



2004 KEY FIGURES
2005 OUTLOOK

VIVENDI
UNIVERSAL

VIVENDI UNIVERSAL, A LEADER IN MEDIA AND TELECOMMUNICATIONS

Completed March 29, 2005
343 134 763 RCS Paris

CORPORATE

Message from Jean-René Fourtou	02
Five Questions to Jean-Bernard Lévy	03
Simplified Organization Chart	05
2004 Key Figures	06
Corporate Governance	09

MEDIA

Canal+ Group	14
Universal Music Group	18
Vivendi Universal Games	22

TELECOMS

SFR Cegetel Group	26
Maroc Telecom	30

Addresses and Information	34
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Message from Jean-René Fourtou



Vivendi Universal has entered **a new phase in its development**, as demonstrated by our 2004 results.

Since 2002, we have had to divest a great number of assets to finance the turnaround, clarify the strategy and strengthen the businesses that had been losing speed, in order to turn Vivendi Universal into a strong media and telecommunications group.

My mission has now been fulfilled. Subject to shareholder approval, Vivendi Universal's governance structure will be changed at the end of the Share-

"We will continue the momentum that has already increased the value of the Group"

holders' Meeting on April 28, 2005. I will chair the Supervisory Board and Jean-Bernard Lévy, who has worked hard since 2002 to get the Group back on track, will chair the Management Board which will be composed of the heads of Vivendi Universal's businesses and the Group's Chief Financial Officer.

By bringing together the operational and functional leaders as a single team united around the same project, we will **continue the momentum** that has already been instrumental in increasing the value of each one of our activities and the Group as a whole.

Five Questions to Jean-Bernard Lévy



What is the Group's current status?

Vivendi Universal can look toward the future with confidence. The Group has been turned around: it is now profitable and refocused on two activities, media and telecommunications. The Group holds **leading positions** in each of its businesses: it is the French leader in pay and digital TV with Canal+ Group, the world leader in music with Universal Music Group, the No. 2 producer of online games in the world with VU Games, the No. 2 telecommunications operator in France with SFR Cegetel Group, and the leading provider of telephone services in Morocco with Maroc Telecom.

How do these two sectors complement each other?

There is a link between development in the media sector and development in the telecommunications sector. The growth of telecommunications is largely due to the increase in content available via the telephone and over the Internet. At the same time, media content is gaining in value because of these new distribution channels.



"Our activities call upon shared expertise"

Our two activities are developing in different markets but **they complement each other operationally** in many ways. They call upon shared expertise, such as digitization of content, distribution, subscription management and intellectual property protection, and new technologies drive their development. The revolution in digital distribution creates new opportu-

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Five Questions to Jean-Bernard Lévy

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nities at the border between the two activities, which will provide powerful engines for organic growth.

What team will you rely on to manage Vivendi Universal?

Vivendi Universal and its subsidiaries benefit from **quality management teams**, who have proven their efficiency by turning around the Group, as demonstrated by the 2004 results. These teams are well placed to seize any growth opportunities that appear in the future.

What role do shareholders play in your strategy?

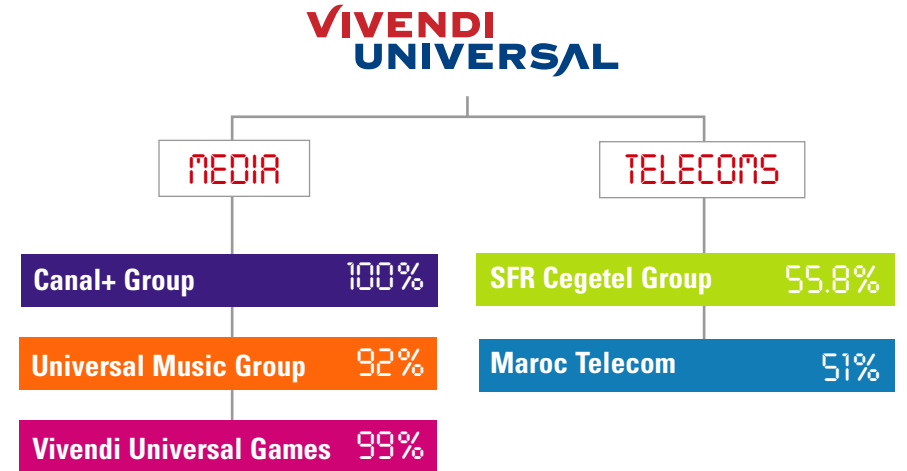
Vivendi Universal's goal is to maximize the value of its businesses to **create more value for the Group** as a whole. This year, for the first time in three years, we will propose the distribution of a dividend of 0.60 euros per share at the Shareholders' Meeting on April 28, 2005. My goal is to guide Vivendi Universal towards a long-term path of value creation for its shareholders.

"My goal is to guide Vivendi Universal towards a long-term path of value creation for its shareholders"

How do you envisage Vivendi Universal's future?

Our strategy is clear: we must strengthen and develop our operational positioning. To build the Vivendi Universal of tomorrow, we must consolidate the turn-around in our media activities and give **priority to organic growth, while pursuing investment**. I would like Vivendi Universal to cultivate the **pioneering spirit** that sets it apart and has opened up many new markets, from pay-TV to 3G mobile telephony. Every day, our businesses rely on **creativity** and anticipating consumer demand. We will continue down that path.

Simplified Organization Chart



Vivendi Universal also controls 20% of NBC Universal, a world leader in media with activities in film and television production, television channel distribution and theme park operations.

Percentages at March 1, 2005. The percentages correspond to Vivendi Universal's stake in each company.

2004 Key Figures

Revenues: €**21,428** million (against €25,482 million in 2003)

Revenue breakdown by principal business sectors (millions of €):



Operating income: €**3,476** million (against €3,309 million in 2003)

Adjusted net income*: €**1,380** million (against €349 million in 2003)

Net income: €**754** million (against –€1,143 million in 2003)

Cash flow from operations**: €**4,747** million (against €4,371 million in 2003)

Proportionate cash flow from operations**: €**3,100** million (against €2,766 million in 2003)
(excluding minority stakes)

37,906 employees in **77** countries

Vivendi Universal is listed in Paris ("Compartment A" of Eurolist by Euronext Paris™, ISIN FR0000127771) and on the New York Stock Exchange (V). Vivendi Universal is included in the CAC 40 index.

* Adjusted net income excludes goodwill amortization, gain (loss) on businesses sold, net of provisions, financial provisions, realized losses, net of financial provisions taken previously, tax expense, minority interests in adjustments and current deferred tax assets. Only tax savings in respect of current fiscal year are included in adjusted net income as a result of Vivendi Universal's election for the Consolidated Global Profit Tax System as of January 1, 2004. ** Net cash provided by operating activities, as published, excluding financing costs and income tax and by deducting capital expenditures, net of divestitures.

2004 Key Figures

Vivendi Universal's 2004 results confirm the Group's turnaround. Vivendi Universal reported a strong increase in adjusted net income, generated significant cash flow, and lowered its financial net debt to €3.1 billion. For the first time in four years Vivendi Universal posted positive earnings and for the first time in three years, the Group will propose the distribution of a dividend to its shareholders***.

Improved performances across all businesses

In 2004, Vivendi Universal's consolidated revenues amounted to €**21,428 million** compared with €25,482 million in 2003. This variance is primarily due to changes in the consolidation scope of the Group's media activity (divestiture of 80% of Vivendi Universal Entertainment, VUE) and the negative impact of the euro/US dollar exchange rate.

Media revenues reached €**9,048 million** in 2004. Canal+ Group posted strong performances in both pay-TV and cinema as a result of an increase in subscriptions, box-office hits and strong DVD sales. Universal Music Group's (UMG) revenues were stable, thanks to better than market performances in North America and the United

Kingdom and in spite of the negative impact of the exchange rate. VU Games managed to limit the decline of its revenues to 11% (on a constant currency basis) due to strong sales in the last quarter of 2004.

Telecommunications revenues totaled €**9,944 million** in 2004, up 10% over 2003. SFR Cegetel Group posted a 10% increase in revenues over the prior year: mobile revenues increased by 6% due to an increase in the customer base and fixed-line and Internet revenues posted strong performances, in particular in the high-speed Internet and corporate markets. Maroc Telecom's revenues increased by 11%. The growth of both the customer base and the average revenue per customer contributed to a 19% increase in mobile revenues. The fixed-line telephony and Internet segments decreased slightly as rates invoiced to third party operators were reduced.

A 5% increase in operating income

Vivendi Universal's consolidated operating income reached €**3,476 million**, against €3,309 million in 2003, representing a 5% increase despite the deconsolidation of VUE on May 11, 2004.

*** The distribution is subject to the approval of the Shareholders' Meeting on April 28, 2005.

2004 Key Figures

Operating income for the Group's **Media** businesses was multiplied by three in 2004 and reached **€353 million**. For the second year in a row, Canal+ Group generated a positive operating result, confirming the turnaround of the company's businesses. UMG's operating income increased five-fold reflecting a stronger than market performance and the effects of the cost reduction program launched in 2002. VU Games' operating result improved by 9% due to lower operating expenses, however, the company posted an operating loss as a result of costs incurred from the write-off of certain projects and titles, and staff reductions.

Operating income for **Telecommunications** grew by 15% to **€2,930 million**. SFR Cegetel Group posted an 18% increase. Thanks to strong cost control and the customer retention policy, mobile operating income grew by 20%. However, fixed-line telephony and Internet activities posted an operating loss due to the heavy commercial and technical costs associated with the launch of the broadband Internet retail offer. Maroc Telecom's operating income grew by 7%: strong revenue performances were partially offset by higher customer acquisition (particularly in the mobile telephony segment) and advertising costs.

Strong growth in adjusted net income

Adjusted net income* amounted to **€1,380 million**, a four-fold increase over 2003 (€349 million). This strong performance is primarily due to improvements in operating income, foreign exchange results as well as income from equity affiliates, reduced financing costs, and lower minority interests. Adjusted earnings per share reached €1.29 against €0.33 in 2003.

For the first time since 2001, Vivendi Universal posted a positive net result. Net income reached **€754 million** in 2004 (against a net loss of €1,143 million in 2003), up by €1,897 million. The payment of a **€0.60 dividend** per share will be submitted to the Shareholders' Meeting on April 28, 2005.

* See page 6.



Corporate Governance

Since its existence, Vivendi Universal has been governed by a Board of Directors. Subject to shareholder approval, which will be sought at the Shareholders' Meeting on April 28, 2005, Vivendi Universal will change its governance structure and create a Management Board and a Supervisory Board (see pages 10-11).

The Board of Directors in 2004

Vivendi Universal's Board of Directors **met eight times** during the 2004 fiscal year. The Board reviewed, among other things, the Group's strategic priorities, budget, treasury, debt, refinancing actions, divestitures (VUE) and acquisitions (Maroc Telecom), as well as the turnaround of certain businesses (Canal+ Group, Universal Music Group, VU Games), the Consolidated Global Profit Tax System, and the change in the governance structure.

The Board of Directors has **four Committees which review, analyze and prepare** for certain deliberations of the Board by producing proposals, recommendations and opinions. The Committees have no decision-making authority: their function is consultative, and they are accountable to the Board (see page 12).

In 2004, Vivendi Universal's Directors received an aggregate of 901,125 euros in Directors' fees.

The New Governance Structure

The Supervisory Board will be chaired by Jean-René Fourtou. Its role is to determine Vivendi Universal's significant strategic orientations and monitor the management of the Group by the Management Board.

The Management Board will be chaired by Jean-Bernard Lévy. Its role is to manage the Group and implement its strategy. The Management Board will be comprised of the businesses' operational leaders and of Vivendi Universal's Chief Financial Officer (see page 11).

Corporate Governance

Supervisory Board



Jean-René Fourtou
Chairman of the Supervisory Board
65 years old



Claude Bébéar
Chairman of the Supervisory Board of AXA Group
69 years old



Gérard Brémond ●
Chairman and CEO of Pierre et Vacances Group
67 years old



Fernando Falcó y Fernández de Córdova ●●
Former President of Real Automóvil Club de España
65 years old



Sarah Frank ●●
Member of the Board of the Foundation of the New York Chapter of the National Academy of Television Arts and Sciences
58 years old



Paul Fribourg ●●
Chairman and CEO of ContiGroup Companies, Inc.
51 years old



Gabriel Hawawini ●
Dean of INSEAD
57 years old



Patrick Kron ●
Chairman and CEO of Alstom
51 years old



Henri Lachmann ●
Chairman and CEO of Schneider Electric S.A.
66 years old



Andrzej Olechowski ●●
Senior Adviser of Trust Polska
66 years old



Pierre Rodocanachi ●
Chairman of the Advisory Board of Booz Allen Hamilton
66 years old



Karel Van Miert ●●
Former Vice-President of the European Commission
63 years old

- Independent Member
- Nationalities other than French



Corporate Governance

Management Board



Jean-Bernard Lévy
Chairman of the Management Board and CEO of Vivendi Universal



Abdeslam Ahizoune
Member of the Management Board.
Chairman of the Management Board of Maroc Telecom



Jacques Espinasse
Member of the Management Board.
Chief Financial Officer of Vivendi Universal



Frank Esser
Member of the Management Board.
Chairman and CEO of SFR Cegetel Group



Bertrand Meheut
Member of the Management Board.
Chairman of the Management Board of Canal+ Group



Doug Morris
Member of the Management Board.
Chairman and CEO of Universal Music Group



René Pénisson
Member of the Management Board.
Chairman of Vivendi Universal Games.
Senior Executive Vice-President, Human Resources, Vivendi Universal

Along with Jean-Bernard Lévy, Jacques Espinasse and René Pénisson, Vivendi Universal's Senior Executives are:

Senior Executives



Robert de Metz
Senior Executive Vice-President, Strategy and Development



Jean-François Dubos
Executive Vice-President and General Counsel, Secretary of the Supervisory and Management Boards



Michel Bourgeois
Executive Vice-President, Communications and Public Affairs



Régis Turrini
Executive Vice-President, Mergers and Acquisitions

Corporate Governance

The Committees

The four Board of Directors' Committees will become Supervisory Board Committees, with the same missions and prerogatives.

The Strategy Committee's mission covers strategic orientations, acquisitions and divestitures, significant financial transactions, and treasury. It is comprised of four Supervisory Board members, including three independent members.

The Audit Committee's area of expertise covers the review of accounts, accounting methods, internal control and the selection of auditors. It is comprised of four independent Supervisory Board members with financial or accounting skills. At least one member must be a financial expert as defined by the Sarbanes-Oxley Act, with a thorough understanding of accounting standards and practical experience in the preparation of financial statements and in the application of accounting standards.

The Human Resources Committee reviews the recruitment and remuneration of senior executives, the allocation of stock options and other similar products as well as Supervisory Board members' fees.

It is comprised of four independent Supervisory Board members.

The Corporate Governance Committee's mission covers the recruitment of Supervisory Board members, the composition and missions of the Supervisory Boards' Committees, independence criteria for Supervisory Board members, and the organization of the Supervisory Board. It is comprised of four Supervisory Board members, including three independent members.

Vivendi Universal also set up a Disclosure Committee (Sarbanes-Oxley) within the Group which is responsible for overseeing and reviewing the distribution of information regarding the Group to investors, regulatory authorities, market authorities and the general public. Its members are executives of Vivendi Universal.

MEDIA



Canal+ Group



1 - French League 1 soccer on Canal+
2 - Vera Drake, a StudioCanal film

3 - Michel Denisot, *Le Grand Journal de Canal+*
4 - CanalSatellite channels

Canal+ Group

2004 revenues
€**3,580** million

2004 operating income
€**198** million

4,275 employees

8.4 million individual and collective subscriptions
in France at December 31, 2004
(including French overseas territories)

French leader in digital pay-TV

One of the world's largest film libraries
with more than **5,000** feature films



Canal+ Group

Canal+ Group is the leading producer of pay-TV channels in France, as well as a major player in pay-TV channel distribution and in the production and distribution of films.

The premium channel, Canal+, had 4.95 million subscriptions at the end of 2004 and is at the center of the group's activities. The channel, which celebrated its 20th anniversary in November 2004, is a pioneer of pay-TV in Europe and the leader in France. It has developed **a unique programming format featuring first-run movies and exclusive sports events.**



incisive commentaries and an exciting, innovative production style. The channel broadcasts French League 1 soccer matches (with exclusive rights beginning from the 2005-2006 season) and the Champions League, as well as other sports events including rugby, American basketball and horse racing.

400 FILMS a year on Canal+

The channel broadcasts 400 films a year of which 320 are first runs on French TV, amounting to **nearly 30 films shown for the first time each month.** In 2004, Canal+ invested more than €131 million to acquire French-language films. The channel also offers the best in American movies as a result of its agreements with major Hollywood studios such as 20th Century Fox, NBC Universal, Sony/Columbia, Walt Disney-Pixar and DreamWorks.

Canal+ also has **unparalleled expertise in exclusive sports coverage**, for which it has developed

Canal+ also features news, documentaries, drama and entertainment programs, including regular evening shows such as *Le Grand Journal de Canal+* with Michel Denisot, *20h10 Pétantes* with Stéphane Bern and Ariel Wizman, and *Les Guignols de l'Info*. Other programs include, *Lundi Investigation* and *Plus Clair*, which provide different takes on current affairs, while high-quality dramas such as the internally produced *93 Rue Lauriston* and acquisitions like *The Shield* complete the channel's line-up.

1 - Stéphane Guillon, Stéphane Bern and Ariel Wizman present *20h10 Pétantes* on Canal+

Canal+ Group

Since March 2005, Canal+ has been offering "**Canal+ Le Bouquet**" to its digital services subscribers. This package offers four premium content channels built around Canal+.

Canal+ Group also produces **theme channels** intended primarily for the French market such as i>Télé, a continuous news channel, and the sports channel Sport+. Other channels include the CinéCinéma channels as well as Planète, Jimmy, Seasons, Comédie! and Cuisine TV.

CanalSatellite, a 66%-owned subsidiary of the Canal+ Group, leads the French digital pay-TV market **with 3 million subscriptions in January 2005.** CanalSatellite offers **more than 290 channels and services**, 65 of which are satellite exclusives, including such

3 MILLION subscriptions for CanalSatellite

well-known names as Disney Channel, Canal J, MCM and CinéCinéma. Ten new channels were added to the package in September 2004, including Discovery Channel, E! Entertainment and Pink TV.

In 2004, the Canal+ Group also initiated television broadcasting via ADSL. The "**Canal+ Le Bouquet par**



ADSL" and "**Canal+ SatDSL**" offers are available through three telephone operators. The group will also offer digital terrestrial television (DTT) as soon as it is launched.

StudioCanal is a major player in the **production, acquisition and distribution of European and American films.** Its library of more than 5,000 films includes blockbusters such as *Terminator 2* and *The Pianist*. StudioCanal co-produced five French films that registered over 1.5 million box-office entries in 2004, including Yann Moix's *Podium* and Olivier

Dayan's *Les Rivières Pourpres 2*. It also co-produced Mike Leigh's *Vera Drake*, which won the Golden Lion at the 2004 Venice Film Festival. **In video and DVD distribution**, StudioCanal was once again one of the top sellers during the holiday season with its comedy DVDs *De Caunes/Garcia* and *Les Nuls, L'Intégrale 2*.

2 - The De Caunes/Garcia DVD

Universal Music Group



1 - Renée Fleming, *Handel*

2 - The Black Eyed Peas, *Elephunk*

3 - Eminem, *Encore*

4 - Diana Krall, *The Girl in the Other Room*

Universal Music Group

2004 revenues

€ **4,993** million

2004 operating income

€ **338** million

9,661 employees

The world's **No.1** recorded music company

Best-selling albums in **2004**

	unit sales (in millions)
Eminem - <i>Encore</i>	9
U2 - <i>How to Dismantle an Atomic Bomb</i>	8.5
Shania Twain - <i>Greatest Hits</i>	5.4
Guns N' Roses - <i>Greatest Hits</i>	4.9
The Black Eyed Peas - <i>Elephunk</i>	4.4



UNIVERSAL MUSIC GROUP

Universal Music Group

Universal Music Group (UMG) is the world's largest music company. The group's global operations encompass **recorded music, music video and DVD, and music publishing**. UMG is also a leader in the **digital distribution of music**. Present in 77 countries, UMG held an estimated 24.7% share of the global market in 2004 and 32% of the U.S. digital distribution market.

UMG's **recorded music business is the largest in the world**. UMG holds particularly strong positions in the important North American and European music markets, which together account for nearly three-quarters of global sales.

UMG's success lies in its ability to consistently **discover, attract and retain successful artists** and market them effectively. In 2004, UMG once again

A **24.7%** estimated global market share in 2004

confirmed its leadership through new releases from Eminem (*Encore*), U2 (*How to Dismantle an Atomic Bomb*) and Nelly (*Sweat and Suit*), and through carryover sales from 2003 releases by The Black Eyed Peas (*Elephunk*) and Hoobastank, as well as *Greatest Hits* collections from Shania Twain and Guns N' Roses. Other major sellers were debut



releases from new artists including Ashlee Simpson and Kanye West (winner of two Grammy Awards), as well as The Scissor Sisters and Keane in the U.K.

Regional best sellers included Rammstein, Rosentolz, The Rasmus, Calogero and Michel Sardou (Europe), Hikaru Utada, Kou Shibasaki and Moriyama Naotaro (Japan) and Ivete Sangalo and Juanes (Latin

America). Andrea Bocelli, Lang Lang, Renée Fleming, Jamie Cullum and Diana Krall continued to top their respective classical and jazz markets.

UMG has a strong collection of **major recording labels** including Island Def Jam Music Group, Interscope A&M Records, Geffen Records, Lost Highway

1 - Nelly, *Suit*

Universal Music Group

Records, MCA Nashville, Mercury Nashville, DreamWorks Nashville, Mercury Records, Polydor, Universal Motown Records Group, Decca, Deutsche Grammophon, Philips and Verve Music Group.

In addition to recently released recordings, UMG also markets and sells recordings from its catalog of prior releases. The catalog is the **largest catalog of recorded music in the world** and generates a significant and stable part of UMG's revenues each year.

Through Universal Music Publishing Group (UMPG), UMG is one of the **leading global music publishing companies** with over one million owned or administered titles, including some of the world's most popular songs, artists and songwriters. UMPG licenses its music for use in many areas, including film, television, radio and commercials.

In 2004, UMG maintained its **leadership in the booming market of digital distribution**. Retail sales of UMG's U.S. digital downloads reached approximately 71 million in 2004 (14 million in 2003). In Europe, where many download services were launched in 2004, UMG registered over two million downloads by the year end (500,000 in 2003).

In **2005**, UMG has scheduled releases for The Black Eyed Peas, Jamie Cullum, Mariah Carey, The Scissor Sisters and Toby Keith, among others

UMG also sells **music products for mobile telephones** such as ring tones, ringback tones, videos and images. UMG's established mobile business in Europe and Asia continued to grow strongly throughout the year, while ring tones became an overnight success in the U.S. with over 10 million master ring tones sold in 2004.



2 - The Scissor Sisters

Vivendi Universal Games



1 - Leisure Suit Larry
2 - Tribes: Vengeance

3 - The Chronicles of Riddick: Escape
from Butcher Bay
4 - World of Warcraft

Vivendi Universal Games

2004 revenues
€ **475** million

2004 operating loss
– € **183** million

1,654 employees

A library of over **700** titles

Leading franchises: *World of Warcraft, Warcraft, StarCraft, Diablo, Crash Bandicoot, Spyro the Dragon and Empire Earth*

A world leader in online games

**VIVENDI
UNIVERSAL**
games

Vivendi Universal Games



Vivendi Universal Games (VU Games) is a **global developer, publisher and distributor of interactive entertainment** for all major platforms including PCs, video game consoles, handheld devices and the Internet.

VU Games' portfolio of studios and publishing labels includes **Blizzard Entertainment, Radical Entertainment, Sierra Entertainment and Massive Entertainment**. Its library of over 700 titles features some of the most **popular brands and franchises** in the game industry such as *World of Warcraft*, *Warcraft*, *StarCraft*, *Diablo*, *Crash Bandicoot*, *Spyro the Dragon*, *Empire Earth*, *Leisure Suit Larry*, and *Ground Control*.

In 2004, VU Games became **a leader in the subscription-based massively multi-player online**

1 - *Spyro the Dragon*

(MMO) market with Blizzard Entertainment's *World of Warcraft*, launched in North America in late November 2004 and in South Korea and Europe in early 2005. *World of Warcraft* boasts more than 1.5 million subscribers worldwide (as of March 2005).

VU Games is the **second-largest publisher of PC game software in North America and Europe***. 2004 performance was led by *Half-Life 2*, *Counter-Strike: Condition Zero*, *The Chronicles of Riddick: Escape from Butcher Bay*, *Men of Valor* and *Tribes: Vengeance*.

VU Games' **console and handheld titles** are available for major platforms including Sony's PlayStation 2, Microsoft's Xbox, and Nintendo's GameCube. VU Games' best performers in this segment in 2004 included *The Chronicles of Riddick: Escape from Butcher Bay*, *Spyro: A Hero's Tail* and *Leisure Suit Larry: Magna Cum Laude*, as well as *The Simpsons: Hit & Run*, originally released in 2003.

In 2005, **VU Games plans to release console and PC titles** such as *Scarface*, *50 Cent: Bulletproof*, and *The Incredible Hulk: Ultimate Destruction*, as well as new installments of *Empire Earth*, *Crash Bandicoot*, and *SWAT* franchises.

* Source: NPD Funworld, PC Data, Chart-Track, GFK (November 2004).

TELECOMS

SFR Cegetel Group



1- Mobile telephony with SFR
2- "Visio", a 3G service from SFR

3- High-speed Internet access with Cegetel
4- SMS (text messaging)

SFR Cegetel Group

2004 revenues
€**8,317** million

2004 operating income
€**2,257** million

9,781 employees

Nearly **18** million customers at December 31, 2004

No. 2 mobile and fixed-line telecommunications operator in France

1st operator to launch 3G services in France

SFR cegetel

SFR Cegetel Group

SFR Cegetel Group is the second largest telecommunications operator in France, with **nearly 18 million customers** at December 31, 2004 (up 8% over 2003 on a comparable basis). It is **the only private operator in France to cover the entire range of telecommunications activities and all client categories**. The group offers mobile telephony through SFR and fixed-line telephony – including voice, data and high-speed Internet services – through Cegetel. Customers include residential, professional and corporate users, as well as operators and Internet service providers (ISPs). Vivendi Universal holds 55.8% of SFR's capital, while Vodafone holds 43.9%. Cegetel is 65% owned by SFR and 35% by SNCF (the French rail network).

In mobile telephony, SFR continued its excellent sales performance in 2004 and held **35.5% of the market** at December 31, 2004 (source: ART, the French telecommunications regulatory authority) with **more than 15.8 million customers**, including 1.1 million new customers during the year. For the second year in a row, SFR was the market **leader in net sales**, with 38.2% of the market.

SFR is a major player in mobile multimedia services in France. SFR launched the country's first **third generation mobile telephony (3G)** services in



June 2004, for the corporate market, and in November 2004 for the consumer market. This offer revolutionizes the use of mobile phones, allowing users to see each other as they speak, watch video sequences and television programs, download music, and much more. SFR's UMTS (3G) network covered 38% of the French population at the end of 2004, and should reach 58% of the population in 2005.

In 2004, new records were set for numbers of text and multimedia messages sent over SFR's network. **SMS messages totaled 4.5 billion** – up 32% in one year – while **multimedia messages** increased six-fold over the year to reach **37 million**.

At the end of 2004, SFR had **more than 2.2 million Vodafone Live!** customers – twice its initial sales

1 - WiFi (wireless) Internet access with Cegetel

SFR Cegetel Group

target. This mobile multimedia portal gives SFR customers access to a full range of services (news, weather, traffic information, etc.), allows them to download and exchange images and music, and to take and send photos.

In fixed-line telecommunications, Cegetel is the **second largest operator in France** and holds a leadership position among private operators in the residential, professional, corporate and operator markets. At year-end 2004, Cegetel had **more than**



its telephony price packages by introducing a single rate for local and national calls, an identical rate schedule for calls to all mobile phones, and a very competitive unlimited flat-rate plan.

SFR: 2004 LEADER in net sales

1.7 million active residential telephone customers (excluding customers serviced on behalf of third-party operators), and over 25,000 corporate customers.

In March 2004, Cegetel launched its **high-speed Internet access offer** for the residential and professional markets. By the end of 2004, it had 699,000 DSL customer lines, of which 244,000 are held on its own behalf. Cegetel's ADSL services were expanded throughout the year to include WiFi, four and eight-Megabyte offers, and services combining high-speed Internet access with unlimited telephone calls. Cegetel also simplified

In the corporate market, Cegetel won its largest contract ever from the French national electricity and gas utility, EDF-GDF, positioning the operator as a key player in this market. At the end of 2004, **more than 27,300 customer sites** were using Cegetel's corporate network services, a 34% increase during the year.

With 22,918 kilometers of fiber optic cable, Cegetel has the most extensive private telecommunications network in France. More than 42 billion minutes of calls were carried in 2004, a 5% increase over the previous year.

2 - Fixed-line telephony with Cegetel

Maroc Telecom



1 - Fixed-line telephony for the corporate market
2 - Morocco's No. 1 Internet access provider

3 - Leader in mobile telephony
4 - El Manzil fixed-line packages

Maroc Telecom

2004 revenues
€ **1,627** million

2004 operating income
€ **673** million

12,204 employees

No.1 telecommunications operator in Morocco

Nearly **6.4** million mobile telephony customers

Over **1.3** million fixed-line connections



Maroc Telecom



Maroc Telecom is Morocco's incumbent telecommunications operator, and the country's **market**

Morocco's **No. 1** mobile telecoms operator with a **67.5%** market share

leader in fixed-line and mobile telecommunications and Internet access. Since January 2005, Vivendi Universal holds 51% of Maroc Telecom, which is listed on the Casablanca and Paris stock exchanges.

In mobile telephony, Maroc Telecom had nearly **6.4 million customers** at the end of 2004, giving it a **67.5% market share** (source: ANRT, the Moroccan telecommunications regulatory authority). The

operator's mobile customer numbers increased by 1.1 million, up 22% over the year. Maroc Telecom continued to expand its products and services in 2004 to increase customer loyalty and win new customers. The operator diversified its range of handsets, expanded the choice of price categories by introducing capped plans with recharge options, and developed a points-based customer loyalty program.

Maroc Telecom remained Morocco's main player in text and multimedia messaging. In 2004, its customers sent **482 million short text messages** (up 45% over 2003) and 14 million multimedia

messages. The operator also launched MMS and GPRS roaming for its post-paid customers.

In 2004, Maroc Telecom focused on developing its mobile telephony network to increase both population and geographical coverage. By the end of the year, it had nearly 3,750 base stations (up from 3,300 in 2003), covering 97% of the Moroccan population.

1 - Mobile telephony

Maroc Telecom

In fixed-line telephony, Maroc Telecom offers a range of voice and data services for residential, professional and corporate customers, as well as for operators and Internet service providers. The number of connections grew for the second year running, increasing by 7% in 2004. Growth was due mainly to an acceleration in the development

choosing ADSL solutions. The number of Internet subscribers in Morocco doubled in the space of one year. Maroc Telecom is instrumental in developing Internet access in Morocco, with a 90% share of the market, including a 95% share of the rapidly growing ADSL high-speed segment (source: ANRT).

104,800 Internet subscribers, of which 57% have chosen ADSL

of public telephony, which saw a 48% increase in the number of lines in 2004, and to a 2% increase in the number of residential customers. This performance is the result of an active policy to win new customers, centered on the development of the El Manzil brand for fixed-line telephony. Improvements included introducing a wider range of handsets and new packages to better meet customers' needs.

Growth in fixed-line telephony was also supported by the success of Maroc Telecom's Internet access offers, in particular broadband offers. At December 31, 2004, **104,800 customers** had signed up to Maroc Telecom's Internet offers, marketed under the Menara brand, with 57%

Maroc Telecom's fixed telephony and data transmission network provides national coverage and has a switching capacity of nearly **1.9 million lines.**



2 - Public telephony

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