OFFERING CIRCULAR

Vivendi Universal

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

€600,000,000

3.875 per cent. Bonds due 2012

Issue Price: 99.819 per cent.

The €600,000,000 aggregate principal amount of 3.875 per cent. Bonds due 2012 (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 15 February 2012 (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 3.875 per cent. per annum from, and including, 15 February 2005 to, but excluding, the Maturity Date. Interest will be payable in equal instalments annually in arrear on 15 February of each year, commencing on 15 February 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 15 February 2005 in the denomination of €1,000 each and will at all times be represented in book entry form (dématerialisé), 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.

JPMORGAN **THE ROYAL BANK OF SCOTLAND**

The date of this Offering Circular is 11 February 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 affaires, 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, J.P. MORGAN SECURITIES LTD., 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 J.P. MORGAN SECURITIES LTD., 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 unaudited consolidated interim financial statements of the Issuer as at 30 June 2004, which have been subject to a limited review by the auditors of the Issuer; 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 Registration Statement filed with the SEC on Form F-4 on 16 September 2004. 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 €600,000,000 aggregate principal amount of 3.875 per cent. Bonds due 2012 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 20 January 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 15 February 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, 15 February 2005 (the "**Issue Date**") at the rate of 3.875 per cent. per annum (calculated on the principal amount of the Bonds), payable annually in arrear on 15 February of each year (each an "**Interest Payment Date**"), commencing on 15 February 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 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 15 February 2012 (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
3, rue d'Antin
75002 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 alternate Representative shall be :

Jean-Pierre Pasquier
25, avenue de Verdun
94000 Créteil

The acting Representative of the Masse 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 (i) 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*), (ii) in a leading daily newspaper in the French language having general circulation in France (which is expected to be *Les Echos* or *La Tribune*); and (iii) in a leading daily newspaper in the English language having general circulation in Europe (which is expected to be the *The Financial Times*). 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 €597,834,000, will be used by Vivendi Universal in order to repay existing secured debt of $780 million contracted with NBC Universal on 11 May 2004.

CAPITALISATION OF VIVENDI UNIVERSAL

The following table sets out the unaudited actual consolidated capitalisation of the Issuer as at 30 September 2004 and the pro forma consolidated capitalisation of the Issuer as at 30 September 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 30 September 2004 Actual	Reimbursement of high yield notes	Issue of the Bond	As of 30 September 2004 Pro forma
		(in euro millions)		
Cash and cash equivalents	1,231			1,231
Secured debt:				
Promissory note to NBC	637		(637)	0
SFR Securitisation	472			472
Leases	458			458
Unsecured debt of subsidiaries:				
SFR Credit line	320			320
SFR Commercial paper	383			383
Others	587			587
Other unsecured debt:				
2.5 billion revolving bank facility	199			199
Floating rate bond (2007)	700			700
High yield notes	410	(410)		0
Exchangeable Vinci 1% (2006)	530			530
Exchangeable Sogecable 1.75% (2008)	613			613
Commercial paper	326			326
New Fixed rate bond	0		600	600
Others	1,111	451(1)	37	1,599
Total debt	6,746			6,787
Shareholders' equity	12,656	(44)(2)		12,612
Total capitalisation	19,402			19,399

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

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

Save as disclosed above, there has been no material change to the consolidated capitalisation of Vivendi Universal since 30 September 2004.

VIVENDI UNIVERSAL

General

Vivendi Universal is a French *société anonyme* with an issued and subscribed share capital of €5,897,833,304.50 divided into 1,072,342,419 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 May 11, 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 — 2003 revenues of €4,158 million

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 basis[1].

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.

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(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.

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.

Music — 2003 revenues of €4,974 million

The music business is operated through Universal Music Group (UMG), the largest recorded music business in the world measured by revenues (according to the International Federation of the Phonographic Industry (IFPI)). Vivendi Universal has a 92.3% interest in UMG, which held a 23.5% share of the global recorded music market in 2003. UMG acquires, manufactures, markets and distributes recorded music through a network of subsidiaries, joint ventures and licensees in 71 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 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.

Vivendi Universal Games — 2003 revenues of €571 million

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 fourth-largest publisher of interactive entertainment software, which comprises PC consumer software (games, education and productivity) and video game software. The company has an approximate 5.5% share of the worldwide market. VU Games, the second-largest publisher of PC game software worldwide, is a market leader in key regions: 2nd in North America and Germany; 3rd in France; 4th in the UK, 5th in Australia; 6th in Spain; and a leader in Asia.

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).

Vivendi Universal Entertainment — 2003 revenues of €6,022 million

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 — 2003 revenues of €7,574 million

SFR Cegetel Group, formed at the end of 1997, is the second-largest telecommunications operator in France with approximately 18.4 million customers at 31 December 2003. 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 basis[(1)], to €8,317 million.

Mobile telephony activity contribution to SFR Cegetel revenues increased by 6%[(2)] (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 ARPU[(3)]. This performance was achieved despite the fixed to mobile voice termination rate cut of 12.5% on 1 January 2004.

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.

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(1) Comparable basis illustrates the full consolidation of Telecom Developpement 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 Developpement. 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).

(2) 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.

(3) 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.

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.

The agreement allows Vivendi Universal, a strategic partner which has held operating control of Maroc Telecom since the beginning of 2001, to increase its stake from 35% to 51%, thereby perpetuating its control over the company. By virtue of the Maroc Telecom Shareholders' Agreement, and due to its current stake, Vivendi Universal holds 51% of voting rights in Maroc Telecom until 1 September 2005.

2003 revenues of €1,471 million

For the full year 2003, Maroc Telecom's revenues amounted to €1,471 million, up 3% at constant currency when compared with the year 2002.

Mobile revenues, representing 46% of 2003 total revenues, were up 8.5% when compared to 2002, thanks to a larger customer base. Mobile customers at year end increased 13% by 617,000 to 5,214,000.

Fixed-line revenues were stable, the increase of incoming mobile calls and internet being balanced by lower national voice traffic and the loss of Meditel's (the mobile competitor) international traffic. Reversing the trend of the previous years, Maroc Telecom's fixed-line customer base increased by 92,000 to reach 1,219,000 customers.

Operating income was up 34% (40% at constant currency) to €628 million mainly driven by strong operational improvement, cost management, impact of 2002 restructuring, lower bad debt, lower mobile acquisition costs and a reduction in selling, general and administrative expenses.

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 basis[1] at constant currency).

(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.

Mobile revenues(1) totalled €921 million, up 19% (+19% on a comparable basis at constant currency) driven by its continuing customer base growth(2) (+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 performance(3) of the prepaid ARPU(3) (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 revenues(2) 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 base(3) reaching 1.3 million customers at the end of 2004, the growth of incoming international traffic(3) (+17%) and the success of ADSL launch(3) (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.

Other — 2003 revenues of €712 million

Other 2003 revenues included Vivendi Telecom International, Internet, Vivendi valorisation, the elimination of intercompany transactions, Vivendi Universal Publishing (VUP) assets not sold during 2002 and 2003, the Consumer Press Division sold in February 2003 and deconsolidated as of 1 January 2003 and Comareg sold in May 2003.

Revenues	Year ended 31 December 2003 (€ millions)
Vivendi Telecom International (VTI)	340
Internet	79
VUP assets not sold in 2002 and 2003	88
Other Businesses not sold in 2002 and 2003	77
Others	584
VUP assets sold in 2003	128
Total revenues	712

Vivendi Telecom International (VTI)

Vivendi Telecom International operates the fixed and mobile telecommunications businesses outside France and Morocco. VTI's revenue, excluding Maroc Telecom, was €340 million in 2003, €461 million in 2002 and €242 million in 2001.

In 2002, Vivendi Universal decided to explore selling VTI's stakes in Hungary, Poland, Egypt and Kenya in order to focus on its core businesses. In May 2003, Vivendi Universal sold Vivendi Telecom Hungary to a consortium led by AIG Emerging Europe Infrastructure Fund and GMT Communications Partners Ltd. for €325 million (including the assumption of €305 million in net debt).

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.

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

(2) Excluding Mauritel.

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

Veolia Environnement (VE) (including recent developments)

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 December 24, 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.

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.

Strategic re-focusing

Due to the progress in its divestiture program, Vivendi Universal was able to improve its liquidity and debt situation in 2003. It reduced its net debt from €34.9 billion in June 2002 to €12.3 billion by the end of 2002 and to €11.6 billion by the end of 2003, despite a €4 billion investment to acquire the BT stake in Cegetel in January 2003. Access to cash flows from each of its businesses has improved and the generation of cash flow by the various business units has contributed to debt reduction.

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

In 2003, Vivendi Universal invested €6.0 billion, €1.6 billion of which were capital expenditures in its core businesses and €4 billion to increase its stake in SFR Cegetel Group. In addition, through a business combination by VUE and NBC, the formation of NBC Universal was finalized on 11 May 2004. Vivendi Universal also decided to increase its stake in Maroc Telecom and refocused, restructured and recapitalized Canal+ Group for approximately €3 billion. At UMG, it implemented significant cost-reduction programs, as well as anti-piracy campaigns. At VU Games, it initiated a restructuring plan (and implemented a new strategic direction) in early 2004. Furthermore, it eliminated major cash drains, divested non-strategic assets (with 2003 proceeds at approximately €3 billion, and close to €10 billion in proceeds since July 2002).

Moreover, its net loss was significantly reduced in 2003 to €1,143 million compared to €23,301 million in 2002. Excluding Veolia Environnement, this significant improvement was mainly due to lower impairment losses from goodwill and other intangible assets and lower financial provision accrual, which were slightly offset by lower gains on businesses sold.

This improvement was also mainly achieved through the growth of its operating income (reflecting the fast development of both SFR Cegetel Group and Maroc Telecom), the impact of ongoing restructuring plans, and tax improvements, while being partially offset by higher financial expenses.

Canal+ Group

During 2003, Canal+ Group made significant progress in its turnaround efforts. It has refocused on its core pay TV activities in France and the activities of StudioCanal. It has launched a number of initiatives to restructure and reposition these activities. It has exited most of its non-core activities, which often represented significant cash drains (see below). Also, on 18 December 2003, following Canal+ Group's extraordinary shareholders' meeting, Vivendi Universal recapitalized Canal+ Group for €3 billion through the conversion of an intercompany loan into equity that had no cash impact. As a result of this recapitalization, performances of Canal+ Group in 2003 and divestitures of non-core assets, Canal+ Group's financial net debt was close to €1 billion at the end of 2003 versus approximately €5 billion on 30 June 2003. In February 2004, after the Sogecable shares held by Canal+ Group as well as the shareholders loan with Sogecable were transferred to Vivendi Universal, Canal+ Group's financial net debt was reduced to approximately €500 million.

Elimination of Cash Drains

During 2003, Vivendi Universal continued to eliminate its major cash drains. It essentially shut down its Internet activities, which had generated approximately €2.5 billion in losses over a four-year period, divested a number of businesses that had previously generated significant losses, and refocused and restructured its headquarter activities.

The French Consolidated Income Tax Regime

On 23 December 2003, Vivendi Universal applied to the Ministry of Finance for permission to use the Consolidated Global Profit System under Article 209 *quinquies* of the French tax code. Fourteen French multinational companies have operated or are operating under the French Consolidated Income Tax Regime.

Due to the reorganisation and simplification of the Vivendi Universal group over the last 18 months, the number of companies which might be comprised in the scope of consolidation decreased from 6,000, three years ago, to 1,000, which makes the French Consolidated Income Tax Regime possible and attractive for Vivendi Universal.

If this request is approved by the Ministry of Finance, Vivendi Universal will be entitled to consolidate its own profits and losses (including French tax loss carryforwards) with the profits and losses of all of its qualifying domestic and foreign subsidiaries operating within and outside France in calculating the consolidated taxable income of the Vivendi Universal tax group for French tax purposes. A qualifying subsidiary is one in which Vivendi Universal owns at least 50% of the outstanding shares, and would include, but not be limited to, Universal Music Group, Maroc Telecom (after the acquisition of an additional 16% stake), CanalSatellite and SFR Cegetel Group.

If this request is granted, it will apply for a period of five years beginning with the taxable year 2004. By consolidating all its majority shareholdings under this system, Vivendi Universal is expected to rationalize its organizational structure and to assist its growth both in France and other countries by maximizing the value of its assets in the interest of its shareholders. Vivendi Universal is continuing its discussions with the French Ministry of Finance.

2003/2004 Significant Transactions

2003/2004 Acquisitions

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 €621 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.

2002/2003 Divestitures

In 2003, Vivendi Universal continued to progress towards its goal of divesting up to €16 billion in assets between July 2002 and the end of 2004. With proceeds close to €3 billion for 2003, program-to-date proceeds as of 31 December 2003 were approximately €10 billion. Major transactions include:

Date	Asset	Total Consideration	Cash received
		(in millions)	
July 2002	B2B/Health	€ 150	€ 150
July 2002	Lagardère	44	44
July 2002	Vinci	291	291
August 2002	Vizzavi	143	143
December 2002	Houghton Mifflin	1,567	1,195
December 2002	Other publishing	1,138	1,121
December 2002	Veolia Environnement	1,856	1,856
December 2002	EchoStar	1,037	1,037
December 2002	Sithe Energies Inc	319	319
December 2002	Others	108	108
	Total 2nd half 2002	€ 6,653	€ 6,264(1)
February 2003	Consumer Press division	€ 200	€ 200
February 2003	Canal+ Technologies	191	191(2)
February/June 2003	InterActiveCorp warrants	600	600
April 2003	Telepiù	831	457(3)
May 2003	Fixed-line telecommunication in Hungary	315	10(4)
May 2003	Comareg	135	135
May 2003	Interest in Vodafone Egypt	43	43
June 2003	Interest in Sithe International	40	40
June 2003	VUE Real Estate	276	276(5)
October 2003	Canal+ Nordic	48	48(6)
	Other divestiture	204	(35)
	Total 2003	€ 2,883	€ 1,965(1)
	Total closed 2nd half 2002 and full year 2003	€ 9,536	€ 8,229
	Other transactions signed but not closed as at December 31, 2003 (estimates)	5,000	2,900(7)
	Total signed from July 2002 to December 2003	€14,536	€11,129

(1) Actual amounts after deduction of divestiture fees and expenses.

(2) This amount includes a €90 million cash consideration which was received in 2002.

(3) The cash payment includes a €13 million adjustment corresponding to the reimbursement of accounts payable net of debt.

(4) Does not include a remaining amount of €10 million of deferred purchase consideration that may be received.

(5) Amounts subject to adjustment to reflect the deduction of divestiture fees and expenses, currency exchange rate fluctuations and purchase price adjustments.

(6) Does not include a remaining amount of approximately €7 million of deferred purchase consideration received in the first quarter of 2004, excluding an inter company loan.

(7) The NBC-Universal Transaction was signed in October 2003 and closed in May 2004 and is described in the "— 2003 Significant Transactions" section of the form 20-F. In addition, Vivendi Universal received an equity consideration in NBC of approximately €4,600 million and will retain an interest in VUE with an estimated value of €2,100.

Recent Developments

Results for the third quarter and first nine months of 2004

The following is an extract of the text of a press release issued by Vivendi Universal on 17 November 2004:

"Revenues

Third quarter 2004

- **Revenues** of €4,703 million. On a comparable(1) basis, revenues were **up 6%.**
- **Operating income** of €866 million. On a comparable(1) basis, operating income was **up 19%.**
- **Adjusted net income(2)** of €586 million, versus €206 million in 2003.
- **Net income(3)** of €776 million, versus €131 million in 2003.
- **Consolidated cash-flow from operations(4)** of €1,369 million. On a comparable(1) basis, consolidated cash flow from operations was **up 42%**.
- **Proportionate cash-flow from operations(5)** of €829 million. On a comparable(1) basis, proportionate cash flow from operations was **up 56%**.

First nine months of 2004

- **Revenues** of €16,094 million. On a comparable(1) basis, revenues were **up 5%.**
- **Operating income** of €2,684 million. On a comparable(1) basis, operating income was **up 26%.**
- **Adjusted net income(2) of €1,053 million**, versus €192 million in 2003.
- **Net loss(3) of €1,082 million**, versus a loss of €501 million. This result was negatively impacted by the non-cash foreign currency translation adjustment on the NBC-Universal transaction (€2,105 million).
- **Consolidated cash-flow from operations(4) of €3,856 million**. On a comparable(1) basis, consolidated cash flow from operations was **up 32%**.
- **Proportionate cash-flow from operations(5) of €2,516 million.** On a comparable(1) basis, proportionate cash flow from operations was **up 60%**.
- **Financial net debt(6) of €5.5 billion on September 30, 2004, versus €12.8 billion on September 30, 2003.**

Vivendi Universal raises its adjusted net income guidance and maintains its operating and financial net debt guidance for full year 2004:

- **Adjusted net income(2): above €1.2 billion.**

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(1) Comparable basis essentially illustrates the effect of the divestiture of Vivendi Universal Entertainment (VUE), of the divestitures at Canal+ Group (Telepiù, Canal+ Nordic, Canal+ Benelux, etc...), VUP (Comareg and Atica & Scipione) and of Vivendi Telecom Hungary, Kencell and Monaco Telecom, the abandonment of Internet operations and includes the full consolidation of Telecom Développement at SFR Cegetel Group and of Mauritel at Maroc Telecom as if these transactions had occurred at the beginning of 2003. These results are not necessarily indicative of the combined results that would have occurred had the events actually occurred at the beginning of 2003. Cash-flow from operations (consolidated and proportionate) on a comparable basis does not include NBC Universal's dividends in 2004.

(2) Adjusted net income is detailed in Appendix V. Adjusted net income mainly does not include goodwill amortization, gain (loss) on businesses sold, net of provisions and other, and non-operating, non-recurring items, financial provisions, realized losses net of financial provisions taken previously, income tax and minority interests on adjustments. This result takes into account part of the benefit from the Consolidated Global Profit Tax System, as from January 1, 2004.

(3) This result takes into account the benefit of the Consolidated Global Profit Tax System, as from January 1, 2004.

(4) Net cash provided by operating activities after capital expenditures and before financing costs and taxes.

(5) Defined as cash-flow from operations excluding minority interests.

(6) French GAAP gross debt less cash and cash equivalents.

- **Operating income: strong growth on a pro forma basis[1], close to 2003 on an actual basis, in spite of VUE's deconsolidation.**
- **Cash-flow from operations: growth on a pro forma basis[1], slight decline on an actual basis, in spite of a significantly reduced scope.**
- **Financial net debt[2] below €5 billion (when including the proceeds from the sale of Veolia Environnement shares).**

Following a presentation of the 2004 full year positive outlook, the Board of Vivendi Universal indicated on September 29, 2004, that it may, at the appropriate time, propose a dividend which should not be lower than €0.50 per share to be paid in 2005 based on 2004 earnings.

Comments on the Group's earnings:

Revenues

Vivendi Universal's consolidated revenues for the third quarter of 2004 amounted to €4,703 million. On a comparable basis[1], third quarter 2004 revenues for Vivendi Universal increased 6%, and 7% at constant currency.

Vivendi Universal Entertainment (VUE) was deconsolidated as of May 11, 2004 as the result of the closing of the NBC-Universal transaction.

For the first nine months of 2004, Vivendi Universal reported revenues of €16,094 million. On a comparable basis[1], revenues were up 5% and 7% at constant currency.

This good performance was achieved through the return to revenue growth at Universal Music Group and Canal+ Group and the continued revenue growth at SFR Cegetel Group and Maroc Telecom.

Operating income

For the third quarter 2004, Vivendi Universal operating income amounted €866 million. On a comparable[1] basis, operating income was up 19%.

Vivendi Universal's consolidated operating income for the first nine months of 2004 amounted to €2,684 million compared with €2,573 million for the first nine months of 2003. On a comparable basis[1], operating income increased by 26%.

This performance was mainly achieved through the significant improvement of Canal+ Group operating income, the positive operating income at Universal Music Group and the continued operating income growth at SFR Cegetel Group and Maroc Telecom, despite higher operating loss recorded by VUG.

Financing expense

For the third quarter 2004, financing expense was almost divided by two from €154 million in 2003 to €82 million this quarter.

From the third quarter of 2003 to the same period this year, average gross debt decreased from €15.2 billion to €6.9 billion, mainly resulting from the NBC-Universal transaction (approximately €5.3 billion impact on net debt). Over the same period, average interest rate also decreased from 5.26% to 4.34%.

For the first nine months of 2004, financing expense amounted to €389 million compared with €531 million for the same period in 2003. Over the same periods, average gross debt decreased to €9.9 billion from €17.2 billion.

Income tax expense

On December 23, 2003, Vivendi Universal applied to the French Ministry of Finance for permission to use the Consolidated Global Profit Tax System. This request has been granted and notified on August 23, 2004, for a five year period beginning with the taxable year 2004. As a consequence, as of September 30, 2004, the impact of

(1) The pro forma information illustrates the effect of the divestitures of VUE in May 2004, of Telepiù in April 2003 and of Comareg in May 2003 as if these transactions had occurred at the beginning of 2003. These results are not necessarily indicative of the combined results that would have occurred had the events actually occurred at the beginning of 2003.

(2) French GAAP gross debt less cash and cash equivalents.

this agreement corresponded to a tax saving of €750 million (of which €362 million related to the current fiscal year included in the adjusted net income).

For the third quarter 2004, income tax expense showed a profit of €427 million compared with an expense of –€212 million for the same period last year.

For the first nine months of 2004, income tax expense totalled –€244 million compared with –€845 million for the same period in 2003.

Net income

For the third quarter of 2004, net income amounted to €776 million or €0.72 per share (basic) compared to a net income of €131 million or €0.12 per share (basic) for the same period last year.

For the first nine months of 2004, net loss amounted to €1,082 million or –€1.01 per share (basic and diluted) compared to a net loss of €501 million or –€0.47 per share (basic and diluted) in the first nine months of 2003. This result was negatively impacted by the non-cash foreign currency translation adjustment on the NBC-Universal transaction (€2,105 million).

Adjusted net income(1)

For the third quarter 2004, the adjusted net income increased by €380 million to €586 million, versus €206 million for the same period last year.

This increase, in spite of the decrease in operating income due to the Group's scope reduction (divestitures of 80% of VUE, Canal+ Group non-core assets and others), is mainly driven by the positive income tax impact and the decrease in financing expense.

For the first nine months of 2004, the adjusted net income increased by €861 million to achieve €1,053 million, versus €192 million for the same period last year.

Comments on operating income for Vivendi Universal's Media and Telecom businesses:

Media activity *(as fully consolidated at 100%)*

For the third quarter 2004, Media businesses have generated €96 million of operating income, up 33% on a comparable basis and up 39% on a comparable(2) basis at constant currency .

For the first nine months of 2004, Media businesses have generated €162 million of operating income, up 47% on a comparable basis and up 38% on a comparable basis at constant currency.

Canal+ Group (100% Vivendi Universal economic interest):

Significant improvement in Canal+ Group's operating income, up 16%, for the first nine months of 2004, on a comparable basis(2).

Canal+ Group reported third quarter operating income of €96 million compared to €133 million in 2003. Neutralizing the effect of changes in scope of consolidation(1) the operating income decreased compared to the same period in 2003, mainly due to a different timing in programming costs (broadcasting cost of the Athens Olympic Games in August) and in movies releases, as well as the impact of the subscribers management and recruitment costs.

Canal+ Group reported nine months operating income of €303 million compared to €378 million for the same period in 2003. Neutralizing the effect of changes in scope of consolidation, period-on-period growth came to 16%(2).

The operating income of the Group's core business, French pay-television, was slightly up compared to the same period last year. Canal+'s churn rate continued its decrease during the period (–1.7 point), highlighting the

(1) Adjusted net income is detailed in Appendix V. Adjusted net income mainly does not include goodwill amortization, gain (loss) on businesses sold, net of provisions and other, and non-operating, non-recurring items, financial provisions, realized losses net of financial provisions taken previously, income tax and minority interests on adjustments. This result takes into account part of the benefit from the Consolidated Global Profit Tax System, as from January 1, 2004.

(2) 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.

solid momentum of the premium channel. CanalSatellite, driven by its revenues growth, confirmed and reinforced its French leadership.

In parallel, the Group's movie business increased its operating income compared to last year, benefiting from the releases of successful movies (*Les Rivières Pourpres 2, Podium, Fahrenheit 9/11*).

Universal Music Group (92% Vivendi Universal economic interest):

For the first nine months of 2004, UMG significantly improved its operating income to €44 million

For the third quarter 2004, UMG's operating income of €29 million was up compared to operating income of €4 million last year reflecting the margin on higher sales, lower marketing expenses and the other results of the company's cost reduction program partly offset by the planned acceleration of catalogue amortization, restructuring expenses and a further impairment charge of €10 million at UMG's Music Clubs in the U.K. and France.

For the first nine months of 2004, UMG's operating income amounted to €44 million compared to a reported loss in 2003 of €38 million. This improvement was driven by lower Artist & Repertoire (A&R) and marketing costs, reductions in overheads and selling expenses and a lower depreciation charge. This more than offset higher amortization costs, reflecting a planned reduction in the period that music and music publishing catalogues were amortized from 20 to 15 years, restructuring costs and a cumulative impairment charge of €28 million recorded at UMG's Music Clubs in the U.K. and France.

Major new releases for the remainder of the year include new albums from Ashanti, Andrea Bocelli, Daniel Bedingfield, Busted, Elton John, Eminem, Gwen Stefani and U2 in addition to Greatest Hits from the Bee Gees, George Strait, Ronan Keating, Shania Twain and Toby Keith.

Vivendi Universal Games (99% Vivendi Universal economic interest):

For the third quarter of 2004, Vivendi Universal Games started to cut operating losses.

For the third quarter 2004, VUG's operating loss was €29 million, essentially cutting the operating loss in half (representing a 50% growth or a 48% growth at constant currency) despite lower net sales. This improvement was driven by lower operating expenses relating to the global turnaround plan.

For the first nine months of 2004, VUG's operating loss was €185 million compared to a loss of €110 million in 2003. The 2004 operating income includes the beginning of the favourable results of these cost reductions, but they are offset by heavy one-time costs associated with such turnaround plan (approximately €85 million). The one-time costs include write-offs of certain projects and titles, along with a significant level of restructuring expenses associated with the cost of a material reduction in the staff count in North America, down by approximately 40% since the beginning of the year.

Furthermore, at the end of 2003, VUG strengthened capitalization criteria of internal development costs. As a result, most internal development costs are now expensed as incurred. Had this strengthening of capitalization criteria actually occurred at the beginning of 2003, it would have had an approximate negative impact of €24 million on operating income on the first nine months of 2003.

Telecom activity *(as fully consolidated at 100%)*

For the third quarter 2004, Telecom businesses have generated €809 million of operating income, up 13% on a comparable basis.

For the first nine months of 2004, Telecom businesses have generated €2,313 million of operating income, up 16% on a comparable basis.

SFR Cegetel Group (approximately 56% Vivendi Universal economic interest):

For the first nine months of 2004, SFR Cegetel Group's operating income grew 17% on a comparable[(1)] basis to €1,799 million.

SFR Cegetel Group operating income for the third quarter of the year grew 15% (14% on a comparable basis[(1)]) to €613 million.

(1) Comparable basis illustrates the full consolidation of Telecom Développement as if the merger had occurred on January 1, 2003.

Mobile telephony operating income grew 20%[(2)] (also 20% on a comparable basis[(1)]) to €642 million*, thanks to the 9% revenues growth (11% on a comparable basis[(1)]) and to continued strong control of customer costs.

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 €4 million, Cegetel recorded operating losses of €29 million for the third quarter of 2004, compared to a loss of €5 million for the same period in 2003, (and to a profit of €2 million on a comparable basis).

For the first nine months of 2004, SFR Cegetel Group operating income grew 19% (17% on a comparable basis[(1)] to €1,799 million.

Mobile telephony operating income grew 20%[(2)] (also 20% on a comparable basis[(1)]) to €1,831 million, thanks to the 10% revenues growth (12% on a comparable basis[(1)]), continued strong control of customer costs and the recording of €42 million of positive non recurring items. As a consequence, the growth in operating income observed at the end of September cannot be extrapolated to the rest of the year.

As a consequence of the heavy commercial and technical costs of the broadband Internet retail offer launched in March 2004 and despite the 41% growth in revenues (7% on a comparable basis[(1)]) and the recording of positive non-recurring items amounting to €30 million, Cegetel recorded operating losses of €32 million for the first nine months of 2004, compared to a loss of €7 million for the same period in 2003 (and to a profit of €19 million on a comparable basis[(1)]).

Maroc Telecom (35% Vivendi Universal economic interest):

For the first nine months of 2004, Maroc Telecom operating income grew 12% to €514 million.

Maroc Telecom Group consolidated operating income grew 13% (+11% at constant currency on a comparable basis[(1)]) to €196 million on the third quarter mainly with a strong growth of revenues (+14%).

For the first nine months of 2004, Maroc Telecom Group consolidated operating income grew 12% (+14% at constant currency on a comparable basis[(1)]) to €514 million. The good performance of revenues (+10%) emphasized by the accounting of €20 million positive non-recurring items was partially reduced by an increase in the acquisition cost of new customers.

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* with respect to the third quarter of 2004

(1) Comparable basis illustrates the effect of the full consolidation of [Mauritel/Télécom Developpement] as if it had occurred on January 1, 2003.

(2) Please note that because of the merger of SFR and Cegetel Groupe SA and also to better reflect the performances of each separate businesses, SFR Cegetel Group 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 Group's breakdown of results by business differs from figures published in 2003.

Appendix I

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

REVENUES AND OPERATING INCOME ON A COMPARABLE BASIS BY BUSINESS SEGMENT (French GAAP, unaudited)

Comparable basis essentially illustrates the effect of the divestiture of Vivendi Universal Entertainment (VUE), of the divestitures at Canal+ Group (Telepiù, Canal+ Nordic, Canal+ Benelux, etc...), VUP (Comareg and Atica & Scipione) and of Vivendi Telecom Hungary, Kencell and Monaco Telecom, the abandonment of Internet operations and includes the full consolidation of Telecom Développement at SFR Cegetel Group and of Mauritel at Maroc Telecom as if these transactions had occurred at the beginning of 2003. These results are not necessarily indicative of the combined results that would have occurred had the events actually occurred at the beginning of 2003.

	3rd quarter ended September 30,				Nine months ended September 30,			
	2004	2003	% Change	% Change at constant currency	2004	2003	% Change	% Change at constant currency
	(In millions of euros)							
Revenues								
Canal+ Group	€ 831	€ 831	0%	1%	€ 2,584	€ 2,489	4%	4%
Universal Music Group	1,164	1,115	4%	8%	3,233	3,283	–2%	3%
Vivendi Universal Games	63	77	–18%	–14%	211	317	–33%	–28%
Media	€2,058	€2,023	2%	4%	€ 6,028	€ 6,089	–1%	2%
SFR Cegetel Group	2,188	1,982	10%	10%	6,301	5,647	12%	12%
Maroc Telecom	440	399	10%	12%	1,241	1,135	9%	12%
Telecom	€2,628	€2,381	10%	11%	€ 7,542	€ 6,782	11%	12%
Other[(a)]	(6)	12	na*	na*	(7)	20	na*	na*
Total Vivendi Universal	€4,680	€4,416	6%	7%	€13,563	€12,891	5%	7%
Operating Income (Loss)								
Canal+ Group	€ 92	€ 123	–25%	–24%	€ 292	€ 251	16%	17%
Universal Music Group	29	4	x7	x8	44	(38)	na*	na*
Vivendi Universal Games	(29)	(58)	50%	48%	(185)	(110)	–68%	–80%
Media	€ 92	€ 69	33%	39%	€ 151	€ 103	47%	38%
SFR Cegetel Group	613	538	14%	14%	1,799	1,541	17%	17%
Maroc Telecom	196	178	10%	11%	523	467	12%	14%
Telecom	€ 809	€ 716	13%	13%	€ 2,322	€ 2,008	16%	16%
Holding & corporate	(61)	(59)	–3%	–5%	(173)	(213)	19%	16%
Other[(a)]	19	(7)	na*	na*	30	(42)	na*	na*
Total Vivendi Universal	€ 859	€ 719	19%	20%	€ 2,330	€ 1,856	26%	25%

* na: non applicable.

(a) ''Other'' corresponds to Vivendi Telecom International (excluding Vivendi Telecom Hungary, Kencell and Monaco Telecom), Vivendi Valorisation, other non core businesses and the elimination of intercompany transactions.

Appendix II

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

REVENUES AND OPERATING INCOME BY BUSINESS SEGMENT AS PUBLISHED (French GAAP, unaudited)

	3rd quarter ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
	(In millions of euros)			
Revenues				
Canal+ Group	€ 850	€ 969	€ 2,689	€ 3,184
Universal Music Group	1,164	1,115	3,233	3,283
Vivendi Universal Games	63	77	211	317
Media	€2,077	€2,161	€ 6,133	€ 6,784
SFR Cegetel Group	2,188	1,941	6,301	5,553
Maroc Telecom	440	387	1,210	1,101
Telecom	€2,628	€2,328	€ 7,511	€ 6,654
Other[(a)]	(2)	109	123	434
Total Vivendi Universal	€4,703	€4,598	€13,767	€13,872
(Excluding VUE and VUP assets sold in 2003)				
Vivendi Universal Entertainment[(b)]	—	1,305	2,327	4,267
VUP assets sold in 2003[(c)]	—	—	—	128
Total Vivendi Universal	€4,703	€5,903	€16,094	€18,267
Operating Income (Loss)				
Canal+ Group	€ 96	€ 133	€ 303	€ 378
Universal Music Group	29	4	44	(38)
Vivendi Universal Games	(29)	(58)	(185)	(110)
Media	€ 96	€ 79	€ 162	€ 230
SFR Cegetel Group	613	531	1,799	1,515
Maroc Telecom	196	174	514	457
Telecom	€ 809	€ 705	€ 2,313	€ 1,972
Holding & corporate	(61)	(59)	(173)	(213)
Other[(a)]	22	(26)	45	(114)
Total Vivendi Universal	€ 866	€ 699	€ 2,347	€ 1,875
(Excluding VUE and VUP assets sold in 2003)				
Vivendi Universal Entertainment[(b)]	—	197	337	692
VUP assets sold in 2003[(c)]	—	—	—	6
Total Vivendi Universal	€ 866	€ 896	€ 2,684	€ 2,573

* na: non applicable.

(a) "Other" corresponds to Vivendi Universal Publishing (VUP) activities in Brazil (Atica & Scipione) deconsolidated since January 1, 2004, Internet operations abandoned since January 1, 2004, Vivendi Telecom International, Vivendi Valorisation, other non core businesses and the elimination of intercompany transactions.

(b) Vivendi Universal Entertainment was deconsolidated as of May 11, 2004 as the result of the divestiture of 80% of Vivendi Universal's interest in this company.

(c) Corresponds to Comareg sold in May 2003.

Appendix III

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

PRO FORMA REVENUES AND OPERATING INCOME BY BUSINESS SEGMENT (French GAAP, unaudited)

The pro forma information illustrates the effect of the divestitures of VUE in May 2004, of Telepiù in April 2003 and of Comareg in May 2003 as if these transactions had occurred at the beginning of 2003. These results are not necessarily indicative of the combined results that would have occurred had the events actually occurred at the beginning of 2003.

	3rd quarter ended September 30,				Nine months ended September 30,			
	2004	2003	% Change	% Change at constant currency	2004	2003	% Change	% Change at constant currency
	(In millions of euros)							
Revenues								
Canal+ Group	€ 850	€ 969	–12%	–11%	€ 2,689	€ 2,873	–6%	–6%
Universal Music Group	1,164	1,115	4%	8%	3,233	3,283	–2%	3%
Vivendi Universal Games	63	77	–18%	–14%	211	317	–33%	–28%
Media	€2,077	€2,161	–4%	–1%	€ 6,133	€ 6,473	–5%	–3%
SFR Cegetel Group	2,188	1,941	13%	13%	6,301	5,553	13%	13%
Maroc Telecom	440	387	14%	15%	1,210	1,101	10%	12%
Telecom	€2,628	€2,328	13%	13%	€ 7,511	€ 6,654	13%	13%
Other(a)	(2)	109	na*	na*	123	434	–72%	–70%
Total Vivendi Universal	€4,703	€4,598	2%	4%	€13,767	€13,561	2%	3%
Operating Income (Loss)								
Canal+ Group	€ 96	€ 133	–28%	–28%	€ 303	€ 265	14%	14%
Universal Music Group	29	4	x7	x8	44	(38)	na*	na*
Vivendi Universal Games	(29)	(58)	50%	48%	(185)	(110)	–68%	–80%
Media	€ 96	€ 79	22%	25%	€ 162	€ 117	38%	30%
SFR Cegetel Group	613	531	15%	15%	1,799	1,515	19%	19%
Maroc Telecom	196	174	13%	14%	514	457	12%	15%
Telecom	€ 809	€ 705	15%	15%	€ 2,313	€ 1,972	17%	18%
Holding & corporate	(61)	(59)	–3%	–5%	(173)	(213)	19%	16%
Other(a)	22	(26)	na*	na*	45	(114)	na*	na*
Total Vivendi Universal	€ 866	€ 699	24%	24%	€ 2,347	€ 1,762	33%	33%

* na: non applicable.

(a) "Other" corresponds to Vivendi Universal Publishing (VUP) activities in Brazil (Atica & Scipione) deconsolidated since January 1, 2004, Internet operations abandoned since January 1, 2004, Vivendi Telecom International, Vivendi Valorisation, other non core businesses and the elimination of intercompany transactions.

Appendix IV

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

CONSOLIDATED STATEMENT OF INCOME (French GAAP, unaudited)

	3rd quarter ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
	(In millions of euros, except per share amounts)			
Revenues	€ 4,703	€ 5,903	€ 16,094	€ 18,267
Operating income	€ 866	€ 896	€ 2,684	€ 2,573
Financing expense	(82)	(154)	(389)	(531)
Other financial expenses, net of provisions[(a)]	—	(50)	(426)	(339)
Financing and other expenses, net	€ (82)	€ (204)	€ (815)	€ (870)
Income before gain (loss) on businesses sold, net of provisions, and other, income taxes, equity interest, goodwill amortization and minority interests	€ 784	€ 692	€ 1,869	€ 1,703
Gain (loss) on businesses sold, net of provisions, and other[(b)]	(61)	144	(1,657)	481
Income tax expense[(c)]	427	(212)	(244)	(845)
Income before equity interest, goodwill amortization and minority interests	€ 1,150	€ 624	€ (32)	€ 1,339
Equity in (losses) earnings of unconsolidated companies[(d)]	31	(20)	187	(87)
Equity loss in Veolia Environnement impairment[(e)]	—	—	—	(190)
Goodwill amortization	(129)	(159)	(412)	(625)
Impairment losses	(8)	(39)	(19)	(161)
Income (loss) before minority interests	€ 1,044	€ 406	€ (276)	€ 276
Minority interests	(268)	(275)	(806)	(777)
Net Income (loss)	€ 776	€ 131	€ (1,082)	€ (501)
Income (loss) per basic share	€ 0.72	€ 0.12	€ (1.01)	€ (0.47)
Weighted average common shares outstanding (in millions)[(f)]	1,072.2	1,071.7	1,071.9	1,070.8

(a) In 2004, includes the cost related to the redemption of High Yield Notes (–€303 million).

(b) In 2004, mainly includes the after tax loss on the divestiture of 80% of Vivendi Universal's interests in Vivendi Universal Entertainment for €1,739 million net of a –€2,105 million foreign currency translation adjustment (with no impact on cash position and on shareholders' equity) as well as gain on the divestiture of other entities, net of provisions (+€181 million). For the third quarter, includes a non-cash additional expense of €88 million resulting from balance sheet adjustments related to the divestiture of 80% of VUE and to the investment of 20% in NBC Universal.

(c) In 2004, following its admission to the French Consolidated Income Tax Regime as from January 1, 2004, Vivendi Universal has recorded a tax saving of €750 million.

(d) In 2004, includes the equity in NBC Universal's earnings since May 12, 2004, i.e. €57 million. In 2003, includes the equity in earnings of the Consumer Press Division, which was sold in February 2003.

(e) Corresponds to Vivendi Universal's 20.4% interest in Veolia Environnement's impairment of goodwill and other intangible assets (i.e. €440 million), after a notional impairment of goodwill initially recorded as a reduction of shareholders' equity of €250 million, as prescribed by French GAAP.

(f) Excluding treasury shares recorded as a reduction of shareholders' equity (that is 3,166 shares as at September 30, 2004). The weighted average common shares outstanding including the potential dilution effect of outstanding convertible bonds and stock options represented approximately 1,215.6 million common shares as at September 30, 2004. The financial instruments with potential dilution effect that were in the money at that date represented approximately 105.1 million common shares out of 143.7 million common shares to be potentially issued.

Appendix V

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED NET INCOME (French GAAP, unaudited)

	3rd quarter ended September 30,			Nine months ended September 30,		
	2004	2003	Change	2004	2003	Change
	(In millions of euros)					
Net income (loss)[a]	€ 776	€ 131	645	€(1,082)	€(501)	(581)
Adjustments						
Financial provisions and amortization of deferred financial charges[b]	11	(33)	44	132	(407)	539
Realized losses, net of financial provisions taken previously[b]	1	77	(76)	5	469	(464)
Other non-operating, non-recurring items[b][c]	—	8	(8)	303	145	158
Subtotal impact on other financial expenses, net of provisions[b]	€ 12	€ 52	(40)	€ 440	€ 207	233
Loss (gain) on businesses sold, net of provisions, and other[a]	61	(144)	205	1,657	(481)	2,138
Equity loss in Veolia Environnement impairment[a]	—	—	—	—	190	(190)
Goodwill amortization[a]	129	159	(30)	412	625	(213)
Impairment losses[a]	8	39	(31)	19	161	(142)
Income tax expense[d]	(388)	—	(388)	(366)	47	(413)
Minority interests on adjustments	(12)	(31)	19	(27)	(56)	29
Adjusted net income	€ 586	€ 206	380	€ 1,053	€ 192	861

(a) As reported in the consolidated statement of income.

(b) The table presents the detail of the impact of the adjustments on other financial expenses, net of provisions:

	3rd quarter ended September 30, 2004				Nine months ended September 30, 2004			
	Financial provisions and amortization of financial deferred charges	Realized losses	Other non-operating, non-recurring items	Net impact	Financial provisions and amortization of financial deferred charges	Realized losses	Other non-operating, non-recurring items	Net impact
	(In millions of euros)							
Mark-to-market of interest rate swaps	€ —	€ —	€ —	€ —	€ —	€ —	€ —	€ —
Mark-to-market of DuPont shares	(22)	—	—	(22)	(42)	—	—	(42)
Provision on SNCF put option on Cegetel S.A.S	—	—	—	—	(35)	—	—	(35)
Amortization of deferred financial charges	(5)	—	—	(5)	(66)	—	—	(66)
Cost related to the redemption of High Yield Notes	—	—	—	—	—	—	(303)	(303)
Other	16	(1)	—	15	11	(5)	—	6
Total	€(11)	€ (1)	€ —	€(12)	€(132)	€ (5)	€(303)	€(440)

(c) In 2004, includes the cost related to the redemption of High Yield Notes for -€303 million. In 2003, includes the losses related to the settlement of put options on treasury shares (-€104 million) and the fees related to the implementation of the group's refinancing plan (-€41 million).

(d) Includes the neutralization of the deferred tax asset induced by the expected tax saving for 2005 fiscal year (i.e. €388 million) recognized as a result of Vivendi Universal's permission to use the Consolidated Global Profit System as of January 1, 2004. Indeed, only tax savings on 2004 fiscal year (i.e. €362 million) are included in the adjusted net income.

APPENDIX VI

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

CONSOLIDATED CONDENSED STATEMENT OF FINANCIAL POSITION (French GAAP, unaudited)

	September 30 2004	December 31, 2003
	(In millions of euros)	
ASSETS		
Goodwill, net	€16,776	€17,789
Other intangible assets, net	6,248	11,778
Fixed assets and investments	7,889	10,997
Total long-term assets	30,913	40,564
Other current assets	8,833	11,498
Cash and cash equivalents	1,231	2,858
Total current assets	10,064	14,356
TOTAL ASSETS	€40,977	€54,920
SHAREHOLDERS' EQUITY AND LIABILITIES		
Total shareholders' equity	12,656	11,923
Minority interests	3,123	4,929
Other equity	1,000	1,000
Other non-current liabilities	3,721	5,261
Gross debt	6,750	14,423
Deferred taxes liabilities	3,656	5,123
Accounts payable	10,071	12,261
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	€40,977	€54,920

FINANCIAL NET DEBT

	September 30		
	2004	2003	Change
	(In millions of euros)		
Gross debt	€ 6,750	€14,963	€(8,213)
Cash and cash equivalents	(1,231)	(2,173)	942
Financial Net Debt	€ 5,519	€12,790	€(7,271)

FINANCIAL NET DEBT MATURITY

		Payments due in			
	Total as of September 30, 2004	Before September 2005	Between September 2005 and September 2006	Between September 2006 and September 2009	After September 2009
		(In millions of euros)			
Gross debt	€ 6,750	€ 2,063	€1,266	€3,268	€153
Cash and cash equivalents	(1,231)	(1,231)	—	—	—
Financial Net Debt	€ 5,519	€ 832	€1,266	€3,268	€153

Appendix VII

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

CONSOLIDATED STATEMENT OF CASH FLOWS
(French GAAP, unaudited)

	Nine months ended September 30,		Year ended December 31,
	2004[a]	2003[a]	2003[a]
	(In millions of euros)		
Cash flow — operating activities:			
Net loss	€(1,082)	€ (501)	€(1,143)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	1,748	2,263	4,759
Equity loss in Veolia Environnement impairment	—	190	203
Financial provisions and provisions related to businesses sold[b]	6	(407)	(1,007)
Gain on sale of property, plant and equipment and financial assets, net	1,692	(195)	47
Equity in (losses) earnings of unconsolidated companies[c]	(187)	87	(72)
Deferred taxes	(797)	35	(842)
Minority interests	806	777	1,212
Dividends received from unconsolidated companies[d]	355	55	59
Changes in assets and liabilities, net of effect of acquisitions and divestitures	987	(151)	670
Net cash provided by operating activities	3,528	2,153	3,886
Cash flow — investing activities:			
Capital expenditures	(1,007)	(979)	(1,552)
Proceeds from sales of property, plant, equipment and intangible assets	232	367	477
Purchases of investments[e]	(401)	(4,332)	(4,422)
Sales of investments[e]	3,011	1,394	1,408
Net decrease (increase) in financial receivables	13	160	140
Sales (purchases) of marketable securities	(30)	48	49
Net cash provided by (used for) investing activities	1,818	(3,342)	(3,900)
Cash flow — financing activities:			
Net increase (decrease) in short-term borrowings	(3,059)	(4,805)	(7,259)
Proceeds from issuance of borrowings and other long-term debt	1,030	6,257	5,657
Principal payment on borrowings and other long-term liabilities	(3,373)	(4,646)	(1,947)
Net proceeds from issuance of common shares	15	70	71
Sales (purchases) of treasury shares	—	(100)	(98)
Cash dividends paid	(1,649)	(773)	(737)
Net cash provided by (used for) financing activities	(7,036)	(3,997)	(4,313)
Foreign currency translation adjustment	63	64	(110)
Change in cash and cash equivalents	€(1,627)	€(5,122)	€(4,437)
Cash and cash equivalents:			
Beginning	€ 2,858	€ 7,295	€ 7,295
Ending	€ 1,231	€ 2,173	€ 2,858

(a) Includes 100% of SFR, Maroc Telecom and Vivendi Universal Entertainment (until May 11, 2004) which are controlled by Vivendi Universal with a 56%, 51% and 92% voting interest respectively and a 56%, 35% and 86% ownership interest respectively.

(b) For the nine months ended September 30, 2004, comprises financial provisions reported in ''other financial expenses, net of provisions'' (–€66 million) and provisions reported in ''gain (loss) on businesses sold, net of provisions, and other'' (€60 million).

(c) Includes the reversal of equity in earnings of sold subsidiaries.

(d) These dividends have no impact on Vivendi Universal net income. As at September 30, 2004, they include, among other, the dividends received from NBC Universal. In compliance with the terms of the combination agreement signed between Vivendi Universal, General Electric and NBC, Vivendi Universal reimbursed all the cash generated by VUE between October 1, 2003 and May 11, 2004 (i.e. €629 million). In June, Vivendi Universal received a dividend of €224 million from NBC Universal corresponding to 20%[1] of the cash generated by NBC and VUE from October 1, 2003 to May 11, 2004. This dividend has been recognized in net cash provided by operating activities while the consolidated cash flow statement includes 100% of VUE until its deconsolidation on May 11, 2004. On September 29, 2004, Vivendi Universal received a second dividend of €78 million corresponding to 20% of the cash generated by NBC Universal from May 12, 2004 to July 31, 2004.

(e) Includes net cash from acquired and divested companies.

(1) Before Universal Studios Holding Corp's minority interests.

Appendix VIII

The following table comprises unaudited actual financial information for the periods referred to.

VIVENDI UNIVERSAL

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (French GAAP, unaudited)

	Common Shares			Retained Earnings and Others			
	Number	Amount	Additional Paid-in Capital	Retained Earnings	Cumulative Foreign Currency Translation Adjustment	Total	Shareholders' Equity
	(Thousands)			(In millions of euros)			
Balance at December 31, 2003	1,071,519	€5,893	€6,030	€ 3,750	€(3,750)	€ —	€11,923
Net loss for the period	—	—	—	(1,082)	—	(1,082)[a]	(1,082)
Reversal of foreign currency translation adjustment related to 80% of the interests in VUE	—	—	—	—	2,105	2,105[a]	2,105
Foreign currency translation adjustment	—	—	—	—	(164)	(164)	(164)
Impact of the implementation of CRC Rule 04-03[b]	—	—	—	(95)	—	(95)	(95)
Conversion of ex-Seagram exchangeables	921	5	68	(73)	—	(73)	—
Conversion of bonds, warrants, stock options and issuances under the employee stock purchase plan	833	4	11	—	—	—	15
Treasury shares cancelled (incl. stripped shares)	(714)	(4)	(11)	15	—	15	—
Release of revaluation surplus and other	—	—	—	(46)	—	(46)	(46)
Balance at September 30, 2004	1,072,559	€5,898	€6,098	€ 2,469	€(1,809)	€ 660	€12,656

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

(b) As a result of the application of the CRC Rule 04-03 issued on May 4, 2004, Vivendi Universal has fully consolidated Special Purpose Vehicles used for the defeasance of real estate since January 1, 2004."

Further Divestitures

— Divestiture of "flux-diverstissement" business of StudioExpand: On 7 June 2004 Canal+ Group completed the sale of all the companies in the "flux-diverstissement" division of its television production subsidiary, StudioExpand. This company is comprised of Adventure Line Productions, CALT, KM, Productions DMD and Starling. The sale of StudioExpand's last two businesses — drama and documentaries — is currently underway.

— Kencell: In May 2004, Vivendi Universal sold its 60% stake in Kencell, Kenya's No.2 mobile phone operator, for a cash sum of $230 million (€190 million), fully collected on 25 May 2004. The stake has been sold to Sameer Group, the shareholder that owns the other 40% of Kencell, Sameer Group having exercised its pre-emptive right.

— Vivendi Universal announced on 18 June 2004 the finalisation of the sale to Cable and Wireless of its 55% stake in Monaco Telecom for a total consideration of €169 million (including a dividend of €7 million).

— Vivendi Universal announced on 25 June 2004 the sale to Advent International of the 48.85% stake held by Canal+ Group in Sportfive, for a cash consideration of €274 million.

— On 1st September 2004, Vivendi Universal announced that it has closed the sale of the Babelsberg studios in Postdam, Germany, to a group of German investors led by Carl Woebcken and Christoph Fisser. The transaction was concluded for a token consideration of one Euro and repayment by Vivendi Universal to its subsidiary of EUR 18 million worth of outstanding debt.

— On 28 October 2004, Vivendi Universal announced the closing of the sale of the European operations of UCI Cinemas group (UK, Ireland, Germany, Austria, Spain, Portugal and Italy) to Terra Firma for a price of €270 million debt and cash free. The UCI group's 50% stake in UCI Japan was sold separately for an addition €45.6 million to Sumitomo Corporation.

Further important events

— Following a presentation of the 2004 full year positive outlook, the Board of Directors of Vivendi Universal indicated on 29 September 2004 that it may, at the appropriate time, propose a dividend which should not be lower than €0.50 per share to be paid in 2005 based on 2004 earnings.

— 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 January 21, 2005.

— On 20 January 2005, Vivendi Universal announced that it was considering all the scenarios at its disposal to secure its interests in Elektrim Telekomunikacja including a sale of its current stake or an increase of the same.

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.

Name	Age	Position	Expiration of current term
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:

Name	Age	Positions and Responsibilities
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

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

Securities Class Action Litigation

Commencing on 18 July 2002, a combined total of sixteen separate putative class action suits were filed against Vivendi Universal, Jean-Marie Messier and (in nine cases) 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. In September 2002, the fourteen New York cases were consolidated into *In re Vivendi Universal Securities Litigation* (Master File No. 02 CV 5571), and co-lead plaintiffs and co-lead counsel were appointed by the Court. In November 2002, the two California cases were transferred to New York and consolidated with the New York litigation.

On 7 January, 2003, the co-lead plaintiffs filed a consolidated class action complaint, alleging violations of the Securities Act of 1933 (the Securities Act) and the Securities Exchange Act of 1934 (the Exchange Act) against Vivendi Universal and Messrs. Messier and Hannezo. The 1933 Act allegations relate to allegedly false and materially misleading statements or omissions in the registration and proxy statements that were issued at the time of the merger transactions involving Vivendi, S.A., Canal Plus, S.A. (''Canal Plus'') and The Seagram Company Limited (''Seagram''). Those false ''statements'' are primarily alleged to be violations of French or US GAAP which caused the financial statements of Vivendi Universal to be wrong. The Exchange Act allegations relate to allegedly false or materially misleading statements or omissions in certain public statements of the Company, such as press releases and financial statements, which purportedly failed to disclose Vivendi Universal's true financial condition. Plaintiffs seek damages from all three defendants in an unspecified amount.

The alleged classes of plaintiffs pleaded in the consolidated complaint include all purchasers of Vivendi Universal's ADSs and common stock from October 30, 2000, to 14 August 2002, as well as all holders of the common stock of Seagram that was exchanged for Vivendi Universal stock in the merger transactions with Seagram and Canal Plus, and those shareholders of Vivendi Universal or Seagram who were entitled to vote on the merger transactions (excluding certain specified holders). The Court has not yet certified those classes. Vivendi Universal will oppose such certification.

On 6 November 2003, the Court issued an Opinion and Order granting defendants' motions to dismiss with respect to plaintiffs' claims under Sections 11 and 12(a)(2) of the Securities Act (on behalf of purchasers who acquired Vivendi Universal ADSs pursuant to a registration statement on Form F-6 not alleged to be misleading by plaintiffs) and Section 14(a) of the Exchange Act, but otherwise denying defendants' motions to dismiss. As part of its Opinion and Order, the Court gave plaintiffs leave to replead their claim against Vivendi Universal under Section 14(a) of the Exchange Act. In November 2003, both plaintiffs and defendants filed motions seeking reconsideration of certain aspects of the Court's Opinion and Order. A decision on those motions remains pending.

On 24 November 2003, plaintiffs served Vivendi Universal with their First Amended Consolidated Class Action Complaint, containing their repleaded claim under Section 14(a) of the Exchange Act. On 1 April 2004, the Court granted Vivendi Universal's motion to dismiss plaintiffs' Section 14(a) claim and denied plaintiffs leave to replead.

On 26 November 2003, plaintiffs served defendants with their First Request for the Production of Documents. That First Request sought production, *inter alia*, of Vivendi Universal's previous document productions to the SEC and the French *Autorité des Marchés Financiers* (the AMF, formerly, the *Commission des Opérations de Bourse*) as well as documents produced or collected in the context of the pending French proceedings involving the French public prosecutor's office and the *Association des Petits Porteurs Actifs* (APPAC). On 29 January 2004, the Court issued a decision denying in part, and granting in part, plaintiffs' motion to compel production. Pursuant to that decision, Vivendi Universal is required to produce documents produced to or collected by the SEC, AMF or in the APPAC proceedings only where those documents are responsive to properly particularized document requests served by plaintiffs seeking documents properly relevant to claims or defenses at issue in the securities class action litigation. Vivendi Universal is further required to ask the SEC to produce the transcripts of the depositions conducted by the SEC of current Vivendi Universal employees, which it has done.

On 16 January 2004, plaintiffs served defendants with their Second Request for the Production of Documents. That request is extremely broad in scope. Following the Court's 1 April 2004, decision on Vivendi Universal's motion to dismiss plaintiffs' Section 14(a) claim, pretrial discovery (including document production) has now commenced in the securities class action litigation.

Vivendi Universal is still in the process of evaluating the merits of plaintiffs' claims and the quantum of any potential damages exposure. Vivendi Universal disputes plaintiffs' allegations, and plans to defend vigorously against them.

GAMCO Investors, Inc. Suit

On 6 August 2003, GAMCO Investors, Inc. ("GAMCO"), an investment advisor and member of the putative class described above, filed its own suit against Vivendi Universal in the United States District Court for the Southern District of New York as *GAMCO Investors, Inc. v. Vivendi Universal, S.A.* (C.A. No. 03 CV 5911). Plaintiff alleges violation of the Exchange Act, as well as common law fraud and negligent misrepresentation under New York law. By Order dated 2 September 2003, the Court ordered that GAMCO's suit be consolidated with the shareholder class action litigation for all purposes. Vivendi Universal filed a motion to dismiss GAMCO's complaint on 17 February 2004. That motion is now fully briefed and a decision on that motion is pending. Vivendi Universal disputes GAMCO's allegations, and plans to defend vigorously against them.

Liberty Media Corporation Suit

On 28 March 2003, Liberty Media Corporation and certain of its affiliates filed suit against Vivendi Universal, Universal Studios, Inc. ("Universal Studios"), Jean-Marie Messier and Guillaume Hannezo in the United States District Court for the Southern District of New York, captioned *Liberty Media Corporation, et al. v. Vivendi Universal, S.A., et al.*, (No. 03 CV 2175). The complaint arises from the transaction among Vivendi Universal, Universal Studios, USA Networks, Inc., USANi LLC, Liberty Media and Barry Diller that was agreed upon in December 2001 and resulted in the formation of VUE in May 2002. As part of that transaction, Vivendi transferred 37.4 million of its shares to Liberty Media in exchange for equity in USANi LLC and USA Networks, Inc. and Liberty Media's 27.4% interest in the European cable television company, MultiThématiques.

The complaint alleges: (1) breach of contract and breach of warranty claims against Vivendi Universal and Universal Studios in connection with certain representations and warranties made by such parties in the Merger Agreement executed with Liberty Media and its affiliates on 16 December 2001; (2) fraud and fraudulent concealment claims against Vivendi Universal and Messrs. Messier and Hannezo based on representations made during the course of negotiation of the transaction; (3) negligent misrepresentation and unjust enrichment claims against all of the defendants; and (4) violations of the Exchange Act against Vivendi Universal and Messrs. Messier and Hannezo. Plaintiffs' claims are based upon allegedly false or materially misleading statements or omissions by the defendants during the period of March 2001 to June 2002 in certain press releases, conference calls, financial statements and SEC filings, which purportedly failed to disclose Vivendi Universal's true financial condition, and/or other information allegedly material to investors in its shares. Plaintiffs seek damages from all four defendants in an unspecified amount, as well as equitable and/or injunctive relief.

In the Issuer's opinion, while the purported legal bases for the Liberty Media plaintiffs' claims differ in certain respects, the allegations are based upon substantially the same underlying circumstances and events identified in the securities class action litigation also filed in the United States District Court for the Southern District of New York, as described above. On 13 May, 2003, the Court issued an order consolidating, for all pre-trial purposes, the Liberty Media suit with the securities class action litigation.

Vivendi Universal, Universal Studios, and Messrs. Messier and Hannezo each filed motions to dismiss Liberty Media's complaint. Following oral argument on those motions on 1 April 2004, the Court granted defendants' motions in part, and denied those motions in part. The Court confirmed that Liberty Media cannot sue Vivendi Universal for alleged violations of the securities laws that occurred after 16 December 2001, or for alleged extra-contractual representations such as verbal or written statements by defendants or any representation not embodied or referred to in the Merger Agreement. The Court also ruled that Liberty Media's claims based upon Vivendi Universal's alleged failure to disclose adequately the sale of certain put options and its stock repurchase program likewise be dismissed. Vivendi Universal and Universal Studios filed their Answer and Defenses to plaintiffs' claims on 7 June 2004.

Following the Court's decision, pretrial discovery will now commence in this litigation, contemporaneously with the securities class action litigation. As in the securities class action litigation, it is not possible at this early stage to predict the outcome and duration of this litigation with any certainty or to quantify any potential damages or the likelihood of any other remedies. Vivendi Universal and Universal Studios dispute plaintiffs' allegations, believe them to be without merit and plan to defend vigorously against them.

Shareholder Derivative Action

On 26 September 2002, a ''derivative'' lawsuit was filed in California state court by Ronald Levine, a holder of Vivendi Universal ADSs, ostensibly on behalf of Vivendi, against certain officers and directors of Vivendi Universal. Plaintiff alleges that, between April 2001 and July 2002, defendants violated California law by causing Vivendi Universal to: (1) make false and misleading statements; and (2) issue false and misleading financial results, each of which artificially inflated the value of Vivendi Universal ADSs. The complaint asserts five causes of action: breach of fiduciary duty; abuse of ability to control and influence Vivendi Universal; gross mismanagement; waste of corporate assets; and violation of California Corporations Code § 25402 (California's insider trading statute) by Edgar M. Bronfman and Edgar Bronfman, Jr. Plaintiff seeks (1) monetary damages against all named defendants on behalf of Vivendi Universal; (2) equitable and injunctive relief; and (3) costs and fees.

Vivendi Universal disputes plaintiff's allegations and it should be expected that Vivendi Universal and the named individual defendants (assuming they can be properly served) will oppose plaintiff's claims. This action is currently stayed until 7 September 2004.

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 Telekomunikacja, 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.

Settlement with Jean-Marie Messier

At the request of the SEC, and in order to achieve a settlement of the SEC investigation, Vivendi Universal settled, on 23 December 2003, certain outstanding lawsuits involving Mr. Messier. As part of that settlement, and in exchange for certain releases from Mr. Messier, Vivendi Universal agreed to make a payment of $3.75 million to cover Mr. Messier's legal expenses and costs incurred in recent litigation and any related taxes. In the event that Mr. Messier is not required to pay the full amount of the estimated taxes, the balance will be refunded to Vivendi Universal, with interest. As part of the settlement, certain suits commenced against Vivendi Universal by Mr. Messier were discontinued.

COB/AMF Procedure

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 Telekomunikacja, as well as other aspects of Vivendi Universal's financial disclosure.

On 7 December 2004, Vivendi Universal received notification of the decision of the Disciplinary Commission 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 Disciplinary Commission's decision to uphold the complaint challenging the use of the equity method solely in 2001 rather than full consolidation for Elektrim Telekomunikacja 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 Disciplinary Commission, would have increased the Vivendi Universal's net debt as of 31 December 2001 by approximately 400 million euros of a total of 37 billion euros, an increase of about one percent.

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

Vivendi Universal is conducting a careful assessment of this decision and its options with legal counsel.

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. That investigation is ongoing.

On 18 January 2005, the AMF issued notices of grievance ("*notification de griefs*") against Vivendi Universal and two of its officers, Mr Jean-René Fourtou and Mr Jean-Bernard Lévy, arising from the inquiry into movements in Vivendi Universal's shares at the time of the issuance of mandatory exchangeable bonds in November 2002.

The AMF claims that Deutsche Bank sold institutional investors a product comprising both mandatory exchangeable bonds and a hedge of Vivendi Universal shares, and that the description was allegedly not sufficiently clear in the prospectus. Vivendi Universal believes that it fully complied with its disclosure requirements as issuer.

The AMF also claims that at the time of issuance of these bonds, Mr Fourtou and Mr Lévy were in possession of two items of privileged information: first, the expression of interest by Mr Marvin Davis in the US assets of Vivendi Universal, and second, the (allegedly) "high probability" that Vivendi Universal's pre-emptive rights to buy the Cegetel shares held by British Telecom would be exercised.

Vivendi Universal believes that the expression of interest from Marvin Davis, which was unsolicited and the financing for which had not been secured, related to assets that were not scheduled for sale and had been unequivocally rejected by the group's Board of Directors before the mandatory exchangeable bonds were issued and cannot therefore be considered privileged information.

Similarly, the exercise by Vivendi Universal of its pre-emptive rights over Cegetel shares held by British Telecom was not decided upon until the Board of Directors meeting of 3 December 2002, after a series of refinancing deals (completion of which was not certain at the time the bonds were issued) and after Vodafone had declined to raise its offer for Cegetel. Until 3 December 2002, exercise of the pre-emptive rights was a possibility of which the public was aware, and the bond issue prospectus stated that "*Through this offering, the Company will also consolidate its ability to participate in the ongoing transactions regarding Cegetel.*"

These notices of grievance will be contested before the Disciplinary Commission of the AMF.

Criminal and Civil Actions

A complaint by a French association of minority shareholders, APPAC (*Association des Petits Porteurs Actifs*), and a complaint by APPAC's chairman (in his capacity as shareholder of Vivendi Universal), were each filed in France in July 2002. These two complaints were consolidated on 13 November 2002.

Following the filing of these two complaints, the French public prosecutors issued an initial indictment specifying potential crimes relating to the presentation and publication by Vivendi Universal of false or misleading information regarding its financial situation or forecasts, as well as the publication of untrue or inaccurate financial statements, for the 2000 and 2001 fiscal years. The French public prosecutors' investigation is continuing.

On 31 October 2002, Vivendi Universal filed an application to join the underlying civil action as a plaintiff. That application was granted on 14 January 2003. APPAC subsequently filed an appeal against that order, which was denied by the Paris Court of Appeals on 25 June 2003.

It is premature at this time to predict the outcome, duration, or any potential damages relating to these actions. Vivendi Universal believes the complaints to be groundless, disputes the allegations therein, and intends to continue to defend vigorously against them.

Tax Dispute with InterActiveCorp (formerly USA Interactive)

In connection with Vivendi Universal's acquisition of the entertainment assets of InterActiveCorp (''IAC'', formerly known as USA Interactive and prior thereto as USA Networks, Inc.), certain of Vivendi Universal's affiliates (including Universal Studios Group) entered into an amended and restated limited liability limited partnership agreement to form VUE, dated as of May 7, 2002 (the ''Partnership Agreement''), with IAC and certain of its affiliates and Mr. Barry Diller. Pursuant to the Partnership Agreement, certain affiliates of Vivendi Universal, IAC and certain of its affiliates and Mr. Barry Diller received approximately 93.1%, 5.4% and 1.5%, respectively, of VUE common interests. A subsidiary of IAC also received preferred interests in VUE. A disagreement has developed among the parties relating to the interpretation of the provision for tax distributions set forth in the Partnership Agreement.

On 15 April 2003, IAC and one of its affiliates filed suit against Vivendi Universal, USI Entertainment, Inc. and VUE in the Court of Chancery of the State of Delaware. Plaintiffs seek an order requiring specific performance of what they contend to be VUE's obligation to make tax distributions to IAC and its affiliates, as well as a declaration from the Court that VUE is obligated to make cash distributions to IAC and its affiliates in that amount. On 30 January 2004, plaintiffs filed a motion for judgment on the pleadings. Defendants opposed that motion and it is now fully briefed. Oral argument on plaintiffs' motion occurred on 12 May 2004 and, on 30 June 2004, the court granted plaintiffs' motion for judgment on the pleadings. As part of the NBC-Universal Transaction, Vivendi Universal has agreed to indemnify NBC Universal for this tax distribution liability.

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

On 21 August 2003, Vivendi Universal received formal notification from the IRS that it is challenging the tax treatment reported by Seagram of the redemption in April 1995 of 156 million of the DuPont shares held by Seagram. The IRS is also challenging approximately $1.3 million in deductions taken by Seagram during the same tax year relating to insurance premium expenses. In total, the IRS is claiming additional tax of approximately $1.5 billion, plus interest.

Vivendi Universal has contested the IRS's claim in US Tax Court. On 31 October 2003, Vivendi Universal filed a petition asking the Tax Court to review the IRS's determination of the taxes allegedly owed with respect to this transaction. The IRS filed an Answer to that petition on 18 December 2003. Vivendi Universal then filed a further reply on 2 February 2004. Vivendi Universal and the IRS have now commenced informal discovery.

Vivendi Universal continues to believe that the tax treatment is fully compliant with US tax laws in force at the time. While the outcome of any controversy cannot be predicted with complete certainty, Vivendi Universal intends to defend that tax treatment vigorously.

TVT Records and TVT Music

On 20 August 2002, TVT Records and TVT Music (collectively TVT) filed suit in Federal court in New York against The Island Def Jam Music Group (IDJ) and its Chairman, Lyor Cohen (Cohen), for breach of contract, tortious interference with contract, promissory estoppel and fraud in connection with TVT's claim that IDJ and Cohen blocked the delivery of an album to TVT by the band CMC. TVT also alleged related copyright infringement claims against IDJ. After a trial on liability in March 2003, IDJ and Cohen were found liable on all claims, except that the jury did not find liability for fraudulent misrepresentation or fraudulent inducement, but did find liability for fraudulent concealment. Following the subsequent damages trial, on 6 May 2003, the jury awarded TVT $132 million in damages, comprised of approximately $24 million in compensatory damages and $108 million in punitive damages. On 16 June 2003, IDJ and Cohen filed post-trial motions seeking to set aside the jury's verdict. On 2 September 2003, the trial judge issued decisions denying IDJ's and Cohen's motions for judgment or for a new trial, but reducing the punitive damage awards by approximately $78,875,000. Judgments were subsequently entered totalling nearly $55 million. Consistent with the court's procedures for securing judgments pending appeal, IDJ deposited with the court sums totalling 111% of the judgment amounts. IDJ and

Cohen filed notices of appeal in October and November 2003. The briefing on these appeals was completed on 16 April 2004.

MP3.com Securities Litigation

Commencing in May, 2001, MP3.com and certain of its previous officers and directors have been the subject of certain class action suits filed in the United States District Court for the Southern District of New York alleging publication of misleading information in the prospectus and certain of the documents relating to MP3.com's initial public offering. These actions have been consolidated by way of an order dated 6 September 2001. On 19 February 2003, the Court denied a motion to dismiss the claim. This litigation is ongoing.

MP3.com Copyright Infringement Litigation

MP3.com is currently involved in two copyright infringement suits filed in Federal courts in Tennessee and California. This litigation is ongoing.

Elektrim Telekomunikacja

On 26 August 1999, four minority shareholders of Polska Telefonica Cyfrowa (PTC) transferred to Elektrim SA approximately 15% of the capital of PTC. In October 1999, Deutsche Telekom (DT) alleged that its preemption right to about 3.12% of the capital of PTC had not been respected. Pursuant to an award dated 9 April 2003, the arbitration tribunal of Vienna judged that the transfer in question was valid and dismissed DT's claims. On 19 December 2003, DT was ordered to reimburse a part of its arbitration costs to Elektrim.

In December 2000, DT, alleging failure to comply with its preemption right, brought a new arbitration action in Vienna against Elektrim and Elektrim Telekomunikacja Sp. zo.o (Telco, of which Vivendi Universal is a 49% shareholder) requesting the Tribunal to cancel the transfer to Telco by Elektrim of 48% of the capital of PTC. Should DT win the case, Vivendi Universal would have to pay the first $100 million in possible damages arising from this litigation, the rest to be shared with Elektrim.

On 22 August 2003, Vivendi Universal and Vivendi Telecom International S.A. (VTI) filed a request for arbitration with the London Court of International Arbitration against Elektrim, Telco and Carcom Warszawa Sp. zo.o. (Carcom). The litigation concerns the execution of the provisions of the shareholders agreement of 3 September 2001 between Elektrim, Telco, Carcom, Vivendi Universal and VTI (the Shareholders Agreement), concerning representation in the corporate entities of Telco. To date, a hearing has not been set.

On 27 August 2003, Elektrim made a request for arbitration to the Arbitration Tribunal of the Commercial Chamber of Warsaw against Telco. Telco's claim concerns execution of the provisions of the Shareholders Agreement concerning representation in Telco's corporate entities. To date, the arbitration tribunal has not been established.

At the request of Telco, a preliminary injunction was obtained on 30 December 2004, from the Warsaw Regional Court, 16th Business Department, thus barring the Management Board of PTC from making any modification to the PTC share register, until such time that a full adjudication on the merits brought by Telco before the Polish courts over the question of the ownership of the PTC shares is issued. Deutsche Telekom and Elektrim have just appealed this preliminary injunction.

This preliminary injunction follows the issuance on 26 November 2004 by the arbitral tribunal in Vienna of an award which determined that:

- the transfer of the PTC shares by Elektrim to Telco in 1999 was ‘‘ineffective’’ and that the shares were deemed never to have left Elektrim;
- Elektrim was allowed a period of two months from the notification of the award to recover the PTC shares that were transferred in 1999, failing which Elektrim would be in default under the PTC shareholders agreement: in which hypothesis, it cannot be excluded that Deutsche Telekom argue that it has a right to exercise a call option based on the net asset value of the shares that Elektrim might eventually recover;
- the arbitral tribunal also declared that it had no jurisdiction over Telco: consequently, Telco is under no obligation to part with the PTC shares.

At the request of Elektrim and DT, the Warsaw court issued on 2 February 2005 a decision granting partial recognition of the award issued on 26 November 2004, by the Vienna arbitral tribunal.

Telco intends to appeal this decision in order to protect its participation in PTC.

Numerous Polish and international legal opinions support the position of Vivendi Universal that the arbitral award is unenforceable against Telco and PTC.

On 5 February 2004, the President of the Polish Office for the Protection of Competition (on the ground of an alleged acquisition by Vivendi Universal of 2% of the supplementary shares of Elektrim) sent to Vivendi Universal a request for information in order to determine whether Polish national competition laws had been breached by Vivendi Universal's failure to declare the concentration arising from its intention to take control of Elektrim. In a letter dated 16 February 2004, Vivendi Universal reminded the President that it held only 49% of Elektrim, in total conformity with the provisions of said laws and that it would duly inform the Office in the event that it intended to purchase a controlling share of Elektrim.

On 20 January 2004, the Polish competition authorities informed Vivendi Universal that they were opening a preliminary investigation into Vivendi Universal in connection with its investment in Telco.

On 22 July 2004, the same authorities notified Vivendi Universal that they had completed their preliminary investigation, which had concluded that Vivendi Universal had not breached any provision of Polish anti-trust laws or regulations.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE PERIOD ENDED 31 DECEMBER 2003

Translation of the Statutory Auditors' Report

The translation into English of the statutory auditors' report issued in French has been included herein solely for the convenience of English speaking readers. The statutory auditors' report includes for the information of the reader explanatory paragraphs discussing their assessment of significant accounting matters performed for purpose of issuing their audit opinion on the consolidated financial statements taken as a whole as required under French law in any auditors' report, whether qualified or not. Such report shall be construed in accordance with French law and French auditing professional standards.

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 period ended December 31, 2003.

These 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 period ended December 31, 2002 were audited by RSM Salustro Reydel and Barbier Frinault & Cie.

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 that 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, prepared according to French generally accepted accounting principles, give a true and fair view of the financial position and the results of operations of all the entities consolidated.

II. Basis of our assessments

In conformity with the provisions of Article L.225-235 of the Commercial Code, introduced by the Financial Security Act of August 1, 2003 and applicable for the first time to this accounting period, which require that we substantiate our assessments, we draw your attention to the following:

- *Note 1 to the financial statements sets out the consolidation methods. In our assessment of the accounting principles applied by your company, we ensured that the consolidation methods used and financial information provided in the notes were relevant, in particular with regard to Cegetel, Maroc Telecom and Elektrim Telcokomunikacja.*

- *As stated in note 3 to the consolidated financial statements, General Electric (GE) and Vivendi Universal announced on October 8, 2003 that they had finalised an agreement to combine the activities of NBC and Vivendi Universal Entertainment (VUE), thus creating NBC Universal. Following this operation, Vivendi Universal will own approximately 20% of the capital of NBC Universal.*

  We reviewed the estimates of the effects on the fair value of VUE as of December 31, 2003, of the contracts signed, the expense related to VUE's preferred shares and various obligations related to business sold or retained. On the basis of these estimates, we found that the fair value in US dollars of VUE as of December 31, 2003 was higher than its carrying amount in US dollars. As stated in note 3 to the financial statements, the exchange loss charged to equity as as foreign currency translation loss will have a negative impact on the Group's consolidated net income when the 80% stake of VUE is finally sold which is expected to take place in 2004. When we assessed these estimates, we ensured that the assumptions made and resulting valuations were reasonable.

- *In connection with the acquisition from BT Group of a 26% stake in Cegetel group, your company used the partial re-estimation method described in note 4.2 to allocate the acquisition cost of the investment.*

We have assessed the principles applied by your company to value the trademark and market share acquired, on the basis of information available to date and have performed tests to verify that these methods have been applied. When assessing these estimates, we ensured that the assumptions made and resulting valuations were reasonable.

- *As mentioned in note 4-5 to the consolidated financial statements, your company has recorded impairment of goodwill and of some intangible assets. We reviewed the valuation methods used by the independent experts appointed by your company, along with the impairment calculation. When assessing these estimates, we ensured that the assumptions made and resulting valuations were reasonable.*
- *As mentioned in notes 14, 22, 23 and 24 to the financial statements, your company records provisions to cover the risks relating to financial transactions, disposal operations underway, retirement commitments, litigation, restructuring, tax liabilities, tax risk, deferred tax assets that are not collectible in the short term, and other risk. A number of previously recognised provisions were reversed in 2003 as the risk they were covering was extinguished during the period.*

  We assessed the principles used by your company, which are set out in notes 14, 22, 23 and 24, on the basis of information available to date, and performed tests to ensure that these methods had been applied. When assessing these estimates, we ensured that the methods used and the resulting accounting estimates were reasonable.

These assessments are an integral part of our audit of the financial consolidated statements as a whole. They therefore enabled us to issue the unqualified opinion set out in the first part of this report.

III. Specific verifications

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.

Paris and Courbevoie, April 8, 2004

The Statutory Auditors

RSM Salustro Reydel	PricewaterhouseCoopers Audit Ernst & Young	Barbier Frinault & Cie
Bertrand Vialatte — Benoît Lebrun	Bernard Rabier	Dominique Thouvenin — Hervé Jauffret

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF VIVENDI UNIVERSAL AS AT, AND FOR THE THREE YEARS ENDED, 31 DECEMBER 2003, 2002 AND 2001

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 2003, 2002 and 2001 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

	31 December		
	2003	2002	2001
		(In millions)	
ASSETS			
Goodwill, net	€17,789	€ 20,062	€ 37,617
Other intangible assets, net	11,778	14,706	23,302
Property, plant and equipment, net	6,365	7,686	23,396
Investments accounted for using the equity method	1,083	1,903	9,176
Other investments	3,549	4,138	5,583
Total long-term assets	€40,564	€ 48,495	€ 99,074
Inventories and work-in-progress	744	1,310	3,163
Accounts receivable	8,809	9,892	21,094
Deferred tax assets	1,546	1,613	4,225
Short-term loans receivable	140	640	2,948
Marketable securities	259	88	3,773
Cash and cash equivalents	2,858	7,295	4,725
Total current assets	€14,356	€ 20,838	€ 39,928
TOTAL ASSETS	€54,920	€ 69,333	€139,002
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	€ 5,893	€ 5,877	€ 5,972
Additional paid-in capital	6,030	27,687	28,837
Retained earnings and others	—	(19,544)	1,939
Total shareholders' equity	€11,923	€ 14,020	€ 36,748
Minority interests	4,929	5,497	10,208
Other equity	1,000	1,000	—
Deferred income	560	579	1,856
Provisions	2,294	3,581	6,331
Long-term debt	9,621	10,455	27,777
Other non-current liabilities and accrued expenses	2,407	3,894	5,688
	€32,734	€ 39,026	€ 88,608
Accounts payable	12,261	13,273	26,414
Deferred tax liabilities	5,123	7,857	9,977
Bank overdrafts and other short-term borrowings	4,802	9,177	14,003
Total current liabilities	€22,186	€ 30,307	€ 50,394
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	€54,920	€ 69,333	€139,002

CONSOLIDATED STATEMENT OF INCOME

	Year Ended December 31,		
	2003[(a)(b)]	2002[(a)(b)]	2001
	(In millions of euros, except per share)		
Revenues	€ 25,482	€ 58,150	€ 57,360
Cost of revenues	(15,268)	(40,574)	(39,526)
Selling, general and administrative expenses	(6,812)	(12,937)	(13,699)
Other operating expenses, net	(93)	(851)	(340)
Operating income	€ 3,309	€ 3,788	€ 3,795
Financing expense	(698)	(1,333)	(1,455)
Other financial expenses, net of provisions	(509)	(3,409)	(473)
Financing and other expenses, net	€ (1,207)	€ (4,742)	€ (1,928)
Income (loss) before gain on businesses sold, net of provisions, income taxes, equity interest, goodwill amortization and minority interests	€ 2,102	€ (954)	€ 1,867
Gain on businesses sold, net of provisions	602	1,049	2,365
Income tax expense	408	(2,556)	(1,579)
Income (loss) before equity interest, goodwill amortization and minority interests	€ 3,112	€ (2,461)	€ 2,653
Equity in earnings of sold subsidiaries[(b)]	1	17	—
Equity in (losses) earnings of unconsolidated companies	71	(294)	(453)
Equity loss in Veolia Environnement impairment[(c)]	(203)	—	—
Goodwill amortization	(1,120)	(1,277)	(1,688)
Impairment losses	(1,792)	(18,442)	(13,515)
Income (loss) before minority interests	€ 69	€(22,457)	€(13,003)
Minority interests	(1,212)	(844)	(594)
Net loss	€ (1,143)	€(23,301)	€(13,597)
Loss per basic share	€ (1.07)	€ (21.43)	€ (13.53)
Weighted average common shares outstanding (in millions)[(d)]	1,071.7	1,087.4	1,004.8

Notes:

(a) Unaudited pro forma information is presented in Note 2 to the financial statements (Item 18) contained in the Form 20-F. It illustrates the effect of the acquisition of the entertainment assets of InterActiveCorp (formerly known as USA Interactive and prior thereto as USA Networks, Inc) and the disposition of VUP assets in 2002 and 2003, as if these transactions had occurred at the beginning of 2002. It also illustrates the accounting for Veolia Environnement using the equity method with a 20.4% ownership interest from January 1, 2002 instead of December 31, 2002.

(b) In 2002 and 2003, Vivendi Universal applied the treatment proposed in the paragraph 23100 of the French rules 99-02 and presented the equity in earnings of businesses sold during each of these financial years on the "Equity in earnings of sold subsidiaries" line in the Consolidated Statement of Income. In 2002, sold subsidiaries included all of the Vivendi Universal Publishing activities excluding Vivendi Universal Games, publishing activities in Brazil and the Consumer Press Division and Comareg. In 2003, sold subsidiaries include the Consumer Press Division, which was sold in early February 2003.

(c) The impairment loss of €203 million corresponds to Vivendi Universal's 20.4% interest in Veolia Environnement's impairment of goodwill and other intangible assets (i.e. €453 million), after a notional impairment of goodwill initially recorded as a reduction of shareholders' equity of €250 million, as prescribed by French GAAP.

(d) Excluding treasury shares recorded as a reduction of shareholders' equity (4,360 shares as at December 31, 2003). The weighted average common shares outstanding does not include the potential dilution effect of outstanding convertible or refundable bonds and stock options representing approximately 137.9 million common shares as at December 31, 2003, versus 146.3 million shares as at December 31, 2002.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year Ended December 31,		
	2003[a]	2002[a]	2001[a]
		(In millions)	
Cash flow — operating activities:			
Net loss	€(1,143)	€(23,301)	€(13,597)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	4,759	24,040	19,050
Equity loss in Veolia Environnement	203	—	—
Financial provisions and provisions related to businesses sold[b]	(1,007)	2,895	482
Gain on sale of property, plant and equipment and financial assets, net	47	(1,748)	(2,546)
Undistributed earnings from affiliates, net[c]	(13)	456	439
Deferred taxes	(842)	1,608	379
Minority interests	1,212	844	594
Changes in assets and liabilities, net of effect of acquisitions and divestitures	670	(124)	(301)
Net cash provided by operating activities	€ 3,886	€ 4,670	€ 4,500
Cash flow — investing activities:			
Purchases of property, plant and equipment and intangible	(1,552)	(4,134)	(5,338)
Proceeds from sale of property, plant and equipment and intangible	477	158	464
Purchases of investments[d]	(4,422)	(4,792)	(8,203)
Sales of investments[d]	1,408	10,987	1,947
Sale of spirits and wine business	—	—	9,359
Sales (purchases) of portfolio investments	—	—	4,395
Net decrease (increase) in financial receivables	140	(2,027)	278
Purchases of treasury shares held as marketable securities	—	—	(141)
Sales (purchases) of marketable securities	49	213	1,579
Net cash provided by (used for) investing activities	€(3,900)	€ 405	€ 4,340
Cash flow — financing activities:			
Net increase (decrease) in short-term borrowings	(7,259)	(5,991)	(1,670)
Notes mandatorily redeemable for new shares of Vivendi Universal	—	767	—
Proceeds from issuance of borrowings and other long-term debt	5,657	2,748	5,195
Principal payment on borrowings and other long-term	(1,947)	(1,854)	(5,900)
Net proceeds from issuance of common shares	71	1,622	582
Sales (purchases) of treasury shares[e]	(98)	1,973	(4,253)
Cash dividends paid	(737)	(1,300)	(1,423)
Cash payment to InterActiveCorp	—	(1,757)	—
Net cash provided by (used for) financing activities	€(4,313)	€ (3,792)	€ (7,469)
Foreign currency translation adjustment on cash and cash equivalents	(110)	1,287	83
Change in cash and cash equivalents[f]	€(4,437)	€ 2,570	€ 1,454
Cash and cash equivalents:			
Beginning	€ 7,295	€ 4,725	€ 3,271
Ending	€ 2,858	€ 7,295	€ 4,725

Notes:

(a) Includes 100% of Maroc Telecom and Vivendi Universal Entertainment which are controlled by Vivendi Universal with a 51% and 92% voting interest respectively and a 35% and 86% ownership interest respectively. It also includes 100% of SFR (formerly known as Cegetel Groupe S.A.) which is controlled by Vivendi Universal with an approximately 56% ownership interest as of December 31, 2003. (Refer to Note 27 (''Significant Subsidiaries'') to the consolidated financial statements (Item 18) contained in the Form 20-F for further detail in respect to the evolution of Vivendi Universal's ownership interest in this business unit). The cash flow contribution from these subsidiaries for the years ended December 31, 2003 and 2002 is disclosed in Note 25.2 (''Selected contribution data'') to the consolidated financial statements (Item 18) contained in the Form 20-F.

(b) In 2003, comprised of financial provisions reported in ''other financial expenses, net of provisions'' (€692 million, refer to Note 22 to the consolidated financial statements (Item 18) contained in the Form 20-F) and provisions reported in ''gain on businesses sold, net of provisions'' (€315 million, refer to Note 23 to the consolidated financial statements (Item 18) contained in the Form 20-F).

(c) Includes the reversal of equity in earnings of sold subsidiaries.

(d) Includes net cash from acquired and divested companies, particularly the acquisition of 26% interest in SFR Cegetel Group (formerly known as Cegetel Groupe SA) for €4 billion on January 23, 2003.

(e) Includes impact of settlement of put options on treasury shares (€104) million as of December 31, 2003 compared with (€883) million as of December 31, 2002.

(f) Includes interest paid (comprised of all interest cash impacts related to financing activities), net for 621 million, €1,333 million and €1,402 million in 2003, 2002 and 2001 respectively.

STATUTORY AUDITORS' LIMITED REVIEW REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF VIVENDI UNIVERSAL AS OF, AND FOR THE SIX MONTH PERIOD ENDED, 30 JUNE 2004

This is a free translation into English of the statutory auditors' interim review report issued in French language and is provided solely for the convenience of English speaking readers. The statutory auditors' interim review report should be read in conjunction and construed in accordance with French law and French auditing professional standards.

RSM SALUSTRO REYDEL
Commissaire aux Comptes
Membre de la Compagnie de Paris
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75378 Paris Cedex 08

BARBIER FRINAULT & Cie
Ernst & Young
Tour Ernst & Young
11, allée de l'Arche
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In our capacity as Statutory Auditors of Vivendi Universal, and in accordance with Article L. 232-7 of French Company Law (Code de Commerce), we have performed the following procedures:

a review of the accompanying summary of operations and consolidated income, presented in the form of consolidated interim financial statements of Vivendi Universal, for the six-month period ended June 30, 2004;

an examination of the information provided in the Company's management report for the first half of 2004.

These consolidated interim financial statements have been prepared under the responsibility of the Board of Directors. Our responsibility is to issue a report on these financial statements, based on our review.

We conducted our review in accordance with French professional standards. These standards require that we plan and perform the review to obtain moderate assurance, lesser than that which would result from an audit, as to whether the consolidated interim financial statements are free of material misstatement. The review excluded certain audit procedures and was limited to performing analytical procedures and to obtaining information from Company management and other appropriate sources.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the consolidated results of operations for the six months ended June 30, 2004 and the consolidated financial position of Vivendi Universal at that date, in conformity with French accounting principles.

Without qualifying the conclusion set out above, we draw your attention to the change in accounting policy presented in note 1 "Summary of Significant Accounting Policies and Practices" to the consolidated interim financial statements, and relating to the consolidation of certain entities required in application of rule CRC 04-03 of May 4, 2004.

We have also examined, in accordance with French professional standards, the information contained in the interim management report on the consolidated interim financial statements that were the subject of our review.

We have nothing to report with respect to the fairness of such information and its consistency with the consolidated interim financial statements.

French original signed on
Paris and Courbevoie, September 29, 2004
By
The Statutory Auditors

RSM Salustro Reydel	Barbier Frinault & Cie Ernst & Young
Bertrand Vialatte Benoît Lebrun	Dominique Thouvenin Hervé Jauffret

CONSOLIDATED FINANCIAL STATEMENTS OF VIVENDI UNIVERSAL AS OF, AND FOR THE SIX MONTH PERIOD ENDED, 30 JUNE 2004

The following tables are summaries of the (i) unaudited semi-annual consolidated financial statements of Vivendi Universal as at, and for the six months ended, 30 June 2003 (in respect of the income statement and statement of cash flows) and 2004 and (ii) audited consolidated financial statements of Vivendi Universal as at, and for the year ended, 31 December 2003, in each case prepared in accordance with French GAAP extracted from such financial statements and should be read in conjunction with such unaudited semi-annual financial statements and the related notes which are incorporated by reference in this Offering Circular.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(French GAAP, unaudited)

	Note	June 30 2004	December 31, 2003
		(In millions of euros)	
ASSETS			
Goodwill, net	3	€17,082	€17,789
Other intangible assets, net	12	6,515	11,778
Property, plant and equipment, net		5,099	6,365
Investments accounted for using the equity method	12	927	1,083
Investment in NBC Universal	2	519	—
Other investments accounted for using the equity method		408	1,083
Other investments		2,129	3,549
Total long-term assets		31,752	40,564
Inventories and work-in-progress		459	744
Accounts receivable		6,088	8,809
Deferred tax assets	10	991	1,546
Short-term loans receivable and marketable securities		313	399
Cash and cash equivalents	7	1,198	2,858
Total current assets		9,049	14,356
TOTAL ASSETS	12	€40,801	€54,920
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		€ 5,893	€ 5,893
Additional paid-in capital		6,071	6,030
Retained earnings and others		(81)	—
Total shareholders' equity	4	11,883	11,923
Minority interests	5	2,975	4,929
Other equity	6	1,000	1,000
Deferred income		189	560
Provisions		2,226	2,294
Long-term debt	7	4,016	9,621
Other non-current liabilities and accrued expenses		1,558	2,407
		23,847	32,734
Accounts payable		9,692	12,261
Deferred taxes liabilities	10	3,704	5,123
Bank overdrafts and other short-term borrowings	7	3,558	4,802
Total current liabilities		16,954	22,186
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		€40,801	€54,920

CONSOLIDATED STATEMENT OF INCOME
(French GAAP, unaudited)

	Note	Half year ended June 30, 2004	Half year ended June 30, 2003	Year ended December 31, 2003
		(In millions of euros, except per share amounts)		
Revenues[a]	12	€11,391	€12,364	€ 25,482
Cost of revenues		(6,438)	(7,203)	(15,268)
Selling, general and administrative expenses		(3,057)	(3,443)	(6,812)
Other operating expenses, net		(78)	(41)	(93)
Operating income	12	1,818	1,677	3,309
Financing expense		(307)	(377)	(698)
Other financial expenses, net of provisions[b]	8	(426)	(289)	(509)
Financing and other expenses, net		(733)	(666)	(1,207)
Income before gain (loss) on businesses sold, net of provisions, and other, income taxes, equity interest, goodwill amortization and minority interests		1,085	1,011	2,102
Gain (loss) on businesses sold, net of provisions, and other[c]	9	(1,596)	337	602
Income tax expense	10	(671)	(633)	408
Income (loss) before equity interest, goodwill amortization and minority interests		(1,182)	715	3,112
Equity in (losses) earnings of unconsolidated companies[d]		156	(67)	72
Equity loss in Veolia Environnement impairment[e]		—	(190)	(203)
Goodwill amortization	3	(283)	(466)	(1,120)
Impairment losses	3	(11)	(122)	(1,792)
Income (loss) before minority interests		(1,320)	(130)	69
Minority interests	5	(538)	(502)	(1,212)
Net loss		€(1,858)	€ (632)	€ (1,143)
Loss per basic share		€ (1.73)	€ (0.59)	€ (1.07)
Weighted average common shares outstanding (in millions)[f]		1,071.7	1,070.4	1,071.7

(a) Includes €51.4 million related to Vivendi Universal S.A., the holding company, which also presents a statutory net income of €1,448.1 million as of June 30, 2004.

(b) In 2004, includes the cost related to the redemption of Senior Notes (–€303 million).

(c) In 2004, mainly includes the after tax loss on the divestiture of 80% of Vivendi Universal's interests in Vivendi Universal Entertainment for –€1,739 million net of a –€2,105 million foreign exchange loss as well as gain on the divestiture of other entities, net of provisions (+€154 million).

(d) In 2004, includes the equity in NBC Universal's earnings since May 12, 2004, i.e. €38 million. In 2003, includes the equity in earnings of the Consumer Press Division, which was sold in February 2003.

(e) Corresponds to Vivendi Universal's 20.4% interest in Veolia Environnement's impairment of goodwill and other intangible assets (i.e. €440 million and €453 million as of June 30, 2003 and as of December 31, 2003 respectively), after a notional impairment of goodwill initially recorded as a reduction of shareholders' equity of €250 million, as prescribed by French GAAP.

(f) Excluding treasury shares recorded as a reduction of shareholders' equity (that is 3,166 shares as at June 30, 2004). The weighted average common shares outstanding do not include the potential dilution effect of outstanding convertible bonds and stock options.

CONSOLIDATED STATEMENT OF CASH FLOWS
(French GAAP, unaudited)

	Note	Half year ended June 30, 2004[a]	Half year ended June 30, 2003[a]	Year ended December 31, 2003[a]
		(In millions of euros)		
Cash flow — operating activities:				
Net loss		€(1,858)	€ (632)	€(1,143)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	11	1,179	1,594	4,759
Equity loss in Veolia Environnement impairment		—	190	203
Financial provisions and provisions related to businesses sold[b]		48	(374)	(1,007)
Gain on sale of property, plant and equipment and financial assets, net		1,611	(62)	47
Exceptional dividend received from NBC Universal[c]		224	—	—
Undistributed earnings from affiliates, net[d]		(103)	114	(13)
Deferred taxes	10	(44)	111	(842)
Minority interests	5	538	502	1,212
Changes in assets and liabilities, net of effect of acquisitions and divestitures		698	(504)	670
Net cash provided by operating activities		2,293	939	3,886
Cash flow — investing activities:				
Capital expenditures	12	(635)	(543)	(1,552)
Proceeds from sales of property, plant, equipment and intangible assets		116	277	477
Purchases of investments[e]		(374)	(4,310)	(4,422)
Sales of investments[e]		2,988	1,450	1,408
Net decrease (increase) in financial receivables		(21)	9	140
Sales (purchases) of marketable securities		—	58	49
Net cash provided by (used for) investing activities		2,074	(3,059)	(3,900)
Cash flow — financing activities:				
Net increase (decrease) in short-term borrowings		(1,434)	(1,321)	(7,259)
Proceeds from issuance of borrowings and other long-term debt		118	2,673	5,657
Principal payment on borrowings and other long-term liabilities		(3,291)	(2,693)	(1,947)
Net proceeds from issuance of common shares		—	51	71
Sales (purchases) of treasury shares		—	(101)	(98)
Cash dividends paid	5	(1,479)	(737)	(737)
Cash payment to InterActiveCorp		—	(31)	—
Net cash provided by (used for) financing activities		(6,086)	(2,159)	(4,313)
Foreign currency translation adjustment		59	135	(110)
Change in cash and cash equivalents		€(1,660)	€(4,144)	€(4,437)
Cash and cash equivalents:				
Beginning		€ 2,858	€ 7,295	€ 7,295
Ending		€ 1,198	€ 3,151	€ 2,858

(a) Includes 100% of SFR, Maroc Telecom and Vivendi Universal Entertainment (until May 11, 2004) which are controlled by Vivendi Universal with a 56%, 51% and 92% voting interest respectively and a 56%, 35% and 86% ownership interest respectively.

(b) For the half year ended June 30, 2004, comprises financial provisions reported in "other financial expenses, net of provisions" (–€60 million) and provisions reported in "gain (loss) on businesses sold, net of provisions, and other" (€12 million).

(c) In compliance with the terms of the combination agreement signed between Vivendi Universal, General Electric and NBC, Vivendi Universal reimbursed all the cash generated by VUE between October 1, 2003 and May 11, 2004 (i.e. €629 million). In June, Vivendi

Universal received a dividend of €224 million from NBC Universal corresponding to 20%[1] of the cash generated by NBC and VUE between October 1, 2003 and May 11, 2004. This dividend has been recognized in operating cash flows while the consolidated cash flow statement includes 100% of VUE until its deconsolidation on May 11, 2004. This intercompany dividend has no impact on Vivendi Universal net income.

(d) Includes the reversal of equity in earnings of sold subsidiaries.

(e) Includes net cash from acquired and divested companies.

(1) Before Universal Studios Holding Corp's minority interest.

VIVENDI UNIVERSAL REVENUES BY BUSINESS SEGMENT — FULL YEAR 2004
(French GAAP, unaudited)

The following tables comprise unaudited actual financial information for the periods referred to.

COMPARABLE BASIS

Comparable basis essentially illustrates the effect of the divestiture of Vivendi Universal Entertainment (VUE), of the divestitures at Canal+ Group (including Telepiù, Canal+ Nordic, Canal+ Benelux), VUP (Comareg and Atica & Scipione) and of Vivendi Telecom Hungary, Kencell and Monaco Telecom, the abandonment of Internet operations and includes the full consolidation of Telecom Développement at SFR Cegetel and of Mauritel at Maroc Telecom as if these transactions 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 and Maroc Telecom 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). At Maroc Telecom, it is immaterial. These revenues are not necessarily indicative of the combined revenues that would have occurred had the events actually occurred at the beginning of 2003.

	Quarter ended December 31,				Year ended December 31,			
	2004	2003	% Change	% Change at constant currency	2004	2003	% Change	% Change at constant currency
	(In millions of euros)							
Revenues								
Canal+ Group	€ 888	€ 863	3%	3%	€ 3,470	€ 3,339	4%	4%
Universal Music Group	1,760	1,691	4%	8%	4,993	4,974	0%	5%
Vivendi Universal Games	264	254	4%	10%	475	571	–17%	–11%
Media	€2,912	€2,808	4%	7%	€ 8,938	€ 8,884	1%	3%
SFR Cegetel	2,016	1,890	7%	7%	8,317	7,537	10%	10%
Maroc Telecom	417	385	8%	11%	1,658	1,523	9%	11%
Telecom	€2,433	€2,275	7%	7%	€ 9,975	€ 9,060	10%	10%
Non core operations and elimination of intercompany transactions[a]	(13)	8	na*	na*	(20)	28	na*	na*
Total Vivendi Universal	€5,332	€5,091	5%	7%	€18,893	€17,972	5%	7%

AS PUBLISHED[b]

	Quarter ended December 31,			Year ended December 31,		
	2004	2003	% Change	2004	2003	% Change
	(In millions of euros)					
Revenues						
Canal+ Group	€ 891	€ 974	–9%	€ 3,580	€ 4,158	–14%
Universal Music Group	1,760	1,691	4%	4,993	4,974	0%
Vivendi Universal Games	264	254	4%	475	571	–17%
Media	€2,915	€2,919	0%	€ 9,048	€ 9,703	–7%
SFR Cegetel	2,016	2,021	0%	8,317	7,574	10%
Maroc Telecom	417	370	13%	1,627	1,471	11%
Telecom	€2,433	€2,391	2%	€ 9,944	€ 9,045	10%
Non core operations and elimination of intercompany transactions[a]	(14)	150	na*	109	584	–81%
Total Vivendi Universal	€5,334	€5,460	–2%	€19,101	€19,332	–1%
(Excluding VUE and VUP assets sold in 2003)						
Vivendi Universal Entertainment[c]	—	1,755	na*	2,327	6,022	–61%
VUP assets sold in 2003	—	—	na*	—	128	na*
Total Vivendi Universal	€5,334	€7,215	–26%	€21,428	€25,482	–16%

(a) Corresponds to Vivendi Universal Publishing (VUP) activities in Brazil (Atica & Scipione) deconsolidated since 1 January 2004, Internet operations abandoned since 1 January 2004, Vivendi Telecom International, Vivendi Valorisation and other non core businesses.

(b) As published in BALO on 2 February 2005.

(c) Vivendi Universal Entertainment was deconsolidated as of 11 May 2004 as the result of the divestiture of 80 % of Vivendi Universal's interest in this company.

SUBSCRIPTION AND SALE

Underwriting Arrangements

J.P. Morgan Securities Ltd. and The Royal Bank of Scotland plc (together, the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement dated 11 February 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 99.819 per cent. of the principal amount of the Bonds, less an aggregate global commission of 0.18 per cent. of such principal amount. 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

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 20 January 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	FR0010160929
Euroclear and Clearstream, Luxembourg Common Code	021130966

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 December 31, 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, 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 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, as set forth in regulations not yet published.

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