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WRITER'S DIRECT DIAL
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The Honorable Vaughn R. Walker
United States District Court
450 Golden Gate Avenue
San Francisco, CA 94102

WRITER'S E-MAIL ADDRESS
dsnyder@omm.com

Re: *Groupe Canal+ S.A., et al. v. NDS Group PLC, et al.*
Case No. C02-01178 VRW

Dear Judge Walker:

We write in response to James A. DiBoise's letter of this date relating to the deposition of Dr. Abraham Peled.

On Friday morning May 31, we were advised that representatives of our client (and related entities) had agreed to a litigation "standstill" with the General Manager of Groupe Canal+ and Chairman of the Supervisory Committee of Canal+ (and related entities) with a view to settling this entire litigation as well as other litigation pending in Europe. We were advised that there appeared to be a good chance that agreement to this global settlement would be achieved. Our client informed us (and continues to confirm) that it was agreed that activities in the U.S. and European litigation would be suspended "not later than" Monday June 3.

We promptly advised counsel for Canal+ that we did not intend to proceed with depositions (or other matters in the litigation) pursuant to the standstill agreement made by the parties' negotiators. While counsel for Canal+ disputed whether there was a standstill agreement, we confirmed several times that such an agreement had been made and informed counsel that we intended to insist on the terms of that agreement. The purpose of such agreement, after all, was to avoid needless legal expense if the cases were on the verge of settlement.

In reliance on the standstill agreement, we cancelled arrangements to prepare for depositions this week and next. This included cancellation of plans to meet with and prepare Dr. Peled and cancellation of plans to travel to Israel to prepare for depositions of other NDS employees. In particular, the O'Melveny lawyer in New York who had expected to handle Dr. Peled's deposition today, Tuesday, made commitments in other cases. Dr. Peled likewise made

other commitments when the deposition was cancelled. Dr. Peled had never planned to be available after Wednesday of this week. He had long-standing plans to visit his daughter who lives in the United States beginning Thursday. I have advised counsel for Canal+ that we can make Dr. Peled available on June 21 if the settlement discussions fail. We cannot see how this prejudices Canal+

We have advised counsel for Canal+ that: (a) we believe it is imprudent to proceed with the expense of discovery when settlement is still being actively discussed; (b) we have acted in reliance on the agreement to suspend proceedings, and cannot reinstate matters where they were as of last Friday; and (c) if the standstill agreement is set aside, we will work with counsel to reschedule the depositions at the earliest time consistent with a reasonable opportunity to prepare and with allowance for firm business and personal commitments of the people involved.

Very truly yours,

s/ Darin W. Snyder

Darin W. Snyder
of O'MELVENY & MYERS LLP

DWS:dre

cc: James A. DiBoise (via facsimile and email)

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