

VIVENDI UNIVERSAL
Form 424B3
December 04, 2003

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**Filed Pursuant to Rule 424(b)(3)
under the Securities Act of 1933
Registration No. 333-108928**

PROSPECTUS

\$975,000,000 6.25% Senior Notes due 2008

500,000,000 6.25% Senior Notes due 2008

Vivendi Universal S.A.

Offer to Exchange all Outstanding
6.25% Senior Notes due 2008, for a new issue of 6.25% Senior Notes due 2008, and
6.25% Senior Notes due 2008, for a new issue of 6.25% Senior Notes due 2008
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We are offering to exchange all outstanding notes that are validly tendered and not withdrawn for an equal principal amount of notes that are registered under the Securities Act of 1933.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 July 10, 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 6.25% per year and interest on the euro-denominated exchange notes will accrue at the rate of 6.25% per year, in each case, payable in cash every six months on January 15 and July 15, with the first payment on January 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 outstanding notes, and the application of the net proceeds thereof as set forth under "Use of Proceeds", (1) we and our consolidated subsidiaries would have had gross debt (including short term debt) of 17.1 billion outstanding, (2) Vivendi Universal 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.

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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 the 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 4, 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;

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

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.

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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 12:00 Midnight, New York City time on January 2, 2004 with respect to the Outstanding Dollar Notes (as defined below), and 12:00 Midnight, London time on January 2, 2004 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 euro are to the single currency of the 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

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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 business 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;

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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.

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.

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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 making 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. In 2002, SFR had a 35.1% market share in a stable, three-operator market 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 the 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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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 our 9.25% Senior Notes due 2010 and our 9.50% Senior Notes due 2010, which we refer to in this prospectus as the April Senior 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 April Senior 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 Outstanding Notes and used proceeds of the sale of the Outstanding 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 pro-

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gram. 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 (as of June 25, 2003)
(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 (as defined below) 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 April Senior Notes to certain amendments to the indenture governing the Outstanding Notes and the Exchange Notes and the indenture governing the April 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 dispositions of 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 reconciliations. 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.