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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ROSENBAUM PARTNERS LP, on behalf of
itself and all others similarly situated,

Plaintiff,

v.

VIVENDI UNIVERSAL and JEAN-MARIE
MESSIER,

Defendants.

C.A. No. 02 CV 5571 (HB)

AMENDED CONSOLIDATED
COMPLAINT

Handwritten signature and a circular stamp. The stamp contains the text: "U.S. DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK" and "FILED".

Plaintiff, by its undersigned attorneys, alleges, upon information and belief (said information and belief being based, in part, upon the investigation conducted by and through its counsel), except with respect to paragraph 6, which is alleged upon personal knowledge, as follows:

NATURE OF THE ACTION

1. This is a securities fraud class action brought on behalf of investors in the securities of Vivendi Universal ("Vivendi " or the "Company") between February 11, 2002, and August 13, 2002 inclusive (the "Class Period"). Members of the Class as defined, *infra*, include, in particular, purchasers of Vivendi securities during the Class Period who bought Vivendi securities on the stock exchange. Defendants are Vivendi and Jean-Marie Messier, the Company's former Chairman and Chief Executive Officer.

2. Prior to and during the Class Period, Mr. Messier took Vivendi on an acquisition binge that resulted in the Company amassing approximately \$18 billion in debt as he turned the

Company from a staid water concern into an entertainment powerhouse. Under Mr. Messier's flamboyant leadership, Vivendi completed a \$30 billion buyout of Canada's Seagram, a \$10.3 billion purchase of USA Networks Inc., the cable and entertainment company owned by Hollywood mogul Barry Diller, and a \$1.7 billion purchase of Houghton Mifflin, a publishing concern. Concomitantly, Mr. Messier orchestrated a scheme to conceal the severity of Vivendi's liquidity problems stemming from the massive debt load incurred as a result of these, and other transactions. In fact, only days before his ouster by Vivendi's Board, Mr. Messier caused the Company to issue several press releases that falsely stated that Vivendi did not face an immediate and severe cash shortage that threatened the Company's viability going forward absent an asset fire sale. It was only after Vivendi's Board dislodged Mr. Messier that the Company's new management disclosed the severity of the crisis and that the Company would have to secure immediately both bridge and long-term financing or default on its largest credit obligations. Moreover, at the end of the Class Period, the Company disclosed it would write-down its media assets by 11 billion euros, bringing the announced goodwill write-offs over the past six months to nearly 27 billion euros and would revert to reporting its results under French accounting standards. As detailed below, Mr. Messier failed to disclose the true contours of Vivendi's cash crisis and his affirmative misrepresentations to the contrary have given rise to an investigation by French authorities concerning whether Mr. Messier disclosed in a timely fashion that the Company was in dire financial straits.

JURISDICTION AND VENUE

3. (a) The claims alleged herein arise under sections 10(b) and 20(a) of the Securities and Exchange Act of 1934 (the "Exchange Act"), 15 U.S.C. Section 78(i)(b), 78(t) and 78t-1(a) and pendent common law claims.

(b) Jurisdiction over the subject matter of this action is conferred upon this Court by Section 27 of the Exchange Act, 15 U.S.C. Section 78aa, 28 U.S.C. Section 1331 and 28 U.S.C. 1307.

4. This Court has personal jurisdiction over defendants pursuant to Section 27 of the Exchange Act, 15 U.S.C. Section 78aa. Mr. Messier maintains a residence in New York City.

5. In connection with the acts alleged herein, the defendants directly or indirectly, used the means and instrumentalities of interstate commerce, including the U.S. mails and facilities of a national securities exchange. Vivendi's securities trade as American Depositary Shares (as evidenced by American Depositary Receipts) on the New York Stock Exchange and are registered pursuant to section 12(b) of the Securities Act of 1933. Moreover, many of the press releases issued by defendants that are complained of herein were issued from this District.

PARTIES

6. Plaintiff Rosenbaum Partners LP purchased shares of Vivendi securities during the Class Period as per the annexed certificate. Rosenbaum Partners LP purchased Vivendi securities on the New York Stock Exchange.

7. Vivendi is a global media and communications company engaged in businesses that focus primarily on two core areas: media and communications; and environmental services. The media and communications business operates a number of integrated businesses in the music, multimedia and publishing, film and pay television, telecommunications and Internet industries. The environmental services business includes water, waste management, transportation and energy services operations.

8. The Individual Defendant is Jean-Marie Messier and he is liable as a direct participant in, and a co-conspirator with respect to the wrongs complained of herein. Mr. Messier

as a senior officer and director, was a "controlling person" within the meaning of section 20(a) of the Exchange Act and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of his positions of control, he was able to and did, directly or indirectly, control the conduct of Vivendi's business until his ouster in July 2002.

FACTUAL ALLEGATIONS

9. The Class Period begins on February 11, 2002, when the Company issued a press release over the *Business Wire* entitled "Vivendi Universal Reports 10% Revenue Growth For Full Year 2001." Commenting on the purportedly strong results, Mr. Messier stated the following:

I am pleased that we achieved our ambitious target of 10% organic revenue growth in 2001, for the businesses resulting from Vivendi's merger with Seagram and Canal+. Organic growth is, more than ever in today's markets, the most important strength of Vivendi Universal. Achieving the highest level of growth in our industry is a big differentiation of Vivendi Universal, and the operating management deserves recognition for fulfilling their growth objectives and outperforming their peers in a difficult year. Our 2001 results give us confidence that we can achieve our growth targets again in 2002.

10. On March 5, 2002, the Company released its 2001 results over the *Business Wire*. The press release touted the Company's "Operating Free Cash Flow" as being "ahead of guidance." Commenting on the results, Mr. Messier stated the following:

I am very pleased with the excellent operating results that have been achieved. These results confirm the strength of Vivendi Universal's businesses across the board despite a very difficult global economic environment.

Most of our businesses improved market share, EBITDA and free cash flow during this period of global economic slowing. Even more important, those operational performances are showing improvement at every level of our P&L. The good EBITDA to EBIT transformation ratio: 68% of incremental EBITDA translating in incremental EBIT, is a strong and positive sign. The improvement of operational free cash-flow (FCF) at a higher rate than EBITDA indicates the clear focus given in 2001 to cash management. We will continue this effort.

We stay fully committed to conveying full transparency in our financial results. Vivendi Universal is not only transparent but is the only media and communications company not to change its numbers and targets; it underscores its commitment to accurate, conservative and consistent reporting in every area of its operations.

11. On April 29, 2002, the Company published on the *Business Wire* its First Quarter 2002 results. Commenting on the Company's financial position, Mr. Messier stated:

The consolidated financial results for the quarter demonstrate that Vivendi Universal is delivering on the strategy, goals and targets that we have articulated to our shareholders. In the first quarter of 2002, both Media & Communications and Vivendi Environment delivered their targets.

The Media & Communications financial results released last week, coupled with our consolidated results issued today, are testimony to our ability and conviction to deliver strong results in operations, cash flow, EBITDA and net income. As I said last week, because of our strong performance in the quarter, we are lowering our estimate of Media & Communications year-end Debt/EBITDA ratio to less than 3x by December 31, 2002.

In a very difficult economic environment, characterized by many market uncertainties, Vivendi Universal's global business gained market share. In addition, strong improvement was achieved in cash management, debt reduction, synergies, management development and revenue growth.

I reiterate that Vivendi Universal's 2002 priorities are: no significant acquisition activity; an aggressive plan for debt reduction; a clear focus on operations and cash management; a focus on developing new synergies to create greater revenues; and, a strategy to mitigate the sources of negative operating free cash flow. These priorities should contribute to creating greater value for our employees and shareholders.

12. The press release further touted the Company's allegedly strong cash flow position:

As highlighted in the company's press release of April 24, 2002, located to Vivendi Universal's web site at <http://www.vivendiuniversal.com/vu2/en/news/00000913.cfm>, the Media & Communications segment (which includes the strong financial results. On a pro forma basis, excluding Vivendi Universal's publishing businesses to be disposed of (including the B-to-B and Health businesses whose sale is expected to be completed in the second quarter), Media and Communications reported:

-- A strong surge of operational free cash flow, up 159% to 1.4 billion euros, well ahead of expectations;

-- strong operating results in the first quarter: revenue organize growth of 13% to 6.8 billion euros; EBITDA growth, up 18% to 1.1 billion euros; and solid operating income growth, up 37% to 408 million euros. All were significantly ahead of budget;

-- Net debt fell from approximately 19 billion euros to approximately 17 billion euros.

13. Following the Company's April 29, 2002 release, Merrill Lynch Capital Markets issued a research report dated April 30, 2002 that rated the Company a "strong buy" premised on the Company's allegedly strong financial position. Specifically, the Merrill Lynch report stated that the "strong buy" recommendation was based, in part, on that "Vivendi has now stated its net debt/EBITDA objective is less than 3x by the end of 2002"

14. On May 3, 2002, Moody's lowered the Company's long-term debt rating to Baa3 - the lowest investment grade -- one notch above "junk" status assigned to speculative investments. According to Moody's, "the Ratings Action reflects Moody's continuing concerns that Vivendi . . . might not be able to reduce debt as quickly and comprehensively as planned."

15. Later on May 3, 2002, the Company blasted Moody's decision to downgrade the Company's senior debt:

The company believes that this decision does not fully take into consideration the currently poor market conditions and the fact that the agency does not take into account immediately the whole of the debt reduction program planned by Vivendi Universal.

The decision has no impact on Vivendi Universal's cash situation. It does not trigger any renegotiation clauses or advance repayments of bank credit lines. In addition, Vivendi Universal's use of commercial paper in the current amount of 1.6 billion euros is well covered by back-up lines of more than 3 billion euros, the availability of which will not be affected by the rating change.

Vivendi Universal affirms that it has every confidence in its ability to meet its operating targets for 2002, as proved by its first-quarter results. The company is totally determined to carry through its debt reduction program in order to make a rapid return to a comfortable position with a Baa2 rating.

16. On May 28, 2002, the Company filed its Annual Report on Form 20-F with the SEC for the fiscal year ended December 31, 2002. The Annual Report contained the following information:

Net Cash Flow from Operating Activities -- Net cash flow provided by operating activities totaled £4.5 billion in 2001, an increase of £2 billion from 2000. The increase was attributed to operating earnings generating incremental cash flow of £1.1 billion and improvements in working capital of £1.5 billion, partially offset by approximately £600 million of cash payments made for the settlement of restructuring and merger-related liabilities. Of the improvements in working capital, £0.8 billion was generated by Vivendi Environment primarily due to the implementation of a receivables securitization program. In 2000, operating activities provided net cash of £2.5 billion compared to £0.8 billion in 1999. The significant improvement was primarily due to increased earnings generated by our Telecoms, Publishing and Environmental Services businesses.

Net Cash Flow from Investing Activities -- Net cash flow provided by investing activities was £4.3 billion in 2001 compared to net cash flow used for investing activities of £1.5 billion in 2000. Contributing to cash from investing activities was £9.4 billion from the sale of our spirits and wine business and £4 billion from the disposal of our investment in B SkyB, partially offset by capital expenditures for tangible and intangible assets net of sales proceeds of £4.9 billion and the acquisitions of Houghton Mifflin for £2.0 billion and Maroc Telecom for £2.4 billion. In 2000, net cash used for investing activities was £1.5 billion compared to £12.9 billion in 1999. The significant decrease primarily reflects fewer strategic acquisitions paid for in cash in 2000 compared to 1999. Purchases of investments were £3.1 billion in 2000, £8.8 billion lower than in 1999. Capital expenditures were £5.8 billion in 2000, £0.7 billion higher than 1999. Proceeds from the disposal of investments and fixed assets were £6.9 billion in 2000 compared to £4.5 billion in 1999, mainly attributable to the divestiture of non-core real estate, construction assets and GPU power generation plants.

Net Cash Flow from Financing Activities -- In 2001, net cash flow used for financing activities was £7.5 billion, the principal components of which included; a £5.9 billion repayment of long-term borrowings and other liabilities, a £1.7 billion decrease in short-term borrowings, the purchase of treasury stock for £4.3 billion and cash dividends paid of £1.4 billion, partially offset by £5.2 billion proceeds from the issuance of long-term borrowings and other liabilities and £0.6 billion net proceeds from the issuance of common stock. In 2000, net cash flow

used for financing activities was £0.6 billion compared to net cash provided by financing activities of £13.7 billion in 1999. The year-on-year variance was primarily due to the Merger Transactions. In July 2000, the sale of 37% of Vivendi Environment through an IPO contributed to an increase in financing transactions of £3.8 billion.

17. On May 29, 2002, the Company issued a press release that stated the Company's board had convened and "carried out a detailed examination of [the Company's] operating and financial targets for 2002, and outlook for 2003. The strategy is based on the active continuation of the debt reduction program and the internal growth of the Company's businesses."

18. On May 30, 2002, the Company issued a press release over the *Business Wire* entitled "Update on Vivendi Universal's Cash Position." The press release stated:

Paris & New York -- (Business Wire) -- May 30, 2002 -- Vivendi Universal (Paris Bourse: EX FP; NYSE: V) confirms having obtained agreement from the banks to delete the clauses that linked the availability of credit lines to a ratio level. The Company's bank credit is, therefore, no longer dependent on rating agencies' decisions.

Additionally, the Company has no reason to anticipate or fear any further deterioration in its credit rating.

Vivendi Universal has also confirmed that, after payment of the dividend and the acquisition of USA Networks, its available credit lines that have not been used to date amount to almost 3.5 billion euros. Also, its use of commercial paper is limited to about 1 billion euros, and the reimbursement of expected debts during the coming months is limited.

This cash situation, which, the Company believes, is comfortable - even assuming an extremely pessimistic market - will enable the Company to continue its debt reduction program with confidence and with a view to creating the best possible value for its shareholders.

19. On June 25, 2002, the Company reiterated its prior statement concerning the positive steps it had taken to reduce debt and that its cash position was not precarious. The press release stated, in part, that:

The main points are as follows:

-- OPERATING TARGETS:

-- Senior management confirmed the operating targets for 2002.

-- DEBT REDUCTION:

-- The active implementation of a debt-reduction plan has enabled Vivendi Universal to collect over E5.1 billion during the first half of the year, to which can be added the disappearance of its financial risk on BSKyB shares (E2.5 billion) and the imminent sale of the B2B health activities.

-- As a consequence, net debt will be lowered in 2002 and senior management's target (under U.S. definition) is to bring it down from about E19 billion to E15 billion.

-- That level represents a net debt-to-EBITDA ratio of below 2.5 times on a consolidated basis and of around 3 times on a proportional basis (to eliminate the impact of the minority interests in telecoms).

-- CASH SITUATION:

-- Vivendi Universal has E3.3 billion available in unused credit lines, an amount that well exceeds its commercial paper of E912 million.

-- Early repayment clauses in loan agreements apply to less than E170 million and the various bank covenants will all be complied with at both June 30 and December 31, 2002.

-- The Company will also continue its policy of increasing the average length of its debt.

20. The Company further tried to quell concerns the market might have had concerning the Company by stating it would implement a monthly Q & A session to "end the constant negative rumors. . . ."):

-- PERMANENT INFORMATION FOR THE MARKETS:

-- In order to end the constant negative rumors about the company and to ensure that investors have the clearest knowledge possible of Vivendi Universal's financial situation, a telephone conference call will be held every second and fourth Wednesday of the month at 5:30 p.m. (Paris time) until further notice. There will be no

fixed agenda, and participants will be able to ask all questions about the company's finance and operations.

21. Following this press release, Morgan Stanley issued a positive research report that stated the Company "has strong assets that are generating significant cash flow." Moreover, Morgan Stanley stated the Company's liquidity concerns were "overdone":

We believe that fears regarding liquidity and accounting practices expressed many times in the press are overdone, especially with respect to Vivendi Universal's formidable portfolio of assets that are performing well and generate cash flow. Exhibit 7 lays out our valuation of Vivendi Environment if it were forced to sell off all of its non-media assets (including publishing), which we believe is Euro36/share. Our sum of the parts and synthetic valuations both imply a fair value of Euro45/share (see Exhibits 8 and 9). On the basis of our belief in the underlying value in VU's media assets, we are reiterating our Overweight rating and our price target of Euro45.

22. On June 26, 2002, the Company issued a press release over Business Wire entitled "Vivendi Universal Offers Details of Deleveraging and Liquidity." The press release falsely touted the Company's cash position.

II. CASH SITUATION

1) At this point in time, Vivendi Universal has available around E3.3 billion in unused credit lines. This is available to back up its commercial paper outstanding of nearly E1 billion.

The cash situation has greatly improved since the beginning of the year. However, it should be emphasized that, even while waiting to collect the remaining proceeds from the sale of Scagram's spirits and wine business in the fourth quarter of 2001, Vivendi Universal regularly maintained an amount of unused credit lines about the value of its commercial paper.

a. The sale of 15.6% of VE (for E1.5 billion) and the other planned disposals are expected to more than cover Vivendi Universal's anticipated commitments over the coming months, which include:

- Making available to Cegetel cash to enable the company to buy Telecom Development (TD) if Societe Nationale des Chemins de

Fer Francais (SNCF) decides to exercise its put option during the summer;

- The cost in cash of paying for put options to VU relating to 15 million shares. Spread over the next seven months, this cost represents an amount at each payment date equal to the difference between the share price the day when the options are exercised and their average strike price of E69;

- The cost of the price guarantee given by Seagram on Rondor, in the amount of \$230 million to be paid in March 2003.

b. The VUE bridge loan put in place at the beginning of 2002 is expected to be refinanced by a VUE bond issue, and E1.7 billion in repayments of bank loans with maturities of less than 12 months are expected to be consolidated and/or refinanced by a planned VU bond issue.

c. When the time comes, the company will decide on how to maintain the 2006 due date of the issue of bonds convertible into VE shares, which has an early redemption option for March 2003 for holders willing to relinquish the bond's option value.

2) Furthermore, since the beginning of the year, Vivendi Universal has renegotiated a number of bank clauses, in particular those that placed it in the situation of certain loans being called if its credit ratings fell below BBB- /Baa3. These clauses originally involved E5.5 billion in debt, and now apply to less than E170 million. The renegotiations have led to a reduction in the average length of financing for marginal amounts of around E200 million. The cost of these unused back-up lines has increased by 110 basis points, only if used, depending on the amount drawn. Following the renegotiations, Standard & Poor's removed Vivendi Universal from its list of companies exposed to rating triggers.

The Financial undertakings made by the company in the back-up lines are the same as those made for the five-year syndicated loan of E3 billion. Vivendi Universal is projecting for June 30 and December 31 that its financial ratios will meet or exceed the ratios required in these contracts.

23. Merrill Lynch was also impressed by the Company's purportedly positive June 25 and 26, 2002 press releases and coupled with a "reassuring conference call on debt and liquidity" issued a "strong buy" recommendation for the Company's stock. With respect to "valuation and investment conclusion," Merrill Lynch stated:

We believe the rapid share price fall of some 25% in the last two weeks is unwarranted and expect ongoing deleveraging and improving confidence in the company's short term liquidity position should begin to revive interest in the shares.

24. On July 2, 2002, it was reported over numerous news services that Vivendi's Board had forced Mr. Messier to resign and that he had been replaced by Jean-Rene Fourtou and on July 3, 2002, the Company issued a report over the *Business Wire* that stated that, "[t]he Board of Directors of Vivendi Universal (Paris Bourse: EX FP; NYSE: V) today accepted the resignation of Jean-Marie Messier . . . "

25. Tensions between Mr. Messier, the Vivendi Board, and shareholders had been mounting for months to both reverse the slide in the Company's stock and address the Company's growing debt. At was later disclosed, however, that the Vivendi Board forced Mr. Messier's resignation because it had lost confidence in his leadership.

26. On July 3, 2002, the Company's new management published a press release that *The Wall Street Journal* characterized as a "very different statement [from the June 26 statement] that, among other things, acknowledged a short-term liquidity issue." The statement revealed that Vivendi must repay creditors 1.8 billion euros by the end of July 2002 and further disclosed that 3.8 billion euros in credit lines were up for renegotiation. The press release, however, did not disclose the full scope of the Company's debt crisis.

27. On July 10, 2002, *The Wall Street Journal* reported that the Commission des Opérations de Bourse (the "COB"), France's equivalent of the SEC, raided Vivendi's corporate

headquarters in Paris as part of a formal investigation into the Company's financial disclosures dating back to the beginning of 2001. According to COB authorities in Paris, the probe's purpose was to determine whether Vivendi properly disclosed all material information with respect to its finances as reported by *The Wall Street Journal*:

The COB is keen to determine when Vivendi's board became aware of the company's short-term liquidity problems and whether it communicated that information in a timely manner to investors, according to one person familiar with the matter. "It's not an accounting issue, it's a disclosure issue," this person said. Vivendi disclosed its cash problems only last Wednesday, after its board met to formally accept Mr. Messier's resignation and appoint Mr. Fourtou in his place.

28. *The Wall Street Journal* further reported that Mr. Messier's June 26, 2002 statement did not comport with the Company's new management's assessment of the Company's cash position that was released on July 3, 2002. Specifically, *The Wall Street Journal* stated:

As recently as June 26, Mr. Messier and Vivendi's board insisted that the company's cash situation was comfortable. In a news release issued that day, the board emphasized that it had access to 3.3 billion euros in untapped backup bank credit lines to complement one billion euros in funds raised through treasury bills. "This treasury security, combined with asset sales and possible bond issues, enables the company to approach its repayment deadlines over the next 12 months with confidence," the news release said.

But last Wednesday, after the management shuffle, Vivendi's board put out a very different statement that, among other things, acknowledged "a short-term liquidity issue." In the statement, the board revealed that Vivendi must repay creditors 1.8 billion euros by the end of the month and disclosed that 3.8 billion euros in credit lines were up for renegotiation. Based on the detailed statement, credit analysts immediately surmised that Vivendi could face a cash shortfall of 2.7 billion euros by year end. Moody's Investors Service already has cut its ratings on some of Vivendi's 19 billion euros in debt to junk status.

29. The Company's statements concerning its cash position and its ability to service its debt obligation were false at the time they were issued for the following reasons:

- The Company had \$1.8 billion in debt repayments due that required credit extensions in order to satisfy these obligations;

- By the end of 2002, Vivendi must refinance \$6 billion of debt repayments, bond maturities, and put-option obligations. Absent securing new lines of credit, which, as of July 7, 2002 had not yet been secured, the Company would default;
- According to the Sunday Telegraph (London), Standard & Poor's believes that there is a "hole in Vivendi's current account of 'several billion' which must be shored up 'within the next few weeks' if the Company is to avoid a crisis. The situation is all the more urgent because the hole in Vivendi's finances was something discovered by the rating agencies in the past few days."
- According to S&P, Mr. Messier's May 30 and June 26, 2002 statements that Vivendi had almost 3.5 billion in available credit and that the Company "has no reason to anticipate or fear any further determination in its credit rating" was misleading because S&P has discovered, following a detailed review that, the undrawn credit facilities are in fact \$1 billion less than Mr. Messier represented.

30. Mr. Messier's purported comfort with the Company's cash position is further demonstrated as being a false claim because Vivendi faces a myriad of put options falling due between July 7 and September 2002. In short, the Company will have to deliver \$800 million and \$900 million in cash to cover the options.

THE TRUTH EMERGES

31. On August 14, 2002, prior to the commencement of trading on the New York Stock Exchange, the Company issued a press release and held a conference call with securities industry analysts that reported on the Company's first-half 2002 results and detailed that the Company would take an \$11 billion goodwill write-down on heavily depreciated assets. The report and conference call also detailed a \$12.1 billion net loss for the period.

32. Mr. Fourtou, the Company's new Chief Executive, admitted that Vivendi "is facing a liquidity problem despite the value of the Company's assets." Specifically, he disclosed that Vivendi would undergo an immediate overhaul that included the sale of assets, including publisher Houghton Mifflin, which had been purchased during Mr. Messier's tenure for nearly \$1.7 billion a year ago. Mr. Fortou also stated the following:

We have also evaluated what the normal debt of Vivendi should be in order to regain a triple-B rating, to evaluate the amount of excess debt at the company. Assuming that we can not benefit from the cash flows of Cegetel, this excess debt is around 10 billion euros today. We must decrease debt of at least this amount as soon as possible, by doing 3 things:

- 1) We have mainly to sell businesses;
- 2) We have to cut immediately the cash drain of the company... mainly the non French activities of the Canal+ group, the internet activities and the huge level of corporate overhead. Decisions have already been taken on these three issues.
- 3) We must also manage the ongoing businesses to enhance their cash flows, which was not the case until the last several months.

"In the short term, due to the structure of our debt, we are facing a liquidity problem ... in spite of the value of our assets. That's why the first thing I did upon my arrival was to negotiate, with the help of the chairman of the finance committee of the Board Mr. Bebear, a new bank facility of 1 billion euros. This new money has not yet been used. As announced in July, we are presently negotiating a new facility of 3 billion euros which will include the first 1 billion euros. We have reached a framework for agreement with the same seven banks and we expect this new facility to be signed by the end of August. This will allow Vivendi to buy the time necessary to implement the best conditions for the necessary sale of businesses.

"We are committed to sell assets for a minimum amount of 10 billion euros in the two years to come, 5 billion euros of which will be completed during the next 9 months. This commitment can be achieved with the plan for Canal+ Group announced in July, the sale of the numerous non-core assets, and the sale of Houghton Mifflin for which we have numerous potential buyers.

"The strategic plan that will be proposed to the Board in September will include other disposals. I know that this type of announcement creates concerns and worries within the company. I would like take this opportunity to tell our employees that, as I did at Rhone Poulenc, those restructurings will be

implemented taking into consideration the future development of the concerned activities and the situation of the personnel.

"I am announcing today a new organization of the holding company with the arrival of a COO, Jean Bertrand Levy, who will help me implement numerous projects we have and at the same time challenge and better monitor the different businesses of the group.

"In the short term, due to the structure of our debt, we are facing a liquidity problem ... in spite of the value of our assets. That's why the first thing I did upon my arrival was to negotiate, with the help of the chairman of the finance committee of the Board Mr. Bebear, a new bank facility of 1 billion euros. This new money has not yet been used. As announced in July, we are presently negotiating a new facility of 3 billion euros which will include the first 1 billion euros. We have reached a framework for agreement with the same seven banks and we expect this new facility to be signed by the end of August. This will allow Vivendi to buy the time necessary to implement the best conditions for the necessary sale of businesses.

"We are committed to sell assets for a minimum amount of 10 billion euros in the two years to come, 5 billion euros of which will be completed during the next 9 months. This commitment can be achieved with the plan for Canal+ Group announced in July, the sale of the numerous non-core assets, and the sale of Houghton Mifflin for which we have numerous potential buyers.

33. In addition to the goodwill write-down and related issues, Vivendi booked \$3.4 billion euros in financial provisions during the first half of 2002 to cover losses on various investments, including 600 million euros in connection with off-balance sheet liabilities.

34. Securities industry analysts and corporate debt rating agencies were taken by surprise by these revelations. As reported on *Forbes.com* on August 15, 2002, "Vivendi is in worse shape than we expected," says J.P. Morgan Chase analyst Mark Harrington. "The information we have at this point does suggest a funding gap by the end of this year of around 1.5 billion euros."

35. Guy Deslondes of Standard & Poors, having lowered the Company's debt rating to "junk status", stated "the significant change in cash flow to some extent triggers everything else ... [as a result] the liquidity gap may come faster."

36. The disclosures resulted in the Company's common stock declining \$3.67 per shares or approximately 24% on volume of over 7 million shares. By the midday of trading on August 16, 2002, the Company's stock had fallen to approximately \$9.00 per share. During the Class Period, the Company's stock traded as high as \$42.92 per share.

CLASS ACTION ALLEGATIONS

37. Plaintiff brings this action as a class action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons who, during the Class Period purchased Vivendi securities on the New York Stock Exchange (the "Class"). Excluded from the Class are the defendants, all of the officers, directors, employees and partners thereof, members of their immediate families and their legal representatives, heirs, predecessors, successors and assigns and any entity in which any of the foregoing has a controlling interest.

38. The members of the Class are so numerous that joinder of all members is impracticable. As of July 11, 2002, the Company had more than 1 billion shares of its stock outstanding. While the exact number of Class members is unknown to plaintiffs at this time and can only be ascertained through appropriate discovery, plaintiffs believe there are, at a minimum, thousands of members of the Class located throughout the United States. Throughout the Class Period, Vivendi securities was actively traded on New York Stock Exchange.

39. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. Among the questions of law and fact common to the Class are:

a. Whether the federal securities laws were violated by defendants' acts and omissions as alleged herein;

b. Whether statements made by defendants to the investing public during the Class Period misrepresented and/or omitted material facts about the financial condition of Vivendi;

c. Whether defendants acted knowingly or recklessly in making materially false and misleading statements during the Class Period;

d. Whether the market prices of the Company's stock and options were artificially inflated or distorted during the Class Period because of defendants' conduct complained of herein; and

e. Whether the members of the Class have sustained damages and, if so, the proper measure of damages.

40. Plaintiff's claims are typical of the claims of the members of the Class as they and members of the Class sustained damages arising out of the defendants' wrongful conduct in violation of federal securities laws as complained of herein.

41. Plaintiff will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

42. A class action is superior to other available methods for the fair and efficient adjudication of this controversy since joinder of all members of the Class is impracticable. Furthermore, because the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for the Class members individually to redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

**PRESUMPTION OF RELIANCE:
FRAUD ON THE MARKET DOCTRINE**

43. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

a. defendants made false and misleading statements of material fact, and failed to disclose material facts, during the Class Period;

b. the misstatements and omissions were material;

c. the securities and options of the Company traded in efficient and open markets (excluding the effects of fraud); the Company was followed by numerous major analysts; the Company's securities met the requirements for listing, and was listed and actively traded on the NYSE; and

d. the misstatements and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities.

44. Plaintiff and members of the Class purchased their Vivendi stock and call options, or sold their Vivendi put options, between the time defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the omitted facts.

45. Based upon the foregoing, Plaintiff and other members of the Class are entitled to a presumption of reliance upon the integrity of the market price for the Company's securities.

**COUNT I
Violation Of Section 10(b) Of The Exchange Act And
Rule 10b-5 Of The Securities And Exchange Commission**

46. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

47. This Count is asserted against defendants and is based upon section 10(b) of the 1934 Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder.

48. During the Class Period, defendants directly engaged in a common plan, scheme, and unlawful course of conduct, pursuant to which it knowingly or recklessly engaged in acts, practices, and courses of business which operated as a fraud and deceit upon plaintiff and the other members of the Class, and made various deceptive and untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to plaintiff and the other members of the Class. The purpose and effect of said scheme, plan, and unlawful course of conduct was, among other things, to induce plaintiff and the other members of the Class to purchase Vivendi securities during the Class Period at artificially inflated prices.

49. During the Class Period, defendants, pursuant to said scheme, plan, and unlawful course of conduct, knowingly and recklessly issued, caused to be issued, participated in the issuance of, the preparation and issuance of deceptive and materially false and misleading statements to the investing public as particularized above.

50. As a result of the dissemination of the false and misleading statements set forth above, the market price of Vivendi securities was artificially inflated during the Class Period. In ignorance of the false and misleading nature of the statements described above and the deceptive and manipulative devices and contrivances employed by said defendants, plaintiff and the other members of the Class relied, to their detriment, on the integrity of the market price of the stock in purchasing Vivendi securities. Had plaintiff and the other members of the Class known the truth, they would not have purchased said shares or would not have purchased them at the inflated prices that were paid.

51. Plaintiff and the other members of the Class have suffered substantial damages as a result of the wrongs herein alleged in an amount to be proved at trial.

52. By reason of the foregoing, defendants directly violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder in that it: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (c) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon plaintiff and the other members of the Class in connection with their purchases of Vivendi securities during the Class Period.

COUNT II
For Violation Of Section 20(a) Of The Exchange Act
(Against the Individual Defendants)

53. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

54. Mr. Messier acted as controlling person of the Company within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of his high-level positions, participation in and/or awareness of the Company's operations, and/or intimate knowledge of the Company's products, sales, accounting, plans and implementation thereof, he had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements that plaintiff contends are false and misleading. Mr. Messier was provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

55. In particular, Mr. Messier had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular statements giving rise to the securities violations as alleged herein, and exercised the same.

56. By virtue of his position as a controlling person, Mr. Messier is liable pursuant to section 20(a) of the Exchange Act. As a direct and proximate result of the wrongful conduct, plaintiff and other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

WHEREFORE, plaintiff, on its own behalf and on behalf of the Class, prays for judgment as follows:

A. Declaring this action to be a proper class action and certifying plaintiff as class representative under Rule 23 of the Federal Rules of Civil Procedure;

B. Awarding compensatory damages in favor of plaintiff and the other members of the Class against the Defendants for the damages sustained as a result of the wrongdoings of the Defendants, together with interest thereon;

C. Awarding plaintiff the fees and expenses incurred in this action, including reasonable allowance of fees for plaintiff's attorneys, and experts;

D. Granting extraordinary equitable and/or injunctive relief as permitted by law, equity and federal and state statutory provisions sued on hereunder, including attaching, impounding, imposing a constructive trust upon or otherwise restricting the proceeds of Defendants' trading activities or their other assets so as to assure that plaintiff has an effective remedy; and

E. Granting such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all issues so triable.

DATED: New York, New York
August 16, 2002

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ROSENBAUM PARTNERS LP, on behalf of
itself and all others similarly situated,

Plaintiff,

v.

VIVENDI UNIVERSAL and JEAN-MARIE
MESSIER,

Defendants.

C.A. No. 02 CV 5571 (HB)

DECLARATION OF SERVICE

I, Gregory M. Nespole, hereby swear that on August 16, 2002, I served a copy of the
aforementioned Amended Complaint on the following counsel by first class prepaid mail:

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