

Vivendi Universal: *“A Growth Media & Telecom Company with an Attractive Yield”*

Jacques Espinasse

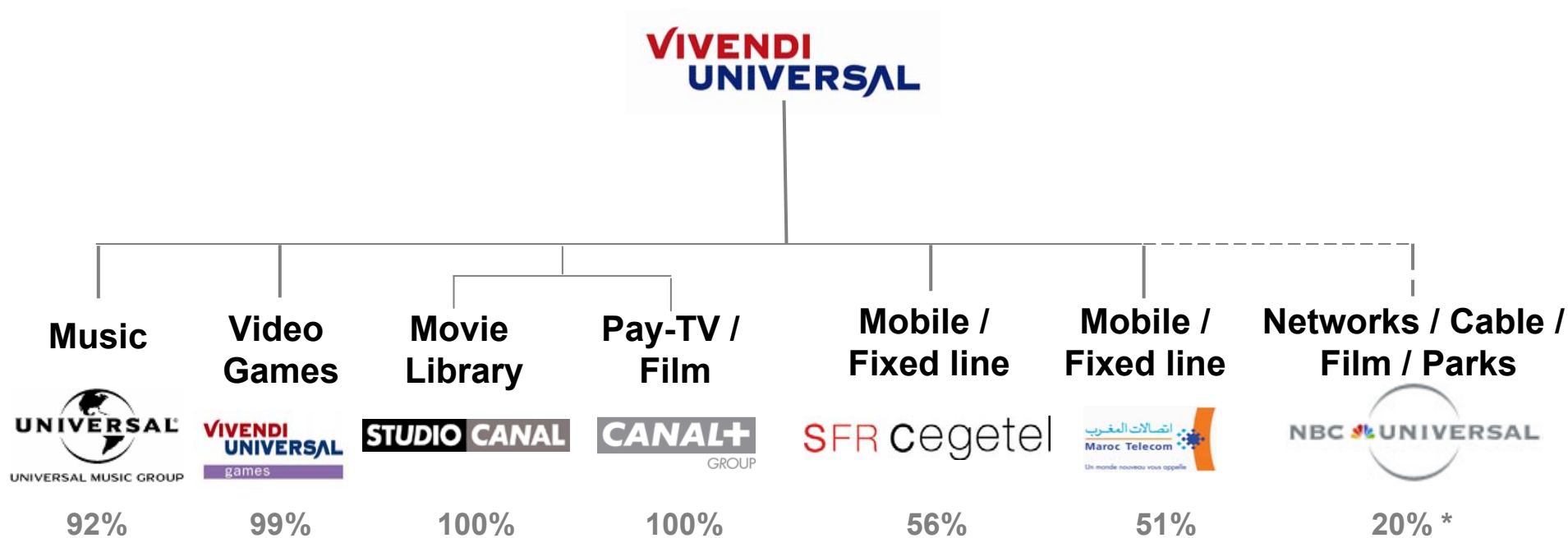
Member of the Management Board & Chief Financial Officer

Deutsche Bank 13th Annual Media Conference



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VU Operates Leading Media & Telecom Assets



* 20% controlling interest and a 18.5% ownership interest



An Appropriate Structure to Operate VU Assets

● Supervisory Board

→ Jean-René Fourtou - Chairman

● Management Board

→ Jean-Bernard Lévy - C.E.O.

→ Abdeslam Ahizoune (*Maroc Telecom*),

→ Jacques Espinasse (*Chief Financial Officer Vivendi Universal*),

→ Frank Esser (*SFR Cegetel Group*),

→ Bertrand Meheut (*Canal+ Group*),

→ Doug Morris (*Universal Music Group*),

→ René Pénisson (*Vivendi Universal Games and SEVP Human Resources Vivendi Universal*).



Simplification and Refocusing of the Group While Investing for the Future

- Since July 2002, Vivendi Universal has disposed of about 90 assets worth a total of €22 billion ...
- ... and has spent approximately €11 billion on accretive acquisitions:
 - 26% of Cegetel (January 2003, €4 billion) to hold 56% of SFR
 - 20% of NBC Universal (May 2004, an estimated €4.9 billion)
 - 16% of Maroc Telecom (January 2005, €1.1 billion) to hold 51%
 - Others: Telecom Développement, DreamWorks Music, Trema, Radical Entertainment
- Over the same period, capital spending in Business Units amounted to €5.3 billion

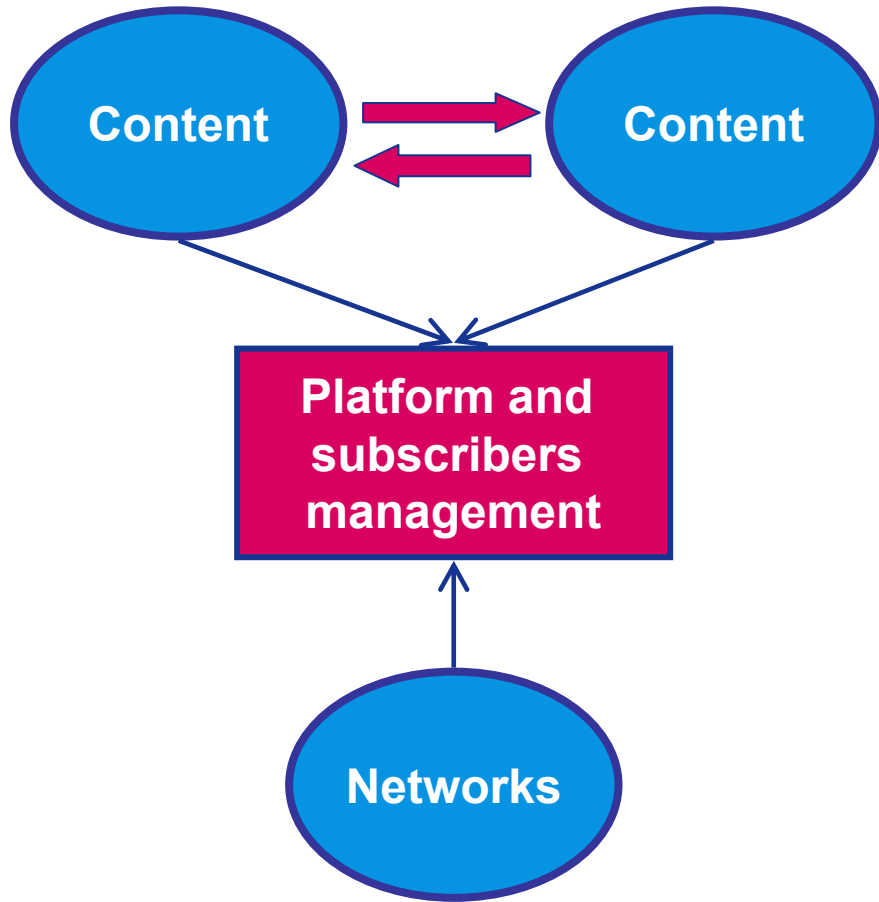


Vivendi Universal: Success Factors

- Media and Telecommunications continue to experience stronger growth than other economic sectors;
- Each business is either N°1 or N°2 in its key market;
- It benefits from important drivers of organic growth within each business;
- Our businesses are distinct but bear strong complementary characteristics:
 - New technologies drive growth;
 - Digital distribution creates new opportunities within all of our businesses and at their frontier;
 - Common key skill sets:
 - Content digitization,
 - Subscription management (SAC, churn, ARPU, CRM, ...),
 - Intellectual property management.



Vivendi Universal: A Coherent Group



- **Creation and development of brands and talent**
- **Marketing and distribution networks, customer loyalty, interactive services**
- **Management of investment and technological innovation**



Universal Music Group



RECENT HIGHLIGHTS

- **Eminem, U2, Shania Twain** each sold **between 5 and 9 million albums** in 2004
- **28 Grammy® Awards** won in 2004
- **5% increase in revenues** at constant currency in 2004
- **Worldwide market share gain** (estimated at 24.6% vs. 23.5% in 2003)
- Success of the **cost reduction plan**
- Gain of **5.4 points in operating margin** in 2004

GROWTH STRATEGY

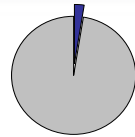
- Discover, promote and value the **best talent**
- Promote **paying downloads on PC and music players**
- Benefit from the **booming market for music on mobile phones**
- **Leverage new sources of revenues:** Asian market, music videos, television, ...
- Fight **piracy and counterfeiting**



All business unit data are in French GAAP on a comparable basis

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Vivendi Universal Games



3% of
2004 Revenues:
€475m

2004 Operating income: €(183) million
Turn-around in 2005: +€30m to +€50m target

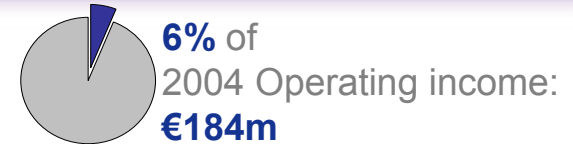
RECENT HIGHLIGHTS

- Tremendous success of *World of Warcraft*: ~1.5m subscribers at end of March 2005
- Return to a **profitable position**
- Growth in **revenues** by **47%** in the **1st quarter 2005**
- Acquisition in 2005 of **Radical** and **Swingin' Ape Studios**, 2 game development studios focused on consoles
- Successful **cost reduction plan**

GROWTH STRATEGY

- Strengthen our **leading position** in the **massive multiplayer online games**
- Launch *World of Warcraft* in **China**, in **Taiwan** and in **Southeast Asia**
- Create **new strong franchises** and leverage **relationships with Universal Music** and **NBC Universal**
- Reinforce our **know-how** in **console games**
- Establish a **stronger presence** in **games over mobile phones**





RECENT HIGHLIGHTS

- Exclusive rights to the **French League 1 soccer** for 2005-2008
- **New agreement with the French cinema** and **renewal of agreements with US majors**
- Launch of **CANAL+ Le Bouquet**, the **new Premium digital offer**
- Launch of **TV over DSL** offers and **5 DTT licenses awarded**
- **Net growth in subscriptions at the CANAL+ Premium channel**
- **Gain of 2.5 points in operating margin in 2004**

GROWTH STRATEGY

- Invest in the **quality of the CANAL+ offer**
- Benefit from **new channels of distribution** (DSL, DTT) to increase the **penetration of digital offers**
- Strengthen the **leadership on new technologies**: High Definition TV, Video On Demand, TV over mobile
- Develop **CANAL+ Le Bouquet** in an aggressive way



STUDIO CANAL

2004 Revenues:
€392m *

2004 Operating income:
€40m *

RECENT HIGHLIGHTS

- **Restructuring** of the activity, allowing it to reach **€40m in operating income**
- Implementation of **rigorous green lighting investment procedures**
- **Box office successes:** *Podium, Bridget Jones 2, ...*
- **Commercial success of DVDs:** *L'Intégrule 1 et 2, De Caunes et Garcia, ...*

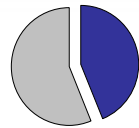
GROWTH STRATEGY

- Investments in **promising movies**, in particular aimed at programming for CANAL+ Group's **generalist and thematic channels**
- **Purchase of rights and leveraging of the catalog**
- Increase in **market shares in DVDs**
- Development of **shared projects with other content providers within the group**

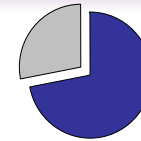


* Included in CANAL+ Group

SFR cegetel



44% of
2004 Revenues:
€8,317m



72% of
2004 Operating income:
€2,257m

RECENT HIGHLIGHTS

- 1st to launch **3G services** in France
- SFR: **3m subscribers to Vodafone Live!** as of May 31, 2005
- Strong **increase in non voice revenues** in 2004: **+40% YoY**
- **Leadership on net mobile customer growth** in France at 38.2% in 2004
- **5 agreements** signed with **mobile virtual operators**
- Growth in **operating income** by **15%** in 2004
- **12% ADSL market share** (retail + wholesale) i.e. +6 points YoY

GROWTH STRATEGY

- Benefit from the **growth potential of mobile penetration in France**
- Continue to increase **voice usage**
- Develop **non-voice revenues**: SMS, MMS, multimedia services and downloads
- Make **3G a commercial success**
- Actively participate in the **consolidation of the fixed line market in France**



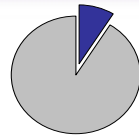
Cegetel and neuf Telecom Merger Plan

- ▶ Creation of the leading alternative operator for fixed telecommunications services in France
- ▶ After having acquired SNCF's 35% stake in Cegetel, SFR will contribute 100% of Cegetel to neuf Telecom and will receive in exchange (*) 28% of "neuf Cegetel" (same stake as Louis Dreyfus) and € 380M 2-year bonds from "neuf Cegetel";
- ▶ The new company reaches critical size which is crucial in this intense competitive market
- ▶ "neuf Cegetel" group targets are:

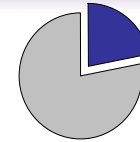
	2004 Pro Forma	Targets
Revenues	2,579	10% 04-07 CAGR, evenly split between residential, business and wholesale market
EBITDA	229	EBITDA margin > 20% in 2007
Free cash flow	(152)	Positive in 2006

* Subject to approval from personnel representative bodies of the two companies and regulation authorities approval





9% of
2004 Revenues:
€1,658m



22% of
2004 Operating income:
€682m

RECENT HIGHLIGHTS

- Increase in VU's stake in Maroc Telecom to **51%**
- Success of Maroc Telecom's **initial public offering** at the end of 2004
- Growth in **mobile clients** by **22%** in 2004
- **Strong mobile market share** maintained at **68%** in 2004
- Successful take-off of **DSL**
- Operating margin at **41%** in 2004

GROWTH STRATEGY

- Grow **mobile penetration**
- **Migrate prepaid clients** towards **subscription** formulas
- Increase **loyalty** of clients
- Rapidly grow the **DSL subscribers market**
- Prepare for the **opening of the fixed line market to competition** in 2006



20% control of NBC Universal



Expected to yield to VU a 2005 dividend of at least \$400m

RECENT HIGHLIGHTS

- **Creation of NBC Universal in May 2004:** diversifies revenue sources and increases global scale
- **Successful integration** of companies
- NBC back to **American football**
- Strong growth in **ratings** and **profitability** of **cable channels**
- Increased **attendance** in **theme parks**
- **High quality 2004** earnings: **strong cash generation**

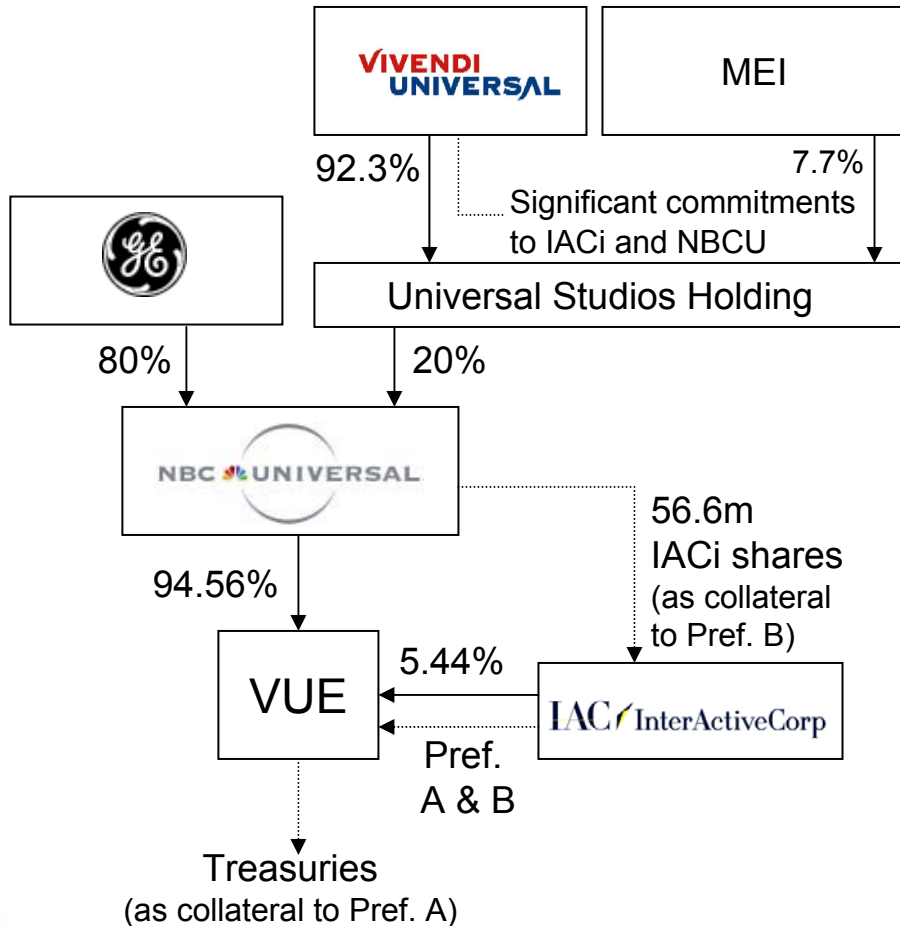
GROWTH STRATEGY

- **Launch new series** to regain stronger prime time ratings at NBC
- Capitalize on the strength of **existing franchises** in **content**
- Strengthen the **growth in cable assets**
- **Invest in new technologies:**
High Definition, Video On Demand, interactive services
- Continue the **integration** and generate **substantial operational synergies**
- Intensify **operational cooperation** with Vivendi Universal's **content assets**

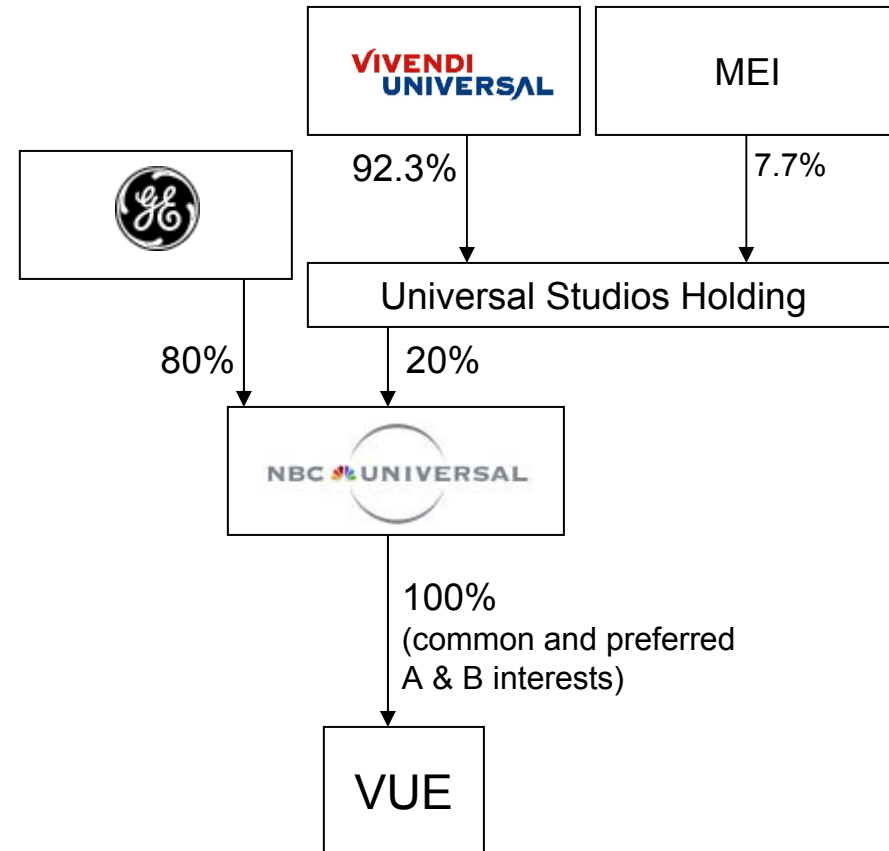


Simplification of NBCU structure

PREVIOUS STRUCTURE



NEW SIMPLIFIED STRUCTURE



Vivendi Universal: Where Will Future Growth Come From ?

- Media and Telecommunications have experienced stronger growth than other economic sectors

- All our businesses benefit from the potential for significant growth:
 - Development of multimedia services on mobile handsets
 - Pay-TV penetration in France
 - Growth in the content market in Asia
 - New channels of distribution in music
 - Penetration of mobile and DSL in Morocco



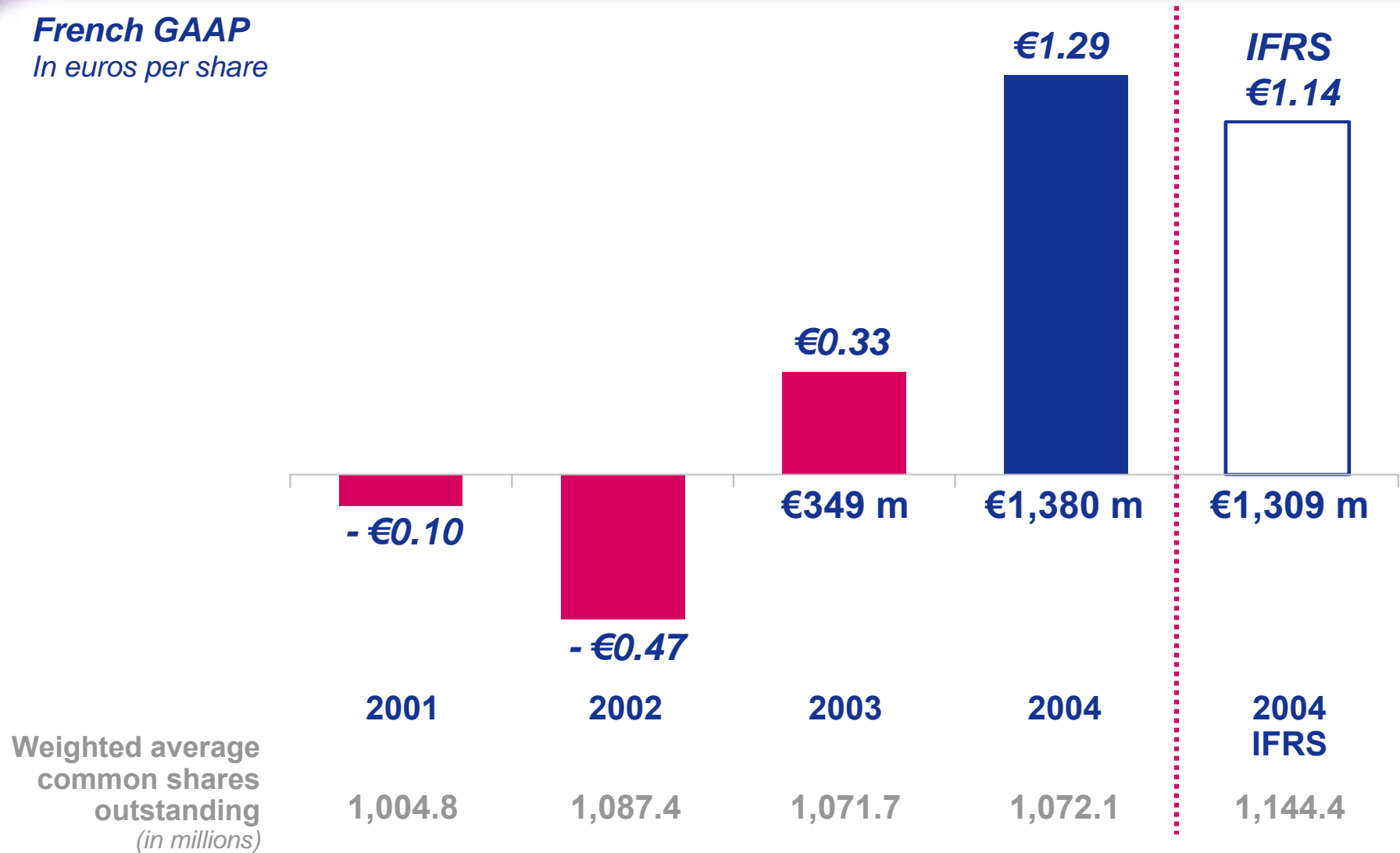
Vivendi Universal: The Means of a Sustainable Performance

- Growth potential in all our businesses
- Shared projects create a competitive advantage
- An experienced management team, shared professional references, collegiality within the Management Board
- One priority: organic growth
- Being part of the Vivendi Universal group enhances the value of each business



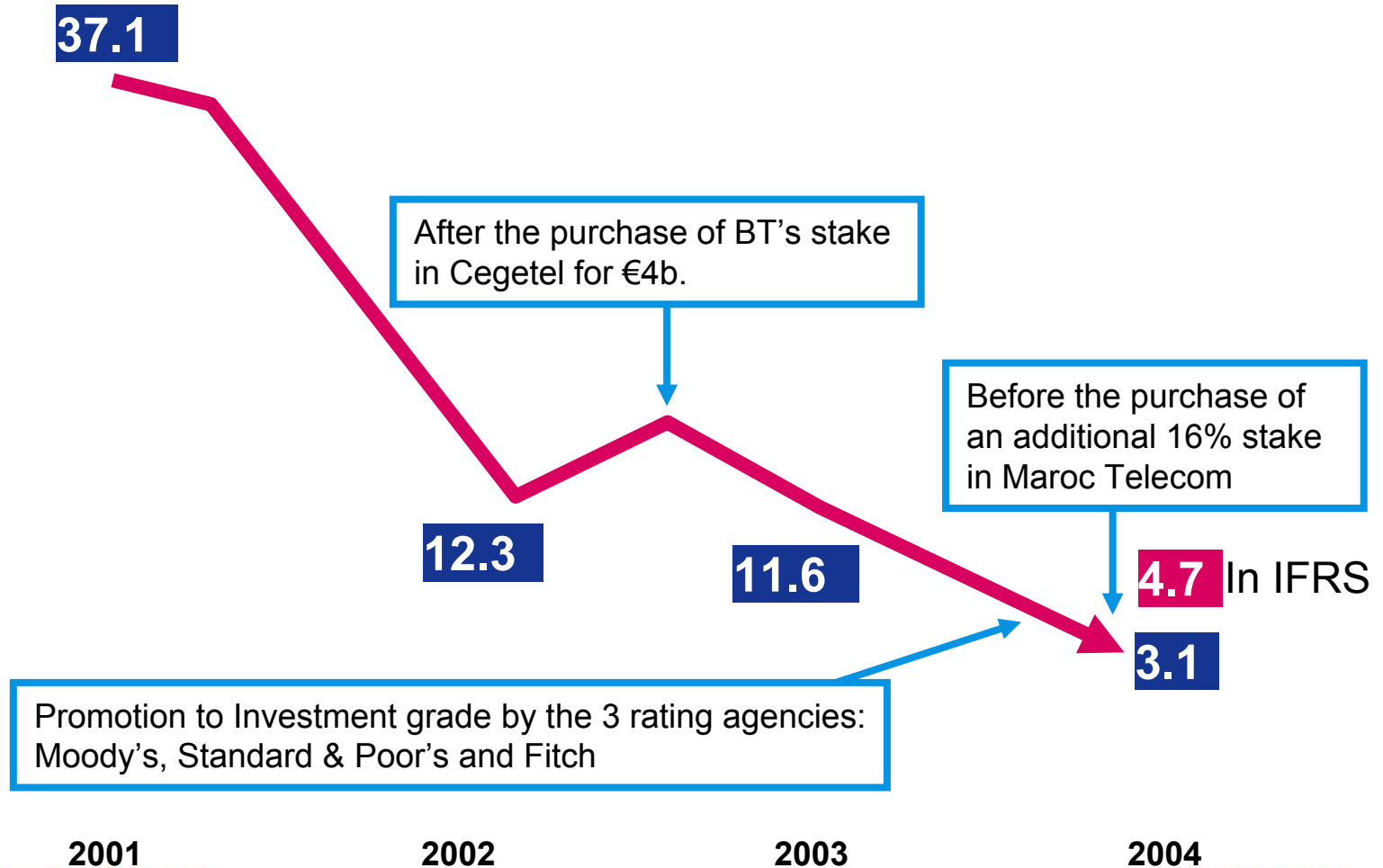
2001-2004 Evolution of Adjusted Earnings per share

French GAAP
In euros per share



Reduction in Financial Net Debt

€ billion and French GAAP

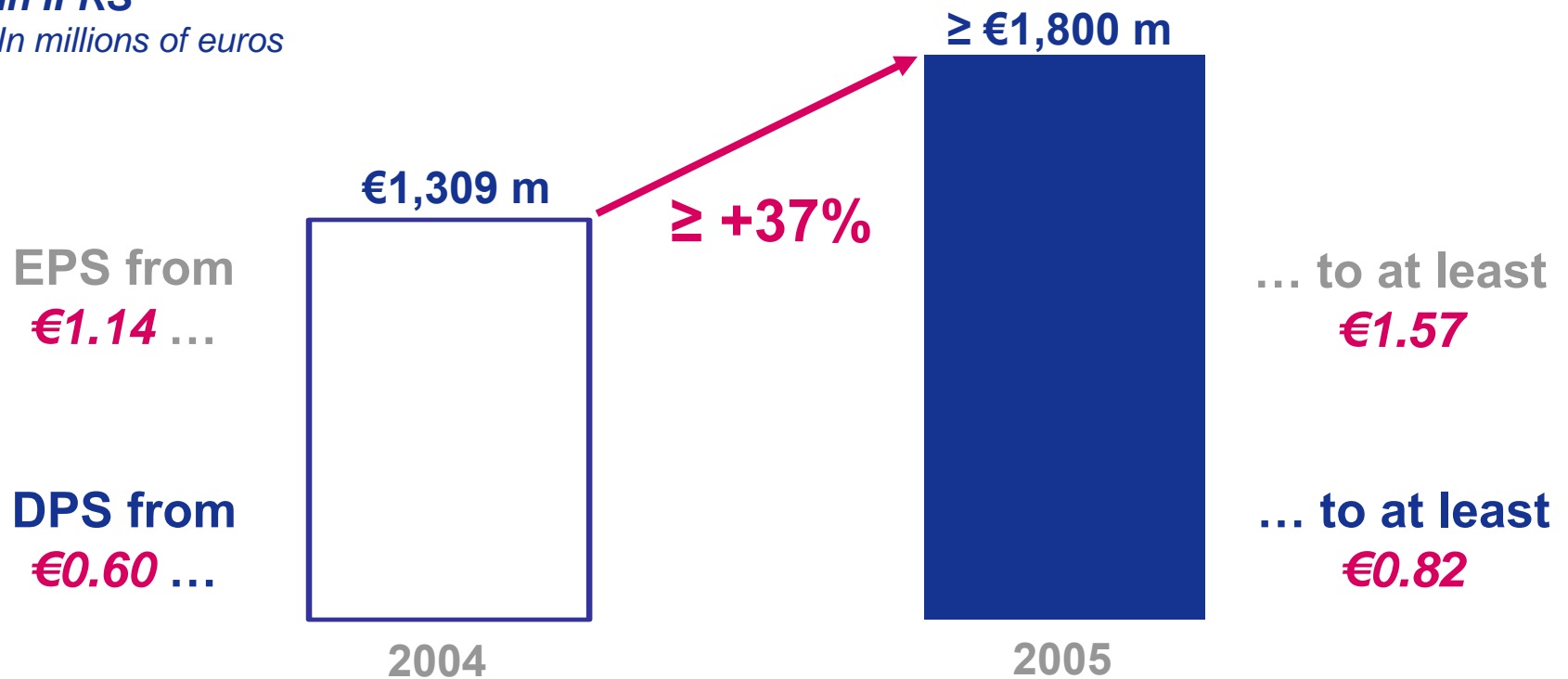


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2005 Adjusted net income growth target:

In IFRS

In millions of euros



Vivendi Universal: A Commitment Through Time

- 2005 Adjusted net income: a minimum of €1,800 m, i.e. +37% vs. 2004 (in IFRS)
- Combining dividend yield and growth, with an attractive pay-out ratio
- Exceed €2 bn in profits in 2006



Appendices



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2004 Key Financial Achievements

 Figures as published, except when specified

French GAAP <i>In millions of euros</i>	2003	2004	Growth (%)
Net income (loss)	(1,143)	754 *	
Adjusted net income	349	1,380	+295%
Operating income (comparable basis)	2,216	3,117	+41%
Proportionate cash flow from operations (comparable basis)	1,514	2,451	+62%

* €3,821m in IFRS



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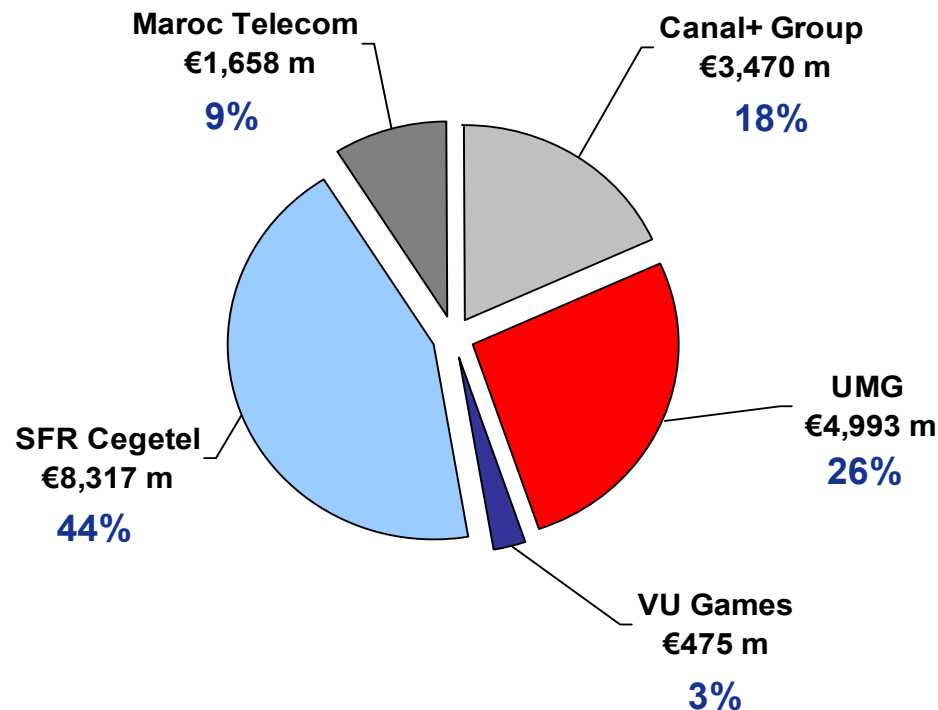
2004 Revenues on a comparable basis

French GAAP

In millions of euros

● Revenues: **€18,893 m** **+ 5%**

2004 Revenues by business* (in €m)

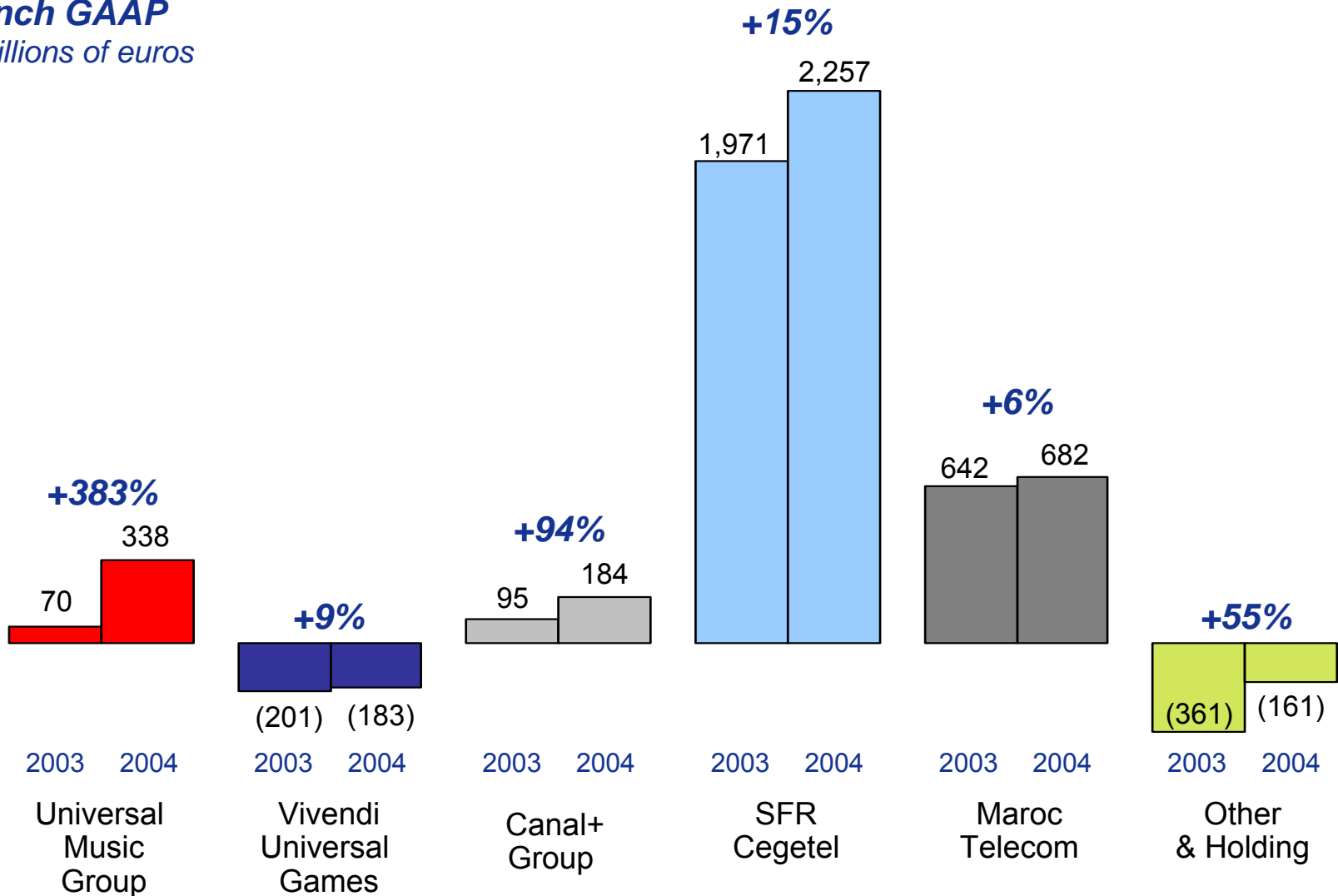


* Excluding non core operations and elimination of intercompany transactions

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2004 Operating income by business on a comparable basis

French GAAP
In millions of euros

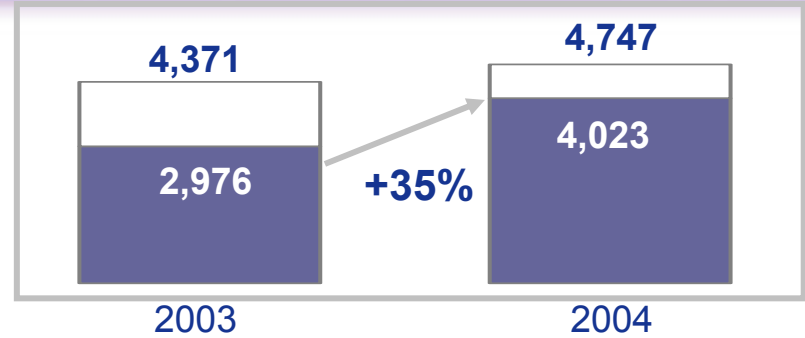


2004 Consolidated Cash flow from operations growth

In 2004:

Cash flow from operations
on a comparable basis: **+35%**

□ As published
■ On a comparable basis



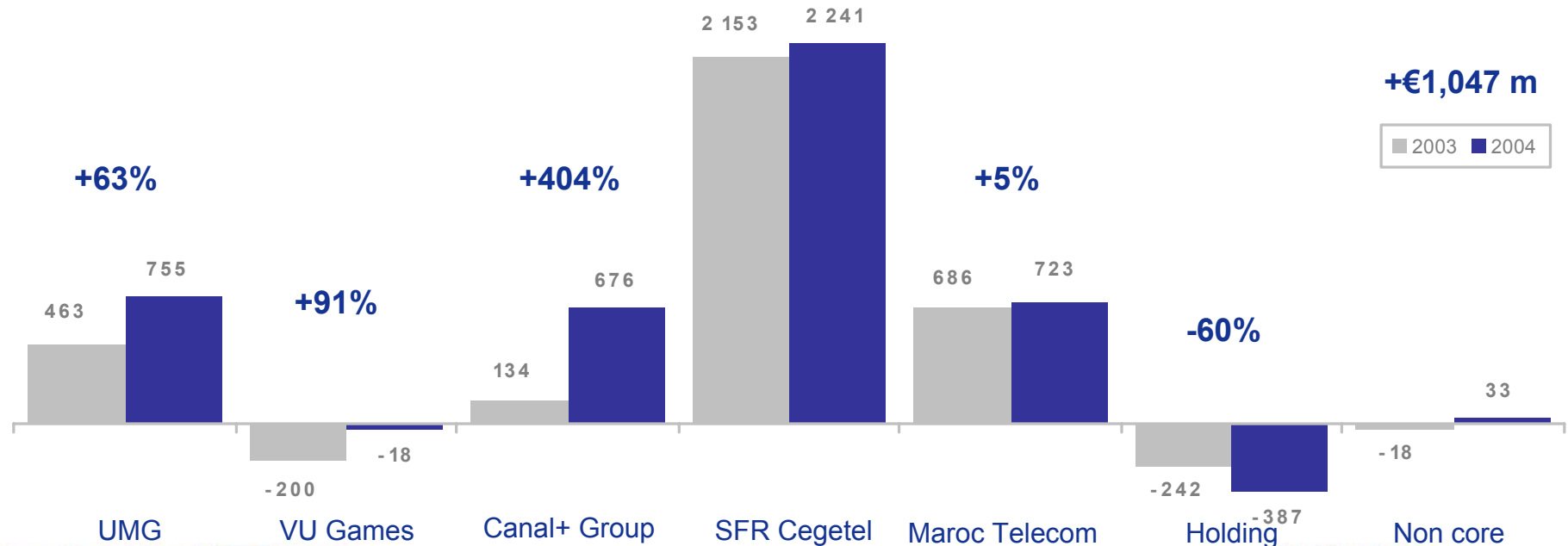
Details by business on a comparable basis

Media: **+€1,016 m**

Telecoms: **+€125 m**
+4%

Other: **-€94 m**

+€1,047 m



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Net available cash flow at VU S.A. level in 2004

Significant components in 2004

SFR Cegetel: €68m cash taxes paid:

- Permanent cash savings: € 223m *
- Temporary savings in 2004 of €504m to pay in 2005

Premium from redemption of the High Yield Notes: €265m

SFR Cegetel:

- 2003 Dividend: € 0.7bn
- Exceptional dividend: € 0.5bn
- Interim dividend on 2004 : € 0.7bn

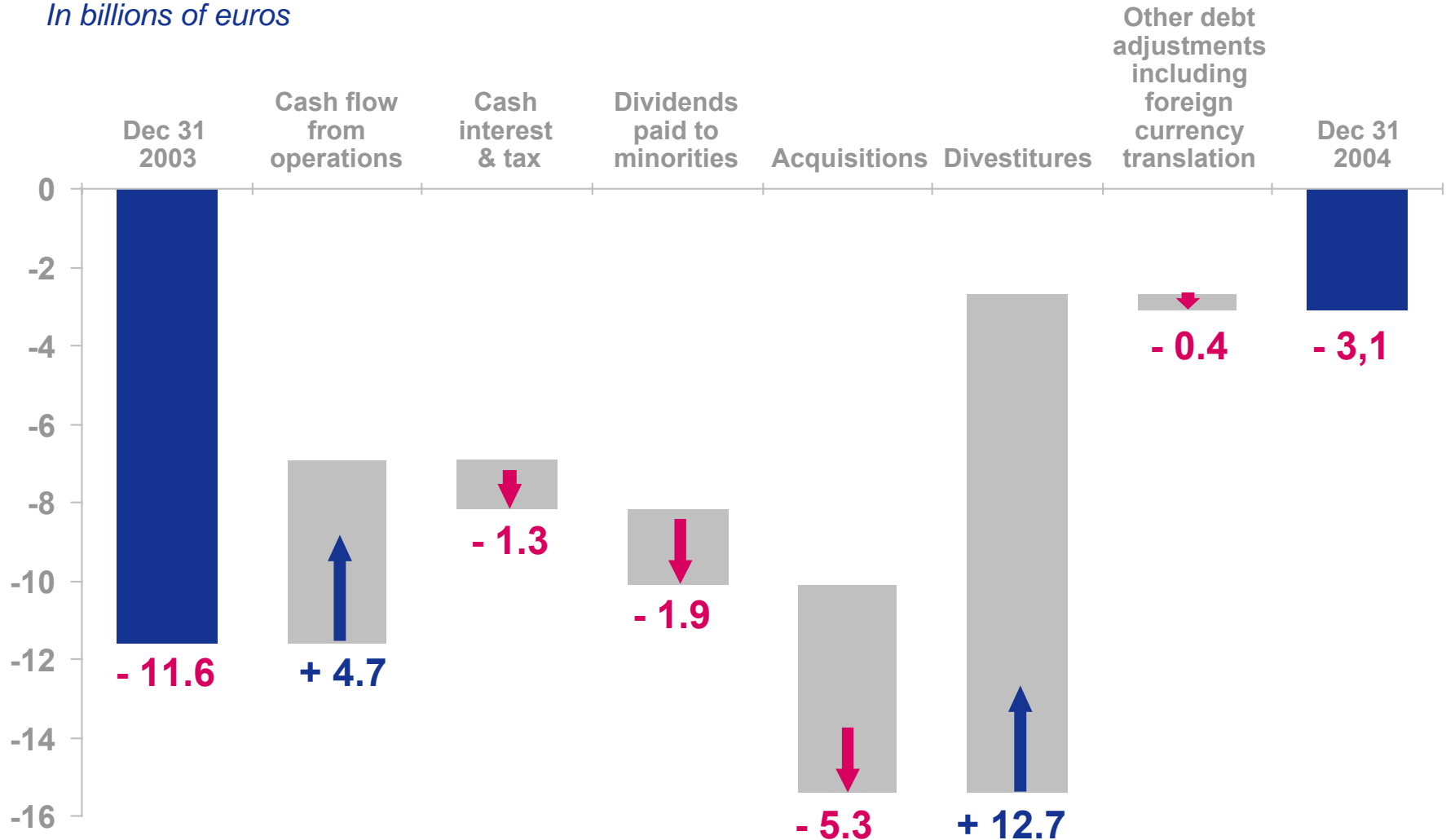
<i>In millions of euros</i>	2004	2003
Consolidated cash flow from operations	4 747	4 371
- Cash income tax	(580)	(1 242)
- Cash financial expenses	(430)	(621)
- Other	(266)	194
Net consolidated cash flow	3 471	2 702
- SFR Cegetel's and Maroc Telecom's net cash flow	(2 639)	(1 956)
+ Dividends received from SFR Cegetel and Maroc Telecom	2 017	703
Net available cash flow at holding level	2 849	1 449

* Cash tax savings linked to the rationalization of SFR Cegetel structures in 2003. The first part of this saving of €515m having been realized in cash in 2003.



Financial net debt evolution in 2004

French GAAP
In billions of euros



First Quarter 2005 Group Earnings

Figures as published, except when specified

€ million – Under IFRS	Q1 2004	Q1 2005	% Growth
Revenues (comparable basis)	4,391	4,716	+7%
Earnings from operations (comparable basis)	697	849	+22%
Net income	166	502	+202%
Adjusted net income	160	512	+220%
Cash flow from operations (comparable basis)	978	962	-2%
Financial net debt	4,724*	4,421	

* As of December 31, 2004



First Quarter 2005 Revenues & Earnings from operations by Business Units

Figures on a comparable basis

€ million – Under IFRS

Revenues	Q1 2004	Q1 2005	% Growth at constant currency
Universal Music Group	933	1,038	+14%
Vivendi Universal Games	77	113	+52%
CANAL+ Group	824	836	+1%
SFR Cegetel	2,182	2,326	+7%
Maroc Telecom	383	423	+12%
Non-core operations & intercompany eliminations	(8)	(20)	na
Total Vivendi Universal	4,391	4,716	+8%
Earnings from operations			
Universal Music Group	(4)	36	na
Vivendi Universal Games	(48)	11	na
CANAL+ Group	73	104	+40%
SFR Cegetel	555	567	+2%
Maroc Telecom	160	180	+14%
Holding & Corporate	(44)	(47)	-7%
Non-core operations & intercompany eliminations	5	(2)	na
Total Vivendi Universal	697	849	+22%



**VIVENDI
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→ 2004 Financials (French GAAP – Comparable basis):

		<u>2004 vs. 2003</u>
• Revenues:	€ 4,993m	+5%
• Operating income:	€ 338m	x5

→ 2005 Guidance (French GAAP):

- Revenues: *“Generally perform in line with the industry”*
- Operating margin: *“Grow to 7%-9%”*





→ 2004 Financials (French GAAP – Comparable basis):

		<u>2004 vs. 2003</u>
• Revenues:	€ 475m	-11%
• Operating income:	€ (183)m	Flat

→ 2005 Guidance (French GAAP):

- Revenues: *“Above € 500 million”*
- Operating income : *“Between € 30m and € 50m”*





→ 2004 Financials (French GAAP – Comparable basis):

		<u>2004 vs. 2003</u>
• Revenues:	€ 3,470m	+4%
• Operating income :	€ 184m	+94%

→ 2005 Guidance (French GAAP):

- Revenues: *“Approximately € 3.3 billion, due to reduction in scope”*
- Operating margin: *“Approximately 4.5%”*



SFR cegetel

→ 2004 Financials (French GAAP – Comparable basis):

		<u>2004 vs. 2003</u>
• Revenues:	€ 8,317m	+10%
• Operating income:	€ 2,257m	+15%

→ 2005 Guidance (French GAAP):

- Revenues: *“+3% to +5% excluding mobile-to-mobile billing”*
- Operating income: *“+3% to +5% for SFR Cegetel
+6% to +9% for SFR (mobile)”*





→ 2004 Financials (French GAAP – Comparable basis):

2004 vs. 2003

- | | | |
|----------------------|----------|------|
| • Revenues: | € 1,658m | +11% |
| • Operating income : | € 682m | +8% |

→ 2005 Guidance (French GAAP – In dirham):

- | | |
|---------------------|----------------------------|
| • Revenues: | “+5% to +7% growth” |
| • Operating income: | “+5% to +7% growth” |





→ 2004 Financials (US GAAP – Actual figures):

		<u>2004 vs. 2003</u>
• Revenues*:	\$ 12.9bn	+88%
• Operating profit*:	\$ 2.6bn	+28%

→ 2005 Guidance (US GAAP):

- Revenues*: ***“Grow +10% to +15% to approximately \$ 14.8 billion”***
- Operating profit*: ***“Increase by more than 25% to approximately \$ 3.3 billion”***
- Dividends to Vivendi Universal: ***“Approximately \$ 430 million”***

* General Electric basis: actual results with revenues at 100% and operating profit net of after-tax minority interests



NBC Universal structure simplified

- IAC has sold its 5.44% common interest and its preferred equity interest (preferred A and preferred B) in VUE to NBCU
- NBCU (80%-owned by GE and VU controls 20%) to own 100% of VUE

Elimination of commitments and contingencies

- IAC and VU dismiss tax litigation
- VU and NBCU terminate parks commitment

Exit windows deferred by one year

- VU can now exercise its liquidity rights each year from 2007 to 2011
- GE may exercise its call rights beginning in May 2010



Impact on VU's Financial Statements

- Net amount paid in cash is \$235 million, ≈ €191 million
 - Preferred B annual cash coupon obligation ~ \$30m through 2022 canceled
- Unwind results in a net gain of ≈ €198 million
- Projected Net Financial debt to increase by ≈ €191 million
- Other non-current liabilities reduced by ≈ €257 million
 - Net cost of cash coupons on the VUE Class B preferred interests included in Other non-current liabilities to be written-off
- Elimination of commitments and contingencies
 - Requirement that if NBCU were to sell the Parks, Vivendi Universal shall pay to NBCU 40% of any shortfall in proceeds realized up to \$520 million
 - IAC and Vivendi Universal agree to permanently dismiss litigation between them and \$91 million letter of credit issued to IAC canceled



NBCU acquires IAC's ownership interest in VUE: details

Vivendi Universal Overview: \$235m* (≈€191 m) net cash outflow, \$160m, of which, funds a capital contribution to NBCU

→ NBCU purchases IAC's 5.44% of VUE

- VU injects \$160 million of capital to fund buyout

→ Preferred A equity interest (collateralized with US treasury bonds)

- VU pays \$865 million
- VU pays \$75 million to NBCU
- VU monetizes preferred A collateral and other cash collateral valued at \$1,074 million, **net benefit of \$134 million** *, ≈ **€109 million**

→ Preferred B equity interest (collateralized with 56.6 million IAC shares) → ≈ **€198 million net gain**

- IAC shares transferred to IAC and VU pays \$72 million*
- IAC share options held by VU, which mature in 2022, were canceled
- VU pays \$137 million* to NBCU for taxes
- VU cancels NPV of cash coupon for Preferred B non-current liability resulting in a gain of ≈ **€257 million**
- Impact on **net gain of \$107 million, ≈€87 million**



* \$235million = (160+72+137)-134

Important Legal Disclaimer

This Presentation contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements and business strategy as a result of a number of risks and uncertainties, many of which are outside our control, including but not limited to, the risks that: the reduction of Vivendi Universal's indebtedness expected to be reached as a result of the debt-reduction and maturity-extension plans, proposed disposals and/or restructurings will not materialize in the timing or manner described above; Vivendi Universal will not be able to obtain the regulatory, competition or other approvals necessary to complete certain proposed transactions; actual cash flow and net debt figures differ from the estimated targets described above; Vivendi Universal will be unable to further identify, develop and achieve success for new products, services and technologies; Vivendi Universal will face increased competition and that the effect on pricing, spending, third-party relationships and revenues of such competition will limit or reduce Vivendi Universal's revenue and/or income; Vivendi Universal will be unable to establish and maintain relationships with commerce, advertising, marketing, technology, and content providers; as well as the risks described in the documents Vivendi Universal has filed with the U.S. Securities and Exchange Commission and with the French Autorité des Marchés Financiers (AMF). Investors and security holders may obtain a free copy of documents filed by Vivendi Universal with the U.S. Securities and Exchange Commission at www.sec.gov or directly from Vivendi Universal. Vivendi Universal does not undertake, nor has any obligation, to provide, update or revise any forward-looking statements.

