

LETTER

SEPTEMBER
2013

vivendi

TO OUR SHAREHOLDERS



**JEAN-FRANÇOIS
DUBOS**
CHAIRMAN OF THE
MANAGEMENT
BOARD

PHILIPPE CAPRON
MEMBER OF
THE MANAGEMENT
BOARD AND CHIEF
FINANCIAL OFFICER

THE STRATEGIC REVIEW TAKES SHAPE

Vivendi has made major advances on its strategic review during the last several months. We have entered into exclusive negotiations with Etisalat to sell our stake in the Maroc Telecom group and we will also sell over 85% of our stake in Activision Blizzard. SFR and Bouygues Telecom are in talks to share a portion of their mobile networks. Universal Music Group is successfully completing

the integration of EMI Recorded Music and Canal+ Group has successfully re-launched channels D8 and D17.

These transactions reflect our commitment to refocus on our media and content operations and maximize the value of our telecom assets. The face of Vivendi is evolving.

Our leadership positions in media will allow us to satisfy the digital giants' strong demand for content. We intend to link Vivendi's future to these rapidly growing markets. But we are not neglecting our telecom assets where new opportunities are offered by the explosion in data traffic and fixed and mobile broadband networks. The proposal to share part of SFR's and Bouygues Telecom's mobile networks is fully consistent with this direction.

The transactions entered into during recent months allow us to envisage new growth stages. With a portion of the proceeds from the two sales, Vivendi will reduce its debt and strengthen its balance sheet. The Supervisory Board will determine the use of the balance.

The coming months will see the completion of these various transactions and enable us to move forward towards new growth stages with an unchanged objective: create value for our shareholders. ■

ADJUSTED
FINANCIAL NET DEBT*

€6.5 billion

Taking into account the expected proceeds from the disposals of the Maroc Telecom group, Activision Blizzard (over 85%) and music assets as if the sales had been completed on 30 June 2013.

2013 HALF-YEARLY RESULTS

REVENUES⁽¹⁾

€10.842 billion

EBITA⁽¹⁻²⁾:

€1.391 billion

FINANCIAL NET DEBT⁽²⁾

€6.5 billion,

adjusted for the expected
proceeds from disposals
in progress⁽³⁾,
versus 13.4 billion euro
at 31 December 2012.

Full year outlook
confirmed for
Universal Music Group
and slightly adjusted
for Canal+ Group,
GVT and SFR.

1) For the four companies within the perimeter. As from the second quarter of 2013 in compliance with IFRS 5, Activision Blizzard and the Maroc Telecom group have been reported as discontinued operations and are excluded from the adjusted income statement.

(2) For a definition of adjusted operating profit and financial net debt, consult the 2013 interim financial report on www.vivendi.com.

(3) According to the terms known to date and excluding the expected proceeds from the sale of remaining 83 million Activision Blizzard shares owned.

MEDIA SUBSIDIARIES FEEL THE INITIAL EFFECTS OF GROWTH DRIVERS IN PLACE

As of June 30, 2013, Vivendi's revenues stood at €10.8 billion, down 1.5% compared to the first half of 2012, and EBITA amounted to €1.391 billion, down 27%. The media subsidiaries and SFR, for the most part, recorded an improvement in operating margin in the second quarter of 2013 versus the first.

Vivendi's 2013 first-half results were notably affected by the deterioration of SFR's margin, due to a highly competitive market in which the leading concern was to win back subscribers (an additional 809,000 mobile customers were added in the first half).

GVT, for its part, was confronted with slower economic growth in Brazil, as well as social movements. Universal Music Group

and Canal+ Group successfully resisted, despite restructuring charges and transition costs related to the initial months of integration of acquisitions and growth opportunities put in place in recent months.

Moreover, the interpretation of Vivendi's Consolidated Statement of Earnings for the first half of 2013 requires some clarification. The magnitude of the aggregates differs, in fact, from those of previous periods. As

per IFRS 5, Activision Blizzard and the Maroc Telecom group were treated as activities held for disposal – these two projects were announced on 23 and 26 July respectively – and were excluded from the first-half 2013 and first-half 2012 adjusted income statement. However, they were still recognized in earnings attributable to Vivendi SA shareowners (€1.035 billion, down 11.2% versus the first half of 2012). ■

CANAL+ GROUP

Buoyed by free-to-air TV channels D8 and D17, as well as by Poland's multichannel package "n", Canal+ Group's revenues rose to €2.6 billion, an increase of 5.3%. The success of D8 continues unabated: as of June 30, its audience share stood at 3.4%, versus 2.3% a year earlier. Shows such as Cyril Hanouna's *Touche pas à mon poste*, Guy Lagache's *Enquêtes d'actualité* and *La nouvelle Star* were particularly well received by the public.

During the first half, Canal+ Group signed several agreements to strengthen its sports programming (including exclusive rights agreements to broadcast England's Premier League and the Formula One World Championship), as well as series and documentary programming (in-



CYRIL HANOUNA, TIED FOR BEST TV PRESENTER IN 2013, HOSTS "TOUCHE PAS À MON POSTE" NIGHTLY

A portfolio
of 14 million
subscriptions

cluding an agreement with HBO for the next five seasons and an agreement with A+E Networks). The decline in the advertising market and investment in content

weighed nonetheless on first-half 2013 EBITA, which stood at €449 million (excluding transition costs of €19 million related to the integration of D8, D17 and "n").

THE ACOUSTIC VERSION OF JUSTIN BIEBER'S ALBUM WAS A RESOUNDING SUCCESS



PHOTO UMVG



UNIVERSAL MUSIC GROUP

Universal Music Group's revenues increased by 16.3% to €2.236 billion due to the acquisition of EMI Recorded Music and to the success of such artists as Rihanna, Imagine Dragons and Justin Bieber. The transaction was completed on September 28, 2012. Its EBITA amounted to €143 million, up 8.3%. Excluding restructuring and integration costs, it was up by 6.2%.

Digital business continues to grow (e.g. songs downloaded on the Internet, subscriptions to music sites, Internet radio audiences, royalties, etc.) and digital sales represented 53% of total music sales, versus 47% a year earlier.

This changeover from physical to digital sales occurs at a time when Universal Music Group has consolidated its leadership position through the acquisition of EMI Recorded Music. It will thus be able to make its voice heard more forcefully in the face of competition from the Internet giants and will be in a better position to benefit from the redeployment of the market, having completed an advantageous financial transaction. In addition to synergies from the merger of

Digital music sales topped 50% of total

PHOTO UMVG



SFR

During recent months, SFR has continued its restructuring plan and announced exclusive negotiations to share a portion of its mobile network with Bouygues Telecom. This partnership, which has yet to be approved by representative and regulatory bodies, is a first in France but has already been implemented in certain European countries. SFR has not slowed its pace of investment and the partnership with Bouygues Telecom will enable it to save on certain costs and further invest in very high-speed networks. In the mobile segment, the operator is continuing to deploy its 4G network with a target coverage rate for 4G and Dual Carrier (LTE and DCHSPA+) of 70% of the French population

by year-end 2013, including half in 4G. In the broadband Internet segment, SFR is investing €150 million annually in fiber optics, which it has already deployed in over 70 municipalities.

70% of the population soon to have Dual Carrier 4G coverage



PHOTOS DR

For the full year, Canal+ Group slightly revised its 2013 EBITA outlook to approximately €650 million excluding transition costs.



PHOTO SFR

Faced with a very competitive market and the imposition of lower prices by regulators, SFR's first-half 2013 revenues fell by 11.3% to €5.108 billion and its EBITDA amounted to 1.47 billion euros, down by 20.5%. The trend is improving since the EBITDA decline was limited to 16.3% in the second quarter. SFR slightly revised its 2013 EBITDA outlook following the adverse decision of the EU Court of Justice concerning the "Copé tax". 2013 EBITDA is expected to be around €2.8 billion, with Capex estimates unchanged at about €1.6 billion.

PHOTO GVT

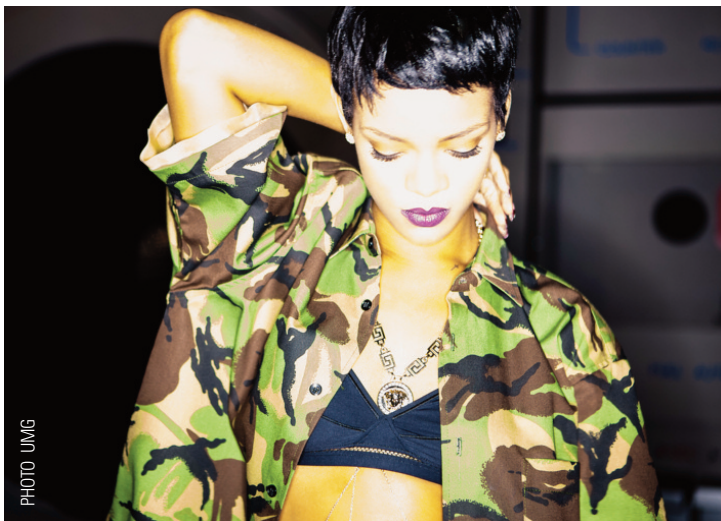


PHOTO UMVG

RIHANNA WAS THE BEST-SELLING ARTIST IN FIRST HALF 2013

the two groups, the sale of Parlophone Label Group was completed under excellent conditions. With this transaction, which constitutes the last significant sale demanded by the European Commission in connection

with the acquisition of EMI Recorded Music, the cash amount of the sales totals approximately €700 million. Vivendi divested about a third of EMI's recorded music business for nearly half of its purchase price. ■



L GVT has continued to grow in both the fixed and Internet telephony segments, as well as in television, despite the slow-down in the Brazilian economy and social movements.

GVT's first-half 2013 revenues and EBITDA increased, respectively, at constant currency by 14.7% to €884 million and by

13.3% to €354 million. In the television segment, the Brazilian operator, which has introduced a pay television offer similar to the CanalSat offer, now has about 508,000 subscribers (X2.5 times year-on-year).

For the full year, GVT now expects continued revenue growth in the mid 10's at constant currency and an EBITDA margin slightly above 40%. Its EBITDA-Capex outlook remains unchanged at close to breakeven. ■



Television revenues have already reached €81 million.



EXCLUSIVE NEGOTIATIONS OVER MAROC TELECOM

As a result of its new strategic directions, Vivendi has entered into exclusive negotiations with Etisalat to sell its 53% stake in the Maroc Telecom group.

The UAE operator's offer would result in disposal proceeds in cash for Vivendi of €4.2 billion, including €310 million for the 2012 dividend. The deal would be based on an enterprise value of €4.5 billion, a multiple of 6.2 times EBITDA. In the same sector, operators in emerging countries are trading at a median of 4.9 times EBITDA and European operators at 3.9 times.

The closing of the transaction is subject to the signing of a definitive agreement between Etisalat and Vivendi, conducting procedures with representative bodies in France, the signing of certain agreements between Etisalat and the Moroccan government and the approval of regulatory authorities in the countries in which Maroc Telecom operates. Discussions are also being held with a consortium of Moroccan institutional investors for the purpose of defining a potential investment.

Vivendi and Etisalat aim to complete the transaction by the end of 2013.



VIVENDI SELLS ACTIVISION BLIZZARD STAKE

Vivendi is selling over 85% of its current stake in Activision Blizzard for 8.2 billion dollars (about 6.2 billion euros), to the group itself and a consortium of investors known as ASAC II LP. This decision was taken as Vivendi did not hold 100% of this subsidiary and did not have direct access to its cash flow, in contrast with Canal+ Group and Universal Music Group. Moreover, in the video games sector, product obsolescence related to the arrival of new console generations is rather rapid and development costs are high.

This divestment, which is expected to be completed by the end of September, will materialize the value created by Vivendi since the beginning in video games, amounting to nearly 8 billion dollars.

VIVENDI TO PARTICIPATE IN SHAREHOLDERS' VILLAGE

Vivendi is taking part this year in Le Village des Actionnaires (Shareholders' Village), an event created in 2012 for individual shareholders. This fair is being held on 27 September at the Roland Garros Stadium (Avenue Gordon Bennet, 75016 Paris). Feel free to contact us if you would like an invitation (Toll-free from a fixed line phone 0 805 050 050).

This new event is based on an original concept. Le Village des Actionnaires is a communication initiative focused on informing and dialoguing with shareholders. You can make an appointment now for a personalized interview with our Shareholders' Relations department; please indicate the topics you wish to discuss.

THIS YEAR'S THEME: INNOVATION

Le Village des Actionnaires is also holding plenary sessions during which leaders and experts come together to discuss this year's theme: innovation. In this context, Philippe Capron, Chief Financial Officer and a member of Vivendi's Management Board, will speak at 3 pm during a conference on "Innovation in the service of businesses and their partners".

In addition, thematic workshops proposed by each company participating in the fair will be organized starting at 12 noon. At a time when Vivendi is refocusing on and expanding its media and content operations, we have chosen to introduce you to the film industry and Canal+ Group's leadership position in this field. The workshop entitled "Canal+, the film industry's preferred partner" will be held at 1:30 pm and will be presented by Manuel Alduy, Canal+ Group's Head of Cinema. ■



A TWITTER ACCOUNT FOR INDIVIDUAL SHAREHOLDERS

In October 2012, Vivendi opened a Twitter account for use by its individual shareholders (@SolangeMaulini; address of individual shareholders manager). The group also proposes other Twitter accounts such as @Vivendi_News (official address), @SimonGillham (Senior Executive Vice President Communications and Public Affairs), @BarbaraWeill (topics related to Corporate Social Responsibility), @fvallois, @themediashaker, etc. Responsiveness and conciseness are the watchwords of this social network focused on information. So it seemed perfectly natural to open an account for individual shareholders. The information communicated via this account concerns, first and foremost, current events relating to the group and its subsidiaries. In second place, this information concerns activities either inherent to or closely related to the group, the financial and stock market worlds and the economy. Another focal point is culture in all its diversity. Finally, this account gives you the program of events for the Shareholders' Club.

To keep abreast of the latest news about the group in real time, feel free to subscribe to the Vivendi individual shareholders Twitter account! We also urge you to subscribe to the Facebook page, Create Joy (Vivendi's social action program), and visit the websites www.cultureswithvivendi.com and www.themediashaker.com, a discussion and information platform on culture and creation in the digital age.

You only need one share to join the **Vivendi Shareholders' Club.**

Download your application form from the Internet and return it to us or request it by calling: **0805 050 050** (numéro vert) toll-free from a French landline or on **+33(0)1 71 71 34 99** if you are abroad

VIVENDI PARTNERS NUMEROUS SUMMER FESTIVALS

Music is an integral part of Vivendi's DNA, particularly with respect to its subsidiary, Universal Music Group, the global leader in the sector. With its several dozen recording labels ranging from classical music (Deutsche Grammophon, Decca) to French variety (Polydor, etc.) and including jazz (Verve, etc.), pop, Latin music, rock and R'n'B, Universal Music Group endeavours

to produce and promote all musical genres by partnering numerous festivals. Vivendi has supported the International Festival of Lyric Art in Aix-en-Provence for 15 years (read the interview with Bernard Foccroulle, the festival's President on the website www.cultureswithvivendi.fr). The group is also a partner of the "Jazz in Marciac" festival in the Gers and of such other exciting events as the La Vézère Festival (classical music) in Corrèze and the Roche Bluegrass Festival at La Roche-sur-Foron in Haute-Savoie.

This year, the Shareholders' Club organized a contest to give its members a chance to win concert tickets. The winners were invited to attend the opera Don Giovanni (at Aix-en-Provence), a concert by violinist Nemanja Radulovic (at La Vézère) or an evening with Gilberto Gil and Roberto Fonseca (at Marciac) and share in beautiful summer evenings filled with delightful music!



NEMANJA RADULOVIC AT THE LA VÉZÈRE FESTIVAL

DON GIOVANNI AT THE AIX-EN-PROVENCE FESTIVAL



PHOTO DR

QUESTIONS BY SHAREHOLDERS

I read in the newspapers that you are thinking about splitting off SFR. When are you going to launch an IPO?

Our priority remains the confirmation of the SFR's recovery. The operator has put in place a plan to adapt to the market's new structure. New product offerings have been created, investments in fixed and mobile broadband are continuing and a proposal to share part of SFR's mobile networks with Bouygues Telecom was announced.

We are also considering the option and appropriateness of an initial public offering for SFR in the medium term, but so far nothing has been decided by the Management and Supervisory Boards.

Is it possible to buy Vivendi shares elsewhere than on the Paris stock exchange?

Vivendi shares are listed exclusively on the Paris Stock Exchange (Euronext Paris) under the ISIN code FR0000127771. The group does not sponsor American Depositary Receipt (ADR) programs for its shares. Any currently existing ADR program is "unsponsored" and has no ties whatsoever to Vivendi.

Will dividends paid in 2014 be subject to mandatory withholding at the rate of 21%?

Yes. Persons belonging to a tax household whose reference income for the penultimate year preceding the payment of the income concerned is lower than €50,000 (for single, divorced or widowed persons) or €75,000 (for taxpayers filing joint returns), may, however, request to be exempted from the payment of this withholding by submitting a request to the establishment that manages their shares. For persons holding pure registered shares, a form is available on the website Planet Shares. Requests must be submitted no later than 30 November 2013.

To keep up to date with recent developments at Vivendi, visit the website www.vivendi.com and click on "Individual Shareholders" and then on "Press releases" or "Audio news"

SHAREHOLDERS' DIARY

PROGRAM FOR THE COMING MONTHS

Vivendi organizes numerous events for its Shareholders' Club. To participate, you must hold at least one share. Events include visits, shows, topical meetings and more! Discover our program and sign up! You will find this program of events on our website: www.vivendi.com (click on the "Individual shareholders" tab and then on "Shareholders' Club").

CONTACT US

For further information on Vivendi, please contact our Shareholders Information Department (IAI) by mail: Vivendi, Shareholders Information Department, 42 avenue de Friedland, Paris 75008 France. By e-mail: actionnaires@vivendi.com.

And by telephone: **0805 050 050** (Numero vert) toll-free from a fixed line phone if you are calling from France, or **+33 (0)1 71 71 34 99** if you are calling from abroad.

The department will respond Monday through Friday from 9:00 a.m. to 6:00 p.m. (hours extended in the event of important news).

You receive this "Letter to our Shareholders" under the terms of the French Data Protection Act of January 6, 1978, pursuant to which you may exercise your right to access, correct or contest personal data by sending an e-mail to actionnaires@vivendi.com, or by writing us at Vivendi – Shareholders Information Department – 42 avenue de Friedland – 75008 Paris, France. Should you wish to unsubscribe and cease receiving these newsletters, please contact us at the same address.

Important disclaimer: *Cautionary Note Regarding Forward Looking Statements. This letter contains forward-looking statements with respect to the financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including the impact of certain transactions. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to the risks related to antitrust and other regulatory approvals as well as any other approvals which may be required in connection with certain transactions and the risks described in the documents Vivendi filed with the Autorité des Marchés Financiers (French securities regulator), which are also available in English on Vivendi's website (www.vivendi.com). Investors and security holders may obtain a free copy of documents filed by Vivendi with the Autorité des Marchés Financiers at www.amf-france.org, or directly from Vivendi. Accordingly, we caution you against relying on forward looking statements. These forward-looking statements are made as of the date of this press release and Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

Un-sponsored 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.