



This is a free translation of a press release originally published in French.

French Movie Industry and CANAL+ Reach Agreement

Paris - May 10, 2004 — As part of their ongoing relationship, CANAL+ and France's movie industry have in recent months been involved in discussions to renew their partnership by adapting it to emerging industry developments, as well as to CANAL+'s strategic vision and content production objectives.

Based on constructive dialogue and mutual trust, these discussions have been shaped by a commitment to making CANAL+'s movie lineup more attractive, strengthening the channel's role as the partner of choice for the entire industry, and supporting diversity in film production.

Today, CANAL+ and the three film industry professional organizations announced they had reached a fundamental agreement guaranteeing a stronger partnership with the industry and an enhanced movie offering for CANAL+ subscribers. The three signatory organizations are the Film Industry Liaison Office (BLIC), the Film Organization Liaison Office (BLOC) and the Society of Writers, Directors and Producers (ARP).

Scheduled to take effect on January 1, 2005, the five-year agreement calls for:

- Creating new movie slots in the CANAL+ program lineup.
- Increasing theme content on each of CANAL+'s digital channels.
- Pursuing a more ambitious film diversity policy.
- Renewing CANAL+'s financial commitment to supporting all industry segments, from production in France and elsewhere in Europe, to distribution and theater release.

Creating new movie slots on CANAL+ to increase exposure

The channel will now be able to offer subscribers feature films every evening, including Friday, without limits based on box office sales, and, for the first time, Saturday, for films with fewer than 1.2 million tickets sold at the box office. In another first, feature films can now be broadcast on Wednesday afternoons.

Enhancing the CANAL+ digital package

CANAL+'s digital versions (CANAL+ Cinéma, CANAL+ Confort and CANAL+ Sport) will now be allowed to set aside one-third of their lineups for programs not broadcast on CANAL+ Premium. This arrangement will increase programming flexibility, with the goal of improving digital subscriber satisfaction and enhancing the visibility and promotion of French films.

Pursuing a more ambitious film diversity policy

To correct shortcomings in the current diversity clause, the partners have introduced a new, more ambitious commitment to diversity:

- CANAL+ will now allocate 17% of its budget for the acquisition of French-language films to movies produced for €4 million or less.
- CANAL+ will provide financing for a wide variety of films, with balanced support for all budget segments.
- Industry professionals and CANAL+ will meet twice a year to measure progress in meeting these diversity objectives.

Renewing CANAL+'s financial commitment to support all industry segments, from production in France and elsewhere in Europe, to distribution and theater release

The CANAL+ channel will continue to allocate at least 9% of its revenues to the acquisition of French-language films, as part of its obligation to devote 12% of sales to the acquisition of European movies. The investment in French and European movies could reach 12.5%, thanks to a bonus system based on success. To support production, CANAL+ is committed to allocating 80% of its French-language film obligation to movies pre-purchased before the first day of shooting. Lastly, as a partner to all segments of the industry, the channel is renewing its distribution and theater release assistance programs to support theater renovation projects and increase movie exposure, thereby enabling theaters to share in CANAL+'s success.

A milestone in the relationship linking the French movie industry and CANAL+, the agreement also symbolizes and renews ties between film professionals and the channel, which serves and supports the industry and promotes its diversity.

CANAL+, the Film Industry Liaison Office (BLIC), the Film Organization Liaison Office (BLOC) and the Society of Writers, Directors and Producers (ARP) are pleased to have reached a mutually satisfactory agreement that offers new prospects for the channel as well as for the future of French cinema.

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