Financial Report and Unaudited Condensed Financial Statements for the nine months ended September 30, 2017

November 16, 2017

vivendi

VIVENDI

Société anonyme with a Management Board and a Supervisory Board with a share capital of €7,119,287,400.50

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Key consolidated financial data for the last five years

Preliminary comments:

Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 16 to the Condensed Financial Statements for the nine months ended September 30, 2017, respectively.

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

	Nine months ended September 30, (unaudited)		Year ended December 31,			
	2017	2016	2016	2015	2014	2013
Consolidated data						
Revenues	8,621	7,712	10,819	10,762	10,089	10,252
Income from operations (a)	741	730	853	1,061	1,108	1,131
Adjusted earnings before interest and income taxes (EBITA) (a)	645	664	724	942	999	955
Earnings before interest and income taxes (EBIT)	672	824	887	521	545	578
Earnings attributable to Vivendi SA shareowners	399	1,175	1,256	1,932	4,744	1,967
of which earnings from continuing operations attributable to Vivendi SA shareowners	399	1,177	1,236	699	(290)	43
Adjusted net income (a)	593	625	755	697	626	454
Net Cash Position/(Financial Net Debt) (a)	(3,174)	2,483	1,068	6,422	4,637	(11,097)
Total equity	16,998	19,050	19,612	21,086	22,988	19,030
of which Vivendi SA shareowners' equity	16,684	18,798	19,383	20,854	22,606	17,457
Cash flow from operations (CFFO) (a)	294	555	729	892	843	894
Cash flow from operations after interest and income tax paid (CFAIT) (a)	497	193	341	(69)	421	503
Financial investments	(2,757)	(2,056)	(4,084)	(3,927)	(1,244)	(107)
Financial divestments	858	1,783	1,971	9,013	17,807	3,471
Dividends paid by Vivendi SA to its shareholders	499	2,588 (b)	2,588 (b)	2,727 (c)	1,348 (d)	1,325
Purchases/(sales) of Vivendi SA's treasury shares	203	1,623	1,623	492	32	-
Per share data						
Weighted average number of shares outstanding	1,251.8	1,277.1	1,272.6	1,361.5	1,345.8	1,330.6
Earnings attributable to Vivendi SA shareowners per share - basic	0.32	0.92	0.99	1.42	3.52	1.48
Adjusted net income per share	0.47	0.49	0.59	0.51	0.46	0.34
Number of shares outstanding at the end of the period (excluding treasury shares)	1,252.1	1,259.0	1,259.5	1,342.3	1,351.6	1,339.6
Equity per share, attributable to Vivendi SA shareowners	13.32	14.93	15.39	15.54	16.73	13.03
Dividends per share paid	**0.40**	**2.00** (b)	**2.00** (b)	**2.00** (c)	**1.00** (d)	**1.00**

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

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

b. On April 21, 2016, Vivendi's General Shareholders' Meeting approved the payment of an ordinary dividend of €3 per share with respect to fiscal year 2015, i.e., an aggregate dividend payment of €3,951 million. This amount included €2,588 million paid in 2016: €1,318 million for the second interim dividend of €1 per share, paid on February 3, 2016, and €1,270 million representing the balance of €1 per share, paid on April 28, 2016.

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

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

I- Financial Report for the first nine months of 2017

Preliminary comments:

On November 13, 2017, the Management Board approved the Financial Report and the Unaudited Condensed Financial Statements for the nine months ended September 30, 2017. Upon the recommendation of the Audit Committee, which met on November 14, 2017, the Supervisory Board, at its meeting held on November 16, 2017, reviewed the Financial Report and the Unaudited Condensed Financial Statements for the nine months ended September 30, 2017, as approved by the Management Board on November 13, 2017.

The Financial Report for the first nine months of 2017 should be read in conjunction with the Financial Report for the year ended December 31, 2016, as published in the "Rapport Annuel - Document de référence 2016" filed on March 14, 2017 with the Autorité des marchés financiers ("AMF", the French securities regulator) and the Financial Report for the first half of 2017. Please also refer to pages 185 through 209 of the English translation[1] of the "Rapport Annuel - Document de référence 2016" (the "2016 Annual Report") which is available on Vivendi's website (www.vivendi.com) for informational purposes.

For a detailed description of the significant events that occurred during the first nine months of 2017, as well as any subsequent events, please refer to Notes 2 and 15 to the Condensed Financial Statements for the first nine months of 2017, respectively.

1 Earnings analysis: group and business segments

Preliminary comments:

Changes in the presentation of the Consolidated Statement of Earnings

Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 16, respectively, to the Condensed Financial Statements for the first nine months of 2017.

Non-GAAP measures

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

Vivendi Management uses income from operations, EBITA and adjusted net income for reporting, management and planning purposes because they exclude most non-recurring and non-operating items from the measurement of the business segments' performances. Under Vivendi's definition:

- *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, the income from equity affiliates, as well as the impacts of transactions with shareowners;*
- *income from operations is calculated as EBITA as presented in the Adjusted Statement of Earnings, before share-based compensation costs related to equity-settled plans, and special items due to their unusual nature and particular significance; and*
- *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 intangible assets acquired through business combinations and related to equity affiliates; impairment losses on goodwill and other intangible assets acquired through business combinations; other financial charges and income; earnings from discontinued operations; provisions for income taxes and adjustments attributable to non-controlling interests; non-recurring tax items (in particular 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 related to risks extinguished over the period).*

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

[1] This free translation of the "Rapport Annuel - Document de référence 2016" is provided solely for the convenience of English speaking readers. In the event of discrepancy, the French version shall prevail.

1.1 Statement of Earnings

THIRD QUARTER

	Three months ended September 30, 2017	Three months ended September 30, 2016	% Change
REVENUES	**3,184**	**2,668**	**+ 19.3%**
Cost of revenues	(1,693)	(1,629)	
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(1,151)	(749)	
Income from operations*	**340**	**290**	**+ 17.2%**
Restructuring charges	(22)	(14)	
Other operating charges and income	(25)	1	
Adjusted earnings before interest and income taxes (EBITA)*	**293**	**277**	**+ 5.7%**
Amortization and depreciation of intangible assets acquired through business combinations	(27)	(58)	
Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States	-	-	
Income from equity affiliates	44	76	
EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)	**310**	**295**	**+ 4.8%**
Interest	(13)	(10)	
Income from investments	13	6	
Other financial charges and income	(13)	(10)	
	(13)	***(14)***	
Earnings before provision for income taxes	**297**	**281**	**+ 5.8%**
Provision for income taxes	(63)	(15)	
Earnings from continuing operations	**234**	**266**	**- 11.8%**
Earnings from discontinued operations	-	-	
Earnings	**234**	**266**	**- 11.7%**
Non-controlling interests	(11)	(2)	
EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS	**223**	**264**	**- 15.4%**
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	0.18	0.21	
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	0.18	0.18	
Adjusted net income*	**273**	**339**	**- 19.6%**
Adjusted net income per share - basic (in euros)*	0.22	0.27	
Adjusted net income per share - diluted (in euros)*	0.22	0.23	

In millions of euros, except per share amounts.

* non-GAAP measures.

FIRST NINE MONTHS

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	% Change
REVENUES	**8,621**	**7,712**	**+ 11.8%**
Cost of revenues	(5,091)	(4,717)	
Selling, general and administrative expenses excluding amortization of intangible assets acquired through business combinations	(2,789)	(2,265)	
Income from operations*	**741**	**730**	**+ 1.4%**
Restructuring charges	(60)	(62)	
Other operating charges and income	(36)	(4)	
Adjusted earnings before interest and income taxes (EBITA)*	**645**	**664**	**- 3.0%**
Amortization and depreciation of intangible assets acquired through business combinations	(92)	(168)	
Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States	27	240	
Income from equity affiliates	92	88	
EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)	**672**	**824**	**- 18.5%**
Interest	(38)	(27)	
Income from investments	28	28	
Other financial charges and income	(48)	525	
	(58)	***526***	
Earnings before provision for income taxes	**614**	**1,350**	**- 54.5%**
Provision for income taxes	(187)	(150)	
Earnings from continuing operations	**427**	**1,200**	**- 64.4%**
Earnings from discontinued operations	-	(2)	
Earnings	**427**	**1,198**	**- 64.4%**
Non-controlling interests	(28)	(23)	
EARNINGS ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS	**399**	**1,175**	**- 66.1%**
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	0.32	0.92	
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	0.32	0.89	
Adjusted net income*	**593**	**625**	**- 5.2%**
Adjusted net income per share - basic (in euros)*	0.47	0.49	
Adjusted net income per share - diluted (in euros)*	0.47	0.45	

In millions of euros, except per share amounts.

* non-GAAP measures.

1.2 Statement of Earnings analysis

1.2.1 Operating results for the third quarter of 2017

Revenues amounted to €3,184 million, compared to €2,668 million for the third quarter of 2016, a €516 million increase (+19.3%), mainly resulting from the consolidation of Havas on July 3, 2017 (+€525 million). At constant currency and perimeter[2], revenues increased by 2.7%, primarily driven by Universal Music Group's growth (+5.3%) while Canal+ Group's situation continues to improve (stable compared to the third quarter of 2016, vs. a decrease of 1.3% for the second quarter of 2017 compared to the second quarter of 2016 and a decrease of 3.5% for the first quarter of 2017 compared to the first quarter of 2016).

Income from operations amounted to €340 million, compared to €290 million for the third quarter of 2016, a €50 million increase (+17.2%), mainly resulting from the consolidation of Havas (+€44 million). At constant currency and perimeter, income from operations increased by 3.5%; the improvement of Canal+ Group's situation (a €30 million increase during the third quarter of 2017, compared to a stability during the second quarter and a €115 million decrease during the first quarter) was partially offset by the decline of Universal Music Group (-€7 million) and the development costs incurred by New Initiatives.

[2] *For the third quarter of 2017, constant perimeter reflects the impacts of the acquisition of Havas (July 3, 2017).*

EBITA amounted to €293 million, compared to €277 million for the third quarter of 2016, a €16 million increase (+5.7%), notably resulting from the consolidation of Havas (+€34 million). At constant currency and perimeter, EBITA decreased by €15 million (-5.2%). For the third quarter of 2017, EBITA included:

- **restructuring charges** for €22 million, compared to €14 million for the third quarter of 2016, primarily incurred by Canal+ Group (€14 million, compared to €2 million for the third quarter of 2016) and by Havas (€8 million for the third quarter of 2017); and
- **other operating charges and income** excluded from income from operations, which amounted to a net charge of €25 million for the third quarter of 2017, compared to a net income of €1 million for the same period in 2016. They notably included the charge related to equity-settled share-based compensation plans (-€8 million, compared to €-4 million for the third quarter of 2016). For the third quarter of 2016, they notably included legal settlement income at Universal Music Group.

EBIT amounted to €310 million, compared to €295 million for the third quarter of 2016, a €15 million increase (+4.8%), resulting from the following:

- in addition to the increase in EBITA (+€16 million), **amortization of intangible assets acquired through business combinations** amounted to €27 million, compared to €58 million for the third quarter of 2016, a €31 million improvement primarily due to the change in estimate of the amortization period of Universal Music Group's music rights and catalogs which was notably extended from 15 to 20 years as from January 1, 2017 (please refer to Note 1 to the Condensed Financial Statements for the first nine months of 2017).

  These factors were offset by:

- **income from equity affiliates** which amounted to a profit of €44 million, compared to a profit of €76 million for the third quarter of 2016. This amount primarily included Vivendi's share of Telecom Italia's net earnings calculated based on the financial information disclosed by Telecom Italia[3], representing a profit of €46 million for the third quarter of 2017 (corresponding to the second quarter of 2017 because of a three-month reporting lag), compared to a profit of €68 million for the third quarter of 2016 (corresponding to the second quarter of 2016 because of a three-month reporting lag).

1.2.2 Operating results for the first nine months of 2017

Revenues amounted to €8,621 million, compared to €7,712 million for the first nine months of 2016, a €909 million increase (+11.8%), notably resulting from the consolidation of Havas on July 3, 2017 (+€525 million). At constant currency and perimeter[4], revenues increased by 4.1%, primarily driven by Universal Music Group's growth (+10.9%) while Canal+ Group's situation has slightly improved (decrease of 1.6% for the first nine months of 2017, compared to a decrease of 2.7% for the same period in 2016).

Income from operations amounted to €741 million, compared to €730 million for the first nine months of 2016, a €11 million increase (+1.4%), notably resulting from the consolidation of Havas (+€44 million). At constant currency and perimeter, income from operations decreased by €38 million (-5.2%); Universal Music Group's growth (+€82 million) was more than offset by the decline of Canal+ Group (-€85 million, despite the €30 million increase for the third quarter of 2017), as well as the development costs incurred by New Initiatives.

EBITA amounted to €645 million, compared to €664 million for the first nine months of 2016, a €19 million decrease (-3.0%), despite the consolidation of Havas (+€34 million). At constant currency and perimeter, EBITA decreased by €58 million (-8.6%), notably due to the unfavorable change in income from operations. In addition, EBITA included:

- **restructuring charges** for €60 million, compared to €62 million for the first nine months of 2016, primarily incurred by Canal+ Group (€35 million, compared to €16 million for the first nine months of 2016), Universal Music Group (€15 million, compared to €41 million for the first nine months of 2016) and Havas (€8 million for the third quarter of 2017); and
- **other operating charges and income** excluded from income from operations, which amounted to a net charge of €36 million, compared to a net charge of €4 million for the first nine months of 2016, which notably included the charge related to equity-settled share-based compensation plans (-€23 million, compared to -€9 million for the first nine months of 2016). For the first nine months of 2016, they notably included legal settlement income at Universal Music Group.

EBIT amounted to €672 million, compared to €824 million for the first nine months of 2016, a €152 million decrease (-18.5%), mainly resulting from the following:

- **the reversal of reserve** related to the Securities Class Action litigation in the United States, which represented a net profit of €27 million for the first nine months of 2017. On April 6, 2017, Vivendi announced that it had signed an agreement to settle the

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[3] On July 27, 2017 (Financial Statements for the half-year ended June 30, 2017): please refer to Note 7.2 to the Condensed Financial Statements for the first nine months of 2017.

[4] For the first nine months of 2017, constant perimeter reflects the impacts of the acquisition of Havas (July 3, 2017), Paddington Bear (June 30, 2016) which has been integrated into Vivendi Village, Gameloft (June 29, 2016) and Thema America (April 7, 2016) by Canal+ Group.

remaining claims still in dispute with certain class plaintiffs for $26 million, which together with the judgments previously entered, resolved the entire litigation for an aggregate amount of $78 million (please refer to Note 14 to the Condensed Financial Statements for the first nine months of 2017).

For the first nine months of 2016, the reversal of reserve related to the Liberty Media litigation in the United States represented a net profit of €240 million. As a reminder, on February 23, 2016, Vivendi agreed on a settlement with Liberty Media and paid it $775 million (€705 million).

These factors were partially offset by:

- **amortization of intangible assets acquired through business combinations** which amounted to €92 million, compared to €168 million for the first nine months of 2016, a €76 million improvement mainly due to the change in estimate of the amortization period of Universal Music Group's music rights and catalogs which was notably extended from 15 to 20 years as from January 1, 2017 (please refer to Note 1 to the Condensed Financial Statements for the first nine months of 2017); and
- **income from equity affiliates** which amounted to a profit of €92 million, compared to a profit of €88 million for the first nine months of 2016, a €4 million improvement. This amount primarily included Vivendi's share of Telecom Italia's net earnings calculated based on the financial information disclosed by Telecom Italia[5], representing a profit of €91 million for the first nine months of 2017 (corresponding to the fourth quarter of 2016 and the first half of 2017 because of a three-month reporting lag), stable compared to the first nine months of 2016 (corresponding to the period from December 15, 2015 to June 30, 2016 because of a three-month reporting lag).

1.2.3 Financial results

For the first nine months of 2017, **interest** amounted to an expense of €38 million, compared to €27 million for the first nine months of 2016, an €11 million increase. It included:

- interest expense on borrowings for €50 million, compared to €44 million for the first nine months of 2016. This change reflected the increase in the average outstanding borrowings to €4.1 billion (compared to €2.7 billion for the first nine months of 2016) pursuant to the issuance of bonds in May and November 2016 for €2.1 billion and in September 2017 for €850 million, net of the redemption of a bond at maturity in March 2017 for €750 million, as well as the consolidation of the bonds issued by Havas for an aggregate amount of €500 million, partially offset by the decrease in the average interest rate on borrowings to 1.65% (compared to 2.16% for the first nine months of 2016); and
- interest income earned on the investment of cash surpluses for €12 million, compared to €17 million for the first nine months of 2016. This change reflected the decrease in the average outstanding cash investments to €4.1 billion (compared to €6.8 billion for the first nine months of 2016), primarily related to the acquisition of the 59.2% interest in Havas held by Bolloré Group on July 3, 2017 for €2,324 million, partially offset by the increase in the average interest rate on cash investments to 0.41% (compared to 0.33% for the first nine months of 2016).

Income from investments amounted to €28 million, stable compared to the first nine months of 2016. It mainly included dividends received from Telefonica for €20 million (compared to €23 million received from Telefonica and Telefonica Brasil for the first nine months of 2016), as well as the interest of €5 million from the bonds issued by Banijay Group and Lov Banijay and subscribed by Vivendi (compared to €4 million for the first nine months of 2016).

Other financial charges and income amounted to a net charge of €48 million, compared to a net income of €525 million for the first nine months of 2016. In 2016, they primarily included the net capital gain on the sale of Vivendi's remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes).

1.2.4 Provision for income taxes

For the first nine months of 2017, **provision for income taxes** amounted to a net charge of €187 million, compared to a net charge of €150 million for the first nine months of 2016, a €37 million increase, which notably included the favorable impact of certain non-recurring items (€30 million), including a €10 million positive impact at Universal Music Group in the United Kingdom for the first nine months of 2017 and the €41 million negative impact in connection with the reversal of reserve related to the Liberty Media litigation for the first nine months of 2016. Provision for income taxes also included the 3% tax on dividends paid by Vivendi SA (-€8 million, compared to -€38 million for the first nine months of 2016). In addition, provision for income taxes included a €30 million unfavorable change in deferred tax savings related to Vivendi SA's Tax Group System, which was a €22 million charge for the first nine months of 2017, compared to an €8 million income for the first nine months of 2016.

[5] On July 27, 2017 (Financial Statements for the half-year ended June 30, 2017) and on March 23, 2017 (Financial Statements for the year ended December 31, 2016): please refer to Note 7.2 to the Condensed Financial Statements for the first nine months 2017.

Provision for income taxes reported to adjusted net income was a net charge of €144 million, compared to a net charge of €149 million for the first nine months of 2016. The effective tax rate reported to adjusted net income was 22.6% for the first nine months of 2017, compared to 22.3% for the first nine months of 2016 (mainly due to the €41 million negative impact in connection with the reversal of reserve related to the Liberty Media litigation). Excluding non-recurring impacts, the effective tax rate reported to adjusted net income would be 21.9% for the first nine months of 2017, compared to 17.1% for the first nine months of 2016, mainly reflecting the favorable impact on the tax rate of Vivendi's Tax Group Systems in France and in the United States. In addition, the increase, during the first nine months of 2017, of 4.8 points in the effective tax rate reported to adjusted net income reflected the unfavorable impact of unutilized tax losses generated by developing businesses.

1.2.5 Non-controlling interests

For the first nine months of 2017, **earnings attributable to non-controlling interests** amounted to €28 million, compared to €23 million for the first nine months of 2016, a €5 million increase mainly resulting from the consolidation of Havas. In addition, they included the non-controlling interests of nc+ in Poland, Canal+ International and VTV in Vietnam.

1.2.6 Earnings attributable to Vivendi SA shareowners

For the first nine months of 2017, **earnings attributable to Vivendi SA shareowners** amounted to a profit of €399 million (or €0.32 per share - basic), compared to €1,175 million (or €0.92 per share - basic) for the same period in 2016, a €776 million decrease (-66.1%). This decrease primarily resulted from the favorable impact of certain non-recurring items during the first nine months of 2016, including the reversal of reserve related to the Liberty Media litigation in the United States (€240 million) as well as the net capital gain on the sale of Vivendi's remaining interest in Activision Blizzard in January 2016 (€576 million, before taxes).

1.2.7 Adjusted net income

	Nine months ended September 30,		% Change
(in millions of euros)	2017	2016	
Revenues	**8,621**	**7,712**	**+ 11.8%**
Income from operations	**741**	**730**	**+ 1.4%**
EBITA	**645**	**664**	**- 3.0%**
Income from equity affiliates	137	140	
Interest	(38)	(27)	
Income from investments	28	28	
Adjusted earnings from continuing operations before provision for income taxes	772	805	
Provision for income taxes	(144)	(149)	
Adjusted net income before non-controlling interests	628	656	
Non-controlling interests	(35)	(31)	
Adjusted net income	**593**	**625**	**- 5.2%**

For the first nine months of 2017, **adjusted net income** amounted to a profit of €593 million (or €0.47 per share - basic), compared to €625 million for the same period in 2016 (or €0.49 per share - basic), a €32 million decrease (-5.2%). The decrease in EBITA (-€19 million), the increase in interest expense (-€11 million), the decrease in income from equity affiliates (-€3 million, including a €7 million decrease in Telecom Italia's contribution) and the increase in non-controlling interests (-€4 million) were partially offset by the decrease in provision for income taxes (+€5 million).

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

(in millions of euros)	Nine months ended September 30, 2017	2016
Earnings attributable to Vivendi SA shareowners (a)	**399**	**1,175**
Adjustments		
Amortization and depreciation of intangible assets acquired through business combinations	92	168
Amortization of intangible assets related to equity affiliates	45	52
Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States (a)	(27)	(240)
Other financial charges and income	48	(525)
Earnings from discontinued operations (a)	-	2
Provision for income taxes on adjustments	43	1
Non-controlling interests on adjustments	(7)	(8)
Adjusted net income	**593**	**625**

a. As reported in the Consolidated Statement of Earnings.

Adjusted net income per share

	Nine months ended September 30, 2017		2016		
	Basic	Diluted	Basic	Diluted	
Adjusted net income (in millions of euros)	593	593	625	570	(a)
Number of shares (in millions)					
Weighted average number of shares outstanding (b)	1,251.8	1,251.8	1,277.1	1,277.1	
Potential dilutive effects related to share-based compensation	-	4.4	-	2.8	
Adjusted weighted average number of shares	1,251.8	1,256.2	1,277.1	1,279.9	
Adjusted net income per share (in euros)	**0.47**	**0.47**	**0.49**	**0.45**	

a. Corresponded only to the impact for Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information for the first half of 2016 disclosed by Telecom Italia.

b. Net of the weighted average number of treasury shares (36.8 million shares for the first nine months of 2017, compared to 59.4 million for the same period in 2016).

1.3 Business segment performance analysis

THIRD QUARTER

(in millions of euros)	Three months ended September 30, 2017	2016	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues					
Universal Music Group	1,319	1,308	+0.8%	+5.3%	+5.3%
Canal+ Group	1,257	1,263	-0.5%	-	-
Havas	525	-	na	na	na
Gameloft	63	63	-0.3%	+2.4%	+2.4%
Vivendi Village	25	24	+4.2%	+6.8%	+17.4%
New Initiatives	11	18	-36.6%	-36.6%	-12.6%
Elimination of intersegment transactions	(16)	(8)			
Total Vivendi	**3,184**	**2,668**	**+19.3%**	**+22.4%**	**+2.7%**
Income from operations					
Universal Music Group	161	174	-7.9%	-3.9%	-3.9%
Canal+ Group	174	142	+21.7%	+21.0%	+21.0%
Havas	44	-	na	na	na
Gameloft	1	4	-52.4%	-88.1%	-88.1%
Vivendi Village	(1)	(1)			
New Initiatives	(20)	(8)			
Corporate	(19)	(21)			
Total Vivendi	**340**	**290**	**+17.2%**	**+19.2%**	**+3.5%**
EBITA					
Universal Music Group	156	176	-11.6%	-7.7%	-7.7%
Canal+ Group	155	139	+11.8%	+11.0%	+11.0%
Havas	34	-	na	na	na
Gameloft	1	2	-84.0%	na	na
Vivendi Village	(10)	(5)			
New Initiatives	(21)	(11)			
Corporate	(22)	(24)			
Total Vivendi	**293**	**277**	**+5.7%**	**+7.8%**	**-5.2%**

na: not applicable.

a. Constant perimeter reflects the impacts of the acquisition of Havas (July 3, 2017).

FIRST NINE MONTHS

(in millions of euros)	Nine months ended September 30, 2017	2016	% Change	% Change at constant currency	% Change at constant currency and perimeter (a)
Revenues					
Universal Music Group	3,985	3,623	+10.0%	+10.9%	+10.9%
Canal+ Group	3,825	3,902	-2.0%	-1.6%	-1.6%
Havas	525	-	na	na	na
Gameloft	193	63	na	na	na
Vivendi Village	81	78	+4.0%	+7.6%	+8.7%
New Initiatives	34	76	-54.8%	-54.8%	-32.1%
Elimination of intersegment transactions	(22)	(30)			
Total Vivendi	**8,621**	**7,712**	**+11.8%**	**+12.6%**	**+4.1%**
Income from operations					
Universal Music Group	472	391	+20.5%	+20.9%	+20.9%
Canal+ Group	360	439	-18.1%	-19.4%	-19.5%
Havas	44	-	na	na	na
Gameloft	3	4	na	na	na
Vivendi Village	(8)	(9)			
New Initiatives	(58)	(25)			
Corporate	(72)	(70)			
Total Vivendi	**741**	**730**	**+1.4%**	**+1.1%**	**-5.2%**
EBITA					
Universal Music Group	442	353	+25.2%	+25.5%	+25.5%
Canal+ Group	326	427	-23.5%	-24.8%	-24.9%
Havas	34	-	na	na	na
Gameloft	-	2	na	na	na
Vivendi Village	(19)	(9)			
New Initiatives	(59)	(35)			
Corporate	(79)	(74)			
Total Vivendi	**645**	**664**	**-3.0%**	**-3.3%**	**-8.6%**

na: not applicable.

a. Constant perimeter reflects the impacts of the acquisitions of Havas (July 3, 2017), Paddington Bear (June 30, 2016) which has been integrated into Vivendi Village, Gameloft (June 29, 2016) and Thema America (April 7, 2016) by Canal+ Group.

1.3.1 Universal Music Group (UMG)

Universal Music Group's (UMG) revenues amounted to €3,985 million, up 10.9% at constant currency and perimeter compared to the first nine months of 2016 (+10.0% on an actual basis).

Recorded music revenues grew by 12.1% at constant currency and perimeter as growth in subscription and streaming revenues (+40.8%) more than offset the continued decline in both download and physical sales.

Music publishing revenues grew by 9.6% at constant currency and perimeter, also driven by increased subscription and streaming revenues, as well as growth in synchronization and performance revenues.

Merchandising and other revenues were down 2.8% at constant currency and perimeter, due to lower touring activity.

Recorded music best sellers for the first nine months of 2017 included new releases from Kendrick Lamar and Drake, carryover sales from The Weeknd, the 50th Anniversary edition of *Sgt. Pepper's Lonely Hearts Club Band* by the Beatles, and soundtrack releases from the movies *Moana* and *La La Land*.

UMG's income from operations amounted to €472 million, up 20.9% at constant currency and perimeter compared to the first nine months of 2016 (+20.5% on an actual basis) as a result of higher revenues.

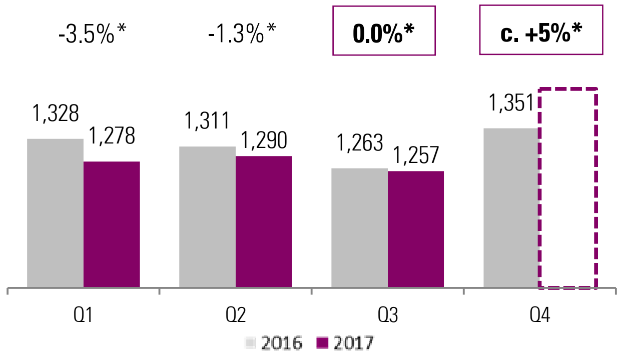
UMG's EBITA amounted to €442 million, up 25.5% at constant currency and perimeter compared to the first nine months of 2016 (+25.2% on an actual basis) as a result of higher revenues and lower restructuring charges. EBITA for the first nine months of 2016 included a legal settlement income.

For the third quarter of 2017, excluding the legal settlement income and a one-time catch up in accounting for certain streaming revenues recognized in the third quarter of 2016, and at constant currency and perimeter compared to the same period of 2016, revenues amounted to €1,319 million, up 8.3%, and EBITA amounted to €156 million, up 6.2%. Including these items and at constant currency and perimeter compared to the same period of 2016, revenues grew by 5.3% and EBITA was down 7.7%.

1.3.2 Canal+ Group

Canal+ Group's revenues amounted to €3,825 million, down 2.0% compared to the first nine months of 2016 (-1.6% at constant currency and perimeter), improving quarter after quarter.

Canal+ Group's revenues *(in millions of euros)*



** At constant currency and perimeter*

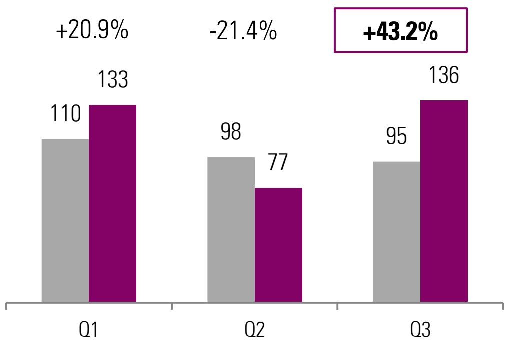
At the end of September 2017, Canal+ Group's individual subscriber base reached 14.2 million, up 3.2 million year-on-year, notably thanks to the wholesale agreements with telecom operators, in particular Free and Orange.

Revenues from international pay-TV operations grew by 5.1% compared to the first nine months of 2016 (+5.9% at constant currency and perimeter), driven by a net increase in the subscriber base of 574,000 year-on-year.

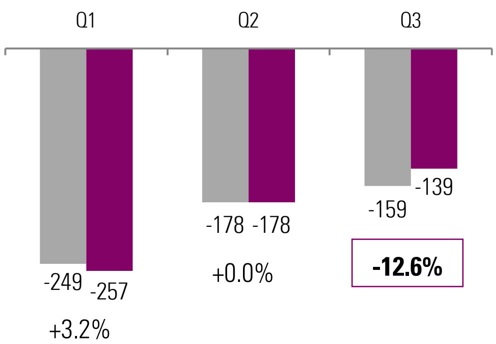
Revenues from pay-TV operations in mainland France were down 4.2% compared to the first nine months of 2016. The situation is improving: the decline is slowing down, with -7.8% in the first quarter of 2017, -2.6% in the second quarter of 2017 and -2% in the third quarter of 2017 compared to the same periods of 2016. The change in revenues is due to a reduction of the free-to-air window on the Canal+ channel and lower subscription revenue, partially offset by revenues generated from partnerships with internet service providers.

In mainland France, the recovery of the individual subscriber base was confirmed in the third quarter of 2017. For the first time since the beginning of 2015, net recruitments were positive from one quarter to the next: the subscriber base grew slightly in the third quarter of 2017 with a net gain of 1,000 subscribers compared to a decline over the same period in 2016. This favorable trend was driven by an increase in the number of recruitments (for individual subscribers with commitment: +43% in the third quarter of 2017 and +14% for the first nine months of 2017 compared to the same periods of 2016) combined with an improved churn rate (for individual subscribers with commitment: -13% cancellations in the third quarter of 2017 and -2% for the first nine months of 2017 compared to the same periods of 2016).

Retail subs* - Gross adds
(in thousands)



Retail subs* - Cancellations
(in thousands)



2016 2017

** Individual subscribers with commitment in mainland France*

Advertising revenues from free-to-air channels in mainland France was slightly up by 0.7% in the third quarter of 2017 compared to the same period in 2016. It was down over the first nine months of 2017, notably due to a loss of revenues at C8 resulting from the sanction imposed by the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) on June 7, 2017, despite a strong attraction toward the channel, which is the leader among DTT channels in France and the fifth most watched French channel.

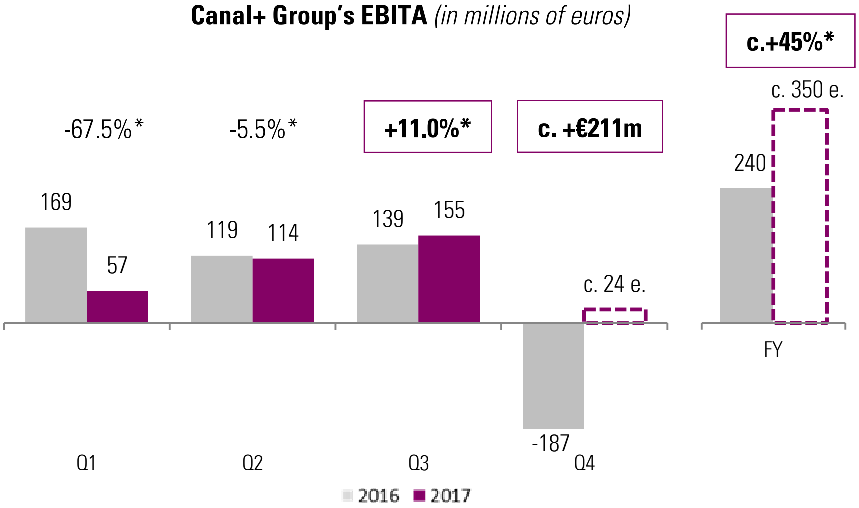
Studiocanal's revenues were down compared to the first nine months of 2016 despite the strong theatrical performances of *Alibi.com* and *La La Land* (distributed by Studiocanal in Germany) due to strong catalog sales in 2016. Major releases are scheduled for the fourth quarter of 2017, including *School of Life* (*L'Ecole Buissonnière*), *Marry Me Dude* (*Epouse-Moi Mon Pote*) and *Paddington 2*.

With the release of *Paddington 2* on November 10, 2017, Studiocanal had its biggest opening weekend yet at the UK box office. The film opened in 606 sites, the company's widest release ever, bringing in a weekend total of £8.258 million (a 59% increase over the opening box office sales for the first *Paddington* movie in 2014).

Canal+ Group's income from operations amounted to €360 million, compared to €439 million for the first nine months of 2016.

EBITA amounted to €326 million, compared to €427 million for the first nine months of 2016, notably due to the increase in reorganization costs. EBITA for the second and third quarters showed a clear improvement compared to the first quarter of 2017.

Canal+ Group's EBITA *(in millions of euros)*



** At constant currency and perimeter*

On October 20, 2017, Telecom Italia and Canal+ Group announced the creation of a joint-venture held at 60% and 40%, respectively, and focused on rights acquisition and production of films and TV series.

The joint venture will support Telecom Italia in the development of a unique pay-TV offer in Italy, both linear and nonlinear (SVOD, VOD, catch-up). The joint venture will manage Italian and international productions and co-productions, as well as the acquisition of rights. The objective is to offer Telecom Italia customers an innovative content offering allowing the operator to develop its fixed and mobile broadband customer base.

1.3.3 Havas

Vivendi has fully consolidated Havas since July 3, 2017.

Havas's revenues (gross margin) amounted to €525 million for the third quarter of 2017. The breakdown of revenues by geographical market is as follow: 49 % in Europe (including 19% in France), 35% in North America, 9% in Asia Pacific and Africa, and 7% in Latin America.

Revenues (gross margin) were up 0.1% organically for the third quarter of 2017 compared to the third quarter of 2016, bouncing back after the 0.9% decrease suffered in the second quarter of 2017.

The North America region delivered a strong performance (organic growth of 2.9% for the third quarter of 2017 compared to the third quarter of 2016), benefiting from the effects of a new organization and the unflagging commitment of the teams.

The APAC and Africa regions (organic growth of 8.4% for the third quarter of 2017 compared to the third quarter of 2016) reported highly encouraging operating performances in a macroeconomic climate less favorable than in the recent past.

The LATAM region reported organic growth of 13.4% for the third quarter of 2017 compared to the third quarter of 2016.

The Europe region remained weak despite the dynamism of the French agencies that recorded organic growth of 2.6% for the third quarter of 2017 compared to the third quarter of 2016.

Havas's financial results were impacted by lower spending by advertisers, which affected the entire industry, and a business slowdown in Europe, in particular in the United Kingdom.

Havas's income from operations amounted to €44 million for the third quarter of 2017 and EBITA amounted to €34 million.

During the third quarter of 2017, Havas won 143 awards in various competitions.

1.3.4 Gameloft

Gameloft's revenues amounted to €193 million for the first nine months of 2017. The breakdown of revenues by geographical market was as follow: 34% in the EMEA region (Europe, the Middle East and Africa), 28% in Asia Pacific, 27% in North America, and 11% in Latin America.

For the first nine months of 2017, Gameloft's monthly active users (MAU) reached an average of 134 million and daily active users (DAU) an average of 16 million.

66% of Gameloft's revenues were generated by internally developed franchises. Since the beginning of the year, Gameloft has benefited from the strong performance of its back catalog, with certain games such as *Dragon Mania Legends*, *Disney Magic Kingdoms*, *March of Empires*, *Asphalt 8: Airborne* and *Sniper Fury* delivering high revenue growth.

Revenues generated through the Apple, Google and Microsoft stores (in-App sales) increased by 8% for the first nine months of 2017 compared to the same period of last year.

Gameloft's performance was also driven by the dynamism of its mobile advertising agency *Gameloft Advertising Solutions*, whose sales increased to €27 million, up 129% year-on-year, representing 13.8% of total revenues during the first nine months of 2017.

Gameloft released eight new games on smartphone during the first nine months of 2017: *Gangstar New Orleans*, *N.O.V.A. Legacy*, *City Mania*, *Blitz Brigade: Rival Tactics*, *Iron Blade*, *Asphalt Street Storm Racing*, *War Planet Online* and *Modern Combat Versus*.

Paddington™ Run, the official game of the second *Paddington* movie, has been available on iPhone, iPad, Android and Windows Phone since October 26, 2017. To successfully accomplish this project, Gameloft's studios worked closely with the creative teams of Studiocanal and The Copyrights Group, the Vivendi Village subsidiary managing the Paddington Bear licensing rights.

Thanks to an increase in revenues and good control of operating costs, Gameloft's income from operations amounted to €3 million for the first nine months of 2017 and EBITA reached breakeven.

1.3.5 Vivendi Village

Vivendi Village's revenues amounted to €81 million, a 4.0% increase compared to the first nine months of 2016 (+7.6% at constant currency and +8.7% at constant currency and perimeter).

Over the same period, Vivendi Village's income from operations amounted to a loss of €8 million (-€9 million for the first nine months of 2016) and EBITA amounted to a loss of €19 million (-€9 million for the first nine months of 2016) due to Watchever's discontinuation.

Vivendi Ticketing's activities, which generated revenues of €38 million for the first nine months of 2017, maintained strong performances in the United Kingdom and in France, while the newer U.S. business continues its satisfactory development (ticket sales up by more than 30% in September compared to the average sales in July and August).

CanalOlympia accelerated the development of its network with the opening of a 7th cinema and entertainment venue in sub-Saharan Africa in Lomé, Togo, on October 24, 2017. An additional venue is set to be inaugurated shortly in Benin and four more are under construction.

1.3.6 New Initiatives

New initiatives, which groups together projects being launched or under development including Dailymotion, Vivendi Content (including Studio+) and GVA (Group Vivendi Africa), had revenues amounting to €34 million and operating income amounting to a loss of €58 million.

Dailymotion significantly transformed its offer by launching a new customer experience in July, making it easier to discover and watch videos, tapping into users' interests and desires. Premium video consumption is up 60% and the number of videos viewed during one session is up 25%. The new interface was launched in the United States in October with the support of several prestigious partners, including the BBC, Bloomberg and Condé Nast Entertainment. The worldwide roll-out will be completed during the fourth quarter of 2017.

Studio+, an innovative offer of short premium series, experienced significant growth during the third quarter of 2017, with 5.3 million customers (all forms of service provision combined) at the end of September 2017, mainly thanks to a strengthening of the agreements with telecom operators who are making the service available to their subscribers in France, Italy and Latin America. The service became available in the United States through the App Store on November 7, 2017, and will soon be available via Google Play. As an evidence of the quality of the content proposed, two series produced by Studio+ have been nominated for the International Emmy Awards to be held this November 20.

On October 26, 2017, GVA launched its first ultra-high speed fiber optic offer, Canalbox, in Libreville, Gabon, in partnership with Canal+ Group. GVA invests in its own network, which it builds and manages.

1.3.7 Corporate

Corporate's income from operations amounted to a net charge of €72 million, compared to a net charge of €70 million for the first nine months of 2016, a €2 million increase, primarily due to the increase in legal fees related to ongoing litigations, notably in Italy, partially offset by non-recurring positive items.

Corporate's EBITA amounted to a net charge of €79 million, compared to a net charge of €74 million for the first nine months of 2016, a €5 million increase. In addition to the change in income from operations, EBITA was affected by an increase in charges related to share-based compensation plans.

2 Liquidity and capital resources

2.1 Financial Net Debt and equity portfolio

Preliminary comments:

"Financial Net Debt" and "Net Cash Position", non-GAAP measures, should be considered in addition to, and not as a substitute for, other GAAP measures as presented in the Consolidated Statement of Financial Position, as well as any other measures of indebtedness reported in accordance with GAAP. Vivendi considers these to be relevant indicators of the group's liquidity and capital resources. Vivendi Management uses these indicators for reporting, management, and planning purposes, as well as to comply with certain covenants.

Financial Net Debt and Net Cash Position are calculated as follows:

- *Financial Net Debt is calculated as the sum of long-term and short-term borrowings and other financial liabilities (as reported in the Consolidated Statement of Financial Position), less cash and cash equivalents (as reported in the Consolidated Statement of Financial Position), cash management financial assets (included in the Consolidated Statement of Financial Position under "financial assets") as well as derivative financial instruments in assets, and cash deposits backing borrowings (included in the Consolidated Statement of Financial Position under "financial assets");*
- *Net Cash Position is calculated as the sum of cash and cash equivalents (as reported in the Consolidated Statement of Financial Position), cash management financial assets (included in the Consolidated Statement of Financial Position under "financial assets"), derivative financial instruments in assets, and cash deposits backing borrowings (included in the Consolidated Statement of Financial Position under "financial assets") less long-term and short-term borrowings and other financial liabilities (as reported in the Consolidated Statement of Financial Position).*

2.1.1 Financial Net Debt as of September 30, 2017

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	September 30, 2017	December 31, 2016
Cash and cash equivalents (a)	9	2,412	4,072
Cash management financial assets	9	200	998
Cash position		**2,612**	**5,070**
Derivative financial instruments in assets	8	63	79
Borrowings and other financial liabilities	11	(5,849)	(4,081)
of which long-term (a)		*(4,293)*	*(2,977)*
short-term (a)		*(1,556)*	*(1,104)*
Borrowings and other financial items		**(5,786)**	**(4,002)**
Net Cash Position/(Financial Net Debt)		**(3,174)**	**1,068**

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

As of September 30, 2017, Vivendi's Financial Net Debt amounted to €3,174 million, compared to a Net Cash Position of €1,068 million as of December 31, 2016. The €4,242 million increase in Financial Net Debt mainly resulted from the acquisition of Havas on July 3, 2017, representing an overall impact of €3,915 million as of September 30, 2017.

As of September 30, 2017, the group's cash position amounted to €2,612 million (compared to €5,070 million as of December 31, 2016) of which €1,800 million was held by Vivendi SA (compared to €4,709 million as of December 31, 2016), and primarily invested as follows:

- €876 million invested in money market funds and classified as "cash and cash equivalents";
- €763 million invested in term deposits, interest-bearing current accounts and Medium Term Notes (MTN), of which €688 million is classified as "cash and cash equivalents" and €75 million as "financial assets"; and
- €155 million invested in bond funds, of which €30 million is classified as "cash and cash equivalents" and €125 million as "financial assets".

As of September 30, 2017, Vivendi's borrowings and other financial liabilities amounted to €5,849 million (compared to €4,081 million as of December 31, 2016) and mainly comprised:

- €4,150 million in bonds issued by Vivendi SA (€3,650 million) and Havas SA (€500 million, including €400 million maturing in December 2020 and €100 million maturing in July 2018). Vivendi SA's bonds increased by €100 million following the issuance of a new bond in September 2017 (+€850 million), under the Euro Medium-Term Note (EMTN) program, net of the redemption at maturity in March 2017 of the bond issued in March 2010 (-€750 million);
- €675 million, related to the commitment to purchase Havas shares as part of the simplified public tender offer that ran from September 21 until October 4, 2017, recorded as a financial liability in Vivendi's Statement of Financial Position as of September 30, 2017 and paid in cash between October 1 and October 6, 2017; and
- €434 million in short-term marketable securities[6] issued by Vivendi SA (€390 million) and by Havas SA (€44 million).

Vivendi SA has a €2 billion bank credit facility (maturing in October 2021), which was undrawn as of September 30, 2017. Taking into account the short-term marketable securities[6] backed by this bank credit facility and issued for €390 million, this facility was available for €1.6 billion as of September 30, 2017. As of November 13, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the first nine months of 2017), taking into account the short-term marketable securities[6] issued for €250 million, this facility was available for €1.75 billion. Short-term marketable securities[6] are expected to be reimbursed in majority by the end of 2017.

In addition, Havas SA has committed credit facilities, undrawn as of September 30, 2017, granted by leading banks for an aggregate amount of €510 million, including €150 million maturing in 2018, €330 million maturing in 2020 and €30 million maturing in 2021.

Moreover, on March 22, 2017, Vivendi set up a €3 billion Euro Medium-Term Note (EMTN) program, filed with the AMF (*Autorité des marchés financiers*) which granted visa n°17-104, giving Vivendi full flexibility to issue bonds, if it decides to do so.

2.1.2 Equity portfolio

As of September 30, 2017, Vivendi held a portfolio of listed non-controlling equity interests, mainly in Telecom Italia, Mediaset, Ubisoft, Telefonica and Fnac Darty. As of that date, this equity portfolio represented an aggregate market value of approximately €6.4 billion (before taxes), compared to €6.1 billion as of December 31, 2016: please refer to Notes 7 and 8 to the Condensed Financial Statements for the first nine months of 2017.

As of November 13, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the first nine months of 2017), the value of Vivendi's portfolio of listed non-controlling equity interests amounted to approximately €6.2 billion (before taxes).

2.2 Changes in liquidity

(in millions of euros)	Cash and cash equivalents	Borrowings and other financial items (a)	Net Cash Position/(Financial Net Debt)
Net Cash Position as of December 31, 2016	**4,072**	**(3,004)**	**1,068**
(Outflows)/inflows:			
Operating activities	763	-	763
Investing activities	(2,047)	(2,181)	(4,228)
Financing activities	(337)	(382)	(719)
Foreign currency translation adjustments	(39)	(19)	(58)
(Financial Net Debt) as of September 30, 2017	**2,412**	**(5,586)**	**(3,174)**

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

As of September 30, 2017, Vivendi's Financial Net Debt amounted to €3,174 million, compared to a Net Cash Position of €1,068 million as of December 31, 2016, a -€4,242 million change mainly attributable to the following transactions:

- -€3,915 million (including the financial transaction tax) related to the acquisition of 94.59% of Havas's share capital, including the acquisition on July 3, 2017 of Bolloré Group's 59.2% majority interest in Havas (€2,324 million), the simplified public tender offer for

[6] *Since June 1, 2016, in accordance with the French Monetary and Financial Code (Code monétaire et financier), "short-term marketable securities" have replaced "commercial papers".*

the remaining Havas shares that ran from September 21 until October 4, 2017 (€1,389 million), and the integration of the Financial Net Debt of Havas as of July 3, 2017 (€202 million);

- -€313 million related to other investments made during the first nine months of 2017. These mainly included capital expenditures for €164 million, the payment of a €70 million deposit as part of an agreement to purchase a piece of land on the île Seguin in the Parisian suburb Boulogne Billancourt and the acquisition of additional Ubisoft shares for €38 million; and
- -€719 million related to financial activities, primarily corresponding to the dividend paid in May 2017 with respect to fiscal year 2016 (€499 million) and to the share repurchase program for €203 million.

These outflows were partially offset by the net cash provided by operating activities (after taxes) for €763 million.

2.3 Cash flow from operations analysis

Preliminary comment:

"Cash flow from operations" (CFFO) and "cash flow from operations after interest and taxes" (CFAIT), non-GAAP measures, should be considered in addition to, and not as substitutes for, other GAAP measures of operating and financial performance as presented in the Consolidated Financial Statements and the related notes or as described in this Financial Report. Vivendi considers these to be relevant indicators of the group's operating and financial performance.

	Nine months ended September 30,		
(in millions of euros)	2017	2016	% Change
Revenues	8,621	7,712	+11.8%
Operating expenses excluding depreciation and amortization	(7,673)	(6,762)	-13.5%
	948	*950*	*-0.2%*
Restructuring charges paid	(59)	(72)	+18.3%
Content investments, net	(249)	(122)	x 2.0
of which content investments paid	*(2,025)*	*(1,809)*	*-11.9%*
recoupments of advances/consumption of rights	*1,776*	*1,687*	*+5.2%*
Neutralization of change in provisions included in operating expenses	(70)	(50)	-40.4%
Other cash operating items	9	9	+14.8%
Other changes in net working capital	(137)	(33)	x 4.2
Net cash provided by/(used for) operating activities before income tax paid	***442***	***682***	***-35.1%***
Dividends received from equity affiliates and unconsolidated companies	16	28	-42.1%
Capital expenditures, net (capex, net)	(164)	(155)	-6.3%
Cash flow from operations (CFFO)	**294**	**555**	**-47.1%**
Interest paid, net	(38)	(27)	-39.0%
Other cash items related to financial activities	(80)	(87)	+8.0%
Income tax (paid)/received, net	321	(248)	na
Cash flow from operations after interest and income tax paid (CFAIT)	**497**	**193**	**x 2.6**

na: not applicable.

2.3.1 Changes in cash flow from operations (CFFO)

For the first nine months of 2017, cash flow from operations (CFFO) generated by the group's business segments amounted to €294 million (compared to €555 million for the first nine months of 2016), a €261 million decrease. This change primarily resulted from the increase in content investments at Universal Music Group and Studiocanal, as well as the decrease in Canal+ Group's performance.

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

For the first nine months of 2017, cash flow from operations after interest and income tax paid (CFAIT) represented a €497 million net inflow, compared to a €193 million net inflow for the first nine months of 2016, i.e., a €304 million improvement. The unfavorable change in CFFO was more than offset by the favorable change in cash flows related to income taxes.

Cash flow related to income taxes amounted to a €321 million net inflow, compared to a €248 million net outflow for the first nine months of 2016, i.e., a €569 million improvement. For the first nine months of 2017, it notably included (i) a €346 million inflow received on April 18, 2017 as part of the settlement of a litigation related to tax credits utilized by Vivendi with respect to fiscal year 2012, (ii) the €136 million reimbursement of tax installments paid in 2016 under the French Tax Group System for fiscal year 2016, and (iii) a €10 million inflow at

Universal Music Group in the United Kingdom, related to a litigation settlement. In addition, the payment related to the 3% tax on dividends paid by Vivendi SA decreased by €70 million (€8 million, compared to €78 million for the first nine months of 2016).

For the first nine months of 2017, financial activities generated a €118 million net outflow, compared to a €114 million net outflow for the same period in 2016, i.e., a €4 million increase. They mainly included cash outflows generated by foreign exchange risk hedging instruments for -€72 million as a result of the depreciation of the dollar (USD) against the euro, compared to -€71 million for the first nine months of 2016 which period also included the depreciation of the British pound (GBP) against the euro following the announcement of Brexit. In addition, net interest paid increased by €11 million (€38 million, compared to €27 million for the first nine months of 2016).

2.3.3 Reconciliation of CFAIT to net cash provided by operating activities

	Nine months ended September 30,	
(in millions of euros)	2017	2016
Cash flow from operations after interest and income tax paid (CFAIT)	**497**	**193**
Adjustments		
Capital expenditures, net (capex, net)	164	155
Dividends received from equity affiliates and unconsolidated companies	(16)	(28)
Interest paid, net	38	27
Other cash items related to financial activities	80	87
Net cash provided by operating activities (a)	**763**	**434**

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

2.4 Analysis of investing and financing activities

2.4.1 Investing activities

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	Nine months ended September 30, 2017
Financial investments		
Acquisition of Havas	2	(2,467)
Of which acquisition of Bolloré Group's majority interest in Havas		*(2,324)*
acquisition of Havas shares as part of the simplified public tender offer		*(714)*
cash acquired from Havas (a)		*571*
Deposit paid as part of a land purchase agreement in Boulogne Billancourt	13	(70)
Acquisition of Ubisoft shares		(38)
Acquisition of the remaining interest in Dailymotion	13	(26)
Acquisition of cash management financial assets	9	(50)
Other		(106)
Total financial investments		**(2,757)**
Financial divestments		
Disposal of cash management financial assets	9	828
Partial redemption of the ORAN 1 by Banijay Group	7	39
Other		(9)
Total financial divestments		**858**
Dividends received from equity affiliates and unconsolidated companies		16
Capital expenditures, net	3	(164)
Net cash provided by/(used for) investing activities (b)		**(2,047)**

a. The Financial Net Debt of Havas acquired by Vivendi on July 3, 2017 amounted to €202 million (please refer to section 2.2).

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

2.4.2 Financing activities

(in millions of euros)	Refer to Notes to the Consolidated Financial Statements	Nine months ended September 30, 2017
Transactions with shareowners		
Distribution to Vivendi SA's shareowners	10	(499)
Sale/(purchase) of Vivendi SA's treasury shares	10	(203)
Capital increase subscribed by employees as part of the Stock Purchase Plan		68
Exercise of stock options by executive management and employees		38
Other		(45)
Total transactions with shareowners		**(641)**
Transactions on borrowings and other financial liabilities		
Issuance of bonds	11	850
Issuance of short-term marketable securities	11	290
Redemption of bonds	11	(750)
Interest paid, net	4	(38)
Other		(48)
Total transactions on borrowings and other financial liabilities		**304**
Net cash provided by/(used for) financing activities (a)		**(337)**

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

3 Outlook

Vivendi confirms its 2017 announced on February 23, 2017: revenues should increase by more than 5% (prior to the integration of Havas) and, thanks to the measures taken in 2016, EBITA should increase by around 25% (prior to the integration of Havas). In particular, at constant currency, Universal Music Group's revenues are expected to increase by around 10% and its EBITA by close to 20%. For the full-year 2017, Canal+ Group confirms its EBITA target of approximately €350 million, compared to €240 million in 2016.

4 Forward-Looking Statements

Cautionary note

This Financial Report contains forward-looking statements with respect to Vivendi's financial condition, results of operations, business, strategy, plans and outlook of Vivendi, including the impact of certain transactions, the payment of dividends and distributions as well as share repurchases. Although Vivendi believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Vivendi's control, including, but not limited to, the risks related to antitrust and other regulatory approvals, and to any other approvals which may be required in connection with certain transactions, as well as the risks described in the documents of the group filed by Vivendi with the *Autorité des marchés financiers* (the "AMF") (the French securities regulator), and in its press releases, if any, which are also available in English on Vivendi's website (www.vivendi.com). In addition, Havas's specific risk factors are described in its 2016 Annual Report available on the Havas website (www.havas.com). Accordingly, readers are cautioned against relying on such forward-looking statements. These forward-looking statements are made as of the date of this Financial Report. Vivendi disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

5 Other Disclaimers

Unsponsored ADRs

Vivendi does not sponsor any American Depositary Receipt (ADR) facility in respect of its shares. Any ADR facility currently in existence is "unsponsored" and has no ties whatsoever to Vivendi. Vivendi disclaims any liability in respect of any such facility.

Translation

This Financial Report is an English translation of the French version of the report and is provided solely for the convenience of English speaking readers. This translation is qualified in its entirety by the French version, which is available on the company's website (www.vivendi.com). In the event of any inconsistencies between the French version of this Financial Report and the English translation, the French version will prevail.

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

Quarterly revenues, income from operations and EBITA by business segment

	2017		
(in millions of euros)	Three months ended March 31,	Three months ended June 30,	Three months ended September 30,
Revenues			
Universal Music Group	1,284	1,382	1,319
Canal+ Group	1,278	1,290	1,257
Havas	-	-	525
Gameloft	68	62	63
Vivendi Village	26	30	25
New Initiatives	10	13	11
Elimination of intersegment transactions	(3)	(3)	(16)
Total Vivendi	**2,663**	**2,774**	**3,184**
Income from operations			
Universal Music Group	141	170	161
Canal+ Group	51	135	174
Havas	-	-	44
Gameloft	4	(2)	1
Vivendi Village	(4)	(3)	(1)
New Initiatives	(16)	(22)	(20)
Corporate	(23)	(30)	(19)
Total Vivendi	**153**	**248**	**340**
EBITA			
Universal Music Group	134	152	156
Canal+ Group	57	114	155
Havas	-	-	34
Gameloft	3	(4)	1
Vivendi Village	(4)	(5)	(10)
New Initiatives	(16)	(22)	(21)
Corporate	(25)	(32)	(22)
Total Vivendi	**149**	**203**	**293**

	2016			
(in millions of euros)	Three months ended March 31,	Three months ended June 30,	Three months ended September 30,	Three months ended December 31,
Revenues				
Universal Music Group	1,119	1,196	1,308	1,644
Canal+ Group	1,328	1,311	1,263	1,351
Gameloft	-	-	63	69
Vivendi Village	25	29	24	33
New Initiatives	30	28	18	27
Elimination of intersegment transactions	(11)	(11)	(8)	(17)
Total Vivendi	**2,491**	**2,553**	**2,668**	**3,107**
Income from operations				
Universal Music Group	102	115	174	296
Canal+ Group	164	133	142	(136)
Gameloft	-	-	4	6
Vivendi Village	(4)	(4)	(1)	2
New Initiatives	(9)	(8)	(8)	(19)
Corporate	(25)	(24)	(21)	(26)
Total Vivendi	**228**	**212**	**290**	**123**
EBITA				
Universal Music Group	79	98	176	291
Canal+ Group	169	119	139	(187)
Gameloft	-	-	2	5
Vivendi Village	-	(4)	(5)	-
New Initiatives	(10)	(14)	(11)	(21)
Corporate	(25)	(25)	(24)	(28)
Total Vivendi	**213**	**174**	**277**	**60**

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III- Unaudited Condensed Financial Statements for the first nine months of 2017

Condensed Statement of Earnings

	Note	Three months ended September 30, (unaudited) 2017	2016	Nine months ended September 30, (unaudited) 2017	2016	Year ended December 31, 2016
Revenues	3	**3,184**	**2,668**	**8,621**	**7,712**	**10,819**
Cost of revenues		(1,693)	(1,629)	(5,091)	(4,717)	(6,829)
Selling, general and administrative expenses		(1,203)	(806)	(2,917)	(2,437)	(3,395)
Restructuring charges	3	(22)	(14)	(60)	(62)	(94)
Impairment losses on intangible assets acquired through business combinations		-	-	-	-	(23)
Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States	14	-	-	27	240	240
Income from equity affiliates	7	44	76	92	88	169
Earnings before interest and income taxes (EBIT)		**310**	**295**	**672**	**824**	**887**
Interest	4	(13)	(10)	(38)	(27)	(40)
Income from investments		13	6	28	28	47
Other financial income		3	6	16	680	692
Other financial charges		(16)	(16)	(64)	(155)	(254)
		(13)	***(14)***	***(58)***	***526***	***445***
Earnings before provision for income taxes		**297**	**281**	**614**	**1,350**	**1,332**
Provision for income taxes	5	(63)	(15)	(187)	(150)	(77)
Earnings from continuing operations		**234**	**266**	**427**	**1,200**	**1,255**
Earnings from discontinued operations		-	-	-	(2)	20
Earnings		**234**	**266**	**427**	**1,198**	**1,275**
Of which						
Earnings attributable to Vivendi SA shareowners		**223**	**264**	**399**	**1,175**	**1,256**
Non-controlling interests		11	2	28	23	19
Earnings attributable to Vivendi SA shareowners per share - basic	6	**0.18**	**0.21**	**0.32**	**0.92**	**0.99**
Earnings attributable to Vivendi SA shareowners per share - diluted	6	0.18	0.18	0.32	0.89	0.95

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

Note: Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 16, respectively.

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

Condensed Statement of Comprehensive Income

(in millions of euros)	Three months ended September 30, (unaudited) 2017	Three months ended September 30, (unaudited) 2016	Nine months ended September 30, (unaudited) 2017	Nine months ended September 30, (unaudited) 2016	Year ended December 31, 2016
Earnings	**234**	**266**	**427**	**1,198**	**1,275**
Actuarial gains/(losses) related to employee defined benefit plans, net	(1)	-	-	-	(80)
Actuarial gains/(losses) related to employee defined benefit plans of equity affiliates	5	(14)	15	(15)	(15)
Items not reclassified to profit or loss	**4**	**(14)**	**15**	**(15)**	**(95)**
Foreign currency translation adjustments	(208)	(158)	(750)	(383)	43
Unrealized gains/(losses), net	116	147	403	(363)	(217)
of which hedging instruments	-	*32*	*21*	*155*	*146*
assets available for sale	*116*	*115*	*382*	*(518)* (a)	*(363)* (a)
Comprehensive income from equity affiliates, net	(70)	99	(34)	132	128
Other impacts, net	18	(5)	(7)	16	14
Items to be subsequently reclassified to profit or loss	**(144)**	**83**	**(388)**	**(598)**	**(32)**
Charges and income directly recognized in equity	**(140)**	**69**	**(373)**	**(613)**	**(127)**
Total comprehensive income	**94**	**335**	**54**	**585**	**1,148**
Of which					
Total comprehensive income attributable to Vivendi SA shareowners	**87**	**321**	**15**	**549**	**1,122**
Total comprehensive income attributable to non-controlling interests	7	14	39	36	26

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

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

Condensed Statement of Financial Position

(in millions of euros)	Note	September 30, 2017 (unaudited)	December 31, 2016
ASSETS			
Goodwill		12,181	10,987
Non-current content assets		2,107	2,169
Other intangible assets		440	310
Property, plant and equipment		918	671
Investments in equity affiliates	7	4,504	4,416
Non-current financial assets	8	4,339	3,900
Deferred tax assets		865	752
Non-current assets		**25,354**	**23,205**
Inventories		212	123
Current tax receivables		358	536
Current content assets		1,412	1,054
Trade accounts receivable and other		4,691	2,273
Current financial assets	8	294	1,102
Cash and cash equivalents	9	2,412	4,072
Current assets		**9,379**	**9,160**
TOTAL ASSETS		**34,733**	**32,365**
EQUITY AND LIABILITIES			
Share capital		7,103	7,079
Additional paid-in capital		4,285	4,238
Treasury shares		(670)	(473)
Retained earnings and other		5,966	8,539
Vivendi SA shareowners' equity		**16,684**	**19,383**
Non-controlling interests		314	229
Total equity	10	**16,998**	**19,612**
Non-current provisions		1,976	1,785
Long-term borrowings and other financial liabilities	11	4,293	2,977
Deferred tax liabilities		766	726
Other non-current liabilities		191	126
Non-current liabilities		**7,226**	**5,614**
Current provisions		373	356
Short-term borrowings and other financial liabilities	11	1,556	1,104
Trade accounts payable and other		8,480	5,614
Current tax payables		100	65
Current liabilities		**10,509**	**7,139**
Total liabilities		**17,735**	**12,753**
TOTAL EQUITY AND LIABILITIES		**34,733**	**32,365**

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

Condensed Statement of Cash Flows

(in millions of euros)	Note	Nine months ended September 30, (unaudited) 2017	2016	Year ended December 31, 2016
Operating activities				
EBIT		672	824	887
Adjustments		156	13	104
Content investments, net		(249)	(122)	(55)
Gross cash provided by operating activities before income tax paid		***579***	***715***	***936***
Other changes in net working capital		(137)	(33)	(7)
Net cash provided by operating activities before income tax paid		***442***	***682***	***929***
Income tax (paid)/received, net		321	(248)	(271)
Net cash provided by operating activities		**763**	**434**	**658**
Investing activities				
Capital expenditures	3	(165)	(155)	(235)
Purchases of consolidated companies, after acquired cash		(2,547)	(554)	(553)
Investments in equity affiliates		(2)	(553)	(772)
Increase in financial assets		(208)	(949)	(2,759)
Investments		***(2,922)***	***(2,211)***	***(4,319)***
Proceeds from sales of property, plant, equipment and intangible assets	3	1	-	2
Proceeds from sales of consolidated companies, after divested cash		-	(17)	3
Disposal of equity affiliates		-	1	1
Decrease in financial assets		858	1,799	1,967
Divestitures		***859***	***1,783***	***1,973***
Dividends received from equity affiliates		2	3	8
Dividends received from unconsolidated companies		14	24	25
Net cash provided by/(used for) investing activities		**(2,047)**	**(401)**	**(2,313)**
Financing activities				
Net proceeds from issuance of common shares in connection with Vivendi SA's share-based compensation plans		106	79	81
Sales/(purchases) of Vivendi SA's treasury shares	10	(203)	(1,623)	(1,623)
Distributions to Vivendi SA's shareowners	10	(499)	(2,588)	(2,588)
Other transactions with shareowners		(10)	(4)	(3)
Dividends paid by consolidated companies to their non-controlling interests		(35)	(26)	(34)
Transactions with shareowners		***(641)***	***(4,162)***	***(4,167)***
Setting up of long-term borrowings and increase in other long-term financial liabilities	11	851	1,501	2,101
Principal payment on long-term borrowings and decrease in other long-term financial liabilities		-	-	(16)
Principal payment on short-term borrowings	11	(815)	(42)	(557)
Other changes in short-term borrowings and other financial liabilities	11	386	210	260
Interest paid, net	4	(38)	(27)	(40)
Other cash items related to financial activities		(80)	(87)	(77)
Transactions on borrowings and other financial liabilities		***304***	***1,555***	***1,671***
Net cash provided by/(used for) financing activities		**(337)**	**(2,607)**	**(2,496)**
Foreign currency translation adjustments of continuing operations		(39)	(18)	(2)
Change in cash and cash equivalents		**(1,660)**	**(2,592)**	**(4,153)**
Cash and cash equivalents				
At beginning of the period	9	**4,072**	**8,225**	**8,225**
At end of the period	9	**2,412**	**5,633**	**4,072**

Note: Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations to previously published financial data, please refer to Note 1 and Note 16, respectively.

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

Condensed Statements of Changes in Equity

Nine months ended September 30, 2017 (unaudited)

(in millions of euros, except number of shares)	Capital					Retained earnings and other			Total equity
	Common shares		Additional paid-in capital	Treasury shares	Subtotal	Retained earnings	Other comprehensive income	Subtotal	
	Number of shares (in thousands)	Share capital							
BALANCE AS OF DECEMBER 31, 2016	***1,287,088***	**7,079**	**4,238**	**(473)**	**10,844**	**8,004**	**764**	**8,768**	**19,612**
Attributable to Vivendi SA shareowners	***1,287,088***	***7,079***	***4,238***	***(473)***	***10,844***	***7,748***	***791***	***8,539***	***19,383***
Attributable to non-controlling interests	-	-	-	-	-	***256***	***(27)***	***229***	***229***
Contributions by/distributions to Vivendi SA shareowners	***4,381***	**24**	**47**	**(197)**	**(126)**	**(486)**	**-**	**(486)**	**(612)**
Sales/(purchases) of treasury shares	-	-	-	(203)	(203)	-	-	-	(203)
Dividend paid on May 4, 2017 with respect to fiscal year 2016 (€0.40 per share)	-	-	-	-	-	(499)	-	(499)	(499)
Capital increase related to share-based compensation plans	*4,381*	24	47	6	77	13	-	13	90
of which employee Stock Purchase Plans (July 25, 2017)	*4,160*	*23*	*45*	-	*68*	-	-	-	*68*
Changes in Vivendi SA's ownership interest related to a combination of businesses under common control	-	-	-	-	-	**(2,100)**	-	**(2,100)**	**(2,100)**
Acquisition of 94.59% of Havas's share capital (please refer to Note 2.1)	-	-	-	-	-	(2,100)	-	(2,100)	(2,100)
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control	-	-	-	-	-	**(3)**	-	**(3)**	**(3)**
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)	***4,381***	**24**	**47**	**(197)**	**(126)**	**(2,589)**	**-**	**(2,589)**	**(2,715)**
Contributions by/distributions to non-controlling interests	-	-	-	-	-	(36)	-	(36)	(36)
Changes in non-controlling interests related to a combination of businesses under common control	-	-	-	-	-	102	-	102	102
Recognition of Havas's non-controlling interests	-	-	-	-	-	*102*	-	*102*	*102*
Changes in non-controlling interests that result in a gain/(loss) of control	-	-	-	-	-	(19)	-	(19)	(19)
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)	-	-	-	-	-	**47**	-	**47**	**47**
Earnings	-	-	-	-	-	427	-	427	427
Charges and income directly recognized in equity	-	-	-	-	-	(7)	(366)	(373)	(373)
TOTAL COMPREHENSIVE INCOME (C)	-	-	-	-	-	**420**	**(366)**	**54**	**54**
TOTAL CHANGES OVER THE PERIOD (A+B+C)	***4,381***	***24***	***47***	***(197)***	***(126)***	***(2,122)***	***(366)***	***(2,488)***	***(2,614)***
Attributable to Vivendi SA shareowners	*4,381*	*24*	*47*	*(197)*	*(126)*	*(2,207)*	(366)	*(2,573)*	*(2,699)*
Attributable to non-controlling interests	-	-	-	-	-	*85*	-	*85*	*85*
BALANCE AS OF SEPTEMBER 30, 2017	***1,291,469***	**7,103**	**4,285**	**(670)**	**10,718**	**5,882**	**398**	**6,280**	**16,998**
Attributable to Vivendi SA shareowners	***1,291,469***	***7,103***	***4,285***	***(670)***	***10,718***	***5,541***	***425***	***5,966***	***16,684***
Attributable to non-controlling interests	-	-	-	-	-	***341***	***(27)***	***314***	***314***

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

Nine months ended September 30, 2016 (unaudited)

(in millions of euros, except number of shares)	Capital					Retained earnings and other			Total equity
	Common shares		Additional paid-in capital	Treasury shares	Subtotal	Retained earnings	Other comprehensive income	Subtotal	
	Number of shares (in thousands)	Share capital							
BALANCE AS OF DECEMBER 31, 2015	***1,368,323***	**7,526**	**5,343**	**(702)**	**12,167**	**8,014**	**905**	**8,919**	**21,086**
Attributable to Vivendi SA shareowners	***1,368,323***	***7,526***	***5,343***	***(702)***	***12,167***	***7,764***	***923***	***8,687***	***20,854***
Attributable to non-controlling interests	-	-	-	-	-	***250***	***(18)***	***232***	***232***
Contributions by/distributions to Vivendi SA shareowners	***(81,707)***	**(450)**	**(1,108)**	**229**	**(1,329)**	**(1,272)**	**-**	**(1,272)**	**(2,601)**
Capital reduction through cancellation of treasury shares (June 17, 2016)	*(86,875)*	(478)	(1,154)	1,632	-	(4)	-	(4)	(4)
Sales/(purchases) of treasury shares	-	-	-	(1,409)	(1,409)	-	-	-	(1,409)
Distribution to shareowners (balance of the dividend paid on April 28, 2016 with respect to fiscal year 2015)	-	-	-	-	-	(1,270)	-	(1,270)	(1,270)
Capital increase related to share-based compensation plans	*5,168*	28	46	6	80	2	-	2	82
of which employee Stock Purchase Plans (July 28, 2016)	*4,870*	*27*	*44*	-	*71*	-	-	-	*71*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control	-	-	-	-	-	**(5)**	-	**(5)**	**(5)**
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)	***(81,707)***	**(450)**	**(1,108)**	**229**	**(1,329)**	**(1,277)**	**-**	**(1,277)**	**(2,606)**
Contributions by/distributions to non-controlling interests	-	-	-	-	-	(26)	-	(26)	(26)
Changes in non-controlling interests that result in a gain/(loss) of control	-	-	-	-	-	11	-	11	11
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)	-	-	-	-	-	**(15)**	-	**(15)**	**(15)**
Earnings	-	-	-	-	-	1,198	-	1,198	1,198
Charges and income directly recognized in equity	-	-	-	-	-	16	(629)	(613)	(613)
TOTAL COMPREHENSIVE INCOME (C)	-	-	-	-	-	**1,214**	**(629)**	**585**	**585**
TOTAL CHANGES OVER THE PERIOD (A+B+C)	***(81,707)***	***(450)***	***(1,108)***	***229***	***(1,329)***	***(78)***	***(629)***	***(707)***	***(2,036)***
Attributable to Vivendi SA shareowners	*(81,707)*	*(450)*	*(1,108)*	*229*	*(1,329)*	*(103)*	*(624)*	*(727)*	*(2,056)*
Attributable to non-controlling interests	-	-	-	-	-	*25*	*(5)*	*20*	*20*
BALANCE AS OF SEPTEMBER 30, 2016	***1,286,616***	**7,076**	**4,235**	**(473)**	**10,838**	**7,936**	**276**	**8,212**	**19,050**
Attributable to Vivendi SA shareowners	***1,286,616***	***7,076***	***4,235***	***(473)***	***10,838***	***7,661***	***299***	***7,960***	***18,798***
Attributable to non-controlling interests	-	-	-	-	-	***275***	***(23)***	***252***	***252***

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

Year ended December 31, 2016

(in millions of euros, except number of shares)	Capital					Retained earnings and other			Total equity
	Common shares		Additional paid-in capital	Treasury shares	Subtotal	Retained earnings	Other comprehensive income	Subtotal	
	Number of shares (in thousands)	Share capital							
BALANCE AS OF DECEMBER 31, 2015	***1,368,323***	**7,526**	**5,343**	**(702)**	**12,167**	**8,014**	**905**	**8,919**	**21,086**
Attributable to Vivendi SA shareowners	***1,368,323***	***7,526***	***5,343***	***(702)***	***12,167***	***7,764***	***923***	***8,687***	***20,854***
Attributable to non-controlling interests	-	-	-	-	-	***250***	***(18)***	***232***	***232***
Contributions by/distributions to Vivendi SA shareowners	***(81,235)***	**(447)**	**(1,105)**	**229**	**(1,323)**	**(1,269)**	-	**(1,269)**	**(2,592)**
Capital reduction through cancellation of treasury shares (June 17, 2016)	*(86,875)*	(478)	(1,154)	1,632	-	-	-	-	-
Sales/(purchases) of treasury shares	-	-	-	(1,409)	(1,409)	(4)	-	(4)	(1,413)
Distribution to shareowners (balance of the dividend paid on April 28, 2016 with respect to fiscal year 2015)	-	-	-	-	-	(1,270)	-	(1,270)	(1,270)
Capital increase related to share-based compensation plans	*5,640*	31	49	6	86	5	-	5	91
of which Employee Stock Purchase Plans (July 28, 2016)	*4,870*	*27*	*44*	-	*71*	-	-	-	*71*
Changes in Vivendi SA's ownership interest in its subsidiaries that do not result in a loss of control	-	-	-	-	-	**(2)**	-	**(2)**	**(2)**
CHANGES IN EQUITY ATTRIBUTABLE TO VIVENDI SA SHAREOWNERS (A)	***(81,235)***	**(447)**	**(1,105)**	**229**	**(1,323)**	**(1,271)**	-	**(1,271)**	**(2,594)**
Contributions by/distributions to non-controlling interests	-	-	-	-	-	(35)	-	(35)	(35)
Changes in non-controlling interests that result in a gain/(loss) of control	-	-	-	-	-	7	-	7	7
CHANGES IN EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS (B)	-	-	-	-	-	**(28)**	-	**(28)**	**(28)**
Earnings	-	-	-	-	-	1,275	-	1,275	1,275
Charges and income directly recognized in equity	-	-	-	-	-	14	(141)	(127)	(127)
TOTAL COMPREHENSIVE INCOME (C)	-	-	-	-	-	**1,289**	**(141)**	**1,148**	**1,148**
TOTAL CHANGES OVER THE PERIOD (A+B+C)	***(81,235)***	***(447)***	***(1,105)***	***229***	***(1,323)***	***(10)***	***(141)***	***(151)***	***(1,474)***
Attributable to Vivendi SA shareowners	*(81,235)*	*(447)*	*(1,105)*	*229*	*(1,323)*	*(16)*	(132)	*(148)*	*(1,471)*
Attributable to non-controlling interests	-	-	-	-	-	*6*	*(9)*	*(3)*	*(3)*
BALANCE AS OF DECEMBER 31, 2016	***1,287,088***	**7,079**	**4,238**	**(473)**	**10,844**	**8,004**	**764**	**8,768**	**19,612**
Attributable to Vivendi SA shareowners	***1,287,088***	***7,079***	***4,238***	***(473)***	***10,844***	***7,748***	***791***	***8,539***	***19,383***
Attributable to non-controlling interests	-	-	-	-	-	***256***	***(27)***	***229***	***229***

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

Notes to the Condensed Financial Statements

On November 13, 2017, at a meeting held at Vivendi's headquarters, the Management Board approved the Financial Report and the Unaudited Condensed Financial Statements for the nine months ended September 30, 2017. Upon the recommendation of the Audit Committee which met on November 14, 2017, the Supervisory Board, at its meeting held on November 16, 2017, reviewed the Financial Report and Unaudited Condensed Financial Statements for the nine months ended September 30, 2017, as previously approved by the Management Board on November 13, 2017.

The Unaudited Condensed Financial Statements for the nine months ended September 30, 2017 should be read in conjunction with Vivendi's audited Consolidated Financial Statements for the year ended December 31, 2016, as published in the "Rapport Annuel - Document de référence 2016" filed on March 14, 2017 with the *Autorité des marchés financiers* ("AMF"), the French securities regulator, and the Unaudited Condensed Financial Statements for the half year ended June 30, 2017. Please also refer to pages 210 to 299 of the English translation[7] of the "Rapport Annuel - Document de référence 2016" (the "2016 Annual Report") which is available on Vivendi's website (www.vivendi.com).

Note 1 Accounting policies and valuation methods

1.1 Interim Financial Statements

Vivendi's interim Condensed Financial Statements for the first nine months of 2017 are presented and have been prepared in accordance with IAS 34 – *Interim Financial Reporting* as endorsed in the European Union (EU) and published by the International Accounting Standards Board (IASB). As a result, Vivendi has applied the same accounting methods used in its Consolidated Financial Statements for the year ended December 31, 2016 (please refer to Note 1 "Accounting policies and valuation methods" to the Consolidated Financial Statements for the year ended December 31, 2016, pages 220 to 232 of the 2016 Annual Report) and the following provisions were applied:

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

The new IFRS standards and IFRIC interpretations effective from January 1, 2017 had no material impact on Vivendi's Financial Statements.

1.2 Changes in presentation of the Consolidated Statement of Earnings

To ensure the consistency of the presentation of Vivendi's Consolidated Statement of Earnings with the one prepared by Bolloré Group, which decided to fully consolidate Vivendi in its Consolidated Financial Statements as from April 26, 2017, Vivendi made the following changes in presentation of its Consolidated Statement of Earnings as from January 1, 2017:

- income from equity affiliates is reclassified to "Earnings Before Interest and Income Taxes" (EBIT), given that the companies over which Vivendi exercises a significant influence engage in operations that are similar in nature to the group's operations. For the year ended December 31, 2016, this reclassification applies to a net income of €169 million; and
- the impacts related to financial investment operations, which were previously reported in "other operating charges and income" in EBIT, are reclassified to "other financial charges and income". They include capital gains or losses on the divestiture or depreciation of equity affiliates and other financial investments. For the year ended December 31, 2016, the reclassification applies to a net income of €476 million.

Moreover, the impacts related to transactions with shareowners (except when directly recognized in equity), in particular the €240 million reversal of reserve recorded as of December 31, 2016 related to the Liberty Media litigation in the United States, are maintained in EBIT.

In accordance with IAS 1, Vivendi has applied these changes in presentation to all periods previously published. Taking into account these reclassifications, EBIT for the year ended December 31, 2016 amounted to €887 million (compared to €1,194 million as published in 2016). The reconciliations to previously published financial data are presented in Note 16.

[7] *This free translation of the "Rapport Annuel - Document de référence 2016" is provided solely for the convenience of English speaking readers. In the event of discrepancy, the French version shall prevail.*

1.3 Change in estimate at Universal Music Group

Music rights and catalogs include music catalogs, artists' contracts and music publishing rights acquired through business combinations. The annual review of the value of the intangible assets, undertaken by Vivendi at the end of 2016 led to a change in the amortization method of music rights and catalogs as from January 1, 2017, which notably resulted in an extension of the amortization period from 15 to 20 years. As part of this review, Vivendi concluded that the value of music rights and catalogs had increased and that the useful life was longer than previously estimated, given recent changes in the outlook for the international music market, driven in particular by the development of subscription streaming services. For the first nine months of 2017, the impact over the period of this forward-looking change in estimate on the amortization expense amounted to €72 million (net of deferred taxes).

1.4 New IFRS standards and IFRIC interpretations published but not yet effective

Among IFRS standards and IFRIC interpretations issued by the IASB/IFRS IC as of 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:

- IFRS 15 – *Revenue from Contracts with Customers*, which applies mandatorily from January 1, 2018, was issued by the IASB on May 28, 2014, endorsed by the EU on September 22, 2016, and published in the Official Journal of the EU on October 29, 2016; the main subject of attention for Vivendi relates to the accounting of intellectual property licensing revenues (musical and audiovisual works), as well as the implementation of the accounting transition in recent acquisitions, notably Gameloft and Havas;
- IFRS 9 – *Financial Instruments*, which applies mandatorily from January 1, 2018, was issued by the IASB on July 24, 2014, endorsed by the EU on November 22, 2016 and published in the Official Journal of the EU on November 29, 2016; the main subject of attention for Vivendi relates to the election of the accounting classification for the equity portfolio, for each equity interest, between the "fair value through profit or loss" category and the "fair value through other comprehensive income not reclassified to profit or loss" category;
- IFRS 16 – *Leases*, which applies mandatorily from January 1, 2019, was issued by the IASB on January 13, 2016, and is still to be endorsed by the EU.

Vivendi is in the process of determining the potential impact of the application of these standards on the Statement of Earnings, the aggregate comprehensive income, the Statement of Financial Position, the Statement of Cash Flows and the content of the Notes to the Consolidated Financial Statements.

Note 2 Major events

2.1 Acquisition of Havas

On June 6, 2017, after obtaining positive opinions from the employee representative bodies of Vivendi, Havas and Bolloré, and the completion of the due diligence process, Vivendi entered into a purchase agreement with Bolloré Group to acquire its majority interest of 59.2% in Havas, subject to approval by the relevant competition authorities.

On July 3, 2017, pursuant to the agreement entered into on June 6, 2017 and following the approval granted by the relevant competition authorities, Vivendi acquired the 59.2% interest in Havas held by Bolloré Group, at a price of €9.25 per share, i.e., €2,324 million (including the financial transaction tax) paid in cash.

In accordance with market regulations, Vivendi launched a simplified public tender offer that ran from September 21 to October 4, 2017 for the remaining interest in Havas at a price of €9.25 per share. For the duration of this tender offer, Vivendi acquired 149,684,002 additional Havas shares for €1,389 million (including the financial transaction tax) paid in cash. At the closing of the simplified public tender offer, Vivendi held 94.59% of Havas's share capital.

On October 11, 2017, following an additional redemption request received after completion of the simplified public tender offer, Vivendi purchased 1.56% of Havas's share capital at a price of €9.25 per share, i.e., €61 million (including the financial transaction tax) paid in cash. Following this transaction, Vivendi held 96.15% of Havas's share capital.

Due to the sharply reduced free float, Vivendi decided to implement a public buyout offer followed by a mandatory squeeze-out, which is expected to be launched shortly.

Consolidation of Havas by Vivendi

Given that Vivendi acquired exclusive control of Havas from Bolloré Group on July 3, 2017, Vivendi has fully consolidated Havas since that date. Because Vivendi and Havas are both fully consolidated by Bolloré Group, the acquisition of Havas by Vivendi is a combination of businesses under common control, excluded from the scope of IFRS 3 (paragraph 2.c). Vivendi accounted for this combination using the historical carrying values recorded in Havas's Consolidated Financial Statements. The difference between the acquisition price and the value of Havas's net assets as of July 3, 2017 is recorded as a deduction from Vivendi SA shareowners' equity for €2,100 million.

Supplementary information related to Havas

For information purposes, pro forma Statements of Earnings for the first nine months of 2017 and for the year ended December 31, 2016 are presented below. This unaudited financial information was prepared in accordance with Annex II "Pro forma financial information building block" of European Commission Regulation n°809/2004 and in accordance with the recommendations issued by the European Securities and Markets Authority (ESMA, formerly CESR) in 2005 regarding the preparation of pro forma financial information falling within the scope of this regulation n°809/2004 on prospectuses.

These pro forma figures have been calculated as though Vivendi had acquired 100% of Havas's share capital on January 1, 2016, and therefore do not necessarily reflect the results that would have been achieved if the acquisition had actually been completed on that date. In addition to the reclassifications made to ensure the consistency of the presentation of Havas's Statement of Earnings and Statement of Financial Position with the ones prepared by Vivendi, the pro forma adjustments primarily related to:

- the lower interest income that would have been earned by Vivendi on the investment of cash surpluses if the acquisition price of 100% of Havas's share capital had been paid on January 1, 2016;
- acquisition costs incurred by Vivendi;
- the tax effect of these adjustments;
- the elimination of Havas's non-controlling interests recorded by Vivendi with respect to the third quarter of 2017; and
- the elimination of intersegment transactions between Havas and Vivendi's other business segments.

	Nine months ended September 30, 2017	Half-year ended June 30, 2017			Nine months ended September 30, 2017
	Vivendi Published	Havas Published Restated (a)	Adjustments (b)	Elimination of intersegment transactions (c)	Vivendi + Havas Pro forma
REVENUES	**8,621**	**1,108**	**-**	**(29)**	**9,700**
Income from operations*	**741**	**108**	**-**	**-**	**849**
Restructuring charges	(60)	(9)			(69)
Other operating charges and income	(36)	(2)			(38)
Adjusted earnings before interest and income taxes (EBITA)*	**645**	**97**	**-**	**-**	**742**
Amortization and depreciation of intangible assets acquired through business combinations	(92)	(1)			(93)
Reversal of reserve related to the Securities Class Action litigation in the United States	27	-			27
Income from equity affiliates	92	-			92
EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)	**672**	**96**	**-**	**-**	**768**
Interest	(38)	(8)	(5)		(51)
Income from investments	28	-			28
Other financial charges and income	(48)	(10)	na		(58)
	(58)	***(18)***	***(5)***	***-***	***(81)***
Earnings before provision for income taxes	**614**	**78**	**(5)**	**-**	**687**
Provision for income taxes	(187)	(21)	1		(207)
Earnings from continuing operations	**427**	**57**	**(4)**	**-**	**480**
Earnings from discontinued operations	-	-			-
Earnings	**427**	**57**	**(4)**	**-**	**480**
Non-controlling interests	(28)	(3)			(25)
EARNINGS ATTRIBUTABLE TO SHAREOWNERS	**399**	**54**	**2**	**-**	**455**
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	0.32				0.36
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	0.32				0.36
Adjusted net income*	**593**	**65**	**2**	**-**	**660**
Adjusted net income per share - basic (in euros)*	0.47				0.53
Adjusted net income per share - diluted (in euros)*	0.47				0.53

	Year ended December 31, 2016				
	Vivendi Restated (d)	Havas Published Restated (a)	Adjustments (b)	Elimination of intersegment transactions (c)	Vivendi + Havas Pro forma
REVENUES	**10,819**	**2,276**	**-**	**(53)**	**13,042**
Income from operations*	**853**	**322**	**-**	**-**	**1,175**
Restructuring charges	(94)	(28)			(122)
Other operating charges and income	(35)	(3)			(38)
Adjusted earnings before interest and income taxes (EBITA)*	**724**	**291**	**-**	**-**	**1,015**
Amortization and depreciation of intangible assets acquired through business combinations	(246)	(2)			(248)
Reversal of reserve related to the Liberty Media litigation in the United States	240	-			240
Income from equity affiliates	169	1			170
EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)	**887**	**290**	**-**	**-**	**1,177**
Interest	(40)	(17)	(9)		(66)
Income from investments	47	-			47
Other financial charges and income	438	(4)	(10)		424
	445	***(21)***	***(19)***	***-***	***405***
Earnings before provision for income taxes	**1,332**	**269**	**(19)**	**-**	**1,582**
Provision for income taxes	(77)	(75)	-		(152)
Earnings from continuing operations	**1,255**	**194**	**(19)**	**-**	**1,430**
Earnings from discontinued operations	20	-			20
Earnings	**1,275**	**194**	**(19)**	**-**	**1,450**
Non-controlling interests	(19)	(17)			(36)
EARNINGS ATTRIBUTABLE TO SHAREOWNERS	**1,256**	**177**	**(19)**	**-**	**1,414**
Earnings attributable to Vivendi SA shareowners per share - basic (in euros)	0.99				1.11
Earnings attributable to Vivendi SA shareowners per share - diluted (in euros)	0.95				1.07
Adjusted net income*	**755**	**183**	**(9)**	**-**	**929**
Adjusted net income per share - basic (in euros)*	0.59				0.73
Adjusted net income per share - diluted (in euros)*	0.54				0.68

In millions of euros, except per share amounts.

* Non-GAAP measures.

na: not applicable.

a. To ensure the consistency of the presentation of Havas's Statement of Earnings with the one prepared by Vivendi, the financial data published by Havas on August 25, 2017 (Financial Statements for the first half of 2017) and on February 28, 2017 (Financial Statements for the year ended December 31, 2016) have been restated.

b. The adjustments are described above.

c. Corresponds to the elimination of intersegment transactions between Havas and Vivendi's other business segments, primarily Canal+ Group's entities, over the period.

d. Vivendi made changes in the presentation of the Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation and the reconciliations, please refer to Note 1 and Note 16.

2.2 Telecom Italia

On December 15, 2015, Telecom Italia's Extraordinary Shareholders' Meeting appointed four members to Telecom Italia's Board of Directors who were proposed by Vivendi, including three representatives of Vivendi and one independent member, bringing the total number of members of Telecom Italia's Board of Directors to 16, including nine independent members. At this Shareholders' Meeting, Vivendi held 2,772 million Telecom Italia ordinary shares with voting rights, i.e., 20.5% of the ordinary shares, representing 14.2% of the total share capital, and, given the quorum present at this meeting, Vivendi's interest represented approximately 36% of the actual voting rights. At Telecom Italia's Ordinary Shareholders' Meeting held on May 25, 2016, Vivendi held 3,331 million Telecom Italia ordinary shares with voting rights, i.e., 24.7% of the ordinary shares, representing 17.1% of the total share capital, and, given the quorum present at this meeting, Vivendi's interest represented approximately 40% of the actual voting rights. In addition, on April 27, 2016, Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board, was appointed Deputy Chairman of Telecom Italia's Board of Directors.

On May 4, 2017, Telecom Italia's Ordinary Shareholders' Meeting appointed, out of the newly constituted 15-member Board of Directors, the ten members who were included in the slate submitted by Vivendi, i.e. (i) five non-independent members, including Mr. Giuseppe Recchi, Executive Chairman of the Board of Directors, and Mr. Flavio Cattaneo, *Amministratore delegato*, as well as three representatives of Vivendi, including Mr. Arnaud de Puyfontaine, Chairman of Vivendi's Management Board and Deputy Chairman of Telecom Italia's Board of Directors, and (ii) five independent members (among the ten directors who are deemed independent within the meaning of Italian law and the Corporate Governance Code for listed companies). At this Shareholders' Meeting, Vivendi held 3,640.1 million ordinary shares with voting rights, i.e., 23.9% of the ordinary shares, representing 17.2% of Telecom Italia's total share capital, and, given the quorum present at this meeting, Vivendi's interest represented approximately 41% of the actual voting rights.

On June 1, 2017, Mr. Arnaud de Puyfontaine was appointed Executive Chairman of Telecom Italia's Board of Directors. Concomitantly, Mr. Giuseppe Recchi was appointed Deputy Chairman of Telecom Italia's Board of Directors and Mr. Flavio Cattaneo was confirmed as *Amministratore delegato*. As such, in accordance with Italian regulations and the company's bylaws, Mr. Flavio Cattaneo was, until his departure from the company, responsible for Telecom Italia's financial and operational management, including mainly the development and implementation of the strategic, industrial and financial plan (after review by the company's Board of Directors), as well as the organization of Telecom Italia's businesses in Italy and South America. In his capacity as Executive Chairman of the Board of Directors, Mr. Arnaud de Puyfontaine was given responsibility for the supervision and coordination of the work of the Board of Directors, notably including:

- in coordination with the *Amministratore delegato*, identification of the guidelines of the group's development plan; advice and supervision as part of (i) the development and implementation of the strategic, industrial and financial plan, and (ii) the organization of businesses and monitoring of Telecom Italia's economic and financial performance;
- representation of Telecom Italia in its external relations with regulators, Italian and international institutions, as well as investors; and
- supervision of brand and media strategy, institutional communication, legal and public affairs, as well as value creation.

In addition, Vivendi has not entered into any agreement with other shareholders of Telecom Italia and does not hold any potential voting rights in Telecom Italia. In particular, Vivendi is not acting in concert with any third party and has not entered into a temporary sale agreement concerning Telecom Italia shares or voting rights. Moreover, Vivendi neither holds instruments nor is a party to agreements which could enable it to obtain Telecom Italia shares or voting rights.

Moreover, Vivendi does not have the power to unilaterally appoint the Executive Chairman of Telecom Italia's Board of Directors or the *Amministratore delegato* and no agreements exist between Vivendi and Telecom Italia that would enable Vivendi to appoint the majority of the members to Telecom Italia's Board of Directors or to obtain the majority of votes at meetings of Telecom Italia's Board of Directors.

On July 24, 2017, Telecom Italia's Board of Directors and Mr. Flavio Cattaneo mutually agreed on his departure as *Amministratore delegato* of the company.

On July 27, 2017, Telecom Italia's Board of Directors:

- temporarily granted the powers held by Mr. Flavio Cattaneo (resigned *Amministratore delegato*) to Mr. Arnaud de Puyfontaine (Executive Chairman of the Board of Directors), except for those powers related to Italian national security matters and the subsidiary Telecom Italia Sparkle, which powers were temporarily granted to Mr. Giuseppe Recchi, Deputy Chairman of the Board of Directors; and
- acknowledged the commencement of the exercise by Vivendi of "management and coordination activities" (*attività di direzione e coordinamento*) of Telecom Italia, within the meaning of Article 2497-bis of the Italian Civil Code.

On July 28, 2017, Mr. Amos Genish was appointed *Direttore Operativo* (General Manager for operations) of Telecom Italia, overseeing all of Telecom Italia's operations.

On September 13, 2017, Vivendi took note of the position expressed by the Consob that Vivendi exercises *de facto* control over Telecom Italia, under Article 93 of the Consolidated Law on Finance and Article 2359 of the Italian Civil Code. Vivendi formally contests this interpretation and has appealed before the competent courts.

On September 28, 2017, Mr. Amos Genish was appointed *Amministratore delegato* of Telecom Italia.

On the same day, as part of the investigation launched by the Italian Government into whether certain provisions of Law Decree No. 21 of March 15, 2012, on special powers of the Italian Government relative to the defense and national security sectors and to activities of strategic importance in the fields of energy, transport and communications, had been respected by Telecom Italia and Vivendi, the Italian Government found that the notification made by Vivendi as a precautionary measure under Article 1 of the aforementioned legislative decree was made late, without consequences on Vivendi. In addition, a procedure has been initiated against Telecom Italia for failing to make the required notification under Article 2 of the same legislative decree.

By a decree dated October 16, 2017, the Italian Government decided to exercise the special powers laid down in Article 1 of the 2012 legislative decree, relative to the defense and national security sectors. This decree imposes a number of organizational and governance measures on Vivendi and Telecom Italia and its two subsidiaries, Telecom Italia Sparkle Spa ("Sparkle") and Telsy Elettronica e Telecomunicazioni Spa ("Telsy"). In particular, Telecom Italia, Sparkle and Telsy must have a division in charge of supervising all activities related to defense and national security, which is fully autonomous and endowed with human and financial resources sufficient to guarantee its independence, and to appoint to their governing bodies a member who is an Italian citizen, who is approved by the Italian Government and who has security clearance. It also requires the establishment of a supervisory committee under the auspices of the Council of Ministers (*Comitato di monitoraggio*), to monitor compliance with these obligations.

In addition, by a decree dated November 2, 2017, the Italian Government decided to implement the special powers conferred by Article 2 of the 2012 legislative decree, relative to the fields of energy, transport and communications. This decree imposes on Telecom Italia the obligation to implement development, investment and maintenance plans for its networks in order to guarantee their operation and security, to provide universal service, and, more generally, to satisfy public interest in the medium and long term, under the control of the Comitato di monitoraggio, who must be notified of any reorganization of the Telecom Italia group's holdings or any project having an impact on the security, availability and operation of the networks.

Based on the foregoing, Vivendi considers that it does not have the power to unilaterally direct the relevant activities of Telecom Italia, according to IFRS 10. Vivendi considers that it has the power to participate in Telecom Italia's financial and operating policy decisions, according to IAS 28, and, consequently, it is deemed to exercise a significant influence over Telecom Italia. Since December 15, 2015 and as of September 30, 2017, Vivendi's interest in Telecom Italia has been accounted for under the equity method.

Supplementary information related to Telecom Italia

The following are provided below for information purposes: cumulative Statement of Earnings for the half-year ended June 30, 2017 and for the year ended December 31, 2016, prepared based on the financial information published by Telecom Italia, as well as a cumulative Statement of Financial Position and a cumulative Statement of Financial Net Debt, prepared based on the latest financial information published by Vivendi and Telecom Italia, i.e., Vivendi's Statement of Financial Position as of September 30, 2017, and Telecom Italia's Statement of Financial Position as of June 30, 2017.

Unaudited (in millions of euros)	Six months ended June 30, 2017				
	Vivendi + Havas Pro forma	Telecom Italia Published (a)	Adjustments (b)	Elimination of intersegment transactions	Vivendi + Havas Pro forma + Telecom Italia Cumulative
REVENUES	**6,516**	**9,772**		**(3)**	**16,285**
Income from operations*	**509**	**1,881**			**2,390**
Adjusted earnings before interest and income taxes (EBITA)*	**449**	**1,871**			**2,320**
EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)	**458**	**1,870**	**(286)**		**2,042**
Interest	(38)	(766)			(804)
Income from investments	15	-			15
Other financial charges and income	(45)	7			(38)
	(68)	***(759)***	***-***	***-***	***(827)***
Earnings before provision for income taxes	**390**	**1,111**	**(286)**	**-**	**1,215**
Provision for income taxes	(144)	(457)	68		(533)
Earnings from continuing operations	**246**	**654**	**(218)**	**-**	**682**
Earnings from discontinued operations	-	-	-		-
Earnings	**246**	**654**	**(218)**	**-**	**682**
Non-controlling interests	(20)	(58)	(349)		(427)
EARNINGS ATTRIBUTABLE TO SHAREOWNERS	**226**	**596**	**(567)**	**-**	**255**

Unaudited (in millions of euros)	Year ended December 31, 2016				
	Vivendi + Havas Pro forma	Telecom Italia Published (a)	Adjustments (b)	Elimination of intersegment transactions	Vivendi + Havas Pro forma + Telecom Italia Cumulative
REVENUES	**13,042**	**19,025**		**(7)**	**32,060**
Income from operations*	**1,175**	**3,878**			**5,053**
Adjusted earnings before interest and income taxes (EBITA)*	**1,015**	**3,722**			**4,737**
EARNINGS BEFORE INTEREST AND INCOME TAXES (EBIT)	**1,177**	**3,699**	**(656)**		**4,220**
Interest	(66)	(1,273)			(1,339)
Income from investments	47	16			63
Other financial charges and income	424	357			781
	405	***(900)***	***-***	***-***	***(495)***
Earnings before provision for income taxes	**1,582**	**2,799**	**(656)**	**-**	**3,725**
Provision for income taxes	(152)	(880)	135		(897)
Earnings from continuing operations	**1,430**	**1,919**	**(521)**	**-**	**2,828**
Earnings from discontinued operations	20	47	-		67
Earnings	**1,450**	**1,966**	**(521)**	**-**	**2,895**
Non-controlling interests	(36)	(158)	(1,208)		(1,402)
EARNINGS ATTRIBUTABLE TO SHAREOWNERS	**1,414**	**1,808**	**(1,729)**	**-**	**1,493**

* Non-GAAP measures.

a. As published by Telecom Italia on July 27, 2017 (Financial Statements for the half-year ended June 30, 2017) and on March 23, 2017 (Financial Statements for the year ended December 31, 2016).

b. The adjustments correspond to the cancellation of Vivendi's share of Telecom Italia's earnings accounted for under the equity method and to the following adjustments: the amortization of intangible assets and the deferred tax effect related to the purchase price allocation as part of Vivendi's equity accounting of Telecom Italia, as well as the allocation of non-controlling interests.

Unaudited (in millions of euros)	September 30, 2017 Vivendi Published	June 30, 2017 Telecom Italia Published (a)	Adjustments (b) (c)	Vivendi + Telecom Italia Cumulative
Non-current assets	25,354	57,246	(6,827)	75,773
Of which Goodwill	*12,181*	*29,511*	*(12,924)*	*28,768*
Other intangible assets	*440*	*6,594*	*10,311*	*17,345*
Equity affiliates	*4,504*	*17*	*(4,214)*	*307*
Current assets	9,379	11,794	-	21,173
TOTAL ASSETS	**34,733**	**69,040**	**(6,827)**	**96,946**
Share capital	7,103	11,677	(11,677)	7,103
Additional paid-in capital	4,285	2,094	(2,094)	4,285
Treasury shares	(670)	(90)	90	(670)
Retained earnings and other	5,966	7,723	(9,050)	4,639
Shareowners' equity	**16,684**	**21,404**	**(22,731)**	**15,357**
Non-controlling interests	314	2,215	13,027	15,556
Total equity	**16,998**	**23,619**	**(9,704)**	**30,913**
Non-current liabilities	7,226	32,953	2,877	43,056
Current liabilities	10,509	12,468	-	22,977
TOTAL EQUITY AND LIABILITIES	**34,733**	**69,040**	**(6,827)**	**96,946**

a. As published by Telecom Italia on July 27, 2017.

b. The adjustments reflect the purchase price allocation as part of Vivendi's equity accounting of Telecom Italia.

c. In addition, in accordance with paragraph 42 of IFRS 3, if Vivendi were to fully consolidate Telecom Italia, it would be required to recognize as a profit, or a loss, if any, the difference between the carrying value of the interest accounted for under the equity method and the stock market value of this interest at the date of the initial consolidation. As of September 30, 2017, this difference represented a loss of €1,327 million.
As a reminder, as of September 30, 2017, the value of Vivendi's interest in Telecom Italia accounted for under the equity method amounted to €4,214 million (for a purchase price of €3,899 million). As of that date, the stock market price of Telecom Italia ordinary shares (€0.793 per ordinary share) had decreased compared to the average purchase price paid by Vivendi (€1.0710 per ordinary share, i.e., -26%) and to the value of the interest accounted for under the equity method (€1.1575 per ordinary share, i.e., -31%). However, Vivendi does not consider such decrease to be permanent, taking into account (i) the expected improvement of Telecom Italia's outlook, notably given the changes in the company's General Management that occurred in 2016; (ii) the volatility of Telecom Italia's stock market price following Vivendi's entry into its share capital; and (iii) the unfavorable trend of telecom securities in Europe. As a reminder, as of December 31, 2016, Vivendi performed an impairment test to determine whether the recoverable amount of its interest in Telecom Italia exceeded its carrying value. With the assistance of a third-party appraiser, Vivendi Management concluded that the recoverable amount of its interest in Telecom Italia, which was determined using usual valuation methods (discounted cash flows; market comparables model), exceeded its carrying value. Vivendi will therefore re-examine the value of its 17.2% interest in Telecom Italia once Telecom Italia's business plan is updated at the end of 2017.

Unaudited (in millions of euros)	September 30, 2017 Vivendi Published	June 30, 2017 Telecom Italia Published (a)	Vivendi + Telecom Italia Cumulative
Cash and cash equivalents	2,412	4,086	6,498
Cash management financial assets	200	1,732	1,932
Cash position	**2,612**	**5,818**	**8,430**
Derivative financial instruments in assets	63	2,185	2,248
Borrowings and other financial liabilities	(5,849)	(33,731)	(39,580)
of which long-term	*(4,293)*	*(28,887)*	*(33,180)*
short-term	*(1,556)*	*(4,844)*	*(6,400)*
Borrowings and other financial items	**(5,786)**	**(31,546)**	**(37,332)**
of which bonds	*(4,150)*	*(22,609)*	*(26,759)*
Financial Net Debt	**(3,174)**	**(25,728)**	**(28,902)**

a. As published by Telecom Italia on July 27, 2017.

Note 3 Segment data

Main aggregates of the Statement of Earnings

(in millions of euros)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Year ended December 31, 2016
Revenues					
Universal Music Group	1,319	1,308	3,985	3,623	5,267
Canal+ Group	1,257	1,263	3,825	3,902	5,253
Havas	525	-	525	-	-
Gameloft	63	63	193	63	132
Vivendi Village	25	24	81	78	111
New Initiatives	11	18	34	76	103
Elimination of intersegment transactions	(16)	(8)	(22)	(30)	(47)
	3,184	**2,668**	**8,621**	**7,712**	**10,819**
Income from operations					
Universal Music Group	161	174	472	391	687
Canal+ Group	174	142	360	439	303
Havas	44	-	44	-	-
Gameloft	1	4	3	4	10
Vivendi Village	(1)	(1)	(8)	(9)	(7)
New Initiatives	(20)	(8)	(58)	(25)	(44)
Corporate	(19)	(21)	(72)	(70)	(96)
	340	**290**	**741**	**730**	**853**
Restructuring charges					
Universal Music Group	-	(7)	(15)	(41)	(44)
Canal+ Group	(14)	(2)	(35)	(16)	(41)
Havas	(8)	-	(8)	-	-
Gameloft	-	-	-	-	-
Vivendi Village	-	(3)	(1)	(2)	(2)
New Initiatives	-	(1)	-	(2)	(6)
Corporate	-	(1)	(1)	(1)	(1)
	(22)	**(14)**	**(60)**	**(62)**	**(94)**
Charges related to equity-settled share-based compensation plans					
Universal Music Group	-	(1)	(7)	(2)	(3)
Canal+ Group	(2)	-	(5)	(2)	(3)
Havas	(3)	-	(3)	-	-
Gameloft	-	(2)	(1)	(2)	(3)
Vivendi Village	-	-	-	-	-
New Initiatives	(1)	-	(1)	-	-
Corporate	(2)	(1)	(6)	(3)	(5)
	(8)	**(4)**	**(23)**	**(9)**	**(14)**
Other non-current operating charges and income					
Universal Music Group	(5)	10	(8)	5	4
Canal+ Group	(3)	(1)	6	6	(19)
Havas	1	-	1	-	-
Gameloft	-	-	(2)	-	-
Vivendi Village	(9)	(1)	(10)	2	-
New Initiatives	-	(2)	-	(8)	(6)
Corporate	(1)	(1)	-	-	-
	(17)	**5**	**(13)**	**5**	**(21)**
Adjusted earnings before interest and income taxes (EBITA)					
Universal Music Group	156	176	442	353	644
Canal+ Group	155	139	326	427	240
Havas	34	-	34	-	-
Gameloft	1	2	-	2	7
Vivendi Village	(10)	(5)	(19)	(9)	(9)
New Initiatives	(21)	(11)	(59)	(35)	(56)
Corporate	(22)	(24)	(79)	(74)	(102)
	293	**277**	**645**	**664**	**724**

Reconciliation of EBIT to EBITA and to income from operations

(in millions of euros)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Year ended December 31, 2016
EBIT (a)	**310**	**295**	**672**	**824**	**887**
Adjustments					
Amortization of intangible assets acquired through business combinations	27	58	92	168	223
Impairment losses on intangible assets acquired through business combinations (a)	-	-	-	-	23
Reversal of reserves related to Securities Class Action and Liberty Media litigations in the United States (a)	-	-	(27)	(240)	(240)
Income from equity affiliates (a)	(44)	(76)	(92)	(88)	(169)
EBITA	**293**	**277**	**645**	**664**	**724**
Adjustments					
Restructuring charges (a)	22	14	60	62	94
Charges related to equity-settled share-based compensation plans	8	4	23	9	14
Other non-current operating charges and income	17	(5)	13	(5)	21
Income from operations	**340**	**290**	**741**	**730**	**853**

a. As reported in the Consolidated Statement of Earnings.

Statement of Financial Position

(in millions of euros)	September 30, 2017	December 31, 2016
Segment assets (a)		
Universal Music Group	8,360	9,310
Canal+ Group	8,035	7,546
Havas	4,941	-
Gameloft	712	718
Vivendi Village	231	264
New Initiatives	560	587
Corporate	8,259	8,579
of which investments in equity affiliates	*4,214*	*4,156*
listed equity securities	*3,462*	*3,011*
	31,098	**27,004**
Segment liabilities (b)		
Universal Music Group	3,407	3,701
Canal+ Group	2,919	2,588
Havas	3,041	-
Gameloft	67	65
Vivendi Village	134	154
New Initiatives	58	94
Corporate	1,394	1,279
	11,020	**7,881**

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

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

Depreciation and amortization

(in millions of euros)	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Year ended December 31, 2016
Depreciation of tangible assets					
Universal Music Group	12	15	40	44	58
Canal+ Group	37	31	114	115	156
Havas	10	-	10	-	-
Gameloft	2	2	7	2	4
Vivendi Village	1	-	2	2	2
New Initiatives	1	1	4	4	7
Corporate	-	-	-	-	-
	63	**49**	**177**	**167**	**227**
Amortization of intangible assets excluding those acquired through business combinations					
Universal Music Group	-	-	-	-	-
Canal+ Group	17	23	47	52	77
Havas	2	-	2	-	-
Gameloft	-	1	1	1	-
Vivendi Village	9	2	13	3	4
New Initiatives	3	-	7	1	1
Corporate	-	-	-	-	-
	31	**26**	**70**	**57**	**82**
Amortization of intangible assets acquired through business combinations					
Universal Music Group	20	52	63	155	208
Canal+ Group	2	5	8	9	10
Havas	1	-	1	-	-
Gameloft	4	-	18	-	-
Vivendi Village	-	1	1	2	2
New Initiatives	-	-	1	2	3
Corporate	-	-	-	-	-
	27	**58**	**92**	**168**	**223**

Note 4 Interest

(in millions of euros) (Charge)/Income	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Year ended December 31, 2016
Interest expense on borrowings	(15)	(16)	(50)	(44)	(63)
Interest income from cash, cash equivalents and investments	2	6	12	17	23
Interest	**(13)**	**(10)**	**(38)**	**(27)**	**(40)**
Fees and premium on borrowings and credit facilities issued	*-*	*(1)*	*(1)*	*(3)*	*(3)*
	(13)	**(11)**	**(39)**	**(30)**	**(43)**

Note 5 Income taxes

(in millions of euros) (Charge)/Income	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016		Year ended December 31, 2016
Impact of the Vivendi SA's French Tax Group and Consolidated Global Profit Tax Systems	33	23	27	26	(a)	127
Other components of the provision for income taxes (b)	(96)	(38)	(214)	(176)		(204)
Provision for income taxes	**(63)**	**(15)**	**(187)**	**(150)**		**(77)**

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

b. Notably included the 3% tax on dividends paid by Vivendi SA for -€8 million for the first nine months of 2017 and -€38 million for the same period in 2016.

Note 6 Earnings per share

	Three months ended September 30,				Nine months ended September 30,				Year ended December 31, 2016	
	2017		2016		2017		2016			
	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted	Basic	Diluted
Earnings (in millions of euros)										
Earnings from continuing operations attributable to Vivendi SA shareowners (a)	223	223	264	229	399	399	1,177	1,142	1,236	1,186
Earnings from discontinued operations attributable to Vivendi SA shareowners	-	-	-	-	-	-	(2)	(2)	20	20
Earnings attributable to Vivendi SA shareowners	223	223	264	229	399	399	1,175	1,140	1,256	1,206
Number of shares (in millions)										
Weighted average number of shares outstanding (b)	1,251.9	1,251.9	1,257.9	1,257.9	1,251.8	1,251.8	1,277.1	1,277.1	1,272.6	1,272.6
Potential dilutive effects related to share-based compensation	-	4.9	-	2.6	-	4.4	-	2.8	-	3.1
Adjusted weighted average number of shares	**1,251.9**	**1,256.8**	**1,257.9**	**1,260.5**	**1,251.8**	**1,256.2**	**1,277.1**	**1,279.9**	**1,272.6**	**1,275.7**
Earnings per share (in euros)										
Earnings from continuing operations attributable to Vivendi SA shareowners per share	0.18	0.18	0.21	0.18	0.32	0.32	0.92	0.89	0.97	0.93
Earnings from discontinued operations attributable to Vivendi SA shareowners per share	-	-	-	-	-	-	-	-	0.02	0.02
Earnings attributable to Vivendi SA shareowners per share	0.18	0.18	0.21	0.18	0.32	0.32	0.92	0.89	0.99	0.95

a. For fiscal year 2016, corresponded only to the impact for Vivendi of Telecom Italia's dilutive instruments, calculated based on the financial information disclosed by Telecom Italia with a three-month reporting lag (please refer to Note 7.2).

b. Net of the weighted average number of treasury shares (36.8 million shares for the first nine months of 2017, compared to 59.4 million shares for the first nine months of 2016 and 51.4 million in fiscal year 2016).

Note 7 Investments in equity affiliates

7.1 Main investments in equity affiliates

	Voting interest		Net carrying value of equity affiliates	
(in millions of euros)	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Telecom Italia (a)	23.9%	23.9%	4,214	4,131
Banijay Group Holding (b)	31.4%	26.2%	142	129
Vevo	49.4%	49.4%	83	95
Other	na	na	65	61
			4,504	**4,416**

na: not applicable.

a. As of September 30, 2017, Vivendi held 3,640 million Telecom Italia ordinary shares with voting rights (i.e., 23.9%, representing 17.2% of total share capital). At the stock market price as of September 30, 2017 (€0.793 per share), the market value of this interest amounted to €2,887 million.

b. On June 22, 2017, Vivendi's interest in Banijay Group was transferred to a new joint holding company called Banijay Group Holding which owns 90.3% of Banijay Group, the remaining interest being held by certain managers of Banijay Group. The ORAN 1 previously issued by Banijay Group was replaced with a "new" ORAN 1 issued by Banijay Group Holding.
Following the successful refinancing of Banijay Group on July 6, 2017, a portion of the "new" ORAN 1 was early redeemed in cash for €39 million and converted into Banijay Group Holding shares, bringing Vivendi's interest in Banijay Group Holding from 26.2% to 31.4%. Upon maturity of the "new" ORAN 1, Banijay Group Holding will have the option of either redeeming the balance (€25 million) in cash or converting it into a number of shares which, in addition to the Banijay Group Holding shares already held by Vivendi, would bring Vivendi's interest in Banijay Group to a maximum of 49.9% (either directly or indirectly).

7.2 Telecom Italia

Vivendi's share of Telecom Italia's earnings

Vivendi relies on Telecom Italia's public financial information to account for its interest in Telecom Italia under the equity method. Given Vivendi's and Telecom Italia's respective dates of publication of their financial statements, Vivendi always accounts for its share of Telecom Italia's net earnings with a three-month reporting lag. Therefore, for the first nine months of 2017, Vivendi's earnings take into account its share of Telecom Italia's net earnings for the fourth quarter of 2016 and for the first half of 2017 which amounted to an aggregate of €91 million calculated as follows:

- €47 million, attributable to Vivendi's share of Telecom Italia's profit for the fourth quarter of 2016, calculated based on the financial information for the year ended December 31, 2016, as disclosed by Telecom Italia on March 23, 2017;
- €89 million, attributable to Vivendi's share of Telecom Italia's profit for the first half of 2017, calculated based on the financial information for the first half ended June 30, 2017, as disclosed by Telecom Italia on July 27, 2017; and
- -€45 million, excluded from the adjusted net income, corresponding to the amortization of intangible assets related to the purchase price allocation for Telecom Italia.

In addition, Vivendi's share of Telecom Italia's charges and income directly recognized in equity amounted to -€8 million for the first nine months of 2017, including -€25 million related to foreign currency translation adjustments.

Note 8 Financial assets

	September 30, 2017			December 31, 2016		
(in millions of euros)	Total	Current	Non-current	Total	Current	Non-current
Financial assets at fair value						
Term deposits, interest-bearing current accounts and MTN (a)	75	75	-	682	682	-
Level 1						
Bond funds (a)	125	125	-	316	316	-
Listed equity securities	3,466	-	3,466	3,019	-	3,019
Other financial assets	5	5	-	5	5	-
Level 2						
Unlisted equity securities	372	-	372	397	-	397
Derivative financial instruments	63	39	24	79	62	17
Level 3						
Other financial assets	71	-	71	71	-	71
Financial assets at amortized cost (b)	456	50	406	433	37	396
Financial assets	**4,633**	**294**	**4,339**	**5,002**	**1,102**	**3,900**

The three classification levels for the measurement of financial assets at fair value are defined in Note 1.3.1 to the Consolidated Financial Statements for the year ended December 31, 2016 (page 222 of the 2016 Annual Report).

a. Relates to cash management financial assets, included in the cash position: please refer to Note 9.

b. As of September 30, 2017, these financial assets notably included:
   - €172 million corresponding to a bond redeemable into either shares or cash (ORAN 2) and a bond redeemable in cash subscribed to by Vivendi in 2016, as well as the balance of a bond redeemable into either shares or cash ("new" ORAN 1) subscribed by Vivendi on June 22, 2017 as part of its investment in Banijay Group Holding (please refer to Note 7.1); and
   - a €70 million cash deposit made in March 2017 as part of an agreement to purchase a piece of land on the île Seguin, in the Parisian suburb Boulogne Billancourt (please refer to Note 13.1).

Listed equity portfolio

	September 30, 2017							
	Number of shares held	Purchase price (a)	Voting interest	Ownership interest	Stock market price	Carrying value	Change in value over the period (b)	Cumulative unrealized capital gain/(loss) (b)
	(in thousands)	(in millions of euros)			(€/share)	(in millions of euros)		
Mediaset	340,246	1,259	29.94% (c)	28.80%	2.93	996	(403)	(263)
Ubisoft	30,489	796	24.25% (d)	26.60% (d)	58.16	1,773	746	977
Telefonica	49,247	569	0.95%	0.95%	9.19	453	19	(116)
Fnac Darty	2,945	159	11.10%	11.10%	81.43	240	51	81
Other						4	(4)	(6)
Total						**3,466**	**409**	**673**

	December 31, 2016							
	Number of shares held	Purchase price (a)	Voting interest	Ownership interest	Stock market price	Carrying value	Change in value over the period (b)	Cumulative unrealized capital gain/(loss) (b)
	(in thousands)	(in millions of euros)			(€/share)	(in millions of euros)		
Mediaset	340,246	1,259	29.94% (c)	28.80%	4.11	1,398	140	140
Ubisoft	29,251	758	23.39% (e)	25.72% (e)	33.80	989	165	231
Telefonica	49,247	569	0.98%	0.98%	8.82	434	(65)	(135)
Groupe Fnac	2,945	159	11.27%	11.27%	64.23	189	30	30
Other						8	(2)	(2)
Total						**3,019**	**268**	**264**

a. Includes acquisition fees and taxes.

b. In accordance with IAS 39, these amounts, before taxes, were accounted for as other charges and income directly recognized in equity.

c. The partnership agreement entered into between Vivendi and Mediaset on April 8, 2016 is the subject of litigation: please refer to Note 14.

d. Based on a share capital comprised of 114,641,966 shares representing 125,744,337 voting rights (information as of September 30, 2017, as disclosed on Ubisoft's website).

e. Based on a share capital comprised of 113,719,410 shares representing 125,050,097 voting rights (information as of December 31, 2016, as disclosed on Ubisoft's website).

Note 9 Cash position

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

(in millions of euros)	September 30, 2017	December 31, 2016
Term deposits, interest-bearing current accounts and MTN	75	682
Bond funds	125	316
Cash management financial assets	**200**	**998**
Cash	208	285
Term deposits and interest-bearing current accounts	1,296	1,871
Money market funds	878	1,916
Bond funds	30	-
Cash and cash equivalents	**2,412**	**4,072**
Cash position	**2,612**	**5,070**

Note 10 Equity

Changes in the share capital of Vivendi SA

(in thousands)	September 30, 2017	December 31, 2016
Number of shares comprising the share capital (nominal value: €5.5 per share)	**1,291,469**	**1,287,088**
Treasury shares	(39,408)	(27,614)
Number of shares, net	**1,252,061**	**1,259,474**
Number of voting rights, gross	**1,511,668**	**1,384,762**
Treasury shares	(39,408)	(27,614)
Number of voting rights, net	**1,472,260**	**1,357,148**

Share repurchases

During the first half of 2017, Vivendi continued the share repurchase program authorized by the General Shareholders' Meetings held on April 21, 2016 and April 25, 2017, acquiring shares for an aggregate amount of €203 million. As of September 30, 2017, Vivendi held 39,408 thousand treasury shares, representing 3.05% of the share capital (compared to 2.15% of the share capital as of December 31, 2016).

Shareholders' dividend distributions

On February 16, 2017 (the date of Vivendi's Management Board meeting that approved the Consolidated Financial Statements for the year ended December 31, 2016 and the allocation of earnings for the fiscal year then ended), the Management Board decided to propose to shareholders the payment of an ordinary dividend of €0.40 per share, representing a total distribution of €499 million. This proposal was presented to, and approved by, Vivendi's Supervisory Board at its meeting held on February 23, 2017, and adopted by the Annual General Shareholders' Meeting held on April 25, 2017. The dividend was paid on May 4, 2017 (following the coupon detachment on May 2, 2017).

Note 11 Borrowings and other financial liabilities

		September 30, 2017			December 31, 2016		
(in millions of euros)	Note	Total	Long-term	Short-term	Total	Long-term	Short-term
Bonds	11.1	4,150	4,050	100	3,550	2,800	750
Short-term marketable securities issued		434	-	434	100	-	100
Bank overdrafts		97	-	97	77	-	77
Accrued interest to be paid		47	-	47	36	-	36
Other		188	14	174	101	15	86
Bank credit facilities (drawn confirmed)	11.2	-	-	-	-	-	-
Nominal value of borrowings		**4,916**	4,064	852	**3,864**	2,815	1,049
Cumulative effect of amortized cost and revaluation due to hedge accounting		(20)	(20)	-	(13)	(13)	-
Commitments to purchase non-controlling interests		815	130	685 (a)	85	56	29
Derivative financial instruments		138	119 (b)	19	145	119 (b)	26
Borrowings and other financial liabilities		**5,849**	**4,293**	**1,556**	**4,081**	**2,977**	**1,104**

a. Primarily included the commitment, as of September 30, 2017, to purchase Havas shares as part of the simplified public tender offer that ran from September 21 until October 4, 2017 (please refer to Note 2.1).

b. Mainly related to the fair value of the options pursuant to which Banijay Group Holding and Lov Banijay have the option of redeeming their borrowings in shares (please refer to Note 8).

As of September 30, 2017, the average "economic" term of the group's financial debt, calculated based on the assumption that the available medium term credit lines may be used to redeem group borrowings with the shortest term, was 4.5 years notably taking into account the shorter maturity of Havas's financial debt (compared to 5.3 years at year-end 2016).

11.1 Bonds

(in millions of euros)	Interest rate (%) nominal	Interest rate (%) effective	Maturity	September 30, 2017		December 31, 2016
Bonds issued by Vivendi SA						
€850 million (September 2017) (a)	0.875%	0.99%	Sep-24	850		-
€600 million (November 2016) (a)	1.125%	1.18%	Nov-23	600		600
€1 billion (May 2016) (a)	0.750%	0.90%	May-21	1,000		1,000
€500 million (May 2016) (a)	1.875%	1.93%	May-26	500		500
€750 million (March 2010) (b)	4.000%	4.15%	Mar-17	-	(c)	750
€700 million (December 2009) (b)	4.875%	4.95%	Dec-19	700		700
Bonds issued by Havas SA						
€400 million (December 2015) (a)	1.875%	1.94%	Dec-20	400		-
€100 million (July 2013) (a)	3.125%	3.20%	Jul-18	100		-
Nominal value of bonds				**4,150**		**3,550**

a. Bonds listed on the Euronext Paris Stock Exchange.

b. Bonds listed on the Luxembourg Stock Exchange.

c. This bond was fully redeemed at maturity in March 2017.

11.2 Bank credit facilities

Vivendi SA has a €2 billion bank credit facility, maturing in October 2021, undrawn as of September 30, 2017. Taking into account short-term marketable securities[8] backed by this bank credit facility and issued for €390 million, this facility was available for €1.6 billion as of September 30, 2017.

In addition, Havas SA has committed credit facilities, undrawn as of September 30, 2017, granted by leading banks for an aggregate amount of €510 million, including €150 million maturing in 2018, €330 million maturing in 2020 and €30 million maturing in 2021.

11.3 Credit ratings

As of November 13, 2017 (the date of Vivendi's Management Board meeting that approved the Financial Statements for the first nine months of 2017), Vivendi's credit ratings were as follows:

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

[8] *Since June 1, 2016, in accordance with the French Monetary and Financial Code (Code monétaire et financier), "short-term marketable securities" have replaced "commercial papers".*

Note 12 Related parties

Vivendi's main related parties are subsidiaries over which the group exercises an exclusive or joint control, and companies over which Vivendi exercises a significant influence (please refer to Note 24 to the Consolidated Financial Statements for the year ended December 31, 2016, page 297 of the 2016 Annual Report), as well as the group's corporate officers and their related entities, in particular Bolloré Group.

12.1 Bolloré Group

On October 7, 2016, Bolloré Group crossed the 20% thresholds of Vivendi's share capital and voting rights after having entered into a temporary sale agreement in respect of 34.7 million Vivendi shares maturing on June 25, 2019, and the acquisition of call options that enable Bolloré Group to purchase at any time until June 25, 2019, 34.7 million additional shares (please refer to Note 21.2 to the Consolidated Financial Statements for the year ended December 31, 2016 – page 282 of the 2016 Annual Report).

On March 6, 2017, Bolloré Group exceeded the 25% threshold of Vivendi's voting rights following the grant of double voting rights and held, directly and indirectly, 265,832,839 Vivendi shares, representing 375,994,292 voting rights, i.e., 20.65% of the share capital and 26.37% of the voting rights. "Upon crossing the 25% threshold of Vivendi's voting rights on March 6, 2017, and in accordance with Article L.233-7, paragraph VII of the French Commercial Code (*Code de commerce*) and Article 223-17 of the General Regulations (*Règlement Général*) of the AMF (*Autorité des marchés financiers*), Mr. Vincent Bolloré both for himself and for Compagnie de Cornouaille, which he controls and with whom he is legally deemed to be acting in concert, made the following statement of intent with respect to Vivendi for the next six months:

- on March 6, 2017, Compagnie de Cornouaille acquired 40,548,020 additional double voting rights pursuant to Article L.225-123, paragraph 3 of the French Commercial Code (*Code de commerce*) and the issue of the financing of the transaction giving rise to the crossing of the threshold is therefore not applicable;
- the declarant has not entered into any agreement establishing a concerted action with respect to Vivendi;
- the declarant contemplates continuing to purchase Vivendi shares depending primarily on market opportunities;
- without the intent of gaining control, the foreseeable change in its voting rights, all of which are expected to double by April 20, 2017 (except for those on borrowed shares), could put the declarant in a position to determine decisions at General Shareholders' Meetings;
- the investment in Vivendi reflects Bolloré Group's confidence in Vivendi's capacity to develop and its willingness to support Vivendi in its strategy;
- with regard to the transactions referred to in Article 223-17 I, 6° of the AMF's General Regulations (*Règlement Général*), the declarant, together with Vivendi, plans to explore synergies or possible combination transactions between their respective activities in the field of media and communication;
- the declarant holds 34,700,000 call options that enable it to acquire 34,700,000 Vivendi shares, at any time until June 25, 2019, and it plans to exercise them depending, in particular, on market conditions;
- the declarant is party to a temporary sale agreement, as borrower, in respect of 34,700,000 Vivendi shares carrying an equal amount of voting rights; the declarant is not a party to any other temporary sale agreement; and
- the declarant plans to request additional appointments to the company's Supervisory Board." (Please refer to AMF notice No. 217C0619, dated March 8, 2017).

On April 25, 2017, Vivendi's General Shareholders' Meeting notably renewed the term of office of Mr. Vincent Bolloré as a member of the Supervisory Board. It also ratified the co-optation of Mr. Yannick Bolloré as a member of the Supervisory Board. The Supervisory Board, at a meeting convened after the General Shareholders' Meeting, reappointed Mr. Vincent Bolloré as its Chairman.

In addition, the situation at Vivendi's General Shareholders' Meeting held on April 25, 2017 led Bolloré Group to review the control it exercises over Vivendi in light of the provisions of IFRS 10 – *Consolidated Financial Statements*.

At this meeting, Bolloré Group, Vivendi's only large shareholder, saw its shareholder weight reinforced, notably through the effects of the Florange law, with double voting rights associated with its shares for the first time. An in-depth analysis of the rights held by Bolloré Group and the outcomes of Vivendi's past general shareholders' meetings showed that Bolloré Group holds a near-majority of the votes in a situation where shareholdings are highly dispersed.

Bolloré Group then analyzed other facts and circumstances liable to demonstrate the existence of control, including facts indicating its ability to control Vivendi's key activities and to influence its strategy and the returns the group generates. This review focused notably on the transfers of managers and executives, the practical ability to manage the key processes of the various business segments, the disposals of assets and equity investments, the convergence and synergies between the two groups, and financing matters.

Based on this analysis, Bolloré Group determined that the number and the importance of the elements identified make it possible to conclude that a situation of control exists. Consequently, it elected to fully consolidate its interest in Vivendi as from April 26, 2017, in accordance with IFRS 3.

In May 2017, Vivendi paid a dividend of €92 million to Bolloré Group with respect to fiscal year 2016 (compared to an interim dividend of €196 million with respect to fiscal year 2015 and the balance of the dividend with respect to fiscal year 2015 of €196 million paid in 2016).

On July 3, 2017, Vivendi acquired the 59.2% interest in Havas held by Bolloré Group for €2,324 million (including the financial transaction tax) paid in cash: please refer to Note 2.

As of September 30, 2017, Bolloré Group held 20.55% of Vivendi's share capital and 29.59% of the gross voting rights (265,832,839[9] Vivendi shares, representing 447,265,678 gross voting rights).

12.2 Other corporate officers

On April 25, 2017, Vivendi's General Shareholders' Meeting appointed Ms. Véronique Driot-Argentin and Ms. Sandrine Le Bihan (representing employee shareholders), as members of the Supervisory Board.

In addition, on August 31, 2017, the Supervisory Board appointed as members of the Management Board, effective from September 1, 2017, Mr. Gilles Alix, Chief Executive Officer of Bolloré Group, and Mr. Cédric de Bailliencourt, Vice Chairman and Chief Financial Officer of Bolloré Group. The Management Board is currently comprised of seven members.

Note 13 Contractual obligations and other commitments

13.1 Contractual obligations and commercial commitments

Investment commitments

On March 14, 2017, Boulogne Studios, a wholly-owned subsidiary of Vivendi, entered into a bilateral land purchase agreement with "Val de Seine Aménagement", the local public urban developer of the Parisian suburb Boulogne-Billancourt, for a construction project on the île Seguin. This purchase agreement is subject to certain conditions precedent, in particular the procurement of a building permit. This project would consist of building a campus of approximately 150,000 m² which could, in five to seven years, house a group of companies notably operating in business sectors such as media and content, as well as digital, sports and sustainable development. On that date, Vivendi paid a €70 million deposit to guarantee the satisfaction of its purchase obligations amounting to a total of approximately €330 million.

Off-balance sheet operating leases and subleases

On June 26, 2017, Universal Music Group entered into a lease agreement for an office space of approximately 15,000 m^2 located in the London area of King's Cross, for a 15-year period.

13.2 Share purchase and sale commitments

Since July 26, 2017, Vivendi has been holding 100% of Dailymotion following the exercise by Orange of the put option on its remaining 10% interest in Dailymotion for €26 million, in accordance with the shareholders' agreement.

13.3 Contingent assets and liabilities subsequent to given or received commitments related to the divestiture or acquisition of shares

Merger between Canal+ Group's pay-TV operations in France and TPS

On August 30, 2006, the merger between Canal+ Group's pay-TV operations in France and TPS 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 Video-on-demand (VOD), which could not exceed five years.
On October 28, 2009, the French Competition Authority opened an enquiry regarding compliance with certain undertakings given by Canal+ Group in connection with the merger of Canalsatellite and TPS.
On July 23, 2012, the merger was once again cleared by the French Competition Authority, subject to compliance with 33 injunctions. These injunctions were issued for a five-year period, renewable once.

[9] Including (i) 34,700,000 Vivendi shares held temporarily by Compagnie de Cornouaille pursuant to a temporary share sale agreement in respect of an equal number of Vivendi shares for its benefit, which may be returned, in whole or in part, at any time until June 25, 2019, and (ii) 34,700,000 Vivendi shares classified as assimilated shares by Compagnie de Cornouaille pursuant to Article L.233-9 I, 4° of the French Commercial Code (Code de commerce) as a result of the off-market acquisition of physically-settled call options that are exercisable at any time until June 25, 2019.

On June 22, 2017, following the reexamination of such injunctions, the French Competition Authority decided to maintain, lift or revise certain of these injunctions.

These injunctions, which have been implemented by Canal+ Group since June 22, 2017, consist of the following main components:

- Acquisition of movie rights:
  - prohibition on entering into output deals for French films except if another pay-TV producer were to enter into an output deal with any of the five main French producers/coproducers; and
  - disposal by the Canal+ Group of its interest in Orange Cinema Series – OCS SNC or, failing this, adoption of measures that can "neutralize" Canal+ Group's impact on Orange Cinema Series – OCS SNC.
- Distribution of pay-TV special-interest channels:
  - distribution of a minimum number of independent channels, distribution of any channel holding premium rights, exclusive or not, and preparation of a reference offer relating to taking over independent channels included in the Canalsat offer including, among other things, the assumptions and methods to calculate minimal compensation for these independent channels.
- Video-on-demand (VOD) and subscription video-on-demand (SVOD):
  - prohibition on purchasing VOD and SVOD exclusive broadcasting rights to original French-language films owned by French right holders and combining these rights with the purchases of rights for linear broadcast on pay-TV;
  - limitation on the exclusive transfer of VOD and SVOD rights to Canal+ Group from Studiocanal's French film catalog; and
  - prohibition on entering into exclusive distribution deals for the benefit of Canal+ Group's VOD and SVOD offers on Internet Service Provider platforms.

These injunctions are operative until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that these injunctions be lifted or partially or totally revised. An independent trustee, who was proposed by Canal+ Group and approved by the French Competition Authority on August 30, 2017, is responsible for monitoring the implementation of the injunctions.

Acquisition of Bolloré Group's channels Direct 8 and Direct Star

As part of the French Competition Authority's approval of the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively) granted on July 23, 2012 and renewed on April 2, 2014, Vivendi and Canal+ Group gave certain commitments for a five year-period, renewable once.

On June 22, 2017, the French Competition Authority decided to keep, lift or revise certain commitments.

These commitments provide for restrictions on the acquisition of rights to American movies and television series from certain American studios (Canal+ Group can henceforth enter into output deals bundling free-to-air and pay-TV rights with two American studios) and for French movies (the joint purchase of both free-to-air and pay-TV rights for more than 20 original French-language films per year is prohibited), the separate negotiation of pay-TV and free-to-air rights for certain recent movies and television series, limitations on the acquisition by C8 and CStar of French catalog movies from Studiocanal (limited to 50% of the total number and total value of French catalog movies purchased annually by each of these channels).

These commitments are operative until December 31, 2019. If market conditions change significantly, Canal+ Group will be able to request that these commitments be lifted or partially or totally revised. An independent trustee, who was proposed by Canal+ Group and approved by the French Competition Authority on August 30, 2017, is responsible for monitoring the implementation of the commitments.

In addition, on September 18, 2012, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) approved the acquisition of the Direct 8 and Direct Star channels (renamed C8 and CStar, respectively), subject to compliance with certain commitments relating to broadcasting, investment obligations and transfer rights.

Note 14 Litigation

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

Certain Legal Proceedings involving Vivendi or its subsidiaries (as plaintiff or defendant) are described in the 2016 Annual Report: Note 23 to the Consolidated Financial Statements for year ended December 31, 2016 (pages 289 through 296). The following paragraphs update such disclosure through November 13, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the first nine months of 2017).

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

Securities Class Action in the United States

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

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

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

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

On January 29, 2010, the jury returned its verdict. It found that 57 statements made by Vivendi between October 30, 2000 and August 14, 2002, were materially false or misleading and were made in violation of Section 10(b) of the Securities Exchange Act of 1934. Plaintiffs had alleged that those statements were false and misleading because they failed to disclose the existence of an alleged "liquidity risk" which reached its peak in December 2001. However, the jury concluded that neither Mr. Jean-Marie Messier nor Mr. Guillaume Hannezo were liable for the alleged misstatements. As part of its verdict, the jury found that the price of Vivendi's shares was artificially inflated on each day of the class period in an amount between €0.15 and €11.00 per ordinary share and USD 0.13 and USD 10.00 per ADR, depending on the date of purchase of each ordinary share or ADR. Those figures represent approximately half the amounts sought by the plaintiffs in the class action. The jury also concluded that the inflation of the Vivendi share price fell to zero in the three weeks following the September 11, 2001, tragedy, as well as on stock exchange holidays on the Paris or New York markets (12 days) during the class period.

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

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

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

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

The claims process commenced on December 10, 2012, with the sending of a notice to shareholders who may be part of the class. Recipients of the notice had until August 7, 2013 to file a claim form and submit documentation evidencing the validity of their claim. These claims were processed and verified by an independent claims administrator and by the parties. Vivendi had the right to challenge the merits of these claims. On November 10, 2014, at Vivendi's initiative, the parties filed a mutually agreed upon proposed order requesting the Court to enter a partial final judgment on the January 29, 2010 jury verdict, covering a substantial portion of the claims. Certain large claims were excluded from this proposed judgment order while Vivendi continued to analyze whether to challenge the validity of those claims. On December 23, 2014, the Court entered the partial judgment. Vivendi filed its Notice of Appeal with the Second Circuit Court of Appeals on January 21, 2015, and the plaintiffs cross-appealed. This appeal was heard on March 3, 2016.

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

On July 14, 2016, the Court entered a final judgment covering the remaining claims whose validity had not been challenged and which were not included in the partial judgment entered on December 23, 2014. Vivendi appealed against this final judgment and the plaintiffs cross-appealed, challenging the final judgment as well as the summary judgment decisions rendered by the Court concerning the claims of SAM and Capital Guardian.

On September 27, 2016, the Second Circuit Court of Appeals affirmed the District Court's decision. The Court of Appeals rejected, however, the plaintiffs' arguments in their cross-appeal seeking to expand the class of plaintiffs and the scope of their claims. Vivendi filed a petition for rehearing with the Second Circuit Court of Appeals. This petition was denied on November 10, 2016.

On April 6, 2017, Vivendi entered into an agreement to settle the remaining claims still in dispute with certain class plaintiffs. Under the terms of the agreement, Vivendi paid $26.4 million, representing approximately one-third of the total $78 million it paid to resolve the entire litigation, including the judgments previously entered. As a result, Vivendi re-examined the amount of the reserve for this matter as of March 31, 2017 and set it at €73 million, consequently recording a reversal of reserve of €27 million. On May 9, 2017, the Court formally approved the terms of the agreement, thereby putting an end to this litigation.

Trial of Vivendi's Former Officers in Paris

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

The trial took place from June 2 to June 25, 2010, before the 11th Chamber of the Paris Tribunal of First Instance (*Tribunal de Grande Instance de Paris*), following which the Public Prosecutor asked the Court to drop the charges against the defendants. On January 21, 2011, the Court rendered its judgment, in which it confirmed the previous recognition of Vivendi as a civil party. Messrs. Jean Marie Messier, Guillaume Hannezo, Edgar Bronfman Jr. and Eric Licoys received suspended sentences and fines. Messrs. Jean Marie Messier and Guillaume Hannezo were also ordered to pay damages to shareholders who are entitled to reparation as civil parties. The former Vivendi Officers as well as some civil parties appealed the decision. The appeal proceedings were held from October 28 to November 26, 2013, before the Paris Court of Appeal. The Public Prosecutor requested a 20-month suspended prison sentence and a fine of €150,000 for Mr. Jean-Marie Messier for misuse of corporate assets and dissemination of false or misleading information, a 10-month suspended prison sentence and a fine of €850,000 for Mr. Guillaume Hannezo for insider trading, and a 10-month suspended prison sentence and a fine of €5 million for Mr. Edgar Bronfman Jr. for insider trading. On May 19, 2014, the Paris Court of Appeal rendered its judgment. Regarding the acts determined by the lower criminal court to constitute the dissemination of false or misleading information, the Court held that these acts did not meet the criteria for such an offense. The Court upheld the conviction against Mr. Jean-Marie Messier for misuse of corporate assets and he received a 10-month suspended sentence and a €50,000 fine. The Court also upheld the convictions against Messrs. Hannezo and Bronfman for insider trading and they received fines in the amount of €850,000 (of which €425,000 is suspended) and €5 million (of which €2.5 million is suspended), respectively. Finally, the Court set aside the lower court's order for the payment of damages (€10 per share) to certain shareholders and former shareholders of Vivendi (the "civil action"). With regard to Vivendi, the Court upheld the validity of its status as a civil party to the proceedings, exonerated it from any responsibility and voided the demand for damages brought against it by certain shareholders or former shareholders. An appeal was filed with the French Supreme Court (*Cour de Cassation*) by certain of the defendants and some civil parties. On April 20, 2017, the French Supreme Court dismissed the appeal, thereby putting an end to this litigation.

Mediaset against Vivendi

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

Vivendi's purchase of Mediaset Premium was based on financial assumptions provided by Mediaset to Vivendi in March 2016. These assumptions raised some questions within Vivendi, which were communicated to Mediaset. The agreement signed on April 8, 2016 was subsequently subject to a "due diligence review" (carried out for Vivendi by the advisory firm Deloitte), as contractually agreed. It became clear from this audit and from Vivendi's analyses that the figures provided by Mediaset prior to the signing of the agreement were not realistic and were founded on an artificially-inflated base.

While Vivendi and Mediaset had been in discussions in an effort to find an alternative transaction structure to the one provided for in the April 8, 2016 agreement, Mediaset terminated these discussions on July 26, 2016 by publicly rejecting the proposal Vivendi submitted to it. This proposal consisted of a swap of 3.5% of Vivendi's share capital in exchange for 20% of Mediaset Premium's share capital and 3.5% of Mediaset's share capital and, for the balance, the issuance by Mediaset to Vivendi of bonds convertible into Mediaset shares over time.

Subsequently, Mediaset together with its affiliate RTI, and Fininvest, Mediaset's majority shareholder each filed a complaint against Vivendi before the Milan Civil Court seeking to obtain specific performance of the April 8, 2016 agreement and the related shareholders' agreement. In particular, it is alleged that Vivendi has not filed its notification to the European Commission with respect to the transaction and thus has blocked the lifting of the last condition precedent to the completion of the transaction. Vivendi maintains that despite its timely completion of the pre-notification process with the Commission, the Commission would not accept a formal filing while the parties were discussing their differences. Mediaset, RTI and Fininvest are also seeking compensation from Vivendi for damages allegedly suffered by them, namely the damage caused by the delay in the performance of the agreement, for Mediaset and RTI, and of the shareholders' agreement that had been envisaged to be signed on the completion date, for Fininvest (estimated by each of the three parties at €50 million per month of delay starting July 25, 2016). Fininvest is also seeking compensation for a total estimated amount of €570 million for the alleged damage linked to the change in the Mediaset share price between July 25 and August 2, 2016 plus the harm done to the decision-making procedures of Fininvest and to its image.

At the first hearing held in the case, the judge invited the parties to come closer together to try to reach an amicable settlement to their dispute. To this end, on May 3, 2017, the parties initiated mediation proceedings before the Chamber of National and International Arbitration of Milan.

Despite this mediation, which is still ongoing, on June 9, 2017, Mediaset, RTI and Fininvest filed a new complaint against Vivendi seeking damages totaling €2 billion for Mediaset and RTI, and €1 billion for Fininvest, in connection with Vivendi's acquisition of Mediaset shares at the end of 2016. According to the plaintiffs, who have requested that this action be consolidated with the first, these acquisitions were carried out in breach of the April 8, 2016 agreement, the Italian media regulations and unfair competition rules. In addition, the complaint includes a demand that Vivendi be required to divest the shares of Mediaset which were allegedly bought in breach of applicable law and the April 8, 2016 agreement. Lastly, the plaintiffs have requested that, pending such divestiture, Vivendi be enjoined from exercising its rights (including voting rights) on such Mediaset shares.

If the mediation is unsuccessful, the next hearing before the Milan Civil Court will be held on December 19, 2017.

Other proceedings related to Vivendi's entry into the share capital of Mediaset

Following Vivendi's entry into the share capital of Mediaset through open market purchases of shares during the months of November and December 2016, culminating in a shareholding of 28.80%, Fininvest stated that it had filed a complaint against Vivendi for market manipulation with the Milan public prosecutor's office and the Consob, the Italian financial markets regulator.

In addition, on December 21, 2016, the AGCOM, the Italian communications authority, opened an investigation into the compatibility between the increase in Vivendi's holdings in Mediaset's share capital and its position as a shareholder of Telecom Italia under Italian media regulations.

On April 18, 2017, the AGCOM issued a decision in which it determined that Vivendi was not in compliance with the regulations. Vivendi, which has 12 months to come into compliance, appealed against this decision. Pending the decision on the appeal, which is expected in the first half of 2018, the AGCOM acknowledged Vivendi's proposed action plan setting out how it will comply with the decision.

Telecom Italia

On September 13, 2017, the Consob declared that Vivendi exercises de facto control over Telecom Italia. Vivendi and Telecom Italia formally contest this position and appealed to the competent courts.

In addition, on August 5, 2017, the Italian Government informed Vivendi that it was opening a formal investigation into whether certain provisions of Law Decree No. 21 of 15 March 2012 on special powers of the Italian Government relative to the defense and national security sectors and to activities of strategic importance in the fields of energy, transport and communications, had been respected by Telecom Italia and Vivendi. Vivendi considers that the provisions of that decree are inapplicable in light of both the nature of the activities carried out by Telecom Italia and Vivendi's lack of control of over the Italian operator.

On September 28, 2017, the Presidency of the Council of Ministers found that the notification made by Vivendi under Article 1 of the aforementioned legislative decree as a precautionary measure was made late and opened a procedure against Telecom Italia for failing to make the required notification under Article 2 of the same legislative decree.

By a decree dated October 16, 2017, the Italian Government decided to exercise the special powers laid down in Article 1 of the 2012 legislative decree, relative to the defense and national security sectors. This decree imposes a number of organizational and governance measures on Vivendi and Telecom Italia and its two subsidiaries, Telecom Italia Sparkle Spa ("Sparkle") and Telsy Elettronica e Telecomunicazioni Spa ("Telsy"). In particular, Telecom Italia, Sparkle and Telsy must have a division in charge of supervising all activities related to defense and national security, which is fully autonomous and endowed with human and financial resources sufficient to guarantee its independence, and to appoint to their governing bodies a member who is an Italian citizen, who is approved by the Italian Government and who has security clearance. It also requires the establishment of a supervisory committee under the auspices of the Council of Ministers (*Comitato di monitoraggio*), to monitor compliance with these obligations.

In addition, by a decree dated November 2, 2017, the Italian Government decided to implement the special powers conferred by Article 2 of the 2012 legislative decree, relative to the fields of energy, transport and communications. This decree imposes on Telecom Italia the obligation to implement development, investment and maintenance plans for its networks in order to guarantee their operation and security, to provide universal service, and, more generally, to satisfy public interest in the medium and long term, under the control of the Comitato di monitoraggio, who must be notified of any reorganization of the Telecom Italia group's holdings or any project having an impact on the security, availability and operation of the networks.

Etisalat against Vivendi

On May 12, 2017, Etisalat and EINA filed a request for arbitration before the International Court of Arbitration of the International Chamber of Commerce pursuant to the terms of the agreement for the sale of SPT/Maroc Telecom entered into on November 4, 2013, the closing of which took place on May 14, 2014. This request concerns several claims in respect of representations and warranties made by Vivendi and SFR in connection with the sale agreement. The Arbitral Tribunal was established in August 2017, and the first hearing is scheduled for the second half of 2018.

Dynamo against Vivendi

On August 24, 2011, the Dynamo investment funds, former shareholders of GVT, filed a complaint against Vivendi before the Bovespa Arbitration Chamber (São Paulo stock exchange), seeking compensation amounting to the difference between the value of the shares sold by them before Vivendi's acquisition of GVT and BRL70.00 per share. According to Dynamo, the provision in GVT's bylaws providing for an increase in the per share purchase price when the 15% threshold is crossed (the "poison pill provision") should allegedly have applied to the acquisition by Vivendi. On May 9, 2017, the Bovespa Arbitration Chamber rendered its decision, rejecting Dynamo's demands.

Parabole Réunion

In July 2007, the Parabole Réunion filed a legal action before the Paris Tribunal of First Instance following the termination of its rights to exclusively distribute the TPS channels in Reunion Island, Mayotte, Madagascar and Mauritius, and the degradation of the channels made available to it. Pursuant to a decision dated September 18, 2007, Canal+ Group was prohibited, under threat of a fine, from allowing the broadcast by third parties of these channels or replacement channels that have substituted these channels and was ordered to replace the TPS Foot channel in the event it is dropped. Canal+ Group appealed this decision. In a ruling dated June 19, 2008, the Paris Court of Appeal partially reversed the judgment and stated that these replacement channels were not to be granted exclusively if the channels were made available to third parties prior to the merger with TPS. Parabole Réunion was unsuccessful in its claims concerning the content of the channels in question. On September 19, 2008, Parabole Réunion appealed to the French Supreme Court. On November 10, 2009, the French Supreme Court dismissed the appeal brought by Parabole Réunion.

On September 24, 2012, Parabole Réunion filed a claim against Canal+ France, Canal+ Group and Canal+ Distribution before the enforcement magistrate of the Court of First Instance of Nanterre seeking enforcement of the fine imposed by the Paris Tribunal of First Instance and confirmed by the Court of Appeal (a request for such enforcement having been previously rejected by the enforcement magistrate of Nanterre, the Paris Court of Appeal and the French Supreme Court). On November 6, 2012, Parabole Réunion expanded its claim to cover the TPS Star, Cinecinema Classic, Cult and Star channels. On April 9, 2013, the enforcement magistrate dismissed in part Parabole Réunion's claim and declared the rest inadmissible. He took care to recall that Canal+ Group had no legal obligation with respect to the content or the maintaining of programming on channels made available to Parabole Réunion and held, after noting that production of the TPS Foot channel had not stopped, that there was no need to replace this channel. Parabole Réunion filed a first appeal against this decision on April 11, 2013. On May 22, 2014, the Versailles Court of Appeal declared this appeal inadmissible due to Parabole Réunion's lack of representative capacity. On February 14, 2014, Parabole Réunion filed an appeal on points of law and filed a second appeal against the April 9, 2013 decision. On April 9, 2015, the French Supreme Court overturned the May 22, 2014 decision of the Versailles Court of Appeal in which the appeal filed by Parabole Réunion on April 11, 2013 was declared inadmissible. The case was remanded to the Paris Court of Appeal, brought before the

Court by Parabole Réunion on April 23, 2015. On May 12, 2016, the Paris Court of Appeal upheld the decision of the Court of First Instance and dismissed all of Parabole Réunion's claims. On May 27, 2016, Parabole Réunion filed an appeal with the French Supreme Court against the judgment of the Paris Court of Appeal.

At the same time, on August 11, 2009, Parabole Réunion filed a complaint against Canal+ Group before the Paris Tribunal of First Instance, requesting that the Tribunal order Canal+ Group to make available a channel with a level of attractiveness similar to that of TPS Foot in 2006 and to pay damages. On April 26, 2012, Parabole Réunion filed a complaint against Canal+ France, Canal+ Group and Canal+ Distribution before the Paris Tribunal of First Instance asking the Tribunal to acknowledge the failure of the companies of the group to fulfill their contractual obligations to Parabole Réunion and their commitments to the Ministry of Economy. These two actions have been consolidated into a single action. On April 29, 2014, the Paris Tribunal of First Instance partially recognized the admissibility of Parabole Réunion's claim with respect to the period following June 19, 2008 and recognized the contractual liability of Canal+ Group due to the degradation of the quality of channels made available to Parabole Réunion. The Tribunal ordered an expert report on the damages suffered by Parabole Réunion, rejecting the assessment produced by the latter. On November 14, 2014, Canal+ Group appealed against the decision of the Paris Tribunal of First Instance. The court appointed expert issued its report on February 29, 2016 and the case was argued before the Paris Court of Appeal on January 28, 2016. On June 3, 2016, the Paris Court of Appeal upheld the April 29, 2014 decision of the Paris Tribunal of First Instance. Canal+ Group appealed to the French Supreme Court. In an order issued on October 25, 2016, the Pre-Trial Judge held that the April 29, 2014 decision in which Canal+ Group was ordered to compensate Parabole Réunion established in principle a debt of the latter, even if the assessment of its amount was still to be finalized. The Judge ordered Canal+ Group to pay the sum of €4 million as an advance. On January 17, 2017, the Paris Tribunal of First Instance ordered Canal+ Group to pay the sum of €37,720,000, with provisional enforceability. On February 23, 2017, Parabole Réunion appealed against that decision to the Paris Court of Appeal. On July 20, 2017, Canal+ Group filed its response to the appeal and a cross-appeal. Through a filing made on May 29, 2017, Parabole Réunion raised an incidental question in order to have the court appoint an additional expert to assess the loss in value of its business. Oral arguments on the incidental question was held on September 14, 2017. On October 12, 2017, the Pre-Trial Advisor ordered an additional expertise.

Canal+ Group against TF1, and TMC Régie

On June 12, 2013, Canal+ Group SA and Canal+ Régie filed a complaint with the French Competition Authority against the practices of TF1 and TMC Régie in the television advertising market. Canal+ Group SA and Canal+ Régie accused them of cross-promotion, having a single advertising division and refusing to promote the D8 channel during its launch. Following a meeting held on June 21, 2017, the French Competition Authority rendered a decision dismissing the complaint on July 25, 2017.

TF1 and M6 agreements

On September 30, 2017, Canal+ Group filed summary requests before the French Council of State (*Conseil d'Etat*) seeking an annulment of the decisions of the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) (the "CSA") of July 20 and 27, 2017 relating to the TF1 and M6 channels, respectively. These decisions renew the authorizations for the terrestrial transmission of TF1 and M6, in the context of the requests of the two groups to obtain compensation for the distribution of their free-to-air DTT channels, including their eponymous TF1 and M6 channels.

Top 14 Rugby (2019-2023)

By letter registered on July 19, 2016, the French Competition Authority was notified by Altice of a referral on the merits regarding the practices implemented in the tender process for the granting of broadcasting rights to Top 14 rugby for the seasons 2019/2020 to 2022/2023. The matter is being reviewed by the Competition Authority.

Canal+ Group against Numericable-SFR

On October 4, 2017, Canal+ Group filed a complaint against Numericable-SFR before the Paris Commercial Court for customer poaching and breach of contract, in which it asked the Court to issue an injunction to stop such practices and to award damages.

Touche Pas à Mon Poste

On June 7, 2017, the French Broadcasting Authority (*Conseil Supérieur de l'Audiovisuel*) (the "CSA") decided to sanction C8 for a sequence broadcast on the show "TPMP" on December 7, 2016. The CSA considered that this sequence in which the presenter of the show, Cyril Hanouna, and one of its columnists, Capucine Anav, are seen engaging in a game on set during an "off" sequence, undermined the image of women. The sanctions consisted of the suspension of advertising broadcasts during the show, *"Touche Pas à Mon Poste"* and its rebroadcasts, as well as well during the 15 minutes before and the 15 minutes after its broadcast, for a period of two weeks from the second Monday following notification of the decision.

Similarly, on June 7, 2017, the CSA decided to sanction C8 for another sequence broadcast on the show *"TPMP! La grande Rassrah"* on November 3, 2016. The CSA considered that this other sequence, the filming by hidden camera of Matthieu Delormeau, a columnist for the show, violated his dignity. The new sanction consisted of the suspension of advertising broadcasts during the show, *"Touche Pas à Mon Poste"* and its rebroadcasts, as well as during the 15 minutes before and the 15 minutes after its broadcast, for a period of one week.

On July 3, 2017, following the two decisions of the CSA, C8 filed two appeals with the French Council of State (*Conseil d'Etat*). On July 4, 2017, C8 filed two claims for compensation with the CSA.

On July 26, 2017, the CSA decided to sanction C8 for a sequence broadcast on the show "TPMP Baba hot line" on May 18, 2017, considering that the channel violated the principle of respect for privacy and its obligation to fight against discrimination, and imposed a monetary fine of €3 million.

Following this decision, on September 22, 2017, C8 filed an action for annulment before the French Council of State (*Conseil d'Etat*). On September 27, 2017, C8 also filed action for compensation with the CSA.

Authors' Societies

In filings made on July 13, 17 and 20, 2017, the SACEM, SACD, SCAM and SDRM (French guilds representing authors, composers, and music publishers) sued Canal+, Canal+ Group, SECP and C8 before the interim relief judge of the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) seeking payment of royalties for the fourth quarter 2016 and the first quarter of 2017. Canal+ Group is disputing the amounts charged by the different collection societies.

In a filing made on July 20, 2017, the SACD sued SECP before the interim relief judge of the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) seeking payment of royalties relating to the first quarter of 2017, the amount of which is being disputed by Canal+ Group.

In a filing made on August 8, 2017, the SCAM sued SECP before the interim relief judge of the High Court of Nanterre (*Tribunal de grande instance de Nanterre*) seeking payment of royalties relating to the first quarter of 2017, the amount of which is being disputed by Canal+ Group.

In October 2017, with the amounts claimed having been paid, the SACEM, SDRM and SCAM withdrew from the cases involving them.

Harry Shearer and Century of Progress Productions against Studiocanal, Universal Music Group and Vivendi

A complaint was filed in California federal court against Studiocanal and Vivendi by Harry Shearer, through his company Century of Progress Productions, in his capacity as a creator, actor and composer of the film "This Is Spinal Tap", an American film produced and financed in 1984 by Embassy Pictures (Studiocanal is the successor to Embassy's rights). Mr. Shearer is seeking damages for breach of contractual obligations to provide exploitation accounts, fraud, and failure to exploit the film's trademark, and is also seeking attribution of the trademark. On February 8, 2017, four new plaintiffs, co-creators of the film, joined the proceedings. On February 28, 2017, in response to the complaint, the defendants filed a motion to dismiss, in which they asked the Court to declare the claims of the new plaintiffs to be inadmissible and to deny the claim for fraud. On September 28, 2017, the Court issued its decision. With respect to inadmissibility, it dismissed the claims of three of the four co-creators as well as the fraud claim. However, the Court gave permission to the plaintiffs to file amended complaints in their individual capacities as well as to supplement their fraud claim. On October 21, 2017, Universal Music Group was also sued.

Capitol Records and EMI Music Publishing against MP3tunes

On November 9, 2007, Capitol Record and EMI Music Publishing filed a joint complaint against MP3tunes and its founder, Michael Robertson, for copyright infringement on the sideload.com and mp3tunes.com websites. The trial was held in March 2014, and, on March 19, 2014, the jury returned a verdict favorable to EMI and Capital Records. It found the defendants liable for knowingly allowing the unauthorized content on the websites. On March 26, 2014, the jury awarded damages in the amount of $41 million. On October 30, 2014, the Court confirmed the verdict but entered judgment in the reduced amount of $12.2 million. The defendants appealed against the judgment and Capitol Records and EMI cross-appealed. On October 25, 2016, the Second Circuit Court of Appeals ruled in favor of the plaintiffs on several points of their cross-appeal and sent the case back to the trial court. On June 19, 2017, the U.S Supreme Court denied a petition for writ of certiorari filed by the defendants. A mediation process is underway.

Glass Egg vs. Gameloft Inc., Gameloft SE, Gameloft Iberica and Vivendi SA

Glass Egg, a Vietnamese company specialized in the design of cars in 3D for use in video games, sued Gameloft Inc., Gameloft SE, Gameloft Iberica and Vivendi SA in the United States. It is seeking damages for copyright infringement, unfair competition and misappropriation of trade secrets.

Tax audits

The fiscal year ended on December 31, 2016 and prior years are open to tax audits by the respective tax authorities in the jurisdictions in which Vivendi has or had operations. Various tax authorities have proposed adjustments to the taxable income reported for prior years. At this stage of the current tax audits, the impact that could result from an unfavorable outcome of these audits cannot be reliably assessed. Vivendi Management believes that these tax audits are unlikely to have a material unfavorable impact on the group's financial position or liquidity.

Regarding Vivendi SA, in respect of the Consolidated Global Profit Tax System, the tax audit for fiscal years 2006, 2007 and 2008 is still ongoing as are the tax audits for fiscal years 2009 and 2010. Finally, the audit of Vivendi SA's Tax Group System for fiscal years 2011 and 2012 began in July 2013. As of September 30, 2017, all of these tax audits were ongoing. Vivendi Management believes that it has solid legal grounds to defend its positions for determining the taxable income for the fiscal years under audit. In any event, as of September 30, 2017, Vivendi has accrued a provision for the impact of the Consolidated Global Profit Tax System in 2011 (€409 million), as well as a provision for the impact in relation to the use of tax credits in 2012 (€259 million) and in 2015 (€203 million).

The impacts of the French Tax Group and Consolidated Global Profit Tax Systems on the valuation of Vivendi's tax attributes (tax losses and tax credits carried forward) are as follows:

- As Vivendi considers that its entitlement to use the Consolidated Global Profit Tax System was effective until the end of the authorization granted by the French Ministry of Finance, including fiscal year ending December 31, 2011, on November 30, 2012, Vivendi submitted a €366 million refund request with respect to the tax saving for fiscal year ended December 31, 2011. Because this request was denied by the tax authorities, Vivendi accrued a €366 million provision for the associated risk in its Financial Statements for the year ended December 31, 2012. On October 6, 2014, the Administrative Court of Montreuil ruled in favor of Vivendi. Pursuant to this ruling, on December 23, 2014, Vivendi received a €366 million refund and, on January 16, 2015, moratorium interest of €43 million. On December 2, 2014, the tax authorities lodged an appeal against this ruling. On July 5, 2016, the Versailles Administrative Court of Appeal ruled in favor of Vivendi. On October 28, 2016, the French Council of State (*Conseil d'Etat*) notified Vivendi that the Minister had filed an appeal against this ruling. In a decision dated October 25, 2017, the French Council of State (*Conseil d'Etat*) denied the Minister's appeal, therefore, the favorable ruling of the Versailles Administrative Court of Appeal is now final. In its Financial Statements for the year ended December 31, 2017, Vivendi will record a tax income of €409 million related to the settlement of this litigation.
- Moreover, considering that the Consolidated Global Profit Tax System permitted tax credits to be carried forward upon the end of the authorization on December 31, 2011, Vivendi requested a refund of taxes due under the French Tax Group System for the year ended December 31, 2012, i.e., €208 million, increased to €221 million in 2013 at the time of the tax return filing with respect to fiscal year ended December 31, 2012. On May 8, 2013, Vivendi received a €201 million refund related to the tax installment paid in 2012. This position was challenged by the tax authorities as part of a tax audit and Vivendi provisioned the associated risk for a principal amount of €208 million in its Financial Statements for the year ended December 31, 2012, increased to €221 million as of December 31, 2013. In its Financial Statements for the year ended December 31, 2014, Vivendi maintained the provision related to the €221 million principal refund and increased it by €11 million (the amount of additional default interest), for a total amount of €232 million as of December 31, 2014, decreased to €228 million as of December 31, 2015 after deduction of ordinary tax credits. As part of this process, on March 31, 2015, Vivendi made a payment of €321 million, comprising a tax payment of €221 million due under the French Tax Group System for the year ended December 31, 2012, €11 million in default interest and additional penalties of €89 million. After completion of the tax audit, on June 29, 2015, Vivendi filed a claim requesting a refund of the principal tax amount and default interest, as well as penalties, for which no provision has been accrued, following the recommendation of the company's advisors. On January 15, 2016, Vivendi brought this case before the Administrative Court of Montreuil. On March 16, 2017, the Administrative Court of Montreuil ruled in favor of Vivendi. On April 18, 2017, Vivendi received (i) a €315 million refund, corresponding, after deduction of ordinary tax credits in 2015, to the principal tax amount due under the French Tax Group System for the year ended December 31, 2012 (€218 million), as well as default interest (€10 million) and additional penalties (€87 million), and (ii) moratorium interest (€31 million), representing an aggregate amount of €346 million. The Ministry has appealed this decision; therefore, in its Financial Statements for the nine months ended September 30, 2017, Vivendi maintained the provision related to the principal refund (€218 million), the default interest (€10 million), and the moratorium interest (€31 million), i.e., a total provision of €259 million.
- Following the decision issued by the Administrative Court of Montreuil on March 16, 2017, Vivendi made a claim for payment of the tax amount due under the French Tax Group System for the year ended December 31, 2015 (€203 million). As this claim could be affected by the appeal against the March 16, 2017 decision of the Administrative Court of Montreuil, Vivendi recorded a provision as of September 30, 2017 in the amount of the refund requested (€203 million).

In addition, regarding the additional corporate income tax contribution of 3%, Vivendi SA paid an aggregate amount of €214 million with respect to dividends paid in fiscal year 2013 and in fiscal years 2015 to 2017. On February 15, 2017, Vivendi filed a claim with the Administrative Court of Montreuil requesting a refund of €40 million in respect of the contribution paid in 2013 and then, on February 24, 2017 filed another claim requesting a refund of €159 million in respect of the contributions paid in 2015 and 2016. As for the contribution due in 2017 amounting to €15 million, on July 18, 2017 Vivendi filed a claim with the relevant departments of the French tax administration. This

last claim, based on the same grounds as those presented in the previous claims, was supplemented with grounds resulting from court decisions issued since those claims were made, in particular the decision of the Court of Justice of the European Union of May 17, 2017, to which Vivendi is a party, and the decision of July 7, 2017, by which the French Council of State (*Conseil d'Etat*) referred the issue of the legality of this contribution to the French Constitutional Council. In a decision dated October 6, 2017, the French Constitutional Council ruled that the 3% tax on dividend distributions is unconstitutional and that Vivendi will obtain a tax rebate of €214 million, resulting in a cash refund of the aggregate amount paid, i.e., €207 million (taking into account the use of tax credits for €7 million). In addition, in accordance with applicable law, this refund will give rise to the payment to Vivendi of moratorium interest which will be applied through the effective restitution date. In its Financial Statements for the year ended December 31, 2017, Vivendi will record a tax income of €207 million related to the settlement of this litigation, which will be completed by the moratorium interest.
Moreover, Vivendi will request the refund of the amounts paid by its subsidiaries with respect to this tax contribution, i.e., approximately €10 million.

Finally, Vivendi was informed that the tax authorities are challenging the validity of the merger between SFR and Vivendi Telecom International (VTI), which was completed in December 2011 and, consequently, intend to challenge the inclusion of SFR in the Vivendi tax group in respect of fiscal year 2011. The tax authorities contemplate requiring that SFR be carved-out from Vivendi's tax group for that fiscal year and making a claim against SFR for a total amount of €1,374 million, representing a principal tax amount of €711 million plus default interest and penalties of €663 million. Under the agreement entered into on February 27, 2015 among Vivendi, Altice and Numericable-SFR, Vivendi agreed to return to SFR, if applicable, taxes and contributions that could be borne by SFR for fiscal year 2011 and that SFR would have already paid at that time to Vivendi, up to a maximum amount of €711 million (including €154 million corresponding to the use by SFR of VTI's tax losses in 2011 or 2012) covering the entire period during which SFR was part of the Vivendi tax group, if the 2011 merger of SFR and VTI were to be ultimately invalidated for tax purposes. Vivendi and Altice/Numericable-SFR have agreed to cooperate in challenging the position of the tax authorities. In a letter dated November 8, 2017, the tax authorities informed SFR that they were withdrawing their adjustment proposal, confirming Vivendi's position that it had solid legal grounds upon which to challenge the tax authorities' position.

Note 15 Subsequent events

The significant events that occurred between the closing date and November 13, 2017 (the date of Vivendi's Management Board meeting that approved the Condensed Financial Statements for the first nine months of 2017) were as follows:

- On October 11, 2017, Vivendi brought its interest in Havas to 96.15% following completion of the simplified public tender offer that ran from September 21 to October 4, 2017, and the processing on October 11, 2017 of an additional redemption request received after the closing of the tender offer for 1.56% of Havas's share capital (please refer to Note 2.1).
  Due to the sharply reduced free float, Vivendi decided to implement a public buyout offer followed by a mandatory squeeze-out, which is expected to be launched shortly; and
- On October 20, 2017, Canal+ Group and Telecom Italia announced the creation of a joint-venture held at 60% and 40%, respectively, and focused on rights acquisition and production of films and TV series.

Note 16 Adjustment of comparative information

Vivendi made changes in the presentation of its Consolidated Statement of Earnings as from January 1, 2017. For a detailed description of these changes in presentation, please refer to Note 1. In accordance with IAS 1, Vivendi has applied these changes in presentation to all periods previously published. The reconciliations to previously published financial data are presented below:

	Year ended December 31, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**10,819**			**10,819**
Cost of revenues	(6,829)			(6,829)
Selling, general and administrative expenses	(3,395)			(3,395)
Restructuring charges	(94)			(94)
Impairment losses on intangible assets acquired through business combinations	(23)			(23)
Reversal of reserve related to the Liberty Media litigation in the United States	240			240
Other income	661		(661)	-
Other charges	(185)		185	-
Income from equity affiliates	na	169		169
Earnings before interest and income taxes (EBIT)	**1,194**	**169**	**(476)**	**887**
Income from equity affiliates	169	(169)		-
Interest	(40)			(40)
Income from investments	47			47
Other financial income	31		661	692
Other financial charges	(69)		(185)	(254)
	(31)	***-***	***476***	***445***
Earnings before provision for income taxes	**1,332**			**1,332**
Provision for income taxes	(77)			(77)
Earnings from continuing operations	**1,255**			**1,255**
Earnings from discontinued operations	20			20
Earnings	**1,275**	**-**	**-**	**1,275**
Of which				
Earnings attributable to Vivendi SA shareowners	**1,256**			**1,256**
Non-controlling interests	19			19

	Three months ended December 31, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**3,107**			**3,107**
Cost of revenues	(2,112)			(2,112)
Selling, general and administrative expenses	(958)			(958)
Restructuring charges	(32)			(32)
Impairment losses on intangible assets acquired through business combinations	(23)			(23)
Other income	4		(4)	-
Other charges	(70)		70	-
Income from equity affiliates	na	81		81
Earnings before interest and income taxes (EBIT)	**(84)**	**81**	**66**	**63**
Income from equity affiliates	81	(81)		-
Interest	(13)			(13)
Income from investments	19			19
Other financial income	8		4	12
Other financial charges	(29)		(70)	(99)
	(15)	***-***	***(66)***	***(81)***
Earnings before provision for income taxes	**(18)**			**(18)**
Provision for income taxes	73			73
Earnings from continuing operations	**55**			**55**
Earnings from discontinued operations	22			22
Earnings	**77**	**-**	**-**	**77**
Of which				
Earnings attributable to Vivendi SA shareowners	**81**			**81**
Non-controlling interests	(4)			(4)

	Nine months ended September 30, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**7,712**			**7,712**
Cost of revenues	(4,717)			(4,717)
Selling, general and administrative expenses	(2,437)			(2,437)
Restructuring charges	(62)			(62)
Reversal of reserve related to the Liberty Media litigation in the United States	240			240
Other income	657		(657)	-
Other charges	(115)		115	-
Income from equity affiliates	na	88		88
Earnings before interest and income taxes (EBIT)	**1,278**	**88**	**(542)**	**824**
Income from equity affiliates	88	(88)		-
Interest	(27)			(27)
Income from investments	28			28
Other financial income	23		657	680
Other financial charges	(40)		(115)	(155)
	(16)	***-***	***542***	***526***
Earnings before provision for income taxes	**1,350**			**1,350**
Provision for income taxes	(150)			(150)
Earnings from continuing operations	**1,200**			**1,200**
Earnings from discontinued operations	(2)			(2)
Earnings	**1,198**	**-**	**-**	**1,198**
Of which				
Earnings attributable to Vivendi SA shareowners	**1,175**			**1,175**
Non-controlling interests	23			23

	Three months ended September 30, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**2,668**			**2,668**
Cost of revenues	(1,629)			(1,629)
Selling, general and administrative expenses	(806)			(806)
Restructuring charges	(14)			(14)
Other income	-		-	-
Other charges	(3)		3	-
Income from equity affiliates	na	76		76
Earnings before interest and income taxes (EBIT)	**216**	**76**	**3**	**295**
Income from equity affiliates	76	(76)		-
Interest	(10)			(10)
Income from investments	6			6
Other financial income	6		-	6
Other financial charges	(13)		(3)	(16)
	(11)	***-***	***(3)***	***(14)***
Earnings before provision for income taxes	**281**			**281**
Provision for income taxes	(15)			(15)
Earnings from continuing operations	**266**			**266**
Earnings from discontinued operations	-			-
Earnings	**266**	**-**	**-**	**266**
Of which				
Earnings attributable to Vivendi SA shareowners	**264**			**264**
Non-controlling interests	2			2

	Six months ended June 30, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**5,044**			**5,044**
Cost of revenues	(3,088)			(3,088)
Selling, general and administrative expenses	(1,631)			(1,631)
Restructuring charges	(48)			(48)
Reversal of reserve related to the Liberty Media litigation in the United States	240			240
Other income	657		(657)	-
Other charges	(112)		112	-
Income from equity affiliates	na	12		12
Earnings before interest and income taxes (EBIT)	**1,062**	**12**	**(545)**	**529**
Income from equity affiliates	12	(12)		-
Interest	(17)			(17)
Income from investments	22			22
Other financial income	17		657	674
Other financial charges	(27)		(112)	(139)
	(5)	***-***	***545***	***540***
Earnings before provision for income taxes	**1,069**			**1,069**
Provision for income taxes	(135)			(135)
Earnings from continuing operations	**934**			**934**
Earnings from discontinued operations	(2)			(2)
Earnings	**932**	**-**	**-**	**932**
Of which				
Earnings attributable to Vivendi SA shareowners	**911**			**911**
Non-controlling interests	21			21

	Three months ended June 30, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**2,553**			**2,553**
Cost of revenues	(1,578)			(1,578)
Selling, general and administrative expenses	(829)			(829)
Restructuring charges	(27)			(27)
Other income	77		(77)	-
Other charges	(102)		102	-
Income from equity affiliates	na	25		25
Earnings before interest and income taxes (EBIT)	**94**	**25**	**25**	**144**
Income from equity affiliates	25	(25)		-
Interest	(9)			(9)
Income from investments	21			21
Other financial income	11		77	88
Other financial charges	(14)		(102)	(116)
	9	***-***	***(25)***	***(16)***
Earnings before provision for income taxes	**128**			**128**
Provision for income taxes	(70)			(70)
Earnings from continuing operations	**58**			**58**
Earnings from discontinued operations	(1)			(1)
Earnings	**57**	**-**	**-**	**57**
Of which				
Earnings attributable to Vivendi SA shareowners	**49**			**49**
Non-controlling interests	8			8

	Three months ended March 31, 2016			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**2,491**			**2,491**
Cost of revenues	(1,510)			(1,510)
Selling, general and administrative expenses	(802)			(802)
Restructuring charges	(21)			(21)
Reversal of reserve related to the Liberty Media litigation in the United States	240			240
Other income	580		(580)	-
Other charges	(10)		10	-
Income from equity affiliates	na	(13)		(13)
Earnings before interest and income taxes (EBIT)	**968**	**(13)**	**(570)**	**385**
Income from equity affiliates	(13)	13		-
Interest	(8)			(8)
Income from investments	1			1
Other financial income	6		580	586
Other financial charges	(13)		(10)	(23)
	(14)	***-***	***570***	***556***
Earnings before provision for income taxes	**941**			**941**
Provision for income taxes	(65)			(65)
Earnings from continuing operations	**876**			**876**
Earnings from discontinued operations	(1)			(1)
Earnings	**875**	**-**	**-**	**875**
Of which				
Earnings attributable to Vivendi SA shareowners	**862**			**862**
Non-controlling interests	13			13

As a reminder, Vivendi deconsolidated GVT, SFR, Maroc Telecom group and Activision Blizzard as from May 28, 2015, November 27, 2014, May 14, 2014, and October 11, 2013, respectively, i.e., the dates of their effective sale by Vivendi. In compliance with IFRS 5, these businesses have been reported as discontinued operations in the "published" Statements of Earnings below.

	Year ended December 31, 2015			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**10,762**			**10,762**
Cost of revenues	(6,555)			(6,555)
Selling, general and administrative expenses	(3,571)			(3,571)
Restructuring charges	(102)			(102)
Impairment losses on intangible assets acquired through business combinations	(3)			(3)
Other income	745		(745)	-
Other charges	(45)		45	-
Income from equity affiliates	na	(10)		(10)
Earnings before interest and income taxes (EBIT)	**1,231**	**(10)**	**(700)**	**521**
Income from equity affiliates	(10)	10		-
Interest	(30)			(30)
Income from investments	52			52
Other financial income	16		745	761
Other financial charges	(73)		(45)	(118)
	(35)	***-***	***700***	***665***
Earnings before provision for income taxes	**1,186**			**1,186**
Provision for income taxes	(441)			(441)
Earnings from continuing operations	**745**			**745**
Earnings from discontinued operations	1,233			1,233
Earnings	**1,978**	**-**	**-**	**1,978**
Of which				
Earnings attributable to Vivendi SA shareowners	**1,932**			**1,932**
Non-controlling interests	46			46

	Year ended December 31, 2014			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**10,089**			**10,089**
Cost of revenues	(6,121)			(6,121)
Selling, general and administrative expenses	(3,209)			(3,209)
Restructuring charges	(104)			(104)
Impairment losses on intangible assets acquired through business combinations	(92)			(92)
Other income	203		(203)	-
Other charges	(30)		30	-
Income from equity affiliates	na	(18)		(18)
Earnings before interest and income taxes (EBIT)	**736**	**(18)**	**(173)**	**545**
Income from equity affiliates	(18)	18		-
Interest	(96)			(96)
Income from investments	3			3
Other financial income	19		203	222
Other financial charges	(751)		(30)	(781)
	(825)	***-***	***173***	***(652)***
Earnings before provision for income taxes	**(107)**			**(107)**
Provision for income taxes	(130)			(130)
Earnings from continuing operations	**(237)**			**(237)**
Earnings from discontinued operations	5,262			5,262
Earnings	**5,025**	**-**	**-**	**5,025**
Of which				
Earnings attributable to Vivendi SA shareowners	**4,744**			**4,744**
Non-controlling interests	281			281

	Year ended December 31, 2013			
	Published	Income from equity affiliates	Other income and charges	Restated
Revenues	**10,252**			**10,252**
Cost of revenues	(6,097)			(6,097)
Selling, general and administrative expenses	(3,434)			(3,434)
Restructuring charges	(116)			(116)
Impairment losses on intangible assets acquired through business combinations	(6)			(6)
Other income	88		(88)	-
Other charges	(50)		50	-
Income from equity affiliates	na	(21)		(21)
Earnings before interest and income taxes (EBIT)	**637**	**(21)**	**(38)**	**578**
Income from equity affiliates	(21)	21		-
Interest	(266)			(266)
Income from investments	66			66
Other financial income	13		88	101
Other financial charges	(300)		(50)	(350)
	(487)	***-***	***38***	***(449)***
Earnings before provision for income taxes	**129**			**129**
Provision for income taxes	17			17
Earnings from continuing operations	**146**			**146**
Earnings from discontinued operations	2,633			2,633
Earnings	**2,779**	**-**	**-**	**2,779**
Of which				
Earnings attributable to Vivendi SA shareowners	**1,967**			**1,967**
Non-controlling interests	812			812

na: not applicable.