



Technicolor launches phase II of photochemical film activities optimization

Signs subcontracting agreements with Deluxe for Film services in North America, Thailand and UK

Paris (France) - July 18, 2011 - Technicolor (Euronext Paris: TCH) today announces the launch of phase II of its photochemical film activities optimization. This follows the completion of the first phase of rationalization launched in October 2010, and will enable the Group to optimize worldwide 35mm print manufacturing capacities as well as leveraging its North American theatrical distribution infrastructure.

This phase II is structured around subcontracting agreements with Deluxe, covering:

- **35mm release print manufacturing**
 - Subcontracting agreement from Technicolor to Deluxe in North America
 - Subcontracting agreement from Deluxe to Technicolor in Thailand
 - Subcontracting agreement from Deluxe to Technicolor for negative development in the UK
- **Theatrical distribution**
 - Subcontracting agreement from Deluxe to Technicolor for the distribution of photochemical film prints in the US
- Technicolor will continue to service its clients, and Technicolor and Deluxe remain competitors in all markets where they operate. Technicolor maintains its front end activities in North America and remains the key provider of 65/70mm film printing worldwide.

Following the rapid shift to digital cinema since 2010, the Group launched phase I of its photochemical film optimization in the fourth quarter of 2010, with the closure of its North Hollywood facility and rationalization across European operations. Phase II subcontracting agreements lead the Group to cease its release printing manufacturing operations in Mirabel (Canada), employing 178 people, with immediate effect.

This enables the Group to have a more flexible cost structure with the share of variable costs moving from 60 to 85% in North America. In addition, the cash restructuring costs linked to the implementation of this phase II are expected to be offset by savings on photochemical maintenance capex and by the favorable impact of incremental distribution volumes.



The phase II will ensure that the Group focuses its investments in digital services where it already benefits from market leading positions, while continuing to serve its customers through the tail of film processing.

Technicolor will report its first half 2011 results on July 28, 2011.

About Technicolor

Technicolor is home to industry-leading creative and technology professionals committed to the creation, management and delivery of entertainment content to consumers around the world. Propelled by a culture of innovation and underpinned by a dedicated research organization, the company's thriving licensing business possesses an extensive intellectual property portfolio focused on imaging and sound technologies. Serving motion picture, television, and other media clients, the company is a leading provider of high-end visual effects, animation, and postproduction services. In support of network service providers and broadcasters globally, Technicolor ranks among the worlds' leading suppliers of digital content delivery services and home access devices, including set-top boxes and gateways. The company also remains a large physical media service provider, being one of the world's largest film processors and independent manufacturers and distributors of DVDs and Blu-ray™ discs.

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