GE, Vivendi deal paves way for NBC sale to Comcast

(AP) -- General Electric Co.'s agreement to buy out the rest of NBC Universal paves the way for it to sell control of the TV and movie company to Comcast Corp. in a deal that promises to reshape the entertainment industry.

GE will pay slightly less than the $6 billion that French media conglomerate Vivendi SA hoped to command for its 20 percent stake in NBC Universal, a person with knowledge of the talks told The Associated Press late Monday. The person spoke on condition of anonymity because the negotiations were private and the companies' agreement has not yet been formalized.

The news lessens the uncertainty surrounding GE's planned sale of a 51 percent stake in NBC Universal to Comcast, the largest U.S. cable provider. That deal, valued at $30 billion, would make Philadelphia-based Comcast one of the nation's largest entertainment companies rivaling the heft of its former takeover target, The Walt Disney Co.

An agreement was supposed to have been announced weeks ago, but GE's talks with Vivendi have been taking longer than expected.

Under terms of its minority ownership of NBC Universal, Vivendi has an annual window to sell its stake, with GE holding the right to first refusal. Vivendi could use the money - two weeks ago, it invested $4.2 billion to take control of Brazilian telecom operator GVT.

But the French media giant knew it had a strong hand - GE wants to sell part of NBC Universal to raise money after suffering losses in its GE Capital unit. Meanwhile, Comcast wants to beef up its programming assets with a marquee name at a price it could handle.

Vivendi hoped to get more than $6 billion for its NBC Universal holdings but $6 billion was GE's ceiling, the person familiar with the situation said. While the companies tussled over price in the past weeks, a Vivendi executive was quoted as saying the company might decide not to exercise the right to sell its stake before the window ends Dec. 10.

Comcast's agreement with GE is set and won't be affected by whatever price GE ends up paying Vivendi. The Wall Street Journal has reported that GE will pay $5.8 billion for the stake.

A GE spokeswoman declined to comment late Monday.

NBC Universal was formed in 2004, after Vivendi agreed to merge its Vivendi Universal Entertainment business with GE's NBC in a move to sell off some of its businesses after running up billions of dollars in debt in a buyout binge. Comcast wants NBC Universal largely for its lucrative cable channels, such as Bravo and CNBC. NBC Universal also spans the NBC and Telemundo broadcast networks, the Universal Pictures movie studio and Universal theme parks.

Comcast is eager to diversify its holdings amid an encroaching threat from online video and more aggressive competition from satellite and phone companies that offer subscription TV services. Although the deal holds the promise that movies could reach cable more quickly after showing in theaters, and that TV shows could appear faster on cell phones, it has already raised concerns that Comcast would wield too much power over entertainment.

In addition to paying $5 billion to $7 billion in cash, Comcast would contribute cable networks such as E! and Style to a new NBC Universal joint venture with GE. The Fairfield, Conn.-based company would own a 49 percent stake in the new NBC Universal but is expected to completely divest its holdings after several years.

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