

LETTER

TO OUR SHAREHOLDERS

SEPTEMBER
2015

PHOTOS DR



VINCENT
BOLLORÉ

CHAIRMAN OF
THE SUPERVISORY
BOARD

ARNAUD
DE PUYFONTAINE

CHAIRMAN OF
THE MANAGEMENT
BOARD

VIVENDI GIVES ITSELF THE MEANS TO ACHIEVE ITS **AMBITIONS**

Today, Vivendi is a large industrial group fully refocused on its media and content activities, with four strategic assets: Universal Music Group, Canal+ Group, Vivendi Village and Dailymotion. Since the General Shareholders' Meeting of last April 17, all proposed divestitures have been brought to successful conclusions. In May, Vivendi finalized the sale of its participating interests in Numerical-SFR and GVT, its Brazilian telecommunications' subsidiary.

These transactions, which were carried out under healthy financial conditions, are enabling the Group to significantly enhance its balance-sheet positions. While net debt stood at €7.9 billion at the end of June 2014, one year later Vivendi had a positive net cash position of €6.3 billion. The satisfactory results for the first half of 2015 also confirm the robustness of its business segments' economic model in a choppy economic environment.

At the same time, Vivendi had committed itself to providing a higher-than-planned return to

shareholders. By 2017, the Group plans to distribute a total of €4 billion to its shareholders, which will bring sums paid since 2014 to nearly €7 billion. Depending on global stock-market developments, the repurchase share program authorized at the last Shareholders' Meeting might be implemented.

While pursuing its high level of shareholder remuneration, Vivendi is still keeping some room to maneuver to develop its business segments and make investments in content creation and distribution. It was in this spirit that this summer the Group acquired 90% of Dailymotion, a high-profile digital platform that will allow it to showcase its music and audiovisual content on a global scale. Vivendi also acquired a 14.9% stake in the capital of Telecom Italia, thus becoming its core shareholder. This transaction establishes a foothold in a market with a shared Latin culture and opens up opportunities for growth in Southern Europe.

Thus reconfigured and endowed with powerful means, Vivendi is now on track to achieve its ambition of becoming a world-class French media and content group. ■

Nearly €7 billion
paid to shareholders
between 2014
and 2017

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Hervé Philippe
Financial Director

Vivendi released satisfactory results for the first half of 2015. These results reflect the strength of the business models of the Group's operations in the face of a volatile market. The balance-sheet positions were significantly enhanced, allowing Vivendi to pursue its development.

SATISFACTORY RESULTS FOR THE FIRST HALF OF 2015

The Canal+ Group's operations continued to be supported by the solid performance of its entities outside France, its free-to-air channels in France and Studio-canal. Universal Music Group (UMG) benefited from the growth of all its businesses. The strong performance of UMG, mainly in recorded music, and the transformation plan implemented at Watchever (Vivendi Village) supported Vivendi's income from current operations, which, nonetheless, decreased

by 1.4% (-3.1% at constant currency and perimeter) due to increased investment by Canal+ Group in sports programs and rights. This decrease was largely offset by the reduction in restructuring charges as well as integration and transition costs, resulting in a 13.4% increase in EBITA (+11.2% at constant currency and perimeter), which reached €516 million.

30% INCOME GROWTH

Adjusted net income, representing the economic perform-

ance of Vivendi's businesses, amounted to €329 million, an increase of 30.0% compared to the first half of 2014 thanks to the increase in EBITA, the decrease in interest expense and the increase in income from investments, despite an additional tax burden on results. Earnings attributable to Vivendi SA shareowners amounted to a €1.991 billion profit, compared to €1.913 billion for the first half of 2014. Earnings from discontinued or held-for-sale operations amounted to €1.279 billion,

FIRST HALF 2015 KEY FIGURES ⁽¹⁾

| | Change year-on-year | Change at constant currency and perimeter ⁽²⁾ year-on-year |
|--------------------------------------------------------------------------------------|---------------------|-----------------------------------------------------------------------|
| Revenues €5,095 M | +8,3% | +2,4% |
| EBIT⁽³⁾ €1,027 M | x3,7 | |
| Earnings attributable to Vivendi shareowners⁽³⁾ €1,991 M | +4,1% | |
| Income from operations⁽³⁾ €500 M | -1,4% | -3,1% |
| EBITA⁽³⁾ €516 M | +13,4% | + 11,2% |
| Adjusted net income⁽³⁾ €329 M | +30,0% | |
| Net cash position +€6.3 bn vs +€4.6 bn on December 31, 2014 | | |

(1) In compliance with IFRS 5, SFR and Maroc Telecom (sold in 2014), as well as GVT, (sold on May 28, 2015) have been reported as discontinued operations. In practice, income and charges from these businesses have been reported as follows:

- their contribution, until the effective divestiture, to each line of Vivendi's consolidated statement of Earnings (before non-controlling interests) has been reported on the line "Earnings from discontinued operations";
- any capital gain recognized as a result of a completed divestiture is recorded under the line "Earnings from discontinued operations" and
- their share of net income and the capital gain recognized as a result of a completed divestiture have been excluded from Vivendi's adjusted net income.

(2) Constant perimeter allows for the restatement of the impact of the acquisition of Thema by Canal+ Group on October 28, 2014.

(3) A reconciliation of EBIT to EBITA and to income from operations, as well as a reconciliation of earnings attributable to Vivendi SA shareowners to adjusted net income, are presented in Appendix V of the Press Release, 2015 First half on www.vivendi.com

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Frédéric Crépin
Senior Executive
Vice President
& Group General
Counsel

PAYMENT OF TWO INTERIM DIVIDENDS FOR 2015

In May, the finalization of the sale of GVT and of the 20% stake the Group held in Numerable-SFR, allowed Vivendi's Management Board to propose the payment of two interim dividends of €1 each on the ordinary dividend with respect to the 2015 fiscal year.

These distributions are an addition to the Group's existing commitment to pay an ordinary dividend of €1 per share during the course of fiscal years 2016 and 2017.

They result from a consensus reached with some of Vivendi's minority shareholders, in April, to accelerate distributions of proceeds from the disposal of assets, even if this results in less room to maneuver for the Group's goal of building a large media and content group.

The first interim dividend was paid last June 29. The second interim dividend should occur on February 3, 2016, with a coupon-detachment date of February 1.

HIGHLY SUCCESSFUL PUBLIC TENDER OFFER FOR SECP

The public tender offer launched by Vivendi with shareholders of the Société d'Édition de Canal+ Plus (SECP) met with great success, since 45.2% of the capital was tendered. Vivendi thus held 93.6% of SECP before the reopening of the tender offer, in accordance with regulations, to allow shareholders who have not yet tendered their shares to do so. The final result will be known before the end of September. Keep in mind that this public tender offer met the expectations of a large number of minority shareholders by offering them increased liquidity.

compared to €2.064 billion for the first half of 2014, and mainly included the capital gains on the sale of GVT on May 28, 2015, for €1.818 billion (before taxes of €612 million).

A BUSY EVENTS CALENDAR

The Group has had a busy events calendar in recent months, including the acquisition of a stake in Telecom Italia, total withdrawal from Telefonica Brasil, acquisition of a stake in Telefonica, acquisition of Dailymotion, repayment of the balance of Vivendi's participating interest in Numericable-SFR (€1.974 billion on August 19) and the highly successful public tender offer for shares of Société d'Édition de Canal Plus (SECP). Vivendi's balance sheet was further enhanced significantly as a result of these various transactions, enabling the

Group to develop and consider acquisitions. The restated net cash position, taking into account transactions realized since June 30, 2015, is close to €9 billion, representing almost 30% of Vivendi's market capitalization at the start of September. As of June 30, 2015, Vivendi had a net cash position of €6.3 billion.

Taking into account the dividend payment in 2015 and those to be paid in 2016 (including a second interim dividend of €1 per share planned for February 3, 2016) and in 2017, Vivendi will have distributed to its shareholders a total of €6.8 billion, including €2.7 billion during 2015. Depending on global stock market developments, the Group may also consider implementing the share repurchase program authorized by Vivendi's General Shareholders' Meeting of April 17, 2015. ■

Significantly enhanced balance-sheet positions

TELECOM ITALIA: A LATIN DEVELOPMENT AXIS FOR THE GROUP IN SOUTHERN EUROPE

On June 24, 2015, Vivendi became Telecom Italia's core shareholder. The Group thus gains a foothold in a major Italian enterprise in a country with which it shares the same Latin culture.

It was this same strategy of proximity and the Group's desire to engage further in Europe that motivated the decision to seize the opportunity to acquire a 0.95% stake in the Spanish operator Telefonica in late July. This refocusing on Europe goes hand-in-hand with Vivendi's complete withdrawal from Brazilian telecoms.

A bit of chronology is required at this point. In September 2014, Vivendi signed a definitive agreement with Telefonica for the sale of the Brazilian operator GVT, pursuant to the Group's desire to refocus on media. The transaction, finalized on May 28 of this year and the acquisition of additional ordinary shares permitted Vivendi to replace Telefonica as the core shareholder of Telecom Italia, with a 14.9% capital stake.

Moreover, at the end of July the Group completely withdrew from Telefonica Brasil, of which it had received 7.5% of the capital as partial payment for the sale of GVT. A portion (3.5%) was exchanged for a 0.95% stake in Telefonica, the remainder being sold on the market for about €800 million.* The decision to become the core shareholder of Telecom Italia arose from an opportunistic approach on the part of Vivendi. At the same time, it sent a strong signal by which the Group wanted to show its resolve to establish solid, long-term ties with the Italian operator in a market with significant growth prospects.

**Subject to the consent of the Brazilian competition authority (Cade).*

DAILYMOTION, A GLOBAL SHOWCASE FOR THE GROUP'S CONTENT



Stéphane Roussel

Senior Executive Vice President, development and Organization

The acquisition of Dailymotion constitutes a major milestone in the transformation of Vivendi into a global industrial group.

The acquisition of Dailymotion, completed this summer, which concerns 90% of its capital is at the heart of Vivendi's digital strategy. It gives the Group an OTT (over-the-top) platform with global reach to complement its technological expertise in the area of content distribution.

In addition, the acquisition is a way for Vivendi to respond to the expectations of a whole new generation of digital con-

sumers. The platform will offer exclusive content (e.g. short, innovative drama and comedy formats that have already gone into production, or sports-related content).

Dailymotion is also intended to become a high-profile showcase for the exposure and expression of Universal Music's performing artists and will host communities formed around the Group's talents.

At the same time, this transaction gives Dailymotion the means to reach new growth milestones and accelerate its international expansion while relying on the presence of Universal Music Group in some 70 countries throughout the world and Canal+ Group's presence in Africa to ensure its expansion. Vivendi was able to seize the opportunity to acquire 80% of Dailymotion's capital, to start with, from Orange, for €217 million. This transaction, which was finalized on June 30, was then followed by the acquisition of an additional 10% on July 30. ■

A new generation of digital consumers



PHOTO DR



Lucian Grainge
Chairman and CEO
of UMG

Roberto Alagna, Louane, Kendji Girac and many more! These confirmed or upcoming artists from Universal Music Group (UMG) were all featured at various festivals this summer, meriting a closer look at UMG's talent discovery and promotion strategy in the digital age.

THE DISCOVERY AND PROMOTION OF PERFORMING ARTISTS AT UNIVERSAL MUSIC GROUP

The new digital environment has unquestionably simplified the job of discovering new musical talent. Scouting for talent today is greatly facilitated by the increasing number of distribution channels, starting with YouTube and the social networks.

To make optimal use of these new exposure showcases, which offer a great deal of music, UMG has developed technologies that allow it to spot tomorrow's artists and songs very early on.

However, the digital transition pervading the music industry has not affected an essential part of the job of scouting for new talent: the final editorial

decision. The decision to sign an artist involves a choice that cannot be dictated by technology or an algorithm; it requires experienced creative teams, capable

Today's technological advances make it possible to instantaneously measure the impact of marketing expenses and to target audiences much more precisely than ever before. UMG now has an instantaneous image of how music is experi-

enced and how to create ties with fans.

At the same time, the digital transformation is leading to a proliferation of music content online, forcing artists to differentiate themselves if they want to stand out from the crowd. In

this context, promotion is more important than ever. UMG and its labels continually work at this, day in and day out, in more than 70 countries throughout the world.

Spotting talent very early on



LOUANE:
A PROMISING
TALENT

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of sharing the same artistic vision with upcoming talents. That is UMG's value-added.

This observation on the discovery of artists also holds true for their promotion.

WEBSITES THAT FACILITATE YOUR LIFE

If you have a legal problem, want to have work done in your home or need a teacher to tutor your children in math, MyBestPro offers immediate access to its network of 30,000 professionals available throughout France, in five sectors of activity: well-being via the Wengo.com website, legal advice via Juritravail.com, home remodeling projects via Devispresto.com, tutoring via Bordas.com and health via RDVmedicaux.com. To obtain the MyBestPro label and be referenced on one of these sites, professionals must agree

to publish their rates in a completely transparent manner, update their availability and be evaluated by their customers

**My
BEST
PRO**

after each service with no restraints (some 500,000 opinions have been published to date).

Goal: to reference 100,000 professionals over the next three years

MyBestPro hopes to reference 100,000 professionals over the next three years and thus become the leading community label for professional referrals.

With average annual growth of

35% since 2010, the company is profitable, and its revenues should total €23 million in 2015. Each month, 5 million unique visitors consult MyBestPro sites. Since 2014, the company has also begun expanding internationally and now operates in nine countries.

MyBestPro.com is a subsidiary of Vivendi Village, an operating entity of the Vivendi group, which comprises service companies with high development potential in the fields of content production, distribution and operation. MyBestPro is one of the four companies comprising Vivendi Village, along with Vivendi Ticketing (ticketing services in the United Kingdom and France), Watchever (subscription video on demand in Germany) and L'Olympia (a Paris concert hall).

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Simon Gillham
Chairman of Vivendi Village
Senior Executive Vice
President, Communications

MyBestPro, a company belonging to Vivendi Village, aims to become the leading community label for professional referrals.

CANAL+

GROUP


Maxime Saada

 Chief Executive Officer
of Canal+ Group

Canal+ Group's main ambitions for the new autumn season are to enhance the channel's encrypted content and thus the value of its subscription package, to further invest in premium content and to distribute it internationally.

CANAL+ ENHANCES VALUE FOR SUBSCRIBERS


 VERSAILLES: AN ORIGINAL PRODUCTION
COMING SOON TO CANAL+ AND
DESTINED FOR WORLDWIDE RELEASE

There was also a lot of speculation about *Les Guignols* this summer, but there has never been any question of discontinuing this very popular show for which the channel is well-known! It was precisely to create more value for subscribers that the show – which continues

in its daily format with the same budget – is now first broadcast in encrypted form before being made available on Dailymotion,

a concrete example of the complementarities among the various Vivendi group entities. Additionally *Les Guignols* continues to be broadcast free-to-air on Sundays.

Le Grand Journal is being presented this season by Maïtena Biraben, a rising star at Canal+, replacing Antoine de Caunes, who will head up a new weekly show broadcast in encrypted form. *Le Petit Journal* remains a popular feature of the channel. ■

**Six to 10
original dramas
per year**

Canal+ is investing more heavily in content and talent than ever before. A long-time partner to cinema and sports, this year the channel is offering the richest season of original productions in its history, including, to start with, the second season of *Les revenants*, followed by a new series, *Panthers* (inspired by true events concerning a gang of armed robbers from the Balkans), and 10 episodes of the eagerly awaited *Versailles*.

During the season, Canal+ will broadcast six original TV dramas and is going to invest

15-20% more per year to reach an annual production rate of 10 each year.

These programs are intended for international distribution, which will be carried out by maximizing Vivendi's inherent strengths as an integrated group. Studiocanal, for example, will handle the global distribution of *Panthers* to television channels. And with Dailymotion, Canal+ and other entities of the Group have a world-class digital platform to showcase their content globally.

THE NEW CANAL+ EXPERIENCE

To enrich its subscribers' experience, Canal+ unveiled a series of creative innovations on June 9 of this year, including the CUBE S, a new compact decoder with an unusual design.

In today's media landscape, where an unlimited number of programs are available through a multitude of offers, Canal+ stands out as a vital reference point. With the spread of the Internet, television can be watched anywhere at any time, according to each person's whims and desires. New individual services (replay, video on demand, recommendation systems, tablet and smartphone apps and more) are now widely available.

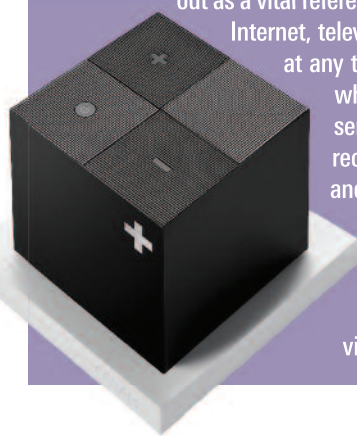
Canal+, which has pioneered these services most of the time, now aims to enrich the viewer's experience even further

through two strengths: that of its content and that of its technology. It was in this spirit that it introduced three major creative innovations.

First of all CUBE S is a new lightweight compact decoder (8.5cm on each side) that is 100% HD, 100% mobile and 100% connected. All you need is a Wi-Fi connection to access all the programs and services included in the subscription, at home or away.

In addition, an innovative new recommendation engine, SUGGEST, is gradually being rolled out this month. Combining an algorithm with personal preferences, it makes personalized suggestions, which evolve in real time, for each member of the household, in keeping with their desires.

Finally, MyCANAL is a unique mobile application that provides access to over 100 channels as well as a wealth of related services on all types of digital devices, both live and on demand and both online and offline.



QUESTIONS BY SHAREHOLDERS

How will interim dividends for fiscal year 2015 be taxed, outside of a PEA?

Outside of PEAs, interim dividends are subject to the same tax treatment as dividends for individual shareholders having a tax resident status in France. They are treated as income for tax purposes and are to be included on the annual income tax return for the year in which they were received.

Dividends are subject to progressive income tax rates, after the application of a 40% uncapped allowance.

An advance of 21% is withheld at source in respect of income tax. Taxpayers whose income tax reference for the penultimate year is less than €50,000 for a single person and €75,000 for a couple can ask their financial intermediary to be exempted from the payment of this levy for the next year, by submitting a declaration on honor no later than November 30.

In addition, interim dividends are also subject to social levies of 15.5%.

Will Vivendi apply double voting rights for shares held in registered form for more than two years?

During the Combined Shareholders Meeting of April 17, 2015, resolution A, for the non-application of double voting rights under the Florange Act for shares held in registered form for more than two years, was rejected by 401,600,000 votes. To be approved, it would have had to obtain 803,200,000 votes. Vivendi shares held in registered form for more than two years will thus benefit from double voting rights.

This provision will be applicable as of April 2016, since the holding period in registered form of two years runs from the entry into force of the law (April 2, 2014).

Vivendi's Management Board decided not to approve draft resolution A, considering that it went against the law of March 29, 2014, aimed at recapturing the real economy, known as the Florange Act. This law was designed by the authorities to help groups like Vivendi, whose activity is regulated, to stabilize their capital and encourage long-term shareholding.

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"

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

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.
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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).

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