VIVENDI UNIVERSAL
Form 424B3
December 01, 2003

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Filed Pursuant to Rule 424(b)(3)
under the Securities Act of 1933
Registration No. 333-106766

PROSPECTUS

1,200,000,000

$935,000,000 9.25% Senior Notes due 2010
325,000,000 9.50% Senior Notes due 2010

Vivendi Universal S.A.

Offer to Exchange all Outstanding
9.25% Senior Notes due 2010, for a new issue of 9.25% Senior Notes due 2010, and
9.50% Senior Notes due 2010, for a new issue of 9.50% Senior Notes due 2010
This Exchange Offer Will Expire at the Times set forth in this Prospectus, unless Extended.

Material Terms of the Exchange Offer

We are offering to exchange all outstanding notes that are validly tendered and not withdrawn for an equal principal amount of notes that are registered under the Securities Act of 1933.

Outstanding notes denominated in dollars may be exchanged only for exchange notes denominated in dollars, and outstanding notes denominated in euro may be exchanged only for exchange notes denominated in euro.

The exchange offer is subject to conditions, including that the exchange offer does not violate any law or applicable interpretation of any law by the staff of the Securities and Exchange Commission.

You may withdraw your tender of outstanding notes at any time before the expiration of the exchange offer.

An exchange pursuant to the exchange offer will not be taxable for United States federal income tax purposes.

We will not receive any cash proceeds from the exchange offer.

Our affiliates may not participate in the exchange offer.

The Exchange Notes

The terms of the exchange notes to be issued are substantially identical to the outstanding notes that we issued on April 8, 2003, except that transfer restrictions and registration rights provisions relating to the outstanding notes will not apply to the exchange notes.

Interest on the dollar-denominated exchange notes will accrue at the rate of 9.25% per year and interest on the euro-denominated exchange notes will accrue at the rate of 9.50% per year, in each case, payable in cash every six months on April 15 and October 15, with the first payment on April 15, 2004.

The dollar-denominated exchange notes and the euro-denominated exchange notes will rank equally with all of our current and future unsecured senior indebtedness and junior to our current and future secured indebtedness up to the value of the collateral securing such indebtedness. The exchange notes will effectively rank junior to all indebtedness and other liabilities, including trade payables, of our subsidiaries. As of June 30, 2003, after giving effect to the issuance on July 10, 2003 of the 1,346,000,000 Senior Notes due 2008, which we refer to as the July Senior Notes, and the application of the net proceeds thereof, (1) we and our consolidated subsidiaries would have had gross debt (including short term debt) of 17.1 billion outstanding, (2) Vivendi Universal S.A. would have had 3.1 billion of secured indebtedness and 8.1 billion of unsecured senior indebtedness outstanding (excluding debt of our subsidiaries) and (3) our subsidiaries would have had 5.9 billion of indebtedness outstanding.

We intend to list the exchange notes on the Luxembourg Stock Exchange.

On November 21, 2003, we entered into a supplemental indenture amending the indenture governing the outstanding notes and the exchange notes following the completion of a solicitation of consents from the holders of the outstanding notes. See Recent Developments Consent Solicitation.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those exchange notes. Each Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where those outstanding notes were acquired by that broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

Investing in the exchange notes involves risks. Please consider carefully the Risk Factors beginning on page 19 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is December 1, 2003

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We are not asking you for a proxy and you are requested not to send us a proxy.

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AVAILABLE INFORMATION

Vivendi Universal files or furnishes annual and current reports and other information with the Securities and Exchange Commission, or the SEC. You may read and copy any document Vivendi Universal files or furnishes at the SEC s public reference room in Washington, D.C. Please call the SEC at 1-888-SEC-0330 for further information on the public reference rooms. Certain of the documents we have filed with or furnished to the SEC are also available to the public from the SEC s web site at www.sec.gov or from Vivendi Universal s web site at www.vivendiuniversal.com. However, the information on Vivendi Universal s web site does not constitute a part of this prospectus.

INCORPORATION BY REFERENCE

In this document, Vivendi Universal incorporates by reference the information it files with the SEC, which means that Vivendi Universal can disclose important information to you by referring to that information. The information incorporated by reference is considered to be a part of this prospectus, and later information filed with the SEC will update and supersede this information. Vivendi Universal incorporates by reference the documents listed below and any future Annual Reports on Form 20-F filed with and any Reports of Foreign Private Issuer on Form 6-K that are so designated and that are furnished to the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act) after the date of this prospectus and until this exchange offer is completed:

its Annual Report on Form 20-F for fiscal year ended December 31, 2002, which we refer to as our Annual Report on Form 20-F for the year ended December 31, 2002;

Exhibit 99.1 to its Report on Form 6-K furnished to the SEC on October 1, 2003, the First Half 2003 Operating and Financial Review and Prospects and Unaudited Interim Financial Statements for the First Half of 2003, which we refer to as the Half-Year Report;

its Report on Form 6-K furnished to the SEC on October 20, 2003;

its Report on Form 6-K furnished to the SEC on November 4, 2003;

(i)

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its Reports on Form 6-K furnished to the SEC on November 7, 2003; and

its Report on Form 6-K furnished to the SEC on November 25, 2003.

You may request a copy of these filings at no cost, by writing or telephoning Vivendi Universal at:

Vivendi Universal

42, avenue de Friedland
75008 Paris
France
Attn: Investor Relations
33-1-7171-1000

To obtain timely delivery of any of our filings, agreements or other documents, you must make your request to us no later than five business days before the expiration date of the exchange offer. The exchange offer will expire at 5:00 p.m., New York City time on December 30, 2003, with respect to the Outstanding Dollar Notes (as defined below), and 5:00 p.m., London time on December 30, 2003, with respect to the Outstanding Euro Notes (as defined below). The exchange offer can be extended by us in our sole discretion. See the section entitled Exchange Offer for more detailed information.

Copies of these filings and other information relating to the issuance of the Notes will also be available at the specified offices of the paying agent for the Notes in Luxembourg.

You should rely only upon the information provided in this document or incorporated in this document by reference. Vivendi Universal has not authorized anyone to provide you with different information. You should not assume that the information in this document, including any information incorporated by reference, is accurate as of any date other than that on the front cover of the document.

In this prospectus, references to dollars , US \$ or \$ are to United States dollars and references to or euro are to the single currency of tl participating member states in the Third Stage of European Economic and Monetary Union (EMU) of the Treaty Establishing the European Community, as amended from time to time.

SPECIAL NOTICE TO INVESTORS IN FRANCE

Neither this prospectus nor any other offering material relating to the Notes has been submitted to the clearance procedures of the *Commission des Opérations de Bourse* (COB) in France.

The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in the Republic of France, neither this prospectus nor any other offering material relating to the Notes has been distributed or caused to be distributed and will be distributed or caused to be distributed to the public in the Republic of France, and such offers, sales and distributions will be made in the Republic of France only to qualified investors *(investisseurs qualifiés)* as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code Monétaire et Financier* and French Decree no. 98-880 dated October 1, 1998.

Vivendi Universal confirms that, to the best of its knowledge, information and belief, having made all reasonable inquiries, as of the date hereof the information contained in this prospectus with respect to it and the Notes is, subject as provided below in relation to the clearing arrangements contained in this prospectus, true and accurate in all material respects and is not misleading in any material respect, and that there are no other facts, the omission of which would, in the context of the issuance and offering of the Notes, make this prospectus as a whole or any such information misleading in any material respect. Vivendi Universal accepts responsibility for the information contained in this prospectus, other than the information relating to clearing arrangements, as provided below, and market data contained in this prospectus in respect of which we only take responsibility for the correct compilation, extraction and reproduction of such information for the relevant source.

The information set out in the sections of this prospectus describing clearing arrangement is subject to any change or reinterpretation of the rules, regulations and procedures of The Depository Trust Company (DTC), Euroclear Bank S.A./N.V. and Clearstream Banking, S.A., in each case as currently in effect. The information in such sections concerning these clearing systems has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy of such information. If you wish to use the facilities of any of the clearing systems you should confirm the continued applicability of the rules, regulations and procedures of the relevant clearing system. We will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this prospectus and the offering and sale of the Notes in certain jurisdictions may be restricted by law. Vivendi Universal and the Initial Purchasers require persons in whose possession this prospectus comes to inform themselves about and to observe any such restrictions. This prospectus does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful.

FORWARD-LOOKING STATEMENTS

This prospectus includes and incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to dispositions, acquisitions, working capital and capital requirements, available liquidity, maturity of debt obligations, business trends and other information that is not historical information. In particular, a number of statements in the sections headed Prospectus Summary, The 2003 Refinancing Plan, and Use of Proceeds contain forward-looking statements. Forward-looking statements can be identified by context. For example, words such as estimates, expects, anticipates, projects, plans, intends, believes, forecasts and variations of such words or similar expressions indicate the presence of forward-looking statements. All forward-looking statements, including, without limitation, management s examination of operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs, assumptions and projections are expressed in good faith, and we believe there is a reasonable basis for them. There can be no assurance, however, that management s expectations, beliefs and projections will be achieved.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this prospectus. These include, among others:

- satisfaction of the conditions specified in the VUE/NBC Transaction Agreements, including, without limitation, the receipt of required governmental and other third-party approvals of the VUE/NBC Transaction;
- the ability to successfully combine the businesses of VUE and NBC;
- the realization of revenue and cost synergy benefits from the VUE/NBC Transaction;
- operating costs and business disruption following the VUE/NBC Transaction, including adverse effects on relationships with employees;
- changes in the stock market and interest rate environment that affect revenues;
- the willingness of InterActiveCorp to agree to a restructuring of the VUE interests;
- the terms and conditions relating to a restructuring of all or some of the VUE interests;

the costs of defeasing the series A VUE preferred interests;
general economic and business conditions, particularly a general economic downturn;
industry trends;
increases in our leverage;
reduced liquidity;
the terms and conditions of our asset disposals and the timing thereof;
changes in our ownership structure;
competition;
changes in our business strategy or development plans;
challenges to, or losses or infringements of our intellectual property rights;
customer preference;
technological advancements;
political conditions;
financial and equity markets;
foreign currency exchange rate fluctuations;
legal and regulatory requirements and the outcome of legal proceedings and pending investigations;
environmental liabilities;
natural disasters; and
war or acts of terrorism.

This list is not exhaustive and there are other factors that may cause our actual results to differ materially from the forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf apply only as of the date of this prospectus and are expressly qualified in their entirety by the cautionary statements included in this prospectus. We undertake no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements were prepared in accordance with generally accepted accounting principles in France, or French GAAP. Vivendi Universal has applied the methodology for consolidated financial statements based on Regulation 99.02 as approved by the French Accounting Standards Board (*Comité de la Réglementation Comptable*). The financial statements of foreign subsidiaries have, when necessary, been adjusted to comply with French GAAP rules. French GAAP rules differ in certain respects from generally accepted accounting principles in the United States, or US GAAP. The principal differences between French GAAP and US GAAP, as they relate to us and their effects on net income and shareholders equity, are described in Note 17 to our Consolidated Financial Statements contained in our Annual Report on Form 20-F for the year ended December 31, 2002. Our consolidated financial statements are presented in French GAAP format, but also incorporate certain modifications and additional disclosures designed to conform more closely with typical US GAAP presentation.

Our financial statements for the years ended December 31, 2001 and December 31, 2002 and the six-month periods ended June 30, 2002 and June 30, 2003 include information on a pro forma basis that reflect the changes several significant transactions completed in these periods have had on our business. Such pro forma information is unaudited. For a discussion of such transactions, see Note 2.2 to our Consolidated Financial Statements contained in our Annual Report on Form 20-F for the year ended December 31, 2002 and Section 1.2 and Section 1.3 of the Half-Year Report.

The financial information and data included in this prospectus is presented in accordance with French GAAP, except where otherwise noted. You should refer to the unaudited interim financial statements in the Half-Year Report for quantitative reconciliations of certain non-French GAAP financial measures contained in this prospectus to the most directly applicable French GAAP financial measures as well as disclosure concerning the usefulness of these measures.

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For a discussion of the comparability of our consolidated financial statements and the financial data presented in this prospectus, refer to Item 5 Operating and Financial Review and Prospects Comparability in our Annual Report on Form 20-F for the year ended December 31, 2002.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus. Capitalized terms used but not defined in this summary are defined in the text of this prospectus. Investors should thoroughly consider this prospectus in its entirety, including the information set forth under Available Information , prior to an investment in the Notes.

Unless the context requires otherwise, references to we , us and our mean Vivendi Universal S.A. and its subsidiaries and Vivendi Universal or Vivendi means Vivendi Universal S.A.

Certain financial data presented in this summary are on a pro forma basis.

Unless otherwise indicated, all financial data presented in this prospectus has been prepared in accordance with French GAAP.

Our Business

We are one of the largest media and telecommunications groups in the world. For the year ended December 31, 2002, we generated pro forma consolidated revenues of 28,729 million. To improve our credit rating and liquidity, we have embarked on a 16 billion asset disposal program through 2004, including approximately 9.5 billion of disposals for which we have entered into contracts as of June 25, 2003, of which disposals of approximately 9.1 billion had been completed as of that date.

Our attractive portfolio of assets includes our operations in our six principal segments (financial data are presented on a pro forma basis):

Cegetel Group 2002 revenues of 7,067 million. Cegetel Group, through its 80%-owned subsidiary, SFR, is the second largest mobile telecommunications operator in France and through its 90%-owned subsidiary, Cegetel S.A., is the second largest fixed-line operator in France. Its focus on high-end customers has resulted in an average revenue per user, which we refer to as ARPU, of 56 per month for postpaid customers for the six months ended June 30, 2003 and has led to strong cash flow generation. For additional information concerning ARPU, please refer to Certain Non-GAAP Financial Measures in this Prospectus Summary. In early 2003, we increased our ownership interest to 70% of Cegetel Group. On October 14, 2003, Vivendi Universal and Vodafone Group Plc announced four agreements which they believe will improve the performance of Cegetel Group and optimize the cash flows between Cegetel Group and its shareholders. Please see Recent Developments VU/Vodafone Agreements .

Universal Music Group (UMG) 2002 revenues of 6,276 million. UMG is the largest recorded music business in the world. UMG acquires, manufactures, markets and distributes recorded music in 71 countries. Key recording artists include Eminem, Shania Twain, U2 and Ashanti. In addition to its recorded music business, UMG is the third largest music publisher in the world. UMG also manufactures, sells and distributes music video and DVD products, and owns mail-order music/ video clubs. We own approximately 92% of UMG.

Vivendi Universal Entertainment LLLP (VUE) 2002 revenues of 6,978 million. We own approximately 86% of VUE, a US-based entertainment company active in the film, television, and theme parks and resorts businesses. We have entered into a definitive agreement with, among others, General Electric Company (GE) to combine VUE with the National Broadcasting Company, Inc. (NBC) as part of the VUE/NBC Transaction. Please refer to Recent Developments The VUE/NBC Transaction . VUE operates through the following entities:

> ***Universal Pictures Group (UPG) 2002 revenues of 3,927 million.*** UPG is a major film studio, engaged in the production and distribution of motion pictures worldwide in the theatrical, non-theatrical, home video/DVD and television markets. Recent motion picture releases include

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Gladiator, The Mummy franchise, *A Beautiful Mind, 8 Mile, Erin Brockovich, Red Dragon* and *The Fast and The Furious*. UPG s 2003 movie slate includes *Bruce Almighty*, *The Hulk*, *2 Fast and 2 Furious*, *Peter Pan* and *Dr Seuss The Cat in the Hat*.

Universal Television Group (UTG) 2002 revenues of 2,199 million. UTG owns and operates four US cable television networks including USA Network and the Sci Fi Channel as well as a portfolio of international television channels. UTG produces and distributes original television programming worldwide, including *Law and Order, Jerry Springer, Taken* and *Monk.*

Universal Parks and Resorts (UPR) 2002 revenues of 852 million. UPR is the second largest destination theme park operator in the world. UPR owns interests in and operates theme parks and resorts in the US, Japan and Spain including Universal Studios in Hollywood, California and Universal Studios in Orlando, Florida.

Canal+ Group 2002 revenues of 4,742 million. Canal+ Group is the leader in the production and distribution of digital and analog pay-TV in France (principally through its premium channel, Canal+, and its digital satellite platform, CanalSatellite). Canal+ Group has 6.95 million individual subscriptions in France. Canal+ Group is also a leading European studio involved in the production, co-production, acquisition and distribution of feature films and television programs. We own 100% of Canal+ Group, which in turn owns 49% of Canal+ S.A., which holds the broadcast license for our premium channel Canal+, and 66% of CanalSatellite.

Maroc Telecom 2002 revenues of 1,487 million. Maroc Telecom is the incumbent fixed line and the leading mobile telecommunications operator in Morocco, with a 70% share of the wireless market. We have a 35% ownership stake in Maroc Telecom. However, through our control of the executive board and management of Maroc Telecom, we exercise day-to-day control over its business and consolidate it in our financial statements. On September 2, 2003, we announced that our board of directors had approved a plan to increase our ownership interest in Maroc Telecom to 51%.

Vivendi Universal Games (VU Games) 2002 revenues of 794 million. VU Games is a worldwide leader in the development, marketing and distribution of games and educational software for PC, handheld devices and consoles. We own 99% of VU Games.

We were formed through the merger of Vivendi S.A., The Seagram Company Ltd. and Canal+ S.A. in December 2000. From our origins as a water company, we expanded our business rapidly in the 1990s and transformed ourselves into a media and telecommunications company with the December 2000 merger and the May 2002 acquisition of the entertainment assets of InteractiveCorp (formerly known as USA Interactive and prior thereto as USA Networks, Inc.), or USAi. Following the appointment of new management in July 2002, we commenced a significant asset disposal program aimed at reducing the group s indebtedness, which we are pursuing actively. We have already largely exited the environmental services and publishing businesses and sold various smaller operations. See Item 5 Operating and Financial Review and Prospects Recent Developments in our Annual Report on Form 20-F for the year ended December 31, 2002.

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Our Key Strengths

Significant Asset Value. We believe that the assets that comprise our principal segments are among the most valuable media and telecommunications assets in the world. We also own an attractive portfolio of other operations and investments, including our 20% stake in Veolia Environnement (formerly Vivendi Environnement), our stakes in telecom assets in Kenya and Monaco, and significant real estate assets. Our main business units generate significant consolidated operating cash flow.

Leading Market Positions. Our business units hold leading positions in their respective markets, which we believe provides us with distribution and marketing advantages, and also improves our ability to compete for customers and to acquire high quality content.

Business Unit	Position(1)	Market
Cegetel Group	#2	Mobile telephony in France
	#2	Fixed-line telephony in France
UMG	#1	Recorded music, worldwide
	#3	Music publishing catalog, worldwide
VUE(2)		
Universal Pictures	#5	US box office
USA Network	#1	US basic cable television network in prime-time ratings (age 18-49)
Sci Fi	#6 and #9	US basic cable television network (age 25-54 and 18-49, respectively)
Parks & Resorts	#2	US and international destination theme park attendance
Canal+ Group		
Canal+	#1	French pay-TV
CanalSatellite	#1	French digital satellite platform
Maroc Telecom	#1	Fixed-line telephony in Morocco (sole provider)
	#1	Mobile telephony in Morocco
VU Games	#2	PC game software, worldwide
	#6	Consumer software, worldwide

(1) For information as to sources and metrics for this market share information see Item 4 Information on the Company in our Annual Report on Form 20-F for the year ended December 31, 2002.

(2) We and GE have signed a definitive agreement for the combination of NBC and VUE. Please see Recent Developments The VUE/NBC Transaction .

Brand Leadership. Our businesses have a large number of leading global and local brands including our Universal, USA Network, Canal+ and SFR brands, as well as UMG s music labels, including Island/Def Jam, Interscope/ Geffen/A&M, Verve and Deutsche Grammophon. We believe that our brands are highly regarded and that our brand recognition provides us with significant advantages over our competition.

Well-known Franchises and Excellent Artists. Our businesses own the rights to a number of well-known franchises, including *Jurassic Park*, *The Mummy*, *Diablo*, *Warcraft* and *The Fast and The Furious*, which provide us with recurring sources of income. We are able to exploit these franchises across multiple segments and markets, thereby leveraging our investments. For example,*The Mummy* was a remake of an original Vivendi Universal motion picture which spawned: a sequel, *The Mummy Returns*; a pre-quel, *The Scorpion King*; an original soundtrack recording; a video game; and a theme park attraction. Our businesses also benefit from strong contractual and other relationships with artists such as Eminem, Sheryl Crow and Dick Wolf, the creator of the *Law and Order* franchise.

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Strategic Re-Focusing

2002-2003

Corporate Debt Rating. Following a period of significant acquisition-related growth with an associated increase in leverage, Moody s and Standard & Poor s downgraded our senior unsecured debt rating from Baa3/BBB to B1/B+ in July and August 2002. The downgrades to non-investment grade had an immediate negative impact on our short-term liquidity, limiting access to the capital markets, and most importantly preventing us from accessing the commercial paper market, historically our main source of funding for working capital needs. On October 8, 2003, following the announcement that Vivendi Universal had entered into a definitive agreement with, among others, GE to combine VUE and NBC, Moody s placed Vivendi Universal s and VUE s credit ratings under review for possible upgrade. At the same time, Standard & Poor s raised its long-term senior unsecured debt ratings on Vivendi Universal to BB from B+ while keeping all long-term ratings on Vivendi Universal and VUE on credit watch with positive implications, where they were placed on September 3, 2003.

Change in Management. On July 3, 2002, our board of directors appointed Jean-René Fourtou to replace Jean-Marie Messier as Chairman and Chief Executive Officer (CEO). Two highly regarded and experienced non-executive board members were also appointed: Claude Bébéar, the Chairman of the Supervisory Board of AXA, and Gerard Kleisterlee, the CEO of Philips. Over the summer of 2002, Mr. Fourtou appointed a new management team composed of Chief Operating Officer (COO) Jean-Bernard Lévy, Chief Financial Officer (CFO) Jacques Espinasse, and Executive Vice President in charge of Divestitures, Mergers and Acquisitions, Robert de Metz. The new management was charged by our board to stabilize the company, develop and implement the asset disposal program and enhance corporate governance.

New Strategic Focus. Following the July 2002 debt downgradings, our new management team quickly addressed our immediate liquidity concerns by securing new credit facilities and beginning an aggressive 16 billion asset disposal program aimed at increasing our liquidity and reducing our debt. We are now a company in transition. Our principal strategic focus is to return to an investment grade credit profile within the next 12-18 months by continuing to reduce our leverage while maintaining sufficient liquidity.

The primary means by which we intend to achieve this goal is through the completion of our asset disposal program by the end of 2004. In the second half of 2002, we sold 6.7 billion of assets. In 2003, we have sold an additional 2.4 billion of assets through June 25. We have initiated numerous other asset disposal processes, and we are not dependent on any single asset sale to meet our disposal target. As part of this program, we signed a definitive agreement for the combination of NBC and VUE. See Recent Developments The VUE/NBC Transaction .

In addition to asset disposals, we have improved our liquidity position by extending the maturity profile of our debt. In April and May 2003, we issued the Outstanding Notes and completed a 2.5 billion bank facility, comprising a three-year 1.5 billion revolving tranche and a three-year 1.0 billion term loan tranche, which we refer to in this prospectus as the Dual Currency Credit Facility . These financings are collectively referred to in this prospectus as the 2003 Refinancing Plan . The proceeds from the Outstanding Notes, together with available cash, were principally used to reimburse or cancel 2.5 billion of facilities that matured in 2003 and 2004. For more information, see The 2003 Refinancing Plan . In July 2003, we issued the July Senior Notes and used the proceeds of the sale of the July Senior Notes to repay indebtedness of our subsidiary, Société d Investissement pour la Téléphonie S.A., which we refer to as SIT . We have also restructured and lengthened the maturities of the indebtedness of VUE.

Re-Positioning of Principal Businesses. The list of our dispositions since July 2002 through June 2003 is set forth under Asset Disposal Program below. The asset disposal program, together with the increase in our stake in Cegetel Group described below, have resulted in a significant re-positioning of our principal business operations. This will continue as we complete our disposal program. The most important features of the repositioning of our business operations to date have been the following:

Veolia Environnement. Until June 2002, we held approximately 63% of the share capital of Veolia Environnement, an environmental services business with global operations that constituted the original business of the predecessor company, Vivendi Environnement, which was a subsidiary of Vivendi Universal. Through a series of transactions in June and July 2002, we reduced our stake to approximately 40.8% of the outstanding share capital of Veolia Environnement and, through an additional sale on December 24, 2002, we reduced our stake to approximately 20.4%. Our investment in Veolia Environnement has been accounted for using the equity method since December 31, 2002. As part of the December 2002 sale, we granted to the purchasers a call option, exercisable until December 23, 2004, to purchase our remaining stake in Veolia Environnement at 26.5 per share, which, if exercised, will complete our exit from this business.

Disposal of Publishing Activities. In two transactions in December 2002, we sold the substantial majority of our publishing assets. On December 20, 2002, we sold our European publishing assets for 1,138 million, including the assumption of 17 million in debt. On December 30, 2002, we sold our US publishing company, Houghton Mifflin, for 1,567 million, including the assumption of 372 million of debt. Since then, we have also sold other smaller publishing operations.

Acquisition of Additional Stake in Cegetel Group. In January 2003, following Vodafone s offer to purchase the stakes held in Cegetel Group by BT Group, SBC Communications and ourselves, we exercised our right to match Vodafone s bid and purchased BT Group s 26% stake in Cegetel Group. This increased our controlling interest to 70% of Cegetel Group, which in turn owns 80% of SFR. Vodafone owns the remaining stakes in Cegetel Group and SFR. We acquired the 26% stake in exchange for 4.0 billion, which implied an equity value for Cegetel Group of approximately 15.4 billion. Prior to acquiring our additional interest in Cegetel Group we issued 1 billion of mandatorily convertible notes in November of 2002. On October 14, 2003, Vivendi Universal and Vodafone Group Plc announced four agreements which they believe will improve the performance of Cegetel Group and optimize the cash flows between Cegetel Group and its shareholders. See Recent Developments VU/Vodafone Agreements .

Asset Disposal Program. As described above, since the new management team began its 16 billion asset disposal program, we have entered into contracts with respect to asset sales for an aggregate consideration of approximately 9.5 billion, of which 8.4 billion would take the form of cash. Through June 25, 2003, we had completed transactions with aggregate consideration of approximately 9.1 billion, of which 7.9 billion is in the form of cash.

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The following table sets forth additional detail regarding these disposals:

Date	Asset	Total Consideration	Cash received
		(in millions)	
July 2002	B2B/Health (25%)	150	150
July 2002	Lagardère (0.8%)	44	44
July 2002	Vinci (6.7%)	291	291
August 2002	Vizzavi (50%)	143	143
December 2002	Houghton Mifflin (100%)	1,567	1,195
December 2002	Other Publishing (100%)	1,138	1,121
December 2002	Veolia Environnement (20.4%)	1,856	1,856
December 2002	Echostar (10.7%)	1,037	1,037
December 2002	Sithe Energies Inc. (34%)	319	319
	Others	108	108
	Total 2nd half 2002[(1)]	**6,653**	**6,264**
February 2003	Express-Expansion-Etudiant	200	200
February 2003	Canal+ Technologies (89%)	191	170(2)
February 2003	USAi Warrants (32.11 million)	256	256
	Others	79	79
	Total 1st quarter 2003[(1)]	**726**	**705**
April 2003	Telepiù	831	407(3)
May 2003	Vivendi Telecom Hungary	325	10(4)
May 2003	Egypt (telecom)	43	43
May 2003	Comareg	135	135
June 2003	Sithe Asia	40	40
June 2003	VUE Real Estate	160	160
	Others	169	169(5)
	Total April 1 - June 25, 2003[(6)]	**1,703**	**964**
	Total closed in 2003	**2,429**	**1,669**
	Total closed 2nd half 2002 to June 25, 2003	**9,082**	**7,933**
	Other transactions signed but not closed as of June 25, 2003	435	435
	Total signed from July 2002 to June 25, 2003	**9,517**	**8,368**

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

(2) This amount includes 90 million of cash consideration which was received in 2002 but excludes 21 million of cash consideration which was received in May 2003.

(3) Does not include a remaining amount of 50 million of consideration held in escrow that may be received.

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

(5) Includes 39 million expected to be received.

(6)

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

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Recent Developments

The VUE/NBC Transaction. On October 8, 2003, we and GE announced the signing of a definitive agreement for the combination of NBC and VUE. The new company, to be called NBC Universal, will be 80%-owned by GE, with 20% held by Universal Studios Holding III Corp., our subsidiary, subject to adjustment in the event that MHI Investment Corporation participates in the VUE/NBC Transaction or InterActiveCorp (InterActiveCorp), which holds a 5.44% common interest in VUE, exercises certain rights it has to participate in the VUE/NBC Transaction. NBC Universal s assets will 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, NBC Universal is projected to have 2003 revenues of more than $13 billion from a diverse group of complementary assets and 2003 EBITDA of nearly $3 billion.

As part of the transaction, the shareholders of VUE are expected to receive at closing their allocable share of $3.6 billion of cash consideration, of which we are expected to receive approximately $3.3 billion, subject to adjustment in the event that MHI Investment Corporation participates in the VUE/NBC Transaction or InterActiveCorp exercises certain rights it has to participate in the VUE/NBC Transaction. We will also benefit from an approximately $1.7 billion reduction in debt on a consolidated basis as a result of the deconsolidation of VUE. Beginning in 2006, we will have the option to begin monetizing our ownership interest in NBC Universal at fair market value. We will hold three out of 15 seats on the board of directors of NBC Universal.

The terms of the VUE/NBC Transaction contemplate that we and VUE may negotiate a restructuring of the existing VUE interests owned by InterActiveCorp, although such a restructuring is not a condition to the VUE/NBC Transaction and no terms for any such a restructuring have been established with InterActiveCorp. Such a restructuring could be beneficial to us because it could allow us to realize value from the InterActiveCorp stock that is currently subject to transfer restrictions in connection with the obligations of certain of our subsidiaries under the VUE Partnership Agreement relating to one series of VUE preferred stock (the InterActiveCorp Stock) and could allow us to reduce or eliminate certain of our ongoing obligations under the current terms of the VUE/NBC Transaction, as described below. A restructuring of the VUE interests could also result in an agreement among the parties to the VUE/NBC Transaction to amend its terms. Such amendments could include changes to implement any additional forms of equity consideration to be issued to VUE shareholders, as well as changes to the amounts of equity and cash to be paid. A restructuring could also involve a release of the InterActiveCorp Stock.

Under the existing terms of the VUE/NBC Transaction, (i) we are responsible for certain economic costs associated with the existing VUE preferred stock, including the cost of the required defeasance of the VUE series A preferred stock and the net costs of the dividends on the VUE series B preferred stock, and (ii) we are entitled to certain economic benefits related to the value of the InterActiveCorp Stock, regardless of whether such costs or value are realized before or after the completion of the VUE/NBC Transaction. The terms of the VUE/NBC Transaction also contemplate that we will be required to pledge a portion of our NBC Universal stock to secure our obligations with respect to the defeasance of the VUE series A preferred stock. We also have certain contingent obligations in connection with the VUE/NBC Transaction relating to taxes, retained businesses and liabilities, the disposition of certain businesses and other matters customary for a transaction of this type.

The completion of the VUE/NBC Transaction is subject to customary approvals from various regulatory agencies and other conditions. We currently anticipate completing the VUE/NBC Transaction in the first half of 2004.

Consent Solicitation. On November 20, 2003, we successfully completed a solicitation of consents from the holders of the Outstanding Notes and the holders of the July Senior Notes to certain amendments to the indenture governing the Outstanding Notes and the Exchange Notes and the indenture governing the July Senior Notes in connection with the VUE/NBC Transaction. On

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November 21, 2003, we entered into a supplemental indenture, which amended the indenture to (i) except the transaction from the minimum cash requirement (but not the other requirements) of the covenant restricting certain asset sales, (ii) permit liens on the capital stock of entities received by us as part of the transaction, (iii) permit restrictions on the capital stock of the entities received by us as part of the transaction, (iv) permit us to incur indebtedness arising under or pursuant to the agreements entered into pursuant to the transaction, (v) expand the current provisions in the indenture permitting us to defease the preferred interest in VUE in connection with the transaction and (vi) clarify that we may exclude certain information from our quarterly U.S. GAAP reconciliation. Please see the summary of the material terms of the indenture and the supplement thereto governing the Outstanding Notes and the Exchange Notes under Description of Exchange Notes .

VU/Vodafone Agreements. On October 14, 2003, Vivendi Universal and Vodafone Group Plc announced four agreements, which they believe will improve the performance of Cegetel Group and optimize the cash flows between Cegetel Group and its shareholders. The agreements are described below:

1. Vodafone and SFR signed an agreement to increase their cooperation and their joint economies of scale through:

    - coordination of their activities in the development and rollout of new products and services, including Vodafone live! and

    - development of operational synergies in procurement (including IT and technology) and best practice sharing.

    We expect that these arrangements will further enhance SFR s competitiveness and will therefore benefit both SFR s customers and shareholders.

2. Vivendi Universal and Vodafone also agreed in principle to simplify the structure of Cegetel Group through the mergers of Compagnie Transatlantique de Télécommunications (Transtel), Compagnie Financière pour le Radiotéléphone (Cofira) and SFR into Cegetel Group. The merged entity will be renamed SFR . Vivendi Universal would hold 55.8% and members of the Vodafone group would hold 43.9% of the share capital of the merged entity. The balance of the share capital would be held by individuals who were formerly minority shareholders in Cofira. Providing the mergers receive regulatory approvals in France and final board and shareholder approvals, we currently expect that these mergers will be implemented in the fourth quarter of 2003.

3. Vivendi Universal and Vodafone agreed to establish the payment of quarterly dividends by the merged entity to its shareholders beginning in 2004. This should enhance the access of both shareholders to the cash flows generated by the merged entity.

4. In addition, Vivendi Universal and Vodafone agreed in principle that Vivendi Universal would be able to access available cash pro rata to its shareholding from the merged entity through a cash pooling agreement, up to a limit of 250 million. Advances under the cash pooling agreement would be repayable on the date on which quarterly dividends become payable by the merged entity. Providing this agreement receives final board approvals, it will become effective upon the completion of the mergers of Transtel, Cofira and SFR into Cegetel Group.

Securities Class Action Litigation. Vivendi Universal is named as a defendant in a consolidated securities class action filed in the United States District Court for the Southern District of New York. That suit is captioned *In re Vivendi Universal, S.A. Securities Litigation* (Master File No. 02 CV 5571). On November 6, 2003, the U.S. District Court Judge issued an opinion on Vivendi Universal s motion to dismiss the consolidated class action complaint. As a result of that opinion, issued at a very preliminary stage of the proceedings, the class action plaintiffs are permitted to proceed with most of their claims against Vivendi Universal. On November 21, 2003, Vivendi Universal filed a motion asking the Court to reconsider certain findings in its opinion. That motion remains pending.

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TVT Records and TVT Music. After a trial on liability in March 2003, Island Def Jam Music Group (IDJ) and its Chairman, Lyor Cohen (Cohen), were found liable for breach of contract, tortious interference with contract, fraudulent concealment and copyright infringement. On September 2, 2003, the Court ordered a remittitur (or reduction) in the amount of punitive damages imposed by the jury; the reduction totaled $78,875,000. TVT elected to accept the reduced amount ($54,429,361) rather than pursue a new trial, and on September 23, 2003, the Court issued an amended final judgment against IDJ and Cohen in this amount. Notwithstanding the reduction in the judgment, IDJ and Cohen filed an appeal. In a September 17, 2003 order, the Court ruled that, in lieu of a surety bond, it would accept cash as security for the judgment against IDJ and Cohen. Accordingly, cash equivalent to 111% of the amended final judgment, together with interest through the date the amended final judgment is entered on the Court s docket, has been deposited in an interest-bearing account maintained by the Court as security for the judgment.

Messier Termination Agreement. On September 16, 2003, the Supreme Court of the State of New York issued an order confirming the arbitration award in favor of Mr. Messier dated June 27, 2003, and directing that judgment be entered in Mr. Messier s favor. Vivendi immediately sought a stay of execution from the Court, which was denied. On September 17, 2003, Vivendi sought an emergency stay from the Appellate Division of the Supreme Court of the State of New York. The Appellate Court did not grant a stay, but issued an order precluding Mr. Messier from obtaining any funds resulting from enforcement of the award against Vivendi without further court order. Vivendi has filed an appeal against the order issued by the Supreme Court of the State of New York. That appeal is ongoing.

SEC Lawsuit under the Sarbanes-Oxley Act of 2002. On September 16, 2003, the SEC filed a lawsuit against Vivendi Universal in the United States District Court for the Southern District of New York seeking a temporary order pursuant to Section 1103 of the Sarbanes-Oxley Act of 2002 requiring Vivendi Universal to place any proposed extraordinary payments to Mr. Messier (including his arbitration award dated June 27, 2003) in an interest-bearing account subject to Court supervision. The suit is captioned *Securities and Exchange Commission v. Vivendi Universal, S.A.*, (No. M-11-03). On September 24, 2003, the Court issued two orders, namely: (1) an Order to Temporary Escrow Pursuant to Section 1103 of the Sarbanes-Oxley Act , requiring Vivendi Universal to deposit 20,555,342 in an interest-bearing account subject to Court supervision, such funds to be disposed of only pursuant to further order of that Court; and (2) a Temporary Order Enjoining Vivendi from Transferring Funds in Satisfaction of Arbitration Order and Enjoining Enforcement or Collection under Arbitration Order , precluding any persons (including Mr. Messier) from taking any action to execute or otherwise collect under the state court s judgment, and further precluding Vivendi Universal and its banks from transferring any funds or assets to Mr. Messier or anyone on his behalf.

The Order to Temporary Escrow remains in effect. It was initially in effect for a period of 45 days, but, following a request by the SEC, the Court recently granted a further 45-day extension. If, before the end of that period, either Vivendi Universal or Mr. Messier is charged with violation of the U.S. federal securities laws, the Order shall remain in effect, subject to Court approval, until the conclusion of any legal proceedings relating thereto. If no charges are brought within that period, the escrow shall terminate.

Investigation by the French Commission des opérations de bourse (COB). On September 12, 2003, the COB issued its formal report following its investigation into certain practices at Vivendi Universal during the tenure of Jean-Marie Messier. The report indicates that its investigation might give rise to administrative sanctions against Vivendi Universal under COB Regulation 98-07, which relates to the provision of information to the public. Vivendi Universal has three months from Oct. 31, 2003 to review, analyze and respond to the COB report.

While the outcome of any of these legal proceedings or investigations cannot be predicted with complete certainty, Vivendi Universal continues to believe that the plaintiffs claims in the above-described legal proceedings lack merit, and intends to defend against such claims vigorously.

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Certain Non-GAAP Financial Measures

We define ARPU as SFR s revenues excluding roaming in, mobile termination and equipment sales divided by average cumulated number of users. We believe that ARPU is useful to investors as a measure of performance of SFR. ARPU may be defined and calculated differently by other companies, thereby affecting comparability.

	Six months ended June 30, 2003
	(in millions of euro, except where otherwise noted)
Revenues of CEGETEL GROUP, as reported	3,612
Deduct:	
Fixed lines and other services	(435)
Mobile	3,177
Deduct:	
Société Réunionnaise du Radiotéléphone	(87)
La Téléphonie Bourbonnaise	(4)
Cegetel Services	
Other[(a)]	4
SFR	3,090
Deduct:	
Roaming-in revenues	(146)
Connection fees	(8)
Equipment sales	(202)
Other	(8)
Add back:	
Promotions costs	63
Retention costs	96
Revenue basis for the ARPU computation	2,885
Average cumulated number of users[(b)] (in thousands of users)	68,165
ARPU (in euro per month)	42.3
Of which:	
Postpaid ARPU (in euro per month)	56.2
Prepaid ARPU (in euro per month)	21.4

(a) Includes the reversal of intercompany eliminations for the purpose of the ARPU computation.

(b) Defined as total postpaid customer base plus prepaid customers having placed and/or received a call during the last month.

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The Exchange Offer

Background; Sale of Outstanding Notes	On April 8, 2003, we issued $935,000,000 principal amount of Outstanding Dollar Notes and 325,000,000 principal amount of Outstanding Euro Notes. We refer collectively in this prospectus to the Outstanding Dollar Notes and the Outstanding Euro Notes as the Outstanding Notes. We sold the Outstanding Notes to Goldman, Sachs & Co., JP Morgan, Banc of America Securities LLC, The Royal Bank of Scotland, Schroder Salomon Smith Barney, BNP Paribas, Crédit Lyonnais, Crédit Agricole Indosuez, Natexis Banques Populaires and Société Générale, to whom we refer collectively in this prospectus as the Initial Purchasers. Simultaneously with that sale, we signed the exchange and registration rights agreement described below.
Exchange and Registration Rights Agreement	The exchange and registration rights agreement requires us to conduct this exchange offer to allow you to exchange your Outstanding Notes for notes registered under the Securities Act with substantially identical terms. After the exchange offer is complete, except as set forth below, you will no longer be entitled to any exchange or registration rights with respect to your Outstanding Notes. Under the exchange and registration rights agreement, we are required to (1) use our reasonable best efforts to cause the registration statement of which this prospectus is a part to be declared effective by the Securities and Exchange Commission on or prior to December 4, 2003 and (2) complete the exchange offer described in this prospectus within 30 days of the date the registration statement becomes effective. Accordingly, if the registration statement is declared effective on December 4, 2003, we must complete the exchange offer by January 3, 2004. If we fail to satisfy either of these registration obligations (a registration default), we have agreed to pay additional interest (in addition to the stated interest on the Outstanding Notes) to each holder of Outstanding Notes equal to a rate of 0.25% per annum with respect to the first 90-day period immediately following the occurrence of that registration default. The amount of additional interest will increase by an additional rate of 0.25% per annum with respect to each subsequent 90-day period until that registration default has been cured, up to a maximum amount of additional interest for that registration default at a per annum rate of 1.0%. The accrual of additional interest with respect to a registration default will cease upon the cure of that registration default. After the exchange offer registration statement is declared effective, we are required to keep that registration statement effective for a period beginning when the exchange notes are first issued in the exchange offer and ending upon the earlier of (1) the expiration of the 180th day after the exchange offer is completed or (2) when holders that are broker-dealers no

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longer own any transfer restricted securities (as described in Registered Exchange Offer Registration Rights). Our failure to keep the exchange offer registration statement effective during that period would constitute a registration default, and we would be required to pay additional interest to those broker-dealer holders in the same amounts as would be required for a registration default described in the preceding paragraph.

The exchange and registration rights agreement also requires us to file a shelf registration statement for a continuous offering in accordance with Rule 415 under the Securities Act for the benefit of any holders that are ineligible to participate in the exchange offer and indicate that they wish to have their Outstanding Notes registered under the Securities Act. If we are required to file a shelf registration statement and are unable to meet our obligations relating to that shelf registration statement, we would be required to pay additional interest to those holders of Outstanding Notes in the amounts described above. See Registered Exchange Offer Registration Rights.

The Exchange Offer

We are offering to exchange $1,000 principal amount of $935,000,000 9.25% senior notes due 2010, which have been registered under the Securities Act and which we refer to in this prospectus as the Exchange Dollar Notes, for each $1,000 principal amount of Outstanding Dollar Notes. We are offering to exchange 1,000 principal amount of 325,000,000 9.50% senior notes due 2010, which have been registered under the Securities Act and which we refer to in this prospectus as the Exchange Euro Notes, for each 1,000 principal amount of Outstanding Euro Notes.

We refer collectively in this prospectus to the Exchange Dollar Notes and the Exchange Euro Notes as the Exchange Notes and collectively to the Outstanding Notes and the Exchange Notes as the Notes. The Exchange Notes and the Outstanding Notes are identical in all material respects, except that the Exchange Notes will not contain transfer restrictions or registration rights that apply to the Outstanding Notes, and the Exchange Notes will not contain provisions relating to the payment of special interest to the holders of the Outstanding Notes in specified circumstances relating to the timing of the exchange offer.

To exchange your Outstanding Notes, you must properly tender them before the exchange offer expires. We will exchange all Outstanding Notes that are validly tendered and not withdrawn. We will issue the Exchange Notes promptly after the exchange offer expires.

You may tender your Outstanding Dollar Notes for exchange in whole or in part in integral multiples of $1,000 principal amount.

You may tender your Outstanding Euro Notes for exchange in whole or in part in integral multiples of 1,000 principal amount.

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	For a description of the procedures for tendering Outstanding Notes, see The Exchange Offer Procedures for Tendering Outstanding Notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York time, on December 30, 2003 with respect to the Outstanding Dollar Notes, and 5:00 p.m., London time, on December 30, 2003 with respect to the Outstanding Euro Notes, unless extended by us, in which case the expiration date will be the latest date and time to which the exchange offer is extended.
Consequences of Failure to Exchange Your Outstanding Notes	If you do not exchange your Outstanding Notes for Exchange Notes in the exchange offer, your Outstanding Notes will continue to be subject to the restrictions on transfer provided in the Outstanding Notes and the indenture governing the Outstanding Notes. In general, the Outstanding Notes, unless registered under the Securities Act, may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register the Outstanding Notes under the Securities Act.
Conditions to the Exchange Offer	The exchange offer is subject to the following conditions: the exchange offer does not violate any law or applicable interpretation of any law by the staff of the SEC; no action or proceeding has been instituted or threatened and no law has been adopted that would reasonably be expected to impair our ability to proceed with the exchange offer; no stop order has been issued by the SEC or any state securities authority suspending the effectiveness of the registration statement with respect to the exchange offer; all governmental approvals necessary for the consummation of the exchange offer have been obtained; and no change in our business or financial affairs has occurred, which might materially impair our ability to proceed with the exchange offer. The exchange offer is not conditioned upon any minimum principal amount of Outstanding Notes being tendered for exchange. We currently expect that each of the conditions will be satisfied and that no waiver of any condition will be necessary. See The Exchange Offer Conditions to the Exchange Offer. We reserve the right, in our sole and absolute discretion, subject to applicable law, at any time and from time to time: to delay the acceptance for exchange of the Outstanding Notes; to terminate the exchange offer if specified conditions have not been satisfied;

	to extend the expiration date of the exchange offer and retain all tendered Outstanding Notes, subject, however, to the right of tendering holders to withdraw their tender of Outstanding Notes; and
	to waive any condition or otherwise amend the terms of the exchange offer in any respect.
	See The Exchange Offer Expiration Date; Extensions; Amendments.
Procedures for Tendering Outstanding Notes	If you wish to tender your Outstanding Notes for exchange, you must:
	complete and sign the appropriate accompanying Letter of Transmittal in accordance with the instructions contained in that Letter of Transmittal; and
	forward that Letter of Transmittal by mail or hand delivery, together with any other required documents, to the appropriate exchange agent, either with the Outstanding Notes that you tender or in compliance with the specified procedures for guaranteed delivery of your Outstanding Notes.
	Some brokers, dealers, commercial banks, trust companies and other nominees may also effect tenders by book-entry transfer.
	Please do not send a Letter of Transmittal or certificates representing your Outstanding Notes to us. You should send those documents only to the appropriate exchange agent. You should direct any information requests or questions regarding how to tender your Outstanding Notes to the appropriate exchange agent.
Special Procedures for Beneficial Owners	If your Outstanding Notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, we urge you to contact that person promptly if you wish to tender your Outstanding Notes in the exchange offer.
Withdrawal Rights	You may withdraw the tender of your Outstanding Notes at any time before the expiration date by delivering a written notice of your withdrawal to the appropriate exchange agent according to the withdrawal procedures described under the caption The Exchange Offer Withdrawal Rights.
Resales of Exchange Notes	We believe that you will be able to offer for resale, resell or otherwise transfer Exchange Notes issued in the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that you are:
	acquiring the Exchange Notes in the ordinary course of your business;
	not participating, and have no arrangement or understanding with any person to participate, in the distribution of the Exchange Notes;

	not an affiliate of Vivendi Universal within the meaning of Rule 405 under the Securities Act; and
	not a broker-dealer that acquired the Outstanding Notes directly from us.
	Our belief is based on interpretations by the staff of the SEC, as set forth in no-action letters issued to third parties unrelated to us. The staff of the SEC has not considered this exchange offer in the context of a no-action letter. We cannot assure you that the staff of the SEC would make a similar determination with respect to this exchange offer.
	If our belief is not accurate and you transfer an Exchange Note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from those requirements, you may incur liability under the Securities Act. We do not and will not assume, or indemnify you against, liability of this type.
	Each broker-dealer that receives Exchange Notes for its own account in exchange for Outstanding Notes, where the Outstanding Notes were acquired by that broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of those Exchange Notes. See Plan of Distribution in this prospectus.
Exchange Agents	The Bank of New York, New York is serving as exchange agent for the exchange offer for the Outstanding Dollar Notes, and The Bank of New York, London is serving as exchange agent for the exchange offer for the Outstanding Euro Notes. We refer to The Bank of New York, New York in this prospectus as the dollar note exchange agent and to The Bank of New York, London as the euro note exchange agent. The address, telephone number and facsimile number of each exchange agent are set forth under the caption The Exchange Offer Exchange Agents and in the appropriate Letter of Transmittal.
Use of Proceeds	We will not receive any cash proceeds from the issuance of the exchange notes offered by this prospectus.
United States Federal Income Tax Consequences	Your acceptance of the exchange offer and the related exchange of your Outstanding Notes for Exchange Notes will not be a taxable exchange for United States federal income tax purposes. You will not recognize any gain or loss as a result of the exchange. See Taxation.
Appraisal or Dissenters Rights	You have no appraisal or dissenters rights in connection with the exchange offer.

The Exchange Notes

The terms of the Exchange Notes and the Outstanding Notes are identical in all material respects, except:

- the Exchange Notes will have been registered under the Securities Act;
- the Exchange Notes will not contain transfer restrictions or registration rights that apply to the Outstanding Notes; and
- the Exchange Notes will not contain provisions relating to the payment of special interest to the holders of the Outstanding Notes in specified circumstances related to the timing of the exchange offer.

The following is a brief description of the material terms of the Notes:

Issuer	Vivendi Universal S.A.
Exchange Dollar Notes Offered	$935,000,000 aggregate principal amount of 9.25% Senior Notes due April 15, 2010.
Exchange Euro Notes Offered	325,000,000 aggregate principal amount of 9.50% Senior Notes due April 15, 2010.
Maturity	April 15, 2010.
Interest Payment Dates	April 15 and October 15 of each year.
Ranking	The Outstanding Notes are, and the Exchange Notes will be: - our general unsecured obligations; - *pari passu* in right of payment with all our existing and future unsecured senior indebtedness; - effectively junior to our secured indebtedness up to the value of the collateral securing such indebtedness; and - senior in right of payment to any of our future subordinated indebtedness. The Outstanding Notes and the Exchange Notes are treated as a single class of securities under the indenture under which they are issued. They effectively rank junior to all indebtedness and other liabilities, including trade payables, of our subsidiaries with respect to the assets of those subsidiaries. In the event of a bankruptcy, liquidation or reorganization of any of these subsidiaries, the subsidiaries will pay the holders of their debt and other obligations, including trade creditors, before they will be able to distribute any of their assets to us. See Capitalization , Use of Proceeds and Note 4 to the unaudited interim financial statements included in the Half-Year Report for more information regarding our indebtedness.
Optional Redemption	At any time before April 15, 2007, we may redeem the Notes, in whole or in part, at a redemption price equal to 100% of their principal amount plus the applicable make-whole premium described under Description of Exchange Notes Optional Redemption , plus accrued and unpaid interest, if any, to the redemption date. At any time on or after April 15, 2007, we may redeem the Notes, in

	whole or in part, at the redemption prices listed under Description of Exchange Notes Optional Redemption , plus accrued and unpaid interest, if any, to the redemption date. On or before April 15, 2006, we may, on one or more occasions, use the net cash proceeds from any equity offering where we receive at least 50 million in gross proceeds to redeem up to 35% of the Notes at a redemption price equal to 109.25% of their principal amount, in the case of the dollar-denominated Notes, and 109.50% of their principal amount, in the case of the euro-denominated Notes, plus accrued and unpaid interest, if any, to the redemption date.
Change of Control	Upon a change of control at Vivendi Universal, as defined under Description of Exchange Notes Certain Definitions , you will have the right, as a holder of Notes, to require us to repurchase all or part of your Notes at a repurchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the repurchase date.
Asset Sales	We may have to use a portion of the net cash proceeds from selling assets to offer to purchase the Notes at a purchase price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the purchase date.
Additional Amounts	All payments made by us with respect to the Notes will be made without withholding or deduction for taxes unless required by law or the interpretation or administration thereof. Subject to certain exceptions, if we are required to withhold or deduct any amount for taxes from any payment made with respect to the Notes, we will pay such additional amounts as may be necessary so that the net amount received by the holders after such withholding or deduction will not be less than the amount that would have been received in the absence of such withholding or deduction. See Description of Exchange Notes Additional Amounts .
Basic Covenants	The Notes are governed by a single indenture. Before the time that the Notes receive an investment grade rating from both Standard & Poor s and Moody s and certain other conditions are satisfied, which we refer to as a Fall Away Event, the indenture will, among other things, limit our ability and the ability of our restricted subsidiaries to: borrow money and issue preferred stock; pay dividends on our stock or repurchase our stock; make investments; create liens; create restrictions on the liability of our restricted subsidiaries to pay dividends or other amounts to us; enter into sale and leaseback transactions; engage in certain transactions with affiliates; expand into unrelated businesses; with respect to our restricted subsidiaries, guarantee our indebtedness;

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	incur indebtedness which is subordinated in right of payment to any other indebtedness of ours, unless such indebtedness is subordinated at least to the same extent as the Notes; and
	consolidate, merge or sell all or substantially all of our assets.
	After a Fall Away Event, the above limitations will no longer apply to the Notes, but the following covenants contained in the indenture will, among other things, limit our ability and the ability of our restricted subsidiaries to:
	create liens;
	enter into sale and leaseback transactions; and
	consolidate, merge or sell all or substantially all of our assets.
	These covenants are subject to important exceptions. For more detail, see Description of Exchange Notes Certain Covenants Changes in Covenants when Notes Rated Investment Grade .
Listing	The Outstanding Notes are listed on the Luxembourg Stock Exchange, and we intend to list the Exchange Notes on the Luxembourg Stock Exchange.
Use of Proceeds	We will not receive any proceeds from the exchange offer. The net proceeds from the sale of Outstanding Notes were used to repay certain of our indebtedness. See Use of Proceeds .

Risk Factors

An investment in the Notes involves risks. You should carefully consider all of the information in this prospectus. In particular, you should evaluate the specific risk factors set forth under the caption Risk Factors in this prospectus.

Our registered office is located at 42, avenue de Friedland, 75380 Paris Cedex 08, France (telephone: ++.33.(1.)71.71.1010). Our agent in the US is Vivendi Universal US Holding Co., located at 800 Third Avenue, 5th Floor, New York, New York 10022 (telephone: (212) 572 7000).

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RISK FACTORS

An investment in the Notes involves a high degree of risk. You should consider carefully the following risks, the other information contained in this prospectus as well as the other information contained in our Annual Report on Form 20-F for the year ended December 31, 2002 before deciding whether to tender your Outstanding Notes for Exchange Notes. The risks and uncertainties described below are not the only ones that may be material to our business. Additional risks and uncertainties that we currently consider to be immaterial may also adversely affect our business. If any of the following risks actually occur, our business, results of operations and financial condition could be materially and adversely affected. In that case, the trading price of the Notes could decline or we could be unable to pay interest or principal on the Notes, and you may lose all or part of your investment.

Risk Factors Relating to Us

We and our subsidiaries require a significant amount of cash to service and repay our debt. Our ability to generate sufficient cash depends on many factors beyond our control.

While our ability and the ability of our subsidiaries to fund working capital for our operations, research and development and capital expenditures depends on our future operating performance which cannot be predicted with assurance, we believe that our current cash position plus our unused credit facilities should provide a sound basis for funding these cash requirements.

As described under The 2003 Refinancing Plan , however, and despite the significant extension of the maturity profile of our debt achieved through the 2003 Refinancing Plan, we expect that there will be a shortfall in the funding necessary to meet our debt service obligations. In addition, we face a significant number of contingent obligations some of which are likely to require significant cash payments by us. We expect to meet these funding requirements with the proceeds from our asset divestiture program.

There can be no assurance, however, that asset divestitures will be sufficient to make up the shortfall or that our cash needs over the term of the disposal program will not exceed our current estimates.

If our future cash flows from operations, capital resources and from sales of assets are insufficient to pay our obligations as they mature or to fund our liquidity needs, we and our subsidiaries may be forced to:

- reduce or delay our business activities, capital expenditures and/or research and development;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, on or before maturity.

In particular, our subsidiary, VUE, has significant indebtedness and is relying on refinancing and operating cash flow to service and repay that indebtedness, see Item 4 Information on the Company Summary of Indebtedness in our Annual Report on Form 20-F for the year ended December 31, 2002 and Note 4 to the unaudited interim financial statements included in the Half-Year Report.

We cannot assure you that we and our subsidiaries would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the Notes, our existing debt and any future debt may limit our and our subsidiaries ability to pursue any of these alternatives.

We are selling a portion of our assets and businesses to meet our debt obligations and decrease our leverage.

To meet our debt obligations and decrease our leverage, we are in the process of disposing of a portion of our assets and businesses. After new management was appointed in July 2002, we announced a goal of 16 billion in asset divestitures by the end of 2004. In the second half of 2002, we

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sold assets and businesses for aggregate consideration of approximately 6.7 billion. For 2003, we have announced the goal of 7 billion in asset sales and, through June 25, 2003, we have sold assets for aggregate consideration of approximately 2.4 billion. As part of this program, we signed a definitive agreement for the combination of NBC and VUE. See Recent Developments The VUE/NBC Transaction. If we disposed of assets worth 7 billion in 2003, we anticipate that our net debt would decrease by only a portion of that amount.

We can offer no assurances that we will be able to locate potential buyers for our assets and businesses or will be able to consummate any sales to potential buyers we do locate. For example, certain asset transfer restrictions contained in the amended and restated limited liability limited partnership agreement of VUE (the VUE Partnership Agreement) that certain of Vivendi Universal s affiliates entered into in connection with Vivendi Universal s acquisition of the entertainment assets of USAi will require us to obtain the consent of our partner for certain transactions. Some other factors that may make it more difficult or impossible to sell our assets or businesses are:

- restrictive covenants in our current and future debt facilities;
- shareholders agreements and minority interests;
- ongoing litigation and investigations; and
- the need to receive governmental approvals, including antitrust and regulatory approvals.

Our divestitures may prove unsuccessful or may otherwise have a material adverse effect on our ability to conduct business, our operations and our financial condition. For example, we may not always be able to obtain the optimal price for assets and businesses we are required or plan to sell or may receive a price that is substantially lower than the price we paid for the assets or businesses that are being sold. In addition, our continuing operations may suffer as a result of losing synergies with the assets and businesses sold.

Our substantial debt could adversely affect our financial condition or results of operations and prevent us from fulfilling our obligations under the Notes.

We have a significant amount of debt. As of June 30, 2003, we had 16.8 billion of gross debt on a consolidated basis. See Item 4 Information on the Company Summary of Indebtedness in our Annual Report on Form 20-F for the year ended December 31, 2002 and Note 4 to the unaudited interim financial statements included in the Half-Year Report for further information about our substantial debt.

Our substantial debt and the covenants in our debt instruments could have important consequences to you as a holder of the Notes. For example, these instruments are causing us to dispose of assets and businesses and they could:

- require us to dedicate a substantial portion of our cash flows from operations to payments on our debt, which will reduce our funds available for working capital, capital expenditures, research and development and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in distribution or marketing of our products, customer demands and competitive pressures in the industries we serve;
- limit our ability to undertake acquisitions;
- place us at a competitive disadvantage compared to our competitors that have less debt than we do;
- restrict our use of proceeds from asset sales or new issuances of equity or debt or from new bank debt facilities;

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increase our vulnerability, and reduce our flexibility to respond, to general and industry-specific adverse economic conditions; and

limit our ability to borrow additional funds and increase the cost of any such borrowing.

We may incur substantial additional debt in the future. The terms of our other debt and the indenture restrict but do not prohibit us from incurring additional debt. The addition of further debt to our current debt levels could further increase the leverage-related risks discussed in this prospectus.

Our sales of assets and businesses have resulted in, and will result in, the removal of the results of those businesses and assets from our financial results and may increase the volatility of our financial results.

Sales of our assets and businesses have caused, and will continue to cause, our revenues and operating income to decrease and may cause our financial results to become more volatile or may otherwise materially adversely affect us. Since the beginning of 2002, we have disposed of businesses and assets that, if we had held them for all of 2002, would have contributed significant operating income to our 2002 consolidated financial results.

We have engaged in a substantial number of significant acquisition and disposition transactions in recent years, which makes it difficult to compare our results from period to period.

We have engaged in a substantial number of significant acquisitions and dispositions and other complex financial transactions in recent years, which makes it difficult to analyze our results and to compare them from period to period. In order to facilitate comparison of our results between recent periods, we present financial information on a pro forma basis, both on a consolidated basis and for our individual business segments, giving effect to these transactions as if they had occurred on earlier dates. However, pro forma financial information is not necessarily indicative of results that would have been achieved had the transactions actually occurred on such earlier dates. Moreover, we present pro forma information based on a number of assumptions. For example, in this prospectus we present pro forma information consistent with French GAAP, as if the transactions had occurred at the beginning of 2001. We also present pro forma financial information on a US GAAP basis, giving effect to certain transactions as if they had occurred at the beginning of 2002. Given our asset disposal program, our results will continue to be difficult to compare from period to period in the future.

We have been, and, in the future, could be, adversely affected by a downgrade of our debt ratings by rating agencies.

In the second half of 2002, we experienced a number of debt rating downgrades. Moody s cut Vivendi Universal s senior debt rating on July 1, 2002 from Baa3 to Ba1, under review for possible further downgrade. Standard & Poor s followed the next day with a one-notch downgrade in credit rating to BBB- with a negative outlook. On August 14, 2002, Moody s lowered the long-term senior unsecured debt rating of Vivendi Universal to B1 and assigned a Ba2 senior implied rating to the company under review for possible downgrade, and Standard & Poor s downgraded the long-term senior unsecured debt to B+ and assigned a BB corporate credit rating to Vivendi Universal on credit watch with negative implications. On October 30, 2002, Moody s downgraded Vivendi Universal s senior implied rating to Ba3, leaving the senior unsecured ratings unchanged at B1, under review for possible downgrade. In the beginning of 2003, Moody s removed Vivendi Universal s credit ratings from review. On October 8, 2003, following the announcement that Vivendi Universal had entered into a definitive agreement with, among others, GE to combine VUE and NBC, Moody s placed Vivendi Universal s and VUE s credit ratings under review for possible upgrade. At the same time, Standard & Poor s raised its long-term senior unsecured debt ratings on Vivendi Universal to BB from B+ while keeping all long-term ratings on Vivendi Universal and VUE on credit watch with positive implications, where they were placed on September 3, 2003.

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The 2002 downgrades caused us to lose, to a significant extent, access to the capital markets, and, most importantly, to the commercial paper market, historically our main source of funding for working capital needs, and they also triggered default and covenant provisions under some of our debt facilities. While our current debt facilities do not contain further rating triggers, additional downgrades by either Standard & Poor s or Moody s could exacerbate our liquidity problems, increase our costs of borrowing, result in our being unable to secure new financing and affect our ability to make payments on outstanding debt instruments and to comply with other existing obligations.

We are a party to numerous legal proceedings and investigations that could have a negative effect on us.

We are party to lawsuits and investigations in France and in the United States that could have a material adverse effect on us.

In France, the *Commission des Opérations de Bourse* commenced in July 2002 an investigation regarding certain of our financial statements and on September 12, 2003, we announced that we received a notice of grievance in connection with such investigation.

In the United States, Vivendi Universal is party to a number of suits and investigations concerning allegations challenging the accuracy of our financial statements and certain public statements made by us describing our financial condition from late 2000 through 2002:

Vivendi Universal is named as a defendant in a consolidated securities class action filed in the United States District Court for the Southern District of New York.

Vivendi Universal is being investigated by the Office of the United States Attorney for the Southern District of New York and by the SEC.

Vivendi Universal is named as a defendant in a suit filed by Liberty Media on March 28, 2003, which on May 13, 2003, was consolidated for pre-trial purposes into the securities class action pending in the United States District Court for the Southern District of New York.

In addition, Vivendi Universal, USI Entertainment, Inc. and VUE have been sued by USAi and one of its affiliates for specific performance of what the plaintiffs contend to be VUE s obligation to make certain tax payments. Vivendi Universal may also be liable to pay, in accordance with an investment agreement with Elektrim S.A., a substantial portion of any damages awarded against Elektrim in an ongoing arbitration to resolve disputes concerning the acquisition and transfer of certain shares in a subsidiary company by Elektrim.

In the opinion of Vivendi Universal, the plaintiffs claims in the above-described legal proceedings lack merit, and Vivendi Universal intends to defend against such claims vigorously. The outcome of any of these legal proceedings or investigations or any additional proceedings or investigations that may be initiated in the future could have a material adverse effect on us. For a more complete discussion of our legal proceedings and investigations, see Item 8 Financial Information Litigation in our Annual Report on Form 20-F for the year ended December 31, 2002 and Note 8.2 to the unaudited interim financial statements included in the Half-Year Report.

We have a number of contingent liabilities that could cause us to make substantial payments.

We have a number of significant contingent liabilities. These liabilities are generally described in Notes 11 and 17.4 to our Consolidated Financial Statements contained in our Annual Report on Form 20-F for the year ended December 31, 2002. If we were forced to make a payment due to one or more of these contingent liabilities, it could have an adverse effect on our financial condition and our ability to make payments under our debt instruments.

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Our business operations in some countries are subject to additional risks.

We conduct business in markets around the world. The risks associated with conducting business internationally, and in particular in some countries outside of Western Europe, the US and Canada, can include, among other risks:

- fluctuations in currency exchange rates (including the dollar/euro exchange rate) and currency devaluations;
- restrictions on the repatriation of capital;
- differences and unexpected changes in regulatory environment, including environmental, health and safety, local planning, zoning and labor laws, rules and regulations;
- varying tax regimes which could adversely affect our results of operations or cash flows, including regulations relating to transfer pricing and withholding taxes on remittances and other payments by subsidiaries and joint ventures;
- exposure to different legal standards and enforcement mechanisms and the associated cost of compliance therewith;
- difficulties in attracting and retaining qualified management and employees or rationalizing our workforce;
- tariffs, duties, export controls and other trade barriers;
- longer accounts receivable payment cycles and difficulties in collecting accounts receivable;
- limited legal protection and enforcement of intellectual property rights;
- insufficient provisions for retirement obligations;
- recessionary trends, inflation and instability of the financial markets;
- higher interest rates; and
- political instability and the possibility of wars and terrorist acts.

We may not be able to insure or hedge against these risks and we may not be able to ensure compliance with all of the applicable regulations without incurring additional costs. Furthermore, financing may not be available in countries with less than investment-grade sovereign credit ratings. As a result, it may be difficult to create or maintain profit-making operations in developing markets.

Unfavorable currency exchange rate fluctuations could adversely affect our results of operations.

We have substantial assets, liabilities, revenues and costs denominated in currencies other than euro. To prepare our consolidated financial statements we must translate those assets, liabilities, revenues and expenses into euro at then-applicable exchange rates. Consequently, increases and decreases in the value of the euro versus other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency. These translations could result in significant changes to our results of operations from period to period.

In addition, to the extent that we incur expenses that are not denominated in the same currency as the related revenues, exchange rate fluctuations could cause our expenses to increase as a percentage of net sales, affecting our profitability and cash flows.

We may not be able to meet anticipated capital requirements for certain transactions.

We may engage in projects that require us to seek substantial amounts of funds through various forms of financing. Our ability to arrange financing for projects and our cost of capital depends on numerous factors, including general economic and capital market conditions, availability of credit from

banks and other financial institutions, investor confidence in our businesses, restrictions in debt instruments, success of current projects, perceived quality of new projects and tax and securities laws. We may forego attractive business opportunities and lose market share if we cannot secure financing on satisfactory terms.

We may suffer reduced profits or losses as a result of intense competition.

The majority of the industries in which we operate are highly competitive and require substantial human and capital resources. Many other companies serve the markets in which we compete. From time to time, our competitors may reduce their prices in an effort to expand market share, introduce new technologies or services, or improve the quality of their services. We may lose business if we are unable to match the prices, technologies or service quality offered by our competitors.

In addition, most of our main businesses rely on some important third-party content. There is no assurance that the desired rights to content will be available on commercially reasonable terms, and as the markets in which our businesses operate become more competitive, the cost of obtaining this third-party content could increase. Any of these competitive effects could have a material adverse effect on our business and financial position.

We may not be successful in developing new technologies or introducing new products and services.

Many of the industries in which we operate are subject to rapid and significant changes in technology and are characterized by the frequent introduction of new products and services. Pursuit of necessary technological advances may require substantial investments of time and resources and we may not succeed in developing marketable technologies. Furthermore, we may not be able to identify and develop new product and service opportunities in a timely manner. Finally, technological advances may render our existing products obsolete, forcing us to write off investments made in those products and services and to make substantial new investments.

We may have difficulty enforcing our intellectual property rights.

The decreasing cost of electronic and computer equipment and related technology has made it easier to create unauthorized versions of audio and audiovisual products such as compact discs, videotapes and DVDs. A substantial portion of our revenue comes from the sale of audio and audiovisual products that are potentially subject to unauthorized copying. Similarly, advances in internet technology have increasingly made it possible for computer users to share audio and audiovisual information without the permission of the copyright owners and without paying royalties to holders of applicable intellectual property or other rights. A large portion of intellectual property is potentially subject to widespread, uncompensated dissemination on the internet. If we fail to obtain appropriate relief through the judicial process or the complete enforcement of judicial decisions issued in our favor, or if we fail to develop effective means of protecting our intellectual property or entertainment-related products and services, our results of operations and financial position may suffer.

Challenges to our rights to use intellectual property could have a negative effect on us.

Many of our main businesses are heavily dependent on intellectual property owned and licensed by us. Challenges by third parties claiming infringement of their proprietary rights, if upheld, could result in the loss of intellectual property which we depend on to generate revenues and could result in damages or injunctive relief being imposed against us. Even challenges that we are successful in defending may result in substantial costs and diversion of resources, which could have an adverse effect on our operations.

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We may not be able to retain or obtain required licenses, permits, approvals and consents.

We need to retain or obtain a variety of permits and approvals from regulatory authorities to conduct and expand each of our businesses. The process for obtaining these permits and approvals is often lengthy, complex and unpredictable. Moreover, the cost for renewing or obtaining permits and approvals may be prohibitive. If we are unable to retain or obtain the permits and approvals we need to conduct and expand our businesses at a reasonable cost and in a timely manner in particular, licenses to provide telecommunications services our ability to achieve our strategic objectives could be impaired. The regulatory environment in which our businesses operate is complex and subject to change, and adverse changes in that environment could impose costs on us or limit our revenue.

The loss of key personnel could hurt our operations.

Our success and the success of our business units depends upon the continuing contributions of our executive officers and other key operating personnel. The complete or partial loss of their services could adversely affect our businesses.

Restructuring at our business units may adversely affect our operations and financial condition.

In an effort to cut costs and rationalize operations, our business units may engage in restructuring, including closures of facilities and reduction of workforce. If a business unit fails to properly carry out any restructuring, the relevant business s ability to conduct its operations and the business s results could be adversely affected. Restructurings, closures and layoffs may also harm our employee relationships, public relationships and governmental relationships which would in turn adversely affect our operations and results. For example, in March 2003, Canal+ Group announced an employee reduction as part of its overall restructuring plan. The program calls for a reduction of approximately 305 positions, mainly administration and technical support personnel. In addition, approximately 138 positions in certain support functions will be outsourced. The announcement of this program may result in a deterioration of our labor relations and may have an adverse effect on our operations.

Cegetel Group expects to make significant investments in networks and new technology and the anticipated benefits of these investments may not be realized.

Cegetel Group expects to make substantial investments in its mobile networks, particularly in connection with the rollout of its UMTS mobile network over the next several years in view of increased usage and the need to offer new services and greater functionality afforded by UMTS technology. Accordingly, the level of Cegetel Group s capital expenditures in future years is expected to exceed current levels. The development of UMTS technology is taking longer than anticipated. Consumer acceptance of UMTS or other new technology may be less than expected and will depend on a number of factors, including the availability of applications which exploit the potential of the technology and the breadth and quality of available content. If the introduction of UMTS services is further delayed or UMTS fails to achieve the expected advantages over existing technologies, Cegetel Group may be unable to recoup its network investment.

Regulations regarding electromagnetic radiation or future claims with respect to electromagnetic radiation could have an adverse effect on our mobile telephone revenues and operations.

The International Commission for Non-Ionizing Radiation Protection, an independent organization that advises the World Health Organization, has established a series of recommendations setting exposure limits from electromagnetic radiation from antennas. These regulations were driven by concern over a potential connection between electromagnetic radiation and certain negative health effects, including some forms of cancer. They were enacted into French law on May 3, 2002. SFR, an 80%-owned subsidiary of Cegetel Group, is also, along with the other French mobile telephony operators, in the process of entering into agreements with various cities, including the city of Paris, that will set up local guidelines. The International Cancer Research Center, authorized by the World Health Organization, is currently conducting a large-scale epidemiological study, the conclusions of which are expected to be published in 2004. We cannot assure you that future regulations will not have a negative impact on our revenues and operations. We also cannot assure you that claims, relating to electromagnetic radiation will not arise against us and our mobile telephony operations in the future and have an adverse effect on our revenues and operations. In addition, even the perception of possible health risks, could lead to reduced demand for our mobile telephony services and have an adverse effect on our revenues and operations.

Our content assets in television, motion pictures and music may not be commercially successful.

A significant amount of our revenue comes from the production and distribution of content offerings such as feature films, television series and audio recordings. The success of content offerings depends primarily upon their acceptance by the public, which is difficult to predict. The market for these products is highly competitive and competing products are often released into the marketplace at the same time. The commercial success of a motion picture, television series or audio recording depends on the quality and acceptance of competing offerings released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and other tangible and intangible factors, all of which can change quickly. Our motion picture business is particularly dependent on the success of a limited number of releases. Universal Picture Group, or UPG, typically releases 14 to 16 motion pictures a year and the commercial failure of just a few of these motion pictures can have a significant adverse impact on UPG s results for both the year of release and the following year. This is particularly true for motion pictures with high production costs, and in 2003, UPG intends to release an unusually large number of high production cost motion pictures. Our failure to produce and distribute motion pictures, television series and audio recordings with broad consumer appeal could materially harm our business, financial condition and prospects for growth.

The recorded music market has been declining and may continue to decline.

Economic recession, CD-R piracy and illegal downloading of music from the internet and growing competition for consumer discretionary spending and shelf space are all contributing to a declining recorded music market. Additionally the period of growth in recorded music sales driven by the introduction and penetration of the CD format has ended and no profitable new format has emerged to take its place. Worldwide sales were down as the music market witnessed an estimated market decline of 9.5% in 2002. Double-digit declines were experienced in the US, Japan and Germany. Of the world s five major music markets only France reported growth. There are no assurances that the recorded music market will not continue to decline. A declining recorded music market is likely to lead to the loss of revenue and operating income at Universal Music Group, or UMG.

UMG has been losing, and is likely to continue to lose, sales due to unauthorized copies and piracy.

Technological advances and the conversion of music into digital formats have made it easy to create, transmit and share high quality unauthorized copies of music through pressed disc and CD-R piracy, home CD burning and the downloading of music from the internet. Unauthorized copies and piracy cost the recorded music industry an estimated $4.3 billion in lost revenues during 2001, the last year for which data is available, according to the International Federation of the Phonographic Industry, or IFPI. IFPI estimates that 1.9 billion pirated units were manufactured in 2001, equivalent to about 40% of all CDs and cassettes sold globally. According to IFPI estimates, about 28% of all CDs sold in 2001 were pirated, up from about 20% in 2000. We believe that these percentages are continuing to increase. Unauthorized copies and piracy both decrease the volume of legitimate sales and put pressure on the price at which legitimate sales can be made and have had, and, we believe, will continue to have, an adverse effect on UMG.

Our motion picture businesses may lose sales due to unauthorized copies and piracy.

Technological advances and the conversion of motion pictures into digital formats have made it easier to create, transmit and share high quality unauthorized copies of motion pictures in theatrical release, on videotapes and DVDs, from pay-per-view through unauthorized set top boxes and other devices and through unlicensed broadcasts on free TV and the internet. Unauthorized copies and piracy of these products compete against legitimate sales of these products. The motion picture business is dependent upon the enforcement of copyrights. A failure to obtain appropriate relief from unauthorized copying through judicial decisions and legislation and an inability to curtail piracy rampant in some regions of the world are threats to the motion picture business and may have an adverse effect on our motion picture business.

Changes in economic conditions could affect the revenue we receive from television programming that we produce and from our television channels.

Our television production and distribution and cable networks are directly and indirectly dependent on advertising for their revenue. Changes in US, global or regional economic conditions may affect the advertising market for broadcast and cable television programming, which in turn may affect the volume of, and price for, the advertising on our cable networks and shows and the volume of, and price for, the programming we are able to sell.

Consolidation among cable and satellite distributors may harm our cable television networks.

Cable and satellite operators continue to consolidate, making our cable television networks increasingly dependent on fewer operators. If these operators fail to carry our cable television networks or use their increased bargaining power to negotiate less favorable terms of carriage, our cable television network business could be adversely affected.

The increase in the number of cable television networks may adversely affect our cable television networks.

Our cable television networks compete directly with other cable television networks as well as with local and network broadcast channels for distribution, programming, viewing audience and advertising revenue. Growth in distribution platforms has led to the introduction of many new cable television networks. The increased competition may make it more difficult to place our cable television networks on satellite and cable distribution networks, acquire attractive programming or attract necessary audiences or suitable advertising revenue.

Our television production and distribution businesses face increased competition.

Our produced programs, including television series, made-for-television and made-for-video motion pictures, compete in a worldwide television marketplace that has become ever more competitive as digital cable and satellite delivery increasingly expand the number of channels (and competing programs) available to consumers. Competition in the critical US production market has also been increased by the growing consolidation and vertical integration of several large television and media giants. The 1995 repeal of the financial interest and syndication rules in the United States has permitted these conglomerates to combine ownership of television production businesses with broadcast networks. As a result, the current US broadcast networks ABC, CBS, NBC, Fox, The WB and UPN are able to fill their schedules with a large percentage of self-owned programs, thus reducing the number of time slots available to VUE s Universal Television Group and other outside producers. For the fall 2002 season, the top five producers in total hours on network television were all affiliated with a broadcast network. Approximately 40% of Universal Television Group s revenues came from broadcast license program fees in 2002. We can offer no assurances that we will be able to maintain or grow these revenues in the face of increased competition.

New technologies may harm our cable television networks.

A number of new personal video recorders, such as TIVO in the United States have emerged in recent years. These recorders often contain features allowing viewers to watch pre-recorded programs without advertising. The effect of these recorders on viewing patterns and exposure to advertising could have an adverse effect on our operations and results.

Our theme park and resort group may continue to be negatively affected by international, political and military developments.

The terrorist attacks of September 11, 2001, the threat and outbreak of war and the threat of further terrorist attacks have resulted in significant reductions in domestic and international travel that negatively affected our theme park and resort activities. These developments have had a continued impact on vacation travel, group conventions and tourism in general. Any further outbreak or escalation of hostilities, any further terrorist attack, the perceived threat of hostilities or terrorist attack or a change in public perception regarding current developments would be likely to have an additional negative impact on our operations.

Canal+ Group is subject to French and other European content and expenditure provisions that restrict its ability to conduct its business.

Canal+ Group is regulated by various statutes, regulations and orders. In particular, under its French broadcast authorization, the premium channel Canal+ is subject to the following regulations: (i) no more than 49% of its capital stock may be held by a single shareholder and (ii) 60% of the films broadcast by the channel must be European films, and 40% must be French Language films. Each year Canal+ must invest 20% of its total prior-year revenues in the acquisition of film rights, including 9% which must be devoted to French language films and 3% to non-French language European films. At least 75% of the French movies must not be acquired from Canal+ Group controlled companies. Canal+ has an obligation to invest 4.5% of its revenues in original TV movies and dramas. Canal+ Group also operates in Belgium, Spain, the Netherlands and Poland pursuant to the regulations of each of these countries which generally stipulate, as do the French, financing levels for European and national content. These regulations severely limit Canal+ Group s ability to choose content and otherwise manage its business and could have an adverse effect on its operations and results.

One of our two independent public accountants, Barbier Frinault & Cie, was formerly a member of Andersen Worldwide, as was Arthur Andersen LLP, which has been found guilty of a federal obstruction of justice charge, and you will probably be unable to exercise effective remedies against Andersen Worldwide in any legal action.

One of our two independent public accountants, Barbier Frinault & Cie, was formerly a member of Andersen Worldwide, as was Arthur Andersen LLP, and during that period provided us with auditing services, including issuing an audit report with respect to our audited consolidated financial statements, for the fiscal year ended December 31, 2002. On June 15, 2002, a jury in Houston, Texas found Arthur Andersen LLP guilty of a federal obstruction of justice charge arising from the federal government s investigation of Enron Corp. On August 31, 2002, Arthur Andersen LLP ceased practicing before the SEC.

Andersen Worldwide has not reissued its audit report with respect to our audited consolidated financial statements prepared by it incorporated by reference in this prospectus. Furthermore, Andersen Worldwide has not consented to the inclusion of its audit report in this prospectus. As a result, you will probably not have an effective remedy against Andersen Worldwide in connection with a material misstatement or omission with respect to our audited consolidated financial statements that are incorporated by reference in this prospectus, any registration statement with respect to the Exchange Notes following this offering or any other filing we make with the SEC, including any claim under Section 11 of the Securities Act with respect to such registration statement. In addition, even if you were able to assert such a claim, as a result of its conviction and other lawsuits, Andersen Worldwide may not have sufficient assets to satisfy claims made by investors or by us that might arise under federal securities laws or otherwise relating to any alleged material misstatement or omission with respect to our audited consolidated financial statements.

Risks Relating to the Notes

The Notes are structurally subordinated to indebtedness of Vivendi Universal s subsidiaries.

Vivendi Universal must rely on payments from its subsidiaries to fund payments on the Notes, and its subsidiaries might not be able to make payments to it in some circumstances.

Vivendi Universal is a holding company and does not directly conduct any business operations. Vivendi Universal s only significant assets are the shares it holds in its subsidiaries and loans to these subsidiaries. We do not expect Vivendi Universal to have any sources of funds that would allow it to make payments on the Notes, other than funds lawfully distributed or paid by, or from disposals of equity in direct subsidiaries.

You will not have any direct claim on the cash flows of Vivendi Universal s operating subsidiaries and such subsidiaries have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make funds available to Vivendi Universal for these payments. These subsidiaries are legally distinct from Vivendi Universal and have no obligations to pay amounts due on its debt or to make funds available to it for such payment.

Vivendi Universal s subsidiaries are restricted in their ability to make distributions and pay dividends to it.

Dividends and other distributions (including payment of interest, repayments of loans and other returns on investment or other payments) from our subsidiaries are restricted under certain agreements. For example, VUE s $920 million credit facility limits dividends and the net balance of loans between VUE and Vivendi Universal at any time. Although the indenture governing the Notes will limit the ability of our subsidiaries to enter into future consensual restrictions on their ability to pay dividends and make other payments to us, there are significant qualifications and exceptions to these limitations.

Some of our subsidiaries which are less than wholly owned are unable to pool their cash with us and must pay a portion of any dividends to other shareholders. These subsidiaries include Cegetel Group and Maroc Telecom.

The ability of our subsidiaries to make certain distributions also may be limited by financial assistance rules, corporate benefit laws and other legal restrictions which, if violated, might require the recipient to refund unlawful payments. In particular, under company law (including the French Civil Code (*Code civil*) and the French Commercial Code (*Code de commerce*) and similar laws in other jurisdictions) our subsidiaries are generally prohibited from paying dividends except out of profits legally available for distribution.

Your right to receive payments under the Notes will be structurally subordinated to all liabilities of Vivendi Universal s subsidiaries.

In the event of a bankruptcy, liquidation, winding up, reorganization or similar proceeding relating to one of our subsidiaries, your right to participate in a distribution of the assets of such subsidiary will rank behind such subsidiary s creditors, including trade creditors, and preferred stockholders, if any, except to the extent that we might have claims against such subsidiary. As of June 30, 2003, our subsidiaries had approximately 7.0 billion of indebtedness outstanding. At that same date, after giving effect to the issuance of the July Senior Notes and application of the net proceeds thereof to repay the 1,107 million SIT Facility (as defined below), our subsidiaries would have had 5.9 billion of indebtedness.

The right of noteholders to receive payments on the Notes is effectively subordinated to the rights of our existing and future secured creditors.

Holders of our secured obligations, including indebtedness outstanding under the Dual Currency Credit Facility and the Multicurrency Revolving Credit Facility have claims that are prior to your claims as holders of the Notes to the extent of the value of the assets securing those other obligations. Notably, our Dual Currency Credit Facility and the Multicurrency Revolving Credit Facility are secured, on a *pari passu* basis, by liens on deposit accounts, intercompany notes and capital stock in certain of our subsidiaries. The Notes are effectively subordinated to all such secured indebtedness to the extent of the value of the collateral. In the event of any distribution of our assets or payment in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy, the assets securing the claims of our secured creditors will be available to satisfy the claims of those creditors before they are available to unsecured creditors, including the holders of the Notes. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the Notes. As a result, holders of Notes may receive less, ratably, than holders of our secured obligations.

See Capitalization , Description of Exchange Notes included elsewhere in this prospectus and Item 4 Information on the Company Summary of Indebtedness and our Consolidated Financial Statements in our 2002 Annual Report on Form 20-F for the year ended December 31, 2002 for more information on our secured indebtedness and restrictions on our ability to incur additional secured indebtedness.

Restrictions and other provisions in our debt instruments may limit our ability to make payments on the Notes, operate our business and access liquidity.

The indenture governing the Notes contains, and the indentures and agreements governing our outstanding credit facilities and other indebtedness contain, affirmative and negative covenants that limit our ability and the ability of certain of our subsidiaries to take certain actions. Our credit facilities require us to maintain specified financial ratios and satisfy other financial conditions. The indenture governing the Notes and the agreements or indentures governing our other indebtedness restrict, among other things, our ability and the ability of all or substantially all of our subsidiaries to:

- pay dividends on, redeem or repurchase share capital or make other distributions;
- make certain other restricted payments and investments;
- incur additional indebtedness and issue certain preference shares;
- create certain liens;
- merge, consolidate, amalgamate or otherwise combine with other entities;
- enter into certain transactions with affiliates;
- create restrictions on the ability of our restricted subsidiaries to pay dividends or other amounts to us;
- transfer or sell assets, including by way of a sale and leaseback transaction; and
- guarantee indebtedness of Vivendi Universal.

Some of our debt documents contain negative covenants which are more restrictive than those contained in the indenture governing the Notes. In addition, many of the debt documents require us to meet on an ongoing basis certain financial ratio and financial condition tests. Please see Item 5 Operating and Financial Review and Prospects Liquidity and Financial Resources and Item 4 Information on the Company Summary of Indebtedness in our Annual Report on Form 20-F for the year ended December 31, 2002.

The covenants in our debt documents could materially and adversely affect our ability to engage in business activities that may be in our best interest and/or to finance our future operations or capital needs. Furthermore, events beyond our control could affect our ability to meet the financial ratio and financial condition tests. Our failure to comply with these obligations and other covenants could cause an event of default under one or more of our credit facilities or indentures, including the indenture governing the Notes. If an event of default under the debt instrument occurs, our lenders could elect to declare all amounts outstanding under the debt instrument to be immediately due. In that event, we cannot assure you that we would have sufficient assets to repay all of our obligations, including our obligations under the Notes. We may incur other debt in the future that contains financial or restrictive covenants.

Our existing revolving credit facilities contain conditions to drawing, including conditions related to the financial condition and prospects of Vivendi Universal. Accordingly, under certain circumstances, Vivendi Universal may not have access to undrawn amounts under such facilities. Failure to have access to such funds could materially adversely affect Vivendi Universal, its operations and ability to meet its obligations under the Notes.

You should read Item 4 Information on the Company Summary of Indebtedness in our Annual Report on Form 20-F for the year ended December 31, 2002 for further information about these covenants and other provisions.

We may not have the ability to finance a change of control offer as required by the indenture.

If specific kinds of change of control events occur, Vivendi Universal will be required to make an offer to purchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest and additional amounts, if any, on the Notes. The change of control events which could give rise to Vivendi Universal s obligation to offer to purchase the Notes are different from those included in many of our debt documents. Consequently, following certain changes of control, Vivendi Universal and its subsidiaries could be obligated to repay indebtedness outstanding under their debt documents, at a time when Vivendi Universal is not obligated to offer to repurchase the Notes.

If a change of control event occurs, we cannot assure you that we will have sufficient funds to pay the purchase price for any Notes tendered to us upon such change of control event. If a change of control event occurs at time when we are prohibited from purchasing the Notes under our other debt agreements, we could seek the consent of our lenders to purchase the Notes or could attempt to refinance or repay the borrowings that prohibit our repurchase of the Notes. If we do not obtain such consent or refinance or repay those borrowings, we would remain prohibited from purchasing the Notes. In that case, our failure to purchase any of the tendered Notes would constitute an event of default under the Notes, which would cause a default under most of our other major debt instruments. You should read the discussions in Description of the Notes Repurchase at the Option of Holders Change of Control , and Item 4 Information on the Company Summary of Indebtedness in our Annual Report on Form 20-F for the year ended December 31, 2002 for further information about these restrictions.

You may have difficulty selling the Outstanding Notes that you do not exchange.

If you do not exchange your Outstanding Notes for the Exchange Notes offered in this exchange offer, your Outstanding Notes will continue to be subject to significant restrictions on transfer. Those transfer restrictions are described in the indenture governing the Notes and arose because we originally issued the Outstanding Notes under exemptions from the registration requirements of the Securities Act.

In general, you may offer or sell your Outstanding Notes only if they are registered under the Securities Act and applicable state securities laws, or if they are offered and sold under an exemption from those requirements. We did not register the Outstanding Notes, and we do not intend to do so following the exchange offer. If you do not exchange your Outstanding Notes, you will lose your right to have your Outstanding Notes registered under the Securities Act. As a result, if you hold Outstanding Notes after the exchange offer, your ability to sell those Notes will be significantly limited.

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If a large number of Outstanding Notes are exchanged for Exchange Notes issued in the exchange offer, if may be more difficult for you to sell your unexchanged Outstanding Notes.

If you participate in the exchange offer for the purpose of participating in a distribution of the Exchange Notes or are an affiliate of Vivendi Universal S.A., you may still be subject to various transfer restrictions.

If you exchange your Outstanding Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed an underwriter under the Securities Act. If so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the Exchange Notes. Also, affiliates of Vivendi Universal S.A. may sell Exchange Notes only in compliance with the provisions of Rule 144 under the Securities Act or another available exemption.

Your Outstanding Notes will not be accepted for exchange if you fail to follow the exchange offer procedures and, as a result, your Outstanding Notes will continue to be subject to existing transfer restrictions and you may not be able to sell your Outstanding Notes.

We will not accept your Outstanding Notes for exchange if you do not follow the exchange offer procedures. You will receive Exchange Notes in exchange for your Outstanding Notes only if, before the expiration date of the exchange offer, you deliver all of the following to the applicable exchange agent:

- certificates for the Outstanding Notes or a book-entry confirmation of a book-entry transfer of the Outstanding Notes into the exchange agent s account at The Depository Trust Company, Euroclear Bank S.A./ N.V. or Clearstream Banking, S.A., as applicable;

- the applicable Letter of Transmittal, properly completed and duly executed by you, together with any required signature guarantees; and

- any other documents required by the Letter of Transmittal.

You should allow sufficient time to ensure that the applicable exchange agent receives all required documents before the exchange offer expires. Neither we nor the applicable exchange agent has any duty to inform you of defects or irregularities with respect to the tender of your Outstanding Notes for exchange.

An active trading market may not develop for the Notes.

The Exchange Notes will be registered under the Securities Act, but will not constitute an issue of securities for which there is currently an active trading market. The Initial Purchasers have informed us that one or more of them currently intend to make a market in the Notes. However, the Initial Purchasers are not obligated to do so and may discontinue market-making activities at any time without notice. The Outstanding Notes are listed on the Luxembourg Stock Exchange, and we intend to list the Exchange Notes on the Luxembourg Stock Exchange. Nevertheless, we cannot assure you that the Exchange Notes will be accepted for listing or that the Notes will remain listed. As a result, we cannot assure you that an active trading market for the Notes will develop or be maintained.

The liquidity of any market for the Notes will depend upon the number of holders of the Notes, our performance, the market for similar securities, the interest of securities dealers in making a market, general economic conditions and our financial condition, performance and prospects and other factors. Historically, the market for non-investment grade debt has not been consistently liquid and has been subject to disruptions that have caused substantial volatility in the prices of such securities. There can be no assurance that the market for the Notes will not be subject to similar disruptions. Any such disruptions may have an adverse effect on the holders of the Notes.

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The Notes will initially be held in book-entry form and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until definitive Notes are issued in exchange for book-entry interests in the Notes, owners of the book-entry interests will not be considered owners or holders of Notes. Instead, the common depositary, or its nominee, will be the sole holder of the Notes.

Payments of principal, interest and other amounts owing on or in respect of the dollar-denominated Notes in global form will be made to The Bank of New York as Dollar Paying Agent, which will make payments to DTC. Thereafter, such payments will be credited to DTC participants accounts (including Euroclear and Clearstream) that hold book-entry interests in the dollar-denominated Notes in global form and credited by such participants to indirect participants. Payments of principal, interest and other amounts owing on or in respect of the euro-denominated Notes in global form will be made to The Bank of New York as Euro Paying Agent, which will make payments to the common depositary, which will in turn distribute payments to Euroclear and Clearstream. Thereafter, payments will be made by Euroclear and Clearstream to participants in these systems and then by such participants to indirect participants. After payment to DTC or the common depositary, none of Vivendi Universal, any of its subsidiaries, the trustee or any paying agent will have any responsibility or liability for any aspect of the records relating to or payments of interest, principal or other amounts to DTC, Euroclear and/or Clearstream or to owners of book-entry interests.

Unlike holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon solicitations for consents or requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC, Euroclear and/or Clearstream or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

French insolvency laws may not be as favorable to you as US or other insolvency laws.

Vivendi Universal is incorporated in France and, consequently, will be subject to French laws and proceedings affecting creditors, including article 1244-1 of the French Civil Code (*code civil*), voluntary judicial amicable settlement of debts proceedings (*règlement amiable*) and judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*). In general, French reorganization or liquidation legislation favors the continuation of a business and protection of employment over the payment of creditors.

Pursuant to article 1244-1 of the French *code civil*, French courts may, in any civil proceeding involving the debtor, whether initiated by the debtor or the creditor, taking into account the debtor s financial position and the creditor s financial needs, defer or otherwise reschedule over a maximum period of two years the payment dates of payment obligations. In addition, pursuant to article 1244-1, French courts may decide that any amounts, the payment date of which is thus deferred or rescheduled, will bear interest at a rate which is lower than the contractual rate (but not lower than the legal rate) and/or that payments made shall first be allocated to repayment of the principal by a decision indicating specific grounds. If a court order under article 1244-1 of the French *code civil* is made, it will suspend any pending enforcement measures, and any contractual interest or penalty for late payment will not be due during the period ordered by the court.

A company may initiate, in its sole discretion, voluntary judicial amicable settlement of debts proceedings (*règlement amiable*) with respect to itself, provided it (i) is able to pay its due debts out of its available assets and (ii) experiences legal, economic or financial difficulties or cannot obtain financing suited to its needs and possibilities. At the request of the company, the competent court enters an order appointing a conciliator (*conciliateur*) to help the company reach agreement with its creditors for reducing or rescheduling its indebtedness in order to resolve its difficulties. The company s major creditors must be a party to the agreement in order for it to be approved by the court.

In the context of voluntary judicial amicable settlement of debts proceedings (*règlement amiable*), which may last up to four months, French courts have the power (a) for the duration of the proceedings, to prohibit a company from paying any prior debts and its creditors from pursuing any legal proceedings against it to (i) obtain the payment of such debts, (ii) terminate an agreement with the company for failure to pay a monetary amount or (iii) seize or attach any of its assets; and (b) to defer or otherwise reschedule the company s payment obligations over a maximum period of two years, pursuant to article 1244-1 of the *code civil*.

Judicial reorganization or liquidation proceedings (*redressement* or *liquidation judiciaire*) may be initiated against a company incorporated in France if:

1. it fails to perform its financial obligations pursuant to a voluntary judicial amicable settlement of debts proceeding (*règlement amiable*), such a proceeding being initiated at the sole discretion of the company;

2. it has undertaken to purchase the business of another insolvent company, after a period during which it leases such business, and fails to do so; or

3. it cannot pay its due debts out of its available assets (it is in *cessation de paiements*).

Such proceedings may be initiated against a company:

in the event of (1) above, by the public prosecutor, the company or a creditor party to the voluntary judicial amicable settlement;

in the event of (2) above, the public prosecutor, the individual appointed by the court in particular to oversee the performance of the sale (*commissaire à l exécution du plan*) or any interested party; or

in the event of (3) above, by a company, a creditor, the court or the public prosecutor.

A company is required to petition for insolvency proceedings within 15 days of becoming in *cessation de paiements.* If it does not, directors and, as the case may be, *de facto* managers, are subject to civil liability.

The date of *cessation de paiements* is deemed to be the date of the court order commencing judicial liquidation or reorganization proceedings. However, in the order commencing proceedings or in a subsequent order, a court may set the date of the *cessation de paiements* at an earlier date of up to 18 months prior to the court order commencing proceedings. The date of the *cessation de paiements* is important because it marks the beginning of the suspect period. Certain transactions undertaken during the s