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PRESS RELEASE

Thomson maintains its focus on profitability and cash flow improvement as market conditions remained challenging in 3Q 2009

- **3Q 2009 revenues at constant currency down 19.4% for continuing activities and down 15.4% on new perimeter**
  - 9M 2009 Group's net revenues from continuing activities amounted to €2,603 million, down 8.3% at current currency and down 10.4% at constant currency compared to 9M 2008. 9M 2009 revenues from new perimeter activities declined by 6.3% at constant currency.
  - 3Q 2009 Group's net revenues from continuing activities amounted to €803 million, down 20.2% at current currency and down 19.4% at constant currency compared to 3Q 2008. 3Q 2009 revenues from new perimeter activities declined by 15.4% at constant currency.
  - In challenging market conditions, Thomson estimates it has maintained or strengthened its market positions across all businesses except in Access Products in Europe. Revenue decrease in 3Q 2009 results from weak orders from some Connect customers, continuing weakness of the DVD replication market and closure of the North American telephony business at the end of 2008. Licensing revenues slightly increased at constant currency.
  - Thomson was able to offset the decline in revenues by executing operational efficiencies to improve its operating profitability and cash flow.
- **Cash position at €551 million end of September, a €40 million increase vs. June 2009**
  - Operating cash flow from continuing activities was positive over the quarter and showed a material improvement over 3Q 2008.
  - Group free cash flow was positive in 3Q 2009. The Group's estimated cash position at the end of the quarter amounted to €551 million, compared to €511 million on 30 June 2009. Estimated net financial debt as of September 30, 2009 stood at €2,170 million compared to €2,311 million as of June 30, 2009.
- **Update on balance sheet restructuring**
  - Thomson continues to work towards the implementation of the restructuring announced on 24 July 2009, which is supported by a majority of its senior creditors.
  - Since July 24th, Thomson has received support from additional senior creditors, in some cases subject to satisfaction of conditions and completion of the ISDA auction process.
  - The ISDA process to unwind the CDS has taken more time than expected and is now anticipated to be completed by the end of October 2009. Thomson will then be in a position to identify new senior creditors and proceed to solicit their support for the restructuring. Therefore, Thomson now expects to proceed with its Extraordinary General Meeting in the first quarter of 2010.

- **Update on divestments**
    - Thomson is pursuing discussions for the disposal of Grass Valley activities and confirms it is premature at this stage to anticipate the outcome of the negotiations.
    - Following signature of a multi-year agreement between PRN and Wal-Mart, the PRN disposal process has been resumed.
    - The Screenvision US disposal is in final stages of discussions.

Paris (France), October 22, 2009 – The Board of Directors of Thomson (Euronext Paris: 18453, NYSE: TMS), met on Wednesday October 21, 2009 to review revenues for the quarter ending September 30, 2009 and the status of the balance sheet restructuring process.

Comment by Frederic Rose, Chairman and CEO

"While market conditions remained challenging, our continued focus on cash generation and profitability resulted in measurable results without material loss of market share. Our focus is now clearly to address our operational performance in Connect while increasing market share in our Technicolor activities. The extension of our agreement with Paramount, the sustained growth in visual effects and the industry endorsement of Technicolor 3D offer are positive signs of our ability to develop our businesses with content providers. Finally, we have started to lay the groundwork for future licensing programs, leveraging our refocused research efforts."

Third quarter and nine months 2009 revenues

Revenues are presented in accordance with IFRS, and therefore exclude activities now treated as discontinued. Previously reported group revenues from continuing activities for 3Q 2008 amounted to €1,170 million, of which €165 million from activities now treated as discontinued, principally the Grass Valley and the Media Networks (PRN, Screenvision) businesses.

In € million unless otherwise stated	3Q 2008	3Q 2009	Change, reported	9M 2008	9M 2009	Change, reported
Technicolor revenues	474	421	(11.2)%	1,289	1,218	(5.5)%
Change at constant currency		*(11.5)%*			*(8.2)%*	
Connect revenues	361	267	(26.0)%	1,050	1,000	(4.7)%
Change at constant currency		*(25.1)%*			*(6.6)%*	
Technology revenues	105	98	(6.2)%	286	293	+2.7%
Change at constant currency		*(1.1)%*			*+3.1%*	
Corporate and other revenues	65	16	(75.6)%	216	91	(57.9)%
Change at constant currency		*(74.0)%*			*(59.6)%*	
Group net revenues from continuing operations	**1,005**	**803**	**(20.2)%**	**2,840**	**2,603**	**(8.3)%**
Change at constant currency		*(19.4)%*			*(10.4)%*	
Of which new perimeter[1]	942	789	(16.2)%	2,632	2,520	(4.3)%
Change at constant currency		*(15.4)%*			*(6.3)%*	

[1] New perimeter refers to all activities considered as continuing except the retail telephony business, classified as Other. Even though the Group is exiting this activity, it remains accounted for as part of continuing operations because of its relatively limited contribution to revenues, in accordance with IFRS.

Key business highlights for the third quarter of 2009

- Revenues from the Group's new perimeter, which includes all continuing activities except the retail telephony business currently being exited, declined by 15.4% at constant currency in 3Q 2009 compared with 3Q 2008. Group net revenues from continuing operations for 3Q 2009 were down 20.2% at current currency compared with 3Q 2008, and down 19.4% at constant currency.
- In 3Q 2009, revenues were affected by challenging market conditions. However, the Group estimates it has maintained or strengthened its market positions across all businesses except in Access Products in Europe. Revenues in Technicolor activities were impacted by declining DVD replication volumes and lower revenues from media and broadcast services, partly offset by sustained growth in visual effects. The decrease in Connect revenues was driven by weak orders from some North American clients, and lower market share with two European customers. The Licensing business recorded slightly higher revenues compared to 3Q 2008.
- Operating cash flow[2] from continuing activities was positive over the quarter, and showed a material improvement over 3Q 2008 as a result of ongoing cost optimization efforts, a tight control over capital expenditures, and a reduction in cash restructuring charges.
- Group free cash flow was positive in 3Q 2009, and benefited from an improvement in working capital and from a substantial reduction of cash used by discontinued activities.
- The Group's estimated cash position at the end of 3Q 2009 amounted to €551 million, compared to €511 million at the end of June 2009. Estimated gross debt amounted to €2,721 million at the end of the period, showing a €101 million decrease compared to end of June 2009.

Update on balance sheet restructuring

- Thomson continues to work towards the implementation of the restructuring announced on 24 July 2009, which is supported by a majority of its senior creditors. Most of the senior creditors who did not sign the restructuring agreement are hedged and the ISDA process to unwind their CDS is still ongoing.
- Since July 24th, Thomson has received support from additional senior creditors, in some cases subject to satisfaction of conditions and completion of the ISDA auction process.
- As the process is occurring under a new ISDA protocol, it has taken more time than expected and is now anticipated to be completed by the end of October 2009. Thomson will then be in a position to identify new senior creditors and proceed to solicit their support for the restructuring. Therefore, Thomson now expects to proceed with its Extraordinary General Meeting in the first quarter of 2010.

Update on divestitures

- Over the last two months, Thomson has pursued negotiations with interested bidders for the Grass Valley activities. It is premature to anticipate the outcome of these negotiations.
- PRN and Wal-Mart have signed a multi-year agreement to continue operations of the Walmart Smart Network until 2013. As the network operator, PRN will continue to provide its advanced technology platform and provide a host of services, including implementation, media management, content distribution and advanced support. The PRN disposal process has been resumed.
- The Screenvision US disposal process is proceeding in line with expectations and final negotiations are being handled with a selected bidder.

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[2] EBIT+D&A minus capital expenditures and restructuring charges.

Divisional Review

Technicolor

Revenues are presented in accordance with IFRS, and therefore exclude activities now treated as discontinued. Previously reported revenues for Technicolor in 3Q 2008 came to €522 million, of which €48 million from activities now treated as discontinued, principally the Media Networks business (PRN, Screenvision).

In € million	3Q 2008	3Q 2009	Change, reported	9M 2008	9M 2009	Change, reported
Technicolor revenues, net	474	421	(11.2)%	1,289	1,218	(5.5)%
Change at constant currency		*(11.5)%*			*(8.2)%*	
Average $:€ exchange rate	1.50	1.44		1.53	1.37	

Despite a 23% volume decline in DVD replication and an economic environment which continued to weigh on funding for film production and releases, revenue decrease for Technicolor activities was limited to 11.5% in 3Q 2009 compared to 3Q 2008 at constant currency through an improved mix in DVD replication, a favorable customer and product mix in the Film business and sustained growth in visual effects.

Technicolor was able to offset the margin and cash flow impact of lower revenues over the quarter with an improved business mix, cost reduction actions and operational efficiency gains linked to restructuring initiatives, and a tight control on capital expenditures.

- **Content Services (digital production, post-production and content media management)**

  During the third quarter 2009, digital production (visual effects, animation and games) benefited from an increased level of activity for visual effects for films. The activity in visual effects for commercials was still weak over the period, but started to show signs of improvement across all geographies.

  The post production market remained impacted by the overall economic environment limiting access to funding for feature film production. The Group continued to implement initiatives to adjust the footprint of its activities in this domain to better fit the current market conditions and improve profitability.

  Content media management services suffered from very soft market conditions across all geographies.

- **Physical Media (Film and DVD Services)**

KPIs	3Q 2008	3Q 2009	Change	9M 2008	9M 2009	Change
Film footage (billion feet)	1.1	0.9	(14.5)%	2.9	2.7	(5.7)%
DVD volumes (million units)	365	281	(23.0)%	962	745	(22.5)%

Film reel volumes were down by around 15% in 3Q 2009 compared to 3Q 2008, largely due to the effect of the 2008 blockbuster “The Dark Knight” not recurring in 2009. However, this negative volume impact on revenues was partially offset by favorable customer and product mix.

The trend observed in 1H 2009 for DVD replication continued in 3Q 2009, with volumes down 23% year on year due to lower than expected performance of major studios' new release and back catalog volumes, and a sharp decline of kiosk and game volumes.

Physical Media activities were able to offset the impact of the revenue decrease on profitability and cash flow as a result of ongoing cost reduction and operational efficiency initiatives and a tight control on capital expenditures.

- **Content Distribution Services**

  In a difficult trading environment for broadcast services in 3Q 2009, the Content Distribution Services business market share has remained stable over the quarter while it has continued to focus on operational improvement.

Connect

Following the January 2009 decision to dispose of the Grass Valley activities, the access products activities are regrouped within a new operating segment named Connect, which includes set-top boxes, modems, gateways and Software Service Platform activities. The retail telephony activities are included within the "Other" segment.

Revenues are presented in accordance with IFRS, and therefore exclude activities now treated as discontinued. Previously reported revenues for Thomson Grass Valley in 3Q 2008 came to €541 million, of which €180 million from the Grass Valley business now treated as discontinued and from the remaining European and Asian Telephony businesses.

In € million	3Q 2008	3Q 2009	Change, reported	9M 2008	9M 2009	Change, reported
Connect revenues, net	361	267	(26.0)%	1,050	1,000	(4.7)%
Change at constant currency		*(25.1)%*			*(6.6)%*	
Average $:€ exchange rate	1.50	1.44		1.53	1.37	

KPIs	3Q 2008	3Q 2009	Change	9M 2008	9M 2009	Change
Cable (million units)	1.4	1.2	(11.8)%	3.9	3.9	(0.9)%
Satellite (million units)	2.4	1.6	(33.0)%	7.5	6.3	(15.2)%
Telecom (million units)	2.5	2.4	(4.6)%	7.6	8.3	+8.0%
Total (million units)	**6.3**	**5.2**	**(17.2)%**	**19.0**	**18.5**	**(3.0)%**

The decline in Connect revenues in 3Q 2009 was mainly attributable to:

- Weakness in the North American market, with low orders for satellite set-top boxes due to higher levels of recovery and refurbishment of previously deployed boxes driven by an increase in end-user churn;
- A key European customer introducing a second source for a product previously supplied exclusively by Thomson;
- Market share loss with a large European client resulting from the phase out of an existing product. Connect is currently facing operational and product development issues and has launched a program to overhaul its portfolio management and development processes. This initiative is expected to produce material results over the next nine months to twelve months;

- The Group’s overall financial situation, which has affected its ability to win major new access product contracts in 2009, except in Latin America where the momentum remained strong in 3Q 2009;
- Difficult conditions in the voice and video software platform business (SSP) due to uncertainly in market dynamics, particularly in relation to video delivery over IP (IPTV).

Connect was able to offset the impact of lower revenues on operating profitability and cash flow in the third quarter 2009 by leveraging cost optimization actions and improvement in working capital.

Technology

In € million	3Q 2008	3Q 2009	Change, reported	9M 2008	9M 2009	Change, reported
Technology revenues, net	105	98	(6.2)%	286	293	+2.7%
Change at constant currency		*(1.1)%*			*+3.1%*	
o.w. Licensing	101	98	(2.9)%	276	290	+5.1%
Change at constant currency		*+2.4%*			*+5.5%*	
Average $:€ exchange rate	1.50	1.44		1.53	1.37	

Revenues from the Technology business were impacted by the sale of the Software and Technology Solutions (STS) business to Civolution in July 2009.

Licensing revenues slightly increased at constant currency in 3Q 2009 compared to 3Q 2008, reflecting a stable year-on-year contribution from the core programs, including MPEG-LA.

Corporate and Other

The revenues from Corporate and Other amounted to €17 million in 3Q 2009 at constant currency, compared with €65 million in 3Q 2008. This change reflected the decline in residential Telephony revenues, attributable to the closure of North American operations in 4Q 2008.

An analyst conference call hosted by Frederic Rose, Chairman and CEO, and Stephane Rougeot, CFO, will be held on Thursday, October 22, 2009 at 15:00 CET.

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Contacts

External Communications, phone: +33 1 41 86 53 93

Investor Relations, phone: +33 1 41 86 55 95