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Corporate Governance Code of Listed Corporations of April 2010**

Compensation items of Mr. Frederic Rose, Chief Executive Officer

Paris (France) – March 7, 2011 – The Board of Directors of Technicolor held on February 28, 2011 reviewed the level of achievement of the performance targets applicable to the variable compensation of Mr Frederic Rose, Chief Executive Officer, for 2010 and defined the performance targets applicable to his variable remuneration for 2011. It also decided to implement a long-term Incentive Plan. Mr Frederic Rose will be a beneficiary of this Plan. Pursuant to the AFEP-MEDEF Corporate Governance Code of Listed Corporations, the Company hereby discloses all such compensation items.

Mr Frederic Rose's compensation includes a fixed portion for an annual gross amount of €800,000, and a variable portion conditional upon achievement in 2010 of the following performance targets:

- a Consolidated Adjusted EBITDA¹ target, accounting for 40% of the total targeted bonus;
- a Consolidated Free Cash Flow² target, accounting for 40% of the total targeted bonus;
- A qualitative target tied to the successful completion of the strategic refocusing, accounting for 20% of the total targeted bonus, the achievement of which is determined in the discretion of the Board of Directors.

80% of each of the Consolidated Adjusted EBITDA and Consolidated Free Cash Flow targets must be achieved in order to entitle Mr. Frederic Rose to receive that variable component. In the event that 80% to 100% of either such target were to be achieved (Consolidated adjusted EBITDA and Consolidated Free Cash Flow), the amount of variable compensation for that target would be reduced. The amount of variable compensation may represent 100% of the annual gross fixed compensation in the event the objectives are achieved, and is limited to 125% in the event the targets are exceeded.

The Consolidated Adjusted EBITDA target was 96.8% achieved; the Consolidated Free Cash Flow target was 120% achieved. The qualitative target tied to the successful completion of the strategic refocusing was, in the discretion of the Board, 110% achieved. As a result, the gross variable compensation of Mr Frederic Rose for 2010 amounted to €869,760.

During the same meeting, the Board of Directors of Technicolor also defined the performance conditions applicable to the variable portion of compensation of Mr Frederic Rose, in respect of 2011. This portion is conditional upon achievement in 2011 of the following performance targets:

¹ EBITDA is defined as profit before depreciation, amortization, tax and net finance costs

² Free Cash Flow is defined as net operating cash from/(used) in operating activities less purchases of property, plant & equipment (net of disposals) and intangible assets.



- a Consolidated Adjusted EBITDA target, accounting for 40% of the total targeted bonus ;
- a Consolidated Free Cash Flow target, accounting for 40% of the total targeted bonus; and
- a triple qualitative target, accounting for 20% of the total targeted bonus, the achievement of which will be determined in the discretion of the Board of Directors, relating to (a) implementation of the actions defined by a three-year strategic plan approved by the Board of Directors, (b) definition and achievement of the actions undertaken in respect of the business portfolio management of the Group as they were proposed to the Board of Directors, and (c) retention and motivation of the management team.

80% of each of the Consolidated Adjusted EBITDA and Consolidated Free Cash Flow targets must be achieved in order to entitle the beneficiary to receive that variable component. In the event that 80% to 100% of a target were to be achieved, the amount of variable compensation for that target would be reduced. The amount of variable compensation may represent 100% of the annual gross fixed compensation in the event the targets are achieved, and is limited to 150% in the event the targets are exceeded.

Moreover, the Board of Directors decided to implement a long-term Management Incentive Plan designed to retain key Group management team members while aligning their interests with those of the Company and its shareholders. Mr. Frederic Rose is a beneficiary of this Plan. The main features of this Plan, the details of which will be determined during the month of March, are as follows:

- it covers a period of three years, from 2011 to 2013;
- it is based on the award of performance units (hereinafter the "Performance Units") representing, in the case of Mr. Frederic Rose, the equivalent of 16 months of fixed compensation over the three-year period if the targets are met: such Performance Units would then entitle him, for one third to a cash bonus and for two thirds to performance shares;
- the amount of Performance Units ultimately acquired by the beneficiary will be subject to performance conditions related to (a) the Net Debt/EBIDA ratio and (b) a stock exchange performance ratio calculated by comparing the changes to Technicolor's share price with changes within a sample of comparable securities, the performance conditions being appraised on a yearly basis;
- the acquisition of Performance Units will also be subject to a condition of presence within the Group;
- the Performance Units will be acquired in three tranches corresponding to 20%, 30% and 50% of the total amount respectively, the performance and presence conditions being appraised at the end of each period;
- the performance shares will be acquired at the end of a four-year period following their allotment.

Furthermore, during the above-mentioned four-year period of acquisition, Mr. Frederic Rose will commit to buy a number of Technicolor's shares equivalent to 3 months of his fixed compensation.

The implementation of this Plan is subject to the approval of the issuance of Performance shares by the General Shareholders' Meeting to be held in June 2011. Moreover, new agreements in favor of the employees of Technicolor and its French subsidiaries will be implemented, providing an improvement of the relevant profit-sharing schemes.