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VIVENDI UNIVERSAL
Form F-4/A
July 17, 2001

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 17, 2001

REGISTRATION NO. 333-64754

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM F-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

VIVENDI UNIVERSAL
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

REPUBLIC OF FRANCE
(STATE OR JURISDICTION OF
INCORPORATION OR ORGANIZATION)

7389
(PRIMARY STANDARD INDUSTRIAL
CLASSIFICATION CODE NUMBER)

NONE
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

42, AVENUE DE FRIEDLAND
75380 PARIS CEDEX 08, FRANCE
33 (1) 71 71 10 00
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

VIVENDI UNIVERSAL U.S. HOLDING CO.
800 THIRD AVENUE
7TH FLOOR
NEW YORK, NEW YORK 10022
(212) 572-7000
ATTENTION: PRESIDENT
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE,
OF AGENT FOR SERVICE)
COPIES TO:

FAIZA J. SAEED
CRAVATH, SWAINE & MOORE
WORLDWIDE PLAZA

SCOTT N. WOLFE
LATHAM & WATKINS
12636 HIGH BLUFF DRIVE

ELENA BAXTER
BREDIN PRAT
130, RUE DU FAUBOU

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825 EIGHTH AVENUE
 NEW YORK, NEW YORK 10019-7472
 (212) 474-1000

SUITE 300
 SAN DIEGO, CA 92130
 (858) 523-5400

SAINT-HONORE
 PARIS, 75008 FRANCE
 33 (1) 44 35 35 3

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: Upon completion of the merger referred to herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. []

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [] -----

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [] -----

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED (1)	AMOUNT TO BE REGISTERED (2)	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (3)
Ordinary shares, nominal value E5.50 per share.....	3,597,444	N/A	\$197,400

- (1) This registration statement relates to the registrant's ordinary shares, nominal value E5.50 per share, to be issued to holders of common stock, par value \$0.001 per share ("MP3.com common stock"), of MP3.com, Inc., a Delaware corporation ("MP3.com"), in connection with the transactions described herein. A separate registration statement on Form F-6 will be filed in connection with the registrant's American Depositary Shares, each representing one ordinary share of the registrant, to be issued in connection with the transactions described herein.
- (2) Based on the maximum number of shares to be issued in connection with the merger, calculated as the product of (a) 83,467,364, the maximum number of shares of MP3.com common stock to be canceled (including shares issuable upon exercise of options, purchase rights and other rights to acquire MP3.com common stock), (b) an assumed exchange ratio of .0862 shares of the registrant's ordinary shares for each share of MP3.com common stock, and (c) 0.50, representing the cap on share consideration issuable in the merger.
- (3) Pursuant to Rule 457(c), (f) (1) and (f) (3), and estimated solely for purposes of calculating the registration fee, the proposed maximum aggregate offering price is \$197,400,316, which equals (i) the product of (a) the average of the high and low prices of MP3.com common stock of \$4.865 per share, as reported on the Nasdaq National Market on July 5, 2001, and (b) the maximum number of shares of MP3.com common stock to be canceled, less (ii) the maximum amount of cash to be paid by the registrant in exchange for shares of MP3.com common stock (which equals \$5.00 times one-half the total number of shares of MP3.com common stock to be canceled).

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(4) Calculated by multiplying the proposed maximum offering price for all securities by .00025.

(5) Previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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THE INFORMATION IN THIS PROXY STATEMENT/PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROXY STATEMENT/PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRELIMINARY PROXY STATEMENT -- SUBJECT TO COMPLETION (JULY 17, 2001)

[MP3.COM LOGO]

To the stockholders of MP3.com:

You are cordially invited to attend a special meeting of stockholders of MP3.com, Inc. to be held on [], 2001 at [] a.m. local time at MP3.com's corporate headquarters located at 4790 Eastgate Mall, San Diego, California 92121-1970.

At the special meeting, you will be asked to vote on the adoption of a merger agreement for a merger with Vivendi Universal, S.A., under which MP3.com will merge with and into a wholly owned subsidiary of Vivendi Universal.

Under the merger agreement, in exchange for each of your shares of MP3.com common stock, you may elect to receive (1) \$5.00 in cash, or (2) a number of Vivendi Universal ordinary shares (in the form of American Depositary Shares) having a value of \$5.00, subject to proration as described below. Vivendi Universal ordinary shares (in the form of American Depositary Shares) trade on the New York Stock Exchange under the trading symbol "V", and closed at \$60.23 per share on July 2, 2001.

In connection with the merger, you may not receive all of your merger consideration in the form that you elect. The merger agreement provides that the percentage of shares of MP3.com common stock that will be converted into Vivendi Universal ordinary shares is fixed at 50% and the percentage of shares of MP3.com common stock that will be converted into cash is also fixed at 50%. Therefore, the MP3.com stockholders' elections, including yours, may be adjusted on a pro rata basis so that, in the aggregate, 50% of the MP3.com common stock is converted into the right to receive Vivendi Universal ordinary shares and 50% of the MP3.com common stock is converted into the right to receive cash.

After careful consideration, MP3.com's board of directors has unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to and in the best interests of,

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MP3.com and its stockholders. The board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement at the special meeting.

The attached notice of special meeting and proxy statement/prospectus explain the proposed merger and provide specific information concerning the special meeting. Please read these materials carefully. IN PARTICULAR, YOU SHOULD CAREFULLY CONSIDER THE DISCUSSION IN THE SECTION ENTITLED "RISK FACTORS" BEGINNING ON PAGE 19 OF THE PROXY STATEMENT/PROSPECTUS.

MP3.com is a Delaware corporation. Under Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of MP3.com common stock entitled to vote at the special meeting is required to adopt the merger agreement. MP3.com stockholders owning more than 50% of the MP3.com common stock as of [], 2001 have agreed to vote all of their shares in favor of the proposal to adopt the merger agreement. As a result, adoption of the merger agreement by the MP3.com stockholders at the special meeting is assured.

Your vote is very important regardless of the number of shares you own. To vote your shares, you may use the enclosed proxy card, grant a proxy online or by telephone or attend the special meeting in person. Whether or not you plan to attend the special meeting, please complete, sign and promptly return the enclosed proxy card or grant a proxy online or by telephone to assure that your shares will be voted at the special meeting. Failure to return a properly executed proxy card, grant a proxy online or by telephone or vote at the special meeting will have the same effect as a vote against adoption of the merger agreement.

Sincerely,

Michael L. Robertson
Chief Executive Officer and Chairman of
the Board of Directors

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF THE MERGER DESCRIBED IN THIS PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE MERGER, OR DETERMINED IF THIS PROXY STATEMENT/ PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus is dated [], 2001 and is first being mailed to stockholders of MP3.com on or about [], 2001.

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[MP3.COM LOGO]

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2001

To the stockholders of MP3.com:

A special meeting of stockholders of MP3.com, Inc. will be held on [], 2001, at [], local time, at MP3.com's corporate headquarters located at 4790 Eastgate Mall, San Diego, California 92121-1970, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of May 20, 2001, by and among Vivendi Universal, S.A., Metronome Acquisition Sub Inc., and MP3.com, Inc., as amended by the Modification Agreement, dated as of June 13, 2001, by and among such parties, pursuant to which:

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Blake T. Bilstad
Secretary

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ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about MP3.com from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone or e-mail at the following address, telephone number and e-mail address:

MP3.COM, INC.
4790 Eastgate Mall
San Diego, CA 92121-1970
Attention: Investor Relations
Telephone: (858) 623-7222
E-mail: investor@mp3.com

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY [],
2001 IN ORDER TO RECEIVE THEM BEFORE THE SPECIAL MEETING.

See "Where You Can Find More Information" on page 184.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following are some questions that you, as a stockholder of MP3.com, may have and answers to those questions. These questions and answers may not address all questions that may be important to you as a holder of MP3.com common stock. We urge you to read carefully the remainder of this proxy statement/prospectus because the information in this section is not complete and additional important information is contained in the remainder of this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to or incorporated by reference in this proxy statement/prospectus.

Q: WHY AM I RECEIVING THIS DOCUMENT AND PROXY CARD?

A: You are receiving this document and proxy card because you own shares of MP3.com common stock. MP3.com has entered into a merger agreement with Vivendi Universal pursuant to which Vivendi Universal will acquire MP3.com. This document describes a proposal to adopt the merger agreement. This document also gives you information about MP3.com and Vivendi Universal and other background information so that you can make an informed investment decision, as Vivendi Universal is offering its ordinary shares as part of the merger consideration.

Q: WHAT WILL HAPPEN TO MP3.COM AS A RESULT OF THE MERGER?

A: If the merger is completed, MP3.com will become a wholly owned subsidiary of Vivendi Universal.

Q: WHY ARE VIVENDI UNIVERSAL AND MP3.COM PROPOSING THE MERGER?

A: The merger is expected to strongly reinforce Vivendi Universal and MP3.com's digital efforts in the strategic areas of online music, subscriptions, branding, technology and content.

Q: WHAT WILL I RECEIVE IN THE MERGER?

A: You will have an opportunity to make a choice about what you prefer to receive in the merger. For each share of MP3.com common stock you own, you will have the right to elect to receive either:

- \$5.00 in cash; or
- a number of Vivendi Universal ordinary shares (in the form of American Depositary Shares, or ADSs) having a value of \$5.00.

You will not, however, be assured of receiving either all Vivendi Universal ordinary shares or all cash, notwithstanding your choice, as explained below.

Q: WILL I RECEIVE THE FORM OF PAYMENT THAT I CHOOSE?

A: Not necessarily. The merger agreement provides that the percentage of shares of MP3.com common stock that will be converted into Vivendi Universal ordinary shares is fixed at 50% and the percentage of shares of MP3.com common stock that will be converted into cash is also fixed at 50%. Therefore, the MP3.com stockholders' elections, including yours, may be adjusted on a pro rata basis so that, in the aggregate, 50% of the MP3.com common stock is converted into the right to receive Vivendi Universal ordinary shares and 50% of the MP3.com common stock is converted into the right to receive cash.

For example, if holders of 75% of the shares of MP3.com common stock have chosen to receive Vivendi Universal ordinary shares and holders of 25% of the shares of MP3.com common stock have chosen to receive cash, then:

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- if you chose to receive Vivendi Universal ordinary shares, you would receive Vivendi Universal ordinary shares in exchange for two-thirds of your shares of MP3.com common stock and cash in exchange for one-third of your shares of MP3.com common stock; and

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- if you chose to receive cash, you would receive cash in exchange for all of your shares of MP3.com common stock.

On the other hand, if holders of 75% of the shares of MP3.com common stock have chosen to receive cash and holders of 25% of the shares of MP3.com common stock have chosen to receive Vivendi Universal ordinary shares, then:

- if you chose to receive Vivendi Universal ordinary shares, you would receive Vivendi Universal ordinary shares in exchange for all of your shares of MP3.com common stock; and
- if you chose to receive cash, you would receive cash in exchange for two-thirds of your shares of MP3.com common stock and Vivendi Universal ordinary shares in exchange for one-third of your shares of MP3.com common stock.

If holders of 100% of the shares of MP3.com common stock have chosen to receive all cash, then each holder would receive cash in exchange for 50% of that holder's shares of MP3.com common stock and Vivendi Universal ordinary shares in exchange for 50% of that holder's shares of MP3.com common stock. The result would be the same if holders of 100% of the shares of MP3.com common stock have chosen to receive all Vivendi Universal ordinary shares.

Q: WHAT IS AN AMERICAN DEPOSITARY SHARE?

A: An American Depositary Share is an ownership interest in the securities of a non-U.S. company deposited at a custodian bank. In the case of Vivendi Universal, each ADS will represent the right to receive one Vivendi Universal ordinary share. ADSs are represented by American Depositary Receipts, or ADRs. ADRs are issued in book-entry form or in the form of physical certificates. It is expected that you will receive Vivendi Universal ADSs evidenced by ADRs held in book-entry form. You will not receive a physical certificate evidencing your Vivendi Universal ADSs unless you specifically request one. For a description of the ADSs, see "Description of Vivendi Universal ADSs" on page 72.

Q: HOW DO I ELECT THE FORM OF PAYMENT I PREFER?

A: If your shares are held in registered form, you will receive in a separate mailing an election form and letter of transmittal, each of which you should read carefully. You must return your completed and executed election form, as described in the instructions contained in the election form and letter of transmittal, to elect the form of merger consideration that you prefer to receive.

IN ORDER TO BE CONSIDERED VALID, YOUR ELECTION FORM MUST BE RECEIVED BY THE EXCHANGE AGENT BY 5:00 P.M., NEW YORK CITY TIME, ON [], 2001, WHICH IS THE BUSINESS DAY IMMEDIATELY PRECEDING THE SPECIAL MEETING.

If your MP3.com shares are held in a brokerage or other custodial account, you will receive instructions from the entity where your shares are held advising you of the procedures for making your election and delivering your shares.

Q: CAN I MAKE ONE ELECTION FOR SOME OF MY SHARES AND ANOTHER ELECTION FOR THE

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REST?

A: Yes. You may elect to receive a combination of cash and Vivendi Universal ordinary shares.

Q: WHAT IF I FAIL TO MAKE AN ELECTION?

A: If you make no election, you will be deemed to have elected to receive cash.

Q: HOW SHOULD I SEND IN MY STOCK CERTIFICATES?

A: If your shares are held in registered form and you make an election of consideration by returning a completed election form, you must send in your MP3.com common stock certificates with your completed election form and letter of transmittal to the exchange agent. If you do not make an election, then you

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must keep your stock certificates until after the closing, when you will receive a letter of transmittal describing how you may exchange your certificates for merger consideration. DO NOT SEND YOUR STOCK CERTIFICATES OR ELECTION FORM WITH YOUR PROXY CARD. If your shares are held in a brokerage or other custodial account, you will receive instructions from the entity where your shares are held, advising you of the procedures for making your election and delivering your shares.

Q: WHEN IS THE MERGER EXPECTED TO BE COMPLETED?

A: We expect to complete the merger in the third quarter of 2001. Because the merger is subject to stockholder and governmental approvals, as well as other conditions, we cannot predict the exact timing of its completion.

Q: HOW CAN I VOTE?

A: After you have carefully read this document, indicate on your proxy card how you want to vote. Sign, date and mail the proxy card in the enclosed prepaid return envelope as soon as possible, so that your shares may be represented and voted at the special meeting. You may also grant a proxy online or by telephone according to the instructions on the proxy card.

When you cast your vote using the proxy card or by submitting your proxy online or by telephone, you also appoint Robin Richards, Paul Ouyang and Blake Bilstad as your representatives, or proxies, at the special meeting. They will vote your shares at the meeting as you have instructed them on the proxy card or when submitting your proxy online or by telephone. Accordingly, if you send in your proxy card or submit your proxy online or by telephone, your shares will be voted whether or not you attend the special meeting.

The board of directors of MP3.com knows of no other business to be presented at the special meeting. If any matters other than the adoption of the merger agreement are properly presented for consideration at the special meeting, your proxies will vote, or otherwise act, on your behalf in accordance with their judgment on such matters.

Q: WHO CAN VOTE?

A: Holders of record of MP3.com common stock as of the close of business on the record date, which is [], 2001, are entitled to vote at the special meeting. Beneficial owners as of the record date whose shares are held in an account at a brokerage firm or bank will receive instructions from their broker or bank describing how to vote their shares.

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Q: HOW DOES THE MP3.COM BOARD OF DIRECTORS RECOMMEND THAT I VOTE?

A: The MP3.com board of directors unanimously recommends that you vote "FOR" the adoption of the merger agreement.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. You can change your vote at any time before your proxy is voted. To do so, send a written notice stating that you would like to revoke your proxy, or send a later dated, signed proxy card to MP3.com's Secretary at 4790 Eastgate Mall, San Diego, CA 92121-1970, or revoke your proxy online or by telephone before the special meeting. If you are a holder of record you may attend the special meeting in person and vote. Merely attending the special meeting, without voting in person, will not revoke any proxy previously delivered by you. For a description of voting procedures, see "The Special Meeting -- Proxies; Revocation; Solicitation" beginning on page 26.

Q: WHAT DOES IT MEAN IF I GET MORE THAN ONE PROXY CARD?

A: It means you have multiple accounts at the transfer agent and/or with brokers. Please sign and return all proxy cards or grant a proxy online or by telephone to ensure that all your shares are voted.

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Q: WHAT IF I DO NOT VOTE?

A: If you do not submit a proxy or instruct your broker to vote your shares, and you do not vote in person at the special meeting, the effect will be the same as if you voted "AGAINST" the adoption of the merger agreement. If you submit a proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted "FOR" adoption of the merger agreement.

If your shares are held in street name, your broker will leave your shares unvoted unless you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. This ensures that your shares will be voted at the special meeting.

An abstention or share not voted because your broker lacks the authority to vote that share will have the same effect as a vote "AGAINST" adoption of the merger agreement.

Q: WHO SHOULD I CALL WITH QUESTIONS?

A: If you have further questions, you may contact:

Investor Relations
MP3.com, Inc.
4790 Eastgate Mall
San Diego, CA 92121-1970
Telephone: (858) 623-7222
E-mail: investor@mp3.com

Q: WHAT STOCKHOLDER APPROVAL IS NEEDED?

A: Approval requires the affirmative vote of the holders of a majority of the outstanding shares of common stock of MP3.com. Holders of more than 50% of MP3.com's outstanding shares as of [], 2001 have agreed to vote in favor of adoption of the merger agreement. As a result, adoption of the merger agreement by the MP3.com stockholders at the special meeting is assured. The

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shareholders of Vivendi Universal are not required to vote on the merger.

Q: IF THE MERGER IS COMPLETED, WILL MY VIVENDI UNIVERSAL ADSS BE "LISTED" FOR TRADING?

A: We expect that your Vivendi Universal ADSSs will be listed on the New York Stock Exchange under the trading symbol "V".

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SUMMARY

The following is only a summary of material information contained in this proxy statement/prospectus. It may not contain all of the information that is important to you. To understand this proposal fully, you must review all the information in this proxy statement/prospectus, along with the annexes and the documents referred to or incorporated by reference in this proxy statement/prospectus. A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus and is incorporated by reference. You should refer to the merger agreement for a complete statement of the terms of the merger. In addition, we incorporate by reference important business and financial information about MP3.com into this proxy statement/prospectus. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions in the section entitled "Where You Can Find More Information" on page 184.

VIVENDI UNIVERSAL (PAGE 94)

VIVENDI UNIVERSAL, S.A.
42 avenue de Friedland
75380 Paris Cedex 08, France
33 (1) 71 71 10 00

Vivendi Universal is one of Europe's largest companies, with revenue in the year ended December 31, 2000 of E41.8 billion. Vivendi Universal operates in two global core businesses: Media and Communications, and Environmental Services.

The Media and Communications business is divided into five business segments: Music, Publishing, and TV & Film, which constitute its content businesses, and Telecoms and Internet, its access businesses. The Music business produces, markets and distributes recorded music throughout the world in all major genres, manufactures, sells and distributes video products in the United States and internationally, and licenses music copyrights. The Publishing business provides content across multiple platforms including print, multimedia, on the wired Internet, and to PDAs (Personal Digital Assistants) via WAP (Wireless Application Protocol) technology. The Publishing business provides content in five markets: Games, Education, Literature, Health and Information. The TV & Film business produces and distributes motion picture, television and home video/DVD products worldwide, operates and has ownership interests in a number of cable and pay television channels, engages in the licensing of merchandising and film property rights, and operates theme parks and retail stores around the world. The Telecoms business provides a broad range of telecommunications services, including mobile and fixed telephony, Internet access, and data services and transmission, principally in Europe. The Internet business manages strategic Internet initiatives and new online ventures for Vivendi Universal. Utilizing advanced digital distribution technology, the Internet business develops e-commerce, e-services and thematic portals that offer access to the Internet through a variety of devices, including mobile phones, PDAs, interactive TV and computers.

Vivendi Environnement, a 63% effectively owned subsidiary of Vivendi

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Universal, operates the Environmental Services business, with operations around the globe. Vivendi Environnement provides environmental management services, including water treatment and system operation, waste management, energy services (excluding the sale, production and trading of electricity), and transportation services, to a wide range of public authorities and industrial, commercial and residential customers.

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MP3.COM (PAGE 92)

MP3.COM, INC.
4790 Eastgate Mall
San Diego, CA 92121-1970
(858) 623-7000

MP3.com has created a unique and robust technology infrastructure designed to facilitate the storage, management, promotion and delivery of digital music. As the Internet's premier Music Service Provider (MSP), MP3.com is dedicated to providing consumers access to music when they want it, where they want it, using any web-enabled device. MP3.com's web site hosts what it believes is the largest collection of digital music available on the Internet, with more than one million songs and audio files posted from over 150,000 digital artists and record labels. Dedicated to growing the digital music space, MP3.com's products and services include on-demand Subscription Music Channels, an innovative Business Music Services program, a Radio Services program and others. Additionally, through MP3.com's MSP technology initiative and Music InterOperating System, MP3.com is partnering with a variety of forward-looking businesses to expand its digital music strategy.

RECENT EVENTS

On June 1, 2001, Vivendi Universal announced that it had agreed to acquire all of the outstanding shares of Houghton Mifflin Company, a leading educational publisher in the United States, pursuant to a cash tender offer at \$60 per share. The board of directors of both companies unanimously approved the transaction. The tender offer expired on July 6, 2001, and approximately 90% of the outstanding shares of Houghton Mifflin were tendered. Vivendi Universal accepted, and has paid for, all tendered shares. Vivendi Universal expects to complete its acquisition of Houghton Mifflin in August 2001. As a result of the transaction, Vivendi Universal expects to strengthen its core content businesses by gaining a worldwide leadership position in education. The transaction is subject to regulatory approvals and other customary conditions.

THE SPECIAL MEETING (PAGE 26)

GENERAL (PAGE 26)

MP3.com will hold a special meeting of stockholders on [], 2001, at [] a.m., local time, at which you will be asked to adopt the merger agreement.

RECORD DATE; STOCK ENTITLED TO VOTE; QUORUM (PAGE 26)

Each share of MP3.com common stock outstanding as of [], 2001 entitles its holder to one vote on any matter to be considered at the special meeting. The presence, in person or by proxy, of a majority of the outstanding shares of MP3.com common stock is required for a quorum for the transaction of business at the special meeting.

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PROXIES; REVOCATION; SOLICITATION (PAGE 26)

If you vote your shares of MP3.com common stock by signing a proxy, your shares will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your signed proxy card, your shares of MP3.com common stock will be voted "FOR" adoption of the merger agreement. If you grant a proxy online or by telephone, your shares will be voted at the special meeting as you instruct. If your shares are held in street name, you should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. An abstention, unreturned proxy or share not voted because your broker lacks the authority to vote that share will have the same effect as a vote "AGAINST" adoption of the merger agreement.

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You may revoke your proxy at any time before the vote at the special meeting by submitting a written revocation to the Secretary of MP3.com at 4790 Eastgate Mall, San Diego, CA 92121-1970, or by submitting a new proxy, in either case, dated after the date of the proxy that is being revoked. In addition, a proxy may be revoked by voting in person at the special meeting. Simply attending the special meeting without voting will not revoke your proxy.

REQUIRED VOTE (PAGE 28)

The affirmative vote of the holders of a majority of the outstanding shares of MP3.com common stock entitled to vote at the special meeting is necessary for the adoption of the merger agreement. Vivendi Universal has entered into a stockholder agreement with MP3.com stockholders who together beneficially own and have voting control of more than 50% of the shares of MP3.com common stock outstanding as of [], 2001. Under the stockholder agreement, these stockholders have agreed to vote all their shares of MP3.com common stock in favor of adoption of the merger agreement. As a result, adoption of the merger agreement by the MP3.com stockholders at the special meeting is assured.

As of July 2, 2001, the directors and executive officers of MP3.com beneficially owned, in the aggregate, 37,079,960 shares of MP3.com common stock, or approximately 53% of the shares of MP3.com common stock outstanding on that date.

THE MERGER (PAGE 29)

A copy of the merger agreement (including the modification agreement) is attached as Annex A to this proxy statement/prospectus. We encourage you to read the merger agreement because it is the principal document governing the merger.

FORM OF MERGER AND CONSIDERATION TO BE RECEIVED IN THE MERGER (PAGES 44 AND 45)

In the merger, MP3.com will merge with and into Metronome Acquisition Sub, a wholly owned subsidiary of Vivendi Universal. Under the merger agreement, MP3.com stockholders will have the right to elect to receive either \$5.00 in cash or a number of Vivendi Universal ordinary shares (in the form of Vivendi Universal ADSs) having a value of \$5.00 for each share of MP3.com common stock that they hold. The overall percentage of shares of MP3.com common stock that will be converted into Vivendi Universal ordinary shares is fixed at 50% and the percentage of shares of MP3.com common stock that will be converted into cash is also fixed at 50%. Therefore, the elections of all the holders of MP3.com common stock, including yours, may be adjusted on a pro rata basis so that, in the aggregate, 50% of the shares are converted into the right to receive Vivendi Universal ordinary shares and 50% of the shares are converted into the right to receive cash.

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APPRAISAL RIGHTS (PAGE 48)

Under Section 262 of the Delaware General Corporation Law, if you do not vote your outstanding shares of MP3.com common stock in favor of adoption of the merger agreement, you will be entitled to dissent and elect to have the "fair value" of your shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, judicially determined by the Delaware Court of Chancery and paid to you in cash. The complete text of Section 262 is attached as Annex D.

If you consider seeking appraisal, you should be aware that the fair value of your shares as determined under Section 262 could be more than, the same as or less than the \$5.00 per share payment (in cash or Vivendi Universal ordinary shares) you would be entitled to elect to receive under the merger agreement if you did not seek appraisal of your shares.

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RECOMMENDATION OF THE MP3.COM BOARD OF DIRECTORS (PAGE 34)

The MP3.com board of directors has unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to and in the best interests of, MP3.com and its stockholders. The board of directors unanimously recommends that MP3.com stockholders vote "FOR" the proposal to adopt the merger agreement at the special meeting.

CONDITIONS TO CONSUMMATION OF THE MERGER (PAGE 58)

Vivendi Universal and MP3.com are obligated to complete the merger only if several conditions are satisfied or waived. These conditions include:

- obtaining the approval of the stockholders of MP3.com for the adoption of the merger agreement;
- the applicable waiting period having expired or been terminated under United States antitrust laws and obtaining all required approvals under foreign antitrust laws;
- no governmental authority enacting or issuing any statute, rule, injunction or other order which legally restrains or otherwise prohibits the consummation of the merger;
- the registration statement on Form F-4, of which this document is a part, becoming effective and remaining effective;
- the New York Stock Exchange approving the listing of the Vivendi Universal ADSs to be issued in connection with the merger;
- the representations and warranties of Vivendi Universal and MP3.com being true and correct (subject to specified qualifications as to materiality and material adverse effects) as of the date of the merger agreement and as of the date of closing;
- Vivendi Universal and MP3.com performing in all material respects all of their respective obligations required by the merger agreement at or prior to the closing date; and
- Vivendi Universal and MP3.com having received tax opinions from their respective U.S. tax advisors.

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TERMINATION (PAGE 59)

The merger agreement may be terminated and the merger may be abandoned at any time before the effective time of the merger:

- by the mutual consent of Vivendi Universal and MP3.com;
- by Vivendi Universal or by MP3.com, in the event of an uncured breach by the other party of any representation, warranty, covenant or agreement contained in the merger agreement if the breach would cause the specified conditions to the merger not to be satisfied;
- by Vivendi Universal or by MP3.com, if they do not complete the merger on or before November 30, 2001;
- by Vivendi Universal or by MP3.com, if any legal restraint to the merger is in effect and has become final and unappealable; or
- by Vivendi Universal or by MP3.com, if MP3.com's stockholders fail to approve the merger at the special meeting.

THE STOCKHOLDER AGREEMENT (PAGE 61)

Vivendi Universal has entered into a stockholder agreement with several MP3.com stockholders, including Michael Robertson (Chairman and CEO), Robin Richards (President and a director) and Sequoia Capital. Pursuant to the stockholder agreement, those stockholders have agreed to vote shares

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representing more than 50% of the outstanding MP3.com common stock as of [], 2001 in favor of the merger and against any action that could impede the merger. As a result, adoption of the merger agreement by the MP3.com stockholders at the special meeting is assured. A copy of the stockholder agreement is attached to this proxy statement/prospectus as Annex B.

INTERESTS OF CERTAIN PERSONS IN THE MERGER (PAGE 40)

When you consider the recommendation of the MP3.com board of directors that you vote in favor of adoption of the merger agreement, you should keep in mind that a number of officers and members of the MP3.com board have interests in the merger that are in addition to your interests as a stockholder. Their additional interests arise primarily in connection with their continued employment following the consummation of the merger and the compensation they will receive in connection with that employment.

REGULATORY MATTERS (PAGE 47)

Transactions such as the merger are reviewed by the United States Department of Justice and the United States Federal Trade Commission to determine whether they comply with applicable antitrust laws. Under the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the related rules and regulations, the merger may not be completed until applicable waiting period requirements have been satisfied. Vivendi Universal and MP3.com each filed notification reports with the Department of Justice and Federal Trade Commission under the Hart-Scott-Rodino Act on June 12, 2001. The waiting period expired at midnight on July 12, 2001, and thus all applicable waiting periods under the Hart-Scott-Rodino Act have been satisfied.

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TAXATION (PAGE 63)

The merger is expected to qualify as a "reorganization" under U.S. federal income tax laws. As a result, U.S. holders of MP3.com common stock generally will not recognize any gain or loss under U.S. federal income tax laws with respect to Vivendi Universal ADSs received in exchange for their shares of MP3.com common stock and will recognize gain (but not loss) only to the extent of any cash received. However, a U.S. stockholder that receives only cash in the merger will recognize gain (or loss) to the extent that the cash received exceeds (or is less than) its tax basis in the surrendered shares of MP3.com common stock. Cash received for fractional Vivendi Universal ADSs is treated separately as though the stockholder had first received the fractional Vivendi Universal ADS and then exchanged the deemed-received fractional Vivendi Universal ADS for cash.

ACCOUNTING TREATMENT (PAGE 47)

Vivendi Universal prepares its financial statements using French generally accepted accounting principles, or GAAP. In accordance with the rules and regulations of the Securities and Exchange Commission, Vivendi Universal intends to account for the merger using the "purchase" method of accounting for business combinations under French GAAP. When it reconciles its financial statements to U.S. GAAP, it also will account for the arrangement using the "purchase" method of accounting for business combinations. This means that Vivendi Universal will record the excess of the purchase price of MP3.com over the fair value of MP3.com's identifiable assets, including intangible assets and liabilities, as "goodwill".

EXPENSES (PAGE 59)

Each of Vivendi Universal and MP3.com will bear all expenses it incurs in connection with the merger, except that Vivendi Universal and MP3.com will share equally the expenses of filing with the SEC the registration statement of which this proxy statement/prospectus is a part and the printing and mailing of this proxy statement/prospectus.

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COMPARISON OF SHAREHOLDER RIGHTS (PAGE 80)

As a result of the merger, your shares of MP3.com common stock may be converted into the right to receive Vivendi Universal ordinary shares, in the form of Vivendi Universal ADSs. Because MP3.com is a corporation organized under the laws of Delaware and Vivendi Universal is a societe anonyme organized under the laws of The Republic of France, there are differences between the rights of MP3.com stockholders and the rights of holders of Vivendi Universal ADSs and ordinary shares. For a discussion of these differences, see "Comparison of Shareholder Rights" and "Description of Vivendi Universal Ordinary Shares".

ENFORCEABILITY OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS (PAGE 25)

Vivendi Universal is a French societe anonyme. Many of Vivendi Universal's directors and executive officers, including the persons who signed the registration statement on Form F-4, of which this document is a part, and some of the experts named in this document, are resident outside the United States, and a substantial portion of Vivendi Universal's assets and all or a substantial portion of the assets of such persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon such persons to enforce against them judgments of the courts of the United States predicated upon, among other things, the civil liability

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provisions of the federal securities laws of the United States. In addition, it may be difficult for you to enforce, in original actions brought in courts in jurisdictions located outside the United States, among other things, civil liabilities predicated upon such securities laws.

OPINION OF MP3.COM'S FINANCIAL ADVISOR (PAGE 34)

MP3.com's financial advisor, Credit Suisse First Boston Corporation, has delivered a written opinion to the MP3.com board of directors as to the fairness, from a financial point of view, of the consideration provided for in the merger. A copy of the full text of Credit Suisse First Boston's written opinion, dated May 20, 2001, is attached to this document as Annex C. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. CREDIT SUISSE FIRST BOSTON'S OPINION IS ADDRESSED TO THE MP3.COM BOARD OF DIRECTORS AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO ANY MATTER RELATING TO THE MERGER.

COMPARATIVE STOCK PRICES AND DIVIDENDS (PAGE 66)

The table below presents the New York Stock Exchange closing market price for Vivendi Universal ADSs, as reported on the New York Stock Exchange Composite Transaction Tape under the symbol "V", and the last reported sale price of the MP3.com common stock, as reported on the Nasdaq National Market under the symbol "MPPP". These prices are presented on two dates:

- May 18, 2001, the last trading day before the public announcement of the signing of the merger agreement; and
- July 5, 2001, the latest practicable date before the printing of this document.

The exchange ratio, meaning the number of Vivendi Universal ADSs you will receive for each share of MP3.com common stock, will be the quotient of \$5.00 divided by the average per share closing price of Vivendi Universal ADSs for the five trading days ending the trading day before the special meeting. Based on the \$5.00 per share merger consideration (in cash or Vivendi Universal ADSs), the merger consideration represents a premium of approximately 66% over the closing price per share of MP3.com common stock on May 18, 2001.

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	VIVENDI UNIVERSAL ADS SHARE PRICE	MP3.COM COMMON STOCK SHARE PRICE	EQUIVA PER SH DATA (
	-----	-----	-----
May 18, 2001	\$68.15	\$3.01	\$5.0
July 5, 2001	\$57.11	\$4.86	\$5.0

(1) Assuming, for purposes of calculating the exchange ratio, that the average per share closing price of Vivendi Universal ADSs for the five trading days ending the trading day before the special meeting equals the share price of Vivendi Universal ADSs set forth in the column headed "Vivendi Universal ADS Share Price".

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MARKET PRICES

The following table sets forth, for the periods indicated, the high and low per share sales prices of Vivendi Universal ordinary shares, Vivendi Universal ADSs and MP3.com common stock on the Paris Bourse, the New York Stock Exchange and the Nasdaq National Market, respectively. For periods before December 8, 2000, the columns headed "Vivendi Universal" set forth information for Vivendi, S.A. ordinary shares and Vivendi, S.A. ADSs, and for periods before September 2000, the high and low bids for Vivendi, S.A. ADSs are on the over-the-counter market. Prior to December 8, 2000, each Vivendi, S.A. ADS represented one-fifth of a Vivendi, S.A. ordinary share, but to facilitate comparison, price information is shown as if each Vivendi, S.A. ADS represented one Vivendi, S.A. ordinary share. Prices are rounded to the nearest cent.

	VIVENDI UNIVERSAL ORDINARY SHARES		VIVENDI UNIVERSAL ADSS		MP3.COM COMMON STOCK	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
1999						
First Quarter*.....	E87.13	E72.33	\$101.65	\$76.05	NA	NA
Second Quarter*.....	81.10	69.60	88.35	71.90	NA	NA
Third Quarter.....	83.70	65.05	86.25	68.75	\$105.00	\$23.31
Fourth Quarter.....	92.95	61.10	94.40	66.25	64.63	25.00
2000						
First Quarter.....	E150.00	E79.10	\$142.50	\$81.25	\$40.13	\$15.00
Second Quarter.....	122.00	85.30	128.75	81.25	22.50	6.50
Third Quarter.....	97.10	80.30	91.85	70.00	14.38	3.75
Fourth Quarter.....	89.65	68.60	77.50	50.00	10.75	2.34
2001						
First Quarter.....	E82.00	E61.20	\$76.00	\$54.30	\$6.13	\$1.56
Second Quarter.....	79.70	61.60	69.73	54.85	5.00	1.50
Third Quarter (through July 5, 2001).....	71.50	67.75	61.01	56.80	4.89	4.85

* Restated for a 3 for 1 stock split which occurred on May 11, 1999.

DIVIDENDS

Vivendi Universal

The table below sets forth the total dividends paid per Vivendi, S.A. ordinary share and Vivendi, S.A. ADS in respect of 1996 to 1999 and per Vivendi Universal ordinary share and Vivendi Universal ADS in respect of 2000. The amounts shown exclude the avoir fiscal, a French tax credit described under "Vivendi Universal -- Taxation". Vivendi Universal historically paid annual dividends in respect of its prior fiscal year. The company has rounded dividend amounts to the nearest cent.

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	E (1)	\$ (2)
1996*.....	0.61	0.14
1997*.....	0.76	0.17
1998*.....	0.92	0.17
1999.....	1.00	0.22
2000**.....	1.00	0.89

* Restated for a 3 for 1 stock split which occurred on May 11, 1999.

** Prior to December 8, 2000, each Vivendi, S.A. ADS represented one-fifth of a Vivendi, S.A. ordinary share, while each Vivendi Universal ADS now represents one Vivendi Universal ordinary share.

- (1) Until 1999 (i.e., until the dividend for the year ended December 31, 1998), Vivendi, S.A. paid dividends in French francs. Amounts in French francs have been translated at the official fixed exchange rate of E1.00 = FF6.55957.
- (2) Translated solely for convenience into dollars at the noon buying rates on the respective dividend payments date, or on the following business day if such date was not a business day in the United States. The noon buying rate may differ from the rate that may be used by the depositary to convert euros to dollars for the purpose of making payments to holders of ADRs.

MP3.com

MP3.com has not paid cash dividends to its stockholders.

COMPARATIVE PER SHARE INFORMATION

The following table shows per share data regarding the earnings and book value of Vivendi Universal and MP3.com. The results of operations of The Seagram Company Ltd. are included in Vivendi Universal's operating results beginning December 8, 2000. MP3.com's and Vivendi Universal's fiscal years each end on December 31.

THE FOLLOWING COMPARATIVE PER SHARE DATA ARE DERIVED FROM THE HISTORICAL CONSOLIDATED FINANCIAL STATEMENTS OF VIVENDI UNIVERSAL AND MP3.COM. YOU SHOULD READ THE INFORMATION IN THIS SECTION IN CONJUNCTION WITH THE FINANCIAL STATEMENTS AND ACCOMPANYING NOTES OF VIVENDI UNIVERSAL AND MP3.COM THAT ARE FOUND ELSEWHERE IN THIS PROXY STATEMENT/PROSPECTUS.

AS OF OR FOR THE
YEAR ENDED
DECEMBER
31, 2000

VIVENDI UNIVERSAL -- HISTORICAL

Amounts in accordance with French GAAP

Basic earnings.....	E3.6
Diluted earnings.....	E3.4
Book value.....	E52.43

Amounts in accordance with U.S. GAAP

Basic earnings.....	E3.24
Diluted earnings.....	E3.03
Book value.....	E59.89

	AS OF OR FOR THE YEAR ENDED DECEMBER 31, 2000	AS OF OR FOR THE THREE MONTHS ENDED MARCH 31, 2001
	-----	-----
MP3.COM -- HISTORICAL		
Basic net loss.....	\$ (4.18)	\$ (0.69)
Diluted net loss.....	\$ (4.18)	\$ (0.69)
Book value (per common share outstanding).....	\$ 2.53	\$ 1.96

CURRENCIES AND EXCHANGE RATES

Under the provisions of the Treaty on European Union negotiated at Maastricht in 1991 and signed by the then 12 member states of the European Union in early 1992, a European Monetary Union, known as EMU, was implemented on January 1, 1999 and a single European currency, known as the euro ("Euro", "euro" or E), was introduced. The following 12 member states participate in EMU and have adopted the euro as their national currency: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, The Netherlands, Portugal and Spain. The legal rate of conversion between the French franc and the euro was fixed on December 31, 1998 at E1.00 = FF6.55957, and Vivendi Universal has translated French francs into euros at that rate. For your convenience, this document contains translations of French franc and euro amounts in U.S. dollars. In this proxy statement/prospectus, unless otherwise indicated, all amounts are expressed in U.S. dollars ("dollars", "U.S. dollars", "\$", USD or US\$).

The following table shows the U.S. dollar/euro exchange rate for 1999 through 2001 based on the noon buying rate expressed in dollars per euro and the French franc/U.S. dollar exchange rate for 1996 through 1998 based on the noon buying rate expressed in French francs per dollar. The "noon buying rate" is the rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. For information regarding the effect of currency fluctuations on Vivendi Universal's results of operations, see "Vivendi Universal -- Operating and Financial Review and Prospects", page 148.

YEAR	PERIOD END	AVERAGE RATE*	HIGH	LOW
----	-----	-----	----	----
U.S. DOLLAR/EURO				
June 2001.....	0.85	0.89	0.86	0.84
May 2001.....	0.85	0.89	0.89	0.85
April 2001.....	0.89	0.90	0.90	0.88
March 2001.....	0.88	0.91	0.93	0.88
February 2001.....	0.92	0.92	0.94	0.90
January 2001.....	0.94	0.94	0.96	0.91
2000.....	0.94	0.92	1.03	0.83
1999.....	1.00	1.06	1.17	1.00
FRENCH FRANC/U.S. DOLLAR				
1998.....	5.59	5.90	6.21	5.38
1997.....	6.02	5.85	6.35	5.19

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1996..... 5.19 5.12 5.29 4.90

 * For yearly figures, the average of the noon buying rates for French francs or euros, as the case may be, on the last business day of each month during the year.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF VIVENDI UNIVERSAL

The selected consolidated financial data for each of the years in the three-year period ended December 31, 2000 have been derived from Vivendi Universal's consolidated financial statements and the related notes, which are included elsewhere in this proxy statement/prospectus. The selected consolidated financial data at year end and for each of the years in the two-year period ended December 31, 1997 have been derived from its consolidated financial statements not included in this proxy statement/prospectus.

Vivendi Universal's consolidated financial statements have been prepared in accordance with French GAAP, which differs in some significant respects from U.S. GAAP. The principal differences between French GAAP and U.S. GAAP, as they relate to Vivendi Universal, are described in Note 16 to its consolidated financial statements. For a discussion of significant transactions and accounting changes that affect the comparability of its consolidated financial statements and the financial data presented below, refer to "Vivendi Universal -- Operating and Financial Review and Prospects" and the notes to Vivendi Universal's consolidated financial statements.

Vivendi Universal's consolidated financial statements and the selected financial data presented below are reported in euros. For periods presented prior to January 1, 1999, its financial statements have been prepared in French francs and translated into euros using the official fixed exchange rate of E1.00 = FF6.55957, applicable since December 31, 1998 (see Note 2 to Vivendi Universal's consolidated financial statements).

	YEARS ENDED DECEMBER 31,				
	2000	1999(1)	1999	1998	1997
----- MILLIONS OF EUROS, EXCEPT PER SHARE AMOUNTS					
INCOME STATEMENT					
AMOUNTS IN ACCORDANCE WITH FRENCH GAAP					
Revenue.....	41,797.6	40,854.5	41,622.5	31,737.1	25,476.6
Revenue outside France.....	20,625.1	17,243.7	17,829.3	10,313.0	8,504.8
Operating income.....	2,571.4	1,835.5	2,280.5	1,331.4	595.5
Exceptional items, net.....	2,946.8	(845.8)	(837.8)	249.3	878.6
Goodwill amortization.....	634.2	606.4	612.0	209.5	374.7
Minority interest.....	624.9	(159.4)	5.3	212.2	(115.1)
Net income.....	2,299.0	1,434.6	1,431.4	1,120.8	822.0
Basic earnings per share.....	3.6	2.7	2.7	2.5	2.1
Dividends per share.....	1.0	1.0	1.0	0.9	0.8
Average shares outstanding					
(millions).....	633.8	530.5	530.5	456.6	393.6
Shares outstanding at year end					
(millions).....	1,080.8	595.6	595.6	478.4	402.1

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AMOUNTS IN ACCORDANCE WITH U.S. GAAP

Revenue.....	34,275.8	36,542.9	36,542.9	--	--
Operating income.....	1,178.2	(677.0)	(677.0)	--	--
Net income.....	1,907.8	246.1	246.1	565.2	--
Basic earnings per share.....	3.24	0.48	0.48	1.29	--
Diluted earnings per share.....	3.03	0.47	0.47	1.25	--

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YEARS ENDED DECEMBER 31,

	2000	1999 (1)	1999	1998	1997	
	-----	-----	-----	-----	-----	-----
	MILLIONS OF EUROS, EXCEPT PER SHARE AMOUNTS					

FINANCIAL POSITION

AMOUNTS IN ACCORDANCE WITH FRENCH GAAP

Shareholders' equity.....	56,675.1	10,776.5	10,892.2	7,840.2	6,846.7	5
Minority interest.....	9,787.4	3,754.5	4,052.4	2,423.0	1,742.3	6
Net financial debt (2).....	25,514.1	22,832.7	22,832.7	6,502.2	4,177.0	6
Total assets.....	150,737.9	84,613.7	82,777.0	48,982.4	39,365.2	36
Total long-term assets.....	112,579.3	47,915.4	45,340.9	26,072.6	20,810.4	19

AMOUNTS IN ACCORDANCE WITH U.S. GAAP

Shareholders' equity.....	64,729.4	16,954.5	16,954.5	10,265.4	--	--
Total assets.....	151,818.0	74,497.0	74,497.0	--	--	--

CASH FLOW DATA

Net cash provided by operating activities.....	2,514.2	771.6	1,409.4	2,897.9	1,601.1	2
Net cash used for investing activities.....	1,480.5	12,918.3	13,556.2	2,925.9	3,106.4	2
Net cash (used for) provided by financing activities.....	(631.3)	13,745.8	13,745.8	222.6	1,664.4	2
Capital expenditures.....	5,799.8	6,153.7	6,791.5	4,478.2	2,713.3	2

OTHER DATA

EBITDA (3).....	5,980.9	4,300.6	5,235.0	3,453.0	2,144.2	2
-----------------	---------	---------	---------	---------	---------	---

(1) Restated to give effect to changes in accounting policies (see Note 2 to Vivendi Universal's consolidated financial statements).

(2) Net financial debt is defined as the sum of long-term debt, subordinated debt, bank overdrafts and other short-term borrowings after deduction of short-term loans, cash, cash equivalents and marketable securities and long-term loans. Long-term loans are included under the caption "Portfolio investments held as fixed assets (others)" in Vivendi Universal's consolidated balance sheet. Long-term loans amounted to E1,502.2 million in 2000, E1,273.6 million in 1999 and E1,960.3 million in 1998.

(3) EBITDA is defined as operating income before amortization and depreciation, expenses of replacement and repair of installation and equipment owned by local authorities. Vivendi Universal EBITDA may not be strictly comparable to similarly titled measures widely used in the United States or reported by other companies.

RECONCILIATION OF EBITDA TO NET INCOME

	YEARS ENDED DECEMBER 31,			
	2000	1999 (1)	1999	1998
	----- MILLIONS OF EUROS -----			
EBITDA				
Music.....	94.2	--	--	--
Publishing.....	493.4	410.7	417.0	355.0
TV & Film.....	526.0	84.8	86.0	13.0
Telecoms.....	1,303.3	493.7	1,372.0	674.0
Internet.....	(183.7)	(34.3)	(51.0)	(4.0)
	-----	-----	-----	-----
Holding and Corporate.....	2,233.2	954.9	1,824.0	1,038.0
	(137.0)	(75.9)	(75.5)	(43.0)
	-----	-----	-----	-----
Media & Communications.....	2,096.2	879.0	1,748.5	995.0
Environmental Services.....	3,544.3	2,723.6	2,781.0	1,929.0
Non-core businesses.....	340.4	698.0	705.5	529.0
	-----	-----	-----	-----
Total Vivendi Universal.....	5,980.9	4,300.6	5,235.0	3,453.0
Depreciation and amortization.....	(3,131.3)	(2,186.3)	(2,678.3)	(1,831.7)
Expenses of replacement and repair of installation.....	(278.2)	(278.8)	(276.2)	(289.9)
	-----	-----	-----	-----
Operating income.....	2,571.4	1,835.5	2,280.5	1,331.4
Net financial (expense) income.....	(632.9)	(87.1)	(220.1)	9.3
Exceptional items, net.....	2,946.8	(845.8)	(837.8)	249.3
Income taxes and deferred tax.....	(1,020.9)	946.1	793.2	(90.0)
Goodwill amortization.....	(634.2)	(606.4)	(612.0)	(209.5)
Equity in net income of affiliates.....	(306.3)	32.9	32.9	42.5
Minority interest.....	(624.9)	159.4	(5.3)	(212.2)
	-----	-----	-----	-----
Net income.....	2,299.0	1,434.6	1,431.4	1,120.8

(1) Restated to give effect to changes in accounting policies (see Note 2 to Vivendi Universal's consolidated financial statements).

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF MP3.COM

The following selected consolidated financial data as of December 31, 2000, 1999 and 1998, and for the years ended December 31, 2000 and 1999 and for the period from March 17, 1998 (inception) to December 31, 1998 are derived from the audited consolidated financial statements of MP3.com, which are included elsewhere in this proxy statement/prospectus. The financial data as of March 31, 2001 and 2000, and for the three month periods ended March 31, 2001 and 2000 are derived from unaudited condensed consolidated financial statements, which are included elsewhere in this proxy statement/prospectus. The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and, in the opinion of management,

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include all adjustments, consisting only of normal recurring adjustments, necessary to state fairly the financial position and results of operations for these periods, in accordance with accounting principles generally accepted in the United States.

The consolidated results of operations for the three months ended March 31, 2001 are not necessarily indicative of the results that may be reported for any other interim period or for the year ending December 31, 2001. The data should be read in conjunction with the consolidated financial statements, related notes, and other financial information included in this proxy statement/prospectus and incorporated by reference herein. Certain prior period amounts have been reclassified to conform to the current period presentation.

You should carefully review MP3.com's consolidated financial statements and related notes included elsewhere in this proxy statement/prospectus and the information provided in the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in MP3.com's Annual Report on Form 10-K, as amended, and MP3.com's Quarterly Report on Form 10-Q, incorporated herein by reference.

All amounts in thousands, except per share amounts.

	YEARS ENDED DECEMBER 31,		PERIOD FROM MARCH 17, 1998 (INCEPTION) TO DECEMBER 31,	THREE MONTH MARCH
	2000	1999	1998	2001
CONSOLIDATED STATEMENTS OF OPERATIONS DATA:				
Net revenues.....	\$ 80,136	\$ 21,899	\$ 1,162	\$ 21,750
Cost of revenues (excludes amortization of deferred compensation of \$128, \$256, \$--, \$--, and \$71, respectively).....	15,760	9,211	215	4,875
Gross profit.....	64,376	12,688	947	16,875
Operating expenses:				
Sales and marketing (excludes amortization of deferred compensation of \$1,884, \$10,952, \$380, \$321, and \$591, respectively).....	71,217	23,998	79	10,491
Engineering and product development (excludes amortization of deferred compensation of \$2,379, \$3,027, \$170, \$325, and \$805, respectively).....	22,447	9,417	395	5,595
General and administrative (excludes amortization of deferred compensation and stock-based compensation of \$7,615, \$8,053, \$--, \$325, and \$2,935, respectively).....	31,503	9,307	142	6,218
Charge for litigation and copyright matters.....	170,000	--	--	--
Costs related to acquisition activities....	1,704	--	--	--

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	YEARS ENDED DECEMBER 31,		PERIOD FROM MARCH 17, 1998 (INCEPTION) TO DECEMBER 31,	THREE MONTH MARCH
	2000	1999	1998	2001
Amortization of deferred compensation and other stock based compensation.....	12,006	22,288	550	971
Charge related to class action and derivative lawsuits.....	--	--	--	41,428
Total operating expenses.....	308,877	65,010	1,166	64,703
Loss from operations.....	(244,501)	(52,322)	(219)	(47,828)
Interest income (expense), net.....	17,412	10,852	(4)	1,700
Impairment of strategic investments and loss on sale of short-term investments available for sale.....	(50,736)	--	--	--
Loss before minority interest and income taxes.....	(277,825)	(41,470)	(223)	(46,128)
(Benefit) provision for income taxes.....	--	(93)	134	--
Minority interest in losses of an unconsolidated subsidiary.....	(1,668)	(1,105)	--	--
Net loss.....	\$ (279,493)	\$ (42,482)	\$ (357)	\$ (46,128)
Net loss per share(1):				
Basic and diluted.....	\$ (4.18)	\$ (0.78)	\$ (0.01)	\$ (0.69)
Weighted average shares -- basic and diluted.....	66,799	54,194	26,183	66,929

	DECEMBER 31,			MARCH
	2000	1999	1998	2001
BALANCE SHEET DATA:				
Cash, cash equivalents, short-term investments and restricted cash.....	\$ 128,846	\$427,981	\$ 39	\$ 91,211
Working capital.....	90,611	388,192	133	54,744
Total assets.....	238,599	471,882	463	199,366
Total stockholders' equity.....	173,716	417,550	195	134,355

(1) See Note 1 to MP3.com's consolidated financial statements for a description of the computation of the net loss per share and the number of shares used in the per share calculation.

RISK FACTORS

An investment in Vivendi Universal ordinary shares involves a number of

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risks, some of which are related to the merger and some of which are inherent in an investment in Vivendi Universal. You should carefully consider the following information about these risks, together with the other information in this proxy statement/prospectus, in considering the proposed merger between Vivendi Universal and MP3.com and your election to receive cash and/or Vivendi Universal ADSs in the proposed merger.

RISKS RELATED TO THE MERGER

THE INTEGRATION OF MP3.COM INTO VIVENDI UNIVERSAL MAY BE DIFFICULT AND EXPENSIVE TO ACHIEVE AND MAY NOT RESULT IN THE BENEFITS THAT WE CURRENTLY ANTICIPATE.

The merger will present challenges to Vivendi Universal's management, including the integration of MP3.com's operations and personnel. In addition, it may present special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management attention and loss of personnel.

Vivendi Universal may not be able to integrate successfully or manage profitably the operations it will acquire in the merger. Following the merger, Vivendi Universal may not achieve the revenue or profitability increases or cost savings currently anticipated to arise from the merger. If Vivendi Universal's management is not able to implement a business plan that effectively integrates MP3.com's operations, the anticipated benefits of the merger may not be realized.

OFFICERS AND DIRECTORS OF MP3.COM MAY HAVE INTERESTS IN THE MERGER THAT ARE DIFFERENT FROM THOSE OF MP3.COM'S STOCKHOLDERS.

A number of officers and directors of MP3.com who recommend that you vote in favor of the merger agreement have employment or severance agreements or benefit arrangements that provide them with interests in the merger that may be different from yours. The receipt of compensation or other benefits in connection with the merger (including the acceleration of vesting of stock options), or the continuation of indemnification arrangements for current directors following completion of the merger, may influence these persons in making their recommendation that you vote in favor of adoption of the merger agreement. See "The Merger -- Interests of Certain Persons in the Merger".

YOU MAY NOT RECEIVE THE FORM OF MERGER CONSIDERATION THAT YOU ELECT.

In connection with the merger, you may not receive all of your merger consideration in the form that you elect. The merger agreement provides that the percentage of shares of MP3.com common stock that will be converted into Vivendi Universal ordinary shares is fixed at 50% and the percentage of shares of MP3.com common stock that will be converted into cash is also fixed at 50%. Therefore, the MP3.com stockholders' elections, including yours, may be adjusted on a pro rata basis so that, in the aggregate, 50% of the MP3.com common stock is converted into the right to receive Vivendi Universal ordinary shares and 50% of the MP3.com common stock is converted into the right to receive cash.

THE PRICE OF VIVENDI UNIVERSAL ADSS AT THE CLOSING OF THE MERGER MAY VARY FROM THE FIVE-DAY AVERAGE PRICE USED TO DETERMINE THE EXCHANGE RATIO FOR THE MERGER.

The price of Vivendi Universal ADSs may vary as a result of changes in the business, operations or prospects of Vivendi Universal, general market and economic conditions and other factors. The number of shares of Vivendi Universal ADSs issued in the merger will be calculated based on an exchange ratio equal to \$5.00 divided by the average per share closing price of Vivendi Universal ADSs on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the date of the special meeting. The

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market value of the Vivendi Universal ADSs on the date on which the merger is completed may be different than the five-day average price of Vivendi Universal ADSs used in determining the exchange ratio. As a result, the market value of the Vivendi Universal ADSs you receive pursuant to the merger may be more or less than the \$5.00 value assumed in calculating the exchange ratio.

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RISKS RELATED TO AN INVESTMENT IN VIVENDI UNIVERSAL ADSS

THE PRICES OF VIVENDI UNIVERSAL ADSS MAY BE ADVERSELY AFFECTED BY FACTORS DIFFERENT FROM THOSE AFFECTING THE PRICES OF MP3.COM'S SHARES.

Upon completion of the merger, some MP3.com stockholders will become holders of Vivendi Universal ADSs. Vivendi Universal will operate in numerous markets and industries that differ from the markets and industries in which MP3.com has historically operated. In addition, Vivendi Universal will face foreign currency risks that are different from those faced by MP3.com. Vivendi Universal's results of operations and the market prices of its shares may be adversely affected by factors different from those that affect the results of operations of MP3.com prior to the merger.

VIVENDI UNIVERSAL MAY SUFFER REDUCED PROFITS OR LOSSES AS A RESULT OF INTENSE COMPETITION.

Most of the industries in which Vivendi Universal operates are highly competitive and require substantial human and capital resources. Many other companies serve each of the markets in which Vivendi Universal competes. From time to time, its competitors may reduce their prices in an effort to expand market share. Competitors also may introduce new technology or services or improve the quality of their service. Vivendi Universal may lose business if it is unable to match the prices, technologies or service quality offered by its competitors.

In addition, content and integration of content with communications access are increasingly important parts of the communications business and are key elements of Vivendi Universal's strategy. In accordance with that strategy, Vivendi Universal's communications business relies 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 communications business becomes more competitive, the cost of obtaining this third-party content could increase. Any of these competitive effects could have an adverse effect on Vivendi Universal's business and financial performance.

VIVENDI UNIVERSAL MAY NOT BE ABLE TO RETAIN OR OBTAIN REQUIRED LICENSES, PERMITS, APPROVALS AND CONSENTS.

Vivendi Universal needs to obtain a variety of permits and approvals from regulatory authorities to conduct and expand its businesses. The process for obtaining these permits and approvals is often lengthy, complex and unpredictable. Moreover, the cost of obtaining permits and approvals may be prohibitive. If Vivendi Universal is unable to obtain the permits and approvals it needs to expand its businesses at a reasonable cost and in a timely manner, in particular, licenses to provide telecommunications services, its ability to achieve its strategic objectives could be impaired. In addition, the regulatory environment in which Vivendi Universal's businesses operate is complex and subject to change, and adverse changes in that environment could also impose costs on, or limit the revenue of, Vivendi Universal.

DEMAND FOR VIVENDI UNIVERSAL'S INTEGRATED COMMUNICATIONS AND ENVIRONMENTAL MANAGEMENT SERVICES MAY BE LESS THAN VIVENDI UNIVERSAL EXPECTS.

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Vivendi Universal believes that important factors driving its growth in the next several years will be increased demand for (1) integrated communications and content services that are accessible through a variety of communications devices and (2) large-scale, integrated environmental management services. Although Vivendi Universal expects markets for both types of services to develop rapidly, its expectations may not be realized. If either market does not grow or does not grow as quickly as it expects, Vivendi Universal's profitability and the return it earns on many of its investments may suffer.

THE INTEGRATION OF THE SEAGRAM COMPANY LTD.'S AND CANAL PLUS S.A.'S TRANSFERRED BUSINESSES INTO VIVENDI UNIVERSAL MAY BE DIFFICULT AND EXPENSIVE TO ACHIEVE AND MAY NOT RESULT IN THE BENEFITS CURRENTLY ANTICIPATED.

Vivendi Universal may not be able to integrate successfully or manage profitably the operations acquired in the merger transactions between Vivendi, The Seagram Company Ltd. and Canal Plus S.A. Vivendi Universal may not achieve the revenue or profitability increases or cost savings currently

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anticipated to arise from the merger transactions. The merger transactions, while expected to be accretive to earnings in future periods, may fail to be accretive or may become accretive later than expected. To realize the anticipated benefits of the merger transactions, Vivendi Universal's management must implement a business plan that will effectively combine operations that are diverse geographically and in terms of the products and services they offer, as well as in management, compensation and business culture. If Vivendi Universal's management is not able to implement a business plan that effectively integrates its acquired operations, the anticipated benefits of the merger transactions may not be realized.

VIVENDI UNIVERSAL MAY HAVE DIFFICULTY ENFORCING ITS INTELLECTUAL PROPERTY RIGHTS.

The decreasing cost of electronic 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 Vivendi Universal's revenue comes from the sale of audio and audiovisual products 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. Intellectual property rights to information that is potentially subject to widespread, uncompensated dissemination on the Internet represents a substantial portion of Vivendi Universal's market value. If Vivendi Universal fails to obtain appropriate relief through the judicial process or the complete enforcement of judicial decisions issued in its favor, or if it fails to develop effective means of protecting its intellectual property or entertainment-related products and services, its results of operations and financial position may suffer.

VIVENDI UNIVERSAL MAY NOT BE ABLE TO MEET ANTICIPATED CAPITAL REQUIREMENTS FOR CERTAIN TRANSACTIONS.

Vivendi Universal routinely engages in projects that may require it to seek substantial amounts of funds through various forms of financing. Its ability to arrange financing for projects and the cost of capital depend on numerous factors, including general economic and capital market conditions, availability of credit from banks and other financial institutions, investor confidence in Vivendi Universal's businesses, success of current projects, perceived quality

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of new projects and tax and securities laws that are conducive to raising capital. In addition, Vivendi Universal's future operations are expected to be financed in part by a portion of the proceeds it expects to receive from the sale of the Spirits and Wine business (described below under "Vivendi Universal -- Information on the Company -- Spirits and Wine"). While Vivendi Universal and certain of its subsidiaries have entered into a contract for the sale of the Spirits and Wine business, that contract is subject to customary closing conditions, including receipt of regulatory approvals. If the conditions for the sale of the Spirits and Wine business are not satisfied, Vivendi Universal may need to pursue alternative transactions and may have to seek alternative forms of financing. Vivendi Universal may forego attractive business opportunities and lose market share if it cannot secure financing on satisfactory terms.

VIVENDI UNIVERSAL'S CONTENT ASSETS IN TV, MOTION PICTURES AND MUSIC MAY NOT BE COMMERCIALY SUCCESSFUL.

Vivendi Universal expects a significant amount of its revenue to come from the production and distribution of content offerings such as feature films, television series and records. The success of content offerings depends primarily upon their acceptance by the public, which is difficult to predict. The commercial success of a film, series or record 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. Because Vivendi Universal expects the popularity of its content offerings to be a significant factor driving the growth of its communication services, its failure to produce films, series and records with broad consumer appeal could materially harm its business and prospects for growth.

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CURRENCY EXCHANGE RATE FLUCTUATIONS MAY NEGATIVELY AFFECT VIVENDI UNIVERSAL'S FINANCIAL RESULTS, THE MARKET VALUE OF THE VIVENDI UNIVERSAL ADSS AND THE VALUE OF DIVIDENDS RECEIVED BY HOLDERS OF VIVENDI UNIVERSAL ADSS.

Vivendi Universal will hold assets and liabilities, earn income and pay expenses of its subsidiaries in a variety of currencies. Because its financial statements will be presented in euros, Vivendi Universal must translate its assets, liabilities, income and expenses in currencies other than the euro into euros at then-applicable exchange rates when it prepares its financial statements. Consequently, increases and decreases in the value of the euro will affect the value of these items in its financial statements, even if their value has not changed in their original currency. In this regard, an increase in the value of the euro may result in a decline in the reported value, in euros, of Vivendi Universal's interests held in other currencies. To the extent this has a negative effect on its financial condition as presented in its financial statements, it could cause the price of its shares to decline. In addition, when Vivendi Universal pays dividends to holders of Vivendi Universal ADSs, those dividends will be converted from euros to U.S. dollars. As a result, changes in currency exchange rates could affect the value of dividends that holders of Vivendi Universal ADSs receive.

VIVENDI UNIVERSAL'S BUSINESS OPERATIONS IN SOME COUNTRIES MAY BE SUBJECT TO ADDITIONAL RISKS.

Vivendi Universal conducts business in markets around the world. The risks associated with conducting business in some countries outside of Western Europe, the United States and Canada can include slower payment of invoices, nationalization of businesses, social, political and economic instability,

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increased currency exchange risk and currency repatriation restrictions, among other risks. Vivendi Universal may not be able to insure or hedge against these risks. 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.

VIVENDI UNIVERSAL MAY NOT BE SUCCESSFUL IN DEVELOPING NEW TECHNOLOGIES OR INTRODUCING NEW PRODUCTS AND SERVICES.

Many of the industries in which Vivendi Universal operates 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 may not succeed in developing marketable technologies. Furthermore, Vivendi Universal may not be able to identify and develop new product and service opportunities in a timely manner. Finally, technological advances may render Vivendi Universal's existing products obsolete, forcing it to write off investments made in those products and services and to make substantial new investments.

THE MARKET PRICE OF VIVENDI UNIVERSAL ADSS MAY BE SUBJECT TO THE VOLATILITY GENERALLY ASSOCIATED WITH INTERNET AND TECHNOLOGY COMPANY SHARES.

The market for shares of Internet and technology companies has, over the past year, experienced extreme price and volume volatility that has often been unrelated or disproportionate to the operating performance of those companies. Because the value of Vivendi Universal will be based in part on its Internet and other high-technology operations, the price of its shares may be subject to similar volatility.

PROVISIONS IN MANY OF THE ENVIRONMENTAL CONTRACTS OF VIVENDI UNIVERSAL'S SUBSIDIARY, VIVENDI ENVIRONNEMENT, MAY CREATE SIGNIFICANT RESTRICTIONS OR OBLIGATIONS ON ITS BUSINESS OR ALLOW ITS CUSTOMERS TO MODIFY OR TERMINATE THOSE CONTRACTS.

Contracts with governmental authorities make up a significant percentage of the revenue of Vivendi Universal's 63% effectively owned subsidiary, Vivendi Environnement. Vivendi Environnement is subject to various statutes and regulations that apply to companies contracting with the government that differ from laws governing private contracts. In civil law countries such as France, for instance, government contracts often allow the applicable governmental authority to modify or terminate the contract unilaterally in certain circumstances. Although Vivendi Environnement is generally entitled to full indemnification in the

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event of a unilateral modification or termination of a contract by a governmental authority, such modifications or terminations could reduce its revenue and profits if full indemnification is not available.

VIVENDI UNIVERSAL MAY INCUR ENVIRONMENTAL LIABILITY IN CONNECTION WITH PAST, PRESENT AND FUTURE OPERATIONS.

Each of Vivendi Universal's businesses, primarily in the case of Vivendi Environnement, is subject to extensive and increasingly stringent environmental laws and regulations. In some circumstances, Vivendi Universal could be required to pay fines or damages under these environmental laws and regulations even if it exercises due care in conducting its operations, it complies with all applicable laws and regulations, and the quantity of pollutant is very small.

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In addition, courts or regulatory authorities may require Vivendi Universal or Vivendi Environnement to undertake investigatory and/or remedial activities, curtail operations or close facilities temporarily or permanently in connection with applicable environmental laws and regulations. Vivendi Universal or Vivendi Environnement could also become subject to claims for personal injury or property damage. Being required to take these actions, or to pay environmental damages, could substantially impair Vivendi Universal's or Vivendi Environnement's business or affect their ability to obtain new business.

THE ABILITY OF HOLDERS OF VIVENDI UNIVERSAL ADSS TO INFLUENCE THE GOVERNANCE OF VIVENDI UNIVERSAL MAY BE LIMITED.

Holders of Vivendi Universal's ADSs may not have the same ability to influence corporate governance with respect to the company as shareholders in some U.S. companies would. For example, the depositary may not receive voting materials in time to ensure that holders of Vivendi Universal's ADSs can instruct the depositary to vote their shares. In addition, the depositary's liability to holders of Vivendi Universal's ADSs for failing to carry out voting instructions or for the manner of carrying out voting instructions is limited by the depositary agreement.

JUDGMENTS OF U.S. COURTS MAY NOT BE ENFORCEABLE AGAINST VIVENDI UNIVERSAL.

Judgments of U.S. courts, including those predicated on the civil liability provisions of the federal securities laws of the United States, may not be enforceable in French courts. As a result, shareholders who obtain a judgment against Vivendi Universal in the United States may not be able to require it to pay the amount of the judgment. See "Enforceability of Civil Liabilities Against Foreign Persons" on page 25.

SOME PROVISIONS OF VIVENDI UNIVERSAL'S STATUTS COULD HAVE ANTI-TAKEOVER EFFECTS.

Vivendi Universal's statuts (its organizational documents) contain provisions that are intended to impede the accumulation of its shares by third parties seeking to gain a measure of control of Vivendi Universal. For example, in the case where a quorum of less than 60% is present at a shareholders' meeting, the statuts adjust the rights of each shareholder that owns in excess of 2% of Vivendi Universal's voting power through the application of a formula pursuant to which the voting power of each such shareholder will be equal to that which it would possess if 100% of Vivendi Universal's shareholders were present or represented at the shareholders' meeting at which the vote takes place. In addition, the statuts provide that any person or group that fails to notify Vivendi Universal within 15 days of acquiring or disposing of at least 0.5% or any multiple of 0.5% of its shares may be deprived of voting rights for those shares in excess of the unreported fraction. For descriptions of other provisions of French law and Vivendi Universal's statuts that may have anti-takeover effects, see "Description of Vivendi Universal Ordinary Shares -- Anti-Takeover Effects" on page 70 and "Comparison of Shareholder Rights -- Anti-Takeover Provisions" on page 87.

PRE-EMPTIVE RIGHTS MAY NOT BE AVAILABLE FOR U.S. PERSONS.

Under French law, shareholders have pre-emptive rights to subscribe for cash issuances of new shares or other securities giving rights to acquire additional shares on a pro rata basis. U.S. holders of Vivendi Universal shares may not be able to exercise pre-emptive rights for its shares unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to such rights or an

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exemption from the registration requirements imposed by the Securities Act is available. Vivendi Universal may, from time to time, issue new shares or other securities giving rights to acquire additional shares at a time when no registration statement is in effect and no Securities Act exemption is available. If so, U.S. holders of its shares will be unable to exercise their pre-emptive rights.

VIVENDI UNIVERSAL IS EXEMPT FROM CERTAIN REQUIREMENTS UNDER THE EXCHANGE ACT.

As a "foreign private issuer", for the purposes of the U.S. federal securities laws, Vivendi Universal is exempt from rules under the U.S. Securities Exchange Act of 1934, as amended, that impose certain disclosure and procedural requirements in connection with proxy solicitations under Section 14 of the Exchange Act. In addition, Vivendi Universal's officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules thereunder with respect to their purchase and sale of Vivendi Universal shares. Moreover, Vivendi Universal will not be required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor will it be required to comply with Regulation FD, which restricts the selective disclosure of material information. Accordingly, there may be less information concerning Vivendi Universal publicly available than there is for those U.S. companies.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This proxy statement/prospectus contains "forward-looking statements". These statements may include statements regarding the period following completion of the merger.

Words such as "anticipate", "estimate", "expects", "projects", "intends", "plans", "believes", "will" and words and terms of similar substance used in connection with any discussion of future operating or financial performance of Vivendi Universal or MP3.com or the merger, identify forward-looking statements. All forward-looking statements are management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. The risks related to the businesses of Vivendi Universal and MP3.com and the risks relating to the merger discussed under "Risk Factors", among others, could cause actual results to differ materially from those described in, or otherwise projected or implied by, the forward-looking statements. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement/prospectus. Vivendi Universal and MP3.com are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

All subsequent forward-looking statements attributable to Vivendi Universal or MP3.com, or any person acting on their behalf, are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

ENFORCEABILITY OF CIVIL LIABILITIES AGAINST FOREIGN PERSONS

Vivendi Universal is a corporation organized under the laws of France. Some

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of Vivendi Universal's directors and officers are citizens or residents of countries other than the United States. Substantial portions of Vivendi Universal's assets are located outside the United States. Accordingly, it may be difficult for investors:

- to obtain jurisdiction over Vivendi Universal or its directors or officers in courts in the United States in actions predicated on the civil liability provisions of the U.S. federal securities laws;
- to enforce against Vivendi Universal or its directors or officers judgments obtained in such actions;
- to obtain judgments against Vivendi Universal or its directors or officers in original actions in non-U.S. courts predicated solely upon the U.S. federal securities laws; or
- to enforce against Vivendi Universal or its directors or officers in non-U.S. courts judgments of courts in the United States predicated upon the civil liability provisions of the U.S. federal securities laws.

Actions brought in France for enforcement of judgments of U.S. courts rendered against French persons, including directors and officers of Vivendi Universal, would require those persons to waive their right to be sued in France under Article 15 of the French Civil Code. In addition, actions in the United States under the U.S. federal securities laws could be affected under certain circumstances by the French law of July 16, 1980, which may preclude or restrict the obtaining of evidence in France or from French persons in connection with those actions.

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THE SPECIAL MEETING

GENERAL

This proxy statement/prospectus is being furnished to you as part of the solicitation of proxies by the MP3.com board of directors for use at the special meeting to be held on [], 2001. The purpose of the special meeting is for you to consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of May 20, 2001, by and among MP3.com, Vivendi Universal, and Metronome Acquisition Sub, a wholly owned subsidiary of Vivendi Universal, as amended by the Modification Agreement, dated as of June 13, 2001, by and among such parties. A copy of the merger agreement (including the modification agreement) is attached to this proxy statement/prospectus as Annex A.

DATE, TIME AND PLACE

The special meeting will be held on [], 2001, at [] a.m., local time, at MP3.com's corporate headquarters located at 4790 Eastgate Mall, San Diego, California 92121-1970.

PURPOSE OF SPECIAL MEETING

At the special meeting, MP3.com will ask you to vote upon a proposal to adopt the merger agreement and to transact any other business that properly comes before the special meeting or any adjournment or postponement of the special meeting. The MP3.com board of directors has unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to and in the best interests of, MP3.com and its stockholders. The MP3.com board of directors unanimously recommends that you vote "FOR" the proposal to adopt the merger agreement at the special meeting.

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RECORD DATE; STOCK ENTITLED TO VOTE; QUORUM

The MP3.com board of directors has fixed the close of business on [], 2001 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting. Only holders of record of MP3.com common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting. As of the record date, [] shares of MP3.com common stock were issued and outstanding and held by approximately [] holders of record. Each holder of record of MP3.com common stock on the record date will be entitled to one vote for each share held on all matters to be voted upon at the special meeting.

A quorum will be present at the special meeting if a majority of the shares of MP3.com common stock issued and outstanding and entitled to vote at the special meeting are represented in person or by a properly executed proxy. If a quorum is not present at the special meeting, we expect that the special meeting will be adjourned or postponed to solicit additional proxies.

PROXIES; REVOCATION; SOLICITATION

If you vote your shares of MP3.com common stock by signing a proxy, your shares, unless your proxy is revoked, will be voted at the special meeting as you indicate on your proxy card. If no instructions are indicated on your signed proxy card, your shares of MP3.com common stock will be voted "FOR" adoption of the merger agreement. If you grant a proxy online or by telephone, your shares will be voted at the special meeting as you instruct. If your shares are held in street name, you should follow the directions provided by your broker or bank regarding how to instruct your broker or bank to vote your shares. If an executed proxy card is returned by a broker or bank holding shares which indicates that the broker or bank does not have discretionary authority to vote on the adoption of the merger agreement, known as a broker non-vote, the shares will be considered present at the special meeting for determining the presence of a quorum, but will not be considered to have been voted in favor of adoption of the merger agreement. The inspector of election appointed for the special meeting will tabulate all votes and will separately tabulate

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affirmative and negative votes, abstentions and broker non-votes. Abstentions and broker non-votes will have the same effect as votes "AGAINST" adoption of the merger agreement.

You may revoke your proxy at any time before the vote at the special meeting by submitting a written revocation to the Secretary of MP3.com at 4790 Eastgate Mall, San Diego, CA 92121-1970, or by submitting a new proxy to such address, in either case, dated after the date of the proxy that is being revoked. In addition, a proxy may also be revoked by voting in person at the special meeting. Simply attending the special meeting without voting will not revoke your proxy.

The MP3.com board of directors is not currently aware of any other business to be brought before the special meeting. If, however, other matters are properly brought before the special meeting or there is a proposal for an adjournment or postponement of the special meeting, the individuals appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies in accordance with their discretion and judgment.

The solicitation of proxies will occur primarily by mail but may include telephone or oral communications by regular employees of MP3.com, acting without special compensation. MP3.com also will request that persons and entities

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holding shares that are registered in their own names or in the names of their nominees but that are beneficially owned by others send proxy materials to, and obtain proxies from, those beneficial owners. All expenses involved in the solicitation of proxies will be paid by MP3.com and will include reimbursement of brokerage firms and others for expenses in forwarding proxy solicitation material to the beneficial owners of shares of MP3.com common stock.

YOU SHOULD NOT SEND IN ANY STOCK CERTIFICATES WITH YOUR PROXY CARD.

INTERNET OR TELEPHONIC PROXIES

For shares registered in your name:

Delaware, the state in which MP3.com is incorporated, permits electronic submission of proxies online or by telephone, instead of submitting proxies by mail on the enclosed proxy card, if your shares are held of record in your name. You may grant a proxy telephonically by calling, toll free, [] on a touch-tone telephone. You may also grant a proxy online by going to [].

For shares registered in the name of a broker or bank:

A number of brokers and banks are participating in a program provided through ADP Investor Communication Services that offers telephone and online proxy options. If your shares are held in an account with a broker or bank participating in the ADP Investor Communication Services program, you may grant a proxy telephonically by calling the telephone number shown on the voting form received from your broker or bank and as indicated on the proxy card, or online at ADP Investor Communication Services' voting web site at [].

General information for all shares voted online or by telephone:

Proxies submitted online or by telephone must be received by [], Pacific Time, on [], 2001. Submitting your proxy online or by telephone will not affect your right to vote in person should you decide to attend the special meeting.

THE TELEPHONE AND ONLINE PROCEDURES ARE DESIGNED TO AUTHENTICATE STOCKHOLDERS' IDENTITIES, TO ALLOW STOCKHOLDERS TO GRANT A PROXY AND TO CONFIRM THAT STOCKHOLDERS' INSTRUCTIONS HAVE BEEN RECORDED PROPERLY. STOCKHOLDERS GRANTING A PROXY ONLINE SHOULD UNDERSTAND THAT THERE MAY BE COSTS ASSOCIATED WITH ELECTRONIC ACCESS, SUCH AS INDIRECT USAGE CHARGES FROM INTERNET ACCESS PROVIDERS AND TELEPHONE COMPANIES, THAT MUST BE BORNE BY THE STOCKHOLDER.

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REQUIRED VOTE

The affirmative vote of the holders of a majority of outstanding shares of MP3.com common stock entitled to vote at the special meeting is necessary for the adoption of the merger agreement.

As of July 2, 2001, the directors and executive officers of MP3.com beneficially owned, in the aggregate, 37,079,960 shares of MP3.com common stock, or approximately 53% of the shares of MP3.com common stock outstanding on that date. Michael Robertson and Robin Richards, along with Sequoia Capital, have each entered into a stockholder agreement with Vivendi Universal, described under "The Stockholder Agreement", obligating themselves to vote "FOR" adoption of the merger agreement. These stockholders together beneficially own and have voting control of more than 50% of the shares of MP3.com common stock

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outstanding as of [], 2001. So long as these stockholders vote to adopt the merger agreement, as required by the stockholder agreement, adoption of the merger agreement by the MP3.com stockholders at the special meeting is assured.

ADJOURNMENTS OR POSTPONEMENTS

Although it is not expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. The special meeting may be adjourned either by the chairman of the meeting or by the vote of a majority of the shares casting votes. Any signed proxies received by MP3.com will be voted in favor of an adjournment or postponement in these circumstances unless the shares represented by the proxy are to be voted against the proposal to adopt the merger agreement. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow MP3.com stockholders who have already sent in their proxies to revoke them at any time before they are used.

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THE MERGER

The discussion in this proxy statement/prospectus of the merger and the principal terms of the merger agreement is qualified in its entirety by reference to the merger agreement (including the modification agreement), a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated by reference in this proxy statement/prospectus.

BACKGROUND OF THE MERGER

Philippe Germond, Chairman & Chief Executive Officer of Vivendi Universal's Telecoms and Internet business divisions, routinely meets with executives of other music, Internet and media companies to discuss developments in the industry.

During the fall of 2000 through February 2001, representatives of Vivendi Universal, including Mr. Germond and representatives of MP3.com, including Michael Robertson, Chairman and Chief Executive Officer of MP3.com, and Robin Richards, President and a director of MP3.com, discussed from time to time ways in which the companies could cooperate, including by means of a potential business combination.

On January 25, 2001, at a meeting of the MP3.com board of directors, the board first considered the possibility of a business combination transaction for MP3.com. Mr. Richards led the board in discussions regarding potential acquisition partners of MP3.com and various strategic approaches to a business combination for the board to consider. The board discussed the potential benefits of a variety of strategic alternatives and weighed those potential benefits against the risk of any resulting disruptions to MP3.com's business.

In late January 2001, representatives of Credit Suisse First Boston, MP3.com's financial advisor, met with MP3.com to discuss strategic alternatives for MP3.com.

In late February and early March 2001, Mr. Richards and Paul Ouyang, Chief Financial Officer of MP3.com, held telephonic meetings with representatives of Credit Suisse First Boston to discuss potential merger partners of MP3.com and various potential strategic approaches that MP3.com might consider.

On February 27, 2001, Mr. Richards and Mr. Germond met in New York to discuss a potential business combination between MP3.com and Vivendi Universal.

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On March 1, 2001, Mr. Richards and Mr. Ouyang held a telephonic meeting with representatives of Credit Suisse First Boston to discuss Mr. Richards' meeting with Mr. Germond in New York and the possibility of a transaction with Vivendi Universal.

On March 9, 2001, MP3.com and its legal counsel, Latham & Watkins, received a legal due diligence request from Cravath, Swaine & Moore, Vivendi Universal's legal counsel.

On March 12, 2001, Mr. Richards, Mr. Ouyang and other members of MP3.com's management team met with representatives of Credit Suisse First Boston at MP3.com's offices in Los Angeles, California to discuss a potential business combination between MP3.com and Vivendi Universal.

On March 14, 2001, MP3.com and Vivendi Universal executed a confidentiality agreement in anticipation of Vivendi Universal's due diligence review of MP3.com.

During the period from March 12, 2001 to March 21, 2001, the management of MP3.com and representatives of Credit Suisse First Boston continued their discussions regarding a potential business combination between MP3.com and Vivendi Universal. During this time, Credit Suisse First Boston, at the direction of MP3.com's board, engaged in discussions with Goldman Sachs, Vivendi Universal's financial advisor, regarding preliminary terms of a potential transaction.

On March 21, 2001, representatives of Vivendi Universal, Goldman Sachs and Credit Suisse First Boston attended a meeting at Goldman Sachs' offices in Los Angeles, California, at which Mr. Richards, Mr. Ouyang, Steve Sheiner, Executive Vice President, Sales and Marketing of MP3.com, and other

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members of MP3.com's management team made a presentation on MP3.com's business, operations and financial condition.

Beginning March 23, 2001, representatives of Vivendi Universal conducted technical due diligence at MP3.com's headquarters in San Diego, California.

On March 29, 2001, MP3.com's board held a telephonic meeting during which Mr. Richards reported to the board on the status of discussions with Vivendi Universal as a potential merger partner for MP3.com. The board then engaged in a full discussion regarding a potential business combination between MP3.com and Vivendi Universal.

On April 3, 2001, Mr. Richards, Mr. Ouyang and representatives of Credit Suisse First Boston met with Mr. Germond, Gerard Ries, Vice President, Development, Telecom and Internet of Vivendi Universal, other representatives of Vivendi Universal, and representatives of Goldman Sachs in New York to discuss the potential benefits of a business combination. Vivendi Universal and MP3.com did not reach an agreement on terms at such meeting and discussions were suspended. During the following week, Mr. Richards and Mr. Germond reinitiated discussions regarding the proposed transaction.

During the first two weeks of April 2001, at the direction of the MP3.com board and the Vivendi Universal board, respectively, Credit Suisse First Boston and Goldman Sachs engaged in numerous discussions relating to the terms of the potential transaction, including the form and amount of consideration to be received by MP3.com's stockholders.

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From April 17, 2001 to April 18, 2001, Mr. Richards, Mr. Sheiner and representatives of Credit Suisse First Boston attended meetings with Mr. Germond and Mr. Ries in Paris to discuss the proposed terms of a business combination between MP3.com and Vivendi Universal.

On April 19, 2001, Vivendi Universal sent MP3.com a preliminary term sheet setting forth Vivendi Universal's intent regarding an acquisition of MP3.com by Vivendi Universal. MP3.com management reviewed and discussed the preliminary term sheet with MP3.com's legal and financial advisors. On April 20, 2001, MP3.com sent a revised term sheet to Vivendi Universal. The parties continued to engage in discussions regarding the proposed terms of the transaction, including the proposed form and amount of consideration and Vivendi Universal's requirements that some of MP3.com's stockholders enter into a stockholder agreement and some of MP3.com's officers enter into employment agreements with Vivendi Universal, in each case at the time of signing the merger agreement.

On April 20, 2001, at a meeting of the MP3.com board, representatives of Credit Suisse First Boston discussed with the board the proposed terms of a business combination between MP3.com and Vivendi Universal, including a proposed price of \$5.00 per share of MP3.com common stock. Latham & Watkins reviewed and commented on the duties of the board of directors with respect to a potential transaction. Latham & Watkins then recommended that a committee of directors who were not being asked to sign a stockholder agreement be formed to evaluate the transaction with the assistance of separate legal counsel. The board appointed a special committee to evaluate the proposed transaction, consisting of Thomas A. Heymann, Lawrence F. Probst III and Justice Howard B. Wiener.

At the end of April 2001, Vivendi Universal and its legal and financial advisors and MP3.com and its legal and financial advisors met at the offices of Latham & Watkins in San Diego, California to conduct business and legal due diligence of MP3.com.

Following this due diligence, on April 27, 2001, Vivendi Universal's legal advisors delivered preliminary drafts of a merger agreement and stockholder agreement to MP3.com and its legal advisors.

On April 30, 2001, Mr. Richards met with John Borgia, Senior Executive Vice President, Human Resources of Vivendi Universal, to discuss employment issues related to the proposed transaction.

In early May 2001, the special committee of the MP3.com board engaged Richards, Layton & Finger as its legal counsel to assist it in evaluating the proposed transaction, and on May 3, 2001, the special committee held its initial meeting. Richards, Layton & Finger and Latham & Watkins made a

presentation to the special committee regarding the status of the proposed transaction and the important negotiating aspects of the transaction. The special committee discussed MP3.com's alternatives to the proposed transaction, including its future as an independent entity. The special committee also discussed the nature and extent of the stockholder agreement required by Vivendi Universal in connection with the proposed transaction. At the conclusion of its initial meeting, the special committee concurred that MP3.com management should continue its negotiations with Vivendi Universal.

Also on May 3, 2001, Mr. Richards and representatives of Credit Suisse First Boston met with Mr. Germond, Mr. Ries, Mr. Borgia and representatives of Vivendi Universal's legal and financial advisors in New York to discuss economic terms of the proposed merger agreement, stockholder agreement and various employment agreements.

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During the period from April 28, 2001 to May 20, 2001, MP3.com and its legal and financial advisors and Vivendi Universal and its legal and financial advisors held several telephone meetings to discuss due diligence matters. Initial drafts of the two-year employment agreements, the form of one-year employment agreements and the term sheets for the retention and non-compete agreements were distributed on May 7, 2001, May 9, 2001 and May 18, 2001, respectively. Negotiations concerning the merger agreement, the stockholder agreement and the various employment agreements continued through May 20, 2001.

On May 7, 2001, the special committee of the MP3.com board met with Richards, Layton & Finger, Latham & Watkins and Credit Suisse First Boston to discuss the status of the proposed transaction. Representatives of Credit Suisse First Boston reviewed with the special committee MP3.com's business and the potential strategic alternatives available to MP3.com.

On May 9, 2001, the special committee of the MP3.com board met with Richards, Layton & Finger and Latham & Watkins. Latham & Watkins updated the special committee regarding the status of the proposed transaction, including open issues in the merger agreement and open issues relating to employee matters. The special committee also discussed the terms of the proposed stockholder agreement. The special committee concluded that MP3.com management should proceed with negotiation of the terms of the definitive transaction documents pending resolution of the open issues.

On May 9, 2001, Jean-Marie Messier, Chairman and Chief Executive Officer of Vivendi Universal, and Mr. Robertson met regarding the proposed transaction.

On May 15, 2001, at a meeting of the MP3.com board, the board discussed the proposed merger of MP3.com with Vivendi Universal. Mr. Richards provided the board with a status update of the proposed transaction. Also at the meeting, representatives of Credit Suisse First Boston reviewed with the board its financial analysis of the merger consideration. Latham & Watkins summarized the principal remaining open issues in the transaction agreements and issues relating to the board's duties with respect to the proposed transaction.

On May 18, 2001, Mr. Richards met with Edgar Bronfman, Jr., Vice Chairman of Vivendi Universal, in New York to discuss and negotiate the remaining open issues in the transaction agreements.

Also on May 18, 2001, the special committee of the MP3.com board met with Richards, Layton & Finger, Latham & Watkins and Credit Suisse First Boston to review the proposed terms and conditions of the transaction documents. Representatives of Credit Suisse First Boston reviewed with the special committee the status of the continuing negotiations with Vivendi Universal.

On May 19, 2001, the special committee of the MP3.com board met telephonically with representatives of Richards, Layton & Finger, Latham & Watkins and Credit Suisse First Boston. The special committee reviewed drafts of the merger agreement and stockholder agreement in substantially final forms and Latham & Watkins summarized the changes that had been negotiated since the previous meeting of the special committee. Credit Suisse First Boston updated its financial analysis and informed the special committee that it was prepared to provide to the board an opinion as to the fairness, from a financial point of view, of the merger consideration. Representatives of Credit Suisse First Boston also responded to questions raised by members of the special committee. Following the presentation, the special

committee engaged in a full discussion of the terms of the proposed merger. The

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special committee concluded that the merger agreement was fair to MP3.com's stockholders and that the proposed acquisition was in the best interests of MP3.com and its stockholders. Accordingly, the special committee voted to recommend that the board approve the merger agreement and related agreements.

Immediately following the special committee meeting on May 19, 2001, the MP3.com board held a special telephonic meeting with MP3.com's legal and financial advisors to discuss the status of final negotiations with Vivendi Universal. Latham & Watkins summarized the terms of the merger agreement and related agreements and responded to questions from members of the MP3.com board about the terms of those agreements. In addition, Credit Suisse First Boston updated its financial analysis and rendered to the board an oral opinion, which opinion was confirmed by delivery of a written opinion dated May 20, 2001, to the effect that, as of the date of the opinion and based on and subject to the matters described in the opinion, the merger consideration was fair, from a financial point of view, to the holders of MP3.com common stock. Representatives of Credit Suisse First Boston also responded to questions raised by members of the MP3.com board regarding its analysis and opinion. Following the presentation, the MP3.com board engaged in a full discussion of the terms of the proposed merger and the financial analysis and opinion of Credit Suisse First Boston. The special committee delivered its recommendation to the board that the board approve the merger, the merger agreement and the stockholder agreement. The MP3.com board concluded that the merger agreement was fair to MP3.com's stockholders and that the proposed merger was advisable and in the best interests of MP3.com and its stockholders. Accordingly, the MP3.com board unanimously approved the merger, the merger agreement and the stockholder agreement and authorized management to proceed with the execution of the merger documents.

On May 20, 2001, Vivendi Universal, Metronome Acquisition Sub and MP3.com executed the definitive merger agreement, and the required stockholders and employees of MP3.com executed the stockholder agreement and employment agreements, as applicable, with Vivendi Universal.

Also on May 20, 2001, Vivendi Universal and MP3.com issued a joint press release announcing the execution of the merger agreement and related documents.

REASONS FOR THE MERGER

The MP3.com board has unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to, and in the best interests of, MP3.com and its stockholders. The MP3.com board of directors unanimously recommends that you vote "FOR" the proposal to adopt the merger agreement at the special meeting.

The MP3.com board consulted with MP3.com's management, as well as its legal counsel, independent accountants and financial advisors in reaching its decision to approve the merger agreement and the merger. Among the factors considered by MP3.com's board in its deliberations were the following:

- MP3.com's stockholders will have the opportunity to benefit from the potential appreciation in the value of Vivendi Universal ordinary shares;
- MP3.com's management's view of the financial condition, results of operations, assets, liabilities, businesses and prospects of Vivendi Universal and MP3.com after giving effect to the merger;
- the effect of the merger on MP3.com's ability to broaden its customer base, facilitate expansion and make possible economies of scale which would enhance the ability of MP3.com to penetrate its market;
- current industry, economic and market conditions, including the potential

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for further consolidation within MP3.com's industry and the fact that stockholder value may be maximized by selling MP3.com to a larger, better capitalized company;

- historical market prices and trading information with respect to Vivendi Universal shares and MP3.com common stock;

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- the merger consideration represented an approximate 66% premium over the closing price per share of MP3.com's common stock on May 18, 2001, the last trading day before the public announcement of the signing of the merger agreement;
- MP3.com's pending litigation and the effect of the merger on the ability of MP3.com to resolve pending litigation matters while continuing to focus on the growth of its business;
- the likelihood of an alternative transaction and MP3.com's prospects if it were to continue as an independent company;
- the terms and conditions of the merger agreement, including the closing conditions, the stockholder agreement and the expected tax-free treatment to MP3.com's stockholders to the extent they receive Vivendi Universal ordinary shares;
- the financial presentation, including the opinion of Credit Suisse First Boston as to the fairness from a financial point of view of the merger consideration to be received by the holders of MP3.com common stock, as described more fully below under the caption "Opinion of MP3.com's Financial Advisor"; and
- the ability of the MP3.com board to enter into discussions with another party in response to an unsolicited superior offer to the merger if the MP3.com board believes in good faith, after consultation with its legal counsel, that such action is required in order to comply with its fiduciary obligations.

MP3.com's board also identified and considered some potentially negative factors in its deliberations concerning the merger, including:

- the loss of control over future operations of MP3.com after the merger;
- the impact of the loss of MP3.com's status as an independent company on MP3.com's stockholders, employees and customers;
- the risk that the potential benefits sought in the merger might not be fully realized;
- the possibility that the merger might not be completed and the potential adverse effects of the public announcement of the merger on:
 - MP3.com's ability to attract and retain key employees;
 - the progress of some of MP3.com's strategic initiatives; and
 - MP3.com's overall competitive position;
- the risk that, despite the efforts of Vivendi Universal and MP3.com, key technical, sales and management personnel might not remain employees of Vivendi Universal following the completion of the merger;

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- the restrictions on MP3.com imposed by the merger agreement and the potential business opportunities that might be foregone due to these restrictions or the pendency of the merger generally;
- the fact that some officers and directors of MP3.com have interests in the merger that may conflict with the interests of MP3.com stockholders; and
- the transaction costs expected to be incurred in connection with the merger and the other risks described under the heading "Risk Factors -- Risks Related to the Merger" beginning on page 19.

In light of the factors described above, the MP3.com board determined that the value and benefits available to MP3.com stockholders from the merger exceeded the potential value and benefits they might realize from MP3.com continuing as an independent company.

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The foregoing discussion of the information and factors considered by the MP3.com board is not intended to be exhaustive but is believed to include all material factors considered by MP3.com's board. In view of the complexity and wide variety of information and factors, both positive and negative, considered by the MP3.com board, it did not find it practical to quantify, rank or otherwise assign relative or specific weights to the factors considered. In addition, the MP3.com board did not attach any relative or specific weights to the factors considered, or any aspect of any particular factor, but, rather, conducted an overall analysis of the factors described above, including discussions with MP3.com's management and legal and financial advisors. In considering the factors described above, individual members of the MP3.com board may have given different weight to different factors. The MP3.com board considered all these factors as a whole and believed the factors supported its determination to approve the merger agreement and the merger and recommend to the stockholders of MP3.com that they approve the merger agreement and the merger.

RECOMMENDATION OF THE MP3.COM BOARD OF DIRECTORS

At the special meeting, the holders of MP3.com common stock will be asked to vote upon a proposal to adopt the merger agreement and to transact any other business that properly comes before the special meeting or any adjournment or postponement of the special meeting. The MP3.com board of directors has unanimously approved the merger agreement and the merger and determined that the merger agreement and the merger are advisable, fair to and in the best interests of, MP3.com and its stockholders. The MP3.com board of directors unanimously recommends that the MP3.com stockholders vote "FOR" the proposal to adopt the merger agreement at the special meeting.

OPINION OF MP3.COM'S FINANCIAL ADVISOR

Credit Suisse First Boston has acted as MP3.com's exclusive financial advisor in connection with the merger. MP3.com selected Credit Suisse First Boston based on Credit Suisse First Boston's experience, expertise and reputation. Credit Suisse First Boston is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

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In connection with Credit Suisse First Boston's engagement, MP3.com requested that Credit Suisse First Boston evaluate the fairness, from a financial point of view, to the holders of MP3.com common stock of the consideration provided for in the merger. On May 19, 2001, at a meeting of the MP3.com board of directors held to evaluate the merger, Credit Suisse First Boston rendered to the MP3.com board of directors an oral opinion, which opinion was confirmed by delivery of a written opinion dated May 20, 2001, the date of the merger agreement, to the effect that, as of that date and based on and subject to the matters described in its opinion, the consideration provided for in the merger was fair, from a financial point of view, to the holders of MP3.com common stock.

A COPY OF CREDIT SUISSE FIRST BOSTON'S WRITTEN OPINION, DATED MAY 20, 2001, TO THE MP3.COM BOARD OF DIRECTORS, WHICH SETS FORTH, AMONG OTHER THINGS, THE PROCEDURES FOLLOWED, ASSUMPTIONS MADE, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN, IS ATTACHED AS ANNEX C AND IS INCORPORATED INTO THIS DOCUMENT BY REFERENCE. HOLDERS OF MP3.COM COMMON STOCK ARE ENCOURAGED TO READ THIS OPINION CAREFULLY AND IN ITS ENTIRETY. CREDIT SUISSE FIRST BOSTON'S OPINION IS ADDRESSED TO THE MP3.COM BOARD OF DIRECTORS AND RELATES ONLY TO THE FAIRNESS OF THE CONSIDERATION FROM A FINANCIAL POINT OF VIEW, DOES NOT ADDRESS ANY OTHER ASPECT OF THE MERGER OR ANY RELATED TRANSACTION AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER AS TO ANY MATTER RELATING TO THE MERGER. THE SUMMARY OF CREDIT SUISSE FIRST BOSTON'S OPINION IN THIS DOCUMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION.

In arriving at its opinion, Credit Suisse First Boston reviewed the merger agreement and related documents as well as publicly available business and financial information relating to MP3.com and Vivendi Universal. Credit Suisse First Boston also reviewed other information relating to MP3.com and Vivendi Universal provided to or discussed with Credit Suisse First Boston by MP3.com and Vivendi

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Universal, including publicly available financial forecasts for MP3.com and Vivendi Universal, and met with the managements of MP3.com and Vivendi Universal to discuss the businesses and prospects of MP3.com and Vivendi Universal. Credit Suisse First Boston also considered financial and stock market data of MP3.com and Vivendi Universal, and compared those data with similar data for other publicly held companies in businesses similar to MP3.com and Vivendi Universal and considered, to the extent publicly available, the financial terms of other business combinations and transactions that have been announced or effected. Credit Suisse First Boston also considered other information, financial studies, analyses and investigations and financial, economic and market criteria that it deemed relevant, including the potential impact on MP3.com of pending and future copyright infringement litigation and related claims.

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the information that was provided to or otherwise reviewed by it and relied on that information being complete and accurate in all material respects. With respect to the publicly available financial forecasts for MP3.com and Vivendi Universal referred to above, Credit Suisse First Boston reviewed and discussed the forecasts with the managements of MP3.com and Vivendi Universal and was advised, and assumed, that the forecasts represent reasonable estimates and judgments as to the future financial performance of MP3.com and Vivendi Universal. Credit Suisse First Boston also assumed, with MP3.com's consent, that the merger would be treated as a tax-free reorganization for federal income tax purposes. In addition, Credit Suisse First Boston was not requested to make, and did not make, an independent evaluation or appraisal of the assets or liabilities, contingent or otherwise, of MP3.com or Vivendi Universal, and Credit Suisse First Boston was not

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furnished with any evaluations or appraisals.

Credit Suisse First Boston's opinion was necessarily based on information available to it, and financial, economic, market and other conditions as they existed and could be evaluated, on the date of Credit Suisse First Boston's opinion. Credit Suisse First Boston's opinion did not address the relative merits of the merger as compared to other business strategies that might have been available to MP3.com or the underlying business decision of MP3.com to proceed with the merger. Credit Suisse First Boston did not express any opinion as to what the value of Vivendi Universal ADSs actually would be when issued in the merger or the prices at which Vivendi Universal ADSs or Vivendi Universal ordinary shares would trade at any time. Although Credit Suisse First Boston evaluated the consideration in the merger from a financial point of view, Credit Suisse First Boston was not requested to, and did not, recommend the specific consideration payable in the merger, which consideration was determined between MP3.com and Vivendi Universal. In connection with its engagement, Credit Suisse First Boston was not requested to, and did not, solicit third party indications of interest in the possible acquisition of all or any part of MP3.com. No other limitations were imposed on Credit Suisse First Boston with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the MP3.com board of directors, Credit Suisse First Boston performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse First Boston's analyses described below is not a complete description of the analyses underlying Credit Suisse First Boston's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Credit Suisse First Boston made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Credit Suisse First Boston believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse First Boston considered industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of MP3.com and Vivendi Universal. No company, transaction or business used in Credit Suisse

First Boston's analyses as a comparison is identical to MP3.com and Vivendi Universal or the proposed merger, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse First Boston's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not necessarily purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, Credit Suisse First Boston's analyses and estimates are inherently subject to substantial uncertainty.

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Credit Suisse First Boston's opinion and financial analyses were only one of many factors considered by the MP3.com board of directors in its evaluation of the proposed merger and should not be viewed as determinative of the views of the MP3.com board of directors or management with respect to the merger or the consideration provided for in the merger.

The following is a summary of the material financial analyses underlying Credit Suisse First Boston's opinion delivered to the MP3.com board of directors in connection with the merger. THE FINANCIAL ANALYSES SUMMARIZED BELOW INCLUDE INFORMATION PRESENTED IN TABULAR FORMAT. IN ORDER TO FULLY UNDERSTAND CREDIT SUISSE FIRST BOSTON'S FINANCIAL ANALYSES, THE TABLES MUST BE READ TOGETHER WITH THE TEXT OF EACH SUMMARY. THE TABLES ALONE DO NOT CONSTITUTE A COMPLETE DESCRIPTION OF THE FINANCIAL ANALYSES. CONSIDERING THE DATA IN THE TABLES BELOW WITHOUT CONSIDERING THE FULL NARRATIVE DESCRIPTION OF THE FINANCIAL ANALYSES, INCLUDING THE METHODOLOGIES AND ASSUMPTIONS UNDERLYING THE ANALYSES, COULD CREATE A MISLEADING OR INCOMPLETE VIEW OF CREDIT SUISSE FIRST BOSTON'S FINANCIAL ANALYSES.

Precedent Transaction Analysis

Credit Suisse First Boston reviewed premiums paid in 47 stock-for-stock transactions since January 1, 1999 involving companies in the Internet industry and 240 stock-for-stock transactions since April 30, 1987 involving companies in the technology industry. For each group of transactions, Credit Suisse First Boston calculated the premium of the exchange ratio provided for in each transaction to the ratio of the stock prices for the acquirors and targets in the transactions one trading day prior to the announcement of the transaction and over various other periods prior to the announcement of the transaction. Credit Suisse First Boston then derived implied per share values for MP3.com common stock by applying the average premiums in the groups of transactions for the periods observed to the average closing prices of MP3.com common stock over the corresponding periods prior to the announcement of the merger. This analysis indicated the following implied per share values for MP3.com common stock over the various periods:

PRECEDENT TRANSACTION -----	IMPLIED SHARE PRICE					
	90 DAYS	60 DAYS	30 DAYS	10 DAYS	1 DAY	AVERAGE
47 Precedent Internet Transactions.....	\$4.38	\$3.67	\$3.98	\$4.13	\$3.94	\$4.03
240 Precedent Technology Transactions.....	\$4.36	\$3.62	\$3.91	\$4.09	\$3.98	\$4.00

Credit Suisse First Boston noted that the value of the per share consideration for MP3.com common stock provided for in the merger was \$5.00 in cash or stock.

Premiums Paid Analysis

Credit Suisse First Boston reviewed the closing price of MP3.com common stock on May 18, 2001, the average closing prices of MP3.com common stock over various periods ending May 18, 2001 and the closing price of MP3.com common

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stock on the first day of each of the periods observed. Credit Suisse First Boston then calculated the percentage premium of the per share consideration provided for in the merger of \$5.00 in cash or stock to the closing price of MP3.com common stock on May 18, 2001, the average closing prices of MP3.com common stock over the various periods observed and the closing price of MP3.com common stock on the first day of each of the periods observed. This analysis indicated the following:

	MP3.COM STOCK PRICE ON THE FIRST DAY OF PERIOD	PREMIUM OF MERGER CONSIDERATION TO STOCK PRICE	AVERAGE MP3.COM STOCK PRICE OVER PERIOD	PREMIUM OF MERGER CONSIDERATION TO AVERAGE STOCK PRICE
	-----	-----	-----	-----
May 18, 2001.....	\$3.01	66.1%	--	--
10 Trading Days.....	\$3.01	66.1%	\$2.94	70.3%
20 Trading Days.....	\$2.60	92.3%	\$2.95	69.3%
30 Trading Days.....	\$1.81	175.9%	\$2.74	82.4%
45 Trading Days.....	\$2.25	122.2%	\$2.55	95.7%
60 Trading Days.....	\$3.31	50.9%	\$2.59	93.0%
90 Trading Days.....	\$4.94	1.3%	\$3.26	53.4%

Illustrative Future Trading Analysis

Credit Suisse First Boston reviewed the revenue implied for MP3.com by a range of selected forward stock price to earnings multiples, assuming a 34.0% tax rate, 15.0% pre-tax margin and \$5.00 per share price for MP3.com. Utilizing MP3.com's annualized 2001 first quarter revenues (excluding revenues from its contract with Montaigne Participations Et Gestion, or MPG) and based on MP3.com's current capitalization, Credit Suisse First Boston then calculated the annual percentage of non-MPG revenue growth for one year and three years required to achieve the implied revenue values. This analysis indicated the following results:

FORWARD PRICE/ EARNINGS MULTIPLES	IMPLIED REVENUE (IN MILLIONS)	ONE YEAR ANNUAL GROWTH RATE	THREE YEAR ANNUAL GROWTH RATE
-----	-----	-----	-----
10.0x	\$347.4	1,091%	128%
20.0x	\$173.7	496%	81%
30.0x	\$115.8	297%	58%
40.0x	\$ 86.9	198%	44%

In addition, assuming an annual non-MPG revenue growth rate of 50.0% and utilizing MP3.com's annualized 2001 first quarter non-MPG revenue, Credit Suisse First Boston also calculated the number of years required to achieve the implied revenue values derived above. Based on the range of forward stock price to earnings multiples of 10.0x to 40.0x, this analysis indicated a range of 6.1 years to 2.7 years, respectively.

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Credit Suisse First Boston compared financial, operating and stock market data of MP3.com to corresponding data of the following 14 publicly traded companies in the online music industry, information hubs industry and internet infrastructure industry:

ONLINE MUSIC	INFORMATION HUBS	INTERNET INFRASTRUCTURE
<ul style="list-style-type: none"> - RealNetworks, Inc. - Sonic Foundry, Inc. - Liquid Audio, Inc. - ARTISTdirect, Inc. - Launch Media, Inc. 	<ul style="list-style-type: none"> - AOL Time Warner Inc. - Yahoo! Inc. - Terra Networks, Inc. 	<ul style="list-style-type: none"> - VeriSign, Inc. - Ariba, Inc. - Commerce One, Inc. - Akamai Technologies, Inc. - Inktomi Corporation - Intertrust Technologies Corporation

Credit Suisse First Boston compared stock prices as a multiple of estimated calendar years 2001 and 2002 earnings per share and fully diluted aggregate values, calculated as fully diluted equity market value plus net debt, as a multiple of estimated calendar years 2001 and 2002 revenues. All multiples were based on closing stock prices on May 18, 2001. Estimated financial data for MP3.com was based on publicly available research analysts' estimates and estimated financial data for the group of companies was based on IBES consensus estimates. This analysis indicated the following mean and median implied multiples for the groups of companies, as compared to the implied multiples for MP3.com:

	ONLINE MUSIC		INFORMATION HUBS		INTERNET INFRASTRUCTURE	
	MEAN	MEDIAN	MEAN	MEDIAN	MEAN	MEDIAN
PRICE AS MULTIPLE OF:						
Estimated calendar year 2001 earnings.....	142.9x	142.9x	38.6x	38.6x	100.7x	100.7x
Estimated calendar year 2002 earnings.....	94.6x	94.6x	82.0x	82.0x	78.1x	78.1x
AGGREGATE VALUE AS MULTIPLE OF:						
Estimated calendar year 2001 revenue.....	4.7x	4.7x	7.5x	5.8x	4.8x	3.5x
Estimated calendar year 2002 revenue.....	3.4x	3.4x	5.9x	4.7x	3.5x	3.0x

Credit Suisse First Boston also compared financial, operating and stock market data of Vivendi Universal to corresponding data of the following six publicly traded companies in the media industry:

- AOL Time Warner Inc.
- Viacom Inc.
- Sony Corporation
- The Walt Disney Company

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- News Corporation Limited
- Yahoo! Inc.

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Credit Suisse First Boston compared stock prices as a multiple of estimated calendar years 2001 and 2002 earnings per share and fully diluted aggregate values as a multiple of estimated calendar years 2001 and 2002 revenues and estimated calendar year 2001 earnings before interest, taxes, depreciation and amortization, commonly referred to as EBITDA. All multiples were based on closing stock prices on May 18, 2001. Estimated financial data for Vivendi Universal and for the group of companies was based on publicly available research analysts' estimates. This analysis indicated the following mean and median implied multiples for the group of companies, as compared to the implied multiples for Vivendi Universal:

	MEAN -----	MEDIAN -----	VIVENDI UNIVERSAL -----
PRICE AS MULTIPLE OF:			
Estimated calendar year 2001 earnings.....	90.9x	48.8x	27.6x
Estimated calendar year 2002 earnings.....	62.7x	45.0x	22.7x
AGGREGATE VALUE AS MULTIPLE OF:			
Estimated calendar year 2001 revenue.....	5.0x	3.7x	1.8x
Estimated calendar year 2002 revenue.....	4.2x	3.3x	1.7x
Estimated calendar year 2001 EBITDA.....	58.8x	20.8x	11.8x

Pro Forma Impact Analysis

Credit Suisse First Boston analyzed the potential pro forma effect of the merger on Vivendi Universal's estimated earnings per share, assuming 5.0% interest income on cash and no synergies or one-time charges relating to the merger or amortization of goodwill, for the second half of calendar year 2001 and for calendar year 2002, based on publicly available research analysts' estimates. Based on the consideration provided for in the merger of \$5.00 and assuming 50% of the merger consideration consists of cash, this analysis indicated that the merger could be dilutive to Vivendi Universal's estimated earnings per share for the second half of calendar year 2001 and calendar year 2002. The actual results achieved by the combined company may vary from projected results and the variations may be material.

Other Factors

In the course of preparing its opinion, Credit Suisse First Boston also reviewed and considered other information and data, including:

- the potential impact on MP3.com of pending and future copyright infringement litigation and related claims;
- the illustrative per share values for MP3.com common stock implied by various revenue, earnings per share and earnings multiple assumptions and the illustrative earnings per share for MP3.com implied by various stock price and earnings multiple assumptions;
- research analysts' reports for MP3.com common stock and Vivendi Universal ordinary shares, including revenue and earnings per share estimates;

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- reported revenue and earnings per share for the last seven fiscal quarters for MP3.com compared to publicly available research analysts' estimates for the respective quarters; and
- historical price performance and trading characteristics of MP3.com common stock and Vivendi Universal ordinary shares and ADSs and the relationship between movements in MP3.com common stock, movements in Vivendi Universal ADSs and movements in selected publicly traded companies and selected stock indices.

Miscellaneous

MP3.com has agreed to pay Credit Suisse First Boston for its financial advisory services customary fees upon consummation of the merger. Credit Suisse First Boston also received a fee upon delivery of its opinion. MP3.com also has agreed to reimburse Credit Suisse First Boston for its out-of-pocket expenses,

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including fees and expenses of legal counsel and any other advisor retained by Credit Suisse First Boston, and to indemnify Credit Suisse First Boston and related parties against liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Credit Suisse First Boston and its affiliates in the past have provided financial services to MP3.com unrelated to the proposed merger, for which services Credit Suisse First Boston and its affiliates have received compensation. In the ordinary course of business, Credit Suisse First Boston and its affiliates may actively trade the securities of MP3.com and Vivendi Universal for their own accounts and for the accounts of customers and, accordingly, may at any time hold long or short positions in those securities.

INTERESTS OF CERTAIN PERSONS IN THE MERGER

In considering the recommendation of the MP3.com board of directors that MP3.com stockholders vote to adopt the merger agreement, MP3.com stockholders should be aware that a number of officers and directors of MP3.com have interests in the merger that are different from, or in addition to, the interests of MP3.com stockholders generally. The MP3.com board of directors was aware of and considered these interests when it considered and approved the merger agreement.

Employment Agreements

Two-Year Employment Agreements. In contemplation of the merger, MP3.com and Vivendi Universal entered into employment agreements dated May 20, 2001, with each of Greg Kostello, Derrick Oien and Steve Sheiner. The employment agreements become effective only upon the consummation of the merger. The employment agreements have a scheduled term of two years following the date of the merger.

During the term of the agreements, the surviving corporation will employ Mr. Kostello as its Executive Vice President of Engineering, Mr. Oien as its Chief Operating Officer and Mr. Sheiner as its Executive Vice President of Sales & Marketing. During the term of the agreements, the surviving corporation will pay Mr. Kostello, Mr. Oien and Mr. Sheiner an annual base salary of \$242,000, \$231,000 and \$308,000, respectively, for the first year of the term and \$266,200, \$254,100 and \$338,800, respectively, for the second year of the term. During the term of the agreements, the executives will be eligible to receive an annual bonus as determined by the surviving corporation, based on performance criteria mutually agreed to by the executives and the surviving corporation, in

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an amount that may range from 0% -- 200% of a target bonus of \$215,000, \$100,000 and \$275,000 for Mr. Kostello, Mr. Oien and Mr. Sheiner, respectively. The actual amount of the bonus payable to the executive will be determined by the surviving corporation in its sole discretion. In no event, however, will the actual bonus for the first year of the employment agreements' term be less than \$107,500, \$50,000 and \$137,500 for Mr. Kostello, Mr. Oien and Mr. Sheiner, respectively. The actual bonus amount will be determined as soon as practicable following the expiration of each of the first and second years of the term of the employment agreements and will be paid in cash promptly thereafter.

During the term of the agreements, the executives will be entitled to participate in the pension and welfare plans and programs, including the 401(k) and health insurance plans, generally made available by the surviving corporation for its employees.

Subject to the approval of the Vivendi Universal Compensation Committee, at the effective time of the merger, Mr. Kostello, Mr. Oien and Mr. Sheiner each will be granted options to purchase 15,000 ordinary shares of Vivendi Universal, which shares will be issued in the form of ADSs representing Vivendi Universal ordinary shares. The options will be granted with an exercise price equal to the fair market value of the Vivendi Universal ordinary shares subject to the options on the date of grant and will otherwise be subject to the terms and conditions of the Vivendi Universal stock option plan pursuant to which the options are granted.

Mr. Kostello, Mr. Oien and Mr. Sheiner each will be entitled to receive a retention bonus of \$300,000, 50% of which is payable on the effective date of the merger and 25% of which is payable on

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each of the first and second anniversaries of the effective date of the merger, subject to the executive's continued employment with the surviving corporation and continued compliance with the terms of his employment agreement.

If the surviving corporation terminates the executive's employment without "cause" or the executive terminates his employment for "good reason", as such terms are defined in the employment agreements, the executive will be entitled to receive:

- a lump sum cash severance payment equal to the sum of:
 - an amount equal to the remaining portion of the executive's annual base salary that would have been paid to the executive had he remained employed through the end of the agreement's two-year scheduled term, or, if greater, an amount equal to 25% of the executive's annual base salary in effect at the time of termination;
 - an amount equal to two times the executive's annual target bonus if he is terminated during the first year of the term of the agreement or one times his annual target bonus if he is terminated during the second year of the term of the agreement; and
 - an amount equal to the portion of the \$300,000 retention bonus that is unpaid as of the executive's termination;
- full vesting and immediate exercisability of all the executive's options to purchase Vivendi Universal ordinary shares received pursuant to the merger agreement upon the rollover of the executive's prior options to purchase shares of MP3.com common stock; and

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- reimbursement for any required COBRA premiums in respect of the executive's continued health plan coverage during the first 12 months following his termination or until he obtains comparable employer-provided health coverage, if earlier.

Each employment agreement contains restrictive covenants pertaining to confidentiality, nonsolicitation and noncompetition. The nonsolicitation provision remains applicable through the one-year anniversary of the executive's termination of employment. The noncompetition provision remains applicable through the second anniversary of the completion of the merger. The employment agreements also require each executive to assign any rights he may have in inventions and intellectual property acquired with respect to the business.

Form of One-Year Employment Agreements. In the merger agreement, Vivendi Universal agreed that, if it offers a one-year written employment agreement to any employee of MP3.com or the surviving corporation, it will enter into such agreement in a form previously agreed to by Vivendi Universal and MP3.com. Any employment agreement so entered into becomes effective only upon the consummation of the merger.

The form of employment agreement has a scheduled term of one year following the date of the merger. During the term of the agreement, the surviving corporation will agree to employ the employee in a position and at an annual base salary to be determined by the parties. The surviving corporation may, in its discretion, provide for the employee's participation in an annual bonus plan during the term of the employment agreement, and Vivendi Universal may, in its sole discretion, provide for the employee's participation in Vivendi Universal's stock option plan during the term of the employment agreement. During the term of the agreement, the employee will be entitled to participate in the pension and welfare plans and programs, including the 401(k) and health insurance plans, generally made available by the surviving corporation for its employees.

If the surviving corporation terminates the executive's employment without "cause", as such term is defined in the form of employment agreements, the employee will be entitled to receive:

- a lump sum cash severance payment in an amount equal to the remaining portion of the employee's base salary that would have been paid to the employee had he or she remained employed through

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the end of the agreement's scheduled term, or, if greater, an amount equal to 25% of the employee's base salary in effect at the time of termination;

- full vesting and immediate exercisability of all the employee's options to purchase Vivendi Universal ordinary shares received pursuant to the merger agreement upon the rollover of the employee's prior options to purchase shares of MP3.com common stock, but only to the extent provided by the terms of such prior options or the relevant MP3.com stock option plan; and
- reimbursement for any required COBRA premiums in respect of the employee's continued health plan coverage during the first six months following the employee's termination or until the employee obtains comparable employer-provided health coverage, if earlier.

The form of employment agreement also requires the employee to assign any rights he or she may have in inventions and intellectual property acquired with respect to the business.

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Retention and Non-Compete Agreements

In connection with the merger, MP3.com and Vivendi Universal agreed to enter into agreements with each of Paul Ouyang and Robin Richards prior to the effective time of the merger containing terms set forth in term sheets agreed to by the parties at the time of the merger agreement. These agreements will be entered into for the purpose of retaining the services of Mr. Ouyang and Mr. Richards in assisting with the transition of MP3.com into the surviving corporation following the consummation of the merger.

Paul Ouyang. The term sheet for the proposed agreement with Mr. Ouyang provides for a six-month term from the date of the merger. The surviving corporation will pay Mr. Ouyang compensation of \$285,000 for the six-month term. The surviving corporation will also pay Mr. Ouyang a retention and non-compete payment of \$2,480,000, with 50% of that amount payable at the completion of the merger and 50% payable at the expiration of the agreement's six-month term. If, during the term of the agreement, the surviving corporation terminates Mr. Ouyang's employment without cause, his right to receive the retention and non-compete payment will be accelerated. Mr. Ouyang will be entitled to receive, for one year following his termination of employment, continued coverage under the surviving corporation's health insurance plans. Mr. Ouyang will be subject to a noncompetition obligation during the period of time in which he is employed by the surviving corporation and for one year following his termination of employment. Mr. Ouyang will also waive his rights to receive any payments under any other plans or agreements that provide for any "gross-up" payments in respect of taxes.

Robin Richards. The term sheet for the proposed agreement with Mr. Richards provides for an initial term of six months from the date of the merger. Thereafter, the term of the agreement will be, at the surviving corporation's sole discretion, on a month-to-month basis. The surviving corporation will pay Mr. Richards compensation in an amount of \$400,000 for the initial six-month term and thereafter in an amount mutually agreed to between the parties. The surviving corporation will also pay Mr. Richards a retention and non-compete payment of \$5,520,000, with 50% of that amount payable at the completion of the merger and 50% payable at the expiration of the agreement's initial term. If, during the term of the agreement, the surviving corporation terminates Mr. Richards's employment without cause, his right to receive the retention and non-compete payment will be accelerated. Mr. Richards will also be entitled to receive, for one year following his termination of employment, continued coverage under the surviving corporation's health insurance plans. Mr. Richards will be subject to a noncompetition obligation during the period of time in which he is employed by MP3.com and for one year following his termination of employment. Mr. Richards will waive his rights to receive any payments under any other plans or agreements that provide for any "gross-up" payments in respect of taxes. The surviving corporation will also continue to employ Mr. Richards's current secretary for the initial six-month term at her salary in effect immediately prior to the completion of the merger.

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Repurchase Agreements

MP3.com previously permitted certain executives to exercise options in MP3.com common shares prior to the options' scheduled exercise date. At the time of such early exercise, MP3.com entered into agreements with those executives which provide MP3.com with a right to repurchase, in certain events, those MP3.com common shares acquired by the executive pursuant to such early exercise with respect to which, as of such event, MP3.com's repurchase right has not lapsed. Upon the completion of the merger, repurchase agreements with Josh Beck,

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Greg Flores, Paul Ouyang and Robin Richards will terminate and MP3.com's repurchase right with respect to MP3.com common shares covered by such agreements will expire.

Under the repurchase agreements with Mr. Ouyang and Mr. Richards, a change of control of MP3.com will generally result in the accelerated expiration of MP3.com's repurchase right. Under those repurchase agreements, MP3.com's repurchase right will not expire, however, to the extent necessary to avoid any accelerated lapsing of the repurchase right from being treated as an "excess parachute payment" under Section 280G of the Internal Revenue Code. In connection with the merger, MP3.com agreed to amend the repurchase agreements with Mr. Ouyang and Mr. Richards by removing such limitation on the expiration of MP3.com's repurchase right, and as a result Mr. Ouyang and Mr. Richards will receive full, accelerated lapsing of MP3.com's repurchase right under the agreements with respect to shares still subject to the repurchase right at the effective time of the merger.

Option Agreement

In connection with the merger, Paul Ouyang entered into an agreement with MP3.com and Vivendi Universal under which Mr. Ouyang agreed (1) not to exercise the option granted to him by Michael Robertson to purchase from Mr. Robertson 500,000 MP3.com common shares and (2) not to sell, transfer or otherwise dispose of that option to another person or entity, in each case, prior to the record date for the special meeting.

Retention Pool

The merger agreement provides for the establishment of a cash retention pool of up to \$13,000,000. Employees of MP3.com on the effective date of the merger, other than Mr. Robertson, Mr. Richards and Mr. Ouyang, will be eligible to receive payment from the retention pool. Payments from the retention pool will be made in a lump sum within three days of the effective time of the merger, other than with respect to Mr. Kostello, Mr. Oien and Mr. Sheiner, who will each receive 50% of their retention payment within three days of the effective time of the merger and, if still employed by the surviving corporation, 25% of their retention payment on each of the first and second anniversaries of the effective time of the merger.

Stock Options

Under the merger agreement, each option to acquire MP3.com common shares that is outstanding at the effective time of the merger will remain outstanding and be assumed by Vivendi Universal. Each option to acquire MP3.com common shares will be amended and converted into an option to acquire, on the same terms and conditions as were applicable under such option, the number of Vivendi Universal ordinary shares (rounded down to the nearest whole share) equal to the product of the number of MP3.com common shares subject to the option immediately prior to the effective time of the merger multiplied by the "exchange ratio", and the exercise price per Vivendi Universal ordinary share will be an amount equal to the exercise price per MP3.com common share otherwise purchasable pursuant to the option immediately prior to the effective time of the merger divided by the "exchange ratio". The "exchange ratio" is obtained by dividing \$5.00 by the average per share closing price of Vivendi Universal ADSs on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the date of the special meeting.

Under the terms of outstanding stock option agreements issued under MP3.com's stock option plans, if there is a change in control (as defined in the stock option plans) and, within one month prior to, or

18 months after, the date of the change in control, the option holder is involuntarily terminated other than for death, disability or cause (as defined in the option agreement), or if the option holder terminates his or her employment due to a constructive termination (as defined in the option agreement), then outstanding options will become fully vested and immediately exercisable.

Vivendi Universal and MP3.com have agreed that unvested, in-the-money options held by some of MP3.com's executives, including Mr. Richards, Mr. Ouyang, Mr. Kostello, Mr. Oien and Mr. Sheiner, will become fully vested and exercisable immediately prior to the effective time of the merger, and that those executives may elect the portion of the shares subject to such options desired to be converted into cash and the portion of such shares desired to be converted into Vivendi Universal ordinary shares at the effective time of the merger, all in accordance with the procedures generally applicable to other MP3.com stockholders; provided, that the executive unconditionally exercises such options effective immediately prior to the effective time of the merger.

Indemnification; Directors' and Officers' Insurance

The merger agreement provides that all rights to indemnification for acts and omissions occurring at or before the effective time of the merger existing in favor of the current and former directors and officers of MP3.com and its subsidiaries as provided in their respective articles of organization or by-laws, and any existing indemnification agreements with MP3.com the existence of which do not breach the merger agreement will be assumed by the surviving corporation in the merger and that Vivendi Universal will cause these provisions to continue in full force and effect in accordance with their terms. The merger agreement also provides that for six years after the completion of the merger, Vivendi Universal will either maintain the directors' and officers' liability insurance policy in effect as of the date of the merger agreement for acts or omissions occurring at or before the effective time of the merger covering those persons who were, as of the date of the merger agreement, covered by that policy, or otherwise provide coverage for such people, on terms no less favorable than those in effect on the date of the merger agreement, provided that in either case Vivendi Universal will not be obligated to pay aggregate premiums in excess of 200% of the last annual premium paid by MP3.com, which was \$1,937,400. If 200% of such premium, or \$3,874,800, would be exceeded, Vivendi Universal will obtain a policy with the greatest coverage available for a cost not exceeding \$3,874,800.

FORM OF MERGER

Subject to the terms and conditions of the merger agreement and in accordance with Delaware law, upon completion of the merger, MP3.com will be merged with and into Metronome Acquisition Sub, a wholly owned subsidiary of Vivendi Universal formed for purposes of the merger and a party to the merger agreement, or, upon the election of Vivendi Universal, another wholly owned subsidiary of Vivendi Universal. The acquisition subsidiary will survive the merger as a wholly owned subsidiary of Vivendi Universal.

EFFECTIVE TIME OF THE MERGER

The merger will become effective upon the filing of the certificate of merger by Vivendi Universal and MP3.com with the Secretary of State of the State of Delaware or such later time agreed upon by Vivendi Universal and MP3.com and specified in the certificate of merger.

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CONSIDERATION TO BE RECEIVED IN THE MERGER

Upon completion of the merger, each share of MP3.com common stock, except for treasury stock and stock held by Vivendi Universal, the acquisition subsidiary and stockholders who perfect their appraisal rights, will be converted into the right to receive, at the election of the stockholder, one of the following:

- \$5.00 in cash; or
- a number of Vivendi Universal ordinary shares (in the form of Vivendi Universal ADSs) equal to the "exchange ratio".

The Vivendi Universal ordinary shares are expected to come from Vivendi Universal treasury stock. The "exchange ratio" will be equal to \$5.00 divided by the average per share closing price of Vivendi Universal ADSs on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the date of the special meeting. The market value of the Vivendi Universal ADSs on the date on which the merger is completed may be different than the five trading-day average price of Vivendi Universal ADSs used in determining the exchange ratio. As a result, the market value of the Vivendi Universal ADSs you receive pursuant to the merger may be more or less than the \$5.00 value assumed in calculating the exchange ratio.

The merger has been structured, and adjustments to MP3.com stockholder elections will be made, so that immediately prior to the effective time of the merger, the percentage of shares of MP3.com common stock that will be converted into Vivendi Universal ordinary shares is fixed at 50% and the percentage of shares of MP3.com common stock that will be converted into cash is also fixed at 50%. The proration mechanism is discussed below under "-- Election Procedure; Proration". The conversion of each share of MP3.com common stock (other than those held by stockholders who perfect their appraisal rights) into the right to receive \$5.00 in cash or Vivendi Universal ADSs will occur automatically upon completion of the merger. After the merger, each certificate that previously represented shares of MP3.com common stock will represent only the right to receive the merger consideration (or, in the case of shares subject to appraisal rights, the right to receive the amount in cash determined under Delaware law), including cash for any fractional shares of Vivendi Universal ADSs. All shares of MP3.com common stock to be so converted shall, by virtue of the merger and without any action on the part of the holders thereof, cease to be outstanding, be canceled and cease to exist.

ELECTION PROCEDURE; PRORATION

Vivendi Universal is mailing you a form of election. MP3.com stockholders should use the form of election to elect whether to receive cash or Vivendi Universal ordinary shares as consideration in connection with the merger. For an election to be properly made, the form of election must be received by the exchange agent by 5:00 p.m., New York City time, on [], 2001, which is the business day immediately preceding the special meeting, and it must be accompanied by the stock certificates to which such election form relates. If no form of election is received, the stockholder will be deemed to have elected to receive cash consideration.

A form of election may be revoked by written notice to the exchange agent prior to the due date of the election form or after such time if the exchange agent is legally required to permit revocations and the merger is not yet effective. If an election form is revoked, the stock certificates to which such election form relates will be returned promptly. The determination of the exchange agent is binding as to whether an election has been properly made or revoked.

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If holders of more than 50% of the outstanding shares of MP3.com common stock elect to receive Vivendi Universal ordinary shares, the exchange agent will allocate, pro rata to the holders making this election in accordance with the number of shares of MP3.com common stock that they hold, a sufficient number of shares of MP3.com common stock to be converted into \$5.00 per share instead of Vivendi Universal ordinary shares so that the number of shares of MP3.com common stock that the holders initially elected to convert into Vivendi Universal ordinary shares less the number of shares of MP3.com

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common stock so designated to be converted instead into cash equals 50% of the outstanding shares of MP3.com common stock immediately prior to the time the merger becomes effective.

If holders of less than 50% of the outstanding shares of MP3.com common stock elect to receive Vivendi Universal ordinary shares, the exchange agent will allocate, pro rata to the holders making cash elections in accordance with the number of shares of MP3.com common stock that they hold, a sufficient number of shares of MP3.com common stock to be converted into Vivendi Universal ordinary shares instead of cash so that the number of shares of MP3.com common stock that the holders initially elected to convert into Vivendi Universal ordinary shares plus the number of shares of MP3.com common stock so designated to be converted instead into Vivendi Universal ordinary shares equals 50% of the outstanding shares of MP3.com common stock immediately prior to the time the merger becomes effective.

EXCHANGE PROCEDURES

As of the effective time of the merger, Vivendi Universal will provide, or cause the surviving corporation in the merger to provide, to the depository the Vivendi Universal ordinary shares in the form of Vivendi Universal ADSs. The depository will deposit with the exchange agent, for the benefit of the MP3.com stockholders, receipts issued in accordance with Vivendi Universal's deposit agreement evidencing the Vivendi Universal ADSs issuable in connection with the merger. In addition, Vivendi Universal will take all steps necessary to enable and cause the surviving corporation in the merger to provide to the exchange agent cash necessary to pay for the shares of MP3.com common stock converted into the right to receive cash. For a summary of the terms of the deposit agreement, see "Description of Vivendi Universal ADSs" beginning on page 72.

If your shares are held in registered form and you make an election of consideration by returning the completed election form, you must send in your MP3.com common stock certificates with your completed election form and letter of transmittal to the exchange agent. If you do not make an election, then you must keep your stock certificates until after the closing, when you will receive a letter of transmittal describing how you may exchange your certificates for merger consideration. Upon surrender of a stock certificate for cancellation to the exchange agent, together with a letter of transmittal, duly completed and validly executed, and such other documents reasonably required by the exchange agent, an MP3.com stockholder will receive a receipt evidencing that number of Vivendi Universal ADSs and/or cash that the stockholder is entitled to receive in connection with the merger.

MP3.COM STOCKHOLDERS SHOULD NOT RETURN STOCK CERTIFICATES WITH THE ENCLOSED PROXY CARD.

Holders of certificates previously representing MP3.com common stock will not be paid the merger consideration or dividends or distributions on the Vivendi Universal ADSs which they are entitled to receive pursuant to the merger

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with a record date after the merger, and will not be paid cash for any fractional shares of Vivendi Universal ADSs, until their certificates are surrendered to the exchange agent for exchange. When their certificates are surrendered, any unpaid dividends and any cash instead of fractional shares will be paid without interest.

In the event of a transfer of ownership of MP3.com common stock that is not registered in the transfer records of MP3.com, the cash portion of the merger consideration, including any cash payable instead of fractional shares, may be paid, and a certificate representing the proper number of shares of Vivendi Universal ADSs may be issued, to a person other than the person in whose name the surrendered certificate is registered if:

- the surrendered certificate is properly endorsed or otherwise is in proper form for transfer; and
- the person requesting such payment and issuance pays any transfer or other taxes required by reason of the payment of cash and the issuance of Vivendi Universal ADSs to a person other than the registered holder of the surrendered certificate, or establishes to the satisfaction of Vivendi Universal that such taxes have been paid or are not applicable.

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The merger consideration paid and issued upon surrender for exchange of shares of MP3.com common stock, including any dividends or distributions or any cash paid instead of any fractional shares or upon exercise of appraisal rights, will be deemed to have been paid and issued in full satisfaction of all rights pertaining to those shares of MP3.com common stock formerly represented by such certificates. No dividend or distribution with respect to Vivendi Universal ordinary shares shall relate to such fractional share interests and such fractional share interests shall not entitle or enable the owner thereof to vote or to any rights of a stockholder of Vivendi Universal.

No certificates or scrip representing, or receipts evidencing, fractional Vivendi Universal ADSs will be issued to any MP3.com stockholder upon surrender of certificates previously representing MP3.com common stock. Each MP3.com stockholder who would otherwise have been entitled to receive a fraction of Vivendi Universal ADSs will be entitled to receive an amount in cash equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the average of the closing price of Vivendi Universal ADSs on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the special meeting.

ACCOUNTING TREATMENT

Vivendi Universal prepares its financial statements using French generally accepted accounting principles, or GAAP. In accordance with the rules and regulations of the SEC, Vivendi Universal intends to account for the merger using the "purchase" method of accounting for business combinations under French GAAP. When it reconciles its financial statements to U.S. GAAP, it also will account for the arrangement using the "purchase" method of accounting for business combinations, which means that MP3.com will be treated as a separate entity for periods prior to the completion of the merger and, thereafter, as a wholly owned subsidiary of Vivendi Universal. In addition, this means that Vivendi Universal will record the excess of the purchase price of MP3.com over the fair value of MP3.com's identifiable assets, including intangible assets and liabilities, as "goodwill".

REGULATORY MATTERS

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The merger is subject to the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act of 1976. On June 12, 2001, Vivendi Universal and MP3.com each filed a Notification and Report Form with the Antitrust Division and the Federal Trade Commission and requested an early termination of the required waiting period. The waiting period expired at midnight on July 12, 2001, and thus all applicable waiting periods under the Hart-Scott-Rodino Act have been satisfied. At any time before or after the completion of the merger, the Antitrust Division, the Federal Trade Commission or others could take action under the antitrust laws with respect to the merger, including seeking to enjoin the completion of the merger, to rescind the merger or to approve the merger conditionally upon the divestiture of substantial assets of Vivendi Universal or MP3.com. A challenge to the merger on antitrust grounds could be made and, if such a challenge is made, it could be successful.

The antitrust and competition laws of some foreign jurisdictions may require (or, in some instances, provide for on a voluntary basis) notification of certain transactions and the observance of pre-consummation waiting periods. Vivendi Universal and MP3.com will make any such required filings (and, if deemed in Vivendi Universal's and MP3.com's interests, any such voluntary filings) with the appropriate antitrust and competition authorities as promptly as practicable.

The merger agreement requires each of Vivendi Universal and MP3.com to use reasonable efforts to take all actions and cooperate with the other party in obtaining all necessary waivers, consents and approvals from governmental entities and the making of all necessary registrations and filings with governmental entities in connection with the merger. However, Vivendi Universal is not required to agree to divest any assets or any of its or MP3.com's businesses, or to cease to conduct business or operations in any jurisdiction in which it or MP3.com conducts business or operations as of the date of the merger agreement.

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It is possible that any of the governmental entities with which filings are made may seek various regulatory concessions. There can be no assurance that:

- Vivendi Universal or MP3.com will be able to satisfy or comply with such conditions; or
- compliance or non-compliance will not have adverse consequences for Vivendi Universal after completion of the merger.

See "The Merger Agreement -- Conditions to Consummation of the Merger" on page 58.

RESALE OF VIVENDI UNIVERSAL ADSS

Vivendi Universal ADSs you receive pursuant to the merger will not be subject to any restrictions on transfer arising under the Securities Act, except for shares issued to any MP3.com stockholder who may be deemed to be an "affiliate" of Vivendi Universal or MP3.com for purposes of Rule 145 under the Securities Act. Pursuant to the merger agreement, MP3.com will deliver to Vivendi Universal a list of those persons who are affiliates of MP3.com. It is expected that each such affiliate will agree not to transfer any shares of Vivendi Universal ADSs received pursuant to the merger except in compliance with the resale provisions of Rule 144 or 145 under the Securities Act or as otherwise permitted under the Securities Act. The merger agreement requires

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MP3.com to use reasonable efforts to cause its affiliates who elect to receive Vivendi Universal ADSs to deliver affiliate letter agreements prior to the completion of the merger. This proxy statement/prospectus does not cover resales of Vivendi Universal ADSs received by any person upon completion of the merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any resale.

STOCK EXCHANGE MATTERS

It is a condition to the completion of the merger that the Vivendi Universal ADSs issuable to MP3.com stockholders pursuant to the merger be approved for listing on the New York Stock Exchange, subject to official notice of issuance.

If the merger is completed, MP3.com common stock will be delisted from the Nasdaq National Market and will be deregistered under the Exchange Act.

APPRAISAL RIGHTS

When the merger is completed, MP3.com stockholders who did not vote in favor of the adoption of the merger agreement and who complied with the procedures prescribed in Section 262 of the General Corporation Law of the State of Delaware will be entitled to a judicial appraisal of the fair value of their shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, and to receive payment of the fair value of their shares in cash, together with a judicially determined fair rate of interest. The following is a brief summary of the statutory procedures that must be followed by an MP3.com stockholder in order to perfect his or her appraisal rights under Delaware law.

THE FOLLOWING DISCUSSION IS NOT A COMPLETE STATEMENT OF THE DELAWARE LAW PERTAINING TO APPRAISAL RIGHTS AND IS QUALIFIED IN ITS ENTIRETY BY THE FULL TEXT OF SECTION 262 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE WHICH IS ATTACHED TO THIS PROXY STATEMENT/PROSPECTUS AS ANNEX D. BECAUSE OF THE COMPLEXITY OF SECTION 262 AND THE NEED TO STRICTLY COMPLY WITH VARIOUS TECHNICAL REQUIREMENTS, YOU SHOULD READ ANNEX D IN ITS ENTIRETY. A PERSON HAVING A BENEFICIAL INTEREST IN SHARES OF MP3.COM COMMON STOCK HELD OF RECORD IN THE NAME OF ANOTHER PERSON, SUCH AS A BROKER OR NOMINEE, MUST ACT PROMPTLY TO CAUSE THE RECORD HOLDER TO FOLLOW THE STEPS SUMMARIZED BELOW PROPERLY AND IN A TIMELY MANNER TO PERFECT APPRAISAL RIGHTS.

Under Section 262, where a merger is to be submitted for approval at a meeting of stockholders, as in the case of the adoption of the merger agreement by MP3.com stockholders, the corporation, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that such

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appraisal rights are available and include in such notice a copy of Section 262. THIS PROXY STATEMENT/ PROSPECTUS SHALL CONSTITUTE SUCH NOTICE.

A holder of shares of MP3.com common stock wishing to exercise such holder's appraisal rights:

- must deliver to MP3.com, before the vote on the adoption of the merger agreement at the special meeting, a written demand for the appraisal of his or her shares; and
- must not vote in favor of the adoption of the merger agreement.

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In order not to vote in favor of the adoption of the merger agreement, a stockholder must either:

- not return a proxy card, not grant a proxy via the telephone or Internet and not vote in person in favor of the adoption of the merger agreement;
- return a proxy card with the "AGAINST" or "ABSTAIN" box checked;
- vote in person against the adoption of the merger agreement; or
- register in person an abstention from the proposal to adopt the merger agreement.

ALL WRITTEN DEMANDS FOR APPRAISAL PURSUANT TO SECTION 262 SHOULD BE SENT OR DELIVERED TO MP3.COM AT 4790 EASTGATE MALL, SAN DIEGO, CA 92121-1970, ATTENTION: SECRETARY.

A holder of shares of MP3.com common stock wishing to exercise such holder's appraisal rights must hold of record such shares on the date the written demand for appraisal is made and must continue to hold such shares of record through the effective time of the merger. A vote against the adoption of the merger agreement will not in and of itself constitute a written demand for appraisal satisfying the requirements of Section 262. The demand must reasonably inform MP3.com of the identity of the holder as well as the intention of the holder to demand an appraisal of the "fair value" of the shares held by such holder. A stockholder's failure to make the written demand prior to the taking of the vote on the adoption of the merger agreement at the special meeting of MP3.com stockholders will constitute a waiver of appraisal rights.

Only a holder of record of shares of MP3.com common stock is entitled to assert appraisal rights for the shares of MP3.com common stock registered in that holder's name. A demand for appraisal in respect of shares of MP3.com common stock should be executed by or on behalf of the holder of record, fully and correctly, as such holder's name appears on such holder's stock certificates, and must state that such person intends thereby to demand appraisal of such holder's shares of MP3.com common stock in connection with the merger. If the shares of MP3.com common stock are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, execution of the demand should be made in that capacity, and if the shares of MP3.com common stock are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand should be executed by or on behalf of all joint owners. An authorized agent, including one for two or more joint owners, may execute a demand for appraisal on behalf of a holder of record; however, the agent must identify the record owner or owners and expressly disclose the fact that in executing the demand, the agent is agent for such owner or owners. A record holder such as a broker who holds shares of MP3.com common stock as nominee for several beneficial owners may exercise appraisal rights with respect to the shares of MP3.com common stock held for one or more beneficial owners while not exercising such rights with respect to the shares of MP3.com common stock held for other beneficial owners. In such case, however, the written demand should set forth the number of shares of MP3.com common stock as to which appraisal is sought, and where no number of shares of MP3.com common stock is expressly mentioned, the demand will be presumed to cover all shares of MP3.com common stock held in the name of the record owner. Stockholders who hold their shares of MP3.com common stock in brokerage accounts or other nominee forms and who wish to exercise appraisal rights are urged to consult with their brokers to determine the appropriate procedures for the making of a demand for appraisal by such a nominee.

Within ten days after the effective time of the merger, the surviving corporation must notify each holder of MP3.com common stock who has complied with Section 262 and who has not voted in favor of

the adoption of the merger agreement of the date that the merger has become effective. Within 120 days after the effective time of the merger, the surviving corporation or any holder of MP3.com common stock who has complied with Section 262 and is entitled to appraisal rights under Section 262 may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of such holder's shares of MP3.com common stock. The surviving corporation is under no obligation to and has no present intention to file such a petition. Accordingly, it is the obligation of the holders of MP3.com common stock to initiate all necessary action to perfect their appraisal rights in respect of their shares of MP3.com common stock within the time prescribed in Section 262.

Within 120 days after the effective time of the merger, any holder of MP3.com common stock who has complied with the requirements for exercise of appraisal rights will be entitled, upon written request, to receive from the surviving corporation a statement setting forth the aggregate number of shares not voted in favor of the adoption of the merger agreement and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such statement must be mailed within ten days after a written request for the statement has been received by the surviving corporation or within ten days after the expiration of the period for delivery of demands for appraisal, whichever is later.

If a petition for an appraisal is timely filed by a holder of shares of MP3.com common stock and a copy of the petition is served upon the surviving corporation, the surviving corporation will then be obligated within 20 days to file with the Delaware Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to such stockholders as required by the court, the Delaware Court of Chancery is empowered to conduct a hearing on such petition to determine those stockholders who have complied with Section 262 and who have become entitled to appraisal rights under Section 262. The Delaware Court of Chancery may require the holders of shares of MP3.com common stock who demanded payment for their shares to submit their stock certificates to the Delaware Register in Chancery for notation on the certificate of the pendency of the appraisal proceeding. If any stockholder fails to comply with such direction, the Delaware Court of Chancery may dismiss the proceedings as to such stockholder.

After determining the holders of MP3.com common stock entitled to appraisal, the Delaware Court of Chancery will appraise the "fair value" of their shares of MP3.com common stock, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. Holders of MP3.com common stock considering seeking appraisal should be aware that the fair value of their shares of MP3.com common stock as so determined could be more than, the same as or less than the consideration they would receive pursuant to the merger if they did not seek appraisal of their shares of MP3.com common stock and that investment banking opinions as to fairness from a financial point of view are not necessarily opinions as to fair value under Section 262. The Delaware Supreme Court has stated that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered in the appraisal proceedings. In addition, Delaware courts have decided that the statutory appraisal remedy, depending on factual circumstances, may or may not be a dissenter's exclusive remedy. The Delaware Court of Chancery will also determine the amount of interest, if any, to be paid upon the amounts to be received by persons whose shares of MP3.com common stock have been appraised.

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The costs of the action may be determined by the court and taxed upon the parties as the court deems equitable. The court may also order that all or a portion of the expenses incurred by any stockholder in connection with an appraisal, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts utilized in the appraisal proceeding, be charged pro rata against the value of all the shares entitled to be appraised.

Any holder of shares of MP3.com common stock who has duly demanded an appraisal in compliance with Section 262 will not, after the effective time of the merger, be entitled to vote the shares of MP3.com common stock subject to such demand for any purpose or be entitled to the payment of dividends or other distributions on those shares of MP3.com common stock (except dividends or other distributions payable

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to holders of record of MP3.com common stock as of a record date prior to the effective time of the merger).

If any stockholder who demands appraisal of such holder's shares of MP3.com common stock under Section 262 fails to perfect, or effectively withdraws or loses, such holder's right to appraisal, the shares of MP3.com common stock of such stockholder will be deemed to have been converted at the effective time of the merger into the right to receive the merger consideration. A stockholder will fail to perfect, or effectively lose or withdraw, such holder's right to appraisal if no petition for appraisal is filed within 120 days after the effective time of the merger, or if the stockholder delivers to the surviving corporation a written withdrawal of such holder's demand for appraisal and an acceptance of the merger, except that any such attempt to withdraw made more than 60 days after the effective time of the merger will require the written approval of the surviving corporation and, once a petition for appraisal is filed, the appraisal proceeding may not be dismissed as to any holder absent court approval.

FAILURE TO FOLLOW THE STEPS REQUIRED BY SECTION 262 OF THE GENERAL CORPORATION LAW OF THE STATE OF DELAWARE FOR PERFECTING APPRAISAL RIGHTS MAY RESULT IN THE LOSS OF SUCH RIGHTS.

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THE MERGER AGREEMENT

The following description of the merger agreement is qualified in its entirety by reference to the complete text of the merger agreement (including the modification agreement), a copy of which is attached to this proxy statement/prospectus as Annex A and is incorporated herein by reference. We urge you to read the full text of the merger agreement.

REPRESENTATIONS AND WARRANTIES

The merger agreement contains representations and warranties relating to:

- organization, standing, corporate power and authority and other corporate matters concerning MP3.com and its subsidiaries, Vivendi Universal and Metronome Acquisition Sub;
- the subsidiaries of MP3.com;
- the capital structure of MP3.com;

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- the compliance of the merger agreement with:
 - the certificate of incorporation, by-laws and similar organizational documents of MP3.com and its subsidiaries, Vivendi Universal and Metronome Acquisition Sub;
 - applicable laws, judgments and orders; and
 - contracts of MP3.com and its subsidiaries, Vivendi Universal and Metronome Acquisition Sub;
- consents, approvals and authorizations of and filings with, governmental entities and non-governmental self-regulatory entities;
- documents filed with the SEC by Vivendi Universal (since September 11, 2000) and by MP3.com (since July 20, 1999) and financial statements included in those documents and compliance with U.S. securities laws;
- the absence of material changes or events concerning Vivendi Universal and MP3.com since the date of their respective most recent audited financial statements;
- the accuracy of information supplied by Vivendi Universal and MP3.com for use in this proxy statement/prospectus and the registration statement of which this proxy statement/prospectus is a part;
- litigation involving MP3.com and its subsidiaries and significant legal fees;
- contracts to which MP3.com or any of its subsidiaries is a party;
- compliance with applicable laws by MP3.com and its subsidiaries;
- the absence of changes in benefit plans of MP3.com and its subsidiaries;
- labor, environmental and employee welfare and benefit plan matters with respect to MP3.com and its subsidiaries;
- tax matters with respect to MP3.com and its subsidiaries;
- title to property owned or leased by MP3.com and its subsidiaries;
- rights in and non-infringement of intellectual property with respect to MP3.com and its subsidiaries;
- the payment of fees and indemnification of brokers, investment bankers and financial advisors by MP3.com;
- receipt of an opinion of Credit Suisse First Boston by MP3.com;

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- the vote of MP3.com stockholders required to adopt the merger agreement and the absence of any requirement of a vote of Vivendi Universal shareholders relating to the merger agreement or the merger;
- in the case of MP3.com, the inapplicability of state takeover laws to the merger and the other transactions contemplated by the merger agreement and the stockholder agreement;
- the interim operations and business activities of Metronome Acquisition

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Sub;

- the due authorization and issuance of Vivendi Universal ADSs (as well as the underlying Vivendi Universal ordinary shares) to be issued pursuant to the merger; and
- matters relating to MP3.com's privacy policy and terms and conditions published on its website.

CONDUCT OF BUSINESS PENDING THE MERGER

Under the merger agreement, MP3.com agreed that, during the period of time before completion of the merger, except as consented to in writing by Vivendi Universal or as specifically required or permitted by the merger agreement, it will, and will cause each of its subsidiaries to:

- carry on their businesses only in the ordinary course consistent with past practice;
- comply in all material respects with all applicable laws and regulations; and
- use all reasonable efforts to preserve intact their business organizations, use reasonable efforts to keep available the services of their officers and other key employees, and, in connection therewith, preserve the goodwill of the business.

In addition, MP3.com has agreed that it will not, and will not permit its subsidiaries to, without Vivendi Universal's prior written consent:

- declare, set aside or pay dividends on, or make any other distribution in respect of, any of its capital stock, except for dividends by a direct or indirect wholly owned subsidiary of MP3.com to its parent;
- subject to exceptions pursuant to restricted stock purchase agreements, repurchase or redeem its capital stock or any other securities;
- split, combine or reclassify any of its capital stock or issue any securities in substitution for shares of its capital stock;
- issue, deliver, sell, pledge or otherwise encumber any of its capital stock, equity or voting interests or convertible or other similar securities, other than pursuant to the settlement of its class-action and derivative lawsuits, and other than the issuance of common stock upon the exercise of existing stock options, warrants or purchase rights under the employee stock purchase plan;
- amend its certificate of incorporation or by-laws or similar organizational documents, other than as required in connection with the settlement of its class-action and derivative lawsuits;
- acquire any entity or business, or any assets that, individually, cost more than \$500,000, or, in the aggregate, cost more than \$3,000,000, other than components or supplies in the ordinary course of business consistent with past practice;
- sell, lease, license, encumber or otherwise dispose of any of its properties or assets having an aggregate value in excess of \$500,000, except sales or licenses of finished goods or services in the ordinary course of business consistent with past practice;
- incur any debt or guarantee any debt of another person or issue or sell

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any debt securities or warrants or other rights to acquire any debt securities or enter into any arrangement having a similar economic effect, except for inter-company debt and except for up to \$100,000 in short term borrowings incurred in the ordinary course of business consistent with past practice;

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- make any loans, advances or capital contributions to, or investments in, any other person;
- make any new capital expenditures or enter into any agreements providing for payments which, individually, are in excess of \$1,000,000 or, in the aggregate, are in excess of \$3,000,000;
- make any tax election that, individually or in the aggregate, is reasonably likely to adversely affect in any material respect the tax liability or tax attributes of MP3.com or any of its subsidiaries, or settle or compromise any material income tax liability;
- pay, discharge, settle or satisfy any claims, liabilities or obligations, or litigation, or modify the terms of any existing settlement or arrangement, other than the payment, discharge, settlement or satisfaction in the ordinary course of business consistent with past practice of non-litigation liabilities recognized or disclosed in MP3.com's most recent consolidated financial statements filed with the SEC or incurred since the date of those financial statements in the ordinary course of business consistent with past practice;
- waive or assign any claims or rights that, individually, have a value in excess of \$500,000 or, in the aggregate, have a value in excess of \$2,000,000, or waive any material benefit of, terminate or fail to enforce any confidentiality or similar agreement to which MP3.com or any of its subsidiaries is a party or a beneficiary;
- enter into or amend any contract or other agreement that contains guarantees as to MP3.com's or any of its subsidiaries' future revenues;
- obtain any real property for use as an office or similar facility;
- except as required by law or as otherwise contemplated by the merger agreement:
 - establish, enter into, adopt, amend or terminate any benefit plan or benefit agreement;
 - change the manner in which contributions to any pension plan are made or the basis on which contributions are determined; or
 - take any action to accelerate any rights or benefits, or make any material determinations not in the ordinary course of business consistent with past practice, under any benefit plan or benefit agreement;
- increase the compensation, bonus or fringe or other benefits of any of its employees, except salary increases for non-executive officer employees in the ordinary course of business consistent with past practice or, after consultation with Vivendi Universal, bonuses awarded in the ordinary course of business consistent with past practice;
- grant any increase in severance or termination pay, amend or modify any

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stock option, or pay any benefit or amount not required by a plan or arrangement in effect on the date of the merger agreement;

- transfer or license any intellectual property rights of MP3.com and its subsidiaries other than non-exclusive licenses in the ordinary course of business consistent with past practice;
- take any action that would or could reasonably be expected to result in any of the conditions to the merger not being satisfied;
- cancel any indebtedness;
- enter into or amend any agreement pursuant to which any person is granted an exclusive marketing, manufacturing or other rights with respect to any product, process or technology of MP3.com or any of its subsidiaries other than in accordance with current business practices;
- make any changes in accounting methods, principles or practices unless required by a change in GAAP;

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- increase the head count of its employees by more than 5%; or
- authorize, or commit, resolve or agree to take, any of the foregoing actions.

NO SOLICITATION OF ACQUISITION PROPOSALS

The merger agreement contains detailed provisions prohibiting MP3.com from seeking an alternative transaction. Under these "no solicitation" provisions, MP3.com has agreed that neither it nor its subsidiaries will, and that it will not authorize or permit any of its or its subsidiaries' directors, officers, employees, investment bankers, attorneys, accountants or other advisors or representatives to, directly or indirectly:

- solicit, initiate or encourage, or take any other action intended to, or which could reasonably be expected to, facilitate any inquiries or the making of any proposal that constitutes, or could reasonably be expected to, lead to a "takeover proposal", as defined below; or
- enter into, continue or otherwise participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way with, a takeover proposal.

However, the merger agreement does not prevent the MP3.com board of directors from participating in discussions or negotiations with any person making an unsolicited bona fide written takeover proposal that the MP3.com board determines in good faith (after consulting with outside counsel and a financial advisor) constitutes or is reasonably likely to lead to a "superior proposal", as defined below, if the board determines in good faith (after consultation with outside counsel) that it is required to do so in order to comply with its fiduciary duties. Even in such a case, MP3.com is required to notify Vivendi Universal before participating in any discussions or negotiations and keep Vivendi Universal fully informed of their status.

"Takeover proposal" means any inquiry, proposal or offer from any person relating to any direct or indirect acquisition or purchase of 20% or more of the assets of MP3.com and its subsidiaries, taken as a whole, or 20% or more of any class or series of equity securities of MP3.com or any of its subsidiaries, any tender offer or exchange offer that if consummated would result in any person

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beneficially owning 20% or more of any class or series of equity securities of MP3.com or any of its subsidiaries, or any merger, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving MP3.com or any of its subsidiaries pursuant to which any person (or its shareholders) would beneficially own 20% or more of any class or series of equity securities of MP3.com (or any resulting parent or surviving entity), other than the transactions contemplated by the merger agreement.

"Superior proposal" means any offer not solicited by MP3.com made by a third party to consummate a tender offer, exchange offer, merger, consolidation, share exchange or similar transaction which would result in such third party (or its shareholders) owning, directly or indirectly, 50% or more of the shares of MP3.com common stock then outstanding (or of the surviving entity in a merger) or 50% or more of the assets of MP3.com and its subsidiaries and otherwise on terms which the MP3.com board determines in good faith (following receipt of the advice of a financial advisor of nationally recognized reputation) to be more favorable to the MP3.com stockholders from a financial point of view than the merger.

The merger agreement further provides that neither MP3.com, the MP3.com board nor any committee of the MP3.com board may:

- withdraw or modify, or propose to withdraw or modify, in a manner adverse to Vivendi Universal, the approval or recommendation by the board or committee of the merger agreement or the merger, except to the extent that the board determines in good faith (after consultation with outside counsel) that it is required to do so in order to comply with its fiduciary duties;
- approve or recommend, or propose to approve or recommend, any takeover proposal; or

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- approve or recommend, or propose to approve or recommend, or execute or enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, option agreement, joint venture agreement, partnership agreement or other similar agreement or propose or agree to do any of the foregoing constituting or related to, or which is intended to or could reasonably be expected to lead to, any takeover proposal.

STOCK OPTIONS AND OTHER EMPLOYEE BENEFIT MATTERS

Employee Benefit Matters

Employees of MP3.com and its subsidiaries who continue their employment after the effective time of the merger will continue to be provided through December 31, 2002, with employee benefits that are substantially comparable in the aggregate to the employee benefits provided to those employees immediately prior to the effective time of the merger, provided that:

- neither Vivendi Universal nor the surviving corporation will have any obligation to issue, or adopt any plans or arrangements providing for the issuance of, shares of capital stock, warrants, options, stock appreciation rights or other rights in respect of any shares of capital stock of any entity or any securities convertible or exchangeable into such shares pursuant to any such plans or arrangements; and
- no plans or arrangements of MP3.com or any of its subsidiaries providing

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for such issuance of equity-based awards will be taken into account in determining whether employee benefits are substantially comparable in the aggregate.

Vivendi Universal will not be prevented from:

- terminating the employment of any individual who was an employee of MP3.com and its subsidiaries immediately prior to the effective time of the merger;
- making any change in the employee benefits available to any such employee; or
- amending or terminating any particular benefit plan or agreement of MP3.com and its subsidiaries to the extent permitted by the terms of such plan or agreement as in effect immediately prior to the effective time of the merger.

Pursuant to the terms of the merger agreement, employees of MP3.com and its subsidiaries who continue their employment after the effective time of the merger will be given credit under each employee benefit plan, program, policy or arrangement of Vivendi Universal or any of its affiliates in which those employees are eligible to participate for all service with MP3.com or any predecessor employer (to the extent such credit was given by MP3.com) for purposes of eligibility, vesting, severance and vacation entitlement.

The merger agreement provides that MP3.com will not permit the commencement of any offerings under its employee stock purchase plan that would commence on a date following the date of the merger agreement. With respect to any offering under the employee stock purchase plan that is in effect immediately prior to the effective time of the merger, each participant's accumulated payroll deductions will be used to purchase MP3.com common shares immediately prior to the effective time of the merger in accordance with the terms of the employee stock purchase plan. The employee stock purchase plan will be terminated at the effective time of the merger.

Vivendi Universal and MP3.com have agreed that unvested, in-the-money options held by some of MP3.com's executives, including Mr. Richards, Mr. Ouyang, Mr. Kostello, Mr. Oien and Mr. Sheiner, will become fully vested and exercisable immediately prior to the effective time of the merger, and that those executives may elect the portion of the shares subject to such options desired to be converted into cash and the portion of such shares desired to be converted into Vivendi Universal ordinary shares at the effective time of the merger, all in accordance with the procedures generally applicable to other MP3.com

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stockholders; provided, that the executive unconditionally exercises such options effective immediately prior to the effective time of the merger.

The merger agreement provides for the establishment of a cash retention pool of up to \$13,000,000. Employees of MP3.com on the effective date of the merger, other than Mr. Robertson, Mr. Richards and Mr. Ouyang, will be eligible to receive payment from the retention pool. Payments from the retention pool will be made in a lump sum within three days of the effective time of the merger, other than with respect to Mr. Kostello, Mr. Oien and Mr. Sheiner, who will each receive 50% of their retention payment within three days of the effective time of the merger and, if still employed by the surviving corporation, 25% of their retention payment on each of the first and second anniversaries of the effective time of the merger.

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Vivendi Universal also agreed that, if it offers a one-year written employment agreement to any employee of MP3.com or the surviving corporation, the employment agreement will be in the form previously agreed to by Vivendi Universal and MP3.com (as described in "Interests of Certain Persons in the Merger -- Employment Agreements -- Form of One-Year Employment Agreements" on page 41).

Conversion of Stock Options

Under the merger agreement, each option to acquire MP3.com common stock that is outstanding at the effective time of the merger will remain outstanding and be assumed by Vivendi Universal. Each option to acquire MP3.com common stock will be amended and converted into an option to acquire, on the same terms and conditions as were applicable under such option, the number of Vivendi Universal ordinary shares (rounded down to the nearest whole share) equal to the product of:

- the number of MP3.com common shares subject to the option immediately prior to the effective time of the merger; and
- the "exchange ratio", at an exercise price per Vivendi Universal ordinary share equal to the exercise price per MP3.com common share otherwise purchasable pursuant to the option immediately prior to the effective time of the merger divided by the "exchange ratio". The "exchange ratio" is obtained by dividing \$5.00 by the average per share closing price of Vivendi Universal ADSs on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the date of the special meeting.

Under the terms of outstanding stock option agreements issued under MP3.com's stock option plans, if there is a change in control (as defined in the stock option plans) and, within one month prior to or 18 months after the date of the change in control, the option holder is involuntarily terminated other than for death, disability or cause (as defined in the option agreement), or if the option holder terminates his or her employment due to a constructive termination (as defined in the option agreement), then outstanding options will become fully vested and immediately exercisable.

Indemnification; Directors' and Officers' Insurance

The merger agreement provides that all rights to indemnification for acts and omissions occurring at or before the effective time of the merger existing in favor of the current and former directors and officers of MP3.com and its subsidiaries as provided in their respective articles of organization or by-laws, and any existing indemnification agreements with MP3.com the existence of which do not breach the merger agreement will be assumed by the surviving corporation in the merger and that Vivendi Universal will cause these provisions to continue in full force and effect in accordance with their terms. The merger agreement also provides that for six years after the completion of the merger, Vivendi Universal will either maintain the directors' and officers' liability insurance policy in effect as of the date of the merger agreement for acts or omissions occurring at or before the effective time of the merger covering those persons who were, as of the date of the merger agreement, covered by that policy, or otherwise provide coverage for such people, on terms no less favorable than those in effect on the date of the merger agreement, provided that in either case Vivendi Universal will not be obligated to pay aggregate premiums in excess of 200% of the last annual premium paid by MP3.com, which was \$1,937,400. If 200% of such

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premium, or \$3,874,800, would be exceeded, Vivendi Universal will obtain a policy with the greatest coverage available for a cost not exceeding \$3,874,800.

ADDITIONAL COVENANTS

The merger agreement also contains other covenants by Vivendi Universal and MP3.com, including a covenant to use reasonable efforts to take all actions and to do all things necessary, proper or advisable to consummate the merger in the most expeditious manner practicable.

CONDITIONS TO CONSUMMATION OF THE MERGER

Each party's obligation to complete the merger is subject to the satisfaction or waiver of the following conditions before completion of the merger:

- the adoption of the merger agreement by holders of a majority of all outstanding shares of MP3.com common stock;
- the approval for listing on the New York Stock Exchange, subject to official notice of issuance, of the shares of Vivendi Universal ADSs issuable to MP3.com stockholders and optionholders pursuant to the merger agreement;
- the expiration or termination of any waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 or any similar law;
- the effectiveness of, and the absence of any restraining order, injunction or other court order or decree or other legal restraint or prohibition in effect preventing completion of the merger; and
- the absence of any stop order or proceeding seeking a stop order with respect to, the registration statement on Form F-4 of which this proxy statement/prospectus forms a part.

In addition, the obligation of each party to complete the merger is further subject to the satisfaction or waiver of the following additional conditions:

- the representations and warranties of the other party (except those representations and warranties of MP3.com specifically dealt with below) set forth in the merger agreement disregarding all qualifications and exceptions relating to materiality or material adverse effect, being true and correct as of the date of the merger agreement and as of the closing date as though made as of the closing date, except to the extent the representations and warranties expressly relate to a specific date, in which case on that date, and except to the extent that the facts or matters as to which the representations and warranties are not so true and correct, individually or in the aggregate, have not had and could not reasonably be expected to have a material adverse effect on the other party;
- the other party having performed in all material respects all obligations required to be performed by it under the merger agreement at or prior to the closing date; and
- having received from its U.S. tax advisor on the closing date an opinion stating that the merger will qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code.

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In addition, Vivendi Universal's and the acquisition subsidiary's obligation to complete the merger is further subject to the satisfaction or waiver of the following conditions:

- the representations and warranties of MP3.com regarding litigation being true and correct in all material respects as of the date of the merger agreement; and
- the representations and warranties of MP3.com regarding the capital structure of MP3.com being true and correct as of the date of the merger agreement and as of the closing date, except to the extent such representations and warranties expressly speak as of an earlier date, in which case as of the earlier date.

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The merger agreement provides that a "material adverse effect" means, when used in reference to MP3.com or Vivendi Universal, any change, development, effect, event, condition, occurrence or state of facts that is materially adverse to the business, assets or results of operations or financial condition of such party and its subsidiaries, taken as a whole. However, there will be no material adverse effect to the extent that any state of facts, change, development, event, effect, condition or occurrence relates to:

- the economy or securities markets in general;
- the industries in which Vivendi Universal or MP3.com operate in general and not having a disproportionate effect on such party relative to most industry participants;
- the announcement or existence of the merger agreement;
- any claim, suit, action, proceeding or other litigation in respect of copyright infringement matters instituted or threatened against MP3.com following the announcement of the merger agreement;
- any settlement or judgment with respect to litigation matters appearing on MP3.com's disclosure schedule; or
- the failure by MP3.com to meet or exceed any third party or internal revenue, earnings or other financial estimates or projections, in and of itself.

TERMINATION

The merger agreement may be terminated at any time prior to completion of the merger, even if the merger agreement has been adopted by MP3.com stockholders:

- by mutual written consent of Vivendi Universal and MP3.com;
- by either Vivendi Universal or MP3.com, if the merger has not been completed by November 30, 2001; provided that a party cannot terminate for this reason if such party's failure to perform any of its obligations under the merger agreement caused the delay;
- by either Vivendi Universal or MP3.com, if there exists a final and nonappealable restraining order, injunction or other court order or decree or other legal restraint or prohibition preventing completion of the merger, provided that the party seeking to terminate shall have used reasonable efforts to prevent and remove the restraint;

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- by either Vivendi Universal or MP3.com, if MP3.com stockholders do not adopt the merger agreement at the special meeting; or
- by either Vivendi Universal or MP3.com, if the other party has breached in any material respect any of its representations, warranties or covenants or other agreements contained in the merger agreement, which breach would result in a failure of a condition to the merger and cannot or has not been cured within 30 calendar days of notice.

EXPENSES

The merger agreement provides that all fees and expenses incurred in connection with the merger agreement, the merger, the stockholder agreement and the other transactions contemplated by the merger agreement and the stockholder agreement will be paid by the party incurring those fees or expenses, except that expenses incurred in connection with the filing, printing and mailing of this proxy statement/ prospectus and the registration statement on Form F-4, of which this proxy statement/prospectus forms a part, will be shared equally by Vivendi Universal and MP3.com.

AMENDMENT AND WAIVER

The merger agreement provides that at any time prior to the completion of the merger the parties may amend the merger agreement by an instrument in writing signed by each party. In addition, the

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merger agreement provides that at any time prior to the completion of the merger, a party may, by an instrument in writing signed by each party:

- extend the time for the performance of the obligations or other acts of the other parties to the merger agreement;
- waive any inaccuracies in the representations and warranties of the other parties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or
- waive compliance by the other parties with any of the agreements or conditions contained in the merger agreement.

However, after any required stockholder approval has been obtained, no amendment or waiver may be made which by law requires further approval or adoption by the stockholders without such further approval or adoption. Under Section 251(d) of the General Corporation Law of the State of Delaware, no amendment to the merger agreement made after the adoption of the merger agreement by stockholders of a corporation may, without further approval by the stockholders, alter or change the merger consideration to be received by those stockholders, alter or change any term of the certificate of incorporation of the surviving corporation, or alter or change any terms and conditions of the merger agreement if the alteration or change would adversely affect the holders of any class or series of stock of the corporation.

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THE STOCKHOLDER AGREEMENT

On May 20, 2001, as an inducement to Vivendi Universal's entering into the merger agreement, Vivendi Universal entered into a stockholder agreement with

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some of MP3.com's principal stockholders, including Michael Robertson (Chairman and CEO), Robin Richards (President and a director) and Sequoia Capital, under which these stockholders agreed to vote shares representing more than 50% of the outstanding MP3.com common stock as of [], 2001 in favor of the merger and against any action that could impede the merger. A copy of the stockholder agreement is attached to this proxy statement/ prospectus as Annex B and is incorporated herein by reference.

AGREEMENT TO VOTE FOR THE MERGER

Pursuant to the stockholder agreement, the stockholders agreed:

- to vote their shares in favor of:
 - adoption of the merger agreement;
 - approval of the merger; and
 - approval of the other transactions contemplated by the merger agreement,
- to vote their shares against:
 - any takeover proposal (as defined in the merger agreement); and
 - any amendment to the MP3.com certificate of incorporation or by-laws or other proposal or transaction that would impede, frustrate, prevent or nullify any provision of the merger agreement, the merger or the other transactions contemplated by the merger agreement or change the voting rights of the capital stock of MP3.com;
- not to sell, transfer, pledge, assign or otherwise dispose of their shares other than pursuant to the merger;
- not to enter into any voting arrangement, whether by proxy, voting agreement or otherwise, with respect to any of their shares; and
- not to directly or indirectly solicit, initiate or encourage or take any other action that could facilitate any inquiries or the making of any proposal that could lead to any takeover proposal, and not to enter into or participate in any discussions or negotiations or furnish information or cooperate in any way with any takeover proposal.

IRREVOCABLE PROXY

Each stockholder irrevocably granted to and appointed Vivendi Universal and George E. Bushnell III, Philippe Germond and Gerard Ries, or any of them, and any individual designated in writing by any of them, as his, her or its proxy and attorney-in-fact to vote his, her or its shares:

- in favor of:
 - adoption of the merger agreement;
 - approval of the merger; and
 - approval of any other transactions contemplated by the merger agreement;
- against any takeover proposal; and
- against any amendment to the MP3.com certificate of incorporation or

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by-laws or any other proposal or transaction that would impede, frustrate, prevent or nullify any provision of the merger agreement, the merger or the other transactions contemplated by the merger agreement or change in any manner the voting rights of the capital stock of MP3.com.

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OTHER AGREEMENTS

In addition, the stockholders:

- agreed to use all reasonable efforts to assist and cooperate with the other parties in doing all things necessary, proper or advisable to consummate the merger and the other transactions contemplated by the merger agreement;
- agreed not to issue any press release relating to the merger agreement, the merger or any other transaction contemplated by the merger agreement without the prior consent of Vivendi Universal;
- consented to and approved the actions taken by the MP3.com board of directors in approving the merger agreement, the stockholder agreement, the merger and the other transactions contemplated by the merger agreement;
- waived their appraisal rights under Delaware law; and
- agreed to deliver an "affiliate" letter to Vivendi Universal, if applicable, prior to the closing date.

The stockholder agreement terminates upon the earlier to occur of the effective time of the merger and the termination of the merger agreement.

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TAXATION

The following discussion sets forth the material United States federal income and French tax consequences of the merger generally applicable to holders of MP3.com common stock who participate in the merger. The following discussion assumes that holders of MP3.com common stock hold their MP3.com common stock as capital assets. This discussion does not address the tax consequences to holders of MP3.com stock in particular circumstances, such as tax-exempt entities, certain insurance companies, broker-dealers, traders in securities that elect to mark to market, holders liable for alternative minimum tax, holders that hold MP3.com stock as part of a straddle or a hedging or conversion transaction or holders whose functional currency is not the U.S. dollar, or a non-U.S. holder (as defined below). This discussion also does not apply to holders who acquired their MP3.com common stock pursuant to the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan. This discussion is based on the tax laws of France and the United States, including the Internal Revenue Code of 1986, as amended (the Code), published rulings and court decisions, as in effect on the date of this document, as well as the Convention Between the Government of the United States of America and the Government of the French Republic, all of which are subject to change or change in interpretation, possibly with retroactive effect.

For purposes of this discussion, a "U.S. holder" is any beneficial owner of

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MP3.com common stock that is:

- a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any political subdivision of the United States;
- an estate the income of which is subject to United States federal income tax without regard to its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

For purposes of this discussion, an "eligible MP3.com stockholder" is a U.S. holder of MP3.com common stock that will not be a "five percent transferee stockholder" as defined in United States Treasury Regulation Section 1.367(a)-3(c)(5)(ii) or who enters into a five-year gain recognition agreement in the form provided in United States Treasury Regulation Section 1.367(a)-8(b). A five percent transferee stockholder is a person that holds MP3.com common stock and that will hold, immediately after the merger, directly or indirectly through attribution, at least five percent of the outstanding shares of Vivendi Universal capital stock by vote or by value.

The discussion does not address any aspects of United States taxation of the merger other than federal income taxation or any aspects of French taxation of the merger other than income and capital taxation. Certain material United States federal income tax and French tax consequences of the ownership and disposition of Vivendi Universal ADSs are discussed in "Vivendi Universal -- Taxation." Holders of MP3.com common stock are urged to consult their tax advisors regarding the United States federal, state and local and the French and other tax consequences of the merger and of owning and disposing of MP3.com common stock and Vivendi Universal ADSs.

THE MERGER -- FRENCH TAXATION

A U.S. holder that is not a resident of France will not be subject to French tax on its transfer of MP3.com common stock in the merger, provided such U.S. holder does not have a permanent establishment or a fixed base in France to which the MP3.com common stock may be attributed.

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THE MERGER -- UNITED STATES FEDERAL INCOME TAXATION

It is a condition to the obligation of Vivendi Universal to consummate the merger that Vivendi Universal receive an opinion from its counsel, Cravath, Swaine & Moore, and it is a condition to the obligation of MP3.com to consummate the merger that MP3.com receive an opinion from its tax advisor, Ernst & Young LLP, in each case stating that the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code. The issuance of such opinions is conditioned, among other things, on the receipt by Cravath, Swaine & Moore and Ernst & Young LLP of representation letters from each of Vivendi Universal and MP3.com, in each case, in form and substance reasonably satisfactory to Cravath, Swaine & Moore and Ernst & Young LLP. Such opinions are not binding on the Internal Revenue Service (IRS) or the courts, and no assurance can be given that the IRS will not challenge the tax treatment of the merger. No ruling has been or will be sought from the IRS with regard to any of the tax consequences

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of the merger.

Based on the representation letters from each of Vivendi Universal and MP3.com, which will be reconfirmed prior to the closing of the merger, it is the opinion of Cravath, Swaine & Moore and Ernst & Young LLP that the merger will be treated as a "reorganization" within the meaning of Section 368(a) of the Code. The opinion is based on current law and assumes that the merger will be consummated in accordance with the merger agreement in its current form and as described in this proxy statement/prospectus, and that MP3.com will, and Vivendi Universal will cause MP3.com to, comply with the reporting requirements set forth in United States Treasury Regulation Section 1.367(a)-3(c)(6).

The following material United States federal income tax consequences result from the treatment of the merger as a "reorganization" within the meaning of Section 368(a) of the Code.

Eligible MP3.com Stockholders Who Receive Only Vivendi Universal ADSs

An eligible MP3.com stockholder that receives only Vivendi Universal ADSs in the merger will not recognize gain or loss with respect to the receipt of Vivendi Universal ADSs, except in respect of cash received in lieu of a fractional share, as described below. Such stockholder's aggregate tax basis in the Vivendi Universal ADSs received in the merger will be the same as its aggregate tax basis in the surrendered MP3.com common stock. An eligible MP3.com stockholder will include in its holding period of the Vivendi Universal ADSs its holding period of the surrendered MP3.com common stock.

Eligible MP3.com Stockholders Who Receive Only Cash

An eligible MP3.com stockholder that receives only cash in the merger will generally recognize gain to the extent the amount of cash received in the merger exceeds such stockholder's tax basis in MP3.com common stock, or loss to the extent such stockholder's tax basis in MP3.com common stock exceeds the amount of cash received in exchange for MP3.com common stock.

Eligible MP3.com Stockholders Who Receive Vivendi Universal ADSs and Cash

An eligible MP3.com stockholder that receives both Vivendi Universal ADSs and cash in the merger, without regard to any cash received in lieu of a fractional Vivendi Universal ADS, will recognize any gain (but not loss) realized but only to the extent of cash received in the merger. An eligible MP3.com stockholder who owns different blocks of MP3.com common stock, each with a different tax basis, must compute gain or loss separately for each block of such stock. Any loss realized on one block of MP3.com common stock may not be netted against gain realized on another block of such stock. Such stockholder's aggregate tax basis in the Vivendi Universal ADSs received in the merger will be the same as its aggregate tax basis in the surrendered MP3.com common stock, decreased by the amount of cash received in the merger and increased by the amount of gain recognized in the merger. An eligible MP3.com stockholder will include in its holding period of the Vivendi Universal ADSs its holding period of the surrendered MP3.com common stock. Cash received in lieu of a fractional Vivendi Universal ADS is treated separately, as discussed below.

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An eligible MP3.com stockholder that receives cash in lieu of a fractional Vivendi Universal ADS will be treated as first having received a fractional Vivendi Universal ADS and then having exchanged the fractional Vivendi Universal ADS for cash in a redemption by Vivendi Universal. An eligible MP3.com stockholder will generally recognize gain (or loss) to the extent the cash received in lieu of a fractional Vivendi Universal ADS exceeds (or is less than) the ratable portion of its tax basis in the surrendered MP3.com common stock that is allocated to the deemed-received fractional Vivendi Universal ADS taking into account the adjustment in the tax basis, if any, resulting from the receipt of cash other than for fractional Vivendi Universal ADSs, as described above.

Character of Gain or Loss

Generally, gain or loss recognized with respect to MP3.com common stock surrendered in the merger will be capital gain or loss. Capital gain of a noncorporate U.S. holder will generally be subject to United States federal income tax at a maximum rate of 20% where the MP3.com common stock was held for more than one year. The deduction of any capital loss is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Information Reporting and Backup Withholding

In general, gain with respect to cash received in the merger by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to you as may be required under applicable United States Treasury Regulations. Backup withholding at a maximum rate of 31% will apply to these payments if you fail to provide an accurate taxpayer identification number or fail to report all interest and dividends required to be shown on your federal income tax return. Some persons, such as corporations, are not subject to backup withholding. Depending on the type of person you are, you may qualify for exemption from backup withholding provided you comply with the procedure for obtaining the exemption.

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COMPARATIVE STOCK PRICES AND DIVIDENDS

Vivendi Universal ADSs are listed for trading on the New York Stock Exchange under the symbol "V". MP3.com common stock is quoted on the Nasdaq National Market under the symbol "MPPP". The following table sets forth, for the periods indicated, the high and low sale prices per share of Vivendi Universal ADSs and MP3.com common stock on the New York Stock Exchange Composite Transaction Tape and the Nasdaq National Market, respectively. No dividends were paid by Vivendi Universal or MP3.com during any period indicated below. For current price information, MP3.com stockholders are urged to consult publicly available sources.

The table below presents the New York Stock Exchange closing market price for Vivendi Universal ADSs, as reported on the New York Stock Exchange Composite Transaction Tape, and the last reported sale price of MP3.com common stock, as reported on the Nasdaq National Market. These prices are presented on two dates:

- May 18, 2001, the last trading day before the public announcement of the signing of the merger agreement; and
- July 5, 2001, the latest practicable date before the printing of this document.

The exchange ratio, meaning the number of Vivendi Universal ADSs you will

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receive for each share of MP3.com common stock, will be the quotient of \$5.00 divided by the average per share closing price of Vivendi Universal ADSs for the five trading days ending the trading day before the special meeting.

	VIVENDI UNIVERSAL ADS SHARE PRICE	MP3.COM COMMON STOCK SHARE PRICE	EQUIVALEN SHARE DATA (1)
	-----	-----	-----
May 18, 2001.....	\$68.15	\$3.01	\$5.00
July 5, 2001.....	\$57.11	\$4.86	\$5.00

(1) Assuming, for purposes of calculating the exchange ratio, that the average per share closing price of Vivendi Universal ADSs for the five trading days ending the trading day before the special meeting equals the share price of Vivendi Universal ADSs set forth in the column headed "Vivendi Universal ADS Share Price".

MARKET PRICES

The following table sets forth, for the periods indicated, the high and low per share sales prices of Vivendi Universal ordinary shares, Vivendi Universal ADSs and MP3.com common stock on the Paris Bourse, the New York Stock Exchange and the Nasdaq National Market, respectively. For periods before December 8, 2000, the columns headed "Vivendi Universal" set forth information for Vivendi, S.A. ordinary shares and Vivendi, S.A. ADSs, and for periods before September 2000, the high and low bids for Vivendi, S.A. ADSs are on the over-the-counter market. Each Vivendi, S.A. ADS represented one-fifth of a Vivendi, S.A. ordinary share, but to facilitate comparison, price information is shown as if each Vivendi, S.A. ADS represented one Vivendi, S.A. ordinary share. Prices are rounded to the nearest cent.

	VIVENDI UNIVERSAL ORDINARY SHARES		VIVENDI UNIVERSAL ADSs		MP3.COM COMMON STOCK	
	HIGH	LOW	HIGH	LOW	HIGH	LOW
	-----	-----	-----	-----	-----	-----
1999						
First Quarter*.....	E87.13	E72.33	\$101.65	\$76.05	NA	NA
Second Quarter*.....	81.10	69.60	88.35	71.90	NA	NA
Third Quarter.....	83.70	65.05	86.25	68.75	\$105.00	\$23.31
Fourth Quarter.....	92.95	61.10	94.40	66.25	64.63	25.00

	VIVENDI UNIVERSAL ORDINARY SHARES	VIVENDI UNIVERSAL ADSs	MP3.COM COMMON STOCK
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	HIGH	LOW	HIGH	LOW	HIGH	LOW
2000						
First Quarter.....	E150.00	E79.10	\$142.50	\$81.25	\$40.13	\$15.00
Second Quarter.....	122.00	85.30	128.75	81.25	22.50	6.50
Third Quarter.....	97.10	80.30	91.85	70.00	14.38	3.75
Fourth Quarter.....	89.65	68.60	77.50	50.00	10.75	2.34
2001						
First Quarter.....	E82.00	E61.20	\$76.00	\$54.30	\$6.13	\$1.56
Second Quarter.....	79.70	61.60	69.73	54.85	5.00	1.50
Third Quarter (through July 5, 2001).....	71.50	67.75	61.01	56.80	4.89	4.85

 * Restated for a 3 for 1 stock split on May 11, 1999.

DIVIDENDS

Vivendi Universal

The table below sets forth the total dividends paid per Vivendi, S.A. ordinary share and Vivendi, S.A. ADS in respect of 1996 to 1999 and per Vivendi Universal ordinary share and Vivendi Universal ADS in respect of 2000. The amounts shown exclude the avoir fiscal, a French tax credit described under "Vivendi Universal -- Taxation". Vivendi Universal pays annual dividends in respect of its prior fiscal year. The company has rounded dividend amounts to the nearest cent.

	DIVIDEND PER ORDINARY SHARE	DIVIDEND PER
	-----	-----
	E (1)	\$ (2)
1996*.....	0.61	0.14
1997*.....	0.76	0.17
1998*.....	0.92	0.17
1999.....	1.00	0.22
2000**.....	1.00	0.89

 * Restated for a 3 for 1 stock split which occurred on May 11, 1999.

** Prior to December 8, 2000, each Vivendi, S.A. ADS represented one-fifth of a Vivendi, S.A. ordinary share, while each Vivendi Universal ADS now represents one Vivendi Universal ordinary share.

- (1) Until 1999 (until the dividend for the year ended December 31, 1998), Vivendi, S.A. paid dividends in French francs. Amounts in French francs have been translated at the official fixed exchange rate of E1.00 = FF6.55957.
- (2) Translated solely for convenience into dollars at the noon buying rates on the respective dividend payments date, or on the following business day if such date was not a business day in the United States. The noon buying rate may differ from the rate that may be used by the depository to convert euros to dollars for the purpose of making payments to holders of ADSs.

MP3.com has not paid cash dividends to its stockholders.

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DESCRIPTION OF VIVENDI UNIVERSAL ORDINARY SHARES

GENERAL

As of June 28, 2001, there were 1,085,675,856 Vivendi Universal authorized and outstanding ordinary shares. Vivendi Universal's statuts provide that ordinary shares may be held in registered or bearer form, at the option of the shareholder, as discussed under "Form, Holding and Transfer".

OWNERSHIP OF VIVENDI UNIVERSAL ORDINARY SHARES BY NON-FRENCH PERSONS

The French commercial code currently does not limit the right of non-residents of France or non-French persons to own and vote ordinary shares of French companies. However, non-residents of France must file an administrative notice with French authorities in connection with the acquisition of a controlling interest in a French company. Under existing administrative rulings, ownership of 20% or more of a company's share capital or voting rights is regarded as a controlling interest, but a lower percentage might be held to be a controlling interest in certain circumstances depending upon factors such as:

- the acquiring party's intentions;
- the acquiring party's ability to elect directors; and
- financial reliance by the French company on the acquiring party.

VOTING, DIVIDEND AND LIQUIDATION RIGHTS

Voting Rights

In general, each Vivendi Universal ordinary share will carry the right to cast one vote in shareholder elections. However, Vivendi Universal's statuts will adjust the voting rights of shareholders who own in excess of 2% of the total voting power of Vivendi Universal through the application of a formula designed to limit the voting power of those shareholders to that which they would possess if 100% of the shareholders were present at the meeting at which the vote in question takes place.

Dividend Rights

Vivendi Universal may pay dividends only out of its "distributable profits", plus any amounts held in its reserve that the shareholders decide to make available for distribution. These amounts may not include amounts specifically required to be held in reserve by law or the statuts. Distributable profits consist of the unconsolidated net profit generated in each fiscal year, as increased or reduced by any profit or loss carried forward from prior years, less any contributions to the reserve accounts made pursuant to law or the statuts.

Legal Reserve. The French commercial code provides that French societe anonymes such as Vivendi Universal must allocate 5% of their unconsolidated statutory net profit each year to their legal reserve fund before dividends may be paid with respect to that year. Funds must be allocated until the amount in the legal reserve is equal to 10% of the aggregate nominal value of the issued

and outstanding share capital. The legal reserve of any company subject to this requirement may be distributed to shareholders only upon liquidation of the company.

Approval of Dividends. Under the French commercial code, a company's board of directors may propose a dividend for approval by the shareholders at the annual general meeting of shareholders. If a company has earned distributable profits since the end of the preceding fiscal year, as reflected in an interim income statement certified by its auditors, its board of directors may distribute interim dividends to the extent of the distributable profits for the period covered by the interim income statement. The board of directors exercises this authority subject to French law and regulations and may do so without obtaining shareholder approval, unless the distribution is of shares. Vivendi Universal generally does not, and it does not anticipate that it will, pay interim dividends.

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Distribution of Dividends. Dividends will be distributed to shareholders pro rata in accordance with the nominal value of ordinary shares held. In the case of interim dividends, distributions will be payable to shareholders on the date of the management board meeting at which the distribution of interim dividends is approved. The actual dividend payment date will be decided by the shareholders in an ordinary general meeting (or by the board of directors in the absence of such a decision by the shareholders).

Timing of Payment. Under the French commercial code, Vivendi Universal must pay any dividends approved by the board of directors or shareholders within nine months of the end of its fiscal year unless otherwise authorized by court order. Dividends on shares that are not claimed within five years of the date of declared payment revert to the French State.

Liquidation Rights

If Vivendi Universal is liquidated, any assets remaining after payment of its debts, liquidation expenses and all of its remaining obligations will be distributed first to repay in full the nominal value of its ordinary shares. Any surplus will be distributed pro rata among shareholders in proportion to the nominal value of their shareholdings.

PREFERENTIAL SUBSCRIPTION RIGHTS

Under the French commercial code, if Vivendi Universal issues additional shares, or any equity securities or other specific kinds of additional securities carrying a right, directly or indirectly, to purchase equity securities issued by Vivendi Universal for cash, current shareholders will have preferential subscription rights to these securities on a pro rata basis. These preferential rights will require Vivendi Universal to give priority treatment to those shareholders over other persons wishing to subscribe for the securities. The rights entitle the individual or entity that holds them to subscribe to an issue of any securities that may increase the share capital of Vivendi Universal by means of a cash payment or a set-off of cash debts. Preferential subscription rights are transferable during the subscription period relating to a particular offering. These rights may also be listed on the Paris Bourse.

A two-thirds majority of the Vivendi Universal ordinary shares entitled to vote at an extraordinary general meeting may vote to waive preferential subscription rights with respect to any particular offering. French law requires a company's board of directors and independent auditors to present reports that specifically address any proposal to waive preferential subscription rights. In the event of a waiver, the issue of securities must be completed within the

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period prescribed by law. The shareholders may also decide at an extraordinary general meeting to give the existing shareholders a non-transferable priority right to subscribe for the new securities during a limited period of time. Shareholders may also waive their own preferential subscription rights with respect to any particular offering.

FORM, HOLDING AND TRANSFER

Form of Shares

Vivendi Universal's statuts provide that the Vivendi Universal ordinary shares may be held in registered or bearer form. In accordance with French securities law, shareholders' ownership rights, whether in registered or bearer form, are represented by book entries instead of share certificates.

Holding of Shares

Vivendi Universal maintains a share account with Sicovam for all Vivendi Universal ordinary shares in registered form, which is administered by BNP Paribas. In addition, Vivendi Universal maintains separate accounts in the name of each shareholder either directly, or, at a shareholder's request, through the shareholder's accredited intermediary (for example, a French broker, bank or financial institution registered as such). Each shareholder account shows the name of the holder and the number of shares held and, in the case of shares held through an accredited intermediary, shows that they are so held. BNP

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Paribas, as a matter of course, issues confirmations to each registered shareholder as to shares registered in the shareholder's account, but these confirmations are not documents of title.

Vivendi Universal ordinary shares held in bearer form are held on the shareholder's behalf in an account maintained by an accredited intermediary and are recorded in an account that the accredited intermediary maintains with Sicovam, as no other company is authorized to act as central depository. That account is separate from Vivendi Universal's share account for pure registered Vivendi Universal ordinary shares with Sicovam. Each accredited intermediary maintains a record of Vivendi Universal ordinary shares held through it and issues physical certificates of registration representing Vivendi Universal ordinary shares held in bearer form for the Vivendi Universal ordinary shares that it holds. Vivendi Universal ordinary shares held in bearer form may be transferred only through accredited intermediaries and Sicovam. Vivendi Universal may ask Sicovam for the identity of the holders of its ordinary shares or other securities granting immediate or future voting rights, held in bearer form, with the number of shares or other securities so held.

Transfer of Shares

Vivendi Universal's statuts do not contain any restrictions on the transfer of Vivendi Universal ordinary shares. Registered Vivendi Universal ordinary shares must be converted into bearer form before being transferred on the Paris Bourse and, accordingly, must be recorded in an account maintained by an accredited intermediary. A shareholder may initiate a transfer by giving instructions to the relevant accredited intermediary. For dealings on the Paris Bourse, a tax assessed on the price at which the securities are traded, or *impôt sur les opérations de bourse*, is payable at the rate of 0.3% on transactions of up to E152,449.02 and at a rate of 0.15% for larger trades. This tax is subject to a rebate of E22.87 per transaction and a maximum assessment of E609.80 per transaction. Nonresidents of France are not required to pay this tax. In addition, a fee or commission is payable to the broker involved in the

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transaction, regardless of whether the transaction occurs in France. No registration duty is normally payable in France, unless a transfer instrument has been executed in France.

ANTI-TAKEOVER EFFECTS

The French commercial code provides that any individual or entity, acting alone or in concert with others, that becomes the owner, directly or indirectly, of more than 5%, 10%, 20%, 33 1/3%, 50% or 66 2/3% of the outstanding shares or voting rights of a listed company in France, such as Vivendi Universal, or that increases or decreases its shareholding or voting rights above or below any of those percentages, must notify Vivendi Universal within 15 calendar days of the date it crosses such thresholds of the number of shares it holds and their voting rights. The individual or entity must also notify the Conseil des Marchés Financiers (CMF) within five trading days of the date it crosses these thresholds.

French law and COB regulations impose additional reporting requirements on persons who acquire more than 10% or 20% of the outstanding shares or voting rights of a listed company. These persons must file a report with the company, the COB and the CMF within fifteen days of the date they cross the threshold. In the report, the acquiror must specify its intentions for the following 12-month period, including whether or not it intends to continue its purchases, to acquire control of the company in question or to nominate candidates for the board of directors. The CMF makes the notice public. The acquiror must also publish a press release stating its intentions in a financial newspaper of national circulation in France. The acquiror may amend its stated intentions, provided that it does so on the basis of significant changes in its own situation or that of its shareholders. Upon any change of intention, it must file a new report.

Under CMF regulations, and subject to limited exemptions granted by the CMF, any person or persons acting in concert that own in excess of 33 1/3% of the share capital or voting rights of a French listed company must initiate a public tender offer for the balance of the share capital of such company.

To permit holders to give the required notice, Vivendi Universal is required to publish in the BALO no later than 15 calendar days after the annual ordinary general meeting of shareholders information with

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respect to the total number of voting rights outstanding as of the date of such meeting. In addition, if the number of outstanding voting rights changes by 5% or more between two annual ordinary general meetings, Vivendi Universal is required to publish in the BALO, within 15 calendar days of such change, the number of voting rights outstanding and provide the CMF with written notice of such information. The CMF publishes the total number of voting rights so notified by all listed companies in a weekly notice (avis), noting the date each such number was last updated.

If any person fails to comply with the legal notification requirement, the shares or voting rights in excess of the relevant threshold will be deprived of voting rights for all shareholders' meetings until the end of a two-year period following the date on which their owner complies with the notification requirements. In addition, any shareholder who fails to comply with these requirements may have all or part of its voting rights suspended for up to five years by the Commercial Court at the request of the chairman, any shareholder or the COB, and may be subject to a E18,293.88 fine.

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DESCRIPTION OF VIVENDI UNIVERSAL ADSS

AMERICAN DEPOSITARY SHARES

As of June 28, 2001, there were 122,321,258 Vivendi Universal authorized and outstanding ADSs. The depositary will issue the Vivendi Universal ADSs, which will be evidenced by Vivendi Universal ADRs. Vivendi Universal ordinary shares can be deposited with BNP Paribas, Societe Generale or Credit Lyonnais, as custodian, pursuant to the deposit agreement dated as of April 19, 1995, as amended and restated as of September 11, 2000, and as amended and restated as of December 8, 2000, among Vivendi Universal, The Bank of New York, as depositary, and you as a Vivendi Universal ADR holder. Each Vivendi Universal ADS will represent one Vivendi Universal ordinary share. Each Vivendi Universal ADS also will represent any securities, cash or other property deposited with the depositary but not distributed by it directly to you.

The depositary's corporate trust office is located at 101 Barclay Street, New York, NY 10286. Its principal executive office is located at One Wall Street, New York, NY 10286.

You may hold Vivendi Universal ADSs either directly or indirectly through your broker or other financial institution. If you hold Vivendi Universal ADSs directly, by having an ADS registered in your name on the books of the depositary, you will be a Vivendi Universal ADR holder. Except as otherwise indicated, this description assumes you hold your Vivendi Universal ADSs directly. If you hold the Vivendi Universal ADSs through your broker or financial institution, you will be required to rely on the procedures of that broker or financial institution to assert the rights of a Vivendi Universal ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Because the depositary actually will hold the Vivendi Universal ordinary shares, you will be required to rely on it to exercise the rights of a shareholder on your behalf. The obligations of the depositary and its agents are set out in the deposit agreement. The deposit agreement and the Vivendi Universal ADRs are governed by New York law.

The following is a summary of the material terms of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of Vivendi Universal ADR, which contains the terms of your Vivendi Universal ADSs. Copies of these documents are exhibits to the Form F-6 Registration Statement relating to the ADSs. A copy of the deposit agreement also will be on file with the depositary and the custodian and will be open for inspection by Vivendi Universal ADS holders during business hours.

SHARE DIVIDENDS AND OTHER DISTRIBUTIONS

Vivendi Universal may make various types of distributions with respect to its securities. The depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on Vivendi Universal ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of underlying Vivendi Universal ordinary shares your Vivendi Universal ADSs represent.

- Cash. The depositary will promptly convert any cash dividend or other cash distribution Vivendi Universal pays on the Vivendi Universal ordinary shares into U.S. dollars, if it can do so. If the depositary cannot convert the currency, the deposit agreement allows the depositary to distribute the distribution in the foreign currency, or hold the foreign currency it cannot convert for the account of the Vivendi

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Universal ADR holders who have not been paid. It will not invest the foreign currency and it will not be liable for interest.

Before making a distribution, any withholding taxes that will be required to be paid under applicable law will be deducted. The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. IF EXCHANGE RATES FLUCTUATE DURING A TIME WHEN THE

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DEPOSITARY CANNOT CONVERT THE FOREIGN CURRENCY, YOU MAY LOSE SOME OR ALL OF THE VALUE OF THE DISTRIBUTION.

- Shares. The depositary will distribute new Vivendi Universal ADRs evidencing any Vivendi Universal ordinary shares Vivendi Universal distributes as a dividend or free distribution. The depositary will distribute only whole Vivendi Universal ADRs. It will sell shares that would require it to issue a fractional Vivendi Universal ADR and distribute the net proceeds in the same way it does with cash. If additional Vivendi Universal ADRs are not distributed, the existing Vivendi Universal ADSs will also represent the new Vivendi Universal ordinary shares.
- Rights to receive additional shares. If Vivendi Universal offers its shareholders any rights to subscribe for additional shares or any other rights, the depositary will make these rights available to you if it can do so. If the depositary makes rights available to you, upon instruction from you, it will exercise the rights and purchase the shares on your behalf. The depositary will then deposit the shares and issue Vivendi Universal ADRs to you. It will exercise rights only if you pay it the exercise price and any other charges the rights require you to pay. If the depositary cannot make such rights available to you, it will dispose of such rights on your behalf and make the net proceeds available to you, unless the depositary cannot dispose of such rights, in which case the rights will be allowed to lapse.
- Other Distributions. The depositary will send to you anything else Vivendi Universal distributes on deposited securities, after deduction or upon payment of any fees and expenses of the depositary or any taxes or other governmental charges.

Before the depositary distributes any ADRs, rights or other property to holders of Vivendi Universal ADSs, Vivendi Universal must instruct it to do so and provide reasonably satisfactory evidence that it is legal to do so. Vivendi Universal has agreed with the holders of ADRs to take all actions necessary (including providing the required instructions and evidence to the depositary) to cause the distribution to you of all shares, rights and anything else distributed to the holders of the Vivendi Universal ordinary shares to the same extent and in the same form as any distributions made to the holders of Vivendi Universal ordinary shares, except that you will receive Vivendi Universal ADRs upon any distribution of Vivendi Universal ordinary shares and you will receive distributions of cash to the extent provided above. Vivendi Universal has agreed with the holders of ADRs to register the Vivendi Universal ADRs, shares, rights or other securities to be distributed under applicable laws, if required thereunder, and to take all other actions necessary to permit those distributions to be made. Vivendi Universal has agreed with the holders of ADRs that it will not make any distributions to the holders of Vivendi Universal ordinary shares, or offer to the holders of Vivendi Universal ordinary shares any rights to subscribe for additional shares or other securities, unless the distribution or offer will also be made substantially contemporaneously to the

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holders of the Vivendi Universal ADSs and any rights can be exercised by you on substantially the same terms as rights offered to holders of ordinary shares as required by the provisions described above.

There can be no assurance that the depository will be able to convert any currency at a specified exchange rate, or that such conversion can occur within a specified time period.

DEPOSIT, WITHDRAWAL AND CANCELTION

The depository will issue Vivendi Universal ADSs if you or your broker deposits Vivendi Universal ordinary shares or evidence of rights to receive shares with the custodian. In the case of Vivendi Universal ADSs issuable in the merger, the depository will issue the ADSs following deposit by Vivendi Universal with the custodian of the Vivendi Universal ordinary shares underlying those ADSs.

Vivendi Universal ordinary shares deposited in the future with the custodian will be required to be accompanied by certain documents, including instruments showing that those shares have been properly transferred or endorsed to the person on whose behalf the deposit is being made.

The custodian will hold all deposited Vivendi Universal ordinary shares for the account of the depository. The custodian will also hold any additional securities, property and cash received on or in

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substitution for the deposited Vivendi Universal ordinary shares and not distributed as provided in the deposit agreement. The deposited Vivendi Universal ordinary shares and any such additional items are referred to as "deposited securities".

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and expenses and any charges of the depository and any taxes such as stamp taxes or stock transfer taxes or other fees or charges owing, the depository will issue Vivendi Universal ADRs in the name of the person entitled to them evidencing the number of Vivendi Universal ADSs to which that person is entitled. Certificated Vivendi Universal ADRs will be delivered at the depository's corporate trust office to the persons you request.

When you turn in your Vivendi Universal ADSs at the depository's corporate trust office, the depository will, upon payment of certain applicable fees and expenses, charges and taxes, and upon receipt of proper instructions, deliver the underlying Vivendi Universal ordinary shares to an account designated by you and maintained by Vivendi Universal, in the case of Vivendi Universal ordinary shares in registered form, or transfer the Vivendi Universal ordinary shares to an account of an accredited financial institution on your behalf, in the case of Vivendi Universal ordinary shares in bearer form. The Vivendi Universal ordinary shares underlying the ADSs issued in connection with the merger will be in bearer form.

The depository may close the transfer books, at any time or from time to time, when deemed advisable by it in connection with the performance of its duties. However, when it does so, Vivendi Universal ADR holders retain the right to cancel their ADRs and withdraw the underlying deposited securities at any time subject only to:

- temporary delays caused by the closing of the transfer books of the depository or Vivendi Universal or the deposit of Vivendi Universal

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ordinary shares in connection with voting at a shareholders' meeting, or the payment of dividends (it is not aware of any statutory or regulatory limit to the length of time during which Vivendi Universal or the depositary can close its respective transfer books in connection with these activities; however, as indicated, we expect that any delay in canceling ADRs and withdrawing the underlying Vivendi Universal ordinary shares to be temporary);

- the payment of fees, taxes and similar charges; or
- compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of underlying deposited securities.

The right of Vivendi Universal ADS holders to withdraw underlying deposited securities may not be limited by any other provision of the deposit agreement.

VOTING RIGHTS

In general, each Vivendi Universal ADS carries the right to cast one vote on matters on which holders of Vivendi Universal ordinary shares may vote. However, in the case where a quorum of less than 60% is present at a shareholders' meeting, Vivendi Universal's statuts adjust the voting rights of shareholders who own (within the meaning of the statuts and Article L 233-9 of the French commercial code to which those statuts refer) in excess of 2% of the total voting power of Vivendi Universal through the application of a formula designed to limit the voting power of those shareholders to that which they would possess if 100% of the shareholders were present at the meeting at which the vote in question takes place. If you hold ADSs directly or indirectly through a broker or financial institution, this formula will not be applicable to you if you represent when you vote that you do not own in excess of 2% of the total voting power of Vivendi Universal (within the meaning of the statuts and Article L 233-9 of the French commercial code to which those statuts refer). If you own more than 2% (within the meaning of the statuts and Article L 233-9 of the French commercial code to which those statuts refer), you will need to contact the depositary in order to vote; the depositary will forward to Vivendi Universal the information necessary to allow you to vote. The voting instructions that will be furnished to you will explain these procedures.

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If you are a Vivendi Universal ADS holder, the depositary will provide you with voting instructions upon its receipt of notice of the meeting, and you may instruct the depositary how to exercise the voting rights for the Vivendi Universal ordinary shares underlying your Vivendi Universal ADSs. Upon receipt of notice of any meeting of holders of Vivendi Universal ordinary shares or other deposited securities sent by Vivendi Universal, the depositary will mail, at Vivendi Universal's expense, the notice to the Vivendi Universal ADR holders as soon as practicable. The notice will contain an English version of the notice received from Vivendi Universal and an English translation of any materials provided to Vivendi Universal ordinary shareholders, or in some cases, English equivalents of those materials, and will describe how you, on or before a certain date, may instruct the depositary to exercise the voting rights for the Vivendi Universal ordinary shares underlying your Vivendi Universal ADSs, including a statement as to how Vivendi Universal ordinary shares for which the depositary receives incomplete voting instructions will be voted. For instructions to be valid, the depositary will be required to receive them on or before the date specified. The depositary will vote or have its agents vote the shares or other deposited securities as you instruct and only as you instruct. The depositary will not itself exercise any voting discretion.

Vivendi Universal has agreed to deliver voting materials to the depositary

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sufficiently in advance of the meeting to enable the depositary to deliver voting materials to you, such that you will have sufficient time to give the depositary voting instructions. If you hold Vivendi Universal ADSs through a broker, dealer or other intermediary, however, Vivendi Universal cannot guarantee that your intermediary will send you voting materials in time for you to exercise your voting rights. The depositary will not charge Vivendi Universal ADS holders for submitting voting instructions as ADS holders to the depositary in connection with shareholders' meetings.

RECORD DATES

The depositary will fix the dates for determining which of the Vivendi Universal ADS holders will be entitled:

- to receive a cash dividend or other distribution;
- to give instructions for the exercise of voting rights at a meeting of holders of Vivendi Universal ordinary shares or other deposited securities; and
- to give instructions for granting approvals for proposed amendments to the deposit agreement;

all subject to the provisions of the deposit agreement.

REPORTS AND OTHER COMMUNICATIONS

The depositary will deliver to all holders of Vivendi Universal ADSs English translations of all notices and any other communications and reports, including proxy materials, delivered to the holders of the Vivendi Universal ordinary shares or, in some cases, English equivalents of those documents. In addition, Vivendi Universal will notify the depositary, and the depositary will notify the Vivendi Universal ADS holders, of any meeting of Vivendi Universal's shareholders or Vivendi Universal ADS holders, or of any adjourned meeting, provided that the depositary receives notice of such meeting from Vivendi Universal. The depositary will make available for inspection, at its corporate trust office, English translations of all communications and reports that Vivendi Universal makes available for inspection by holders of Vivendi Universal ordinary shares or, in some cases, English equivalents of those documents. Vivendi Universal has agreed to provide the depositary sufficient copies of all documents required to be delivered or made available to permit the depositary to satisfy these obligations.

The depositary will also make available for inspection at its corporate trust office books, including the list of holders of receipts, for the registration and transfer of receipts by the Vivendi Universal ADS holders, provided that the inspection is not for the purpose of communicating with Vivendi Universal ADS holders in the interest of a business or object other than Vivendi Universal's business or is for a matter related to the deposit agreement or the Vivendi Universal ADSs.

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FEES AND EXPENSES

Vivendi Universal ADS holders may be charged a fee for each issuance of Vivendi Universal ADSs, including issuances resulting from distributions of shares, rights and other property, and for each surrender of Vivendi Universal ADSs, including if the deposit agreement terminates. The fee in each case shall not be in excess of U.S.\$5.00 for each 100 Vivendi Universal ADSs (or any portion thereof) issued or surrendered. Vivendi Universal ADS holders or persons

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depositing shares may also be charged for the following expenses:

- stock transfer and other taxes and governmental charges;
- cable, telex and facsimile transmission and delivery charges;
- transfer or registration fees for the registration or transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars; and
- a fee not in excess of U.S.\$0.02 per Vivendi Universal ADS (or portion thereof) for any cash distribution, except for distributions of cash dividends.

Vivendi Universal will pay all other charges and expenses of the depositary, including all fees and expenses related to the issuance of ADSs in the merger, and any agent of the depositary (except the custodian) pursuant to agreements entered into from time to time by Vivendi Universal and the depositary. The fees described above may be amended from time to time.

PAYMENT OF TAXES

You will be required to pay any tax or other governmental charge payable by the custodian or the depositary on any Vivendi Universal ADS or ADR, deposited security or distribution. If you owe any tax or other governmental charge, the depositary may deduct the amount of that tax or charge from any cash distribution or sell deposited securities and deduct the amount owing from the net proceeds of such sale. In either case, you will remain liable for any shortfall. Additionally, if any tax or governmental charge is unpaid, the depositary may refuse to effect any transfer of a Vivendi Universal ADS or withdrawal of deposited securities (except under limited circumstances mandated by securities regulations) until such payment is made. If the depositary sells the deposited securities, it will, if appropriate, reduce the number of Vivendi Universal ADRs to reflect the sale and pay to you any proceeds, or send to you any property, remaining after it has paid the taxes. The depositary will use reasonable efforts to assist eligible U.S. residents who request assistance, in recovering amounts to which they may be entitled under some provisions of French law relating to the payment of dividends, including excess withholding and amounts in respect of the avoir fiscal. See "Vivendi Universal -- Taxation".

RECLASSIFICATIONS, RECAPITALIZATIONS AND MERGERS

If Vivendi Universal takes certain actions that affect the deposited securities, including (1) any change in nominal value or par value, split-up, consolidation or other reclassification of deposited securities or (2) any recapitalization, reorganization, merger, consolidation, liquidation or sale of Vivendi Universal's assets, then the shares or other securities received by the depositary will become deposited securities. Any cash received by the depositary will be distributed to the extent described above. Each Vivendi Universal ADR will automatically represent its equal share of cash (until distributed) or the new deposited securities, unless additional Vivendi Universal ADRs are distributed pursuant to the following sentence. The depositary may execute and deliver additional Vivendi Universal ADRs, as in the case of a distribution of ordinary shares, or ask you to surrender your outstanding Vivendi Universal ADRs in order to provide you with new Vivendi Universal ADRs specifically describing the new deposited securities.

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AMENDMENT AND TERMINATION

In general, Vivendi Universal may agree with the depository to amend the deposit agreement and the Vivendi Universal ADSs without your consent. However, holders of a majority of the Vivendi Universal ADSs must approve in writing any amendment that materially and adversely affects their rights or, with respect to specified provisions of the deposit agreement, any amendment that is adverse to them. Notwithstanding the foregoing, ADS holders do not have the right to approve:

- amendments that are necessary to comply with any applicable laws or regulations, Vivendi Universal's statuts or the rules and regulations of the stock exchange on which the ADSs are listed;
- amendments to increase the fees or charges that the depository may charge to you; and
- amendments to change the number of Vivendi Universal ordinary shares that are represented by each ADS.

In situations where no approval is required, Vivendi Universal ADS holders must be given at least 30 days notice of any amendment that imposes or increases any fees or charges (except for taxes and other charges or registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or affects any substantial existing right of Vivendi Universal ADS holders. If a Vivendi Universal ADS holder continues to hold Vivendi Universal ADSs after being so notified, such holder will be deemed to have agreed to such amendment. Notwithstanding the foregoing, an amendment can become effective before notice is given if necessary to ensure compliance with a new law, rule or regulation.

No amendment will impair your right to surrender your Vivendi Universal ADSs and receive the underlying securities, except in order to comply with an applicable law.

The depository will terminate the deposit agreement if Vivendi Universal asks it to do so. Vivendi Universal can only do so if the deposited securities are listed on the NYSE or the Nasdaq National Market prior to that termination. The depository may also terminate the deposit agreement if the depository has told Vivendi Universal that it would like to resign and Vivendi Universal has not appointed a new depository bank within 90 days. In that event, Vivendi Universal will use its reasonable best efforts to either:

- enter into a successor depository agreement having terms no less favorable to the holders of Vivendi Universal ADSs than the previous depository agreement; or
- cause the Vivendi Universal ordinary shares or other deposited securities (which will be distributed to ADS holders upon surrender of their ADSs) to be listed on the NYSE or the Nasdaq National Market.

The depository will be required to notify you at least 90 days before termination.

After termination, the depository and its agents will be required only to collect dividends and other distributions on the deposited securities and deliver ordinary shares and other deposited securities upon cancelation of Vivendi Universal ADSs. After one year from the date of termination, the depository may sell any remaining deposited securities by public or private sale. After that, the depository will hold the proceeds of the sale, as well as any other cash it is holding under the deposit agreement, for the pro rata

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benefit of the Vivendi Universal ADS holders that have not surrendered their Vivendi Universal ADSs. It will not invest the money and will have no liability for interest. The depository's only obligations will be to account for the proceeds of the sale and other cash. After termination Vivendi Universal's only obligations under the deposit agreement will be with respect to indemnification and to pay certain amounts to the depository.

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LIMITATIONS ON OBLIGATIONS AND LIABILITY TO VIVENDI UNIVERSAL ADS HOLDERS

The deposit agreement expressly limits the obligations and liability of the depository and its agents. Neither the depository nor any of its agents will be liable if it:

- is prevented from or hindered in performing any obligation by circumstances beyond its control, including, without limitation, requirements of law, rule, regulation, the terms of the deposited securities and acts of God;
- exercises or fails to exercise discretion under the deposit agreement;
- performs its obligations without negligence or bad faith;
- takes any action or fails to take any action based on advice or information provided by legal counsel, accountants, any person presenting Vivendi Universal ordinary shares for deposit, any holder or any other qualified person; or
- relies on any documents it believes in good faith to be genuine and to have been properly executed.

The deposit agreement limits Vivendi Universal's liability and obligations, and those of Vivendi Universal's agents, in the same way.

Neither the depository nor Vivendi Universal, nor their respective agents, will be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities or the ADSs that in the opinion of Vivendi Universal or the depository, respectively, may lead it to incur expense or liability, unless indemnity satisfactory to it against all expenses (including fees and disbursements of counsel) and liability is furnished as often as it requires.

The depository will not be responsible for a failure to carry out instructions to vote the deposited securities (provided it performs its obligations in good faith), the matter on which any vote is cast or the effect of the vote.

The depository may own and deal in any class of Vivendi Universal securities.

DISCLOSURE OF INTEREST IN VIVENDI UNIVERSAL ADSS

Vivendi Universal may from time to time request Vivendi Universal ADS holders to provide information as to the capacity in which the holders own or owned Vivendi Universal ADSs and regarding the identity of any other persons then or previously interested in the Vivendi Universal ADSs as to the nature of such interest and various other matters. The depository will use reasonable efforts to comply with written instructions received from Vivendi Universal requesting that the depository forward any such requests to the Vivendi Universal ADS holders and to forward to Vivendi Universal any responses to such

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requests received by the depositary.

Each Vivendi Universal ADS holder will be required to comply with Vivendi Universal's statuts, as they may be amended from time to time, and French law, if applicable, with respect to the disclosure requirements regarding ownership of Vivendi Universal's shares, all as if such ADSs were, for this purpose, the Vivendi Universal ordinary shares represented thereby. For a description of provisions of French law and Vivendi Universal's statuts that impose disclosure obligations, see "Description of Vivendi Universal Ordinary Shares -- Anti-Takeover Effects", and "Comparison of Shareholder Rights -- Anti-Takeover Provisions". In order to facilitate compliance with those requirements, Vivendi Universal ADS holders will be required to deliver any required information to the depositary and Vivendi Universal. Vivendi Universal will, as soon as practicable, forward the information, if applicable, to the CMF or other French authorities.

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REQUIREMENTS FOR DEPOSITARY ACTIONS

Before the depositary will issue or register transfer of an ADR, make a distribution on an ADR, or make a withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- production of satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver, transfer, or register transfers of Vivendi Universal ADRs generally when the books of the depositary or Vivendi Universal are closed, or at any time if the depositary deems it advisable to do so.

You will have the right to cancel your Vivendi Universal ADSs and withdraw the underlying Vivendi Universal ordinary shares at any time except in circumstances in which the depositary may restrict the withdrawal of deposited securities. See "-- Deposit, Withdrawal and Cancellation".

PRE-RELEASE OF ADRS

In certain circumstances, subject to the provisions of the deposit agreement, the depositary may issue Vivendi Universal ADRs before deposit of the underlying Vivendi Universal ordinary shares. This is called a pre-release of the Vivendi Universal ADRs. The depositary may also deliver Vivendi Universal ordinary shares upon cancellation of pre-released Vivendi Universal ADRs (even if the Vivendi Universal ADRs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying Vivendi Universal ordinary shares are delivered to the depositary. The depositary may receive Vivendi Universal ADRs instead of Vivendi Universal ordinary shares to close out a pre-release. The depositary may pre-release Vivendi Universal ADRs only under the following conditions:

- before or at the time of the pre-release, the party to whom the pre-release is being made must:

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- represent to the depositary in writing that it or its customer owns the shares or Vivendi Universal ADRs to be deposited;
- assign all beneficial ownership of the shares or Vivendi Universal ADRs to the depositary; and
- agree to not take any action with respect to the shares or Vivendi Universal ADRs that is inconsistent with the transfer of beneficial ownership;
- the pre-release must be fully collateralized with cash or other collateral that the depositary considers appropriate; and
- the depositary must be able to close out the pre-release on not more than five business days' notice.

In addition, the depositary will limit the number of Vivendi Universal ADRs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time, if it deems it appropriate to do so.

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COMPARISON OF SHAREHOLDER RIGHTS

The rights of MP3.com stockholders are governed by the General Corporate Law of the State of Delaware, which we refer to as "Delaware law", and the provisions of MP3.com's amended and restated certificate of incorporation (charter) and amended and restated by-laws. The rights of Vivendi Universal shareholders are governed by the French commercial code and by the provisions of Vivendi Universal's statuts. The following is a summary of the material differences between the rights of MP3.com stockholders and Vivendi Universal shareholders. These differences arise from differences between Delaware law and the French commercial code and between MP3.com's charter and by-laws and the statuts of Vivendi Universal. Upon completion of the merger, the rights of MP3.com stockholders who become holders of Vivendi Universal ADSs will be governed by the French commercial code and Vivendi Universal's statuts. For more complete information, you should read MP3.com's charter and by-laws and the Vivendi Universal statuts, as well as Delaware law and the French commercial code.

MP3.com's charter and by-laws may be obtained without charge by following the instructions in the section entitled "Where You Can Find More Information" on page 184. You should refer to "Description of Vivendi Universal ADSs" for a description of the Vivendi Universal ADSs and a discussion of the ways in which the rights of holders of Vivendi Universal ADSs may differ from those of holders of Vivendi Universal ordinary shares.

SIZE AND QUALIFICATION OF THE BOARD OF DIRECTORS

MP3.com

Under Delaware law, the charter document or by-laws of a corporation may specify the number of directors.

The MP3.com board has six members. MP3.com's charter and by-laws provide that the number of directors will be set by the board of directors. The MP3.com by-laws provide that the directors will be divided into three classes, designated as Class I, Class II and Class III, respectively. At each annual meeting of stockholders, directors are elected for a full term of three years to

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succeed the directors of the class whose terms expire at such annual meeting.

Vivendi Universal

Vivendi Universal's statuts provide that the board of directors shall have:

- not less than three nor more than 20 members, each of whom shall be elected by the shareholders at an ordinary shareholders' meeting, provided that the maximum number of board members will be reduced to 19 as of January 1, 2002 and will be reduced to 18 as of January 1, 2003; and
- subject to certain conditions, one additional director who represents the employee-shareholders of the company and its affiliates.

Vivendi Universal's statuts provide that a director must own at least 750 shares of the company for as long as he or she serves as a director.

Vivendi Universal's statuts fix the term of reappointment of directors at four years. However, Vivendi Universal's statuts provide that no more than one-fifth of the directors may be 70 or older. No individual director may be over 75.

The chairman of Vivendi Universal's board of directors is elected by the directors and must be a natural person. The chairman serves for the term determined by the board when the chairman is elected. Vivendi Universal's statuts also provide for a vice chairman, who may be elected by the board of directors upon proposal of the chairman.

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REMOVAL OF DIRECTORS AND VACANCIES

MP3.com

Pursuant to MP3.com's charter, any director or the entire Board may be removed, with or without cause, by a majority of the shares then entitled to vote at an election of directors.

The MP3.com by-laws provide that subject to applicable law and the rights of the holders of any series of preferred stock, and unless the board otherwise determines, vacancies from any cause, including removal, and newly created directorships resulting from an increase in the number of directors may be filled only by a majority vote of the remaining directors then in office, although less than a quorum. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified. A vacancy in the board shall be deemed to exist in the case of the death, removal or resignation of any director.

If at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole board (as constituted immediately prior to any such increase), the Delaware Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by Section 211 of the Delaware law.

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Vivendi Universal

The members of the board of directors of Vivendi Universal may be removed prior to the expiration of their terms by a majority vote of the company's shareholders. Under the French commercial code, removal of members of the board of directors will not subject the company to liability unless the removed director shows that his or her removal was done in an injurious or vexatious manner.

As required by the French commercial code, in the case of a vacancy resulting from the resignation or death of a member of the board of directors, the remaining members may fill the vacancy by appointing a new member of the board, subject to ratification by the shareholders at the next ordinary general meeting. The employee-shareholders representative on the board of directors loses his or her office in the case of a termination of his or her employment agreement or, as the case may be, if he or she ceases to be a shareholder. The vacancy of the employee-shareholder representative may be filled by the board of directors subject to ratification by the shareholders.

SHAREHOLDER NOMINATIONS AND PROPOSALS

MP3.com

The MP3.com by-laws provide that nominations of persons for election to the board and the proposal of business to be considered by the stockholders may be made at any annual meeting of the stockholders only:

- pursuant to MP3.com's notice of meetings;
- by or at the direction of the board; or
- by any stockholder of record entitled to vote at such meeting who complies with the notice procedures described below.

For nominations or other business to be properly brought before the annual meeting, a stockholder must deliver to the corporate secretary of MP3.com at the principal executive officers of MP3.com a written notice of the nomination or proposal not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. If the annual meeting is to be held more than 30 days prior to or after this anniversary date, notice must be so delivered not earlier than the close of business on

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the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made.

The MP3.com by-laws further provide that any such notice by a stockholder must set forth:

- all information relating to each nominee required to be disclosed in a solicitation for proxies pursuant to the Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected);
- a brief description of any other business desired to be brought before a meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

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- the stockholder's name and address as it appears on MP3.com's books, the class and number of shares beneficially owned by such stockholder and a representation that such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of the proposal, at least the percentage of the corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the corporation's voting shares to elect such nominee or nominees.

In the event that the number of directors to be elected to the board is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased board made by MP3.com at least 100 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required hereunder shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the corporate secretary at the principal executive offices of MP3.com not later than the close of business on the 10th day following the day on which such public announcement is first made by MP3.com.

In order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the Exchange Act.

Vivendi Universal

Under the French commercial code, shareholders can nominate individuals for election to a company's board of directors at an ordinary general shareholders' meeting if the election of directors is part of the agenda for the shareholders' meeting. However, under the French commercial code, shareholders cannot elect a new director at an ordinary general shareholders' meeting if the agenda for the meeting does not include the election of directors, unless such nomination is necessary to fill a vacancy due to the previous removal of a director. In any case, the nomination must contain the name, age, professional references and professional activity of the nominee for the past five years, if any, the occupation within the Company, as well as the number of the company's shares owned by such candidate, if any. This information must be made available to shareholders by the company's board of directors no less than 15 days before the meeting. If the agenda for the shareholder's meeting includes the election of members of the board of directors, any shareholder may nominate a candidate for election to the board at the shareholders' meeting, even if the shareholder has not followed established nomination procedures.

Under the French commercial code, shareholders representing, individually or collectively, a specified percentage (which in any event will be no more than 5%) of a company's capital may request that a resolution they propose for adoption at a shareholder meeting be included in the agenda. This request must be made within 10 days of the publication of the initial notice of the shareholders' meeting in the BALO and may specify the reasons for the resolution. Properly submitted requests will be considered at the meeting. The French commercial code requires a company's board of directors to respond at the meeting to any questions submitted in writing by any shareholder.

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SHAREHOLDERS' MEETINGS AND QUORUM

MP3.com

The MP3.com by-laws provide that annual meetings of stockholders shall be

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held on the date and time fixed by the board in the notice of such meeting, and that special meetings of the stockholders may be called only by the Chairman of the Board, the Chief Executive Officer or a majority of the directors (regardless of vacancies). The board determines the time and place of such special meetings.

The MP3.com by-laws provide that written notice of the date, time, place and purposes of each meeting of the stockholders must be mailed not less than ten days nor more than 60 days before the date of such meeting to each stockholder entitled to vote at such meeting. The by-laws also provide that special meetings shall be held not less than 35 nor more than 120 days after the date of the receipt of the proper request for such a meeting. Upon determination of the time and place of the meeting, the officer receiving the request shall cause notice to be given to the stockholders entitled to vote as outlined above. If the notice is not given within 100 days after the receipt of the request, the person or persons properly requesting the meeting may set the time and place of the meeting and give the notice.

The MP3.com by-laws provide that, except as otherwise provided by applicable law, at each meeting of the stockholders the presence in person or by proxy of the holders of a majority of the outstanding shares of stock entitled to vote at such meeting shall constitute a quorum for such meeting.

Vivendi Universal

Three types of shareholders' meetings exist under the French commercial code: ordinary, extraordinary and special. As required by the French commercial code, Vivendi Universal is required to hold an ordinary shareholders' meeting within six months of the end of the company's fiscal year to receive the board of directors' annual report and the statutory auditor's reports on the operations of, and the financial statements for, the company for the past fiscal year. An annual ordinary general meeting of the shareholders may also be held in order to, among other things, ratify transactions between the company and any member of its board of directors or any managing director, if any.

All shareholders' meetings are held pursuant to an initial notice published in the BALO, the French official gazette, at least 30 days before the meeting takes place. This legal requirement applies to any company listed on the Paris Bourse. An additional notice of the meeting must be published in the BALO and in a newspaper authorized to publish legal announcements at least 15 days prior to the meeting or at least six days prior to the resumption of any meeting adjourned for lack of quorum. The same notice must be sent to each registered shareholder and to the auditors of the company. If you will be a Vivendi Universal ADS holder, you will receive an English translation of these notices. In the event the board of directors fails to publish such notice or call a required meeting, a meeting may be convened by the company's statutory auditor or a court-appointed agent. A court may be requested to appoint an agent by:

- one or more shareholders holding in the aggregate at least 5% of the company's capital, in the case of a general meeting, or 5% of a specific category of shares, in the case of a special meeting;
- the Employee Committee in cases of emergency;
- any interested party in cases of emergency;
- so long as the company remains listed on the Paris Bourse, certain duly qualified associations of shareholders who have held their shares in registered form for at least two years and who together hold at least 2% of the voting rights of the Company; or
- in a bankruptcy, the liquidator or court appointed agent may also call a

shareholders' meeting in some instances.

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Shareholders holding more than 50% of share capital or voting rights may also convene a shareholders' meeting after a public offer or a sale of a controlling stake of the share capital.

A quorum for an ordinary general shareholders' meeting consists of holders of shares constituting at least one-fourth of the voting power of the company's outstanding shares entitled to vote at the ordinary meeting taking place. If no quorum exists, no quorum is required with respect to the meeting that takes place with the same agenda following an adjournment. A quorum for an extraordinary shareholders' meeting consists of the holders of shares constituting at least one-third of the voting power of the company's outstanding shares entitled to vote at the extraordinary meeting. If no quorum exists, the required quorum at the meeting following an adjournment is at least one-fourth of the voting power of the company's outstanding shares entitled to vote at the extraordinary meeting.

A quorum for a special shareholders' meeting consists of the holders of shares constituting one half of the voting power of the company's outstanding shares entitled to vote at the special meeting. If no quorum exists, the required quorum is at least one-fourth of the voting power of outstanding shares entitled to vote at the special meeting following an adjournment. A majority of the votes cast is required to approve actions taken at an ordinary shareholders' meeting and a two-thirds majority is required to approve actions taken at an extraordinary shareholders' meeting or a special shareholders' meeting, except that unanimity is required to increase liabilities of shareholders.

According to Vivendi Universal's statuts, the number of voting rights held by each shareholder at a general meeting shall be equal to the number of the voting rights attached to the shares owned by that holder, except that the voting rights of shareholders who own in excess of 2% of the total voting power of the company are adjusted to that which they would possess if 100% of the shareholders were present or represented at the meeting at which the vote in question takes place. Notwithstanding the foregoing, this limitation does not apply if a quorum equal or superior to 60% exists at a general meeting.

APPROVAL OF EXTRAORDINARY ACTIONS

MP3.com

Under Delaware law, fundamental corporate transactions (such as mergers, sales of all or substantially all of the corporation's assets and dissolutions) require the approval of the holders of a majority of the shares entitled to vote. Under the MP3.com charter and by-laws, amendments to the by-laws and certain provisions of the certificate of incorporation require the approval of 66 2/3% of all outstanding shares.

Vivendi Universal

Under the French commercial code, the fundamental transactions that require the approval of at least two-thirds of the votes cast include:

- amendments to the statuts;
- transfers of the company's registered office to a non-neighboring department;
- increases or decreases of the company's registered capital;

- eliminations of shareholders' pre-emptive rights with respect to any transactions that either immediately or with the passage of time would result in an increase in the registered capital;
- authorizations of employee stock option and/or purchase plans; and
- authorizations of mergers, spin-offs, dissolutions and dispositions of all or substantially all of the company's assets if the disposition would entail a modification of the company's corporate purpose.

In addition, the transformation of a corporation into another type of legal entity requires, depending on the type of entity the company seeks to become, a unanimous vote, a three-fourths majority vote or a two-thirds majority vote of votes cast.

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SHAREHOLDER ACTION BY WRITTEN CONSENT

MP3.com

Under the MP3.com by-laws, no action of stockholders may be taken by written consent.

Vivendi Universal

The French commercial code does not permit shareholders to act by written consent outside a general shareholders' meeting.

PAYMENT OF DIVIDENDS

MP3.com

Delaware law generally permits dividends to be paid out of any surplus, defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by the board of directors, which cannot be less than the aggregate par value of all issued shares of capital stock. Delaware law also permits a dividend to be paid out of the net profits of the current or the preceding fiscal year, or both, unless net assets are less than the capital represented by any outstanding preferred shares.

Vivendi Universal

Net income in each fiscal year, after deductions for depreciation and provisions, as increased or reduced, as the case may be, for profit or loss carried forward from prior years, less any contributions to legal reserves, constitutes the distributable profits (benefice distribuable) available for distribution to the shareholders of a French company as dividends, subject to requirements of French law and the company's statuts.

Under the French commercial code, a company is required to allocate five percent of its net profits in each fiscal year to a legal fund until the amount in such reserve is equal to 10% of the nominal amount of the outstanding share capital. The legal reserve is distributable only upon the liquidation of the company.

Except in the case of a decrease in share capital, no distribution may be made to shareholders if as a result of such distribution, the shareholders' equity would fall below the amount of the share capital increased by those reserves that may not be distributed according to applicable legal provisions or

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the company's statuts. The amount of dividends is fixed at the general shareholders' meeting at which the annual accounts are approved, following the recommendation of the board of directors. The methods of payment of dividends are determined by the general shareholders' meeting or by the board of directors in the absence of a decision by the shareholders.

If the company has earned a profit since the end of the preceding fiscal year, as shown on an interim balance sheet certified by the company's auditors, the board of directors has the authority, subject to the French commercial code and regulations, to distribute interim dividends to the extent of such profit prior to the approval of the annual financial statements by the shareholders.

PREFERENTIAL SUBSCRIPTION RIGHTS

MP3.com

Under Delaware law, stockholders have no pre-emptive rights to subscribe for additional issues of stock or for any security convertible into such stock unless, and except to the extent that, such rights are expressly provided for in the certificate of incorporation. The MP3.com charter does not provide for pre-emptive rights.

Vivendi Universal

Under the French commercial code, if a corporation issues shares or other securities that carry a right, directly or indirectly, to purchase equity securities issued by the corporation for cash, current

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shareholders have preferential rights to purchase those securities on a pro rata basis. Those rights entitle the individual or entity that holds them to subscribe for an issue of any securities that may increase the corporation's share capital for consideration consisting of a cash payment or a set-off of cash debts. Preferential subscription rights are transferable during the subscription period relating to a particular offering. The rights are listed on the Paris Bourse for the same period.

A two-thirds majority of the votes cast at an extraordinary general meeting may vote to waive preferential subscription rights with respect to any particular offering. French law requires a company's board of directors and independent auditors to present reports that specifically address any proposal to waive preferential subscription rights. In the event of a waiver, the issue of securities must be completed within the period prescribed by law. The shareholders may also decide at an extraordinary general meeting to give the existing shareholders a non-transferable priority right to subscribe for the new securities during a limited period of time. Shareholders may also waive their own preferential subscription rights with respect to any particular offering.

APPRAISAL RIGHTS

MP3.com

Delaware law provides for appraisal rights on the part of the stockholders of a corporation only in the case of specified mergers or consolidations. Moreover, unless the certificate of incorporation so provides, Delaware law does not provide for appraisal rights in connection with sales or transfers of all or substantially all of a corporation's assets, amendments to a corporation's certificate of incorporation or a merger or consolidation for stock listed on a national securities exchange or designated as a national market system security on The Nasdaq Stock Market or held of record by more than 2,000 stockholders,

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unless the agreement of merger or consolidation requires the holders of the stock to receive, in exchange for their shares, any property other than shares of stock of the surviving corporation, shares of stock of any other corporation listed on a national securities exchange or designated as a national market system security on The Nasdaq Stock Market or held of record by more than 2,000 holders, cash instead of fractional shares or any combination of the foregoing. MP3.com's charter does not provide for appraisal rights in these circumstances.

In addition, Delaware law denies appraisal rights to the stockholders of the surviving corporation in a merger if the merger did not require the approval of the stockholders of the surviving corporation. See "-- Approval of Extraordinary Actions".

Vivendi Universal

The French commercial code does not provide for appraisal rights. However, under the French commercial code, the stock exchange authorities may require a controlling shareholder (as defined under French law) of a listed company to launch a compulsory tender offer for the company's shares in certain instances, such as when the controlling shareholder decides to merge the company with another company, to change fundamentally the activities of the company or to discontinue dividends.

DUTIES OF THE BOARD OF DIRECTORS

MP3.com

Delaware law provides that the board of directors of a corporation has the ultimate responsibility for managing the corporation's business and affairs. In discharging this function, directors of Delaware corporations owe fiduciary duties of care and loyalty to the corporations for which they serve as directors. Directors of Delaware corporations also owe fiduciary duties of care and loyalty to stockholders. Delaware courts have held that the directors of a Delaware corporation are required to exercise an informed business judgment in the performance of their duties. An informed business judgment means that the directors have informed themselves of all material information reasonably available to them.

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A director of a Delaware corporation, in the performance of such director's duties, is fully protected in relying, in good faith, upon the records of the corporation and upon such information, opinions, reports or statements presented to the corporation by any of the corporation's officers or employees, or committees of the board of directors, or by any other person as to matters the director reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the corporation.

Delaware law does not contain any statutory provision permitting the board of directors, committees of the board and individual directors, when discharging the duties of their respective positions, to consider the interests of any constituencies other than the corporation or its stockholders. It is unclear under the current state of development of the Delaware law the extent to which the board of directors, committees of the board and individual directors of a Delaware corporation may, in considering what is in the corporation's best interests or the effects of any action on the corporation, take into account the interests of any constituency other than the stockholders of the corporation. In addition, the duty of the board of directors, committees of the board and individual directors of a Delaware corporation may be enforced directly by the corporation or may be enforced by a stockholder, as such, by an action in the

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right of the corporation, or may, in certain circumstances, be enforced directly by a stockholder or by any other person or group.

Vivendi Universal

Vivendi Universal's statuts provide that the board of directors is vested with the fullest powers to act in any circumstance on the company's behalf, within the scope of the company's purpose and subject to those powers expressly attributed by the law to shareholders' meetings or to the chairman of the board of directors. In accordance with the amendments of the French Commercial Code dated May 16, 2001, Vivendi Universal's statuts may be amended in order to provide that the board of directors determines the main orientations given in the activities of the Company.

Vivendi Universal's statuts provide that the chairman of the board of directors also serves as its president. Vivendi Universal's statuts further provide that the chairman/president is vested with the power to act in any circumstance on the company's behalf and to represent the company with respect to third parties, within the scope of the company's corporate purpose and subject to those powers expressly attributed by the French commercial code to shareholders' meetings or to the board of directors.

Vivendi Universal's directors owe a duty of loyalty and care to the company. Members of Vivendi Universal's board of directors are held accountable, either individually or jointly, as applicable, to the company or to third parties for breaches of statutory or regulatory provisions applicable to public limited companies, for violations of the company's statuts and for mismanagement.

ANTI-TAKEOVER PROVISIONS

MP3.com

MP3.com is subject to the provisions of Delaware law described below regarding business combinations with interested stockholders because there is no opt-out provision in its charter with respect to these provisions.

Section 203 of the Delaware law applies to a broad range of business combinations between a Delaware corporation and an interested stockholder. The Delaware law definition of "business combination" includes mergers, sales of assets, issuance of voting stock and certain other transactions. An "interested stockholder" is defined as any person who owns, directly or indirectly, 15% or more of the outstanding voting stock of a corporation.

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Section 203 prohibits a corporation from engaging in a business combination with an interested stockholder for a period of three years following the time that the stockholder became an interested stockholder, unless:

- before the stockholder became an interested stockholder, the board of directors approved the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction which resulted in the stockholder becoming an interested stockholder, such stockholder owned at least 85% of the voting stock outstanding when the transaction began other than shares held by directors who are also officers and other than shares held by certain employee stock plans; or
- the board of directors approved the business combination after the

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stockholder became an interested stockholder and the business combination was approved at a meeting by at least two-thirds of the outstanding voting stock not owned by such stockholder.

Vivendi Universal

Under applicable French stock exchange regulations, when a natural person or a legal entity, acting alone or in concert, comes to hold, directly or indirectly, more than one-third of the securities or more than one-third of the voting rights of a listed company, that person or legal entity is obliged to make a tender offer for all the capital stock of the company and all other securities convertible into, or exchangeable or otherwise exercisable for, the capital stock or voting rights of the company. The offer must be on terms and conditions that are acceptable to the CMF and must remain open for 25 trading days.

The same provisions apply to any natural person or legal entity acting alone or in concert:

- that holds directly or indirectly between one-third and one-half of the securities or the voting rights of a company and that, in less than twelve consecutive months, increases the number of securities or voting rights it holds by at least 2% of all the securities or voting rights of the company; or
- where more than one-third of the capital or voting rights of a listed company is held by another company and constitutes an essential part of the other company's assets and where:
 - a person acquires "control" (as defined under the French commercial code) of the other company; or
 - a group of persons acting in concert holds more than 50% of the capital or of the voting rights of the other company, without any of those persons having control individually.

French stock exchange regulations provide certain exemptions to the obligation to make a mandatory offer that may be allowed by the CMF.

Under French stock market regulations, a shareholder who comes to hold, alone or in concert with others, at least 95% of the voting rights of a listed company may initiate a withdrawal offer (offre publique de retrait) to acquire the shares of the remaining shareholders and, subject to the initiator having decided to do so at the time of the launch of the offer, the withdrawal offer may be followed by a mandatory "squeeze out" (retrait obligatoire) of the remaining minority shareholders. The majority shareholder may also reserve its right to initiate a squeeze out until the withdrawal offer has been completed. In the case of a majority shareholder that holds 95% of the company's voting rights, any holder of voting equity securities that does not belong to the majority group can also apply to the CMF to require the majority shareholder or group to file a withdrawal offer, and consequently to offer to acquire the shares of the minority. In that instance, the consideration to be given to the minority under the squeeze out cannot be lower than the withdrawal offer (and may be required to be higher if any event that would be of influence to the value of the company's securities occurs after the withdrawal offer is declared receivable by the CMF). The consideration offered must, in addition, be appraised by an independent expert.

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likelihood that a potential acquiror will gain control of the company. In particular, under Vivendi Universal's statuts:

- the voting rights of shareholders who own in excess of 2% of the total voting power of the company are adjusted to that which they would possess if 100% of the shareholders were present or represented at the meeting at which the vote in question takes place, if a quorum of less than 60% is present at a shareholders' meeting; and
- any person or group that fails to notify the company within 15 days of acquiring or disposing of 0.5% or any multiple of 0.5% of the company's shares, voting rights or securities convertible into shares may be deprived of voting rights for those shares in excess of the unreported fraction.

Holders of Vivendi Universal ADSs must also comply with these disclosure requirements. These holders are also subject to having their voting rights reduced in the event of noncompliance to the same extent as holders of ordinary shares.

SHAREHOLDER SUITS

MP3.com

Under Delaware law, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on his or her own behalf and other similarly situated stockholders where the requirements for maintaining a class action under Delaware law have been met. A person may institute and maintain such a suit only if such person was a stockholder at the time of the transaction which is the subject of the suit or his or her stock thereafter devolved upon him or her by operation of law. Additionally, under Delaware case law, the plaintiff generally must be a stockholder not only at the time of the transaction which is the subject of the suit, but also through the duration of the derivative suit. Delaware law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff, unless such demand would be futile.

Vivendi Universal

The French commercial code allows a single shareholder, irrespective of the percentage of share capital he or she owns, or a group of shareholders owning a specified percentage of the share capital, to initiate a corporation action (action sociale) against one or more directors. The purpose of such an action is to repair the prejudice suffered by the corporation.

INSPECTION OF BOOKS AND RECORDS

MP3.com

Under Delaware law, every stockholder, upon proper written demand stating the purpose, may inspect the corporate books and records as long as the inspection is for a "proper purpose" and during normal business hours. A "proper purpose" is any purpose reasonably related to the interest of the inspecting person as a stockholder.

Vivendi Universal

Under the French commercial code, shareholders or their proxies may examine a number of corporate records relating to the previous three fiscal years, including:

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- inventory lists;
- consolidated financial statements, if any;
- reports of the board of directors and the statutory auditors;
- proposed resolutions;

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- information relating to directoral candidates;
- the total overall compensation paid to the corporation's ten highest-paid employees;
- the total amount of charitable deductions made by the corporation;
- minutes of shareholders' meetings;
- the list of attendees at shareholders' meetings;
- the corporation's statuts; and
- a list of the corporation's directors and statutory auditors.

Shareholders may consult the documents listed above at any time at the company's registered office. Shareholders also have the right to make one copy of the documents that are available for consultation.

Shareholders have additional inspection rights prior to a shareholders' meeting. Along with their proxy cards, shareholders receive a form that they can fill out and return to the registered office to request documents. Prior to a shareholders' meeting, shareholders have the right to receive information, including:

- the agenda for the meeting;
- a table showing results of operations for the previous five years;
- the report of the board of directors that will be presented at the meeting;
- a summary of the company's financial situation over the previous fiscal year;
- the statutory auditors' reports;
- the proposed resolutions to be presented at the meeting;
- the names of the directors and officers;
- a proxy card and a form for voting by mail; and
- a form for requesting documents for later meetings.

After publication of the notice of the meeting but before the meeting occurs, shareholders or their proxies may inspect, at the company's registered office, any of the documents described above. During this period, shareholders may always consult the list of the corporation's shareholders, which must be finalized by the company 16 days before the meeting.

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TRANSACTIONS WITH INTERESTED DIRECTORS

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Delaware law generally permits transactions involving a Delaware corporation and an interested director of that corporation if:

- the material facts as to the director's relationship or interest are disclosed and a majority of disinterested directors consent;
- the material facts are disclosed as to the director's relationship or interest and holders of a majority of shares entitled to vote thereon consent; or
- the transaction is fair to the corporation at the time it is authorized by the board of directors, a committee of the board of directors or the stockholders.

Vivendi Universal

Under the French commercial code, any transaction directly or indirectly between a company and a member of its board of directors and/or its managing directors or one of its shareholders holding more than 5% of the total voting power of the Company (or, if such shareholder is a legal entity, the entity's

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parent), if any, that cannot be reasonably considered in the ordinary course of business of the company and is not at arm's-length, is subject to the board of directors' prior consent. Any such transaction concluded without the prior consent of the board of directors can be nullified if it causes prejudice to the company. The interested member of the board of directors or managing director can be held liable on this basis. The statutory auditor must be informed of the transaction within one month following its conclusion and must prepare a report to be submitted to the shareholders for approval at their next meeting. In the event the transaction is not ratified by the shareholders at a shareholders' meeting, it will remain enforceable by third parties against the company, but the company may in turn hold the interested member of the board of directors and, in some circumstances, the other members of the board of directors, liable for any damages it may suffer as a result. In addition, the transaction may be canceled if it is fraudulent. Moreover, certain transactions between a corporation and a member of its board of directors who is a natural person and/or its managing directors, if any, are prohibited under the French commercial code.

DIRECTOR LIABILITY AND INDEMNIFICATION

MP3.com

The MP3.com by-laws require indemnification of its directors and officers to the fullest extent permitted under Delaware or any other applicable law, and permit indemnification of its employees and agents as set forth in Delaware law or any other applicable law. Delaware law permits a corporation to indemnify any person involved in a third party action by reason of his agreeing to serve, serving or formerly serving as an officer or director of the corporation, against expenses, judgments, fines and settlement amounts paid in such third party action (and against expenses incurred in any derivative action), if such person acted in good faith and reasonably believed that his actions were in, or not opposed to, the best interests of the corporation and, with respect to any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful. Furthermore, Delaware law provides that a corporation may advance

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expenses incurred by officers and directors in defending any action upon receipt of an undertaking by the person to repay the amount advanced if it is ultimately determined that such person is not entitled to indemnification. In general, no indemnification for expenses in derivative actions is permitted under Delaware law where the person has been adjudged liable to the corporation, unless a court finds him entitled to such indemnification. If, however, the person has been successful in defending a third party or derivative action, indemnification for expenses incurred is mandatory under Delaware law. Under Delaware law, the statutory provisions for indemnification are nonexclusive with respect to any other rights, such as contractual rights, to which a person seeking indemnification may be entitled. Delaware law does not expressly permit such contractual or other rights to provide for indemnification against judgments and settlements paid in a derivative action.

Vivendi Universal

The French commercial code provides that any clause of a corporation's statutes that conditions legal proceedings against the members of its board of directors on the prior approval or on the authorization of the general shareholders' meeting or which provides in advance for the waiver of such proceedings is void. The French commercial code also provides that a resolution adopted at a general shareholders' meeting cannot cause the extinction of an action brought against the members of the board of directors for damages due to breach of duty in their official capacity.

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MP3.COM

Description of MP3.com's Business

MP3.com has created a unique and robust technology infrastructure designed to facilitate the storage, management, promotion, and delivery of digital music. As the Internet's premier Music Service Provider (MSP), MP3.com is dedicated to providing consumers access to music when they want it, where they want it, using any web-enabled device. MP3.com's web site hosts what it believes is the largest collection of digital music available on the Internet, with more than one million songs and audio files posted from over 150,000 digital artists and record labels. Dedicated to growing the digital music space, MP3.com's products and services include on-demand Subscription Music Channels, an innovative Business Music Services program, a Radio Services program and others. Additionally, through MP3.com's MSP technology initiative and Music InterOperating System, MP3.com is partnering with a variety of forward-looking businesses to expand its digital music strategy.

MP3.com devoted much of 2000 and the first half of 2001 to enhancing and improving the MP3.com web site and its technology infrastructure. In January 2000, MP3.com unveiled its upgraded My.MP3 service, a unique and robust service designed to facilitate the storage, management, promotion and delivery of digital music, and to enable users to listen to their music when they want, where they want by accessing any web-enabled device. The My.MP3 service allows users to create online music lockers where they can store, organize and manage their favorite songs from music posted by digital artists on the MP3.com web site, and receive personalized music services. In addition, with the introduction of the Beam-It(TM) and Instant Listening(TM) features of the My.MP3 service in January 2000, MP3.com began providing consumers the ability to access, add to and manage their existing music CD collections online without having to encode and store tracks themselves. Under this system, once MP3.com was able to determine that a consumer purchased a CD (through the Instant Listening feature), or was already in possession of a CD (through the proprietary Beam-It software), MP3.com made music from that CD available in the

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consumer's music locker.

During the first quarter of 2000, several major recording and publishing companies led by the Recording Industry Association of America and the Harry Fox Agency, Inc. commenced separate lawsuits against MP3.com alleging that the inclusion of their respective content in the My.MP3 service infringed their copyrights. In May 2000, pending resolution of these legal proceedings, MP3.com began limiting consumers' use of the My.MP3 service so they could only access and manage the music that was posted on the MP3.com web site by artists. Following several legal battles, MP3.com entered into license agreements with BMG Entertainment, Time Warner, Inc., EMI Recorded Music, Sony Music, and Universal Music Group covering the use of their master recordings in the My.MP3 service. MP3.com also entered into a license agreement with the Harry Fox Agency, Inc. covering certain uses of musical compositions in the My.MP3 service. In December 2000, MP3.com again began to allow consumers to place music from their existing music CD collections in their My.MP3 music lockers. In this current format, My.MP3 is offered as both a free and premium subscription-based service.

MP3.com believes it has developed core competencies and created a technology infrastructure system that will enable it to provide a wide variety of data management and infrastructure services to other businesses. Through MP3.com's ongoing efforts to develop, maintain and improve the MP3.com web site, MP3.com has amassed a significant amount of expertise in data storage, delivery and management; server-side security; and royalty tracking and payment systems. MP3.com has also created a technology infrastructure system that stores, manages, tracks and provides statistical analyses on a real-time basis for digital data for over 150,000 artists and more than 14.5 million registered users. In March 2001, MP3.com's technology infrastructure system managed an average of over 5.5 terabytes of data each day.

Leveraging these core competencies and MP3.com's backbone technology infrastructure system, MP3.com has developed a number of unique products and services designed to further its primary mission to help grow the digital music space. These products and services include the first-ever, on-demand Internet subscription music channels, innovative business music services, a syndicated radio program, a

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music promotions business, and business-to-business content management and marketing services. MP3.com intends to continue working to develop innovative products and services that leverage its core competencies and build upon this powerful and robust backbone technology infrastructure system.

In order to maintain MP3.com's leadership position in the digital music industry, MP3.com intends to leverage its technology and strategic partnerships with leading web sites, broadband application developers, device manufacturers, record labels, software and hardware developers, wireless carriers, retailers and connectivity providers to (1) give consumers worldwide access to their music, whenever they want it, wherever they want it, on any web-enabled device or application; (2) provide artists with the greatest potential for promotion and distribution of their music; and (3) expand the potential commercial applications of MP3.com's technology.

MP3.com generates revenue from advertising, infrastructure products, merchandising products, subscription products, music licensing products and business music services. For the quarters ended March 31, 2001 and 2000, 92.0% and 83.4%, respectively, of MP3.com's revenues were from advertising.

MP3.com was incorporated in March 1998. During 1998, MP3.com's operations

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consisted largely of developing the infrastructure necessary to download and stream music from the Internet. Although MP3.com has experienced a slight drop in headcount during the first quarter of 2001, since the beginning of 1999 MP3.com's growth has been dramatic. The number of employees increased from eight on December 31, 1998 to 274 on December 31, 1999 to 308 on December 31, 2000 and decreased to 303 on March 31, 2001. In March 2001, MP3.com added over 200 artists and over 1,300 new song and audio files on average each day, which is an increase from over 100 artists and over 1,000 new song and audio files that were added on average each day in March 2000. During March 2001, visitors to MP3.com's web site viewed over 165 million web pages and listened to or downloaded over 59 million songs, which is an increase from March 2000 when visitors viewed over 142 million web pages and listened to or downloaded over 27.7 million songs.

Litigation

MP3.com is currently involved in several lawsuits related to the availability of content on its My.MP3 service, as well as several shareholder class action and derivative suits. See "Consolidated Financial Statements of MP3.com -- Notes to Condensed Consolidated Financial Statements -- Note 2 -- Legal Proceedings" beginning on page F-93.

Further Information About MP3.com

For further information about MP3.com, please see the documents incorporated by reference into this document, as described under "Where You Can Find More Information" beginning on page 184.

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VIVENDI UNIVERSAL

HISTORY AND DEVELOPMENT OF VIVENDI UNIVERSAL

GENERAL

The legal and commercial name of the company is Vivendi Universal, S.A. Vivendi Universal is a societe anonyme, a form of limited liability company, incorporated on December 11, 1987 pursuant to the French commercial code for a term of 99 years. The registered office is located at 42, avenue de Friedland, 75380 Paris Cedex 08, France, and the phone number of that office is 01 71 71 1000. Vivendi Universal's agent in the United States is Vivendi Universal U.S. Holding Co. located at 800 Third Avenue, 7th Floor, New York, New York 10022, Attention: President. When used in the business description that follows, "Vivendi Universal" refers to the company on a consolidated basis, or to its direct and indirect subsidiaries, as applicable. Unless otherwise indicated, all references to Vivendi Universal's competitive position made in this document are in terms of revenue generated.

Vivendi Universal is the surviving entity of the merger transactions among Vivendi, S.A. (or Vivendi), The Seagram Company Ltd. (or Seagram) and Canal Plus S.A. (or Canal Plus) which were completed on December 8, 2000.

The Vivendi/Seagram/Canal Plus merger included the following:

- The merger of Vivendi into its wholly owned subsidiary, Vivendi Universal. Prior to the Vivendi/ Seagram/Canal Plus merger, the entity now known as Vivendi Universal functioned as a non-operating holding company;
- Vivendi Universal's acquisition of all of the businesses of Canal Plus

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not subject to a French law that prohibits any person from owning more than 49% of a French television broadcaster. Accordingly, Canal Plus's French premium pay television channel was retained by Canal Plus. Public Canal Plus shareholders retained their 51% interest in Canal Plus and Vivendi Universal now holds the remaining 49%. The businesses that Vivendi Universal acquired from Canal Plus are now operated collectively as Groupe Canal S.A. (referred to herein as CANAL+); and

- Vivendi Universal's combination, through its subsidiaries, with Seagram in accordance with a plan of arrangement under Canadian law.

Vivendi, S.A.

Prior to the Vivendi/Seagram/Canal Plus merger, Vivendi was one of Europe's largest companies. In May 1998, Vivendi's shareholders approved its name change from Compagnie Generale des Eaux to "Vivendi" to reflect the expansion of its core businesses in communications and environmental management services as well as the increasingly international scope of its business. At that time, Vivendi renamed its major water subsidiary Compagnie Generale des Eaux. In 1999, Vivendi contributed or sold its direct and indirect interests in Compagnie Generale des Eaux, Connex, Onyx, FCC, Dalkia and United States Filter Corporation (or US Filter) to Vivendi Environnement. These transactions, along with the consolidation of all of its water businesses into Vivendi Water, were designed to focus each of its environmental operations on the goal of maintaining its position as the world's leading provider of environmental management services. In July 2000 Vivendi issued approximately 37% of the share capital of Vivendi Environnement in a public offering in Europe and a private placement in the United States.

At the time of the Vivendi/Seagram/Canal Plus merger, Vivendi's businesses were focused primarily on two core areas: communications and environmental management services. Its communications business operated a number of leading and integrated businesses in the telecommunications, multimedia and publishing, pay television and Internet industries. Its environment business, operated primarily through its subsidiary Vivendi Environnement, included world-class water, waste management, transportation and energy services operations. Each of these businesses now forms part of Vivendi Universal.

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The Seagram Company Ltd.

Prior to the Vivendi/Seagram/Canal Plus merger, Seagram operated in four business segments:

- Music, through Universal Music Group, the world's largest recorded music company, which developed, acquired, produced, marketed and distributed recorded music globally, produced, sold and distributed music videos globally, and engaged in music publishing;
- Filmed Entertainment, primarily through Universal Pictures, produced and distributed motion picture, television and home video productions worldwide, owned and operated a number of international television channels, and licensed merchandising and filmed property rights;
- Recreation and Other, which owned and operated theme parks, entertainment complexes and specialty retail stores in the U.S. and elsewhere; and
- Spirits and Wine, which produced, marketed and distributed distilled spirits, wines, coolers, beers and mixers in more than 190 countries and territories worldwide. Vivendi Universal has entered into an agreement to

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sell the Spirits and Wine business.

Each of these businesses now forms a part of Vivendi Universal.

Canal Plus S.A.

Prior to the Vivendi/Seagram/Canal Plus merger, Canal Plus was Europe's leading pay television company with approximately 14 million subscribers in 11 countries at the end of 1999. Forty percent of Canal Plus's subscribers were enrolled in digital television services at the end of 1999. Canal Plus also produced more than 25 theme channels for cable and satellite television distribution in 14 countries and was a European leader in film and television production, distribution and rights management, with Europe's second largest film rights library based on number of titles. In addition, Canal Plus was Europe's leading supplier of software technologies that enabled network operators to deliver secure interactive services over digital television networks. Each of these businesses now forms a part of Vivendi Universal.

As a result of the Vivendi/Seagram/Canal Plus merger, Vivendi Universal is one of the world's leading media and communications companies, with assets that include the world's largest recorded music company, one of the largest motion picture studios and film libraries in the world and leading businesses in the global telecommunications, television, theme park, publishing and Internet industries. Vivendi Universal believes that it will become a fully integrated global media and communications company capable of providing a diverse array of entertainment and information over wired and wireless access devices using cable, Internet, satellite and broadcast networks.

See Vivendi Universal's Services below for a complete description of Vivendi Universal's businesses.

CERTAIN DEVELOPMENTS IN 2000

In 2000, Vivendi Universal's total capital expenditures were E5.8 billion, primarily in connection with its Telecoms (E1.1 billion), TV & Film (E0.8 billion) and Environmental Services (E2.6 billion) businesses.

Total proceeds from the sale of assets in the year were E2.8 billion, principally related to the sale by Sithe Energy, Inc. (or Sithe) of the assets previously purchased from G.P.U. (E2.3 billion).

Acquisitions of investments in the year were E32.5 billion, principally related to the merger of Vivendi, Seagram and Canal Plus (non-cash transaction of E29.5 billion). Vivendi Universal's cash investments in other Media and Communication businesses were E1.9 billion and international expansion in its Environmental Services businesses represented E0.7 billion.

Total dispositions of investments in the year were E4.1 billion. In Vivendi Universal's Media and Communications businesses, these primarily related to the sale of part of its interest in Canal Satellite and MultiThematiques to Lagardere (E1.0 billion). Dispositions of other investments principally relate to the

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sale of certain operations of Dalkia (E0.8 billion), Kinetics (E0.6 billion), Vinci (E0.6 billion) and Sithe (E0.4 billion).

No third parties have made public takeover offers with respect to Vivendi Universal since it began operations, and Vivendi Universal has not made any public takeover offers with respect to other companies, except as described

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under "Business Overview". For important events occurring since January 1, 2001, see "Operating and Financial Review and Prospects -- Other Matters and Recent Developments", and the "Recent Development" sections contained under "Business Overview" below.

OTHER ACQUISITIONS AND DIVESTITURES

Acquisitions

Over the 1998-99 period, Vivendi Universal supplemented the growth in its Media and Communications businesses and its Environmental Services businesses by entering into joint ventures and acquisitions that significantly expanded its assets. The following is a summary of some of the material acquisitions and dispositions during the 1998-99 period in each of its core businesses.

Media and Communications. Vivendi Universal completed the acquisition of Havas S.A. effective January 1, 1998, having acquired 29.3% of Havas, now known as Vivendi Universal Publishing, in February 1997. In 1998 and 1999, Vivendi Universal significantly expanded Havas' international presence through a number of acquisitions, including (1) Cendant Software, the world's second leading developer of educational and games computer software, for E678 million, (2) Anaya, a Spanish publishing firm, for E199.7 million, and (3) Medi-Media, a company specializing in the publication of medical information, for E237 million.

Cegetel Group (defined below) acquired a 49.9% ownership interest in Telecom Developpement through investments made in July 1997 and December 1998 totaling E518.2 million.

In September 1999, Vivendi Universal purchased an additional 15% interest in CANAL+ for E1,374 million (bringing the total at the time to 49%), and acquired a 24.4% equity interest in BSKyB, the leading pay-television company in the United Kingdom and Ireland, for E1,258.8 million.

In December 1999, Vivendi Universal purchased a 49% interest in a company that controls the leading Polish mobile telephony operator and the Polish cable operator Bresnam for E1,198.8 million.

Environmental Services. In October 1998, Vivendi Universal acquired a 49% interest in the holding company that owns 56.5% of Fomento De Construciones y Contratas, or FCC, for E794.2 million.

In March 1999, Vivendi Universal purchased E103.5 million of hazardous waste-related assets from Waste Management, Inc.

In April 1999, Vivendi Universal acquired US Filter, the world's leading manufacturer of water equipment and water treatment systems, for E5,801 million.

In June 1999, Vivendi Environnement acquired a controlling stake in Superior Services, a U.S. waste management company, for E932.2 million.

Divestitures

In an effort to focus Havas on its multimedia and publishing operations, during 1998 and 1999 Vivendi Universal sold: (1) Havas' yellow pages businesses to France Telecom for E411 million, (2) Information et Publicite, an advertising management agency, to Compagnie Luxembourgeoise de Telediffusion for E207 million, (3) Havas Voyages, a travel agency, to American Express Voyages, fo