PRESS RELEASE

Thomson: Near-term Priorities and Third Quarter Revenues

- **CEO Frederic Rose sets cash generation and debt reduction as key objectives**
- **Group expects to satisfy covenants at year end**
- **Third-quarter revenues fell 7.9% at constant currency**
- **Actions taken to:**
    - **Accelerate cost reduction programs**
    - **Eliminate unprofitable revenues and business lines**

Paris (France) - 16 October 2008 – The Board of Directors of Thomson (Euronext Paris: 18453, NYSE:TMS), chaired by François de Carbonnel, met on 15 October 2008 to review revenues for the quarter ending 30 September 2008 and to agree initial actions proposed by Frederic Rose, Chief Executive Officer.

Thomson reported total revenues of €1,170 million for the quarter (3Q07, €1,348 million). Currency movements were significant and impacted revenues adversely during the quarter by €72 million. Revenues at constant currency were therefore €1,242 million, a decrease of 7.9% year-on-year.

In the current macroeconomic environment, the third quarter has demonstrated the resilience of a number of the Group's businesses, most notably DVD Services and Licensing. Some parts of Systems slowed at the end of the quarter.

The Group has continued to reduce its costs and confirms that it is on track to achieve its announced target of a year-on-year reduction in operating expenses of €50 million at constant currency. Further action is now being taken to expand cost reduction programs across the Group.

On his arrival as Group CEO on 1 September, Frederic Rose initiated an intensive review of the businesses within the Group. This review is particularly focused on those businesses and revenues streams within the Group which today generate losses or have unsatisfactory levels of profitability. The Group is taking decisive action to stem such losses, to improve Group profitability and to boost the Group's cash generation. These actions will contribute to the Group's key target of reducing debt levels over the coming 12 months.

Frederic Rose, CEO of Thomson, said today:

"Since my arrival last month, I have confirmed my initial convictions: we have excellent skills, good market positions and strong intellectual property. There is no doubt in my mind that this Group has the potential to create value for stakeholders.

However we have not been optimising our assets to generate profits and cash. Addressing this is my absolute priority. Our businesses must pursue revenues that are profitable – not revenues for their own sake – and our cost base will be tailored accordingly. Unprofitable business lines will be restructured or exited. Capital allocation will be strictly limited to those areas which can generate accretive returns. We must deliver improved profitability in 2009.

Our businesses, individually and collectively, will increase in value through this process, leaving us well placed to make the appropriate strategic choices as they arise."

Third-Quarter 2008 Consolidated Revenues (unaudited)

€ millions unless otherwise stated	**3Q 08** *actual*	**3Q 08** *constant currency*	**3Q 07**	**% change** *constant currency*
Technology	**105**	**105**	**97**	**+7.9**
Services (Technicolor)	**522**	**569**	**598**	**-4.9**
Systems (Thomson Grass Valley)	**541**	**566**	**650**	**-13.0**
Corporate & Other	**2**	**2**	**3**	**n/m**
Total[1]	**1,170**	**1,242**	**1,348**	**-7.9**

[1] Revenues are presented according to IFRS and therefore exclude activities treated as discontinued for the quarter. Previously reported group revenues for 3Q07 were €1,375 million, of which €27 million were from activities since treated as discontinued, principally the silicon businesses formerly in the Technology Division.

Organisation and perimeter changes

- Changes to Executive Committee implemented. Didier Trutt, formerly COO, took over as Head of the Systems Division. Vince Pizzica joined from Telstra with responsibility for Strategy, Technology and Marketing. Andrew Levido joined on 1 October from Alcatel-Lucent to take charge of business operations.

- The Services Division has launched a program to reduce divisional overheads, simplify organizational and management structure and improve customer focus, including the use of its global brand Technicolor as the name of this business group.

- The Systems Division has launched an equivalent program. Systems will use the Thomson Grass Valley name to emphasize its key B2B brands.

- Exit from the residual manufacturing and assembly operation based at Genlis, France (in the Other segment).

- Exit from the loss-making digital film transfer product lines in the Broadcast & Networks business in Systems.

- Exit/partnering of the silicon businesses were progressed
  - Tuners joint-venture with NXP completed
  - Exit from silicon chip operations on track

Board Composition

The process of Board renewal has continued. Frederic Rose has joined the Board taking over the mandate of Mr Roulet who will become a *Censeur*.

Debt, Financing and Covenants

The Group expects to satisfy the financial covenants in its privately placed debt at end-2008.

As previously announced, during September the Group drew down $500 million on its syndicated bank facility to repay the Silver Lake convertible bond. The Group also paid the coupon on its €500 million perpetual bond in September 2008.

Third quarter business review

Thomson reported total revenues of €1,170 million for the quarter (3Q07, €1,348 million). Currency movements were significant and decreased revenues during the quarter by €72 million. Revenues at constant currency were therefore €1,242 million, a decrease of 7.9% year-on-year. Perimeter effects were minimal in the quarter.

Technology

Revenues of the Division were €105 million for 3Q08 (3Q07, €97 million). Currency movements during the quarter had an immaterial net effect on revenues. Revenues at constant currency therefore increased by 7.9% year-on-year.

Licensing revenues were €101 million of the total for 3Q08 (3Q07, €94 million). During the quarter a number of new licensing agreements have been signed, including the licensing agreement between Nokia and Contentguard (in which Thomson has a 25% stake) covering Digital Rights Management for mobile handsets. Thomson had 1,066 licensing contracts outstanding at end-3Q08 across its 23 licensing programs, up from 1,027 at 30 June 2008.

Services (Technicolor)

Revenues for the Services Division were €522 million for 3Q08 (3Q07, €598 million). Currency movements were significant and decreased revenues during the quarter by €47 million. Revenues at constant currency thus decreased by 4.9% year-on-year.

In physical media, DVD Services revenues were resilient. While volumes decreased 9% from 402 million units for 3Q07 to 365 million units in 3Q08, revenues at constant currency decreased less, as increases in distribution and freight revenues outweighed the volume and pricing declines. Key studio titles in DVD for the quarter were *Iron Man*, *Sleeping Beauty* and initial volumes of *Wall-E, Indiana Jones and the Kingdom of the Crystal Skull*, and *Kung Fu Panda*. High-definition format volumes for the quarter exceeded 10 million units for the first time, as Blu-ray gained traction in the market place.

The revenue for Film & Content Services declined year-on-year. Content Services has experienced some negative effect from the threatened strike by members of the Screen Actors Guild. In Film, footage for the quarter was 1.09 billion feet down from 1.17 billion feet in 3Q07. The loss of one North American film replication contract announced earlier this year accounted for this decline.

Network Services grew in the broadcast activities with the initial contributions from new contracts, but the retail media and cinema advertising sides of the business continued to be adversely affected by the soft advertising market.

Systems (Thomson Grass Valley)

Revenues for the Systems Division were €541 million for 3Q08 (3Q07, €650 million). Currency movements decreased revenues during the quarter by €25 million. Revenues at constant currency therefore decreased by 13.0% year-on-year compared to 3Q07. Revenues declined in both the Broadcast & Networks and Access Products businesses.

Access Product revenues were adversely affected by the retail telephony activity which is exposed to US retail spending. Satellite set-top box sales also declined. Sales of gateways for telcos performed well and cable products grew significantly. Thomson shipped 2.5 million satellite set-top boxes in 3Q08 (vs. 2.7 million in 3Q07), 1.4 million cable set-top boxes and modems/eMTAs (vs. 1.0 million in 3Q07), and 2.5 million access products for telecom operators (vs. 2.6 million in 3Q07) with improved mix – making a total of 6.3 million access products in the quarter (vs. 6.3 million in 3Q07), flat overall. During the quarter we commenced shipments of the cable digital-to-analog converter box to Comcast under the contract announced in July 2008.

Broadcast & Networks revenues decreased year-on-year in both the broadcast and networks products. Elimination of loss-making digital film transfer product lines contributed to this decline, but customers were also cautious about investment towards the end of the quarter. The exited digital film transfer product lines contributed around €6 million to 3Q07 revenues but were expected to be significantly loss-making in 2008 – related restructuring costs to be charged in 2008 are close to €20 million.

Corporate & Other

Revenues of Corporate and Other activities were €2 million for 3Q08 (3Q07 €3 million).

During the quarter the Group exited its remaining activities at the Genlis site in France. Related cash restructuring costs will be approximately €21 million, of which around two-thirds are expected to fall in 2H08.

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Certain statements in this press release, including any discussion of management expectations for future periods, constitute "forward-looking statements" within the meaning of the "safe harbor" of the U.S. Private Securities Litigation Reform Act of 1995. Such forward-looking statements are based on management's current expectations and beliefs and are subject to a number of factors and uncertainties that could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements due to changes in global economic and business conditions, "media and entertainment" markets, and regulatory factors. More detailed information on the potential factors that could affect the financial results of Thomson is contained in Thomson's filings with the U.S. Securities and Exchange Commission.

The quarterly financial information contained herein can be viewed on the Group's website in the section Regulated Information

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About Thomson: a leader in video solutions

Thomson (Euronext Paris: 18453; NYSE: TMS) is a leading provider of solutions for the creation, management, delivery and access of video, for the Communication, Media & Entertainment (CME) industries. Our clients are studios, broadcasters, content distributors (telco, satellite and cable operators) and an increasing range of professional users of video. We deliver superior value to our customers through a combination of industry leading technologies and services, enabling us to offer differentiated and innovative solutions based on a broad portfolio of Intellectual Property.
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APPENDIX

Quarterly Consolidated Revenues (unaudited)

€ millions	**3Q 08**	**2Q 08**	**1Q 08**	**4Q 07**	**3Q 07**
Technology	**105**	**100**	**81**	**124**	**97**
Services (Technicolor)	**522**	**455**	**451**	**711**	**598**
Systems (Thomson Grass Valley)	**541**	**644**	**465**	**765**	**650**
Corporate & Other	**2**	**3**	**3**	**2**	**3**
Total	**1,170**	**1,202**	**1,000**	**1,602**	**1,348**
Average $:€	*1.51*	*1.57*	*1.51*	*1.46*	*1.38*