

PRESS RELEASE

(Paris - March 12, 2003) - CANAL + Group's management presented today to the company's Works Council the employee-related part of its overall reorganization plan. Introduced late last year, the plan is designed to create a more coherent, profitable organization, mainly focused on its pay-TV operations in France.

Meeting the plan's objectives requires a reduction in staffing. The redundancy program calls for the reduction of 251 positions, primarily at the CANAL + Group holding company and the CANAL + SA, CANALSATELLITE and CANAL + Distribution operating companies, along with 54 positions at STUDIOCANAL, out of a total of 3038 employees. CANAL + Group also proposed to the Works Council that activities representing 138 positions be outsourced. These jobs correspond to a certain number of support functions that would be transferred to outside providers, and would therefore not lead to any loss of employment.

The position cuts concern mainly administrative and technical support personnel, and result from the reduction in the Group's scope of operations and the commitment to improving control of structure costs. The call centers and most of the commercial forces are not affected by the redundancy program. The management's concern is to preserve the Group's creative capabilities and the quality of its subscriber relations.

In recent weeks, as part of its commitment to transparency and social dialogue, CANAL + Group has been in discussions with employee representatives, in order to reach an agreement that limits the impact on jobs as much as possible. The process presented today already provides for a set of solutions adapted to the personal situation of each employee.

Negotiated with the trade unions, an "Agreement of Method" was approved by the Works Council by a seven to one vote and should be signed this afternoon. The agreement defines the framework and timetable for future discussions. This new approach follows on from a series of meetings held in recent weeks with employee representatives. Enabled by the January 2003 Fillon Law, the agreement of method encourages the use of social dialogue to design, plan and negotiate the program's constituent measures.

The agreement of method provides that the situation of everyone concerned by the job redundancies will be clarified by June 23 latest.

The measures announced today are the consequence of the financial difficulties experienced by CANAL + Group since 1997. To return to profit and reduce its debt, the Group has undertaken a program to dispose of non-strategic assets, most of which located outside France, in order to refocus on its French pay-TV businesses. In its new scope, CANAL + Group should report positive operating income for 2003.

At the same time, CANAL + Group has launched a new organization project to capitalize on its strengths and create the conditions for a sustainable new start. The project will involve organizational streamlining, a reduction in costs and a clarification of responsibilities within the Group.

While difficult for the company and its employees, the decision announced today is an indispensable step in creating the conditions for a rebound on the basis of robust business fundamentals. It is absolutely necessary to turning the company around.

The Group's restored momentum is also expected to drive a new programming dynamic. The premium channel's editorial teams are preparing a new lineup for September that will continue to meet the satisfaction criteria expressed by subscribers, while clearly demonstrating the Group's commitment to remaining focused on content.

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