

Paris, April 5 2014

## **Vivendi selects the Altice/Numericable offer for SFR**

On its meetings of April 4 and 5, Vivendi's Supervisory Board reviewed the results of the negotiations with Altice/Numericable regarding a combination with SFR as part of a mutually-agreed exclusive period signed on March 14.

It also carefully reviewed the offers, as well as letters and documents that the Bouygues Group decided to send to the Supervisory Board during this exclusive period, up until today, in connection with a combination between SFR and Bouygues Telecom.

The Supervisory Board was presented with the report from the Special Committee created to examine the different options available to Vivendi. This Committee, assisted by its own advisers, analyzed the Altice/Numericable offers as well as those from the Bouygues Group over eight working sessions held both behind closed doors and in the presence of its advisers (bankers and lawyers).

After thorough discussions, the Supervisory Board decided unanimously to select the Altice/Numericable offer which corresponds to the industrial project offering the highest growth potential, generating the highest value for its customers, employees and shareholders, while best meeting Vivendi's objectives.

The main details of this offer are outlined in an appendix to this release.

The Supervisory Board took the following criteria into consideration in coming to its decision:

1. **Quality of the industrial project.** The Altice/Numericable project is based on fixed and mobile convergence, with synergies resulting from the interdependence of the two merged entities' networks. SFR-Numericable's positions in very high speed fixed and mobile will generate new growth opportunities, an acceleration of the number of connected lines and very high quality offers for enterprise and retail customers. They will also offer important development opportunities for Quadruple Play and new usage. They are consistent with the French government's "*France Tres Haut Debit*" plan launched on February 2013.
2. **Commitment to preserving employment.** Vivendi set as a prerequisite for the potential buyers a commitment to employment. This also corresponds to the priorities defined by the French government. The plan presented by Altice/Numericable fully guarantees development of sustainable employment in particular thanks to the investments planned.

3. **Competition risks.** All the experts consulted concluded that the Altice/Numericable offer presents the lowest competition risks. SFR and Numericable are not present on the same market segments and their activities are complementary.
4. **Valuation for Vivendi.** Vivendi selected the most balanced offer between cash upfront and stock participation allowing the group to benefit from the highest total valuation. While pursuing its announced strategy to focus on media, Vivendi wants to support SFR, its 27 year-long subsidiary, by strengthening its industrial and social structure.

The Vivendi Supervisory Board has therefore chosen to receive €13.5 billion at closing of the transaction as well as a potential earn-out of €750 million, with a possibility to sell its 20% stake at a later stage. This should represent a total value in excess of €17 billion.

This balance between cash upfront and future upside from industrial value creation fits with Vivendi's philosophy, an industrial and financial group concerned about creating long term value in the interest of shareholders, employees and consumers.

Vivendi will now, as part of a new mutually-agreed exclusivity agreement with Altice/Numericable, consult its Works Councils on the plan presented by Altice/Numericable and begin procedures to obtain authorizations from the relevant administrative authorities.

Vivendi will report to the Shareholders Meeting on June 24 on how this transaction has been conducted.

This decision puts an end to SFR's demerger plan.

### **About Vivendi**

*Vivendi groups together leaders in content, media and telecommunications. Canal+ Group is the French leader in pay-TV, also operating in French-speaking Africa, Poland and Vietnam; its subsidiary Studiocanal is a leading European player in production, acquisition, distribution and international film sales. Universal Music Group is the world leader in music. GVT is a telecoms and media/content distribution in Brazil. In addition, Vivendi owns SFR, a French leader in alternative telecoms.*

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Appendix	Selected Altice/Numericable Offer
Cash at Closing	€13.5bn
Vivendi's Stake in the Combined Entity	20% (publicly-listed company)
Altice's Stake in the Combined Entity	60% for Altice (free float = 20%)
Liquidity	<p>One year lock-up period. Call option for Altice at market value (with floor<sup>(*)</sup>) on Vivendi's stake in several tranches (7%, 7%, 6%) over a period comprised between the 19<sup>th</sup> and 43<sup>rd</sup> month following the acquisition of SFR.</p> <p>Possibility to sell or distribute the listed shares, with a pre-emptive right for Altice.</p>
Earn-out	Potential additional consideration of €750m for Vivendi if the combined entity's (EBITDA-Capex) is at least equal to €2bn during one fiscal year
Financing	<p>Total debt of €11.64bn for combined entity</p> <p>Debt and equity financing with firm banks underwriting</p>
Corporate Governance	<p>Minority Board representation for Vivendi</p> <p>Veto power on key reserved matters subject to Vivendi retaining a 20% stake in the combined entity</p>

(\*) VWAP of Numericable stock price over the 20 business days before closing, grossed-up by an annual rate of 5% during the period ranging from the closing of the transaction until the exercise date of the call option by Altice