this chapter);
- a tense employment market in Brazil, which explains the heavy turnover of employees at GVT; and
- structure-related effects after the consolidation of EMI into UMG, and D8, D17, Direct Digital and ITI Neovision into the Canal+ Group.

Departures by Reason

Breakdown of departures by reason

GRI	UNGC	OECD
LA2	6	V

	2013	2012
Consolidated data	**11,911**	
Resignation	4,188	
Individual redundancy	4,440	
Redundancy on economic grounds	301	
Voluntary resignation	647	ND*
End of temporary contract	1,760	
Retirement	218	
Move between business units	7	
Other causes	350	

** New indicator in 2013, no 2012 data.*

The number of individual redundancies and redundancies on economic grounds was 4,741: 6% in France and 94% in other countries.

Resignations at GVT represent 70% of the total number of resignations, and individual redundancies represent 87% of the total number of individual redundancies. Moreover, the departures from GVT represent 58% of the total number of departures from the Group. These figures illustrate the specificity of the Brazilian labor market, which favors mobility.

3.2.1.4. Compensation

As from the second quarter of 2013, and in compliance with IFRS 5 taking into account the anticipated closing dates of the effective sales, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings as discontinued operations. In practice, their contribution, until the effective sale, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations".

In accordance with IFRS 5, these adjustments have been applied to all periods presented in the Consolidated Financial Statements (2013 and 2012) to ensure consistency of information. Thus, the contributions of Activision Blizzard and Maroc Telecom Group are no longer presented under Vivendi's personnel costs for 2012.

In addition, as of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - Employee Benefits, whose application is mandatory in the European Union beginning on or after January 1, 2013.

Personnel Costs

Personnel costs (€ millions)

GRI	UNGC	OECD
EC1	-	V

	2013	2012
Consolidated data	**2,686**	2,479

Payroll Costs

Payroll costs (€ millions)

GRI	UNGC	OECD
EC1	-	V

	2013	2012
Consolidated data	**2,426**	2,164

C+G	406
UMG	785
GVT	198
SFR	947
Corporate	56
Other	34

Payroll Costs as a Percentage of Revenue

Payroll costs as a ratio of revenue

GRI	UNGC	OECD
EC1	-	V

	2013	2012
Consolidated data	**11%**	ND*

** New indicator in 2013, no 2012 data.*

Optional and Statutory Profit Sharing (France)

This indicator includes Group companies in France by type that have entered into collective bargaining agreements relating to optional or statutory profit sharing.

Optional and statutory profit sharing in France (€ millions)

GRI	UNGC	OECD
EC1	-	V

Consolidated data	2013	2012
Optional profit sharing	**47.5**	58.9
Statutory profit sharing	**20.0**	46.6

3.2.2. Organization of Work

3.2.2.1. Organization of Work Time

Full-Time and Part-Time Employees

Full-time and part-time employees

GRI	UNGC	OECD
LA1	-	V

Consolidated data	2013	2012
Full-time employees	**51,634 (97%)**	49,292 (97%)
Part-time employees	**1,612 (3%)**	1,697 (3%)

	Full-time	Part-time
C+G	5,573	444
UMG	7,386	263
GVT	17,318	69
SFR	8,730	702
MTG	11,807	-
Corporate	215	13
Other	605	121

The Vivendi Group makes limited use of part-time contracts. The ratio of part-time employees is calculated by dividing the number of employees working part-time by the total number of employees of Vivendi Group.

Average Weekly Duration, Full-Time Employees

The total working hours per week for full-time employees is determined using the most widespread working time in the company.

Average weekly duration of working time for full-time employees (hours)

GRI	UNGC	OECD
-	-	V

	2013	2012
Consolidated data	**38.3**	38.0

This figure represents the average weighted working hours per week within the Group for full-time employees. Working time varies according to country and company. In France and in the Overseas Departments and Territories, fixed working hours follow the law on the 35-hour working week. In 2013, the increase in average work time is due to the increasing share of GVT in the Group's total workforce, with an average of 40 working hours per week.

Average Yearly Duration, Full-Time Employees

Average yearly duration of working time for full-time employees (hours)

GRI	UNGC	OECD
-	-	V

	2013	2012
Consolidated data	1,833	1,747

The table above shows the average weighted annual time worked by employees. Similarly to working hours per week, the increase in the annual hours is due largely to the increasing presence of GVT in the Group's total workforce.

Methods of Work Organization

Work organization practices remain stable both in terms of length of time worked and proportion of employees working part-time. Changes in the organization of work are driven by the need to reconcile the demands of Vivendi's customers and the seasonal nature of business activities, as well as the necessary balance between the personal and professional lives of employees. New working arrangements, such as telecommuting and flexible working hours, are becoming more widespread within the Group.

- A telecommuting agreement signed by three representative trade unions in the Canal+ Group facilitates the organization of work for employees, by allowing them to work regularly from home. The agreement is in force for the period 2012 to 2014.
- Universal Music Group encourages telecommuting and flexible working hours. This policy does not necessarily require signing collective agreements, given the diversity of regulations in the numerous countries where UMG is present.
- Based on a successful pilot plan carried out in 2011, SFR decided to extend its telecommuting arrangement throughout its social and economic unit, or "single employer" (SEU). In this way, SFR wishes to offer any interested employees an opportunity to better harmonize their professional and family lives, or to limit their travel time to and from work, by performing part of their duties outside their customary workplace. On July 29, 2013, the agreement was signed for a period of two years, and sets the guidelines for telecommuting, respecting the personal lives of employees and their well-being, while taking into account the company's operational, technical and financial needs. It is based on two essential principles: the commitment of the employee and his or her manager, and maintaining the physical link to the company, so as to ensure that the sense of belonging to the company and sharing its values and culture remains unimpaired.
- Depending on their specific needs, which are often related to customer service, a number of the Group's companies use varied working time arrangements such as being "on call" and staggered working hours. This is the case, for example, for GVT's telephone call centers, for the production of the Canal+ Group's television broadcasts, for shows produced by Universal Music and at Digitick, in order to adapt to certain special events (festivals, shows, and sports events) that are at the heart of its their businesses.

3.2.2.2. Absenteeism in the Group

Absenteeism by Reason

Absenteeism is defined as working days not worked, excluding paid leave, training courses, trade union absences, exceptional and standard leave and days of reduction in working time. Contract suspensions are not counted in the table below. However, all cases of sick leave, including long-term disability leave, have been included.

Days of absence are broken down by reason: illness, family reasons and workplace accidents (including commuting accidents in countries where this concept is recognized).

The category of absence for other reasons recognizes reasons that reflect cultural differences and differences in local regulations within the Group. In particular, it covers absences for personal reasons, unpaid vacation and unpaid leave, redundancies or unauthorized absence (whether paid or unpaid), absence due to a child's illness or a family event (excluding maternity, paternity and adoption leave), and absence for pilgrimages or examinations as well as unjustified absences.

In 2013, in general, absences in the Group showed a decrease.

Absenteeism by reason (average days per employee)

GRI	UNGC	OECD
LA7	-	V

Consolidated data	2013	2012
Illness	4.28	4.62
Family reasons	1.84	1.96
Accidents	0.28	0.36
Other reasons	1.67*	1.62*

* *Excluding GVT (specific reasons related to local regulations governing work organization), the Group's rate of absenteeism for "other reasons" is 0.42 in 2013 and 0.44 in 2012.*

Calculation method: the absenteeism rate is equal to the number of days of absence divided by the average annual number of employees for the year.

At GVT, days of absences (with the exception of absence for other reasons) are counted based on calendar days and not working days: the overall figure has been adjusted to take into account only absences on working days.

3.2.3. Social Relations

3.2.3.1. Organization of Social Dialog

Social dialog takes place at all levels of the Group. The Corporate Works Committee and the European Social Dialog Committee (ESDC) enable broad-ranging information and discussions on economic strategy and the main policy objectives of Vivendi's human resources policy (see Section 3.1.2. of this chapter).

Within the subsidiaries, dialog and social discussion are organized in line with the employment laws and regulations for each country, according to the orientation given to the human resources policy of each business unit.

3.2.3.2. Collective Bargaining Agreements

In 2013, 30 agreements or supplemental agreements were signed or renewed. Among those agreements, the following can be cited as representing active and productive social dialog: the Canal+ Group's agreement on the employment of disabled workers, the agreement signed by SFR on telecommuting (see Section 3.2.2.1. of this chapter), the two agreements establishing a supplemental retirement plan (Article 83) and a collective retirement savings plan (PERCO) signed by the Canal+ Group, as well as Generation Contract agreements or action plans in most of the Group's companies.

For several years, the Canal+ Group has committed itself to a voluntary policy for the inclusion of disabled workers; it plans to pursue initiatives already undertaken under the agreement signed in 2010. On December 20, 2013, a new agreement on the employment of disabled workers was signed for a three-year period. For the Canal+ Group, this policy is based on the principle of equal opportunities in employment, training, vocational training and professional development.

To assist its employees in preparing as well as possible for their retirement, the Canal+ Group has undertaken and implemented two additional mechanisms allowing all the Group's employees to accumulate retirement savings based on individual need, designed to partially offset the downward trend in the replacement rates of public and professional pensions.

The Generation Contract has enabled the different companies in the Group to extend a policy and initiatives already taken under agreements on forward-looking job and skills planning and/or agreements on the employment of seniors to cover the long term. They meet the threefold objective set, of (i) facilitating access to employment by young people, (ii) developing and maintaining jobs for seniors and (iii) transmitting skills between generations.

In 2013, the social dialog at SFR was strongly tied to specific and exceptional assistance measures which SFR wished to implement as part of two significant milestones in its history – its changeover to a digital operator and the opening of its new headquarters, the "SFR Campus".

Collective Bargaining Agreements Signed in France

Collective bargaining agreements signed or renewed

GRI	UNGC	OECD
LA4	3	V.8

	2013	2012
Consolidated data	**30**	36

C+G	14
UMG	2
SFR	9
Headquarters	4
Other	1

The scope selected for this table (France) is the area for which the Group has comprehensive collective bargaining reporting. In numerous countries abroad, the notion of a collective bargaining agreement does not correspond to the definition in France. Agreements and supplemental agreements are counted in this table; those signed in an SEU are counted only once.

3.2.4. Occupational Health and Safety

3.2.4.1. Health and Safety Conditions at Work

Workplace health and safety are issues of concern faced by the whole Group; these issues are defined by each business unit. All the companies have put preventive measures in place: procedures in the event of fire or other serious incidents, employee training in such procedures, and specialized training of teams in charge of safety.

With regard to health risks in the workplace, the methodology used to identify risks involves several steps: identifying and assessing professional risks related to the activity; assessing the level of risk control; identifying individual and collective prevention measures to eliminate or reduce each risk; defining Occupational Health and Safety management programs aimed at controlling any remaining risks; and training programs.

Ad hoc Committees (CHSCT for French entities) address these issues and publish related documents, such as the Uniform Document for the Assessment of Occupational Risks for the French entities.

The objectives of these Committees are listed below:

- improving the ergonomics of work stations, especially for people working with computer monitors, or at warehouses, and diagnosing situations where there is discomfort at work;
- participating in and creating a plan for prevention of conflict and stressful situations;
- measuring radiation from extremely low frequencies (GSM aerials, 3G, cellphones and WiFi), verifying legal limits, identifying the associated risks and promoting best practice;
- monitoring the implementation of action plans in the event of serious incidents (including fire, attack or breach of security and natural disasters);
- promoting a "best practice" in relation to business travel and analyzing the causes of commuting accidents;
- managing and updating the document detailing the risks and prevention plans;
- supervising the safety of the premises and preventing illness; and
- providing transportation for employees to their workplace if public transportation is inadequate or unavailable.

Vivendi continues to apply preventive measures related to managing stress and psychosocial risks. Counseling teams are available for all employees. The programs in question are specific to each entity and cover areas such as the training of local managers, a toll-free number for employees, and information given to elected employee representatives by a specialist physician. These services are independent of the company and are completely anonymous, confidential and free.

Some of the preventive or training initiatives are described below:

- the Canal+ Group's CHSCT has used the services of an expert on several occasions to examine the plan to modernize technical infrastructures and specialized units in the Customer Relations Centers;
- in Canada, UMG has created a partnership between the Health and Safety Committee, managers and employees, aimed at ensuring that health and safety conditions are complied with, and that they are made a key component of quality customer service. In Australia, UMG hired a Learning and Development Manager to review and put in place new agreements. In Mexico, UMG runs simulation programs for the purpose of setting up preventive measures in the event of earthquake or fire;
- in the fall, a "Well-being and Performance" week was held at Vivendi's headquarters in Paris. Its purpose was to provide advice and best practices with the aim of harmonizing personal well-being and performance at work. The week was designed around lectures by specialists on selected topics: biological rhythms, recovery, nutrition, detox and motivation; and
- GVT has created medical centers at its premises to facilitate access to healthcare by its employees.

Employee Safety Training

Percentage of employees trained in health and safety (%)

GRI	UNGC	OECD
LA8, TSS, IO3	-	II.A.4&8, V.4.c, VI.7

	2013	2012
Consolidated data	**25%**	16%

C+G	7%
UMG	12%
GVT	56%
SFR	15%
MTG	6%
Corporate	31%
Other	3%

This indicator shows the percentage of employees who have taken one or more safety training courses during the year. In 2013, a number of initiatives targeting workplace safety were adopted, notably in the Canal+ Group, where 81% of the employees of the nc+ call center in Poland were trained. Every quarter, UMG Romania holds safety training sessions designed for all its employees. At SFR, training programs are given every year so that managers and employees can learn about the risks related to their activity and the applicable procedures.

In the table above, not including the headings "SFR" and "Other", the number of employees trained in safety in all the business lines increased twofold. These training sessions had a positive effect on the frequency and severity rates of work-related accidents in the Group (please see Section 3.2.4.3. of this chapter).

Number of Committees Dedicated to the Control of Health and Safety

Vivendi has established various committees and organizations involving professionals and staff representatives. They are dedicated to studying Occupational Health and Safety issues, in strict compliance with local legislation in each country in which the Group is present. This indicator shows the number of such committees.

Number of Health and Safety Committees

GRI	UNGC	OECD
LA6, TSS, IO3	-	II.A.4, V.4.c, VI.7

	2013	2012
Consolidated data	**354**	263

C+G	12
UMG	25
GVT	275
SFR	19
MTG	17
Corporate	1
Other	5

The increase in the number of Occupational Health and Safety Committees is predominantly due to continued efforts to comply with the regulations now in force in Brazil, which require that such committees be established in all operating units with more than 50 employees. Accordingly, in 2013, 90 new committees were created. It should also be noted that two new committees were created within the Canal+ Group's Polish subsidiary.

3.2.4.2. Collective Agreements on Occupational Health, Safety and Working Conditions

In France

Collective agreements on health and safety in France

GRI	UNGC	OECD
LA9	3	V.4.c

	2013	2012
Consolidated data	**5**	6

C+G	-
UMG	2
SFR	2
Headquarters	-
Other	1

3.2.4.3. Workplace Accidents and Occupational Diseases

Frequency Rate of Workplace Accidents (with Work Days Lost)

Historically speaking, at Vivendi, the rate of workplace accidents remains moderate. In 2013, the frequency of workplace accidents (with work days lost) fell noticeably. Fluctuations are attributable chiefly to the increase in the number of telephone infrastructure employees at GVT, where the business lines are more exposed to risks.

It should be noted that a slight difference in absolute data in the smaller structures can lead to a significant variation in relative values.

Frequency rate of workplace accidents (with work days lost)

GRI	UNGC	OECD
LA7	1	V

	2013	2012
Consolidated data	**3.24**	3.71

C+G	3.11
UMG	0.76
GVT	4.68
SFR	3.61
MTG	2.65
Corporate	-
Other	0.86

Calculation method:

$$\frac{\textit{Number of workplace accidents resulting in lost work time} \times 1{,}000{,}000}{\textit{Average annual headcount} \times \textit{annual hours worked (estimated at 1,750 for the Group)}}$$

Severity Rate of Workplace Accidents (with Work Days Lost)

In 2013, the severity rate of workplace accidents (with lost work time) in the Group fell sharply (a decrease of 36%), in particular due to the measures taken by GVT in 2013 to reduce the risk of accidents in the field.

As for the previous indicator, a slight difference in absolute data in the smaller structures can lead to a significant variation in relative values.

Severity rate of workplace accidents (with work days lost)

GRI	UNGC	OECD
LA7	1	V

	2013	2012
Consolidated data	**0.09**	0.14

C+G	0.11
UMG	0.05
GVT	0.14
SFR	0.05
MTG	0.08
Corporate	-
Other	< 0.01

Calculation method: $\dfrac{\textit{Number of days lost due to workplace accidents x 1,000}}{\textit{Average annual headcount x annual hours worked (estimated at 1,750 for the Group)}}$

Occupational Diseases

In France, occupational diseases are the ones officially reported and recognized by the French Social Security scheme. In other countries, occupational diseases are defined in accordance with local laws or, if no such local laws exist, by the International Labor Organization (ILO) [(1)].

Occupational diseases

GRI	UNGC	OECD
LA7	1	V

	2013	2012
Consolidated data	**19***	19*

* *The Group's business segments have little exposure to occupational diseases. Brazilian legislation gives a broad interpretation of this concept, which explains the result for 2013 and 95% of the result for 2012.*

3.2.5. Training

3.2.5.1. Training Policies of the Business Units

In 2013, Vivendi developed a mentoring program for its future women leaders. The aim of this program is to promote and develop a pool of female senior executives capable of assuming responsibility and meeting the challenges of gender equality, while boosting the Group's performance by contributing to a new style of male/female relationships. This program was introduced on the initiative of the Supervisory Board and adopted by the senior executives of the Group who accepted to be mentors for this program.

Each of the Group's major subsidiaries has a vocational training policy adapted to the needs of its business lines and to their rapid development, and makes skills development a fundamental element in its training policy.

- The Canal+ Group has an accredited in-house university, CAMPUS+. This assists employees with their career plans according to three priorities: disseminating a common culture, strengthening skills, and sharing managerial practices.
- At UMG, training methods, which are often individualized, are such that the bulk of training is done gradually and in work situations. This means that substantial numbers of training hours are not recorded. Thus, an assessment of the number of hours of training does not reflect the reality of the training efforts actually undertaken by the music companies.
- SFR offers a comprehensive training program with more than 220 modules. These are designed according to innovative individualized teaching methods and around three objectives: skills development, training with emphasis on trends in the company, and customer relations. The company is also developing a network of in-house trainers and mentors. In 2013, the focus was on business line training courses related to SFR's new strategic challenges, and on the training necessary to assume a position under the Professional Mobility Plan.
- At GVT, training is done on-site or remotely, using a modular approach and e-learning methods. It has three focuses: training in the skills needed in the different business lines, perfecting skills and personal growth programs.
- Maroc Telecom has two training centers and 12 dedicated trainers. Special efforts have been made in the area of customer relations in the customer service centers and sales offices.

(1) For a complete list of these diseases please see the ILO website.

3.2.5.2. Total Number of Training Hours

Total number of training hours

GRI	UNGC	OECD
LA10	6	II.A.4

	2013	2012
Consolidated data	**2,030,609**	1,998,069

C+G	85,779
UMG	39,398
GVT	1,359,952
SFR	254,464
MTG	285,823
Corporate	1,134
Other	4,059

In 2013, the number of hours of employees training received by the employees increased by 32,540 hours compared to 2012 (an increase of 2%). This increase in the number of training hours follows the rise observed in 2012 (of more than 20% compared to 2011) confirming the importance attached to training by the Group's Companies. The investment in human capital is especially noticeable at GVT, where all the employees enjoy exceptional training opportunities.

Number of Employees Receiving Training

The table below shows the number of employees who took at least one training course in the year. If an employee took more than one training course, he/she is only counted once.

Number of employees receiving training

GRI	UNGC	OECD
LA10, LA11	6	II.A.4

	2013	2012
Consolidated data	**44,150 (83%*)**	41,804 (83%*)

* *% of the workforce trained.*

C+G	3,814
UMG	4,765
GVT	21,266
SFR	7,289
MTG	6,753
Corporate	59
Other	204

The large percentage of employees trained at least once in the year underscores Vivendi's focus on developing skills and employability.

Hours of Training per Employee Trained

Hours of training per employee trained

GRI	UNGC	OECD
LA10	6	II.A.4

	2013	2012
Consolidated data	**46.0**	47.8

C+G	22.5
UMG	8.3
GVT	63.9
SFR	34.9
MTG	42.3
Corporate	19.2
Other	19.9

The emphasis placed on training by the Vivendi Group is reflected both in the increase in the number of employees receiving training (an increase of 5.6% compared to 2012) and in the fact that the average duration of training received by each employee trained remains extremely high. GVT is a strong contributor to indicators on training.

3.2.6. Equality and diversity in employment

3.2.6.1. Measures Promoting Gender Equality

The Supervisory Board strongly believes that promoting women to leadership positions is a measure of the Group's success, and therefore, in 2011, it approved a networking program to promote a gender balance at the highest level. In March 2012, the ANDIAMO network was created, serving as a forum for some thirty female senior managers from the Group's French companies. The purpose of this network is to empower women and support them in their career development through the personal accounts of role models and co-development and training workshops.

All of the Group's French companies have also signed innovative agreements on gender equality:

- collective agreement on professional equality of men and women, providing for the implementation of a comprehensive set of measures (recruitment, promotion, compensation and maternity leave) and indicators to monitor the mechanisms put in place;
- parent-friendly agreements calling for equal treatment for father and mother; and
- agreements on working hours to facilitate a work/life balance for men and women.

In this regard, and before signing a third agreement on gender equity currently under negotiation at SFR, an action plan was created to reinforce existing provisions and make the following improvements:

- improving hiring parity, especially in certain subsidiaries, and respecting gender equality in access to employment;
- ensuring there is gender equality in all jobs and job classifications within the business;
- providing equal opportunities in career development;
- guaranteeing salary equality between men and women performing the same jobs at the same skill level and with the same responsibilities and results;
- guaranteeing equality in professional development and pay increases, in the event of a career interruption owing to parental leave, maternity leave or adoption leave; and
- striving for improvement in terms of reconciling personal and professional life, taking parental issues into account.

As in SFR, the Canal+ Group strives to make its partner recruitment firms aware of the Company's goal of having a stronger female presence on its final list of candidates. In relation to internal mobility, the Canal+ Group favors mobility towards the business lines where there is a "gender imbalance", and allocates funding in its budget to training in these job categories.

More generally, Vivendi, SFR and the Canal+ Group are aiming for gender parity in succession plans and promotions. These agreements include measures to identify and remedy any pay differentials. For example, SFR and the Canal+ Group have eliminated periods of maternity leave from the annual assessment, have identified pay differentials for equivalent posts and taken remedial action, and have provided for the principle of a special budget, if necessary, in annual compensation budgets to remedy any pay differentials in the various categories.

Parental agreements provide for career flexibility by allowing for periods of absence (maternity or parental leave). Both SFR and the Canal+ Group hold a pre- and post-maternity leave interviews.

Lastly, programs promoting changes in behavior and combating stereotypes have been introduced at all levels throughout the Group:

- projects aimed at empowering individuals (mentoring and training) and training in female leadership;
- networking with the participation of role models: meetings between experienced women and young female employees; communication on successful career development of women working in male-dominated positions;
- "Speed meetings" organized at the Canal+ Group to raise the profiles of women performing jobs in male-dominated fields or who have risen to a position in Management; and
- at Vivendi's headquarters, a seminar open to all employees on the topic of "Managing gender parity in business", followed by workshops on topics such as "From stereotypes to valuing differences" or "Bold career steps".

Proportion of Women in Management

In France, a *cadre* is an employee who has a significant level of responsibility and autonomy and who is subject to performance obligations (operations, production, development and project management).

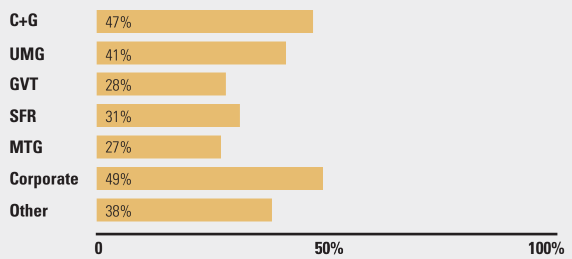
In other countries, this concept is not applied, and the closest equivalent is an manager who is paid a salary rather than an hourly wage. Accordingly, in the table below, women managers (in other countries) and women *cadres* in France are both accounted for.

This proportion has remained stable over the past two years for the Group as a whole. The proportion of women managers is highest at the Canal+ Group (47%), UMG (41%), Vivendi's headquarters in Paris and its New York office (49%).

Women in management

GRI	UNGC	OECD
LA1, LA13	1, 6	V

	2013	2012
Consolidated data	**35%**	35%



Calculation method: number of women managers in relation to all managers

Women on Vivendi's Supervisory Board

Percentage of women on Vivendi's Supervisory Board

GRI	UNGC	OECD
4.1, LA13	1, 6	IV, V.1.e

	2013	2012
Consolidated data	**38.5%**	36.4%

With 5 women among its 13 directors, Vivendi ranks 4th among 120 French companies based on the percentage of women on its Supervisory Board, pursuant to the study [(2)] conducted by the Ministry of Women's Rights in October 2013. Two of these directors chair Board committees: the Corporate Governance and Appointments Committee and the Human Resources Committee.

3.2.6.2. Measures Promoting Employment and Integration of Workers with Disabilities

Workers with Disabilities in France

Workers with disabilities

GRI	UNGC	OECD
LA13	1, 6	IV, V.1.e

	2013	2012
Consolidated data	**327**	297

C+G	72
UMG	9
SFR	241
Headquarters	1
Other	4

In 2013, the number of workers with disabilities rose by 10% in Vivendi's business segments in France. This increase was due to the strong engagement of the Canal+ Group (an increase of 31%) and SFR (an increase of 6%).

Employment and Integration of Workers with Disabilities

The definition of a "worker with disabilities" used in this indicator is the one defined by national legislation or, failing that, by Convention 159 of the International Labor Organization (ILO): "any individual whose prospects for securing, retaining and advancing in suitable employment are substantially reduced as a result of a duly recognized physical, sensory, intellectual or mental impairment".

- As part of its corporate social responsibility, the Canal+ Group has been committed for several years to implementing disability collective agreements (known as disability agreements) and has introduced an awareness policy on this topic under the CanalHandi+ banner. This reminds employees of the Group's commitments in this area to recruit, integrate and retain disabled workers in jobs, as well as its participation in training disabled youth through internships or work/study programs. Over the period 2011 to 2013, Canal+ has employed several dozen persons declared desabled.

In late 2013, a new "Handicap" agreement was signed for a three-year period by all the trade unions represented in the Group, thus enhancing the commitments already made in previous years. The new agreement provides for the following:

- hiring 20 disabled workers between 2014 and 2016, and a "discovery" policy for identifying disabled young graduates through internships and work/study programs;
- participating in recruitment forums and maintaining specific partnerships such as *Handicafé*, *Forum Adapt*, *Osons*! and *Tremplin*;
- increasing business with the sheltered sector through increased communication with the Purchasing Department and all employees;
- assisting a significant number of employees to report their disability, with the help of a social worker for administrative support;
- empowering disabled employees and keeping them on the payroll through various forms of assistance:
  - authorized absences compensated (for recognition of disabled worker status procedures, medical care or a sick disabled child),
  - disability CESU paid by the Company at the rate of 75%, and
  - participation in funding assistance associated with disabled workers in the Company;
- numerous communication initiatives carried out, in particular during National Disabled Employment Week. In 2013, programs were held to raise awareness of disability, featuring topics such as youth, sports, cuisine, home and music;
- information and awareness campaigns held and a disability referral agent network created among employees;
- disability awareness and training sessions held for employees and managers; and
- HR staff and managers trained in hiring disabled workers.

- UMG in Germany: A disabled Employee Officer is responsible for the needs of disabled workers.
- In the agreement of April 24, 2012, signed for a three-year period, SFR undertook to finance the work of reclassifying workers with a disability who have been declared unfit by the occupational physician. Thus it assists and supports employees with a psychological disability to reduce the risk of possibly being declared unfit to work. Partnerships have been formed with specialized associations, which means assistance can be provided to medical teams and HR staff in preventing and dealing with a psychological disabilities at work.

(2) *Study available on the Ethics and Boards website.*

In 2013, special emphasis was placed on the following:

- adjusting work stations and the work environment of employees with disabilities on the SFR Campus;
- increasing the percentage of services devoted to the sheltered sector on the new website; and
- developing partnerships with schools and universities and the CFA (Centers of apprentice training) to hire apprentices with disabilities for work/study programs.

- The integration of people with disabilities and non-discrimination are principles respected within every company in the Group. In the recruitment process, the companies ensure equal treatment for applications and maintain strict respect for the individual. At the same time, the companies have developed specific training programs to raise the awareness of employees and managers regarding disabilities. It should be noted that, for Maroc Telecom, the social and cultural context limits the publication of information on disabilities.

3.2.6.3. Diversity and Discrimination Policies

Diversity and Non-Discrimination Policies in the Business Units

In accordance with Vivendi's Compliance Program, the Group's subsidiaries are committed to equal opportunity for all in recruitment, mobility, promotion, training and compensation, without distinction as to gender, religion, origin, age, personal life or disability.

Vivendi's Compliance Program states that, in each subsidiary, the Compliance Officer is in charge of responding to an employee's concerns. Moreover, in the US and the UK subsidiaries, a hotline is available to employees, in accordance with prevailing regulations, to flag any cases of discrimination or harassment.

In 2012, an interim audit conducted by AFNOR at SFR confirmed that, until 2014, it would retain the Diversity Label it was awarded in 2010. For 2013, a "Diversity" action plan was drafted with the following major points:

- providing employee training in diversity issues;
- implementing the 2012-2014 disability agreement;
- negotiating the signing, on December 20, 2013, of an agreement on remote working;
- continuing the commitment to preselect and select applicants exclusively from the standpoint of diversity;
- implementing educational programs targeting youth from disadvantaged neighborhoods;
- contributing to the action plan related to gender parity; and
- launching a study on installing inter-company nurseries to facilitate the balance between personal and professional life.

Vivendi and SFR have also introduced a parental leave policy for employees partnered with a person of the same sex who have had a child.

The Canal+ Group has long been involved in diversity issues. Its global presence requires it to develop a territorial foothold for its business activities. Hence for its growth it is vitally important that its staff reflect diversity and a gender balance. Managers receive regular awareness training in the Group's hiring criteria, which are based on openness, difference and diversity. Social dialog and the signing of numerous agreements on topics such as professional gender equality, disability, employing seniors, and the awareness policy conducted at all levels by the Group on these topics are a reflection of this commitment.

Employment of Senior Employees

The term "senior employee" refers to an employee over 55 years of age. Their presence is greatest in the Maroc Telecom Group and at Vivendi Corporate: they represente 10% of the total workforce at Maroc Telecom and in several of its African subsidiaries, and nearly 22% at Vivendi Corporate, which is due to the high level of expertise of the employees, typical for a corporate headquarters. A total of 4.7% of the Group's workforce is over 55.

Employment of senior employees (number and percentage of the workforce)

GRI	UNGC	OECD
LA1, LA13	1, 6	IV, V.1.e

	2013	2012
Consolidated data	**2,507 (4.7%)**	2,241 (4.4%)

C+G	202 (3.4%)
UMG	561 (7.3%)
GVT	151 (0.9%)
SFR	392 (4.2%)
MTG	1,141 (9.7%)
Corporate	50 (21.9%)
Other	10 (1.4%)

3.2.7. Promotion and Compliance with the Fundamental Principles of the ILO

As a signatory of the United Nations Global Compact, Vivendi agrees to comply with the fundamental principles of the ILO. In the area of labor law, these commitments require compliance with the four fundamental pillars of the ILO: freedom of association and recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, combating child labor, and eliminating discrimination in the area of employment and profession. Two of these four principles (freedom of association and combating discrimination) are of particular relevance to Vivendi.

3.2.7.1. Respect for Freedom of Association and the Right to Collective Bargaining

With its social partners, Vivendi promotes social dialog and consultation at all levels (please see Section 3.2.3. of this chapter). All workers based in France and in the Overseas Departments and Territories are covered by collective bargaining agreements. The same is true worldwide, for more than 90% of Maroc Telecom Group employees and 100% of the Canal+ Group and GVT employees.

3.2.7.2. Eliminating Discrimination in Employment

Vivendi has affirmed its commitment to diversity in recruitment and preventing discrimination in employment. The Group's Compliance Program calls for active prevention of all forms of discrimination based on selection criteria such as gender, age, lifestyle, ethnic identity, nationality, disability, religious, political or trade union opinions and commitments. These commitments are applied in practice through policies relating to gender (see Section 3.2.6.1. of this chapter), diversity and non-discrimination (see Section 3.2.6.3. of this chapter), and in the employment and job placement policies for workers with a disability (see Section 3.2.6.2. of this chapter).

3.2.7.3. Abolition of Forced or Compulsory Labor and Child Labor

The Vivendi Group complies with the ILO conventions and bans all forms of forced labor. Child labor is strictly prohibited in the Group. In certain specific cases, such as filmmaking or music recordings, where minors may be required to make a contribution, all regulatory requirements are rigorously respected.

SECTION 4 Environmental Information

4.1. Key Messages

4.1.1. Enhanced Employee Mobilization

Aside from initiatives to raise employees' environmental awareness, in the form of projects conducted by the business units, two transversal axis structure the Group's employees mobilization: reporting and certification.

- **The reporting requirement**

  In 2013, the work of improving data-gathering and consolidating environmental data continued, following regular exchanges with business unit representatives. Three new indicators were informed: training and employee information in the area of environmental protection, the purchase of plastics and acrylics used in the manufacture of products intended for sale, and purchases of paper for internal use. The creation of a new indicator (Total energy consumption) provides a global data. A stricter measure was adopted for water consumption. Paper purchases for office use were assessed as real data per entity.

  In fiscal year 2013, the work of the Auditors related to reported data in the Annual Report focused for the first time on several Universal Music Group sites located in Berlin and London and on GVT sites in Curitiba. This audit engagement was expanded within Canal+ Group to include the head office of Canal+ Overseas. In order to assist these three subsidiaries in the auditing process, briefing sessions were held by the Vivendi's CSR department and by the Auditors.

  After the audit is completed, closing meetings are held by the auditors. These meetings with the auditors, the business line representatives and Vivendi's CSR department allow to review improvements. These meetings also provide Management with an opportunity to discuss any recommendations to be implemented.

- **The Certification Process**

  Committing to a certification process allows the Company to evaluate, improve and report on its environmental policy and also to meet with its employees and its other stakeholders to discuss common objectives.

  For the eighth consecutive year, in an ongoing effort to reduce the environmental impact attributable to employees, customers and other stakeholders, SFR renewed the ISO 14001 certification of its environmental management system.

  This year, the headquarters of Universal Music Group in Santa Monica received the Energy Star certification issued by the US Environmental Protection Agency (EPA) for the seventh time. This distinction is reserved for top-ranking businesses recognized for their energy performance at national level.

  Registration of Vivendi's headquarters for the EU's Eco-Management and Audit Scheme (EMAS regulations) with the French Ministry of Ecology, Sustainable Development and Energy was maintained, in accordance with an annual follow-up audit. EMAS is a management tool for Vivendi's headquarters. Decisions on initiatives to reduce impacts on the environment are made by the "Green Team" Committee, which meets twice a year. This committee, which is led by an EMAS coordinator, brings together approximately ten members from different departments: administrative services, computer support, human resources, finance, CSR communications, and internal auditing, as well as the service provider in charge of maintenance for the site. The strength of the Committee lies in the motivation and expertise of its members.

4.1.2. Improved Reporting on Energy Consumption

In 2013, as a result of improved environmental reporting process, key indicators were developed that are better suited to the activities of the various business units. In order to control the forms of energy consumption that are the chief sources of the Group's CO_2 emissions, several measures were adopted, as described below:

- **Managing Facilities**: special attention was paid to air-conditioning as a source of high electricity consumption. GVT and Maroc Telecom have therefore invested in natural ventilation ("free cooling"), which consumes less energy. The new site that gathers together all the free channels of Canal+ Group is BREEAM certified (BRE Environmental Assessment Method). This is the most wildely used method of assessing the environmental performance of buildings. The site is equipped with "free cooling" generators that use air from outdoors to cool film sets and equipments, leading to energy savings of 13% a year, which is the equivalent of 100 tons of CO_2.

- **Managing the Vehicle Pool**: in an effort to limit the impact of business travel and commuting, SFR's second largest source of CO_2 emissions, the operator has made two improvements: reducing travel by using teleconferencing and making travel more efficient (such as using train travel rather than airline travel and including hybrid vehicles in the vehicle pool). Canal+ in France has gradually replaced its car fleet with less polluting vehicles, which, over the past five years, has enabled it to reduce its CO_2 emissions rate by 30 g/km per vehicle. Vivendi SA has introduced hybrid vehicles. UMG in Santa Monica (USA) has provided its employees with six locations for recharging electric cars.
- **Managing Electrical and Electronic Equipment**: the initiatives taken by headquarters (virtualization of servers, switching to IP (Internet protocol) telephony, reducing equipment such as fax machines and managing equipment at the end of the life cycle) have helped to reduce the energy impact of computers. Rigorous management has enabled Canal+ in France to recover nearly 5,500 pieces of equipment (including PCs, monitors, servers and printers), leading to significant gains from not placing new equipment on the market (872 tons of CO_2 emissions avoided, 5,700 m3 of water saved and 1,121 tons of fossil fuel not extracted).
- **Controlling Upstream Impacts**: As part of an effort to offset energy, Universal Music France has agreed to diversify its sources of electrical supply by purchasing EDF "Balance+" contracts. For EDF this means injecting electricity into the network from renewable sources, in a certain amount defined by contract. Other initiatives, like those carried out by GVT to encourage environmentally responsible purchasing and promote relations with suppliers which are environmentally responsible themselves, also reflect this desire to involve the value chain in this energy-saving policy.

4.1.3. Digital Challenges: the Environmental Issue

The Group's business units are offering their customers an ever-increasing range of creative digital content and high-speed access services. Thus, in 2013, digital content accounted for more than 50% of total sales of recorded music by Universal Music Group (compared with 39% in 2011). UMG is diversifying access to its content via digital platforms such as Vevo (a hosting service for music videos 47% owned by UMG) or other platforms such as Spotify, Deezer and Rhapsody. Canal+ Group has also launched its offering to major Internet distribution platforms such as YouTube in France, where it offers 20 free channels, and Dailymotion in Canada, which it uses to distribute video series, films and documentaries by subscription. The Group has also announced the acquisition of Studio Bagel, the premier comedy network on YouTube in France with more than 6 million subscribers and 40 million views per month. The new Canal+ Group application, the MyCanal app, allows its subscribers to receive Canal+/CanalSat programs on all screens, both live and on demand. Finally, Canalplay ranks among the leaders of VOD by subscription in France, with a subscriber base that has more than doubled in a year, and, in March 2014, reached 400,000 subscribers. A player in telecom and media, GVT, one of the most efficient high-speed companies in Brazil, is striving to satisfy its customers with an offering of diversified content. Its Pay-TV business launched two years ago has attracted 600,000 subscribers.

In this context of increasing electronic exchange, with the accompanying explosion of new uses, a better grasp of the digital environment footprint is needed. The CSR department has set up a committee to deal with the topic of "Information and communication technologies (ICTs) energy consumptions". Bringing together the legal and technical officers of Universal Music France, Canal+, SFR and Vivendi headquarters, as well as a sociologist and an expert from the Audiovisual and Telecommunications Institute in Europe (IDATE), this Committee has elicited a number of productive discussions. Members of this Committee have applauded this initiative and have demonstrated their desire to continue the committee's brainstorming efforts in order to better evaluate the environmental impact of the different players in the value chain. The value chain involves, among others, content creators using the services of data centers, network operators which must adapt their infrastructures to increasingly exacting demands in terms of speed, consumers increasing the number of "on demand" uses on different media (such as tablets, smartphones, connected televisions and computers) as well as manufacturers. Thus, in 2014, the decision was made to create a working group made of representatives of business units to further explore this specific environmental issue, so far largely unexplored.

4.2. Environmental Indicators

In 2013, the process of improving environmental data gathering continued. For some data, the striving for thoroughness has led to a significant change in the result compared with the previous year.

4.2.1. General Environmental Policy

The Group's business units with little exposure to environmental risks prepare their own action plans to measure and control their impacts. The methods used include energy assessments, certifications, and training and information sessions for employees.

Conducted energy assessment and evaluation of environmental impacts (number of assessments)

GRI	UNGC	OECD
DMA Environment, EN30	7, 8	VI.1.a

	2013	2012
Consolidated data	**13**	106
C+G	0	
UMG	2	
GVT	0	
SFR	9	
MT	1	
Corporate	1	

In 2012, the Group's business units located in France conducted an assessment of their greenhouse gas emissions. This resulted in energy assessments and impact evaluations at numerous sites. French law stipulates that these evaluations must be renewed every three years.

The measures taken during the Energy Star certification of the UMG headquarters in Santa Monica, issued by the US Environmental Protection Agency (EPA), revealed that the buildings were 48% more energy-efficient than standard buildings in the United States.

In 2013, at SFR, environmental impact measurements concerned predominantly light sites [(1)] (including the analysis of energy consumption, production of electric and electronic waste, treatment of used batteries and the treatment of refrigerants during maintenance operations). There were fewer of these measurements than in 2012.

For Maroc Telecom, the energy efficiency assessment involved, among other things, an analysis of uses related to renewable energy. A new project using hybrid renewable energy (solar/wind) is being launched at two pilot sites.

Environmental certification (number of sites)

GRI	UNGC	OECD
DMA Environment	7, 8	-

	2013	2012
Consolidated data	**6**	3
C+G	1	
UMG	2	
GVT	0	
SFR	2	
MT	0	
Corporate	1	

NB: For SFR, the certification concerns two activities, please refer to commentary below.

The number of certifications remained unchanged compared with the previous year. They mainly relate to Vivendi's corporate headquarters, which, since 2009, has been certified by the European Management Audit Scheme (EMAS), UMG's headquarters in Santa Monica, which was yet again awarded the Energy Star label, and UMG's Woodland Hills site in California, which received Leadership in Energy and Environmental Design (LEED) certification. SFR obtained the ISO 14001 certification of its Environmental Management System for the two following activities: activity linked to maintenance and hosting of data centers and the SRR [(2)] activity (fixed and mobile telecommunication, tertiary and commercial, reparation centers, deployment and maintenance of relay antennae).

Employee training and information on environmental protection

GRI	UNGC	OECD
DMA LA Training and education aspect	8	VI.7.

The business units hold information and awareness sessions in relation to protection of the environment. These sessions may be educational in nature (as in UMG Australia), or they may be held in connection with certifications, or may serve to assist the correspondents at the subsidiaries in charge of reporting environmental data.

(1) *SFR distinguishes between three categories of sites: "light" sites are generally relay antennae and "points of presence" (POP) which are traffic collection points; "strategic" sites are net centers and mobile switch centers (MSC); and "tertiary" sites include the corporate headquarters, retail sales outlets, and miscellaneous office premises.*

(2) Société réunionnaise du radiotéléphone.

4.2.2. Pollution and Waste Management

4.2.2.1. Reducing Waste Production, Recycling and Elimination of Waste

Professional electronic and electrical equipment waste (WEEE) (kg)

GRI	UNGC	OECD
EN22	-	VI.1.a

	2013	2012
Consolidated data	**771,954**	915,474
C+G	43,357	
UMG	18,128	
GVT	35,610	
SFR	631,509	
MT	42,850	
Corporate	500	

The volumes of waste from electrical and electronic equipment (WEEE) register a decrease. Only SFR recorded an increase in this waste category, which is partly related to its clearance of WEEE associated with moving its sites to the Saint Denis "SFR Campus", in Paris region, and partly to an equipment collection drive with its corporate customers.

At the Group level, the percentage of professional WEEE collected for recycling accounted for 38% of the total collected.

Household electrical and electronic equipment waste (WEEE) (kg)

GRI	UNGC	OECD
EN22	-	VI.1.a

	2013	2012
Consolidated data	**3,389,566**	2,650,399
C+G	304,963	
UMG	48	
GVT	586,510	
SFR	2,498,037	
MT	0	
Corporate	8	

Collecting household WEEE from employees and customers rose compared to the previous year. Canal+ Overseas in the West Indies held a set-top box exchange campaign, UMG in the Netherlands upgraded a substantial quantity of computers and SFR collected nearly 360,000 cellphones.

At the Group level, the percentage of household WEEE collected for recycling accounted for 69% of the total collected.

Total production of hazardous or special waste (kg)

GRI	UNGC	OECD
EN22	7, 8, 9	VI.1.a

	2013	2012
Consolidated data	**392,016**	813,098
C+G	5,658	
UMG	0	
GVT	28,020	
SFR	198,540	
MT	159,798	
Corporate	0	

The significant decline in the amount of hazardous or special waste can be predominantly explained by a reduction in the amount of waste collected by the mobile telephone operators. Thus, SFR's postponement until 2014 of its network's battery renewal program, and the decline in auction sales held to recycle this kind of waste at Maroc Telecom, contributed significantly to the decreased figure in the Group data in 2013.

4.2.2.2. Management of Noise and Other Types of Pollution

Measures taken to reduce the visual impact of relay antennae

GRI	UNGC	OECD
TSS I07	-	-

For several years the mobile telephone operators in the Group have attempted to limit the visual impact related to the deployment of their infrastructures.

SFR has set an annual goal to integrate 96% of its new sites into the surrounding environment. The annual SCOPE program (sites requiring aesthetic improvement) aims at improving the integration of existing sites into the surrounding environment.

Preferred methods of Maroc Telecom include the installation of pylons in the form of trees and deploying telephone antennae in the form of palm trees in order to preserve the integrity of the sites near its installations.

4.2.3. Sustainable Use of Resources

4.2.3.1. Water Consumption and Supply

Water consumption from the public supply network and measures taken to adapt water consumption to local constraints – telecom companies (m³)

GRI	UNGC	OECD
DMA Environment Water aspect, EN8, EN9	7, 8, 9	VI, VI.1.a and 6.d

	2013	2012
Consolidated data	679,419	493,617

GVT	298,933
SFR	145,214
MT	235,272

SFR and Maroc Telecom have continued their efforts to monitor water consumption and are reporting noticeable reductions compared to the previous year. GVT has improved its data collection process for this indicator, which has increased as a result compared with 2012.

4.2.3.2. Consumption of Raw Materials and Measures to Improve Efficient Use

Purchases of paper for external use (e.g., publications) and purchases of packaging and cardboard used for the sale of consumer products (kg)

GRI	UNGC	OECD
EN1, EN26	-	VI.1.a

	2013	2012
Consolidated data	12,557,646	10,173,523

C+G	1,028,070
UMG	1,754,858
GVT	2,452,058
SFR	7,166,260
MT	146,500
Corporate	9,900

Purchases of paper for internal use (office use, kg)

GRI	UNGC	OECD
-	-	VI.1.a

	2013	2012
Consolidated data	1,805,677	NC

C+G	725,276
UMG	128,337
GVT	83,930
SFR	116,432
MT	734,770
Corporate	16,932

This indicator was published for the first time in 2013. It is used to assess paper consumption specifically for office use.

Purchases of plastics and acrylics used in the manufacturing of consumer products (kg)

GRI	UNGC	OECD
EN1	-	VI.1.a

	2013	2012
Consolidated data	32,984,156	NC

C+G	142,215
UMG	32,841,941
GVT	-
SFR	-
MT	-
Corporate	-

In 2013, data on the consumption of plastic used for products held for sale were collected for the first time. These are data on UMG's products (CDs and DVDs) and those of Canal+ Overseas (decoders sold to customers). Set-top boxes and other products leased out to customers are not counted in this indicator as this equipment is recycled by the business units concerned.

4.2.3.3. Energy Consumption and Measures Taken to Improve Energy Efficiency and the Use of Renewable Energy

Measures taken to improve energy efficiency and the use of renewable energy

GRI	UNGC	OECD
EN4, EN5, EN7	8, 9	VI.6.b and d

The different entities in the Group have continued to strive for greater energy efficiency in their infrastructures and equipments. These initiatives are presented in Section 4.1.2. p. 88.

Total energy consumption (MWh)

GRI	UNGC	OECD
EN3, EN4	-	VI.1.a

	2013	2012
Consolidated data	**1,513,880**	Not provided*

C+G	60,036
UMG	87,250
GVT	275,447
SFR	675,294
MT	411,098
Corporate	4,755

** New indicator for 2013, no data for 2012.*

This indicator takes into account consumption of the following:

- Electricity;
- Natural gas;
- Fuel oil;
- Steam;
- Gasoline and diesel for vehicles; and
- Propane and ethanol for vehicles.

Electricity consumption (MWh)

GRI	UNGC	OECD
EN3	-	VI.1.a

	2013	2012
Consolidated data	**1,273,709**	1,194,280

C+G	51,227
UMG	63,816
GVT	176,487
SFR	653,273
MT	325,840
Corporate	3,066

In 2013, electricity consumption increased by 7%. This increase is chiefly due to the integration of new sites into GVT's reporting scope (accounting for 45% of the increase) and integration in the Canal+ Group's reporting scope of new sites (in particular in Poland). The increase at UMG results from growth in activity.

Natural gas consumption (MWh GCV – Gross calorific value)

GRI	UNGC	OECD
EN3	-	VI.1.a

	2013	2012
Consolidated data	**18,360**	20,599

C+G	298
UMG	14,417
GVT	0
SFR	3,645
MT	0
Corporate	0

The Canal+ Group expanded its reporting scope to Poland, which explains the increase in natural gas consumption in this business unit.

Fuel oil consumption (liters)

GRI	UNGC	OECD
EN3	-	VI.1.a

	2013	2012
Consolidated data	**6,320,244**	6,259,787

C+G	12,947
UMG	96,914
GVT	109,415
SFR	239,010
MT	5,861,158
Corporate	800

Steam used for heating (kWh)

GRI	UNGC	OECD
EN4	-	VI.1.a

	2013	2012
Consolidated data	**8,656,857**	4,704,028

C+G	1,454,321
UMG	2,559,796
GVT	0
SFR	3,329,740
MT	0
Corporate	1,313,000

The increase in consolidated data is due to an extension of scope following integration of the Canal+ Group's new sites in Poland, and improved reliability of data collected by owners of the buildings leased by SFR.

4.2.4. Climate Change

Greenhouse Gas Emissions

CO_2 emissions due to usage of mobile sources (tCO_2 eq)

GRI	UNGC	OECD
EN3, EN16, EN17, EN29	-	VI.1.a

	2013	2012
Consolidated data	**37,866**	45,914
Gasoline for vehicles	**21,715 (57%)**	27,414 (60%)
Diesel for vehicles	**14,085 (37%)**	16,351 (35%)
Other fuel	**2,066 (6%)**	2,149 (5%)

	Gasoline	Diesel	Other
C+G	290	1,690	-
UMG	492	1,022	-
GVT	20,755	111	2,066
SFR	16	3,698	-
MT	158	7,461	
Corporate	4	103	-

CO_2 emissions due to usage of fixed sources (tCO_2 eq)

GRI	UNGC	OECD
EN3, EN4, EN16, EN17, EN29	-	VI.1.a

	2013	2012
Consolidated data	**375,939**	368,130
Electricity	**336,935 (90%)**	324,308 (88%)
Refrigerants	**17,411(4%)**	22,788 (6%)
Domestic fuel oil	**16,554 (4%)**	16,396 (4%)
Other sources (steam, gas)	**5,039 (1%)**	4,638 (2%)

	Electricity	Other sources
C+G	10,930	1,615
UMG	29,820	4,724
GVT	14,296	4,618
SFR	50,955	5,189
MT	230,695	22,589
Corporate	239	269

CO_2 emissions attributable to business travel (tCO_2 eq)

GRI	UNGC	OECD
EN17, EN29	-	VI.1.a

	2013	2012
Consolidated data	**33,901**	24,885
Air travel	**33,569 (99%)**	24,412 (98%)
Train travel	**332 (1%)**	473 (2%)

	Total air travel	Total train travel
C+G	3,062	31
UMG	25,867	157
GVT	2,055	-
SFR	1,953	49
MT	216	93
Corporate	416	2

This indicator measures CO_2 emissions caused by train and air travel undertaken solely for business purposes. The increase in the amount of CO_2 is chiefly due to an increase in business travel in connection with the Group strategic review.

Total CO_2 emissions were 447,706 tCO_2 eq, of which 73,047 tCO_2 eq in Scope 1 and 338,692 tCO_2 eq in Scope 2.

Furthermore, the greenhouse gas emissions report conducted in 2012 is available online in the CSR section of Vivendi's website.

4.2.5. Information Categories Deemed Irrelevant with regard to the Group's businesses

Measures to Prevent Environmental Risks and Pollution

This information category was deemed irrelevant in relation to the Group's activities, which do not present any risk in terms of pollution.

Financial provisions (and guarantees) for environmental risks

This information category was deemed irrelevant with regard to the Group's activities: the major risks associated with the Group's activities are not related to environmental issues.

Prevention, reduction or remedying of emissions into the air, water and soil

This information category was deemed irrelevant with regard to the Group's activities, which do not present any risk of air, water or soil pollution (aside from CO_2 emissions, which are discussed in Section 4.2.4 p. 94).

Land use

This information category was deemed irrelevant as the Group's activities do not present any risk in terms of soil pollution.

Adaptation to climate change

This information category was deemed irrelevant with regard to the Group's activities. The Group's activities are subject to few constraints related to climate change. The principal measures used to adapt the technical centers and the data centers, which suffer the effects of heat, focus on the theme of cooling by means of natural ventilation "free cooling", discussed in Section 4.1.2. p. 88.

Measures taken to preserve or develop biodiversity

Given the Group's activities, biodiversity is not considered a major issue for which Vivendi must make specific investments. Notwithstanding this, the Group's companies strive to minimize any impact related to their work or maintenance activities carried out in protected flora or fauna environments.

SECTION 5 Verification of Non-Financial Data

5.1. Note on Non-Financial Reporting Methodology

Reference framework

The reporting of non-financial indicators is based on the internal references drafted by Vivendi, which are in turn based on national and international references. The correspondence between the societal, social and environmental indicators defined by Vivendi and the provisions of the Decree of April 24, 2012 and the Order of May 13, 2013 pursuant to the Law of July 12, 2010 [1] on the national commitment to the environment (the Grenelle II Law), the guidelines of the Global Reporting Initiative (GRI) [2], and the media sector supplement of the GRI issued on May 4, 2012 [3], the ten principles of the UN Global Compact as well as the OECD Principles for the directors of multinational companies are indicated within each indicator, if any.

The internal reference, the Reporting Protocol for societal, social and environmental data of the Vivendi Group companies (the "Reporting Protocol") is updated annually, and allows application of definitions and rules for data gathering, validation and consolidation that remain the same across the Group's companies.

In 2013, the Reporting Protocol was revised and a certain number of indicators were targeted to provide for comments by the Statutory Auditors.

Indicators

The societal, social and environmental indicators are presented in Sections 2,3 and 4 of this chapter. The CSR section, which is available online on the Vivendi website, also provides a more complete presentation of the societal, social and environmental indicators as well as indicators on corporate governance and economic performance.

The societal, social and environmental indicators were analyzed internally in order to improve their relevance to the Group's activities.

Reporting Scope

The reporting scope was established in accordance with Articles L.233-1 and L.233-3 of the French Commercial Code, and covers the subsidiaries and controlled companies with the exception of a few entities, which were not included in the reporting for 2013: *Société Financière de Distribution* and *Compagnie d'Investissement Diversifié*, which are considered independent distributors for the purposes of this reporting (4,964 employees). Some entities making a negligible contribution are also excluded (please see details below).

Moreover, following the disposal of 88% of Vivendi's stake in Activision Blizzard in October 2013, the 2013 non-financial data does not include information on Activision Blizzard. As a result, the 2012 data was restated for a pro forma analysis. The information on Maroc Telecom Group is included in the 2012 and 2013 data.

EMI was also included in the reporting scope this year.

The scope covered by non-financial reporting thus represents 92% of employees in the Vivendi Group.

It should be noted that changes in the scope of reporting are the result of acquisitions and/or disposals of consolidated companies between January 1 and December 31 of a given year:

- in the case of a disposal during a given year (N), the entity's data is not taken into account in the reporting scope for that year. For the reporting of social data, the number of employees of the departing entity is included in the "removal from the scope" indicator, and
- in the case of the acquisition of an entity during such year (N), the data for that year is included in full in the report in the following year (N+1), unless the newly included entity is able to provide all the data on a pro rata basis. However, the count of employees and of entries into the reporting scope of social data is incorporated into the reporting scope for that year (N).

(1) Law establishing a national commitment regarding the environment, No. 2010-788 of July 12, 2010, Art. 225 (Grenelle II Law), Decree No. 2012-557 of April 24, 2012 and the Order of May 13, 2013.

(2) Launched in 1997 by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the United Nations Development Program for the Environment (UNEP), the GRI is a long-term international multiparty initiative aimed at developing and distributing guidelines for the voluntary production of reports on sustainable development by multinational companies wishing to report on the economic, environmental and social implications of their activities, products and services. The GRI did not verify the content of this report or the validity of the information provided therein (www.globalreporting.org).

(3) The media sector supplement of the GRI structures the reporting process specific to the media industry at international level. Several themes are included such as freedom of expression, pluralism and quality of content, the representation of cultures, independence, protection of personal data, accessibility and media education.

Scope of Societal Reporting

The reporting scope for societal data covers all the Group's businesses except for small entities (See Tickets, Digitick, Wengo and Vivendi Mobile Entertainment). In the case of Maroc Telecom, depending on the indicator concerned, the reporting scope applies to Maroc Telecom ("MT") or to Maroc Telecom and its sub-Saharan subsidiaries (Maroc Telecom Group ("MTG")).

For some indicators, specifically those related to responsible purchasing, the scope is limited to suppliers and sub-contractors representing at least 75% of total expenses. This is to facilitate the reporting of information by the business units.

Scope of Social Reporting

The scope of social reporting for Maroc Telecom corresponds to the reporting scope of Maroc Telecom and its sub-Saharan subsidiaries (Mauritel SA, Onatel SA, Gabon Telecom SA and Sotelma SA).

Scope of Environmental Reporting

Within the global scope of environmental reporting, there is a "media" environmental scope for the businesses with activities in the media sector (Canal+ Group and UMG) and a "telecoms" environmental scope for businesses operating in the telecommunications sector (SFR, Maroc Telecom and GVT). With regard to the Maroc Telecom Group, the environmental reporting scope concerns the company Maroc Telecom and does not include its sub-Saharan subsidiaries. For UMG, the scope includes a number of supplier sites (warehouses) that are an integral part of the production process.

The reporting data of the sites in the reporting scope are selected depending on the type of site, including offices, warehouses, technical centers and data centers. The selection also takes account of criteria related to the size of the workforce (more than 50 people per office), the surface area of the site, and their weighting in the total consumption given in the Electricity indicator.

The indicator "Purchases of plastics and acrylics used in the manufacturing of consumer products" concerns only the quantities used for products and equipment put on the market for sale. It refers to DVDs and CDs sold by UMG and set-top boxes for Canal+ Overseas.

Reporting Period

Societal, social and environmental data are reported annually and cover the period from January 1 to December 31, 2013 – except in the cases specified when certain annual data would not be available (for example, "French initiative films approved by the CNC financed by Canal+, and associated amounts", and "Number of debut films financed by Canal+").

Details and Limits of the Methods Used for the Indicators

Generally, the societal, social and environmental indicators may reflect methodological limits due to the lack of harmonization in international and national definitions and legislation, and/or the qualitative and therefore the subjective nature of certain data.

Societal Indicators

With regard to the indicators "Breakdown of purchases by principal line items" and "Increase and utilization of responsible purchasing policies from suppliers and sub-contractors" (please see Section 2.2.4. p. 65), UMG reports on suppliers and subcontractors representing more than 50% of total expenditure.

Social Indicators

In particular, days of absence are calculated as calendar days at GVT, whereas they are calculated as working days (business days) for the other subsidiaries, in accordance with the reporting protocol. In 2013, the number of days of absence was expressed as working days for the entire reporting scope (using an estimated adjustment factor for GVT). This change in method was made to harmonize practices across the entire reporting scope.

The methods used to calculate absenteeism rates, frequency rates and severity rates are specified in the section on social information.

Environmental Indicators

In relation to the "telecoms" environmental scope, the businesses provide data that corresponds to all the indicators in the Reporting Protocol.

For the "media" environmental scope, the data collection methodology takes into account the nature of the site in terms of its electrical energy contribution. Data is collected on the basis of sites that contribute the most in order to achieve a representation of over 90% of real data compared to total estimated electricity consumption.

For the first time, the environmental indicators now include two measurements: total energy consumption by the Group (kWh) and CO_2 emissions in Scope 1 and Scope 2 (direct and indirect emissions):

- Scope 1 represents direct greenhouse gas emissions. Emissions associated with the consumption of natural gas, domestic heating oil and injections of refrigerant fluids during maintenance operations on air-conditioning installations at the sites are included. The emissions related to movements through consumption from mobile sources, for directly owned vehicles or vehicles on long-term leases over which the Group has operational control, are also included;
- Scope 2 includes reports on indirect greenhouse gas emissions associated with the consumption of electricity and steam.

Emissions are calculated based on emission factors from the French Environmental and Energy Management Agency (ADEME) tool for calculating carbon use.

Any missing data on indicators such as electricity, gas, fuel and steam are estimated using methodologies based on ADEME factors where applicable, or based on available data (for example, ratios of 10 months out of 12 or ratio per square meter, per person).

With regard to the data on electricity consumption, the quantities reported correspond to the quantities invoiced. In cases where data is not available (in particular, on certain sites not owned by the Group), consumption is estimated based on conversion factors (kW/m2, kWh/ft2). The conversion factors used for the energy consumption indicators are standard values; they differ depending on the geographic location of the entities and come from recognized reference guides. Total energy consumption is broken down to obtain a clearer explanation of the breakdown of the energy consumed.

In relation to fuel consumption (gasoline, diesel, propane and other fuels), the scope of the indicator covers directly-owned vehicles or vehicles used by the site under long-term leases.

Reporting Tools, Consolidation and Controls

Using the data gathering tools developed by the Vivendi's Information Systems department makes it possible for all data to be reported, consolidated and audited at different levels:

- societal data is compiled in the SIRITAL tool and a consistency control is made by the representative in charge of consolidation at headquarters. Answers to the questions asked by headquarters are tracked;
- social data is compiled in the SIRIS tool and automatic consistency controls are made by the computing tool during data input. Other controls and an initial validation are performed by each subsidiary. Consistency controls and a second validation are performed by each business unit. These indicators are then grouped together and controlled at the Group's headquarters, where a third validation is performed during consolidation. Lastly, a general control ensures the overall consistency of workforce flows between year N-1 and year N;
- environmental data is compiled in the SIRIE tool, and an internal consistency control is performed by the representative in charge of data input, and another control is performed when the data is consolidated by the relevant correspondent at headquarters.

Report by one of the Statutory Auditors

Since 2008, a selection of non-financial data by the Group has been subject to verification at a level of moderate assurance by one of Vivendi's Statutory Auditors (please see Section 5.2 of this chapter). In 2013, pursuant to Articles L.225-102-1 and R.225-105-2 of the French Commercial Code, the attestation and the report cover all the societal, social and environmental information presented in Chapter 2 of this Annual Report.

5.2. Independent Statutory Auditors' report on consolidated societal, social and environmental information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC (French Accreditation Committee), under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Vivendi, we present our report on the consolidated societal, social and environmental information established for the year ended on the 31 December 2013, presented in Chapter 2 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the Article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the Company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the Article R.225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocol used by the Company, consisting of the "Protocol for reporting environmental, social and societal data on Vivendi Group companies – 2013", in its version dated 22 October 2013 (hereafter referred to as the "Criteria"), and of which a summary is included in Chapter 2 Section 5.1 of the management report and available on request.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the Article L.822-11 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards [(1)] and applicable laws and regulations.

Responsibility of the independent statutory auditor

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R.225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria (Limited assurance on CSR information);

Our verification work was undertaken by a team of five people between September 2013 and March 2014 for an estimated duration of 12 weeks. To assist us in our work, we involved CSR experts.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness, in accordance with the international standard ISAE 3000 [(2)].

1. Attestation of presence of CSR Information

We obtained an understanding of the Company's CSR issues, based on interviews with the management of relevant departments, a presentation of the Company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the Company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the CSR information presented in the management report with the list as provided for in the Article R.225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R.225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

We verified that the CSR information covers the consolidated perimeter, namely the Company and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (*Code de commerce*) with the limitations specified in the methodological note in Chapter 2 Section 5.1 of the management report, which enable to cover ultimately approximately 92% of the total headcount.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

(1) In particular the professional standard relating to the service provided on social and environmental information related to the services directly related to the statutory auditor's engagement: NEP 9090.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook seven interviews at the consolidated entity level with the people responsible for the preparation of the CSR Information in the CSR, HR, and Ethics departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important [(3)]:

- at the level of the consolidated entity and of a selection of business units [(4)], we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- at the level of the representative selection of business unit and operational entities that we selected [(5)], based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook about fifteen interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected regarding social information therefore represented on average 42% of the total workforce and the one selected regarding environmental information represented between 8% and 65% of the quantitative environmental information [(6)].

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the Company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- the controls performed at business units' level on social data, in particular at UMG, and on environmental data, in particular at GVT, do not include sufficient consistency tests. Significant adjustments were indeed needed on the environmental data reported by GVT.

Paris-La Défense, March 17, 2014

French original signed by
one of the Statutory Auditors

ERNST & YOUNG et Autres

Jean-Yves Jégourel	Eric Mugnier
Partner	CSR Expert

(3) ***Societal information**: Youth protection and empowerment, cultural diversity promotion, digital divide reduction, allocation of the value produced, the number of employees by country or area (France, Brazil, Africa), consideration of CSR issues in the purchase policy and in the relations with suppliers and subcontractors, existence of a formal commitment to protect personal data, number of measurements of electromagnetic fields near cell towers.*

***Social information**: Total headcount and it's breakdown by gender, age and geographic area, hiring and departures by motive, global policy regarding occupational health and safety.*

***Environmental information**: Energy consumptions and greenhouse gas emissions, prevention of waste production, recycling and disposal of waste (WEEE).*

(4) *UMG, Canal+ Group, GVT.*

(5) *The entities selected are the London Kensington and Berlin (UMG), Curitiba (GVT), and "Arc-en-Seine" and "Lumières" (Canal+) sites for the environmental indicators; UMG UK, Canal+ UES (economic and employee unit), Canal+ Overseas and GVT (Brazil) for the social indicators; and the three selected business units for the societal indicators.*

(6) *The coverage of the main quantitative indicators are of: 8% for electricity consumption, 9% for professional WEEE, 25% for household WEEE, 65% for CO_2 emissions related to mobile sources and 23% for CO_2 emissions related to business travels.*

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Information About The Company | Corporate Governance | Reports

SECTION 1 General Information About The Company

1.1. Corporate and Commercial Name

Pursuant to Article 1 of Vivendi's by-laws, the corporate name of the Company is Vivendi.

1.2. Place of Registration and Registration Number

The company is registered with the *Registre du Commerce et des Sociétés de Paris* (Paris Commercial and Corporate Registry) under reference number 343 134 763. Its Siret number is 343 134 763 00048 and its APE code is 6420Z.

1.3. Date of Incorporation and Term

As set forth in Article 1 of Vivendi's by-laws, the Company's term is 99 years beginning on December 18, 1987. It will therefore expire on December 17, 2086, except in the event of extension or early dissolution.

1.4. Registered Office, Legal Form and Laws Applicable to Vivendi's Business

Pursuant to Article 3 of Vivendi's by-laws, the Company's registered and principal executive offices are located at 42, avenue de Friedland, 75380 Paris Cedex 08, France.

Pursuant to Article 1 of Vivendi's by-laws, Vivendi is a French limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The Company is governed by all French legislative and regulatory provisions on corporations, and in particular the provisions of the French Commercial Code (*Code de Commerce*).

1.5. Fiscal Year

Pursuant to Article 18 of Vivendi's by-laws, the Company's fiscal year begins on January 1 and ends on December 31 of each year.

1.6. Access to Legal Documents and Regulated Information

Legal documents relating to the Company are available for review at the Company's registered office. Permanent and on-going regulated information may be found on the Company's website (www.vivendi.com) under "Regulated Information".

SECTION 2 Additional Information About The Company

2.1. Memorandum and By-Laws

2.1.1. Corporate Purpose

Pursuant to Article 2 of Vivendi's by-laws, the Company's main corporate purpose, directly or indirectly, in France and in all other countries, is as follows: to provide communication and telecommunication services, directly or indirectly, and any interactive service, to individual, business or public sector customers; to market any products and services related to the foregoing; to engage in any commercial, industrial, financial, securities and real estate transactions, directly or indirectly, related to the aforementioned purpose or to any other similar or related purpose, or contributing to the achievement of such purpose; and more generally the management and acquisition, either by subscription, purchase, contribution, exchange or through any other means, of shares, bonds and any other securities of companies already existing or yet to be formed, including the right to sell such securities.

2.1.2. Rights, Preferences and Restrictions Attached to the Company's Shares and to Each Class of Existing Shares, if Applicable

Pursuant to Articles 4 and 5 of Vivendi's by-laws, the shares are all of the same class and may be held in either registered or bearer form, unless stipulated otherwise by law.

Pursuant to Article 6 of Vivendi's by-laws, each share carries a right of ownership of the Company's assets and liquidation surplus, in a proportion equal to the portion of the share capital it represents.

Whenever the accumulation of a certain number of shares is necessary to exercise a right, shareholders may only exercise such rights if they combine the necessary shares. Subscription rights attached to shares belong to the holder of the usufruct rights (*usufruitier*).

2.1.3. Description of Actions Necessary to Change the Rights of Shareholders

Vivendi's by-laws contain no provisions that are more restrictive than those required by law in relation to any changes in the Company's share capital or the rights attached to the Company's shares.

2.1.4. Shareholders' Meetings

Pursuant to Article 16 of Vivendi's by-laws, Shareholders' Meetings are convened and held in accordance with applicable law.

Shareholders' Meetings are held at the Company's registered office or at any other place indicated in the meeting notice. When convening such a meeting, the Management Board may decide to publicly broadcast the Shareholders' Meeting in full, either by means of videoconference or another form of remote transmission. If applicable, this decision shall be published in the meeting notice.

The Works Council may also appoint two of its members to attend Shareholders' Meetings. The Chairman of the Management Board or any other authorized person will notify the Works Council, by any means, of the date and location of Shareholders' Meetings that have been convened.

Each shareholder, without regard to the number of shares held, is entitled, upon proof of his or her identity and standing as shareholder, to participate in Shareholders' Meetings, subject to the recording of his or her shares on or before 11:59 p.m. (Paris time) on the third business day preceding the Shareholders' Meeting (the "Record Date"), whereby:

- registered shareholders are comprised of those shareholders identified in the nominative share register on file with the Company, and
- bearer shareholders are comprised of those shareholders identified as holders of record in the bearer share register on file with the authorized intermediary;

and, if necessary, subject to the provision to the Company of any documents required to prove such shareholders' identity, in accordance with current law.

The registration or recording of shares in the bearer share account held by the authorized intermediary will be authenticated by a shareholding certificate (*attestation de participation*) delivered by said intermediary in accordance with legal and statutory provisions.

Pursuant to Article 17 of Vivendi's by-laws, voting rights attached to shares belong to usufruct holders (*usufruitiers*) in Ordinary Shareholders' Meetings and to legal owners of title (*nu-propriétaires*) in Extraordinary or Special Shareholders' Meetings, unless otherwise agreed by both parties, provided that the Company is notified of such agreement by said parties.

Subject to applicable laws and regulations, shareholders may send their proxy and voting forms by mail, either in paper form or, where approved by the Management Board and published in the notice of meeting and the convocation notice, by fax or e-mail. Proxy or voting forms sent by mail must be received by the Company by 3:00 p.m. (Paris time) on the day prior to the Shareholders' Meeting.

The proxy or voting form may, if necessary, contain the shareholder's electronic signature, authenticated via a reliable security process, enabling identification of the shareholder as well as authentication of his or her vote.

Shareholders' Meetings are chaired by the Chairman of the Supervisory Board.

Each shareholder is entitled to a number of votes at all Shareholders' Meetings equal to the number of shares he or she owns or represents.

2.1.5. Determination, Allocation and Distribution of Net Earnings

Pursuant to Article 19 of Vivendi's by-laws, the statement of income summarizes income and expenses for the fiscal year, showing statutory net income for the year as the difference between the two, after deducting amortization, depreciation and any provisions.

At least 5% of the fiscal year's earnings, reduced, where applicable, by deferred losses, shall be withheld for allocation to the statutory reserve fund. This withholding ceases to be mandatory when the statutory reserve fund reaches an amount equal to 10% of the share capital. Such deductions shall resume, under the same conditions, if, for any reason, the legal reserve falls below this percentage.

The Shareholders' Meeting may set aside such sums as the Management Board deems appropriate for transfer to contingency funds, ordinary or extraordinary reserves, retained earnings, or for distribution.

Distributable earnings are equal to net income for the fiscal year, less losses carried forward and allocations to reserves, pursuant to applicable law or Vivendi's by-laws, plus earnings carried forward from previous fiscal years.

Dividends are first paid out of current earnings.

Except in the event of a reduction in share capital, no dividends shall be distributed to shareholders when shareholders' equity is, or would become as a result of such distribution, less than the amount of the share capital plus reserves, which is not permitted to be distributed under any applicable law or Vivendi's by-laws.

Revaluation surpluses may not be distributed, but may be wholly or partially capitalized.

The Shareholders' Meeting may resolve to distribute funds deducted from available reserves by specifically identifying the reserve line items from which such withholdings are to be distributed.

The terms of dividend payments are determined by the Shareholders' Meeting or, if it fails to make such determination, by the Management Board. Dividends must be paid no later than nine months after the close of the fiscal year, unless extended by court order.

The Annual General Shareholders' Meeting has the right to grant each shareholder the option to receive all or part of the annual dividend or interim dividend distributed in the form of cash, shares, or payment in kind.

Dividends that remain unclaimed five years from the date of such dividend payment are no longer distributable pursuant to statutory limitation rules.

2.1.6. Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control

Vivendi's by-laws do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the Company.

2.1.7. Provisions Governing the Ownership Threshold Above Which Shareholder Ownership Must Be Disclosed

Pursuant to Article 5 of Vivendi's by-laws, the Company may, at any time and in accordance with applicable laws and regulations, request the relevant central depository for financial instruments to provide it with information in relation to any of the Company's securities that confer a right to vote (either immediately or in the future) at Shareholders' Meetings.

Personal data and information obtained are used solely for the purpose of identifying the owners of bearer shares and analyzing Vivendi's share ownership structure on any given date. In accordance with the provisions of the French Law of January 6, 1978, owners of securities have the right to access, amend and delete any personal information about themselves. To do so, a request must be submitted to Vivendi's legal department or to the following e-mail address: tpi@vivendi.com.

Failure by shareholders or their intermediaries to disclose such information may, under the conditions stipulated by law, lead to the suspension or suppression of dividends or voting rights attached to such shares.

Any person, acting alone or in concert, who becomes the direct or indirect holder of a fraction of the share capital, voting rights or securities giving rights to the share capital of the Company equivalent to or in excess of 0.5%, or a multiple thereof, shall send a notice to the Company, by registered letter with acknowledgment of receipt, within 15 calendar days of crossing any of these thresholds. The notice shall specify the aggregate number of shares, voting rights or securities giving rights to the share capital of the Company that such person directly or indirectly holds, whether alone or in concert.

A person who fails to comply with this notification requirement is subject to penalties in accordance with applicable law, upon a request by one or more shareholders holding at least 0.5% of the Company's share capital.

Any person, acting alone or in concert, is also required to inform the Company within 15 calendar days if the percentage of share capital or voting rights that such person holds falls below any of the above-mentioned thresholds.

2.1.8. Provisions Governing Changes in Share Capital Where Such Conditions are More Stringent than Required by Law

None.

2.2. Share Capital

2.2.1. Amount of Issued Share Capital

As of December 31, 2013, the Company's share capital amounted to €7,367,854,620.50, divided into 1,339,609,931 shares with a par value of €5.50 per share.

All shares may be held in registered or bearer form and are freely negotiable. The shares are traded on Euronext Paris (Compartment A) (ISIN code: FR0000127771).

2.2.2. Shares not Representing Capital

None.

2.2.3. Authorized but Non-Issued Share Capital

Details of delegations of authority and authorizations approved by the Combined Shareholders' Meetings of April 21, 2011 and April 30, 2013 are presented below.

ISSUES OF SECURITIES WITH PREFERENTIAL SUBSCRIPTION RIGHTS

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and marketable securities giving right to shares)	**13th – 2013**	**26 months (June 2015)**	(a) **1.5 billion, i.e. 20.6% of the share capital**
Capital increase by incorporation of reserves and grant of shares to shareholders	**15th – 2013**	**26 months (June 2015)**	(b) **1 billion, i.e. 13.7% of the share capital**

ISSUES OF SECURITIES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and any securities giving right to shares)	-	**n/a**	**n/a**
Contributions in kind to the Company	**14th – 2013**	**26 months (June 2015)**	(b) **10% of the share capital**

ISSUES RESERVED FOR EMPLOYEES OF VIVENDI

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Main Terms
Share capital increase through the Group's Savings Plan (PEG)	**16th – 2013** **17th - 2013**	**26 months (June 2015)** **18 months (Oct. 2014)**	(b)(c) **Maximum of 2% of the share capital on the Management Board's decision date**
Stock options (options to subscribe for new shares only) Exercise price fixed without discount	12th – 2011	38 months (June 2014)	(d) Maximum of 1% of the share capital on the Management Board's grant date
Allotment of existing or future performance shares	13th – 2011	38 months (June 2014)	(e) Maximum of 1% of the share capital on the grant date

SHARE REPURCHASE PROGRAM

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Main Terms
Share repurchases	**11th - 2013**	**18 months (Oct. 2014)**	(f) **10% of the share capital Maximum purchase price: €30**
Share cancellations	**12th - 2013**	**18 months (Oct. 2014)**	**10% of the share capital over a 24-month period**

n/a: not applicable.

(a) Aggregate maximum amount for capital increases, all transactions included.
(b) This amount is applied to the maximum total amount of €1.5 billion, set in the thirteenth resolution of the 2013 General Shareholders' Meeting.
(c) Used in July 2013 for 12.29 million shares, i.e., 0.92% of share capital.
(d) Used in 2012 for 3 million shares, i.e., 0.24% of share capital. There was no allocation of stock options in 2013.
(e) Used in 2012 for 2.14 million shares, i.e., 0.17% of share capital and in 2013 for 2.78 million shares, i.e., 0.20% of share capital.
(f) The company did not directly purchase its own shares.

2.2.4. Shares Held by the Company

2.2.4.1. Summary of the Previous Share Repurchase Program

By resolution of the Management Board at its meeting of October 22, 2012, a stock repurchase program was implemented on that same date, under the authorization given pursuant to the ninth resolution of the Ordinary Shareholders' Meeting of April 19, 2012.

The maximum authorized repurchase amount is 10% of the share capital, at a maximum price of €22 per share, which is below the upper limit of €25 set by the Shareholders' Meeting.

Upon implementation, this program had the following objectives:

- the continuation of the liquidity agreement with a view to ensuring momentum in the market for Vivendi shares, through the efforts of an investment services provider acting through a liquidity agreement consistent with the AMAFI Code of Ethics recognized by the *Autorité des marchés financiers* (AMF); and
- the repurchase by the Company of 1,112,000 shares on the market to cover the award of performance shares for which the end of the acquisition period occurred in 2013.

2.2.4.2. Aggregate Number of Purchases and Sales/Transfers of Shares from January 1 to December 31, 2012 (Other than Shares Purchased under the Liquidity Agreement)

	Purchases	Sale/Transfer
Number of shares	1,112,094	980,612
Average price per share (in euros)	16.01	21.07
Total value (in euros)	17,803,600.00	20,658,340.79

Number of shares canceled during the last 24 months: None.

2.2.4.3. Share Repurchase Program

By resolution of the Management Board at its meeting on October 21, 2013, a share repurchase program was implemented on that same date, under the authorization given pursuant to the eleventh resolution of the Combined Shareholders' Meeting of April 30, 2013.

The maximum repurchase percentage is authorized, within the statutory limits, at a maximum price of €25 per share, which is below the upper limit of €30 set by the Shareholders' Meeting.

The objectives of the current share repurchase program are:

- the continuation of the current liquidity agreement under terms that comply with the AMAFI Code of Ethics; and
- the repurchase of 1.8 million shares on the market to cover the award of performance shares whose rights will be acquired by beneficiaries in 2014, subject to satisfaction of the performance conditions attached to the plans.

2.2.4.4. Aggregate Number of Purchases and Sales/Transfers of Shares from January 1 to December 31, 2013 (other than Shares Purchased under the Liquidity Agreement)

	Purchases	Sale/Transfer
Number of shares	None	1,409,861
Average price per share (in euros)	n/a	17.48
Total value (in euros)	n/a	24,647,974.21

n/a: not applicable.

Number of shares canceled during the last 24 months: None.

2.2.4.5. Treasury Shares (Other than Shares Held Pursuant to the Liquidity Agreement)

Position as of December 31, 2013

As of December 31, 2013, Vivendi directly held 50,639 of its own shares, which have a par value of €5.50 each, representing 0.004% of the share capital. These shares were allocated to cover the award of performance shares. As of December 31, 2013, the book value of the portfolio totaled €0.8 million, representing a market value of €1.0 million as of the same date.

2.2.4.6. Aggregate Number of Purchases and Sales/Transfers of Shares from January 1, 2014 until February 28, 2014 (other than Shares Purchased under the Liquidity Agreement)

	Purchases	Sale/Transfer
Number of shares	None	None
Average price per share (in euros)	n/a	n/a
Total value (in euros)	n/a	n/a

n/a: not applicable.

As of February 28, 2014, Vivendi held 50,639 of its own shares, representing 0.004% of the share capital of the Company.

2.2.4.7. Liquidity Agreement

Since January 3, 2005, Vivendi has entered into a liquidity agreement for the repurchase of its own shares, which is established in compliance with the AMAFI Code of Ethics. The term of this agreement is one year, renewable by tacit agreement.

In 2013, Vivendi repurchased an aggregate of 8,585,750 shares pursuant to this liquidity agreement, representing 0.641% of the share capital of the Company, for €140.7 million, and sold a total 8,585,750 shares for €141.3 million.

As of December 31, 2013, the following sources of funding were held in a liquidity account set up by the Company pursuant to its liquidity agreement: 0 shares and €52.4 million. In 2013, the Company recognized capital gains under this liquidity agreement totaling €0.6 million.

For 2013, the Company's management fees for the liquidity agreement totaled €180,000 (excluding VAT).

2.2.4.8. Treasury Shares Held by the Group

As of December 31, 2013, Vivendi's subsidiaries held 465 shares of the Company.

2.2.4.9. Open Positions on Derivative Financial Instruments as of December 31, 2013

None.

2.2.5. Convertible Securities, Exchangeable Securities or Warrant Securities

2.2.5.1. Bonds Convertible into New Shares and/or Exchangeable for Existing Shares (OCEANE)

No OCEANEs are outstanding.

2.2.5.2. Bonds Mandatorily Redeemable in Shares (ORA)

No ORAs are outstanding.

2.2.5.3. Warrants (BSA)

No BSAs are outstanding.

2.2.6. Stock Option Purchase or Subscription Plans

Since 2013, Vivendi has granted no additional stock options.

2.2.6.1. Grant Criteria

Between 2002 and 2012, only stock subscription option plans were established by the Company. These plans have a 10-year term.

Grants of stock subscription option plans are based on three criteria: (i) level of responsibility; (ii) individual performance; and (iii) rewarding the loyalty of high-potential managers. They were implemented every year during the same period before distribution of dividends, in order to avoid windfall effects.

The strike price of the stock options was set, without discount, to reflect the average stock price over the twenty trading days prior to the grant date.

As of December 31, 2013, a total of 52,835,330 options were outstanding under all existing stock subscription option plans (after deducting the number of stock options exercised or canceled pursuant to the termination of employment of certain beneficiaries). These options represent a maximum nominal share capital increase of €290.6 million, or 3.94% of the Company's share capital.

As a result of the termination of Vivendi's ADR (American Depositary Receipt) program on the New York Stock Exchange in 2006, any stock options that were exercisable into ADRs and had been granted to a number of officers and employees of the Group residing in the United States were converted into Stock Appreciation Rights (SARs). SARs are instruments that settle in cash only and therefore have no dilutive effect. The trading value of the SARs is the average of the high and low prices of Vivendi's ordinary shares as quoted on Euronext Paris on that trading day, multiplied by the euro/US dollar exchange rate as published by the European Central Bank on the date of exercise of the SAR. As of December 31, 2013, there were 2,979,651 SARs (formerly ADRs) outstanding (maturing in 2014 and 2015).

2.2.6.2. Key Features of the Plans Granted up to 2012

Rights resulting from the allocation of stock options are fully acquired after a three-year vesting period, and may be exercised on one or more occasions. Shares received upon exercise of the options can be freely transferred, subject to, for beneficiaries who are French tax residents, the expiration of the beneficial holding period applicable under French tax law (currently four years). In the event of a tender offer for Vivendi shares, the options under any of the plans will immediately vest and become exercisable.

For Corporate Officers and all beneficiaries, the definitive grant of stock subscription options is subject to the same performance criteria and quantitative methods of grant as those set for the grant of performance shares, which are assessed once at the end of a period of two consecutive years following the grant (see Section 3.4).

2.2.7. Performance Shares

Grants of performance shares are subject to the achievement of internal financial targets and the performance of Vivendi shares against two trading indices (see Section 3.4 of this chapter).

In 2013, 1,409,602 shares were granted to beneficiaries at the end of the vesting period of the rights granted under the 2011 and 2009/04 US performance share plans. 3,660 shares were granted under the 2012 plan to eligible beneficiaries of deceased beneficiaries, and 198,708 rights were canceled upon termination of employment of certain beneficiaries.

For more details, please refer to the appendix of this section.

2.2.7.1. Adjustment of Rights Following the Payment in 2013 of the Dividend for fiscal year 2012 by Withholding from Reserves

To account for the impact of the dividend distribution for fiscal year 2012 by withholding from reserves, and in accordance with Articles L.225-181, L.228-99, R.225-140 and R.228-91 of the French Commercial Code, an adjustment was made to the stock option and performance share plans.

This adjustment, which was intended to allow beneficiaries to invest the same amount as planned at the time the rights were granted, resulted in:

- an increase in the number of options granted and a decrease in their strike price; and
- an increase in the number of performance share rights.

The adjustment ratio was calculated based on the weighted average price of Vivendi shares on the Euronext Paris market over the 20 trading sessions prior to the date of dividend distribution, which occurred on May 14, 2013, for payment on May 17, 2013. It was set at 0.939950.

2.2.8. Acquisition Rights or Obligations in Respect of Authorized but Non-Issued Capital

None.

2.2.9. Conditional or Unconditional Options or Agreements on a Group Member

None.

2.2.10. Changes in Share Capital over the Last Five Years

		Amount			Share capital amounts	
Features of transactions	Date	Par value (in euros)	Premium (in euros)	Number of issued shares	In shares	In euros
Share capital as of December 31, 2008					1,170,206,033	6,436,133,181.50
Stock option exercises	01/31/09	5.50	* 8.90	4,500	1,170,210,533	6,436,157,931.50
Stock option exercises	03/31/09	5.50	* 8.60	70,450	1,170,280,983	6,436,545,406.50
Grant of performance shares (April 2007)	04/24/09	5.50	n/a	444,028	1,170,725,011	6,438,987,560.50
Stock option exercises	04/30/09	5.50	* 8.90	41,270	1,170,766,281	6,439,214,545.50
Payment of dividend in shares	06/04/09	5.50	11.50	53,184,521	1,223,950,802	6,731,729,411.00
2009 Group Savings Plan	07/30/09	5.50	9.106	4,721,216	1,228,672,018	6,757,696,099.00
2009 Group Savings Plan	07/30/09	5.50	10.109	141,063	1,228,813,081	6,758,471,945.50
Grant of performance shares (September 2007)	09/18/09	5.50	n/a	2,869	1,228,815,950	6,758,487,725.00
Stock option exercises	09/30/09	5.50	* 8.90	27,833	1,228,843,783	6,758,640,806.50
Grant of performance shares (October 2007)	10/26/09	5.50	n/a	3,933	1,228,847,716	6,758,662,438.00
Stock option exercises	10/31/09	5.50	* 8.90	1,800	1,228,849,516	6,758,672,338.00
Stock option exercises	12/31/09	5.50	* 9.96	9,975	1,228,859,491	6,758,727,200.50
Stock option exercises	01/31/10	5.50	8.90	2,000	1,228,861,491	6,758,738,200.50
Stock option exercises	02/28/10	5.50	8.90	200	1,228,861,691	6,758,739,300.50
Stock option exercises	03/31/10	5.50	8.90	42,000	1,228,903,691	6,758,970,300.50
Grant of performance shares (April 2008)	04/19/10	5.50	n/a	429,078	1,229,288,569	6,761,087,129.50
Stock option exercises	04/28/10	5.50	* 7.91	14,000	1,229,346,769	6,761,407,229.50
Stock option exercises	07/31/10	5.50	7.89	8,963	1,229,355,732	6,761,456,526.00
2010 Group Savings Plan	07/29/10	5.50	* 8.281	7,141,109	1,236,496,841	6,800,732,625.50
Stock option exercises	09/30/10	5.50	* 9.16	418,729	1,236,915,570	6,803,035,635.00
Stock option exercises	10/31/10	5.50	* 9.68	60,235	1,236,975,805	6,803,366,927.50
Stock option exercises	11/30/10	5.50	* 10.18	39,703	1,237,015,508	6,803,585,294.00
Stock option exercises	12/31/10	5.50	* 8.84	321,010	1,237,336,518	6,805,350,849.00
Grant of performance shares (April 2010)	12/31/10	5.50	n/a	590	1,237,337,108	6,805,354,094.00
Stock option exercises	01/31/11	5.50	* 9.26	207,991	1,237,545,099	6,806,498,044.50
Stock option exercises	02/28/11	5.50	7.89	3,657	1,237,548,756	6,806,518,158.00
Stock option exercises	03/31/11	5.50	7.89	13,971	1,237,562,727	6,806,594,998.50
Stock option exercises	04/20/11	5.50	7.89	82,111	1,237,644,838	6,807,046,609.00
Stock option exercises	05/31/11	5.50	7.89	1,736	1,237,646,574	6,807,056,157.00
Stock option exercises	06/30/11	5.50	7.89	216,086	1,237,862,660	6,808,244,630.00
2011 Group Savings Plan	07/21/11	5.50	9.77	9,371,605	1,247,234,265	6,859,788,457.50
Stock option exercises	08/31/11	5.50	7.89	2,689	1,247,236,954	6,859,803,247.00
Stock option exercises	12/31/11	5.50	7.89	26,106	1,247,263,060	6,859,946,830.00
Bonus share award (1 for 30)	05/09/12	5.50	n/a	41,575,435	1,288,838,495	7,088,611,722.50
2012 Group Savings Plan	07/19/12	5.50	4.81	12,288,690	1,301,127,185	7,156,199,517.50
Stock option exercises	07/31/12	5.50	7.46	2,000	1,301,129,185	7,156,210,517.50
Bolloré Média contributions	09/27/12	5.50	9.55	22,356,075	1,323,485,260	7,279,168,930.00
Stock option exercises	09/30/12	5.50	7.46	8,333	1,323,493,593	7,279,214,761.50
Stock option exercises	10/31/12	5.50	7.46	43,334	1,323,536,927	7,279,453,098.50
Stock option exercises	11/30/12	5.50	7.46	59,411	1,323,596,338	7,279,779,859.00
Stock option exercises	12/31/12	5.50	7.46	366,078	1,323,962,416	7,281,793,288.00

Features of transactions	Date	Amount: Par value (in euros)	Amount: Premium (in euros)	Amount: Number of issued shares	Share capital amounts: In shares	Share capital amounts: In euros
Stock option exercises	01/31/13	5.50	7.46	144,662	1,324,107,078	7,282,588,929.00
Stock option exercises	02/28/13	5.50	7.46	14,264	1,324,121,342	7,282,667,381.00
Stock option exercises	03/31/13	5.50	7.46	286,362	1,324,407,704	7,284,242,372.00
Stock option exercises	04/23/13	5.50	7.46	566,370	1,324,974,074	7,287,357,407.00
Stock option exercises	04/30/13	5.50	7.46	27,467	1,325,001,541	7,287,508,475.50
Stock option exercises	05/31/13	5.50	6.68	1,733,628	1,326,735,169	7,297,043,429.50
2013 Group Savings Plan	07/25/13	5.50	6.602	12,285,542	1,339,020,711	7,364,613,910.50
Stock option exercises	10/31/13	5.50	11.91	6,861	1,339,027,572	7,364,651,646.00
Stock option exercises	11/30/13	5.50	11.75	416,063	1,339,443,635	7,366,939,992.50
Stock option exercises	12/31/13	5.50	11.58	166,296	1,339,609,931	7,367,854,620.50

n/a: not applicable.

* Weighted average premium in euros.

As of December 31, 2013, the potential share capital of the Company totaled €7,662,095,710.50, divided into 1,393,108,311 shares after taking into account 52,835,330 stock options and 663,050 bonus shares granted to employees of Vivendi SA and its French subsidiaries in July 2012 that remain outstanding, and which may give rise to the issuance of 53,498,380 shares.

2.2.11. Market Information

2.2.11.1. Places of Listing – Stock Exchange Price

Source: Euronext Paris.

Stock exchange price for Vivendi ordinary shares – Euronext Paris

Compartment A (code FR0000127771) (in euros)	Average price	High	Low	Number of shares traded	Transactions
2012					
January	16.2536	17.6250	15.5800	113,216,629	1,831,299,797
February	16.3074	16.6650	15.9450	90,980,121	1,482,634,200
March	14.0005	15.3850	13.5350	193,277,271	2,744,472,027
April	13.2092	14.4100	12.4150	141,627,624	1,871,716,474
May	12.9906	13.7806	12.3145	162,668,095	2,130,383,284
June	13.6312	14.7000	12.6750	151,400,985	2,079,261,947
July	15.1543	15.9300	14.3100	120,865,315	1,829,110,831
August	15.6589	16.1750	14.5850	83,417,548	1,301,524,593
September	15.5693	15.9600	15.1750	87,707,219	1,356,207,301
October	15.7017	16.3750	15.0650	100,995,605	1,588,986,419
November	15.8761	16.8950	14.6600	94,445,547	1,497,029,003
December	16.8579	17.4350	16.3800	76,252,304	1,276,308,268
2013					
January	16.4120	17.4350	15.6800	79,470,791	1,305,453,229
February	15.6585	16.2950	14.8400	86,168,676	1,351,308,193
March	15.9723	16.6950	15.4350	99,782,179	1,593,412,362
April	16.3888	17.3600	15.7300	101,339,908	1,662,781,365
May	15.9750	17.1500	15.1000	126,171,923	1,996,130,556
June	14.6975	15.4750	13.9950	98,464,130	1,447,383,421
July	15.3446	16.9000	14.4050	101,997,826	1,578,373,792
August	15.9559	16.3400	15.0300	65,973,041	1,047,635,382
September	16.8910	17.6150	15.4700	110,511,300	1,864,491,846
October	18.2674	19.3500	16.8300	103,691,463	1,894,976,911
November	18.5979	19.2450	18.0950	83,041,859	1,546,933,868
December	18.3443	19.1900	17.3500	104,427,419	1,897,360,950
2014					
January	19.2068	20.1000	18.4400	114,441,854	2,206,292,818
February	20.3673	21.3100	19.1700	115,256,846	2,344,692,479
March	20.2750	21.0000	19.5500	161,023,143	3,235,624,461

2.2.11.2. Financial Securities Intermediary

BNP Paribas Securities Services
GCT - Service Emetteurs
Les Grands Moulins de Pantin
9, rue du Débarcadère
93761 Pantin Cedex

2.2.12. ADR (American Depositary Receipt) Program

On January 10, 2011, the level 1 sponsored ADR program, which had been maintained with Deutsche Bank since December 15, 2008, terminated.

Vivendi does not sponsor any American Depositary Receipt (ADR) program for its shares. Any currently existing ADR program is "unsponsored" and is not connected in any way to Vivendi. Vivendi denies any responsibility or liability in relation to any such program.

2.3. Major Shareholders

2.3.1. Share Ownership and Voting Rights

As of December 31, 2013, the Company's share capital amounted to €7,367,854,620.50, divided into 1,339,609,931 shares.

The corresponding number of voting rights, taking into consideration that treasury shares have no voting rights, totaled 1,339,558,827 as of December 31, 2013, and 1,339,558,827 as of February 28, 2014.

As of December 31, 2013, employees held 3.54% of the Company's share capital.

To the Management Board's knowledge, as of December 31, 2013, the major shareholders who held shares in registered form or had sent a share ownership notice to the Company were as follows:

Groups	% of share capital	% of voting rights	Number of shares	Number of voting rights
Bolloré Group	5.04	5.04	67,577,281	67,577,281
BlackRock, Inc.	5.00	5.00	66,974,092	66,974,092
Société Générale Group	4.49	4.49	60,152,744	60,152,744
Amundi (Crédit Agricole AM/Société Générale AM)	4.49	4.49	60,096,182	60,096,182
Vivendi Employees	3.54	3.54	47,463,985	47,463,985
CDC/FSI (Caisse des Dépôts et Consignations)	3.48	3.48	46,636,819	46,636,819
The Baupost Group, L.L.C.	2.00	2.00	26,818,707	26,818,707
NBIM (Norges Bank Investment Management)	2.00	2.00	26,754,689	26,754,689
Qatar Holding	1.57	1.57	21,009,122	21,009,122
Natixis Asset Management	1.50	1.50	20,037,517	20,037,517
UBS Investment Bank	1.29	1.29	17,253,929	17,253,929
Rothschild - Asset Management	1.03	1.03	13,822,821	13,822,821
BNP PARIBAS AM	0.96	0.96	12,919,149	12,919,149
Treasury shares	0.00	0.00	51,104	0
Other shareholders	63.61	63.61	852,041,790	852,041,790
TOTAL	**100.00**	**100.00**	**1,339,609,931**	**1,339,558,827**

2.3.2. Pledge of Company Shares

As of December 31, 2013, 243,552 shares, representing 0.018% of the share capital of the Company, held in registered form by individual shareholders were pledged.

2.3.3. Control of the Company – Shareholders' Agreements

As of December 31, 2013, to the Company's knowledge, no shareholder other than those listed in the table above held 5% or more of the Company's share capital or voting rights, and there were no shareholders' agreements, whether publicly disclosed or not, which related to Vivendi's securities.

2.3.4. Notices Made to the Company in relation to the Crossing of Shareholding Thresholds

In 2013, the Company received several notices in relation to the crossing of statutory thresholds from BlackRock, Inc. and the Bolloré Group. The company also received notices, as required pursuant to the Company's by-laws, in relation to the crossing of shareholding thresholds (being 0.5% or any multiple of this percentage), both upwards or downwards, including notices from Amundi, the Société Générale Group, The Baupost Group, LLC., Natixis, NBIM (Norges Bank Investment Management), Rothschild-Asset Management and BNP Paribas AM, details of which are contained in the table below.

2.3.5. Changes in Share Ownership over the Last Three Years (as of December 31)

	2013			2012			2011		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Bolloré Group	67,577,281	5.04	5.04	66,234,684	5.00	5.01	-	-	-
BlackRock, Inc.	66,974,092	5.00	5.00	61,103,280	4.62	4.62	61,103,280	4.90	4.91
Société Générale Group	60,152,744	4.49	4.49	60,152,744	4.54	4.55	54,479,111	4.37	4.37
Amundi	60,096,182	4.49	4.49	55,933,342	4.22	4.23	36,744,968	2.95	2.95
Vivendi employees	47,463,985	3.54	3.54	41,377,407	3.13	3.13	32,240,556	2.59	2.59
CDC/FSI (Caisse des Dépôts et Consignations)	46,636,819	3.48	3.48	46,636,819	3.52	3.53	46,636,819	3.74	3.74
The Baupost Group, L.L.C.	26,818,707	2.00	2.00	18,225,000	1.38	1.38	-	-	-
NBIM (Norges Bank Investment Management)	26,754,689	2.00	2.00	25,028,160	1.89	1.89	25,028,160	2.01	2.01
Qatar Holding	21,009,122	1.57	1.57	21,009,122	1.59	1.59	19,328,754	1.55	1.55
Natixis Asset Management	20,037,517	1.50	1.50	24,793,655	1.87	1.87	23,188,464	1.86	1.86
UBS Investment Bank	17,253,929	1.29	1.29	17,253,929	1.30	1.30	17,253,929	1.39	1.39
Rothschild - Asset Management	13,822,821	1.03	1.03	-	-	-	-	-	-
BNP Paribas AM	12,919,149	0.96	0.96	11,899,845	0.90	0.90	12,502,116	1.00	1.00
Treasury shares	51,104	0.00	0.00	1,460,965	0.11	0.00	1,329,468	0.11	0.00
Other shareholders	852,041,790	63.61	63.61	872,853,464	65.93	66.00	917,427,435	73.53	73.63
TOTAL	**1,339,609,931**	**100**	**100**	**1,323,962,416**	**100**	**100**	**1,247,263,060**	**100**	**100**

Appendix: Stock Subscription Option Plans and Performance Share Plans

Details of Stock Subscription Option Plans and Performance Share Plans

Stock Subscription Option Plans (in euros)

			Number of options granted								Adjusted number of options *	
			Total number		of which, number granted to members of governing bodies							
Date of the Shareholders' Meeting	Date of the Board of Directors, Supervisory Board or Management Board Meeting	Grant date	of beneficiaries	of options	Number of beneficiaries	Number of options	Vesting date for options	Expiration date	Adjusted exercise price *	exercised in 2013	cancelled in 2013	Outstanding as of December 31, 2013
04/29/03	05/28/03	05/28/03	414	10,547,000	9	3,000,000	05/29/05	05/28/13	12.18	2,772,753	297,284	0
04/29/03	12/09/03	12/09/03	29	310,000	0	0	12/10/05	12/09/13	16.13	45,324	63,064	0
04/29/03	05/06/04	05/21/04	425	8,267,200	8	2,320,000	05/22/06	05/21/14	17.48	388,311		8,048,922
04/29/03	03/09/05	04/26/05	472	7,284,600	11	2,595,000	04/27/07	04/26/15	19.99			7,868,356
04/28/05	02/28/06	04/13/06	11	2,008,000	10	1,880,000	04/14/08	04/13/16	24.14			2,374,016
04/28/05	03/21/06	04/13/06	495	3,473,520	0	0	04/14/08	04/13/16	24.14			3,653,624
04/28/05	09/22/06	09/22/06	33	58,400	0	0	09/23/08	09/22/16	24.14			52,688
04/28/05	12/12/06	12/12/06	3	24,000	0	0	12/13/08	12/12/16	24.88			18,918
04/28/05	03/06/07	04/23/07	6	1,304,000	6	1,304,000	04/24/10	04/23/17	26.05			1,541,283
04/28/05	02/27/07	04/23/07	570	4,414,220	5	528,000	04/24/10	04/23/17	26.05			4,589,062
04/28/05	09/17/07	09/17/07	7	42,400	0	0	09/18/10	09/17/17	26.05			40,668
04/28/05	10/25/07	10/25/07	4	63,200	0	0	10/26/10	10/25/17	26.05			55,793
04/28/05	02/26/08	04/16/08	646	4,839,200	3	304,000	04/17/11	04/16/18	21.26			4,968,369
04/28/05	02/28/08	04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	21.26			865,257
04/28/05	02/28/08	04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	21.26			865,257
04/24/08	02/26/09	04/16/09	6	1,240,000	6	1,240,000	04/17/12	04/16/19	16.94			1,465,465
04/24/08	02/24/09	04/16/09	707	5,321,120	4	368,000	04/17/12	04/16/19	16.94	90,895		5,303,793
04/24/08	10/23/09	10/23/09	12	40,000	0	0	10/24/12	10/23/19	17.51			41,630
04/24/08	02/25/10	04/15/10	5	1,148,000	5	1,148,000	04/16/13	04/15/20	16.67			1,357,360
04/24/08	02/24/10	04/15/10	775	4,149,200	4	368,000	04/16/13	04/15/20	16.67	64,690	46,121	4,236,031
04/24/08	04/28/10	06/04/10	11	40,000	0	0	06/05/13	06/04/20	17.92			40,707
04/24/08	09/21/10	09/21/10	1	5,000	0	0	09/22/13	09/21/20	17.24			5,497
04/24/08	11/15/10	11/15/10	2	6,000	0	0	11/16/13	11/15/20	18.55		3,300	0
04/24/08	02/28/11	04/13/11	5	717,500	5	717,500	04/14/14	04/13/21	18.13			788,739
04/24/08	02/22/11	04/13/11	556	1,809,200	5	270,000	04/14/14	04/13/21	18.13		65,986	1,820,131
04/21/11	08/30/11	08/30/11	3	36,600	0	0	08/31/14	08/30/21	18.13			40,237
04/21/11	10/25/11	10/25/11	2	2,000	0	0	10/26/14	10/25/21	18.13		1,101	1,101
04/21/11	02/29/12	04/17/12	5	633,625	5	633,625	04/18/15	04/17/22	12.40			696,484
04/21/11	02/28/12	04/17/12	544	1,880,259	5	270,000	04/18/15	04/17/22	12.40		72,824	1,950,662
04/21/11	07/16/12	07/16/12	1	1,600	0	0	07/17/15	07/16/22	13.50			1,702
04/21/11	09/27/12	09/27/12	4	135,000	4	135,000	09/28/15	09/27/22	14.64			143,578
									TOTAL	**3,361,973**	**549,680**	**52,835,330**

(*) Adjustments following the payment in 2010 and 2013 of the dividend for fiscal years 2009 and 2012 by withdrawal from reserves and the grant of one bonus share for every 30 shares held, which occurred on May 9, 2012.

Performance share plans

			Number of performance shares granted						Adjusted number of rights to performance shares(*)		
			Total number		of which, number granted to members of governing bodies						
Date of the Shareholders' Meeting	Date of the Supervisory Board's or the Management Board's meeting	Grant date	of beneficiaries	of performance shares	Number of beneficiaries	Number of rights to performance shares	Acquisition date (1)	Date of availability	Number of rights canceled in 2013	Number of issued shares at the end of the acquisition period	Number of rights outstanding as of December 31, 2013
04/24/08	02/24/09	04/16/09	707	443,665	4	30,669	04/18/11	04/19/13		67,047	0
04/24/08	02/24/10	04/15/10	775	988,504	4	30,669	04/16/12	04/17/14			(a) 155,502
04/24/08	04/28/10	06/04/10	11	13,334	0	0	06/05/12	06/06/14			(b) 1,034
04/24/08	11/15/10	11/15/10	2	2,000	0	0	11/16/12	11/17/14			(c) 1,034
04/24/08	02/28/11	04/13/11	6	225,000	6	225,000	04/15/13	04/16/15		206,689	(d) 25,836
04/24/08	02/22/11	04/13/11	787	1,454,200	5	75,900	04/15/13	04/16/15	28,948	1,118,028	(e) 246,020
04/24/08	04/21/11	04/21/11	1	75,000	1	75,000	04/22/13	04/23/15			(f) 77,514
04/21/11	08/30/11	08/30/11	3	11,780	0	0	09/02/13	09/03/15		12,956	0
04/21/11	10/25/11	10/25/11	2	2,220	0	0	10/28/13	10/29/15	1,222	1,222	0
04/21/11	02/29/12	04/17/12	6	201,007	6	201,007	04/18/14	04/19/16			(g) 220,860
04/21/11	02/28/12	04/17/12	793	1,617,470	5	75,000	04/18/14	04/19/16	66,160	3,660	(h) 1,668,335
04/21/11	07/16/12	07/16/12	1	1,780	0	0	07/17/14	07/18/16			1,895
04/21/11	07/16/12	07/16/12	14,584	729,200	0	0	07/17/14	07/19/16	33.650		(i) 663,050
04/21/11	09/27/12	09/27/12	1	60,000	1	60,000	09/29/14	09/30/16			63,847
04/21/11	09/27/12	09/27/12	4	37,500	4	37,500	09/29/14	09/30/16			39,907
04/21/11	02/18/13	02/22/13	2	160,000	2	160,000	02/23/15	02/24/17			170,215
04/21/11	02/18/13	02/22/13	773	2,413,444	6	200,000	02/23/15	02/24/17	102,378		(j) 2,463,268
04/21/11	05/13/13	05/13/13	9	8,190	0	0	05/14/15	05/15/17			8,720
04/21/11	06/18/13	06/18/13	2	26,390	0	0	06/19/15	06/20/17			26,390
04/21/11	07/22/13	07/22/13	1	30,000	0	0	07/23/15	07/24/17			30,000
04/21/11	07/22/13	07/22/13	4	17,816	0	0	07/23/15	07/24/17			(k) 17,816
04/21/11	10/21/13	10/21/13	3	56,000	1	20,000	10/22/15	10/23/17			56,000
04/21/11	12/11/13	12/11/13	1	70,000	1	70,000	12/14/15	12/15/17			70,000
								TOTAL	**232,358**	**1,409,602**	**6,007,243**

(1) First day of trading at the end of a 2-year acquisition period.
(a) Includes 155,502 rights to performance shares, after adjustment, granted to US and Brazil-resident beneficiaries to be registered in an account in 2014.
(b) Includes 1,034 rights to performance shares, after adjustment, granted to a Brazil-resident beneficiary to be registered in an account in 2014.
(c) Includes 1,034 rights to performance shares, after adjustment, granted to a Brazil-resident beneficiary to be registered in an account in 2014.
(d) Includes 25,836 rights to performance shares, after adjustment, granted to a US-resident beneficiary to be registered in an account in 2015.
(e) Includes 246,020 rights to performance shares, after adjustment, granted to US, UK and Brazil-resident beneficiaries to be registered in an account in 2015.
(f) Includes 77,514 rights to performance shares, after adjustment, granted to a US-resident beneficiary to be registered in an account in 2015.
(g) Includes 53,413 rights to performance shares, after adjustment, granted to US and Brazil-resident beneficiaries to be registered in an account in 2016.
(h) Includes 279,904 rights to performance shares, after adjustment, granted to US, UK and Brazil-resident beneficiaries to be registered in an account in 2016.
(i) Grant of 50 Vivendi shares to all employees of French subsidiaries.
(j) Includes 487,755 rights to performance shares, after adjustment, granted to US, UK and Brazil-resident beneficiaries to be registered in an account in 2017.
(k) Includes 17,816 rights to performance shares granted to UK and Brazil-resident beneficiaries to be registered in an account in 2017.
(*) Adjustments following the payment in 2010 and 2013 of the dividend for fiscal years 2009 and 2012 by withdrawal from reserves and the grant of one bonus share for every 30 shares held, which occurred on May 9, 2012.

SAR and ex-ADS plans converted into SAR plans (in US dollars)

			Number of SAR granted							Adjusted number of SAR (*)		
			Total number		of which, number granted to members of governing bodies							
Date of the Shareholders' Meeting	Date of the Board of Directors, Supervisory Board or Management Board Meeting	Grant date	of beneficiaries	of SAR	Number of beneficiaries	Number of SAR	Vesting date for SAR	Expiration date	Adjusted exercise price (*)	exercised in 2013 (adjusted)	rights canceled or withdrawn in 2013 (adjusted)	outstanding as of December 31, 2013
04/29/03	05/28/03	05/28/03	75	752,000	1	180,000	05/29/05	05/28/13	13.92	143,508	1,773	0
04/29/03	12/09/03	12/09/03	51	705,000	0	0	12/10/05	12/09/13	19.12	248,301	29,543	0
04/29/03	05/06/04	05/21/04	138	1,012,400	0	0	05/22/06	05/21/14	20.83	48,543		626,830
04/29/03	03/09/05	04/26/05	184	1,786,400	1	125,000	04/27/07	04/26/15	25.92			1,549,519
04/28/05	02/28/06	04/13/06	2	192,000	1	112,000	04/14/08	04/13/16	29.26			226,911
04/28/05	03/21/06	04/13/06	154	1,058,320	0	0	04/14/08	04/13/16	29.26			1,067,728
04/28/05	09/22/06	09/22/06	1	24,000	0	0	09/23/08	09/22/16	29.26			28,365
04/28/05	03/06/07	04/23/07	1	112,000	1	112,000	04/24/10	04/23/17	34.99			132,327
04/28/05	02/27/07	04/23/07	177	1,168,660	0	0	04/24/10	04/23/17	34.99			1,272,860
									Total	**440,352**	**31,316**	**4,904,540**

(*) Adjustments following the payment in 2010 and 2013 of the dividend for fiscal years 2009 and 2012 by withdrawal from reserves and the grant of one bonus share for every 30 shares held, which occurred on May 9, 2012.

SECTION 3 Corporate Governance

Since 2005, Vivendi has chosen a two-tier governance structure based on a Supervisory Board and Management Board. This structure allows it to separate control and management authority.

Since 2008, Vivendi has rigorously applied the AFEP/MEDEF Code of Corporate Governance for Publicly Traded Companies, as amended in June 2013 (hereinafter the "AFEP/MEDEF Code").

3.1. Directors, Senior Management and Supervisory Bodies

3.1.1. Supervisory Board

The Supervisory Board is a collegiate body. Its deliberations involve all its members, who undertake to keep them confidential.

The Supervisory Board may make statements collectively outside the Company in the form of press releases intended as market information.

3.1.1.1. General Provisions

The Supervisory Board may comprise a maximum of 18 members. Each member serves for a four-year term (Article 7 of Vivendi's by-laws). The Supervisory Board may appoint one or more non-voting members (*censeurs*) (Article 10-6 of the by-laws). Non-voting members participate in an advisory capacity at meetings of the Supervisory Board. They may attend meetings of the committees created by the Supervisory Board. They are appointed for a term that may not exceed four years.

According to Vivendi's by-laws, each member of the Supervisory Board must own a minimum of 1,000 shares for the term of his or her mandate (Article 7-2 of Vivendi's by-laws). At its meeting of February 28, 2008, the Supervisory Board resolved that each of its members must own a number of Vivendi shares equivalent in value to one year's paid director's fees.

At the end of each Annual General Shareholders' Meeting, the number of members of the Supervisory Board over the age of 70, as of the closing date of the previous fiscal year, must not exceed one-third of the acting members currently in office. If this limit is exceeded, the oldest members are deemed to have resigned at the end of this Shareholders' Meeting (Article 7-3 of Vivendi's by-laws).

The Supervisory Board is comprised of a majority of independent members. A member is deemed independent if he or she has no direct or indirect relationship of any kind, other than a non-substantial shareholding in the Company, with the Company, its group or its management that could compromise his or her independent judgment (as defined in the AFEP/MEDEF Code).

Classification as an independent member, and the criteria used to determine whether a director meets such classification, are reviewed by the Corporate Governance and Nominating Committee when considering and discussing the appointment of candidates to the Supervisory Board. The Corporate Governance and Nominating Committee examines, as required, any change in the situation of a Supervisory Board member during his or her term of office.

Each member of the Supervisory Board undertakes to regularly attend Supervisory Board meetings and Shareholders' Meetings. Members of the Supervisory Board may attend meetings via videoconference or other forms of telecommunication (Article 10 of Vivendi's by-laws).

3.1.1.2. Composition of the Supervisory Board

As of the date of publication of this Annual Report, the Supervisory Board has 13 members, 9 of whom are independent directors. One of the members is a foreign national and a citizen of a European Union member state. Five of the members, or 38.5%, are women. The Supervisory Board has one non-voting member.

Detailed information about current members of the Supervisory Board is provided below in Section "Main Activities of Current Members of the Supervisory Board".

At the Combined General Shareholders' Meeting to be held on June 24, 2014, a proposal will be made to amend Article 8 of the by-laws, "Members of the Supervisory Board Elected by Employees", with a view to determining the conditions for appointment by employees of the members of the Supervisory Board who will represent them, pursuant to the French Law of June 14, 2013 on protecting employment. Such appointment must occur within six months after the Shareholders' Meeting is held.

List of Current Supervisory Board Members and Non-Voting Directors: Dates of Appointment and Number of Shares Held

Supervisory Board members	Position	Age	Date of initial appointment and most recent reappointment to the Supervisory Board	Committee member	End of term	Number of shares held
Jean-René Fourtou	Chairman of the Supervisory Board	74	OGM/CS 04/28/05 OGM/CS 04/24/08 OGM/CS 04/19/12	A	OGM 2016	(*) 821,815
Vincent Bolloré	Vice-Chairman and Member of the Supervisory Board	62	CS 09/11/13 CS 12/13/12 OGM 04/30/13	A and D	OGM 2017	4,000
Nathalie Bricault	Member of the Supervisory Board	48	OGM 04/30/13	B and C	OGM 2017	6,762
Pascal Cagni	(a) Member of the Supervisory Board	52	OGM 04/30/13	A and C	OGM 2017	12,200
Daniel Camus	(a) Member of the Supervisory Board	62	OGM 04/29/10	A and B	OGM 2014	8,782
Yseulys Costes	(a) Member of the Supervisory Board	41	OGM 04/30/13	C	OGM 2017	3,500
Philippe Donnet	(a) Member of the Supervisory Board	53	OGM 04/24/08 OGM 04/19/12	B and C	OGM 2016	5,166
Dominique Hériard Dubreuil	(a) Member of the Supervisory Board	67	OGM 04/29/10	C and D	OGM 2014	7,130
Aliza Jabès	(a) Member of the Supervisory Board	51	OGM 04/29/10	A and B	OGM 2014	6,923
Alexandre de Juniac	(a) Member of the Supervisory Board	51	OGM 04/30/13	A	OGM 2017	1,000
Henri Lachmann	Member of the Supervisory Board	75	OGM 04/28/05 OGM 04/24/08 OGM 04/21/11	C and D	OGM 2015	36,550
Pierre Rodocanachi	(a) Member of the Supervisory Board	75	OGM 04/28/05 OGM 04/24/08 OGM 04/21/11	B and D	OGM 2015	46,625
Jacqueline Tammenoms Bakker	(a) (b) Member of the Supervisory Board	60	OGM 04/29/10	C and D	OGM 2014	7,801
Non-Voting Director						
Claude Bébéar	(a) Non-Voting Director	78	CS 04/19/12	D	04/19/14	5,879

(*) Includes 148,666 shares held in beneficial ownership.
(a) Independent member.
(b) Foreign member.

A: Strategy Committee.

B: Audit Committee.

C: Human Resources Committee.

D: Corporate Governance and Nominating Committee.

Main Activities of Current Members of the Supervisory Board

JEAN-RENÉ FOURTOU

Chairman of
the Supervisory Board

French citizen.

Business Address

Vivendi – 42, avenue de Friedland,
75008 Paris, France.

Expertise and experience

Mr. Jean-René Fourtou was born in Libourne on June 20, 1939 and is a graduate of the École Polytechnique. In 1963, he joined Bossard & Michel as a consultant. In 1972, he became Chief Operating Officer of Bossard Consultants and, in 1977, Chairman and Chief Executive Officer of the Bossard Group. In 1986, he was appointed Chairman and Chief Executive Officer of the Rhône-Poulenc Group. From December 1999 to May 2002, he served as Vice-Chairman and Chief Operating Officer of Aventis. From 2002 to 2005, he was Chairman and Chief Executive Officer of Vivendi before becoming the Chairman of the Supervisory Board. He is the Chairman of the Bordeaux University Foundation.

Positions currently held

Vivendi Group

- Maroc Telecom (Morocco), member of the Supervisory Board

Other positions and functions

- Sanofi Aventis, Director
- Generali (Italy), Director
- Chairman of the Bordeaux University Foundation

Positions previously held that have expired during the last five years

- Canal+ Group, Chairman of the Supervisory Board
- AXA, Vice-Chairman of the Supervisory Board
- AXA, member of the Ethics and Governance Committee
- Cap Gemini, Director
- Nestlé (Switzerland), Director
- NBC Universal (United States), Director
- ICC, International Chamber of Commerce, Honorary Chairman

VINCENT BOLLORÉ

Vice-Chairman of the Supervisory Board

French citizen.

Business Address

Tour Bolloré
31-32, quai de Dion-Bouton
92811 Puteaux Cedex (France).

Expertise and experience

Mr. Vincent Bolloré was born on April 1, 1952. He holds a doctorate in law and is the Chairman and Chief Executive Officer of the Bolloré Group. In 1970, he began his career as a representative at Banque de l'Union Européenne before joining Compagnie Financière Edmond de Rothschild in 1976.

In 1981, he became Chairman and Chief Executive Officer of the Bolloré Group and its paper business. Under Mr. Bolloré's management, the group became one of the world's 500 largest companies. As a listed company, the Bolloré Group holds a strong position in each of its businesses, which are organized into three Divisions: Transport and Logistics, Communication and Media, and Electricity Storage. The group also manages a long-term investment portfolio.

Positions currently held

Bolloré Group (in France)

- Bolloré, Chairman and Chief Executive Officer
- Bolloré Participations, Chairman and Chief Executive Officer
- Financière de l'Odet, Chairman of the Board of Directors (separate management)
- Blue Solutions (formerly batscap), Chairman of the Board of Directors (separate management)
- SOMABOL, Chairman
- Omnium Bolloré, Chief Executive Officer and Director
- Financière V, Chief Executive Officer and Director
- Financière Moncey, Director
- Société Anonyme Forestière et Agricole (SAFA), permanent representative of Bolloré Participations on the Board of Directors
- Société Industrielle et Financière de l'Artois, permanent representative of Bolloré Participations on the Board of Directors
- Compagnie du Cambodge, permanent representative of Bolloré Participations on the Supervisory Board.

Bolloré Group (outside France)

- Nord-Sumatra Investissements, Chairman and Deputy Director
- Financière du Champ de Mars, Chairman and Deputy Director
- BB Group, Director
- Plantations des Terres Rouges, Director
- SAFA Cameroun, permanent representative of Bolloré Participations on the Board of Directors
- Bolloré Africa Logistics Congo (formerly SDV Congo), permanent representative of Bolloré Participations on the Board of Directors.

Other positions and functions

- Fred & Farid Group, permanent representative of Bolloré
- Société des Caoutchoucs de Grand Bereby (SOGB), Vice-Chairman
- Bereby Finances, Vice-Chairman
- Centrages, Director
- Socfinaf (formerly Intercultures), Director
- Liberian Agricultural Company (LAC), Director
- Plantations Nord-Sumatra Ltd, Director
- Socfin (formerly Socfinal), Director
- Socfinasia, Director
- Socfinco, Director
- Socfindo, Director
- Socfin KDC, Director
- Bereby Finances, permanent representative of Bolloré Participations on the Board of Directors
- Palmeraies du Cameroun (Palcam), permanent representative of Bolloré Participations on the Board of Directors
- Société Camerounaise de Palmeraies (Socapalm), permanent representative of Bolloré Participations on the Board of Directors
- Société des Caoutchoucs de Grand Bereby (SOGB), permanent representative of Bolloré Participations on the Board of Directors
- Brabanta, Joint Manager

Positions previously held that have expired during the last five years

- Generali, Vice-Chairman
- Havas, Chairman of the Board of Directors (separate management)
- Natixis, Director
- Sofibol, Chief Executive Officer
- Direct 8, Director
- Direct Soir, Director
- Bolloré Média, permanent representative of Bolloré on the Board of Directors
- Matin Plus, Director
- Mediobanca, Director
- VEPB, Chairman
- Société de Gestion pour le Caoutchouc and les Oléagineux (Sogescol), Director
- IER, permanent representative of Bolloré Participations on the Board of Directors
- SDV Cameroun, permanent representative of Bolloré Participations on the Board of Directors
- SAFA Cameroun, permanent representative of Bolloré Participations on the Board of Directors
- Société des Chemins de Fer and Tramways du Var and du Gard, permanent representative of Bolloré Participations on the Board of Directors
- Société Bordelaise Africaine, permanent representative of Bolloré Participations on the Board of Directors
- Compagnie des Tramways de Rouen, permanent representative of Bolloré Participations on the Board of Directors
- Socfinaf Company Ltd, Director
- Compagnie des Glénans, Director
- Médiamétrie, permanent representative of Havas on the Board of Directors
- Huilerie de Mapangu Spri, Manager
- Société des Palmeraies de la Ferme Suisse, permanent representative of Bolloré Participations on the Board of Directors
- Fred & Farid Paris, France, permanent representative of Bolloré
- Havas Media France, Director
- Champ de Mars Investissements, Chairman of the Board of Directors
- Financière Nord-Sumatra, Chairman of the Board of Directors
- Bolloré Africa Logistics Gabon (formerly SDV Gabon), Director
- Bolloré Africa Logistics Sénégal (formerly SDV Sénégal), Director
- Bolloré Africa Logistics Cameroun (formerly Saga Cameroun), permanent representative of Bolloré Participations on the Board of Directors

NATHALIE BRICAULT

Member of the Supervisory Board Representing Employee Shareholders

French citizen.

Business Address

Vivendi
42, avenue de Friedland,
75008 Paris, France.

Expertise and experience

Ms. Nathalie Bricault was born on August 3, 1965 and is a graduate of EDHEC.

From 1988 to 1998, she worked for Sodexo, first as a budget controller, business manager and then management controller for a subsidiary. In 1998, she joined 9 Telecom as Network Management Controller and, in relation to this, took part in the Boucle Locale Radio (BLR) project. From 2002 to 2006, she was first appointed Chief Controller for the consumer and corporate business units and was then put in charge of cross-product lines at Neuf Cegetel. In 2006, she was involved in the Initial Public Offering (IPO) of Neuf Cegetel and, as part of a natural progression, joined the Investor Relations department created after the IPO. Since mid-2008, following the acquisition of Neuf Cegetel by SFR, she has been Marketing and Logistics Manager with Vivendi's Investor Relations department. She is a member of the Supervisory Board of the Group's collective investment fund "Groupe Vivendi Épargne", and an associate member of the French Federation of Associations of Employee and Former Employee Shareholders (FAS). She is an employee of Vivendi SA.

Positions currently held

None

Other positions and functions

Collective Investment Fund "Vivendi Groupe Épargne", member of the Supervisory Board

FAS, Associate Member

Positions previously held that have expired during the last five years

None

PASCAL CAGNI

Member of the Supervisory Board

French citizen.

Business Address

LLP
69 Courtfield Gardens, Flat 3,
London SW5 ONJ
United Kingdom.

Expertise and experience

Mr. Pascal Cagni was born on October 28, 1961 and is a specialist in the European digital economy. He advises and invests in startups and contributes to their international development and expansion. Recruited by Steve Jobs in the early 2000s as General Manager and Vice President of Apple Europe, Middle East, India and Africa (EMEIA), for 12 years he led a region of 130 countries in which revenues grew from $1.2 billion to over $37 billion. After starting his career as a consultant at Booz & Co, he joined Compaq Computers, established Software Publishing France (SPC), and then led Packard Bell NEC as the number one home PC manufacturer in Europe. Mr. Cagni holds a Master's Degree in Business Law and is a graduate of the Institut d'Études Politiques (IEP) in Paris. He also holds an MBA from the HEC Group and is a graduate of the Executive Program of Stanford University (EPGC).

Positions currently held

- Kingfisher Plc, Non-executive Director
- Banque Transatlantique, Independent Director

Other positions and functions

None

Positions previously held that have expired during the last five years:

- Apple EMEIA, Chief Executive Officer, Vice-Chairman
- Vivendi, Non-Voting Director
- Institut Aspen, member of the Supervisory Board

DANIEL CAMUS

Member of the Supervisory Board

French and Canadian citizen.

Business Address

8, chemin de Blandonnet,
1214 Vernier
Geneva, Switzerland

Expertise and experience

Mr. Daniel Camus was born on April 14, 1952 and graduated from the Institut d'Études Politiques in Paris with a Doctorate in Economics and Management Sciences. His career has been spent predominantly in the chemical and pharmaceutical industry, primarily outside of France. During his more than 25 years with the Hoechst and Aventis Groups, he spent the majority of his career in North America before returning to Europe, where he held the position of Group Chief Financial Officer for over 15 years, first as a member of the Management Board of the Roussel Uclaf SA Group in Paris, France, then successively as Group Chief Financial Officer of Hoechst Marion Roussel in Bridgewater, USA, and Frankfurt/Main, Germany, and as Chief Financial Officer and member of the Management Board of Aventis Pharma AG, following the merger of Hoechst and Rhône Poulenc. In 2002, he joined the EDF Group where, as Managing Director and Chief Financial Officer, he directed the financial transformation that, in 2005, led to the admission of new shareholders to the company. Until late 2010, he was Deputy Director of the EDF Group in charge of strategy and international activities. In June 2011, he joined Roland Berger Strategy Consultants in Paris, France and Düsseldorf, Germany as a Senior Advisor. Since August 2012, he has been Chief Financial Officer of the Global Fund in Geneva, Switzerland, and a member of its Executive Committee.

Positions currently held

- Valeo SA, Director.

Other positions and functions

- Cameco Corp. (Canada), Director
- Morphosy AG (Germany), member of the Supervisory Board
- SGL Carbon AG (Germany), member of the Supervisory Board

Positions previously held that have expired during the last five years

- EDF International SA, Chairman of the Board of Directors
- EDF Energy UK Ltd (United Kingdom), Director
- EnBW AG (Germany), member of the Supervisory Board
- Dalkia SAS, member of the Supervisory Board

YSEULYS COSTES

Member of the Supervisory Board

French citizen.

Business Address

1000mercis
28, rue de Châteaudun
75009 Paris, France.

Expertise and experience

Ms. Yseulys Costes was born on December 5, 1972 and holds a master's degree in Management Science and a postgraduate degree in Marketing and Strategy from Paris IX Dauphine University. Ms. Costes attended Harvard Business School (United States) as a guest researcher in interactive marketing, and teaches interactive marketing at several institutions (HEC, ESSEC, Paris IX Dauphine University).

Since February 2000, Ms. Costes has been the Chairwoman and Chief Executive Officer and founder of 1000mercis.

She is the author of numerous books and articles about online marketing and database management, and for two years she was also the coordinator of the Interactive Advertising Bureau France (IAB) before founding 1000mercis in February 2000. 1000mercis, which specializes in advertising and interactive marketing, has offices in Paris, London and New York.

1000mercis is listed on Alternext by Euronext Paris; it has operations in 30 countries and works with clients that enjoy a strong reputation, including EasyJet, BNP Paribas, Nespresso, PriceMinister and Tag Heuer.

Ms. Costes, who, in 2001, was voted "Internet Woman of the Year", is a member of the Entrepreneurs Council (*Conseil des Entrepreneurs*), which reports to the French Secretary of State for Business and Foreign Trade (*Secrétariat d'État aux Entreprises and au Commerce Extérieur*), and is also a member of the Council for the Development of Economic Literacy (*Conseil pour la Diffusion de la Culture Economique*), of the Digital Relations Experts Group (*Groupe d'Experts de la Relation Numérique*) and of the Steering Committee of France's Strategic Investment Fund (*Fonds Stratégique d'Investissement*).

Positions currently held

- 1000mercis, Chairwoman and Chief Executive Officer
- Kering, Director and member of the Audit Committee and of the Strategy and Development Committee
- SEB, Director
- Numergy, member of the Supervisory Board

Other positions and functions

None

Positions previously held that have expired during the last five years

None

PHILIPPE DONNET

Member of the Supervisory Board

French citizen.

Business Address

41-43, rue Saint-Dominique
75007 Paris, France

Expertise and experience

Mr. Philippe Donnet was born on July 26, 1960 in France, and is a graduate of the École Polytechnique and a certified member of the Institut des Actuaires Français (IFA). In 1985, he joined AXA in France. From 1997 to 1999, he served as Deputy Managing Director of AXA Conseil (France), before becoming Deputy Director of AXA Assicurazioni in Italy in 1999 and, in 2001, joining the AXA Executive Committee as Senior Vice President for the Mediterranean region, Latin America and Canada. In March 2002, he was also appointed as Chairman-CEO of AXA Re and President of AXA Corporate Solutions. In March 2003, Mr. Donnet was appointed Chief Executive Officer of AXA Japan, where he successfully led a recovery by implementing new management and launching innovative and extremely profitable products. In October 2006, Mr. Donnet was appointed Chairman of AXA Japan and Chief Executive for the Asia-Pacific region. In April 2007, he joined the Wendel Group, where he formed investment operations in the Asia-Pacific region. After participating in the creation of the investment company HLD, on October 7, 2013, he was appointed Chief Executive Officer of Generali Italy.

Positions currently held

- Generali (Italy), Chief Executive Officer
- Gecina, Director

Other positions and functions

None

Positions previously held that have expired during the last five years

- Wendel, Chief Executive Officer for Asia-Pacific
- Winvest Conseil (Luxembourg SARL), Manager
- Winvest International SA SICAR (Luxembourg company), Director
- La Financière Miro (Albania), member of the Supervisory Board
- Pastel and Associés, Director

DOMINIQUE HÉRIARD DUBREUIL

Member of the Supervisory Board

French citizen.

Business Address

Rémy Cointreau
21, boulevard Haussmann
75008 Paris, France.

Expertise and experience

Ms. Dominique Hériard Dubreuil, born on July 6, 1946, was involved in international public relations between 1970 and 1988, successively with Havas Conseil, Ogilvy & Mather, Hill & Knowlton and McCann-Erickson, before creating her own agency, Infoplan, in 1978.

In 1990, she became Chairwoman and Chief Executive Officer of Rémy Martin, and then, in 1998, Chairwoman and Chief Executive Officer of Rémy Cointreau, and finally Chairwoman of the Board of Directors until 2012. She currently remains a Director.

Positions currently held

- Rémy Cointreau, Director
- Andromède, member of the Management Board and Chief Executive Officer
- E. Rémy Martin & Co, Chairwoman
- Cointreau, Chairwoman

Other positions and functions

- Wendel SA, Vice-Chairwoman of the Supervisory Board
- Comité Colbert, Director
- Fédération des Exportateurs de Vins and Spiritueux (FEVS), Director
- INRA, Director
- AFEP, Director
- Fondation 2e Chance, Director
- Fondation de France, Director.

Positions previously held that have expired during the last five years

- Vivendi, Vice-Chairwoman of the Supervisory Board
- Vinexpo Overseas SAS, Chairwoman of the Supervisory Board
- Vinexpo SAS, member of the Supervisory Board
- Rémy Cointreau SA, Chairwoman of the Board of Directors
- Rémy Cointreau Amérique Inc. (United States), Chairwoman
- Stora Enso OYJ, Director
- Baccarat, Director
- Medef, member of the Executive Committee

ALIZA JABÈS

Member of the Supervisory Board

French citizen.

Business Address

Groupe NUXE
19, rue Péclet
75015 Paris, France

Expertise and experience

Ms. Aliza Jabès was born on July 20, 1962, and is a graduate of the Paris Institut d'Études Politiques. She holds an MBA from New York University. Between 1986 and 1988, she was a financial analyst for the Eli Lilly Laboratory in Indianapolis (USA). At the start of the 1990s, she decided to go into entrepreneurship and took over the NUXE laboratory, which was at the time a small laboratory for the creation of cosmetic products in Paris. She made this laboratory the starting point of her business ambition, and from it developed a major natural beauty brand name in the market for pharmaceutical beauty products.

In 2007 and 2011, NUXE's strategy in innovation and industrial property was recognized and rewarded twice by the *Institut National de la Propriété Industrielle* (INPI).

In 2011, Ms. Jabès became one of the few women to receive the prestigious Entrepreneur of the Year award (*Prix de l'Entrepeneur de l'Année*), given by *EY-l'Express* at national level.

Today, the NUXE Group is one of the leaders in cosmetics in France, and has expanded rapidly in the international market, with 13 subsidiaries and a presence in 65 countries. Ms. Jabès has also developed a Spa Division which has 25 deluxe establishments, both in France and worldwide.

Positions currently held

NUXE Group (in France)

- NUXE Group, Chairwoman
- NUXE Spa, Chairwoman
- NUXE Développement, Chairwoman

NUXE Group (outside France)

- NUXE Inc (USA), Chairwoman
- NUXE Hong Kong Limited, Director
- NUXE Australia Pty Ltd., Director
- NUXE GmbH (Germany), Manager
- NUXE Polska sp. z o.o. (Poland), Manager
- NUXE UK Ltd, Manager
- NUXE Istanbul Kozmetik Ürünleri Ticaret Limited Sirketi (Turkey), Manager
- Laboratoire NUXE Portugal UNIPESSOAL LDA, Manager
- Laboratoire NUXE España S.L., Manager
- NUXE Suisse SA, Director
- NUXE Belgium SA, Director

Other positions and functions

- *Fédération des entreprises de la beauté* (FEBEA), Director
- Pharmaceutical Council of the French Syndicate of Cosmetic Products (*Syndicat Français des Produits Cosmétiques de Conseil Pharmaceutique*, SFCP), Chairwoman
- Fondation PlaNet Finance, Ambassador.

Positions previously held that have expired during the last five years

- French National Institute of Industrial Property (*Institut National de la Propriété Industrielle*, INPI), Director

ALEXANDRE DE JUNIAC

Member of the Supervisory Board

French citizen.

Business Address

Air France KLM
Continental Square
3/10, rue de Rome – CS 19065
Tremblay en France
Roissy CDG Cedex 95723

Expertise and experience

Mr. Alexandre de Juniac was born on November 10, 1962, and is a graduate of the École Polytechnique de Paris and of the École Nationale d'Administration. From 1990 to 1993, he served as a Master of Requests (Counsel) (*maître des requêtes*) and then as Under-Secretary of the French Council of State (*Conseil d'État*). From 1994 to 1995, he was Deputy Principal Private Secretary to Nicolas Sarkozy, who was then the Minister for the Budget and government spokesperson, and then in charge of communications and audiovisual matters. Until 1997, he was Director of Planning and Development at Thomson SA, until he joined Sextant Avionique where he served as Sales Director for civil aircraft until 1998. Until 2009, he continued his career at Thalès as Chief Administrative Officer, then as Senior Executive Vice President in charge of aviation systems, and then as Chief Executive Officer for Asia, Middle East, and Latin America.

In 2009, he was named Principal Private Secretary to Christine Lagarde (Minister of Economy, Industry and Employment), where he remained until 2011. Mr. Juniac is currently Chairman and Chief Executive Officer of Air France.

Positions currently held

– Air France KLM, Chairman and Chief Executive Officer

Other positions and functions

None

Positions previously held that have expired during the last five years

– Air France, Chairman and Chief Executive Officer

HENRI LACHMANN

Member of the Supervisory Board

French citizen.

Business Address

Schneider Electric
35, rue Joseph Monier
92500 Rueil-Malmaison

Expertise and experience

Mr. Henri Lachmann was born on September 13, 1938, and is a graduate of the École des Hautes Etudes Commerciales (HEC), holding an accounting degree. In 1963, he joined Arthur Andersen, the international accounting management and auditing firm, where he successively held the positions of auditor, then manager of the Auditing department. In 1970, he joined the Strafor Facom Group, where he held various general management positions until June 1981, when he was appointed Chairman of the group. A director of Schneider Electric since 1996, in 1999, Mr. Lachmann became Chairman and Chief Executive Officer of the Schneider Electric Group. From 2006 through 2013 he served as Chairman of the Supervisory Board of Schneider Electric.

Positions currently held

– Schneider Electric SA, Vice-Chairman and Director Emeritus
– Carmat, Director
– Norbert Dentressangle, member of the Supervisory Board

Other positions and functions

– Marie Lannelongue Surgical Center, Chairman of the Board of Directors
– Fimalac, Non-Voting Director
– Steering Committee, *Institut de l'Entreprise*, member
– ANSA, Director

Positions previously held that have expired during the last five years

– Vivendi, Vice-Chairman of the Supervisory Board
– Schneider Electric SA, Chairman of the Supervisory Board
– Finaxa, Director
– Tajan, Non-Voting Director
– *Fondation pour le Droit Continental*, Chairman

PIERRE RODOCANACHI

Member of the Supervisory Board

French citizen.

Business Address

MP Conseil
40, rue La Pérouse
75116 Paris, France

Expertise and experience

Mr. Pierre Rodocanachi was born on October 2, 1938 and holds a graduate degree in physics from the Faculté des Sciences of the University of Paris. He began his career as a researcher in a physics laboratory at the CNRS, and then managed the Planning department at the Bureau for Scientific and Technical Research for five years. Between 1969 and 1971, he served as Technical Consultant on Scientific Matters for the French Minister of Industry and was later Deputy Director of the National Agency for Research Valuation (ANVAR). He was also a Director of the CNRS throughout this period. Mr. Rodocanachi currently chairs the Advisory Board of Booz & Co., an international strategy and management consulting firm in Paris, which he joined in 1973. He was Chief Executive Officer of its French subsidiary and, in 1987, was appointed a Director of Booz & Co., as a member of its Strategy Committee and its Operations Committee, and as Senior Vice President responsible for all group activities in Southern Europe. Mr. Rodocanachi is also a director of several non-profit organizations, including the US Chamber of Commerce in France, where he was Chairman from 1997 to 2000, the Institut du Mécénat de Solidarité, of which he was both founder and treasurer, and the French review of corporate governance. In 2003, Mr. Rodocanachi founded the financial consulting firm Management Patrimonial Conseil, which provides consulting services to approximately 12 family industrial groups. Mr. Rodocanachi is a member of the French Association of Olympic Medal Holders.

Positions currently held

Vivendi Group

– SFR, Director

Other positions and functions

– Management Patrimonial Conseil, Chief Executive Officer
– Enablon, Director
– Zephyrus Partners (United Kingdom), Non-Executive Chairman
– LPCR, Chairman of the Supervisory Board
– ProLogis European Properties, Director and member of the Audit Committee

Positions previously held that have expired during the last five years

– "*Commentaire*" a journal of political economics, Director

JACQUELINE TAMMENOMS BAKKER

Member of the Supervisory Board

Dutch citizen.

Business Address

Bankastraat 129a
2585 El La Hay, Pas-Bas

Expertise and experience

Ms. Jacqueline Tammenoms Bakker was born on December 17, 1953. She holds a BA degree in History and French from Oxford University and a MA degree in International Relations from the Johns Hopkins School for Advanced International Studies in Washington D.C. She joined Shell International in 1977 and held a variety of positions in the Netherlands, the U.K. and Turkey. In 1989, she joined McKinsey & Co, where she worked as a consultant. From 1995 to 1998, she was Vice President Foods (Europe) for Quest International (a subsidiary of Unilever). In 1999, Ms. Tammenoms Bakker moved to the public sector. From 1999 to 2001, she was Director of Gigaport, an initiative to accelerate the introduction of broadband Internet in the Netherlands, and then, from 2001 to 2007, she was a Director General at the Ministry of Transport in the Netherlands, responsible for civil aviation and freight transport. From 2006 to 2007, she was Chairwoman of the High Level Group for the future of aviation regulation in Europe, reporting to the EU Commissioner for Transport.

Positions currently held

- Tesco plc (United Kingdom), member of the Supervisory Board
- CNH Industrial (formerly Fiat Industrial) (Italy), member of the Supervisory Board

Other positions and functions

- Van Leer Group Foundation (Netherlands), Chairwoman of the Supervisory Board
- Rotterdam School of Management, member of the Advisory Board

Positions previously held that expired during the last five years

- Land Registry Ordinance Survey (Netherlands), member of the Supervisory Board

CLAUDE BÉBÉAR

Non-Voting Director

French citizen.

Business Address

AXA
25, avenue Matignon
75008 Paris, France

Expertise and experience

Mr. Claude Bébéar was born on July 29, 1935 and is a graduate of the École Polytechnique. He has spent his entire career in the insurance sector, beginning in 1958. From 1975 to 2000, he headed a group of companies that became AXA in 1984. He served as Chairman of its Supervisory Board until 2008 and is currently the Honorary Chairman of the AXA group. Mr. Bébéar established and chairs the Institut du Mécénat de Solidarité, a humanitarian and social welfare organization, as well as the Institut Montaigne, an independent political think tank.

Positions currently held

Groupe AXA

- AXA Assurances Vie Mutuelle, Director

Other positions and functions

- Schneider Electric SA, Non-Voting Director
- *Institut Montaigne*, Chairman

Positions previously held that have expired during the last five years

- AXA, Chairman of the Supervisory Board
- Finaxa, Chairman and Chief Executive Officer
- AXA Group, Director of various AXA companies
- Schneider Electric SA, Director
- AXA Courtage Assurance Mutuelle, Director
- AXA Assurances IARD Mutuelle, Director
- BNP Paribas, Director
- *Institut du mécénat de solidarité*, Chairman
- Vivendi, member of the Supervisory Board

3.1.1.3. Stock Trading Ethics

In accordance with the recommendations of the AFEP/MEDEF Code, the hedging of transactions by means of short selling or using derivative financial instruments or options contracts of any kind is prohibited for all officers and employees.

Throughout the periods defined below, as well as those communicated to the members of the Supervisory Board by the Secretary of the Board ("blackout periods"), any direct or indirect sale and purchase transactions by members of the Supervisory Board involving the Company's securities, whether by way of open market or off-market trading, are forbidden during the period:

- from the date on which members of the Supervisory Board become aware of specific market information in relation to the Company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the Company's share price, up to the date this information is made public; and
- of 30 calendar days preceding and including the day of publication of the Company's quarterly, semi-annual and annual financial statements.

The Chairman of the Corporate Governance and Nominating Committee must be informed as soon as possible by any member of the Supervisory Board of any material purchase, subscription, sale or swap transaction involving securities issued by the Company which, while not falling within the scope of the above paragraph, is entered into by any relative of, or entities connected with, such member or the member's relatives, and where such transaction was recommended by such member or where such member was informed of its existence. The Secretary of the Supervisory Board shall also inform the Chairman of the Corporate Governance and Nominating Committee of any transactions declared pursuant to the above paragraph.

During 2013, no transaction involving company shares was made in this context.

3.1.1.4. Family Relationships

To the Company's knowledge, there are no family ties between members of the Supervisory Board or between any of them and any member of the Management Board.

3.1.1.5. Absence of Conflicts of Interest

To the Company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Supervisory Board with regard to their personal interests or other responsibilities.

The internal rules of the Supervisory Board stipulate that its members have a duty to inform the Board of any actual or potential conflict of interest they have encountered, or might encounter in the future. When the Supervisory Board discusses a subject that relates directly or indirectly to one of its members, the member concerned may be asked to leave the Board meeting during the deliberation and voting process.

3.1.1.6. Absence of any Conviction for Fraud, Liability Associated with a Business Failure, Public Accusation and/or Sanction

Over the past five years, to the Company's knowledge:

- no member of the Supervisory Board has been convicted of any fraud-related matter;
- no member of the Supervisory Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body;
- no official public accusation and/or penalty has been brought against or imposed on any member of the Supervisory Board; and
- no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

3.1.1.7. Agreements between the Company and Members of the Supervisory Board – Service Contracts

There are no service agreements or contracts between any member of the Supervisory Board and the Company or one of its subsidiaries that grant benefits to such members under the terms of such agreements or contracts.

3.1.1.8. Loans and Guarantees Granted to Members of the Supervisory Board

The company has not granted any loans or issued any guarantees to any member of the Supervisory Board.

3.1.1.9. Internal Regulations and Jurisdiction of the Supervisory Board

Authority and Functions of the Supervisory Board pursuant to French Law and the Company's By-Laws

As required by law, the Supervisory Board continuously monitors the management of the Company by the Management Board. It may proceed with any verification or control it deems appropriate and is provided with all documents it deems useful in connection with the fulfillment of its purpose and functions.

Internal Regulations

The Internal Regulations of the Supervisory Board is an internal document intended to supplement the Company's by-laws by setting forth the Supervisory Board's operational procedures and the rights and duties of its members.

Role and Powers of the Supervisory Board under the Internal Regulations

The following transactions require the approval of the Supervisory Board prior to their implementation:

- disposals of real estate property or the sale of all or part of investments in companies, where any individual transaction exceeds €300 million;
- issues of securities that directly or indirectly give right to the share capital of the Company or issues of convertible bonds, in excess of €100 million;
- issues of non-convertible bonds in excess of €500 million, except for transactions for the purpose of renewing debt obligations on more favorable terms than those initially granted to the Company;
- share repurchase programs proposed to the Ordinary Shareholders' Meeting, and financings that are material or that may substantially alter the financial structure of the Company, with the exception of financing used to manage the Company's debt to optimize it within previously approved thresholds;

- acquisitions, in any form, over €300 million;
- granting of sureties, endorsements and guarantees by the Management Board in favor of third parties, provided that each individual obligation does not exceed €100 million and that all obligations do not exceed €1 billion. This authorization, which is given to the Management Board for 12 months, is reviewed every year;
- substantial internal restructuring transactions together with transactions falling outside the Company's publicly disclosed strategy and strategic partnership agreements;
- setting up stock option plans or performance share plans or any other mechanisms with a similar purpose or effect;
- awarding stock options or performance shares to members of the Management Board; and determining the number of shares they must own during their terms of office; and
- submitting proposals to the General Shareholders' Meeting to amend the Company's by-laws, allocate profits and set the dividend.

3.1.1.10. Information Provided to the Supervisory Board

Members of the Supervisory Board receive all information necessary to perform their duties. Before any meeting, they may request any documents which they consider useful. The rights of members of the Supervisory Board to obtain information are currently subject to procedures as set forth below.

Information Provided Prior to Meetings of the Supervisory Board

The Chairman of the Supervisory Board, with the assistance of the Secretary of the Board, sends the appropriate information to the other members of the Board, depending on the matters on the agenda.

Information Provided to the Supervisory Board on a Regular Basis

Members of the Supervisory Board are kept informed on a regular basis by either the Management Board or its Chairman of the Company's financial position, cash flow and obligations, as well as of any major events and transactions relating to the Company.

The Management Board provides a quarterly report to the Supervisory Board on its activities and the Group's operations.

In addition, on a monthly basis, the Management Board provides information to the Supervisory Board on the Company's operations and highlights.

Requests for information from members of the Supervisory Board relating to specific matters are sent to the Chairman and Secretary of the Board who, along with the Chairman of the Management Board, are responsible for responding to such requests as soon as reasonably practicable. To supplement the information provided to them, members of the Supervisory Board are entitled to meet with Board members and the senior managers of the Company, with or without the presence of members of the Management Board, after notice has been given to the Chairman of the Supervisory Board.

Collective Nature of the Supervisory Board's Decisions and Confidentiality of Information

The Supervisory Board is a body with collective responsibility. Its decisions are the responsibility of all its members. Members of the Supervisory Board and any person attending meetings of the Supervisory Board are bound by strict confidentiality obligations with respect to any company information they receive in the context of meetings of the Board and any of its Committees, or confidential information presented by the Chairman of the Supervisory Board or Management Board and identified as such.

If the Supervisory Board is aware of specific confidential information that, if made public, could have a material impact on the share price of the Company or the companies under its control, as such term is defined by Article L.233-3 of the French Commercial Code, members of the Supervisory Board must refrain from both disclosing such information to any third party and dealing in the Company's securities until such information has been made public.

3.1.1.11. Activities of the Supervisory Board in 2013

In 2013, the Supervisory Board met eleven times. The average rate of attendance at Board meetings was 85%.

Its work included the following:

- review of the consolidated and statutory financial statements for fiscal year 2012, the 2013 budget, information contained in the semi-annual 2013 Consolidated Financial Statements prepared by the Management Board, and the 2014 preliminary budget;
- review of the resolutions drafted by the Management Board and submitted to the General Shareholders' Meeting of April 30, 2013;
- review of the quarterly reports prepared by the Management Board;
- assessment of the quality and structure of the Group's balance sheet;
- the Company's debt refinancing transactions, renewal of the Euro Medium-Term Notes (EMTN) program and the authorization granted to the Management Board to issue bonds;
- operational progress of the Group's main business activities;
- the Group's internal and external growth prospects, principal strategic initiatives and opportunities;
- strategic review of Group assets;
- regular review of acquisition and disposal projects;
- the sale of a majority of the Group's interest in Activision Blizzard:
- the acquisition of Lagardère's 20% interest in Canal+ France;
- the agreement to sell the Group's interest in Maroc Telecom;
- review of the feasibility of potential cooperation between GVT and Echostar in pay-TV in Brazil;
- examination and relevance of the plan to separate the Group's Media and Telecommunications activities;
- monitoring of current investigations and legal proceedings, in particular the securities class action and Liberty Media dispute in the United States, as well as legal proceedings brought by minority shareholders against Activision Blizzard, its Board of Directors and Vivendi; litigation by shareholders in France; the action for

annulment of decisions authorizing the acquisition of the Direct 8 and Direct Star channels, brought before the French Council of State (*Conseil d'État*); and the action brought by Vivendi, the Canal+ Group and Canal+ France against Lagardère;

- the composition of the Supervisory Board and its Committees;
- the nomination of new members of the Supervisory Board;
- review of the balanced representation of women on the Supervisory Board and its Committees;
- review of the Company's equal opportunities policy;
- review of succession plans;
- evaluation of the performance of the Supervisory Board and its Committees;
- compensation of the Chairman of the Supervisory Board;
- setting the compensation of the Chairman of the Management Board;
- the composition of the Management Board and compensation of its members;
- evaluation of the Management Board and its Chairman;
- the award of performance shares to members of the Management Board; and
- the employee shareholding policy and status.

3.1.1.12. Assessment of the Supervisory Board's Performance

On a regular basis, and at least once every three years, the Supervisory Board undertakes a formal assessment of its performance alongside the Corporate Governance and Nominating Committee. In January 2012, a formal assessment was completed on the basis of a questionnaire given to each member of the Supervisory Board and by way of individual interviews led by Vivendi's General Counsel.

In addition, every year, one item on the agenda is dedicated to a discussion of the performance of the Supervisory Board.

On February 21, 2014, following the same procedures, the Supervisory Board undertook a review of its performance.

This review found that, as a whole, the members of the Supervisory Board believe that the Board's composition and performance are satisfactory, and that strategic discussions were efficient during the course of a rather atypical year.

Several avenues of improvement were presented for consideration: the internationalization of its members, the strengthening of core skills in new interactive models, on-going recruitment of women to the Board, and the implementation of a monthly report on income and cash flow to supplement the information contained in the Board's quarterly report.

3.1.1.13. Committees of the Supervisory Board

Organization and Operating Procedures of the Committees

The Supervisory Board has established the following four specialized committees and approved their respective composition and the powers conferred upon them: the Strategy Committee, Audit Committee, Human Resources Committee and the Corporate Governance and Nominating Committee.

The functions of the committees may not include delegating powers granted to the Supervisory Board by law or pursuant to the Company's by-laws, or reducing or limiting the powers of the Management Board.

Within the scope of the powers granted to it, each committee issues proposals, recommendations or advice, as required.

The Supervisory Board has appointed a Chairman for each committee. The four Committees of the Supervisory Board are comprised of Supervisory Board members, appointed by the Supervisory Board. The members are appointed on a personal basis and cannot be represented by a delegate. Each committee determines the frequency of its meetings, which are held at the registered office of the Company or in any other place that may be agreed by the Chairman of the committee. Committee meetings can also be held using videoconferencing or other telecommunications technology.

The Chairman of each Committee sets the agendas for meetings after consultation with the Chairman of the Supervisory Board. Minutes of each committee meeting are drafted by the Secretary of the Board, under the authority of the Chairman of the relevant committee, and are sent to the members of the relevant committee and to all other members of the Supervisory Board. Information about the committees' work is included in this Annual Report.

Each committee may request from the Management Board any document it deems useful to fulfill its purpose and functions. The committee may carry out or commission surveys to provide information for the Supervisory Board's discussions, and may request external consulting expertise as required.

The Chairman of a committee may invite the members of the Supervisory Board, as well as any other person, to attend a meeting of such committee. However, only committee members can take part in its deliberations. Each committee may decide to invite any individual of its choice to its meetings, as needed.

In addition to permanent committees, the Supervisory Board may establish ad hoc committees comprised of all or some of its members, each for a limited term and for specific purposes, for exceptional operations or tasks on grounds of their importance or nature.

Strategy Committee

Composition

The Strategy Committee is currently comprised of six members, four of whom are independent. Its members are: Jean-René Fourtou (Chairman), Vincent Bolloré, Daniel Camus, Pascal Cagni, Aliza Jabès and Alexandre de Juniac. Since the second half of 2012, given the strategic review of the Group's operations, all members of the Supervisory Board now contribute to the work of the Strategy Committee.

Activities

In 2013, the Strategy Committee met four times, including a two-day seminar. The attendance rate was 88.7%. Its work primarily focused on the following matters:

- the Group's internal and external growth prospects;
- discussions about the Group's strategic direction and scope;
- strategic review of the Group's assets;
- the acquisition of Lagardère's 20% interest held in Canal+France;
- discussions on Media and Content
- the Company's share ownership and its composition;
- the Group's financial position;
- a competitive analysis of the Group's businesses;
- a review of the economic, market and financial environments; and
- investment prospects and projects.

Audit Committee

Composition

The Audit Committee is comprised of five members, four of whom are independent and all of whom have finance or accounting expertise. Its members are: Daniel Camus (Chairman), Nathalie Bricault, Philippe Donnet, Aliza Jabès and Pierre Rodocanachi.

Activities

Following their appointment, members of the committee are informed as required of the accounting, financial and operational standards used within the Company and the Group.

In 2013, the Audit Committee met four times in the presence of the Company's Statutory Auditors. The attendance rate was 95%. The Audit Committee received information from, among other sources, the Company's Statutory Auditors, the Chief Financial Officer, the Deputy Chief Financial Officers, the General Counsel, and the Senior Vice President of Audit and Special Projects.

Its work primarily consisted of a review of:

- the financial statements for fiscal year 2012, the 2013 semi-annual financial statements and the Statutory Auditors' Reports;
- the report of the Chairman of the Supervisory Board on corporate governance and internal control and risk management procedures;
- the Group's financial position, its debt and cash available;
- asset impairment tests;
- the process for monitoring return on capital employed (ROCE);
- changes in the Group's obligations;
- the internal audit of the headquarters and subsidiaries, internal control procedures within the Group and the 2014 audit program;
- analysis of risks, associated key audits and the activities of the Risks Committee;
- tax risks and changes in France's tax laws and regulations;
- the insurance program;
- fees to be paid to Statutory Auditors;
- implementation and follow-up of compliance procedures as applied within each business unit;
- data protection within the Group; and
- current investigations and legal proceedings, in particular the securities class action and the Liberty Media dispute in the United States, as well as the legal proceedings brought by minority shareholders against Activision Blizzard, its Board of Directors and Vivendi, and the shareholders' proceedings in France.

A special committee was also created around the Audit Committee, open to all other members of the Board. It was given responsibility for examining issues concerning the Group's plan to separate its Media and Telecommunications activities. In 2013, the special committee met twice.

Human Resources Committee

Composition

The Human Resources Committee is comprised of seven members, five of whom are independent. Its members are: Jacqueline Tammenoms Bakker (Chair), Nathalie Bricault, Pascal Cagni, Yseulys Costes, Philippe Donnet, Dominique Hériard Dubreuil, and Henri Lachmann.

Activities

In 2013, the Human Resources Committee met three times. The attendance rate was 81.1%. Its work primarily consisted of:

- fixed and variable compensation, and travel and entertainment expenses of the members of the Management Board and its Chairman;
- compensation of the Chairman of the Supervisory Board;
- compensation policies for 2013 and 2014;
- performance share plans for Corporate Officers and employees of the Group, and the allocation policy for such plans;
- review and definition of the overall conditions applicable to performance share plans;
- review of the employment contracts of certain executives of the Group and its subsidiaries;
- review of succession plans within the Group;
- retention of key employees;
- review of the Company's equal opportunity and gender parity policies; and
- the annual capital increase and leveraged share purchase plans reserved for Group employees.

Corporate Governance and Nominating Committee

Composition

The Corporate Governance and Nominating Committee is comprised of six members, four of whom are independent. Its members are: Dominique Hériard Dubreuil (Chairman), Claude Bébéar (Non-Voting Director), Vincent Bolloré, Henri Lachmann, Pierre Rodocanachi and Jacqueline Tammenoms Bakker.

Activities

In 2013, the Corporate Governance and Nominating Committee met seven times. The attendance rate was 83.8%. Its work primarily focused on the following matters:

- the Company's corporate governance;
- the composition of the Supervisory Board and its Committees;
- the criteria of independence applicable to members of the Supervisory Board;
- review of the terms of office of certain members of the Supervisory Board;
- appointment of new members to the Supervisory Board;
- assessment of the functioning of the Supervisory Board, the Management Board and its Chairman;
- Chairmanship and composition of the Management Board;
- gender parity on the Supervisory Board;

- succession plans;
- trends in the Company's share ownership; and
- the method for appointing employee representatives to the Company's Supervisory Board.

3.1.1.14. Compensation of Supervisory Board Members and Chairman

Compensation of the Supervisory Board Chairman

On February 25, 2010, at a meeting of the Supervisory Board, upon the recommendation of the Human Resources Committee, the Supervisory Board resolved to set the compensation of its Chairman at €700,000 beginning May 1, 2010. The Chairman receives no director's fee from Vivendi or any of its subsidiaries. He has use of a company car and the availability of a driver. His travel and entertainment expenses incurred in the exercise of his duties are paid by the Company.

At its meetings of February 22, 2013 and February 21, 2014, the Supervisory Board renewed the compensation of the Chairman of the Supervisory Board with no changes.

Compensation paid to the Chairman of the Supervisory Board (in euros)	2011	2012	2013
Fixed compensation	700,000	700,000	700,000

Directors' Fees

Within the limits approved by the Combined Shareholders' Meeting held on April 24, 2008 (€1.5 million per year), the payment of directors' fees to members of the Supervisory Board is based on actual attendance at meetings and depends on the number of meetings held by the Supervisory Board and the committees.

At its meeting held on March 6, 2007, the Supervisory Board decided that, as of 2007, directors' fees would be paid on a semi-annual basis, in arrears. In 2013, total director's fees paid (before taxes and withholdings at source) were €1,235,315. The individual breakdown is provided below.

During the first half of 2013, director's fees were allocated as follows: each member of the Supervisory Board receives a fixed director's fee of €23,000 for a full year of service and a variable amount of €4,100 for each meeting attended. Each member of the Audit Committee receives a fixed director's fee of €20,000 for a full year of service, which is doubled for the Chairman of the committee, and a variable amount of €3,900 for each meeting attended. Each member of the Strategy Committee, Human Resources Committee and Corporate Governance and Nominating Committee receives a fixed director's fee of €16,100 for a full year of service, which is doubled for each Committee Chairman, and a variable amount of €3,300 for each meeting attended. A fee of €1,500 per meeting is paid to Supervisory Board members who attend meetings of committees of which they are not members.

At its meeting of April 30, 2013, the Supervisory Board resolved to amend the distribution of attendance fees for the second half of 2013 as follows: each member of the Supervisory Board receives a fixed annual fee of €50,000, paid semi-annually pro rata based on actual attendance at each Board meeting; each committee member receives an annual fee, also linked to attendance; each member of the Audit Committee receives payment of a fee of €40,000, with €55,000 for the Chairman; each member of the Strategy, Human Resources and Corporate Governance and Nominating Committees receives payment of an annual fee of €30,000, with €45,000 for Committee Chairmen; permanent non-members of the Strategy Committee and Special Committee receive payment of an additional annual fee of €10,000 subject to an attendance condition. The final total of attendance fees will be adjusted for each member upon payment, depending on the number of meetings and attendance rate.

Members of the Supervisory Board receive no other compensation from the Company, with the exception of Ms. Nathalie Bricault, the member of the Supervisory Board representing employee shareholders, who holds an employee contract with Vivendi SA under which she receives compensation commensurate with her position with the Company (salary, profit sharing and performance shares).

Individual amounts of director's fees and other compensation received by members of the Supervisory Board (in euros – rounded) and compensation of non-voting Directors (in euros –rounded) (AMF recommendations, Table 3)

Members of the Supervisory Board	Amounts paid for 2012	Amounts paid for 2013
Jean-René Fourtou (a)	None	None
Vincent Bolloré (b)	5,225	90,852
Nathalie Bricault (c) (e)	n/a	65,846
Pascal Cagni (c)	n/a	67,302
Daniel Camus	124,891	125,350
Maureen Chiquet (d)	67,700	12,932
Yseulys Costes (c)	n/a	54,622
Philippe Donnet	110,998	96,320
Dominique Hériard Dubreuil	132,435	144,650
Aliza Jabès	113,500	102,717
Alexandre de Juniac (c)	n/a	39,756
Henri Lachmann	148,588	123,100
Christophe de Margerie (d)	102,935	22,398
Pierre Rodocanachi	145,522	149,287
Jacqueline Tammenoms Bakker	133,134	140,183
TOTAL	**1,218,387**	**1,235,315**

n/a: not applicable.

(a) Mr. Fourtou waived his right to receive director's fees payable to Board members of the Company and its subsidiaries.
(b) Member of the Supervisory Board since December 13, 2012.
(c) Members of the Supervisory Board since April 30, 2013.
(d) Members of the Supervisory Board up to April 30, 2013.
(e) Ms. Nathalie Bricault is a member of the Supervisory Board representing employee shareholders.

Non-voting Directors	Amounts paid for 2012 (in euros)	Amounts paid for 2013 (in euros)
Claude Bébéar (a)	55,824	80,000
Pascal Cagni (b)	3,913	26,519
TOTAL	**59,737**	**106,519**

n/a: not applicable.

(a) Non-voting Director since April 19, 2012.
(b) Non-voting Director from December 13, 2012 to April 30, 2013

3.2. Management Board

Arnaud de Puyfontaine – Jean-François Dubos – Jean-Yves Charlier

3.2.1. General Provisions

In accordance with Vivendi's by-laws (Article 12), the Management Board is comprised of a minimum of two members and a maximum of seven members. Members of the Management Board are appointed by the Supervisory Board to serve four-year terms. The terms of office of members of the Management Board expire no later than upon completion of the Shareholders' Meeting held to approve the financial statements for the fiscal year during which the member reaches the age of 68. However, the Supervisory Board may prolong that member's term, on one or more occasions, for a period not exceeding two years in total (Article 12 of Vivendi's by-laws).

Pursuant to the by-laws (Article 14), each Board member may choose to attend meetings by video-conferencing or telephone conference call.

3.2.2. Composition of the Management Board

At its meeting of November 26, 2013, the Supervisory Board resolved to appoint Mr. Jean-Yves Charlier and Mr. Arnaud de Puyfontaine as members of the Management Board as of January 1, 2014, to serve alongside its Chairman, Mr. Jean-François Dubos. Mr. Philippe Capron resigned from his position as a member of the Management Board with effect from December 31, 2013.

The Management Board is currently comprised of three members, one of whom is a Belgian citizen. Detailed information about individual members of the Management Board is provided below in section "Main Activities of Current Members of the Management Board".

List of Management Board members

Name	Primary Position	Number of shares held directly or through the PEG
Jean-François Dubos	Chairman	* 162,707
Jean-Yves Charlier **	Chairman and Chief Executive Officer of SFR	-
Arnaud de Puyfontaine **	Senior Executive Vice President, Media and Content Activities	-

* Units held in the Group Savings Plan (PEG) are valued based on Vivendi's share price at the close of business on December 31, 2013, i.e., €19.155.

** Members of the Management Board since January 1, 2014.

Main activities of current members of the Management Board

JEAN-FRANÇOIS DUBOS

Chairman of the Management Board

French citizen.

Business Address

Vivendi
42, avenue de Friedland
75008 Paris

Expertise and experience

Mr. Jean-François Dubos was born on September 2, 1945 in Cabourg. He has previously been Senior Executive Vice President, General Counsel and Secretary of the Management and Supervisory Boards of Vivendi.

Mr. Dubos is a Master of Requests (Counsel) of the French Council of State (*Maître des Requêtes au Conseil d'État*).

In 1991, Mr. Dubos joined Compagnie Générale des Eaux, the predecessor of Vivendi, as deputy to the Chief Executive Officer, and, in 1994, was appointed Senior Executive Vice President and General Counsel. From 1993 to 1999, he was also Chief Executive Officer of the Carrousel du Louvre. From 1984 to 1991, while a full-time member of the French Council of State (*Conseil d'Etat*) in its Administrative Jurisdiction and Internal Affairs Division, he worked on a wide range of matters, including education, internal affairs, urban planning, national heritage conservation, and codification of laws. From 1981 to 1984, he was co-head of the cabinet of the French Ministry of Defense. He was also a lecturer at the École Nationale d'Administration, as well as at the Université de Paris I (Sorbonne), Paris X (Nanterre), Paris V (René Descartes) and at the IEP Aix-en-Provence. Jean-François Dubos holds a degree in English and Spanish, and graduated in public international law and political science from Université de Paris X. He has also participated in two summer sessions of the Academy of International Law at The Hague.

Mr. Dubos holds various voluntary positions in the world of culture. He is General Secretary of the Aix-en-Provence International Opera Festival and a member of the Board of American Friends, a Director of *Amis de Mozart*, Vice-Chairman of the Arles International Photography Festival, and Chairman of *Maison Européenne de la Photo*. He is also Chairman of the *Centre de Musique Baroque de Versailles* and Director and Treasurer of *Théâtre du Châtelet* in Paris.

Positions currently held

Vivendi Group

- Canal+ Group, Chairman of the Supervisory Board
- GVT Participações Ltda (Brazil), Chairman of the Board of Directors
- SFR, Director
- Maroc Telecom (Maroc), member of the Supervisory Board

Positions previously held that have expired during the last five years

- Canal+ France, Chairman of the Supervisory Board
- Canal+ Group, Vice-Chairman of the Supervisory Board
- SFR, permanent representative of Vivendi on the Board of Directors
- Activision Blizzard, Inc. (United-States), Director and member of the Compensation Committee
- CMESE, member of the Supervisory Board
- Eaux de Melun, member of the Supervisory Board

JEAN-YVES CHARLIER

Member of the Management Board

Belgian citizen.

Business Address

SFR - SFR Le Campus
12, rue Jean-Philippe Rameau
CS 80001
93634 La Plaine Saint Denis

Expertise and experience

Mr. Jean-Yves Charlier, born on November 29, 1963, has been Chairman and Chief Executive Officer of SFR since August 5, 2013. Holding an MBA from Wharton Business School, Mr. Charlier has spent most of his career with technology and telecommunications companies, both in Europe and in the United States: the Wang Group, for which he served as Vice-Chairman from 1995, until he joined the Equant Group in 1996 as Chairman of the Integration Services Division, then as head of the Group's marketing, sales and services activities worldwide. In 2002, he joined British Telecom, where he served as head of Europe as well as of operations in the Global Services Division. In 2004, he was appointed Chief Executive Officer of Colt Telecom Group, responsible for restructuring this European telecoms operator.

He is also familiar with startups, serving as head of a major player in the e-learning sector (Promothean) from 2007 to 2012.

He joined Vivendi as a member of the Supervisory Board in April 2008 and was appointed Chairman of the Strategy Committee and a member of the Audit Committee. In August 2012, he was appointed Senior Executive Vice President in charge of Vivendi's Telecom business.

Since August 2, 2013, Mr. Charlier has been Chairman and Chief Executive Officer of SFR, and, since January 1, 2014, a member of the Vivendi Management Board.

Positions currently held

Vivendi Group

- SFR, Chairman and Chief Executive Officer
- SIG 75, Chairman and Chief Executive Officer

Other positions and functions

- None

Positions previously held that have expired during the last five years

- SFR, Director and Chief Executive Officer
- Vivendi, member of the Supervisory Board
- GVT Holding, Director
- Activision Blizzard Inc., Director

ARNAUD DE PUYFONTAINE

Member of the Management Board

French citizen.

Business Address

Vivendi
42, avenue de Friedland
75008 Paris, France.

Expertise and experience

Mr. Arnaud de Puyfontaine, born on April 26, 1964 in Paris, France, is a graduate of the ESCP (1988), the Multimedia Institute (1992) and the Harvard Business School AMP program (2000).

In 1989, he started his career as a consultant at Arthur Andersen as a project manager at Rhône-Poulenc Pharma in Indonesia.

In 1990, he joined Figaro, where he spent five years in multiple roles as Executive Director: editor of the daily *Le Figaro* and the weekly *Le Figaro Économie*, and director of *Figaro Grandes Écoles et Universités*, *Figaro La Défense*, *Guides du Figaro* and *Figaro Événements*.

In 1995, a member of the founding team of the Emap Group in France, he first headed Télé Poche and Studio Magazine, managed the acquisition of Télé Star and Télé Star Jeux, and started up the Emap Star Division, where he managed the following TV and cinema publications: Télé Star, Télé Poche, Télé Star Jeux and Studio Magazine, before becoming Chief Executive Officer of Emap France in 1998.

In 1999, he was appointed Chairman and Chief Executive Officer of Emap France, and, in 2000, joined the Executive Board of Emap Plc. He has led several M&A deals, and at the same time, from 2000 to 2005, served as Chairman of EMW, the Emap/Wanadoo digital subsidiary.

In 2006, he led the sale of Emap France to the Mondadori Group of Italy. In August 2006, he was appointed Chairman and Chief Executive Officer of Editions Mondadori France. In June 2007, he was appointed Chairman of the Mondadori France Group, heading all digital business for the Mondadori Group.

In April 2009, Mr. Puyfontaine joined the US HEARST media group as Chief Executive Officer of its UK subsidiary, Hearst UK. Based in London, he co-founded ELTEG in France, a startup that developed a dedicated online technology and marketing platform.

In 2011, on behalf of the Hearst Group, he led the acquisition of the 102 magazines of the Lagardère Group published abroad, and in June 2011, was appointed Executive Vice President of Hearst Magazines International before being appointed Managing Director Western Europe in August 2013. In May 2012, he joined the Board of Directors of Schibsted. He is Chairman of ESCP Europe Alumni.

Since January 1, 2014, Mr. Puyfontaine has been a member of the Management Board and Senior Executive Vice President in charge of Vivendi's media and content activities .

Positions currently held

Vivendi Group

– Canal+ Group, Vice-Chairman and member of the Supervisory Board
– GVT Participações SA (Brazil), Director.

Other positions and functions

– Kepler, Independent Director
– Schibsted Media Group, Independent Director
– ESCP Europe Alumni, Chairman
– Tramonta SAS, Chairman
– Iceberg lux, member of the Advisory Committee

Positions previously held that have expired during the last five years

– The National Magazine Company Limited (United Kingdom), Director
– Hearst-Rodale UK Limited (United Kingdom), Director
– Handbag.com Limited (United Kingdom), Director
– Hearst Magazines UK 2012-1 (United Kingdom), Director
– F.E.P. (UK) Limited (United Kingdom) Director
– COMAG (Condé Nast Magazine Distributors Limited) (United Kingdom), Director
– PPA (Professional Publishers Association) (United Kingdom), Director
– Compagnie Internationale de Presse and de Publicité (Monaco), Director
– Hearts Magazines, S.L. (Spain), Director
– Hearts Magazines Italia S.p.A (Italy), Director

PHILIPPE CAPRON

Member of the Management Board (Served up to December 31, 2013)

French citizen.

Business Address

Veolia Environnement
36, avenue Kléber
75016 Paris, France

Expertise and experience

Mr. Philippe Capron was born on May 25, 1958 in Paris and is a graduate of the École des Hautes Études Commerciales (HEC) and of the Paris Institut d'Études Politiques. From 1979 to 1981, he was an assistant to the Chairman and Secretary of the Board of Directors of Sacilor. After graduating from École Nationale d'Administration (ENA) in 1985, he became an Inspector of Finance. From 1989 to 1990, he was Advisor to the Chairman and CEO of Duménil Leblé (the Cérus group), and then, from 1990 to 1992, Chief Executive Officer and member of the Management Board of Banque Duménil Leblé. From 1992 to 1994, he was a Partner in the strategy consulting firm Bain & Company. From 1994 to 1997, he was the Director of International Development and a member of the Executive Committee of the Euler Group, and, from 1998 to 2000, the Chairman and CEO of Euler-SFAC. In November 2000, he joined the Usinor Group as Chief Financial Officer and was also a member of the Executive Committee until 2002, when he was appointed Executive Vice President of the Arcelor Group, responsible for the Packaging Steel Division and then the distribution and international trading businesses. At the beginning of 2006, he became Chief Financial Officer and a member of the Management Committee of Arcelor. In January 2007, Mr. Capron joined Vivendi as Chief Administrative Officer. In April 2007, he was appointed to the Management Board and as Chief Financial Officer. Since January 1, 2014, he has been Senior Vice President of Veolia Environnement, responsible for finance.

Positions currently held

Vivendi Group (up to December 31, 2013)

- Canal+ Group, Vice-Chairman and member of the Supervisory Board
- Canal+ France, member of the Supervisory Board and Chairman of the Audit Committee
- Maroc Telecom (Morocco), member of the Supervisory Board and Chairman of the Audit Committee
- SFR, Director and Chairman of the Audit Committee

Other

- Veolia Environnement, Senior Vice President responsible for Finance
- Groupe Virbac, member of the Supervisory Board and Chairman of the Audit Committee
- Member of the Société d'Économie Politique

Positions previously held that have expired during the last five years

- NBC Universal, Inc. (United States), Director
- Tinubu Square, Director
- Activision Blizzard, Inc. (United States), Chairman of the Board of Directors and Human Resources Committee, member of the Governance and Nominating Committee
- GVT Holding SA (Brazil), Director

3.2.3. Family Relationships

To the Company's knowledge, no family relationships exist between any of the members of the Management Board, or between any of them and any member of the Supervisory Board.

3.2.4. Absence of Conflicts of Interest

To the Company's knowledge, there are no actual or potential conflicts of interest between Vivendi and the members of the Management Board with regard to their personal interests or other responsibilities.

3.2.5. Absence of Any Conviction for Fraud, Liability Associated with a Business Failure or Public Prosecution and/or Sanction

Over the past five years, to the Company's knowledge, no member of the Management Board has been convicted of any fraud-related matter, no official public prosecution or sanction has been filed against any member of the Management Board, no member of the Management Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body of a public company, or has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

3.2.6. Agreements between the Company and Members of the Management Board - Service Contracts

As Corporate Officers, members of the Management Board are bound by an employment contract with the Company. The employment contract of the Chairman of the Management Board has been suspended effective from the date of his appointment on June 28, 2012.

No member of the Management Board is party to a service agreement entered into with Vivendi or any of its subsidiaries, pursuant to which such member may be entitled to receive any benefits.

3.2.7. Loans and Guarantees Granted to Members of the Management Board

The Company has not granted any loans or issued any guarantees to any member of the Management Board.

3.2.8. Jurisdiction and Internal Regulations of the Management Board

■ Authority and Functions of the Management Board Pursuant to Law and the Company's By-Laws

With respect to third parties, the Management Board is granted the broadest powers to act in any circumstance on behalf of the Company, subject to the scope of the Company's corporate purpose and to those situations where such power is expressly granted by law to the Supervisory Board or the Shareholders' Meetings, and to matters that require the prior approval of the Supervisory Board.

■ Internal Regulations

The Internal Regulations of the Management Board is an internal document that aims to ensure that the Company's Management Board functions properly and adheres to the most recent rules and regulations in furtherance of good corporate governance. Third parties cannot rely on the Internal Regulations when pursuing any claim against members of the Management Board.

The Management Board is responsible for the day-to-day management of the Company and for the conduct of its business. Pursuant to applicable law, the Company's by-laws and the Supervisory Board's internal rules, the Management Board must obtain prior authorization from the Supervisory Board in certain circumstances.

3.2.9. Activities of the Management Board in 2013

In 2013, the Management Board met a total of 17 times. The attendance rate at meetings of the Management Board was 100%. It considered, among others, the following matters:

- review and approval of the statutory and Consolidated Financial Statements for fiscal year 2012, the 2013 budget, the quarterly and semi-annual 2013 financial statements and the 2014 preliminary budget;
- the calling of the General Shareholders' Meeting of April 30, 2013;
- the preparation of quarterly reports for the Supervisory Board;
- the Group's financial communications;
- the Group's financial position;
- assessment of the quality and structure of the Group's balance sheet;
- refinancing of the Company's debt;
- the renewal of the Euro Medium Term Notes (EMTN) program and issuance of bonds;
- the work of the Group's Internal Audit department and conclusions on the work of the Risks Committee;
- the Group's internal and external growth prospects;
- principal strategic opportunities and initiatives;
- activities of the Group's main business units;
- strategic review of Group assets;
- preparation of the strategy review meetings concerning the Media and Telco businesses;
- the sale of the majority of the Group's interest in Activision Blizzard;
- the acquisition of Lagardère's 20% interest in Canal+ France;
- the agreement to sell the Group's interest in Maroc Telecom;
- review of the feasibility of potential cooperation between GVT and Echostar in pay-TV in Brazil;
- examination and the validation of the relevance of the plan to separate the Group's Media and Telecommunications businesses;
- the Group's compensation policy and the award of performance shares and setting of the corresponding performance conditions;
- development and retention of key employees;
- gender parity within the Group;
- review of the sustainable development report;
- review of the business report and the corporate social responsibility ("CSR") report;
- review of the Compliance Program;
- increase in the share capital reserved for Group employees; and
- monitoring of current investigations and legal proceedings, in particular the securities class action and the Liberty Media dispute in the United States; the minority shareholders' proceedings against Activision Blizzard, its Board of Directors and Vivendi; litigation by shareholders in France; the action for annulment of decisions authorizing the acquisition of the Direct 8 and Direct Star channels, brought before the French Council of State (*Conseil d'État*); and the action brought by Vivendi, the Canal+ Group and Canal+ France against Lagardère.

3.3. Compensation of Directors and Officers

General Aspects

The compensation policy for Corporate Officers is developed by the Human Resources Committee and approved by the Supervisory Board.

Its purpose, in both the short-term and long-term, is to better align the compensation of Corporate Officers and executives with shareholder interests. With this in mind, close attention has been paid to three major elements:

- the quantitative balance of the compensation, positioning base compensation below the median level for comparable CAC 40 companies and major European competitors, and with dominant weight given to variable and long-term factors in order to contribute to the Group's development and growth;
- the quality of the criteria attached to setting the annual variable portion. These criteria are based on both quantitative and qualitative targets proposed by the Human Resources Committee and set by the Supervisory Board, taking particular account of the issues defined in the Companys corporate social responsibility (CSR) policy; and
- the Group's long-term development, through the grant of performance shares subject to internal criteria that differ from those applied to the variable portion of compensation, and external criteria to strengthen the alignment of management interests and those of shareholders.

This policy is supported by the setting of compensation for the management of the major subsidiaries, with distinct weightings and criteria adapted as a function of their activities.

Lastly, in accordance with the governance rules applied within the Group, Corporate Officers and executives waive the payment of directors' attendance fees in subsidiaries in which they hold director positions.

Compensation Factors

Fixed Portion

Each year, at the proposal of the Human Resources Committee, the Supervisory Board sets the compensation of each Corporate Officer, taking into account his or her personal situation and comparative studies carried out by independent firms.

Annual Variable Portion

This is based on precise and adjusted quantitative and qualitative criteria. In order to provide dynamic support to the Group's efforts, the weight of the quantitative and qualitative criteria respectively applied to the annual variable portion of compensation is set by the Human Resources Committee as a reflection of the importance of and progress made in strategic efforts.

Quantitative Criteria

These are based on the financial indicators the Human Resources Committee has deemed most relevant for the assessment of the financial performance of the Group and its major subsidiaries, whose business is based largely on the same economic model: the sale of content and services. These financial indicators are adjusted net income of the Group and operating cash flow. They allow for the accurate measurement of the performance and income recorded by each business unit.

Qualitative Criteria

These are based on a series of priority actions assigned to the corporate management. These priority actions are defined as a function of strategy at Group level and the action plans approved for each business unit.

These criteria allow assessment of the capacity of officers to implement and complete planned sales or acquisitions, undertake the necessary strategic realignments in an increasingly competitive environment, and identify new directions with regard to offerings of content and services.

For 2013, and for Vivendi SA's corporate management, the priority actions were as follows: continuation of disposals, the integration of EMI, the start of SFR's restructuring and strategic repositioning, defining the Media and Content strategy and the continuation of initiatives aimed at meeting the Group's societal challenges.

Lastly, these qualitative criteria take into account the extent of the Group's commitments to corporate social responsibility (CSR): promoting cultural diversity, knowledge sharing, and protecting and empowering young people. CSR activities are certified by an independent specialized agency.

Weightings of the Variable Portion

The variable portion is expressed as a percentage of the fixed portion. For 2013, it could represent as much as 180%, if the level of achievement of targets is significantly exceeded.

The factors of the variable portion are based on the fulfillment of precise, demanding and verifiable criteria. These include financial targets and implementing priority initiatives. Given the importance of non-financial efforts to the Group in 2013 and 2014, the weighting given to financial criteria was set at 50% (30% linked to the Group share of adjusted net income and 20% linked to operating cash flow), and the weighting given to priority initiatives was 50%, distributed among several qualitative criteria and at differentiated percentages, including 5% linked to corporate social responsibility (CSR).

Award of Performance Shares

Purpose

Annual compensation is supplemented by a deferred factor in the longer-term objectives: the awarding of performance shares, which vest subject to internal and external performance criteria applicable to both corporate management and also all beneficiary employees (approximately 800 individuals in the Group). Since 2013, the Company has granted no additional stock options.

Each year, the Supervisory Board, upon the recommendation of the Human Resources Committee, approves criteria for the grant of performance shares and sets the limits (threshold, target and maximum) for calculating the level of performance to be achieved, to determine whether the granted shares are to vest completely or partially.

Applicable Criteria for Assessing Performance since 2012

On February 29, 2012, at the proposal of the Human Resources Committee, the Management Board and Supervisory Board held a meeting and set the following conditions, as presented to the Combined General Shareholders Meeting on April 21, 2011:

To better assess long-term performance, it was resolved to apply internal financial criteria different from those used in setting the variable portion of the compensation of corporate directors and to apply external criteria to take into account the alignment of the interests of management with those of the shareholders.

For corporate management and the senior officers of Vivendi SA, the internal indicator (with a weighting of 70%) is the Group's EBITA margin (adjusted operating income).

Since 2013, to address the need to motivate corporate management and senior officers of each subsidiary to increase the income of their entities, the grant of performance shares has been linked to the EBITA margin of the subsidiary for which they work. Achievement of this financial objective is assessed once only, at the end of two cumulative fiscal years.

The external indicator (with a weighting of 30%) is Vivendi's stock price performance assessed over two consecutive trading years, compared to a basket of indices: the Dow Jones Stoxx Telecom (70%) and a portfolio of Media stocks (30%). To account for changes in the Group's structure in 2013, especially the sale of Activision Blizzard, beginning in 2014, it was resolved to apply the following two indices: the STOXX® Europe 600 Media (55%) and the STOXX® Europe 600 Telecommunications (45%).

Calculation

All shares and options vest after two years subject to an attendance condition, if the weighted sum of internal and external indicators meets or exceeds 100%; 50% of shares and options vest if the weighted sum of the indicators meets the value for the thresholds (50%); and no shares and options vest if the weighted sum of the indicators is less than the value corresponding to the thresholds (50%). An arithmetic calculation is performed for interim results.

Deferred Commitments

Long-Term Cash Incentive

No long-term cash incentive has been granted to members of the Vivendi SA Management Board.

Non-competition Payments

Members of Vivendi's Management Board and the corporate directors of its major subsidiaries do not receive this type of payment.

Severance Payments

Corporate directors do not receive any type of severance payment resulting from termination of their terms of office. Except for the Chairman of Vivendi SA's Management Board, corporate directors are contractually entitled to severance payment in the event of termination of their employment contract at Vivendi's initiative. These payments are currently limited to 18 months of salary (fixed + target variable).

Supplemental Defined-Benefit Retirement Plan

The Chairman of the Management Board, similarly to a number of Vivendi SA's corporate directors, is eligible for the supplemental retirement plan, as implemented in December 2005 and approved by the Combined General Shareholders' Meeting of April 20, 2006. The main terms of the supplemental retirement plan include: (i) a minimum of three years' seniority with the Company; (ii) progressive maximum acquisition of seniority rights, limited to 20 years, which, according to a sliding scale, is not to exceed 2.5% per year and is progressively reduced to 1%; (iii) benchmark salary for calculating retirement payments: an average of the past three years of fixed and variable compensation, if this average exceeds 13 maximum annual social security payments; (iv) "double ceiling": benchmark salary and a maximum of 60 times the social security maximum; (v) acquisition of rights subject to an upper limit of 30% of benchmark salary; and (vi) reversion to 60% in the event of death.

In 2013, the provision taken with respect to this retirement plan totaled €249,177. The rights acquisition is already subject to a maximum of 30% of benchmark salary, taking into account the 23 years of seniority of the Chairman of the Management Board. At year-end 2013, this totaled €999,367.

3.3.1. Status and Compensation of Members of the Management Board

3.3.1.1. Employment Contract of the Chairman of the Management Board

After a review by the Human Resources Committee and the Governance and Nominating Committee of the status of Mr. Jean-François Dubos, Chairman of the Management Board since June 28, 2012, the Supervisory Board resolved to maintain his employment contract in view of his seniority with the Group (being an employee since October 1, 1991) and his age, and determined that it was not necessary to request that he waive it. His employment contract has therefore been suspended since his appointment as Chairman of the Management Board. He is eligible for the mandatory and supplementary retirement plans based on social security (AGIRC and ARRCO) and the supplemental Vivendi SA plan and the providential plan (mutual and death-disability insurance), underwritten for all Vivendi SA employees under identical conditions.

3.3.1.2. Compensation of the Chairman of the Management Board

In 2013, the fixed compensation of the Chairman of the Management Board totaled €700,000 before taxes and benefits. On December 11, 2013, it was increased by resolution of the Supervisory Board to €900,000 as of January 1, 2014, in view of his extended and extraordinary term, which was intended only to be interim, and in recognition of his contributions and commitment during a major business turning point.

The variable portion of the compensation of the Chairman of the Management Board may represent 100% (target) to 180% (maximum) of the fixed portion, depending upon satisfaction of the quantitative and qualitative targets.

For fiscal year 2013, at its meeting of February 21, 2014, the Supervisory Board, at the proposal of the Human Resources Committee, reviewed the level of satisfaction of the financial objectives and priority actions it had set at its meeting of February 22, 2013. For 2013, it acknowledged the particular contribution of the Chairman of the Management Board to certain structuring issues critical to the Group's future (in particular, the sale of Activision Blizzard, the purchase of minority interests in Canal+ France and his management of the Group's plan for a split).

The Supervisory Board confirmed that the targets that had been set were exceeded, based on both quantitative criteria (66%) and qualitative criteria (80.3%). For fiscal year 2013, the variable compensation rate of the Chairman of the Management Board was consequently set at 146.3% of his fixed compensation. For 2013, his variable compensation, paid in 2014, totals €1,024,000 before taxes and benefits.

The compensation (fixed and variable) of the Chairman of the Management Board is the 15th largest paid in the Group in respect of fiscal year 2013.

On February 22, 2013, the Chairman received an award of 100,000 performance shares. The Supervisory Board sought to ensure the active commitment of the Chairman of the Management Board up to the end of the first half of 2014, during a critical period for the Group, and on December 11, 2013, resolved to grant him 70,000 performance shares, the vesting of which is subject to a more restrictive presence condition [(a)].

In accordance with plan regulations, these shares, which are subject to performance conditions, will not vest until 2017.

3.3.1.3. Severance Payments for the Chairman of the Management Board

Mr. Jean-François Dubos receives no severance payment for his term of office, nor any contractual payment under his employment contract.

3.3.1.4. Employment Contract of Mr. Philippe Capron, Member of the Management Board (up to December 31, 2013)

As a result of his resignation, Mr. Philippe Capron received no contractual severance payment. Moreover, he lost the benefit of the current Vivendi SA supplemental retirement plan. Grants of stock options and rights to performance shares that had been awarded to him respectively in 2012 and 2013, were canceled.

Under his employment contract and at the Company's request, Mr. Philippe Capron provided partial prior notice up to the end of the first half of 2014, in order to actively support implementation of the planned separation of the Group's Media and Telecom activities that had been initiated prior to his departure.

3.3.1.5. Compensation of Mr. Philippe Capron, Member of the Management Board (up to December 31, 2013)

In 2013, Mr. Philippe Capron's fixed compensation totaled €450,000 before taxes and benefits.

At the meeting of the Supervisory Board on February 21, 2014, in calculating the variable portion for fiscal year 2013 for Mr. Philippe Capron, which is paid in 2014, the Supervisory Board, at the proposal of the Human Resources Committee, examined the satisfaction of financial objectives and priority actions that had been set at the Management Board Meeting of February 22, 2013.

After confirming the level of satisfaction of the quantitative criteria (66%) and qualitative criteria (62%), Mr. Philippe Capron's rate of variable compensation for fiscal year 2013 was set at 128% of his total fixed compensation. His variable compensation for 2013, paid in 2014, totaled €576,000 before taxes and benefits.

(a) The Chairman of the Management Board is entitled to exercise his retirement rights at any time while retaining the benefit of the grants under the plans' regulations. This condition has been tightened to require the Chairman of the Management Board to remain active with the Company until after the end of the first half of 2014, until completion of the Group's planned split.

3.3.1.6. Summary of Gross Compensation Paid and the Value of Options and Performance Shares Awarded to Each Member of the Management Board in Fiscal year 2013 (AMF Recommendations, Table 1)

(in euros)	2012	2013
Jean-François Dubos (1) **Chairman of the Management Board**		
Gross compensation paid * (before taxes and benefits)	987,540	1,218,783
Book value of options awarded * (a)	105,523	n/a
Book value of performance shares * (a)	1,092,096	2,257,367
Total	**2,185,159**	**3,476,150**
Philippe Capron (2) **Member of the Management Board and Chief Financial Officer of Vivendi**		
Gross compensation paid * (before taxes and benefits)	1,026,875	1,073,929
Book value of options awarded * (a)	** 94,243	n/a
Book value of performance shares * (a)	267,148	** 752,567
Total	**1,388,266**	**1,826,496**

n/a: not applicable – no award of stock options in 2013.

* Full-year basis.

** Following his resignation, Mr. Philippe Capron lost the benefit of the grant of 2012 stock options and the grant of 2013 performance shares.

(1) Chairman of the Management Board since 2012 – given on a full-year basis.

(2) Member of the Management Board until December 31, 2013.

(a) The book value is calculated based on the adjusted number of options and performance shares. The applied value of the unit right is shown in the financial statements in accordance with the IFRS standards (Note 22 to the Consolidated Financial Statements in Chapter 4 describes the valuation of securities settled through the issuance of shares). It is €11.79 for the grant of performance shares awarded in February 2013 and €14.33 for the award of December 2013. It is €9.80 for the grant of April 2012 and €0.96 for stock options granted on the same date. It is €12.42 for the allocation of performance shares in September 2012.

3.3.1.7. Summary Table of Compensation (Before Taxes and Social Security Contributions) of Members of the Management Board during Fiscal Years 2012 and 2013 (Table 2 of the AMF Recommendations)

	Fiscal year 2012		Fiscal year 2013	
(in euros)	Amounts paid	Amounts due	Amounts paid	Amounts due
Jean-François Dubos (1) **Chairman of the Management Board**				
Fixed compensation	495,000	495,000	700,000	700,000
2011 variable compensation	464,100			
2012 variable compensation	-	485,000	485,000	-
2013 variable compensation	-	-	-	1,024,000
Sundry compensation	n/a	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a
Benefits in kind *	28,440	28,440	33,783	33,783
Total	**987,540**	**1,008,440**	**1,218,783**	**1,757,783**
Philippe Capron (2) **Member of the Management Board**				
Fixed compensation	405,000	405,000	450,000	450,000
2011 variable compensation	591,800	-	-	-
2012 variable compensation	-	534,600	534,600	-
2013 variable compensation	-	-	-	576,000
Sundry compensation	n/a	n/a	n/a	n/a
Directors' fees	n/a	n/a	n/a	n/a
Benefits in kind *	30,075	30,075	** 89,329	** 89,329
Total	**1,026,875**	**969,675**	**1,073,929**	**1,115,329**

n/a: not applicable.

(1) Chairman of the Management Board since June 28, 2012. Given on a full-year basis.

(2) Member of the Management Board until December 31, 2013.

* The amount of benefits in kind includes the use of a company car without driver, profit sharing and retirement contributions and supplementary providential insurance schemes that exceed the legal deductible threshold, which are included in taxable wages.

** Includes liquidation of the time savings account totaling €58,864.

3.3.1.8. Summary of Commitments Issued in Favor of the Chairman and Members of the Management Board (AMF Recommendations, Table 10)

	Employment Contract		Eligibility for supplementary retirement plan(1)		Compensation or other benefits due or that may become due at the end of a term in office		Compensation under a non-compete provision	
Corporate directors	Yes	No	Yes	No	Yes	No	Yes	No
Jean-François Dubos Chairman of the Management Board Beginning of term: June 28, 2012	X (suspended)		X			X		X
Philippe Capron Member of the Management Board Renewal: June 28, 2012 End of term: December 31, 2013	X		X			X		X
Jean-Yves Charlier Member of the Management Board Beginning of term: January 1, 2014	X		X			X		X
Arnaud de Puyfontaine Member of the Management Board Beginning of term: January 1, 2014	X		X			X		X

(1) Subject to the conditions provided for in the plan (please refer to page 145).

3.3.1.9. Compensation Elements Owed or Granted for Fiscal year 2013 to Members of the Management Board, Subject to Notice to the Combined General Shareholders' Meeting of June 24, 2014 (AFEP/MEDEF Code application guidelines)

Mr. Jean-François Dubos – Chairman of the Management Board

Compensation elements (Fiscal year 2013)	Amounts or value (before taxes and benefits)	Presentation
Fixed compensation	€700,000	Gross fixed compensation approved by the Supervisory Board on February 22, 2013 upon the recommendation of the Human Resources Committee.
2013 variable compensation paid in 2014	€1,024,000	At its meeting of February 21, 2014, upon recommendation of the Human Resources Committee, the Supervisory Board approved the 2013 variable compensation elements for the Chairman of the Management Board. They total 146.3% of fixed compensation (see Section 3.3.1.2 of this Chapter).
Deferred variable compensation	n/a	The Chairman of the Management Board receives no deferred variable compensation.
Multi-year variable compensation	n/a	The Chairman of the Management Board receives no multi-year variable compensation.
Extraordinary compensation	n/a	The Chairman of the Management Board receives no extraordinary variable compensation.
Stock options	n/a	In 2013, the Company awarded no stock options.
Performance shares	€1,254,267 (book value) €1,003,100 (book value)	Grant of 100,000 performance shares on February 22, 2013. Number adjusted to 106,384 following an adjustment to account for payment of the fiscal year 2012 dividend by withdrawal from reserves. Grant of 70,000 performance shares on December 11, 2013, subject to the same performance conditions as the annual grant and a more restrictive condition of presence (please refer to Section 3.3.1.2 of this Chapter).
Director's attendance fees	n/a	As for all corporate directors at Group headquarters, the Management Board Chairman receives no attendance fees.
Benefits in kind	€33,783	Company car without driver and common profit-sharing (collective agreement in force at Vivendi)

Deferred compensation elements owed or granted in 2013 that were subject to prior approval of the General Shareholders' Meeting under the procedure applying to regulated agreements and commitments	Amount	Presentation
Severance payment	No payment	The Chairman of the Management Board receives no severance payment commitment.
Non-competition payment	No payment	The Chairman of the Management Board receives no payment of this kind.
Supplemental retirement plan	No payment	As for a number of the Vivendi Group's senior management, the Chairman of the Management Board is eligible for the defined-benefit supplemental retirement plan set up in December 2005, approved by the Combined General Shareholders' Meeting of April 20, 2006. Upper limit: 30% of benchmark salary (fixed + variable) with a maximum of 60 times the social security upper limit).

n/a: not applicable.

Mr. Philippe Capron – Member of the Management Board and Chief Financial Officer

Compensation elements (Fiscal year 2013)	Amounts or value (before taxes and benefits)	Presentation
Fixed compensation	€450,000	Gross fixed compensation approved by the Supervisory Board on February 22, 2013 upon the recommendation of the Human Resources Committee.
2013 variable compensation paid in 2014	€576,000	At its meeting of February 21, 2014, upon recommendation of the Human Resources Committee, the Supervisory Board approved the 2013 variable compensation elements for Mr. Philippe Capron (member of the Management Board up to December 31, 2013). They consist of 128% of fixed compensation (please refer to Section 3.3.1.5 of this Chapter).
Deferred variable compensation	n/a	Mr. Philippe Capron received no deferred variable compensation.
Multi-year variable compensation	n/a	Mr. Philippe Capron received no multi-year variable compensation.
Extraordinary compensation	n/a	Mr. Philippe Capron received no extraordinary variable compensation.
Stock options	n/a	In 2013, the Company awarded no stock options.
Performance shares	€752,567 (book value)	Following his resignation, Mr. Philippe Capron lost the allocation rights for 63,381 performance shares (adjusted number) that had been granted to him in 2013.
Directors' attendance fees	n/a	As for all corporate directors at Group headquarters, Mr. Philippe Capron received no attendance fees.
Value of benefits of all kinds	€89,329	Company car without driver, profit-sharing and liquidation of time savings account.

Deferred compensation elements owed or granted in 2013 that were subject to prior approval of the General Shareholders' Meeting under the procedure applying to regulated agreements and commitments	Amount	Presentation
Severance payment	No payment	Given his resignation, Mr. Philippe Capron received no severance payment; the principle for this was approved by the Combined General Shareholders' Meeting of April 30, 2013.
Non-competition payment	No payment	Mr. Philippe Capron received no payment of this kind.
Supplemental retirement plan	No payment and loss of plan	Given his resignation, Mr. Philippe Capron is no longer entitled to the Vivendi SA supplemental retirement plan.

n/a: not applicable.

3.3.2. Highest Compensation Paid Within the Group

In fiscal year 2013, the compensation of the ten highest-paid Vivendi SA officers in France totaled €9.85 million, including benefits in kind. In 2013, for the Group as a whole, after the disposal of Activision Blizzard from the Group's scope of consolidation, the total compensation for the ten highest-paid officers was €45.09 million, including benefits in kind.

Consistent with current rules of ethics in the Vivendi Group, corporate directors or executives have waived their receipt of attendance fees for meetings as directors or permanent representatives of company subsidiaries, as defined by Article L.233-16 of the French Commercial Code.

3.4. Performance Shares

In 2013, performance share award plans consisted of 2.782 million shares, or 0.21% of the share capital, before adjustment. Awards of performance shares to members of the Management Board are shown in the table below.

3.4.1. Performance Shares Awarded to Members of the Management Board in 2013: Plan 2013-12 of February 22, 2013 and Plan 2013-12 of December 11, 2013 (AMF Recommendations, Table 6)

	Adjusted number of rights to shares awarded during the fiscal year	Value of rights under the method used for Consolidated Financial Statements (in euros) (a)	Vesting date of the rights	Date of availability of the shares	Performance conditions
	106,384	1,254,267	02/23/15	02/24/17	Yes
Jean-François Dubos	70,000	1,003,100	12/14/15	12/15/17	Yes
Philippe Capron (b)	63,831	752,567	02/23/15	02/24/17	Yes
TOTAL	**(c) 240,215**	**3,009,934**			

(a) The retained value of the unit right, under IFRS standards, was €11.79 for the February 2013 award. It was €14.33 for the December 2013 award.

(b) Due to his resignation, Mr. Philippe Capron lost all performance share rights awarded to him in 2013.

(c) 8.63% of awards approved in 2013 and 0.02% of share capital.

The final vesting of performance shares awarded in 2013 will be reviewed in 2015, in accordance with the provisions of the Plan Regulations, and will not be available until 2017.

3.4.2. History of Performance Shares Awarded (AMF Recommendations, Table 9)

	2013 (adjusted)	2012 (adjusted)	2011 (adjusted)	2010 (adjusted)	2009 (adjusted)
Date of the Shareholders' Meeting approving the share award	AGM of 04/21/11	AGM of 04/21/11	AGM of 04/24/08	AGM of 04/24/08	AGM of 04/24/08
Date of the Supervisory Board meeting	02/22/13	02/29/12	02/28/11	02/25/10	02/26/09
Award date	02/22/13	04/17/12	04/13/11	04/15/10	04/16/09
Maximum number of shares that may be awarded pursuant to authorization by the Shareholders' Meeting	13,239,624	12,472,630	6,186,685	6,144,297	5,851,030
Maximum number of shares that may be awarded during the year based on awards already made	4,369,075	4,115,968	4,514,175	5,572,960	5,850,030
Total number of shares awarded	3,068,033	1,915,977	1,679,200	1,084,172	567,001
Number of rights canceled due to the departure of beneficiaries	102,378	35,289	31,890	13,223	6,602
Adjusted Number of Shares Awarded to Members of the Management Board:					
Jean-François Dubos, Chairman	(a) 176,384	(c) 63,847	n/a	n/a	n/a
Philippe Capron	(b) 63,831	(d) 28,996	28,000	14,336	14,342
Vesting date	02/23/15	04/18/14	04/15/13	04/16/12	04/18/11
Date of availability	02/24/17	04/19/16	04/16/15	04/17/14	04/19/13

n/a: not applicable.

(a) Includes 70,000 performance shares awarded on December 11, 2013, vesting as of December 15, 2017.

(b) Following his resignation, Mr. Philippe Capron lost the right to this award.

(c) Given the satisfaction at 88% of the performance criteria attached to this plan, the final award in 2014 is 56,186 performance shares.

(d) Given the satisfaction at 88% of the performance criteria attached to this plan, the final award in 2014 is 25,517 performance shares.

3.4.3. Performance Shares that Became Available in Fiscal Year 2013 (AMF Recommendations, Table 7)

Performance Shares that Became Available for each Management Board Member	Plan Number and Date	Number of Shares that Became Available During the Year	Conditions of Acquisition
Jean-François Dubos	2009/04-2 04/16/2009	14,342	Yes
Philippe Capron	2009/04-1 04/16/2009	14,342	Yes

3.4.4. Assessment of Performance Criteria for Fiscal Years 2012 and 2013 for Final Award in 2014 of the 2012 Performance Share Plans (Applicable to Stock Option Plans Awarded in 2012)

At its meeting of February 21, 2014, after review by the Human Resources Committee, the Supervisory Board approved the level of satisfaction of objectives for the cumulative fiscal years 2012 and 2013 for the performance share plans and the final stock option plan awarded in 2012. It confirmed that not all the criteria that had been set were satisfied for fiscal year 2013. The final award of the 2012 performance share and stock option plans represents 88% of the original award. Consequently, 239,207 rights to performance shares and 335,784 stock options awarded in 2012 were canceled.

The level of satisfaction of objectives for the cumulative fiscal years 2012 and 2013 are shown in the table below.

Cumulative objectives for fiscal years 2012 and 2013

Weight	Criteria	Objective (100%)	Achieved	Success rate
70%	**Group objectives (a)**			
	Group EBITA margin (adjusted operating income) **(b)**	**16.6%**	**16.5%**	**67%**
30%	**Average stock market performance for the 2012 and 2013 indices (reinvested dividends)**	**Vivendi's performance**		**Success rate**
70%	Performance Dow Jones Stoxx Telecom index	**33.3%**	33.3%	**21%**
30%	Performance of the Vivendi Media basket	**92.3%**	33.3%	**0%**
TOTAL				**88%**

(a) Adjusted Maroc Telecom income targets in 2013, following application of the IFRS 5 standard (assets held for sale and discontinued operations) and income targets for Activision Blizzard, which was sold in October 2013.

(b) EBITA margin rate before off-budget restructuring expenses, the SFR fine in 2012, and after adjustment for extraordinary items in 2013.

3.4.5. Conditions for Acquiring Performance Shares

Following assessment of satisfaction of the performance criteria attached to the plans, performance shares vest at the end of a two-year period, subject to a condition of presence (vesting period), and the shares must be held by the beneficiaries for an additional two-year period (retention period). Shares of US, Brazilian and British residents vest four years after the date of award of the rights.

The period for assessment of the performance criteria attached to the plans is expected to be increased from two to three years.

In 2013, 1,409,602 shares were awarded to beneficiaries following the vesting period (2009 plan for US resident beneficiaries and 2011 annual plan). In 2013, 198,708 rights were canceled following the departure of certain beneficiaries.

3.4.6. Largest Awards of Performance Shares and Exercise of Options in 2013, excluding Corporate Directors (AMF Recommendations, Table 9)

The ten largest awards to beneficiaries other than corporate directors totaled 517,742 performance shares, representing 18.6% of the total number of performance shares awarded in 2013 and 0.038% of the share capital as of December 31, 2013. The ten largest exercises of stock options, other than by corporate directors, consisted of a total of 506,724 stock options at an average weighted price of €12.18.

3.4.7. Award of Stock Options to Members of the Management Board

Since 2013, the Company has awarded no additional stock options.

Up to 2012, the exercise price of the stock options was set without discount at the average price over the 20 stock exchange trading days prior to the award date. Each year, awards were authorized at the same time to prevent windfall effects and before release of the dividend.

Since his appointment as Chairman of the Management Board, Mr. Jean-François Dubos has received no award of stock options. Because of his previous position with the Company, he received an award of 109,920 stock options (adjusted number) under the April 2012 plan.

History of Allocations of Stock Options to Members of the Management Board in 2013 (AMF Recommendations, Table 8)

	2013	2012	2011	2010	2009	2008
Date of the Shareholders' Meeting approving option grant	AGM of 04/21/11	AGM of 04/21/11	AGM of 04/24/08	AGM of 04/24/08	AGM of 04/24/08	AGM of 04/28/05
Date of the Supervisory Board meeting	-	02/29/12	02/28/11	02/25/10	02/26/09	02/28/08
Award date	-	04/17/12	04/13/11	04/15/10	04/16/09	04/16/08
Maximum number of options that may be awarded pursuant to authorization by the Shareholders' Meeting	-	12,472,630	30,933,427	30,721,487	29,255,150	29,129,168
Maximum number of options that may be awarded during the year, including options already awarded	-	4,115,968	10,269,897	10,199,533	9,712,710	9,670,883
Total number of options awarded in April	-	2,513,884	2,526,700	5,297,200	6,561,120	6,303,200
Total number of options awarded in September	-	135,000	-	-	-	-
Number of options cancelled due to the departure of beneficiaries	-	39,122	24,000	39,641	78,000	120,000
Annual remaining available balance of options that may be awarded at the end of the fiscal year	-	1,717,010	4,076,554	4,914,649	3,598,085	9,700,434
Number of Adjusted Options Awarded to Members of the Management Board						
Jean-François Dubos – Chairman	-	(a)109,920	n/a	n/a	n/a	n/a
Philippe Capron	-	(b) 98,170	100,000	172,046	172,031	172,050
Adjusted exercise price per stock option (in euros)	-	12.40	18.13	16.67	16.94	21.26
Expiration date	-	04/17/2022	04/13/2021	04/15/2020	04/16/2019	04/16/2018

n/a: not applicable.

(a) Given satisfaction at 88% of the performance criteria attached to this plan, the final award in 2014 consisted of 96,730 stock options.

(b) Mr. Philippe Capron lost the right to this award upon his resignation.

3.4.8. Options Exercised in 2013 by Corporate Directors (AMF Recommendations, Table 5)

In 2013, no corporate director exercised stock options.

3.4.9. Conditions for Corporate Directors to Hold Shares Received from the Exercise of Stock Options and Awards of Performance Shares

At its meeting held on March 6, 2007, pursuant to Articles L.225-185 and L.225-197-1 of the French Commercial Code, the Supervisory Board approved rules for members of the Management Board in relation to holding shares received from the exercise of stock options and performance shares awarded since 2007.

Members of the Management Board must hold, until the end of their term of office, and in a registered account, a number of shares received from the exercise of stock options and performance shares awarded since implementation of the 2007 plan that is equal to at least 20% of the net capital gain on acquisition recognized each year, if any, from the date of exercise of the options or sale of the performance shares.

3.4.10. Conditions Specific to Vivendi

Moreover, from January 1, 2007, the Chairman of the Management Board, the members of the Management Board and of General Management, and senior executives of the business units (30 beneficiaries) must, within five years, each set up a portfolio of Vivendi shares corresponding respectively to three years, two years and one year of gross compensation (fixed compensation and target bonus) and they must each hold them continuously until the end of their respective terms of office. Each year, the Supervisory Board shall report on the application of this program and acknowledge its proper implementation.

3.5. Trading in Company Securities

Vivendi complies with the General Regulations of the AMF and the recommendations of the AFEP and MEDEF. Consequently, purchase and sale transactions involving the Company's securities are prohibited during the period from the date when a member of the Supervisory Board or Management Board becomes aware of precise market information concerning the Company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the Company's share price, up to the date when this information is made public. In addition, such transactions are prohibited for a period of 30 calendar days up to and including the date of publication of the Company's quarterly, semi-annual and annual financial statements. Vivendi prepares and distributes a summary schedule setting out the periods during which transactions involving company's shares are prohibited ("blackout periods"). This schedule also makes clear that the periods indicated do not preclude the existence of other blackout periods that may apply, due to awareness of specific market information concerning developments in Vivendi's business or prospects which, if made public, would be likely to have a material impact on the Company's share price.

Finally, at its meeting held on January 24, 2007, Vivendi's Management Board prohibited the use of all hedge transactions on the stock options, on shares resulting from the exercise of stock options, on performance shares, and on the Company's securities in general, through the hedged purchase/sale of shares or the use of any other option mechanism. These prohibitions appear in the rules of the stock option and performance share plans, and beneficiaries of these plans are reminded of them in the individual award letters. This prohibition also appears in the internal rules of the Supervisory Board and Management Board.

3.5.1. Trading in Securities by Members of the Supervisory Board and the Management Board

Pursuant to Article 223-26 of the General Regulations of the AMF, the table below sets out transactions involving the Company's securities in 2013 up to the date of registration of this Annual Report that were reported to the Company and to the AMF:

	Purchase			Sale (a)		
Name	Date	Quantity	Unit price in euros	Date	Quantity	Unit price in euros
Compagnie de Cornouaille (Bolloré Group)	03/22/13	50,000	16.111			
	06/11/13	60,000	14.7172			
	06/13/13	40,000	14.4676			
	07/05/13	200,000	14.654			
	07/08/13	213,597	14.756			
	07/18/13	347,000	15.1505			
	12/19/13	200,000	18.857			
	12/20/13	232,000	18.675			
	03/15/13	1,000	16.150			
Vincent Bolloré	06/12/13	3,000	14.6940			
Yseulys Costes	06/18/13	3,500	15.125			
Pierre Rodocanachi	03/13/13	3,000	16.240			

(a) In 2013, no company shares were sold by members of the Supervisory Board or members of the Management Board.

3.6. Compliance Program

The purpose of the Compliance Program is to inform, train and raise the awareness of Group employees in their activities, with a view to reducing any liability risks incurred.

The Compliance Program sets rules of conduct based on general principles of international law (including those established by the OECD, ILO and EU law) as well as prevailing legislation in various countries (principally France and common law countries).

The Compliance Program sets forth the general ethical rules applicable to all Group entities. These rules are applied downstream, in each operational business unit in all the countries in which Vivendi is present, adapted to address the specific features of a subsidiary's business as well as those of national legislation. At its meeting held on March 16, 2004, the Board of Directors of Vivendi, upon recommendation of its Audit Committee, approved a Financial Code of Ethics. This Code has been maintained following the change in the Company's organizational structure. The Code applies to the senior executives of Vivendi SA, particularly those responsible for communications and financial and accounting reporting, which represents approximately 60 people.

The company's legal department, based at its headquarters, and the Compliance Officers of each business unit work to ensure overall consistency, coordinated by the General Counsel's office. An annual progress report is prepared and presented by Vivendi SA's legal department to the Audit Committee, which then reports to the Supervisory Board and transmits the report to the Management Board.

3.6.1. Reasons for the Program

The Compliance Program addresses the following main issues:

- the new national and international standards requiring companies to report on how they comply with their societal responsibilities; and
- the introduction of new non-financial rating criteria aimed at assessing the policies that companies have set up to manage these responsibilities.

3.6.2. Objectives

The Compliance Program has two major purposes:

- to raise the awareness of Group employees and provide them with a clear and precise reference tool that guides them in determining appropriate courses of action; and
- to reduce the risks of civil and criminal liability by both the Group's employees and its companies.

3.7. Financial Information and Communication Procedures Committee

Set up in 2002, this committee is responsible for regular assessment of the Company's procedures for preparing and publishing financial data, and for reviewing financial information published quarterly.

3.7.1. Composition

Committee members are nominated by the Chairman of the Management Board. At a minimum, the committee is made up of Vivendi's executives holding the following positions:

- the Group's General Counsel (Chairman of the committee);
- the Chief Financial Officer;
- the Senior Executive Vice President of Communications;
- the Deputy Chief Financial Officers;
- the Senior Vice President, Internal Audit and Special Projects; and
- the Executive Vice President of Investor Relations.

Members of the Committee may appoint additional members, who are executives from the abovementioned departments. The committee is currently comprised of 15 regular attendees.

3.7.2. Powers

The committee assists the Chairman of the Management Board and the Group's Chief Financial Officer in ensuring that Vivendi fulfills its disclosure requirements with respect to investors, the public and the regulatory and market authorities, specifically the *Autorité des marchés financiers* (AMF) and Euronext Paris, in France.

In pursuing its duties and objectives, the committee ensures that Vivendi has established adequate controls and procedures so that:

- any financial information that must be disclosed to investors, the public or the regulatory authorities is reported within the deadlines set forth by applicable laws and regulations;
- all corporate communications are subject to appropriate verification in accordance with the procedures set up by the Committee;
- all information requiring a release to investors and/or appearing in the documents recorded or filed with any regulatory authority is communicated to the Company's senior management, including the Chairman of the Management Board and the Group's Chief Financial Officer, prior to release so that decisions regarding such information can be made in a timely manner;
- monitoring is provided to assess Vivendi's procedures and those of the business units for controlling information as well as internal control procedures, under the supervision of the Chairman of the Management Board and the Group's Chief Financial Officer;
- the Chairman of the Management Board and the Group's Chief Financial Officer are advised of any major procedural issues about which the committee should be informed, and which are likely to affect Vivendi's procedures for controlling information and its internal control procedures. The committee issues recommendations, where necessary, for changes to be made to these controls and procedures. The committee monitors the implementation of changes approved by the Chairman of the Management Board and the Group's Chief Financial Officer; and
- more generally, the Chairman of the Management Board and the Group's Chief Financial Officer are assured that they will receive any information they might request.

3.7.3. Activity in 2013

The Committee meets at the request of the Chairman of the Management Board, the Chief Financial Officer, the committee Chairman or of one of its members. Meetings are held prior to each meeting of the Audit Committee, and are coordinated with the schedule for releasing financial information on the Group's results. In 2013, the committee met five times. Its proceedings primarily consisted of:

- examining the annual and semi-annual accounts certification letters signed by the Chairman and Chief Financial Officer of each of the Group's business units;
- examining progress questionnaires for assessing internal controls within the business units;
- reviewing the financial information published in the annual, semi-annual and quarterly Financial Reports and information published in the Annual Report – Reference Document; and
- reviewing the business report and the environmental, corporate, and societal data report.

The committee reports on its work to the Chairman of the Management Board and informs the Audit Committee, as necessary.

3.8. Risks Committee

In January 2007, the Risks Committee was set up for the purpose of making recommendations or issuing opinions to the Management Board in the following areas:

- identifying and assessing potential risks that may arise from operations performed within the Vivendi Group;
- reviewing the adequacy of risk coverage and the level of residual risk;
- formulating recommendations with a view to improving risk coverage;
- reviewing insurance programs; and
- reporting on risk factors and forward-looking statements as disclosed in the documents published by the Group.

3.8.1. Composition

This committee is chaired by the Chairman of Vivendi's Management Board. It is comprised of at least four members including its Chairman, as well as:

- the Chief Financial Officer;
- the Group's General Counsel; and
- the Senior Vice President, Internal Audit and Special Projects.

3.8.2. Powers

The committee aims to promote the sharing of best practices within the Group in the areas of risk prevention and management, and to support subsidiaries in their on-going efforts of continuous improvement. This objective is dependent upon designated contacts within the business units, who are responsible for implementing risk prevention policy and monitoring the progress of preventive or corrective action plans.

The Risks Committee passes its principal conclusions and recommendations on to the Audit Committee of Vivendi's Supervisory Board.

3.8.3. Activity in 2013

In 2013, this committee met twice. The main topics addressed included:

- Security of sensitive data;
- Availability and continuity of information systems in the SFR and Canal+ scopes of consolidation;
- Adaptation of the *Universal Music Group* organization to market developments; and
- *EMI* integration status.

3.9. General Management

3.9.1. Composition

***Jean-François Dubos**,*
Chairman of the Management Board

***Arnaud de Puyfontaine**,*
Member of the Management Board and Senior Executive Vice President, Media and Content Activities

And in alphabetical order

***Frédéric Crépin**,*
Executive Vice President, Group General Counsel and Secretary of the Supervisory Board and Management Board

***Simon Gillham**,*
Senior Executive Vice President, Communications and Public Affairs

***Mathieu Peycеré**,*
Executive Vice President, Human Resources

***Hervé Philippe**,*
Vivendi Chief Financial Officer

***Stéphane Roussel**,*
Senior Executive Vice President

***Régis Turrini**,*
Senior Executive Vice President, Mergers and Acquisitions

SECTION 4 Report by the Chairman of Vivendi's Supervisory Board on Corporate Governance, Internal Audits and Risk Management – Fiscal year 2013

This report will be presented at Vivendi's General Meeting of Shareholders to be held on June 24, 2014, pursuant to Article L.225-68 of the French Commercial Code. It was prepared with the assistance of General Management, the General Counsel and the Internal Audit and Special Projects department. It was presented to the Audit Committee prior to its approval by the Supervisory Board on February 21, 2014, in accordance with the recommendations of the AFEP and MEDEF Corporate Governance Code for publicly traded companies (hereinafter the AFEP/MEDEF Code).

Since 2005, Vivendi has been operating as a French corporation (*société anonyme*) with a two-tier board comprised of a Management Board and a Supervisory Board to provide separate management and oversight roles.

Throughout the year, as part of rigorous internal review procedures implemented by the Management Committees, the Group's principal business units report to their respective management teams on the following: analysis of their operational and strategic positioning, target figures as established during the budget preparation and updates, action plans and other matters of significant interest.

4.1. Corporate Governance

4.1.1. Conditions Governing the Preparation and Organization of the Work of the Supervisory Board

In 2013, the Supervisory Board met eleven times. The attendance rate at meetings of the Supervisory Board was 85%. In 2013, the Management Board met seventeen times. The attendance rate at meetings of the Management Board was 100%.

The composition as well as the conditions governing the preparation and organization of the work of the Supervisory Board and its Committees are detailed in Sections 3.1.1.2 to 3.1.1.13 of Chapter 3 of this Annual Report.

4.1.2. 2013 Assessment of Governance by Special Agencies

In 2013, Vivendi was again ranked first among European companies in the media sector by Vigeo, the non-financial rating agency, which praised the performance of its corporate social responsibility (CSR) policy. The Group also maintained its position in the top Socially Responsible Investment (SRI) rankings: the ASPI Eurozone index, the NYSE Euronext Vigeo World 120, the Euronext Vigeo Europe 120, the Euronext Vigeo France 20, the ECPI Ethical Indexes (E-capital Partners), the FTSE4 Good Global (FTSE) and the Ethibel Excellence (Ethibel) investment registry index. On January 22, 2014, it was announced in the opening remarks of the World Economic Forum meeting in Davos that Vivendi has been included in the Global 100 list of the world's most responsible companies and continues to rank 4th among French companies. Since 2011, the Group has also enjoyed the "*Corporate Responsibility Prime*" status awarded by Oekom.

Vivendi is also ranked 3rd among companies of the CAC 40 surveyed by Vigeo for adherence to the "Rights of children and corporate governance principles" as defined in 2012 by UNICEF, the United Nations' Global Compact and the non-governmental organization (NGO) *Save the Children*.

4.1.3. Setting of Deferred Compensation and Benefits Granted to Members of the Management Board and its Chairman

Following the proposal of the Corporate Governance and Nominating Committee and the Human Resources Committee, the Supervisory Board resolved to comply with all AFEP and MEDEF recommendations regarding the compensation of directors and Corporate Officers of listed companies.

Compensation of members of the Management Board and of the Company's senior managers is determined by the Supervisory Board based on information received from the Human Resources Committee. The Human Resources Committee uses comparative studies by external and independent advisers covering a range of French, European and international companies operating in business sectors similar or identical to those of Vivendi and its subsidiaries. The compensation of Management Board members consists of both fixed and variable components and is subject to the satisfaction of performance conditions.

Since 2010, Vivendi's Supervisory Board has used sustainable development and social responsibility criteria to assess the compensation of Management Board members and the Group's senior executives. Criteria that are relevant, measurable and verifiable have been set for each business unit based on their respective expertise and positioning. Accordingly, the calculation of bonuses for the persons in question requires an assessment of their personal contribution to the Group's sustainable development strategies, such as protecting and empowering young people in their use of media and cultural habits, promoting cultural diversity and narrowing the digital divide.

All principles and rules established by the Supervisory Board concerning deferred compensation and benefits of Management Board members, the Chairman and the corporate officers of the principal Group subsidiaries are listed in Sections 3.3 and 3.4 of Chapter 3 of this Annual Report.

Provisions related to the performance criteria for the vesting of performance shares are described in Section 3.4.2 of Chapter 3 of this Annual Report.

4.1.4. Conditions for the Holding of Vivendi Shares by Board Members and Corporate Officers

These conditions are detailed in Sections 3.4.8 and 3.4.9 of Chapter 3 of this Annual Report.

Since January 1, 2007, the Chairman of the Management Board, the members of the Management Board and the General Management and senior executives of subsidiaries have been required to establish a target portfolio of Vivendi shares corresponding to three years, two years and one year of gross compensation (fixed compensation and target bonus), respectively. These portfolios must be held continuously until the end of their respective terms of office. In February 2014, the Supervisory Board reported on the application of this program and acknowledged its proper implementation.

4.1.5. Terms and Conditions Governing Shareholder Attendance at General Meetings

Each shareholder is entitled to a number of votes equal to the number of shares the shareholder owns or represents at all shareholders' meetings.

For a description of the terms and conditions governing shareholders' attendance at General Meetings, please see Section 2.1.4 of Chapter 3 of this Annual Report.

4.2. Vivendi's Equal Opportunities Policy

At the Supervisory Board meeting of December 11, 2013, the Supervisory Board discussed gender equality within the Group, after examining the Human Resources Committee's report on this issue.

In 2013, 38% of employees in the Group were women (compared to 37% in 2012). The share of women in management positions of the Company was 37%, in line with their overall employment rate.

In October 2013, Vivendi participated in a study on the ratio of male to female Corporate Officers that was carried out among companies of the SBF 120 by *Ethics & Board*, an international observer of corporate governance of publicly traded companies. This study was performed under the sponsorship of the Ministry of Women's Rights in France (*Ministère des Droits des Femmes*). Vivendi was ranked 38th overall and ranked 4th for the male to female ratio on its Supervisory Board, where 38% of members are women (five women among thirteen members) and was ranked 56th for the percentage of women managers within the Group as a whole.

To improve gender equality within the Group, at the Supervisory Board meeting of December 14, 2011, the Supervisory Board approved the implementation of a two-fold initiative: mentoring and networking. A status report was prepared and presented to the Supervisory Board at its meetings of December 13, 2012 and December 11, 2013.

Launched in 2012, the "Andiamo" network continued its activities in 2013, with meetings in dedicated sessions and personal development workshops. These activities allowed women in the network to be inspired by role models and to learn from and share experiences with researchers, coaches and consultants in relation to issues relating to leadership positions. The network now has approximately thirty members, composed entirely of women at the same seniority level.

In 2013, a mentoring initiative was launched, involving twelve women in the Andiamo network. This program was encouraged at the Group's highest levels and twelve senior managers agreed to be mentors. The objective of the mentoring initiative is to promote and develop a pool of future managers, encourage diversity and propose a new leadership style, balancing efficiency, performance, cooperation and connections. This program was developed in the form of following a career path over one year, coordinated around three pedagogical approaches: mentors for advice, inspiration and networking; individual coaches to draw out new individual potential; and co-development workshops to enhance collective and relational knowledge. Participants warmly thanked the Supervisory Board and the Management Board for this initiative, which allowed them to advance in their leadership positions and achieve greater balance between their personal and professional lives.

4.3. Internal Control Procedures

Vivendi strives to maintain the highest standards of internal control and financial disclosure. In 2013, to support this objective, the Financial Information and Communication Procedures Committee met five times.

This committee assists the Chairman of the Management Board and the Chief Financial Officer to ensure that Vivendi fully complies with its obligations to disclose information to investors, the public and the regulatory and market authorities in France. It is chaired by the General Counsel and is comprised of representatives from all the Company's corporate operational departments.

The information Vivendi is required to disclose within the committee's scope of work includes the periodic disclosure of documents to investors and financial markets, in compliance with French financial market regulations, press releases related to quarterly financial results and presentation materials provided to investors and financial analysts.

A Risks Committee chaired by the Chairman of the Management Board is responsible for strengthening risk management and prevention measures within the Group. In 2013, the committee met twice.

The functions and activities carried out by these two committees in 2013 are presented in Sections 3.7 and 3.8 of Chapter 3 of this Annual Report.

4.3.1. Definition and Objectives of Internal Control

The company manages internal control through a set of procedures established by Vivendi's Management Board and implemented by its employees to ensure that the following objectives are achieved:

- compliance with laws and regulations as well as adherence to the Group's corporate values;
- the implementation of guidelines and strategies established by the Management Board;
- the prevention and monitoring of operational and financial risks as well as the management of risk of fraud and error;
- the optimization of internal processes to ensure effectiveness of operations and efficient use of resources; and
- completeness and accuracy of accounting, financial and management information.

To achieve each of these objectives, Vivendi has defined and implemented general principles of internal control based to a large degree on the framework established by the report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published in 1992, as well as the reference framework of internal monitoring processes and the recommendations published by the French *Autorité des marchés financiers* (AMF).

These principles are based upon:

- a policy that contributes to promoting a culture of internal control and the principles of integrity;
- identification and analysis of risk factors that may adversely impact the achievement of the Group's objectives;
- the organization and establishment of procedures aimed at ensuring the implementation of the goals set by the Management Board;
- periodic review of control measures and an on-going search for areas of improvement; and
- the process of distributing information relating to internal control.

However, as with any system of control, the application of these principles cannot provide an absolute guarantee that all risks will be completely eliminated or controlled.

4.3.2. Scope of Internal Control

Vivendi is organized into five business units: the Canal+ Group, the Universal Music Group, GVT, SFR and Maroc Telecom and a holding entity. Each of these entities must implement the strategies set by the Management Board, including objectives in the area of internal control. Each entity has a tailored set of internal control measures that includes both the implementation of the Group's procedures and the definition and implementation of procedures specific to each business unit, depending on its organization, culture, risk factors and operational requirements. Vivendi, as the parent company, ensures that such internal control measures exist and adequately address the needs of each entity, particularly with respect to the accounting and financial procedures applied by Group entities that are fully consolidated.

4.3.3. Internal Control Components

4.3.3.1. Control Environment

Rules of Conduct and Ethics Applicable to All Employees

Vivendi ensures that all aspects of corporate responsibility are taken into account. Vivendi has therefore adopted a charter of the Group's values which includes consumer focus, creativity, ethics, cultural diversity and corporate and social responsibility. Vivendi is a signatory of the United Nations Global Compact.

A Compliance Program also sets general rules of ethics applicable to all Group employees regardless of their seniority and position. These rules, available on the Vivendi website at www.vivendi.com, cover the following areas: employees' rights, integrity and protection of information and personal data, prevention of conflicts of interest, commercial and financial ethics, protection of the Group's assets and resources, respect for the environment and corporate social responsibility.

The Compliance Program has three major purposes:

- to raise awareness for the Group's employees and provide them with a reference tool to guide them in determining appropriate courses of action;
- to reduce the risks of triggering civil and criminal liability for both the Group's employees and companies; and
- to discuss in depth a cross-disciplinary theme each year. For this purpose, over the past five years, the following topics have been addressed: conflicts of interest, protection of personal data, preservation of tangible and intangible data, anti-corruption measures and the proper use of digital media within social networks. The 2013 report surveys subsidiaries to measure the effectiveness of their codes of conduct.

The compliance program establishes rules of conduct based on general principles of international law, including those established by the OECD, ILO and European Community law, as well as legislation in various countries, principally those of France and countries with legal systems based on common law. Following this approach, each operational business unit has also established its own Code of Ethics.

The Group's legal teams and the Compliance Officers of the principal business units, coordinated by the Group's General Counsel, work to ensure the overall consistency of the program. An annual Activity report is prepared and presented by Vivendi's General Counsel to the Audit Committee, which then reports to the Supervisory Board.

The protection of personal data remains a major concern for Vivendi. Accordingly, the general counsels of the various business and legal departments within the Group have been made aware of the updated Charters on data and content protection and of the Good Practices Guidelines in matters of sensitive data protection.

Responsibilities and Commitments of each Business Unit's General Management

Every six months, the Chairman and Chief Financial Officer of each business unit signs a representation letter certifying compliance with internal control procedures relating to the preparation of financial statements and financial and industry-based information items, to ensure the accuracy, integrity and reliability of the financial information disclosed.

At the proposal of the Audit Committee, Vivendi established a Code of Financial Ethics. It applies to the senior executives of Vivendi SA responsible for communications and financial and accounting reporting.

Rules on Market Ethics

Vivendi complies with the General Regulations of the AMF as well as with the recommendations of the AFEP and MEDEF. Consequently, purchase and sale transactions involving company securities are prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the Company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the Company's share price, up to the date on which this information is made public. In addition, such transactions are prohibited for 30 calendar days preceding and including the day of publication of the Company's quarterly, half-yearly and annual financial statements. The company prepares and distributes a summary schedule setting out the periods during which transactions involving company shares are prohibited ("blackout periods"). Pursuant to the consolidated AFEP and MEDEF code, all hedging transactions of any kind on the Company's securities following the exercise of stock options are prohibited.

Blackout periods are the subject of individual reminders sent via e-mail whenever necessary including before each identified Financial Reporting period.

Delegation of Powers

The delegation of operational powers, whether on a single occasion or on a recurring basis, is one of the responsibilities of the General Management of Vivendi and of the General Management of each of its business units. These delegated powers are updated and formalized on a regular basis in accordance with the evolving role and responsibilities of the relevant delegate.

4.4. Risk Monitoring and Management

Vivendi's Risks Committee is in charge of identifying and reviewing measures to manage risks within business units that are likely to affect fulfillment of the Group's objectives. It is chaired by the Chairman of the Management Board and includes the following permanent members: the Chief Financial Officer, the General Counsel and the Senior Vice President, Internal Audit Director. The business units are invited to attend meetings, depending on the agenda. The committee provides a report of its work to the Audit Committee of Vivendi's Supervisory Board.

Vivendi's Risks Committee is responsible for making recommendations to the Management Board in the following areas:

- identifying and assessing risks that may arise from the conduct of operations within the Vivendi Group, including corporate and environmental risks, risks relating to compliance with laws and regulations, risks relating to ethics, competition and conflicts of interest and risks associated with the security of information systems;
- reviewing the adequacy of risk coverage and the level of residual risk;
- reviewing insurable risks and insurance programs; and
- identifying risk factors and forward-looking statements publicly disclosed by the Group.

At the Group level, risks are assessed based on a qualitative and quantitative approach in reference to each business unit.

In 2013, this committee met twice. The main topics addressed were:

- a review of risk mapping;
- sensitive data, availability and continuity of information systems at SFR, the Canal+ Group and the Universal Music Group;
- organizational adaptation to market and strategy developments at the Universal Music Group; and
- EMI's integration into the Universal Music Group.

The principal risks faced by the Company are described in the risk factors section of Chapter 1 of this Annual Report and in Chapter 4, Note 24 to the Consolidated Financial Statements relating to market risk management and derivative financial instruments.

Vivendi's legal department provides for the prevention and management of risks relating to ethics, competition and conflicts of interest. The management of financial risks, including liquidity, interest and exchange rates, is carried out by Vivendi's Finance and Treasury department through a centralized organization at the Company headquarters.

Operational risks are managed by the business units taking into account specific aspects of their operations (e.g., regulatory risks in the Telecommunication and Pay-TV businesses, risks associated with infringement of intellectual property rights in the music business, risks associated with piracy and counterfeiting in the film and music businesses).

The policy of covering insurable risks, such as damage and operating losses from an accident and civil liability, is monitored by Vivendi's Insurance department in collaboration with the Finance and legal departments. Current insurance programs are described in Chapter 1 of this Annual Report.

In 2013, all documentation presented to the Risks Committee was communicated to the Statutory Auditors of the Company. In addition, at each meeting of the Audit Committee, the Statutory Auditors receive a summary of the work performed by the Risks Committee.

4.4.1. Internal Control Activities

Control activities are primarily performed by the functional and operational management teams in accordance with existing reference procedures.

The following bodies ensure the monitoring of internal control measures:

Audit Committee

The Audit Committee is comprised of independent members of the Supervisory Board. Pursuant to the powers conferred upon it, the Audit Committee prepares the decisions of the Supervisory Board and provides recommendations or issues opinions to the Supervisory Board on a wide range of matters. In 2013, at the proposal of its Chairman, the Audit Committee established a multi-year program, approved by its members. This program specifically covers:

- a review of the quarterly Consolidated Financial Statements and annual financial statements of Vivendi SA, prepared by the Management Board;
- a review of impairment tests;
- monitoring of the Company's cash and any alerts as to potential related issues;
- a review of the assessment and coverage of operational and financial risks;
- appointment and compensation of the Statutory Auditors;
- changes in accounting standards, methods and accounting principles, the Company's scope of consolidation and the Company's off balance sheet commitments;
- the consistency and effectiveness of internal control measures and a review of this report;
- a review of tax-related risks;
- a review of principal litigation issues including legal and regulatory issues;
- a review of the insurance program;
- a review of material internal control weaknesses and, to the extent applicable, a review of corruption and fraud cases;
- a review of ethics compliance; and
- a review of the Annual Report on the Compliance Program, the proposal of any measure likely to improve its effectiveness and, if necessary, the formulation of an opinion on this review.

A report is regularly presented by the Chairman of the Audit Committee to the Vivendi Supervisory Board and sent to every member of the committee and Supervisory Board.

Vivendi chairs the Audit Committees of its subsidiaries SFR, Maroc Telecom, GVT and the Universal Music Group.

In 2013, Vivendi's Audit Committee met four times with a 95% attendance rate. A description of its work is presented in Section 3.1.1.13 of Chapter 3 of this Annual Report.

A special committee was established around the Audit Committee and is open to all other members of the Supervisory Board. The special committee is responsible for reviewing issues concerning the planned split between media and telecommunications activities, which had been scheduled for July 2013. This special committee met twice in 2013.

Internal Audit and Special Projects Department

The Internal Audit Department (made up of 12 internal auditors for financial audits and external auditors for IT audits) reports to the Chairman of the Management Board and is responsible for independently assessing the quality of internal controls at every level of the organization. The operations of the Internal Audit Department are governed by a Charter approved by the Audit Committee.

The internal audit departments of SFR (7 auditors), Canal+ France (6 auditors), GVT (6 auditors) and Maroc Telecom's Financial Audit Department (11 auditors) currently reinforce the resources dedicated to internal control assessment at the business unit level. The annual audit plan approved by the Management Board provides that on average 34% of its projects will be conducted jointly by the auditing teams of the business units and headquarters.

The internal audit teams are responsible for performing an independent assessment of the effectiveness of internal control processes, based on an annual audit plan approved by the Group's Management Board, Finance department and General Counsel and presented to the Audit Committee. This plan is developed from both an independent analysis of the operational, IT and financial risks of each business unit and consultation with the General Management of each business unit. Reports on the audit work carried out are communicated to Vivendi's General Management, as well as to operational and functional management and their superiors. A summary of the principal reports is presented at each Audit Committee meeting along with any comments made by the Group's Statutory Auditors. Follow-up audits are generally performed within 12 months to ensure that recommended action plans and agreed corrective measures (if any) have been implemented. A status report on the implementation of the recommendations following an audit is presented to the Audit Committee once a year. A semi-annual internal audit report is presented to the Management Board and the Supervisory Board.

The Group may encounter cases of fraud in connection with its operations, which – as soon as they are identified – are systematically reported to the Audit Committee and may be the subject of special investigations and, where applicable, may result in the imposition of penalties.

Self-assessment questionnaires

A self-assessment questionnaire on internal control, dealing with the main components of internal control as defined by the COSO report, is sent out jointly to business units by the General Counsel's office and the Finance department every year. This questionnaire covers the following topics:

- ethics and human resources: compliance topics include access to the Group's Compliance Program; the existence and dissemination of a specific Code of Ethics; compliance with anti-corruption laws and regulations such as the Foreign Corrupt Practices Act (FCPA) in the United States and the Bribery Act in the United Kingdom; the identification and management of conflicts of interest; and hiring procedures;
- organizational control: regular updating of powers of attorney; a review of the principles of separation of tasks; procedures for the assessment and monitoring of risks of the business lines; and the existence and updating of a backup and continuity plan;
- financial reporting: the dissemination and understanding of Group procedures, particularly accounting policies and procedures; systematic referral to Vivendi's financial consolidation and reporting team of specific accounting adjustments, identification of related parties and off balance sheet commitments;
- non-financial reporting: the structure and management of CSR-related measures; monitoring of professional and salary equality; compliance by suppliers with ethics and codes of conduct of the business units; and protection of data collected as part of marketing campaigns;
- information technologies: computer security procedures and regular data backup; procedures for monitoring the protection of sensitive data; and procedures and policies on the use of social networks; and
- control and monitoring activities: description of the resources allocated to internal control; closing processes; and budget monitoring.

No major exceptions were identified in the responses to the questionnaires by the business units and no material changes were made to existing procedures. The business units continue to strengthen their governance and ethics processes by implementing appropriate training on ethics and competition in their foreign subsidiaries and in the Overseas Departments and Territories of France. Following the appearance of cases of identity fraud (also known as "social engineering fraud"), controls were strengthened and a reminder of the rules and procedures already in place was distributed.

The responses to these questionnaires were reviewed by the Group's Financial Information and Communication Procedures Committee. The documentation containing the answers and conclusions was reviewed by teams from the Statutory Auditors of the business units.

4.4.2. Internal Control Monitoring

The work performed by the Statutory Auditors in relation to the review and assessment of internal control is contained in a detailed presentation to the General Management and the Audit Committees of the business units concerned. A summary of their conclusions was presented to Vivendi's Audit Committee.

4.5. Key procedures for financial and accounting information

The procedures listed below help to reinforce internal controls concerning the treatment of financial and accounting information disclosed by Vivendi. The provisions of the guide on applying internal control procedures in relation to financial disclosures, contained in the internal control standards published by the AMF, were taken into account when updating these procedures.

Consolidation and Financial Reports: the Group's Consolidated Financial Statements and its financial reporting were prepared in accordance with international accounting standards (IFRS) and are based on accounting data prepared by the management for each business unit. The IFRS standards and IFRS Interpretations Committee (IFRIC) interpretations used are those adopted by the European. The main topics addressed in the Financial Report must comply with specific requirements, which include, in particular, an impairment test on assets held by the Company during the 4th quarter of each fiscal year, an assessment of liquidity risk, valuation of employee benefits, duties and taxes (see below) and off balance sheet commitments. The Consolidated Financial Statements are closed and approved by the Management Board quarterly and are reviewed by the Audit Committee. The annual and half yearly financial statements are reviewed by the Supervisory Board, in reliance on the observations of the Audit Committee. The Group's financial statements are published quarterly. They are subject to an annual audit and limited semi-annual reviews by the Group's Statutory Auditors.

Budget and management control: every year, each business unit presents its strategy and annual budget for the following year to the Group's Senior Management. After approval by Vivendi's Management Board, a summary is then presented to the Supervisory Board. Quantitative and qualitative targets used as a basis to assess annual performance are then set for each business unit's management. Budgets are reviewed each month and updated three times per year.

Investments/divestments: any investments or divestments exceeding €15 million must receive prior approval from the Investment Committee chaired by the Chairman of the Management Board. This procedure applies to all transactions, including the acquisition of equity interests and the launch of new businesses, whatever the amount, and to any other financial commitment, including, among others, the purchase of rights and property contracts, that was not provided for in the annual budget. The Investment Committee meets as often as necessary. The analysis of documents and preparation of reports is done by the Disposals and Acquisitions department at the Company headquarters. Any transaction involving amounts greater than €100 million and €300 million must receive the prior approval of the Management Board and the Supervisory Board, respectively, pursuant to their Internal Regulations.

Monitoring of investment transactions: in connection with the regular follow-up of value creation, Vivendi's Management Board has strengthened the process of post-completion analysis of investment transactions, supplementing the existing budgetary reviews and quarterly financial reporting. This analysis aims to validate the implementation of controls as well as actual financial performance pursuant to the business plan approved for the acquisition. It takes into account both the progressive integration of companies acquired by the business units and the impact of changing market conditions following the acquisition date. Vivendi's Internal Audit department reviews the conclusions, which are then presented to Vivendi's Senior Management and, if there are any major issues, to the Management Board. An annual summary is presented to Vivendi's Audit Committee.

Monitoring of financial commitments: as part of the financial reporting process, the business units compile a list of commitments given and received on a quarterly basis. These commitments are presented by the legal and finance officers of the business units at meetings held with Vivendi's Group Management, which take place as part of the closing process for the annual financial statements. They are also presented to the Audit Committee once per year.

Sureties, endorsements and guarantees: pursuant to the provisions of the Company's by-laws and the Internal Regulations of the Supervisory Board, the granting of sureties, endorsements and guarantees by Vivendi to its subsidiaries is subject to prior approval in accordance with the following dual limitations:

- any commitment under €100 million where the aggregate amount of commitments is under €1 billion is subject to the approval of the Management Board, which may delegate such power. The approval requires the signatures of both the Chief Financial Officer and the General Counsel; and
- any commitment over €100 million and any commitment, regardless of the amount, where the cumulative amount of commitments is over €1 billion are subject to the approval of the Supervisory Board. The approval requires the Chairman of the Management Board's signature.

Treasury, financing and liquidity: the management of cash flows and hedging transactions (foreign exchange and interest rates) is centralized at the headquarters of Vivendi SA. SFR manages its treasury function itself, under the supervision of Vivendi SA. GVT and Maroc Telecom's treasury functions are managed independently and are tailored to the Group's policies and procedures. The liquidity position at the business unit level, as well as exposure to foreign exchange and interest rate risks, are monitored on a bi-monthly basis by a Treasury Committee. The majority of medium- and long-term financing activities occur at the head office and such activities are subject to the prior approval of the Management Board and Supervisory Board, in accordance with the provisions of their Internal Regulations. However, financing deals that are part of the management of the Company's debt, when they are being optimized within the ceilings already authorized by the Supervisory Board, only require a notification to the Board. A financial management presentation is made to the Audit Committee once a year.

Duties and taxes: Vivendi SA's Tax Department also provides advice to the Group's subsidiaries and is responsible for the defense of their tax audits by local tax authorities, with the exception of the companies within the GVT business unit in which case it participates in the review and auditing of duties and taxes as part of the preparation of the Vivendi Group's Consolidated Financial Statements.

Litigation: major disputes are monitored directly or coordinated by the Group's General Counsel. A report relating to litigation involving Vivendi and its business units is prepared by the legal department of the Group in collaboration with the general counsels and heads of the legal departments of the main business units. A summary litigation report is provided to the Management Board on a monthly basis. A table of current litigation and disputes is updated for each quarterly closing date based on information provided by each business unit; a summary of this table is included in the Management Board's quarterly business report to the Supervisory Board. The Audit Committee, Supervisory Board and Management Board are kept informed of material on-going litigation matters by the General Counsel at all times.

4.6. Information and Communication

The Group's values, Compliance Program, Data and Content Protection Charter and CSR policy are made available to employees and to the public on the Vivendi website at www.vivendi.com.

Group procedures designed to assist with the preparation of financial and accounting information are updated once a year and are available in French and English on the Group's Intranet site. These procedures, which must be applied by each of the business units and headquarters, include: the IFRS accounting principles and the chart of accounts for the Vivendi Group; the principles and procedures applicable to treasury transactions (banking relationships, foreign exchange, finance and investment); the procedures applicable to investment transactions; sales of assets; short-term and long-term financing transactions; the monitoring of disputes; the monitoring of sureties; endorsements and guarantees; and the rules relating to advance approval for engagements to be performed by the Statutory Auditors of Vivendi SA.

Training materials relating to the application of IFRS standards within the Group are available online and are accessible to all employees. Training is organized each year by the Corporate Consolidation and Financial Reporting department.

4.7. Corporate Social Responsibility (CSR)

4.7.1. CSR, a Source of Value Creation for Vivendi and its Stakeholders

Innovative Positioning

Vivendi distinguishes itself with its approach and contribution to sustainable development: one that aims to meet the needs of present and future generations to communicate, to feed their curiosity, to foster the development of talent and to encourage intercultural dialogue to promote mutual understanding among peoples.

As a publisher and distributor of content, the Group has a human, intellectual and cultural influence on society.

The Group is at the heart of the worlds of content, platforms and interactive networks. In 2013, Vivendi invested €2.4 billion in music, film, audiovisual programs and dedicated €2.6 billion to net industrial investments, including €2.4 billion for telecommunications activities.

Accordingly, as early as 2003, Vivendi focused its societal responsibility on three strategic issues directly linked to the Group's activities:

- protecting and empowering young people when they use digital media;
- promoting cultural diversity in the production and distribution of content while fostering the creative process of artists; and
- promoting knowledge sharing by enabling more customers to access content offerings and communications services.

Priority Action Areas

Vivendi operates a CSR policy that links its economic, societal, corporate and environmental performance with its activities and geographic presence.

The Group makes its commitment clearly visible to all its stakeholders: customers, employees, shareholders, suppliers, public authorities, artists and society in general. These commitments, which cover the Group's three specific issues mentioned above, are developed in ten priority action areas:

- ethics and business conduct;
- protecting and empowering young people;
- promoting cultural diversity;
- knowledge sharing;
- protection of personal data;
- adding value to content and innovation;
- vigilance towards suppliers;
- territorial development;
- leveraging human resources; and
- environment and radiofrequencies.

These action areas are described in detail in the CSR section of Vivendi's website at www.vivendi.com. This section also includes all of Vivendi's non-financial indicators for fiscal year 2013 as well as the cross-reference table for the various reporting guidelines including the Global Reporting Initiative, French Grenelle II law, OECD, and United Nations Global Compact.

Creating Shared Value

Societal priorities are at the forefront of Vivendi's concerns and commitments. This position is welcomed by all partners with whom the Group maintains a regular and constructive dialogue, including academic communities, institutions, NGOs and financial and non-financial analysts.

The high rating of Vivendi's CSR policy gives investors comfort in their investment choices. Vivendi's commitments to favoring the diversity of musical and cinematographic expression, pluralism and content quality, intercultural dialogue, access to new information and communication technologies, and the empowering of young people, are what enable the Group to win market share. These trends and developments demonstrate that economic performance and sustainable development go hand in hand.

■ An Integrated Reporting Approach

Vivendi has initiated an integrated reporting approach, motivated by a desire to better assess the CSR contribution to the results achieved by the Group in the various missions that form part of its media activities.

Since 2003, the promotion of cultural diversity in the production and distribution of content has been recognized as a strategic issue and has contributed to the Group's economic performance and to strengthening social cohesion. In 2013, General Management gave its approval to a pilot project aimed at measuring the contribution made by investments in a wide and diverse range of musical, film and audiovisual content to the creation of societal and financial value.

This approach was initially limited to Universal Music France, Canal+ in France and Studiocanal and to a specific type of capital: cultural, or intangible, capital. Led by Vivendi's Corporate Social Responsibility (CSR) department, with the encouragement of General Management, this initiative involved the Finance and Strategy departments of these three entities, as well as representatives of certain investors (Amundi, Groupama AM and Oddo Securities).

This exercise has demonstrated that producing richly diverse cultural content satisfies the public interest (societal value) and gives the Group a competitive advantage over its competitors (financial value). Please see Chapter 2 of this Annual Report.

4.7.2. Integration of CSR into Vivendi's Governance and Strategy

■ Cross-mobilization

Consistent with its Internal Regulations, the Supervisory Board assigned to the Strategy Committee the annual task of reviewing the societal responsibility policy implemented by the CSR department, which reports to Vivendi's General Management.

The CSR department establishes guidelines and engages in cross-disciplinary activities, in close collaboration with the operating teams at headquarters and business units. Since 2003, it has been supported by a CSR Committee, which meets several times a year. This Committee brings together representatives dedicated to CSR issues in the business units with the representatives of several corporate functional departments.

■ CSR Criteria Included in Senior Executives' Variable Compensation

The Supervisory Board has defined three strategic CSR issues with associated criteria that apply to all subsidiaries and are directly related to their activities: protecting and empowering young people; promoting cultural diversity and artists; and knowledge sharing. The Supervisory Board has required these CSR criteria to be defined for each business based on its expertise and positioning.

The Human Resources Committee, within the Supervisory Board, assesses performance against these criteria and determines the components integrated into the variable compensation of executives.

■ Non-Financial Reporting, a Management Tool

Vivendi's non-financial reporting is a CSR management tool that enables the Group to better control risks and capitalize on its opportunities. The incorporation of indicators linked to the Group's strategic issues is an innovative approach in the media and cultural industries sector.

In 2013, Vivendi's reporting Protocol was updated: it meets the requirements of Article 225 of the French Grenelle II law and incorporates the guidelines of the Media Sector Supplement of the Global Reporting Initiative (GRI), to which Vivendi has been an active contributor. Its review of the material aspects of societal indicators has been deepened.

The non-financial data collected pursuant to this reporting Protocol is presented in Chapter 2 of this Annual Report and such disclosure has been audited by Ernst & Young. In the cultural and creative industries sector, Vivendi has for several years pioneered the reporting and verification of indicators directly linked to its activities.

4.8. Prospects

In 2014, Vivendi intends to continue to promote and encourage its subsidiaries to achieve the common goal of improving internal control procedures and internal monitoring, in accordance with the new developments in the COSO guidelines announced in May 2013 and in relation to data protection. The integrated reporting process will be enriched to accompany Vivendi's strategy of focusing on media.

Paris, February 21, 2014

Jean-René Fourtou

Chairman of the Supervisory Board

SECTION 5 Statutory Auditors' Report, Prepared in Accordance with Article L. 225-235 of the French Commercial Code, on the Report Prepared By the Chairman of the Supervisory Board of Vivendi SA

To the Shareholders,

In our capacity as Statutory Auditors of Vivendi SA and in accordance with Article L.225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of the Company in accordance with Article L.225-68 of the French Commercial Code (*Code de commerce*) for the year ended 31 December 2013.

It is the Chairman's responsibility to prepare and submit to the Supervisory Board's approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L.225-68 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to confirm that the report also includes the other information required by Article L.225-68 of the French Commercial Code (*Code de commerce*) It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation; and
- determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.225-68 of the French Commercial Code (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by Article L.225-68 of the French Commercial Code (*Code de commerce*).

Paris-La Défense, February 25, 2014

The Statutory Auditors
French original signed by

KPMG Audit *Département de KPMG SA*	ERNST & YOUNG et Autres
Frédéric Quélin	Jean-Yves Jégourel

Nota :

In accordance with European Commission Regulation (EC) 809/2004 (Article 28) which sets out the disclosure obligations for issuers of securities listed on a regulated market within the European Union (implementing Directive 2003/71/EC, the "Prospectus Regulation"), the following items are incorporated by reference:

- *2012 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2012, prepared under IFRS and the related Statutory Auditors' Report presented in pages 168 to 319 of the "Document de Référence" No. D.13-0170, filed on March 18, 2013 with the French Autorité des marchés financiers (AMF), and in pages 168 to 319 of the English translation of this "Document de Référence"; and*
- *2011 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2011, prepared under IFRS and the related Statutory Auditors' Report presented in pages 130 to 266 of the "Document de Référence" No. D.12-0175, filed on March 19, 2012 with the French Autorité des marchés financiers (AMF), and in pages 128 to 264 of the English translation of this "Document de Référence".*

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Financial Report | Statutory Auditors' Report on the Consolidated Financial Statements | Consolidated Financial Statements | Statutory Auditors' Report on the Financial Statements | Statutory Financial Statements

Selected key consolidated financial data

	Year ended December 31,				
	2013	2012 (a)	2011	2010	2009
Consolidated data					
Revenues (b)	22,135	22,577	28,813	28,878	27,132
EBITA (b) (c)	2,433	3,163	5,860	5,726	5,390
Earnings attributable to Vivendi SA shareowners	1,967	179	2,681	2,198	830
Adjusted net income (c)	1,540	1,705	2,952	2,698	2,585
Financial Net Debt (c)	11,097	13,419	12,027	8,073	9,566
Total equity	19,030	21,291	22,070	28,173	25,988
of which Vivendi SA shareowners' equity	17,457	18,325	19,447	24,058	22,017
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	4,077	5,189	8,034	8,569	7,799
Capital expenditures, net (capex, net) (d)	(2,624)	(3,976)	(3,340)	(3,357)	(2,562)
Cash flow from operations (CFFO) (c)	1,453	1,213	4,694	5,212	5,237
Financial investments	(151)	(1,731)	(636)	(1,397)	(3,050)
Financial divestments	3,483	204	4,701	1,982	97
Dividends paid with respect to previous fiscal year	1,325	1,245	1,731	1,721	(e) 1,639
Per share data					
Weighted average number of shares outstanding (f)	1,330.6	1,298.9	1,281.4	1,273.8	1,244.7
Adjusted net income per share (f)	**1.16**	**1.31**	**2.30**	**2.12**	**2.08**
Number of shares outstanding at the end of the period (excluding treasury shares) (f)	1,339.6	1,322.5	1,287.4	1,278.7	1,270.3
Equity per share, attributable to Vivendi SA shareowners (f)	13.03	13.86	15.11	18.81	17.33
Dividends per share paid with respect to previous fiscal year	**1.00**	**1.00**	**1.40**	**1.40**	**1.40**

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

(a) As from the second quarter of 2013, in compliance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, as a result of the plans to sell Activision Blizzard and Maroc Telecom Group (please refer to Section 1.1), Activision Blizzard and Maroc Telecom Group have been reported in the 2013 and 2012 Consolidated Statement of Earnings and Statement of Cash Flows as discontinued operations (please refer to Section 1.1.3.3 of this Financial Report and to Note 7 to the Consolidated Financial Statements for the year ended December 31, 2013). On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest. In addition, the contribution of Maroc Telecom Group to each line of Vivendi's Consolidated Statement of Financial Position as of December 31, 2013 has been grouped under the lines "Assets of discontinued businesses" and "Liabilities associated with assets of discontinued businesses".

Moreover, data published with respect to fiscal year 2012 has been adjusted following the application of amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013, with retrospective effect from January 1, 2012 (please refer to Note 1 to the Consolidated Financial Statements for the year ended December 31, 2013).

These adjustments are presented in Appendix 1 to the Financial Report and in Note 33 to the Consolidated Financial Statements for the year ended December 31, 2013.

Data presented with respect to fiscal years from 2009 to 2011 corresponds to historical data and has not been adjusted.

(b) An analysis of revenues and EBITA by operating segment in 2013 and 2012 is presented in Section 4.1 of the Financial Report and in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2013.

(c) Vivendi considers that the non-GAAP measures of EBITA, Adjusted net income, Financial Net Debt, and Cash flow from operations (CFFO) are relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of 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 Consolidated 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 from Vivendi thereby affecting comparability.

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

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

(f) The number of shares, adjusted net income per share, and the equity per share, attributable to Vivendi SA shareowners have been adjusted for all periods previously published in order to reflect the dilution arising from the grant to each shareowner on May 9, 2012 of one bonus share for each 30 shares held, in accordance with IAS 33 - *Earnings Per Share*.

I - 2013 Financial Report

PRELIMINARY COMMENTS

On February 19, 2014, during a meeting held at the headquarters of the Company, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2013. Having considered the Audit Committee's recommendation given at its meeting held on February 18, 2014, the Supervisory Board, at its meeting held on February 21, 2014, reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2013, as approved by the Management Board on February 19, 2014.

The Consolidated Financial Statements for the year ended December 31, 2013 have been audited and certified by the Statutory Auditors with no qualified opinion. The Statutory Auditors' Report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

SECTION 1 Significant events

1.1. Significant events in 2013

1.1.1. Ongoing strategic review

As publicly announced to shareholders on several occasions in 2012 and 2013, Vivendi's Management Board and Supervisory Board are carrying out a review of the group's strategic development. In 2013, Vivendi sold most of its interest in Activision Blizzard and entered into a definitive agreement with Etisalat to sell its interest in Maroc Telecom. The group has decided to focus on its media and content activities, which hold leading positions and are taking advantage of the growing digital market. It has strengthened its presence in Canal+ France, now fully owned. Vivendi is also reshaping SFR. The operator has begun to benefit from its transformation plan, by re-taking the commercial lead and by reducing costs. SFR has also entered into an agreement to share part of its mobile network with Bouygues Telecom, allowing it to offer better coverage and strengthened service quality to its customers. Based on this, the group aims to position the future Vivendi as a dynamic player in media and content. With SFR, it intends to participate in the reorganization of the telecommunication sector in France, exploring actively all potential opportunities.

During the second half of 2013, the group reached important strategic milestones:

- on October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard for $8.2 billion (or €6 billion), in cash. In addition, Vivendi retained 83 million Activision Blizzard shares, representing 11.9% of Activision Blizzard's outstanding share capital, which are subject to a staggered 15-month lock-up period;
- on November 4, 2013, Vivendi entered into a definitive agreement with Etisalat for the sale of Vivendi's 53% interest in Maroc Telecom Group for €4.2 billion in cash, including a €310 million dividend distribution with respect to fiscal year 2012, according to the financial terms known to date. Completion of this transaction is contingent upon the satisfaction of certain closing conditions, including receipt of required regulatory approvals in Morocco and the countries in which Maroc Telecom Group operates, as well as finalization of the shareholders' agreement between Etisalat and the Kingdom of Morocco. This transaction is expected to be completed during the first months of 2014; and
- on November 5, 2013, Vivendi acquired Lagardère Group's 20% interest in Canal+ France for €1,020 million in cash.

As a result of the sale of Activision Blizzard, Vivendi has begun to significantly reduce its debt during the fourth quarter of 2013 by implementing a US dollar and euro bond repurchase program in an aggregate amount of €3 billion; thus gaining greater financial flexibility (please refer to Section 5).

1.1.2. Planned demerger of the group

On November 26, 2013, Vivendi's Supervisory Board approved the group's planned demerger to form two separate companies: (i) a new international media group based in France, with very strong positions in music (as the worldwide leader), in European cinema, in pay-TV in France, Africa, Vietnam, and Poland, and in the Internet and associated services in Brazil, and (ii) SFR. The decision to implement this project could be taken in the near future and, if appropriate, submitted to the General Shareholders' Meeting for approval on June 24, 2014.

Vivendi considers that the conditions for the application of IFRS 5 to the proposed demerger in the 2013 Financial Statements are not met.

1.1.3. Sales of Activision Blizzard and Maroc Telecom Group

1.1.3.1. Activision Blizzard

On October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard, or 600.64 million shares priced at $13.60 per share, for $8,169 million (€6,044 million) in cash.

The key terms of this sale are as follows:

- through the acquisition of a Vivendi subsidiary, Activision Blizzard repurchased 428.68 million shares at $13.60 per share for a cash consideration of $5,830 million;
- concomitantly, Vivendi sold 171.97 million Activision Blizzard shares at $13.60 per share for a cash consideration of $2,339 million to an investor group (ASAC II LP) led by Mr. Robert Kotick, Activision Blizzard's Chief Executive Officer, and Mr. Brian Kelly, the Chairman of the Board of Directors. ASAC II LP owns approximately 24.7% of the outstanding share capital (following the repurchase of 428.68 million shares by Activision Blizzard);
- pursuant to the simultaneous closings of both sales on October 11, 2013, Vivendi retained 83 million Activision Blizzard shares, representing 11.9% of Activision Blizzard's outstanding share capital (following the repurchase of 428.68 million shares by Activision Blizzard). Vivendi's remaining ownership interest is subject to a staggered 15-month lock-up period as described in Note 7 to the Consolidated Financial Statements for the year ended December 31, 2013. The sale proceeds from the remaining ownership interest are estimated at a total of $1,129 million (€832 million), assuming the hypothesis of $13.60 per share and at $1,480 million (€1,078 million), assuming the hypothesis of Activision Blizzard's share price on December 31, 2013 of $17.83 per share; and
- the agreement governing the transaction includes certain continuing commitments given by the parties (please refer to Note 7 to the Consolidated Financial Statements for the year ended December 31, 2013).

Deconsolidation of Activision Blizzard as from October 11, 2013

As from October 11, 2013, as a result of the sale of 600.64 million shares of, or a 53.46% interest in Activision Blizzard, Vivendi lost control of and deconsolidated Activision Blizzard. In the Consolidated Financial Statements for the year ended December 31, 2013, the remaining 83 million Activision Blizzard shares have been recorded as assets held for sale, subject to the staggered lock-up period.

Capital gain on divestiture

From an accounting perspective and in accordance with IFRS, Vivendi is considered to have sold 100% of its interest in Activision Blizzard following the loss of control of this subsidiary. The gain on sale has been determined as the difference between the value of 100% of the Activision Blizzard shares owned by Vivendi at a price of $13.60 per share (less costs to sell) (€6,851 million) and the value of Activision Blizzard's net assets attributable to Vivendi SA shareowners, as recorded in Vivendi's Consolidated Financial Statements at the date of the loss of control (€4,491 million). Moreover, in accordance with IFRS, foreign currency translation adjustments attributable to Vivendi SA shareowners in relation to Activision Blizzard have been reclassified to profit or loss, i.e., a gain of €555 million. Thus the total capital gain on the divestiture which amounted to €2,915 million with no tax impact, has been recognized in the Consolidated Statements under the line "Earnings from discontinued operations".

1.1.3.2. Maroc Telecom Group

On November 4, 2013, Vivendi entered into a definitive agreement with Etisalat, with whom exclusive negotiations had begun on July 22, 2013, regarding the sale of Vivendi's 53% interest in Maroc Telecom Group. The key terms of this agreement known to date are as follows:

- the agreement values the interest in Maroc Telecom Group at MAD 92.6 per share or sale proceeds to Vivendi of approximately €4.2 billion in cash, including a €310 million dividend distribution with respect to fiscal year 2012, according to the financial terms known to date. Taking into account Maroc Telecom Group's Net Debt, the transaction reflects a proportional enterprise value of €4.5 billion for Vivendi's interest, equal to an EBITDA multiple of 6.2x; and
- the completion of this transaction is contingent upon the satisfaction of certain closing conditions, including receipt of required regulatory approvals in Morocco and the countries in which Maroc Telecom Group operates, as well as finalization of the shareholders' agreement between Etisalat and the Kingdom of Morocco. This transaction is expected to be completed during the first months of 2014.

1.1.3.3. Accounting implications in the Consolidated Financial Statements

As from the second quarter of 2013, and in compliance with IFRS 5 taking into account the anticipated closing dates of the effective sales, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings, Statement of Cash Flows, and Statement of Financial Position as discontinued operations.

In practice, Activision Blizzard and Maroc Telecom Group have been reported as follows:

- their contribution, until the effective sale, if any, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations". Their share of net income has been excluded from Vivendi's adjusted net income; and
- their contribution, until the effective sale, if any, to each line of Vivendi's Consolidated Statement of Cash Flows has been grouped under the line "Cash flows from discontinued operations". Their cash flow from operations (CFFO), cash flow from operations before capital expenditures, net (CFFO before capex, net), and cash flow from operations after interest and income taxes (CFAIT) have been excluded from Vivendi's CFFO, CFFO before capex, net, and CFAIT.

In accordance with IFRS 5, these adjustments have been applied to all periods presented in the Consolidated Financial Statements (2013 and 2012) to ensure consistency of information.

Moreover, the contribution of Maroc Telecom Group to each line of Vivendi's Consolidated Statement of Financial Position as of December 31, 2013 has been grouped under the lines "assets of discontinued businesses" and "liabilities associated with assets of discontinued businesses". Its Financial Net Debt was excluded from Vivendi's Financial Net Debt as of December 31, 2013.

Please refer to Note 7 to the Consolidated Financial Statements for the year ended December 31, 2013.

1.1.4. Acquisition of Lagardère Group's non-controlling interest in Canal+ France

On November 5, 2013, Vivendi acquired Lagardère Group's 20% interest in Canal+ France, for €1,020 million in cash. In accordance with IFRS 10, Vivendi recorded this transaction as an acquisition of a non-controlling interest. The difference between the consideration paid and the carrying value of the acquired non-controlling interest was recorded as a deduction from equity attributable to Vivendi SA shareowners (-€636 million). In addition, Vivendi and Lagardère Group have settled all disputes between them (please refer to Note 28 to the Consolidated Financial Statements for the year ended December 31, 2013). Thereafter, Canal+ France SA was merged with and into Canal+ Group SA, pursuant to a simplified merger, with retroactive effect to January 1, 2013.

1.1.5. Completion of the acquisition of EMI Recorded Music by Vivendi and Universal Music Group (UMG)

As a reminder, on September 28, 2012 Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music). EMI Recorded Music has been fully consolidated since that date. The purchase price, in enterprise value, amounted to £1,130 million (€1,404 million). The authorization by the European Commission was notably conditional upon the divestment of the Parlophone, Now, and Mute labels. In accordance with IFRS 5, Vivendi reported these assets as assets held for sale at market value (less costs to sell), in the Statements of Financial Position, until completion of the sale.

On February 7, 2013, Vivendi and UMG announced that they had entered into an agreement for the sale of Parlophone Label Group to Warner Music Group for an enterprise value of £487 million to be paid in cash. Following the approval by the European Commission on May 15, 2013, the sale of Parlophone Label Group was completed on July 1, 2013 and Vivendi received consideration of £501 million (€591 million), including the provisional estimated contractual price adjustments (£14 million).

Moreover, the divestments of Sanctuary, Now, and Mute were completed.

The aggregate amount of divestments made in compliance with the conditions imposed by the regulatory authorities in connection with the acquisition of EMI Recorded Music was £543 million, less costs to sell (approximately €679 million, including €39 million in gains on foreign exchange hedging and a consideration of €19 million remaining payable as of December 31, 2013).

1.1.6. Agreement to share a part of SFR's mobile access networks

On January 31, 2014, SFR and Bouygues Telecom entered into a strategic agreement to share a part of their mobile access networks, following a period of negotiations announced in July 2013. They will roll out a new shared network in an area covering 57% of the French population. This agreement will enable both operators to improve their mobile coverage and generate significant savings over time.

The agreement is based on two principles:

- the creation of a joint company, to manage the shared base station assets; and
- entry by the operators into a RAN-sharing service agreement covering 2G, 3G, and 4G services in the shared area.

This network-sharing agreement is similar to numerous arrangements already existing in other European countries. Each operator will retain its own innovation capacity as well as complete commercial and pricing independence.

The network-sharing agreement took effect upon the signing of the agreement and the shared network is expected to be completed by the end of 2017.

From an accounting perspective, this agreement had no impact on the accounts for fiscal year 2013.

1.1.7. Acquisitions by Canal+ Group

Acquisition of a 51% interest in Mediaserv

On July 12, 2013, Canal+ Overseas entered into an agreement with Loret Group to acquire a 51% majority interest in Mediaserv, an overseas telecom operator. On February 10, 2014, the French Competition Authority approved this acquisition, which was completed on February 13, 2014.

Acquisition of a 60% interest in Red Production Company

On December 5, 2013, Studiocanal acquired a 60% majority interest in Red Production Company, a British company which produces television series.

Acquisition of an additional interest in N-Vision

On November 30, 2012, Canal+ Group acquired a 40% interest in N-Vision, which indirectly holds a 52% interest in TVN. On December 18, 2013, in accordance with the shareholders' agreement, ITI exercised its put option to sell to Canal+ Group a 9% interest in N-Vision's share capital and voting rights for €62 million, paid in cash in February 2014: Canal+ Group's ownership interest in N-Vision thus increased to 49%.

1.1.8. Financial Net Debt change

For a detailed description of the new financings set up in 2013 as well as the redemptions following the closing of the Activision Blizzard sale, please refer to Section 5. For a detailed description of the maturities of the bonds and bank credit facilities as of December 31, 2013, please refer to Note 23 to the Consolidated Financial Statements for the year ended December 31, 2013.

1.2. Significant events since December 31, 2013

The significant events that have occurred since December 31, 2013 were as follows:

- on January 14, 2014, Canal+ Group won the exclusive broadcasting rights to the national French Rugby Championship "TOP 14" for five seasons (2014-2015 to 2018-2019). These rights relate to all of the TOP 14 matches, across all media and all territories;
- on January 31, 2014, SFR and Bouygues Telecom entered into a strategic agreement to share a part of their mobile access networks; and
- on February 13, 2014, Vivendi entered into exclusive negotiations with Belgacom to acquire 100% of its subsidiary Telindus France Group, a leader on the French markets of telecommunication integration and networks. Once signed, the transaction will be submitted to the French competition authority approval.

SECTION 2 Earnings analysis

PRELIMINARY COMMENTS

As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings as discontinued operations. In practice, income and charges from these two businesses have been reported as follows:

- their contribution until the effective divestiture, if any, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations";
- in accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information; and
- their share of net income has been excluded from Vivendi's adjusted net income.

On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest.

Moreover, data published with respect to fiscal year 2012 has been adjusted following the application of amended IAS 19, whose application is mandatory in the European Union beginning on or after January 1, 2013, with retrospective effect from January 1, 2012 (please refer to Note 1 to the Consolidated Financial Statements for the year ended December 31, 2013).

These adjustments are presented in Appendix 1 to this Financial Report and in Note 33 to the Consolidated Financial Statements for the year ended December 31, 2013.

2.1. Consolidated Statement of Earnings and Adjusted Statement of Earnings

Consolidated statement of earnings			Adjusted statement of earnings		
	Year ended December 31,		Year ended December 31,		
	2013	2012 (a)	2013	2012 (a)	
Revenues	**22,135**	**22,577**	**22,135**	**22,577**	**Revenues**
Cost of revenues	(12,988)	(12,672)	(12,988)	(12,672)	Cost of revenues
Margin from operations	**9,147**	**9,905**	**9,147**	**9,905**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(6,443)	(6,469)	(6,443)	(6,469)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(271)	(273)	(271)	(273)	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(462)	(436)			
Impairment losses on intangible assets acquired through business combinations	(2,437)	(760)			
Reserve accrual related to the Liberty Media Corporation litigation in the United States	-	(945)			
Other income	88	19			
Other charges	(57)	(236)			
EBIT	**(435)**	**805**	**2,433**	**3,163**	**EBITA**
Income from equity affiliates	(33)	(38)	(33)	(38)	Income from equity affiliates
Interest	(528)	(544)	(528)	(544)	Interest
Income from investments	67	7	67	7	Income from investments
Other financial income	51	37			
Other financial charges	(561)	(204)			
Earnings from continuing operations before provision for income taxes	**(1,439)**	**63**	**1,939**	**2,588**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(417)	(604)	(282)	(766)	Provision for income taxes
Earnings from continuing operations	**(1,856)**	**(541)**			
Earnings from discontinued operations	4,635	1,505			
Earnings	**2,779**	**964**	**1,657**	**1,822**	**Adjusted net income before non-controlling interests**
of which					*of which*
Earnings attributable to Vivendi SA shareowners	**1,967**	**179**	**1,540**	**1,705**	**Adjusted net income**
Non-controlling interests	812	785	117	117	Non-controlling interests
Earnings attributable to Vivendi SA shareowners per share – basic (in euros)	**1.48**	**0.14**	**1.16**	**1.31**	**Adjusted net income per share – basic** (in euros)
Earnings attributable to Vivendi SA shareowners per share – diluted (in euros)	**1.47**	**0.14**	**1.15**	**1.31**	**Adjusted net income per share – diluted** (in euros)

In millions of euros, except per share amounts.

(a) Data published with respect to fiscal year 2012 has been adjusted following the application of IFRS 5 and amended IAS 19 (please refer to the preliminary comments above).

2.2. Earnings review

Adjusted net income analysis

Adjusted net income was €1,540 million (or €1.16 per share [1]), compared to €1,705 million (or €1.31 per share) in 2012. This €165 million decrease (-9.7%) resulted primarily from:

- a €730 million decrease in EBITA to a total of €2,433 million (compared to €3,163 million in 2012). This change mainly reflected the decline in the performances of SFR (-€527 million), GVT (-€83 million, primarily due to the decline in value of the Brazilian Real), Canal+ Group (-€52 million, including the increase in transition costs related to D8/D17 and "n" for -€39 million), and Universal Music Group (-€15 million, including the increase in restructuring charges for -€35 million and integration costs related to EMI Recorded Music for -€8 million). Moreover, this change included the costs related to the launch of Watchever in Germany (-€66 million);
- a €5 million increase attributable to the change in income from equity affiliates;
- a €16 million decrease in interest;
- a €60 million increase in income from investments; and
- a €484 million decrease in income tax expense, mainly reflecting the impact of the decline in the group's business segments' taxable income (+€199 million), primarily due to SFR, the favorable impact of certain non-recurring items (+€149 million), and the increase in the current tax savings related to Vivendi SA's Tax Group System (+€50 million), primarily due to Canal+ Group.

Breakdown of the main items from the Statement of Earnings

Revenues were €22,135 million, compared to €22,577 million in 2012 (-2.0%, or +0.2% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 of this Financial Report.

Costs of revenues amounted to €12,988 million, compared to €12,672 million in 2012, a €316 million increase (+2.5%).

Margin from operations decreased by €758 million, to €9,147 million, compared to €9,905 million in 2012 (-7.7%).

Selling, general and administrative expenses, excluding the amortization of intangible assets acquired through business combinations, amounted to €6,443 million, compared to €6,469 million in 2012, a €26 million decrease (-0.4%).

Depreciation and amortization of tangible and intangible assets are included either in the cost of revenues or in selling, general and administrative expenses. Depreciation and amortization, excluding amortization of intangible assets acquired through business combinations, amounted to €2,207 million (compared to €2,079 million in 2012), an additional €128 million charge (+6.2%). This change mainly resulted from the increase in the depreciation of telecommunication network assets of SFR and GVT.

Restructuring charges and other operating charges and income amounted to a net charge of €271 million, compared to a net charge of €273 million in 2012. In 2013, restructuring charges were €208 million (compared to €273 million in 2012) and included €114 million incurred by UMG (compared to €79 million in 2012) and €93 million incurred by SFR (compared to €187 million in 2012). In 2013, transition costs incurred by Canal+ Group and UMG amounted to €50 million (of which €43 million related to "n" and €7 million related to D8/D17, compared to €11 million in 2012) and €27 million (compared to €19 million in 2012), respectively. Moreover, in 2012, other operating charges included the €66 million fine ordered against SFR by the French Competition Authority in December 2012.

EBITA was €2,433 million, compared to €3,163 million in 2012, a €730 million decrease (-23.1%, or -20.6% 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 €462 million, compared to €436 million in 2012, a €26 million increase (+6.0%), mainly related to the amortization of music rights and catalogs acquired by Universal Music Group from EMI Recorded Music on September 28, 2012.

Impairment losses on intangible assets acquired through business combinations amounted to €2,437 million, compared to €760 million in 2012. In 2013, they reflected the impairment of SFR's goodwill (€2,431 million). In 2012, they related to the impairment of Canal+ France's goodwill (€665 million) and certain goodwill and music catalogs of Universal Music Group (€94 million).

As of December 31, 2012, based on the verdict rendered on June 25, 2012 in relation to **the Liberty Media Corporation litigation in the United States**, which was confirmed by the court in New York on January 9, 2013 and entered into the record by the judge on January 17, 2013, Vivendi accrued a reserve for the full amount of the judgment (€945 million), representing €765 million in damages and €180 million in pre-judgment interest covering the period from December 16, 2001 to January 17, 2013, at the rate of one-year US Treasury notes. As of December 31, 2013, this €945 million reserve as well as the €100 million reserve recognized at year-end 2010 in relation to the Securities Class Action in the United States were unchanged. Please refer to Note 28 to the Consolidated Financial Statements for the year ended December 31, 2013.

(1) For the details of adjusted net income per share, please refer to Appendix 1 to this Financial Report.

Other income amounted to €88 million, compared to €19 million in 2012. In 2013, it notably included the gain related to Universal Music Group's 2.8% interest dilution in Vevo (€18 million).

Other charges amounted to €57 million, compared to €236 million in 2012. In 2012, they mainly included the €119 million impairment loss on Canal+ Group's interest in N-Vision in Poland and €63 million in acquisition costs (EMI Recorded Music, and the strategic partnership in Poland).

EBIT was a €435 million loss, compared to a €805 million gain in 2012, an unfavorable change of €1,240 million, mainly reflecting the decrease in 2013 EBITA (-€730 million), as well as the impairment of SFR's goodwill (€2,431 million) as of December 31, 2013, partially offset by the reserve accrual in relation to the Liberty Media Corporation litigation in the United States (€945 million) and the impairment of Canal+ France's goodwill (€665 million) as of December 31, 2012.

Income from equity affiliates was a €33 million charge, compared to a €38 million charge in 2012.

Interest was an expense of €528 million, compared to €544 million in 2012, a €16 million decrease (-2.9%).

In 2013, interest expense on borrowings amounted to €553 million, compared to €572 million in 2012. This change was mainly attributable to the decrease in the average interest rate on borrowings to 3.38% (compared to 3.46% in 2012) and to the stability in the average outstanding borrowings of €16.3 billion in 2013 (compared to €16.5 billion in 2012). Indeed, the impact on the average outstanding borrowings of the sales of Activision Blizzard on October 11, 2013 (€6 billion) and of Parlophone Label Group on July 1, 2013 (€0.7 billion), was offset by the impact of the acquisitions of EMI Recorded Music on September 28, 2012 (€1.4 billion) and of Lagardère's interest in Canal+ France on November 5, 2013 (€1 billion).

Interest income earned on cash and cash equivalents amounted to €25 million, compared to €28 million in 2012, a €3 million decrease.

Income from investments amounted to €67 million, compared to €7 million in 2012. It included interest and dividends received from unconsolidated companies, notably including a €54 million dividend received by UMG from Beats in 2013.

Other financial charges and income amounted to a net charge of €510 million, compared to a net charge of €167 million in 2012. They mainly included premiums and costs related to the early bond redemptions made during the fourth quarter of 2013 following the sale of the majority of Vivendi's interest in Activision Blizzard (-€207 million) as well as the -€186 million foreign exchange loss (compared to a €76 million foreign exchange loss in 2012) on GVT's intercompany euro loan from Vivendi, due to the decline in value of the Brazilian Real. Please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2013.

Income taxes reported to adjusted net income was a net charge of €282 million, compared to a net charge of €766 million in 2012, a €484 million decrease. This change mainly reflected the impact of the decline in the group's business segments' taxable income (+€199 million), primarily due to SFR, the favorable impact of certain non-recurring items (+€149 million), which reflected the change, during the period, in the assessment of risks related to previous years' income taxes, and the increase in current tax savings related to Vivendi SA's Tax Group System (+€50 million), primarily related to Canal+ Group. The effective tax rate reported to adjusted net income was 14.3%, compared to 29.2% in 2012. Excluding the favorable impact of certain non-recurring items, the effective tax rate on adjusted net income was 20.8% in 2013 (compared to 28.3% in 2012).

In addition, **provision for income taxes** was a net charge of €417 million, compared to a net charge of €604 million in 2012, a €187 million decrease. In addition to the factors explaining the decrease in income taxes reported to adjusted net income, this change reflected the additional contribution of 3% on Vivendi SA's dividend for fiscal year 2012 (€40 million) as well as the change in deferred tax savings related to Vivendi SA's Tax Group System, which was a €161 million charge in 2013 (compared to a €48 million charge in 2012).

Earnings from discontinued operations (before non-controlling interests) amounted to €4,635 million, compared to €1,505 million in 2012. In 2013, it included the capital gain on the divestiture of Activision Blizzard on October 11, 2013 (€2,915 million) and the change in value, since that date, of the 83 million Activision Blizzard shares still owned by Vivendi as of December 31, 2013 (gain of €245 million). Moreover, earnings from discontinued operations included Activision Blizzard's earnings until the effective date of divestiture (€692 million, compared to €873 million in 2012), as well as Maroc Telecom Group's earnings (€783 million in 2013, compared to €632 million in 2012). In 2013, these earnings also took into account the discontinuation of the amortization of tangible and intangible assets of these two businesses since July 1, 2013, in accordance with accounting standards (+€270 million impact in 2013). Please refer to Note 7 to the Consolidated Financial Statements for the year ended December 31, 2013.

Earnings attributable to non-controlling interests amounted to €812 million, compared to €785 million in 2012, a €27 million increase (+3.4%). It primarily included Maroc Telecom Group's non-controlling interests (€435 million in 2013, compared to €335 million in 2012) and Activision Blizzard's non-controlling interests (€269 million from January 1, 2013 to October 11, 2013, compared to €337 million in 2012).

Adjusted net income attributable to non-controlling interests amounted to €117 million, unchanged compared to December 31, 2012, and primarily included Lagardère's non-controlling interest in Canal+ Group until November 5, 2013.

In 2013, **earnings attributable to Vivendi SA shareowners** amounted to €1,967 million (or €1.48 per share), compared to €179 million (or €0.14 per share) in 2012, a €1,788 million increase. This change mainly reflected in 2013, the capital gain on the divestiture of Activision Blizzard (€2,915 million), partially offset by the impairment of SFR's goodwill (-€2,431 million), and in 2012, the reserve accrual in relation to the Liberty Media Corporation litigation in the United States (-€945 million) and the impairment of Canal+ France's goodwill (-€665 million).

The reconciliation of earnings attributable to Vivendi SA shareowners to adjusted net income is further described in Appendix 1 to this Financial Report. In 2013, this reconciliation primarily included the capital gain on the divestiture of Activision Blizzard (+€2,915 million), the change in value of the 83 million shares in Activision Blizzard still owned by Vivendi as of December 31, 2013 (gain of €245 million), Activision Blizzard's earnings until October 11, 2013 (+€423 million, after non-controlling interests) and Maroc Telecom Group's earnings in 2013 (+€348 million, after non-controlling interests), offset by the impairment of SFR's goodwill (-€2,431 million), the amortization and impairment of intangible assets acquired through business combinations (-€320 million, after taxes), as well as other financial charges, net (-€510 million). In 2012, this reconciliation primarily included earnings from Activision Blizzard and Maroc Telecom Group (+€833 million, after non-controlling interests), the reserve accrual in relation to the Liberty Media Corporation litigation in the United States (-€945 million), the impairment of Canal+ France's goodwill (-€665 million), and amortization and impairment losses on intangible assets acquired through business combinations (-€388 million, after taxes).

SECTION 3 Cash flow from operations analysis

PRELIMINARY COMMENTS

- 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.
- As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Cash Flows as discontinued operations. In practice, cash flows from these two businesses have been reported as follows:
  - their contribution until the effective sale, if any, to each line of Vivendi's Consolidated Statement of Cash Flows has been grouped under the line "Cash flows from discontinued operations";
  - in accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information; and
  - their cash flow from operations (CFFO), cash flow from operations before capital expenditures, net (CFFO before capex, net), and cash flow from operations after interest and income taxes (CFAIT) have been excluded from Vivendi's CFFO, CFFO before capex, net, and CFAIT.

In 2013, cash flow from operations (CFFO) generated by business segments was €1,453 million (compared to €1,213 million in 2012), an improvement of €240 million (+19.8%). In 2012, capital expenditures notably included the acquisition by SFR of 4G mobile spectrum for €1,065 million. Excluding this impact, CFFO decreased by €825 million (-36.2%).

In 2013, cash flow from operations before capital expenditures (CFFO before capex, net) generated by business segments amounted to €4,077 million (compared to €5,189 million in 2012), a €1,112 million decrease. This change reflected a decrease in EBITDA after changes in net working capital (-€999 million), primarily related to SFR's decrease. It also reflected the increase in restructuring charges paid by SFR (+€150 million) and UMG (+€25 million), partially offset by the dividends paid by Beats to UMG (€54 million).

In 2013, capital expenditures, net amounted to €2,624 million (compared to €3,976 million in 2012), a €1,352 million decrease, notably attributable to the acquisition by SFR in January 2012 of 4G mobile spectrum for €1,065 million. Excluding this impact, capital expenditures, net decreased by €287 million.

Cash payments for financial activities amounted to €877 million (compared to €640 million in 2012), a €237 million increase. This change was primarily due to the premiums paid (€182 million) and foreign exchange losses incurred (€34 million) in relation to the early redemption of bonds (euro-denominated and US dollar-denominated bonds) for an aggregate amount of €3 billion, following the sale of 88% of its interest in Activision Blizzard on October 11, 2013. In 2012, cash payments for financial activities notably included a €78 million foreign exchange loss attributable to the redemption in April 2012 of a $700 million bond. Moreover, cash payments for financial activities included interest paid, net of €528 million (compared to €544 million in 2012), a €16 million decrease.

Income taxes paid amounted to €197 million (compared to €353 million in 2012), a €156 million decrease, reflecting the decrease in the amount of income tax installments paid by the group's entities (-€491 million), partially offset by lower refunds received as part of Vivendi's SA's tax group System (€201 million received in 2013, compared to €530 million received in 2012). In 2013, the amount of taxes paid included the new additional contribution of 3% on the dividend paid by Vivendi SA (€40 million).

Therefore, in 2013, cash flow from operations after interest and income taxes paid (CFAIT) amounted to €379 million (compared to €220 million in 2012), a €159 million increase.

	Year ended December 31,			
(in millions of euros)	2013	2012 (a)	€ Change	% Change
Revenues	22,135	22,577	-442	-2.0%
Operating expenses excluding depreciation and amortization	(17,207)	(17,027)	-180	-1.1%
***EBITDA* (b)**	***4,928***	***5,550***	***-622***	***-11.2%***
Restructuring charges paid	(282)	(114)	-168	x 2.5
Content investments, net	(148)	(145)	-3	-2.1%
of which film and television rights, net at Canal+ Group				
Acquisition of film and television rights	*(869)*	*(760)*	*-109*	*-14.3%*
Consumption of film and television rights	*743*	*703*	*+40*	*+5.7%*
	(126)	*(57)*	*-69*	*x 2.2*
of which sports rights, net at Canal+ Group				
Acquisition of sports rights	*(714)*	*(654)*	*-60*	*-9.2%*
Consumption of sports rights	*759*	*672*	*+87*	*+12.9%*
	45	*18*	*+27*	*x 2.5*
of which payments to artists and repertoire owners, net at UMG				
Payments to artists and repertoire owners	*(599)*	*(647)*	*+48*	*+7.4%*
Recoupment of advances and other movements	*561*	*603*	*-42*	*-7.0%*
	(38)	*(44)*	*+6*	*+13.6%*
Neutralization of change in provisions included in EBITDA	(90)	(144)	+54	+37.5%
Other cash operating items excluded from EBITDA	(80)	(31)	-49	x 2.6
Other changes in net working capital	(308)	69	-377	na
***Net cash provided by operating activities before income tax paid* (c)**	***4,020***	***5,185***	***-1,165***	***-22.5%***
Dividends received from equity affiliates **(d)**	3	3	-	-
Dividends received from unconsolidated companies **(d)**	54	1	+53	x 54.0
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	**4,077**	**5,189**	**-1,112**	**-21.4%**
Capital expenditures, net (capex, net) **(e)**	(2,624)	(3,976)	+1,352	+34.0%
of which GVT	*(769)*	*(947)*	*+178*	*+18.8%*
SFR **(g)**	*(1,610)*	*(2,736)*	*+1,126*	*+41.2%*
Cash flow from operations (CFFO)	**1,453**	**1,213**	**+240**	**+19.8%**
Interest paid, net **(f)**	(528)	(544)	+16	+2.9%
Other cash items related to financial activities **(f)**	(349)	(96)	-253	x 3.6
of which gains/(losses) on currency transactions	*(143)*	*(50)*	*-93*	*x 2.9*
fees and premium on borrowings issued/redeemed and early unwinding of hedging derivative instruments	*(194)*	*(9)*	*-185*	*x 21.6*
Financial activities cash payments	***(877)***	***(640)***	***-237***	***-37.0%***
Payment received from the French State Treasury as part of the Vivendi SA's French Tax Group and Consolidated Global Profit Tax Systems	201	536	-335	-62.5%
Other taxes paid	(398)	(889)	+491	+55.2%
***Income tax (paid)/received, net* (c)**	***(197)***	***(353)***	***+156***	***+44.2%***
Cash flow from operations after interest and income tax paid (CFAIT)	**379**	**220**	**+159**	**+72.3%**

na: not applicable.

(a) Data published with respect to fiscal year 2012 has been adjusted following the application of IFRS 5 (please refer to the preliminary comments above) and amended IAS 19.

(b) EBITDA, a non-GAAP measure, is described in Section 4 of this Financial Report.

(c) As presented in net cash provided by operating activities of continuing operations in the Financial Net Debt changes table (please refer to Section 5.3).

(d) As presented in net cash provided by/(used for) investing activities of continuing operations in the Financial Net Debt changes table (please refer to Section 5.3).

(e) Relates to cash used for capital expenditures, net of proceeds from property, plant and equipment, and intangible assets as presented in the investing activities of continuing operations in the Financial Net Debt changes table (please refer to Section 5.3).

(f) As presented in net cash provided by/(used for) financing activities of continuing operations in the Financial Net Debt changes table (please refer to Section 5.3).

(g) In 2012, SFR's capital expenditures notably included the acquisition of 4G spectrum for €1,065 million in January 2012.

SECTION 4 Business segment performance analysis

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 the non-GAAP measures EBITA (Adjusted Earnings Before Interest and Income Taxes) and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):
  - the difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangibles acquired through business combinations, and EBIT's "other charges" and "other income" as defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2013; and
  - 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 operating segment – Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2013).

  Moreover, it should be noted that other companies may define and calculate EBITA and EBITDA differently from Vivendi, thereby affecting comparability.
- As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings as discontinued operations. In practice, income and charges from these two businesses have been reported as follows:
  - their contribution until the effective sale, if any, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations";
  - in accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information; and
  - their share of net income has been excluded from Vivendi's adjusted net income.
- Data presented below also takes into account the consolidation of the following entities as from the indicated dates:
  - at Canal+ Group: D8 and D17 (September 27, 2012) and "n" (November 30, 2012); and
  - at Universal Music Group: EMI Recorded Music (September 28, 2012).
- Moreover, as of January 1, 2013, Vivendi applied, with retrospective effect from January 1, 2012, amended IAS 19, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1 to the Consolidated Financial Statements for the year ended December 31, 2013). As a result, the 2012 Financial Statements, notably EBITA, were adjusted in accordance with the new standard.

Please refer to Appendix 1 of this Financial Report for a presentation of the adjustments made to previously published data.

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

	Year ended December 31,			
(in millions of euros)	2013	2012	% Change	% Change at constant rate
Revenues				
Canal+ Group	5,311	5,013	+5.9%	+6.2%
Universal Music Group	4,886	4,544	+7.5%	+12.8%
GVT	1,709	1,716	-0.4%	+13.1%
Other	72	66	+9.1%	+13.7%
Elimination of intersegment transactions	(17)	(26)	na	na
Media & Content	**11,961**	**11,313**	**+5.7%**	**+10.1%**
SFR	10,199	11,288	-9.6%	-9.6%
Elimination of intersegment transactions related to SFR	(25)	(24)	na	na
Total Vivendi	**22,135**	**22,577**	**-2.0%**	**+0.2%**
EBITA				
Canal+ Group	611	663	-7.8%	-7.9%
Universal Music Group	511	526	-2.9%	+1.4%
GVT	405	488	-17.0%	-5.7%
Other	(80)	(14)	x 5.7	x 5.6
Holding & Corporate	(87)	(100)	+13.0%	+12.7%
Media & Content	**1,360**	**1,563**	**-13.0%**	**-8.0%**
SFR	1,073	1,600	-32.9%	-32.9%
Total Vivendi	**2,433**	**3,163**	**-23.1%**	**-20.6%**

	Year ended December 31,		
(in millions of euros)	2013	2012	% Change
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)			
Canal+ Group	689	706	-2.4%
Universal Music Group	611	528	+15.7%
GVT	678	621	+9.2%
Other	(72)	(2)	x 36.0
Holding & Corporate	(89)	(93)	+4.3%
Media & Content	**1,817**	**1,760**	**+3.2%**
SFR	2,260	3,429	-34.1%
Total Vivendi	**4,077**	**5,189**	**-21.4%**
Cash flow from operations (CFFO)			
Canal+ Group	478	476	+0.4%
Universal Music Group	585	472	+23.9%
GVT	(91)	(326)	+72.1%
Other	(80)	(8)	x 10.0
Holding & Corporate	(89)	(94)	+5.3%
Media & Content	**803**	**520**	**+54.4%**
SFR	650	693	-6.2%
Total Vivendi	**1,453**	**1,213**	**+19.8%**

na: not applicable.

4.2. Comments on the operating performance of business segments

4.2.1. Canal+ Group

	Year ended December 31,			
(in millions of euros)	2013	2012	% Change	% Change at constant rate
Pay-TV in Mainland France	3,544	3,593	-1.4%	-1.4%
International Pay-TV (a)	1,122	890	+26.1%	+27.1%
Free-to-air TV in France (b)	172	64	x 2.7	x 2.7
Studiocanal	473	466	+1.5%	+2.9%
Total Revenues	**5,311**	**5,013**	**+5.9%**	**+6.2%**
EBITDA	**905**	**940**	**-3.7%**	**-3.6%**
EBITA	**611**	**663**	**-7.8%**	**-7.9%**
Transition costs	(50)	(11)		
EBITA excluding transition costs	**661**	**674**	**-1.9%**	**-2.0%**
Cash flow from operations (CFFO)	478	476	+0.4%	
Cash flow from operations (CFFO) excluding transition costs	528	499	+5.8%	
Subscriptions (in thousands)				
Pay-TV in Mainland France (c)	9,534	9,719	-185	
International Pay-TV	5,137	4,735	+402	
Total Canal+ Group	**14,671**	**14,454**	**+217**	
Individual subscribers (in thousands)				
Pay-TV in Mainland France	6,091	6,117	-26	
International Pay-TV	4,352	4,077	+275	
Total Canal+ Group	**10,443**	**10,194**	**+249**	
Churn, per individual subscriber with commitment (Mainland France)	14.9%	13.8%	+1.1 pt	
Net ARPU, in euros per individual subscriber with commitment (Mainland France)	44.2	43.2	+2.3%	

(a) Relates to pay-TV operations in French overseas territories, Africa, Vietnam, and Poland (whose "n" platform has been consolidated since November 30, 2012).

(b) Includes the free-to-air channels D8 and D17, consolidated since September 27, 2012, as well as i>Télé and advertising activities outside of the group's scope.

(c) Includes individual and collective subscriptions with commitment and without commitment (Canal, Canalsat and Canalplay).

Revenues and EBITA

Canal+ Group's revenues were €5,311 million, a 5.9% increase (-0.5% at constant perimeter and currency) year-on-year. This growth was primarily driven by the development of pay-TV operations outside of France, notably in Africa and Poland, and by the acquisition and successful re-launch of the free-to-air channels D8 and D17.

At the end of December 2013, Canal+ Group reached 10.4 million individual subscribers (+249,000 year-on-year) for a total of 14.7 million subscriptions. This growth was due to strong performance in overseas countries, where total individual subscribers reached 4.4 million (+275,000 compared to year-end 2012). In mainland France, total individual subscribers remained almost stable at 6.1 million despite a challenging economic and competitive environment. Net average revenue per individual subscriber in mainland France continued to grow, reaching €44.2, compared to €43.2 in 2012.

Free-to-air TV operations strongly contributed to revenue growth, thanks to the integration of D8 and D17. In December 2013, these channels had aggregated an audience share of 4.7%, including 3.4% for D8, which only a year after its re-launch, regularly ranks as the fifth national channel in France.

Studiocanal's revenues increased due to the development of TV sales and international rights (in particular *Non-Stop* by Jaume Collet-Serra and *Hunger Games 2* in Germany). In 2013, Studiocanal supported major productions including the Coen brothers' film *Inside Llewyn Davis*, winner of the Grand Prix du Jury at Cannes in 2013, and the series *Crossing Lines*, which is notably broadcast in the United States, Canada, France, and Italy. In order to strengthen its position in TV series production, Studiocanal acquired 60% of the British company Red in 2013.

Excluding transition costs related to D8, D17 and the new operations in Poland, Canal+ Group's EBITA was €661 million, down 1.9% compared to 2012. This change was due to lower advertising revenues on pay-TV channels and higher programming costs due to an increase in exclusive content. Including costs related to the integration of D8, D17 and the new operations in Poland, EBITA was €611 million. D8 and D17 achieved breakeven in the fourth quarter of 2013.

On January 14, 2014, the French rugby league (LNR) awarded Canal+ Group exclusive broadcasting rights for the TOP 14 French rugby championship for five new seasons (2014/2015 to 2018/2019). These rights cover all TOP 14 games, across all platforms and in all territories. They complete the portfolio of major sports rights already owned by Canal+ Group, in particular the best French and European football (two live games on every Ligue 1, match day and the top pick on every Champions League day, and the full English Premier League) and the Formula 1 world championship.

Moreover, the quality of Original Creations, in the heart of Canal+ programming, has been recognized again. In 2013, the series *Les Revenants* was given the best drama series award at the International Emmy Awards and *Maison Close* received the award for best French series at the Television Festival of Monte-Carlo.

Cash flow from operations (CFFO)

Canal+ Group's cash flow from operations amounted to €478 million, compared to €476 million in 2012. The unfavorable change in EBITDA after changes in net working capital and the transition costs paid were offset by the decrease in content investments, net (notably at Studiocanal) and capital expenditures, net.

4.2.2. Universal Music Group (UMG)

	Year ended December 31,			
(in millions of euros)	2013	2012	% Change	% Change at constant rate
Physical sales	*1,665*	*1,756*	*-5.2%*	*+1.1%*
Digital sales	*1,705*	*1,365*	*+24.9%*	*+30.1%*
License and other	*622*	*561*	*+10.9%*	*+15.5%*
Recorded music	3,992	(a) 3,682	+8.4%	+14.1%
Music publishing	655	661	-0.9%	+3.0%
Merchandising and other	273	235	+16.2%	+20.3%
Elimination of intersegment transactions	(34)	(33)	na	na
Total Revenues	**4,886**	**4,544**	**+7.5%**	**+12.8%**
EBITDA	**714**	**675**	**+5.8%**	**+10.9%**
EBITA	**511**	**(a) 526**	**-2.9%**	**+1.4%**
Restructuring and integration costs	(141)	(98)	-43.9%	
EBITA excluding restructuring and integration costs	**652**	**624**	**+4.5%**	**+9.5%**
Cash flow from operations (CFFO)	**585**	**472**	**+23.9%**	
Recorded music revenues by geographical area				
Europe	40%	40%		
North America	40%	37%		
Asia	12%	15%		
Rest of the world	8%	8%		
	100%	**100%**		

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

Artist – Title	2013	Artist – Title	2012
Eminem - *The Marshall Mathers LP 2*	3.8	Taylor Swift - *Red*	5.1
Katy Perry - *Prism*	2.9	Justin Bieber - *Believe*	2.9
Imagine Dragons - *Night Visions*	2.4	Lana Del Rey - *Born To Die*	2.7
Lady GaGa - *Artpop*	2.3	Rod Stewart - *Merry Christmas, Baby*	2.6
Drake - *Nothing Was The Same*	2.1	Rihanna - *Unapologetic*	2.3
Luke Bryan - *Crash My Party*	1.8	Maroon 5 - *Overexposed*	2.2
Stromae - *Racine Carrée*	1.8	Emeli Sande - *Our Version of Events*	2.0
Robbie Williams - *Swing Both Ways*	1.6	Madonna - *MDNA*	1.7
Justin Bieber - *Believe*	1.6	Gotye - *Making Mirrors*	1.7
Lorde - *Pure Heroine*	1.5	Lionel Richie - *Tuskegee*	1.5
Total	**21.8**	**Total**	**24.7**

na: not applicable.

(a) Includes revenues and EBITA of EMI Recorded Music (retained businesses) consolidated since September 28, 2012.

Revenues and EBITA

Universal Music Group (UMG) revenues were €4,886 million, up 12.8% at constant currency compared to 2012 (+7.5% at actual currency). At constant currency, excluding EMI recorded music, revenues were in line with the prior year, as the decline in physical sales was offset by the growth in digital and other revenues, with subscription and streaming revenue increasing by approximately 75% over the prior year. For the first time in 2013, yearly digital sales exceeded physical sales.

Recorded music best sellers for 2013 included Eminem, Katy Perry, Imagine Dragons, Lady Gaga, Drake, Robin Thicke as well as French-language artist, Stromae. The Company's commercial and creative success set many records over the course of the year, including UMG becoming the first company to achieve all ten of the Top 10 songs on the US charts and nine of the Top 10 albums in the US. In addition, UMG signed new agreements with leading labels including Disney Music Group, Glassnote Entertainment and Roc Nation, as well legendary artists including Neil Diamond, Queen, The Rolling Stones and Frank Sinatra.

UMG's EBITA of €511 million was up 1.4% at constant currency (-2.9% at actual currency) compared to 2012. Excluding restructuring and integration costs, and at constant currency, EBITA was up 9.5% compared to 2012, due to revenue growth and cost management efforts.

UMG achieved this performance despite a very difficult industry environment in Japan, the world's second largest music market.

The Company's integration of EMI remains on track to deliver the previously disclosed synergies of more than £100 million by the end of 2014.

Cash flow from operations (CFFO)

UMG's cash flow from operations amounted to €585 million (compared to €472 million in 2012), a €113 million increase compared to 2012. This included UMG's operating performances (EBITDA after changes in net working capital increased by €117 million), the exceptional dividends received by UMG from Beats (€54 million) and property disposals (€27 million).

4.2.3. GVT

	Year ended December 31,			
(in millions of euros, except for margins)	2013	2012 (a)	% Change	% Change at constant rate
Telecoms	*1,382*	*1,434*	*-3.6%*	*+9.4%*
Pay-TV	*174*	*83*	*x 2.1*	*x 2.4*
Retail and SME	1,556	1,517	+2.6%	+16.4%
Corporate and wholesale	153	199	-23.1%	-12.3%
Total Revenues	**1,709**	**1,716**	**-0.4%**	**+13.1%**
EBITDA	**707**	**740**	**-4.5%**	**+8.7%**
EBITDA margin rate (%)	*41.4%*	*43.1%*	*-1.7 pt*	
EBITA	**405**	**488**	**-17.0%**	**-5.7%**
Capital expenditures, net (capex net)	**769**	**947**	**-18.8%**	
Cash flow from operations (CFFO)	**(91)**	**(326)**	**+72.1%**	

	Year ended December 31,		
	2013	2012 (a)	% Change
Revenues (IFRS, in millions of BRL)			
Retail and SME	4,427	3,804	+16.4%
Corporate and wholesale	435	496	-12.3%
Total	**4,862**	**4,300**	**+13.1%**
Number of covered cities	**150**	**139**	**+11**
Retail and SME			
Revenue Generating Units (in thousands)			
Voice	*3,934*	*3,489*	*+12.8%*
Broadband Internet	*2,621*	*2,239*	*+17.1%*
Proportion of offers ≥ 10 Mbps	*86%*	*80%*	*+6 pts*
Total Telecoms	6,555	5,728	+14.4%
Pay-TV	643	406	+58.4%
Total	**7,198**	**6,134**	**+17.3%**
Net New Additions (in thousands)			
Voice	*445*	*660*	*-32.6%*
Broadband Internet	*382*	*515*	*-25.8%*
Total Telecoms	827	1,175	-29.6%
Pay-TV	237	374	-36.6%
Total	**1,064**	**1,549**	**-31.3%**
ARPU (BRL/month)			
Voice	58.6	63.5	-7.7%
Broadband Internet	49.2	51.5	-4.5%
Pay-TV	78.7	77.2	+1.9%

(a) In 2013, GVT changed the presentation of revenues: due to a new segmentation, some Corporate clients were re-classified as SME during the third quarter of 2013. 2012 amounts were amended to ensure consistency of information presented.

Revenues and EBITA

GVT's revenues increased by 13.1% at constant currency (-0.4% at actual currency) compared to 2012, reaching €1,709 million. This performance was achieved in a highly competitive environment and a strong slowdown in the Brazilian economy. At year-end 2013, GVT services covered 150 cities, compared to 139 cities one year earlier.

GVT's pay-TV service performed well and generated revenues of €174 million, around 10% of GVT's revenues. The number of subscribers reached about 643,000 at the end of 2013 (+58.4% year-on-year), representing a 24.6% penetration rate among GVT's broadband customer base. In addition to hybrid technology (satellite and IPTV), GVT launched an offer providing pay-TV service via satellite only.

The quality of the GVT offers continued to receive several accolades. The Company was ranked by Info Exame magazine as the operator delivering the best broadband service in Brazil for the fifth consecutive year. It also offers the highest average broadband speed to its customers (13.4 Mbps, compared to the Brazilian average of 2.7 Mbps), according the Akamai Institute.

GVT's EBITDA reached €707 million, an 8.7% increase at constant currency (-4.5% at actual currency) compared to 2012. EBITDA margin reached 41.4%, which is the highest margin in the Brazilian telecom operators market.

GVT's EBITA was €405 million, a 5.7% decrease at constant currency (-17.0% at actual currency) compared to 2012. This change was due to increased depreciation expenses attributed to the development of pay-TV and continued high capital expenditure to support its growth.

In 2013, EBITDA-Capex was close to breakeven for the full year, and became positive in the second half of the year thanks to a strong performance in the telecom activities.

Cash flow from operations (CFFO)

GVT's cash flow from operations amounted to -€91 million (compared to -€326 million in 2012), a €235 million increase. This change reflected the growth in EBITDA after changes in net working capital (+€52 million) as well as a decrease in capital expenditures (€769 million, compared to €947 million in 2012). Cash flow from operations before capital expenditures (CFFO before capex, net) increased by 9.2% in 2013, to €678 million.

4.2.4. SFR

(in millions of euros)	Year ended December 31, 2013	2012	% Change
Retail	6,873	7,974	-13.8%
B2B	1,789	1,871	-4.4%
Wholesale and other (a)	1,537	1,443	+6.5%
Total Revenues	**10,199**	**11,288**	**-9.6%**
EBITDA	**2,766**	**3,299**	**-16.2%**
EBITA	**1,073**	**1,600**	**-32.9%**
Restructuring costs	(93)	(187)	+50.3%
EBITA excluding restructuring costs	**1,166**	**1,787**	**-34.8%**
Capital expenditures, net (capex net) (b)	**1,610**	**2,736**	**-41.2%**
of which acquisitions of mobile spectrum	*-*	*1,065*	*-100.0%*
capital expenditures, net excluding acquisitions of mobile spectrum	*1,610*	*1,671*	*-3.7%*
Cash flow from operations (CFFO)	**650**	**693**	**-6.2%**
of which acquisitions of mobile spectrum	*-*	*(1,065)*	*+100.0%*
cash flow from operations excluding acquisitions of mobile spectrum	*650*	*1,758*	*-63.0%*
SFR Group			
Number of Mobile customers (in thousands) (c)	21,354	20,690	+3.2%
Acquisition cost (in millions of euros)	430	497	-67
Retention cost (in millions of euros)	541	634	-93
Number of Internet customers (in thousands)	5,257	5,075	+3.6%
Retail market (d)			
Number of Mobile customers (in thousands) (c)	14,555	15,057	-3.3%
Number of Mobile postpaid customers (in thousands) (c)	11,381	11,194	+1.7%
Smartphone penetration (in % of customers)	64%	51%	+13 pts
12-month rolling Mobile ARPU (in euros/month)	24.1	28.3	-15.0%
Number of Broadband Internet customers (in thousands) (d)	5,209	5,039	+3.4%
12-month rolling Broadband Internet ARPU (in euros/month)	32.5	33.3	-2.6%

(a) Relates to wholesale operators, SRR (a SFR subsidiary in Reunion Island) as well as the elimination of inter-company flows.

(b) Relates to net cash outflows in relation to acquisitions and disposals of tangible and intangible assets.

(c) The customer base as of December 31, 2013 includes the Retail billing system migration in the fourth quarter of 2013 of 92,000 inactive customers pursuant to a technical purge (no impact on revenues). The customer base as of December 31, 2012 relates to published data (before the technical purge).

(d) Relates to the Metropolitan market, excluding SRR.

Revenues and EBITA

SFR's revenues were €10,199 million, a 9.6% decrease compared to 2012, due to the impact of price cuts in response to the competitive environment and to tariff cuts imposed by the regulators [(1)]. Excluding the impact of the tariff cuts imposed by the regulators, revenues decreased by 7.2%.

In 2013, SFR's total mobile customer base increased by 756,000 [(2)] net additions since December 31, 2012 and reached 21.354 million [(2)]. At the end of December 2013, the broadband Internet residential customer base increased by 182,000 net additions to 5.257 million.

Retail [(3)] revenues amounted to €6,873 million, down 13.8% compared to 2012.

Within the Mobile Retail market [(3)], SFR's postpaid customer base increased by 279,000 [(2)] net additions in 2013. At the end of December, SFR's postpaid mobile customer base reached 11.381 million, a 2.5% [(2)] increase compared to end December 2012. In the Retail Postpaid customer market, in the fourth quarter, SFR recorded its best net sales performance since the fourth quarter of 2011, and its best December in three years. SFR's total (postpaid and prepaid) Mobile Retail customer base reached 14.555 million. Mobile Internet usage continued to improve, with 64% of SFR Retail customers equipped with a smartphone (51% at end December 2012).

One year after having launched 4G, SFR covers more than 40% of the population representing 1,200 cities, with more than 1 million customers at year-end. SFR also covers over 70% of the population in Dual Carrier.

Within the Fixed Retail market [(3)], the broadband Internet residential customer base in mainland France reached 5.209 million at the end of December 2013, with 170,000 net additions since December 31, 2012, and an acceleration of fiber recruitments. The "Multi-Pack de SFR" offer attracted 2.355 million subscribers at the end of December 2013, representing 45% of the broadband Internet customer base.

In a challenging macroeconomic environment, B2B [(4)] revenues amounted to €1,789 million, down 4.4%.

On February 13, 2014, Vivendi announced it had entered into exclusive negotiations with Belgacom Group to acquire 100% of the shares of Telindus France Group. Telindus Group is a leader on the French market of telecommunication integration and operations of ICT (Information and Communication Technologies) infrastructures, and the first Cisco distributor in France. Telindus France would further strengthen Vivendi's Telecoms Division, sitting alongside the SFR group. SFR will thus substantially expand its presence on the related market of telecommunication integration and will provide new services to its corporate customers in addition to those offered by the SFR Business Team.

Wholesale and other [(5)] revenues amounted to €1,537 million, a 6.5% increase year-on-year, mainly due to growth on Wholesale activity.

SFR's EBITDA amounted to €2,766 million, a 16.2% decrease compared to 2012 (excluding non-recurring items [(6)], EBITDA decreased by 16.5%).

SFR continues to implement its transformation plan. Since the end of 2011, operating expenditures, both fixed and variable, have decreased by more than €1 billion (excluding non-recurring items [(6)]).

Cash flow from operations (CFFO)

SFR's cash flow from operations amounted to €650 million, a 6.2% decrease compared to 2012. In 2012, it notably included the impact of the acquisition of mobile spectrum for €1,065 million. Excluding this impact, cash flow from operations amounted to €1,108 million (-63.0%), primarily due to the decrease in EBITDA after changes in net working capital (-€992 million) and the increase in restructuring charges paid (-€150 million).

(1) Tariff cuts imposed by regulatory decision:
- *i) 33% decrease in mobile voice termination regulated price on July 1, 2012 and a further 20% decrease on January 1, 2013;*
- *ii) 33% decrease in SMS termination regulated price on July 1, 2012;*
- *iii) roaming tariff cuts on July 1, 2012 and on July 1, 2013; and*
- *iv) 50% decrease in fixed voice termination regulated price on July 1, 2012 and a further 47% decrease on January 1, 2013.*

(2) Following a Retail billing system migration, 92,000 inactive customers were excluded from the final customer base (no impact on revenues).

(3) Metropolitan market, all brands combined.

(4) Metropolitan market, SFR Business Team brand.

(5) Mainly Wholesale revenues, SRR (SFR's subsidiary in La Réunion) revenues, and elimination of intersegment operations.

(6) +€51 million in the third quarter of 2012, and -€66 million in the fourth quarter of 2012.

4.2.5. Other operations of the group

(in millions of euros)	Year ended December 31, 2013	2012
Other operations	72	66
Elimination of intersegment transactions	(42)	(50)
Total Revenues	**30**	**16**
EBITA	(80)	(14)
Cash flow from operations (CFFO)	(80)	(8)

Revenues and EBITA

Revenues from other operations of the group amounted to €72 million, a €6 million increase. It included revenues from Digitick (€13 million compared to €11 million in 2012), See Tickets (€31 million compared to €33 million in 2012), Watchever (€12 million, compared to €8 million in 2012), and Wengo (€16 million, compared to €13 million in 2012).

EBITA from other operations of the group amounted to -€80 million, compared to -€14 million in 2012.

Cash flow from operations (CFFO)

Cash flow from operations from other operations of the group amounted to -€80 million, compared to -€8 million in 2012. This change was mainly related to the change in EBITA.

4.2.6. Holding & Corporate

(in millions of euros)	Year ended December 31, 2013	2012
EBITA	(87)	(100)
Cash flow from operations (CFFO)	(89)	(94)

EBITA

Holding & Corporate's EBITA was -€87 million (compared to -€100 million in 2012), a €13 million increase, primarily related to the decrease in charges related to litigation in 2013.

Cash flow from operations (CFFO)

Holding & Corporate's cash flow from operations amounted to -€89 million, compared to -€94 million in 2012. The change was mainly attributable to the change in EBITA.

SECTION 5 Treasury and capital resources

PRELIMINARY COMMENTS

- Vivendi considers Financial Net Debt, a non-GAAP measure, to be a relevant indicator in measuring Vivendi's indebtedness. Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the Consolidated Statement of Financial Position, less cash and cash equivalents as reported on the Consolidated Statement of Financial Position as well as derivative financial instruments in assets, cash deposits backing borrowings, and certain cash management financial assets (included in the Consolidated Statement of Financial Position under "financial assets"). Financial Net Debt should be considered in addition to, and not as a substitute for, other GAAP measures reported on the Consolidated Statement of Financial Position, as well as other measures of indebtedness reported in accordance with GAAP. Vivendi Management uses Financial Net Debt for reporting and planning purposes, as well as to comply with certain debt covenants of Vivendi.
- In addition, cash and cash equivalents are not fully available for debt repayments since they are used for several purposes, including but not limited to, acquisitions of businesses, capital expenditures, dividends, contractual obligations and working capital.

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

As part of the strategic review undertaken by the Supervisory Board and Management Board, Vivendi announced in July 2013 its plans to sell its interests in Activision Blizzard and Maroc Telecom, and in November 2013, the group's planned demerger to form two separate companies: (i) a media group and (ii) SFR, subject to information and consultation procedures with the relevant French employee representative bodies and approval by the relevant regulatory authorities, as well as, if appropriate, its approval by the General Shareholders' Meeting. In the meantime, Vivendi has pursued its financing policy in relation to expiring bank credit facilities or bonds. Thus, Vivendi early refinanced a €1.5 billion bank credit facility, maturing in May 2014 with a new bank credit facility for the same amount, maturing in March 2018, and issued a new €750 million bond, with a coupon of 2.375%, which early refinances the €894 million residual amount bond issued in January 2009 with a coupon of 7.75%, maturing in January 2014.

On October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard for $8.2 billion (€6 billion) in cash. Vivendi used cash on hand to early redeem most of its US dollar-denominated bonds, as well as a portion of its euro-denominated bonds, having the shortest maturity, for an aggregate amount of €3 billion (including $2.1 billion and €1.5 billion), either through a tender offer in October 2013 and a make-whole redemption in November 2013. In addition, Vivendi used the available balance to redeem drawn bank credit facilities. These transactions were as follows:

- 72% redemption of three US dollar-denominated bonds, following a tender offer:
  - $459 million redeemed on the $700 million bond, maturing in April 2018,
  - $541 million redeemed on the $800 million bond, maturing in April 2022, and
  - $555 million redeemed on the $650 million bond, maturing in January 2018;
- early full redemption of one US dollar-denominated bond and two euro-denominated bonds:
  - $550 million, maturing in April 2015,
  - €500 million, maturing in November 2015, and
  - €1,000 million, maturing in July 2015.

In October 2013, Vivendi also redeemed, upon its contractual maturity date, a €700 million bond, refinanced in December 2012, by a bond for the same amount, maturing in January 2020, and cancelled SFR's €1.2 billion bank credit facility.

Moreover, on November 5, 2013, Vivendi acquired the 20% non-controlling interest in Canal+ France held by Lagardère for €1,020 million, in cash.

Finally, on November 26, 2013, the Supervisory Board approved the group's planned demerger to form two separate entities: (i) a media group and (ii) SFR. Subject to information and consultation procedures with the relevant French employee representative bodies and approval by the relevant regulatory authorities, it could be submitted, if appropriate, to the General Shareholders' Meeting for approval on June 24, 2014. The potential impacts of this demerger on the group's financing structure will become effective if and when a final decision to implement such a transaction is taken.

As of February 19, 2014, the date of the Management Board Meeting that approved Vivendi's Financial Statements for the year ended December 31, 2013:

- Vivendi SA had available confirmed credit facilities in the aggregate amount of €7,140 million, of which €600 million was drawn. Given the amount of commercial paper issued at that date, and backed to bank credit facilities for €4,143 million, these facilities were available for an aggregate amount of €2,397 million; and
- bonds amounted to €6.9 billion, following the redemption in January 2014 upon its contractual maturity, of the bond issued in January 2009, with a 7.75% coupon, for €894 million.

Moreover, on March 4, 2013, a letter of credit for €975 million was issued in connection with Vivendi's appeal against the Liberty Media judgment. This off-balance sheet financial commitment has no impact on Vivendi's Net Debt .

Contractual agreements in relation to credit facilities and letters of credit granted to Vivendi SA (notably the letter of credit issued in connection with the appeal against the Liberty Media judgment) do not include provisions that tie the conditions of the loan to its financial strength ratings from rating agencies. They contain customary provisions related to events of default and, at the end of each half-year, Vivendi SA is notably required to comply with a financial covenant (please refer to Note 23 to the Consolidated Financial Statements for the year ended December 31, 2013). The credit facilities granted to group companies other than Vivendi SA are intended to finance either the general needs of the borrowing subsidiary or a specific project.

After taking into account the proceeds from the sale of the 53% interest in Maroc Telecom Group (€4.2 billion) expected during the first months of 2014, Vivendi's adjusted Financial Net Debt would be approximately €6.9 billion (compared to €11.1 billion as of December 31, 2013 and €13.4 billion as of December 31, 2012).

(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, 2012	**(3,894)**	**17,313**	**13,419**
Outflows/(inflows) related to continuing operations:			
Operating activities	(3,823)	-	(3,823)
Investing activities	(765)	76	(689)
Financing activities	7,702	(4,598)	3,104
Foreign currency translation adjustments of continuing operations	48	(167)	(119)
Outflows/(inflows) related to continuing operations	**3,162**	**(4,689)**	**(1,527)**
Outflows/(inflows) related to discontinued operations	(705)	224	(481)
Reclassification of Financial Net Debt from discontinued operations as of December 31, 2013	396	(710)	(314)
Change related to discontinued operations	**(309)**	**(486)**	**(795)**
Financial Net Debt as of December 31, 2013	**(1,041)**	**12,138**	**11,097**
Expected proceeds from the sale of the 53% interest in Maroc Telecom Group (b)			(4,187)
Financial Net Debt as of December 31, 2013 adjusted for the sale of Maroc Telecom Group			**6,910**
Expected proceeds from the sale of the remaining ownership interest in Activision Blizzard (c)			(1,078)
Financial Net Debt as of December 31, 2013 adjusted for transactions in progress			**5,832**

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

(b) Assuming the hypothesis that the sale of the 53% interest in Maroc Telecom Group is completed during the first months of 2014 according to the financial terms known to date.

(c) Following the sale of 88% of its interest in Activision Blizzard on October 11, 2013, Vivendi retained 83 million Activision Blizzard shares. This remaining ownership interest is subject to a staggered 15-month lock-up period, which is described in Note 7 to the Consolidated Financial Statements for the year ended December 31, 2013. Proceeds from the sale of these remaining shares are estimated at an aggregate amount of $1,480 million (€1,078 million), on the basis of $17.83 per share, Activision Blizzard's share price on December 31, 2013.

Financial Net Debt as of December 31, 2013

As from June 30, 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported until their effective sale, in Vivendi's Consolidated Statement of Financial Position as discontinued businesses.

In practice, as of December 31, 2013, Maroc Telecom Group's assets and liabilities have been grouped under the specific lines "assets of discontinued businesses" and "liabilities associated with assets of discontinued businesses". As of December 31, 2013, this accounting reclassification resulted in a €314 million decrease in Vivendi's Financial Net Debt, which related to Maroc Telecom Group's Financial Net Debt as of that date.

As of December 31, 2013:

- Vivendi's Financial Net Debt, in IFRS, amounted to €11,097 million. Borrowings and other financial liabilities amounted to €12,138 million (compared to €17,313 million as of December 31, 2012), a €5,175 million decrease. This change was due to the impact of the sale of Activision Blizzard (€6,044 million), net of divested cash (€3,349 million), and of Parlophone (€699 million), offset by the acquisition of Lagardère's non-controlling interest in Canal+ France (€1,020 million);
- the group's bond debt amounted to €7,827 million (compared to €10,888 million as of December 31, 2012). This €3,061 million decrease was related to the early redemption of bonds ($2.1 billion and €1.5 billion) in the fourth quarter of 2013 following the sale of Activision Blizzard. The bond debt represented 64.1% of the borrowings in the group's Statement of Financial Position (compared to 61.5% as of December 31, 2012);
- the total amount of the group's confirmed credit facilities amounted to €7,629 million (compared to €9,039 million as of December 31, 2012). The group's aggregate amount of credit facilities neither drawn nor backed by commercial paper amounted to €3,648 million (compared to €3,361 million as of December 31, 2012);
- Vivendi SA's total confirmed credit facilities amounted to €7,140 million (unchanged compared to December 31, 2012) and included €2,600 million in available swinglines. All these credit facilities have a maturity greater than one year. These credit facilities were drawn for €1,655 million as of December 31, 2013. Considering the €1,906 million commercial paper issued as of that date and backed to bank credit facilities, these facilities were available up to a maximum amount of €3,579 million; and
- the "economic" average term of the group's debt was 4.2 years as of December 31, 2013 (compared to 4.4 years as of December 31, 2012).

5.2. Financial Net Debt changes

As of December 31, 2013, Vivendi's Financial Net Debt amounted to €11,097 million (compared to €13,419 million as of December 31, 2012), a €2,322 million decrease.

This change notably reflected:

- proceeds received on October 11, 2013 with respect to the sale of Vivendi's interest in Activision Blizzard (€6,044 million), net of divested cash (€3,349 million);
- the cash provided by operating activities of continuing operations [(1)] (€3,823 million);
- the proceeds from the sale by UMG of Parlophone and other labels (€699 million);
- the capital increase subscribed for by employees in connection with Vivendi SA's employee stock purchase plan in July 2013 (€149 million); and
- the accounting reclassification of Maroc Telecom Group's Financial Net Debt as of December 31, 2013 (€314 million),

partially offset by:

- cash payments related to capital expenditures of continuing operations [(1)] (€2,624 million, of which €1,610 million for SFR and €769 million for GVT);
- cash payments related to dividends paid to Vivendi SA shareowners (€1,325 million);
- the acquisition of Lagardère's non-controlling interest in Canal+ France (€1,020 million); and
- cash payments related to financial activities (€877 million, of which €528 million of interest paid and €182 million of premium paid as part of the early redemption of bonds, denominated in US dollars and in euros).

(1) Continuing operations relate to Canal+ Group, Universal Music Group, GVT, SFR, other operations of the group, as well as Holding & Corporate.

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	December 31, 2013 (a)	December 31, 2012
Borrowings and other financial liabilities	23	12,266	17,757
of which long-term (b)		*8,737*	*12,667*
short-term (b)		*3,529*	*5,090*
Derivative financial instruments in assets (c)	24	(126)	(137)
Cash deposits backing borrowings (c)		(2)	(6)
Cash management financial assets (c) (d)		na	(301)
		12,138	**17,313**
Cash and cash equivalents (b)	18	(1,041)	(3,894)
of which Activision Blizzard		*na*	*(2,989)*
Financial Net Debt		**11,097**	**13,419**

na: not applicable.

(a) In compliance with IFRS 5, Vivendi's Financial Net Debt as of December 31, 2013 no longer includes the Financial Net Debt of Maroc Telecom Group, recognized as a discontinued operation.

(b) As presented in the Consolidated Statement of Financial Position.

(c) Included in the Financial Assets items of the Consolidated Statement of Financial Position.

(d) As of December 31, 2012, included Activision Blizzard's US treasuries and government agency securities, with a maturity exceeding three months.

5.3. Analysis of Financial Net Debt changes

(in millions of euros)	Refer to section	Year ended December 31, 2013 Impact on cash and cash equivalents	Impact on borrowings and other financial items	Impact on Financial Net Debt
EBIT	2	**435**	**-**	**435**
Adjustments		(4,911)	-	(4,911)
Content investments, net		148	-	148
Gross cash provided by operating activities before income tax paid		***(4,328)***	***-***	***(4,328)***
Other changes in net working capital		308	-	308
Net cash provided by operating activities before income tax paid	3	***(4,020)***	***-***	***(4,020)***
Income tax paid, net	3	197	-	197
Net cash provided by operating activities of continuing operations		**(3,823)**	**-**	**(3,823)**
Net cash provided by operating activities of discontinued operations		**(1,417)**	**-**	**(1,417)**
Operating activities		**(5,240)**	**-**	**(5,240)**
Financial investments				
Purchases of consolidated companies, after acquired cash		43	15	58
Investments in equity affiliates		2	-	2
Increase in financial assets		106	(2)	104
Total financial investments		***151***	***13***	***164***
Financial divestments				
Proceeds from sales of consolidated companies, after divested cash		(2,748)	63	(2,685)
of which proceeds from the sale of the 88% ownership interest in Activision Blizzard	1	*(6,044)*	*-*	*(6,044)*
divested cash of Activision Blizzard		*3,286*	*63*	*3,349*
		(2,758)	*63*	*(2,695)*
Disposal of equity affiliates		(8)	-	(8)
Decrease in financial assets		(727)	-	(727)
of which proceeds from the sales of Parlophone and other labels by UMG	1	*(699)*	*-*	*(699)*
Total financial divestments		***(3,483)***	***63***	***(3,420)***
Financial investment activities		**(3,332)**	**76**	**(3,256)**
Dividends received from equity affiliates		(3)	-	(3)
Dividends received from unconsolidated companies		(54)	-	(54)
Net investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets		**(3,389)**	**76**	**(3,313)**
Capital expenditures		2,674	-	2,674
Proceeds from sales of property, plant, equipment and intangible assets		(50)	-	(50)
Capital expenditures, net	3	***2,624***	***-***	***2,624***
Net cash provided by/(used for) investing activities of continuing operations		**(765)**	**76**	**(689)**
Net cash provided by/(used for) investing activities of discontinued operations		**1,952**	**(1,467)**	**485**
Investing activities		**1,187**	**(1,391)**	**(204)**

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

Continued from previous page.

(in millions of euros)	Refer to section	Year ended December 31, 2013 Impact on cash and cash equivalents	Impact on borrowings and other financial items	Impact on Financial Net Debt
Transactions with shareowners				
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans		(195)	-	(195)
of which capital increase subscribed by employees in connection with the stock purchase plan		*(149)*	-	*(149)*
exercise of stock options by executive management and employees		*(46)*	-	*(46)*
(Sales)/purchases of Vivendi SA's treasury shares		-	-	-
Dividends paid by Vivendi SA (€1 per share)	1	1,325	-	1,325
Other transactions with shareowners		1,046	-	1,046
of which acquisition of Lagardère Group's non-controlling interest in Canal+ France		*1,020*	-	*1,020*
Dividends paid by consolidated companies to their non-controlling interests		37	-	37
Total transactions with shareowners		***2,213***	***-***	***2,213***
Transactions on borrowings and other financial liabilities				
Setting up of long-term borrowings and increase in other long-term financial liabilities	5.4	(2,491)	2,491	-
of which bank credit facilities		*(1,655)*	*1,655*	-
bonds		*(750)*	*750*	-
Principal payments on long-term borrowings and decrease in other long-term financial liabilities	5.4	1,923	(1,923)	-
of which bank credit facilities		*1,894*	*(1,894)*	-
Principal payments on short-term borrowings	5.4	5,211	(5,211)	-
of which bonds		*3,736*	*(3,736)*	-
commercial paper		*1,349*	*(1,349)*	-
Other changes in short-term borrowings and other financial liabilities		(31)	31	-
Non-cash transactions		-	14	14
Interest paid, net	3	528	-	528
Other cash items related to financial activities	3	349	-	349
Total transactions on borrowings and other financial liabilities		***5,489***	***(4,598)***	***891***
Net cash provided by/(used for) financing activities of continuing operations		**7,702**	**(4,598)**	**3,104**
Net cash provided by/(used for) financing activities of discontinued operations		**(1,284)**	**1,696**	**412**
Financing activities		**6,418**	**(2,902)**	**3,516**
Foreign currency translation adjustments of continuing operations		48	(167)	(119)
Foreign currency translation adjustments of discontinued operations		44	(5)	39
Reclassification of Financial Net Debt from discontinued operations		396	(710)	(314)
Change in Financial Net Debt		**2,853**	**(5,175)**	**(2,322)**

5.4. Changes in financings

Financings put into place

- On March 28, 2013, Vivendi completed the early refinancing of a €1.5 billion bank credit facility maturing in May 2014 by entering into a new bank credit facility for the same amount with a five-year maturity.
- On July 9, 2013, Vivendi issued a €750 million bond, maturing in January 2019, with a 2.375% coupon, and an effective rate of 2.51%. This transaction enabled the refinancing of the bond issued in January 2009, with a 7.75% coupon redeemed in January 2014.

Redemptions

- 72% redemption of three US dollar-denominated bonds, following a tender offer, in October 2013:
  - $459 million redeemed on the $700 million bond, maturing in April 2018;
  - $541 million redeemed on the $800 million bond, maturing in April 2022; and
  - $555 million redeemed on the $650 million bond, maturing in January 2018.
- Early full redemption of one US dollar-denominated bond and two euro-denominated bonds, in November 2013:
  - $550 million, maturing in April 2015;
  - €500 million, maturing in November 2015; and
  - €1,000 million, maturing in July 2015.
- Redemption in October 2013, upon its contractual maturity, of a €700 million bond, refinanced in December 2012, by a bond for the same amount, maturing in January 2020; and
- Cancellation of SFR's €1.2 billion bank credit facility in October 2013.

For a detailed analysis of the bonds and bank credit facilities as of December 31, 2013 (please refer to Note 23 to the Consolidated Financial Statements for the year ended December 31, 2013).

SECTION 6 Forward looking statements

Cautionary note

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 the impact of certain transactions. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, the risks related to antitrust and other regulatory approvals as well as any other approvals which may be required in connection with certain transactions and the risks described in the documents of the group filed with the *Autorité des marchés financiers* (AMF) (the French securities regulator), which are also available in English on Vivendi's website (www.vivendi.com). Accordingly, we caution you against relying on forward looking statements. 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.

SECTION 7 Other Disclaimers

Unsponsored ADRs

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

Translation

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

II - Appendices to the Financial Report: unaudited supplementary financial data

1. EBITA (Adjusted Earnings Before Interest and Income Taxes) and adjusted net income

Vivendi considers EBITA (Adjusted Earnings Before Interest and Income Taxes) and adjusted net income, non-GAAP measures, to be relevant indicators of the group's operating and financial performance. Vivendi Management uses EBITA and adjusted net income because they illustrate the underlying performance of continuing operations more effectively by excluding most non-recurring and non-operating items. EBITA and adjusted net income are defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2013.

Adjustment of comparative information

As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings as discontinued operations. In practice, income and charges from these two businesses have been reported as follows:

- their contribution until the effective sale, if any, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations"; and
- their share of net income has been excluded from Vivendi's adjusted net income.

Moreover, as of January 1, 2013, Vivendi applied, with retrospective effect from January 1, 2012, amended IAS 19, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1 to the Consolidated Financial Statements for the year ended December 31, 2013).

As a result, the 2012 Financial Statements and the first quarter of 2013 Financial Statements were adjusted, as the case may be, as presented below:

	2012			
(in millions of euros, except per share amounts)	Three months ended March 31,	Three months ended June 30,	Six months ended June 30,	Three months ended September 30,
Adjusted earnings before interest and income taxes (EBITA) (as previously published)	**1,621**	**1,316**	**2,937**	**1,394**
Reclassifications related to the application of IFRS 5 for Activision Blizzard	-395	-177	-572	-182
Reclassifications related to the application of IFRS 5 for Maroc Telecom Group	-273	-190	-463	-266
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+2*	*+2*	*+4*	*+2*
Adjusted earnings before interest and income taxes (EBITA) (restated)	**955**	**951**	**1,906**	**948**
Adjusted net income (as previously published)	**823**	**706**	**1,529**	**665**
Reclassifications related to the application of IFRS 5	-272	-134	-406	-194
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+2*	*+2*	*+4*	*+2*
Provision for income taxes	-	-	-	-
Adjusted net income (restated)	**553**	**574**	**1,127**	**473**
Adjusted net income per share (as previously published)	**0.64**	**0.55**	**1.19**	**0.51**
Adjusted net income per share (restated)	**0.43**	**0.45**	**0.88**	**0.36**

(in millions of euros, except per share amounts)	2012 Nine months ended September 30,	2012 Three months ended December 31,	2012 Year ended December 31,	2013 Three months ended March 31,
Adjusted earnings before interest and income taxes (EBITA) (as previously published)	**4,331**	**952**	**5,283**	**1,344**
Reclassifications related to the application of IFRS 5 for Activision Blizzard	-754	-395	-1,149	-442
Reclassifications related to the application of IFRS 5 for Maroc Telecom Group	-729	-259	-988	-273
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+6*	*+11*	*+17*	*na*
Adjusted earnings before interest and income taxes (EBITA) (restated)	**2,854**	**309**	**3,163**	**629**
Adjusted net income (as previously published)	**2,194**	**356**	**2,550**	**672**
Reclassifications related to the application of IFRS 5	-600	-259	-859	-306
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+6*	*+11*	*+17*	*na*
Provision for income taxes	*-*	*-3*	*-3*	*na*
Adjusted net income (restated)	**1,600**	**105**	**1,705**	**366**
Adjusted net income per share (as previously published)	**1.70**	**0.27**	**1.96**	**0.51**
Adjusted net income per share (restated)	**1.24**	**0.08**	**1.31**	**0.28**

na: not applicable.

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

(in millions of euros)	Year ended December 31, 2013	Year ended December 31, 2012
Earnings attributable to Vivendi SA shareowners (a)	**1,967**	**179**
Adjustments		
Amortization of intangible assets acquired through business combinations	462	436
Impairment losses on intangible assets acquired through business combinations (a)	2,437	760
Reserve accrual related to the Liberty Media Corporation litigation in the United States (a)	-	945
Other income (a)	(88)	(19)
Other charges (a)	57	236
Other financial income (a)	(51)	(37)
Other financial charges (a)	561	204
Earnings from discontinued operations (a)	(4,635)	(1,505)
of which capital gain on the divestiture of Activision Blizzard	*(2,915)*	-
Change in deferred tax asset related to Vivendi SA's French Tax Group and to the Consolidated Global Profit Tax Systems	161	48
Non-recurring items related to provision for income taxes	194	(25)
Provision for income taxes on adjustments	(220)	(185)
Non-controlling interests on adjustments	695	668
Adjusted net income	**1,540**	**1,705**

(a) As reported in the Consolidated Statement of Earnings.

Adjusted net income per share

	Year ended December 31,			
	2013		2012	
	Basic	Diluted	Basic	Diluted
Adjusted net income (in millions of euros)	1,540	1,540	1,705	1,705
Number of shares (in millions)				
Weighted average number of shares outstanding (a)	1,330.6	1,330.6	1,298.9	1,298.9
Potential dilutive effects related to share-based compensation (b)	-	4.7	-	3.5
Adjusted weighted average number of shares	**1,330.6**	**1,335.3**	**1,298.9**	**1,302.4**
Adjusted net income per share (in euros)	**1.16**	**1.15**	**1.31**	**1.31**

(a) Net of treasury shares (please refer to Note 19 to the Consolidated Financial Statements for the year ended December 31, 2013).

(b) Does not include accretive instruments as of December 31, 2013 and December 31, 2012 which could potentially become dilutive. The balance of common shares in connection with Vivendi SA's share based compensation plan is presented in Note 22.2.2 to the Consolidated Financial Statements for the year ended December 31, 2013.

2. Revenues and EBITA by business segment – 2013 and 2012 quarterly data

PRELIMINARY COMMENTS

- As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings as discontinued operations. In practice, income and charges from these two businesses have been reported as follows:
  - their contribution until their effective sale, if any, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations";
  - in accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information; and
  - their share of net income has been excluded from Vivendi's adjusted net income.
- Data presented below also takes into account the consolidation of the following entities as from the indicated dates:
  - at Canal+ Group: D8 and D17 (September 27, 2012) and "n" (November 30, 2012); and
  - at Universal Music Group: EMI Recorded Music (September 28, 2012).
- Moreover, as of January 1, 2013, Vivendi applied, with retrospective effect from January 1, 2012, amended IAS 19, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1 to the Consolidated Financial Statements for the year ended December 31, 2013). As a result, the 2012 Financial Statements, notably EBITA, were adjusted in accordance with the new standard.

Please refer to Appendix 1 of this Financial Report for a presentation of the adjustments made on the data previously published.

	2013			
(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				
Canal+ Group	1,286	1,314	1,257	1,454
Universal Music Group	1,091	1,145	1,162	1,488
GVT	438	446	413	412
Other	16	17	18	21
Elimination of intersegment transactions	(5)	(3)	(5)	(4)
Media & Content	**2,826**	**2,919**	**2,845**	**3,371**
SFR	2,594	2,514	2,508	2,583
Elimination of intersegment transactions related to SFR	(5)	(6)	(5)	(9)
Total Vivendi	**5,415**	**5,427**	**5,348**	**5,945**
EBITA				
Canal+ Group	183	247	217	(36)
Universal Music Group	55	88	112	256
GVT	99	97	102	107
Other	(14)	(23)	(21)	(22)
Holding & Corporate	(22)	(25)	(14)	(26)
Media & Content	**301**	**384**	**396**	**279**
SFR	328	378	334	33
Total Vivendi	**629**	**762**	**730**	**312**

	2012			
(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				
Canal+ Group	1,232	1,238	1,177	1,366
Universal Music Group	961	961	981	1,641
GVT	432	421	429	434
Other	15	15	17	19
Elimination of intersegment transactions	(6)	(9)	(5)	(6)
Media & Content	**2,634**	**2,626**	**2,599**	**3,454**
SFR	2,927	2,834	2,747	2,780
Elimination of intersegment transactions related to SFR	(5)	(8)	(7)	(4)
Total Vivendi	**5,556**	**5,452**	**5,339**	**6,230**
EBITA				
Canal+ Group	236	247	239	(59)
Universal Music Group	68	88	82	288
GVT	116	107	118	147
Other	(3)	(2)	(3)	(6)
Holding & Corporate	(23)	(41)	(25)	(11)
Media & Content	**394**	**399**	**411**	**359**
SFR	561	552	537	(50)
Total Vivendi	**955**	**951**	**948**	**309**

III - Consolidated Financial Statements for the year ended December 31, 2013

Statutory Auditors' Report on the Consolidated Financial Statements

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meetings, we hereby report to you for the year ended December 31, 2013 on:

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

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

I. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, as well as the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the assets and liabilities and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

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

In connection with our assessment of the accounting principles applied by your Company:

- Note 1.3.6 to the Consolidated Financial Statements describes the applicable criteria for classification and accounting for discontinued operations or assets held for sale in accordance with IFRS 5. We verified the correct application of this accounting principle and we ensured that Notes 2.1 and 7 to the Consolidated Financial Statements provide appropriate disclosures with respect to management's position as of December 31, 2013.
- At each financial year end, your Company systematically performs impairment tests of goodwill and assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in Note 1.3.5.7 to the Consolidated Financial Statements. We examined the methods used to perform these impairment tests, as well as the main assumptions and estimates, and ensured that Notes 1.3.5.7 and 10 to the Consolidated Financial Statements provide appropriate disclosures thereon.
- Note 1.3.9 to the Consolidated Financial Statements describes the accounting principles applicable to deferred tax and Note 1.3.8 describes the methods used to assess and recognize provisions. We verified the correct application of these accounting principles and also examined the assumptions underlying the positions as of December 31, 2013. We ensured Note 6 to the Consolidated Financial Statements gives appropriate information on tax assets and liabilities and on your company's tax positions.
- Notes 1.3.8 and 28 to the Consolidated Financial Statements describe the methods used to assess and recognize provisions for litigation. We examined the methods used within your group to identify, calculate, and determine the accounting for such litigation. We also examined the assumptions and data underlying the estimates made by the Company. As stated in Note 1.3.1 to the Consolidated Financial Statements, facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of provisions.

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

III. Specific verifications

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

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

Paris-La Défense, February 25, 2014

The Statutory Auditors

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG ET AUTRES
Frédéric Quélin	Jean-Yves Jégourel

Consolidated Statement of Earnings

	Note	Year ended December 31, 2013	2012 (a)
Revenues	4	**22,135**	**22,577**
Cost of revenues	4	(12,988)	(12,672)
Selling, general and administrative expenses		(6,905)	(6,905)
Restructuring charges and other operating charges and income		(271)	(273)
Impairment losses on intangible assets acquired through business combinations	4	(2,437)	(760)
Reserve accrual related to the Liberty Media Corporation litigation in the United States	28	-	(945)
Other income	4	88	19
Other charges	4	(57)	(236)
Earnings before interest and income taxes (EBIT)	3	**(435)**	**805**
Income from equity affiliates	15	(33)	(38)
Interest	5	(528)	(544)
Income from investments		67	7
Other financial income	5	51	37
Other financial charges	5	(561)	(204)
Earnings from continuing operations before provision for income taxes		**(1,439)**	**63**
Provision for income taxes	6.2	(417)	(604)
Earnings from continuing operations		**(1,856)**	**(541)**
Earnings from discontinued operations	7	4,635	1,505
Earnings		**2,779**	**964**
of which			
Earnings attributable to Vivendi SA shareowners		**1,967**	**179**
of which earnings from continuing operations attributable to Vivendi SA shareowners		*(1,964)*	*(654)*
earnings from discontinued operations attributable to Vivendi SA shareowners		*3,931*	*833*
Non-controlling interests		812	785
of which earnings from continuing operations		*108*	*113*
earnings from discontinued operations		*704*	*672*
Earnings from continuing operations attributable to Vivendi SA shareowners per share – basic	8	(1.47)	(0.50)
Earnings from continuing operations attributable to Vivendi SA shareowners per share – diluted	8	(1.47)	(0.50)
Earnings from discontinued operations attributable to Vivendi SA shareowners per share – basic	8	2.95	0.64
Earnings from discontinued operations attributable to Vivendi SA shareowners per share – diluted	8	2.94	0.64
Earnings attributable to Vivendi SA shareowners per share – basic	**8**	**1.48**	**0.14**
Earnings attributable to Vivendi SA shareowners per share – diluted	8	1.47	0.14

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

(a) As from the second quarter of 2013, in compliance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, Activision Blizzard and Maroc Telecom Group have been reported in the Consolidated Statement of Earnings with respect to fiscal years 2013 and 2012 as discontinued operations (please refer to Note 7). On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest.

In addition, data published with respect to fiscal year 2012 was adjusted following the impacts related to the application of amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union as of January 1, 2013 (please refer to Note 1). These adjustments are presented in Note 33.

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

Consolidated Statement of Comprehensive Income

(in millions of euros)	Note	Year ended December 31, 2013	2012 (a)
Earnings		**2,779**	**964**
Actuarial gains/(losses) related to employee defined benefit plans, net		(23)	(61)
Items not reclassified to profit or loss		**(23)**	**(61)**
Foreign currency translation adjustments		(1,429)	(605)
Unrealized gains/(losses), net		58	103
Other impacts, net		15	-
Items to be subsequently reclassified to profit or loss		**(1,356)**	**(502)**
Charges and income directly recognized in equity	9	**(1,379)**	**(563)**
Total comprehensive income		**1,400**	**401**
of which			
Total comprehensive income attributable to Vivendi SA shareowners		**789**	**(362)**
Total comprehensive income attributable to non-controlling interests		611	763

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits* and IAS 1 - *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*, each of whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standards (please refer to Note 33).

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

Consolidated Statement of Financial Position

(in millions of euros)	Note	December 31, 2013	December 31, 2012 (a)	January 1, 2012 (a)
ASSETS				
Goodwill	10	17,147	24,656	25,029
Non-current content assets	11	2,623	3,327	2,485
Other intangible assets	12	4,306	5,190	4,329
Property, plant and equipment	13	7,541	9,926	9,001
Investments in equity affiliates	15	446	388	135
Non-current financial assets	16	654	488	379
Deferred tax assets	6	733	1,445	1,447
Non-current assets		**33,450**	**45,420**	**42,805**
Inventories	17	330	738	805
Current tax receivables	6	627	819	542
Current content assets	11	1,149	1,044	1,066
Trade accounts receivable and other	17	4,898	6,587	6,730
Current financial assets	16	45	364	478
Cash and cash equivalents	18	1,041	3,894	3,304
		8,090	**13,446**	**12,925**
Assets held for sale	2-7	1,078	667	-
Assets of discontinued businesses	7	6,562	-	-
Current assets		**15,730**	**14,113**	**12,925**
TOTAL ASSETS		**49,180**	**59,533**	**55,730**

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

Continued from previous page.

(in millions of euros)	Note	December 31, 2013	December 31, 2012 (a)	January 1, 2012 (a)
EQUITY AND LIABILITIES				
Share capital		7,368	7,282	6,860
Additional paid-in capital		8,381	8,271	8,225
Treasury shares		(1)	(25)	(28)
Retained earnings and other		1,709	2,797	4,295
Vivendi SA shareowners' equity		**17,457**	**18,325**	**19,352**
Non-controlling interests		1,573	2,966	2,619
Total equity	**19**	**19,030**	**21,291**	**21,971**
Non-current provisions	20	2,904	3,258	1,679
Long-term borrowings and other financial liabilities	23	8,737	12,667	12,409
Deferred tax liabilities	6	680	991	728
Other non-current liabilities	17	757	1,002	864
Non-current liabilities		**13,078**	**17,918**	**15,680**
Current provisions	20	619	711	586
Short-term borrowings and other financial liabilities	23	3,529	5,090	3,301
Trade accounts payable and other	17	10,416	14,196	13,987
Current tax payables	6	79	321	205
		14,643	**20,318**	**18,079**
Liabilities associated with assets held for sale		-	6	-
Liabilities associated with assets of discontinued businesses	7	2,429	-	-
Current liabilities		**17,072**	**20,324**	**18,079**
Total liabilities		**30,150**	**38,242**	**33,759**
TOTAL EQUITY AND LIABILITIES		**49,180**	**59,533**	**55,730**

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standard (please refer to Note 33).

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

Consolidated Statement of Cash Flows

(in millions of euros)	Note	Year ended December 31, 2013	2012 (a)
Operating activities			
EBIT	3	(435)	805
Adjustments	25	4,911	4,456
Content investments, net		(148)	(145)
Gross cash provided by operating activities before income tax paid		***4,328***	***5,116***
Other changes in net working capital	17	(308)	69
Net cash provided by operating activities before income tax paid		***4,020***	***5,185***
Income tax paid, net	6.3	(197)	(353)
Net cash provided by operating activities of continuing operations		**3,823**	**4,832**
Net cash provided by operating activities of discontinued operations	7	**1,417**	**2,274**
Net cash provided by operating activities		**5,240**	**7,106**
Investing activities			
Capital expenditures	3	(2,674)	(3,999)
Purchases of consolidated companies, after acquired cash	2	(43)	(1,374)
Investments in equity affiliates	15	(2)	(322)
Increase in financial assets	16	(106)	(35)
Investments		***(2,825)***	***(5,730)***
Proceeds from sales of property, plant, equipment and intangible assets	3	50	23
Proceeds from sales of consolidated companies, after divested cash	7	2,748	13
Disposal of equity affiliates	15	8	11
Decrease in financial assets	16	727	180
Divestitures		***3,533***	***227***
Dividends received from equity affiliates		3	3
Dividends received from unconsolidated companies		54	1
Net cash provided by/(used for) investing activities of continuing operations		**765**	**(5,499)**
Net cash provided by/(used for) investing activities of discontinued operations	7	**(1,952)**	**(543)**
Net cash provided by/(used for) investing activities		**(1,187)**	**(6,042)**

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

Continued from previous page.

(in millions of euros)	Note	Year ended December 31, 2013	2012 (a)
Financing activities			
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	22	195	131
Sales/(purchases) of Vivendi SA's treasury shares		-	(18)
Dividends paid by Vivendi SA to its shareowners	19	(1,325)	(1,245)
Other transactions with shareowners	2	(1,046)	(1)
Dividends paid by consolidated companies to their non-controlling interests		(37)	(33)
Transactions with shareowners		***(2,213)***	***(1,166)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	23	2,491	5,833
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	23	(1,923)	(4,211)
Principal payment on short-term borrowings	23	(5,211)	(2,494)
Other changes in short-term borrowings and other financial liabilities	23	31	2,808
Interest paid, net	5	(528)	(544)
Other cash items related to financial activities		(349)	(96)
Transactions on borrowings and other financial liabilities		***(5,489)***	***1,296***
Net cash provided by/(used for) financing activities of continuing operations		**(7,702)**	**130**
Net cash provided by/(used for) financing activities of discontinued operations	7	**1,284**	**(557)**
Net cash provided by/(used for) financing activities		**(6,418)**	**(427)**
Foreign currency translation adjustments of continuing operations		(48)	(29)
Foreign currency translation adjustments of discontinued operations	7	(44)	(18)
Change in cash and cash equivalents		**(2,457)**	**590**
Reclassification of discontinued operations' cash and cash equivalents	7	(396)	-
Cash and cash equivalents			
At beginning of the period	18	3,894	3,304
At end of the period	18	1,041	3,894

(a) As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in the Consolidated Statement of Cash Flows with respect to fiscal years 2013 and 2012 as discontinued operations (please refer to Note 7). On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest. In addition, data published with respect to fiscal year 2012 has been adjusted following the impacts related to the application of amended IAS 19, whose application is mandatory in the European Union as of January 1, 2013 (please refer to Note 1). These adjustments are presented in Note 33.

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

Consolidated Statements of Changes in Equity

YEAR ENDED DECEMBER 31, 2013

		Capital					Retained earnings and other				
		Common shares									
(in millions of euros, except number of shares)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Sub-total	Retained earnings (a)	Net unrealized gains/(losses)	Foreign currency translation adjustments	Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2012 – AS PUBLISHED		**1,323,962**	**7,282**	**8,271**	**(25)**	**15,528**	**6,491**	**126**	**(709)**	**5,908**	**21,436**
Attributable to Vivendi SA shareowners		*1,323,962*	*7,282*	*8,271*	*(25)*	*15,528*	*3,669*	*129*	*(861)*	*2,937*	*18,465*
Attributable to non-controlling interests		-	-	-	-	-	*2,822*	*(3)*	*152*	*2,971*	*2,971*
Adjustments related to the application of amended IAS 19, with retrospective effect, net of income taxes		**-**	**-**	**-**	**-**	**-**	**-145**	**-**	**-**	**-145**	**-145**
Attributable to Vivendi SA shareowners		-	-	-	-	-	*-140*	-	-	*-140*	*-140*
Attributable to non-controlling interests		-	-	-	-	-	*-5*	-	-	*-5*	*-5*
BALANCE AS OF JANUARY 1, 2013 – RESTATED (a)		**1,323,962**	**7,282**	**8,271**	**(25)**	**15,528**	**6,346**	**126**	**(709)**	**5,763**	**21,291**
Attributable to Vivendi SA shareowners		*1,323,962*	*7,282*	*8,271*	*(25)*	*15,528*	*3,529*	*129*	*(861)*	*2,797*	*18,325*
Attributable to non-controlling interests		-	-	-	-	-	*2,817*	*(3)*	*152*	*2,966*	*2,966*
Contributions by/distributions to Vivendi SA shareowners		**15,648**	**86**	**110**	**24**	**220**	**(1,296)**	**-**	**-**	**(1,296)**	**(1,076)**
Dividends paid by Vivendi SA (€1 per share)	19	-	-	-	-	-	(1,325)	-	-	(1,325)	(1,325)
Capital increase related to Vivendi SA's share-based compensation plans	22	15,648	86	110	24	220	29	-	-	29	249
of which Vivendi Employee Stock Purchase Plans (July 25, 2013)		*12,286*	*68*	*81*	-	*149*	-	-	-	-	*149*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**(581)**	**-**	**-**	**(581)**	**(581)**
of which acquisition of Lagardère Group's non-controlling interest in Canal+ France	2	-	-	-	-	-	*(636)*	-	-	*(636)*	*(636)*
Changes in equity attributable to Vivendi SA shareowners (A)		**15,648**	**86**	**110**	**24**	**220**	**(1,877)**	**-**	**-**	**(1,877)**	**(1,657)**
Contributions by/distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(431)**	**-**	**-**	**(431)**	**(431)**
of which dividends paid by subsidiaries to non-controlling interests		-	-	-	-	-	*(431)*	-	-	*(431)*	*(431)*
Changes in non-controlling interests that result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**(1,273)**	**-**	**-**	**(1,273)**	**(1,273)**
of which sale of the 88% ownership interest in Activision Blizzard	7	-	-	-	-	-	*(1,272)*	-	-	*(1,272)*	*(1,272)*
Changes in non-controlling interests that do not result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**(300)**	**-**	**-**	**(300)**	**(300)**
of which acquisition of Lagardère Group's non-controlling interest in Canal+ France	2	-	-	-	-	-	*(387)*	-	-	*(387)*	*(387)*
Changes in equity attributable to non-controlling interests (B)		**-**	**-**	**-**	**-**	**-**	**(2,004)**	**-**	**-**	**(2,004)**	**(2,004)**
Earnings		**-**	**-**	**-**	**-**	**-**	**2,779**	**-**	**-**	**2,779**	**2,779**
Charges and income directly recognized in equity		**-**	**-**	**-**	**-**	**-**	**(8)**	**58**	**(1,429)**	**(1,379)**	**(1,379)**
TOTAL COMPREHENSIVE INCOME (C)		**-**	**-**	**-**	**-**	**-**	**2,771**	**58**	**(1,429)**	**1,400**	**1,400**
Total changes over the period (A+B+C)		***15,648***	***86***	***110***	***24***	***220***	***(1,110)***	***58***	***(1,429)***	***(2,481)***	***(2,261)***
Attributable to Vivendi SA shareowners		*15,648*	*86*	*110*	*24*	*220*	*75*	*56*	*(1,219)*	*(1,088)*	*(868)*
Attributable to non-controlling interests		-	-	-	-	-	*(1,185)*	*2*	*(210)*	*(1,393)*	*(1,393)*
BALANCE AS OF DECEMBER 31, 2013		**1,339,610**	**7,368**	**8,381**	**(1)**	**15,748**	**5,236**	**184**	**(2,138)**	**3,282**	**19,030**
Attributable to Vivendi SA shareowners		*1,339,610*	*7,368*	*8,381*	*(1)*	*15,748*	*3,604*	*185*	*(2,080)*	*1,709*	*17,457*
Attributable to non-controlling interests		-	-	-	-	-	*1,632*	*(1)*	*(58)*	*1,573*	*1,573*

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits,* whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standard.

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

YEAR ENDED DECEMBER 31, 2012

	Capital					Retained earnings and other				
	Common shares									
(in millions of euros, except number of shares)	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Sub-total	Retained earnings (a)	Net unrealized gains/(losses)	Foreign currency translation adjustments	Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2011 – AS PUBLISHED	**1,247,263**	**6,860**	**8,225**	**(28)**	**15,057**	**7,094**	**23**	**(104)**	**7,013**	**22,070**
Attributable to Vivendi SA shareowners	*1,247,263*	*6,860*	*8,225*	*(28)*	*15,057*	*4,641*	*23*	*(274)*	*4,390*	*19,447*
Attributable to non-controlling interests	-	-	-	-	-	*2,453*	-	*170*	*2,623*	*2,623*
Adjustments related to the application of amended IAS 19, with retrospective effect, net of income taxes	**-**	**-**	**-**	**-**	**-**	**-99**	**-**	**-**	**-99**	**-99**
Attributable to Vivendi SA shareowners	-	-	-	-	-	*-95*	-	-	*-95*	*-95*
Attributable to non-controlling interests	-	-	-	-	-	*-4*	-	-	*-4*	*-4*
BALANCE AS OF JANUARY 1, 2012 – RESTATED (a)	**1,247,263**	**6,860**	**8,225**	**(28)**	**15,057**	**6,995**	**23**	**(104)**	**6,914**	**21,971**
Attributable to Vivendi SA shareowners	*1,247,263*	*6,860*	*8,225*	*(28)*	*15,057*	*4,546*	*23*	*(274)*	*4,295*	*19,352*
Attributable to non-controlling interests	-	-	-	-	-	*2,449*	-	*170*	*2,619*	*2,619*
Contributions by/distributions to Vivendi SA shareowners	**76,699**	**422**	**46**	**3**	**471**	**(1,201)**	**-**	**-**	**(1,201)**	**(730)**
Capital increase related to Direct 8 and Direct Star acquisition (September 27, 2012)	22,356	123	213	-	336	-	-	-	-	336
Vivendi SA's stock repurchase program	-	-	-	(18)	(18)	-	-	-	-	(18)
Dividends paid by Vivendi SA (€1 per share)	-	-	-	-	-	(1,245)	-	-	(1,245)	(1,245)
Grant of one bonus share for each 30 shares held (May 9, 2012)	41,575	229	(229)	-	-	-	-	-	-	-
Capital increase related to Vivendi SA's share-based compensation plans	12,768	70	62	21	153	44	-	-	44	197
of which Vivendi Employee Stock Purchase Plans (July 19, 2012)	*12,289*	*67*	*60*	-	*127*	-	-	-	-	*127*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control	**-**	**-**	**-**	**-**	**-**	**65**	**-**	**-**	**65**	**65**
of which Activision Blizzard's stock repurchase program	-	-	-	-	-	*(110)*	-	-	*(110)*	*(110)*
Gain on the dilution of Canal+ Group's interest by 24% in Cyfra+ following the creation of nc+	-	-	-	-	-	*114*	-	-	*114*	*114*
Changes in equity attributable to Vivendi SA shareowners (A)	**76,699**	**422**	**46**	**3**	**471**	**(1,136)**	**-**	**-**	**(1,136)**	**(665)**
Contributions by/distributions to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**(481)**	**-**	**-**	**(481)**	**(481)**
of which dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	*(481)*	-	-	*(481)*	*(481)*
Changes in non-controlling interests that result in a gain/(loss) of control	**-**	**-**	**-**	**-**	**-**	**133**	**-**	**-**	**133**	**133**
of which ITI Neovision non-controlling interests	-	-	-	-	-	*131*	-	-	*131*	*131*
Changes in non-controlling interests that do not result in a gain/(loss) of control	**-**	**-**	**-**	**-**	**-**	**(68)**	**-**	**-**	**(68)**	**(68)**
of which Activision Blizzard's stock repurchase program	-	-	-	-	-	*(131)*	-	-	*(131)*	*(131)*
Changes in equity attributable to non-controlling interests (B)	**-**	**-**	**-**	**-**	**-**	**(416)**	**-**	**-**	**(416)**	**(416)**
Earnings	**-**	**-**	**-**	**-**	**-**	**964**	**-**	**-**	**964**	**964**
Charges and income directly recognized in equity	**-**	**-**	**-**	**-**	**-**	**(61)**	**103**	**(605)**	**(563)**	**(563)**
Total comprehensive income (C)	**-**	**-**	**-**	**-**	**-**	**903**	**103**	**(605)**	**401**	**401**
Total changes over the period (A+B+C)	***76,699***	***422***	***46***	***3***	***471***	***(649)***	***103***	***(605)***	***(1,151)***	***(680)***
Attributable to Vivendi SA shareowners	*76,699*	*422*	*46*	*3*	*471*	*(1,017)*	*106*	*(587)*	*(1,498)*	*(1,027)*
Attributable to non-controlling interests	-	-	-	-	-	*368*	*(3)*	*(18)*	*347*	*347*
BALANCE AS OF DECEMBER 31, 2012 – RESTATED (a)	**1,323,962**	**7,282**	**8,271**	**(25)**	**15,528**	**6,346**	**126**	**(709)**	**5,763**	**21,291**
Attributable to Vivendi SA shareowners	*1,323,962*	*7,282*	*8,271*	*(25)*	*15,528*	*3,529*	*129*	*(861)*	*2,797*	*18,325*
Attributable to non-controlling interests	-	-	-	-	-	*2,817*	*(3)*	*152*	*2,966*	*2,966*

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits,* whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standard.

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

Notes to the Consolidated Financial Statements

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

Vivendi operates a number of companies that are leaders in content, media, and telecommunication. Canal+ Group is the French leader in pay-TV and is also present in francophone African countries, Poland, and Vietnam; its subsidiary Studiocanal, is a leading European player in the production, acquisition, distribution and, sale of films. Universal Music Group, the world's leader in music, recently strengthened and diversified itself through the acquisition of EMI Recorded Music. GVT is the leading Brazilian alternative operator. In addition, Vivendi controls SFR, the leading alternative telecommunications operator in France.

On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest. Moreover, as a result of the plans to sell Maroc Telecom Group it has been reported in Vivendi's Consolidated Statement of Earnings as a discontinued operation, in accordance with IFRS 5.

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

On February 19, 2014, during a meeting held at the headquarters of the Company, the Management Board approved the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2013. Having considered the Audit Committee's recommendation given at its meeting held on February 18, 2014, the Supervisory Board, at its meeting held on February 21, 2014, reviewed the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2013, as approved by the Management Board on February 19, 2014.

On June 24, 2014, the Consolidated Financial Statements for the year ended December 31, 2013 will be submitted for approval at Vivendi's Annual General Shareholders' Meeting.

NOTE 1. Accounting policies and valuation methods

1.1. Compliance with accounting standards

The 2013 Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and in accordance with IFRS published by the International Accounting Standards Board (IASB) with mandatory application as of December 31, 2013.

Vivendi applied new standards and amendments to its Consolidated Financial Statement for the year ended December 31, 2013, the most significant of which concern:

- presentation of other items in the consolidated statement of comprehensive income;
- employee benefit plans; and
- principles of consolidation.

1.1.1. Presentation of Financial Statements

Amendments to IAS 1 – *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*, as published by the IASB on June 16, 2011, were endorsed by the EU on June 5, 2012 and published in the EU Official Journal on June 6, 2012. These amendments mandatorily apply to periods beginning on or after January 1, 2013, with retrospective effect as from January 1, 2012.

They relate to the presentation of items of other comprehensive income (denominated "Charges and income directly recognized in equity" in the Consolidated Statement of Comprehensive Income), which are henceforth grouped according to whether or not they are recycled in the Statement of Earnings.

1.1.2. Employee benefit plans

Amendments to IAS 19 – *Employee Benefits* as published by the IASB on June 16, 2011, were endorsed by the EU on June 5, 2012, and published in the EU Official Journal on June 6, 2012. These amendments mandatorily apply to periods beginning on or after January 1, 2013, with retrospective effect as from January 1, 2012.

The main impacts of these amendments for Vivendi are:

- elimination of the "corridor method" relating to the recognition through profit and loss for the year of actuarial gains and losses on defined employee benefit plans: thus, actuarial gains and losses not yet recognized as of December 31, 2011 were recorded against consolidated equity as of January 1, 2012;
- as from January 1, 2012, actuarial gains and losses are immediately recognized in other comprehensive income in the Statement of Comprehensive Income, and will no longer be recycled in profit and loss. As a consequence, the Consolidated Financial Statements for the year ended December 31, 2012 were adjusted to reflect

the cancellation of the recognition of actuarial gains and losses in selling, administrative and general expenses, and the recording of actuarial gains and losses generated in 2012 in items of other comprehensive income not reclassified to profit and loss;

- as from January 1, 2012, past service costs resulting from plan amendments or curtailments are immediately recognized in profit and loss, as selling, administrative and general expenses, unvested rights being no longer spread over the vesting period. As a consequence, past service costs not yet recognized as of December 31, 2011 were recorded against consolidated equity as of January 1, 2012, and the Consolidated Financial Statements for the year ended December 31, 2012 were adjusted to reflect the cancellation of the recognition of past service costs in selling, administrative and general expenses; and
- expected return on plan assets is calculated using the discount rate retained for the valuation of the benefit obligation.

Due to the retrospective application of the amendments to IAS 19 – *Employee Benefits*, the Consolidated Financial Statements for the year ended December 31, 2012 were adjusted for comparison purposes. A detailed description of these adjustments is presented in Note 33.

Please note that accounting policies and valuation methods related to employee benefit plans are presented in their entirety in Note 1.3.8.

1.1.3. Principles of consolidation

New standards relating to the principles of consolidation: IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements*, IFRS 12 – *Disclosure of Interests in Other Entities*, IAS 27 – *Separate Financial Statements*, and IAS 28 – *Investments in Associates and Joint Ventures*, as published by the IASB on May 12, 2011, were endorsed by the EU on December 11, 2012 and published in the EU Official Journal on December 29, 2012. These standards mandatorily apply to periods beginning on or after January 1, 2014. However, Vivendi elected to early apply them to the interim Financial Statements for the year 2013 and, retrospectively, as of January 1, 2012. The application of these standards had no material impact on Vivendi's financial statements.

New principles of consolidation introduced by these new standards are presented in Note 1.3.2.

1.1.4. Other

New standard IFRS 13 – *Fair Value Measurement*, relating to the definition of the concept of fair value in terms of measurement and disclosures, as issued by the IASB on May 12, 2011, was endorsed by the EU on December 11, 2012 and published in the EU Official Journal on December 29, 2012. IFRS 13 applies prospectively and mandatorily to periods beginning on or after January 1, 2013. There has been no significant impact on Vivendi's valuation methods, or on the information disclosed in the notes to the financial statements, pursuant to its application.

Amendments to various IFRS included in the Annual Improvements to IFRSs 2009-2011 Cycle as published by the IASB on May 2012, were endorsed by the EU on March 27, 2013 and published in the EU Official Journal on March 28, 2013. These amendments mandatorily apply to periods beginning on or after January 1, 2013, retrospectively from January 1, 2012. Their application has had no significant impact on Vivendi's financial statements.

1.2. Presentation of the Consolidated Financial Statements

1.2.1. Consolidated Statement of Earnings

The main line items presented in Vivendi's Consolidated Statement of Earnings are revenues, income from equity affiliates, interest, provision for incomes taxes, earnings from discontinued or held for sale operations, and earnings. The Consolidated Statement of Earnings presents a subtotal for Earnings Before Interest and Tax (EBIT) equal to the difference between charges and income (excluding those financing activities, equity affiliates, discontinued or held for sale operations, and income taxes).

The charges and income related to financing activities consist of interest, income from investments, as well as other financial charges and income as defined in paragraph 1.2.3 and presented in Note 5.

1.2.2. Consolidated Statement of Cash Flows

Net cash provided from operating activities

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

Net cash used for investing activities

Net cash used for investing activities includes changes in net working capital related to property, plant and equipment, and intangible assets as well as cash from investments (particularly dividends received from equity affiliates). It also includes any cash flows arising from the gain or loss of control of subsidiaries.

Net cash used for financing activities

Net cash used for financing activities includes net interest paid on borrowings, cash and cash equivalents, bank overdrafts, as well as the cash impact of other items related to financing activities such as premiums from the early redemption of borrowings and the settlement of derivative instruments. It also includes cash flows from changes in ownership interests in a subsidiary that do not result in a loss of control (including increases in ownership interests).

1.2.3. Operating performance of each operating segment and of the group

Vivendi considers Adjusted Earnings Before Interest and Tax (EBITA), Adjusted net income (ANI), and Cash Flow From Operations (CFFO), non-GAAP measures, to be relevant indicators of the group's operating and financial performance.

EBITA

Vivendi considers EBITA, a non-GAAP measure, to be a relevant measure to assess the performance of its operating segments as reported in the segment data. The method used in calculating EBITA excludes the accounting impact of the amortization of intangible assets acquired through business combinations, impairment losses on goodwill and other intangibles acquired through business combinations, and other income and charges related to financial investing transactions and to transactions with shareowners. This enables Vivendi to measure and compare the operating performance of operating segments regardless of whether their performance is driven by the operating segment's organic growth or acquisitions.

The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, impairment losses on goodwill and other intangibles acquired through business combinations, as well as other financial income and charges related to financial investing transactions and to transactions with shareowners that are included in EBIT. The charges and income related to financial investing transactions include gains and losses recognized in business combinations, capital gains or losses related to divestitures or the depreciation of equity affiliates and other financial investments, as well as gains or losses incurred from the gain or loss of control in a business.

Adjusted net income

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

- EBITA (**);
- income from equity affiliates (*) (**);
- interest (*) (**), corresponding to interest expense on borrowings net of interest income earned on cash and cash equivalents;
- income from investments (*) (**), including dividends and interest received from unconsolidated companies; and
- taxes and non-controlling interests related to these items.

It does not include the following items:

- amortization of intangibles acquired through business combinations (**) as well as impairment losses on goodwill and other intangibles acquired through business combinations (*) (**);
- other income and charges related to financial investing transactions and to transactions with shareowners (*), as defined above;
- other financial charges and income (*) (**), equal to the profit and loss related to the change in value of financial assets and the termination or change in value of financial liabilities, which primarily include changes in fair value of derivative instruments, premiums from the early redemption of borrowings, the early unwinding of derivative instruments, the cost of issuing or cancelling credit facilities, the cash impact of foreign exchange transactions (other than those related to operating activities, included in the EBIT), as well as the effect of undiscounting assets and liabilities, and the financial components of employee benefits (interest cost and expected return on plan assets);
- earnings from discontinued operations (*) (**); and
- provisions for income taxes and adjustments attributable to non-controlling interests and non-recurring tax items (notably the changes in deferred tax assets pursuant to Vivendi SA's tax group and the Consolidated Global Profit Tax Systems, and the reversal of tax liabilities relating to risks extinguished over the period).

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

Cash Flow From Operations (CFFO)

Vivendi considers cash flow from operations (CFFO), a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. The CFFO includes net cash provided by operating activities, before income tax paid, as presented in the Statement of Cash Flows, as well as dividends received from equity affiliates and unconsolidated companies. It also includes capital expenditures, net that relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

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

1.2.4. Consolidated Statement of Financial Position

Assets and liabilities that are expected to be realized, or intended for sale or consumption, within the entity's normal operating cycle (generally 12 months), are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities. Moreover, certain reclassifications have been made to the 2012 and 2011 Consolidated Financial Statements to conform to the presentation of the 2013 and 2012 Consolidated Financial Statements.

1.3. Principles governing the preparation of the Consolidated Financial Statements

Pursuant to IFRS principles, the Consolidated Financial Statements have been prepared on a historical cost basis, with the exception of certain assets and liabilities detailed below.

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

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

1.3.1. Use of estimates

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

The main estimates and assumptions relate to the measurement of:

- revenue: estimates of provisions for returns and price guarantees, and rewards as part of loyalty programs deducted from certain revenue items (please refer to Note 1.3.4);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a risk reassessment at any time (please refer to Notes 1.3.8 and 20);
- employee benefits: assumptions are updated annually, such as the probability of employees remaining within the group until retirement, expected changes in future compensation, the discount rate and inflation rate (please refer to Notes 1.3.8 and 21);
- share-based compensation: assumptions are updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.10 and 22);
- certain financial instruments: fair value estimates (please refer to Notes 1.3.5.8, 1.3.7 and 24);
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually with factors such as expected tax rates and future tax results of the group (please refer to Notes 1.3.9 and 6);
- goodwill and other intangible assets: valuation methods adopted for the identification of intangible assets acquired through business combinations (please refer to Notes 1.3.5.2 and 2);
- goodwill, intangible assets with indefinite useful lives and assets in progress: assumptions are updated annually relating to impairment tests performed on each of the group's cash-generating units (CGUs), future cash flows and discount rates (please refer to Notes 1.3.5.7, 10, 12, and 13); and
- UMG content assets: estimates of the future performance of beneficiaries who were granted advances are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 11).

1.3.2. Principles of consolidation

A list of Vivendi's major subsidiaries, joint ventures and associated entities is presented in Note 29.

Consolidation

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

The new model of control, introduced by IFRS 10 superseding IAS 27 revised – *Consolidated and Separate Financial Statements*, and interpretation SIC 12 – *Consolidation – Special Purpose Entities*, is based on the following three criteria to be fulfilled simultaneously to conclude that the parent company exercises control:

- a parent company has power over a subsidiary when the parent company has existing rights that give it the current ability to direct the relevant activities of the subsidiary, i.e., the activities that significantly affect the subsidiary's returns. Power may arise from existing or potential voting rights, or contractual agreements. Voting rights must be substantial, i.e., they shall be exercisable at any time, without limitation particularly during decision making related to significant activities. The assessment of the exercise of power depends on the nature of the subsidiary's relevant activities, the internal decision-making process, and the allocation of rights among the subsidiary's other shareowners;
- the parent company is exposed, or has rights, to variable returns from its involvement with the subsidiary which may vary as a result of the subsidiary's performance. The concept of returns is broadly defined and includes, among others, dividends and other distributions of economic benefits, changes in the value of the investment in the subsidiary, economies of scale, and business synergies; and
- the parent company has the ability to use its power to affect the returns. Power without any impact on returns does not qualify as control.

Consolidated Financial Statements of a group are presented as if the group was a single economic entity with two categories of owners: the owners of the parent company on the one hand (Vivendi SA shareowners) and the owners of non-controlling interests on the other. A non-controlling interest is defined as the interest in a subsidiary that is not attributable, directly or indirectly, to a parent. As a result, changes to a parent company's ownership interest in a subsidiary that do not result in a loss of control only impact equity, as control does not change within the economic entity. Hence, in the event of the acquisition of an additional interest in a consolidated entity after January 1, 2009, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners. Conversely, any acquisition of control achieved in stages or a loss of control gives rise to profit or loss in the statement of earnings.

Accounting for joint arrangements

IFRS 11, which supersedes IAS 31 – *Financial Reporting of Interests in joint ventures,* and interpretation SIC 13 – *Jointly Controlled Entities – Non-monetary Contributions by Venturers,* establishes principles for Financial Reporting by parties to a joint arrangement.

In a joint arrangement, parties are bound by a contractual arrangement, giving these parties joint control of the arrangement. An entity that is a party to an arrangement shall assess whether the contractual arrangement gives all the parties or a group of the parties, control of the arrangement collectively. Once it has been established that all the parties or a group of the parties collectively control the arrangement, joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

Joint arrangements are classified into two categories:

- joint operations: these are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Those parties are called joint operators. A joint operator shall recognize 100% of wholly-owned assets/liabilities, expenses/revenues of the joint operation, and its share of any of those items held jointly; and
- joint ventures: these are joint arrangements whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers. Each joint venturer shall recognize its interest in a joint venture as an investment, and shall account for that investment using the equity method in accordance with IAS 28 (please refer below).

The elimination of proportionate consolidation for joint ventures has no impact on Vivendi, which already accounted for under the equity method companies that were jointly controlled by Vivendi, directly or indirectly, and a limited number of other shareholders under the terms of a contractual arrangement.

Equity accounting

Entities over which Vivendi exercises significant influence as well as joint ventures are accounted for under the equity method.

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

1.3.3. Foreign currency translation

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

Foreign currency transactions

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

Financial statements denominated in a foreign currency

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

1.3.4. Revenues from operations and associated costs

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

1.3.4.1. Canal+ Group

Pay and free-to-air television

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

Equipment rentals

IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*, applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Film and television programming

Theatrical revenues are recognized as the films are screened. Revenues from film distribution and from video and television or pay television licensing agreements are recognized when the films and television programs are available for telecast and all other conditions of sale have been met. Home video product revenues, less a provision for estimated returns (please refer to Note 1.3.4.4) and rebates, are recognized upon shipment and availability of the product for retail sale. Amortization of film and television capitalized and acquisition costs, theatrical print costs, home video inventory costs and television, and home video marketing costs are included in costs of revenues.

1.3.4.2. Universal Music Group (UMG)

Recorded music

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

Revenues from the digital sale of recorded music, for which UMG has sufficient, accurate, and reliable data from certain distributors, are recognized based on their estimate at the end of the month in which those sales were made to the final customer. In the absence of such data, revenues are recognized upon notification by the distribution platform (on-line or mobile music distributor) to UMG of a sale to the final customer.

Music publishing

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

Costs of revenues

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

1.3.4.3. GVT, SFR, and Maroc Telecom Group

Separable components of bundled offers

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

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

Equipment rentals

IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*, applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Content sales

Sales of services provided to customers managed on behalf of content providers (mainly premium rate numbers) are either accounted for gross, or net of the content providers' fees when the provider is responsible for the content and for setting the price payable by subscribers.

Custom contracts

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

Access to telecommunication infrastructure is provided to clients pursuant to various types of contracts: lease arrangements, hosting contracts or Indefeasible Right of Use (IRU) agreements. IRU agreements, which are specific to the telecommunication sector, confer an exclusive and irrevocable right to use an asset (cables, fiber optic or bandwidth) during a (generally lengthy) defined period without a transfer of ownership of the asset. Revenue generated by leases, hosting contracts in the Netcenters and IRU agreements is recognized over the duration of the corresponding contract, except in the case of a finance lease whereby the equipment is considered as a sale on credit.

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

Costs of revenues

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

1.3.4.4. Other

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

The recognition of awards associated with loyalty programs in the form of free or discounted goods or services are recorded according to IFRIC 13. Loyalty programs of SFR (valid until the third quarter of 2012), Maroc Telecom, and Canal+ Group grant to existing customers awards in the form of free services, according to the length of the relationship with the customer and/or loyalty points for subsequent conversion into either handset renewal subsidies, or free services. IFRIC 13 – *Interpretation* is based upon the principle of measuring loyalty awards by reference to their fair value. Fair value is defined as the excess price over the sales incentive that would be granted to any new customer and, should any such excess price exist, would result in deferring the recognition of the revenue associated with the subscription in the amount of such excess price.

Selling, general and administrative expenses primarily include salaries and employee benefits, rent, consulting and service fees, insurance costs, travel and entertainment expenses, administrative department costs, provisions for receivables and other operating expenses.

Advertising costs are expensed as incurred.

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

1.3.5. Assets

1.3.5.1. Capitalized financial interest

Until December 31, 2008, Vivendi did not capitalize financial interest incurred during the construction and acquisition period of intangible assets, and property, plant and equipment. Since January 1, 2009, according to amended IAS 23 – *Borrowing Costs*, this interest is included in the cost of qualifying assets. Vivendi applies this amendment to qualifying assets for which the commencement date for capitalization of costs is January 1, 2009 onwards.

1.3.5.2. Goodwill and business combinations

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date; and
- non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

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

(i) the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and

(ii) the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

The measurement of non-controlling interests at fair value results in an increase in goodwill up to the extent attributable to these interests, thereby leading to the recognition of a "full goodwill". The purchase price allocation shall be performed within 12 months after the acquisition date. If goodwill is negative, it is recognized in the Statement of Earnings. Subsequent to the acquisition date, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.7 below).

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

- on the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statements of Earnings;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
- goodwill is not amortized.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004. IFRS 3, as published by the IASB in March 2004, retained the acquisition method. However, its provisions differed from those of the revised standard on the main following items:

- minority interests were measured at their proportionate share of the acquiree's net identifiable assets as there was no option of measurement at fair value;
- contingent consideration was recognized in the cost of acquisition only if the payment was likely to occur and the amounts could be reliably measured;
- transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
- in the event of the acquisition of an additional interest in a subsidiary, the difference between the acquisition cost and the carrying value of minority interests acquired was recognized as goodwill.

1.3.5.3. Content assets

Canal+ Group

Film, television or sports broadcasting rights

When entering into contracts for the acquisition of film, television or sports broadcasting rights, the rights acquired are classified as contractual commitments. They are recorded in the Statement of Financial Position and classified as content assets as follows:

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

Theatrical film and television rights produced or acquired to be sold

Theatrical film and television rights produced or acquired before their initial exhibition, to be sold, are recorded as a content asset at capitalized cost (mainly direct production and overhead costs) or at their acquisition cost. Theatrical film and television rights are amortized, and other related costs are expensed, pursuant to the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis). Vivendi considers that amortization pursuant to the estimated revenue method reflects the rate at which the entity plans to consume the future economic benefits related to the asset. Accumulated amortization under this rate is, for this activity, generally not lower than the charge that would be obtained under the straight-line amortization method. If, however, the accumulated amortization would be lower than this charge, a minimum straight-line amortization would be calculated over a maximum 12-year period, which corresponds to the typical screening period of each film.

Where appropriate, estimated losses in value are provided in full against earnings for the period in which the losses are estimated, on an individual product basis.

Film and television rights catalogs

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

UMG

Music publishing rights and catalogs include music catalogs, artists' contracts and publishing rights, acquired through business combinations, amortized in selling, general and administrative expenses over a period not exceeding 15 years.

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

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

1.3.5.4. Research and development costs

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

Cost of internal use software

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

1.3.5.5. Other intangible assets

Intangible assets acquired separately are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical cost model is applied to intangible assets after they have been recognized. Assets with an indefinite useful life are not amortized but are all subject to an annual impairment test. Amortization is accrued for assets with a finite useful life. Useful life is reviewed at the end of each reporting period.

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

GVT, SFR, and Maroc Telecom Group

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

1.3.5.6. Property, plant and equipment

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

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

Property, plant and equipment mainly consist of the network equipment of telecommunications activities, each part of which is amortized generally over 1 to 50 years. The useful lives of the main components are as follows:

- buildings: over 8 to 25 years;
- fiber optic equipment: 50 years;
- pylons: over 15 to 20 years;
- radio and transmission equipment: over 3 to 10 years;
- switch centers: 8 years; and
- servers and hardware: over 1 to 8 years.

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

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

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

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to apply IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*, which currently mainly applies to commercial supply agreements for the Canal+ Group and GVT satellite capacity and for GVT, SFR, and Maroc Telecom Group telecommunications services:

- Indefeasible Right of Use (IRU) agreements confer an exclusive and irrevocable right to use an asset during a defined period. IRU agreements are leases which convey a specific right of use for a defined portion of the underlying asset in the form of dedicated fibers or wavelengths. IRU agreements are capitalized if the agreement period covers the major part of the useful life of the underlying asset. IRU contract costs are capitalized and amortized over the contract term; and
- Some IRU contracts are commercial service agreements that do not convey a right to use a specific asset; contract costs under these agreements are consequently expensed as operational costs for the period.

1.3.5.7. Asset impairment

Each time events or changes in the economic environment indicate a current risk of impairment of goodwill, other intangible assets, property, plant and equipment, and assets in progress, Vivendi re-examines the value of these assets. In addition, goodwill, other intangible assets with an indefinite useful life, and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each fiscal year, with some exceptions. This test is performed to compare the recoverable amount of each Cash Generating Unit (CGU) or, if necessary, groups of CGU to the carrying value of the corresponding assets (including goodwill). A Cash Generating Unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Vivendi Group operates through different communication businesses. Each business offers different products and services that are marketed through different channels. CGUs are independently defined at each business level, corresponding to the group operating segments. Vivendi CGUs and groups of CGUs are presented in Note 10.

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

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the budget of the following year and the most recent forecasts prepared by the operating segments.

Applied discount rates are determined by reference to available external sources of information, usually based on financial institutions' benchmarks, and reflect the current assessment by Vivendi of the time value of money and risks specific to each asset or group of assets.

Perpetual growth rates used for the evaluation of CGUs are those used to prepare budgets for each CGU or group of CGUs, and beyond the period covered, are consistent with growth rates estimated by the business by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which the group operates.

The fair value (less costs to sell) is the price that would be received from the sale of an asset or group of assets in an orderly transaction between market participants at the measurement date, less costs to sell. These values are determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or on discontinued future cash flows in the absence of reliable data.

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

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

1.3.5.8. Financial assets

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

Financial assets at fair value

Financial assets at fair value include available-for-sale securities, derivative financial instruments with a positive value (please refer to Note 1.3.7) and other financial assets measured at fair value through profit or loss. Most of these financial assets are actively traded in organized public markets, their fair value being calculated by reference to the published market price at period end. For financial assets for which there exists no published market price in an active market, fair value is then estimated. As a last resort, the group values financial assets at historical cost, less any impairment losses, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market.

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

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

Financial assets at amortized cost

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

1.3.5.9. Inventories

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

1.3.5.10. Trade account receivables

Trade accounts receivable are initially recognized at fair value, which generally equals the nominal value. Provisions for impairment of receivables are specifically evaluated in each business unit, generally using a default percentage based on the unpaid amounts during one reference period related to revenues for this same period. Thus, for the group's businesses which are based partly or fully on subscription (Canal+ Group, GVT, and SFR), the depreciation rate of trade account receivables is assessed on the basis of historical account receivables from former customers, primarily on a statistical basis. In addition, account receivables from customers subject to insolvency proceedings or customers with whom Vivendi is involved in litigation or a dispute are generally impaired in full.

1.3.5.11. Cash and cash equivalents

The "cash and cash equivalents" category consists of cash in banks, monetary UCITS, which satisfy AMF position No. 2011-13, and other highly liquid investments with initial maturities of generally three months or less. Investments in securities, investments with initial maturities of more than three months without the possibility of early termination and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls), are not classified as cash equivalents but as financial assets. Moreover, the historical performance of the investments is monitored regularly to confirm their cash equivalents accounting classification.

1.3.6. Assets held for sale and discontinued operations

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

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

Accounting principles and valuation methods applicable specifically to Activision Blizzard (video games), a business divested in 2013

Revenue and related costs

The major portion of Activision Blizzard revenue is generated by the sale of boxes for video games, net of a provision for estimated returns and price guarantees as well as rebates, if any. Regarding video games with significant online functionality or Massively Multiplayer Online Role Playing Games, revenues are recorded ratably over the estimated relationship period with the customer, usually and respectively beginning in the month following the shipment or upon activation of the subscription. The estimated relationship period with the customer over which revenues are recognized currently ranges from a minimum of five months to a maximum of less than a year. Costs of sales associated with revenues from the sale of boxes for video games with significant online functionality are recorded ratably according to the same method as for revenues.

Content assets

Licensing activities and internally developed franchises are recognized as contents assets at their acquisition cost or development cost and are amortized over their estimated useful life on the basis of the rate at which the related economic benefits are consumed. This generally leads to an amortization period of 3 to 10 years for licenses, and 11 to 12 years for franchises.

Cost of software for rental, sale or commercialization

Software development costs (video games) are capitalized when, notably, the technical feasibility of the software is established and they are deemed recoverable. These costs are mainly generated by Activision Blizzard as part of the games development process and are amortized using the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues) for a given product, which generally leads to the amortization of costs over a maximum period of 6 months commencing on a product's release date. Non-capitalized software development costs are immediately recorded as research and development costs.

1.3.7. Financial liabilities

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

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

Borrowings

All borrowings are initially accounted for at fair value net of transaction costs directly attributable to the borrowing. Borrowings bearing interest are subsequently valued at amortized cost, applying the effective interest method. The effective interest rate is the internal yield rate that exactly discounts future cash flows over the term of the borrowing. In addition, where the borrowing comprises an embedded derivative (e.g., an exchangeable bond) or an equity instrument (e.g., a convertible bond), the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument. In the event of a change in expected future cash flows (e.g., redemption earlier than initially expected), the amortized cost is adjusted against earnings to reflect the value of the new expected cash flows, discounted at the initial effective interest rate.

Commitments to purchase non-controlling interests

Vivendi has granted commitments to purchase non-controlling interests to certain shareowners of its fully consolidated subsidiaries. These purchase commitments may be optional (e.g., put options) or firm (e.g., forward purchase contracts).

The following accounting treatment has been adopted for commitments granted on or after January 1, 2009:

- upon initial recognition, the commitment to purchase non-controlling interests is recognized as a financial liability for the present value of the purchase consideration under the put option or forward purchase contract, mainly offset through the book value of non-controlling interests and the remaining balance through equity attributable to Vivendi SA shareowners;

- subsequent changes in the value of the commitment are recognized as a financial liability by an adjustment to equity attributable to Vivendi SA shareowners; and
- upon maturity of the commitment, if the non-controlling interests are not purchased, the entries previously recognized are reversed; if the non-controlling interests are purchased, the amount recognized in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the non-controlling interests.

Derivative financial instruments

Vivendi uses derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. These instruments include interest rate and currency swaps, and forward exchange contracts. All these derivative financial instruments are used for hedging purposes.

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

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

1.3.8. Other liabilities

Provisions

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

Employee benefit plans

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

Defined contribution plans

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

Defined benefit plans

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

Pension expenses and defined benefit obligations are calculated by independent actuaries using the projected unit credit method. This method is based on annually updated assumptions, which include the probability of employees remaining with Vivendi until retirement, expected changes in future compensation and an appropriate discount rate for each country in which Vivendi maintains a pension plan. The assumptions adopted in 2012 and 2013, and the means of determining these assumptions, are presented in Note 21. A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, and includes past service cost and actuarial gains and losses.

The cost of defined benefit plans consists of 3 components recognized as follows:

- the service cost is included in selling, general and administrative expenses. It comprises current service cost, past service cost resulting from a plan amendment or a curtailment, immediately recognized in profit and loss, and gains and losses on settlement;

- the financial component, recorded in other financial charges and income, consists of the undiscounting of the obligation, less the expected return on plan assets determined using the discount rate retained for the valuation of the benefit obligation; and
- the remeasurements of the net defined benefit liability (asset), recognized in items of other comprehensive income not reclassified to profit and loss, mainly consist of actuarial gains and losses, i.e. changes in the present value of the defined benefit obligation and plan assets resulting from changes in actuarial assumptions and experience adjustments (representing the differences between the expected effect of some actuarial assumptions applied to previous valuations and the effective effect).

Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the present value of future refunds and the expected reduction in future contributions.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial computation comparable to the method used for pension provisions.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.

1.3.9. Deferred taxes

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

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

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

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

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

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

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

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

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

1.3.10. Share-based compensation

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

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

Please refer to Note 22 for details of the features of these plans.

Share-based compensation is recognized as a personnel cost at the fair value of the equity instruments granted. This expense is spread over the vesting period, i.e. 3 years for stock option plans and 2 years for performance shares and bonus share plans at Vivendi, other than in specific cases.

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

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

Equity-settled instruments:

- the expected term of the option granted is deemed to be the mid-point between the vesting date and the end of the contractual term;
- the value of the instruments granted is estimated and fixed at grant date; and
- the expense is recognized with a corresponding increase in equity.

Cash-settled instruments:

- the expected term of the instruments granted is deemed to be equal to one-half of the residual contractual term of the instrument for vested rights, and to the average of the residual vesting period at the remeasurement date and the residual contractual term of the instrument for unvested rights;
- the value of instruments granted is initially estimated at grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date;
- the expense is recognized as a provision; and
- moreover, as plans settled in cash are primarily denominated in US dollars, the value fluctuates based on the EUR/USD exchange rate.

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

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

In accordance with IFRS 1, Vivendi elected to retrospectively apply IFRS 2 as of January 1, 2004. Consequently, all share-based compensation plans for which rights remained to be vested as of January 1, 2004 were accounted for in accordance with IFRS 2.

1.4. Related parties

Group-related parties are those companies over which the group exercises exclusive control, joint control or significant influence, shareholders exercising joint control over group joint ventures, non-controlling interests exercising significant influence over group subsidiaries, Corporate Officers, group management and Directors and companies over which the latter exercise exclusive control, joint control, or significant influence.

The transactions realized with subsidiaries over which the group exercises a control are eliminated in the intersegment operations (a list of the principal consolidated subsidiaries is presented in Note 29). Moreover, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis under terms and conditions similar to those which would be offered by third parties. The operating costs of Vivendi SA's headquarters in Paris and of its New York City office, after the allocation of a portion of these costs to each of the group's businesses, are included in the Holding and Corporate operating segment. (Please refer to Note 3 for a detailed description of the transactions between the parent company and the subsidiaries of the group, aggregated by operating segments).

1.5. Contractual obligations and contingent assets and liabilities

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

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

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

The IFRS standards that have been published by the IASB, which are not yet effective but which have been applied in anticipation are detailed in Note 1.1.

Among other IFRS accounting standards and IFRIC interpretations issued by the IASB/IFRIC at the date of approval of these Consolidated Financial Statements, but which are not yet effective, and for which Vivendi has not elected for an earlier application and which may have an impact on Vivendi include mainly IFRIC 21 interpretation *Levies*, issued by IFRIC on May 20, 2013, which applies mandatorily from January 1, 2014. IFRIC 21 addresses the accounting for a liability to pay a levy that is imposed by governments on entities in accordance with legislation (i.e., laws and/or regulations), except for income tax and value-added taxes. Applying this interpretation would lead to modifying, where necessary, the determination of the obligating event that triggers the recognition of the liability.

Vivendi is currently assessing the potential impact on the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, and the content of the Notes to the Consolidated Financial Statements in applying this interpretation.

NOTE 2. Major changes in the scope of consolidation

Ongoing strategic review

As publicly announced to shareholders on several occasions in 2012 and 2013, Vivendi's Management Board and Supervisory Board are carrying out a review of the group's strategic development. In 2013, Vivendi sold most of its interest in Activision Blizzard and entered into a definitive agreement with Etisalat to sell its interest in Maroc Telecom. The group has decided to focus on its media and content activities, which hold leading positions and are taking advantage of the growing digital market. It has strengthened its presence in Canal+ France, now fully owned. Vivendi is also reshaping SFR. The operator has begun to benefit from its transformation plan, by re-taking the commercial lead and by reducing costs. SFR has also entered into an agreement to share part of its mobile network with Bouygues Telecom, allowing it to offer better coverage and strengthened service quality to its customers. Based on this, the group aims to position the future Vivendi as a dynamic player in media and content. With SFR, it intends to participate in the reorganization of the telecommunication sector in France, exploring actively all potential opportunities.

During the second half of 2013, the group reached important strategic milestones:

- on October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard for $8.2 billion (or €6 billion), in cash. In addition, Vivendi retained 83 million Activision Blizzard shares, representing 11.9% of Activision Blizzard's outstanding share capital, which are subject to a staggered 15-month lock-up period;
- on November 4, 2013, Vivendi entered into a definitive agreement with Etisalat for the sale of Vivendi's 53% interest in Maroc Telecom Group for €4.2 billion in cash, including a €310 million dividend distribution with respect to fiscal year 2012, according to the financial terms known to date. Completion of this transaction is contingent upon the satisfaction of certain closing conditions, including receipt of required regulatory approvals in Morocco and the countries in which Maroc Telecom Group operates, as well as finalization of the shareholders' agreement between Etisalat and the Kingdom of Morocco. This transaction is expected to be completed during the first months of 2014 (please refer to Note 7); and
- on November 5, 2013, Vivendi acquired Lagardère Group's 20% interest in Canal+ France for €1,020 million in cash.

As a result of the sale of Activision Blizzard, Vivendi has begun to significantly reduce its debt during the fourth quarter of 2013 by implementing a US dollar and euro bond repurchase program in an aggregate amount of €3 billion; thus gaining greater financial flexibility (please refer to Note 24).

2.1. Planned demerger of the group

On November 26, 2013, Vivendi's Supervisory Board approved the group's planned demerger to form two separate companies: (i) a new international media group based in France, with very strong positions in music (as the worldwide leader), in European cinema, in pay-TV in France, Africa, Vietnam, and Poland, and in the Internet and associated services in Brazil, and (ii) SFR. The decision to implement this project could be taken in the near future and, if appropriate, submitted to the General Shareholders' Meeting for approval on June 24, 2014.

Vivendi considers that the conditions for the application of IFRS 5 to the proposed demerger in the 2013 Financial Statements are not met.

2.2. Acquisition of Lagardère Group's non-controlling interest in Canal+ France

On November 5, 2013, Vivendi acquired Lagardère Group's 20% interest in Canal+ France, for €1,020 million in cash. In accordance with IFRS 10, Vivendi recorded this transaction as an acquisition of a non-controlling interest. The difference between the consideration paid and the carrying value of acquired non-controlling interest was recorded as a deduction from equity attributable to Vivendi SA shareowners (-€636 million).

In addition, Vivendi and Lagardère Group have settled all disputes between them (please refer to Note 28). Thereafter, Canal+ France SA was merged with and into Canal+ Group SA, pursuant to a simplified merger, with retroactive effect to January 1, 2013.

2.3. Completion of the acquisition of EMI Recorded Music by Vivendi and Universal Music Group (UMG)

As a reminder, on September 28, 2012 Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music). EMI Recorded Music has been fully consolidated since that date. The purchase price, in enterprise value, amounted to £1,130 million (€1,404 million). The authorization by the European Commission was notably conditional upon the divestment of the Parlophone, Now, and Mute labels. In accordance with IFRS 5, Vivendi reported these assets as assets held for sale at market value (less costs to sell), in the Statements of Financial Position, until completion of the sale.

On February 7, 2013, Vivendi and UMG announced that they had entered into an agreement for the sale of Parlophone Label Group to Warner Music Group for an enterprise value of £487 million to be paid in cash.

Following the approval by the European Commission on May 15, 2013, the sale of Parlophone Label Group was completed on July 1, 2013 and Vivendi received a consideration of £501 million (€591 million), including the provisional estimated contractual price adjustments (£14 million).

Moreover, the divestments of Sanctuary, Now, and Mute were completed.

The aggregate amount of divestments made in compliance with the conditions imposed by the regulatory authorities in connection with the acquisition of EMI Recorded Music was £543 million, less costs to sell (approximately €679 million, including €39 million in gains on foreign exchange hedging and a consideration in the amount of €19 million remaining payable as of December 31, 2013).

Finalization of the purchase price allocation

UMG finalized the purchase price allocation of EMI Recorded Music within a 12-month period as required by accounting standards: the purchase price, using the fair value of assets acquired and liabilities incurred or assumed, was based on analyses and appraisals prepared by UMG with the assistance of third-party appraisers, when appropriate. The major acquired assets were the music catalogs, amortized over a period of 15 years and artist contracts, amortized over a period of 10 years.

In 2013, goodwill was adjusted by €57 million and the final goodwill amount of EMI Recorded Music amounted to €358 million, following the finalization of the purchase price allocation as presented below:

(in millions of euros)		September 28, 2012
Carrying value of EMI Recorded Music's assets and liabilities acquired by Vivendi	**(A)**	**(333)**
Fair value adjustments of EMI Recorded Music's acquired assets and liabilities incurred or assumed:		
Music rights and catalog		1,046
Deferred income tax, net		(321)
Other		(18)
Total	**(B)**	**707**
Fair value of EMI Recorded Music's acquired assets and liabilities incurred or assumed	**(C=A+B)**	**374**
Fair value of EMI Recorded Music's assets and liabilities sold		672
Goodwill		**358**
Purchase price of 100% of EMI Recorded Music		**1,404**

2.4. Strategic partnership among the Canal+ Group, ITI, and TVN in Poland

On November 30, 2012, Canal+ Group, ITI, and TVN finalized the combination of their Polish Pay-TV platforms.

Acquisition of ITI Neovision "n"

Following the merger of Canal+ Cyfrowy (Canal+ Group's Cyfra+ platform) with ITI Neovision (TVN's "n" platform), Canal+ Group holds a 51% interest in the new structure "nc+" (compared to a previous 75% interest in Canal+ Cyfrowy). As Canal+ Group has the majority on the Supervisory Board and the power to govern the financial and operating policies of "n", the latter has been fully consolidated by Canal+ Group since November 30, 2012.

The purchase price for the 100% interest in "n" amounted to €268 million. The goodwill of "n" was valued according to the full goodwill method. Canal+ Group finalized the purchase price allocation within a 12-month period as required by accounting standards: the purchase price consists of the fair value of the assets acquired and the liabilities incurred or assumed on the basis of analysis and estimates undertaken by Canal+ Group, with the assistance of third-party appraisers, when appropriate. The main assets acquired were a subscriber base valued at €33 million, amortized over a period of 8 years, the brand, valued at €18 million, and tax losses carried forward of €69 million. In 2013, goodwill was adjusted by -€75 million and the final goodwill of "n" amounted to €138 million.

Acquisition of an interest in N-Vision

On November 30, 2012, Canal+ Group acquired a 40% interest in N-Vision, which indirectly holds a 52% interest in TVN. On December 18, 2013, in accordance with the shareholders' agreement, ITI exercised its put option to sell to Canal+ Group a 9% interest in N-Vision's share capital and voting rights for €62 million, paid in cash in February 2014: Canal+ Group's ownership interest in N-Vision thus increased to 49% (please refer to Note 27).

2.5. Other changes in the scope of consolidation

Acquisition of a 60% interest in Red Production Company

On December 5, 2013, Studiocanal acquired a 60% majority interest in Red Production Company, a British company which produces television series.

2.6. Transactions underway as of December 31, 2013

Agreement to share a part of SFR's mobile access networks

On January 31, 2014, SFR and Bouygues Telecom entered into a strategic agreement to share a part of their mobile access networks, following a period of negotiations announced in July 2013. They will roll out a new shared network in an area covering 57% of the French population. This agreement will enable both operators to improve their mobile coverage and generate significant savings over time.

The agreement is based on two principles:

- the creation of a joint company, to manage the shared base station assets; and
- entry by the operators into a RAN-sharing service agreement covering 2G, 3G, and 4G services in the shared area.

This network-sharing agreement is similar to numerous arrangements already existing in other European countries. Each operator will retain its own innovation capacity as well as complete commercial and pricing independence.

The network-sharing agreement took effect upon the signing of the agreement and the shared network is expected to be completed by the end of 2017.

From an accounting perspective, this agreement had no impact on the accounts for fiscal year 2013.

Acquisition of a 51% interest in Mediaserv by Canal+ Group

On July 12, 2013, Canal+ Overseas entered into an agreement with Loret Group to acquire a 51% majority interest in Mediaserv, an overseas telecom operator. On February 10, 2014, the French Competition Authority approved this acquisition, which was completed on February 13, 2014.

NOTE 3. Segment data

3.1. Operating segment data

The Vivendi Group comprises several businesses that are leaders in the worlds of content, media, and telecommunications. Each business offers different products and services that are marketed through different channels. Given the unique customer base, technology, marketing and distribution requirements of each of these businesses, they are managed separately and represent the base of the internal reporting of the group. The Vivendi Group has the following four main businesses:

- **Canal+ Group:** publishing and distribution of premium and thematic pay-TV channels as well as free-to-air channels in metropolitan France, Poland, francophone Africa, French overseas territories and Vietnam as well as cinema film production and distribution in Europe;
- **Universal Music Group:** sale of recorded music, including that of EMI Recorded Music since September 28, 2012, (physical and digital media), exploitation of music publishing rights as well as artist services and merchandising;
- **GVT:** a Brazilian fixed telecommunication and broadband Internet operator as well as a Brazilian pay-TV provider; and
- **SFR:** a telecommunication operator (mobile, broadband Internet, and fixed telecommunications) in France.

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

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

- the operating segment **Other operations** includes operations peripheral to the group, notably, See Tickets (a British ticketing company), Digitick (the French leader in web ticketing), Wengo (the French leader in expert advisory services by phone), and Watchever (sale of digital content on the Internet, mainly in Germany);
- the operating segment **Holding & Corporate** includes the cost of Vivendi SA's headquarters in Paris and of its New York City office, after the allocation of a portion of these costs to each of the businesses;
- intersegment commercial relations are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties; and
- the operating segments presented hereunder are strictly identical to the information given to Vivendi's Management Board.

In addition, Vivendi's interests in Activision Blizzard and Maroc Telecom Group, discontinued businesses as of December 31, 2013 (please refer to Note 7), are no longer reported in segment data as a result of the application of IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*:

- the 2012 Consolidated Statement of Earnings and 2012 Consolidated Statement of Cash Flows were adjusted to ensure consistency of information; and
- Maroc Telecom Group's assets and liabilities were reclassified as unallocated assets as of December 31, 2013.

Moreover, as of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 – *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1).

For a detailed description of the adjustments made to the previously published Financial Statements, please refer to Note 33.

As of December 31, 2013, Vivendi also presented data categorized according to five geographic regions, consisting of its four main geographic markets (France, Rest of Europe, United States, and Brazil), as well as the rest of the world.

Consolidated statements of earnings

	Year ended December 31, 2013							
(in millions of euros)	Canal+ Group	Universal Music Group	GVT	SFR	Other operations	Holding & Corporate	Eliminations	Total Vivendi
External revenues	5,300	4,882	1,709	10,174	70	-	-	22,135
Intersegment revenues	11	4	-	25	2	-	(42)	-
Revenues	**5,311**	**4,886**	**1,709**	**10,199**	**72**	**-**	**(42)**	**22,135**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(4,394)	(4,161)	(1,000)	(7,406)	(145)	(85)	42	(17,149)
Charges related to share-based compensation plans	(12)	(11)	(2)	(27)	(1)	(5)	-	(58)
EBITDA	**905**	**714**	**707**	**2,766**	**(74)**	**(90)**	**-**	**4,928**
Restructuring charges	-	(114)	-	(93)	-	(1)	-	(208)
Gains/(losses) on sales of tangible and intangible assets	(8)	6	-	(3)	(1)	-	-	(6)
Other non-recurring items	(50)	(26)	-	(2)	(1)	5	-	(74)
Depreciation of tangible assets	(156)	(69)	(281)	(932)	(2)	(1)	-	(1,441)
Amortization of intangible assets excluding those acquired through business combinations	(80)	-	(21)	(663)	(2)	-	-	(766)
Adjusted earnings before interest and income taxes (EBITA)	**611**	**511**	**405**	**1,073**	**(80)**	**(87)**	**-**	**2,433**
Amortization of intangible assets acquired through business combinations	(7)	(341)	(46)	(66)	(2)	-	-	(462)
Impairment losses on intangible assets acquired through business combinations	-	(5)	-	(2,431)	(1)	-	-	(2,437)
Other income								88
Other charges								(57)
Earnings before interest and income taxes (EBIT)								**(435)**
Income from equity affiliates								(33)
Interest								(528)
Income from investments								67
Other financial income								51
Other financial charges								(561)
Provision for income taxes								(417)
Earnings from discontinued operations								4,635
Earnings								**2,779**
of which								
Earnings attributable to Vivendi SA shareowners								**1,967**
Non-controlling interests								812

	Year ended December 31, 2012							
(in millions of euros)	Canal+ Group	Universal Music Group	GVT	SFR	Other operations	Holding & Corporate	Elimina-tions	Total Vivendi
External revenues	4,997	4,538	1,716	11,264	62	-	-	22,577
Intersegment revenues	16	6	-	24	4	-	(50)	-
Revenues	**5,013**	**4,544**	**1,716**	**11,288**	**66**	**-**	**(50)**	**22,577**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(4,061)	(3,854)	(974)	(7,957)	(73)	(87)	50	(16,956)
Charges related to share-based compensation plans	(12)	(15)	(2)	(32)	(1)	(9)	-	(71)
EBITDA	**940**	**675**	**740**	**3,299**	**(8)**	**(96)**	**-**	**5,550**
Restructuring charges	-	(79)	-	(187)	-	(7)	-	(273)
Gains/(losses) on sales of tangible and intangible assets	(7)	-	(1)	(1)	-	-	-	(9)
Other non-recurring items	(12)	(18)	-	-	-	4	-	(26)
Depreciation of tangible assets	(175)	(52)	(229)	(868)	(2)	(1)	-	(1,327)
Amortization of intangible assets excluding those acquired through business combinations	(83)	-	(22)	(643)	(4)	-	-	(752)
Adjusted earnings before interest and income taxes (EBITA)	**663**	**526**	**488**	**1,600**	**(14)**	**(100)**	**-**	**3,163**
Amortization of intangible assets acquired through business combinations	(8)	(306)	(54)	(66)	(2)	-	-	(436)
Impairment losses on intangible assets acquired through business combinations	(665)	(94)	-	-	(1)	-	-	(760)
Reserve accrual related to the Liberty Media Corporation litigation in the United States								(945)
Other income								19
Other charges								(236)
Earnings before interest and income taxes (EBIT)								**805**
Income from equity affiliates								(38)
Interest								(544)
Income from investments								7
Other financial income								37
Other financial charges								(204)
Provision for income taxes								(604)
Earnings from discontinued operations								1,505
Earnings								**964**
of which								
Earnings attributable to Vivendi SA shareowners								**179**
Non-controlling interests								785

Consolidated statements of financial position

(in millions of euros)	Canal+ Group	Universal Music Group	Activision Blizzard	GVT	SFR	Maroc Telecom Group	Other operations	Holding & Corporate	Total Vivendi
December 31, 2013									
Segment assets (a)	7,500	8,256	-	4,674	18,304	-	251	154	39,139
incl. investments in equity affiliates	*220*	*74*	-	-	*152*	-	-	-	*446*
Unallocated assets (b)									10,041
Total Assets									**49,180**
Segment liabilities (c)	2,631	2,600	-	548	3,698	-	78	5,141	14,696
Unallocated liabilities (d)									15,454
Total Liabilities									**30,150**
Increase in tangible and intangible assets	213	54	-	776	1,665	-	8	1	2,717
Capital expenditures, net (capex, net) (e)	211	26	-	769	1,610	-	8	-	2,624
December 31, 2012									
Segment assets (a)	7,371	8,849	4,199	5,085	20,776	6,008	235	185	52,708
incl. investments in equity affiliates	*166*	*84*	-	-	*138*	-	-	-	*388*
Unallocated assets (b)									6,825
Total Assets									**59,533**
Segment liabilities (c)	2,930	3,582	1,991	680	4,085	1,686	61	4,152	19,167
Unallocated liabilities (d)									19,075
Total Liabilities									**38,242**
Increase in tangible and intangible assets	233	63	-	996	2,765	-	6	1	4,064
Capital expenditures, net (capex, net) (e)	230	56	-	947	2,736	-	6	1	3,976

Additional operating segment data is presented in Note 10 "Goodwill", Note 11 "Content assets and commitments", and Note 14 "Intangible and tangible assets of telecom operations".

(a) Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade account receivables, and other.

(b) Unallocated assets include deferred tax assets, current tax receivables, cash and cash equivalents as well as assets held for sale. As of December 31, 2013, they also included Maroc Telecom Group's assets of discontinued businesses for €6,562 million and the remaining 83 million Activision Blizzard shares held by Vivendi, valued at €1,078 million (please refer to Note 7).

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

(d) Unallocated liabilities include borrowings and other financial liabilities, deferred tax liabilities, current tax payables as well as liabilities related to assets held for sale. As of December 31, 2013, they also included Maroc Telecom Group's liabilities associated with assets of discontinued businesses for €2,429 million (please refer to Note 7).

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

3.2. Geographic information

Revenues are broken down by the customers' location.

	Year ended December 31,			
(in millions of euros)	2013		2012	
Revenues				
France	14,662	*66%*	15,664	*69%*
Rest of Europe	2,465	*11%*	2,204	*10%*
United States	1,883	*9%*	1,594	*7%*
Brazil	1,776	*8%*	1,776	*8%*
Rest of the World	1,349	*6%*	1,339	*6%*
	22,135	***100%***	**22,577**	***100%***

(in millions of euros)	December 31, 2013		December 31, 2012	
Segment assets				
France	24,950	*64%*	27,539	*52%*
Rest of Europe	2,483	*6%*	2,666	*5%*
United States	6,549	*17%*	10,815	*21%*
Morocco	-	-	4,347	*8%*
Brazil	4,725	*12%*	5,127	*10%*
Rest of the World	432	*1%*	2,214	*4%*
	39,139	***100%***	**52,708**	***100%***

In 2013 and 2012, acquisitions of tangible and intangible assets were mainly realized in France by Canal+ Group and SFR and in Brazil by GVT.

NOTE 4. EBIT

Breakdown of revenues and cost of revenues

	Year ended December 31,	
(in millions of euros)	2013	2012
Product sales, net	5,543	5,228
Services revenues	16,564	17,295
Other	28	54
Revenues	**22,135**	**22,577**
Cost of products sold, net	(3,629)	(3,592)
Cost of service revenues	(9,367)	(9,092)
Other	8	12
Cost of revenues	**(12,988)**	**(12,672)**

Personnel costs and average employee numbers

		Year ended December 31,	
(in millions of euros except number of employees)	Note	2013	2012
Annual average number of full-time equivalent employees (in thousands)		**46.1**	**43.1**
Salaries		1,978	1,748
Social security and other employment charges		624	585
Capitalized personnel costs		(176)	(169)
Wages and expenses		**2,426**	**2,164**
Share-based compensation plans	22.1	58	71
Employee benefit plans	21.1	46	45
Other		156	199
Personnel costs		**2,686**	**2,479**

Additional information on operating expenses

Advertising costs amounted to €611 million in 2013 (compared to €587 million in 2012).

Expenses recorded in the Statement of Earnings, with respect to service contracts related to satellite transponders amounted to €113 million in 2013 (compared to €101 million in 2012).

Net expense recorded in the Statement of Earnings, with respect to operating leases amounted to €504 million in 2013 (compared to €492 million in 2012).

Amortization and depreciation of intangible and tangible assets

(in millions of euros)	Note	Year ended December 31, 2013	2012
Amortization (excluding intangible assets acquired through business combinations)		2,207	2,079
of which property, plant and equipment	13	*1,441*	*1,327*
content assets	11	*22*	*27*
other intangible assets	12	*744*	*725*
Amortization of intangible assets acquired through business combinations		462	436
of which content assets	11	*339*	*301*
other intangible assets	12	*123*	*135*
Impairment losses on intangible assets acquired through business combinations **(a)**	10-11	2,437	760
Amortization and depreciation of intangible and tangible assets		**5,106**	**3,275**

(a) Mainly relates to the impairment of SFR's goodwill (€2,431 million) in 2013 and the impairment of Canal+ France's goodwill (€665 million) and certain goodwill and music catalogs of Universal Music Group (€94 million) in 2012.

Other income and other charges

(in millions of euros)	Year ended December 31, 2013	2012
Capital gain on the divestiture of businesses	3	5
Capital gain on financial investments	37	7
Other	48	7
Other income	**88**	**19**
Downside adjustment on the divestiture of businesses	-	(3)
Downside adjustment on financial investments	(31)	(153)
of which impairment of Canal+ Group's N-Vision equity affiliate	-	*(119)*
Other	(26)	(80)
of which acquisition costs	*(8)*	*(63)*
Other charges	**(57)**	**(236)**
Net total	**31**	**(217)**

NOTE 5. Financial charges and income

Interest

(in millions of euros)	Year ended December 31, 2013	2012
(Charge)/Income		
Interest expense on borrowings	(553)	(572)
Interest income from cash and cash equivalents	25	28
Interest	**(528)**	**(544)**
Fees and premiums on borrowings and credit facilities issued/redeemed and early unwinding of hedging derivative instruments	*(207)*	*(15)*
	(735)	***(559)***

Other financial income and charges

(in millions of euros)	Note	Year ended December 31, 2013	2012
Expected return on plan assets related to employee benefit plans	21.2	13	13
Foreign exchange gain		38	-
of which GVT's euro borrowing to Vivendi SA	24	*38*	-
Change in value of derivative instruments		-	23
Other		-	1
Other financial income		**51**	**37**
Effect of undiscounting liabilities (a)		(28)	(31)
Interest cost related to employee benefit plans	21.2	(33)	(36)
Fees and premiums on borrowings and credit facilities issued/redeemed and early unwinding of hedging derivative instruments		(207)	(15)
Foreign exchange loss		(270)	(103)
of which GVT's euro borrowing to Vivendi SA	24	*(224)*	*(76)*
Change in value of derivative instruments		(1)	-
Other		(22)	(19)
Other financial charges		**(561)**	**(204)**
Net total		**(510)**	**(167)**

(a) In accordance with accounting standards, when the effect of the time value of money is material, assets and liabilities are initially recorded on the Statement of Financial Position in an amount corresponding to the present value of the expected revenues and expenses. At the end of each subsequent period, the present value of such assets and liabilities is adjusted to account for the passage of time. As of December 31, 2013 and 2012, these adjustments only applied to liabilities (mainly trade accounts payable and provisions).

NOTE 6. Income taxes

6.1. French Tax Group and Consolidated Global Profit Tax Systems

Vivendi SA benefits from the French Tax Group System and considers that it benefited, until December 31, 2011 inclusive, from the Consolidated Global Profit Tax System, as authorized under Article 209 quinquies of the French Tax Code. Therefore, since January 1, 2012, Vivendi only benefits from the French Tax Group System:

- under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 95% owned directly or indirectly, and that are located in France: for 2013, this applied to Universal Music in France, SFR, and Canal+ Group;
- until December 31, 2011, the Consolidated Global Profit Tax System entitled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 50% owned directly or indirectly, and that are located in France or abroad, i.e., besides the French companies that are at least 95% owned directly or indirectly by Vivendi: Activision Blizzard, Universal Music Group, Maroc Telecom, GVT, Canal+ France and its subsidiaries, as well as Société d'Edition de Canal Plus (SECP). As a reminder, as of May 19, 2008, Vivendi applied to the French Ministry of Finance for the renewal of its authorization to use the Consolidated Global Profit Tax System and an authorization was granted by an order dated March 13, 2009, for a three-year period beginning with the taxable year 2009 and ending with the taxable year 2011;
- in addition, as a reminder, on July 6, 2011, Vivendi lodged an appeal with the Ministry of Finance in relation to the renewal of its authorization to use the Consolidated Global Profit Tax System for a 3-year period, from January 1, 2012 to December 31, 2014; and
- the changes in French Tax Law in 2011 terminated the Consolidated Global Profit Tax System as of September 6, 2011 and capped the deduction for tax losses carried forward at 60% of taxable income. Since 2012, the deduction for tax losses carried forward is capped at 50% of taxable income and the deductibility of interest is limited to 85% of financial charges, net (75% as from January 1, 2014).

The impact of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- as Vivendi considers that its entitlement to use the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, including fiscal year ending December 31, 2011, on November 30, 2012, Vivendi filed for a refund of €366 million with respect to the tax saving for the fiscal year ended December 31, 2011. However, this fiscal position is being challenged and in its Financial Statements for the year ended December 31, 2012, Vivendi accrued a €366 million provision for the associated risk, unchanged as of December 31, 2013 (please refer to Note 6.6);
- moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the maturity of the authorization on December 31, 2011, Vivendi requested a refund of the taxes due, under the French Tax Group System for the year ended December 31, 2012, excluding social contributions and exceptional contributions, or €208 million, brought to €220 million, when filing the tax return with respect to fiscal year ended December 31, 2012. This fiscal position may be challenged and in its Financial Statements for the year ended December 31, 2012, Vivendi accrued a €208 million provision for the associated risk, brought to €220 million as of December 31, 2013 (please refer to Note 6.6, below);
- given the foregoing, as of December 31, 2012, Vivendi recorded tax attributes representing potential tax savings in the aggregate amount of €1,553 million (compared to €2,013 million as of December 31, 2011). On February 19, 2014, the date of the Management Board Meeting that approved the Financial Statements for the year ended December 31, 2013, the 2013 tax results of the subsidiaries within the scope of Vivendi SA's French Tax Group System were determined by estimating, and as a result, the amount of tax attributes as of December 31, 2013 could not be determined with certainty;
- taking into account the impact of the estimated 2013 tax results and before the impact of the consequences of the ongoing tax audits (please refer to Note 6.6) on the amount of tax attributes, Vivendi SA expects to achieve €1,527 million in tax savings from tax attributes (undiscounted value based on the current income tax rate of 38.00%); and
- as of December 31, 2013, Vivendi SA valued its tax attributes under the French Tax Group System on the basis of one year's forecast results, taken from the following year's budget. On this basis, Vivendi would achieve tax savings from the French Tax Group System in an amount of €163 million (undiscounted value based on the current income tax rate of 38.00%).

6.2. Provision for income taxes

(in millions of euros)	Note	Year ended December 31, 2013	2012
(Charge)/Income			
Current			
Use of tax losses and tax credits:			
Tax savings related to Vivendi SA's French Tax Group System and to the Consolidated Global Profit Tax System	6.1	415	381
Tax savings related to the US tax group		25	20
Adjustments to prior year's tax expense		(22)	(10)
Consideration of risks related to previous years' income taxes		127	(22)
Other income taxes items		(715)	(991)
		(170)	**(622)**
Deferred			
Impact of Vivendi SA's French Tax Group System and of the Consolidated Global Profit Tax System	6.1	(161)	(48)
Impact of the US tax group		-	-
Other changes in deferred tax assets		(9)	7
Impact of the change(s) in tax rates		41	1
Reversal of tax liabilities relating to risks extinguished over the period		12	-
Other deferred tax income/(expenses)		(130)	58
		(247)	**18**
Provision for income taxes		**(417)**	**(604)**

6.3. Provision for income taxes and income tax paid by geographic region

(in millions of euros)	Year ended December 31, 2013	2012
(Charge)/Income		
Current		
France	(83)	(510)
United States	8	(12)
Brazil	(65)	(88)
Other jurisdictions	(30)	(12)
	(170)	**(622)**
Deferred		
France	(282)	(38)
United States	(46)	20
Brazil	31	(12)
Other jurisdictions	50	48
	(247)	**18**
Provision for income taxes	**(417)**	**(604)**
Income tax (paid)/collected		
France	(22)	(187)
United States	(8)	(10)
Brazil	(104)	(74)
Other jurisdictions	(63)	(82)
Income tax paid	**(197)**	**(353)**

6.4. Effective tax rate

(in millions of euros, except %)	Year ended December 31, 2013	2012
Earnings (before non-controlling interests)	**2,779**	**964**
Elimination:		
Income from equity affiliates	33	38
Earnings from discontinued operations	(4,635)	(1,505)
Provision for income taxes	417	604
Earnings from continuing operations before provision for income taxes	**(1,406)**	**101**
French statutory tax rate	**38.00%**	**36.10%**
Theoretical provision for income taxes based on French statutory tax rate	**534**	**(36)**
Reconciliation of the theoretical and effective provision for income taxes		
Permanent differences	**(117)**	**(152)**
of which other differences from tax rates	*9*	*(3)*
impacts of the changes in tax rates	*41*	*1*
Changes in deferred tax assets related to Vivendi SA's French Tax Group System and to the Consolidated Global Profit Tax System	**(161)**	**(48)**
Other tax losses and tax credits	**(211)**	**228**
of which use of current losses of the period	*-*	*4*
use of unrecognized losses and tax credits	*-*	*262*
unrecognized losses	*(211)*	*(38)*
Other temporary differences	**317**	**(341)**
of which reserve accrual regarding the Liberty Media Corporation litigation in the United States	*341*	*(341)*
Adjustments to prior year's tax expense	**124**	**(9)**
of which consideration of risks related to previous years' income taxes	*139*	*(22)*
Capital gain or loss on the divestiture of or downside adjustments on financial investments or businesses	**(926)**	**(313)**
of which impairment of SFR goodwill	*(924)*	*-*
impairment of Canal+ France goodwill	*-*	*(240)*
impairment of Canal+ Group's N-Vision equity affiliate	*-*	*(43)*
Other	**23**	**67**
Effective provision for income taxes	**(417)**	**(604)**
Effective tax rate	**-29.7%**	**598.0%**

6.5. Deferred tax assets and liabilities

Changes in deferred tax assets/(liabilities), net

(in millions of euros)	Year ended December 31, 2013	2012 (a)
Opening balance of deferred tax assets/(liabilities)	**454**	**719**
Provision for income taxes (b)	(437)	(8)
Charges and income directly recorded in equity (c)	-	18
Business combinations	163	(278)
Divestitures in progress or completed	(206)	-
Changes in foreign currency translation adjustments and other	79	3
Closing balance of deferred tax assets/(liabilities)	**53**	**454**

(a) Vivendi applied from January 1, 2013, with retrospective effect from January 1, 2012, amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standard (please refer to Note 33).

(b) Includes income/(charge) related to Activision Blizzard and Maroc Telecom Group taxes: in accordance with IFRS 5, these amounts were reclassified to the line "Earnings from discontinued operations" in the 2013 and 2012 Consolidated Statement of Earnings.

(c) Includes -€43 million recognized in other items of charges and income directly recognized in equity for the year ended December 31, 2013, compared to +€22 million in 2012 (please refer to Note 9).

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2013	December 31, 2012 (a)
Deferred tax assets		
Deferred taxes, gross		
Tax attributes (b)	2,623	2,639
of which Vivendi SA (c)	*1,527*	*1,567*
US tax group (d)	*364*	*623*
Temporary differences (e)	1,073	1,795
Netting	(501)	(366)
Deferred taxes, gross	**3,195**	**4,068**
Deferred taxes, unrecognized		
Tax attributes (b)	(2,271)	(2,138)
of which Vivendi SA (c)	*(1,364)*	*(1,243)*
US tax group (d)	*(364)*	*(623)*
Temporary differences (e)	(191)	(485)
Deferred taxes, unrecognized	**(2,462)**	**(2,623)**
Recorded deferred tax assets	**733**	**1,445**
Deferred tax liabilities		
Purchase accounting asset revaluations (f)	591	901
Other	590	456
Netting	(501)	(366)
Recorded deferred tax liabilities	**680**	**991**
DEFERRED TAX ASSETS/(LIABILITIES), NET	**53**	**454**

(a) Vivendi applied from January 1, 2013, with retrospective effect from January 1, 2012, amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standard (please refer to Note 33).

(b) The amounts of tax attributes, as reported in this table, were estimated at the end of the relevant fiscal years. In jurisdictions which are material to Vivendi, mainly France and the United States, tax returns are filed at the latest on May 15 and September 15 of the following year, respectively.

Thus, the amounts of tax attributes reported in this table and the amounts reported to the tax authorities may differ significantly, and if necessary, may be adjusted at the end of the following year in the table above.

(c) Relates to deferred tax assets recognizable in respect of tax attributes by Vivendi SA as head of the French Tax Group, representing €1,553 million as of December 31, 2012 (please refer to Note 6.1), of which €815 million related to tax losses and €738 million related to tax credits, after taking into account the estimated impact (-€26 million) of 2013 transactions (taxable income and use or expiration of tax credits), but prior to taking into account the consequences of ongoing tax audits (please refer to Note 6.6 below).

In France, tax losses can be carried forward indefinitely and tax credits can be carried forward for a period of up to 5-years. In 2013, €188 million tax credits matured as of December 31, 2013.

(d) Relates to deferred tax assets recognizable in respect of tax attributes by Universal Music Group Inc. in the United States as head of the US tax group, representing $892 million as of December 31, 2012, after taking into account the estimated impact (-$393 million) of 2013 transactions (taxable income, capital losses, and tax credits that expired, capital losses and tax credits generated, as well as the divestiture of Activision Blizzard), but prior to taking into account the consequences of ongoing tax audits (please refer to Note 6.6).

As a reminder, with respect to the divestiture of Activision Blizzard and in accordance with US tax rules, Vivendi allocated to the acquirer a fraction of the tax attributes that it previously deferred: tax losses were estimated at more than $700 million. In addition, the Universal Music Group Inc. replaced the Vivendi Holding I Corp. as head of the Tax Group System in the United States.

In the United States, tax losses can be carried forward for a period of up to 20-years and tax credits can be carried forward for a period of up to 10-years. No tax credit will mature prior to December 31, 2022 and no tax credit matured as of December 31, 2013.

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

(f) These tax liabilities, generated by asset revaluations following the purchase price allocation of companies are terminated upon the amortization or divestiture of the underlying asset and generate no current tax charge.

6.6. Tax audits

The fiscal year ended December 31, 2013 and prior years are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has or had operations. Various tax authorities have proposed adjustments to the taxable income reported for prior years. It is not possible, at this stage of the current tax audits, to accurately assess the impact that could result from an unfavorable outcome of certain of these audits. Vivendi Management believes that these tax audits will not have a material and unfavorable impact on the financial position or liquidity of the group.

Regarding Vivendi SA, in respect of the Consolidated Global Profit Tax System, the consolidated income reported for fiscal years 2006, 2007, and 2008 is under audit by the French tax authorities. This tax audit started in January 2010. In addition, in January 2011, the French tax authorities began a tax audit on the consolidated income reported for fiscal year 2009 and in February 2013, the French tax authorities began a tax audit on the consolidated income reported for fiscal year 2010. Finally, Vivendi SA's tax group System for the years 2011 and 2012 group is under audit since July 2013. Vivendi Management believes that it has serious legal means to defend the positions it has chosen for the determination of the taxable income of the fiscal years under audit. In any event, a provision for the impact of the Consolidated Global Profit Tax System in 2011 has been accrued (€366 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€220 million). Moreover, the tax attributes recognized by Vivendi SA with respect to the fiscal years under audit, representing tax savings of €1,527 million as of December 31, 2013, were recognized in the Consolidated Statement of Financial Position for €163 million only (please refer to Notes 6.1 and 6.5).

Regarding Vivendi's US tax group, the fiscal years ending December 31, 2005, 2006, and 2007 were under a tax audit. The consequences of this tax audit did not materially impact the amount of tax attributes. Vivendi's US tax group is under a tax audit for the fiscal years ending December 31, 2008, 2009, and 2010. This tax audit started in February 2012.

Finally, regarding Maroc Telecom, the fiscal years ending December 31, 2005, 2006, 2007, and 2008 were under a tax audit. This tax audit is now closed following the execution of a Memorandum Agreement on December 19, 2013, effective as of December 31, 2013.

NOTE 7. Discontinued operations

As from the second quarter of 2013, and in compliance with IFRS 5 taking into account the anticipated closing dates of the current sales, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings and Statement of Cash Flows, as discontinued operations.

In practice, Activision Blizzard and Maroc Telecom Group have been reported as follows:

- their contribution, until their effective sale, to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests has been grouped under the line "Earnings from discontinued operations"; and
- their contribution, until their effective sale, to each line of Vivendi's Consolidated Statement of Cash Flows has been grouped under the line "Cash flows from discontinued operations".

In accordance with IFRS 5, these adjustments have been applied to all periods reported in the Consolidated Financial Statements (2013 and 2012) to ensure consistency of information.

On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest.

Moreover, the contribution of Maroc Telecom Group to each line of Vivendi's Consolidated Statement of Financial Position as of December 31, 2013 has been grouped under the lines: "Assets of discontinued businesses" and "Liabilities associated with assets of discontinued businesses".

7.1. Sale of Activision Blizzard

On October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard, or 600.64 million shares priced at $13.60 per share, for $8,169 million (€6,044 million) in cash.

The key terms of this sale are as follows:

- through the acquisition of a Vivendi subsidiary, Activision Blizzard repurchased 428.68 million shares at $13.60 per share for a cash consideration of $5,830 million;
- concomitantly, Vivendi sold 171.97 million Activision Blizzard shares at $13.60 per share for a cash consideration of $2,339 million to an investor group (ASAC II LP) led by Mr. Robert Kotick, Activision Blizzard's Chief Executive Officer, and Mr. Brian Kelly, the Chairman of the Board of Directors. ASAC II LP owns approximately 24.7% of the outstanding share capital (following the repurchase of 428.68 million shares by Activision Blizzard);
- pursuant to the simultaneous closings of both sales on October 11, 2013, Vivendi retained 83 million Activision Blizzard shares, representing 11.9% of Activision Blizzard's outstanding share capital (following the repurchase of 428.68 million shares by Activision Blizzard). Vivendi's remaining ownership is subject to a staggered 15-month lock-up period as described below. The sale proceeds from the remaining ownership are estimated at a total of $1,129 million (€832 million), assuming the hypothesis of $13.60 per share and at $1,480 million (€1,078 million), assuming the hypothesis of Activision Blizzard's share price on December 31, 2013 of $17.83 per share; and
- the agreements governing the transaction include certain continuing commitments given by the parties.

Deconsolidation of Activision Blizzard as from October 11, 2013

As from October 11, 2013, as a result of the sale of 600.64 million shares of, or a 53.46% interest in Activision Blizzard, Vivendi lost control of and deconsolidated Activision Blizzard. In the Consolidated Financial Statements for the year ended December 31, 2013, the remaining 83 million Activision Blizzard shares have been recorded as assets held for sale, subject to the staggered lock-up period. This interest is revalued at the basis of stock market price and the current EUR/USD exchange rate at each reporting date (or €1,078 million as of December 31, 2013) and the unrealized gains or losses on such investments has been recognized in "Earnings from discontinued operations" (or €245 million as of December 31, 2013).

Capital gain on divestiture

From an accounting perspective and in accordance with IFRS, Vivendi is considered to have sold 100% of its interest in Activision Blizzard following the loss of control of this subsidiary. The gain on sale was determined as the difference between the value of 100% of Activision Blizzard shares owned by Vivendi at a price of $13.60 per share (net of costs to sell) (€6,851 million) and the value of Activision Blizzard's net assets attributable to Vivendi SA shareowners, as recorded in Vivendi's Consolidated Statements at the date of the loss of control (€4,491 million). Moreover, in accordance with IFRS, foreign currency translation adjustments attributable to Vivendi SA shareowners in relation to Activision Blizzard were reclassified to profit or loss, i.e., a gain of €555 million. Therefore, the total capital gain on divestiture, which amounted to €2,915 million, with no tax impact, has been recognized in the Consolidated Statement of Earnings under the line "Earnings from discontinued operations".

Commitments given in connection with the sale of Activision Blizzard

As part of the sale of 88% of Vivendi's interest in Activision Blizzard which was completed on October 11, 2013 (the "Closing Date"), Vivendi, ASAC II LP, and Activision Blizzard gave certain reciprocal commitments customary for this type of transaction (representations, warranties, and covenants). Vivendi, ASAC II LP, and Activision Blizzard undertook to indemnify each other against any losses stemming from any breach of their respective commitments. Such indemnification is unlimited as to time and amount.

In addition, Vivendi has agreed to indemnify Activision Blizzard with respect to any tax or other liabilities of Amber Holding Subsidiary Co. ("Amber"), the Vivendi subsidiary acquired by Activision Blizzard, relating to periods preceding the Closing Date. Such indemnification is unlimited as to time and amount. Tax attributes (mainly net operating loss) held by Amber and assumed by Activision Blizzard were estimated at more than $700 million, which represent a potential future tax benefit of approximately $245 million. Vivendi agreed to indemnify Activision Blizzard, under certain circumstances, with respect to these tax attributes, subject to a cap of $200 million limited to taxable years ending on or prior to December 31, 2016.

Finally, the 83 million Activision Blizzard shares Vivendi retained are subject to a two-tiered lock-up provision:

- during the 180 day period following the Closing Date (i.e., until April 9, 2014), Vivendi cannot sell, transfer, hedge or otherwise dispose of any Activision Blizzard shares directly or indirectly;
- during the 90 day period following the expiry of this first lock-up period (i.e., from April 10 through July 9, 2014), Vivendi can sell Activision Blizzard shares provided they constitute no more than the lesser of 50% of Vivendi's 83 million remaining shares and 9% of the outstanding shares of Activision Blizzard; and
- following this 90 day sale window, Vivendi is subject to another 180 day lock-up provision (i.e., from July 10, 2014 through January 7, 2015).

Thereafter, Vivendi may sell its remaining Activision Blizzard shares without restriction.

Activision Blizzard has agreed to file a registration statement prior to each sale window to enable Vivendi to sell the Activision Blizzard shares in a public offering.

Prior to any sale of Activision Blizzard shares by Vivendi in a market offering that occurs prior to the second anniversary of the Closing Date (October 11, 2015), Vivendi must notify Activision Blizzard of its intention to sell shares and Activision Blizzard may, at its election, offer to purchase some or all of the shares that Vivendi intends to sell in such market offering. Vivendi may accept or decline such offer at its sole discretion.

ASAC II LP is also subject to a lock-up provision of 180 days following the Closing Date (i.e., until April 9, 2014), provided that it may sell its Activision Blizzard shares so long as the net proceeds from such sales are used to pay amounts under its loans.

7.1.1. Statement of Earnings

Given the deconsolidation of Activision Blizzard on October 11, 2013, the line "Earnings from discontinued operations" takes into account Activision Blizzard until that date. The capital gain on divestiture from the sale of Activision Blizzard as well as the change in the value of the remaining 83 million Activision Blizzard shares were recorded under the line "Earnings from discontinued operations" for €2,915 million and €245 million, respectively.

Activision Blizzard (in millions of euros)	Year ended December 31, 2013	2012
Revenues	2,328	3,768
EBITDA	989	1,315
Adjusted earnings before interest and income taxes (EBITA)	895	1,149
Earnings before interest and income taxes (EBIT)	891	1,128
Earnings before provision for income taxes	846	1,131
Provision for income taxes	(154)	(258)
Activision Blizzard's earnings	**692**	**873**
Capital gain on the divestiture of Activision Blizzard	**2,915**	**-**
Change in value of the remaining interest in Activision Blizzard	245	-
Earnings from discontinued operations	**3,852**	**873**
of which attributable to Vivendi SA shareowners	*3,583*	*536*
non-controlling interests	*269*	*337*

7.1.2. Statement of Cash Flows

Given the deconsolidation of Activision Blizzard on October 11, 2013, the 2013 Statement of Cash Flows included Activision Blizzard until that date.

Activision Blizzard (in millions of euros)	Year ended December 31, 2013	2012
Operating activities		
Gross cash provided by operating activities before income tax paid	907	1,220
Net cash provided by Activision Blizzard's operating activities	**307**	**1,037**
Investing activities		
Capital expenditures, net	(44)	(57)
Change in financial assets, net	(1,479)	(35)
Net cash provided by/(used for) Activision Blizzard's investing activities	**(1,523)**	**(92)**
Financing activities		
Dividends paid to non-controlling interests	(66)	(62)
Stock repurchase program	-	(241)
Other	1,720	15
Net cash provided by/(used for) Activision Blizzard's financing activities excluding dividends paid to Vivendi	**1,654**	**(288)**
Dividends paid to Vivendi	(98)	(94)
Net cash provided by/(used for) Activision Blizzard's financing activities	**1,556**	**(382)**
Foreign currency translation adjustments	(43)	(22)
Change in Activision Blizzard's cash and cash equivalents	**297**	**541**
Activision Blizzard's cash and cash equivalents		
At beginning of the period	2,989	2,448
At end of the period	(a) 3,286	2,989

(a) Relates to the balance of net divested cash on October 11, 2013: it was recognized as a deduction from the amount received in cash with respect to the sale as an investing activity in Vivendi's Consolidated Statement of Cash Flows.

7.2. Plan to sell Maroc Telecom Group

On November 4, 2013, Vivendi entered into a definitive agreement with Etisalat, with whom exclusive negotiations had begun on July 22, 2013, regarding the sale of Vivendi's 53% interest in Maroc Telecom Group. The key terms of this agreement known to date are as follows:

- the agreement values the interest in Maroc Telecom Group at MAD 92.6 per share or sale proceeds to Vivendi of approximately €4.2 billion in cash, including a €310 million dividend distribution with respect to fiscal year 2012, according to the financial terms known to date. Taking into account Maroc Telecom Group's net debt, the transaction reflects a proportional enterprise value of €4.5 billion for Vivendi's interest, equal to an EBITDA multiple of 6.2x; and
- the completion of this transaction is contingent upon the satisfaction of certain closing conditions, including receipt of required regulatory approvals in Morocco and the countries in which Maroc Telecom Group operates, as well as finalization of the shareholders' agreement between Etisalat and the Kingdom of Morocco. This transaction is expected to be completed during the first months of 2014.

7.2.1. Statement of Earnings

Maroc Telecom Group (in millions of euros)	Year ended December 31, 2013	2012
Revenues	2,559	2,689
EBITDA	1,453	1,506
Adjusted earnings before interest and income taxes (EBITA)	1,215	988
Earnings before interest and income taxes (EBIT)	1,202	962
Earnings before provision for income taxes	1,169	933
Provision for income taxes	(386)	(301)
Earnings from discontinued operations	**783**	**632**
of which attributable to Vivendi SA shareowners	*348*	*297*
non-controlling interests	*435*	*335*

7.2.2. Statement of Financial Position

Maroc Telecom Group (in millions of euros)	December 31, 2013
Goodwill	2,392
Property, plant and equipment	2,466
Trade accounts receivable and other	845
Cash and cash equivalents	396
Other	463
Assets of discontinued businesses	**6,562**
Borrowings and other financial liabilities	710
Trade accounts payable and other	1,541
Other	178
Liabilities associated with assets of discontinued businesses	**2,429**
	4,133

Equity

As of December 31, 2013:

- equity attributable to Maroc Telecom Group's non-controlling interests was €1,176 million; and
- other comprehensive income related to Maroc Telecom Group included foreign currency translation adjustments attributable to Vivendi SA shareowners of €50 million, related to an unrealized foreign exchange loss attributable to the decline in value of the Moroccan dirham since 2001, which will be recycled to earnings from the sale of Maroc Telecom Group upon completion of the sale.

Off-balance sheet commitments

As of December 31, 2013, Maroc Telecom Group's commitments were €635 million (compared to €316 million as of December 31, 2012). On January 16, 2013, Maroc Telecom and the Moroccan State entered into a fourth capital expenditure agreement for the period between 2013 and 2015. As of December 31, 2013, the amount of the remaining capital expenditure obligation was €591 million.

Moreover, commitments from Maroc Telecom and its subsidiaries include other commercial commitments and contracts entered into relating to operations such as lease contracts for satellite transponders and bank guarantees, which are for individually non-significant amounts.

7.2.3. Statement of Cash Flows

Maroc Telecom Group (in millions of euros)	Year ended December 31, 2013	2012
Operating activities		
Gross cash provided by operating activities before income tax paid	1,448	1,442
Net cash provided by Maroc Telecom Group's operating activities	**1,110**	**1,237**
Investing activities		
Capital expenditures, net	(434)	(457)
Other	5	6
Net cash provided by/(used for) Maroc Telecom Group's investing activities	**(429)**	**(451)**
Financing activities		
Dividends paid to non-controlling interests	(328)	(388)
Transactions on borrowings and other financial liabilities	(42)	119
Net cash provided by/(used for) Maroc Telecom Group's financing activities excluding dividends paid to Vivendi	**(370)**	**(269)**
Dividends paid to Vivendi	-	(490)
Net cash provided by/(used for) Maroc Telecom Group's financing activities	**(370)**	**(759)**
Foreign currency translation adjustments	(1)	3
Change in Maroc Telecom Group's cash and cash equivalents	**310**	**30**
Maroc Telecom Group's cash and cash equivalents		
At beginning of the period	86	56
At end of the period	(a) 396	86

(a) Includes a €310 million dividend distribution with respect to 2012 fiscal year.

NOTE 8. Earnings per share

	Year ended December 31, 2013		2012	
	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners	(1,964)	(1,964)	(654)	(654)
Earnings from discontinued operations attributable to Vivendi SA shareowners	3,931	(a) 3,928	833	(a) 830
Earnings attributable to Vivendi SA shareowners	1,967	(a) 1,964	179	(a) 176
Number of shares (in millions)				
Weighted average number of shares outstanding (b)	1,330.6	1,330.6	1,298.9	1,298.9
Potential dilutive effects related to share-based compensation (c)	-	4.7	-	3.5
Adjusted weighted average number of shares	**1,330.6**	**1,335.3**	**1,298.9**	**1,302.4**
Earnings per share (in euros)				
Earnings from continuing operations attributable to Vivendi SA shareowners per share	(1.47)	(1.47)	(0.50)	(0.50)
Earnings from discontinued operations attributable to Vivendi SA shareowners per share	2.95	2.94	0.64	0.64
Earnings attributable to Vivendi SA shareowners per share	1.48	1.47	0.14	0.14

(a) Only includes the potential dilutive effect related to stock option plans and restricted stock rights of Activision Blizzard for a non-material amount.
(b) Net of treasury shares (please refer to Note 19).
(c) Does not include accretive instruments as of December 31, 2013 and December 31, 2012 which could potentially become dilutive. The balance of common shares in connection with Vivendi SA's share-based compensation plans is presented in Note 22.2.2.

NOTE 9. Charges and income directly recognized in equity

		Year ended December 31, 2013		
(in millions of euros)	Note	Gross	Tax	Net
Actuarial gains/(losses) related to employee defined benefit plans	21	(22)	(1)	(23)
Items not reclassified to profit or loss		**(22)**	**(1)**	**(23)**
Foreign currency translation adjustments		**(1,429)**	**-**	**(1,429)**
of which changes in foreign currency translation adjustments relating to discontinued operations		*(117)*	*-*	*(117)*
transferred to profit or loss as part of the sale of Activision Blizzard	7	*(555)*	*-*	*(555)*
Unrealized gains/(losses)		**99**	**(41)**	**58**
Cash flow hedge instruments	24	2	1	3
Valuation gains/(losses) taken to equity		*16*	*-*	*16*
Transferred to profit or loss of the period		*(14)*	*1*	*(13)*
Net investment hedge instruments	24	(24)	-	(24)
Valuation gains/(losses) taken to equity		*15*	*-*	*15*
Transferred to profit or loss of the period		*(39)*	*-*	*(39)*
Hedging instruments		**(22)**	**1**	**(21)**
Valuation gains/(losses) taken to equity		*120*	*(42)*	*78*
Transferred to profit or loss of the period		*1*	*-*	*1*
Assets available for sale	16	**121**	**(42)**	**79**
Other impacts		**16**	**(1)**	**15**
Items to be subsequently reclassified to profit or loss		**(1,314)**	**(42)**	**(1,356)**
CHARGES AND INCOME DIRECTLY RECOGNIZED IN EQUITY		**(1,336)**	**(43)**	**(1,379)**

		Year ended December 31, 2012 (a)		
(in millions of euros)	Note	Gross	Tax	Net
Actuarial gains/(losses) related to employee defined benefit plans	21	(82)	21	(61)
Items not reclassified to profit or loss		**(82)**	**21**	**(61)**
Foreign currency translation adjustments		**(605)**	**-**	**(605)**
of which changes in foreign currency translation adjustments relating to discontinued operations		*(113)*	*-*	*(113)*
Unrealized gains/(losses)		**102**	**1**	**103**
Cash flow hedge instruments	24	22	1	23
Valuation gains/(losses) taken to equity		*41*	*1*	*42*
Transferred to profit or loss of the period		*(19)*	*-*	*(19)*
Net investment hedge instruments	24	17	-	17
Valuation gains/(losses) taken to equity		*17*	*-*	*17*
Transferred to profit or loss of the period		*-*	*-*	*-*
Hedging instruments		**39**	**1**	**40**
Valuation gains/(losses) taken to equity		*55*	*-*	*55*
Transferred to profit or loss of the period		*8*	*-*	*8*
Assets available for sale	16	**63**	**-**	**63**
Items to be subsequently reclassified to profit or loss		**(503)**	**1**	**(502)**
CHARGES AND INCOME DIRECTLY RECOGNIZED IN EQUITY		**(585)**	**22**	**(563)**

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits* and IAS 1 - *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*, each of whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standards (please refer to Note 33).

NOTE 10. Goodwill

(in millions of euros)	December 31, 2013	December 31, 2012
Goodwill, gross	31,539	37,940
Impairment losses	(14,392)	(13,284)
Goodwill	**17,147**	**24,656**

Changes in goodwill

(in millions of euros)	December 31, 2012	Impairment losses	Business combinations	Divestitures in progress or completed	Changes in foreign currency translation adjustments and other	December 31, 2013
Canal+ Group	4,513	-	(46)	-	(3)	4,464
of which Canal+ France	*3,635*	-	-	-	-	*3,635*
Studiocanal	*207*	-	*30*	-	*(1)*	*236*
D8/D17	*310*	-	*(1)*	-	-	*309*
nc+	*230*	-	**(a)** *(75)*	-	*(2)*	*153*
Universal Music Group	4,138	(5)	**(b)** 64	5	(102)	4,100
GVT	2,006	-	-	-	(330)	1,676
SFR	9,153	(2,431)	-	-	-	6,722
Other operations	184	-	2	-	(1)	185
Activision Blizzard	2,255	-	-	(2,208)	(47)	-
Maroc Telecom Group	2,407	-	-	(2,392)	(15)	-
Total	**24,656**	**(2,436)**	**20**	**(4,595)**	**(498)**	**17,147**

(in millions of euros)	December 31, 2011	Impairment losses	Business combinations	Divestitures in progress or completed	Changes in foreign currency translation adjustments and other	December 31, 2012
Canal+ Group	4,648	(665)	537	-	(7)	4,513
of which Canal+ France	*4,309*	*(665)*	-	-	*(9)*	*3,635*
Studiocanal	*192*	-	*14*	-	*1*	*207*
D8/D17	-	-	**(c)** *310*	-	-	*310*
nc+	*25*	-	**(a)** *213*	-	*(8)*	*230*
Universal Music Group	4,114	**(d)** (85)	**(b)** 304	(32)	(163)	4,138
GVT	2,222	-	-	-	(216)	2,006
SFR	9,152	-	1	-	-	9,153
Other operations	171	(1)	7	-	7	184
Activision Blizzard	2,309	-	-	-	(54)	2,255
Maroc Telecom Group	2,413	-	-	-	(6)	2,407
Total	**25,029**	**(751)**	**849**	**(32)**	**(439)**	**24,656**

(a) Relates to goodwill attributable to the acquisition of "n" on November 30, 2012. As of December 31, 2012, the provisional goodwill was estimated at €213 million. In 2013, goodwill was adjusted by -€75 million and the final goodwill of "n" was €138 million (please refer to Note 2).

(b) Mainly relates to goodwill attributable to the acquisition of EMI Recorded Music on September 28, 2012. As of December 31, 2012, the provisional goodwill was estimated at €301 million. In 2013, goodwill was adjusted by €57 million and the final goodwill of EMI Recorded Music amounted to €358 million (please refer to Note 2).

(c) Relates to goodwill attributable to the acquisition of D8 and D17 on September 27, 2012.

(d) Relates to impairment losses related to certain music catalogs of Universal Music Group.

Goodwill impairment test

In 2013, Vivendi tested the value of goodwill allocated to its cash-generating units (CGUs) or groups of CGU applying valuation methods consistent with previous years. Vivendi ensured that the recoverable amount of CGU or groups of CGU exceeded their carrying value (including goodwill). The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method (DCF)) and the fair value (less costs to sell), determined on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent transactions). For a description of the methods used for the impairment test, please refer to Note 1.3.5.7.

Presentation of CGU or groups of CGUs tested

Operating Segments	Cash Generating Units (CGU)	CGU or groups of CGU tested
Canal+ Group	Pay-TV in Metropolitan France	Canal+ France
	Canal+ Overseas	
	Free-to-air TV **(a)**	Free-to-air TV **(a)**
	Studiocanal	Studiocanal
	Other entities	Other entities
Universal Music Group	Recorded music (including EMI **(b)**)	Universal Music Group
	Artist services and merchandising	
	Music publishing	
GVT	GVT	GVT
SFR	SFR	SFR

(a) As of December 31, 2012, no goodwill impairment test regarding Canal+ Group's Free-to-air TV was undertaken given that the date of acquisition of D8/D17 was close to the closing date, and considering that no triggering event had occurred between those dates.

(b) As of December 31, 2012, no goodwill impairment test regarding EMI Recorded Music was undertaken given that the date of acquisition of EMI Recorded Music by UMG (please refer to Note 2.3) was close to the closing date, and considering that no triggering event had occurred between those dates. In 2013, EMI Recorded Music's operations were integrated with UMG's recorded music operations. Consequently, as of December 31, 2013, Vivendi undertook a goodwill impairment test regarding UMG, including henceforth EMI Recorded Music's goodwill.

During the fourth quarter of 2013, Vivendi performed such test on each cash generating unit (CGU) or groups of CGU, on the basis of valuations of recoverable amounts determined with the assistance of third-party appraisers for SFR, Canal+ France, and Universal Music Group; and internal valuations notably for GVT, Studiocanal, and Free-to-air TV. As a result, Vivendi Management concluded that, except in the case of SFR, the recoverable amount of each CGU or groups of CGU tested exceeded their carrying value as of December 31, 2013.

- **SFR:** as of December 31, 2013, Vivendi examined the value of SFR's goodwill. SFR's recoverable amount was determined upon the basis of the usual valuation methods, in particular the value in use, based upon the DCF method. The most recent cash flow forecasts, and financial assumptions approved by the Management of the group were used and were updated to take into account the strong impact on revenues of the new tariff policies decided by SFR in a competitive environment, partially offset by cost savings which were consistent with expectations under SFR's transformation plan, while maintaining high capital expenditures, notably due to SFR's acceleration of very-high speed mobile network investments. As a result, Vivendi's Management concluded that SFR's recoverable amount was below its carrying value as of December 31, 2013 and decided to record a goodwill impairment loss of €2,431 million (please refer to tables below).

  As a reminder, as of December 31, 2012, Vivendi examined the value of SFR's goodwill, upon the basis of the usual valuation methods, and concluded that SFR's recoverable amount, based upon the DCF method, despite its decline, exceeded its carrying value at that date.

- **Canal+ France:** as of December 31, 2013, Vivendi examined the value of Canal+ France's goodwill, using the usual valuation methods and concluded that Canal+ France's recoverable amount, based upon the DCF method, using the most recent cash flow forecasts approved by the Management of the group, exceeded its carrying value at that date. As a reminder, since November 5, 2013, Vivendi holds a 100% interest in Canal+ France pursuant to the acquisition of Lagardère Group's 20% interest in Canal+ France for €1,020 million, in cash. In accordance with IFRS 10, this transaction was recognized as the acquisition of a non-controlling interest and the difference between the consideration paid and the carrying value of the acquired non-controlling interest was recorded as a deduction from equity attributable to Vivendi SA shareowners (please refer to Note 2.2).

  As a reminder, as of December 31, 2012, Canal+ France's recoverable amount was determined upon the basis of the value in use based on the DCF method, using the most recent cash flow forecasts approved by the Management of the group, as well as financial assumptions consistent with previous years (please refer to the table below). As a result, considering primarily the expected impact on revenues in Metropolitan France of the increase in the VAT rate from 7% to 10% as of January 1, 2014 and, to a lesser extent, the adverse changes in the macro-economic and competitive environment since the second half of 2012, Vivendi Management concluded that Canal+ France's recoverable amount was below its carrying value as of December 31, 2012, and consequently recorded an impairment loss of €665 million.

Presentation of key assumptions used for the determination of recoverable amounts

The value in use of each CGU or groups of CGU is determined as the discounted value of future cash flows by using cash flow projections consistent with the 2014 budget and the most recent forecasts prepared by the operating segments. These forecasts are prepared for each operating segment on the basis of the financial targets as well as the following main key assumptions: discount rate, perpetual growth rate, and EBITA as defined in Note 1.2.3, capital expenditures, competitive environment, regulatory environment, technological development and level of commercial expenses. The recoverable amount for each CGU or groups of CGU was determined based on its value in use in accordance with the main key assumptions presented below.

Operating segments	CGU or groups of CGU tested	Valuation method		Discount rate (a)		Perpetual growth rate	
		2013	2012	2013	2012	2013	2012
Canal+ Group	Canal+ France	DCF & comparables model	DCF	8.30%	9.00%	1.50%	1.50%
	Free-to-air TV	DCF	na	9.50%	na	2.00%	na
	Studiocanal	DCF	DCF	9.00%	9.00%	0.00%	0.00%
Universal Music Group	Universal Music Group	DCF & comparables model	DCF & comparables model	9.15%	9.25%	1.00%	1.00%
GVT (b)	GVT	DCF	DCF	11.24%	10.91%	4.00%	4.00%
SFR	SFR	DCF & comparables model	DCF & comparables model	7.30%	7.30%	0.50%	0.50%
Activision Blizzard	Activision	(c)	DCF, stock market price & comparables model	(c)	10.50%	(c)	4.00%
	Blizzard		DCF, stock market price & comparables model		10.50%		4.00%
	Distribution		DCF & comparables model		13.50%		-4.00%
Maroc Telecom Group	Maroc Telecom	(d)	Stock market price	(d)	na	(d)	na
	Onatel		DCF		14.40%		3.00%
	Gabon Telecom		DCF		12.70%		3.00%
	Mauritel		DCF		17.40%		3.00%
	Sotelma		DCF		14.60%		3.00%

na: not applicable.

DCF: Discounted Cash Flows.

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

(b) In 2012, the annual goodwill impairment test on GVT was performed during the second quarter.

(c) Interest in Activision Blizzard was sold on October 11, 2013 (please refer to Note 7).

(d) Considering the current plan to sell Maroc Telecom Group, and in accordance with IFRS 5, Maroc Telecom Group has been considered as an asset held for sale since the second quarter of 2013.

Sensitivity of recoverable amounts

	December 31, 2013				
	Discount rate		Perpetual growth rate		Discounted cash flows
	Applied rate (in %)	Increase in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Decrease in the perpetual growth rate in order for the recoverable amount to be equal to thecarrying amount (in number of points)	Decrease in the discounted cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Canal+ Group					
Canal+ France	8.30%	+0.23 pt	1.50%	-0.32 pt	-3%
Free-to-air TV	9.50%	+1.84 pt	2.00%	-2.74 pts	-21%
Studiocanal	9.00%	+2.19 pts	0.00%	-3.53 pts	-21%
Universal Music Group	9.15%	+2.25 pts	1.00%	-2.98 pts	-22%
GVT (a)	11.24%	+1.26 pt	4.00%	-2.57 pts	-20%
SFR (b)	7.30%	(b)	0.50%	(b)	(b)

	December 31, 2012				
	Discount rate		Perpetual growth rate		Discounted cash flows
	Applied rate (in %)	Increase in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Decrease in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Decrease in the discounted cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Canal+ Group					
Canal+ France (c)	9.00%	(c)	1.50%	(c)	(c)
Studiocanal	9.00%	+3.23 pts	0.00%	-5.55 pts	-28%
Universal Music Group	9.25%	+2.98 pts	1.00%	-4.91 pts	-25%
SFR	7.30%	+0.68 pt	0.50%	-1.21 pt	-10%
GVT (a)	10.91%	+2.51 pts	4.00%	-6.25 pts	-36%
Maroc Telecom Group	(d)	(d)	(d)	(d)	(d)
Activision Blizzard					
Activision	10.50%	+9.78 pts	4.00%	-24.15 pts	-58%
Blizzard	10.50%	+10.19 pts	4.00%	-25.20 pts	-68%

(a) In 2012, the annual goodwill impairment test on GVT was performed in the second quarter.

(b) In relation to the recognition of a goodwill impairment loss on SFR as of December 31, 2013, please refer below for a sensitivity analysis, which presents the (increase)/decrease in impairment generated by a 25 point change in the discount rate and in the perpetual growth rate assumptions, and a 2% change in the cash flow assumptions with each of these assumptions being taken separately for the goodwill impairment test:

	Discount rate		Perpetual growth rate		Cash flows	
(in millions of euros)	Increase by 25 pts	Decrease by 25 pts	Increase by 25 pts	Decrease by 25 pts	Increase by 2%	Decrease by 2%
December 31, 2013	(509)	549	286	(266)	243	(243)

(c) In relation to the recognition of a goodwill impairment loss on Canal+ France as of December 31, 2012, please refer below for a sensitivity analysis, which presents the (increase)/decrease in impairment generated by a 25 point change in the discount rate and in the perpetual growth rate assumptions, and a 2% change in the cash flow assumptions with each of these assumptions being taken separately for the goodwill impairment test:

	Discount rate		Perpetual growth rate		Cash flows	
(in millions of euros)	Increase by 25 pts	Decrease by 25 pts	Increase by 25 pts	Decrease by 25 pts	Increase by 2%	Decrease by 2%
December 31, 2012	(133)	142	105	(98)	77	(77)

(d) As of December 31, 2012, Maroc Telecom was valued based on its stock market price.

NOTE 11. Content assets and commitments

11.1. Content assets

(in millions of euros)	December 31, 2013 Content assets, gross	Accumulated amortization and impairment losses	Content assets
Film and television costs	5,678	(4,875)	803
Sports rights	380	-	380
Music catalogs and publishing rights	6,992	(5,032)	1,960
Advances to artists and repertoire owners	621	-	621
Merchandising contracts and artists services	25	(17)	8
Internally developed franchises and other games content assets	-	-	-
Games advances	-	-	-
Content assets	**13,696**	**(9,924)**	**3,772**
Deduction of current content assets	(1,176)	27	(1,149)
Non-current content assets	**12,520**	**(9,897)**	**2,623**

(in millions of euros)	December 31, 2012 Content assets, gross	Accumulated amortization and impairment losses	Content assets
Film and television costs	5,522	(4,756)	766
Sports rights	331	-	331
Music catalogs and publishing rights	7,222	(4,871)	2,351
Advances to artists and repertoire owners	618	-	618
Merchandising contracts and artists services	25	(15)	10
Internally developed franchises and other games content assets	493	(331)	162
Games advances	133	-	133
Content assets	**14,344**	**(9,973)**	**4,371**
Deduction of current content assets	(1,118)	74	(1,044)
Non-current content assets	**13,226**	**(9,899)**	**3,327**

Changes in main content assets

(in millions of euros)	Year ended December 31, 2013	2012
Opening balance	**4,371**	**3,551**
Amortization of content assets excluding those acquired through business combinations	(81)	(a) (122)
Amortization of content assets acquired through business combinations	(344)	(a) (324)
Impairment losses on content assets acquired through business combinations	-	(b) (9)
Increase	2,495	2,585
Decrease	(2,332)	(2,252)
Business combinations	3	(c) 1,077
Divestitures in progress or completed	(347)	(21)
Changes in foreign currency translation adjustments and other	7	(114)
Closing balance	**3,772**	**4,371**

(a) Relates to the amortization of content assets as reported in the 2012 Financial Report. These amounts have not been adjusted for the impact of the application of IFRS 5 on the Consolidated Statement of Earnings: -€95 million and -€23 million, respectively, were reclassified to the line "Earnings from discontinued operations" for 2012.

(b) Relates to the impairment of certain UMG music catalogs.

(c) Primarily relates to the music catalogs acquired from EMI Recorded Music on September 28, 2012 (please refer to Note 2.3).

11.2. Contractual content commitments

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

Content liabilities are mainly part of "Trade accounts payable and other" or part of "Other non-current liabilities" whether they are current or non-current, as applicable (please refer to Note 17).

	Minimum future payments as of December 31, 2013				Total minimum future payments as of December 31, 2012
		Due in			
(in millions of euros)	Total	2014	2015-2018	After 2018	
Film and television rights (a)	208	208	-	-	189
Sports rights	402	402	-	-	374
Music royalties to artists and repertoire owners	1,614	1,598	16	-	1,579
Creative talent, employment agreements and others	111	37	72	2	119
Games royalties	-	-	-	-	22
Content liabilities	**2,335**	**2,245**	**88**	**2**	**2,283**

Off-balance sheet commitments given/(received)

(in millions of euros)	Minimum future payments as of December 31, 2013				Total minimum future payments as of December 31, 2012
		Due in			
	Total	2014	2015-2018	After 2018	
Film and television rights (a)	2,383	1,219	1,151	13	2,590
Sports rights (b)	1,350	668	682	-	1,715
Creative talent, employment agreements and others (c)	754	356	355	43	959
Given commitments	**4,487**	**2,243**	**2,188**	**56**	**5,264**
Film and television rights (a)	(179)	(118)	(61)	-	(114)
Sports rights	(10)	(7)	(3)	-	(12)
Creative talent, employment agreements and others (c)	not available				
Other	-	-	-	-	(199)
Received commitments	**(189)**	**(125)**	**(64)**	**-**	**(325)**
Total net	**4,298**	**2,118**	**2,124**	**56**	**4,939**

(a) Mainly includes contracts valid over several years for the broadcast of film and TV productions (mainly exclusivity contracts with major US studios, as well as the license agreement entered into on March 29, 2013 regarding the entire HBO new series, for five years, as of May 2013) and pre-purchase contracts in the French movie industry, Studiocanal film production and co-production commitments (given and received) and broadcasting rights of Canalsat and "nc+" multichannel digital TV packages. They are recorded as content assets when the broadcast is available for initial release. As of December 31, 2013, provisions recorded relating to these commitments amounted to €71 million, compared to €86 million as of December 31, 2012.

In addition, this amount does not include commitments in relation to channel right contracts, ISP (Internet Service Provider) royalties and non-exclusive distribution of channels, under which neither Canal+ Group nor GVT granted minimum guarantees. The variable amount of these commitments cannot be reliably determined and is not reported in the Statement of Financial Position or in commitments and is instead recorded as an expense for the period in which it was incurred. Based on the estimation of the future subscriber number at Canal+ Group, commitments in relation to channel right contracts would have increased by a net amount of €354 million as of December 31, 2013, compared to €288 million as of December 31, 2012.

Moreover, according to the agreement entered into with cinema professional organizations on December 18, 2009, Société d'Edition de Canal Plus (SECP) is required to invest, every year for a five-year period (2010-2014), 12.5% of its annual revenues in the financing of European films. With respect to audiovisual, in accordance with the agreements with producers and authors' organizations, Canal+ France is required to invest a percentage of its revenues in the financing of heritage work every year.

Agreements with cinema organizations and with producers and authors' organizations are not recorded as off-balance sheet commitments as the future estimate of these commitments cannot be reliably determined.

(b) Notably includes broadcasting rights for the French professional Soccer League 1 awarded to Canal+ Group for the 2014-2015 and 2015-2016 seasons. The price paid by Canal+ Group represents €427 million per season, or a remaining total of €854 million as of December 31, 2013, compared to €1,281 million as of December 31, 2012. Moreover, the broadcasting rights also includes the English Premier League for the 2014-2015 and 2015-2016 seasons, renewed in January 2013 and the Formula 1 World Championship awarded in February 2013. These commitments will be recognized in the Statement of Financial Position either upon the start of every season or upon initial significant payment.

(c) Primarily relates to UMG which routinely commits to artists and other parties to pay agreed amounts upon delivery of content or other products ("Creative talent and employment agreements"). Until the artist or the other party has delivered his or her content or the repayment of an advance, UMG discloses its obligation as an off-balance sheet given commitment. While the artist or the other party is obligated to deliver a content or other product to UMG (these arrangements are generally exclusive), this counterpart cannot be reliably determined and, thus, is not reported in received commitments.

NOTE 12. Other intangible assets

(in millions of euros)	December 31, 2013 Other intangible assets, gross	 Accumulated amortization and impairment losses	 Other intangible assets
Software	5,158	(3,906)	1,252
Telecom licenses	2,505	(620)	1,885
Customer bases	956	(811)	145
Trade names	167	(51)	116
Other	1,825	(917)	908
	10,611	**(6,305)**	**4,306**

(in millions of euros)	December 31, 2012 Other intangible assets, gross	 Accumulated amortization and impairment losses	 Other intangible assets
Software	5,447	(4,035)	1,412
Telecom licenses	2,960	(811)	2,149
Customer bases	962	(725)	237
Trade names	462	(53)	409
Other	2,110	(1,127)	983
	11,941	**(6,751)**	**5,190**

Software includes acquired software, net for €404 million as of December 31, 2013 (€592 million as of December 31, 2012), amortized over 4-years as well as SFR's internally developed software.

Other intangible assets notably include indefeasible rights of use (IRU) and other long-term occupational rights, net for €297 million as of December 31, 2013 (€296 million as of December 31, 2012).

Changes in other intangible assets

(in millions of euros)	Year ended December 31, 2013	 2012
Opening balance	**5,190**	**4,329**
Depreciation	(924)	(a) (979)
Acquisitions	477	(b) 1,545
Increase related to internal developments	264	294
Divestitures/Decrease	(4)	(4)
Business combinations	33	38
Divestitures in progress or completed	(678)	-
Changes in foreign currency translation adjustments	(37)	(52)
Other	(15)	19
Closing balance	**4,306**	**5,190**

(a) Relates to the depreciation of other intangible assets as published in the 2012 Financial Report. This amount was not adjusted for the impact of the application of IFRS 5 on the Consolidated Statement of Earnings (please refer below).

(b) Includes the acquisition by SFR of 4G spectrum (very-high-speed data for mobile – LTE) for €1 065 million in 2012.

Depreciation of other intangible assets from continuing operations (primarily Canal+ Group, GVT, and SFR) was recognized as cost of revenues and in selling, general and administrative expenses (-€744 million in 2013 and -€725 million in 2012). It mainly consists of SFR's telecom licenses (-€117 million in 2013, compared to -€73 million in 2012), internally developed software (-€232 million in 2013, compared to -€218 million in 2012), and acquired software (-€181 million in 2013, compared to -€192 million in 2012).

Depreciation of other intangible assets of discontinued businesses was recognized as earnings from discontinued operations for -€57 million in 2013 (compared to -€119 million in 2012).

NOTE 13. Property, plant and equipment

	December 31, 2013		
(in millions of euros)	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	82	(2)	80
Buildings	3,052	(1,718)	1,334
Equipment and machinery	8,768	(4,704)	4,064
Construction-in-progress	353	-	353
Other	4,306	(2,596)	1,710
	16,561	**(9,020)**	**7,541**

	December 31, 2012		
(in millions of euros)	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	242	(2)	240
Buildings	3,707	(2,143)	1,564
Equipment and machinery	13,939	(8,071)	5,868
Construction-in-progress	375	-	375
Other	4,637	(2,758)	1,879
	22,900	**(12,974)**	**9,926**

As of December 31, 2013, other property, plant and equipment, net, notably included set-top boxes, for €973 million, compared to €974 million as of December 31, 2012. In addition, property, plant and equipment financed pursuant to finance leases amounted to €44 million, compared to €58 million as of December 31, 2012.

Changes in property, plant and equipment

(in millions of euros)	Year ended December 31, 2013	2012
Opening balance	**9,926**	**9,001**
Depreciation	(1,851)	(a) (1,743)
Acquisitions/Increase	2,448	2,769
Divestitures/Decrease	(115)	(39)
Business combinations	(40)	170
Divestitures in progress or completed	(2,381)	-
Changes in foreign currency translation adjustments	(444)	(232)
Other	(2)	-
Closing balance	**7,541**	**9,926**

(a) Relates to the depreciation of property, plant and equipment as published in the 2012 Financial Report. This amount was not adjusted for the impact of the application of IFRS 5 on the Consolidated Statement of Earnings (see below).

Depreciation of property, plant and equipment (primarily Canal+ Group, UMG, GVT, and SFR) was recognized as cost of revenues and in selling, general and administrative expenses for -€1,441 million in 2013 and -€1,327 million in 2012. It mainly consists of buildings (-€126 million in 2013, compared to -€124 million in 2012) and equipment and machinery (-€852 million in 2013, compared to -€752 million in 2012).

Depreciation of property, plant and equipment of discontinued businesses was recognized as earnings from discontinued operations. It mainly consists of Activision Blizzard and Maroc Telecom Group for -€45 million and -€365 million, respectively in 2013 (compared to -€70 million and -€346 million, respectively in 2012).

NOTE 14. Intangible and tangible assets of telecom operations

	December 31, 2013			
(in millions of euros)	SFR	GVT	Maroc Telecom Group	Total
Other intangible assets, net				
Software	1,153	55	-	1,208
Telecom licenses	(a) 1,885	-	-	1,885
Customer bases	86	21	-	107
Trade names	-	97	-	97
Other	807	11	-	818
	3,931	**184**	**-**	**4,115**
Property, plant and equipment, net				
Land	76	-	-	76
Buildings	1,286	15	-	1,301
Equipment and machinery	2,078	1,904	-	3,982
Construction-in-progress	304	-	-	304
Other	788	358	-	1,146
	4,532	**2,277**	**-**	**6,809**
Intangible and tangible assets of telecom operations, net	**8,463**	**2,461**	**-**	**10,924**

	December 31, 2012			
(in millions of euros)	SFR	GVT	Maroc Telecom Group	Total
Other intangible assets, net				
Software	1,112	56	182	1,350
Telecom licenses	(a) 2,002	-	147	2,149
Customer bases	152	72	2	226
Trade names	-	117	1	118
Other	816	13	50	879
	4,082	**258**	**382**	**4,722**
Property, plant and equipment, net				
Land	97	-	131	228
Buildings	1,182	16	315	1,513
Equipment and machinery	2,117	1,885	1,747	5,749
Construction-in-progress	314	-	-	314
Other	758	334	97	1,189
	4,468	**2,235**	**2,290**	**8,993**
Intangible and tangible assets of telecom operations, net	**8,550**	**2,493**	**2,672**	**13,715**

(a) SFR holds licenses for its networks and for the supply of its telecommunications services in France, for a 15-year period for GSM (between March 2006 and March 2021) and a 20-year period for both UMTS (between August 2001 and August 2021) and LTE (between January 2012 and January 2032), with the following financial conditions:
- for the GSM license, an annual payment over 15 years comprised of a (i) fixed portion in an amount of €25 million for each year (capitalized over the period based on a present value of €278 million in 2006) and (ii) a variable portion equal to 1% of the yearly revenues generated by this activity;
- for the UMTS license, the fixed amount paid in 2001 (€619 million) was recorded as an intangible asset and the variable part of the fee is equal to 1% of the yearly revenues generated by this activity. Moreover, as part of this license, SFR acquired new spectrum for €300 million in June 2010, over a 20-year period; and
- for the LTE licenses, the fixed amounts paid in October 2011 (€150 million) and January 2012 (€1,065 million), respectively, were recorded as intangible assets at the grant date of spectrum brand published in the "Journal Officiel" in October 2011 and January 2012, and the variable portion of the fee is equal to 1% of the yearly revenues generated by this activity.

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

SFR's network coverage commitments related to telecommunication licenses

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

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

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

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

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

NOTE 15. Investments in equity affiliates

		Voting interest		Value of equity affiliates	
(in millions of euros)	Note	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
N-Vision	2	(a) 49%	40%	215	162
Numergy		47%	47%	95	104
VEVO		47%	50%	58	59
La Poste Telecom		49%	49%	-	-
Other		na	na	78	63
				446	**388**

na: not applicable.

(a) On December 18, 2013, ITI exercised its put option to sell a 9% interest in N-Vision to Canal+ Group: Canal+ Group's ownership interest thus increased to 49% (please refer to Note 27).

NOTE 16. Financial assets

(in millions of euros)	December 31, 2013	December 31, 2012 (a)
Cash management financial assets (b)	-	301
Other loans and receivables	206	196
Derivative financial instruments	126	137
Available-for-sale securities (c)	360	197
Cash deposits backing borrowings	2	6
Other financial assets	5	15
Financial assets	**699**	**852**
Deduction of current financial assets	(45)	(364)
Non-current financial assets	**654**	**488**

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standards (please refer to Note 33).

(b) Primarily related to US treasuries and government agency securities with a maturity exceeding three months held by Activision Blizzard ($387 million as of December 31, 2012).

(c) Available-for-sale securities notably included securities held by UMG in Beats and Spotify for €161 million and €143 million, respectively (€70 million and €84 million as of December 31, 2012). In 2013, the fair values of these securities were reassessed with the entry of new investors to their capital. They did not include publicly quoted securities as of December 31, 2013 and December 31, 2012 and were not the subject of any significant impairment with respect to fiscal years 2013 and 2012.

NOTE 17. Net working capital

Changes in net working capital

(in millions of euros)	December 31, 2012	Changes in operating working capital (a)	Business combina-tions	Divestitures in progress or completed	Changes in foreign currency translation adjustments	Other (b)	December 31, 2013
Inventories	738	(20)	(3)	(376)	(9)	-	330
Trade accounts receivable and other	6,587	(8)	(192)	(1,419)	(79)	9	4,898
Working capital assets	**7,325**	**(28)**	**(195)**	**(1,795)**	**(88)**	**9**	**5,228**
Trade accounts payable and other	14,196	(252)	(8)	(3,506)	(211)	197	10,416
Other non-current liabilities	1,002	(84)	17	(12)	(23)	(143)	757
Working capital liabilities	**15,198**	**(336)**	**9**	**(3,518)**	**(234)**	**54**	**11,173**
Net working capital	**(7,873)**	**308**	**(204)**	**1,723**	**146**	**(45)**	**(5,945)**

(in millions of euros)	December 31, 2011	Changes in operating working capital (a)	Business combina-tions	Divestitures in progress or completed	Changes in foreign currency translation adjustments	Other (b)	December 31, 2012
Inventories	805	(80)	29	-	(12)	(4)	738
Trade accounts receivable and other	6,730	(291)	284	(26)	(84)	(26)	6,587
Working capital assets	**7,535**	**(371)**	**313**	**(26)**	**(96)**	**(30)**	**7,325**
Trade accounts payable and other	13,987	(307)	579	(16)	(125)	78	14,196
Other non-current liabilities	864	26	56	-	(19)	75	1,002
Working capital liabilities	**14,851**	**(281)**	**635**	**(16)**	**(144)**	**153**	**15,198**
Net working capital	**(7,316)**	**(90)**	**(322)**	**(10)**	**48**	**(183)**	**(7,873)**

(a) Excludes content investments made by UMG, Canal+ Group, and Activision Blizzard. In 2012, related to amounts as published in the 2012 Annual Report; does not include the adjustments from the impact of the application of IFRS 5 on the Consolidated Cash Flow Statement.

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

Trade accounts receivable and other

(in millions of euros)	December 31, 2013	December 31, 2012
Trade accounts receivable	3,625	5,458
Trade accounts receivable write-offs	(755)	(1,315)
Trade accounts receivable, net	**2,870**	**4,143**
Other	2,028	2,444
Trade accounts receivable and other	**4,898**	**6,587**

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

Trade accounts payable and other

(in millions of euros)	Note	December 31, 2013	December 31, 2012
Trade accounts payable		5,454	6,578
Music royalties to artists and repertoire owners	11.2	1,598	1,477
Game deferred revenues		-	1,251
Prepaid telecommunication revenues		524	817
Other		2,840	4,073
Trade accounts payable and other		**10,416**	**14,196**

Other non-current liabilities

(in millions of euros)	Note	December 31, 2013	December 31, 2012
Liabilities related to SFR GSM license **(a)**	14	136	154
Prepaid revenues from indefeasible rights of use (IRU) and other long-term occupational rights **(b)**		309	340
Non-current content liabilities	11.2	90	180
Other **(c)**		222	328
Other non-current liabilities		**757**	**1,002**

(a) Relates to the discounted value of the liability. The nominal value amounted to €181 million as of December 31, 2013, compared to €206 million as of December 31, 2012.

(b) Relates to deferred revenues associated with Indefeasible Right of Use (IRU) agreements, leases or services contracts.

(c) Notably includes the long-term portion (€63 million) of capital subscribed by Numergy, not yet released.

NOTE 18. Cash and cash equivalents

(in millions of euros)	December 31, 2013	December 31, 2012
Cash	525	920
Cash equivalents	516	2,974
of which UCITS	*46*	*2,699*
certificates of deposit and term deposits	*470*	*275*
Cash and cash equivalents	**1,041**	**3,894**

As of December 31, 2012, cash and cash equivalents notably included Activision Blizzard's cash (€2,989 million) invested, if any, in money market funds with initial maturity dates not exceeding 90 days.

NOTE 19. Equity

Share capital of Vivendi SA

(in thousands)	December 31, 2013	December 31, 2012
Common shares outstanding (nominal value: €5.5 per share)	**1,339,610**	**1,323,962**
Treasury shares	(51)	(1,461)
Voting rights	**1,339,559**	**1,322,501**

As of December 31, 2013, Vivendi held 51 thousand treasury shares, representing a non significant part of its share capital. These shares are backed to the hedging of performance share plans. The market value of the portfolio amounted to less than €1 million as of December 31, 2013.

In addition, as of December 31, 2013, approximately 52.8 million stock options were outstanding, representing a maximum nominal share capital increase of €291 million (i.e., 3.94%).

Non-controlling interests

(in millions of euros)	December 31, 2013	December 31, 2012
Canal+ Group **(a)**	368	692
Activision Blizzard **(b)**	-	1,183
Maroc Telecom Group **(c)**	1,176	1,067
Other	29	24
Total	**1,573**	**2,966**

(a) As of December 31, 2012, included Lagardère Group's 20% interest in Canal+ France for €308 million. Vivendi acquired this ownership interest on November 5, 2013 for €1,020 million, in cash (please refer to Note 2).

(b) On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest. As of December 31, 2013, Vivendi's remaining 83 million Activision Blizzard shares were recorded as "Assets available for sale" (please refer to Note 7).

(c) On November 4, 2013, Vivendi and Etisalat entered into a definitive agreement for the sale of Vivendi's 53% interest in Maroc Telecom Group (please refer to Note 7).

Distributions to shareowners of Vivendi SA

Dividend paid by Vivendi SA with respect to fiscal year 2012

At the Annual General Shareholders' Meeting of April 30, 2013, Vivendi's shareholders approved the distribution of a dividend of €1 per share, representing a total distribution of €1,325 million, paid in cash on May 17, 2013 by withdrawal from reserves, following the coupon detachment on May 14, 2013. The additional contribution of 3% on dividends was recorded as a tax charge (€40 million) in the consolidated earnings at the time of the payment of the dividend by Vivendi on May 17, 2013.

Bonus shares granted to Vivendi SA shareowners

At its meeting held on February 29, 2012, following the Supervisory Board's recommendation, Vivendi's Management Board decided to grant to its shareowners one bonus share per 30 shares held. This transaction resulted in the issuance on May 9, 2012, by a €229 million withdrawal from additional paid-in capital, of 41.6 million new shares with a nominal value of €5.5 each and entitlement as from January 1, 2012.

NOTE 20. Provisions

(in millions of euros)	Note	December 31, 2012 (a)	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2013
Employee benefits (b)		715	23	(56)	(16)	10	(2)	674
Restructuring costs (c)		258	199	(256)	(1)	(5)	(39)	156
Litigations (d)	28	1,357	143	(58)	(41)	13	(35)	1,379
Losses on onerous contracts		143	13	(62)	(1)	35	-	128
Contingent liabilities due to disposal (e)	27.4	24	3	-	(3)	-	-	24
Cost of dismantling and restoring sites (f)		83	-	(4)	-	-	(4)	75
Other (g)		1,389	99	(111)	(245)	34	(79)	(h) 1,087
Provisions		**3,969**	**480**	**(547)**	**(307)**	**87**	**(159)**	**3,523**
Deduction of current provisions		(711)	(277)	237	130	(7)	9	(619)
Non-current provisions		**3,258**	**203**	**(310)**	**(177)**	**80**	**(150)**	**2,904**

(in millions of euros)	Note	January 1, 2012 (a)	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2012 (a)
Employee benefits (b)		617	43	(78)	(34)	60	107	715
Restructuring costs (c)		48	322	(154)	-	52	(10)	258
Litigations (d)	28	479	1,015	(54)	(82)	4	(5)	1,357
Losses on onerous contracts		237	19	(104)	(10)	-	1	143
Contingent liabilities due to disposal (e)	27.4	41	-	-	-	-	(17)	24
Cost of dismantling and restoring sites (f)		70	1	(3)	-	-	15	83
Other (g)		773	748	(107)	(63)	29	9	1,389
Provisions		**2,265**	**2,148**	**(500)**	**(189)**	**145**	**100**	**3,969**
Deduction of current provisions		(586)	(316)	91	139	(12)	(27)	(711)
Non-current provisions		**1,679**	**1,832**	**(409)**	**(50)**	**133**	**73**	**3,258**

(a) As of January 1, 2013, Vivendi applied, with retrospective effect as from January 1, 2012, amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standards (please refer to Note 33).

(b) Includes employee deferred compensation as well as provisions for defined employee benefit plans (€619 million as of December 31, 2013 and €662 million as of December 31, 2012; please refer to Note 21.2), but excludes employee termination reserves recorded under restructuring costs.

(c) Mainly relates to provisions for restructuring at UMG (€67 million as of December 31, 2013 and €78 million as of December 31, 2012) and SFR (€85 million as of December 31, 2013 and €170 million as of December 31, 2012).

(d) As of December 31, 2013 and 2012, notably includes the reserve accrual in relation to the Liberty Media Corporation litigation and the securities class action in the United States for €945 million and €100 million, respectively (please refer to Note 28).

(e) Certain commitments given in relation to divestitures are the subject of provisions. These provisions are not significant and the amount is not disclosed because such disclosure could be prejudicial to Vivendi.

(f) GVT and SFR are required to dismantle and restore each telephony antenna site following termination of a site lease, without renewal.

(g) Notably includes provisions for fiscal and legal litigation for which the amount is not detailed because such disclosure could be prejudicial to Vivendi.

(h) Notably includes the reserve accruals related to the impacts of the Consolidated Global Profit Tax System in 2011 (€366 million), as well as the impact related to the use of tax credits in 2012 (€220 million): please refer to Note 6.

NOTE 21. Employee benefits

21.1. Analysis of expenses related to employee benefit plans

The following table provides information about the cost of employee benefit plans excluding its financial component. The total cost of defined benefit plans is set forth in Note 21.2.2 below.

		Year ended December 31,	
(in millions of euros)	Note	2013	2012
Employee defined contribution plans		50	46
Employee defined benefit plans	21.2.2	(4)	(1)
Employee benefit plans		**46**	**45**

21.2. Employee defined benefit plans

21.2.1. Assumptions used in the evaluation and sensitivity analysis

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

The assumptions underlying the valuation of defined benefit plans were made in compliance with the accounting policies presented in Note 1.3.8 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are company specific. Financial assumptions (notably the discount rate) are determined by independent actuaries and other independent advisors and reviewed by Vivendi's Finance department. The discount rate is thus determined for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices. The discount rates selected are thus used, at year-end, to determine the best estimate by Vivendi's Finance department of expected trends in future payments from the first benefit payments.

In accordance with amended IAS 19, the expected return on plan assets is estimated using the discount rate used to value the obligations of the previous year.

In weighted average

	Pension benefits		Post-retirement benefits	
	2013	2012	2013	2012
Discount rate (a)	3.6%	3.6%	4.5%	3.6%
Rate of compensation increase	2.0%	2.0%	2.9%	3.1%
Duration of the benefit obligation (in years)	14.2	14.2	10.0	10.5

(a) A 50 basis point increase (or a 50 basis point decrease, respectively) in the 2013 discount rate would have led to a decrease of €2 million in pre-tax expense (or an increase of €1 million, respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €60 million (or an increase of €64 million, respectively).

Assumptions used in accounting for the pension benefits, by country

	United States		United Kingdom		Germany		France	
	2013	2012	2013	2012	2013	2012	2013	2012
Discount rate	4.50%	3.50%	4.50%	4.25%	3.00%	3.25%	3.00%	3.25%
Rate of compensation increase (weighted average)	na	na	5.00%	4.50%	2.00%	2.00%	3.36%	3.41%

na: not applicable.

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

	United States		Canada	
	2013	2012	2013	2012
Discount rate	4.50%	3.50%	4.50%	4.00%
Rate of compensation increase	3.50%	3.50%	na	na

na: not applicable.

Allocation of pension plan assets

	December 31, 2013 (a)	December 31, 2012 (a)
Equity securities	4%	6%
Debt securities	48%	57%
Diversified funds	28%	16%
Insurance contracts	5%	5%
Real estate	1%	1%
Cash and other	14%	15%
Total	**100%**	**100%**

(a) Pension plan assets are mainly financial assets actively traded in organized financial markets.

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

Cost evolution of post-retirement benefits

For the purpose of measuring post-retirement benefits, Vivendi assumed the annual growth in the *per capita* cost of covered health care benefits would slow down from 7.3% for categories under 65 years old and 65 years old and over in 2013, to 4.5% in 2022 for these categories. In 2013, a one-percentage-point increase in the assumed cost evolution rates would have increased post-retirement benefit obligations by €10 million and the pre-tax expense by €1 million. Conversely, a one-percentage-point decrease in the assumed cost evolution rates would have decreased post-retirement benefit obligations by €8 million and the pre-tax expense by €1 million.

21.2.2. Analysis of the expense recorded and of the amount of benefits paid

	Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	2013	2012	2013	2012	2013	2012
Current service cost	19	18	-	-	19	18
Past service cost (a)	(17)	(20)	-	-	(17)	(20)
(Gains)/losses on settlements	(7)	-	-	-	(7)	-
Other	1	1	-	-	1	1
Impact on selling, administrative and general expenses	**(4)**	**(1)**	**-**	**-**	**(4)**	**(1)**
Interest cost	27	29	6	7	33	36
Expected return on plan assets	(13)	(13)	-	-	(13)	(13)
Impact on other financial charges and income	**14**	**16**	**6**	**7**	**20**	**23**
Net benefit cost recognized in profit and loss	**10**	**15**	**6**	**7**	**16**	**22**

(a) The recorded past service cost mainly relates to the effect of decreases in relation to the restructuring at SFR (impact in 2013), as well as the change of part of the group's management team since the end of June 2012.

In 2013, benefits paid amounted to (i) €35 million (compared to €29 million in 2012) with respect to pensions, of which €9 million (compared to €7 million in 2012) was paid by pension funds, and (ii) €10 million (compared to €12 million in 2012) was paid with respect to post-retirement benefits.

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

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

		Employee defined benefit plans		
		Year ended December 31, 2013		
		Benefit obligation	Fair value of plan assets	Net (provisions)/ assets recorded in the Statement of Financial Position
(in millions of euros)	Note	(A)	(B)	(B)-(A)
Opening balance		**1,020**	**367**	**(653)**
Current service cost		21		(21)
Past service cost		(18)		18
(Gains)/losses on settlements		(29)	(22)	7
Other		1		(1)
Impact on selling, administrative and general expenses				***3***
Interest cost		35		(35)
Expected return on plan assets			13	13
Impact on other financial charges and income				***(22)***
Net benefit cost recognized in profit and loss				**(19)**
Experience gains/(losses) (a)		12	(1)	(13)
Actuarial gains/(losses) related to changes in demographic assumptions		2		(2)
Actuarial gains/(losses) related to changes in financial assumptions		5		(5)
Adjustment related to asset ceiling				-
Actuarial gains/(losses) recognized in other comprehensive income				**(20)**
Contributions by plan participants		1	1	-
Contributions by employers			46	46
Benefits paid from the fund		(9)	(9)	-
Benefits paid by the employer		(36)	(36)	-
Business combinations (b)		12	9	(3)
Divestitures of businesses				-
Transfers				-
Other (of which foreign currency translation adjustments)		(20)	(12)	8
Reclassification to assets held for sale		(31)		31
Closing balance		**966**	**356**	**(610)**
of which wholly or partly funded benefits		*487*		
wholly unfunded benefits (c)		*479*		
of which assets related to employee benefit plans				*9*
provisions for employee benefit plans (d)	20			*(619)*

		Employee defined benefit plans		
		Year ended December 31, 2012		
		Benefit obligation	Fair value of plan assets	Net (provisions)/ assets recorded in the Statement of Financial Position
(in millions of euros)	Note	(A)	(B)	(B)-(A)
Balance as of December 31, 2011 – as published				**(428)**
Unrecognized actuarial losses/(gains) reported in consolidated retained earnings				(126)
Balance as of January 1, 2012		**826**	**272**	**(554)**
Current service cost		19		(19)
Past service cost		(21)		21
(Gains)/losses on settlements				-
Other		1		(1)
Impact on selling, administrative and general expenses				***1***
Interest cost		38		(38)
Expected return on plan assets			13	13
Impact on other financial charges and income				***(25)***
Net benefit cost recognized in profit and loss				**(24)**
Experience gains/(losses) **(a)**		(15)	13	28
Actuarial gains/(losses) related to changes in demographic assumptions		(1)		1
Actuarial gains/(losses) related to changes in financial assumptions		111		(111)
Adjustment related to asset ceiling				-
Actuarial gains/(losses) recognized in other comprehensive income				**(82)**
Contributions by plan participants		1	1	-
Contributions by employers		(2)	61	63
Benefits paid from the fund		(7)	(7)	-
Benefits paid by the employer		(34)	(34)	-
Business combinations **(b)**		111	51	(60)
Divestitures of businesses				-
Transfers				-
Other (of which foreign currency translation adjustments)		(7)	(3)	4
Reclassification to assets held for sale				-
Closing balance		**1,020**	**367**	**(653)**
of which wholly or partly funded benefits		*533*		
wholly unfunded benefits **(c)**		*487*		
of which assets related to employee benefit plans				*9*
provisions for employee benefit plans **(d)**	20			*(662)*

(a) Includes the impact on the benefit obligation resulting from the difference between benefits estimated at the previous year-end and benefits paid during the year, and the difference between the expected return on plan assets at the previous year end and the actual return on plan assets during the year.

(b) Relates to the impact of the acquisition on September 28, 2012 of EMI Recorded Music on the value of the obligations, plan assets, and underfunded obligation.

(c) In accordance with local laws and practices, certain plans are not covered by pension funds. As of December 31, 2013 and December 31, 2012, they principally comprise supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

(d) Includes a current liability of €55 million as of December 31, 2013 (compared to €46 million as of December 31, 2012).

Benefit obligation, fair value of plan assets, and funded status detailed by country

	Pension benefits (a)		Post-retirement benefits (b)		Total	
	December 31,		December 31,		December 31,	
(in millions of euros)	2013	2012	2013	2012	2013	2012
Benefit obligation						
US companies	107	118	120	144	227	262
UK companies	233	225	1	-	234	225
German companies	190	183	-	-	190	183
French companies	233	216	-	-	233	216
Other	67	115	15	19	82	134
	830	**857**	**136**	**163**	**966**	**1,020**
Fair value of plan assets						
US companies	48	53	-	-	48	53
UK companies	201	188	-	-	201	188
German companies	3	3	-	-	3	3
French companies	65	67	-	-	65	67
Other	39	56	-	-	39	56
	356	**367**	**-**	**-**	**356**	**367**
Underfunded obligation						
US companies	(59)	(65)	(120)	(144)	(179)	(209)
UK companies	(32)	(37)	(1)	-	(33)	(37)
German companies	(187)	(180)	-	-	(187)	(180)
French companies	(168)	(149)	-	-	(168)	(149)
Other	(28)	(59)	(15)	(19)	(43)	(78)
	(474)	**(490)**	**(136)**	**(163)**	**(610)**	**(653)**

(a) No employee defined benefit plan individually exceeded 10% of the total value of the obligations and of the underfunded obligation of these plans.

(b) Mainly relates to medical coverage (hospitalization, surgery, doctor visits, drug prescriptions) post-retirement and life insurance benefits for certain employees and retirees in the United States. In accordance with the current regulation in relation to the funding policy of this type of plan, the plan is not funded. The main risks for the group relate to changes in discount rates as well as the increase in costs of benefits (please refer to the sensitivity analysis described in Note 21.2.1).

21.2.4. Benefits estimation and future payments

For 2014, hedge fund contributions and benefit payments to retirees by Vivendi are estimated at €44 million in respect of pensions, of which €24 million to pension funds and €11 million to post-retirement benefits.

Estimates of future benefit payments to beneficiaries by the relevant pension funds or by Vivendi (in nominal value) are as follows:

(in millions of euros)	Pension benefits	Post-retirement benefits
2014	51	11
2015	25	10
2016	33	11
2017	33	10
2018	30	10
2019-2023	177	49

NOTE 22. Share-based compensation plans

22.1. Impact on the Consolidated Statement of Earnings

		Year ended December 31,	
(in millions of euros)	Note	2013	2012
Charge/(Income)			
Stock options, performance shares and bonus shares		*29*	*29*
Employee stock purchase plans		*23*	*33*
Stock Appreciation Rights (SAR)		*1*	*-*
Vivendi stock instruments	22.2	53	62
UMG equity unit plan	22.3	5	9
Charge/(Income) related to share-based compensation plans	3	**58**	**71**
Equity-settled instruments		*52*	*62*
Cash-settled instruments		*6*	*9*

22.2. Plans granted by Vivendi

22.2.1. Information on plans granted by Vivendi

Vivendi has granted several share-based compensation plans to employees of the group.

During 2012, Vivendi granted stock option and performance share plans, wherever the fiscal residence of the beneficiaries and bonus share plan for employees of all the group's French subsidiaries.

In 2013, the Supervisory Board decided, upon the recommendation of the Management Board and General Management and the advice of the Human Resources Committee, that all grants would be made in the form of performance shares, wherever the fiscal residence of the beneficiaries.

In addition, in 2013 and 2012, Vivendi granted stock purchase plans to its employees and retirees (employee stock purchase and leveraged plans).

The accounting methods applied to value and recognize these granted plans are described in Note 1.3.10. More specifically, the risk-free interest rate applied is the rate of French "*Obligations Assimilables du Trésor*" (OAT) with a maturity corresponding to the expected term of the instrument at the valuation date, and the expected dividend yield at grant date is based on Vivendi's dividend distribution policy.

As a reminder, the volatility applied in valuing the stock option plans granted by Vivendi in 2012 was calculated as the weighted average of (a) 75% of the historical volatility of Vivendi shares computed on a 6.5-year period and (b) 25% of the implied volatility based on Vivendi put and call options traded on a liquid market with a maturity of 6 months or more.

■ Equity-settled instruments

The definitive grant of equity-settled instruments, excluding the 2012 bonus share plan, is subject to the satisfaction of performance conditions. Such performance conditions include an external indicator, thus following AFEP and MEDEF recommendations. The objectives underlying the performance conditions are determined by the Supervisory Board upon proposal by the Human Resources Committee.

The value of the equity-settled instruments is estimated and set at grant date. For the main 2013 and 2012 performance share, stock option and bonus share plans, the applied assumptions were as follows:

	2013	2012	
Grant date	February 22,	July 16, (a)	April 17,
Data at grant date:			
Option strike price (in euros) (b)	na	na	13.63
Share price (in euros)	14.91	15.75	12.53
Expected volatility	na	na	27%
Expected dividend yield	6.71%	6.35%	7.98%
Performance conditions achievement rate (c)	100%	na	100%

na: not applicable.

(a) Vivendi granted 50 bonus shares to the employees of all the group's French subsidiaries (see below).

(b) In accordance with legal requirements, the number and strike price of stock options, as well as the number of performance shares in connection with outstanding plans, were adjusted to take into account the impact, for the beneficiaries of the following distributions (please refer to Note 19) by a withdrawal from reserves:
- on May 9, 2012: grant to each shareowner of one bonus share per 30 shares held; and
- on May 17, 2013: dividend distribution with respect to fiscal year 2012.

These adjustments have no impact on share-based compensation expense related to the relevant stock option and performance share plans.

(c) The objectives underlying the performance conditions are assessed on a two-year period. The definitive grant is effective upon the satisfaction of the following performance conditions:
- internal indicators (70%): for corporate head office, group EBITA margin and for each subsidiary, its EBITA margin, as a function of the cumulative income from fiscal years 2013 and 2014 (compared to the EBITA margin in 2012 and 2013 for the whole group, including corporate head office and its subsidiaries related to plans granted in 2012); and
- external indicators (30%): performance of Vivendi's share price over two years, according to the Dow Jones Stoxx Telecom index (70%) and according to the Media index comprised of a pre-established panel (30%).

The definitive grant of stock options and performance shares of April 17, 2012 became effective as of December 31, 2013. The acquisition of these instruments is conditional upon active employment at the vesting date.

Performance share plans

Performance shares granted in 2013 and 2012 will vest at the end of a two-year period. The compensation cost is therefore recognized on a straight-line basis over the vesting period. Performance shares are available at the end of a four-year period from the date of grant. However, as the shares granted are ordinary shares of the same class as existing shares making up the share capital of Vivendi SA, employee shareholders are entitled to the dividends and voting rights attached to these shares from the end of the two-year vesting period. The recognized compensation cost corresponds to the value of the equity instruments received by the beneficiary, and is equal to the difference between the fair value of the shares to be received and the discounted value of dividends that were not received over the vesting period.

On February 22, 2013, 2,573 thousand performance shares were granted, compared to 1,818 thousand granted on April 17, 2012. After taking into account a discount for non-transferability of 8.3% of the share price on February 22, 2013 (7.1% on April 17, 2012), the fair value of each granted performance share was €11.79, compared to €9.80 per share on April 17, 2012 corresponding to a global fair value of €30 million (compared to €18 million in 2012).

Stock option plans

Stock options granted in 2012 will vest at the end of a three-year period and expire at the end of a ten-year period (with a 6.5 year expected term) and the compensation cost determined at grant date is recognized on a straight-line basis over the vesting period. In 2013, Vivendi did not grant any stock options. On April 17, 2012, 2,514 thousand stock options were granted. After taking into account a 2.35% risk-free interest rate, the fair value of each option granted was €0.96, corresponding to a global fair value of €2 million.

50 bonus share plan

On July 16, 2012, Vivendi granted a 50 bonus share plan per employee of all the group's French subsidiaries. These shares will be issued at the end of a two-year period, i.e., July 17, 2014, subject to the employee being in active employment at this date and without any performance conditions. The compensation cost is therefore recognized on a straight-line basis over this period. The shares will only be available after another two-year period. However, as the shares granted are ordinary shares of the same class as existing shares making up the share capital of Vivendi SA, employee shareholders will be entitled to the dividend and voting rights relating to these shares from the end of the two year vesting period.

On July 16, 2012, 729 thousand bonus shares were granted. After taking into account a discount for non-transferability of 9.3% of the share price on July 16, 2012, the fair value of each granted bonus share was €12.40, a total of €9 million.

Employee stock purchase and leveraged plans

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

For the employee stock purchase and leveraged plans subscribed in 2013 and 2012, the applied valuation assumptions were as follows:

	2013	2012
Grant date	June 28	June 25
Subscription price (in euros)	12.10	10.31
Data at grant date:		
Share price (in euros)	14.55	13.57
Discount to face value	16.82%	24.02%
Expected dividend yield	6.87%	7.37%
Risk-free interest rate	1.19%	1.37%
5-year interest rate *in fine*	6.08%	6.51%
Repo rate	0.36%	0.36%

Under the employee stock purchase plans, 2,055 thousand shares were subscribed in 2013 (2,108 thousand shares subscribed in 2012). After taking into account a 15.2% discount for non-transferability to the share price on the grant date (15.3% in 2012), the fair value per subscribed share was €0.24 on June 28, 2013, compared to €1.18 per subscribed share on June 25, 2012.

Under the leveraged plans, virtually all employees and retirees of Vivendi and its French and foreign subsidiaries were entitled to subscribe for Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and to ultimately receive the capital gain (calculated pursuant to the terms and conditions of the plan) corresponding to 10 shares for one subscribed share. A financial institution mandated by Vivendi hedges this transaction.

In 2013, 9,758 thousand shares were subscribed under the leveraged plan (compared to 9,845 subscribed shares in 2012). After taking into account a 1.5% discount for non-transferability measured after the leveraged impact (unchanged compared to 2012), the fair value per subscribed share on June 28, 2013 was €2.23, compared to €3.05 per subscribed share on June 25, 2012.

In 2013, the charge recognized with respect to employee stock purchase and leveraged plans amounted to €23 million (compared to €33 million in 2012).

Stock purchase and leveraged plans resulted in a capital increase (including issue premium) totaling €149 million on July 25, 2013, and €127 million on July 19, 2012.

Cash-settled instruments

In 2006 and 2007, Vivendi granted specific instruments to its US resident managers and employees, with economic features similar to those granted to non-US resident managers and employees, except that these equity instruments are settled in cash only. The value of the cash-settled instruments granted is initially estimated as of the grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date. All the rights for these plans were definitively vested as of April 2010.

Stock appreciation right plans

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

The following table presents the value of outstanding SAR plans measured as of December 31, 2013:

	2007	2006
Grant date	April 23,	April 13,
Data at grant date:		
Strike price (in US dollars)	41.34	34.58
Number of instruments granted (in thousands)	1,281	1,250
Data at the valuation date (December 31, 2013):		
Expected term (in years)	1.6	1.1
Share price (in US dollars)	26.29	26.29
Expected volatility	29%	29%
Risk-free interest rate	0.26%	0.23%
Expected dividend yield	5.25%	5.25%
Fair value of the granted option as of December 31, 2013 (in US dollars)	**0.38**	**0.64**

22.2.2. Information on outstanding Vivendi plans since January 1st, 2012

Equity-settled instruments

	Stock options		Performance shares
	Number of outstanding stock options (in thousands)	Weighted average strike price of outstanding stock options (in euros)	Number of outstanding performance shares (in thousands)
Balance as of December 31, 2011	**49,907**	**21.5**	**2,961**
Granted	2,650	13.7	1,918
Exercised	(479)	13.0	(981)
Cancelled	(411)	18.4	(138)
Adjusted	1,739	20.4	124
Balance as of December 31, 2012	**53,406**	**20.5**	**3,884**
Granted	-	na	2,782
Exercised	(a) (3,362)	13.3	(1,409)
Forfeited	(354)	12.9	-
Cancelled	(194)	15.9	(199)
Adjusted	3,339	19.4	286
Balance as of December 31, 2013	**(b) 52,835**	**19.7**	**(c) 5,344**
Exercisable as of December 31, 2013	**47,393**	**20.2**	**-**
Acquired as of December 31, 2013	**47,411**	**20.2**	**518**

na: not applicable.

(a) The weighted average share price for Vivendi shares at the dates of exercise for the options was €16.21 (compared to €16.70 for stock options exercised in 2012).

(b) The total intrinsic value of outstanding stock options was €64 million.

(c) The weighted-average remaining period before issuing shares was 1.2 years.

Regarding the grant of 50 bonus shares in 2012, the remaining number of bonus shares was 663 thousand as of December 31, 2013 (697 thousand as of December 31, 2012). During 2013, 34 thousand shares were cancelled (32 thousand shares in 2012).

Please refer to Note 19 for the potential impact on the share capital of Vivendi SA of the outstanding stock options, the performance shares and bonus shares.

Information on stock options as of December 31, 2013 is as follows:

	Outstanding stock options			Vested stock options	
Range of strike prices	Number (in thousands)	Weighted average strike price (in euros)	Weighted average remaining contractual life (in years)	Number (in thousands)	Weighted average strike price (in euros)
Under €15	2,792	12.5	8.3	8	12.4
€15-€17	12,363	16.8	5.7	12,363	16.8
€17-€19	10,787	17.6	2.1	8,147	17.5
€19-€21	7,868	20.0	1.3	7,868	20.0
€21-€23	6,699	21.3	4.3	6,699	21.3
€23-€25	6,099	24.1	2.3	6,099	24.1
€25-€27	6,227	26.1	3.3	6,227	26.1
€27 and more	-	-	-	-	-
	52,835	**19.7**	**3.6**	**47,411**	**20.2**

Cash-settled instruments

As of December 31, 2013, the remaining outstanding SAR amounted to 2,980 thousand (compared to 5,064 thousand as of December 31, 2012). Following the sale of Activision Blizzard on October 11, 2013, the payment obligations, incurred by Vivendi, with respect to the 1,925 thousand SAR have been transferred to Activision Blizzard. All rights related to SAR were vested and their total intrinsic value amounted to $2 million. As of December 31, 2013, the amount accrued for these instruments was €1 million (compared to €2 million as of December 31, 2012).

22.3. UMG long-term incentive plan

Effective January 1, 2010, UMG implemented long-term incentive arrangements under which certain key executives of UMG are awarded phantom equity units and phantom stock appreciation rights whose value is intended to reflect the value of UMG. These units are simply units of account and do not represent an actual ownership interest in either UMG or Vivendi. The equity units are notional grants of equity that will be payable in cash upon settlement no later than 2015 or earlier under certain circumstances. The stock appreciation rights are essentially options on those notional shares that provide additional compensation tied to any increase in value of UMG over the term. The SAR's are also settled in cash only no later than 2014 or earlier under certain circumstances. There is a guaranteed minimum payout of $25 million.

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

As of December 31, 2013, the amount accrued under these arrangements was €26 million (€22 million as of December 31, 2012). There have been no payments made to date.

NOTE 23. Borrowings and other financial liabilities

		December 31, 2013			December 31, 2012		
(in millions of euros)	Note	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	23.1	7,827	6,633	1,194	10,888	10,188	700
Bank credit facilities (drawn confirmed)	23.2	2,075	2,014	61	2,423	2,326	97
Commercial paper issued	23.2	1,906	-	1,906	3,255	-	3,255
Bank overdrafts		143	-	143	192	-	192
Other bank borrowings		-	-	-	625	34	591
Accrued interest to be paid		186	-	186	205	-	205
Other		73	53	20	126	86	40
Nominal value of borrowings		**12,210**	**8,700**	**3,510**	**17,714**	**12,634**	**5,080**
Cumulative effect of amortized cost and reevaluation due to hedge accounting		8	8	-	(1)	4	(5)
Commitments to purchase non-controlling interests		22	22	-	8	8	-
Derivative financial instruments	24	26	7	19	36	21	15
Borrowings and other financial liabilities		**12,266**	**8,737**	**3,529**	**17,757**	**12,667**	**5,090**

23.1. Bonds

	Interest rate (%)				Maturing during the following periods						
(in millions of euros)	nominal	effective	Maturity	Dec. 31, 2013	2014	2015	2016	2017	2018	After 2018	Dec. 31, 2012
€750 million (July 2013)	2.375%	2.51%	Jan. 2019	(a) 750	-	-	-	-	-	750	-
€700 million (December 2012)	2.500%	2.65%	Jan. 2020	700	-	-	-	-	-	700	700
$550 million (April 2012)	2.400%	2.50%	Apr. 2015	(b) -	-	-	-	-	-	-	420
$650 million (April 2012)	3.450%	3.56%	Jan. 2018	(c) 69	-	-	-	-	69	-	491
$800 million (April 2012)	4.750%	4.91%	Apr. 2022	(c) 189	-	-	-	-	-	189	604
€1,250 million (January 2012)	4.125%	4.31%	Jul. 2017	1,250	-	-	-	1,250	-	-	1,250
€500 million (November 2011)	3.875%	4.04%	Nov. 2015	(d) -	-	-	-	-	-	-	500
€500 million (November 2011)	4.875%	5.00%	Nov. 2018	500	-	-	-	-	500	-	500
€1,000 million (July 2011)	3.500%	3.68%	Jul. 2015	(d) -	-	-	-	-	-	-	1,000
€1,050 million (July 2011)	4.750%	4.67%	Jul. 2021	1,050	-	-	-	-	-	1,050	1,050
€750 million (March 2010)	4.000%	4.15%	Mar. 2017	750	-	-	-	750	-	-	750
€700 million (December 2009)	4.875%	4.95%	Dec. 2019	700	-	-	-	-	-	700	700
€500 million (December 2009)	4.250%	4.39%	Dec. 2016	500	-	-	500	-	-	-	500
€300 million – SFR (July 2009)	5.000%	5.05%	Jul. 2014	300	300	-	-	-	-	-	300
€1,120 million (January 2009)	7.750%	7.69%	Jan. 2014	(a) 894	894	-	-	-	-	-	894
$700 million (April 2008)	6.625%	6.85%	Apr. 2018	(c) 175	-	-	-	-	175	-	529
€700 million (October 2006)	4.500%	5.47%	Oct. 2013	(e) -	-	-	-	-	-	-	700
Nominal value of bonds				**7,827**	**1,194**	**-**	**500**	**2,000**	**744**	**3,389**	**10,888**

(a) On July 9, 2013, Vivendi issued a €750 million bond, maturing in January 2019. This transaction enabled the refinancing of the bond issued in January 2009, maturing in January 2014.

(b) A USD/EUR foreign currency hedge (cross-currency swap) was set up to hedge this tranche denominated in US dollar with a 1.3082 EUR/USD rate, or a €420 million counter value at maturity. On November 15, 2013, Vivendi exercised the full make-whole call and early redeemed this bond.

(c) On October 25, 2013, Vivendi early redeemed $1,555 million (€1,150 million) in bonds, through tender offers:
- $555 million (€411 million) on the $650 million bond issued in April 2012, initially maturing in January 2018;
- $541 million (€400 million) on the $800 million bond issued in April 2012, initially maturing in April 2022; and
- $459 million (€339 million) on the $700 million bond issued in April 2008, initially maturing in April 2018.

(d) On November 11, 2013, Vivendi early redeemed (make-whole) the full amount of these two bonds.

(e) This bond was redeemed in October 2013 upon its contractual maturity date.

The bonds denominated in euro are listed on the Luxembourg Stock Exchange.

The bonds denominated in US dollar were converted into euro based on the closing rate, i.e., 1.3730 EUR/USD as of December 31, 2013 (compared to 1.3244 EUR/USD as of December 31, 2012).

Bonds issued by the group contain customary provisions related to events of default, negative pledge and, rights of payment (pari-passu ranking). In addition, bonds issued by Vivendi SA contain an early redemption clause in case of a change in control trigger if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

23.2. Bank credit facilities

(in million of euros)	Maturity	Maximum amount	Dec. 31, 2013	Maturing during the following periods 2014	2015	2016	2017	2018	After 2018	Dec. 31, 2012
€1.5 billion revolving facility (March 2013)	Mar. 2018	(a) 1,500	205	-	-	-	-	205	-	-
€1.5 billion revolving facility (May 2012)	May 2017	1,500	-	-	-	-	-	-	-	-
€1.1 billion revolving facility (January 2012)	Jan. 2017	1,100	-	-	-	-	-	-	-	-
€40 million revolving facility (January 2012)	Jan. 2015	40	-	-	-	-	-	-	-	-
€5.0 billion revolving facility (May 2011)										
tranche B: €1.5 billion	-	(a) -	-	-	-	-	-	-	-	725
tranche C: €2.0 billion	May 2016	2,000	975	-	-	975	-	-	-	819
€1.0 billion revolving facility (September 2010)	Sep. 2015	1,000	475	-	475	-	-	-	-	350
€1.2 billion revolving facility – SFR (June 2010)	-	(b) -	-	-	-	-	-	-	-	-
GVT – BNDES	-	452	391	43	77	77	60	51	83	406
Maroc Telecom – MAD 3 billion loan	Jul. 2014	-	-	-	-	-	-	-	-	94
Canal+ Group – VSTV	-	37	29	18	11	-	-	-	-	29
Drawn confirmed bank credit facilities			**2,075**	**61**	**563**	**1,052**	**60**	**256**	**83**	**2,423**
Undrawn confirmed bank credit facilities			5,554	11	575	1,035	2,611	1,306	16	6,616
Total of group's bank credit facilities			**7,629**	**72**	**1,138**	**2,087**	**2,671**	**1,562**	**99**	**9,039**
Commercial paper issued (c)			1,906	1,906						3,255

(a) On March 28, 2013, Vivendi completed the early refinancing of a €1.5 billion bank credit facility maturing in May 2014 by entering into a new bank credit facility for the same amount with a five-year maturity.

(b) The €1.2 billion revolving facility of SFR was cancelled in October 2013.

(c) The commercial paper is backed to confirmed bank credit facilities. It is recorded as short-term borrowing on the Consolidated Statement of Financial Position. On February 20, 2013, Vivendi increased the maximum amount authorized by the Banque de France regarding Vivendi SA's commercial paper program from €4 to €5 billion.

Vivendi SA bank credit facilities, when drawn, bear interest at floating rates.

Vivendi SA's syndicated bank credit facilities (€7.1 billion as of December 31, 2013) contain customary provisions related to events of default and covenants relating to negative pledge, divestiture and merger transactions. In addition, at the end of each half year, Vivendi SA is required to comply with a financial covenant of Proportionate Financial Net Debt [(1)] to Proportionate EBITDA [(2)] over a twelve-month rolling period not exceeding 3 for the duration of the loans. Non-compliance with this covenant could result in the early redemption of the facilities if they were drawn, or their cancellation. As of December 31, 2013, Vivendi SA was in compliance with these financial covenants.

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

The credit facilities granted to GVT by the BNDES (€452 million as of December 31, 2013) contain a change in control trigger and are subject to certain financial covenants pursuant to which GVT is required to comply at the end of each half year with at least three of the following financial covenants: (i) a ratio of equity to total assets equal to or higher than 0.40 (0.35 for the credit facilities granted in November 2011); (ii) a ratio of Financial Net Debt to EBITDA not exceeding 2.50; (iii) a ratio of current financial liabilities to EBITDA not exceeding 0.45; and (iv) a ratio of EBITDA to net financial expenses of at least 4.00 (3.50 for the credit facilities granted in November 2011). As of December 31, 2013, GVT was in compliance with its covenants.

Moreover, on March 4, 2013, a letter of credit for €975 million, maturing in March 2016, was issued in connection with Vivendi's appeal against the Liberty Media judgment (please refer to Note 28). This off-balance sheet financial commitment has no impact on Vivendi's Net Debt . This letter of credit is guaranteed by a syndicate of fifteen international banks with which Vivendi has signed a Reimbursement Agreement which includes an undertaking by Vivendi to reimburse the banks for any amounts paid out under the letter of credit. The Reimbursement Agreement notably contains events of default and acceleration clauses similar to those contained in Vivendi's credit facilities. In certain

(1) As of December 31, 2013, defined as Vivendi's Financial Net Debt adjusted for expected proceeds (according to the financial terms known to date) from the sale of Maroc Telecom Group.

(2) As of December 31, 2013, defined as Vivendi's modified EBITDA as published at that date (please refer to Note 3), plus dividends received from unconsolidated companies.

circumstances, these provisions could cause Vivendi to have to post cash collateral for the benefit of the banks. In the same way, if one of the fifteen banks defaults in respect of its obligations and is not able to issue a guarantee sufficient enough to provide comfort to Bank of America, Vivendi could be caused to substitute such bank with another bank or, as a last resort, be obligated to post cash collateral in the amount of such bank's participation in the letter of credit. As of December 31, 2013, Vivendi SA was in compliance with the terms of the letter of credit.

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

Breakdown by maturity

(in millions of euros)	December 31, 2013		December 31, 2012	
Maturity				
< 1 year (a)	3,510	*29%*	5,080	*29%*
Between 1 and 2 years	588	*5%*	2,057	*12%*
Between 2 and 3 years	1,562	*13%*	2,380	*13%*
Between 3 and 4 years	2,065	*17%*	1,406	*8%*
Between 4 and 5 years	1,005	*8%*	2,073	*12%*
> 5 years	3,480	*28%*	4,718	*26%*
Nominal value of borrowings	**12,210**	***100%***	**17,714**	***100%***

(a) As of December 31, 2013, short-term borrowings (with a maturity of less than one year) notably included commercial paper for €1,906 million (compared to €3,255 million as of December 31, 2012), with a 17-day weighted-average remaining period as of December 31, 2013 as well as Vivendi SA's €894 million bond, maturing in January 2014, and SFR's €300 million bond, maturing in July 2014.

As of December 31, 2013, the average "economic" term of the group's financial debt, pursuant to which all undrawn amounts on available medium-term credit lines may be used to redeem group borrowings with the shortest term was of 4.2 years (compared to 4.4 years at year-end 2012).

Breakdown by nature of interest rate

(in millions of euros)	Note	December 31, 2013		December 31, 2012	
Fixed interest rate		7,830	*64%*	11,666	*66%*
Floating interest rate		4,380	*36%*	6,048	*34%*
Nominal value of borrowings before hedging		**12,210**	***100%***	**17,714**	***100%***
Pay-fixed interest rate swaps		*450*		*450*	
Pay-floating interest rate swaps		*(2,600)*		*(1,450)*	
Net position at fixed interest rate	24.2	***(2,150)***		***(1,000)***	
Fixed interest rate		5,680	*47%*	10,666	*60%*
Floating interest rate		6,530	*53%*	7,048	*40%*
Nominal value of borrowings after hedging		**12,210**	***100%***	**17,714**	***100%***

Please refer to Note 24.2.1 for a description of the group's interest rate risk management instruments.

Breakdown by currency

(in millions of euros)	Note	December 31, 2013		December 31, 2012	
Euro – EUR		11,396	*93%*	14,420	*81%*
US dollar – USD		433	*4%*	2,046	*12%*
Other (of which BRL and PLN)		381	*3%*	1,248	*7%*
Nominal value of borrowings before hedging		**12,210**	***100%***	**17,714**	***100%***
Currency swaps USD		*1,468*		*1,303*	
Other currency swaps		*(199)*		**(a)** *(813)*	
Net total of hedging instruments	24.2	***1,269***		***490***	
Euro – EUR		12,665	*104%*	14,910	*84%*
US dollar – USD		(1,035)	*-9%*	743	*4%*
Other (of which BRL and PLN)		580	*5%*	2,061	*12%*
Nominal value of borrowings after hedging		**12,210**	***100%***	**17,714**	***100%***

(a) Notably included a forward GBP/EUR contract for a nominal amount of £430 million, put into place in order to cover the proceeds from the sale of certain assets of EMI Recorded Music. Please refer to Note 24.2.2 for a description of the group's foreign currency risk management.

23.4. Credit ratings

As of February 19, 2014, the date of the Management Board Meeting that approved the Financial Statements for the year ended December 31, 2013, the credit ratings of Vivendi were as follows:

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

(a) On August 5, 2013, Standard & Poor's rating agency maintained Vivendi's rating and negative long-term corporate debt outlook.

(b) On March 4, 2013, Moody's rating agency confirmed Vivendi's long-term senior unsecured debt at Baa2 and revised its outlook to negative.

NOTE 24. Financial instruments and management of financial risks

24.1. Fair value of financial instruments

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

Accounting category and fair value of financial instruments

		December 31, 2013		December 31, 2012 (a)	
(in millions of euros)	Note	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash management financial assets		*-*	*-*	*301*	*301*
Available-for-sale securities		*360*	*360*	*197*	*197*
Derivative financial instruments		*126*	*126*	*137*	*137*
Other financial assets at fair value through profit or loss		*5*	*5*	*15*	*15*
Financial assets at amortized cost		*208*	*208*	*202*	*202*
Financial assets	16	699	699	852	852
Trade accounts receivable and other, at amortized cost	17	4,898	4,898	6,587	6,587
Cash and cash equivalents	18	1,041	1,041	3,894	3,894
Liabilities					
Borrowings, at amortized cost		*12,218*	*12,721*	*17,713*	*18,637*
Derivative financial instruments		*26*	*26*	*36*	*36*
Commitments to purchase non-controlling interests		*22*	*22*	*8*	*8*
Borrowings and other financial liabilities	23	12,266	12,769	17,757	18,681
Other non-current liabilities, at amortized cost	17	757	757	1,002	1,002
Trade accounts payable and other, at amortized cost	17	10,416	10,416	14,196	14,196

(a) Vivendi applied from January 1, 2013, with retrospective effect from January 1, 2012, amended IAS 19 - *Employee Benefits*, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1). As a result, the 2012 Financial Statements were adjusted in accordance with the new standard (please refer to Note 33).

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

Valuation method for financial instruments at fair value

The following tables show the fair value method of financial instruments according to the three following levels:

- **level 1**: fair value measurement based on quoted prices in active markets for identical assets or liabilities;
- **level 2**: fair value measurement based on observable market data (other than quoted prices included within level 1); and
- **level 3**: fair value measurement based on valuation techniques that use inputs for the asset or liability that are not based on observable market data.

As a reminder, the other financial instruments at amortized cost are not included in the following tables.

		December 31, 2013			
(in millions of euros)	Note	Total	Level 1	Level 2	Level 3
Assets					
Available-for-sale securities	16	360	-	304	56
Derivative financial instruments	24.2	126	-	126	-
Other financial assets at fair value through profit or loss		5	5	-	-
Cash and cash equivalents	18	1,041	1,041	-	-
Liabilities					
Commitments to purchase non-controlling interests		22	-	-	22
Derivative financial instruments	24.2	26	-	26	-

		December 31, 2012			
(in millions of euros)	Note	Total	Level 1	Level 2	Level 3
Assets					
Cash management financial assets	16	301	301	-	-
Available-for-sale securities	16	197	-	154	43
Derivative financial instruments	24.2	137	-	137	-
Other financial assets at fair value through profit or loss		15	9	-	6
Cash and cash equivalents	18	3,894	3,894	-	-
Liabilities					
Commitments to purchase non-controlling interests		8	-	-	8
Derivative financial instruments	24.2	36	-	36	-

Available-for-sale securities valued at their level 2 fair value included securities held by UMG in Beats and Spotify for €161 million and €143 million, respectively (€70 million and €84 million as of December 31, 2012). In 2013, the fair value of these securities was reassessed following the entry of new investors to their capital.

In 2013 and 2012, there was no transfer of financial instruments measured at fair value between level 1 and level 2. In addition, as of December 31, 2013 and December 31, 2012, financial instruments measured at level 3 fair value did not include any significant amount.

24.2. Management of financial risks and derivative financial instruments

As part of its business, Vivendi is exposed to several types of financial risks: market risk, credit (or counterparty) risk, as well as liquidity risk. Market risks are defined as the risks of fluctuation in future cash flows of financial instruments (receivables and payables, as described in Note 24.1 above) that depend on the changes in financial markets. For Vivendi, market risks may therefore primarily impact interest rates and foreign currency exchange positions, in the absence of significant investments in the markets for stocks and bonds. Vivendi's Financing and Treasury department centrally manages significant market risks, as well as its liquidity risk within the group, reporting directly to Vivendi's Chief Financial Officer. The department has the necessary expertise, resources (notably technical resources), and information systems for this purpose. However, the Maroc Telecom Group's cash and exposure to financial risks was managed independently. The Treasury Committee monitors the liquidity positions in all business units and the exposure to interest rate risk and foreign currency exchange rate risk on a bi-monthly basis. Short- and long-term financing activities are mainly performed at the group's headquarters and are subject to the prior approval of the Management Board and Supervisory Board, in accordance with the Vivendi Internal Regulations. However, in terms of optimizing financing operations within the group's debt management framework within the limits already approved by the Supervisory Board, a simple notification is required.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. All derivative financial instruments are used for hedging purposes and speculative hedging is forbidden.

Derivative financial instrument values on the Statement of Financial Position

		December 31, 2013		December 31, 2012	
(in millions of euros)	Note	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	24.2.1	88	(7)	104	(10)
Pay-fixed interest rate swaps		-	*(7)*	-	*(10)*
Pay-floating interest rate swaps		*88*	-	*104*	-
Foreign currency risk management	24.2.2	17	(19)	13	(26)
Other	24.4	21	-	20	-
Derivative financial instruments		**126**	**(26)**	**137**	**(36)**
Deduction of current derivative financial instruments		(17)	19	(12)	15
Non-current derivative financial instruments		**109**	**(7)**	**125**	**(21)**

24.2.1. Interest rate risk management

NOTE

As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statements as discontinued operations. Their Financial Net Debt or net cash have been excluded form Vivendi's Financial Net Debt. This adjustment has been applied (i) to all periods (2013 and 2012) and (ii) to all data presented in this section to ensure consistency of information.

Interest rate risk management instruments are used by Vivendi to reduce net exposure to interest rate fluctuations, to adjust the respective proportion of fixed or floating interest rates in the total debt and to optimize average net financing costs. In addition, Vivendi's internal procedures prohibit all speculative transactions.

■ Average gross borrowings and average cost of borrowings

In 2013, average gross borrowings amounted to €16.3 billion (compared to €16.5 billion in 2012), of which €9.2 billion was at fixed-rates and €7.1 billion at floating rates (compared to €9.7 and €6.8 billion, respectively, in 2012). After management, the average cost of borrowings was 3.38%, with a fixed rate ratio of 57% (compared to 3.46%, with a fixed-rate ratio of 59% in 2012).

Interest rate hedges

Interest rate risk management instruments used by Vivendi include pay-floating and pay-fixed interest rate swaps. Pay-floating swaps effectively convert fixed rate borrowings to LIBOR and EURIBOR indexed ones. Pay-fixed interest rate swaps convert floating rate borrowings into fixed rate borrowings. These instruments enable the group to manage and reduce volatility in future cash flows required for interest payments on borrowings.

As of December 31, 2013, the portfolio of Vivendi's interest rate hedging instruments included the following swaps:

- a pay-floating interest rate swap with a notional amount of €450 million, maturing in 2017, set up in 2012;
- a pay-fixed interest rate swap with a notional amount of €450 million, maturing in 2017, set up in 2010 for €750 million (€300 million was terminated early in 2012);
- a pay-fixed interest rate swap with a notional amount of €1,000 million, maturing in 2016, set up in 2011;
- a pay-fixed interest rate swap with a notional amount of €750 million, maturing in 2019, set up in 2013 and backed by the bond with the same notional amount and maturity, issued in July 2013; and
- a pay-fixed interest rate swap with a notional amount of €400 million, maturing in 2016, set up in 2013.

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

	December 31, 2013								
	Notional amounts							Fair value	
(in millions of euros)	Total	2014	2015	2016	2017	2018	After 2018	Assets	Liabilities
Pay-fixed interest rate swaps	450				450			-	(7)
Pay-floating interest rate swaps	(2,600)			(1,400)	(450)		(750)	88	-
Net position at fixed interest rate	**(2,150)**			**(1,400)**	**(a) -**		**(750)**	**88**	**(7)**
Breakdown by accounting category of rate hedging instruments									
Cash flow hedge	-							-	-
Fair value hedge	(2,150)			(1,400)			(750)	46	-
Economic hedging **(b)**	-				(a) -			42	(7)

	December 31, 2012								
	Notional amounts							Fair value	
(in millions of euros)	Total	2013	2014	2015	2016	2017	After 2017	Assets	Liabilities
Pay-fixed interest rate swaps	450					450		-	(10)
Pay-floating interest rate swaps	(1,450)				(1,000)	(450)		104	-
Net position at fixed interest rate	**(1,000)**				**(1,000)**	**(a) -**		**104**	**(10)**
Breakdown by accounting category of rate hedging instruments									
Cash flow hedge	-							-	-
Fair value hedge	(1,000)				(1,000)			49	-
Economic hedging **(b)**	-					(a) -		55	(10)

(a) Includes pay-floating interest rate swaps for a notional amount of €450 million as well as pay-fixed swaps for a notional amount of €450 million, maturing in 2017, both of which qualified as economic hedges.

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

Outstanding and average income from investments

In 2013, average cash and cash equivalents amounted to €0.9 billion (compared to €0.6 billion in 2012), bearing interest at floating rates. The average interest income rate amounted to 2.69% in 2013 (compared to 4.62% in 2012).

Sensitivity to changes in interest rates

As of December 31, 2013, given the relative weighting of the group's fixed-rate and floating-rate positions, an increase of 100 basis points in short-term interest rates (or a 100 basis points decrease) would have resulted in a €56 million increase in interest expense (or a €56 million decrease), compared to a €63 million increase/(decrease) as of December 31, 2012.

24.2.2. Foreign currency risk management

Excluding Maroc Telecom Group and GVT, the group's foreign currency risk management is centralized by Vivendi SA's Financing and Treasury departments and primarily seeks to hedge budget exposures (80%) resulting from monetary flows generated by activities performed in currencies other than the euro as well as from external firm commitments (100%), primarily relating to the acquisition of editorial content (including sports, audiovisual and film rights) and certain capital expenditures (e.g., set-top boxes), realized in currencies other than the euro. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity of less than one year. Considering the foreign currency hedge put into place, an unfavorable and uniform euro change of 1% against all foreign currencies in position as of December 31, 2013, would have a non-significant cumulative impact on net earnings (below €1 million as of December 31, 2013 and December 31, 2012). In addition, the group may hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. Nevertheless, due to their non-significant nature, net exposures to subsidiaries' net working capital (internal flows of royalties as well as external purchases) are generally not hedged. The relevant risks are realized at the end of each month by translating the sum into the functional currency of the relevant operating entities.

The principal currencies hedged by the group are the US dollar (USD) and the British pound (GBP).

- In particular, in 2012 and 2013, Vivendi converted into euros following US dollar transactions:
  - the $550 million bond issued in April 2012, by setting up a USD-EUR foreign currency hedge (cross-currency swap) with a 1.3082 EUR/USD rate, or a €420 million counter value. From an accounting perspective, these USD purchases were considered as cash flow hedges. This hedge was unwound on November 15, 2013 with the early redemption of this bond;
  - partial hedge of the income from the sale of 88% of Vivendi's interest in Activision Blizzard through the purchase of a contingent forward contract, conditional on the effective sale for a notional amount of $2 billion, with a 1.3368 EUR/USD rate, or a counter value of €1,496 million. This hedge, considered as a cash flow hedge from an accounting perspective, was unwound on October 11, 2013 at the finalization of the sale, generating a realized foreign exchange gain of €23 million.
- In 2012 and 2013, as part of the acquisition of EMI Recorded Music (please refer to Note 2.3), Vivendi hedged the GBP foreign exchange risk as follows:
  - partial hedge of the acquisition price through forward purchase contracts denominated in GBP for a notional amount of £600 million, with a 0.8144 EUR/GBP rate. From an accounting perspective, these GBP purchases were considered as cash flow hedges. On October 1, 2012, this hedge was unwound for €737 million at the completion of the acquisition, generating a realized foreign exchange gain of €19 million;
  - partial hedge of the income from the sale of certain EMI Recorded Music assets, in accordance with commitments made by Vivendi to the European Commission, through forward sale contracts denominated in GBP for a notional amount of £530 million, with an average rate of 0.8060 EUR/GBP. From an accounting perspective, these GBP sales were considered as net investment hedges. This hedge was unwound for a counter value of €658 million, at the completion of the sale of Parlophone Label Group and other labels, generating a realized foreign exchange gain of €39 million.
- Moreover, in 2013, to hedge against a possible depreciation of its net investment in certain subsidiaries in the United Kingdom due to an unfavorable change in GBP, Vivendi set up a hedge using put option instruments for a notional amount £692 million, or €823 million. From an accounting perspective, these hedge instruments were considered as net investment hedges.

Finally, the intercompany loan granted by Vivendi to GVT under market terms for a total amount of €1,000 million as of December 31, 2013 (fully drawn as of that date) was not subject to any foreign currency hedging in GVT's Statement of Financial Position: foreign exchange losses incurred amounted to €186 million in 2013 and to €76 million in 2012. In January 2014, the amount of this loan was increased to €1,126 million. This intercompany loan is mainly aimed at financing the increase in GVT's capital expenditures program related to the geographic expansion of its telecommunication network.

The following tables present the notional amount of foreign currency risk management instruments used by the group; the positive amounts relate to currencies to be received, the negative amounts relate to currencies to be delivered:

	December 31, 2013						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(1,060)	(49)	(105)	(834)	(72)	2	(10)
Purchases against the euro	2,329	1,330	21	888	90	11	(7)
Other	-	187	(81)	(4)	(102)	4	(2)
	1,269	**1,468**	**(165)**	**50**	**(84)**	**17**	**(19)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash flow hedge							
Sales against the euro	(73)	(11)	(42)	(7)	(13)	-	-
Purchases against the euro	85	85	-	-	-	1	(1)
Other	-	168	(75)	-	(93)	4	(2)
	12	**242**	**(117)**	**(7)**	**(106)**	**5**	**(3)**
Fair value hedge							
Sales against the euro	(93)	(38)	(51)	(4)	-	1	(2)
Purchases against the euro	450	432	-	18	-	-	(6)
Other	-	8	(6)	(4)	2	-	-
	357	**402**	**(57)**	**10**	**2**	**1**	**(8)**
Net investment hedge							
Sales against the euro	(823)	-	-	(a) (823)	-	-	(8)
Purchases against the euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	(823)	**-**	**-**	**(823)**	**-**	**-**	**(8)**
Economic hedging (b)							
Sales against the euro	(71)	-	(12)	-	(59)	1	-
Purchases against the euro	1,794	813	21	870	90	10	-
Other	-	11	-	-	(11)	-	-
	1,723	**824**	**9**	**870**	**20**	**11**	**-**

	December 31, 2012						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(931)	(59)	(162)	(586)	(124)	12	(3)
Purchases against the euro	1,421	1,257	37	15	112	1	(20)
Other	-	105	(97)	(8)	-	-	(3)
	490	**1,303**	**(222)**	**(579)**	**(12)**	**13**	**(26)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash flow hedge							
Sales against the euro	(87)	(6)	(58)	(8)	(15)	1	(1)
Purchases against the euro	446	(c) 446	-	-	-	1	(11)
Other	-	92	(92)	-	-	-	(3)
	359	**532**	**(150)**	**(8)**	**(15)**	**2**	**(15)**
Fair value hedge							
Sales against the euro	(154)	(53)	(98)	(3)	-	1	(2)
Purchases against the euro	456	441	-	15	-	-	(6)
Other	-	20	(12)	(8)	-	-	-
	302	**408**	**(110)**	**4**	**-**	**1**	**(8)**
Net investment hedge							
Sales against the euro	(575)	-	-	(d) (575)	-	10	-
Purchases against the euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	(575)	**-**	**-**	**(575)**	**-**	**10**	**-**
Economic hedging (b)							
Sales against the euro	(115)	-	(6)	-	(109)	-	-
Purchases against the euro	519	370	37	-	112	-	(3)
Other	-	(7)	7	-	-	-	-
	404	**363**	**38**	**-**	**3**	**-**	**(3)**

(a) Relates to the hedge of the net investment in certain subsidiaries in the United Kingdom for a notional amount of GBP 692 million.

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

(c) Notably includes the hedge associated with the $550 million bond issued in April 2012, with a 1.3082 EUR/USD rate, unwound on November 15, 2013 for a counter-value of €420 million.

(d) Mainly includes the hedge associated with the sale of EMI Recorded Music.

24.2.3. Liquidity risk management

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

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

	December 31, 2013							
	Carrying value	Contractual maturity of cash outflows/(inflows)						
(in millions of euros)		Total	2014	2015	2016	2017	2018	After 2018
Nominal value of borrowings (a)	*12,210*	*12,210*	*3,510*	*588*	*1,562*	*2,065*	*1,005*	*3,480*
Cumulative effect of amortized cost and reevaluation due to hedge accounting	*8*	*-*						
Interest to be paid (b)	*-*	*1,703*	*394*	*307*	*294*	*264*	*169*	*275*
Borrowings	12,218	13,913	3,904	895	1,856	2,329	1,174	3,755
Commitments to purchase non-controlling interests	22	22			4	6		12
Derivative financial instruments	26	32	21	4	3	4		
Borrowings and other financial liabilities	**12,266**	**13,967**	**3,925**	**899**	**1,863**	**2,339**	**1,174**	**3,767**
Derivative financial instruments	(126)	(178)	(42)	(34)	(38)	(22)	(6)	(36)
Cash deposits backing borrowings	(2)	(2)	(2)					
Cash and cash equivalents	(1,041)	(1,041)	(1,041)					
Financial Net Debt	**11,097**	**12,746**	**2,840**	**865**	**1,825**	**2,317**	**1,168**	**3,731**

	December 31, 2012							
	Carrying value	Contractual maturity of cash outflows/(inflows)						
(in millions of euros)		Total	2013	2014	2015	2016	2017	After 2017
Nominal value of borrowings (a)	*17,714*	*17,714*	*5,080*	*2,057*	*2,380*	*1,406*	*2,073*	*4,718*
Cumulative effect of amortized cost and reevaluation due to hedge accounting	*(1)*	*-*						
Interest to be paid (b)	*-*	*2,586*	*534*	*502*	*402*	*331*	*302*	*515*
Borrowings	17,713	20,300	5,614	2,559	2,782	1,737	2,375	5,233
Commitments to purchase non-controlling interests	8	8					4	4
Derivative financial instruments	36	30	18	3	3	3	3	
Borrowings and other financial liabilities	**17,757**	**20,338**	**5,632**	**2,562**	**2,785**	**1,740**	**2,382**	**5,237**
Cash management financial assets	(301)	(301)	(301)					
Derivative financial instruments	(137)	(156)	(40)	(29)	(28)	(28)	(11)	(20)
Cash deposits backing borrowings	(6)	(6)	(6)					
Cash and cash equivalents	(3,894)	(3,894)	(3,894)					
Financial Net Debt	**13,419**	**15,981**	**1,391**	**2,533**	**2,757**	**1,712**	**2,371**	**5,217**

(a) Future contractual undiscounted cash flows related to the nominal value of currency borrowings are estimated based on the applicable exchange rates as of December 31, 2013 and December 31, 2012, respectively.

(b) Interest to be paid on floating rate borrowings is estimated based on floating rates as of December 31, 2013 and December 31, 2012, respectively.

Moreover, on March 4, 2013, a letter of credit for €975 million, maturing in March 2016, was issued in connection with Vivendi's appeal against the Liberty Media judgment (please refer to Note 28). This off-balance sheet financial commitment has no impact on Vivendi's Net Debt .

Group financing policy

As part of the strategic review undertaken by the Supervisory Board and Management Board, Vivendi announced in July 2013 its plans to sell its interests in Activision Blizzard and Maroc Telecom, and in November 2013, the group's planned demerger to form two separate companies: (i) a media group and (ii) SFR, subject to information and consultation procedures with the relevant French employee representative bodies and approval by the relevant regulatory authorities, as well as, if appropriate, its approval by the General Shareholders' Meeting. In the meantime, Vivendi has pursued its financing policy in relation to expiring bank credit facilities or bonds. Thus, Vivendi early refinanced a €1.5 billion bank credit facility, maturing in May 2014 with a new bank credit facility for the same amount, maturing in March 2018, and issued a new €750 million bond, with a coupon of 2.375%, which early refinances the €894 million residual amount bond issued in January 2009 with a coupon of 7.75%, maturing in January 2014.

On October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard for $8.2 billion (€6 billion) in cash. Vivendi used cash on hand to early redeem most of its US dollar-denominated bonds, as well as a portion of its euro-denominated bonds, having the shortest maturity, for an aggregate amount of €3 billion (including $2.1 billion and €1.5 billion), either through a tender offer in October 2013 and a make-whole redemption in November 2013. In addition, Vivendi used the available balance to redeem drawn bank credit facilities. These transactions were as follows:

- 72% redemption of three US dollar-denominated bonds, following a tender offer:
  - $459 million redeemed on the $700 million bond, maturing in April 2018;
  - $541 million redeemed on the $800 million bond, maturing in April 2022; and
  - $555 million redeemed on the $650 million bond, maturing in January 2018;
- early full redemption of one US dollar-denominated bond and two euro-denominated bonds:
  - $550 million, maturing in April 2015;
  - €500 million, maturing in November 2015; and
  - €1,000 million, maturing in July 2015.

In October 2013, Vivendi also redeemed, upon its contractual maturity date, a €700 million bond, refinanced in December 2012, by a bond for the same amount, maturing in January 2020, and cancelled SFR's €1.2 billion bank credit facility.

Moreover, on November 5, 2013, Vivendi acquired the 20% non-controlling interest in Canal+ France held by Lagardère for €1,020 million, in cash.

Finally, on November 26, 2013, the Supervisory Board approved the group's planned demerger to form two separate entities: (i) a media group and (ii) SFR. Subject to information and consultation procedures with the relevant French employee representative bodies and approvals by the relevant regulatory authorities, it could be submitted, if appropriate, to the General Shareholders' Meeting for approval on June 24, 2014. The potential impacts of this demerger on the group's financing structure will become effective if and when a final decision to implement such a transaction is taken.

As of February 19, 2014, the date of the Management Board Meeting that approved Vivendi's Financial Statements for the year ended December 31, 2013:

- Vivendi SA had available confirmed credit facilities in the aggregate amount of €7,140 million, of which €600 million was drawn. Given the amount of commercial paper issued at that date, and backed to bank credit facilities for €4,143 million, these facilities were available for an aggregate amount of €2,397 million; and
- bonds amounted to €6.9 billion, following the redemption in January 2014 upon its contractual maturity, of the bond issued in January 2009, with a 7.75% coupon, for €894 million.

Moreover, on March 4, 2013, a letter of credit for €975 million was issued in connection with Vivendi's appeal against the Liberty Media judgment. This off-balance sheet financial commitment has no impact on Vivendi's Net Debt .

Contractual agreements in relation to credit facilities and letters of credit granted to Vivendi SA (notably the letter of credit issued in connection with the appeal against the Liberty Media judgment) do not include provisions that tie the conditions of the loan to its financial strength ratings from rating agencies. They contain customary provisions related to events of default and, at the end of each half-year, Vivendi SA is notably required to comply with a financial covenant (please refer to Note 23). The credit facilities granted to group companies other than Vivendi SA are intended to finance either the general needs of the borrowing subsidiary or a specific project.

Group financing organization

Excluding primarily Maroc Telecom Group, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) that are not subject to local regulations restricting the transfer of financial assets or (b) that are not subject to other contractual agreements.

Taking into account the foregoing, Vivendi considers that the cash flows generated by its operating activities, its cash and cash equivalents, as well as the amounts available through its current bank credit facilities and the letter of credit issued in connection with Vivendi's appeal against the Liberty Media judgment will be sufficient to cover its operating expenses and capital expenditure, service its debt (including the redemption of borrowings), pay its income taxes and dividends, as well as to fund its financial investment projects, if any, for the next twelve months, subject to potential transactions which may be implemented in connection with the group's change in scope.

24.3. Credit and investment concentration risk and counterparty risk management

Vivendi's risk management policy aims at minimizing the concentration of its credit (bank credit facilities, bonds, and derivatives) and investment risks as well as counterparty risk, as regards the setting-up of bank credit facilities, derivatives or investments, by entering into transactions with highly rated commercial banks only. Moreover, regarding bond issues, Vivendi distributes its transactions among selected financial investors.

In addition, Vivendi's trade receivables do not represent a significant concentration of credit risk due to its broad customer base, the broad variety of customers and markets, and the geographic diversity of its business operations.

24.4. Equity market risk management

As of December 31, 2013, Vivendi and its subsidiaries held shares in the following listed companies:

- 83 million Activision Blizzard common shares classified as "Assets held for sale" in the Consolidated Statement of Financial Position, the value of which is €1,078 million as of December 31, 2013; at constant EUR/USD rate, a 10% decrease (or a 10% increase) in Activision Blizzard's share price would have a negative impact of €108 million (or a positive impact of €108 million) on Vivendi's net income. These shares are subject to a 15-month lock-up period, during which Vivendi cannot sell, transfer, hedge or otherwise dispose of any Activision Blizzard shares directly or indirectly (please refer to Note 7); and
- 95 million TVN shares indirectly held by N-Vision, consolidated by Canal+ Group under the equity method (please refer to Note 15).

In addition, as of December 31, 2013, Vivendi holds call options and has granted put options on listed or unlisted shares. Vivendi is thus exposed to the risk of fluctuation in their values.

NOTE 25. Consolidated Cash Flow Statement

25.1. Adjustments

(in millions of euros)	Note	Year ended December 31, 2013	2012
Items related to operating activities with no cash impact			
Amortization and depreciation of intangible and tangible assets	4	5,106	3,275
Change in provision, net		(168)	10
Other non-cash items from EBIT		(2)	-
Other			
Reserve accrual related to the Liberty Media Corporation litigation in the United States	28	-	945
Other income from EBIT	4	(88)	(19)
Other charges from EBIT	4	57	236
Proceeds from sales of property, plant, equipment and intangible assets	3	6	9
Adjustments		**4,911**	**4,456**

25.2. Investing and financing activities with no cash impact

In 2013, there was no significant investing or financing activity with no cash impact.

In 2012, investing and financing activities with no cash impact amounted to €596 million (of which €336 million due to the share capital increase (including premium) and €260 million due to the group's retained earnings increase) and were mainly related to:

- the grant of bonus shares to Vivendi SA shareowners by a €229 million withdrawal from additional paid-in capital (please refer to Note 19);
- Vivendi SA's share capital increase of 22,356 thousand shares, which it paid in consideration for the contribution made by Bolloré Media, (the free-to-air channels Direct 8 and Direct Star), representing an enterprise value of €336 million; and
- the strategic partnership in Poland, finalized on November 30, 2012. This transaction generated an increase in consolidated retained earnings from equity of €260 million (€114 million related to the gain on the dilution of Cyfra+ and €131 million related to the recognition of ITI Neovision's non-controlling interests at fair value).

NOTE 26. Transactions with related parties

26.1. Corporate Officers

Situation of Corporate Officers

On June 28, 2012, the Supervisory Board terminated Mr. Jean-Bernard Lévy's term of office as Chairman of the Management Board. The Supervisory Board also terminated the terms of office of the following members of the Management Board: Mr. Abdeslam Ahizoune, Mr. Amos Genish, Mr. Lucian Grainge, and Mr. Bertrand Meheut and appointed Mr. Jean-François Dubos as Chairman of the Management Board.

Until December 31, 2013, the Management Board was composed of Mr. Jean-François Dubos and Mr. Philippe Capron, who left his position as a member of the Management Board as of that date.

Since January 1, 2014, the Management Board is composed of Mr. Jean-François Dubos, Mr. Jean-Yves Charlier (Chairman and Chief Executive Officer of SFR), and Mr. Arnaud de Puyfontaine (Senior Executive Vice President, Media and Content activities).

Compensation of Corporate Officers

- The gross compensation, including benefits in kind, that the group paid in 2013, to the members of the Management Board in office, amounted to €2.3 million. This amount included the fixed and variable compensation components paid to the members of the Management Board in office in 2013 for their 2012 mandate. Moreover, in 2013, the members in office until June 28, 2012 received the prorated variable compensation component with respect to 2012, as approved by the Supervisory Board on February 22, 2013, for a total amount of €4.6 million (excluding severance payment, if any; see below).

  In 2012, the total gross compensation, including benefits in kind that the group paid to the members of the Management Board in office, amounted to €25 million. This amount included the fixed compensation component of the members of the Management Board for the duration of their mandate (€5 million), the variable compensation component paid for their 2011 mandate (€12 million), as well as the severance payments paid to Mr. Jean-Bernard Levy and Mr. Frank Esser (a member of Vivendi's Management Board and as SFR's Chief Executive Officer until March 26, 2012, i.e., termination date of his term of office).

- In 2012, Mr. Jean-Bernard Lévy, received a severance payment of €3.9 million, approved by the General Shareholders' Meeting held on April 30, 2013. In addition, Mr. Frank Esser's received a severance payment, with respect to the termination of its employment contract, for €3.9 million (of which €1.7 million received in January 2013).

  Mr. Philippe Capron, considering his resignation, is not entitled to benefit from the severance payment as included in the amendment to its employment contract which was approved by the General Shareholders' Meeting held on April 30, 2013.

  The Chairman of the Management Board do not benefit from any severance payment due to his position as a Corporate Officer.

- The total charge recorded by the group with respect to share-based compensation plans (performance shares, stock options, and employee stock purchase) granted to the members of the Management Board, in office, amounted to €2 million in 2013 (compared to €6 million in 2012).

- The amount of net pension plan obligations to the Management Board amounted to €7.8 million as of December 31, 2013 (compared to €4.6 million for the members of the Management Board, in office as of December 31, 2012). Mr. Philippe Capron lost his pension benefit rights with respect to the additional pension plan.

- The fixed compensation paid to the Chairman of the Supervisory Board amounted to €700,000 (before taxes and withholdings) in 2013 (unchanged since 2011) and the total amount of fees paid to the other members of the Supervisory Board amounted to €1.2 million (before taxes and withholdings) with respect to 2013 (unchanged compared to 2012).

The Chapter 3 of the Annual Report contains a detailed description of the compensation policy and the compensation and benefits of Corporate Officers of the group, in accordance with the recommendations of the AFEP/MEDEF amended in June 2013.

Sale of Activision Blizzard

On October 11, 2013, Vivendi sold 88% of its interest in Activision Blizzard. Mr. Jean-François Dubos was a member of Activision Blizzard's Board of Directors and of its Compensation Committee and Mr. Philippe Capron was Chairman of Activision Blizzard's Board of Directors and of its Compensation Committee as well as a member of its Nominating and Corporate Governance Committee.

26.2. Other related parties

Excluding Corporate Officers, Vivendi's main related parties were those companies over which the group exercises an exclusive or joint control, and companies over which Vivendi exercises a significant influence (please refer to Note 29 for a list of its main subsidiaries, fully consolidated or accounted for under the equity method), and non-controlling interests that exercise significant influence on group affiliates i.e., the Kingdom of Morocco, which owns 30% of Maroc Telecom Group, and since November 30, 2012, TVN, which owns 32% of Canal+ Cyfrowy (a subsidiary of Canal+ Group).

Moreover, on November 5, 2013, Vivendi acquired from Lagardère Group its 20% interest in Canal+ France (please refer to Note 2). The agreement entered into in 2006 with Lagardère Group which gave Canal+ France the right to broadcast their theme channels on its multi-channel offer, was extended once until June 30, 2013 and has been extended a second time until June 30, 2016.

NOTE 27. Contractual obligations and other commitments

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

- contracts entered into, which relate to the group's business operations, such as content commitments (please refer to Note 11.2), contractual obligations and commercial commitments recorded in the Statement of Financial Position, including finance leases (please refer to Note 13), off-balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
- commitments related to the group's scope contracted through acquisitions or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments resulting from shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets;
- commitments related to the group's financing: borrowings issued and undrawn confirmed bank credit facilities as well as the management of interest rate, foreign currency and liquidity risks (please refer to Notes 23 and 24); and
- contingent assets and liabilities related to litigation in which Vivendi and/or its subsidiaries are either plaintiff or defendant (please refer to Note 28).

27.1. Contractual obligations and commercial commitments

		As of December 31, 2013				
			Due in			
(in millions of euros)	Note	Total	2014	2015-2018	After 2018	Total as of December 31, 2012
Borrowings and other financial liabilities	24.2.3	13,967	3,925	6,275	3,767	20,338
Content liabilities	11.2	2,335	2,245	88	2	2,283
Future minimum payments related to the consolidated statement of financial position items		**16,302**	**6,170**	**6,363**	**3,769**	**22,621**
Contractual content commitments	11.2	4,298	2,118	2,124	56	4,939
Commercial commitments	27.1.1	2,209	1,057	806	346	2,697
Operating leases and subleases	27.1.2	2,700	454	1,284	962	2,735
Items not recorded in the consolidated statement of financial position		**9,207**	**3,629**	**4,214**	**1,364**	**10,371**
Contractual obligations and commercial commitments		**25,509**	**9,799**	**10,577**	**5,133**	**32,992**

27.1.1. Off-balance sheet commercial commitments

	Minimum future payments as of December 31, 2013				
		Due in			
(in millions of euros)	Total	2014	2015-2018	After 2018	Total minimum future payments as of December 31, 2012
Satellite transponders	686	102	345	239	846
Investment commitments	1,078	802	154	122	1,273
Other	732	265	419	48	786
Given commitments	**2,496**	**1,169**	**918**	**409**	**2,905**
Satellite transponders	(159)	(97)	(62)	-	(201)
Other	(128)	(15)	(50)	(63)	(7)
Received commitments	**(287)**	**(112)**	**(112)**	**(63)**	**(208)**
Net total (a)	**2,209**	**1,057**	**806**	**346**	**2,697**

(a) The decrease in off-balance sheet commercial commitments was mainly related to Maroc Telecom Group, whose sale by Vivendi is underway (€316 million as of December 31, 2012): please refer to Note 7.2.

27.1.2. Off-balance sheet operating leases and subleases

(in millions of euros)	Minimum future leases as of December 31, 2013				Total minimum future leases as of December 31, 2012
		Due in			
	Total	2014	2015-2018	After 2018	
Buildings (a)	2,695	427	1,282	986	2,633
Other	221	67	103	51	212
Leases	**2,916**	**494**	**1,385**	**1,037**	**2,845**
Buildings (a)	(216)	(40)	(101)	(75)	(110)
Subleases	**(216)**	**(40)**	**(101)**	**(75)**	**(110)**
Net total	**2,700**	**454**	**1,284**	**962**	**2,735**

(a) Mainly relates to offices and technical premises.

27.2. Other commitments given or received relating to operations

Ref.	Context	Characteristics (nature and amount)	Expiry
	Given commitments		
	Individual rights to training for French employees	Approximately 1.6 million hours (unchanged compared to December 31, 2012).	-
	SFR's network coverage commitments related to telecom licenses	Please refer to Note 14.	-
(a)	GSM-R commitments	Bank guarantee, joint and several guarantees with Synérail for a total amount of €105 million (compared to €92 million as of December 31, 2012).	-
	Obligations in connection with pension plans and post-retirement benefits	Please refer to Note 21.	-
(b)	Other guarantees given	Cumulated amount of €156 million (compared to €190 million as of December 31, 2012).	-
	Received commitments		
(c)	Agreements on the digital distribution of music rights	Minimum guarantees.	-
(d)	Other guarantees received	Cumulated amount of €1 million (compared to €191 million as of December 31, 2012).	-

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

(b) Vivendi grants guarantees in various forms to financial institutions on behalf of its subsidiaries in the course of their operations.

(c) Mainly relates to commitments received by UMG from third parties in connection with agreements subject to minimum guarantees on the digital distribution of music rights.

(d) The decrease in other guarantees received was notably related to the plan to sell Maroc Telecom Group (please refer to Note 7.2).

27.3. Share purchase and sale commitments

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities.

On November 4, 2013, Vivendi notably committed to sell its interest in Maroc Telecom Group (please refer to Note 7.2).

In connection with the sale of a majority of Vivendi's interest in Activision Blizzard, completed on October 11, 2013, Vivendi's remaining interest in Activision Blizzard (83 million shares) is subject to lock-up provisions (please refer to Note 7.1).

The liquidity rights regarding the strategic partnership among Canal+ Group, ITI, and TVN are detailed in Note 27.5 below.

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

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

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent liabilities		
(a)	NBC Universal transaction (May 2004) and subsequent amendments (2005-2010)	⏭ Breaches of tax representations;	-
		⏭ Obligation to cover the Most Favored Nation provisions; and	
		⏭ Remedial actions.	2014
(b)	Acquisition of Bolloré Group's channels (September 2012)	Commitments undertaken, in connection with the authorization of the acquisition, with:	
		⏭ the French Competition Authority; and	2017
		⏭ the French Broadcasting Authority.	2015
	Merger of Cyfra+ and «n» platforms (November 2012)	Reciprocal guarantees in favor of TVN:	
		⏭ PLN 1 billion in the event of a breach of any representation or warranty or covenants; and	2015
		⏭ PLN 300 million in the event of a breach of specific representation or warranty.	-
(c)	Canal+ Group's pay-TV activities in France (January 2007)	New approval of the acquisition of TPS and Canalsatellite subject to compliance with injunctions ordered by the French Competiton Authority.	2017
(d)	Divestiture of Canal+ Nordic (October 2003)	Distribution guarantees given in favor of Canal Digital and Telenor Broadcast Holding by a former subsidiary.	-
(e)	Divestiture of NC Numéricâble (March 2005)	Specific guarantees capped at €241 million (including tax and social risks).	2014
	Divestiture of PSG (June 2006)	Unlimited specific guarantees.	2018
	Divestiture of UMG manufacturing and distribution operations (May 2005)	Various commitments for manufacturing and distribution services.	2018
(f)	Takeover of Neuf Cegetel (April 2008)	Commitments undertaken in connection with the authorization of the take over by the French Minister of the Economy, Industry and Employment expired in 2013.	2013
(g)	Divestiture of Sithe (December 2000)	Specific guarantees capped at $480 million.	-
(h)	Sale of real estate assets (June 2002)	Autonomous first demand guarantees capped at €150 million in total (tax and decennial guarantees).	2017
(i)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	Cancellation in October 2012 of guarantees of rental payments obligations following the sale of the companies.	2012
(j)	Divestiture of PTC shares (December 2010)	Commitments undertaken in order to end litigation over the share ownership of PTC in Poland.	-
	Sale of Activision Blizzard (October 2013)	Commitments undertaken in connection with the sale (please refer to Note 7):	
		⏭ unlimited general guarantees; and	-
		⏭ fiscal guarantees capped at $200 million, under certain circumstances.	-
	Other contingent liabilities	Cumulated amount of €7 million (compared to €10 million as of December 31, 2012).	-

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent assets		
(b)	Acquisition of Bolloré Group's channels (September 2012)	Guarantees capped at €120 million.	2017
	Acquisition of 40% of N-Vision (November 2012)	Guarantees made by ITI capped at approximately:	
		⏭ €28 million for general guarantees; and	2014
		⏭ €277 million for specific guarantees (including tax matters, free and full ownership of shares sold, authorizations/approvals for the exercise of the activity).	-
	Merger of Cyfra+ and TVN's "n" platform (November 2012)	Reciprocal guarantees in favor of TVN:	
		⏭ PLN 1 billion in the event of a breach of any representation or warranty or covenants;	2015
		⏭ PLN 300 million in the event of a breach of specific representation or warranty; and	-
		⏭ PLN 145 million related to Neovision's unutilized tax losses carried forward.	-
	Acquisition of Kinowelt (April 2008)	Specific guarantees, notably on film rights were granted by the sellers.	-
(e)	Divestiture of NC Numéricâble (March 2005)	€151 million counter-guaranteed by Orange.	2014
	Acquisition of EMI Recorded Music (September 2012)	⏭ commitments relating to full pension obligations in the United Kingdom assumed by Citi; and	-
		⏭ guarantees relating to losses stemming from taxes and litigation claims, in particular those related to pension obligations in the United Kingdom.	-
(k)	Acquisition of Tele2 France by SFR (July 2007)	Commitments on the handling and distribution of audio-visual content expired in July 2012.	2012
(i)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	Commitments expired in October 2012:	2012
		⏭ pledge over the cash of the divested companies sold; and	
		⏭ counter-guarantee provided by the purchaser in the amount of €200 million.	
(l)	Divestiture of Xfera (2003)	Guarantees amount to €71 million.	-
	Other contingent assets	Cumulated amount of €70 million (compared to €58 million as of December 31, 2012).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

(a) As part of the NBC Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction, and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses resulting from, among other things, any breach of their respective representations, warranties and covenants.

Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all losses exceeds $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million.

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

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

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

(b) As part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed D8 and D17, respectively) on July 23, 2012, Vivendi and Canal+ Group undertook certain commitments. These commitments provide for restrictions on the acquisition of rights for American movies and television series from certain American studios and for French movies, the separate negotiation of certain rights for pay-TV and free-to-air movies and television series, limitations on the acquisition by D8 and D17 of French catalog movies from Studiocanal, and the transfer of rights to broadcast major sports events on free-to-air channels through a competitive bidding process. These commitments are made for a five-year period, renewable once if the French Competition Authority, after having performed a competitive analysis, deems it necessary. In addition, on September 18, 2012, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) approved the acquisition of these channels, subject to certain commitments relating to broadcasting, investment obligations, transfer rights, and the retention by Canal+ Group of the D8 shares for a minimum period of two and a half years.

On December 23, 2013 the French Council of State annulled the decision of the French Competition Authority approving the acquisition of the D8 and D17 channels, with a postponed effect as from July 1, 2014. The French Council of State raised an issue regarding an error of judgment in relation to a specific commitment on the second and third windows for free-to-air French films. On January 15, 2014, Vivendi and Canal+ Group submitted a new notification to the French Competition Authority in respect of the acquisition of the free-to-air channels D8 and D17. However, the D8 and D17 channels continue to broadcast their programs as the decision of the French Council of State did not challenge the acquisition of these channels.

(c) On August 30, 2006, the TPS/Canal+ Group merger was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD, which could not exceed five years.

On October 28, 2009, the French Competition Authority opened an enquiry regarding the implementation of certain undertakings given by Canal+ Group in connection with the merger of Canalsatellite and TPS.

On December 21, 2012, the French Council of State rejected Vivendi and Canal+ Group's filed motions requesting the annulment of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012. Under the first motion, the €30 million fine imposed on Canal+ Group was reduced to €27 million. Under the second motion, the transaction was cleared once again, subject to compliance with 33 injunctions.

Canal+ Group has implemented a number of these injunctions, some of which since July 23, 2012 and others since October 23, 2012, mainly focusing on:

- acquisition of movie rights:
  - by limiting the duration of output deals to three years, requiring separate agreements for different types of rights (1st pay-TV window, 2nd pay-TV window, series, etc) and prohibiting output deals for French films, and
  - by divesting its interest in Orange Cinema Series – OCS SNC or by adopting measures limiting its influence on Orange Cinema Series – OCS SNC (please refer to Note 27.5 below);
- distribution of pay-TV channels:
  - by the distribution of a minimum number of independent channels, the distribution of any channel holding premium rights, and by drafting a model distribution deal relating to independent channels included in the Canalsat offer,
  - by the obligation to promote, in a transparent and separate manner, the distribution of exclusive independent channels on each owned platform serving more than 500,000 subscribers, and
  - by making all its own movie channels distributed by Canal+ Group (Cine+ channels) available to third-party distributors (unbundling);
- Video On Demand (VOD) and subscription video on demand (SVOD):
  - by separating contracts entered into for the purchase of VOD and SVOD rights on a non-exclusive basis, and not combining them with rights purchased for linear distribution on pay-TV,
  - by offering Studiocanal's VOD and SVOD rights to any interested operator, and
  - by forbidding exclusive distribution deals for the benefit of Canal+ Group's VOD and SVOD offers on Internet Service Providers platforms.

These injunctions are imposed for a period of five years, renewable once. At the end of the five-year period, the French Competition Authority will review the competition situation to determine whether the injunctions should be kept in place. If market conditions have changed significantly, Canal+ Group will be able to request that these injunctions be waived or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority on September 25, 2012, will be responsible for monitoring the injunctions implementation.

Moreover, Vivendi granted a counter-guarantee, in favor of TF1 and M6 to assume commitments and guarantees made by TF1 and M6 in connection with some of the contractual content commitments and other long term obligations of TPS and other obligations recognized in the Statement of Financial Position of TPS. As of December 31, 2012, the remaining amount of these commitments was not significant and the counter-guarantee expired on January 4, 2013.

(d) In connection with the divestiture of Canal+ Nordic in October 2003, Canal+ Group has retained distribution guarantees given in favor of Canal Digital and Telenor Broadcast Holding by a former subsidiary, which guarantees are covered by a counter-guarantee given by the buyers.

(e) As part of the divestiture of NC Numéricâble on March 31, 2005, the Canal+ Group granted specific guarantees with a €241 million cap (including tax and social risks). Specific risks relating to cable networks used by NC Numéricâble are included in this maximum amount and are counter-guaranteed by Orange up to €151 million.

(f) As part of the takeover of Neuf Cegetel, the approval from the Ministry of Economy, Industry and Employment, dated April 15, 2008, resulted in additional commitments from Vivendi and its subsidiaries. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, of ADSL on eight new channels which are leaders in their particular field (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). All these commitments expired in April 2013.

(g) In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted customary representations and guarantees. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some of these guarantees expired on December 18, 2005. Some environmental commitments still exist and any potential liabilities related to contamination risks will survive for an indefinite period of time.

(h) In connection with the sale of real estate assets in June 2002 to Nexity, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (Nexim 1 to 6). The guarantees are effective until June 30, 2017.

(i) After having sold the companies carrying credit lease commitments in relation to the Berlin buildings Lindencorso, Anthropolis and Dianapark (the "Companies"), in November 2007, Vivendi continued to guarantee certain lease payment obligations. As a result of the early exercise by the Companies of their call options on the buildings, Vivendi's guarantees were terminated on October 5, 2012. In return, the counter-guarantee provided by the acquirors of the Companies to Vivendi (€200 million) was cancelled, as well as the pledge over the cash of the divested companies to the benefit of Vivendi. Vivendi has retained tax guarantees given at the time of the disposal of the Companies.

(j) On December 14, 2010, Vivendi, Deutsche Telekom, Mr. Solorz-Zak (Elektrim's main shareholder) and Elektrim's creditors, including the Polish State and Elektrim's bondholders, entered into various agreements to put an end to the litigation surrounding the share capital ownership of Polska Telefonia Cyfrowa (PTC), a mobile telecommunication operator. With respect to these agreements, Vivendi notably entered into the following commitments:

- Vivendi granted to Deutsche Telekom a guarantee over Carcom that was capped at €600 million, which expired in August 2013;
- Vivendi committed to compensate Elektrim SA (Elektrim) for the tax consequences of the transaction, with a cap at €20 million. This commitment expired in July 2011 and the claims were settled in June 2012;
- Vivendi committed to compensate Law Debenture Trust Company (LDTC) against any recourse for damages that could be brought against LDTC in connection with the completed transaction, for an amount up to 18.4% for the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and
- Vivendi committed to compensate Elektrim's administrator for the consequences of any action for damages that may be taken against it, in connection with the decisions that were taken to end certain procedures.

(k) The Share Purchase Agreement dated as of October 2, 2006 between Tele2 Europe SA and SFR contains representations and warranties which expired on January 20, 2009 and warranties relating to claims arising with respect to tax and social matters, which expired end of March 2012. On July 18, 2007, by way of implementation of the European Union antitrust regulation, the European Commission approved the purchase of the fixed and internet activities of Tele2 France by SFR, subject to commitments on the handling and distribution of audio-visual content for a five-year period. All these commitments expired on July 18, 2012.

(l) Vivendi received guarantees in respect of the repayment of amounts paid in July 2007 (€71 million), in the event of a favourable decision of the Spanish Courts concerning Xfera's tax litigation seeking to cancel the 2001, 2002 and 2003 radio spectrum fees. These guarantees include a first demand bank guarantee relating to 2001 fees for an amount of €57 million.

Several guarantees given in 2013 and during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitations of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

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

27.5. Shareholders' agreements

Under existing shareholders' or investors' agreements (primarily those relating to Maroc Telecom Group, and "nc+"), Vivendi holds certain rights (such as pre-emptive rights and priority rights) that give it control over the capital structure of consolidated companies partially owned by minority shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.

In addition, pursuant to other shareholders' agreements or the bylaws of consolidated entities, equity affiliates or unconsolidated interests, Vivendi and its subsidiaries have given or received certain rights (pre-emptive and other rights) entitling them to maintain their shareholder's rights.

Strategic agreements among Vivendi, Canal+ Group, Lagardère, and Lagardère Holding TV

The rights granted to Lagardère following the strategic agreements entered into on January 4, 2007, were ended on November 5, 2013, following the acquisition by Vivendi of Lagardère Group's 20% interest in Canal+ France (please refer to Note 2).

Strategic partnership among Canal+ Group, ITI, and TVN

The key liquidity rights provided under the strategic partnership formed in November 2012 concerning television in Poland are as follows:

- at the level of N-Vision:
  - on December 18, 2013, ITI exercised its put option to sell a 9% interest in N-Vision to Canal+ Group, and on the basis of a value equal to Canal+ Group's initial investment in N-Vision, i.e., for a cash amount of €62 million, paid in February 2014,
  - Canal+ Group has a call option to acquire ITI's remaining N-Vision shares, exercisable at any time during the two 3-month periods beginning February 29, 2016 and February 28, 2017, at the then-prevailing market value,
  - conversely, in the event that Canal+ Group does not exercise its call option on ITI's interest in N-Vision, ITI has a call option to acquire Canal+ Group's interest in N-Vision, exercisable at any time during the two 3-month periods beginning May 30, 2016 and May 29, 2017, and between November 1, 2017 and December 31, 2017 and between May 1, 2018 and June 30, 2018, at the then-prevailing market value, and
  - Canal+ Group and ITI each has the liquidity right, following the above call option periods, to sell its entire interest in N-Vision;
- at the level of "nc+":
  - Canal+ Group has a call option to acquire TVN's 32% interest in "nc+" at market value, which is exercisable during the two 3-month periods beginning November 30, 2015 and November 30, 2016;
  - if Canal+ Group exercises its call option, Canal+ Group will be required to acquire ITI's remaining interest in N-Vision, and
  - in the event that Canal+ Group does not exercise its call option, TVN has liquidity rights in the form of an Initial Public Offering of its interest in "nc+".

Shareholders' agreement between Orange Cinema Series and Multithématiques

On February 4, 2013, the members of Orange Cinema Series – OCS SNC' Board of Directors resigned from their positions at the request of Multithématiques and in order to comply with injunction 2(b) ordered by the French Competition Authority on July 23, 2012. As a result, Multithématiques appointed, by letter with an effective date of February 4, 2013, two independent representatives with no affiliation to Multithématiques to the Board of Directors of Orange Cinema Series – OCS SNC.

In addition, in compliance with Article L. 225-100-3 of the French Commercial Code, it is stated that some rights and obligations of Vivendi resulting from shareholders' agreements (Maroc Telecom Group, and Canal+ Cyfrowy) may be amended or terminated in the event of a change in control of Vivendi or a tender offer being made for Vivendi. These shareholders' agreements are subject to confidentiality provisions.

27.6. Collaterals and pledges

As of December 31, 2013, the amount of the group's assets that were pledged or mortgaged for the benefit of third parties was €212 million (compared to €209 million as of December 31, 2012). This amount primarily includes GVT's pledged assets with respect to judicial guarantees for various litigations.

(in millions of euros)	December 31, 2013	December 31, 2012
On intangible assets	4	8
On tangible assets	23	47
On financial assets	177	146
On cash	8	8
Total	**212**	**209**

Moreover, as of December 31, 2013 and 2012, Vivendi did not hold any third-party guarantees in respect of any of its outstanding receivables.

NOTE 28. Litigation

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

The costs which may result from these proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings. As of December 31, 2013, provisions recorded by Vivendi for all claims and litigations amounted to €1,379 million, compared to €1,357 million at December 31, 2012 (please refer to Note 20).

To the Company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature, including, to the Company's knowledge, any pending or threatened proceedings in which it is a defendant, which may have or have had in the previous twelve months a significant impact on the Company's and on its group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 19, 2014, the date of the Management Board Meeting held to approve Vivendi's Financial Statements for the year ended December 31, 2013.

■ Securities Class Action in the United States

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

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

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

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

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

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

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

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

On July 5, 2012, the Court denied a request by the plaintiffs to expand the class to nationalities other than those covered by the certification decision dated March 22, 2007.

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims are currently being processed and verified by an independent claims administrator and by the parties. Vivendi will then have the right to challenge the merits of these claims. At the end of this process, which should be completed during the first half of 2014, the judge will be able to determine the total amount of damages and enter a final judgment, thereby enabling Vivendi to commence its appeal.

Moreover, in connection with the Halliburton case under review by the Supreme Court of the United States, Vivendi filed an *amicus curiae* brief. This case addresses the conditions under which class actions are certified in the United States.

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

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

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

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009. The judge granted Liberty Media's request that they be permitted to avail themselves of the verdict rendered by the securities class action jury with respect to Vivendi's liability (theory of "collateral estoppel").

The Liberty Media jury returned its verdict on June 25, 2012. It found Vivendi liable to Liberty Media for making certain false or misleading statements and for breaching several representations and warranties contained in the parties' agreement and awarded damages to Liberty Media in the amount of €765 million. Vivendi filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year US Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €945 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013.

On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments. On March 13, 2013, Vivendi filed a motion in the Second Circuit Court of Appeals requesting that the Court stay the Liberty Media appeal until the Class Action judgment is entered so that the two appeals can be heard simultaneously. On April 4, 2013, the Court of Appeals issued an Order granting Vivendi's motion, agreeing to hear the Liberty Media case together with the Class Action. The appeal in the Liberty Media case is stayed until Vivendi can appeal from the Class Action final judgment.

On the basis of the verdict rendered on June 25, 2012, and the entry of the final judgment by the Court, Vivendi maintained as of December 31, 2013, the provision in the amount of €945 million recorded as of December 31, 2012.

Trial of Vivendi's former Officers in Paris

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (Tribunal de Grande Instance de Paris), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi Officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a 10-month suspended prison sentence and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. In the course of the trial, a number of civil parties have submitted an application to the Paris Court of Appeal for a priority preliminary ruling on constitutionality. The application concerned the impossibility, for a civil party, to appeal a decision by a first instance court to drop charges. Since the same question is currently pending before the Constitutional Council, the Court of Appeal has stayed the proceedings with regard to the issues relating to the dropped charges, and postponed pleadings on these issues until the hearing of April 8 and 9, 2014. The Court will rule on these and the other issues in a single judgment on April 29, 2014.

LBBW et al against Vivendi

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Then on April 5 and on April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho and the other by six German and British institutional investors. Finally, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi on the same basis. The cases are currently in the pretrial stage.

California State Teachers Retirement System et al against Vivendi and Jean-Marie Messier

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi and Jean-Marie Messier before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi and its former leader, between 2000 and 2002. On September 6, 2012, 24 new plaintiffs joined these proceedings; however, in November 2012, two plaintiffs withdrew from the proceedings. The case is currently in the pretrial stage.

Actions against Activision Blizzard, Inc., its Board of Directors, and Vivendi

In August 2013, a derivative action was initiated in Los Angeles Superior Court by an individual shareholder against Activision Blizzard, Inc. ("Activision Blizzard" or the "Company"), all of the members of its Board of Directors and against Vivendi. The plaintiff alleges that Activision Blizzard's Board of Directors and Vivendi breached their fiduciary duties by approving the divestment of Vivendi's share ownership in the Company. The plaintiff, Todd Miller, claims that the transaction would not only be disadvantageous to Activision Blizzard but that it would also confer a disproportionate advantage to a group of investors led by Robert Kotick and Brian Kelly, the Company's Chief Executive Officer and Co-Chairman of the Board, respectively, and that those breaches of fiduciary duty were aided and abetted by Vivendi.

On September 11, 2013, a second derivative action based on essentially the same allegations was initiated in the Delaware Court of Chancery by another minority shareholder of Activision Blizzard, Anthony Pacchia.

On the same day, another minority shareholder, Douglas Hayes, initiated a similar action and also requested that the closing of the sale transaction be enjoined pending approval of the transaction by Activision Blizzard's shareholders. On September 18, 2013, the Delaware Court of Chancery granted the motion enjoining the closing of the transaction. However, on October 10, 2013, the Delaware Supreme Court overturned this decision, allowing for the completion of the transaction. The case will proceed on the merits.

On November 2, 2013, the Delaware Court of Chancery consolidated the Pacchia and Hayes actions into a single action entitled *In Re Activision Blizzard Inc. Securities Litigation*. A decision on whether the "Miller" case should also be consolidated into this action is expected soon.

Vivendi Deutschland against FIG

Further to a claim filed by CGIS BIM (a former subsidiary of Vivendi) against FIG to obtain the release of part of a payment remaining due pursuant to a buildings sale contract, FIG obtained, on May 29, 2008, the annulment of the sale following a judgment of the Berlin Court of Appeal, which overruled a judgment rendered by the Berlin High Court. CGIS BIM was ordered to repurchase the buildings and to pay damages. Vivendi delivered a guarantee so as to pursue settlement negotiations. As no settlement was reached, on September 3, 2008, CGIS BIM challenged the validity of the reasoning of the judgment. On April 23, 2009, the Regional Berlin Court issued a decision setting aside the judgment of the Berlin Court of Appeal dated May 29, 2008. On June 12, 2009, FIG appealed that decision. On December 16, 2010, the Berlin Court of Appeal rejected FIG's appeal and confirmed the decision of the Regional Berlin Court in April 2009, which decided in CGIS BIM's favor and confirmed the invalidity of the reasoning of the judgment and therefore overruled the order for CGIS BIM to repurchase the building and pay damages and interest. This decision is now final. In parallel, FIG filed a second claim for additional damages in the Berlin Regional Court which was served on CGIS BIM on March 3, 2009. On June 19, 2013, the Berlin Regional Court ordered CGIS BIM to pay FIG the sum of €3.9 million together with interest from February 27, 2009. CGIS BIM has appealed this decision.

Lagardère against Vivendi, Canal+ Group, and Canal+ France

On February 12, 2013, Lagardère Holding TV, a 20% shareholder of Canal+ France, and Mr. Dominique D'Hinnin and Mr. Philippe Robert, members of the Supervisory Board of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. The Lagardère group is seeking nullification of the cash management agreement entered into between Canal+ France and Canal+ Group on the grounds that it constitutes a related party agreement and hence, is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France under the agreement. The parties have agreed to the appointment of a mediator to help find an amicable solution to the dispute between them. On June 10, 2013, the Paris Commercial Court appointed Mr. René Ricol as the mediator. Following the mediation process, which ended on October 14, 2013, the different parties entered into a settlement agreement dated November 5, 2013, which put an end to the disputes between them.

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

On August 20, 2007, the International Center for Settlement of Investment Disputes ("ICSID") issued an arbitration award in favor of Vivendi and Compañia de Aguas de Aconquija ("CAA"), its Argentinian subsidiary, relating to a dispute that arose in 1996 regarding the water concession it held between 1995 and 1997, in the Argentinian Province of Tucuman. The arbitration award held that the actions of the provincial authorities had infringed the rights of Vivendi and its subsidiary, and were in breach of the provisions of the Franco-Argentine Bilateral Investment Protection Treaty. The arbitration tribunal awarded Vivendi and its subsidiary damages of US$105 million plus interest and costs.

On December 13, 2007, the Argentinian Government filed an application to vacate the arbitration award on the basis, among others, of an alleged conflict of interest regarding one of the arbitrators. The ICSID appointed an *ad hoc* Committee to rule on this application.

On August 10, 2010, the ICSID rejected the Argentinian Government's application and the award of August 20, 2007 became final.

On October 10, 2013, Vivendi and CAA entered into a settlement agreement with the Argentine government which terminated their dispute.

Claim by Centenary Holdings III Ltd.

Centenary Holdings III Ltd. (CH III), a former Seagram subsidiary, divested in January 2004, was placed into liquidation in July 2005. On January 9, 2009, the liquidator of CH III sued a number of its former Directors, former auditors and Vivendi. The liquidator, acting on behalf of CH III's creditors, alleges that the defendants breached their fiduciary duties.

On September 30, 2010, Vivendi and one of the former Directors of CH III settled with the liquidator. This settlement put an end to the legal proceedings brought against them and assigned to Vivendi all claims filed on behalf of the creditors.

Vivendi, based on the rights of CH III obtained in the settlement, sued Stephen Bloch, a former Director of CH III, and Murray Richards, the purchaser of CH III. The trial took place from June 12 through June 27, 2013, and on October 9, 2013, the High Court in London ruled in favor of Vivendi. On October 25, 2013, Court entered a judgment requiring the defendants to pay the sum of £9,666,437.

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

On March 2, 2009, Vivendi and Free jointly filed a complaint against Orange before the European Commission (the "Commission"), for abuse of a dominant position. Vivendi and Free allege that Orange imposes excessive tariffs on offers for access to its fixed network and on telephone subscriptions. In July 2009, Bouygues Telecom joined in this complaint. In a letter dated February 2, 2010, the Commission informed the parties of its intention to dismiss the complaint. On September 17, 2010, Vivendi filed an appeal before the Court of First Instance of the European Union in Luxemburg. On October 16, 2013, the Court denied Vivendi's appeal.

Free against SFR

On May 21, 2012, Free filed a complaint against SFR with the Paris Commercial Court. Free is challenging SFR's model of subsidizing mobile phone purchases through what Free calls "concealed" consumer loans and claims this constitutes an unfair and deceptive trade practice. On January 15, 2013, the Court dismissed Free's claims and ordered it to pay to SFR €300,000 in damages for defamation and €100,000 for costs. Free appealed this decision.

Orange against SFR

On August 10, 2011, Orange filed a claim against SFR before the Paris Commercial Court. Orange asked the Court to compel SFR to stop the overflow traffic at the point of interconnection of their respective networks. On December 10, 2013, SFR was ordered to pay €22,133,512 to Orange. On January 10, 2014, SFR appealed this decision.

Complaint against Orange before the French Competition Authority

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

SFR against Orange

On April 24, 2012, SFR filed a complaint against Orange before the Paris Commercial Court for practices constituting an abuse of its dominant position in the secondary residence market. On February 12, 2014, the Paris Commercial Court ordered Orange to pay €51 million in damages.

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

Orange Réunion, Orange Mayotte and Outremer Télécom notified the French Competition Authority about alleged unfair price discrimination practices implemented by SRR. On September 16, 2009, the French Competition Authority imposed protective measures on SRR, pending its decision on the merits.

SRR was required to end price differences that exceed the costs borne by SRR based on the network called (off-net/on-net). The French Competition Authority found that SRR had not fully complied with the order it had imposed and, on January 24, 2012, ordered SRR to pay a fine of €2 million. With regard to the proceedings on the merits, on July 31, 2013, SRR signed a statement of no contest to grievances and a letter of commitments. Accordingly, the Deputy Reporter General will propose to the College of the French Competition Authority that the fine incurred by SRR be reduced.

Following the French Competition Authority's decision of September 16, 2009, Outremer Télécom sued SRR on June 17, 2013, before the Paris Commercial Court for damages it claims to have suffered as a result of SRR's practices. On November 13, 2013, the Court stayed the proceedings until the French Competition Authority issues its decision on the merits of the case.

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

Bouygues Telecom brought a claim before the French Competition Council against SFR and Orange for certain alleged unfair trading practices in the call termination and mobile markets ("price scissoring"). On May 15, 2009, the French Competition Authority (the "Authority") resolved to postpone its decision on the issue and remanded the case for further investigation. On December 13, 2010, SFR was heard on these allegations by the instructing magistrate. On August 18, 2011, SFR received a notification of grievances in which the Authority noted the existence of abusive price discrimination practices. On December 13, 2012, the Authority fined SFR €66 million. SFR has appealed this decision. The case will be argued before the Paris Court of Appeal on February 20, 2014.

Following the decision of the French Competition Authority on December 13, 2012, Bouygues Telecom, OMEA and El Telecom (NRJ Mobile) brought a claim before the Paris Commercial Court against SFR for damages suffered. They are seeking damages of €623.6 million, €67.9 million and €28.6 million, respectively. SFR strongly disputes the validity and the amount, which Vivendi believes cannot, in any case, exceed €250 million in total, of these claims. Pending the decision of the Paris Court of Appeal, the mediation process underway in the Paris Commercial Court between Bouygues Telecom and SFR has been suspended.

UFC against SFR

On June 7, 2012, the French Federal Union of Consumers (UFC) filed a complaint against Orange before the Paris Court of First Instance (Tribunal de Grande Instance de Paris). It alleges that the general conditions of use of SFR's *La Carte* offering contain abusive clauses, which it is seeking to have removed.

CLCV against SFR and others

On January 7, 2013, the French consumer protection association, CLCV (consumption, housing and quality of life) sued several French telecom operators, including SFR, before the Paris Tribunal of First Instance. It is seeking the removal of certain clauses that it considers abusive from subscription contracts.

Employee litigation arising from the transfer of customer relations centers in Toulouse, Lyon, and Poitiers

Following the transfer of the customer relations centers located in Toulouse and Lyon to the Company Infomobile, and the center in Poitiers to a subsidiary of the Bertelsmann Group, former employees of these sites filed complaints with the industrial tribunals (*Conseils de Prud'hommes*) of each of these cities, claiming unfair execution of their employment contracts and fraudulent breach of Article L. 1224-1 of the French Labor Code and the legal provisions relating to dismissal on economic grounds. The findings of the courts on this issue in 2013 were not consistent; the Court of Appeal of Toulouse sanctioned the SFR and Teleperformance groups in half of the cases while the courts of Poitiers and Lyon rendered judgments which were favorable to SFR. The cases are at different stages of the appeal process.

Disputes with independent distributors

SFR, like other companies that use an indirect distribution model, faces complaints by its distributors and, almost systematically, by its former distributors. These recurring disputes concern the abrupt termination of the contractual relationship, the abuse of economic dependence and/or requests for reclassification of a distributor as a commercial agent, and, more recently, applications for reclassification of a manager as a branch manager and reclassification of the employment contracts of the employees working at these points of sale as employment contracts with SFR. The French Court of Cassation rendered three judgments against SFR on the status of branch managers but the various Courts of Appeal have decided in favor of SFR. On the issue of abrupt termination of contractual relationships and the request for reclassification of employees of the distributor as employees of SFR, apart from a few rare exceptions the various courts have ruled in favor of SFR.

Parabole Réunion

In July 2007, the Parabole Réunion group filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under fine, from allowing the broadcast by third parties of these channels or those replacement channels that have substituted these channels. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was again unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion. In the context of this dispute, various jurisdictions have taken the opportunity to recall that in the event of the loss of the TPS Foot channel, Canal+ Group must make available to Parabole Réunion a channel of similar attractiveness. Non-compliance with this order would result in a penalty. On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre (*Tribunal de grande instance de Nanterre*) seeking enforcement of this fine (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels. On April 9, 2013, the enforcement magistrate dismissed in part Parabole Réunion's claim and declared the rest inadmissible. He took care to recall that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion. Parabole Réunion filed an appeal against this judgment.

In parallel, on August 11, 2009, Parabole Réunion filed a complaint against Canal+ Group before the Paris Tribunal of First Instance, requesting that the Tribunal order Canal+ Group to make available a channel with a level of attractiveness similar to that of TPS Foot in 2006 and to pay damages.

On April 26, 2012, Parabole Réunion filed a complaint against Canal+ France, Canal+ Group and Canal+ Distribution before the Paris Tribunal of First Instance asking the Tribunal to acknowledge the failure of the companies of the group to fulfill their contractual obligations to Parabole Réunion and their commitments to the Ministry of Economy.

These two actions have been consolidated into a single action.

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

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleges that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other. Vivendi and Canal+ Group have each denied these allegations.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case.

Annulment of the decision authorizing the acquisition of Direct 8, Direct Star, Direct Productions, Direct Digital, and Bolloré Intermédia

In November 2012 and January 2013, TF1 and M6 submitted to the French Council of State an action for annulment of the decisions taken by the French Competition Authority and the CSA (French authority for media networks) authorizing the acquisition by Canal+ Group of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia.

On December 23, 2013, the French Council of State annulled the French Competition Authority's decision with effect from July 1, 2014, and partially annulled the decision of the CSA. On January 15, 2014, the transaction was re-notified to the French Competition Authority.

Canal+ Group against TF1, M6, and France Télévision

On December 9, 2013, Canal+ Group filed a complaint with the French Competition Authority against the practices of the TF1, M6 and France Télévision groups in the original French-language film market. Canal+ Group accused them of inserting pre-emption rights into co-production contracts, in such a way as to discourage competition.

Canal+ Group against TF1, and TMC Régie

On June 12, 2013, Group Canal+ SA and Canal+ Régie filed a complaint with the French Competition Authority against the practices of TF1 and TMC Régie in the television advertising market. Group Canal+ SA and Canal+ Régie accused them of cross-promotion, having a single advertising division and refusing to promote the D8 channel during its launch.

Complaints against music industry majors in the United States

Several complaints have been filed before the Federal Courts in New York and California against Universal Music Group and the other music industry majors for alleged anti-competitive practices in the context of sales of CDs and Internet music downloads. These complaints have been consolidated before the Federal Court in New York. The motion to dismiss filed by the defendants was granted by the Federal Court, on October 9, 2008, but this decision was reversed by the Second Circuit Court of Appeals on January 13, 2010. The defendants filed a motion for rehearing which was denied. They filed a petition with the US Supreme Court which was rejected on January 10, 2011. The discovery process is underway. The Court has decided that the proceedings on class certification will be completed in the second half of 2014.

Complaints against UMG regarding royalties for digital downloads

Since 2011, as has been the case with other music industry majors, several purported class action complaints have been filed against UMG by recording artists generally seeking additional royalties for on line sales of music downloads and master ringtones. UMG contests the merits of these actions.

Koninklijke Philips Electronics against UMG

On April 30, 2008, Koninklijke Philips Electronics filed suit against UMG in the District Court for the Southern District of New York claiming breach of contract and patent infringement in connection with a license to manufacture CDs. On March 1, 2013, a jury rendered an unfavorable verdict against UMG. On August 8, 2013, the parties entered into a settlement agreement that ended this dispute.

Telefonica against Vivendi in Brazil

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (*3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo*). The Company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of 15 million Brazilian reals (currently approximately 4.7 million euros) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. At the beginning of September 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012, which was confirmed on April 4, 2012 by the Court of Appeals.

On April 30, 2013, the Court dismissed Telefonica's claim for lack of sufficient and concrete evidence of Vivendi's responsibility for Telefonica's failing to acquire GVT. The Court notably highlighted the inherently risky nature of operations in the financial markets, of which Telefonica must have been aware. Moreover, the Court dismissed Vivendi's counterclaim for compensation for the damage it suffered as a result of the defamatory campaign carried out against it by Telefonica. On May 28, 2013, Telefonica appealed the Court's decision to the 5th Chamber of Private Law of the Court of Justice of the State of São Paulo.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the Company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations. The arbitral tribunal has been constituted and a hearing before the Bovespa Arbitration Chamber should be scheduled shortly. In parallel, on February 6, 2013, Dynamo filed an application with the 21st Federal Court of the capital of the State of Rio de Janeiro to compel CVM and Bovespa to provide the arbitral tribunal with confidential information relating to the acquisition of GVT by Vivendi. This was rejected on November 7, 2013 as the Court found that only the arbitral tribunal could make such an application. In late December, Dynamo requested that the arbitral tribunal submit an application for the confidential information from the judge.

Hedging-Griffo against Vivendi

On September 4, 2012, the Hedging-Griffo funds filed a complaint against Vivendi before the Arbitration Chamber of the Bovespa (São Paulo Stock Exchange) seeking to obtain damages for losses they allegedly incurred due to the conditions under which Vivendi completed the acquisition of GVT in 2009. On December 16, 2013, the arbitral tribunal was constituted and the plaintiffs submitted their initial briefs. The Hedging-Griffo funds demanded compensation for the difference between the price at which they sold their GVT shares on the market and 125% of the price paid by Vivendi in connection with the tender offer for the GVT shares, pursuant to the "poison pill" provision in GVT's bylaws. Vivendi believes that the decision taken by the Hedging-Griffo funds to sell their GVT shares before the end of the stock market battle that opposed Vivendi against Telefonica was their own decision made in the context of their management of these funds and can in no way be attributable to Vivendi. It also denies any application of the bylaw provision mentioned above, as it was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica.

Actions related to the ICMS tax

GVT, like all other telecommunications operators, is party in several Brazilian States to various proceedings concerning the application of the "ICMS" *tax Impostors Sober Circulações de Mercadorias e Prestações de Serviços (ICMS)* is a tax on operations relating to the circulation of goods and the supply of transport, communication and electricity services.

GVT is notably a party to litigation in various Brazilian States concerning the application of the ICMS tax on voice telecommunication services. GVT argues that the ICMS tax should not apply to monthly plans. Of the 21 proceedings initiated by GVT, 19 have resulted in decisions favorable to GVT and 12 are no longer subject to appeal.

Action related to the FUST and FUNTTEL taxes in Brazil

The Brazilian tax authorities argue that the assessment of the taxes known as "FUST" (*Fundo da Universalizações dos Serviços de Telecomunicaçõ*s), a federal tax to promote the supply of telecommunications services throughout the whole Brazilian territory, including in areas that are not economically viable, and "FUNTTEL" (*Fundo para Desenvolvimento Tecnológioco das Telecomunicações*), a federal tax to finance technological investments in Brazilian telecommunications services, should be based on the Company's gross revenue without deduction for price reductions or interconnection expenses and other taxes, which would lead to part of that sum being subject to double taxation. GVT is challenging this interpretation and has secured a suspension of payment of the sums claimed by the tax authority from the federal judge.

Proceedings brought against telecommunications operators in Brazil regarding the application of the PIS and COFINS taxes

Several proceedings were initiated against all the telecommunications operators in Brazil, including GVT, seeking to prevent invoices from being increased by taxes known as "PIS" (*Programa de Integrações Social*) and "COFINS" (*Contribuição para Financiamento da Seguridade Social*), which are federal taxes that apply to revenue from the provision of telecommunications services. GVT believes that the arguments in its defense have a stronger basis than those of the historic operators insofar as GVT operates pursuant to a more flexible license that allows it to set its own tariffs.

NOTE 29. Major consolidated entities or entities accounted under equity method

As of December 31, 2013, approximately 630 entities were consolidated or accounted for using the equity method (compared to approximately 690 entities as of December 31, 2012).

			December 31, 2013			December 31, 2012		
	Note	Country	Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi S.A.		**France**	**Parent company**			**Parent company**		
Groupe Canal+ S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Canal+ France S.A. **(a)**	2	France	-	-	-	C	80%	*80%*
Société d'Edition de Canal Plus **(b)**		France	C	49%	*49%*	C	49%	*39%*
Multithématiques S.A.S.		France	C	100%	*100%*	C	100%	*80%*
Canal+ Overseas S.A.S.		France	C	100%	*100%*	C	100%	*80%*
Canal+ Distribution S.A.S. **(a)**		France	-	-	-	C	100%	*80%*
D8		France	C	100%	*100%*	C	100%	*100%*
Studiocanal S.A.		France	C	100%	*100%*	C	100%	*100%*
Canal+ Cyfrowy S.A. **(c)**		Poland	C	51%	*51%*	C	51%	*51%*
TVN **(c)**	15	Poland	E	49%	*26%*	E	40%	*21%*
VSTV **(d)**		Vietnam	C	49%	*49%*	C	49%	*49%*
Universal Music Group, Inc.		**United States**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
PolyGram Holding, Inc.		United States	C	100%	*100%*	C	100%	*100%*
UMG Recordings, Inc.		United States	C	100%	*100%*	C	100%	*100%*
Vevo	15	United States	E	47%	*47%*	E	50%	*50%*
SIG 104		France	C	100%	*100%*	C	100%	*100%*
Universal International Music B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal Entertainment GmbH		Germany	C	100%	*100%*	C	100%	*100%*
Universal Music LLC		Japan	C	100%	*100%*	C	100%	*100%*
Universal Music France S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Universal Music Holdings Limited		United Kingdom	C	100%	*100%*	C	100%	*100%*
EMI Group Worldwide Holding Ltd.	2	United Kingdom	C	100%	*100%*	C	100%	*100%*
Global Village Telecom S.A.		**Brazil**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Global Village Telecom Ltda **(e)**		Brazil	-	-	-	C	100%	*100%*
POP Internet Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
Innoweb Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
SFR Société Française du Radiotéléphone S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Société Réunionnaise du Radiotéléphone S.C.S.		France	C	100%	*100%*	C	100%	*100%*
Société Financière de Distribution S.A.		France	C	100%	*100%*	C	100%	*100%*
5 sur 5 S.A.		France	C	100%	*100%*	C	100%	*100%*
La Poste Telecom S.A.S.		France	E	49%	*49%*	E	49%	*49%*
Numergy S.A.S.	15	France	E	47%	*47%*	E	47%	*47%*

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

Continued from previous page.

			December 31, 2013			December 31, 2012		
	Note	Country	Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Other operations								
See Tickets		United Kingdom	C	100%	*100%*	C	100%	*100%*
Digitick		France	C	100%	*100%*	C	100%	*100%*
Wengo		France	C	100%	*95%*	C	100%	*95%*
Watchever Group S.A.		France	C	100%	*100%*	C	100%	*100%*
Watchever GmbH		Germany	C	100%	*100%*	-	-	-
Elektrim Telekomunikacja		Poland	C	100%	*100%*	C	100%	*100%*
Maroc Telecom S.A. (f)	7	**Morocco**	**C**	**53%**	***53%***	**C**	**53%**	***53%***
Mauritel S.A.		Mauritania	C	51%	*22%*	C	51%	*22%*
Onatel S.A.		Burkina Faso	C	51%	*27%*	C	51%	*27%*
Gabon Telecom S.A.		Gabon	C	51%	*27%*	C	51%	*27%*
Sotelma S.A.		Mali	C	51%	*27%*	C	51%	*27%*
Activision Blizzard, Inc. (g)	7	**United States**	**na**	**12%**	***12%***	**C**	**61.5%**	***61.5%***

C: Consolidated; E: Equity.

(a) On November 5, 2013, Vivendi acquired Lagardère Group's 20% interest in Canal+ France for €1,020 million in cash. Thereafter, with retroactive effect to January 1, 2013, Canal+ France S.A. and Canal+ Distribution S.A.S. were merged with and into Canal+ Group S.A., pursuant to a simplified merger.

(b) Vivendi consolidated Société d'Edition de Canal Plus because (i) Vivendi has majority control over the Board of Directors, (ii) no other shareholder or shareholder group is in a position to exercise substantive participating rights that would allow them to veto or block decisions taken by Vivendi and (iii) Vivendi assumes the majority of risks and benefits pursuant to an agreement with this company via Canal+ Distribution S.A.S.. Indeed, Canal+ Distribution, wholly-owned by Vivendi, guarantees this company's results in return for exclusive commercial rights to its subscriber base.

(c) Following the merger of Canal+ Cyfrowy (Cyfra+'s platform) with ITI Neovision (TVN's "n" platform) on November 30, 2012, Canal+ Group holds a 51% interest in Canal+ Cyfrowy, which owns 100% of ITI Neovision and formed the new group "nc+". As Canal+ Group has the majority on the Supervisory Board and the power to govern financial and operating policies of "nc+", the latter is consolidated by Canal+ Group.

At the same time, Canal+ Group acquired a 40% interest in N-Vision, which indirectly holds a 52% interest in TVN. On December 18, 2013, ITI exercised its put option to sell a 9% interest in N-Vision to Canal+ Group: Canal+ Group's ownership interest in N-Vision thus increased to 49% (please refer to Note 27).

(d) VSTV (Vietnam Satellite Digital Television Company Limited) is 49% held by Canal+ Group and 51% by VCTV, a VTV subsidiary (the Vietnamese public television company). This company has been consolidated by Vivendi given that Canal+ Group has both operational and financial control over it due to a general delegation that was granted by the majority shareholder and to the Company's bylaws.

(e) In 2013, Vivendi reorganized the legal chain of ownership of GVT's shares and notably merged Global Village Telecom Ltda's operational activities with GVT's holding company Global Village Telecom SA.

(f) On November 4, 2013, Vivendi and Etisalat entered into a definitive agreement for the sale of Vivendi's 53% interest in Maroc Telecom Group (please refer to Note 7).

(g) On October 11, 2013, Vivendi deconsolidated Activision Blizzard pursuant to the sale of 88% of its interest. As of December 31, 2013, Vivendi retained 83 million Activision Blizzard shares, representing 12% of Activision Blizzard's outstanding share capital. This interest was accounted for as an asset of discontinued business in Vivendi's Consolidated Financial Statement Position (please refer to Note 7).

NOTE 30. Statutory Auditors fees

Fees paid by Vivendi SA to its Statutory Auditors and members of their firms in 2013 and 2012 were as follows:

	KPMG S.A.				Ernst & Young et Autres					
	Amount		Percentage		Amount		Percentage		Total	
(in millions of euros)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.7	0.7	10%	7%	0.9	0.9	13%	12%	1.6	1.6
Fully consolidated subsidiaries	4.2	4.1	60%	42%	5.6	5.1	80%	69%	9.8	9.2
Other work and services directly related to the statutory audit										
Issuer	0.4	0.6	6%	6%	-	0.1	-	1%	0.4	0.7
Fully consolidated subsidiaries	0.7	2.7	10%	28%	0.1	0.4	1%	5%	0.8	3.1
Subtotal	**6.0**	**8.1**	**86%**	**83%**	**6.6**	**6.5**	**94%**	**87%**	**12.6**	**14.6**
Other services provided by the network to fully consolidated subsidiaries										
Legal, tax and social matters	0.7	1.2	10%	12%	0.3	0.9	5%	12%	1.0	2.1
Other	0.3	0.4	4%	5%	0.1	0.1	1%	1%	0.4	0.5
Subtotal	**1.0**	**1.6**	**14%**	**17%**	**0.4**	**1.0**	**6%**	**13%**	**1.4**	**2.6**
Total	**7.0**	**9.7**	**100%**	**100%**	**7.0**	**7.5**	**100%**	**100%**	**14.0**	**17.2**

The 2012 fees included the non-recurring assignments undertaken by Statutory Auditors in relation to the transactions underway.

NOTE 31. Audit exemptions for UMG subsidiaries in the United Kingdom

Vivendi S.A. has provided guarantees to the following UMG subsidiaries, incorporated in England and Wales, under the registered number indicated, in order for them to claim exemptions from audit, with respect to fiscal year 2013, under Section 479A of the UK Companies Act 2006.

Name	Company Number
BACKCITE LIMITED	2358972
BOILER ROOM MANAGEMENT LIMITED	07908059
CENTENARY UK LIMITED	03478918
DALMATIAN SONGS LIMITED	03506757
DECCA MUSIC GROUP LIMITED	718329
DUB DUB PRODUCTIONS LIMITED	3034298
EGW USD	8107589
EMI OVERSEAS HOLDINGS LIMITED	403200
EMI CATALOGUE INVESTMENTS HOLLAND LIMITED	3038313
EMI GROUP AMERICA FINANCE LIMITED	2415597
EMI GROUP DANISH INVESTMENTS LIMITED	2421891
EMI GROUP ELECTRONICS LIMITED	461611
EMI GROUP FINANCE DENMARK LIMITED	2422007
EMI GROUP HOLDINGS (UK)	3158108
EMI GROUP WORLDWIDE	3158106
EMI INVESTMENTS HOLLAND LIMITED	3038307
EMI RECORDED MUSIC (CHILE) LIMITED	07934340
EMI RECORDED MUSIC HOLDINGS (ITALY) LIMITED	6420969
EMI RECORDED MUSIC HOLDINGS (UK) LIMITED	6407212
EMI RECORDS GERMANY HOLDCO LIMITED	6420927
EMI RECORDS ITALY HOLDCO LIMITED	6420934
EMI RECORDS UK HOLDCO LIMITED	6388809
EMI UK HOLDINGS	255852
EMIG 4 LIMITED	3038275
F.L.U.M MANAGEMENT LIMITED	07908238
GLOBE PRODUCTIONS LIMITED	05489649
JAYDONE LIMITED	4631083
LOUDCLOTHING.COM LIMITED	06854812
MAWLAW 388 LIMITED	3590255

Name	Company Number
RELENTLESS 2006 LIMITED	3967906
UMGI (ATW) LIMITED	05103127
UNIVERSAL MUSIC (UK) HOLDINGS LIMITED	3383881
UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED	859087
UNIVERSAL MUSIC HOLDINGS (UK) LIMITED	337803
UNIVERSAL MUSIC LEISURE LIMITED	3384487
UNIVERSAL MUSIC PUBLISHING BL LIMITED	02037678
UNIVERSAL MUSIC PUBLISHING INTERNATIONAL MGB LIMITED	02200287
UNIVERSAL MUSIC PUBLISHING MGB HOLDING UK LIMITED	05092413
UNIVERSAL MUSIC PUBLISHING PGM LIMITED	3771282
UNIVERSAL SRG (UB40) LIMITED	05158521
UNIVERSAL SRG (W.A.R.) LIMITED	05221402
UNIVERSAL SRG ARTIST SERVICES LIMITED	01890289
UNIVERSAL SRG GROUP LIMITED	00284340
UNIVERSAL SRG MUSIC PUBLISHING LIMITED	02898402
UNIVERSAL SRG STUDIOS LIMITED	03050388
UNIVERSAL/ANXIOUS MUSIC LIMITED	01862328
UNIVERSAL/DICK JAMES MUSIC LIMITED	698804
UNIVERSAL/ISLAND MUSIC LIMITED	761597
UNIVERSAL/MCA MUSIC LIMITED	410065
UNIVERSAL/MOMENTUM MUSIC 2 LIMITED	2850484
UNIVERSAL/MOMENTUM MUSIC LIMITED	1946456
VIRGIN MUSIC GROUP	2259349
VIRGIN RECORDS OVERSEAS LIMITED	335444
V2 MUSIC GROUP LIMITED	03205625

NOTE 32. Subsequent events

The main events that occurred between December 31, 2013 and February 19, 2014, the date of the Management Board Meeting that approved the financial statements for fiscal year 2013 are as follows:

- on January 14, 2014: Canal+ Group won the exclusive broadcasting rights to the national French Rugby Championship "TOP 14" for five seasons (2014-2015 to 2018-2019). These rights relate to all of the TOP 14 matches, across all media and all territories;
- on January 31, 2014, SFR and Bouygues Telecom entered into a strategic agreement to share a portion of their mobile access networks; and
- on February 13, 2014, Vivendi entered into exclusive negotiations with Belgacom to acquire 100% of its subsidiary Telindus France Group, a leader on the French markets of telecommunication integration and networks. Once signed, the transaction will be submitted to the French competition authority approval.

NOTE 33. Adjustment of comparative information

As from the second quarter of 2013, in compliance with IFRS 5, Activision Blizzard and Maroc Telecom Group have been reported in Vivendi's Consolidated Statement of Earnings, Statement of Cash Flows, and Statement of Financial Position as discontinued operations. In practice, these two businesses have been reported as follows:

- their contribution to each line of Vivendi's Consolidated Statement of Earnings (before non-controlling interests) has been grouped under the line "Earnings from discontinued operations", until their effective sale. In accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information; and
- their contribution to each line of Vivendi's Consolidated Statement of Cash Flows has been grouped under the line "Cash flows from discontinued operations" until their effective sale. In accordance with IFRS 5, these adjustments have been applied to all periods presented to ensure consistency of information.

Moreover, data published with respect to fiscal year 2012 was adjusted following the application of amended IAS 19, whose application is mandatory in the European Union beginning on or after January 1, 2013 (please refer to Note 1).

As a result, the 2012 and first quarter of 2013 Financial Statements were adjusted, as applicable.

33.1. Adjustments made to the main aggregates of the Consolidated Statement of Earnings

	2012			
(in millions of euros, except per share amounts)	Three months ended March 31,	Three months ended June 30,	Six months ended June 30,	Three months ended September 30,
Earnings before interest and income taxes (EBIT) (as previously published)	**1,493**	**1,082**	**2,575**	**1,259**
Reclassifications related to the application of IFRS 5 for Activision Blizzard	-393	-175	-568	-182
Reclassifications related to the application of IFRS 5 for Maroc Telecom Group	-266	-183	-449	-261
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+2*	*+2*	*+4*	*+2*
Earnings before interest and income taxes (EBIT) (restated)	**836**	**726**	**1,562**	**818**
Earnings attributable to Vivendi SA shareowners (as previously published)	**697**	**463**	**1,160**	**491**
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+2*	*+2*	*+4*	*+2*
Other financial charges	-	*+1*	*+1*	-
Provision for income taxes	-	-	-	-
Earnings attributable to Vivendi SA shareowners (restated)	**699**	**466**	**1,165**	**493**
Earnings attributable to Vivendi SA shareowners per share (as previously published)	**0.54**	**0.36**	**0.90**	**0.38**
Earnings attributable to Vivendi SA shareowners per share (restated)	**0.54**	**0.36**	**0.91**	**0.38**

(in millions of euros, except per share amounts)	2012 Nine months ended September 30,	2012 Three months ended December 31,	2012 Year ended December 31,	2013 Three months ended March 31,
Earnings before interest and income taxes (EBIT) (as previously published)	**3,834**	**(956)**	**2,878**	**1,178**
Reclassifications related to the application of IFRS 5 for Activision Blizzard	-750	-378	-1,128	-440
Reclassifications related to the application of IFRS 5 for Maroc Telecom Group	-710	-252	-962	-266
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+6*	*+11*	*+17*	*na*
Earnings before interest and income taxes (EBIT) (restated)	**2,380**	**(1,575)**	**805**	**472**
Earnings attributable to Vivendi SA shareowners (as previously published)	**1,651**	**(1,487)**	**164**	**534**
Adjustments related to the application of amended IAS 19				
Selling, general and administrative expenses	*+6*	*+11*	*+17*	*na*
Other financial charges	*+1*	*-*	*+1*	*na*
Provision for income taxes	*-*	*-3*	*-3*	*na*
Earnings attributable to Vivendi SA shareowners (restated)	**1,658**	**(1,479)**	**179**	**534**
Earnings attributable to Vivendi SA shareowners per share (as previously published)	**1.28**	**(1.12)**	**0.13**	**0.40**
Earnings attributable to Vivendi SA shareowners per share (restated)	**1.28**	**(1.12)**	**0.14**	**0.40**

na: not applicable.

33.2. Adjustments related to charges and income directly recognized in equity

(in millions of euros)	Year ended December 31, 2012 Published	Application of amended IAS 19	Restated
Earnings	**949**	**+15**	**964**
Actuarial gains/(losses) related to employee defined benefit plans, net	-	-61	(61)
Items not reclassified to profit or loss	**-**	**-61**	**(61)**
Foreign currency translation adjustments	(605)	-	(605)
Unrealized gains/(losses), net	103	-	103
Cash flow hedge instruments	*22*	-	*22*
Net investment hedge instruments	*17*	-	*17*
Tax	*1*	-	*1*
Hedging instruments, net	40	-	40
Assets available for sale, net	63	-	63
Items to be subsequently reclassified to profit or loss	**(502)**	**-**	**(502)**
Charges and income directly recognized in equity	**(502)**	**-61**	**(563)**
Total comprehensive income	**447**	**-46**	**401**
of which			
Total comprehensive income attributable to Vivendi SA shareowners	**(317)**	**-45**	**(362)**
Total comprehensive income attributable to non-controlling interests	764	-1	763

33.3. Adjustments made to the Statements of Financial Position

	December 31, 2012			December 31, 2011		January 1, 2012
(in millions of euros)	Published	Application of amended IAS 19	Restated	Published	Application of amended IAS 19	Restated
ASSETS						
Goodwill	24,656	-	24,656	25,029	-	25,029
Non-current content assets	3,327	-	3,327	2,485	-	2,485
Other intangible assets	5,190	-	5,190	4,329	-	4,329
Property, plant and equipment	9,926	-	9,926	9,001	-	9,001
Investments in equity affiliates	388	-	388	135	-	135
Non-current financial assets	514	-26	488	394	-15	379
Deferred tax assets	1,400	+45	1,445	1,421	+26	1,447
Non-current assets	**45,401**	**+19**	**45,420**	**42,794**	**+11**	**42,805**
Inventories	738	-	738	805	-	805
Current tax receivables	819	-	819	542	-	542
Current content assets	1,044	-	1,044	1,066	-	1,066
Trade accounts receivable and other	6,587	-	6,587	6,730	-	6,730
Current financial assets	364	-	364	478	-	478
Cash and cash equivalents	3,894	-	3,894	3,304	-	3,304
	13,446	**-**	**13,446**	**12,925**	**-**	**12,925**
Assets held for sale	667	-	667	-	-	-
Current assets	**14,113**	**-**	**14,113**	**12,925**	**-**	**12,925**
TOTAL ASSETS	**59,514**	**+19**	**59,533**	**55,719**	**+11**	**55,730**
EQUITY AND LIABILITIES						
Share capital	7,282	-	7,282	6,860	-	6,860
Additional paid-in capital	8,271	-	8,271	8,225	-	8,225
Treasury shares	(25)	-	(25)	(28)	-	(28)
Retained earnings and other	2,937	-140	2,797	4,390	-95	4,295
Vivendi SA shareowners' equity	**18,465**	**-140**	**18,325**	**19,447**	**-95**	**19,352**
Non-controlling interests	2,971	-5	2,966	2,623	-4	2,619
Total equity	**21,436**	**-145**	**21,291**	**22,070**	**-99**	**21,971**
Non-current provisions	3,094	+164	3,258	1,569	+110	1,679
Long-term borrowings and other financial liabilities	12,667	-	12,667	12,409	-	12,409
Deferred tax liabilities	991	-	991	728	-	728
Other non-current liabilities	1,002	-	1,002	864	-	864
Non-current liabilities	**17,754**	**+164**	**17,918**	**15,570**	**+110**	**15,680**
Current provisions	711	-	711	586	-	586
Short-term borrowings and other financial liabilities	5,090	-	5,090	3,301	-	3,301
Trade accounts payable and other	14,196	-	14,196	13,987	-	13,987
Current tax payables	321	-	321	205	-	205
	20,318	**-**	**20,318**	**18,079**	**-**	**18,079**
Liabilities associated with assets held for sale	6	-	6	-	-	-
Current liabilities	**20,324**	**-**	**20,324**	**18,079**	**-**	**18,079**
Total liabilities	**38,078**	**+164**	**38,242**	**33,649**	**+110**	**33,759**
TOTAL EQUITY AND LIABILITIES	**59,514**	**+19**	**59,533**	**55,719**	**+11**	**55,730**

33.4. Adjustments made to the Statements of Cash Flows

	Year ended December 31, 2012			
(in millions of euros)	Published	Reclassifications related to IFRS 5 (a)	Application of amended IAS 19	Restated
Operating activities				
EBIT	2,878	-2,090	+17	805
Adjustments	5,199	-726	-17	4,456
Including amortization and depreciation of tangible and intangible assets	*3,929*	*-654*	*-*	*3,275*
reserve accrual regarding the Liberty Media Corporation litigation in the United States	*945*	*-*	*-*	*945*
other income from EBIT	*(22)*	*+3*	*-*	*(19)*
other charges from EBIT	*235*	*+1*	*-*	*236*
Content investments, net	(299)	+154	-	(145)
Gross cash provided by operating activities before income tax paid	***7,778***	***-2,662***	***-***	***5,116***
Other changes in net working capital	90	-21	-	69
Net cash provided by operating activities before income tax paid	***7,868***	***-2,683***	***-***	***5,185***
Income tax paid, net	(762)	+409	-	(353)
Net cash provided by operating activities of continuing operations	**7,106**	**-2,274**	**-**	**4,832**
Net cash provided by operating activities of discontinued operations	**-**	**+2,274**	**-**	**2,274**
Net cash provided by operating activities	**7,106**	**-**	**-**	**7,106**
Investing activities				
Capital expenditures	(4,516)	+517	-	(3,999)
Purchases of consolidated companies, after acquired cash	(1,374)	-	-	(1,374)
Investments in equity affiliates	(322)	-	-	(322)
Increase in financial assets	(99)	+64	-	(35)
Investments	***(6,311)***	***+581***	***-***	***(5,730)***
Proceeds from sales of property, plant, equipment and intangible assets	26	-3	-	23
Proceeds from sales of consolidated companies, after divested cash	13	-	-	13
Disposal of equity affiliates	11	-	-	11
Decrease in financial assets	215	-35	-	180
Divestitures	***265***	***-38***	***-***	***227***
Dividends received from equity affiliates	3	-	-	3
Dividends received from unconsolidated companies	1	-	-	1
Net cash provided by/(used for) investing activities of continuing operations	**(6,042)**	**+543**	**-**	**(5,499)**
Net cash provided by/(used for) investing activities of discontinued operations	**-**	**-543**	**-**	**(543)**
Net cash provided by/(used for) investing activities	**(6,042)**	**-**	**-**	**(6,042)**

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

Continued from previous page.

	Year ended December 31, 2012			
(in millions of euros)	Published	Reclassifications related to IFRS 5 (a)	Application of amended IAS 19	Restated
Financing activities				
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	131	-	-	131
Sales/(purchases) of Vivendi SA's treasury shares	(18)	-	-	(18)
Dividends paid by Vivendi SA to its shareowners	(1,245)	-	-	(1,245)
Other transactions with shareowners	(229)	+228	-	(1)
Dividends paid by consolidated companies to their non-controlling interests	(483)	+450	-	(33)
Transactions with shareowners	***(1,844)***	***+678***	***-***	***(1,166)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	5,859	-26	-	5,833
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	(4,217)	+6	-	(4,211)
Principal payment on short-term borrowings	(2,615)	+121	-	(2,494)
Other changes in short-term borrowings and other financial liabilities	3,056	-248	-	2,808
Interest paid, net	(568)	+24	-	(544)
Other cash items related to financial activities	(98)	+2	-	(96)
Transactions on borrowings and other financial liabilities	***1,417***	***-121***	***-***	***1,296***
Net cash provided by/(used for) financing activities of continuing operations	**(427)**	**+557**	**-**	**130**
Net cash provided by/(used for) financing activities of discontinued operations	**-**	**-557**	**-**	**(557)**
Net cash provided by/(used for) financing activities	**(427)**	**-**	**-**	**(427)**
Foreign currency translation adjustments of continuing operations	(47)	+18	-	(29)
Foreign currency translation adjustments of discontinued operations	-	-18	-	(18)
Change in cash and cash equivalents	**590**	**-**	**-**	**590**
Reclassification of cash and cash equivalents from discontinued operations	-	-	-	-
Cash and cash equivalents				
At beginning of the period	3,304	-	-	3,304
At end of the period	3,894	-	-	3,894

(a) Includes Activision Blizzard and Maroc Telecom Group (please refer to Note 7).

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IV - Vivendi SA - 2013 Statutory Financial Statements

1. Statutory Auditors' Report on the Financial Statements

This is a free translation into English of the Statutory Auditors' Report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the Financial Statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Financial Statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Management Report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meetings, we hereby report to you, for the year ended December 31, 2013, on:

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

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

I. Opinion on the Financial Statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the company as at December 31, 2013 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our Assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting Estimates

Interests in Equity Affiliates

Note 1 to the Financial Statements states that your company recognizes impairment losses when the carrying amount of its financial assets exceeds their book value. Based on the information available at the date of this report, we assessed the approach adopted by your company to determine book value of the financial assets. We also verified that the information related to the depreciations of the interests in equity affiliates presented in note "3 Net Financial Income" was appropriate.

Tax

Note 5 to the Financial Statements describes the accounting policies used by your company to estimate and recognize tax assets and liabilities, and tax position adopted by your company. We verified the assumptions underlying the positions as at December 31, 2013 and ensured that Note 5 to the Financial Statements gives appropriate information.

Provisions for Litigation

Notes 1 and 24 to the Financial Statements describe the methods used to evaluate and recognize provisions for litigation. We assessed the methods used by your group to list, calculate and account for such provisions. We also assessed the data and assumptions underlying the estimates made by the company. As stated in Note 1 to the Financial Statements, some facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of the provisions. We also ensured that Note "15. Provisions" to the Financial Statements gives appropriate information.

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

III. Specific Verifications and Information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the Financial Statements of the information given in the management report Section of the "2013 Annual Report – Registration Statement" and in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by Directors and any other commitments made in their favour, we have verified its consistency with the Financial Statements, or with the underlying information used to prepare these Financial Statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the "2013 Annual Report – Registration Statement".

Paris-La Défense, February 25, 2014

The Statutory Auditors
French original signed by

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG et Autres
Frédéric Quélin	Jean-Yves Jégourel

2. 2013 Statutory Financial Statements

I. Statement of Earnings

(in millions of euros)	Note	2013	2012
Operating income			
Total revenues		94.6	116.0
Reversal of provisions and expense reclassifications		8.6	36.9
Other income		0.1	0.1
Total I		**103.3**	**153.0**
Operating expenses			
Other purchases and external charges		125.5	136.3
Duties and taxes other than income tax		6.5	4.4
Wages and salaries and social security contributions		63.0	67.4
Depreciation, amortization and charges to provisions		25.1	13.6
Other expenses		3.3	4.0
Total II		**223.4**	**225.7**
Loss from operations (I-II)	2	**(120.1)**	**(72.7)**
Financial income			
From subsidiaries and affiliates		3,545.5	975.9
From other securities and long-term receivables		121.6	193.7
Other interest and similar income		257.8	176.2
Reversal of provisions and expense reclassifications		15.5	4.7
Foreign exchange gains		904.8	985.2
Net proceeds from the sale of marketable securities		0.4	1.3
Total III		**4,845.6**	**2,337.0**
Financial expenses			
Amortization and charges to financial provisions		5,766.3	6,246.5
Interest and similar charges		516.1	517.4
Foreign exchange losses		924.0	960.8
Net expenses on marketable securities sales		14.6	
Total IV		**7,221.0**	**7,724.7**
Net financial income/(loss) (III-IV)	3	**(2,375.4)**	**(5,387.7)**
Earnings/(losses) from ordinary operations before tax (I-II+III-IV)		**(2,495.5)**	**(5,460.4)**
Exceptional income			
From non-capital transactions		78.1	8.9
From capital transactions		11,743.7	403.6
Reversals of provisions and expense reclassifications		1,017.4	49.1
Total V		**12,839.2**	**461.6**
Exceptional expenses			
Related to non-capital transactions		229.1	57.4
Related to capital transactions		14,360.3	408.0
Exceptional depreciation, amortization and charges to provisions		999.0	1,536.5
Total VI		**15,588.4**	**2,001.9**
Net exceptional items (V-VI)	4	**(2,749.2)**	**(1,540.3)**
Income tax credit (VII)	5	**387.1**	**955.7**
Total income (I+III+V+VII)		18,175.2	3,907.3
Total expenses (II+IV+VI)		23,032.8	9,952.3
EARNINGS/(LOSSES) FOR THE YEAR		**(4,857.6)**	**(6,045.0)**

II. Statement of Financial Position

ASSETS (in millions of euros)	Note	Gross	Depreciation, amortization and provisions	Net 12/31/2013	Net 12/31/2012
Non-current assets					
Intangible assets	6	**15.4**	**14.8**	**0.6**	**0.7**
Property, plant and equipment	6	**60.1**	**57.6**	**2.5**	**2.6**
Long-term investments (a)	7	**40,781.0**	**13,804.0**	**26,977.0**	**39,311.5**
Investments in affiliates and Long-term portfolio securities		38,259.4	12,491.0	25,768.4	35,522.6
Loans to subsidiaries and affiliates		2,512.8	1,312.8	1,200.0	3,780.5
Other long-term investment securities		0.8	0.2	0.6	0.6
Loans		-	-	0.0	0.0
Other		8.0	-	8.0	7.8
Total I		**40,856.5**	**13,876.4**	**26,980.1**	**39,314.8**
Current assets	9				
Receivables (b)		**9,872.3**	**108.5**	**9,763.8**	**6,751.0**
Trade accounts receivable and related accounts		37.3	0.5	36.8	19.7
Other receivables		9,835.0	108.0	9,727.0	6,731.3
Marketable securities		**101.0**	**0.0**	**101.0**	**25.5**
Treasury shares	8	0.8	-	0.8	25.5
Other securities		100.2	-	100.2	0.0
Cash at bank and in hand		**210.1**	-	**210.1**	**56.0**
Prepayments (b)		**64.4**	**-**	**64.4**	**90.2**
Total II		**10,247.8**	**108.5**	**10,139.3**	**6,922.7**
Deferred charges (III)	11	**30.8**	-	**30.8**	**40.6**
Unrealized foreign exchange losses (IV)	12	**21.6**	-	**21.6**	**84.2**
Total assets (I+II+III+IV)		**51,156.7**	**13,984.9**	**37,171.8**	**46,362.3**
(a) *Portion due in less than one year*		-	-	*58.1*	*2,064.8*
(b) *Portion due in more than one year*		-	-	*54.5*	*82.7*

EQUITY AND LIABILITIES (in millions of euros)	Note	12/31/2013	12/31/2012
Equity	13		
Share capital		7,367.9	7,281.8
Additional paid-in capital		13,194.2	13,085.3
Reserves			
Legal reserve		686.0	686.0
Other reserves		2,854.0	9,480.2
Retained earnings		0.0	743.7
Earnings/(Losses) for the year		(4,857.6)	(6,045.0)
Total I		**19,244.5**	**25,232.0**
Provisions	15	1,745.6	1,714.9
Total II		**1,745.6**	**1,714.9**
Liabilities (a)			
Convertible and other bond issues	16	7,679.6	10,773.0
Bank borrowings (b)	16	3,683.7	5,219.9
Other borrowings	16	4,663.6	3,199.9
Trade accounts payable and related accounts		39.2	26.4
Tax and employee-related liabilities		26.0	31.6
Amounts payable in respect of PP&E and related accounts		0.2	0.3
Other liabilities		43.1	48.3
Deferred income		38.6	34.6
Total III		**16,174.0**	**19,334.0**
Unrealized foreign exchange gains (IV)	12	**7.7**	**81.4**
Total equity and liabilities (I+II+III+IV)		**37,171.8**	**46,362.3**
(a) *Portion due in more than one year*		*8,323.7*	*11,801.7*
Portion due in less than one year		*7,850.3*	*7,532.3*
(b) *Includes current bank facilities and overdrafts*		*112.3*	*56.8*

III. Statement of Cash Flows

(in millions of euros)	2013	2012
Earnings/(losses) for the year	(4,857.6)	(6,045.0)
Elimination of non-cash income and expenses		
Charges to depreciation and amortization	19.1	13.6
Charges to provisions net of (reversals)		
Operating	5.9	(12.5)
Financial	5,750.8	6,241.9
Exceptional	(18.4)	1,492.1
Capital gains	2,640.6	24.5
Dividends received in assets	(2,562.5)	
Other income and charges without cash impact	37.2	(61.8)
Operating cash flows before changes in working capital	**1,015.1**	**1,652.8**
Changes in working capital	97.3	(255.8)
Net cash provided by operating activities	**1,112.4**	**1,397.0**
Capital expenditure	(0.7)	(0.8)
Purchases of investments in affiliates and securities	(188.6)	(2,386.2)
Increase in loans to subsidiaries and affiliates	(32.3)	(61.1)
Receivables related to the sale of non-current assets and other financial receivables	336.6	(0.6)
Proceeds from sales of intangible assets and PP&E		
Proceeds from sales of investments in affiliates and securities	6,043.3	80.2
Decrease in loans to subsidiaries and affiliates	449.5	1,005.8
Increase in deferred charges relating to financial instruments	(8.6)	(24.2)
Net cash provided by/(used in) investing activities	**6,599.2**	**(1,386.9)**
Net proceeds from issuance of shares	193.3	132.3
Dividends paid	(1,324.9)	(1,245.3)
New long-term borrowings secured	7,570.5	7,053.1
Principal payments on long-term borrowings	(10,799.0)	(6,453.9)
Increase (decrease) in short-term borrowings	(1,326.9)	2,834.8
Change in net current accounts	(1,770.9)	(2,338.4)
Treasury shares	0.6	(17.3)
Net cash provided by/(used in) financing activities	**(7,457.3)**	**(34.7)**
Change in cash	254.3	(24.6)
Opening net cash (a)	56.0	80.6
Closing net cash (a)	**310.3**	**56.0**

(a) Cash and marketable securities net of impairment (excluding treasury shares).

3. Notes to the 2013 Statutory Financial Statements

Preliminary Note: dollar amounts are expressed in US dollars.

Significant Events in 2013

On-going strategic review

As publicly announced to shareholders on several occasions in 2012 and 2013, Vivendi's Management Board and Supervisory Board are carrying out a review of the Group's strategic development, marked by a desire to focus on its media and content activities and to maximize the value of its telecom activities.

The following transactions occurred during the second half of 2013:

- on October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard for $8.2 billion (or €6 billion), in cash. In addition, Vivendi retained 83 million Activision Blizzard shares, representing 11.9% of Activision Blizzard's outstanding share capital, which are subject to a staggered 15-month lock-up period (please see below);
- on November 4, 2013, Vivendi entered into a definitive agreement with Etisalat for the sale of Vivendi's indirect 53% interest in Maroc Telecom Group (please see below);
- on November 5, 2013, Vivendi, through its subsidiary Groupe Canal+ SA, acquired Lagardère Group's 20% interest in Canal+ France for €1,020 million in cash (please see below).

Planned demerger of the Group

On November 26, 2013, Vivendi's Supervisory Board approved the Group's planned demerger to form two separate companies: (i) a new international media Group based in France, with very strong positions in music (as the worldwide leader), in European cinema, in pay-TV in France, Africa, Vietnam, and Poland, and in the Internet and associated services in Brazil, and (ii) SFR. The decision to implement this project could be taken in the near future and, if appropriate, submitted to the General Shareholders' Meeting for approval on June 24, 2014.

Sale of 88% of Vivendi's interest in Activision Blizzard

On October 11, 2013, Vivendi completed the sale of 88% of its interest in Activision Blizzard, or 600.64 million shares priced at $13.60 per share, for $8,169 million (€6,043 million) in cash.

The key terms of this sale are as follows:

- through the acquisition of a Vivendi subsidiary, Activision Blizzard repurchased 428.68 million shares at $13.60 per share for a cash consideration of $5,830 million (€4,313 million);
- concomitantly, Vivendi sold 171.97 million Activision Blizzard shares at $13.60 per share for a cash consideration of $2,339 million to an investor Group (ASAC II LP) led by Mr. Robert Kotick, Activision Blizzard's Chief Executive Officer, and Mr. Brian Kelly, the Chairman of the Board of Directors. ASAC II LP owns approximately 24.7% of the outstanding share capital (following the repurchase of 428.68 million shares by Activision Blizzard); and
- pursuant to the simultaneous closings of both sales on October 11, 2013, Vivendi retained 83 million Activision Blizzard shares, representing 11.9% of Activision Blizzard's outstanding share capital (following the repurchase of 428.68 million shares by Activision Blizzard). Vivendi's remaining ownership interest is subject to a staggered 15-month lock-up period;
- the agreement governing the transaction includes certain continuing commitments given by the parties (please see Note 23, Financial Commitments and Contingent Liabilities).

Sale of Vivendi's interest in Maroc Telecom Group

On November 4, 2013, Vivendi entered into a definitive agreement with Etisalat, with whom exclusive negotiations had begun on July 22, 2013, regarding the sale of Vivendi's indirect 53% interest in Maroc Telecom Group. As a reminder, this 53% interest is held by SPT, a Moroccan company which is held at 98% by SFR and at 2% by Vivendi.

The key terms of this agreement known to date are as follows:

- the agreement values the interest in Maroc Telecom Group at MAD 92.6 per share or sale proceeds to Vivendi Group of approximately €4.2 billion in cash, including a €310 million dividend distribution with respect to fiscal year 2012, according to the financial terms known to date; and
- the completion of this transaction is contingent upon the satisfaction of certain closing conditions, including receipt of required regulatory approvals in Morocco and the countries in which Maroc Telecom Group operates, as well as finalization of the shareholders' agreement between Etisalat and the Kingdom of Morocco. This transaction is expected to be completed during the first months of 2014.

New borrowings and credit facilities put in place/reimbursed by Vivendi SA

As a result of the sale of Activision Blizzard, Vivendi began to significantly reduce its debt during the fourth quarter of 2013 by implementing a US dollar and euro bond repurchase program in an aggregate amount of €3.1 billion (please see Note 16, Borrowings).

Other significant events in 2013

Acquisition by Groupe Canal+ SA of Lagardère Group's non-controlling interest in Canal+ France

On November 5, 2013, Groupe Canal+ SA, funded by Vivendi, acquired Lagardère Group's 20% interest in Canal+ France, for €1,020 million in cash. In addition, Vivendi and Lagardère Group have settled all disputes between them (please see Note 24, Litigation) and Lagardère Group's rights under the strategic agreements signed on January 4, 2007 were terminated.

Completion of the acquisition by Vivendi and Universal Music Group (UMG) of EMI Recorded Music

As a reminder, on September 28, 2012 Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music). The purchase price, in enterprise value, amounted to £1,130 million (approximately €1.4 billion). The authorization by the European Commission was notably conditional upon the divestment of the Parlophone, Now, and Mute labels.

On February 7, 2013, Vivendi and UMG announced that they had entered into an agreement for the sale of Parlophone Label Group to Warner Music Group for an enterprise value of £487 million to be paid in cash. Following the approval by the European Commission on May 15, 2013, the sale of Parlophone Label Group was completed on July 1, 2013 and UMG received consideration of £501 million (€591 million), including the provisional estimated contractual price adjustments (£14 million). Moreover, the divestments of Sanctuary, Now, and Mute were completed. The aggregate amount of divestments made in compliance with the conditions imposed by the regulatory authorities in connection with the acquisition of EMI Recorded Music was £539 million, less costs to sell (approximately €672 million).

Dividend paid with respect to fiscal year 2012

At the Annual General Shareholders' Meeting held on April 30, 2013, Vivendi's shareholders approved the Management Board's recommendations in relation to the allocation of distributable earnings for fiscal year 2012. As a result, the dividend payment was set at €1.00 per share, representing an aggregate distribution of €1,324.9 million, which was paid in cash on May 17, 2013.

Situation of Corporate Officers – Vivendi's Management Board

On June 28, 2012, the Supervisory Board terminated Mr. Jean-Bernard Lévy's term of office as Chairman of the Management Board. The Supervisory Board also terminated the terms of office of the following members of the Management Board: Mr. Abdeslam Ahizoune, Mr. Amos Genish, Mr. Lucian Grainge, and Mr. Bertrand Meheut and appointed Mr. Jean-François Dubos as Chairman of the Management Board.

Until December 31, 2013, the Management Board was composed of Mr. Jean-François Dubos and Mr. Philippe Capron, who left his position as a member of the Management Board as of that date.

Since January 1, 2014, the Management Board is composed of Mr. Jean-François Dubos, Chairman, Mr. Jean-Yves Charlier (Chairman and Chief Executive Officer of SFR), and Mr. Arnaud de Puyfontaine (Senior Executive Vice President, Media and Content activities).

NOTE 1. Accounting Rules and Methods

1.1 General principles and change in accounting methods

The statutory financial statements for the year ended December 31, 2013 have been prepared and presented in accordance with applicable French laws and regulations.

The accounting rules and methods that were applied in the preparation of these financial statements are identical to those applied in the preparation of the 2012 statutory financial statements.

Vivendi's Management makes certain estimates and assumptions that it considers reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions, which may impact the amount of assets, liabilities, equity or earnings recognized by the Company. In particular, these estimates and assumptions relate to the measuring of asset impairment (please refer to Note 7) and provisions (please refer to Note 15) as well as to employee benefits (please refer to Note 1.9, Employee benefit plans).

1.2 Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are valued at acquisition cost.

Depreciation and amortization are calculated using the straight-line method and, where appropriate, the declining balance method over the useful lives of the relevant assets.

1.3 Long-term investments

Investments in affiliates and long-term securities portfolios

Investments in affiliates consist of investments in Vivendi Group affiliates in which Vivendi holds a significant interest, in principle greater than 10%.

Long-term securities portfolios consist of securities held by Vivendi in companies which are expected to generate a reasonable medium- and long-term return, without involvement in their day-to-day management.

Investments in affiliates and long-term securities portfolio are valued at acquisition cost, including any potential impact resulting from related hedging transactions. If this value exceeds the value in use, an impairment loss is recorded for the difference between the two.

Value in use is defined as the value of the future economic benefits expected to derive from the use of an asset. This is generally calculated by discounting the future cash flows, although a more suitable method may be used where appropriate, such as market comparables, transaction valuations, trading comparables for listed entities or proportionate share of equity. The value in use of securities in foreign currencies is calculated using the exchange rate applicable on the closing date for both listed securities (French GAAP (*Plan Comptable Général* or «PCG»), Art. 342-3) and unlisted securities.

Vivendi expenses investment and security acquisition costs in the period during which they are incurred.

Loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates consist of medium- and long-term loans to Group companies. They do not include current account agreements with Group subsidiaries that are used for the day-to-day management of cash surpluses and shortfalls. A provision is, as applicable, recorded based on the risk of non-recovery.

Treasury shares

All treasury shares held by Vivendi that are either (i) in process of cancellation or (ii) acquired pursuant to the liquidity contract, are recorded as Long-term Investments. Impairment losses are recorded on the latter shares if their net book value is less than their stock market value, based on the average share price during the month of December.

All remaining treasury shares held by Vivendi are recorded as Marketable securities (please see "Marketable securities" below).

1.4 Operating receivables

Operating receivables are recorded at nominal value. A provision is, as applicable, recorded based on the risk of non-recovery.

1.5 Marketable securities

Treasury shares

Treasury shares purchased either for sale to Group employees upon exercise of stock purchase options or for allotment to employees as performance shares, are recorded as Marketable securities.

At year-end, the shares allocated to specific plans are not depreciated but are subject to a provision (please see "Provisions" below). For those shares not allocated to specific plans, an impairment loss is recognized, as applicable to reduce their net value down to their stock market value based on of the average share price during the month of closing.

Other marketable securities

All other marketable securities are recorded at acquisition cost. A provision is recorded if the estimated trading value at the end of the period is less than the acquisition cost. The value in use of securities in foreign currencies is calculated using the exchange rates applicable on the closing date.

1.6 Deferred charges relating to financial instruments

Issue costs in relation to bonds and lines of credit are amortized equally over the term of such instruments.

1.7 Provisions

A provision is recorded where Vivendi has an obligation to a third party and it is probable or certain that an outflow of resources will be necessary to settle this obligation, without receipt of an equivalent consideration from the third party.

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

The assumptions underlying the provisions are regularly reviewed and any necessary adjustments are recorded.

Where it is not possible to provide a reliable estimate for the amount of the obligation, a provision is not recorded and disclosure is made in the notes to the financial statements (please refer to Note 24, Litigation).

1.8 Stock option plans and performance share plans

When the Company grants performance shares or establishes a stock purchase option plan that is settled by the delivery of treasury shares, a provision is recognized. This provision is calculated based on the market price of Vivendi shares at grant date or the estimated share purchase price at year-end. In the case of stock purchase option plans, the entry cost or estimated share purchase price is reduced by the exercise price that is likely to be paid by employees.

Pursuant to the PCG, expenses, charges and reversals in relation to the grant of stock options and performance shares to company employees, are recorded as personnel costs.

1.9 Employee benefit plans

Vivendi applied method 1 of Recommendation No. 2013-02 of the National Accounting Council (*Autorité des Normes Comptables, ANC*, dated November 7, 2013, consistent with the provisions of the former Recommendation No. 2003-R.01 of the former council (*Conseil National de la Comptabilité, CNC*).

The provision recorded for obligations in relation to employee benefit plans includes all Vivendi employee benefit plans, i.e., retirement/termination payments, pensions and supplemental pensions. It is calculated as the difference between the value of the actuarial obligations and that of plan assets, net of actuarial gains and losses and unrecognized past service costs.

The actuarial obligation is calculated using the projected unit credit method (each activity period generates additional entitlement). Actuarial gains and losses are recognized using the «corridor method». This consists of recording, in the profit or loss account for the relevant period, the amortization calculated by dividing the portion of actuarial gains and losses which exceeds the greater of 10% of (i) the obligation or (ii) the fair value of the assets of the plans as of the beginning of the fiscal year, by the average remaining working life expectancy of the beneficiaries.

1.10 Foreign currency-denominated transactions

Foreign currency-denominated income and expense items are translated using average monthly rates or, as applicable, using the exchange rate negotiated during specific transactions.

Foreign currency-denominated receivables, payables, marketable securities and cash balances are translated at the exchange rates applicable on the accounting closing date (PCG Art. 342-5).

Unrealized gains and losses recognized on translation of foreign currency borrowings, loans, receivables and payables, using exchange rates prevailing on the accounting closing date, are recorded in the Statement of Financial Position in Unrealized foreign exchange gains and losses, except where currency hedging instruments that set the currency rate at maturity have been implemented (please see Note 1.11, "Derivative financial instruments" below).

In addition, Vivendi seeks to secure the exchange rate of assets and long-term liabilities denominated in foreign currencies, particularly through the implementation of derivative financial instruments. Foreign exchange gains and losses realized on these hedging instruments are reclassified as applicable in the Statement of Financial Position as deferred revenue or expenses until the gain or loss on the hedged item is recognized (please see Note 1.11, "Derivative financial instruments" below).

A provision for foreign exchange losses is recorded in respect of unhedged and unrealized exchange losses (PCG Art. 342-5).

Transactions in foreign currency that are covered by currency hedging instruments that do not set the currency rate at maturity are provisioned up to the amount of the uncovered risk.

Unrealized foreign exchange gains and/or losses on cash balances and foreign currency current accounts (similar to cash balances under PCG Art. 342-7) on the accounting closing date are recorded immediately as foreign exchange gains and/or losses.

1.11 Derivative financial instruments

Vivendi uses derivative financial instruments to (i) reduce its exposure to market risks associated with interest and foreign exchange rate fluctuations, and (ii) secure the value of certain financial assets. These instruments are traded over-the-counter with highly-rated counterparties.

Pursuant to PCG Article 372, income and expenses generated by interest rate and currency hedging instruments are recorded with the income and expenses of the hedged item.

Loans, borrowings, receivables and payables covered by currency hedging instruments that set the currency at maturity are recorded at hedge rates and no foreign exchange difference is recognized.

Unrealized gains on derivative instruments that do not qualify for hedge accounting are not recognized. Conversely, unrealized losses on these instruments are recorded directly in earnings.

1.12 Individual training entitlement

Pursuant to Opinion 2004 F of the Emergency Committee of the French National Accounting Council (CNC), Vivendi did not record a provision for individual training entitlement as of year-end 2013.

The Company-wide agreement entered into in May 2006 provides for a number of 20 training hours each year (up to a maximum of 120 hours) for each employee. As of year-end 2013, a total of 20,226 training hours remained unused.

NOTE 2. Operating Earnings/(Losses)

2.1 Revenues

Revenues consist of revenues generated from services provided by Vivendi and rebilling of costs to its subsidiaries for an amount of €94.6 million.

2.2 Operating expenses and expense reclassifications

In 2013, operating expenses amounted to €223.4 million, compared to €225.7 million in 2012.

Within this total, "other purchases and external charges" represent €125.5 million in 2013, compared to €136.3 million in 2012.

Other purchases and external charges, completed with amounts rebilled to subsidiaries (recorded in revenues) and expenses reclassifications (recorded in reversal of provisions and expense reclassifications), are broken-down as follows:

(in millions of euros)	2013	2012
Purchases consumed	0.7	0.6
Rent	8.4	8.4
Insurance (a)	6.6	24.3
Service providers, temporary staff and sub-contracting	6.5	7.7
Commissions and professional fees	61.7	45.3
Bank services	26.9	31.6
Other external services	14.7	18.4
Sub-total other purchases and external charges	**125.5**	**136.3**
Amounts rebilled to subsidiaries (other income)	(8.8)	(7.7)
Expense reclassifications	(8.6)	(24.0)
Total net of rebilled expenses, insurance repayments and expense reclassifications	**108.1**	**104.6**

(a) The decrease in the Insurance line item to €6.6 million in 2013, compared to €24.3 million in 2012, is primarily due to the premiums paid under contracts in relation to the outsourcing of supplementary pension commitments for €15.0 million in 2012 (please see Note 15, Provisions).

NOTE 3. Net Financial Income/(Loss)

Net economic financial income/(loss) is broken-down as follows:

(in millions of euros)	2013	2012
Net financing costs	(172.2)	(190.7)
Dividends received	3,545.5	975.9
Foreign exchange gains & losses	(19.2)	24.4
Other financial income and expenses	(36.9)	(15.7)
Movements in financial provisions	(5,692.6)	(6,181.6)
Total	**(2,375.4)**	**(5,387.7)**

The decrease in the net financing costs from -€190.7 million in 2012 to -€172.2 million in 2013 is due to:

- the decrease in external financing net costs from -€457.7 million in 2012 to -€454.6 million in 2013, despite an increase in the average external net debt from €14.1 billion in 2012 to €14.6 billion in 2013, mainly reflecting the impact of the dividend payment of €1,324.9 million as well changes in the scope of the Group (please see, "Significant Events" above); and
- conversely, an increase in internal net financing income (see Note 9, Current Assets) from €267.0 million in 2012 to €282.4 million in 2013.

Within income from affiliates, dividends recorded totaled €3,545.5 million in 2013 including a dividend of €2,562.5 million received from Vivendi Holding I LLC (formerly, Vivendi Holding I Corp.) in the form of Activision Blizzard shares and a dividend from SFR of €981.9 million, compared to €975.8 million in 2012 (which included a dividend received from SFR of €974.4 million).

The changes to financial provisions and impairments resulted in a net charge of €5,692.6 million including €5,706 million impairment on long-term investments in affiliates (please see Note 7, Long-term investments):

- as of December 31, 2013, Vivendi examined the value in use of SFR telecommunication activities in France using the usual valuation methods (in particular the DCF method) for which Vivendi required the assistance of an independent appraiser. The most recent cash flow forecasts, and financial assumptions approved by the Management of the Group were used and were updated to take into account the strong impact on revenues of the new tariff policies decided by SFR in a highly competitive environment, partially offset by cost savings which were consistent with expectations under SFR's transformation plan, while maintaining high capital expenditures, notably due to SFR's acceleration of very-high speed mobile network investments. The value in use of the 51.9% interest in Maroc Telecom held indirectly by SFR was determined based on the definitive agreement entered into with Etisalat which values this interest at MAD 92.6 per share or total sale proceeds to Vivendi Group of approximately €4.2 billion in cash, including a €310 million dividend distribution with respect to fiscal year 2012, according to the financial terms known to date (please see "Significant Events" above). As a result, Vivendi's Management decided to record an impairment loss of €5,318 million on its interest as of December 31, 2013;
- as of December 31, 2013, as was done at the end of 2012, Groupe Canal+ SA value in use and, in particular, the value in use of its pay-TV activities in France, was determined through the usual methods of valuation (in particular, the DCF method). The most recent cash flow forecasts and financial assumptions approved by the Management of the Group were used. They take into account the expected increase in the VAT rate from 7% to 10% (effective January 1, 2014 in Metropolitan France) and the adverse changes in the macro-economic and competitive environments of the markets on which the Group operates. As a result, Vivendi's Management determined that Groupe Canal+ value in use as of December 31, 2013 was below its carrying value and consequently recorded an impairment loss of €380 million.

As a reminder, as of December 31, 2012, Groupe Canal+ SA cumulative impairment was €660 million.

NOTE 4. Net Exceptional Items

In 2013, a net exceptional loss of -€2,749.2 million was recorded, compared to a net exceptional loss of -€1,540.3 million in 2012. It is primarily comprised of the following items:

- a capital loss of €2,577.1 million relating to the transfer of the shares of Vivendi Holding I LLC (formerly, Vivendi Holding I Corp., VHI) to Amber Subsidiary Co., following the transfer of the Activision Blizzard shares held by VHI to Vivendi for €2,562.5 million (please see "Significant Events" above and Note 3, Net Financial Income/(Loss));
- a net charge in the amount of €181.6 million related to the premium paid in connection with the early redemption in October 2013 and November 2013 of $2,105.2 million and the €1,500 million bonds issued (please see Note 16, Borrowings); and
- a net charge in the amount of €35.9 million related to the allotment of performance shares to beneficiaries other than to directors and employees of Vivendi SA.

NOTE 5. Income Taxes

Vivendi SA benefits from the French Tax Group System and considers that it benefited, until December 31, 2011 inclusive, from the Consolidated Global Profit Tax System, as authorized under Article 209 quinquies of the French Tax Code. Therefore, since January 1, 2012, Vivendi only benefits from the French Tax Group System.

- Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 95% owned directly or indirectly, and that are located in France: for 2013, this applied to Universal Music in France, SFR, and Canal+ Group.
- Until December 31, 2011, the Consolidated Global Profit Tax System entitled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 50% owned directly or indirectly, and that are located in France or abroad, i.e., besides the French companies that are at least 95% owned directly or indirectly by Vivendi: Activision Blizzard, Universal Music Group, Maroc Telecom, GVT, Canal+ France and its subsidiaries, as well as Société d'Edition de Canal Plus (SECP). As a reminder, as of May 19, 2008, Vivendi applied to the French Ministry of Finance for the renewal of its authorization to use the Consolidated Global Profit Tax System and an authorization was granted by an order dated March 13, 2009, for a three-year period beginning with the taxable year 2009 and ending with the taxable year 2011.
- In addition, as a reminder, on July 6, 2011, Vivendi lodged an appeal with the Ministry of Finance in relation to the renewal of its authorization to use the Consolidated Global Profit Tax System for a 3-year period, from January 1, 2012 to December 31, 2014.
- The changes in French Tax Law in 2011 terminated the Consolidated Global Profit Tax System as of September 6, 2011 and capped the deduction for tax losses carried forward at 60% of taxable income. Since 2012, the deduction for tax losses carried forward is capped at 50% of taxable income and the deductibility of interest is limited to 85% of financial charges, net (75% as from January 1, 2014).

Taking these elements into account, at year-end 2013, Vivendi recorded a consolidated income tax credit of € 422.6 million, equal to the tax savings of the year.

The impact of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- as Vivendi considers that its entitlement to use the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, including fiscal year ending December 31, 2011, on November 30, 2012, Vivendi filed for a refund of €366.2 million with respect to the tax saving for the fiscal year ended December 31, 2011, booked in the Statement of Earnings in 2012. However, this fiscal position is being challenged and in its Financial Statements for the year ended December 31, 2012, Vivendi accrued a €366.2 million provision for the associated risk, unchanged as of December 31, 2013 (please refer to Note 15, provisions);
- moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the maturity of the authorization on December 31, 2011, Vivendi requested a refund of the taxes due, under the French Tax Group System for the year ended December 31, 2012, excluding social contributions and exceptional contributions, or €208.4 million, booked in the Statement of Earnings in 2012 in income Tax credit and brought to €220 million, when filing the tax return with respect to fiscal year ended December 31, 2012. This fiscal position may be challenged and in its Financial Statements for the year ended December 31, 2012, Vivendi accrued a €208.4 million provision for the associated risk, brought to €220.3 million as of December 31, 2013 (please refer to Note 15, provisions);
- given the foregoing, as of December 31, 2012, Vivendi recorded tax attributes representing potential tax savings in the aggregate amount of €1,553 million (compared to €2,013 million as of December 31, 2011). On February 19, 2014, the date of the Management Board Meeting that approved the Financial Statements for the year ended December 31, 2013, the 2013 tax results of the subsidiaries within the scope of Vivendi SA's French Tax Group System were determined by estimating, and as a result, the amount of tax attributes as of December 31, 2013 could not be determined with certainty;
- taking into account the impact of the estimated 2013 tax results and before the impact of the consequences of the on-going tax audits (please see below) on the amount of tax attributes, Vivendi SA expects to achieve €1,527 million in tax savings from tax attributes (undiscounted value based on the current income tax rate of 38.00%).

In respect of the Consolidated Global Profit Tax System, the consolidated income reported for fiscal years 2006, 2007, and 2008 is under audit by the French tax authorities. This tax audit started in January 2010. In addition, in January 2011, the French tax authorities began a tax audit on the consolidated income reported for fiscal year 2009 and in February 2013, the French tax authorities began a tax audit on the consolidated income reported for fiscal year 2010. Finally, Vivendi SA's tax Group System for the years 2011 and 2012 is under audit since July 2013. Vivendi Management believes that it has serious legal means to defend the positions it has chosen for the determination of the taxable income of the fiscal years under audit. In any event, a provision for the impact of the Consolidated Global Profit Tax System in 2011 has been accrued (€366.2 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€220.3 million).

NOTE 6. Intangible Assets and Property, Plant and Equipment

6.1 Gross values

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value
Intangible assets	15.2	0.2		15.4
Property, plant and equipment	59.7	0.4		60.1
Total	**74.9**	**0.6**	**0.0**	**75.5**

6.2 Depreciation and amortization

(in millions of euros)	Opening accumulated depreciation/amortization	Charge	Cancellation	Closing accumulated depreciation/ amortization
Intangible assets	14.5	0.3		14.8
Property, plant and equipment	57.1	0.5		57.6
Total	**71.6**	**0.8**	**0.0**	**72.4**

NOTE 7. Long-term Investments

7.1 Long-term Investments

(in millions of euros)	Opening gross value	Additions	Disposals	Foreign currency translation adjustments	Closing gross value
Investments in affiliates and Long-term portfolio securities **(a)**	42,353.7	11,186.6	(15,280.9)	-	38,259.4
Loans to subsidiaries and affiliates	5,046.5	64.3	(2,440.1)	(157.8)	2,512.9
Other long-term investment securities	0.8	-	-	-	0.8
Loans and other long-term investments	7.8	0.2	-	-	8.0
Total	**47,408.8**	**11,251.1**	**(17,721.0)**	**(157.8)**	**40,781.1**
(a) Includes movements relating to internal reorganizations (see below)	-	10,998.0	(8,277.5)	-	-

7.2 Investments in affiliates and Long-term securities portfolio

The main changes during the year were:

- the transactions related to the sale of Activision Blizzard shares in October 2013 (please see "Significant Events" above), including the payment by Vivendi Holding I LLC (formerly, Vivendi Holding I Corp., VHI) to Vivendi SA of a dividend-in-kind for $3,468 million (€2,562 million) in the form of Activision Blizzard shares (please see Note 3, Net Financial Income), followed by the contribution by Vivendi SA to its subsidiary Amber Holding Subsidiary Co. (Amber Holding) of all of the issued and outstanding shares of VHI for €5,229 million (please see Note 4, Exceptional Items), and the acquisition by Vivendi SA of all of the issued and outstanding shares of Universal Music Group Inc. (UMG) from Amber Holding Subsidiary for a consideration of €2,264 million, prior to the sale of (i) approximately 172 million Activision Blizzard shares to ASAC LLP for $2,339 million (€1,724 million), and (ii) all of the outstanding shares of Amber Holding Subsidiary (which held approximately 428.7 million Activision Blizzard shares) to Activision Blizzard for $5,830 million (€4,298 million).

  Following these transactions, Vivendi retained 83 million Activision Blizzard shares and directly owned all of the issued and outstanding shares of UMG. Given their origin, these Activision Blizzard shares are classified as portfolio securities;
- the acquisition of all of the issued and outstanding shares of EMI Group Inc. from two British subsidiaries of the Group for $650 million (€471 million) and the subsequent contribution of the EMI Group shares to UMG for the same amount; and
- the increase in the share capital of SIG 109 by €184 million; SIG 109 relating to the financing of GVT's development in Brazil.

7.3 Loans to subsidiaries and affiliates

At year-end 2013, the net value of loans to subsidiaries and affiliates, including accrued interest, was €1,200 million (compared to €3,780.5 million at year-end 2012). It concerns a loan to SFR in the form of credit facility granted in December 2011 with a maturity date of June 17, 2015 for €1,200 million (which was fully drawn as of December 31, 2013) compared to €2,700 million at year-end 2012. The credit facility of €1,500 million granted in 2009 was reimbursed at its maturity date (June 15, 2013).

7.4 Loans and other long-term investments

In 2013, amounts paid by Vivendi under the liquidity agreement totaled €5.0 million as of December 31, 2013 (out of an available balance of €50 million) and were recorded in other financial assets. This amount remains unchanged compared to December 31, 2012.

In addition, purchases and sales of shares were settled immediately. As of December 31, 2013, Vivendi did not hold any shares under this liquidity agreement nor did it hold any shares for this purpose as of December 31, 2012 (see Note 8, Treasury Shares).

7.5 Impairment

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal recorded in financial income	Reversal recorded in exceptional income	Closing accumulated depreciation/ amortization
Investments in affiliates and Long-term portfolio securities (a)	6,831.1	5,706.0	-	(46.1)	12,491.0
Loans to subsidiaries and affiliates	1,266.0	54.9	-	(8.1)	1,312.8
Other long-term investment securities	0.2	-	-	-	0.2
Loans and other long-term investments	0.0	-	-	-	0.0
Total	**8,097.3**	**5,760.9**	**0.0**	**(54.2)**	**13,804.0**

(a) Impairment charges were recorded on long-term investments in relation to SFR in an amount of €5,318.0 million and in relation to Groupe Canal+ SA in an amount of €380 million (please see Note 3, Net Financial Income).

NOTE 8. Treasury Shares

Change in Treasury shares

	As of Dec. 31, 2012		Purchases		Sales		As of Dec. 31, 2013	
	No. Shares	Gross value (in millions of euros)	No. Shares	Value (in millions of euros)	No. Shares	Value (in millions of euros)	No. Shares	Gross value (in millions of euros)
Long-term investment securities								
Liquidity contract	-	-	8,585,750	140.7	8,585,750	140.7	-	-
Marketable securities								
Shares backing performance shares	1,460,500	25.5	-	-	1,409,861	24.7	50,639	0.8
Total Treasury shares	**1,460,500**	**25.5**	**8,585,750**	**140.7**	**9,995,611**	**165.4**	**50,639**	**0.8**

In 2013, the Company delivered 1,409,861 shares to beneficiaries, officers and employees of Vivendi SA and its subsidiaries primarily under the 2009 and 2011 plans.

NOTE 9. Current Assets

9.1 Receivables

As of December 31, 2013, receivables, net of impairment, amounted to €9,763.8 million (compared to €6,751.0 million as of December 31, 2012) and mainly include:

- current account advances by Vivendi to its subsidiaries for a net amount of €9,244.9 million, including €7,472.5 million for SFR (which includes the refinancing for €1,500 million of the credit facility maturing on June 15, 2013; see Note 7, Long-term Investment), €1,464.6 million for Canal+ Group which includes the financing of 20% stake in Canal+ France held by Lagardère for €1,020.0 million, compared to €5,807.3 million as of December 31, 2012 (which includes €4,903.2 million for SFR, €278.0 million for Canal+ Group and €342.5 million for Vivendi Holding I);
- the tax receivable of €366.2 million, corresponding to the tax saving for the year ended December 31, 2011 for which reimbursement was requested on November 30, 2012, concomitantly with the filing of the declaration under the Consolidated Global Profit Tax System (please see Note 5, Income Taxes). This receivable relate to tax positions that could be potentially challenged. Provisions are made to cover the associated risks (please see Note 15, Provisions).

9.2 Marketable securities

Marketable securities excluding treasury shares (please refer to Note 8, Treasury shares) have a net book value of €100.0 million (compared to €0.0 million at year-end 2012).

9.3 Prepaid expenses

(in millions of euros)	2013	2012
Expenses relating to the following period	2.5	2.4
Discount paid to subscribers of bonds **(a)**	23.8	35.5
Amount paid as settlement of swap **(b)**	38.1	52.3
Total	**64.4**	**90.2**

(a) In 2013, this includes discounts in the amount of €3.2 million granted in July to subscribers for the €750 million bond issue and other exceptional amortization for €4 million due to the anticipated repayment of bonds (please see Note 16, Financial Liabilities).

(b) In 2013, no cash payment made was recognized as a prepaid expense.

NOTE 10. Receivables Maturity Schedule

(in millions of euros)	Gross value	Maturing in less than one year	Maturing in more than one year
Non-current assets			
Loans to subsidiaries and affiliates	2,512.8	-	2,512.8
Other long-term investments	8.0	5.0	3.0
Current assets			
Trade accounts receivable and related accounts	37.3	36.8	0.5
Other receivables	9,835.0	9,824.9	10.1
Total	**12,393.1**	**9,866.7**	**2,526.4**

NOTE 11. Deferred Charges

Deferred charges relating to financial instruments

(in millions of euros)	Opening balance	Increase (a)	Amortization	Closing balance
Deferred charges relating to credit lines	18.2	6.8	(7.4)	17.6
Issue costs of bonds	22.4	1.8	(11.0)	13.2
Total	**40.6**	**8.6**	**(18.4)**	**30.8**

(a) New credit lines and bonds issued for 2013 are detailed in Note 16, Borrowings.

NOTE 12. Unrealized Foreign Exchange Gains and Losses

At year-end 2013, the decrease in unrealized foreign exchange gains to €21.6 million from €84.2 million at year-end 2012 resulted from the €59.3 million decrease in unrealized losses related to the $700 million bond issue dated April 2008 and maturing in April 2018 that was partly refinanced, to the amount of $459 million, in October 2013 (outstanding debt of $241 million); the early redemption resulted in the recognition of a foreign exchange loss of €45.7 million (please see Note 16, Borrowings).

At year-end 2013, the unrealized foreign exchange losses amounted to €21.6 million of which €21.3 million related to the $241 million bonds mentioned above.

The decrease in unrealized foreign exchange losses to €7.7 million from €81.4 million at year-end 2012 resulted primarily from the reversal of unrealized gains of €79 million recorded at the end of 2012, in relation to the loan granted to Vivendi Holding I for $700 million, maturing in April 2018. This loan was early repaid in October 2013 which resulted in the recognition of a foreign exchange gain of €68 million.

At the end of 2013, unrealized gains recorded in currency translation differences-liabilities amounted to €7.7 million and related to the revaluation of remaining debt obligations of $94.8 million and $259.1 million, following the partial repayments in October (please see Note 16, Borrowings).

NOTE 13. Equity

13.1 Changes in equity

Changes in equity (in millions of euros)	(a) Number of shares	Share capital	Additional paid-in capital	Reserves and retained earnings	Earnings	Total
As of 12/31/12	1,323,962,416	7,281.8	13,085.3	10,909.9	(6,045.0)	25,232.0
Allocation of earnings/(loss) and dividends	-	-	-	(7,369.9)	6,045.0	(1,324.9)
Group Savings Plans	12,285,542	67.6	81.0	-	-	148.6
Stock options	3,361,973	18.5	27.8	-	-	46.3
Earnings (loss) for the year	-	-	-	-	(4,857.6)	(4,857.6)
As of 12/31/13	**1,339,609,931**	**7,367.9**	**13,194.1**	**3,540.0**	**(4,857.6)**	**19,244.5**

(a) Par value of €5.50 per share

The potential number of shares that may be issued is 53,498,380 and includes:

(i) 52,835,330 shares to be issued upon the exercise of stock subscription options; and
(ii) 663,050 shares related to a 50 bonus share plan granted per each employee of all the Group's French entities.

13.2 Allocation of earnings

The allocation of earnings to be proposed at the Annual General Shareholders' Meeting to be held on June 24, 2014, is as follows:

- The allocation is charged to other reserves for the amount of €2,853,976,668.19, then the balance will be charged to additional paid-in capital (please see table below).
- Other reserves, additional paid-in capital for merger and for contribution will be brought to 0.00 and additional paid-in capital related to issue will be brought to €11,190,658,193.18.

Distributable earnings (in euros)	
2013 Net income	(4,857,575,922.00)
Other reserves	2,853,976,668.19
Additional paid-in capital - merger	541,833,789.64
Additional paid-in capital - contribution	213,248,675.70
Additional paid-in capital - issue	1,248,516,788.47
Total	**0.00**

In respect of the last three fiscal years, dividends per share were distributed as follows:

Year	2012	2011	2010
Number of shares (a)	1,324,905,694	1,245,297,184	1,236,237,225
Dividend per share (in euros)	1.00	1.00	1.40
Total distribution (in millions of euros)	**1,324.9**	**1,245.3**	**1,730.7**

(a) Number of shares entitled to dividend as of January 1, after elimination of treasury shares held at the dividend payment date.

NOTE 14. Stock Option Plans and Performance Share Plans

The main features of the plans granted during the current and prior fiscal years are as follows (please refer to CRC Regulation no. 2008-15 on stock purchase and subscription option plans and performance share plans granted to employees):

14.1 Stock subscription option plans

	Number of options granted								Number of options		
	Total number of		of which granted to members of governing bodies								
Grant date	beneficiaries	options	Number of beneficiaries	Number of options	Option exercise start date	Expiry date	(a) (b) Exercise price in euros after adjustment	Value of shares for the calculation of the social contribution	(a) (b) exercised in 2013	(a) (b) cancelled in 2013	(a) (b) outstanding at December 31, 2013
04/17/12	549	2,513,884	10	903,625	04/18/15	04/17/22	12.40	0.96	-	72,824	2,647,146
07/16/12	1	1,600	-	-	07/17/15	07/16/22	13.50	2.09	-	-	1,702
09/27/12	4	135,000	4	135,000	09/28/15	09/27/22	14.64	1.93	-	-	143,578
							Total			**72,824**	**2,792,426**

(a) Adjustment following the grant of one bonus share per thirty shares held in 2012.

(b) Adjustment following the payment in 2013 of dividends on reserves.

The definitive grant of stock options for plans granted in 2012 will be effective upon the satisfaction of the following performance conditions: an internal indicator (70%) determined by an EBITA margin rate, which will be measured as of December 31, 2013 on a cumulative basis including the 2012 and 2013 fiscal years; and external indicators (30%) determined by the performance of Vivendi shares between January 1, 2012 and December 31, 2013, as compared to two stock indices: Europe Stoxx 600 Telecommunications (70%) and the value of a portfolio of Media stock (30%).

The definitive grant of stock options for 2012 will be effective upon achievement of the performance conditions, as assessed at the end of a 2-year acquisition period: 100% of the option granted will vest if the weighted total of the three indicators reaches or exceeds 100%; 50% of the option granted will vest if the weighted total of the indicators reaches the applicable value thresholds; and no options will vest if the weighted total of the three indicators is lower than the applicable value thresholds.

14.2 Performance Share Plans

	Number of performance share rights granted							Number of performance share rights		
	Total number of		of which granted to members of governing bodies							
Grant date	beneficiaries	performance share rights	Number of beneficiaries	Number of performance share rights	Vesting date (1)	Availability date	Value of shares for the calculation of the social contribution	Number of performance share rights cancelled in 2013	Number of shares created at the end of the vesting period	Number of performance share rights outstanding at December 31, 2013 after adjustments
04/17/12	799	1,818,477	11	276,007	04/18/14	04/19/16	9.80	66,160	3,660	(a) (b) 1,889,195
07/16/12	1	1,780	-	-	07/17/17	07/19/16	12.40	-	-	1,895
09/27/12	5	97,500	5	97,500	09/29/14	09/30/16	12.42	-	-	103,754
02/22/13	775	2,573,444	8	360,000	02/23/15	02/24/17	11.79	-	-	(c) 2,633,483
05/13/13	9	8,190	-	-	05/14/15	05/15/17	13.58	102,378	-	8,720
06/18/13	2	26,390	-	-	06/19/15	06/20/17	11.87	-	-	26,390
07/22/13	5	47,816	-	-	07/23/15	07/24/17	12.35	-	-	(d) 47,816
10/21/13	3	56,000	1	20,000	10/22/15	10/23/17	15.64	-	-	56,000
12/11/13	1	70,000	1	70,000	12/14/15	12/15/17	14.33	-	-	70,000
						Total		**168,538**	**3,660**	**4,837,253**

(1) First day of quotation at the end of a 2-year acquisition period.

(a) Includes 53,413 rights to performance shares, after adjustments, granted to US and Brazilian resident beneficiaries to be recorded in an account in 2016.

(b) Includes 279,904 rights to performance shares, after adjustments, granted to US, British and Brazilian resident beneficiaries to be recorded in an account in 2016.

(c) Includes 487,755 rights to performance shares, after adjustments, granted to US, British and Brazilian resident beneficiaries to be recorded in an account in 2017.

(d) Includes 17,816 rights to performance shares, after adjustments, granted to British and Brazilian resident beneficiaries to be recorded in an account in 2017.

The definitive grant of performance shares for plans granted in 2012 will be effective upon the satisfaction of the following performance conditions: an internal indicator (70%) determined by an EBITA margin rate, which will be measured as of December 31, 2013 on a cumulative basis including the 2012 and 2013 fiscal years; and external indicators (30%) determined by the performance of Vivendi shares between January 1, 2012 and December 31, 2013, as compared to two stock indices: Europe Stoxx 600 Telecommunications (70%) and the value of a portfolio of Media stock (30%).

The definitive grant of performance shares for plans granted in 2013 will be effective upon the satisfaction of the following performance conditions: an internal indicator (70%) determined by an EBITA margin rate, which will be measured as of December 31, 2014 on a cumulative basis including the 2013 and 2014 fiscal years; and external indicators (30%) determined by the performance of Vivendi shares between January 1, 2013 and December 31, 2014, as compared to two stock indices: Europe Stoxx 600 Telecommunications (70%) and the value of a portfolio of Media stock (30%).

The definitive grant of performance shares will be effective upon achievement of the performance conditions, as assessed at the end of a 2-year acquisition period: 100% of the performance share granted will vest if the weighted total of the three indicators reaches or exceeds 100%; 50% of the performance share granted will vest if the weighted total of the indicators reaches the applicable value thresholds; and no shares will vest if the weighted total of the three indicators is lower than the applicable value thresholds. Performance shares must be retained by their holders for an additional two-year period following the vesting date.

14.3 50 bonus share plan

On July 16, 2012, Vivendi implemented a plan to allocate 50 bonus shares to each employee of all the Group's French subsidiaries. These shares will be issued at the end of a two-year period, i.e., on July 17, 2014, without any performance condition subject to the employee being actively employed at this date.

As of December 31, 2013, 663,050 shares were granted to beneficiaries actively employed at this date. The fair value of each bonus share granted was €12.40.

NOTE 15. Provisions

Summary table

Nature of provisions (in millions of euros)	Opening balance	Charge	Reversal	Utilization	Closing balance
Provision for real estate contingencies and losses	40.8	-	(3.7)	-	37.1
Foreign exchange losses	2.8	1.3	-	(3.8)	0.3
Employee benefits	14.4	5.9	-	-	20.3
Other provisions	1,656.9	1,006.6	(950.5)	(25.1)	1,687.9
Total - Provisions	**1,714.9**	**1,013.8**	**(954.2)**	**(28.9)**	**1,745.6**
Charges and reversals:					
⏭ *operating*		*13.7*	-	*(7.7)*	
⏭ *financial*		*1.7*	-	*(4.1)*	
⏭ *exceptional*		*998.4*	*(954.2)*	*(17.1)*	

As of December 31, 2013, the provision for real estate contingencies and losses amounted to €37.1 million and covered various risks related to past commitments given by SIG 35 (Vivendi's former real estate division holding company).

As of December 31, 2013, «other provisions» amounted to €1,687.9 million and included:

- a provision in relation to the Liberty Media Corporation for €944.8 million (see Note 24, Litigation);
- a provision in relation to the securities class action in the United States for €100 million (see Note 24, Litigation);
- an aggregate provision for €586.5 million to cover two tax refund requests which fiscal positions are or could be challenged (please refer to Note 5, Income Taxes and Note 9, Current Assets):
  - €366.2 million related to the tax savings of the Consolidated Global Profit Tax System for the fiscal year ended December 31, 2011,
  - €220.3 million related to using effects of the taxes due, under the French Tax Group System for the year ended December 31, 2012,
- and a provision valued at €43.8 million in relation to rights which are in the process of being acquired by employees and Corporate Officers of Vivendi and its subsidiaries in respect of the allotment of free performance shares with an acquisition period ending in 2014 or before. These plans are covered through the acquisition of treasury shares (please refer to Note 8, Treasury Shares and to Note 14, Stock Option Plans and Performance Share Plans).

As of December 31, 2013, the provision for employee benefits amounted to €20.3 million, compared to €14.4 million in 2012 (please see Note 1.9, Accounting Rules and Methods; Employee benefit plans). The amount of unrecognized actuarial losses amounted to €48.3 million as of December 31, 2013. Related obligations are valued using the following assumptions: a 3.00% to 4.00% wage increase rate; a 3.00% discount rate for the general statutory scheme and "Article 39" schemes; and an assumed retirement age of between 60 and 65 years.

Supplemental pension obligations, other than retirement termination payments, are partially funded by external insurance policies, the updated value of which is deducted from the actuarial obligation. The expected rate of return on plan assets is 4.00%.

NOTE 16. Borrowings

As of December 31, 2013, the aggregate amount of borrowings totaled €16,026.9 million, compared to €19,192.8 million as of December 31, 2012.

16.1 Bond issues

As of 31 December 2013, bond issues were €7,527.2 million, compared to €10,587.8 million as of December 31, 2012 (please see table below), to which accrued interest of €152.4 million is added in relation to the bond issues and hedging swaps, compared to €185.2 million as of 31 December 2012.

During fiscal year 2013, Vivendi issued a bond of €750.0 million in July 2013, maturing in January 2019 and redeemed a bond of €700.0 million issued in October 2006.

Moreover, following the sale of 88% of its interest in Activision Blizzard in October 2013 (please see "Significant Events" above), Vivendi proceeded with the early redemption in October and November 2013 of the following bonds:

- a total of $1,646,1 million on the $2 billion bonds issued in April 2012:
  - all of the Tranche A for $550 million through a make-whole redemption,
  - tender offer for Tranche B ($650 million) for $555.2 million, and
  - tender offer for Tranche C ($800 million) for $540,9 million;
- a total of $459 million on the $700 million bond issued in April 2008 through a tender offer;
- the €1,000.0 million bond issue of July 2011 through a make-whole redemption; and
- the €500.0 million bond of November 2011 through a make-whole redemption.

Amounts (in millions of euros)	Issue date	Maturity date	Nominal rate	Hedging rate
750.0	03/2010	03/31/17	4.00%	Swapped for 100% at a fixed rate of 2.95% until March 2017
700.0	12/2009	12/02/19	4.88%	€500 million swapped at a floating rate of Euribor 3 months +2.97% until December 2016
500.0	12/2009	12/01/16	4.25%	Swapped at a floating rate of Euribor 3 months +2.39% until December 2016
894.0	01/2009	01/23/14	7.75%	
175.5	04/2008	04/04/18	$700 million at 6.63%	
1,050.0	07/2011	07/13/21	4.75%	
500.0	11/2011	11/30/18	4.88%	
1,250.0	01/2012	07/10/17	4.13%	€400 million swapped at a floating rate of Euribor 3 months +3.46% until July 2016
69.0	04/2012	01/12/18	$650 million at 3.45%	
188.7	04/2012	04/12/22	$800 million at 4.75%	
700.0	12/2012	12/05/20	2.50%	
750.0	07/2013	01/21/19	2.38%	Swapped at a floating rate of Euribor 3 months +1.30% until January 2019
7,527.2				

16.2 Bank borrowings

As of December 31, 2013, the aggregate amount of loans and borrowings from credit institutions was €3,683.7 million, compared to €5,219.9 million as of December 31, 2012. This was mainly comprised of various long-term credit facilities drawn for €1,655.0 million (see below) and short-term commercial paper backed on credit facilities for €1,914.1 million.

As of February 19, 2014, the date on which the Vivendi's Management Board approved the 2013 Financial Statements, Vivendi SA had available committed credit facilities totaling €7.1 billion (compared to €7.1 billion as of December 31, 2012) of which €3.6 billion were available at year-end 2013, as follows:

- in March, 2013, Vivendi set up a credit facility, for €1.5 billion, with a maturity date of March 2018, which was drawn in the amount of €569 million at year-end 2013. The new €1.5 billion credit facility resulted in the anticipated early cancellation of the credit facility of €1.5 billion with a maturity date of May 2014;
- Vivendi also has the following credit facilities available:
  - a €1 billion credit facility, with a maturity date of September 2015, set up in September 2010, which was entirely drawn at year-end 2013,
  - a €2.0 billion credit facility, with a maturity date of May 2016, set up in May 2011, which was entirely drawn at year-end 2013,
  - a €1.1 billion credit facility, with a maturity date of January 2017, set up in January 2012, which was undrawn at year-end 2013,
  - a €40 million revolving facility with a maturity date of January 2015 (undrawn at year-end 2013), which was set up in January 2012, and
  - a €1.5 billion syndicated bank credit facility, with a maturity date of May 2017, set up in May 2012, which was undrawn at year-end 2013.

16.3 Other borrowings

As of December 31, 2013, other borrowings amounted to €4.7 billion (including Universal Music Group for €4.3 billion) compared to €3.2 billion as of December 31, 2012 and comprised current account deposits made by subsidiaries.

16.4 Borrowings Maturity

As of December 31, 2013, the average «economic» term of the Group's financial debt, pursuant to which all undrawn amounts available on medium-term credit lines may be used to reimburse the Group borrowings with the shortest term, was 4.2 years, compared to 4.4 years at year-end 2012.

NOTE 17. Debt Maturity Schedule

Liabilities (including accrued interest) (in millions of euros)	Gross value	Due in less than one year	Due in one to five years	Due within more than five years
Bond issues	7,679.6	1,046.4	3,244.6	3,388.6
Bank borrowings	3,683.7	2,028.7	1,655.0	-
Other borrowings	4,663.6	4,663.6	-	-
Trade accounts payable and related accounts	39.2	39.2	-	-
Tax and employee-related liabilities	26.0	24.1	1.9	-
Amounts payable in respect of PP&E and related accounts	0.2	0.1	0.1	-
Other liabilities	43.1	33.2	9.9	-
Total	**16,135.4**	**7,835.3**	**4,911.5**	**3,388.6**

NOTE 18. Items Impacting Several Items of the Statement of Financial Position

In the table below, the "Related parties" column shows amounts comprising various items included in the Statement of Financial Position regarding transactions entered into with subsidiaries fully consolidated in the Group's Consolidated Statement of Financial Position. The assets in the table below are presented at gross value.

ASSETS (in millions of euros)	Accrued income	Related parties
Investments in affiliates	-	37,396.5
Loans to subsidiaries and affiliates	10.4	2,512.8
Other long-term investment securities	-	-
Loans	-	-
Other long-term investments	-	-
Trade accounts receivable and related accounts	11.7	36.8
Other receivables	0.1	9,269.7
Deferred charges	-	-
Prepaid expenses	-	-
Unrealized foreign exchange losses	-	-
Total	**22.2**	**49,215.8**

LIABILITIES (in millions of euros)	Accrued expenses	Related parties
Other bond issues	152.4	-
Bank borrowings	2.4	-
Other borrowings	-	4,653.5
Trade accounts payable and related accounts	39.0	-
Tax and employee-related liabilities	18.3	-
Amounts payable in respect of PP&E and related accounts	-	-
Other liabilities	-	9.9
Deferred income	-	-
Unrealized foreign exchange gains	-	-
Total	**212.1**	**4,663.4**

NOTE 19. Financial Income and Expenses in relation to Related Parties

In 2013, financial expenses and income in relation to related parties amounted to €10.5 million (of which €8.6 million in interest expense related to the current account with UMG) and €3,894.4 million (including dividends in assets of €2,562.5 million received from Vivendi Holding I, dividends of €981.9 million from SFR and €215.1 million in interest income related to current accounts and credit facilities made available by Vivendi to SFR), respectively.

NOTE 20. Compensation of Directors and Officers

In 2013, gross compensation (including benefits in kind and severance) paid by Vivendi SA to members of the Management Board totaled €2.3 million (compared to €14.0 million in 2012); there was no re-invoicing to subsidiaries in 2013 (compared to €5.2 million in 2012).

Members of the Management Board who are paid by Vivendi SA also benefit from a supplemental pension plan, which generated an expense of €0.2 million in 2013 compared to €1.6 million in 2012.

In 2013, cumulative gross directors' fees paid to members of the Supervisory Board and compensation paid to the Chairman of the Supervisory Board totaled €1.2 million and €0.7 million, respectively. The fees paid to the non-voting directors amounted to €0.1 million.

NOTE 21. Management Share Ownership

As of December 31, 2013, members of the Management Board, the Supervisory Board and executive management held directly an aggregate of 0.103% of the share capital of the Company.

NOTE 22. Number of Employees

In 2013, the annual average number of employees, weighted by effective presence, including temporary workers and employees under fixed-term contracts, was 214, compared to 222 in 2012.

The breakdown of employees by category, i.e., 200 employees as of December 31, 2013, compared to 225 employees as of December 31, 2012, is as follows:

	12/31/2013	12/31/2012
Engineers and executives	154	170
Supervisors	23	24
Other employees	23	31
Total	**200**	**225**

NOTE 23. Financial Commitments and Contingent Liabilities

Vivendi has given a number of commitments in various forms on its own behalf and on behalf of its subsidiaries, the most significant of which are described below:

Universal Music Group

- As of December 31, 2013, the guarantee given to Commonwealth Atlantic Properties, assumed by Vivendi pursuant to the merger with Seagram, covering rent payable by UMG and expiring on May 1, 2015, had a residual value of $12 million.
- As of December 31, 2013, in addition to standard comfort letters, Vivendi provided guarantees of an aggregate value of approximately €5 million to several banks which granted credit facilities to certain UMG subsidiaries to cover working capital requirements.
- Vivendi provided certain UMG companies with guarantees to cover their third party commitments.

Canal+ Group

- As part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed D8 and D17, respectively) on July 23, 2012, Vivendi and Canal+ Group undertook certain commitments. These commitments provide for restrictions on the acquisition of rights for American movies and television series from certain American studios and for French movies, the separate negotiation of certain rights for pay-TV and free-to-air movies and television series, limitations on the acquisition by D8 and D17 of French catalog movies from Studiocanal, and the transfer of rights to broadcast major sports events on free-to-air channels through a competitive bidding process. These commitments are made for a 5-year period, renewable once if the French Competition Authority, after having performed a competitive analysis, deems it necessary. In addition, on September 18, 2012, the French Broadcasting Authority (Conseil Supérieur de l'Audiovisuel) approved the acquisition of these channels, subject to certain commitments relating to broadcasting, investment obligations, transfer rights, and the retention by Canal+ Group of the D8 shares for a minimum period of two and a half years.

  On December 23, 2013 the French Council of State annulled the decision of the French Competition Authority approving the acquisition of the D8 and D17 channels, with a postponed effect as from July 1, 2014. The French Council of State raised an issue regarding an error of judgment in relation to a specific commitment on the second and third windows for free-to-air French films. On January 15, 2014, Vivendi and Canal+ Group submitted a new notification to the French Competition Authority in respect of the acquisition of the free-to-air channels D8 and D17. However, the D8 and D17 channels continue to broadcast their programs as the decision of the French Council of State did not challenge the acquisition of these channels.

- On August 30, 2006, the TPS/Canal+ Group merger was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD, which could not exceed five years. On October 28, 2009, the French Competition Authority opened an enquiry regarding the implementation of certain undertakings given by Canal+ Group in connection with the merger of CanalSatellite and TPS. On December 21, 2012, the French Council of State rejected Vivendi and Canal+ Group's filed motions requesting the annulment of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012. Under the first motion, the €30 million fine imposed on Canal+ Group was reduced to €27 million. Under the second motion, the transaction was cleared once again, subject to compliance with 33 injunctions.

  These injunctions are imposed for a period of five years, renewable once. At the end of the five-year period, the French Competition Authority will review the competition situation to determine whether the injunctions should be kept in place. If market conditions have changed significantly, Canal+ Group will be able to request that these injunctions be waived or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority on September 25, 2012, will be responsible for monitoring the injunctions implementation.

GVT

- Vivendi gave a financial guarantee for an amount of $31 million, which expires on November 18, 2020, in connection with the liquidation of Brazil Holdings, LLC in November 2010.

SFR

- As part of the takeover of Neuf Cegetel, the approval from the Ministry of Economy, Industry and Employment, dated April 15, 2008, resulted in additional commitments from Vivendi and SFR. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, of ADSL on eight new channels which are leaders in their particular field (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). All these commitments expired in April 2013.

NBC Universal

- As part of the NBC Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction, and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses resulting from, among other things, any breach of their respective representations, warranties and covenants. Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all losses exceeds $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million.

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

  The representations and warranties given as part of the NBC Universal transaction other than those regarding authorization, capitalization and tax representations terminated on August 11, 2005. Notices of environmental claims related to remediation must be brought by May 11, 2014. Other claims, including those related to taxes, will be subject to applicable statutes of limitations. The sale of Vivendi's interest in NBC Universal to GE completed on January 25, 2011 did not modify these commitments.

Holdings and others

- On March 4, 2013, a letter of credit for €975 million, maturing in March 2016, was issued in connection with Vivendi's appeal against the Liberty Media judgment (please refer to Note 24, Litigation). This off-balance sheet financial commitment has no impact on Vivendi's Net Debt . This letter of credit is guaranteed by a syndicate of fifteen international banks with which Vivendi has signed a Reimbursement Agreement which includes an undertaking by Vivendi to reimburse the banks for any amounts paid out under the letter of credit. The Reimbursement Agreement notably contains events of default and acceleration clauses similar to those contained in Vivendi's credit facilities. In certain circumstances, these provisions could cause Vivendi to have to post cash collateral for the benefit of the banks. In the same way, if one of the fifteen banks defaults in respect of its obligations and is not able to issue a guarantee sufficient enough to provide comfort to Bank of America, Vivendi could be caused to substitute such bank with another bank or, as a last resort, be obligated to post cash collateral in the amount of such bank's participation in the letter of credit. As of December 31, 2013, Vivendi SA was in compliance with the terms of the letter of credit.
- As of December 31, 2013, Vivendi continued to guarantee commitments given by certain subsidiaries of Veolia Environnement in an aggregate amount of approximately €7 million, mainly in relation to a performance bond given to a local US authority. All of these guarantees have been counter-guaranteed by Veolia Environnement.

- Vivendi provided counter-guarantees to US financial institutions that issued a certain number of surety bonds in favor of certain US operating subsidiaries for an aggregate amount of €6 million.
- Vivendi has given a certain number of real estate lease commitments for a total net amount of €47 million as of December 31, 2013.
- In connection with the sale, in June 2002, of real estate assets to Nexity, Vivendi granted two autonomous first demand guarantees, one in an amount of €40 million and one in an amount of €110 million, to several subsidiaries of Nexity (SAS Nexim 1 to 6). These guarantees expire on June 30, 2017. As of December 31, 2013, €1.8 million had been called under these guarantees.
- In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted certain customary representations and guarantees. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, all claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some environmental commitments remain outstanding and any potential liabilities related to contamination risks will survive for an indefinite period of time.
- On December 14, 2010, Vivendi, Deutsche Telekom, Mr. Solorz-Zak (Elektrim's main shareholder) and Elektrim's creditors, including the Polish State and Elektrim's bondholders, entered into various agreements to put an end to the litigation surrounding the share capital ownership of Polska Telefonia Cyfrowa (PTC), a Polish mobile telecommunication operator. With respect to these agreements, Vivendi notably entered into the following commitments:
  - Vivendi granted to Deutsche Telekom a guarantee over Carcom that capped at €600 million and maturing in August 2013,
  - Vivendi committed to compensate Law Debenture Trust Company (LDTC) against any recourse for damages that could be brought against LDTC in connection with the completed transaction, for an amount up to 18.4% for the first €125 million,46% between €125 million and €288 million, and 50% thereafter; and
  - Vivendi committed to compensate Elektrim's administrator for the consequences of any action for damages that may be taken against it, in connection with the decisions that were taken to end certain procedures.
- In connection with the sale of Activision Blizzard in October 2013 (see "Significant events"), Vivendi granted guarantees that are customary to such operations, including fiscal guarantees capped at $200 million, under certain circumstances.
- In January 2013, Vivendi gave a financial guarantee in favor of Mediacom for an amount of €3 million, on behalf of Watchever GmbH. This guarantee expires on January, 19, 2018.
- Under existing shareholders' or investors' agreements (primarily Maroc Telecom Group) Vivendi holds certain rights (such as preemptive rights and rights of first offer) which enable it to control the share ownership of consolidated companies partially owned by other shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event of sale of its interests to third parties.
- Under the terms and conditions of certain bank borrowings, Vivendi is subject to certain financial covenants:
  - the syndicated loan facilities (€7.1 billion as of December 31, 2013) contain customary provisions related to events of default and covenants in relation to negative pledge, divestiture and merger transactions. In addition, at the end of each half-year, Vivendi SA is required to comply with a specific ratio, based on consolidated data, for the duration of the loans. Non-compliance with this ratio could result in the early repayment of the facilities if they were drawn or cancellation of such facilities. On December 31, 2013, Vivendi SA was in compliance with this ratio,
  - the renewal of credit facilities when they are drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its covenants under the loan agreements,
  - bonds issued by Vivendi SA (totaling €7.5 billion as of December 31, 2013) contain customary provisions related to default, negative pledge and rights of payment (pari-passu ranking) as well as a change in control trigger if the corporate long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-) as a result of such an event.
- In connection with the reorganization of the USH English pension plan for certain current and former employees based in the United Kingdom and the transfer of pension commitments under this plan to Metlife, Vivendi SA guaranteed on behalf of Centenary Holding Limited, its subsidiary, the liabilities under the plan for an estimated amount of £7 million as of December 31, 2013, which does not represent an additional financial commitment for the Group.
- In 2013, several guarantees given and during prior years in connection with certain asset acquisitions or disposals expired. However, the contractual term or statutory limitation periods for certain guarantees in relation, among other things, to employees, the environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses, remain outstanding. To the Company's knowledge, no material claims for indemnification against such liabilities have been made to date. Vivendi routinely grants guarantees and indemnities to third parties in settlement of litigation or disputes that are customary to such settlements.

NOTE 24. Litigation

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

The costs which may result from these proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings.

To the Company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature, including, to the Company's knowledge, any pending or threatened proceedings in which it is a defendant, which may have or have had in the previous twelve months a significant impact on the Company's and on its Group's financial position, profit, business and property, other than those described herein.

The status of proceedings disclosed hereunder is described as of February 19, 2014, the date of the Management Board Meeting held to approve Vivendi's financial statements for the year ended December 31, 2013.

Securities Class Action in the United States

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

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

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

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

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

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

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

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

On July 5, 2012, the Court denied a request by the plaintiffs to expand the class to nationalities other than those covered by the certification decision dated March 22, 2007.

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims are currently being processed and verified by an independent claims administrator and by the parties. Vivendi will then have the right to challenge the merits of these claims. At the end of this process, which should be completed during the first half of 2014, the judge will be able to determine the total amount of damages and enter a final judgment, thereby enabling Vivendi to commence its appeal.

Moreover, in connection with the Halliburton case under review by the Supreme Court of the United States, Vivendi filed an *amicus curiae* brief. This case addresses the conditions under which class actions are certified in the United States.

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

On the basis of the verdict rendered on January 29, 2010, and following an assessment of the matters set forth above, together with support from studies conducted by companies specializing in the calculation of class action damages and in accordance with the accounting principles described in Note 1.7, Accounting rules and methods, Provisions, Vivendi made a provision on December 31, 2009, in an amount of €550 million in respect of the damages that Vivendi might have to pay to plaintiffs. Vivendi re-examined the amount of the reserve related to the Securities class action litigation in the United States, given the decision of the District Court for the Southern District of New York on February 17, 2011, which followed the US Supreme Court's decision on June 24, 2010 in the Morrison case. Using the same methodology and the same valuation experts as in 2009, Vivendi re-examined the amount of the reserve and set it at €100 million as of December 31, 2010, in respect of the damages, if any, that Vivendi might have to pay solely to shareholders who have purchased ADRs in the United States. Consequently, as of December 31, 2010, Vivendi recognized a €450 million reversal of reserve.

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

Complaint of Liberty Media Corporation

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009. The judge granted Liberty Media's request that they be permitted to avail themselves of the verdict rendered by the securities class action jury with respect to Vivendi's liability (theory of "collateral estoppel").

The Liberty Media jury returned its verdict on June 25, 2012. It found Vivendi liable to Liberty Media for making certain false or misleading statements and for breaching several representations and warranties contained in the parties' agreement and awarded damages to Liberty Media in the amount of €765 million. Vivendi filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year U.S. Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €944.8 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013.

On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments. On March 13, 2013, Vivendi filed a motion in the Second Circuit Court of Appeals requesting that the Court stay the Liberty Media appeal until the Class Action judgment is entered so that the two appeals can be heard simultaneously. On April 4, 2013, the Court of Appeals issued an Order granting Vivendi's motion, agreeing to hear the Liberty Media case together with the Class Action. The appeal in the Liberty Media case is stayed until Vivendi can appeal from the Class Action final judgment.

On the basis of the verdict rendered on June 25, 2012 and the entry of the final judgment by the Court, Vivendi maintained as of December 31, 2013, the provision in the amount of €944.8 million recorded as of December 31, 2012.

Trial of Vivendi's former officers in Paris

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (Tribunal de Grande Instance de Paris), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. In the course of the trial, a number of civil parties have submitted an application to the Paris Court of Appeal for a priority preliminary ruling on constitutionality. The application concerned the impossibility, for a civil party, to appeal a decision by a first instance court to drop charges. Since the same question is currently pending before the Constitutional Council, the Court of Appeal has stayed the proceedings with regard to the issues relating to the dropped charges, and postponed pleadings on these issues until the hearing of April 8 and 9, 2014. The Court will rule on these and the other issues in a single judgment on April 29, 2014.

LBBW et al. against Vivendi

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Then on April 5 and on April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho and the other by six German and British institutional investors. Finally, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi on the same basis. The cases are currently in the pretrial stage.

California State Teachers Retirement System et al. against Vivendi and Jean-Marie Messier

On April 27, 2012, 67 institutional foreign investors filed a complaint against Vivendi and Jean-Marie Messier before the Paris Commercial Court seeking damages for losses they allegedly incurred as a result of the financial communications made by Vivendi and its former leader, between 2000 and 2002. On September 6, 2012, 24 new plaintiffs joined these proceedings; however, in November 2012, two plaintiffs withdrew from the proceedings. The case is currently in the pretrial stage.

Actions against Activision Blizzard, Inc., its Board of Directors and Vivendi

In August 2013, a derivative action was initiated in Los Angeles Superior Court by an individual shareholder against Activision Blizzard, Inc. ("Activision Blizzard" or the "Company"), all of the members of its Board of Directors and against Vivendi. The plaintiff alleges that Activision Blizzard's Board of Directors and Vivendi breached their fiduciary duties by approving the divestment of Vivendi's share ownership in the Company. The plaintiff, Todd Miller, claims that the transaction would not only be disadvantageous to Activision Blizzard but that it would also confer a disproportionate advantage to a group of investors led by Robert Kotick and Brian Kelly, the Company's Chief Executive Officer and Co-Chairman of the Board, respectively, and that those breaches of fiduciary duty were aided and abetted by Vivendi.

On September 11, 2013, a second derivative action based on essentially the same allegations was initiated in the Delaware Court of Chancery by another minority shareholder of Activision Blizzard, Anthony Pacchia. On the same day, another minority shareholder, Douglas Hayes, initiated a similar action and also requested that the closing of the sale transaction be enjoined pending approval of the transaction by Activision Blizzard's shareholders. On September 18, 2013, the Delaware Court of Chancery granted the motion enjoining the closing of the transaction. However, on October 10, 2013, the Delaware Supreme Court overturned this decision, allowing for the completion of the transaction. The case will proceed on the merits.

On November 2, 2013, the Delaware Court of Chancery consolidated the Pacchia and Hayes actions into a single action entitled *In Re Activision Blizzard Inc. Securities Litigation*. A decision on whether the "Miller" case should also be consolidated into this action is expected soon.

Lagardère against Vivendi, Canal+ Group and Canal+ France

On February 12, 2013, Lagardère Holding TV, a 20% shareholder of Canal+ France, and Mr. Dominique D'Hinnin and Mr. Philippe Robert, members of the Supervisory Board of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. The Lagardère Group is seeking nullification of the cash management agreement entered into between Canal+ France and Canal+ Group on the grounds that it constitutes a related party agreement and hence, is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France under the agreement. The parties have agreed to the appointment of a mediator to help find an amicable solution to the dispute between them. On June 10, 2013, the Paris Commercial Court appointed Mr. René Ricol as the mediator. Following the mediation process, which ended on October 14, 2013, the different parties entered into a settlement agreement dated November 5, 2013, which put an end to the disputes between them.

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

On August 20, 2007, the International Center for Settlement of Investment Disputes ("ICSID") issued an arbitration award in favor of Vivendi and Compañia de Aguas de Aconquija ("CAA"), its Argentinian subsidiary, relating to a dispute that arose in 1996 regarding the water concession it held between 1995 and 1997, in the Argentinian Province of Tucuman. The arbitration award held that the actions of the provincial authorities had infringed the rights of Vivendi and its subsidiary, and were in breach of the provisions of the Franco-Argentine Bilateral Investment Protection Treaty. The arbitration tribunal awarded Vivendi and its subsidiary damages of US$105 million plus interest and costs.

On December 13, 2007, the Argentinian Government filed an application to vacate the arbitration award on the basis, among others, of an alleged conflict of interest regarding one of the arbitrators. The ICSID appointed an ad hoc committee to rule on this application.

On August 10, 2010, the ICSID rejected the Argentinian Government's application and the award of August 20, 2007 became final.

On October 10, 2013, Vivendi and CAA entered into a settlement agreement with the Argentine government which terminated their dispute.

Claim by Centenary Holdings III Ltd

Centenary Holdings III Ltd. (CH III), a former Seagram subsidiary, divested in January 2004, was placed into liquidation in July 2005. On January 9, 2009, the liquidator of CH III sued a number of its former directors, former auditors and Vivendi. The liquidator, acting on behalf of CH III's creditors, alleges that the defendants breached their fiduciary duties.

On September 30, 2010, Vivendi and one of the former directors of CH III settled with the liquidator. This settlement put an end to the legal proceedings brought against them and assigned to Vivendi all claims filed on behalf of the creditors.

Vivendi, based on the rights of CH III obtained in the settlement, sued Stephen Bloch, a former director of CH III, and Murray Richards, the purchaser of CH III. The trial took place from June 12 through June 27, 2013, and on October 9, 2013, the High Court in London ruled in favor of Vivendi. On October 25, 2013, Court entered a judgment requiring the defendants to pay the sum of £9,666,437.

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

On March 2, 2009, Vivendi and Free jointly filed a complaint against Orange before the European Commission (the "Commission"), for abuse of a dominant position. Vivendi and Free allege that Orange imposes excessive tariffs on offers for access to its fixed network and on telephone subscriptions. In July 2009, Bouygues Telecom joined in this complaint. In a letter dated February 2, 2010, the Commission informed the parties of its intention to dismiss the complaint. On September 17, 2010, Vivendi filed an appeal before the Court of First Instance of the European Union in Luxemburg. On October 16, 2013, the Court denied Vivendi's appeal.

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

On January 9, 2009, further to its voluntary investigation and a complaint by Orange, the French Competition Authority sent Vivendi and Canal+ Group a notification of allegations. It alleges that Canal+ Group has abused its dominant position in certain Pay-TV markets and that Vivendi and Canal+ Group colluded with TF1 and M6, on the one hand, and with Lagardère, on the other. Vivendi and Canal+ Group have each denied these allegations.

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the Group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On October 30, 2013, the French Competition Authority took over the investigation into these aspects of the case.

Annulment of the decision authorizing the acquisition of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia

In November 2012 and January 2013, TF1 and M6 submitted to the French Council of State an action for annulment of the decisions taken by the French Competition Authority and the CSA (French authority for media networks) authorizing the acquisition by Canal+ Group of Direct 8, Direct Star, Direct Productions, Direct Digital and Bolloré Intermédia.

On December 23, 2013, the French Council of State annulled the French Competition Authority's decision with effect from July 1, 2014, and partially annulled the decision of the CSA. On January 15, 2014, the transaction was re-notified to the French Competition Authority.

Telefonica against Vivendi in Brazil

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (*3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo*). The Company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of 15 million Brazilian reals (currently approximately €4.7 million) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. At the beginning of September, 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012, which was confirmed on April 4, 2012 by the Court of Appeals.

On April 30, 2013, the Court dismissed Telefonica's claim for lack of sufficient and concrete evidence of Vivendi's responsibility for Telefonica's failing to acquire GVT. The Court notably highlighted the inherently risky nature of operations in the financial markets, of which Telefonica must have been aware. Moreover, the Court dismissed Vivendi's counterclaim for compensation for the damage it suffered as a result of the defamatory campaign carried out against it by Telefonica. On May 28, 2013, Telefonica appealed the Court's decision to the 5th Chamber of Private Law of the Court of Justice of the State of São Paulo.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (São Paulo Stock Exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the Company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations. The arbitral tribunal has been constituted and a hearing before the Bovespa Arbitration Chamber should be scheduled shortly. In parallel, on February 6, 2013, Dynamo filed an application with the 21st Federal Court of the capital of the State of Rio de Janeiro to compel CVM and Bovespa to provide the arbitral tribunal with confidential information relating to the acquisition of GVT by Vivendi. This was rejected on November 7, 2013 as the Court found that only the arbitral tribunal could make such an application. In late December, Dynamo requested that the arbitral tribunal submit an application for the confidential information from the judge.

Hedging-Griffo against Vivendi

On September 4, 2012, the Hedging-Griffo funds filed a complaint against Vivendi before the Arbitration Chamber of the Bovespa (São Paulo Stock Exchange) seeking to obtain damages for losses they allegedly incurred due to the conditions under which Vivendi completed the acquisition of GVT in 2009. On December 16, 2013, the arbitral tribunal was constituted and the plaintiffs submitted their initial briefs. The Hedging-Griffo funds demanded compensation for the difference between the price at which they sold their GVT shares on the market and 125% of the price paid by Vivendi in connection with the tender offer for the GVT shares, pursuant to the "poison pill" provision in GVT's bylaws. Vivendi believes that the decision taken by the Hedging-Griffo funds to sell their GVT shares before the end of the stock market battle that opposed Vivendi against Telefonica was their own decision made in the context of their management of these funds and can in no way be attributable to Vivendi. It also denies any application of the bylaw provision mentioned above, as it was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica.

NOTE 25. Instruments Used to Manage Borrowings

Vivendi manages its financial liquidity, interest rate and foreign currency exchange rate risks centrally. Vivendi's Financing and Treasury Department conducts these operations, reporting directly to the Chief Financial Officer of Vivendi, who is also a member of the Management Board. The Department has the necessary expertise, resources (in particular, technical resources) and information systems for this purpose.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are traded over-the-counter with highly-rated counterparties.

The majority of Group financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary.

As of December 31, 2013, Vivendi SA's open swaps, which qualify for hedge accounting, totaled €3.1 billion including €2,600 million of fixed-rate receiver swaps with an average duration of 3.5 years and €450 million of fixed-rate payer swaps with an average duration of 3.3 years.

Instruments held by Vivendi SA to hedge borrowings are broken-down as follows:

Vivendi SA External Hedging Arrangements (in millions of euros)	As of 12/31/2013	Average rate	Maturing within < 1 year	Maturing within 1 to 5 years	Maturing within > 5 years	Counterparty
Fixed-rate receiver swaps	2,600	3.77%		1,850	750	Banks
Fixed-rate payer swaps	450	0.95%		450		Banks
Net position at fixed interest rate	**2,150**		**0**	**1,400**	**750**	

As of December 31, 2013, there was no internal hedging between Vivendi SA and its subsidiaries.

NOTE 26. Foreign Currency Risk Management

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures, resulting primarily from monetary flows generated by operations performed in currencies other than the euro and from firm commitment contracts, essentially in relation to the acquisition by subsidiaries of editorial content including sports, audiovisual and film rights, realized in foreign currencies. It should be noted that:

- Vivendi SA is the sole counterparty for foreign currency transactions within the Group, unless specific regulatory or operational restrictions require otherwise;
- all foreign currency hedging transactions are backed by an identified underlying economic item; and
- all identified exposures are hedged at a minimum of 80% for exposures related to forecasted transactions and 100% for firm commitment contracts.

In addition, Vivendi may also hedge foreign currency exposure resulting from foreign currency-denominated financial assets and liabilities by entering into currency swaps and forward contracts enabling the refinancing or investment of cash balances in euros or other local currencies, and use monetary or derivative instruments, if applicable, to manage its foreign currency exposure to inter-company current accounts denominated in foreign currencies (which qualify for hedge accounting pursuant to the French PCG).

The table below shows the notional amount of currency to be delivered or received under currency instruments (currency swaps and forward contracts). Positive amounts indicate currency receivable and negative amounts currency deliverable.

	December 31, 2013				
(in millions of euros)	EUR	GBP	PLN	USD	Other currency
Sales against the euro	967	(833)	(13)	(49)	(72)
Sales against other currencies	-	-	-	11	(11)
Purchases against the euro	(2,337)	887	24	1,337	89
Purchases against other currencies	94	(4)	(175)	83	2
	(1,276)	**50**	**(164)**	**1,382**	**8**

NOTE 27. Fair Value of Derivative Instruments

As of December 31, 2013, the market value of derivative instrument portfolios classified as interest rate and currency hedges, pursuant to Article 372 of the French General Accounting Code, was €81.1 million and €5.7 million, respectively (theoretical cost of unwinding). As of December 31, 2012, the fair values of these hedging portfolios were €93.8 million and -€23.3 million, respectively.

As of December 31, 2013, aggregate derivative financial instruments, which did not qualify for hedge accounting, totaled -€7.6 million (theoretical cost of unwinding) compared to €9.6 million as of December 31, 2012.

	As of December 31, 2013		As of December 31, 2012	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	qualifying for hedge accounting	not qualifying for hedge accounting	qualifying for hedge accounting	not qualifying for hedge accounting
Interest rate risk management	**81.1**	**0.0**	**93.8**	**0.0**
fixed-rate payer swaps	(7.4)	-	(10.3)	-
floating-rate payer swaps	88.5	-	104.1	-
Foreign currency risk management	**5.7**	**(7.6)**	**(23.3)**	**9.6**

NOTE 28. Subsequent Events

Between December 31, 2013 and February 19, 2014, the date on which the 2013 statutory financial statements were approved by the Management Board, no significant events occurred.

4. Subsidiaries and Affiliates

(in millions of euros, unless otherwise stated)	Share capital	Equity excl. share capital (a)	% share capital held	Book value of investments Gross	Book value of investments Net	Outstanding loans and advances granted by Vivendi (b)	Guarantees and endorsements granted by Vivendi	2012 Revenues	2013 Revenues	2012 Earnings	2013 Earnings	Dividends received by Vivendi during 2013	Comments
Universal Music Group Inc. (c) 2220 Colorado Avenue Santa Monica California 90404 U.S.A.	0.0 million dollars	3,842.9 million dollars	100.00	2,735.1	2,735.1	-	-	- million dollars	n/d million dollars	52.3 million dollars	n/d million dollars	-	-
SIG 104 (d) 59 bis, avenue Hoche 75008 Paris	6,146.0	(20.3)	100.00	6,146.0	6,146.0	-	-	-	-	(62.7)	12.8	-	-
GROUPE CANAL+ SA (e) 1, place du Spectacle 92130 Issy-les-Moulineaux	100.0	1,681.7	99.99	5,198.1	4,158.1	1,474.8	1.7	33.8	1,973.7	19.9	911.3	-	-
SOCIETE FRANÇAISE DU RADIOTELEPHONE - SFR (f) 42, avenue de Friedland 75008 Paris	3,423.3	1,585.2	99.99	18,747.9	7,554.9	8,672.5	-	11,034.3	10,004.5	1,050.5	(691.6)	981.9	-
SIG 108 (g) 59 bis, avenue Hoche 75008 Paris	2,984.6	(0.1)	100.00	2,984.6	2,984.6	-	-	-	-	-	-	-	
SIG 109 59 bis, avenue Hoche 75008 Paris	1,005.2	7.3	100.00	1,005.2	1,005.2	-	-	-	-	2.6	6.6	-	-
Société Nouvelle d'Etudes et de Gestion (SNEGE) 59 bis, avenue Hoche 75008 Paris	210.0	1.9	100.00	205.6	205.6	30.1	-	-	-	(1.0)	(0.9)	-	-
ELEKTRIM TELEKOMUNIKACJA Rynkowa 22 08-110 Siedlce Poland	(h) 10,008.1 million zlotys	(h) (15,527.0) million zlotys	96.07	207.1	-	1,302.4	-	-	-	163.4 million zlotys	(294.6) million zlotys	-	Impairment of advances 1,302.4
ACTIVISION BLIZZARD (i) 53100 Ocean Park Bld Santa Monica California 90405 U.S.A.	0.0 million dollars	11,317.0 million dollars	11.9	834.2	834.2	-	-	4,856.0 million dollars	n/d million dollars	1,149.0 million dollars	n/d million dollars	-	-
Other subsidiaries and Affiliates (Global Information)	-	-	-	195.6	144.7	155.5	-	-	-	-	-	1.0	Impairment of advances 107.0
TOTAL	-	-	-	**38,259.4**	**25,768.4**	**11,635.3**	**1.7**	-	-	-	-	**982.9**	

(a) Includes earnings of the year.

(b) Includes current accounts advances, excluding accrued interest.

(c) UMG Inc. holding UMG's entities in the United States, Canada and Mexico; data as of December 31, 2012.

(d) Company holding UMG's entities apart from United States, Canada and Mexico (entities held by UMG Inc.).

(e) The entity holding of the Canal+ Group.

(f) SFR holds 98% of the Group's stake in Maroc Telecom.

(g) Company holding Group's Brazilian assets.

(h) For information as of December 31, 2013, €1 = 4,14765 zlotys.

(i) Data as of December 31, 2012.

5. Maturity of Trade Accounts Payable

As of December 31, 2013, pursuant to Article L.441-6-1 of the French Commercial Code, the trade accounts payable balance of €0.1 million (compared to €0.2 million at year-end 2012) by maturity, is broken down as follows:

- payment within 30 days: €0.1 million (compared to €0.2 million at year-end 2012); and
- payment between 30 to 60 days: €0.0 million (compared to €0.0 million at year-end 2012).

6. Financial Results of the Last Five Years

(in millions of euros)	2013	2012	2011	2010	2009
Share capital at the end of the year					
Share capital	7,367.8	7,281.8	6,859.9	6,805.4	6,758.7
Number of shares outstanding	(a) 1,339,609,931	1,323,962,416	1,247,263,060	1,237,337,108	1,228,859,491
Potential number of shares created by:					
Exercise of stock subscription options	52,835,330	53,405,701	49,907,071	48,921,919	41,345,499
Grant of bonus shares or performance shares	(b) 663,050	(b) 696,700	2,960,562	1,826,639	1,061,511
Results of operations:					
Revenues	94.6	116.0	100.3	92.0	93.1
Earnings/(loss) before tax, depreciation, amortization and provisions	512.7	734.4	(1,030.0)	(506.7)	917.8
Income tax expense/(credit) (c)	(387.1)	(955.7)	(418.5)	(658.9)	(199.0)
Earnings/(loss) after tax, depreciation, amortization and provisions	(4,857.6)	(6,045.0)	1,488.4	2,276.7	(124.7)
Earnings distributed	-	(d) 1,324.9	(d) 1,245.3	(d) 1,730.7	(d) 1,721.0
Per share data (in euros)					
Earnings/(loss) after tax but before depreciation, amortization and provisions	(e) 0.67	1.28	(0.49)	0.12	0.91
Earnings/(loss) after tax, depreciation, amortization and provisions	(e) (3.63)	(4.57)	1.19	1.84	(0.10)
Dividend per share	-	(d) 1.00	(d) 1.00	(d) 1.40	(d) 1.40
Employees					
Number of employees (annual average)	214	222	219	214	220
Payroll	36.8	41.3	35.7	36.4	35.1
Employee benefits (social security contributions, social works, etc.)	18.6	18.4	16.0	16.2	14.8

(a) Includes account movements up to December 31, 2013: issuance of (i) 12,285,542 shares in respect of Group Savings Plans; and (ii) 3,361,973 shares following the exercise of stock subscription options by beneficiaries.

(b) Grant of 50 bonus shares to each employee of the Group's French subsidiaries; as of December 31, 2013, 663,050 shares were granted.

(c) This negative amount represents the income generated pursuant to the Consolidated Global Profit Tax System under Article 209 quinquies of the General Tax Code plus the tax saving recorded by the tax Group headed by Vivendi.

(d) Based on the number of shares entitled to dividends as of January 1, after deduction of treasury shares at the dividend payment date.

(e) Based on the number of shares at year-end (please refer to (a) above).

7. Statutory Auditors' Report on Related Party Agreements and Commitments

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with article R.225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R.225-58 of the French commercial code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and Commitments Submitted for Approval by the Annual Shareholders' Meeting

Agreements and Commitments Authorized during the Year

In accordance with article L.225-88 of the French Commercial Code (*Code de commerce*), we have been advised of certain related party agreements and commitments which received prior authorization from your Supervisory Board.

Disposal by Vivendi SA of 53.8% Interest in Activision Blizzard

Members of the Management Concerned: Jean-François Dubos and Philippe Capron

At its meeting of July 22, 2013, your Supervisory Board authorized your Management Board to start negotiations in order to sell interests of Vivendi SA in Activision Blizzard. As of October 11, 2013 your Company sold, at a price of 13.60 dollars per share, its 38.4% interest in Activision Blizzard to the latter and 15.4% interest in Activision Blizzard to an investor group ("ASAC"), resulting in a total cash consideration of 8.2 billion dollars.

Following these operations, Vivendi SA retains a residual 11.9% interest in Activision Blizzard. A first portion of this interest may be sold on the market from April 2014.

Acquisition by Vivendi SA of 20% Lagardère Interest in Canal+ France

Members of the Management Concerned: Jean-François Dubos and Philippe Capron

At its meeting of October 28, 2013, your Supervisory Board authorized the conclusion of a settlement agreement with Lagardère Group to purchase its 20% interest in Canal+ France for an amount of 1,020 million euros and to settle all current disputes between Vivendi and Lagardère – or that may arise – related to the interest sold.

As of November 5, 2013, Canal+ Group SA acquired 20% Lagardère Group interest in Canal+ France; financed by Vivendi SA through an advance on current account.

Acquisition by Vivendi SA of 3.93% Minority Interest in Elektrim Telekomunikacja held by SFR

Members of the Management Concerned: Jean-François Dubos, Philippe Capron and Pierre Rodocanachi

At its meeting of December 11, 2013, your Supervisory Board authorized the acquisition by Vivendi SA of the 3.93% minority interest in Elektrim Telekomunikacja, held by SFR as a result of its merger with the company Vivendi Telecom International in December 2011.

As of December 31, 2013, this agreement was not implemented. Since this investment was fully depreciated in the financial statements of SFR, the purchase will be completed at the price of 1 euro.

Agreements and Commitments not Previously Approved

Pursuant to Articles L.225-90 and L.823-12 of the Commercial Code, we inform you that the following agreement has not been subject to prior authorization from your Supervisory Board.

It is our responsibility to report to you the reasons why the authorization procedure was not followed.

Assistance Agreement between Vivendi SA and SFR

Members of the Management Concerned: Jean-François Dubos, Philippe Capron, Jean-Yves Charlier and Pierre Rodocanachi

Your Company had entered in 2003, with its subsidiary SFR, into a support agreement for a five years period. In return, from January 1, 2006, SFR paid your Company an annual lump sum of 6 million euros and 0.3% of its consolidated revenue, excluding revenue from equipment sales.

On March 6, 2008, an amendment to this agreement was signed. Applicable with effect from April 1, 2007, SFR paid your Company an amount corresponding to 0.2% of its consolidated revenue (excluding Maroc Telecom figures and revenue from equipment sales).

On December 20, 2013, this agreement was subject to an amendment effective from January 1, 2013, under which the amount of services provided by Vivendi is now charged to SFR based on 0.1% of the consolidated revenue of SFR (excluding Maroc Telecom and revenue from equipment sales) against 0.2% formerly.

Following an omission, the amendment to this agreement was authorized subsequently to the implementation by your Supervisory Board on February 21, 2014.

The accrued revenue recorded in the Financial Statements at 31 December 2013 by your Company for such services amounted to 9.6 million euros excluding taxes.

Agreements and Commitments Already Approved by the Annual Shareholders' Meeting

Agreements and commitments approved in prior years

In accordance with article R.225-57 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the Annual Shareholders' Meeting in prior years continued during the year.

Treasury Agreement between Vivendi SA and Activision Blizzard Inc.

Members of the Management concerned: Jean-François Dubos and Philippe Capron

At its meeting of April 30, 2009, your Supervisory Board authorized your Management Board to amend the treasury agreement signed during the Vivendi Games and Activision merger operation in 2008. The amendment turned the original contract into a cash pooling agreement for each currency used at Activision Blizzard Inc. level. Activision Blizzard Inc. was lending its foreign currencies to Vivendi SA in exchange of an equivalent amount in euros. At the end of each week the balance was nil which avoided any counterparty risk.

Following the sale by Vivendi SA of 53.8% interest in Activision Blizzard, the agreement was terminated on October 31, 2013. During the financial year ended December 31, 2013, the management fees received by your Company amounted to 156,250 euros.

Granting by your Company of a 1.5 Billion Euros Loan to SFR

Members of the Management concerned: Jean-François Dubos, Philippe Capron and Pierre Rodocanachi

At its meeting of June 14, 2009, your Supervisory Board authorized your Management Board to grant a 1.5 billion euros revolving facility to SFR with a four years maturity, refundable at the end with a EURIBOR plus 2.5% rate.

As at December 31, 2013, the total amount of interests received by your Company is 17 million euros. This loan was repaid by SFR before maturity on June 6, 2013.

Agreement on the Additional Retirement Benefits

Members of the Management Concerned: Jean-François Dubos, Jean-Yves Charlier (Member of the Management Board since January 1, 2014), Arnaud de Puyfontaine (Member of the Management Board since January 1, 2014)

Your Supervisory Board authorized the implementation of an additional pension plan for senior executives, including the actual members of the Management Board holding an employment contract with your Company. The Chairman of the Management Board, whose employment contract has been suspended, takes advantage of this additional pension plan.

The main terms and conditions of the additional pension plan are as follows: a minimum of three years in office, progressive acquisition of rights according to seniority (over a period of twenty years); a reference salary for the calculation of the pension equal to the average of the last three years; dual upper limit; reference salary capped at 60 times the social security limit, acquisition of rights limited to 30% of the reference salary; application of the Fillon Act (rights maintained in the event of retirement at the initiative of the employer after the age of 55); and payment of 60% in the event of the beneficiary's death. The benefits are lost in the event of a departure from the Company, for any reason, before the age of 55.

Following his resignation, Mr. Philippe Capron lost the benefit of the additional pension plan. The provision recorded in the 2013 Financial Statements for the additional retirement benefits of the Chairman of the Management Board amounts to 249 thousand euros.

Agreements and Commitments approved in Prior Years without Effect during the Year

In addition, we have been informed of the following agreement previously approved by the Annual Shareholders' Meeting, which had no impact during the closed financial period and terminated on December 31, 2013.

Conditional Several Pay Commitment in Favor of a Member of the Management Board

Member of the Management Concerned: Philippe Capron

At its meeting held on February 22, 2013, the Supervisory Board authorized the execution by the Company of an amendment to the employment contract of Mr. Philippe Capron, under which Mr. Capron would be awarded contractual severance pay in a gross amount equal to eighteen months of compensation (fixed and variable target).

This severance would be due solely in the event of the forced departure of Mr. Philippe Capron at the Company's initiative. This severance would not be payable in the case of resignation, retirement or serious misconduct. In addition, the payment of this indemnity would be subject to certain performance conditions.

As a result of his resignation, Mr. Philippe Capron lost the benefit of the amendment to his employment contract, as approved by the Annual Shareholders' Meeting dated April 30, 2013, and did not receive any contractual severance pay.

Paris-La Défense, April 11, 2014

The Statutory Auditors
French original signed by

KPMG Audit
Département de KPMG S.A.

Frédéric Quélin

ERNST & YOUNG et Autres

Jean-Yves Jégourel

5

Recent events | Outlook

SECTION 1 Recent events

Significant events that occurred between December 31, 2013 and the date of filing of the Document de Référence (the French version of this Annual Report) with the AMF (the French stock exchange regulatory authority) are described in the following chapters of this report:

- Chapter 1: "Highlights", "Group's Profile - Activities", and "Litigations"; and
- Chapter 4: "Annual Financial Report" and "Consolidated Financial Statements for the year ended December 31, 2013", as approved by Vivendi's Management Board on February 19, 2014.

In addition, the following items are specified:

- regarding the strategic network sharing agreement entered into on January 31, 2014 between SFR and Bouygues (please refer to Chapter 4 in Note 2.6 to the Consolidated Financial Statements for the year ended December 31, 2013): pending its implementation, this agreement represents a net commitment received by SFR of approximately €460 million, which applies over the entire duration of the long-term agreement;
- on March 28, 2014, Vivendi and Belgacom entered into an agreement following the exclusive negotiations started on February 13, 2014 to acquire 100% of its subsidiary Telindus France Group, a leader on the French markets of telecommunication integration and networks, for a total amount of €95 million. The transaction is subject to the French competition authority approval;
- on April 4, 2014, Canal+ Group was awarded the lots 1 and 2 for the broadcasting rights of the French professional Soccer League 1 for the 2016-2017 to 2019-2020 seasons; and
- plan to sell SFR to Altice/Numericable:
  - on February 24, 2014, Vivendi confirmed that it was approached by Altice regarding a potential combination between SFR and Numericable,
  - on March 5, 2014, Vivendi received two binding offers for a controlling interest in its SFR subsidiary. These offers were provided by Altice, Numericable's parent company, and by Bouygues Group. They included financing commitments,
  - on March 14, 2014, Vivendi's Supervisory Board examined the two offers and decided to enter into exclusive negotiations with Altice for a period of three weeks. Altice's initial offer provided a €11.75 billion in cash payment to Vivendi, together with a 32% equity interest in the publicly-listed combined entity and the exit of Vivendi according to predetermined terms,
  - at its meetings held on April 4 and April 5, 2014, Vivendi's Supervisory Board reviewed the results of the negotiations with Altice/Numericable regarding a combination with SFR as part of the mutually-agreed exclusive period entered into on March 14.

    It also carefully reviewed the offers, as well as letters and documents that the Bouygues Group decided to send to the Supervisory Board during this exclusive period, in connection with a combination between SFR and Bouygues Telecom.

    The Supervisory Board was presented with the report from the Special Committee created to examine the different options available to Vivendi. This Committee, assisted by its own advisers, analyzed the Altice/Numericable offers as well as those from the Bouygues Group over eight working sessions held both privately and in the presence of its advisers (bankers and lawyers).

    After thorough discussions, the Supervisory Board decided unanimously to select the revised Altice/Numericable offer which corresponds to the industrial project offering the highest growth potential, generating the highest value for customers, employees and shareholders, while best meeting Vivendi's objectives.

The main details of this offer are the following:

Cash at closing	€13.5 billion
Vivendi's interest in the combined entity	20% (publicly-listed company)
Altice's interest in the combined entity	60% for Altice (free float = 20%)
Liquidity	⏭ One year lock-up period following closing. ⏭ Call option for Altice at market value (with floor **(a)**) on Vivendi's interest in three tranches (7%, 7%, 6%) over 1-month windows respectively starting on the 19th, 31st, and 43rd month following closing. ⏭ Possibility to sell or distribute the listed shares, with a pre-emptive right for Altice.
Earn-out	Potential earn-out of €750 million if the combined entity's (EBITDA-Capex) is at least equal to €2 billion during one fiscal year.
Financing	⏭ Total debt of €11.64 billion for combined entity. ⏭ Debt and equity financing with firm banks underwriting.
Corporate Governance	⏭ Minority Board representation for Vivendi. ⏭ Veto rights on certain matters subject to Vivendi retaining a 20% interest in the combined entity.

(a) VWAP of Numericable stock price over the 20 business days before closing, grossed-up by an annual rate of 5% during the period ranging from the closing of the transaction until the exercise date of the call option by Altice.

The Supervisory Board took the following criteria into consideration in coming to its decision:

- **quality of the industrial project.** The Altice/Numericable project is based on fixed and mobile convergence, with synergies resulting from the interdependence of the two merged entities' networks. SFR-Numericable's positions in very high speed fixed and mobile will generate new growth opportunities, an acceleration of the number of connected lines and very high quality offers for enterprise and retail customers. They will also offer important development opportunities for Quadruple Play and new usage. They are consistent with the French government's "*France Très Haut Debit*" plan launched in February 2013;
- **commitment to preserving employment.** Vivendi set as a prerequisite for the potential buyers a commitment to employment. This also corresponds to the priorities defined by the French government. The industrial project of Altice/Numericable fully guarantees development of sustainable employment due in particular to the planned investments;
- **competition risks.** All the experts consulted concluded that the Altice/Numericable offer presents the lowest competition risks. SFR and Numericable are not present on the same market segments and their activities are complementary; and
- **valuation for Vivendi.** Vivendi selected the most balanced offer between cash upfront and stock participation allowing the Group to benefit from the highest total valuation. While pursuing its announced strategy to focus on media, Vivendi wants to support SFR, its 27 year-long subsidiary, by strengthening its industrial and social structure.

Vivendi's Supervisory Board has therefore chosen to receive €13.5 billion at closing of the transaction as well as a potential earn-out of €750 million, with a possibility to sell its 20% interest at a later stage. This should represent a total value in excess of €17 billion, or an estimated 2014 EV/EBITDA of 7.0x.

This balance between cash upfront and future upside from industrial value creation fits with Vivendi's philosophy, an industrial and financial group concerned about creating long term value in the interest of shareholders, employees and consumers.

Vivendi will now, as part of a new mutually-agreed exclusivity agreement with Altice/Numericable, consult the employee representative bodies of Numericable, Vivendi, and SFR on the plan presented by Altice/Numericable and begin procedures to obtain authorizations from the relevant administrative authorities.

The closing is anticipated by the end of 2014.

This decision puts an end to SFR's demerger plan.

SECTION 2 Outlook

On February 25, 2014, the date Vivendi published its 2013 results, Vivendi did not give any indication on the Group's businesses 2014 outlook or on the Group's consolidated 2014 outlook.

6

Responsibility for Auditing the Financial Statements

SECTION 1 Responsibility for Auditing the Financial Statements

1.1. Statutory Auditors

Ernst & Young et Autres

Tour First – TS14444 –
1/2, place des Saisons,
92037 Paris-La Défense Cedex.

Appointed at the Shareholders' Meeting held on June 15, 2000.

Represented by Mr. Jean-Yves Jégourel.

Most recent reappointment: Ordinary General Shareholders' Meeting held on April 19, 2012, for a term of six fiscal years, which expires at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2017.

KPMG SA

1, cours Valmy,
92923 Paris-La Défense Cedex.

Appointed at the Shareholders' Meeting held on June 15, 1993.

Represented by Mr. Frédéric Quélin.

Most recent reappointment: Combined Shareholders' Meeting held on April 21, 2011, for a term of six fiscal years, which expires at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2016.

1.2. Alternate Statutory Auditors

Société Auditex

Tour First – TS14444 –
1/2, place des Saisons,
92037 Paris-La Défense Cedex.

Appointed at the Shareholders' Meeting held on April 20, 2006.

Most recent reappointment: Ordinary General Shareholders' Meeting held on April 19, 2012, for a term of six fiscal years, which expires at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2017.

KPMG Audit IS SAS

Immeuble Le Palatin
3, cours du Triangle,
92939 Paris-La Défense Cedex

Appointed at the Shareholders' Meeting held on April 21, 2011, for a term of six fiscal years, which expires at the end of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2016.

In accordance with the environmental commitments we made within the framework of our EMAS (European Management Audit Scheme) certification, we have ensured that this document is printed on paper from sustainably managed forests. The cover is printed on Rives Design Extra Blanc (FSC) 250g and the body of the report is printed on Magno Matt Classic (FSC) 90g.

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