

Your ref
Our ref HK1/027622.00001
Document ref AG2/H2968907.1

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2 March 2007

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Dear Christophe

Legal Questionnaire on State Aid for Film

I thought it would be a good idea to contact you as I am keen to clarify some issues that relate to your concerns about verifying certain aspects of the criteria used by some of the regional funding schemes we have supplied information on.

In your email of 26 February 2007, you requested "*precise literal quotes of the relevant territorialisation requirements and the indication of their sources*" but, as I believe Anwen explained to you, this is not going to be available in the form you require. The root of the problem in respect of this is that the regional bodies that administer the funding schemes are quasi government bodies but are not in fact heavily regulated or run in accordance with specific legislation designed to regulate their procedures and practices.

Effectively, these regional bodies receive funds in accordance with the specific legislation that we have notified you of but how they choose to administer and apply these funds are within their own control so long as they are compliant with the remit upon which they are provided by the various sources of financing (the sources being a mixture of national lottery funding, European regional development funding and private funding from local businesses).

These regional bodies publish criteria and descriptions of their funding schemes which are available to download from their websites. These guidelines are reviewed annually and either continue to operate or are amended depending on what funds are allocated to them for the forthcoming year or whether the schemes are achieving the stated objectives of each regional body. Each regional body is fully responsible for administering the scheme itself. As a result however, we are beholden by the information published by the regional bodies and there is no way of independently verifying the position as at 31 December 2005 or at any date before that.

Accordingly, we sought verbal confirmation from the majority of agencies that the current territorial requirements for each regional agency are, if not exactly identical, are very similar to that required as at 31 December 2005. There is a possibility however that the published selective criteria used by some agencies may have changed slightly or the information we were given was wrong.

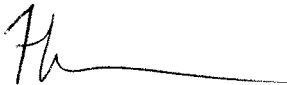
We have requested from the various bodies, documentation regarding the funding opportunities and criteria in place as at 31 December 2005, but encountered varying degrees of unwillingness and resistance to provide those details. Although, some regional bodies informed us that it may be possible to provide us with the information, we were told that this would take an extremely long time and substantial effort on their part which would cause a delay.

It is possible, if you wish, for us to request the information under the Freedom of Information Act 2000 (which would (in effect) force them to provide the information to verify the way they operated as at 31 December 2005) but this would take at least two months to get and would be likely to result in substantive further cost.

We understand that the information provided to you on these particular schemes so far is not conducive to your requirements in order to make an independent forensic assessment of the responses given. The information provided to you so far however, is the most accurate information that we are able to furnish you with based on what is available. Other than forcing the various bodies to disclose the information we require via the Freedom of Information Act 2000, I sincerely believe we have exhausted all the avenues we have to obtain it.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hakan Kousetta', with a long horizontal flourish extending to the right.

HAKAN KOUSETTA