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PRESS RELEASE

Q3 2011 Revenues

- **Q3 2011 Group revenues from continuing operations of €837 million, down 7.4% at constant currency**
- **9M 2011 Group revenues from continuing operations of €2,396 million, up 2.3% at constant currency**
- **Consent solicitation request approved by large majorities of Technicolor's noteholders and lenders**

Paris (France), 27 October 2011 - The Board of Directors of Technicolor (Euronext Paris: TCH) met on 26 October 2011 to review the Group's revenues for the third quarter of 2011.

Q3 2011 revenues

In the third quarter of 2011, Group revenues from continuing operations amounted to €837 million, down 9.0% at current currency and down 7.4% at constant currency compared to the third quarter of 2010.

- Technology revenues declined by 25.1% YoY[1] at constant currency in the third quarter of 2011, as Licensing activities were affected by an unfavorable comparison to the third quarter of 2010, which had benefited from strong growth in worldwide consumer electronics market and the outcome of audits of past product volumes for certain MPEG LA licensees.
- Entertainment Services revenues rose 6.2% YoY at constant currency in the third quarter of 2011, reflecting continued growth in Creation Services and Digital Cinema Distribution activities, as well as higher DVD and Blu-ray™ volumes.
- Digital Delivery revenues decreased by 17.6% YoY at constant currency in the third quarter of 2011, as a result of a drop in global shipments of Digital Home Products, due in particular to continued market weakness in Europe partially offset by growth in Latin America and a more favorable overall product mix compared with the third quarter of 2010.

Update on financial situation and objectives

- As a result of seasonal working capital requirements, estimated net financial debt, excluding foreign exchange impact, has slightly increased at the end of the third quarter of 2011.

[1] Year-over-year

- To deliver on its objective of a full year 2011 adjusted EBITDA[1] comparable or slightly up compared to 2010, the Group requires a strong Q4 2011 performance in Technology and Entertainment Services which would compensate the deterioration in Digital Delivery. In addition, the Group confirms it expects to generate a positive free cash flow in the second half of 2011.

Comment by Frederic Rose, CEO

"*Our overall revenues for the first nine months of 2011 are growing, with Technology and Entertainment Services continuing to deliver solid performances. However, in a difficult market environment, Digital Delivery has performed below our expectations. We have therefore started implementing actions in Digital Delivery in order to return it to profitability in 2012. Finally, we continue to focus on our cash generation, with the objective to achieve positive free cash flow in the second half 2011 and for the full year.*"

[1] EBIT from continuing operations excluding other income (expense), and Depreciation & Amortization (including impact of provisions for risks, litigations and warranties).

Revenues for the third quarter of 2011

In € million unless otherwise stated	**Q3 2010**	**Q3 2011**	**Change, reported**
Technology	126	107	(14.9)%
Change at constant currency		*(25.1)%*	
Entertainment Services	433	441	+1.9%
Change at constant currency		*+6.2%*	
Digital Delivery	360	288	(20.1)%
Change at constant currency		*(17.6)%*	
Other	1	1	ns
Total revenues from continuing operations	**920**	**837**	**(9.0)%**
Change at constant currency		*(7.4)%*	

Revenues for the first nine months of 2011

In € million unless otherwise stated	**9M 2010**	**9M 2011**	**Change, reported**
Technology	314	326	+3.8%
Change at constant currency		*+5.4%*	
Entertainment Services	1,101	1,200	+9.0%
Change at constant currency		*+13.5%*	
Digital Delivery	1,000	866	(13.4)%
Change at constant currency		*(11.0)%*	
Other	4	4	ns
Total revenues from continuing operations	**2,419**	**2,396**	**(1.0)%**
Change at constant currency		*+2.3%*	

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Business highlights for the third quarter of 2011

Strategic initiatives

- Technicolor entered into a definitive agreement to sell its 25.7% stake in ContentGuard, a leading developer and licensor of digital rights management, to Pendrell Technologies LLC. This transaction reflected the Group's strategy to focus on the monetization of its IP assets and generated net proceeds of $24.4 million, which will be applied to the prepayment of the Group's reinstated debt.
- The Group also completed the integration of Laser Pacific in September 2011, while completing the sale of its New York (US) postproduction assets to PostWorks on October 14, 2011, as contemplated in the exclusive franchise licensing agreement signed in July 2011.
- The Group opened a new state-of-the-art Postproduction Sound facility on the Paramount lot in Hollywood, California (US). It is providing a wide range of postproduction services for filmed entertainment and TV productions and is already involved on major US broadcast projects, including the popular TV series *Glee* (Fox), *Castle* (ABC), *The Vampire Diaries* (CW) and *Dexter* (Showtime).
- The Group also strengthened its Digital Production team to support growing activity levels in Visual Effects as well as the development of Technicolor's in-house animated properties and to actively source new content to acquire or co-produce.

Consent solicitation request

- Technicolor's noteholders and lenders have approved by large majorities the amendments to its senior debt agreements, requested by the Group on October 4, 2011, which principally related to joint-ventures, disposals and acquisitions. Once the amendments become effective, the Group will have greater flexibility to participate in the industry's accelerating consolidation trends and to take advantage of potential strategic opportunities to optimize its portfolio of activities and strengthen its business profile.

FY 2011 Outlook

- Market conditions have particularly worsened for Digital Delivery over the course of the third quarter of 2011 and a continued deterioration is expected in the last quarter of the year. In this environment, the segment will report performances below Group's expectations on a full year basis and generate a negative adjusted EBITDA in the second half of 2011. As a result, the Group has implemented an organization and management change in Digital Delivery and intends to return this activity to profitability in 2012.
- On the other hand, Technology and Entertainment Services are expected to continue their strong performance, despite more challenging market conditions.

- To deliver on its objective of a full year 2011 adjusted EBITDA comparable or slightly up compared to 2010, the Group requires a strong Q4 2011 performance in Technology and Entertainment Services which would compensate the deterioration in Digital Delivery.
- The Group confirms it expects to generate a positive free cash flow in the second half of 2011.

Third Quarter 2011 Segment Review

Technology

In the third quarter of 2011, Technology revenues amounted to €107 million, down 14.9% at current currency and down 25.1% at constant currency compared to the third quarter of 2010.

Technology Revenues

In € million	**Q3 2010**	**Q3 2011**
Revenues	126	107
Change, as reported (%)		*(14.9)%*
Change at constant currency (%)		*(25.1)%*
Of which Licensing revenues	125	106
Change, as reported (%)		*(15.4)%*
Change at constant currency (%)		*(25.7)%*

In the third quarter of 2011, Licensing revenues decreased by 25.7% at constant currency compared with a strong third quarter in 2010, which had benefited from strong growth in worldwide consumer electronics product shipments and the outcome of audits of past product volumes for certain MPEG LA licensees. On a nine-month basis, Licensing activities demonstrated their resilience in a difficult worldwide economic environment, with revenues up 5.0% year-over-year at constant currency.

During the third quarter of 2011, the transfer of technology from Research & Innovation ("R&I") to other businesses focused on rendering content more attractive and valuable to customers, whilst ensuring a guaranteed, consistent level of quality. In particular, new tools for in-painting, which is one of the most time-consuming steps in 2D to 3D conversion, were transferred. R&I has created novel quality-sensitive acceleration techniques in two areas: automatic clean plate creation algorithms to replace foreground objects with appropriate background, and user-assisted hole filling methods to complete never-seen portions of the image.

In Technology Licensing, Technicolor entered into an agreement with DreamWorks Animation ("DWA") regarding MediaNavi, the Group's initiative to develop emerging content distribution models. MediaNavi will be a separate operating unit of Technicolor, while benefiting from DWA's involvement. John Batter, who served as President of Production for Feature Animation at DWA for several years, joined MediaNavi as CEO.

Entertainment Services

In the third quarter of 2011, Entertainment Services revenues amounted to €441 million, up 1.9% at current currency and up 6.2% at constant currency compared to the third quarter of 2010.

Entertainment Services Revenues

In € million	**Q3 2010**	**Q3 2011**
Revenues	433	441
Change, as reported (%)		*+1.9%*
Change at constant currency (%)		*+6.2%*

Creation and Theatrical Services

- **Creation Services**
  - In the third quarter of 2011, Digital Production activities continued to record strong revenue growth year-over-year, driven by sustained activity levels across our Visual Effects ("VFX") facilities and continued growth in Animation revenues. The VFX activities benefited from the addition of new capacity and market share gains both for feature films and advertising. During the third quarter of 2011, the VFX activities started work on Warner Bros.'s *Wrath of the Titans* and Fox's *Prometheus*, while the Animation teams completed work on Mattel's *Barbie: A perfect Christmas*.
  - Postproduction Services recorded a higher level of activity during the third quarter of 2011, driven particularly by strong performance in Video Post activities in the US and in the Group's European locations.

- **Theatrical Services**
  - Digital Cinema Distribution activities continued to expand at a very fast pace in the third quarter of 2011, with revenues nearly doubling at constant currency compared with the third quarter of 2010, driven by a growing conversion of theaters to digital cinema. At the end of September 2011, digital screen penetration reached 55% in the US and 45% in Europe, as compared with conversion rates of 47% and 38% respectively at the end of June 2011.
  - Photochemical film footage decreased by 42% in the third quarter of 2011 compared with the third quarter of 2010, reflecting the termination of the film printing contract with Universal Studios in the fourth quarter of 2010 as well as the continuing shift of theaters to digital cinema.

PRN

In the third quarter of 2011, PRN posted higher revenues compared with the third quarter of 2010, driven principally by strong year-over-year growth in advertising revenues, reflecting growing customer demand for PRN's services despite an increasingly challenging environment.

DVD Services

In the third quarter of 2011, combined DVD and Blu-ray™ volumes increased by 22% as compared with the third quarter of 2010. Excluding the impact of the Warner Bros. contract, which started in August 2010, total volumes recorded a fourth consecutive quarter of year-over-year growth.

In the context of lower consumer confidence in Europe and in North America, the Group was able to increase its level of activity. This performance was driven by a variety of factors including market share gains, continued growth in the Blu-ray™ format and ongoing resiliency for Standard Definition DVD. DVD and Blu-ray™ volume demand also benefited from a strong release slate across key studio customers, with titles such as Walt Disney's *Cars 2*, Paramount's *Thor*, Universal Pictures' *Bridesmaids*, and Warner Bros.' *Green Lantern*. Games and Software also contributed to quarterly growth, with combined volumes from these segments up 19% year-over-year.

DVD Volumes

In million units	Q3 2010	Q3 2011
DVD volumes	**342**	**418**
Change (%)		*+22%*
o/w SD DVD (Standard Definition DVD)	291	349
Change (%)		*+20%*
o/w BD (Blu-ray™)	27	44
Change (%)		*+65%*
o/w Games/Software and Kiosk	24	26
Change (%)		*+6%*

Digital Delivery

In the third quarter of 2011, Digital Delivery revenues amounted to €288 million, down 20.1% at current currency and down 17.6% at constant currency compared to the third quarter of 2010.

Digital Delivery Revenues

In € million	Q3 2010	Q3 2011
Revenues	360	288
Change, as reported (%)		*(20.1)%*
Change at constant currency (%)		*(17.6)%*

Connect

In the third quarter of 2011, Connect revenues decreased significantly compared with the third quarter of 2010, reflecting a drop in global shipments of Digital Home Products partly offset by growth in Latin America and an improved overall mix year-over-year, driven by Cable and Satellite products.

- In **Satellite**, set-top box volumes increased slightly year-on-year, driven primarily by higher shipments to a key customer in North America, including stronger deliveries of higher-end products such as HD-PVRs. Overall Satellite product mix improved compared with the same period of 2010.
- In **Cable**, the significant year-over-year decrease in volumes principally reflected an unfavorable comparison basis in set-top boxes, as the third quarter of 2010 had benefited from very large deliveries of digital-to-analog adapters to key customers in North America. Cable set-top box volumes also suffered from lower shipments to European customers, in a more degraded market environment. These negative impacts were partly offset by very strong growth of Cable gateways in Latin American. Overall Cable product mix improved compared with the same period of 2010.
- In **Telecom**, the year-over-year drop in volumes principally reflected very difficult market conditions in Western Europe, with customer demand continuing to be more oriented towards lower-end products, at the expense of high-end broadband gateways and an unfavorable base effect reflecting from the phase out of two products in the second half of 2010. This negative impact was partially offset by continued growth in shipments to Latin American customers. Overall Telecom product mix was as a result less favorable compared with the same period of 2010.

Digital Home Products Indicators

In million units	Q3 2010	Q3 2011
Total Digital Home Products	**6.5**	**5.0**
Change (%)		*(23)%*
o/w Satellite	2.1	2.2
Change (%)		*+2%*
o/w Cable	2.1	1.5
Change (%)		*(31)%*
o/w Telecom	2.3	1.4
Change (%)		*(40)%*

Digital Content Delivery Services

In the third quarter of 2011, Digital Content Delivery Services revenues declined compared with the third quarter of 2010, principally as a result of a decrease in revenues from Media Services activities.

- **Media Services** revenues primarily suffered from the continued market transition from tape-based workflows toward digital workflows, resulting in a decline in traditional Tape Duplication services. This negative impact was partly offset by higher volumes for Compression & Authoring services as well as by additional customers for Digital Services.
- **Broadcast Services** revenues remained broadly flat year-over-year. The Group continued to expand the number of TV networks served for its broadcast customers, with the launches in the quarter of two new High Definition channels for NBC Universal in South Africa and of Africa 24 channel in France.

An analyst conference call hosted by Frederic Rose, CEO and Stéphane Rougeot, CFO will be held on Thursday 27 October 2011 at 16:00 CET. The presentation document will be made available on Technicolor's website prior to the call.

Financial Calendar

FY 2011 Results	24 February 2012
Q1 2012 Revenues	26 April 2012

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Warning: Forward Looking Statements

This press release contains certain statements that constitute "forward-looking statements", including but not limited to statements that are predictions of or indicate future events, trends, plans or objectives, based on certain assumptions and include any statement which does not directly relate to a historical fact or current fact. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from the future results expressed, forecasted or implied by such forward-looking statements. For a more complete list and description of such risks and uncertainties, refer to Technicolor's filings with the French Autorité des marchés financiers*. »*

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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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