

Vivendi Gains Control of GVT-Trumping Telefonica

Nov. 13 (Bloomberg excerpts) -- Vivendi SA, owner of the world's largest music company, gained control of GVT (Holding) SA by purchasing a majority stake and began a mandatory bid for the rest of the shares, trumping a competing offer by Telefonica SA. The bid of 56 Brazilian reais a share values the company at 7.2 billion reais (\$4.18 billion). Paris-based Vivendi said in a Web site announcement today it holds stock and options amounting to a 58 percent stake in the target company.

"The acquisition of GVT is totally aligned with our strategy of secular expansion in rapid growth economies," Chief Executive Officer Jean-Bernard Levy said in the statement. "As it did some years ago in Morocco, Vivendi is committing itself to a large and lasting investment in Brazil, which both in the short and longer term will create value for our shareholders."

Vivendi owns Maroc Telecom, French mobile-phone operator SFR and the world's largest music company. The company is considering the sale of its stake in NBC Universal, the U.S. media company controlled by General Electric Co. Levy has labeled that business a "non-core" asset.

"It was a price much higher than Vivendi's initial offer and also much higher than what I consider a fair price," said Alex Pardellas, a Banif Corretora analyst in Sao Paulo. "They are paying a premium to set foot in the country."

Vivendi said in the statement it purchased 37.9 percent of GVT's outstanding voting share capital, and has a right to buy 19.6 percent more through call options, giving it almost 58 percent of GVT.

Best Offer

Telefonica, Europe's second-largest phone company, offered to buy GVT shares for 50.50 reais each, 20 percent more than an initial 42-real offer Vivendi put out Sept. 8.

The bid was "the highest price we could offer considering synergies between Telefonica and GVT," Antonio Carlos Valente, CEO of Telefonica's unit in Brazil, said after Vivendi's announcement.

The Spanish company also said in an e-mail Brazil is a "highly strategic market" for the company and it is still looking for opportunities in the country.

GVT paid 100,000 reais for its license in August 1999 to operate in the same 10 states as Brasil Telecom SA while Telefonica bought Telecomunicacoes de Sao Paulo SA to operate in Sao Paulo, the most populous state.

GVT, Brazil's fourth-biggest high-speed Internet provider, has a 15,000-kilometer (9,300-mile) fiber-optic network.

About Vivendi

A world leader in communications and entertainment, Vivendi controls Activision Blizzard (#1 in video games worldwide), Universal Music Group (#1 in music worldwide), SFR (#2 in mobile and fixed telecom in France), Maroc Telecom Group (#1 in mobile and fixed telecom in Morocco), Canal+ Group (#1 in pay-TV in France) and owns 20% of NBCU (leading U.S. media and entertainment group). In 2008, Vivendi achieved revenues of €25.4 billion and adjusted net income of €2.7 billion. With operations in 77 countries, the Group has about 43,000 employees.

www.vivendi.com

About GVT

GVT is the most well-recognized alternative to the fixed-line incumbents in the Brazilian market and the fastest growing telecommunications services provider in Brazil. GVT offers a diversified portfolio of solutions for conventional and VoIP telephony, corporate data, broadband, Internet services and pay TV. GVT's net revenues and Adjusted EBITDA for the twelve-month period ended June 30, 2009 were R\$1,495.0 million (about 800 million USD) and R\$574.1 million (about 300 million USD), respectively. For the period from 2006 to 2008, GVT generated compounded annual growth rates of 31.1% for net revenues and an increase of 40.2% in Adjusted EBITDA,

recording an Adjusted EBITDA margin of 38.0% in the first half of 2009. As of June 30, 2009, GVT had approximately 2.3 million lines in service (including voice, broadband, data and VoIP services). GVT is traded on the Brazilian BOVESPA under the symbol GVTT3.SA.

www.gvt.com.br

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