

Vivendi, Telefonica in talks over Brazil business (Update)

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French media conglomerate Vivendi said Thursday it would begin exclusive talks with Spanish telecoms company Telefonica for the sale of its Brazilian operator Global Village Telecom, or GVT, after the Spanish company raised its offer to 7.45 billion euros (\$9.82 billion) from 6.7 billion euros.

Telefonica S.A. says it hopes to combine GVT with its unit Telefonica Brasil to make it the biggest telecom operator in Latin America's largest market.

In a statement Thursday, Telefonica said the latest offer included 4.66 billion in cash and 12 percent of the share capital in the new company.

The new offer trumps a rival offer from Telecom Italia, which bid 7 billion euros for GVT.

Vivendi said the "Telefonica offer best meets the Group's strategic and financial objectives," noting that it would generate a capital gain of more than 3 billion euros.

Telefonica has also offered Vivendi the chance to acquire its stake in Telecom Italia, which is worth 8.3 percent of the voting rights.

Shares in Telefonica were down 0.3 percent at 12.1 euros in Madrid. Vivendi shares were down 0.1 percent at 20.14 euros in Paris.

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