

2006 BCSECCOM 346

April 27, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications

Securities Act ss. 48, 76 Corp Acquisitions & Reorgs - Exemption from the registration and prospectus requirements for corporate acquisitions and reorganizations - Trades in connection with an exchangeable share structure that was not established as part of a statutory procedure - The issuer originally established an exchangeable share structure as part of an arrangement; the exchangeable shares were exchangeable for ADSs, which were ultimately exchangeable for underlying securities; the issuer is reorganizing its operations; as a result, the exchangeable shares are going to be directly exchangeable into the underlying securities; the trades were not contemplated as part of the arrangement, but the result of holders ultimately acquiring the underlying shares was contemplated

National Instrument 51-102, s. 13.1 - Continuous Disclosure Obligations - General - An issuer wants an exemption from having to file continuous disclosure documents to permit it to rely on the continuous disclosure documents of its parent issuer - The issuer is an exchangeable share issuer under section 13.3 of National Instrument 51-102 except its parent issuer is not an SEC issuer; the parent issuer meets the definition of designated foreign issuer under NI 71-102; the issuer will comply with the conditions that parallel those in section 13.3 of NI 51-102, except it will file its parent's documents that a designated foreign issuer is entitled to file under NI 71-102

Securities Act s. 91 Insiders - Continuous Disclosure (Insider Reports) - An issuer wants relief from the requirement to file insider reports for its insiders - The issuer is a credit support issuer that cannot rely on the exemption in National Instrument 51-102 Continuous Disclosure Obligations because it does not comply with all of the conditions for continuous disclosure relief in NI 51-102; as a result, its insiders cannot rely on the insider reporting exemptions in NI 51-102; the issuer has been granted discretionary relief from NI 51-102 requirements

Multilateral Instrument 52-109, s. 4.5 - Certification of Disclosure in Issuer's Annual and Interim Filings - An issuer wants relief from the requirement in parts 2 and 3 of MI 52-109 to file annual and interim certificates - The issuer has applied for and received an exemption from filing interim and annual financial statements

2006 BCSECCOM 346

Securities Act s. 91 Audit Committee - Exemption from Audit Committee Requirements - An exchangeable share issuer wants an exemption from BC Instrument 52-509 Audit Committees - The issuer is an exchangeable share issuer; the issuer is exempt from continuous disclosure requirements provided it files the continuous disclosure of its parent; the parent meets the definition of designated foreign issuer under NI 71-102

National Instrument 58-101 - Disclosure of Corporate Governance Practices - An exchangeable share issuer wants an exemption from NI 58-101 - The issuer is an exchangeable share issuer; the issuer is exempt from continuous disclosure requirements provided it files the continuous disclosure of its parent; the parent meets the definition of designated foreign issuer under NI 71-102

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, ss. 34(1)(a), 48, 61, 76, 85, 87, 91, 117, 119, 187
National Instrument 51-102, s. 13.1

Multilateral Instrument 52-109, s. 4.5

BC Instrument 52-509

National Instrument 55-102

National Instrument 58-101, s. 3.1

National Instrument 71-102, Part 5

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova
Scotia, New Brunswick, Prince Edward Island, Newfoundland and Labrador,
Yukon Territory, Northwest Territories and Nunavut
(the Jurisdictions)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Vivendi Universal S.A.,
Vivendi Universal Holdings Company and
Vivendi Universal Exchangeco Inc.

MRRS Decision Document

2006 BCSECCOM 346

Background

The local securities regulatory authority or regulator (the “Decision Makers”) in each of the Jurisdictions has received an application from Vivendi Universal S.A. (the “Filer”), on behalf of itself, Vivendi Universal Holdings Company (“Vivendi Holdings”) and Vivendi Universal Exchangeco Inc. (“Vivendi Exchangeco” and, together with the Filer and Vivendi Holdings, the “Companies”), under the securities legislation of the Jurisdictions (the “Legislation”), for the following decisions:

1. except in Quebec, a decision (the “Prospectus and Registration Relief”) pursuant to the Legislation that the dealer registration requirements and the prospectus requirements in the Legislation (respectively, the “Prospectus Requirements” and the “Registration Requirements”, and collectively the “Prospectus and Registration Requirements”) do not apply to certain trades and/or distributions and possible trades and/or distributions in securities by or on behalf of the Companies in circumstances involving:
 - a. the issuance by the Filer of ordinary shares in the capital of the Filer (“Vivendi Shares”) to a holder of Exchangeable Shares upon the exercise of the Exchange Right (defined below) or pursuant to the Automatic Exchange Right (defined below)
 - b. the surrender of the Vivendi Universal Voting Rights (defined below) to the Filer upon (i) the exercise of the Exchange Right (defined below) by the holders of Exchangeable Shares, (ii) the occurrence of the Automatic Exchange Right (defined below), (iii) the retraction or redemption of the exchangeable shares in the capital of Vivendi Exchangeco (“Exchangeable Shares”) under the share conditions for the Exchangeable Shares (the “Exchangeable Share Provisions”), (iv) the liquidation, dissolution or winding up of Vivendi Exchangeco, or (v) the exercise by Vivendi Holdings of the Retraction Call Right (defined below), the Redemption Call Right (defined below), or the Liquidation Call Right (defined below);
 - c. the issuance or transfer by the Filer of Vivendi Shares to Vivendi Exchangeco and the subsequent transfer thereof by Vivendi Exchangeco to a holder of Exchangeable Shares or the issuance or transfer by the Filer of Vivendi Shares to Vivendi Holdings and the subsequent transfer thereof by Vivendi Holdings to Vivendi Exchangeco and the transfer by Vivendi Exchangeco to a holder of Exchangeable Shares, in either case, upon (i) the retraction of the Exchangeable Shares, (ii) the redemption of the Exchangeable Shares, or (iii) the liquidation, dissolution or winding-up of Vivendi Exchangeco;

2006 BCSECCOM 346

- d. the issuance or transfer by the Filer of Vivendi Shares to Vivendi Holdings and the subsequent transfer thereof by Vivendi Holdings to a holder of Exchangeable Shares or, at the direction of Vivendi Holdings, the issuance or transfer by the Filer of Vivendi Shares to a holder of Exchangeable Shares, in either case, upon exercise of the Retraction Call Right (defined below), the Redemption Call Right (defined below), or the Liquidation Call Right (defined below);
 - e. any intra-group transfers of Vivendi Shares and issuances of shares of the Filer to affiliates in connection with any of the transactions referred to in the foregoing paragraphs (a) to (d);

(collectively, “the Trades”)
2. except in Prince Edward Island, the Yukon Territory, and the Northwest Territories, a decision (the “Continuous Disclosure Relief”) that the requirements of National Instrument 51-102 *Continuous Disclosure Obligations* (“NI 51-102”) and any comparable continuous disclosure requirements under the Legislation that have not yet been repealed or otherwise rendered ineffective as a consequence of the adoption of NI 51-102 (collectively, the “Continuous Disclosure Requirements”) shall not apply to Vivendi Exchangeco;
 3. except in Prince Edward Island, the Yukon Territory, and the Northwest Territories, a decision that the insider reporting requirement under the Legislation (the “Insider Reporting Relief”) and the requirement to file an insider profile under National Instrument 55-102 *System for Electronic Disclosure* (“NI 55-102”) (the “Insider Profile Relief”) do not apply to any insiders of Vivendi Exchangeco, other than any directors or senior officers of the Filer;
 4. except in Prince Edward Island and the Yukon Territory, a decision (the “Certification of Disclosure Relief”) that the requirements of Multilateral Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* shall not apply to Vivendi Exchangeco;
 5. except in Prince Edward Island and the Yukon Territory, a decision (the “Audit Committee Relief”) that the requirements under the Legislation relating to the composition and obligations of audit committees of a reporting issuer shall not apply to Vivendi Exchangeco; and
 6. except in Prince Edward Island, the Yukon Territory, Nunavut and the Northwest Territories, a decision (the “Corporate Governance Disclosure

2006 BCSECCOM 346

Relief”) that the requirements of National Instrument 58-101 *Disclosure of Corporate Governance Practices* shall not apply to Vivendi Exchangeco.

Interpretation

Defined terms contained in National Instrument 14-101 Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer, the parent company of Vivendi Exchangeco and Vivendi Holdings, is a “société anonyme”, a form of stock corporation under French Law. The Filer is a public company in France and its registered office is located at 42, avenue de Friedland, 75380 Paris Cedex 08, France.
2. The Filer was initially organized under the name Sofiée, S.A. on December 11, 1987, for a term of 99 years in accordance with the French Commercial Code.
3. The Filer in its current form is primarily the result of certain transactions (the “Transactions”) involving Sofiée S.A. (“Sofiée”), Vivendi S.A. (“VSA”), The Seagram Company Ltd. (“Seagram”) and Canal Plus S.A. (“Canal”) pursuant to an agreement (the “Merger Agreement”) made as of June 19, 2000 among VSA, Canal, Sofiée, Vivendi Exchangeco and Seagram.
4. As part of the Transactions, (i) VSA merged with and into Sofiée and Sofiée was renamed Vivendi Universal S.A. (the “Filer”, as defined above), and (ii) the Filer indirectly, through Vivendi Exchangeco and Vivendi Holdings, acquired all of the issued and outstanding common shares in the capital of Seagram (the “Seagram Common Shares”) pursuant to an arrangement (the “Arrangement”) under Section 192 of the *Canada Business Corporations Act*, as amended, (the “CBCA”).
5. The authorized capital of the Filer consists of Vivendi Shares of nominal value of EURO 5.50 each, of which 1,153,477,321 Vivendi Shares were issued and outstanding as at December 31, 2005.
6. The Vivendi Shares are listed on Euronext Paris (“Euronext”), formerly the Paris Stock Exchange. In addition, the American Depository Shares of the Filer (“ADSs”), each of which is the economic equivalent and is convertible into a Vivendi Share, are currently listed on the New York Stock Exchange (“NYSE”).

2006 BCSECCOM 346

7. The Filer is subject to the reporting requirements of French law, the regulations of the French Autorité des marchés financiers (the “French AMF”) and Euronext. The Filer is also subject to the reporting requirements of the US Securities Exchange Act of 1934, as amended (the “Exchange Act”).
8. The Filer is also a reporting issuer in the province of Quebec.
9. The Filer is an “SEC issuer” as defined in NI 51-102 and an “SEC foreign issuer” as defined in National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (“NI 71-102”). The Filer also satisfies the definition of “designated foreign issuer” in NI 71-102, except that the Filer presently has a class of securities registered under the Exchange Act. Upon termination of the Filer’s registration under the Exchange Act, the Filer will cease to be an “SEC issuer” as defined in NI 51-102 and the Filer will be a “designated foreign issuer” as defined in NI 71-102.
10. Vivendi Holdings is an indirect wholly-owned subsidiary of the Filer. It was originally incorporated in order to hold all of the common shares of Vivendi Exchangeco and to hold the various call rights related to the Exchangeable Shares.
11. Vivendi Holdings is a Nova Scotia unlimited liability company incorporated on June 16, 2000 as 3045479 Nova Scotia Company with Nova Scotia Registry of Joint Stock Companies number 3045479. On October 11, 2000 its name was changed to Vivendi Universal Holdings Company. Its registered office is located in Halifax, Nova Scotia.
12. The authorized capital of Vivendi Holdings consists of (a) 100,000,000,000 common shares without nominal or par value; (b) 100,000,000,000 First Preferred Shares, issuable in series, without nominal or par value, of which 10,000,000,000 have been designated as First Preferred Shares, Series A (the “Holdings First Preferred Shares”); and (c) 100,000,000,000 Second Preferred Shares, issuable in series, without nominal or par value.
13. As at December 31, 2005, 10,000,000,001 common shares and 20,525,698 Holdings First Preferred Shares were issued and outstanding, all of which were directly or indirectly held by the Filer.
14. Vivendi Holdings is not, and does not intend to become, a reporting issuer or the equivalent under the Legislation.
15. Vivendi Exchangeco is a direct wholly-owned subsidiary of Vivendi Holdings. It was incorporated for the purpose of implementing the Arrangement.

2006 BCSECCOM 346

16. Vivendi Exchangeco is a limited liability corporation incorporated under the CBCA on April 11, 2000 as 3744531 Canada Inc. with CBCA Corporation Number 374453-1. On October 19, 2000 its name was changed to Vivendi Universal Exchangeco Inc. Its registered office is located in Toronto, Ontario.
17. The authorized share capital of Vivendi Exchangeco consists of (a) an unlimited number of common shares; (b) an unlimited number of Exchangeable Shares; (c) an unlimited number of First Preferred Shares, issuable in series; and (d) an unlimited number of Second Preferred Shares, issuable in series, 10,000,000,000 of which have been designated as Second Preferred Shares, Series A. As at December 31, 2005, 1 common share, 4,760,628 Exchangeable Shares and 2,096,480,357 Second Preferred Shares were issued and outstanding.
18. All securities of Vivendi Exchangeco other than Exchangeable Shares are held indirectly, through Vivendi Holdings, by the Filer.
19. The Exchangeable Shares are publicly held, primarily by Canadian residents, as only Canadian residents were offered the Exchangeable Shares as part of the Arrangement (due to Canadian income tax considerations, which included the ability to defer any capital gain on the sale of their Seagram Common Shares until the Exchangeable Shares are ultimately exchanged for the underlying security of the Filer).
20. Vivendi Exchangeco does not intend to issue any additional Exchangeable Shares in the future and any further issuance of Preferred Shares will be to direct or indirect subsidiaries of the Filer and will not be offered to the public.
21. The Exchangeable Shares are listed on the Toronto Stock Exchange under the symbol VUE, and are lightly traded among public shareholders.
22. Vivendi Exchangeco is a reporting issuer in each of the Jurisdictions, but has disclosure exemptions in all such Jurisdictions.
23. Under the Arrangement, holders of Seagram Common Shares (other than the Filer and its affiliates) could elect to receive Exchangeable Shares or ADSs at an 0.8 exchange ratio (the "Exchange Ratio"), or to dissent and be paid the fair value of the Seagram Common Shares held by them.
24. A holder of Seagram Common Shares who elected to receive Exchangeable Shares received from Vivendi Exchangeco (i) that number of Exchangeable Shares obtained utilizing the Exchange Ratio and (ii) a matching number of

2006 BCSECCOM 346

voting rights (the “Vivendi Universal Voting Rights”, which are each an “*action en nue propriété*” under French law, that represents one vote on the same basis and in the same circumstances as one Vivendi Share). The Vivendi Universal Voting Rights were then deposited by the Filer with CIBC Mellon Trust Company (“CIBC Mellon”) as custodian for and on behalf of the holders of the Exchangeable Shares in accordance with the custody agreement entered into by the Filer, Vivendi Exchangeco and CIBC Mellon (the “Custody Agreement”).

25. As a result, 36,391,224 Exchangeable Shares were issued on December 8, 2000 in exchange for 45,489,030 Seagram Common Shares.
26. As of December 31, 2005, as noted above, only 4,760,628 Exchangeable Shares held by public shareholders remained outstanding (representing approximately 13% of the originally issued Exchangeable Shares).
27. The Exchangeable Shares were created to be substantially the economic equivalent of the ADSs for which the Exchangeable Shares issued under the Arrangement are presently exchangeable. The ADSs, in turn, are convertible into, and have substantially equivalent economic and voting rights to, Vivendi Shares.
28. Coincident with the issue of Exchangeable Shares by Vivendi Exchangeco, the Filer, Vivendi Exchangeco and CIBC Mellon, as trustee, entered into a trust agreement (the “Exchange Trust Agreement”).
29. The Exchangeable Shares, together with the Exchange Trust Agreement, the Custody Agreement, and the Support Agreement (described below), presently provide holders thereof with substantially equivalent economic rights to those of ADSs. The Vivendi Universal Voting Rights provide holders of Exchangeable Shares with voting rights on the same basis and in the same circumstances as the Vivendi Shares. Exchangeable Shares may be exchanged for ADSs on a one-for-one basis at any time at the option of the holder and are required to be exchanged upon the occurrence of certain events (described below). Dividends are payable on the Exchangeable Shares contemporaneously and in the economically equivalent amount per share as dividends on the ADSs.
30. The Exchangeable Shares are entitled to a preference over common shares and any other shares ranking junior to the Exchangeable Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of Vivendi Exchangeco. Subject to an overriding call right of Vivendi Holdings referred to below, on the liquidation,

2006 BCSECCOM 346

dissolution or winding-up of Vivendi Exchangeco, a holder of Exchangeable Shares is currently entitled to receive from Vivendi Exchangeco for each Exchangeable Share held an amount equal to the then current market price of an ADS (as adjusted, if necessary, pursuant to the Exchangeable Share Provisions) which must be satisfied by the delivery of one ADS (as adjusted, if necessary) (the "ADS Consideration") to the holder, together with all declared and unpaid dividends on each such Exchangeable Share (the "Liquidation Amount"). Upon a proposed liquidation, dissolution or winding-up of Vivendi Exchangeco, Vivendi Holdings has an overriding call right (the "Liquidation Call Right") to purchase all of the outstanding Exchangeable Shares from the holders thereof (other than the Filer or its affiliates) for a price per share equal to the Liquidation Amount to be satisfied in the manner described in this paragraph.

31. Exchangeable Shares are non-voting in the ordinary course, since holders have the Vivendi Universal Voting Rights, and are retractable at the option of the holder at any time. Subject to the overriding call right of Vivendi Holdings referred to below, upon retraction the holder is currently entitled to receive from Vivendi Exchangeco for each Exchangeable Share retracted an amount equal to the then-current market price of an ADS (as adjusted, if necessary) which must be satisfied by delivery of the ADS Consideration to the holder, together with, on the designated payment date therefor and to the extent not already paid by Vivendi Exchangeco on a dividend payment date, an amount equal to all declared and unpaid dividends on each such retracted Exchangeable Share (the "Retraction Price"). Vivendi Holdings maintains an overriding call right (the "Retraction Call Right") to purchase from the holder all of the Exchangeable Shares that are the subject of the retraction notice delivered by the holder for a price per share equal to the Retraction Price to be satisfied in the manner described in this paragraph unless the holder withdraws the notice of retraction.
32. Subject to the overriding call right of Vivendi Holdings referred to below in this paragraph, Vivendi Exchangeco must redeem all the Exchangeable Shares then outstanding on a date to be established by the Board of Directors (the "Redemption Date") which shall be no earlier than November 21, 2030. The Board of Directors of Vivendi Exchangeco may accelerate the Redemption Date in certain circumstances, including, among other things, (i) if there are fewer than 5% of the original number of issued Exchangeable Shares outstanding, other than Exchangeable Shares held by the Filer and its affiliates or (ii) if an "Exempt Exchangeable Share Voting Event" (defined as any matter in respect of which holders of Exchangeable Shares are entitled to vote as shareholders of Vivendi Exchangeco in order to approve any change to, or in the rights of the holders of the Exchangeable Shares, where such change

2006 BCSECCOM 346

would be required to maintain the economic equivalence of the Exchangeable Shares and the ADSs and the Board of Directors of Vivendi Exchangeco has received and included in the proxy materials sent to holders of Exchangeable Shares in respect of the meeting to consider such matter an opinion of an internationally recognized investment bank confirming such economic equivalence after giving effect to such change), is proposed and the holders of the Exchangeable Shares fail to take the necessary action at a meeting or other vote of holders of Exchangeable Shares to approve or disapprove, as applicable, the Exempt Exchangeable Share Voting Event. Upon such redemption, a holder is currently entitled to receive from Vivendi Exchangeco for each Exchangeable Share redeemed an amount equal to the then-current market price of an ADS (as adjusted, if necessary) which must be satisfied by delivery of the ADS Consideration to the holder, together with, to the extent not already paid by Vivendi Exchangeco on a dividend payment date, an amount equal to all declared and unpaid dividends on each such redeemed Exchangeable Share (“Redemption Call Purchase Price”). Vivendi Holdings has an overriding call right (the “Redemption Call Right”) to purchase from the holders all of the outstanding Exchangeable Shares (other than those owned by the Filer or its affiliates) for a price per share equal to the Redemption Call Purchase Price to be satisfied in the manner described in this paragraph upon being notified by Vivendi Exchangeco of a proposed redemption of Exchangeable Shares.

33. Under the Exchange Trust Agreement, the Filer granted to CIBC Mellon for the benefit of the holders of the Exchangeable Shares the right (the “Exchange Right”), exercisable upon certain events related to the insolvency or bankruptcy of Vivendi Exchangeco, to require the Filer to purchase from a holder of Exchangeable Shares all or any part of its Exchangeable Shares. The purchase price for each Exchangeable Share purchased by the Filer is equal to the then-current market price of an ADS (as adjusted, if necessary) which must be satisfied by delivery of the ADS Consideration to the holder, together with an amount equal to all declared and unpaid dividends on such Exchangeable Share, to be satisfied by the delivery of this aggregate amount to CIBC Mellon on behalf of the holder.
34. Under the Exchange Trust Agreement, upon the liquidation, dissolution or winding-up of the Filer, the Filer is required to purchase each outstanding Exchangeable Share, and each holder is required to sell all of its Exchangeable Shares (the “Automatic Exchange Right”), for a purchase price per share equal to the then-current market price of an ADS (as adjusted, if necessary) which must be satisfied by delivery of the ADS Consideration to the holder, together with an amount equal to all declared and unpaid dividends on each such

2006 BCSECCOM 346

Exchangeable Share, to be satisfied by the delivery of this aggregate amount to CIBC Mellon, on behalf of the holder.

35. The Vivendi Universal Voting Rights provide each holder of an Exchangeable Share with the right to vote at a shareholder meeting of the Filer on the same basis and in the same circumstances as if the holder held one Vivendi Share. However, unlike other exchangeable share transactions, multi-voting shares cannot be used, as they are not permitted under French law. Thus, in order to create the Vivendi Universal Voting Rights, the Filer split shares held in treasury into bare legal title (“*action en nue propriété*”) and beneficial ownership (“*usufruit*”) which is permitted under French law. The *action en nue propriété* were deposited with CIBC Mellon.
36. The Vivendi Universal Voting Rights are deposited with CIBC Mellon for the benefit of the holders of Exchangeable Shares outstanding from time to time (other than the Filer and its affiliates) pursuant to the Custody Agreement. Each voting right attached to the Vivendi Universal Voting Rights is voted by CIBC Mellon pursuant to the instructions of the holder of the related Exchangeable Share. In the absence of any such instructions from a holder, CIBC Mellon is not entitled to exercise the related voting rights. Upon the exchange of an Exchangeable Share for an ADS, the holder of the Exchangeable Share becomes a holder of an ADS, and the right of such holder to exercise votes attached to the Vivendi Universal Voting Rights terminates and the Vivendi Universal Voting Rights are transferred back to the Filer.
37. The Filer, Vivendi Exchangeco and Vivendi Holdings also entered into a support agreement (the “Support Agreement”). The Support Agreement currently provides that the Filer will not declare or pay any dividend on the ADSs unless Vivendi Exchangeco simultaneously declares and pays an equivalent dividend on the Exchangeable Shares, and that the Filer will ensure that Vivendi Exchangeco and Vivendi Holdings will be able to honour the redemption and retraction rights and dissolution entitlements that are attributes of the Exchangeable Shares under the Exchangeable Share Provisions and the related call rights described above.
38. The Support Agreement also provides that, without the prior approval of Vivendi Exchangeco and the holders of the Exchangeable Shares, actions such as distributions of stock dividends, options, rights and warrants for the purchase of securities or other assets, subdivisions, combinations, reclassifications, reorganizations and other changes cannot be taken in respect of the ADSs generally without the same or an economically equivalent action being taken in respect of the Exchangeable Shares.

2006 BCSECCOM 346

39. Pursuant to an MRRS Decision Document dated December 6, 2000 (the “Previous MRRS Exemption”), the securities regulatory authorities in each of the Jurisdictions granted an order exempting the Filer, Vivendi Holdings and Vivendi Exchangeco from certain requirements contained in the Legislation of the Jurisdictions at that time (the “Existing Legislation”) applicable to reporting issuers and their insiders. Among other things, the Previous MRRS Exemption provides that:
- (i) the Registration Requirements and the Prospectus Requirements do not apply to certain trades and/or distributions of securities (collectively, the “Previous Arrangement Trades”) made in connection with the various transactions contemplated under the Arrangement;
 - (ii) the requirements contained in the Existing Legislation to issue a press release and file a report upon the occurrence of a material change, to file and deliver an annual report, where applicable, to file and deliver interim and annual financial statements, and to file an information circular (collectively, the “Previous Continuous Disclosure Requirements”) do not apply to Vivendi Exchangeco;
 - (iii) the requirement contained in the Existing Legislation for an insider of a reporting issuer to file reports disclosing the insider’s direct or indirect beneficial ownership of, or control or direction over, securities of the reporting issuer (the “Previous Insider Reporting Requirements”) do not apply to each insider of Vivendi Exchangeco and its successors; and
 - (iv) the requirements in the Existing Legislation of Ontario and Nova Scotia regulating the purchase by an issuer of its own securities and the reporting of such purchases (the “Issuer Bid Requirements”) and the Registration Requirements and Prospectus Requirements in those Jurisdictions do not apply to the purchase by Vivendi Exchangeco of Exchangeable Shares owned by Vivendi Holdings in exchange for common shares or preferred shares of Vivendi Exchangeco.
40. The Previous Arrangement Trades to which the exemption from the Registration Requirements and Prospectus Requirements described under (i) above applies do not include the Trades (as defined above).
41. The exemptions from the Previous Continuous Disclosure Requirements and the Previous Insider Reporting Requirements described under (ii) and (iii) above apply only so long as the Filer and Vivendi Exchangeco comply with the conditions outlined in the Previous MRRS Exemption, including, among other things, that:

2006 BCSECCOM 346

- (i) the Filer sends to all holders of Exchangeable Shares contemporaneously all disclosure material furnished to holders of ADSs resident in the United States (“US”);
 - (ii) the Filer files with Canadian securities regulatory authorities copies of all documents required to be filed by it with the United States Securities and Exchange Commission (“SEC”) under the Exchange Act;
 - (iii) the Filer complies with the requirements of the NYSE in respect of making public disclosure of material information on a timely basis and forthwith issues in Canada and files with Canadian securities regulatory authorities any such press release that discloses a material change in the Filer’s affairs; and
 - (iv) Vivendi Exchangeco complies with material change reporting requirements in respect of material changes in the affairs of Vivendi Exchangeco that would be material to holders of Exchangeable Shares but would not be material to holders of ADSs.
42. Pursuant to decision documents dated December 22, 2000 and February 14, 2001 (the “Ontario Exemption”), Vivendi Exchangeco also obtained a separate exemption in Ontario from the annual information form filing provisions (now contained in Ontario Securities Commission Rule 51-501) applicable under the laws of Ontario.
43. Pursuant to a letter dated March 19, 2001, the Toronto Stock Exchange (“TSX”) also granted relief to Vivendi Exchangeco from all of its filing obligations under Part IV of the TSX Company Manual (the “TSX Filing Requirements”) on the same basis and subject to the same conditions as set out in the Previous MRRS Exemption.
44. On January 17, 2006, the Filer announced that it will seek to terminate its ADS program and delist the ADSs from the NYSE.
45. Provided that the approval in writing of the owners of American Depository Receipts evidencing at least a majority of the ADSs (the “ADS Majority Approval”) is obtained on April 27, 2006, it is expected that The Bank of New York, as depository for the ADSs, will cease to issue new ADSs on May 19, 2006, and that the Filer will complete all steps required to terminate the ADS program, including the exchange of all outstanding ADSs for underlying Vivendi Shares, by July 18, 2006. The ADSs are expected to be delisted from the NYSE effective as of August 13, 2006.

2006 BCSECCOM 346

46. Provided that ADS Majority Approval is obtained and the delisting and elimination of the ADSs is completed as contemplated above, the Filer will seek, as soon as possible thereafter, to terminate its registration under the Exchange Act.
47. The Filer estimates that the steps required to terminate its registration under the Exchange Act will be completed by August 31, 2006.
48. Provided that ADS Majority Approval is obtained on April 27, 2006 and that all other changes described above are completed by the Filer as contemplated, given that the Exchangeable Shares are currently exchangeable for ADSs, and since the Exchangeable Share Provisions as well as the Support Agreement, the Custody Agreement, the Merger Agreement, the Exchange Trust Agreement and the Transfer Agency Agreement dated December 5, 2000 between Vivendi Exchangeco and CIBC Mellon (collectively, the "Exchangeable Share Documents") are now drafted to include references to ADSs, to their listing on the NYSE and to compliance with obligations imposed on corporations that are subject to the Exchange Act, the Exchangeable Share Documents will need to be amended so as to account for the proposed changes described above.
49. As the ADSs are presently convertible into and are the economic equivalent of Vivendi Shares, Vivendi Exchangeco intends to amend the Exchangeable Share Provisions so that Exchangeable Shares become exchangeable for Vivendi Shares rather than for ADSs and amend all other Exchangeable Share Documents accordingly; so that all references to the ADSs, to their listing on the NYSE or to compliance with US reporting requirements are replaced with appropriate references to Vivendi Shares, to their listing on the Euronext and to compliance with applicable French reporting requirements, respectively (collectively, the "Canadian Amendments").
50. Other than the Exchangeable Share Provisions, none of the Exchangeable Share Documents requires the approval of the holders of Exchangeable Shares in order to effect the Canadian Amendments. The amendment of such documents may be accomplished by the parties to those documents, which parties are all wholly-owned direct or indirect subsidiaries of the Filer.
51. The Exchangeable Share Provisions, on the other hand, provide that the rights, privileges, restrictions and conditions attaching to the Exchangeable Shares may be added to, changed or removed but only with the approval of the holders of the Exchangeable Shares. Such approval must be evidenced by a resolution passed by not less than two thirds of the votes cast on such

2006 BCSECCOM 346

resolution at a meeting of holders of Exchangeable Shares duly called and held at which the holders of at least 20% of the outstanding Exchangeable Shares at that time are present or represented by proxy.

52. In light of this requirement, on Friday, April 28, 2006, Vivendi Exchangeco will be convening a special meeting of holders of Exchangeable Shares (originally convened on March 7, 2006 and adjourned to April 28, 2006) to consider and, if deemed appropriate, approve proposed amendments to the Exchangeable Share Provisions. The Board of Directors of Vivendi Exchangeco has set the close of business (Toronto time) on Monday, January 30, 2006 as the record date for determining the holders of Exchangeable Shares entitled to notice of and to vote at such meeting.
53. Vivendi Exchangeco intends to include in the proxy materials to be sent to holders of Exchangeable Shares in respect of the special meeting an opinion of an internationally recognized investment bank confirming the economic equivalence between the position of the holders of Exchangeable Shares prior to the proposed amendment and their position thereafter.

Decision

Each of the Decision Makers is satisfied that the tests contained in the Legislation that provides the Decision Maker with the jurisdiction to make the decision has been met.

Prospectus and Registration Relief and Insider Reporting Relief

The decision of the Decision Makers under the Legislation is that:

1. Except in Quebec, the Prospectus and Registration Relief is granted, provided that the first trade in Vivendi Shares acquired pursuant to one of the Trades in a Jurisdiction shall be deemed a distribution or a primary distribution to the public under the legislation of such Jurisdiction (the "Applicable Legislation") unless:
 - (a) at the time of the first trade, the Filer is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade;
 - (b) the trade is not from the holdings of any person, company or combination of persons or companies holding a sufficient number of any securities of the Filer (with Exchangeable Shares counted as securities of the Filer) to affect materially the control of the Filer, and any holding of any person, company or combination of persons or companies holding

2006 BCSECCOM 346

more than 20% of the outstanding voting securities of the Filer shall, in the absence of evidence to the contrary, be deemed to affect materially the control of the Filer;

- (c) no unusual effort is made to prepare the market or to create a demand for the Vivendi Shares;
 - (d) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and
 - (e) if the seller of the securities is an insider or officer of the Filer, the seller has no reasonable grounds to believe that the Filer is in default of any requirement of the Applicable Legislation.
2. The Insider Reporting Relief is granted provided that immediately upon and after the ADSs of the Filer ceasing to be registered under the Exchange Act, the Filer is and continues to be a “designated foreign issuer” as defined in NI 71-102, and from and after such termination of registration:
- (a) the Filer remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of Vivendi Exchangeco;
 - (b) except for securities issued to the Filer or to wholly-owned subsidiaries of the Filer, Vivendi Exchangeco does not issue any securities other than shares as dividends on the Exchangeable Shares in accordance with the provisions thereof;
 - (c) each insider of Vivendi Exchangeco, other than directors or senior officers of the Filer, does not receive, in the ordinary course, information as to material facts or material changes concerning the Filer before the material facts or material changes are generally disclosed;
 - (d) each insider of Vivendi Exchangeco, other than directors or senior officers of the Filer, is not an insider of the Filer in any capacity other than by virtue of being an insider of Vivendi Exchangeco; and
 - (e) each insider of the Filer complies with “foreign disclosure requirements” (as such term is defined in NI 71-102) applicable to the Filer in France relating to insider reporting.

Paul Moore
Vice Chair
Ontario Securities Commission

Susan Wolburgh Jenah
Vice Chair
Ontario Securities Commission

2006 BCSECCOM 346

Continuous Disclosure Relief, Insider Profile Relief, Certification of Disclosure Relief, Audit Committee Relief and Corporate Governance Disclosure Relief

3. The further decision of the Decision Makers under the Legislation is that the Continuous Disclosure Relief, the Insider Profile Relief, the Certification of Disclosure Relief, the Audit Committee Relief and the Corporate Governance Disclosure Relief are granted provided that immediately upon and after the ADSs of the Filer ceasing to be registered under the Exchange Act, the Filer is and continues to be a “designated foreign issuer” as defined in NI 71-102, and from and after such termination of registration:
 - (a) the Filer remains the direct or indirect beneficial owner of all of the issued and outstanding voting securities of Vivendi Exchangeco;
 - (b) except for securities issued to the Filer or to wholly-owned subsidiaries of the Filer, Vivendi Exchangeco does not issue any securities other than shares as dividends on the Exchangeable Shares in accordance with the provisions thereof;
 - (c) Vivendi Exchangeco issues in Canada a news release and files a material change report in accordance with Part 7 of NI 51-102 for all material changes in respect of the affairs of Vivendi Exchangeco that are not also material changes in the affairs of the Filer;
 - (d) each insider of Vivendi Exchangeco, other than directors or senior officers of the Filer, does not receive, in the ordinary course, information as to material facts or material changes concerning the Filer before the material facts or material changes are generally disclosed;
 - (e) each insider of Vivendi Exchangeco, other than directors or senior officers of the Filer, is not an insider of the Filer in any capacity other than by virtue of being an insider of Vivendi Exchangeco;
 - (f) the Filer includes in all mailings of proxy solicitation materials to holders of Exchangeable Shares a clear and concise statement that (i) explains the reason the mailed material relates solely to the Filer; (ii) indicates that the Exchangeable Shares are the economic equivalent to the Vivendi Shares; and (iii) describes the voting rights associated with the Exchangeable Shares, and in particular the manner in which the Vivendi Universal Voting Rights are exercisable at meetings of holders of Vivendi Shares pursuant to the Custody Agreement;

2006 BCSECCOM 346

- (g) the Filer, at least once a year, discloses in, or as an appendix to, a document that it is required by “foreign disclosure requirements” (as such term is defined in NI 71-102) applicable to the Filer in France (“French Disclosure Requirements”) to send its securityholders and that it sends to holders of Exchangeable Shares (i) that it is a designated foreign issuer as defined in NI 71-102; (ii) that it is subject to the foreign regulatory requirements of French regulatory authorities; and (iii) the name(s) of the French regulatory authorities referred to in (ii);
- (h) the Filer complies with French Disclosure Requirements in respect of making public disclosure of material information on a timely basis and promptly issues in Canada and files with the Decision Makers each news release issued by it for the purpose of complying with French Disclosure Requirements and files with the Decision Makers the documents disclosing the material information filed with or furnished to the French AMF or Euronext or disseminated to the public or securityholders of the Filer;
- (i) the Filer complies with French Disclosure Requirements relating to interim financial statements, annual financial statements and auditor’s reports on annual financial statements, and files with the Decision Makers the interim financial statements, annual financial statements and auditor’s reports on annual financial statements required to be filed with or furnished to the French AMF or Euronext, and the financial statements of the Filer that are included in any documents specified in this paragraph (i) are prepared in accordance with International Financial Reporting Standards or accounting principles that meet French Disclosure Requirements;
- (j) the Filer complies with French Disclosure Requirements relating to annual reports, quarterly reports and management’s discussion and analysis, and files with the Decision Makers each annual report, quarterly report and management’s discussion and analysis required to be filed with or furnished to the French AMF or Euronext, and the financial statements of the Filer that are included in any documents specified in this paragraph (j) are prepared in accordance with International Financial Reporting Standards or accounting principles that meet French Disclosure Requirements;
- (k) the Filer complies with French Disclosure Requirements relating to business acquisitions, and files with the Decision Makers each report in respect of a business acquisition required to be filed with or furnished to

2006 BCSECCOM 346

the French AMF or Euronext, and the financial statements that are included in any documents specified in this paragraph (k) are prepared in accordance with International Financial Reporting Standards or accounting principles that meet French Disclosure Requirements;

- (l) the Filer complies with French Disclosure Requirements relating to proxy statements, proxies and proxy solicitation, and files with the Decision Makers all material relating to a meeting of securityholders that is filed with or furnished to the French AMF or Euronext, and the financial statements of the Filer that are included in any documents specified in this paragraph (l) are prepared in accordance with International Financial Reporting Standards or accounting principles that meet French Disclosure Requirements;
- (m) if the Filer sends a document to holders of securities of any class of the Filer under the laws or requirements of France, then the document must be sent in the same manner and at the same time, or as soon as practicable thereafter, to holders of Exchangeable Shares in Canada;
- (n) the Filer complies with French Disclosure Requirements relating to disclosure of securityholder voting results, and files with the Decision Makers each report disclosing securityholder voting results that is filed with or furnished to the French AMF or Euronext;
- (o) the Filer complies with French Disclosure Requirements relating to the filing of news releases disclosing financial information, and files with the Decision Makers a copy of each news release disclosing financial information that is filed with or furnished to the French AMF or Euronext;
- (p) in the event of a change in year end by the Filer, the Filer complies with French Disclosure Requirements relating to a change in year end and files with the Decision Makers a copy of all filings made under French Disclosure Requirements relating to the change in year end;
- (q) in the event of a change of auditor by the Filer, the Filer complies with French Disclosure Requirements relating to a change of auditor and files with the Decision Makers a copy of all filings made under French Disclosure Requirements relating to the change of auditor;
- (r) each insider of the Filer complies with French Disclosure Requirements relating to insider reporting; and

2006 BCSECCOM 346

- (s) all filing fees that would otherwise be payable by Vivendi Exchangeco in connection with the Continuous Disclosure Requirements are paid.

Erez Blumberger
Assistant Manager, Corporate Finance
Ontario Securities Commission