2012

ANNUAL REPORT

vivendi

CONTENTS

1 **GROUP PROFILE – BUSINESSES – LITIGATION – RISK FACTORS** **2**

1. GROUP PROFILE 4
2. BUSINESSES 16
3. LITIGATION 45
4. RISK FACTORS 51

2 **SOCIETAL, SOCIAL AND ENVIRONMENTAL INFORMATION** **54**

1. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY 56
2. SOCIETAL INFORMATION 60
3. SOCIAL INFORMATION 71
4. ENVIRONMENTAL INFORMATION 86
5. VERIFICATION OF NON-FINANCIAL DATA 95

3 **INFORMATION ABOUT THE COMPANY – CORPORATE GOVERNANCE** **100**

1. GENERAL INFORMATION ABOUT THE COMPANY 102
2. ADDITIONAL INFORMATION ABOUT THE COMPANY 103
3. CORPORATE GOVERNANCE 118
4. REPORT BY THE CHAIRMAN OF VIVENDI'S SUPERVISORY BOARD ON CORPORATE GOVERNANCE, INTERNAL AUDITS AND RISK MANAGEMENT – FISCAL YEAR ENDED DECEMBER 31, 2012 156
5. STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF VIVENDI SA 166

4 **FINANCIAL REPORT – CONSOLIDATED FINANCIAL STATEMENTS – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS – STATUTORY FINANCIAL STATEMENTS** **168**

SELECTED KEY CONSOLIDATED FINANCIAL DATA 170

I. 2012 FINANCIAL REPORT 171

II. APPENDICES TO THE FINANCIAL REPORT: UNAUDITED SUPPLEMENTARY FINANCIAL DATA 207

III. CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 212

IV. VIVENDI SA 2012 STATUTORY FINANCIAL STATEMENTS 320

5 **RECENT EVENTS – OUTLOOK – STATUTORY AUDITORS' REPORT** **364**

1. RECENT EVENTS 366
2. OUTLOOK 366
3. STATUTORY AUDITORS' REPORT ON EBITA OR EBITDA FORECASTS BY BUSINESS UNIT 367

6 **INDEPENDENT AUDITORS RESPONSIBLE FOR AUDITING – THE FINANCIAL STATEMENTS** **368**

1. INDEPENDENT AUDITORS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS 370

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2012
ANNUAL REPORT

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

1

1

GROUP PROFILE – BUSINESSES – LITIGATION – RISK FACTORS

SUMMARY

SECTION 1
GROUP PROFILE 4

1.1. Simplified Economic Organization Chart 5
1.2. Key Figures 6
1.3. Strategy 10
1.3.1. Strategic Planning for all of Vivendi's Businesses 10
1.3.2. Strengthening Vivendi's Leadership Position in Content and Media 10
1.3.3. Repositioning Vivendi's Telecoms Activities and Exploring Consolidation Opportunities 11
1.4. Financial Communication Policy and Value Creation 12
1.4.1 Investment Policy 12
1.4.2. Financial Communication Policy 12
1.4.3. Value Creation in 2012 13
1.5. Insurance 14
1.6. Investments 15

SECTION 2
BUSINESSES 16

2.1. Canal+ Group 16
2.1.1. Strategy/Positioning 16
2.1.2. Pay-TV in France 16
2.1.3. Free-to-air TV 18
2.1.4. International Pay-TV 18
2.1.5. Other Businesses 18
2.1.6. 2012 Highlights 19
2.1.7. Regulatory Environment 19
2.1.8. Piracy 20
2.1.9. Competition 20
2.1.10. Research and Development 21
2.2. Universal Music Group 22
2.2.1. Strategy/Positioning 22
2.2.2. Recorded Music 22
2.2.3. Music Publishing 23
2.2.4. Merchandising 23
2.2.5. 2012 Highlights 23
2.2.6. Regulatory Environment 24
2.2.7. Piracy 24
2.2.8. Competition 24
2.2.9. Research and Development 24
2.3. Activision Blizzard 25
2.3.1. Strategy/Positioning 25
2.3.2. Activision Publishing 25
2.3.3. Blizzard Entertainment 26
2.3.4. 2012 Highlights 26
2.3.5. Regulatory Environment 27
2.3.6. Piracy 27
2.3.7. Competition 27
2.3.8. Research and Development 27
2.4. SFR 28
2.4.1. Strategy/Positioning 28
2.4.2. Performance and Services 28
2.4.3. Market 30
2.4.4. Network 30
2.4.5. 2012 Highlights and Commitments 31
2.4.6. Regulatory Environment 32
2.4.7. Piracy 32
2.4.8. Competition 32
2.4.9. Research and Development 32
2.5. Maroc Telecom 33
2.5.1. Strategy/Positioning 33
2.5.2. Morocco 34
2.5.3. International 35
2.5.4. 2012 Highlights 36
2.5.5. Regulatory Environment 37
2.5.6. Competition 37
2.5.7. Research and Development 38
2.6. GVT 39
2.6.1. Strategy/Positioning 39
2.6.2. Products and Services 39
2.6.3. Market/Distribution 40
2.6.4. Network 41
2.6.5. 2012 Highlights 41
2.6.6. Regulatory Environment 42
2.6.7. Competition 42
2.6.8. Research and Development 43
2.7. Other Activities 43
2.7.1. Ticketing 43
2.7.2. Wengo 43
2.7.3. Watchever 44
2.8. Seasonality of Group Businesses 44
2.9. Raw Materials used in the Group Businesses 44

SECTION 3
LITIGATION 45

SECTION 4
RISK FACTORS 51

SECTION 1 GROUP PROFILE

Vivendi is one of the few multimedia groups in the world to operate across the entire digital value chain. It creates and publishes content for which it develops broadcast networks and distribution platforms.

The Group capitalizes on both its employees' expertise and its strong brands to offer its customers high added-value digital services and products.

Vivendi currently operates a number of companies that are leaders in content, media and telecommunications.

CONTENT AND MEDIA

* Canal+ Group, France's leading Pay-TV channel and Europe's largest producer and distributor of films.
* Universal Music Group (UMG), the world's leading music company, operating in about 60 countries and with a catalog of more than 2 million titles.
* Activision Blizzard, the world leader in video games, with franchises played the world over, including *Call of Duty, Skylanders* and *World of Warcraft*.

TELECOMMUNICATIONS

* SFR, the number one alternative telecommunications operator in France and Europe.
* Maroc Telecom, the number one fixed-line and mobile telecommunications operator in Morocco, also operating in Burkina Faso, Gabon, Mauritania and Mali.
* GVT, the number one alternative telecommunications operator in Brazil, with a high-performance broadband network and new-generation services in fixed-line telephony, Internet and Pay-TV.

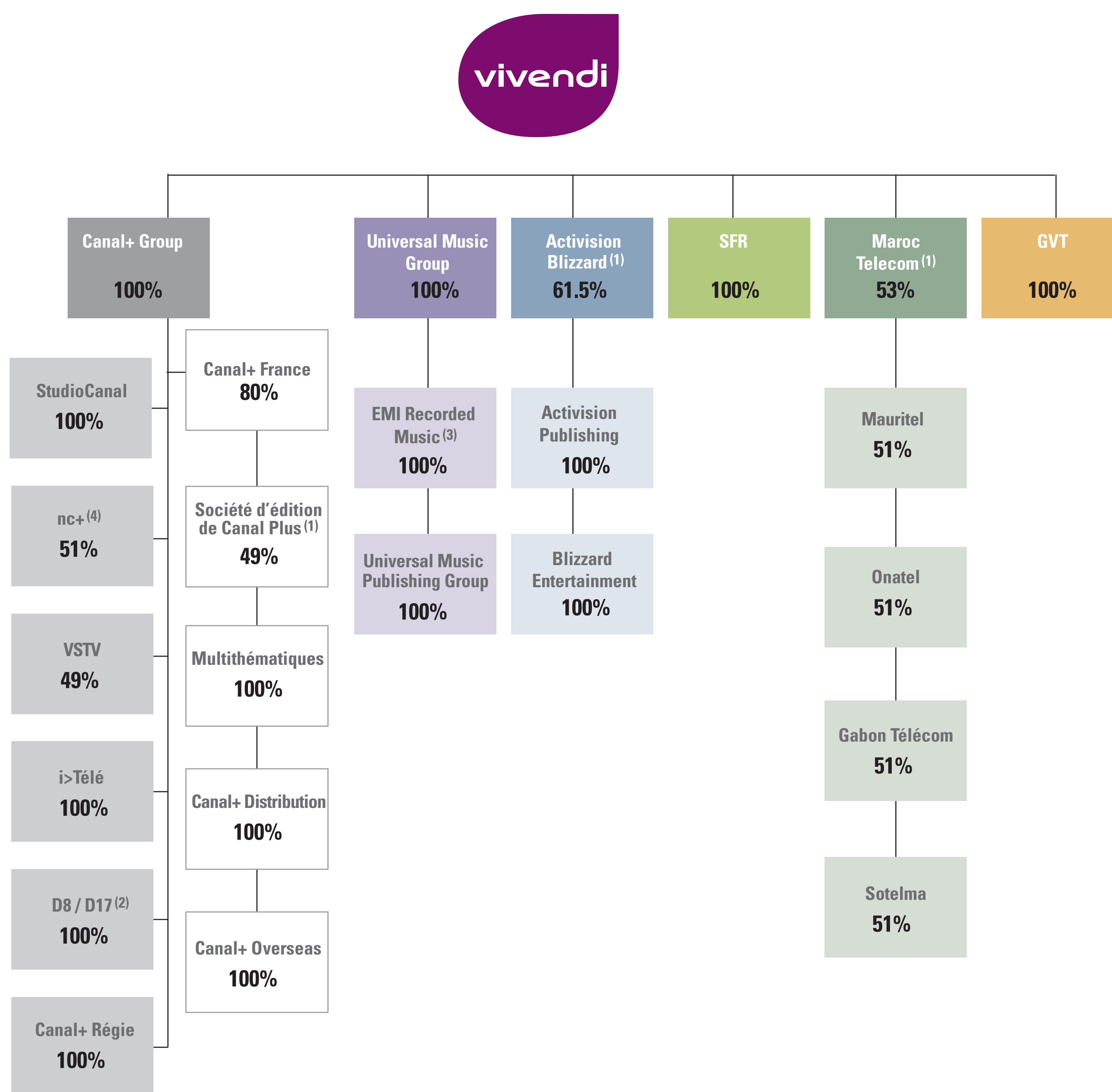
Vivendi also owns a number of other market-leading companies: Digitick and See Tickets (event ticketing), Wengo (expert phone counseling) and Watchever (subscription video-on-demand service in Germany).

In 2012, Vivendi reported revenues of €29 billion and adjusted net income of €2.55 billion. €2.6 billion was invested in video games, music, movies and audiovisual programming, while €4.5 billion was allocated to net capital expenditure, including €4.1 billion to telecommunications activities.

As of December 31, 2012, the Group had more than 58,000 employees throughout the world.

1.1. SIMPLIFIED ECONOMIC ORGANIZATION CHART

Percentage of voting interest held by Vivendi as of December 31, 2012



(1) Listed Company.

(2) On September 27, 2012, Vivendi and Canal+ Group acquired the free-to-air channels, Direct 8 and Direct Star, subsequently renamed D8 and D17. For more information on this transaction, please refer to Chapter 4, Financial Report, Section 1.1.

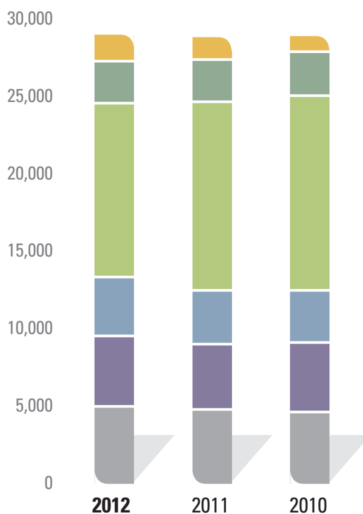
(3) On September 28, 2012, Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music). For more information on this transaction, please refer to Chapter 4, Financial Report, Section 1.1.

(4) Since November 30, 2012, Canal+ Group owns a 51% interest in nc+, the entity newly created, following the merger of Cyfra+ and "n". For more information on this transaction, please refer to Chapter 4, Financial Report, Section 1.1.

1.2. KEY FIGURES

Revenues by business segment

December 31 – in millions of euros



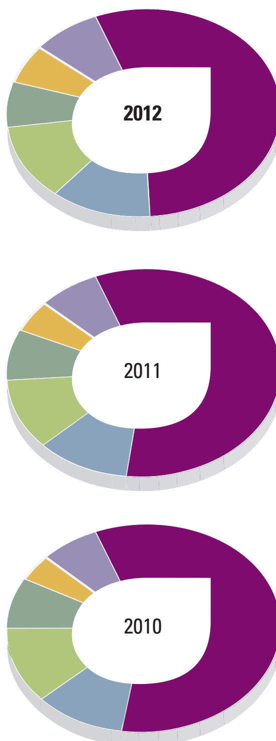
	2012	2011	2010
Canal+ Group (1)	5,013	4,857	4,712
Universal Music Group (2)	4,544	4,197	4,449
Activision Blizzard	3,768	3,432	3,330
SFR	11,288	12,183	12,577
Maroc Telecom Group	2,689	2,739	2,835
GVT	1,716	1,446	1,029
Non-core operations and others, and elimination of intersegment transactions	(24)	(41)	(54)
TOTAL	**28,994**	**28,813**	**28,878**

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

(2) Including EMI Recorded Music, consolidated since September 28, 2012.

Revenues by geographical zone

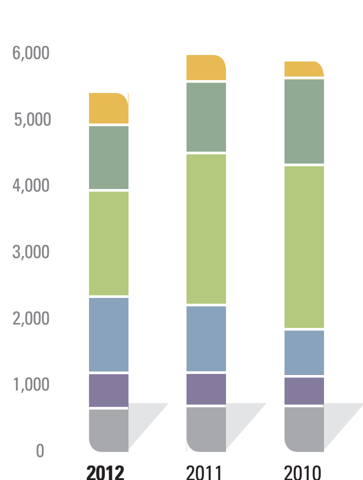
December 31 – in millions of euros



	2012	2011	2010
France	15,955	16,800	17,097
Rest of Europe	3,393	3,173	3,061
USA	3,395	3,085	3,375
Morocco	2,029	2,166	2,296
Brazil	1,797	1,527	1,084
Rest of the World	2,425	2,062	1,965
TOTAL	**28,994**	**28,813**	**28,878**

EBITA by business segment

December 31 – in millions of euros



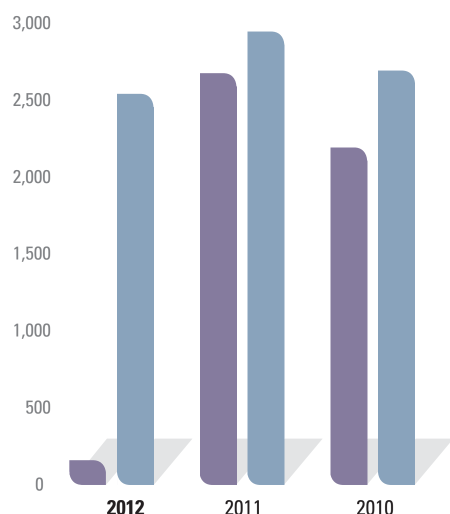
	2012	2011	2010
Canal+ Group **(1)**	663	701	690
Universal Music Group **(2)**	525	507	471
Activision Blizzard	1,149	1,011	692
SFR	1,600	2,278	2,472
Maroc Telecom Group	987	1,089	1,284
GVT	488	396	277
Holding & Corporate	(115)	(100)	(127)
Non-core operations and others	(14)	(22)	(33)
TOTAL	**5,283**	**5,860**	**5,726**

(1) Including D8 and D17, consolidated since September 27, 2012 and "n" consolidated since November 30, 2012.
(2) Including EMI Recorded Music, consolidated since September 28, 2012.

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

Earnings attributable to Vivendi SA shareowners and Adjusted Net Income

December 31 – in millions of euros

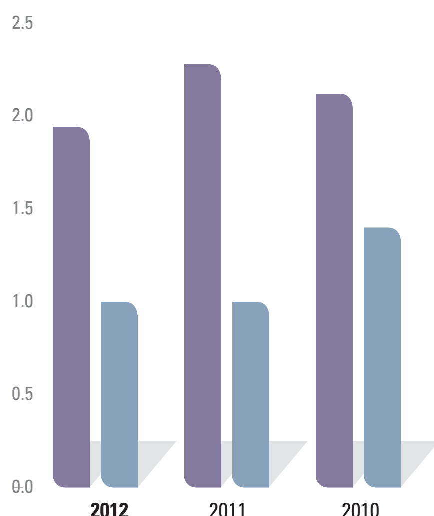


	2012	2011	2010
Earnings attributable to Vivendi SA shareowners	164	2,681	2,198
Adjusted Net Income	2,550	2,952	2,698

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

Adjusted Net Income per share and dividend per share

December 31 – in euros

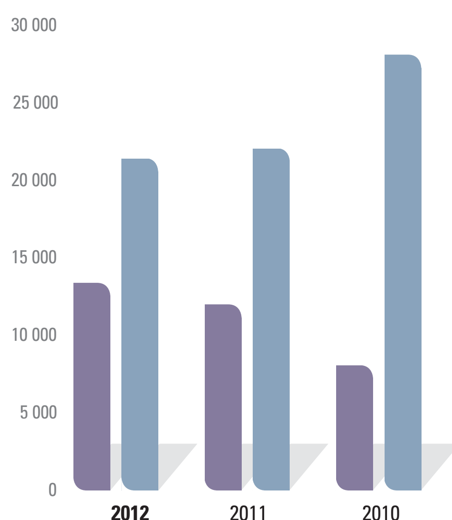


	2012	2011	2010
Adjusted Net Income per share	1.96	2.30	2.12
Dividend per share for fiscal year	1.00	1.00	1.40

Adjusted Net Income per share has been adjusted for all periods previously published in order to reflect the dilution arising from the grant to each shareholder on May 9, 2012, of one bonus share for each 30 shares held, in accordance with IAS 33 – Earnings per share.

Financial Net Debt and equity

December 31 – in millions of euros



	2012	2011	2010
Financial Net Debt	13,419	12,027	8,073
Equity (1)	21,436	22,070	28,173

(1) In accordance with IAS 27 revised standard, the acquisition by Vivendi of a 44% interest in SFR from Vodafone on June 16, 2011, for a total amount of €7,750 million, was accounted for as a purchase of non-controlling interests and accordingly the consideration paid was fully recognized as a deduction from equity in 2011. The difference between the consideration paid and the carrying value of non-controlling interests acquired as of June 16, 2011, i.e., a net amount of €6,049 million, was recorded as a deduction from equity attributable to Vivendi SA shareowners.

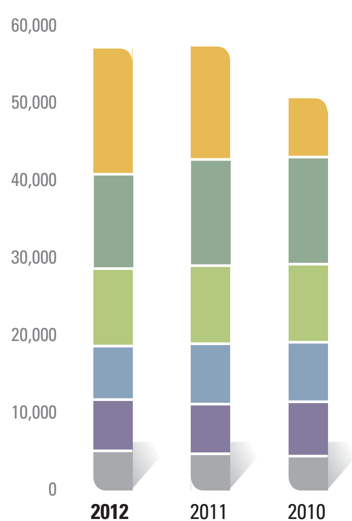
Vivendi considers Financial Net Debt, a non-GAAP measure, to be a relevant indicator in measuring Vivendi's indebtedness. Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the Consolidated Statement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

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

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

Headcount by business segment

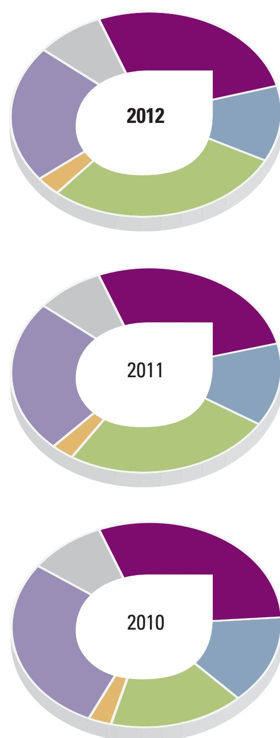
December 31



	2012	2011	2010
Canal+ Group	5,228	4,752	4,534
Universal Music Group	6,422	6,500	6,967
Activision Blizzard	7,061	7,738	7,695
SFR	9,990	10,039	10,021
Maroc Telecom Group	12,130	13,806	13,942
GVT	16,296	14,549	7,714
Corporate	253	251	249
Others	670	683	150
TOTAL	**58,050**	**58,318**	**51,272**

Headcount by geographical zone

December 31



	2012	2011	2010
France	15,870	15,691	15,447
North America	6,902	7,435	7,419
South and Central America	16,632	14,868	8,051
Asia-Pacific	1,606	1,542	1,609
Africa	12,577	14,069	14,127
Europe (excluding France)	4,463	4,713	4,619
TOTAL	**58,050**	**58,318**	**51,272**

1.3. STRATEGY

1.3.1. Strategic Planning for all of Vivendi's Businesses

Despite delivering very satisfactory results in 2009, 2010 and especially in 2011, Vivendi's share price performance over this period was disappointing. It was primarily for this reason that, in April 2012, the Supervisory Board embarked on a strategic review of the Group's assets.

The purpose of the review is to examine all options available for creating more value for Vivendi's shareholders. The review focuses on three facts:

- Vivendi's share price has been impaired by a conglomerate discount, which clearly raises questions about the Group's scope;
- Vivendi has all of the necessary attributes to bolster its status as a European, if not world, leader in content and media, a growth market driven by the unprecedented boom in major global digital distribution platforms; and
- telecoms activities are perceived as "mature," with increased competition and strong tax pressure forcing operators to adapt their positioning and offerings.

Vivendi's strategy consists, on the one hand, of strengthening its content and media operations, and on the other, of repositioning its telecoms activities and exploring opportunities to consolidate in that market. The strategic review will set out the procedures and timetable for any such operations.

1.3.2. Strengthening Vivendi's Leadership Position in Content and Media

The new digital revolution has given rise to new global and local distribution platforms, which have completely changed the content and media industries. These platforms offer services that are transforming consumption patterns to the benefit of users: everything is available, anytime, anywhere and without restriction.

While these new platforms are not without risk (content devaluation and piracy, for example), they nevertheless offer those operating in the sector substantial opportunities for growth:

- their positioning opens up new distribution possibilities and access to new markets at limited cost. High-quality local content, thus far limited to a regional audience, can now be made available throughout the world;
- they generate new creative and economic formats with attractive development prospects. They stimulate creative processes by facilitating discussion, thus fuelling innovation and growth;
- the fierce competition generated by these platforms can also work in favor of those that operate them. All these platforms are in the same markets and need attractive content to draw new consumers and gain a competitive edge; and
- they are not, however, immune to technological breakthroughs or changes in consumption patterns, which are more likely to destabilize the platforms themselves rather than weaken the content and media sector.

This new reality is an exceptional opportunity for Vivendi to leverage its content portfolio. The Group is now Europe's leading content and media company. It is also the world leader in video games and music, and the leading Pay-TV company in France, Poland, Vietnam and French-speaking Africa.

CANAL+ GROUP

Canal+ Group is the number one Pay-TV company in France and the number two in Europe. It has consolidated its position in free-to-air TV with the acquisition in France of free channels Direct 8 (since renamed D8 and already France's sixth largest free channel) and Direct Star (since renamed D17), and a partnership in Poland with ITI/TVN. Canal+ Group now operates across the entire value chain: production, distribution, Pay-TV, free-to-air TV, video-on-demand (purchase and subscription) for films and TV programs.

In production and distribution, StudioCanal continues to expand with the acquisition of Tandem studio in Germany and Hoyts Distribution in Australia and New Zealand. It has also entered into an exclusive agreement with Belgium's nWave, Europe's leading 3D production company, thereby strengthening its position in the family and animated film segment.

Canal+ Group has unrivalled expertise in the creation and publication of TV content and a strong brand that extends beyond the countries in which it operates. It therefore has the potential to expand globally and increase its content portfolio.

UNIVERSAL MUSIC GROUP

Universal Music Group is the world's largest music company. In 2012, with the acquisition of EMI's Recorded Music, UMG strengthened its operations substantially, particularly in Germany and Japan, two of the world's largest markets with high standards of living and low piracy. The new conglomerate's global market share exceeds 30%.

After a decade of declining growth in the music market, UMG is ideally placed to benefit from a rebound in the sector, which is being driven by the diversification of distribution methods and fiercer competition among distribution platforms. It has a large portfolio of talent and artists, unique experience in the transition to digital, and opportunities to enter new markets, especially through digital.

ACTIVISION BLIZZARD

Activision Blizzard is the world's number one video games company and the most profitable in the sector. The game *Call of Duty: Black Ops II*, launched in 2012, has been a huge success. It set a new sales record by crossing the one-billion-dollar threshold in just 15 days, beating the box office record set by the feature film *Avatar*.

Total sales of the *Call of Duty* franchise have exceeded the global revenues of *Harry Potter* and *Star Wars*, the two most profitable film franchises of all time. Sales of the *Skylanders* franchise have also beaten records, generating more than $1 billion in the last 15 months.

Activision Blizzard is ideally positioned to expand, due to its strong franchises (*Call of Duty, World of Warcraft, Skylanders* and *Diablo*) and unparalleled expertise in digital content creation and distribution. It also has major growth potential in Asia, where it is the only Western entertainment company to operate successfully (in China with *World of Warcraft* and in South-Korea with *StarCraft*).

On the whole, Vivendi brings together unique know-how, from content creation to content distribution. Canal+ Group, UMG and Activision Blizzard have unrivalled experience in managing the analog-to-digital transition. Unlike "traditional" content and media groups, Vivendi's operations are already at the cutting edge of digital.

1.3.3. Repositioning Vivendi's Telecoms Activities and Exploring Consolidation Opportunities

Telecoms networks around the world are assisting with the explosion of data traffic and the faster broadband required for new digital uses (multiple screens, the boom in content consumption on tablet computers). Operators are supporting this digital revolution by investing heavily in transitioning mobile phone networks over to 4G and developing fiber optics to replace copper.

SFR

In January 2012, the French telecoms market was radically altered by the arrival of a fourth mobile operator, which led to a sharp drop in prices. This transformation of the competitive landscape, combined with regulatory pressure (particularly VAT and interconnection rates), came at a critical time when technological transitions were calling for major investment in mobile and fixed-line broadband.

Against this difficult backdrop, SFR launched an action plan to make its operations more profitable including:

- investment in the roll-out of its 4G network to protect its significant market share in high-end segments. In fixed-line telephony, SFR is also investing in fiber optics (FTTH) to take advantage of the expected boom in broadband;
- simplified rates, the introduction of differentiating offers in October and the repositioning of some offers to compete in the low-end segment (price of the Red package cut by 50% in December); and
- adaptation of cost structure to maintain profitability and preserve investment capability: SFR launched a €500-million cost-reduction plan which is expected to take full effect by the end of 2014.

In addition to these organic streamlining measures, Vivendi is studying other industrial scenarios that have the potential to create value.

MAROC TELECOM

In Morocco, Maroc Telecom is continuing to develop its customer usage rates with respect to its services, against a climate of economic slowdown and increasing competition. Combined with cost-control measures, this strategy has enabled the company to remain highly profitable.

In an intensely competitive environment, Maroc Telecom's African subsidiaries are recording significant increases in revenues and profitability due to very strong growth in the mobile phone segment, more varied offers and increased customer usage rates.

To create value and limit the decline in the Average Revenue Per User (ARPU), Maroc Telecom is developing increasingly innovative data offerings aimed at the general public and businesses. To maintain its competitive lead, it continues to invest heavily in network capacity, particularly 3G in the mobile segment, and to improve its customer service, with a more extensive distribution network and upgraded customer management tools. Concomitantly, it is continuing to seek further growth through acquisitions in Africa.

GVT

In Brazil, GVT's revenues continue to rise sharply, due to increasingly extensive network coverage and the successful launch of an innovative Pay-TV service. As of the beginning of 2013, GVT operates in 139 municipalities. The company has more than 400,000 Pay-TV customers, one year after the service was launched. The launch of Pay-TV was an important step for GVT: it enabled it to consolidate its position with attractive triple-play offers capable of rivaling those of cable and further differentiating the company from historical operators.

This project and its roll-out have required heavy investment, facilitated by financial support from Vivendi. Nevertheless, GVT's ability to generate cash flow continues to increase and the telecoms business now benefits from a balanced EBITDA - CAPEX flow.

In 2013, after receiving approval in 2012, GVT began rolling out its network in São Paulo, while continuing to expand throughout the state. The strategy to roll out services in this area, which is considerably wealthier and more sensitive to service quality than the rest of the country, was designed to complement GVT's national presence and should consolidate its growth at a very high level.

1.4. FINANCIAL COMMUNICATION POLICY AND VALUE CREATION

1.4.1 Investment Policy

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

- expected growth resulting from investment, as well as its impact on the growth of adjusted net income per share and on cash flow;
- the profitability of the investment against the assessed financial risk; and
- in-depth assessment of non-financial risks (geopolitical or currency risks, for example).

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

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

1.4.2. Financial Communication Policy

1.4.2.1. GOALS AND MEANS OF VIVENDI'S FINANCIAL COMMUNICATIONS

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

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

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

A total of 443 "events" (e.g., road shows,[1] investor conferences,[2] and meetings at Vivendi's head office or at the offices of subsidiaries) were organized in 2012 in Europe, the United States and Asia. These were an opportunity for executives from Vivendi and its subsidiaries to meet representatives from 470 financial institutions and present the Group's results and outlook.

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

(1) In some 30 countries in 2012.

(2) Vivendi and its subsidiaries participated in 12 investor conferences in 2012.

1.4.2.2. COMMUNICATION WITH INDIVIDUAL SHAREHOLDERS

Vivendi currently has 400,000 individual shareholders (excluding employee shareholders), holding a total of 6.5% of its share capital. Vivendi provides them with "tailored" information befitting their commitment, investment and confidence in Vivendi. Vivendi's daily priority is to constantly stay in contact with its shareholders, provide them with information and understand their needs.

In 2009, a Shareholders' Committee was created. Its composition reflects the diversity of Vivendi's individual shareholder structure. In 2012, some of its members were reappointed and, due to the high quality of candidates, there are now ten members compared to the previous nine.

The committee acts as a bridge between Vivendi management and shareholders and as such is kept appraised of Vivendi's latest news and ongoing projects (e.g., corporate social responsibility policies, the *Create Joy* solidarity program, launch of the new corporate website). It meets at least three times a year and works on several topics, including:

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

The committee can be contacted via e-mail (comitecav@vivendi.com), and in 2012, approved the creation of a Twitter account for individual shareholders (@SolangeMaulini).

In addition to the Shareholders' Committee, a Shareholders' Club was created in 2010. Its purpose is to organize information meetings and stage events for individual shareholders. It is open to anyone who holds Vivendi shares, in either registered or bearer form.

Vivendi offers members of this Club a broad range of activities and tours. In 2012, the "*Jeudi, c'est Vivendi*" themed meetings, aimed at providing more insight into the Group and its subsidiaries (e.g., anti-piracy measures, new ticketing businesses and *Create Joy* solidarity program) continued and are being extended in 2013 to cities in France such as Lyon and Lille. Meanwhile, in association with the *Ecole de la Bourse*, training meetings have been offered on financial markets (and more specifically new corporate social responsibility challenges). The Shareholders' Club has also organized entertainment events such as outings to the Paris Opera House, concerts at Paris's *Sentier des Halles* concert hall, live opera broadcasts in movie theaters and previews of StudioCanal films.

More generally, Vivendi is always attentive to its individual shareholders and ready to provide information they need. The Individual Shareholders' Information department can be contacted by telephone at 0805 050 050 (toll free in France) and +33 1 71 71 34 99 outside France, e-mail (shareholders@vivendi.com) or mail (Vivendi – Individual Shareholder Information department – 42, avenue de Friedland – 75380 Paris Cedex 08 – France).

1.4.3. Value Creation in 2012

1.4.3.1. FINANCIAL RESULTS

Despite disruptions in the French telecoms market, the operating performance of the Group's businesses remained strong. Initially projected to be €2.5 billion, Vivendi's adjusted net income exceeded €2.8 billion, before the impact of transactions announced in the second half of 2011 and restructuring charges in the telecoms segment. This result was achieved due to all of the Group's businesses, particularly Activision Blizzard and SFR.

As of December 31, 2012, Vivendi's net financial debt was €13.4 billion. As of that date, the average economic maturity of the Group's debt was approximately four years and Vivendi had almost €3.4 billion in available credit lines. Its continued good credit rating (BBB) means that shareholders can benefit from leverage created by debt that is well-managed in respect both of volume and cost. Consequently, Vivendi's financial stability allows it to carry out any transactions arising out of its strategic review under the best possible conditions without affecting its assets value.

1.4.3.2. STRATEGIC TRANSACTIONS

Vivendi has successfully completed the final stages of its regulatory approvals process after the relevant competition authorities approved the three strategic transactions announced in the second half of 2012, including:

* the acquisition of EMI Recorded Music, which gives UMG a leading position in the global music market. With EMI, UMG has significantly enhanced its catalog of artists and strengthened its presence in key countries such as Germany and Japan;
* the acquisition of the channels Direct 8 and Direct Star. With this acquisition, Canal+ Group has a very strong position in France's free TV market; and
* Canal+ Group's partnership with ITI and TVN. With this partnership, Canal+ Group has become a major player in private and unencrypted television in Poland, one of the few European countries where the global television market is growing.

Vivendi simultaneously pursues a proactive innovations policy. SFR is stepping up its investment in 4G, becoming the first operator in France to offer high-speed mobile broadband to the general public, first in Lyon, then Montpellier in 2012 and Paris-La Défense in January 2013. In the first half of 2013, 4G coverage will be extended to various other cities, including Lille, Marseille, Strasbourg and Toulouse.

1.4.3.3. SHARE PRICE

Vivendi shares are listed on compartment A of Euronext Paris (ISIN code FR0000127771). As of December 31, 2012, Vivendi had the eleventh largest stock market capitalization in the CAC 40 Index and the largest capitalization in the Stoxx Europe 600 Media index.

Between January 1, 2012 and the date of the April 2012 Shareholders' Meeting, Vivendi shares decreased in value by 27% due to a more negative outlook for SFR, however, they subsequently increased by more than 40% over the last eight months of 2012, due to anticipated changes within the Group's scope.

For the year 2012, Vivendi's share price rose 3.5%. Based on reinvested dividends, Vivendi's shares were up 11.5%, compared to 20.4% for the CAC40 index.

1.4.3.4. DIVIDEND PER SHARE

The payment of a dividend of €1 per share in 2013 for fiscal year 2012, representing a total distribution of €1.32 billion, will be submitted for approval to the Combined Ordinary and Extraordinary Shareholders' Meeting to be held on April 30, 2013. The dividend will be paid in cash as of May 17, 2013.

1.5. INSURANCE

Vivendi has centralized coverage[1] via group insurance schemes to cover risks that apply to its subsidiaries.

These insurance schemes, whether established by subsidiaries for their own requirements or by Vivendi to apply to the whole Group, supplement any risk-prevention procedures currently in place on-site. These include 'return to work' or first aid plans in the event of a disaster affecting the nerve center of a particular business, as well as environmental protection measures.

In 2012, Vivendi renewed its Officers Liability Insurance. Other than this scheme, the principal insurance schemes taken out by Vivendi at group level are as follows: property damage and business interruption, third-party liability and work accidents.

1.5.1. Property Damage and Business Interruption

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

1.5.2. Third-Party Liability

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

1.5.3. Work Accidents

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

(1) Excluding Activision Blizzard, which has its own insurance schemes.

1.6. INVESTMENTS

Vivendi's main investments include acquisitions of financial investments, as described in Section 1.1 of the Financial Report, as well as investments in content and capital expenditures, as described in Sections 3 and 4.2 of the Financial Report. The impact of these investments on Vivendi's financial position is described in Section 5 of the Financial Report. The impact of the financial investments on the Consolidated Statement of Financial Position is described in Note 2 to the Consolidated Financial Statements, and the impact of both content investments and capital expenditures on the Consolidated Statement of Financial Position is described in Notes 10, 11, 12 and 13 to the Consolidated Financial Statements. Moreover, the contractual commitments assumed by Vivendi, as part of the acquisitions of financial investments as well as content investments and capital expenditures, are described in Note 26 to the Consolidated Financial Statements. Capital expenditures which have been broken down by geographic region and business unit are presented in Note 3 to the Consolidated Financial Statements. The Group is not planning any future investments for which Management has already entered into firm commitments other than those described in Note 26 to the Consolidated Financial Statements.

SECTION 2 BUSINESSES

2.1. CANAL+ GROUP

Canal+ Group is the largest Pay-TV group in France. With 11.4 million subscriptions to all of its offerings in France and French-speaking countries in Africa, it is a leading producer of premium and specialty channels as well as a leader in the collection and distribution of Pay-TV offerings. The group's portfolio totals 14.3 million subscriptions, including its international activities in Poland and Vietnam.

A pioneer in the development of new television services and a major player in the production and distribution of feature films, Canal+ Group has, in addition, successfully developed projects in free-to-air television.

2.1.1. Strategy/Positioning

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

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

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

Finally, Canal+ Group intends to exploit the areas of growth that it began to achieve in 2012 in free-to-air television: in France, with the acquisition and re-launch of the D8 and D17 channels; and abroad, with the help of its strategic partnership in Poland with the ITI and TVN groups.

2.1.2. Pay-TV in France

2.1.2.1. PROGRAMMING ACTIVITIES

CANAL+ CHANNELS

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

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

In 2012, together these channels (the *Chaînes Canal+*) broadcast more than 510 films, including approximately 370 on Canal+ alone.

Canal+ Group's expertise is also widely recognized in sports coverage. In total, the *Chaînes Canal+* cover more than 60 sports competitions, offering an average of over 5,500 hours per year, most of which are live: League 1 soccer, the major foreign championships (including the English Premier League, the Spanish La Liga, the Italian "A" Series and the German Bundesliga) and the Champions League, as well as the Top 14, European Cup rugby, tennis, and golf from all over the world (including the Vivendi Seve Trophy).

SPECIALTY CHANNELS

Besides the premium channels, Canal+ Group produces and broadcasts 22 specialty pay channels: movies (seven Ciné+ channels), sports (Sport+, Infosport+, Golf+, which was launched on July 4, 2012), documentaries (four Planète+ channels), lifestyle (Cuisine+, Maison+, Seasons), series (Jimmy, Comédie +) and children's programming (Piwi+, télétoon+ and télétoon+1).

2.1.2.2. BUNDLING ACTIVITIES

Canal+ Group bundles channels together into packages or theme packs. The premium package consists of the *Chaînes Canal+*, and the CanalSat package consists of specialty channels.

CanalSat consists of over 200 channels, including some produced and broadcast by the group (the "+" channels) as well as channels from other vendors (20 are offered exclusively). CanalSat is available on satellite, ADSL and cable, as well as on DVB through the Minipack (which includes five specialty channels and free national channels). CanalSat can also be accessed via the Internet on a PC, with more than 100 direct broadcast or on-demand channels, as well as via mobile phone using the CanalTouch mobile TV application which provides access to more than 40 channels.

2.1.2.3. DISTRIBUTION ACTIVITIES

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

Canal+ Group maintains an exclusive relationship with its customers, from activation to termination. As of December 31, 2012, with 9.7 million subscribers in metropolitan France, Canal+ Group has the largest subscriber base for a Pay-TV offering.

Alongside its distribution business, Canal+ Group also markets some of its specialty channels through third-party distributors, particularly the cable operator Numericable and all the ISPs, which integrate them into their own Pay-TV offerings.

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

2.1.2.4. NEW SERVICES

Canal+ Group is a digital pioneer and a pioneer of new television services in Europe. It is a leader in television on-demand, high-definition and multi-screen distribution.

HIGH DEFINITION TELEVISION (HD TV)

Since 2011, the high definition (HD) offering has been a standard feature in Canal+ and CanalSat offers, at no cost to the subscriber.

VOD AND CATCH-UP TV

Canal+ Group provides its subscribers with CanalPlay, a platform for legal downloading of videos-on-demand (VoD); CanalPlay Infinity, an unlimited VoD subscription service (SVoD); and Canal+ and CanalSat on-demand, catch-up TV services.

All 9,000 CanalPlay titles are available without a subscription and on different media (such as TVs, computers, smooth streaming, gaming consoles and LG Blu-ray players), and since the summer of 2012, on Samsung, LG and Panasonic connected TV sets.

The CanalPlay Infinity catalog is available through streaming, with no commitment and independently of any subscription to Canal+ and/or CanalSat. It has also been available on Microsoft Xbox 360 game consoles since late January 2013 and is expected to be available on the group's satellite set-top boxes.

Canal+ and CanalSat on-demand services provide access, for a limited period after their initial broadcast, to the content of more than 40 channels.

SET-TOP BOXES

In spring 2012, the group released a satellite HD set-top box targeted to its DVB subscribers that allows them to access its services directly on their television. Since late 2012, satellite set-top boxes have been equipped with a start-over feature (which allows the viewer to return to the beginning of a film while it is being broadcast); a new version of the Eureka recommendation engine and an innovative program guide.

Canal+ Group is gradually replacing its fleet of satellite set-top boxes with Internet-connectable HD satellite set-top boxes so that its subscribers can benefit from related services: at year-end of 2012, more than 90% of its subscribers were equipped with one and 30% were connected.

MOBILE AND WEB TV OFFERS

Canal+ Group offers its subscribers using mobile devices having 3G or Wi-Fi connections (smartphones and tablet computers) access to Canal+ and CanalSat channels, as well as related catch-up TV services via the CanalTouch application (available on Apple iPhone, iPod Touch and iPad and other operating systems such as Android and Windows 8).

ACCESS VIA GAME CONSOLES

All Canal+ Group offers and services, live and on-demand, are available on the Microsoft Xbox 360 game console, including CanalPlay Infinity since early 2013.

AVAILABILITY ON CONNECTED TV SETS

CanalPlay is available on connected TV sets. The group aims to have its content available on all screens, while ensuring, in addition, signal integrity protection. In furtherance of this goal, in December 2010, together with all French broadcasters, it signed the Connected Television Charter and supports the HbbTV standard. Lastly, it plans to expand its presence to all connected televisions with its 24-hour news channel, i>Télé.

RECOMMENDATIONS AND CUSTOMIZED TV

Euréka is the first customized recommendation engine in the world. Created by Canal+ Group, it identifies subscriber consumption habits and offers content that matches their preferences. Its research will soon be extended to on-demand content.

Canal+ Group also pioneered a new channel format, unprecedented in France, whose programming is customizable by subscribers. "*Mon Nickelodeon Junior*" is aimed at children and "M6Music Player" at music lovers.

2.1.3. Free-to-air TV

2.1.3.1. FREE CHANNEL DIVISION

Canal+ Group operates in free-to-air TV via i>Télé and unscrambled Canal+. In 2012, it formed a free-to-air channel division, which also includes general channel D8 and the music channel D17, formerly Direct 8 and Direct Star, respectively, which were subsequently re-launched in October with new programming.

The acquisition of the two channels from the Bolloré Group was announced on September 8, 2011, and, in July 2012, it was approved by the French Competition Authority. In connection with this acquisition, the group agreed to a number of commitments that impose strict constraints on the acquisition of rights.

In September 2012, the French Audiovisual Council (CSA), in turn, approved the transaction after Canal+ Group's substantial commitments to serve the interests of viewers and French and European creative efforts.

2.1.3.2. CANAL+ RÉGIE

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

2.1.4. International Pay-TV

2.1.4.1. OVERSEAS DEPARTMENTS AND TERRITORIES AND FRENCH-SPEAKING COUNTRIES

Canal+ Group has developed its Pay-TV operations internationally through its subsidiary Canal+ Overseas. In the Overseas departments, its Canal+ and CanalSat offerings provide access to over 200 channels, mostly in French.

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

Canal+ Overseas has a total of 1.7 million subscriptions.

2.1.4.2. POLAND

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

On November 30, 2012, Canal+ Group, ITI and TVN announced the finalization of their strategic partnership to combine their Pay-TV channel packages in Poland and for the acquisition by Canal+ Group of a significant interest in the capital of TVN.

The combination of Cyfra + and the TVN "n" package resulted in the creation of a new company, nc+, of which Canal+ Group owns 51%, with TVN Group owning 32% and UPC owning 17%. This major satellite TV platform has a total base of 2.5 million customers.

The creation of nc+ will make it possible to offer quality entertainment to subscribers through exclusive content and the best technology. TVN will provide its expertise, in particular in the area of content production. Canal+ Group's acquisition of an interest in the capital of TVN, in which it became a major shareholder along with ITI Group, will strengthen this cooperation.

The transaction, which was unconditionally approved by the Polish competition authority, was completed following the contribution of TVN's interest in "n" in exchange for 32% of nc+. Concomitantly, Canal+ Group paid approximately €277 million to acquire 40% of N-Vision, the parent company of Polish Television Holding, which is the majority shareholder in TVN (holding 52.45% of its shares). The ITI Group continues to hold 60% of N-Vision shares.

2.1.4.3. VIETNAM

K+ is a package of satellite channels operated by VSTV, the Vietnamese subsidiary of Canal+ Group. At year-end 2012, the VSTV portfolio had more than 400,000 subscribers.

2.1.5. Other Businesses

2.1.5.1. STUDIOCANAL

StudioCanal, a wholly-owned subsidiary of Canal+ Group, is a leading European player in the field of co-production, acquisition, distribution and international sales of movies. It operates directly (theater distribution, video, digital and TV) in the three main European markets (France, the United Kingdom and Germany) as well as in Australia and in New Zealand. Its catalog boasts more than 5,000 international titles.

To strengthen its investment capacity, it signed a co-financing (slate financing) agreement with an investment fund, Anton Capital Entertainment.

In 2012, the studio financed a number of films including: *Non-Stop* by Jaume Collet-Serra, *Inside Llewyn Davis* by the Coen brothers, *Serena* by Susanne Bier, *I Give It a Year* by Dan Mazer and *The Two Faces of January* by Hossein Amini. It also co-produced *Mood Indigo* by Michel Gondry and *Casse-tête chinois* by Cédric Klapisch. It is also involved in family and animation films (*Kirikou and the Men and Women*, *Ernest & Celestine* and *Boule et Bill*) and is the exclusive partner of nWave, a Belgian production company that is a leader in 3D production in Europe (*Sammy* and *African Safari 3D*).

StudioCanal is involved in the production and sale of international TV series via Tandem Communications, of which it has been the majority shareholder since January 2012.

2.1.6. 2012 Highlights

* On February 23, Canal+ Group announced execution of an agreement with The Walt Disney Company regarding CanalPlay Infinity. The group's VoD subscription offering expands its offering to Disney films and TV series from ABC Studios.
* On March 9, the Canal+ and Orange groups announced the addition of five channels to the "*Orange Cinéma Séries*" (OCS) package to CanalSat.
* On July 23, the French Competition Authority again authorized the merger of TPS and CanalSat, subject to compliance with restrictions imposed for a five-year period.
* On September 18, Canal+ Group obtained the agreement of the CSA regarding its proposed acquisition of the Direct 8 and Direct Star channels, announced on September 8, 2011. These chains were re-launched in early October under the names D8 and D17.
* On October 8, an exclusive master agreement was signed with Warner Bros. Entertainment France SA. It includes the distribution rights for movies from the major studio as exclusive Pay-TV premieres, as well as its catalog titles. It covers all group Pay-TV channels (Canal+, Ciné+, Comédie and Jimmy) and their associated catch-up services.
* On November 8, CanalSat launched a new simplified commercial offering that includes two additional packs (Panorama and Série-Cinéma).The offering provides access to some exclusive must-have channels at the premium subscription level.
* On November 30, Canal+ Group, ITI and TVN announced the finalization of their strategic partnership to combine their pay channel packages in Poland and for the acquisition by Canal+ Group of a significant interest in the capital of TVN.
* In December, the series *Les Revenants* was a huge success, with an average audience share of over 23% in France during the season's eight episodes.

2.1.7. Regulatory Environment

The overall Canal+ Group regulatory environment was discussed in previous annual reports and did not changed significantly in 2012.

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

Canal+ Group, through its subsidiary Canal+ France, holds a controlling interest in "Société d'édition de Canal+ SA", a company listed on Compartment B of Euronext Paris, which holds the Canal+ broadcast license. Pursuant to applicable rules and regulations, a non-EU national shareholder is not permitted to hold more than 20% of a company which holds a broadcast license.

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

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

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

The CanalPlay VoD and CanalPlay Infinity services are for their part subject to regulations relating to on-demand audiovisual media services.

Firstly, there is a November 2010 decree regarding the duties of investment in the production of audiovisual and cinematographic works and obligations related to offers and advertising and, secondly, there is a December 2011 CSA decision on the protection of young people and program ethics and accessibility.

Pursuant to the law of June 2009, the release and broadcast windows for video-on-demand media (which requires compliance with the distribution window for films after their release) was readjusted. Canal+ Group complies with the agreement entered into on July 6, 2009 and extended by the order of July 9, 2009, which provides for the following required window periods:

* for films available via pay-per-view video-on-demand (primarily the CanalPlay service) and on DVD: four months minimum after theater release and three months for films which sold less than 200 tickets in their fourth week in theaters;
* for movie channels:
  - first window: ten months for an original broadcast if an agreement is entered into with film organizations, 12 months otherwise,
  - second window: 22 months if agreed with the film organizations, 24 months otherwise;
* on unscrambled television channels and on other pay television channels:
  - 22 months if the channel contributes at least 3.2% of its revenues to film production,
  - 30 months otherwise; and
* for on-demand video films by subscription (CanalPlay Infinity): 36 months.

2.1.8. Piracy

Canal+ Group actively battles against audiovisual piracy. It gives priority to innovation and technological watch and to the pursuit of violators in order to protect its commercial interests and those of its licensees.

2.1.9. Competition

2.1.9.1. CANALSATELLITE/TPS MERGER

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

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

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

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

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

Canal+ Group is prepared to comply with these injunctions in the future.

2.1.9.2. OTHER TRANSACTIONS RELATED TO CANAL+ GROUP

Canal+ Group is also impacted by certain transactions conducted by other Vivendi Group subsidiaries.

Notice of the acquisition of sole control of Télé 2 by SFR, a Vivendi subsidiary, was given in November 2006 to the European Commission. The Commission approved the transaction in July 2007, subject to compliance with commitments, some of which concerned Canal+ Group. These commitments were made for a period of five years and thus ended in July 2012.

Commitments relating to the Pay-TV market were also made by Vivendi in connection with the merger of the business activities of SFR and Neuf Cegetel. Notice of the transaction was given in February 2008 to the Minister of Economy, Finance and Industry, who authorized it subject to certain conditions. In this context, Canal+ Group is required, for a period of five years (until 2013), to make two of the channels it produces (Jimmy and Ciné+ Famiz) available to any distributor at its request on ADSL or fiber optics. This decision also reinforced the opening of the intermediate market for the production and distribution of specialty channels. Exclusive distribution rights for xDsl held by Canal+ Group over the channels produced by the M6 group were effectively lifted.

2.1.9.3. ACQUISITION OF DIRECT 8 AND DIRECT STAR

Notice of the acquisition of the channels Direct 8 and Direct Star by Canal+ Group was given to the French Competition Authority on December 5, 2011 and approved by the Authority on July 23, 2012, subject to compliance with several commitments by Canal+ Group for a period of five years renewable once after a new competitive analysis is performed by that Authority.

These commitments involve:

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

TF1 and M6 have filed an appeal before the French Council of State on the basis that the decision of the French Competition Authority that approved the acquisition of these two channels exceeded the Authority's powers.

2.1.9.4. PARTNERSHIP IN POLAND

The Canal+, ITI and TVN groups entered into a strategic partnership agreement to combine their Pay-TV channel packages in Poland and for the acquisition by Canal+ Group of a significant interest in the capital of TVN. This partnership was approved without conditions by the Polish Competition Authority on September 14, 2012 and by the European Commission on November 30, 2012.

2.1.9.5. COMPETITIVE ENVIRONMENT IN FRANCE

The French Pay-TV market is changing rapidly due to:

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

2.1.10. Research and Development

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

The development of an idea or concept from the monitoring phase into the prototyping phase, and then to deployment, is determined by a cross-disciplinary committee consisting of the operational directors (Distribution, Programming, Technologies and Information Systems).

Some of the projects carried out within this framework benefit from research tax credits.

1

2.2. UNIVERSAL MUSIC GROUP

2.2.1. Strategy/Positioning

With a market share of more than 30%, Universal Music Group (UMG) is the world's leading music company,[1] with top market positions in recorded music, music publishing and merchandising.

The recorded music business discovers and develops recording artists and then markets and promotes their music across a wide array of formats and platforms. UMG continues to expand its participation in other operations related to its recording artists, including brand rights management, sponsorship and live events.

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

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

2.2.2. Recorded Music

UMG's recorded music business holds market leading positions in most of the world's major music markets, including the United States, the United Kingdom, France and Germany. The development of the digital market and new innovative business models has enabled UMG to improve its performance in the BRIC (Brazil, Russia, India and China) countries as well as expand its presence into other emerging markets, such as the Middle East and Eastern Europe.

In September 2012, UMG completed its acquisition of EMI Recorded Music after having received final regulatory clearance. The conditions for clearance in the European Economic Area required the disposal of certain assets, including Parlophone and EMI France. On February 7, 2013, Parlophone and EMI France were sold to Warner for €570 million.

The addition of EMI's catalogue and artist roster will further serve to increase UMG's recorded music strength with the addition of such iconic artists as The Beatles and the Beach Boys, as well as Robbie Williams' catalogue and top-selling artists such as Katy Perry, Emeli Sandé and Lady Antebellum.

UMG is not dependent on any particular artist or music trend, due to its rich content portfolio and its direct representation in approximately 60 countries across the globe. This international reach, together with its diverse range of labels in the major markets, ensures its participation in the local music markets that are essential to its business.

UMG's labels complement each other through their focus on different genres and music segments, thereby mitigating the effect of changes in consumer taste. UMG's major recording labels include popular music labels (such as Island Def Jam Music Group, Interscope Geffen A&M Records, Universal Music Nashville, Mercury Records, Polydor and Universal Motown Republic Group) and classical and jazz labels (such as Decca, Deutsche Grammophone and Verve). These have been joined, following EMI's acquisition, by Virgin and Capitol.

In 2012, best-selling albums included titles from a wide range of artists, including best-selling acts such as Taylor Swift, Justin Bieber, Maroon 5, Rihanna and emerging talents such as Nicki Minaj, Lana Del Rey, Carly Rae Jepsen and Gotye. Regional bestsellers included titles from Girls Generation and Kara in Japan, Unheilig in Germany and Mylène Farmer in France.

Sales from prior releases account for a significant part of UMG's recorded music revenues each year. UMG owns the most comprehensive catalogue of recorded music in the world, with performers from the United States, the United Kingdom and around the world, including, among others, ABBA, Louis Armstrong, Dire Straits, Serge Gainsbourg, Johnny Hallyday, Elton John, Herbert von Karajan, Edith Piaf, The Rolling Stones, Michel Sardou and Frank Sinatra.

UMG markets its recordings and promotes its artists through advertising and exposure in magazines, on radio and TV, via the Internet and mobile phone devices and through point-of-sale material. Public appearances and performances are also important elements in the marketing process, which is carried out on a country-by-country basis although global priorities and strategies for some artists are determined centrally. Television advertising plays an important role in the marketing of compilations and new albums.

UMG is also very active in developing new sources of revenue, including expanded rights arrangements, often described as '360° deals', through advertising and sponsorship agreements and participation in theatrical and TV production. UMG's Universal Brand Entertainment Experience (u-bee) is now operating in 45 countries, developing multi-territory brand partnerships with a diversified customer base such as Hewlett-Packard, Credit Suisse, Shell and Hyundai.

UMG plays a leading role in the expansion of the digital music market and continues to encourage and support innovation through partnerships entered into with the leading players of the market, including Spotify, iTunes, Google Music, Amazon, Deezer and Vevo. It has more than 420 online digital content partners worldwide.

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

(1) Source: Music & Copyright.

2.2.3. Music Publishing

Universal Music Publishing Group is one of the world's leading music publishing companies.[1] Music publishing involves acquiring the rights to and licensing musical compositions (as opposed to recordings). UMG enters into agreements with composers and authors of musical compositions for the purpose of acquiring an interest in the underlying copyright so that the compositions may be licensed for use in sound recordings, films, videos, commercials and live and other public performances (e.g., broadcasting and film performances). UMG also licenses compositions for use in printed sheet music and song portfolios. UMG generally seeks to acquire rights but it also administers musical compositions on behalf of owners such as other music publishers and authors who have retained or acquired such rights.

UMG's music publishing company is also a global leader in the Production Music Library businesses. The Production Music Library business owns or controls a vast catalogue of original music and arrangements (through numerous libraries and niche brands) and offers this music for use in films, television, advertising and new media industries, essentially as an economical licensing alternative to live or popular music.

UMG's combined publishing catalogue contains more than two million owned and administered titles, including some of the world's most popular songs. Some of the major artists/songwriters whose works are represented include Eminem, Adele, Justin Timberlake, The Beach Boys, Irving Berlin, Mariah Carey, Jon Bon Jovi, Maroon 5, Florence and the Machine, André Rieu, Andrew Lloyd Webber, Ne-Yo and U2.

During 2012, UMG entered into a number of new publishing deals, including agreements with Billy Joel, Steve Perry and Alejandro Sanz (among many others).

2.2.4. Merchandising

Bravado, UMG's global merchandising company, is the only global, 360 degree full-service merchandise company in the industry. Bravado works closely with new and established entertainment clients, creating innovative products carefully tailored to each artist or brand. Products are sold on live tours, via selected retail outlets and through web-based stores.

Bravado also licenses rights to an extensive network of third party licensees around the world. Bravado is able to leverage UMG's global sales and distribution network as well as UMG's significant marketing strength.

2.2.5. 2012 Highlights

- On April 4, UMG announced the creation of Mercury Classics, a new classical music label to complement Deutsche Grammophon and Decca.
- On May 31, UMG signed an agreement with the British company Linn to distribute Studio Master quality recordings as digital downloads.
- On July 30, the official London Olympic compilation of the opening ceremony, *Isles of Wonder* reached #1 in 11 countries (UK, Spain, Norway, Greece, Portugal, Slovakia, Singapore, Malaysia, Costa Rica, Ecuador and Vietnam).
- On August 7, UMG signed a 50 territory brand partnership deal with Hewlett Packard.
- On August 22, country star Taylor Swift's new single "We Are Never Ever Getting Back Together" made a record-breaking debut, becoming the biggest selling song by a female artist in one week (623k downloads).
- On August 30, UMPG signed worldwide agreements with Billy Joel, Steve Perry and Ne-Yo, and renewed deals with Warner Bros Pictures and Warner Bros Television.
- On September 1, Universal Music Enterprises' ICON CD series exceeded the 5 million (physical) albums sales mark in the US, becoming one of the most successful catalogue lines in history.
- On September 28, UMG completed its acquisition of EMI Recorded Music.
- On October 1, ABBA's greatest hits collection, "Gold", was confirmed as the UK's biggest selling compact disc of all time (4 million sales).
- On October 9, Universal Music France completed deal with Swiss-based iConcerts, providing the company rights for a selection of 20 Universal shows that will feature on the iConcerts channel, which broadcasts out of France to more than 80 countries worldwide.
- On November 21, Rihanna scored her twelfth #1 single in the US with "Diamonds", which was also the artist's second single to debut at #1.
- On December 21, Psy's "Gangnam Style" (Republic Records) became the first video ever to reach one billion views on YouTube.

(1) Source: Music & Copyright.

2.2.6. Regulatory Environment

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

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

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

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

2.2.7. Piracy

Piracy continues to cause material damage to the music industry while impeding the development of new business models. It is estimated that for every 20 songs downloaded from the Internet, only one song is legally purchased. UMG takes a multi-pronged approach in response to piracy, working in conjunction with the rest of the music industry and other entertainment sectors, including the movie and games industries and across other sectors via initiatives like the International Chamber of Commerce's BASCAP. This multi-pronged approach includes the following:

* UMG supports the launch of new and innovative services, such as Spotify, Aspiro's WIMP and Google Music, as well as the continued growth of existing services such as iTunes, Amazon, Deezer and Vevo, giving consumers an increasing number of ways in which to legally access music. UMG has over 420 online digital content partners around the globe; and
* UMG works with governments and ISPs to introduce measures to educate users about the wide availability of legitimate downloading services and which implement a system of warnings about the use of illegal services. Ultimately, where a user repeatedly ignores the warnings, this system would impose penalties such as the temporary suspension of Internet access. Graduated Response Systems, for which the results are encouraging, have been put in place in France (HADOPI law), New Zealand and South Korea. The Graduated Response Memorandum of Understanding with ISPs in the United States started to roll-out during 2012.

2.2.8. Competition

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

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

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

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

2.2.9. Research and Development

UMG's goal is to exploit opportunities for digital distribution and to protect its copyrights and those of its artists against any unauthorized digital or physical distribution. UMG created Global Digital Business, a new media and technologies division within its structure, which analyses and studies emerging technologies applicable to UMG's operations, such as technological defenses against piracy and new physical formats. UMG has not incurred any material Research and Development expenses.

2.3. ACTIVISION BLIZZARD

Activision Blizzard is a global interactive entertainment software leader and the world's largest independent video game publisher. The company was formed in 2008 through the merger of Activision, Inc. and Blizzard Entertainment, Inc., two of the leading players in the field of interactive entertainment.

Activision Publishing, Inc. ("Activision") is a leading international publisher of interactive software products and content. Activision develops and publishes video games on various consoles, handheld platforms and the PC platform through internally developed franchises and license agreements.

Blizzard Entertainment, Inc. ("Blizzard") is the leading company in the subscription-based massively multiplayer online role-playing game ("MMORPG") category. Blizzard internally develops and publishes PC-based computer games and maintains its proprietary online-game related service, *Battle.net*®.

In 2012, Activision Blizzard reported record digital revenues and was the #1 third-party interactive entertainment Western digital publisher.

2.3.1. Strategy/Positioning

Activision Blizzard's portfolio of proven franchises is unmatched in the industry. The company's core franchises include Activision Publishing's *Call of Duty*® and *Skylanders*® and Blizzard Entertainment's *World of Warcraft*®, *StarCraft*® and *Diablo*®. Each of these franchises is a long-standing leader in its respective genre. *Call of Duty*®, *World of Warcraft*, *StarCraft* and *Diablo* all have strong online player communities.

Activision Blizzard's objective is to continue to be a worldwide leader in the development, publishing, and distribution of quality interactive entertainment software, online content and services that deliver a highly satisfying entertainment experience.

The company adopted four strategic priorities: continue to improve its profitability, create shareholder value, continue to grow and focus on delivery of digital content and online services.

In addition to investing in its wholly-owned portfolio of franchises, in May 2010, Activision entered into an exclusive 10-year partnership with Bungie, the developer of blockbuster game franchises including *Halo*, *Myth* and *Marathon*, to bring *Destiny*, Bungie's next big action game universe, to market. During the term of the agreement, Activision will have exclusive, worldwide rights to publish and distribute all future Bungie games based on *Destiny* on multiple platforms and devices.

Activision Blizzard's existing core franchises, coupled with Bungie's new *Destiny* game universe, as well as a new massively multiplayer online game currently in development by Blizzard Entertainment, should provide the company with a solid foundation for long-term growth. The company's strong financial position, its global best-in-class retail and online distribution capabilities and its proven ability to create value should enable it to grow its biggest franchises through innovation, online business models expanding within Asia and into new geographies and continuing to partner with some of the industry's best development talent.

2.3.2. Activision Publishing

Activision Publishing focuses on development and publishing activities principally for products and content that are, or have the potential to become, franchises with sustainable mass consumer appeal and recognition. It is the company's experience that these products and content can then serve as the basis for sequels, prequels, and related new products and content that can be released over an extended period of time.

In recent years, Activision Publishing has been best known for its success in the first-person action category from its internally developed intellectual property, *Call of Duty*®, *Call of Duty: Black Ops II,* and it plans on continuing to develop this franchise. In aggregate, the *Call of Duty* franchise has achieved more than $8 billion in life-to-date revenue and has an active global community of millions of players.

The latest game in the *Call of Duty* franchise, *Call of Duty: Black Ops II*, was launched on November 13, 2012 and became the first video game ever to cross $1 billion in worldwide retail sales in the first 15 days of its launch (according to GfK Chart-Track retail customer sell through information, internal company estimates and screenrant.com).

Additionally, on July 3, 2012, Activision Publishing and Tencent Holdings Limited, a leading ISP in China, announced a strategic relationship to bring the *Call of Duty* franchise to Chinese game players. Under the multi-year agreement with Activision Publishing, Tencent has the exclusive license to operative Activision's new free-to-play *Call of Duty Online* game in mainland China. The game will be monetized through the sale of in-game items.

On October 21, 2012, Activision released *Skylanders Giants*™, the second title in its *Skylanders* franchise, an internally developed intellectual property that combines the use of toys with videogames, delivering an unprecedented gameplay experience to audiences. Specifically, the game involves "smart toys" consisting of action figures and an electronic "portal" which, when used together, allow a player to store and access information about his/her character's performance in the game. The company sells the toys both bundled with the game software for the title and on a stand-alone basis.

During 2012, Activision released the following games, among others: *The Amazing Spider-Man*™; *Transformers*™*: Fall of Cybertron*™; *007*™ *Legends*; *Wipeout 3* and two games from the *Cabela*'s franchise: *Cabela's Dangerous Hunts 2013* and *Cabela's Hunting Expeditions*.

In North America and Europe combined Activision Publishing was the #1 console and handheld publisher for the year 2012 with the #1 and #3 best-selling franchises *Call of Duty* and *Skylanders* (including toys and accessories). Additionally, for the year 2012, in aggregate across all platforms in the United States and Europe, Activision Publishing's *Call of Duty: Black Ops II* was the #1 best-selling title in dollars and *Modern Warfare 3*® was the #9 best-selling title in dollars. *Skylanders Giants* was the #5 best-selling game in dollars, and *Skylanders Spyro's Adventure*® was the #4 best-selling game in dollars. As of December 31, 2012, the *Skylanders* franchise had generated, life-to-date, more than $1 billion in worldwide sales (according to The NPD Group, GfK Chart-Track and Activision Blizzard internal estimates). As of January 2013, Activision has sold more than 100 million *Skylanders* toys worldwide (according to Activision Blizzard internal estimates).

2.3.3. Blizzard Entertainment

Since 2004, when Blizzard Entertainment first launched its subscription based MMORPG: *World of Warcraft*, the franchise has experienced significant sequential growth. The company launched several expansion packs: *The Burning Crusade*®, *Wrath of the Lich King*®, *Cataclysm*®, and *Mists of Pandaria*® in September 2012. *World of Warcraft*®*: Mists of Pandaria*™ sold approximately 2.7 million copies as of its first week of release. Additionally, on October 2, 2012, *World of Warcraft*®*: Mists of Pandaria*™ was released in China, marking what the company believes to be the first time any game has officially released in China as part of a global launch.

Today, *World of Warcraft* is available in North America, Europe (including Russia), China, South Korea, Australia, New Zealand, Brazil, Chile, Argentina, Southeast Asia and the regions of Taiwan, Hong Kong and Macau. In the Asian market, Blizzard distributes *World of Warcraft* directly through its local subsidiaries, partners and license agreements. In 2012, Blizzard extended its license agreement with NetEase.com, Inc. for the operation of *World of Warcraft* in China. In addition, Blizzard granted a license to NetEase for the operation in China of *StarCraft*® *II: Wings of Liberty*®, *Warcraft*® *III: Reign of Chaos*® and *Warcraft*® *III: The Frozen Throne*®.

StarCraft II: Wings of Liberty is the fastest-selling strategy game of all time. Within 48 hours after its release in 2010, it sold more than 1.5 million copies. More than 3 million units were sold within the first month (based on internal company records, public data, or reports from key distribution partners).

Simultaneously with the release of *StarCraft II: Wings of Liberty*, Blizzard launched a new version of its online gaming service, *Battle.net*, evolving it into the industry's premier online gaming destination for Blizzard gamers. In addition to *StarCraft II: Wings of Liberty* and *World of Warcraft*, *battle.net* will power Blizzard's subsequent new releases in the future, and is designed to keep players connected to their friends independently from whatever Blizzard game they are playing. The service offers players advanced communications features, social networking, player matching and digital content delivery, which enables a unique, connected experience for millions of players across multiple brands.

On May 15, 2012, Blizzard Entertainment released *Diablo*® *III*, which set a new industry launch record for PC games.

For the calendar year, Blizzard Entertainment had two top-10 PC games in North America and Europe. *Diablo III* was the #1 best-selling PC game at retail, breaking PC-game sales records with more than 12 million copies sold worldwide through December 31, 2012, and *World of Warcraft*®*: Mists of Pandaria*™ was the #3 best-selling PC game at retail (according to The NPD Group, GfK Chart-Track and Activision Blizzard internal estimates).

As of December 31, 2012, Blizzard Entertainment's *World of Warcraft* remains the #1 subscription-based MMORPG, with more than 9.6 million subscribers (according to Activision Blizzard internal estimates).

2.3.4. 2012 Highlights

- On March 20, Blizzard Entertainment renewed the license arrangement entered into with NetEase for the operation of *World of Warcraft* in mainland China.
- On April 5, 2012, the *Skylanders* franchise came to the App Store with *Skylanders Cloud Patrol*™ for iPhone, iPad and iPod touch.
- On May 15, Blizzard Entertainment launched *Diablo III*, the next-chapter in its successful franchise. Within the first 24 hours of its release, more than 3.5 million copies had been sold, setting the new all-time record for fastest-selling PC game.
- On July 3, Activision Blizzard and Tencent, a leading ISP in China, announced a long-term multi-year agreement to bring *Call of Duty Online* to Chinese game players.
- On September 25, Blizzard Entertainment announced the release of *World of Warcraft*®*: Mists of Pandaria*™, the fourth expansion to *World of Warcraft*.
- On October 19, Activision Blizzard launched *Skylanders: Giants*™, the second title in its *Skylanders* franchise.
- On October 26, Activision Blizzard released *Cabela's Dangerous Hunts 2013*™, from its *Cabela*'s franchise.
- On November 13, Activision Blizzard launched *Call of Duty: Black Ops II*. It was the biggest entertainment launch of all time.

2.3.5. Regulatory Environment

Activision Blizzard voluntarily participates in self-regulatory rating systems established by various video game industry organizations around the world. In the United States and Canada for example, the group adheres to the principles adopted by the Entertainment Software Rating Board (ESRB). It also adheres to other applicable video game ratings systems, such as the Pan European Game Information (PEGI) rating system, pursuant to which Activision Blizzard displays the age group for which a particular product is intended on its product packaging and advertising, respects applicable advertising guidelines and online privacy principles and provides a brief description of the product's content on its packaging. In addition, Activision Publishing's console-based games are compatible with the parental control tools built into game consoles.

Blizzard offers parental controls for parents whose children play *World of Warcraft*. The system allows parents, as the account holders, to monitor and manage their children's gaming time. By enabling the parental controls system, parents can choose the days and times during which their children may play (e.g., weekends exclusively or one or several predetermined weekdays between certain hours) and the frequency of mandatory breaks (e.g., every thirty minutes or once an hour). Anyone attempting to log on to the game outside the authorized times will not be allowed access.

2.3.6. Piracy

Piracy is a serious concern for video game publishers. Through its Anti-piracy department, Activision Blizzard combats piracy and counterfeiting on its own and in collaboration with third parties, including other publishers and trade associations. Activision Blizzard utilizes emerging business models that embrace the Internet and at the same time use technology to thwart piracy.

Another international enforcement challenge comes in the form of unauthorized server systems. Organized international groups circumvent security measures and reverse engineer software code in order to facilitate the unauthorized online play of Activision Blizzard titles. Some infringing servers require the use of pirated software or a "donation", or both, in order to play, which is far less than the cost of legitimate software or monthly subscription rates. Activision Blizzard aggressively defends its intellectual property rights against infringement, including taking legal measures when the company deems such measures advisable, as well as referring offenders to criminal authorities, supporting prosecutions and providing training for customs and law enforcement officials.

2.3.7. Competition

Through Blizzard Entertainment's *World of Warcraft*, Activision Blizzard is the leader in the subscription-based MMORPG category. *World of Warcraft* is the only MMORPG that has experienced major success in all key markets (North America, Europe and Asia). Competitors also publishing MMORPGs include NCsoft, Trion Worlds, Sony Online Entertainment, Electronic Arts and Funcom.

Competitors in the console, handheld, mobile and PC games segment include, among others, Electronic Arts, Bethesda Softworks, Disney, Konami, Take-Two Interactive and Ubisoft entertainment, as well as Nintendo, Sony and Microsoft, which publish video games for their own platforms.

2.3.8. Research and Development

Capitalized software development costs include:

* amounts paid to entitled beneficiaries for the use of their intellectual property content in order to develop new games (e.g., software development, graphics and editorial content);
* direct costs incurred during the internal development of products; and
* the acquisition costs of software developed outside of the company.

Software development costs are capitalized when the technical feasibility of the software has been established and they are considered recoverable. These costs are mainly generated by Activision Blizzard as part of the games development process and are amortized using the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues) for a given product. Non-capitalized software development costs are immediately recorded as Research and Development costs.

In 2012, Research and Development expenditure for Activision Blizzard amounted to €673 million (compared to €653 million in 2011), and consisted of all internal and external net costs charged against earnings for the periods reported.

2.4. SFR

SFR is a global telecommunications operator that has been a part of the French people's connected lives for over 25 years. It meets the needs of its individual, business, local government and operator customers, providing mobile and fixed telephony, Internet and television.

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

As of December 31, 2012, as the leading French alternative telecommunications operator, SFR had 20.7 million mobile customers and more than 5 million high-speed Internet subscribers. This represents 28% of the mobile telephony market and approximately 21% of the French market for high-speed and very-high-speed Internet (sources: The Electronic Communications and Mail Regulation Authority "ARCEP" and SFR data).

2.4.1. Strategy/Positioning

SFR is adapting to the changing telecom market conditions: 2012 in particular was marked by the arrival of a fourth operator and a significant drop in the price of mobile offerings.

In this context, SFR 's goal is to be innovative, pioneering and committed to its customers. The deployment of very-high-speed fixed and mobile telephony is a new step that will enable the development of new uses.

SFR relies on:

- the performance of its network. In a difficult economic environment, SFR continues to invest in its fixed and mobile infrastructures (€1.6 billion in 2012), convinced that the quality of its network is an added-value for its customers (operators, local governments, businesses or individuals). At year-end 2012, SFR was the first operator to make 4G services available to the public; and
- simplified offers tailored to the needs of its customers. For the consumer market, SFR has streamlined its offerings, with:
  - the September launch of new *Carrés* plans, which were reduced to six plans structured around data and innovations dedicated to very-high-speed mobile telephony, such as multisurf or Dropbox. SFR also offers a new customized support policy in the form of Silver, Gold and Platinum *Carrés* services, and
  - very attractive offers in the low-price segment with the no commitment Red Series sold on the web.

  In relation to the business market, the SFR Business Team helps its clients by providing them with the best digital service. SFR provides a controlled cloud computing service and international telecommunications solutions through the Alliance Network Team (see Section 2.4.2.3 "Businesses" of this chapter);
- a better multi-channel customer experience: the web, social networks, or it stores (SFR customer service stations); and
- new sources of growth. SFR is also preparing for future services: payment services with the launch of the "SFR PayCard" (a reloadable contactless prepaid card), home automation with "Home by SFR" (remote monitoring solution for the home) or cloud services for businesses with Numergy.

2.4.2. Performance and Services

2.4.2.1. MOBILE

In 2012, the SFR mobile customer base was impacted by the arrival of a fourth operator in an already mature market. At year-end 2012, the total number of mobile customers amounted to 20.7 million customers, compared to 21.5 million at year-end 2011.

Since the second quarter of 2012, however, SFR has stabilized its subscriber base.

In 2012, SFR's share of the mobile telephony market in France, excluding MVNOs, was 28% (source: ARCEP). Its market share of subscription customers was 30.2%.

In addition, SFR is developing its wholesale business on the basis of new strategic agreements with Virgin Mobile (in furtherance of the partnership initiated in 2011 in ADSL and mobile) as well as launching the new SFR MVNO subsidiaries, such as Buzzmobile in June 2012, which has prepaid offers to call abroad.

The year 2012 was also marked by the continued growth of mobile data usage, driven by new generations of smartphones. At year-end 2012, 49% of SFR customers were equipped with smartphones or tablet computers (compared to 41% at year-end 2011).

SFR continues to perform well, delivering the following services:

- access to Wi-Fi: in addition to the 4 million SFR Wi-Fi hotspots existing in France, SFR, through its partnership with Fon, enables Neufbox customers to use 7 million key operator Wi-Fi hotspots abroad;
- multi-screens: using a free SFR TV application, customers with an SFR box can now view their television content (such as live television channels, television on-demand, remote programming and remote playback recording) on all their screens (TV, PC, smartphone or tablet computers), with 3G or Wi-Fi, regardless of where they are and whatever their mobile operator; and
- 4G, which began in late 2012: the next steps will involve the widening access of 4G on mobile phones and tablet computers, with new services such as HD video, TV viewing, online games or video calls (Tango).

2.4.2.2. FIXED-LINE AND INTERNET

The SFR subscriber base includes more than 5 million residential customers; its quadruple-play combined offering (SFR Multi-Packs) had 1.8 million customers at year-end 2012.

In September 2012, seeking to increase its competitiveness, SFR upgraded its fixed-line offering (ADSL and fiber) with its box. It simplified its pricing and made it compatible with the specific usage patterns of its customers, who can access advanced features such as multi-screen or access control.

Meanwhile, in 2012, SFR expanded its TV offerings provided via ADSL, with:

- the launch of the BeIN Sport and OCS packages;
- the availability of new on-demand TV channels, increasing the number of channels in the service to over 30, 20 of which are included in the basic offer. Use of this service has grown strongly; and
- new applications, including *Infotrafic TV*, *Au Féminin TV* or INA.

Finally, SFR has continued to develop its on-demand gaming services using cloud gaming, a new way to play remotely (in streaming without having to download). The catalog offers over 100 console-quality games, including major producers such as Ubisoft and Disney. They are available on television, PC and Mac.

2.4.2.3. BUSINESSES

SFR Business Team is aiming to become a provider of cloud services for businesses. Its mission focuses on enabling companies to take advantage of the full potential of digital transformation. In 2012, B2B activity increased.

SFR BUSINESS TEAM CLEARLY DEMONSTRATES ITS INTENTION TO BE THE LEADER IN CLOUD COMPUTING WITH:

- the establishment in September 2012 of Numergy (in partnership with the French Government and Bull) to deploy and operate a "trusted digital factory" and provide virtualized computer equipment solutions;
- entering into a trade agreement with HP regarding new services to facilitate the adoption of cloud computing by businesses; and
- obtaining approval for the hosting of health data. By becoming a "health host", SFR is positioning itself as an e-health expert that will be able to provide public and private health care providers with a hosting, storage and connectivity service that is both safe and confidential.

SFR BUSINESS TEAM CONTINUES ITS POLICY OF INTERNATIONALIZATION

In September 2012, SFR launched the "Network Team", an international network of partner operators selected for the quality of their networks and their coverage to serve companies. As a result, the "Network Team" alliance includes Verizon, Vodafone, Etisalat, Maroc Telecom and Tata Communications. The objective of this alliance is to provide businesses with fixed-line telecommunications solutions that are comprehensive and optimized by country to equip all of their sites in France and abroad.

SFR BUSINESS TEAM MAKES CUSTOMER SATISFACTION ITS PRIORITY

- SFR Business Team has renewed Qualicert certifications for three years based on a referential of 45 auditing points and ISO 9001;
- The operator has developed the €cobySFR tool for evaluating the carbon footprints and financial gains of business solutions;
- SFR is the leader in connectivity for communicating objects (Machine to Machine);
- SFR Business Team has continued deployment of 150,000 lines under the Opache contract (mobile communications voice and data solution, supply of terminals for French ministries and institutions); and
- SFR is the market leader in customer relations, including signing the Contact 14 contract with EDF (customized multi-site, multi-channel and multi-skills virtual contact center).

SFR BUSINESS TEAM OFFERS SIMPLIFIED OFFERS

SFR Business Team offers a new range of streamlined and modular mobile telephony and a collaborative on-demand messaging solution.

2.4.3. Market

In 2012, the arrival of a new competitor radically changed the telecoms market, with two direct consequences: strong pressure on prices and a proliferation of low-priced offerings.

In 2012, as was the case with mobile telephony, the high-speed and very-high-speed Internet market continued to grow in France, with a 1.2 million increase in household customers, representing a 5% annual net growth. At year-end 2012, the total number of customer households in France (including overseas departments of France) was 24 million (source: ARCEP).

2.4.4. Network

2.4.4.1. DUAL CARRIER AND 4G

At year-end 2012, SFR was the first French operator to make 4G very-high-speed mobile network available, to both individuals and businesses. Mobile Internet customers can take advantage of download speeds[1] of up to 100 Mbit/s.

To ensure the best very-high-speed mobile coverage, SFR has also activated the Dual Carrier technology (the most recent iteration of 3G) that covers 60% of the population and provides download speeds of up to 42 Mbit/s and upload speeds of up to 5.6 Mbit/s.

2.4.4.2. 3G/3G+

At year-end 2012, the SFR GSM/GPRS network covered more than 99.6% of the French population and the UMTS (3G/3G+) network covered 99% of the French population.

SFR has increased the capacity of its 3G+ network to support new uses of mobile Internet, as data traffic increased by 50% in 2012. The operator also deploys the latest developments in 3G+.The entire network offers download speeds of 7.2 Mbit/s and upload speeds of up to 2 Mbit/s.

Beyond increasing speeds, SFR aims to offer the best mobile Internet experience to as many people as possible through expanding its efforts to increase the density of its 3G+ network and deploying 3G+ in densely populated areas on the 900 MHz frequency band. As a result of this technology, it is able to offer a quality experience everywhere for voice and mobile Internet services, with a significant improvement in coverage inside buildings. SFR is also the first operator to have deployed 3G+ in the underground stations and RER in Paris, due to a partnership with the RATP for the deployment of 3G/4G.

2.4.4.3. WI-FI

The SFR Wi-Fi network has more than 4 million hotspots in France. It provides coverage in public places, such as the major railway stations, hotels, cafés, and restaurants. SFR is also the only operator to offer Wi-Fi access in the major underground and RER stations in Paris through its agreement with Naxos, a subsidiary of RATP.

2.4.4.4. FIXED HIGH-SPEED INTERNET

In 2012, development in the field of fiber-to-the-home (FTTH) was continued through fiber connections made available to more than 1 million households. In November 2011, SFR and France Télécom-Orange entered into a strategic agreement to deploy fiber coverage in less densely populated areas. This agreement covers 9.8 million homes, of which 2.3 million will be completed by SFR by 2020. By then, an aggregate of nearly 60% of French households will be covered by fiber due to investment from private operators. Following this agreement, in 2012, SFR initialized the first deployments of FTTH in less dense areas.

At year-end 2012, SFR had the largest alternative fixed-line network in France. It connects nearly 5,300 SCUs (subscriber connection units), for almost 27 million unbundled lines. It provides high-speed data services (such as ADSL 2+ and fiber optics) at optimum cost, with the widest coverage of the French population among all alternative operators. It connects 100% of France Télécom subscriber switches, thus allowing SFR to provide switched voice services and favorable interconnection rates. The operator is closely monitoring the introduction of VDSL2 in France and will be ready to launch a compatible box when the technology is approved in France.

2.4.4.5. SERVICES TO LOCAL AUTHORITIES

"SFR Collectivités" is the internal group entity dedicated to local authorities. Its role is to support SFR networks and services' deployment strategy in accordance with local needs.

Beyond the cooperative relationship between SFR and local authorities, SFR also enters into major long-term partnerships, such as public initiative networks, that focus on physical networks built by local authorities that invest with a private partner. In this respect, it fulfills, among others, the following missions:

- the deployment of fixed-line and mobile infrastructures with the goal of increasing appeal and territorial coverage while increasing speeds and network performance;
- educating local authorities about the deployment of telecommunications networks;
- the design, construction and operation of these networks; and
- supporting local authorities in their projects to develop new uses for digital technology (including solidarity, education, transportation and parking).

(1) There are two types of speeds on the Internet: 1) downloads from the Internet to the computer; 2) uploads from the computer to the Internet. The download speed is the most important because it is the one used by most applications (e.g., downloading, web page display and e-mail).

To date, SFR is the operator that manages the largest number of public initiative networks. Moreover, 60% of the revenues they earn come from SFR.

In 2012, SFR also spearheaded the establishment of a new service for the city of Mulhouse, which allows users to pay for their parking via a simple SMS.

2.4.5. 2012 Highlights and Commitments

2.4.5.1. 2012 HIGHLIGHTS

- On February 2, SFR adapted its commercial offerings – Red Series and *Carrées* plans – to the new market environment created by the arrival of the fourth mobile operator in France.
- On March 28, SFR received the Disability Matters Award in the Market Place category for its customer service tailored to the deaf or hearing impaired.
- On April 11, SFR launched *Carrés* services, a free support plan for its customers at SFR customer service stations.
- On June 12, SFR launched Buzz Mobile, a new MVNO specializing in low-cost international calls.
- On June 20, SFR entered the remote monitoring market with "Home by SFR", a connected alarm system that allows users to receive alerts on their mobile phone in case of problems in their home.
- On September 5, SFR, Bull and *Caisse des dépôts* announced the creation of the company Numergy for the deployment of a cloud computing infrastructure with European ambitions for all public and private economic players.
- On September 10, SFR Business Team announced the creation of "Network Team", an international network of partner operators to serve businesses.
- On September 24, SFR launched new *Carrées* plans, mobile Internet packages with customized support. It upgraded its fixed-line "SFR Box" offering with simplified pricing structure, access to TV Evolution for all SFR box customers and advanced features. It also launched, in partnership with Mastercard, "SFR Paycard", the first contactless payment and withdrawal card in France.
- On October 4, SFR and RATP launched 3G+ in the Châtelet-les-Halles and Gare de Lyon RER A stations in Paris.
- On October 22, SFR launched Joe, a new 100% digital mobile operator and offered two no-commitment plans.
- On November 29, SFR launched 4G for the public for the first time in Lyon, and in Montpellier on December 20.

2.4.5.2. RESPONSIBILITY AND COMMITMENT

For the ongoing digital revolution to benefit everyone, regardless of their situation, SFR is committed to:

- extending the telephony solidarity program implemented with *Emmaüs Défi* to enable the disadvantaged to stay connected;
- extending the *Fondation SFR* digital technology and seniors project;
- providing the deaf and hearing impaired with access to appropriate customer service, including ADSL activities; and
- encouraging social entrepreneurs who put digital technology at the heart of their projects (*SFR Jeunes Talents Entrepreneurs Sociaux*).

When it comes to the environment, SFR offers individuals, businesses and local governments practical solutions that promote a "low-carbon" economy (home automation, cloud computing, tele- and video-conferencing, Machine to Machine applications). Some of these solutions can be evaluated by the €cobySFR green calculator. SFR fully participates in the global effort to reduce carbon emissions.

In addition, SFR is careful to limit the impact of its activities on the environment by reducing the energy consumption of its technical infrastructure. For example, its data centers are designed as "cities" to maximize air circulation. The company also ensures the security of customer data (controlled cloud computing, enhanced solutions against the spamming and phishing), the exchange of which is exploding.

Finally, as a responsible employer, SFR encourages diversity. Through its human resources policy, the operator has put in place specific arrangements for its employees. It has signed a fourth disability agreement that incorporates mental disabilities. It has also set up an 11-day parenting leave program for employees who have recently had a child and live in a relationship with someone of the same sex.

SFR also promotes equality of opportunity, including partnering with other companies or institutions to multiply concrete initiatives. This is the case, for example, with the "bridge to sustainable employment" day conducted jointly with the French Association of Diversity Managers (AFMD) and the City of Paris to facilitate the professional integration of young people. On this occasion, SFR has developed an interactive Serious Game, "My job interview" to help them familiarize themselves with business etiquette.

Finally, SFR pays close attention to scientific writings and the positions of health authorities on radio frequencies and continues, in a spirit of vigilance and transparency, to take steps to inform its customers about safe phone use.

2.4.6. Regulatory Environment

In 2012, French and European laws underwent changes.

IN FRANCE

The changes in French legislation in 2012 relate in particular to the implementation of the new EU regulatory framework for electronic communications:

To this end, the French decree of March 30, 2012 allows:

* the French Electronic Communications and Mail Regulation Authority (ARCEP) to impose a functional separation of activities on major operators in the electronic communications sector;
* restrictions on the licenses to use frequencies allocated before August 24, 2011 to be reexamined by ARCEP upon request until May 24, 2016; and
* new restrictions for operators to enhance the security of the programs needed to intercept of electronic communications.

Allocation of frequencies for very-high-speed mobile broadband (4G)

In January 2012, ARCEP granted SFR authorization to use 10 MHz duplex frequencies in the 800 MHz band (digital dividend) for an amount of €1.065 billion. On this occasion, SFR undertook to cover 98% of the population within 12 years, 90% in each department and 99.6% within 15 years. It will accommodate roaming by Free Mobile on its very-high-speed mobile broadband network in the 800 MHz band under certain conditions, offer MVNO support and a “full MVNO” offering.

IN EUROPE

In June 2012, the European Commission adopted the third regulation on the regulation of roaming in Europe. This text provides for further declines in rate ceilings applicable to retail and wholesale voice and SMS services regulation and introduces data services on the retail market. For network operators, the regulation also imposes an obligation to grant reasonable requests for wholesale access to roaming services and the opportunity for retail customers to choose an alternative roaming operator, separate from their national operator starting on July 1, 2014.

2.4.7. Piracy

SFR wants to find the best solutions to the problems posed by piracy that respect the rights and obligations of everyone. The operator applies in particular the HADOPI law, which promotes the distribution and protection of creative works on the Internet. SFR has always worked to maximize legal offerings and has made many innovations to the market to offer its customers a real alternative to piracy. It has set up a legal music download store for its mobile and ADSL customers and a video rental platform for its ADSL customers. Through its partnership with Spotify, the operator also offers access to a streaming music catalog for all its mobile offerings.

2.4.8. Competition

The national market shares for mobile break down as follows: 37% for Orange France, 15% for Bouygues Telecom, 7% for Free and 12% for MVNOs and other operators, compared to 28% for SFR (source: ARCEP and operator publications).

At year-end 2012, the market shares for high- and very-high-speed broadband break down as follows: 41% for France Télécom, 22% for Iliad, 8% for Bouygues Telecom and 7% for other Internet access providers, compared to 21% for SFR.

2.4.9. Research and Development

In 2012, SFR’s efforts in Research and Development are based on the following three main concepts:

* the quality of customer service (fixed-line and mobile);
* service platforms and user-friendly services; and
* the exploration of new telecommunications technologies in the areas of radio (4G/LTE networks), high-speed access (enhanced access technology with 10 GPON – 10 Gb/s on fiber optic; VDSL2; enhanced TV set-top box services), network core or terminals through studies and/or experiments on pilot platforms.

SFR Research and Development expenditures are estimated at €41.6 million in 2012.

2.5. MAROC TELECOM

Maroc Telecom Group is the historical telecommunications operator in the Kingdom of Morocco with operations in fixed-line telephony, mobile telephony and Internet.

With its leading position in Morocco, it is engaged in a dynamic process of international expansion. It acquired a 51% controlling stake in the historical operators in 2001 in Mauritania (Mauritel, via the CMC holding company), in December 2006 in Burkina Faso (Onatel), in February 2007[(1)] in Gabon (Gabon Télécom) and in July 2009 in Mali (Sotelma).

In addition, it holds 100% of Casanet, one of the leading suppliers of Internet solutions in Morocco and the publisher of the Moroccan Internet portal menara.ma.

2.5.1. Strategy/Positioning

Maroc Telecom Group operates in countries with high levels of demographic and economic growth. In Morocco, the Ministry of Finance forecasts GDP growth of 4.5% in 2013, while the International Monetary Fund expects growth of above 5% for the whole of sub-Saharan Africa.

Maroc Telecom further benefits from the growth of the telecom markets in which it operates, especially in mobile activity. According to the ANRT (the Moroccan national telecommunications regulatory agency), the mobile penetration rate in Morocco, which reached 120% at year-end 2012, remains far below that of the most mature countries (129%[(2)] in Europe, including 173% in Finland). Gabon and Mauritania (with penetration rates at the end of September 2012 of 164%[(3)] and 93%, respectively) have good growth prospects ahead of them because of the structure of their mobile market (mostly prepaid, with a large number dual-SIM cards). In Burkina Faso and Mali (48%[(2)] and 82% penetration rate in September 2012, respectively), the mobile market has not yet reached maturity and offers a very large growth margin.

Maroc Telecom intends to benefit from the growth of these markets and is focusing its strategy on three main areas: strengthening its leadership in Morocco, investing in the growth of its subsidiaries in Sub-Saharan Africa and looking for external growth opportunities on high-potential markets.

2.5.1.1. STRENGTHENING ITS LEADERSHIP IN MOROCCO

The operator will continue to invest in Morocco to expand the coverage of its services, while ensuring that they are of the highest possible quality.

On the mobile market, its objectives are to:

- continue encouraging greater use by way of a finer segmentation of the market and controlled reduction of prices;
- promote customer loyalty through an active policy of migration of prepaid to postpaid subscriptions; and
- grow the Average Revenue Per User (ARPU) by promoting the use of “non-voice” services (SMS, mobile Internet, banking and other value-added services).

Within the fixed telephony market, Maroc Telecom intends to stabilize its wire network while expanding the penetration of broadband Internet and TV over ADSL.

2.5.1.2. GROWTH OF MAROC TELECOM’S SUBSIDIARIES IN SUB-SAHARAN AFRICA

Internationally, the Group aims to maintain its leading position by capitalizing on its strategy of being a converging operator both in mobile and in fixed markets and extract maximum profit from potential synergies between these markets and their high-level of growth. Significant investment will be needed to increase coverage of its networks and deploy 3G networks. Maroc Telecom aims to remain the leader for both mobile (development of 3G and mobile Internet, launch of mobile payment services) and fixed telephony (ADSL high-speed Internet and wireless access and unlimited offers).

2.5.1.3. SEARCH FOR EXTERNAL GROWTH OPPORTUNITIES ON HIGH-POTENTIAL MARKETS

Maroc Telecom will examine potential acquisition opportunities, while maintaining a strict financial and legal discipline that takes into account the sustainability and viability of such investments. The Group has all the necessary attributes to carry out this policy: strong marketing power, a position as a technical leader, strong network investment capacity, strict cost control, human expertise through on-site teams and the assignment of experts from Group headquarters.

(1) The transaction was completed in December 2010.
(2) Source: Merrill Lynch, end-September 2012.
(3) Source: Dataxis.

2.5.2. Morocco

2.5.2.1. PRODUCTS AND SERVICES

In 2012, competition in the mobile market intensified. For the second consecutive year, mobile communications prices have greatly decreased (-27%), while customer use increased by 32% (source: ANRT). Maroc Telecom has adapted and expanded its mobile offerings accordingly, continuing its policy of rate reduction (-34.3%). It replicated this strategy on the fixed market, which in turn is experiencing strong competition from lower mobile prices, and thus was able to confirm its leadership in all market segments.

MOBILE TELEPHONY

Maroc Telecom has strengthened its leading position in the mobile market. At year-end 2012, it held a market share of 45.8%, compared with 29.5% for Méditel and 24.7% for Inwi (source: ANRT).

In 2012, it gained 729,230 new customers, bringing its total active base to 17.9 million customers. This increase (+4.3%) is principally due to the good performance of the postpaid segment, which grew by 17.7%, compared to an increase of only 3.4% in the prepaid segment. These good results come from targeted marketing campaigns and attractive promotional offers.

In the prepaid segment, Maroc Telecom has upgraded its offering and now offers permanent double reloads for values of DH 5 to DH 30 and permanent triple reloads for reloads of DH 50 and more. It also continued its promotional strategy of giving even more bonuses related to reloads and SMS/MMS by creating new *Jawal* Passes and launching a permanent reload offer of DH100 = 3 hours, giving access to 3G Internet at a speed of 3.6 Mbit/s.

On the postpaid segment, Maroc Telecom continues to improve its mobile plans, by increasing their duration and integrating free minutes into the main rate (hours of communication initially offered in the evening and weekend after exhaustion of the plan). As a result, it has added up to two hours of additional communication to its "individual" and "controlled" plans. It then launched the first offer without terminals, which makes it possible to subscribe to these plans and receive a monthly discount of between DH 25 and DH 35. It added an hour to the communication for the *Arriyadi* and *Universal Music* theme packages. Finally, it included free hours in the main credit, thus giving its customers the ability to communicate freely 24/7, both nationally and internationally.

As part of its policy to acquire new customers and build in customer loyalty, Maroc Telecom has opened access to 3G+ Internet for all its postpaid and prepaid customers. It then reduced its rate, created new promotional offers and increased the speeds offered (7.2 Mbit/s and 14.4 Mbit/s).

FIXED-LINE TELEPHONY, DATA AND INTERNET

Maroc Telecom is the leading provider of fixed telephony, Internet and data transmission services. It is the only carrier in Morocco to offer television service over ADSL, despite this market opening up to competition in 2005 and the granting of fixed telecommunications licenses to two new operators.

The main fixed-line telecommunications services provided by Maroc Telecom include: telephony, interconnection with national and international operators, data transmission to the professional market, ISPs and other telecom operators, Internet access and related services such as hosting. It also provides a TV service over ADSL and MT Box.

At year-end 2012, Maroc Telecom fixed network had 1.27 million lines, a slight increase (2.3%) compared to the previous year. This result was achieved due to the marketing and sales efforts undertaken since 2011, including the launch of the MT DUO double play offer (fixed and Internet) and the doubling of ADSL speeds.

In 2012, broadband Internet continued to grow, driven by the doubling of rates and lower prices, to 683,000 customers (+15.6%). In April 2012, the entry-level plan was increased from a rate of 4 Mbit/s for DH 99 per month (compared to a previous rate of 2 Mbit/s). ADSL speeds for the double-play MT Duo and triple-play MT Box offers were also doubled. Maroc Telecom thus retains a virtual monopoly on this segment, which represents 17.2% of all Internet access.

As of December 31, 2012, the number of professional and business fixed-line customers totaled 426,307. Maroc Telecom's market share is 91.3% of lines installed, compared to 6.3% for Médi Télécom and 2.4% for Wana (source: ANRT).

Maroc Telecom public telephony comprises nearly 55,000 lines (call shops and pay phones). It has decreased significantly (-42.5% compared to 2011) due to competition from mobile. Maroc Telecom's share of the fixed-line market is 72.4%, compared with 27.6% for Médi Télécom (source: ANRT).

2.5.2.2. DISTRIBUTION

Maroc Telecom has the largest distribution network nationwide, with more than 71,000 direct and indirect points of sale. It is organized as follows:

- a direct network, comprised of 369 sales offices;
- an indirect network, with local independent retailers operating under exclusivity agreements and managed by the nearest sales office. A significant portion of these retailers operate Maroc Telecom phone stores;
- distributors organized on a national level for whom telecommunications are not the main activity;
- regional distributors operating in the field of telecommunications for businesses and covering the regions of Rabat, Tanger, Marrakech, Settat, Casablanca, Fez, Agadir and Oujda;
- two national distributors operating on various customer segments and all ranges of Maroc Telecom products and services; and
- four partners for the sale and installation of PABX products.

2.5.2.3. NETWORK

Maroc Telecom has developed a cutting-edge network to offer a broad range of services. This network is made of a transmission backbone, switching centers, service platforms and an access network.

At year-end 2012, it covered 98.9% of the population with nearly 7,000 2G base stations. This coverage has been expanded, due in particular to the universal service PACTE program (whose purpose is to provide all regions of Morocco a generalized access to telecommunications, without exception). As part of this program, Maroc Telecom has installed 875 base stations with voice and data access via EDGE, covering more than 6,800 rural towns and villages.

The mobile network is supplemented by a 3G/HSDPA network. In 2012, it was expanded and made more dense with more than 3,800 3G stations in the major urban areas of the Kingdom of Morocco and along major transportation routes. It allows Maroc Telecom to offer next-generation services to mobile customers and covers 64.3% of the population, compared to 54.5% at year-end 2011.

With relationships in approximately 230 countries, Maroc Telecom ensures Morocco's connectivity to the world:

- two international transit centers located in Casablanca and Rabat;
- five undersea fiber optic cables between Morocco and Europe: SMW3, Tétouan-Estepona, Eurafrica, Atlas Offshore and Loukkos. The Loukkos cable was commissioned by Maroc Telecom in April 2012. It connects Asilah to Rota and continues to Seville, Spain. These cables have a capacity of 250 Gbits (compared with 110 Gbit/s at year-end 2011). This capacity has increased fivefold in four years to meet the connectivity needs of the Kingdom; and
- satellite links to connect the most remote areas of the Kingdom of Morocco to the Maroc Telecom backbone.

The construction of a terrestrial fiber optic artery of approximately 5,300 km has also been launched to connect Maroc Telecom to its sub-Saharan subsidiaries (Mauritania, Mali and Burkina Faso). 94% of the project is already completed.

2.5.3. International

2.5.3.1. MAURITEL

The Maroc Telecom Group holds 41.2% of Mauritel, via CMC, a holding company, which holds 51.5% of the Mauritel shares and in which the Maroc Telecom Group holds an 80% interest.

Mauritel offers fixed-line telephony (voice and data) and Internet access to individuals and companies. It is the largest operator in this market with nearly 41,000 active lines, an increase of 0.2% compared to 2011. At the end of September 2012, the Mauritel market share reached 48.6% and the penetration rate remains at 2.6% (source: Dataxis).

In 2009, Mattel (the Mauritanian-Tunisian telecommunications company) and Chinguitel were awarded a fixed-line license to operate in the Mauritanian market. However, to date, Mattel has not developed either a network or fixed-line offerings, while Chinguitel offers fixed-line services on its CDMA network. Mauritel is therefore the only fixed-line operator in Mauritania.

As of December 31, 2012, Mauritel has nearly 7,000 Internet subscribers, an increase of 2.5%, most of whom are connected to the ADSL network.

Since August 2007, Mauritel has also been active in the mobile market alongside Mattel and Chinguitel. Mauritel recorded 2 million customers in its mobile customer base as of December 31, 2012, an annual increase of 15.2%. It is comprised almost entirely of prepaid customers. As of September 30, 2012, the Mauritel market share was 61.5%, up 3.1 percentage points year-on-year (source: Dataxis). This growth has been driven by an adjustable pricing and promotional policy (marketing of prepaid cards with per-second billing, packs combining voice, SMS and mobile Internet) and the launch of value-added services.

2.5.3.2. ONATEL

The Maroc Telecom Group holds a 51% interest in Onatel in Burkina Faso. Since December 29, 2010, the date on which the Onatel Extraordinary Shareholders' Meeting approved the proposed merger with its mobile subsidiary Telmob, Onatel has become a global operator. It benefits from the pooling of all its fixed-line, mobile and Internet businesses.

As of December 31, 2012, its fixed customer base has stabilized at 141,000 lines. The ratio of the fixed penetration rate to the population still remains low, reaching only 0.8% at the end of September 2012 (source: Dataxis).

Over the same period, Internet customers totaled nearly 30,000 ADSL subscribers, down 3.6% compared to 2011.

As of September 30, 2012, the Burkina Faso market totaled 8.2 million mobile customers, with a penetration rate of 47.7%, up 5.7 percentage points year-on-year. The mobile market in Burkina Faso has experienced fierce competition between the three operators (Onatel, Airtel and Telecel Faso). As of December 31, 2012, Onatel had 3.9 million customers (an annual increase of 30%), almost all of whom were prepaid. This performance allowed it to consolidate its leading position with a market share of 46% at the end of September 2012 (+4.3 percentage points year-on-year). Onatel distinguishes itself from its competitors through its promotional efforts, the quality of its services and its network coverage. The operator commissioned 91 new antennas during the year, bringing the total to 693 units.

2.5.3.3. GABON TÉLÉCOM

The Maroc Telecom Group holds a 51% interest in Gabon Télécom, Gabon's incumbent telecommunications operator.

The Extraordinary Shareholders' Meeting of Gabon Télécom of December 20, 2011 approved the proposed merger of Gabon Télécom with its mobile subsidiary Libertis. Since then, Gabon Télécom has been a global operator that is leveraging the convergence of its fixed-line, mobile and Internet activities.

Gabon Télécom offers individuals, companies and government fixed telephony services (voice and data) and Internet access.

It is the only national fixed-line operator in Gabon, in contrast with the Internet and VSAT (Very Small Aperture Terminal) markets in which other access suppliers operate. At year-end 2012, its network totaled 18,000 fixed lines (wired and CDMA), down 20% due to upgrade works to increase the reliability of its CDMA network that occurred at the beginning of the year. The penetration rate of fixed telephony in proportion to the population remains low, reaching only 1.2% at September 30, 2012 (source: Dataxis).

Gabon Télécom also offers Internet access via its wire network (particularly ADSL high speed) and its CDMA network. At year-end December 2012, it had nearly 8,000 Internet subscribers (down 67%, due to upgrade works to increase the reliability of its CDMA network).

As of September 30, 2012, the Gabonese market had 2.5 million mobile customers (commercial customers). This figure represents a penetration rate of 164%, up eight percentage points year-on-year. Despite this very high rate, mobile market growth remains very strong, with an increase in the total base of 16% in one year. Four operators are competing on 2G networks: Gabon Télécom, Airtel (ex Zain), Moov and Azur (network launched in mid-2009). In 2012, Gabon Télécom strengthened its number-two spot with a market share of 32% at the end of September 2012 (+9.4 percentage points year-on-year). As of December 31, 2012, its mobile customer base had 777,000 customers, almost all prepaid (+46%). This strong increase is due both to increased promotional offers and improvement in the quality of service. Gabon Télécom continued in 2012 to increase the density of its mobile network, with the commissioning of 52 antennas, bringing their total number to 334.

In 2010, a bid for tenders was launched to award 3G licenses, but it has been unsuccessful up until now.

2.5.3.4. SOTELMA

The Maroc Telecom Group holds a 51% interest in Sotelma, Mali's incumbent telecommunications operator.

Sotelma provides fixed telephony services (voice and data) as well as Internet access to individuals, companies and government services.

It is the largest operator in the fixed-line market with a market share close to 100%. At year-end 2012, it had 98,000 fixed lines (up 4.8%), due in particular to the development of CDMA technology, which makes it possible to cover territory quickly at a lower cost. The penetration rate of fixed telephony in proportion to the population remains low, reaching only 0.6% in September 2012 (source: market data). The operator deploys an ADSL network over its fixed lines, with which it can market its broadband Internet offers. It also offers Internet access via its CDMA network. At year-end 2012, Sotelma had nearly 45,000 Internet subscribers representing an increase of 20.5%.

As of September 30, 2012, the Malian market had grown considerably (+13.3 percentage points year-on-year). It has 13.2 million mobile customers, with a penetration rate of 89.4%. The two mobile operators active in Mali are Sotelma and Orange, which have both 2G and 3G licenses. On February 12, 2013, a third license was awarded to the Alpha Telecom consortium.

At year-end 2012, despite the conflict in the country, the Sotelma mobile customer base stood at 6 million customers (almost all prepaid). The annual growth of 38% was achieved through significant investments to expand network coverage to new locations and increase density in large cities. 126 new relay antennas were also installed (for a new total of 1,020 units) and an intense marketing campaign was conducted at the same time. These efforts have been rewarded as the market share of the operator reached 45.4% at the end of September 2012, compared to 40.4% at year-end 2011.

2.5.4. 2012 Highlights

- In January, Maroc Telecom launched "*l'Heure Jawal tout temps*", which gives prepaid customers the ability to call one hour to all domestic destinations 24 hours a day, seven days a week, for a DH 29 subscription.
- In February, the operator overhauled its reloading system for "*Jawal Classique*" (prepaid offer billed in 20-second increments after the first full minute), "*Jawal Thaniya*" (prepaid offer billed by the second) and its capped packages. It introduced the permanent double/triple reloading except during promotion periods and triple/quintuple reloading during promotion periods.
- In March, Maroc Telecom enriched the content of its packages from one to two or five additional hours depending on their original duration.
- In April, Maroc Telecom doubled ADSL, MT DUO (double play) and MTBox (triple-play) Internet speeds at no extra cost. For all ADSL customers, the lowest available speed increased to 4 Mb/s, at a rate of DH 99.
- That same month, Maroc Telecom launched a new range of no-terminal mobile packages, with a reduction of DH 25 to DH 35/month to the monthly subscription rate.
- Also in April, the Loukkos undersea cable linking Asilah, Morocco to Seville, Spain was commissioned, increasing Maroc Telecom's international bandwidth to 160 Gbits/s.
- In May, the price of calls from fixed lines fell as much as 83% and the rate to domestic fixed and mobile numbers and to major international destinations was rounded down to DH1 for 2 minutes.
- In August, Maroc Telecom launched quintuple reloads for all reloads of DH 5 to DH 30 and septuple reloads for reloads of DH 50 and over.
- In October, regulators prohibited mobile operators from selling pre-activated SIM cards.

2.5.5. Regulatory Environment

In Morocco, the National Telecommunications Regulatory Agency (ANRT) prepares the studies and regulations for the telecommunications sector. It also ensures operator compliance with the regulations in force. As such, it prepares and implements procedures for licensing by competitive bidding, thus managing and monitoring the radio frequency spectrum. It controls the wholesale rates of the operators that exert significant influence over a given market and compliance by all operators with the rules of fair competition in the market. Finally, its mission includes resolving disputes over interconnection, competition and shared infrastructure.

After an initial general policy paper for the period 2004-2008, the main effect of a second paper was the establishment of a significant decrease in interconnection rates, accompanied by a temporary asymmetry until December 31, 2012. It also determined the framework for the sharing of infrastructure and strengthened oversight of retail offers and promotions.

In its decision of December 1, 2011, the ANRT lowered rates for fixed and mobile call terminations for the period 2012-2013. The decision also had the effect of making the obligation of non-discrimination for on-net/off-net rates for prepaid mobile calls general to all public telecommunications network operators effective as of January 1, 2012. In December 2012, the authority confirmed the introduction, starting January 1, 2013, of rate symmetry for call termination for mobile voice calls between operators and set a new single rate of DH 0.1399, excluding VAT. It also eliminated the time-based modulation under which two separate rates were applied depending on the time (peak, off-peak). Finally, SMS call termination has been lowered to DH 0.03, excluding VAT, per SMS (instead of the DH 0.05, excluding VAT, originally planned).

Maroc Telecom fulfills its obligations as a fixed-line and mobile operator providing universal service in compliance with contract specifications. In Morocco, this includes the following services: telephone service of a specified quality at an affordable price, the provision of Internet access, the transmission of emergency calls, and the provision of an information service and a directory in printed and electronic formats (these two services are mandatory). The installation of telephone booths on public roads is also required. It must dedicate 2% of its revenues, excluding tax and interconnection fees, to the universal service.

In this regard, the ANRT launched a consultation of all national operators for the construction of a vast universal service program called "PACTE" over the period to 2008-2011. Its aim is to provide telephone services and Internet access all "white zones" in Morocco, (9,263 localities). The Universal Service Management Committee selected Maroc Telecom for 7,338 localities for a total amount of 1,159 billion dirhams. This amount is to be deducted from its universal service contribution over the period. The deadline for completion of the entire program has been extended to June 30, 2012 and at year-end 2012, more than 90% of the program has already been completed. Maroc Telecom asked the ANRT for additional time to complete the program corresponding to the electrification period of the most recent sites by the ONE (National Electricity Office). It also responded to an ANRT consultation for coverage of 565 other localities under the PACTE program and suggested that it be completed by the end of 2013. The results of this consultation are not yet known.

The regulator notified the network operators of the decision of July 13, 2011 relating to the identification of 2G and 3G mobile customers. Operators were to have identified their entire subscriber base by the end of December 2012, failing which they would face penalties. The three operators had informed the ANRT via their association, MATI (the Moroccan Telecommunications Professionals Association), that it would be difficult to identify customers under the conditions set forth by this decision in a timely manner. They said that the achievement of these objectives required the involvement of the ANRT to communicate about the project.

Led by the ANRT, the September 2012 audit report noted the difficulties faced by operators (volume of customers to identify, reluctance of customers to complete the formalities of identification) and therefore recommended granting them additional time to enable them to identify their entire base by seniority levels.

Finally, Maroc Telecom and all of its African subsidiaries are engaged in a process of awareness, dialogue and transparency in matters of health and mobile telephony with their customers.

2.5.6. Competition

To date, 20 telecommunications operator licenses have been awarded in Morocco: Maroc Telecom, Médi Telecom and Wana/Inwi each hold a license to operate a fixed public network, a GSM (2G) license and a 3G license. Other licenses are distributed among the GMPCS satellite (5 licenses) and VSAT satellite (3 licenses) telecommunications network operators and operators of radioelectric resources that use shared resources, one of which is regional (3 licenses).

2.5.6.1. MOBILE

At year-end 2012, Maroc Telecom held 45.8% of the total market, down 1.08 percentage points compared to year-end 2011 (source: ANRT).

In 2012, the market was intensely competitive. Maroc Telecom increased its promotional offers and marketing campaigns to attract new customers and increase their mobile use. This repositioning resulted in a 27% drop in rates in one year. Nonetheless, increased use (+32%) largely offset the decline (source: ANRT).

2.5.6.2. FIXED-LINE TELEPHONY

Maroc Telecom is the leading provider of fixed-line telephony, Internet and data transmission in Morocco. It is also the only operator to offer television service via ADSL. These markets have been fully open to competition since 2005, since the licensing of two new fixed telecommunications operators. Previously, the competition took place on the public and business telephony segment. At year-end 2012, Maroc Telecom's market share in this segment was 91.3% (source: ANRT).

In February 2007, Wana launched a prepaid fixed offer with restricted mobility (under the brand Bayn) using CDMA technology. As such, it can be considered a prepaid mobile offer and is therefore in direct competition with those offered in the Maroc Telecom telephone stores.

In October 2011, Wana launched its fixed prepaid offer with restricted mobility under the brand Inwi. Overall, Wana/Inwi fixed offers with restricted mobility totaled 1.9 million customers as of December 31, 2012, down 18.4% in one year (source: ANRT).

2.5.6.3. INTERNET

Maroc Telecom is implementing a number of actions to enable the Moroccan population to access the Internet: it regularly doubles speeds and lowers prices through recurring promotions (such as free modem packs, free one-month subscription offers and discount subscriptions).

At year-end 2012, Maroc Telecom held a market share of 56.3 % in the Internet market, combining all access methods (ADSL and 3G), while Médi Télécom and Wana held shares of 28.7% and 15% respectively. In addition, Maroc Telecom is the leader in the ADSL market, with a market share close to 100% (source: ANRT).

ANRT plans to intensify competition between existing operators via the introduction of new regulated wholesale offerings regarding bitstream, ADSL-only or telephone subscriptions. In addition, the authority oversees and annually publishes rates for unbundling and interconnection of links provided to third-party operators.

2.5.7. Research and Development

As of December 31, 2012, Maroc Telecom held some 883 trademarks and trade names, five patents, a model and two drawings filed with the Moroccan Office for Industrial and Commercial Property (OMPIC).

For the last ten years, Maroc Telecom has held an innovation contest among its employees to reward the best ideas or projects, especially in the commercial and technical fields. It results in the filing of patents, trademarks or designs. To develop this culture, which is ingrained in the company, Maroc Telecom launched "*e.Btikar*" a platform for collaborative innovation. It allows employees to present and share innovative ideas relating to group activity and businesses and follow their progress transparently from conception to completion.

2.6. GVT

GVT is the leading alternative fixed-line telecommunications and Pay-TV operator in Brazil.

2.6.1. Strategy/Positioning

Two kinds of operators lead the Brazilian fixed telecommunications services market: concessionaries who are subject to universal service obligations (they result from the privatization of the incumbent Telebras); and alternative operators that compete with concessionaries in their Regions. The provision of fixed-line local telephony in Brazil is organized into three Regions: Region I (Northern and Northeast regions, including Rio de Janeiro), Region II (Center and Southeast, and the Federal District – Distrito Federal – not considered to be a Region) and Region III (São Paulo). A fourth Region is composed of national and international long-distance operations. This was determined by Anatel (Brazilian Telecommunications Agency, which promotes and develops telecommunications).

In late 2000, GVT began operating as the second operator, or a mirror company to the local incumbent in Region II. It currently operates in 139 Brazilian cities in 20 states and in Brasilia (the Federal District). The company has licenses to operate all types of fixed-line telecommunications services nationwide.

GVT continues to pursue a strategy of growth by expanding its network coverage in current cities and expanding its territorial reach in other additional key markets located outside Region II, creating a national presence in all populated areas of Brazil. In 2012, the company launched operations in 20 cities, including three state capitals in the Northeast. Together, the 20 new cities have almost 5 million inhabitants. The company is currently planning to launch its network in 14 additional cities in 2013, including the city of São Paulo, which is Brazil's biggest market with almost 12 million inhabitants.

GVT is the fastest growing telecommunications service provider in Brazil in terms of revenue and EBITDA. The company's Compounded Annual Growth Rate (CAGR) over the period 2006-2011 is 34% for Revenue and 40% for EBITDA. In 2012, these indicators indicated a rise of 28% in revenue growth and a rise of 33% in EBITDA (at constant foreign exchange rate).

GVT offers innovative bundles combining high quality and performance at very competitive prices for all market sectors: i.e., Retail/Small to Medium Enterprises ("SME") and Corporate. It delivers up to 100 Mbps speed for broadband to the retail market with differentiated value-added services and also integrates an innovative Pay-TV service to retail customers. In August 2012, GVT launched "Power Combo GVT", a new "triple-play offer" of products offering more benefits to customers that acquire it including Broadband Internet, Pay-TV and fixed-line telephony. This new triple-play offer addresses people's desire to always be connected and to have quick access to all Internet content on all of their devices (personal computers, tablet computers, smartphones and TVs).

This is part of the strategy to lead the broadband and Pay-TV multiservice segment in Brazil, delivering content, interactivity and managed services over broadband Internet. The company is aware of the need to deliver ultra-high speed Internet, enabling the customer to have a truly connected home, with many devices operating over the same broadband connection. It is this conviction that, following the 2012 *Power Combo GVT* launch, gave rise to its new positioning as the operator that makes the future happen today: "Você no Futuro, Hoje".

GVT is considered to be the most established and well-recognized alternative to the incumbent fixed-line and Pay-TV providers (the "Incumbents") in the Brazilian market, enabling it to continue to gain market share from its main competitors in its current areas of operation, as well as in new areas where it launches services. In 2012, GVT captured an average share of approximately 23.9% of the voice and broadband markets, as well as 5.7% of the Pay-TV market, in the 139 cities where it operates. An average of 28% of new customers in the Pay-TV market became customers of GVT during the year.

In 2012, GVT further improved the quality of its services. It was recognized as the "Fixed-line Telephony Telecom Operator that treats its customers with the greatest respect", according to an independent national study of consumers (conducted by the Shopper Experience consultancy, in partnership with "Consumidor Moderno" Magazine). GVT was chosen as the best customer service company in the broadband segment and fixed-line telephony by the Brazilian Customers' Relationship Institute (IBRC) and is listed as one of the 25 best companies from all sectors.

INFO Magazine (the main Brazilian technology publication) classed GVT's broadband service as the best in Brazil for the fourth consecutive year, and also classed GVT as the most reliable fixed-line telephony company for the third year in a row. The company is ranked as one of the 20 most innovative Brazilian companies for the fourth consecutive year, according to the Best Innovator Prize as determined by ATKearney.

2.6.2. Products and Services

GVT offers comprehensive and advanced telecommunications services to markets ranging from large, stable sectors with strong cash flow generation (such as conventional telephony) to high-growth sectors (such as broadband, Pay-TV using satellite and IPTV technology, Internet services and VoIP). This approach allows the company to target a broad market and offer one-stop shopping for all the fixed-line telecommunications, Internet and Pay-TV services that its customers require. GVT's presence across different markets with diversified products and customer segments helps stabilize its revenues and reduces its exposure to any one end-user application or customer. It continues to offer flexible bundles at competitive prices for comparable products and services offered by its main competitors, while at the same time increasing its margins over the preceding years.

2.6.3. Market/Distribution

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

At the start of 2012, GVT entered into a partnership with critically acclaimed game developer Blizzard Entertainment to provide an exclusive offer to GVT customers. *Power GVT* broadband customers now have free download access to the Brazilian-Portuguese-language version of *World of Warcraft*®, the world's most popular subscription-based massively multiplayer online role-playing game, including the game's first expansion, *The Burning Crusade*®. The promotion also includes specially discounted subscription plans.

At the same time, the company launched a major marketing campaign to promote its Pay-TV service. GVT is the first Brazilian company – and one of the pioneers worldwide – to adopt a hybrid model: its high quality satellite (DTH) guarantees improved TV channel transmission and, at the same time, enables interactive services, Internet integration and on-demand content using the IP network (IPTV).

By adopting this solution, GVT TV takes full advantage of its next-generation network. As a result of the network architecture, based on optical fiber and advanced technologies such as VDSL (Very-high-bit-rate Digital Subscriber Line) and FTTH (Fiber to the Home), the company offers differentiated services with an excellent cost-benefit ratio to the customer and unique services in Pay-TV.

In 2012, GVT launched several interactive TV apps, at no extra cost to its Pay-TV customers, such as YouTube, Facebook, Instagram, Twitter, and the "TV out of TV service" in which customers can watch some of their content anytime and anywhere, through their computers or connected devices. During the year, GVT has also incorporated more channels in its lineup, keeping its TV packages and product portfolio as one of the most attractive in Brazilian market.

PMC, GVT's multiplatform digital service of music and video per streaming, offered at no charge for all broadband customers since 2010, gained new layout and new channels in 2012. In the first quarter, GVT launched it as an app for GVT TV.

2.6.3.1. RETAIL AND MICRO-ENTERPRISE SEGMENT

GVT's Retail/Micro-enterprise segment offers local and long distance fixed-line-telephony and broadband services to high-end and high-margin residential customers and Micro-enterprises with a significant last mile network. GVT also offers long distance services to customers holding lines supplied by other operators in cities in which it does not have a local presence. In addition, GVT's Retail/Micro-enterprise segment offers Internet services through POP, its ISP.

GVT also offers content, e-mail and other multimedia services such as blogs, photo blogs and hosting services to its customers, regardless of whether these customers also purchase Internet access services from the company. In addition, GVT offers VoIP services through VONO to residential and Micro-enterprise customers in Brazil, as well outside of Brazil, who have a broadband connection with any operator.

In 2012, GVT improved its Pay-TV service offering to retail customers. It offers all subscribers a package of high definition channels and interactive services. Since then, GVT has strengthened its innovative positioning by enhancing its product performance and deploying new functionalities.

In August, GVT launched its new residential portfolio, combining brand new unlimited home phone services with double and triple-play bundles. The new portfolio strategy improved the triple-play offer, which is available with a minimum Internet speed of 15 Mbps, providing significant discounts to the buying customers. Furthermore, the company was able to enhance sales performance and improve ARPU.

GVT also offers to its broadband users three additional services:

* "SOS Computador": A personal help desk providing support for all computer problems, through remote access/log-in, phone or even a visit by technicians to customers' homes;
* "PROTECT": An Internet Security Suite powered by F-Secure® preventing malicious activity attacking customer's PC, including anti-virus, anti-spyware, Firewall and Parental Control; and
* "Backup Online": With this service, GVT's customers can store and share files such as photos and important documents.

At year-end 2012, these additional services gathered almost 750,000 paying customers – a significant ten-fold increase compared to year-end 2011.

2.6.3.2. CORPORATE SEGMENT

GVT's Corporate segment focuses on middle-to-large sized companies. It provides superior and innovative products and highest quality services, offering high-quality integrated solutions and managed services including fixed-line telephony, unified communication systems, hosted VoIP, Internet services, private-data networks and Data Center services.

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

In June, 2012, the "VOX NG – GVT" solution to business customers combined fixed-line telephony with IP technology without the need for high infrastructure investments. It was considered the best communications solution in cloud telephony for businesses by Alcatel-Lucent.

In November 2012, GVT increased its capacity as a data center services provider, launching a managed dedicated hosting service in its three current data centers in Brazil, located at Rio de Janeiro, São Paulo and Curitiba. This service provides business customers the entire IT infrastructure (Servers, Storage, Network and Backup), delivering the best network solution, Internet and data center, without requiring them to invest in equipment, upgrades or maintenance.

2.6.4. Network

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

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

The core network is conceived around an IMS architecture which provides the company with unique, more flexible, faster time-to-market integrated services including fixed telephony, voice, data, VoIP and video (IPTV services). Collocation services are already available in three data centers in three different cities and cloud services are under development to be launched in 2013.

GVT's network access solution is unique in the Brazilian market, since it is based on a FTTN (Fiber-to-the-Node) network, which combines metropolitan fiber optic rings and short copper lines, with 200 meters between the street cabinets and the households. The proximity of this network to customer premises enables superior quality and higher bandwidth services of up to 20 Mbps with the current ADSL2+, 50 Mbps with VDSL2 technology (limited to 800 meters) and 100 Mbps with EFM (Ethernet First Mile, which is Active Ethernet using fiber drop directly from a street cabinet to the customer's premises). GVT has upgraded its network access architecture with GPON 2.5 Gbps technology. Three new cities will benefit from this technology in 2013, allowing customers to be offered speeds of 300 Mbps or more.

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

GVT has 69,700 kilometers of cable (fiber + copper networks) in metropolitan areas. In addition, as of December, 2012, GVT's long distance fiber network is 29,500 route kilometers long, covering 85% of its traffic demand.

2.6.5. 2012 Highlights

- In February, the company and Blizzard Entertainment entered into a partnership, to provide GVT customers with "Power GVT," an exclusive offer which grants broadband customers free download access to the Brazilian-Portuguese-language version of *World of Warcraft*®, including the game's first expansion, *The Burning Crusade*®. At the same time, POP, GVT's content portal, announced its partnership with Buscape, the biggest price comparison website in Latin America. The partnership enabled Shopping POP to expand to more than 10,000 registered stores, with 9.5 million offers and products available for comparison.
- In March, GVT launched its "catch-up TV" and "Multiroom" services, both brand new applications in the Brazilian market. The company also made new channels available. Additionally, an improved "Power Music Club", GVT digital music and video streaming service became available on the customer's TV screen.
- In May, following its territorial expansion plan, GVT deployed in two new capitals in the Northeast, Maceio and Aracaju. Together, the two cities total 1.6 million inhabitants. The company also launched in five new medium cities in the states of São Paulo, Minas Gerais and Espirito Santo.
- In July, during the Olympic Games in London, GVT Pay-TV service entered into partnerships with sports channels, offering exclusive coverage and catch-up TV content to customers via social networks. GVT also announced that Fortaleza, a major capital in the Northeast, would host its new call center site.
- In August, GVT's broadband service "Power" reached the two million subscribers mark. At the same time, GVT marketed special prices for its triple-play offer, with aggressive discounts in broadband and "*à la carte*" TV services.
- Also in August, GVT reviewed all its voice plans with updated minutes tailoring to each customer's profile, increased the lowest broadband speed in the packages with Pay-TV services to 15 Mbps and announced even more attractive broadband prices, as part of the triple-play packages.
- During ABTA, the main Brazilian fair in Pay-TV segment, GVT announced that social networks such as Facebook, Twitter, YouTube and Instagram were now integrated into "GVT TV".
- In October, GVT launched its own platform to discuss new developments and innovations created by GVT Labs, called "House of the Future". It also launched operations in the city of Natal, located in the Rio Grande do Norte state, which has approximately 800,000 inhabitants.
- In December, GVT broadcast its first live concert via Pay-TV and Internet.

2.6.6. Regulatory Environment

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

Concessions to provide telecommunications services are solely granted by ANATEL under a public service regime, while authorizations are granted under private law only. Under the public service regime, concessionaries are subject to obligations relating to quality, continuity of services, universal services, network expansion, and are under the supervision of ANATEL as regards the fees they charge. Under this regime, all infrastructure, including network, systems or equipment, used to provide STFC may be appropriated by the Brazilian government at the end of the concession period, so that the State may continue to provide the relevant services.

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

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

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

Its position of alternative operator is a major competitive advantage, indeed, GVT obtains favorable license terms. Unlike that of the incumbents, GVT's license terms are not subject to price caps or universal service obligations, thereby enabling it to focus on network coverage and marketing efforts within the most profitable geographic areas and towards the most lucrative businesses and retail customers. GVT's license terms also allow it to manage its cash flow in an efficient manner as it is able to target its expansion only in areas and cities that meet its very strict financial criteria for return on investment and cash flow metrics and to adjust its capital expenditure accordingly.

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

In March 2012, ANATEL approved the new regulation applicable to Pay-TV services (called Service of Conditioned Access or "SeAC – Serviço de Acesso Condicionado"), which consolidated the old regulations relating to Pay-TV services, like MMDS, DTH, TVA and Cable TV into one regulation. The SeAC is provided under the private regime and there are not restrictions on the type of technology that is used. The ANATEL has approved GVT's request to migrate the DTH license to the SeAC.

2.6.7. Competition

In 2012, GVT faced intense competition from certain operators in Brazil offering very competitive prices.

2.6.7.1. LONG DISTANCE TELEPHONY MARKET

GVT competes in the long distance market in two ways: acting as a local carrier when serving its customer base and as a long distance provider for non-GVT customers. As of December 31, 2012, its long distance market share within its customer base was 82.5%. GVT does not intend to actively compete with the incumbents in providing long distance services to their local customer base due to the low margins generated by this service.

2.6.7.2. BROADBAND/ISP MARKET

In the broadband and Internet services market, there are a number of competitors in addition to the incumbents. GVT's primary competitor, after Oi and Vivo (Telefonica), is NET. In addition, mobile phone companies offer mobile broadband for fixed-line usage, although they are not able to offer competitive services in terms of price and speed compared to GVT's fixed-line broadband. However, as the incumbents do not offer broadband services in many areas and offer low-quality broadband services in some areas, mobile broadband (3G and 3G+) is rapidly increasing in the country. FTTH (Fiber to the Home) deployment is concentrated with Vivo in São Paulo state and with Oi in Rio de Janeiro and Belo Horizonte cities.

2.6.7.3. PAY-TV

GVT has also started to compete with Sky and CLARO TV, Pay-TV services which are based on DTH only. Sky has the highest share of DTH players and a consistent premium position. Together with NET, it leads the Brazilian Pay-TV market. Vivo and Oi are others important players in the Brazilian Pay-TV market and both companies recently launched an IPTV service in specific markets. GVT is the only company to offer the benefits of interactivity, on demand services and Internet access in TV over the IP network (IPTV) as well as satellite broadcasts in areas where it is present.

2.6.7.4. CORPORATE SEGMENT

In the Corporate segment, GVT operates in 139 cities, including the metropolitan area of São Paulo, Rio de Janeiro, Belo Horizonte, Campinas, Santos, Salvador, Vitória and Recife. GVT's main competitors in that segment are the three incumbents: Oi, Vivo (Telefonica) and Embratel (Telmex). In each of the three regions, the strongest competitors are the local incumbent for that region and Embratel. In addition, there are other niche players, such as Diveo, Global Crossing, Transit, CTBC and Intelig (TIM).

As an Information Technology services provider running three of its own data centers, GVT also faces competition from players such as Global Crossing, Tivit and UOL Diveo.

2.6.8. Research and Development

GVT does not have a Research and Development department, nor did it have any research expenses in 2012.

2.7. OTHER ACTIVITIES

2.7.1. Ticketing

2.7.1.1. DIGITICK

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

Digitick is the French leader in electronic ticketing (e-tickets). It offers:

* to organizers of shows and cultural and sporting events, and to the places where they take place, an innovative and complete way to manage their ticketing system in real time, allowing them to optimize their receipts; and
* to the general public, a paperless ticketing service for all events.

The tickets are available on the www.digitick.com website, and on organizer or affiliate websites, via mobile Internet and through partners (including SFR LivePass) and at physical points of sale. Upon completing a transaction, customers may print or download their tickets, which have a bar code for security, onto a mobile phone device.

In addition, through its zePass.com subsidiary, its ticket reselling platform for individual consumers, Digitick challenges the black market by offering a legal web solution for the purchase and resale of tickets online.

2.7.1.2. SEE TICKETS

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

See Tickets is ranked second in the distribution of theater and event tickets in the United Kingdom. An office in Nottingham manages ticket for pop, rock and other concerts and sporting events, and another office in London is dedicated to musicals and plays in London's West End.

See Tickets sells its tickets online and by telephone. It has a large affiliated sales network (including specialized papers and websites).

2.7.2. Wengo

With more than 2 million visits since 2009, Wengo is the leader in phone-based expert assistance.

Through its website www.wengo.com, the company offers a new shopping experience for professional services: price transparency, guaranteed availability, certification, customer reviews, and the possibility of immediately telephoning one of the 2,500 professionals listed on the platform, 24 hours a day, seven days a week.

This service is aimed at individuals as well as professionals. It helps them finds answers in such various fields as legal advice, business creation, education, computers, psychology, coaching, astrology, health and well-being.

In 2012, Wengo completed some external growth transactions: in the legal field, with the acquisition of Juritravail and Net-iris to expand its legal service offering, and in the field of home-based businesses, with Devispresto to extend its service offering to craftsmen and tradesmen.

In addition to France, Spain and Portugal, the company has recently opened an office in Brazil, where it plans to launch its service in 2013.

2.7.3. Watchever

In 2012, teams from Vivendi Mobile Entertainment (VME, a wholly-owned subsidiary of Vivendi) focused on the development of a new offering to the general public, allowing them to stream movies and TV series on all devices (SVOD).

The service, which is called Watchever, was launched in Germany in early January 2013. For a monthly subscription of €8.99, it provides a wide selection of TV shows and German, European and international movies. It is accessible via the Internet on various types of devices: connected TV sets, game consoles, PCs, tablet computers, and smartphones. Watchever is an integral part of Vivendi's plans to make content available to the public over multiple distribution channels.

2.8. SEASONALITY OF GROUP BUSINESSES

The business activities of Vivendi subsidiaries are seasonal in nature. As a result, a greater volume of sales is generated in the last quarter, especially during the holiday season at the end of the year. This is the case with Activision Blizzard, Universal Music Group, SFR, Maroc Telecom (in some countries) and Canal+ Group. For Canal+ Group, there is also a seasonal nature to the broadcasting of international or local sporting events. The Africa Cup of Nations, for example, can influence the number of sales, especially for no-commitment subscriptions. A particular feature of GVT in Brazil, is that while the subscription contracts in the form of monthly plans represent 76% of its revenues, the remaining 24% correspond to actual consumption, which is billed per minute of use, and is therefore less predictable in terms of revenue. As for its on-demand services, they are used less during the holidays and summer.

With Maroc Telecom, in Morocco and other parts of Africa, seasonality may also vary according to religious rites. During the month of Ramadan (from July 21 to August 19 in 2012), for example, business is slow, both for fixed lines and for mobile. In Morocco, Mauritania, Gabon and Mali, it is stronger during religious holidays and the end of the year, and during the summer months, except in Burkina Faso because of the heavy rains that may affect network quality.

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

2.9. RAW MATERIALS USED IN THE GROUP BUSINESSES

The main raw materials used by Vivendi subsidiaries are:

- paper for packaging products at Activision Blizzard, Universal Music Group, Canal+ Group, SFR and Maroc Telecom;
- polycarbonate for CD or DVD production at Activision Blizzard, Universal Music Group and Canal+ Group;
- plastics for the packaging of products and peripherals for games on consoles and for PCs at Activision Blizzard;
- copper for laying cables at SFR, Maroc Telecom and GVT;
- polymers derived from petroleum for the installation of fiber optics at SFR, Maroc Telecom and GVT; and
- steel for the construction of pylons at SFR and Maroc Telecom.

Paper, polycarbonate and plastics do not experience price variations that may have a significant impact on the activities of companies that use them. However, the polycarbonate and plastics used in some packaging as well as in accessories and game peripherals may experience price changes due to the fluctuation of oil prices.

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

Generally, Vivendi's subsidiaries' business activities are not dependent on any raw material suppliers.

SECTION 3 LITIGATION

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

As of December 31, 2012, provisions recorded by Vivendi for all claims and litigations amounted to €1,357 million, compared to €479 million as of December 31, 2011. Vivendi does not disclose details regarding these provisions (save for some exceptions), as it believes that any such disclosure could seriously harm its position.

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

TRIAL OF VIVENDI'S FORMER OFFICERS IN PARIS

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants.

On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Messier and Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi officers as well as some civil parties appealed the decision. The trial before the Court of appeals is scheduled to take place from October 28 to November 26, 2013.

On January 7, 2010, Philippe Foiret summoned Vivendi and Veolia to appear before a Criminal Court in an attempt to hold them liable for the offences committed by their former managers. On January 27, 2012, the Criminal Court dismissed Mr. Foiret's application.

SECURITIES CLASS ACTION IN THE UNITED STATES

Since July 18, 2002, 16 claims have been filed against Vivendi, Messrs. Messier and Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims under its jurisdiction into a single action entitled In re Vivendi Universal S.A. Securities Litigation.

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

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

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

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

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

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

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

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

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

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice have 150 days from that date to provide information and documentation evidencing the validity of their claim. Vivendi will then have the right to challenge the merits of these claims. At the end of this process, which should be completed during the second quarter of 2013, the judge will be able to determine the total amount of damages and enter a final judgment, thereby enabling Vivendi to commence its appeal.

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

On the basis of the verdict rendered on January 29, 2010, and following an assessment of the matters set forth above, together with support from studies conducted by companies specializing in the calculation of class action damages and in accordance with the accounting principles described in Notes 1.3.1 (Use of Estimates) and 1.3.8 (Provisions) of the consolidated financial statements for the year ended 31 December 2011 of the 2011 Registration Document (pages 182 and 192). 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, compared to an accrual of €550 million as of December 31, 2009.

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 GAMCO INVESTORS, INC.

On August 6, 2003, Gamco Investors, Inc. and certain of its subsidiaries (collectively "GAMCO") filed suit against Vivendi in the District Court for the Southern District of New York. The case had been consolidated with the securities class action for pre-trial (discovery) purposes but GAMCO subsequently opted out of the class. Relying on legal grounds very similar to those in the class action, GAMCO alleged that Vivendi concealed a liquidity risk in 2001 and 2002 and claimed damages. The trial was held on February 18 and 19, 2013. On March 1, 2013, the Court entered a judgment in favor of Vivendi, dismissing all the claims brought by GAMCO on the grounds that GAMCO's decision to purchase Vivendi shares had not been based on the integrity of the market and that GAMCO would have made such purchases even if it had known about Vivendi's alleged liquidity risk.

COMPLAINT OF LIBERTY MEDIA CORPORATION

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009 for purposes of trial. 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 has filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year U.S. Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €945 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013. On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments.

On the basis of the verdict rendered on June 25, 2012, and following the entry of the final judgment by the Court, at December 31, 2012,Vivendi recognized a provision in the amount of €945 million.

LBBW ET AL AGAINST VIVENDI

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Then on April 10 and on April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho and the other by six German and British institutional investors. Finally, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi on the same basis.

CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM ET AL AGAINST VIVENDI AND JEAN-MARIE MESSIER

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

LAGARDÈRE AGAINST VIVENDI, CANAL+ GROUP AND CANAL+ FRANCE

On February 12, 2013, Lagardère Holding TV, a 20% shareholder of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. The Lagardère group is seeking nullification of the cash management agreement entered into between Canal+ France and Canal+ Group on the grounds that it constitutes a related party agreement and hence, is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France under the agreement, i.e., the sum of €1.6 billion. Vivendi formally denies the allegations of the Lagardère Group as to the nature of this agreement, which should be considered ordinary course, and intends to vigorously defend its rights.

VIVENDI DEUTSCHLAND AGAINST FIG

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

FREE AGAINST SFR

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

VIVENDI'S COMPLAINT AGAINST FRANCE TÉLÉCOM BEFORE THE EUROPEAN COMMISSION FOR ABUSE OF A DOMINANT POSITION

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

COMPLAINT AGAINST FRANCE TÉLÉCOM AND ORANGE BEFORE THE FRENCH COMPETITION AUTHORITY

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

COMPLAINT LODGED WITH THE FRENCH COMPETITION AUTHORITY BY ORANGE RÉUNION, ORANGE MAYOTTE AND OUTRE MER TELECOM AGAINST SOCIÉTÉ RÉUNIONNAISE DU RADIOTÉLÉPHONE (SRR)

Orange Réunion and Orange Mayotte filed a complaint against SRR (an SFR subsidiary) for alleged discriminatory practices. On September 15, 2009, the French Competition Authority imposed temporary protective measures on SRR, requiring it to propose to its subscribers offers which do not discriminate based on the network used, except where they reflect the differences in costs amongst the network operators. On August 18, 2011, the French Competition Authority provided SRR with a report stating that SRR had not complied with the order and, on January 24, 2012, the French Competition Authority ordered SRR to pay a fine of €2 million. The investigation is ongoing.

COMPLAINT OF BOUYGUES TELECOM AGAINST SFR AND ORANGE IN CONNECTION WITH THE CALL TERMINATION AND MOBILE MARKETS

Bouygues Telecom brought a claim before the French Competition Council against SFR and Orange for certain alleged unfair trading practices in the call termination and mobile markets ("price scissoring"). On May 15, 2009, the French Competition Authority (the "Authority") resolved to postpone its decision on the issue and remanded the case for further investigation. On December 13, 2010, SFR was heard on these allegations by the instructing magistrate. On August 18, 2011, SFR received a notification of grievances in which the Authority noted the existence of abusive price discrimination practices. On December 13, 2012, the Authority fined SFR €65.708 million. SFR has appealed this decision.

SFR AGAINST FRANCE TÉLÉCOM

On August 10, 2011, France Télécom filed a claim against SFR before the Paris Commercial Court. France Télécom asked the Court to compel SFR to stop the overflow traffic at the point of interconnection of their respective networks.

CLCV AGAINST SFR AND OTHER TELECOM OPERATORS

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

PARABOLE RÉUNION

In July 2007, the group Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under fine, from allowing the broadcast by third parties of these channels or those replacement channels that have substituted these channels. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was again unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion. In the context of this dispute, various jurisdictions have taken the opportunity to recall that in the event of the loss of the TPS Foot channel, Canal+ Group must make available to Parabole Réunion a channel of similar attractiveness. Non-compliance with this order would result in a penalty. On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre (*Tribunal de grande instance de Nanterre*) seeking enforcement of this fine (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels.

In parallel with the foregoing proceedings, on October 21, 2008, Parabole Réunion and its shareholders filed a claim against Canal Réunion, Canal Overseas, CanalSatellite Réunion, Canal+ France, Canal+ Group and Canal+ Distribution, seeking the enforcement of the agreement entered into on May 30, 2008, pursuant to which the companies would combine their TV channel broadcasting activities in the Indian Ocean. The execution of this agreement was contingent upon the satisfaction of certain conditions precedent. As these conditions were not satisfied, the agreement became null and void. On June 15, 2009, the Commercial Court rejected Parabole Réunion's claim. Parabole Réunion appealed this decision and the appeal was denied. On May 23, 2011, Parabole Réunion appealed to the French Supreme Court.

This appeal was dismissed on May 30, 2012.

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.

ACTION BROUGHT BY THE FRENCH COMPETITION AUTHORITY REGARDING PRACTICES IN THE PAY-TV SECTOR

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

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On December 17, 2010, France Télécom appealed the decision before the Court of Appeal. Vivendi and Canal+ Group joined these appeal proceedings. On July 15, 2011, France Télécom withdrew its application for an annulment of the decision of the Competition Authority.

INQUIRY INTO COMPLIANCE WITH CERTAIN UNDERTAKINGS GIVEN IN CONNECTION WITH THE MERGER OF CANALSATELLITE AND TPS

The French Competition Authority opened an inquiry into compliance with certain undertakings given by Vivendi and Canal+ Group in connection with the merger of TPS and CanalSatellite.

On September 20, 2011, the French Competition Authority rendered a decision in which it established that Canal+ Group had not complied with certain undertakings – some it considered essential – on which depended its decision authorizing, in 2006, the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group. As a consequence, the French Competition Authority withdrew the merger authorization, requiring Vivendi and Canal+ Group to re-notify the transaction to the French Competition Authority within one month. Furthermore, the French Competition Authority ordered Canal+ Group to pay a €30 million fine.

On October 24, 2011, the transaction was re-notified to the French Competition Authority. On November 4, 2011, Vivendi and Canal+ Group filed an appeal before the French Council of State against the French Competition Authority's decision dated September 20, 2011. As part of this procedure, Canal+ Group had filed two Priority Constitutional Questions (QPCs) concerning this decision, which were referred to the French Constitutional Council by the French Council of State on July 17, 2012. On October 12, 2012, the French Constitutional Council declared that the legal and statutory provisions in question were constitutional.

On July 23, 2012, the French Competition Authority issued its decision on this new notification. It authorizes the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group, subject to compliance with a certain number of injunctions. These injunctions are primarily focused on the acquisition of film rights from American studios and French producers, the participation of Canal+ Group in "*Orange Cinéma Séries*", the distribution of premium channels and non-linear services (video on demand and subscription video on demand).

On August 30, 2012, Vivendi and Canal+ Group filed an appeal before the French Council of State to obtain the cancellation of the July 23, 2012 decision. In addition, Vivendi and Canal+ Group have filed two motions, one seeking a suspension of the September 20, 2011 decision and the other seeking a suspension of the July 23, 2012 decision.

The French Council of State rejected these requests for suspension on September 17, 2012 and October 22, 2012, respectively. A hearing on the merits of the cancellation of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012 was held on December 14, 2012. On December 21, 2012, the French Council of State essentially confirmed the two decisions of the French Competition Authority; however, it reduced the fine of €30 million to €27 million because two of the alleged breaches were unfounded.

COMPLAINTS AGAINST MUSIC INDUSTRY MAJORS IN THE UNITED STATES

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

FBT & EMINEM AGAINST UMG

On May 21, 2007, FBT (the label owned by Eminem) filed suit against UMG claiming breach of contract in connection with the production of an album and requesting that the court order additional payment of royalties for online sales of music downloads and ringtones. On March 6, 2009, the Los Angeles Court dismissed FBT's claims and FBT appealed. The Court of Appeal overturned the lower court's decision. On March 21, 2011, the U.S. Supreme Court, without ruling on the merits of the case, refused to hear an appeal from UMG, which is within its judicial discretion. In a decision dated June 27, 2012, the Court allowed FBT and Eminem to broaden the scope of their complaint and challenge the calculation of royalties on music downloads outside the United States. On October 19, 2012, the parties entered into a settlement agreement that ended this litigation.

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. UMG contests the merits of these actions.

STUDIO INFINITY WARD, SUBSIDIARY OF ACTIVISION BLIZZARD

After concluding an internal human resources inquiry into breaches of contract and insubordination by two senior employees at Infinity Ward, Activision Blizzard terminated the employment of Jason West and Vince Zampella on March 1, 2010. On March 3, 2010, West and Zampella filed a complaint against Activision Blizzard in the Los Angeles Superior Court for breach of contract and wrongful termination. On April 9, 2010, Activision Blizzard filed a cross complaint against West and Zampella, asserting claims for breach of contract and fiduciary duty. In addition, 38 current and former employees of Infinity Ward filed a complaint against Activision Blizzard in the Los Angeles Superior Court on April 27, 2010 for breach of contract and violation of the Labor Code of the State of California. On July 8, 2010, an amended complaint was filed which added a further seven plaintiffs. They claim that the company failed to pay bonuses and other compensation allegedly owed to them.

On December 21, 2010, Activision Blizzard filed a consolidated cross complaint to add Electronic Arts as a party, the discovery having shown the complicity of Electronic Arts in the case. The Los Angeles Court, following Activision Blizzard's request, agreed to transfer the case to the Complex Division. On May 31, 2012, the parties entered into a settlement agreement that ended this dispute.

TELEFONICA AGAINST VIVENDI IN BRAZIL

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo). The company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of 15 million Brazilian reals (approximately 5.5 million euros) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. At the beginning of September, 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012, which was confirmed on April 4, 2012 by the Court of Appeals. On the merits, Vivendi refuted all of Telefonica's claims. In particular, Vivendi believes that Telefonica cannot claim to have suffered any "loss of chance" considering that its President confirmed in a public statement that it did not want to outbid Vivendi. Vivendi has also filed a counterclaim seeking to be compensated for damages suffered as a result of the "smear campaign" carried out against Vivendi by Telefonica since late 2009.

DYNAMO AGAINST VIVENDI

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations.

HEDGING-GRIFFO AGAINST VIVENDI

On September 4, 2012, Hedging-Griffo filed a complaint against Vivendi before the Arbitration Chamber of the Bovespa (São Paulo Stock Exchange) seeking to obtain damages for losses they allegedly incurred due to the conditions under which Vivendi completed the acquisition of GVT in 2009. Hedging-Griffo demanded compensation for the difference between the price at which they sold their GVT shares on the market and the price paid by Vivendi in connection with the tender offer for the GVT shares. Vivendi believes that the decision taken by the Hedging-Griffo funds to sell their GVT shares before the end of the stock market battle that opposed Vivendi against Telephonica was their own decision made in the context of their management of these funds and can in no way be attributable to Vivendi.

ACTIONS RELATED TO THE ICMS TAX

GVT is party in several Brazilian States to various proceedings concerning the application of the "ICMS" tax *Impostors Sober Circulações de Mercadorias e Prestações de Serviços* (ICMS) is a tax on operations relating to the circulation of goods and the supply of transport, communication and electricity services.

On August 5, 2011, Confaz, the national council in charge of coordinating the tax policies of the Brazilian States, published a draft proposal allowing GVT, as well as all other companies that dispute the application of ICMS on Internet and Broadband services, to enter into negotiations with the objective of settling the past disputes and clarifying the rules for the future. As of today, GVT has reached agreement with all of the states in which it operates with the exception of Rio de Janeiro.

In addition, GVT is a party to litigation in various Brazilian States concerning the application of the ICMS tax on voice telecommunication services. GVT argues that the ICMS tax should not apply to monthly plans. Of the 20 proceedings initiated by GVT, 18 have resulted in decisions favorable to GVT and 12 are no longer subject to appeal.

ACTION RELATED TO THE FUST AND FUNTTEL TAXES IN BRAZIL

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

PROCEEDINGS BROUGHT AGAINST TELECOMMUNICATIONS OPERATORS IN BRAZIL REGARDING THE APPLICATION OF THE PIS AND COFINS TAXES

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

SECTION 4 RISK FACTORS

Legal risks

Vivendi has performed a review of risk factors that may have a negative impact on its businesses or results. It has not identified any material risks other than those set out below.

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

For a summary of the Risks Committee's work, please refer to Chapter 3, Section 3.7 of this document.

RISKS ASSOCIATED WITH REGULATIONS APPLICABLE TO THE GROUP'S OPERATIONS

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

Substantial changes in the nature, interpretation or enforcement of these laws and regulations by governmental, administrative, judicial or other authorities, including competition authorities, particularly with respect to competition and tax laws and regulations may result in Vivendi incurring additional costs or altering the products and services it offers, which may materially impact its business, financial position, results and development prospects.

In addition, certain operations of the Group are dependent upon obtaining or renewing licenses issued by regulatory authorities, both in France and outside France, and specifically: in France, the *Autorité de Régulation des Communications Electroniques et des Postes* (ARCEP, the French Telecommunications and Posts Regulator) and the *Conseil Supérieur de l'Audiovisuel* (CSA, the Superior Audiovisual Council); in Morocco, the *Agence Nationale de Réglementation des Télécommunications* (ANRT, the National Telecommunications Regulatory Agency) and in Brazil, the *Agência Nacional de Telecomunicações* (ANATEL, the National Telecommunications Agency). The process of obtaining or renewing these licenses can be long, complex and costly. Vivendi's ability to achieve its strategic objectives may be impaired if it were unable to obtain or retain the licenses required to conduct, continue or expand its operations in a timely manner.

For a detailed description of the regulatory environment in which the Group operates, please refer to Section 2 of this chapter.

LITIGATION RISKS

The Group is, or is likely to become, involved in a number of contentious proceedings or investigations filed against it by subscribers, consumer associations, competitors, and shareholders or regulatory and tax authorities. If the Group fails to negotiate an amicable settlement, damages may be awarded against the Group or penalties may be imposed.

For a description of the main legal proceedings or investigations in which the Group is involved, please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012 and the "Litigation" section of this chapter.

Vivendi recognizes a provision for expenses that may result from a proceeding whenever a risk is likely to materialize and when the cost of such risk can be quantified or estimated within a reasonable margin. The occurrence of an ongoing event may result in, at any time, a re-appraisal of the risk. With the exception of the main legal proceedings and investigations described in this section and in Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012 (Chapter 4), Vivendi considers it unlikely that current proceedings will have a material negative impact on the Group's financial position.

RISKS ASSOCIATED WITH CONTRACTUAL COMMITMENTS

Vivendi and its subsidiaries have made a number of conditional commitments, the most material of which are described in Note 26 to the Consolidated Financial Statements for the year ended December 31, 2012. Certain of these commitments are unlimited in their duration or amount. If Vivendi had to make a payment to satisfy one of these commitments, this may have a negative impact on its financial results and financial position.

Risks Associated with the Group's Operations

RISKS ASSOCIATED WITH PIRACY AND COUNTERFEITING

Over the past few years, the reduction in the cost of computer and electronic equipment and associated technologies has facilitated the unauthorized reproduction of music and audiovisual works and games. At the same time, increased access to high-speed Internet connections has enabled, and continues to enable, computer, smartphone and tablet computer users to share such works more easily (and in greater number), without the copyright holder's authorization and without paying royalties.

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

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

RISKS ASSOCIATED WITH INFRASTRUCTURE, SERVICE PLATFORMS AND DATA PROTECTION

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

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

RISKS ASSOCIATED WITH INTENSIFIED COMMERCIAL AND TECHNICAL COMPETITION

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

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

RISKS ASSOCIATED WITH THE LACK OF COMMERCIAL SUCCESS OF RECORDED MUSIC, FILMS AND VIDEO GAMES PRODUCED, PUBLISHED OR DISTRIBUTED BY THE GROUP

The production and distribution of musical and audiovisual content and video games publishing represent a substantial proportion of Vivendi's revenues. The commercial success of these works is dependent upon the public's response, which may not always be predicted, the existence and success of competing entertainment offers, and general economic circumstances.

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

CONDUCTING OPERATIONS IN VARIOUS COUNTRIES IS SUBJECT TO ADDITIONAL RISKS

Vivendi conducts its business in various markets throughout the world. The main risks associated with business being conducted on an international scale are as follows:

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

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

POTENTIAL HEALTH RISKS POSED BY NETWORKS, MOBILE PHONES OR WI-FI TERMINALS

Over the past few years, concerns have been expressed on an international level as to the potential risks posed to human health by electromagnetic radiation from mobile phones and mobile transmission sites. Vivendi is not currently aware of any tangible evidence that demonstrates the existence of risks to human health associated with the use of mobile phones, the emission of radio waves or electromagnetic fields.

Nevertheless, the perception of such risks by the public may have a material negative impact on Vivendi's results or financial position, particularly if legal claims were brought against the company or if regulations resulted in additional costs related to compliance with new standards.

Industrial Risks or Risks Associated with the Environment

The Group's operations do not pose any major industrial or environmental risks. This is because the Group's operations are, by their very nature, largely non-manufacturing and a large proportion of the Group's assets are intangible. However, the Group remains alert to any environmental damage that may arise or be discovered in the future, and has set up programs intended to ensure the application of regulations relating to this area (please refer to the note 2.9 "Raw Materials" section of this chapter).

Risks Associated with the Current Economic and Financial Situation

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

Each year, Vivendi conducts impairment tests on goodwill and assets with definite or indefinite lives, to assess whether their book value exceeds their recoverable value. Current economic circumstances may cause Vivendi to recognize impairment losses for such assets.

Market risks

For a detailed analysis of market risks (interest rates, foreign exchange rates, market liquidity and stock prices), please refer to Note 23 to the Consolidated Financial Statements for the year ended December 31, 2012, which contains a detailed analysis of market risks.

2

2

SOCIETAL, SOCIAL AND ENVIRONMENTAL INFORMATION

2

SUMMARY

SECTION 1
CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY **56**

1.1. CSR – a Source of Value Creation for Vivendi and its Stakeholders **56**
1.1.1. Innovative Positioning 56
1.1.2. Vivendi's Ten Priority Action Areas 57
1.1.3. Creating Shared Value 57

1.2. Integration of CSR into Vivendi's Governance and Strategy **58**
1.2.1. Cross-mobilization 58
1.2.2. Incorporating Sustainable Development Criteria into Senior Executives' Variable Compensation 58
1.2.3. Effective Non-Financial Reporting 59

SECTION 2
SOCIETAL INFORMATION **60**

2.1. Key Messages **60**
2.1.1. A Pioneer in Reporting within the Cultural and Creative Industries Sector 60
2.1.2. Societal Issues Boost Growth 60
2.1.3. The Voice of Young People, an Added Value 61

2.2. Societal Indicators **61**
2.2.1. Local, Economic and Social Impact of Business Activity 61
2.2.2. Relations with Stakeholders 63
2.2.3. Subcontractors and Suppliers 64
2.2.4. Fair Business Practices 65
2.2.5. Actions in favor of Human Rights 67
2.2.5.1. Protecting and Empowering Young People 67
2.2.5.2. Promoting Cultural Diversity 68
2.2.5.3. Knowledge Sharing 69

SECTION 3
SOCIAL INFORMATION **71**

3.1. Key Messages **71**
3.1.1. An Ambitious Employee Share-ownership Plan 71
3.1.2. Ongoing Constructive Dialogue 72
3.1.3. Employees Support Program in Line with Group Developments 72

3.2. Social Indicators **73**
3.2.1. Employment 73
3.2.2. Organization of Work 76
3.2.3. Social Relations 78
3.2.4. Occupational Health and Safety 78
3.2.5. Training 82
3.2.6. Equality and Diversity in Employment 83
3.2.7. Promotion and Compliance with the ILO's Fundamental Principles 85

SECTION 4
ENVIRONMENTAL INFORMATION **86**

4.1. Key Messages **86**
4.1.1. Certification at the Heart of Vivendi's Process 86
4.1.2. Reduction of Electricity Consumption, the Main Source of CO_2 Emissions 86
4.1.3. Group Greenhouse Gas Emissions Report For France-Based Entities 87
4.1.4. An Optimized Environmental Reporting Protocol 87

4.2. Environmental Indicators **88**
4.2.1. General Environmental Policy 88
4.2.2. Pollution and Waste Management 89
4.2.3. Sustainable Use of Resources 91
4.2.4. Climate Change 94
4.2.5. Biodiversity Preservation 94

SECTION 5
VERIFICATION OF NON-FINANCIAL DATA **95**

5.1. Note on Non-Financial Reporting Methodology **95**

5.2. Attestation and Limited Assurance Report by one of the Statutory Auditors on the Societal, Social and Environmental Information **97**

SECTION 1 CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Vivendi's CSR policy has been fully integrated into the Group's strategy and governance as reflected by the inclusion of specific CSR performance criteria in the determination of senior executives' variable compensation.

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

1.1. CSR – A SOURCE OF VALUE CREATION FOR VIVENDI AND ITS STAKEHOLDERS

1.1.1. Innovative Positioning

Vivendi distinguishes itself with its approach and contribution to sustainable development: one that aims to meet the need of present and future generations to communicate, feed their curiosity, foster talent development and encourage intercultural dialogue to promote mutual understanding among nations. As a publisher and distributor of content, the Group can have an intellectual and a cultural impact on society.

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

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

PROTECTING AND EMPOWERING YOUNG PEOPLE

Young people are exposed on a daily basis to risks stemming from the use of the Internet, video games, films and cell phones, including the disclosure of personal data, excessive or inappropriate use and access to sensitive content. If users are educated about the appropriate use of media and information, these digital tools have the potential to open up vast opportunities for expression, creativity and discovery. Vivendi has a responsibility to empower and protect the next generations in their cultural and digital practices.

PROMOTING CULTURAL DIVERSITY

Vivendi also aims to promote cultural diversity as an incentive for growth and a foundation for social cohesion. The Group supports UNESCO's 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which states that cultural diversity is "a mainspring for sustainable development for communities, peoples and nations." The Group's businesses all share the objectives of encouraging diversity in musical repertoires and cinematographic expressions, promoting local talents and sustaining cultural heritage.

KNOWLEDGE SHARING

The third issue of Vivendi's CSR policy is to encourage knowledge sharing to enable its customers to participate in the construction of a world of information, knowledge and digital technology. The Group must use its international positioning to ensure the quality and pluralism of content, encourage dialogue between cultures, raise public awareness about sustainable development issues and facilitate access to new technologies. Vivendi contributes to reducing the digital divide by enabling school and university students to benefit from advantageous service options. It also conducts training and education initiatives for the disadvantaged in the use of new communication technologies.

1.1.2. Vivendi's Ten Priority Action Areas

Vivendi carries out a CSR policy that links its economic, societal, social, and environmental performance with its activities and geographic presence.

The Group makes its commitments clearly visible to all of its stakeholders and partners: customers, employees, shareholders, suppliers, public authorities, artists and civil society. These commitments, which encompass the three specific issues mentioned above, are developed in ten priority action areas:

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

These are described in detail in the 2012 CSR Detailed Report, available on Vivendi's website (www.vivendi.com). This report also includes all of Vivendi's non-financial indicators for 2012 as well as the cross-reference tables for the various reporting guidelines (Global Reporting Initiative - GRI, French *Grenelle II* law, OECD, and United Nations Global Compact).

1.1.3. Creating Shared Value

Societal priorities are at the forefront of Vivendi's concerns and commitments. This position is welcomed by all stakeholders with whom the Group maintains a regular and constructive dialogue, including: the academic communities (New York University, Paris Sorbonne), institutions (e.g., UNESCO, United Nations Alliance of Civilizations, European Commission, *CNIL* – French Data Protection Authority, etc.) and NGOs (e.g., European Schoolnet, ORSE, *Collectif Interassociatif Enfance et Médias*). Vivendi also meets with financial and non-financial analysts (approximately 30 investors in 2012) and individual shareholders and ensures that its social partners are made aware of its societal responsibility policy.

Vivendi continues to be included in the principal SRI (Socially Responsible Investment) indices: the Dow Jones Sustainability World Enlarged Index (Vivendi is among the top 20 most socially responsible media companies in the world), the ASPI Eurozone (Vigeo) index, the Ethibel Sustainability Index (Ethibel), the ECPI Ethical Indexes (E-capital Partners), and the FTSE4Good Global (FTSE). Since 2011, the Group has been awarded Corporate Responsibility Prime status by Agency Oekom. In 2012, Vivendi was the only company in the media sector to be included in the three SRI indices (Global, Europe and France) created by Vigeo. Vivendi, once again listed in the Global 100 of the world's most responsible companies, is ranked fourth out of all French groups.

The high rating of Vivendi's CSR policy gives investors comfort in their investment choice and demonstrates that societal responsibility goes hand in hand with economic performance. Culture is a very good example: the Group has a competitive advantage over its peers by offering diversity of content. Local artists across 59 countries account for more than 60% of Universal Music Group's physical and digital sales. Similarly, diversity in films, which is at the heart of Canal+'s production line, meets subscribers' demands: in 2012, 90% of them felt that the films distributed by the channel represented a diverse range of genres, and 86% of subscribers were satisfied with its film programming.

Encouraging cultural diversity is a key aspect of Vivendi's CSR policy: how can the Group promote the creative capacity of both current and future generations? How can the Group avoid monoculture? How can the Group combine cultural investment with human development? Vivendi has created a number of indicators to evaluate its actions (please refer to Section 2. hereafter on societal data as well as to the 2012 CSR Detailed Report).

This innovative choice to make culture a structural element of Vivendi's societal responsibility is widely recognized as a source of value creation. This led, Amundi, one of Vivendi's major shareholders, to incorporate an assessment of culture into its reference framework for non-financial analysis and into its system for rating the stocks in its portfolio.

In 2012, to promote the role of culture in the international sustainable development agenda with tangible results, the Group created the "Culture(s) with Vivendi" website (www.cultureswithvivendi.com). This website invites Vivendi's audiences to fully engage themselves in culture by:

* discovering music and film catalogs ("Artist Inspiration" section tab);
* learning more about the value chain of cultural industries ("Creative Jobs" section tab); and
* opening up to different cultures and sharing their artistic experiences ("Intercultural Dialogue" section tab).

On May 21, 2012, the World Day for Cultural Diversity for Dialogue and Development, the "Culture(s) with Vivendi" website went online, allowing the Group to participate in the "Do ONE Thing for Diversity and Inclusion" campaign launched by the United Nations Alliance of Civilizations, in partnership with UNESCO. The CSR department was involved in presenting this website at numerous national and international events.

1.2. INTEGRATION OF CSR INTO VIVENDI'S GOVERNANCE AND STRATEGY

1.2.1. Cross-mobilization

Pursuant to its internal regulations, the Supervisory Board has entrusted the Strategy Committee with the task of examining, on an annual basis, the Group's corporate societal responsibility policy, which is managed by the CSR department. Since 2003, a Sustainable Development Committee has met regularly as a forum for the representatives dedicated to these issues in each of the Group's subsidiaries. Experts are invited to discuss themes which fall under Vivendi's ten priority action areas (please refer to Section 1.1.2. of this chapter): reporting (particularly guidelines such as the GRI Media Sector Supplement, the French *Grenelle II* law and the UN Global Compact), social issues (committees for health and safety and working conditions, diversity skills network, specific policies for senior employees), environmental issues (health and radiofrequencies, carbon footprint) and societal issues (young Internet users and the digital world: personal data issues).

The CSR department is responsible for various Group-wide projects:

- it organizes, in conjunction with the Investor Relations department, CSR road shows for investors;
- it maps the risks relating to sustainable development with the Audit department and submits CSR issues to the Risks Committee for review;
- it strengthens the Group's personal data policy and communicates the Compliance Program in conjunction with the Legal department; and
- it integrates, in conjunction with the Human Resources department, sustainable development criteria into the executives' variable compensation.

Vivendi is a founding member of the "CEO Coalition to make the Internet a better place for children." This initiative, launched by Neelie Kroes, Vice President of the European Commission responsible for the Digital Agenda, brings together 30 media and telecom companies. The coalition has been working across five areas: developing simple and robust reporting tools for users; setting age-appropriate privacy parameters; extending the use of content classification; increasing the availability and use of parental controls and more effectively eliminating child-pornography material. In 2012, Vivendi submitted a report, drafted in cooperation with its subsidiaries, to the European Commission. Vivendi's membership in the CEO Coalition clearly demonstrates its intention to build a safer and more responsible digital world for young people.

1.2.2. Incorporating Sustainable Development Criteria into Senior Executives' Variable Compensation

At the General Shareholders' Meeting held on April 30, 2009, the Chairman of Vivendi's Supervisory Board announced that, as of 2010, Vivendi would become one of the first CAC 40 companies to incorporate sustainable development criteria into the variable compensation of its executives.

Each executive's contribution to performance targets is measured against the three strategic issues of sustainable development, which are common to all the subsidiaries and directly related to their business (please refer to Section 1.1.1. of this chapter). The Supervisory Board required criteria to be defined for each business based on its expertise and positioning. The criteria and related indicators are relevant, measurable and verifiable by a specialist independent firm. These criteria have been determined by each subsidiary in collaboration with Vivendi's CSR and Human Resources departments.

Vigeo, a non-financial criteria ratings agency, assists the Group in this process. It verifies the relevance of the criteria used and the related indicators, then issues an opinion on the results obtained by the subsidiaries with regard to their initial objectives. The Human Resources Committee, within the Supervisory Board, assesses performance against these criteria and determines any corresponding bonus. In 2012, the relevant targets were reached, in some cases exceeded, for the 1,183 executives at Vivendi's headquarters and at its subsidiaries.

In 2012, criteria used in relation to each strategic objective include the following:

- protecting and empowering young people: SFR's launch of a free parental control service enabling parents to manage Internet access for all electronic devices through the SFR box; GVT's development of Internet education programs and the provision of parental control tools;
- promoting cultural diversity: the pre-purchase by Canal+ of a number of low-budget or debut European films; the channel's determination to promote gender parity on air; GVT's actions to raise the profile of local artists by broadcasting their music; Universal Music Group's support for local talent in emerging countries; and
- encouraging knowledge sharing: SFR's actions aimed at reducing the digital divide by, for example, facilitating access to products and services for people with a disability or who are otherwise disadvantaged; Maroc Telecom's efforts to provide mobiles for remote areas in the countries of its African subsidiaries; and the contribution of Canal+ to promoting cinema heritage by restoring some distinguished old films that have become unwatchable.

1.2.3. Effective Non-Financial Reporting

Vivendi's non-financial reporting is a CSR management tool that enables the Group to control risks and capitalize on opportunities. The incorporation of indicators linked to the Group's strategic issues is an innovative approach in the cultural and creative industries sector.

In 2012, Vivendi's Reporting Protocol was completely revised (please refer to Section 5.1. of this chapter) to meet the new requirements of Article 225 of the French *Grenelle II* law and the guidelines of the Media Sector Supplement of the Global Reporting Initiative (GRI) to which Vivendi has been an active contributor. In 2012, a steering committee composed of members of Senior Management and drawn from the functional departments (Legal, HR, Audit and CSR) met several times to assess the progress across the Group in this area.

The reporting of societal information has been extended to meet the requirements of the French *Grenelle II* law and some environmental indicators have been revised. The Statutory Auditors have analyzed Vivendi's indicators and approved the substance and value of the CSR data collected and defined in its Protocol. For fiscal year 2012, more than 35% of the non-financial data collected pursuant to this Reporting Protocol are presented in chapter 2 of this Annual Report and such disclosure has been audited by Ernst & Young.

The three strategic issues, for which Vivendi has collected data since 2004, are related to human rights and are presented in the section "Other actions undertaken to promote human rights" (referenced in the French *Grenelle II* law):

- protection and empowerment of young people as set out in the 1989 UN Convention on the Rights of the Child (Art. 27) and the "Children's Rights and Business Principles," developed by the UN Global Compact, UNICEF and Save the Children (March 2012);
- promotion of cultural diversity relates to the 1948 Universal Declaration of Human Rights (Art. 27), UNESCO's 2001 Universal Declaration on Cultural Diversity (Art. 5) and UNESCO's 2005 Convention on the Protection and Promotion of the Diversity of Cultural Expressions (Art. 2); and
- knowledge sharing contributes significantly to the exercise of human rights, as stated in Article 11 of the Charter of Fundamental Rights of the European Union (2000) on freedom of expression and information as well as the United Nations' Millennium Development Goals (2000).

The Statutory Auditors have classified these issues, along with their associated indicators, as strategic and some of them have been subject to a verification process. In the coming years, this process will be strengthened to include them, in due course, into of a global review of the Group's performance. It should also be noted that Vivendi is a member of a working group on integrated reporting, created at the initiative of the *Observatoire de la Responsabilité Sociétale des Entreprises* (ORSE), a French think tank for corporate social responsibility of which Vivendi is a founding member.

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

Notes and legends applicable to all indicators

- Societal, social and environmental information indicators are presented in accordance with the requirements and structure of the French *Grenelle II* law.
- Unless otherwise mentioned, this information is presented as consolidated data as of December 31, 2012.
- A cross-reference to the main CSR reporting criteria is provided for each indicator. Accordingly, under the title of each indicator, the following references are provided:
  - "GRI": the guidelines of the Global Reporting Initiative (G3.1 version), including the Media Sector Supplement (MSS) and Telecom Sector Supplement (TSS);
  - "UNGC": the principles of the UN Global Compact; and
  - "OECD": the OECD Guidelines for Multinational Enterprises.

A full table of cross-references to the GRI guidelines is also available on Vivendi's website.

- For 2012, the data is published in a consolidated format (please refer to Section 5.1. of this chapter), with social data published for 2011. In addition, 2012 data is broken down by subsidiary for certain indicators:
  - "C+G": Canal+ Group;
  - "UMG": Universal Music Group;
  - "AB": Activision Blizzard;
  - "SFR": SFR;
  - "MTG": Maroc Telecom group, which includes Maroc Telecom ("MT") and its sub-Saharan subsidiaries (Onatel in Burkina Faso, Sotelma in Mali, Mauritel in Mauritania and Gabon Télécom in Gabon);
  - "GVT": GVT; and
  - "Other": some indicators show this line which includes, as specified for each relevant indicator, corporate data (Vivendi SA) and data for Wengo, Digitick or other entities such as Vivendi Mobile Entertainment (VME).
- "-": Data not applicable or not available.

SECTION 2 SOCIETAL INFORMATION

2.1. KEY MESSAGES

2.1.1. A Pioneer in Reporting within the Cultural and Creative Industries Sector

After having defined a formal scope of responsibility for cultural and creative industries, Vivendi has created an innovative CSR reporting, which clearly sets out the Group's positioning, opportunities and risks towards its stakeholders.

As a member of the Global Compact since 2008, every year Vivendi issues a Communication on Progress report, to provide information on the implementation of the Global Compact's ten principles within its sphere of influence, with a particular emphasis on the first principle, which is related to human rights. In relations to the latter, the Group presents all actions implemented to meet its responsibility in this area (diversity of cultural expressions, local skills for content production, access to information and communication technologies, promoting cultural heritage and youth protection).

In 2009, the GRI asked Vivendi to be a founding member of an international working group aiming to develop quantitative and qualitative sector indicators specific to the media industry. In May 2012, the recommendations made by the working group led to the publication of a sector supplement to the general guidelines of the GRI, which constitutes a significant advance in the approach to reporting by media companies. Several themes are highlighted, such as freedom of expression, editorial independence, representation of cultures, personal data protection, accessibility, taking into account the interests of young people, responsible marketing and media literacy.

Vivendi has adopted this same innovative reporting approach for the implementation of the French *Grenelle II* law by translating societal data into reporting themes specifically related to the cultural and creative industries sector. One of the Statutory Auditors now verifies a greater number of societal indicators, assessed as being relevant and strategic, confirming the rigor and pioneering nature of the Group's approach.

2.1.2. Societal Issues Boost Growth

By integrating societal issues into its strategy, Vivendi directly creates value through its activities and indirectly through its supply chain.

With respect to financing the creation and the diversity of artistic expression, it is primarily the investments made by Canal+ that enable the dissemination and development of French cinema. These investments cover a very wide range of genres (e.g., comedy, art-house films, thrillers, animated films and blockbusters), budgets (e.g., films of less than €4 million or less than €30 million) and directors (e.g., debut or sequel films produced). This spread of indicators illustrates the diversity of artistic expression supported by Canal+ and contributes to the satisfaction of subscribers who are, themselves, at the heart of the channel's economic model.

For many years, Maroc Telecom has incorporated various societal priorities into its business strategy, such as reducing the digital divide, supporting its customers (especially students, to facilitate their access to information and communication technologies), and combating corruption. In 2012, all these actions contributed to its tenth place ranking in the S&P/Hawkamah ESG index (recently created by Standard & Poor's and Hawkamah, the Institute for Corporate Governance for the Middle East and North Africa). The aim is to measure the performance of 50 pan-Arab companies that have a track record in corporate, social and environmental responsibility.

In addition, Bravado (the merchandising subsidiary of Universal Music Group) was selected by the London Organizing Committee of the 2012 Olympic and Paralympic Games as one of the official suppliers of the event at more than 30 sites in the United Kingdom. In their bids, the official suppliers had to demonstrate their commitment to human rights and environmental protection and adhere to the Organizing Committee's Sustainable Sourcing Code. Bravado's approach was singled out by Sedex, an organization that promotes responsible and ethical improvements to general practices in supply chains.

2.1.3. The Voice of Young People, an Added Value

Vivendi's businesses have a pivotal role to play in the ongoing digital revolution that is overturning conventional practices, especially among young audiences. The modes of consumption of content are changing along with on-demand and interactive formats on all screens. How can the Group innovate without exposing children to new digital risks? Can the Internet be a resource for expressing their creativity and gaining access to knowledge? To what extent can young people participate in intercultural dialogue? How can they engage in cultural and creative businesses?

Vivendi incorporates young people in its thinking:

- The risks and opportunities of the digital lifestyle are at the heart of the Group's societal priorities. For example, Vivendi supports the Pan-EU Youth platform of expression, in partnership with European Schoolnet and the European Commission's Insafe network. This is a place where young people can talk about their initiatives and aspirations toward citizenship, human rights, private life, reputation and control of personal data. Vivendi has formed a group of European ambassadors aged between 14 and 20, whom it regularly consults and invites to discuss technology issues that matter to them.
- The younger generation is enthusiastic about intercultural dialogue as shown by their contributions to the Group's "Culture(s) with Vivendi" website. For the third year running, Vivendi has hosted the young leaders of the UN Alliance of Civilizations' MENA Fellowship Program and held discussions with them on the role played by the media as a gateway between cultures, with respect for human rights. In September 2012, during the UN General Assembly, these young professionals sent a declaration urging that intercultural dialogue be included at the heart of the international agenda.
- Young people need to understand the cultural and creative industries' value chain. In 2010, this sector had 8.5 million employees in Europe and represented 4.5% of the GDP of the 27 Member States (Source: TERA Consultants[1]). In the context of the French National Youth Day (November 30, 2012), Vivendi organized a meeting between secondary school classes and media professionals. The latter explained how one could develop his or her career as a film producer or director, comedian, video game developer, music or TV series producer, or attorney in the film production chain.

The Group is able to reinforce its strengths by understanding young people's expectations in relation to the digital environment, which they are helping to build every day, and involving them in its actions and discussions.

2.2. SOCIETAL INDICATORS

2.2.1. Local, Economic and Social Impact of Business Activity

The Group's impact on the geographic areas specified below is assessed using four types of information: direct and indirect jobs created by the Group, the contribution to development of employment in targeted areas and the reduction of the digital divide.

2.2.1.1. IMPACT IN TERMS OF EMPLOYMENT AND LOCAL DEVELOPMENT

Vivendi intends to evaluate its contribution to the development of the territories in which it operates. This analysis focuses on three geographic regions, comparable in terms of their number of employees: Brazil, Africa and France.

The indicators hereafter encompass the following subsidiaries:

- Brazil: UMG, Activision Blizzard and GVT;
- Africa: Canal+ Group (Cameroon, Ivory Coast and Senegal), UMG (South Africa), Maroc Telecom group (Burkina Faso, Gabon, Mali, Morocco and Mauritania); and
- France: Canal+ Group, Universal Music France, Activision Blizzard, SFR and Vivendi Headquarters.

(1) Cited in the European Commission's Communication, September 26, 2012.

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

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

	2012
Consolidated data	**44,858 (77%)**
France (metropolitan, overseas territories and departments)	15,870 (27%)
Brazil	16,411 (28%)
Africa	12,577 (22%)

		France (metropolitan, overseas territories and departments)	Brazil	Africa
C+G	**4,526**	4,118	-	408
UMG	**852**	703	110	39
AB	**552**	547	5	-
SFR	**9,990**	9,990	-	-
MTG	**12,130**	-	-	12,130
GVT	**16,296**	-	16,296	-
Other	**512**	512	-	-

"Other" includes corporate data and data for the following entities: Digitick, Infoconcert, Jurytravail, Satori Billetterie, Vivendi Mobile Entertainment, Wengo and Zepass.

As of December 31, 2012, Vivendi had 15,870 employees in France: 15,124 in metropolitan France and 746 in overseas departments and territories.

Among the main entities operating in metropolitan France, SFR has 9,564 employees (including the staff of SFR, SFR Collectivités, SFR Service Client, Neuf Assistance, Neuf Center and Efixo) and Canal+ Group has 3,798 employees (considering the staff of Canal+ to be an Economic and Social Unit (ESU) or single employer, Canal+ Africa, Canal+ Events, Canal+ Overseas and the ESU Direct Médias).

In France's overseas departments and territories, SFR has 426 employees on Reunion Island (SRR) and Canal+ Group has 320 employees (Reunion Island, Guadeloupe, New Caledonia, Martinique and French Guiana).

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

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

	2012
Consolidated data	**More than 350,000**

C+G (France)	31,000
UMG	2,700
AB	-
SFR	More than 50,000
MTG	More than 210,000
GVT	Approximately 58,000

This indicator estimates the number of local jobs indirectly created in each territory within the defined scope to evaluate the economic impact of Vivendi's subsidiaries.

The Reporting Protocol defines the notion of "indirect job" as any job generated by the supply activity and/or any job related to the sector, namely:

* jobs in the related upstream industry: producer, supply chain;
* jobs in downstream commercial services: distributors, retailers, redistributors, call centers;
* jobs in real estate services; and
* jobs in related commercial services, excluding temporary employment: e.g., notarial services, insurance, banks and restaurants.

Each subsidiary used its own method to provide estimates:

* the estimate provided by Canal+ Group only relates to France (data was not available for Africa) and relates to jobs generated by direct subcontractors, channels published by third parties and distributed by CanalSat, as well as French film and sports productions;
* UMG used data provided by third-party suppliers;
* SFR based its data on a survey conducted in 2012 for the French Telecommunications Federation (FFT; survey by Arthur De Little), which provides an estimate of the total number of direct and indirect jobs created by telecom operators in France. SFR's share of the mobile market (28.8% in the second half of 2012) has been applied to a total of approximately 175,000 indirect jobs, giving an estimate of over 50,000 indirect jobs created in France by SFR;
* to estimate the number of indirect jobs locally created, Maroc Telecom added together an estimate of the number of jobs attributable to indirect sales (the figure of over 113,000 was obtained by multiplying the average number of jobs according to type of sales point by the number of estimated retailers at year-end 2012) and the number of indirect jobs attributable to subcontracting (more than 3,000 – estimate based on service provisions recorded by the administrative and facilities department). Maroc Telecom's subsidiaries have also used various methods to make their own estimates, resulting in a total of approximately 94,500 indirect jobs created in Burkina Faso, Gabon, Mali and Mauritania; and
* GVT focused on its supply chain and used a survey conducted by the Brazilian Institute for Applied Economic Research (IPEA). This survey reports a ratio of 8.3 indirect jobs for 1 direct job in the sector of services for families and businesses. As this survey does not include a specific ratio for telecommunications services, GVT has revised its own ratio downwards (3.5), particularly due to the inclusion of call center staff in its workforce, which are usually excluded.

Since 2004, Vivendi has made commitments to the French public authorities to create jobs (not accounted for in the consolidated data) in areas which are particularly affected by unemployment and industrial restructurings through two specific initiatives:

* creating, through subcontractors, two call centers in France linked to the Group's activity (one in Belfort at year-end 2005 and the other in Douai at year-end 2006, on the basis of 300 full-time equivalent jobs at each). At year-end 2012, the workforce at these centers amounted to 378 and 463 full-time equivalent jobs, respectively; and

* using stimulus plans in vulnerable employment areas, selected by the French Ministry for the Economy and the Ministry for Industry. This takes the form of a subsidy whereby Vivendi provides advice and financing for job-creating projects, up to €5 million per year.

These initiatives were carried out under an initial agreement having a term of five years (2005-2009) and continued under a second agreement having a term of three years (2010-2012). The total provisional number of jobs created by these initiatives comes to nearly 7,000. A detailed summary of these agreements can be found in the 2012 CSR Detailed Report.

2.2.1.2. IMPACT ON LOCAL AND NEIGHBORING COMMUNITIES

Apart from the direct and indirect creation of jobs and the contribution to regional development, the Group's activities have other impacts on local and neighboring populations. In the context of content production, Vivendi puts great importance on pluralism (please refer to Section 2.2.5.3.1. of this chapter), intercultural dialogue and everyone's participation in their community's cultural life (see Article 27 of the Universal Declaration of Human Rights, 1948). Vivendi's subsidiaries combat the digital divide by facilitating access to content and to information and communication technologies.

* In 2012, Canal+ Overseas replaced the NSS-7 satellite with the SES-4 for its broadcasts in Africa. The more powerful signal means that Canal+ Africa can expand its presence in Central Africa since it can now cover the entire Democratic Republic of Congo, Rwanda and Burundi.
* In France, in a difficult economic climate, SFR has continued to invest in its fixed and mobile infrastructure (€1.6 billion every year) and remains committed to the idea that the quality and performance of its network represent, more than ever, an added value for its customers. At year-end 2012, SFR's UMTS network (3G/3G+) covered 99% of the French population and, by year-end 2013, is expected to reach 99.3%. At year-end 2012, SFR had launched the first commercial 4G offerings to the public in France in both Lyon and Montpellier. The extension of fiber-to-the-home has continued. SFR has confirmed its determination to offer its products across 100% of densely populated areas: in 2012, 100,000 households subscribed to its fixed superfast broadband, an additional 1 million homes were eligible at year-end 2012, and horizontal deployment to a total of 4 million homes (fiber to each building) was completed. In less populated areas, SFR has met the commitments made in the bilateral agreement entered into with the incumbent operator in 2011. In 2012, deployment began in 23 local areas and at the beginning of 2013 surveys were launched in 53 additional areas.
* Maroc Telecom has made reducing the digital divide one of the major objectives of its sustainable development policy. For years, the operator has made significant investments in fixed and mobile networks, making phones and Internet accessible to the greatest possible number of people. It uses all available technologies and makes use of renewable energy to cover the most remote regions, seeking a fair balance between economic competitiveness, social progress and respect for the environment. One of Maroc Telecom's major objectives is to use new technologies to serve all populations, especially rural communities, to facilitate their access to communication, culture, knowledge, health and the media. In 2012, under the *PACTE* (Telecommunications Access Program), it covered 1,110 rural communities: 1,011 in Morocco, 25 in Burkina Faso, 18 in Mauritania, 9 in Mali and 47 in Gabon. This raised GSM coverage to 92.1%, 94%, 76% and 96% of their populations, respectively. In 2012, Maroc Telecom committed 21.77% of its investment to reducing the digital divide (geographically). This data takes three factors into account: mobile coverage in remote rural areas, the connectivity of the subsidiaries (fiber optic connecting Morocco, Mauritania, Mali and Burkina Faso) and international connectivity (other than between subsidiaries).

2.2.2. Relations with Stakeholders

2.2.2.1. CONDITIONS FOR DIALOGUE

Means of dialogue with stakeholders

GRI	UNGC	OECD
4.16, SO1, M6, PR5	1	II.A.14

Vivendi bases its approach to CSR on rich and regular dialogue with all the Group's stakeholders (please refer to Section 1.1.3. of this chapter). The subsidiaries place particular emphasis on instituting constructive dialogue with all parties concerned.

* In January 2012, Canal+ Group launched a dedicated website for mediation and discussion with consumer associations and other external bodies. This site has helped increase the visibility of mediation: since its launch, the number of requests has increased significantly. In 2012, more than 2,200 customers sought the mediator's intervention, 62% more than in the previous year. The Group's mediation process has been recognized by the French consumer mediation body and its operations and practices are widely recognized as the best in their sector.
* Activision Blizzard is a member of the Better Business Bureau, a local mediation organization which handles consumer complaints.
* In Great Britain, Universal Music regularly meets representatives of Ofcom, the UK competition watchdog for communication industries as well as those of Mumsnet, the UK's biggest website for parents.
* SFR bases its CSR policy on a close relationship with partners (customers, consumer associations, disability associations, employees, social partners, suppliers, start-ups, social entrepreneurs, the educational world, the public arena and society at large). In 2012, 20 discussion and information meetings took place between the operator and consumer associations.
* Maroc Telecom has commissioned customer satisfaction surveys by external experts; it organizes regular meetings with the most represented trade union in the company and has frequent discussions with the regulator.
* In 2012, the TNS Interscience institute conducted the first survey for GVT on its "corporate reputation."

2.2.2.2. PHILANTROPIC ACTIONS AND COMMUNITY INVOLVEMENT

Consolidated budget allocated to enterprise foundations, solidarity programs and sponsorship actions (€)

GRI	UNGC	OECD
EC1, EC8, EC9, SO1	-	-

	2012
Consolidated data	**More than 24 million**

Since 2008, Vivendi has supported social initiatives for disadvantaged young people through its Create Joy program. With a constant budget since its creation, this program enables young people in difficult circumstances to develop and achieve shared cultural projects with the Group's businesses: e.g., film screenings, training in the use of digital tools, introduction to opera. In 2012, Create Joy supported over 30 charitable projects in France, the United Kingdom, the United States, Brazil, Morocco, Mali and Burkina Faso.

The Group's subsidiaries are also engaged in this philanthropic approach, here are some examples:

- Canal+ Group offers financial, personnel, and publishing support to numerous organizations: Canal+ Fondation for cinema, Flying Doctors, *Solidarité Sida Afrique* (an AIDS not-for-profit), *Les Toiles Enchantées*, *Sidaction*, *Flamme Marie Claire*, and *Ecole de la Cité du Cinéma*. With its innovative social interest project "Kindia 2015", Canal+ Group supports and films, on the field in Guinea, not-for-profit organizations working for human development. This initiative includes directing and broadcasting documentary movies as well as setting up an endowment fund.
- In 2012, Activision Blizzard donated $6.3 million to Call of Duty Endowment. This is a public-interest, not-for-profit entity, created by Activision Blizzard in October 2009, aimed at helping US Army veterans to reintegrate in the US job market.
- *Fondation SFR* launched the second successive year of a call for digital solidarity projects for elderly people. The purpose is to encourage charitable projects whereby new technologies help the daily life of elderly people. These projects may be based on creating or maintaining social interaction, the development of inter-generational links and personal independence. In addition, the *Téléphonie Solidaire* program was born from a partnership between SFR and *Emmaüs Défi*, which started as an experiment in the spring of 2010 and currently has approximately 2,500 beneficiaries. People in difficulty are provided with a mobile phone so they can remain in contact with friends and relatives, call potential employers, or look for housing, if necessary. SFR's commitment to *Emmaüs Défi* comes in the form of financial support and the contribution of employees' skills.

2.2.3. Subcontractors and Suppliers

Vivendi is committed to increasing the corporate responsibility awareness of its main suppliers and subcontractors on societal, social and environmental issues. Accordingly, the subsidiaries intend to involve their suppliers in implementing the Group's commitments in this area. Vivendi's Compliance Program includes systematic reminders to suppliers of their undertaking to provide services complying with the Group's commercial and social ethical standards. Vivendi has signed the UN Global Compact and promotes its ten principles within its sphere of influence. In 2012, SFR and Maroc Telecom also signed the UN Global Compact.

2.2.3.1. SOCIETAL, SOCIAL AND ENVIRONMENTAL ISSUES TAKEN INTO ACCOUNT IN PURCHASING POLICY

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

GRI	UNGC	OECD
4.8, DMA HR	1-10	II.A.13, IV

	2012
Consolidated data	**Yes**
C+G	Yes
UMG	Yes
AB	Yes
SFR	Yes
MT	Yes
GVT	Yes

Each of the Group's subsidiaries has made a formal commitment, by virtue of a code, charter or clause, on the acknowledgement of societal, social and environmental issues. This commitment refers particularly to the founding principles as formulated by the International Labor Organization (ILO), the UN Global Compact or the OECD.

GVT has integrated a specific clause related to the UN Global Compact in its supplier contracts. Partner suppliers are bound to respect the principles of the Brazilian operator's Code of Conduct and Ethical Standards. In 2013, an ambitious training program was instituted for employees into the purchasing departments: by year-end 2013, over 90% of the employees concerned will have been trained in responsible purchasing as described in the Group's Reporting Protocol: "This concerns the integration of sustainable development criteria into its purchasing practices. These responsible practices are expressed in strategies for optimization (including the usefulness and efficiency of the purchases made to better suit actual needs) and for taking societal, social and environmental criteria into consideration in choosing suppliers and responsible products. The objective is for the supply chain to become an ongoing source of value, respectful of persons and of the environment." The prevailing themes include the following: "green," "solidarity" and "fair" purchasing; respect for the fundamental rights of workers (adherence to the ILO's principles); transparency of suppliers on their CSR performance; payment lead times and traceability of the raw materials used.

2.2.3.2. IMPORTANCE OF SUBCONTRACTING AND INTEGRATION OF CSR IN RELATIONSHIPS WITH SUPPLIERS AND SUBCONTRACTORS

Subcontracting at Vivendi mainly concerns call centers and IT services.

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

All companies use subcontractors for the provision of IT services. The Group expects its suppliers and subcontractors to conform to the principles formulated in Vivendi's Compliance Program and the UN Global Compact, and to the values and rules of good conduct in their respective ethical codes. Any breach of these principles represents potential grounds for the Group to terminate the contract with the supplier.

Existence of criteria to select suppliers and subcontractors based on their societal, social and/or environmental performance

GRI	UNGC	OECD
DMA HR	1-10	II.A.13, IV

Certain subsidiaries have put in place instruments for collecting information and monitoring their suppliers, in the form of assessments and audits, to verify the correct application of the Group's commitments.

* Canal+ Group calls for tender make explicit reference to the UN Global Compact's ten Principles. In addition, some specific calls for tender place particular emphasis on criteria such as personal data protection for call centers or waste management for manufacturers of set-top boxes.
* Following the efforts made in 2010 and 2011 that included the establishment of a CSR assessment methodology for suppliers (approximately 150 integrated suppliers), SFR launched a reassessment campaign: 90 suppliers (old and new) were assessed or reassessed in 2012 in respect of their CSR criteria. Over 160 suppliers had their CSR performance monitored. The initiatives put in place in previous years have been maintained: integration of a CSR rating in the overall assessment of suppliers; a systematic CSR provision in all contracts; training and raising the awareness of purchasers in best CSR practice. SFR's Purchasing department has a socially responsible approach: in 2012, the total number of orders from businesses in the adapted and protected sectors increased by approximately 30%, compared with 2011.

2.2.4. Fair Business Practices

2.2.4.1. ACTIONS TO PREVENT ANY KIND OF CORRUPTION

Definition of the policy's priority actions to combat corruption

GRI	UNGC	OECD
DMA SO Corruption aspect	10	II, VII

The Group's Compliance Program sets out the Group's general ethical rules. In addition, the prevention of corruption forms part of the ten Principles of the UN Global Compact, which Vivendi has signed and is committed to upholding.

The subsidiaries manage their own anti-corruption policies in adherence to the Compliance Program.

* Activision Blizzard's anti-fraud and anti-corruption policy, which was last updated at year-end 2012, refers mainly to the UK Bribery Act adopted in 2010. Activision Blizzard states "It is Company policy to conform rigorously to the United States' Foreign Corrupt Practices Act (FCPA) and international legislation in this regard."
* Maroc Telecom has a three-pronged policy: to combat any form of corruption (an ethics officer has been appointed to advise employees and ensure compliance with the rules); vigilance to avoid conflicts of interest; and fraud prevention and detection (in 2012, 2,300 people were trained in these areas, including 270 regional managers).

2.2.4.2. MEASURES TAKEN TO PROTECT CONSUMERS' HEALTH AND SAFETY

2.2.4.2.1. ENSURING PROTECTION OF PERSONAL DATA

Existence of a formal commitment to protecting personal data

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

	2012
Consolidated data	**Yes**
C+G	Yes
UMG	Yes
AB	Yes
SFR	Yes
MT	Yes
GVT	Yes

The Data and Content Protection Charter, adopted in 2008, defines Vivendi's commitments regarding the collection and management of customers' personal data and protection of content. The issue of personal data is strategic for the Group. Indeed, most of the Group's activities (Canal+ Group, Activision Blizzard, SFR and GVT) use subscription-based economic models. The subsidiaries have adopted policies consistent with the Group Charter.

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

In 2012, Maroc Telecom also integrated personal data protection methods into its Data Security Charter, in accordance with the Moroccan 09/08 law. Maroc Telecom conducts annual audits (32 in 2012) to verify compliance of its activities with ISO 27001/2005 certification standards, which guarantee the protection of all the company's sensitive data (customers' personal data in particular).

2.2.4.2.2. HEALTH AND RADIO FREQUENCIES

Vivendi complies with current regulations and assiduously follows the results of scientific surveys. The Group contributes to information and dialogue both on mobile phones and on relay antennas, communicating the most recent positions of health authorities. The mobile operators SFR and Maroc Telecom, which are directly in charge of the matter, have their own monitoring working group to maintain constant vigilance.

* The work launched by the French government in the course of talks on "health, radio frequencies and environment" led to confirmation in 2012 that exposure to 2G and 3G relay antennas is very low, irrespective of the geographic environment. SFR continues to provide information to its customers to ensure constant awareness and transparency in relation to any risks, including the leaflet "My mobile and my health" that is distributed through various channels (e.g., sales outlets and mobile phone packs). Since 2012, SFR has provided a collection of ten new educational factsheets on the subject of radiofrequencies and health. More generally, it conveys precautions for use that help reduce exposure to radio waves, such as the use of a headset (provided free in all SFR packs). Lastly, in accordance with recent regulations on the subject, the operator displays the maximum level of exposure (Specific Absorption Rate – SAR) for phones in its commercial brochures, on displays in its distribution network, on its website and in advertisements.
* The Moroccan Association for Telecom Professionals (MATI), of which Maroc Telecom is a founding member, has published a guide on the "Correct Usage of Mobile Telephony." This guide informs the public about some results of the latest global studies on the issue of health and mobile telephony and on some radiation standards and some control measures applied in Morocco. It also recommends practices for the use of mobile phones to reduce exposure to radio waves. Information is available to customers in regional administrative offices and sales offices (e.g., regulatory provisions and certifications from equipment suppliers on the compliance of the materials used). The operator has also published presentation factsheets for mobiles with details of the SAR, which can be found in all sales points in Morocco.

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

GRI	UNGC	OECD
SO1	7, 8	VI.2, VIII.7

	2012
Consolidated data	**726**
SFR	585
MT	141

* SFR holds discussions with all stakeholders prior to the establishment of relay antenna sites, locally as well as nationally, in the form of "radio frequencies, health and environment" round tables; and
* Maroc Telecom is available for local residents wishing more information on the installation of new relay antennas. It organizes information meetings to answer their questions and address their potential concerns.

Number of electromagnetic field measurements near relay antennas

GRI	UNGC	OECD
-	7, 8	VI.1, VIII.1

	2012
Consolidated data	**1,905**
SFR	443
MT	1,462

In France, pursuant to Finance Law no. 2010-1657 of December 29, 2010, electromagnetic field measurements must be paid for by a dedicated fund which for the years 2011 and 2012 has been financed by the payment of an additional contribution to the network equipment tax (*Imposition forfaitaire sur les équipements de réseau,* or IFER) paid by the operators. Ahead of the full implementation of this new fund, SFR considers taking these measurements on a case-by-case basis. In 2012, 443 measurements were taken near relay antennas at the request of local elected authorities, landlords or individuals. For SFR, as for Maroc Telecom, 100% of measurements made have proved to comply with the regulations.

2.2.5. Actions in favor of Human Rights

The three strategic issues of Vivendi's societal responsibility relate to human rights, as described in Section 1.2.3. in of this chapter. In the societal section of the French *Grenelle II* law, the category of information relating to actions undertaken to promote human rights includes the indicators used by the Group on the protection and empowerment of young people, the promotion of cultural diversity and knowledge sharing. Information concerning respect for human rights in the context of the management of human resources (respect for the rules of the ILO – International Labor Organization) is provided in the social section (please refer to Section 3. of this chapter).

2.2.5.1. PROTECTING AND EMPOWERING YOUNG PEOPLE

Protecting and empowering young people is one of the three strategic issues defined by Vivendi in 2003 (please refer to Section 1.1.1. of this chapter). By adopting in 2008 the Data and Content Protection Charter, the Group has undertaken to respect freedom of expression as well as to prevent the spread of unlawful material, especially with regard to children. To achieve this balance, Vivendi undertakes to:

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

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

Moreover, Vivendi is a founding member of the "CEO Coalition to make the Internet a better place for children" (please refer to Section 1.2.1. of this chapter).

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

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

	2012
Consolidated data	**Yes**
C+G	Yes
UMG	Yes
AB	Yes
SFR	Yes
MT	Yes
GVT	Yes

- Canal+ Group's Ethics Charter stipulates that "the channels shall ensure the protection of children and young people and to this effect apply the program classification according to degrees of appreciation and acceptability with regard to the protection of childhood and youth by applying the corresponding standards." This classification is also conveyed on all new technical media for broadcasting audiovisual programs. In addition, Article 21 of the agreement entered into between Canal+ and the French Broadcasting Authority (CSA) requires that the channels ensure that "in broadcasts intended for young audiences, violence, even psychological, must not be perceived as continuous, omnipresent or presented as the sole solution to conflict."
- In accordance with the local regulations of each country in which Universal Music Group operates, a "Parental Advisory – Explicit Content" notice appears on CDs where the words of songs may be inappropriate for children.

* Activision Blizzard voluntarily promotes classification systems for video games according to age range and content. In accordance with PEGI (Pan European Game Information) and PEGI Online in Europe, and ESRB (Entertainment Software Rating Board) in the United States and Canada, Activision Blizzard has specifically undertaken to provide classifications (by age and content) for games on their packaging and in advertising, to implement the principles of responsible advertising and to comply with the protection of online data. Also, for *World of Warcraft*®, tools are available to parents to plan game-playing time, set up compulsory pauses and check the amount of time their child has spent online (by way of a weekly report).
* In its Ethics and Commitment Code, SFR undertakes to "make the resources, particularly technical, available to disable access to certain services or content in the protection of children." The operator is also a signatory to several charters explicitly integrating the protection of young audiences: Charter for the Provision of Online Hosting Services and Internet Access Concerning Combating Certain Specific Content (AFA), SMS+ Ethics Charter, Operators' Charter of Commitments on Mobile Multimedia Content (FFT).
* To protect young users from the risks related to the use of new technologies, Maroc Telecom has taken several initiatives: it rigorously selects the content intended for them; its TV on ADSL service is equipped with parental control; its SMS-MMS Zone service (discussion areas by way of text messaging or multimedia messaging) and its Facebook page are moderated to block messages of a violent or pornographic nature or that which is offensive to human dignity. It has formalized an Ethics Charter on the content of Maroc Telecom *Kiosques SMS* services that are marketed by third parties. This charter specifies that "the publisher of services undertakes not to provide to the public messages of a violent or pornographic nature, or that which is offensive to individuals or human dignity."
* In Brazil, GVT adheres to the rules of the National Advertising Self-regulatory Council on ethical standards applicable to advertising, especially where young people are concerned. The fundamental principle is that advertising should contribute to the development of responsible citizens. Accordingly, advertising for products aimed specifically at young people must contribute to good relations between young people and their parents and teachers; promote responsible behavior; not portray the idea that the consumption of the product gives consumers a superiority they would not enjoy otherwise.

Mechanisms for implementing and monitoring this commitment

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

Each subsidiary has set up internal or external mechanisms to ensure compliance with and monitoring of this commitment, including, among others, a specific control body; appointment of a dedicated officer for this issue; intervention of internal or external mediators; performance audits, assessments and surveys.

2.2.5.2. PROMOTING CULTURAL DIVERSITY

Vivendi's aim is to encourage diversity in music repertoires and cinematographic expressions, develop and support new talent, promote local artists and enhance cultural heritage (please refer to Section 1.1.1. of this chapter).

On May 21, 2012, for the World Day of Cultural Diversity for Dialogue and Development, Vivendi inaugurated its corporate website "Culture(s) with Vivendi: a journey through cultural diversity" (please refer to Section 1.1.3. of this chapter). Through its investments and its willingness to promote cultural diversity as an incentive for growth and foundation for social cohesion, the Group must satisfy the curiosity of current and future generations and their desire to express their talents or to get involved in cultural industries, which are sources of employment and wealth creation.

2.2.5.2.1. MUSICAL DIVERSITY

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

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

	2012
UMG	**Over 60%**

Universal Music Group has based the development of its activities on cultural diversity: covering some 50 labels, it offers a vast catalog with an extensive variety of local and international musical genres and repertoires.

In September 2012, once again, Universal Music Group won a number of awards at the recent *Gramophone Awards* ceremony – the Oscars for classical music. The classical labels of Decca and Deutsche Grammophon won six prestigious prizes. The brilliant young pianist Benjamin Grosvenor was named Young Artist of the Year and won in the Instrumental category. He is the youngest artist to have received two awards. The prize for Artist of the Year went to Maltese tenor Joseph Calleja. For his part, Claudio Abbado, the great conductor and loyal contributor to Deutsche Grammophon since 1967, won a Lifetime Achievement award from *Gramophone Award*. He also won the prize in the Opera category for Beethoven's *Fidelio* by Nina Stemme, Jonas Kaufmann and the Lucerne Festival Orchestra which he directed. In the Historic music category, the prize was awarded to the *Sacred Works of Victoria* collection by Ensemble Plus Ultra and Michael Noone.

2.2.5.2.2. AUDIOVISUAL DIVERSITY

Canal+ Group is a leading contributor to promoting audiovisual and cinematographic expressions in France. It also plays, through its subsidiaries, a major role in this area in Europe, Vietnam, the French overseas territories and in Africa. Cinematographic diversity is one of the main pillars of the Canal+ channel's editorial line. 90% of subscribers agree that the films broadcast are of varied genres and 86% said they were satisfied with the film offerings at year-end 2012, compared to 60% at year-end 2003.

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

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

	2012
Canal+ Group	**52.6% (€170 million)**

Note: Subject to finalized consolidated figures to be published in CNC's Annual Report in spring 2013.

In 2012, Canal+ was the leading source of funding for French cinema. It actively supports film production, financing 52.6% of French films approved by the CNC (*Centre National du Cinéma et de l'image animée*) in a total amount of €170 million.

For several years, Canal+ Afrique has supported numerous African film productions. In 2012, seven film projects were co-financed: *Dakar Trottoir* by Hubert Labandao, *Sans regret* by Jacques Trabi, *Un reptile par habitant* by Zeka Laplaine, *Run* by Philippe Lacôste, *Des étoiles* by Dyana Gaye, *Rapt à Bamako* by Cheick Oumar Sissoko, and *Roger Milla, les 4 vies d'une légende* by Jean Patoudem. In 2012, Canal+ Africa contributed to the distribution and development of African cinema by broadcasting 11 African films on its channel and for several years has supported three major festivals: the pan-African film festival of Ouagadougou (FESPACO), the *Festival Ecrans Noirs* and the *Festival Clap Ivoire*.

Number of first films financed by Canal+

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

	2012
Canal+ Group	**25**

Note: Subject to finalized consolidated figures to be published in CNC's Annual Report in spring 2013.

Canal+ Group pays particular attention to discovering talent and supporting young filmmakers. In 2012, the Canal+ channel pre-purchased 25 French-initiative first films.

Moreover, apart from the talent identification program, *Repérages*, the channel develops specific programs to identify new talent:

* the "*Écrire pour*" collection is an annual call for projects from young filmmakers and producers who are given the opportunity to make a short film with a professional cast. Short films are broadcast live, at the Clermont Ferrand festival and at the Cannes International Critics' Week;
* the "*La Nouvelle Trilogie*" is a call for projects attracting over 600 applications, with the three best going into production. The aim is to give young authors and filmmakers the opportunity of creating their first series (3 x 26minutes) or film (90 minutes) for television;
* the "*Laboratoire d'images*" is developed in association with 3D graphics schools; and
* the magazine "*L'Œil de Links*" showcases web talents.

Filmmakers whose films were produced or coproduced by StudioCanal during the year (by citizenship)

GRI	UNGC	OECD
MSS M3	1, 2	II, IV

StudioCanal, a wholly-owned subsidiary of the Canal+ Group, plays a central role in nurturing this diversity with a rigorous policy in terms of production, distribution and optimizing the cinematographic heritage. StudioCanal, which now comprises the French entity as well as its British (Optimum Releasing) and German (Kinowelt) subsidiaries, has established itself as a leading European player in the coproduction, acquisition and distribution of films. In 2012, nearly 2,600 cinematographic works were exploited by StudioCanal in at least one of these three countries and approximately 1,000 titles in other countries. StudioCanal is now also present in Australia and New Zealand following to the acquisition of Hoyts.

In 2012, StudioCanal produced 17 full-length films from filmmakers of seven different nationalities:

* French (*Boule & Bill* by Alexandre Charlot and Franck Magnier, *L'écume des jours* by Michel Gondry, *Hotel Normandy* by Charles Nemes, *Nenette* by Josiane Balasko, *Le grand départ* by Nicolas Mercier, *Max le millionnaire* by Nicolas Cuche, and *Casse tête chinois* by Cédric Klapisch);
* British (*Paddington* by Paul King, *I Give It a Year* by Dan Mazer, *In Fear* by Jeremy Lovering);
* Belgian (*Thunder & the Enchanted House* by Ben Stassen, *African Safari* 3D by Ben Stassen);
* Spanish (*Mindscape* by Jorge Dorado, *Non-Stop* by Jaume Collet Serra);
* Iranian (*Two Faces of January* by Hossein Amini);
* Canadian (*Last Exorcism 2* by Ed Gass-Donelly); and
* American (*Inside Llewyn Davis* by the Coen brothers).

2.2.5.3. KNOWLEDGE SHARING

In 2003, knowledge sharing was identified by Vivendi as a third strategic issue within its scope of responsibility (please refer to Section 1.1.1. of this chapter). The Group's shared issue include being demanding about the quality of content, promoting pluralism and facilitating access to information and communication technologies.

2.2.5.3.1. PLURALISM OF CONTENT

Respect for freedom of expression is inscribed in Vivendi's Data and Content Protection Charter. With approximately 94 million subscriptions worldwide, the Group pays particular attention to pluralism, quality of content and clarity of processing information.

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

With the production of its documentaries, the broadcasting of its continuous information channel i>Télé and all the international channels comprising the Canal+ Overseas range, Canal+ Group is a key player in the Pay-TV landscape. It, therefore, plays a major role in energizing the critical thinking of its public.

Existence of a formal commitment in favor of pluralism of content

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

	2012
Canal+ Group	**Yes**

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

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

2.2.5.3.2. FACILITATING ACCESSIBILITY OF OFFERS, PRODUCTS, AND CONTENT

Vivendi aims to facilitate access to information and communication technologies so that the most isolated audiences, whether as a result of living in remote areas (please refer to Section 2.2.1.2. of this chapter), their age or their financial situation, can have their share of the benefits of the digital revolution. One of the constant concerns of the Group's subsidiaries is to combat the digital divide by developing specific offerings and services.

Initiatives in favor or accessibility of offers, products and services

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

* Canal+ Group channels have two systems to enable everyone to have access to content: subtitles for those who are deaf or hearing impaired (100% of programs on Canal+) and audio-description for those who are blind or visually impaired.
* In March 2012, SFR won the Disability Matters Award, in the "Market Place" category for the adaptation of its customer service to those who are deaf or hearing impaired, which has been established in partnership with DEAFI, a specialist in adapted customer relations. The consultants, who are themselves often deaf or hearing impaired, have had certified government-approved training in the new profession of video-consultancy. For over a year, three video-consultants have been serving SFR customers who are deaf or hearing impaired. The service is accessible by webcam in French sign language and by chat. This innovative customer service is a pioneer in France and has already dealt with more than 5,000 requests. With the aim of continuous advancement, the service offered to SFR customers with a mobile offer will gradually extend to the operator's entire range. The recruitment and training of new video-consultants will enable the service to be rolled out to ADSL activities at the beginning of 2013.
* Maroc Telecom and its subsidiaries are focusing all their capacities for innovation on continually enhancing their range of products and services. The aim is to enable populations to cross cost barriers and facilitate their access to telephony and the Internet. For example, Maroc Telecom has promoted the marketing of its offering to students, *Injaz*. In 2012, 4,742 students were equipped with computers and given broadband access thanks to the operator and a subsidy from the telecom universal service body (*Fonds de Service Universel des Télécommunications* – FSUT). In addition, Onatel offers its new customers a bonus on their first recharge and free calls within the network for three months, as well as lower text messaging fees. The COLMI offering from Gabon Télécom for disadvantaged people and students allows them to send up to five free text messages per day.

SECTION 3 SOCIAL INFORMATION

3.1. KEY MESSAGES

3.1.1. An Ambitious Employee Share-ownership Plan

Vivendi is committed to ensuring that employees' contributions are rewarded and distributed equitably. Consequently, the Group has implemented a profit-sharing policy that exceeds legal requirements and strongly encourages employee share ownership. In 2012, the policy initiated in 2008 with the creation of the Opus program was expanded, this program supplements the traditional annual share-ownership plan reserved for employees of the Group's French companies.

3.1.1.1. DEVELOPMENT OF EMPLOYEE SAVINGS PLANS IN FRANCE

In 2011, employee share ownership and savings increased through the high contributions made by the Group's French companies under the various participatory compensation plans (statutory profit sharing, optional profit sharing and the employer's contribution): a significant share of these employee savings continued to be allocated to employee shareholdings and, simultaneously, employees continued to diversify their savings using various investment options offered to them under the Vivendi Group Savings Plan (*Plan d'épargne groupe,* or PEG) and investment options under their relevant company agreements.

In 2012, employees of the Group's French companies received a net amount of €110.3 million under the optional profit sharing plans (*intéressement*), statutory profit sharing plans (*participation*) and the contributions made by employers to the Group's savings plan (PEG). This amount corresponds to a gross expenditure of €129.2 million, up 3.3% compared with the previous record level in 2011. The total amount of new employee savings came to €79.3 million, which breaks down as follows: €57.9 million invested in various funds of the PEG and €21.4 million assigned by employees to various Group savings plans sponsored by their respective business unit (including €11.6 million to SFR's pension savings).

3.1.1.2. SHARE CAPITAL INCREASE RESERVED FOR EMPLOYEES

Pursuant to the authorizations granted by the Shareholders' Meeting held on April 21, 2011, the annual share capital increase reserved for employees of the Group's companies under the Group savings plan was decided by the Management Board on May 10, 2012 and approved on July 19, 2012. For the fifth year running, the capital increase involved the simultaneous launch of a traditional employee share offerings and a French and international leveraged plan, Opus 12. The renewal of these offerings enabled Group employees to cross the ownership threshold of 3% of the share capital of the company for the first time, allowing them to designate an employee shareholders' representative to Vivendi's Supervisory Board from 2013, following an election open to employee shareholders in all the countries concerned.

As in previous years, the guaranteed capital feature of Opus 12 has been supplemented by an accumulated minimum return guarantee, whose annual return increased from 2.5% to 4%. Opus 12 was open to employees in the Group's main operating countries (France, the United States, Brazil, Morocco, the United Kingdom, Germany and the Netherlands). 80% of the Group's employees were eligible to participate in the Opus 12 program.

Despite widespread economic and stock market uncertainties, the transaction as a whole was highly successful: altogether, 12.3 million shares were subscribed, a number which exceeded the record volume in 2011 by 31%. The amount subscribed decreased slightly compared to 2011 (€127 million in 2012, compared with €143 million in 2011), as did the overall number of subscribers (9,461 participating employees compared with 10,861 in 2011). The total subscription, detailed as follows, is the second biggest ever:

* subscription to Opus 12 (€93 million for 10.2 million shares subscribed), a number very similar to that of Opus 11 (€97 million for 7.5 million shares subscribed); and
* subscription to the traditional share capital increase (€21.7 million in 2012, compared with €28.5 million in 2011) resulted in the subscription of 2.1 million shares, which was 14% higher than in 2011.

In 2012, the number of new shares subscribed by employees represented, in aggregate, 0.95% of Vivendi's share capital, compared with 0.75% in 2011. Following completion of the reserved capital increase in July 2012, the Group's employees together held a total of 3.38% of Vivendi share capital, compared with 2.68% in 2011.

On December 11, 2012, taking into consideration the confirmed success of the Opus program, Vivendi's Management Board resolved to renew the program in 2013 in the form of an employee share capital offering.

3.1.1.3. GRANT OF 50 BONUS SHARES TO ALL EMPLOYEES IN FRANCE

On July 16, 2012, Vivendi's Management Board resolved to grant 50 bonus shares to all employees of Vivendi's head office and French subsidiaries. This program is a perfect illustration of the Group's policy of sharing its profits and strengthening social dialogue. The grant followed a collective bargaining agreement signed with the social partners on July 6, 2012, defining the general structure of the agreement and its uniform deployment. To be eligible, employees must be part of the Group at the time the shares are finally granted, i.e., two years after their distribution. This grant of bonus shares comes under the prevailing regulations, especially the law of December 3, 2008 on earnings from employment. It was approved by the Shareholders' Meeting of April 21, 2011 and the Supervisory Board on December 14, 2011. 14,574 employees were beneficiaries of this grant, which reflects the confidence of the Supervisory Board and the Management Board in the Group's strength and its prospects for growth, and at the same time recognizes the part played by employees in creating value.

3.1.2. Ongoing Constructive Dialogue

AT THE GROUP LEVEL

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

In 2012, Vivendi was even more determined to increase the involvement of the Group's social partners through discussions on strategy, the employee shareholding policy and ensuring better alignment of the governing bodies with the Group's geographic presence:

* in addition to the annual plenary meetings of the Group's governing bodies, two Extraordinary Meetings of extended executive committees were held with the Chairman of the Management Board, to enable the social partners to be informed of Vivendi's strategic directions;
* for the first time, an agreement to grant 50 bonus shares was entered into with Vivendi S.A.'s trade union organizations in conjunction with the Corporate Works Committee; and
* efforts were pursued to make the social representation bodies more harmonious with Vivendi's international dimension.

The two-day joint annual training session for the Corporate Works Committee and the ESDC enabled their representatives to learn more about the Group's strategy with respect to corporate social responsibility (CSR) and Vivendi's business more generally. In 2012, the themes included "e-ticketing", "SVOD" (Subscription Video-on-Demand) and "funding for young innovative companies". The training session was also an opportunity to present Program I3, which is designed to recognize Group talents and projects.

AT BUSINESS LINE LEVEL

Social dialogue also takes the form of signing major agreements within the Group's main subsidiaries. In 2012, the signature of an agreement on employment of people with disabilities at SFR and a forward-looking jobs and skills management agreement at Canal+ Group are particularly worthy of mention. Sensitive subjects related to the development of companies, like telecommuting and well-being at work, have also been included on the agenda for discussion and negotiation.

3.1.3. Employees Support Program in Line with Group Developments

Vivendi does its utmost to communicate with its employees and support their career development. The Group's human resources policy is designed to attract, motivate and retain talents to respond better to its challenges as a major organization. Vivendi's employees need to be able to express their aspirations to be motivated and encouraged to engage with the Group. Vivendi can only do this in partnership with the employees themselves as they are the prime drivers of their own professional development. Employees can work with their own line manager and HR teams to build a career plan. Each Group business segment provides its employees with resources to create the most favorable possible conditions for advancement.

THE RESOURCES IN PLACE

* Support from HR teams and management:
  - to be proactive in a career means having a career plan. Employees build their own plan by drawing up a professional profile, based on their potential and recognizing what motivates them. The HR teams are there to provide tools (e.g., CV workshops and interview practice), offer advice, describe and explain the company's business segments and the possibilities for career development and mobility according to the employee's profile and ambitions;
  - the HR teams are also there to support the managers in their role as coach and mentor to their teams.
* Understanding the Group's business segments:
  - the Vivendi subsidiaries offer their employees various mechanisms to enable them to learn more about the Group and its business segments. Direct experience case studies are available on their Intranets (e.g., "Changing your job?" and "What's my job?").
* Internal mobility:
  - for employees, internal mobility is an opportunity to enrich their professional experience and acquire new skills;
  - for the Group, internal mobility is also beneficial as it is important to develop employees' talents to keep the teams motivated and skilled, so they are prepared to embrace changes in the Group's businesses;
  - promoting mobility is also the responsibility of managers, who are encouraged to become mentors in their employees' career development;
  - the role of human resources is to facilitate the processes of mobility and career development. A broad span of HR processes involving management and HR teams at all levels is a guarantee of the system's transparency;
  - at the Group's level, an Internal Mobility Charter has been in existence for over 15 years. The centralizing tool for job offers in the Group's French companies that are open to mobility has been overhauled. Similar systems are also in place within each subsidiary.

In June 2012, under the HR management policy in relation to economic restructurings, a generous and responsible voluntary redundancy plan was offered to employees of Maroc Telecom to hasten staff renewal to support the development of new digital activities.

In November 2012, SFR informed its social partners of an in-depth reorganization to adapt its positioning and strategy as a telecoms operator to that of a digital operator while maintaining its position as a leading global player after the introduction of low-price offers. SFR is determined to ensure that the rollout of this project will not undermine the quality of its commitment to employees. An internal mobility plan and a voluntary redundancy scheme (VRS) will therefore be implemented responsibly and in collaboration with the social partners, in accordance with company values. In December 2012, the information-consultation on the reorganization, the internal mobility plan and the voluntary redundancy plan for up to 856 jobs began and will continue in the first quarter of 2013. The result of the collaboration on the content and terms of the VRS will only be announced at the end of this period.

WORKFORCE PLANNING

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

TRAINING

At Vivendi, training is an essential component of HR policy. Training is offered in all countries in which the Group has subsidiaries and is delivered in innovative formats that meet current norms. Training programs are at the heart of the human capital development policy defined by the Group's or subsidiary's strategy.

For the Group, training and skills development priorities cover:

* at an individual level: the three aspects of an employee's human capital which are personal development, business skills and knowledge of the company; and
* at a collective level: the main training programs, which may be implemented in relation to the subsidiary's strategy and to an assessment of the needs for training.

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

3.2. SOCIAL INDICATORS

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

The heading "Corporate" in the tables below refers to Vivendi's corporate headquarters in Paris and the New York office, unless otherwise specified. The heading "Headquarters" refers to the corporate headquarters in Paris. The heading "Other" refers to Vivendi Mobile Entertainment, Wengo, Digitick, See Tickets Ltd and, from 2012, Infoconcert, Jurytravail and Watchever. In accordance with the societal, social and environmental data Reporting Protocol for Vivendi Group companies, only the companies in the reporting scope during the year appear in the tables on headcount. In 2012, these were: Activision Korea, Activision Brazil and Activision Blizzard Argentina for Activision Blizzard; Canal+ Gabon, Canal+ Democratic Republic of the Congo and the ESU (single employer) Direct Médias for Canal+ Group; Infoconcert (Digitick), Watchever (VME) and Jurytravail (Wengo) for the heading "Other".

The heading "Maroc Telecom group" comprises Maroc Telecom and its African subsidiaries. Unless otherwise stated, the data for Activision Blizzard are those for Activision Blizzard worldwide.

3.2.1. Employment

3.2.1.1. HEADCOUNT BY ACTIVITY

As of December 31, 2012, the Group employed a total workforce of 58,050, compared to 58,318 as of December 31, 2011. In 2012, the continued growth of the workforce of GVT and Canal+ Group offset reductions mainly at Maroc Telecom and Activision Blizzard.

Headcount as of December 31, 2012		
GRI	UNGC	OECD
LA1	-	V

	2012	2011
Consolidated data	**58,050**	58,318
C+G	5,228	
UMG	6,422	
AB	7,061	
SFR	9,990	
MTG	12,130	
GVT	16,296	
Corporate	253	
Other	670	

3.2.1.2. BREAKDOWN OF EMPLOYEES BY GENDER, AGE AND GEOGRAPHIC REGION

HEADCOUNT BY GENDER

In 2012, the percentage of women in the Vivendi Group remained stable at 35% (compared to 34% in 2011). For gender parity, Vivendi is ranked in twelfth place of CAC 40[(1)] companies.

* Canal+ Group has maintained an excellent level of gender parity among its employees for several years.
* Conversely, at GVT, the percentage of men has risen sharply due to the hiring in 2011 and 2012 of a high number of installation technicians, which tends to be a male-dominated occupation.

(1) Source: Ranking Challenge, October 13, 2011.

Headcount by gender (%)		
GRI	UNGC	OECD
LA1, LA13	6	V

Consolidated data	2012	2011
Women	**35%**	34%
Men	**65%**	66%

	Women	Men
C+G	51%	49%
UMG	47%	53%
AB	21%	79%
SFR	41%	59%
MTG	24%	76%
GVT	36%	64%
Corporate	56%	44%
Other	44%	56%

HEADCOUNT BY AGE

Headcount by age (%)		
GRI	UNGC	OECD
LA1, LA13	6	V

Consolidated data	2012	2011
Under 25	**9%**	10%*
25-54 years old	**86%**	86%*
55 and over	**5%**	4%*

	Under 25	25-54 years old	55 and over
C+G	7%	89%	4%
UMG	5%	88%	7%
AB	4%	88%	8%
SFR	5%	91%	4%
MTG	1%	90%	9%
GVT	22%	77%	1%
Corporate	4%	78%	18%
Other	15%	84%	1%

* *Activision Blizzard France only.*

NB: There has been a change in the age brackets in 2012: "25-54 years old" and "55 and over", compared to the previous age brackets of "25-55 years old" and "over 55".

HEADCOUNT BY GEOGRAPHIC REGION

The table hereafter shows the Group headcount by geographic region at December 31 of each year. The heading "France" covers the staff of companies in metropolitan France and the overseas departments and territories.

Workforce by geographic region		
GRI	UNGC	OECD
LA1	-	V

	2012	2011
Consolidated data	**58,050**	58,318

France	15,870 (27.0%)
North America	6,902 (12.0%)
Central & South America	16,632 (28.5%)
Asia Pacific	1,606 (3.0%)
Africa	12,577 (21.5%)
Europe (excluding France)	4,463 (8.0%)

3.2.1.3. NEW HIRES AND DEPARTURES

NEW HIRES IN THE GROUP

Vivendi has a strong base in the United States where the calculation of new hires and trainees is markedly different from that in France and other European countries. In the United States, summer jobs held by students and temporary positions are considered to fall within the same category as new hires. To take this into account, the table below counts new hires of all kinds, irrespective of the period of employment. In 2012, the total number of new hires, which increased sharply in 2011, was maintained due to strong internal growth at GVT. Vivendi's businesses continue to be very attractive.

New hires in the Group		
GRI	UNGC	OECD
LA1, LA2	-	V

	2012	2011
Consolidated data	**12,458**	16,617

C+G	1,040
UMG	1,120
AB	1,710
SFR	1,013
MTG	96
GVT	7,204
Corporate	35
Other	240

TEMPORARY AND PERMANENT NEW HIRES

Temporary and permanent new hires		
GRI	UNGC	OECD
LA1, LA2	-	V

	2012	2011
Consolidated data	**10,781**	14,853
Permanent hirings	8,948	12,871
Temporary hirings	1,833	1,982

		Permanent hirings	Temporary hirings
C+G	**1,040**	339	701
UMG	**1,120**	703	417
AB	**33**	31	2
SFR	**1,013**	370	643
MTG	**96**	92	4
GVT	**7,204**	7,204	0
Corporate	**35**	16	19
Other	**240**	193	47

Excluding AB employees, other than employees of Blizzard France.

Outside France, permanent hirings apply to persons continuously employed within the company for 18 months or more; employees with less than 18 month's continuous employment are considered to be temporary hirings.

NEW HIRES IN FRANCE

This indicator covers entities of the Group in metropolitan France and the overseas departments and territories. In the table below, the new hire rate under permanent hirings is calculated as the ratio of the number of new hires under permanent hirings to the total number of hires in each business.

New Hires in France		
GRI	UNGC	OECD
LA1, LA2	-	V

	2012	2011
Consolidated data	**2,074**	2,592
Permanent hirings	702 (34%)	1,037 (40%)

		Permanent hirings
C+G	**764**	157 (21%)
UMG	**105**	51 (49%)
AB	**33**	31 (94%)
SFR	**1,013**	370 (37%)
Headquarters	**34**	15 (44%)
Other	**125**	78 (62%)

In contrast to the two previous tables, the table above shows the data corresponding to French law: the number of new hires on fixed-term contracts is equal to the difference between the number of permanent hirings and the total number of new hires. In the French companies, the average proportion of new permanent hirings was 34% in 2012, compared with 40% in 2011.

HEADCOUNT REDUCTIONS

Layoffs and departures from the Group		
GRI	UNGC	OECD
LA1, LA2	-	V

	2012	2011
Consolidated data	**13,028**	10,548

C+G	909
UMG	1,140
AB	2,390
SFR	1,062
MTG	1,772
GVT	5,457
Corporate	33
Other	265

The data in the table above covers all departures from Group companies, irrespective of the reason. It can be compared with the table covering all the new hires. In 2012, the increase in the number of departures is mainly due to two factors:

* the voluntary redundancy plan at Maroc Telecom; and
* a difficult employment market in Brazil, where GVT has experienced heavy turnover of employees.

Other than AB, with the exception of Blizzard France, the number of redundancies for economic reasons and individual layoffs is 3,263, 90% of which were outside France and 10% in France.

3.2.1.4. COMPENSATION

PAYROLL

Payroll (€ millions)		
GRI	UNGC	OECD
LA14	-	V

	2012	2011
Consolidated data	**3,014**	2,839

PERSONNEL COSTS

Compensation and benefits paid by the Vivendi Group during the last two fiscal years were as follows:

Payroll costs (€ millions)		
GRI	UNGC	OECD
EC1	-	V

	2012	2011
Consolidated data	3,532	3,305

OPTIONAL AND STATUTORY PROFIT SHARING (FRANCE)

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

Optional and statutory profit sharing in France (€ millions)		
GRI	UNGC	OECD
-	-	V

Consolidated data	2012	2011
Optional profit sharing	60.7	52.5
Statutory profit sharing	46.6	75.3

In 2011, the statutory profit sharing total was particularly high due to exceptional items.

3.2.2. Organization of Work

3.2.2.1. ORGANIZATION OF WORK TIME

PART-TIME EMPLOYMENT

Part-time employees (%)		
GRI	UNGC	OECD
LA1	-	V

	2012	2011
Consolidated data	2.99%	2.98%

The Vivendi Group uses part-time employment on an infrequent basis.

FULL-TIME AND PART-TIME EMPLOYEES

Full-time and part-time employees		
GRI	UNGC	OECD
LA1	-	V

Consolidated data	2012	2011
Full-time employees	56,314	56,580
Part-time employees	1,736	1,738

	Full-time	Part-time
C+G	4,775	453
UMG	6,197	225
AB	7,022	39
SFR	9,194	796
MTG	12,130	-
GVT	16,265	31
Corporate	242	11
Other	489	181

AVERAGE WEEKLY DURATION, FULL-TIME

The total hours per week for full-time employees are determined using the most prevalent working time in the company.

Average weekly duration (hours)		
GRI	UNGC	OECD
-	-	V

	2012	2011
Consolidated data	38.4	38.1

The figure represents the average weighted working hours per week within the Group. Working time differs according to countries and companies. In France and the overseas departments and territories, the Group applies the law on the 35-hour work week. In 2011 and 2012, the increase in the average work time is due to the increasing share of GVT in the Group's workforce and the inclusion, for the first time, of Activision Blizzard in this indicator. The average work time per week is 40 hours for GVT and 39 hours for Activision Blizzard.

AVERAGE YEARLY DURATION, FULL-TIME

Average yearly duration (hours)		
GRI	UNGC	OECD
-	-	V

	2012	2011
Consolidated data	**1,755**	1,753

Excluding AB employees, other than employees of Blizzard France.

The table above shows the weighted average annual time worked by employees. As for working hours per week, the increase in the annual hours worked is mainly due to the increasing share of GVT in the Group's workforce.

METHODS OF WORK ORGANIZATION

Work organization practices remain stable both in terms of the length of time worked and the proportion of employees working part time. Changes in the way work is organized are driven by the need to reconcile the demands of Vivendi's clients and the seasonality of activities, as well as the necessary balance between the private and professional life of employees. New working arrangements, such as telecommuting and flexible working hours, are becoming current within the Group.

- On September 12, 2012, a three-year agreement on telecommuting was entered into between Canal+ Group and three representative trade union organizations. This agreement is particularly aimed at facilitating the organization of work for employees so they can work regularly from home.
- Universal Music encourages telecommuting and flexible working hours, without necessarily engaging in collective agreements, given its geographic diversity.
- For some entities, the organization of work is aligned to market rules: Blizzard has set up a work organization by timeslots, including teams working nights and Sundays, especially tailored to *World of Warcraft®*. Similarly, Digitick needs to employ staff on an on-call basis and at staggered work times to adapt to special events (festivals, shows and sports events) that are at the heart of its activity.
- Based on a pilot plan carried out in 2011, SFR is intending to formalize the signing of an agreement on remote working, currently under negotiation. Following the incorporation of Neuf Assistance and Neuf Center within SFR, SFR (which is an "ESU" or single employer) has signed an agreement on the organization and arrangement of work time in Customer Service. The aim of this agreement is to harmonize the work organization hitherto derived from different agreements and to help towards establishing a better balance between private and professional life.

3.2.2.2. ABSENTEEISM

ABSENTEEISM BY REASON

Absenteeism is defined as working days not worked, excluding paid leave, training courses, trade union absences, exceptional and standard leave and days of reduction in working time. Contract suspensions are not counted in the table below. However, all sick leaves, including long-term disability leaves, have been included.

Days of absence are broken down by reason: illness, family reasons and workplace accidents (including commuting accidents in countries where this concept is recognized).

The category of absence "for other reasons" recognizes reasons that differ according to cultural differences within Group companies. In particular, it covers absences for personal reasons, unpaid vacation and unpaid leave, layoffs, unauthorized or unjustified absence (paid or not), absence due to a child's illness or a family event (excluding maternity, paternity and adoption leave), and absence for pilgrimages or examinations. The number of absences for "other reasons" in the Group is also linked to annual cultural events in the countries in which Vivendi is established.

Absenteeism by reason (average days/employee)		
GRI	UNGC	OECD
LA7	-	V

Consolidated data	2012	2011
Illness	**4.18**	4.09
Family reasons	**2.08**	1.89
Accident	**0.36**	0.32
Other reasons	(a) **1.36**	0.81

Excluding AB employees, other than employees of Blizzard France.

(a) Excluding GVT (specific reasons related to local work organization), Group average absenteeism would be 0.47 in 2011 and 0.45 in 2012.

Calculation method: absenteeism rate corresponds to the number of days of absence divided by the average annual headcount.

3.2.3. Social Relations

3.2.3.1. ORGANIZATION OF SOCIAL DIALOGUE

Social dialogue takes place at all levels of the Group. The Corporate Works Committee and the European Social Dialogue Committee (ESDC) enable broad-ranging information and discussions on the economic strategy and main policy objectives of Vivendi's human resources policy (please refer to Section 3.1.2. of this chapter).

Within the subsidiaries, dialogue and social discussion are organized in line with the employment laws and regulations for each country and according to the policy orientations of human resources for each business line.

3.2.3.2. COLLECTIVE BARGAINING AGREEMENTS

In 2012, there was considerable activity in relation to collective bargaining agreements in the Group's French companies: 38 agreements or amendments were signed or renewed, of which two significant agreements should be highlighted: the job-planning agreement of Canal+ Group and the new agreement on the accommodation of disabled employees at SFR.

On May 24, 2012, the job-planning agreement was signed at Canal+ Group, for the next three years, to maintain and develop the jobs of permanent employees of Canal+ (an ESU or single employer), on the one hand, and to help develop their skills, on the other. This agreement has four objectives:

* anticipate changes in jobs and skills: list of typical jobs, business line observatory and facilitate bridges between businesses;
* reinforce the role of managers and employees in skills development;
* support the professional mobility process: career consulting for everyone, career development consulting for employees in sensitive or particularly demanding business lines and career appraisal for employees over 50 years of age; and
* strengthen training to promote skills development.

On April 24, 2012, SFR entered into a new agreement on the insertion of disabled employees. It is the fourth agreement of this type signed with SFR's social partners and covers the period 2012-2014 while incorporating the various instruments implemented in previous agreements. It has also set an ambitious quantitative objective: to reach, by the end of 2014, a 4% employment rate with respect to disabled employees, of which half would be hired by SFR and the other half would be hired by sheltered sector companies working in partnership with SFR.

COLLECTIVE BARGAINING AGREEMENTS SIGNED IN FRANCE

Total formal collective bargaining agreements signed or renewed		
GRI	UNGC	OECD
LA4	3	V.8

	2012	2011
Consolidated data	**38**	30
C+G	14	
UMG	4	
AB	2	
SFR	12	
Corporate	5	
Other	1	

The scope used in the table above (France) is an area for which the Group has exhaustive reporting. In numerous countries abroad, the concept of collective bargaining differs from what is defined in France.

3.2.4. Occupational Health and Safety

3.2.4.1. HEALTH AND SAFETY CONDITIONS AT WORK

All companies in the Group are concerned by health and safety at work. The issues involved are defined by each business segment. All entities have put preventive measures in place, e.g., procedures in the event of fire or other disasters; training employees in these procedures; teams specifically trained and in charge of safety.

The identification of occupational health risks and their prevention takes place in several phases: identification and assessment of professional risks relating to the activity; assessment of the level of risk control; identification of individual and collective prevention measures to eliminate or reduce each risk; definition of Occupational Health & Safety management programs to control residual risks, or training programs and audit procedures.

Ad hoc committees (the CHSCT for French entities) address these issues and publish related documents (e.g., Single Document for the assessment of occupational risks for the French entities).

In particular, the objectives of these committees include:

* improving the ergonomics of work stations, especially for people working with computer monitors or at warehouses, and putting in place diagnostics to minimize discomfort at work;
* participating in and monitoring the development of a conflict and stress prevention plan;
* measuring radiation from extremely low frequencies (GSM aerials, 3G, cell phones and Wi-Fi), verifying legal limits, identifying the associated risks and promoting best practice;

* monitoring the implementation of action plans in the event of serious incidents (including fire, attack or breach of security and natural disasters);
* promoting best practice with matters of business travel and analyzing the cause of accidents;
* managing and updating the document detailing the risks and prevention plans;
* supervising the safety of premises and preventing illness; and
* providing transport for employees to their working place if public transportation is not available.

Vivendi continues to implement preventative measures in relation to stress management and psychosocial risks and support teams are available to all employees. The programs are specific to each entity and cover local manager training, the establishment of a toll-free number for employees and information to elected employee representatives (IRPs) by a specialist physician. These services are independent of the company, anonymous, confidential and free.

Some of these prevention and training actions are described below:

* Canal+ Group's CHSCT has used the services of an expert to examine the modernization of the technical infrastructure and dedicated units in the customer relations centers;
* Blizzard France has improved the ergonomics of its workstations: including funding high quality equipment adapted to different physical conditions of employees and studies on ergonomics. The company is also committed to the prevention of psychosocial risks, specifically by providing a helpline and counseling service for employees, managed by an external company;
* Maroc Telecom has a consultant physician for occupational health. In each regional management office, a social support officer is present to support and accompany employees. Field surveys are conducted to find out the concerns of employees and their aspirations for health and safety in the company (e.g., anti-smoking programs to help smokers who want to quit). Casanet has a mobile consultation room for emergency medical support in the event of ill-health or a workplace accident (first aid and medical consultations); and
* GVT has created a medical center at its premises to provide care for employees.

EMPLOYEES TRAINED IN HEALTH AND SAFETY

Number of employees trained in health and safety		
GRI	UNGC	OECD
LA8	-	II.A.4, V.4.c, VI.7

	2012	2011
Consolidated data	8,294	10,860
C+G	95	
UMG	480	
AB	30	
SFR	2,542	
MTG	95	
GVT	5,003	
Corporate	34	
Other	15	

Excluding AB employees, other than employees of Blizzard France.

In 2012, the decrease in the number of employees trained in health and safety is the result of a change of method. In 2011, the number of employees at each training session was counted, meaning that if an employee had taken part in several different sessions he or she would be counted multiple times. From 2012, the indicator reflects the number of employees who took part in one or more health and safety training sessions.

NUMBER OF COMMITTEES DEVOTED TO THE CONTROL OF HEALTH AND SAFETY

Vivendi has established various committees and organizations involving professionals and staff representatives. They are dedicated to studying occupational health and safety issues, in strict compliance with local legislation in each country in which the Group is present. This indicator shows the number of such committees.

Number of health and safety committees		
GRI	UNGC	OECD
LA6	-	II.A.4, V.4.c, VI.7

	2012	2011
Consolidated data	264	94
C+G	10	
UMG	26	
AB	1	
SFR	19	
MTG	17	
GVT	185	
Corporate	1	
Other	5	

Excluding AB employees, other than employees of Blizzard France.

The increase in the number of occupational health and safety committees is due mainly to the creation of a number of committees at GVT, following the entry into force in Brazil of a regulation requiring such committees to be set up in all operating entities with over 50 employees. New entrants to the Group (the e-ticketing subsidiaries Digitick and See Tickets) have also contributed to this increased number.

3.2.4.2. COLLECTIVE AGREEMENTS ON OCCUPATIONAL HEALTH AND SAFETY AND WORKING CONDITIONS

IN FRANCE

Collective agreements on health and safety in France

GRI	UNGC	OECD
LA9	-	V.4.c

	2012	2011
Consolidated data	**7**	10
C+G	2	
UMG	2	
AB	1	
SFR	2	
Corporate	-	
Other	-	

3.2.4.3. WORKPLACE ACCIDENTS AND OCCUPATIONAL DISEASES

FREQUENCY RATE OF WORKPLACE ACCIDENTS (WITH WORKDAYS LOST)

In 2012, despite a slight increase, workplace accidents at Vivendi remain historically moderate. The increase is due to an overall increase in the number of telephony operations staff at GVT, where the business lines are exposed to greater risks. In the smaller structures, a slight difference in absolute data could lead to a considerable change in relative values.

Frequency rate of workplace accidents (with workdays lost)

GRI	UNGC	OECD
LA7	-	V

	2012	2011
Consolidated data	**3.68**	2.94
C+G	3.62	
UMG	2.04	
AB	-	
SFR	2.22	
MTG	2.86	
GVT	6.07	
Corporate	-	
Other	4.76	

Excluding AB employees, other than employees of Blizzard France.

Calculation method:

$$\frac{\text{Number of workplace accidents resulting in lost work time x 1,000,000}}{\text{Average annual headcount x annual hours worked (estimated at 1,750 for the Group)}}$$

SEVERITY RATE OF WORKPLACE ACCIDENTS (WITH WORKDAYS LOST)

In 2012, the severity rate of workplace accidents (with lost work time) in the Group increased slightly, compared to 2011. In 2012, this figure is also explained by a significant deployment of operating teams on the ground at GVT. Similarly, in the smaller structures, a slight difference in absolute data could lead to a considerable change in relative values.

Severity rate of workplace accidents (with workdays lost)

GRI	UNGC	OECD
LA7	-	V

	2012	2011
Consolidated data	**0.14**	0.10

C+G	0.14
UMG	0.04
AB	-
SFR	0.04
MTG	0.12
GVT	0.27
Corporate	0.02
Other	-

Excluding AB employees, other than employees of Blizzard France.

Calculation method: $\frac{\text{Number of days lost due to workplace accidents x 1,000}}{\text{Average annual headcount x annual hours worked (estimated at 1,750 for the Group)}}$

OCCUPATIONAL DISEASES

For France, occupational disease means an illness officially declared and recognized by Social Security. In other countries, occupational disease is defined by local law or, if none, by the ILO[(1)].

Occupational diseases

GRI	UNGC	OECD
LA7	-	V

	2012	2011
Consolidated data	(a) **19**	10

Excluding AB employees, other than employees of Blizzard France.

(a) The Group's businesses have little exposure to occupational diseases, however, Brazilian law defines this concept broadly, which is why it accounts for the bulk (95%) of this figure.

(1) A full list of these illnesses can be found on the ILO's website.

3.2.5. Training

3.2.5.1. JOB TRAINING POLICIES

For several years, Vivendi has been developing a customized training program in partnership with INSEAD, aimed at its future leaders. The objective of this program is to adapt the management of the Group's companies to a more complex world, and to explore and draw on them, new approaches to innovation by initiating talks with US and Asian small companies and big groups, whose activities relate to those of Vivendi.

Each of the Group's main subsidiaries operates a professional training policy to meet the requirements of its business lines and their rapid development.

* Canal+ Group has an in-house university called CAMPUS + and supports the development of its employees according to three priorities: disseminating a common culture, strengthening skills and sharing managerial practices;
* SFR has a rich training program offering over 220 modules, designed with innovative and individualized instructions. The company is also creating a network of internal trainers and coaches;
* Maroc Telecom has two training centers and 12 dedicated trainers. Specific efforts have been undertaken in customer relations at customer service centers and sales agencies; and
* At GVT, training is dispensed in modules, on site or remotely, using e-learning methods. It covers three main areas: job skills, skills improvement, and personal development programs.

3.2.5.2. TRAINING DURATION

Total number of training hours		
GRI	UNGC	OECD
LA10	-	II.A.4

	2012	2011
Consolidated data	**2,008,099**	1,678,943

C+G	74,371
UMG	93,561
AB	10,030
SFR	297,655
MTG	334,072
GVT	1,193,245
Corporate	1,816
Other	3,349

Excluding AB employees, other than employees of Blizzard France.

In 2012, the number of hours of training given to employees increased significantly (+20% compared with 2011) demonstrating an increased investment in human capital. In particular, the number of hours of training dispensed to employees of UMG more than tripled, compared to 2011.

NUMBER OF EMPLOYEES WHO RECEIVED TRAINING

The table below lists the number of employees who received at least one training session in the year. Even if an employee received more than one training session, the employee is only counted once.

Number of employees trained		
GRI	UNGC	OECD
LA10	-	II.A.4

	2012	2011
Consolidated data	**42,155**	38,840

C+G	2,665
UMG	3,818
AB	351
SFR	8,136
MTG	8,804
GVT	18,154
Corporate	78
Other	149

Excluding AB employees, other than employees of Blizzard France.

In 2012, 82% of all employees received some form of training, an increase of 8.5% compared with 2011, which is evidence of the priority Vivendi attaches to skills development and employability.

HOURS OF TRAINING PER EMPLOYEE TRAINED

Hours of training per employee trained		
GRI	UNGC	OECD
LA10	-	II.A.4

	2012	2011
Consolidated data	**47.6**	43.2

C+G	27.9
UMG	24.5
AB	28.6
SFR	36.6
MTG	37.9
GVT	65.7
Corporate	23.3
Other	22.5

Excluding AB employees, other than employees of Blizzard France.

In 2012, Vivendi's strong emphasis on training is reflected in both the increase in the number of employees receiving training as well as the increase in the average number of hours of training, an increase of 10% compared with 2011. Although broadly distributed across the Group, this increase was due, in particular, to GVT.

3.2.6. Equality and Diversity in Employment

3.2.6.1. MEASURES PROMOTING GENDER EQUALITY

In 2011, the Supervisory Board, persuaded that having women in leadership positions is a measure of the Group's success, approved a mentoring and networking program to promote a gender balance at the highest level. In March 2012, the ANDIAMO network was created and it is a forum for approximately twenty women. The network aims to support women in their development through the personal stories of "role models" and co-development and training workshops.

All of the Group's French companies have also signed innovative agreements on gender balance:

* agreement on professional equality of men and women, in accordance with the law of March 23, 2006 providing for the implementation of a comprehensive set of measures (recruitment, promotion, compensation and maternity leave) and indicators to monitor the mechanisms put in place;
* parent-friendly agreements, arranging equal treatment for father and mother; and
* agreements on working hours to facilitate work/life balance for men and women.

SFR is committed to a greater balance in external candidacies: the gender balance of external hires should be closely aligned to the ratio of graduates leaving the main training schools and colleges. SFR is also committed to encouraging young women to go into technical professions, through its direct initiatives in schools and colleges.

SFR and Canal+ Group are raising awareness among their partner recruitment firms of the objective of a stronger female presence in the final list of candidates. As regards internal mobility, Canal+ Group favors mobility towards business lines with a "gender imbalance" and allocates funds to provide the training required for candidates to take up such positions.

More generally, Vivendi, SFR and Canal+ Group are aiming for gender parity in succession plans and promotions. The agreements include measures to identify and remedy pay differentials. For example, SFR and Canal+ Group have put in place the elimination of maternity leave periods in the annual assessment, the identification of pay differentials for an equivalent post and taking remedial action, the provision of an exceptional budget, if necessary, in the annual compensation budgets to remedy pay differentials in each category.

Parent-friendly agreements provide for career flexibility and allow for career interruptions (maternity or parental leave). SFR and Canal+ Group both hold a pre- and post-maternity leave interview. Intranet access is continued during maternity leave.

Actions to change attitudes and against stereotyping have been initiated at all levels throughout the Group:

* individualized support initiatives (mentoring and training) and training in female leadership;
* networking with the participation of "role models": contacts between experienced women leaders and younger women, and showcasing women who have developed successful careers in male-dominated positions; and
* at Canal+ Group, "speed meetings" are arranged for women in a male-dominated business line or senior management position to provide an opportunity to make them more widely known.

PROPORTION OF WOMEN IN TOP MANAGEMENT

In France, a "*cadre*" is an employee who has a significant level of responsibility and autonomy and who is subject to performance obligations (e.g., operation, production, development and project management).

This concept is not applied in other countries and the closest equivalent is an executive who is paid a salary rather than an hourly wage. Accordingly, the table below of women managers shows women executives (international) and women "*cadres*" (France).

In 2011 and 2012, this proportion has remained stable at 35% for the whole Group. The proportion of women managers is highest at Canal+ Group, UMG, Vivendi's corporate headquarters in Paris, and the New York corporate office.

Women in management

GRI	UNGC	OECD
LA1, LA13	6	V

	2012	2011
Consolidated data	**35%**	35%

C+G	48%
UMG	41%
AB	27%
SFR	32%
MTG	27%
GVT	27%
Corporate	49%
Other	37%

Excluding AB employees, other than employees of Blizzard France.

Calculation method: number of women managers in relation to all managers.

WOMEN ON VIVENDI'S SUPERVISORY BOARD

Proportion of women on Vivendi's Supervisory Board

GRI	UNGC	OECD
4.1, LA13	6	IV, V.1.e

	2012	2011
Consolidated data	**36.4%**	33%

With four women among the 11 directors on Vivendi's Board, Vivendi ranked third among CAC 40 companies according to the October 2012 issue of the Challenges magazine. Two of these women directors chair Board committees: the Corporate Governance and Appointments Committee and the Human Resources Committee.

3.2.6.2. MEASURES PROMOTING EMPLOYMENT AND INTEGRATION OF WORKERS WITH DISABILITIES

WORKERS WITH DISABILITIES IN FRANCE

Workers with disabilities		
GRI	UNGC	OECD
LA13	6	IV, V.1.e

	2012	2011
Consolidated data	301	238

C+G	55
UMG	9
AB	4
SFR	228
Corporate	1
Other	4

In 2012, the number of workers with a disability increased in the majority of Vivendi's business segments in France. This increase is due to the particular efforts made by Canal+ Group (+34% compared to 2011) and SFR (+23% compared to 2011).

EMPLOYMENT AND INTEGRATION OF WORKERS WITH DISABILITIES

In this indicator, the definition of a "worker with disabilities" is that used by national legislation, or failing that, by Convention 159 of the International Labor Organization (ILO): "Any individual whose prospects for securing, retaining and advancing in suitable employment are substantially reduced as a result of a duly recognized physical, sensory, intellectual or mental impairment".

* In 2012, in the context of the agreement on the employment of workers with a disability signed in 2010, Canal+ Group continued its initiatives in favor of employees with a disability under the Canalhandi+ banner and it entrusted part of its central activity in customer relations to a sheltered sector company called Handicall.
* For 2012, key actions at Canal+ Group included:
  - increased business with the sheltered sector and promoting its use by all the Group's departments using service providers;
  - working with a significant number of employees to declare their disability, with the help from a social worker to fill in applicable forms;
  - numerous internal communication initiatives carried out during the national week for the employment of people with a disability on the theme of "Talents", such as conferences and quizzes;
  - a policy of recruiting young graduates with a disability who would ordinarily not have been identified, through their recruitment as interns and through work-study programs; and
  - taking part in recruitment fairs and maintaining specific partnerships such as Job in live, Handicafé and Tremplin.
* Blizzard provides workers with a disability with accessible equipment and regular ergonomic assessments to ensure that their equipment is suitable for the purpose, and organizes appropriate medical supervision.
* In the agreement of April 24, 2012, SFR undertook to finance the reclassification process for employees with a disability that have been declared unfit by the occupational physician. SFR also works with employees who have a mental illness to reduce the risk of their being unfit. Partnerships with specialized associations are helping the medical and HR teams to prevent and treat mental illness at work.
* The integration of people with a disability and non-discrimination against them are principles respected at every entity in the Group. In the recruitment process, they ensure equal treatment for applications with strict respect for the individual. At the same time, they have developed specific training to raise the awareness of employees and managers about disabilities. It should be noted that for Maroc Telecom, the social and cultural context limits the publication of information on disabilities.

EMPLOYMENT OF SENIOR EMPLOYEES

The term "senior employee" refers to an employee over 55 years of age. Their presence is greatest in the Maroc Telecom group and at Vivendi Corporate, where they account for 9% and 18% of the workforce respectively. For Maroc Telecom, this is due to its position as the incumbent telecom operator in Morocco and in several of its African subsidiaries. For Vivendi Corporate, it is due to the number of employees with greater experience and high levels of expertise, which is typical for a corporate headquarters. In 2012, a total of 5% of the Group workforce is over 55.

Employment of senior employees (number and percentage of the workforce)		
GRI	UNGC	OECD
LA1, LA13	6	V

	2012	2011
Consolidated data	2,792 (5%)	2,107 (4%)

C+G	192 (4%)
UMG	443 (7%)
AB	551 (8%)
SFR	368 (4%)
MTG	1,072 (9%)
GVT	113 (1%)
Corporate	46 (18%)
Other	7 (1%)

3.2.6.3. DIVERSITY AND NON DISCRIMINATION POLICIES

THE POLICIES OF DIVERSITY AND NON DISCRIMINATION IN THE BUSINESS UNITS

In accordance with Vivendi's Compliance Program, the Group's subsidiaries are committed equal opportunity in recruitment, mobility, promotion, training and compensation to everyone, with no distinction for gender, religion, origin, age, personal life or disability.

The Compliance Program states that in each subsidiary, the compliance officer is in charge of responding to an employee's concern. Moreover, in the US and UK subsidiaries, a hotline number is available to employees, in accordance with prevailing regulations, to flag any cases of discrimination or harassment.

- Blizzard France promotes diversity in its staff, the first principle of which is non-discrimination on hiring and during the employee's professional development. In 2012, the company contained employees with 29 different nationalities, which reflects its determination to invest in diversity (e.g., financing the cost of visas, work permits, relocation). The company deploys the notion of "multiculturalism" as an internal value. In the recruitment process, Blizzard ensures the applications of all candidates are processed on an equal basis, maintaining a strict respect for the diversity of individuals. Blizzard encourages geographic mobility within the company which contributes to the advancement of diversity at each of its sites. The company practices an active policy of internal promotion based on standards of skills and identifiable and quantifiable knowledge (e.g., job description, performance assessment), with the aim of avoiding any discrimination.
- In 2012, at SFR, an interim audit conducted by AFNOR confirmed that it would retain the Diversity Label it was awarded in 2010, for a period of three years. A "diversity" action plan was drafted, with the following major actions:
  - providing employee training in diversity issues (delivered to 1,706 managers, 51 HR officers and 52 IRPs);
  - producing a diversity report covering approximately thirty indicators;
  - signing a disability agreement for 2012-2014;
  - negotiating an agreement on remote working;
  - creating a dedicated Intranet for disability matters;
  - providing an educational game to facilitate integration for diversity candidates;
  - continuing the commitment to preselect and select applicants exclusively from a diversity perspective; and
  - periodic audits to check compliance of the recruitment processes, optimizing the committees for professional development to promote internal mobility.

3.2.7. Promotion and Compliance with the ILO's Fundamental Principles

As a signatory of the United Nations Global Compact, Vivendi undertook to comply with the ILO's fundamental principles. In the area of labor law, these commitments require compliance with the four fundamental pillars of the ILO: freedom of association and recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the struggle against child labor and the elimination of discrimination in the area of employment and occupation. Two of these four pillars, freedom of association and the elimination of discrimination, are of particular relevance to Vivendi.

3.2.7.1. RESPECT FOR FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING

With its social partners, Vivendi promotes social dialogue and consultation at all levels (please refer to Section 3.2.3. of this chapter). All employees based in metropolitan France and the overseas departments and territories are covered by collective bargaining agreements. The same is true worldwide for more than 90% of Maroc Telecom group employees and 100% of Canal+ Group and GVT employees.

3.2.7.2. ABOLITION OF DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

Vivendi has affirmed its commitment to diversity in recruitment and preventing discrimination in employment. Vivendi's Compliance Program includes actively preventing all forms of discrimination based on selection criteria such as gender, age, customs, ethnic origin, nationality, disability and religious, political and trade union opinions and practices. These commitments are applied in practice through the policies relating to gender (please refer to Section 3.2.6.1. of this chapter), diversity and non-discrimination (please refer to Section 3.2.6.3. of this chapter), and the employment and integration of workers with a disability (please refer to Section 3.2.6.2. of this chapter).

3.2.7.3. ABOLITION OF FORCED OR COMPULSORY LABOR AND CHILD LABOR

The Vivendi Group complies with the ILO conventions and bans all forms of forced labor. Child labor is strictly prohibited in the Group. In certain very specific cases, such as filmmaking or music recordings, where minors may be required to make a contribution, all regulatory requirements are rigorously respected.

SECTION 4 ENVIRONMENTAL INFORMATION

4.1. KEY MESSAGES

4.1.1. Certification at the Heart of Vivendi's Process

In 2012, an increased number of sites (i.e. technical, sales and support function) were assessed and certified as compliant with environmental standards, providing objective confirmation of the quality of the policies and the measures deployed. For many years, Vivendi's subsidiaries have made sustained efforts towards achieving environmental certification of their facilities.

In 2012, Vivendi's corporate headquarters received renewed European EMAS (Eco-Management and Audit Scheme) certification for environmental responsibility. The French Ministry for Ecology, Sustainable Development and Energy has only awarded this certification to approximately 30 companies. EMAS is one of the most demanding environmental management standards and is more rigorous than international standard ISO 14001. In practical terms, obtaining this label affirms that certain specific actions have been implemented: optimization of the site's energy consumption, elimination of equipment containing substances that deplete the ozone-layer and the launch of a campaign raising awareness in relation to environmentally friendly conduct and the recycling of waste electrical and electronic equipment (WEEE). This environmental policy is managed by an internal "Green Team" composed of nine members, who work in conjunction with the site maintenance service provider.

In 2012, the US Environmental Protection Agency (EPA) renewed, for the sixth consecutive year, the Energy Star certification of the UMG corporate headquarters at Santa Monica and gave it a rating of greater than 75/100 for energy savings.

At year-end 2012, SFR obtained, for the seventh consecutive year, the ISO 14001 certification for its Environmental Management System (please refer to Section 4.2.1.1. of this chapter). The future corporate headquarters for SFR, in Saint-Denis, near Paris, has obtained HEQ (High Environmental Quality) construction certification and BREEAM (Building Research Establishment Environmental Assessment) certification for the design phase, two of the most rigorous certifications for the environmental performance of buildings.

In 2012, GVT successfully continued its efforts to implement a program of comprehensive environmental assessment. Two of its sites (Visconde de Nacar and Vila Hauer) were assessed in relation to their support and call center activities. Future assessments will be undertaken in relation to the warehouses and data centers at other sites.

4.1.2. Reduction of Electricity Consumption, the Main Source of CO_2 Emissions

Vivendi regards the reduction of the carbon footprint from its activities' electricity consumption as a priority objective. In 2012, the Group's environmental reporting indicated that 88% of CO_2 emissions were in fact generated by electricity consumption at various Group subsidiaries. A reduction of the Group's electricity consumption requires the smart and optimized management of equipment and buildings.

At UMG, numerous initiatives have been undertaken: the "virtualization" of IT servers, replacing energy-inefficient bulbs with LEDs and optimizing the energy management system for the buildings at the corporate headquarters in Santa Monica, including such techniques as the dynamic adjustment of office temperatures depending on outdoor temperature.

At SFR, an "energy" progress plan was adopted following its energy audits, which includes the following measures: the establishment of tele-measurement systems, the deployment of less energy-intensive equipment, the monitoring and optimization of energy consumption in real time, the use of natural ventilation ("free cooling") and experimenting with renewable energy.

At Maroc Telecom, the company's efforts to reduce electricity consumption have yielded results. In 2012, the natural ventilation "free cooling" equipment installed produces energy savings of up to 70% per site. The operator has also equipped two pilot sites to test hybrid energy installations (solar and wind) and its suppliers of energy systems and inverters are required to deliver equipment with a minimum energy efficiency level of 94%. In certain regions, the energy consumption of air conditioning in technical rooms has been reduced through the installation of double glazed glass. The most energy-intensive technical sites have been subject to specific measures that adjust the scale of power usage and redirect power in an effort to reduce energy expenditure.

Finally, GVT has also replaced its air conditioning equipment with new, less energy-intensive items. In some IT server rooms, natural ventilation has replaced the electric system. In addition, computers have been programmed to switch off the lights outside office hours.

4.1.3. Group Greenhouse Gas Emissions Report For France-Based Entities

Article 75 of the French *Grenelle II* law requires major companies to publish their greenhouse gas emissions (GHG). This GHG report only includes scopes I (i.e., direct emissions related to resources owned or controlled by the company) and II (i.e., indirect emissions caused by the purchase or production of electricity) throughout France: "Greenhouse gas emissions report: assessment of the total volume of GHG emitted into the atmosphere over one year by the activities of the organization on national territory, and expressed as tons of CO_2 equivalent." This GHG report must provide an account of all greenhouse gas emissions produced from the Group's activities for the year which precedes the report, in this case 2011. The decree also requires that the GHG report must be accompanied by an action plan to reduce greenhouse gas emissions.

In France, a number of subsidiaries must comply with this GHG emissions reporting obligation (Canal+ Group, Universal Music France, Blizzard Entertainment and SFR). Vivendi wished to consolidate all of the GHG emissions reporting from its subsidiaries to present a Group GHG emissions report for its France-based entities. Although below the reporting thresholds, Vivendi has included the corporate headquarters in its carbon reporting to ensure that it is comprehensive. Vivendi's GHG report is presented in the 2012 CSR Detailed Report, available on Vivendi's corporate website.

4.1.4. An Optimized Environmental Reporting Protocol

To improve the Group's environmental reporting and meet in full the requirements of the French *Grenelle II* law, the environmental indicators and the process of data collection (network of correspondents, collection tool, definitions of thresholds and indicators) were reviewed, which enabled the Group to optimize the number of environmental indicators and to incorporate new ones that take account of specific aspects of Vivendi's business activities:

- purchase of paper for external use, such as publications and reviews, as well as the purchase of packaging and cardboard for products intended for sale;
- measures taken to adapt water consumption according to local constraints; and
- measures taken against the visual nuisance of relay antennas.

Other indicators, deemed not relevant to Vivendi's activities by independent experts, have not been included in the reporting data: e.g., measures implemented for the prevention, reduction and remediation of emissions and emission into the air, water or soil, and measures taken to limit any impact upon the environment and protected animal and plant species.

In the course of optimizing environmental reporting, minimum thresholds were applied to enable a more efficient selection of sites for data reporting, which include the biggest consumers of electricity, packaging and heating fuels, and the biggest waste generators (IT centers, games and music development studios and warehouses). For smaller offices, we estimated certain consumption data, especially electricity consumption.

4.2. ENVIRONMENTAL INDICATORS

The environmental section of Vivendi's Reporting Protocol, a benchmark in CSR reporting for the Group's entities, was fully revised and the improved definitions of each indicator allow for a better harmonization of measurements.

4.2.1. General Environmental Policy

4.2.1.1. ORGANIZATION, ASSESSMENT PROCESS AND CERTIFICATIONS

Conducted energy assessment and evaluation of environmental impacts (number)

GRI	UNGC	OECD
DMA Environment, EN30	7, 8	VI.1.a

	2012
Consolidated data	**106**
C+G	7
UMG	0
AB	0
SFR	87
MT	9
GVT	2
Other	1

Within the Group, the activities of the telecommunications operators contribute significantly to the total consumption of energy. These operators conduct regular assessments of their sites and make every effort to improve control of their waste management.

* SFR conducts environmental analyses and energy audits at all of its certified sites[1], as part of its ISO 14001 certified environmental management system. For many years, light sites have been regularly audited, and, during 2012, additional monitoring was specifically conducted on those in the southern operational divisions. Energy audits conducted on SFR's strategic sites include, in particular, the measurement and mapping of operating room temperatures, the characteristics of air circulation, the power of the installed servers and cooling production units, the urbanization of operating rooms and their energy efficiency and the energy performance of the datacenters (Power Usage Effectiveness – PUE);
* In March 2012, Maroc Telecom conducted a waste management process audit at the corporate headquarters and at the head offices of eight regional divisions. A procedure is also being implemented to specify the evacuation and processing method by type of waste; and
* Two GVT sites have also had energy assessments for their office and call center activities.

Environmental site certification (number)

GRI	UNGC	OECD
DMA Environment	7, 8	-

	2012
Consolidated data	**3**
C+G	0
UMG	1
AB	0
SFR	(see note below) 1
MT	0
GVT	0
Other	1

The environmental certifications for the sites of various Group entities have been renewed for several years. In June 2012, the registration of the European EMAS certification was renewed at Vivendi's corporate headquarters in Paris, three years after its initial certification by the French Ministry for the Ecology, Sustainable Development and Energy (please refer to Section 4.1.1. of this chapter).

* In 2012, for the seventh consecutive year, SFR obtained the ISO 14001 certification of its Environmental Management System (EMS) despite the fact that the scope of the activities covered was slightly reduced. This EMS remains the structural and federative element, allowing the coordination of the company's environmental management in a precise and efficient manner to meet the principal environmental objectives of SFR, while also increasing the participation of its employees. The ISO 14001 certification covers various activities, such as deployment, maintenance, operation and hosting, at each of three categories of sites:
  - the certification of light sites related to the deployment and maintenance of relay antennas in metropolitan France and on the Reunion Island;
  - with regards to the strategic sites, the operations and maintenance of the entire mobile network were certified, as were the operations, maintenance and hosting of client data at 16 fixed network sites. The mixed site activities at the Port of Reunion Island were also integrated within the scope of this certification. 79% of the total strategic sites of the mobile and fixed network were certified; and

(1) SFR distinguishes between three categories of sites: "light" sites are generally relay antennas and "points of presence" (POP) which are traffic collection points; "strategic" sites are net centers and "mobile switch centers" (MSC); and "tertiary" sites include the corporate headquarters, retail sales outlets and miscellaneous office premises.

– SFR has had the operation and maintenance of the buildings and activities certified (e.g., administrative premises, customer service platforms) for 14 support sites, representing 60% of the total number of support sites.

The certification also covered the eco-design process for the new box ("Neufbox Evolution").

* In 2012, for the sixth year running, UMG's corporate headquarters in Santa Monica obtained the Energy Star certification delivered by the US Environmental Protection Agency (EPA).

4.2.1.2. EMPLOYEE TRAINING AND AWARENESS

This information category is deemed not relevant to Vivendi's activities, nevertheless, some of the Group's entities raise the awareness of their employees through the provision of training and information on environmental impacts.

4.2.1.3. MEASURES TO PREVENT ENVIRONMENTAL RISKS AND POLLUTION

This information category is deemed not relevant to Vivendi's activities, which do not present any risks in terms of pollution.

4.2.1.4. FINANCIAL PROVISIONS FOR ENVIRONMENTAL RISKS

This information category is deemed not relevant to Vivendi's activities, as the major risks associated with the Group's activities are not related to environmental concerns.

4.2.2. Pollution and Waste Management

4.2.2.1. PREVENTION, REDUCTION OR REMEDY OF EMISSIONS INTO THE AIR, WATER AND SOIL

This information category is deemed not relevant to Vivendi's activities, which do not present risks in terms of air, water or soil pollution (outside of the CO_2 emissions which are dealt with in Section 4.2.3.3.).

4.2.2.2. WASTE MANAGEMENT AND RECYCLING

Waste collection consists mainly of business and household waste from electrical and electronic equipment (WEEE), hazardous and special waste (waste which, due to its composition or properties, may present a danger for human health or the environment) and cell phones and batteries produced as part of the Group's activities.

Professional electrical and electronic equipment waste (WEEE) (kg)

GRI	UNGC	OECD
EN22	-	VI.1.a

	2012
Consolidated data	**970,139**
C+G	64,685
UMG	45,388
AB	54,665
SFR	484,320
MT	101,156
GVT	219,210
Other	715

In 2012, Maroc Telecom and GVT improved their data collection process in relation to the waste category, which enabled the large-scale collection of obsolete cellphone handsets and routers by the Moroccan operator as well as the disposals of relay antennas by the Brazilian operator to be included in the Group's 2012 reporting.

Household electrical and electronic equipment waste (WEEE) (kg)

GRI	UNGC	OECD
EN22	-	VI.1.a

	2012
Consolidated data	**2,779,261**
C+G	161,007
UMG	958
AB	128,862
SFR	2,255,284
MT	-
GVT	233,150
Other	-

At SFR, the household WEEE indicator also includes all cell phones, boxes, femto boxes and other accessories such as cables, remote controls and hard disks that have been recycled. In 2012, nearly 360,000 cell phones were collected and recycled by the operator.

The collection of data on this type of waste has been improved by UMG and Activision Blizzard this year, and has made considerable progress at GVT.

Total production of hazardous or special waste (kg)		
GRI	UNGC	OECD
EN22	7, 8, 9	VI.1.a

	2012
Consolidated data	813,098
C+G	31,744
UMG	-
AB	-
SFR	386,598
MT	366,000
GVT	28,556
Other	200

In 2012, GVT included in its hazardous or special waste reporting the "stationary" batteries that are used in switches as well as the fact that the collection of special waste increased by 28 tons. At Canal+ Group's "Lumière" site, 29 tons of UPS batteries were replaced and efforts have been made to collect waste printer toner.

Total recycled household and professional batteries, whether rechargeable or not (kg)		
GRI	UNGC	OECD
EN22	7, 8, 9	VI.6.b & d

	2012
Consolidated data	24,786
C+G	667
UMG	-
AB	-
SFR	-
MT	4,000
GVT	20,100
Other	19

In 2012, the data collection process in Morocco and Brazil in relation to cell phones and batteries has been strengthened, which has lead to Maroc Telecom and GVT becoming the Group's main contributors. At GVT, switches and fixed terminals are also included in the scope of the indicator.

4.2.2.3. MANAGEMENT OF NOISE AND OF OTHER TYPES OF POLLUTION

Measures taken to reduce the visual impact of relay antennas		
GRI	UNGC	OECD
I07	-	-

The Group's mobile telephone operators have invested significantly in recent years to reduce the visual impact of their relay antennas.

* SFR is committed to territorial sustainable development by making efforts to integrate its relay antennas into the surrounding environment, in accordance with common practice in the industry. Before any relay antenna project is deployed, SFR consults local elected officials, landowners and local communities and seeks input from architects, town planners and landscapers who take in account the visual impact of the equipment. This policy is covered under the indicator "Integration of new relay antennas into the surrounding environment." An annual program called SCOPE (sites requiring aesthetic improvement) is in place to improve the integration of existing sites into the surrounding environment. In 2012, the success rate for this program's objectives was 96.5% in France and 75% in French overseas territories.
* At Maroc Telecom, landscape improvements were lead: 30 GSM sites and some 35 pylons have been replaced to improve the visual aspect. In 2013, this effort to improve the integration of relay antennas into the surrounding environment will be strengthened.

4.2.3. Sustainable Use of Resources

4.2.3.1. WATER CONSUMPTION AND SUPPLY

Water consumption from the public supply network and measures taken to adapt water consumption to local constraints		
GRI	UNGC	OECD
DMA EN Water aspect, EN8, EN9, EN21	7, 8, 9	VI, VI.1.a, VI.6.d

Under the Reporting Protocol, this indicator has for the first time been redefined and consolidated into the current form. Due to the assorted and incomplete nature of the data reporting for this indicator in 2012, it has only been possible to assess water consumption from the public network at 538,000 m^3.

Specific monitoring has been put in place in regions where the supply of water may present particular constraints. Accordingly, in the Agadir and Marrakesh regions, Maroc Telecom is continuing its initiatives for optimized and rational consumption of water resources.

4.2.3.2. CONSUMPTION OF RAW MATERIALS AND MEASURES TO IMPROVE THEIR EFFICIENT USE

The following information on raw materials is considered relevant in view of the Group's activities:

* purchases of paper for external use (e.g., publications, letters to shareholders and miscellaneous reports);
* purchases of plastics and acrylics incorporated in consumer products; and
* purchases of packaging and cardboard used for the sales of consumer products.

Purchases of paper for external use, purchases of plastics and acrylics incorporated in consumer products, purchases of packaging and cardboard used for the sales of consumer products		
GRI	UNGC	OECD
EN1, EN26	-	VI.1.a

In 2012, these indicators have been included for the first time in the information collected by Vivendi's entities. This initiative is based on the Group's decision to concentrate environmentally sensitive consumption measurements on raw materials that have a direct relationship to the key activities of its businesses.

* The information on the purchases of plastics incorporated in consumer products will enable their use in DVD and CD packaging to be quantified, especially at UMG. In 2012, the Group estimates the use of polycarbonates for the sale of UMG's products worldwide at just over 1,000 tons.
* To improve the Group's reporting on the use of raw materials, it will include the figures for the plastics used in the manufacture of other elements in its product range, in particular TV service boxes and Internet Access Provider (IAP) boxes, as well as the games and toys produced by Activision Blizzard.
* The use of packaging materials and cardboard has also been measured for the first time this year. Vivendi aims to improve the collection of data for this indicator as it considers the use of these materials as an important element in its activities affecting the environment. The Group has identified total purchasing (not consumption) of 18.8 tons for these two segments in 2012. The most significant contributions have come from Activision Blizzard (82% of the total), whose products are highly dependent on cardboard and packaging for retailing to the public. Similarly, but to a lesser degree, UMG and SFR use packaging products for their CDs, DVDs and boxes (8% and 9% of the total, respectively).
* The purchase of paper for external use this year was close to 7,000 tons. SFR contributes substantially to this total (83%), mainly due to the greater maturity of its data collection process.

For these three indicators, Vivendi's aim is to constantly improve its information consolidation process. As this process becomes more mature and covers a greater scope, the Group will be able to obtain more homogeneous information.

Measures taken to improve energy efficiency and the use of renewable energy		
GRI	UNGC	OECD
EN4, EN5, EN7	7, 8, 9	VI.6.b & d

The Group's various entities have adopted measures to improve the energy efficiency of their activities, including, for example, the use of renewable energy (please refer to Section 4.1.2. of this chapter).

4.2.3.3. ENERGY CONSUMPTION AND MEASURES TAKEN TO IMPROVE ENERGY EFFICIENCY AND USE OF RENEWABLE ENERGY

Consumption of electricity (thousands of kWh)

GRI	UNGC	OECD
EN3	-	VI.1.a

	2012
Consolidated data	**1,235,162**
C+G	47,637
UMG	51,883
AB	40,882
SFR	659,456
MT	310,455
GVT	121,801
Other	3,048

The increase in electrical energy consumption measured is due to two main factors:

* improvement in actual measurements at UMG; and
* improved reporting of data at GVT.

Consumption of natural gas (thousands of kWh GCV - Gross calorific value)

GRI	UNGC	OECD
EN3	-	VI.1.a

	2012
Consolidated data	**39,048**
C+G	14
UMG	17,396
AB	18,449
SFR	3,190
MT	-
GVT	-
Other	-

In 2012, Activision Blizzard improved its data collection process for the consumption of natural gas and SFR incorporated a new site within the scope of its reporting.

Consumption of fuel oil (liters)

GRI	UNGC	OECD
EN3	-	VI.1.a

	2012
Consolidated data	**6,267,689**
C+G	18,319
UMG	4,291
AB	7,902
SFR	141,617
MT	6,053,174
GVT	41,621
Other	765

* At SFR, due to a significant number of maintenance programs, a significant use was made of generators, which lead to an increase in consumption fuel oil.
* At Maroc Telecom, the significant consumption of domestic fuel is due to the considerable increase in the size of its vehicle fleet in the second half of 2012, however, consumption was substantially lower in the Settat region due to the electrification of seven sites.

Steam used for space heating (kWh)

GRI	UNGC	OECD
EN4	-	VI.1.a

	2012
Consolidated data	**4,704,028**
CG+	8,199
UMG	1,810,800
AB	-
SFR	1,908,430
MT	-
GVT	-
Other	976,600

Steam is essentially used for heating office space for Canal+, SFR, Vivendi's head office as well as UMG Germany's main office.

CO_2 emissions due to usage of mobile sources (tCO_2eq)

GRI	UNGC	OECD
EN3, EN4, EN16, EN17, EN29	-	VI.1.a

	2012
Consolidated data	**46,304**
Gasoline for vehicles	27,504 (59%)
Diesel for vehicles	16,577 (36%)
Other fuel	2,223 (5%)

	Gasoline	Diesel	Other
C+G	2,622	1,067	-
UMG	495	1,425	-
AB	90	227	74
SFR	11	5,193	-
MT	186	8,405	-
GVT	24,097	158	2,149
Other	3	102	-

The consumption of fuel is linked to the Group's activities, especially the use of sales and support vehicles. At GVT, the high growth of the activity generated a significant increase in the size of its vehicle fleet and consequently its consumption of fuel.

CO_2 emissions due to usage of fixed sources (tCO_2 eq)

GRI	UNGC	OECD
EN16, EN17, EN29	-	VI.1.a

	2012
Consolidated data	**392,416**
Electricity	344,863 (88%)
Refrigerants	23,200 (6%)
Fuel oil	16,417 (4%)
Other sources (steam and gas)	7,935 (2%)

	Electricity	Other sources
C+G	10,355	1,008
UMG	22,151	3,875
AB	20,555	3,730
SFR	61,897	6,934
MT	219,802	21,723
GVT	9,866	10,032
Other	238	250

In Brazil, GVT included the measurement of consumption at technical sites in its calculation, thereby quadrupling the relevant data for electricity. The operator also now measures emissions from refrigerant gases.

More detailed explanations on electricity, steam, natural gas and fuel oil, which contribute to CO_2 emissions, are presented in this section under each indicator.

4.2.3.4. LAND USE

This information category is deemed not to be relevant as the Group's activities do not present particular risks in terms of soil pollution.

4.2.4. Climate Change

4.2.4.1. GREENHOUSE GAS EMISSIONS

CO_2 emissions attributable to business travel (tCO_2eq)		
GRI	UNGC	OECD
EN16, EN17, EN29	-	VI.1.a

	2012
Consolidated data	**33,949**
Air travel	33,423 (98%)
Train travel	526 (2%)

	Total air travel	Total train travel
C+G	2,546	25
UMG	17,336	216
AB	9,011	53
SFR	2,116	76
MT	154	154
GVT	1,739	-
Other	520	2

This indicator measures the CO_2 emissions due to travel by train or plane undertaken exclusively for business purposes.

4.2.4.2. ADAPTATION TO CLIMATE CHANGE

This information category is deemed not relevant given the Group's activities, although regular efforts to reduce electricity consumption and hence CO_2 emissions are undertaken. More detailed explanations are presented in relation to each indicator that contributes to the measurement of emissions and discharges, as well as in terms of other sources of CO_2 emissions (steam, natural gas and fuel oil).

4.2.5. Biodiversity Preservation

4.2.5.1. MEASURES TAKEN TO PRESERVE OR DEVELOP BIODIVERSITY

Measures taken to limit the impact towards the environment and protected animal and plant species		
GRI	UNGC	OECD
EN11-15, EN25	7, 8, 9	VI.6.d

In light of the Group's activities, risks to biodiversity are not considered a major issue in relation to which Vivendi needs to make specific investments. Nevertheless, the Group's entities make every effort to minimize any impact from their site construction or maintenance activities on protected environments for animal and plant species.

SECTION 5 VERIFICATION OF NON-FINANCIAL DATA

5.1. NOTE ON NON-FINANCIAL REPORTING METHODOLOGY

Reporting Guidelines

CSR reporting is based on national and international reporting guidelines. In particular, societal, social and environmental indicators refer to the provisions of the French Decree of April 24, 2012 pursuant to the implementation of the French Law of July 12, 2010[(1)] on the national commitment to the environment (informally, the *Grenelle II* law), to the guidelines of the Global Reporting Initiative[(2)] (GRI) and to the GRI Media Sector Supplement launched on May 4, 2012[(3)].

The Reporting Protocol for the societal, social and environmental data of the Vivendi Group companies ("the Reporting Protocol") is an internal set of guidelines, updated annually, to guarantee the consistent application of definitions and rules for data collection, validation and consolidation across the Group.

In 2012, the Reporting Protocol was thoroughly revised to adapt to new regulatory requirements and incorporate the recommendations of the GRI Media Sector Supplement. That revision paid specific attention to environmental indicators and societal data.

Indicators

The societal, social and environmental indicators are presented in sections 2.2., 3.2. and 4.2. of this Annual Report. The 2012 CSR Detailed Report, available online, offers more comprehensive coverage of the societal, social and environmental indicators, in addition to corporate governance and economic performance indicators.

The societal, social, and environmental indicators have been reviewed by Deloitte to improve the relevance of the indicators with the Group's business activities. Particular emphasis has been placed on the societal indicators relative to the Group's strategic issues, whose relevance and definitions have been refined.

In addition, the materiality and relevance of the indicators published in this document have been reviewed with the Statutory Auditor appointed to conduct the Group's audit for 2012.

Reporting Scope

The reporting scope has been established in accordance with Articles L.233-1 and L.233-3 of the French Commercial Code and covers the subsidiaries and controlled companies except for a few entities that were not included in the reporting scope for 2012: EMI Group Worldwide Holding Ltd. (included in the Group reporting scope with effect from September 28, 2012), as well as *Société Financière de Distribution* and *Compagnie d'Investissement Diversifié*, which are considered as independent distributors for the purposes of this reporting (i.e., 5,277 employees).

It should be noted that changes in the scope of reporting are the result of acquisitions and/or disposals of consolidated companies between January 1 and December 31 of a given year:

- in the case of a disposal during a given year (N), the entity's data is not taken into account in the reporting scope for that year. For the reporting of social data, the number of employees of the departing entity is included in the "removal from the scope" indicator; and
- in the case of the acquisition of an entity during such year (N), the data for that year is included in full in the reporting in the following year (N+1), unless the newly-included entity is able to provide all the data on a *pro rata temporis* basis. However, the count of employees and of entries into the social data reporting scope is incorporated into the reporting scope for that year (N).

SCOPE OF SOCIETAL REPORTING

The reporting scope for societal data covers all of the Group's businesses. For Maroc Telecom, depending on the indicator in question, the reporting scope applies to Maroc Telecom ("MT") or to Maroc Telecom and its sub-Saharan subsidiaries (Maroc Telecom group, "MTG").

(1) Law on the national commitment to the environment no. 2010-788 of July 12, 2010, Art.225 (Frenh so-called Grenelle II *law) and Decree 2012-557 of April 24, 2012.*

(2) Launched in 1997 by CERES (Coalition for Environmentally Responsible Economies) in partnership with the UNEP (United Nations Environment Program), the GRI is a long-term, international and multi-stakeholder initiative whose aim is to draft and circulate guidelines for the voluntary production of reports on sustainable development by multinational companies that want to provide details of the economic, environmental and social dimensions of their businesses, products and services. The GRI has not verified the content of this report or the validity of the information provided (www.globalreporting.org).

(3) The GRI Media Sector Supplement structures the reporting process for the media industry internationally. It covers several topics including freedom of expression, pluralism and quality of content, representation of cultures, independence, personal data protection, accessibility and media literacy.

SCOPE OF SOCIAL REPORTING

The social reporting scope of Activision Blizzard is in line with the social reporting scope of Activision Blizzard France, which represents 7% of the total number of employees of Activision Blizzard, except where it concerns certain data relative to the workforce (i.e., inflows and outflows and the length of the working week) for which the reporting scope data corresponds to that of Activision Blizzard. In 2013, the effort made in 2012 to extend the social reporting scope of Activision Blizzard will be continued.

The social reporting scope of Maroc Telecom corresponds to that of Maroc Telecom and its sub-Saharan subsidiaries.

SCOPE OF ENVIRONMENTAL REPORTING

Within the global scope of environmental reporting, there is a "media" environmental scope for the businesses with activities in the media sector (Canal+ Group, UMG and Activision Blizzard) and a "telecoms" environmental scope for businesses operating in the telecommunications sector (SFR, Maroc Telecom and GVT).

For the Maroc Telecom group, the environmental reporting scope concerns the company Maroc Telecom and at this stage does not include its sub-Saharan subsidiaries (Mauritel SA, Onatel SA, Gabon Télécom SA and Sotelma SA).

The sites that report data in the reporting framework are selected by type of site: e.g., offices, warehouses, technical centers and datacenters. The selection also takes into account criteria related to the size of the workforce (over 50 people per office), surface area and weighting in the total consumption for the electricity indicator.

Reporting Period

Reporting of societal, social and environmental data is annual and covers the period from January 1 to December 31, 2012.

Details and Limits of the Methods Used for the Indicators

Generally, the societal, social and environmental indicators may reflect methodological limits due to the lack of harmonization in the international and national definitions and legislation and/or the qualitative and therefore subjective nature of certain data.

ENVIRONMENTAL INDICATORS

Regarding the "telecoms" environmental scope, the businesses report the data that corresponds to all the indicators in the Reporting Protocol.

For the "media" environmental scope, the data collection methodology also takes account of the contributory nature of the site in terms of electricity consumption. Real data is collected for the sites that contribute the most in order to reach a representation of over 90% of the Group's total estimated electricity consumption.

For data on electricity consumption, the published quantities correspond to the billed quantities. When data is not available (e.g., for sites where the Group is not the owner), consumption is estimated on the basis of conversion ratios (kWh/m^2 or kWh/ft^2). The ratios used differ according to the geographic location of the entities and are based on recognized guidelines.

For fuel consumption (gasoline, diesel, propane or other), the scope of the indicator covers vehicles either owned outright by the Group or used by the site on long-term rental.

Any missing data on indicators such as electricity, gas, heating oil and steam is estimated using methods based on factors established by ADEME (the French environmental and energy management agency).

Reporting, Consolidation and Control Tools

Data collection tools, developed by Vivendi's Information Systems department, enable reporting of all consolidated data, monitored at different levels:

* societal data is collected using SIRITAL, and a consistency check is performed by the officer in charge of the consolidation at corporate headquarters;
* social data is collected using SIRIS, and automatic consistency controls are performed by the software during data input. Other controls and an initial validation are performed by each subsidiary. Consistency checks and a second validation are performed at the level of each business. These indicators are then aggregated and verified at corporate headquarters, where a third validation is performed at consolidation. Lastly, a general validation process ensures the overall consistency of the workforce data between the previous year (N-1) and the current year (N); and
* environmental data is collected using SIRIE, and an internal consistency control is performed by the officer in charge of data input. A further validation is performed upon consolidation at corporate headquarters.

REPORT OF ONE OF THE STATUTORY AUDITORS

In recent years, a selection of the Group's CSR data has been verified, to a degree of limited assurance, by one of Vivendi's Statutory Auditors (please refer to Section 5.2. of this chapter). In 2012, pursuant to Articles L.225-102-1 and R.225-105-2 of the French Commercial Code, the certification and report cover all societal, social and environmental data provided in chapter 2 of the Annual Report.

5.2. ATTESTATION AND LIMITED ASSURANCE REPORT BY ONE OF THE STATUTORY AUDITORS FOR THE SOCIETAL, SOCIAL AND ENVIRONMENTAL INFORMATION

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the attention of Management,

Pursuant to your request and in our capacity of Statutory Auditor of the Vivendi Group, we hereby report to you on the consolidated societal, social and environmental information presented in the management report issued for the year ended December 31, 2012 in accordance with the requirements of Article L.225-102-1 of the French Commercial Code.

MANAGEMENT RESPONSIBILITY

The Management Board of Vivendi is responsible for the preparation of the Annual Report including the consolidated societal, social and environmental information (the "Information") in accordance with the requirements of Article R.225-105-1 of the French Commercial Code, presented as required by Vivendi Group's internal reporting standards (the "Guidelines") and available on request at Vivendi's headquarters.

OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession and Article L.822-11 of the French Commercial Code. In addition, we maintain a comprehensive system of quality control including documented policies and procedures to ensure compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

RESPONSIBILITY OF THE STATUTORY AUDITORS

It is our role, on the basis of our work:

* to attest whether the required Information is presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R.225-105 of the French Commercial Code and Decree no. 2012-557 dated 24 April 2012 (Attestation of presentation); and
* to provide a limited assurance on whether the Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance report).

5.2.1. Attestation of Presentation

Our engagement was performed in accordance with professional standards applicable in France:

* We compared the Information presented in the management report with the list as provided for in Article R.225-105-1 of the French Commercial Code.
* We verified that the Information covers the consolidated perimeter, namely the entity and its subsidiaries within the meaning of Article L.233-1 and the controlled entities within the meaning of Article L.233-3 of the French Commercial Code within the limits specified in the methodology note presented in Section 5.1. of chapter 2 of the Annual Report, supplemented where applicable by specific details on certain Data.
* In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

On the basis of our work, we attest that the required Information is presented in the management report.

5.2.2. Limited Assurance Report

NATURE AND SCOPE OF THE AUDIT

We conducted our audit in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance. We planned and performed our audit to obtain limited assurance that nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines. A higher level of assurance would have required a more extensive review.

Our work consisted of the following:

* We assessed the appropriateness of the Guidelines as regards their relevance, completeness, neutrality, clarity and reliability.
* We verified that the Group had set up a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for societal, social and environmental reporting.

* We selected the consolidated Information to be tested[(1)] and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the Group's business and characteristics, as well as its societal commitments.
  - Concerning the quantitative consolidated information that we deemed to be the most important:
    - at the level of the consolidating entity and a selection of business segments[(2)] we implemented analytical procedures and based on sampling, verified the calculations and the consolidation of the Information;
    - at the level of the sites we selected[(3)], based on their business, location, contribution to consolidated indicators and a risk analysis:
      - we conducted interviews to verify that the procedures were correctly applied and to identify any omissions,
      - we performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data with the supporting documents.

This selected sample represents 49% of the workforce and an average of 20%[(4)] of the reported values for the quantitative environmental data tested at the level of the entities.

  - Concerning the qualitative consolidated Information that we deemed to be the most important, we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness;
  - As regards the other consolidated Information published, we assessed its fairness and consistency in relation to our knowledge of the company and, where applicable, through interviews or the consultation of documentary sources.
* Finally, we assessed the relevance of the explanations given in the event of the absence of certain Information.

COMMENTS ON THE GUIDELINES AND THE INFORMATION

We wish to make the following comments on the Guidelines and the Information:

* The scopes and methods of consolidation are specific to each subsidiary and/or segment and may be different from the scope of the controlled companies as defined by Articles L.233-1 and L.233-3. They are detailed in the Methodology Note presented in Section 5.1. of chapter 2 in the Annual Report. EMI Group Worldwide Holding Ltd (Universal Music Group), *Société Financière de Distribution* and *Compagnie d'Investissement Diversifié* (SFR) are not included in the reporting scope; for some social data, the reporting scope of Activision Blizzard corresponds to that of Activision Blizzard France; for all environmental data, the consolidation scope of the Maroc Telecom group does not include the sub-Saharan subsidiaries.
* As specified in 2.2.1.1. of chapter 2 of the Annual Report, the method for estimating the number of indirect jobs locally created is specific to each business, which does not guarantee the homogeneity of the consolidated data.
* The Data mentioned in 2.2.3.2. of chapter 2 of the Annual Report would benefit from being strengthened to more accurately and quantitatively measure the importance of subcontracting, and to present in greater detail the various actions undertaken by all Vivendi group businesses to take account of Corporate Social Responsibility (CSR) in relations with suppliers and subcontractors.
* For fiscal year 2012, the collection of data on the consumption of raw materials mentioned in 4.2.3.2. of chapter 2 of the Annual Report, i.e. packaging, paper for external use and plastics, has not enabled an accurate and exhaustive assessment.

CONCLUSION

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris-La Défense, March 8, 2013

One of the Statutory Auditors

ERNST & YOUNG and Others

Jean-Yves Jégourel	Eric Mugnier
General Partner	*Partner, Sustainable Development department*

(1) This concerned the following data:

***Societal data**: subcontracting and suppliers; consumer health and safety (personal data protection, electromagnetic waves); human rights (child protection, cultural diversity).*

***Social data**: workforce and its distribution; entries and exits; remuneration; accidents at work and occupational illness; training; gender equality.*

***Environmental data**: waste electrical and electronic equipment (WEEE); consumption of raw materials and their efficient use; energy consumption and energy efficiency; greenhouse gas emissions.*

(2) Canal+ Group, Activision Blizzard, SFR, Maroc Telecom group.

(3) The entities concerned are the "Lumières" and "Eiffel" sites (France, Canal+ Group), the Santa Monica and Irvine Parkway sites (USA, Activision Blizzard), the Vénissieux and Séquoia sites (France, SFR), and the regional Directorates of Rabat and Casablanca (Morocco, Maroc Telecom group).

(4) The breakdown of the selected sample represents (in relation to the entire Group): waste electrical and electronic equipment (WEEE): 53%; heating oil: 9%; electricity: 17%; natural gas: 1%; CO_2 emissions related to the consumption of mobile sources: 17%; CO_2 emissions related to business travel: 24%.

3

3

INFORMATION ABOUT THE COMPANY – CORPORATE GOVERNANCE

3

SUMMARY

SECTION 1

GENERAL INFORMATION ABOUT THE COMPANY 102

1.1. Corporate and Commercial Name 102

1.2. Place of Registration and Registration Number 102

1.3. Date of Incorporation and Term 102

1.4. Registered Office, Legal Form and Legislation Applicable to Vivendi's Business 102

1.5. Fiscal Year 102

1.6. Access to Legal Documents and Regulated Information 102

SECTION 2

ADDITIONAL INFORMATION ABOUT THE COMPANY 103

2.1. Memorandum and By-Laws 103

2.2. Share Capital 105

2.3. Major Shareholders 113

Appendix 115

SECTION 3

CORPORATE GOVERNANCE 118

3.1. Directors, Senior Management and Supervisory Bodies 118

3.2. Compensation of Directors and Officers 137

3.3. Grants of Stock Options and Performance Shares 145

3.4. Trading in Company Securities 151

3.5. Compliance Program 152

3.6. Financial Information and Communication Procedures Committee 153

3.7. Risks Committee 154

3.8. General Management 155

SECTION 4

REPORT BY THE CHAIRMAN OF VIVENDI'S SUPERVISORY BOARD ON CORPORATE GOVERNANCE, INTERNAL AUDITS AND RISK MANAGEMENT – FISCAL YEAR ENDED DECEMBER 31, 2012 156

4.1. Corporate Governance 156

4.2. Vivendi's Equal Opportunities Policy 157

4.3. Internal Control Procedures 158

4.4. Risk Monitoring and Management 160

4.5. Key Procedures for Financial and Accounting Information 162

4.6. Information and Communication 163

4.7. Corporate Social Responsibility (CSR) and Sustainable Development 163

4.8. Prospects 165

SECTION 5

STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF VIVENDI SA 166

SECTION 1 GENERAL INFORMATION ABOUT THE COMPANY

1.1. CORPORATE AND COMMERCIAL NAME

Pursuant to Article 1 of Vivendi's by-laws, the corporate name of the company is Vivendi.

1.2. PLACE OF REGISTRATION AND REGISTRATION NUMBER

The company is registered with the *Registre du Commerce et des Sociétés de Paris* (Paris Commercial and Corporate Registry) under reference number 343 134 763. Its Siret number is 343 134 763 00048 and its APE Code is 6420Z.

1.3. DATE OF INCORPORATION AND TERM

As set forth in Article 1 of Vivendi's by-laws, the company's term is 99 years beginning on December 18, 1987. It will therefore expire on December 17, 2086, except in the event of extension or early dissolution.

1.4. REGISTERED OFFICE, LEGAL FORM AND LEGISLATION APPLICABLE TO VIVENDI'S BUSINESS

Pursuant to Article 3 of Vivendi's by-laws, the registered and principal executive offices of the company are located at 42, avenue de Friedland / 75380 Paris Cedex 08 / France.

Pursuant to Article 1 of Vivendi's by-laws, Vivendi is a limited liability company (*société anonyme*) with a Management Board (*Directoire*) and a Supervisory Board (*Conseil de surveillance*). The company is governed by the French legislative and regulatory provisions on corporations and, in particular, by the provisions of the French Commercial Code (*Code de Commerce*).

1.5. FISCAL YEAR

Pursuant to Article 18 of Vivendi's by-laws, the company's fiscal year begins on January 1 and ends on December 31 of each year.

1.6. ACCESS TO LEGAL DOCUMENTS AND REGULATED INFORMATION

Legal documents regarding the company are available for review at the company's registered office. Permanent and ongoing regulated information may be found on the company's website (www.vivendi.com) under "Regulated Information".

SECTION 2 ADDITIONAL INFORMATION ABOUT THE COMPANY

2.1. MEMORANDUM AND BY-LAWS

2.1.1. Corporate Purpose

Pursuant to Article 2 of Vivendi's by-laws, the main corporate purpose of the company, directly or indirectly, in France and in all other countries, is as follows: to provide any communication and telecommunication activities, directly or indirectly, and any interactive services, to individual, business or public sector customers, to market any products and services related to the foregoing, to engage in any commercial, industrial, financial and real estate transactions, directly or indirectly, related to the aforementioned purpose or to any other similar or related purpose, or contributing to the achievement of such purpose, and, more generally, the management and acquisition, either by subscription, purchase, contribution, exchange or through any other means, of shares, bonds and any other securities of companies already existing or yet to be formed, including the right to sell such securities.

2.1.2. Rights, Preferences and Restrictions Attached to the Company's Shares and to Each Class of Existing Shares, if Applicable

Pursuant to Articles 4 and 5 of Vivendi's by-laws, the shares are all of the same class and may be held in either registered form or bearer form, subject to applicable laws and regulations.

Pursuant to Article 6 of Vivendi's by-laws, each share carries a right of ownership of the company's assets and liquidation surplus, in a proportion equal to the portion of the share capital it represents. Whenever the accumulation of several shares is necessary to exercise any rights, shareholders may only exercise such rights if they combine the necessary shares. Subscription rights attached to shares belong to the holder of the usufruct rights (*usufruitier*).

2.1.3. Action Necessary to Change the Rights of Shareholders

Vivendi's by-laws do not contain any provisions that are more restrictive than those required by law in relation to any changes in the company's share capital or to the rights attached to the company's shares.

2.1.4. Shareholders' Meetings

Pursuant to Article 16 of Vivendi's by-laws, Shareholders' Meetings are convened and held in accordance with applicable law.

Shareholders' Meetings are held at the company's registered office or at any other place indicated in the meeting notice. When convening such a meeting, the Management Board may decide to publicly broadcast the Shareholders' Meeting in full, either by means of videoconference or another form of teletransmission. If applicable, this decision shall be published in the meeting notice.

The Workers' Committee may also appoint two of its members to attend Shareholders' Meetings. The Chairman of the Management Board or any other authorized person notifies the Workers' Committee, by any means, of the date and location of Shareholders' Meetings.

Each shareholder, without regard to the number of shares held, is entitled, upon proof of his/her identity and capacity as a shareholder, to participate in Shareholders' Meetings, subject to:

(i) the recording of his/her shares on the third business day preceding the Shareholders' Meeting (the "Record Date"), at 00:00 am (Paris time), whereby:
- registered shareholders are comprised of those shareholders identified in the nominative share register on file with the company, and
- bearer shareholders are comprised of those shareholders identified as holders of record in the bearer share register on file with the authorized intermediary; and, if necessary;

(ii) the provision to the company of any documents required to prove such shareholders' identity, in accordance with applicable law.

The registration or recording of shares in the bearer share account held by the authorized intermediary is authenticated by a shareholding certificate (*attestation de participation*) delivered by said intermediary in accordance with legal and statutory provisions.

Pursuant to Article 17 of Vivendi's by-laws, voting rights attached to shares belong to usufruct holders (*usufruitiers*) in Ordinary Shareholders' Meetings and to legal owners of title (*nu-propriétaires*) in Extraordinary Shareholders' Meetings, unless otherwise agreed by both parties, provided that the company is notified of such agreement by said parties.

Subject to applicable laws and regulations, shareholders may send their proxy and voting forms for any Shareholders' Meeting to the company by mail, either in paper form or, where resolved by the Management Board and published in the notice of meeting, by teletransmission. Proxy and voting forms must be received by the company prior to 3:00 pm (Paris time) on the day prior to the Shareholders' Meeting.

The proxy or voting form may, if necessary, contain the shareholder's electronic signature, authenticated via a reliable security process, enabling the identification of the shareholder as well as the shareholder's vote.

Shareholders' Meetings are chaired by the Chairman of the Supervisory Board.

Each shareholder is entitled to a number of votes equal to the number of shares he/she owns or represents.

2.1.5. Determination, Allocation and Distribution of Net Earnings

Pursuant to Article 19 of Vivendi's by-laws, the statement of income summarizes income and expenses for the fiscal year, showing statutory net income as the difference between the two, after deducting amortization, depreciation and provisions.

At least 5% of the fiscal year's earnings, reduced, where applicable, by deferred losses, shall be withheld for allocation to the statutory reserve fund. This withholding ceases to be mandatory when the statutory reserve fund reaches an amount equal to 10% of the share capital. Such deductions shall resume if, for any reason, the legal reserve falls below this percentage.

The Shareholders' Meeting shall set aside such amounts as the Management Board deems appropriate for transfer to contingency funds, ordinary or extraordinary revenue reserves, retained earnings or for distribution.

Distributable earnings are equal to the net income for the fiscal year, less losses carried forward and amounts allocated to reserves, pursuant to applicable law or the company's by-laws, plus earnings carried forward from previous fiscal years.

Dividends are first paid out of current earnings.

Except in the event of a reduction in share capital, no dividends shall be distributed to shareholders when shareholders' equity is, or would become as a result of such distribution, less than the amount of the share capital plus reserves, which are not permitted to be distributed pursuant to applicable law or the company's by-laws.

Revaluation surpluses may not be distributed, but may be wholly or partially capitalized.

The Shareholders' Meeting may resolve to distribute funds from available reserves by specifically identifying the reserve line items from which such funds shall be distributed.

The terms of dividend payments are determined by the Shareholders' Meeting or, upon failing to make such determination, by the Management Board. Dividends must be paid no later than nine months following the end of the fiscal year, unless extended by court order.

The Shareholders' Meeting has the right to grant each shareholder the option to receive all or part of the annual dividend or interim dividend distributed in the form of cash, shares or payment in kind.

Dividends that remain unclaimed 5 years from the dividend payment dates are no longer distributable pursuant to statutory limitation rules.

2.1.6. Provisions Having the Effect of Delaying, Deferring or Preventing a Change in Control

Vivendi's by-laws do not contain any provisions that would have the effect of delaying, deferring or preventing a change in control of the company.

2.1.7. Provisions Governing the Ownership Threshold Above Which Shareholder Ownership Must be Disclosed

Pursuant to Article 5 of Vivendi's by-laws, the company may, at any time and in accordance with applicable laws and regulations, use the procedure known as *titres au porteur identifiable* (TPI) to request the relevant central depository for financial instruments to provide it with information in relation to any of the company's securities that confer a right to vote (either immediately or in the future) at Shareholders' Meetings.

Personal data and information obtained are used solely for the purpose of identifying the owners of bearer shares and analyzing Vivendi's share ownership structure on any given date. In accordance with the provisions of the French Law dated January 6, 1978, owners of securities have the right to access, amend and delete any personal information about themselves. To do so, a request must be submitted to Vivendi's Legal department or to the following email address: tpi@vivendi.com.

Failure by shareholders or their intermediaries to disclose such information may lead to the suspension or suppression of dividends or voting rights.

Any person, acting alone or in concert, who becomes the direct or indirect holder of a fraction of the share capital, voting rights or securities giving rights to the share capital of the company equivalent to, or in excess of, 0.5% or a multiple thereof, shall send a notice to the company, by registered letter with acknowledgment of receipt, within 15 calendar days of crossing any of these thresholds. The notice shall specify the aggregate number of shares, voting rights or securities giving rights to the share capital of the company that such person directly or indirectly holds, whether alone or in concert.

A person who fails to comply with this notification requirement is subject to penalties in accordance with applicable law, upon the request of one or more shareholders holding at least 0.5% of the company's share capital.

Any person, acting alone or in concert, shall inform the company within 15 calendar days if the percentage of share capital or voting rights that such person holds falls below any of the above-mentioned thresholds.

2.1.8. Provisions Governing Changes in Share Capital Where Such Conditions are More Stringent than Required by Law

None.

2.2. SHARE CAPITAL

2.2.1. Amount of Issued Share Capital

As of December 31, 2012, the company's share capital amounted to €7,281,793,288 divided into 1,323,962,416 shares, with a par value of €5.50 per share.

All shares may be held in registered or bearer form and are freely negotiable. The shares are traded on Euronext Paris (Compartment A) (ISIN Code: FR0000127771).

2.2.2. Shares not Representing Capital

None.

2.2.3. Amount of Authorized but Non-Issued Capital

Details of delegations of authority and authorizations approved by the Combined Shareholders' Meeting of April 21, 2011 and submitted to the Combined Shareholders' Meeting of April 30, 2013 are set out below.

ISSUES OF SECURITIES WITH PREFERENTIAL SUBSCRIPTION RIGHTS

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and marketable securities giving right to shares)	**13th – 2013**	**26 months (June 2015)**	(a) **€1.5 billion, i.e., 20.6% of the share capital**
	14th – 2011	26 months (June 2013)	€1.5 billion, i.e., 22.04% of the share capital
Capital increase by incorporation of reserves and grant of shares to shareholders	**15th – 2013**	**26 months (June 2015)**	**€1 billion, i.e., 13.7% of the share capital**
	20th – 2011	26 months (June 2013)	(b) €1 billion, i.e., 14.69% of the share capital

ISSUES OF SECURITIES WITHOUT PREFERENTIAL SUBSCRIPTION RIGHTS

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Maximum nominal amount of share capital increase
Capital increase (ordinary shares and any securities giving right to shares)	**-**	**n/a**	**n/a**
	15th – 2011	26 months (June 2013)	(b, c) €1 billion i.e., 14.69% of the share capital
	14th – 2013	**26 months (June 2015)**	(c) **10% of the share capital**
Contributions in kind to the company	17th – 2011	26 months (June 2013)	(d) 10% of the share capital

ISSUES RESERVED FOR EMPLOYEES OF VIVENDI

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Main terms
Share capital increase through the Group's Savings Plan (PEG)	**16th – 2013**	**26 months (June 2015)**	(c) **Maximum of 2% of the share capital on the Management Board's decision date**
	17th – 2013	**18 months (Oct 2014)**	
	18th – 2011	26 months (June 2013)	(e) Maximum of 2% of the share capital on the Management Board's decision date
	19th – 2011	18 months (Oct 2012)	
Stock options (options to subscribe for shares only) Exercise price fixed without discount	12th – 2011	38 months (June 2014)	(f) Maximum of 1% of the share capital on the Management Board's decision date
Allotment of existing or future bonus shares	13th – 2011	38 months (June 2014)	(g) Maximum of 1% of the share capital at grant date

SHARE REPURCHASE PROGRAM

Transactions	Resolution number – Year	Duration of the authorization (expiry date)	Main terms
Share repurchases	**11th – 2013**	**18 months (Oct 2014)**	**10% of the share capital Maximum purchase price: €30**
	9th – 2012	18 months (Oct 2013)	(h) 10% of the share capital Maximum purchase price: €25
Share cancellations	**12th – 2013**	**18 months (Oct 2014)**	**10% of the share capital over a 24-month period**
	11th – 2011	18 months (Oct 2012)	10% of the share capital over a 24-month period

n/a: not applicable.

(a) Aggregate maximum amount for capital increases, all transactions included.

(b) Used on May 9, 2012, for 41.6 million shares, i.e., 3.33% of share capital (grant of bonus shares to all shareholders in the ratio of one new share per 30 existing shares held).

(c) This amount will be deducted from the aggregate nominal amount of €1.5 billion set forth in the 14th resolution of the 2013 Combined Shareholders' Meeting.

(d) Used on September 27, 2012 for 22.3 million shares (consideration for the contribution received from Bolloré Media).

(e) Used in 2011 for 9.37 million shares, i.e., 0.75% of share capital and in 2012 for 12.3 million shares, i.e., 0.94% of share capital.

(f) Used in 2012 for 3 million shares, i.e., 0.24% of share capital.

(g) Used in 2012 for 2.14 million shares, i.e., 0.17% of share capital.

(h) Used for 1.112 million shares, i.e., 0.08% of share capital.

2.2.4. Shares Held by the Company

2.2.4.1. SUMMARY OF THE PREVIOUS SHARE REPURCHASE PROGRAM

The previous share repurchase program of the company was put in place on November 15, 2011, pursuant to the tenth resolution of the Ordinary Shareholders' Meeting of April 21, 2011 and pursuant to an authorization by the Management Board, dated November 15, 2011.

Under this program, the company may repurchase a maximum number of shares representing 10% of the share capital of the company, at a maximum purchase price of €25 per share, in accordance with the maximum amount approved at the Shareholders' Meeting.

The sole purpose of this repurchase program is market making for Vivendi shares through a financial intermediary pursuant to a liquidity agreement established in compliance with the AMAFI professional Code of Ethics approved by the French *Autorité des Marchés Financiers* (AMF).

2.2.4.2. CURRENT SHARE REPURCHASE PROGRAM

On October 22, 2012, the Management Board authorized a share repurchase program to be put in place pursuant to the ninth resolution of the Ordinary Shareholders' Meeting dated April 19, 2012.

Under this program, the company may repurchase a maximum number of shares representing 10% of the share capital of the company, at a maximum purchase price of €22 per share, in accordance with the maximum amount approved by the Shareholders' Meeting.

The company's objectives for the current share repurchase program are:

- to continue to apply the current liquidity agreement under terms that comply with the AMAFI Code of Ethics; and
- to repurchase 1.112 million shares on the market to cover the award of performance shares vesting in 2013.

2.2.4.3. AGGREGATE NUMBER OF PURCHASES AND SALES/TRANSFERS OF SHARES FROM JANUARY 1 TO DECEMBER 31, 2012 (OTHER THAN SHARES PURCHASED UNDER THE LIQUIDITY AGREEMENT)

	Purchases	Sale/Transfer
Number of shares	1,112,094	980,612
Average price per share (in euros)	16.01	21.07
Total value (in euros)	17,803,600.00	20,658,340.79

Number of shares canceled during the last 24 months: None.

2.2.4.4. TREASURY SHARES (OTHER THAN SHARES HELD PURSUANT TO THE LIQUIDITY AGREEMENT)

POSITION AS OF DECEMBER 31, 2012

As of December 31, 2012, Vivendi held 1,460,500 of its own shares, which have a par value of €5.50 each, representing 0.11% of the share capital of the company. These shares have been allocated to cover the award of performance shares vesting in 2013. As of December 31, 2012, the book value of shares held by the company amounted to €25.5 million, representing a market value of €24.8 million as of the same date.

2.2.4.5. AGGREGATE NUMBER OF PURCHASES AND SALES/TRANSFERS OF SHARES FROM JANUARY 1, 2013 UNTIL FEBRUARY 28, 2013 (OTHER THAN SHARES PURCHASED UNDER THE LIQUIDITY AGREEMENT)

	Purchases	Sale/Transfer
Number of shares	None	None
Average price per share (in euros)	n/a	n/a
Total value (in euros)	n/a	n/a

n/a: not applicable.

As of February 28, 2013, Vivendi held 1,460,965 of its own shares, representing 0.11% of the share capital of the company.

2.2.4.6. LIQUIDITY AGREEMENT

Since January 3, 2005, Vivendi has entered into a liquidity agreement for the repurchase of its own shares, which is established in compliance with the AMAFI Code of Ethics. The term of this agreement is one year, renewable by tacit agreement.

In 2012, Vivendi repurchased a total of 5,935,683 shares pursuant to this liquidity agreement, representing 0.448% of the share capital of the company and €89.1 million and sold a total of 5,935,683 shares for €89.7 million.

As of December 31, 2012, the following sources of funding were held in a liquidity account set up by the company pursuant to its liquidity agreement: 0 shares and €51.9 million. In 2012, the company recognized capital gains under this liquidity agreement in the amount of €0.6 million.

For 2012, the company's management fees for the liquidity agreement amounted to €180,000 (excluding VAT).

2.2.4.7. TREASURY SHARES HELD BY THE GROUP

As of December 31, 2012, Vivendi's subsidiaries held 465 shares of the company.

2.2.4.8. OPEN POSITIONS ON DERIVATIVE FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2012

None.

2.2.5. Convertible Securities, Exchangeable Securities or Warrant Securities

2.2.5.1. BONDS CONVERTIBLE INTO NEW SHARES AND/OR EXCHANGEABLE FOR EXISTING SHARES (OCEANES)

No OCEANEs are outstanding.

2.2.5.2. BONDS MANDATORILY REDEEMABLE IN SHARES (ORAS)

No ORAs are outstanding.

2.2.5.3. WARRANTS (BSAS)

No BSAs are outstanding.

2.2.6. Stock Subscription Option Plans

2.2.6.1. GRANT CRITERIA

Since 2002, the company has only put in place stock subscription option plans. These plans have a 10-year term.

Grants of stock subscription option plans are based on three criteria: (i) level of responsibility; (ii) individual performance; and (iii) rewarding the loyalty of high-potential managers.

As of December 31, 2012, a total of 53,405,701 options were outstanding under all existing stock subscription option plans (after deducting the number of stock options exercised or canceled pursuant to the termination of employment of certain beneficiaries). These options represent a maximum nominal share capital increase of €294 million or 4.03% of the company's share capital.

As a result of the termination of Vivendi's ADR (American Depository Receipt) program and the delisting of the company's ADRs from the NYSE in 2006, any stock options that were exercisable into ADRs and granted to Directors and employees of the Group residing in the United States were converted into Stock Appreciation Rights (SARs). SARs are instruments that settle in cash only and therefore have no dilutive effect. The trading value of the SARs is the average of the high and low prices of Vivendi's ordinary shares as quoted on Euronext Paris on that trading day, converted from Euros to US dollars based on the daily Euro/US dollar exchange rate as published by the European Central Bank on the date of exercise of the SAR. As of December 31, 2012, there were 5,063,754 SARs (formerly ADRs) outstanding.

2.2.6.2. KEY FEATURES OF THE PLANS

Stock options are fully acquired by the beneficiaries after a three-year vesting period and may be exercised on one or more occasions. Shares received upon the exercise of the options can be freely transferred, subject, for beneficiaries who are French tax residents, to the expiration of the beneficial holding period applicable under French tax law (currently a four-year period). In the event of a tender offer for Vivendi shares, the options under any of the plans will immediately vest and become exercisable.

From 2009 until 2010, pursuant to the Combined Shareholders' Meeting of April 24, 2008, the grant of options had been subject to the same performance criteria and quantitative methods of allocation as those used for performance shares (see Section 3.3). The performance conditions were based on three criteria as set by the Supervisory Board, which were weighted as follows: adjusted net income (50%), cash flow from operations (30%) and the performance of Vivendi shares based on a comparison of three trading indices (20%): DJ Stoxx Media, DJ Stoxx Telco and CAC 40.

In 2011, the definitive grant of stock subscription options was effective based on the satisfaction of the following performance conditions, assessed over two years: adjusted net income (45%), cash flow from operations (25%) and the performance of Vivendi shares based on external indicators (30%) determined by the Stoxx Europe 600 Telecommunications index (60%) as well as the value of a selected portfolio of Media securities (40%). All options granted will be definitively granted if the weighted total of the three indicators reaches or exceeds 100%; 50% will vest if the weighted total of the three indicators reaches the applicable value thresholds, and no options will vest if the weighted total of the three indicators is lower than the applicable value thresholds.

Since 2012, the definitive grant of stock subscription options was effective based on the satisfaction of the following performance conditions, as assessed at the end of a period of two consecutive years, based on: an internal indicator (70%) determined by an EBITA margin rate (adjusted operating income/revenues), which will be recorded as of December 31, 2013 on a cumulative basis including the 2012 and 2013 fiscal years; and on external indicators (30%) determined by the performance of Vivendi shares from January 1, 2012 to December 31, 2013 in comparison to two trading indices: Stoxx Europe 600 Telecommunications (70%) as well as the value of a selected portfolio of Media securities (30%). All options granted will vest if the weighted total of the internal and external indicators reaches or exceeds 100%; 50% will vest if the weighted total of the indicators reaches the applicable value thresholds, and no options will vest if the weighted total of the indicators is lower than the applicable value thresholds.

2.2.7. Performance Shares

Since 2006, the company has granted performance shares subject to the satisfaction of certain performance conditions for the year in which they are granted. These performance conditions are the Group's adjusted net income and operating cash flow. In addition, for performance shares granted since 2009, the performance of Vivendi shares against two trading indices (Stoxx Europe 600 Telecommunications and a selected portfolio of Media securities) is an additional performance condition that has been used. All performance shares vested if the weighted total of the three performance conditions reached or exceeded 100%; 50% of the performance shares vested if the weighted total of the three performance conditions achieved the applicable value thresholds; no shares were granted if the weighted total of the three performance conditions was lower than the applicable value thresholds.

For 2012, the right to performance shares vests at the end of a period of two years from the date of grant and is subject to the satisfaction of presence and the achievement of new performance conditions, as assessed at the end of a period of two consecutive years, an internal indicator (70%) determined by an EBITA margin rate (adjusted operating income/revenues) that will be recorded as of December 31, 2013 on a cumulative basis for 2012 and 2013 and external indicators (30%) determined by the performance of Vivendi stock from January 1, 2012 to December 31, 2013 in comparison to two trading indices: Stoxx Europe 600 Telecommunications (70%) as well as the value of a selected portfolio of Media securities (30%). 100% of the shares will be granted if the weighted total of the internal and external indicators reaches or exceeds 100%; 50% will be definitively granted if the weighted total of the internal and external indicators reaches the applicable value thresholds, and no shares will be definitively granted if the weighted total of the internal and external indicators is lower than the applicable value thresholds.

Performance shares that are registered in an account opened in the name of the beneficiaries at the end of a two-year period must be retained by the beneficiaries for an additional two-year period.

In 2012, a total of 980,612 shares were granted to beneficiaries at the end of the vesting period of the rights granted under the 2008/04 US and 2010 performance share plans. 1,110 shares from the 2011 plan were granted to the eligible beneficiaries of deceased beneficiaries of shares and 138,191 rights were canceled upon the termination of employment of certain beneficiaries.

For more details, please refer to Section 3.3 below and to the appendix of this section.

2.2.7.1. ADJUSTMENT OF RIGHTS FOLLOWING THE GRANT OF BONUS SHARES TO SHAREHOLDERS

In accordance with Articles L.225-181 and L.228-99 of the French Commercial Code, the stock subscription option and performance share plans were adjusted to account for the bonus shares granted to all shareholders in the ratio of one new share for each 30 existing shares that took place on May 9, 2012 by withdrawal from the reserves.

The adjustment, which is intended to enable the beneficiaries to invest the same amount as planned at the time the rights were granted, resulted in:

- an increase in the number of options granted and a decrease in their exercise price; and
- an increase in the number of performance share rights under the 2011 and 2012 plans.

The adjustment ratio of 0.967742 was calculated based on the ratio of existing shares to the total number of existing and newly created shares under the bonus share grant.

2.2.8. Acquisition Rights or Obligations in Respect of Authorized but Non-Issued Capital

None.

2.2.9. Conditional or Unconditional Options or Agreements on Any Member of the Group

None.

2.2.10. Changes in Share Capital over the Last Five Years

		Amount			Share capital amounts	
Transactions	Date	Share nominal value (in euros)	Premium per share (in euros)	Number of issued shares	In shares	In euros
Share capital as of December 31, 2007					1,164,743,220	6,406,087,710.00
Grant of performance shares (April 2006)	04/14/08	5.50	n/a	423,516	1,165,166,736	6,408,417,048.00
Stock option exercises	01/31/08	5.50	11.02	36,806	1,165,203,542	6,408,619,481.00
Stock option exercises	02/29/08	5.50	8.90	6,800	1,165,210,342	6,408,656,881.00
Stock option exercises	03/31/08	5.50	13.06	11,100	1,165,221,442	6,408,717,931.00
Stock option exercises	04/16/08	5.50	9.90	62,500	1,165,283,942	6,409,061,681.00
Stock option exercises	05/31/08	5.50	13.94	34,580	1,165,318,522	6,409,251,871.00
Stock option exercises	06/30/08	5.50	11.54	61,600	1,165,380,122	6,409,590,671.00
2008 Group Savings Plan	07/24/08	5.50	15.58	4,361,052	1,169,741,174	6,433,576,457.00
2008 Group Savings Plan	07/24/08	5.50	18.215	132,541	1,169,873,715	6,434,305,432.50
Stock option exercises	07/31/08	5.50	* 13.36	19,900	1,169,893,615	6,434,414,882.50
Stock option exercises	08/31/08	5.50	* 8.90	5,000	1,169,898,615	6,434,442,382.50
Grant of performance shares (September 2006)	09/22/08	5.50	n/a	3,295	1,169,901,910	6,434,460,505.00
Stock option exercises	09/30/08	5.50	* 13.36	23,166	1,169,925,076	6,434,587,918.00
Stock option exercises	10/31/08	5.50	* 8.90	53,650	1,169,978,726	6,434,882,993.00
Stock option exercises	11/30/08	5.50	* 8.90	2,000	1,169,980,726	6,434,893,993.00
Stock option exercises	12/10/08	5.50	* 8.90	6,850	1,169,987,576	6,434,931,668.00
Grant of shares AGA 15 (December 2006)	12/15/08	5.50	n/a	184,245	1,170,171,821	6,435,945,015.50
Grant of performance shares (December 2006)	12/15/08	5.50	n/a	1,067	1,170,172,888	6,435,950,884.00
Stock option exercises	12/31/08	5.50	* 10.02	24,550	1,170,197,438	6,436,085,909.00
Grant of shares AGA 15 (January 2007)	01/26/09	5.50	n/a	8,595	1,170,206,033	6,436,133,181.50
Stock option exercises	01/31/09	5.50	* 8.90	4,500	1,170,210,533	6,436,157,931.50
Stock option exercises	03/31/09	5.50	* 8.60	70,450	1,170,280,983	6,436,545,406.50
Grant of performance shares (April 2007)	04/24/09	5.50	n/a	444,028	1,170,725,011	6,438,987,560.50
Stock option exercises	04/30/09	5.50	* 8.90	41,270	1,170,766,281	6,439,214,545.50
Payment of dividend in shares	06/04/09	5.50	* 11.50	53,184,521	1,223,950,802	6,731,729,411.00
2009 Group Savings Plan	07/30/09	5.50	* 9.106	4,721,216	1,228,672,018	6,757,696,099.00
2009 Group Savings Plan	07/30/09	5.50	* 10.109	141,063	1,228,813,081	6,758,471,945.50
Grant of performance shares (September 2007)	09/18/09	5.50	n/a,	2,869	1,228,815,950	6,758,487,725.00
Stock option exercises	09/30/09	5.50	*8.90	27,833	1,228,843,783	6,758,640,806.50
Grant of performance shares (October 2007)	10/26/09	5.50	n/a,	3,933	1,228,847,716	6,758,662,438.00
Stock option exercises	10/31/09	5.50	*8.90	1,800	1,228,849,516	6,758,672,338.00
Stock option exercises	12/31/09	5.50	*9.96	9,975	1,228,859,491	6,758,727,200.50
Stock option exercises	01/31/10	5.50	8.90	2,000	1,228,861,491	6,758,738,200.50

Transactions	Date	Amount		Number of issued shares	Share capital amounts	
		Share nominal value (in euros)	Premium per share (in euros)		In shares	In euros
Stock option exercises	02/28/10	5.50	8.90	200	1,228,861,691	6,758,739,300.50
Stock option exercises	03/31/10	5.50	8.90	42,000	1,228,903,691	6,758,970,300.50
Grant of performance shares (April 2008)	04/19/10	5.50	n/a,	429,078	1,229,288,569	6,761,087,129.50
Stock option exercises	04/28/10	5.50	*7.91	14,000	1,229,346,769	6,761,407,229.50
Stock option exercises	07/31/10	5.50	7.89	8,963	1,229,355,732	6,761,456,526.00
2010 Group Savings Plan	07/29/10	5.50	*8.281	7,141,109	1,236,496,841	6,800,732,625.50
Stock option exercises	09/30/10	5.50	*9.16	418,729	1,236,915,570	6,803,035,635.00
Stock option exercises	10/31/10	5.50	*9.68	60,235	1,236,975,805	6,803,366,927.50
Stock option exercises	11/30/10	5.50	*10.18	39,703	1,237,015,508	6,803,585,294.00
Stock option exercises	12/31/10	5.50	*8.84	321,010	1,237,336,518	6,805,350,849.00
Grant of performance shares (April 2010)	12/31/10	5.50	n/a	590	1,237,337,108	6,805,354,094.00
Stock option exercises	01/31/11	5.50	*9.26	207,991	1,237,545,099	6,806,498,044.50
Stock option exercises	02/28/11	5.50	7.89	3,657	1,237,548,756	6,806,518,158.00
Stock option exercises	03/31/11	5.50	7.89	13,971	1,237,562,727	6,806,594,998.50
Stock option exercises	04/20/11	5.50	7.89	82,111	1,237,644,838	6,807,046,609.00
Stock option exercises	05/31/11	5.50	7.89	1,736	1,237,646,574	6,807,056,157.00
Stock option exercises	06/30/11	5.50	7.89	216,086	1,237,862,660	6,808,244,630.00
2011 Group Savings Plan	07/21/11	5.50	9.77	9,371,605	1,247,234,265	6,859,788,457.50
Stock option exercises	08/31/11	5.50	7.89	2,689	1,247,236,954	6,859,803,247.00
Stock option exercises	12/31/11	5.50	7.89	26,106	1,247,263,060	6,859,946,830.00
Bonus share award (1 for 30)	05/09/12	5.50	n/a	41,575,435	1,288,838,495	7,088,611,722.50
2012 Group Savings Plan	07/19/12	5.50	4.81	12,288,690	1,301,127,185	7,156,199,517.50
Stock option exercises	07/31/12	5.50	7.46	2,000	1,301,129,185	7,156,210,517.50
Bolloré Média contributions	09/27/12	5.50	9.55	22,356,075	1,323,485,260	7,279,168,930.00
Stock option exercises	09/30/12	5.50	7.46	8,333	1,323,493,593	7,279,214,761.50
Stock option exercises	10/31/12	5.50	7.46	43,334	1,323,536,927	7,279,453,098.50
Stock option exercises	11/30/12	5.50	7.46	59,411	1,323,596,338	7,279,779,859.00
Stock option exercises	12/31/12	5.50	7.46	366,078	1,323,962,416	7,281,793,288.00

n/a: not applicable.

* Weighted-average premium in euros.

As of December 31, 2012, the share capital of the company amounted to €7,579,356,493.50, divided into 1,378,064,817 shares and calculated on a fully-diluted basis after taking into account the potential issuance of 54,102,401 shares from (i) the 53,405,701 stock subscription options that are outstanding and (ii) the 696,700 bonus shares granted to employees of Vivendi SA and its French subsidiaries.

2.2.11. Market Information

2.2.11.1. PLACES OF LISTING – STOCK EXCHANGE QUOTATION

Source: NYSE Euronext.

STOCK EXCHANGE QUOTATION FOR VIVENDI ORDINARY SHARES – EURONEXT PARIS

Compartment A (code FR0000127771) (in euros)	Average quotation	High	Low	Number of shares traded	Transactions
2011					
January	21.0698	22.0700	20.1650	94,338,818	1,992,943,984
February	20.7913	21.6750	20.0100	101,502,573	2,107,441,030
March	19.7185	20.9400	18.5000	143,469,229	2,815,001,414
April	20.5363	21.2450	19.7700	96,767,070	1,981,575,572
May	19.3905	21.3700	18.8100	167,151,580	3,265,303,636
June	18.7250	19.5700	18.0700	125,044,203	2,340,277,124
July	17.6090	19.2300	16.5000	130,450,739	2,287,918,203
August	15.7174	16.9900	14.1000	193,371,406	3,029,630,132
September	15.6520	17.4750	14.4000	172,159,259	2,710,012,605
October	16.1038	17.2600	14.7400	100,549,045	1,621,216,343
November	15.8502	17.1200	15.1050	119,808,909	1,909,896,002
December	16.6014	17.4000	15.9100	94,254,143	1,584,558,996
2012					
January	16.2536	17.6250	15.5800	113,216,629	1,831,299,797
February	16.3074	16.6650	15.9450	90,980,121	1,482,634,200
March	14.0005	15.3850	13.5350	193,277,271	2,744,472,027
April	13.2092	14.4100	12.4150	141,627,624	1,871,716,474
May	12.9906	13.7806	12.3145	162,668,095	2,130,383,284
June	13.6312	14.7000	12.6750	151,400,985	2,079,261,947
July	15.1543	15.9300	14.3100	120,865,315	1,829,110,831
August	15.6589	16.1750	14.5850	83,417,548	1,301,524,593
September	15.5693	15.9600	15.1750	87,707,219	1,356,207,301
October	15.7017	16.3750	15.0650	100,995,605	1,588,986,419
November	15.8761	16.8950	14.6600	94,445,547	1,497,029,003
December	16.8579	17.4350	16.3800	76,252,304	1,276,308,268
2013					
January	16.4120	17.4350	15.6800	79,470,791	1,305,453,229
February	15.6585	16.2950	14.8400	86,168,676	1,351,308,193

2.2.11.2. FINANCIAL SECURITIES INTERMEDIARY

BNP Paribas Securities Services
GCT – Service Emetteurs
Les Grands Moulins de Pantin
9, rue du Débarcadère
93761 Pantin Cedex – France

2.2.12. ADR (American Depositary Receipt) Program

On January 10, 2011, the level 1 sponsored ADR program, which had been maintained with Deutsche Bank since December 15, 2008, terminated.

As of the date of this report, Vivendi does not sponsor any American Depositary Receipt (ADR) program for its shares. Any existing ADR program is "unsponsored" and is not connected in any way to Vivendi. Vivendi denies any responsibility or liability regarding any such program.

2.3. MAJOR SHAREHOLDERS

2.3.1. Share Ownership and Voting Rights

As of December 31, 2012, the company's share capital amounted to €7,281,793,288, divided into 1,323,962,416 shares.

The corresponding number of voting rights, considering that treasury shares have no voting rights, amounted to 1,322,501,451 as of December 31, 2012 and 1,322,501,451 as of February 28, 2013.

As of December 31, 2012, employees held 3.13% of the company's share capital.

To the Management Board's knowledge, as of December 31, 2012, the major shareholders who hold shares in registered form or sent a share ownership notice to the company were as follows:

Owners	% of share capital	% of voting rights	Number of shares	Number of voting rights
Groupe Bolloré	5.00	5.01	66,234,684	66,234,684
BlackRock, Inc.	4.62	4.62	61,103,280	61,103,280
Groupe Société Générale	4.54	4.55	60,152,744	60,152,744
Amundi (Crédit Agricole AM/Société Générale AM)	4.22	4.23	55,933,342	55,933,342
CDC/ FSI (Caisse des Dépôts et Consignations)	3.52	3.53	46,636,819	46,636,819
Vivendi Group savings plan	3.13	3.13	41,377,407	41,377,407
NBIM (Norges Bank Investment Management)	1.89	1.89	25,028,160	25,028,160
Natixis Asset Management	1.87	1.87	24,793,655	24,793,655
Qatar Holding	1.59	1.59	21,009,122	21,009,122
Crédit Suisse Securities (Europe) Limited	1.56	1.56	20,646,339	20,646,339
The Baupost Group, LLC	1.38	1.38	18,225,000	18,225,000
UBS Investment Bank	1.30	1.30	17,253,929	17,253,929
CNP Assurances	0.97	0.97	12,836,828	12,836,828
DNCA Finance	0.93	0.93	12,331,532	12,331,532
BNP PARIBAS AM	0.90	0.90	11,899,845	11,899,845
HSBC Holding plc	0.47	0.47	6,185,998	6,185,998
Treasury shares	0.11	0.00	1,460,965	0
Other shareholders	62.47	62.54	820,852,767	820,852,767
TOTAL	**100.00**	**100.00**	**1,323,962,416**	**1,322,501,451**

2.3.2. Pledge of Company Shares

As of December 31, 2012, 187,930 shares of the company held in registered form by individual shareholders were pledged, representing 0.014% of the share capital of the company.

2.3.3. Control of the Company – Shareholders' Agreements

As of December 31, 2012, to the company's knowledge, no shareholder other than those listed in the table above held 5% or more of the company's share capital or voting rights, and there were no shareholders' agreements, whether publicly disclosed or not, which related to Vivendi's securities.

2.3.4. Notices Made to the Company Regarding the Crossing of Shareholding Thresholds

In 2012, the company received several notices in respect of the crossing of statutory thresholds both upwards or downwards from Citigroup Global Markets Ltd. (May), Natixis AM (May), Société Générale (April) and upwards from Groupe Bolloré (October). The company also received notices in respect of the crossing, upwards or downwards, of shareholding thresholds as required pursuant to the company's by-laws (0.5% or any multiple of this percentage), including notices from Amundi, Alliance Bernstein, BNP Paribas Asset Management, CNP Assurances, Crédit Suisse Securities (Europe) Limited, DNCA Finance, HSBC Holdings plc, The Baupost Group, LLC and Qatar Holding, details of which are contained in the table below.

2.3.5. Changes in Share Ownership and Voting Rights over the Last Three Years (as of December 31, 2011)

	2012			2011			2010		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
Groupe Bolloré	66,234,684	5.00	5.01	-	-	-	-	-	-
BlackRock, Inc.	61,103,280	4.62	4.62	61,103,280	4.90	4.91	62,035,490	5.02	5.02
Groupe Société Générale	60,152,744	4.54	4.55	54,479,111	4.37	4.37	49,556,305	4.01	4.01
Amundi	55,933,342	4.22	4.23	36,744,968	2.95	2.95	50,050,447	4.05	4.05
CDC/ FSI (Caisse des Dépôts et Consignations)	46,636,819	3.52	3.53	46,636,819	3.74	3.74	46,636,819	3.77	3.77
Vivendi Group savings plan	41,377,407	3.13	3.13	32,240,556	2.59	2.59	24,821,769	2.01	2.01
NBIM (Norges Bank Investment Management)	25,028,160	1.89	1.89	25,028,160	2.01	2.01	-	-	-
Natixis Asset Management	24,793,655	1.87	1.87	23,188,464	1.86	1.86	24,118,458	1.95	1.95
Qatar Holding	21,009,122	1.59	1.59	19,328,754	1.55	1.55	-	-	-
Crédit Suisse Securities (Europe) Limited	20,646,339	1.56	1.56	12,420,615	1.00	1.00	12,258,330	0.99	0.99
The Baupost Group, LLC	18,225,000	1.38	1.38	-	-	-	-	-	-
UBS Investment Bank	17,253,929	1.30	1.30	17,253,929	1.39	1.39	-	-	-
CNP Assurances	12,836,828	0.97	0.97	-	-	-	-	-	-
DNCA Finance	12,331,532	0.93	0.93	-	-	-	-	-	-
BNP Paribas AM	11,899,845	0.90	0.90	12,502,116	1.00	1.00	15,372,179	1.24	1.24
Bank of America/Merrill Lynch	-	-	-	18,697,470	1.50	1.50	18,697,470	1.51	1.51
HSBC Holding plc	6,185,998	0.47	0.47	13,366,247	1.07	1.07	-	-	-
Capital Research and Management	-	-	-	-	-	-	57,398,503	4.64	4.64
Treasury shares	1,460,965	0.11	0.00	1,329,468	0.11	0.00	79,564	0.01	0.00
Other shareholders	820,852,767	62.47	62.54	857,398,821	68.87	68.97	876,311,774	70.80	70.81
TOTAL	**1,323,962,416**	**100**	**100**	**1,247,263,060**	**100**	**100**	**1,237,337,108**	**100**	**100**

APPENDIX

The following tables set out the details of stock subscription option plans as well as performance share plans.

STOCK SUBSCRIPTION OPTION PLANS (IN EUROS)

			Number of options granted							Adjusted number of options (a)		
			Total number		of which, number granted to members of governing bodies							
Date of the Share-holders' Meeting	Date of the Board of Directors, Supervisory Board or Manage-ment Board meeting	Grant date	of bene-ficiaries	of options	Number of beneficiaries	Number of options	Vesting date for options	Expiration date	Adjusted exercise price (a)	exercised in 2012	cancelled in 2012	Outstan-ding as of Decem-ber 31, 2012 (a) and (b)
04/29/03	05/28/03	05/28/03	414	10,547,000	9	3,000,000	05/29/05	05/28/13	12.96	479,156		2,952,061
04/29/03	12/09/03	12/09/03	29	310,000	0	0	12/10/05	12/09/13	17.16			101,878
04/29/03	05/06/04	05/21/04	425	8,267,200	8	2,320,000	05/22/06	05/21/14	18.60		6,453	7,928,969
04/29/03	03/09/05	04/26/05	472	7,284,600	11	2,595,000	04/27/07	04/26/15	21.27		4,625	7,394,676
04/28/05	02/28/06	04/13/06	11	2,008,000	10	1,880,000	04/14/08	04/13/16	25.68			2,231,643
04/28/05	03/21/06	04/13/06	495	3,473,520	0	0	04/14/08	04/13/16	25.68		3,700	3,432,544
04/28/05	09/22/06	09/22/06	33	58,400	0	0	09/23/08	09/22/16	25.68			49,516
04/28/05	12/12/06	12/12/06	3	24,000	0	0	12/13/08	12/12/16	26.47			17,780
04/28/05	03/06/07	04/23/07	6	1,304,000	6	1,304,000	04/24/10	04/23/17	27.71			1,448,949
04/28/05	02/27/07	04/23/07	570	4,414,220	5	528,000	04/24/10	04/23/17	27.71		4,302	4,313,891
04/28/05	09/17/07	09/17/07	7	42,400	0	0	09/18/10	09/17/17	27.71			38,228
04/28/05	10/25/07	10/25/07	4	63,200	0	0	10/26/10	10/25/17	27.71			52,449
04/28/05	02/26/08	04/16/08	646	4,839,200	3	304,000	04/17/11	04/16/18	22.62		9,464	4,669,407
04/28/05	02/28/08	04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	22.62			813,232
04/28/05	02/28/08	04/16/08	7	732,000	7	732,000	04/17/11	04/16/18	22.62			813,232
04/24/08	02/26/09	04/16/09	6	1,240,000	6	1,240,000	04/17/12	04/16/19	18.02			1,377,632
04/24/08	02/24/09	04/16/09	707	5,321,120	4	368,000	04/17/12	04/16/19	18.02		85,595	5,071,043
04/24/08	10/23/09	10/23/09	12	40,000	0	0	10/24/12	10/23/19	18.63		5,162	39,122
04/24/08	02/25/10	04/15/10	5	1,148,000	5	1,148,000	04/16/13	04/15/20	17.74			1,275,488
04/24/08	02/24/10	04/15/10	775	4,149,200	4	368,000	04/16/13	04/15/20	17.74		180,614	4,087,231
04/24/08	04/28/10	06/04/10	11	40,000	0	0	06/05/13	06/04/20	19.07		3,101	38,248
04/24/08	09/21/10	09/21/10	1	5,000	0	0	09/22/13	09/21/20	18.34			5,167
04/24/08	11/15/10	11/15/10	2	6,000	0	0	11/16/13	11/15/20	19.74			3,101
04/24/08	02/28/11	04/13/11	5	717,500	5	717,500	04/14/14	04/13/21	19.29			741,307
04/24/08	02/22/11	04/13/11	556	1,809,200	5	270,000	04/14/14	04/13/21	19.29		69,411	1,774,209
04/21/11	08/30/11	08/30/11	3	36,600	0	0	08/31/14	08/30/21	19.29			37,816
04/21/11	10/25/11	10/25/11	2	2,000	0	0	10/26/14	10/25/21	19.29			2,068
04/21/11	02/29/12	04/17/12	5	633,625	5	633,625	04/18/15	04/17/22	13.19			654,765
04/21/11	02/28/12	04/17/12	544	1,880,259	5	270,000	04/18/15	04/17/22	13.19		39,122	1,903,449
04/21/11	07/16/12	07/16/12	1	1,600	0	0	07/17/15	07/16/22	14.36			1,600
04/21/11	09/27/12	09/27/12	4	135,000	4	135,000	09/28/15	09/27/22	15.57			135,000
										479,156	**411,549**	**53,405,701**

(a) Adjustments following the payment in 2010 of the dividend for fiscal year 2009 by withdrawal from the reserves and the grant of bonus shares on May 9, 2012.

PERFORMANCE SHARE PLANS

			Number of rights to performance shares						Adjusted number of rights to performance shares		
			Total number		of which, number granted to members of governing bodies						
Date of the Shareholders' Meeting	Date of the Supervisory Board's or the Management Board's meeting	Grant date	of beneficiaries	of performance shares	Number of beneficiaries	Number of rights to performance shares	Acquisition date (1)	Date of disposal	Number of rights cancelled in 2012	Number of issued shares at the end of the acquisition period	Number of rights outstanding as of December 31, 2012
04/28/05	02/26/08	04/16/08	646	403,493	3	25,335	04/19/10	04/19/12		55,224	0
04/28/05	02/28/08	04/16/08	7	122,003	7	122,003	04/19/10	04/19/12		9,334	0
04/24/08	02/24/09	04/16/09	707	443,665	4	30,669	04/18/11	04/19/13			(a) 67,047
04/24/08	02/25/10	04/15/10	5	95,668	5	95,668	04/16/12	04/17/14		102,859	0
04/24/08	02/24/10	04/15/10	775	988,504	4	30,669	04/16/12	04/17/14	27,923	797,615	(b) 155,502
04/24/08	04/28/10	06/04/10	11	13,334	0	0	06/05/12	06/06/14		12,747	(c) 1,034
04/24/08	09/21/10	09/21/10	1	1,667	0	0	09/24/12	09/25/14		1,723	0
04/24/08	11/15/10	11/15/10	2	2,000	0	0	11/16/12	11/17/14			(d) 1,034
04/24/08	02/28/11	04/13/11	6	225,000	6	225,000	04/15/13	04/16/15			(e) 232,525
04/24/08	02/22/11	04/13/11	787	1,454,200	5	75,900	04/15/13	04/16/15	74,979	1,110	(f) 1,392,996
04/24/08	04/21/11	04/21/11	1	75,000	1	75,000	04/22/13	04/23/15			(g) 77,514
04/21/11	08/30/11	08/30/11	3	11,780	0	0	09/02/13	09/03/15			12,174
04/21/11	10/25/11	10/25/11	2	2,220	0	0	10/28/13	10/29/15			2,296
04/21/11	02/29/12	04/17/12	6	201,007	6	201,007	04/18/14	04/19/16			(h) 207,638
04/21/11	02/28/12	04/17/12	793	1,617,470	5	75,000	04/18/14	04/19/16	35,289		(i) 1,635,433
04/21/11	07/16/12	07/16/12	14,584	729,200	0	0	07/17/14	07/19/16	32,500		(j) 696,700
04/21/11	07/16/12	07/16/12	1	1,780	0	0	07/17/14	07/18/16			1,780
04/21/11	09/27/12	09/27/12	1	60,000	1	60,000	09/29/14	09/30/16			60,000
04/21/11	09/27/12	09/27/12	4	37,500	4	37,500	09/29/14	09/30/16			37,500
								TOTAL	**170,691**	**980,612**	**4,581,173**

(1) First day of quotation at the end of a 2-year acquisition period.

(a) Includes 67,047 rights to performance shares, after adjustment, granted to US resident beneficiaries to be registered in an account in 2013.

(b) Includes 155,502 rights to performance shares, after adjustment, granted to US and Brazilian resident beneficiaries to be registered in an account in 2014.

(c) Includes 1,034 rights to performance shares granted to a Brazilian resident beneficiary to be registered in an account in 2014.

(d) Includes 1,034 rights to performance shares granted to a Brazilian resident beneficiary to be registered in an account in 2014.

(e) Includes 25,836 rights to performance shares, after adjustment, granted to US and British resident beneficiaries to be registered in an account in 2015.

(f) Includes 262,571 rights to performance shares, after adjustment, granted to US, British and Brazilian beneficiaries to be registered in an account in 2015.

(g) Includes 77,514 rights to performance shares, after adjustment, granted to US and British resident beneficiaries to be registered in an account in 2015.

(h) Includes 50,215 rights to performance shares, after adjustment, granted to US and Brazilian resident beneficiaries to be registered in an account in 2016.

(i) Includes 303,744 rights to performance shares, after adjustment, granted to US, British and Brazilian resident beneficiaries to be registered in an account in 2016.

(j) Grant of 50 bonus shares to employees of Vivendi SA and its French subsidiaries.

SAR AND EX-ADS PLANS CONVERTED INTO SAR PLANS (IN US DOLLARS)

			Number of SAR granted							Adjusted number of SAR		
			Total number		of which, number granted to members of governing bodies							
Date of the Shareholders' Meeting	Date of the Board of Directors, Supervisory Board or Management Board meeting	Grant date	of beneficiaries	of SAR	Number of beneficiaries	Number of SAR	Vesting date for SAR	Expiration date	Adjusted exercise price (a)	exercised in 2012	rights canceled or withdrawn in 2012	outstanding as of December 31, 2012
04/29/03	05/28/03	05/28/03	75	752,000	1	180,000	05/29/05	05/28/13	15.29	34,852		144,176
04/29/03	12/09/03	12/09/03	51	705,000	0	0	12/10/05	12/09/13	21.01			262,623
04/29/03	05/06/04	05/21/04	138	1,012,400	0	0	05/22/06	05/21/14	22.89			635,093
04/29/03	03/09/05	04/26/05	184	1,786,400	1	125,000	04/27/07	04/26/15	28.49			1,456,725
04/28/05	02/28/06	04/13/06	2	192,000	1	112,000	04/14/08	04/13/16	32.16			213,348
04/28/05	03/21/06	04/13/06	154	1,058,320	0	0	04/14/08	04/13/16	32.16			1,003,828
04/28/05	09/22/06	09/22/06	1	24,000	0	0	09/23/08	09/22/16	32.16			26,669
04/28/05	03/06/07	04/23/07	1	112,000	1	112,000	04/24/10	04/23/17	38.45			124,432
04/28/05	02/27/07	04/23/07	177	1,168,660	0	0	04/24/10	04/23/17	38.45			1,196,860
										34,852	**0**	**5,063,754**

(a) Adjustments following payment of the dividend for fiscal year 2009 by withdrawal from the reserves and the grant of bonus shares on May 9, 2012.

SECTION 3 CORPORATE GOVERNANCE

3.1. DIRECTORS, SENIOR MANAGEMENT AND SUPERVISORY BODIES

3.1.1. Supervisory Board

3.1.1.1. GENERAL PROVISIONS

The Supervisory Board may be comprised of a maximum of eighteen members. Each member of the Supervisory Board serves for a four-year term (Article 7 of Vivendi's by-laws).

Each member of the Supervisory Board must own at least one thousand of the company's shares during his/her term of office (Article 7-2 of Vivendi's by-laws). At its meeting of February 28, 2008, the Supervisory Board resolved that each of its members must own a number of Vivendi shares equivalent in value to one year's paid director's fees.

At the end of each Annual Shareholders' Meeting approving the financial statements for the previous fiscal year, the number of members of the Supervisory Board over the age of 70, as of the closing date of the previous fiscal year, must not exceed one-third of the acting members currently in office. In the event that this limit is exceeded, the oldest members are deemed to have resigned at the end of the Shareholders' Meeting (Article 7-3 of Vivendi's by-laws).

The Supervisory Board is comprised of a majority of independent members. Each year the Corporate Governance and Nominating Committee evaluates the presence of independent members and reports to the Supervisory Board accordingly. A member is deemed independent when no direct or indirect relationship of any kind, other than a non-substantial shareholding in the company, exists with the company, its group or its management which could interfere with the exercise of the member's independent judgment (as defined in the AFEP/MEDEF Code for publicly traded companies to which the company adheres).

The independent director classification and the criteria used to determine whether a Director meets such classification are reviewed by the Corporate Governance and Nominating Committee when considering and discussing the appointment of candidates to the Supervisory Board. The Corporate Governance and Nominating Committee reviews, as necessary, any change in the situation during a member of the Board's term of office.

Each member of the Supervisory Board undertakes to regularly attend Supervisory Board meetings and Annual Shareholders' Meetings. Members of the Supervisory Board may attend meetings via videoconference or other forms of telecommunication (Article 10 of Vivendi's by-laws).

3.1.1.2. COMPOSITION OF THE SUPERVISORY BOARD

On the date of publication of this report, the Supervisory Board has eleven members, eight of whom are independent directors. Two members are non-French nationals, one is a citizen of a European Union member state other than France and the other is an American citizen. Four of the members are women which represents 36.4%. In addition, two non-voting Directors attend the meetings of the Supervisory Board.

In 2012, the Supervisory Board met nine times. The attendance rate at Supervisory Board meetings was 93%.

MEMBERS OF THE SUPERVISORY BOARD WHOSE APPOINTMENT TO OFFICE IS PROPOSED AT THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 30, 2013

The appointment to office of Mr. Vincent Bolloré, co-opted by the Supervisory Board at its meeting of December 13, 2012, Mr. Pascal Cagni (non-voting Director since December 13, 2012) and of, Mr. Alexandre de Juniac and Mrs. Yseulys Costes for a period of four years will be proposed at the Shareholders' Meeting to be held on April 30, 2013. The appointment of Ms. Nathalie Bricault, representing the employee shareholders will also be proposed in accordance with Article L.225-71 of the French Commercial Code.

Ms. Maureen Chiquet and Mr. Christophe de Margerie did not request the renewal of their respective terms of office.

Detailed information about current members of the Supervisory Board and about those whose appointment is proposed to the Shareholders' Meeting of April 30, 2013 is provided below in the Section "Main Activities of Current members of the Supervisory Board".

Subject to a favorable vote at the Shareholders' Meeting to be held on April 30, 2013, the Supervisory Board will have 13 members, including five women representing 38.5% of the Board and 9 independent members representing 69.2% of the Board.

LIST OF CURRENT SUPERVISORY BOARD MEMBERS AND NON-VOTING DIRECTORS: DATE OF APPOINTMENTS, NUMBER OF SHARES HELD (COMMITTEES UPDATE POST SUPERVISORY BOARD MEETING OF FEBRUARY 22, 2013)

Supervisory Board members	Position	Age	Date of initial appointment and latest renewal to the Supervisory Board	Committee member	End of term	Number of shares held
Jean-René Fourtou	Chairman of the Supervisory Board	73	04/28/05 04/24/08 04/19/12	A	OGM 2016	*821,815
Dominique Hériard Dubreuil	(a) Vice Chairman and member of the Supervisory Board	66	CS 04/19/12 04/29/10	C and D	OGM 2014	7,130
Vincent Bolloré**	Member of the Supervisory Board	60	CS 12/13/12	A and D	OGM 2017	1,000
Daniel Camus	(a) Member of the Supervisory Board	60	04/29/10	A and B	OGM 2014	8,782
Maureen Chiquet (c)	(a)(b) Member of the Supervisory Board	50	04/30/09	C	OGM 2013	5,373
Philippe Donnet	(a) Member of the Supervisory Board	52	04/24/08 04/19/12	A, B and C	OGM 2016	5,166
Aliza Jabès	(a) Member of the Supervisory Board	50	04/29/10	A and B	OGM 2014	6,923
Henri Lachmann	Member of the Supervisory Board	74	04/28/05 04/24/08 04/21/11	C and D	OGM 2015	36,550
Christophe de Margerie (c)	(a) Member of the Supervisory Board	61	04/30/09	A and D	OGM 2013	5,373
Pierre Rodocanachi	(a) Member of the Supervisory Board	74	04/28/05 04/24/08 04/21/11	A, B and D	OGM 2015	43,625
Jacqueline Tammenoms Bakker	(a)(b) Member of the Supervisory Board	59	04/29/10	C and D	OGM 2014	7,801
Non-voting Directors						
Claude Bébéar	Non-voting Director	77	CS 04/19/12	D	04/19/14	5,879
Pascal Cagni***	Non-voting Director	51	CS 12/13/12	A and C	12/12/14	12,200

* Includes 148,666 shares held in beneficial ownership.

** Ratification of the co-optation submitted to the Shareholders' Meeting to be held on April 30, 2013. Mr. Vincent Bolloré controls Compagnie de Cornouaille, which holds 66,234,684 Vivendi shares representing 5% of the company's share capital.

*** Appointment as member of the Supervisory Board proposed to the Shareholder's Meeting of April 30, 2013.

(a) Independent member.
(b) Non-French citizen.
(c) Renewal not requested.

A: Strategy Committee.

B: Audit Committee.

C: Human Resources Committee.

D: Corporate Governance and Nominating Committee.

OGM: Ordinary General Meeting

MAIN ACTIVITIES OF CURRENT MEMBERS OF THE SUPERVISORY BOARD

JEAN-RENÉ FOURTOU, CHAIRMAN OF THE SUPERVISORY BOARD

French citizen.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris, France

Expertise and experience

Mr. Jean-René Fourtou was born in Libourne on June 20, 1939 and is a graduate of the Ecole Polytechnique. In 1963, he joined Bossard & Michel as a consultant. In 1972, he became Chief Operating Officer of Bossard Consultants and Chairman and Chief Executive Officer of the Bossard group in 1977. In 1986, he was appointed Chairman and Chief Executive Officer of the Rhône-Poulenc Group. From December 1999 to May 2002, he served as Vice Chairman and Chief Operating Officer of Aventis. From 2002 to 2005, he was Chairman and Chief Executive Officer of Vivendi before becoming the Chairman of the Supervisory Board in April 2005. He is the Chairman of the Bordeaux University Foundation.

Positions currently held

Vivendi Group

Maroc Telecom (Morocco), member of the Supervisory Board

Other positions and functions

Sanofi Aventis, Director

Chairman of the Bordeaux University Foundation

Positions previously held that expired during the last five years

Canal+ Group, Chairman of the Supervisory Board

AXA, Vice Chairman of the Supervisory Board

AXA, member of the Ethics and Governance Committee

Cap Gemini, Director

Nestlé (Switzerland), Director

NBC Universal (United States), Director

ICC, International Chamber of Commerce, Honorary Chairman

AXA Millésimes, member of the Supervisory Board

DOMINIQUE HÉRIARD DUBREUIL, VICE CHAIRMAN OF THE SUPERVISORY BOARD

French citizen.

Business address

Rémy Cointreau – 21 boulevard Haussmann, 75008 Paris, France

Expertise and experience

Ms. Dominique Hériard Dubreuil, born on July 6, 1946, was involved in international public relations between 1970 and 1988, successively with Havas Conseil, Ogilvy & Mather, Hill & Knowlton and McCann-Erickson, before creating her own agency, Infoplan, in 1978.

In 1990, she became Chairwoman and Chief Executive Officer of Rémy Martin, and then in 1998 Chairwoman and Chief Executive Officer of Rémy Cointreau, of which she was the Chairwoman of the Board of Directors until 2012 and currently remains a Director.

Positions currently held

Rémy Cointreau SA, Director

Andromède, member of the Management Board and Chief Executive Officer

E. Rémy Cointreau & Co. SAS, Chairwoman

Cointreau SAS, Chairwoman

Other positions and functions

Vinexpo Overseas SAS, Chairwoman of the Supervisory Board

Vinexpo SAS, member of the Supervisory Board

Wendel SA, member of the Supervisory Board

Comité Colbert, Director

Fedération des Exportateurs de vins et spiritueux (FEVS), Director

MEDEF, member of the Executive Committee

INRA, Director

AFEP, Director

Fondation 2e Chance, Director

Fondation de France, Director

Positions previously held that expired during the last five years

Rémy Cointreau SA, Chairwoman of the Board of Directors

Rémy Cointreau Amérique, Inc. (United States), Chairwoman

Orpar SA, Director

Stora Enso OYJ, Director

Baccarat, Director

VINCENT BOLLORÉ, MEMBER OF THE SUPERVISORY BOARD

French citizen.

Business address

Tour Bolloré, 31-32 quai de Dion-Bouton,
92811 Puteaux Cedex

Expertise and experience

Mr. Vincent Bolloré was born on April 1, 1952. He holds a Doctorate in Law and is the Chairman and Chief Executive Officer of the Bolloré group. He began his career in 1970 as a representative at Banque de l'Union Européenne before joining Compagnie Financière Edmond de Rothschild in 1976.

In 1981, he became Chairman and Chief Executive Officer of the Bolloré group and its paper business. Under Mr. Bolloré's management, the group became one of the world's 500 largest companies. As a listed company, the Bolloré group has a strong position in each of its businesses, which are organized into three divisions: Transport and Logistics, Communication and Media, and Electricity Storage. The group also manages a long-term investment portfolio.

Positions currently held

Bolloré group (in France)

Bolloré, Chairman and Chief Executive Officer
Bolloré Participations, Chairman and Chief Executive Officer
Financière de l'Odet, Chairman of the Board of Directors (separate roles)
Havas, Chairman of the Board of Directors (separate roles)
SOMABOL, Chairman
Omnium Bolloré, Chief Executive Officer,
Financière V, Chief Executive Officer
Batscap, Director
Matin Plus, Director
Financière Moncey, Director
Havas Media France, Director
Société Anonyme Forestière et Agricole (SAFA), Permanent Representative of Bolloré Participations on the Board of Directors
Société des Chemins de Fer et Tramways du Var et du Gard, Permanent Representative of Bolloré Participations on the Board of Directors
Société Industrielle et Financière de l'Artois, Permanent Representative of Bolloré Participations on the Board of Directors
Société Bordelaise Africaine, Permanent Representative of Bolloré Participations on the Board of Directors
Compagnie des Tramways de Rouen, Permanent Representative of Bolloré Participations on the Board of Directors
Compagnie Cambodge, Permanent Representative of Bolloré Participations on the Board of Directors

Groupe Bolloré (abroad)

Champ de Mars Investissements, Chairman
Financière Nord-Sumatra, Chairman
Nord-Sumatra Investissements, Chairman
Financière du Champ de Mars, Chairman
BB Group, Director
Plantations des Terres Rouges, Director
Bolloré Africa Logistics Gabon (formerly SDV Gabon), Director
Bolloré Africa Logistics Sénégal (formerly SDV Sénégal), Director
Bolloré Africa Logistics Cameroun (formerly Saga Cameroun), Permanent Representative of Bolloré Participations on the Board of Directors
SAFA Cameroun, Permanent Representative of Canal+ Group on the Board of Directors
Bolloré Africa Logistics Congo (formerly SDV Congo), Permanent Representative of Bolloré Participations on the Board of Directors

Other positions and functions

Fred & Farid Paris, Permanent Representative of Bolloré
Fred & Farid Group, Permanent Representative of Bolloré
Generali, Vice Chairman
Société des Caoutchoucs de Grand Bereby (SOGB), Vice Chairman
Bereby Finances, Vice Chairman
Centrages, Director
Socfinaf (formerly Intercultures), Director
Liberian Agricultural Compagny (LAC), Director
Plantations Nord-Sumatra Ltd, Director
Socfin (formerly Socfinal), Director
Socfinasia, Director
Socfinco, Director
Socfinco KDC, Director
Palmeraies du Cameroun (Palcam), Permanent Representative of Bolloré Participations on the Board of Directors
Société Camerounaise de Palmeraies (Socapalm), Permanent Representative of Bolloré Participations on the Board of Directors
Brabanta, Co-Manager

Positions previously held that expired during the last five years

Natixis, Director
Sofibol, Chief Executive Officer
Direct 8, Director
Direct Soir, Director
Bolloré Média, Permanent Representative of Bolloré on the Board of Directors
Mediobanca, Director
VEPB, Président
Socfindo, Director
Société de Gestion pour le Caoutchouc et les Oléagineux (Sogescol), Director
Socfin KCD, Director
IER, Permanent Representative of Canal+ Group on the Board of Directors
SDV Cameroun, Permanent Representative of Bolloré Participations on the Board of Directors
SAFA Cameroun, Permanent Representative of Bolloré Participations on the Board of Directors
Socfinaf Company Ltd., Director
Compagnie des Glénans, Director
Médiamétrie, Permanent Representative of Havas on the Board of Directors
Huilerie de Mapangu Spri, Manager

DANIEL CAMUS, MEMBER OF THE SUPERVISORY BOARD

French and Canadian citizen.

Business address

8 chemin de Blandonnet, 1214 Vernier, Geneva, Switzerland

Expertise and experience

Mr. Daniel Camus was born on April 14, 1952 and graduated from the Institut d'Etudes Politiques in Paris with a Doctorate in Economics and Management Sciences. He spent most of his career in the chemical and pharmaceutical industry, primarily outside of France. During his more than 25 years with the Hoechst and Aventis groups, he spent the majority of his career in North America before returning to Europe, where he held the position of Group Chief Financial Officer for over 15 years, first as a member of the Management Board of the Roussel Uclaf SA group in Paris, then successively as group Chief Financial Officer of Hoechst Marion Roussel in Bridgewater (USA) and Frankfurt/Main (Germany) and as Chief Financial Officer and member of the Management Board of Aventis Pharma AG, following the merger of Hoechst and Rhône Poulenc. In 2002, he joined the EDF Group where, as Managing Director and Chief Financial Officer, he directed the financial transformation that led to the admission of new shareholders to the company in 2005. Until late 2010, he was Executive Director of the EDF Group in charge of strategy and international activities. In June 2011, he joined Roland Berger Strategy Consultants in Paris and Dusseldorf as a Senior Advisor. Since August 2012, he has been the Chief Financial Officer of the Global Fund in Geneva and a member of its Executive Committee.

Positions currently held

Valeo SA, Director

Other positions and functions

Cameco Corp. (Canada), Director

Morphosy AG (Germany), member of the Supervisory Board

SGL Carbon AG (Germany), member of the Supervisory Board

Positions previously held that expired during the last five years

EDF International SA, Chairman of the Board of Directors

EDF Energy UK Ltd. (United Kingdom), Director

EnBW AG (Germany), member of the Supervisory Board

Dalkia SAS, member of the Supervisory Board

MAUREEN CHIQUET, MEMBER OF THE SUPERVISORY BOARD

US citizen.

Business address

Chanel, Inc. – 9 West 57th Street, 44th Floor,
New York, NY 10019, USA

Expertise and experience

Ms. Maureen Chiquet was born on March 9, 1963 in Saint Louis (United States) and graduated summa cum laude from Yale University with a Bachelor of Arts (B.A.) in comparative literature. Ms. Chiquet began her career at L'Oreal Paris in 1985 as a Product Manager. In 1988, she moved to San Francisco to join Gap as Assistant Merchandiser in the Accessories Division. She spent six years there, working in various merchandising positions. In 1994, she moved to Old Navy as a Divisional Merchandise Manager. After eight years, she became Executive Vice President of Merchandising, Planning and Production, expanding the brand from 35 to 850 stores. In 2002, she was named President of Banana Republic, where she oversaw the organization of all stores and operations in the US and Canada. Maureen Chiquet joined Chanel in 2003 and in October 2004 was named President of Chanel, Inc. in the United States. During those two years as President and Chief Operating Officer of Chanel, Inc., Ms. Chiquet directed all US operations for Fragrance & Beauté, Fashion, Watches and Fine Jewelry. She has worked to ensure the consistency of the global brand and reinforce its luxury positioning and timeless modernity within the United States. Maureen Chiquet has acted as Chairwoman and CEO of Chanel since January 2007.

Positions currently held

Chanel, Chairwoman and Chief Executive Officer

Peek aren't you curious (children's apparel), Director

PHILIPPE DONNET, MEMBER OF THE SUPERVISORY BOARD

French citizen.

Business address

41-43, rue Saint Dominique, 75007 Paris, France

Expertise and experience

Mr. Philippe Donnet was born on July 26, 1960 in France, is a graduate of the Ecole polytechnique and a certified member of the Institut des actuaires français (IFA). In 1985, he joined AXA in France. From 1997 to 1999, he served as Deputy Managing Director of AXA Conseil (France), before becoming Deputy Director of AXA Assicurazioni in Italy in 1999 and joining the AXA Executive Committee as Senior Vice President for the Mediterranean region, Latin America and Canada in 2001. In March 2002, he was also appointed as Chairman-CEO of AXA Re and President of AXA Corporate Solutions. In March 2003, Philippe Donnet was appointed Chief Executive Officer of AXA Japan where he successfully led a recovery by implementing new management and launching innovative and very profitable products. In October 2006, Philippe Donnet was appointed Chairman of AXA Japan and Chief Executive for the Asia-Pacific region. In April 2007, he joined the Wendel Group, where he formed investment operations in the Asia-Pacific region. He currently acts as a consultant for French businesses that seek growth in Asia.

Positions currently held

Gecina, Director

Other positions and functions

La Financière Miro (Albingia), member of the Supervisory Board

Pastel et Associés, Director

Positions previously held that expired during the last five years

Wendel, Chief Executive Officer for Asia-Pacific

AXA Japan Holding, Chairman and Chief Executive Officer

AXA Insurance Life, Chairman and Chief Executive Officer

AXA Direct Japan, Chairman

AXA Asia Pacific Holding, Director

Winvest Conseil (Luxembourg SARL), Manager

Winvest International SA SICAR (Luxembourg company), Director

ALIZA JABÈS, MEMBER OF THE SUPERVISORY BOARD

French citizen.

Business address

Groupe Nuxe – 19, rue Péclet, 75015 Paris, France

Expertise and experience

Ms. Aliza Jabès was born on July 20, 1962, is a graduate of the Paris Institut d'Etudes Politiques and holds an MBA from New York University. Between 1986 and 1988, she was a financial analyst for the Eli Lilly laboratory in Indianapolis. In 1989, she decided to go into entrepreneurship and took over the Nuxe laboratory, a small R&D laboratory in Paris. Under her influence, the Nuxe brand very quickly became a major player in the natural beauty market in pharmacies. In 2009, she created the Nuxe group and distributed the brand on an international scale. In 2012, Nuxe is present in 63 countries, through nine subsidiaries.

Positions currently held

Nuxe group, Chairwoman

Nuxe Spa, Chairwoman

Other positions and functions

Federation of Beauty Companies (FEBEA), Director

Pharmaceutical Council of the French Syndicate of Cosmetic Products (PCF), Chairwoman

Positions previously held that expired during the last five years

French National Institute of Industrial Property (INPI), Director

HENRI LACHMANN, MEMBER OF THE SUPERVISORY BOARD

French citizen.

Business address

Schneider Electric – 35, rue Joseph Monier,
92500 Rueil-Malmaison

Expertise and experience

Mr. Henri Lachmann was born on September 13, 1938, is a graduate of the Ecole des Hautes Etudes Commerciales (HEC) and holds an accounting degree. In 1963, he joined Arthur Andersen, the international accounting management and auditing firm, where he successively held the positions of auditor, then manager of the Auditing department. In 1970, he joined the Strafor Facom Group, where he held various general management positions until June 1981, when he was appointed Chairman of the group. Director of Schneider Electric since 1996, Henri Lachmann became Chairman and Chief Executive Officer of the Schneider Electric group in 1999. Since 2006, he has been the Chairman of the Supervisory Board of the Schneider Electric group.

Positions currently held

Schneider Electric SA, Chairman of the Supervisory Board
Carmat, Director
Norbert Dentressangle Group, member of the Supervisory Board

Other positions and functions

Marie Lannelongue Surgical Center, Chairman of the Board of Directors
Fimalac, Non-voting Director
Tajan, Non-voting Director
Foundation for Continental Law, Chairman
Orientation Committee of the Institut de l'Entreprise, member
ANSA, Director

Positions previously held that expired during the last five years

Schneider Electric SA, Chairman and Chief Executive Officer
Finaxa, Director
CNRS, Director
Fimalac Investissements, Director
AXA Courtage Assurance Mutuelle, Director
AXA Assurances Vie Mutuelle, Director
AXA ONA (Morocco), Director
AXA, member of the Supervisory Board
AXA IARD Mutuelles, Director
Conseil des Prélèvements Obligatoires, member

CHRISTOPHE DE MARGERIE, MEMBER OF THE SUPERVISORY BOARD

French citizen.

Business address

Total S.A. – 2, place Jean-Millier,
92078 Paris La Défense Cedex, France

Expertise and experience

Mr. Christophe de Margerie was born on August 6, 1951 and is a graduate of the Ecole Supérieure de Commerce in Paris. He joined the Financial department of Total in 1974, and was initially responsible for budgeting and, later, the financing of the company's exploration and production subsidiaries. In 1987, he became group Treasurer. In May 1990, he moved to Total Trading and Middle East, where he was successively CFO, Vice President for the Middle East, President for the Middle East and then Senior Executive Vice President in March 1992, at which time he also joined the Group's Management Committee. In June 1995, he was appointed President of Total Middle East and in May 1999, President of Exploration & Production of TotalFina. In March 2000, following the merger with Elf, he was appointed Senior Executive Vice President and in January 2002, President of Exploration and Production of TotalFinaElf which became Total SA on May 6, 2003. He has been a member of Total's Executive Committee since May 1999 and a Director of Total since May 2006.

In February 2007, Christophe de Margerie was appointed Chief Executive Officer of Total and Chairman of the Executive Committee. Since May 21, 2010, he has served as Chairman and Chief Executive Officer of Total.

Positions currently held

Groupe Total SA

Total SA, Chairman and Chief Executive Officer
Total E&P (Indonesia), Chairman

Other positions and functions

Shtokman Development AG (Switzerland), Director
CDM Patrimonial SARL, Manager
Institut du Monde Arabe, Director

Positions previously held that expired during the last five years

Total E&P (Russia), Director
Total E&P (Azerbaïdjan), Director
Total E&P (Kazakhstan), Director
Total Profils Pétroliers, Director
Abu Dhabi Petroleum company Ltd., Director
Abu Dhabi Marine Areas Ltd., Director
Iraq Petroleum company Ltd., Director
Total E&P Norge A.S., Director
Total Upstream UK Ltd., Director
Total Abu al Bukhoosh, Permanent Representative of Total SA to the Board of Directors
Elf Aquitaine, Chairman and Chief Executive Officer

PIERRE RODOCANACHI, MEMBER OF THE SUPERVISORY BOARD

French citizen.

Business address

MP Conseil – 40, rue La-Pérouse, 75116 Paris, France

Expertise and experience

Mr. Pierre Rodocanachi was born on October 2, 1938 and holds a graduate degree in physics from the Faculté des Sciences of the University of Paris. He began his career as a researcher in a solid physics laboratory at the CNRS, and then managed the Planning department at the Bureau for Scientific and Technical Research for five years. Between 1969 and 1971, he served as Technical Consultant on Scientific Matters for the French Minister of Industry and was later Deputy Director of the National Agency for Research Valuation (ANVAR). He was also a Director of the CNRS throughout this period. Pierre Rodocanachi currently chairs the Advisory Board of Booz & Co., an international strategy and management consulting firm in Paris, which he joined in 1973. He was Chief Executive Officer of its French subsidiary and, in 1987, was appointed as a Director of Booz & Co., as a member of its Strategic Committee and its Operations Committee, and as Senior Vice President responsible for Southern Europe for all group activities. Pierre Rodocanachi is also a Director of several non-profit organizations, including the US Chamber of Commerce in France, where he was Chairman from 1997 to 2000, the Institut du Mécénat de Solidarité, of which he was both founder and treasurer, and the French review for corporate governance. In 2003, Pierre Rodocanachi founded the financial consulting firm Management Patrimonial Conseil, which provides consulting services to approximately 12 family industrial groups. Pierre Rodocanachi is a member of the French Association of Olympic Medal Holders.

Positions currently held

Management Patrimonial Conseil, Chief Operating Officer

Other positions and functions

ENABLON, Director

Zephyrus Partners (United Kingdom), Non-executive Chairman

Positions previously held that expired during the last five years

"Commentaire" (a journal of political economics), Director

LPCR, Chairman of the Supervisory Board

ProLogis European Properties, Director and member of the Audit Committee

JACQUELINE TAMMENOMS BAKKER, MEMBER OF THE SUPERVISORY BOARD

Dutch citizen.

Business address

Duinweg 85, 2585 JV The Hague, Netherlands

Expertise and experience

Ms. Jacqueline Tammenoms Bakker was born on December 17, 1953, holds a BA degree in History and in French from Oxford University and a MA degree in International Relations from the Johns Hopkins School for Advanced International Studies in Washington D.C. She joined Shell International in 1977 and held a variety of positions in the Netherlands, the U.K. and Turkey. In 1989, she joined McKinsey & Co where she worked as a consultant. From 1995 to 1998, she was Vice President Foods (Europe) for Quest International (a Unilever subsidiary). In 1999, Jacqueline Tammenoms Bakker moved to the public sector. From 1999 to 2001, she was Director of Gigaport, an initiative to accelerate the introduction of broadband Internet in the Netherlands, and then from 2001 to 2007, she was a Director General at the Ministry of Transport in the Netherlands, responsible for Civil Aviation and Freight Transport. From 2006 to 2007, she was Chairwoman of the High Level Group for the future of aviation regulation in Europe, reporting to the EU Commissioner for Transport.

Positions currently held

Tesco plc (UK), member of the Supervisory Board

Fiat Industrial (Italy), member of the Supervisory Board

Other positions and functions

Van Leer Group Foundation (the Netherlands), member of the Supervisory Board

Rotterdam School of Management, member of the Advisory Board

Positions previously held that expired during the last five years

National Council for Environment and Infrastructure (the Netherlands), Chairwoman (elect)

Land Registry Ordinance Survey (the Netherlands), member of the Supervisory Board

CLAUDE BÉBÉAR, NON-VOTING DIRECTOR

French citizen.

Business address

AXA – 25, avenue Matignon, 75008 Paris

Expertise and experience

Mr. Claude Bébéar was born on July 29, 1935 and is a graduate of the Ecole Polytechnique. He has spent his entire career in the insurance sector beginning in 1958. From 1975 to 2000, he headed a group of companies that became AXA in 1984. He served as Chairman of the Supervisory Board until 2008 and is currently the Honorary Chairman of the AXA group. Mr. Bébéar established and chairs the Institut du Mécénat de Solidarité, a humanitarian and social welfare organization, as well as the Institut Montaigne, an independent political think tank.

Positions currently held

AXA Group

AXA Assurances IARD Mutuelle, Director
AXA Assurances Vie Mutuelle, Director

Other positions and functions

BNP Paribas, Director
Schneider Electric SA, Censor (non-voting Director)
Institut du Mécénat de Solidarité, Chairman
Institut Montaigne, Chairman

Positions previously held that expired during the last five years

AXA, Chairman of the Supervisory Board
Finaxa, Chairman and Chief Executive Officer
AXA Group, Director of various AXA companies
Schneider Electric SA, Director
AXA Courtage Assurance Mutuelle, Director

PASCAL CAGNI, NON-VOTING DIRECTOR

French citizen.

Business address

LLP – 69 Courtfield Gardens, Flat 3, London SW5 0NJ – United Kingdom

Expertise and experience

Mr. Pascal Cagni was born on October 28, 1961 and holds a Master's in Business Law and is a graduate of IEP Paris. He also holds an MBA from Groupe HEC and is a graduate of the Executive Program of Stanford University (EPGC). He is a European digital economy specialist. He successfully led the deployment of innovative and groundbreaking products and services. In early 2000, he was recruited by Steve Jobs as General Manager and Vice President, Apple Europe, Middle East, India and Africa (EMEIA), and for 12 years he led a region of 130 countries in which revenues grew from $1.2 billion to over $37 billion. After starting his career as a consultant at Booz & Co, he joined Compaq Computers, established Software Publishing France (SPC) and then led Packard Bell NEC as the number one home PC manufacturer in Europe.

Positions currently held

Kingfisher Plc, non-executive Director
Banque Transatlantique, independant Director
Aspen Institute, member of the Supervisory Board

Positions previously held that expired during the last five years

Apple EMEIA, CEO and Vice President
Atari, Director

MEMBERS OF THE SUPERVISORY BOARD WHOSE APPOINTMENT TO OFFICE WILL BE PROPOSED AT THE SHAREHOLDERS' MEETING TO BE HELD ON APRIL 30, 2013

YSEULYS COSTES

French citizen.

Business address

1000mercis - 28, rue de Châteaudun – 75009 Paris

Expertise and experience

Mrs. Yseulys Costes was born on December 5, 1972 and holds a Master's in Management Science and a post-graduate degree in Marketing and Strategy from Paris IX Dauphine University. Ms. Costes attended Harvard Business School (United States) as a guest researcher in interactive marketing, and teaches Interactive Marketing at several institutions (HEC, ESSEC, Paris IX Dauphine University).

Since February 2000, Ms. Yseulys Costes has been the Chairwoman and Chief Executive Officer and founder of 1000mercis.

She is the author of numerous books and articles about online marketing and database management, and for two years she was also the coordinator of IAB France (Interactive Advertising Bureau) before founding 1000mercis in February 2000. 1000mercis, which specializes in advertising and interactive marketing, has offices in Paris, London and New York.

1000mercis is listed on Alternext by Euronext Paris; it has operations in 30 countries and works with clients that enjoy a strong reputation, including EasyJet, BNP Paribas, Nespresso, PriceMinister, and Tag Heuer, etc.

Ms. Costes, who was voted "Internet Woman of the Year" in 2001, is a member of the Entrepreneurs Council (*Conseil des Entrepreneurs*), which reports to the French Secretary of State for Business and Foreign Trade (*Secrétariat d'Etat aux Entreprises et au Commerce Extérieur*) and is also a member of the Council for the Development of Economic Literacy (*Conseil pour la Diffusion de la Culture Economique*), of the Digital Relations Experts Group (*Groupe d'Experts de la Relation Numérique*) and of the Steering Committee of France's Strategic Investment Fund (*Fonds Stratégique d'Investissement*).

Positions currently held

1000mercis, Chairman and Chief Executive Officer

PPR, Director and member of the Audit Committee and of the Strategy and Development Committee

ALEXANDRE DE JUNIAC

French citizen.

Business address

Air France / 45, rue de Paris / 95747 Roissy-Charles-de-Gaulle Cedex

Expertise and experience

Mr. Alexandre de Juniac was born on November 10, 1962, is a graduate of the Ecole Polytechnique de Paris and of the Ecole Nationale d'Administration. From 1990 to 1993, he was appointed as a legal adviser (*maître des requêtes au Conseil d'Etat*) and then Deputy General Secretary at the French Administrative Supreme Court. From 1994 to 1995, he was Assistant Director in the Cabinet of Nicolas Sarkozy (at the time Budget Minister, Government Spokesperson) in charge of communications and audio-visual matters. Until 1997, he was Director of Planning and Development at Thomson SA, until joining Sextant Avionique where he was Sales Director for civil aircraft until 1998. Until 2009, he continued his career at Thalès as Secretary General and then Senior Executive Vice President in charge of Aviation Systems and then Chief Executive Officer Asia, Middle East and Latin America.

In 2009, he was named Director of the Cabinet of Christine Lagarde (Minister of the Economy, Industry and Employment), where he remained until 2011. Mr. Alexandre de Juniac is currently Chairman and Chief Executive Officer of Air France.

Positions currently held

Air France, Chairman and Chief Executive Officer

Air France KLM, Director

NATHALIE BRICAULT, REPRESENTING THE EMPLOYEE SHAREHOLDERS

French citizen.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris, France

Expertise and experience

Mrs. Nathalie Bricault was born on August 3, 1965 and is a graduate of EDHEC.

From 1988 to 1998, she worked for Sodexo, first as a Budget Controller, Business Manager and then Management Controller for a subsidiary. In 1998, she joined 9 Telecom as Network Management Controller and, in relation to this, took part in the Boucle Locale Radio (BLR) project. From 2002 to 2006, she was appointed successively Head Controller for the consumer and corporate business units and was then put in charge of profitability analysis of cross product lines at Neuf Cegetel. In 2006, she took part in Neuf Cegetel's IPO and as part of a natural progression joined the Investor Relations department created after the IPO. Since mid-2008, following the acquisition of Neuf Cegetel by SFR, she has been Marketing and Logistics Manager with Vivendi's Investor Relations department.

3.1.1.3. STOCK TRADING ETHICS

In accordance with the AFEP and MEDEF joint recommendations published in the Corporate Governance Code of publicly traded companies, the hedging of transactions by means of short selling or using derivative financial instruments or optional contracts of any nature is prohibited for all principals and employees.

Throughout the periods defined below as well as those communicated to the members of the Supervisory Board by the Secretary of the Board ("blackout periods"), any direct or indirect sale and purchase transactions by members of the Supervisory Board in the company's securities, whether by way of open-market or off-market trading, are forbidden during the period:

* from the date on which members of the Supervisory Board become aware of specific market information in relation to the company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the company's share price, up to the date on which this information is made public; and
* of 30 calendar days preceding and including the day of publication of the company's quarterly, half-yearly and annual Consolidated Financial Statements.

The Chairman of the Corporate Governance and Nominating Committee must be informed as soon as possible by each member of the Supervisory Board of any material purchase, subscription, sale or swap transaction relating to securities issued by the company which, while not falling within the scope of the above paragraph, are entered into by any relative of, or entities connected with such a member or the member's relatives, and where such transaction has been recommended by such member or such member has been informed of its existence. The Secretary of the Board shall also inform the Chairman of the Corporate Governance and Nominating Committee of any transactions that are declared pursuant to the above paragraph.

3.1.1.4. FAMILY RELATIONSHIPS

To the company's knowledge, there exist no family ties between the members of the Supervisory Board or between any of them and any member of the Management Board.

3.1.1.5. ABSENCE OF CONFLICTS OF INTEREST

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and any member of the Supervisory Board with regard to their personal interests or other responsibilities.

The internal rules of the Supervisory Board stipulate that its members have a duty to inform the Board of any actual or potential, conflict of interest that they have encountered, or might encounter, in the future. When the Supervisory Board discusses a subject that relates directly or indirectly to one of its members, the member concerned may be asked to leave the Board meeting during the debate and voting process.

3.1.1.6. ABSENCE OF ANY SENTENCE FOR FRAUD, LIABILITY ASSOCIATED WITH A BUSINESS FAILURE, PUBLIC INCRIMINATION OR SANCTION

To the company's knowledge, over the last five years:

* no member of the Supervisory Board has been convicted of any fraud-related matter;
* no member of the Supervisory Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body;
* no official public incrimination or sanction has been delivered against any member of the Supervisory Board; and
* no member of the Supervisory Board has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

3.1.1.7. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE SUPERVISORY BOARD – SERVICE CONTRACTS

There is no service agreement or contract between any member of the Supervisory Board and the company or one of its subsidiaries which grants benefits to such members under the terms of such agreement or contract.

3.1.1.8. LOANS AND GUARANTEES GRANTED TO MEMBERS OF THE SUPERVISORY BOARD

The company has not granted any loans or issued any guarantees to any member of the Supervisory Board.

3.1.1.9. INTERNAL REGULATIONS AND JURISDICTION OF THE SUPERVISORY BOARD

ROLE AND POWERS OF THE SUPERVISORY BOARD PURSUANT TO LAW AND THE COMPANY'S BY-LAWS

As required by law, the Supervisory Board continuously monitors the management of the company by the Management Board. It may proceed with any verification or control it deems appropriate and is provided with all documents it deems useful in connection with the fulfillment of its purpose and functions.

INTERNAL REGULATIONS

The Internal Regulations of the Supervisory Board is an internal document intended to supplement the company's by-laws by setting forth the Supervisory Board's operational procedures and the rights and duties of its members.

ROLE AND POWERS OF THE SUPERVISORY BOARD UNDER THE INTERNAL REGULATIONS

The following transactions require the approval of the Supervisory Board prior to their implementation:

- disposals of real estate properties or the sale of all or part of investments in companies, whenever any individual transaction exceeds €300 million;
- issues of securities which, directly or indirectly, give right to the share capital of the company or issues of convertible bonds, in excess of €100 million;
- issues of non-convertible bonds in excess of €500 million, except for transactions for the purpose of renewing debt obligations on more favorable terms than those initially granted to the company;
- share repurchase programs proposed to the Ordinary General Meeting of the Shareholders and financings that are material or that may substantially alter the financial structure of the company, with the exception of financings used to manage the debt of the company to optimize it within the previously approved thresholds;
- acquisitions, in any form, over €300 million;
- granting of sureties, endorsements and guarantees by the Management Board in favor of third parties provided that each individual obligation does not exceed €100 million and that all obligations do not exceed €1 billion. This authorization, which is given to the Management Board for 12 months, is reviewed every year;
- substantial internal restructuring transactions together with transactions falling outside the publicly disclosed strategy of the company and strategic partnership agreements;
- setting up stock option plans or performance share plans or any other mechanisms with a similar purpose or effect;
- granting of stock options or performance shares to members of the Management Board and establishing the terms and conditions applicable to each member of the Management Board with respect to shares remitted upon the exercise of stock options and the number which they must own during their terms of office; and
- submission of proposals to the Shareholders' Meeting to amend the company's by-laws, to allocate profits and to set the dividend.

3.1.1.10. INFORMATION PROVIDED TO THE SUPERVISORY BOARD

Members of the Supervisory Board receive all information necessary to perform their duties. Before any meeting, they may request any documents which they consider useful. The rights of members of the Supervisory Board to obtain information is subject to the procedures in use, set out below.

INFORMATION PROVIDED PRIOR TO MEETINGS OF THE SUPERVISORY BOARD

The Chairman of the Supervisory Board, with the assistance of the Secretary of the Board, sends the appropriate information to the other members of the Board depending on the matters on the agenda.

INFORMATION PROVIDED TO THE SUPERVISORY BOARD ON A REGULAR BASIS

Members of the Supervisory Board are kept informed by either the Management Board or its Chairman of the financial position, cash flows and obligations of the company on a regular basis, as well as of any major events and transactions relating to the company.

The Management Board provides a quarterly report to the Supervisory Board on its activities and the Group's operations.

In addition, the Management Board provides information to the Supervisory Board, on a monthly basis, on the company's operations and highlights.

Requests for information from members of the Supervisory Board relating to specific matters are sent to the Chairman and to the Secretary of the Board who, along with the Chairman of the Management Board, is responsible for responding to such requests as soon as is reasonably practicable. To supplement the information provided to them, members of the Supervisory Board are entitled to meet with Board members and the senior managers of the company, with or without the presence of the members of the Management Board, after notice has been given to the Chairman of the Supervisory Board.

COLLECTIVE NATURE OF THE SUPERVISORY BOARD'S DECISIONS AND CONFIDENTIALITY OF INFORMATION

The Supervisory Board is a body with collective responsibility. Its decisions are the responsibility of all of its members. Members of the Supervisory Board and any person attending meetings of the Supervisory Board are bound by confidentiality obligations with respect to any confidential information they receive in the context of meetings of the Board and any of its committees or information that is identified as confidential and which is presented by the Chairman of the Supervisory Board or the Management Board.

If the Supervisory Board is aware of confidential information of a precise nature which, if made public, could have a material impact on the share price of the company or of the companies under its control, as such term is defined by Article L.233-3 of the French Commercial Code, members of the Supervisory Board must refrain from both disclosing such information to any third party and dealing in the company's securities until such information has been made public.

3.1.1.11. ACTIVITIES OF THE SUPERVISORY BOARD IN 2012

In 2012, the Supervisory Board met nine times. The average rate of attendance at Board meetings was 93%. It considered, among others, the following matters:

* the review of the consolidated and statutory financial statements for fiscal year 2011, the 2012 budget, information contained in the half-year 2012 Consolidated Financial Statements prepared by the Management Board and the 2012 preliminary budget;
* the review of the resolutions drafted by the Management Board and submitted to the General Shareholders' Meeting of April 19, 2012;
* the review of the quarterly reports prepared by the Management Board;
* the assessment of the quality and structure of the Group's balance sheet;
* the company's debt refinancing transactions, the renewal of the Euro Medium Term Notes (EMTN) program and the authorization granted to the Management Board to issue bonds;
* operational progress of the Group's main operations;
* the Group's internal and external growth prospects, principal strategic initiatives and opportunities;
* the strategic review of Group assets;
* the strategy and communication regarding the position of the Group's main business units;
* regular review of acquisition and disposal projects;
* the purchase of the recorded music division of EMI;
* the strategic partnership relating to the free channels Direct 8 and Direct Star;
* the partnership involving Polish television with ITI and TVN;
* the monitoring of current investigations and legal proceedings, in particular the Securities class action and the Liberty Media dispute in the United States, the shareholders' proceedings in France and the CanalSat/TPS matter submitted to the French Competition Authority and the French Constitutional Court;
* the composition of the Supervisory Board and its committees;
* the appointment of non-voting Directors;
* the co-optation of a member of the Supervisory Board;
* the review of the balanced representation of women on the Supervisory Board and its committees;
* the review of the company's equal opportunities policy;
* the review of succession plans;
* the evaluation of the performance of the Supervisory Board and its committees;
* the compensation of the Chairman of the Supervisory Board;
* setting the compensation of the Chairman of the Management Board;
* the composition of the Management Board and the compensation of its members;
* the evaluation of the Management Board and its Chairman;
* the grant, subject to performance conditions, of stock options and performance shares to members of the Management Board; and
* the employee shareholding policy and status.

3.1.1.12. ASSESSMENT OF THE SUPERVISORY BOARD'S PERFORMANCE AND CORPORATE GOVERNANCE

On a regular basis, and at least once every three years, the Supervisory Board performs a formal assessment of its performance alongside the Corporate Governance and Nominating Committee.

In January 2012, a formal assessment was completed on the basis of a questionnaire given to each member of the Supervisory Board and by way of individual interviews led by the Chief Administrative Officer.

In addition, every year one item on the agenda is dedicated to a discussion of the performance of the Supervisory Board and on February 22, 2013, the Supervisory Board undertook a review of its performance on the basis of a questionnaire given to each member of the Supervisory Board.

This review has found the Supervisory Board's performance and the company's decision-making processes as both satisfactory and in conformity with the highest French and international standards of corporate governance. To further improve the quality of its work, the Supervisory Board has decided to implement various measures regarding its composition, organization, objectives, information provided to its members and the organization and performance of its committees.

3.1.1.13. RECOMMENDATIONS OF THE AFEP AND MEDEF

Vivendi rigorously applies the Consolidated Code of Recommendations of the AFEP and the MEDEF to corporate governance.

3.1.1.14. COMMITTEES OF THE SUPERVISORY BOARD

ORGANIZATION AND OPERATING PROCEDURES OF THE COMMITTEES

The Supervisory Board has established the following four specialized committees and has approved their respective composition and the powers conferred upon them: the Strategy Committee, the Audit Committee, the Human Resources Committee and the Corporate Governance and Nominating Committee.

The purpose and functions of each committee must not have the effect of delegating to a committee powers granted to the Supervisory Board by law or pursuant to the company's by-laws, or reducing or limiting the powers of the Management Board. Within the scope of the powers granted to it, each committee issues proposals, recommendations or advice.

The Supervisory Board has appointed a Chairman for each committee. The four committees of the Supervisory Board are comprised of Supervisory Board members, appointed by the Supervisory Board. The members are appointed on a personal basis and cannot be represented by a delegate. Each committee determines the frequency of its meetings which are held at the registered office of the company or in any other place that may be agreed by the Chairman of the committee. Committee meetings can also be held using videoconference or other telecommunications technology.

The Chairman of each committee sets the agenda for the meetings after consultation with the Chairman of the Supervisory Board. Minutes of each committee meeting are drafted by the Secretary of the Board, under the authority of the Chairman of the relevant committee, and are transmitted to the members of the relevant committee and to all the other members of the Supervisory Board. Information about the committee's work is included in this annual report.

Each committee may request from the Management Board any document it deems useful to fulfill its purpose and functions. The committee may carry out or commission surveys to provide information for the Supervisory Board's discussions and may request external consulting expertise as required.

The Chairman of a committee may invite the members of the Supervisory Board, as well as any other person, to attend a meeting of such committee. However, only members of the committee can take part in its deliberations.

In addition to the permanent committees, the Supervisory Board may establish ad hoc committees comprised of all or some of its members, each for a limited term and for specific purposes which are exceptional by virtue of their importance or nature.

STRATEGY COMMITTEE

Composition

The Strategy Committee is comprised of eight members, six of whom are independent. Its members are: Jean-René Fourtou (Chairman), Vincent Bolloré, Daniel Camus, Pascal Cagni (non-voting Director), Philippe Donnet, Aliza Jabès, Christophe de Margerie and Pierre Rodocanachi. Since the second half of 2012, given the ongoing stratregic review, all members of the Supervisory Board are now contributing to the work of the Strategy Committee.

Activities

A large portion of each Supervisory Board meeting's agenda has been dedicated to a strategic review of Group operations.

In 2012, the Strategy Committee met three times, including a two-day seminar. The attendance rate was 78%. Its activities primarily focused on the following matters:

- the Group's internal and external growth prospects;
- discussions about the strategic direction and scope of the Group;
- the strategic review of Group assets;
- content strategies and the review of new platforms;
- the company's share ownership and its evolution;
- the financial position of the Group;
- a competitive analysis of the Group's businesses;
- a review of changes in the Telecommunications markets in France;
- a review of the economic, market and financial environments; and
- investment prospects and projects.

AUDIT COMMITTEE

Composition

The Audit Committee is comprised of four members, all of whom are independent and all of whom have finance or accounting expertise. Its members are: Daniel Camus (Chairman), Philippe Donnet, Aliza Jabès and Pierre Rodocanachi.

Activities

Following their appointment, members of the committee are, as required, informed of the accounting, financial and operational standards used within the company and the Group.

In 2012, the Audit Committee met three times in the presence of the Statutory Auditors of the company. The attendance rate was 100%. The Audit Committee received information from, among others, the Statutory Auditors of the company, the Chief Financial Officer, the Deputy Chief Financial Officers, the Senior Vice President and General Counsel and the Senior Vice President Audit and Special Projects.

Its activities primarily comprised the review of:

- the financial statements for fiscal year 2011, the 2012 half-year financial statements and the Statutory Auditors' reports;
- the report of the Chairman of the Supervisory Board on corporate governance and internal control and risk management procedures;
- the financial position of the Group, its debt and cash available;
- the process for monitoring the return on capital employed (ROCE);
- the internal audit of the headquarters and subsidiaries and internal control procedures within the Group;
- the analysis of risks and associated key audits;
- the activities of the Risks Committee;
- the fees to be paid to Statutory Auditors;

* the Statutory Auditors' 2013 draft audit;
* the renewal of a Statutory Auditor for 2012;
* the implementation and follow-up of compliance procedures as applied within each business unit;
* data protection within the Group;
* the main changes in the commitments given by the Group;
* the monitoring of current investigations and legal proceedings, in particular the Securities class action and the Liberty Media dispute in the United States, the shareholders' proceedings in France and the CanalSat/TPS matter submitted to the French Competition Authority; and
* changes in France's tax laws and regulations.

At the request of the Chairman of the Audit Committee, its activities were broadened to include the review of impairment tests, tax risks and the company's policies in insurance matters. Finally, a multi-year audit plan was established.

HUMAN RESOURCES COMMITTEE

Composition

The Human Resources Committee is comprised of six members, five of whom are independent. Its members are: Jacqueline Tammenoms Bakker (Chairman), Pascal Cagni (non-voting Director), Maureen Chiquet, Philippe Donnet, Dominique Hériard Dubreuil and Henri Lachmann.

Activities

In 2012, the Human Resources Committee met four times. The attendance rate was 80%. It considered, among others, the following matters:

* the fixed and variable compensation, representation allowance and travel expenses of the members of the Management Board and its Chairman;
* the compensation of the Chairman of the Supervisory Board;
* setting the compensation of the Chairman of the Management Board;
* the compensation policies for 2013;
* the stock option plans and performance share plans for Corporate Officers and employees of the Group and the allocation policy for such plans;
* the review and definition of the performance conditions applicable to stock option plans and performance share plans to be granted;
* a review of the employment contracts of certain executives of the Group and business units;
* the review of succession plans within the Group;
* development and retention of key employees;
* the review of the company's equal opportunities and gender parity policies; and
* the annual capital increase and the leveraged share purchase plans reserved for employees of the Group.

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Composition

The Corporate Governance and Nominating Committee is comprised of seven members, five of whom are independent. Its members are: Dominique Hériard Dubreuil (Chairman), Claude Bébéar (non-voting Director), Vincent Bolloré, Henri Lachmann, Christophe de Margerie, Pierre Rodocanachi and Jacqueline Tammenoms Bakker.

Activities

In 2012, the Corporate Governance and Nominating Committee met seven times. The attendance rate was 94%. Its activities primarily focused on the following matters:

* the company's corporate governance;
* the assessment of the functioning of the Supervisory Board and its committees;
* the co-option of a member of the Supervisory Board;
* the appointment of new members to the Supervisory Board;
* the appointment of non-voting Directors;
* the chairmanship and composition of the Management Board;
* gender parity;
* the evaluation of the Management Board and its Chairman;
* the succession plans;
* the trends in the company's share ownership;
* the election of a Representative of employee shareholders for appointment to the Supervisory Board as a member of the Board; and
* the criteria of independence applicable to members of the Supervisory Board.

3.1.2. Management Board

Jean-François Dubos, *Chairman*

Philippe Capron, *Chief Financial Officer of Vivendi*

3.1.2.1. GENERAL PROVISIONS

In accordance with Vivendi's by-laws (Article 12), the Management Board is comprised of a minimum of two members and a maximum of seven members. Members of the Management Board are appointed by the Supervisory Board to serve four-year terms. The mandatory retirement age for members of the Management Board is 68 years. However, when a member of the Management Board reaches the age of 68, the Supervisory Board may prolong that member's term, on one or more occasions, for a period not exceeding two years in total (Article 12 of Vivendi's by-laws).

3.1.2.2. COMPOSITION OF THE MANAGEMENT BOARD

At its meeting of June 28, 2012, the Supervisory Board decided to end the term of office of Mr. Jean-Bernard Lévy as Chairman of the Management Board. It also decided to end the terms of office of all members of the Management Board. At the same meeting, it appointed Mr. Jean-François Dubos and Mr. Philippe Capron as members, and nominated Mr. Jean-François Dubos as Chairman of the Management Board.

In 2012, the Management Board met a total of 17 times. The attendance rate at Management Board meetings was 96.5% in the first half of 2012 and 100% in the second half. In accordance with Article 14 of Vivendi's by-laws, a member of the Management Board may attend meetings by videoconference or teleconference.

The Management Board is currently comprised of two members, both of whom are French citizens.

Detailed information about individual members of the Management Board is provided below in Section "Main activities of current members of the Management Board".

LIST OF THE MANAGEMENT BOARD MEMBERS

Full Name	Primary Position	Number of shares held directly or through the PEG*
Jean-François Dubos	Chairman	128,127
Philippe Capron	Chief Financial Officer of Vivendi	114,264

* *Shares held in the Group Savings Plan (PEG) are valued on the basis of Vivendi's share price at the close of business on December 31, 2012, i.e., €16.950.*

MAIN ACTIVITIES OF CURRENT MEMBERS OF THE MANAGEMENT BOARD

JEAN-FRANÇOIS DUBOS, CHAIRMAN OF THE MANAGEMENT BOARD

French citizen.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris, France

Expertise and experience

Mr. Jean-François Dubos was born on September 2, 1945 in Cabourg. He previously was Executive Vice President, General Counsel and Secretary of the Management and Supervisory Boards of Vivendi.

Mr. Dubos is an honorary member of the French Administrative Supreme Court (*Maître des Requêtes au Conseil d'Etat*).

Mr. Dubos joined Compagnie Générale des Eaux, the predecessor of Vivendi, as deputy to the Chief Executive Officer in 1991, and since 1994, has held the position of General Counsel. From 1993 to 1999, he was the Chief Executive Officer of the Carrousel du Louvre. From 1984 to 1991, while a full-time member of the French Administrative Supreme Court (*Conseil d'Etat*), he worked on a wide range of matters, including education, interior affairs, urban planning, historical preservation and codification of laws. From 1981 to 1984, he was co-head of the cabinet of the French Ministry of Defense. He was also a lecturer at Ecole Nationale d'Administration, as well as at Université de Paris I (Sorbonne), Paris X (Nanterre), Paris V (René Descartes) and at the IEP Aix-en-Provence. Jean-François Dubos holds a degree in French and Spanish and graduated in public international law and political science from Université de Paris X. He also participated in two sessions of the Academy of International Law at The Hague.

Jean-François Dubos performs various responsibilities on a voluntary basis in the world of culture. He is General Secretary of the Aix-en-Provence International Opera Festival and a member of the Board of American Friends, a Director of Amis de Mozart, Vice Chairman of the Arles International Photography Festival and Chairman of Maison Européenne de la Photo. He is also Chairman of Centre de Musique Baroque de Versailles and Director and Treasurer of Théâtre du Châtelet.

Positions currently held

Vivendi Group

Canal+ Group, Chairman of the Supervisory Board
Canal+ France, Chairman of the Supervisory Board
GVT Holding SA (Brazil), Chairman of the Board of Directors
SFR, Director
Maroc Telecom (Morocco), member of the Supervisory Board
Activision Blizzard, Inc. (United States), Director and member of the Remunerations Committee

Positions previously held that expired during the last five years

Canal+ Group, Vice Chairman of the Supervisory Board
SFR, Permanent Representative of Canal+ on the Board of Directors
CMESE, member of the Supervisory Board
Eaux de Melun, member of the Supervisory Board

PHILIPPE CAPRON, MEMBER OF THE MANAGEMENT BOARD

French citizen.

Business address

Vivendi – 42, avenue de Friedland, 75008 Paris, France.

Expertise and experience

Mr. Philippe Capron was born on May 25, 1958 in Paris and is a graduate of the Ecole des Hautes Etudes Commerciales (HEC) and of the Paris Institut d'Etudes Politiques. From 1979 to 1981 he was an assistant to the Chairman and Secretary of the Management Board of Sacilor. After graduating from Ecole Nationale d'Administration (ENA) in 1985, he became an Inspector of Finance. From 1990 to 1992, he was Advisor to the Chairman and CEO of Duménil Leblé (the Cérus group), and he then became a Partner in the strategy consulting firm, Bain & Company from 1992 to 1994. From 1994 to 1997 he was the Director of International Development and a member of the Executive Committee of the Euler group, and then was Chairman and CEO of Euler-SFAC from 1998 to 2000. In November 2000, he joined the Usinor group as Chief Financial Officer and was also a member of the Executive Committee until 2002 when he was appointed Executive Vice President of the Arcelor group, responsible for the Packaging Steel Division and then the distribution and international trading businesses. At the beginning of 2006, he became Chief Financial Officer and a member of the Management Committee of Arcelor. In January 2007, Mr. Philippe Capron joined Vivendi as Chief Administrative Officer. He was appointed to the Management Board and as Chief Financial Officer in April 2007.

Positions currently held

Vivendi Group

Activision Blizzard, Inc. (United States), Chairman of the Board of Directors and of the Human Resources Committee, member of the Governance and Nominating Committee

Canal+ Group, Vice Chairman and member of the Supervisory Board

Canal+ France, member of the Supervisory Board and Chairman of the Audit Committee

Maroc Telecom (Morocco), member of the Supervisory Board and Chairman of the Audit Committee

SFR, Director and Chairman of the Audit Committee

GVT Holding SA (Brazil), Director

Other positions and functions

Groupe Virbac, member of the Supervisory Board and Chairman of the Audit Committee

Member of the Société d'Economie Politique

Positions previously held that expired during the last five years

NBC Universal, Inc. (United States), Director

Tinubu Square, Director

3.1.2.3. FAMILY RELATIONSHIPS

To the company's knowledge, no family relationships exist between any of the members of the Management Board or between any of them and any member of the Supervisory Board.

3.1.2.4. ABSENCE OF CONFLICTS OF INTEREST

To the company's knowledge, there are no actual or potential conflicts of interest between Vivendi and the members of the Management Board with regard to their personal interests or other responsibilities.

3.1.2.5. ABSENCE OF ANY SENTENCE FOR FRAUD, LIABILITY ASSOCIATED WITH A BUSINESS FAILURE OR PUBLIC INCRIMINATION AND/OR SANCTION

To the company's knowledge, over the past five years, no member of the Management Board has been convicted of any fraud-related matter, no official public incrimination or sanction has been delivered against any member of the Management Board, no member of the Management Board has been associated with a bankruptcy, receivership or liquidation while serving on an administrative, management or supervisory body of a public company nor has been prevented by a court from acting as a member of an administrative, management or supervisory body or from participating in the management of a public issuer.

3.1.2.6. AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGEMENT BOARD – SERVICE CONTRACTS

As Corporate Officers, members of the Management Board are bound by an employment contract with the company. In compliance with the AFEP/MEDEF Code for publicly traded companies, the employment contract of the Chairman of the Management Board was, however, suspended effective as from the date of his appointment on June 28, 2012.

No member of the Management Board is party to a service agreement entered into with Vivendi or any of its subsidiaries, pursuant to which such member may be entitled to receive any benefits.

3.1.2.7. LOANS AND GUARANTEES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD

The company has not granted any loans or issued any guarantees to any member of the Management Board.

3.1.2.8. JURISDICTION AND INTERNAL REGULATIONS OF THE MANAGEMENT BOARD

AUTHORITY AND FUNCTIONS OF THE MANAGEMENT BOARD PURSUANT TO LAW AND THE COMPANY'S BY-LAWS

With respect to third parties, the Management Board is granted the broadest powers to act in any circumstance on behalf of the company, subject to the scope of the company's corporate purpose and to those situations where such power is expressly granted by law to the Supervisory Board or the Shareholders' Meetings and to matters that require the prior approval of the Supervisory Board.

INTERNAL REGULATIONS

The Internal Regulations of the Management Board is an internal document that aims to ensure that the company's Management Board functions properly and adheres to the most recent rules and regulations in furtherance of good corporate governance. Third parties cannot rely on the Internal Regulations when pursuing any claim against members of the Management Board.

The Management Board is responsible for the day-to-day management of the company and for the conduct of its business. Pursuant to applicable law, the company's by-laws and the Supervisory Board's internal rules, it must obtain prior authorization from the Supervisory Board in certain circumstances.

3.1.2.9. ACTIVITIES OF THE MANAGEMENT BOARD IN 2012

In 2012, the Management Board met a total of 17 times. It considered, among others, the following matters:

- the review and approval of the statutory and Consolidated Financial Statements for fiscal year 2011, the 2012 budget, the quarterly and half-year 2012 financial statements and the 2013 preliminary budget;
- the calling of the General Shareholders' Meeting of April 19, 2012;
- the preparation of quarterly reports for the Supervisory Board;
- the financial position of the Group;
- the Group's financial communications;
- the assessment of the quality and structure of the Group's balance sheet;
- the refinancing of the company's debt;
- the renewal of the Euro Medium Term Notes (EMTN) program and the issue of bonds;
- the work of the Group's Internal Audit department and conclusions on the work of the Risks Committee;
- the Group's internal and external growth prospects;
- the principal strategic opportunities and initiatives;
- the market position of the Group's main business units;
- the strategic review of Group assets;
- the acquisition of EMI's recorded music division;
- the strategic partnership relating to the free channels Direct 8 and Direct Star;
- the partnership involving Polish television with ITI and TVN;
- the review of the telecommunications market in France and SFR's position;
- the preparation of the strategy review meetings of the Media and Telco businesses;
- the compensation policy within the Group and the grant of stock options and performance shares and the setting of the corresponding performance conditions;
- development and retention of key employees;
- gender equality within the Group;
- capital increases reserved to Group employees;
- the monitoring of the activities of the Risks Committee;
- the monitoring of current investigations and legal proceedings, in particular the Securities class action and the Liberty Media dispute in the United States, the shareholders' proceedings in France and the CanalSat/TPS matter submitted to the French Competition Authority and to the Constitutional Council;
- the review of the sustainable development report;
- the review of the business report and the environmental and employee data report; and
- the review of the compliance program.

3.2. COMPENSATION OF DIRECTORS AND OFFICERS

3.2.1. Compensation of the members of the Supervisory Board and its Chairman

3.2.1.1. COMPENSATION OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Upon the recommendation of the Human Resources Committee, at its meeting held on February 24, 2010, the Supervisory Board, at its meeting held on February 25, 2010, resolved to set the compensation of the Chairman of the Supervisory Board at €700,000 beginning May 1, 2010. The Chairman receives no director's fee from Vivendi or any of its subsidiaries. He has use of a company car and the availability of a driver. The Chairman does not receive any compensation for attendance at meetings of Vivendi or any of its subsidiaries.

At its meeting of February 22, 2013, upon the recommendation of the Governance and Nominating Committee, the Supervisory Board renewed the compensation of the Chairman of the Supervisory Board without any changes for 2013.

Compensation paid to the Chairman of the Supervisory Board (in euros)	2010	2011	2012
Fixed remuneration	800,000	700,000	700,000

3.2.1.2. DIRECTOR'S FEES

Within the limitations set forth by the Combined Shareholders' Meeting held on April 24, 2008 (i.e., €1.5 million per year), the payment of directors' fees to members of the Supervisory Board is based on actual attendance at meetings and depends on the number of meetings held by the Supervisory Board and the committees. The Supervisory Board, at its meeting held on March 6, 2007, determined that, from 2007, directors' fees would be paid on a half-yearly basis. The gross amount of director's fees paid in 2012 was €1,218,387. Details of director's fees paid on an individual basis are set out below.

The director's fees are allocated as follows: each member of the Supervisory Board receives a fixed director's fee of €23,000 for a full year of service and a variable amount of €4,100 for each meeting attended. Each member of the Audit Committee receives a fixed director's fee of €20,000 for a full year of service, which is doubled for the Chairman of the committee, and a variable amount of €3,900 for each meeting attended. Each member of the Strategy Committee, the Human Resources Committee and the Corporate Governance and Nominating Committee receives a fixed director's fee of €16,100 for a full year of service, which is doubled for the Chairman of each of the committees, and a variable amount of €3,300 for each meeting attended. A fee of €1,500 per meeting is paid to members of the Supervisory Board who attend meetings of committees of which they are not members. Members of the Supervisory Board do not receive any other compensation from the company.

INDIVIDUAL AMOUNTS OF DIRECTOR'S FEES AND OTHER COMPENSATION RECEIVED BY MEMBERS OF THE SUPERVISORY BOARD (IN EUROS – ROUNDED) AND COMPENSATION OF NON-VOTING DIRECTORS (IN EUROS –ROUNDED) (TABLE 3 OF THE AMF RECOMMENDATIONS)

Supervisory Board members	Amounts paid for 2011	Amounts paid for 2012
Jean-René Fourtou (a)	None	None
Claude Bébéar (b)	109,100	44,547
Vincent Bolloré (c)	n/a	5,225
Daniel Camus	100,200	124,891
Jean-Yves Charlier (d)	117,600	88,912
Maureen Chiquet	75,100	67,700
Philippe Donnet	81,800	110,998
Dominique Hériard Dubreuil	91,200	132,435
Aliza Jabès	109,400	113,500
Henri Lachmann	154,300	148,588
Christophe de Margerie	68,500	102,935
Pierre Rodocanachi	144,500	145,522
Jacqueline Tammenoms Bakker	123,800	133,134
TOTAL	**1,175,500**	**1,218,387**

n/a: not applicable.

(a) Mr. Fourtou waived his rights to receive director's fees payable to Board members of the company and its subsidiaries.
(b) Member of the Supervisory Board until April 19, 2012.
(c) Member of the Supervisory Board since December 13, 2012.
(d) Member of the Supervisory Board until September 3, 2012.

Non-voting Directors	Amounts paid for 2011	Amounts paid for 2012
Claude Bébéar (a)	n/a	55,824
Pascal Cagni (b)	n/a	3,913
TOTAL		**59,737**

n/a: not applicable

(a) Non-voting Director since April 19, 2012.
(b) Non-voting Director since December 13, 2012.

3.2.2. Compensation of Members and Chairman of the Management Board

Compensation of the members and Chairman of the Management Board is determined by the Supervisory Board upon recommendation of the Human Resources Committee. Compensation is comprised of both a fixed component and a variable component.

At its meeting of February 29, 2012, the Supervisory Board, following a recommendation of the Human Resources Committee, reviewed each of the objectives achieved by each member of the Management Board and set the amount of each person's variable component for 2011, as shown in the summary table in Section 3.2.2.3 of this chapter, and resolved, for 2012, to set new criteria for determining the variable component of compensation as follows:

* for Corporate Officers and senior managers at the corporate head offices:
  - financial performance conditions: 60% (determined on the basis of the Group's adjusted net income (40%) and operating cash flow (20%)), and
  - priority measures for Senior Management: 40% (distributed between several qualitative criteria according to different percentages), of which 5% is allocated to sustainable development and social responsibility measures;
* for senior managers of subsidiaries:
  - Group financial performance conditions: 15% (adjusted net income, operating cash flow),
  - financial performance conditions for their entity: 55% to 60% (EBITA, EBITDA / EBITA, operating cash flow and ROCE), and
  - priority measures for their entity: 25% to 30%, of which 5% is allocated to sustainable development and social responsibility measures within their entity.

For 2013, at its meeting of February 22, 2013, the Supervisory Board, following a recommendation of the Human Resources Committee, reviewed the proposed performance conditions and priority measures for the calculation of the variable compensation component for 2013 and decided that a greater weighting would be applied for the senior managers at the corporate head office to priority measures (50% instead of 40%), with the Group performance conditions being reduced from 60% to 50%. For the senior managers at corporate headquarters, adjusted net profit has a weighting of 30% and operational cash flow has a weighting of 20%.

For the senior managers of subsidiaries, the Supervisory Board has replaced the 15% rate linked to the Group's performance conditions with a rate of between 55% and 70%, linked to their entity's performance conditions. The rate for priority measures for their entity remains fixed at 30%.

For both the corporate head office and subsidiaries, the priority measures continue to include a 5% rate linked to social responsibility criteria.

SUMMARY OF THE COMPENSATION PAID, STOCK OPTIONS AND SHARES GRANTED TO EACH MEMBER OF THE MANAGEMENT BOARD IN OFFICE DURING FISCAL YEAR 2012 AND PRORATED OVER EACH MEMBER'S TERM IN OFFICE (AMF RECOMMENDATIONS, TABLE 1)

(in euros)	(a,b) 2011	(a) 2012
Jean-François Dubos (1) Chairman of the Management Board		
Compensation for the fiscal year	n/a	303,273
Book value of options granted	n/a	n/a
Book value of performance shares granted	n/a	745,200
Total		**1,048,473**
Philippe Capron Member of the Management Board and Chief Financial Officer		
Compensation for the fiscal year	1,011,178	1,026,875
Book value of options granted	216,000	94,243
Book value of performance shares granted	471,520	267,148
Total	**1,698,698**	**1,388,266**
Jean-Bernard Lévy (2) Chairman of the Management Board		
Compensation for the fiscal year (including severance payments)	2,922,432	6,303,285
Book value of options granted	486,000	212,045
Book value of performance shares granted	1,052,500	601,063
Total	**4,460,932**	**7,116,393**
Abdeslam Ahizoune (3) Member of the Management Board and Chairman of the Management Board of Maroc Telecom		
Compensation for the fiscal year	1,451,414	1,159,903
Book value of options granted	243,000	106,023
Book value of performance shares granted	530,460	300,536
Total	**2,224,874**	**1,566,462**
Amos Genish (3) Member of the Management Board and Vice Chairman and Chief Executive Officer of GVT		
Compensation for the fiscal year	2,254,635	1,708,341
Book value of options granted	162,000	84,322
Book value of performance shares granted	353,640	239,022
Total	**2,770,275**	**2,031,685**
Lucian Grainge (3) Member of the Management Board and Chairman and Chief Executive Officer of Universal Music Group		
Compensation for the fiscal year	10,614,713	8,544,742
Book value of options granted	-	-
Book value of performance shares granted	1,680,250	253,085
Total	**12,294,963**	**8,797,827**

(in euros)	(a,b) 2011	(a) 2012
Bertrand Meheut (3) **Member of the Management Board and Chairman of the Management Board of Canal+ Group**		
Compensation for the fiscal year	2,333,291	1,952,324
Book value of options granted	302,400	131,939
Book value of performance shares granted	656,760	373,997
Total	**3,292,451**	**2,458,260**
Frank Esser (4) **Member of the Management Board and Chairman and Chief Executive Officer of SFR**		
Compensation for the fiscal year (including severance payments)*	1,963,009	4,098,417
Book value of options granted	302,400	-
Book value of performance shares granted	656,760	-
TOTAL	**2,922,169**	**4,098,417**

n/a: not applicable.

(1) Chairman of the Management Board since June 28, 2012.

(2) Chairman of the Management Board until June 28, 2012.

(3) Member of the Management Board until June 28, 2012.

(4) Member of the Management Board until March 23, 2012.

* Including a bargaining-agreement severance pay and 50% of the contractual severance pay of €2,254,369.

(a) The book value is calculated based on the number of options and performance shares initially granted. Since 2011, the number of "equivalent measures" granted was equivalent to 50% in stock options and 50% in performance shares.

(b) Since 2011, the calculation of the cost of non-transferability of performance shares, as contemplated by IFRS, has been based on the period of retention and non-transferability of the shares within a two-year period (previously a four-year period calculated over the period as from the grant date until the date on which the performance shares become available). The valuation takes this calculation into account.

Please see Note 21 to the Consolidated Financial Statements contained in Chapter 4, which describes the valuation of instruments that are settled by issuing shares.

3.2.2.1. POSITION AND COMPENSATION OF THE CURRENT CHAIRMAN OF THE MANAGEMENT BOARD

After a review of the situation of Mr. Jean-François Dubos, Chairman of the Management Board since June 28, 2012, by the Human Resources Committee and by the Corporate Governance and Nominating Committee, the Supervisory Board resolved that Mr. Dubos should not be asked to relinquish his employment contract considering his length of service in the group (since October 1, 1991) and Mr. Dubos's age. As a result, his employment contract has been suspended since his appointment as Chairman of the Management Board.

At its meeting of September 27, 2012, upon the recommendation of the Human Resources Committee, the Supervisory Board approved the following components of Mr. Jean-François Dubos's compensation and benefits in kind as from July 1, 2012, including:

* fixed compensation: €600,000;
* variable compensation with target bonus of 70% and maximum bonus of 140%. This compensation is subject to the satisfaction of the performance conditions and the Group's priority measures mentioned in paragraph 3.2.2;
* grant of 60,000 performance shares;
* eligibility to receive stock option and performance share grants, both subject to the satisfaction of performance conditions set by the Supervisory Board and to the relevant plan rules governing their acquisition and exercise;
* payment of traveling expenses and expenses incurred during the exercise of his functions;
* eligibility to participate in the basic Social Security, AGIRC and ARRCO schemes;
* eligibility to participate in the additional pension scheme of December 2005 as approved by the Combined Shareholders' Meeting of April 20, 2006; and
* eligibility to participate in the company's insurance schemes (mutual and life-illness policies) subscribed for its employees, under similar conditions.

For 2013, at its meeting of February 22, 2013, upon the recommendation of the Human Resources Committee and after examining market trends and specific events, the Supervisory Board resolved to set the fixed compensation of the Chairman of the Management Board at €700,000 and the level of his target bonus for 2013 at 100% of his fixed compensation with a maximum bonus set at 180% of his fixed compensation. The Supervisory Board decided at the same meeting to grant him 100,000 performance shares, corresponding to 3.89% of the aggregate number of performance shares granted.

3.2.2.2. COMPENSATION UPON TERMINATION OF EMPLOYMENT OF THE FORMER CHAIRMAN OF THE MANAGEMENT BOARD

FOR THE FORMER CHAIRMAN OF THE MANAGEMENT BOARD

Pursuant to the AFEP and MEDEF recommendations on the compensation of Corporate Officers of publicly traded companies, the Supervisory Board at its meeting held on February 26, 2009, upon recommendations of both the Human Resources and the Corporate Governance and Nominating Committees, reviewed the situation of Mr. Jean-Bernard Lévy, Chairman of the Management Board until June 28, 2012.

The Combined Shareholders' Meeting of April 30, 2009, in its sixth resolution, approved the payment of severance compensation to Mr. Jean-Bernard Lévy upon termination of his term of office, save in the case of serious misconduct and subject to certain performance conditions, in accordance with the AFEP and MEDEF recommendations.

This severance compensation is based on a progressive formula linked to his seniority. It corresponds to six months' pay plus one additional month's pay for each year of service within the Group after 2002. It is subject to the satisfaction of the following minimum performance conditions: the compensation will not be payable if the Group's financial results (adjusted net income and cash flow from operations) are less than 2/3 of the Group's budget for two consecutive years and if the performance of Vivendi shares is lower than 2/3 of the average performance of a composite index (1/3 CAC 40, 1/3 DJ Stoxx Telco and 1/3 DJ Stoxx Media) for two consecutive years. Compensation was not to be payable if Mr. Jean-Bernard Lévy were to leave the company after the age of 62 years, at which time he will be entitled to assert his pension rights, or if he decided, on his own initiative, to leave the company. Given the age of Mr. Jean-Bernard Lévy, the compensation to be paid will, by definition, be equal to 21 months or less.

At its meeting of June 28, 2012, the Supervisory Board resolved to apply all these provisions and authorized the payment to Mr. Jean-Bernard Lévy of a severance payment in the amount of €3.888 million and to maintain all his rights to stock subscription options and performance shares that had not vested as of the date of his leaving office, subject to the satisfaction of the relevant performance conditions.

3.2.2.3. SEVERANCE PACKAGE FOR THE CURRENT CHAIRMAN OF THE BOARD

Mr. Jean-François Dubos is not entitled to a contractual severance package under his office. Moreover, he does not benefit from any contractual severance package under the terms and conditions of his currently suspended contract of employment.

3.2.2.4. COMPENSATION OF MEMBERS OF THE MANAGEMENT BOARD

SUMMARY OF THE COMPENSATION OF THE CURRENT MEMBERS OF THE MANAGEMENT BOARD FOR FISCAL YEARS 2011 AND 2012 AND PRORATED FOR THEIR TERM IN OFFICE IN 2012 (AMF RECOMMENDATIONS, TABLE 2)

	Fiscal Year 2011		Fiscal Year 2012	
(in euros)	Amounts paid	Amounts due	Amounts paid	Amounts due
Jean-François Dubos (1) **Chairman of the Management Board**				
Fixed compensation	n/a	-	300,000	300,000
2012 Variable compensation	-	n/a	-	294,000
Exceptional compensation	-	-	n/a	n/a
Director's fees	-	-	n/a	n/a
Benefits in kind*	-	-	3,273	3,273
Total			**303,273**	**597,273**
Philippe Capron **Member of the Management Board**				
Fixed compensation	390,000	390,000	405,000	405,000
2010 Variable compensation	606,848	-	-	-
2011 Variable compensation	-	591,800	591,800	-
2012 Variable compensation	-	-	n/a	534,600
Exceptional compensation	n/a	n/a	n/a	n/a
Director's fees	n/a	n/a	n/a	n/a
Benefits in kind*	29,378	29,378	30,075	30,075
Total	**1,026,226**	**1,011,178**	**1,026,875**	**969,675**

	Fiscal Year 2011		Fiscal Year 2012	
(in euros)	Amounts paid	Amounts due	Amounts paid	Amounts due
Jean-Bernard Lévy (2) **Chairman of the Management Board**				
Fixed compensation	1,000,000	1,000,000	496,032	469,032
2010 Variable compensation	1,916,040	-	-	-
2011 Variable compensation	-	1,916,000	1,916,000	-
2012 Variable compensation	-	-	n/a	560,000
Severance package	n/a	n/a	3,888,000	3,888,000
Director's fees	n/a	n/a	n/a	n/a
Benefits in kind*	6,432	6,432	3,253	3,253
Total	**2,922,472**	**2,922,432**	**6,303,285**	**4,947,285**
Abdeslam Ahizoune (3) **Member of the Management Board**				
Fixed compensation	645,766	645,766	338,590	338,590
2010 Variable compensation	1,096,023	-	-	-
2011 Variable compensation	-	697,427	(4)703,638	-
2012 Variable compensation	-	-	-	590,920
Exceptional compensation**	n/a	100,000	100,000	100,000
Director's fees	n/a	n/a	n/a	n/a
Benefits in kind*	8,221	8,221	17,676	17,676
Total	**1,750,010**	**1,451,414**	**1,159,903**	**1,047,186**
Frank Esser (5) **Member of the Management Board**				
Fixed compensation	770,000	770,000	385,000	385,000
2010 Variable compensation	1,162,720	-	-	-
2011 Variable compensation	-	1,162,000	1,162,000	-
2012 Variable compensation	-	-	231,000	231,000
Severance payments	n/a	n/a	2,254,369	***1,694,000
Director's fees	n/a	n/a	n/a	-
Benefits in kind*	31,009	31,009	66,048	66,048
Total	**1,963,729**	**1,963,009**	**4,098,417**	**2,376,048**
Amos Genish (3) **Member of the Management Board**				
Fixed compensation	849,250	849,250	398,374	398,374
2010 Variable compensation	867,648	-		-
2011 Variable compensation	-	1,186,532	(4)1,140,271	-
2012 Variable compensation	-	-	-	692,175
Exceptional compensation	n/a	n/a	n/a	-
Director's fees	n/a	n/a	n/a	-
Benefits in kind*	218,852	218,853	169,697	169,697
Total	**1,935,750**	**2,254,635**	**1,708,341**	**1,260,246**

(in euros)	Fiscal Year 2011		Fiscal Year 2012	
	Amounts paid	Amounts due	Amounts paid	Amounts due
Lucian Grainge (3) **Member of the Management Board**				
Fixed compensation	4,662,562	4,662,562	2,551,033	2,551,033
2010 Variable compensation	1,574,885	-		-
2011 Variable compensation	-	5,021,221	(4) 5,251,313	-
2012 Variable compensation	-	-	-	2,171,366
Exceptional compensation****	n/a	229,542	366,863	366,863
Director's fees	n/a	n/a	n/a	-
Benefits in kind*	701,388	701,388	375,533	375,533
Total	**6,938,835**	**10,614,713**	**8,544,742**	**5,464,795**
Bertrand Meheut (3) **Member of the Management Board**				
Fixed compensation	770,000	770,000	392,500	392,500
2010 Variable compensation	1,162 720	-	-	-
2011 Variable compensation	-	1,540,000	-	-
2012 Variable compensation	-	-	1,540,000	580,900
Exceptional compensation	n/a	n/a	n/a	-
Director's fees	n/a	n/a	n/a	n/a
Benefits in kind*	23,291	23,291	19,824	19,824
TOTAL	**1,956,011**	**2,333,291**	**1,952,324**	**993,224**

n/a: not applicable.

(1) Chairman of the Management Board since June 28, 2012.

(2) Chairman of the Management Board until June 28, 2012.

(3) Member of the Management Board until June 28, 2012.

(4) Amount adjusted for foreign exchange rate.

(5) Member of the Management Board until March 23, 2012.

* The amount of benefits in kind takes into account employer retirement and contributions under supplementary provident fund schemes that exceed the legal deductible threshold, which are included in the taxable wages, use of a company car, profit-sharing plans and relocation allowances.

** Annuity under a long-term incentive plan.

*** The balance of the contractual severance package was paid in January 2013.

**** Retirement Allowance

3.2.3. Summary of Commitments Issued in Favor of the Chairman and the Members of the Management Board (AMF Recommendations, table 10)

	Employment Agreement		Supplementary pension plan		Compensation or other benefits due or that may become due at the end of a term in office		Compensation under a non-compete provision	
Corporate Officers as defined pursuant to AMF Recommendations	Yes	No	Yes	No	Yes	No	Yes	No
Jean-François Dubos Chairman of the Management Board Beginning of term: June 28, 2012	X (suspended)		X			X		X
Philippe Capron Member of the Management Board Renewal: June 28, 2012	X		X			X		X

EMPLOYMENT CONTRACTS

As Corporate Officers, members of the Management Board, have contracts of employment with the company. The employment contract of the Chairman of the Management Board was suspended on June 28, 2012, the date of his nomination.

Amendment to the employment contract of Mr. Philippe Capron, Chief Financial Officer and member of the Management Board

At its meeting of February 22, 2013, the Supervisory Board, on the recommendation of the Human Resources Committee, in the context of examining the status of the senior management and executives of Vivendi SA, reviewed the elements of the employment contract of Mr. Philippe Capron, Chief Financial Officer and member of the Management Board, which took effect on January 1, 2007.

At the same meeting, the Supervisory Board authorized the execution by the company of an amendment to the employment contract of Mr. Philippe Capron under the terms of which he would be awarded contractual severance pay for a gross amount equal to 18 months of compensation (comprising fixed and variable amounts), in accordance with the recommendations of AFEP and MEDEF.

This severance payment would only be awarded in case of dismissal of Mr. Philippe Capron by the company. It would not be payable in the event of resignation, retirement or gross negligence.

Mr. Philippe Capron is not entitled to any other severance package under the terms of his employment contract or due to his position as a Corporate Officer.

This conditional commitment in favor of Mr. Philippe Capron, under the terms of his contract of employment, is subject to the approval of the Shareholders' Meeting to be held on April 30, 2013 (5th resolution).

PENSION PLANS

The Chairman, and the members of the Management Board, who hold an employment contract with Vivendi SA, are eligible, along with certain high-level managers, to participate in the supplementary pension plan put into place in December 2005 and approved by the Combined Shareholders' Meeting of April 20, 2006. The main terms and conditions of the plan are as follows: a minimum of three years in office; gradual acquisition of rights based on seniority (over a 20-year period); reference salary for calculation of retirement: average of the three most recent years; double maximum limit: reference salary, capped at 60 times the French Social security upper limit (€2,182,320 in 2012); acquisition of rights capped at 30% of reference salary; application of the Fillon Law: rights maintained in the event of departure at the employer's initiative after the age of 55 years; reverts to 60% in the event of death. Plan benefits are forfeited in the event of departure from the company, for whatever reason, before the age of 55. Accordingly, Mr. Frank Esser is no longer eligible for the supplementary pension plan. As Mr. Jean-Bernard Lévy has returned to work in a position outside the Group, he is no longer eligible for Vivendi's current supplementary pension plan.

In 2012, the provision for pension plans has increased to €1,632,597 for the members of the Management Board in office in 2012, on a pro rata basis. In addition, members of the Management Board received rights under the supplementary pension plan, calculated upon the fixed portion of salary paid in 2012 and the variable portion for 2011 paid in 2012, in accordance with currently applicable limitations. As for the Chairman of the Management Board in office as of December 31, 2012, the rights expressed as a percentage of compensation are already capped based on his seniority.

COMPENSATION OR OTHER BENEFITS IN CONNECTION WITH TERMINATION/CHANGE OF FUNCTION

No member of the Management Board may claim payment of any compensation or indemnity for the termination of that member's position as a Corporate Officer of Vivendi.

MEMBERS OF THE MANAGEMENT BOARD DO NOT RECEIVE ANY COMPENSATION OTHER THAN IN ACCORDANCE WITH THEIR EMPLOYMENT CONTRACT

No member of the Management Board benefits from any indemnities arising from a non-compete clause.

3.2.4. Compensation Paid to Group Senior Executives

In 2012, the aggregate gross amount of the top ten compensation packages paid by Vivendi SA, including benefits in kind other than severance or termination payments, was €12.335 million. In 2012, the aggregate gross amount of the top ten compensation packages paid to senior executives for the whole Group, including benefits in kind, was €63.292 million.

In accordance with Vivendi's internal governance rules, all senior executives waived their rights to receive director's fees as compensation for serving as Board members or permanent Representatives within controlled subsidiaries, within the meaning of Article L.233-16 of the French Commercial Code.

3.3. GRANTS OF STOCK OPTIONS AND PERFORMANCE SHARES

The Management Board, at its meeting of February 28, 2012, and the Supervisory Board, at its meeting of February 29, 2012, approved a stock option plan with performance conditions consisting of 2.51 million shares representing 0.18% of the share capital and an award of 1.81 million performance shares representing 0.13% of the company's share capital, as detailed below. In 2012, stock options granted to members of the Management Board and its Chairman in office until June 28, 2012, represented 633,625 stock options or 25.20% of the total grant and 0.047% of the company's share capital. In 2012, performance shares granted to members of the Management Board in office until June 28, 2012 represented 201,007 shares or 11.05% of the total grant and 0.015% of the share capital. Awards granted to the Chairman of the Management Board, in office until June 28, 2012, totaled 213,750 options and 59,375 performance shares, or 6.30% of the total grant of stock options and performance shares.

At its meeting on September 27, 2012, the Supervisory Board awarded 60,000 performance shares to the new Chairman of the Management Board.

For 2013, the Supervisory Board decided, on the recommendation of the Management Board and General Management and on the advice of the Human Resources Committee, that all grants would be effected in the form of performance shares, with aggregate grants not exceeding 0.23% of the company's share capital, i.e., 3 million performance shares granted in favor of 770 beneficiaries within the Group.

METHOD FOR ASSESSING PERFORMANCE CRITERIA FOR STOCK OPTIONS AND PERFORMANCE SHARES

Method

Every year, the Supervisory Board, after a review conducted by the Human Resources Committee, performs a detailed analysis of the budget forecasts prepared by the Management Board and the Management Committees of each business (prepared in December of the previous year), and sets the limits (threshold, target and cap) for the calculation of performance.

Calculation

Satisfaction of performance conditions over two years: performance shares and stock options.

Every year, 50% of shares and options become eligible for vesting and 100% of shares and options are acquired if the weighted average of earnings per criterion is achieved over two years:

- 100% of shares and options are definitively acquired if the weighted total of the three indicators (adjusted net income, operating cash flow and external indices) reaches or exceeds 100%;
- 50% are definitively acquired if the weighted total of the three indicators achieves the value relating to the thresholds (50%);
- none is definitively acquired if the weighted total of the three indicators is lower than the value relating to the thresholds (50%); and
- arithmetic calculation is used for intermediate results.

The criteria and method of calculation from 2012 onwards

At the meetings of the Management Board and Supervisory Board on February 29, 2012, following a recommendation by the Human Resources Committee, it was agreed that the following criteria for the calculation of performance be applied for 2012, in accordance with what was presented at the combined General Meeting on April 21, 2011:

Regarding stock options and performance shares, achievement of the objectives underlying the performance criteria, are assessed once on a cumulative basis at the expiry of a two-year period. To differentiate between the criteria for bonuses and the criteria for stock options and performance shares, it was resolved to follow an alternative internal criteria from that used in past years:

- for the internal indicator (70%), the EBITA margin recorded as of December 31, 2013 on a cumulative basis for 2012 and 2013;
- for external indicators (30%), the performance of Vivendi shares between January 1, 2012 and December 31, 2013 compared to a basket of indices: Europe Stoxx 600 Telecommunications (70%) as well as the value of a selected portfolio of Media securities (30%);
- 100% of the performance shares and stock options vest at the end of two years, if the weighted sum of internal and external indicators reaches or exceeds 100%;
- 50% permanently vest if the weighted sum of the internal and external indicators reaches a value corresponding to the threshold (50%);
- none permanently vest if the weighted sum of the internal and external indicators is lower than the value corresponding to the threshold (50%); and
- arithmetic calculation is used for intermediate results.

3.3.1. Stock Options Granted

3.3.1.1. PERFORMANCE CONDITIONS

The stock options vest at the end of a three-year period from the date of grant, subject to the satisfaction of new presence and performance conditions over two years.

Assessment of performance criteria with respect to 2011 and 2012 earnings.

At its meetings of February 29, 2012 and February 22, 2013, after a review conducted by the Human Resources Committee, the Supervisory Board assessed the satisfaction in 2011 and 2012 of the internal and external objectives underlying the performance criteria and confirmed an achievement rate of greater than 100%.

2011				
Weight	Indicators (internal and external)	Objective (100%)	Result	Performance
70%	**Group objectives** (in millions of €)			
45%	Adjusted net income **(a)**	2,650	**2,745**	**74.0**
25%	Cash Flow from Operations **(b)**	4,326	**4,844**	**50.0**
30%	**Stock market performance of indices (2011) (reinvested dividends)**		**Vivendi**	
21%	Dow Jones Stoxx Telecom Index	+0.4%	**-10.1%**	**0**
9%	Vivendi Media Index	-19.6%	**-10.1%**	**18.0**

(a) Excludes NBCU and the acquisition of a 44% stake in SFR, on the basis of applicable tax rules as of January 1, 2011.

(b) Excludes acquisition of 4G frequencies by SFR.

2012				
Weight	Indicators (internal and external)	Objective (100%)	Result	Performance
70%	**Group objectives** (in millions of €)			
45%	Adjusted net income **(a)**	2,638	**2,816**	**90.0**
25%	Cash Flow from Operations **(b)**	3,289	**3,648**	**50.0**
30%	**Stock market performance of indices (2012) (reinvested dividends)**		**Vivendi**	
21%	Dow Jones Stoxx Telecom Index	-4.0%	**+11.5%**	**42.0**
9%	Vivendi Media Index	-2.2%	**+11.5%**	**18.0**

(a) Adjusted net income before taking into account transactions announced in the second half of 2011, unbudgeted restructuring charges from telecoms operators and the fine imposed upon SFR.

(b) Cash Flow from Operations before taking into account transactions announced in the second half of 2011, unbudgeted restructuring costs from telecoms operators and an exceptional item having an impact on cashflows but not income.

All stock subscription options and performance shares granted in 2011 are vested. In 2014, the definitiive grant of stock subscription options and performance shares awarded in 2012 will be reviewed in accordance with plan rules.

3.3.1.2. GRANT OF STOCK OPTIONS TO MEMBERS OF THE MANAGEMENT BOARD IN OFFICE AS OF APRIL 17, 2012 – ADJUSTED EXERCISE PRICE OF €19.93 PER OPTION – PLAN 2012 – 4, EXERCISE PERIOD: APRIL 2015 TO APRIL 2022 (AMF RECOMMENDATIONS, TABLE 4)

	Value of the options under the method used for the Consolidated Financial Statements (in euros)	Number of options granted during the year
Jean-Bernard Lévy	212,045.76	220,881
Abdeslam Ahizoune	106,023.36	110,441
Philippe Capron	94,243.20	98,170
Amos Genish	84,322.56	87,836
Lucian Grainge	-	-
Bertrand Meheut	131,939.52	137,437
TOTAL	**628,574.40**	**654,765**

The unit value is identical to the value reported in the financial statements in accordance with IFRS, i.e., €0.96.

3.3.1.3. HISTORY OF STOCK OPTIONS AND STOCK APPRECIATION RIGHTS (SARS) GRANTED TO MEMBERS OF THE MANAGEMENT BOARD DEPENDING ON THEIR DATE OF APPOINTMENT OR END OF TERM (AMF RECOMMENDATIONS, TABLE 8)

	2012	2011	2010	2009	2008
Date of the Shareholders' Meeting approving option grant	EGM of 04/21/11	EGM of 04/24/08	EGM of 04/24/08	EGM of 04/24/08	EGM of 04/28/05
Date of the Supervisory Board meeting	02/29/12	02/28/11	02/25/10	02/26/09	02/28/08
Grant date	04/17/12	04/13/11	04/15/10	04/16/09	04/16/08
Maximum number of options that may be granted under the Shareholders' Meeting approval	12,472,630	30,933,427	30,721,487	29,255,150	29,129,168
Maximum number of options that may be granted during the year, taking into account options already granted	4,115,968	10,269,897	10,199,533	9,712,710	9,670,883
Total number of options granted in April	2,513,884	2,526,700	5,297,200	6,561,120	6,303,200
Total number of options granted in September	135,000				
Number of options cancelled due to the departure of beneficiaries	39,122	24,000	39,641	78,000	120,000
Annual remaining available balance of options that may be granted at the end of the fiscal year	1,717,010	4,076,554	4,914,649	3,598,085	9,700,434
Number of adjusted options granted to members of the Management Board					
Jean-François Dubos - Chairman	-	n/a	n/a	n/a	n/a
Philippe Capron	98,170	100,000	172,046	172,031	172,050
Jean-Bernard Lévy	220,881	225,000	387,103	387,068	387,112
Abdeslam Ahizoune	110,441	112,500	193,552	172,031	172,050
Frank Esser	-	140,000	240,865	240,843	240,870
Amos Genish	87,836	75,000	n/a	n/a	n/a
Lucian Grainge	-	-	94,626	68,813	-
Bertrand Meheut	137,437	140,000	240,865	240,843	240,870
TOTAL	**654,765**	**792,500**	**1,329,057**	**1,281,629**	**1,212,954**
Adjusted exercise price per stock option (in euros)	13.19	19.93	18.33	18.62	23.37
Expiration date	04/17/22	04/13/21	04/15/20	04/16/19	04/16/18

n/a: not applicable.

All stock option grants were made below the 0.33% annual share capital threshold as of the Shareholders' Meeting on April 21, 2011.

3.3.2. Grant of Performance Shares

3.3.2.1. PERFORMANCE CONDITIONS

The right to acquire performance shares vests at the end of a period of two years from the date of grant (the "Acquisition Period") and is subject to the satisfaction of presence and the achievement of new performance conditions, as assessed at the end of a period of two consecutive years and described below in Section 3.3. Shares granted to American, British or Brazilian citizens are registered in an account at the end of a period of four years from the grant date.

For plans whose share registration occurs at the end of a two-year period, the shares must then be retained by the beneficiaries for an additional two-year period following the acquisition date.

In 2012, a total of 980,612 shares were granted to beneficiaries at the end of the vesting period of the rights awarded under the 2008/04 US and 2010 performance share plans. 1,110 shares from the 2011 plan were granted to the eligible beneficiaries of deceased beneficiaries of shares and 138,191 rights were canceled upon the termination of employment of certain beneficiaries.

For 2013, the Supervisory Board at its meeting of February 22, 2013 decided, following a recommendation by the Human Resources Committee, to set the performance criteria, as assessed at the end of a period of two consecutive years, as follows:

(a) Internal indicator (70%): for corporate head office, Group EBITDA margin and each subsidiary, its EBITDA margin, as a function of the cumulative income from the 2013 and 2014 fiscal years; and

(b) External indicators: performance of Vivendi SA's shares from January 1, 2013 to December 31, 2014, according to the Stoxx Europe 600 Telecommunications index (70%) and according to the Media index comprised of a pre-established panel (30%).

3.3.2.2. PERFORMANCE SHARE GRANTED TO MEMBERS OF THE MANAGEMENT BOARD IN OFFICE ON APRIL 17, 2012 – 2012 – 4 PLAN – AND IN OFFICE ON SEPTEMBER 27, 2012 – 2012 – 9 PLAN (AMF RECOMMENDATIONS, TABLE 6)

	Adjusted number of rights to shares awarded during the fiscal year	Value of rights under the method used for Consolidated Financial Statements (in euros)	Vesting date of the rights	Date of disposal of the shares	Performance conditions
Jean-François Dubos	60,000	745,200	09/29/14	09/30/16	Yes
Philippe Capron	27,260	267,148	04/18/14	04/19/16	Yes
Jean-Bernard Lévy	61,333	601,063	04/18/14	04/19/16	Yes
Abdeslam Ahizoune	30,667	300,536	04/18/14	04/19/16	Yes
Amos Genish	24,390	239,022	n/a	04/18/16	Yes
Lucian Grainge	25,825	253,085	n/a	04/18/16	Yes
Bertrand Meheut	38,163	373,997	04/18/14	04/19/16	Yes
TOTAL	**267,638**	**2,780,052**			

n/a: not applicable.

The value used for each Vivendi performance share granted in 2012 is identical to the value reported in the financial statements pursuant to IFRS. It is €9.80 for the April grant and €12.42 for the September grant.

3.3.2.3. HISTORY OF PERFORMANCE SHARES GRANTED TO MEMBERS OF THE MANAGEMENT BOARD DEPENDING ON THEIR DATE OF APPOINTMENT OR END OF TERM

	2012 (adjusted)	2011 (adjusted)	2010 (adjusted)	2009 (adjusted)	2008
Date of the Shareholders' Meeting approving the share grant	EGM of 04/21/11	EGM of 04/24/08	EGM of 04/24/08	EGM of 04/24/08	EGM of 04/28/05
Date of the Supervisory Board meeting	02/29/12	02/28/11	02/25/10	02/26/09	02/28/08
Grant date	04/17/12	04/13/11	04/15/10	04/16/09	04/16/08
Maximum number of shares that may be granted pursuant to the Shareholders' Meeting authorization	12,472,630	6,186,685	6,144,297	5,851,030	5,825,833
Maximum number of shares that may be granted during the year based on allotments already made	4,115,968	4,514,175	5,572,960	5,850,030	4,506,989
Total number of shares granted in April	1,818,477	1,679,200	1,084,172	567,001	525,496
Total number of shares granted in September	97,500				
Number of rights cancelled due to the departure of beneficiaries	35,289	31,890	13,223	6,602	10,208
Annual remaining available balance of options that may be granted at the end of the fiscal year	1,720,537	4,101,154	1,100,586	1,518,656	1,988,293
Adjusted number of shares granted to members of the Management Board:					
Jean-François Dubos, Chairman (9/27/2012 grant)	60,000	n/a	n/a	n/a	n/a
Philippe Capron	27,260	28,000	14,336	14,342	13,334
Jean-Bernard Lévy	61,333	62,500	32,255	32,268	30,000
Abdeslam Ahizoune	30,667	31,500	16,128	14,342	13,334
Frank Esser	-	39,000	20,070	20,079	18,667
Amos Genish	24,390	21,000	n/a	n/a	n/a
Lucian Grainge	25,825	100,000	7,886	5,738	-
Bertrand Meheut	38,163	39,000	20,070	20,079	18,667
TOTAL	**267,638**	**321,000**	**110,745**	**106,848**	**94,002**
Vesting date	04/18/14	04/15/13	04/16/12	04/18/11	04/17/10
Date of disposal	04/19/16	04/16/15	04/17/14	04/19/13	04/19/12

n/a: not applicable.

3.3.2.4. PERFORMANCE SHARES THAT BECAME AVAILABLE IN FISCAL YEAR 2012 (AMF RECOMMENDATIONS, TABLE 7)

Performance shares that became available for each Management Board member	Plan No. and date	Number of shares that became available during the year	Acquisition conditions
Jean-François Dubos	2008/04 -2 04/16/2008	13,334	Yes
Philippe Capron	2008/04 -1 04/16/2008	13,334	Yes
Jean-Bernard Lévy	2008/04 -1 04/16/2008	30,000	Yes
Abdeslam Ahizoune	2008/04 -1 04/16/2008	13,334	Yes
Frank Esser	2008/04 -1 04/16/2008	18,667	Yes
Amos Genish	-	-	-
Lucian Grainge	-	-	-
Bertrand Meheut	2008/04 -1 04/16/2008	18,667	Yes

3.3.3. Options Exercised in 2012 by Corporate Officers (AMF Recommendations, table 5)

In 2012, Mr. Jean-Bernard Lévy, Chairman of the Management Board until June 28, 2012, exercised 226,556 stock subscription options at the adjusted price of €14.96 per option (2003/05 plan).

3.3.4. Major Option Awards and Options Exercised in 2012, Excluding Corporate Officers (AMF Recommendations, table 9)

The top ten awards to beneficiaries who are not Corporate Officers, involved 601,635 stock subscription options representing 22.71% of the total options granted in 2012 and 0.045% of the share capital as of December 31, 2012. These stock options are exercisable at the adjusted price of €13.19 for the April plan and at €15.57 for the September 2012 plan.

The top ten option exercises, excluding Corporate Officers, involved a total of 116,432 stock subscription options at an average weighted price of €12.96.

3.3.5. Conditions Under Which Corporate Officers Hold Shares Pursuant to the Exercise of Stock Options and Grants of Performance Shares

At its meeting held on March 6, 2007, pursuant to Articles L.225-185 and L.225-197-1 of the French Commercial Code, the Supervisory Board determined rules for the members of the Management Board in relation to the retention of shares received from the exercise of stock options and performance shares awarded since 2007.

Members of the Management Board must hold in a registered account a number of shares received pursuant to the exercise of stock options and performance shares granted since the implementation of the 2007 plan equal to at least 20% of the net acquisition value recognized each year, if any, from the date of exercise of the options or sale of the performance shares, until the end of their term of office.

3.3.6. Conditions Specific to Vivendi

From January 1, 2007, the Chairman of the Management Board, the members of the Management Board, and the General Management and senior executives of the business units (30 beneficiaries) must, within a period of five years, each set up a portfolio of Vivendi shares relating respectively to three years, two years and one year of gross compensation (fixed compensation and target bonus) and they must each hold them continuously until the end of their respective terms of office. In February 2013, the Supervisory Board reported on the application of this program and acknowledged its proper implementation.

3.4. TRADING IN COMPANY SECURITIES

Vivendi complies with the General Regulations of the AMF and the recommendations of the AFEP and MEDEF. Consequently, purchase and sale transactions involving the company's securities are prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the company's share price, up to the date on which this information is made public. In addition, such transactions are prohibited for a period of 30 calendar days preceding and including the day of publication of the company's quarterly, half-yearly and annual Consolidated Financial Statements. Vivendi distributes a schedule setting out the periods during which transactions involving company's shares are prohibited ("blackout periods"). This schedule also indicates that the periods mentioned do not preclude the existence of other blackout periods that may apply due to the awareness of precise market information concerning the day-to-day business or prospects of Vivendi or one of its listed subsidiaries which, if made public, would be likely to have a material impact on the company's share price.

Finally, pursuant to AFEP and MEDEF recommendations published on January 9, 2007, Vivendi's Management Board, at its meeting held on January 24, 2007, prohibited the use of any and all hedge transactions on the company's securities following the exercise of stock options

3.4.1. Trading in Securities by Members of the Supervisory Board and the Management Board

Pursuant to Article 223-26 of the General Regulations of the AMF, the table below sets out transactions performed by Directors of Vivendi involving the company's securities in 2012 up until the date of registration of the official French version of this Annual Report (*Document de Référence*) that were notified to the company and to the AMF:

	Purchase			Sale		
Full Name	Date	Quantity	Unit price (in euros)	Date	Quantity	Unit price (in euros)
Compagnie de Cornouaille/V. Bolloré	12/27/12	50,000	17.30	-	-	-
Vincent Bolloré	03/15/13	1,000	16,150	-	-	-
Christophe de Margerie	04/05/12	1,200	13.2250	-	-	-
Pascal Cagni (non-voting Director)	11/28/12	6,100	16.3767	-	-	-
	11/29/12	6,100	16.50	-	-	-

3.5. COMPLIANCE PROGRAM

The Compliance Program was established to make employees aware of their professional responsibilities and to provide them with a guide to which they can refer and that will assist them in determining the most appropriate conduct.

It establishes rules of conduct based on general principles of international law (including those established by the OECD, ILO and EU law) as well as prevailing regulation in various countries (principally those of France and common law countries).

It sets forth the general ethical rules applicable to all Group entities. These rules are applied in each operational business unit in all the countries in which Vivendi is present, adapted to address the specificities of subsidiary activities as well as the particularities of national legislation. In addition, at its meeting held on March 16, 2004, the Board of Directors of Vivendi, upon recommendation of its Audit Committee, approved a Financial Code of Ethics. This Code was maintained following the change in the company's organizational structure. It applies to the senior executives of Vivendi SA such as those responsible for communications and financial and accounting reporting which represents approximately 60 people.

The company's Legal department and the Compliance Officers of each business unit work to ensure the overall consistency of the Financial Code of Ethics by coordinating with the General Counsel's office. An annual progress report is prepared and presented by Vivendi SA's Legal department to the Audit Committee, which then reports to the Supervisory Board and forwards the report to the Management Board.

3.5.1. Reasons for the Program

The Compliance Program addresses the following main issues:

- the new national and international standards requiring companies to report on how they comply with their societal responsibilities; and
- the introduction of new non-financial rating criteria aimed at assessing the policies that companies have set up to assume these responsibilities.

3.5.2. Objectives

The Compliance Program has two major purposes:

- to raise awareness for Group's employees and provide them with a clear and precise reference tool that gives them guidance in determining appropriate courses of action; and
- to reduce the risks of civil and criminal liability by both the Group's employees and subsidiaries.

3.6. FINANCIAL INFORMATION AND COMMUNICATION PROCEDURES COMMITTEE

This committee, set up in 2002, is responsible for the regular assessment of the company's procedures for preparing and publishing financial data and for reviewing financial information which is published quarterly.

3.6.1. Composition

The committee members are nominated by the Chairman of the Management Board. At a minimum, the committee is comprised of those Vivendi executives holding the following positions:

* the Group's General Counsel (Chairman of the committee);
* the Group's Chief Financial Officer, member of the Management Board;
* the Executive Vice President, Communications;
* the Deputy Chief Financial Officers;
* the Senior Vice President, Audit and Special Projects; and
* the Executive Vice President, Investor Relations.

Members of the committee may appoint additional members as their substitutes, who are executives from the aforementioned departments. The committee is currently comprised of 15 regular attendees.

3.6.2. Powers

The committee assists the Chairman of the Management Board and the Group's Chief Financial Officer in ensuring that Vivendi fulfills its disclosure requirements with respect to investors, the public and the regulatory and market authorities, in particular in France the *Autorité des Marchés Financiers* (AMF) and NYSE Euronext.

In performing its duties and objectives, the committee ensures that Vivendi has set up adequate controls and procedures so that:

* any financial information that must be disclosed to investors, the public or the regulatory authorities is reported within the deadlines set forth by applicable laws and regulations;
* all corporate communications are subject to appropriate verification in accordance with the procedures set up by the committee;
* all information requiring a release to investors or appearing in the documents recorded or filed with any regulatory authority is communicated to the company's senior management, including the Chairman of the Management Board and the Group's Chief Financial Officer, prior to release so that decisions regarding such information can be made in a timely manner;
* oversight is provided to assess Vivendi's procedures and those of the business units for controlling information as well as over internal control procedures, under the supervision of the Chairman of the Management Board and the Group's Chief Financial Officer;
* the Chairman of the Management Board and the Group's Chief Financial Officer are advised of any major procedural issues about which the committee should be informed and which are likely to affect Vivendi's procedures for controlling information and its internal control procedures. The committee issues recommendations, where necessary, for changes to be made to these controls and procedures. The committee monitors the implementation of changes approved by the Chairman of the Management Board and the Group's Chief Financial Officer; and
* more generally, the Chairman of the Management Board and the Group's Chief Financial Officer are assured that they will receive all information they may request.

3.6.3. Activity in 2012

The committee meets at the request of the Chairman of the Management Board, the Chief Financial Officer, the Committee Chairman or of one of its members. Meetings are held at least every quarter in accordance with the schedule for releasing financial information on the Group's results and before each Audit Committee meeting. In 2012, the committee met six times. Its proceedings primarily involved:

* the annual and half-year certification letters signed by the Chairman and Chief Financial Officer of each of the Group's business units;
* progress questionnaires for assessing internal controls within the Business Units;
* the financial information published in the annual, half-year and quarterly financial reports and published in the annual report;
* the sustainable development report; and
* the business report and the environmental, employee and societal data report.

The committee reports to the Chairman of the Management Board and to the Audit Committee, as necessary.

3.7. RISKS COMMITTEE

In January 2007, the Risks Committee was set up with the purpose of making recommendations or issuing opinions to the Management Board in the following areas:

* the identification and assessment of potential risks that may arise from operations performed within the Group;
* the review of the adequacy of risk coverage and the level of residual risk;
* the formulation of recommendations with a view to improving risk coverage;
* the review of insurance programs; and
* the list of risk factors and forward-looking statements as disclosed in the documents published by the company.

3.7.1. Composition

The committee is chaired by the Chairman of Vivendi's Management Board. It is comprised of at least four members including its Chairman, and:

* the Group's Chief Financial Officer, member of the Management Board;
* the Group's General Counsel; and
* the Director of Internal Audit and Special Projects.

3.7.2. Powers

The committee aims to promote the exchange of best practices within the Group within the areas of risk prevention and management and to provide support to subsidiaries in their ongoing efforts to improve risk management. This objective is dependent upon designated contacts within the business units who are responsible for implementing the risk prevention policy and for monitoring the progress of preventive or corrective action plans.

The Risks Committee passes its principal conclusions and recommendations on to the Audit Committee of Vivendi's Supervisory Board.

3.7.3. Activity in 2012

In 2012, this committee met three times. The main topics addressed were, in particular:

* the review of risk mapping;
* sub-contracting risk analysis and the revenue assurance program at GVT;
* the risks and objectives related to regulatory matters at SFR, Canal+ Group, Maroc Telecom, Universal Music Group and GVT; and
* ensuring the safety of the Group's businesses safety in relation to cybercrime risks: protection of websites, service platforms, distribution networks and IT systems at Universal Music Group, SFR and Canal+ Group.

3.8. GENERAL MANAGEMENT

Jean-François Dubos, *Chairman of the Management Board*

Philippe Capron, *Member of the Management Board and Chief Financial Officer*

Jean-Yves Charlier, *Senior Executive Vice President in charge of Telecom Activities*

Régis Turrini, *Senior Executive Vice President, Mergers and Acquisitions*

Simon Gillham, *Senior Executive Vice President, Communications and Public Affairs*

Sandrine Dufour, *Executive Vice President, Deputy Chief Financial Officer*

Frédéric Crépin, *Executive Vice President, General Counsel and Secretary of the Supervisory Board and of the Management Board*

Mathieu Peyceré, *Executive Vice President, Human Resources of the Group*

SECTION 4 REPORT BY THE CHAIRMAN OF VIVENDI'S SUPERVISORY BOARD ON CORPORATE GOVERNANCE, INTERNAL AUDITS AND RISK MANAGEMENT – FISCAL YEAR ENDED DECEMBER 31, 2012

This report will be presented at the General Meeting of Vivendi's shareholders to be held on April 30, 2013, pursuant to Article L.225-68 of the French Commercial Code and the joint recommendations of the AFEP and MEDEF published in the Corporate Governance Code for publicly traded companies. It was prepared with the assistance of the General Management, the General Counsel and the Internal Audit and Special Projects department. It was presented to the Audit Committee prior to its approval by the Supervisory Board on February 22, 2013.

Since 2005, Vivendi has been operating as a French corporation (*société anonyme*) with a dual Board structure with separate management and control roles made up of a Management Board and a Supervisory Board.

In addition, throughout the year, as part of rigorous internal review procedures implemented by the company's Management Committees, the Group's principal business units make the following reports to their respective management teams: an analysis of their operational and strategic positioning their target figures as established during the budget preparation and updates, their action plans as well as other matters of significant interest.

Vivendi rigorously applies to its corporate governance the Consolidated Code of Recommendations of the AFEP and the MEDEF.

4.1. CORPORATE GOVERNANCE

4.1.1. Conditions Governing the Preparation and Organization of the Work of the Supervisory Board

The composition as well as the conditions governing the preparation and organization of the work of the Supervisory Board and its committees is presented in Sections 3.1.1.2 to 3.1.1.14 of Chapter 3 of this Annual Report.

4.1.2. 2012 Assessment of Governance by Special Agencies

In 2012, the Group continued integrating the main SRI (Socially Responsible Investment) indices: the Dow Jones Sustainability World Enlarged Index, the ASPI Eurozone (Vigeo) index, the Ethibel Sustainability Index (Ethibel), the ECPI Ethical Indexes (E-capital Partners), and the FTSE4Good Global (FTSE). Since 2011, the Group has enjoyed the Corporate Responsibility Prime status granted by the Oekom rating agency. In 2012, Vivendi also incorporated three new SRI indices by Vigeo (Vigeo World 120, Vigeo Europe 120, Vigeo France 20) and is the only company in its sector to be included in these indices. Vivendi was once again included in the Global 100 list of the most responsible companies in the world and ranks 4th among French companies. This announcement was made in the opening remarks of the World Economic Forum meeting in Davos on January 24, 2013.

Following a survey in the French financial newspaper "Le Revenu", Vivendi's Investor Relations department was again ranked among the best services of the CAC 40, particularly for its relationships with shareholders and the quality and clarity with which it responds to their needs.

4.1.3. Setting the Deferred Compensation and Benefits Granted to the Members of the Management Board and its Chairman

Following the proposal of the Corporate Governance and Nominating Committee and the Human Resources Committee, the Supervisory Board resolved to comply with all the AFEP and MEDEF recommendations regarding the compensation of Directors and Corporate Officers of listed companies.

Compensation of members of the Management Board and of the company's senior managers is determined by the Supervisory Board based on information received from the Human Resources Committee. In gathering relevant information, the Human Resources Committee relies on comparative studies of external and independent advisers who take into account the compensation of company officers across a range of French, European and international companies operating in business sectors identical or similar to those of Vivendi and its subsidiaries. The compensation of Management Board members is made of both fixed

and variable components and is subject to the satisfaction of certain performance conditions.

Since 2010, Vivendi's Supervisory Board has been using sustainable development and social responsibility criteria to assess the variable portion of the compensation of the Management Board members and the Group's senior executives. Criteria that are relevant, measurable and verifiable have been established for each business unit based on their respective know-how and positioning. Accordingly, the calculation of bonuses for the persons in question requires assessing their personal contribution to the sustainable development strategies of the Group, such as protecting and empowering young people in their media practices, promoting cultural diversity and reducing the digital divide. Vivendi is one of the first companies in the CAC 40 index that uses performance objectives tied to social responsibility criteria to determine the variable portion of the compensation of its Executive Officers. Vigeo, an extra-financial ratings agency, assists the Group in assessing its strategies.

All principles and rules established by the Supervisory Board concerning deferred compensation and benefits of the Management Board members, its Chairman and the Corporate Officers of the principal Group subsidiaries are described in Sections 3.2 and 3.3 of Chapter 3 of this Annual Report.

The provisions related to the performance criteria for the vesting of stock subscription options and performance shares, which were implemented in 2011 and 2012, are set forth in Section 3.3 of Chapter 3 of this Annual Report.

4.1.4. Holding Periods for Shares Obtained Upon the Exercise of Stock Options and Performance Shares Held by Board Members and Corporate Officers

For a description of these transfer restrictions, see Section 3.3.5 of Chapter 3 of this Annual Report.

From January 1, 2007, the Chairman of the Management Board, the members of the Management Board, and the General Management and senior executives of subsidiaries must, within a period of five years, each set up a portfolio of shares in Vivendi relating respectively to three years, two years and one year of gross compensation (fixed compensation and target bonus). These portfolios must be continuously held until the end of their respective terms of office. In February 2013, the Supervisory Board reported on the application of this program and acknowledged its proper implementation.

4.1.5. Terms and Conditions Governing Shareholders' Attendance at General Meetings

Each shareholder is entitled to a number of votes equal to the number of shares the shareholder owns or represents.

For a description of the terms and conditions governing shareholders' attendance at General Meetings, see Section 2.1.4 of Chapter 3 of this Annual Report.

4.2. VIVENDI'S EQUAL OPPORTUNITIES POLICY

At its meeting of December 13, 2012, as it has done it every year, the Supervisory Board discussed gender equality within the Group, after having examined the Human Resources Committee's report on this issue.

In 2012, 34% of employees within the Group are women, with the lowest levels at Activision Blizzard (21%) and the highest level at Vivendi's corporate headquarters (55%). At Group level, the proportion was 36% in 2010. This relative decline is the result of the higher total number of employees at GVT, and the recruitment of a predominantly male workforce (at GVT, the proportion of women declined from 46% to 35% between 2010 and 2011). In 2012, 35% of employees in management positions were women, which is in line with their employment rate. Based on this percentage Vivendi ranks 12th among CAC 40 companies. Women comprise 36% of the Supervisory Board (four women); based on this Vivendi ranks 3rd among CAC 40 companies. Women comprise 10% of Executive Committees (Corporate + Businesses). Based on this percentage, Vivendi ranks 15th among CAC 40 companies.

At its meeting of December 14, 2011, to improve gender equality within the Group, the Supervisory Board approved the implementation of a two-fold initiative: mentoring and networking. A status report was prepared and presented to the Supervisory Board at its meeting on December 13, 2012.

On March 7, 2012, the *ANDIAMO*! Network was launched, which includes 20 women (all graduates of INSEAD). The principles adopted by the members of the network are as follows: the size of the network is limited to 50 members, recruiting new members is by cooptation, drawing from women and men at the same seniority level and the same age bracket, it can be mixed in a proportion of 70/30. For 2013, the next steps will be to continue the policy launched in 2012 of "taking action in relation to women", making recommendations to management by the end of 2013. This network's work has seen Vivendi progress from ninth to sixth place in the ranking of the October 2012 Challenge.

The second mentoring action was to identify potential mentees from within the Group's population of executives who participated in the INSEAD program. A group of 11 women were identified and each was offered the possibility to join the Management Committees of the Group's French subsidiaries or the corporate headquarters. The Group's governing bodies determined the seniority level of the mentors who will be required to play a role in the development and promotion of their mentee. The program operates in accordance with a newly created mentoring charter

4.3. INTERNAL CONTROL PROCEDURES

Vivendi strives to maintain the highest standards of internal control and financial disclosure. To this end, the Financial Information and Communication Procedures Committee meets on a regular basis. In 2012, this committee met six times.

This committee assists the Chairman of the Management Board and the Chief Financial Officer to ensure that Vivendi fully complies with its obligations to disclose information to investors, the public, and the regulatory and market authorities in France. It is chaired by the General Counsel and is comprised of representatives from the company's corporate operational departments.

The information that Vivendi is obliged to disclosed, and within the committee's scope of work, includes periodic documents disclosed to investors and financial markets in compliance with French financial market regulations, press releases related to the quarterly, semi-annual and annual financial results and presentation materials provided to investors and financial analysts.

A Risks Committee chaired by the Chairman of the Management Board is responsible for strengthening management and risk prevention measures within the Group. In 2012, the committee met three times.

The functions and activities of these two committees in 2012 are set forth in Sections 3.6 and 3.7 of Chapter 3 of this Annual Report.

4.3.1. Definition and Objectives of Internal Control

The company views internal control as a set of procedures established by Vivendi's Management Board and implemented by its employees to ensure that the following objectives are achieved:

* compliance with laws and regulations as well as the Group's corporate values;
* implementation of guidelines and strategies established by the Management Board;
* prevention and control of operational and financial risks as well as managing the risk of fraud and error;
* optimization of internal processes to ensure the effectiveness of operations and the efficient use of resources; and
* completeness and accuracy of accounting and financial disclosure as well as management information.

To achieve each of these objectives, Vivendi has set out and implemented general principles of internal control based to a large degree on the framework established by the report of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) published in 1992, the reference framework of internal control process, and the recommendations published by the French *Autorité des Marchés Financiers* (AMF).

These principles are based upon:

* a policy that contributes to the promotion of a culture of internal control and integrity principles;
* the identification and analysis of risk factors that may adversely impact the achievement of the Group's objectives;
* a system to support the implementation of the goals set by the Management Board;
* the periodic review of control measures and the continuing search for areas of improvement; and
* the process of distributing information relating to internal control.

However, as with any system of control, these principles, when applied, may not provide an absolute guarantee that all risks will be fully eliminated or controlled.

4.3.2. Scope of Internal Control

Vivendi is organized into six business units (Activision Blizzard, Universal Music Group, SFR, Maroc Telecom, GVT and Canal+ Group) and a holding entity. Each of them must implement the strategies determined by the Management Board, including objectives in the area of internal control. Each entity has a set of tailored internal control measures that include both the implementation of the Group's procedures and the definition and implementation of procedures specific to each business unit according to its organization, culture, identified risk factors and operational specificities. Vivendi ensures, as the parent company, that such internal control measures exist and are adequate, in particular with respect to the accounting and financial procedures applied by the entities of the Group that are fully consolidated.

Activision Blizzard, a US company whose shares are listed on the NASDAQ, complies with all applicable laws and regulations in the United States and also has its own internal control system.

4.3.3. Internal Control Components

4.3.3.1. CONTROL ENVIRONMENT

RULES OF CONDUCT AND ETHICS APPLICABLE TO ALL EMPLOYEES

Vivendi ensures that all aspects of corporate responsibility are taken into account. Vivendi has therefore adopted a charter of the Group's values which includes consumer focus, creativity, ethics, cultural diversity and social responsibility.

A Compliance Program establishes general rules of ethics applicable to all employees of the Group regardless of their seniority and position. These rules, available at www.vivendi.com, cover the following areas: employees' rights, integrity and protection of information and personal data, prevention of conflicts of interest, commercial and financial ethics, protection of the Group's assets and resources, respect of the environment, and social responsibility.

The Compliance Program has three major purposes:

* to raise awareness for Group's employees and provide them with a reference tool that gives them guidance in determining appropriate courses of action;
* to reduce the risks of triggering civil and criminal liability for both the Group's employees and companies; and
* to discuss a cross-disciplinary theme each year in depth. For this purpose, over the past four years, the following topics have been addressed: conflicts of interest, protection of personal data, preservation of tangible and intangible data and anti-corruption and proper use of digital media within social networks.

It establishes rules of conduct based on general principles of international law (including those established by the OECD, ILO and European law) as well as prevailing legislation in various countries (principally those of France and common law countries). Following this approach, each business unit has established its own Code of Ethics.

The Group's legal teams and Compliance Officers of the principal business units, which is coordinated by the Group's General Counsel work to ensure the overall consistency of the program. An annual activity report is prepared and presented by Vivendi's Secretary to the Board to the Audit Committee, which then reports to the Supervisory Board.

The protection of personal data remains a major issue for Vivendi. Accordingly, the general counsel of the various business units within the Group have been made aware of the update of the Charters on data and content protection and of the Good Practices Guidelines in matters of sensitive data protection.

In 2012, several meetings to raise awareness about the protection of information assets in relation to behaviors and technology risks have been organized by Vivendi SA's Management and personnel at corporate headquarters.

RESPONSIBILITIES AND COMMITMENTS OF EACH BUSINESS UNIT'S GENERAL MANAGEMENT

Every six months, the Chairman and Chief Financial Officer of each business unit must sign a representation letter in which they certify compliance with the internal control procedures relating to the preparation of financial statements and financial, industry-based and operational information items to insure the accuracy, integrity and reliability of financial disclosure.

Vivendi has, upon proposal of the Audit Committee, established a Code of Financial Ethics. This Code was maintained following the change in the company's governance structure, in 2005. It applies to the senior executives of Vivendi SA such as those responsible for communications and financial and accounting reporting.

RULES ON MARKET ETHICS

Vivendi complies with the General Regulations of the AMF as well as the recommendations of the AFEP and MEDEF. Consequently, purchase and sale transactions involving company securities are prohibited during the period from the date on which a member of the Supervisory Board or the Management Board becomes aware of precise market information concerning the company's day-to-day business or prospects which, if made public, would be likely to have a material impact on the company's share price, up to the date on which this information is made public. In addition, such transactions are prohibited for a period of 30 calendar days preceding and including the day of publication of the company's quarterly, half-yearly and annual Consolidated Financial Statements. The company prepares and distributes a summary schedule setting out the periods during which transactions involving company shares are prohibited ("blackout periods"). Pursuant to AFEP and MEDEF recommendations, all hedging transactions on company's securities following the exercise of stock options are prohibited.

Blackout periods are the subject of individual reminders sent via email where necessary and, in any event, before each identified financial reporting period.

DELEGATION OF POWERS

The delegation of operational powers, whether on a single occasion or on a recurring basis, is one of the responsibilities of the General Management of Vivendi and of the General Management of each of its business units. These delegated powers are updated and formalized on a regular basis according to the evolving role and responsibilities of the relevant delegate.

4.4. RISK MONITORING AND MANAGEMENT

Vivendi's Risks Committee is in charge of identifying and managing risks likely to affect the fulfillment of the Group's objectives. It is chaired by the Chairman of the Management Board and includes the following permanent members: the Chief Financial Officer, the General Counsel and the Internal Audit Director. The business units are invited to attend meetings depending on the agenda. The committee provides its principal conclusions and recommendations to the Audit Committee of the Supervisory Board at each of its meetings.

The Risks Committee is responsible for making recommendations to the Management Board in the following areas:

* the identification and assessment of risks that may arise from the conduct of operations within the Vivendi Group, including risks relating to tax, employment and environmental matters, risks in terms of compliance with laws and regulations, risks relating to ethics, competition and conflicts of interest and risks associated with the security of information systems;
* the review of the adequacy of risk coverage and the level of residual risk;
* the review of insurable risks and of insurance programs; and
* the list of risk factors and forward-looking statements as publicly disclosed by the Group.

At Group level risks are assessed based on a qualitative and quantitative approach at the level of each business unit.

In 2012, this committee met three times and, as of the date of this Annual Report, once during the first quarter of 2013. The main topics addressed were, in particular:

* the review of risk mapping;
* sub-contracting risk analysis and the revenue assurance program at GVT;
* the risks and objectives related to regulatory matters at SFR, Canal+ Group, Maroc Telecom, Universal Music Group and GVT; and
* ensuring the safety of the Group's businesses safety in relation to cybercrime risks: protection of websites, service platforms, distribution networks and IT systems at Universal Music Group, SFR and Canal+ Group.

The major risks faced by the company are described in Chapter 1 of this Annual Report, in the risk factors section, and in Chapter 4, Note 23, to the Consolidated Financial Statements relating to risk management and financial derivative instruments.

Vivendi's Legal department provides for the prevention and management of risks related to ethics, competition and conflicts of interest. The management of financial risks (liquidity, interest and exchange rates) is monitored by Vivendi's Finance and Treasury department through a centralized organization at the corporate headquarters.

Operational risks are managed by the business units taking into account the specificities of their operations (e.g., regulatory risks associated with Telecommunication and Pay TV businesses, risks associated with the infringement of intellectual property rights for the music business; risks associated with piracy and counterfeiting for the film and music businesses).

Coverage of insurable risks (damage and operating losses from a disaster, third-party liabilities) is monitored by the Risk Management department of Vivendi in collaboration with the Finance and Legal departments. Current insurance programs are described in Chapter 1 of this Annual Report.

In 2012, all documentation presented to the Risks Committee was also presented to the Statutory Auditors of the company. In addition, the Statutory Auditors receive, at each meeting of the Audit Committee, a report on the work performed by the Risks Committee.

4.4.1. Internal Control Activities

Control activities are primarily performed by the functional and operational management teams in accordance with existing reference procedures.

The following bodies ensure the monitoring of internal control measures:

THE AUDIT COMMITTEE

The Audit Committee is comprised of a majority of independent members of the Supervisory Board. Within the powers conferred upon it, the Audit Committee prepares the decisions of the Supervisory Board and provides recommendations or issues opinions to it on a wide range of matters, including:

* the review of the annual and half-year consolidated financial reports and the annual Consolidated Financial Statements of the company, prepared by the Management Board;
* the review of impairment tests;
* the monitoring of the company's cash and alerting the Board to potential issues relating thereto;
* the review of the assessment and coverage of operational and financial risks, and of insurance programs;
* the appointment of external auditors and fees to be paid to them;
* changes in accounting standards, methods and accounting principles, the company's consolidation scope, contingent liabilities of the company;
* the monitoring of the consistency and effectiveness of internal control measures, the review of this report;
* the review of tax-related risks;
* the review of material internal control weaknesses and, when applicable, the review of corruption and fraud cases;
* the review of ethics compliance; and
* the review of the Annual Report on the Compliance Program, the proposal of any measure likely to improve its effectiveness, and, if necessary, the formulation of an opinion on its review.

A report is regularly presented by its Chairman to the Vivendi Supervisory Board and sent to every member of the committee and the Supervisory Board.

Vivendi chairs the Audit Committees of the following subsidiaries: SFR, Maroc Telecom, GVT, Canal+ France and Universal Music Group, and participates, subject to the agenda, in meetings of Activision Blizzard's Audit Committee.

In 2012, Vivendi's Audit Committee met three times with a 100% attendance rate. A description of it work is presented in Section 3.1.1.14 of Chapter 3 of this Annual Report.

THE INTERNAL AUDIT AND SPECIAL PROJECTS DEPARTMENT

The Internal Audit and Special Projects department (made up of 14 internal auditors for financial audit and external auditors for IT audits) reports to the Chairman of the Management Board and is responsible for assessing, in an independent manner, the quality of internal controls at every level of the organization. Its operations are governed by a Charter approved by the Audit Committee.

The Internal Audit departments of SFR (8 Auditors), Canal+ France (8 auditors), Activision Blizzard (10 auditors), GVT (7 auditors) and Maroc Telecom's Financial Audit department (11 Auditors) currently reinforce the resources dedicated to internal control assessment at the business unit level. The annual audit plan approved by the Management Board provides that on average 35% of its projects will be conducted jointly by the respective auditing teams of the business units and the headquarters.

The Internal Audit department is responsible for performing an independent assessment of the effectiveness of the internal control processes, based on an annual audit plan which is approved by the Management Board, the Finance department and the office of the General Counsel of the Group and presented to the Audit Committee. This plan is developed from both an independent analysis of the operational, IT and financial risks of each business unit and the consultation with the General Management of each entity. Reports on the audit work carried out are communicated to Vivendi's General Management, as well as to operational and functional management and their superiors. A summary of these reports is presented at each Audit Committee meeting along with any observations made by the Group's external auditors. Follow-up audits are generally performed within 12 months to ensure that recommended action plans and agreed corrective measures (if any) have been implemented. A status report on the implementation of the recommendations following an audit is presented to the Audit Committee once a year. A half-yearly internal audit report is presented to the Management Board and the Supervisory Board.

The Group may encounter cases of fraud in connection with its operations, which – as soon as they are noticed – are systematically reported to the Audit Committee and which may be the subject of special investigations which may result in of the imposition of penalties, where applicable.

SELF-ASSESSMENT QUESTIONNAIRES

A self-assessment questionnaire on internal control, dealing with the five main components of internal control as defined by the COSO report, is sent out jointly to business units by the General Counsel's office and the Financial department every year. This questionnaire covers the following topics:

- ethics and human resources: the existence and dissemination of a specific Code of Ethics, reference checking procedures upon hiring, procedures for granting exceptions to the Compliance Program, measures for protecting personal data (companies and customers) and compliance with anti-corruption laws and regulations, such as the UK Bribery Act 2010;
- financial reporting: the distribution of Group procedures, particularly accounting procedures and the systematic referral to the Vivendi financial consolidation and reporting team of specific accounting adjustments;
- organizational: the regular update of powers of attorney and the review of the principles of separation of tasks, procedures for the assessment and monitoring of risks of the business lines and the existence and update of a backup and continuity plan and the protection of sensitive data (cybercrime);
- information technologies: computer security procedures and regular data backup, the protection of customer data during marketing campaigns and social networking; and
- control and monitoring activities: description of the resources allocated to internal control, closing accounts and budget monitoring.

No major action plan was postponed by the business units. A certain number of initiatives have been put forward, such as the continued adaptation of the control environment of businesses recently incorporated into the Group and automation of key controls, strengthened documentation of processes and periodic updates of delegations of powers within subsidiaries, the updating of data protection charters and guides and the strengthening of procedures regarding the use of social networks and increasing the awareness of employees about the matters of conflict of interest and fraud.

A summary of the responses to these questionnaires were presented and reviewed by the Group's Financial Information and Communication Procedures Committee. The documentation containing the answers to the questionnaires and the conclusions relating thereto are also reviewed by the business units' external auditors.

4.4.2. Internal Control Monitoring

The work performed by the Statutory Auditors in relation to the review and assessment of internal control is summarized in a detailed presentation to the General Management and the Internal Audit of the business units concerned. A summary of their conclusions is presented to Vivendi's Audit Committee.

4.5. KEY PROCEDURES FOR FINANCIAL AND ACCOUNTING INFORMATION

The procedures listed below help reinforce internal controls concerning the treatment of financial and accounting information disclosed by Vivendi. The provisions of the guide on applying internal control procedures in relation to financial disclosures, contained within the standards for internal control published by the AMF, were taken into account during the update of these procedures.

* *Consolidation and financial reports:* the Consolidated Financial Statements of the Group and its financial reporting are prepared in accordance with international accounting standards (IFRS) based on accounting data prepared by the management for each business unit. The IFRS and IFRIC interpretations used are those adopted by the European Union with a mandatory application as of December 31, 2010. The main topics addressed in the Financial Report must comply with specific requirements, which include, in particular, an impairment test on assets held by the company during the fourth quarter of each fiscal year, an assessment of the liquidity risk, the valuation of employee benefits, duties and taxes (see below) and off-balance sheet commitments. The Consolidated Financial Statements are closed and approved by the Management Board quarterly. The annual and half-year financial statements are reviewed by the Supervisory Board, in reliance on the observations of the Audit Committee. The Group's Consolidated Financial Statements are published quarterly. They are subject to an annual audit and limited semi-annual reviews by the Group's Statutory Auditors.

  Budget and management control: every year, each business unit must present its strategy and its annual budget for the following year to the Group's Senior Management. Following approval by Vivendi's Management Board, a summary is then presented to the Supervisory Board. Quantitative and qualitative targets used as a basis to assess performance are then set for each business unit's management. The budgets are reviewed each month and updated three times a year.

* *Investments/divestments:* any investments or divestments exceeding €15 million must receive prior approval from the Investment Committee chaired by the Chairman of the Management Board. This procedure applies to all transactions (including the acquisition of equity interests and the launch of new businesses), whatever the amount, and to any other financial commitment (including the purchase of rights and property contracts) that was not provided for in the annual budget. The Investment Committee meets as often as necessary. The analysis, documents and reports used in their deliberations are prepared by the Disposals and Acquisitions department at corporate headquarters. Any transaction involving amounts greater than €100 million and €300 million must receive the prior approval of the Management Board and the Supervisory Board, respectively, pursuant to their Internal Regulations. In the case of Activision Blizzard, whose rules of governance are defined in its by-laws, any investment decision involving a sum greater than US$30 million not provided for in the budget must be approved by its Board of Directors, consisting of a majority of members appointed by Vivendi.

* *Follow-up of investment transactions:* in connection with the regular follow-up of value creation, Vivendi's Management Board strengthened the process of reviewing the post-completion integration of investment operations, supplementing the existing budgetary reviews and quarterly financial reporting. The analysis aims to validate the implementation of controls and initiatives as well as the actual financial performance pursuant to the business plan which was approved for the acquisition. It takes into account both the progressive integration of companies acquired by the business units and the impact of changing market conditions following the acquisition date. Vivendi's Internal Audit department reviews the conclusions, which are then presented to Vivendi's Senior Management and, if there are major issues, to the Management Board.

* *Monitoring of financial commitments:* as part of the financial reporting process, the business units compile a list of the commitments given and received on a quarterly basis. These commitments are presented by the business units' legal and finance officers at meetings held with Vivendi's Management which take place as part of the closing process for the annual financial statements.

* *Sureties, endorsements and guarantees:* pursuant to the provisions of the company's by-laws and the Internal Regulations of the Supervisory Board, the granting of sureties, endorsements and guarantees by the company to its subsidiaries is subject to prior approval in accordance with the following dual limitations:
  - any commitment under €100 million where the aggregate amount of commitments is under €1 billion is subject to the approval of the Management Board which may delegate such power. The approval requires the signatures of both the Chief Financial Officer and the General Counsel; and
  - any commitment over €100 million and any commitment, regardless of the amount, where the cumulative amount of commitments is over €1 billion are subject to the approval of the Supervisory Board. The approval requires the Chairman of the Management Board's signature.

* *Treasury, financing and liquidity:* the management of cash flows and hedging transactions (including foreign exchange and interest rates) is centralized at the headquarters of Vivendi SA. SFR manages its treasury function itself, under the supervision of Vivendi SA. GVT and Maroc Telecom's treasury functions are managed independently and are tailored to the Group's policies and procedures. At Activision Blizzard, a cash management agreement defines the services to be performed by the company on behalf and under the responsibility of Activision Blizzard. Liquidity position at the business unit level, as well as exposure to foreign exchange and interest rate risks are monitored on a bi-monthly basis by a Treasury Committee. The majority of short and long-term financing activities take place at the head office and are subject to the prior approval of the Management Board and Supervisory Board, in accordance with the provisions of their Internal Regulations. However, financings that are part of the management of the company's debt, whenever they are being optimized within the ceilings already authorized by the Supervisory Board, only require a notification to the Board.

- *Duties and taxes:* Vivendi SA's Tax department provides advice to the Group's subsidiaries and guarantees the defense of their tax audits by local tax authorities, with the exception of the companies within the Activision Blizzard and GVT business units, for which it participates in the review and auditing of duties and taxes as part of the preparation of the Vivendi Group's Consolidated Financial Statements.
- *Litigation:* major disputes and investigations are monitored directly or coordinated by the Group's General Counsel. A report relating to litigation involving Vivendi and its business units is prepared by the Legal department of the Group in collaboration with the general counsels and heads of the legal departments of the main business units. A summary report is provided to the Management Board on a monthly basis. A table of current litigation matters, investigations and disputes is updated for each quarterly closing date based on information provided by each business unit; a summary of this table is included in the Management Board's quarterly business report to the Supervisory Board. The Supervisory Board and the Management Board are kept informed of material ongoing litigation matters by the General Counsel on a regular basis.

4.6. INFORMATION AND COMMUNICATION

The Group's values, the Compliance Program and the data protection and privacy charter are made available to employees and to the public at www.vivendi.com.

Group procedures designed to assist with the preparation of financial and accounting information are updated at least once a year, and are available in French and English on the Group's Intranet site. These procedures, which must be applied by each of the Group's business units and holding companies, include: the IFRS accounting principles and the chart of accounts for the Group; the principles and procedures applicable to treasury transactions (banking relationships, foreign exchange, finance and investment); the procedures applicable to investment transactions, sales of assets, short and long-term financing transactions and the monitoring of disputes; the monitoring of sureties, endorsements and guarantees; and the rules relating to advance approval for non-audit engagements to be performed by the Statutory Auditors of Vivendi SA.

Training materials relating to the application of IFRS standards within the Group are available online and accessible to all employees. Training is organized every year by the corporate Consolidation and Financial Reporting department.

4.7. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE DEVELOPMENT

4.7.1. CSR, a source of value creation for Vivendi and its stakeholders

INNOVATIVE POSITIONING

Vivendi distinguishes itself with its approach and contribution to sustainable development: one that aims to meet the need of present and future generations to communicate, feed their curiosity, foster talent development and encourage intercultural dialogue to promote mutual understanding among nations.

As a publisher and distributor of content, the Group can have an intellectual and a cultural impact on society.

The Group is at the heart of the worlds of content, platforms and interactive networks. In 2012, Vivendi invested €2.6 billion in video games, music, film and audiovisual programs and dedicated €4.5 billion to net industrial investments, including €4.1 billion for telecommunications activities.

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

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

VIVENDI'S TEN PRIORITY ACTION AREAS

Vivendi carries out a CSR policy that links its economic, societal, social and environmental performance with its activities and geographic presence.

The Group makes its commitment clearly visible to all of its stakeholders and partners: customers, employees, shareholders, suppliers, public authorities, artists and civil society. These commitments which encompass the three specific issues mentioned above, are developed in ten priority action areas:

- ethics and business conduct;
- protecting and empowering young people;
- promoting cultural diversity;
- knowledge sharing ;
- protection of personal data;
- leveraging content and innovation;
- vigilance towards suppliers;
- territorial development;
- leveraging human resources; and
- environment and radiofrequencies.

These are described in detail in the 2012 CSR Detailed Report, available on Vivendi's website (www.vivendi.com). This report also includes all of Vivendi's non-financial indicators for 2012 as well as the cross-reference table for the various reporting guidelines (Global Reporting Initiative, French Grenelle II law, OECD, and United Nations Global Compact).

CREATING SHARED VALUE

Societal priorities are at the forefront of Vivendi's concerns and commitments. This position is welcomed by all our stakeholders with whom the Group maintains a regular and constructive dialogue, including academic communities, institutions, NGOs and financial and non-financial analysts.

The high rating of Vivendi's CSR policy gives investors comfort in their investment choices. Vivendi's commitments in favor of the diversity of musical or cinematographic expressions, pluralism and content quality, intercultural dialogue, access to new information and communication technologies, and empowering young people is what enables the Group to win market share. These trends and developments demonstrate that economic performance and sustainable development go hand in hand.

4.7.2. Integration of CSR into Vivendi's Governance and Strategy

CROSS-MOBILIZATION

The Corporate Social Responsibility (CSR) department, which comes under the responsibility of the Communication department, guides this mobilization by working in close cooperation with the functional departments at the headquarters and within the subsidiaries. Since 2003, it is supported by a Sustainable Development Committee, which meets regularly. This Committee brings together the representatives dedicated to these matters in each of the Group's subsidiairies and representatives of several corporate functional departments.

This mobilization must foster the development of a better-integrated non-financial reporting protocol so that the company can be assessed based on all aspects of its performance (economic, societal, social and environmental).

INCORPORATING SUSTAINABLE DEVELOPMENT CRITERIA INTO SENIOR EXECUTIVES' VARIABLE COMPENSATION

The Supervisory Board has defined the three strategic sustainable development issues, applicable to all subsidiaries and directly related to their activities: protecting and empowering young people; promoting cultural and artist diversity; and knowledge sharing. The Supervisory Board required criteria to be defined for each business based on its expertise and positioning.

The Human Resources Committee, within the Supervisory Board, assesses performance against these criteria and determines the components integrated into the executives' variable compensation.

EFFECTIVE NON-FINANCIAL REPORTING

Vivendi's non-financial reporting is a CSR management tool that enables the Group to control risks and capitalize on opportunities. The incorporation of indicators linked to the Group's strategic issues is an innovative approach in the cultural and creative industries sector.

In 2012, Vivendi's reporting Protocol was completely revised to meet the new requirements of Article 225 of the French Grenelle II law and the guidelines of the Media Sector Supplement of the Global Reporting Initiative (GRI), to which Vivendi has been an active contributor. In 2012, a steering committee composed of members of Senior Management and drawn from the functional departments (Legal, HR Internal Audit and CSR) met several times to assess the progress across the Group in his area.

For fiscal year 2012, more than 35% of the non-financial data collected pursuant to this reporting Protocol are presented in Chapter 2 of this Annual Report and such disclosure has been audited by Ernst & Young. In the cultural and creative industries sector, Vivendi has pioneered the reporting and verification of indicators directly linked to its activities.

4.8. PROSPECTS

In 2013, Vivendi intends to continue to promote and encourage its subsidiaries in the common objective to improve their internal control procedures, internal monitoring in accordance with the announced developments in the COSO guidelines and in relation to data protection. Special attention will be paid to societal and environmental reporting in the context of a global review of the Group's performance.

Paris, February 22, 2013

Jean-René Fourtou

Chairman of the Supervisory Board

SECTION 5 STATUTORY AUDITORS' REPORT, PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE, ON THE REPORT PREPARED BY THE CHAIRMAN OF THE SUPERVISORY BOARD OF VIVENDI SA

To the Shareholders,

In our capacity as Statutory Auditors of Vivendi S.A. and in accordance with Article L.225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of the Supervisory Board of the Company in accordance with Article L.225-68 of the French Commercial Code (Code de commerce) for the year ended December 31, 2012.

It is the Chairman's responsibility to prepare and submit to the Supervisory Board's approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by Article L.225-68 of the French Commercial Code (Code de commerce) relating to matters such as corporate governance.

Our role is to:

* report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
* to confirm that the report also includes the other information required by Article L.225-68 of the French Commercial Code (Code de commerce) It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

* obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
* obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
* determining if any significant weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we have noted in the course of our work if any, are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with Article L.225-68 of the French Commercial Code (Code de commerce).

Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by Article L.225-68 of the French Commercial Code (Code de commerce).

Paris-La Défense, February 25, 2013

The statutory auditors
French original signed by

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG et Autres
Frédéric Quélin *Associé*	Jean-Yves Jégourel *Associé*

4

FINANCIAL REPORT – CONSOLIDATED FINANCIAL STATEMENTS – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS – STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS – STATUTORY FINANCIAL STATEMENTS

SUMMARY

SELECTED KEY CONSOLIDATED FINANCIAL DATA 170

I - 2012 FINANCIAL REPORT 171

- Section 1 Major events 171
- Section 2 Earnings analysis 176
- Section 3 Cash flow from operations analysis 180
- Section 4 Business segment performance analysis 182
- Section 5 Treasury and capital resources 197
- Section 6 Outlook 204
- Section 7 Forward-looking statements 206
- Section 8 Other disclaimers 206

II - APPENDICES TO THE FINANCIAL REPORT: UNAUDITED SUPPLEMENTARY FINANCIAL DATA 207

III - CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012 212

Statutory Auditors' Report on the Consolidated Financial Statements 212
Consolidated Statement of Earnings 214
Consolidated Statement of Comprehensive Income 215
Consolidated Statement of Financial Position 216
Consolidated Statement of Cash Flows 217
Consolidated Statements of Changes in Equity 218
Notes to the Consolidated Financial Statements 220

IV - VIVENDI SA 2012 STATUTORY FINANCIAL STATEMENTS 320

1. Statutory Auditors' Report on the Financial Statements 321
2. 2012 Statutory Financial Statements 323
3. Notes to the 2012 Statutory Financial Statements 327
4. Subsidiaries and Affiliates 358
5. Maturity of Trade Accounts Payable 359
6. Financial Results of the Last Five Years 360
7. Statutory Auditors' Report on Related Party Agreements and Commitments 361

4

Nota:

In accordance with European Commission Regulation (EC) 809/2004 (Article 28) which sets out the disclosure obligations for issuers of securities listed on a regulated market within the European Union (implementing Directive 2003/71/EC, the "Prospectus Regulation"), the following items are incorporated by reference:

- *2011 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2011, prepared under IFRS and the related Statutory Auditors' Report presented in pages 130 to 266 of the "*Document de Référence*" No. D.12-0175, filed on March 19, 2012 with the French* Autorité des Marchés Financiers *(AMF), and in pages 128 to 264 of the English translation of this "*Document de Référence*"; and*
- *2010 Financial Report and the Consolidated Financial Statements for the year ended December 31, 2010, prepared under IFRS and the related Statutory Auditors' Report presented in pages 126 to 270 of the "*Document de Référence*" No. D.11-0155, filed on March 21, 2011 with the French* Autorité des Marchés Financiers *(AMF), and in pages 126 to 270 of the English translation of this "*Document de Référence*".*

SELECTED KEY CONSOLIDATED FINANCIAL DATA

	Year ended December 31,				
	2012	2011	2010	2009	2008
Consolidated data					
Revenues (a)	28,994	28,813	28,878	27,132	25,392
EBITA (a) (b)	5,283	5,860	5,726	5,390	4,953
Earnings attributable to Vivendi SA shareowners	164	2,681	2,198	830	2,603
Adjusted net income (b)	2,550	2,952	2,698	2,585	2,735
Financial Net Debt (b) (c)	13,419	12,027	8,073	9,566	8,349
Total equity (d)	21,436	22,070	28,173	25,988	26,626
Of which Vivendi SA shareowners' equity (d)	18,465	19,447	24,058	22,017	22,515
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	7,872	8,034	8,569	7,799	7,056
Capital expenditures, net (capex, net) (e)	(4,490)	(3,340)	(3,357)	(2,562)	(2,001)
Cash flow from operations (CFFO) (b)	3,382	4,694	5,212	5,237	5,055
Financial investments	(1,795)	(636)	(1,397)	(3,050)	(3,947)
Financial divestments	239	4,701	1,982	97	352
Dividends paid with respect to previous fiscal year	1,245	1,731	1,721	(f) 1,639	1,515
Per share data					
Weighted average number of shares outstanding (g)	1,298.9	1,281.4	1,273.8	1,244.7	1,208.6
Adjusted net income per share (g)	**1.96**	**2.30**	**2.12**	**2.08**	**2.26**
Number of shares outstanding at the end of the period (excluding treasury shares) (g)	1,322.5	1,287.4	1,278.7	1,270.3	1,211.6
Equity per share, attributable to Vivendi SA shareowners (g)	13.96	15.11	18.81	17.33	18.58
Dividends per share paid with respect to previous fiscal year	**1.00**	**1.40**	**1.40**	**1.40**	**1.30**

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

(a) An analysis of revenues and EBITA by operating segment is presented in Section 4.1 of this Financial Report and in Note 3 to the Consolidated Financial Statements for the year ended December 31, 2012.

(b) Vivendi considers that the non-GAAP measures of EBITA, Adjusted net income, Financial Net Debt, and cash flow from operations (CFFO) are relevant indicators of the group's operating and financial performance. Each of these indicators is defined in the appropriate section of this Financial Report or in its Appendix. These indicators should be considered in addition to, and not as a substitute for, other GAAP measures of operating and financial performance as disclosed in the Consolidated Financial Statements and the related notes, or as described in this Financial Report. It should be noted that other companies may define and calculate these indicators differently from Vivendi thereby affecting comparability.

(c) As of December 31, 2009, Vivendi revised its definition of Financial Net Debt to include certain cash management financial assets whose features do not strictly comply with the definition of cash equivalents as defined by IAS 7 and the AMF's position n°2011-13 (in particular, these financial assets may have a maturity of up to 12 months). Considering that no investment in such assets was made prior to 2009, the retroactive application of this change in presentation would have no impact on Financial Net Debt for the relevant periods and the information presented in respect of the 2008 fiscal year is therefore consistent.

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

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

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

(g) The number of shares, adjusted net income per share, and the equity per share, attributable to Vivendi SA shareowners have been adjusted for all periods previously published in order to reflect the dilution arising from the grant to each shareowner on May 9, 2012 of one bonus share for each 30 shares held, in accordance with IAS 33 – *Earnings Per Share*.

I - 2012 Financial Report

Preliminary comments:

On February 18, 2013, during a meeting held at the headquarters of the company, the Management Board approved the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2012. Having considered the Audit Committee's recommendation given at its meeting held on February 15, 2013, the Supervisory Board, at its meeting held on February 22, 2013, reviewed the Annual Financial Report and the Consolidated Financial Statements for the year ended December 31, 2012, as approved by the Management Board on February 18, 2013.

The Consolidated Financial Statements for the year ended December 31, 2012 have been audited and certified by the Statutory Auditors with no qualified opinion. The Statutory Auditors' Report on the Consolidated Financial Statements is included in the preamble to the Financial Statements.

SECTION 1 MAJOR EVENTS

As publicly announced to shareholders on several occasions in 2012, Vivendi's Management Board and its Supervisory Board have engaged in a review of the group's strategic development marked by a desire to strengthen its positions in media and content. Given the stage of completion of this strategic review and considering the uncertainty of the timing of potential disposals of certain telecom businesses, none of the group's business segments met the criteria of IFRS 5 standard neither as of December 31, 2012, nor as of February 18, 2013, the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2012.

Vivendi's Management Board remains committed to focusing on shareholder value creation, adjusted net income per share and maintaining a long-term credit rating of BBB (Standard & Poor's / Fitch) / Baa2 (Moody's).

1.1. MAJOR EVENTS IN 2012

1.1.1. Acquisition of EMI Recorded Music by Vivendi and Universal Music Group (UMG)

In accordance with the agreement entered into with Citigroup Inc. (Citi) on November 11, 2011, and following receipt of the regulatory approvals from the European Commission and the Federal Trade Commission in the United States on September 21, 2012, Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music) on September 28, 2012. EMI Recorded Music has been fully consolidated since that date. The transaction was also unconditionally cleared in New-Zealand (June 21, 2012), Japan (July 9, 2012), and Canada (August 20, 2012).

The purchase price, in enterprise value, amounted to £1,130 million (approximately €1,404 million) and included €1,363 million paid in cash of which £991 million (approximately €1,230 million) was paid in early September 2012, when conditions to payment were satisfied. As part of this transaction, Citi agreed to assume the full pension obligations in the United Kingdom, and UMG received commitments customary for this type of transaction. In addition, Citi undertook to indemnify UMG against losses stemming from taxes and litigation claims, in particular those related to pension obligations in the United Kingdom.

The approval by the European Commission was conditional upon the divestment of EMI's Parlophone label and certain other music assets worldwide, such as EMI France, EMI's classical music labels, Chrysalis, Mute and several other local EMI entities. In accordance with IFRS 5, Vivendi reclassified these assets as assets held for sale at market value in the Consolidated Statement of Financial Position as of December 31, 2012.

The sale of Parlophone Label Group, part of EMI Recorded Music, for £487 million (approximately €600 million after taking into account the EUR/GBP foreign currency hedge in place) to be paid in cash, was announced on February 7, 2013. Additional, less significant divestments were also sold bringing the total amount of sales to exceed £530 million, all of which are pending regulatory approvals.

With these sales, Vivendi nears the finalization of its regulatory commitments following the acquisition of EMI Recorded Music, while reinforcing UMG's position as a worldwide leader in music. The combination of UMG's and EMI's Recorded Music businesses is expected to generate annual synergies of more than £100 million as previously stated. As a result of the sale of Parlophone Label Group, the acquisition of EMI Recorded Music acquisition will be at less than 5xEBITDA multiple, including disposals, restructuring charges and synergies.

For a detailed description of this transaction and of its impact on Vivendi's financial statements, please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2012.

1.1.2. Acquisition of Bolloré Group's channels by Vivendi and Canal+ Group

On December 2, 2011, Bolloré Group and Canal+ Group announced the entry into a definitive agreement regarding the acquisition by Canal+ Group of Bolloré Group's free-to-air channels, Direct 8 and Direct Star. In February 2012, Canal+ Group exercised its option to acquire, in one transaction, a 100% interest in Bolloré Group's television business, in exchange for the issuance of Vivendi shares.

On September 27, 2012, Vivendi carried out a share capital increase of 22,356 thousand shares, which it paid in consideration for the contribution made by Bolloré Media, representing an enterprise value of €336 million. After taking into account a €16 million price adjustment related to debt and changes in working capital, the fair value of the transferred counterparty amounted to €320 million. Bolloré Group committed to retain the Vivendi shares received in connection with the completion of this transaction for a minimum period of six months after September 27, 2012. Since that date, Vivendi and Canal+ Group have been granted guarantees capped at €120 million. These guaranties expire 3 months after the expiration of the applicable statute of limitations for tax or social matters, and 18 months after September 27, 2012 for all other matters. D8 and D17 have been fully consolidated since September 27, 2012 and were renamed D8 and D17, in connection with their launch on October 7, 2012.

As part of the French Competition Authority's approval of the transaction on July 23, 2012, Vivendi and Canal+ Group undertook certain commitments. These commitments provide for restrictions on the acquisition of rights for American movies and television series from certain American studios and for French movies, the separate negotiation of certain rights for pay-TV and free-to-air movies and television series, limitations on the acquisition by D8 and D17 of French catalog movies from StudioCanal, and the transfer of rights to broadcast major sports events on free-to-air channels through a competitive bidding process. These commitments are made for a 5-year period, renewable once if the French Competition Authority, after having performed a competitive analysis, deems it necessary. In addition, on September 18, 2012, the French Broadcasting Authority (Conseil Supérieur de l'Audiovisuel) approved the acquisition of these channels, subject to certain commitments relating to broadcasting, investment obligations, transfer rights, and the retention by Canal+ Group of the D8 shares for a minimum period of two and a half years.

Following the closing of this transaction, Bolloré Group reported having increased its interest in Vivendi SA to 4.41%. Subsequently, on October 16, 2012, it announced that it had crossed the 5% threshold in Vivendi SA's share capital.

On December 13, 2012, Vivendi's Supervisory Board co-opted Vincent Bolloré, Chairman and Chief Executive Officer of the Bolloré Group, as a member of the Supervisory Board. This cooptation will be submitted for ratification at the General Shareholders Meeting to be held on April 30, 2013.

For a detailed description of this transaction and its impact on Vivendi's financial statements, please refer to Note 2.2 to the Consolidated Financial Statements for the year ended December 31, 2012.

1.1.3. Strategic partnership among the Canal+ Group, ITI, and TVN in Poland

In accordance with the agreement announced on December 19, 2011, and following the receipt on September 14, 2012 of unconditional approval from the Polish Competition and Consumer Protection Authority, on November 30, 2012, Canal+ Group, ITI, and TVN finalized the combination of their Polish Pay-TV platforms, which remain controlled by Canal+ Group, and the acquisition by Canal+ Group of a 40% interest in N-Vision, which has been accounted for under the equity method since that date.

Following the merger of Canal+ Cyfrowy (Canal+ Group's Cyfra+ platform) with ITI Neovision (TVN's "n" platform), which created a new satellite TV platform in Poland, with a base of 2.5 million customers, Canal+ Group owns a 51% interest in the new structure "nc+" (compared to a previous 75% interest in Canal+ Cyfrowy); TVN and UPC own a 32% and 17% interest, respectively. As Canal+ Group has the majority on the Supervisory Board and the power to govern the financial and operating policies of "nc+", the latter has been fully consolidated by Canal+ Group since November 30, 2012.

For a detailed description of this transaction and its impact on Vivendi's financial statements, please refer to Note 2.3 to the Consolidated Financial Statements for the year ended December 31, 2012.

1.1.4. Liberty Media Corporation Complaint

On June 25, 2012, a verdict was returned by the jury against Vivendi in a lawsuit filed by Liberty Media Corporation and certain of its subsidiaries before the US District Court for the Southern District of New York. The jury awarded damages to Liberty Media Corporation in the amount of €765 million.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded pre-judgment interest accruing from December 16, 2001, using the average rate of return on one-year US Treasury bills, or €180 million. On January 17, 2013, the Court entered a final judgment in the total amount of €945 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013. On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments.

On the basis of the verdict rendered on June 25, 2012, and following the entry of the final judgment by the Court, as of December 31, 2012, Vivendi accrued a reserve in the amount of €945 million. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012.

1.1.5. New financings

For a detailed description of the new financings set up in 2012, please refer to Section 5.4. For a detailed description of the maturities of the bonds and bank credit facilities as of December 31, 2012, please refer to Note 22 to the Consolidated Financial Statements for the year ended December 31, 2012.

1.1.6. Acquisition of 4G spectrum by SFR

In January 2012, following calls for bids of the tender offer for 4G mobile spectrum (very-high-speed Internet - LTE) carried out in 2011 and in accordance with the announcement made by the "Autorité de Régulation des Communications Electroniques et des Postes" or "Arcep" (the French telecommunications regulatory body), SFR acquired two 5 MHz duplex spectrum in the 800 MHz band for €1,065 million. As a reminder, in October 2011, SFR acquired another 4G spectrum (the 2.6 GHz band) for a total amount of €150 million.

1.1.7. Corporate officers

At a meeting held on June 28, 2012, the Supervisory Board terminated Mr. Jean-Bernard Lévy's term of office as Chairman of the Management Board. On June 28, 2012, the Supervisory Board also terminated the terms of office of the following Management Board members: Mr. Abdeslam Ahizoune, Mr. Amos Genish, Mr. Lucian Grainge, and Mr. Bertrand Méheut. It also appointed Mr. Jean-François Dubos as Chairman of the Management Board.

The Management Board is currently composed of Mr. Jean-François Dubos and Mr. Philippe Capron.

As a reminder, on March 26, 2012, Mr. Frank Esser resigned from his offices as a member of Vivendi's Management Board and as Chairman and Chief Executive Officer (CEO) of SFR.

For a detailed description of the situation and compensation of the corporate officers, please refer to Note 25 to the Consolidated Financial Statements for the year ended December 31, 2012.

1.1.8. Other events in 2012

ACTIVISION BLIZZARD

LICENSE AGREEMENTS IN CHINA

On March 20, 2012, Blizzard Entertainment, a subsidiary of Activision Blizzard, announced that they renewed their license with NetEase for *World of Warcraft* in mainland China, adding an additional three years to the current license agreement.

On July 3, 2012, Activision Blizzard and Tencent Holdings Limited, a leading Internet services provider announced a strategic relationship to bring the *Call of Duty* franchise to Chinese game players. Under the multi-year agreement with Activision Publishing, Tencent holds the exclusive license to operate Activision's new *Call of Duty* game in mainland China.

STOCK REPURCHASE PROGRAMS

In 2012, Activision Blizzard repurchased its own common shares for €241 million ($315 million), including €42 million ($54 million) pursuant to the stock repurchase program of up to $1 billion authorized by Activision Blizzard's Board of Directors on February 2, 2012 and €199 million ($261 million) pursuant to the previous stock repurchase program. As of December 31, 2012, Vivendi held a 61.5% non-diluted interest in Activision Blizzard (compared to an approximate 60% interest as of December 31, 2011).

DIVIDENDS

On May 16, 2012, Activision Blizzard paid to its shareholders a cash dividend of $0.18 per common share, with respect to fiscal year 2011, representing $123 million (€94 million) for Vivendi. Due to its strong earnings and its cash and short term investments amounting to approximately $4.4 billion at year-end 2012, Activision Blizzard declared on February 7, 2013, a dividend of $0.19 per common share, to be paid in cash on May 15, 2013.

In addition, as part of its earnings release announced on February 7, 2013, the Board of Activision Blizzard is considering, or may consider during 2013, substantial stock repurchases, dividends, acquisitions, licensing or other non-ordinary course transactions. These potential transactions could be financed by debt.

CANAL+ GROUP

INQUIRY INTO COMPLIANCE WITH CERTAIN UNDERTAKINGS GIVEN IN CONNECTION WITH THE MERGER OF CANALSATELLITE AND TPS

The French Competition Authority opened an inquiry into compliance with certain undertakings given by Vivendi and Canal+ Group in connection with the merger of TPS and CanalSatellite.

On September 20, 2011, the French Competition Authority rendered a decision in which it established that Canal+ Group had not complied with certain undertakings – some it considered essential – on which depended

the decision authorizing, in 2006, the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group. As a consequence, the French Competition Authority withdrew the merger authorization, requiring Vivendi and Canal+ Group to re-notify the transaction to the French Competition Authority within one month. Furthermore, the Authority ordered Canal+ Group to pay a €30 million fine.

On December 21, 2012, the French Council of State rejected the Canal+ Group and Vivendi motions requesting the annulment of the decisions of September 20, 2011 and July 23, 2012, and decreased the fine imposed on Canal+ Group from €30 million to €27 million. Pursuant to the July 23, 2012 decision, the merger was again authorized, subject to compliance with 33 injunctions.

Please refer to Note 26 and 27 to the Consolidated Financial Statements for the year ended December 31, 2012.

ACQUISITION OF A NON-CONTROLLING INTEREST IN ORANGE CINEMA SERIES

On April 12, 2012, MultiThématiques, a subsidiary of Canal+ Group, and Orange Cinema Series entered into a partnership via a joint company, Orange Cinema Series - OCS SNC, in which MultiThématiques acquired an approximate 33% interest and to which Orange Cinema Series contributed the publishing and broadcasting operations of its pay cinema channels. Since April 5, 2012, Canal+ Distribution has been distributing the channels of the Orange Cinema Series' package through CanalSat. On July 23, 2012, as part of the decision authorizing the merger of TPS group and CanalSatellite, the French Competition Authority required that Canal+ Group sell its non-controlling interest in Orange Cinema Series - OCS SNC or, upon failure to sell such interest, to relinquish certain of its rights contained in the shareholders' agreement between MultiThématiques and Orange Cinema Series (please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012).

On February 4, 2013, at the request of MultiThématiques and to comply with the injunction 2(b) ordered by the French Competition Authority on July 23, 2012, the members of Orange Cinema Series - OCS SNC' Board of Directors resigned from their positions. As a result, MultiThématiques appointed, by letter with an effective date of February 4, 2013, two independent representatives with no affiliation to MultiThématiques within the Board of Directors of Orange Cinema Series – OCS SNC.

ACQUISITION OF A 100% INTEREST IN HOYTS DISTRIBUTION

On July 17, 2012, StudioCanal announced the acquisition of a 100% interest in Hoyts Distribution, a company specializing in the distribution of feature films in Australia and New Zealand. The company has been fully consolidated since that date.

CREATION OF NUMERGY BY SFR

On September 5, 2012, SFR, Bull, and Caisse des Dépôts et Consignations announced the creation of Numergy, a company offering cloud computing services to all economic players. As of December 31, 2012, SFR held a 47% interest in Numergy and is accounted for under the equity method. As of December 31, 2012, SFR subscribed to the capital increase of this new company for €105 million, of which €26 million had been released.

DISTRIBUTIONS TO SHAREHOLDERS OF VIVENDI SA AND ITS SUBSIDIARIES

DIVIDEND PAID BY VIVENDI SA WITH RESPECT TO FISCAL YEAR 2011

On May 9, 2012, Vivendi SA paid to its shareholders a cash dividend of €1 per share with respect to fiscal year 2011, representing a total distribution of €1,245 million.

BONUS SHARES GRANTED TO VIVENDI SA SHAREHOLDERS

On May 9, 2012, Vivendi SA granted to each shareholders one bonus share for each 30 shares held. This transaction, realized by a €229 million withdrawal from additional paid-in capital, resulted in the issuance of 41.6 million new shares with a nominal value of €5.5 each and entitlement as from January 1, 2012.

DIVIDENDS DISTRIBUTED BY MAROC TELECOM GROUP

On May 31, 2012, Maroc Telecom Group paid to its shareholders a cash dividend of MAD 9.26 per common share with respect to fiscal year 2011, representing MAD 4.3 billion (€391 million) for Vivendi.

The Supervisory Board of Maroc Telecom Group will propose at the Annual Shareholders' Meeting, to be held on April 24, 2013, the payment of an ordinary dividend of MAD 7.4 per share, which corresponds to 100% of distributable earnings with respect to fiscal year 2012. This dividend will be paid in cash on May 31, 2013.

1.2. MAJOR EVENTS SINCE DECEMBER 31, 2012

The major events that have occurred since December 31, 2012 were as follows:

* January 9, 2013: US court ruling in the lawsuit between Vivendi and Liberty Media Corporation (please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012);
* January 16, 2013: Maroc Telecom and the Moroccan State entered into a fourth capital expenditure agreement (please refer to Note 26 to the Consolidated Financial Statements for the year ended December 31, 2012);
* February 7, 2013: Vivendi and Universal Music Group entered into a definitive agreement to sell Parlophone Label Group, a unit of EMI Recorded Music, to Warner Music Group for £487 million (approximately €600 million) to be paid in cash;
* February 12, 2013: Lagardère Holding TV, a 20% shareholder of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. Lagardère Group is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France (please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012); and
* February 15, 2013: Vivendi and Universal Music Group signed a definitive agreement for the sale of Sanctuary Records to BMG for £40 million to be paid in cash.

SECTION 2 EARNINGS ANALYSIS

2.1. CONSOLIDATED STATEMENT OF EARNINGS AND ADJUSTED STATEMENT OF EARNINGS

Consolidated Statement of Earnings			Adjusted Statement of Earnings		
	Year ended December 31,		Year ended December 31,		
	2012	2011	2012	2011	
Revenues	**28,994**	**28,813**	**28,994**	**28,813**	**Revenues**
Cost of revenues	(14,364)	(14,391)	(14,364)	(14,391)	Cost of revenues
Margin from operations	**14,630**	**14,422**	**14,630**	**14,422**	**Margin from operations**
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(8,995)	(8,401)	(8,995)	(8,401)	Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations
Restructuring charges and other operating charges and income	(352)	(161)	(352)	(161)	Restructuring charges and other operating charges and income
Amortization of intangible assets acquired through business combinations	(487)	(510)			
Impairment losses on intangible assets acquired through business combinations	(760)	(397)			
Reserve accrual regarding the Liberty Media Corporation litigation in the United States	(945)	-			
Other income	22	1,385			
Other charges	(235)	(656)			
EBIT	**2,878**	**5,682**	**5,283**	**5,860**	**EBITA**
Income from equity affiliates	(38)	(18)	(38)	(18)	Income from equity affiliates
Interest	(568)	(481)	(568)	(481)	Interest
Income from investments	9	75	9	75	Income from investments
Other financial income	37	14			
Other financial charges	(210)	(167)			
Earnings from continuing operations before provision for income taxes	**2,108**	**5,105**	**4,686**	**5,436**	**Adjusted earnings from continuing operations before provision for income taxes**
Provision for income taxes	(1,159)	(1,378)	(1,339)	(1,408)	Provision for income taxes
Earnings from continuing operations	**949**	**3,727**			
Earnings from discontinued operations	-	-			
Earnings	**949**	**3,727**	**3,347**	**4,028**	**Adjusted net income before non-controlling interests**
Of which					*Of which*
Earnings attributable to Vivendi SA shareowners	**164**	**2,681**	**2,550**	**2,952**	**Adjusted net income**
Non-controlling interests	785	1,046	797	1,076	Non-controlling interests
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	**0.13**	**2.09**	**1.96**	**2.30**	**Adjusted net income per share - basic** (in euros)
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	**0.12**	**2.09**	**1.96**	**2.30**	**Adjusted net income per share - diluted** (in euros)

In millions of euros, except per share amounts.

Note: Earnings attributable to Vivendi SA shareowners per share and adjusted net income per share (basic and diluted) for all periods previously published have been adjusted in order to reflect the dilution arising from the grant to each shareowner on May 9, 2012, of one bonus share for each 30 shares held, in accordance with IAS 33 – *Earnings per share* (please refer to Section 1.1.8 of this Financial Report).

2.2. EARNINGS REVIEW

Adjusted net income amounted to €2,550 million (or €1.96 per share[(1)]) compared to €2,952 million (or €2.30 per share) in 2011. This €402 million decrease (-13.6%) in adjusted net income resulted primarily from:

- a €577 million decrease in EBITA to a total of €5,283 million (compared to €5,860 million in 2011). This change mainly reflected the decline in the performances of SFR (-€678 million, including the €187 million restructuring charges), Maroc Telecom Group (-€102 million, including the €79 million restructuring charges), and Canal+ Group (-€38 million, including the -€51 million impact of the acquisition of the D8 and D17 channels and the new activities in Poland, partially offset by the operating performances of Activision Blizzard (+€138 million), GVT (+€92 million), and Universal Music Group (+€18 million) including -€98 million in EMI Recorded Music integration costs and restructuring charges;
- a €87 million increase in interest expense, resulting from the impact of the increase in the average outstanding Financial Net Debt (-€127 million), partially offset by the decrease of the average interest rate on Financial Net Debt (+€40 million);
- a €66 million decrease mainly attributable to the balance of the contractual dividend paid by GE to Vivendi in January 2011 as part of the completion of the sale by Vivendi of its interest in NBC Universal;
- a €20 million decrease resulting from income from equity affiliates;
- a €69 million decrease in income tax expense. This change notably reflected the impact of the decline in the group's business segments taxable income (+€264 million), primarily related to SFR, partially offset by the €181 million decrease in current tax savings related to Vivendi SA's tax group and Consolidated Global Profit Tax Systems. This decrease notably included the impact of the changes in French Tax Law in 2011 and 2012, mainly the capping of the deduction for tax losses carried forward at 50% of taxable income (compared to 60% in 2011); and
- a €279 million decrease in adjusted net income attributable to non-controlling interests, mainly resulting from the acquisition in June 2011 of Vodafone's non-controlling interest in SFR (€242 million).

Breakdown of the main items from the Statement of Earnings

Revenues were €28,994 million, compared to €28,813 million in 2011, a €181 million increase (+0.6%, or -0.7% at constant currency). For a breakdown of revenues by business segment, please refer to Section 4 of this Financial Report.

Costs of revenues amounted to €14,364 million, compared to €14,391 million in 2011, a €27 million decrease (-0.2%).

Margin from operations increased by €208 million to €14,630 million, compared to €14,422 million in 2011 (+1.4%).

Selling, general and administrative expenses, excluding the amortization of intangible assets acquired through business combinations, amounted to €8,995 million, compared to €8,401 million in 2011, a €594 million increase (+7.1%).

Depreciation and amortization of tangible and intangible assets are included either in the cost of revenues or in selling, general and administrative expenses. Depreciation and amortization, excluding amortization of intangible assets acquired through business combinations, amounted to €2,682 million (compared to €2,534 million in 2011), an additional €148 million charge (+5.8%). This change primarily resulted from the increase in the depreciation of telecommunication network assets at Maroc Telecom Group and GVT.

Restructuring charges and other operating charges and income amounted to a net charge of €352 million, compared to a net charge of €161 million in 2011, a €191 million increase. In 2012, they primarily included restructuring charges of SFR (€187 million) and Maroc Telecom Group (€79 million), restructuring charges and integration costs at UMG (€98 million), as well as transition costs incurred by Canal+ Group as part of the acquisition of the free-to-air channels D8 and D17 in France and the pay-TV platform "n" in Poland (€11 million). Moreover, in 2012, other operating charges included the €66 million fine ordered against SFR by the French Competition Authority in December 2012. In 2011, restructuring charges amounted to €100 million, of which €67 million at UMG and €19 million at Activision Blizzard. In 2011, other operating charges included the €30 million fine ordered in September 2011 by the French Competition Authority on Canal+ Group, as part of the audit related to the compliance with the commitments undertaken by Canal+ Group in connection with the merger of CanalSatellite and TPS in January 2007.

(1) For details of the adjusted net income per share, please refer to Appendix 1 of this Financial Report.

EBITA was €5,283 million, compared to €5,860 million in 2011, a €577 million decrease (-9.8%, or -10.7% at constant currency). For a breakdown of EBITA by business segment, please refer to Section 4 of this Financial Report.

Amortization of intangible assets acquired through business combinations was €487 million, compared to €510 million in 2011, a €23 million decrease (-4.5%).

Impairment losses on intangible assets acquired through business combinations amounted to €760 million, compared to €397 million in 2011. In 2012, they related to Canal+ France's goodwill (€665 million) and certain goodwill and music catalogs of Universal Music Group (€94 million). In 2011, they mainly related to Canal+ France's goodwill (€380 million).

As of December 31, 2012, based on the verdict rendered on June 25, 2012 **regarding the Liberty Media Corporation litigation in the United States**, which was confirmed by the court in New York on January 9, 2013 and entered into record by the judge on January 17, 2013, Vivendi accrued a reserve for the full amount of the judgment (€945 million), representing, €765 million in damages and €180 million in pre-judgment interest covering the period from December 16, 2001 to January 17, 2013, at the rate of one-year U.S. Treasury notes. In addition, the reserve regarding the Securities Class Action in the United States was unchanged as of December 31, 2012, at €100 million. Please refer to Note 27 to the Consolidated Financial Statements for the year ended December 31, 2012.

Other income amounted to €22 million, compared to €1,385 million in 2011. In 2011, it primarily included the impact related to the settlement on January 14, 2011 of the litigation over the share ownership of PTC in Poland (€1,255 million) and the sale in October 2011 of UMG's interest in Beats Electronics (€89 million).

Other charges amounted to €235 million, compared to €656 million in 2011. In 2012, they mainly included the €119 million impairment loss on Canal+ Group's interest in N-Vision in Poland and acquisition costs (EMI Recorded Music, and the strategic partnership in Poland) of €63 million. In 2011, they mainly included the capital loss incurred in January 2011 on the sale of Vivendi's remaining 12.34% interest in NBC Universal (€421 million, of which €477 million related to a foreign exchange loss attributable to the decline in value of the US dollar since January 1, 2004) and the settlement of the past disputes between GVT and various Brazilian States regarding the application of ICMS tax on Internet and Broadband services (€165 million).

EBIT was €2,878 million, compared to €5,682 million in 2011, a €2,804 million decrease (-49.3%). In addition to the decline in EBITA (-€577 million, of which -€678 million from SFR), this change mainly reflected the recognition in 2012 of the reserve accrual regarding the Liberty Media Corporation litigation (-€945 million) and the impairment of Canal+ France's goodwill (-€665 million). In 2011, the impact related to the settlement of the litigation over the share ownership of PTC in Poland (€1,255 million), partially offset by the capital loss incurred from the sale of the remaining 12.34% interest in NBC Universal (-€421 million), and the settlement of the past disputes between GVT and various Brazilian States regarding the application of the ICMS tax (-€165 million).

Income from equity affiliates was a €38 million charge, compared to a €18 million charge in 2011.

Interest was an expense of €568 million, compared to €481 million in 2011, a €87 million increase (+18.1%).

In 2012, interest expense on borrowings amounted to €599 million, compared to €529 million in 2011, a €70 million increase (+13.2%). This change was mainly attributable to the increase in the average outstanding borrowings to €17.1 billion in 2012 (compared to €13.7 billion in 2011), primarily reflecting the impact of the acquisitions of the 44% interest in SFR in June 2011 (€7.75 billion) and of EMI Recorded Music in September 2012 (€1.4 billion), partially offset by the decrease in the average interest rate on borrowings to 3.50% in 2012 (compared to 3.87% in 2011).

Interest income earned on cash and cash equivalents amounted to €31 million in 2012, compared to €48 million in 2011, a €17 million decrease. This change was attributable to the decrease in the average cash and cash equivalents to €3.4 billion in 2012 (compared to €4.1 billion in 2011) and to the decrease in the average income rate to 0.91% in 2012 (compared to 1.16% in 2011).

Income from investments amounted to €9 million, compared to €75 million in 2011. In 2011, it included €70 million attributable to the balance of the contractual dividend paid by GE to Vivendi on January 25, 2011 as part of the completion of the sale by Vivendi of its interest in NBC Universal.

Other financial income and charges amounted to a net charge of €173 million, compared to a net charge of €153 million in 2011, and notably included foreign exchange losses on intercompany borrowings (-€105 million in 2012, compared to -€27 million in 2011) and fees related to borrowings and derivative instruments (-€15 million in 2012, compared to -€52 million in 2011). For more information, please refer to Note 5 to the Consolidated Financial Statements for the year ended December 31, 2012.

Income taxes reported to adjusted net income was a net charge of €1,339 million, compared to a net charge of €1,408 million in 2011, a €69 million decrease. This change notably reflected the impact of the decline in the group's business segments' taxable income (+€264 million), primarily related to SFR, partially offset by the decrease (-€181 million) in current tax savings related to Vivendi SA's tax group and Consolidated Global Profit Tax Systems following the changes in French Tax Law in 2011 and 2012, mainly the capping of the deduction for tax losses carried forward at 50% of taxable income (compared to 60% in 2011). The effective tax rate reported to adjusted net income was 28.3% in 2012 (compared to 25.8% in 2011).

In addition, **provision for income taxes** was a net charge of €1,159 million, compared to a net charge of €1,378 million in 2011, a €219 million decrease. In addition to the items that explained the increase in income taxes reported to adjusted net income, this increase reflected the change in deferred tax assets related to Vivendi SA's tax group System, which was a €48 million charge (compared to a €129 million charge in 2011).

Adjusted net income attributable to non-controlling interests amounted to €797 million, compared to €1,076 million in 2011. The €279 million decrease was primarily attributable to the impact of the acquisition of Vodafone's 44% interest in SFR (-€242 million), offset by the operating performances of Activision Blizzard (+€34 million).

Earnings attributable to non-controlling interests amounted to €785 million, compared to €1,046 million in 2011. The €261 million decrease was mainly attributable to the impact of the acquisition of Vodafone's 44% interest in SFR (-€224 million), offset by the operating performances of Activision Blizzard (+€41 million).

Earnings attributable to Vivendi SA shareowners amounted to €164 million (or €0.13 per share), compared to €2,681 million (or €2.09 per share) in 2011, a €2,517 million decrease. In addition to the decline in EBITA (-€577 million, of which -€678 million from SFR), this change mainly reflected the recognition in 2012 of the reserve accrual regarding the Liberty Media Corporation litigation (-€945 million) and the impairment of Canal+ France's goodwill (-€665 million), and in 2011, the impact related to the settlement of the litigation over the share ownership of PTC in Poland (€1,255 million), partially offset by the capital loss incurred from the sale of the remaining 12.34% interest in NBC Universal (-€421 million), and the settlement of the past disputes between GVT and various Brazilian States regarding the application of the ICMS tax (-€165 million).

The reconciliation of earnings attributable to Vivendi SA shareowners with adjusted net income is further described in Appendix 1 of this Financial Report. In 2012, this reconciliation primarily included the reserve accrual regarding the Liberty Media Corporation litigation in the United States (-€945 million), the impairment of Canal+ France's goodwill (-€665 million), and amortization and other impairment losses on intangible assets acquired through business combinations (-€414 million, after taxes and non-controlling interests). In 2011, this reconciliation primarily included the impact of the settlement of the litigation over the share ownership of PTC in Poland (+€1,255 million) and the sale in October 2011 of UMG's interest in Beats Electronics (+€89 million), partially offset by the capital loss incurred from the sale of Vivendi's remaining 12.34% interest in NBC Universal completed on January 25, 2011 (-€421 million, of which -€477 million related to a foreign currency translation adjustment reclassified to earnings, which represented a foreign exchange loss attributable to the decline in value of the US dollar since January 1, 2004) and the settlement of the past disputes between GVT and various Brazilian States regarding the application of ICMS tax on Internet and Broadband services (-€165 million). The reconciliation also included the impairment of Canal+ France's goodwill (-€380 million) and the amortization and other impairment losses on intangible assets acquired through business combinations (-€336 million, after taxes and non-controlling interests).

SECTION 3 CASH FLOW FROM OPERATIONS ANALYSIS

Preliminary comment:

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

In 2012, cash flow from operations before capital expenditures (CFFO before capex, net) generated by business segments amounted to €7,872 million (compared to €8,034 million in 2011), a €162 million decrease (-2.0%). This change included the increase in EBITDA after changes in the group's net working capital (+€277 million), notably thanks to the good performances of Activision Blizzard (+€338 million), Canal+ Group (+€108 million), and Maroc Telecom (+€94 million), despite the decline in the performance of SFR (-€407 million). Moreover, it also reflected the increase in content investments (-€286 million), restructuring charges (-€75 million, primarily the impact of the voluntary redundancy plan at Maroc Telecom), as well as the impact of the dividend received in January 2011, as part of the completion of the sale of Vivendi's interest in NBC Universal (-€70 million).

In 2012, capital expenditures, net amounted to €4,490 million (compared to €3,340 million in 2011), a €1,150 million increase. This change included SFR's acquisition of 4G mobile spectrum for €1,065 million in January 2012 and €150 million in October 2011. Excluding the acquisition of mobile spectrum in 2012 and 2011, capital expenditures, net increased by €235 million (+7.4%), primarily attributable to the geographical expansion of GVT's telecommunication network and to the development of its pay-TV business (+€242 million).

After capital expenditures, net, cash flow from operations (CFFO) generated by business segments amounted to €3,382 million (compared to €4,694 million in 2011), a €1,312 million decrease. Excluding the acquisition of mobile spectrum in 2012 and 2011, CFFO generated by business segments amounted to €4,447 million (compared to €4,844 million in 2011), a €397 million decrease (-8.2%), primarily reflecting the decline in SFR's performance.

In 2012, cash flow from operations after interest and income taxes paid (CFAIT) amounted to €1,954 million (compared to €2,884 million in 2011), a €930 million decrease (-32.2%). The decrease in CFFO (-€1,312 million) and the increase in interest expense (-€87 million) were partially offset by the €141 million decrease in cash payments of other items related to financial activities and by the €328 million decrease in income taxes paid, net. The change in income taxes paid, net mainly reflected the change from one fiscal year to another of the amount of income tax installments for the current fiscal year and final settlements for the previous fiscal year paid by the group's entities in the course of the given year.

Cash payments of other items related to financial activities notably included the net premium paid in connection with borrowings issued and the early unwinding of interest rate hedging derivative instruments (-€74 million) and the settlement of the past disputes between GVT and various Brazilian States regarding the application of the ICMS tax on Internet and Broadband services (€7 million paid in 2012, compared to €164 million paid in 2011). In addition, hedging currency risk transactions generated a net cash outflow of €52 million in 2012 (including a €78 million foreign exchange loss attributable to the redemption in April 2012 of a $700 million bond), compared to an €8 million net cash inflow in 2011.

(in millions of euros)	Year ended December 31, 2012	2011	€ Change	% Change
Revenues	28,994	28,813	+181	+0.6%
Operating expenses excluding depreciation and amortization	(20,641)	(20,320)	-321	-1.6%
***EBITDA* (a)**	***8,353***	***8,493***	***-140***	***-1.6%***
Restructuring charges paid	(189)	(114)	-75	-65.8%
Content investments, net	(299)	(13)	-286	x 23.0
Of which internally developed franchises and other games content assets at Activision Blizzard	*(108)*	*(49)*	*-59*	*x 2.2*
Of which payments to artists and repertoire owners, net at UMG				
Payments to artists and repertoire owners	*(647)*	*(589)*	*-58*	*-9.8%*
Recoupment of advances and other movements	*603*	*581*	*+22*	*+3.8%*
	(44)	*(8)*	*-36*	*x 5.5*
Of which film and television rights, net at Canal+ Group				
Acquisition of film and television rights	*(760)*	*(724)*	*-36*	*-5.0%*
Consumption of film and television rights	*703*	*706*	*-3*	*-0.4%*
	(57)	*(18)*	*-39*	*x 3.2*
Of which sports rights, net at Canal+ Group				
Acquisition of sports rights	*(654)*	*(662)*	*+8*	*+1.2%*
Consumption of sports rights	*672*	*695*	*-23*	*-3.3%*
	18	*33*	*-15*	*-45.5%*
Neutralization of change in provisions included in EBITDA	(56)	(100)	+44	+44.0%
Other cash operating items excluded from EBITDA	(31)	(7)	-24	x 4.4
Other changes in net working capital	90	(307)	+397	na*
***Net cash provided by operating activities before income tax paid* (b)**	***7,868***	***7,952***	***-84***	***-1.1%***
Dividends received from equity affiliates (c)	3	79	-76	-96.2%
Of which balance of the contractual dividend paid by GE	*-*	*70*	*-70*	*-100.0%*
Dividends received from unconsolidated companies (c)	1	3	-2	-66.7%
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)	**7,872**	**8,034**	**-162**	**-2.0%**
Capital expenditures, net (capex, net) (d)	(4,490)	(3,340)	-1,150	-34.4%
Of which SFR (e)	*(2,736)*	*(1,809)*	*-927*	*-51.2%*
Maroc Telecom Group	*(457)*	*(466)*	*+9*	*+1.9%*
GVT	*(947)*	*(705)*	*-242*	*-34.3%*
Cash flow from operations (CFFO)	**3,382**	**4,694**	**-1,312**	**-28.0%**
Interest paid, net (f)	(568)	(481)	-87	-18.1%
Other cash items related to financial activities (f)	(98)	(239)	+141	+59.0%
Of which settlements with the Brazilian Authorities regarding ICMS	*(7)*	*(164)*	*+157*	*+95.7%*
fees and premium on borrowings issued/redeemed and early unwinding of hedging derivative instruments	*(9)*	*(83)*	*+74*	*+89.2%*
gains/(losses) on currency transactions	*(52)*	*8*	*-60*	*na**
Financial activities cash payments	***(666)***	***(720)***	***+54***	***+7.5%***
Payment received from the French State Treasury as part of the Vivendi SA's French Tax Group and Consolidated Global Profit Tax Systems	536	591	-55	-9.3%
Other taxes paid	(1,298)	(1,681)	+383	+22.8%
***Income tax (paid)/received, net* (b)**	***(762)***	***(1,090)***	***+328***	***+30.1%***
Cash flow from operations after interest and income tax paid (CFAIT)	**1,954**	**2,884**	**-930**	**-32.2%**

na*: not applicable.

(a) EBITDA, a non-GAAP measure, is described in Section 4.2 of this Financial Report.

(b) As presented in operating activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

(c) As presented in investing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

(d) Relates to cash used for capital expenditures, net of proceeds from property, plant and equipment, and intangible assets as presented in investing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

(e) SFR's capital expenditures notably included a cash payment for 4G mobile spectrum of €1,065 million in 2012 and of €150 million in 2011.

(f) As presented in financing activities of Vivendi's Statement of Cash Flows (please refer to Section 5.3).

SECTION 4 BUSINESS SEGMENT PERFORMANCE ANALYSIS

4.1. REVENUES, EBITA, AND CASH FLOW FROM OPERATIONS BY BUSINESS SEGMENT

	Year ended December 31,			
(in millions of euros)	2012	2011	% Change	% Change at constant rate
Revenues				
Activision Blizzard	3,768	3,432	+9.8%	+2.3%
Universal Music Group	4,544	4,197	+8.3%	+3.1%
SFR	11,288	12,183	-7.3%	-7.3%
Maroc Telecom Group	2,689	2,739	-1.8%	-3.0%
GVT	1,716	1,446	+18.7%	+28.2%
Canal+ Group	5,013	4,857	+3.2%	+3.2%
Non-core operations and others, and elimination of intersegment transactions	(24)	(41)	na*	na*
Total Vivendi	**28,994**	**28,813**	**+0.6%**	**-0.7%**
EBITA				
Activision Blizzard	1,149	1,011	+13.6%	+6.6%
Universal Music Group	525	507	+3.6%	+1.2%
SFR	1,600	2,278	-29.8%	-29.8%
Maroc Telecom Group	987	1,089	-9.4%	-10.5%
GVT	488	396	+23.2%	+33.7%
Canal+ Group	663	701	-5.4%	-5.3%
Holding & Corporate	(115)	(100)	-15.0%	-13.0%
Non-core operations and others	(14)	(22)	na*	na*
Total Vivendi	**5,283**	**5,860**	**-9.8%**	**-10.7%**

	Year ended December 31,		
(in millions of euros)	2012	2011	% Change
Cash flow from operations, before capital expenditures, net (CFFO before capex, net)			
Activision Blizzard	1,161	929	+25.0%
Universal Music Group	528	495	+6.7%
SFR	3,429	3,841	-10.7%
Maroc Telecom Group	1,523	1,501	+1.5%
GVT	621	558	+11.3%
Canal+ Group	706	735	-3.9%
NBC Universal dividends	-	70	-100.0%
Holding & Corporate	(93)	(83)	-12.0%
Non-core operations and others	(3)	(12)	na*
Total Vivendi	**7,872**	**8,034**	**-2.0%**
Cash flow from operations (CFFO)			
Activision Blizzard	1,104	877	+25.9%
Universal Music Group	472	443	+6.5%
SFR	693	2,032	-65.9%
Maroc Telecom Group	1,066	1,035	+3.0%
GVT	(326)	(147)	x 2.2
Canal+ Group	476	484	-1.7%
NBC Universal dividends	-	70	-100.0%
Holding & Corporate	(94)	(84)	-11.9%
Non-core operations and others	(9)	(16)	na*
Total Vivendi	**3,382**	**4,694**	**-28.0%**

na*: not applicable.

Data presented above takes into account the consolidation of the following entities at the indicated dates:

* at Universal Music Group: EMI Recorded Music (September 28, 2012); and
* at Canal+ Group: D8 and D17 (September 27, 2012), as well as "n" (November 30, 2012).

4.2. COMMENTS ON THE OPERATING PERFORMANCE OF BUSINESS SEGMENTS

Preliminary comments:

* Vivendi Management evaluates the performance of Vivendi's business segments and allocates the necessary resources to them based on certain operating performance indicators, notably the non-GAAP measures EBITA (Adjusted Earnings Before Interest and Income Taxes) and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization):
  - The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, the impairment of goodwill and other intangibles acquired through business combinations and EBIT's "other charges" and "other income" as defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2012.
  - As defined by Vivendi, EBITDA is calculated as EBITA as presented in the Adjusted Statement of Earnings, before depreciation and amortization of tangible and intangible assets, restructuring charges, gains/(losses) on the sale of tangible and intangible assets and other non-recurring items (as presented in the Consolidated Statement of Earnings by operating segment - Please refer to Note 3 to the Consolidated Financial Statements for the year ended December 31, 2012).

  Moreover, it should be noted that other companies may define and calculate EBITA and EBITDA differently from Vivendi, thereby affecting comparability.

* The Vivendi group operates through six businesses at the heart of the worlds of content, platforms and interactive networks. As of December 31, 2012, Vivendi's ownership interest in each of these businesses was as follows:
  - Activision Blizzard: 61.5%;
  - Universal Music Group (UMG): 100%;
  - SFR: 100%;
  - Maroc Telecom Group: 53%;
  - GVT: 100%; and
  - Canal+ Group: 100% (Canal+ Group holds an 80% interest in Canal+ France).

4.2.1. Activision Blizzard

IFRS MEASURES, AS PUBLISHED BY VIVENDI

(in millions of euros, except for margins)	Year ended December 31, 2012	2011	% Change	% Change at constant rate
Activision	2,370	2,047	+15.8%	+8.4%
Blizzard	1,160	1,082	+7.2%	-1.2%
Distribution	238	303	-21.5%	-26.7%
Total Revenues	**3,768**	**3,432**	**+9.8%**	**+2.3%**
EBITDA	**1,315**	**1,174**	**+12.0%**	**+4.9%**
Activision	678	520	+30.4%	+23.9%
Blizzard	463	483	-4.1%	-11.9%
Distribution	8	8	-	-1.3%
Total EBITA	**1,149**	**1,011**	**+13.6%**	**+6.6%**
EBITA margin rate (%)	*30.5%*	*29.5%*	*+1 pt*	
Cash flow from operations (CFFO)	**1,104**	**877**	**+25.9%**	

NON-GAAP AND US GAAP MEASURES, AS PUBLISHED BY ACTIVISION BLIZZARD[(1)]

US GAAP basis measurement (unaudited) (in millions of US dollars)	Year ended December 31, 2012	2011	% Change
Activision	3,072	2,828	+8.6%
Blizzard	1,609	1,243	+29.4%
Distribution	306	418	-26.8%
Total non-GAAP net revenues	**4,987**	**4,489**	**+11.1%**
Elimination of non-GAAP adjustments:	*(131)*	*266*	*na**
US GAAP net revenues	**4,856**	**4,755**	**+2.1%**
Activision	970	851	+14.0%
Blizzard	717	496	+44.6%
Distribution	11	11	-
Total non-GAAP operating income	**1,698**	**1,358**	**+25.0%**
Non-GAAP operating margin rate (%)	*34.0%*	*30.3%*	*+3.7 pts*
Elimination of non-GAAP adjustments:	*(247)*	*(30)*	
US GAAP operating income	**1,451**	**1,328**	**+9.3%**
Net revenues by distribution channel			
Retail channels	3,082	2,512	+22.7%
Digital online channels **(a)**	1,599	1,559	+2.6%
Sub-total Activision and Blizzard	**4,681**	**4,071**	**+15.0%**
Distribution	306	418	-26.8%
Total non-GAAP net revenues	**4,987**	**4,489**	**+11.1%**
Net revenues by platform mix			
Online subscriptions **(b)**	1,071	1,155	-7.3%
PC and other **(c)**	1,250	299	x 4.2
Console	2,201	2,452	-10.2%
Hand-held	159	165	-3.6%
Sub-total Activision and Blizzard	**4,681**	**4,071**	**+15.0%**
Distribution	306	418	-26.8%
Total non-GAAP net revenues	**4,987**	**4,489**	**+11.1%**
Net revenues by geographic region			
North America	2,514	2,251	+11.7%
Europe	1,996	1,886	+5.8%
Asia Pacific	477	352	+35.5%
Total non-GAAP net revenues	**4,987**	**4,489**	**+11.1%**

na*: not applicable.

(1) The reconciliation of US GAAP and non-GAAP data published by Activision Blizzard (net revenues and EBITA) to data relating to Activision Blizzard prepared by Vivendi in accordance with IFRS standards is described in Appendix 2 to this Financial Report.

(a) Includes revenues from subscriptions and memberships, licensing royalties, value-added services, downloadable content, digitally distributed products and wireless devices.

(b) Includes revenues from all *World of Warcraft* products, including subscriptions, boxed products, expansion packs, licensing royalties and value-added services. It also includes revenues from *Call of Duty Elite* memberships.

(c) Other revenues include standalone sales of toys and accessories products from *Skylanders* franchise, mobile sales and other physical merchandise and accessories.

REVENUES AND EBITA

Higher than expected, Activision Blizzard's revenues were €3,768 million, up 9.8% (+2.3% at constant currency) compared to 2011, and EBITA was €1,149 million, a 13.6% increase (+6.6% at constant currency) compared to 2011. These results take into account the accounting principles requiring that revenues and related cost of sales associated with games with an online component be deferred over the estimated customer service period. The balance of the deferred operating margin was up 10% to €1,000 million as of December 31, 2012, compared to €913 million as of December 31, 2011.

In North America and Europe combined, Activision Blizzard was the #1 console and handheld publisher for 2012 with the #1 and #3 best-selling franchises[1], *Call of Duty* and *Skylanders*. In November 2012, *Black Ops II* became the first video game ever to cross the $1 billion mark in 15-days[2]. As of December 31, 2012, the *Skylanders* franchise had generated, life-to-date, more than $1 billion in worldwide sales[1]. In January 2013, sell-through of *Skylanders* figures worldwide has exceeded 100 million[3].

In addition, *Diablo III* was the #1 best-selling PC game, breaking PC-game sales records with more than 12 million copies sold-through worldwide through December 31, 2012, and *World of Warcraft®: Mists of Pandaria®* was the #3 best-selling PC game[4]. As of December 31, 2012, *World of Warcraft* remains the #1 subscription-based MMORPG, with more than 9.6 million subscribers[4].

CASH FLOW FROM OPERATIONS (CFFO)

Activision Blizzard's cash flow from operations amounted to €1,104 million, a €227 million increase compared to 2011. This performance reflected the growth in EBITDA after changes in Activision Blizzard's net working capital (+€338 million), related to the success of the games released in the fourth quarter of 2012.

4

(1) According to The NPD Group, GfK Chart-Track and Activision Blizzard internal estimates, including toys and accessories.

(2) According to Chart-Track retail customer sell-through information, internal company estimates and screenrant.com.

(3) According to Activision Blizzard internal estimates.

(4) At retail and according to The NPD Group, GfK Chart-Track and Activision Blizzard internal estimates.

4.2.2. Universal Music Group (UMG)

(in millions of euros, except for margins)	Year ended December 31, 2012	2011	% Change	% Change at constant rate
Physical sales	*1,756*	*1,789*	*-1.8%*	*-6.1%*
Digital sales	*1,365*	*1,105*	*+23.5%*	*+16.8%*
License and others	*548*	*478*	*+14.6%*	*+9.9%*
Recorded music	(a) 3,669	3,372	+8.8%	+3.7%
Music publishing	661	638	+3.6%	-1.0%
Merchandising and others	247	222	+11.3%	+4.5%
Intercompany elimination	(33)	(35)	na*	na*
Total Revenues	**4,544**	**4,197**	**+8.3%**	**+3.1%**
EBITDA	**(a) 674**	**623**	**+8.2%**	**+5.0%**
Recorded music	(a) 318	304	+4.6%	+3.9%
Music publishing	186	183	+1.6%	-2.4%
Merchandising and others	21	20	+5.0%	-5.8%
Total EBITA	**525**	**507**	**+3.6%**	**+1.2%**
EBITA margin rate (%)	*11.6%*	*12.1%*	*-0.5 pt*	
Restructuring and integration costs	(98)	(67)	-46.3%	
EBITA excluding restructuring and integration costs	**623**	**574**	**+8.5%**	**+5.5%**
Cash flow from operations (CFFO)	**472**	**443**	**+6.5%**	
Recorded music revenues by geographical area				
Europe	40%	41%		
North America	37%	36%		
Asia	16%	15%		
Rest of the world	7%	8%		
	100%	**100%**		

"UMG" recorded music: sales of physical and digital albums and DVDs, in millions of units (b)			
Artist - Title	2012	Artist - Title	2011
Taylor Swift - Red	5.1	Lady Gaga - Born this way	5.9
Justin Bieber - Believe	2.9	Justin Bieber - Under The Mistletoe	2.8
Lana Del Rey - Born To Die	2.7	Rihanna - Loud	2.7
Rod Stewart - Merry Christmas, Baby	2.6	Rihanna - Talk That Talk	2.6
Rihanna - Unapologetic	2.3	Lil Wayne - Tha Carter IV	2.4
Maroon 5 - Overexposed	2.2	Amy Winehouse - Lioness: Hidden Treasures	2.4
Madonna - MDNA	1.8	Drake - Take Care	1.9
Gotye - Making Mirrors	1.7	Kanye West & Jay Z - Watch The Throne	1.7
Lionel Richie - Tuskegee	1.5	Amy Winehouse - Back to Black	1.7
Nicki Minaj - Pink Friday... Roman Reloaded	1.4	LMFAO - Sorry for Party Rocking	1.7
TOTAL	**24.2**	**TOTAL**	**25.8**

na*: not applicable.

(a) Includes EMI Recorded Music (retained businesses) revenues and EBITA consolidated since September 28, 2012, for €279 million (of which €148 million for physical sales and €79 million for digital sales) and -€2 million, respectively.

(b) At constant perimeter.

REVENUES AND EBITA

Universal Music Group's (UMG) revenues were €4,544 million, an 8.3% increase compared to 2011. At constant perimeter (excluding revenues from EMI Recorded Music, acquired at the end of September 2012), revenues were up 1.6% thanks to growth in recorded music sales in North America and favorable currency movements. At constant currency and at constant perimeter, revenues were down 3.3% with a 10.0% increase in digital sales and higher license income offset by the decline in physical sales. Digital sales represented 44% of recorded music sales compared to 38% in the prior year.

Recorded music best sellers notably included new releases from Taylor Swift, Justin Bieber, Maroon 5, Rihanna, Nicki Minaj, Lana Del Rey, Gotye, Carly Rae Jepsen, Cecilia Bartoli, Daniel Barenboim, Rolando Villazón, and Mylène Farmer.

UMG's EBITA of €525 million was up 3.6% compared to 2011. Excluding EMI Recorded Music and at constant currency, EBITA was up 1.6%, strengthened by cost reduction policy.

CASH FLOW FROM OPERATIONS (CFFO)

UMG's cash flow from operations amounted to €472 million, a €29 million increase compared to 2011. This includes the impact of the integration of EMI Recorded Music since September 28, 2012 (-€18 million, including restructuring and integration costs paid for €37 million), which was more than offset by UMG's operating performances (EBITDA after changes in net working capital increased by €69 million), the proceeds from the sale of certain content assets from UMG's catalog (€25 million), and a decrease in restructuring charges paid by UMG (-€14 million).

4.2.3. SFR

	Year ended December 31,		
(in millions of euros, except for margins)	2012	2011	% Change
Mobile service revenues	7,006	7,885	-11.1%
Equipment sales, net	510	567	-10.1%
Mobile	7,516	8,452	-11.1%
Broadband Internet and Fixed	3,963	4,000	-0.9%
Intercompany elimination	(191)	(269)	+29.0%
Total Revenues	**11,288**	**12,183**	**-7.3%**
EBITDA	**3,299**	**3,800**	**-13.2%**
EBITA	**1,600**	**2,278**	**-29.8%**
EBITA margin rate (%)	*14.2%*	*18.7%*	*-4.5 pts*
Restructuring costs	(187)	(12)	x 15.6
EBITA excluding restructuring costs	**1,787**	**2,290**	**-22.0%**
Capital expenditures, net (capex net) (a)	**2,736**	**1,809**	**+51.2%**
Of which acquisitions of mobile spectrum	*1,065*	*150*	*x 7.1*
capital expenditures, net excluding acquisitions of mobile spectrum	*1,671*	*1,659*	*+0.7%*
Cash flow from operations (CFFO)	**693**	**2,032**	**-65.9%**
Of which acquisitions of mobile spectrum	*(1,065)*	*(150)*	*x 7.1*
cash flow from operations excluding acquisitions of mobile spectrum	*1,758*	*2,182*	*-19.4%*
Mobile			
Number of customers (in thousands)			
Postpaid (b)	*16,563*	*16,566*	-
Prepaid	*4,127*	*4,897*	*-15.7%*
Total SFR Group	**20,690**	**21,463**	**-3.6%**
Mobile customer base market share (c)	28.3%	31.3%	-3 pts
12-month rolling ARPU (in euros/year) (d)			
Postpaid	*417*	*462*	*-9.7%*
Prepaid	*112*	*136*	*-17.6%*
Blended ARPU	344	378	-9.0%
Acquisition cost compared to mobile service revenues (in %)	7.1%	7.6%	-0.5 pt
Retention cost compared to mobile service revenues (in %)	9.1%	8.2%	+0.9 pt
Residential broadband Internet and Fixed			
Number of broadband Internet customers (in thousands)	5,075	(e) 5,019	+1.1%
ADSL customer base market share	(f) 22.5%	23.5%	-1 pt

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

(b) Includes M2M (Machine to Machine) customers.

(c) Source: Arcep.

(d) Includes mobile terminations. ARPU (Average Revenue Per User) is defined as revenues net of promotions and net of third-party content provider revenues, excluding roaming in revenues and equipment sales divided by the average Arcep total customer base for the last twelve months. ARPU excludes M2M (Machine to Machine) data.

(e) On December 31, 2011, the Broadband Internet customer base was adjusted by 23,000 customers following the removal of 1P and 2P Akéo customers from the consolidation perimeter.

(f) SFR estimate for 2012.

REVENUES AND EBITA

SFR revenues[(1)] amounted to €11,288 million, a 7.3% decrease compared to 2011 due to the progressive impact of price cuts related to the competitive environment and to price cuts imposed by the regulators[(2)]. Excluding the impact of these regulatory decisions, revenues decreased by 3.3%.

Mobile[(3)] revenues amounted to €7,516 million, an 11.1% decrease compared to 2011.

During the fourth quarter, SFR's postpaid mobile customer base increased by 109,000 additions. At the end of 2012, SFR's postpaid mobile customer base reached 16.563 million, stable compared to 2011. The customer mix (the percentage of the number of postpaid customers in the total customer base) amounted to 80.1%, a 2.9 percentage point increase year-on-year. SFR's total mobile customer base reached 20.690 million. Mobile Internet usage continued to progress, with 49% of SFR customers equipped with a smartphone (41% at the end of 2011).

SFR became the first French operator to open the 4G network to the mass market and enterprises. After Lyon on November 29, 2012, the 4G network was launched in Montpellier and Paris-La Défense. Four additional cities will open in the first half 2013. This offer includes the availability of a wide range of compatible equipment and is based on "Formules Carrées" packages.

SFR also introduced a new pricing policy in January 2013 offering the best value/price ratio on the market both for its low-cost offers and its premium offers, the latter remaining the choice of the majority in the French market.

Broadband Internet and fixed revenues[(3)] amounted to €3,963 million, a 0.9% decrease compared to 2011, and a 0.3% increase excluding the impact of regulated price cuts.

At the end of 2012, the postpaid broadband Internet residential customer base reached 5.075 million, with 56,000 net additions[(4)] year-on-year. The customer base for the quadruple play offer ("Multi-Pack de SFR") reached 1.8 million at the end of 2012.

SFR's EBITDA amounted to €3,299 million, a 13.2% decrease compared to 2011. Excluding negative and positive non-recurring items (-€15 million in 2012 and +€93 million in 2011), EBITDA decreased by 10.6%.

EBITA amounted to €1,600 million, a 29.8% decrease. Excluding negative and positive non-recurring items and restructuring charges, EBITA decreased by 18.0%.

In 2012, SFR launched an adaptation plan while continuing to invest in 4G and fiber infrastructures and adapt its organization to changing market conditions. In November, SFR announced a voluntary redundancy plan with a target of 856 net departures.

CASH FLOW FROM OPERATIONS (CFFO)

SFR's cash flow from operations amounted to €693 million, a 65.9% decrease compared to 2011. This change notably included the impact of the acquisition of 4G mobile spectrum for €1,065 million in 2012, compared to €150 million in 2011. Excluding these impacts, cash flow from operations amounted to €1,758 million, compared to €2,182 million in 2011, a €424 million decrease (-19.4%), primarily due to the decrease in EBITDA after changes in net working capital (-€407 million).

(1) Following the disposal of 100% of Débitel France SA to La Poste Telecom SAS, Débitel France SA, with a customer base of 290,000 has been excluded from the consolidation perimeter since March 1, 2011.

(2) Tariff cuts imposed by regulatory decision:

i) 33% decrease in mobile voice termination regulated price on July 1, 2011, a 25% additional decrease on January 1, 2012 and a further 33% decrease on July 1, 2012;

ii) 25% decrease in SMS termination regulated price on July 1, 2011 and a 33% additional decrease on July 1, 2012. In addition to asymmetric tariff in favor of Free;

iii) Roaming tariff cuts on July 1, 2011 and July 1, 2012; and

iv) 40% decrease in fixed voice termination regulated price on October 1, 2011 and a 50% additional decrease on July 1, 2012.

(3) Mobile revenues and broadband Internet and fixed revenues are determined as revenues before elimination of intersegment operations within SFR.

(4) At the end of December 2011, SFR group broadband Internet residential customer base totaled 5.019 million, following the exclusion of 1P and 2P Akéo customers from the consolidation perimeter.

4.2.4. Maroc Telecom Group

	Year ended December 31,			
(in millions of euros, except for margins)	**2012**	2011	% Change	% Change at constant rate
Mobile service revenues	*1,529*	*1,615*	*-5.3%*	*-6.6%*
Equipment sales, net	*45*	*67*	*-32.8%*	*-33.8%*
Mobile	1,574	1,682	-6.4%	-7.7%
Broadband Internet and Fixed	601	660	-8.9%	-10.3%
Intercompany elimination	(87)	(119)	na*	na*
Morocco	2,088	2,223	-6.1%	-7.4%
International	638	539	+18.4%	+17.7%
Intercompany elimination	(37)	(23)	na*	na*
Total Revenues	**2,689**	**2,739**	**-1.8%**	**-3.0%**
Total EBITDA	**1,505**	**1,500**	**+0.3%**	**-0.9%**
EBITDA margin rate (%)	*56.0%*	*54.8%*	*+1.2 pt*	
Morocco	830	1,000	-17.0%	-18.1%
International	157	89	+76.4%	+75.1%
Total EBITA	**987**	**1,089**	**-9.4%**	**-10.5%**
Restructuring charges	(79)	-	na*	
EBITA excluding restructuring charges	**1,066**	**1,089**	**-2.1%**	
Margin rate (%)	*39.6%*	*39.8%*	*-0.2 pt*	
Capital expenditures, net (capex net)	**457**	**466**	**-1.9%**	
Cash flow from operations (CFFO)	**1,066**	**1,035**	**+3.0%**	
Morocco				
Number of mobile customers (in thousands)				
Prepaid	16,656	16,106	+3.4%	
Postpaid	1,199	1,019	+17.7%	
Total	**17,855**	**17,126**	**+4.3%**	
Mobile ARPU (in MAD/month)	79	87	-9.2%	
MoU (in min/month)	122	85	+43.5%	
Mobile churn rate (in %/year) (a)	20.8%	23.3%	-2.5 pts	
Postpaid	15.5%	13.4%	+2.1 pts	
Prepaid	22.2%	24.8%	-2.6 pts	
Number of fixed lines (in thousands)	1,269	1,241	+2.3%	
Number of Broadband Internet customers (in thousands) (b)	683	591	+15.6%	
International				
Number of customers (in thousands)				
Mobile	12,685	9,626	+31.8%	
Fixed	298	299	-0.3%	
Broadband Internet	90	99	-9.1%	

na*: not applicable.

(a) Excluding the impact of non-recurrent termination of inactive customers.

(b) Includes narrowband and leased line accesses.

REVENUES AND EBITA

Maroc Telecom Group's revenues were €2,689 million, a 1.8% decrease compared to 2011 (-3.0% at constant currency). The group's overall customer base maintained positive momentum in 2012 with a 13.5% increase and reached nearly 33 million customers, primarily due to a 30.4% increase in the international market year-on-year.

Operations in Morocco generated revenues of €2,088 million, a 6.1% decrease compared to 2011 (-7.4% at constant currency). This change reflected the successive cuts in mobile termination rates carried out in January and July 2012, the additional price cuts in the mobile segment (-34.6%), and the decrease in fixed-line revenues under competitive pressure from the mobile segment. The economic slowdown and competitive environment continued to be very intense.

The group's international activities generated revenues of €638 million, a strong 18.4% growth compared to 2011 (+17.7% at constant currency). This performance resulted from very strong growth among mobile customers (+31.8%), enhanced product offers and higher customer usage in a stable competitive environment. Despite the conflict in Mali, the growth in revenues continued at a very sustained place (+15.7% at constant currency).

The group's EBITDA amounted to €1,505 million, a 0.3% increase compared to 2011 (-0.9% at constant currency). This performance reflected a strong 43.5% growth (+42.6% at constant currency) in international EBITDA, which offset the 6.6% decline in EBITDA in Morocco. EBITDA margin increased by 1.2 percentage point year-on-year, reaching the high level of 56.0%.

The group's EBITA amounted to €987 million, a 9.4% decline compared to 2011 (-10.5% at constant currency). Excluding restructuring charges of €79 million, EBITA amounted to €1,066 million, a 2.1% decrease, representing a 39.6% margin, a modest 0.2 percentage point decrease.

CASH FLOW FROM OPERATIONS (CFFO)

Maroc Telecom Group's cash flow from operations amounted to €1,066 million, a €31 million increase compared to 2011 (+3.0%), primarily due to the increase in EBITDA after changes in net working capital (+€94 million) and to the reduction in capital expenditures, net (+€9 million), which was partially offset by the restructuring charges paid (-€72 million).

4.2.5. GVT

(in millions of euros, except for margins)	Year ended December 31, 2012	2011	% Change	% Change at constant rate
Telecoms	1,633	1,444	+13.1%	+22.1%
Pay-TV (a)	83	2	na*	na*
Total Revenues	**1,716**	**1,446**	**+18.7%**	**+28.2%**
Telecoms	749	616	+21.6%	+31.6%
Pay-TV (a)	(9)	(15)	na*	na*
Total EBITDA	**740**	**601**	**+23.1%**	**+33.4%**
EBITDA margin rate (%)	*43.1%*	*41.6%*	*+1.5 pt*	
EBITA	**488**	**396**	**+23.2%**	**+33.7%**
EBITA margin rate (%)	*28.4%*	*27.4%*	*+1 pt*	
Total Capital expenditures, net (capex net)	**947**	**705**	**+34.3%**	
Cash flow from operations (CFFO)	**(326)**	**(147)**	**x 2.2**	

	Year ended December 31, 2012	2011	% Change
Net Revenues (IFRS, in millions of BRL)			
Voice	2,577	2,081	+23.8%
Pay-TV (a)	211	4	na*
Corporate and carrier data	263	235	+11.9%
Broadband Internet	1,188	972	+22.2%
VoIP	61	62	-1.6%
Total	**4,300**	**3,354**	**+28.2%**
Number of covered cities	**139**	**119**	**+20**
Net Revenues by region			
Region II	59%	63%	-4 pts
Regions I & III	41%	37%	+4 pts
Total homes passed (in thousands of lines)	**9,095**	**7,207**	**+26.2%**
Number of lines in service (in thousands)			
Retail and SME	5,515	4,372	+26.1%
Voice	*3,358*	*2,709*	*+24.0%*
Broadband Internet	*2,157*	*1,663*	*+29.7%*
Proportion of offers ≥ 10 Mbps	*80%*	*75%*	*+5 pts*
Corporate	3,154	1,954	+61.4%
Total Telecoms	**8,669**	**6,326**	**+37.0%**
Pay-TV (a)	406	32	na*
Total	**9,075**	**6,358**	**+42.7%**
Net New Additions (in thousands of lines)			
Retail and SME	1,143	1,337	-14.5%
Voice	*649*	*769*	*-15.6%*
Broadband Internet	*494*	*568*	*-13.0%*
Corporate	1,200	757	+58.5%
Total Telecoms	**2,343**	**2,094**	**+11.9%**
Pay-TV (a)	374	32	na*
Total	**2,717**	**2,126**	**+27.8%**
ARPU by line - Retail and SME (BRL/month)			
Voice	64.8	66.9	-3.1%
Broadband Internet	50.9	58.0	-12.2%

na*: not applicable.

(a) GVT launched its pay-TV offer in October 2011.

REVENUES AND EBITA

GVT's revenues reached €1,716 million, an 18.7% increase compared to 2011 (+28.2% at constant currency); excluding the impact of tax changes (VAT), revenues increased by 35% at constant currency. In 2012, GVT expanded its coverage to 20 additional cities and currently covers 139 cities. As a result of commercial efforts and geographical network expansion, GVT Telecom lines-in-service reached 8.669 million, a 37.0% increase year-on-year. After only one year in operation, its pay-TV service generated revenues of €83 million.

GVT was named the best Broadband service in Brazil for the 4th consecutive year, offering the most modern and differentiated network in Brazil. At the end of 2012, 44% of its customers opted for speeds equal to or higher than 15 Mbps, compared to 37% one year ago.

Launched commercially in January 2012, the number of subscribers to its new pay-TV service totaled about 406,000 as of December 31, 2012, representing an 18.8% penetration rate among the broadband customer base. During 2012, GVT's share of the net adds of the entire Brazilian pay-TV market reached 11.4%, and when considering only the cities where it operates, GVT's share of net adds reached 27.7%.

GVT's EBITDA was €740 million, a 23.1% increase compared to 2011 (+33.4% at constant currency) and EBITDA margin reached the record level of 43.1%, or 45.9% for the telecom activities only.

GVT's EBITA was €488 million, a 23.2% increase compared to 2011 (+33.7% at constant currency and +57.5% excluding the impact of the VAT change and at constant currency).

GVT's capital expenditures amounted to €947 million, a 34.3% increase compared to 2011, of which approximately €248 million related to the pay-TV business. GVT reached break-even on an EBITDA-Capex basis for its telecom activities.

CASH FLOW FROM OPERATIONS (CFFO)

GVT's cash flow from operations amounted to -€326 million, compared to -€147 million in 2011. This change reflected the increase in GVT's capital expenditures, net to €947 million in 2012, compared to €705 million in 2011, which was primarily related to investments in networks in order to increase coverage in regions I and III, as well as investments relating to the pay-TV operations. However, cash flow from operations before capital expenditures (CFFO before capex, net) increased by 11.3% in 2012, to €621 million, reflecting the growth in EBITDA after changes in net working capital.

4.2.6. Canal+ Group

	Year ended December 31,			
(in millions of euros, except for margins)	2012	2011	% Change	% Change at constant rate
Revenues (a)	**5,013**	**4,857**	**+3.2%**	**+3.2%**
EBITDA	**940**	**913**	**+3.0%**	**+3.1%**
EBITA	**663**	**701**	**-5.4%**	**-5.3%**
EBITA margin rate (%)	*13.2%*	*14.4%*	*-1.2 pt*	
D8, D17, and "n" integration (including transition costs)	(51)	-		
EBITA excluding D8, D17, and "n" integration (including transition costs)	**714**	**701**	**+1.9%**	
Cash flow from operations (CFFO)	**476**	**484**	**-1.7%**	
Subscriptions (in thousands)				
Pay-TV France (b)	*9,680*	*9,760*	*-80*	
Canal+ Overseas (c)	*1,683*	*1,456*	*+227*	
Canal+ France	11,363	11,216	+147	
Poland (at constant perimeter) and Vietnam	1,882	1,730	+152	
Total Canal+ Group at constant perimeter	**13,245**	**12,946**	**+299**	
"n" platform in Poland	1,009	na*	+1,009	
Total Canal+ Group	**14,254**	**12,946**	**+1,308**	
Churn, per digital subscriber (Mainland France)	13.6%	12.1%	+1.5 pt	
ARPU, in euros per subscriber (Mainland France)	48.0	47.5	+1.1%	

(a) Includes the D8 and D17 free-to-air channels, consolidated since September 27, 2012, as well as the "n" platform, consolidated since November 30, 2012. The contribution of these entities to Canal+ Group's revenues amounted to €41 million, since their respective consolidation date. For information, revenues and EBITA of D8, D17, and "n" amounted to €287 million and -€95 million in 2012, respectively.

(b) Includes subscriptions with commitment at Canal+ and CanalSat, as well as subscriptions with no commitment at CanalPlay Infinity in Mainland France.

(c) Includes French overseas territories and Africa.

REVENUES AND EBITA

Canal+ Group's revenues were €5,013 million, a 3.2% increase compared to 2011 (+2.4% at comparable perimeter, i.e. excluding D8, D17 and the new activities in Poland).

At the end of December 2012, Canal+ France, which includes Canal+ Group's pay-TV activities in France and French-speaking countries, had 11.363 million subscriptions, representing a net growth of 147,000 year-on-year. This growth was driven by strong performances at Canal+ Overseas (in French overseas territories and primarily in Africa), which had 1.683 million subscriptions at year-end, a net growth of 227,000 subscriptions, compared to 2011. In mainland France, the subscription portfolio reached 9.680 million, a slight decrease compared to 2011 due to a difficult economic and competitive environment. Average revenue per subscriber increased slightly to €48, particularly reflecting improved cross-selling between Canal+ and CanalSat offerings.

Revenues from other Canal+ Group activities grew strongly thanks to StudioCanal and new international activities (notably in Poland and Vietnam), as well as to free-to-air TV.

Excluding the impact of D8, D17 and the new activities in Poland (as well as transition costs), Canal+ Group's EBITA amounted to €714 million, a 1.9% increase year-on-year, thanks to Canal+ Overseas' growth, notably in Africa, and despite the negative impact of a VAT rise (around €40 million). Including the impact of the integration of the new activities in Poland and of D8 and D17, Canal+ Group's EBITA reached €663 million.

On January 31, 2013, Canal+ Group renewed its exclusive rights to England's Premier League, the world's most widely broadcast football championship, for the coming three seasons. As a result, it will be positioned to offer its subscribers the best French and European soccer, with the top two of the Ligue 1, the top Champions League and 100% of the English Premier League. In addition, Canal+ Group announced on February 14, 2013, that it had secured exclusive rights in France to the Formula 1 world championship.

CASH FLOW FROM OPERATIONS (CFFO)

Canal+ Group's cash flow from operations amounted to €476 million, compared to €484 million in 2011. The favorable evolution in EBITDA after changes in net working capital were offset by the increase in content investments, net (notably StudioCanal).

4.2.7. Holding & Corporate

	Year ended December 31,	
(in millions of euros)	2012	2011
EBITA	(115)	(100)
Cash flow from operations (CFFO)	(94)	(84)

EBITA

Holding & Corporate's EBITA was -€115 million, compared to -€100 million in 2011, due notably to higher litigation costs and several one-time items.

CASH FLOW FROM OPERATIONS (CFFO)

Holding & Corporate's cash flow from operations amounted to -€94 million, compared to -€84 million in 2011. The change in cash flow from operations between 2011 and 2012 was mainly attributable to the change in EBITA.

4.2.8. Non-core operations and others

	Year ended December 31,	
(in millions of euros)	2012	2011
Non-core operations and others	65	41
Elimination of intersegment transactions	(89)	(82)
Total Revenues	**(24)**	**(41)**
EBITA	(14)	(22)
Cash flow from operations (CFFO)	(9)	(16)

REVENUES AND EBITA

Revenues from non-core operations amounted to €65 million, a €24 million increase, following the 2012 contribution of Digitick (€11 million in 2012, compared to €9 million in 2011), and of See Tickets (€33 million in 2012, compared to €12 million in 2011) acquired on August 23, 2011.

EBITA from non-core operations amounted to -€14 million in 2012, compared to -€22 million in 2011. This increase was mainly due to the contribution of See Tickets (€11 million in 2012, compared to €4 million in 2011).

CASH FLOW FROM OPERATIONS (CFFO)

Cash flow from operations from non-core operations amounted to -€9 million, compared to -€16 million in 2011. This change was mainly related to the change in EBITA.

SECTION 5 TREASURY AND CAPITAL RESOURCES

Preliminary comments:

* *Vivendi considers Financial Net Debt, a non-GAAP measure, to be a relevant indicator in measuring Vivendi's indebtedness. Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other long-term and short-term financial liabilities as reported on the Consolidated Statement of Financial Position, less cash and cash equivalents as reported on the Consolidated Statement of Financial Position as well as derivative financial instruments in assets, cash deposits backing borrowings, and certain cash management financial assets (included in the Consolidated Statement of Financial Position under "financial assets"). Financial Net Debt should be considered in addition to, and not as a substitute for, other GAAP measures reported on the Consolidated Statement of Financial Position, as well as other measures of indebtedness reported in accordance with GAAP. Vivendi Management uses Financial Net Debt for reporting and planning purposes, as well as to comply with certain debt covenants of Vivendi.*
* *In addition, cash and cash equivalents are not fully available for debt repayments since they are used for several purposes, including but not limited to, acquisitions of businesses, capital expenditures, dividends, contractual obligations and working capital.*

5.1. SUMMARY OF VIVENDI'S EXPOSURE TO CREDIT AND LIQUIDITY RISKS

Vivendi's financing policy consists of incurring long-term debt, mainly in bond and banking markets, at a variable or fixed rate, in euros or in US dollars, depending on general corporate needs and market conditions.

* Non-current financial debts are primarily raised by Vivendi SA, which centralizes the group's financing management, except for Activision Blizzard and Maroc Telecom Group. In this context, in 2012, Vivendi pursued its policy of disintermediation, having recourse in priority to the bond market. Vivendi also sought to diversify its investor base by issuing on the American bond market and pursued its policy of maintaining the "economic" average term of the group's debt above 4 years. In addition, Vivendi has a Euro Medium Term Notes program on the Luxembourg Stock Exchange, which is renewed each year, in order to take advantage of every euro bond market opportunity. Vivendi's bank counterparties must meet certain criteria of financial soundness, reflected in their credit rating with Standard & Poor's and Moody's. Moreover, to comply with the rating agencies' prudential regulations regarding liquidity management, Vivendi arranges to the extent possible, the refinancing of all expiring bank credit facilities or bonds one year in advance. As a result, in 2012, Vivendi made three bond issuances in euro for a total amount of €2,250 million (January, April and December 2012), and one issuance in US dollars for $2,000 million (April 2012).
* Contractual agreements for credit facilities granted to Vivendi SA do not include provisions that tie the conditions of the loan to its financial ratings from rating agencies. They contain customary provisions related to events of default and at the end of each half-year, Vivendi SA is notably required to comply with a financial covenant (please refer to Note 22.2 to the Consolidated Financial Statements for the year ended December 31, 2012). The credit facilities granted to group companies other than Vivendi SA are intended to finance either the general needs of the borrowing subsidiary or specific projects.
* In 2012, investments, working capital, debt service (including the redemption of borrowings), and the payment of income taxes and the dividend distribution, were financed by cash flow from operations, net, asset disposals, and borrowing or share issuances (Direct 8 and Direct Star). For the foreseeable future and based on the current financial conditions on the financial market, subject to potential transactions which may be implemented in connection with the group's change in scope, Vivendi intends to maintain this financing policy for its investments and operations.

As of December 31, 2012:

* The group's bond debt amounted to €10,888 million (compared to €9,276 million as of December 31, 2011). In 2012, Vivendi issued bonds in euros and in US dollars for a total amount of €3,758 million and redeemed bonds for a total amount of €2,048 million (of which $700 million (or €448 million) were early redeemed in April/May 2012). For additional information on this bond debt, please refer to Section 5.4 below. The group's bond debt represented 61% of the borrowings in the Statement of Financial Position (compared to 59% as of December 31, 2011).
* The total amount of the group's confirmed credit facilities amounted to €9,039 million (compared to €12,083 million as of December 31, 2011). The group's aggregate amount of credit facilities neither drawn nor backed by commercial paper amounted to €3,361 million (compared to €6,635 million as of December 31, 2011). The decrease in the amount of credit facilities neither drawn nor backed by commercial paper was notably due to the disintermediation policy, the increase in the outstanding amount of commercial paper, and the financing of the acquisition of EMI Recorded Music by drawing on credit facilities.
* Vivendi SA's and SFR's total confirmed credit facilities amounted to €8,340 million as of December 31, 2012 (including €2 billion in available swinglines), compared to €11,242 million as of December 31, 2011. All these credit facilities have a maturity greater than one year. These credit facilities were drawn for €1,894 million as of December 31, 2012. Considering the €3,255 million commercial paper issued at that date and backed to bank credit facilities, these facilities were available up to a maximum amount of €3,191 million.

* In connection with its appeal of the verdict rendered in the Liberty Media Corporation litigation, Vivendi will shortly deliver a letter of credit issued by Bank of America for the benefit of Liberty Media Corporation, for €975 million (damages and interest, as well as legal costs). The latter was guaranteed by a syndicate of fifteen international banks with which Vivendi has signed a Reimbursement Agreement which includes an undertaking by Vivendi to reimburse the banks for any amounts paid out under the letter of credit. The Reimbursement Agreement notably contains events of default and acceleration clauses similar to those contained in Vivendi's credit facilities. In certain circumstances, these provisions could cause Vivendi to have to post cash collateral for the benefit of the banks. In the same way, if one of the 15 banks defaults in respect of its obligations and was not able to issue a guarantee sufficient enough to provide comfort to Bank of America, Vivendi could be caused to substitute such bank with another bank or, as a last resort, be obligated to post cash collateral in the amount of such bank's participation in the letter of credit.
* The short-term borrowings mainly included issued commercial paper. The "economic" average term of the group's debt was 4.4 years (compared to 4.0 years as of December 31, 2011).
* Finally, there is no restriction on the use of the financial resources which the group's companies benefit (including Vivendi SA) that may materially affect, directly or indirectly, the group's activities.

On October 26, 2012, Standard & Poor's removed the credit watch negative that it had placed on Vivendi's debt on July 4, 2012 and confirmed the rating, with a negative outlook, of the BBB long-term debt and the A-2 short-term debt rating, which is used as a reference for the issuance program of commercial paper. Vivendi reaffirmed its commitment to maintaining such credit rating.

As of February 18, 2013, the date of the Management Board meeting that approved Vivendi's Financial Statements for the year ended December 31, 2012, Vivendi SA and SFR had available confirmed credit facilities amounting to €8,340 million, of which €500 million were drawn. Considering the amount of commercial paper issued at that date, and backed on bank credit facilities for €3,991 million, these facilities were available for an aggregate amount of €3,849 million. Moreover, the sale of Parlophone Label Group, announced on February 7, 2013, for £487 million (please refer to Note 2.1 to the Consolidated Financial Statements for the year ended December 31, 2012), should be finalized during the second half of 2013.

Taking into account the foregoing, Vivendi considers that the cash flows generated by its operating activities, its cash and cash equivalents, as well as the amounts available through its current bank credit facilities will be sufficient to cover its operating expenses and capital expenditures, service its debt (including the redemption of borrowings), pay its income taxes and dividends, as well as to fund its financial investment projects, if any, for the next twelve months, subject to potential transactions which may be implemented in connection with the group's change in scope. In addition, Vivendi considers that the bank commitments received on September 28, 2012 to cover the letter of credit to be soon put in place in connection with its appeal of the Liberty Media Corporation litigation will be sufficient to suspend enforcement of the judgment by Liberty Media Corporation until the appeal is resolved.

5.2. FINANCIAL NET DEBT CHANGES

As of December 31, 2012, Vivendi's Financial Net Debt amounted to €13,419 million (compared to €12,027 million as of December 31, 2011), a €1,392 million increase. This change notably reflected the following transactions:

* the impact of the acquisition of EMI Recorded Music (€1,329 million, of which €1,363 million paid in cash and €34 million net cash acquired) and the 40% interest in N-Vision (€277 million, excluding the redemption of the loan granted by Canal+ Group to ITI in November 2011), for further details please refer to Section 1.1 above;
* the cash payments related to capital expenditures (€4,490 million, of which €1,065 million was paid in January 2012 by SFR for 4G mobile spectrum);
* the dividends paid notably to shareowners of Vivendi SA (€1,245 million), Maroc Telecom SA (€345 million), and Activision Blizzard (€62 million), and the impact of Activision Blizzard's stock repurchase program (€241 million); and
* interest expense (€568 million);
* the above items being offset by net cash generated by operating activities of business segments (€7,106 million) and by the capital increase subscribed by employees in connection with Vivendi SA's employee stock purchase plan in July 2012 (€127 million).

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	December 31, 2012	December 31, 2011
Borrowings and other financial liabilities		17,757	15,710
Of which long-term (a)	22	*12,667*	*12,409*
short-term (a)	22	*5,090*	*3,301*
Cash management financial assets (b) (c)	15	(301)	(266)
Derivative financial instruments in assets (b)	15	(137)	(101)
Cash deposits backing borrowings (b)	15	(6)	(12)
		17,313	**15,331**
Cash and cash equivalents (a)	17	(3,894)	(3,304)
Of which Activision Blizzard		*(2,989)*	*(2,448)*
Financial Net Debt		**13,419**	**12,027**

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

(b) Included in the Financial Assets items of the Consolidated Statement of Financial Position.

(c) Primarily included Activision Blizzard's US treasuries and government agency securities, with a maturity exceeding three months.

(in millions of euros)	Cash and cash equivalents	Borrowings and other financial items (a)	Impact on Financial Net Debt
Financial Net Debt as of December 31, 2011	**(3,304)**	**15,331**	**12,027**
Outflows/(inflows) generated by:			
Operating activities	(7,106)	-	(7,106)
Investing activities	6,042	21	6,063
Financing activities	427	2,085	2,512
Foreign currency translation adjustments	47	(124)	(77)
Change in Financial Net Debt over the period	**(590)**	**1,982**	**1,392**
Financial Net Debt as of December 31, 2012	**(3,894)**	**17,313**	**13,419**

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

5.3. ANALYSIS OF FINANCIAL NET DEBT CHANGES

(in millions of euros)	Refer to section	Year ended December 31, 2012		
		Impact on cash and cash equivalents	Impact on borrowings and other financial items	Impact on Financial Net Debt
EBIT	**2**	**(2,878)**	**-**	**(2,878)**
Adjustments		(5,199)	-	(5,199)
Content investments, net		299	-	299
Gross cash provided by operating activities before income tax paid		***(7,778)***	***-***	***(7,778)***
Other changes in net working capital		(90)	-	(90)
Net cash provided by operating activities before income tax paid	3	***(7,868)***	***-***	***(7,868)***
Income tax paid, net	3	762	-	762
Operating activities A		**(7,106)**	**-**	**(7,106)**
Financial investments				
Purchases of consolidated companies, after acquired cash		1,374	58	1,432
Of which acquisition of EMI Recorded Music by Vivendi and UMG	1	*1,280*	*49*	*1,329*
payment in cash		*1,363*	*-*	*1,363*
net cash acquired		*(83)*	*49*	*(34)*
Investments in equity affiliates		322	-	322
Of which acquisition of 40% interest in N-Vision by Canal+ Group	1	*277*	*-*	*277*
Increase in financial assets		99	(60)	39
Total financial investments		***1,795***	***(2)***	***1,793***
Financial divestments				
Proceeds from sales of consolidated companies, after divested cash		(13)	-	(13)
Disposal of equity affiliates		(11)	-	(11)
Decrease in financial assets		(215)	23	(192)
Of which redemption of the loan granted by Canal+ Group to ITI	1	*(120)*	*-*	*(120)*
Total financial divestments		***(239)***	***23***	***(216)***
Financial investment activities		**1,556**	**21**	**1,577**
Dividends received from equity affiliates		(3)	-	(3)
Dividends received from unconsolidated companies		(1)	-	(1)
Net investing activities excluding capital expenditures and proceeds from sales of property, plant, equipment and intangible assets		**1,552**	**21**	**1,573**
Capital expenditures		4,516	-	4,516
Proceeds from sales of property, plant, equipment and intangible assets		(26)	-	(26)
Capital expenditures, net	3	***4,490***	***-***	***4,490***
Investing activities B		**6,042**	**21**	**6,063**

Please refer to the next page for the end of this table.

Continued from previous page.

(in millions of euros)	Refer to section	Year ended December 31, 2012		
		Impact on cash and cash equivalents	Impact on borrowings and other financial items	Impact on Financial Net Debt
Transactions with shareowners				
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans		(131)	-	(131)
Of which capital increase subscribed by employees in connection with the stock purchase plan		*(127)*	-	*(127)*
(Sales)/purchases of Vivendi SA's treasury shares		18	-	18
Dividends paid by Vivendi SA (€1 per share)	1	1,245	-	1,245
Other transactions with shareowners		229	-	229
Of which stock repurchase program of Activision Blizzard	1	*241*	-	*241*
Dividends paid by consolidated companies to their non-controlling interests	1	483	-	483
Of which Maroc Telecom SA		*345*	-	*345*
Activision Blizzard		*62*	-	*62*
Total transactions with shareowners		***1,844***	***-***	***1,844***
Transactions on borrowings and other financial liabilities				
Setting up of long-term borrowings and increase in other long-term financial liabilities	5.4	(5,859)	5,859	-
Of which bonds		*(3,758)*	*3,758*	-
bank credit facilities		*(1,894)*	*1,894*	-
Principal payments on long-term borrowings and decrease in other long-term financial liabilities		4,217	(4,217)	-
Of which bank credit facilities		*4,176*	*(4,176)*	-
Principal payments on short-term borrowings	5.4	2,615	(2,615)	-
Of which bonds		*2,048*	*(2,048)*	-
bank credit facilities		*271*	*(271)*	-
commercial paper		*40*	*(40)*	-
Other changes in short-term borrowings and other financial liabilities		(3,056)	3,056	-
Of which commercial paper		*(2,767)*	*2,767*	-
Non-cash transactions		-	2	2
Interest paid, net	3	568	-	568
Other cash items related to financial activities	3	98	-	98
Total transactions on borrowings and other financial liabilities		***(1,417)***	***2,085***	***668***
Financing activities	**C**	**427**	**2,085**	**2,512**
Foreign currency translation adjustments	D	47	(124)	(77)
Change in Financial Net Debt	**A+B+C+D**	**(590)**	**1,982**	**1,392**

5.4. NEW FINANCINGS

Bonds

In January 2012, Vivendi issued a €1,250 million bond, with a 5.5-year maturity and a 4.125% coupon, and an effective rate of 4.31%.

In April 2012, Vivendi made the following transactions in the bond markets:

* A $2 billion bond issue consisting of the following three tranches:
  - $550 million with a 2.4% coupon maturing in April 2015 and an effective rate of 2.50%. A USD-EUR foreign currency hedge (cross-currency swap) was set up to hedge this tranche with a rate of 1.3082 USD/EUR, or a €420 million counter value at maturity;
  - $650 million, with a 3.450% coupon maturing in January 2018 and an effective rate of 3.56%; and
  - $800 million, with a 4.750% coupon maturing in April 2022 and an effective rate of 4.91%.

  This bond notably allowed the early redemption, through a tender offer, of the $700 million bond, with an initial scheduled maturity in April 2013.
* A €300 million tap issue on the €750 million bond maturing in July 2021, with a 4.750% coupon. This transaction increased the total amount of the bond issue to €1,050 million, with an effective rate of 4.67% (compared to 4.90% as of December 31, 2011).

In December 2012, Vivendi issued a €700 million bond, with a 7-year and one month maturity and a 2.500% coupon, and an effective rate of 2.65%.

Moreover, the bonds issued in February and July 2005 for €600 million and €1,000 million were redeemed upon maturity in February and July 2012, respectively.

Bank credit facilities

* In January 2012, Vivendi set up a €1.1 billion bank credit facility with a 5-year maturity, which permitted the early refinancing of the €1.5 billion credit facility with an initial scheduled maturity in December 2012 and a €0.5 billion SFR syndicated loan with an initial scheduled maturity in March 2012; and
* In May 2012, Vivendi set up a €1.5 billion bank credit facility maturing in May 2017, which permitted the early refinancing of the two credit facilities for a total amount of €3 billion (the €2 billion credit facility set up in August 2006, maturing in August 2013 for €1.7 billion and in August 2012 for €0.3 billion, as well as the €1 billion credit facility set up in February 2008, maturing in February 2013).

Moreover, in June 2012, Vivendi increased the maximum amount authorized by the Banque de France regarding Vivendi SA's commercial paper program from €3 billion to €4 billion.

For a detailed analysis of the bond and bank credit facilities as of December 31, 2012, please refer to Note 22 to the Consolidated Financial Statements for the year ended December 31, 2012.

5.5. FINANCING OF SUBSIDIARIES

Excluding primarily Activision Blizzard and Maroc Telecom, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) that are not subject to local regulations restricting the transfer of financial assets or (b) that are not subject to other contractual agreements. In particular, the increase to a 100% ownership interest in SFR on June 16, 2011 (please refer to Note 2.5 to the Consolidated Financial Statements for the year ended December 31, 2012), has enabled Vivendi SA to centralize all of SFR's cash surpluses on a daily basis from July 1, 2011 through a cash pooling account.

Alternatively, in particular at Activision Blizzard and Maroc Telecom, cash surpluses are not pooled by Vivendi SA but rather, as the case may be, distributed as dividends when they are not used to finance investments of the relevant subsidiaries, as common stock repurchases or to redeem borrowings used to finance their investments. Regarding Activision Blizzard, up until July 9, 2013, the distribution of any dividend by Activision Blizzard requires the affirmative vote of a majority of the independent directors if Activision Blizzard's Financial Net Debt, after giving effect to such dividend, exceeds $400 million.

Activision Blizzard's net cash position amounted to €3,290 million (€2,714 million as of December 31, 2011). This amount notably includes US treasuries and government agency securities having a maturity exceeding three months for $387 million (compared to $344 million as of December 31, 2011), classified as short-term financial assets in the Consolidated Statement of Financial Position. In addition, cash and cash equivalents also include cash held outside the United States by Activision Blizzard's non-American subsidiaries for €1,936 million (compared to €1,266 million as of December 31, 2011). The funds held by foreign subsidiaries are generally subject to US income taxation on repatriation to the United States.

Maroc Telecom Group's Financial Net Debt amounted to €638 million (€617 million as of December 31, 2011).

SECTION 6 OUTLOOK

Preliminary comments:

The outlook for 2013 presented below regarding revenues, EBITA, EBITA margin rates, EBITDA, EBITDA margin rates, cash flow from operations (CFFO), and capital expenditures is based on data, assumptions, and estimates considered as reasonable by Vivendi Management. They are subject to change or modification due to uncertainties related in particular to the economic, financial, competitive and/or regulatory environment. Moreover, the materialization of certain risks described in Note 27 to the Consolidated Financial Statements could have an impact on the group's operations and its ability to achieve its outlook for 2013. Finally, Vivendi considers that the non-GAAP measures, EBITA, EBITDA, CFFO, and capital expenditures are relevant indicators of the group's operating and financial performance.

Vivendi's 2012 actuals compared to outlook

* On March 1, 2012, Vivendi expected a 2012 adjusted net income above €2.5 billion, before the impact of the transactions announced in the second half of 2011 (as a reminder: acquisition of EMI Recorded Music by UMG, acquisition of the D8 and D17 channels by Canal+ Group, and strategic partnership between Canal+ Group, ITI, and TVN in Poland). As a result, the group expected to propose a cash dividend with respect to fiscal year 2012 representing around 45% to 55% of adjusted net income. In addition, Vivendi expected Financial Net Debt to be below €14 billion at year end 2012, assuming closing by end of 2012 of the transactions announced in the second half of 2011.
* On November 13, 2012, given the better than expected performance of Vivendi's businesses for the first nine months of 2012, which offset the economic slowdown and heavier tax environment, Vivendi announced an improvement in the 2012 adjusted net income guidance to "around €2.7 billion, before the impact of the transactions announced in the second half of 2011 and the restructuring charges in telecom operations".
* In 2012, Vivendi's adjusted net income amounted to €2,550 million, after the impact of the transactions announced in the second half of 2011 (-€51 million for Canal+ Group and -€2 million for UMG) and restructuring charges in its telecom operations (-€187 million for SFR and -€79 million for Maroc Telecom Group), as well as the fine incurred by SFR (-€66 million). Excluding these non-recurring items and after the impact of income taxes and non-controlling interests, adjusted net income amounted to €2,862 million, above the upgraded guidance announced on November 13, 2012.
* In addition, at the end of December 2012, Financial Net Debt amounted to €13.4 billion (below the guidance of "below €14 billion") and the Management Board will propose, at the General Shareholders' Meeting held on April 30, 2013, a €1 dividend per share, to be paid in cash, representing a distribution of €1,300 million, or 51% of adjusted net income, or 45% of adjusted net income, excluding these non-recurring items.

Vivendi's outlook for 2013

* Vivendi's new strategic orientation focuses on strengthening in media and content and the maximization of SFR's value. The group's strong presence in content (games, music, and audiovisual) provides a solid and unique foundation to build a worldwide European-born media leader. Vivendi owns and creates high-quality content with strong brands and a unique know-how. Moreover, SFR will strive to stabilize its operations thanks to a proactive commercial strategy, invest to boost growth, adapt its cost structure to a new bipolarized market (and execute the €500 million fixed cost savings plan), and seek to enter into partnerships (network sharing / industrial partnerships).
* Through this strengthening in media and content and the maximization of SFR's value, Vivendi's Management Board remains committed to focusing on shareholder value creation (through dividend distributions, share buybacks, and strategic acquisitions), adjusted net income per share, and maintaining a long-term credit rating of BBB (Standard & Poor's / Fitch) / Baa2 (Moody's).
* Vivendi's priorities for 2013 will be to focus on cash flow generation in a slow economic environment, continue to adapt its telecoms businesses to a challenging environment, and integrate the acquisitions closed in 2012 and deliver initial synergies.

ACTIVISION BLIZZARD

* In 2012, Activision Blizzard exceeded its guidance with an EBITA of €1,149 million, driven by the strength of its main franchises (*Call of Duty, Skylanders, World of Warcraft* and *Diablo III*).
* In the short term, Activision Blizzard expects to deliver strong profitability, but below its record setting 2012 performance, due to a challenged global economy, the ongoing console transition and a smaller number of game releases compared to 2012. However, for 2013, the EBITA guidance is still above $1 billion.
* In addition, according to February 7, 2013's announcement on outlook, Activision Blizzard is considering or may consider during 2013, substantial stock repurchases, dividends, acquisitions, licensing or other non-ordinary course transactions, and significant related debt financings. Activision Blizzard's full year 2013 outlook does not take into account any such transactions or financings that may or may not occur during the year, with the exception of the $0.19 per share cash dividend announced on February 7, 2013.

UNIVERSAL MUSIC GROUP (UMG)

* In 2012, in line with its guidance, UMG achieved a double digit EBITA margin, at constant perimeter (before the impact of the acquisition of EMI Recorded Music, announced on November 11, 2011 and completed on September 28, 2012): 12.4%, compared to 12.1% in 2011, notably thanks to the increase in digital sales and to cost reductions.
* For 2013, UMG expects an increase in EBITA, with a positive contribution from EMI Recorded Music, including restructuring charges. The combination of UMG and EMI Recorded Music is expected to generate annual synergies above £100 million per annum by the end of 2014, despite having to sell one third of EMI Recorded Music's revenues.
* The sale of Parlophone Label Group, part of EMI Recorded Music, for £487 million (approximately €600 million after taking into account the EUR/GBP foreign currency hedge in place), to be paid in cash, was announced on February 7, 2013. Additional, less significative divestments (of which notably Sanctuary, Mute, Co-Op) were also sold bringing the total amount of sales to exceed £530 million, all of which are pending regulatory approvals.

SFR

* In 2012, the decrease in EBITDA, excluding negative and positive non-recurring items (-€15 million in 2012 and +€93 million in 2011), decreased by 10.6% thanks to its adaptation plan and the strong control of its commercial costs. Cash flow from operations, excluding the impact of the acquisition of 4G spectrum for €1,065 million amounted to €1,758 million. Capital expenditures, net amounted to €2,736 million in 2012 (€1,671 million excluding the acquisition of 4G spectrum). In addition, in 2012, SFR launched an adaptation plan while continuing to invest in 4G and fiber infrastructures and adapt its organization to changing market conditions. In November 2012, it announced a voluntary redundancy plan with a target of 856 net departures.
* For 2013, SFR expects EBITDA of close to €2.9 billion and capital expenditures, net of around €1.6 billion and confirms its objective to reduce operational costs by approximately €500 million by year-end 2014.

MAROC TELECOM GROUP

* In 2012, Maroc Telecom Group's EBITA margin, excluding restructuring charges, was better-than-expected, at 39.6% thanks to outstanding results of its International activities. Cash flow from operations amounted to €1,066 million in 2012 (compared to €1,035 million in 2011).
* For 2013, Maroc Telecom Group expects to maintain the EBITDA margin at a substantial level of approximately 56% and a slight growth in EBITDA - capex (excluding potential acquisition of spectrum and licenses).

GVT

* In 2012, GVT's revenues increased by 28.2%, at constant currency and it achieved an EBITDA margin of 43.1%, including the impact of the pay-TV business. Capital expenditures, net amounted to €947 million (compared to €705 million in 2011). For the telecom activities only, GVT reached break-even on an EBITDA - capex basis.
* For 2013, GVT expects revenues growth in the low 20's at constant currency, an EBITDA margin slightly above 40%, and an EBITDA - capex close to breakeven.

CANAL+ GROUP

* In 2012, in line with its guidance, Canal+ Group's EBITA increased by 1.9% at constant perimeter (before the impact of the acquisition of the D8 and D17 channels, completed on September 27, 2012 and of the merger between Cyfra+ and "n" in Poland, completed on November 30, 2012).
* For 2013, Canal+ Group expects an EBITA of around €670 million (excluding restructuring charges related to pay-TV in Poland), up €50 million compared with 2012 proforma EBITA of €620 million, including a €95 million loss related to D8, D17 and "n", assuming ownership as of January 1, 2012.

SECTION 7 FORWARD-LOOKING STATEMENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Financial Report contains forward-looking statements with respect to Vivendi’s financial condition, results of operations, business, strategy, plans, and outlook of Vivendi, including projections regarding the payment of dividends as well as the impact of certain transactions. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi’s control, including, but not limited to, the risks related to antitrust and other regulatory approvals in connection with certain transactions as well as the risks described in the documents of the group filed with the *Autorité des Marchés Financiers* (AMF) (the French securities regulator), which are available in English on Vivendi’s website (www.vivendi.com). Accordingly, readers of this Financial Report are cautioned against relying on any of these forward-looking statements. These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SECTION 8 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 such report and is provided for informational purposes only. This translation is qualified in its entirety by the French version, which is available on the company’s website (www.vivendi.com). In the event of any inconsistencies between the French version of this Financial Report and the English translation, the French version will prevail.

II - Appendices to the Financial Report: Unaudited supplementary financial data

1. ADJUSTED NET INCOME

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant indicator of the group's operating and financial performance. Vivendi Management uses adjusted net income because it illustrates the underlying performance of continuing operations more effectively by excluding most non-recurring and non-operating items. Adjusted net income is defined in Note 1.2.3 to the Consolidated Financial Statements for the year ended December 31, 2012.

RECONCILIATION OF EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS TO ADJUSTED NET INCOME

	Year ended December 31,	
(in millions of euros)	2012	2011
Earnings attributable to Vivendi SA shareowners (a)	**164**	**2,681**
Adjustments		
Amortization of intangible assets acquired through business combinations	487	510
Impairment losses on intangible assets acquired through business combinations (a)	760	397
Reserve accrual regarding the Liberty Media Corporation litigation in the United States (a)	945	-
Other income (a)	(22)	(1,385)
Other charges (a)	235	656
Other financial income (a)	(37)	(14)
Other financial charges (a)	210	167
Change in deferred tax asset related to Vivendi SA's French Tax Group and to the Consolidated Global Profit Tax Systems	48	129
Non-recurring items related to provision for income taxes	(25)	41
Provision for income taxes on adjustments	(203)	(200)
Non-controlling interests on adjustments	(12)	(30)
Adjusted net income	**2,550**	**2,952**

(a) As presented in the Consolidated Statement of Earnings.

ADJUSTED NET INCOME PER SHARE

	Year ended December 31,			
	2012		2011	
	Basic	Diluted	Basic	Diluted
Adjusted net income (in millions of euros)	**2,550**	(a) **2,547**	**2,952**	(a) **2,949**
Number of shares (in millions)				
Weighted average number of shares outstanding (b) (c)	1,298.9	1,298.9	1,281.4	1,281.4
Potential dilutive effects related to share-based compensation (d)	-	3.5	-	2.4
Adjusted weighted average number of shares	**1,298.9**	**1,302.4**	**1,281.4**	**1,283.8**
Adjusted net income per share (in euros) **(b)**	**1.96**	**1.96**	**2.30**	**2.30**

(a) Includes only the potential dilutive effect related to employee stock option plans and restricted stock plans for Activision Blizzard in a non-significant amount.

(b) The weighted-average number of shares and adjusted net income per share have been adjusted for all periods previously published in order to reflect the dilution arising from the grant to each shareowner on May 9, 2012, of one bonus share for each 30 shares held, in accordance with IAS 33 - *Earnings per share*. Please refer to Section 1.1.8 of the Financial Report above.

(c) Net of treasury shares (please refer to Note 18 to the Consolidated Financial Statements for the year ended December 31, 2012).

(d) Does not include accretive instruments as of December 31, 2012 and December 31, 2011 which could potentially become dilutive. The balance of common shares in connection with Vivendi SA's share based compensation plan is presented in Note 21.2.2 to the Consolidated Financial Statements for the year ended December 31, 2012.

2. RECONCILIATION OF ACTIVISION BLIZZARD'S REVENUES AND EBITA[1]

As reported below, the reconciliation of Activision Blizzard's revenues and EBITA to IFRS as of December 31, 2012 and December 31, 2011 is based on:

* Activision Blizzard's data prepared in compliance with US GAAP standards, in US dollars, contained in its Form 10-K for the year ended December 31, 2012 and non-GAAP measures published by Activision Blizzard on February 22, 2013; and
* data relating to Activision Blizzard established in accordance with IFRS standards, in euros, as published by Vivendi in its Audited Consolidated Financial Statements for the year ended December 31, 2012.

NON-GAAP MEASURES OF ACTIVISION BLIZZARD

Activision Blizzard provides net revenues, net income (loss), earnings (loss) per share, operating margin data and guidance both including (in accordance with US GAAP) and excluding (non-GAAP) certain items. The non-GAAP financial measures exclude the following items, as applicable in any given reporting period:

i. the change in deferred net revenues and related costs of sales with respect to certain of the company's online-enabled games;
ii. expenses related to equity-based compensation;
iii. expenses related to restructuring;
iv. impairment of intangible assets acquired through business combinations;
v. the amortization of intangible assets acquired through business combinations; and
vi. the income tax adjustments associated with any of the above items.

(1) Note: For a definition of EBITA, please refer to Section 4.2 of this Financial Report.

REVENUES RECONCILIATION

	Year ended December 31,	
	2012	2011
Non-GAAP Net Revenues (in millions of dollars)	**4,987**	**4,489**
Elimination of non-GAAP adjustments:		
Changes in deferred net revenues (a)	(131)	266
Net Revenues in U.S. GAAP (in millions of dollars)**, as published by Activision Blizzard**	**4,856**	**4,755**
Elimination of U.S. GAAP vs. IFRS differences:	*na**	*na**
Net Revenues in IFRS (in millions of dollars)	**4,856**	**4,755**
Dollar to euro translation:		
Net Revenues in IFRS (in millions of euros)**, as published by Vivendi**	**3,768**	**3,432**
Of which Activision	2,370	2,047
Blizzard	1,160	1,082
Distribution	238	303

na*: not applicable.

EBITA RECONCILIATION

	Year ended December 31,	
	2012	2011
Non-GAAP Operating Income/(Loss) (in millions of dollars)	**1,698**	**1,358**
Elimination of non-GAAP adjustments:		
Changes in deferred net revenues and related cost of sales (a)	(91)	183
Equity-based compensation expense	(126)	(103)
Restructuring charges	-	(26)
Amortization of intangibles acquired through business combinations	(30)	(72)
Impairment of intangibles acquired through business combinations	-	(12)
Operating Income/(Loss) in U.S. GAAP (in millions of dollars)**, as published by Activision Blizzard**	**1,451**	**1,328**
Elimination of U.S. GAAP vs. IFRS differences:	*5*	*7*
Operating Income/(Loss) in IFRS (in millions of dollars)	**1,456**	**1,335**
Elimination of items excluded from EBITA:		
Amortization of intangibles acquired through business combinations	30	72
Impairment of intangibles acquired through business combinations	-	5
Other	(1)	(3)
EBITA in IFRS (in millions of dollars)	**1,485**	**1,409**
Dollar to euro translation:		
EBITA in IFRS (in millions of euros)**, as published by Vivendi**	**1,149**	**1,011**
Of which Activision	678	520
Blizzard	463	483
Distribution	8	8

(a) Relates to the impact of the change in deferred net revenues and related costs of sales with respect to certain of the company's online-enabled games. As of December 31, 2012, both in US GAAP and IFRS:

- the change in deferred net revenues resulted in deferred revenues for $131 million (€103 million) and, after taking into account related costs of sales, the spreading of margin from operations for $92 million (€72 million); and
- the deferred net revenues balance in the Statement of Financial Position amounted to $1,657 million (€1,251 million), compared to $1,472 million (€1,139 million) as of December 31, 2011. After taking into account related costs of sales, the deferred margin balance in the Statement of Financial Position amounted to $1,324 million (€1,000 million), compared to $1,181 million (€913 million) as of December 31, 2011.

3. REVENUES AND EBITA BY BUSINESS SEGMENT - 2012 AND 2011 QUARTERLY DATA

	2012			
(in millions of euros)	1st Quarter ended March 31	2nd Quarter ended June 30	3rd Quarter ended Sept. 30	4th Quarter ended Dec. 31
Revenues				
Activision Blizzard	894	837	673	1,364
Universal Music Group	961	961	981	1,641
SFR	2,927	2,834	2,747	2,780
Maroc Telecom Group	676	687	665	661
GVT	432	421	429	434
Canal+ Group	1,232	1,238	1,177	1,366
Non-core operations and others, and elimination of intersegment transactions	(3)	(13)	(5)	(3)
Total Vivendi	**7,119**	**6,965**	**6,667**	**8,243**
EBITA				
Activision Blizzard	395	177	182	395
Universal Music Group	68	88	82	287
SFR	561	552	537	(50)
Maroc Telecom Group	273	190	266	258
GVT	116	107	118	147
Canal+ Group	236	247	239	(59)
Holding & Corporate	(25)	(44)	(26)	(20)
Non-core operations and others	(3)	(1)	(4)	(6)
Total Vivendi	**1,621**	**1,316**	**1,394**	**952**

	2011			
(in millions of euros)	1st Quarter ended March 31	2nd Quarter ended June 30	3rd Quarter ended Sept. 30	4th Quarter ended Dec. 31
Revenues				
Activision Blizzard	1,061	796	533	1,042
Universal Music Group	881	982	979	1,355
SFR	3,056	3,064	3,017	3,046
Maroc Telecom Group	672	689	698	680
GVT	329	353	395	369
Canal+ Group	1,192	1,200	1,171	1,294
Non-core operations and others, and elimination of intersegment transactions	(7)	(15)	(16)	(3)
Total Vivendi	**7,184**	**7,069**	**6,777**	**7,783**
EBITA				
Activision Blizzard	502	331	118	60
Universal Music Group	46	86	112	263
SFR	566	675	644	393
Maroc Telecom Group	266	265	302	256
GVT	90	97	112	97
Canal+ Group	265	230	237	(31)
Holding & Corporate	(20)	(22)	(17)	(41)
Non-core operations and others	(10)	(4)	(5)	(3)
Total Vivendi	**1,705**	**1,658**	**1,503**	**994**

Data presented above takes into consideration the consolidation of the following entities at the indicated dates:

- at Universal Music Group: EMI Recorded Music (September 28, 2012); and
- at Canal+ Group: D8 and D17 (September 27, 2012) and "n" (November 30, 2012).

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III - Consolidated Financial Statements for the year ended December 31, 2012

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Shareholders' Meetings, we hereby report to you for the year ended December 31, 2012 on:

* the audit of the accompanying Consolidated Financial Statements of Vivendi SA, hereinafter referred to as "the Company";
* the justification of our assessments; and
* the specific verifications required by law.

These Consolidated Financial Statements have been approved by your Management Board. Our role is to express an opinion on the Consolidated Financial Statements, based on our audit.

I. Opinion on the Consolidated Financial Statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made, as well as the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view of the assets and liabilities and of the financial position of the group and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code (*Code de Commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

In connection with our assessment of the accounting principles applied by your Company:

* Note 1.3.6 to the Consolidated Financial Statements describes the applicable criteria for classifying and accounting for discontinued operations or assets held for sale in accordance with IFRS 5. We verified the correct application of this accounting principle and we ensured that Note 2.6 to the Consolidated Financial Statements provides appropriate disclosures with respect to management's position as of December 31, 2012.
* At each financial year end, your Company systematically performs impairment tests of goodwill and assets with indefinite useful lives, and also assesses whether there is any indication of impairment of other tangible and intangible assets, according to the methods described in Note 1.3.5.7 to the Consolidated Financial Statements. We examined the methods used to perform these impairment tests, as well as the main assumptions and estimates, and ensured that Notes 1.3.5.7 and 9 to the Consolidated Financial Statements provide appropriate disclosures thereon.
* Note 1.3.9 to the Consolidated Financial Statements describes the accounting principles applicable to deferred tax and Note 1.3.8 describes the methods used to assess and recognize provisions. We verified the correct application of these accounting principles and also examined the assumptions underlying the positions as of December 31, 2012. We ensured Note 6 to the Consolidated Financial Statements gives appropriate information on tax assets and liabilities and on your company's tax positions.
* Notes 1.3.8 and 27 to the Consolidated Financial Statements describe the methods used to assess and recognize provisions for litigation. We examined the methods used within your group to identify, calculate, and determine the accounting for such litigations. We also examined the assumptions and data underlying the estimates made by the Company. As stated in Note 1.3.1 to the Consolidated Financial Statements, facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of provisions.

Our assessments were made as part of our audit of the Consolidated Financial Statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

We have also verified, in accordance with professional standard applicable in France, the information provided in the group management report, as required by law.

We have no matters to report as to its fair presentation and its conformity with the Consolidated Financial Statements.

Paris-La Défense, February 25, 2013

The Statutory Auditors

KPMG Audit	ERNST & YOUNG ET AUTRES
Département de KPMG S.A.	
Frédéric Quélin	Jean-Yves Jégourel

CONSOLIDATED STATEMENT OF EARNINGS

	Note	Year ended December 31,	
		2012	2011
Revenues	4	**28,994**	**28,813**
Cost of revenues	4	(14,364)	(14,391)
Selling, general and administrative expenses		(9,482)	(8,911)
Restructuring charges and other operating charges and income		(352)	(161)
Impairment losses on intangible assets acquired through business combinations	4	(760)	(397)
Reserve accrual regarding the Liberty Media Corporation litigation in the United States	27	(945)	-
Other income	4	22	1,385
Other charges	4	(235)	(656)
Earnings before interest and income taxes (EBIT)	3	**2,878**	**5,682**
Income from equity affiliates	14	(38)	(18)
Interest	5	(568)	(481)
Income from investments		9	75
Other financial income	5	37	14
Other financial charges	5	(210)	(167)
Earnings from continuing operations before provision for income taxes		**2,108**	**5,105**
Provision for income taxes	6.2	(1,159)	(1,378)
Earnings from continuing operations		**949**	**3,727**
Earnings from discontinued operations		-	-
Earnings		**949**	**3,727**
Of which			
Earnings attributable to Vivendi SA shareowners		**164**	**2,681**
Non-controlling interests		785	1,046
Earnings from continuing operations attributable to Vivendi SA shareowners per share - basic	7	0.13	2.09
Earnings from continuing operations attributable to Vivendi SA shareowners per share - diluted	7	0.12	2.09
Earnings attributable to Vivendi SA shareowners per share - basic	7	**0.13**	**2.09**
Earnings attributable to Vivendi SA shareowners per share - diluted	7	0.12	2.09

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

Note: Earnings attributable to Vivendi SA shareowners per share (basic and diluted) have been adjusted for all periods previously published in order to reflect the dilution arising from the grant to each shareowner on May 9, 2012, of one bonus share for each 30 shares held, in accordance with IAS 33 – *Earnings per share.*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended December 31,	
(in millions of euros)	Note	2012	2011
Earnings		**949**	**3,727**
Foreign currency translation adjustments		**(605)**	**182**
Assets available for sale		63	15
Cash flow hedge instruments		22	78
Net investment hedge instruments		17	21
Tax		1	(24)
Unrealized gains/(losses), net		**103**	**90**
Other impacts, net		-	**12**
Charges and income directly recognized in equity	**8**	**(502)**	**284**
Total comprehensive income		**447**	**4,011**
Of which			
Total comprehensive income attributable to Vivendi SA shareowners		**(317)**	**2,948**
Total comprehensive income attributable to non-controlling interests		764	1,063

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	Note	December 31, 2012	December 31, 2011
Assets			
Goodwill	9	24,656	25,029
Non-current content assets	10	3,327	2,485
Other intangible assets	11	5,190	4,329
Property, plant and equipment	12	9,926	9,001
Investments in equity affiliates	14	388	135
Non-current financial assets	15	514	394
Deferred tax assets	6	1,400	1,421
Non-current assets		**45,401**	**42,794**
Inventories	16	738	805
Current tax receivables	6	819	542
Current content assets	10	1,044	1,066
Trade accounts receivable and other	16	6,587	6,730
Current financial assets	15	364	478
Cash and cash equivalents	17	3,894	3,304
		13,446	**12,925**
Assets held for sale	2	667	-
Current assets		**14,113**	**12,925**
TOTAL ASSETS		**59,514**	**55,719**
Equity and liabilities			
Share capital		7,282	6,860
Additional paid-in capital		8,271	8,225
Treasury shares		(25)	(28)
Retained earnings and other		2,937	4,390
Vivendi SA shareowners' equity		**18,465**	**19,447**
Non-controlling interests		2,971	2,623
Total equity	**18**	**21,436**	**22,070**
Non-current provisions	19	3,094	1,569
Long-term borrowings and other financial liabilities	22	12,667	12,409
Deferred tax liabilities	6	991	728
Other non-current liabilities	16	1,002	864
Non-current liabilities		**17,754**	**15,570**
Current provisions	19	711	586
Short-term borrowings and other financial liabilities	22	5,090	3,301
Trade accounts payable and other	16	14,196	13,987
Current tax payables	6	321	205
		20,318	**18,079**
Liabilities associated with assets held for sale	2	6	-
Current liabilities		**20,324**	**18,079**
Total liabilities		**38,078**	**33,649**
TOTAL EQUITY AND LIABILITIES		**59,514**	**55,719**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended December 31,	
(in millions of euros)	Note	2012	2011
Operating activities			
EBIT	3	2,878	5,682
Adjustments	24.1	5,199	2,590
Content investments, net		(299)	(13)
Gross cash provided by operating activities before income tax paid		***7,778***	***8,259***
Other changes in net working capital	16	90	(307)
Net cash provided by operating activities before income tax paid		***7,868***	***7,952***
Income tax paid, net	6.3	(762)	(1,090)
Net cash provided by operating activities		**7,106**	**6,862**
Investing activities			
Capital expenditures	3	(4,516)	(3,367)
Purchases of consolidated companies, after acquired cash	2	(1,374)	(210)
Investments in equity affiliates	14	(322)	(49)
Increase in financial assets	15	(99)	(377)
Investments		***(6,311)***	***(4,003)***
Proceeds from sales of property, plant, equipment and intangible assets	3	26	27
Proceeds from sales of consolidated companies, after divested cash		13	30
Disposal of equity affiliates	14	11	2,920
Decrease in financial assets	4	215	1,751
Divestitures		***265***	***4,728***
Dividends received from equity affiliates		3	79
Dividends received from unconsolidated companies		1	3
Net cash provided by/(used for) investing activities		**(6,042)**	**807**
Financing activities			
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans	21	131	151
Sales/(purchases) of Vivendi SA's treasury shares		(18)	(37)
Dividends paid by Vivendi SA to its shareowners	18	(1,245)	(1,731)
Other transactions with shareowners		(229)	(7,909)
Dividends paid by consolidated companies to their non-controlling interests	18	(483)	(1,154)
Transactions with shareowners		***(1,844)***	***(10,680)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	22	5,859	6,045
Principal payment on long-term borrowings and decrease in other long-term financial liabilities	22	(4,217)	(452)
Principal payment on short-term borrowings	22	(2,615)	(2,451)
Other changes in short-term borrowings and other financial liabilities	22	3,056	597
Interest paid, net	5	(568)	(481)
Other cash items related to financial activities		(98)	(239)
Transactions on borrowings and other financial liabilities		***1,417***	***3,019***
Net cash provided by/(used for) financing activities		**(427)**	**(7,661)**
Foreign currency translation adjustments		(47)	(14)
Change in cash and cash equivalents		**590**	**(6)**
Cash and cash equivalents			
At beginning of the period	17	3,304	3,310
At end of the period	17	3,894	3,304

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2012

		Capital					Retained earnings and other				
		Common shares									
(in millions of euros, except number of shares)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Sub-total	Retained earnings	Net unrealized gains/(losses)	Foreign currency translation adjustments	Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2011		**1,247,263**	**6,860**	**8,225**	**(28)**	**15,057**	**7,094**	**23**	**(104)**	**7,013**	**22,070**
Attributable to Vivendi SA shareowners		*1,247,263*	*6,860*	*8,225*	*(28)*	*15,057*	*4,641*	*23*	*(274)*	*4,390*	*19,447*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*2,453*	*-*	*170*	*2,623*	*2,623*
Contributions by/distributions to Vivendi SA shareowners		**76,699**	**422**	**46**	**3**	**471**	**(1,201)**	**-**	**-**	**(1,201)**	**(730)**
Capital increase related to Direct 8 and Direct Star acquisition (September 27, 2012)	2	22,356	123	213	-	336	-	-	-	-	336
Vivendi SA's stock repurchase program		-	-	-	(18)	(18)	-	-	-	-	(18)
Dividends paid by Vivendi SA (€1 per share)	18	-	-	-	-	-	(1,245)	-	-	(1,245)	(1,245)
Grant of one bonus share for each 30 shares held (May 9, 2012)	18	41,575	229	(229)	-	-	-	-	-	-	-
Capital increase related to Vivendi SA's share-based compensation plans	21	12,768	70	62	21	153	44	-	-	44	197
Of which Vivendi Employee Stock Purchase Plans (July 19, 2012)		*12,289*	*67*	*60*	*-*	*127*	*-*	*-*	*-*	*-*	*127*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**65**	**-**	**-**	**65**	**65**
Of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	*(110)*	-	-	*(110)*	*(110)*
gain on the dilution of Canal+ Group's interest by 24% in Cyfra+ following the creation of nc+	2	-	-	-	-	-	*114*	-	-	*114*	*114*
Changes in equity attributable to Vivendi SA shareowners (A)		**76,699**	**422**	**46**	**3**	**471**	**(1,136)**	**-**	**-**	**(1,136)**	**(665)**
Contributions by/distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(481)**	**-**	**-**	**(481)**	**(481)**
Of which dividends paid by subsidiaries to non-controlling interests	18	-	-	-	-	-	*(481)*	-	-	*(481)*	*(481)*
Changes in non-controlling interests that result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**133**	**-**	**-**	**133**	**133**
Of which ITI Neovision non-controlling interests	2	-	-	-	-	-	*131*	-	-	*131*	*131*
Changes in non-controlling interests that do not result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**(68)**	**-**	**-**	**(68)**	**(68)**
Of which Activision Blizzard's stock repurchase program	18	-	-	-	-	-	*(131)*	-	-	*(131)*	*(131)*
Changes in equity attributable to non-controlling interests (B)		**-**	**-**	**-**	**-**	**-**	**(416)**	**-**	**-**	**(416)**	**(416)**
Earnings		**-**	**-**	**-**	**-**	**-**	**949**	**-**	**-**	**949**	**949**
Charges and income directly recognized in equity	8	**-**	**-**	**-**	**-**	**-**	**-**	**103**	**(605)**	**(502)**	**(502)**
Total comprehensive income (C)		**-**	**-**	**-**	**-**	**-**	**949**	**103**	**(605)**	**447**	**447**
Total changes over the period (A+B+C)		***76,699***	***422***	***46***	***3***	***471***	***(603)***	***103***	***(605)***	***(1,105)***	***(634)***
Attributable to Vivendi SA shareowners		*76,699*	*422*	*46*	*3*	*471*	*(972)*	*106*	*(587)*	*(1,453)*	*(982)*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*369*	*(3)*	*(18)*	*348*	*348*
BALANCE AS OF DECEMBER 31, 2012		**1,323,962**	**7,282**	**8,271**	**(25)**	**15,528**	**6,491**	**126**	**(709)**	**5,908**	**21,436**
Attributable to Vivendi SA shareowners		*1,323,962*	*7,282*	*8,271*	*(25)*	*15,528*	*3,669*	*129*	*(861)*	*2,937*	*18,465*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*2,822*	*(3)*	*152*	*2,971*	*2,971*

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

YEAR ENDED DECEMBER 31, 2011

		Capital					Retained earnings and other				
		Common shares									
(in millions of euros, except number of shares)	Note	Number of shares (in thousands)	Share capital	Additional paid-in capital	Treasury shares	Sub-total	Retained earnings	Net unrealized gains/(losses)	Foreign currency translation adjustments	Sub-total	Total equity
BALANCE AS OF DECEMBER 31, 2010		**1,237,337**	**6,805**	**8,128**	**(2)**	**14,931**	**13,595**	**(67)**	**(286)**	**13,242**	**28,173**
Attributable to Vivendi SA shareowners		*1,237,337*	*6,805*	*8,128*	*(2)*	*14,931*	*9,620*	*(47)*	*(446)*	*9,127*	*24,058*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*3,975*	*(20)*	*160*	*4,115*	*4,115*
Contributions by/distributions to Vivendi SA shareowners		**9,926**	**55**	**97**	**(26)**	**126**	**(1,690)**	**-**	**-**	**(1,690)**	**(1,564)**
Vivendi SA's stock repurchase program	18	-	-	-	(37)	(37)	-	-	-	-	(37)
Dividends paid by Vivendi SA (€1.40 per share)	18	-	-	-	-	-	(1,731)	-	-	(1,731)	(1,731)
Capital increase related to Vivendi SA's share-based compensation plans	21	9,926	55	97	11	163	41	-	-	41	204
Of which Vivendi Employee Stock Purchase Plans (July 21, 2011)		*9,372*	*52*	*91*	*-*	*143*	*-*	*-*	*-*	*-*	*143*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control		**-**	**-**	**-**	**-**	**-**	**(5,983)**	**(12)**	**-**	**(5,995)**	**(5,995)**
Of which acquisition of Vodafone's non-controlling interest in SFR	2	*-*	*-*	*-*	*-*	*-*	*(6,037)*	*(12)*	*-*	*(6,049)*	*(6,049)*
Activision Blizzard's stock repurchase program	18	*-*	*-*	*-*	*-*	*-*	*(231)*	*-*	*-*	*(231)*	*(231)*
sale of Activision Blizzard shares	18	*-*	*-*	*-*	*-*	*-*	*236*	*-*	*-*	*236*	*236*
Changes in equity attributable to Vivendi SA shareowners (A)		**9,926**	**55**	**97**	**(26)**	**126**	**(7,673)**	**(12)**	**-**	**(7,685)**	**(7,559)**
Contributions by/distributions to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**(721)**	**-**	**-**	**(721)**	**(721)**
Of which dividends paid by subsidiaries to non-controlling interests	18	*-*	*-*	*-*	*-*	*-*	*(521)*	*-*	*-*	*(521)*	*(521)*
interim dividend to Vodafone pursuant to the acquisition of its non-controlling interest in SFR	2	*-*	*-*	*-*	*-*	*-*	*(200)*	*-*	*-*	*(200)*	*(200)*
Changes in non-controlling interests that result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**10**	**-**	**-**	**10**	**10**
Changes in non-controlling interests that do not result in a gain/(loss) of control		**-**	**-**	**-**	**-**	**-**	**(1,856)**	**12**	**-**	**(1,844)**	**(1,844)**
Of which acquisition of Vodafone's non-controlling interest in SFR	2	*-*	*-*	*-*	*-*	*-*	*(1,713)*	*12*	*-*	*(1,701)*	*(1,701)*
Activision Blizzard's stock repurchase program	18	*-*	*-*	*-*	*-*	*-*	*(271)*	*-*	*-*	*(271)*	*(271)*
sale of Activision Blizzard shares	18	*-*	*-*	*-*	*-*	*-*	*78*	*-*	*-*	*78*	*78*
Changes in equity attributable to non-controlling interests (B)		**-**	**-**	**-**	**-**	**-**	**(2,567)**	**12**	**-**	**(2,555)**	**(2,555)**
Earnings		**-**	**-**	**-**	**-**	**-**	**3,727**	**-**	**-**	**3,727**	**3,727**
Charges and income directly recognized in equity	8	**-**	**-**	**-**	**-**	**-**	**12**	**90**	**182**	**284**	**284**
Total comprehensive income (C)		**-**	**-**	**-**	**-**	**-**	**3,739**	**90**	**182**	**4,011**	**4,011**
Total changes over the period (A+B+C)		***9,926***	***55***	***97***	***(26)***	***126***	***(6,501)***	***90***	***182***	***(6,229)***	***(6,103)***
Attributable to Vivendi SA shareowners		*9,926*	*55*	*97*	*(26)*	*126*	*(4,979)*	*70*	*172*	*(4,737)*	*(4,611)*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*(1,522)*	*20*	*10*	*(1,492)*	*(1,492)*
BALANCE AS OF DECEMBER 31, 2011		**1,247,263**	**6,860**	**8,225**	**(28)**	**15,057**	**7,094**	**23**	**(104)**	**7,013**	**22,070**
Attributable to Vivendi SA shareowners		*1,247,263*	*6,860*	*8,225*	*(28)*	*15,057*	*4,641*	*23*	*(274)*	*4,390*	*19,447*
Attributable to non-controlling interests		*-*	*-*	*-*	*-*	*-*	*2,453*	*-*	*170*	*2,623*	*2,623*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Accounting policies and valuation methods 222

1.1. Compliance with accounting standards 222
1.2. Presentation of the Consolidated Financial Statements 222
1.2.1. Consolidated Statement of Earnings 222
1.2.2. Consolidated Statement of Cash Flows 222
1.2.3. Operating performance of each operating segment and of the group 223
1.2.4. Consolidated Statement of Financial Position 224
1.3. Principles governing the preparation of the Consolidated Financial Statements 224
1.3.1. Use of estimates 224
1.3.2. Principles of consolidation 225
1.3.3. Foreign currency translation 225
1.3.4. Revenues from operations and associated costs 226
1.3.5. Assets 228
1.3.6. Assets held for sale and discontinued operations 232
1.3.7. Financial liabilities 233
1.3.8. Other liabilities 234
1.3.9. Deferred taxes 234
1.3.10. Share-based compensation 235
1.4. Related parties 236
1.5. Contractual obligations and contingent assets and liabilities 236
1.6. New IFRS standards and IFRIC interpretations that have been published but are not yet effective 237

Note 2. Major changes in the scope of consolidation 237

2.1. Acquisition of EMI Recorded Music by Vivendi and Universal Music Group (UMG) 237
2.2. Acquisition of Bolloré Group's channels by Vivendi and Canal+ Group 238
2.3. Strategic partnership among Canal+ Group, ITI, and TVN in Poland 239
2.4. Other changes in the scope of consolidation 240
2.5. Acquisition of Vodafone's 44% interest in SFR in June 2011 240
2.6. Changes in the Group's activities 240

Note 3. Segment data 241

3.1. Operating segment data 241
3.2. Geographic information 245

Note 4. EBIT 246

Note 5. Financial charges and income 248

Note 6. Income taxes 249

6.1. French Tax Group and Consolidated Global Profit Tax Systems 249
6.2. Provision for income taxes 250
6.3. Provision for income taxes and income tax paid by geographic region 250
6.4. Effective tax rate 251
6.5. Deferred tax assets and liabilities 251
6.6. Tax audits 253

Note 7. Earnings per share 253

Note 8. Charges and income directly recognized in equity 254

Note 9. Goodwill 254

Note 10. Content assets and commitments 259

10.1. Content assets 259
10.2. Contractual content commitments 260

Note 11. Other intangible assets 262

Note 12. Property, plant and equipment 263

Note 13. Intangible and tangible assets of telecom operations 264

Note 14. Investments in equity affiliates 266

Note 15. Financial assets 266

Note 16. Net working capital 267

Note 17. Cash and cash equivalents 268

Note 18. Equity 269

Note 19. Provisions 271

Note 20. Employee benefits 272

20.1. Analysis of expenses related to employee benefit plans 272
20.2. Employee defined benefit plans 272
20.2.1. Assumptions used in the evaluation and sensitivity analysis 272
20.2.2. Analysis of the expense recorded and of the amount of benefits paid 274
20.2.3. Analysis of net benefit obligations with respect to pensions and post-retirement benefits 274
20.2.4. Additional information on pension benefits in France 277
20.2.5. Benefits estimation and future payments 278

Note 21. Share-based compensation plans 278

21.1. Impact on the Consolidated Statement of Earnings 278
21.2. Plans granted by Vivendi 279
21.2.1. Information on plans granted by Vivendi 279
21.2.2. Information on outstanding Vivendi plans since January 1, 2011 282
21.3. Plans granted by Activision Blizzard 283
21.3.1. Information on plans granted by Activision Blizzard 283
21.3.2. Information on outstanding Activision Blizzard plans since January 1, 2011 284
21.4. UMG long-term incentive plan 285

Note 22. Borrowings and other financial liabilities 285

22.1. Bonds 286
22.2. Bank credit facilities 287
22.3. Breakdown of the nominal value of borrowings by maturity, nature of the interest rate, and currency 288
22.4. Credit ratings 289

Note 23. Financial instruments and management of financial risks 290

23.1. Fair value of financial instruments 290
23.2. Management of financial risks and derivative financial instruments 292
23.2.1. Interest rate risk management 292
23.2.2. Foreign currency risk management 294
23.2.3. Liquidity risk management 297
23.3. Credit and investment concentration risk and counterparty risk management 299
23.4. Equity market risk management 299

Note 24. Consolidated Cash Flow Statement 300

24.1. Adjustments 300
24.2. Investing and financing activities with no cash impact 300

Note 25. Transactions with related parties 301

25.1. Corporate officers 301
25.2. Other related parties 301

Note 26. Contractual obligations and other commitments 302

26.1. Contractual obligations and commercial commitments 302
26.1.1. Off balance sheet commercial commitments 303
26.1.2. Off balance sheet operating leases and subleases 303
26.2. Other commitments given or received relating to operations 304
26.3. Share purchase and sale commitments 304
26.4. Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares 305
26.5. Shareholders' agreements 308
26.6. Collaterals and pledges 309

Note 27. Litigation 310

Note 28. Major consolidated entities or entities accounted under equity method 316

Note 29. Statutory auditors fees 318

Note 30. Subsequent events 318

Note 31. Audit exemptions for UMG subsidiaries in the United Kingdom 319

Vivendi is a limited liability company (*société anonyme*) incorporated under French law, subject to French commercial company law and, in particular, the French Commercial Code (*Code de commerce*). Vivendi was incorporated on December 18, 1987, for a term of 99 years expiring on December 17, 2086, except in the event of an early dissolution or unless the term is extended. Its registered office is located at 42 avenue de Friedland - 75008 Paris (France). Vivendi is listed on Euronext Paris (Compartment A).

Vivendi is at the heart of the worlds of content, platforms and interactive networks and combines the world's leader in video games (Activision Blizzard), the world's leader in music (Universal Music Group), the French leader in alternative telecoms (SFR), the Moroccan leader in telecoms (Maroc Telecom Group), the leading alternative broadband operator in Brazil (GVT) and the French leader in pay-TV (Canal+ Group).

The Consolidated Financial Statements reflect the financial and accounting situation of Vivendi and its subsidiaries (the "group") together with interests in equity affiliates. Amounts are reported in euros and all values are rounded to the nearest million.

On February 18, 2013, during a meeting held at the headquarters of the company, the Management Board approved the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2012. Having considered the Audit Committee's recommendation given at its meeting held on February 15, 2013, the Supervisory Board, at its meeting held on February 22, 2013, reviewed the Financial Report and the Consolidated Financial Statements for the year ended December 31, 2012, as approved by the Management Board on February 18, 2013.

On April 30, 2013, the Consolidated Financial Statements for the year ended December 31, 2012 will be submitted for approval at Vivendi's Annual General Shareholders' Meeting.

Note 1. Accounting policies and valuation methods

1.1. COMPLIANCE WITH ACCOUNTING STANDARDS

The 2012 Consolidated Financial Statements of Vivendi SA have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), and in accordance with IFRS published by the International Accounting Standards Board (IASB) with mandatory application as of December 31, 2012.

1.2. PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

1.2.1. Consolidated Statement of Earnings

The main line items presented in Vivendi's Consolidated Statement of Earnings are revenues, income from equity affiliates, interest, provision for incomes taxes, earnings from discontinued or held for sale operations, and earnings. The Consolidated Statement of Earnings presents a subtotal for Earnings Before Interest and Tax (EBIT) equal to the difference between charges and income (excluding those financing activities, equity affiliates, discontinued or held for sale operations, and income taxes).

The charges and income related to financing activities consist of interest, income from investments, as well as other financial charges and income as defined in paragraph 1.2.3 and presented in Note 5.

1.2.2. Consolidated Statement of Cash Flows

Net cash provided from operating activities

Net cash provided from operating activities is calculated using the indirect method based on EBIT. EBIT is adjusted for non-cash items and changes in net working capital. Net cash provided from operating activities excludes the cash impact of financial charges and income and net changes in working capital related to property, plant and equipment, and intangible assets.

Net cash used for investing activities

Net cash used for investing activities includes changes in net working capital related to property, plant and equipment, and intangible assets as well as cash from investments (particularly dividends received from equity affiliates). It also includes any cash flows arising from the gain or loss of control of subsidiaries.

Net cash used for financing activities

Net cash used for financing activities includes net interest paid on borrowings, cash and cash equivalents, bank overdrafts, as well as the cash impact of other items related to financing activities such as premiums from the early redemption of borrowings and the settlement of derivative instruments. It also includes cash flows from changes in ownership interests in a subsidiary that do not result in a loss of control (including increases in ownership interests).

1.2.3. Operating performance of each operating segment and of the group

Vivendi considers Adjusted Earnings Before Interest and Tax (EBITA), Adjusted net income (ANI), and Cash Flow From Operations (CFFO), non-GAAP measures, to be relevant indicators of the group's operating and financial performance.

EBITA

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

The difference between EBITA and EBIT consists of the amortization of intangible assets acquired through business combinations, impairment losses on goodwill and other intangibles acquired through business combinations, as well as other financial income and charges related to financial investing transactions and to transactions with shareowners that are included in EBIT. The charges and income related to financial investing transactions include gains and losses recognized in business combinations, capital gains or losses related to divestitures or the depreciation of equity affiliates and other financial investments, as well as gains or losses incurred from the gain or loss of control in a business.

Adjusted net income

Vivendi considers adjusted net income, a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. Vivendi Management uses adjusted net income because it better illustrates the underlying performance of continuing operations by excluding most non-recurring and non-operating items. Adjusted net income includes the following items:

- EBITA (**);
- income from equity affiliates (*) (**);
- interest (*) (**), corresponding to interest expense on borrowings net of interest income earned on cash and cash equivalents;
- income from investments (*) (**), including dividends and interest received from unconsolidated companies; and
- taxes and non-controlling interests related to these items.

It does not include the following items:

- amortization of intangibles acquired through business combinations (**) as well as impairment losses on goodwill and other intangibles acquired through business combinations (*) (**);
- other income and charges related to financial investing transactions and to transactions with shareowners (*), as defined above;
- other financial charges and income (*) (**), equal to the profit and loss related to the change in value of financial assets and the termination or change in value of financial liabilities, which primarily include changes in fair value of derivative instruments, premiums from the early redemption of borrowings, the early unwinding of derivative instruments, the cost of issuing or cancelling credit facilities, the cash impact of foreign exchange transactions (other than those related to operating activities, included in the EBIT), as well as the effect of undiscounting assets and liabilities, and the financial components of employee benefits (interest cost and expected return on plan assets);
- earnings from discontinued operations (*) (**); and
- provisions for income taxes and adjustments attributable to non-controlling interests and non-recurring tax items (notably the changes in deferred tax assets pursuant to Vivendi SA's tax group and the Consolidated Global Profit Tax Systems, and the reversal of tax liabilities relating to risks extinguished over the period).

Cash Flow From Operations (CFFO)

Vivendi considers cash flow from operations (CFFO), a non-GAAP measure, to be a relevant measure to assess the group's operating and financial performance. The CFFO includes net cash provided by operating activities, before income tax paid, as presented in the Statement of Cash Flows, as well as dividends received from equity affiliates and unconsolidated companies. It also includes capital expenditures, net that relate to cash used for capital expenditures, net of proceeds from sales of property, plant and equipment, and intangible assets.

(*) Items as presented in the Consolidated Statement of Earnings.
(**) Items as reported by each operating segment.

The difference between CFFO and net cash provided by operating activities, before income tax consists of dividends received from equity affiliates and unconsolidated companies and capital expenditures, net, which are included in net cash used for investing activities and of income tax paid, net, which are excluded from CFFO.

1.2.4. Consolidated Statement of Financial Position

Assets and liabilities that are expected to be realized, or intended for sale or consumption, within the entity's normal operating cycle (generally 12 months), are recorded as current assets or liabilities. If their maturity exceeds this period, they are recorded as non-current assets or liabilities.

Moreover, certain reclassifications have been made to the 2011 and 2010 Consolidated Financial Statements to conform to the presentation of the 2012 and 2011 Consolidated Financial Statements.

1.3. PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to IFRS principles, the Consolidated Financial Statements have been prepared on a historical cost basis, with the exception of certain assets and liabilities detailed below.

The Consolidated Financial Statements include the financial statements of Vivendi and its subsidiaries after eliminating intragroup items and transactions. Vivendi has a December 31 year-end. Subsidiaries that do not have a December 31 year-end prepare interim financial statements at that date, except when their year-end falls within the three months prior to December 31.

Acquired subsidiaries are included in the Consolidated Financial Statements of the group as of the date of acquisition.

1.3.1. Use of estimates

The preparation of Consolidated Financial Statements in compliance with IFRS requires the group management to make certain estimates and assumptions that they consider reasonable and realistic. Even though these estimates and assumptions are regularly reviewed by Vivendi Management based, in particular, on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions which could impact the reported amount of group assets, liabilities, equity or earnings.

The main estimates and assumptions relate to the measurement of:

- revenue: estimates of provisions for returns and price guarantees, and rewards as part of loyalty programs deducted from certain revenue items (please refer to Note 1.3.4);
- Activision Blizzard revenue: estimates of the service period over which revenue from the sale of boxes for video-games with significant online functionality is recognized (please refer to Note 1.3.4.1);
- provisions: risk estimates, performed on an individual basis, noting that the occurrence of events during the course of procedures may lead to a risk reassessment at any time (please refer to Notes 1.3.8 and 19);
- employee benefits: assumptions are updated annually, such as the probability of employees remaining within the group until retirement, expected changes in future compensation, the discount rate and inflation rate (please refer to Notes 1.3.8 and 20);
- share-based compensation: assumptions are updated annually, such as the estimated term, volatility and the estimated dividend yield (please refer to Notes 1.3.10 and 21);
- certain financial instruments: fair value estimates (please refer to Notes 1.3.5.8, 1.3.7 and 23);
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually with factors such as expected tax rates and future tax results of the group (please refer to Notes 1.3.9 and 6);
- goodwill and other intangible assets: valuation methods adopted for the identification of intangible assets acquired through business combinations (please refer to Notes 1.3.5.2 and 2);
- goodwill, intangible assets with indefinite useful lives and assets in progress: assumptions are updated annually relating to impairment tests performed on each of the group's cash-generating units (CGUs), future cash flows and discount rates (please refer to Notes 1.3.5.7, 9, 11, and 12);

- Activision Blizzard content assets: estimates of the future performance of franchises and other content assets related to games are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10); and
- UMG content assets: estimates of the future performance of beneficiaries who were granted advances are recognized in the Statement of Financial Position (please refer to Notes 1.3.5.3 and 10).

Given the current economic crisis, notably in respect of sovereign exposures in countries considered to be at risk, Vivendi has reviewed the valuation of all its financial assets and liabilities. This review did not have any significant impact on the 2012 Consolidated Financial Statements.

1.3.2. Principles of consolidation

A list of Vivendi's major subsidiaries, joint ventures and associated entities is presented in Note 28.

Consolidation

All companies in which Vivendi has a controlling interest, namely those in which it has the power to govern financial and operational policies to obtain benefits from their operations, are fully consolidated.

A controlling position is deemed to exist when Vivendi holds, directly or indirectly, a voting interest exceeding 50% of total voting rights in an entity and no other shareholder or group of shareholders may exercise substantive participation rights that would enable it to veto or block ordinary decisions taken by Vivendi.

A controlling position also exists when Vivendi, holding an interest of 50% or less in an entity, has (i) control over more than 50% of the voting rights of such entity by virtue of an agreement entered into with other investors; (ii) the power to govern the financial and operational policies of the entity by virtue of statute or contract, (iii) the right to appoint or remove from office a majority of the members of the Board of Directors or other equivalent governing body or (iv) the power to assemble the majority of voting rights at meetings of the Board of Directors or other governing body. Revised IAS 27 presents the Consolidated Financial Statements of a group as those of a single economic entity with two categories of owners: Vivendi SA shareowners and the owners of non-controlling interests. A non-controlling interest is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. As a result of this new approach, changes in a parent's ownership interest in a subsidiary that do not result in a loss of control only impact equity, as control does not change within the economic entity. Hence, in the event of the acquisition of an additional interest in a consolidated entity after January 1, 2009, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners. Conversely, any acquisition of control achieved in stages or a loss of control give rise to profit or loss in the statement of earnings.

Vivendi consolidates special purpose entities that it controls in substance where it either (i) has the right to obtain a majority of benefits; or (ii) retains the majority of residual risks inherent in the special purpose entity or its assets.

Equity accounting

Entities over which Vivendi exercises significant influence as well as entities over which Vivendi exercises joint control are accounted for under the equity method.

Significant influence is presumed to exist when Vivendi holds, directly or indirectly, at least 20% of voting rights in an entity unless it can be clearly demonstrated that Vivendi does not exercise significant influence. Significant influence can be evidenced through other criteria, such as representation on the Board of Directors or the entity's equivalent governing body, participation in policy-making processes, material transactions with the entity or the interchange of managerial personnel.

Companies that are jointly controlled by Vivendi, directly or indirectly, and a limited number of other shareholders under the terms of a contractual arrangement are also accounted for under the equity method.

1.3.3. Foreign currency translation

The Consolidated Financial Statements are presented in millions of euros. The functional currency of Vivendi SA and the presentation currency of the group is the euro.

Foreign currency transactions

Foreign currency transactions are initially recorded in the functional currency of the entity at the exchange rate prevailing at the date of the transaction. At the closing date, foreign currency monetary assets and liabilities are translated into the entity's functional currency at the exchange rate prevailing on that date. All foreign currency differences are expensed, with the exception of differences resulting from borrowings in foreign currencies which constitute a hedge of the net investment in a foreign entity. These differences are allocated directly to charges and income directly recognized in equity until the divestiture of the net investment.

Financial statements denominated in a foreign currency

Except in cases of significant exchange rate fluctuation, financial statements of subsidiaries, joint ventures or other associated entities for which the functional currency is not the euro are translated into euros as follows: the Consolidated Statement of Financial Position is translated at the exchange rate at the end of the period, and the Consolidated

Statement of Earnings and the Consolidated Statement of Cash Flow are translated using average monthly exchange rates for the period. The resulting translation gains and losses are recorded as foreign currency translation differences in charges and income directly recognized in equity. In accordance with IFRS 1, Vivendi elected to reverse the accumulated foreign currency translation differences against retained earnings as of January 1, 2004. These foreign currency translation differences resulted from the translation into euro of the financial statements of subsidiaries having foreign currencies as their functional currencies. Consequently, these adjustments are not applied to earnings on the subsequent divestiture of subsidiaries, joint ventures or associates, whose functional currency is not the euro.

1.3.4. Revenues from operations and associated costs

Revenues from operations are recorded when it is probable that future economic benefits will be obtained by the group and when they can be reliably measured. Revenues are reported net of discounts.

1.3.4.1. ACTIVISION BLIZZARD

Video games

Revenues from the sale of boxes for video-games are recorded, net of a provision for estimated returns and price guarantees (please refer to Note 1.3.4.5 below) as well as rebates, if any. Regarding boxes for video-games with significant online functionality, revenues are recorded ratably over the estimated relationship period with the customer, usually beginning in the month following the shipment of boxes for video-games developed by Activision Blizzard and upon activation of the subscription for Massively Multiplayer Online Role Playing Games (MMORPG) of Blizzard (*World of Warcraft* and its expansion packs). The estimated relationship period with the customer over which revenues are recognized currently ranges from a minimum of five months to a maximum of less than a year.

Deferral of Activision Blizzard revenues

Activision Blizzard believes that online functionality for console games, along with its obligation to ensure durability, constitute, for certain games, a service forming an integral part of the game itself. In this case, Activision Blizzard does not account separately for the revenues linked to the sale of the boxed software and those linked to the online services because it is not possible to determine their respective values, the online services not being charged for separately. As a result, the company recognizes all of the revenues from the sale of these games ratably over the estimated service period, usually beginning the month following shipment.

Regarding games that can be played with hardware, Activision Blizzard determines that certain hardware components have stand alone values with established fair values, as the hardware is either currently being sold separately or will be sold separately in the future. Where this is the case, Activision Blizzard recognizes revenues for the hardware upon sale and defers the software revenues, if applicable, over the estimated service period based on the relative fair value of the components.

Deferral of Blizzard's MMORPG revenues

Based upon the view that the service proposed by the expansion pack is closely linked to the initial *World of Warcraft* boxed software and to the subscription to online service, thus valuing a global approach of the game, revenues related to the sale of *World of Warcraft* boxed software, including the sale of expansion packs and other ancillary revenues, are deferred and recognized ratably over the estimated service relationship period with the customer beginning upon activation of the software by the customer through subscription.

Other revenues

Revenues generated by subscriptions and prepaid cards for online games are recognized on a straight-line basis over the duration of the service.

Revenues from third-party licensees in certain countries (Russia, China, and Taiwan) who distribute and host Blizzard's *World of Warcraft* game are recognized as royalties, when the sale to the customer is made on behalf of the third party. Any upfront licensing fee received from third parties is recognized over the term of the contracts.

Costs of revenues

Costs of revenues include manufacturing, warehousing, shipping and handling costs, royalty, Research and Development expenses, and the amortization of capitalized software development costs. Costs of sales associated with revenues from the sale of boxes for video games with significant online functionality are recorded ratably according to the same method for revenues.

1.3.4.2. UNIVERSAL MUSIC GROUP (UMG)

Recorded music

Revenues from the physical sale of recorded music, net of a provision for estimated returns (please refer to Note 1.3.4.5) and rebates, are recognized upon shipment to third parties, at the shipping point for products sold free on board (FOB) and on delivery for products sold free on destination.

Revenues from the digital sale of recorded music, for which UMG has sufficient, accurate, and reliable data from certain distributors, are recognized based on their estimate at the end of the month in which those sales were made to the final customer. In the absence of such data, revenues are recognized upon notification by the distribution platform (on-line or mobile music distributor) to UMG of a sale to the final customer.

Music publishing

Revenues from the third-party use of copyrights on musical compositions owned or administered by UMG are recognized when royalty statements are received and collectability is assured.

Costs of revenues

Costs of revenues include manufacturing and distribution costs, royalty and copyright expenses, artists' costs, recording costs, and direct overheads. Selling, general and administrative expenses primarily include marketing and advertising expenses, selling costs, provisions for doubtful receivables and indirect overheads.

1.3.4.3. SFR, MAROC TELECOM GROUP, AND GVT

Separable components of bundled offers

Revenues from telephone packages are recognized as multiple-component sales in accordance with IAS 18. Revenues from the sale of telecommunication equipment (mobile phones and other equipment), net of discounts granted to customers through the distribution channel, are recognized upon activation of the line. Revenues from telephone subscriptions are recognized on a straight-line basis over the subscription contract period. Revenues from incoming and outgoing traffic are recognized when the service is rendered.

Customer acquisition and loyalty costs for mobile phones, principally consisting of rebates on the sale of equipment to customers through distributors, are recognized as a deduction from revenues. Customer acquisition and loyalty costs consisting of premiums not related to the sale of equipment as part of telephone packages and commissions paid to distributors are recognized as selling and general expenses.

Equipment rentals

IFRIC 4 – Determining Whether an Arrangement Contains a Lease applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Content sales

Sales of services provided to customers managed by SFR and Maroc Telecom Group on behalf of content providers (mainly premium rate numbers) are either accounted for gross, or net of the content providers' fees when the provider is responsible for the content and for setting the price payable by subscribers.

Custom contracts

Service access and installation costs invoiced primarily to the operator's clients on the installation of services such as a broadband connection, bandwidth service or IP connection are recognized over the expected duration of the contractual relationship and the supply of the primary service.

Access to telecommunication infrastructures is provided to clients pursuant to various types of contracts: lease arrangements, hosting contracts or Indefeasible Right of Use (IRU) agreements. IRU agreements, which are specific to the telecommunication sector, confer an exclusive and irrevocable right to use an asset (cables, fiber optic or bandwidth) during a (generally lengthy) defined period without a transfer of ownership of the asset. Revenue generated by leases, hosting contracts in the Netcenters and IRU agreements is recognized over the duration of the corresponding contract, except in the case of a finance lease whereby the equipment is considered as a sale on credit.

In the case of IRU agreements and certain lease or service contracts, services are paid in advance the first year. Where the contract is not qualified as a finance lease, these non-refundable advance payments are recorded as deferred income and recognized ratably over the contract term. The deferral period is thus between 10 and 25 years for IRU agreements and between 1 and 25 years for leases or service contracts.

Costs of revenues

Costs of revenues comprise purchasing costs (including purchases of mobile phones), interconnection and access costs, network, and equipment costs. Selling, general and administrative expenses notably include commercial costs relating to marketing and customer care expenses.

1.3.4.4. CANAL+ GROUP

Pay and free-to-air television

Revenues from television subscription services for terrestrial, satellite or cable pay-television platforms are recognized over the service period, net of gratuities granted. Revenues from advertising are recognized over the period during which advertising commercials are broadcasted. Revenues from ancillary services (such as interactive or video-on-demand services) are recognized when the service is rendered. Subscriber management and acquisition costs, as well as television distribution costs, are included in selling, general and administrative expenses.

Equipment rentals

IFRIC 4 – *Determining Whether an Arrangement Contains a Lease*, applies to equipment for which a right of use is granted. Equipment lease revenues are generally recognized on a straight-line basis over the life of the lease agreement.

Film and television programming

Theatrical revenues are recognized as the films are screened. Revenues from film distribution and from video and television or pay television licensing agreements are recognized when the films and television programs are available for telecast and all other conditions of sale have been met. Home video product revenues, less a provision for estimated returns (please refer to Note 1.3.4.5) and rebates, are recognized upon shipment and availability of the product for retail sale. Amortization of film and television capitalized and acquisition costs, theatrical print costs, home video inventory costs and television, and home video marketing costs are included in costs of revenues.

1.3.4.5. OTHER

Provisions for estimated returns and price guarantees are deducted from sales of products to customers through distributors. They are estimated based on past sales statistics and they take into account the economic environment and product sales forecast to final customers.

The recognition of awards associated with loyalty programs in the form of free or discounted goods or services are recorded according to IFRIC 13. Loyalty programs of SFR (valid until the third quarter of 2012), Maroc Telecom, and Canal+ Group grant to existing customers awards in the form of free services, according to the length of the relationship with the customer and/or loyalty points for subsequent conversion into either handset renewal subsidies, or free services. IFRIC 13 - Interpretation is based upon the principle of measuring loyalty awards by reference to their fair value. Fair value is defined as the excess price over the sales incentive that would be granted to any new customer and, should any such excess price exist, would result in deferring the recognition of the revenue associated with the subscription in the amount of such excess price.

Selling, general and administrative expenses primarily include salaries and employee benefits, rent, consulting and service fees, insurance costs, travel and entertainment expenses, administrative department costs, provisions for receivables and other operating expenses.

Advertising costs are expensed as incurred.

Slotting fees and cooperative advertising expenses are recorded as a reduction in revenues. However, cooperative advertising at UMG and Activision Blizzard is treated as a marketing expense and expensed when its expected benefit is individualized and can be estimated.

1.3.5. Assets

1.3.5.1. CAPITALIZED FINANCIAL INTEREST

Until December 31, 2008, Vivendi did not capitalize financial interest incurred during the construction and acquisition period of intangible assets, and property, plant and equipment. Since January 1, 2009, according to amended IAS 23 - Borrowing Costs, this interest is included in the cost of qualifying assets. Vivendi applies this amendment to qualifying assets for which the commencement date for capitalization of costs is January 1, 2009 onwards.

1.3.5.2. GOODWILL AND BUSINESS COMBINATIONS

Business combinations from January 1, 2009

Business combinations are recorded using the acquisition method. Under this method, upon the initial consolidation of an entity over which the group has acquired exclusive control:

* the identifiable assets acquired and the liabilities assumed are recognized at their fair value on the acquisition date; and
* non-controlling interests are measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

On the acquisition date, goodwill is initially measured as the difference between:

(i) the fair value of the consideration transferred, plus the amount of non-controlling interests in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; and
(ii) the net fair value of the identifiable assets and liabilities assumed on the acquisition date.

The measurement of non-controlling interests at fair value results in an increase in goodwill up to the extent attributable to these interests, thereby leading to the recognition of a "full goodwill". The purchase price allocation shall be performed within 12 months after the acquisition date. If goodwill is negative, it is recognized in the Statement of Earnings. Subsequent to the acquisition date, goodwill is measured at its initial amount less recorded accumulated impairment losses (please refer to Note 1.3.5.7 below).

In addition, the following principles are applied to business combinations:

* on the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;

* contingent consideration in a business combination is recorded at fair value on the acquisition date, and any subsequent adjustment occurring after the purchase price allocation period is recognized in the Statements of Earnings;
* acquisition-related costs are recognized as expenses when incurred;
* in the event of the acquisition of an additional interest in a subsidiary, Vivendi recognizes the difference between the acquisition price and the carrying value of non-controlling interests acquired as a change in equity attributable to Vivendi SA shareowners; and
* goodwill is not amortized.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Vivendi elected not to restate business combinations that occurred prior to January 1, 2004. IFRS 3, as published by the IASB in March 2004, retained the acquisition method. However, its provisions differed from those of the revised standard on the main following items:

* minority interests were measured at their proportionate share of the acquiree's net identifiable assets as there was no option of measurement at fair value;
* contingent consideration was recognized in the cost of acquisition only if the payment was likely to occur and the amounts could be reliably measured;
* transaction costs that were directly attributable to the acquisition formed part of acquisition costs; and
* in the event of the acquisition of an additional interest in a subsidiary, the difference between the acquisition cost and the carrying value of minority interests acquired was recognized as goodwill.

1.3.5.3. CONTENT ASSETS

Activision Blizzard

Licensing activities and internally developed franchises are recognized as content assets at their acquisition cost or development cost (please refer to Note 1.3.5.4 below) and are amortized over their estimated useful life on the basis of the rate at which the related economic benefits are consumed. Where appropriate, impairment loss is fully recognized against earnings for the period during which the loss is identified. This generally leads to an amortization period of 3 to 10 years for licenses, and 11 to 12 years for franchises.

UMG

Music publishing rights and catalogs include music catalogs, artists' contracts and publishing rights, acquired through business combinations, are amortized over a period of 15 years in selling, general and administrative expenses.

Royalty advances to artists, songwriters, and co-publishers are capitalized as an asset when their current popularity and past performances provide a reasonable basis to conclude that the probable future recoupment of such royalty advances against earnings otherwise payable to them is reasonably assured. Royalty advances are recognized as an expense as subsequent royalties are earned by the artist, songwriter or co-publisher. Any portion of capitalized royalty advances not deemed to be recoverable against future royalties is expensed during the period in which the loss becomes evident. These expenses are recorded in cost of revenues.

Royalties earned by artists, songwriters, and co-publishers are recognized as an expense in the period during which the sale of the product occurs, less a provision for estimated returns.

Canal+ Group

Film, television or sports broadcasting rights

When entering into contracts for the acquisition of film, television or sports broadcasting rights, the rights acquired are classified as contractual commitments. They are recorded in the Statement of Financial Position and classified as content assets as follows:

* film and television broadcasting rights are recognized at their acquisition cost, when the program is available for screening and are expensed over their broadcasting period;
* sports broadcasting rights are recognized at their acquisition cost, at the opening of the broadcasting period of the related sports season or upon the first payment and are expensed as they are broadcast; and
* expensing of film, television or sports broadcasting rights is included in cost of revenues.

Theatrical film and television rights produced or acquired to be sold

Theatrical film and television rights produced or acquired before their initial exhibition, to be sold, are recorded as a content asset at capitalized cost (mainly direct production and overhead costs) or at their acquisition cost. Theatrical film and television rights are amortized, and other related costs are expensed, pursuant to the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues from all sources on an individual production basis). Vivendi considers that amortization pursuant to the estimated revenue method reflects the rate at which the entity plans to consume the future economic benefits related to the asset. Accumulated amortization under this rate is, for this activity, generally not lower than the charge that would be obtained under the straight-line amortization method. If, however, the accumulated amortization would be lower than this charge, a minimum straight-line amortization would be calculated over a maximum 12-year period, which corresponds to the typical screening period of each film.

Where appropriate, estimated losses in value are provided in full against earnings for the period in which the losses are estimated, on an individual product basis.

Film and television rights catalogs

Catalogs are comprised of film rights acquired for a second television exhibition, or produced or acquired film and television rights that are sold after their first television screening (i.e., after their first broadcast on a free terrestrial channel). They are recognized as an asset at their acquisition or transfer cost and amortized as groups of films, or individually, based respectively on the estimated revenue method.

1.3.5.4. RESEARCH AND DEVELOPMENT COSTS

Research costs are expensed when incurred. Development expenses are capitalized when the feasibility and, in particular, profitability of the project can reasonably be considered certain.

Cost of software for rental, sale or commercialization

Capitalized software development costs comprise amounts paid to entitled beneficiaries for the use of their intellectual property content for developing new games (e.g., software development, graphics and editorial content), direct costs incurred during the internal development of products and the acquisition costs of developed software. Software development costs are capitalized when, notably, the technical feasibility of the software is established and they are deemed recoverable. These costs are mainly generated by Activision Blizzard as part of the games development process and are amortized using the estimated revenue method (i.e., based on the ratio of the current period's gross revenues to estimated total gross revenues) for a given product, which generally leads to the amortization of costs over a maximum period of 6 months commencing on a product's release date. Technical feasibility is determined on a product-by-product basis. Non-capitalized software development costs are immediately recorded as Research and Development costs. The future recoverability of capitalized software development costs and intellectual property license costs is assessed every quarter. When their recoverable value is less than their carrying value, an impairment loss is recognized against earnings for the period.

Cost of internal use software

Direct internal and external costs incurred for the development of computer software for internal use, including website development costs, are capitalized during the application development stage. Application development stage costs generally include software configuration, coding, installation and testing. Costs of significant upgrades and enhancements resulting in additional functionality are also capitalized. These capitalized costs, mainly recognized at SFR, are amortized over 4 years. Maintenance and minor upgrade and enhancement costs are expensed as incurred.

1.3.5.5. OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. The historical cost model is applied to intangible assets after they have been recognized. Assets with an indefinite useful life are not amortized but are all subject to an annual impairment test. Amortization is accrued for assets with a finite useful life. Useful life is reviewed at the end of each reporting period.

Other intangible assets include trade names, customer bases and licenses. Music catalogs, trade names, subscribers' bases and market shares generated internally are not recognized as intangible assets.

SFR, Maroc Telecom Group and GVT

Licenses to operate telecom networks are recorded at historical cost based upon the discounted value of deferred payments and amortized on a straight-line basis from their effective service start date over their estimated useful life until maturity. Licenses to operate in France are recognized in the amount of the fixed, upfront fee paid upon the granting of the license. The variable fee, which cannot be reliably determined (equal to 1% of the revenues generated by the activity in the case of the telecommunication licenses in France), is recorded as an expense when incurred.

1.3.5.6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes the acquisition cost or production cost, the costs directly attributable to transporting an asset to its physical location and preparing it for use in operations, the estimated costs for the demolition and the collection of property, plant and equipment, and the rehabilitation of the physical location resulting from the incurred obligation.

When property, plant and equipment include significant components with different useful lives, they are recorded and amortized separately. Amortization is computed using the straight-line method based on the estimated useful life of the assets. Useful life is reviewed at the end of each reporting period.

Property, plant and equipment mainly consist of the network equipment of telecommunications activities, each part of which is amortized generally over 1 to 50 years. The useful lives of the main components are as follows:

- buildings: over 8 to 25 years;
- fiber optic equipment: 50 years;
- pylons: over 15 to 20 years;
- radio and transmission equipment: over 3 to 10 years;
- switch centers: 8 years; and
- servers and hardware: over 1 to 8 years.

Assets financed by finance lease contracts are capitalized at the lower of the fair value of future minimum lease payments and of the market value and the related debt is recorded as "Borrowings and other financial liabilities". In general, these assets are amortized on a straight-line basis over their estimated useful life, corresponding to the duration applicable to property, plant and equipment from the same category. Amortization expenses on assets acquired under such leases are included in amortization expenses.

After initial recognition, the cost model is applied to property, plant and equipment.

Vivendi has elected not to apply the option available under IFRS 1, involving the remeasurement of certain property, plant and equipment at their fair value as of January 1, 2004.

On January 1, 2004, in accordance with IFRS 1, Vivendi decided to apply IFRIC Interpretation 4 - *Determining whether an arrangement contains a lease*, which currently mainly applies to commercial supply agreements for the Canal+ Group and GVT satellite capacity and for SFR, Maroc Telecom Group, and GVT telecommunications services:

- Indefeasible Right of Use (IRU) agreements confer an exclusive and irrevocable right to use an asset during a defined period. IRU agreements are leases which convey a specific right of use for a defined portion of the underlying asset in the form of dedicated fibers or wavelengths. IRU agreements are capitalized if the agreement period covers the major part of the useful life of the underlying asset. IRU contract costs are capitalized and amortized over the contract term; and
- Some IRU contracts are commercial service agreements that do not convey a right to use a specific asset; contract costs under these agreements are consequently expensed as operational costs for the period.

1.3.5.7. ASSET IMPAIRMENT

Each time events or changes in the economic environment indicate a current risk of impairment of goodwill, other intangible assets, property, plant and equipment, and assets in progress, Vivendi re-examines the value of these assets. In addition, goodwill, other intangible assets with an indefinite useful life, and intangible assets in progress are all subject to an annual impairment test undertaken in the fourth quarter of each fiscal year, with some exceptions. This test is performed to compare the recoverable amount of each Cash Generating Unit (CGU) or, if necessary, groups of CGU to the carrying value of the corresponding assets (including goodwill). A Cash Generating Unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Vivendi Group operates through different communication businesses. Each business offers different products and services that are marketed through different channels. CGUs are independently defined at each business level, corresponding to the group operating segments. Vivendi CGUs and groups of CGU are presented in Note 9.

The recoverable amount is determined as the higher of either: (i) the value in use; or (ii) the fair value (less costs to sell) as described hereafter, for each individual asset. If the asset does not generate cash inflows that are largely independent of other assets or groups of assets, the recoverable amount is determined for the group of assets. In particular, an impairment test of goodwill is performed by Vivendi for each CGU or group of CGU, depending on the level at which Vivendi Management measures return on operations.

The value in use of each asset or group of assets is determined as the discounted value of future cash flows (discounted cash flow method (DCF)) by using cash flow projections consistent with the budget of the following year and the most recent forecasts prepared by the operating segments.

Applied discount rates are determined by reference to available external sources of information, usually based on financial institutions' benchmarks, and reflect the current assessment by Vivendi of the time value of money and risks specific to each asset or group of assets.

Perpetual growth rates used for the evaluation of CGU are those used to prepare budgets for each CGU or group of CGU, and beyond the period covered, are consistent with growth rates estimated by the business by extrapolating growth rates used in the budgets, without exceeding the long-term average growth rate for the markets in which the group operates.

The fair value (less costs to sell) is the amount obtainable from the sale of the asset or group of assets in an arm's length transaction between knowledgeable and willing parties, less costs to sell. These values are determined on the basis of market data (stock market prices or comparison with similar listed companies, with the value attributed to similar assets or companies in recent transactions) or on discontinued future cash flows in the absence of reliable data.

If the recoverable amount is lower than the carrying value of an asset or group of assets, an impairment loss equal to the difference is recognized in EBIT. In the case of a group of assets, this impairment loss is recorded first against goodwill.

The impairment losses recognized in respect of property, plant and equipment, and intangible assets (other than goodwill) may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognized. Impairment losses recognized in respect of goodwill cannot be reversed at a later date.

1.3.5.8. FINANCIAL ASSETS

Financial assets consist of financial assets measured at fair value and financial assets recognized at amortized cost. Financial assets are initially recognized at the fair value corresponding, in general, to the consideration paid, for which the best evidence is the acquisition cost (including associated acquisition costs, if any).

Financial assets at fair value

Financial assets at fair value include available-for-sale securities, derivative financial instruments with a positive value (please refer to Note 1.3.7) and other financial assets measured at fair value through profit or loss. Most of these financial assets are actively traded in organized public markets, their fair value being calculated by reference to the published market price at period end. For financial assets for which there exists no published market price in an active market, fair value is then estimated. As a last resort, the group values financial assets at historical cost, less any impairment losses, when a reliable estimate of fair value cannot be made using valuation techniques in the absence of an active market.

Available-for-sale securities consist of unconsolidated interests and other securities not qualifying for classification in the other financial asset categories described below. Unrealized gains and losses on available-for-sale securities are recognized in charges and income directly recognized in equity until the financial asset is sold, collected or removed from the Statement of Financial Position in another way, or until there is objective evidence that the investment is impaired, at which time the accumulated gain or loss previously reported in charges and income directly recognized in equity is expensed in other financial charges and income.

Other financial assets measured at fair value through profit or loss mainly consist of assets held for trading which Vivendi intends to sell in the near future (primarily marketable securities). Unrealized gains and losses on these assets are recognized in other financial charges and income.

Financial assets at amortized cost

Financial assets at amortized cost consist of loans and receivables (primarily loans to affiliates and associates, current account advances to equity affiliates and unconsolidated interests, cash deposits, securitized loans and receivables, and other loans and receivables, and debtors) and held-to-maturity investments (financial assets with fixed or determinable payments and fixed maturity). At the end of each period, these assets are measured at amortized cost using the effective interest method. If there is objective evidence that an impairment loss has been incurred, the amount of this loss, measured as the difference between the financial asset's carrying value and its recoverable amount (equal to the present value of estimated future cash flows discounted at the financial asset's initial effective interest rate), is recognized in profit or loss. Impairment losses may be reversed if the recoverable amount of the asset subsequently increases in the future.

1.3.5.9. INVENTORIES

Inventories are valued at the lower of cost or net realizable value. Cost comprises purchase costs, production costs and other supply and packaging costs. They are usually computed at the weighted average cost method. Net realizable value is the estimated selling price in the normal course of business, less estimated completion costs and selling costs.

1.3.5.10. TRADE ACCOUNT RECEIVABLES

Trade accounts receivable are initially recognized at fair value, which generally equals the nominal value. Provisions for impairment of receivables are specifically evaluated in each business unit, generally using a default percentage based on the unpaid amounts during one reference period related to revenues for this same period. Thus, for the group's businesses which are based partly or fully on subscription (Activision Blizzard, Canal+ Group, SFR and GVT), the depreciation rate of trade account receivables is assessed on the basis of historical account receivables from former customers, primarily on a statistical basis. In addition, account receivables from customers subject to insolvency proceedings or customers with whom Vivendi is involved in litigation or a dispute are generally impaired in full.

1.3.5.11. CASH AND CASH EQUIVALENTS

The "cash and cash equivalents" category consists of cash in banks, monetary UCITS, which satisfy AMF position No. 2011-13, and other highly liquid investments with initial maturities of generally three months or less. Investments in securities, investments with initial maturities of more than three months without the possibility of early termination and bank accounts subject to restrictions (blocked accounts), other than restrictions due to regulations specific to a country or activity sector (e.g., exchange controls), are not classified as cash equivalents but as financial assets. Moreover, the historical performance of the investments is monitored regularly to confirm their cash equivalents accounting classification.

1.3.6. Assets held for sale and discontinued operations

A non-current asset or a group of assets and liabilities is held for sale when its carrying value may be recovered principally through its divestiture and not by its continued utilization. To meet this definition, the asset must be available for immediate sale and the divestiture must be highly probable. These assets and liabilities are recognized as assets held for sale and liabilities associated with assets held for sale, without offset. The related assets recorded as assets held for sale are valued at the lowest value between the fair value (net of divestiture fees) and the carrying value, or cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when it represents a separate major line of business and the criteria for classification as an asset held for sale have been met or when Vivendi has sold the asset. Discontinued

operations are reported on a single line of the Statement of Earnings for the periods reported, comprising the earnings after tax of discontinued operations until divestiture and the gain or loss after tax on sale or fair value measurement, less costs to divest the assets and liabilities of the discontinued operations. In addition, cash flows generated by discontinued operations are reported on a separate line of the Statement of Consolidated Cash Flows for the relevant periods.

1.3.7. Financial liabilities

Long-term and short-term borrowings and other financial liabilities include:

* bonds and facilities, as well as various other borrowings (including commercial paper and debt related to finance leases) and related accrued interest;
* obligations arising in respect of commitments to purchase non-controlling interests;
* bank overdrafts; and
* the negative value of other derivative financial instruments. Derivatives with positive values are recorded as financial assets in the Statement of Financial Position.

Borrowings

All borrowings are initially accounted for at fair value net of transaction costs directly attributable to the borrowing. Borrowings bearing interest are subsequently valued at amortized cost, applying the effective interest method. The effective interest rate is the internal yield rate that exactly discounts future cash flows over the term of the borrowing. In addition, where the borrowing comprises an embedded derivative (e.g., an exchangeable bond) or an equity instrument (e.g., a convertible bond), the amortized cost is calculated for the debt component only, after separation of the embedded derivative or equity instrument. In the event of a change in expected future cash flows (e.g., redemption earlier than initially expected), the amortized cost is adjusted against earnings to reflect the value of the new expected cash flows, discounted at the initial effective interest rate.

Commitments to purchase non-controlling interests

Vivendi has granted commitments to purchase non-controlling interests to certain shareowners of its fully consolidated subsidiaries. These purchase commitments may be optional (e.g., put options) or firm (e.g., forward purchase contracts).

The following accounting treatment has been adopted for commitments granted on or after January 1, 2009:

* upon initial recognition, the commitment to purchase non-controlling interests is recognized as a financial liability for the present value of the purchase consideration under the put option or forward purchase contract, mainly offset through book value of non-controlling interests and the remaining balance through equity attributable to Vivendi SA shareowners;
* subsequent changes in the value of the commitment are recognized as a financial liability by an adjustment to equity attributable to Vivendi SA shareowners; and
* on maturity of the commitment, if the non-controlling interests are not purchased, the entries previously recognized are reversed; if the non-controlling interests are purchased, the amount recognized in financial liabilities is reversed, offset by the cash outflow relating to the purchase of the non-controlling interests.

Derivative financial instruments

Vivendi uses derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates, and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. These instruments include interest rate and currency swaps, and forward exchange contracts. All these derivative financial instruments are used for hedging purposes.

When these contracts qualify as hedges for accounting purposes, gains and losses arising on these contracts are offset in earnings against the gains and losses relating to the hedged item. When the derivative financial instrument hedges exposures to fluctuations in the fair value of an asset or a liability recognized in the Statement of Financial Position or of a firm commitment which is not recognized in the Statement of Financial Position, it is a fair value hedge. The instrument is remeasured at fair value in earnings, with the gains or losses arising on remeasurement of the hedged portion of the hedged item offset on the same line of the Statement of Earnings, or, as part of a forecasted transaction relating to a non-financial asset or liability, at the initial cost of the asset or liability. When the derivative financial instrument hedges cash flows, it is a cash flow hedge. The hedging instrument is remeasured at fair value and the portion of the gain or loss that is determined to be an effective hedge is recognized through charges and income directly recognized in equity, whereas its ineffective portion is recognized in earnings, or, as part of a forecasted transaction on a non-financial asset or liability, they are recognized at the initial cost of the asset or liability. When the hedged item is realized, accumulated gains and losses recognized in equity are released to the Statement of Earnings and recorded on the same line as the hedged item. When the derivative financial instrument hedges a net investment in a foreign operation, it is recognized in the same way as a cash flow hedge. Derivative financial instruments which do not qualify as a hedge for accounting purposes are remeasured at fair value and resulting gains and losses are recognized directly in earnings, without remeasurement of the underlying instrument.

Furthermore, income and expenses relating to foreign currency instruments used to hedge highly probable budget exposures and firm commitments contracted pursuant to the acquisition of editorial content rights (including sports, audiovisual and film rights) are recognized in EBIT. In all other cases, gains and losses arising on the fair value remeasurement of instruments are recognized in other financial charges and income.

1.3.8. Other liabilities

Provisions

Provisions are recognized when, at the end of the reporting period, Vivendi has a legal obligation (legal, regulatory or contractual) or a constructive obligation, as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the obligation can be reliably estimated. Where the effect of the time value of money is material, provisions are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money. If no reliable estimate can be made of the amount of the obligation, no provision is recorded and a disclosure is made in the Notes to the Consolidated Financial Statements.

Employee benefit plans

In accordance with the laws and practices of each country in which it operates, Vivendi participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, life insurance and post-employment benefits to eligible employees, former employees, retirees and such of their beneficiaries who meet the required conditions. Retirement pensions are provided for substantially all employees through defined contribution plans, which are integrated with local social security and multi-employer plans, or defined benefit plans, which are generally managed via group pension plans. The plan funding policy implemented by the group is consistent with applicable government funding requirements and regulations.

Defined contribution plans

Contributions to defined contribution and multi-employer plans are expensed during the year.

Defined benefit plans

Defined benefit plans may be funded by investments in various instruments such as insurance contracts or equity and debt investment securities, excluding Vivendi shares or debt instruments.

Pension expenses are calculated by independent actuaries using the projected unit credit method. This method is based on annually updated assumptions, which include the probability of employees remaining with Vivendi until retirement, expected changes in future compensation and an appropriate discount rate for each country in which Vivendi maintains a pension plan. The assumptions adopted in 2011 and 2012, and the means of determining these assumptions, are presented in Note 20. As such, the group recognizes pension-related assets and liabilities and the related net expense.

A provision is recorded in the Statement of Financial Position equal to the difference between the actuarial value of the related benefits (actuarial liability) and the fair value of any associated plan assets, net of past service cost and unrecognized actuarial gains and losses which remain unrecognized in the Statement of Financial Position. Where the value of plan assets exceeds benefit obligations, a financial asset is recognized up to the maximum cumulative amount of net actuarial losses, unrecognized past service cost, and the present value of future refunds and the expected reduction in future contributions.

Actuarial gains and losses are recognized through profit and loss for the year using the "corridor method": actuarial gains and losses in excess of 10% of the greater of the benefit obligation and the fair value of plan assets at the beginning of the fiscal year are divided by the expected average working life of beneficiaries. On January 1, 2004, in accordance with IFRS 1, Vivendi decided to record unrecognized actuarial gains and losses against consolidated equity.

The cost of plans is included in selling, general and administrative expenses, except for the financial component which is recorded in other financial charges and income. The financial component of this cost consists of the undiscounting of the actuarial liability and the expected return on plan assets.

Some other post-employment benefits, such as life insurance and medical coverage (mainly in the United States) are subject to provisions which are assessed through an actuarial computation comparable to the method used for pension provisions.

1.3.9. Deferred taxes

Differences existing at closing between the tax base value of assets and liabilities and their carrying value in the Consolidated Statement of Financial Position give rise to temporary differences. Pursuant to the liability method, these temporary differences result in the accounting of:

* deferred tax assets, when the tax base value is greater than the carrying value (expected future tax saving); and
* deferred tax liabilities, when the tax base value is lower than the carrying value (expected future tax expense).

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, based on tax rates (and tax regulations) enacted or substantially enacted by the closing date. They are reviewed at the end of each year, in line with any changes in applicable tax rates.

Deferred tax assets are recognized for all deductible temporary differences, tax loss carry-forwards and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax

loss carry-forwards and unused tax credits, except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For deductible temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that a taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date, and revalued or reduced to the extent that it is more or less probable that a taxable profit will be available to allow the deferred tax asset to be utilized. When assessing the probability of a taxable profit being available, account is taken, primarily, of prior years' results, forecasted future results, non-recurring items unlikely to occur in the future and the tax strategy. As such, the assessment of the group's ability to utilize tax losses carried forward is to a large extent judgment-based. If the future taxable results of the group proved to differ significantly from those expected, the group would be required to increase or decrease the carrying value of deferred tax assets with a potentially material impact on the Statement of Financial Position and Statement of Earnings of the group.

Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability results from goodwill or initial recognition of an asset or liability in a transaction which is not a business combination, and that, at the transaction date, does not impact earnings, nor tax income or loss.

For taxable temporary differences resulting from investments in subsidiaries, joint ventures and other associated entities, deferred tax liabilities are recorded except to the extent that both of the following conditions are satisfied: the parent, investor or venturer is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future.

Current tax and deferred tax shall be charged or credited directly to equity, and not earnings, if the tax relates to items that are credited or charged directly to equity.

1.3.10. Share-based compensation

With the aim of aligning the interest of its executive management and employees with its shareholders' interest by providing them with an additional incentive to improve the company's performance and increase its share price on a long-term basis, Vivendi maintains several share-based compensation plans (share purchase plans, performance share plans, and bonus share plans) or other equity instruments based on the value of the Vivendi share price (stock options), which are settled either in equity instruments or in cash. Grants under these plans are approved by the Management Board and the Supervisory Board. In addition, the definitive grant of stock options and performance shares are contingent upon the achievement of specific performance objectives fixed by the Management Board and the Supervisory Board. Moreover, all granted plans are conditional upon active employment at the vesting date.

In addition, Activision Blizzard maintains several share-based compensation plans (restricted shares) or other equity instruments based on the value of the share price (stock options), which are settled in equity instruments. Grants under these plans are approved by the Board of Directors of Activision Blizzard. The final grant of these rights is contingent upon the achievement of specific performance objectives set by the Board of Directors.

Lastly, Universal Music Group maintains Equity Long-Term Incentive Plans. Under these plans, certain key executives are awarded equity units, which are settled in cash. These equity units are phantom stock units whose value is intended to reflect the value of Universal Music Group.

Please refer to Note 21 for details of the features of these plans.

Share-based compensation is recognized as a personnel cost at the fair value of the equity instruments granted. This expense is spread over the vesting period, i.e. 3 years for stock option plans and 2 years for performance shares and bonus share plans at Vivendi, other than in specific cases.

Vivendi and Activision Blizzard use a binomial model to assess the fair value of such instruments. This method relies on assumptions updated at the valuation date such as the computed volatility of the relevant shares, the discount rate corresponding to the risk-free interest rate, the expected dividend yield, and the probability of relevant managers and employees remaining employed within the group until the exercise of their rights.

However, depending on whether the equity instruments granted are equity-settled or cash-settled, the valuation and recognition of the expense will differ:

Equity-settled instruments

- the expected term of the option granted is deemed to be the mid-point between the vesting date and the end of the contractual term;
- the value of the instruments granted is estimated and fixed at grant date; and
- the expense is recognized with a corresponding increase in equity.

Cash-settled instruments

- the expected term of the instruments granted is deemed to be equal to one-half of the residual contractual term of the instrument for vested rights, and to the average of the residual vesting period at the remeasurement date and the residual contractual term of the instrument for unvested rights;
- the value of instruments granted is initially estimated at grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date;
- the expense is recognized as a provision; and
- moreover, as plans settled in cash are primarily denominated in US dollars, the value fluctuates based on the EUR/USD exchange rate.

Share-based compensation cost is allocated to each operating segment, pro rata the number of equity instruments or equivalent instruments granted to their managers and employees.

The dilutive effect of stock options and performance shares settled in equity through the issuance of Vivendi or Activision Blizzard shares which are in the process of vesting is reflected in the calculation of diluted earnings per share.

In accordance with IFRS 1, Vivendi elected to retrospectively apply IFRS 2 as of January 1, 2004. Consequently, all share-based compensation plans for which rights remained to be vested as of January 1, 2004 were accounted for in accordance with IFRS 2.

1.4. RELATED PARTIES

Group-related parties are those companies over which the group exercises an exclusive control, joint control or significant influence, shareholders exercising joint control over group joint ventures, non-controlling interests exercising significant influence over group subsidiaries, corporate officers, group management and directors and companies over which the latter exercise an exclusive control, joint control, or significant influence.

The transactions realized with subsidiaries over which the group exercises a control are eliminated in the intersegment operations (a list of the principal consolidated subsidiaries is presented in Note 28). Moreover, commercial relationships among subsidiaries of the group, aggregated in operating segments, are conducted on an arm's length basis under terms and conditions similar to those which would be offered by third parties. The operating costs of Vivendi SA's headquarters in Paris and of its New York City office, after the allocation of a portion of these costs to each of the group's businesses, are included in the Holding and Corporate operating segment. (Please refer to Note 3 for a detailed description of the transactions between the parent company and the subsidiaries of the group, aggregated by operating segments).

1.5. CONTRACTUAL OBLIGATIONS AND CONTINGENT ASSETS AND LIABILITIES

Once a year, Vivendi and its subsidiaries prepare detailed reports on all material contractual obligations, commercial and financial commitments and contingent obligations, for which they are jointly and severally liable. These detailed reports are updated by the relevant departments and reviewed by senior management on a regular basis. To ensure completeness, accuracy and consistency of these reports, some dedicated internal control procedures are performed, including (but not limited to) the review of:

- minutes of meetings of the shareholders, Management Board, Supervisory Board and committees of the Supervisory Board in respect of matters such as contracts, litigation, and authorization of asset acquisitions or divestitures;
- pledges and guarantees with banks and financial institutions;
- pending litigation, claims (in dispute) and environmental matters as well as related assessments for unrecorded contingencies with internal and/or external legal counsels;
- tax examiner's reports and, if applicable, notices of reassessments and tax expense analyses for prior years;
- insurance coverage for unrecorded contingencies with the Risk Management department and insurance agents and brokers with whom the group contracted;
- related-party transactions for guarantees and other given or received commitments; and more generally
- major contracts and agreements.

1.6. NEW IFRS STANDARDS AND IFRIC INTERPRETATIONS THAT HAVE BEEN PUBLISHED BUT ARE NOT YET EFFECTIVE

Among IFRS accounting standards and IFRIC interpretations issued by IASB / IFRIC at the date of approval of these Consolidated Financial Statements, but which are not yet effective, and for which Vivendi has not elected for an earlier application, the main standards which may have an impact on Vivendi are as follows:

Standards adopted in the European Union

* Amendments to IAS 1 – *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*, on the presentation of items of other comprehensive income, and their recycling or not in the Statement of Earnings, which applies to periods beginning on or after January 1, 2013, and with retrospective effect as of January 1, 2012;
* Amendments to IAS 19 – *Employee Benefits*, which applies to periods beginning on or after January 1, 2013, with retrospective effect as of January 1, 2012, and for which the main impacts are presented below;
* New standards relating to the principles of consolidation: IFRS 10 – *Consolidated Financial Statements*, IFRS 11 – *Joint Arrangements*, IFRS 12 – *Disclosure of Interests in Other Entities*, IAS 27 – *Separate Financial Statements*, and IAS 28 – *Investments in Associates and Joint Ventures*, which all apply to periods beginning on or after January 1, 2014. Vivendi intends to early apply these standards from January 1, 2013 and retrospectively from January 1, 2012; and
* New standard IFRS 13 – *Fair Value Measurement*, relating to the definition of the fair value notion in terms of measurement and disclosures, which applies prospectively to periods beginning on or after January 1, 2013.

Standards not yet adopted in the European Union

* Amendments to various IFRS included in the Annual Improvements to IFRSs 2009-2011 Cycle, as published by the IASB on May 2012, which apply to periods beginning on or after January 1, 2013, retrospectively from January 1, 2012, but are still subject to adoption in the European Union.

Vivendi is currently finalizing the assessment of the potential impact on the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, and the content of the Notes to the Consolidated Financial Statements in applying these standards and amendments. No significant impact is expected for the time being, except for the amendments to IAS 1 and IAS 19, which main impact identified by comparison with the current accounting treatments applied by Vivendi relates to the suppression of the "corridor method", on the recognition through profit and loss for the year of the amortization of actuarial gains and losses on defined employee benefit plans. Thus, actuarial gains and losses not yet recognized will be recorded against consolidated equity as of January 1, 2012 for an amount of -€119 million, and as from January 1, 2012, actuarial gains and losses will be immediately recognized in other comprehensive income in the Statement of Comprehensive Income and will no longer be recycled in profit and loss.

Note 2. Major changes in the scope of consolidation

2.1. ACQUISITION OF EMI RECORDED MUSIC BY VIVENDI AND UNIVERSAL MUSIC GROUP (UMG)

In accordance with the agreement entered into with Citigroup Inc. (Citi) on November 11, 2011, and following receipt of the regulatory approvals from the European Commission and the Federal Trade Commission in the United States on September 21, 2012, Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music) on September 28, 2012. EMI Recorded Music has been fully consolidated since that date. The transaction was also unconditionally cleared in New-Zealand (June 21, 2012), Japan (July 9, 2012), and Canada (August 20, 2012).

The purchase price, in enterprise value, amounted to £1,130 million (approximately €1,404 million) and included €1,363 million paid in cash, of which £991 million (approximately €1,230 million) was paid in early September 2012, when conditions to payment were satisfied. As part of this transaction, Citi agreed to assume the full pension obligations in the United Kingdom, and UMG received commitments customary for this type of transaction. In addition, Citi undertook to indemnify UMG against losses stemming from taxes and litigation claims, in particular those related to pension obligations in the United Kingdom.

The approval by the European Commission was conditional upon the divestment of EMI's Parlophone label and certain other music assets worldwide, such as EMI France, EMI's classical music labels, Chrysalis, Mute and several other local EMI entities. In accordance with IFRS 5 – *Non-current assets held for sale and discontinued operations*, Vivendi reclassified these assets as assets held for sale at market value in the Consolidated Statement of Financial Position as of December 31, 2012.

The sale of Parlophone Label Group, part of EMI Recorded Music, for £487 million (approximately €600 million after taking into account the EUR/GBP foreign currency hedge in place) to be paid in cash, was

announced on February 7, 2013. Additional, less significant divestments were also sold bringing the total amount of sales to exceed £530 million, all of which are pending regulatory approvals.

With these sales, Vivendi nears the finalization of its regulatory commitments following the acquisition of EMI Recorded Music, while reinforcing UMG's position as a worldwide leader in music. The combination of UMG's and EMI's Recorded Music businesses is expected to generate annual synergies of more than £100 million as previously stated. As a result of the sale of Parlophone Label Group, the acquisition of EMI Recorded Music acquisition will be at less than 5xEBITDA multiple, including disposals, restructuring charges and synergies.

Purchase price allocation

In accordance with the accounting standards applicable to business combinations, UMG has performed a provisional allocation of the purchase price using the fair value of assets acquired and liabilities incurred or assumed, based on analyses and appraisals prepared by UMG with third-party appraisers, if any. The major acquired assets were the music rights and catalog.

The allocation of the purchase price will be finalized within the 12-month period as required by accounting standards and the final amount of goodwill may significantly differ from the amount presented below:

(in millions of euros)		September 28, 2012
Carrying value of EMI Recorded Music's assets and liabilities acquired by Vivendi	**(A)**	**(100)**
Fair value adjustments of EMI Recorded Music's acquired assets and incurred or assumed liabilities (provisional):		
Music rights and catalog		1,036
Deferred income tax, net		(332)
Other		(94)
Total	**(B)**	**610**
Fair value of EMI Recorded Music's acquired assets and incurred or assumed liabilities	**(C=A+B)**	**510**
Fair value of EMI Recorded Music's assets and liabilities held for sale		593
Provisional goodwill		301
Purchase price of 100% of EMI Recorded Music		**1,404**

Moreover, the acquisition-related costs amounted to €56 million in 2012 and to €6 million in 2011. They were recorded as other charges from EBIT in the Consolidated Statement of Earnings and as investing activities in the Consolidated Statement of Cash Flows.

2.2. ACQUISITION OF BOLLORÉ GROUP'S CHANNELS BY VIVENDI AND CANAL+ GROUP

On December 2, 2011, Bolloré Group and Canal+ Group announced the entry into a definitive agreement regarding the acquisition by Canal+ Group of Bolloré Group's free-to-air channels, Direct 8 and Direct Star. In February 2012, Canal+ Group exercised its option to acquire, in one transaction, a 100% interest in Bolloré Group's television business, in exchange for the issuance of Vivendi shares.

On September 27, 2012, Vivendi carried out a share capital increase of 22,356 thousand shares, which it paid in consideration for the contribution made by Bolloré Media, representing an enterprise value of €336 million. After taking into account a €16 million price adjustment related to debt and changes in working capital, the fair value of the transferred counterparty amounted to €320 million. Bolloré Group committed to retain the Vivendi shares received in connection with the completion of this transaction for a minimum period of six months after September 27, 2012. Since that date, Vivendi and Canal+ Group have been granted guarantees capped at €120 million. These guaranties expire 3 months after the expiration of the applicable statute of limitations for tax or social matters, and 18 months after September 27, 2012 for all other matters. D8 and D17 have been fully consolidated since September 27, 2012 and were renamed D8 and D17, in connection with their launch on October 7, 2012.

As part of the French Competition Authority's approval of the transaction on July 23, 2012, Vivendi and Canal+ Group undertook certain commitments. These commitments provide for restrictions on the acquisition of rights for American movies and television series from certain American studios and for French movies, the separate negotiation of certain rights for pay-TV and free-to-air movies and television series, limitations on the acquisition by D8 and D17 of French catalog movies from StudioCanal, and the transfer of rights to broadcast major sports events on free-to-air channels through a competitive bidding process. These commitments are made for a 5-year period, renewable once if the French Competition Authority, after having performed a competitive analysis, deems it necessary. In addition, on September 18, 2012, the French Broadcasting Authority (Conseil Supérieur de l'Audiovisuel) approved the acquisition of these channels, subject to certain commitments relating to broadcasting, investment obligations, transfer rights, and the retention by Canal+ Group of the D8 shares for a minimum period of two and a half years.

Following the closing of this transaction, Bolloré Group reported having increased its interest in Vivendi SA to 4.41%. Subsequently, on October 16, 2012, it announced that it had crossed the 5% threshold in Vivendi SA's share capital.

On December 13, 2012, Vivendi's Supervisory Board co-opted Vincent Bolloré, Chairman and Chief Executive Officer of the Bolloré Group, as a member of the Supervisory Board. This cooptation will be submitted for ratification at the General Shareholders Meeting to be held on April 30, 2013.

The purchase price allocation will be finalized within the 12-month period as required by accounting standards. The final amount of goodwill may differ significantly from the provisional goodwill of €310 million recorded as of December 31, 2012.

2.3. STRATEGIC PARTNERSHIP AMONG CANAL+ GROUP, ITI, AND TVN IN POLAND

In accordance with the agreement announced on December 19, 2011, and following the receipt on September 14, 2012 of unconditional approval from the Polish Competition and Consumer Protection Authority, on November 30, 2012, Canal+ Group, ITI, and TVN finalized the combination of their Polish Pay-TV platforms, which remain controlled by Canal+ Group, and the acquisition by Canal+ Group of a 40% interest in N-Vision, which has been accounted for under the equity method since that date.

Following the merger of Canal+ Cyfrowy (Canal+ Group's Cyfra+ platform) with ITI Neovision (TVN's "n" platform), which created a new satellite TV platform in Poland, with a base of 2.5 million customers, Canal+ Group owns a 51% interest in the new structure "nc+" (compared to a previous 75% interest in Canal+ Cyfrowy); TVN and UPC own a 32% and 17% interest, respectively. As Canal+ Group has the majority on the Supervisory Board and the power to govern the financial and operating policies of "nc+", the latter has been fully consolidated by Canal+ Group since November 30, 2012.

Liquidity rights

The key liquidity rights under the agreements are as follows:

- At the level of N-Vision:
  - ITI has a put option to sell an additional 9% of N-Vision to Canal+ Group+, exercisable during a 90-day period beginning on December 18, 2013, on the basis of a value equal to Group Canal+' initial investment in N-Vision, i.e. for a cash price of €61 million. Since the option is based on an equity affiliate interest given to a third party it does not relate to a commitment to purchase a non-controlling interest, and thus follows the accounting treatment of a derivative instrument;
  - Canal+ Group has a call option to acquire ITI's remaining N-Vision shares, exercisable at any time during the two 3-month periods beginning February 29, 2016 and February 28, 2017, at the then-prevailing market value;
  - conversely, in the event that Canal+ Group does not exercise its call option on ITI's interest in N-Vision, ITI has a call option to acquire Canal+ Group's interest in N-Vision, exercisable at any time during the two 3-month periods beginning May 30, 2016 and May 29, 2017, and between November 1, 2017 and December 31, 2017 and between May 1, 2018 and June 30, 2018, at the then-prevailing market value; and
  - Canal+ Group and ITI each has the liquidity right, following the above call option periods, to sell its entire interest in N-Vision.
- At the level of "nc+":
  - Canal+ Group has a call option to acquire TVN's 32% interest in "nc+" at market value, which is exercisable during the 3-month periods beginning November 30, 2015 and November 30, 2016;
  - if Canal+ Group exercises its call option, Canal+ Group will be required to acquire ITI's remaining interest in N-Vision; and
  - in the event that Canal+ Group does not exercise its call option, TVN has liquidity rights in the form of an Initial Public Offering of its interest in "nc+".

Purchase price allocation of ITI Neovision "n"

The purchase price of 100% interest in "n" was valued at €268 million. The allocation of the fair value of the acquired assets and incurred or assumed liabilities will be finalized within the 12-month period as required by accounting standards. The final amount of goodwill may differ significantly from the provisional goodwill of €213 million recorded as of December 31, 2012 and valued according to the full goodwill method.

In addition, in accordance with accounting standards, the dilution of Canal+ Group by 24% due to its interest in Canal+ Cytrowy resulted in a €114 million income directly recognized in equity. Finally, "n" acquisition-related costs amounted to €15 million, of which €8 million were incurred in 2011. These costs were recognized as other charges from EBIT in the Consolidated Statement of Earnings and as investing activities in the Consolidated Statement of Cash Flows.

Interest in N-Vision

The 40% interest in N-Vision was acquired by Canal+ Group for €277 million, paid in cash. Simultaneously, the €120 million loan granted in December 2011 by Canal+ Group to ITI has been redeemed. As of December 31, 2012, this interest was valued using the most recent cash flow forecasts approved by the Management of TVN, resulting in a €119 million impairment loss (including the additional put option of 9% interest in N-Vision).

2.4. OTHER CHANGES IN THE SCOPE OF CONSOLIDATION

Acquisition by Canal+ Group of a non-controlling interest in Orange Cinema Series

On April 12, 2012, MultiThématiques, a subsidiary of Canal+ Group, and Orange Cinema Series entered into a partnership via a joint company, Orange Cinema Series - OCS SNC, in which MultiThématiques acquired an approximate 33% interest and to which Orange Cinema Series contributed the publishing and broadcasting operations of its pay cinema channels. Since April 5, 2012, Canal+ Distribution has been distributing the channels of the Orange Cinema Series' package through CanalSat. On July 23, 2012, as part of the decision authorizing the merger of TPS group and CanalSatellite, the French Competition Authority required that Canal+ Group sell its non-controlling interest in Orange Cinema Series - OCS SNC or, upon failure to sell such interest, to relinquish certain of its rights contained in the shareholders' agreement between MultiThématiques and Orange Cinema Series (please refer to Note 27).

Given Orange's decision not to approve any transferee, the French Competition Authority confirmed that Group Canal+ was required to apply the second part of the injunction (injunction 2(b)), requiring MultiThématiques to:

* dismiss the two members of Orange Cinema Series- OCS SNC' Board of Directors appointed by MultiThématiques and replace them with independent representatives having no affiliation to Canal+ Group; and
* renounce certain rights provided in the shareholders' agreement, in particular those relating to:
  - the transmission of information, notably regarding the company's performance;
  - the clause which caps the expected costs of the acquisition and production of programs in the annual budget;
  - the non-compete clause; and
  - the framework services contract between MultiThématiques and Orange Cinema Series whereby certain group entities would have provided support services to Orange Cinema Series.

On February 4, 2013, at the request of MultiThématiques and in order to comply with the injunction 2(b) ordered by the French Competition Authority on July 23, 2012, the members of Orange Cinema Series - OCS SNC' Board of Directors resigned from their positions.

As a result, MultiThématiques appointed, by letter with an effective date of February 4, 2013, two independent representatives with no affiliation to MultiThématiques within the Board of Directors of Orange Cinema Series - OCS SNC.

Acquisition by StudioCanal of a 100% interest in Hoyts Distribution

On July 17, 2012 StudioCanal announced the acquisition of a 100% interest in Hoyts Distribution, a company specializing in the distribution of feature films in Australia and New Zealand. The company has been fully consolidated since that date.

Creation of Numergy by SFR

On September 5, 2012, SFR, Bull, and Caisse des Dépôts et Consignations announced the creation of Numergy, a company offering cloud computing services to all economic players. As of December 31, 2012, SFR held a 47% interest in Numergy, which is accounted for under the equity method. As of December 31, 2012, SFR subscribed to the capital increase of this new company for €105 million, of which €26 million had been released.

2.5. ACQUISITION OF VODAFONE'S 44% INTEREST IN SFR IN JUNE 2011

In accordance with the agreement entered into on April 3, 2011, Vivendi acquired on June 16, 2011, a 44% interest in SFR from Vodafone for a total amount of €7,950 million, which was paid entirely in cash. This transaction valued the 44% interest in SFR at €7,750 million as of January 1, 2011, to which was added a lump sum of €200 million related to the amount of cash generated by SFR between January 1 and June 30, 2011, paid as an interim dividend by SFR.

In accordance with IAS 27 revised standard, this transaction was accounted for as a purchase of non-controlling interests and accordingly the consideration paid was fully recognized as a deduction from equity. The difference between the consideration paid and the carrying value of non-controlling interests acquired as of June 16, 2011, i.e., a net amount of €6,049 million, was recorded as a deduction from equity attributable to Vivendi SA shareowners.

2.6. CHANGES IN THE GROUP'S ACTIVITIES

As publicly announced to shareholders on several occasions in 2012, Vivendi's Management Board and its Supervisory Board, have engaged in a review of Vivendi's strategic development marked by a desire to strengthen its positions in media and content. Given the stage of completion of this strategic review and considering the uncertainty of the timing of potential disposals of certain telecom businesses, none of the Group's business segments met the criteria of IFRS 5 standard neither as of December 31, 2012, nor as of February 18, 2013, the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2012.

Note 3. Segment data

3.1. OPERATING SEGMENT DATA

The Vivendi Group comprises six businesses operating at the heart of the worlds of content, platforms and interactive networks. Each business offers different products and services that are marketed through different channels. Given the unique customer base, technology, marketing and distribution requirements of each of these businesses, they are managed separately and represent the base of the internal reporting of the Group. The Vivendi Group has six businesses engaging in the operations described below:

* **Activision Blizzard**: development, publishing and distribution of interactive entertainment software, online or on other media (such as console and PC);
* **Universal Music Group**: sale of recorded music, including EMI Recorded Music since September 28, 2012, (physical and digital media), exploitation of music publishing rights as well as artist services and merchandising;
* **SFR**: a telecommunication operator (mobile, broadband Internet and fixed telecommunications) in France;
* **Maroc Telecom Group**: a telecommunication operator (mobile, fixed telecommunications and Internet) in Africa, predominantly in Morocco as well as in Mauritania, Burkina Faso, Gabon, and Mali;
* **GVT**: a Brazilian fixed telecommunication and broadband Internet operator and, since October 2011, Brazilian pay-TV provider; and
* **Canal+ Group**: publishing and distribution of premium and thematic pay-TV channels as well as free-to-air channels in metropolitan France, Poland, Africa, French overseas territories and Vietnam as well as cinema film production and distribution in Europe.

Vivendi Management evaluates the performance of these operating segments and allocates necessary resources to them based on certain operating indicators (segment earnings and cash flow from operations). Segment earnings relate to the EBITA of each business segment.

Additionally, segment data is prepared according to the following principles:

* the operating segment "**Holding & Corporate**" includes the cost of Vivendi SA's headquarters in Paris and of its New York City office, after the allocation of a portion of these costs to each of the businesses;
* the operating segment "**Non-core operations and others**" includes activities peripheral to the Group, notably Vivendi Mobile Entertainment (which operates a service selling digital content on the Internet and on mobile phones under the "zaOza" brand), Wengo (the French leader in expert advisory services by phone), Digitick (the French leader in web ticketing), and See Tickets (a British ticketing company);
* intersegment commercial relations are conducted on an arm's length basis on terms and conditions similar to those which would be offered by third parties;
* the operating segments presented hereunder are strictly identical to the information given to Vivendi's Management Board; and
* in addition, the VTI/SFR merger had no impact on the Group's internal reporting; SFR and Maroc Telecom Group's operational performance still reports separately to Vivendi's Management.

Vivendi also presents data categorized according to six geographic regions, consisting of its five main geographic markets (France, Rest of Europe, United States, Morocco, and Brazil), as well as the rest of the world.

Consolidated Statements of Earnings

	Year ended December 31, 2012									
(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	Eliminations	Total Vivendi
External revenues	3,768	4,538	11,264	2,650	1,716	4,997	-	61	-	28,994
Intersegment revenues	-	6	24	39	-	16	-	4	(89)	-
Revenues	**3,768**	**4,544**	**11,288**	**2,689**	**1,716**	**5,013**	**-**	**65**	**(89)**	**28,994**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,357)	(3,855)	(7,957)	(1,181)	(974)	(4,061)	(102)	(73)	89	(20,471)
Charges related to share-based compensation plans	(96)	(15)	(32)	(3)	(2)	(12)	(9)	(1)	-	(170)
EBITDA	**1,315**	**674**	**3,299**	**1,505**	**740**	**940**	**(111)**	**(9)**	**-**	**8,353**
Restructuring charges	-	(79)	(187)	(79)	-	-	(7)	-	-	(352)
Gains/(losses) on sales of tangible and intangible assets	(1)	-	(1)	1	(1)	(7)	-	-	-	(9)
Other non-recurring items	-	(18)	-	(1)	-	(12)	4	-	-	(27)
Depreciation of tangible assets	(70)	(52)	(868)	(347)	(229)	(175)	(1)	(2)	-	(1,744)
Amortization of intangible assets excluding those acquired through business combinations	(95)	-	(643)	(92)	(22)	(83)	-	(3)	-	(938)
Adjusted earnings before interest and income taxes (EBITA)	**1,149**	**525**	**1,600**	**987**	**488**	**663**	**(115)**	**(14)**	**-**	**5,283**
Amortization of intangible assets acquired through business combinations	(23)	(306)	(66)	(27)	(54)	(8)	-	(3)	-	(487)
Impairment losses on intangible assets acquired through business combinations	-	(94)	-	-	-	(665)	-	(1)	-	(760)
Reserve accrual regarding the Liberty Media Corporation litigation in the United States										(945)
Other income										22
Other charges										(235)
Earnings before interest and income taxes (EBIT)										**2,878**
Income from equity affiliates										(38)
Interest										(568)
Income from investments										9
Other financial income										37
Other financial charges										(210)
Provision for income taxes										(1,159)
Earnings from discontinued operations										-
Earnings										**949**
Of which										
Earnings attributable to Vivendi SA shareowners										**164**
Non-controlling interests										785

	Year ended December 31, 2011									
(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	Eliminations	Total Vivendi
External revenues	3,432	4,188	12,170	2,701	1,446	4,840	-	36	-	28,813
Intersegment revenues	-	9	13	38	-	17	-	5	(82)	-
Revenues	**3,432**	**4,197**	**12,183**	**2,739**	**1,446**	**4,857**	**-**	**41**	**(82)**	**28,813**
Operating expenses excluding amortization and depreciation as well as charges related to share-based compensation plans	(2,185)	(3,563)	(8,360)	(1,237)	(842)	(3,934)	(95)	(57)	82	(20,191)
Charges related to share-based compensation plans	(73)	(11)	(23)	(2)	(3)	(10)	(6)	(1)	-	(129)
EBITDA	**1,174**	**623**	**3,800**	**1,500**	**601**	**913**	**(101)**	**(17)**	**-**	**8,493**
Restructuring charges	(19)	(67)	(12)	-	-	-	(2)	-	-	(100)
Gains/(losses) on sales of tangible and intangible assets	(3)	-	(2)	-	(2)	(1)	-	-	-	(8)
Other non-recurring items	-	-	5	1	-	-	4	(1)	-	9
Depreciation of tangible assets	(52)	(49)	(919)	(318)	(181)	(141)	(1)	(1)	-	(1,662)
Amortization of intangible assets excluding those acquired through business combinations	(89)	-	(594)	(94)	(22)	(70)	-	(3)	-	(872)
Adjusted earnings before interest and income taxes (EBITA)	**1,011**	**507**	**2,278**	**1,089**	**396**	**701**	**(100)**	**(22)**	**-**	**5,860**
Amortization of intangible assets acquired through business combinations	(53)	(272)	(67)	(27)	(59)	(32)	-	-	-	(510)
Impairment losses on intangible assets acquired through business combinations	(4)	(7)	-	-	-	(386)	-	-	-	(397)
Other income										1,385
Other charges										(656)
Earnings before interest and income taxes (EBIT)										**5,682**
Income from equity affiliates										(18)
Interest										(481)
Income from investments										75
Other financial income										14
Other financial charges										(167)
Provision for income taxes										(1,378)
Earnings from discontinued operations										-
Earnings										**3,727**
Of which										
Earnings attributable to Vivendi SA shareowners										**2,681**
Non-controlling interests										1,046

Consolidated Statements of Financial Position

(in millions of euros)	Activision Blizzard	Universal Music Group	SFR	Maroc Telecom Group	GVT	Canal+ Group	Holding & Corporate	Non-core operations and others	Total Vivendi
December 31, 2012									
Segment assets (a)	4,199	8,867	20,777	6,008	5,085	7,371	192	235	52,734
incl. investments in equity affiliates	-	*84*	*138*	-	-	*166*	-	-	*388*
Unallocated assets (b)									6,780
Total Assets									**59,514**
Segment liabilities (c)	1,991	3,548	4,071	1,675	680	2,925	4,053	60	19,003
Unallocated liabilities (d)									19,075
Total Liabilities									**38,078**
Increase in tangible and intangible assets	59	63	2,765	485	996	233	1	6	4,608
Capital expenditures, net (capex, net) (e)	57	56	2,736	457	947	230	1	6	4,490
December 31, 2011									
Segment assets (a)	4,117	7,594	20,065	6,134	4,759	7,424	150	209	50,452
incl. investments in equity affiliates	-	*85*	*45*	-	-	*5*	-	-	*135*
Unallocated assets (b)									5,267
Total Assets									**55,719**
Segment liabilities (c)	1,998	2,764	4,077	1,690	618	2,829	2,980	50	17,006
Unallocated liabilities (d)									16,643
Total Liabilities									**33,649**
Increase in tangible and intangible assets	32	55	1,845	515	748	261	1	4	3,461
Capital expenditures, net (capex, net) (e)	52	52	1,809	466	705	251	1	4	3,340

Additional operating segment data is presented in Note 9 "Goodwill", Note 10 "Content assets and commitments" and Note 13 "Intangible and tangible assets of telecom operations".

(a) Segment assets include goodwill, content assets, other intangible assets, property, plant and equipment, investments in equity affiliates, financial assets, inventories and trade account receivables, and other.

(b) Unallocated assets include deferred tax assets, current tax receivables, cash and cash equivalents as well as assets held for sale.

(c) Segment liabilities include provisions, other non-current liabilities, and trade accounts payable.

(d) Unallocated liabilities include borrowings and other financial liabilities, deferred tax liabilities, current tax payables as well as liabilities related to assets held for sale.

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

3.2. GEOGRAPHIC INFORMATION

Revenues are broken down by the customers' location.

(in millions of euros)	Year ended December 31, 2012		2011	
Revenues				
France	15,955	*55%*	16,800	*58%*
Rest of Europe	3,393	*12%*	3,173	*11%*
United States	3,395	*12%*	3,085	*11%*
Morocco	2,029	*7%*	2,166	*8%*
Brazil	1,797	*6%*	1,527	*5%*
Rest of the World	2,425	*8%*	2,062	*7%*
	28,994	***100%***	**28,813**	***100%***

(in millions of euros)	December 31, 2012		December 31, 2011	
Segment assets				
France	27,539	*52%*	27,339	*54%*
Rest of Europe	2,692	*5%*	1,958	*4%*
United States	10,815	*21%*	9,772	*19%*
Morocco	4,347	*8%*	4,620	*9%*
Brazil	5,127	*10%*	4,791	*10%*
Rest of the World	2,214	*4%*	1,972	*4%*
	52,734	***100%***	**50,452**	***100%***

In 2012 and 2011, acquisitions of tangible and intangible assets were mainly realized in France by SFR and Canal+ Group, in Morocco by Maroc Telecom SA, and in Brazil by GVT.

Note 4. EBIT

Breakdown of revenues and cost of revenues

(in millions of euros)	Year ended December 31, 2012	2011
Product sales, net	8,262	7,598
Services revenues	20,648	21,175
Other	84	40
Revenues	**28,994**	**28,813**
Cost of products sold, net	(4,932)	(4,811)
Cost of service revenues	(9,444)	(9,585)
Other	12	5
Cost of revenues	**(14,364)**	**(14,391)**

Personnel costs and average employee numbers

(in millions of euros except number of employees)	Note	Year ended December 31, 2012	2011
Annual average number of full-time equivalent employees (in thousands)		**63.1**	**58.4**
Salaries		2,559	2,396
Social security and other employment charges		723	654
Capitalized personnel costs		(268)	(211)
Wages and expenses		**3,014**	**2,839**
Share-based compensation plans	21.1	170	129
Employee benefit plans	20.1	73	71
Other		275	266
Personnel costs		**3,532**	**3,305**

Additional information on operating expenses

Research and Development expenditures amounted to €718 million in 2012 (compared to €722 million in 2011) and comprised all internal or external net costs brought to earnings for the periods reported.

Advertising costs amounted to €900 million in 2012 (compared to €877 million in 2011).

Expenses recorded in the Statement of Earnings, with respect to service contracts related to satellite transponders amounted to €116 million in 2012 (compared to €112 million in 2011).

Net expense recorded in the Statement of Earnings, with respect to operating leases amounted to €580 million in 2012 (compared to €576 million in 2011).

Amortization and depreciation of intangible and tangible assets

(in millions of euros)	Note	Year ended December 31, 2012	2011
Amortization (excluding intangible assets acquired through business combinations)		2,682	2,534
Of which property, plant and equipment	12	*1,744*	*1,662*
content assets	10	*122*	*117*
other intangible assets	11	*816*	*755*
Amortization of intangible assets acquired through business combinations		487	510
Of which content assets	10	*324*	*320*
other intangible assets	11	*163*	*190*
Impairment losses on intangible assets acquired through business combinations **(a)**	9-10	760	397
Amortization and depreciation of intangible and tangible assets		**3,929**	**3,441**

(a) Mainly relates to the impairment of Canal+ France's goodwill (€665 million) and certain goodwill, and music catalogs of Universal Music Group (€94 million) in 2012 and to the impairment of Canal+ France's goodwill (€380 million) in 2011.

Other income and other charges

(in millions of euros)	Note	Year ended December 31, 2012	2011
Impact related to the settlement of the litigation over the share ownership of PTC in Poland	26	-	1,255
Capital gain on the divestiture of businesses		5	14
Capital gain on financial investments		8	93
Of which the sale of UMG's interest in Beats Electronics		*4*	*89*
Other		9	23
Other income		**22**	**1,385**
Downside adjustment on the divestiture of businesses		(3)	(5)
Downside adjustment on financial investments		(153)	(421)
Of which impairment of Canal+ Group's N-Vision equity affiliate	2	*(119)*	-
the capital loss on the sale of the remaining 12.34% interest in NBC Universal		-	*(421)*
Other		(79)	(230)
Of which acquisition costs related to EMI Recorded Music and ITI Neovision "n"	2	*(63)*	*(14)*
settlements with the Brazilian Authorities regarding ICMS	27	*(7)*	*(165)*
Other charges		**(235)**	**(656)**
Net total		**(213)**	**729**

Note 5. Financial charges and income

Interest

(in millions of euros)	Year ended December 31, 2012	2011
(Charge)/Income		
Interest expense on borrowings	(599)	(529)
Interest income from cash and cash equivalents	31	48
Interest	**(568)**	**(481)**
Fees and premiums on borrowings and credit facilities issued/redeemed and early unwinding of hedging derivative instruments	*(15)*	*(52)*
	(583)	***(533)***

Other financial income and charges

(in millions of euros)	Note	Year ended December 31, 2012	2011
Expected return on plan assets related to employee benefit plans	20.2	12	9
Change in value of derivative instruments		23	-
Other		2	5
Other financial income		**37**	**14**
Effect of undiscounting liabilities (a)		(31)	(33)
Interest cost related to employee benefit plans	20.2	(38)	(35)
Fees and premiums on borrowings and credit facilities issued/redeemed and early unwinding of hedging derivative instruments		(15)	(52)
Foreign exchange loss		(105)	(27)
Of which GVT's euro borrowing to Vivendi SA	23	*(76)*	*(24)*
Change in value of derivative instruments		-	(10)
Other		(21)	(10)
Other financial charges		**(210)**	**(167)**
Net total		**(173)**	**(153)**

(a) In accordance with accounting standards, when the effect of the time value of money is material, assets and liabilities are initially recorded on the Statement of Financial Position in an amount corresponding to the present value of the expected revenues and expenses. At the end of each subsequent period, the present value of such assets and liabilities is adjusted to account for the passage of time. As of December 31, 2012 and 2011, these adjustments only applied to liabilities (mainly trade accounts payable and provisions).

Note 6. Income taxes

6.1. FRENCH TAX GROUP AND CONSOLIDATED GLOBAL PROFIT TAX SYSTEMS

Vivendi benefits from the French Tax Group System and considers that it benefited, until December 31, 2011 included, from the Consolidated Global Profit Tax System, as authorized under Article 209 quinquies of the French Tax Code:

- under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 95% directly or indirectly owned by it, and that are located in France: Universal Music in France, SFR (as of January 1, 2011), and Canal+ Group (excluding Canal+ France and its subsidiaries, in which Vivendi directly or indirectly owns at most 80% of the outstanding shares);
- until December 31, 2011, the Consolidated Global Profit Tax System entitled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 50% directly or indirectly owned by it, and that are located in France or abroad, i.e., besides the French companies that are at least 95% directly or indirectly owned by Vivendi: Activision Blizzard, Universal Music Group, Maroc Telecom, GVT, Canal+ France and its subsidiaries, as well as Société d'Edition de Canal Plus (SECP). As a reminder, as of May 19, 2008, Vivendi applied to the French Ministry of Finance for the renewal of its authorization to use the Consolidated Global Profit Tax System and an authorization was granted by an order dated March 13, 2009, for a three-year period beginning with the taxable year 2009 and ending with the taxable year 2011; and
- the changes in French Tax Law in 2011 capped the deduction for tax losses carried forward at 60% of taxable income and terminated the Consolidated Global Profit Tax System as of September 6, 2011. Since 2012, the deduction for tax losses carried forward is capped at 50% of taxable income and the deductibility of interest is limited to 85% of financial charges, net.

The impact of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- as Vivendi considers that its entitlement to the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, and thereby included fiscal year ending December 31, 2011, it filed on November 30, 2012, and asked for the refund of €366 million with respect to the tax saving for the fiscal year ended December 31, 2011. However, as this fiscal position may be challenged, Vivendi has accrued a €366 million provision for the associated risk (please refer to Note 6.6, below);
- moreover, considering that the Consolidated Global Profit Tax System tax credits can be carried forward upon the maturity of the authorization on December 31, 2011, Vivendi will request a refund of the taxes due, under the French Tax Group System for the year ended December 31, 2012, excluding social contributions and exceptional contributions, or €208 million. Similarly, this fiscal position may be challenged and Vivendi has accrued a €208 million provision for the associated risk (please refer to Note 6.6, below);
- considering the above, as of December 31, 2011, Vivendi recorded tax attributes amounting to a potential tax saving for a total of €2,013 million. On February 18, 2013, the date of the Management Board meeting that approved the Financial Statements for the year ended December 31, 2012, the 2012 tax results of the subsidiaries within the scope of Vivendi SA's French Tax Group System were determined as an estimate, and as a result, the amount of tax attributes at such date could not be determined with certainty;
- after the impact of the estimated 2012 tax results and before the impact of the potential consequences of the ongoing tax audits (please refer to Note 6.6 below) on the amount of tax attributes, Vivendi SA should achieve tax saving from tax attributes of €1,567 million (undiscounted value based on the current income tax rate of 36.10%); and
- as of December 31, 2012, Vivendi SA valued its tax attributes under the French Tax Group System based on one year's forecast results, taken from the following year's budget. On this basis, Vivendi would benefit from the French Tax Group System tax savings in an amount of €324 million (undiscounted value based on the current income tax rate of 36.10%).

6.2. PROVISION FOR INCOME TAXES

(in millions of euros)	Note	Year ended December 31, 2012	2011
(Charge)/Income			
Current			
Use of tax losses and tax credits:			
Tax savings related to Vivendi SA's French Tax Group System and to the Consolidated Global Profit Tax System	6.1	381	565
Tax savings related to the US tax group		20	40
Adjustments to prior year's tax expense		(21)	11
Consideration of risks related to previous years' income taxes		(62)	(253)
Other income taxes items		(1,471)	(1,584)
		(1,153)	**(1,221)**
Deferred			
Impact of Vivendi SA's French Tax Group System and of the Consolidated Global Profit Tax System	6.1	(48)	(129)
Impact of the US tax group		-	-
Other changes in deferred tax assets		2	43
Impact of the change(s) in tax rates		(4)	6
Other deferred tax income/(expenses)		44	(77)
		(6)	**(157)**
Provision for income taxes		**(1,159)**	**(1,378)**

6.3. PROVISION FOR INCOME TAXES AND INCOME TAX PAID BY GEOGRAPHIC REGION

(in millions of euros)	Year ended December 31, 2012	2011
(Charge)/Income		
Current		
France	(510)	(549)
United States	(198)	(112)
Morocco	(257)	(313)
Brazil	(87)	(45)
Other jurisdictions	(101)	(202)
	(1,153)	**(1,221)**
Deferred		
France	(38)	(217)
United States	(22)	(83)
Morocco	3	3
Brazil	(11)	90
Other jurisdictions	62	50
	(6)	**(157)**
Provision for income taxes	**(1,159)**	**(1,378)**
Income tax (paid)/collected		
France	(189)	(322)
United States	(109)	(207)
Morocco	(256)	(338)
Brazil	(74)	(61)
Other jurisdictions	(134)	(162)
Income tax paid	**(762)**	**(1,090)**

6.4. EFFECTIVE TAX RATE

(in millions of euros, except %)	Note	Year ended December 31, 2012	2011
Earnings from continuing operations before provision for income taxes		**2,108**	**5,105**
Elimination:			
Income from equity affiliates		38	18
Earnings before provision for income taxes		**2,146**	**5,123**
French statutory tax rate		36.10%	36.10%
Theoretical provision for income taxes based on French statutory tax rate		**(775)**	**(1,849)**
Reconciliation of the theoretical and effective provision for income taxes			
Permanent differences		**42**	**133**
Of which other differences from tax rates		*66*	*88*
impacts of the changes in tax rates		*(4)*	*6*
Vivendi SA's French Tax Group System and Consolidated Global Profit Tax System	6.1	**333**	**436**
Of which current tax savings		*381*	*565*
changes in related deferred tax assets		*(48)*	*(129)*
Other tax losses and tax credits		**(3)**	**(11)**
Of which use of current losses of the period		*4*	*-*
use of unrecognized losses and tax credits		*31*	*56*
unrecognized losses		*(38)*	*(67)*
Other temporary differences		**(341)**	**19**
Of which reserve accrual regarding the Liberty Media Corporation litigation in the United States		*(341)*	*-*
Adjustments to prior year's tax expense		**(65)**	**(248)**
Of which consideration of risks related to previous years' income taxes		*(62)*	*(253)*
Capital gain or loss on the divestiture of or downside adjustments on financial investments or businesses		**(313)**	**(140)**
Of which impairment of Canal+ France goodwill		*(240)*	*(137)*
impairment of Canal+ Group's N-Vision equity affiliate		*(43)*	*-*
Other		**(37)**	**282**
Effective provision for income taxes		**(1,159)**	**(1,378)**
Effective tax rate		**54.0%**	**26.9%**

6.5. DEFERRED TAX ASSETS AND LIABILITIES

Changes in deferred tax assets/(liabilities), net

(in millions of euros)	Year ended December 31, 2012	2011
Opening balance of deferred tax assets/(liabilities)	**693**	**880**
Provision for income taxes	(6)	(157)
Charges and income directly recorded in equity (a)	(3)	(25)
Business combinations	(278)	(1)
Changes in foreign currency translation adjustments and other	3	(4)
Closing balance of deferred tax assets/(liabilities)	**409**	**693**

(a) Includes +€1 million recognized in other items of charges and income directly recognized in equity for the year ended December 31, 2012 (compared to -€24 million as of December 31, 2011).

Components of deferred tax assets and liabilities

(in millions of euros)	December 31, 2012	December 31, 2011
Deferred tax assets		
Deferred taxes, gross		
Tax attributes (a)	2,639	3,742
Of which Vivendi SA (b)	*1,567*	*2,653*
Vivendi Holding I Corp. (c)	*623*	*601*
Temporary differences (d)	1,734	1,404
Netting	(366)	(414)
Deferred taxes, gross	**4,007**	**4,732**
Deferred taxes, unrecognized		
Tax attributes (a)	(2,138)	(3,175)
Of which Vivendi SA (b)	*(1,243)*	*(2,281)*
Vivendi Holding I Corp. (c)	*(623)*	*(601)*
Temporary differences (d)	(469)	(136)
Deferred taxes, unrecognized	**(2,607)**	**(3,311)**
Recorded deferred tax assets	**1,400**	**1,421**
Deferred tax liabilities		
Purchase accounting asset revaluations (e)	901	742
Other	456	400
Netting	(366)	(414)
Recorded deferred tax liabilities	**991**	**728**
DEFERRED TAX ASSETS/(LIABILITIES), NET	**409**	**693**

(a) The amounts of tax attributes, as reported in this table, were estimated at the end of the relevant fiscal years. In jurisdictions which are material to Vivendi, mainly France and the United States, tax returns are filed at the latest on May 15 and September 15 of the following year, respectively. Thus, the amounts of tax attributes reported in this table and the amounts reported to the tax authorities may differ significantly, and if necessary, may be adjusted at the end of the following year in the table above.

(b) Relates to deferred tax assets recognizable in respect of tax attributes by Vivendi SA as head of the French Tax Group, representing €2,013 million as of December 31, 2011, of which €1,055 million related to tax losses (please refer to Note 6.1 above) and €958 million related to tax credits, after taking into account the estimated impact (-€446 million) of 2012 activities (taxable income and use or expiration of tax credits), but prior to taking into account the potential consequences of ongoing tax audits (please refer to Note 6.6 below).

In France, tax losses can be carried forward indefinitely and tax credits can be carried forward for a period of up to 5-years. No tax credit matured as of December 31, 2012.

(c) Relates to deferred tax assets recognizable in respect of tax attributes by Vivendi Holding I Corp. in the United States as head of the US tax group, representing $848 million as of December 31, 2011, after taking into account the estimated impact (-€22 million) of 2012 activities (taxable income, capital losses, and tax credits that expired, as well as capital losses and tax credits generated), but prior to taking into account the potential consequences of ongoing tax audits (please refer to Note 6.6 below).

In the United States, tax losses can be carried forward for a period of up to 20-years and tax credits can be carried forward for a period of up to 10-years. No tax credit will mature prior to December 31, 2022 and $6 million tax credits matured as of December 31, 2012.

(d) Mainly relates the deferred tax assets related to non-deducted provisions upon recognition, including provisions relating to employee benefit plans, and share-based compensation plans.

(e) These tax liabilities, generated by asset revaluations following the purchase price allocation of companies are terminated upon the amortization or divestiture of the underlying asset and generate no current tax charge.

6.6. TAX AUDITS

The fiscal year ended December 31, 2012 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 or levied assessments for additional tax in respect of prior years. It is not possible, at this stage of the current tax audits, to accurately assess the impact that could result from an unfavorable outcome of certain of these audits. Vivendi Management believes however, that it has serious legal means to defend the positions it has chosen for the determination of the taxable income of the fiscal years currently under a tax audit. Vivendi Management believes that these tax audits will not have a material and unfavorable impact on the results of operations, financial position or liquidity of Vivendi. Moreover, the impact of the Consolidated Global Profit Tax System in 2011 was accrued (€366 million), as well as the impact related to the use of tax credits in 2012 (€208 million).

In addition, in respect of the Consolidated Global Profit Tax System, the consolidated income reported for fiscal years 2006, 2007, and 2008 is under audit by the French tax authorities. This tax audit started in January 2010. In addition, in January 2011, the French tax authorities began a tax audit on the consolidated income reported for the fiscal year 2009 and in February 2013, the French tax authorities began a tax audit on the consolidated income reported for the fiscal year 2010. Finally, the consequences of the tax audit for fiscal years 2004 and 2005 did not materially impact the amount of tax attributes.

Vivendi's US tax group had been under tax audit for the fiscal years ending December 31, 2005, 2006, and 2007. The consequences of this tax audit did not materially impact the amount of tax attributes. Vivendi's US tax group is under tax audit for the fiscal years ending December 31, 2008, 2009, and 2010. This tax audit started in February 2012.

Finally, Maroc Telecom is under a tax audit for the fiscal years ending December 31, 2005, 2006, 2007, and 2008. This tax audit is currently in progress.

Note 7. Earnings per share

	Year ended December 31,			
	2012		2011	
	Basic	Diluted	Basic	Diluted
Earnings attributable to Vivendi SA shareowners (in millions of euros)	**164**	**(a) 161**	**2,681**	**(a) 2,678**
Number of shares (in millions)				
Weighted average number of shares outstanding (b) (c)	1,298.9	1,298.9	1,281.4	1,281.4
Potential dilutive effects related to share-based compensation (d)	-	3.5	-	2.4
Adjusted weighted average number of shares	**1,298.9**	**1,302.4**	**1,281.4**	**1,283.8**
Earnings attributable to Vivendi SA shareowners per share (in euros) **(b)**	**0.13**	**0.12**	**2.09**	**2.09**

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

(a) Only includes the potential dilutive effect related to stock option plans and restricted stock rights of Activision Blizzard for a non-material amount (please refer to Note 21.3).

(b) The weighted-average number of shares and earnings attributable to Vivendi SA shareowners per share have been adjusted for all periods previously published in order to reflect the dilution arising from the grant to each shareowner on May 9, 2012 of one bonus share for each 30 shares held, in accordance with IAS 33 – *Earnings per share* (please refer to Note 18).

(c) Net of treasury shares (please refer to Note 18).

(d) Does not include accretive instruments as of December 31, 2012 and December 31, 2011 which could potentially become dilutive. The balance of common shares in connection with Vivendi SA's share-based compensation plans is presented in Note 21.2.2.

Note 8. Charges and income directly recognized in equity

(in millions of euros)	Note	Year ended December 31, 2012		
		Gross	Tax	Net
Foreign currency translation adjustments **(a)**		(605)	-	(605)
Assets available for sale	15	63	-	63
Valuation gains/(losses) taken to equity		*55*	-	*55*
Transferred to profit or loss of the period		*8*	-	*8*
Cash flow hedge instruments	23	22	1	23
Valuation gains/(losses) taken to equity		*41*	*1*	*42*
Transferred to profit or loss of the period		*(19)*	-	*(19)*
Net investment hedge instruments	23	17	-	17
Valuation gains/(losses) taken to equity		*17*	-	*17*
Transferred to profit or loss of the period		-	-	-
Charges and income directly recognized in equity		**(503)**	**1**	**(502)**

(in millions of euros)	Note	Year ended December 31, 2011		
		Gross	Tax	Net
Foreign currency translation adjustments **(a)**		182	-	182
Transferred to profit or loss as part of the sale of NBC Universal interest **(b)**		*477*	-	*477*
Assets available for sale	15	15	-	15
Valuation gains/(losses) taken to equity		*15*	-	*15*
Transferred to profit or loss of the period		-	-	-
Cash flow hedge instruments	23	78	(24)	54
Valuation gains/(losses) taken to equity		*(5)*	*2*	*(3)*
Transferred to profit or loss of the period		*83*	*(26)*	*57*
Net investment hedge instruments	23	21	-	21
Valuation gains/(losses) taken to equity		-	-	-
Transferred to profit or loss of the period		*21*	-	*21*
Other impacts		12	-	12
Charges and income directly recognized in equity		**308**	**(24)**	**284**

(a) The change in foreign currency translation adjustments primarily resulted from fluctuations in the euro/dollar exchange rate (mainly at Activision Blizzard and Universal Music Group) and in the euro/Brazilian Real exchange rate (at GVT).

(b) Includes a foreign exchange loss attributable to the decline of the US dollar since January 1, 2004, recognized upon the sale of the remaining 12.34% interest in NBC Universal on January 25, 2011.

Note 9. Goodwill

(in millions of euros)	December 31, 2012	December 31, 2011
Goodwill, gross	37,940	37,776
Impairment losses	(13,284)	(12,747)
Goodwill	**24,656**	**25,029**

Changes in goodwill

(in millions of euros)	December 31, 2011	Impairment losses	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2012
Activision Blizzard	2,309	-	-	(54)	2,255
Of which Activision	*2,265*	-	-	*(53)*	*2,212*
Blizzard	*44*	-	-	*(1)*	*43*
Universal Music Group	4,114	(a) (85)	(b) 304	(195)	4,138
SFR	9,152	-	1	-	9,153
Maroc Telecom Group	2,413	-	-	(6)	2,407
Of which Maroc Telecom SA	*1,795*	-	-	*(5)*	*1,790*
subsidiaries	*618*	-	-	*(1)*	*617*
GVT	2,222	-	-	(216)	2,006
Canal+ Group	4,648	(665)	537	(7)	4,513
Of which Canal+ France	*4,309*	*(665)*	-	*(9)*	*3,635*
StudioCanal	*192*	-	*14*	*1*	*207*
D8/D17	-	-	(c) *310*	-	*310*
nc+	*25*	-	(d) *213*	*(8)*	*230*
Non-core operations and others	171	(1)	7	7	184
Total	**25,029**	**(751)**	**849**	**(471)**	**24,656**

(in millions of euros)	December 31, 2010	Impairment losses	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2011
Activision Blizzard	2,257	(4)	2	54	2,309
Of which Activision	*2,209*	-	*2*	*54*	*2,265*
Blizzard	*44*	-	-	-	*44*
Distribution	*4*	*(4)*	-	-	-
Universal Music Group	4,011	-	5	98	4,114
SFR	9,170	-	-	(18)	9,152
Maroc Telecom Group	2,409	-	1	3	2,413
Of which Maroc Telecom SA	*1,792*	-	-	*3*	*1,795*
subsidiaries	*617*	-	*1*	-	*618*
GVT	2,423	-	-	(201)	2,222
Canal+ Group	4,992	(386)	42	-	4,648
Of which Canal+ France	*4,689*	*(380)*	-	-	*4,309*
StudioCanal	*149*	-	*42*	*1*	*192*
Non-core operations and others	83	-	(e) 88	-	171
Total	**25,345**	**(390)**	**138**	**(64)**	**25,029**

(a) Relates to impairment losses related to certain music catalogs of Universal Music Group.

(b) Mainly relates to provisional goodwill attributable to the acquisition of EMI Recorded Music on September 28, 2012 (please refer to Note 2.1).

(c) Relates to provisional goodwill attributable to the acquisition of D8 and D17 on September 27, 2012 (please refer to Note 2.2).

(d) Relates to provisional goodwill attributable to the acquisition of "n", which was finalized on November 30, 2012 (please refer to Note 2.3).

(e) Mainly related to goodwill attributable to the acquisition of See Tickets in August 2011.

Goodwill impairment test

In 2012, Vivendi tested the value of goodwill allocated to its cash-generating units (CGUs) or groups of CGU applying valuation methods consistent with previous years. Vivendi ensured that the recoverable amount of CGU or groups of CGU exceeded their carrying value (including goodwill). The recoverable amount is determined as the higher of the value in use determined by the discounted value of future cash flows (discounted cash flow method (DCF)) and the fair value (less costs to sell), determined on the basis of market data (stock market prices, comparable listed companies, comparison with the value attributed to similar assets or companies in recent transactions). For a description of the methods used for the impairment test, please refer to Note 1.3.5.7.

PRESENTATION OF CGU OR GROUP OF CGU TESTED

Operating Segments	Cash Generating Units (CGU)	CGU or groups of CGU tested
Activision Blizzard	Activision	Activision
	Blizzard	Blizzard
	Distribution	Distribution
Universal Music Group	Recorded music	Universal Music Group
	Artist services and merchandising	
	Music publishing	
	EMI Recorded music	(a)
SFR	Mobile	SFR (b)
	Broadband Internet and fixed	
Maroc Telecom Group	Mobile	Maroc Telecom
	Fixed and Internet	
	Onatel	Onatel
	Gabon Telecom	Gabon Telecom
	Mauritel	Mauritel
	Sotelma	Sotelma
GVT	GVT	GVT
Canal+ Group	Pay-TV in Metropolitan France	Canal+ France
	Canal+ Overseas	
	D8/D17 Free-to-air TV	D8/D17 Free-to-air TV (a)
	StudioCanal	StudioCanal
	Other entities	Other entities (a)

(a) As of December 31, 2012, no goodwill impairment test regarding EMI Recorded Music, D8/D17 and "nc+" was undertaken given that the purchase price allocation date was close to the closing date, and considering that no triggering event had occurred between those dates.

(b) Due to the increased convergence of SFR's Mobile, and Broadband Internet and fixed services, Vivendi Management adjusted, in 2011, the level at which SFR's return on investments is monitored. Consequently, Vivendi now performs a goodwill impairment test by combining SFR's Mobile CGU and Broadband Internet and fixed CGU.

As of June 30, 2012, Vivendi tested the value of goodwill allocated to GVT, on the basis of an internal valuation of the recoverable amount of GVT. As a result, Vivendi Management concluded that the recoverable amount of GVT exceeded its carrying value as of June 30, 2012. As from June 30, 2012, no triggering event occurred that would require performing an impairment test regarding GVT as of December 31, 2012.

During the fourth quarter of 2012, Vivendi performed such test on each cash generating unit (CGU) or groups of CGU, except for GVT, on the basis of an internal valuation of recoverable amounts, except in the case of Activision Blizzard, Universal Music Group (UMG), and SFR, for which Vivendi required the assistance of third-party appraisers. As a result, Vivendi Management concluded that, except in the case of Canal+ France, the recoverable amount of each CGU or groups of CGU tested exceeded their carrying value as of December 31, 2012.

* Canal+ France: as of December 31, 2011, Vivendi Management noted that Canal+ France's recoverable amount was below its carrying value, and consequently recorded an impairment loss of €380 million. As of December 31, 2012, as for the goodwill impairment test performed as of December 31, 2011, Canal+ France's recoverable amount was determined upon the basis of the value in use based on the DCF

method, using the most recent cash flow forecasts approved by the Management of the group, as well as financial assumptions consistent with previous years: a discount rate of 9% and a perpetual growth rate of 1.50% (unchanged compared to December 31, 2011) - please refer to the table below. As a result, considering primarily the expected impact on revenues in Metropolitan France of the increase in the VAT rate from 7% to 10% as of January 1, 2014 and, to a lesser extent, the adverse changes in the macro-economic and competitive environment since the second half of 2012, Vivendi Management concluded that Canal+ France's recoverable amount was below its carrying value as of December 31, 2012, and consequently recorded an impairment loss of €665 million.

* SFR: as of December 31, 2011, and June 30, 2012, Vivendi had re-examined the value of SFR's goodwill and concluded that the recoverable amount of SFR exceeded its carrying value at those dates. As of December 31, 2012, Vivendi again examined the value of SFR's goodwill. At that date, and as of December 31, 2011 and June 30, 2012, SFR's recoverable amount was determined upon the basis of the usual valuation methods, in particular the value in use, based upon the DCF method. The most recent cash flow forecasts, and financial assumptions approved by the Management of the group were used and were updated in order to take into account (i) the expected impact of the new tariff policies decided by SFR during the second half of 2012 and early 2013, following the evolution of the competitive environment, (ii) the downward adjustment in the perpetual growth rate assumption (0.50%, compared to 1% at the end of June 2012 and end of 2011) and (iii) the acceleration in very-high speed broadband investments. As a result, Vivendi's Management concluded that SFR's recoverable amount, despite its decline, exceeded its carrying value as of December 31, 2012 - please refer to tables below.

PRESENTATION OF KEY ASSUMPTIONS USED FOR THE DETERMINATION OF RECOVERABLE AMOUNTS

The value in use of each CGU or groups of CGU is determined as the discounted value of future cash flows by using cash flow projections consistent with the 2013 budget and the most recent forecasts prepared by the operating segments. These forecasts are prepared for each operating segment on the basis of the financial targets as well as the following main key assumptions: discount rate, perpetual growth rate, and EBITA as defined in Note 1.2.3, capital expenditures, competitive environment, regulatory environment, technological development and level of commercial expenses. Except for Maroc Telecom, for which the recoverable amount is determined based on its stock market price, the recoverable amount for each CGU or groups of CGU was determined based on its value in use in accordance with the main key assumptions presented below.

The Annual Report contains a detailed description of the 2013 operating performance projections for each operating segment of the Group.

Operating segments	CGU or groups of CGU tested	Valuation Method		Discount Rate (a)		Perpetual Growth Rate	
		2012	2011	2012	2011	2012	2011
Activision Blizzard	Activision	DCF, stock market price & comparables model	DCF, stock market price & comparables model	10.50%	10.00%	4.00%	4.00%
	Blizzard	DCF, stock market price & comparables model	DCF, stock market price & comparables model	10.50%	10.00%	4.00%	4.00%
	Distribution	DCF & comparables model	DCF & comparables model	13.50%	13.00%	-4.00%	-4.00%
Universal Music Group	Universal Music Group	DCF & comparables model	DCF & comparables model	9.25%	9.25%	1.00%	1.00%
SFR	SFR	DCF & comparables model	DCF	7.30%	7.00%	0.50%	1.00%
Maroc Telecom Group	Maroc Telecom	Stock market price	Stock market price	na*	na*	na*	na*
	Onatel	DCF	DCF	14.40%	13.70%	3.00%	3.00%
	Gabon Telecom	DCF	DCF	12.70%	11.70%	3.00%	3.00%
	Mauritel	DCF	DCF	17.40%	19.00%	3.00%	3.00%
	Sotelma	DCF	DCF	14.60%	13.50%	3.00%	3.00%
GVT (b)	GVT	DCF	DCF & comparables model	10.91%	11.54%	4.00%	4.00%
Canal+ Group	Canal+ France	DCF	DCF	9.00%	9.00%	1.50%	1.50%
	StudioCanal	DCF	DCF	9.00%	9.00%	0.00%	0.00%

na*: not applicable.

DCF: Discounted Cash Flows.

(a) The determination of recoverable amounts using a post-tax discount rate applied to post-tax cash flows provides recoverable amounts consistent with the ones that would have been obtained using a pre-tax discount rate applied to pre-tax cash flows.

(b) Regarding GVT, an annual impairment test on the value of goodwill was performed in the second quarter of each fiscal year.

SENSITIVITY OF RECOVERABLE AMOUNTS

	December 31, 2012				
	Discount rate		Perpetual growth rate		Cash flows
	Applied rate (in %)	Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Change in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Change in cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Activision Blizzard					
Activision	10.50%	+9.78 pts	4.00%	-24.15 pts	-58%
Blizzard	10.50%	+10.19 pts	4.00%	-25.20 pts	-68%
Universal Music Group	9.25%	+2.98 pts	1.00%	-4.91 pts	-25%
SFR	7.30%	+0.68 pt	0.50%	-1.21 pt	-10%
Maroc Telecom Group	(a)	(a)	(a)	(a)	(a)
GVT (b)	10.91%	+2.51 pts	4.00%	-6.25 pts	-36%
Canal+ Group					
Canal+ France (c)	9.00%	(c)	1.50%	(c)	(c)
StudioCanal	9.00%	+3.23 pts	0.00%	-5.55 pts	-28%

	December 31, 2011				
	Discount rate		Perpetual growth rate		Cash flows
	Applied rate (in %)	Change in the discount rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Applied rate (in %)	Change in the perpetual growth rate in order for the recoverable amount to be equal to the carrying amount (in number of points)	Change in cash flows in order for the recoverable amount to be equal to the carrying amount (in %)
Activision Blizzard					
Activision	10.00%	+14.16 pts	4.00%	-55.25 pts	-68%
Blizzard	10.00%	+12.77 pts	4.00%	-41.25 pts	-70%
Universal Music Group	9.25%	+1.25 pt	1.00%	-1.86 pt	-13%
SFR	7.00%	+2.49 pts	1.00%	-4.74 pts	-32%
Maroc Telecom Group	(a)	(a)	(a)	(a)	(a)
GVT (b)	11.54%	+1.64 pt	4.00%	-3.41 pts	-25%
Canal+ Group					
Canal+ France (c)	9.00%	(c)	1.50%	(c)	(c)
StudioCanal	9.00%	+1.99 pt	0.00%	-3.31 pts	-17%

(a) As of December 31, 2012, and December 31, 2011, Maroc Telecom was valued based on its stock market price.

(b) The goodwill impairment tests on GVT were undertaken on June 30, 2012 and June 30, 2011.

(c) In relation to the recognition of a goodwilll impairment loss on Canal+ France as of December 31, 2012 and December 31, 2011, please refer below for a sensitivity analysis, which presents (the increase)/decrease in impairment generated by a change of 25 points in the discount rate and the perpetual growth rate assumptions, and a 2% change in the cash flow assumption with each of these assumptions being taken separately for the goodwill impairment test:

	Discount rate		Perpetual growth rate		Cash flows	
(in millions of euros)	Increase by 25 pts	Decrease by 25 pts	Increase by 25 pts	Decrease by 25 pts	Increase by 2%	Decrease by 2%
December 31, 2012	(133)	142	105	(98)	77	(77)
December 31, 2011	(149)	159	117	(109)	87	(87)

Note 10. Content assets and commitments

10.1. CONTENT ASSETS

	December 31, 2012		
(in millions of euros)	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Internally developed franchises and other games content assets	493	(331)	162
Games advances	133	-	133
Music catalogs and publishing rights	7,222	(4,871)	2,351
Advances to artists and repertoire owners	618	-	618
Merchandising contracts and artists services	25	(15)	10
Film and television costs	5,522	(4,756)	766
Sports rights (a)	331	-	331
Content assets	**14,344**	**(9,973)**	**4,371**
Deduction of current content assets	(1,118)	74	(1,044)
Non-current content assets	**13,226**	**(9,899)**	**3,327**

	December 31, 2011		
(in millions of euros)	Content assets, gross	Accumulated amortization and impairment losses	Content assets
Internally developed franchises and other games content assets	471	(315)	156
Games advances	91	-	91
Music catalogs and publishing rights	6,420	(4,743)	1,677
Advances to artists and repertoire owners	515	-	515
Merchandising contracts and artists services	25	(12)	13
Film and television costs	5,129	(4,409)	720
Sports rights (a)	379	-	379
Content assets	**13,030**	**(9,479)**	**3,551**
Deduction of current content assets	(1,096)	30	(1,066)
Non-current content assets	**11,934**	**(9,449)**	**2,485**

(a) Primarily relates to the rights to broadcast the French professional Soccer League 1 awarded in 2011 to Canal+ Group for four seasons (2012-2013 to 2015-2016), which are recognized as follows: upon the start of the season or upon the initial payment, the rights for the 2012-2013 season were recorded in content assets for €427 million on August 1, 2012 (compared to €465 million on August 1, 2011). The remaining three seasons (2013-2014 to 2015-2016) were recognized as given off balance sheet commitments (please refer to Note 10.2 below).

Changes in main content assets

(in millions of euros)	Year ended December 31, 2012	2011
Opening balance	**3,551**	**3,816**
Amortization of content assets excluding those acquired through business combinations	(122)	(117)
Amortization of content assets acquired through business combinations	(324)	(320)
Impairment losses on content assets acquired through business combinations	(a) (9)	(7)
Increase	2,585	2,277
Decrease	(2,252)	(2,251)
Business combinations	(b) 1,077	38
Changes in foreign currency translation adjustments and other	(135)	115
Closing balance	**4,371**	**3,551**

(a) Relates to the impairment of certain UMG music catalogs.

(b) Primarily relates to the music catalogs acquired from EMI Recorded Music on September 28, 2012 (please refer to Note 2.1).

10.2. CONTRACTUAL CONTENT COMMITMENTS

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

Content liabilities are mainly part of "Trade accounts payable and other" or part of "Other non-current liabilities" whether they are current or non-current, as applicable (please refer to Note 16).

	Minimum future payments as of December 31, 2012				Total minimum future payments as of December 31, 2011
		Due in			
(in millions of euros)	Total	2013	2014-2017	After 2017	
Games royalties	22	22	-	-	28
Music royalties to artists and repertoire owners	1,579	1,477	102	-	1,398
Film and television rights (a)	189	189	-	-	235
Sports rights	374	374	-	-	438
Creative talent, employment agreements and others	119	41	72	6	49
Content liabilities	**2,283**	**2,103**	**174**	**6**	**2,148**

Off balance sheet commitments given/(received)

(in millions of euros)	Minimum future payments as of December 31, 2012				Total minimum future payments as of December 31, 2011
		Due in			
	Total	2013	2014-2017	After 2017	
Film and television rights (a)	2,590	1,138	1,411	41	2,143
Sports rights (b)	1,715	612	1,103	-	2,052
Creative talent, employment agreements and others (c)	959	478	445	36	1,009
Given commitments	**5,264**	**2,228**	**2,959**	**77**	**5,204**
Film and television rights (a)	(114)	(72)	(42)	-	(85)
Sports rights	(12)	(7)	(5)	-	(15)
Creative talent, employment agreements and others (c)	not available				
Other	(199)	(78)	(121)	-	(63)
Received commitments	**(325)**	**(157)**	**(168)**	**-**	**(163)**
Total net	**4,939**	**2,071**	**2,791**	**77**	**5,041**

(a) Mainly includes contracts valid over several years for the broadcast of film and TV productions (mainly exclusivity contracts with major US studios) and pre-purchase contracts in the French movie industry, StudioCanal film production and co-production commitments (given and received) and broadcasting rights of CanalSat and Cyfra+/"n" multichannel digital TV packages. They are recorded as content assets when the broadcast is available for initial release. As of December 31, 2012, provisions recorded relating to these commitments amounted to €86 million, compared to €153 million as of December 31, 2011.

In addition, this amount does not include commitments given in relation to channel right contracts for which Canal+ Group and GVT (following the launch of its pay-TV offer in October 2011) did not grant minimum guarantees. The variable amount of these commitments cannot be reliably determined and is not reported in the Statement of Financial Position or in given commitments and is instead recorded as an expense for the period in which it was incurred. Based on the estimation of the future subscriber number at Canal+ Group, commitments in relation to channel right contracts would have increased by €288 million as of December 31, 2012, compared to €143 million as of December 31, 2011.

Moreover, according to the agreement entered into with cinema professional organizations on December 18, 2009, Société d'Edition de Canal Plus (SECP) is required to invest, every year for a five-year period (2010-2014), 12.5% of its annual revenues in the financing of European films. With respect to audiovisual, in accordance with the agreements with producers and authors' organizations, Canal+ France is required to invest a percentage of its revenues in the financing of heritage work every year.

Agreements with cinema organizations and with producers and authors' organizations are not recorded as off balance sheet commitments as the future estimate of these commitments cannot be reliably determined.

(b) Notably includes the rights to broadcast the French professional Soccer League 1 awarded to Canal+ Group in 2011. The price paid by Canal+ Group represents €427 million per season, or a total of €1,281 million as of December 31, 2012 for the 2013-2014 to 2015-2016 seasons, compared to €1,708 million as of December 31, 2011. These commitments will be recognized in the Statement of Financial Position either upon the start of every season or upon initial payment.

(c) Primarily relates to UMG which routinely commits to artists and other parties to pay agreed amounts upon delivery of content or other products ("Creative talent and employment agreements"). Until the artist or the other party has delivered his or her content or the repayment of an advance, UMG discloses its obligation as an off balance sheet given commitment. While the artist or the other party is obligated to deliver a content or other product to UMG (these arrangements are generally exclusive), this counterpart cannot be reliably determined and, thus, is not reported in received commitments.

Note 11. Other intangible assets

	December 31, 2012		
(in millions of euros)	Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Software	5,447	(4,035)	1,412
Telecom licenses	2,960	(811)	2,149
Customer bases	962	(725)	237
Trade names	462	(53)	409
Other	2,110	(1,127)	983
	11,941	**(6,751)**	**5,190**

	December 31, 2011		
(in millions of euros)	Other intangible assets, gross	Accumulated amortization and impairment losses	Other intangible assets
Software	5,015	(3,652)	1,363
Telecom licenses	1,848	(705)	1,143
Customer bases	986	(616)	370
Trade names	481	(52)	429
Other	1,956	(932)	1,024
	10,286	**(5,957)**	**4,329**

Software includes acquired software, net for €592 million as of December 31, 2012 (€636 million as of December 31, 2011), amortized over 4-years as well as SFR's internally developed software.

Trade names relate to trade names acquired from GVT in 2009 and Activision in 2008.

Other intangible assets notably include indefeasible rights of use (IRU) and other long-term occupational rights, net for €296 million as of December 31, 2012 (€328 million as of December 31, 2011).

Changes in other intangible assets

	Year ended December 31,	
(in millions of euros)	2012	2011
Opening balance	**4,329**	**4,408**
Depreciation	(979)	(945)
Acquisitions **(a)**	1,545	581
Increase related to internal developments	294	276
Divestitures/Decrease	(4)	(11)
Business combinations	38	14
Changes in foreign currency translation adjustments	(52)	(11)
Other	19	17
Closing balance	**5,190**	**4,329**

(a) Includes the acquisition by SFR of 4G spectrum (very-high-speed Internet - LTE) for €1,065 million in 2012 and €150 million in 2011.

Depreciation is recognized as cost of revenues and in selling, general and administrative expenses. It mainly consists of SFR's telecom licenses (-€73 million in 2012, compared to -€72 million in 2011), internally developed software (-€221 million in 2012, compared to -€199 million in 2011), and acquired software (-€244 million in 2012, compared to -€273 million in 2011).

Note 12. Property, plant and equipment

	December 31, 2012		
(in millions of euros)	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	242	(2)	240
Buildings	3,707	(2,143)	1,564
Equipment and machinery	13,939	(8,071)	5,868
Construction-in-progress	375	-	375
Other	4,637	(2,758)	1,879
	22,900	**(12,974)**	**9,926**

	December 31, 2011		
(in millions of euros)	Property, plant and equipment, gross	Accumulated depreciation and impairment losses	Property, plant and equipment
Land	227	(2)	225
Buildings	2,790	(1,616)	1,174
Equipment and machinery	13,443	(7,770)	5,673
Construction-in-progress	323	-	323
Other	4,380	(2,774)	1,606
	21,163	**(12,162)**	**9,001**

As of December 31, 2012, other property, plant and equipment, net, notably included set-top boxes, for €974 million, compared to €807 million as of December 31, 2011. In addition, property, plant and equipment financed pursuant to finance leases amounted to €58 million, compared to €60 million as of December 31, 2011.

Changes in property, plant and equipment

	Year ended December 31,	
(in millions of euros)	2012	2011
Opening balance	**9,001**	**8,217**
Depreciation	(1,743)	(1,662)
Acquisitions/Increase	2,769	2,604
Divestitures/Decrease	(39)	(29)
Business combinations	170	7
Changes in foreign currency translation adjustments	(232)	(140)
Other	-	4
Closing balance	**9,926**	**9,001**

The depreciation is recognized as cost of revenues and in selling, general and administrative expenses. It mainly consists of the depreciation of buildings (-€151 million in 2012, unchanged compared to 2011) and equipment and machinery (-€1,081 million in 2012, compared to -€1,100 million in 2011).

Note 13. Intangible and tangible assets of telecom operations

	December 31, 2012			
(in millions of euros)	SFR	Maroc Telecom Group	GVT	Total
Other intangible assets, net				
Software	1,112	182	56	1,350
Telecom licenses	(a) 2,002	147	-	2,149
Customer bases	152	2	72	226
Trade names	-	1	117	118
Other	816	50	13	879
	4,082	**382**	**258**	**4,722**
Property, plant and equipment, net				
Land	97	131	-	228
Buildings	1,182	315	16	1,513
Equipment and machinery	2,117	1,747	1,885	5,749
Construction-in-progress	314	-	-	314
Other	758	97	334	1,189
	4,468	**2,290**	**2,235**	**8,993**
Intangible and tangible assets of telecom operations, net	**8,550**	**2,672**	**2,493**	**13,715**

	December 31, 2011			
(in millions of euros)	SFR	Maroc Telecom Group	GVT	Total
Other intangible assets, net				
Software	1,052	206	54	1,312
Telecom licenses	(a) 963	180	-	1,143
Customer bases	218	2	135	355
Trade names	-	1	129	130
Other	885	39	16	940
	3,118	**428**	**334**	**3,880**
Property, plant and equipment, net				
Land	83	131	-	214
Buildings	855	264	15	1,134
Equipment and machinery	2,271	1,730	1,532	5,533
Construction-in-progress	285	-	-	285
Other	750	115	167	1,032
	4,244	**2,240**	**1,714**	**8,198**
Intangible and tangible assets of telecom operations, net	**7,362**	**2,668**	**2,048**	**12,078**

(a) SFR holds licenses for its networks and for the supply of its telecommunications services in France, for a 15-year period for GSM (between March 2006 and March 2021) and a 20-year period for both UMTS (between August 2001 and August 2021) and LTE (between January 2012 and January 2032), with the following financial conditions:
- for the GSM license, an annual payment over 15 years comprised of a (i) fixed portion in an amount of €25 million for each year (capitalized over the period based on a present value of €278 million in 2006) and (ii) a variable portion equal to 1% of the yearly revenues generated by this technology;
- for the UMTS license, the fixed amount paid in 2001 (€619 million) was recorded as an intangible asset and the variable part of the fee is equal to 1% of the yearly revenues generated by this technology. Moreover, as part of this license, SFR acquired new spectrum for €300 million in June 2010, over a 20-year period; and
- for the LTE licenses, the fixed amounts paid in October 2011 (€150 million) and January 2012 (€1,065 million), respectively, were recorded as intangible assets at the acquisition date of the spectrum band, and the variable portion of the fee is equal to 1% of the yearly revenues generated by this technology.

The variable portions of the fees that cannot be reliably determined are not recorded in the Statement of Financial Position. They are recorded as an expense, when incurred.

SFR's network coverage commitments related to telecommunication licenses

* On November 30, 2009, the "Autorité de Régulation des Communications Electroniques et des Postes" or "Arcep" (the French Telecommunications Regulatory Agency) addressed a notice to SFR regarding its compliance in the UMTS network coverage of the French metropolitan population: 98% by December 31, 2011, and 99.3% by December 31, 2013. As of December 31, 2011, with 98.4% of the French metropolitan population covered, SFR was in compliance with its coverage commitments. As of December 31, 2012, the network coverage was 99.0%.
* As part of the grant of the first band of LTE spectrum in October 2011, SFR has committed itself to ensure a specific coverage rate for the French metropolitan population: 25% by October 11, 2015, 60% by October 11, 2019, and 75% by October 11, 2023.
* As part of the grant of the second band of LTE spectrum in January 2012, SFR has committed itself to comply with the following obligations:

(i) SFR is required to provide the following very high-speed mobile network coverage:
- coverage of 98% of the French metropolitan population by January 2024 and 99.6% by January 2027,
- coverage in the priority zone (approximately 18% of the French metropolitan population and 63% of the territory): within this zone, SFR is required to cover 40% of the population by January 2017 and 90% of the population by January 2022,
- coverage obligations at a departmental level: SFR has to cover 90% of the population of each French department by January 2024, and 95% of the population of each French department by January 2027.

(ii) SFR and Bouygues Telecom have a mutual network sharing or spectrum pooling obligation in the priority zone;

(iii) SFR has an obligation to offer national roaming to Free Mobile within the priority zone upon building of its own 2.6 GHz network covering at least 25% of the French population provided that it has not signed a national roaming agreement with another operator; and

(iv) SFR has a joint coverage obligation with the other 800 MHz license holders to cover the hot-spots that have been identified by the French administration within the framework of the "white zones" program (beyond 98% of the population) within 15 years.

Note 14. Investments in equity affiliates

		Voting interest		Value of equity affiliates	
(in millions of euros)	Note	**December 31, 2012**	December 31, 2011	**December 31, 2012**	December 31, 2011
N-Vision	2	40%	-	162	-
Numergy	2	47%	-	104	-
Other		na*	na*	122	135
				388	**135**

na*: not applicable.

Note 15. Financial assets

(in millions of euros)	Note	**December 31, 2012**	December 31, 2011
Cash management financial assets **(a)**		301	266
Other loans and receivables **(b)**		222	340
Derivative financial instruments		137	101
Available-for-sale securities **(c)**		197	125
Cash deposits backing borrowings		6	12
Other financial assets		15	28
Financial assets	**23**	**878**	**872**
Deduction of current financial assets		(364)	(478)
Non-current financial assets		**514**	**394**

(a) Primarily relates to US treasuries and government agency securities with a maturity exceeding three months held by Activision Blizzard for $387 million as of December 31, 2012 (compared to $344 million as of December 31, 2011).

(b) As of December 31, 2011, other loans and receivables notably included SFR's cash deposits relating to Qualified Technological Equipment (QTE) operations for €53 million as well as a €120 million loan granted by Canal+ Group to ITI in December 2011 in connection with the strategic partnership involving Polish pay-TV. This loan was redeemed at the closing of the transaction, on November 30, 2012 (please refer to Note 2.3). Moreover, all of SFR's QTE contracts were early redeemed as of December 31, 2012.

(c) As of December 31, 2012 and as of December 31, 2011, the available-for-sale securities did not include significant publicly quoted securities and were not the subject of any significant impairment with respect to fiscal years 2012 and 2011.

Note 16. Net working capital

Changes in net working capital

(in millions of euros)	December 31, 2011	Changes in operating working capital (a)	Business combinations	Changes in foreign currency translation adjustments	Other (b)	December 31, 2012
Inventories	805	(80)	29	(12)	(4)	738
Trade accounts receivable and other	6,730	(291)	284	(84)	(52)	6,587
Working capital assets	**7,535**	**(371)**	**313**	**(96)**	**(56)**	**7,325**
Trade accounts payable and other	13,987	(307)	579	(125)	62	14,196
Other non-current liabilities	864	26	56	(19)	75	1,002
Working capital liabilities	**14,851**	**(281)**	**635**	**(144)**	**137**	**15,198**
Net working capital	**(7,316)**	**(90)**	**(322)**	**48**	**(193)**	**(7,873)**

(in millions of euros)	December 31, 2010	Changes in operating working capital (a)	Business combinations	Changes in foreign currency translation adjustments	Other (b)	December 31, 2011
Inventories	750	53	1	5	(4)	805
Trade accounts receivable and other	6,711	95	24	(30)	(70)	6,730
Working capital assets	**7,461**	**148**	**25**	**(25)**	**(74)**	**7,535**
Trade accounts payable and other	14,451	(101)	71	6	(c) (440)	13,987
Other non-current liabilities	1,074	(58)	-	(7)	(145)	864
Working capital liabilities	**15,525**	**(159)**	**71**	**(1)**	**(585)**	**14,851**
Net working capital	**(8,064)**	**307**	**(46)**	**(24)**	**511**	**(7,316)**

(a) Excludes content investments made by Activision Blizzard, UMG, and Canal+ Group.
(b) Mainly includes the change in net working capital relating to content investments, capital expenditures, and other investments.
(c) Notably includes the interim dividend due as of December 31, 2010 by SFR to Vodafone, paid in January 2011 (€440 million).

Trade accounts receivable and other

(in millions of euros)	December 31, 2012	December 31, 2011
Trade accounts receivable	5,458	5,684
Trade accounts receivable write-offs	(1,315)	(1,202)
Trade accounts receivable, net	**4,143**	**4,482**
Other	2,444	2,248
Trade accounts receivable and other	**6,587**	**6,730**

Vivendi does not consider there to be a significant risk of non-recovery of non-impaired past due receivables. Vivendi's trade receivables do not represent a significant concentration of credit risk due to its broad customer base, the broad variety of customers and markets, as well as the subscription-based business model of most of its business segments (Activision Blizzard, SFR, GVT, and Canal+ Group) as well as the geographic diversity of its business operations (please refer to Note 3.2). Please also refer to Note 1.3.5.10 for a description of the method used to evaluate trade account receivable provisions.

Trade accounts payable and other

(in millions of euros)	Note	December 31, 2012	December 31, 2011
Trade accounts payable		6,578	6,684
Music royalties to artists and repertoire owners	10.2	1,477	1,375
Game deferred revenues (a)		1,251	1,139
Prepaid telecommunication revenues (b)		817	900
Other		4,073	3,889
Trade accounts payable and other		**14,196**	**13,987**

(a) Relates to the impact of the change in deferred net revenues at Activision Blizzard and related costs of sales associated with the sale of boxes for certain games with significant online functionality (please refer to Note 1.3.4.1).

(b) Mainly includes subscriptions that are not past due and prepaid cards sold but not consumed, mobile phones held by distributors, roll-over minutes of SFR's mobile operations and the current portion of SFR's deferred revenues of fixed operations.

Other non-current liabilities

(in millions of euros)	Note	December 31, 2012	December 31, 2011
Advance lease payments in respect of Qualified Technological Equipment operations	15	-	53
Liabilities related to SFR GSM license (a)	13	154	172
Prepaid revenues from indefeasible rights of use (IRU) and other long-term occupational rights (b)		340	365
Non-current content liabilities	10.2	180	56
Other		(c) 328	218
Other non-current liabilities		**1,002**	**864**

(a) Relates to the discounted value of the liability. The nominal value amounted to €206 million as of December 31, 2012, compared to €231 million as of December 31, 2011.

(b) Relates to deferred revenues associated with indefeasible right of use (IRU) agreements, leases or services contracts.

(c) Notably includes the long-term portion of capital (€63 million) subscribed by Numergy, not yet released (please refer to Note 2.4).

Note 17. Cash and cash equivalents

(in millions of euros)	December 31, 2012	December 31, 2011
Cash	920	667
Cash equivalents (a)	2,974	2,637
Of which UCITS	*2,699*	*2,265*
certificates of deposit and term deposits	*275*	*372*
Cash and cash equivalents	**3,894**	**3,304**

(a) Cash equivalents mainly includes Activision Blizzard's cash and cash equivalents for €2,989 million as of December 31, 2012 (compared to €2,448 million as of December 31, 2011), invested, if any, in money market funds with initial maturity dates not exceeding 90 days.

Note 18. Equity

Share capital of Vivendi SA

(in thousands)	December 31, 2012	December 31, 2011
Common shares outstanding (nominal value: €5.5 per share)	**1,323,962**	**1,247,263**
Treasury shares	(1,461)	(1,329)
Voting rights	**1,322,501**	**1,245,934**

The increase in the number of common shares outstanding in 2012 is due to the grant of 41.6 million bonus shares to Vivendi SA shareholders in May 2012 (please see below), the acquisition of the Direct 8 and Direct Star channels in exchange for 22.4 million shares in September 2012 (please refer to Note 2.2) as well as the employee stock purchase plan (12.3 million shares) of July 2012 (please refer to Note 21).

As of December 31, 2012, Vivendi held 1,461 thousand treasury shares, or 0.11% of its share capital. These shares are backed to the hedging of performance share plans. The carrying value of the portfolio amounted to €25 million as of December 31, 2012 and its market value amounted to €25 million as of December 31, 2012.

In addition, as of December 31, 2012, approximately 53 million stock options were outstanding, representing a maximum nominal share capital increase of €294 million or 4.03% of the company's share capital.

Non-controlling interests

(in millions of euros)	December 31, 2012	December 31, 2011
Activision Blizzard	1,183	1,009
Maroc Telecom Group	1,073	1,131
Canal+ Group	692	471
Other	23	12
Total	**2,971**	**2,623**

Distributions to shareowners of Vivendi SA and its subsidiaries

Dividend proposed by Vivendi SA with respect to fiscal year 2012

On February 18, 2013, the date of Vivendi's Management Board's meeting which approved its Consolidated Financial Statements as of December 31, 2012 and the appropriation of earnings for the fiscal year then ended, Vivendi's Management Board decided to propose to shareowners a dividend distribution of €1 per share, which would represent a total distribution of approximately €1.3 billion to be paid in cash on May 17, 2013, following the coupon detachment on May 14, 2013, by withdrawal from the reserves. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 22, 2013. The additional contribution of 3% on dividends will be recorded as a tax charge upon the payment of the dividend on May 17, 2013.

Dividend paid by Vivendi SA with respect to fiscal year 2011

At the Annual General Shareholders' Meeting of April 19, 2012, Vivendi's shareholders approved the Management Board's recommendations relating to the allocation of distributable earnings for fiscal year 2011. As a result, the dividend payment was set at €1 per share, representing a total distribution of €1,245 million, paid in cash on May 9, 2012, following the coupon detachment on May 4, 2012.

Bonus shares granted to Vivendi SA shareowners

At its meeting held on February 29, 2012, following the Supervisory Board's recommendation, Vivendi's Management Board decided to grant to its shareowners one bonus share for each 30 shares held. This transaction resulted in the issuance on May 9, 2012, by a €229 million withdrawal from additional paid-in capital, of 41.6 million new shares with a nominal value of €5.5 each and entitlement as from January 1, 2012.

Dividend distributed by subsidiaries

On February 7, 2013, Activision Blizzard announced that its Board of Directors had declared a dividend of $0.19 per common share to its shareholders. This dividend will be paid in cash on May 15, 2013.

The Supervisory Board of Maroc Telecom Group will propose to the Annual Shareholders' Meeting, to be held on April 24, 2013, the payment of an ordinary dividend of MAD 7.4 per share, which corresponds to 100% of distributable earnings from 2012. This dividend will be paid in cash on May 31, 2013.

In 2012, dividend payments to subsidiaries' non-controlling interests amounted to €481 million (€721 million in 2011) and mainly included Maroc Telecom SA for €345 million in 2012 (compared to €384 million in 2011) and Activision Blizzard for €62 million in 2012 (compared to €55 million in 2011). Moreover, on June 16, 2011, at the completion of the acquisition of its 44% interest in SFR, a €200 million interim dividend was paid to Vodafone.

Activision Blizzard

Stock repurchase program of Activision Blizzard

On February 2, 2012, Activision Blizzard announced that its Board of Directors had authorized a stock repurchase program under which Activision Blizzard can repurchase shares of its outstanding common stock up to an amount of $1 billion. This program will end at the earlier of March 31, 2013 or on the date of the Board of Directors' decision to discontinue it. In 2012, Activision Blizzard repurchased approximately 4 million shares of its common stock in connection with this program, for a total amount of $54 million. In addition, during the first half of 2012, Activision Blizzard settled a $261 million purchase of 22 million shares of its common stock pursuant to the previous $1.5 billion stock repurchase program. In total, Activision Blizzard repurchased approximately 26 million shares of its common stock in 2012, for a total amount of $315 million, or €241 million (compared to $692 million or €502 million in 2011).

Vivendi's ownership interest in Activision Blizzard

As a reminder, on November 15, 2011, Vivendi sold 35 million Activision Blizzard shares into the market for $422 million (€314 million).

As of December 31, 2012, Vivendi held 684 million shares out of a total of 1,112 million Activision Blizzard shares, or a 61.5% interest (compared to approximately 60% as of December 31, 2011). Moreover, as of December 31, 2012, the outstanding Activision Blizzard stock instruments represented 77 million new shares to be issued in favor of their beneficiaries (52 million shares due to stock options and 25 million restricted shares, compared to 53 million and 17 million shares, respectively, as of December 31, 2011; please refer to Note 21.3.2), and the stock repurchase program authorized in February 2012 not consumed for up to $946 million, representing approximately 86 million potential treasury shares (under the assumption of a stock price of $11 per share).

As part of its earnings release announced on February 7, 2013, the Board of Activision Blizzard is considering, or may consider during 2013, substantial stock repurchases, dividends, acquisitions, licensing or other non-ordinary course transactions. These potential transactions could be financed by debt.

Note 19. Provisions

(in millions of euros)	Note	December 31, 2011	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2012
Employee benefits (a)		507	43	(78)	(19)	60	38	551
Restructuring costs		48	(b) 322	(154)	-	52	(10)	258
Litigations	27	479	(c) 1,015	(54)	(82)	4	(5)	1,357
Losses on onerous contracts		237	19	(104)	(10)	-	1	143
Contingent liabilities due to disposal (d)	26.4	41	-	-	-	-	(17)	24
Cost of dismantling and restoring sites (e)		70	1	(3)	-	-	15	83
Other (f)		773	(g) 748	(107)	(63)	29	9	1,389
Provisions		**2,155**	**2,148**	**(500)**	**(174)**	**145**	**31**	**3,805**
Deduction of current provisions		(586)	(316)	91	139	(12)	(27)	(711)
Non-current provisions		**1,569**	**1,832**	**(409)**	**(35)**	**133**	**4**	**3,094**

(in millions of euros)	Note	December 31, 2010	Addition	Utilization	Reversal	Business combinations	Divestitures, changes in foreign currency translation adjustments and other	December 31, 2011
Employee benefits (a)		511	40	(78)	(3)	-	37	507
Restructuring costs		42	87	(90)	(6)	1	14	48
Litigations	27	443	262	(198)	(46)	12	6	479
Losses on onerous contracts		394	72	(165)	(61)	2	(5)	237
Contingent liabilities due to disposal (d)	26.4	50	-	(3)	-	-	(6)	41
Cost of dismantling and restoring sites (e)		63	-	(2)	-	-	9	70
Other (f)		526	351	(64)	(66)	-	26	773
Provisions		**2,029**	**812**	**(600)**	**(182)**	**15**	**81**	**2,155**
Deduction of current provisions		(552)	(299)	290	48	-	(73)	(586)
Non-current provisions		**1,477**	**513**	**(310)**	**(134)**	**15**	**8**	**1,569**

(a) Includes employee deferred compensation as well as provisions for defined employee benefit plans (€499 million as of December 31, 2012 and €446 million as of December 31, 2011; please refer to Note 20.2), but excludes employee termination reserves recorded under restructuring costs.

(b) Includes restructuring provisions: SFR (€170 million), Maroc Telecom (€72 million), and UMG (€79 million).

(c) Notably includes the €945 million reserve accrual regarding the Liberty Media Corporation litigation in the United States (please refer to Note 27).

(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) SFR and GVT are required to dismantle and restore each telephony antenna site following termination of a site lease.

(f) Notably includes provisions for litigations for which the amount is not detailed because such disclosure could be prejudicial to Vivendi.

(g) Notably includes the reserve accruals related to the impacts of the Consolidated Global Profit Tax System in 2011 (€366 million), as well as the impact related to the use of tax credits in 2012 (€208 million) (please refer to Note 6).

Note 20. Employee benefits

20.1. ANALYSIS OF EXPENSES RELATED TO EMPLOYEE BENEFIT PLANS

The following table provides information about the cost of employee benefit plans excluding its financial component. The total cost of defined benefit plans is set forth in Note 20.2.2 below.

		Year ended December 31,	
(in millions of euros)	Note	2012	2011
Employee defined contribution plans		57	55
Employee defined benefit plans	20.2.2	16	16
Employee benefit plans		**73**	**71**

20.2. EMPLOYEE DEFINED BENEFIT PLANS

20.2.1. Assumptions used in the evaluation and sensitivity analysis

DISCOUNT RATE, EXPECTED RETURN ON PLAN ASSETS, AND RATE OF COMPENSATION INCREASE

The assumptions underlying the valuation of defined benefit plans were made in compliance with accounting policies presented in Note 1.3.8 and have been applied consistently for several years. Demographic assumptions (including notably the rate of compensation increase) are company specific. Financial assumptions (notably including the discount rate and the expected rate of return on investments) are made as follows:

- determination by independent actuaries and other independent advisors of the discount rate for each country by reference to yields on notes issued by investment grade companies having a credit rating of AA and maturities identical to that of the valued plans, generally based on relevant rate indices, and as reviewed by Vivendi's Finance department, representing, at year-end, the best estimate of expected trends in future payments from the first benefit payments; and
- the expected return on plan assets is determined for each plan according to the portfolio composition and the expected performance of each component.

	Pension benefits		Post-retirement benefits	
	2012	2011	2012	2011
Discount rate (a)	3.6%	4.6%	3.6%	4.3%
Expected return on plan assets (b)	3.6%	3.7%	na*	na*
Rate of compensation increase	2.0%	1.9%	3.1%	3.0%
Expected average working life (in years)	10.3	9.8	4.8	5.3
Weighted average duration of the benefit obligation (in years)	14.2	14.6	10.5	10.1

na*: not applicable.

(a) A 50 basis point increase (or a 50 basis point decrease, respectively) in the 2012 discount rate would have led to a decrease of €1 million in pre-tax expense (or an increase of €2 million, respectively) and would have led to a decrease in the obligations of pension and post-retirement benefits of €65 million (or an increase of €71 million, respectively).

(b) A 50 basis point increase (or a 50 basis point decrease, respectively) in the expected return on plan assets for 2012 would have led to a decrease of €1 million in pre-tax expense (or an increase of €1 million, respectively).

Assumptions used in accounting for the pension benefits, by country

	United States		United Kingdom		Germany		France	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Discount rate	3.50%	4.25%	4.25%	5.00%	3.25%	4.50%	3.25%	4.50%
Expected return on plan assets	3.50%	4.25%	4.25%	3.36%	3.25%	na*	3.25%	4.55%
Rate of compensation increase	na*	na*	4.50%	5.00%	2.00%	2.00%	3.41%	3.47%

na*: not applicable.

Assumptions used in accounting for post-retirement benefits, by country

	United States		Canada	
	2012	2011	**2012**	2011
Discount rate	3.50%	4.25%	4.00%	4.75%
Rate of compensation increase	3.50%	3.50%	na*	na*

na*: not applicable.

PENSION PLAN ASSETS

Weighted-average range of investment allocation by asset category for each major plan

	Minimum	Maximum
Equity securities	6%	6%
Real estate	1%	1%
Debt securities	57%	57%
Diversified funds	16%	16%
Cash and other	20%	20%

Allocation of pension plan assets

	December 31, 2012	December 31, 2011
Equity securities	6%	6%
Real estate	1%	1%
Debt securities	57%	67%
Diversified funds	16%	17%
Cash and other	20%	9%
Total	**100%**	**100%**

Pension plan assets which were not transferred have a limited exposure to stock market fluctuations. These assets do not include occupied buildings or assets used by Vivendi nor shares or debt instruments of Vivendi.

COST EVOLUTION OF POST-RETIREMENT BENEFITS

For the purpose of measuring post-retirement benefits, Vivendi assumed the annual growth in the per capita cost of covered health care benefits would slow down from 7.3% for categories under 65 years old and 65 years old and over in 2012, to 4.5% in 2021 for these categories. In 2012, a one-percentage-point increase in the assumed cost evolution rates would have increased post-retirement benefit obligations by €12 million and the pre-tax expense by €1 million. Conversely, a one-percentage-point decrease in the assumed cost evolution rates would have decreased post-retirement benefit obligations by €10 million and the pre-tax expense by less than €1 million.

20.2.2. Analysis of the expense recorded and of the amount of benefits paid

	Pension benefits		Post-retirement benefits		Total	
(in millions of euros)	2012	2011	2012	2011	2012	2011
Current service cost	19	16	-	-	19	16
Amortization of actuarial (gains)/losses	8	7	-	-	8	7
Amortization of past service cost	1	(7)	-	-	1	(7)
Effect of curtailments/settlements	(12)	-	-	-	(12)	-
Adjustment related to asset ceiling	-	-	-	-	-	-
Impact on selling, administrative and general expenses	**16**	**16**	**-**	**-**	**16**	**16**
Interest cost	31	28	7	7	38	35
Expected return on plan assets	(12)	(9)	-	-	(12)	(9)
Impact on other financial charges and income	**19**	**19**	**7**	**7**	**26**	**26**
Net benefit cost	**35**	**35**	**7**	**7**	**42**	**42**

In 2012, benefits paid amounted to (i) €29 million (compared to €27 million in 2011) with respect to pensions, of which €7 million (compared to €5 million in 2011) was paid by pension funds, and (ii) €12 million (unchanged compared to 2011) was paid with respect to post-retirement benefits.

20.2.3. Analysis of net benefit obligations with respect to pensions and post-retirement benefits

BENEFIT OBLIGATION, FAIR VALUE OF PLAN ASSETS AND FUNDED STATUS OVER A FIVE-YEAR PERIOD

	Pension benefits					Post-retirement benefits				
	December 31,					December 31,				
(in millions of euros)	2012	2011	2010	2009	2008	2012	2011	2010	2009	2008
Benefit obligation	857	668	625	539	482	163	158	159	142	135
Fair value of plan assets	367	272	240	203	189	-	-	-	-	-
Underfunded obligation	**(490)**	**(396)**	**(385)**	**(336)**	**(293)**	**(163)**	**(158)**	**(159)**	**(142)**	**(135)**

CHANGES IN VALUE OF BENEFIT OBLIGATIONS, FAIR VALUE OF PLAN ASSETS, AND FUNDED STATUS

		Employee defined benefit plans					
		Year ended December 31, 2012					
		Benefit obligation	Fair value of plan assets	Under-funded obligation	Unrecognized actuarial (gains)/losses and past service cost	Adjustment related to asset ceiling	Net (provision)/asset recorded in the statement of financial position
(in millions of euros)	Note	(A)	(B)	(C)=(B)-(A)	(D)	(E)	(C)+(D)+(E)
Opening balance		**826**	**272**	**(554)**	**126**	**-**	**(428)**
Current service cost		19		(19)			(19)
Amortization of actuarial (gains)/losses					(8)		(8)
Amortization of past service cost					(1)		(1)
Effect of curtailments		(21)		21	(9)		12
Effect of settlements							-
Adjustment related to asset ceiling							-
Impact on selling, administrative and general expenses							***(16)***
Interest cost		38		(38)			(38)
Expected return on plan assets			12	12			12
Impact on other financial charges and income							***(26)***
Net benefit cost							**(42)**
Acturial gains/(losses) arising from changes in demographic assumptions		1		(1)	1		-
Acturial gains/(losses) arising from changes in financial assumptions		106		(106)	106		-
Experience gains/(losses) **(a)**		(13)	13	26	(26)		-
Benefits paid		(43)	(43)				-
Contributions by plan participants		1	1				-
Contributions by employers			63	63			63
Plan amendments		1		(1)	1		-
Business combinations **(b)**		111	51	(60)			(60)
Divestitures of businesses							-
Transfers							-
Other (foreign currency translation adjustments)		(6)	(2)	4	(1)		3
Closing balance		**1,020**	**367**	**(653)**	**189**	**-**	**(464)**
Of which wholly or partly funded benefits		*533*					
wholly unfunded benefits **(c)**		*487*					
Of which assets related to employee benefit plans							*35*
provisions for employee benefit plans **(d)**	19						*(499)*

		Employee defined benefit plans					
		Year ended December 31, 2011					
		Benefit obligation	Fair value of plan assets	Under-funded obligation	Unrecognized actuarial (gains)/losses and past service cost	Adjustment related to asset ceiling	Net (provision)/ asset recorded in the statement of financial position
(in millions of euros)	Note	(A)	(B)	(C)=(B)-(A)	(D)	(E)	(C)+(D)+(E)
Opening balance		**784**	**240**	**(544)**	**117**	**-**	**(427)**
Current service cost		16		(16)			(16)
Amortization of actuarial (gains)/losses					(7)		(7)
Amortization of past service cost		(8)		8	(1)		7
Effect of curtailments							-
Effect of settlements							-
Adjustment related to asset ceiling							-
Impact on selling, administrative and general expenses							***(16)***
Interest cost		35		(35)			(35)
Expected return on plan assets			9	9			9
Impact on other financial charges and income							***(26)***
Net benefit cost							**(42)**
Actuarial gains/(losses) arising from changes in demographic assumptions							-
Actuarial gains/(losses) arising from changes in financial assumptions		7		(7)	7		-
Experience gains/(losses) (a)		1		(1)	1		-
Benefits paid		(39)	(39)				-
Contributions by plan participants		1	1				-
Contributions by employers			49	49			49
Plan amendments		6		(6)	6		-
Business combinations							-
Divestitures of businesses							-
Transfers							-
Other (foreign currency translation adjustments)		23	12	(11)	3		(8)
Closing balance		**826**	**272**	**(554)**	**126**	**-**	**(428)**
Of which wholly or partly funded benefits		*389*					
wholly unfunded benefits (c)		*437*					
Of which assets related to employee benefit plans							*18*
provisions for employee benefit plans (d)	19						*(446)*

(a) Includes the impact on the benefit obligation resulting from the difference between benefits estimated at the previous year-end and benefits paid during the year, and the difference between the expected return on plan assets at the previous year end and the actual return on plan assets during the year. As a reminder, in 2010, 2009 and 2008, (gains)/losses that result from actual experience in respect of benefit obligations amounted to -€4 million, €1 million, and €1 million, respectively, and gains/(losses) that result from actual experience in respect of plan assets amounted to €9 million, €3 million and -€43 million, respectively.

(b) Relates to the impact of the acquisition of EMI Recorded Music on the value of the obligations, plan assets, and underfunded obligation for €111 million, €52 million, and €59 million.

(c) In accordance with local laws and practices, certain plans are not covered by pension funds. As of December 31, 2012, they principally comprise supplementary pension plans in the United States, pension plans in Germany and post-retirement benefit plans in the United States.

(d) Includes a current liability of €46 million as of December 31, 2012 (compared to €37 million as of December 31, 2011).

BENEFIT OBLIGATION, FAIR VALUE OF PLAN ASSETS, AND FUNDED STATUS DETAILED BY COUNTRY

	Pension benefits		Post-retirement benefits		Total	
	December 31,		December 31,		December 31,	
(in millions of euros)	2012	2011	2012	2011	2012	2011
Benefit obligation						
US companies	118	121	144	139	262	260
UK companies	225	205	-	-	225	205
German companies	183	108	-	-	183	108
French companies	216	171	-	-	216	171
Other	115	63	19	19	134	82
	857	**668**	**163**	**158**	**1,020**	**826**
Fair value of plan assets						
US companies	53	56	-	-	53	56
UK companies	188	154	-	-	188	154
German companies	3	-	-	-	3	-
French companies	67	51	-	-	67	51
Other	56	11	-	-	56	11
	367	**272**	**-**	**-**	**367**	**272**
Underfunded obligation						
US companies	(65)	(65)	(144)	(139)	(209)	(204)
UK companies	(37)	(51)	-	-	(37)	(51)
German companies	(180)	(108)	-	-	(180)	(108)
French companies	(149)	(120)	-	-	(149)	(120)
Other	(59)	(52)	(19)	(19)	(78)	(71)
	(490)	**(396)**	**(163)**	**(158)**	**(653)**	**(554)**

In 2011, Vivendi took into account the impact of the change in the legislation in relation to the indexation of retirement plans in the United Kingdom, which resulted in a non-significant decrease of its commitments.

20.2.4. Additional information on pension benefits in France

Vivendi maintains ten pension plans in France, of which four make investments through insurance companies. The allocation of assets by category of the various plans was as follows:

	Equity securities	Real estate	Debt securities	Cash	Total
Corporate Supplementary Plan	12.1%	6.4%	77.5%	4.0%	100%
Corporate Management Supplementary Plan	15.0%	5.9%	75.4%	3.7%	100%
SFR Supplementary Plan	12.0%	6.0%	81.0%	1.0%	100%
Canal+ Group IDR* Plan	9.9%	8.1%	82.0%	-	100%

IDR (*Indemnités de départ en retraite*)*: indemnities payable on retirement.

The asset allocation remains fairly stable over time. Contributions to the four plans amounted to €17 million in 2012 (compared to €4 million in 2011), and are estimated to be €7 million in 2013.

Payments to all ten pension plans in France amounted to €17 million in 2012 (compared to €5 million in 2011), and are estimated to be €8 million in 2013.

20.2.5. Benefits estimation and future payments

For 2013, hedge fund contributions and benefit payments to retirees by Vivendi are estimated at €45 million in respect of pensions, of which €23 million to pension funds and €12 million to post-retirement benefits.

Estimates of future benefit payments to beneficiaries by the relevant pension funds or by Vivendi (in nominal value) are as follows:

(in millions of euros)	Pension benefits	Post-retirement benefits
2013	33	12
2014	42	11
2015	25	11
2016	24	11
2017	32	11
2018-2022	190	51

Note 21. Share-based compensation plans

21.1. IMPACT ON THE CONSOLIDATED STATEMENT OF EARNINGS

		Year ended December 31,	
(in millions of euros)	Note	2012	2011
Charge/(Income)			
Stock options, performance shares and bonus shares		*32*	*28*
Employee stock purchase plans		*33*	*25*
"Stock appreciation rights" and "restricted stock units"		*-*	*(5)*
Vivendi stock instruments	21.2	65	48
Activision Blizzard stock instruments	21.3	103	67
UMG employee equity unit plan	21.4	9	7
Subtotal (including Activision Blizzard's capitalized costs)		**177**	**122**
Equity-settled instruments		*168*	*120*
Cash-settled instruments		9	*2*
(-) Activision Blizzard's capitalized costs **(a)**		(7)	7
Charge/(Income) related to share-based compensation plans	**3**	**170**	**129**

(a) Share-based compensation costs directly attributable to games development are capitalized in compliance with the accounting principles described in Note 1.3.5.4. In 2012, €21 million were capitalized (compared to €19 million in 2011) and €14 million were amortized (compared to €26 million in 2011), representing a net impact of +€7 million (compared to -€7 million in 2011).

21.2. PLANS GRANTED BY VIVENDI

21.2.1. Information on plans granted by Vivendi

Vivendi has granted several share-based compensation plans to its employees. During 2012 and 2011, Vivendi granted stock option and performance share plans, wherever the fiscal residence of the beneficiaries, and bonus share plan for employees of all the group's French subsidiaries, as well as stock purchase plans for its employees and retirees (employee stock purchase plan and leveraged plan).

The accounting methods applied to value and recognize these granted plans are described in Note 1.3.10.

More specifically, the volatility applied in valuing the plans granted by Vivendi in 2012 and 2011 is calculated as the weighted average of (a) 75% of the historical volatility of Vivendi shares computed on a 6.5-year period and (b) 25% of the implied volatility based on Vivendi put and call options traded on a liquid market with a maturity of 6 months or more.

The risk-free interest rate used is the rate of French "Obligations Assimilables du Trésor" (OAT) with a maturity corresponding to the expected term of the instrument at the valuation date.

The expected dividend yield at grant date is based on Vivendi's dividend distribution policy, which is an expected dividend representing approximately 45% to 55% of adjusted net income.

EQUITY-SETTLED INSTRUMENTS

The definitive grant of equity-settled instruments, excluding bonus share plan, is subject to the satisfaction of performance conditions. Such performance conditions include an external indicator, thus following AFEP and MEDEF recommendations. The objectives underlying the performance conditions are determined by the Supervisory Board upon proposal by the Human Resources Committee.The value of the granted equity-settled instruments is estimated and set at grant date.

For the main stock option plans, performance share plans and bonus share plans of 2012 and 2011, the applied assumptions were as follows:

	2012		2011
Grant date	(a) July 16,	April 17,	April 13,
Data at grant date:			
Option strike price (in euros) (b)	na*	13.63	19.93
Share price (in euros)	15.75	12.53	20.56
Expected volatility	na*	27%	25%
Expected dividend yield	6.35%	7.98%	7.30%
Performance conditions achievement rate (c)	na*	100%	100%

na*: not applicable.

(a) Vivendi's Management Board decided to grant 50 bonus shares to the employees of all the group's French subsidiaries.

(b) In accordance with legal requirements, the number and strike price of stock options, as well as the number of performance shares in connection with outstanding plans, were adjusted to take into account the impact, for the beneficiaries of the grant, of one bonus share on May 9, 2012 to each shareowner per 30 shares held by a withdrawal from additional paid in capital. This adjustment had no impact on share-based compensation expense related to the relevant stock option and performance share plans.

(c) Beginning in 2012, for both performance shares and stock options, the objectives underlying the performance conditions are assessed once on a cumulative basis at the expiry of a two-year period (each year during two years for plans granted in 2011). Their definitive grant will be effective upon the satisfaction of the following new performance conditions:
- internal indicator (70%): EBITA margin rate which will be recorded as of December 31, 2013 on the basis of cumulative 2012 and 2013 fiscal years (compared to adjusted net income (45%) and cash flow from operations (25%) for plans granted in 2011); and
- external indicators (30%): the performance of Vivendi share between January 1, 2012 and December 31, 2013, compared to two stock indices: Europe Stoxx 600 Telecommunications (70%, compared to 60% for plans granted in 2011) and a range of Media values (30%, compared to 40% for plans granted in 2011).

As the performance conditions related to the 2011 plan were satisfied at year-end 2012, the definitive grant of stock options and performance shares from April 13, 2011 became effective as of December 31, 2012. The acquisition of these instruments is conditional upon active employment at the vesting date.

Stock option plans

Stock options granted in 2012 and 2011 vest at the end of a three-year period and expire at the end of a ten-year period (with a 6.5 year expected term) and the compensation cost determined at grant date is recognized on a straight-line basis over the vesting period.

On April 17, 2012, 2,514 thousand stock options were granted, compared to 2,527 thousand granted on April 13, 2011. After taking into account a 2.35% risk-free interest rate (3.21% in 2011), the fair value of each option granted was €0.96, compared to €2.16 per option on April 13, 2011, corresponding to a global fair value of €2 million (compared to €5 million in 2011).

Performance share plans

Performance shares granted in 2012 and 2011 vest at the end of a two-year period. The compensation cost is therefore recognized on a straight-line basis over the vesting period. Performance shares are available at the end of a four-year period from the date of grant. However, as the shares granted are ordinary shares of the same class as existing shares composing the share capital of Vivendi SA, employee shareholders are entitled to dividends and voting rights attached to these shares at the end of the two-year vesting period. The compensation cost corresponds to the value of the equity instruments received by the beneficiary, and is equal to the difference between the fair value of the shares to be received and the discounted value of dividends that were not received over the vesting period.

On April 17, 2012, 1,818 thousand performance shares were granted, compared to 1,679 thousand granted on April 13, 2011. After taking into account a discount for non-transferability of 7.10% of the share price on April 17, 2012 (4.50% on April 13, 2011), the fair value of each granted performance share was €9.80, compared to €16.84 per share on April 13, 2011 corresponding to a global fair value of €18 million (compared to €28 million in 2011).

50 bonus share plan

On July 16, 2012, Vivendi adopted a 50 bonus share plan per employee of all the group's French subsidiaries. These shares will be issued at the end of a two-year period, i.e., July 17, 2014, subject to the employee being in active employment at this date and without any performance conditions. The compensation cost was recognized on a straight-line basis over this period. The shares will only be available after another two-year period. However, as the shares granted are ordinary shares of the same class as existing shares making up the share capital of Vivendi SA, employee shareholders will be entitled to dividend and voting rights relating to all their shares from the end of the two year vesting period.

On July 16, 2012, 729 thousand bonus shares were granted. After taking into account a discount for non-transferability of 9.30% of the share price on July 16, 2012, the fair value of each granted bonus share was €12.40, a total of €9 million.

EMPLOYEE STOCK PURCHASE AND LEVERAGED PLANS

Vivendi also maintains share purchase plans (stock purchase and leveraged plans) that allow substantially all of its employees and retirees to purchase Vivendi shares through capital increases reserved to them. These shares, which are subject to certain sale or transfer restrictions, may be purchased by employees with a maximum discount of 20% on the average opening market price for Vivendi shares during the 20 trading days preceding the date of approval of the share capital increase by the Management Board (purchase date). The difference between the subscription price of the shares and the share price on the date of grant (corresponding to the subscription period closing date) represents the benefit granted to the beneficiaries. Furthermore, Vivendi applies a discount for non-transferability in respect of the restrictions on the sale or transfer of the shares during a five-year period, which is deducted from the benefit granted to the employees. The value of the stock purchase plans granted is estimated and fixed at grant date.

For the employee stock purchase and leveraged plans subscribed in 2012 and 2011, the applied assumptions were as follows:

	2012	2011
Grant date	June 25,	June 23,
Subscription price (in euros)	10.31	15.27
Data at grant date:		
Share price (in euros)	13.57	18.39
Discount to face value	24.02%	16.97%
Expected dividend yield	7.37%	8.16%
Risk-free interest rate	1.37%	2.44%
5-year interest rate	6.51%	6.15%
Repo rate	0.36%	0.36%

Under the employee stock purchase plans, 2,108 thousand shares were subscribed in 2012 (1,841 thousand shares subscribed in 2011). After taking into account a 15.3% discount for non-transferability to the share price on the grant date (10.0% in 2011), the fair value per subscribed share was €1.2 on June 25, 2012, compared to €1.3 per subscribed share on July 23, 2011.

Under the leveraged plans implemented in 2012 and 2011, virtually all employees and retirees of Vivendi and its French and foreign subsidiaries were entitled to subscribe for Vivendi shares through a reserved share capital increase, while obtaining a discounted subscription price, and to ultimately receive the capital gain (calculated pursuant to the terms and conditions of the plan) corresponding to 10 shares for one subscribed share. A financial institution mandated by Vivendi hedges this transaction.

In 2012, 9,845 thousand shares were subscribed under the leveraged plans (compared to 7,320 subscribed shares in 2011). After taking into account a 1.5% discount for non-transferability measured after the leveraged impact (1.0% in 2011), the fair value per subscribed share on June 25, 2012 was €3.1, compared to €2.9 per subscribed share on June 23, 2011.

Therefore, stock purchase and leveraged plans resulted in a capital increase totaling €127 million on July 19, 2012 (including issue premium), compared to €143 million on July 21, 2011.

CASH-SETTLED INSTRUMENTS

In 2006 and 2007, Vivendi granted specific instruments to its US resident managers and employees, with economic features similar to those granted to non-US resident managers and employees, except that these equity instruments are settled in cash only. The value of the cash-settled instruments granted is initially estimated as of the grant date and is then re-estimated at each reporting date until the payment date and the expense is adjusted pro rata taking into account the vested rights at each such reporting date. All the rights for these plans were definitively vested as of April 2010.

Stock appreciation right plans

When the instruments entitle the beneficiaries thereof to receive the appreciation in the value of Vivendi share, they are known as "stock appreciation rights" (SAR) which are the economic equivalent of stock options. Under a SAR plan, the beneficiaries will receive a cash payment upon exercise of their rights based on the Vivendi share price equal to the difference between the Vivendi share price upon exercise of the SAR and their strike price as set at the grant date. SAR expire at the end of a ten-year period. The following table presents the value of outstanding stock appreciation right plan measured as of December 31, 2012:

	2007	2006	
Grant date	April 23,	September 22,	April 13,
Data at grant date:			
Strike price (in US dollars)	41.34	34.58	34.58
Number of instruments granted (in thousands)	1,281	24	1,250
Data at the valuation date (December 31, 2012):			
Expected term (in years)	2.1	1.8	1.6
Share price (in US dollars)	22.49	22.49	22.49
Expected volatility	29%	29%	29%
Risk-free interest rate	0.07%	0.06%	0.05%
Expected dividend yield	5.87%	5.87%	5.87%
Fair value of the granted option as of December 31, 2012 (in US dollars)	**0.20**	**0.40**	**0.34**

Restricted stock unit plans

Under an RSU plan, the beneficiaries received, at the end of a four-year period following the grant date, a cash payment based on the Vivendi share price equal to the Vivendi share price at that date, plus the value of dividends paid on Vivendi shares in respect of the two fiscal periods subsequent to the two-year vesting period, and converted into the local currency at the prevailing exchange rate. In 2011, the beneficiaries of the RSU plan granted in 2007 received a cash payment for an aggregate consideration of €2 million. Consequently, there are no more RSU plans at Vivendi.

21.2.2. Information on outstanding Vivendi plans since January 1, 2011

EQUITY-SETTLED INSTRUMENTS

	Stock options		Performance shares
	Number of stock options outstanding (in thousands)	Weighted average strike price of stock options outstanding (in euros)	Number of performance shares outstanding (in thousands)
Balance as of December 31, 2010	**48,922**	**21.4**	**1,827**
Granted	2,565	19.9	1,768
Exercised	(554)	13.9	(509)
Cancelled	(1,026)	19.7	(125)
Balance as of December 31, 2011	**49,907**	**21.5**	**2,961**
Granted	2,650	13.7	1,918
Exercised	(a) (479)	13.0	(981)
Cancelled	(411)	18.4	(138)
Adjusted	1,739	20.4	124
Balance as of December 31, 2012	**(b) 53,406**	**20.5**	**(c) 3,884**
Exercisable as of December 31, 2012	**42,817**	**21.4**	**-**
Acquired as of December 31, 2012	**42,857**	**21.4**	**231**

(a) The weighted average share price for Vivendi shares at the dates of exercise for the options was €16.70 (compared to €19.99 for stock options exercised in 2011).

(b) The total intrinsic value of outstanding stock options was €22 million.

(c) The weighted-average remaining period before issuing shares under performance shares was 1.2 years.

Regarding the grant of 50 bonus shares, the remaining number of bonus shares was 697 thousand as of December 31, 2012. During 2012, 32 thousand shares were cancelled.

Please refer to Note 18 for the potential impact on the share capital of Vivendi SA of the outstanding stock options, the performance shares and bonus shares.

Information on stock options as of December 31, 2012 is as follows:

	Outstanding stock options			Vested stock options	
Range of strike prices	Number	Weighted average strike price	Weighted average remaining contractual life	Number	Weighted average strike price
	(in thousands)	(in euros)	(in years)	(in thousands)	(in euros)
Under €18	11,111	15.4	5.9	3,160	13.3
€18-€20	17,019	18.5	4.3	14,421	18.3
€20-€22	7,395	21.3	2.3	7,395	21.3
€22-€24	6,296	22.6	5.3	6,296	22.6
€24-€26	5,714	25.7	3.3	5,714	25.7
€26-€28	5,871	27.7	4.3	5,871	27.7
€28 and more	-	-	-	-	-
	53,406	**20.5**	**4.4**	**42,857**	**21.4**

CASH-SETTLED INSTRUMENTS

As of December 31, 2012, the remaining outstanding SAR amounted to 5,064 thousand (compared to 5,057 thousand as of December 31, 2011). In 2012, 35 thousand SAR were exercised and 123 thousand were forfeited. All rights related to SAR were vested and their total intrinsic value amounted to $2 million. As of December 31, 2012, the amount accrued for these instruments was €2 million (compared to €2 million as of December 31, 2011).

21.3. PLANS GRANTED BY ACTIVISION BLIZZARD

21.3.1. Information on plans granted by Activision Blizzard

As part of the creation of Activision Blizzard on July 10, 2008, Vivendi assumed the outstanding plans of Activision.

The accounting methods applied to value these granted plans are described in Note 1.3.10. More precisely, the volatility applied in valuing the plans granted by Activision Blizzard consists of the historical volatility of Activision Blizzard shares and the implied volatility based on traded put and call options. The risk-free interest rate used was a forward rate and the expected dividend yield assumption was based on the company's historical and expected future amount of dividend payouts.

On July 28, 2008, the Board of Directors of Activision Blizzard adopted the Activision Blizzard Inc. 2008 Incentive Plan, further amended and restated by the Board of Directors and the Compensation Committee of this Board with stockholder approval (as so amended and restated, the "2008 Plan"). The 2008 Plan authorizes the Compensation Committee of the Board of Directors to provide Activision Blizzard's stock-based compensation in the form of stock options, share appreciation rights, restricted stock, restricted stock units, performance shares, performance units and other performance or value-based awards. The stock-based compensation program of Activision Blizzard for the most part currently utilizes a combination of options and restricted stock units. Under the terms of the 2008 Plan, the exercise price for the options, must be equal to or greater than the closing price per share of the common stock of Activision Blizzard on the date the award is granted, as reported on NASDAQ.

For the main stock option plans, performance share plans and bonus share plans of 2012 and 2011, the applied assumptions were as follows:

	2012	2011
Weighted-average data at grant date: (a)		
Option strike price (in US dollars)	10.95	12.54
Share price (in US dollars)	10.95	12.54
Expected volatility	41%	44%
Expected dividend yield	1.65%	1.34%
Performance conditions achievement rate	na*	na*

na*: not applicable.

(a) Relates to the weighted-average by number of instruments for each grant per fiscal year.

Stock option plans

Stock options have time-based vesting schedules, generally vesting annually over a period of three to five years and the options expire at the end of a ten-year period.

In 2012, 4,296 thousand stock options were granted, compared to 4,052 thousand stock options in 2011. The weighted-average fair values of the granted options were $3.47 per option (with a 1.12% risk-free interest rate) compared to $4.17 in 2011 (with a 1.91% risk-free interest rate).

For stock options granted in 2012, the expected term was 7.05 years, compared to 6.58 years for the options granted in 2011.

Restricted stock plans

Restricted stocks either have time-based vesting schedules, generally vesting in their entirety on the third anniversary of the date of grant or vesting annually over a period of three to five years, or vest only if certain performance measures are met. Concerning the restricted stocks granted in 2012 and 2011, the shares are vested at the end of a three-year period.

In 2012, 15,498 thousand restricted stocks were granted, compared to 4,918 thousand restricted stocks in 2011. The weighted-average fair values of the granted restricted stocks were $11.81 per instrument compared to $12.30 in 2011.

In addition, in connection with the consummation of the Activision and Vivendi Games business combination on July 9, 2008, the Chief Executive Officer of Activision Blizzard received a grant of 2,500,000 market performance-based restricted shares, which vested in 20% increments on each of the first, second, third, and fourth anniversaries of the date of grant, with another 20% vesting on December 31, 2012, the expiration date of the Chief Executive Officer's employment agreement with Activision Blizzard. As of December 31, 2012, the market performance measure was not achieved and all of the market performance-based restricted shares granted to the Chief Executive Officer were forfeited.

21.3.2. Information on outstanding Activision Blizzard plans since January 1, 2011

	Stock options		Restricted stocks
	Number of stock options outstanding (in thousands)	Weighted average strike price of stock options outstanding (in US dollars)	Number of restricted stocks outstanding (in thousands)
Balance as of December 31, 2010	**61,175**	**10.5**	**16,572**
Granted	4,052	12.5	4,918
Exercised	(9,605)	7.2	(3,125)
Forfeited	(1,719)	11.1	(1,226)
Expired	(741)	15.1	-
Balance as of December 31, 2011	**53,162**	**11.1**	**17,139**
Granted	4,296	11.0	15,498
Exercised	(a) (4,790)	6.9	(3,554)
Forfeited	(423)	12.4	(3,478)
Expired	(497)	14.9	-
Balance as of December 31, 2012	**(b) 51,748**	**11.5**	**(c) 25,605**
Exercisable as of December 31, 2012	**39,473**	**11.4**	**-**
Acquired as of December 31, 2012	**39,473**	**11.4**	**-**

(a) The weighted average share price for the shares of Activision Blizzard on the date on which the options were exercised was $12.15 (compared to $12.06 in 2011).

(b) The total intrinsic value of outstanding stock options was $37 million.

(c) For restricted stocks, the weighted average remaining period before issuing shares was 1.7 years.

Please refer to Note 18 for the potential impact on Vivendi's ownership interest in Activision Blizzard of the outstanding stock options and the restricted stock plans.

Information on stock options as of December 31, 2012 is as follows:

	Outstanding stock options			Vested stock options	
Range of strike prices	Number (in thousands)	Weighted average strike price (in US dollars)	Weighted average remaining contractual life (in years)	Number (in thousands)	Weighted average strike price (in US dollars)
Under $2	111	1.8	0.2	111	1.8
$2-$4	488	2.8	0.9	488	2.8
$4-$6	1,607	5.5	2.2	1,607	5.5
$6-$8	4,373	7.0	3.0	4,373	7.0
$8-$10	5,714	9.3	4.5	5,680	9.3
$10-$12	22,602	11.3	7.5	13,150	11.3
$12-$14	8,663	13.0	6.6	6,394	13.1
$14-$16	3,540	15.0	5.5	3,127	15.0
$16-$17	4,590	16.5	5.4	4,483	16.5
$17 and more	60	18.4	5.6	60	18.4
	51,748	**11.5**	**6.1**	**39,473**	**11.4**

21.4. UMG LONG-TERM INCENTIVE PLAN

Effective January 1, 2010, UMG implemented long-term incentive arrangements under which certain key executives of UMG are awarded phantom equity units and phantom stock appreciation rights whose value is intended to reflect the value of UMG. These units are simply units of account and do not represent an actual ownership interest in either UMG or Vivendi. The equity units are notional grants of equity that will be payable in cash upon settlement no later than 2015 or earlier under certain circumstances. The stock appreciation rights are essentially options on those notional shares that provide additional compensation tied to any increase in value of UMG over the term. The SAR's are also settled in cash only no later than 2015 or earlier under certain circumstances. There is a guaranteed minimum payout of $25 million.

Payouts under the plan generally coincide with terms of employment, but can be accelerated or reduced under certain circumstances. The values for both payouts are based upon third party valuations. While the participants' rights vest at the end of a fixed vesting period, compensation expense is recognized over the vesting period as services are rendered. At each closing date, the expense is recognized based on the portion of the vesting period that has elapsed and the fair value of the units calculated using an appropriate grant date model in accordance with IFRS 2.

As of December 31, 2012, the amount accrued under these arrangements was €22 million (€14 million as of December 31, 2011). There have been no payments made to date.

Note 22. Borrowings and other financial liabilities

		December 31, 2012			December 31, 2011		
(in millions of euros)	Note	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	22.1	10,888	10,188	700	9,276	7,676	1,600
Bank credit facilities (drawn confirmed)	22.2	2,423	2,326	97	4,917	4,558	359
Commercial paper issued	22.2	3,255	-	3,255	529	-	529
Bank overdrafts		192	-	192	163	-	163
Accrued interest to be paid		205	-	205	200	-	200
Other		751	120	631	621	173	448
Nominal value of borrowings		**17,714**	**12,634**	**5,080**	**15,706**	**12,407**	**3,299**
Cumulative effect of amortized cost and reevaluation due to hedge accounting		(1)	4	(5)	(12)	(8)	(4)
Commitments to purchase non-controlling interests		8	8	-	11	10	1
Derivative financial instruments	23	36	21	15	5	-	5
Borrowings and other financial liabilities		**17,757**	**12,667**	**5,090**	**15,710**	**12,409**	**3,301**

22.1. BONDS

	Interest rate (%)				Maturing during the following periods						
(in millions of euros)	nominal	effective	Maturity	Dec. 31, 2012	2013	2014	2015	2016	2017	After 2017	Dec. 31, 2011
€700 million (December 2012)	2.500%	2.65%	Jan-20	700	-	-	-	-	-	700	-
$550 million (April 2012)	2.400%	2.50%	Apr-15	(a) 420	-	-	420	-	-	-	-
$650 million (April 2012)	3.450%	3.56%	Jan-18	491	-	-	-	-	-	491	-
$800 million (April 2012)	4.750%	4.91%	Apr-22	604	-	-	-	-	-	604	-
€1,250 million (January 2012)	4.125%	4.31%	Jul-17	1,250	-	-	-	-	1,250	-	-
€500 million (November 2011)	3.875%	4.04%	Nov-15	500	-	-	500	-	-	-	500
€500 million (November 2011)	4.875%	5.00%	Nov-18	500	-	-	-	-	-	500	500
€1,000 million (July 2011)	3.500%	3.68%	Jul-15	1,000	-	-	1,000	-	-	-	1,000
€1,050 million (July 2011)	4.750%	4.67%	Jul-21	(b) 1,050	-	-	-	-	-	1,050	750
€750 million (March 2010)	4.000%	4.15%	Mar-17	750	-	-	-	-	750	-	750
€700 million (December 2009)	4.875%	4.95%	Dec-19	700	-	-	-	-	-	700	700
€500 million (December 2009)	4.250%	4.39%	Dec-16	500	-	-	-	500	-	-	500
€300 million - SFR (July 2009)	5.000%	5.05%	Jul-14	300	-	300	-	-	-	-	300
€1,120 million (January 2009)	7.750%	7.69%	Jan-14	894	-	894	-	-	-	-	894
$700 million (April 2008)	6.625%	6.85%	Apr-18	529	-	-	-	-	-	529	541
€700 million (October 2006)	4.500%	5.47%	Oct-13	700	700	-	-	-	-	-	700
€1,000 million - SFR (July 2005)	3.375%	4.14%	Jul-12	-	-	-	-	-	-	-	1,000
$700 million (April 2008)	5.750%	6.06%	Apr-13	(c) -	-	-	-	-	-	-	541
€600 million (February 2005)	3.875%	3.94%	Feb-12	-	-	-	-	-	-	-	600
Nominal value of bonds				**10,888**	**700**	**1,194**	**1,920**	**500**	**2,000**	**4,574**	**9,276**

(a) A USD/EUR foreign currency hedge (cross-currency swap) was set up to hedge this tranche denominated in US dollar and issued in April 2012 with a 1.3082 EUR/USD rate, or a €420 million counter value at maturity. As of December 31, 2012, the counter value of this bond converted at the closing rate amounted to €415 million.

(b) In April 2012, this bond was increased by €300 million.

(c) In April/May 2012, this bond was early redeemed through a tender offer.

The bonds denominated in euro are listed on the Luxembourg Stock Exchange.

The bonds denominated in US dollar were converted into euro based on the closing rate, i.e., 1.3244 EUR/USD as of December 31, 2012 (compared to 1.29290 EUR/USD as of December 31, 2011).

Bonds issued by the group contain customary provisions related to events of default, negative pledge and, rights of payment (pari-passu ranking). In addition, bonds issued by Vivendi SA contain an early redemption clause in case of a change in control trigger if, as a result of any such event, the long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-).

22.2. BANK CREDIT FACILITIES

(in million of euros)	Maturity	Maximum amount	Dec. 31, 2012	Maturing during the following periods						Dec. 31, 2011
				2013	2014	2015	2016	2017	After 2017	
€1.5 billion revolving facility (May 2012)	May-17	(a) 1,500	-	-	-	-	-	-	-	-
€1.1 billion revolving facility (January 2012)	Jan-17	(b) 1,100	-	-	-	-	-	-	-	-
€40 million revolving facility (January 2012)	Jan-15	40	-	-	-	-	-	-	-	-
€5.0 billion revolving facility (May 2011)										
tranche B: €1.5 billion	May-14	1,500	725	-	725	-	-	-	-	725
tranche C: €2.0 billion	May-16	2,000	819	-	-	-	819	-	-	410
€1.0 billion revolving facility (September 2010)	Sep-15	1,000	350	-	-	350	-	-	-	-
€1.2 billion revolving facility - SFR (June 2010)	Jun-15	1,200	-	-	-	-	-	-	-	-
€2 billion revolving facility (February 2008)	-	(a) -	-	-	-	-	-	-	-	890
€2 billion revolving facility (August 2006)	-	(a) -	-	-	-	-	-	-	-	2,000
Securitization program - SFR (March 2011)	-	(c) -	-	-	-	-	-	-	-	422
GVT - BNDES	-	570	406	30	45	76	76	57	122	299
Maroc Telecom - MAD 3 billion loan	Jul-14	94	94	54	40	-	-	-	-	149
Canal+ Group - VSTV	Feb-14	35	29	13	16	-	-	-	-	22
Drawn confirmed bank credit facilities			**2,423**	**97**	**826**	**426**	**895**	**57**	**122**	**4,917**
Undrawn confirmed bank credit facilities			6,616	6	784	1,918	1,209	2,628	71	7,164
Total of group's bank credit facilities			**9,039**	**103**	**1,610**	**2,344**	**2,104**	**2,685**	**193**	**12,081**
Commercial paper issued (d)			3,255	3,255						529

(a) In May 2012, Vivendi set up a €1.5 billion syndicated bank credit facility maturing in May 2017, which permitted the early refinancing of two credit facilities for a total amount of €3 billion (the €2 billion credit facility of August 2006 maturing in August 2013 for €1.7 billion and in August 2012 for €0.3 billion as well as the €1 billion credit facility of February 2008, maturing in February 2013).

(b) In January 2012, Vivendi set up a €1.1 billion bank credit facility with a 5-year maturity, which permitted the early refinancing of the €1.5 billion credit facility initially maturing in December 2012 and SFR's €0.5 billion syndicated loan initially maturing in March 2012.

(c) SFR's securitization program was terminated in June 2012.

(d) The commercial paper is backed to confirmed bank credit facilities. It is recorded as short-term borrowings on the Consolidated Statement of Financial Position. Moreover, in June 2012, Vivendi increased the maximum amount authorized by the Banque de France regarding Vivendi SA's commercial paper program from €3 billion to €4 billion.

Vivendi SA and SFR bank credit facilities, when drawn, bear interest at floating rates.

Moreover, in connection with its appeal of the verdict rendered in the Liberty Media Corporation litigation, Vivendi will shortly deliver a letter of credit issued by Bank of America for the benefit of Liberty Media Corporation, for €975 million (damages and interest, as well as legal costs). This off-balance sheet financial commitment will have no impact on Vivendi's net debt (please refer to Note 23.2.3).

Vivendi SA's syndicated bank credit facilities (€7.1 billion as of December 31, 2012) contain customary provisions related to events of default and covenants relating to negative pledge, divestiture and merger transactions. In addition, at the end of each half year, Vivendi SA is required to comply with a financial covenant of proportionate Financial Net Debt[(1)] to proportionate EBITDA[(2)] over a twelve-month rolling period not exceeding 3 for the duration of the loans. Non-compliance with this covenant could result in the early redemption of the facilities if they were drawn, or their cancellation. As of December 31, 2012, Vivendi SA was in compliance with these financial covenants.

SFR's bank credit facility (€1.2 billion as of December 31, 2012) contains customary default, negative pledge, and merger and divestiture covenants. In addition, the facility is subject to a change in SFR's control provision. Moreover, at the end of each half year, SFR must comply with the following two financial covenants: (i) a ratio of Financial Net Debt to consolidated EBITDA over a twelve-month rolling period not exceeding 3.5; and (ii) a ratio of consolidated earnings from operations (consolidated EFO) to consolidated net financing costs (interest) equal to or greater than 3. Non-compliance with these financial covenants could result in the early redemption of the loan. As of December 31, 2012, SFR was in compliance with these financial covenants.

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

The credit facilities granted to GVT by the BNDES (approximately BRL1.5 billion as of December 31, 2012) contain a change in control trigger and are subject to certain financial covenants pursuant to which GVT is required to comply at the end of each half year with at least three of the following financial covenants: (i) a ratio of equity to total asset equal to or higher than 0.40 (0.35 for the credit facilities granted in November 2011); (ii) a ratio of Financial Net Debt to EBITDA not exceeding 2.50; (iii) a ratio of current financial liabilities to EBITDA not exceeding 0.45; and (iv) a ratio of EBITDA to net financial expenses of at least 4.00 (3.50 for the credit facilities granted in November 2011). As of December 31, 2012, GVT was in compliance with its covenants.

22.3. BREAKDOWN OF THE NOMINAL VALUE OF BORROWINGS BY MATURITY, NATURE OF THE INTEREST RATE, AND CURRENCY

Breakdown by maturity

(in millions of euros)	December 31, 2012		December 31, 2011	
Maturity				
< 1 year **(a)**	5,080	*29%*	3,299	*21%*
Between 1 and 2 years	2,057	*12%*	4,017	*26%*
Between 2 and 3 years	2,380	*13%*	2,037	*13%*
Between 3 and 4 years	1,406	*8%*	1,603	*10%*
Between 4 and 5 years	2,073	*12%*	1,391	*9%*
> 5 years	4,718	*26%*	3,359	*21%*
Nominal value of borrowings	**17,714**	***100%***	**15,706**	***100%***

(a) Short-term borrowings (with a maturity of less than one year) included in particular the commercial paper for €3,255 million as of December 31, 2012 (compared to €529 million as of December 31, 2011), with a 30-day weighted-average remaining period at year-end 2012. In addition, they included the €700 million bond issued in October 2006 and maturing in October 2013.

As of December 31, 2012, the average "economic" term of the group's financial debt, pursuant to which all undrawn amounts on available medium-term credit lines may be used to redeem group borrowings with the shortest term was of 4.4 years (compared to 4.0 years at year-end 2011).

(1) Defined as the difference between Vivendi's Financial Net Debt and the share of Financial Net Debt attributable to non-controlling interests of Activision Blizzard and Maroc Telecom Group.

(2) Defined as the difference between Vivendi's modified EBITDA and modified EBITDA attributable to non-controlling interests of Activision Blizzard and Maroc Telecom Group, plus dividends received from entities that are not consolidated.

Breakdown by nature of interest rate

(in millions of euros)	Note	December 31, 2012		December 31, 2011	
Fixed interest rate		11,666	*66%*	9,993	*64%*
Floating interest rate		6,048	*34%*	5,713	*36%*
Nominal value of borrowings before hedging		**17,714**	***100%***	**15,706**	***100%***
Pay-fixed interest rate swaps		*450*		*1,000*	
Pay-floating interest rate swaps		*(1,450)*		*(1,750)*	
Net position at fixed interest rate	23.2	***(1,000)***		***(750)***	
Fixed interest rate		10,666	*60%*	9,243	*59%*
Floating interest rate		7,048	*40%*	6,463	*41%*
Nominal value of borrowings after hedging		**17,714**	***100%***	**15,706**	***100%***

Please refer to Note 23.2.1 for a description of the group's interest rate risk management instruments.

Breakdown by currency

(in millions of euros)	Note	December 31, 2012		December 31, 2011	
Euro - EUR		14,420	*81%*	13,751	*88%*
US dollar - USD		2,046	*12%*	1,084	*7%*
Other (of which MAD, BRL, PLN and FCFA)		1,248	*7%*	871	*5%*
Nominal value of borrowings before hedging		**17,714**	***100%***	**15,706**	***100%***
Currency swaps USD		*1,303*		*563*	
Other currency swaps		(a) *(813)*		*(78)*	
Net total of hedging instruments	23.2	***490***		***485***	
Euro - EUR		14,910	*84%*	14,236	*91%*
US dollar - USD		743	*4%*	521	*3%*
Other (of which MAD, BRL, PLN and FCFA)		2,061	*12%*	949	*6%*
Nominal value of borrowings after hedging		**17,714**	***100%***	**15,706**	***100%***

(a) Notably included a forward GBP/EUR contract for a nominal amount of £430 million, put into place in order to cover the proceeds from the forthcoming sale of certain assets of EMI Recorded Music. Please refer to Note 23.2.2 for a description of the group's foreign currency risk management.

22.4. CREDIT RATINGS

As of February 18, 2013, the date of the Management Board meeting that approved the Financial Statements for the year ended December 31, 2012, the credit ratings of Vivendi were as follows:

Rating agency	Rating date	Type of debt	Ratings	Outlook
Standard & Poor's	July 27, 2005 (a)	Long-term *corporate* debt	BBB	Negative (a)
		Short-term *corporate* debt	A-2	
		Senior unsecured debt	BBB	
Moody's	September 13, 2005	Long-term senior unsecured debt	Baa2	Stable
Fitch Ratings	December 10, 2004	Long-term senior unsecured debt	BBB	Stable

(a) On October 26, 2012, Standard & Poor's removed the credit watch negative that it had placed in Vivendi's debt on July 4, 2012 and confirmed Vivendi's rating, with a negative outlook, of the BBB long-term debt and the A-2 short-term debt rating.

Note 23. Financial instruments and management of financial risks

23.1. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments classified as liabilities under Vivendi's Statement of Financial Position include bonds and bank credit facilities, other financial liabilities (including commitments to purchase non-controlling interests), as well as trade accounts payable and other non-current liabilities. As assets under Vivendi's Statement of Financial Position, they include financial assets measured at fair value and at historical cost, trade accounts receivable and other, as well as cash and cash equivalents. In addition, financial instruments include derivative instruments (assets or liabilities) and assets available for sale.

Accounting category and fair value of financial instruments

		December 31, 2012		December 31, 2011	
(in millions of euros)	Note	Carrying value	Fair value	Carrying value	Fair value
Assets					
Cash management financial assets		*301*	*301*	*266*	*266*
Available-for-sale securities		*197*	*197*	*125*	*125*
Derivative financial instruments		*137*	*137*	*101*	*101*
Other financial assets at fair value through profit or loss		*15*	*15*	*28*	*28*
Financial assets at amortized cost		*228*	*228*	*352*	*352*
Financial assets	15	878	878	872	872
Trade accounts receivable and other, at amortized cost	16	6,587	6,587	6,730	6,730
Cash and cash equivalents	17	3,894	3,894	3,304	3,304
Liabilities					
Borrowings, at amortized cost		*17,713*	*18,637*	*15,694*	*16,079*
Derivative financial instruments		*36*	*36*	*5*	*5*
Commitments to purchase non-controlling interests, at fair value through profit or loss		*8*	*8*	*11*	*11*
Borrowings and other financial liabilities	22	17,757	18,681	15,710	16,095
Other non-current liabilities, at amortized cost	16	1,002	1,002	864	864
Trade accounts payable and other, at amortized cost	16	14,196	14,196	13,987	13,987

The carrying value of trade accounts receivable and other, cash and cash equivalents, and trade accounts payable is a reasonable approximation of fair value, due to the short maturity of these instruments.

Valuation method for financial instruments at fair value

The following tables present the fair value method of financial instruments according to the three following levels:

* **Level 1**: fair value measurement based on quoted prices in active markets for identical assets or liabilities;
* **Level 2**: fair value measurement based on observable market data (other than quoted prices included within Level 1); and
* **Level 3**: fair value measurement based on valuation techniques that use inputs for the asset or liability that are not based on observable market data.

As a reminder, the other financial instruments at amortized cost are not included in the following tables.

(in millions of euros)	Note	December 31, 2012 Total	Level 1	Level 2	Level 3
Assets					
Cash management financial assets	15	301	301	-	-
Available-for-sale securities	15	197	-	154	43
Derivative financial instruments	23.2	137	-	137	-
Other financial assets at fair value through profit or loss		15	9	-	6
Cash and cash equivalents	17	3,894	3,894	-	-
Liabilities					
Commitments to purchase non-controlling interests		8	-	-	8
Derivative financial instruments	23.2	36	-	36	-

(in millions of euros)	Note	December 31, 2011 Total	Level 1	Level 2	Level 3
Assets					
Cash management financial assets	15	266	266	-	-
Available-for-sale securities	15	125	1	77	47
Derivative financial instruments	23.2	101	-	101	-
Other financial assets at fair value through profit or loss		28	15	-	13
Cash and cash equivalents	17	3,304	3,304	-	-
Liabilities					
Commitments to purchase non-controlling interests		11	-	2	9
Derivative financial instruments	23.2	5	-	5	-

In 2012 and 2011, there was no transfer of financial instruments measured at fair value between level 1 and level 2. In addition, as of December 31, 2012 and December 31, 2011, financial instruments measured at level 3 fair value did not include any significant amount.

23.2. MANAGEMENT OF FINANCIAL RISKS AND DERIVATIVE FINANCIAL INSTRUMENTS

As part of its business, Vivendi is exposed to several types of financial risks: market risk, credit (or counterparty) risk, as well as liquidity risk. Market risks are defined as the risks of fluctuation in future cash flows of financial instruments (receivables and payables, as described in Note 23.1 above) that depend on the evolution of financial markets. For Vivendi, market risks may therefore primarily impact interest rates and foreign currency exchange positions, in the absence of significant investments in the markets for stocks and bonds. Vivendi's Financing and Treasury department centrally manages significant market risks, as well as its liquidity risk within the group, reporting directly to Vivendi's Chief Financial Officer, a member of the Management Board. The department has the necessary expertise, resources (notably technical resources), and information systems for this purpose. However, the cash and exposure to financial risks of Maroc Telecom Group and Activision Blizzard are managed independently. The Finance Committee monitors the liquidity positions in all business units and the exposure to interest rate risk and foreign currency exchange rate risk on a bi-monthly basis. Short- and long-term financing activities are mainly performed at the group's headquarters and are subject to the prior agreement of the Management and Supervisory Board, in accordance with the Internal Regulations. However, in terms of optimizing financing operations within the group's debt management framework within the limits already approved by the Supervisory Board, a simple notification is required.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are either listed on organized markets or traded over-the-counter with highly-rated counterparties. All derivative financial instruments are used for hedging purposes and speculative hedging is forbidden.

Derivative financial instrument values on the Statement of Financial Position

		December 31, 2012		December 31, 2011	
(in millions of euros)	Note	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	23.2.1	104	(10)	60	-
Pay-fixed interest rate swaps		-	*(10)*	-	-
Pay-floating interest rate swaps		*104*	-	*60*	-
Foreign currency risk management	23.2.2	13	(26)	41	(5)
Other	23.4	20	-	-	-
Derivative financial instruments		**137**	**(36)**	**101**	**(5)**
Deduction of current derivative financial instruments		(12)	15	(39)	5
Non-current derivative financial instruments		**125**	**21**	**62**	**-**

23.2.1. Interest rate risk management

Interest rate risk management instruments are used by Vivendi to reduce net exposure to interest rate fluctuations, to adjust the respective proportion of fixed or floating interest rates in the total debt and to optimize average net financing costs. In addition, Vivendi's internal procedures prohibit all speculative transactions.

AVERAGE GROSS BORROWINGS AND AVERAGE COST OF BORROWINGS

In 2012, average gross borrowings amounted to €17.1 billion (compared to €13.7 billion in 2011), of which €10.2 billion was at fixed-rates and €6.9 billion at floating rates (compared to €7.2 and €6.5 billion in 2011, respectively). After management, the average cost of borrowings was 3.50%, with a fixed rate ratio of 60% (compared to 3.87%, with a fixed-rate ratio of 53% in 2011).

INTEREST RATE HEDGES

Interest rate risk management instruments used by Vivendi include pay-floating and pay-fixed interest rate swaps. Pay-floating swaps effectively convert fixed rate borrowings to LIBOR and EURIBOR indexed ones. Pay-fixed interest rate swaps convert floating rate borrowings into fixed rate borrowings. These instruments enable the group to manage and reduce volatility in future cash flows required for interest payments on borrowings.

In 2012, Vivendi SA early terminated swaps (notional amount of €300 million) belonging to the pay-floating interest rate swap portfolio (aggregate notional amount of €750 million), maturing in 2017, thus generating an unrealized gain of €19 million. Simultaneously, the balance of this portfolio (notional amount of €450 million) was reclassified as an economic hedge and Vivendi set up a pay-fixed interest rate swaps for a notional amount of €450 million, generating an unrealized gain of €37 million. These unrealized gains were recorded in charges and income, directly recognized in equity, and recycled in financial income over the remaining term of the borrowing hedged.

The tables below show the notional amounts of interest rate risk management instruments used by Vivendi:

	December 31, 2012								
	Notional amounts							Fair value	
(in millions of euros)	Total	2013	2014	2015	2016	2017	After 2017	Assets	Liabilities
Pay-fixed interest rate swaps	450					450		-	(10)
Pay-floating interest rate swaps	(1,450)				(1,000)	(450)		104	-
Net position at fixed interest rate	**(1,000)**				**(1,000)**	**(a) -**		**104**	**(10)**
Breakdown by accounting category of rate hedging instruments									
Cash flow hedge	-							-	-
Fair value hedge	(1,000)				(1,000)			55	-
Economic hedging **(b)**	-					(a) -		49	(10)

	December 31, 2011								
	Notional amounts							Fair value	
(in millions of euros)	Total	2012	2013	2014	2015	2016	After 2016	Assets	Liabilities
Pay-fixed interest rate swaps	1,000	1,000						-	-
Pay-floating interest rate swaps	(1,750)					(1,000)	(750)	60	-
Net position at fixed interest rate	**(750)**	**1,000**				**(1,000)**	**(750)**	**60**	**-**
Breakdown by accounting category of rate hedging instruments									
Cash flow hedge	-							-	-
Fair value hedge	(1,750)					(1,000)	(c) (750)	60	-
Economic hedging **(b)**	1,000	1,000						-	-

(a) Includes pay-floating interest rate swaps for a notional amount of €450 million as well as pay-fixed swaps for a notional amount of €450 million, maturing in 2017, both of which qualified as economic hedges.

(b) The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

(c) In 2012, Vivendi SA early redeemed €300 million swaps from the €750 million pay-floating interest rate swap portfolio maturing in 2017.

OUTSTANDING AND AVERAGE INCOME FROM INVESTMENTS

In 2012, average cash and cash equivalents amounted to €3.4 billion (compared to €4.1 billion in 2011), bearing interest at floating rates. The average interest income rate amounted to 0.91% in 2012 (compared to 1.16% in 2011). They mainly included Activision Blizzard's cash and cash equivalents, invested in money market funds with initial maturity dates not exceeding 90 days.

SENSITIVITY TO CHANGES IN INTEREST RATES

As of December 31, 2012, given the relative weighting of the group's fixed-rate and floating-rate positions, an increase of 100 basis points in short-term interest rates (or a decrease of 100 basis points) would have resulted in a €29 million increase in interest expense (or a decrease of €29 million), unchanged compared to 2011.

23.2.2. Foreign currency risk management

Excluding Maroc Telecom Group and Activision Blizzard, the group's foreign currency risk management is centralized by Vivendi SA's Financing department and primarily seeks to hedge budget exposures (80%) resulting from monetary flows generated by activities performed in currencies other than the euro as well as from external firm commitments (100%), primarily relating to the acquisition of editorial content (including sports, audiovisual and film rights) and certain capital expenditures (set-top boxes for example), realized in currencies other than the euro. Most of the hedging instruments are foreign currency swaps or forward contracts that have a maturity of less than one year. Considering the foreign currency hedge put into place, an unfavorable and uniform euro change of 1% against all foreign currencies in position as of December 31, 2012, would have a non-significant cumulative impact on net earnings (below €1 million as of December 31, 2012 and December 31, 2011). In addition, the group may also hedge foreign currency exposure resulting from foreign-currency denominated financial assets and liabilities. Nevertheless, due to their non-significant nature, net exposures to subsidiaries net working capital (internal flows of royalties as well as external purchases) are generally not hedged. The relevant risks are realized at the end of each month by translating the sum into the functional currency of the relevant operating entities.

The principal currency hedged by the group is the US dollar. In particular, Vivendi converted in euros the $550 million bond issued in April 2012, by setting up a USD-EUR foreign currency hedge (cross-currency swap) with a 1.3082 EUR/USD rate, or a €420 million counter value maturing in April 2015.

In addition, as part of the acquisition of EMI Recorded Music for £1,130 million, which was completed on September 28, 2012 (please refer to Note 2.1):

* Vivendi had partially hedged the acquisition price through forward purchase contracts denominated in GBP for a notional amount of £600 million, with a 0.8144 EUR/GBP rate. From an accounting perspective, these GBP purchases were considered as cash flow hedges. On October 1, 2012, this hedge was unwound for €737 million at the completion in the acquisition.
* Simultaneously Vivendi partially hedged the expected income from the sale of certain EMI Recorded Music assets, in accordance with commitments made by Vivendi to the European Commission, through forward sale contracts denominated in GBP for a notional amount of £430 million, with an average rate of 0.7965 EUR/GBP. From an accounting perspective, these GBP sales were considered as net investment hedges and will be unwound once the effective sale of Parlophone to Warner Music group (please refer to Note 2.1).

Finally, the intercompany loan granted by Vivendi to GVT under market terms for a total amount of €1,001 million (drawn for €811 million as of December 31, 2012) is not subject to any foreign currency hedging in GVT's Statement of Financial Position. Incurred foreign exchange losses amounted to €76 million in 2012 and €24 million in 2011. This intercompany loan is mainly aimed at financing the significant increase in GVT's capital expenditures program related to the geographic expansion of its telecommunication network.

As a reminder, from December 2009 to January 2011, following the agreement to sell the 20% interest in NBC Universal to GE for a total amount of $5,800 million, Vivendi gradually hedged its investment in NBC Universal using currency forward sales contracts denominated in US dollar, at an average exchange rate of 1.33 EUR/USD. From an accounting perspective, these forward contracts were qualified as net investment hedges in NBC Universal.

The following tables present the notional amount of foreign currency risk management instruments used by the group; the positive amounts relate to currencies to be received, the negative amounts relate to currencies to be delivered:

	December 31, 2012						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(931)	(59)	(162)	(586)	(124)	12	(3)
Purchases against the euro	1,421	1,257	37	15	112	1	(20)
Other	-	105	(97)	(8)	-	-	(3)
	490	**1,303**	**(222)**	**(579)**	**(12)**	**13**	**(26)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash flow hedge							
Sales against the euro	(87)	(6)	(58)	(8)	(15)	1	(1)
Purchases against the euro	446	(a) 446	-	-	-	1	(11)
Other	-	92	(92)	-	-	-	(3)
	359	**532**	**(150)**	**(8)**	**(15)**	**2**	**(15)**
Fair value hedge							
Sales against the euro	(154)	(53)	(98)	(3)	-	1	(2)
Purchases against the euro	456	441	-	15	-	-	(6)
Other	-	20	(12)	(8)	-	-	-
	302	**408**	**(110)**	**4**	**-**	**1**	**(8)**
Net investment hedge							
Sales against the euro	(575)	-	-	(b) (575)	-	10	-
Purchases against the euro	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	(575)	**-**	**-**	**(575)**	**-**	**10**	**-**
Economic hedging (c)							
Sales against the euro	(115)	-	(6)	-	(109)	-	-
Purchases against the euro	519	370	37	-	112	-	(3)
Other	-	(7)	7	-	-	-	-
	404	**363**	**38**	**-**	**3**	**-**	**(3)**

	December 31, 2011						
	Notional amounts					Fair value	
(in millions of euros)	Total	USD	PLN	GBP	Other	Assets	Liabilities
Sales against the euro	(338)	(53)	(112)	(80)	(93)	5	(5)
Purchases against the euro	823	606	40	7	170	36	-
Other	-	10	-	(10)	-	-	-
	485	**563**	**(72)**	**(83)**	**77**	**41**	**(5)**
Breakdown by accounting category of foreign currency hedging instruments							
Cash flow hedge							
Sales against the euro	(97)	-	(65)	(9)	(23)	-	(2)
Purchases against the euro	70	69	-	1	-	5	-
Other	-	-	-	-	-	-	-
	(27)	**69**	**(65)**	**(8)**	**(23)**	**5**	**(2)**
Fair value hedge							
Sales against the euro	(54)	(6)	(47)	(1)	-	5	-
Purchases against the euro	476	476	-	-	-	28	-
Other	-	21	(11)	(10)	-	-	-
	422	**491**	**(58)**	**(11)**	**-**	**33**	**-**
Economic hedging (c)							
Sales against the euro	(187)	(47)	-	(70)	(70)	-	(3)
Purchases against the euro	277	61	40	6	170	3	-
Other	-	(11)	11	-	-	-	-
	90	**3**	**51**	**(64)**	**100**	**3**	**(3)**

(a) Notably includes the hedge associated with the $550 million bond issued in April 2012, with a 1.3082 EUR/USD rate, or a counter-value of €420 million at maturity in April 2015.

(b) Mainly includes the hedge associated with the forthcoming sale of EMI Recorded Music assets as of December 31, 2012 (please refer to Note 2.1), with an average rate of 0.7965 EUR/GBP, for a notional amount of £430 million, or a counter value at maturity of € 533 million.

(c) The economic hedging instruments relate to derivative financial instruments which are not eligible for hedge accounting pursuant to IAS 39.

23.2.3. Liquidity risk management

CONTRACTUAL MATURITY OF THE GROUP'S FINANCIAL NET DEBT FUTURE CASH FLOWS

The table below presents the carrying value and the future undiscounted cash flows, as defined in the contractual maturity schedules, of assets and liabilities that constitute Vivendi's Financial Net Debt:

	December 31, 2012							
		Contractual maturity of cash outflows / (inflows)						
(in millions of euros)	Carrying value	Total	2013	2014	2015	2016	2017	After 2017
Nominal value of borrowings (a)	*17,714*	*17,714*	*5,080*	*2,057*	*2,380*	*1,406*	*2,073*	*4,718*
Cumulative effect of amortized cost and reevaluation due to hedge accounting	*(1)*	-						
Interest to be paid (b)	-	*2,586*	*534*	*502*	*402*	*331*	*302*	*515*
Borrowings	17,713	20,300	5,614	2,559	2,782	1,737	2,375	5,233
Commitments to purchase non-controlling interests	8	8					4	4
Derivative financial instruments	36	30	18	3	3	3	3	
Borrowings and other financial liabilities	**17,757**	**20,338**	**5,632**	**2,562**	**2,785**	**1,740**	**2,382**	**5,237**
Cash management financial assets	(301)	(301)	(301)					
Derivative financial instruments	(137)	(156)	(40)	(29)	(28)	(28)	(11)	(20)
Cash deposits backing borrowings	(6)	(6)	(6)					
Cash and cash equivalents (c)	(3,894)	(3,894)	(3,894)					
Financial Net Debt	**13,419**	**15,981**	**1,391**	**2,533**	**2,757**	**1,712**	**2,371**	**5,217**
Undrawn confirmed bank credit facilities (d)		**6,616**	**6**	**784**	**1,918**	**1,209**	**2,628**	**71**

	December 31, 2011							
		Contractual maturity of cash outflows / (inflows)						
(in millions of euros)	Carrying value	Total	2012	2013	2014	2015	2016	After 2016
Nominal value of borrowings (a)	*15,706*	*15,706*	*3,299*	*4,017*	*2,037*	*1,603*	*1,391*	*3,359*
Cumulative effect of amortized cost and reevaluation due to hedge accounting	*(12)*	-						
Interest to be paid (b)	-	*2,230*	*544*	*436*	*360*	*266*	*196*	*428*
Borrowings	15,694	17,936	3,843	4,453	2,397	1,869	1,587	3,787
Commitments to purchase non-controlling interests	11	11	1				4	6
Derivative financial instruments	5	5	5					
Borrowings and other financial liabilities	**15,710**	**17,952**	**3,849**	**4,453**	**2,397**	**1,869**	**1,591**	**3,793**
Cash management financial assets	(266)	(266)	(266)					
Derivative financial instruments	(101)	(142)	(54)	(16)	(16)	(15)	(16)	(25)
Cash deposits backing borrowings	(12)	(12)	(12)					
Cash and cash equivalents (c)	(3,304)	(3,304)	(3,304)					
Financial Net Debt	**12,027**	**14,228**	**213**	**4,437**	**2,381**	**1,854**	**1,575**	**3,768**
Undrawn confirmed bank credit facilities		**7,164**	**2,044**	**110**	**799**	**2,261**	**1,730**	**220**

(a) Future contractual undiscounted cash flows related to the nominal value of currency borrowings are estimated based on the applicable exchange rate as of December 31, 2012 and December 31, 2011, respectively.

(b) Interest to be paid on floating rate borrowings is estimated based on floating rates as of December 31, 2012 and December 31, 2011, respectively.

(c) Cash and cash equivalents include cash held outside the United States by the Activision Blizzard's non-American subsidiaries for €1,936 million (compared to €1,266 million as of December 31, 2011). If these funds are needed in the future to finance American transactions, Activision Blizzard would accrue and pay the required US taxes to repatriate these funds. However, Activision Blizzard's intent is to permanently reinvest these funds outside of the United States and their current business plans do not demonstrate a need to repatriate them to fund their activities in the United States.

(d) In connection with its appeal of the verdict rendered in the Liberty Media Corporation litigation, Vivendi will shortly deliver a letter of credit issued by Bank of America for the benefit of Liberty Media Corporation, for €975 million (damages and interest, as well as legal costs). This off-balance sheet financial commitment will have no impact on Vivendi's net debt (please refer below).

GROUP FINANCING POLICY

Vivendi's financing policy consists of incurring long-term debt, mainly in bond and banking markets, at a variable or fixed rate, in euros or in US dollars, depending on general corporate needs and market conditions.

* Non-current financial debts are primarily raised by Vivendi SA, which centralizes the group's financing management, except for Activision Blizzard and Maroc Telecom Group. In this context, in 2012, Vivendi pursued its policy of disintermediation, having recourse in priority to the bond market. Vivendi also sought to diversify its investor base by issuing on the American bond market and pursued its policy of maintaining the "economic" average term of the group's debt above 4 years. In addition, Vivendi has a Euro Medium Term Notes program on the Luxembourg Stock Exchange, which is renewed each year, in order to take advantage of every euro bond market opportunity. Vivendi's bank counterparties must meet certain criteria of financial soundness, reflected in their credit rating with Standard & Poor's and Moody's. Moreover, to comply with the rating agencies' prudential regulations regarding liquidity management, Vivendi arranges to the extent possible, the refinancing of all expiring bank credit facilities or bonds one year in advance. As a result, in 2012, Vivendi made three bond issuances in euro for a total amount of €2,250 million (January, April and December 2012), and one issuance in US dollars for $2,000 million (April 2012).
* Contractual agreements for credit facilities granted to Vivendi SA do not include provisions that tie the conditions of the loan to its financial ratings from rating agencies. They contain customary provisions related to events of default and at the end of each half-year, Vivendi SA is notably required to comply with a financial covenant (please refer to Note 22.2). The credit facilities granted to group companies other than Vivendi SA are intended to finance either the general needs of the borrowing subsidiary or specific projects.
* In 2012, investments, working capital, debt service (including the redemption of borrowings), and the payment of income taxes and the dividend distribution, were financed by cash flow from operations, net, asset disposals, and borrowing or share issuances (Direct 8 and Direct Star). For the foreseeable future and based on the current financial conditions on the financial market, subject to potential transactions which may be implemented in connection with the group's change in scope, Vivendi intends to maintain this financing policy for its investments and operations.

As of December 31, 2012:

* The group's bond debt amounted to €10,888 million (compared to €9,276 million as of December 31, 2011). In 2012, Vivendi issued bonds in euros and in US dollars for a total amount of €3,758 million and redeemed bonds for a total amount of €2,048 million (of which $700 million (or €448 million) were early redeemed in April/May 2012). The group's bond debt represented 61% of the borrowings in the Statement of Financial Position (compared to 59% as of December 31, 2011).
* The total amount of the group's confirmed credit facilities amounted to €9,039 million (compared to €12,083 million as of December 31, 2011). The group's aggregate amount of credit facilities neither drawn nor backed by commercial paper amounted to €3,361 million (compared to €6,635 million as of December 31, 2011). The decrease in the amount of credit facilities neither drawn nor backed by commercial paper was notably due to the disintermediation policy, the increase in the outstanding amount of commercial paper, and the financing of the acquisition of EMI Recorded Music by drawing on credit facilities.
* Vivendi SA's and SFR's total confirmed credit facilities amounted to €8,340 million as of December 31, 2012 (including €2 billion in available swinglines), compared to €11,242 million as of December 31, 2011. All these credit facilities have a maturity greater than one year. These credit facilities were drawn for €1,894 million as of December 31, 2012. Considering the €3,255 million commercial paper issued at that date and backed to bank credit facilities, these facilities were available up to a maximum amount of €3,191 million.
* In connection with its appeal of the verdict rendered in the Liberty Media Corporation litigation, Vivendi will shortly deliver a letter of credit issued by Bank of America for the benefit of Liberty Media Corporation, for €975 million (damages and interest, as well as legal costs). The latter was guaranteed by a syndicate of fifteen international banks with which Vivendi has signed a Reimbursement Agreement which includes an undertaking by Vivendi to reimburse the banks for any amounts paid out under the letter of credit. The Reimbursement Agreement notably contains events of default and acceleration clauses similar to those contained in Vivendi's credit facilities. In certain circumstances, these provisions could cause Vivendi to have to post cash collateral for the benefit of the banks. In the same way, if one of the 15 banks defaults in respect of its obligations and was not able to issue a guarantee sufficient enough to provide comfort to Bank of America, Vivendi could be caused to substitute such bank with another bank or, as a last resort, be obligated to post cash collateral in the amount of such bank's participation in the letter of credit.
* The short-term borrowings mainly included issued commercial paper. The "economic" average term of the group's debt was 4.4 years (compared to 4.0 years as of December 31, 2011).
* Finally, there is no restriction on the use of the financial resources which the group's companies benefit (including Vivendi SA) that may materially affect, directly or indirectly, the group's activities.

On October 26, 2012, Standard & Poor's removed the credit watch negative that it had placed on Vivendi's debt on July 4, 2012 and confirmed the rating, with a negative outlook, of the BBB long-term debt and the A-2 short-term debt rating, which is used as a reference for the issuance program of commercial paper. Vivendi reaffirmed its commitment to maintaining such credit rating.

As of February 18, 2013, the date of the Management Board meeting that approved Vivendi's Financial Statements for the year ended December 31, 2012, Vivendi SA and SFR had available confirmed credit facilities amounting to €8,340 million, of which €500 million were drawn. Considering the amount of commercial paper issued at that date, and backed on bank credit facilities for €3,991 million, these facilities were available for an aggregate amount of €3,849 million. Moreover, the sale of Parlophone, announced on February 7, 2013, for £487 million (please refer to Note 2.1), should be finalized during the second half of 2013.

GROUP FINANCING ORGANIZATION

Excluding primarily Activision Blizzard and Maroc Telecom, Vivendi SA centralizes daily cash surpluses (cash pooling) of all controlled entities (a) that are not subject to local regulations restricting the transfer of financial assets or (b) that are not subject to other contractual agreements. In particular, the increase to a 100% ownership interest in SFR on June 16, 2011, has enabled Vivendi SA to centralize all of SFR's cash surpluses on a daily basis from July 1, 2011 through a cash pooling account.

Alternatively, in particular at Activision Blizzard and Maroc Telecom, cash surpluses are not pooled by Vivendi SA but rather, as the case may be, distributed as dividends when they are not used to finance investments of the relevant subsidiaries, as common stock repurchases or to redeem borrowings used to finance their investments. Regarding Activision Blizzard, up until July 9, 2013, the distribution of any dividend by Activision Blizzard requires the affirmative vote of a majority of the independent directors if Activision Blizzard's Financial Net Debt, after giving effect to such dividend, exceeds $400 million.

Taking into account the foregoing, Vivendi considers that the cash flows generated by its operating activities, its cash and cash equivalents, as well as the amounts available through its current bank credit facilities will be sufficient to cover its operating expenses and capital expenditures, service its debt (including the redemption of borrowings), pay its income taxes and dividends, as well as to fund its financial investment projects, if any, for the next twelve months, subject to potential transactions which may be implemented in connection with the group's change in scope. In addition, Vivendi considers that the bank commitments received on September 28, 2012 to cover the letter of credit to be soon put in place in connection with its appeal of the Liberty Media Corporation litigation will be sufficient to suspend enforcement of the judgment by Liberty Media Corporation until the appeal is resolved.

23.3. CREDIT AND INVESTMENT CONCENTRATION RISK AND COUNTERPARTY RISK MANAGEMENT

Vivendi's risk management policy aims at minimizing the concentration of its credit (bank credit facilities, bonds, derivatives) and investment risks as well as counterparty risk, as regards the setting-up of bank credit facilities, derivatives or investments, by entering into transactions with highly rated commercial banks only. Moreover, regarding bond issues, Vivendi distributes its transactions among selected financial investors.

In addition, Vivendi's trade receivables do not represent a significant concentration of credit risk due to its broad customer base, the broad variety of customers and markets, and the geographic diversity of its business operations.

23.4. EQUITY MARKET RISK MANAGEMENT

As of December 31, 2012 and as of December 31, 2011, Vivendi's exposure to equity market risk was non-significant.

In addition, as of December 31, 2012, Vivendi holds call options and has granted put options on listed or unlisted shares. Vivendi is thus exposed to the risk of fluctuation in their values. As of December 31, 2012, Vivendi's net exposure was not significant, given that the unrealized losses on the put granted to ITI group on a 9% interest in N-Vision (-€19 million; please refer to Note 2.3) were offset by the unrealized gain on Deezer warrants (€20 million).

Note 24. Consolidated Cash Flow Statement

24.1. ADJUSTMENTS

(in millions of euros)	Note	Year ended December 31, 2012	2011
Items related to operating activities with no cash impact			
Amortization and depreciation of intangible and tangible assets	4	3,929	3,441
Change in provision, net		102	(130)
Other non-cash items from EBIT		1	-
Others			
Reserve accrual regarding the Liberty Media Corporation litigation in the United States	27	945	-
Other income from EBIT	4	(22)	(1,385)
Other charges from EBIT	4	235	656
Proceeds from sales of property, plant, equipment and intangible assets	3	9	8
Adjustments		**5,199**	**2,590**

24.2. INVESTING AND FINANCING ACTIVITIES WITH NO CASH IMPACT

In 2012, investing and financing activities with no cash impact amounted to €596 million (of which €336 million due to the share capital increase and €260 million due to the group's retained earnings increase) and were mainly related to:

* the grant of bonus shares to Vivendi SA shareowners by a €229 million withdrawal from additional paid-in capital (please refer to Note 18);
* Vivendi SA's share capital increase of 22,356 thousand shares, which it paid in consideration for the contribution made by Bolloré Media, (the free-to-air channels Direct 8 and Direct Star), representing an enterprise value of €336 million (please refer to Note 2.2); and
* the strategic partnership in Poland, finalized on November 30, 2012. This transaction, described in Note 2.3, generated an increase in consolidated retained earnings from equity of €260 million (€114 million related to the gain on the dilution of Cyfra+ and €131 million related to the recognition of ITI Neovision non-controlling interests at fair value).

In 2011, there were no significant investing and financing activities with no cash impact.

Note 25. Transactions with related parties

25.1. CORPORATE OFFICERS

SITUATION OF CORPORATE OFFICERS

At a meeting held on June 28, 2012, the Supervisory Board terminated Mr. Jean-Bernard Lévy's term of office as Chairman of the Management Board. The Supervisory Board also terminated the terms of office of the following members of the Management Board: Mr. Abdeslam Ahizoune, Mr. Amos Genish, Mr. Lucian Grainge, and Mr. Bertrand Meheut. It also appointed Mr. Jean-François Dubos as Chairman of the Management Board. The Management Board is currently composed of Mr. Jean-François Dubos and Mr. Philippe Capron.

In addition, as a reminder, on March 26, 2012, Mr. Frank Esser resigned from his offices as member of Vivendi's Management Board and as Chairman and Chief Executive Officer (CEO) of SFR.

COMPENSATION OF CORPORATE OFFICERS

The total gross compensation, including benefits in kind, that the group paid to the members of the Management Board, amounted to €25 million in 2012 (compared to €18 million in 2011). This amount mainly included the fixed compensation component of the members of the Management Board for the duration of their mandate (€5 million in 2012, compared to €9 million in 2011), the variable compensation component with respect to the previous year (€12 million paid in 2012 with respect to 2011, compared to €8 million paid in 2011 with respect to 2010), as well as Mr. Jean-Bernard Levy and Mr. Frank Esser's severance payments (€6 million).

After having considered the recommendation of the Corporate Governance and Nominating Committee and the Chairman of the Human Resources Committee, the Supervisory Board determined on June 28, 2012, that in accordance with the provisions approved by the General Shareholders' Meeting of April 30, 2009, the conditions for Mr. Jean-Bernard Lévy to receive severance pay had been satisfied. This severance pay amounts to sixteen months of fixed and variable compensation (based on six months' payment plus one additional month's payment for each year of service within the group after 2002), which totals €3.9 million. Mr. Jean-Bernard Lévy, in accordance with the provisions approved by the General Shareholders' Meeting of April 30, 2009, retains the rights to all of his stock options and performance shares, subject to the satisfaction of the relevant performance conditions attached thereto. Moreover, in March 2013, he will receive the variable compensation component with respect to 2012 prorated, as approved by the Supervisory Board on February 22, 2013.

In accordance with his employment contract, Mr. Frank Esser's severance pay amounted to €3.9 million (of which €2.3 million was paid in 2012 and the balance in January 2013), corresponding to his contractual severance payments (twenty-four months of fixed compensation + target bonus) and conventional compensation.

The members of the Management Board in office as of December 31, 2012 are entitled to receive severance payments upon termination, corresponding to a contractual termination payment. As of December 31, 2012, the total estimated amount of these severance payments to be paid to Management Board members was approximately €0.8 million. At the General Shareholders' Meeting to be held on April 30, 2013, it will be proposed that Mr. Philippe Capron be entitled to receive a contractual severance payment of a gross amount of eighteen months' compensation (fixed compensation + target bonus).

The total charge recorded by the group with respect to share-based compensation plans (stock options, performance shares, and employee stock purchase) granted to members of the Management Board, in office or no longer in office, amounted to €6 million in 2012.

The total amount of net pension plan obligations to members of the Management Board in office as of December 31, 2012, amounted to €5 million as of that date (compared to €30 million and €13 million of provisions for members of the Management Board in office as of December 31, 2011). Mr. Jean-Bernard Lévy and Mr. Franck Esser lost their pension rights, which were under the supplemental pension plan.

The fixed compensation paid to the Chairman of the Supervisory Board amounted to €700,000 in 2012 (unchanged compared to 2011) and the total amount of fees paid to the other members of the Supervisory Board amounted to €1.2 million with respect to 2012 (unchanged compared to 2011).

A detailed description of the compensation and benefits of Corporate Officers of the Group is presented in the Annual Report.

25.2. OTHER RELATED PARTIES

As a reminder, during 2011, Vivendi acquired Vodafone's 44% interest in SFR and completed the sale of its 20% interest in NBC Universal: as from January 1, 2011, Vodafone and NBC Universal are no longer considered as related parties.

Therefore, excluding Corporate Officers, Vivendi's main related parties were those companies over which the group exercises an exclusive or joint control, and companies over which Vivendi exercises a significant influence (please refer to Note 28 for a list of its main subsidiaries, fully consolidated or accounted for under the equity method), and non-controlling interests that exercise significant influence on group affiliates i.e., the Kingdom of Morocco, which owns 30% of Maroc Telecom Group, Lagardère, which owns 20% of Canal+ France, and since November 30, 2012, TVN, which owns 32% of Canal+ Cyfrowy (a subsidiary of Canal+ Group).

Agreements entered into in 2006 with Lagardère that give Canal+ France the right to broadcast their theme channels on its multi-channel offer for a period of five years have been extended through June 30, 2013.

Note 26. Contractual obligations and other commitments

Vivendi's material contractual obligations and contingent assets and liabilities include:

* contracts entered into, which relate to the group's business operations, such as content commitments (please refer to Note 10.2), contractual obligations and commercial commitments recorded in the Statement of Financial Position, including finance leases (please refer to Note 12), off-balance sheet operating leases and subleases and off-balance sheet commercial commitments, such as long-term service contracts and purchase or investment commitments;
* commitments related to the group's scope contracted through acquisitions or divestitures such as share purchase or sale commitments, contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares, commitments resulting from shareholders' agreements and collateral and pledges granted to third parties over Vivendi's assets;
* commitments related to the group's financing: borrowings issued and undrawn confirmed bank credit facilities as well as management of interest rate, foreign currency and liquidity risks (please refer to Notes 22 and 23); and
* contingent assets and liabilities related to litigations in which Vivendi and/or its subsidiaries are either plaintiff or defendant (please refer to Note 27).

26.1. CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

		As of December 31, 2012				
			Payments due in			
(in millions of euros)	Note	Total	2013	2014-2017	After 2017	Total as of December 31, 2011
Borrowings and other financial liabilities	23.2.3	20,338	5,632	9,469	5,237	17,952
Content liabilities	10.2	2,283	2,103	174	6	2,148
Future minimum payments related to the consolidated statement of financial position items		**22,621**	**7,735**	**9,643**	**5,243**	**20,100**
Contractual content commitments	10.2	4,939	2,071	2,791	77	5,041
Commercial commitments	26.1.1	2,911	1,417	942	552	3,568
Operating leases and subleases	26.1.2	2,735	495	1,387	853	2,589
Items not recorded in the consolidated statement of financial position		**10,585**	**3,983**	**5,120**	**1,482**	**11,198**
Contractual obligations and commercial commitments		**33,206**	**11,718**	**14,763**	**6,725**	**31,298**

26.1.1. Off balance sheet commercial commitments

	Minimum future payments as of December 31, 2012				
		Payments due in			Total minimum future payments as of
(in millions of euros)	Total	2013	2014-2017	After 2017	December 31, 2011
Satellite transponders	846	119	382	345	677
Investment commitments (a)	1,487	1,093	237	157	2,522
Other	786	294	442	50	614
Given commitments	**3,119**	**1,506**	**1,061**	**552**	**3,813**
Satellite transponders	(201)	(82)	(119)	-	(144)
Other (b)	(7)	(7)	-	-	(101)
Received commitments	**(208)**	**(89)**	**(119)**	**-**	**(245)**
Net total	**2,911**	**1,417**	**942**	**552**	**3,568**

(a) Mainly relates to SFR and Maroc Telecom Group:

- SFR: the total amount included €262 million as of December 31, 2012 (compared to €337 million as of December 31, 2011) related to public service delegations. Businesses related to these delegations of public service consist of setting up and operating telecommunication facilities in certain areas of France for local or regional authorities, as delegates. As of December 31, 2011, investment commitments also included €1,065 million related to the 4G license (very-high-speed Internet - LTE) which was granted by the Arcep on December 22, 2011, and paid in January 2012 (please refer to Note 13).
- Maroc Telecom SA and its capital expenditure program: at the end of 2011, the third capital expenditure agreement entered into, between Maroc Telecom and the Moroccan State in 2009, pursuant to which Maroc Telecom had committed to carrying out a capital expenditure program for a total amount of MAD 10.5 billion (approximately €930 million) expired.

  On January 16, 2013, Maroc Telecom and the Moroccan State entered into a fourth capital expenditure agreement pursuant to which Maroc Telecom has committed to carrying out a capital expenditure program for a total amount of more than MAD 10 billion (approximately €908 million) between 2013 and 2015, which moreover should create 500 direct jobs. This program aims to modernize and expand the infrastructure to meet the growing needs of mobile traffic and broadband Internet as well as the deployment of a fiber optic network for very-high speed broadband access.

(b) Mainly related, as of December 31, 2011, to commitments received from Bouygues Telecom to SFR in connection with the agreement to share their investments and fiber-optic horizontal networks in very high density areas.

26.1.2. Off balance sheet operating leases and subleases

	Minimum future leases as of December 31, 2012				
		Due in			Total minimum future leases as of
(in millions of euros)	Total	2013	2014 - 2017	After 2017	December 31, 2011
Buildings (a)	2,633	470	1,329	834	2,409
Other	212	64	103	45	221
Leases	**2,845**	**534**	**1,432**	**879**	**2,630**
Buildings (a)	(110)	(39)	(45)	(26)	(41)
Subleases	**(110)**	**(39)**	**(45)**	**(26)**	**(41)**
Net total	**2,735**	**495**	**1,387**	**853**	**2,589**

(a) Mainly relates to offices and technical premises.

As of December 31, 2012, provisions of €15 million were recorded in the Statement of Financial Position with respect to operating leases (compared to €17 million as of December 31, 2011). These provisions mainly related to unoccupied buildings.

26.2. OTHER COMMITMENTS GIVEN OR RECEIVED RELATING TO OPERATIONS

Ref.	Context	Characteristics (nature and amount)	Expiry
	Given commitments		
(a)	Obligations related to the permission to use the Consolidated Global Profit System	Balance of €3 million to be paid.	-
	Individual rights to training for French employees	Approximately 1.6 million hours (approximately 1.5 million hours as of December 31, 2011).	-
	SFR's network coverage commitments related to telecom licenses	Please refer to Note 13.	-
(b)	GSM-R commitments	Bank guarantee, joint and several guarantees with Synérail for a total amount of €92 million (compared to €66 million as of December 31, 2011).	-
	Obligations in connection with pension plans and post-retirement benefits	Please refer to Note 20.	-
	Commitment to contribute to the VUPS pension fund	Guarantee expired in January 2011.	2011
(c)	Other guarantees given	Cumulated amount of €190 million (€216 million as of December 31, 2011).	-
	Received commitments		
(d)	Agreements on the digital distribution of music rights	Minimum guarantees.	-
	Other guarantees received	Cumulated amount of €191 million (€241 million as of December 31, 2011).	-

(a) By an order dated March 13, 2009, an authorization to use the Consolidated Global Profit Tax System under Article 209 quinquies of the French Tax Code was renewed for the period beginning on January 1, 2009 and ending on December 31, 2011. Under the terms of the permission to use the Consolidated Global Profit Tax System, Vivendi undertook to continue to perform its previous years' commitments, in particular with regard to job creation.

(b) On February 18, 2010, a group comprised of SFR, Vinci and AXA (30% each) and TDF (10%) entered into a contract with Réseau Ferré de France regarding the public-private partnership GSM-R. This 15-year contract, valued at approximately €1 billion, covers the financing, building, operation and maintenance of the digital telecommunications network that enables conference mode communications (voice and data) between train drivers and teams on the ground. It will be rolled out gradually until 2015 over 14,000 km of conventional and high-speed railway lines in France.

(c) Vivendi grants guarantees in various forms to financial institutions on behalf of its subsidiaries in the course of their operations.

(d) Mainly relates to commitments received by UMG from third parties in connection with agreements subject to minimum guarantees on the digital distribution of music rights.

26.3. SHARE PURCHASE AND SALE COMMITMENTS

In connection with the purchase or sale of operations and financial assets, Vivendi has granted or received commitments to purchase or sell securities. Vivendi has notably committed to sell certain EMI Recorded Music assets (please refer to Note 2.1).

In addition, the liquidity rights regarding the strategic partnership among Canal+ Group, ITI, and TVN are detailed in Note 2.3 and the liquidity right regarding Lagardère's 20% interest in Canal+ France is detailed in Note 26.5 below.

Furthermore, Vivendi and its subsidiaries have granted or received purchase or sale options related to shares in equity affiliates and unconsolidated investments, which include Numergy, Vevo, Beats, and Spotify.

26.4. CONTINGENT ASSETS AND LIABILITIES SUBSEQUENT TO GIVEN OR RECEIVED COMMITMENTS RELATED TO THE DIVESTITURE OR ACQUISITION OF SHARES

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent liabilities		
(a)	NBC Universal transaction (May 2004) and subsequent amendments (2005 - 2010)	- Breaches of tax representations; - Obligation to cover the Most Favored Nation provisions; and - Remedial actions.	- 2014
	Creation of Activision Blizzard (July 2008)	Tax sharing and indemnity agreements.	-
	Divestiture of UMG manufacturing and distribution operations (May 2005)	Various commitments for manufacturing and distribution services.	2015
(b)	Takeover of Neuf Cegetel (April 2008)	Commitments undertaken in connection with the authorization of the take over by the French Minister of the Economy, Industry and Employment.	2013
	Acquisition of Bolloré Group's channels (September 2012)	Commitments undertaken in connection with the authorizarion of the acquisition (please refer to Note 2.2.), with:	
		- the French Competition Authority;	2017
		- the French Broadcasting Authority.	2015
	Merger of Cyfra+ and "n" platforms (November 2012)	Reciprocal guarantees in favor of TVN:	
		- PLN 1 billion in the event of a breach of any representation or warranty or covenants; and	2015
		- PLN 300 million in the event of a breach of specific representation or warranty.	-
(c)	Canal+ Group's pay-TV activities in France (January 2007-July 2012)	- New approval of the acquisition of TPS and CanalSatellite subject to compliance with injunctions ordered by the French Competiton Authority;	2017
		- Tax and social guarantees with a €162 million cap, expired on January 4, 2011.	2011
(d)	Divestiture of Canal+ Nordic (October 2003)	Distribution guarantees given in favor of Canal Digital and Telenor Broadcast Holding by a former subsidiary.	-
(e)	Divestiture of NC Numéricâble (March 2005)	Specific guarantees capped at €241 million (including tax and social risks).	2014
	Divestiture of PSG (June 2006)	Unlimited specific guarantees.	2018
(f)	Divestiture of Sithe (December 2000)	Specific guarantees capped at $480 million.	-
(g)	Sale of real estate assets (June 2002)	Autonomous first demand guarantees capped at €150 million in total (tax and decennial guarantees).	2017
(h)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	Cancellation in October 2012 of guarantees of rental payments obligations following the sale of the companies (€277 million as of December 31, 2011).	2012
(i)	Divestiture of PTC shares (December 2010)	Commitments undertaken in order to end litigation over the share ownership of PTC in Poland.	-
	Other contingent liabilities	Cumulated amount of €10 million (€30 million as of December 31, 2011).	-

Ref.	Context	Characteristics (nature and amount)	Expiry
	Contingent assets		
	Acquisition of EMI Recorded Music (September 2012)	Commitments received in connection with the acquisition (please refer to Note 2.1).	-
(j)	Acquisition of Tele2 France by SFR (July 2007)	Commitments on the handling and distribution of audio-visual content expired in July 2012.	2012
	Acquisition of Bolloré Group's channels (September 2012)	Guarantees capped at €120 million (please refer to Note 2.2).	2017
	Acquisition of 40% of N-Vision (November 2012)	Guarantees made by ITI capped at approximately: - €28 million for general guarantees; and - €277 million for specific guarantees (including tax matters, free and full ownership of shares sold, authorizations / approvals for the exercise of the activity).	 2014 -
	Merger of Cyfra+ and TVN's 'n' platform (November 2012)	Reciprocal guarantees in favor of TVN: - PLN 1 billion in the event of a breach of any representation or warranty or covenants; - PLN 300 million in the event of a breach of specific representation or warranty; and - PLN 145 million related to Neovision's unutilized tax losses carried forward.	 2015 - -
	Acquisition of Kinowelt (April 2008)	- General and specific guarantees regarding movie rights property given by the sellers to EuroMedien Babelsberg GmbH expired; and - Specific guarantees, notably on film rights were granted by the sellers.	2011 -
(e)	Divestiture of NC Numéricâble (March 2005)	€151 million counter-guaranteed by France Telecom.	2014
(h)	Early settlement of rental guarantees related to the last three buildings in Germany (November 2007)	Commitments expired in October 2012: - Pledge over the cash of the divested companies sold (€40 million as of December 31, 2011); and - Counter-guarantee provided by the purchaser in the amount of €200 million cancelled in October 2012.	2012
(k)	Divestiture of Xfera (2003)	Guarantees amount to €71 million.	-
	Other contingent assets	Cumulated amount of €58 million (€47 million as of December 31, 2011).	-

The accompanying notes are an integral part of the contingent assets and liabilities described above.

(a) As part of the NBC Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction, and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses resulting from, among other things, any breach of their respective representations, warranties and covenants.

Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all losses exceeds $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million.

In addition, Vivendi will have indemnification obligations for 50% of every US dollar of loss up to $50 million and for all losses in excess of $50 million relating to liabilities arising out of the Most Favored Nation provisions set forth in certain contracts. As part of the unwinding of IACI's interest in VUE on June 7, 2005, Vivendi's commitments with regard to environmental matters were amended and Vivendi's liability is now subject to a de minimis exception of $10 million and a payment basket of $325 million.

The representations and warranties given as part of the NBC Universal transaction other than those regarding authorization, capitalization and tax representations terminated on August 11, 2005. Notices of environmental claims related to remediation must be brought by May 11, 2014. Other claims, including those related to taxes, will be subject to applicable statutes of limitations.

The sale of Vivendi's interest in NBC Universal to GE completed on January 25, 2011 did not modify these commitments.

(b) As part of the takeover of Neuf Cegetel, the approval from the Ministry of Economy, Industry and Employment, dated April 15, 2008, resulted in additional commitments from Vivendi and its subsidiaries. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, of ADSL on eight new channels which are leaders in their particular field (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). Most of these commitments have expired, excluding those related to pay-TV, which will expire in April 2013.

(c) On August 30, 2006, the TPS/Canal+ Group merger was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD, which could not exceed five years.

On October 28, 2009, the French Competition Authority opened an enquiry regarding the implementation of certain undertakings given by Canal+ Group in connection with the merger of CanalSatellite and TPS.

For more information on the enquiry into compliance with certain undertakings given in connection with the merger of Canal Satellite and TPS, please refer to Note 27, below.

On December 21, 2012, the French Council of State rejected Vivendi and Canal+ Group's filed motions requesting the annulment of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012. Under the first motion, the €30 million fine imposed on Canal+ Group was reduced to €27 million. Under the second motion, the transaction was cleared once again, subject to compliance with 33 injunctions.

Canal+ Group has implemented a number of these injunctions, which have been by, for some since July 23, 2012 and others since October 23, 2012, mainly focusing on:

- Acquisition of movie rights:
  - *by limiting the duration of output deals to three years, requiring separate agreements for different types of rights (1st pay-TV window, 2nd pay-TV window, series, etc) and prohibiting output deals for French films; and*
  - *by divesting its interest in Orange Cinema Series – OCS SNC or by adopting measures limiting its influence on Orange Cinema Series – OCS SNC.*
- Distribution of pay-TV channels:
  - *by the distribution of a minimum number of independent channels, the distribution of any channel holding premium rights, and by drafting a model distribution deal relating to independent channels included in the CanalSat offer;*
  - *by the obligation to promote, in a transparent and separate manner, the distribution of exclusive independent channels on each owned platform serving more than 500,000 subscribers; and*
  - *by making all its own movie channels distributed by Canal+ Group (Cine+ channels) available to third-party distributors (unbundling).*
- Video on demand (VOD) and subscription video on demand (SVOD):
  - *by separating contracts entered into for the purchase of VOD and SVOD rights on a non-exclusive basis, and not combining them with rights purchased for linear distribution on pay-TV;*
  - *by offering StudioCanal's VOD and SVOD rights to any interested operator; and*
  - *by forbidding exclusive distribution deals for the benefit of Canal+ Group's VOD and SVOD offers on Internet Service Providers platforms.*

These injunctions are imposed for a period of five years, renewable once. At the end of the five-year period, the French Competition Authority will review the competition situation in order to determine whether the injunctions should be kept in place. If market conditions have changed significantly, Canal+ Group will be able to request that these injunctions be waived or partially or totally revised. An independent trustee, proposed by Canal+ Group and approved by the French Competition Authority on September 25, 2012, will be responsible for monitoring the injunctions implementation.

In addition, as part of the sale of a 20% interest in Canal+ France to Lagardère Active on January 4, 2007, Canal+ Group made tax and social representations and warranties to Lagardère Active with a €162 million cap on the entities held by Canal+ France, excluding CanalSatellite, MultiThématiques and the TPS entities. The tax and social guarantees expired on January 4, 2011.

Moreover, Vivendi granted a counter-guarantee, in favor of TF1 and M6 to assume commitments and guarantees made by TF1 and M6 in connection with some of the contractual content commitments and other long term obligations of TPS and other obligations recognized in the Statement of Financial Position of TPS. As of December 31, 2012, the remaining amount of these commitments was not significant and the counter-guarantee expired on January 4, 2013.

(d) In connection with the divestiture of Canal+ Nordic in October 2003, Canal+ Group has retained distribution guarantees given in favor of Canal Digital and Telenor Broadcast Holding by a former subsidiary, which guarantees are covered by a counter-guarantee given by the buyers.

(e) As part of the divestiture of NC Numéricâble on March 31, 2005, the Canal+ Group granted specific guarantees with a €241 million cap (including tax and social risks). Specific risks relating to cable networks used by NC Numéricâble are included in this maximum amount and are counter-guaranteed by France Telecom up to €151 million.

(f) In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted customary representations and guarantees. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some of these guarantees expired on December 18, 2005. Some environmental commitments still exist and any potential liabilities related to contamination risks will survive for an indefinite period of time.

(g) In connection with the sale of real estate assets in June 2002 to Nexity, Vivendi granted two autonomous first demand guarantees, one for €40 million and one for €110 million, to several subsidiaries of Nexity (Nexim 1 to 6). The guarantees are effective until June 30, 2017.

(h) After having sold the companies carrying credit lease commitments in relation to the Berlin buildings Lindencorso, Anthropolis and Dianapark (the "Companies"), in November 2007, Vivendi continued to guarantee certain lease payment obligations. As a result of the early exercise by the Companies of their call options on the buildings, Vivendi's guarantees were terminated on October 5, 2012, for an amount of €277 million as of December 31, 2011. In return, the counter-guarantee provided by the acquirors of the Companies to Vivendi (€200 million) was cancelled, as well as the pledge over the cash of the divested companies to the benefit of Vivendi (€40 million as of December 31, 2011). Vivendi has retained tax guarantees given at the time of the disposal of the Companies.

(i) On December 14, 2010, Vivendi, Deutsche Telekom, Mr. Solorz-Zak (Elektrim's main shareholder) and Elektrim's creditors, including the Polish State and Elektrim's bondholders, entered into various agreements to put an end to the litigation surrounding the share capital ownership of Polska Telefonia Cyfrowa (PTC), a mobile telecommunication operator. With respect to these agreements, Vivendi notably entered into the following commitments:

- Vivendi granted to Deutsche Telekom a guarantee over Carcom that capped at €600 million and maturing in August 2013;
- Vivendi committed to compensate Elektrim SA (Elektrim) for the tax consequences of the transaction, with a cap at €20 million. This commitment expired in July 2011 and the claims have been settled in June 2012;
- Vivendi committed to compensate Law Debenture Trust Company (LDTC) against any recourse for damages that could be brought against LDTC in connection with the completed transaction, for an amount up to 18.4% for the first €125 million, 46% between €125 million and €288 million, and 50% thereafter; and
- Vivendi committed to compensate Elektrim's administrator for the consequences of any action for damages that may be taken against it, in connection with the decisions that were taken to end certain procedures.

(j) The Share Purchase Agreement dated as of October 2, 2006 between Tele2 Europe SA and SFR contains representations and warranties which expired on January 20, 2009 and warranties relating to claims arising with respect to tax and social matters, which expired end of March 2012. On July 18, 2007, by way of implementation of the European Union antitrust regulation, the European Commission approved the purchase of the fixed and Internet activities of Tele2 France by SFR, subject to commitments on the handling and distribution of audio-visual content for a five-year period. All these commitments expired on July 18, 2012.

(k) Vivendi received guarantees in respect of the repayment of amounts paid in July 2007 (€71 million), in the event of a favourable decision of the Spanish Courts concerning Xfera's tax litigation seeking to cancel the 2001, 2002 and 2003 radio spectrum fees. These guarantees include a first demand bank guarantee relating to 2001 fees for an amount of €57 million.

Several guarantees given in 2012 and during prior years in connection with asset acquisitions or disposals have expired. However, the time periods or statute of limitations of certain guarantees relating, among other things, to employees, environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses are still in effect. To the best of Vivendi's knowledge, no material claims for indemnification against such liabilities have been made to date.

In addition, Vivendi regularly delivers, at the settlement of disputes and litigations, commitments for damages to third parties, which are typical in such transactions.

26.5. SHAREHOLDERS' AGREEMENTS

Under existing shareholders' or investors' agreements (primarily those relating to Activision Blizzard, Maroc Telecom Group, Canal+ France, as well as "nc+"), Vivendi holds certain rights (such as pre-emptive rights, priority rights) which give it control over the capital structure of consolidated companies partially owned by minority shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event that it sells its interests to third parties.

In addition, pursuant to other shareholders' agreements or the bylaws of consolidated entities, equity affiliates or unconsolidated interests, Vivendi and its subsidiaries have given or received certain rights (pre-emptive and other rights) entitling them to maintain their shareholder's rights.

Strategic agreements among Vivendi, Canal+ Group, Lagardère, and Lagardère Holding TV

Pursuant to the Canal+ France strategic agreements entered into on January 4, 2007, Lagardère was granted rights to maintain its economic interest in Canal+ France, with varying rights according to the level of its participation in Canal+ France. Under no circumstances will Lagardère have any joint control of Canal+ France. The main provisions of these strategic agreements are as follows:

* the Chairman and all the members of the Management Board of Canal+ France are appointed by Canal+ Group. Lagardère is represented by two members out of the ten members of the Supervisory Board;

* Lagardère has certain veto rights over Canal+ France and, in certain cases, over its major subsidiaries including in the event of a change in the by-laws, a major permanent change in the business, its transformation into a company in which the partners would have unlimited liability, a single investment representing more than a third of consolidated revenues, a tender offer for the company's shares, in certain circumstances the entry of a third party as a shareholder, and certain other rights (including a tag-along right, an anti-dilution right, and certain bidding rights in the event of the sale of Canal+ France) intended to protect its economic interest. Vivendi has a pre-emptive right in the event of a sale of Lagardère's equity interest;
* between 2008 and 2014, Lagardère will have a liquidity right exercisable between March 15 and April 15 of each calendar year, provided, however, that Lagardère owns at least 10% but no more than 20% of the share capital and voting rights of Canal+ France, (and taking into account the fact that Lagardère did not exercise its right to exercise its call option enabling it to own 34% of the capital of Canal+ France). Pursuant to this liquidity right, Lagardère is entitled to request a public offering of Canal+ France shares. Similarly, as in 2010 and 2011, on March, 26, 2012, Lagardère exercised its liquidity right for 2012. On May 30, 2012, Lagardère confirmed the exercise of its liquidity right. On June 27, 2012, Vivendi notified Lagardère of its intention not to acquire its 20% interest at the proposed price. A new Initial Public Offering (IPO) process was launched on July 12, 2012, which has not been successful to date;
* the financing of Canal+ France has been structured through a mechanism which includes shareholders' loans and the delivery of guarantees with respect to Canal+ France's obligations. Pursuant to this mechanism, Lagardère has the option to participate in such financing and guarantee arrangements pro rata its level of ownership in the share capital of the company.

Strategic partnership among Canal+ Group, ITI, and TVN

For a detailed description of the key liquidity rights under the strategic partnership regarding pay-TV in Poland, please refer to Note 2.3.

In addition, in compliance with Article L.225-100-3 of the French Commercial Code, it is stated that some rights and obligations of Vivendi resulting from shareholders' agreements (Maroc Telecom Group, and Canal+ Cyfrowy) may be amended or terminated in the event of a change in control of Vivendi or a tender offer being made for Vivendi. These shareholders' agreements are subject to confidentiality provisions.

26.6. COLLATERALS AND PLEDGES

As of December 31, 2012, the amount of the group's assets that were pledged or mortgaged for the benefit of third parties was €209 million (compared to €203 million as of December 31, 2011). This amount primarily includes GVT's pledged assets with respect to judicial guarantees for various litigations.

(in millions of euros)	December 31, 2012	December 31, 2011
On intangible assets	8	12
On tangible assets	47	52
On financial assets	146	131
On cash	8	8
Total	**209**	**203**

Moreover, Vivendi does not hold any third-party guarantees in respect of any of its receivables outstanding as of December 31, 2012 nor did it have any as of December 31, 2011.

Note 27. Litigation

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

The costs which may result from these proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings. As of December 31, 2012, provisions recorded by Vivendi for all claims and litigations amounted to €1,357 million, compared to €479 million at December 31, 2011 (please refer to Note 19).

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

The status of proceedings disclosed hereunder is described as of February 18, 2013, the date of the Management Board meeting held to approve Vivendi's Financial Statements for the year ended December 31, 2012.

TRIAL OF VIVENDI'S FORMER OFFICERS IN PARIS

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants.

On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Messier and Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi officers as well as some civil parties appealed the decision. The trial before the Court of appeals is scheduled to take place from October 28 to November 26, 2013.

On January 7, 2010, Philippe Foiret summoned Vivendi and Veolia to appear before a Criminal Court in an attempt to hold them liable for the offences committed by their former managers. On January 27, 2012, the Criminal Court dismissed Mr. Foiret's application.

SECURITIES CLASS ACTION IN THE UNITED STATES

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

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

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

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

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and $0.13 and $10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

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

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

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

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

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice have 150 days from that date to provide information and documentation evidencing the validity of their claim. Vivendi will then have the right to challenge the merits of these claims. At the end of this process, which should be completed during the second quarter of 2013, the judge will be able to determine the total amount of damages and enter a final judgment, thereby enabling Vivendi to commence its appeal.

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

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

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

COMPLAINT OF LIBERTY MEDIA CORPORATION

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009 for purposes of trial. 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 has filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year U.S. Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €945 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013. On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments.

On the basis of the verdict rendered on June 25, 2012, and following the entry of the final judgment by the Court, at December 31, 2012, Vivendi recognized a provision in the amount of €945 million.

LBBW ET AL AGAINST VIVENDI

On March 4, 2011, twenty-six institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Then on April 10 and

on April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho and the other by six German and British institutional investors. Finally, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi on the same basis.

CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM ET AL AGAINST VIVENDI AND JEAN-MARIE MESSIER

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

LAGARDÈRE AGAINST VIVENDI, CANAL+ GROUP AND CANAL+ FRANCE

On February 12, 2013, Lagardère Holding TV, a 20% shareholder of Cana l+ France, filed a complaint against Vivendi, Canal+ Group and Canal + France with the Paris Commercial Court. The Lagardère group is seeking nullification of the cash management agreement entered into between Canal+ France and Canal+ Group on the grounds that it constitutes a related party agreement and hence, is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France under the agreement, i.e., the sum of €1.6 billion. Vivendi formally denies the allegations of the Lagardère Group as to the nature of this agreement, which should be considered ordinary course, and intends to vigorously defend its rights.

VIVENDI DEUTSCHLAND AGAINST FIG

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

FREE AGAINST SFR

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

VIVENDI'S COMPLAINT AGAINST FRANCE TELECOM BEFORE THE EUROPEAN COMMISSION FOR ABUSE OF A DOMINANT POSITION

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

COMPLAINT AGAINST FRANCE TELECOM AND ORANGE BEFORE THE FRENCH COMPETITION AUTHORITY

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

COMPLAINT LODGED WITH THE FRENCH COMPETITION AUTHORITY BY ORANGE RÉUNION, ORANGE MAYOTTE AND OUTRE MER TELECOM AGAINST SOCIÉTÉ RÉUNIONNAISE DU RADIOTÉLÉPHONE (SRR)

Orange Réunion and Orange Mayotte filed a complaint against SRR (an SFR subsidiary) for alleged discriminatory practices. On September 15, 2009, the French Competition Authority imposed temporary protective measures on SRR, requiring it to propose to its subscribers offers which do not discriminate based on the network used, except where they reflect the differences in costs amongst the network operators. On August 18, 2011, the French Competition Authority provided SRR with a report stating that SRR had not complied with the order and, on January 24, 2012, the French Competition Authority ordered SRR to pay a fine of €2 million. The investigation is ongoing.

COMPLAINT OF BOUYGUES TELECOM AGAINST SFR AND ORANGE IN CONNECTION WITH THE CALL TERMINATION AND MOBILE MARKETS

Bouygues Telecom brought a claim before the French Competition Council against SFR and Orange for certain alleged unfair trading practices in the call termination and mobile markets ("price scissoring"). On May 15, 2009, the French Competition Authority (the "Authority") resolved to postpone its

decision on the issue and remanded the case for further investigation. On December 13, 2010, SFR was heard on these allegations by the instructing magistrate. On August 18, 2011, SFR received a notification of grievances in which the Authority noted the existence of abusive price discrimination practices. On December 13, 2012, the Authority fined SFR €65.708 million. SFR has appealed this decision.

SFR AGAINST FRANCE TELECOM

On August 10, 2011, France Telecom filed a claim against SFR before the Paris Commercial Court. France Telecom asked the Court to compel SFR to stop the overflow traffic at the point of interconnection of their respective networks.

CLCV AGAINST SFR AND OTHER TELECOM OPERATORS

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

PARABOLE RÉUNION

In July 2007, the group Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius. Pursuant to a decision dated September 18, 2007, the Canal+ Group was prohibited, under fine, from allowing the broadcast by third parties of these channels or those replacement channels that have substituted these channels. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was again unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion. In the context of this dispute, various jurisdictions have taken the opportunity to recall that in the event of the loss of the TPS Foot channel, Canal+ Group must make available to Parabole Réunion a channel of similar attractiveness. Non-compliance with this order would result in a penalty. On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre (Tribunal de grande instance de Nanterre) seeking enforcement of this fine (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels.

In parallel with the foregoing proceedings, on October 21, 2008, Parabole Réunion and its shareholders filed a claim against Canal Réunion, Canal Overseas, CanalSatellite Réunion, Canal+ France, Canal+ Group and Canal+ Distribution, seeking the enforcement of the agreement entered into on May 30, 2008, pursuant to which the companies would combine their TV channel broadcasting activities in the Indian Ocean. The execution of this agreement was contingent upon the satisfaction of certain conditions precedent. As these conditions were not satisfied, the agreement became null and void. On June 15, 2009, the Commercial Court rejected Parabole Réunion's claim. Parabole Réunion appealed this decision and the appeal was denied. On May 23, 2011, Parabole Réunion appealed to the French Supreme Court. This appeal was dismissed on May 30, 2012.

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.

ACTION BROUGHT BY THE FRENCH COMPETITION AUTHORITY REGARDING PRACTICES IN THE PAY TV SECTOR

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

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Canal+ Group. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Canal+ Group's exclusive distribution rights on channels broadcast by the group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On December 17, 2010, France Telecom appealed the decision before the Court of Appeal. Vivendi and Canal+ Group joined these appeal proceedings. On July 15, 2011, France Telecom withdrew its application for an annulment of the decision of the Competition Authority.

INQUIRY INTO COMPLIANCE WITH CERTAIN UNDERTAKINGS GIVEN IN CONNECTION WITH THE MERGER OF CANALSATELLITE AND TPS

The French Competition Authority opened an inquiry into compliance with certain undertakings given by Vivendi and Canal+ Group in connection with the merger of TPS and CanalSatellite.

On September 20, 2011, the French Competition Authority rendered a decision in which it established that Canal+ Group had not complied with certain undertakings – some it considered essential – on which depended its decision authorizing, in 2006, the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group. As a consequence, the French Competition Authority withdrew the merger authorization, requiring Vivendi and Canal+ Group to re-notify the transaction to the French Competition Authority within one month. Furthermore, the French Competition Authority ordered Canal+ Group to pay a €30 million fine.

On October 24, 2011, the transaction was re-notified to the French Competition Authority. On November 4, 2011, Vivendi and Canal+ Group filed an appeal before the French Council of State against the French

Competition Authority's decision dated September 20, 2011. As part of this procedure, Canal+ Group had filed two Priority Constitutional Questions (QPCs) concerning this decision, which were referred to the French Constitutional Council by the French Council of State on July 17, 2012. On October 12, 2012, the French Constitutional Council declared that the legal and statutory provisions in question were constitutional.

On July 23, 2012, the French Competition Authority issued its decision on this new notification. It authorizes the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group, subject to compliance with a certain number of injunctions. These injunctions are primarily focused on the acquisition of film rights from American studios and French producers, the participation of Canal+ Group in Orange Cinema Series, the distribution of premium channels and non-linear services (video on demand and subscription video on demand).

On August 30, 2012, Vivendi and Canal+ Group filed an appeal before the French Council of State to obtain the cancellation of the July 23, 2012 decision. In addition, Vivendi and Canal+ Group have filed two motions, one seeking a suspension of the September 20, 2011 decision and the other seeking a suspension of the July 23, 2012 decision.

The French Council of State rejected these requests for suspension on September 17, 2012 and October 22, 2012, respectively. A hearing on the merits of the cancellation of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012 was held on December 14, 2012. On December 21, 2012, the French Council of State essentially confirmed the two decisions of the French Competition Authority; however, it reduced the fine of €30 million to €27 million because two of the alleged breaches were unfounded.

COMPLAINTS AGAINST MUSIC INDUSTRY MAJORS IN THE UNITED STATES

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

FBT & EMINEM AGAINST UMG

On May 21, 2007, FBT (the label owned by Eminem) filed suit against UMG claiming breach of contract in connection with the production of an album and requesting that the court order additional payment of royalties for on-line sales of music downloads and ringtones. On March 6, 2009, the Los Angeles Court dismissed FBT's claims and FBT appealed. The Court of Appeal overturned the lower court's decision. On March 21, 2011, the U.S. Supreme Court, without ruling on the merits of the case, refused to hear an appeal from UMG, which is within its judicial discretion. In a decision dated June 27, 2012, the Court allowed FBT and Eminem to broaden the scope of their complaint and challenge the calculation of royalties on music downloads outside the United States. On October 19, 2012, the parties entered into a settlement agreement that ended this litigation.

COMPLAINTS AGAINST UMG REGARDING ROYALTIES FOR DIGITAL DOWNLOADS

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

STUDIO INFINITY WARD, SUBSIDIARY OF ACTIVISION BLIZZARD

After concluding an internal human resources inquiry into breaches of contract and insubordination by two senior employees at Infinity Ward, Activision Blizzard terminated the employment of Jason West and Vince Zampella on March 1, 2010. On March 3, 2010, West and Zampella filed a complaint against Activision Blizzard in the Los Angeles Superior Court for breach of contract and wrongful termination. On April 9, 2010, Activision Blizzard filed a cross complaint against West and Zampella, asserting claims for breach of contract and fiduciary duty. In addition, 38 current and former employees of Infinity Ward filed a complaint against Activision Blizzard in the Los Angeles Superior Court on April 27, 2010 for breach of contract and violation of the Labor Code of the State of California. On July 8, 2010, an amended complaint was filed which added a further seven plaintiffs. They claim that the company failed to pay bonuses and other compensation allegedly owed to them.

On December 21, 2010, Activision Blizzard filed a consolidated cross complaint to add Electronic Arts as a party, the discovery having shown the complicity of Electronic Arts in the case. The Los Angeles Court, following Activision Blizzard's request, agreed to transfer the case to the Complex Division. On May 31, 2012, the parties entered into a settlement agreement that ended this dispute.

TELEFONICA AGAINST VIVENDI IN BRAZIL

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (*3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo*). The company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of BRL15 million (approximately €5.5 million) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. At the beginning of September, 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012, which was confirmed on April 4, 2012 by the Court of Appeals. On the merits, Vivendi refuted all of Telefonica's claims. In particular, Vivendi believes that Telefonica cannot claim to have suffered any "loss of chance" considering that its President confirmed in a public statement that it did not want to outbid Vivendi. Vivendi has also filed a counterclaim seeking to be compensated for damages suffered as a result of the "smear campaign" carried out against Vivendi by Telefonica since late 2009.

DYNAMO AGAINST VIVENDI

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting that this poison pill provision was waived by a GVT General Shareholders' Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations.

HEDGING-GRIFFO AGAINST VIVENDI

On September 4, 2012, Hedging-Griffo filed a complaint against Vivendi before the Arbitration Chamber of the Bovespa (São Paulo Stock Exchange) seeking to obtain damages for losses they allegedly incurred due to the conditions under which Vivendi completed the acquisition of GVT in 2009. Hedging-Griffo demanded compensation for the difference between the price at which they sold their GVT shares on the market and the price paid by Vivendi in connection with the tender offer for the GVT shares. Vivendi believes that the decision taken by the Hedging-Griffo funds to sell their GVT shares before the end of the stock market battle that opposed Vivendi against Telephonica was their own decision made in the context of their management of these funds and can in no way be attributable to Vivendi.

ACTIONS RELATED TO THE ICMS TAX

GVT is party in several Brazilian States to various proceedings concerning the application of the "ICMS" tax. ICMS (*Impostors Sober Circulações de Mercadorias e Prestações de Serviços*) is a tax on operations relating to the circulation of goods and the supply of transport, communication and electricity services.

On August 5, 2011, Confaz, the national council in charge of coordinating the tax policies of the Brazilian States, published a draft proposal allowing GVT, as well as all other companies that dispute the application of ICMS on Internet and Broadband services, to enter into negotiations with the objective of settling the past disputes and clarifying the rules for the future. As of today, GVT has reached agreement with all of the states in which it operates with the exception of Rio de Janeiro.

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

ACTION RELATED TO THE FUST AND FUNTTEL TAXES IN BRAZIL

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

PROCEEDINGS BROUGHT AGAINST TELECOMMUNICATIONS OPERATORS IN BRAZIL REGARDING THE APPLICATION OF THE PIS AND COFINS TAXES

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

Note 28. Major consolidated entities or entities accounted under equity method

As of December 31, 2012, approximately 690 entities were consolidated or accounted for using the equity method (compared to approximately 590 entities as of December 31, 2011).

	Note	Country	December 31, 2012			December 31, 2011		
			Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Vivendi SA		**France**	**Parent company**			**Parent company**		
Activision Blizzard, Inc. (a)	18	**United States**	**C**	**61.5%**	***61.5%***	**C**	**60%**	***60%***
Activision Publishing, Inc.		United States	C	100%	*61.5%*	C	100%	*60%*
Blizzard Entertainment, Inc.		United States	C	100%	*61.5%*	C	100%	*60%*
ATVI C.V.		Netherlands	C	100%	*61.5%*	C	100%	*60%*
Coöperatie Activision Blizzard International U.A.		Netherlands	C	100%	*61.5%*	C	100%	*60%*
AB Partners C.V.		Netherlands	C	100%	*61.5%*	C	100%	*60%*
Activision Blizzard Benelux B.V.		Netherlands	C	100%	*61.5%*	C	100%	*60%*
Activision Blizzard Deutschland GmbH		Germany	C	100%	*61.5%*	C	100%	*60%*
Activision Blizzard France S.A.S.		France	C	100%	*61.5%*	C	100%	*60%*
Activision Blizzard Pty Limited		Australia	C	100%	*61.5%*	C	100%	*60%*
Blizzard Entertainment Korea Limited		Korea	C	100%	*61.5%*	C	100%	*60%*
Blizzard Entertainment S.A.S.		France	C	100%	*61.5%*	C	100%	*60%*
Activision Blizzard UK Limited		United Kingdom	C	100%	*61.5%*	C	100%	*60%*
Universal Music Group, Inc.		**United States**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
PolyGram Holding, Inc.		United States	C	100%	*100%*	C	100%	*100%*
UMG Recordings, Inc.		United States	C	100%	*100%*	C	100%	*100%*
Vevo		United States	E	50%	*50%*	E	50%	*50%*
SIG 104		France	C	100%	*100%*	C	100%	*100%*
Centenary Holding B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal International Music B.V.		Netherlands	C	100%	*100%*	C	100%	*100%*
Universal Entertainment GmbH		Germany	C	100%	*100%*	C	100%	*100%*
Universal Music LLC		Japan	C	100%	*100%*	C	100%	*100%*
Universal Music France S.A.S.		France	C	100%	*100%*	C	100%	*100%*
Universal Music Holdings Limited		United Kingdom	C	100%	*100%*	C	100%	*100%*
EMI Group Worldwide Holding Ltd.	2.1	United Kingdom	C	100%	*100%*	-	-	-
SFR Société Française du Radiotéléphone S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Société Réunionnaise du Radiotéléphone S.C.S.		France	C	100%	*100%*	C	100%	*100%*
Société Financière de Distribution S.A.		France	C	100%	*100%*	C	100%	*100%*
5 sur 5 S.A.		France	C	100%	*100%*	C	100%	*100%*
La Poste Telecom		France	E	49%	*49%*	E	49%	*49%*
Numergy	2.4	France	E	47%	*47%*	-	-	-
Maroc Telecom S.A.		**Morocco**	**C**	**53%**	***53%***	**C**	**53%**	***53%***
Mauritel S.A.		Mauritania	C	51%	*22%*	C	51%	*22%*
Onatel S.A.		Burkina Faso	C	51%	*27%*	C	51%	*27%*
Gabon Telecom S.A.		Gabon	C	51%	*27%*	C	51%	*27%*
Sotelma S.A.		Mali	C	51%	*27%*	C	51%	*27%*

	Note	Country	December 31, 2012			December 31, 2011		
			Accounting Method	Voting Interest	Ownership Interest	Accounting Method	Voting Interest	Ownership Interest
Global Village Telecom (Holding) S.A.		**Brazil**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Global Village Telecom Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
POP Internet Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
Innoweb Ltda		Brazil	C	100%	*100%*	C	100%	*100%*
Groupe Canal+ S.A.		**France**	**C**	**100%**	***100%***	**C**	**100%**	***100%***
Canal+ France S.A.		France	C	80%	*80%*	C	80%	*80%*
Société d'Edition de Canal Plus **(b)**		France	C	49%	*39%*	C	49%	*39%*
MultiThématiques S.A.S.		France	C	100%	*80%*	C	100%	*80%*
TPS Star S.N.C. **(c)**		France	-	-	-	C	100%	*80%*
Canal+ Overseas S.A.S.		France	C	100%	*80%*	C	100%	*80%*
Canal+ Distribution S.A.S.		France	C	100%	*80%*	C	100%	*80%*
D8	2.2	France	C	100%	*100%*	-	-	-
StudioCanal S.A.		France	C	100%	*100%*	C	100%	*100%*
TVN **(d)**	2.3	Poland	E	40%	*21%*	-	-	-
Canal+ Cyfrowy S.A. **(d)**	2.3	Poland	C	51%	*51%*	C	75%	*75%*
VSTV **(e)**		Vietnam	C	49%	*49%*	C	49%	*49%*
Other								
See Tickets		United Kingdom	C	100%	*100%*	C	100%	*100%*
Digitick		France	C	100%	*100%*	C	92%	*92%*
Vivendi Mobile Entertainment		France	C	100%	*100%*	C	100%	*100%*
Wengo		France	C	100%	*95%*	C	100%	*100%*
Elektrim Telekomunikacja		Poland	C	100%	*100%*	C	100%	*100%*

C: Consolidated; E: Equity.

(a) Vivendi consolidates Activision Blizzard and its subsidiaries because it holds the right to appoint a majority of members to Activision Blizzard's Board of Directors and thus has the power to govern Activision Blizzard's financial and operational policies in order to obtain benefits from its operations. Until July 2013, the approval of certain matters by the Activision Blizzard Board of Directors requires the affirmative vote of a majority of the votes present or otherwise able to be cast by the Board and at least a majority of the independent directors of the Board. However, until July 2013, the distribution of any dividend by Activision Blizzard requires the affirmative vote of a majority of the independent directors if Activision Blizzard's pro forma net debt, after giving effect to such dividend, exceeds $400 million. Moreover, due to Activision Blizzard's stock repurchase program, the exercise of stock options, restricted stocks, and other dilutive instruments by Activision Blizzard's employees, Vivendi's ownership interest in Activision Blizzard may fluctuate from time to time.

(b) In 2011, Canal+ SA was renamed Société d'Edition de Canal Plus. This company is consolidated because (i) Vivendi has majority control over the Board of Directors, (ii) no other shareholder or shareholder group is in a position to exercise substantive participating rights that would allow them to veto or block decisions taken by Vivendi and (iii) Vivendi assumes the majority of risks and benefits pursuant to an agreement with this company via Canal+ Distribution S.A.S. Indeed, Canal+ Distribution, wholly-owned by Vivendi, guarantees this company's results in return for exclusive commercial rights to its subscriber base.

(c) On October 1, 2012, the company TPS Star S.N.C was merged with the company MultiThématiques S.A.S by means of a transfer of assets.

(d) On November 30, 2012, as part of the strategic partnership involving Polish pay-TV, Canal+ Group acquired a 40% interest in N-Vision, which indirectly holds 52% of TVN. Simultaneously, Canal+ Group's ownership of Canal+ Cyfrowy S.A. (Cyfra+ platform) was diluted by the contribution of the company ITI Neovision ("n" platform). Therefore, as of December 31, 2012, Canal+ Group held a 51% interest in Canal+ Cyfrowy, which owns the company ITI Neovision at 100%.

(e) VSTV (Vietnam Satellite Digital Television Company Limited) is 49% held by Canal+ Group and 51% by VCTV, a VTV subsidiary (the Vietnamese public television company). This company has been consolidated by Vivendi given that Canal+ Group has both operational and financial control over it due to a general delegation that was granted by the majority shareholder and to the company's bylaws.

Note 29. Statutory auditors fees

Fees paid by Vivendi SA to its statutory auditors and members of their firms in 2012 and 2011 were as follows:

	KPMG S.A.				Ernst & Young et Autres					
	Amount		Percentage		Amount		Percentage		Total	
(in millions of euros)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Statutory audit, certification, consolidated and individual financial statements audit										
Issuer	0.7	0.7	7%	14%	0.9	0.9	12%	11%	1.6	1.6
Fully consolidated subsidiaries	4.1	3.5	42%	68%	5.1	5.0	69%	64%	9.2	8.5
Other work and services directly related to the statutory audit										
Issuer	0.6	0.1	6%	2%	0.1	0.6	1%	8%	0.7	0.7
Fully consolidated subsidiaries	2.7	0.6	28%	12%	0.4	1.0	5%	13%	3.1	1.6
Subtotal	**8.1**	**4.9**	**83%**	**96%**	**6.5**	**7.5**	**87%**	**96%**	**14.6**	**12.4**
Other services provided by the network to fully consolidated subsidiaries										
Legal, tax and social matters	1.2	0.1	12%	2%	0.9	0.1	12%	1%	2.1	0.2
Other	0.4	0.1	5%	2%	0.1	0.2	1%	3%	0.5	0.3
Subtotal	**1.6**	**0.2**	**17%**	**4%**	**1.0**	**0.3**	**13%**	**4%**	**2.6**	**0.5**
Total	**9.7**	**5.1**	**100%**	**100%**	**7.5**	**7.8**	**100%**	**100%**	**17.2**	**12.9**

The 2012 fees included the non-recurring assignments undertaken by statutory auditors in relation with the transactions underway.

Note 30. Subsequent events

The main events that occurred between December 31, 2012 and February 18, 2013, the date of the Management Board meeting that approved the financial statements for the fiscal year 2012 are as follows:

* January 9, 2013: U.S. court ruling in the lawsuit between Vivendi and Liberty Media Corporation (please refer to Note 27);
* January 16, 2013: Maroc Telecom and the Moroccan State entered into a fourth capital expenditure agreement (please refer to Note 26);
* February 7, 2013: Vivendi and Universal Music Group entered into a definitive agreement to sell Parlophone Label Group, a unit of EMI Recorded Music, to Warner Music Group for £487 million (approximately €600 million) to be paid in cash;
* February 12, 2013: Lagardère Holding TV, a 20% shareholder of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. Lagardère Group is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France (please refer to Note 27); and
* February 15, 2013: Vivendi and Universal Music Group signed a definitive agreement for the sale of Sanctuary Records to BMG for £40 million to be paid in cash.

Note 31. Audit exemptions for UMG subsidiaries in the United Kingdom

Vivendi SA has provided guarantees to the following UMG subsidiaries, incorporated in England and Wales, under the registered number indicated, in order for them to claim exemption from audit under Section 479A of the UK Companies Act 2006.

Name	Company Number
BACKCITE LIMITED	2358972
CENTENARY UK LIMITED	3478918
DECCA MUSIC GROUP LIMITED	718329
UNIVERSAL MUSIC (UK) HOLDINGS LIMITED	3383881
UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED	859087
UNIVERSAL MUSIC GROUP INTERNATIONAL LIMITED	1778189
UNIVERSAL MUSIC HOLDINGS (UK) LIMITED	337803
UNIVERSAL MUSIC LEISURE LIMITED	3384487
DALMATIAN SONGS LIMITED	3506757
DUB DUB PRODUCTIONS LIMITED	3034298
UNIVERSAL MUSIC PUBLISHING BL LIMITED	2037678
UNIVERSAL MUSIC PUBLISHING INTERNATIONAL MGB LIMITED	2200287
UNIVERSAL MUSIC PUBLISHING PGM LIMITED	3771282
UNIVERSAL MUSIC PUBLISHING MGB HOLDING UK LIMITED	5092413
UNIVERSAL/ANXIOUS MUSIC LIMITED	1862328
UNIVERSAL/DICK JAMES MUSIC LIMITED	698804
UNIVERSAL/ISLAND MUSIC LIMITED	761597
UNIVERSAL/MCA MUSIC LIMITED	410065
UNIVERSAL/MOMENTUM MUSIC 2 LIMITED	2850484
UNIVERSAL/MOMENTUM MUSIC LIMITED	1946456
HELTER SKELTER AGENCY LIMITED	3522889
SANCTUARY (W.A.R.) LIMITED	5221402
SANCTUARY (UB40) LIMITED	5158521
SANCTUARY ARTIST SERVICES LIMITED	1890289
SANCTUARY MUSIC PUBLISHING COPYRIGHTS LIMITED	2873472

Name	Company Number
SANCTUARY MUSIC PUBLISHING LIMITED	2898402
SANCTUARY STUDIOS LIMITED	3050388
THE SANCTUARY GROUP LIMITED	284340
V2 MUSIC GROUP LIMITED	3205625
UMGI (ATW) LIMITED	5103127
EMI Music France Holdco Ltd	6405604
E.M.I. Overseas Holdings Ltd	403200
EMI Group Electronics Ltd	461611
EMI Group Holdings (UK)	3158108
EMI Group International Holdings Ltd	1407770
EMI Group Worldwide	3158106
EMI Ltd	53317
EMI Music UK Holdco Ltd	6388809
Virgin Music Group	2259349
Virgin Records Overseas Ltd	335444
EMI Music Italy Holdco Ltd	6420934
EMI Recorded Music Holdings (Italy) Ltd	6420969
EMI (IP) Ltd	3984464
EMI Catalogue Investments Holland Ltd	3038313
EMI Group America Finance Ltd	2415597
EMI Group Danish Investments Ltd	2421891
EMI Group Finance Denmark Ltd	2422007
EMI Investments Holland Ltd	3038307
EMI Recorded Music Holdings (UK) Ltd	6407212
EMIG 4 Ltd	3038275
VRL 1 Ltd	3967882

IV - Vivendi SA 2012 Statutory Financial Statements

1. **STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS** 321

2. **2012 STATUTORY FINANCIAL STATEMENTS** 323

3. **NOTES TO THE 2012 STATUTORY FINANCIAL STATEMENTS** 327

Major Events in 2012 327

Note 1. Accounting Rules and Methods 329

Note 2. Operating Earnings/(Loss) 332

Note 3. Net Financial Income/(Loss) 333

Note 4. Net Exceptional Items 334

Note 5. Income Taxes 334

Note 6. Intangible Assets and Property, Plant and Equipment 335

Note 7. Long-term Investments 336

Note 8. Treasury Shares 337

Note 9. Current Assets 338

Note 10. Receivables Maturity Schedule 339

Note 11. Deferred Charges 339

Note 12. Unrealized Foreign Exchange Gains and Losses 339

Note 13. Equity 340

Note 14. Share-based Compensation Plans 341

Note 15. Provisions 343

Note 16. Borrowings 344

Note 17. Debt Maturity Schedule 346

Note 18. Items Impacting Several Items of the Statement of Financial Position 346

Note 19. Financial Income and Expenses in Relation to Related Parties 347

Note 20. Compensation of Directors and Officers 347

Note 21. Management Share Ownership 347

Note 22. Number of Employees 347

Note 23. Financial Commitments and Contingent Liabilities 348

Note 24. Litigation 351

Note 25. Instruments Used to Manage Borrowings 355

Note 26. Foreign Currency Risk Management 356

Note 27. Fair Value of Derivative Instruments 356

Note 28. Deferred Deductions for Taxes 357

Note 29. Subsequent Events 357

4. **SUBSIDIARIES AND AFFILIATES** 358

5. **MATURITY OF TRADE ACCOUNTS PAYABLE** 359

6. **FINANCIAL RESULTS OF THE LAST FIVE YEARS** 360

7. **STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS** 361

1. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.
This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general shareholders' meetings, we hereby report to you, for the year ended December 31, 2012, on:

* the audit of the accompanying financial statements of Vivendi S.A., hereinafter referred to as "the Company";
* the justification of our assessments;
* the specific verifications and information required by law.

These financial statements have been approved by your Management Board. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2012 and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

ACCOUNTING ESTIMATES

INTERESTS IN EQUITY AFFILIATES

Note 1 to the financial statements states that your Company recognizes impairment losses when the carrying amount of its financial assets exceeds their book value. Based on the information available at the date of this report, we assessed the approach adopted by your Company to determine book value of the financial assets. We also verified that the information related to the depreciations of the interests in equity affiliates presented in the notes "Major events" and "3. Net Financial Income" was appropriate.

TAX

Note 5 to the financial statements describes the accounting principles used by the Company to assess and recognize tax assets and liabilities, and tax positions adopted by your Company. We verified the assumptions underlying the positions as of December 31, 2012 and ensured that Note 5 to the financial statements gives appropriate information.

PROVISIONS FOR LITIGATION

Note 24 to the financial statements describes the methods used to evaluate and recognize provisions for litigation. We assessed the methods used by your Company to list, calculate and account for such provisions. We also assessed the data and assumptions underlying the estimates made by the Company. As stated in Note 1 to the financial statements, some facts and circumstances may lead to changes in estimates and assumptions which could have an impact upon the reported amount of the provisions. We also ensured that Note "15. Provisions" to the financial statements gives appropriate information.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report section of the "2012 Annual Report – Registration Statement" and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by company executives and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the "2012 Annual Report – Registration Statement".

Paris La Défense, February 25, 2013

The Statutory Auditors

French original signed by

KPMG Audit
Département de KPMG S.A.

Frédéric Quélin

ERNST & YOUNG et Autres

Jean-Yves Jégourel

2. 2012 STATUTORY FINANCIAL STATEMENTS

I. Statement of Earnings

(in millions of euros)	Note	2012	2011
Operating income			
Total revenues		116.0	100.3
Reversal of provisions and expense reclassifications		36.9	22.4
Other income		0.1	0.1
Total I		**153.0**	**122.8**
Operating expenses			
Other purchases and external charges		136.3	122.0
Duties and taxes other than income tax		4.4	4.2
Wages and salaries and social security contributions		67.4	56.5
Depreciation, amortization and charges to provisions		13.6	15.7
Other expenses		4.0	7.0
Total II		**225.7**	**205.4**
Loss from operations (I-II)	**2**	**(72.7)**	**(82.6)**
Financial income			
From subsidiaries and affiliates		975.9	276.4
From other securities and long-term receivables		193.7	221.3
Other interest and similar income		176.2	127.7
Reversal of provisions and expense reclassifications		4.7	1,170.5
Foreign exchange gains		985.2	1,047.2
Net proceeds from the sale of marketable securities		1.3	6.3
Total III		**2,337.0**	**2,849.4**
Financial expenses			
Amortization and charges to financial provisions		6,246.5	431.1
Interest and similar charges		517.4	441.2
Foreign exchange losses		960.8	978.4
Total IV		**7,724.7**	**1,850.7**
Net financial income/(loss) (III-IV)	**3**	**(5,387.7)**	**998.7**
Earnings/(loss) from ordinary operations before tax (I-II + III-IV)		**(5,460.4)**	**916.1**
Exceptional income			
From non-capital transactions		8.9	8.5
From capital transactions		403.6	3,915.2
Reversals of provisions and expense reclassifications		49.1	1,409.1
Total V		**461.6**	**5,332.8**
Exceptional expenses			
Related to non-capital transactions		57.4	29.9
Related to capital transactions		408.0	5,111.6
Exceptional depreciation, amortization and charges to provisions		1,536.5	37.5
Total VI		**2,001.9**	**5,179.0**
Net exceptional items (V-VI)	**4**	**(1,540.3)**	**153.8**
Income tax credit (VII)	**5**	**955.7**	**418.5**
Total income (I + III + V + VII)		3,907.3	8,723.5
Total expenses (II + IV + VI)		9,952.3	7,235.1
EARNINGS/(LOSS) FOR THE YEAR		**(6,045.0)**	**1,488.4**

II. Statement of Financial Position

ASSETS (in millions of euros)	Note	Gross	Depreciation, amortization and provisions	Net	
				December 31, 2012	December 31, 2011
Non-current assets					
Intangible assets	6	**15.2**	**14.5**	**0.7**	**0.6**
Property, plant and equipment	6	**59.7**	**57.1**	**2.6**	**2.6**
Long-term investments (a)	7	**47,408.8**	**8,097.3**	**39,311.5**	**44,218.2**
Investments in affiliates and long-term portfolio securities		42,353.7	6,831.1	35,522.6	39,408.1
Loans to subsidiaries and affiliates		5,046.5	1,266.0	3,780.5	4,802.1
Other long-term investment securities		0.8	0.2	0.6	0.5
Loans		-	-	0.0	0.0
Other		7.8	-	7.8	7.5
Total I		**47,483.7**	**8,168.9**	**39,314.8**	**44,221.4**
Current assets	9				
Receivables (b)		**6,858.6**	**107.6**	**6,751.0**	**3,014.4**
Trade accounts receivable and related accounts		19.7	-	19.7	17.4
Other receivables		6,838.9	107.6	6,731.3	2,997.0
Marketable securities		**25.5**	**0.0**	**25.5**	**87.2**
Treasury shares	8	25.5	-	25.5	27.6
Other securities		-	-	0.0	59.6
Cash at bank and in hand		**56.0**	**-**	**56.0**	**21.0**
Prepayments (b)		**90.2**	**-**	**90.2**	**100.2**
Total II		**7,030.3**	**107.6**	**6,922.7**	**3,222.8**
Deferred charges (III)	11	**40.6**	**-**	**40.6**	**29.4**
Unrealized foreign exchange losses (IV)	12	**84.2**	**-**	**84.2**	**187.0**
TOTAL ASSETS (I + II + III + IV)		**54,638.8**	**8,276.5**	**46,362.3**	**47,660.6**
(a) Portion due in less than one year		-	-	*2,064.8*	*1,030.7*
(b) Portion due in more than one year		-	-	*82.7*	*88.5*

EQUITY AND LIABILITIES (in millions of euros)	Note	December 31, 2012	December 31, 2011
Equity	**13**		
Share capital		7,281.8	6,859.9
Additional paid-in capital		13,085.3	13,038.5
Reserves			
Legal reserve		686.0	680.5
Other reserves		9,480.2	9,480.2
Retained earnings		743.7	506.0
Earnings/(loss) for the year		(6,045.0)	1,488.4
Total I		**25,232.0**	**32,053.5**
Provisions	15	1,714.9	232.5
Total II		**1,714.9**	**232.5**
Liabilities (a)			
Convertible and other bond issues	16	10,773.0	8,127.5
Bank borrowings (b)	16	5,219.9	4,550.2
Other borrowings	16	3,199.9	2,170.7
Trade accounts payable and related accounts		26.4	23.3
Tax and employee-related liabilities		31.6	278.5
Amounts payable in respect of PP&E and related accounts		0.3	0.4
Other liabilities		48.3	12.1
Deferred income		34.6	28.2
Total III		**19,334.0**	**15,190.9**
Unrealized foreign exchange gains (IV)	**12**	**81.4**	**183.7**
TOTAL EQUITY AND LIABILITIES (I + II + III + IV)		**46,362.3**	**47,660.6**
(a) Portion due in more than one year		*11,801.7*	*11,152.4*
Portion due in less than one year		*7,532.3*	*4,038.5*
(b) Includes current bank facilities and overdrafts		*56.8*	*21.2*

III. Statement of Cash Flows

(in millions of euros)	2012	2011
Earnings/(loss) for the year	(6,045.0)	1,488.4
Elimination of non-cash income and expenses		
Charges to depreciation and amortization	13.6	8.4
Charges to provisions net of (reversals)		
Operating	(12.5)	7.3
Financial	6,241.9	(739.4)
Exceptional	1,492.1	(1,371.6)
Capital gains	24.5	1,206.8
Other income and charges without cash impact	(61.8)	14.2
Operating cash flows before changes in working capital	**1,652.8**	**614.1**
Changes in working capital	(255.8)	927.9
Net cash provided by operating activities	**1,397.0**	**1,542.0**
Capital expenditure	(0.8)	(0.6)
Purchases of investments in affiliates and securities	(2,386.2)	(7,950.0)
Increase in loans to subsidiaries and affiliates	(61.1)	(1,311.8)
Receivables related to the sale of non-current assets and other financial receivables	(0.6)	1.3
Proceeds from sales of intangible assets and PP&E	-	-
Proceeds from sales of investments in affiliates and securities	80.2	5,791.1
Decrease in loans to subsidiaries and affiliates	1,005.8	1,271.9
Increase in deferred charges relating to financial instruments	(24.2)	(22.2)
Net cash provided by/(used in) investing activities	**(1,386.9)**	**(2,220.3)**
Net proceeds from issuance of shares	132.3	150.9
Dividends paid	(1,245.3)	(1,730.7)
New long-term borrowings secured	7,053.1	11,613.9
Principal payments on long-term borrowings	(6,453.9)	(7,558.0)
Increase (decrease) in short-term borrowings	2,834.8	(433.8)
Change in net current accounts	(2,338.4)	(2,042.3)
Treasury shares	(17.3)	(36.8)
Net cash provided by/(used in) financing activities	**(34.7)**	**(36.8)**
Change in cash	(24.6)	(715.1)
Opening net cash (a)	80.6	795.7
Closing net cash (a)	**56.0**	**80.6**

(a) Cash and marketable securities net of impairment (excluding treasury shares).

3. NOTES TO THE 2012 STATUTORY FINANCIAL STATEMENTS

Preliminary Note: dollar amounts are expressed in US dollars.

Major Events in 2012

In 2012, the major transactions were as follows:

ACQUISITION BY VIVENDI AND UNIVERSAL MUSIC GROUP (UMG) OF EMI RECORDED MUSIC

In accordance with the agreement entered into with Citigroup Inc. (Citi) on November 11, 2011, and following receipt of the regulatory approvals from the European Commission and the Federal Trade Commission in the United States on September 21, 2012, Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music) on September 28, 2012.

The purchase price, in enterprise value, amounted to £1,130 million (approximately €1,4 billion) and included €1,363 million paid in cash of which £991 million (approximately €1,230 million) was paid in early September 2012, when conditions to payment were satisfied.

The approval by the European Commission was conditional upon the divestment of EMI's Parlophone label and certain other music assets worldwide, such as EMI France, EMI's classical music labels, Chrysalis, Mute and several other local EMI entities.

On February 7, 2013, Vivendi and Universal Music Group entered into a definitive agreement to sell Parlophone Label Group to Warner Music Group for £487 million to be paid in cash (please refer to Note 23, Financial Commitments).

ACQUISITION BY VIVENDI AND CANAL+ GROUP OF BOLLORÉ GROUP CHANNELS

On December 2, 2011, Bolloré Group and Canal+ Group announced the entry into a definitive agreement regarding the acquisition by Canal+ Group of Bolloré Group's free-to-air channels, Direct 8 and Direct Star. In February 2012, Canal+ Group exercised its option to acquire, in one transaction, a 100% interest in Bolloré Group's television business, in exchange for the issuance of Vivendi shares.

On September 27, 2012, Vivendi completed a share capital increase of 22,356 thousand shares, which it paid in consideration for the contribution made by Bolloré Media, representing an enterprise value of €336.4 million (including €319.6 million in contributed shares and a €16.8 million price adjustment related to debt and changes in working capital). On the same day, Vivendi sold these contributed shares to its wholly-owned subsidiary, Groupe Canal+ , and to certain of its subsidiaries (please refer to Note 7, Long-term Investments, and Note 13, Equity).

Bolloré Group committed to retain the Vivendi shares received in connection with the completion of this transaction for a minimum period of six months after September 27, 2012. Since that date, Vivendi and Canal+ Group have been granted guarantees capped at €120 million. These guaranties expire 3 months after the expiration of the applicable statute of limitations for tax or social matters, and 18 months after September 27, 2012 for all other matters. Direct 8 and Direct Star were renamed D8 and D17, in connection with their launch on October 7, 2012.

As part of the French Competition Authority's approval of the transaction on July 23, 2012, Vivendi and Canal+ Group undertook certain commitments. These commitments are made for a 5-year period, renewable once if the French Competition Authority, after having performed a competitive analysis, deems it necessary.

Following the closing of this transaction, Bolloré Group reported having increased its interest in Vivendi SA to 4.41%. Subsequently, on October 16, 2012, it announced that it had crossed the 5% threshold in Vivendi SA's share capital.

COMPLAINT FROM LIBERTY MEDIA CORPORATION

On June 25, 2012, a verdict was returned by the jury against Vivendi in a lawsuit filed by Liberty Media Corporation and certain of its subsidiaries before the US District Court for the Southern District of New York. The jury awarded damages to Liberty Media Corporation in the amount of €765 million.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded pre-judgment interest accruing from December 16, 2001, 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 €944.8 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on February 12, 2013. On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments.

On the basis of the verdict rendered on June 25, 2012, and following the entry of the final judgment by the Court, as of December 31, 2012, Vivendi accrued a reserve in the amount of €944.8 million (Please refer to Note 4, Net Exceptional Items, Note 15, Provisions and Note 24, Litigation).

NEW BORROWINGS AND CREDIT FACILITIES PUT IN PLACE / REIMBURSED BY VIVENDI SA

Please refer to Note 16, Borrowings.

VALUE IN USE OF INVESTMENTS IN AFFILIATES

Vivendi SA adjusted the value of its stake in each of SFR and Groupe Canal+ as follows:

* As of December 31, 2012, Vivendi examined the value of its interest in SFR. At that date, the value in use of SFR's telecommunication activities in France was determined through the usual valuation methods (in particular, the DCF method) for which Vivendi required the assistance of an independent appraiser. The most recent cash flow forecasts and financial assumptions, approved by Vivendi's Management, were used and were updated to take into account (i) the expected impact of the new pricing policies established by SFR during the second half of 2012 and in early 2013, due to a change in the competitive environment, (ii) the decrease in the perpetual growth rate assumption (0.50% at year-end 2012, compared to 1% at year-end 2011) and (iii) the acceleration of investments in superfast broadband. The value in use of the 51.9% stake in Maroc Telecom held indirectly by SFR was determined on the basis of the change in the market price of Maroc Telecom shares. As a result of this test, Vivendi's Management recorded an impairment loss on its interest in SFR as of December 31, 2012 (please refer to Note 3, Net Financial Income and Note 7, Long-term Investment).
* As of December 31, 2011, Vivendi's Management concluded that Groupe Canal+ value in use was below its carrying value, and consequently, recorded an impairment loss of €350 million. As of December 31, 2012, Groupe Canal+ value in use was determined in the same manner as it was at year-end 2011, in particular for its pay-TV activities in France, through the usual valuation methods (in particular, the DCF method), using the most recent cash flow forecasts approved by Vivendi's Management, as well as financial assumptions consistent with those made in previous years. As a result of this test, primarily due to the expected impact of the increase in the VAT rate from 7% to 10% (effective January 1, 2014 in Metropolitan France) on the revenues of Canal+ France and, to a lesser extent, to the adverse changes in the macro-economic and competitive environments since the second half of 2012, Vivendi's Management concluded that Groupe Canal+ value in use was below its carrying value as of December 31, 2012, and consequently recorded an impairment loss (please refer to Note 3, Net Financial Income and Note 7, Long-term Investment).

CORPORATE OFFICERS

At a meeting held on June 28, 2012, the Supervisory Board terminated Mr. Jean-Bernard Lévy's term of office as Chairman of the Management Board. On June 28, 2012, the Supervisory Board also terminated the terms of office of the following Management Board members: Mr. Abdeslam Ahizoune, Mr. Amos Genish, Mr. Lucian Grainge, and Mr. Bertrand Meheut. It also appointed Mr. Jean-François Dubos as Chairman of the Management Board. The Management Board is currently composed of Mr. Jean-François Dubos and Mr. Philippe Capron. On March 26, 2012, Mr. Frank Esser resigned from his office as a member of Vivendi's Management Board.

On December 13, 2012, Vivendi's Supervisory Board co-opted Mr. Vincent Bolloré, Chairman and Chief Executive Officer of the Bolloré Group, as a member of the Supervisory Board. This cooptation will be submitted for ratification at the General Shareholders Meeting to be held on April 30, 2013.

DIVIDEND PAID WITH RESPECT TO FISCAL YEAR 2011 AND GRANT OF BONUS SHARES TO SHAREHOLDERS

At the Annual General Shareholders' Meeting held on April 19, 2012, Vivendi's shareholders approved the Management Board's recommendations in relation to the allocation of distributable earnings for fiscal year 2011. As a result, the dividend payment was set at €1.00 per share, representing an aggregate distribution of €1,245.3 million, which was paid in cash on May 9, 2012.

On May 9, 2012, Vivendi SA granted to each shareholder one bonus share for each 30 shares held. This transaction, realized by a €228.7 million withdrawal from additional paid-in capital, resulted in the issuance of 41.6 million new shares with a nominal value of €5.5 each and entitlement as from January 1, 2012.

Note 1. Accounting Rules and Methods

1.1. GENERAL PRINCIPLES AND CHANGE IN ACCOUNTING METHODS

The statutory financial statements for the year ended December 31, 2012 have been prepared and presented in accordance with applicable French laws and regulations.

The accounting rules and methods that were applied in the preparation of these financial statements are identical to those applied in the preparation of the 2011 statutory financial statements.

Vivendi's Management makes certain estimates and assumptions that it considers reasonable and realistic. Despite regular reviews of these estimates and assumptions, based in particular on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions, which may impact the amount of assets, liabilities, equity or earnings recognized by the Company. In particular, these estimates and assumptions relate to the measuring of asset impairment (please refer to Note 7) and provisions (please refer to Note 15) as well as to employee benefits (please refer to Note 1.9, Employee benefit plans).

1.2. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are valued at acquisition cost.

Depreciation and amortization are calculated using the straight-line method and, where appropriate, the declining balance method over the useful lives of the relevant assets.

1.3. LONG-TERM INVESTMENTS

Investments in affiliates and long-term portfolio securities

Investments in affiliates consist of investments in Vivendi Group affiliates in which Vivendi holds a significant interest, in principle greater than 10%.

Long-term portfolio securities consist of securities held by Vivendi in companies which are expected to generate a reasonable medium- and long-term return, without involvement in their day-to-day management.

Investments in affiliates and long-term portfolio securities are valued at acquisition cost, including any potential impact resulting from related hedging transactions. If this value exceeds the value in use, an impairment loss is recorded for the difference between the two.

Value in use is defined as the value of the future economic benefits expected to derive from the use of an asset. This is generally calculated by discounting the future cash flows, although a more suitable method may be used where appropriate, such as market comparables, transaction valuations, trading comparables for listed entities or proportionate share of equity. The value in use of securities in foreign currencies is calculated using the exchange rate applicable on the closing date for both listed securities (French GAAP *Plan Comptable Général,* or PCG), Art. 342-3) and unlisted securities.

Vivendi expenses investment and security acquisition costs in the period during which they are incurred.

Loans to subsidiaries and affiliates

Loans to subsidiaries and affiliates consist of medium- and long-term loans to Group companies. They do not include current account agreements with Group subsidiaries that are used for the day-to-day management of cash surpluses and shortfalls. A provision is, as applicable, recorded based on the risk of non-recovery.

Treasury shares

All treasury shares held by Vivendi that are either (i) in process of cancellation or (ii) acquired pursuant to the liquidity contract, are recorded as Long-term Investments. Impairment losses are recorded on the latter shares if their net book value is less than their stock market value, based on the average share price during the month of December.

All remaining treasury shares held by Vivendi are recorded as Marketable securities (please refer to 'Marketable securities' below).

1.4. OPERATING RECEIVABLES

Operating receivables are recorded at nominal value. A provision is, as applicable, recorded based on the risk of non-recovery.

1.5. MARKETABLE SECURITIES

Treasury shares

Treasury shares purchased either for sale to Group employees upon exercise of stock purchase options or for allotment to employees as performance shares, are recorded as Marketable securities.

At year-end, the shares allocated to specific plans are not depreciated but are subject to a provision (please see 'Provisions' below). For those shares not allocated to specific plans, an impairment loss is recognized, as applicable to reduce their net value down to their stock market value based on of the average share price during the month of closing.

Other marketable securities

All other marketable securities are recorded at acquisition cost. A provision is recorded if the estimated trading value at the end of the period is less than the acquisition cost. The value in use of securities in foreign currencies is calculated using the exchange rates applicable on the closing date.

1.6. DEFERRED CHARGES RELATING TO FINANCIAL INSTRUMENTS

Issue costs in relation to bonds and lines of credit are amortized equally over the term of such instruments.

1.7. PROVISIONS

A provision is recorded where Vivendi has an obligation to a third party and it is probable or certain that an outflow of resources will be necessary to settle this obligation, without receipt of an equivalent consideration from the third party.

The provision is equal to the best estimate, taken at period-end, of the outflow of resources necessary to settle the obligation, where the risk exists at the end of the period.

The assumptions underlying the provisions are regularly reviewed and any necessary adjustments are recorded.

Where it is not possible to provide a reliable estimate for the amount of the obligation, a provision is not recorded and disclosure is made in the notes to the financial statements (please refer to Note 24, Litigation).

1.8. STOCK OPTION PLANS AND PERFORMANCE SHARE PLANS

When the Company grants performance shares or establishes a stock purchase option plan that is settled by the delivery of treasury shares, a provision is recognized. This provision is calculated based on the market price of Vivendi shares at grant date or the estimated share purchase price at year-end. In the case of stock purchase option plans, the entry cost or estimated share purchase price is reduced by the exercise price that is likely to be paid by employees. Pursuant to the PCG, expenses, charges and reversals in relation to the grant of stock options and performance shares to company employees, are recorded as personnel costs.

1.9. EMPLOYEE BENEFIT PLANS

The provision recorded for obligations in relation to employee benefit plans includes all Vivendi employee benefit plans, i.e., retirement/termination payments, pensions and supplemental pensions. It is calculated as the difference between the value of the actuarial obligations and that of plan assets, net of actuarial gains and losses and unrecognized past service costs.

The actuarial obligation is calculated using the projected unit credit method (each activity period generates additional entitlement). Actuarial gains and losses are recognized using the "corridor method". This consists of recording, in the profit or loss account for the relevant period, the amortization calculated by dividing the portion of actuarial gains and losses which exceeds the greater of 10% of (i) the obligation or (ii) the fair value of the assets of the plans as of the beginning of the fiscal year, by the average remaining working life expectancy of the beneficiaries.

1.10. FOREIGN CURRENCY-DENOMINATED TRANSACTIONS

Foreign currency-denominated income and expense items are translated using average monthly rates or, as applicable, using the exchange rate negotiated during specific transactions.

Foreign currency-denominated borrowings, loans, receivables, payables, marketable securities and cash balances are translated at the exchange rates applicable on the accounting closing date (PCG Art. 342-5).

Unrealized gains and losses on translation of foreign currency borrowings, loans, receivables and payables, using exchange rates prevailing on the accounting closing date, are recorded in the Statement of Financial Position in Unrealized foreign exchange gains and losses, except where they offset income and expenses recognized on certain hedging transactions (please see below, "Derivative financial instruments"). A provision for foreign exchange losses is recorded in respect of unhedged and unrealized exchange losses (PCG Art. 342-5).

Unrealized foreign exchange gains and/or losses on cash balances and foreign currency current accounts (similar to cash balances under PCG Art. 342-7) on the accounting closing date are recorded immediately as foreign exchange gains and/or losses.

1.11. DERIVATIVE FINANCIAL INSTRUMENTS

Vivendi uses derivative financial instruments to (i) reduce its exposure to market risks associated with interest and foreign exchange rate fluctuations, and (ii) secure the value of certain financial assets. These instruments are traded over-the-counter with highly-rated counterparties.

Loans, borrowings, receivables and payables covered by currency hedging instruments that set the currency rate at maturity are recorded at hedge rates and no foreign exchange difference is recognized.

Vivendi seeks to eliminate, for each currency, its financial exposure to operational and transactional exchange risks. Vivendi therefore manages foreign exchange positions that qualify as symmetrical to its receivables, payables, loans, borrowings and current accounts and puts in place the necessary derivative instruments to obtain, for each currency, a symmetrical foreign currency hedging position.

Under symmetrical foreign currency hedging positions, unrealized gains and losses arising from the revaluation of loans, borrowings, receivables and payables are hedged by derivative instruments, or through current accounts in foreign currencies. These hedging positions are recognized directly in the Statement of Earnings and offset income and expenses generated either during the realization of the hedging instruments or upon their re-evaluation at the accounting closing date.

Unrealized capital gains on derivative instruments that do not qualify for hedge accounting are not recognized. Conversely, a provision is recorded in respect of unrealized capital losses on these derivative instruments.

1.12. INDIVIDUAL TRAINING ENTITLEMENT

Pursuant to Opinion 2004 F of the Emergency Committee of the French National Accounting Board (CNC), Vivendi did not record a provision for individual training entitlement as of year-end 2012.

The company-wide agreement entered into in May 2006 provides for a number of 14 training hours in 2004 and 20 training hours each year thereafter (up to a maximum of 120 hours) for each employee. As of year-end 2012, a total of 20,268 training hours remained unused.

Note 2. Operating Earnings/(Loss)

2.1. REVENUES

Revenues consist of revenues generated from services provided by Vivendi to its subsidiaries for an amount of €116.0 million.

2.2. OPERATING EXPENSES AND EXPENSE RECLASSIFICATIONS

In 2012, operating expenses amounted to €225.7 million, compared to €205.4 million in 2011.

Within this total, "other purchases and external charges" represent €136.3 million in 2012, compared to €122.0 million in 2011.

Other purchases and external charges, completed with amounts rebilled to subsidiaries (recorded in revenues) and expenses reclassifications (recorded in reversal of provisions and expense reclassifications), are broken-down as follows:

(in millions of euros)	2012	2011
Purchases consumed	0.6	0.6
Rent	8.4	7.7
Insurance (a)	24.3	12.1
Service providers, temporary staff and sub-contracting	7.7	7.0
Commissions and professional fees	45.3	51.6
Bank services	31.6	23.0
Other external services	18.4	20.0
Sub-total other purchases and external charges	**136.3**	**122.0**
Amounts rebilled to subsidiaries	(7.7)	(9.7)
Expense reclassifications	(24.0)	(22.3)
TOTAL NET OF REBILLED EXPENSES AND EXPENSE RECLASSIFICATIONS	**104.6**	**90.0**

(a) The increase in the Insurance line item to €24.3 million in 2012, compared to €12.1 million in 2011, is primarily due to the premiums paid under contracts in relation to the outsourcing of supplementary pension commitments for €15.0 million in 2012, compared to €4.5 million in 2011. In 2012, the contributions made improved the coverage of these plans (please see Note 15, Provisions).

Within the operating expenses, "compensation and benefits" amounted to €67.4 million in 2012, compared to €56.5 million in 2011; the increase was mainly due to the severance pay of two Directors, for €7.8 million, of which €3.1 million was re-invoiced back to a subsidiary (this chargeback is recorded in the Statement of Earnings as "Income").

Note 3. Net Financial Income/(Loss)

Net financial income/(loss) is broken down as follows:

(in millions of euros)	2012	2011
Net financing costs	(130.4)	(73.2)
Income from subsidiaries and affiliates	975.9	276.4
Foreign exchange gains & losses	24.4	68.8
Other financial income and expenses	(15.7)	(12.7)
Movements in financial provisions	(6,241.9)	739.4
TOTAL	**(5,387.7)**	**998.7**

The increase in the net financing costs to -€130.4 million in 2012 from -€73.2 million in 2011 is due to:

* the increase in external financing net costs from -€336.7 million in 2011 to -€457.7 million in 2012, primarily as a result of an increase in the average external net debt from €7.7 billion in 2011 to €14.1 billion in 2012, mainly reflecting the impact of the financing of the acquisitions of a 44% interest in SFR in June 2011 (€7.8 billion in financing) and EMI Recorded Music in September 2012 (€1.4 billion in financing), partially offset by a decrease in the average interest rate on borrowings from 3.9% in 2011 to 3.3% in 2012; and
* conversely, an increase in internal net financing income (Group) from €263.5 million in 2011 to €327.3 million in 2012.

Within income from affiliates, dividends recorded totaled €975.8 million in 2012 (including a dividend received from SFR of €968.4 million), compared to €275.3 million in 2011 (which included an interim dividend received from SFR of €254.0 million with respect to fiscal year 2011).

In 2012, the foreign exchange gain of €24.4 million included realized gains of €25.9 million on currency swaps not qualifying for hedge accounting (please refer to Note 25, Instruments Used to Manage Borrowings) that were put in place to cover the acquisition of EMI Recorded Music by the Group and commitments that were given to sell certain music assets (see Major Events and Note 23, Financial Commitments and Contingent Liabilities).

The changes to financial provisions and impairments resulted in a net charge of €6,241.9 million including a €6,187.7 million impairment on long-term investments in affiliates (see Major Events and Note 7, Long Term Investment):

* The value in use of SFR's telecommunication activities in France was determined through the usual valuation methods (in particular, the DCF method) for which Vivendi required the assistance of an independent appraiser. The most recent cash flow forecasts and financial assumptions, approved by Vivendi's Management, were used and were updated to take into account (i) the expected impact of the new pricing policies established by SFR during the second half of 2012 and in early 2013, due to a change in the competitive environment, (ii) the decrease in the perpetual growth rate assumption (0.50% at year-end 2012, compared to 1% at year-end 2011) and (iii) the acceleration of investments in superfast broadband. The value in use of the 51.9% stake in Maroc Telecom held indirectly by SFR was determined on the basis of the change in the market price of Maroc Telecom shares. As a result, Vivendi's Management decided to record an impairment loss of €5,875 million on its interest as of December 31, 2012.
* Groupe Canal+ value in use and, in particular, the value in use of its pay-TV activities in France, was determined through the usual methods of valuation (in particular, the DCF method), using the most recent cash flow forecasts approved by the management of the group, as well as financial assumptions consistent with previous years. As a result, primarily due to the expected impact of the increase in the VAT rate from 7% to 10% (effective January 1, 2014 in Metropolitan France) on revenues of Canal+ France, and to a lesser extent, to the adverse changes in the macro-economic and competitive environments since the second half of 2012, Vivendi's Management determined that Groupe Canal+ value in use was below its carrying value as of December 31, 2012, and consequently recorded an impairment loss of €310 million (compared to an impairment loss of €350 million recorded for fiscal year 2011).

Note 4. Net Exceptional Items

In 2012, a net exceptional loss of -€1,540.3 million was recorded, compared to a €153.8 million income in 2011. It comprises the following main items:

* a net charge to provisions in the amount of €944.8 million related to the Liberty Media Corporation litigation in the United States (see Major Events, Note 15, Provisions and Note 24, Litigation);
* a net charge to provisions in the amount of €574.6 million related to tax refund requests that may be challenged (please see Note 5, Income Taxes, Note 9, Current Assets and Note 15, Provisions) comprising:
  – €366.2 million related to the tax savings under the Consolidated Global Profit Tax System for the fiscal year ended December 31, 2011,
  – €208.4 million related to the effects of the use of tax credits under the French Tax Group System for the fiscal year ended December 31, 2012;
* a net charge in the amount of €25.1 million related to the premium paid in connection with the early redemption in April 2012 and May 2012 of the $700 million bond issued with an original maturity of April 2013 (see Note 16, Borrowings); and
* a net charge in the amount of €11.8 million related to the allotment of performance shares other than to Directors and employees of Vivendi SA.

Note 5. Income Taxes

Vivendi benefits from the French Tax Group System and considers that it benefited, until December 31, 2011 included, from the Consolidated Global Profit Tax System, as authorized under Article 209 quinquies of the French Tax Code:

* Under the French Tax Group System, Vivendi is entitled to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 95% directly or indirectly owned by it, and that are located in France: Universal Music in France, SFR (as of January 1, 2011), and Canal+ Group (excluding Canal+ France and its subsidiaries, in which Vivendi directly or indirectly owns at most 80% of the outstanding shares).
* Until December 31, 2011, the Consolidated Global Profit Tax System entitled Vivendi to consolidate its own tax profits and losses with the tax profits and losses of subsidiaries that are at least 50% directly or indirectly owned by it, and that are located in France or abroad, i.e., besides the French companies that are at least 95% directly or indirectly owned by Vivendi: Activision Blizzard, Universal Music Group, Maroc Telecom, GVT, Canal+ France and its subsidiaries, as well as Société d'Edition de Canal Plus (SECP). As a reminder, as of May 19, 2008, Vivendi applied to the French Ministry of Finance for the renewal of its authorization to use the Consolidated Global Profit Tax System and an authorization was granted by an order dated March 13, 2009, for a three-year period beginning with the taxable year 2009 and ending with the taxable year 2011.
* The changes in French Tax Law in 2011 capped the deduction for tax losses carried forward at 60% of taxable income and terminated the Consolidated Global Profit Tax System as of September 6, 2011. Since 2012, the deduction for tax losses carried forward is capped at 50% of taxable income and the deductibility of interest is limited to 85% of financial charges, net.

Taking these elements into account, at year-end 2012, Vivendi recorded a consolidated income tax credit of €599.3 million, which was reduced by €226.7 million (primarily, as a result of the 50% cap change, please see above), resulting in a tax saving of €372.6 million.

The impact of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

* As Vivendi considers that its entitlement to the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, and thereby included fiscal year ending December 31, 2011, it filed on November 30, 2012, and asked for the refund of €366.2 million with respect to the tax saving for the fiscal year ended December 31, 2011, booked in the Statement of Earnings in 2012. However, as this fiscal position may be challenged, Vivendi has accrued a €366.2 million provision for the associated risk (please refer to Note 4, Net Exceptional Items and Note 15, Provisions);
* Moreover, considering that the Consolidated Global Profit Tax System tax credits can be carried forward upon the maturity of the authorization on December 31, 2011, Vivendi will request a refund of the taxes due, under the French Tax Group System for the year ended December 31, 2012, excluding social contributions and exceptional contributions, or €208.4 million, booked in the Statement of Earnings in 2012 in income Tax credit. Similarly, this fiscal position may be challenged, Vivendi has accrued a €208.4 million provision for the associated risk (please refer to Note 4, Net Exceptional Items and Note 15, Provisions);
* Considering the above, as of December 31, 2011, Vivendi reported tax attributes amounting to a potential tax saving for a total of €2,013 million. On February 18, 2013, the date of the Management Board meeting that approved the Financial Statements for the year

ended December 31, 2012, the 2012 tax results of the companies within the scope of Vivendi SA's French Tax Group System were determined as an estimate, and as a result, the amount of tax attributes at such date could not be determined with certainty.

* After the impact of estimated 2012 tax results and before the impact of the potential consequences of the on-going tax audits (please see below) on the amount of tax attributes, Vivendi SA should achieve tax saving from tax attributes for an amount of €1,567 million (undiscounted value based on the current income tax rate of 36.10%).

In addition, the consolidated income reported for fiscal years 2006, 2007, and 2008 pursuant to the Consolidated Global Profit Tax System is under audit by the French tax authorities. This tax audit began in January 2010 and, in January 2011, the French tax authorities began an additional tax audit in relation to the consolidated income reported for fiscal year 2009. In addition, in February 2013, the French tax authorities began a tax audit on the consolidated income reported for the fiscal year 2010.

It is not possible, at this stage of the current tax audits, to accurately assess the impact that could result from an unfavorable outcome of certain of these audits. Vivendi Management believes however, that it has serious legal grounds to defend the positions it has chosen for the determination of the taxable income of the fiscal years currently under a tax audit.

Finally, the consequences of the tax audit for fiscal years 2004 and 2005 did not materially impact the amount of tax attributes.

Note 6. Intangible Assets and Property, Plant and Equipment

6.1. GROSS VALUES

(in millions of euros)	Opening gross value	Additions	Disposals	Closing gross value
Intangible assets	14.8	0.4	-	15.2
Property, plant and equipment	59.3	0.4	-	59.7
TOTAL	**74.1**	**0.8**	**0.0**	**74.9**

6.2. DEPRECIATION AND AMORTIZATION

(in millions of euros)	Opening accumulated depreciation/amortization	Charge	Reversal	Closing accumulated depreciation/ amortization
Intangible assets	14.2	0.3	-	14.5
Property, plant and equipment	56.7	0.4	-	57.1
TOTAL	**70.9**	**0.7**	**0.0**	**71.6**

Note 7. Long-term Investments

7.1. LONG-TERM INVESTMENTS

(in millions of euros)	Opening gross value	Additions	Disposals	Foreign currency translation adjustments	Closing gross value
Investments in affiliates and long-term portfolio securities **(a)**	40,051.5	2,626.3	(324.1)	-	42,353.7
Loans to subsidiaries and affiliates	5,893.6	214.4	(1,035.8)	(25.7)	5,046.5
Other long-term investment securities	0.7	80.1	(80.0)	-	0.8
Loans and other long-term investments	7.5	0.3	-	-	7.8
TOTAL	**45,953.3**	**2,921.1**	**(1,439.9)**	**(25.7)**	**47,408.8**
(a) Includes movements relating to internal reorganizations (see below)	-	2,306.2	(319.6)	-	-

7.2. INVESTMENTS IN AFFILIATES AND LONG-TERM SECURITIES PORTFOLIO

The main changes during the year were:

* the contribution by Bolloré Media of the shares of Direct 8 and Direct Star for €319.6 million and their subsequent sale to Canal+ Group (please refer to Major Events and Note 13, Equity). This two-part transaction is part of the strategic development of the Canal+ Group in the free-to-air television market;
* the increase in the share capital of SIG 104 for €1,914 million to finance its acquisition of the shares in EMI Group Worldwide Holdings Limited from its subsidiary Universal Music Holding Limited for €1.4 billion (see Major Events) and the simplification of the funding of certain other music subsidiaries; and
* the increase in the share capital of SIG 109 for €391 million; SIG 109 helps finance the development of GVT in Brazil.

7.3. LOANS TO SUBSIDIARIES AND AFFILIATES

At year-end 2012, the net value of loans to subsidiaries and affiliates, including accrued interest, was €3,780.5 million (compared to €4,802.1 million at year-end 2011). It included:

* loans to SFR for €2,700 million in the form of two credit facilities, which were fully drawn as of December 31, 2012, compared to three credit facilities in an aggregate amount of €3,700 million as of December 31, 2011:
  - a €1.5 billion credit facility granted in 2009, with a maturity date of June 15, 2013,
  - a second €1.2 billion credit facility granted in December 2011 with a maturity date of June 17, 2015, and
  - a third credit facility for an initial amount of €3.0 billion granted to SFR in 2008, which was subject to two partial reimbursements of €1 billion each in July 2009 and July 2010 respectively; this facility was reimbursed at its maturity date (December 31, 2012);
* a loan granted to Vivendi Holding I Corp. in 2008, for $1,400 million (representing €1,057.1 million) to partially finance the integration of Vivendi Games and Activision, in two tranches of $700 million with a maturity date of April 2013 and April 2018 respectively.

7.4. LOANS AND OTHER LONG-TERM INVESTMENTS

In 2012, amounts paid by Vivendi under the liquidity agreement totaled €5.0 million as of December 31, 2012 (out of an available balance of €50 million) and were recorded in other financial assets. This amount remains unchanged compared to December 31, 2011.

In addition, purchases and sales of shares were settled immediately. As of December 31, 2012, Vivendi did not hold any shares under this liquidity agreement nor did it hold any shares for this purpose as of December 31, 2011 (see Note 8, Treasury Shares).

7.5. IMPAIRMENT

(in millions of euros)	Opening accumulated depreciation/ amortization	Charge	Reversal recorded in financial income	Reversal recorded in exceptional income	Closing accumulated depreciation/ amortization
Investments in affiliates and long-term portfolio securities	643.4	6,187.7	-	-	6,831.1
Loans to subsidiaries and affiliates	1,091.5	176.8	(2.3)	-	1,266.0
Other long-term investment securities	0.2	-	-	-	0.2
Loans and other long-term investments	0.0	-	-	-	0.0
TOTAL	**1,735.1**	**6,364.5**	**(2.3)**	**0.0**	**8,097.3**

Impairment charges were recorded on long-term investments in relation to SFR in an amount of €5,875 million and in relation to Groupe Canal+ in an amount of €310 million (please see Major Events and Note 3, Net Financial Income).

Note 8. Treasury Shares

CHANGES IN TREASURY SHARES

(in millions of euros)	As of 12/31/2011		Purchases		Sales		As of 12/31/2012	
	No. shares	Gross value (€M)	No. shares	Value (€M)	No. shares	Value (€M)	No. shares	Gross value (€M)
Long-term investment securities								
Liquidity contract	-	-	(a) 5,935,683	89.1	5,935,683	89.1	-	-
Marketable securities								
Shares backing performance shares	1,329,018	28.3	(b) 1,112,094	17.8	980,612	20.6	1,460,500	25.5
TOTAL TREASURY SHARES	**1,329,018**	**28.3**	**7,047,777**	**106.9**	**6,916,295**	**109.7**	**1,460,500**	**25.5**

(a) of which 53,999 shares related to the grant to each shareholder on May 9, 2012 of one bonus share per 30 shares held (please see Major Events).
(b) of which 12,094 shares related to the grant to each shareholder on May 9, 2012 of one bonus share per 30 shares held (please see Major Events).

In 2012, the Company acquired treasury shares for an amount of €17.8 million to hedge the grant of performance shares with an acquisition period ending in 2013.

Vivendi also delivered 980,612 shares to beneficiaries, officers and employees of Vivendi SA and its subsidiaries under the 2008 and 2010 plans.

Note 9. Current Assets

9.1. RECEIVABLES

As of December 31, 2012, receivables, net of impairment, amounted to €6,751.0 million (compared to €3,014.4 million as of December 31, 2011) and mainly include:

- current account advances by Vivendi to its subsidiaries for a net amount of €5,807.3 million, including €4,903.2 million for SFR (which includes the refinancing for €1,000 million of the credit facility maturing on December 31, 2012 (see Note 7, Long-term Investment), €278.0 million for Canal+ Group and €324.5 million for Vivendi Holding I Corp.), compared to €2,451.1 million as of December 31, 2011 (which includes €1,757.8 million for SFR, €295.0 million for Canal+ Group and €115.0 million for SIG 109);
- a receivable of €319.6 million from Canal+ Group, paid in January 2013, and equal to the purchase price for the sale of the shares of Direct 8 and Direct Star by Vivendi to its subsidiary, following the contribution of these shares by Bolloré Média (please see Major Events);
- a receivable of €16.8 million from Bolloré Média, paid in January 2013, corresponding to the adjustment of working capital requirements of the companies contributed by Bolloré Média, as provided in the Contribution Agreement dated as of September 19, 2012 (please see Major Events);
- the tax receivable of €366.2 million, corresponding to the tax saving for the year ended December 31, 2011 for which reimbursement was requested on November 30, 2012, concomitantly with the filing of the declaration under the Consolidated Global Profit Tax System (please see Note 5, Income Taxes);
- a net tax receivable of €183.7 million (a gross receivable of €208.4 million) due to the use of tax credits to reduce the tax due pursuant to the Consolidated Global Profit Tax System for fiscal year 2012, corresponding primarily to installment payments for which reimbursement shall be requested (please see Note 5, Income Taxes).

The last two listed receivables relate to tax positions that could be potentially challenged. Provisions are made to cover the associated risks (please see Note 4, Net Exceptional Items, and Note 15, Provisions).

9.2. MARKETABLE SECURITIES

Marketable securities excluding treasury shares (please refer to Note 8, Treasury shares) have a net book value of €0.0 million (compared to €59.6 million at year-end 2011).

9.3. PREPAID EXPENSES

(in millions of euros)	2012	2011
Expenses relating to the following period	2.4	2.2
Discount paid to subscribers of bonds **(a)**	35.5	32.7
Amount paid as settlement of swap **(b)**	52.3	65.3
TOTAL	**90.2**	**100.2**

(a) In 2012, this includes discounts in the amount of €14.8 million granted (i) in January 2012 to subscribers to the €1,250 million bond issue, (ii) in April 2012 to subscribers of the three tranches of the $2.0 billion bond issue and (iii) in December 2012 to subscribers of the €700 million bond issue.

(b) In 2012, no cash payment made was recognized as a prepaid expense.

Note 10. Receivables Maturity Schedule

(in millions of euros)	Gross value	Maturing in less than one year	Maturing in more than one year
Non-current assets			
Loans to subsidiaries and affiliates	5,046.5	2,059.8	2,986.7
Other long-term investments	7.8	5.0	2.8
Current assets			
Trade accounts receivable and related accounts	19.7	19.7	
Other receivables	6,838.9	6,820.5	18.4
TOTAL	**11,912.9**	**8,905.0**	**3,007.9**

Note 11. Deferred Charges

DEFERRED CHARGES RELATING TO FINANCIAL INSTRUMENTS

(in millions of euros)	Opening balance	Increase (a)	Amortization	Closing balance
Deferred charges relating to credit lines	14.9	11.1	(7.8)	18.2
Issue costs of bonds	14.6	12.9	(5.1)	22.4
TOTAL	**29.5**	**24.0**	**(12.9)**	**40.6**

(a) New credit lines and bonds issued for 2012 are detailed in Note 16, Borrowings.

Note 12. Unrealized Foreign Exchange Gains and Losses

At year-end 2012, the decrease in unrealized foreign exchange losses to €84.2 million from €187.0 million at year-end 2011 resulted from:

* the €12.9 million decrease in unrealized losses related to the $700 million bond issue dated April 2008 and maturing in April 2018; these unrealized losses were reduced to €80.6 million;
* the cancellation of unrealized losses of €93.5 million, recorded at year-end 2011 on the $700 million bond issue dated April 2008 and maturing in April 2013, due to its early redemption in April and May 2012 (please see Note 16, Borrowings); the redemption resulted in the recognition of a foreign exchange loss of €78.2 million (which was offset by a foreign exchange gain of €76.6 million recorded in symmetrical exchange positions, please see below); and
* conversely, the recording of an unrealized exchange loss of €3.4 million on $700 million of $2 billion bond issue dated April 2012; this tranche hedges the $700 million loan granted to Vivendi Holding I Corp. in 2008, maturing in April 2013, and recorded in the symmetrical exchange position (please see Note 1, Accounting Rules and Methods, Foreign currency-denominated transactions and Derivative financial instruments).

At year-end 2012, the decrease in unrealized foreign exchange gains to €81.4 million from €183.7 million at year-end 2011 resulted from:

* the €12.9 million decrease in unrealized losses, in relation to the loan granted to Vivendi Holding I Corp. in 2008 for $700 million, maturing in April 2018; these unrealized gains decreased to €79.0 million; and
* the downward adjustment at year-end 2012 in the amount of €76.6 million compared to the €91.9 million unrealized foreign exchange gains recorded at year-end 2011, in relation to the loan granted to Vivendi Holding I in 2008 for $700 million maturing in April 2013, in accordance with the symmetrical exchange position principle (please see above, early redemption of the $700 million bond in April and May).

Consequently, and taking into account the overall foreign exchange position, the provision for foreign exchange losses decreased to €2.8 million as of December 31, 2012 compared to €3.3 million as of December 31, 2011 (please see Note 15, Provisions).

Note 13. Equity

13.1. CHANGES IN EQUITY

Changes in equity (in millions of euros)	(a) Number of shares	Share capital	Additional paid-in capital	Reserves and retained earnings	Earnings/ (loss)	Total
As of December 31, 2011	1,247,263,060	6,859.9	13,038.5	10,666.8	1,488.4	32,053.6
Allocation of earnings/(loss) and dividends	-	-	-	243.1	(1,488.4)	(1,245.3)
Free share allocation	41,575,435	228.7	(228.7)	-	-	0.0
Group Savings Plans	12,288,690	67.6	59.1	-	-	126.7
Stock options	479,156	2.6	4.0	-	-	6.6
Contribution from Bolloré Média	22,356,075	123.0	213.5	-	-	336.5
Earnings/(loss) for the year	-	-		-	(6,045.0)	(6,045.0)
Other movements in 2012	-	-	(1.1)	-	-	(1.1)
AS OF DECEMBRE 31, 2012	**1,323,962,416**	**7,281.8**	**13,085.3**	**10,909.9**	**(6,045.0)**	**25,232.0**

(a) Par value of €5.50 per share.

The potential number of shares that may be issued is 54,102,401 and includes:

(i) 53,405,701 shares to be issued upon the exercise of stock subscription options; and

(ii) 696,700 shares related to a 50 bonus share plan granted per each employee of all the group's French entities.

13.2. ALLOCATION OF NET INCOME

The allocation of net income to be proposed at the Annual General Shareholders' Meeting to be held on April 30, 2013, is as follows:

The allocation is charged to retained earnings in an amount of €743,686,106.26 and to other reserves for the balance of €5,301,331,723.80.

It will also be proposed that the Annual General Shareholder's Meeting set the dividend amount at €1.00 per share, charged against other reserves.

(in euros)	Total
Distributable earnings	
Retained earnings	743,686,106.26
2012 Net income	(6,045,017,830.06)
Other reserves	6,623,833,639.80
TOTAL	**1,322,501,916.00**
Allocation	
Legal reserve	-
Dividends (a)	1,322,501,916.00
TOTAL	**1,322,501,916.00**

(a) Dividends of €1.00 per share, based on the number of treasury shares held as of December 31, 2012. This amount will be adjusted to reflect the actual number of treasury shares held on the dividend payment date and the number of stock subscription options exercised by beneficiaries up to the Annual General Shareholders' Meeting. The second amendment to the French Finance Act for 2012 established an additional tax of 3%, which shall be recorded as a charge at the time the dividend is paid.

For individuals tax resident in France, the French Finance Act for 2013 removes the optional flat-rate withholding tax, establishes a mandatory non-exempting withholding tax and submits dividends to the progressive scale of income tax, after a 40% tax relief (French General Tax Code, Art. 158-3-2° to 4°).

In respect of the last three fiscal years, dividends per share were distributed as follows:

Year	2011	2010	2009
Number of shares (a)	1,245,297,184	1,236,237,225	1,229,267,655
Dividend per share (in euros)	1.00	1.40	1.40
TOTAL DISTRIBUTION (in millions of euros)	**1,245.3**	**1,730.7**	**1,721.0**

(a) Number of shares entitled to dividend as of January 1, after elimination of treasury shares held at the dividend payment date.

Note 14. Share-based Compensation Plans

The main features of the plans granted during the current and prior fiscal years are as follows (please refer to CRC Regulation no. 2008-15 on stock purchase and subscription option plans and performance share plans granted to employees):

14.1. STOCK SUBSCRIPTION OPTION PLANS

	Number of options granted									Number of options	
	Total number of		of which granted to members of governing bodies								
Grant date	beneficiaries	options	Number of beneficiaries	Number of options	Option exercise start date	Expiry date	Exercise price in euros after adjustment	Value of shares for the calculation of the social contribution	(a) exercised in 2012	(a) cancelled in 2012	outstanding at Dec. 31, 2012
04/13/11	561	2,526,700	10	987,500	04/14/14	04/13/21	19.29	2.16	-	69,411	2,515,516
08/30/11	3	36,600	-	-	08/31/14	08/30/21	19.29	2.16	-	-	37,816
10/25/11	2	2,000	-	-	10/26/14	10/25/21	19.29	2.16	-	-	2,068
04/17/12	549	2,513,884	10	903,625	04/18/15	04/17/22	13.19	0.96	-	39,122	2,558,214
07/16/12	1	1,600	-	-	07/17/15	07/16/22	14.36	2.09	-	-	1,600
09/27/12	4	135,000	4	135,000	09/28/15	09/27/22	15.57	1.93	-	-	135,000
							TOTAL			**108,533**	**5,250,214**

(a) Adjustment following the grant of one bonus share per thirty shares held.

The definitive grant of stock options for plans granted in 2012 will be effective upon the satisfaction of the following performance conditions: an internal indicator (70%) determined by an EBITA margin rate, which will be recorded as of December 31, 2013 on a cumulative basis including the 2012 and 2013 fiscal years; and external indicators (30%) determined by the performance of Vivendi shares between January 1, 2012 and December 31, 2013, as compared to two stock indices: Europe Stoxx 600 Telecommunications (70%) as well as the value of a portfolio of Media stock (30%).

The definitive grant of stock options for 2011 will be effective upon achievement of the performance conditions, as assessed over a two-year period: for each year, 100% of one-half of the option grant will vest if the weighted total of the three indicators reaches or exceeds 100%; 50% of one-half of the option grant will vest if the weighted total of the indicators reaches the applicable value thresholds; and no options will vest if the weighted total of the three indicators is lower than the applicable value thresholds.

The definitive grant of stock option for 2012 will be effective upon achievement of the performance conditions, as assessed at the end of a 2-year acquisition period: 100% of the option grant will vest if the weighted total of the three indicators reaches or exceeds 100%; 50% of the option grant will vest if the weighted total of the indicators reaches the applicable value thresholds; and no options will vest if the weighted total of the three indicators is lower than the applicable value thresholds.

14.2. PERFORMANCE SHARE PLANS

	Number of performance share rights granted							Number of performance share rights		
	Total number		Of which granted to members of governing bodies							
Grant date	Beneficiaries	Performance share rights	Number of beneficiaries	Number of performance share rights	Vesting date (1)	Availability date	Value of shares for the calculation of the social contribution	Number of performance share rights cancelled in 2012	Number of shares created at the end of the vesting period	Number of performance share rights outstanding at Dec. 31, 2012 after adjustments
04/13/11	793	1,679,200	11	300,900	04/15/13	04/16/15	16.84	74,979	1,110	(a, b) 1,625,521
04/21/11	1	75,000	1	75,000	04/22/13	04/23/15	16.79	-	-	(c) 77,514
08/30/11	3	11,780	-	-	09/02/13	09/03/15	12.91	-	-	12,174
10/25/11	2	2,220	-	-	10/28/13	10/29/15	13.90	-	-	2,296
04/17/12	799	1,818,477	11	276,007	04/18/14	04/19/16	9.80	35,289	-	(d, e) 1,843,071
07/16/12	1	1,780	-	-	07/17/14	07/18/16	12.40	-	-	1,780
09/27/12	5	97,500	5	97,500	09/29/14	09/30/16	12.42	-	-	97,500
						TOTAL		**110,268**	**1,110**	**3,659,856**

(1) First day of quotation at the end of a 2-year acquisition period.

(a) Includes 25,836 rights to performance shares, after adjustments, granted to US resident beneficiaries to be registered in an account in 2015.

(b) Includes 262,571 rights to performance shares, after adjustments, granted to US, British and Brazilian resident beneficiaries to be registered in an account in 2015.

(c) Includes 77,514 rights to performance shares, after adjustments, granted to US resident beneficiaries to be registered in an account in 2015.

(d) Includes 50,215 rights to performance shares, after adjustments, granted to US and Brazilian resident beneficiaries to be registered in an account in 2016.

(e) Includes 303,744 rights to performance shares, after adjustments, granted to US, British and Brazilian resident beneficiaries to be registered in an account in 2016.

The definitive grant of stock options for plans granted in 2012 will be effective upon the satisfaction of the following performance conditions: an internal indicator (70 %): EBITA margin rate which will be recorded as of December 31, 2013 on the basis of cumulative 2012 and 2013 fiscal years; and on external indicators (30%): the performance of Vivendi share between January 1, 2012 and December 31, 2013, compared to two stock indices: Europe Stoxx 600 Telecommunications (70%) and a panel of Media values (30%).

The definitive grant of performance shares for 2011 will be effective upon achievement of the performance conditions, as assessed at the end of a two-year period: for each year, 100% of one-half of the performance share grant will be definitively granted if the weighted total of the three indicators reaches or exceeds 100%; 50% of one-half of the performance share grant will be definitely granted if the weighted total of the indicators reaches the applicable values thresholds; and no shares will be granted if the weighted total of the three indicators is lower than the applicable value thresholds. Performance shares must be retained by their holders for an additional two-year period following the definitive grant date.

The definitive grant of performance shares for 2012 will be effective upon achievement of the performance conditions, as assessed at the end of a 2-year acquisition period: 100% of the performance share grant will be definitively granted if the weighted total of the three indicators reaches or exceeds 100%; 50% of the performance share grant will be definitely granted if the weighted total of the indicators reaches the applicable value thresholds; and no shares will be granted if the weighted total of the three indicators is lower than the applicable value thresholds. Performance shares must be retained by their holders for an additional two-year period following the definitive grant date.

14.3. 50 BONUS SHARE PLAN

On July 16, 2012, Vivendi implemented a plan to allocate 50 bonus shares to each employee at all the Group's French entities. These shares will be issued at the end of a two-year period, i.e., on July 17, 2014, without any performance condition subject to the employee being actively employed at this date.

As of December 31, 2012, 696,700 shares were granted to beneficiaries actively employed at this date. The fair value of each bonus share granted was €12.40.

Note 15. Provisions

SUMMARY TABLE

Nature of provisions (in millions of euros)	Opening balance	Charge	Reversal	Utilization	Closing balance
Provision for real estate contingencies and losses	46.6	-	(5.7)	(0.1)	40.8
Foreign exchange losses	3.3	1.1	-	(1.6)	2.8
Employee benefits	26.9	-	-	(12.5)	14.4
Other provisions	155.7	1,539.8	(7.2)	(31.4)	1,656.9
TOTAL - PROVISIONS	**232.5**	**1,540.9**	**(12.9)**	**(45.6)**	**1,714.9**
Charges and reversals:					
- operating		*3.0*	*-*	*(12.6)*	
- financial		*1.4*	*-*	*(1.6)*	
- exceptional		*1,536.5*	*(12.9)*	*(31.4)*	

As of December 31, 2012, the provision for real estate contingencies and losses amounted to €40.8 million and covered various risks related to past commitments given by SIG 35 (Vivendi's former real estate division holding company).

As of December 31, 2012, "other provisions" amounted to €1,656.9 million and included:

* a provision in relation to the Liberty Media Corporation for €944.8 million (see Major Events and Note 24, Litigation);
* a provision in relation to the securities class action in the United States for €100 million (see Note 24, Litigation);
* an aggregate provision for €574.6 million to cover tax refund requests that could be challenged (please refer to Note 4, Net Exceptional Items, Note 5, Income Taxes and Note 9, Current Assets):
  - €366.2 million related to the tax savings of the Consolidated Global Profit Tax System for the fiscal year ended December 31, 2011,
  - €208.4 million related to using effects of the taxes due, under the French Tax Group System for the year ended December 31, 2012,
* and a provision valued at €24.8 million in relation to rights which are in the process of being acquired by employees and Corporate Officers of Vivendi and its subsidiaries in respect of the allotment of free performance shares with an acquisition period ending in 2013. These plans were covered through the acquisition of treasury shares (please refer to Note 8, Treasury Shares and to Note 14, Stock Option Plans and Performance Share Plans).

As of December 31, 2012, the provision for employee benefits amounted to €14.4 million, compared to €26.9 million in 2011 (see Note 1, Accounting Rules and Methods; Employee benefit plans). Vivendi recorded a reversal of €12.4 million mainly due to a contribution of €15.0 million paid in 2012 to cover plans (recorded in the income statement under "Insurance", please refer to Note 2, Operating Earnings/(Loss)).

Related obligations are valued using the following assumptions: a 3.50% to 4.00% wage increase rate; a 3.25% discount rate for the general statutory scheme and "Article 39" schemes; and an assumed retirement age of between 60 and 65 years.

Supplemental pension obligations, other than retirement termination payments, are partially funded by external insurance policies, the updated value of which is deducted from the actuarial obligation. The expected rate of return on plan assets is 4.00%.

Note 16. Borrowings

As of December 31, 2012, the aggregate amount of borrowings totaled €19,192.8 million, compared to €14,848.4 million as of December 31, 2011.

16.1. BOND ISSUES

As of 31 December 2012, bond issues were €10,587.8 million, compared to €7,976.8 million as of December 31, 2011 (see table below), to which accrued interest of €185.2 million is added in relation to the bond issues and hedging swaps, compared to €150.7 million as of 31 December 2011.

During fiscal year 2012, Vivendi issued and redeemed the following bonds:

* two bond issues of €1,250.0 million and €700.0 million, with respective maturities of July 2017 and January 2020;
* a bond issue for an aggregate amount of $2.0 billion comprising three tranches of $550.0 million, $650.0 million, and $800.0 million, with respective maturities of April 2015, January 2018, and April 2022;
* increase by €300.0 million of the €750.0 million bond issue maturing in July 2021;
* redemption of the €600.0 million bond issue of February 2005; and
* early redemption of the $700.0 million bond of April 2012 and May 2012.

Amounts (in millions of euros)	Issue date	Maturity date	Nominal rate	Hedging rate
750.0	03/2010	03/31/17	4.00%	swapped for 100% at a floating rate of Euribor 3 months + 1.301% until March 2012, then swapped for €450 million at a floating rate of Euribor 3 months + 1.301% until June 2012 and then for 100% at a fixed rate of 2.95% until March 2017
700.0	12/2009	12/02/19	4.88%	€500 million swapped at a floating rate of Euribor 3 months + 2.97% until December 2016
500.0	12/2009	12/01/16	4.25%	swapped at a floating rate of Euribor 3 months + 2.39% until December 2016
894.0	01/2009	01/23/14	7.75%	
528.5	04/2008	04/04/18	$700 million at 6.63%	
700.0	10/2006	10/03/13	4.5%	
1,000.0	07/2011	07/13/15	3.50%	
1,050.0	07/2011	07/13/21	4.75%	
500.0	11/2011	11/30/15	3.88%	
500.0	11/2011	11/30/18	4.88%	
1,250.0	01/2012	07/10/17	4.13%	
420.4	04/2012	04/10/15	$550 million at 2.40%	swapped at a currency rate EUR/USD 1,3082 (cross currency swap) and a fixed USD rate swapped at a fixed EUR rate at 2.18% until April 2015
490.8	04/2012	01/12/18	$650 million at 3.45%	
604.1	04/2012	04/12/22	$800 million at 4.75%	
700.0	12/2012	01/15/20	2.50%	
10,587.8				

16.2. BANK BORROWINGS

As of December 31, 2012, the aggregate amount of loans and borrowings from credit institutions was €5,219.9 million, compared to €4,550.2 million as of December 31, 2011. This was mainly comprised of various long-term credit facilities drawn for €1,894.0 million (see below) and short-term commercial paper backed on credit facilities for €3,263.5 million.

As of February 18, 2013, the date on which the Vivendi's Management Board approved the 2012 Financial Statements, Vivendi SA had available committed credit facilities totaling €7.1 billion (compared to €9.0 billion as of December 31, 2011) of which €2.0 billion was available at year-end 2012, as follows:

- In January, 2012, Vivendi set up two credit facilities, for €1.1 billion and €40.0 million, with respective maturity dates of January 2017 and January 2015, each of which were undrawn at year-end 2012. The new €1.1 billion credit facility resulted in the anticipated early cancellation of Tranche A (€1.5 billion) of the credit facility of €5.0 billion that was put in place in May 2011.
- In May, 2012, Vivendi set up a new syndicated bank credit facility, for €1.5 billion with a maturity date of May 2017, which was undrawn at year-end 2012.

  Simultaneously, Vivendi early cancelled two revolving credit facilities of €2.0 billion and €1.0 billion that were put in place in August 2006 and February 2008, respectively;
- Vivendi also has the following credit facilities available:
  - a €3.5 billion syndicated bank credit facility, consisting of a €1.5 billion tranche with a maturity date of May 2014 (drawn in the amount of €725 million at year-end 2012) and a €2.0 billion tranche, with a maturity date of May 2016 (drawn in the amount of €819 million at year-end 2012), for a original total amount of €5 billion which was set up in May 2011; and
  - in September 2010, a credit facility of €1 billion was set up, with a maturity date of September 2015, which was drawn in the amount of €350 million at year-end 2012.

16.3. OTHER BORROWINGS

As of December 31, 2012, other borrowings amounted to €3.2 billion, compared to €2.2 billion as of December 31, 2011, and comprised current account deposits made by subsidiaries (including Universal Music Group for €2.9 billion).

16.4. BORROWINGS MATURITY

As of December 31, 2012, the average «economic» term of the Group's financial debt, pursuant to which all undrawn amounts available on medium-term credit lines may be used to reimburse the Group borrowings with the shortest term, was 4.4 years, compared to 4.0 years at year-end 2011.

Note 17. Debt Maturity Schedule

Liabilities (including accrued interest) (in millions of euros)	Gross value	Due in less than one year	Due in one to five years	Due within more than five years
Bond issues	10,773.0	885.3	5,314.3	4,573.4
Bank borrowings	5,219.9	3,325.9	1,894.0	-
Other borrowings	3,199.9	3,199.9	-	-
Trade accounts payable and related accounts	26.4	26.4	-	-
Tax and employee-related liabilities	31.6	30.0	1.6	-
Amounts payable in respect of PP&E and related accounts	0.3	0.1	0.2	-
Other liabilities	48.3	30.1	18.2	-
TOTAL	**19,299.4**	**7,497.7**	**7,228.3**	**4,573.4**

Note 18. Items Impacting Several Items of the Statement of Financial Position

In the table below, the "Related parties" column shows amounts comprising various items included in the Statement of Financial Position regarding transactions entered into with subsidiaries fully consolidated in the Group's Consolidated Statement of Financial Position. The assets in the table below are presented at gross value.

ASSETS (in millions of euros)	Accrued income	Related parties
Investments in affiliates	-	42,285.9
Loans to subsidiaries and affiliates	33.6	5,038.4
Other long-term investment securities	-	-
Loans	-	-
Other long-term investments	-	-
Trade accounts receivable and related accounts	2.1	19.7
Other receivables	6.0	6,155.6
Deferred charges	-	-
Prepaid expenses	-	-
Unrealized foreign exchange losses	-	-
TOTAL	**41.7**	**53,499.6**

LIABILITIES (in millions of euros)	Accrued expenses	Related parties
Other bond issues	185.2	-
Bank borrowings	5.6	-
Other borrowings	-	3,186.8
Trade accounts payable and related accounts	26.2	-
Tax and employee-related liabilities	18.3	-
Amounts payable in respect of PP&E and related accounts	-	-
Other liabilities	-	9.9
Deferred income	-	-
Unrealized foreign exchange gains	-	81.4
TOTAL	**235.3**	**3,278.1**

Note 19. Financial Income and Expenses in Relation to Related Parties

In 2012, financial expenses and income in relation to related parties amounted respectively to €15.2 million (of which €10.8 million in interest expense related to the current account with UMG) and €1,318.2 million (including dividends of €968.4 million received from SFR and €169.7 million in interest income related to current accounts and credit facilities made available by Vivendi to SFR).

Note 20. Compensation of Directors and Officers

In 2012, gross compensation (including benefits in kind and severance) paid by Vivendi SA to members of the Management Board totaled €14.0 million (compared to €8.2 million in 2011), of which €5.2 million was re-invoiced to subsidiaries (compared to €3.5 million in 2011).

Members of the Management Board who are paid by Vivendi SA also benefit from a supplemental pension plan, which generated an expense of €1.6 million in 2012 (service costs are calculated in proportion to their length of service in 2012 as members of the Management Board, excluding members who were no longer employed by Vivendi as of December 31, 2012) compared to €3.5 million in 2011.

In 2012, cumulative gross directors' fees paid to members of the Supervisory Board and compensation paid to the Chairman of the Supervisory Board totaled €1.3 million and €0.7 million, respectively.

Note 21. Management Share Ownership

As of December 31, 2012, members of the Management Board, the Supervisory Board and executive management held directly an aggregate of 0.19% of the share capital of the Company.

Note 22. Number of Employees

In 2012, the annual average number of employees, weighted by effective presence, including temporary workers and employees under fixed-term contracts, was 222, compared to 219 in 2011.

The breakdown of employees by category, i.e., 225 employees as of December 31, 2012, compared to 221 employees as of December 31, 2011, is as follows:

	December 31, 2012	December 31, 2011
Engineers and executives	170	171
Supervisors	24	24
Other employees	31	26
TOTAL	**225**	**221**

Note 23. Financial Commitments and Contingent Liabilities

UNIVERSAL MUSIC GROUP

* In accordance with the agreement entered into with Citigroup Inc. (Citi) on November 11, 2011, and following receipt of the regulatory approvals from the European Commission and the Federal Trade Commission in the United States on September 21, 2012, Vivendi and UMG completed the acquisition of 100% of the recorded music business of EMI Group Global Limited (EMI Recorded Music) on September 28, 2012. The approval by the European Commission was conditional upon the divestment of EMI's Parlophone label and certain other music assets worldwide, such as EMI France, EMI's classical music labels, Chrysalis, Mute and several other local EMI entities. On February 7, 2013, Vivendi and Universal Music Group entered into a definitive agreement to sell Parlophone Label Group to Warner Music Group for £487 million to be paid in cash.
* As of December 31, 2012, the guarantee given to Commonwealth Atlantic Properties, assumed by Vivendi pursuant to the merger with Seagram, covering rent payable by UMG and expiring on May 1, 2015, had a residual value of $19 million.
* As of December 31, 2012, in addition to standard comfort letters, Vivendi provided guarantees of an aggregate value of approximately €5 million to several banks which granted credit facilities to certain UMG subsidiaries to cover working capital requirements.
* Vivendi provided certain UMG companies in the Netherlands with guarantees to cover their third party commitments.
* Vivendi provided financial guarantees of up to £11 million, which expire on June 30, 2013, to the London Organizing Committee of the Olympic Games and Paralympic Games Ltd. (Locog), to cover service commitments on behalf of two British subsidiaries.

CANAL+ GROUP

* On August 30, 2006, the TPS/Canal+ Group merger was authorized, in accordance with the merger control regulations, pursuant to a decision of the French Minister of Economy, Finance and Industry, subject to Vivendi and Canal+ Group complying with certain undertakings for a maximum period of six years, with the exception of those commitments concerning the availability of channels and VOD, which cannot exceed five years.

  On October 28, 2009, the French Competition Authority opened an enquiry regarding the implementation of certain undertakings given by Canal+ Group in connection with the merger of CanalSatellite and TPS. On December 21, 2012, the French Council of State rejected Vivendi and Canal+ Group's filed motions requesting the annulment of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012. Under the first motion, the €30 million fine imposed on Canal+ Group was reduced to €27 million. Under the second motion, the transaction was cleared once again, subject to compliance with 33 injunctions. An independent trustee proposed by Canal+ Group and approved by the French Competition Authority will be responsible for monitoring the injunctions implementation. These injunctions are imposed for a period of five years, renewable once. At the end of the five-year period, the French Competition Authority will review the competition situation in order to determine whether the injunctions should be kept in place (please refer to Note 24, Litigation).

SFR

* As part of the takeover of Neuf Cegetel, the approval from the Ministry of Economy, Industry and Employment, dated April 15, 2008, resulted in additional commitments from Vivendi and SFR. They address competitor access and new market entrants to wholesale markets on SFR's fixed and mobile networks, acceptance on the fixed network of an independent television distributor if such a player appears, as well as the availability, on a non-exclusive basis, of ADSL on eight new channels which are leaders in their particular field (Paris Première, Teva, Jimmy, Ciné Cinéma Famiz, three M6 Music channels and Fun TV). Most of these commitments have expired, excluding those related to pay-TV, which will expire in April 2013.

GVT

* Vivendi gave a financial guarantee for an amount of $31 million, which expires on November 18, 2020, in connection with the liquidation of Brazil Holdings, LLC in November 2010.

NBC UNIVERSAL

* As part of the NBC Universal transaction which occurred in May 2004, Vivendi and General Electric (GE) gave certain reciprocal commitments customary for this type of transaction, and Vivendi retained certain liabilities relating to taxes and excluded assets. Vivendi and GE undertook to indemnify each other against losses resulting from, among other things, any breach of their respective representations, warranties and covenants. Neither party will have any indemnification obligations for losses arising as a result of any breach of representations and warranties (i) for any individual item where the loss is less than $10 million and (ii) in respect of each individual item where the loss is equal to or greater than $10 million except where the aggregate amount of all losses exceeds $325 million. In that event, the liable party will be required to pay the amount of losses which exceeds $325 million, but in no event will the aggregate indemnification payable exceed $2,088 million.

In addition, Vivendi will have indemnification obligations for 50% of every US dollar of loss up to $50 million and for all losses in excess of $50 million relating to liabilities arising out of the Most Favored Nation provisions set forth in certain contracts. As part of the unwinding of IACI's interest in VUE on June 7, 2005, Vivendi's commitments with regard to environmental matters were amended and Vivendi's liability is now subject to a de minimis exception of $10 million and a payment basket of $325 million.

The representations and warranties given as part of the NBC Universal transaction other than those regarding authorization, capitalization and tax representations terminated on August 11, 2005. Notices of environmental claims related to remediation must be brought by May 11, 2014. Other claims, including those related to taxes, will be subject to applicable statutes of limitations. The sale of Vivendi's interest in NBC Universal to GE completed on January 25, 2011 did not modify these commitments.

HOLDINGS AND OTHERS

* As of December 31, 2012, Vivendi continued to guarantee commitments given by certain subsidiaries of Veolia Environnement in an aggregate amount of approximately €7 million, mainly in relation to a performance bond given to a local US authority. All of these guarantees have been counter-guaranteed by Veolia Environnement.
* Vivendi provided counter-guarantees to US financial institutions that issued a certain number of surety bonds in favor of certain US operating subsidiaries for an aggregate amount of €6 million.
* By an order dated March 13, 2009, authorization to use the Consolidated Global Profit Tax System under Article 209 quinquies of the French Tax Code was renewed for the period beginning on January 1, 2009 and ending on December 31, 2011. Pursuant to the terms and conditions of the permission to use the Consolidated Global Profit Tax System, Vivendi renewed the commitments it had given in previous years, in particular with regard to job creation.
* Vivendi has given a certain number of real estate lease commitments for a total net amount of approximately €56 million.
* In connection with the sale, in June 2002, of real estate assets to Nexity, Vivendi granted two autonomous first demand guarantees, one in an amount of €40 million and one in an amount of €110 million, to several subsidiaries of Nexity (SAS Nexim 1 to 6). These guarantees expire on June 30, 2017. As of December 31, 2012, €1.8 million had been called under these guarantees.
* In connection with the sale of its 49.9% interest in Sithe to Exelon in December 2000, Vivendi granted certain customary representations and guarantees. Claims, other than those made in relation to foreign subsidiary commitments, are capped at $480 million. In addition, all claims must exceed $15 million, except if they relate to foreign subsidiaries or the divestiture of certain electrical stations to Reliant in February 2000. Some environmental commitments remain outstanding and any potential liabilities related to contamination risks will survive for an indefinite period of time.
* Vivendi received guarantees in respect of the repayment of amounts paid in July 2007 (€71 million), in the event of a favorable decision of the Spanish Courts regarding Xfera's tax litigation to cancel the 2001, 2002 and 2003 radio spectrum fees. Similarly, Vivendi undertook to transfer all amounts repaid to its subsidiary SFR (ex-VTI, which held the Group's interest in Xfera).
* On December 14, 2010, Vivendi, Deutsche Telekom, Mr. Solorz-Zak (Elektrim's main shareholder) and Elektrim's creditors, including the Polish State and Elektrim's bondholders, entered into various agreements to put an end to the litigation surrounding the share capital ownership of Polska Telefonia Cyfrowa (PTC), a Polish mobile telecommunication operator. With respect to these agreements, Vivendi notably entered into the following commitments:
  - Vivendi granted to Deutsche Telekom a guarantee over Carcom that capped at €600 million and maturing in August 2013;
  - Vivendi committed to compensate Elektrim SA (Elektrim) for the tax consequences of the transaction, with a cap at €20 million. This commitment expired in July 2011 and the claims have been settled in June 2012;
  - Vivendi committed to compensate Law Debenture Trust Company (LDTC) against any recourse for damages that could bebrought against LDTC in connection with the completed transaction, for an amount up to 18.4% for the first €125 million,46% between €125 million and €288 million, and 50% thereafter; and
  - Vivendi committed to compensate Elektrim's administrator for the consequences of any action for damages that may be taken against it, in connection with the decisions that were taken to end certain procedures.

* Under existing shareholders' or investors' agreements (primarily Activision Blizzard, Maroc Telecom Group, Canal+ France, N-Vision as well as and Canal+ Cyfrowy, Vivendi holds certain rights (such as preemptive rights and rights of first offer) which enable it to control the share ownership of consolidated companies partially owned by other shareholders. Conversely, Vivendi has granted similar rights to these other shareholders in the event of sale of its interests to third parties.

  In addition, pursuant to Article L.225-100-3 of the French Commercial Code, it is stated that certain rights and obligations of Vivendi under existing shareholders' agreements (i.e., Morocco Telecom Group and Canal+ Cyfrowy) can be modified or terminated upon a change of control of Vivendi or in the event of a tender offer for Vivendi's shares. These covenants are subject to confidentiality clauses.

  Pursuant to the Canal+ France strategic agreements entered into on January 4, 2007, Lagardère was granted rights to maintain its economic interest in Canal+ France, with varying rights according to the level of its participation in Canal+ France. Under no circumstances will Lagardère have any joint control of Canal+ France. The main provisions of these strategic agreements are as follows:

  – the Chairman and all the members of the Management Board of Canal+ France are appointed by Canal+ Group. Lagardère is represented by two members out of the ten members of the Supervisory Board;

  – Lagardère has certain veto rights over Canal+ France and, in certain cases, over its major subsidiaries including in the event of a change in the by-laws, a major permanent change in the business, its transformation into a company in which the partners would have unlimited liability, a single investment representing more than a third of revenues, a tender offer for the company's shares, in certain circumstances the entry of a third party as a shareholder, and certain other rights (including a tag-along right, an antidilution right, and certain bidding rights in the event of the sale of Canal+ France) intended to protect its economic interest. Vivendi has a pre-emptive right in the event of a sale of Lagardère's equity interest;

  – between 2008 and 2014, Lagardère will have a liquidity right exercisable between March 15 and April 15 of each calendar year, provided, however, that Lagardère owns at least 10% but no more than 20% of the share capital and voting rights of Canal+ France, (and taking into account the fact that Lagardère waived its right to exercise its call option enabling it to own 34% of the capital of Canal+ France). Pursuant to this liquidity right, Lagardère is entitled to request a public offering of Canal+ France shares. Similarly, as in 2010 and 2011, on March, 26, 2012, Lagardère exercised its liquidity right for 2012. On May 30, 2012, Lagardère confirmed the exercise of its liquidity right. On June 27, 2012, Vivendi notified Lagardère of its intention not to acquire its 20% interest at the proposed price. A new Initial Public Offering (IPO) process was launched on July 12, 2012, which has not been successful to date; and

  – the financing of Canal+ France has been structured through a mechanism which includes shareholders' loans and the delivery of guarantees with respect to Canal+ France's obligations. Pursuant to this mechanism, Lagardère has the option to participate in such financing and guarantee arrangements pro rata its level of ownership in the share capital of the company.

* Under the terms and conditions of certain bank borrowings, Vivendi is subject to certain financial covenants:

  The syndicated loan facilities (€7.1 billion as of December 31, 2012) contain customary provisions related to events of default and covenants in relation to negative pledge, divestiture and merger transactions. In addition, at the end of each half-year, Vivendi SA is required to comply with a specific ratio, based on consolidated data, for the duration of the loans. Non-compliance with this ratio could result in the early repayment of the facilities if they were drawn or cancellation of such facilities. On December 31, 2012, Vivendi SA was in compliance with this ratio.

  The renewal of credit facilities when they are drawn is contingent upon the issuer reiterating certain representations regarding its ability to comply with its covenants under the loan agreements.

  Bonds issued by Vivendi SA (totaling €10.6 billion as of December 31, 2012) contain customary provisions related to default, negative pledge and rights of payment (pari-passu ranking) as well as a change in control trigger if the corporate long-term rating of Vivendi SA is downgraded below investment grade status (Baa3/BBB-) as a result of such an event.

* In connection with the reorganization of the USH English pension plan for certain current and former employees based in the United Kingdom and the transfer of pension commitments under this plan to Metlife, Vivendi SA guaranteed on behalf of Centenary Holding Limited, its subsidiary, the liabilities under the plan for an estimated amount of £7 million as of December 31, 2012, which does not represent an additional financial commitment for the Group.

* In 2012, several guarantees given and during prior years in connection with certain asset acquisitions or disposals expired. However, the contractual term or statutory limitation periods for certain guarantees in relation, among other things, to employees, the environment and tax liabilities, in consideration of share ownership, or given in connection with the dissolution or winding-up of certain businesses, remain outstanding. To the Company's knowledge, no material claims for indemnification against such liabilities have been made to date. Vivendi routinely grants guarantees and indemnities to third parties in settlement of litigation or disputes that are customary to such settlements.

Note 24. Litigation

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

The costs which may result from these proceedings are only recognized as provisions when they are likely to be incurred and when the obligation can reasonably be quantified or estimated, in which case, the amount of the provision represents Vivendi's best estimate of the risk, provided that Vivendi may, at any time, reassess such risk if events occur during such proceedings.

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

The status of proceedings disclosed hereunder is described as of February 18, 2013, the date of the Management Board meeting held to approve Vivendi's financial statements for the year ended December 31, 2012.

TRIAL OF VIVENDI'S FORMER OFFICERS IN PARIS

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants.

On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Messier and Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi officers as well as some civil parties appealed the decision. The trial before the Court of appeals is scheduled to take place from October 28 to November 26, 2013.

On January 7, 2010, Philippe Foiret summoned Vivendi and Veolia to appear before a Criminal Court in an attempt to hold them liable for the offences committed by their former managers. On January 27, 2012, the Criminal Court dismissed Mr. Foiret's application.

SECURITIES CLASS ACTION IN THE UNITED STATES

Since July 18, 2002, 16 claims have been filed against Vivendi, Messrs Messier and Hannezo in the United States District Court for the Southern District of New York and in the United States District Court for the Central District of California. On September 30, 2002, the New York court decided to consolidate these claims under its jurisdiction into a single action entitled *In re Vivendi Universal S.A. Securities Litigation*.

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

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

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

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

or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001 tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

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

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

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

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

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice have 150 days from that date to provide information and documentation evidencing the validity of their claim. Vivendi will then have the right to challenge the merits of these claims. At the end of this process, which should be completed during the second quarter of 2013, the judge will be able to determine the total amount of damages and enter a final judgment, thereby enabling Vivendi to commence its appeal.

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

On the basis of the verdict rendered on January 29, 2010, and following an assessment of the matters set forth above, together with support from studies conducted by companies specializing in the calculation of class action damages and in accordance with the accounting principles described in Notes 1.7, Accounting rules and methods, Provisions. Vivendi made a provision on December 31, 2009, in an amount of €550 million in respect of the damages that Vivendi might have to pay to plaintiffs. Vivendi re-examined the amount of the reserve related to the Securities class action litigation in the United States, given the decision of the District Court for the Southern District of New York on February 17, 2011, which followed the US Supreme Court's decision on June 24, 2010 in the Morrison case. Using the same methodology and the same valuation experts as in 2009, Vivendi re-examined the amount of the reserve and set it at €100 million as of December 31, 2010, in respect of the damages, if any, that Vivendi might have to pay solely to shareholders who have purchased ADRs in the United States. Consequently, as of December 31, 2010, Vivendi recognized a €450 million reversal of reserve, compared to an accrual of €550 million as of December 31, 2009.

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

COMPLAINT OF LIBERTY MEDIA CORPORATION

On March 28, 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi and Jean-Marie Messier and Guillaume Hannezo in the District Court for the Southern District of New York for claims arising out of the agreement entered into by Vivendi and Liberty Media relating to the formation of Vivendi Universal Entertainment in May 2002. The plaintiffs allege that the defendants violated certain provisions of the US Exchange Act of 1934 and breached certain contractual representations and warranties. The case had been consolidated with the securities class action for pre-trial purposes but was subsequently deconsolidated on March 2, 2009 for purposes of trial. 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 has filed certain post-trial motions challenging the jury's verdict, including motions requesting that the Court set aside the jury's verdict for lack of evidence and order a new trial.

On January 9, 2013, the Court confirmed the jury's verdict. It also awarded Liberty Media pre-judgment interest accruing from December 16, 2001 until the date of the entry of judgment, using the average rate of return on one-year U.S. Treasury bills. On January 17, 2013, the Court entered a final judgment in the total amount of €944.8 million, including pre-judgment interest, but stayed its execution while it considered two pending post-trial motions, which were denied on Februrary 12, 2013.

On February 15, 2013, Vivendi filed with the Court a Notice of Appeal against the judgment awarded, for which it believes it has strong arguments.

On the basis of the verdict rendered on June 25, 2012, and following the entry of the final judgment by the Court, at December 31, 2012, Vivendi recognized a provision in the amount of €944.8 million.

LBBW ET AL. AGAINST VIVENDI

On March 4, 2011, 26 institutional investors from Germany, Canada, Luxemburg, Ireland, Italy, Sweden, Belgium and Austria filed a complaint against Vivendi with the Paris Commercial Court seeking to obtain damages for losses they allegedly incurred as a result of four financial communications issued by Vivendi in October and December 2000, September 2001 and April 2002. Then on April 10 and on April 23, 2012, two similar complaints were filed against Vivendi: the first one by a US pension fund, the Public Employee Retirement System of Idaho and the other by six German and British institutional investors. Finally, on August 8, 2012, the British Columbia Investment Management Corporation also filed a complaint against Vivendi on the same basis.

CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM ET AL. AGAINST VIVENDI AND JEAN-MARIE MESSIER

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

LAGARDÈRE AGAINST VIVENDI, CANAL+ GROUP AND CANAL+ FRANCE

On February 12, 2013, Lagardère Holding TV, a 20% shareholder of Canal+ France, filed a complaint against Vivendi, Canal+ Group and Canal+ France with the Paris Commercial Court. The Lagardère group is seeking nullification of the cash management agreement entered into between Canal+ France and Canal+ Group on the grounds that it constitutes a related party agreement and hence, is seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France under the agreement, i.e., the sum of €1.6 billion. Vivendi formally denies the allegations of the Lagardère Group as to the nature of this agreement, which should be considered ordinary course, and intends to vigorously defend its rights.

VIVENDI'S COMPLAINT AGAINST FRANCE TELECOM BEFORE THE EUROPEAN COMMISSION FOR ABUSE OF A DOMINANT POSITION

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

ACTION BROUGHT BY THE FRENCH COMPETITION AUTHORITY REGARDING PRACTICES IN THE PAY-TV SECTOR

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

On November 16, 2010, the French Competition Authority rendered a decision in which it dismissed the allegations of collusion, in respect of all parties, and certain other allegations, in respect of Groupe Canal+. The French Competition Authority requested further investigation regarding fiber optic TV and catch-up TV, Groupe Canal+'s exclusive distribution rights on channels broadcast by the group and by independent channels as well as the extension of exclusive rights on TF1, M6 and Lagardère channels to fiber optic and catch-up TV. On December 17, 2010, France Telecom appealed the decision before the Court of Appeal. Vivendi and Groupe Canal+ joined these appeal proceedings. On July 15, 2011, France Telecom withdrew its application for an annulment of the decision of the Competition Authority.

INQUIRY INTO COMPLIANCE WITH CERTAIN UNDERTAKINGS GIVEN IN CONNECTION WITH THE COMBINATION OF CANALSATELLITE AND TPS

The French Competition Authority opened an inquiry into compliance with certain undertakings given by Vivendi and Canal+ Group in connection with the merger of TPS and CanalSatellite.

On September 20, 2011, the French Competition Authority rendered a decision in which it established that Canal+ Group had not complied with certain undertakings – some it considered essential – on which depended its decision authorizing, in 2006, the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group. As a consequence, the French Competition Authority withdrew the merger authorization, requiring Vivendi and Canal+ Group to re-notify the transaction to the French Competition Authority within one month. Furthermore, the French Competition Authority ordered Canal+ Group to pay a €30 million fine.

On October 24, 2011, the transaction was re-notified to the French Competition Authority. On November 4, 2011, Vivendi and Canal+ Group filed an appeal before the French Council of State against the French Competition Authority's decision dated September 20, 2011. As part of this procedure, Canal+ Group had filed two Priority Constitutional Questions (QPCs) concerning this decision, which were referred to the French Constitutional Council by the French Council of State on July 17, 2012. On October 12, 2012, the French Constitutional Council declared that the legal and statutory provisions in question were constitutional.

On July 23, 2012, the French Competition Authority issued its decision on this new notification. It authorizes the acquisition of TPS and CanalSatellite by Vivendi and Canal+ Group, subject to compliance with a certain number of injunctions. These injunctions are primarily focused on the acquisition of film rights from American studios and French producers, the participation of Canal+ Group in Orange Cinema Séries, the distribution of premium channels and non-linear services (video-on-demand and subscription video-on-demand).

On August 30, 2012, Vivendi and Canal+ Group filed an appeal before the French Council of State to obtain cancellation of the July 23, 2012 decision. In addition, Vivendi and Canal+ Group have filed two motions, one seeking a suspension of the September 20, 2011 decision and the other seeking a suspension of the July 23, 2012 decision. The French Council of State rejected these requests for suspension on September 17, 2012 and October 22, 2012, respectively. A hearing on the merits of the cancellation of the French Competition Authority's decisions of September 20, 2011 and July 23, 2012 was held on December 14, 2012. On December 21, 2012, the French Council of State essentially confirmed the two decisions of the French Competition Authority; however, it reduced the fine of €30 million to €27 million because two of the alleged breaches were unfounded.

TELEFONICA AGAINST VIVENDI IN BRAZIL

On May 2, 2011, TELESP, Telefonica's Brazilian subsidiary, filed a claim against Vivendi before the Civil Court of São Paulo (3ª Vara Cível do Foro Central da Comarca da Capital do Estado de São Paulo). The company is seeking damages for having been blocked from acquiring control of GVT and damages in the amount of 15 million Brazilian reals (approximately 5.5 million euros) corresponding to the expenses incurred by TELESP in connection with its offer for GVT. At the beginning of September, 2011, Vivendi filed an objection to jurisdiction, challenging the jurisdiction of the courts of São Paulo to hear a case involving parties from Curitiba. This objection was dismissed on February 14, 2012, which was confirmed on April 4, 2012 by the Court of Appeals. On the merits, Vivendi refuted all of Telefonica's claims. In particular, Vivendi believes that Telefonica cannot claim to have suffered any "loss of chance" considering that its President confirmed in a public statement that it did not want to outbid Vivendi. Vivendi has also filed a counterclaim seeking to be compensated for damages suffered as a result of the "smear campaign" carried out against Vivendi by Telefonica since late 2009.

DYNAMO AGAINST VIVENDI

On August 24, 2011, the Dynamo investment funds filed a complaint for damages against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange). According to Dynamo, a former shareholder of GVT that sold the vast majority of its stake in the company before November 13, 2009 (the date on which Vivendi took control of GVT), the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. Vivendi, noting that this poison pill provision was waived by a GVT Shareholders' General Meeting in the event of an acquisition by Vivendi or Telefonica, denies all of Dynamo's allegations.

HEDGING-GRIFFO AGAINST VIVENDI

On September 4, 2012, Hedging-Griffo filed a complaint against Vivendi before the Arbitration Chamber of the Bovespa (São Paulo Stock Exchange) seeking to obtain damages for losses they allegedly incurred due to the conditions under which Vivendi completed the acquisition of GVT in 2009. Hedging-Griffo demanded compensation for the difference between the price at which they sold their GVT shares on the market and the price paid by Vivendi in connection with the tender offer for the GVT shares. Vivendi believes that the decision taken by the Hedging-Griffo funds to sell their GVT shares before the end of the stock market battle that opposed Vivendi against Telefonica was their own decision made in the context of their management of these funds and can in no way be attributable to Vivendi.

Note 25. Instruments Used to Manage Borrowings

Vivendi manages its financial liquidity, interest rate and foreign currency exchange rate risks centrally. Vivendi's Financing and Treasury Department conducts these operations, reporting directly to the Chief Financial Officer of Vivendi, who is also a member of the Management Board. The department has the necessary expertise, resources (in particular, technical resources) and information systems for this purpose.

Vivendi uses various derivative financial instruments to manage and reduce its exposure to fluctuations in interest rates and foreign currency exchange rates. All instruments are traded over-the-counter with highly-rated counterparties.

The majority of Group financing is secured directly by Vivendi SA, which provides financing to its subsidiaries as and when necessary.

As of December 31, 2012, Vivendi SA's open swaps, which qualify for hedge accounting, totaled €1.9 billion including €1,450 million of fixed-rate receiver swaps with an average duration of 4.4 years and €450 million of fixed-rate payer swaps with an average duration of 5.25 years.

Instruments held by Vivendi SA to hedge borrowings are broken-down as follows:

Vivendi SA External Hedging Arrangements (in millions of euros)	As of December 31, 2012	Average rate	Maturing within < 1 year	Maturing within 1 to 5 years	Maturing within > 5 years	Counterparty
Fixed-rate receiver swaps	1,450	4.39%	-	1,450	-	Banks
Fixed-rate payer swaps	450	0.95%	-	-	450	Banks
TOTAL	**1,900**		**0**	**1,450**	**450**	

As of December 31, 2012, there was no internal hedging between Vivendi SA and its subsidiaries.

Note 26. Foreign Currency Risk Management

Vivendi's foreign currency risk management seeks to hedge highly probable budget exposures, resulting primarily from monetary flows generated by operations performed in currencies other than the euro and from firm commitment contracts, essentially in relation to the acquisition by subsidiaries of editorial content including sports, audiovisual and film rights, realized in foreign currencies. It should be noted that:

* Vivendi SA is the sole counterparty for foreign currency transactions within the Group, unless specific regulatory or operational restrictions require otherwise;
* all foreign currency hedging transactions are backed by an identified underlying economic item; and
* all identified exposures are hedged at a minimum of 80% for exposures related to forecasted transactions and 100% for firm commitment contracts.

In addition, Vivendi may also hedge foreign currency exposure resulting from foreign currency-denominated financial assets and liabilities by entering into currency swaps and forward contracts enabling the refinancing or investment of cash balances in euros or other local currencies, and use monetary or derivative instruments, if applicable, to manage its foreign currency exposure to inter-company current accounts denominated in foreign currencies (which qualify for hedge accounting pursuant to the French PCG).

The table below shows the notional amount of currency to be delivered or received under currency instruments (currency swaps and forward contracts). Positive amounts indicate currency receivable and negative amounts currency deliverable.

	December 31, 2012				
(in millions of euros)	EUR	GBP	PLN	USD	Other currency
Sales against the euro	777	(586)	(8)	(59)	(124)
Sales against other currencies	-	-	7	(7)	-
Purchases against the euro	(1,487)	34	40	1,309	104
Purchases against other currencies	157	(8)	(261)	112	-
	(553)	**(560)**	**(222)**	**1,355**	**(20)**

Note 27. Fair Value of Derivative Instruments

As of December 31, 2012, the market value of derivative instrument portfolios classified as interest rate and currency hedges, pursuant to Article 372 of the French General Accounting Code, was €93.8 million and -€13.7 million, respectively (theoretical cost of unwinding). As of December 31, 2011, the fair values of these hedging portfolios were €59.7 million and €36.7 million, respectively.

As of December 31, 2012, aggregate derivative financial instruments, which did not qualify for hedge accounting, totaled €0.0 million (theoretical cost of unwinding) compared to -€0.3 million as of December 31, 2011.

	As of December 31, 2012		As of December 31, 2011	
	Derivative financial instruments		Derivative financial instruments	
(in millions of euros)	qualifying for hedge accounting	not qualifying for hedge accounting	qualifying for hedge accounting	not qualifying for hedge accounting
Interest rate risk management	**93.8**	**0.0**	**59.7**	**(0.3)**
fixed-rate payer swaps	(10.3)	-	-	(0.3)
floating-rate payer swaps	104.1	-	59.7	-
Foreign currency risk management	**(13.7)**	**0.0**	**36.7**	**0.0**

Note 28. Deferred Deductions for Taxes

In addition to tax losses carried forward which qualify for relief at the standard rate and foreign tax credits (please refer to Note 5, Income Taxes), timing differences between the tax and accounting treatment of income and expense items would generate a future reduction of €360.0 million in tax liabilities (including contributions) due to the deferred deduction for tax purposes of certain expenses.

Note 29. Subsequent Events

The main events that occurred between December 31, 2012 and February 18, 2013, the date on which the 2012 statutory financial statements were approved by the Management Board, were as follows:

- January 9, 2013: U.S. court ruling in the lawsuit between Vivendi and Liberty Media Corporation.
- On February 7, 2013: Vivendi and Universal Music Group entered into a definitive agreement to sell Parlophone Label Group, a unit of EMI Recorded Music, to Warner Music Group for £487 million to be paid in cash.
- On February 13, 2013: Lagardère Holding TV filed a complaint against Vivendi and Canal+ Group with the Paris Commercial Court seeking restitution, under penalty, from Canal+ Group, of the entire cash surplus given over by Canal+ France (please see Note 24, Litigation).
- On February 15, 2013: Vivendi filed with the Court a Notice of Appeal against the judgment awarded in the litigation between Vivendi and Liberty Media Corporation.

4. SUBSIDIARIES AND AFFILIATES

(in millions of euros, unless otherwise stated)	Share capital	Equity excl. share capital (a)	% Share capital held	Book value of investments		Outstanding loans and advances granted by Vivendi (b)	Guarantees and endorsements granted by Vivendi	2011 revenues	2012 revenues	2011 earnings	2012 earnings	Dividends received by Vivendi during 2012	Comments
				Gross	Net								
VIVENDI HOLDING I CORPORATION (c) 800 Third Avenue New York, New York 10022, USA	73.5 million dollars	nd	100.00	7,806.1	7,806.1	1,399.6	-	3.7 million dollars	3.6 million dollars	(18.6) million dollars	(64.4) million dollars	-	-
SIG 104 (d) 59 bis, avenue Hoche 75008 Paris, France	6,146.0	(33.0)	100.00	6,146.0	6,146.0	-	-	-		29.3	(62.7)	-	-
GROUPE CANAL+ SA (e) 1, place du Spectacle 92130 Issy les Moulineaux, France	100.0	770.5	100.00	5,198.1	4,538.1	278.0	1.7	26.4	33.8	(3.8)	19.9	-	-
SOCIETE FRANCAISE DU RADIOTELEPHONE - SFR (f) 42, avenue de Friedland 75008 PARIS, France	3,423.3	3,236.2	99.99	18,747.9	12,872.9	7,603.2	-	11,997.7	11,034.3	1,813.8	1,050.5	968.4	-
SIG 108 (g) 59 bis, avenue Hoche 75008 Paris, France	2,984.6	(0.1)	100.00	2,984.6	2,984.6	-	-	-	-	-	-	-	-
SIG 109 59 bis, avenue Hoche 75008 Paris, France	821.7	0.6	100.00	821.7	821.7	-	-	-	-	(0.5)	2.6	-	-
Société Nouvelle d'Etudes et de Gestion (SNEGE) 59 bis, avenue Hoche 75008 Paris, France	210.0	2.8	100.00	205.6	205.6	29.5	-	-	-	1.3	(1.0)	-	-
ELEKTRIM TELEKOMUNIKACJA Rynkowa 22 08-110 Siedlce Poland	(h) 10,008.1 million zlotys	(h) (15,226.6) million zlotys	100.00	207.1	0.0	1,248.2	-	-	-	(4,866.0) million zlotys	163.4 million zlotys	-	Impairment of advances 1,248.2
Other subsidiaries and Affiliates (Global Information)	-	-	-	236.6	147.6	276.0	-		-	-	-	9.4	Impairment of advances 114.3
TOTAL	**-**	**-**	**-**	**42,353.7**	**35,522.6**	**10,834.5**	**1.7**	**-**	**-**	**-**	**-**	**977.8**	

(a) Includes earnings of the year.

(b) Includes current accounts advances, excluding accrued interest.

(c) Head of the U.S. tax group which holds Group's US assets (UMG Inc. and Activision Blizzard).

(d) Company holding UMG's entities apart from United States, Canada and Mexico (entities held by UMG Inc.).

(e) The entity holding of the Canal+ group.

(f) SFR holds 98% of the Group's stake in Maroc Telecom.

(g) Company holding Group's Brazilian assets.

(h) For information as of December 31, 2012, €1 = 4.074 zlotys.

5. MATURITY OF TRADE ACCOUNTS PAYABLE

As of December 31, 2012, pursuant to Article L.441-6-1 of the French Commercial Code, the trade accounts payable balance of €0.2 million (compared to €0.7 million at year-end 2011) by maturity, is broken down as follows:

* payment within 30 days: €0.2 million (compared to €0.7 million at year-end 2011); and
* payment between 30 to 60 days: €0.0 million (compared to €0.0 million at year-end 2011).

6. FINANCIAL RESULTS OF THE LAST FIVE YEARS

(in millions of euros)	2012	2011	2010	2009	2008
Share capital at the end of the year					
Share capital	7,281.8	6,859.9	6,805.4	6,758.7	6,436.1
Number of shares outstanding	(a) 1,323,962,416	1,247,263,060	1,237,337,108	1,228,859,491	1,170,197,438
Potential number of shares created by:					
Exercise of stock subscription options	53,405,701	49,907,071	48,921,919	41,345,499	35,464,547
Grant of bonus shares or performance shares	(b) 696,700	2,960,562	1,826,639	1,061,511	986,827
Results of operations:					
Revenues	116.0	100.3	92.0	93.1	113.8
Earnings/(loss) before tax, depreciation, amortization and provisions	734.4	(1,030.0)	(506.7)	917.8	(405.6)
Income tax expense/(credit) (c)	(955.7)	(418.5)	(658.9)	(199.0)	(512.3)
Earnings/(loss) after tax, depreciation, amortization and provisions	(6,045.0)	1,488.4	2,276.7	(124.7)	(428.1)
Earnings distributed	(d) 1,322.5	(e) 1,245.3	(e) 1,730.7	(e) 1,721.0	(e) 1,639.0
Per share data (in euros)					
Earnings/(loss) after tax but before depreciation, amortization and provisions	(f) 1.28	(0.49)	0.12	0.91	0.09
Earnings/(loss) after tax, depreciation, amortization and provisions	(f) (4.57)	1.19	1.84	(0.10)	(0.37)
Dividend per share	(d) 1.00	(e) 1.00	(e) 1.40	(e) 1.40	(e) 1.40
Employees					
Number of employees (annual average)	222	219	214	220	214
Payroll	41.3	35.7	36.4	35.1	34.1
Employee benefits (social security contributions, social works, etc.)	18.4	16.0	16.2	14.8	13.7

(a) Includes account movements up to December 31, 2012: issuance of (i) 41,575,435 shares in respect of bonus shares granted to Vivendi SA shareholders; (ii) 12,288,690 shares in respect of Group Savings Plans; (iii) 22,356,075 shares paid in consideration for the contribution made by Bolloré Media; and (iv) 479,156 shares following the exercise of stock subscription options by beneficiaries.

(b) Grant of 50 bonus shares to each employee of the group's French entities; as of December 31, 2012, 696,700 shares were granted.

(c) This negative amount represents the income generated pursuant to the Consolidated Global Profit Tax System under Article 209 quinquies of the General Tax Code plus the tax saving recorded by the tax group headed by Vivendi.

(d) The Annual General Shareholders' Meeting of April 30, 2013 will be asked to vote on the distribution of a dividend of €1.00 per share in respect of fiscal year 2012, representing an aggregate dividend distribution of €1,322.5 million. This amount takes into account the number of treasury shares held as of December 31, 2012 and will be adjusted to take account of effective holdings as of the dividend payment date and the exercise of stock subscription options by beneficiaries up to the date of the Annual General Shareholders' Meeting.

(e) Based on the number of shares entitled to dividends as of January 1, after deduction of treasury shares at the dividend payment date.

(f) Based on the number of shares at year-end (please refer to (a) above).

7. STATUTORY AUDITORS' REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R.225-58 of the French Commercial Code (*Code de commerce*), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R.225-58 of the French Commercial Code (*Code de commerce*) concerning the implementation, during the year, of the agreements and commitments already approved by the Shareholders' Meeting.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments submitted for approval by the Annual Shareholders' Meeting

AGREEMENTS AND COMMITMENTS AUTHORIZED DURING THE YEAR

We inform you that we have not been advised of the existence of any agreements or commitments entered into during the financial year to be submitted for approval by the Shareholders' Meeting in accordance with Article L.225-86 of the French Commercial Code (*Code de commerce*).

AGREEMENTS AND COMMITMENTS AUTHORIZED SUBSEQUENTLY TO THE CLOSING OF THE FINANCIAL STATEMENTS

We have been advised of the following related parties agreements and commitments subsequently to the closing of the financial statements which received prior authorization from your Supervisory Board.

CONDITIONAL COMMITMENT IN FAVOR OF A MEMBER OF THE MANAGEMENT BOARD

At its meeting of February 22, 2013, upon the recommendation of the Human Resources Committee, your Supervisory Board reviewed the elements of employment contract of Mr. Philippe Capron, member of the Management Board and Chief Financial Officer, which took effect on January 1, 2007.

The Supervisory Board, at the same meeting, approved the signing of an amendment to Mr. Philippe Capron's employment contract pursuant to which he will be entitled to receive contractual severance in a gross amount equal to eighteen months of compensation (fixed and target variable).

This severance would be paid in the event of a forced departure at the initiative of the company. It would not be payable in the case of resignation, retirement or serious misconduct.

Mr. Philippe Capron is not entitled to receive any other indemnities in relation to his employment contract or his position as a member of the Management Board.

Agreements and commitments already approved by the Annual Shareholders' Meeting

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS

In accordance with Article R.225-57 of the French Commercial Code (*Code de commerce*), we have been advised that the implementation of the following agreements and commitments which were approved by the Annual Shareholders' Meeting in prior years continued during the year.

A) WHOSE IMPLEMENTATION WAS EFFECTIVE DURING THE YEAR

PAYMENT OF A COMPENSATION TO MR JEAN-BERNARD LÉVY, CHAIRMAN OF THE MANAGEMENT BOARD, UPON TERMINATION OF HIS TERM OF OFFICE

At its meeting of June 28, 2012, your Supervisory Board authorized the payment to Mr. Jean-Bernard Lévy, in respect of termination of his duties as Chairman of the Management Board, a compensation amounting to €3,888,000, representing 16 months of average compensation (fixed and bonus).

In accordance with the Supervisory Board decision of February 26, 2009 and the approval by the Shareholders' Meeting on April 30, 2009, this compensation was subject to the absence of serious misconduct and to the following performance conditions: the compensation will not be payable if the Group's financial results (adjusted net income and cash flow from operations) were less than 2/3 of the Group's budget for two consecutive years and if the performance of Vivendi shares was lower than 2/3 of the average performance of a composite index (1/3 CAC 40, 1/3 DJ Stoxx Telco and 1/3 DJ Stoxx Media).

In addition, in accordance with Shareholders' Meeting approval on April 30, 2009, his rights to stock options and to performance shares not yet acquired by Jean-Bernard Levy on the date of his departure has been maintained, subject to the satisfaction of the relevant performance conditions and subject to the relevant plan's rules in relation to the conditions governing their acquisition and exercise.

B) WHOSE IMPLEMENTATION CONTINUED DURING THE YEAR

(Members of the Management concerned: Messrs Jean-François Dubos and Philippe Capron)

TREASURY AGREEMENT BETWEEN VIVENDI AND ACTIVISION BLIZZARD INC.

At its meeting of April 30, 2009, your Supervisory Board authorized your Management Board to amend the treasury agreement signed during the Vivendi Games and Activision merger operation in 2008. The amendment turns the original contract into a cash pooling agreement for each currency used at Activision Blizzard Inc. level. Activision Blizzard Inc. lends its foreign currencies to Vivendi in exchange of an equivalent amount in euros. At the end of each week the balance is nil which avoids any counterparty risk.

During the financial year ended December 31, 2012, the management fees received by your company amounted to €270,000.

GRANTING BY YOUR COMPANY OF A €1.5 BILLION LOAN TO SFR

At its meeting of June 14, 2009, your Supervisory Board authorized your Management Board to grant a €1.5 billion revolving facility to SFR with a four years maturity, refundable at the end with a EURIBOR plus 2.5% rate.

As at December 31, 2012, SFR drew the remaining outstanding available facility. For 2012, the total amount of interest received by your company is €43.5 million.

GRANTING OF A €3 BILLION LOANS TO SFR

At its meeting of February 28, 2008, your Supervisory Board authorized your Management Board to provide SFR with a €3 billion loan as part of the acquisition by SFR of 60.15% of Neuf Cegetel capital not held by SFR.

Your company agreed to a €3 billion revolving facility at market conditions, maturing on December 31, 2012. This credit line was to be reduced by €1 billion as of July 1, 2009, by €1 billion as of July 1, 2010, and the balance as of December 31, 2012.

As of December 31, 2012 the remaining balance has been reimbursed by SFR. For 2012, the commission regarding the non utilization of the credit line invoiced to SFR is €29,167 and total interests received by your company for 2012 amount to €7.6 million.

SUPPORT AGREEMENT BETWEEN YOUR COMPANY AND SFR

Your company signed in 2003 a support agreement with its subsidiary SFR for a five-year period. In return, from January 1, 2006, SFR paid your company an annual lump sum of €6 million and 0.3% of its consolidated revenue, excluding revenue from equipment sales.

On March 6, 2008, an amendment to this agreement was signed. Applicable with effect from April 1, 2007, SFR pays your company an amount corresponding to 0.2% of its consolidated revenue (excluding Maroc Telecom figures and revenue from equipment sales).

The income received by your company in 2012 relating to this agreement amounted to €21.5 million before taxes.

AGREEMENT ON THE ADDITIONAL RETIREMENT BENEFITS

(Members of the Management concerned: Messrs Jean-François Dubos, Philippe Capron, Bertrand Meheut and Abdeslam Ahizoune)

Your Supervisory Board authorized the implementation of an additional pension plan for senior executives, including the actual members of the Management Board holding an employment contract with your company. The Chairman of the Management Board, whose employment contract has been suspended, takes advantage of this additional pension plan.

The main terms and conditions of the additional pension plan are as follows: a minimum of three years in office, progressive acquisition of rights according to seniority (over a period of 20 years); a reference salary for the calculation of the pension equal to the average of the last three years; dual upper limit; reference salary capped at 60 times the social security limit, acquisition of rights limited to 30% of the reference salary; application of the Fillon Act (rights maintained in the event of retirement at the initiative of the employer after the age of 55); and payment of 60% in the event of the beneficiary's death. The benefits are lost in the event of a departure from the company, for any reason, before the age of 55.

The provision recognized in the 2012 financial statements for the additional retirement benefits related to Management Board members, in office during the year, amounts to €1,632 thousand, on a pro rata temporis basis. Messrs Jean-Bernard Levy and Frank Esser lost their rights to the additional pension plan in effect at Vivendi.

Paris La Défense, February 25, 2013

The Statutory Auditors

KPMG Audit *Département de KPMG S.A.*	ERNST & YOUNG et Autres
Frédéric Quélin	Jean-Yves Jégourel

5

5

RECENT EVENTS – OUTLOOK – STATUTORY AUDITORS' REPORT

SUMMARY

SECTION 1
RECENT EVENTS 366

SECTION 2
OUTLOOK 366

SECTION 3
STATUTORY AUDITORS' REPORT ON EBITA OR EBITDA FORECASTS BY BUSINESS UNIT 367

SECTION 1 RECENT EVENTS

Significant events that occurred between December 31, 2012 and the date of filing of the *Document de référence* (the French version of this Annual Report) with the AMF (the French stock exchange regulatory authority) are described in the following chapters of this report:

* Chapter 1: "Highlights", "Group's profile - Activities" and "Litigations"; and
* Chapter 4: "Annual Financial Report" and "Consolidated Financial Statements for the year ended December 31, 2012", as approved by the Management Board of Vivendi on February 18, 2013.

Since February 18, 2013, the main events are as follows:

* on March 4, 2013, Moody's rating agency confirmed Vivendi's long-term senior unsecured debt at Baa2 and changed the outlook to negative;
* on March 4, 2013, in connection with its appeal of the verdict rendered in the Liberty Media Corporation litigation, Vivendi delivered a letter of credit issued by Bank of America for the benefit of Liberty Media Corporation, for €975 million (damages and interest, as well as legal costs);
* on March 5, 2013, Vivendi announced that a Federal Court in New York City rendered a decision on March 1, 2013 in which it dismissed all of the securities fraud claims made by GAMCO Investors, Inc. and related entities. GAMCO had alleged that Vivendi concealed an alleged liquidity risk in 2001 and 2002. In the claims process that is now underway in the class action, Vivendi may make similar challenges to the claims of individual shareholders as appropriate; and
* on March 11, 2013, SFR took note, with interest, of the French Competition Authority's notice by which it affirmed its commitment to the network infrastructure competition model, which assumes that each operator relies on its own network, and also indicated the conditions under which network sharing could be permitted without undermining the principle of network infrastructure competition.

SECTION 2 OUTLOOK

The group's businesses 2013 outlook, as published on February 26, 2013, are described in Chapter 4, of the 2012 Financial Report, under Section 6.

SECTION 3 STATUTORY AUDITORS' REPORT ON EBITA OR EBITDA FORECASTS BY BUSINESS UNIT

To the Chairman of the Management Board,

In our capacity as statutory auditors and in accordance with EU Regulation 809/2004, we hereby report on EBITA or EBITDA forecasts by business unit of the Vivendi group, which is included in Chapter 5 Section 2 of the registration document filed with the French stock exchange regulatory body (AMF) on March 18, 2013.

In accordance with EU Regulation 809/2004 and the relevant ESMA guidance, you are responsible for the preparation of these forecasts and its principal underlying assumptions.

It is our responsibility to express our conclusion, pursuant to Appendix 1, paragraph 13.2 of the EU Regulation 809/2004, as to the proper compilation of the forecasts.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. Our work consisted in an assessment of the preparation process for the forecasts, as well as the procedures implemented to ensure that the accounting methods applied are consistent with those used for the preparation of the historical financial information of the Vivendi Group. We also gathered all the relevant information and explanations that we deemed necessary to obtain the assurance that the forecasts have been properly compiled on the basis stated.

It should be noted that, given the uncertain nature of forecasts, the actual figures are likely to be significantly different from those forecasts and that we do not express a conclusion on the achievability of these figures.

We conclude that:

* EBITA or EBITDA forecasts by business unit have been properly compiled on the basis stated;
* the accounting methods applied in the preparation of EBITA or EBITDA forecasts by business unit are consistent with the accounting principles adopted by the Vivendi Group.

This report is issued for the sole purpose of filing the registration document with the French stock exchange regulatory body (AMF) and, if applicable, of a public offering in France and other European Union countries in which a prospectus, comprising the 2012 registration document, as approved by the AMF, would be published, and may not be used for any other purpose.

Paris-La Défense, March 18, 2013

The Statutory Auditors

French original signed by

KPMG Audit *Member of KPMG S.A*	ERNST & YOUNG et Autres
Frédéric Quélin	Jean-Yves Jégourel

6

INDEPENDENT AUDITORS RESPONSIBLE FOR AUDITING – THE FINANCIAL STATEMENTS

SUMMARY

SECTION 1

INDEPENDENT AUDITORS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS **370**

1.1. Statutory Auditors 370

1.2. Alternate Statutory Auditors 370

6

SECTION 1 INDEPENDENT AUDITORS RESPONSIBLE FOR AUDITING THE FINANCIAL STATEMENTS

1.1. STATUTORY AUDITORS

Ernst & Young et Autres

Tour First – TS14444 –
1/2, place des Saisons,
92037 Paris-La Défense Cedex.

Appointed at the Shareholders' Meeting held on June 15, 2000,

represented by Mr. Jean-Yves Jégourel.

Last reappointment: Combined Shareholders' Meeting held on April 19, 2012, for a term of six fiscal years, expiring at the conclusion of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2017.

KPMG SA

1, cours Valmy,
92923 Paris-La Défense Cedex.

Appointed at the Shareholders' Meeting held on June 15, 1993,

represented by Mr. Frédéric Quélin.

Last reappointment: Combined Shareholders' Meeting held on April 21, 2011, for a term of six fiscal years, expiring at the conclusion of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2016.

1.2. ALTERNATE STATUTORY AUDITORS

Société Auditex

Tour First – TS14444 –
1, place des Saisons,
92037 Paris-La Défense Cedex.

Last appointment: Combined Shareholders' Meeting held on April 19, 2012, for a term of six fiscal years, expiring at the conclusion of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2017.

KPMG Audit IS SAS

Immeuble Le Palatin

3, cours du Triangle,
92939 Paris-La Défense Cedex

Appointed at the Shareholders' Meeting held on April 21, 2011, for a term of six fiscal years, expiring at the conclusion of the Shareholders' Meeting to be held to approve the financial statements for fiscal year 2016.

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In accordance with the environmental commitments we made within the framework of our EMAS (European Management Audit Scheme) certification, we have ensured that this document is printed on paper from sustainably managed forests. The cover is printed on Conqueror Silver Iridescent 250g card and the body of the report is printed on Chorus Print Satin 80g paper.

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