2016 HALF YEAR FINANCIAL REPORT

# Financial Report and Unaudited* Condensed Financial Statements for the Half Year Ended June 30, 2016

AUGUST 25, 2016

vivendi

*The Condensed Financial Statements for the half year ended June 30, 2016 were subject to a limited review by Vivendi's Statutory Auditors. Their Report on the 2016 half year financial information follows the Condensed Financial Statements.

**VIVENDI**

*Société anonyme* with a Management Board and a Supervisory Board with a share capital of €7,076,387,571.00

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# Selected key consolidated financial data

***Preliminary comment:*** *Vivendi deconsolidated GVT, SFR, Maroc Telecom group and Activision Blizzard as from May 28, 2015, November 27, 2014, May 14, 2014, and October 11, 2013, respectively, i.e., the date of their effective sale by Vivendi. In compliance with IFRS 5, these businesses have been reported as discontinued operations for all relevant periods as set out in the table of selected key consolidated financial data below in respect of data contained in the Consolidated Statement of Earnings and Consolidated Statement of Cash Flows.*

| | Six months ended June 30, (unaudited) | | Year ended December 31, | | | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2015 | 2014 | 2013 | 2012 |
| **Consolidated data** | | | | | | |
| Revenues | 5,044 | 5,095 | 10,762 | 10,089 | 10,252 | 9,597 |
| EBIT | 1,062 | 1,027 | 1,231 | 736 | 637 | (1,131) |
| Earnings attributable to Vivendi SA shareowners | 911 | 1,991 | 1,932 | 4,744 | 1,967 | 179 |
| of which earnings from continuing operations attributable to Vivendi SA shareowners | 913 | 712 | 699 | (290) | 43 | (1,565) |
| Income from operations (a) | 440 | 500 | 1,061 | 1,108 | 1,131 | na |
| EBITA (a) | 387 | 516 | 942 | 999 | 955 | 1,074 |
| Adjusted net income (a) | 286 | 329 | 697 | 626 | 454 | 318 |
| Net Cash Position/(Financial Net Debt) (a) | 2,120 | 6,261 | 6,422 | 4,637 | (11,097) | (13,419) |
| Total equity | 18,399 | 21,923 | 21,086 | 22,988 | 19,030 | 21,291 |
| of which Vivendi SA shareowners' equity | 18,169 | 21,541 | 20,854 | 22,606 | 17,457 | 18,325 |
| Cash flow from operations (CFFO) (a) | 290 | 234 | 892 | 843 | 894 | 846 |
| Cash flow from operations after interest and income tax paid (CFAIT) (a) | (17) | (441) | (69) | 421 | 503 | 772 |
| Financial investments | (1,646) | (2,242) | (3,927) | (1,244) | (107) | (1,689) |
| Financial divestments | 1,702 | 5,988 | 9,013 | 17,807 | 3,471 | 201 |
| Dividends paid by Vivendi SA to its shareholders | 2,588 (b) | 2,727 (c) | 2,727 (c) | 1,348 (d) | 1,325 | 1,245 |
| **Per share data** | | | | | | |
| Weighted average number of shares outstanding | 1,286.8 | 1,358.2 | 1,361.5 | 1,345.8 | 1,330.6 | 1,298.9 |
| **Adjusted net income per share** | **0.22** | **0.24** | **0.51** | **0.46** | **0.34** | **0.24** |
| Number of shares outstanding at the end of the period (excluding treasury shares) | 1,257.7 | 1,363.7 | 1,342.3 | 1,351.6 | 1,339.6 | 1,322.5 |
| Equity per share, attributable to Vivendi SA shareowners | 14.44 | 15.80 | 15.54 | 16.73 | 13.03 | 13.86 |
| **Dividends per share paid** | **2.00** (b) | **2.00** (c) | **2.00** (c) | **1.00** (d) | **1.00** | **1.00** |

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

na: not applicable.

a. The non-GAAP measures of Income from operations, EBITA, Adjusted net income, Net Cash Position (or Financial Net Debt), Cash flow from operations (CFFO) and Cash flow from operations after interest and income tax paid (CFAIT) should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of this Financial Report or in its Appendix. In addition, it should be noted that other companies may have definitions and calculations for these indicators that differ from those used by Vivendi, thereby affecting comparability.

b. On April 21, 2016, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend of €3 per share with respect to fiscal year 2015, i.e., an aggregate dividend payment of €3,951 million. This amount included €1,318 million for the second interim dividend of €1 per share, paid on February 3, 2016, and €1,270 million representing the balance of €1 per share, paid on April 28, 2016.

c. In 2015, Vivendi paid the dividend with respect to fiscal year 2014 (€1 per share, i.e., €1,363 million) and a first interim dividend with respect to fiscal year 2015 (€1 per share, i.e., €1,364 million).

d. On June 30, 2014, Vivendi SA paid an ordinary dividend of €1 per share to its shareholders from additional paid-in capital, treated as a return of capital distribution to shareholders.

# *I- Financial Report for the first half of 2016*

***Preliminary comments:***

- *On August 23, 2016, the Management Board approved the Financial Report and the Unaudited Condensed Financial Statements for the half-year ended June 30, 2016. Upon the recommendation of the Audit Committee, which met on August 24, 2016, the Supervisory Board, at its meeting held on August 25, 2016, reviewed the Financial Report and the Unaudited Condensed Financial Statements for the half-year ended June 30, 2016, as approved by the Management Board on August 23, 2016.*
- *The Condensed Financial Statements for the half-year ended June 30, 2016 were subject to a limited review by Vivendi's Statutory Auditors. The Auditors' Report on the 2016 half-year financial information follows the Condensed Financial Statements.*
- *The Financial Report for the first half of 2016 should be read in conjunction with the Financial Report for the year ended December 31, 2015, as published in the "Rapport Annuel - Document de référence 2015" filed on March 15, 2016 with the French Autorité des marchés financiers (the "AMF"). Please also refer to pages 171 through 193 of the English translation[1] of the "Rapport Annuel - Document de référence 2015" (the "2015 Annual Report") which is available on Vivendi's website (www.vivendi.com) for informational purposes.*
- *For a detailed description of the significant events that occurred during the first half of 2016, as well as the subsequent events, please refer to Notes 2 and 19 to the Condensed Financial Statements for the half-year ended June 30, 2016, respectively.*
- *Updated information on the main transactions with related parties as of June 30, 2016 is provided in Note 16 to the Condensed Financial Statements for the half-year ended June 30, 2016.*

# Overview

### Investments in mobile-dedicated content: Gameloft and Studio+

During the first half of 2016, Vivendi successfully completed its public tender offer for the shares of Gameloft, a global leader in mobile video games.

The company has been consolidated since June 29, 2016. A number of steps were immediately taken to ensure the smooth integration of the Gameloft teams within the group and to implement shortly a development plan making full use of Gameloft's creative force and the potential offered by Vivendi.

This acquisition reinforces the group's strategy to develop itself as a global leader in media and content, with a strong presence in the fast-growing market of mobile consumption.

In the next few weeks, Vivendi will launch Studio+, the first global offering of premium series for mobile devices, in partnership with several telecom operators. Studio+ will offer exclusive premium series created specifically for smartphones and tablets, characterized by their innovative, short and powerful format: 10 episodes with 10 minutes durations for each series. About 25 original premium series covering every genre (e.g., action, romance, thriller), shot in six different languages and in 18 countries, have been produced or are in post-production, with about 60 additional series currently in development.

### Telecom Italia

Telecom Italia's new management team, led by Flavio Cattaneo, named Chief Executive Officer in March 2016, has set new targets for cost optimization in Italy and Brazil over the period 2016-2018. Despite a tough competitive environment, Telecom Italia performed well in Italy and Brazil in the second quarter of 2016, allowing it to upgrade its 2016 full year outlook.

### Vivendi and Mediaset

In early 2016, the Vivendi and Mediaset groups wished to enter into a development agreement.

Vivendi's purchase of Mediaset Premium, a subsidiary of Mediaset, was based on financial assumptions provided by Mediaset to Vivendi in March 2016. Vivendi raised questions about these assumptions and informed Mediaset.

The agreement signed on April 8, 2016 was subsequently subject to a due diligence review carried out by the audit firm Deloitte as agreed contractually. It became clear from this audit and Vivendi's analyses that the figures provided prior to signing were not realistic and were founded on an artificially-inflated base. This led the two parties to try to renegotiate the terms of the agreement in June. While they

*[1] This free translation of the "Rapport Annuel - Document de reference 2015" is provided solely for the convenience of English speaking readers. In the event of discrepancy, the French version shall prevail.*

continued discussing with Vivendi, Mediaset and Fininvest suddenly proceeded to launch media attacks detrimental to Vivendi's interests and image.

In addition, although Vivendi timely completed the pre-notification process of the transaction with the European Commission, the Commission would not accept a formal filing while the parties were discussing their differences, and in any event it is possible that the Commission's clearance might not be obtained before September 30, 2016, on which date the contract would become void.

In respect of the lawsuit filed by Mediaset, according to the documents informally viewed to date, the first procedural hearing would not be held before February 27, 2017.

**A leading European content and media group with strong positions in France and in Southern Europe, and with worldwide ambitions**

In recent months, Vivendi has strengthened its positions in content production and distribution by making acquisitions through Studiocanal of interests in several fiction production companies in Spain and in the United Kingdom (33% in Bambu Producciones, 20% in Urban Myth Films and 20% in SunnyMarchTV), in non-scripted television production companies (50% in Kissman Productions), and in distribution companies (100% in Alterna'TV). In February 2016, the group completed its acquisition of a 26.2% interest in Banijay Group, one of the world's largest producers and distributors of television programs. In addition, Vivendi recently purchased the companies which own and manage all Paddington Bear intellectual property rights, except for the publishing rights.

In France, Vivendi holds a minority interest of 11% in Groupe Fnac as part of a cooperation project dedicated to cultural activities.

# 1 Earnings analysis: group and business segments

***Preliminary comments:***

- *Income from operations, EBITA and adjusted net income, non-GAAP measures, should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related Notes, or as described in the Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.*

  *Vivendi Management uses income from operations, EBITA and adjusted net income for reporting, management and planning purposes because they provide a better illustration of the underlying performance of continuing operations by excluding most non-recurring and non-operating items:*

  - *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 "other charges" and "other income" included in EBIT, as defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2015 (page 205 of the 2015 Annual Report).*
  - *As defined by Vivendi, income from operations is calculated as EBITA as presented in the Adjusted Statement of Earnings, before share-based compensation costs related to equity-settled plans, and special items due to their unusual nature or particular significance.*

  *Moreover, it should be noted that other companies may have definitions and calculations for these non-GAAP measures that differ from those used by Vivendi, thereby affecting comparability.*

- *As a reminder, GVT (sold in 2015) has been reported as a discontinued operation in compliance with IFRS 5. In practice, income and charges from this business has been reported as follows:*

  - *GVT's contribution, until its effective divestiture on May 28, 2015, to each line of Vivendi's Consolidated Statement of Earnings, as well as the capital gain recognized as a result of the divestiture have been reported on the line "Earnings from discontinued operations"; and*
  - *the share of net income and the capital gain recognized as a result of the divestiture have been excluded from Vivendi's adjusted net income.*

# 1.1 Consolidated Statement of Earnings and Adjusted Statement of Earnings

## SECOND QUARTER

| CONSOLIDATED STATEMENT OF EARNINGS | | | ADJUSTED STATEMENT OF EARNINGS | | |
|---|---|---|---|---|---|
| | Three months ended June 30, | | Three months ended June 30, | | |
| | 2016 | 2015 | 2016 | 2015 | |
| **Revenues** | **2,553** | **2,603** | **2,553** | **2,603** | **Revenues** |
| Cost of revenues | (1,578) | (1,559) | (1,578) | (1,559) | Cost of revenues |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (774) | (724) | (763) | (762) | Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations |
| | | | **212** | **282** | **Income from operations** |
| Restructuring charges | (27) | (22) | (27) | (22) | Restructuring charges |
| | | | (11) | 38 | Other operating charges and income |
| Amortization of intangible assets acquired through business combinations | (55) | (105) | | | |
| Other income | 77 | 717 | | | |
| Other charges | (102) | - | | | |
| **EBIT** | **94** | **910** | **174** | **298** | **EBITA** |
| Income from equity affiliates | 25 | (1) | 51 | (1) | Income from equity affiliates |
| Interest | (9) | (9) | (9) | (9) | Interest |
| Income from investments | 21 | 12 | 21 | 12 | Income from investments |
| Other financial income | 11 | 23 | | | |
| Other financial charges | (14) | (16) | | | |
| **Earnings from continuing operations before provision for income taxes** | **128** | **919** | **237** | **300** | **Adjusted earnings from continuing operations before provision for income taxes** |
| Provision for income taxes | (70) | (206) | (40) | (86) | Provision for income taxes |
| **Earnings from continuing operations** | **58** | **713** | | | |
| Earnings from discontinued operations | (1) | 1,262 | | | |
| **Earnings** | **57** | **1,975** | **197** | **214** | **Adjusted net income before non-controlling interests** |
| *Of which* | | | | | *Of which* |
| **Earnings attributable to Vivendi SA shareowners** | **49** | **1,958** | **187** | **193** | **Adjusted net income** |
| **continuing operations** | **50** | **696** | | | |
| discontinued operations | (1) | 1,262 | | | |
| Non-controlling interests | 8 | 17 | 10 | 21 | Non-controlling interests |
| Earnings attributable to Vivendi SA shareowners per share - basic (in euros) | 0.04 | 1.44 | 0.15 | 0.14 | Adjusted net income per share - basic (in euros) |
| Earnings attributable to Vivendi SA shareowners per share - diluted (in euros) | 0.04 | 1.43 | 0.15 | 0.14 | Adjusted net income per share - diluted (in euros) |

### HALF-YEAR

| CONSOLIDATED STATEMENT OF EARNINGS | | | ADJUSTED STATEMENT OF EARNINGS | | |
|---|---|---|---|---|---|
| | Six months ended June 30, | | Six months ended June 30, | | |
| | 2016 | 2015 | 2016 | 2015 | |
| **Revenues** | **5,044** | **5,095** | **5,044** | **5,095** | **Revenues** |
| Cost of revenues | (3,088) | (3,069) | (3,088) | (3,069) | Cost of revenues |
| Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations | (1,521) | (1,481) | (1,516) | (1,526) | Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations |
| | | | **440** | **500** | **Income from operations** |
| Restructuring charges | (48) | (29) | (48) | (29) | Restructuring charges |
| | | | (5) | 45 | Other operating charges and income |
| Amortization of intangible assets acquired through business combinations | (110) | (203) | | | |
| Reversal of reserve related to the Liberty Media litigation in the United States | 240 | - | | | |
| Other income | 657 | 718 | | | |
| Other charges | (112) | (4) | | | |
| **EBIT** | **1,062** | **1,027** | **387** | **516** | **EBITA** |
| Income from equity affiliates | 12 | (7) | 38 | (7) | Income from equity affiliates |
| Interest | (17) | (14) | (17) | (14) | Interest |
| Income from investments | 22 | 21 | 22 | 21 | Income from investments |
| Other financial income | 17 | 35 | | | |
| Other financial charges | (27) | (34) | | | |
| **Earnings from continuing operations before provision for income taxes** | **1,069** | **1,028** | **430** | **516** | **Adjusted earnings from continuing operations before provision for income taxes** |
| Provision for income taxes | (135) | (282) | (118) | (147) | Provision for income taxes |
| **Earnings from continuing operations** | **934** | **746** | | | |
| Earnings from discontinued operations | (2) | 1,279 | | | |
| **Earnings** | **932** | **2,025** | **312** | **369** | **Adjusted net income before non-controlling interests** |
| *Of which* | | | | | *Of which* |
| **Earnings attributable to Vivendi SA shareowners** | **911** | **1,991** | **286** | **329** | **Adjusted net income** |
| **continuing operations** | **913** | **712** | | | |
| discontinued operations | (2) | 1,279 | | | |
| Non-controlling interests | 21 | 34 | 26 | 40 | Non-controlling interests |
| Earnings attributable to Vivendi SA shareowners per share - basic (in euros) | 0.71 | 1.47 | 0.22 | 0.24 | Adjusted net income per share - basic (in euros) |
| Earnings attributable to Vivendi SA shareowners per share - diluted (in euros) | 0.71 | 1.46 | 0.22 | 0.24 | Adjusted net income per share - diluted (in euros) |

In millions of euros, except per share amounts.

# 1.2 Earnings analysis: group

### 1.2.1 Changes in Earnings

For the first half of 2016, **adjusted net income** amounted to a profit of €286 million (or €0.22 per share), compared to €329 million for the same period in 2015 (or €0.24 per share), a €43 million decrease (-13.1%). The change in adjusted net income mainly resulted from the decrease in EBITA (-€129 million), partially offset by the increase in income from equity affiliates (+€45 million), the decrease in income taxes (+€29 million) and the decrease in minority interests (+€14 million).

**Adjusted net income per share**

| | Six months ended June 30, | | | |
|---|---|---|---|---|
| | 2016 | | 2015 | |
| | Basic | Diluted | Basic | Diluted |
| **Adjusted net income (in millions of euros)** | 286 | 286 | 329 | 329 |
| **Number of shares (in millions)** | | | | |
| Weighted average number of shares outstanding (a) | 1,286.8 | 1,286.8 | 1,358.2 | 1,358.2 |
| Potential dilutive effects related to share-based compensation | - | 2.8 | - | 5.6 |
| Adjusted weighted average number of shares | 1,286.8 | 1,289.6 | 1,358.2 | 1,363.8 |
| **Adjusted net income per share (in euros)** | **0.22** | **0.22** | **0.24** | **0.24** |

a. Net of the weighted average number of treasury shares: 75.6 million shares for the first half of 2016, compared to 0.05 million for the same period in 2015.

For the first half of 2016, **earnings attributable to Vivendi SA shareowners** amounted to a profit of €911 million (or €0.71 per share), compared to €1,991 million (or €1.47 per share) for the same period in 2015, an unfavorable change of €1,080 million, notably attributable to the capital gain on the sale of GVT on May 28, 2015 (€1,206 million, after taxes).

Excluding earnings from discontinued operations, **earnings attributable to Vivendi SA shareowners for continuing operations, after non-controlling interests** were a profit of €913 million, compared to a profit of €712 million for the first half of 2015, a €201 million increase. For the first half of 2016, these earnings mainly included the capital gain on the sale of the remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes) and the net reversal of reserve related to the Liberty Media litigation (€240 million, before taxes). For the first half of 2015, they primarily included the capital gain on the sale of the 20% interest in Numericable-SFR (€651 million, before taxes).

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

| | Six months ended June 30, | |
|---|---|---|
| (in millions of euros) | 2016 | 2015 |
| **Earnings attributable to Vivendi SA shareowners (a)** | **911** | **1,991** |
| *Adjustments* | | |
| Amortization of intangible assets acquired through business combinations | 110 | 203 |
| Reversal of reserve related to the Liberty Media litigation in the United States (a) | (240) | - |
| Other income (a) | (657) | (718) |
| Other charges (a) | 112 | 4 |
| Amortization of intangible assets related to equity affiliates | 26 | - |
| Other financial income (a) | (17) | (35) |
| Other financial charges (a) | 27 | 34 |
| Earnings from discontinued operations (a) | 2 | (1,279) |
| *Of which capital gain on the divestiture of GVT, after taxes* | - | *(1,206)* |
| Change in deferred tax asset related to Vivendi SA's French Tax Group and to the Consolidated Global Profit Tax Systems | 3 | (54) |
| Income taxes related to the sale of the 20% interest in Numericable-SFR | - | 124 |
| Non-recurring items related to provision for income taxes | 44 | 127 |
| Provision for income taxes on adjustments | (30) | (62) |
| Non-controlling interests on adjustments | (5) | (6) |
| **Adjusted net income** | **286** | **329** |

a. As reported in the Consolidated Statement of Earnings.

### 1.2.3 Detailed analysis of the main items from the Statement of Earnings

**Revenues** amounted to €5,044 million, compared to €5,095 million for the first half of 2015 (i.e., -1.0% and -0.9% at constant currency and perimeter[2]).

**Income from operations** amounted to €440 million, compared to €500 million for the first half of 2015, an unfavorable change of €60 million (-12.0%). At constant currency and perimeter, income from operations decreased by €38 million (-7.6%). Universal Music Group's growth (+€44 million) and the improved operating performance of Canal+ Group's pay-TV operations in Africa (+€11 million) were more than

[2] *Constant perimeter reflects the impacts of the acquisitions of Dailymotion on June 30, 2015, Radionomy on December 17, 2015 and Alterna'TV on April 7, 2016.*

offset by the increased losses suffered by Canal+ channels[3] in France (-€38 million), as well as the development costs incurred by Vivendi Village and New Initiatives (notably at Vivendi Content). **EBITA** amounted to €387 million, compared to €516 million for the first half of 2015, a €129 million decrease (-25.0%). At constant currency and perimeter, EBITA decreased by €106 million (-20.4%). This decline reflected the unfavorable change in income from operations and the impact of other operating charges and income. EBITA notably included:

- **restructuring charges** for €48 million, compared to €29 million for the first half of 2015, incurred by Universal Music Group (€34 million, compared to €27 million for the first half of 2015) and Canal+ Group (€14 million for the first half of 2016); and
- **other operating charges and income** excluded from income from operations, which amounted to a net charge of €5 million, compared to a net income of €45 million for the first half of 2015. For the first half of 2015, they notably comprised litigation settlement proceeds in the United States at Universal Music Group (+€22 million), reversals of reserve at Canal+ Group (+€21 million) and at Corporate (+€14 million), and conversely, charges related to equity-settled share-based compensation plans (-€10 million).

**EBIT** amounted to €1,062 million, compared to €1,027 million for the first half of 2015, a €35 million increase (+3.4%). It included:

- **the reversal of reserve related to the Liberty Media litigation** representing a net profit of €240 million. As of December 31, 2012, on the basis of the verdict rendered on June 25, 2012 regarding the Liberty Media Corporation litigation in the United States, Vivendi accrued for a provision for the total amount of the final judgment (€945 million), including damages and pre-judgment interest. On February 23, 2016, Vivendi agreed with Liberty Media on a settlement and paid Liberty Media $775 million (€705 million) to settle this lawsuit. In addition, the provision recorded in relation to the securities class action in the United States remained unchanged at €100 million. Please refer to Note 18 to the Condensed Financial Statements for the half-year ended June 30, 2016;
- **other income and charges** representing a €545 million net income, compared to a €714 million net income for the first half of 2015. For the first half of 2016, they primarily included the net capital gain on the sale of the remaining interest in Activision Blizzard in January 2016 (€576 million). For the first half of 2015, EBIT's other income primarily included a capital gain on the divestiture of the 20% interest in Numericable-SFR for €651 million (before taxes) and the reversal of reserve for €60 million related to the impairment of Canal+ Group's interest in TVN in Poland, sold on July 1, 2015; and
- **amortization and depreciation of intangible assets acquired through business combinations** for €110 million, compared to €203 million for the first half of 2015. This decrease resulted from the end of the amortization period (15 years) for Polygram's catalogs.

### Reconciliation of EBIT to EBITA and to income from operations

| | Six months ended June 30, | |
|---|---|---|
| (in millions of euros) | 2016 | 2015 |
| **EBIT (a)** | **1,062** | **1,027** |
| *Adjustments* | | |
| Amortization of intangible assets acquired through business combinations | 110 | 203 |
| Impairment losses on intangible assets acquired through business combinations (a) | - | - |
| Reversal of reserve related to the Liberty Media litigation in the United States (a) | (240) | - |
| Other income (a) | (657) | (718) |
| Other charges (a) | 112 | 4 |
| **EBITA** | **387** | **516** |
| *Adjustments* | | |
| Restructuring charges (a) | 48 | 29 |
| Charges related to equity-settled share-based compensation plans | 5 | 10 |
| Other non-current operating charges and income | - | (55) |
| **Income from operations** | **440** | **500** |

a. As reported in the Consolidated Statement of Earnings.

In the Adjusted Statement of Earnings, **income from equity affiliates** amounted to a €38 million profit, compared to a €7 million loss for the first half of 2015. For the first half of 2016, it primarily included Vivendi's share of Telecom Italia's net profit (+€49 million) for the period from December 15, 2015 to March 31, 2016, calculated based on the financial information disclosed by Telecom Italia[4]. In the Consolidated Statement of Earnings, **income from equity affiliates** amounted to a €12 million profit, compared to a €7 million loss for the first half of 2015. In addition to the income from equity affiliates recorded in the Adjusted Statement of Earnings, it included the amortization of intangible assets related to the purchase price allocation for Telecom Italia (-€26 million; please refer to Note 9 to the Condensed Financial Statements for the half-year ended June 30, 2016).

[3] *Relates to the six premium channels: Canal+, Canal+ Cinéma, Canal+ Sport, Canal+ Séries, Canal+ Family and Canal+ Décalé.*
[4] *On March 17, 2016 (Financial Statements for the year ended December 31, 2015) and on May 13, 2016 (Financial Statements for the first quarter ended March 31, 2016), respectively.*

**Interest** was an expense of €17 million, compared to €14 million for the first half of 2015, a €3 million increase. It included:

- interest expense on borrowings for €28 million, compared to €29 million for the first half of 2015. This change reflected the decrease in the average interest rates on borrowings to 2.32% (compared to 2.91% for the first half of 2015), partially offset by the slight increase in the average outstanding borrowings to €2.5 billion (compared to €2.3 billion for the first half of 2015). In addition, for the first half of 2015, interest expense included interest received by Vivendi SA (€4 million) from financing provided to GVT; and
- interest income earned on the investment of cash surpluses for €11 million, compared to €15 million for the first half of 2015. This change reflected the decrease in the average interest rate on cash investments to 0.33% (compared to 0.38% for the first half of 2015), as well as the decrease in the average outstanding cash investments to €7.1 billion (compared to €7.8 billion for the first half of 2015).

**Income from investments** amounted to €22 million, compared to €21 million for the first half of 2015. For the first half of 2016, it primarily included dividends received from Telefonica (€19 million). For the first half of 2015, €11 million was attributable to interest income generated by the €1,948 million receivable from Altice related to the deferred payment for the sale of the 10% interest in Numericable-SFR, and €8 million to dividends received from Activision Blizzard.

**Provision for income taxes in the Adjusted Statement of Earnings** was a net charge of €118 million, compared to a net charge of €147 million for the first half of 2015, a €29 million improvement. This change notably reflected the anticipated decrease in the businesses' taxable income, in particular that of Canal+ channels, as well as the impact from new businesses that are currently being developed, partially offset by the improvement of Universal Music Group's outlook, particularly in the United States. The effective tax rate reported to adjusted net income was 30.2% for the first half of 2016, compared to 28.0% for the first half of 2015. For the first half of 2016, income taxes included the non-recurring negative impact (-€41 million) related to the reversal of reserve with respect to the Liberty Media litigation (taxable income of €240 million, before utilization of up to 50% of Vivendi SA's tax losses carried forward). For the first half of 2015, income taxes notably included a non-recurring negative impact (-€17 million) related to an adjustment to prior years' tax expense. Excluding these non-recurring impacts, the effective tax rate reported to adjusted net income would be 20.5% for the first half of 2016, compared to 24.7% for the first half of 2015.

In addition, **provision for income taxes in the Consolidated Statement of Earnings** was a €135 million net charge, compared to a €282 million net charge for the first half of 2015, a €147 million improvement. For the first half of 2015, it notably included income taxes payable by Vivendi SA in France related to the sale of the 20% interest in Numericable-SFR (-€124 million, net of tax savings related to Vivendi SA's Tax Group System), as well as the 3% tax on Vivendi SA's dividends (-€122 million, with respect to the €4.1 billion dividends). For the first half of 2016, it notably included the 3% tax on Vivendi SA's dividends (-€38 million).

**Earnings from discontinued operations** amounted to €1,279 million for the first half of 2015 and included (i) the capital gain on the sale of GVT on May 28, 2015 for €1,818 million, before taxes, (ii) the downward adjustment in the fair value of Telefonica Brasil shares that had been held since May 28, 2015 (-€59 million), and (iii) GVT's net earnings until its sale for €179 million, including the impact of the discontinuation of amortization of tangible and intangible assets since September 1, 2014, in compliance with IFRS 5 (+€153 million in 2015). They also comprised the remaining impact of the sale of the 80% interest in SFR to Numericable (-€67 million).

**Earnings attributable to non-controlling interests** amounted to €21 million, compared to €34 million for the first half of 2015, a €13 million decrease. They primarily included non-controlling interests of Canal+ Overseas and nc+ in Poland. For the first half of 2015, they also included non-controlling interests of Société d'Edition de Canal Plus (SECP; prior to their full acquisition by Vivendi between mid-August and the end of September 2015).

**Adjusted net income attributable to non-controlling interests** amounted to €26 million, compared to €40 million for the first half of 2015.

# 1.3 Performance analysis: business segments

## SECOND QUARTER

| | Three months ended June 30, | | | | |
|---|---|---|---|---|---|
| (in millions of euros) | 2016 | 2015 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
| **Revenues** | | | | | |
| Universal Music Group | 1,196 | 1,214 | -1.4% | +2.5% | +2.5% |
| Canal+ Group | 1,311 | 1,364 | -3.8% | -2.9% | -3.1% |
| Vivendi Village | 29 | 26 | +11.1% | +13.4% | +2.3% |
| New Initiatives | 28 | 1 | | | |
| Elimination of intersegment transactions | (11) | (2) | | | |
| **Total Vivendi** | **2,553** | **2,603** | **-1.9%** | **+0.4%** | **-0.5%** |
| **Income from operations** | | | | | |
| Universal Music Group | 115 | 91 | +26.0% | +30.4% | +30.4% |
| Canal+ Group | 133 | 214 | -38.0% | -37.6% | -37.7% |
| Vivendi Village | (4) | 4 | na | na | na |
| New Initiatives | (8) | (1) | | | |
| Corporate | (24) | (26) | | | |
| **Total Vivendi** | **212** | **282** | **-24.7%** | **-23.0%** | **-21.0%** |
| **EBITA** | | | | | |
| Universal Music Group | 98 | 89 | +10.8% | +14.5% | +14.5% |
| Canal+ Group | 119 | 223 | -46.8% | -46.4% | -46.4% |
| Vivendi Village | (4) | 4 | na | na | na |
| New Initiatives | (14) | (1) | | | |
| Corporate | (25) | (17) | | | |
| **Total Vivendi** | **174** | **298** | **-41.5%** | **-40.1%** | **-38.0%** |

## HALF-YEAR

| | Six months ended June 30, | | | | |
|---|---|---|---|---|---|
| (in millions of euros) | 2016 | 2015 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
| **Revenues** | | | | | |
| Universal Music Group | 2,315 | 2,311 | +0.2% | +1.6% | +1.6% |
| Canal+ Group | 2,639 | 2,734 | -3.5% | -2.9% | -3.0% |
| Vivendi Village | 54 | 51 | +6.9% | +8.3% | -2.2% |
| New Initiatives | 58 | 1 | | | |
| Elimination of intersegment transactions | (22) | (2) | | | |
| **Total Vivendi** | **5,044** | **5,095** | **-1.0%** | **-** | **-0.9%** |
| **Income from operations** | | | | | |
| Universal Music Group | 217 | 179 | +21.0% | +24.6% | +24.6% |
| Canal+ Group | 297 | 368 | -19.4% | -18.9% | -19.0% |
| Vivendi Village | (8) | 8 | na | na | na |
| New Initiatives | (17) | (1) | | | |
| Corporate | (49) | (54) | | | |
| **Total Vivendi** | **440** | **500** | **-12.0%** | **-10.3%** | **-7.6%** |
| **EBITA** | | | | | |
| Universal Music Group | 177 | 171 | +3.7% | +7.4% | +7.4% |
| Canal+ Group | 288 | 388 | -25.7% | -25.3% | -25.3% |
| Vivendi Village | (4) | 8 | na | na | na |
| New Initiatives | (24) | (1) | | | |
| Corporate | (50) | (50) | | | |
| **Total Vivendi** | **387** | **516** | **-25.0%** | **-23.4%** | **-20.4%** |

na: not applicable.

a. Constant perimeter reflects the impacts of the following acquisitions:

- Dailymotion within New Initiatives (June 30, 2015);
- Radionomy within Vivendi Village (December 17, 2015); and
- Alterna'TV by Canal+ Group (April 7, 2016).

### 1.3.1 Universal Music Group (UMG)

| (in millions of euros) | 2016 | 2015 | % Change | % Change at constant currency | % Change at constant currency and perimeter |
|---|---|---|---|---|---|
| | Six months ended June 30, | | | | |
| Recorded music | 1,832 | 1,848 | -0.8% | +0.5% | +0.5% |
| *Physical sales* | *488* | *585* | *-16.5%* | *-16.2%* | *-16.2%* |
| *Digital sales* | *1,035* | *929* | *+11.4%* | *+13.2%* | *+13.2%* |
| *of which streaming and subscriptions* | *653* | *411* | *+59.0%* | *+62.4%* | *+62.4%* |
| *License and other* | *309* | *334* | *-7.4%* | *-5.2%* | *-5.2%* |
| Music publishing | 361 | 352 | +2.5% | +4.0% | +4.0% |
| Merchandising and other | 134 | 132 | +1.2% | +3.2% | +3.2% |
| Elimination of intersegment transactions | (12) | (21) | | | |
| **Total Revenues** | **2,315** | **2,311** | **+0.2%** | **+1.6%** | **+1.6%** |
| **Income from operations** | **217** | **179** | **+21.0%** | **+24.6%** | **+24.6%** |
| *Income from operations margin* | *9.4%* | *7.7%* | *+1.7 pt* | *+1.8 pt* | *+1.8 pt* |
| Charges related to equity-settled share-based compensation plans | (1) | (3) | | | |
| Special items excluded from income from operations (including integration and restructuring costs) | (39) | (5) | | | |
| **EBITA** | **177** | **171** | **+3.7%** | **+7.4%** | **+7.4%** |
| *EBITA margin* | *7.6%* | *7.4%* | *+0.2 pt* | | |

| **Recorded music revenues by geographical area** | | |
|---|---|---|
| Europe | 36% | 36% |
| North America | 44% | 44% |
| Asia | 12% | 12% |
| Rest of the world | 8% | 8% |
| | **100%** | **100%** |

Universal Music Group's (UMG) revenues amounted to €2,315 million, up 1.6% at constant currency compared to the first half of 2015 (+0.2% on an actual basis), driven by growth across all of its divisions. Excluding a legal settlement income for the first half of 2015, revenues were up 3.0% at constant currency and perimeter.

Recorded music revenues grew 0.5% at constant currency thanks to growth in subscription and streaming revenues (+62.4%) which more than offset the decline in both digital download and physical sales.

Music publishing revenues grew 4.0% at constant currency, driven by increased subscription and streaming revenues, as well as growth in synchronization income. Merchandising and other revenues were up 3.2% at constant currency thanks to stronger touring activity.

Recorded music best sellers for the first half of 2016 included new releases from Drake, Rihanna and Ariana Grande, as well as carryover sales from Justin Bieber and The Weeknd. In the United States, UMG had four of the Top 5 most streamed albums, including all of the top three (Drake, Rihanna, Justin Bieber).

UMG's income from operations amounted to €217 million, up 24.6% at constant currency compared to the first half of 2015 (+21.0% on actual basis). This favorable performance reflected both revenue growth and cost savings.

UMG's EBITA amounted to €177 million, up 7.4% at constant currency compared to the first half of 2015 (+3.7% on an actual basis). EBITA included restructuring charges in the first half of 2015 and 2016, and a legal settlement income in the first half of 2015.

### 1.3.2 Canal+ Group

| (in millions of euros) | Six months ended June 30, 2016 | 2015 | % Change | % Change at constant currency | % Change at constant currency and perimeter (a) |
|---|---|---|---|---|---|
| Pay-TV in Mainland France | 1,627 | 1,716 | -5.2% | -5.2% | -5.2% |
| *Of which Canal+ channels (b)* | *841* | *886* | *-5.0%* | *-5.0%* | *-5.0%* |
| Free-to-air TV in Mainland France | 114 | 104 | +10.1% | +10.1% | +10.1% |
| International Pay-TV | 709 | 680 | +4.3% | +6.1% | +5.8% |
| *Poland* | *246* | *250* | *-1.8%* | *+2.7%* | *+2.7%* |
| *Overseas* | *205* | *203* | *+0.1%* | *+0.1%* | *+0.1%* |
| *Africa* | *215* | *186* | *+15.6%* | *+15.9%* | *+15.9%* |
| *Vietnam* | *24* | *27* | *-8.3%* | *-5.7%* | *-5.7%* |
| *Other* | *19* | *14* | | | |
| Studiocanal | 189 | 234 | -19.4% | -17.9% | -17.9% |
| **Total Revenues** | **2,639** | **2,734** | **-3.5%** | **-2.9%** | **-3.0%** |
| **Income from operations** | **297** | **368** | **-19.4%** | **-18.9%** | **-19.0%** |
| *Income from operations margin* | *11.3%* | *13.5%* | *-2.2 pts* | | |
| Charges related to equity-settled share-based compensation plans | (2) | (1) | | | |
| Other special items excluded from income from operations (including transition and restructuring costs) | (7) | 21 | | | |
| **EBITA** | **288** | **388** | **-25.7%** | **-25.3%** | **-25.3%** |
| *EBITA margin* | *10.9%* | *14.2%* | *-3.3 pts* | | |
| *Of which Canal+ channels' EBITA (b)* | *(106)* | *(47)* | | | |

| | 2016 | 2015 | % Change |
|---|---|---|---|
| **Canal+ Group's Pay-TV** | | | |
| **Individual subscribers (in thousands)** | | | |
| Mainland France | 5,455 | 5,964 | -509 |
| International | 5,727 | 4,978 | +749 |
| *Poland* | *2,101* | *2,115* | *-14* |
| *Overseas* | *502* | *493* | *+9* |
| *Africa* | *2,222* | *1,607* | *+615* |
| *Vietnam* | *902* | *763* | *+139* |
| **Total Canal+ Group** | **11,182** | **10,942** | **+240** |
| **Subscriptions (in thousands)** | | | |
| Mainland France (c) | 8,801 | 9,307 | -506 |
| *Subscriptions with commitment* | *8,187* | *8,602* | *-415* |
| *Canalplay subscriptions* | *614* | *705* | *-91* |
| International | 7,012 | 5,948 | +1,064 |
| **Total Canal+ Group** | **15,813** | **15,255** | **+558** |
| **Mainland France Pay-TV** | | | |
| Churn, per individual subscriber with commitment | 15.4% | 14.9% | +0.5 pt |
| Net ARPU, in euros per individual subscriber with commitment | 45.0 | 44.3 | +1.6% |
| **Mainland France Free-to-air TV's audience shares (d)** | | | |
| D8 | 3.4% | 3.7% | -0.3 pt |
| D17 | 1.2% | 1.2% | - |
| iTélé | 1.1% | 1.0% | +0.1 pt |
| **Total** | **5.7%** | **5.9%** | **-0.2 pt** |

a. Constant perimeter reflects the impacts of the acquisition of Alterna'TV on April 7, 2016.

b. Relates to the six premium channels: Canal+, Canal+ Cinéma, Canal+ Sport, Canal+ Décalé, Canal+ Family and Canal+ Séries.

c. Includes individual and collective subscriptions.

d. Source: Médiamétrie. Population four years and older.

Canal+ Group's revenues amounted to €2,639 million, down 3.5% compared to the first half of 2015 (-3.0% at constant currency and perimeter). Canal+ Group had a total of 15.8 million subscriptions, a year-on-year increase of 558,000, thanks to the very strong performance of its international operations. In mainland France, the number of subscriptions with commitment continued to decline to 8.187 million as of June 30, 2016, representing a decrease of 272,000 over the first half of 2016.

International pay-TV revenues increased thanks to growth in the individual subscriber base, notably in Africa where Canal+ Group had 2.2 million subscribers as of June 30, 2016, 615,000 more than at the end of June 2015, as well as in Vietnam, where the number of individual subscribers exceeded 900,000 at the end of June 2016 (+139,000 in one year).

The dynamic growth was driven by the enhancement of the offerings with the addition of the broadcasting of the UEFA Euro 2016 in Africa and Vietnam, and the broadcasting of the English Premier League in Vietnam for the next three seasons (2016/2017 to 2018/2019).

Advertising revenues from free-to-air channels, up 10.1% compared to the first half of 2015, benefited from the strong audiences of D8 and D17 (to be renamed C8 and CStar effective September 5, 2016). At the end of June 2016, D8 was once again the fourth most watched French channel with an average share of 4.9% of its primary target audience of 25-49 year olds for the first half of 2016. On May 28, 2016, D8 was the most watched French channel with a 25.6% share of this target audience thanks to the broadcasting of the Champions' League Final.

Studiocanal's revenues were down compared to the first half of 2015, which notably benefited from the successful theatrical release of *Shaun the Sheep* and the video releases of *Paddington* and *The Imitation Game*.

Canal+ Group's income from operations amounted to €297 million, compared to €368 million for the first half of 2015, and EBITA amounted to €288 million (including reorganization costs), compared to €388 million for the first half of 2015.

This decline was notably due to the difficulties faced by the pay-TV operations in mainland France and the lower profitability of Studiocanal and the free-to-air channels. EBITA from Canal+ channels in France amounted to a €106 million loss, compared to €47 million for the first half of 2015.

A €300 million cost-savings plan, which does not impact the customer, has been implemented at Canal+ in France. It comprises a €100 million reduction in costs associated with subscriptions (e.g., marketing, set-top box management), a €50 million reduction in technical and broadcasting-related costs as well as a €150 million decrease in program production and publishing costs. The full effects of this plan will be seen in 2018, with savings of about €60 to €80 million expected to be realized as soon as 2016.

### 1.3.3 Vivendi Village

Vivendi Village's revenues amounted to €54 million, up 6.9% compared to the first half of 2015 (+8.3% at constant currency). Several new entities have joined Vivendi Village over the past year, including the *Théâtre de L'Œuvre* in Paris, the Canal Olympia venues in Africa and, more recently, Olympia Production, a live entertainment production company.

Vivendi Village's income from operations and EBITA amounted to losses of €8 million and €4 million, respectively. Vivendi Village aims to serve as an outlet for experimentation for the entire Group thanks to the flexibility offered by its small organizational structures.

Thus, on June 14, 2016, CanalOlympia inaugurated the first of its cinema and live performance venues in Africa, located in Yaoundé (Cameroon). It will be part of a network of several dozen of such venues which will be built progressively across Central and West Africa.

With regard to Watchever, it is refocusing its operations on the development of new international paid-for streaming services including Studio+, which will be launching the first global premium series offer for mobile screens.

In ticketing, See Tickets has strengthened its operations in the United States by acquiring Flavorus on June 24, 2016, and won a major contract in the United Kingdom with the Royal Horticultural Society to sell the tickets to all of their shows for the next three years (about half a million tickets annually).

In 2017, Olympia Production will co-produce the tours of Matt Pokora and Slimane (winner of The Voice in France in 2016). It is also producing Florian Zeller's new play which will open the season at the *Théâtre de L'Œuvre* in October 2016.

### 1.3.4 New Initiatives

Revenues generated by New Initiatives, which includes Dailymotion since June 30, 2015, as well as Vivendi Content, a business whose purpose is to develop new content formats, amounted to €58 million, compared to €1 million in the first half of 2015. New Initiatives recorded income from operations amounting to a loss of €17 million and EBITA amounting to a loss of €24 million.

Following its integration into the group, the year 2016 marked a new start for Dailymotion. During the first half of 2016, the focus was on the implementation of various strategic projects that will continue throughout the year. Dailymotion expects to start launching some of these projects in 2017, including:

- an editorial repositioning and a revamping of the user experience, thereby enabling Dailymotion to increase its global user base, which already stands at close to 400 million monthly users;
- the strengthening of Dailymotion's technical advertising platform in order to continue to transform the growing market for digital video advertising; and
- the pursuit of further international development, which is already well advanced. In the first half of 2016, Dailymotion opened its first office in the city of Abidjan, in Africa, in partnership with Canal+ Overseas and from there it will be able to develop its activities on the continent.

This relaunch is accompanied by a strengthening of the management team, with a particular focus on Dailymotion's three strategic pillars: content and marketing, advertising monetization and technology.

### 1.3.5 Corporate

Corporate's income from operations amounted to a net charge of €48 million, compared to a net charge of €54 million for the first half of 2015, a €6 million improvement, primarily related to the decrease in legal fees. Corporate's EBITA was stable, representing a net charge of €50 million.

## 1.4 Gameloft

Vivendi has fully consolidated Gameloft since June 29, 2016: please refer to Note 2 to the Condensed Financial Statements for the first half of 2016 for a detailed description of the acquisition and its impacts on the Financial Statements. As a reminder, Gameloft's financial results and cash flows will be consolidated effective July 1, 2016.

**Supplementary information related to Gameloft**

| | Six months ended June 30, | | | | Year ended December 31, 2015 |
|---|---|---|---|---|---|
| (in millions of euros) | 2016 | 2015 | % Change | % Change at constant currency | |
| Revenues | 125 | 127 | -2% | +4% | 256 |
| *of which advertising revenues* | *7* | *1* | | | *5* |
| | | | | | |
| **Revenues by geographical area** | | | | | |
| EMEA (Europe, the Middle East, Africa) | 34% | 30% | | | 30% |
| North America | 22% | 27% | | | 25% |
| Latam (Latin America) | 13% | 15% | | | 15% |
| APAC (Asia Pacific) | 31% | 28% | | | 30% |
| | **100%** | **100%** | | | **100%** |
| | | | | | |
| Average Monthly Active Users (MAU), in millions (a) | 148 | 172 | | | 166 |
| Average Daily Active Users (DAU), in millions (b) | 18 | 21 | | | 21 |

a. Average unique monthly users over the last six months.

b. Average unique daily users over the last six months.

Gameloft's revenues amounted to €125 million, up 4% at constant currency compared to the first half of 2015 (-2% on an actual basis).

For the first half of 2016, monthly and daily active users reached an average of 148 million and 18 million, respectively.

For the first half of 2016, Gameloft was the world's number one publisher in terms of the number of games downloaded on iOS and Google Play, according to the rankings from the website *App Annie*. Two-thirds of its revenues for the first half of 2016 were attributable to Gameloft's internally developed franchises.

Gameloft released two new titles during the first half of 2016: *Disney Magic Kingdoms* and *Blacklist Conspiracy*.

In February 2016, Gameloft and GungHo, one of the largest mobile game companies in Japan, entered into a strategic partnership, the first stage of which is the distribution of the *Disney Magic Kingdoms* mobile game by the GungHo teams in Japan.

Gameloft Advertising Solutions recently established 10 partnerships with programmatic advertising platforms, thereby increasing its access to the market's trading desks used by major global advertisers. Gameloft's advertising revenues increased by 557% during the first half of 2016.

# 2 Treasury and capital resources

## 2.1 Net Cash Position and equity portfolio

***Preliminary comment:*** *Net Cash Position should be considered in addition to, and not as a substitute for, other GAAP measures as presented in the Consolidated Statement of Financial Position, as well as any other measures of indebtedness reported in accordance with GAAP, and Vivendi considers it to be a relevant indicator of treasury and capital resources of the group: please refer to Section 2 of the 2015 Financial Report (page 185 of the 2015 Annual Report). Vivendi Management uses this indicator for reporting, management, and planning purposes, as well as to comply with certain covenants.*

### 2.1.1 Net Cash Position

| (in millions of euros) | Refer to Notes to the Consolidated Financial Statements | June 30, 2016 | December 31, 2015 |
|---|---|---|---|
| Cash and cash equivalents (a) | 11 | 5,764 | 8,225 |
| *of which Vivendi SA's money market funds* | | *3,626* | *5,550* |
| *Vivendi SA's term deposits, interest-bearing current accounts, and MTN* | | *1,768* | *2,372* |
| Cash management financial assets | 11 | 559 | 581 |
| **Cash position** | | **6,323** | **8,806** |
| Derivative financial instruments in assets | 10 | 171 | 115 |
| Cash deposits (b) | 10 | - | 439 |
| Borrowings and other financial liabilities | 15 | (4,374) | (2,938) |
| *of which long-term (a)* | | *(2,416)* | *(1,555)* |
| *short-term (a)* | | *(1,958)* | *(1,383)* |
| **Borrowings and other financial items** | | **(4,203)** | **(2,384)** |
| **Net Cash Position** | | **2,120** | **6,422** |

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

b. As of December 31, 2015, corresponded to the cash deposit related to the hedge of Activision Blizzard shares (€439 million) recovered as part of the unwinding of the hedge in January 2016.

As of June 30, 2016, Vivendi's Net Cash Position amounted to €2,120 million (compared to €6,422 million as of December 31, 2015). As of June 30, 2016, it included the group's cash position of €6,323 million, of which €5,959 million was held by Vivendi SA and primarily invested as follows:

- €3,626 million invested in money market funds and classified as "cash and cash equivalents";
- €2,114 million invested in term deposits, interest-bearing current accounts and Medium Term Notes (MTN), of which €1,768 million is classified as "cash and cash equivalents" and the remaining balance (€346 million) as "financial assets"; and
- €213 million invested in bond funds and classified as "financial assets".

As of June 30, 2016, Vivendi's borrowings and other financial liabilities amounted to €4,374 million, compared to €2,938 million as of December 31, 2015, a €1,436 million increase. This change was notably attributable to the following:

- +€1,500 million, related to the two new bonds issued in May 2016;
- +€100 million, incurred by the issuance of commercial papers;
- +€109 million, corresponding to the change in financial liabilities recorded with respect to the share repurchase program in progress as of the closing date (€302 million as of June 30, 2016, compared to €193 million as of December 31, 2015);
- +€129 million, related to the financial liability recorded with respect to put options attached to the ORAN 1 and ORAN 2 bonds issued by Banijay Group and Lov Banijay, respectively, pursuant to which they have the option of redeeming their borrowings in shares (please refer to Note 2.2 to the Condensed Financial Statements for the half-year ended June 30, 2016); and
- -€483 million, incurred by the reversal of the financial liability recorded as of December 31, 2015 with respect to the collar hedge on the value of Vivendi's interest in Activision Blizzard denominated in USD, unwound in January 2016, concomitantly with the sale of the remaining interest in Activision Blizzard.

Vivendi SA has a €2 billion bank credit facility, maturing in October 2020 and undrawn as of June 30, 2016. Given the commercial papers backing this bank credit facility and issued for €100 million, this facility was available for €1.9 billion as of June 30, 2016.

In addition, as a result of the settlement agreement entered into with Liberty Media on February 23, 2016 regarding the lawsuit filed by Liberty Media in March 2003, the letter of credit issued to guarantee the amounts awarded by the jury was terminated and the related cash deposit was returned to Vivendi (€974 million).

Moreover, following the referendum held on June 23, 2016 endorsing the United Kingdom's exit from the European Union ("Brexit"), the depreciation of the British pound (GBP) against the euro mainly impacted Universal Music Group's revenues. In addition, Vivendi has thoroughly reviewed the impact of interest and foreign exchange rate changes on the group's debt and financial assets, as well as on pension funds, and a report was submitted to Vivendi's Audit Committee to that effect. As of the date of this report, no significant impact on Vivendi's financial position has been recognized. Other potential effects that could impact the group as a result of the Brexit are currently being assessed.

### 2.1.2 Equity portfolio

As of June 30, 2016, Vivendi held a portfolio of listed and unlisted non-controlling equity interests, mainly in Telecom Italia, Telefonica, Ubisoft, Banijay Group and Groupe Fnac. As of that date, this equity portfolio represented an aggregate market value of approximately €4.4 billion (before taxes): please refer to Notes 9 and 10 to the Condensed Financial Statements for the half-year ended June 30, 2016.

## 2.2 Changes in Net Cash Position

| (in millions of euros) | Cash and cash equivalents | Borrowings and other financial items (a) | Net Cash Position |
|---|---|---|---|
| **Net Cash Position as of December 31, 2015** | **8,225** | **(1,803)** | **6,422** |
| Outflows/(inflows): | | | |
| Operating activities | 158 | - | 158 |
| Investing activities | (32) | (476) | (508) |
| Financing activities | (2,570) | (1,376) | (3,946) |
| Foreign currency translation adjustments | (17) | 11 | (6) |
| **Net Cash Position as of June 30, 2016** | **5,764** | **(3,644)** | **2,120** |

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

As of June 30, 2016, Vivendi's Net Cash Position was €2,120 million, compared to €6,422 million as of December 31, 2015, a €4,302 million decrease which notably reflected:

- dividends paid to Vivendi SA shareowners for €2,588 million (€1,318 million, paid on February 3, 2016, related to the second interim dividend with respect to fiscal year 2015, and €1,270 million, paid on April 28, 2016, related to the remaining balance of the dividend with respect to fiscal year 2015);
- the purchase of treasury shares for €1,547 million;
- investments made during the first half of 2016 for €1,646 million, mainly including acquisitions of shares of Gameloft (€471 million), Telecom Italia (€408 million), Ubisoft (€211 million) and Groupe Fnac (€159 million), as well as the investment in Banijay Group (€290 million); and
- capital expenditures for €110 million;

partially offset by:

- cash proceeds from the sale of the remaining interest in Activision Blizzard in January 2016 (€1,459 million, of which €483 million attributable to the unwinding of the hedge of Activision Blizzard shares);
- net proceeds received as part of the settlement agreement with Liberty Media (€269 million); and
- cash flow from operations (after income taxes) generated for €158 million.

# 2.3 Cash flow from operations analysis

***Preliminary comments:***

- *The non-GAAP measures cash flow from operations (CFFO) and cash flow from operations after interest and taxes (CFAIT) should be considered in addition to, and not as substitutes for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related notes or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.*
- *As a reminder, GVT (sold in 2015) has been reported as a discontinued operation in compliance with IFRS 5. In practice, cash flows from this business have been reported as follows:*
  - *GVT's contribution, until its effective sale on May 28, 2015, to each line of Vivendi's Consolidated Statement of Cash Flows has been grouped under the line "Cash flows from discontinued operations"; and*
  - *its cash flow from operations (CFFO) and cash flow from operations after interest and income taxes (CFAIT) have been excluded from Vivendi's CFFO and CFAIT, as presented below.*

| | Six months ended June 30, | | |
|---|---|---|---|
| (in millions of euros) | 2016 | 2015 | % Change |
| Revenues | 5,044 | 5,095 | -1.0% |
| Operating expenses excluding depreciation and amortization | (4,462) | (4,418) | -1.0% |
| | *582* | *677* | *-14.1%* |
| Restructuring charges paid | (54) | (24) | x 2.2 |
| Content investments, net | (112) | 52 | na |
| *of which content investments paid* | *(1,245)* | *(1,136)* | *-9.6%* |
| *recoupments of advances/consumption of rights* | *1,133* | *1,188* | *-4.7%* |
| Neutralization of change in provisions included in operating expenses | (48) | (58) | +16.5% |
| Other cash operating items | 4 | - | na |
| Other changes in net working capital | 5 | (297) | na |
| ***Net cash provided by/(used for) operating activities before income tax paid*** | ***377*** | ***350*** | ***+7.7%*** |
| Dividends received from equity affiliates and unconsolidated companies | 23 | 11 | x 2.0 |
| Capital expenditures, net (capex, net) | (110) | (127) | +13.4% |
| **Cash flow from operations (CFFO)** | **290** | **234** | **+23.5%** |
| Interest paid, net | (17) | (14) | -18.3% |
| Other cash items related to financial activities | (71) | 65 | na |
| Income tax (paid)/received, net | (219) | (726) | +69.8% |
| **Cash flow from operations after interest and income tax paid (CFAIT)** | **(17)** | **(441)** | **+96.1%** |

na: not applicable.

### 2.3.1 Changes in cash flow from operations (CFFO)

For the first half of 2016, cash flow from operations (CFFO) generated by the business segments amounted to €290 million (compared to €234 million for the first half of 2015), a €56 million increase (+23.5%). This change mainly reflected Universal Music Group's commercial performance, driven by the net growth of digital operations, notably offset by the payment of restructuring charges by the group (-€30 million). In addition, dividends received increased by €12 million, notably as a result of the cash received from Telefonica (€19 million). For the first half of 2015, they mainly included the dividend received from Activision Blizzard (€8 million).

### 2.3.2 Cash flow from operations ( CFFO) by business segment

| | Six months ended June 30, | | |
|---|---|---|---|
| (in millions of euros) | 2016 | 2015 | % Change |
| **Cash flow from operations (CFFO)** | | | |
| Universal Music Group | 93 | (24) | na |
| Canal+ Group | 303 | 327 | -7.6% |
| Vivendi Village | (2) | 9 | na |
| New Initiatives | (31) | - | |
| Corporate | (73) | (78) | |
| **Total Vivendi** | **290** | **234** | **+23.5%** |

na: not applicable.

### 2.3.3 Changes in cash flow from operations after interest and income tax paid (CFAIT)

For the first half of 2016, cash flow from operations after interest and income tax paid (CFAIT) represented a €17 million net outflow, compared to a €441 million net outflow for the first half of 2015, a €424 million improvement. Besides the change in CFFO (+€56 million), this change mainly reflected the decrease in outflows for income taxes (+€507 million), partially offset by the unfavorable change in net cash flow from financial activities (-€136 million).

Cash flow related to income taxes amounted to a €219 million net outflow, compared to a €726 million net outflow for the first half of 2015. For the first half of 2015, it included taxes paid by Vivendi SA in Brazil related to the capital gain on the sale of GVT on May 28, 2015 (-€395 million), as well as the payment made on March 31, 2015 by Vivendi SA in France (-€321 million), related to an ongoing litigation with tax authorities for the final assessment of the income tax payable by Vivendi SA with respect to fiscal year 2012 (please refer to Note 18 to the Condensed Financial Statements for the half-year ended June 30, 2016). This payment was partially offset by the receipt on January 16, 2015 by Vivendi SA of moratorium interest (+€43 million), related to the refund received on December 23, 2014 with respect to the Consolidated Global Profit Tax System for the year ended December 31, 2011. For the first half of 2016, it notably included tax installments paid in France under the French Tax Group System for fiscal year 2016 (-€104 million) and the 3% tax on Vivendi SA's dividends (-€78 million, compared to -€41 million for the first half of 2015).

For the first half of 2016, financial activities generated a €71 million net outflow, compared to a €65 million net inflow for the same period in 2015. For the first half of 2016, they mainly included cash outflows generated by foreign exchange risk hedging instruments as a result of the depreciation of the British pound (GBP) and the U.S. dollar (USD) against the euro (-€53 million). For the first half of 2015, they mainly included cash inflows generated by foreign exchange risk hedging instruments as a result of the appreciation of the U.S. dollar (USD) against the euro (+€67 million).

### 2.3.4 Reconciliation of CFAIT to net cash provided by/(used for) operating activities of continuing operations

| | Six months ended June 30, | |
|---|---|---|
| (in millions of euros) | 2016 | 2015 |
| **Cash flow from operations after interest and income tax paid (CFAIT)** | **(17)** | **(441)** |
| *Adjustments* | | |
| Capital expenditures, net (capex, net) | 110 | 127 |
| Dividends received from equity affiliates and unconsolidated companies | (23) | (11) |
| Interest paid, net | 17 | 14 |
| Other cash items related to financial activities | 71 | (65) |
| **Net cash provided by/(used for) operating activities of continuing operations (a)** | **158** | **(376)** |

a. As presented in the Consolidated Statement of Cash Flows.

# 2.4 Analysis of investing and financing activities

## 2.4.1 Investing activities

| (in millions of euros) | Six months ended June 30, 2016 |
|---|---|
| **Financial investments** | |
| Acquisitions of Telecom Italia ordinary shares | (408) |
| Investment in Banijay Group | (290) |
| Acquisition of Ubisoft shares | (211) |
| Acquisition of Gameloft shares | (471) |
| Subscription to Groupe Fnac's reserved capital increase | (159) |
| Other acquisitions and investments | (100) |
| Other | (7) |
| **Total financial investments** | **(1,646)** |
| | |
| **Financial divestments** | |
| Net proceeds received from the sale of the remaining interest in Activision Blizzard | 976 |
| Recovery of the deposit related to the hedge of Activision Blizzard shares | 439 |
| Net proceeds received from the settlement agreement with Liberty Media | 269 |
| Cash management financial assets | 23 |
| Other | (5) |
| **Total financial divestments** | **1,702** |
| Dividends received from equity affiliates and unconsolidated companies | 22 |
| Capital expenditures, net | (110) |
| **Net cash provided by/(used for) investing activities (a)** | **(32)** |

a. As presented in the Consolidated Statement of Cash Flows.

## 2.4.2 Financing activities

| (in millions of euros) | Six months ended June 30, 2016 |
|---|---|
| **Transactions with shareowners** | |
| Distribution to Vivendi SA's shareowners | (2,588) |
| Sales/(purchases) of Vivendi SA's treasury shares | (1,547) |
| Exercise of stock options by executive management and employees | 5 |
| Other | (9) |
| **Total transactions with shareowners** | **(4,139)** |
| | |
| **Transactions on borrowings and other financial liabilities** | |
| Issuance of two bonds | 1,500 |
| Issuance of commercial papers | 100 |
| Interest paid, net | (17) |
| Other | (14) |
| **Total transactions on borrowings and other financial liabilities** | **1,569** |
| **Net cash provided by/(used for) financing activities (a)** | **(2,570)** |

a. As presented in the Consolidated Statement of Cash Flows.

# 3 Outlook

Vivendi maintains its 2016 outlook, as disclosed on February 18, 2016, and described in Section 3 of the 2015 Financial Report, in Chapter 4 of the 2015 Annual Report.

For Universal Music Group, Vivendi continues to see a positive momentum in the business, driven by ongoing growth in streaming and subscription and tempered by declines in download and physical sales, leading to a reasonable increase in results this year and enhanced results from 2017 onwards.

For Canal+ Group, Vivendi needs to stop the losses of Canal+ channels[5] in France, which could lead to a significant decline in the operating results in 2016, by implementing a transformation plan with the objective, for the Canal+ channels in France, of reaching breakeven in 2018 and of achieving a level of profitability similar to that of the best European players in the sector in the medium term.

# 4 Forward-Looking Statements – Major risks and uncertainties

### 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, and the payment of dividends and distributions as well as share repurchases. 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, and to any other approvals which may be required in connection with certain transactions, as well as the risks described in the documents of the group filed by Vivendi with the *Autorité des marchés financiers* (the "AMF") (the French securities regulator), and in its press releases, if any, which are also available in English on Vivendi's website (www.vivendi.com). Accordingly, readers are cautioned against relying on such 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.

### Major risks and uncertainties for the remaining six months of the fiscal year

Vivendi is not aware of any risks or uncertainties other than those mentioned above for the remaining six months of fiscal year 2016.

# 5 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 solely for the convenience of English speaking readers. 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.

[5] *Relates to the six premium channels: Canal+, Canal+ Cinéma, Canal+ Sport, Canal+ Séries, Canal+ Family and Canal+ Décalé.*

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

## 1 Quarterly revenues, income from operations and EBITA by business segment

| | 2016 | |
|---|---|---|
| (in millions of euros) | Three months ended March 31, | Three months ended June 30, |
| **Revenues** | | |
| Universal Music Group | 1,119 | 1,196 |
| Canal+ Group | 1,328 | 1,311 |
| Vivendi Village | 25 | 29 |
| New Initiatives | 30 | 28 |
| Elimination of intersegment transactions | (11) | (11) |
| **Total Vivendi** | **2,491** | **2,553** |
| **Income from operations** | | |
| Universal Music Group | 102 | 115 |
| Canal+ Group | 164 | 133 |
| Vivendi Village | (4) | (4) |
| New Initiatives | (9) | (8) |
| Corporate | (25) | (24) |
| **Total Vivendi** | **228** | **212** |
| **EBITA** | | |
| Universal Music Group | 79 | 98 |
| Canal+ Group | 169 | 119 |
| Vivendi Village | - | (4) |
| New Initiatives | (10) | (14) |
| Corporate | (25) | (25) |
| **Total Vivendi** | **213** | **174** |

| | 2015 | | | |
|---|---|---|---|---|
| (in millions of euros) | Three months ended March 31, | Three months ended June 30, | Three months ended September 30, | Three months ended December 31, |
| **Revenues** | | | | |
| Universal Music Group | 1,097 | 1,214 | 1,181 | 1,616 |
| Canal+ Group | 1,370 | 1,364 | 1,300 | 1,479 |
| Vivendi Village | 25 | 26 | 22 | 27 |
| New Initiatives | - | 1 | 17 | 25 |
| Elimination of intersegment transactions | - | (2) | - | - |
| **Total Vivendi** | **2,492** | **2,603** | **2,520** | **3,147** |
| **Income from operations** | | | | |
| Universal Music Group | 88 | 91 | 99 | 348 |
| Canal+ Group | 154 | 214 | 186 | (12) |
| Vivendi Village | 4 | 4 | 1 | 1 |
| New Initiatives | - | (1) | (9) | (8) |
| Corporate | (28) | (26) | (20) | (25) |
| **Total Vivendi** | **218** | **282** | **257** | **304** |
| **EBITA** | | | | |
| Universal Music Group | 82 | 89 | 88 | 334 |
| Canal+ Group | 165 | 223 | 162 | (96) |
| Vivendi Village | 4 | 4 | - | 1 |
| New Initiatives | - | (1) | (9) | (10) |
| Corporate | (33) | (17) | (22) | (22) |
| **Total Vivendi** | **218** | **298** | **219** | **207** |

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# III - Condensed Financial Statements for the half-year ended June 30, 2016

## Condensed Statement of Earnings

| | Note | Three months ended June 30, (unaudited) 2016 | Three months ended June 30, (unaudited) 2015 | Six months ended June 30, (unaudited) 2016 | Six months ended June 30, (unaudited) 2015 | Year ended December 31, 2015 |
|---|---|---|---|---|---|---|
| **Revenues** | 3 | **2,553** | **2,603** | **5,044** | **5,095** | **10,762** |
| Cost of revenues | | (1,578) | (1,559) | (3,088) | (3,069) | (6,555) |
| Selling, general and administrative expenses | | (829) | (829) | (1,631) | (1,684) | (3,571) |
| Restructuring charges | 3 | (27) | (22) | (48) | (29) | (102) |
| Impairment losses on intangible assets acquired through business combinations | | - | - | - | - | (3) |
| Reversal of reserve related to the Liberty Media litigation in the United States | 18 | - | - | 240 | - | - |
| Other income | 2 | 77 | 717 | 657 | 718 | 745 |
| Other charges | | (102) | - | (112) | (4) | (45) |
| **Earnings before interest and income taxes (EBIT)** | | **94** | **910** | **1,062** | **1,027** | **1,231** |
| Income from equity affiliates | 9 | 25 | (1) | 12 | (7) | (10) |
| Interest | 4 | (9) | (9) | (17) | (14) | (30) |
| Income from investments | | 21 | 12 | 22 | 21 | 52 |
| Other financial income | | 11 | 23 | 17 | 35 | 16 |
| Other financial charges | | (14) | (16) | (27) | (34) | (73) |
| **Earnings from continuing operations before provision for income taxes** | | **128** | **919** | **1,069** | **1,028** | **1,186** |
| Provision for income taxes | 5 | (70) | (206) | (135) | (282) | (441) |
| **Earnings from continuing operations** | | **58** | **713** | **934** | **746** | **745** |
| Earnings from discontinued operations | | (1) | 1,262 | (2) | 1,279 | 1,233 |
| **Earnings** | | **57** | **1,975** | **932** | **2,025** | **1,978** |
| *Of which* | | | | | | |
| **Earnings attributable to Vivendi SA shareowners** | | **49** | **1,958** | **911** | **1,991** | **1,932** |
| of which **earnings from continuing operations attributable to Vivendi SA shareowners** | | **50** | **696** | **913** | **712** | **699** |
| earnings from discontinued operations attributable to Vivendi SA shareowners | | (1) | 1,262 | (2) | 1,279 | 1,233 |
| Non-controlling interests | | 8 | 17 | 21 | 34 | 46 |
| Earnings from continuing operations attributable to Vivendi SA shareowners per share - basic | 6 | 0.04 | 0.51 | 0.71 | 0.52 | 0.51 |
| Earnings from continuing operations attributable to Vivendi SA shareowners per share - diluted | 6 | 0.04 | 0.51 | 0.71 | 0.52 | 0.51 |
| Earnings from discontinued operations attributable to Vivendi SA shareowners per share - basic | 6 | - | 0.93 | - | 0.95 | 0.91 |
| Earnings from discontinued operations attributable to Vivendi SA shareowners per share - diluted | 6 | - | 0.92 | - | 0.94 | 0.90 |
| **Earnings attributable to Vivendi SA shareowners per share - basic** | 6 | **0.04** | **1.44** | **0.71** | **1.47** | **1.42** |
| Earnings attributable to Vivendi SA shareowners per share - diluted | 6 | 0.04 | 1.43 | 0.71 | 1.46 | 1.41 |

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

As a reminder, in compliance with IFRS 5 - *Non-current Assets Held for Sale and Discontinued Operations*, GVT (sold on May 28, 2015) has been reported as a discontinued operation.

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

# Condensed Statement of Comprehensive Income

| (in millions of euros) | Three months ended June 30, (unaudited) 2016 | 2015 | | Six months ended June 30, (unaudited) 2016 | 2015 | | Year ended December 31, 2015 |
|---|---|---|---|---|---|---|---|
| **Earnings** | **57** | **1,975** | | **932** | **2,025** | | **1,978** |
| Actuarial gains/(losses) related to employee defined benefit plans, net | - | - | | - | - | | (21) |
| Comprehensive income from equity affiliates, net | - | - | | (1) | - | | - |
| **Items not reclassified to profit or loss** | **-** | **-** | | **(1)** | **-** | | **(21)** |
| Foreign currency translation adjustments | 54 | 824 | (a) | (225) | 1,374 | (a) | 1,513 |
| Unrealized gains/(losses), net | 37 | (584) | | (510) | (540) | | (371) |
| *of which hedging instruments* | *56* | *(39)* | | *123* | *(114)* | | *(79)* |
| *assets available for sale* | *(19)* | *(545)* | (b) | *(633)* (c) | *(426)* | (b) | *(292)* |
| Comprehensive income from equity affiliates, net | 32 | - | | 33 | - | | - |
| Other impacts, net | 41 | 22 | | 21 | 20 | | 31 |
| **Items to be subsequently reclassified to profit or loss** | **164** | **262** | | **(681)** | **854** | | **1,173** |
| **Charges and income directly recognized in equity** | **164** | **262** | | **(682)** | **854** | | **1,152** |
| **Total comprehensive income** | **221** | **2,237** | | **250** | **2,879** | | **3,130** |
| Of which | | | | | | | |
| **Total comprehensive income attributable to Vivendi SA shareowners** | **217** | **2,227** | | **228** | **2,846** | | **3,089** |
| Total comprehensive income attributable to non-controlling interests | 4 | 10 | | 22 | 33 | | 41 |

a. Mainly related to the reclassification to profit or loss of foreign currency translation adjustments following the sale of GVT on May 28, 2015 (€933 million), as well as foreign currency translation adjustments due to fluctuations in exchange rates at UMG (€555 million for the first half of 2015 and -€164 million for the second quarter of 2015).

b. Mainly related to the reclassification to profit or loss of the capital gain on the sale of the 20% interest in Numericable-SFR on May 6, 2015 (-€651 million, before taxes).

c. Mainly related to the reclassification to profit or loss of the capital gain on the sale of the remaining interest in Activision Blizzard in January 2016 (-€586 million, before taxes).

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

# Condensed Statement of Financial Position

| (in millions of euros) | Note | June 30, 2016 (unaudited) | December 31, 2015 |
|---|---|---|---|
| **ASSETS** | | | |
| Goodwill | 7 | 10,705 | 10,177 |
| Non-current content assets | 8 | 2,172 | 2,286 |
| Other intangible assets | | 293 | 224 |
| Property, plant and equipment | | 695 | 737 |
| Investments in equity affiliates | 9 | 4,046 | 3,435 |
| Non-current financial assets | 10 | 2,119 | 4,132 |
| Deferred tax assets | | 685 | 622 |
| **Non-current assets** | | **20,715** | **21,613** |
| Inventories | | 125 | 117 |
| Current tax receivables | | 535 | 653 |
| Current content assets | 8 | 789 | 1,088 |
| Trade accounts receivable and other | | 1,914 | 2,139 |
| Current financial assets | 10 | 735 | 1,111 |
| Cash and cash equivalents | 11 | 5,764 | 8,225 |
| **Current assets** | | **9,862** | **13,333** |
| **TOTAL ASSETS** | | **30,577** | **34,946** |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | | 7,050 | 7,526 |
| Additional paid-in capital | | 4,190 | 5,343 |
| Treasury shares | | (715) | (702) |
| Retained earnings and other | | 7,644 | 8,687 |
| **Vivendi SA shareowners' equity** | | **18,169** | **20,854** |
| Non-controlling interests | | 230 | 232 |
| **Total equity** | 12 | **18,399** | **21,086** |
| Non-current provisions | 13 | 1,700 | 2,679 |
| Long-term borrowings and other financial liabilities | 15 | 2,416 | 1,555 |
| Deferred tax liabilities | | 676 | 705 |
| Other non-current liabilities | | 82 | 105 |
| **Non-current liabilities** | | **4,874** | **5,044** |
| Current provisions | 13 | 346 | 363 |
| Short-term borrowings and other financial liabilities | 15 | 1,958 | 1,383 |
| Trade accounts payable and other | | 4,896 | 6,737 |
| Current tax payables | | 104 | 333 |
| **Current liabilities** | | **7,304** | **8,816** |
| **Total liabilities** | | **12,178** | **13,860** |
| **TOTAL EQUITY AND LIABILITIES** | | **30,577** | **34,946** |

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

# Condensed Statement of Cash Flows

| (in millions of euros) | Note | Six months ended June 30, (unaudited) 2016 | 2015 | Year ended December 31, 2015 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| EBIT | | 1,062 | 1,027 | 1,231 |
| Adjustments | | (578) | (432) | (38) |
| Content investments, net | | (112) | 52 | 157 |
| ***Gross cash provided by operating activities before income tax paid*** | | ***372*** | ***647*** | ***1,350*** |
| Other changes in net working capital | | 5 | (297) | (226) |
| ***Net cash provided by operating activities before income tax paid*** | | ***377*** | ***350*** | ***1,124*** |
| Income tax (paid)/received, net | | (219) | (726) | (1,037) |
| ***Net cash provided by operating activities of continuing operations*** | | ***158*** | ***(376)*** | ***87*** |
| ***Net cash provided by operating activities of discontinued operations*** | | ***-*** | ***152*** | ***153*** |
| **Net cash provided by operating activities** | | **158** | **(224)** | **240** |
| **Investing activities** | | | | |
| Capital expenditures | | (109) | (128) | (247) |
| Purchases of consolidated companies, after acquired cash | | (520) | (220) | (359) |
| Investments in equity affiliates | 9 | (546) | (1) | (19) |
| Increase in financial assets | 10 | (580) | (2,021) | (3,549) |
| ***Investments*** | | ***(1,755)*** | ***(2,370)*** | ***(4,174)*** |
| Proceeds from sales of property, plant, equipment and intangible assets | | (1) | 1 | 1 |
| Proceeds from sales of consolidated companies, after divested cash | | (18) | 4,039 | 4,032 |
| Disposal of equity affiliates | 9 | 1 | (1) | 268 |
| Decrease in financial assets | 10 | 1,719 | 1,950 | 4,713 |
| ***Divestitures*** | | ***1,701*** | ***5,989*** | ***9,014*** |
| Dividends received from equity affiliates | | 3 | 2 | 5 |
| Dividends received from unconsolidated companies | | 19 | 9 | 9 |
| ***Net cash provided by/(used for) investing activities of continuing operations*** | | ***(32)*** | ***3,630*** | ***4,854*** |
| ***Net cash provided by/(used for) investing activities of discontinued operations*** | | ***-*** | ***(262)*** | ***(262)*** |
| **Net cash provided by/(used for) investing activities** | | **(32)** | **3,368** | **4,592** |
| **Financing activities** | | | | |
| Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans | 14 | 5 | 191 | 273 |
| Sales/(purchases) of Vivendi SA's treasury shares | 12 | (1,547) | - | (492) |
| Distributions to Vivendi SA's shareowners | 12 | (2,588) | (2,727) | (2,727) |
| Other transactions with shareowners | | - | (8) | (534) |
| Dividends paid by consolidated companies to their non-controlling interests | | (9) | (25) | (46) |
| ***Transactions with shareowners*** | | ***(4,139)*** | ***(2,569)*** | ***(3,526)*** |
| Setting up of long-term borrowings and increase in other long-term financial liabilities | 15 | 1,500 | 8 | 8 |
| Principal payment on long-term borrowings and decrease in other long-term financial liabilities | 15 | - | (1) | (2) |
| Principal payment on short-term borrowings | 15 | (27) | (79) | (126) |
| Other changes in short-term borrowings and other financial liabilities | 15 | 184 | (3) | 6 |
| Interest paid, net | 4 | (17) | (14) | (30) |
| Other cash items related to financial activities | | (71) | 65 | 106 |
| ***Transactions on borrowings and other financial liabilities*** | | ***1,569*** | ***(24)*** | ***(38)*** |
| ***Net cash provided by/(used for) financing activities of continuing operations*** | | ***(2,570)*** | ***(2,593)*** | ***(3,564)*** |
| ***Net cash provided by/(used for) financing activities of discontinued operations*** | | ***-*** | ***69*** | ***69*** |
| **Net cash provided by/(used for) financing activities** | | **(2,570)** | **(2,524)** | **(3,495)** |
| Foreign currency translation adjustments of continuing operations | | (17) | 13 | 3 |
| Foreign currency translation adjustments of discontinued operations | | - | (8) | (8) |
| **Change in cash and cash equivalents** | | **(2,461)** | **625** | **1,332** |
| **Reclassification of discontinued operations' cash and cash equivalents** | | **-** | **49** | **48** |
| **Cash and cash equivalents** | | | | |
| At beginning of the period | 11 | **8,225** | **6,845** | **6,845** |
| At end of the period | 11 | **5,764** | **7,519** | **8,225** |

As a reminder, in compliance with IFRS 5, GVT (sold on May 28, 2015) has been reported as a discontinued operation.

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

# Condensed Statements of Changes in Equity

**Six months ended June 30, 2016 (unaudited)**

| (in millions of euros, except number of shares) | Note | Capital | | | | | Retained earnings and other | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Common shares | | Additional paid-in capital | Treasury shares | Subtotal | Retained earnings | Other comprehensive income | Subtotal | |
| | | *Number of shares* (in thousands) | Share capital | | | | | | | |
| **BALANCE AS OF DECEMBER 31, 2015** | | ***1,368,323*** | **7,526** | **5,343** | **(702)** | **12,167** | **8,014** | **905** | **8,919** | **21,086** |
| ***Attributable to Vivendi SA shareowners*** | | ***1,368,323*** | ***7,526*** | ***5,343*** | ***(702)*** | ***12,167*** | ***7,764*** | ***923*** | ***8,687*** | ***20,854*** |
| ***Attributable to non-controlling interests*** | | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***250*** | ***(18)*** | ***232*** | ***232*** |
| Contributions by/distributions to Vivendi SA shareowners | | *(86,577)* | (476) | (1,153) | (13) | (1,642) | (1,271) | - | (1,271) | (2,913) |
| *Capital reduction through cancellation of treasury shares* | 12 | *(86,875)* | *(478)* | *(1,154)* | *1,632* | *-* | *-* | *-* | *-* | *-* |
| *Sales/(purchases) of treasury shares* | 12 | *-* | *-* | *-* | *(1,650)* | *(1,650)* | *-* | *-* | *-* | *(1,650)* |
| *Distribution to shareowners (balance of the dividend paid on April 28, 2016 with respect to fiscal year 2015)* | 12 | *-* | *-* | *-* | *-* | *-* | *(1,270)* | *-* | *(1,270)* | *(1,270)* |
| *Capital increase related to share-based compensation plans* | 14 | *298* | *2* | *1* | *5* | *8* | *(1)* | *-* | *(1)* | *7* |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | | ***(86,577)*** | **(476)** | **(1,153)** | **(13)** | **(1,642)** | **(1,271)** | **-** | **(1,271)** | **(2,913)** |
| Contributions by/distributions to non-controlling interests | | - | - | - | - | - | (24) | - | (24) | (24) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | | **-** | **-** | **-** | **-** | **-** | **(24)** | **-** | **(24)** | **(24)** |
| Earnings | | - | - | - | - | - | 932 | - | 932 | 932 |
| Charges and income directly recognized in equity | | - | - | - | - | - | 21 | (703) | (682) | (682) |
| **TOTAL COMPREHENSIVE INCOME (C)** | | **-** | **-** | **-** | **-** | **-** | **953** | **(703)** | **250** | **250** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | | ***(86,577)*** | ***(476)*** | ***(1,153)*** | ***(13)*** | ***(1,642)*** | ***(342)*** | ***(703)*** | ***(1,045)*** | ***(2,687)*** |
| *Attributable to Vivendi SA shareowners* | | *(86,577)* | *(476)* | *(1,153)* | *(13)* | *(1,642)* | *(350)* | *(693)* | *(1,043)* | *(2,685)* |
| *Attributable to non-controlling interests* | | *-* | *-* | *-* | *-* | *-* | *8* | *(10)* | *(2)* | *(2)* |
| **BALANCE AS OF JUNE 30, 2016** | | ***1,281,746*** | **7,050** | **4,190** | **(715)** | **10,525** | **7,672** | **202** | **7,874** | **18,399** |
| ***Attributable to Vivendi SA shareowners*** | | ***1,281,746*** | ***7,050*** | ***4,190*** | ***(715)*** | ***10,525*** | ***7,414*** | ***230*** | ***7,644*** | ***18,169*** |
| ***Attributable to non-controlling interests*** | | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***258*** | ***(28)*** | ***230*** | ***230*** |

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

## Six months ended June 30, 2015 (unaudited)

| (in millions of euros, except number of shares) | Capital | | | | | Retained earnings and other | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | Common shares | | Additional paid-in capital | Treasury shares | Subtotal | Retained earnings | Other comprehensive income | Subtotal | |
| | *Number of shares* (in thousands) | Share capital | | | | | | | |
| **BALANCE AS OF DECEMBER 31, 2014** | ***1,351,601*** | **7,434** | **5,160** | **(1)** | **12,593** | **10,634** | **(239)** | **10,395** | **22,988** |
| ***Attributable to Vivendi SA shareowners*** | ***1,351,601*** | ***7,434*** | ***5,160*** | ***(1)*** | ***12,593*** | ***10,185*** | ***(172)*** | ***10,013*** | ***22,606*** |
| ***Attributable to non-controlling interests*** | **-** | **-** | **-** | **-** | **-** | ***449*** | ***(67)*** | ***382*** | ***382*** |
| **Contributions by/distributions to Vivendi SA shareowners** | ***12,160*** | **67** | **123** | **-** | **190** | **(4,083)** | **-** | **(4,083)** | **(3,893)** |
| Distribution to shareowners | - | - | - | - | - | (4,090) | - | (4,090) | (4,090) |
| *Dividend paid on April 23, 2015 with respect to fiscal year 2014 (€1 per share)* | - | - | - | - | - | *(1,363)* | - | *(1,363)* | *(1,363)* |
| *First interim dividend paid on June 29, 2015 with respect to fiscal year 2015 (€1 per share)* | - | - | - | - | - | *(1,364)* | - | *(1,364)* | *(1,364)* |
| *Second interim dividend paid on February 3, 2016 with respect to fiscal year 2015 (€1 per share)* | - | - | - | - | - | *(1,364)* | - | *(1,364)* | *(1,364)* |
| Capital increase related to share-based compensation plans | *12,160* | 67 | 123 | - | 190 | 7 | - | 7 | 197 |
| **Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control** | **-** | **-** | **-** | **-** | **-** | **(18)** | **-** | **(18)** | **(18)** |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | ***12,160*** | **67** | **123** | **-** | **190** | **(4,101)** | **-** | **(4,101)** | **(3,911)** |
| **Contributions by/distributions to non-controlling interests** | **-** | **-** | **-** | **-** | **-** | **(32)** | **-** | **(32)** | **(32)** |
| Dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (32) | - | (32) | (32) |
| **Changes in non-controlling interests that result in a gain/(loss) of control** | **-** | **-** | **-** | **-** | **-** | **1** | **-** | **1** | **1** |
| **Changes in non-controlling interests that do not result in a gain/(loss) of control** | **-** | **-** | **-** | **-** | **-** | **(2)** | **-** | **(2)** | **(2)** |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | **-** | **-** | **-** | **-** | **-** | **(33)** | **-** | **(33)** | **(33)** |
| Earnings | - | - | - | - | - | 2,025 | - | 2,025 | 2,025 |
| Charges and income directly recognized in equity | - | - | - | - | - | 20 | 834 | 854 | 854 |
| **TOTAL COMPREHENSIVE INCOME (C)** | **-** | **-** | **-** | **-** | **-** | **2,045** | **834** | **2,879** | **2,879** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | ***12,160*** | ***67*** | ***123*** | **-** | ***190*** | ***(2,089)*** | ***834*** | ***(1,255)*** | ***(1,065)*** |
| *Attributable to Vivendi SA shareowners* | *12,160* | *67* | *123* | - | *190* | *(2,083)* | *828* | *(1,255)* | *(1,065)* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *(6)* | *6* | - | - |
| **BALANCE AS OF JUNE 30, 2015** | ***1,363,761*** | **7,501** | **5,283** | **(1)** | **12,783** | **8,545** | **595** | **9,140** | **21,923** |
| ***Attributable to Vivendi SA shareowners*** | ***1,363,761*** | ***7,501*** | ***5,283*** | ***(1)*** | ***12,783*** | ***8,102*** | ***656*** | ***8,758*** | ***21,541*** |
| ***Attributable to non-controlling interests*** | **-** | **-** | **-** | **-** | **-** | ***443*** | ***(61)*** | ***382*** | ***382*** |

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

## Year ended December 31, 2015

| (in millions of euros, except number of shares) | Capital | | | | | Retained earnings and other | | | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| | Common shares | | Additional paid-in capital | Treasury shares | Subtotal | Retained earnings | Other comprehensive income | Subtotal | |
| | *Number of shares* (in thousands) | Share capital | | | | | | | |
| **BALANCE AS OF DECEMBER 31, 2014** | ***1,351,601*** | **7,434** | **5,160** | **(1)** | **12,593** | **10,611** | **(216)** | **10,395** | **22,988** |
| ***Attributable to Vivendi SA shareowners*** | ***1,351,601*** | ***7,434*** | ***5,160*** | ***(1)*** | ***12,593*** | ***10,210*** | ***(197)*** | ***10,013*** | ***22,606*** |
| ***Attributable to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***401*** | ***(19)*** | ***382*** | ***382*** |
| **Contributions by/distributions to Vivendi SA shareowners** | ***16,722*** | **92** | **183** | **(701)** | **(426)** | **(4,033)** | **-** | **(4,033)** | **(4,459)** |
| Sales/(purchases) of treasury shares | - | - | - | (702) | (702) | - | - | - | (702) |
| Distribution to shareowners | - | - | - | - | - | (4,044) | - | (4,044) | (4,044) |
| *Dividend paid on April 23, 2015 with respect to fiscal year 2014 (€1 per share)* | - | - | - | - | - | *(1,363)* | - | *(1,363)* | *(1,363)* |
| *First interim dividend paid on June 29, 2015 with respect to fiscal year 2015 (€1 per share)* | - | - | - | - | - | *(1,364)* | - | *(1,364)* | *(1,364)* |
| *Second interim dividend paid on February 3, 2016 with respect to fiscal year 2015 (€1 per share)* | - | - | - | - | - | *(1,318)* | - | *(1,318)* | *(1,318)* |
| Capital increase related to share-based compensation plans | *16,722* | 92 | 183 | 1 | 276 | 11 | - | 11 | 287 |
| *of which Vivendi Employee Stock Purchase Plans (July 16, 2015)* | *3,914* | *22* | *53* | - | *75* | - | - | - | *75* |
| *exercise of stock-options by executive management and employees* | *10,882* | *60* | *140* | - | *200* | - | - | - | *200* |
| **Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control** | **-** | **-** | **-** | **-** | **-** | **(382)** | **-** | **(382)** | **(382)** |
| *Of which acquisition of SECP's non-controlling interests* | - | - | - | - | - | *(375)* | - | *(375)* | *(375)* |
| **CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)** | ***16,722*** | **92** | **183** | **(701)** | **(426)** | **(4,415)** | **-** | **(4,415)** | **(4,841)** |
| **Contributions by/distributions to non-controlling interests** | **-** | **-** | **-** | **-** | **-** | **(41)** | **-** | **(41)** | **(41)** |
| Dividends paid by subsidiaries to non-controlling interests | - | - | - | - | - | (41) | - | (41) | (41) |
| **Changes in non-controlling interests that do not result in a gain/(loss) of control** | **-** | **-** | **-** | **-** | **-** | **(150)** | **-** | **(150)** | **(150)** |
| Acquisition of SECP's non-controlling interests | - | - | - | - | - | (150) | - | (150) | (150) |
| **CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)** | **-** | **-** | **-** | **-** | **-** | **(191)** | **-** | **(191)** | **(191)** |
| Earnings | - | - | - | - | - | 1,978 | - | 1,978 | 1,978 |
| Charges and income directly recognized in equity | - | - | - | - | - | 31 | 1,121 | 1,152 | 1,152 |
| **TOTAL COMPREHENSIVE INCOME (C)** | **-** | **-** | **-** | **-** | **-** | **2,009** | **1,121** | **3,130** | **3,130** |
| ***TOTAL CHANGES OVER THE PERIOD (A+B+C)*** | ***16,722*** | ***92*** | ***183*** | ***(701)*** | ***(426)*** | ***(2,597)*** | ***1,121*** | ***(1,476)*** | ***(1,902)*** |
| *Attributable to Vivendi SA shareowners* | *16,722* | *92* | *183* | *(701)* | *(426)* | *(2,446)* | *1,120* | *(1,326)* | *(1,752)* |
| *Attributable to non-controlling interests* | - | - | - | - | - | *(151)* | *1* | *(150)* | *(150)* |
| **BALANCE AS OF DECEMBER 31, 2015** | ***1,368,323*** | **7,526** | **5,343** | **(702)** | **12,167** | **8,014** | **905** | **8,919** | **21,086** |
| ***Attributable to Vivendi SA shareowners*** | ***1,368,323*** | ***7,526*** | ***5,343*** | ***(702)*** | ***12,167*** | ***7,764*** | ***923*** | ***8,687*** | ***20,854*** |
| ***Attributable to non-controlling interests*** | ***-*** | ***-*** | ***-*** | ***-*** | ***-*** | ***250*** | ***(18)*** | ***232*** | ***232*** |

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

# Notes to the Condensed Financial Statements

On August 23, 2016, at a meeting held at Vivendi's headquarters, the Management Board approved the Financial Report and the Unaudited Condensed Financial Statements for the half-year ended June 30, 2016. Upon the recommendation of the Audit Committee which met on August 24, 2016, the Supervisory Board, at its meeting held on August 25, 2016, reviewed the Financial Report and Unaudited Condensed Financial Statements for the half-year ended June 30, 2016, as previously approved by the Management Board on August 23, 2016.

The Unaudited Condensed Financial Statements for the half-year ended June 30, 2016 should be read in conjunction with Vivendi's audited Consolidated Financial Statements for the year ended December 31, 2015, as published in the "Rapport Annuel - Document de reference 2015" filed on March 15, 2016 with the French *Autorité des marchés financiers* (AMF). Please also refer to pages 194 to 279 of the English translation[6] of the "Rapport Annuel - Document de référence 2015" (the "2015 Annual Report") which is available on Vivendi's website (www.vivendi.com).

## Note 1 Accounting policies and valuation methods

Vivendi's interim Condensed Financial Statements for the first half of 2016 are presented and have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as endorsed in the European Union (EU) and published by the International Accounting Standards Board (IASB). As a result, Vivendi has applied the same accounting methods used in its Consolidated Financial Statements for the year ended December 31, 2015 (please refer to Note 1 "Accounting policies and valuation methods" to the Consolidated Financial Statements for the year ended December 31, 2015, pages 204 to 215 of the 2015 Annual Report) and the following provisions were applied:

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

Among the new IFRS standards and IFRIC interpretations issued by the IASB/IFRS IC and described in Note 1.6 "New IFRS Standards and IFRIC Interpretations that have been published but are not yet effective" to Vivendi's Consolidated Financial Statements for the year ended December 31, 2015 (page 215 of the 2015 Annual Report), the amendments to IAS 38 – *Intangible Assets* apply mandatorily from January 1, 2016. These amendments, related to clarification of acceptable methods of depreciation and amortization, were issued by the IASB on May 12, 2014, endorsed by the EU on December 2, 2015, and published in the Official Journal of the EU on December 3, 2015.

Their application had no significant impact for Vivendi. Indeed, in respect of its film production and television rights activities, Vivendi considers that using the amortization method based on revenues generated by these activities, according to the estimated revenue method described in Note 1.3.5.3 to Vivendi's Consolidated Financial Statements for the year ended December 31, 2015 (page 209 of the 2015 Annual Report), is appropriate because revenue and the consumption of the economic benefits embodied in the intangible assets are highly correlated.

## Note 2 Major changes in the consolidation scope and the equity portfolio

### 2.1 Acquisition of Gameloft

On February 18, 2016, Vivendi filed a proposed public tender offer ("the offer") with the *Autorité des marchés financiers* ("AMF") for all the shares of Gameloft S.E. ("Gameloft"), following its crossing on that date of the 30% threshold in Gameloft's share capital. As of that date, Vivendi held 25,649,006 Gameloft shares[7] representing 30.01% of the share capital and 26.72% of the voting rights of this company[8].

The offer period ran from March 21 until May 27, 2016, and then from June 2 until June 15, 2016, at a price of €8.00 per share (compared to the price initially announced of €6.00, and then €7.20). Following completion of the offer, Vivendi held 83,611,458 Gameloft shares, representing 95.93% of the share capital and 95.80% of the voting rights as of June 30, 2016.

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*[6] This free translation of the "Rapport Annuel - Document de reference 2015" is provided solely for the convenience of English speaking readers. In the event of discrepancy, the French version shall prevail.*

*[7] Of which 225,000 Gameloft shares borrowed and considered as owned by Vivendi, in accordance with Article L. 233-9 I, 6° of the French Commercial Code (Code de commerce).*

*[8] Based on a share capital comprised of 85,465,122 shares representing 95,995,288 voting rights (information as of January 31, 2016, as disclosed on Gameloft's website).*

On June 29, 2016, at Gameloft General Shareholders' Meeting, Gameloft's Board of Directors was reconstituted with the appointment of five members proposed by Vivendi. Following the Shareholders' Meeting, the Board of Directors appointed Stéphane Roussel, a member of Vivendi's Management Board, as Chairman and Chief Executive Officer of Gameloft.

On July 18, 2016, the Paris Court of Appeal acknowledged the withdrawal of Gameloft's appeal the AMF's conformity clearance decision with respect to Vivendi's offer. Given that the conditions required by Article L. 433-4 III of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 237-14 to 237-16 of the AMF General Regulations (*Règlement général*) for the implementation of a squeeze-out procedure had been met, Vivendi, as it had reserved the right to do in its offer documentation (*note d'information*) relating to the public tender offer, requested from the AMF the implementation of a squeeze-out for the remaining Gameloft shares not held by Vivendi.

In its notice published on July 20, 2016, the AMF stated that the squeeze-out for the 3,550,064 Gameloft shares not held by Vivendi would be implemented on July 26, 2016. On that date, Gameloft shares were delisted from Euronext Paris and transferred to Vivendi in exchange for the payment of compensation to the holders. The squeeze-out was made at the same price as the public tender offer, i.e., a cash payment of €8 for each Gameloft share.

#### Consolidation of Gameloft by Vivendi

Between September 2015 and June 2016, Vivendi acquired 95.9% of Gameloft's share capital for an aggregate amount of €593 million (of which €471 million was paid during the first half of 2016), representing an average purchase price of €7.095 per share. The consideration paid as a result of the squeeze-out for the remaining 3,550,064 Gameloft shares not held by Vivendi amounted to €28 million, accounted for as a financial liability in the Consolidated Statement of Financial Position as of June 30, 2016.

Vivendi has consolidated Gameloft under the full goodwill method since June 29, 2016, and has performed a preliminary allocation of the purchase price for 100% of Gameloft, based on a full enterprise value of €697 million. The allocation of the purchase price will be finalized within the 12-month period following the acquisition date, as required by accounting standards. The provisional goodwill amounted to €595 million. The final amount of goodwill may differ from the amount initially recorded.

#### Gameloft's Consolidated Statement of Financial Position

| (in millions of euros) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Non-current assets | 46 | 50 |
| Current assets | 118 | 128 |
| *of which net cash and cash equivalents* | *25* | *36* |
| **Total assets** | **164** | **178** |
| | | |
| Equity | 102 | 114 |
| Non-current liabilities | 10 | 7 |
| Current liabilities | 52 | 57 |
| **Total liabilities** | **164** | **178** |

## 2.2 Acquisition of an interest in Banijay Group

On February 23, 2016, Vivendi completed the acquisition of a 26.2% interest in Banijay Group, born out of the combination between Banijay and Zodiak Media. Vivendi's investment in Banijay Group represented a cash payment of €290 million, including €100 million for a 26.2% interest in the new combined entity. In addition, Vivendi subscribed to two bonds:

i. a €100 million bond redeemable in shares or cash ("ORAN1") issued by Banijay Group. Upon maturity of ORAN1, Banijay Group will have the option of either redeeming the bond in cash or converting it into a number of Banijay Group shares which, in addition to the shares already held by Vivendi, would bring Vivendi's interest in Banijay Group to a maximum of 49.9%; and

ii. a €90 million bond redeemable in shares or cash ("ORAN2") issued by Lov-Banijay, a holding company controlled by Financière Lov. Upon maturity of ORAN2, Lov Banijay will have the option of either redeeming the bond in cash or converting it into a number of shares that would give Vivendi a 25% interest in Lov Banijay.

Both bonds have a 7-year maturity.

Vivendi has two representatives on Banijay Group's Board of Directors, and certain veto and liquidity rights. Since February 23, 2016, the interest in Banijay Group has been accounted for under the equity method, in accordance with IAS 28.

## 2.3 Acquisition of an interest in Groupe Fnac as part of a strategic partnership

On May 24, 2016, the Extraordinary General Shareholders' Meeting of Groupe Fnac approved the implementation of a strategic partnership between Vivendi and Groupe Fnac. Vivendi notably acquired a minority interest in Groupe Fnac through a reserved capital increase for €159 million, i.e., €54.00 per share. Following completion of the transaction, Vivendi held 15% of Groupe Fnac's share capital and voting rights. In addition, the General Shareholders' Meeting approved the appointment of two representatives of Vivendi as new members of Groupe Fnac's Board of Directors.

As part of a strategic partnership dedicated to cultural activities, the two companies intend to develop an innovative project creating long-term value and focusing on several key areas:

- enhancement of cultural content, which could take the form of distribution partnerships;
- increased co-operation in live events, a sector in which Vivendi has implemented several initiatives, and in ticketing in certain countries by teaming up with Vivendi Ticketing;
- privileged access to extended digital services for the customers of the two groups; and
- acceleration of Groupe Fnac's international development, in particular in Southern Europe, as well as in Africa where Vivendi has been operating for over 20 years.

On July 11, 2016, Vivendi and Groupe Fnac launched their first joint initiative to enhance their respective subscription programs.

Since May 24, 2016, Vivendi's interest in Groupe Fnac has been accounted for as "available-for-sale-securities" in Vivendi's Consolidated Statement of Financial Position and, in accordance with IAS 39, it is revalued at the stock market price at each reporting date, as the unrealized capital gains or losses are directly recognized in equity. As of June 30, 2016, this interest is valued at €143 million (please refer to Note 10).

On August 2, 2016, Groupe Fnac completed the acquisition of Darty and issued 6,471 thousand new shares. Following completion of this transaction, Vivendi held 11.3% of Groupe Fnac's share capital and voting rights.

## 2.4 Mediaset

On April 8, 2016, Vivendi entered into a strategic agreement with Mediaset. This agreement provided for a swap of a 3.5% interest in Vivendi in exchange for a 3.5% interest in Mediaset and 100% of the share capital of the pay-TV company Mediaset Premium.

On July 25, 2016, as part of discussions between parties over Mediaset Premium, Vivendi proposed an alternative transaction structure to Mediaset. Under the proposed alternative structure, the group would swap a 3.5% interest in Vivendi in exchange for:

- a 20% interest in Mediaset Premium and a 3.5% interest in Mediaset; and
- for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares in successive annual installments.

This alternative structure would ensure that the interests of the two groups are fully aligned. Acquiring a direct interest in Mediaset Premium would allow Vivendi to provide, from the outset, its expertise in pay-TV, while keeping intact the efficiency of the synergies between the pay-TV and free-to-air TV operations within Mediaset Group. This proposal represents a more ambitious project, in line with the evolution of the television market and the strategy of the main competitors of the two groups, and reinforces Vivendi's determination to build a major strategic alliance with Mediaset and Mediaset Premium.

On August 19, 2016, Mediaset announced that it had filed suit against Vivendi in a Milan court seeking enforcement of the April 8, 2016 partnership agreement entered into between the two groups (please refer to Note 18).

## 2.5 Redeployment in audiovisual production and new content formats

In recent months, Vivendi has strengthened its position in content production and distribution, notably through the acquisition of interests in several fiction production companies in Spain and the United Kingdom (33% in Bambu Producciones, 20% in Urban Myth Films, and 20% in SunnyMarchTV), in non-scripted television production companies (50% in Kissman Productions), and in distribution companies (100% in Alterna'TV). Moreover, Vivendi and its subsidiaries have granted or received put and call options on the shares of some of these companies.

In addition, Studiocanal purchased 100% of the companies which own and manage all Paddington Bear intellectual property rights, except for the publishing rights, and SeeTickets acquired the assets of Flavorus, a ticketing company in the United States.

In total, these acquisitions represented an aggregate payment of approximately €100 million during the first half of 2016.

## 2.6 Sale of interest in Activision Blizzard

On January 13, 2016, Vivendi unwound the hedge of the value of the 41.5 million Activision Blizzard shares denominated in USD that it held, and sold its entire interest. The capital gain on the sale amounted to €576 million (before taxes), classified as "other income" in EBIT and the net proceeds received from these transactions amounted to $1,063 million, i.e., €976 million. The unwinding of these transactions also enabled Vivendi to recover a cash deposit of $480 million (€439 million).

# Note 3 Segment data

### Main aggregates of the Statement of Earnings

| | Three months ended June 30, | | Six months ended June 30, | | Year ended |
|---|---|---|---|---|---|
| (in millions of euros) | 2016 | 2015 | 2016 | 2015 | December 31, 2015 |
| **Revenues** | | | | | |
| Universal Music Group | 1,196 | 1,214 | 2,315 | 2,311 | 5,108 |
| Canal+ Group | 1,311 | 1,364 | 2,639 | 2,734 | 5,513 |
| Vivendi Village | 29 | 26 | 54 | 51 | 100 |
| New Initiatives | 28 | 1 | 58 | 1 | 43 |
| Elimination of intersegment transactions | (11) | (2) | (22) | (2) | (2) |
| | **2,553** | **2,603** | **5,044** | **5,095** | **10,762** |
| **Income from operations** | | | | | |
| Universal Music Group | 115 | 91 | 217 | 179 | 626 |
| Canal+ Group | 133 | 214 | 297 | 368 | 542 |
| Vivendi Village | (4) | 4 | (8) | 8 | 10 |
| New Initiatives | (8) | (1) | (17) | (1) | (18) |
| Corporate | (24) | (26) | (49) | (54) | (99) |
| | **212** | **282** | **440** | **500** | **1,061** |
| **Restructuring charges** | | | | | |
| Universal Music Group | (14) | (20) | (34) | (27) | (51) |
| Canal+ Group | (14) | - | (14) | - | (47) |
| Vivendi Village | 1 | - | 1 | - | (1) |
| New Initiatives | - | - | (1) | - | - |
| Corporate | - | (2) | - | (2) | (3) |
| | **(27)** | **(22)** | **(48)** | **(29)** | **(102)** |
| **Charges related to equity-settled share-based compensation plans** | | | | | |
| Universal Music Group | (1) | (4) | (1) | (3) | (5) |
| Canal+ Group | (1) | (2) | (2) | (1) | (3) |
| Vivendi Village | - | - | - | - | - |
| New Initiatives | - | - | - | - | - |
| Corporate | (1) | (2) | (2) | (6) | (8) |
| | **(3)** | **(8)** | **(5)** | **(10)** | **(16)** |
| **Other non-current operating charges and income** | | | | | |
| Universal Music Group | (2) | 22 | (5) | 22 | 23 |
| Canal+ Group | 1 | 11 | 7 | 21 | (38) |
| Vivendi Village | (1) | - | 3 | - | - |
| New Initiatives | (6) | - | (6) | - | (2) |
| Corporate | - | 13 | 1 | 12 | 16 |
| | **(8)** | **46** | **-** | **55** | **(1)** |
| **Adjusted earnings before interest and income taxes (EBITA)** | | | | | |
| Universal Music Group | 98 | 89 | 177 | 171 | 593 |
| Canal+ Group | 119 | 223 | 288 | 388 | 454 |
| Vivendi Village | (4) | 4 | (4) | 8 | 9 |
| New Initiatives | (14) | (1) | (24) | (1) | (20) |
| Corporate | (25) | (17) | (50) | (50) | (94) |
| | **174** | **298** | **387** | **516** | **942** |

## Reconciliation of EBIT to EBITA and to income from operations

| (in millions of euros) | Three months ended June 30, 2016 | Three months ended June 30, 2015 | Six months ended June 30, 2016 | Six months ended June 30, 2015 | Year ended December 31, 2015 |
|---|---|---|---|---|---|
| **EBIT (a)** | **94** | **910** | **1,062** | **1,027** | **1,231** |
| *Adjustments* | | | | | |
| Amortization of intangible assets acquired through business combinations | 55 | 105 | 110 | 203 | 408 |
| Impairment losses on intangible assets acquired through business combinations (a) | - | - | - | - | 3 |
| Reversal of reserve related to the Liberty Media litigation in the United States (a) | - | - | (240) | - | - |
| Other income (a) | (77) | (717) | (657) | (718) | (745) |
| Other charges (a) | 102 | - | 112 | 4 | 45 |
| **EBITA** | **174** | **298** | **387** | **516** | **942** |
| *Adjustments* | | | | | |
| Restructuring charges (a) | 27 | 22 | 48 | 29 | 102 |
| Charges related to equity-settled share-based compensation plans | 3 | 8 | 5 | 10 | 16 |
| Other non-current operating charges and income | 8 | (46) | - | (55) | 1 |
| **Income from operations** | **212** | **282** | **440** | **500** | **1,061** |

a. As reported in the Consolidated Statement of Earnings.

## Consolidated Statement of Financial Position

| (in millions of euros) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| **Segment assets (a)** | | |
| Universal Music Group | 8,879 | 9,242 |
| Canal+ Group | 7,168 | 7,575 |
| Gameloft | 690 | - |
| Vivendi Village | 211 | 216 |
| New Initiatives | 532 | 387 |
| Corporate | 6,114 | 8,026 |
| *of which investments in equity affiliates* | *3,770* | *3,319* |
| *listed equity securities* | *1,315* | *2,520* |
| | **23,594** | **25,446** |
| **Segment liabilities (b)** | | |
| Universal Music Group | 3,377 | 3,552 |
| Canal+ Group | 2,196 | 2,615 |
| Gameloft | 47 | - |
| Vivendi Village | 118 | 117 |
| New Initiatives | 59 | 50 |
| Corporate | 1,227 | 3,550 |
| | **7,024** | **9,884** |

a. Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade accounts receivable, and other.

b. Segment liabilities include provisions, other non-current liabilities, and trade accounts payable and other.

### Depreciation and amortization

| (in millions of euros) | Three months ended June 30, 2016 | Three months ended June 30, 2015 | Six months ended June 30, 2016 | Six months ended June 30, 2015 | Year ended December 31, 2015 |
|---|---|---|---|---|---|
| **Capital expenditures, net (capex net) (a)** | | | | | |
| Universal Music Group | 9 | 11 | 23 | 23 | 53 |
| Canal+ Group | 38 | 43 | 78 | 101 | 181 |
| Vivendi Village | 2 | 1 | 4 | 3 | 7 |
| New Initiatives | 4 | - | 5 | - | 4 |
| Corporate | - | - | - | - | 1 |
| | **53** | **55** | **110** | **127** | **246** |
| **Increase in tangible and intangible assets** | | | | | |
| Universal Music Group | 9 | 11 | 23 | 23 | 53 |
| Canal+ Group | 29 | 39 | 55 | 71 | 175 |
| Vivendi Village | 2 | 2 | 4 | 3 | 7 |
| New Initiatives | 1 | - | 3 | - | 5 |
| Corporate | - | - | - | - | 1 |
| | **41** | **52** | **85** | **97** | **241** |
| **Depreciation of tangible assets** | | | | | |
| Universal Music Group | 15 | 14 | 29 | 28 | 67 |
| Canal+ Group | 41 | 40 | 84 | 81 | 163 |
| Vivendi Village | 1 | 1 | 2 | 1 | 2 |
| New Initiatives | 2 | - | 3 | - | 2 |
| Corporate | - | - | - | - | - |
| | **59** | **55** | **118** | **110** | **234** |
| **Amortization of intangible assets excluding those acquired through business combinations** | | | | | |
| Universal Music Group | - | - | - | - | - |
| Canal+ Group | 17 | 17 | 29 | 34 | 70 |
| Vivendi Village | - | - | 1 | - | - |
| New Initiatives | 1 | - | 1 | - | 1 |
| Corporate | - | - | - | - | - |
| | **18** | **17** | **31** | **34** | **71** |
| **Amortization of intangible assets acquired through business combinations** | | | | | |
| Universal Music Group | 51 | 102 | 103 | 198 | 398 |
| Canal+ Group | 2 | 2 | 4 | 4 | 8 |
| Vivendi Village | - | 1 | 1 | 1 | 2 |
| New Initiatives | 2 | - | 2 | - | - |
| Corporate | - | - | - | - | - |
| | **55** | **105** | **110** | **203** | **408** |

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

# Note 4 Interest

| (in millions of euros) (Charge)/Income | Three months ended June 30, 2016 | Three months ended June 30, 2015 | Six months ended June 30, 2016 | Six months ended June 30, 2015 | Year ended December 31, 2015 |
|---|---|---|---|---|---|
| Interest expense on borrowings | (14) | (15) | (28) | (29) | (61) |
| Interest income from cash, cash equivalents and investments | 5 | 6 | 11 | 15 | 31 |
| **Interest** | **(9)** | **(9)** | **(17)** | **(14)** | **(30)** |
| *Fees and premium on borrowings and credit facilities issued* | *-* | *(1)* | *(2)* | *(2)* | *(4)* |
| | **(9)** | **(10)** | **(19)** | **(16)** | **(34)** |

In 2015, interest expense on borrowings included interest received by Vivendi SA from financing provided to GVT until its effective sale on May 28, 2015 (€4 million).

# Note 5 Income taxes

| (in millions of euros) | Three months ended June 30, | | Six months ended June 30, | | Year ended |
|---|---|---|---|---|---|
| (Charge)/Income | 2016 | 2015 | 2016 | 2015 | December 31, 2015 |
| Impact of the Vivendi SA's French Tax Group and Consolidated Global Profit Tax Systems | 21 | (7) | 3 (a) | (31) | (129) (b) |
| Other components of the provision for income taxes (c) | (91) | (199) | (138) | (251) | (312) |
| **Provision for income taxes** | **(70)** | **(206)** | **(135)** | **(282)** | **(441)** |

a. Notably included the non-recurring negative impact (-€41 million) related to the reversal of reserve with respect to the Liberty Media litigation (taxable income of €240 million, before utilization of up to 50% of Vivendi SA's tax losses carried forward).

b. Mainly included the income tax payable by Vivendi SA in France related to the sale of the interests in Numericable-SFR, GVT and Telefonica Brasil (-€187 million, net of the tax savings related to Vivendi SA's Tax Group System).

c. Notably included the 3% tax on Vivendi SA's dividends for -€38 million for the first half of 2016 and -€122 million for the first half of 2015.

# Note 6 Earnings per share

| | Three months ended June 30, | | | | Six months ended June 30, | | | | Year ended | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2015 | | 2016 | | 2015 | | December 31, 2015 | |
| | Basic | Diluted | Basic | Diluted | Basic | Diluted | Basic | Diluted | Basic | Diluted |
| **Earnings (in millions of euros)** | | | | | | | | | | |
| Earnings from continuing operations attributable to Vivendi SA shareowners | 50 | 50 | 696 | 696 | 913 | 913 | 712 | 712 | 699 | 699 |
| Earnings from discontinued operations attributable to Vivendi SA shareowners | (1) | (1) | 1,262 | 1,262 | (2) | (2) | 1,279 | 1,279 | 1,233 | 1,233 |
| Earnings attributable to Vivendi SA shareowners | 49 | 49 | 1,958 | 1,958 | 911 | 911 | 1,991 | 1,991 | 1,932 | 1,932 |
| **Number of shares (in millions)** | | | | | | | | | | |
| Weighted average number of shares outstanding (a) | 1,269.4 | 1,269.4 | 1,362.5 | 1,362.5 | 1,286.8 | 1,286.8 | 1,358.2 | 1,358.2 | 1,361.5 | 1,361.5 |
| Potential dilutive effects related to share-based compensation | - | 2.2 | - | 6.3 | - | 2.8 | - | 5.6 | - | 5.3 |
| **Adjusted weighted average number of shares** | **1,269.4** | **1,271.6** | **1,362.5** | **1,368.8** | **1,286.8** | **1,289.6** | **1,358.2** | **1,363.8** | **1,361.5** | **1,366.8** |
| **Earnings per share (in euros)** | | | | | | | | | | |
| Earnings from continuing operations attributable to Vivendi SA shareowners per share | 0.04 | 0.04 | 0.51 | 0.51 | 0.71 | 0.71 | 0.52 | 0.52 | 0.51 | 0.51 |
| Earnings from discontinued operations attributable to Vivendi SA shareowners per share | - | - | 0.93 | 0.92 | - | - | 0.95 | 0.94 | 0.91 | 0.90 |
| Earnings attributable to Vivendi SA shareowners per share | 0.04 | 0.04 | 1.44 | 1.43 | 0.71 | 0.71 | 1.47 | 1.46 | 1.42 | 1.41 |

a. Net of the weighted average number of treasury shares: 75.6 million shares for the first half of 2016, compared to 0.05 million shares for the same period in 2015, and 1.6 million shares in fiscal year 2015 (please refer to Note 12).

# Note 7 Goodwill

| (in millions of euros) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Goodwill, gross | 24,805 | 24,384 |
| Impairment losses | (14,100) | (14,207) |
| **Goodwill** | **10,705** | **10,177** |

#### Changes in goodwill

| (in millions of euros) | December 31, 2015 | Business combinations | | Changes in foreign currency translation adjustments and other | June 30, 2016 |
|---|---|---|---|---|---|
| Universal Music Group | 5,172 | 5 | | (72) | 5,105 |
| Canal+ Group | 4,582 | 79 | (a) | (13) | 4,648 |
| Gameloft | - | 595 | (b) | - | 595 |
| Vivendi Village | 160 | 1 | | (13) | 148 |
| New Initiatives | 263 | (54) | (c) | - | 209 |
| **Total** | **10,177** | **626** | | **(98)** | **10,705** |

a. Notably included the provisional goodwill attributable to the acquisition of Paddington by Studiocanal.

b. Related to the provisional goodwill attributable to the acquisition of Gameloft, consolidated since June 29, 2016 (please refer to Note 2.1).

c. Related to the impact of Dailymotion's purchase price allocation on June 30, 2015, including the trade name (€80 million; indefinite useful life) and the revaluation of the technology (€9 million; useful life estimated at 7 years), as well as the resulting deferred tax liabilities (€31 million), based on analyses and estimates prepared with the assistance of an independent third party expert. The final amount of goodwill amounted to €207 million.

As of June 30, 2016, Vivendi assessed whether there was any indication that any of its cash generating units ("CGU") or groups of CGU may be impaired during the first half of 2016. Vivendi Management concluded that there were no triggering events that would indicate any reduction in the value of any CGU or groups of CGU, compared to December 31, 2015. In addition, Vivendi will perform an annual impairment test of the carrying value of goodwill and other intangible assets during the fourth quarter of 2016, in particular Canal+ Group's pay-TV operations, whose channels' profitability in mainland France is declining and for which a cost savings plan is being implemented, as well as Radionomy, acquired in December 2015 and whose repositioning within Vivendi Village's businesses is currently being studied.

# Note 8 Content assets and commitments

## 8.1 Content assets

| | June 30, 2016 | | | December 31, 2015 |
|---|---|---|---|---|
| (in millions of euros) | Content assets, gross | Accumulated amortization and impairment losses | Content assets | Content assets |
| Music catalogs and publishing rights | 8,664 | (7,095) | 1,569 | 1,680 |
| Advances to artists and repertoire owners | 594 | - | 594 | 611 |
| Merchandising contracts and artists services | 24 | (22) | 2 | 4 |
| Film and television costs | 6,218 | (5,525) | 693 | 662 |
| Sports rights | 99 | - | 99 | 415 |
| Other | 65 | (61) | 4 | 2 |
| **Content assets** | **15,664** | **(12,703)** | **2,961** | **3,374** |
| Deduction of current content assets | (802) | 13 | (789) | (1,088) |
| **Non-current content assets** | **14,862** | **(12,690)** | **2,172** | **2,286** |

## 8.2 Contractual content commitments

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

| | Minimum future payments as of | |
|---|---|---|
| (in millions of euros) | June 30, 2016 | December 31, 2015 |
| Music royalties to artists and repertoire owners | 1,756 | 1,848 |
| Film and television rights | 187 | 196 |
| Sports rights (a) | 52 | 455 |
| Creative talent, employment agreements and others | 77 | 90 |
| **Content liabilities** | **2,072** | **2,589** |

a. The decrease in sports rights recorded in the Statement of Financial Position is primarily due to the consumption of broadcasting rights related to the French professional Soccer League 1 for the 2015/2016 season.

### Off balance sheet commitments given/(received)

| (in millions of euros) | Minimum future payments as of June 30, 2016 | | Minimum future payments as of December 31, 2015 |
|---|---|---|---|
| Film and television rights (a) | 2,698 | | 3,080 |
| Sports rights | 3,390 | (b) | 2,965 |
| Creative talent, employment agreements and others | 899 | | 790 |
| **Given commitments** | **6,987** | | **6,835** |
| Film and television rights (a) | (140) | | (174) |
| Sports rights | (36) | | (39) |
| Creative talent, employment agreements and others | not available | | |
| **Received commitments** | **(176)** | | **(213)** |
| **Total net** | **6,811** | | **6,622** |

a. As of June 30, 2016, provisions recorded in connection with film and television broadcasting rights amounted to €31 million (€45 million as of December 31, 2015).

b. Notably included broadcasting rights held by Canal+ Group for the following sporting events:
- the French professional Soccer League 1, for the four seasons 2016/2017 to 2019/2020, awarded on April 4, 2014 for the two premium lots (€2,160 million);
- the National French Rugby Championship's "TOP 14" matches, on an exclusive basis, for the four seasons 2019/2020 to 2022/2023, awarded on May 12, 2016. It also included the rights for the seasons 2016/2017 to 2018/2019, awarded on January 19, 2015; and
- the Soccer Champions League, for the seasons 2016/2017 and 2017/2018, awarded on April 11, 2014 for one lot.

These commitments will be accounted for in the Statement of Financial Position either upon the start of every season or upon an initial significant payment.

# Note 9 Investments in equity affiliates

As of June 30, 2016, the main companies accounted for by Vivendi under the equity method were as follows:
- Telecom Italia: fixed and mobile telephony operator in Italy and Brazil;
- Banijay Group: producer and distributor of television programs; and
- VEVO: premium music video and entertainment platform.

| | Voting interest | | Value of equity affiliates | |
|---|---|---|---|---|
| (in millions of euros) | June 30, 2016 | December 31, 2015 | June 30, 2016 | December 31, 2015 |
| Telecom Italia (a) | 24.68% | 21.4% | 3,770 | 3,319 |
| Banijay Group (b) | 26.2% | na | 128 | - |
| VEVO | 49.1% | 48.7% | 86 | 76 |
| Other | na | na | 62 | 40 |
| | | | **4,046** | **3,435** |

na: not applicable.

a. As of June 30, 2016, Vivendi held 3,331 million (24.68%) Telecom Italia ordinary shares with voting rights (i.e., 17.06% of the total share capital).

b. On February 23, 2016, Vivendi completed the acquisition of a 26.2% interest in Banijay Group (please refer to Note 2.2).

### Change in value of investments in equity affiliates

| (in millions of euros) | Six months ended June 30, 2016 | | Year ended December 31, 2015 | |
|---|---|---|---|---|
| **Opening balance** | **3,435** | | **306** | |
| Acquisitions (a) | 543 | | 3,343 | |
| Sales | (1) | | (209) | (b) |
| Income from equity affiliates | 12 | (c) | (10) | |
| Change in other comprehensive income | 33 | | 9 | |
| Dividends received | (3) | | (5) | |
| Other | 27 | | 1 | |
| **Closing balance** | **4,046** | | **3,435** | |

a. For the first half of 2016, investments included the net purchase of 443 million Telecom Italia ordinary shares. In 2015, investments primarily included the purchase of Telecom Italia shares for €3,319 million, pursuant to the following transactions:
   - on June 24, 2015, pursuant to the agreement entered into with Telefonica for the sale of GVT, Vivendi swapped a 4.5% interest in Telefonica Brasil with Telefonica in exchange for a block of 1,110 million shares, representing 8.24% of Telecom Italia ordinary shares;
   - between June 10 and June 18, 2015, Vivendi acquired 1.90% of Telecom Italia ordinary shares directly on the stock market (256 million shares) and, on June 22, 2015, Vivendi acquired a block of 642 million shares, representing 4.76% of Telecom Italia ordinary shares from a financial institution; and
   - during the second half of 2015, Vivendi acquired 880 million Telecom Italia ordinary shares directly on the stock market.

b. Related to the sale of the interest in N-Vision B.V. by Canal+ Group on July 1, 2015.

c. Notably included Vivendi's share of Telecom Italia's profit for €23 million (please refer below).

## Telecom Italia

### Equity accounting of Telecom Italia

On December 15, 2015, Telecom Italia's Extraordinary General Shareholders' Meeting appointed four members to Telecom Italia's Board of Directors who were nominated by Vivendi (including three representatives of Vivendi and one independent member). As from that date, Vivendi has the power to participate in Telecom Italia's financial and operating policy decisions, according to IAS 28, and, consequently, it is deemed to exercise a significant influence over Telecom Italia. In addition, on April 27, 2016, Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board, was appointed as Vice Chairman of Telecom Italia's Board of Directors.

Since December 15, 2015, the interest in Telecom Italia has been accounted for under the equity method, in accordance with IAS 28. As of that date, Vivendi held 2,772 million (20.5%) Telecom Italia ordinary shares with voting rights (i.e., 14.2% of the total capital): this interest was revalued at the stock market price on that date, i.e., €3,185 million, and the change in value resulted in a gain of €30 million reclassified to the Statement of Earnings in 2015.

### Purchase price allocation of Telecom Italia shares

Where an interest is accounted for under the equity method, the purchase price for the shares is allocated to the identifiable assets and liabilities recognized at their fair value, based on analyses and estimates prepared with the assistance of an independent third party expert. The goodwill, included in the carrying value of the shares, is the difference between the purchase price and the group's share of identifiable assets and liabilities at fair value.

As of December 15, 2015, identifiable intangible assets were measured for a net amount of €11,424 million, based on a full enterprise value, representing an annual amortization expense estimated at approximately €852 million, before taxes, based on a full enterprise value. Vivendi's share of annual amortization expense was estimated at approximately €100 million, after taxes.

### Vivendi's share of Telecom Italia's net earnings

For the first half of 2016, Vivendi's share of Telecom Italia's net earnings amounted to a profit of €23 million, composed of the following elements:
- -€11 million, attributable to Vivendi's share of Telecom Italia's earnings for the period from December 15 to December 31, 2015, calculated based on the financial information as of December 31, 2015, as disclosed by Telecom Italia on March 17, 2016;
- +€68 million, attributable to Vivendi's share of Telecom Italia's profit for the first quarter of 2016, calculated based on the financial information for the first quarter of 2016, as disclosed by Telecom Italia on May 13, 2016;
- -€8 million, related to the impact, on a *prorata temporis* basis, of the payment of statutory dividends to the owners of savings shares, in the amount up to 5% of the savings shares' nominal value, i.e., €166 million; and
- -€26 million, excluded from the adjusted net income, related to the net amortization expense, on a *prorata temporis* basis (for the period from December 15, 2015 to March 31, 2016), of the revaluation of intangible assets, measured as part of the purchase price allocation of the shares (please refer above).

As a reminder, as disclosed on February 19, 2016 in the Consolidated Financial Statements for the year ended December 31, 2015 (please refer to Note 2.2), Vivendi relies on Telecom Italia's public financial information to account for its interest in Telecom Italia under the equity method. Given Vivendi's and Telecom Italia's respective dates of publication, Vivendi always accounts for its share of Telecom Italia's net earnings with a three-month lag. Therefore, for the first half of 2016, Vivendi's earnings takes into account its share of Telecom Italia's net earnings for the fourth quarter ended December 31, 2015 (on a *prorata temporis* basis for the period from December 15 to December 31, 2015) and for the first quarter of 2016. Vivendi's earnings for the third quarter of 2016 will take into account its share of Telecom Italia's net earnings for the second quarter of 2016.

**Financial information related to 100% of Telecom Italia**

The main aggregates of the Consolidated Financial Statements, as disclosed by Telecom Italia, are as follows:

| (in millions of euros) | Quarterly Financial Statements as of March 31, 2016 | Annual Financial Statements as of December 31, 2015 |
|---|---|---|
| *Telecom Italia's date of publication:* | *May 13, 2016* | *March 17, 2016* |
| Non-current assets | 56,619 | 56,402 |
| Current assets | 9,696 | 14,830 |
| Total assets | 66,315 | 71,232 |
| Total equity | 20,216 | 21,333 |
| Non-current liabilities | 33,871 | 33,922 |
| Current liabilities | 12,228 | 15,977 |
| Total liabilities | 66,315 | 71,232 |
| *of which net financial debt (a)* | *28,233* | *28,475* |
| Revenues | 4,440 | 19,718 |
| EBITDA (a) | 1,712 | 7,004 |
| Earnings attributable to Telecom Italia shareowners | 433 | (72) |
| Total comprehensive income/(loss) attributable to Telecom Italia shareowners | 638 | (827) |

a. Non-GAAP measures ("Alternative Performance Measures"), as disclosed by Telecom Italia.

**Value of the interest in Telecom Italia as of June 30, 2016**

As of June 30, 2016, compared to the average purchase price paid by Vivendi (€1.1147 per share), the stock market price of Telecom Italia ordinary shares suffered from a recent significant decrease (€0.735 per share, i.e., approximately -34%) and, as of that date, the stock market value of the interest in Telecom Italia amounted to €2,449 million. However, Vivendi does not consider this decrease to be permanent, taking into account (i) the expected improvement of Telecom Italia's outlook, notably given the recent changes in the General Management; (ii) the volatility of Telecom Italia stock market price following Vivendi's entry into its share capital; and (iii) the recent unfavorable trend of telecom securities in Europe. As a result, Vivendi concluded that, as of June 30, 2016, there was no indication of a permanent impairment loss on Telecom Italia ordinary shares. Vivendi will re-examine the value of its interest in Telecom Italia for the preparation of its Consolidated Financial Statements ended December 31, 2016.

## Note 10 Financial assets

| | June 30, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| (in millions of euros) | Total | Current | Non-current | Total | Current | Non-current |
| **Financial assets at fair value** | | | | | | |
| Term deposits, interest-bearing current accounts, and MTN (a) | 346 | 346 | - | 266 | 266 | - |
| Level 1 | | | | | | |
| Bond funds (a) | 213 | 213 | - | 315 | 315 | - |
| Listed equity securities | 1,315 | - | 1,315 | 2,520 | - | 2,520 |
| Other financial assets (b) | 5 | 5 | - | 979 | 5 | 974 |
| Level 2 | | | | | | |
| Unlisted equity securities | 327 | - | 327 | 331 | - | 331 |
| Derivative financial instruments | 171 | 134 | 37 | 115 | 47 | 68 |
| Level 3 | | | | | | |
| Other financial assets | 83 | - | 83 | 71 | 1 | 70 |
| **Financial assets at amortized cost (c)** | 394 | 37 | 357 | 646 | 477 | 169 |
| **Financial assets** | **2,854** | **735** | **2,119** | **5,243** | **1,111** | **4,132** |

a. Related to cash management financial assets, included in the cash position: please refer to Note 11.

b. As of December 31, 2015, included a cash deposit of €974 million as part of the appeal against the Liberty Media judgment. On February 23, 2016, Vivendi agreed with Liberty Media on a settlement regarding the lawsuit filed by Liberty Media in March 2003 in the U.S. District Court for the Southern District of New York, related to the formation of Vivendi Universal Entertainment in May 2002 (please refer to Note 18). As a result of this settlement, the letter of credit issued to guarantee the amounts awarded by the jury was terminated and the related cash deposit was returned to Vivendi.

c. As of June 30, 2016, these financial assets mainly included:
- the two bonds subscribed by Vivendi as part of the acquisition of a 26.2% interest in Banijay Group for an aggregate amount of €192 million (please refer to Note 2.2); and
- a $55 million cash deposit (€50 million as June 30, 2016) made as part of the partial judgment entered in the securities class action (please refer to Note 18).

In addition, the deposit of $480 million (€439 million as of December 31, 2015) related to the hedge of Activision Blizzard shares was recovered as part of the unwinding of the hedge in January 2016 (please refer below).

### Listed equity portfolio

| | | June 30, 2016 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares held | Cumulated historical value (a) | Ownership interest | Stock market price | Carrying value (a) | Change in value over the period (b) | Cumulative unrealized capital gain/(loss) (b) |
| | | (in thousands) | (in millions of euros) | | (€/share) | (in millions of euros) | | |
| Telefonica | | 47,353 | 554 | 0.95% | 8.46 | 401 | (84) | (154) |
| Ubisoft (c) | | 23,352 | 567 | 20.69% | 33.01 | 771 | 138 | 204 |
| Groupe Fnac | 2.3 | 2,945 | 159 | 15.00% | 48.63 | 143 | (16) | (16) |
| **Total** | | | | | | **1,315** | **38** | **34** |

| | | December 31, 2015 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Number of shares held | Cumulated historical value (a) | Ownership interest | Stock market price | Carrying value (a) | Change in value over the period (b) | Cumulative unrealized capital gain/(loss) (b) |
| | | (in thousands) | (in millions of euros) | | (€/share) | (in millions of euros) | | |
| Telefonica | | 47,353 | 554 | 0.95% | 10.24 | 485 | (70) | (70) |
| Ubisoft (c) | | 15,659 | 352 | 13.98% | 26.67 | 418 | 65 | 65 |
| Gameloft | 2.1 | 24,489 | 122 | 28.65% | 6.06 | 148 | 26 | 26 |
| Activision Blizzard (d) | | 41,500 | 416 | 5.7% | 35.41 | 1,470 | 781 | 1,054 |
| **Total** | | | | | | **2,520** | **802** | **1,075** |

a. Included acquisition fees and taxes.

b. In accordance with IAS 39, these amounts, before taxes, were accounted for as other charges and income directly recognized in equity, except for the re-measurement of the underlying instrument offsetting the intrinsic value of the hedge of Activision Blizzard shares as of December 31, 2015 (€467 million).

c. As of June 30, 2016, Vivendi held 23.4 million Ubisoft Entertainment ("Ubisoft") shares, i.e., 20.69% of the share capital, representing 18.29% of the voting rights[9].

On July 18, 2016, Vivendi notified the *Autorité des marchés financiers* ("AMF") that, on July 14, 2016, it had crossed the 20% legal threshold in Ubisoft's voting rights[9]. As of July 18, 2016, Vivendi held 22.8% of the share capital[9], representing 20.2% of Ubisoft's voting rights[9]. In accordance with applicable laws and regulations, Vivendi announced the objectives that it intends to pursue over the six coming months:
- Vivendi's acquisitions were financed using its available cash;
- Vivendi is not acting in concert with any third party in connection with its investments in Ubisoft and has not entered into a temporary sale agreement for Ubisoft shares or voting rights;
- Vivendi does not hold instruments and is not a party to agreements such as those referred to in paragraphs 4° and 4° bis of Article L.233-9 of the French Commercial Code (Code de commerce);
- Vivendi contemplates continuing the acquisition of shares depending on market conditions;
- Vivendi does not contemplate filing a public tender offer for Ubisoft shares, nor acquiring control of the company;
- Vivendi continues to express its desire to establish a fruitful collaboration with Ubisoft;
- Vivendi intends to seek a restructuring of Ubisoft's Board of Directors, notably to obtain a representation consistent with its shareholder position; and
- Vivendi's investment in Ubisoft's business sector is part of a strategic vision of operational convergence between Vivendi's content and platforms, and Ubisoft's productions in video games. Since this strategy does not require any modification to Ubisoft's legal or financial organization, Vivendi does not contemplate implementing any of the transactions referred to in Article 223-17 I, 6° of the AMF's *Règlement Général* (General Regulations).

[9] *Based on a share capital comprised of 112,850,135 shares, representing 127,662,226 voting rights (information as of June 30, 2016, as disclosed on Ubisoft's website).*

d. On January 13, 2016, Vivendi unwound the hedge of the value of the 41.5 million Activision Blizzard shares denominated in USD that it held, and sold its entire interest. The unwinding of these transactions enabled Vivendi to recover the cash deposit of $480 million (€439 million).

## Note 11 Cash position

Vivendi's cash position comprises cash and cash equivalents, as well as cash management financial assets classified as current financial assets. As defined by Vivendi, cash management financial assets relate to investments which do not meet the criteria for classification as cash equivalents set out in IAS 7, and, with respect to money market funds, the criteria set forth in AMF position No. 2011-13.

| (in millions of euros) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| Term deposits, interest-bearing current accounts and MTN | 346 | 266 |
| Bond funds | 213 | 315 |
| **Cash management financial assets** | **559** | **581** |
| Cash | 307 | 256 |
| Term deposits and interest-bearing current accounts | 1,831 | 2,419 |
| Money market funds | 3,626 | 5,550 |
| **Cash and cash equivalents** | **5,764** | **8,225** |
| **Cash position** | **6,323** | **8,806** |

## Note 12 Equity

### Share capital of Vivendi SA

| (in thousands) | June 30, 2016 | December 31, 2015 |
|---|---|---|
| **Number of shares comprising the share capital (nominal value: €5.5 per share)** | **1,281,746** | **1,368,323** |
| Treasury shares | (23,996) | (25,985) |
| **Number of shares, net** | **1,257,750** | **1,342,338** |

Following the decision of the Management Board at a meeting held on June 17, 2016, and in accordance with the authorization granted by the Combined Shareholders' Meeting of April 21, 2016, Vivendi implemented a capital reduction through the cancellation of 86,875 thousand treasury shares, i.e., 6.35% of the share capital, for a carrying value of €1,632 million.

As of June 30, 2016, Vivendi's share capital amounted to €7,049,603,775.50, divided into 1,281,746,141 shares. After taking into account the number of shares with double voting rights, the corresponding number of voting rights was 1,309,079,817 (net of shares without voting rights).

Thereafter, on July 28, 2016, Vivendi carried out a capital increase of €27 million, by issuing 4,870 thousand new shares, as part of the employee stock purchase plan (please refer to Note 14).

### Share repurchases

Vivendi's Management Board implemented the share repurchase program, authorized by the General Shareholders' Meeting on April 21, 2016. As of June 30, 2016, Vivendi held 23,996 thousand treasury shares, representing 1.87% of the share capital allocated to cover performance share plans for 343 thousand, and to external growth for 23,653 thousand.

The share repurchases made by Vivendi represented a payment of €1,547 million for the first half of 2016. In addition, Vivendi accounted for a financial liability of €302 million with respect to firm commitments related to the share repurchase program in place as of June 30, 2016, of which an actual outflow of €61 million related to the share repurchases made between July 1 and July 11, 2016. The balance of the firm commitments (€241 million), which have expired without being carried out, will be derecognized in the Financial Statements for the three months ended September 30, 2016.

As of August 23, 2016, the date of the Management Board meeting that approved Vivendi's Financial Statements for the half-year ended June 30, 2016, Vivendi held 27,614 thousand treasury shares, representing 2.15% of the share capital. The Management Board confirmed its intention to continue the share repurchase program of up to 10% of Vivendi's share capital depending on the market conditions.

### Shareholders' dividend distribution policy

On February 10, 2016, the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements as of December 31, 2015 and the allocation of earnings for the fiscal year then ended, the Management Board decided to propose to shareholders the payment of an ordinary dividend of €3 per share, representing a total distribution of €3,951 million, comprising a €0.20 distribution related to the group's business performance and a €2.80 return to shareholders. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 18, 2016, and adopted by the General Shareholders' Meeting held on April 21, 2016. Given the interim dividends already paid out (€1 per share, paid on June 29, 2015, and €1 per share, paid on February 3, 2016), the balance of €1 per share was paid on April 28, 2016 (following the coupon detachment on April 26, 2016), representing a payment of €1,270 million.

In addition, Vivendi has committed to return an additional €1.3 billion to shareholders in 2017, through shares repurchases or dividends.

# Note 13 Provisions

| (in millions of euros) | Note | June 30, 2016 | December 31, 2015 |
|---|---|---|---|
| Employee benefits (a) | | 656 | 674 |
| Restructuring costs (b) | | 67 | 74 |
| Litigations (c) | 18 | 281 | 1,222 |
| Losses on onerous contracts | | 72 | 91 |
| Contingent liabilities due to disposal (d) | | 16 | 18 |
| Other (e) | | 954 | 963 |
| **Provisions** | | **2,046** | **3,042** |
| Deduction of current provisions | | (346) | (363) |
| **Non-current provisions** | | **1,700** | **2,679** |

a. Included deferred employee compensation as well as provisions for defined employee benefit plans (€623 million as of June 30, 2016, and €646 million as of December 31, 2015), but excluded employee termination reserves recorded under restructuring costs.

b. Mainly included provisions for restructuring at UMG (€37 million as of June 30, 2016, compared to €38 million as of December 31, 2015) and at Canal+ Group (€22 million as of June 30, 2016, compared to €24 million as of December 31, 2015).

c. As of December 31, 2012, on the basis of the verdict rendered on June 25, 2012 regarding the Liberty Media Corporation litigation in the United States, Vivendi accrued for a provision for the total amount of the final judgment (€945 million), including damages and pre-judgment interest. On February 23, 2016, Vivendi agreed with Liberty Media on a settlement and paid Liberty Media $775 million (€705 million) to settle this lawsuit. The reversal of reserve related to the Liberty Media litigation resulted in a profit of €240 million. In addition, the provision recorded in relation to the securities class action in the United States remained unchanged at €100 million. Please refer to Note 18.

d. 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.

e. Notably included the provisions with respect to the 2011 Consolidated Global Profit Tax System and to the 2012 French Tax Group System (€409 million and €228 million, respectively), as well as litigation provisions for which the amount and nature are not detailed because such disclosure could be prejudicial to Vivendi.

### Changes in provisions

| | Six months ended June 30, 2016 | Year ended December 31, 2015 |
|---|---|---|
| **Opening balance** | **3,042** | **3,178** |
| Addition | 107 | 309 |
| Utilization | (121) | (426) |
| Reversal | (291) | (127) |
| Business combinations | 6 | 6 |
| Divestitures, changes in foreign currency translation adjustments and other | (697) | 102 |
| **Closing balance** | **2,046** | **3,042** |

# Note 14 Share-based compensation plans

## 14.1 Plans granted by Vivendi

### 14.1.1 Equity-settled instruments

Transactions on outstanding instruments, which have occurred since January 1, 2016 were as follows:

| | Stock options | | Performance shares |
|---|---|---|---|
| | Number of outstanding stock options | Weighted average strike price of outstanding stock options | Number of outstanding performance shares |
| | (in thousands) | (in euros) | (in thousands) |
| **Balance as of December 31, 2015** | **31,331** | **19.7** | **2,545** |
| Granted | - | na | 1,312 |
| Exercised | (340) (a) | 14.2 | (394) |
| Forfeited | (5,980) | 22.9 | na |
| Cancelled | - | na | (185) |
| **Balance as of June 30, 2016** | **25,011** (b) | **19.0** | **3,278** (c) |
| **Exercisable as of June 30, 2016** | **25,011** | **19.0** | **-** |
| **Acquired as of June 30, 2016** | **25,011** | **19.0** | **421** |

na: not applicable.

a. As of the stock option exercise dates, the weighted average price for Vivendi shares was €18.27.

b. The total intrinsic value of outstanding stock options was €18 million and the weighted average remaining contractual life was 2.6 years.

c. The weighted-average remaining period before delivering performance shares was 2.6 years.

**Performance share plans**

On May 11, 2016, Vivendi granted 1,312 thousand performance shares to its officers and employees. At this date, the share price was €16.68 and the expected dividend yield was 1.20%. These shares will vest at the end of a three-year period and the compensation cost is therefore recognized on a straight-line basis over this vesting period. They will then remain unavailable during an additional two-year period. After taking into account a discount for non-transferability of 8.4% of the share price as of May 11, 2016, the fair value of each granted performance share amounted to €14.68, corresponding to an aggregate fair value of €19 million. The accounting methods applied to estimate the value and recognize these granted plans are described in Note 1.3.10 to the Consolidated Financial Statements for the year ended December 31, 2015 in the 2015 Annual Report (pages 214 and 215).

The objectives relating to the performance conditions are assessed over a three-year period and the definitive grant is effective upon the satisfaction of the following performance conditions:

- internal indicators (with a weighting of 80%), measured as of December 31, 2018 on a cumulative basis including the 2016, 2017 and 2018 fiscal years:
  - the group's adjusted net income per share (40%);
  - the group's EBITA growth rate (30%); and
  - the EBITA margin rate (10%), for each subsidiary, and the group's EBITA margin for the beneficiaries at the corporate headquarters.
- external indicators (with a weighting of 20%) tied to changes in Vivendi's share price between January 1, 2016 and December 31, 2018 compared to the STOXX® Europe Media index (15%) and to the CAC 40 (5%).

For the first half of 2016, the charge recognized with respect to equity settled instruments amounted to €4 million, compared to €5 million in the first half of 2015.

### 14.1.2 Employee stock purchase and leveraged plans

On July 28, 2016, Vivendi carried out a capital increase reserved for employees (stock purchase and leveraged plans) which provided the majority of its employees and retirees an opportunity to subscribe for Vivendi shares.

These shares, which are subject to certain sale or transfer restrictions, may be subscribed by employees with a maximum discount of 15%

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 and the subscription price for new shares to be issued. The difference between the subscription price of the shares and the share price on that date represents the benefit granted to the beneficiaries. Furthermore, Vivendi applied 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 subscribed shares is assessed and fixed at the date of the subscription price for the new shares to be issued.

The applied valuation assumptions were as follows:

| | 2016 |
|---|---|
| Grant date | June 27 |
| *Data at grant date:* | |
| Share price (in euros) | 15.28 |
| Discount to face value | 4.58% |
| Expected dividend yield | 1.31% |
| Risk-free interest rate | -0.27% |
| 5-year interest rate in fine | 4.37% |
| Repo rate | 0.36% |
| Discount for non-transferability per share | 20.80% |

Under the employee stock purchase plan, 613 thousand shares were subscribed for in 2016 at €14.58 per share. At the grant date, given that the discount for non-transferability was greater than the benefit granted (discount to face value), no charges were recorded as of June 30, 2016.

Under the leveraged plan, 4,256 thousand shares were subscribed for in 2016 at €14.58 per share. The leveraged plan entitles virtually all employees and retirees of Vivendi and its French and foreign subsidiaries 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. As of June 30, 2016, the charge recognized under the leveraged plan amounted to €1 million.

Stock purchase and leveraged plans resulted in a capital increase (including issue premium) having an aggregate value of €71 million on July 28, 2016.

### 14.1.3 Cash-settled instruments

As of June 30, 2016, the outstanding stock appreciation rights (SAR) totaled 1,512 thousand. During the first half of 2016, 1,366 thousand SAR expired. As of June 30, 2016, the amount accrued for these instruments was non-significant.

## Note 15 Borrowings and other financial liabilities

| | Note | June 30, 2016 | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|---|
| (in millions of euros) | | Total | Long-term | Short-term | Total | Long-term | Short-term |
| Bonds | 15.2 | 3,450 | 2,200 | 1,250 | 1,950 | 1,450 | 500 |
| Commercial paper issued | | 100 | - | 100 | - | - | - |
| Bank overdrafts | | 107 | - | 107 | 53 | - | 53 |
| Accrued interest to be paid | | 42 | - | 42 | 27 | - | 27 |
| Other | | 59 | 14 | 45 | 69 | 14 | 55 |
| Bank credit facilities (drawn confirmed) | 15.3 | - | - | - | - | - | - |
| **Nominal value of borrowings** | | **3,758** | 2,214 | 1,544 | **2,099** | 1,464 | 635 |
| Cumulative effect of amortized cost and revaluation due to hedge accounting | 15.1 | (3) | (11) | 8 | 14 | (3) | 17 |
| Commitments to purchase non-controlling interests (a) | | 414 | 84 | 330 | 293 | 83 | 210 |
| Derivative financial instruments (b) | | 205 | 129 | 76 | 532 | 11 | 521 |
| **Borrowings and other financial liabilities** | | **4,374** | **2,416** | **1,958** | **2,938** | **1,555** | **1,383** |

a. Included the firm commitments related to the share repurchase programs in place at the closing date: €302 million as of June 30, 2016 and €193 million as of December 31, 2015 (please refer to Note 12).

b. Included, as of June 30, 2016, they included the the fair value of the options (€129 million) pursuant to which Banijay Group and Lov Banijay have the option of redeeming their borrowings in shares (please refer to Note 2.2). As of December 31, 2015, derivative financial instruments included the fair value of the collar hedge (€483 million) denominated in USD of Vivendi's interest in Activision Blizzard; this instrument was unwound on January 13, 2016 (please refer to note 2.6).

## 15.1 Fair market value of borrowings and other financial liabilities

| (in millions of euros) | June 30, 2016 Carrying value | Fair market value | Level | December 31, 2015 Carrying value | Fair market value | Level |
|---|---|---|---|---|---|---|
| Nominal value of borrowings | 3,758 | | | 2,099 | | |
| Cumulative effect of amortized cost and revaluation due to hedge accounting | (3) | | | 14 | | |
| **Borrowings, at amortized cost** | **3,755** | **3,931** | **na** | **2,113** | **2,272** | **na** |
| Commitments to purchase non-controlling interests (a) | 414 | 414 | 1-3 | 293 | 293 | 1-3 |
| Derivative financial instruments | 205 | 205 | 2 | 532 | 532 | 2 |
| **Borrowings and other financial liabilities** | **4,374** | **4,550** | | **2,938** | **3,097** | |

na: not applicable.

a. Included the firm commitments related to the share repurchase programs in place at the closing date, classified in Level 1: €302 million as of June 30, 2016 and €193 million as of December 31, 2015.

## 15.2 Bonds

| (in millions of euros) | Interest rate (%) nominal | effective | Maturity | June 30, 2016 | December 31, 2015 |
|---|---|---|---|---|---|
| €500 million (May 2016) (a) | 1.875% | 1.93% | May-26 | 500 | - |
| €1 billion (May 2016) (a) | 0.750% | 0.90% | May-21 | 1,000 | - |
| €700 million (December 2009) (b) | 4.875% | 4.95% | Dec-19 | 700 | 700 |
| €750 million (March 2010) (b) | 4.000% | 4.15% | Mar-17 | 750 | 750 |
| €500 million (December 2009) (b) | 4.250% | 4.39% | Dec-16 | 500 | 500 |
| **Nominal value of bonds** | | | | **3,450** | **1,950** |

a. Bonds listed on the Euronext Paris Stock Exchange.
b. Bonds listed on the Luxembourg Stock Exchange.

Bonds issued by Vivendi SA 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 of control[10] if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

## 15.3 Bank credit facilities

Vivendi SA has a €2 billion bank credit facility, maturing in October 2020 and undrawn as of June 30, 2016. Given the commercial papers backing this bank credit facility and issued as of June 30, 2016 for €100 million, this facility was available for €1.9 billion.

This bank credit facility contains customary provisions relating to events of default and covenants relating to negative pledge, divestiture and merger transactions. In addition, at the end of each half-year period, Vivendi SA is required to comply with a Proportionate Financial Net Debt[11] to EBITDA[12] financial covenant over a 12-month rolling period not exceeding 3 for the duration of the loan. Non-compliance with this covenant could result in the early redemption of the facility if it were drawn, or its cancellation. As of June 30, 2016, Vivendi SA was in compliance with its financial covenant.

The renewal of Vivendi SA's confirmed bank credit facility when it is drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its financial obligations with respect to loan contracts.

In addition, as a result of the settlement agreement entered into with Liberty Media on February 23, 2016 regarding the lawsuit filed by Liberty Media in March 2003, the letter of credit issued to guarantee the amounts awarded by the jury was terminated and the related cash deposit was returned to Vivendi (€974 million).

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*[10] For the bonds issued in May 2016, this clause carves-out a change of control in favor of Bolloré Group.*
*[11] Relates to Financial Net Debt as defined by Vivendi.*
*[12] Relates to EBITDA as defined by Vivendi, plus dividends received from unconsolidated companies.*

## 15.4 Borrowings by maturity

| (in millions of euros) | June 30, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| **Maturity** | | | | |
| < 1 year (a) | 1,544 | *41%* | 635 | *30%* |
| Between 1 and 2 years | 13 | - | 762 | *36%* |
| Between 2 and 3 years | 1 | - | 2 | - |
| Between 3 and 4 years | 700 | *19%* | 700 | *34%* |
| Between 4 and 5 years | 1,000 | *27%* | - | - |
| > 5 years | 500 | *13%* | - | - |
| **Nominal value of borrowings** | **3,758** | ***100%*** | **2,099** | ***100%*** |

a. As of June 30, 2016, short-term borrowings (with a maturity period of less than one year) mainly included Vivendi SA's bonds for €500 million and €750 million, maturing in December 2016 and March 2017, respectively, as well as bank overdrafts for €107 million and commercial papers for €100 million.

As of June 30, 2016, 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 5.0 years (compared to 4.6 years at year-end 2015).

## 15.5 Breakdown by nature of interest rate

| (in millions of euros) | June 30, 2016 | | December 31, 2015 | |
|---|---|---|---|---|
| Fixed interest rate | 3,499 | *93%* | 2,002 | *95%* |
| Floating interest rate | 259 | *7%* | 97 | *5%* |
| **Nominal value of borrowings before hedging** | **3,758** | ***100%*** | **2,099** | ***100%*** |
| *Pay-fixed interest rate swaps* | 450 | | *450* | |
| *Pay-floating interest rate swaps* | *(1,450)* | | *(1,450)* | |
| ***Net position at fixed interest rate*** | ***(1,000)*** | | ***(1,000)*** | |
| Fixed interest rate | 2,499 | *66%* | 1,002 | *48%* |
| Floating interest rate | 1,259 | *34%* | 1,097 | *52%* |
| **Nominal value of borrowings after hedging** | **3,758** | ***100%*** | **2,099** | ***100%*** |

## 15.6 Credit ratings

As of August 23, 2016, the date of the Management Board meeting that approved the Financial Statements for the half-year ended June 30, 2016, Vivendi's credit ratings were as follows:

| **Rating agency** | **Type of debt** | **Ratings** | **Outlook** |
|---|---|---|---|
| Standard & Poor's | Long-term corporate debt | BBB | Stable |
| | Senior unsecured debt | BBB | |
| Moody's | Long-term senior unsecured debt | Baa2 | Stable |
| Fitch Ratings | Long-term senior unsecured debt | BBB | Stable |

# Note 16 Related-party transactions

Vivendi's main related parties are subsidiaries over which the group exercises an exclusive or joint control, and companies over which Vivendi exercises a significant influence, as well as the group's corporate officers and their related entities, in particular Havas Group and Bolloré Group.

## 16.1 Corporate officers

On April 21, 2016, the General Shareholders' Meeting notably approved the appointment of Ms. Catherine Lawson-Hall as a member of Vivendi's Supervisory Board.

Thereafter, on May 11, 2016, the Supervisory Board co-opted Mr. Yannick Bolloré, Chairman and Chief Executive Officer of Havas Group, as a member of the Supervisory Board, to replace Mr. Philippe Donnet, newly appointed Chief Executive Officer of Generali. The ratification of this co-option will be submitted to Vivendi's next General Shareholders' Meeting.

## 16.2 Other related parties

Vivendi's main other related parties are presented in Note 21 to the Consolidated Financial Statements for the year ended December 31, 2015 (pages 261 and 262 of the 2015 Annual Report). In addition, during the first half of 2016, Vivendi acquired a 26.2% interest in Banijay Group (please refer to Note 2.2), and, as a result, it is considered as a related party to Vivendi for the first half of 2016. Vivendi and its subsidiaries entered into production and program purchase agreements with certain Banijay Group's subsidiaries, on an arm's-length basis. Regarding Canal+ Group, these agreements represented a given commitment of €238 million as of June 30, 2016. For the first half of 2016, Canal+ Group recorded a net operating expense of €40 million with Banijay Group. As of June 30, 2016, receivables amounted to €2 million and payables amounted to €17 million.

Since April 9, 2015, Bolloré Group holds 196.4 million Vivendi shares. Following the capital reduction carried out by Vivendi on June 17, 2016 (please refer to Note 12), Bolloré Group's interest in Vivendi was 15.32% of the share capital, representing 16.71% of the voting rights. During the first half of 2016, on February 3, 2016, Vivendi paid an interim dividend of €196.4 million to Bolloré Group with respect to fiscal year 2015, and, on April 28, 2016, the remaining balance of the dividend with respect to fiscal year 2015, i.e., €196.4 million.

Certain Havas Group's subsidiaries render operating services to Vivendi and its subsidiaries on an arm's-length basis. Regarding Canal+ Group:

- as part of their advertising campaigns, customers of Havas Group entered into transactions with Canal+ Group through media agencies for an aggregate amount of €51 million for the first half of 2016 (compared to €54 million for the first half of 2015);
- as part of the advertising campaigns developed for Canal+, Canalsat and Canalplay, Canal+ Group entered into transactions with major media companies through Havas Group and its media agencies for €36 million for the first half of 2016 (compared to €41 million for the first half of 2015);
- non-media and production services, broadcasting rights and fees were generated by Havas Group and its subsidiaries for €9 million for the first half of 2016 (compared to €3 million for the first half of 2015); and
- Havas Group and its subsidiaries designed and developed advertising campaigns for Canal+ Group for €6 million for the first half of 2016 (compared to €5 million for the first half of 2015).

# Note 17 Contractual obligations and other commitments

### Contractual obligations and commercial commitments

| (in millions of euros) | | June 30, 2016 | December 31, 2015 |
|---|---|---|---|
| Contractual content commitments | 8.2 | 6,811 | 6,622 |
| Commercial commitments | | 1,075 | 1,069 |
| Operating leases and subleases | | 680 | 680 |
| **Net commitments not recorded in the Consolidated Statement of Financial Position** | | **8,566** | **8,371** |

### Off balance sheet commercial commitments

| | Minimum future payments as of | |
|---|---|---|
| (in millions of euros) | June 30, 2016 | December 31, 2015 |
| Satellite transponders | 538 | 605 |
| Investment commitments | 54 | 64 |
| Other | 597 | 553 |
| **Given commitments** | **1,189** | **1,222** |
| Satellite transponders | (108) | (144) |
| Other | (6) | (9) |
| **Received commitments** | **(114)** | **(153)** |
| **Net total** | **1,075** | **1,069** |

In addition, on February 18, 2016, Vivendi's Supervisory Board authorized the Management Board to enter into an exclusive distribution agreement with beIN Sports. This agreement provided for all beIN Sports channels in France to be available exclusively via Canal+ Group's offerings for a five-year period. On June 9, 2016, Vivendi acknowledged the French Competition Authority's decision not to authorize the exclusive distribution of beIN Sports channels within Canal+ Group's offerings. On July 11, 2016, Canal+ Group renewed its distribution agreement with beIN Sports for a four-year period.

### Off balance sheet operating leases and subleases

| | Minimum future leases as of | |
|---|---|---|
| (in millions of euros) | June 30, 2016 | December 31, 2015 |
| Buildings | 698 | 701 |
| Other | - | 1 |
| **Leases** | **698** | **702** |
| Buildings | (18) | (22) |
| **Subleases** | **(18)** | **(22)** |
| **Net total** | **680** | **680** |

In addition, in October 2015, Universal Music Group entered into an agreement for lease with respect to the off-plan office space of approximately 15,000 $m^2$ located in the King's Cross area of London. The lease is expected to be signed upon delivery of the premises in 2017 for a 15-year period.

# Note 18 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").

Certain Legal Proceedings involving Vivendi or its subsidiaries (as plaintiff or defendant) are described in the 2015 Annual Report: Note 23 to the Consolidated Financial Statements for year ended December 31, 2015 (pages 268 through 275). The following paragraphs update such disclosure through August 23, 2016, the date of the Management Board meeting held to approve Vivendi's Financial Statements for the half-year ended June 30, 2016.

To the company's knowledge, there are no Legal Proceedings or any facts of an exceptional nature (including any pending or threatened proceedings in which it is a defendant), which may have or have had in the previous 12 months a significant effect on the company and on its group's financial position, profit, business and property, other than those described herein.

### Securities Class Action in the United States

Since July 18, 2002, sixteen claims have been filed against Vivendi and Messrs. Jean-Marie Messier and Guillaume Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims 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 USD 0.13 and USD 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 have been processed and verified by an independent claims administrator and by the parties. Vivendi has the right to challenge the merits of these claims. On November 10, 2014, at Vivendi's initiative, the parties filed a mutually agreed upon proposed order requesting the Court to enter a partial final judgment on the January 29, 2010 jury verdict, covering a substantial portion of the claims. Certain large claims were excluded from this proposed judgment order while Vivendi continued to analyze whether to challenge the validity of those claims. On December 23, 2014, the Court entered the partial judgment. Vivendi filed its Notice of Appeal with the Second Circuit Court of Appeals on January 21, 2015, and the plaintiffs cross-appealed. This appeal was heard on March 3, 2016 and a decision is expected in the third quarter of 2016.

On August 11, 2015, the Court issued a decision whereby it excluded the claims filed by Southeastern Asset Management (SAM), concluding that Vivendi proved that SAM did not make investment decisions based on Vivendi's supposedly fraudulent statements ("lack of reliance"). On April 25, 2016, the Court issued a similar decision, under which it has excluded claims filed by Capital Guardian.

On July 14, 2016, the Court entered a final judgment covering the remaining claims whose validity had not been challenged and which were not included in the partial judgment entered on December 23, 2014. Vivendi has appealed against this final judgment and the plaintiffs have cross-appealed, challenging the final judgment as well as the summary judgment decisions rendered by the Court concerning the claims of SAM and Capital Guardian. 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) to the Consolidated Financial Statements for year ended December 31, 2015, 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 Messrs. 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 Securities 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 believed 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.

On February 23 2016, the parties entered into a settlement agreement pursuant to which Vivendi agreed to pay Liberty Media $775 million (€705 million) in return for the exchange of mutual releases of all claims related to this matter and the dismissal of all appeals before the Second Circuit. The parties have notified the Court of this settlement agreement. This agreement resulted in the recording of a reversal of provision in the amount of €240 million in Vivendi's Financial Statements as of March 31, 2016. This settlement should not be construed as a concession by Vivendi of the validity of any of Liberty Media's claims, or as an admission of any wrongdoing by Vivendi. Rather, despite the jury's verdict, Vivendi is convinced that it did not commit any wrongdoing and that this matter has been resolved on terms that it believes are in the interest of both the company and its shareholders.

### Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds, former shareholders of GVT, filed a complaint against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange), seeking compensation amounting to the difference between the value of the shares sold by them before Vivendi's acquisition of GVT and BRL70.00 per share. According to Dynamo, 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, first, that Dynamo had sold the vast majority of its stake in GVT before November 13, 2009 (the date on which Vivendi took control of GVT) and, second, 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 is expected to be scheduled to discuss the merits of the case. 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. On December 17, 2014, the Rio de Janeiro Court of Appeal authorized the provision of the abovementioned information solely to the arbitral tribunal. On December 1, 2015, Dynamo filed a petition requesting access to this information, which, pursuant to a recent decision issued by the arbitral tribunal, will be made available solely to the parties' external counsels on May 17 and 18, 2016.

### Mediaset against Vivendi

On August 19, 2016, Mediaset announced that it had filed suit against Vivendi in a Milan court seeking enforcement of the April 8, 2016 partnership agreement entered into between the two groups and seeking to recover damages. To date, this summons has not been served upon Vivendi.

### 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, and the degradation of the channels made available to it. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under threat of a fine, from allowing the broadcast by third parties of these channels or replacement channels that have substituted these channels and was ordered to replace the TPS Foot channel in the event it is dropped. 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 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.

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 seeking enforcement of the fine imposed by the Paris Tribunal of First Instance and confirmed by the Court of Appeal (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 and held, after noting that production of the TPS Foot channel had not stopped, that there was no need to replace this channel. Parabole Réunion filed a first appeal against this decision on April 11, 2013. On May 22, 2014, the Versailles Court of Appeal declared this appeal inadmissible due to Parabole Réunion's lack of representative capacity. On February 14, 2014, Parabole Réunion filed an appeal on points of law and filed a second appeal against the April 9, 2013 decision. On April 9, 2015, the French Supreme Court overturned the May 22, 2014 decision of the Versailles Court of Appeal in which the appeal filed by Parabole Réunion on April 11, 2013 was declared inadmissible. The case was remanded to the Paris Court of Appeal, brought before the Court by Parabole Réunion on April 23, 2015. On May 12, 2016, the Paris Court of Appeal upheld the decision of the Court of First Instance and dismissed all of Parabole Réunion's claims.

At the same time, 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. On April 29, 2014, the Paris Tribunal of First Instance partially recognized the admissibility of Parabole Réunion's claim with respect to the period following June 19, 2008 and recognized the contractual liability of Canal+ Group due to the degradation of the quality of channels made available to Parabole Réunion. The Tribunal ordered an expert report on the damages suffered by Parabole Réunion, rejecting the assessment produced by the latter. On November 14, 2014, Canal+ Group appealed against the decision of the Paris Tribunal of First Instance. The court appointed expert issued its report on December 18, 2015 and the case was argued before the Paris Court of Appeal on January 28, 2016. On June 3, 2016, the Paris Court of Appeal upheld the April 29, 2014 decision of the Paris Tribunal of First Instance. The proceedings before the Paris Tribunal of First Instance over expert damages analyses are ongoing.

### Pro D2

On July 8, 2015, Altice filed an application for interim measures and a referral on the merits with the French Competition Authority concerning the practices of Canal+ Group, Eurosport and the National Rugby League (the "NRL") during the allocation of Pro D2 broadcast rights. Altice is challenging the way the broadcasting rights to French Pro D2 Rugby for the 2015/2016 to 2019/2020 seasons were commercialized by the NRL during December 2014. The rights bidding process resulted in one portion of the rights being allocated to Eurosport and the other portion being allocated to Canal+ Group on April 3, 2015. On March 23, 2016 the French Competition Authority rejected Altice's request for interim measures and a referral on the merits.

### Thirel against Canal+ Group

On December 23, 2015, Thirel filed a complaint against Canal+ Group seeking enforcement of a computer services contract, or, in the alternative, an order against Canal+ Group to pay damages. On June 8, 2016, the Paris Commercial Court issued its decision. It denied Thirel's request to have the contract enforced, but ordered Canal+ Group to pay €2.5 million in damages and interest in respect of the termination of the contract and €600,000 for unpaid invoices.

### 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 online sales of music downloads and master ringtones. On April 14, 2015, a global transaction terminating the litigation was entered into. This settlement transaction was formally approved by the Court on April 13, 2016.

### Mireille Porte against Interscope Records, Inc., Stefani Germanotta and Universal Music France

On July 11, 2013, the artist Mireille Porte (AKA "Orlan") filed a complaint against Interscope Records, Inc., Stefani Germanotta (AKA "Lady Gaga") and Universal Music France with the Paris Tribunal of First Instance for the alleged copyright infringement of several of Orlan's artistic works. On July 7, 2016, the Paris Tribunal of First Instance denied all of Mireille Porte's claims.

### Reti Televisive Italiane (RTI) against Dailymotion

Since 2012, several legal actions have been filed by RTI against Dailymotion before the Civil Court of Rome. Similar to claims it has made against other major online video platforms, RTI is seeking damages for infringement of its neighboring rights (audiovisual production and broadcasting rights) and unfair competition as well as the removal of the contested content from the Dailymotion platform.

### Sony Music and certain of its labels against Radionomy

On February 26, 2016, Sony Music and certain of its labels filed a complaint against Radionomy Group, BV, its subsidiaries, and Radionomy's CEO, for copyright infringement and unfair competition, alleging that they did not have the exploitation rights to content owned by Sony Music and its labels which was made available users of the radionomy.com website. The discovery process is underway.

### Tax audits

The fiscal year ended on December 31, 2015 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 these audits. Vivendi Management believes that these tax audits should not have a material unfavorable impact on the financial position or liquidity of the group.

Regarding Vivendi SA, in respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006, 2007 and 2008 is still ongoing and, likewise, the tax audits for fiscal years 2009 and 2010 are still ongoing. The audit of Vivendi SA's Tax Group System for fiscal years 2011 and 2012 began in July 2013. As of June 30, 2016, all of these tax audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit. In any event, Vivendi has accrued a provision for the impact of the Consolidated Global Profit Tax System in 2011 (€409 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€228 million).

- 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 a request for a refund of €366 million with respect to the tax saving for fiscal year ended December 31, 2011. As this request was denied by the tax authorities, Vivendi accrued a €366 million provision for the associated risk in its Financial Statements for the year ended December 31, 2012. On October 6, 2014, the Administrative Court of Montreuil ruled in favor of Vivendi. On December 23, 2014, pursuant to this ruling, Vivendi received a €366 million refund and moratorium interest of €43 million, which was received on January 16, 2015. On December 2, 2014, the tax authorities lodged an appeal to this ruling. On July 5, 2016, the Versailles Administrative Court of Appeal ruled in favor of Vivendi. The tax authorities are entitled to file an appeal to the ruling with the French Council of State (*Conseil d'Etat*) within a period of four months from the date of such ruling. In the meantime, in its Financial Statements for the half-year ended June 30, 2016, Vivendi maintained the provision related to the €366 million principal refund and increased it by €43 million to take into account the moratorium interest, for a total amount of €409 million.
- Moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the end of the authorization on December 31, 2011, Vivendi requested a refund of taxes due, under the French Tax Group System for the year ended December 31, 2012, i.e., €208 million, increased to €221 million in 2013 at the time of the tax return filing with respect to fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a €201 million refund related to the tax installment paid in 2012. This position was challenged by the tax authorities in the context of an audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained the €221 million principal refund and increased it by €11 million (the amount of additional default interest), for a total amount of €232 million as of December 31, 2014, decreased to €228 million as of December 31, 2015 after deduction of ordinary tax credits, and maintained as of

June 30, 2016. As part of this process, Vivendi made a payment of €321 million on March 31, 2015, comprising the payment of taxes for €221 million due under the French Tax Group System for the year ended December 31, 2012, €11 million in default interest and additional penalties of €89 million. The audit being terminated, on June 29, 2015, Vivendi submitted a claim requesting a refund of the principal tax amount, the default interest, as well as penalties, for which no provision has been accrued, following the recommendation of the company's advisors.

In respect of the US Tax Group, the fiscal years 2008, 2009 and 2010 are under audit and the final outcome has not materially impacted the amount of tax attributes reported. In June 2014, the US tax authorities began a tax audit for fiscal years 2011 and 2012, and in December 2014, they undertook a tax audit for fiscal year 2013. As of June 30, 2016, these audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit.

## Note 19 Subsequent events

The significant events that occurred between the closing date and August 23, 2016 (the date of the Management Board meeting that approved Vivendi's Financial Statements for the half-year ended June 30, 2016) were as follows:

- on July 18, 2016, Vivendi notified the *Autorité des marchés financiers* that, on July 14, 2016, it had crossed the 20% legal threshold in Ubisoft's voting rights. As of July 18, 2016, Vivendi held 22.8% of the share capital, representing 20.2% of Ubisoft's voting rights (please refer to Note 10);
- on July 25, 2016, as part of discussions over Mediaset Premium, Vivendi proposed an alternative transaction structure to Mediaset (please refer to Note 2.4);
- on July 26, 2016, Vivendi implemented a squeeze-out for the remaining Gameloft shares it did not hold, as notified by the *Autorité des marchés financiers* on July 20, 2016 (please refer to Note 2.1); and
- on July 28, 2016, Vivendi carried out a capital increase for €71 million (including issue premium) as part of the employee stock purchase plan (please refer to Note 14).

# IV- Statement on 2016 half-year Condensed Financial Statements

*The following is a free English translation of the Statement on the 2016 half-year Condensed Financial Statements issued in French and is provided solely for the convenience of English speaking readers.*

I state, to my knowledge, that the Condensed Financial Statements for the first half of 2016 were prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of operations of Vivendi and all the companies included in its consolidation scope, and that the half-year management report, contained in the first part of this Financial Report, provides a fair view of the main events that occurred during the first six months of the fiscal year and their impact on the half-year financial statements, of the main related party transactions and of the major risks and uncertainties for the remaining six months of the fiscal year.

Chairman of the Management Board,

Arnaud de Puyfontaine

# V- Statutory auditors' review report on 2016 half-year financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Vivendi for the period from January 1 to June 30, 2016, and
- the verification of information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of your management board. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRS as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, August 25, 2016

The statutory auditors
*French original signed by*

| KPMG Audit | ERNST & YOUNG et Autres |
|---|---|
| *Département de KPMG S.A.* | |
| Baudouin Griton | Jacques Pierres |