

## Fitch: Vivendi's Disposal of NBC Universal Stake Should Support M&A Ambitions

Fitch Ratings-London-04 December 2009: Fitch Ratings said today that Vivendi's plan to sell its 20% stake in NBC Universal should strengthen the group's balance sheet. However, given Vivendi's recently announced acquisitions (GVT, Canal Plus France minorities) and overall M&A ambitions, the disposal is unlikely to impact its Long-term Issuer Default Rating (IDR) and senior unsecured ratings of 'BBB'. The Outlook on the Long-term IDR is Stable.

Vivendi announced the disposal plan on 3 December 2009. Vivendi's 20% stake in NBC Universal has been valued at USD5.8bn, with cash proceeds to Vivendi contingent on the successful completion of the media and entertainment joint venture planned by General Electric (GE) and Comcast.

"The transaction is complex, but if it goes to plan the proceeds from the disposal of the NBC Universal stake should offset the cash Vivendi is expected to spend in coming months on the GVT acquisition, and the exercise of the Canal Plus puts held by TFI and M6," says Damien Chew, Director in Fitch's Telecoms, Media and Technology team. "The disposal would leave Vivendi in a strong financial position to continue to pursue its M&A ambitions."

Vivendi has stated that proceeds from the NBC Universal disposal would support its current capital allocation strategy of paying dividends to shareholders, supporting organic growth, buying out minorities and pursuing acquisitions. Vivendi has traditionally been resistant to undertake share buybacks, preferring to use free cashflow to grow the business. Fitch notes that management is committed to maintaining its 'BBB' rating and has shown discipline in considering potential acquisitions.

However, the disposal of the NBC Universal stake is by no means certain. US regulatory approval of the GE-Comcast transaction could take up to 12 months. Vivendi will sell 7.66% of NBC Universal to GE for USD2bn if the GE-Comcast transaction is not completed by September 2010, with the remaining 12.34% to be sold for USD3.8bn to GE upon completion of the transaction. If the GE-Comcast transaction is not completed, Vivendi said it would launch an accelerated IPO of its remaining stake in NBC Universal.

Even if Vivendi does not realise the maximum proceeds of USD5.8bn from the NBC Universal disposal, Fitch believe that its leverage metrics should remain roughly unchanged. The proceeds should still be enough to offset the GVT acquisition which could amount to EUR2.8bn if Vivendi manages to buy 100% of the company. Fitch notes that the expected exercise of the Canal Plus France puts held by TF1 and M6, which expire in February 2010, will not have an impact on Vivendi's reported net debt, as the associated EUR1.1bn contingent liability is already included in its calculation.

Further rationale for Vivendi's current rating is provided in the 7 October 2009 issuer report, which is available at [www.fitchratings.com](http://www.fitchratings.com).

Contacts: Damien Chew, London, Tel: +44 (0) 20 7682 7603; Michael Dunning, +44 (0)20 7417 6343.

Media Relations: Julian Dennison, London, Tel: +44 020 7682 7480, Email: [julian.dennison@fitchratings.com](mailto:julian.dennison@fitchratings.com); Peter Fitzpatrick, London, Tel: + 44 (0)20 7417 4364, Email: [peter.fitzpatrick@fitchratings.com](mailto:peter.fitzpatrick@fitchratings.com); Hannah Warrington, London, Tel: +44 (0) 207 417 6298, Email: [hannah.warrington@fitchratings.com](mailto:hannah.warrington@fitchratings.com).

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