

PRESS RELEASE

Paris, March 18, 2004

**Memorandum of Understanding between Groupe CANAL+ and France Telecom regarding their cable activities**

- **Groupe CANAL+ and France Telecom aim to combine their respective cable activities with a view to enable the acquisition by new shareholders of a controlling interest in the new entity**
- **The two Groups create the conditions for a progressive consolidation of the industry**
- **Groupe CANAL+ and France Telecom intend to act in the interest of their customers, shareholders, employees and partners**

Groupe CANAL+ and France Telecom announced the signature of a Memorandum of Understanding aiming to combine their cable activities and networks (NC Numericable and France Telecom Cable) with a view to enable the acquisition by new shareholders of a controlling interest in the new entity. Groupe CANAL+ and France Telecom would keep a minority interest in the new entity.

The new entity would include the cable activities and networks of Groupe CANAL+ and France Telecom, with 4.3 million passed homes and 1.7 million active customers (at December 31, 2003).

As major French players in the cable industry, Groupe CANAL+ and France Telecom Cable aim to create, through this agreement, the conditions for the necessary consolidation of the cable industry, taking into account the interests of the customers, employees, shareholders and partners of the two companies.

This agreement is in line with France Telecom's strategy of reducing progressively and in an orderly manner its activities in the cable industry through a concerted approach.

Groupe CANAL+ will keep a stake in the equity of the new entity, thus confirming its intention of offering its channels on the different types of distribution platforms.

This Memorandum of Understanding is valid until December 31, 2004. The transaction would only be carried out after consultation of NC Numericable and France Telecom Cable employee representatives, and will be subject to the necessary authorizations and third party rights, in particular local authorities' rights regarding network infrastructures.

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