

XDC PROPOSALS FOR A LONG TERM AGREEMENT

Preliminary presentation – MEDIA Salles

DigiTraining Plus – March 2007

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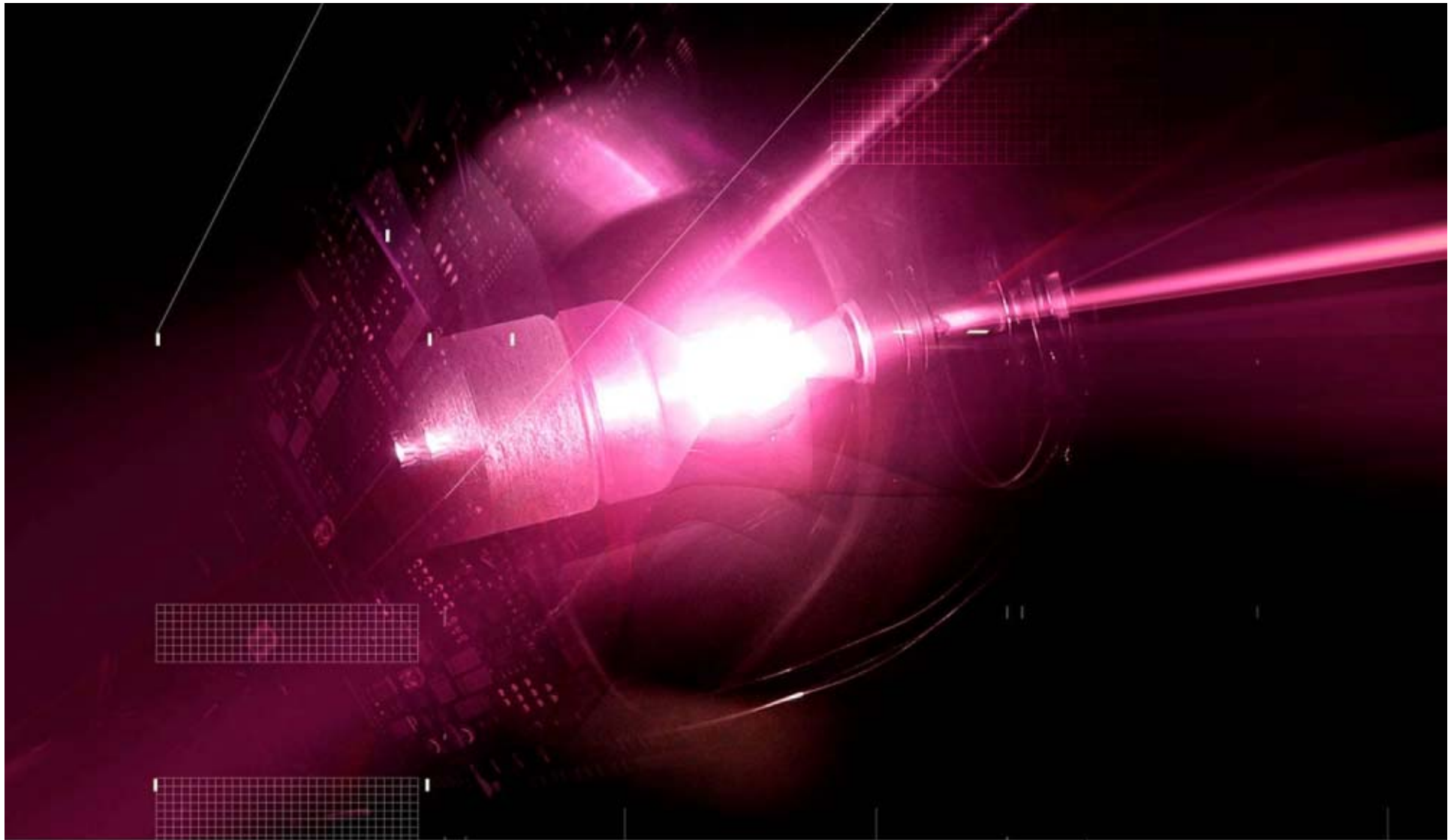


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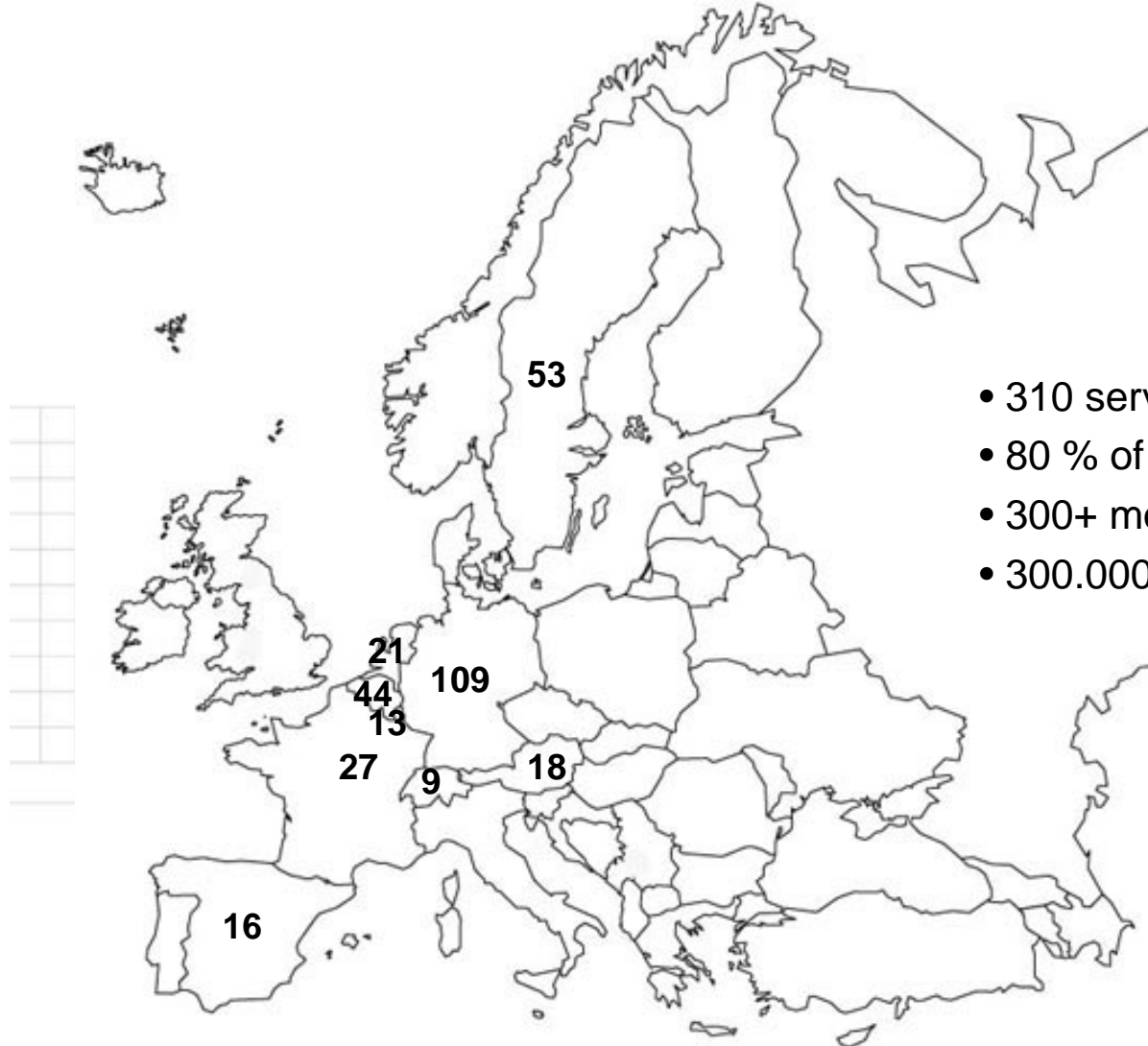


XDC Services for a smooth and large migration to digital cinema in Europe

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XDC transition roll-out



- 310 serviced screens in Europe and growing
- 80 % of European Digital Screens
- 300+ movies processed
- 300.000+ screenings

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Mission Statement

- The development of one major pan-European digital cinema network by offering technical & financial customized solutions and all the related services.
- The operating philosophy is to preserve open access for logistical services offered either as a full package or à la carte.

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The XDC Experts Team

- 18 Technology-Product-R&D engineers
- 15 Production-Project & Support engineers
- 19 experts for Sales-Marketing & General Services

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The XDC message

- Exhibition: XDC offers a wide range of technical (2K projectors and servers) and financing (rental, leasing or selling) solutions.
- Post-Production & Distribution: XDC is an independant lab offering various package levels for all DC entry points (post to screen)
- Operations: XDC is an open network operator offering all related services.

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XDC Servers Product Range



Data

- Central Management System supporting the whole Network Operations Center (NOC) based in Belgium.

Plaza

- Theatre Management System and central library

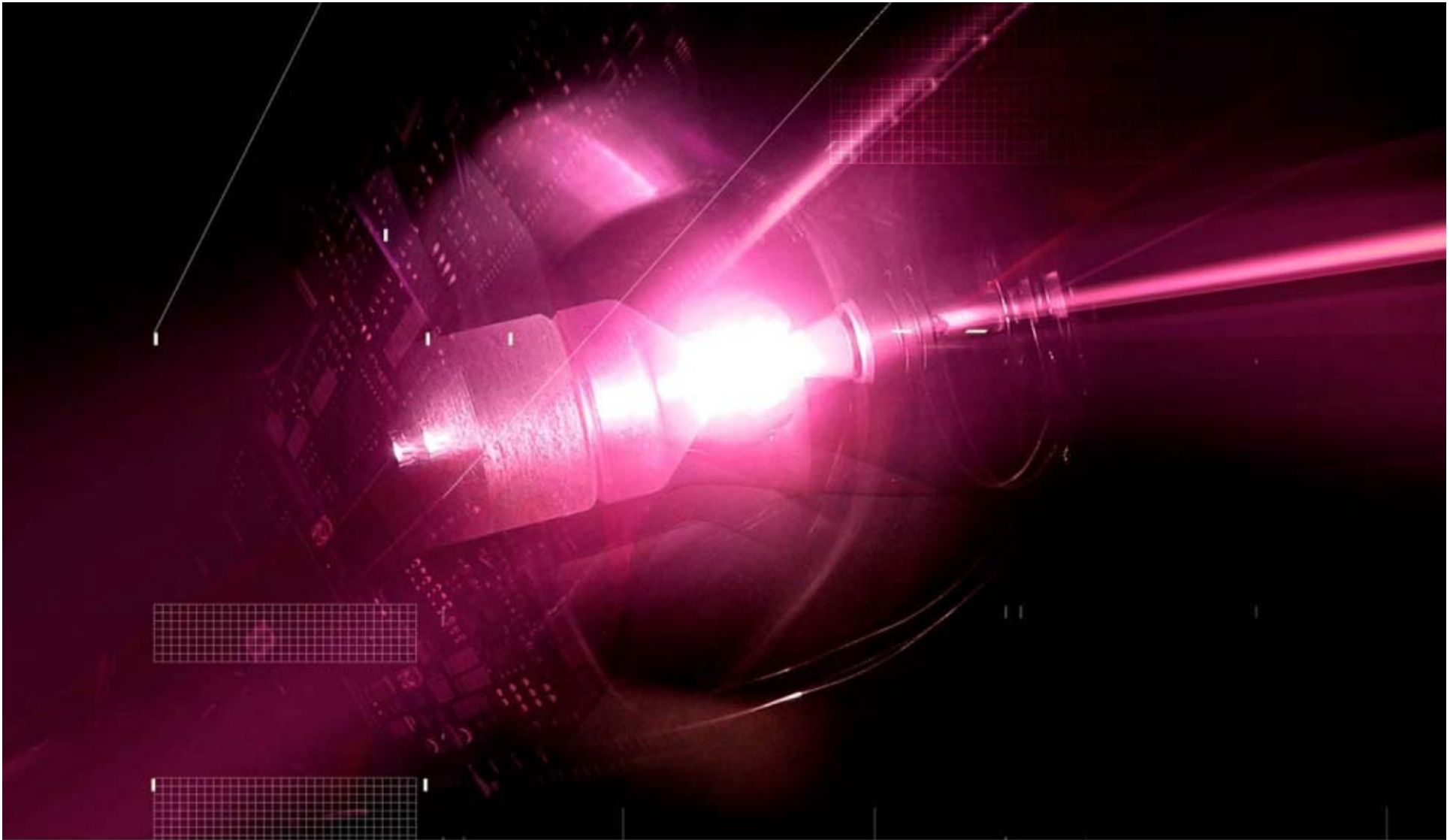
Solo G3

- JPEG 2000/MPEG2 Hybrid playback Server

→ Comprehensive suite of high end digital cinema solutions designed according to DCI specification

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How does the XDC offer fit the specific European markets' requirements?



Business proposal - Exhibition

- Long term agreement (min 6 up to 10 years).
- Minimum & significant number of **2K** screens in the same venues and inside the same territory (>300 screens).
- XDC services include NOC connection, maintenance, upgrade etc. for a flat monthly fee.
- Local expert partners for installation and maintenance
- Distributors' possible Co-Financing Contribution – like VPF can be negotiated by XDC, together with the exhibitor or by the exhibitor exclusively.

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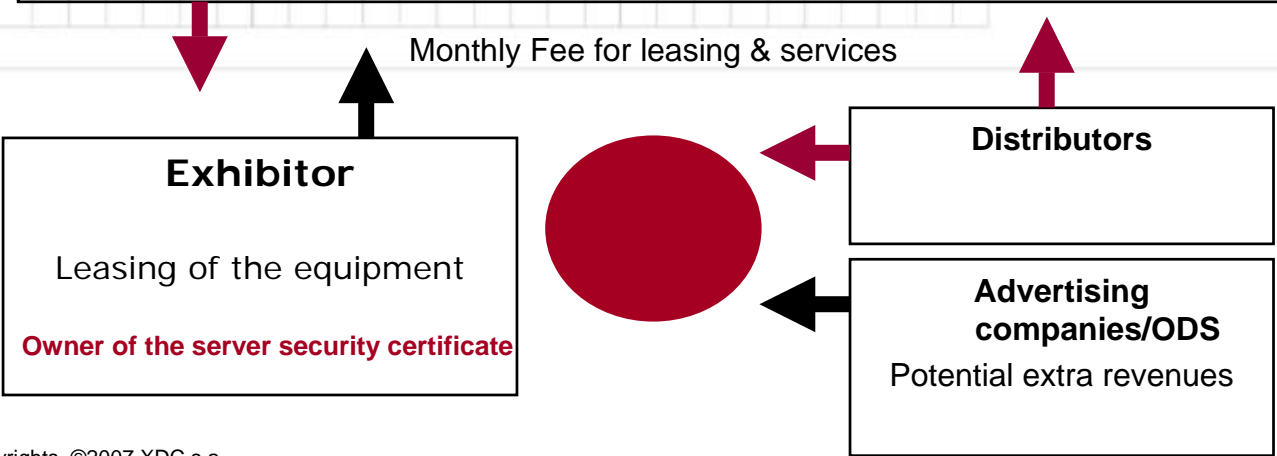


Financing and operating solutions

The statements and figures of this document will require to be formalized in a long-term agreement and do not bind XDC under the present form

Bank – Leasing Subsidiary
Purchase of the projectors


Leasing of the projectors – Server manufacturing - Providing full services
(Installation, NOC, Hotline, Maintenance, Training, Upgrades, Interconnection with pre-show server etc.)



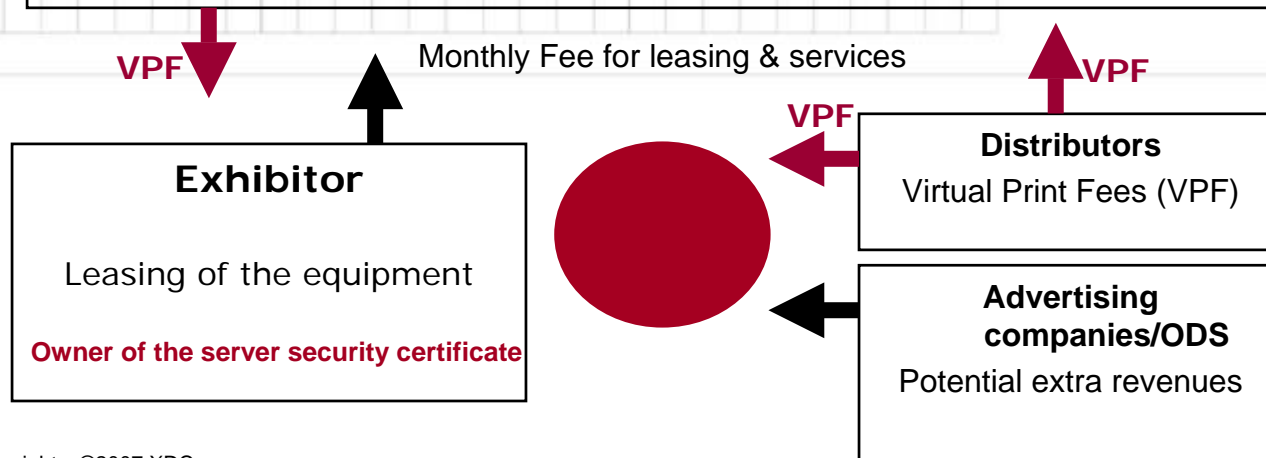
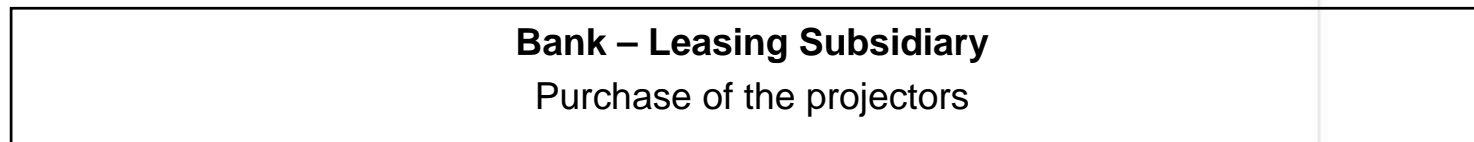
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Financing and operating solutions

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Exhibitor and/or XDC negotiate and collect the potential VPF's from distributors



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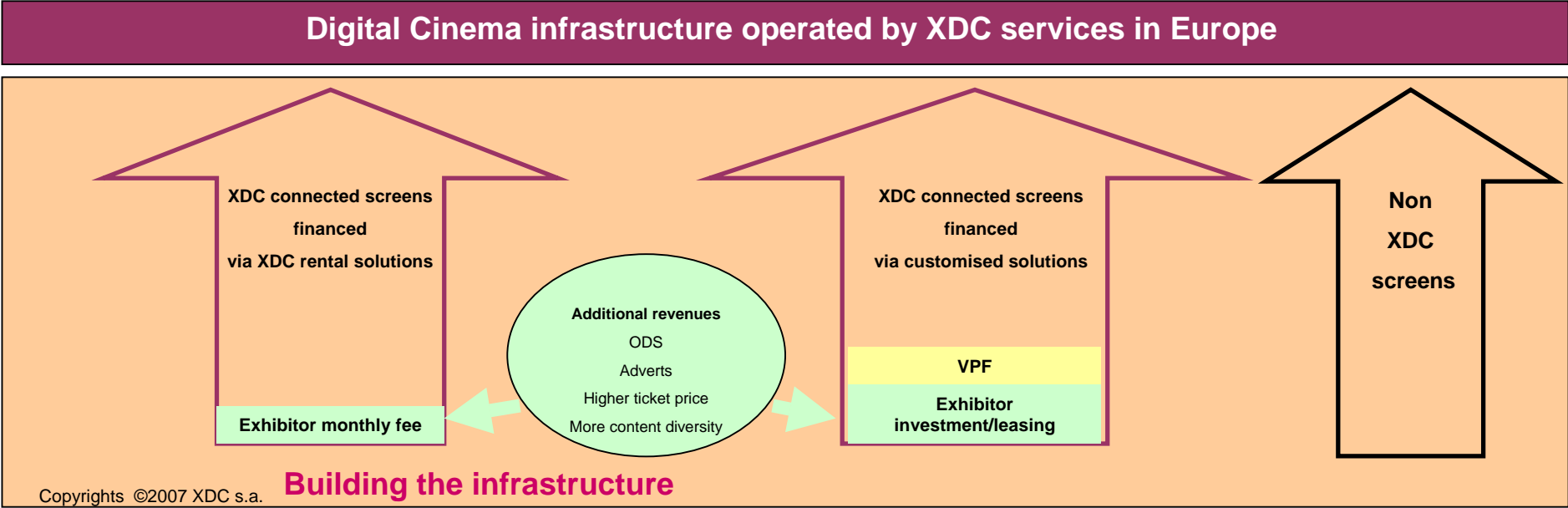
New business proposal - Distribution

- Based on package levels
- A la carte
- VPF related or not
- Open access to the XDC screens for endorsed third party labs

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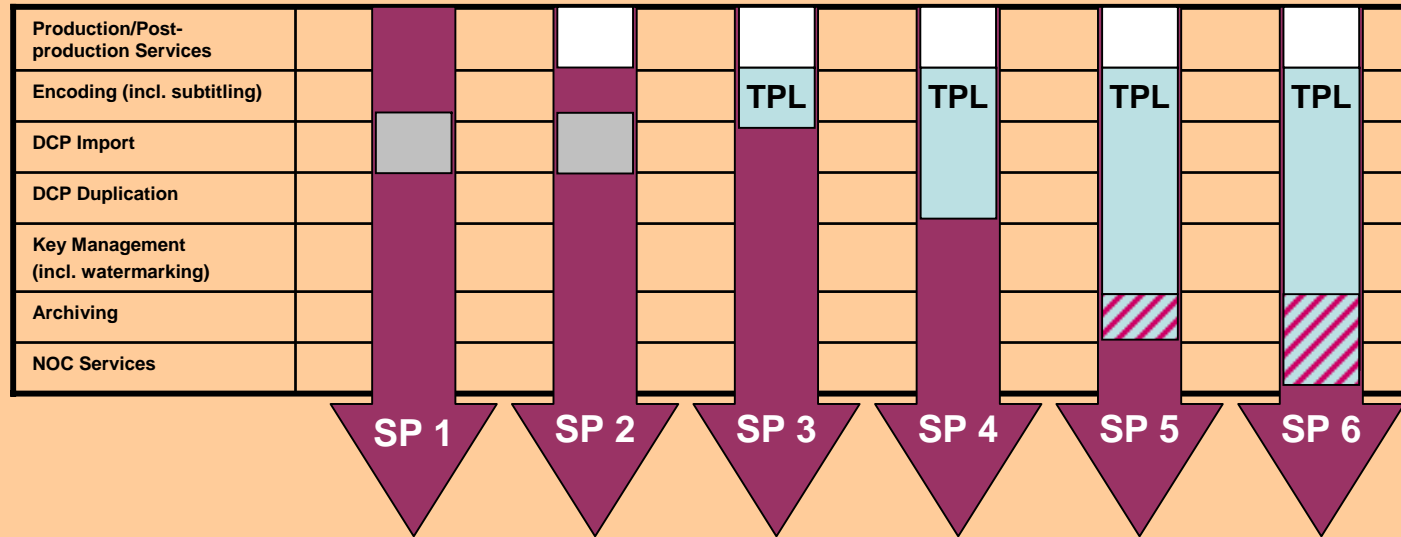


Production/Post-Production & Distribution Service Packages by XDC



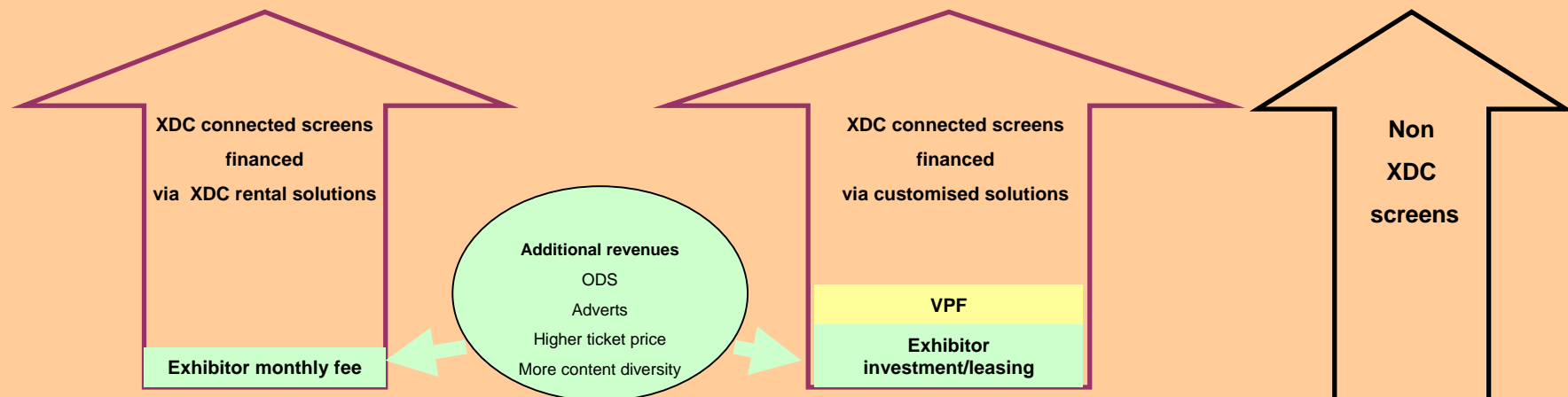
Production/Post-Production & Distribution Service Packages by XDC

Servicing the infrastructure



SP = Service Package
TPL = Endorsed Third Party Lab

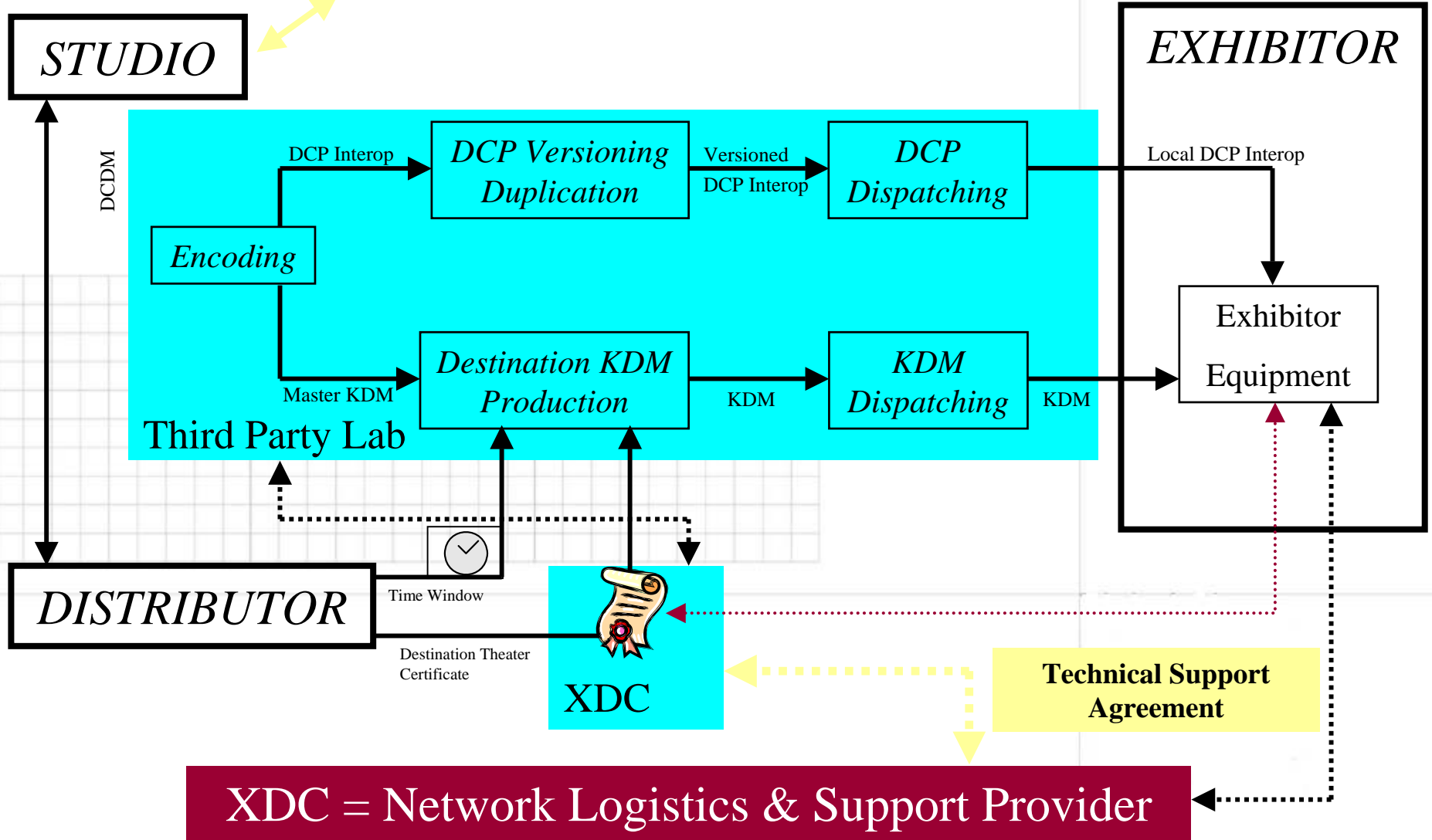
Digital Cinema infrastructure operated by XDC services in Europe



Building the infrastructure

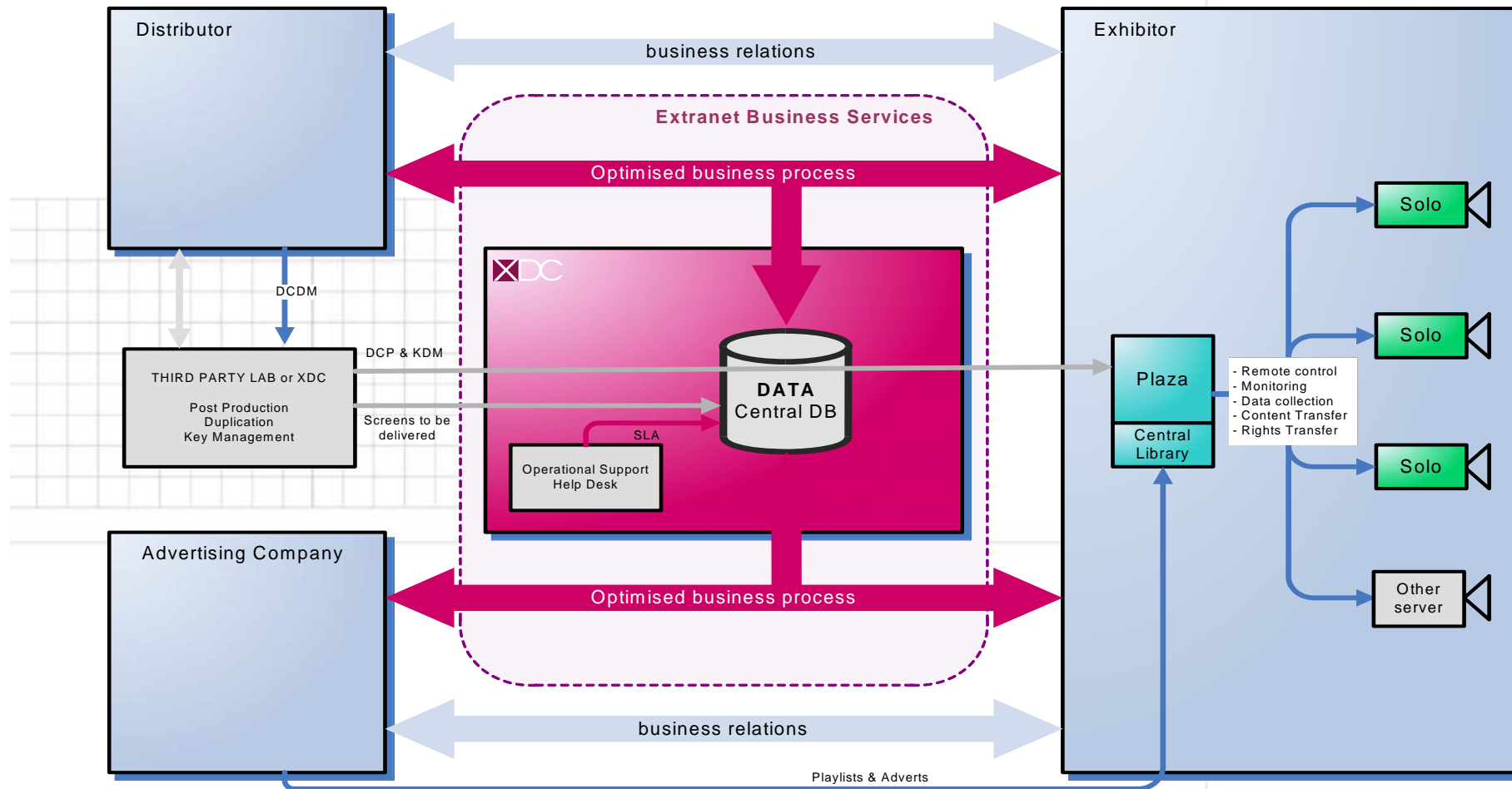
Open Access Management

Technical & Business Agreement with XDC



XDC = Network Logistics & Support Provider

XDC Global Business Workflow



Extranet Services under development

- Digital print booking
- Key management (distributor-exhibitor communication)
- Physical disk tracking
- Purchase orders and accounting (XDC- Partners business relationships)
- SLA performance reports
- Screening reports when agreed by all the concerned parties
- POS reports
- Technical support of the digital exhibition platform

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Business Development status in Europe

- Some significant players envisage going digital in the next two years
- Still many pending questions related to financing models
- Technology doesn't look to be a problem anymore, business questions take the lead
- As in the US, European Exhibitors welcome distributors' financial contribution...

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Conclusions

- We're still in a transition period preparing concrete roll out plans to start within the next 2 years
- Multi level negotiations - Business models to be flexible
- European exhibitors and distributors are working on methods and ideas as to how a co-financing contribution will be configured, accounted for and administered in Europe's fragmented markets. Additional alternative solutions will be most probably necessary to cover all markets needs.
- Network operators like XDC will have to provide the appropriate business & technical solutions + customized services to make it work as a full virtual network in the future.
- XDC is ready to become your partner during and after the migration into the digital era.

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Thank you for your attention and see you again soon to further discuss the best way to go digital by implementing any possible co-financing solutions using the European digital cinema migration business plan proposed by XDC.

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