



HOLD THE LINE
 Left, Jean-Marie Messier in his car, which was blocked by demonstrating employees, Paris, April 18, 2002. Above, Edgar Bronfman Jr. leaves the June 25, 2002, Vivendi board meeting in Paris.

ENEMIES IN THE BOARDROOM

Last spring, as C.E.O. Jean-Marie Messier cavorted in the spotlight, Vivendi Universal's boardroom turned into a battleground. The furious, high-decibel opposition from his North American directors, led by Edgar Bronfman Jr., should have given Messier pause, but the quiet backstage machinations of the French would prove far more lethal

BY VICKY WARD

On June 25, the 15 directors of Vivendi Universal, the world's second-biggest media company after AOL Time Warner, gathered for a pre-board-meeting lunch in the company's Paris headquarters, overlooking the Arc de Triomphe. The room was buzzing, since just that morning Bernard Arnault, the chairman of LVMH, the French luxury-goods conglomerate, had resigned from the board. It was the fourth such resignation

in six months, during which time the stock had plummeted nearly 70 percent. That afternoon, everyone knew, Edgar Bronfman Jr., the suave, bearded Seagram heir, whose family held the largest single block of Vivendi Universal shares, would call for a vote of confidence in Jean-Marie Messier, Vivendi's 45-year-old French chairman and C.E.O. The two men had breakfasted together hours before to discuss it, but Messier had been unable to dissuade Bronfman from his course of action.

At the meeting the five North Americans

on the board—Bronfman; his father, Edgar senior; Samuel Minzberg, a lawyer representing Edgar senior's brother, Charles; Marie-Josée Kravis, the wife of Kohlberg Kravis Roberts founding partner Henry Kravis; and Richard H. Brown, chairman of Electronic Data Systems—were set to lobby hard for Bronfman Jr.'s motion. After lunch Minzberg approached the lone Englishman present, Simon Murray, the former C.E.O. of the book publisher Hutchinson and co-founder of the Orange phone network. By all accounts Murray appeared somewhat startled

LEFT, BY FRANÇOIS MORI; RIGHT, BY RÉMY DE LA MAUVINIÈRE

as Minzberg clasped him tightly and, in a voice quivering with emotion, apologized for having yelled “Fuck you” at him twice during a heated exchange at a board meeting in May. “Will you vote with us?” Minzberg asked. Murray said he’d listen to the presentations and decide.

During the previous few months Minzberg, whom a fellow board member describes as “ordinarily rather quiet,” had been growing increasingly belligerent as the

Europeans for, five North Americans against.

Next up for discussion was a Goldman Sachs report that Edgar Bronfman Jr. had commissioned after the previous board meeting, on May 29. It concluded that Vivendi would be in serious financial trouble if it could not sell off a number of assets, such as a portion of Vivendi Environnement or Telepiu, the Italian pay-TV business, or if the ratings agencies downgraded Vivendi’s debt again.

“Goldman Sachs sounded alarmist,” says one board member, “but it was remarking on the obvious. No one disagreed with it.”

Then Bronfman Jr. raised the question of confidence in the C.E.O. He used a phrase, “the Messier discount,” claiming it was the presence of

among Messier’s biggest fans in the boardroom, was apparently the key turncoat. Lachmann and another French board member, Jacques Friedmann, had gone to see Messier and told him that the French banks were threatening to refuse further credit lines to the company if Messier stayed. When Simon Murray heard this, he resigned as well.

That hot Sunday night in Paris, Messier sat stunned in his office with his chief financial officer, Guillaume Hannezo, and two Lazard Frères bankers. “He was like a guy in the boxing ring,” says a person who was there. “I’ve never seen him like this. He always smiles, he always talks. That night he was not talking or smiling. . . . It was as if he’d been hit by a bus.”

Why did his French colleagues turn so suddenly on Messier, who in just five years had transformed Vivendi from a stodgy

utility company into an international colossus? He had been hailed as the savior of modern French capitalism, a mold breaker, an expansionist of Napoleonic proportions. He was spoken of in the same breath with News Corporation mogul Rupert Murdoch, with whom he was obsessively competitive. But whereas Murdoch started with a family fortune and spent a lifetime building his empire, Messier, with no family money, rose to the top in less than a decade. After he moved to

America last September, his renown became international. He was the C.E.O. of the moment—sought after for press interviews, museum boards, speaking engagements. Part of that, it’s true, was Messier’s doing. He loved publicity, never seemed happier than when he was sharing the stage with the rock stars his company represented.

But all that was over in a single weekend.

In France, Messier’s failure is considered a national disaster. “He was going to help the French economy move towards a globalized world. . . . In that sense the French business establishment and also to some extent the political establishment had a stake in his succeeding. . . . He was the poster boy for all that stuff,” says *La Tribune’s* New York correspondent Thierry Arnaud. “Which makes the fact that he failed all the more painful.”

In truth, the summer was a mean season for media-company executives of all stripes, who seemed to collapse like dominoes. “Did you notice Koogle, Levin, Messier, Pittman, Middelhoff left. . . . There may be something CONTINUED ON PAGE 205

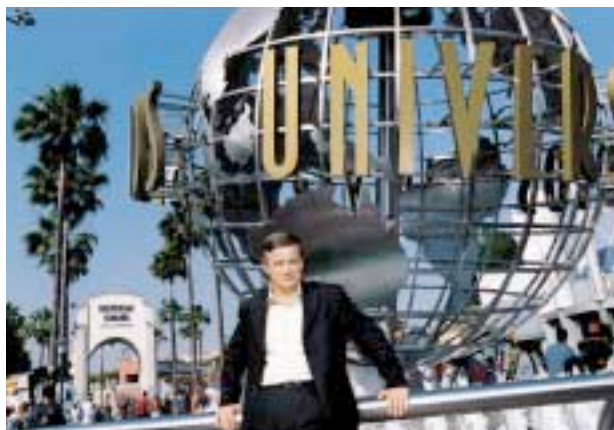
MESSIER'S DISCOURTEOUS BEHAVIOR MAY HAVE SERVED TO HARDEN BRONFMAN'S PROFESSIONAL DOUBTS INTO A PERSONAL DISLIKE.

stock declined. He started sending daily “insulting” E-mails to Messier, says a source. The board member recalls, “Minzberg sounded like one of those lawyers in the courts who screams at everybody. . . . They [the North American board members] went into overdrive with Minzberg leading the charge and Edgar being charming and trying to pretend that Minzberg was some wild boar out of control.”

“They turned it into a personal vendetta,” says one of the European board members of the North Americans’ attempt to oust Messier. Board meetings grew increasingly hostile, with people shouting at one another. However, Messier was not worried—he knew he still had the support of the eight Frenchmen on the board and the French banks.

First up for discussion at the June 25 board meeting was the appointment of a new board member, Dominique Hoenn, the chief operating officer of BNP Paribas, a major French bank. Messier argued that his appointment would quell the critics who were arguing that Vivendi Universal was facing a cash-flow crisis. But Minzberg at first refused to vote, stating that Hoenn had not been approved by Vivendi’s human-resources committee. Messier retorted that the human-resources-committee chairman, Edgar Bronfman Sr., had been unavailable the previous day, when the motion had been put before it. “Clearly, Messier thought the inability of the board to meet was deliberate,” says a board member.

A vote took place at Messier’s insistence, and Hoenn was voted in: 10 Eu-



MASTER OF THE WORLD
Jean-Marie Messier at Universal Studios in Los Angeles in June 2001, a year after he acquired it.

the C.E.O. that was driving the share price down. Serge Tchuruk, the C.E.O. of Alcatel, a French telecommunications company with a stock performance nearly as bad as Vivendi’s, and Simon Murray argued that Messier should stay. Murray speculated that removing Messier would create instability and hurt the share price further. Bronfman’s motion was voted down. The North Americans were with him, the Europeans against.

The meeting was adjourned. Messier felt sufficiently optimistic to tell analysts on a conference call that he would be happy to remain C.E.O. for the next 15 years.

That weekend, while on business in Japan, Murray got a phone call from Edgar Bronfman Jr.: Messier was resigning. The French directors had suddenly—and inexplicably—changed their minds.

Henri Lachmann, the chairman and C.E.O. of Schneider Electric, who had been

CONTINUED FROM PAGE 198 happening in the media industry—no?” Messier asked *V.F.*, referring to the sudden departures of Yahoo’s Tim Koogle, Time Warner’s Gerald M. Levin, AOL’s Bob Pittman, and Bertelsmann’s Thomas Middelhoff. But Messier’s professional demise remains the most startling because it happened with such extraordinary suddenness. “Other C.E.O.’s survive when their share price is low,” says a former colleague of Messier’s, adding, “but that’s because they are either owners or they have friends.”

Messier, it seems, has few friends.

“Messier thinks there was a conspiracy,” says a close friend. “He blames three things for his downfall: [French president] Jacques Chirac, Claude Bébéar [the chairman of the French insurance monolith AXA, who would join the Vivendi board after Messier’s resignation], and the Bronfman family,” says a source. (When asked about this, Messier says, “No comment,” but claims he harbors no “paranoia.”) Right after he stepped down, Messier told the newspaper *Le Point* that “the lobbies” had moved against him—in particular, he believes that the French business elite, many of whom are Freemasons, were responsible. His closest allies don’t disagree, but they think that’s not the whole story. “*Il a creusé sa propre tombe*,” says one, which translates as: “He dug his own grave.”

Until November 2001 “the little Frenchy,” as Messier once referred to himself (he is only five feet seven inches tall), seemed to possess a gift for empire building. In France, everyone knew his tale: Messier, the son of an accountant in Grenoble, attended all the right schools and married his childhood sweetheart, Antoinette. Working in the French finance ministry under Edouard Balladur, he privatized many state-run businesses; then he entered the private sector as one of the youngest partners ever at Lazard Frères, the French investment bank. There, he shone: “He’s the one guy I’ve met in my career that you would say of, ‘Even if I’m lucky, even if I work hard, I’m not playing in the same league,’” says a former colleague.

Messier worked so hard he acquired the nickname Robocop. Because of the large number of lucrative deals he brought in, his superiors forgave him idiosyncratic work practices, such as not returning E-mails—even to Michel David-Weill, the head of the firm.

Messier was making a name for himself outside the company as well. He became the equivalent of a boldfaced name in a country that doesn’t really have them. For his 10th wedding anniversary he held

a party that got written up in all the gossip columns. “He was only 34,” says the French writer Nazanine Ravai. “All the yaya people were there.” The guests included Cabinet members as well as colleagues from Lazard Frères.

In November 1994, Messier left to work for one of his clients, Guy Dejouany, the 75-year-old head of Compagnie Générale des Eaux, the giant 150-year-old water company that also owned Canal Plus, Europe’s leading pay-TV station. In 1996, at only 39, Messier took over from Dejouany. He renamed the company Vivendi and made it plain that his ambitions had to do more with the Canal Plus part of the company than the sewers and purification plants. He bought the Havas media group; 44 percent of Cegetel, which controls SFR, one of the leading mobile-phone operators in France; as well as 24 percent of BSkyB, Rupert Murdoch’s satellite-television company. He also joined forces with Vodafone, the mobile-phone company, to start an Internet portal known as Vizzavi, which he intended would become his main means of content distribution.

Then he turned his attention to America. In June 2000, in what was a clear attempt to echo the AOL Time Warner merger, he acquired Seagram, the liquor company founded by the Bronfman family, by giving the Bronfmans \$34 billion worth of Vivendi stock. (In 1995, under the stewardship of Edgar Bronfman Jr., Seagram had acquired Universal Studios and MCA, which became the Universal Music Group, the largest music company in the world. These were the assets Messier had coveted.) The new, merged company was rechristened Vivendi Universal, and, as a group, the Bronfmans became its largest shareholder. Bronfman Jr. became C.O.O. of the new company, with direct responsibility for the music group.

That deal had barely closed when Messier invested \$372 million in MP3.com, the music Web site, then \$1.2 billion in Elektrim, a Polish telecom company; this was followed by \$2.2 billion for 35 percent of Maroc Telecom, then \$2.2 billion for the American book publisher Houghton Mifflin. Then he invested \$1.5 billion in the American satellite-television company EchoStar Communications Corporation. In November 2001, shortly after he’d moved himself, his wife, and four of his five children—Claire-Marie, Jean-Baptiste, and twins Nicolas and Pierre—to

New York City (Anne-Laure remained in France), he spent \$10.3 billion to buy USA Networks, run by Barry Diller, 43 percent of which was already owned by Vivendi. Diller, who had once run the Paramount and Fox movie studios, was an executive revered by Wall Street. It was thought he would never again work for anybody. But now he was working for Messier.

In one year Messier had spent \$50 billion. He promised investors that 2002 would be the year of consolidation.

Messier’s strategy was not just one of

“HE BLAMES THREE THINGS FOR HIS DOWNFALL: PRESIDENT JACQUES CHIRAC, BUSINESSMAN CLAUDE BÉBÉAR, AND THE BRONFMANS.”

senseless acquisition. He had a genuine interest in bridging the gaps among cultures. Michael Jackson, the chairman of Universal’s entertainment units, recalls how Messier liked to show his employees a video of Khaled, an Algerian singer, and Noa, an Israeli, performing John Lennon’s “Imagine” together at the World Economic Forum in New York in January. “Every time, he was in tears by the time the tape was finished,” says Jackson. “There was something romantic about him. . . . You know, that badge he wore with the Tricolor and the Stars and Stripes on it.”

That was partly why at the World Economic Forum he was hailed as a hero by celebrities and business leaders alike as he staged a concert with, among others, Bono, Quincy Jones, Peter Gabriel, and India Arie. The overarching message was unity, but the event undeniably served to put him in the headlines as one of the event’s main attractions, on a par with Bill Gates.

Many who worked with Messier say that his other driving force is a love of publicity with perhaps a touch of megalomania. Though he signs himself “J2M” in E-mails, he sometimes goes by “J6M,” short for Jean-Marie Messier, *Moi-Même, Maître du Monde* (Jean-Marie Messier Myself, Master of the World)—which was from the immodest title of his 2000 autobiography, *j6m.com*. Colleagues complained that he accepted far too many speaking engagements and that he was indiscriminate with press appearances. Rupert Murdoch recently described Messier to the *Financial Times* as “never having met a journalist he didn’t give an interview to.” Messier was featured in *Paris Match* three times in 18 months. Last

year at Herb Allen's annual power summit of moguls in Sun Valley, Idaho, Messier rented a cabin in which to hold meetings with the likes of Liberty Media chairman John Malone, Murdoch, Disney's Michael Eisner, and Comcast's Brian Roberts. "It was like a royal receiving line," says a former colleague.

"[We told him], 'Stop and let the news of the company be the platforms for your visibility when we have an acquisition, [or] when we have a dispersal . . . because we're

WHEN ASKED IF HE WISHES HE'D HANDLED LESCURE'S FIRING DIFFERENTLY, MESSIER REPLIES, "YES, MUCH EARLIER."

too visible, and we don't have the components that justify it,'" says one former member of the Vivendi communications team. "But Jean-Marie has this habit of listening to you intently and then doing completely the opposite."

When Edgar Bronfman Jr. first met Messier, in Paris in October 1999, three months before the AOL Time Warner merger was announced, there was no agenda. The soft-spoken, elegantly dressed Bronfman had requested the meeting, mainly out of curiosity, although in the back of his mind, he says, he was wondering how to take Seagram to the next level.

"We were going to sell Seagram at some point, because my father has seven children and 22 grandchildren. And we don't have any special voting rights," says Bronfman Jr., sitting in a conference room in the Lever House building, situated opposite Vivendi's headquarters in the Seagram Building, on Park Avenue in Manhattan. What he means is, as the generations passed, the family's control of the company would dissipate because their ownership rights were no different from any other shareholder's.

Though it was an unlikely pairing—the tall, calm Bronfman is languidly patrician, and the diminutive Messier blusteringly intense—the two hit it off so well that breakfast lasted well over an hour and a half. "When you meet Jean-Marie, he is a compelling person," says someone close to Bronfman. "I call him Clintonesque in that sense."

Messier's international vision had appeal for Bronfman, who figured that Canal

Plus provided a major European distribution arm for Universal's content. Though he knew Messier had a burgeoning reputation for egocentricity, Bronfman wasn't worried—as others were—that Messier's track record did not qualify him to run the world's second-biggest media company. Within less than a year the two had hammered out the deal for Vivendi to buy Seagram.

When Messier presented the deal to his board, he was the hero of the hour. Even Jacques Chirac, who reportedly didn't like Messier and is said to have previously refused social invitations from him, offered his congratulations. Henri Lachmann, on the Vivendi board, was particularly effusive, sending Messier congratulatory notes, says one banker employed by Vivendi. "He

port Messier had made him Vivendi's joint chief operating officer, with responsibility for the American entertainment assets as well as Canal Plus.

Given Canal Plus's losses, Bronfman thought the appointment was a mistake. He had hoped that Messier would replace Lescure without dishonoring him. He thought it nonsensical that senior executives at Universal Studios were effectively having to report to Canal Plus in Paris. "We didn't execute the merger," says Bronfman, meaning that the potential of the merger was never realized. Even Messier himself says, "Pierre never really took his marks."

Chaos was evident behind the scenes during preparation for the first presentation of the merger to Wall Street. "I've never seen such a helter-skelter lack of direction in my life," says one member of the communications team, who points out that the share price dropped "like a rock" after regulators approved the merger. "It was obvious that, for all our panache, folks [i.e., analysts] were out there saying, 'I don't get this.'"

In London during one road show promoting Vivendi's purchase of Seagram, Bronfman Jr. told the audience that the best thing about owning an entertainment company was selling it! "It was clearly a slip of the tongue, but Messier looked thunderstruck," says one investor who was present. On another occasion Messier started quoting Celine Dion, only to be gently reminded by Bronfman that Dion is not on Universal's roster of artists.

"It was actually visible he [Messier] didn't like that Edgar was too present," says a former member of the communications team. "Yet it was only logical. He [Bronfman] was there to say, 'It's my money,' but Jean-Marie, he loves . . . to hear his own voice. He's like a child."

Messier's dislike of sharing a platform with Bronfman became more and more obvious. At executive-board meetings Messier had a habit of calling on Bronfman when there was only a short time left. "Oh, we have to talk about music," he would say. "Can you do that in five minutes, Edgar?"

But there was also a more dangerous aspect to Messier's love of public performance: he got himself into trouble by prematurely announcing deals. At a meeting in Orlando, Florida, Messier, wearing a T-shirt emblazoned with "No. 1," blithely told an audience of the company's top 300 executives that he was buying Houghton Mifflin for \$2.2 billion. Pandemonium struck. "The



CRASH LANDING

Pierre Lescure with Messier, June 2001. Messier had made him head of Vivendi's television and film divisions, even though he had lost money for four consecutive years at Canal Plus.

was the Messier fan club," says the banker. "The only thing he would do every time we went to them [the board] with a transaction was to say, 'I've got nothing to say. Jean-Marie's a genius, and everything he does or will do I will always support.'"

Messier also had the crucial support of 57-year-old Canal Plus C.E.O. Pierre Lescure, a glamorous former TV anchor, who is widely loved by the entertainment industry in both France and America. A habitué of Studio 54 in the 1970s and a former boyfriend of Catherine Deneuve's, he helped found Canal Plus 18 years ago. In 1994, after his partner André Rousselet resigned, he assumed the role of C.E.O. with dismal financial results. The once profitable company began hemorrhaging money, posting a loss of more than \$400 million for last year. But to win Lescure's sup-

lawyers went batshit,” says one of the executives, who had to scramble back to New York and set up press conferences before the market opened the following day. Messier believed that the announcement involved merely “a question of confidence and trust with your main managers,” as he puts it.

Increasingly, Bronfman felt there was little or no logic behind Messier’s continuing acquisitions. He could barely conceal his dismay when Messier announced that he was buying the 35 percent stake in Maroc Telecom for almost \$2.1 billion. In private, Bronfman told Messier he thought that it

“MESSIER WAS LIKE A GUY IN THE BOXING RING. . . HE WAS NOT TALKING OR SMILING. IT WAS AS IF HE’D BEEN HIT BY A BUS.”

was a nonsensical deal, that it sent the wrong signal to the market. “All of Asia is opening up, and we’re going into North Africa!” an executive close to Bronfman says.

Messier’s relationship with Bronfman continued to decline. A former Vivendi employee says Messier planned all along to cut Bronfman loose from his executive capacity, playing him and Lescuré against each other. At any rate, his discourteous behavior toward Bronfman may have served to harden professional doubts into a personal dislike.

After relocating to New York, Messier tried to move a Bronfman-family Rothko, hanging in a reception area on the fifth floor of the Seagram Building, into the \$17.5 million Park Avenue apartment he’d rented from the company, until someone told him this was simply unacceptable. So he brought it into his office instead. An executive recalls how he sent an assistant marching into Bronfman’s office to discuss where other pieces of Bronfman art could be moved to. (When asked about this, Messier replies, “[That is a] crazy question. I had no time for that.”)

In June 2001, Steven Spielberg asked Bronfman for an introduction to Messier. Bronfman set it up in his suite at the Hotel Bel-Air because he felt it was more conveniently situated for the film director than

Messier’s hotel, the Beverly Hilton. When told of the location, Messier booked a suite at the Bel-Air himself and insisted the meeting take place there. In the end he arrived late, and the group, which included Universal Studios president and C.O.O. Ron Meyer and DreamWorks co-principal Jeffrey Katzenberg, had assembled in the restaurant.

In March 2001, Bronfman was asked by Messier to attend the opening of Vivendi’s theme park in Osaka, Japan. The theme park had been an idea formulated, funded, and executed by Bronfman before the merger, but when he looked at the itinerary he saw there was no role for him. He ended up not going.

The final breakdown with Bronfman occurred in December of 2001 when he resigned from his position as executive vice-chairman—he claims he had always planned to

buying back a company at two and a half times the price he had sold it for four years before. “There was this great myth out there [that] Barry was really clever,” says one Vivendi employee, but the reality was “Barry got really lucky.” To Jean-Marie Messier, who was eager to win over the Hollywood establishment at apparently almost any price, the deal was evidently worth it. “He imagines that one day he will be at the same level as Murdoch,” says another former employee.



OFF WITH HIS HEAD
Demonstrators outside Canal Plus’s Paris headquarters protest Messier’s dismissal of Pierre Lescuré, April 17, 2002.

find something else to do. In June he announced that he was buying 40 percent of Asprey and Garrard, the British jewelers and silversmiths, and assuming the position of co-chairman.

But it was hard to see it as mere coincidence that on December 17, less than two weeks after the resignation, Messier announced what he no doubt saw as his *pièce de résistance*: the \$10.3 billion merger with Barry Diller’s USA Networks, and the hiring of Diller as chairman and C.E.O. of Vivendi Universal Entertainment. Bronfman had sold Diller the USA and SciFi cable networks and Universal’s television-production division in 1997, with Bronfman keeping 43 percent of the stock.

Though at one point the two men had been sufficiently close for Bronfman to consider making Diller his child’s godfather, they had subsequently fallen out when Bronfman helped thwart Diller’s ambition to buy NBC. Vivendi insiders claim that right from the start Bronfman told Messier that he did not want Diller running his company. (Bronfman and Messier say this is not so; Bronfman points out that two years before the USA Networks deal he, Diller, and Gordon Crawford, a director of the Capital Group, a leading institutional investor, had gotten together to see whether they could figure out a way to work more synergistically. “There’s always ups and downs with Barry,” says Bronfman, “but I’ve known him for 30 years. I haven’t known Messier for 30 months.”)

To Bronfman’s way of thinking, there was no rush to purchase USA, since Vivendi already owned 43 percent of it and would be given first dibs on the rest if Diller ever wanted to sell. There was also the sobering fact that Bronfman would be

According to an insider, the biggest price that Messier paid in terms of the deal with Diller was that Edgar Bronfman Jr. became more active in the boardroom.

Bronfman says it was not the Diller deal so much as two others that happened around the same time that led the entire North American contingent on the board to voice their extreme unhappiness with the C.E.O. First, in December, without the approval of the board, Messier spent \$1.5 billion for 10 percent of EchoStar, which Murdoch had previously tried to buy and failed. “What was the rush?” Bronfman and the others asked. It wasn’t as if EchoStar was going to turn down the option of distributing Universal’s movies on its television stations. Many thought that Messier had done the deal simply to spite Murdoch. (Messier says the deal was “approved unanimously during a board meeting in Novem-

ERIC FEEBERG

ber subject to finalization and review of documentation.”)

Then, after having announced in November to the market that he would cancel 33 million treasury shares, in January Messier instead dumped 55 million Vivendi shares on Goldman Sachs and Deutsche Bank in a “bought deal,” meaning they would be stuck with the stock if they couldn’t sell it. With AOL Time Warner’s earnings warning, issued later that same day, the market was worried, and, in fact, the banks could not unload almost one-third of the shares. Vivendi’s stock in turn dropped 24 percent by the end of January. The North Americans on the board were furious. “No C.E.O. is obliged to lie to the market,” says Bronfman of Messier’s flip-flop. “You say, ‘We haven’t decided’ or ‘We might’ or ‘We have several alternatives.’” (Messier says, “Everything was rightly stated and disclosed at the right time.”)

The situation got worse. In March, amid calls from analysts and investors for greater “transparency” with regard to accounting methods, Vivendi took a goodwill write-down of \$13.6 billion, the biggest loss in French corporate history; this was an acknowledgment that it had overpaid egregiously on its acquisition binge. By the end of April the stock was down 43 percent from the start of the year.

Furthermore, the North American board members were appalled to discern from the annual report that the company stood to lose up to \$770 million in an options deal that Messier negotiated when the stock was much higher. “If you read the notes, you saw it, but [with something like this] you expect the C.E.O. to come forth and say, ‘We’ve made a huge mistake,’” says one board member. (Messier says it was “normally disclosed as recommended by . . . auditors.”)

But the North American board members felt that their complaints were falling on deaf ears. When the French did not understand something, they either broke into side conversations in their own language (which some of the North American members could not understand) or said nothing at all. Marc Viénot, who heads the audit committee, once told Bronfman Jr. he was “overreacting” about the company’s cash situation, according to a board member; at a board meeting earlier in the year, another of the North American members noticed the French “joking” throughout a presentation. “Can’t we discuss serious things rather than numbers all the time?” one of the French board members asked.

Meanwhile, though he did sell some

small assets to try to shore up liquidity, Messier continued to spend money on what many considered superfluties. In February, during the Winter Olympics, he’d held a company retreat in Salt Lake City. “He paid to have Bill Clinton address him. . . . I don’t want to know what that cost,” one employee grumbled. Then, in March, he held a meeting in Deauville, France, where senior executives spearheaded groups ordered to come up with new strategies. Many thought that no original ideas had been forthcoming. Michael Jackson told colleagues that “people came away from that, unfortunately, feeling worse about the organization they work for, that it was chaotic. . . .



NEW KID ON THE BLOCK

Jean-René Fourtou, a former pharmaceutical-company executive, on July 3, 2002, after he succeeded Messier. Later in the summer, Fourtou received regular correspondence from Messier.

Although what did come over was just how impressive the group of assets were.”

Adding to the directors’ irritation was Messier’s seemingly never-ending love affair with the media. In February he gave an interview to *Paris Match*, for which he was photographed ice-skating in Central Park. “It was a two-hour shoot, when he should have been attending to business,” says one former Vivendi staffer. “Jean-Marie hates skating, because he had an accident when he was a child. The whole thing was so contrived. It made him look like he was giving the finger to France.”

At least one major French institutional shareholder rang up journalists at *La Tribune* and told them he’d been so sickened by the *Paris Match* story that he sold every Vivendi share.

In March, Messier gave yet another interview, this time to *La Tribune*, in which

he issued an ultimatum to Canal Plus C.O.O. Denis Olivennes and Pierre Lescure, who had been pushed from his perch atop Vivendi’s television and film division when Diller assumed the chairmanship (Lescure claims not to have minded—he and Diller go way back, he says): they had two years to turn Canal Plus around or else . . . Lescure and Olivennes were totally unprepared for this front-page admonition. Messier E-mailed Lescure that he was sorry for the headline,

AFTER MESSIER SURVIVED THE JUNE 25 BOARD MEETING, HE KNEW THERE WAS A REPLACEMENT WAITING IN THE WINGS.

but he did not apologize for the crudeness of letting him know his job was on the line through the media.

“The way he handled this showed chronic misjudgment,” says a member of the board. “He already had problems with the U.S. contingent—why did he go out of his way to alienate the French too?”

Messier had started his French problem with a throwaway comment at the USA Networks merger announcement in December that the French “cultural exception”—the large slice of funding that the government gives each year to the French film industry—was dead. Some people thought he meant that the Canal Plus part of the exception—the company is required to commit 20 percent of its revenue to the production of French films—would be terminated. Chirac and the French entertainment industry were alarmed. Messier says now that he doesn’t regret the comment, because it was intended “entirely around cultural diversity.” Why did he say it? Those who were at the meeting thought that Messier had “looked like he couldn’t quite believe he’d hired Diller,” and had simply gotten carried away.

Lescure felt that the *La Tribune* article deserved a direct response, since one of the main reasons for Canal Plus’s losses was Telepiu, the money-losing Italian pay-TV company. Messier initially refused to relinquish it, some thought, because Murdoch wanted it and would gain a monopoly in Italy if he got it.

Lescure and Olivennes sent out an E-mail to all Canal Plus employees saying that they

should not be disheartened; certain financial indicators were up. Messier saw this as a flagrant breach of his authority. He told the staff at the Deauville retreat that what Lescure had done was “totally inappropriate.”

Olivennes resigned soon after in protest, and on April 16, Messier fired Lescure. The reaction in France was electric, serving to emphasize Messier’s political isolation. There were demonstrations in

French economy. Neither he nor Jacques Chirac, a friend, wanted to see any of Vivendi’s key assets in foreign hands. Bébéar quietly started to lobby each of the French board members to consider finding a replacement for Messier. In May, Vivendi’s share price fell further, and Bébéar turned up the heat. At the end of a radio interview, he said that Vivendi had a “strategy and a decision problem.”

That brief statement was as lethal as a guillotine. “Basically, Messier was toast from then on,” says a French investment banker. But Messier continued to fight. He assured Bronfman that Bébéar was going to retract what he’d said. The retraction never came.

To raise cash, Messier negotiated to sell Vivendi’s stakes in BSKyB and Telepiu. At the

ers, in order to avoid \$350 million in taxes in France. Bronfman says he asked him outright if there was a cash shortage, and was told no. So Bronfman said that, if he deferred, it would send terrible signals to the market.

“Essentially,” says one board member, “Messier had his back against the wall—and he wouldn’t tell us the truth: that he was running out of money.”

On June 17, Messier announced that he would be selling a stake of a little over 15 percent in Vivendi Environnement (the original, water-company assets)—in direct contradiction to what he’d said a month earlier.

In an indication of how desperate Vivendi’s need for cash had become, it emerged on June 21 that Deutsche Bank had already received almost 13 percent of Vivendi Environnement as security for a \$1.48 billion short-term loan. It was hard to escape the conclusion that Messier had been hastily attempting to justify something he had already been forced to do. The market feared the worst.

Bernard Arnault was furious: since April he had been asking to see financial documents and had been turned down. Someone close to him says that this was the last straw—on June 25 he quit. (Messier points out that in the previous few months Arnault had often been absent from board meetings.) Murdoch turned the situation to his advantage and it was leaked that he was going to renegotiate his deal for buying Telepiu from Vivendi.

After Messier survived the June 25 board meeting, he says, he knew that Claude Bébéar had a replacement for him waiting in the wings: Jean-René Fourtou, the retired C.E.O. of the pharmaceutical company Rhône-Poulenc. Very few people know exactly what pressures were exerted to get the French board members to change their minds. Almost certainly Bébéar, who has known both Marie-Josée Kravis and Charles Bronfman for many years, had formed a secret alliance with the North Americans. In the preceding few weeks, Minzberg had paid several visits to Bébéar. Some speculate Messier’s sale of a stake in Vivendi Environnement alarmed the French business right, which has a heavy concentration of Freemasons. A source close to Messier says, “My feeling is a lot of money flows to politics and the Freemasons, and that they

“NO ONE MENTIONED MESSIER,” SAYS A CONFERENCE PARTICIPANT. “A FRENCHMAN’S NOT THERE—SO WHAT?”

the streets; Lescure supporters stormed Canal Plus’s television studios and disrupted live shows. Now, when asked if he wishes he’d handled Lescure’s firing differently, Messier says, “Yes, much earlier.”

Despite the hubbub, it is possible that Vivendi’s French board members might never have been stirred to rid themselves of Messier had not the firing of Lescure wakened a sleeping giant in the form of the venerable French businessman Claude Bébéar, who decided that urgent intervention was needed.

Bébéar, 67, a passionate lion-hunter renowned for keeping rifles in his office, is the “godfather” of French business; the chairman of AXA, he is considered, along with Gucci owner François Pinault and Arnault, one of the nation’s greatest entrepreneurs. “He is from the old, serious school,” says Nazanine Ravai, “the school that frowned on Messier as an upstart who came too fast too soon. Bébéar took years to build his business.”

As a founder of the prestigious club *Entreprise et Cité*, whose members include Friedmann, Lachmann, and Arnault, to name a few, he has an octopus-like reach into French political and business spheres. When Bébéar set out to take over Friedmann’s insurance company, UAP, according to a French investment banker who knows both men, Bébéar told him, “Here is my offer, and you have three days to accept it or I crush you.”

In April, Bébéar let it be known that he was worried that Vivendi’s plight might have wider repercussions for the



CRY, THE BELOVED COMPANY
Messier weeps as he leaves Vivendi headquarters in Paris, July 2, 2002. In a company-wide E-mail he said he had run out of time, but a board member says, “He ran out of money.”

eight-hour board meeting on May 29 he took up Bronfman’s initiative to let the board form its own corporate-governance committee in an attempt to show the market he was creating greater transparency. This only caused his French detractors to give him a new nickname: J.P.L.M.—*Juste pour le Moment*.

If anything, Messier’s precariousness seemed to spur his defiance. When *Le Monde* journalist Martine Orange wrote that there were whispers suggesting Vivendi had liquidity problems, she says Messier called the paper and demanded to have her fired. They refused, so Messier pulled Vivendi’s ads. Messier says this anecdote is “a *galéjade*—it’s ridiculous and false.” Yet Orange stands by the story.

Meanwhile, an insider claims Messier asked Bronfman about deferring dividends that were owed to the Vivendi sharehold-

feared a sale of Vivendi Environnement could stop the flow.”

Whatever happened, it worked.

Once it was set in motion, the machinery of the old-boy network worked quickly. Lachmann and Jacques Friedmann reportedly went to see the two bank presidents who were extending credit to Vivendi—Michel Pébereau, the chairman and C.E.O. of BNP Paribas, and Daniel Bouton, the chairman and C.E.O. of Société Générale, both members of Bébéar’s business club.

A few hours later both bankers allegedly told Messier that they would not extend him credit lines—unless there was a change of management. Then Lachmann and Friedmann—“two exceptional men,” sneers one of Messier’s confidants—went to see Messier and told him that he would lose if there was a vote of confidence.

Messier played the only card he had left—one which has exposed him to charges of gross hypocrisy. According to French bylaws, only the chairman has the right to call board meetings within 60 days of the previous one. Messier told the board that if it did not come up with a suitable severance package he would defer the board meeting—required to elect Fourtou—for 60 days, by which time the company would be bankrupt.

This from the man who in his memoir had criticized Philippe Jaffré, the president of Elf Aquitaine, the French oil company, for taking a golden handshake of almost \$19 million. Messier had vowed in his autobiography never to do the same. When the news broke that he’d been promised around \$18 million, TV anchors around the country opened the evening news quoting from the relevant passage.

Messier cried as he exited the Vivendi building in Paris on July 2, after having sent an emotional company-wide E-mail that said he had run out of time. His board didn’t see it quite that way. “He didn’t run out of time, he ran out of money,” says one member.

A confidant of Messier’s says now that Bébéar, Fourtou, and Lachmann, three key players in Messier’s undoing, rotate in using Messier’s old office: “They’re all semi-retired, they take turns . . . because there are weekends and hunting parties and golf courses to play. . . . They’re like little boys playing Monopoly.”

Bébéar has joined the board, as has Gerard Kleisterlee, the president and C.E.O. of Royal Philips, the Dutch electronics company. Bronfman says he thinks the new C.E.O. is “honest” and “strong.” Even so the stock price continued to tumble, hitting an all-time low of \$9.76 on August 16, amid grave reports that the company was dangerously close to bankruptcy.

An unexpected by-product of Messier’s fall was that it has reunited Barry Diller and Bronfman. The two men flew together from New York to Paris for the board meeting at the end of July. Afterward, Diller made a press statement praising Bronfman as “one of the unreported heroes of this process . . . who, potentially, has not slept for a month while he has worked to stabilize [Vivendi] financially.” In August, according to a former Vivendi employee, Bronfman offered to buy 10 percent of Vivendi Universal’s entertainment assets, with the right of first refusal on the rest. The French board members turned him down. The Bronfmans deny this. Messier, a source says, feels that the new friendship is purely opportunistic on Diller’s part.

And despite having lost over \$4 billion, thanks to his investment in Vivendi, Bronfman does not seem to have lost the respect of his peers. Viacom chairman Sumner Redstone reportedly called him just before the Herb Allen Sun Valley conference and said, “Don’t let these guys get you down. . . . You’ve got value you can recapture here.”

After his fall, Messier went on vacation to Colorado and then Montana. For the first time in years, he did not attend France's elite annual Aix-en-Provence music festival—a venue which is de rigueur for all “classy French businessmen,” according to Pierre Lescure. Languishing in America, Messier was evidently homesick. “He was on the phone wanting to know how it was, who was there,” says Nazanine Ravai.

This was just the first item in a long list of hasty social retreats on both sides of the Atlantic. Messier's keynote address at the Allen conference, to which six years earlier he'd lobbied for an invitation, was quickly canceled. “No one [at the conference] even mentioned him,” says a conference participant. “Suddenly a Frenchman's not there . . . So what?”

Messier's exit from Establishment circles didn't quite go as seamlessly as he might have hoped. The week after his resignation people around the world received invitations from the Appeal of Conscience Foundation for a black-tie dinner on October 1, co-chaired by Paul Fribourg, chairman and C.E.O. of Conti-Group Companies, philanthropist John C. Whitehead, and former Federal Reserve chairman Paul Volcker. They were invited to pay up to \$100,000 to honor Messier, who was receiving an award. (The office of the foundation's president, Rabbi Arthur Schneier, quickly confirmed that Messier would in fact no longer be attending.)

The New York Public Library's staff congratulated itself for scheduling its annual corporate-sponsor dinner, at which Messier was the guest of honor, for June 10. “We would have had to give a lot of money back [if it had been two weeks later],” said a spokesperson.

In August, Messier relocated to the South of France, from where he wrote that he was “taking the sum of holidays I've missed over the last 20 years.” There were rumors that he might be personally bankrupt due to a \$25 million loan he'd taken out to buy Vivendi stock before it slumped. A close friend said it was true; Messier's self-confidence was such that he was “prepared to bet on himself.”

“For sure I do believe in V.U. and V.U.'s strategy,” Messier responds. “That being said, the information [about the bankruptcy] is wrong.”

When asked what his long-term plans are, he says, “I will stay [in America]. I have some unbelievable stories,” he says, “and one day I will tell them.” However, he refutes press reports that he is currently writing a tell-all memoir called *How I Was Betrayed*.

I ask him if he has reconsidered the merits of his dream to unite content and distribution across two continents. “The future will say for V.U. as for many others. . . . It wasn't a dream but a vision, and it's still the right one, even in a different time frame,” he says.

It's a view he wasn't keeping to himself. Among those receiving regular correspondence from the fallen mogul, according to one board member, was Jean-René Fourtou, the new chairman of Vivendi Universal.

Fourtou, meanwhile, wrote an open letter to Vivendi employees and investors on August 18, discussing his effort to save the company from drowning in \$18.6 billion in debt. While he is trying to secure a \$2 billion loan in order to avoid a fire sale of assets, he has already arranged to sell \$9.8 billion worth of them, including Houghton Mifflin and EchoStar Communications. For the time being he has decided to hold on to Cegetel, Canal Plus, Universal Music, and Vivendi Environnement, to maintain the option of re-viving the company as an “international media group” in some form. Vivendi stock finally edged up in response to the moves.

Rupert Murdoch didn't comment publicly on Messier's demise, but few people doubted he was happy about it. After all, Messier used to joke that Murdoch was just a smiling dinosaur. But after it was all over the dinosaur was still roaming the world—alone. □