

OFFERING CIRCULAR



Vivendi Universal

(a société anonyme established with limited liability in the Republic of France)

€630,000,000

3.625 per cent. Bonds due 2010

Issue Price: 99.417 per cent.

*The €630,000,000 aggregate principal amount of 3.625 per cent. Bonds due 2010 (the “**Bonds**”) of Vivendi Universal (“**Vivendi Universal**” or the “**Issuer**”) will be deemed to be issued outside the Republic of France and will mature, unless previously redeemed or purchased and cancelled, on the Interest Payment Date (as defined in “*Terms and Conditions of the Bonds - Interest*”) falling on 6 April 2010 (the “**Maturity Date**”), subject as provided below, at their principal amount, as set out in “*Terms and Conditions of the Bonds - Redemption and Purchase - Redemption at Maturity*”.*

*The Bonds will bear interest at the rate of 3.625 per cent. per annum from, and including, 6 April 2005 to, but excluding, the Maturity Date. Interest will be payable in equal instalments annually in arrear on 6 April of each year, commencing on 6 April 2006 (see “*Terms and Conditions of the Bonds - Interest*”).*

Application has been made to list the Bonds on the Luxembourg Stock Exchange.

*The Bonds will be issued on 6 April 2005 in the denomination of €1,000 each and will at all times be represented in book entry form (dématérialisé), in compliance with article L.211-4 of the French Code monétaire et financier, in the books of the Account Holders (as defined in “*Terms and Conditions of the Bonds - Form, Denomination and Title*”). No physical documents of title will be issued in respect of the Bonds. The Bonds will, upon issue, be inscribed in the books of Euroclear France S.A. (“**Euroclear France**”) which shall credit the accounts of the Account Holders including the depositary bank for Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”). The Bonds have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg.*

Joint Lead Managers

BNP PARIBAS

**CALYON CORPORATE
AND INVESTMENT
BANK**

SG CORPORATE & INVESTMENT BANKING

The date of this Offering Circular is 4 April 2005.

This Offering Circular is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. See "Incorporation by Reference" below.

*Subject as set out below, the Issuer accepts responsibility for the information contained in this Offering Circular and confirms that this document contains all information with respect to the Issuer, the Issuer and its subsidiaries taken as a whole (the "**Group**") and the Bonds which is material in the context of the issue and offering of the Bonds; the statements contained in it relating to the Issuer, the Group and the Bonds are in every material particular true and accurate and not misleading; the opinions and intentions expressed in this document with regard to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; to the best of the Issuer's knowledge, there are no other facts in relation to the Issuer, the Group or the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this document misleading in any material respect; and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.*

In connection with the issue and offering of the Bonds, no person has been authorised to give any information or to make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Joint Lead Managers (as defined in "Subscription and Sale"). Neither the delivery of this Offering Circular, nor any sale made in connection with the issue of the Bonds, shall, under any circumstances, create any implication that there has been no change in the affairs or the financial position of the Issuer or the Group since the date hereof, or that the information in this Offering Circular is correct or complete as of any time subsequent to its date, or if different, the date indicated in the document containing the same.

This Offering Circular does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone to any person to whom it is unlawful to make such offer or solicitation

Neither the Offering Circular nor any other information supplied in connection with the Bonds is intended to provide the basis of any credit or other evaluation and nor should any of them be considered as a recommendation or a statement of opinion (or a report on either of those things) by the Issuer or the Joint Lead Managers that any recipient of this Offering Circular or any other information supplied in connection with the Bonds should purchase any Bonds. Each investor contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness of the Issuer. Neither this Offering Circular nor any information supplied in connection with the Bonds constitute an offer or invitation or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or purchase any Bonds.

No action has been or will be taken by the Issuer, the Joint Lead Managers or any other person that would permit a public offering of the Bonds or the distribution of this Offering Circular or any other offering material relating to the Bonds, in any country or jurisdiction where regulatory action for that purpose is required.

The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Bonds in the United States, the United Kingdom and France (see "Subscription and Sale").

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") or any state securities laws. The Bonds are being offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act ("Regulation S") and, except in a transaction exempt from the registration requirements of the Securities Act, may not be offered, sold or delivered within the

United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S). For a description of this and certain further restrictions on offers, sales and transfers of the Bonds and the distribution of this Offering Circular, see “Subscription and Sale”.

This Offering Circular has not been approved by, or registered or filed with, the French Autorité des Marchés Financiers (“AMF”). The Bonds may not be offered or sold to the public in France and neither this Offering Circular, nor any other offering material or information contained therein, may be released, issued or distributed or caused to be released, issued or distributed to the public in France, or used in connection with any offer for subscription or sale of notes to the public in France. Such offers, sales and distributions shall be made in France only to qualified investors (investisseurs qualifiés), acting for their own account, as defined in article L. 411-2 of the code monétaire et financier and décret n° 98-880 of 1 October 1998. Persons into whose possession this Offering Circular comes must inform themselves about and observe any such restrictions. This Offering Circular does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such offer or a solicitation by anyone not authorised to so act.

Unless otherwise specified or the context requires, references herein to “€” and “euro” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community. In this Offering Circular, any discrepancies in any table between totals and the sums of the amounts listed in such table are due to rounding. References to “billions” are to thousands of millions.

Unless otherwise indicated, statements in this Offering Circular relating to market share, ranking and data are derived from management’s estimates based on independent industry publications, reports by market research firms or other published independent sources.

This Offering Circular includes forward-looking statements. All statements other than statements of historical facts included in this Offering Circular, including, without limitation, those regarding the Issuer's financial position, business strategy, plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. For instance, the offering may not provide Vivendi Universal with the financial results or other benefits it expects to obtain in connection with its current financing and/or disposals efforts; the reduction of Vivendi Universal's indebtedness expected as a result of the debt-reduction plan, proposed disposals and/or restructurings may not materialise in the timing or manner described above. Such forward-looking statements are based on numerous assumptions regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The Issuer prepares annual consolidated financial statements and interim consolidated financial statements in accordance with generally accepted accounting principles in France (“French GAAP”).

IN CONNECTION WITH THIS ISSUE, BNP PARIBAS, OR ANY AGENT ACTING FOR IT, MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE MAY BE NO OBLIGATION ON BNP PARIBAS, OR ANY AGENT ACTING ON ITS BEHALF, TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED TIME. SUCH STABILISING WILL BE CARRIED OUT IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS AND WILL BE UNDERTAKEN

SOLELY FOR THE ACCOUNT OF THE JOINT LEAD MANAGERS AND NOT FOR OR ON BEHALF OF THE ISSUER.

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INCORPORATION BY REFERENCE

The following documents are incorporated by reference in this Offering Circular, copies of which are available free of charge at the specified offices of the Agents set out below:

The *Document de Référence* and annual report for 2003 of the Issuer registered with the AMF on 14 April 2004 under number D-04-0491 including the audited non-consolidated and consolidated financial statements of the Issuer as at, and for the three years ended, 31 December 2003, 2002 and 2001 (updates of such *Document de Référence* were deposited with the AMF on 13 July 2004, 11 October 2004 and 10 December 2004); the information contained in the annual report filed by the Issuer with the U.S. Securities and Exchange Commission (“SEC”) on form 20-F on 1 July 2004 and the audited consolidated financial statements of the Issuer as at 31 December 2004 filed with the SEC on Form 6-K on 23 March 2005. All of the foregoing documents are available on Vivendi Universal’s website.

TERMS AND CONDITIONS OF THE BONDS

The terms and conditions of the Bonds will be as follows:

The issue outside the Republic of France of €30,000,000 aggregate principal amount of 3.625 per cent. Bonds due 2010 of €1,000 principal amount per Bond (the “**Bonds**”) of Vivendi Universal, a French *société anonyme* (the “**Issuer**”), was authorised by the *Président* of the *Conseil d'Administration* of the Issuer on 23 March 2005, pursuant to a resolution of the *Conseil d'Administration* adopted on 6 May 2004 and a resolution of the *Assemblée Générale Ordinaire* of the shareholders of the Issuer adopted on 6 May 2004.

The Issuer will enter into an agency agreement (the “**Agency Agreement**”) to be dated 6 April 2005 with BNP Paribas Securities Services as fiscal agent, principal paying agent and Paris paying agent and BNP Paribas Securities Services, Luxembourg Branch as Luxembourg paying agent. The fiscal agent, principal paying agent, Paris paying agent and Luxembourg paying agent for the time being are referred to in these Conditions as the “**Fiscal Agent**”, the “**Principal Paying Agent**” and the “**Paying Agents**” (which expressions shall include the Principal Paying Agent), respectively. Each of such expressions shall include the successors from time to time of the relevant persons, in such capacities, under the Agency Agreement, and are collectively referred to as the “**Agents**”. Certain statements in these Conditions are summaries of, and are subject to, the detailed provisions of the Agency Agreement, copies of which are available without charge at the specified offices of the Paying Agents. Holders of the Bonds (the “**Bondholders**”) are deemed to have notice of the provisions of the Agency Agreement and are bound by, and entitled to the benefit of, those provisions which relate to their rights under the Bonds. References below to “**Conditions**” are, unless the context otherwise requires, to the numbered paragraphs contained in the terms and conditions set forth herein.

1 Form, Denomination and Title

The Bonds will be issued in dematerialised bearer form (*au porteur*) in the denomination of €1,000 per Bond. Title to the Bonds will be established and evidenced in accordance with article L. 211-4 of the French *Code Monétaire et Financier* by book-entries (*dématérialisation*). No physical document of title (including *certificats représentatifs* pursuant to Article 7 of decree no. 83-359 of 2 May 1983) will be issued in respect of the Bonds.

The Bonds will, upon issue, be inscribed in the books of Euroclear France S.A. (“**Euroclear France**”), which shall credit the accounts of Account Holders affiliated with Euroclear France. For the purpose of these Conditions, “**Account Holder**” shall mean any authorised financial intermediary institution entitled to hold accounts on behalf of its customers (*entreprise d'investissement habilitée à la tenue de compte-conservation*), and includes the depositary banks for Clearstream Banking, société anonyme (“**Clearstream**”), and Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”).

Title to the Bonds shall at all times be evidenced by entries in the books of the Account Holders, and transfer of Bonds may only be effected through registration of the transfer in the books of Account Holders.

2 Status and Negative Pledge

(a) Status of the Bonds

The obligations of the Issuer in respect of the Bonds constitute direct, unconditional, (subject as provided below) unsecured and unsubordinated obligations of the Issuer and rank and will rank *pari passu* and without any preference among themselves and (subject to such exceptions as are from time to time mandatory under French law) equally and rateably with all other present or future unsecured and unsubordinated obligations of the Issuer.

(b) Negative Pledge

So long as any of the Bonds remains outstanding (as defined in the Agency Agreement), the Issuer will not create or permit to subsist any mortgage, charge, pledge, lien (other than a lien arising by operation of law) or other form of encumbrance or security interest (“**Security**”) upon the whole or any part of its undertaking, assets or revenues present or future (including any uncalled capital) to secure any Relevant Debt, or any guarantee of or indemnity in respect of any Relevant Debt unless, at the same time or prior thereto, its obligations under the Bonds (A) are secured equally and rateably therewith or (B) have the benefit of such other security or other arrangement as shall be approved by the *Masse* (as defined in Condition 8) pursuant to Condition 8.

For the purposes of this Condition, “**Relevant Debt**” means any present or future indebtedness in the form of, or represented by, bonds, notes, debentures, loan stock or other securities that, at the time of issue, are, or are intended to be, quoted, listed or ordinarily dealt in on any stock exchange, automated trading system, over-the-counter or other securities market.

3 Interest

The Bonds will bear interest from, and including, 6 April 2005 (the “**Issue Date**”) at the rate of **3.625** per cent. per annum (calculated on the principal amount of the Bonds), payable annually in arrear on 6 April of each year (each an “**Interest Payment Date**”), commencing on 6 April 2006.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the Actual/Actual-ISMA method being the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last). The period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is called an “**Interest Period**”.

Each Bond will cease to bear interest from the date on which it is to be redeemed, unless payment of the full amount due in respect of the Bond is improperly withheld or refused on such due date. In such event, such Bond shall continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day after the Fiscal Agent has notified Bondholders in accordance with Condition 9 of receipt of all sums due in respect of all Bonds up to that day (except if and to the extent the subsequent payment to the relevant Bondholders is not made in accordance with these Conditions).

Interest payments will be made subject to, and in accordance with, the provisions of Condition 7.

4 Redemption and Purchase

The Bonds may not be redeemed other than in accordance with this Condition 4 or Condition 7.

(a) *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed in cash at their principal amount (i.e. €1,000 per Bond) on 6 April 2010 (the “**Maturity Date**”).

(b) *Redemption for Taxation Reasons*

- (i) If, by reason of change in French law, or any change in the official application or interpretation of such law, becoming effective after the Issue Date, the Issuer would on the occasion of the next payment of principal or interest due in respect of the Bonds, not be able to make such payment without having to pay additional amounts as specified under Condition 6, the Issuer

may, on an Interest Payment Date, subject to having given not more than sixty (60) nor less than thirty (30) days' prior notice to the Bondholders (which notice shall be irrevocable), in accordance with Condition 9, redeem all, but, not some only, of the Bonds at their principal amount with accrued interest (if any) to the date set for redemption provided that the due date for redemption of which notice hereunder may be given shall be no earlier than the latest practicable date on which the Issuer could make payment of principal and interest without withholding for French taxes or, if such date has passed, as soon as practicable thereafter.

- (ii) If the Issuer would on the next payment of principal or interest in respect of the Bonds be prevented by French law from making payment to the Bondholders of the full amount then due and payable, notwithstanding the undertaking to pay additional amounts contained in Condition 6, then the Issuer shall forthwith give notice of such fact to the Fiscal Agent and the Issuer shall upon giving not less than seven day's prior notice to the Bondholders redeem all, but not some only, of the Bonds then outstanding at their principal amount plus any accrued interest to the date set for redemption provided that the due date for redemption of which the Issuer could make payment of the full amount of principal and interest payable without for French taxes or if such date has passed, as soon as practicable thereafter.

(c) ***Purchases***

The Issuer may, in accordance with all applicable laws and regulations, at any time purchase Bonds in the open market or otherwise, without any limitation as to price or quantity, including in connection with a tender offer.

(d) ***Cancellation***

All Bonds which are redeemed (including upon exchange) or purchased by the Issuer will be promptly cancelled and accordingly may not be reissued or resold.

5 Payments

(a) ***Method of Payment***

Payments of principal, interest and other amounts in respect of the Bonds will be made in Euros by credit or transfer to a Euro account (or any other account to which Euros may be credited or transferred). Such payments shall be made for the benefit of the Bondholders to the Account Holders and all such payments so made to the relevant Account Holders shall discharge the liability of the Issuer under the Bonds to the extent of the sums so paid.

Payments of principal, interest and other amounts on the Bonds will, in all cases, be made subject to any applicable fiscal or other laws and regulations in the place of payment. No commission or expenses shall be charged by the Issuer or the Agents to the Bondholders in respect of such payments.

(b) ***Payments on Business Days***

If any due date for payment of principal, interest or any other amount in respect of any Bond is not a TARGET business day (as defined in Condition 3(c)(iv) above), then the Bondholder shall not be entitled to payment of the amount due until the next following day which is a TARGET business day and the Bondholder shall not be entitled to any interest or other sums in respect of such postponed payment.

(c) ***Fiscal Agent and Paying Agents***

The names of the initial Agents and their specified offices are set forth below.

FISCAL AGENT, PRINCIPAL PAYING AGENT AND PARIS PAYING AGENT

BNP Paribas Securities Services

Immeuble Tolbiac
25, quai Panhard et Levassor
75013 Paris
France

LUXEMBOURG PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

23, avenue de la Porte Neuve
L-2805 Luxembourg
Grand Duchy of Luxembourg

The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent or any Paying Agent and/or appoint other Paying Agents or approve any change in the office through which any such Agent acts, provided that there will at all times be (i) a Fiscal Agent and a Principal Paying Agent having a specified office in a European city and (ii) so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a Paying Agent having a specified office in Luxembourg (which may be the Principal Paying Agent). Any termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 45 nor less than 30 calendar days' notice thereof shall have been given to the Bondholders by the Issuer in accordance with Condition 9.

6 Tax Status

(a) Tax Exemption

The Bonds being denominated in Euros are, pursuant to the French Administrations Guidelines 5 I-11-98 of 30 September 1998, deemed to be issued outside France for the purpose of Article 131 *quater* of the French General Tax Code (*Code Général des Impôts*), and accordingly interest and other revenues in respect of the Bonds benefit at present from the exemption from deduction of tax at source provided by Article 131 *quater* of the French General Tax Code. As a result, such payments do not give the right to any tax credit from any French source.

(b) Additional Amounts

If French law should require payments of principal or interest in respect of any Bond be subject to deduction or withholding in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by, or on behalf of, the Republic of France or any authority therein or thereof having power to tax (“**Taxes**”), the Issuer shall, to the extent then permitted by law, pay such additional amounts as may be necessary in order that the holder of each Bond, after such deduction or withholding, will receive the full amount then due and payable thereon in the absence of such withholding; provided, however, that the Issuer shall not be liable to pay any such additional amount in respect of any Bond to a Bondholder (or beneficial owner (*ayant droit*)):

- (i) who is subject to such Taxes in respect of such Bond by reason of his having some connection with the Republic of France other than the mere holding of such Bond; or
- (ii) where such deduction or withholding is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union

Directive implementing the conclusion of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with or, introduced in order to conform to, such Directive.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under the provisions of this Condition 6 (b).

7 Events of Default

(a) *Events of Default*

If any of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- (i) default is made for a period of 15 days or more in the payments of any amount on the Bonds when and as the same shall become due and payable; or
- (ii) default is made in the performance of, or compliance with, any other obligation of the Issuer under the Bonds, if such default shall not have been remedied within 30 days after receipt by the Fiscal Agent of written notice of such default given by the Representative(s) (as defined in Condition 8); or
- (iii) after there shall be a default by the Issuer in the due and punctual payment of the principal of, or premium or interest on, any indebtedness for borrowed monies of or assumed or guaranteed by it when and as the same shall become due and payable and giving effect to any applicable grace periods, there shall be an acceleration of any such indebtedness or guarantee, or there shall be a failure to pay such indebtedness upon maturity, provided that the aggregate amount of the relevant indebtedness for borrowed money in respect of which any one or more of the events mentioned in this sub-paragraph has or have occurred equals or exceeds €100,000,000 (or its equivalent); or
- (iv) the Issuer applies for or is subject to an amicable settlement (*accord amiable*) with its creditors, or applies for the appointment of a conciliator (*conciliateur*) or any judgment is issued for its judicial liquidation (*liquidation judiciaire*) or the transfer of the whole of its business (*cession totale de l'entreprise*) or, to the extent permitted by law, it ceases payments on its debts or is subject to any insolvency or bankruptcy proceeding or makes a conveyance or assignment for the benefit of, or enters into a composition with, its creditors; or
- (v) the Issuer sells or otherwise disposes of all or substantially all of its assets or ceases or threatens to cease to carry on the whole or substantially all of its business or an order is made or an effective resolution passed for its winding-up, dissolution or liquidation, unless such winding-up, dissolution, liquidation or disposal is made in connection with a merger, consolidation, reconstruction, amalgamation or other form of combination with or to, any other corporation and the liabilities under the Bonds are transferred to and assumed by such other corporation; or
- (vi) all or any substantial part of the property, assets or revenues of the Issuer shall be attached or shall become subject at any time to any order of court or the enforcement of any security interests (*sûretés réelles*) and such attachment or order shall remain in effect and not be discharged for, or the steps taken to enforce any such security interests shall not be withdrawn or stayed within 30 calendar days; or
- (vii) (A) one or more defaults in the due and punctual payment of principal of or premium or interest, if any, on indebtedness of, or guaranteed by, any of the Material Subsidiaries of the Issuer aggregating €100,000,000 or more, when the same becomes due and payable at the stated

maturity thereof, and such default or defaults shall have continued after any applicable grace period and shall not have been cured or waived or (B) the maturity of indebtedness of, or any indebtedness guaranteed by, any of the Material Subsidiaries of the Issuer aggregating €100,000,000 or more shall have been accelerated, then each of the Bondholders may, by notice in writing to the Fiscal Agent before all continuing Events of Default shall have been remedied, cause its Bonds to become immediately due and payable whereupon they shall become immediately due and payable without further formality at their principal amount together with any accrued interest thereon to the date of repayment.

For the purposes of this Condition,

“**Material Subsidiary**” means:

- (a) any Subsidiary (as defined below) of the Issuer which is consolidated by way of global integration (*intégration globale*) in the audited consolidated financial statements of the Group (as defined below):
 - (i) whose total revenues (consolidated in the case of a Subsidiary which itself has a Subsidiary) represent not less than 5 per cent. of consolidated total revenues of the Group (as shown in the then latest audited consolidated financial statements of the Group); and/or
 - (ii) whose EBITDA (as defined below) represents not less than 5 per cent. of the EBITDA of the Issuer (as shown in the then latest audited consolidated financial statements of the Group),
in the case of a Subsidiary, as calculated from the then latest annual financial statements (consolidated or, as the case may be, unconsolidated), audited if prepared, of that Subsidiary;
- (b) the Subsidiary of the Issuer which owns the interest of the Group in National Broadcasting Company Universal Inc. and each direct or indirect Holding Company (as defined below) of that Subsidiary; or
- (c) (for so long as the Group owns 5 per cent. or more of the total share capital of Véolia Environnement S.A.) any Subsidiary of the Issuer which owns the interest of the Group in Véolia Environnement S.A. and each direct or indirect Holding Company of that Subsidiary; or
- (d) each Subsidiary of the Issuer that acquires any assets or shares having, at the time of the acquisition, a value equal to 5 per cent. or more of the consolidated total assets of the Group (as shown in the then latest audited consolidated financial statements of the Group) and each direct or indirect Holding Company of that Subsidiary; and
- (e) any other Subsidiary of the Issuer (the “**receiving Subsidiary**”) to which after the date of the latest audited consolidated financial statement of the Group is transferred either:
 - (i) all or substantially all the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary (the “**disposing Subsidiary**”); or
 - (ii) sufficient assets such that the receiving Subsidiary would have been a Material Subsidiary had the transfer occurred on or before the date of the latest audited consolidated financial statements of the Group,
where, in the case of (i) above, the disposing Subsidiary shall forthwith upon the transfer taking place cease to be a Material Subsidiary;

“**EBITDA**” means consolidated operating income adjusted by:

- (a) adding back depreciation of tangible assets and amortisation of intangible assets (to the extent that such depreciation and amortisation are deducted in computing the operating income);
- (b) deducting any gain (or adding back any loss) in connection with the disposal of any tangible and intangible asset (otherwise than in the ordinary course of trading) by a member of the Group during a Measurement Period; and
- (c) deducting any one-time gain and adding back any one-time loss, including any restructuring charges;

“**Group**” means the Issuer and its Subsidiaries;

“**Holding Company**” of any other person means a company in respect of which that other person is a Subsidiary;

“**Measurement Period**” means a period of 12 months ending on a Testing Date;

“**Subsidiary**” means, in relation to a person, an entity from time to time of which that person has direct or indirect control (in the case of a company incorporated in France, within the meaning of Article L.233-3 I.1 and I.2 of the French *Code de Commerce* (as the same is in force on the date of this Offering Circular)) or an entity more than 50 per cent. of the voting rights in, or share capital of, which are owned by that person; and

“**Testing Date**” means 31 December of each year.

8 Representation of the Bondholders

The Bondholders will be grouped for the defence of their respective common interests in a *masse* (hereinafter referred to as the “*Masse*”).

The *Masse* will be governed by those provisions of the French Commercial Code (the “**Code**”) (as modified or re-enacted from time to time) (the “**Law**”) with the exception of the provisions of Articles L. 228-49 and L. 228-59 of the Code and by decree no. 67-236 of 23 March 1967 (as modified or re-enacted from time to time) (the “**Decree**”) with the exception of articles 218, 222 and 224 of the Decree, as amended by the conditions set forth below, provided that notices calling a general meeting of the Bondholders (a “**General Meeting**”) and the resolutions passed at any General Meeting and any other decision to be published pursuant to French legal and regulatory provisions will be published only as provided under Condition 9.

The Bonds being issued outside the Republic of France, the *Masse* is, in accordance with Article L. 228-90 of the Code (formerly Article 339 of the Law), governed solely by the legal provisions which are expressed as applicable to the Bonds as stated above and subject to the foregoing paragraphs.

(a) Legal Personality

The *Masse* will be a separate legal entity, by virtue of Article L. 228-46 of the Code acting in part through a representative (the “**Representative**”) and in part through a General Meeting. The *Masse* alone, to the exclusion of all individual Bondholders, shall exercise the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds.

(b) Representative

The office of Representative may be conferred on a person of any nationality. However, the following persons may not be chosen as a Representative:

- (i) the Issuer and the Company;
- (ii) any entity holding (directly or indirectly) at least 10% of the share capital of the Issuer or the Company or at least 10% of the share capital of which is held by the Issuer or the Company;
- (iii) any entity guaranteeing all or part of any obligations of the Issuer or the Company;
- (iv) any member of the Board of Directors (*Conseil d'Administration*) of the Issuer or of the Management Board or Supervisory Board or equivalent(s) of the Company, the Statutory Auditors of the Issuer or the Company, or any employee, managing director or director (or their respective *ascendants*, *descendants* and spouses) of the entities referred to in (i), (ii) or (iii) above; and
- (v) persons who have been prohibited from practicing as a banker or who have been deprived of the right to direct, administer or manage an enterprise in any capacity whatsoever.

The initial Representative shall be:

Cécile Heiser
28, rue Chauveau
92200 Neuilly sur Seine

The alternative Representative shall be:

Jean-Pierre Pasquier
25, avenue de Verdun
94000 Créteil

The acting Representative will have the power, without restriction or reservation, to take, on behalf of the *masse*, all actions of an administrative nature necessary to protect the interests of the Bondholders.

Each Representative will exercise its duty until its dissolution, resignation or termination of its duty by a general meeting of the Bondholders or until it becomes unable to act. Its appointment shall automatically cease on the date of final or total redemption, prior to maturity or otherwise, of the Bonds. This appointment may be automatically extended until the final resolution of any proceedings in which the representative is involved and the enforcement of any judgements rendered or settlements made.

The Issuer shall pay to each Representative an amount of €400 per year.

All interested parties will at all times have the right to obtain the names and the addresses of the Representative at the head office of the Issuer and at the offices of any of the Paying Agents.

(c) Powers of the Representative

The Representative shall, in the absence of any decision to the contrary of a General Meeting of Bondholders, have the power to take all action to defend the common interests of the Bondholders.

All legal proceedings by or against the Bondholders must be brought by or against the Representative, and any legal proceedings which shall not be brought in accordance with this provision shall not be legally valid.

The Representative may not interfere in the management of the affairs of the Issuer.

(d) General Meetings

General Meetings may be held at any time, on convocation either by the Issuer or the Representative. One or more Bondholders, holding together at least one-thirtieth of outstanding Bonds may address to the Issuer and the Representative a demand for convocation of the General Meeting. If such General Meeting has not been convened within two months from such demand, such Bondholders may commission one of themselves to petition the competent court in Paris to appoint an agent (*mandataire*) who will call the General Meeting.

Notice of the date, hour, place, agenda and quorum requirements of any General Meeting will be published as provided in Condition 9 not less than fifteen days prior to the date of the General Meeting for the first convocation and not less than six days for a second convocation.

Each Bondholder has the right to participate in General Meetings in person or by proxy. Each Bond carries the right to one vote.

(e) Powers of General Meetings

A General Meeting is empowered to deliberate on the fixing of the remuneration of the Representative and on their dismissal and replacement, and also may act with respect to any other matter that relates to the common rights, actions and benefits which now or in the future may accrue with respect to the Bonds, including authorising the Representative to act at law as plaintiff or defendant.

A General Meeting may further deliberate on any proposal relating to the modification of these Conditions, including:

- (i) any proposal whether for arbitration or settlement, relating to rights in controversy or which were the subject of judicial decisions; and
- (ii) any proposal relating to the issue of securities carrying a right of preference compared to the rights of Bondholders;

it being specified, however, that a General Meeting may not increase amounts payable by the Bondholders, nor establish any unequal treatment between the Bondholders, nor decide to convert the Bonds into shares of the Issuer or any other entity.

General Meetings may deliberate validly on first convocation only if Bondholders present or represented hold at least one-quarter of the principal amount of the Bonds then outstanding. On second convocation, no quorum shall be required. Decisions at meetings shall be taken by a simple majority of votes cast by the Bondholders attending such meeting or represented thereat.

(f) Information to the Bondholders

Each Bondholder will have the right, during the 15 day period preceding the holding of each General Meeting, personally or through a representative, to consult or make a copy of the resolutions which will be proposed, and of any reports which may be presented, at the meeting, which will be available for inspection at the principal office of the Issuer, at the specified offices of the Paying Agents and at any other place specified in the notice of meeting.

(g) Expenses

The Issuer will pay all expenses incurred in the operation of the *Masse*, including expenses relating to the calling and holding of meetings and remuneration of the Representative, and more generally all

administrative expenses resolved upon by a General Meeting, it being expressly stipulated that no expenses may be imputed against interest or other amounts payable on the Bonds.

(h) Notice of Decisions

Decisions of the meetings shall be published in accordance with the provisions set forth in Condition 12 not more than 90 days from the date thereof.

9 Notices

Any notice to the Bondholders shall be validly given if it is published so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

10 Prescription

Claims against the Issuer for the payment of principal and interest in respect of the Bonds shall become prescribed 10 years (in the case of principal) and five years (in the case of interest) from the due date for payment thereof.

11 Further Issues

The Issuer may from time to time without the consent of the Bondholder issue further Bonds to be assimilated (*assimilables*) with the Bonds as regards their financial service, provided that such further Bonds and the Bonds shall carry rights identical in all respects (or in all respects except for the first payment of interest thereon) and that the terms of such further Bonds shall provide for such assimilation. In the event of such assimilation, the Bondholders and the holders of any assimilated Bonds may, for the defence of their common interests, be grouped in a single *masse* having legal personality.

12 Modification of the Agency Agreement

The Agency Agreement may be amended by the parties to it, without the consent of the Bondholders, for the purpose of curing any ambiguity, or curing, correcting or supplementing any defective provision contained in it, or in any manner which the parties to the Agency Agreement mutually deem necessary or desirable, provided that any such amendment does not adversely affect the interests of the Bondholders.

13 Governing Law and Jurisdiction

The Bonds and the Agency Agreement are governed by the laws and Republic of France.

For the benefit of the Bondholders, the Issuer submits to jurisdiction of the competent courts in Paris. This submission shall not limit the right of any Bondholder to take proceedings in any other court of competent jurisdiction.

USE OF PROCEEDS

The net proceeds from the issue of the Bonds, which will be approximately €26,327,100, will be used by Vivendi Universal in order to refinance the early redemption of its exchangeable bonds into Vinci shares, issued in March 2001.

CAPITALISATION OF VIVENDI UNIVERSAL

The following table sets out the unaudited actual consolidated capitalisation of the Issuer as at 31 December 2004 and the pro forma consolidated capitalisation of the Issuer as at 31 December 2004 as adjusted to take into account, *inter alia*, the issue of the Bonds and the transactions referred to in the headings below.

	As of 31 Dec 2004	Acquisition of 16% of Maroc Telecom	Reimbursement of high yield notes	Issuance of €600,000,000 3.875 per cent. Bonds due 2012	Issuance of the Bonds and repayment of Vinci bonds	As of 31 Dec 2004 Pro forma
	(in million euros)					
Cash and cash equivalents	3,158	(563)			(108) ⁽³⁾	2,487
Secured debt:						
Promissory note to NBC.....	575			(575)		0
SFR Securitization.....	487					487
Leases.....	440					440
Unsecured debt of subsidiaries:						
SFR Credit line.....	350					350
SFR Commercial paper	325					325
Others.....	618	537				1,155
Other unsecured debt:						
2.5 billion revolving bank facility	0					0
Floating rate bond (2007)	700					700
High yield notes	405		(405)			0
Exchangeable Vinci 1% (2006).....	531				(531)	0
Exchangeable Sogecable 1.75% (2008).....	607					607
Commercial paper	274					274
February bond (2012).....	0			600		600
New bond (2010).....	0				630	630
Others.....	981		446 ⁽¹⁾			1,427
Total debt	6,293	1,100	41	25	99	9,482
Shareholders equity	13,621		(44) ⁽²⁾			13,577
Total capitalisation	19,914					23,059

⁽¹⁾ including premium paid to bondholders of euro 41 million

⁽²⁾ including premium paid to bondholders and capitalized expenses written off

⁽³⁾ premium paid to Vinci bondholders

Save as disclosed above, there has been no material change to the consolidated capitalisation of Vivendi Universal since 31 December 2004.

VIVENDI UNIVERSAL

VIVENDI UNIVERSAL

General

Vivendi Universal is a French *société anonyme* with an issued and subscribed share capital of €5,899,433,996.50 divided into 1,072,624,363 fully paid-up ordinary shares of €5.50 of nominal value each, incorporated on 18 December 1987 for a term expiring on 17 December 2086. It is registered under number 343 134 763 at the *Registre du Commerce et des Sociétés* of Paris. Its registered office is located at 42, avenue de Friedland, 75008 Paris.

The corporate purpose of Vivendi Universal consists mainly, directly or indirectly, in France and in all countries to engage in the following businesses, for individual, business and public sector customers, all direct or indirect communications activities, and in particular the internet, multimedia and audiovisual activities, imaging, cinema, music, advertising, press, publishing and telecommunications, all interactive services and products related to the foregoing; and all activities related, directly or indirectly, to the environment, and in particular water, wastewater treatment, energy, transport, waste management and all related products and services, whether or not for collective use, all as more fully provided under Article Title I article 2 of the Issuer's By-laws.

The company was formed through the merger in December 2000 of Vivendi S.A., The Seagram Company Ltd. and Canal Plus, S.A., with Vivendi Universal continuing as the surviving parent entity (Merger Transaction). From its origins as a water company, it expanded its business rapidly in the 1990s and transformed itself into a media and telecommunications company with the December 2000 merger. Following the appointment of new management in July 2002, it commenced a significant asset divestiture program aimed at reducing the group's indebtedness, which it has almost completed.

Vivendi Universal is a major player in media and telecommunications. Its Media group is comprised of the following businesses: Canal+ Group, Universal Music Group and Vivendi Universal Games. Vivendi Universal recently completed, on 11 May 2004, the NBC-Universal Transaction and currently holds an approximate 20% interest in NBC Universal, which is comprised, in part, of the assets of Vivendi Universal Entertainment. Its Telecommunications group is comprised of SFR Cegetel Group and Maroc Telecom. It also maintains certain other non-core operations and investments.

Vivendi Universal's attractive portfolio of assets includes its operations in its six principal segments:

Media

Canal+ Group

Canal+ Group, has two principal lines of business:

- Pay-TV channel production in France with Canal+ premium channel and theme channels such as Sport+, i>Télé, CinéCinéma, Planète and Jimmy; and pay-TV channel distribution, whether over the air, via satellite, cable or ADSL (CanalSatellite, NC Numéricâble and Media Overseas)

- Production and distribution of films through StudioCanal, a major European studio involved in the production, co-production, acquisition and distribution of feature films and television programs

Vivendi Universal owns 100% of Canal+ Group, which in turn owns 49% of Canal+ S.A. (premium channel) and 66% of CanalSatellite.

2004 revenues of €3,580 million, up 4% on a comparable basis

Canal+ Group reported revenues of €3,580 million, up 4% on a comparable basis¹.

Revenues of the Group's core business, French pay-TV, amounted to €2,861 million and increased 3% on a comparable basis. At the end of 2004, Canal+ Group's portfolio achieved 8.4 million subscriptions (individual and collective, France and French overseas territories) to its pay-TV offers in France, a net increase of 300,000 subscriptions in one year.

In 2004, Canal+, the premium channel, increased its number of subscriptions for the first time since 2000. On 31 December 2004, its portfolio reached 4.95 million subscriptions which represents a net increase of 48,000 subscriptions compared to the previous year. Over the course of the year, the premium channel had more than 550,000 new subscriptions. In 2004, Canal+ signed an agreement with the French movie industry and secured exclusive rights to France's top soccer league for three seasons starting 2005/2006.

CanalSatellite continued its growth, ending 2004 with 2.99 million subscriptions (a net increase of 238,000).

The Group's movie business increased revenues by 12% to €394 million, primarily due to successful theatrical releases and the good performance of DVDs.

2004 operating income up 94% on a comparable basis

Canal+ Group reported an operating income of €198 million euros. On a comparable basis¹, operating income rose €184 million, up 94% compared to the previous year.

French Pay-TV's operating income amounted to €151 million, up 18% compared to the previous year on a comparable basis. This result was mainly due to the revenues growth in addition to savings resulting from the strategic recovery plan.

With operating income at €38 million, the group's movie business grew 57% on a comparable basis.

Music

The music business is operated through Universal Music Group (UMG), the largest recorded music business in the world measured by revenues according to the management for 2004 and the International Federation of the Phonographic Industry (IFPI) for 2003. Vivendi Universal has a 92.3% interest in UMG, which held a 23.5% share of the global recorded music market in 2003 and approximately 24.7% in 2004. UMG acquires, manufactures, markets and distributes recorded music through a network of subsidiaries, joint ventures and licensees in 77 countries. UMG also manufactures sells and distributes music video and DVD products, licenses recordings, and owns music/video clubs in certain territories (Britannia Music in the UK and DIAL in France). UMG participates in and encourages

¹ Comparable basis essentially illustrates the effect of the divestitures at Canal+ Group (Telepiù, Canal+ Nordic, Canal+ Benelux, etc.) as if these transactions had occurred at the beginning of 2003.

online electronic music distribution by making a significant amount of its content available and by investing resources through a variety of independent initiatives and strategic alliances in the technology and electronic commerce areas to enable the music business to be conducted via the Internet and over cellular, cable and satellite networks.

UMG is also active in the music publishing market, in which UMG acquires rights to musical compositions (as opposed to recordings) in order to license them for use in recordings and related uses, such as films, advertisements or live performances. Management believes that UMG is the number three global music publishing company with over one million owned or administered titles.

2004 revenues of €4,993 million, up 0,4% on a comparable basis

UMG's revenues of €4,993 million were up 0.4% compared to last year's revenues despite adverse currency movements.

At constant currency, revenues were up 5% with better than market performances particularly in North America and the U.K., offsetting market weakness across most of continental Europe and lower sales in the Music Clubs. Revenues in Asia were down versus 2003; there was a rebound in both Latin America and Australasia. Sales of digitized music, including downloads and ringtones represented approximately 2% of total revenues. UMG estimates that its worldwide market share reached 24.7% in 2004 compared to last year's market share of 23.5% as measured by the IFPI. U.S. album unit sales, as measured by Nielsen SoundScan, rose 2% versus last year with UMG outperforming the market with a 7% increase. UMG's Nielsen SoundScan market share grew from 28.1% in 2003 to 29.6% in 2004.

2004 operating income of €338 million

UMG's operating income of €338 million compared to operating income of €70 million in 2003 reflected the enhanced sales performance, lower marketing expenses, and other results of the company's cost reduction program.

The excellent operating performance was partly offset by higher amortization costs, primarily due to a reduction in the period that music and music publishing catalogs were amortized from 20 to 15 years, and an impairment charge in respect of UMG's Music Clubs in the U.K. and France in December. Last year's result included a charge relating to an unfavorable decision after a trial in a lawsuit currently under appeal.

Operating margins improved to 7% of revenues from 1% last year.

Cash flow from operations of €755 million in 2004 was up €292 million versus 2003 reflecting the improvement in the operating performance and a reduction in working capital despite higher levels of activity. Net music content costs were lower than in 2003 reflecting the results of the company's cost reduction program, favorable currency movements, and significant investments in 2003 not being repeated in 2004.

Vivendi Universal Games

Vivendi Universal Games (VU Games), which is 99%-owned by Vivendi Universal, is a publisher of interactive entertainment software across all major platforms, including PCs, video game consoles, handheld systems and the Internet. VU Games' portfolio of development studios and publishing labels includes Blizzard Entertainment, Coktel, Fox Interactive, Knowledge Adventure, Massive Entertainment and Sierra Entertainment. Additionally, the company co-publishes and/or distributes titles for a number of strategic partners, including Interplay, inXile entertainment and Mythic Entertainment.

VU Games is the second-largest publisher of PC game software in North America and Europe, with a market share of 12.6%, holding top market share positions in key regions: 2nd in U.S.; 2nd in Germany; 3rd in France; 3rd in the U.K.; and 3rd in Spain. (source: NPD Funworld, PC Data, Chart-Track, GFK. Latest available data – current as of December 2004).

2004 revenues of €475 million

In spite of very strong sales during the fourth quarter, due mainly to the release of *Half-Life 2* (with estimated sales of 1.7 million units globally), and the launch of *World of Warcraft* in North America, Australia, and New Zealand (achieving more than 600,000 active accounts), full year 2004 revenues amounted to €475 million and were down against the prior year by 17% (down 11% at constant currency).

2004 operating loss of €183 million

In 2004, VUG's operating loss was €183 million compared to €201 million in 2003. Excluding one time costs associated with the global turnaround plan (approximately €95 million), VUG's operating loss was reduced significantly compared to the prior year. These one time costs included write-offs of certain projects and titles, along with restructuring expenses related to staff reductions in North America and Europe.

In 2004, VUG's cash flow from operations was - €18 million compared to - €200 million in 2003. This was primarily due to the success of *Half Life 2* and *World of Warcraft* in 2004, the favorable impact of the turnaround plan and the reduced cost base, as well as a material improvement in working capital relating to a renewed focus on collections efforts in North America and Europe.

Vivendi Universal Entertainment

On 11 May 2004, NBC and VUE completed the formation of NBC Universal, a global media and entertainment enterprise with expected 2005 revenues of \$15 billion. As a result of the transaction, Vivendi Universal has an approximate 20% interest in NBC Universal which is controlled by GE. Beginning in 2006, Vivendi Universal will have the right to monetize its ownership interest over time at fair market value.

In the US in 2003, Vivendi Universal's film, television and parks and resorts businesses were conducted primarily through VUE, a limited liability limited partnership in which Vivendi Universal held an approximate 86% economic interest. VUE was formed in April 2002, to effect the May 2002 transaction among Universal Studios, Inc. and InterActiveCorp (IAC, formerly known as USA Interactive and prior thereto as USA Networks, Inc.), among others. Through this transaction, Universal Studios, Inc. contributed to VUE the Universal Studios Group, consisting of Universal's film, television and recreation businesses, and USA Networks, Inc. contributed its ownership interest in the USA Entertainment Group, consisting of USA Cable (now known as Universal Television Networks), USA Films (now part of Focus Features) and Studios USA (now integrated within the Universal Television Group).

Telecommunications

SFR Cegetel Group

SFR Cegetel Group, formed at the end of 1996, is the second-largest mobile and fixed-line telecommunications

operator in France with approximately 18 million customers at 31 December 2004¹, representing an 8% increase over the prior year on a comparable basis. SFR Cegetel Group is the only private telecommunications operator in France to cover all telecommunications activities: mobile telephony, through SFR, in which Vivendi Universal holds a 55.8% stake (the remaining stake is held 43.9% by Vodafone and 0.3% by individual shareholders), and fixed telephony, data transmission and Internet through Cegetel S.A.S., a directly owned 65% subsidiary of SFR. Its customer base includes residential, professional and corporate customers.

2004 revenues of €8,317 million

SFR Cegetel revenues increased by 10% (also 10% on a comparable basis²), to €8,317 million.

Mobile telephony activity contribution to SFR Cegetel revenues increased by 6%³ (and 10% on a comparable basis) to €7,183 million, mainly reflecting the year to year increase in the customer base combined with a slight increase of blended ARPU⁴. This performance was achieved despite the fixed to mobile voice termination rate cut of 12.5% on 1 January 2004.

2004 operating income of €2,939 million

In 2004, the telecom business generated €2,939 million of operating income, up 12% on a comparable basis. Comparable basis takes into consideration a change in presentation adopted as of 31 December 2004: in order to standardize the accounting treatments of sales of services provided to customers on behalf of content providers, following the consolidation of Telecom Développement, sales of services to customers, managed by SFR Cegetel and Maroc Telecom on behalf of content providers are now presented net of the related expenses. This change in presentation has no impact on operating income. At SFR Cegetel, it induced a reduction in revenues of €168 million in 2004. At Maroc Telecom, the impact was immaterial.

These results are not necessarily indicative of the combined results that would have occurred had the events actually occurred at the beginning of 2003.

For the full year of 2004, SFR Cegetel's operating income grew 18% (15% on a comparable basis⁵) to €2,257 million.

¹ New figures for 2004: the total number of the SFR Cegetel Group's customers includes SFR's mobile telephony customers in France (as published by the French telecommunications regulation authority, ART) and Cegetel's own fixed telephony and Internet active customers managed on behalf of third party operators).

² Comparable basis illustrates the full consolidation of Telecom Développement as if the merger had occurred at the beginning of 2003. In addition, comparable basis takes into consideration a change in presentation of revenues adopted as at 31 December 2004, in order to homogenize accounting treatments following the consolidation of Telecom Développement. As a result, this change in presentation consists of the netting of revenues recognized on sales of services provided to customers by SFR Cegetel on behalf of providers of content (mainly special numbers). Beforehand, such revenues were presented on a gross basis. This change in presentation of revenues has no impact on operating income. At SFR, it induces a reduction of revenues of €168 million in 2004 (versus €177 million in 2003).

³ Because of the merger of SFR and Cegetel Groupe SA and to better reflect the performances of each separate businesses, SFR Cegetel has reallocated holding and other revenues, which were previously reported in the "fixed and other" line renamed "fixed and Internet", to the "mobile" line. As a consequence, SFR Cegetel's breakdown of results by business differs from figures published in 2003.

⁴ ARPU (Average Revenue Per User) is defined as revenues net of promotions and net of third party content provider revenues (including special numbers related revenues) excluding roaming in and equipment sales divided by average ART total customer base for the last twelve months.

⁵ Comparable basis takes into consideration a change in presentation adopted as of 31 December 2004: in order to standardize the accounting treatments of sales of services provided to customers on behalf of content providers (mainly special numbers), following the consolidation of Telecom Developments, sales of services to customers, managed by SFR Cegetel and Maroc Telecom on behalf of content providers are now presented net of the related expenses. This change in presentation has no impact on operating income. At SFR Cegetel, it induced a reduction in revenues of €168 million in 2004.

Mobile activity operating income grew 20% (also 20% on a comparable basis) to €2,332 million, thanks to continued strong control of customer acquisition and retention costs (12 % of network revenues compared to 13% in 2003) and the recording of €48 million of positive non-recurring items versus €26 million in 2003.

As a consequence of the heavy commercial and technical costs of the broadband internet retail offer launched in March 2004 and despite the growth in revenues and the recording of positive non-recurring items amounting to €74 million (versus €31 million in 2003), the fixed telephony and internet activity operating losses were €75 million in 2004, compared to a loss of €29 million for the same period in 2003 (and to a profit of €24 million on a comparable basis).

Mobile Telephony

SFR offers mobile telephony services both on a subscription (postpaid) basis and a prepaid basis, with or without handsets, as well as data transmission for residential, professional and corporate customers in France, and in the overseas territories of Reunion and Mayotte, through its affiliate Société Réunionnaise du Radiotéléphone (SRR). As at 31 December 2003, SFR (including SRR) had 14.724 million customers, representing 35.3% of the total mobile telephony market in France versus 35.1% in 2002 and 33.9% in 2001. In 2003, SFR saw an increase of almost 1.2 million in its total customer base, from 13.547 million to 14.724 million, or a 9% increase. For the first time in 2003, SFR recorded its highest net sales market share (38%) in France.

In 2004, as measured by ART (the French telecommunications regulator), SFR (including SRR) was the market leader in net sales with a 38% market share and 1,095,000 new net customers, taking its registered customer base to 15.82 million, a 7% increase against last year. SFR increased market share on the French mobile market to 35.5% compared to 35.3% at the end of December 2003.

In 2004, SFR strengthened its position of reference operator for mobile multimedia services in France by becoming the first operator to offer 3G services to the consumer market in France in early November.

Fixed Telephony, Data and Internet

Telecom Développement and Cegetel merged on 31 December 2003. The newly merged entity is known as Cegetel S.A.S. This operation was motivated by a desire to combine telecommunication services production and sales activities within one entity, thereby becoming the alternative to France Télécom in fixed telephony.

Cegetel is the second-largest operator for fixed telecommunications in France, with 3.7 million residential and professional customers at the end of 2003, and more than 20,000 corporate customers (including 70% of the companies in the CAC 40 Index).

Fixed telephony and Internet activity contribution to SFR Cegetel revenues increased by 37% to €1,134 million (12% on a comparable basis) driven mainly by growing retail and wholesale broadband Internet along with strong performances of Cegetel corporate division.

Maroc Telecom

Maroc Telecom is Morocco's incumbent telecommunications operator, created in 1998 following its spin-off from the *Office National des Postes et Télécommunications* (National Postal and Telecommunications Office). Maroc Telecom is Morocco's leading (and Africa's second-largest) telecommunications operator, operating in both the fixed-line business and the fast-growing wireless business, where it remains the national leader. Maroc Telecom also controls 51% of Mauritel, the incumbent operator in Mauritania.

In January 2005, the Kingdom of Morocco and Vivendi Universal agreed to the acquisition by Vivendi Universal of 16% of the capital of Maroc Telecom. As a result, Vivendi Universal now holds 51% of the share capital of Maroc Telecom.

The Government of the Kingdom of Morocco has continued the process of privatizing Maroc Telecom by selling to the public, through an equity offering, 14.9% of the company's share capital. The initial public offering led to the listing of Maroc Telecom shares on the Casablanca and Paris stock exchanges on 13 December 2004.

2004 revenues of €1,627 million up 11% on a comparable basis at constant currency

Maroc Telecom revenues amounted to €1,627 million, up 11% (and up 11% on a comparable basis¹ at constant currency).

Mobile revenues² totalled €921 million, up 19% (+19% on a comparable basis at constant currency) driven by its continuing customer base growth³ (+22%) reaching approximately 6.4 million customers. This growth was also driven by the equipment sale related to the acquisition of new customers and the positive performance³ of the prepaid ARPU⁴ (up 2% at €8.6) reflecting the stimulation of consumption with more promotions and the launch of the 20 dirhams (€1.8) scratch card.

Fixed telephony and Internet revenues² amounted to €1,016 million decreasing by 2% (down 1% on a comparable basis at constant currency). This decline is essentially due to a tariff reduction on leased lines prices applied retroactively back from 1 January 2004, impacting the level of services invoiced by the fixed activity to the mobile one. Excluding the impact of this tariff reduction, revenues increased by +2% (up 3% on a comparable basis at constant currency) due to a 7% growth of customer base³ reaching 1.3 million customers at the end of 2004, the growth of incoming international traffic³ (+17%) and the success of ADSL launch³ (approximately 60,000 subscribers at the end of 2004 to be compared with approximately 2,600 subscribers at the end of 2003), and in spite of a decrease of the average traffic by user.

2004 operating income grew 8% on a comparable basis¹, at constant currency

Maroc Telecom 2004 operating income grew by 7% to €673 million (+8% on a comparable basis¹ at constant currency). The good performance of revenues was partially offset by higher acquisition costs, mainly mobile customers (customer base gross increase of +585,000 compared to 2003), intensified communication campaigns and the accounting of a non-recurring provision for a voluntary redundancy plan to be implemented in 2005.

This provision (-€14 million) compared with the positive non-recurring items (+€17 million) accounted for the fourth quarter of 2003, explains an operating income decline of 7% in the fourth quarter of 2004. Excluding these non-recurring items, operating income grew by 12% (+11% at constant currency on a comparable basis).

¹ Comparable basis illustrates the full consolidation of Mauritel as if this transaction had occurred at the beginning of 2003. In addition, comparable basis takes into consideration a change in presentation of revenues adopted as at 31 December 2004, in order to homogenize accounting treatments following the consolidation of Telecom Développement. As a result, this change in presentation consists of the netting of revenues recognized on sales of services provided to customers by Maroc Telecom on behalf of content providers (mainly special numbers). Previously, such revenues were presented on a gross basis. This change in presentation of revenues has no impact on operating income. At Maroc Telecom, it is immaterial.

² Gross revenues include intercompany transactions (including interconnection costs and leased lines) between Maroc Telecom fixed activity and mobile activity.

³ Excluding Mauritel.

⁴ Maroc Telecom ARPU (average revenue per user) is defined as revenues (from incoming and outgoing calls and data services), net of promotions, excluding roaming in and equipment sales, divided by the average customer base over the period.

Vivendi Telecom International

Vivendi Telecom International (VTI) operates the fixed and mobile telecommunications businesses outside France and Morocco.

Lower revenues and operating income of VTI in 2004 compared to 2003 were mainly due to certain divestitures (mainly Kencell in May 2004 and Monaco Telecom in June 2004).

Other operations

Other operations reported negative revenues of €16 million in 2004 mainly from inter-company transactions. Operating income amounted to €42 million in 2004 compared to €23 million in 2003.

Vivendi Universal Net (VUNet)

VUNet, a wholly owned subsidiary of Vivendi Universal, and its subsidiary, Vivendi Universal Net USA Group, Inc. (VUNet USA), hold Vivendi Universal's Internet and new technology operations. In 2002, Vivendi Universal carried out a strategic review of its Internet operations. This led to the implementation of a total restructuring in 2003 through cost-reduction programs, asset sales, transfers of certain operations to other Vivendi Universal entities and the wind-up of certain subsidiaries. As a result, VUNet and VUNet USA are no longer operating subsidiaries of Vivendi Universal as of January 2004.

Veolia Environnement (VE)

Until June 2002, Vivendi Universal held approximately 63% of the share capital of Veolia Environnement, an environmental services business with global operations. In July 2002, Vivendi Universal reduced its stake to approximately 40.8% of the outstanding share capital of Veolia Environnement and through an additional sale on 24 December 2002, Vivendi Universal further reduced its stake to approximately 20.4%.

In December 2004, Vivendi Universal entered into the disposal of 15% of its remaining stake in Veolia Environnement.

The disposal of 15% of Veolia Environnement was implemented through 3 transactions: sale of 10% through an accelerated placement, 2% to Veolia Environnement and 3% to Société Générale pursuant to a derivative transaction.

Vivendi Universal now owns 5.3% of Veolia Environnement.

Revenues, operating income and cash flow from operations by business segment as published in 2004-2003-2002

					AS PUBLISHED				
					Year ended December 31,				
					2004	2003	% Change	2002	
(In millions of euros)									
Revenues									
Canal+ Group	€	3,580	€	4,158	-14%	€	4,833		
Universal Music Group		4,993		4,974	0%		6,276		
Vivendi Universal Games		475		571	-17%		794		
Media		9,048		9,703	-		11,903		
SFR Cegetel		8,317		7,574	10%		7,067		
Maroc Telecom		1,627		1,471	11%		1,487		
Telecom		9,944		9,045	10%		8,554		
Non-core operations and elimination of inter-company transactions	(a)	109		584	-81%		813		
Total Vivendi Universal		€ 19,101		€ 19,332	-		€ 21,270		
(Excluding VUE, VE and VUP assets sold in 2003)					1%				
Vivendi Universal Entertainment	(b)	2,327		6,022	-61%		6,270		
VUP assets sold in 2003	(c)	-		128	na*		572		
Veolia Environnement		-		-	na*		30,038		
Total Vivendi Universal		€ 21,428		€ 25,482	-16%		€ 58,150		
Operating income									
Canal+ Group	€	198	€	247	-20%	€	(325)		
Universal Music Group		338		70	x5		556		
Vivendi Universal Games		(183)		(201)	9%		63		
Media		353		116	x3		294		
SFR Cegetel		2,257		1,919	18%		1,449		
Maroc Telecom		673		628	7%		468		
Telecom		2,930		2,547	15%		1,917		
Holding & corporate		(220)		(330)	33%		(665)		
Non-core operations	(a)	76		39	95%		(471)		
Total Vivendi Universal		€ 3,139		€ 2,372	32%		€ 1,075		
(Excluding VUE, VE and VUP assets sold in 2003)									
Vivendi Universal Entertainment	(b)	337		931	-64%		816		
VUP assets sold in 2003	(c)	-		6	na*		(14)		
Veolia Environnement		-		-	na*		1,911		
Total Vivendi Universal		€ 3,476		€ 3,309	5%		€ 3,788		
Cash flow from operations									
Canal+ Group	€	674	€	367	84%	€	(361)		
Universal Music Group		755		463	63%		523		
Vivendi Universal Games		(18)		(200)	91%		72		
NBC Universal dividends		357		-	na*		-		
Media		1,768		630	x3		234		
SFR Cegetel		2,241		2,053	9%		2,058		
Maroc Telecom		707		696	2%		599		
Telecom		2,948		2,749	7%		2,657		
Holding & corporate		(387)		(242)	-60%		(577)		
Non-core operations	(a)	12		(67)	na*		(135)		
Total Vivendi Universal		€ 4,341		€ 3,070	41%		€ 2,179		
(Excluding VUE, VE and VUP assets sold in 2003)									
Vivendi Universal Entertainment	(b)	406		1,290	-69%		503		
VUP assets sold in 2003	(c)	-		11	na*		(24)		
Veolia Environnement		-		-	na*		715		
Total Vivendi Universal		€ 4,747		€ 4,371	9%		€ 3,373		

*na: non-applicable.

- (a) Corresponds to VUP activities in Brazil (Atica & Scipione) deconsolidated since 1 January 2004, Internet operations abandoned since 1 January 2004, VTI, Vivendi Valorisation and other non-core businesses.
- (b) VUE was deconsolidated as of 11 May 2004 as a result of the divestiture (from an accounting standpoint) of 80% of Vivendi Universal's interest in this company.
- (c) Corresponds to Consumer Press Division sold in February 2003, which was deconsolidated as of 1 January 2003, and Comareg sold in May 2003. Vivendi Universal considers the non-GAAP measures, cash flow from operations, and proportionate cash flow from operations, to be important indicators measuring the company's operating performance because they are commonly reported and used by the international analyst

community, investors, and others associated with certain media and communication industries. The company manages its various business segments on the basis of cash flow from operations, defined as net cash provided by operating activities, as published, excluding financing costs and income tax and by deducting capital expenditures, net of divestitures. The company's management uses cash flow from operations for reporting and planning purposes.

Vivendi Universal's strategy

Vivendi Universal, having surmounted its liquidity issues and substantially reduced its debt, is now focused on developing the assets of its two core businesses: media and telecommunications.

In the media sector, Vivendi Universal is carrying out internal management and other restructuring changes designed to strengthen the competitive position and profitability of each of its business units. Vivendi Universal's telecommunications strategy is focused on penetrating growing markets and building on the already dominant market positions of both SFR Cegetel Group and Maroc Telecom. As deregulation and the development of new technologies spur innovation and diversification in the telecommunications industry, Vivendi Universal continues to make capital investments in both networks and new software-based services.

Vivendi Universal plans to pursue its policy of growing its businesses organically, while investing selectively in external growth opportunities should they arise. Vivendi Universal's goal is to create value for its shareholders through further development of its media and telecommunications activities, both of which have higher growth potential. Value creation is integral to Vivendi Universal's strategy, which has been established by its management team, submitted to its Strategy and Finance Committee and approved by its board of directors. Shareholder value is fostered by adherence to the principles and procedures that guide the group's policies regarding investment, indebtedness, public and shareholder communications, employee share ownership, and risk management.

Main developments 2004–2003–2002

SFR Cegetel Group

In January 2003, Vivendi Universal purchased BT Group's 26% interest in Cegetel Groupe SA for €4 billion, thereby increasing its voting interest in the French telecommunications operator from 59% to 85% and its ownership interest from 44% to 70% (with an approximate 56% ownership interest in SFR, its mobile subsidiary). The acquisition of this interest from BT Group was made through Société d'investissement pour la téléphonie (SIT), for an acquisition cost of €4 billion. SIT financed this acquisition through a €2.7 billion cash contribution from Vivendi Universal and by a non-recourse loan of €1.3 billion with a scheduled maturity of 30 June 2004. Debt service of this loan, which was drawn on 23 January 2003, was expected to be provided by dividends paid in respect of its 26% shareholding in Cegetel Groupe SA. This loan was reimbursed in July 2003 out of the proceeds of the issuance of five-year senior notes. To finance the cash contribution, Vivendi Universal issued, in November 2002, 78,678,206 bonds for a total amount of €1 billion, redeemable on 25 November 2005 in Vivendi Universal new shares.

In November 2003, after the repayment of its credit facility, SIT was merged with Vivendi Universal, thereby simplifying the group's ownership structure and increasing its access to dividends from Cegetel Groupe SA.

As a result of this transaction, Cegetel Groupe SA, which had been consolidated by Vivendi Universal with a 44% ownership interest, has been consolidated with a 70% ownership interest since 23 January 2003.

During 2003, Vivendi Universal signed with Vodafone Group Plc a number of agreements designed to further improve the performance of SFR Cegetel Group, as well as optimize the cash flows between SFR Cegetel Group and its

shareholders. Vodafone and SFR have signed an agreement to increase their cooperation and their joint economies of scale by coordinating their activities in the development and rollout of new products and services, including Vodafone *live!*, developing operational synergies in procurement (including IT and technology) and other best-practice sharing arrangements. They expect that these arrangements will further enhance SFR's competitiveness, and therefore benefit both SFR's customers and shareholders.

On 18 December 2003, the extraordinary shareholders meeting of Cegetel Groupe SA approved the simplification of the group structure through the merger of Transtel, Cofira and SFR into Cegetel Groupe SA holding company. The new company resulting from the merger, which is both the mobile phone operator and the holding company of the group, was renamed SFR. It is owned 55.8% by Vivendi Universal, 43.9% by Vodafone, and 0.3% by individual shareholders. The group comprised of SFR and its subsidiaries, including the fixed line operator Cegetel, is now named SFR Cegetel Group.

In 2004, SFR Cegetel Group implemented a dividend distribution plan, in part involving the distribution of premiums and reserves, as well as the introduction of quarterly advance dividend payments. This enhances the access of both shareholders to the merged entity's cash flows. SFR Cegetel Group plans to distribute approximately €3.2 billion to its shareholders in 2004, with approximately €1.8 billion to Vivendi Universal. In 2003, SFR Cegetel Group paid Vivendi Universal a €21 million dividend.

In parallel, in December 2003, SFR (formerly known as Cegetel Groupe SA) and SNCF (the French national railway company) decided to merge their fixed-line businesses and approved the merger of Cegetel SA (fixed-line operator, subsidiary of SFR) and Telecom Développement (network operator, subsidiary of SNCF in which SFR had a minority interest). This new entity is named Cegetel SAS and is held 65% by SFR and 35% by SNCF.

Combination of VUE and NBC to Form NBC Universal ("NBC-Universal Transaction")

On 8 October 2003, Vivendi Universal and General Electric Company (GE) announced the signing of a definitive agreement for the combination of the respective businesses of National Broadcasting Company, Inc. (NBC) and Vivendi Universal Entertainment LLLP (VUE). This transaction was completed on 11 May 2004. The new company, called NBC Universal, is 80% owned by GE, with approximately 20% held by Vivendi Universal (through its subsidiary, Universal Studios Holding III Corp.). NBC Universal's assets include: the NBC Television Network, Universal Pictures, television production studios (NBC Studios and Universal Television), a portfolio of cable networks, the NBC TV stations group, Spanish-language TV broadcaster Telemundo and its 15 Telemundo stations, and interests in five theme parks. On a pro forma basis, in 2003, NBC Universal had revenues of more than \$13 billion from a diverse group of complementary assets and EBITDA of nearly \$3 billion.

As part of the NBC Universal Transaction, GE paid at closing \$3.65 billion of cash consideration, of which Vivendi Universal received approximately \$3.4 billion. Vivendi Universal also benefited from approximately \$3.2 billion (of which \$1.7 billion is related to VUE's debt) reduction in debt on a consolidated basis as a result of the deconsolidation of VUE. Beginning in 2006, Vivendi Universal will have the option to begin monetizing its ownership interest in NBC Universal at fair market value. Vivendi Universal initially holds three of 15 seats on the board of directors of NBC Universal.

Under the terms of the NBC-Universal Transaction, (i) Vivendi Universal is responsible for certain economic costs associated with the existing VUE preferred interests, including the cost of the defeasance of certain covenants of the VUE class A preferred interests and the net costs of the dividends on the VUE class B preferred interests, and (ii) Vivendi Universal is entitled to certain economic benefits related to the value of the InterActiveCorp stock held by

NBC Universal.

Under the terms of the NBC-Universal Transaction, Vivendi Universal pledged a portion of its NBC Universal stock to secure its obligations with respect to the defeasance of the VUE Class A preferred interests. In addition, so long as Vivendi Universal holds 3% of the capital stock of NBC Universal, GE will receive an additional non-pro rata dividend from NBC Universal in order to make GE whole for the after-tax cost of 94.56% of the 3.6% cash coupon on the VUE Class B preferred interests. Vivendi Universal also has certain contingent obligations in connection with the NBC-Universal Transaction relating to taxes, retained businesses and liabilities, the divestiture of certain businesses and other matters customary for a transaction of this type.

As part of the agreements with GE, Vivendi Universal received demand registration rights on its NBC Universal shares that it will be able to exercise beginning in 2006. GE will have the right to pre-empt any Vivendi Universal sale to the market and under certain circumstances Vivendi Universal will be able to exercise a put option to GE. Lastly, for a 12-month period commencing on the fifth anniversary of the closing of the NBC-Universal Transaction, GE will have the right to call either (i) all of Vivendi Universal's NBC Universal shares or (ii) \$4 billion of Vivendi Universal's NBC Universal shares, in each case at the greater of their market value at the time the call is exercised or their value as determined at the time of the NBC-Universal Transaction. If GE calls \$4 billion, but not all, of Vivendi Universal's NBC Universal shares, GE must call the remaining NBC Universal shares held by Vivendi Universal by the end of the 12-month period commencing on the sixth anniversary of the closing of the NBC-Universal Transaction.

The closing of the NBC-Universal Transaction was subject, among other things, to the defeasance of certain covenants of the VUE Class A preferred interests owned by InterActiveCorp. This defeasance was implemented in accordance with the terms of the VUE Partnership Agreement on 11 May 2004, immediately prior to the closing of the NBC-Universal Transaction.

Vivendi Universal's management believes that the NBC-Universal Transaction should not give rise to any reduction of the carrying value in dollars of VUE, with the exception of a potential foreign exchange adverse effect due to the euro/dollar exchange rate.

In the context of the NBC-Universal Transaction, Vivendi Universal has expanded VUE's relationship with DreamWorks Pictures for seven years. In addition, Vivendi Universal (through Universal Music Group) acquired DreamWorks Records for approximately \$100 million in January 2004. The label's roster and catalogue are comprised of rock and pop, country, urban, film scores and soundtracks, and Broadway cast recordings. The DreamWorks Records transaction closed in January 2004.

Divestitures

Over the last three years, the Vivendi Universal group has evolved considerably, by divesting almost €24.6 billion¹ in assets and investing approximately €24.1 billion² (including the acquisition of an additional 16% stake in Maroc Telecom in January 2005). The Group's revenues were divided by 2.7, operating income remained almost stable and financial net debt was divided by 11.8. Following this important reorganization, Vivendi Universal emerged as a major player in the Media and Telecom industries. In 2004, Vivendi Universal consolidated its position in its strategic businesses.

¹ Represents the impact on the Financial Net Debt (€19.7 billion) and the value of assets received as a result of the divestitures (€4.9 billion).

² Represents the impact on the Financial Net Debt (€12.3 billion) and the value of the exchanged stake (€1.8 billion).

The divestitures completed since January 2002 reduced financial net debt by €19.7 billion, including €6.7 billion with respect to the divestitures plan approved by the Board of Directors on 25 September 2002. As a result, Vivendi Universal exceeded the initial goal of €12.0 billion of reduction in financial net debt within 18 months and the target of reduction in Financial Net Debt was increased to €16.0 billion in 2003.

Divestitures completed were as follows:

Date	Assets	Cash and cash equivalents	Financial gross debt	Impact on financial net debt
		(in millions of euros)		
June / December 2002	Veolia Environnement	(a) € 3,335	€ -	€ 3,335
June / July 2002	VUP - Professional and Health divisions	894	37	931
June 2002	Canal+ Digital	264	-	264
July 2002	Interest in Lagardère	44	-	44
August 2002	Vizzavi	143	-	143
December 2002	Houghton Mifflin	1,195	372	1,567
December 2002	Interest in Echostar	1,037	-	1,037
December 2002	VUP publishing activities in Europe	1,121	17	1,138
December 2002	Sithe Energies Inc.	319	-	319
	Other divestitures (including divestiture fees)	219	-	219
	Sales of investments in 2002 (excluding Veolia Environnement)	8,571	426	8,997
June 2002	Vinci shares	(b) 291	-	291
	Total 2002	(c) € 8,862	€ 426	€ 9,288
February 2003	Consumer Press division	200	-	200
February 2003	Canal+ Technologies	191	-	191
February / June 2003	InterActiveCorp warrants	600	-	600
April 2003	Telepiù	(d) 457	374	831
May 2003	Fixed line telecommunication in Hungary	(e) 10	305	315
May 2003	Comareg	135	-	135
May 2003	Interest in Vodafone Egypt	43	-	43
June 2003	Interest in Sithe International	40	-	40
October 2003	Canal+ Nordic	(f) 48	-	48
	Other divestitures (including divestiture fees)) (316)	239	(77)
	Sales of investments in 2003	1,408	918	2,326
June 2003	VUE real estate	(b) 276	-	276
	Total 2003	€ 1,684	€ 918	€ 2,602
February 2004	Atica & Scipione	31	10	41
March 2004	Sportfive	274	-	274
May 2004	Vivendi Universal Entertainment	(g) 2,312	2,984	5,296
May 2004	Kencell	190	-	190
June 2004	Monaco Telecom	169	-	169
June / August 2004	"flux-divertissement" businesses at StudioExpand and Canal+ Benelux	49	(7)	42
June 2004	Egée and Cèdre Towers	84	-	84
August 2004	Interest in VIVA Media	47	-	47
October 2004	UCI Cinemas	170	-	170
December 2004	15 % of Veolia Environnement	1,497	-	1,497
	Other divestitures (including divestiture fees)	(118)	46	(72)
	Sales of investments in 2004	4,705	3,033	7,738
Septembre 2004	Canal+ Group headquarters	(b) 108	-	108
	Total 2004	€ 4,813	€ 3,033	€ 7,846
	Total divestitures completed between 2002 and 2004	€ 15,359	€ 4,377	€ 19,736
	<i>including the divestiture plan decided by the Board of Directors (between July 2002 and December 2004)</i>	€ 12,387	€ 4,340	€ 16,727

- (a) This transaction led to the deconsolidation of Veolia Environnement debt (€15.7 billion) and the accounting of Veolia Environnement using the equity method as of 31 December 2002.
- (b) Divestiture of assets not included in the line "sales of investments" of the consolidated statement of cash flows but part of the divestiture plan approved by the Board of Directors on 25 September 2002.
- (c) Includes the impact of €6,279 million on Financial Net Debt for the second half of 2002, excluding Veolia Environnement.
- (d) Includes a €13 million adjustment corresponding to the reimbursement of accounts payable net of debt.
- (e) Excludes the promissory note of €10 million received by Vivendi Universal in August 2004.
- (f) Excludes a residual amount of approximately €7 million of deferred purchase consideration received in the first quarter of 2004 and excludes inter-company loans.

- (g) Corresponds to gross cash proceeds of €3,073 million, net of transaction fees and other (€107 million), MEI proceeds (€10 million) and cash closing adjustments (€614 million). From an accounting standpoint, the combination of NBC and VUE was recorded as the divestiture of 80% of Vivendi Universal's stake in VUE, and the concurrent acquisition of a 20% stake in NBC.

Acquisitions

In addition, total acquisitions signed between January 2002 and December 2004 amounted to €24.1 billion, representing an increase of €12.3 billion in Financial Net Debt and €1.8 billion of exchange of interests.

Acquisitions completed were as follows:

Date	Assets	Cash and cash equivalents	Financial gross debt	Impact on financial net debt	Exchange of interests	Total impact
				(in millions of euros)		
January 2002	Echostar shares	€ 1,699	€ -	€ 1,699	€ -	€ 1,699
January 2002	Interest in Sportfive	122	-	122	-	122
	Other	179	-	179	-	179
	Purchases of investments in 2002	2,000	-	2,000	-	2,000
May 2002	Entertainment assets of InterActiveCorp	1,757	2,507	4,264 (a)	6,871	11,135
	Total 2002	€ 3,757	€ 2,507	€ 6,264	€ 6,871	€ 13,135
January 2003	Additional 26 % interest in SFR (ex Cegetel Group S.A.)	4,011	-	4,011	-	4,011
March 2003	Closing of contractual guarantees to former Rondor shareholders	207	-	207	-	207
December 2003	Telecom Développement	56	162	218	-	218
	Other	148	(24)	124	-	124
	Purchases of investments in 2003	4,422	138	4,560	-	4,560
January 2004	DreamWorks (b)	94	-	94	-	94
March 2004	Sportfive - exercise of put option by Jean-Claude Darmon	30	-	30	-	30
May 2004	VUE - exercise of call option on Barry Diller's stake (1.5 %)	226	-	226	-	226
May 2004	VUE - acquisition of 20% interest in NBC	-	-	-	4,929 (c)	4,929
	Other	57	(6)	51	-	51
	Purchases of investments in 2004	407	(6)	401	4,929	5,330
	Total completed between 2002 and 2004	€ 8,586	€ 2,639	€ 11,225	€ 11,800	€ 23,025
November 2004	Additional 16% interest in Maroc Telecom (estimation) (d)	1,100	-	1,100	-	1,100
	Total acquisitions signed between January 2002 and December 2004	€ 9,686	€ 2,639	€ 12,325	€ 11,800	€ 24,125

- (a) Contribution of 320.9 million USANi LLC shares held by Vivendi Universal and stakes of 5.44% and 1.5% in VUE issued to InterActiveCorp (IAC, formerly known as USA Interactive and prior thereto as USA Networks, Inc.) and to Barry Diller, respectively, and after deduction of IAC warrants received by Vivendi Universal.
- (b) Includes the purchase of the music rights catalog as well as the advance on the film rights distribution agreement.
- (c) From an accounting standpoint, the combination of NBC and VUE is recorded as the divestiture of 80% of Vivendi Universal's stake in VUE, and the concurrent acquisition of a 20% stake in NBC.
- (d) Signed on 18 November 2004 and completed on 4 January 2005.

Further important events

- The Board of Directors of Vivendi Universal will propose, at the shareholders meeting on 28 April 2005, the distribution of a dividend of €0.60 per share. The dividend would be paid on 4 May 2005 based on 2004 earnings. This shareholder distribution will amount to €643 million, and a coupon of €47.2 million will be paid to holders of notes mandatorily redeemable for shares ("ORA").
- Vivendi Universal announced on 21 December 2004 its intention to redeem all of its outstanding high yield notes totaling approximately €400 million in principal amount. Redemption occurred on 21 January, 2005.
- On 20 January 2005, Vivendi Universal announced that it was considering all the scenarios at its disposal to secure its interests in Elektrim Telekomunikacija including a sale of its current stake or an increase of the same.
- In application of paragraph 101 of the Accounting Regulation Committee Rule 99-02, Vivendi Universal

consolidated Elektrim Telekomunikacija based on financial statements in which PTC investment is no longer consolidated from 1 January 2004.

- On 21 January 2005, Vivendi Universal announced the issue of €600 million of bonds with a 7 year maturity with a coupon rate of 3.875%, the proceeds of which have been used to repay early the \$780 million debt contracted with NBC Universal on 11 May 2004 which was due to expire on May 2007.
- On 11 March 2005, Vivendi Universal announced, the launch of a €2 billion syndicated facility to refinance its existing €2.7 billion syndicated loan put in place in February 2004, later reduced to €2.5 billion in July of that same year.
- With an initial tenure of 5 years, the syndication can be extended for a further two years before the second anniversary at the latest.
- In accordance with the statement made during its 2004 earnings announcement on 10 March 2005, Vivendi Universal has completed its plan to unwind the interest-rate swaps on its variable-rate debt, which was repaid following recent asset disposals. The unwinding concerned a notional amount of €3.1 billion and required Vivendi Universal to pay a balance of €189 million in total, of which €57 million were paid in 2004 and the remainder provisioned at 31 December 2004.

On the basis of current market conditions, this transaction will enable the Group to reduce its interest expense in 2005 by €84 million in 2005, by €61 million in 2006 and €23 million in 2007. These savings were included in the forecast of 2005 results previously announced.

- Vivendi Universal announced on 23 March 2005 that VU Games has completed the purchase of leading independent console developer, Radical Entertainment. Under the agreement, VU Games will retain Radical's team of more than 200 development professionals, as well as acquire the studio's exclusive game development technologies. Radical's founder Ian Wilkinson has been named President and Radical Entertainment and the studio will remain in Vancouver, Canada.

Management

The Board of Directors

General

Vivendi Universal's board of directors is currently composed of twelve directors including its Chairman and Chief Executive Officer. The board of directors can be composed of three to 18 members. Vivendi Universal's directors are elected by its shareholders for renewable terms of a maximum of four years, subject to the provisions of Vivendi Universal's *statuts* relating to age limits.

<u>Name</u>	<u>Age</u>	<u>Position</u>	<u>Expiration of current term</u>
Jean-René Fourtou.....	65	Chairman and CEO	2008
Claude Bébéar	69	Director	2008
Gérard Brémond.....	66	Director	2008
Bertrand Collomb	62	Director	2008
Fernando Falcó y Fernández de Cordova	65	Director	2006
Paul Fribourg	50	Director	2008

Gabriel Hawawini.....	57	Director	2006
Gerard Kleisterlee.....	57	Director	2008
Marie-Josée Kravis.....	55	Director	2005
Henri Lachmann.....	66	Director	2008
Pierre Rodocanachi.....	66	Director	2008
Karel Van Miert.....	62	Director	2008

Senior Executives

General

The table below shows the names of Vivendi Universal's senior executives and members of the executive committee, their ages, current positions and principal responsibilities:

<u>Name</u>	<u>Age</u>	<u>Positions and Responsibilities</u>
Jean-René Fourtou.....	65	Chairman and Chief Executive Officer
Jean-Bernard Lévy.....	49	Chief Operating Officer
Jacques Espinasse.....	61	Senior Executive Vice President and Chief Financial Officer
Robert de Metz.....	52	Senior Executive Vice President, Divestitures, Mergers and Acquisitions
René Pénisson.....	62	Senior Executive Vice President, Human Resources, Advisor to the Chairman and Chairman of VU Games
Jean-François Dubos....	59	Executive Vice President and General Counsel
Michel Bourgeois.....	54	Executive Vice President, Corporate Communications
Régis Turrini.....	45	Executive Vice President Divestitures, Mergers and Acquisitions

Change in the management structure of Vivendi Universal

During Vivendi Universal's ordinary and extraordinary annual general meeting, to take place on 28 April 2005, shareholders will notably be asked to approve the change of Vivendi Universal's management structure with the implementation of a supervisory board and a management board structure and the appointment to the future supervisory board of three new members:

- Ms. Sarah J. Frank, Chair of Sarah Frank & Co, former President and CEO of BBC Worldwide Americas,
- Mr. Patrick Kron, Chairman and CEO of Alstom,
- Mr. Andrzej Olechowski, Advisor to Trust Polska, former Minister of Foreign Affairs (1993-1995) and Minister of Finance (1992) of Poland.

Subject to approval of the resolutions by the annual general meeting, and after the departure of Ms. Marie-Josée Kravis, Mr. Bertrand Collomb and Mr. Gerard Kleisterlee, who, for personal reasons, all chose not to continue to serve on the future supervisory board of Vivendi Universal, the supervisory board will be comprised of the three new members aforementioned and the board of directors' nine current members. Mr. Jean-René Fourtou will chair the supervisory board.

The management board, also subject to approval at the annual general meeting and to be chaired by Jean-Bernard Lévy,

will comprise Abdeslam Ahizoune (Maroc Telecom), Jacques Espinasse (Senior Executive Vice-President and Chief Financial Officer, Vivendi Universal), Frank Esser (SFR Cegetel), Bertrand Meheut (Canal+ Group), Doug Morris (Universal Music Group) and René Pénisson (Vivendi Universal Games and Senior Executive Vice President, Human Resources, Vivendi Universal).

Major shareholders

The main Vivendi Universal registered shareholders or shareholders having informed the company that they crossed relevant thresholds were as follows as of 31 December 2004

Groups	% of Capital	% of voting rights
CDC - Caisse des Dépôts et Consignations	2.01	2.01
Citigroup Inc.	1.69	1.69
UBS Warburg	1.49	1.49
Société Générale Group	1.34	1.34
BNP Paribas Group	1.15	1.15
Group savings plan - Vivendi Universal	1.13	1.13
Bronfman Family	0.47	0.47
Group savings plan - Veolia Environnement	0.45	0.45
AXA Group	0.03	0.03
Vivendi Universal Treasury shares	0.05	0.00
Others shareholders	90.19	90.24
Total	100.00	100.00
Shares :	1,072,624,363	
Voting rights :	1,072,054,265	

Litigation and arbitration

COB/AMF Procedures

On 4 July 2002, the French *Commission des Opérations de Bourse* (or COB — now, the *Autorité des Marchés Financiers* (AMF)) commenced an investigation into certain aspects of Vivendi Universal's financial information published during Mr. Messier's tenure. On 12 September 2003, the COB provided Vivendi Universal with a draft report concerning its investigation, together with copies of certain documents referenced therein. Vivendi Universal submitted a written response to that draft report to the COB on 10 March 2004.

The COB's investigation relates to certain conduct that occurred prior to the changes in Vivendi Universal's management at the beginning of July 2002. Among other things, the COB is investigating Vivendi Universal's accounting treatment under French GAAP of certain of its subsidiaries and investments, including Cegetel, Maroc Telecom and Elektrim Telekomunikacija, as well as other aspects of Vivendi Universal's financial disclosure.

On 7 December 2004, Vivendi Universal received notification of the decision of the *Commission des sanctions* of the AMF which has dismissed the complaints brought forth by the COB concerning the consolidation methods used for Cegetel and Maroc Telecom, and acknowledged that the method used in the consolidation of these two companies was

appropriate.

Vivendi Universal disputes the *Commission des sanctions*' decision to uphold the complaint challenging the use of the equity method solely in 2001 rather than full consolidation for Elektrim Telekomunikacija Sp. z o.o., given that at the time Vivendi Universal did not, and still does not, exercise either exclusive or joint control over this company.

Vivendi Universal has attempted to divest this investment several times over the past three years. These attempts have been blocked by Elektrim S.A..

Using the proportional consolidation method, as suggested by the *Commission des sanctions*, would have increased the Vivendi Universal's net debt as at 31 December 2001 by approximately €400 million of a total of €37 billion, an increase of about one per cent.

Vivendi Universal's submissions concerning its general financial disclosures were not heard, though its annual reports were reviewed by the COB each year.

On 4 February 2005, Vivendi Universal appealed against the decision in the Paris Court of appeal. The AMF has to file its observations on 18 April 2005. Then, Vivendi Universal will file its answer on 9 May 2005. The hearing should take place on 17 May 2005.

On 4 May 2004, the AMF opened a formal investigation into certain share repurchases made by Vivendi Universal between 1 September 2001 and 31 December 2001. The investigation is ongoing.

On 18 January 2005, Vivendi Universal and two of its directors, Jean-René Fourtou and Jean-Bernard Lévy, were served with a notice of complaint issued by the AMF following the inquiry made into observed movements in the Vivendi Universal share price at the time of the issue of bonds redeemable for shares in November 2002.

The AMF complaint against Vivendi Universal is that Deutsche Bank sold a product to institutional investors comprising both bonds redeemable for shares and hedging in respect of the Vivendi Universal share, the description of which was not sufficiently detailed in the prospectus. Vivendi Universal takes the view that it fully complied with its obligations as issuer to provide information and Vivendi Universal, as well as the two directors concerned, intend to challenge these complaints before the *Commission des sanctions* of the AMF.

It is too early to predict with certainty the precise outcome of the disputes set out above, to determine their duration or to quantify any potential damages. In the opinion of Vivendi Universal, the claimants' complaints are without legal or factual cause of action. Vivendi Universal plans to defend them vigorously and will assert all its rights.

Criminal and Civil Actions

The investigation initiated by the financial department of the *Parquet de Paris* regarding the publication of false or misleading information regarding the financial situation or forecasts of Vivendi Universal, as well as the publication of untrue or inaccurate financial statements (financial years 2000 and 2001) is ongoing. The application for Vivendi Universal to be joined as a civil party was definitively granted by an order of the Court of Appeal dated 25 June 2003.

Securities Class Action Litigation

Since 18 July 2002, a number of claims have been filed against Vivendi Universal, 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 30 September 2002 the New York Court decided to consolidate these claims into one single action under its jurisdiction entitled *In re Vivendi Universal S.A. Securities Litigation*.

The plaintiffs allege that between 30 October 2000 and 14 August 2002, the defendants violated certain provisions of the *Securities Exchange Acts* of 1933 and 1934, in particular regarding communication of financial information. On 7 January 2003, they filed a consolidated class action complaint that may benefit potential groups of shareholders. Damages of unspecified amount are claimed. Vivendi Universal is contesting these claims.

Legal proceedings in respect of these claims are currently at the stage of the discovery of documents by the plaintiffs in order to prove civil wrongs which caused a loss to the shareholders. Vivendi Universal has disclosed its documents.

Witness depositions are expected to take place as from April 2005.

Investigations by US Authorities

On 23 December 2003, Vivendi Universal reached a final settlement with the US Securities and Exchange Commission (SEC), which concluded the SEC's investigation into Vivendi Universal. As part of that settlement, on 23 December 2003, the SEC filed a complaint against Vivendi Universal and Messrs. Messier and Hannezo in the United States District Court for the Southern District of New York, alleging: (1) that defendants issued certain allegedly misleading press releases; (2) that defendants made certain improper adjustments to reserves and other accounts in order to achieve stated EBITDA targets; (3) a failure by Vivendi Universal to disclose the existence of certain commitments and contingencies in its filings with the SEC; and (4) a failure by Vivendi Universal to disclose all material facts concerning its investment in a fund that purchased a two percent interest in Elektrim Telekomunikacija, a Polish telecommunications company. The SEC did not allege that any of Vivendi Universal's financial statements were false or misleading and did not require Vivendi Universal to restate any of its past financial statements. In a Consent Decree also filed in Court on 23 December 2003, Vivendi Universal agreed, without admitting or denying any liability, (1) not to violate certain specified provisions of the US securities laws in the future; and (2) to deposit \$50,000,001 (a civil penalty and a \$1 disgorgement) into a "fair fund" established pursuant to Section 308 of the Sarbanes-Oxley Act of 2002. Vivendi Universal expects that the "fair fund" will, in due course, be distributed to certain Vivendi Universal shareholders under a plan of distribution to be established by the SEC. Mr. Messier and Mr. Hannezo also reached settlements with the SEC.

The investigation being conducted into Vivendi Universal by the Office of the US Attorney for the Southern District of New York remains ongoing.

Tax Dispute with InterActiveCorp (formerly USA Interactive)

In the context of the creation of Vivendi Universal Entertainment LLPP (VUE), certain of Vivendi Universal's affiliates entered into a limited liability partnership agreement dated 7 May 2002 with InterActiveCorp (IACI), formerly USA Interactive, and certain of its affiliates.

On 15 April 2003 a claim was filed by IACI in the Chancery Court of the State of Delaware.

IACI claimed that, pursuant to the partnership agreement, VUE (of which Vivendi Universal controlled 93% and owned 86%) ought to cover it against various taxes that it might have to pay on the income from shares known as preferred shares held by IACI in VUE and that the commitment on which it relied, payable over a period of 20 years, could represent a sum in the order of \$620 million at today's values.

On 30 June 2004, the Court of the State of Delaware upheld the claim of IACI and on 5 August 2004 ordered VUE to pay USANi Sub LLC, a subsidiary of IACI, the sum of \$87,663,917 in respect of the first two years of its commitment.

On 23 August 2004, Vivendi Universal appealed against the Court's decision of 30 June 2004 to the Supreme Court of the State of Delaware. For the purposes of this appeal, Vivendi Universal provided IACI with a letter of credit for \$91,389,633 representing performance of the obligation for two years plus late payment interest and current interest during the period of the appeal proceedings.

On 19 January 2005, the parties were heard by a bench of three judges who asked for the parties' arguments to be put before them again at a full hearing of the Court on a date yet to be fixed.

Vivendi Universal disputes the assertions of IACI and considers that it does not owe that company any sum; consequently, it further considers that it should not have to give any security.

Tax Treatment Reported by The Seagram Company Limited with respect to the Redemption of DuPont Shares

Seagram, then Vivendi Universal as successor to Seagram's rights, had been in discussion with the American tax authorities since 1998 when on 21 August 2003, Vivendi Universal received notice from those authorities (IRS) challenging the tax treatment submitted by Seagram in its Form 10-K in the context of the redemption by DuPont in April 1995 of 156 million of its own shares held by Seagram.

The IRS claims additional tax of \$1.5 billion plus interest. On 31 October 2003, Vivendi Universal challenged this demand in the United States Tax Court. The IRS filed an answer on 18 December 2003. Vivendi Universal then filed a further reply on 2 February 2004. Discovery of documents is in process.

Vivendi Universal continues to believe that the tax treatment adopted in 1995 is fully compliant US tax laws at the time. While the outcome of any controversy cannot be predicted with complete certainty, Vivendi Universal considers that this dispute with the IRS, if decided against Vivendi Universal, would not have a significant effect on its overall financial situation. Furthermore, Vivendi Universal considers that it has made the appropriate provisions in its accounts having regard to this litigation.

Elektrim Telekomunikacja

On 26 August 1999, four minority shareholders of Polska Telefonica Cyfrowa (PTC) transferred about 15% of the share capital of PTC to Elektrim S.A. (Elektrim). In October 1999, Deutsche Telekom (DT) alleged that its pre-emption rights in respect of about 3.12% of the share capital of PTC had been violated, and referred the matter to arbitration in Vienna. On 9 April 2003, the arbitration tribunal decided that this transfer was valid and dismissed DT's claims. On 19 December 2003 it also ordered DT to reimburse part of Elektrim's costs in the arbitration.

In December 2000, DT commenced new arbitration proceedings in Vienna against Elektrim and Elektrim Telekomunikacja Sp. z.o.o (Telco). DT asked the arbitration tribunal to declare invalid the transfer by Elektrim to Telco of 48% of the PTC shares owned by Elektrim.

In its award (the "Award") served on the parties on 13 December 2004, the arbitration tribunal held that:

1. the transfer by Elektrim to Telco of the PTC shares was ineffective and the PTC shares were to be considered as never having ceased to form part of the assets of Elektrim;
2. such sale did not constitute a material breach of Article 16.1 of the shareholders' agreement between DT

and Elektrim, but on the other hand such a breach would occur if Elektrim did not recover the shares concerned within two months of service of the Award;

3. the tribunal dismissed DT's claim for a declaration that an "economic impairment" on the part of Elektrim existed;

4. the tribunal did not have jurisdiction over Telco and the claims concerning Telco could not be entertained in the context of this arbitration.

DT withdrew its claim concerning its financial loss.

On 2 February 2005, the Award was the subject of a writ of *exequatur* issued by the Warsaw Tribunal (Regional Court – Civil Division) as regards the first three points described above. On 22 February 2005, Telco appealed against this partial *exequatur* for breach of the provisions of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards dated 10 June 1958, caused by this partial *exequatur*. On 23 February 2005 the Warsaw Public Prosecutor appealed against this decision.

In the context of proceedings by Telco concerning ownership of the PTC shares, notified to PTC by Telco on 10 December 2004, the Warsaw Tribunal (Regional Court – Commercial Division), by an injunction as protective measure adopted on 30 December 2004, received Telco's request to prohibit any amendment of the company register held by PTC. This protective measure is currently the subject of an appeal by DT and Elektrim.

In parallel with these proceedings, Elektrim attempted twice to unilaterally obtain from the Warsaw "*Registry Court*" an amendment of the registration of ownership of the PTC shares allocated to Telco, in its favour. In its decision rendered on 10 February 2005, the Warsaw *Registry Court* considered the claims to be unjustified as regards the aforesaid injunction awarded on 30 December 2004 and dismissed the proceedings. Nevertheless, on 25 February 2005, it has, based on PTC shareholders lists and deliberations of boards drawn up and produced by DT and Elektrim in conditions considered to be fraudulent by Telco and PTC, authorized the registration of Elektrim as a shareholder of PTC in lieu of Telco. Telco and PTC have commenced proceedings in order to rectify the register and filed a complaint before the Warsaw Public Prosecutor.

Vivendi Universal has brought the matter before the Polish Government to demand compliance with the law and its commitments as regards the protection and equitable treatment of investors through the agreement between the Government of the Republic of France and the Government of the Republic of Poland to encourage the reciprocal protection of investments signed on 14 February 1989.

On 22 August 2003, Vivendi Universal and Vivendi Telecom International S.A. (VTI) filed a request for arbitration before an arbitration tribunal under the aegis of the London Court of International Arbitration ("LCIA"), against Elektrim, Telco and Carcom Warszawa Sp. z.o.o. This request arose in the context of the Third Amended and Restated Investment Agreement of 3 September 2001 (the "Agreement") between Elektrim, Telco, Carcom, Vivendi Universal and VTI. The purpose of this Agreement, in particular, was to govern relations between Vivendi Universal and Elektrim within Telco, to organize the investment of Vivendi Universal and Telco in PTC and, furthermore, to anticipate the consequences of the Vienna Award. The initial subject matter of the arbitration concerned the coming into force of certain provisions of the Agreement, but it has since been extended by Elektrim to cover its validity as a whole. Vivendi Universal has also asked the arbitrator to make a decision as to Elektrim's contractual liability by reason of its breach of the Agreement. Finally, Vivendi Universal has asked the tribunal to issue an injunction against Elektrim to prevent it from taking any steps capable of leading to the recovery of the PTC shares, de facto and in breach of the Agreement. A hearing was held on 17 March 2005 on the request of injunction made by Vivendi Universal. The decision of the tribunal on the protective measures requested by Vivendi Universal has been postponed to a date which is not known

yet.

On 27 August 2003, Elektrim commenced another arbitration against Telco, under the aegis of the Court of Arbitration of the Polish Chamber of Commerce, Elektrim has finally recognized the jurisdiction of the tribunal under the aegis of the LCIA. These proceedings are at the moment suspended.

The Polish Office for the Protection of Competition (the "Office") had been informed of a 2% increase in Vivendi Universal's participation in the share capital of Telco and sent Vivendi Universal a request for precisions on 5 February 2004 in order to establish whether the provisions of the national law dated 15 December 2000 on the protection of competition had or had not been violated due to failure to declare a concentration resulting from the intention of Vivendi Universal to take control of Telco. By a letter dated 16 February 2004, Vivendi Universal reminded the Office that it held only 49% of Telco, that this holding was fully in compliance with the provisions of the law, and that in the event that it intended to acquire control of Telco it would duly inform the Office in accordance with the law. On 22 July 2004, the Office informed Vivendi Universal that no breach of the Polish competition regulations had been noted.

On 23 November 2004, the Office required precisions following information appearing in the Vivendi Universal 2004 six-monthly report for the period of 1 January to 30 June, published on 30 June 2004, concerning its methods of consolidation in respect of Ymer. On 28 December 2004, Vivendi Universal replied to the Office that, following the adoption of the financial security law of 1 August 2003, new accounting criteria required it to take Ymer into account for consolidation purposes, notwithstanding the absence of control over that company in the legal sense of the term and particularly having regard to the Polish Commercial and Companies Code.

SFR

SFR is the subject of contentious proceedings which have been served in connection with competition law, proceedings which are often common with other telephony providers. The Management of SFR is not in position to determine the potential impact of the outcome of these proceedings and, consequently, has made no provision in its accounts in relation thereto.

**STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2004**

Translation of the Statutory Auditors' Report

This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and this is presented below the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. The report also includes information relating to the specific verification of information in the group management report. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France. This report should be read in conjunction with the full 2004 French GAAP consolidated financial statements and the related notes which are incorporated by reference in this Offering Circular.

SALUSTRO REYDEL

Statutory Auditor

8, avenue Delcassé
75008 Paris

**BARBIER FRINAULT & CIE
ERNST & YOUNG**
Statutory Auditor

Tour Ernst & Young
Faubourg de l'Arche
11 allée de l'Arche
92400 Courbevoie

Dear Vivendi Universal Shareholders,

In accordance with our appointment by your general meetings, we have audited the accompanying consolidated financial statements of Vivendi Universal for the year ended December 31, 2004.

The consolidated financial statements have been approved by the Board of Directors of your company. Our responsibility is to express an opinion on these financial statements, based on our audit. The consolidated financial statements for the year ended December 31, 2003 were audited by RSM Salustro Reydel, Barbier Frinault & Cie and PricewaterhouseCoopers Audit.

I Opinion on the consolidated financial statements

We conducted our audit in accordance with French generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and results of the consolidated group of companies in accordance with the accounting rules and principles applicable in France.

Without qualifying our opinion, we draw your attention to the changes in accounting policy set forth in note 1 "Summary of significant accounting policies and practices" to the consolidated financial statements relating to the consolidation of certain entities, as required by regulation CRC 04-03 of 4 May 2004, as well as the accounting treatment of discount rights and benefits in kind granted by companies to their customers under the provisions of opinion n°2004-E, of 13 October 2004, issued by the Urgent Issues Committee of the French National Accounting Council.

II Justification of our assessments

In accordance with the requirements of article L. 225-235 of the French company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

As mentioned in the first part of our report, note 1 to the consolidated financial statements sets out the changes in accounting policies relating to the consolidation of certain entities, as required by regulation CRC 04-03 of 4 May 2004, as well as the accounting treatment of discount rights and benefits in kind granted by companies to their customers under the provisions of opinion n°2004-E, of 13 October 2004, issued by the Urgent Issues Committee of the French National Accounting Council.

When assessing the accounting rules and principles applied by your company, we ensured that these changes were justified and correctly presented.

As mentioned in note 7.3, your company accounts for Elektrim Telekomunikacija using the equity method based on financial statements in which the PTC investment is no longer consolidated from 1 January 2004, due to the ongoing dispute regarding this investment. As part of our assessment of the accounting principles applied by your company, we reviewed the consolidation methods used, the book value and financial information provided in the notes relating to these two investments, and ensured they were appropriate.

As mentioned in note 4.4 to the consolidated financial statements, your company re-examined the value of goodwill and other intangible assets. We examined the valuation methods used by your company and the independent assessors appointed by your company to determine the fair value of those assets. As part of our assessment of these estimations, we ensured that the assumptions made and resulting values were reasonable.

As mentioned in notes 14, 22, 23 and 24 to the consolidated financial statements, your company records provisions to cover the risks relating to financial transactions, disposal operations, retirement commitments, litigation, restructuring, tax liabilities, tax contingencies, deferred tax assets that are not recoverable in the short term, and other risks. A number of previously recognized provisions were reversed in 2004 as they were used or became redundant during the year.

We assessed the principles used by your company, set out in notes 14, 22, 23 and 24, on the basis of information available to date, and performed tests on a sample basis to ensure that these methods had been applied. As part of our assessment of these estimations, we ensured that the methods used and the resulting accounting estimates were reasonable.

As mentioned in note 24 to the consolidated financial statements, your company recognized estimated tax savings for 2004 in its 2004 income tax calculation, along with a deferred tax asset to reflect the tax savings expected in 2005, after obtaining permission to use the Consolidated Global Profit Tax System. We assessed the principles used by your company, on the basis of information available to date, and performed

tests on a sample basis to ensure that those principles had been applied. As part of our assessment of these estimations, we ensured that the methods used and resulting accounting estimates were reasonable.

The assessments were thus made in the context of the performance of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our unqualified audit opinion expressed in the first part of this report.

III Specific verification

We also verified the information provided in the group's management report. We have nothing to report with respect to its fair presentation and its conformity with the consolidated financial statements.

French original signed on:

Paris and Courbevoie, March 10, 2005

By:

The Statutory Auditors

Salustro Reydel

Barbier Frinault & Cie

Ernst & Young

Bertrand Vialatte

Benoît Lebrun

Dominique Thouvenin

Hervé Jauffret

**SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF VIVENDI UNIVERSAL AS AT, AND
FOR THE THREE YEARS ENDED, 31 DECEMBER 2004, 2003 AND 2002**

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The following tables are summaries of the audited consolidated financial statements of Vivendi Universal as at, and for the three years ended, 31 December 2004, 2003 and 2002 prepared in accordance with French GAAP extracted from such financial statements and should be read in conjunction with such audited consolidated financial statements and the related notes which are incorporated by reference in this Offering Circular.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(In millions of euros)	2004	December 31, 2003	2002
ASSETS			
Goodwill, net	€ 15,555	€ 17,789	€ 20,062
Other intangible assets, net	7,640	11,778	14,706
Property, plant and equipment, net	5,063	6,365	7,686
Investments in equity affiliates	880	1,083	1,903
<i>Investment in NBC Universal</i>	696	-	-
<i>Other investments in equity affiliates</i>	184	1,083	1,903
Other investments	2,449	3,549	4,138
Total long-term assets	31,587	40,564	48,495
Inventories and work-in-progress	443	744	1,310
Accounts receivable and other	6,545	8,809	9,892
Deferred tax assets	1,219	1,546	1,613
Short-term loans receivable	73	140	640
Marketable securities	263	259	88
Cash and cash equivalents	3,158	2,858	7,295
Total current assets	11,701	14,356	20,838
TOTAL ASSETS	€ 43,288	€ 54,920	€ 69,333
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	€ 5,899	€ 5,893	€ 5,877
Additional paid-in capital	6,109	6,030	27,687
Retained earnings and others	1,613	-	(19,544)
Total shareholders' equity	13,621	11,923	14,020
Minority interests	2,959	4,929	5,497
Other equity	1,000	1,000	1,000
Deferred income	100	560	579
Provisions	2,236	2,294	3,581
Long-term debt	4,549	9,621	10,455
Other non-current liabilities and accrued expenses	3,826	2,407	3,894
	28,291	32,734	39,026
Accounts payable	10,046	12,261	13,273
Deferred taxes liabilities	3,207	5,123	7,857
Bank overdrafts and other short-term borrowings	1,744	4,802	9,177
Total current liabilities	14,997	22,186	30,307
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	€ 43,288	€ 54,920	€ 69,333

CONSOLIDATED STATEMENT OF INCOME

	Year ended December 31,		
	2004	2003	2002
(In millions of euros, except per share amounts)			
Revenues	€ 21,428	€ 25,482	€ 58,150
Cost of revenues	(11,633)	(15,268)	(40,574)
Selling, general and administrative expenses	(6,201)	(6,812)	(12,937)
Other operating expenses, net	(118)	(93)	(851)
Operating income	3,476	3,309	3,788
Financing expense	(455)	(698)	(1,333)
Other financial expenses, net of provisions	(247)	(509)	(3,409)
Financing and other expenses, net	(702)	(1,207)	(4,742)
Income (loss) before gain (loss) on businesses sold, net of provisions, income tax, equity affiliates, goodwill amortization and minority interests	2,774	2,102	(954)
Gain (loss) on businesses sold, net of provisions	(140)	602	1,049
Income tax	(400)	408	(2,556)
Income (loss) before equity affiliates, goodwill amortization and minority interests	2,234	3,112	(2,461)
Equity in earnings of sold subsidiaries	-	1	17
Income (loss) from equity affiliates	219	71	(294)
Veolia Environnement impairment	-	(203)	-
Goodwill amortization	(638)	(1,120)	(1,277)
Impairment losses	(31)	(1,792)	(18,442)
Income (loss) before minority interests	1,784	69	(22,457)
Minority interests	(1,030)	(1,212)	(844)
Net income (loss)	€ 754	€ (1,143)	€ (23,301)
Basic earnings per share	€ 0.70	€ (1.07)	€ (21.43)
Diluted earnings per share	€ 0.63	€ (1.07)	€ (21.43)
Weighted average common shares outstanding (in millions)	1,072.1	1,071.7	1,087.4
Potential dilutive effect of outstanding financial instruments (in millions)	127.0	137.9	146.3

- (a) Given the deconsolidation of Vivendi Universal Entertainment as of 11 May 2004, the 2004 consolidated statement of income includes 132 days of business for this entity.
- (b) Excluding treasury shares recorded as a reduction in shareholders' equity (2,441 shares as of 31 December 2004).

CONSOLIDATED STATEMENT OF CASH FLOWS

(In millions of euros)	Year ended December 31,		
	2004	2003	2002
Cash flow - operating activities:			
Net income (loss)	€ 754	€ (1,143)	€ (23,301)
<i>Adjustments to reconcile net loss to net cash provided by operating activities:</i>			
Depreciation and amortization	2,587	4,759	24,040
Veolia Environnement impairment	-	203	-
Provisions and provisions related to businesses sold	(205)	(1,007)	2,895
Gain on sale of property, plant and equipment and financial assets	281	47	(1,748)
Income (loss) from equity affiliates and businesses sold	(219)	(72)	277
Deferred taxes	(530)	(842)	1,608
Minority interests	1,030	1,212	844
Dividends received from equity affiliates	410	59	179
Changes in working capital	690	670	(124)
Net cash provided by operating activities	4,798	3,886	4,670
Cash flow - investing activities:			
Capital expenditures	(1,540)	(1,552)	(4,134)
Proceeds from sales of property, plant, equipment and intangible assets	239	477	158
Purchases of investments	(407)	(4,422)	(4,792)
Sales of investments	4,705	1,408 (b)	10,325
Net decrease (increase) in financial receivables	13	140 (b)	(1,365)
Sales (purchases) of marketable securities	(24)	49	213
Net cash provided by (used for) investing activities	2,986	(3,900)	405
Cash flow - financing activities:			
Proceeds from issuance of borrowings and other long-term liabilities	1,057	5,657	2,748
Principal payment on borrowings and other long-term liabilities	(3,448)	(1,947)	(1,854)
Net increase (decrease) in short-term borrowings and other	(3,294)	(7,259)	(5,991)
Notes mandatorily redeemable for new shares of Vivendi Universal	-	-	767
Net proceeds from issuance of common shares	18	71	1,622
Sales (purchases) of treasury shares	-	(98)	1,973
Cash dividends paid by consolidated companies to their minority shareholders	(1,850)	(737)	(252)
Cash dividends paid by Vivendi Universal S.A.	-	-	(1,048)
Cash payment to InterActiveCorp	-	-	(1,757)
Net cash provided by (used for) financing activities	(7,517)	(4,313)	(3,792)
Foreign currency translation adjustment	33	(110)	1,287
Change in cash and cash equivalents	€ 300	€ (4,437)	€ 2,570
Cash and cash equivalents:			
Beginning	€ 2,858	€ 7,295	€ 4,725
Ending	€ 3,158	€ 2,858	€ 7,295
Supplementary information			
Net interests paid (all cash interests paid related to financing activities)	€ 430	€ 621	€ 1,145
Income tax paid	€ 580	€ 1,242	€ 1,252

- (a) Comprises financial provisions reported in "other financial expenses, net of provisions" (€52 million as of 31 December 2004) and provisions reported in "Gain (loss) on businesses sold, net of provisions" (€153 million as of 31 December 2004).
- (b) In 2002, included the reclassification of a €662 million refund, previously recorded as "sales of investments".

CONSOLIDATED STATEMENT OF CHANGE IN SHAREHOLDERS' EQUITY

(In millions of euros)	Common shares		Retained Earnings and Others				Shareholders' Equity		
	Number (Thousands)	Amount	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustment			Treasury Shares (a)	Total
					Retained Earnings	Translation Adjustment			
Balance at December 31, 2001	1,085,828	€ 5,972	€ 28,837	€ 6,047	€ 997	€ (5,105)	€ 1,939	€ 36,748	
Net loss for the year 2002	-	-	-	(23,301)	-	-	(23,301)	(23,301)	
Foreign currency translation adjustment	-	-	-	-	(3,615)	-	(3,615)	(3,615)	
Dividends paid, €1 per share	-	-	(890)	(421)	-	-	(421)	(1,311)	
Goodwill from business combination reversed	-	-	-	1,001	-	-	1,001	1,001	
Conversion of ex-Seagram exchangeables	11,463	63	848	(887)	-	-	(887)	24	
Conversion of ex-Seagram stock options	1,239	7	92	-	-	-	-	99	
Conversion of bonds, warrants, stock options and issuances under the employee stock purchase plan	1,396	8	48	-	-	-	-	56	
Treasury shares and recombined stripped shares cancellation	(31,367)	(173)	(1,248)	-	-	-	-	(1,421)	
Treasury shares and stripped shares allocation	-	-	-	807	-	5,100	5,907	5,907	
Release of revaluation surplus and other	-	-	-	(167)	-	-	(167)	(167)	
Balance at December 31, 2002	1,068,559	€ 5,877	€ 27,687	€ (16,921)	€ (2,618)	€ (5)	€ (19,544)	€ 14,020	
Net loss for the year 2003	-	-	-	(1,143)	-	-	(1,143)	(1,143)	
Foreign currency translation adjustment	-	-	-	-	(1,132)	-	(1,132)	(1,132)	
Appropriation of 2002 net income	-	-	(21,789)	21,789	-	-	21,789	-	
Conversion of ex-Seagram exchangeables	2,052	11	152	(163)	-	-	(163)	-	
Conversion of bonds, warrants, stock options and issuances under the employee stock purchase plan	3,361	19	18	-	-	-	-	37	
Stripped shares	(2,453)	(14)	(38)	52	-	-	52	-	
Treasury shares allocation	-	-	-	-	-	5	5	5	
Release of revaluation surplus and other	-	-	-	136	-	-	136	136	
Balance at December 31, 2003	1,071,519	€ 5,893	€ 6,030	€ 3,750	€ (3,750)	€ -	€ -	€ 11,923	
Net income for the year 2004	-	-	-	754	-	-	754	(b) 754	
Reversal of foreign currency translation adjustment related to 80% of the interests in VUE	-	-	-	-	2,105	-	2,105	(b) 2,105	
Foreign currency translation adjustment	-	-	-	-	(1,115)	-	(1,115)	(1,115)	
Impact of the implementation of CRC Rule 04-03	-	-	-	(58)	-	-	(58)	(58)	
Impact of the implementation of Notice 2004-E issued by the Urgent Issues Taskforce	-	-	-	(29)	-	-	(29)	(29)	
Conversion of ex-Seagram exchangeables	1,148	6	85	(91)	-	-	(91)	-	
Conversion of bonds, warrants, stock options and issuances under the employee stock purchase plan	1,115	6	12	-	-	-	-	18	
Stripped shares	(1,158)	(6)	(18)	24	-	-	24	-	
Release of revaluation surplus and other	-	-	-	23	-	-	23	23	
Balance at December 31, 2004	1,072,624	€ 5,899	€ 6,109	€ 4,373	€ (2,760)	€ -	€ 1,613	€ 13,621	

The accompanying notes are an integral part of these Consolidated Financial Statements.

- (a) Excluding stripped shares.
- (b) In accordance with accounting principles, upon the divestiture of 80% of its interest in VUE, Vivendi Universal reclassified to net income, in proportion to the divested economic interest, the cumulative foreign translation adjustment related to VUE recorded as a reduction in shareholders' equity. This reclassification resulted in a loss of €2,105 million, but had no impact on shareholders' equity.

SUBSCRIPTION AND SALE

Underwriting Arrangements

BNP Paribas, CALYON and Société Générale (together, the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 4 April 2005 (the “**Subscription Agreement**”), agreed jointly and severally with the Issuer, subject to the satisfaction of certain conditions, to procure subscription and payment for, failing which to subscribe and pay for, the Bonds at a price equal to 99.417 per cent. of the principal amount of the Bonds, less any applicable commission. The Issuer will also pay certain costs incurred by it and the Joint Lead Managers in connection with the issue of the Bonds.

The Joint Lead Managers are entitled to terminate the Subscription Agreement in certain limited circumstances prior to the issue of the Bonds. The Issuer has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds.

Selling Restrictions

General

Except for action in connection with the listing of the Bonds on the Luxembourg Stock Exchange, no action has been or will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would, or is intended to, permit a public offering of the Bonds, or possession or distribution of the Offering Circular (in proof or final form) or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Each of the Joint Lead Managers and the Issuer will comply with all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Bonds or have in its possession or distributes the Offering Circular or any such other material. Each Joint Lead Manager will also ensure that no obligations are imposed on the Issuer, or the other Manager in any such jurisdiction as a result of any of the foregoing actions. Accordingly, each of the Joint Lead Managers has agreed that it will not, directly or indirectly, offer, sell or deliver any Bonds or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Bonds by it will be made on the same terms. The Issuer and the Joint Lead Managers will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. No Joint Lead Manager is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds other than as contained in, or as is consistent with the contents of, the Offering Circular (in final form) or any amendment or supplement to it, any publicly available information or any other information supplied by the Issuer to the Joint Lead Managers specifically for the purpose of being used in connection with the issue, subscription and sale of the Bonds.

France

Each of the Joint Lead Managers and the Issuer has acknowledged that the Bonds are deemed to be issued outside France and has represented and agreed that, in connection with their initial distribution, (i) it has not offered or sold and will not offer or sell, directly or indirectly, any Bonds to the public in the Republic of France, and (ii) offers and sales of Bonds in the Republic of France will be made only to qualified investors (*investisseurs qualifiés*) as defined in, and in accordance with, L.411-2 of the *Code monétaire et financier* and Decree no. 98-880 dated 1 October 1998 relating to qualified investors. In addition, each of the Joint Lead Managers and the Issuer has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France, the Offering Circular or any other offering material relating to the Bonds other than to investors to whom offers and sales of Bonds in the Republic of France may be made as described above.

United States

The Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Bonds are being offered and sold outside the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (i) it has not offered or sold and, prior to the expiry of a period of six months from the issue date of the Bonds, will not offer or sell any Bonds to persons in the United Kingdom except to those persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale of any Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Italy

The offering of the Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, any Bonds in the Republic of Italy in a solicitation to the public at large, and that sales of the Bonds in the Republic of Italy shall only be negotiated on an individual basis with “Professional Investors”, as defined under Article 31, paragraph 2, of CONSOB Regulation no. 11522 of 1 July 1998, as amended, and effected in compliance with the requirements of Articles 94 and seq. of Legislative Decree no. 58 of 24 February 1998, as amended (“**Legislative Decree no. 58**”) and CONSOB Regulation no. 11971 of 14 May 1999, as amended (“**Regulation no. 11971**”) and shall in any event be effected in accordance with all relevant Italian securities, tax and exchange control and other applicable laws and regulations.

Accordingly, each Joint Lead Manager has represented and agreed that the Bonds may not be offered, sold or delivered and neither this Offering Circular nor any other material relating to the Bonds may be distributed or made available in the Republic of Italy, unless such offer, sale or delivery of Bonds or distribution or availability of copies of this Offering Circular or any other material relating to the Bonds in the Republic of Italy is:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree no. 58, Regulation no. 11971 and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Legislative Decree no. 385 of 1 September 1993 and the implementing instructions of the Bank of Italy, pursuant to which the issue, trading or placement of securities in Italy is subject to prior notification to the Bank of Italy, unless an exemption, depending *inter alia* on the amount of the issue and the characteristics of the securities, applies; and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

The Netherlands

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, transferred, delivered or sold and will not offer, transfer, deliver or sell any Bonds in the Netherlands as part of its distribution or as part of any re-offering, and that it may not distribute either this Offering Circular or any other document in respect of the offering in the Netherlands, other than to individuals or legal entities who or which trade or invest securities in the conduct of their profession or trade (which includes banks, investment institutions, securities intermediaries, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises); in which case it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of Bonds is publicly announced that the offer is exclusively made to the said individuals or legal entities.

GENERAL INFORMATION

Corporate Authorisations

The issue of the Bonds was authorised by a decision of the *Président* of the Board of Directors (*Conseil d'Administration*) of the Issuer dated 23 March 2005 pursuant to a resolution of such Board of Directors of the Issuer of 6 May 2004 and a resolution of the *Assemblée Générale Ordinaire* of the shareholders of the Issuer adopted on 6 May 2004.

Listing of the Bonds

Application has been made for the Bonds to be listed on the Luxembourg Stock Exchange.

In connection with the application to list the Bonds on the Luxembourg Stock Exchange, copies of the *statuts* of Vivendi Universal and a legal notice relating to the issue of the Bonds (*Notice Légale*) will be deposited prior to listing with the Luxembourg trade and companies register (*Registre du commerce et des sociétés de Luxembourg*), where such documents may be inspected and copies obtained upon request so long as any of the Bonds are outstanding.

Clearing of the Bonds

The Bonds have been accepted for clearance through Euroclear France, Euroclear and Clearstream, Luxembourg under the following reference numbers:

ISIN Number	FR0010176024
Euroclear and Clearstream, Luxembourg Common Code	021588253

No Material Adverse Change

Except as disclosed in this Offering Circular, there has been no material adverse change in the financial position or prospects of Vivendi Universal or of the Group since 31 December 2003.

Auditors

Barbier Frinault & Cie (Ernst & Young), RSM Salustro Reydel and, PWC Audit are the statutory auditors of Vivendi Universal. Barbier Frinault & Cie and RSM Salustro Reydel have audited, and rendered unqualified reports on, the non-consolidated and consolidated financial statements of Vivendi Universal as at, and for the two years ended, 31 December 2002. In addition, Barbier Frinault & Cie (Ernst & Young), RSM Salustro Reydel and PWC Audit have audited, and rendered unqualified reports on to non-consolidated and consolidated financial statements of Vivendi Universal as at, and for the year ended, 31 December 2003.

Legal Matters

Legal opinions relating to the validity of the Bonds under French law will be given by Orrick, legal advisors to Vivendi Universal, and by Linklaters, legal advisers to the Joint Lead Managers.

Documents Available

A copy of the Agency Agreement, copies of the documents referred to in the section headed "Documents Incorporated by Reference" above and copies of the most recently published annual report and consolidated and non-consolidated financial statements of Vivendi Universal will, for so long as the Bonds are listed on the Luxembourg Stock Exchange, be available free of charge during usual business hours on any weekday (except Saturdays and public holidays) at the specified offices of any of the Paying Agents. Vivendi Universal published annual consolidated and non-consolidated and semi-annual consolidated financial statements, which will be delivered to, and copies may be obtained free of charge from, the specified offices of any of the Paying Agents. Vivendi Universal publishes consolidated quarterly financial statements. All such interim statements are unaudited.

EU Savings Directive

On 3 June 2003 The EU adopted Directive 2003/48/EC regarding the taxation of savings income (the "**Directive**"). Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

The Directive was implemented into French law by the Amended Finance Law for 2003, (modifying *inter alia*, Article 242 *ter* of the French General Tax Code) which imposes on paying agents based in France an obligation to report to the French tax authorities certain information with respect to interest payments made to beneficial owners domiciled in another Member State, including, among other things, the identity and address of the beneficial owner and a detailed list of the different categories of interest paid to that beneficial owner. These reporting obligations, as described under sections 49 I *ter* to 49 I *sexies* of Schedule III to the French Tax Code, will enter into force with respect to interest payments made on or after the date of the effective application of the Directive (currently set at 1 July 2005), but paying agents are required to identify the beneficial owners of such payments as from 1 January 2004.

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